



January 12, 2015

MEMORANDUM TO: The Honorable John R. Kasich, Governor  
The Honorable Mary Taylor, Lt. Governor

FROM: Timothy S. Keen, Director **TK**

SUBJECT: Monthly Financial Report

## ECONOMIC SUMMARY

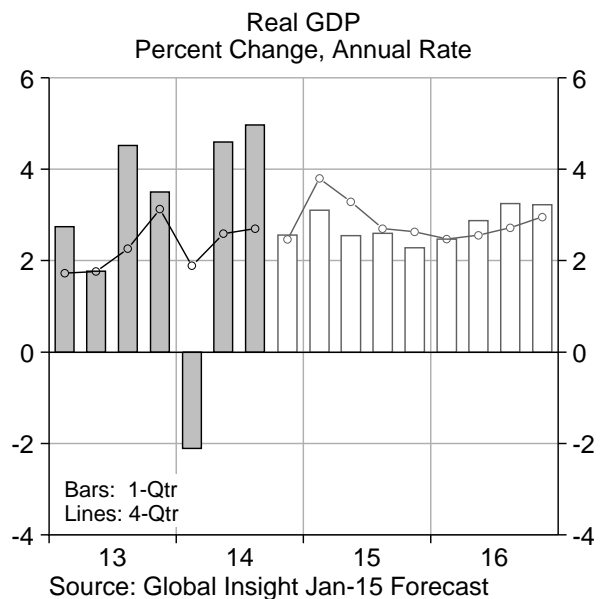
### Economic Performance Overview

- The economy grew at a revised 5.0% annual pace in the third quarter, up from 1.2% during the first half.
- U.S. employment increased by 252,000 jobs in December, and the gains in the two previous months were revised higher by a total of 50,000 jobs. The unemployment rate decreased 0.2 percentage points to 5.6%.
- Ohio employment increased by 17,900 jobs in November. The October level was revised upward by 4,000 jobs and the year-to-date gain increased to 60,300 jobs, or 1.1 percent. The November unemployment rate decreased 0.3 percentage points to 5.0%, down from 7.2% last November.
- Leading economic indicators have softened somewhat recently but remain consistent with uninterrupted growth at a moderate pace across the country and in Ohio.

### Economic Growth

**Real GDP** growth in the third quarter was revised up to 5.0% from the previously reported 3.9% after registering 4.6% in the second quarter. The consecutive quarter growth rate of close to 5% was the best since the second half of 2003; however, the 2.1% contraction during the first quarter will keep growth for the entire year at a moderate pace. The consensus estimate is that growth slowed to a moderate rate in the fourth quarter and will remain moderate throughout 2015.

Growth during the third quarter was very widespread, with almost all categories of spending contributing. The largest contributors to growth were personal consumption expenditures, nonresidential fixed investment



(chiefly industrial and transportation equipment), government defense spending, and exports. Imported goods and services, which are included in the other categories and subtracted separately, decreased largely due to a reduction in the value of oil that was imported. A decline in business inventories subtracted a very small amount from the increase in real GDP.

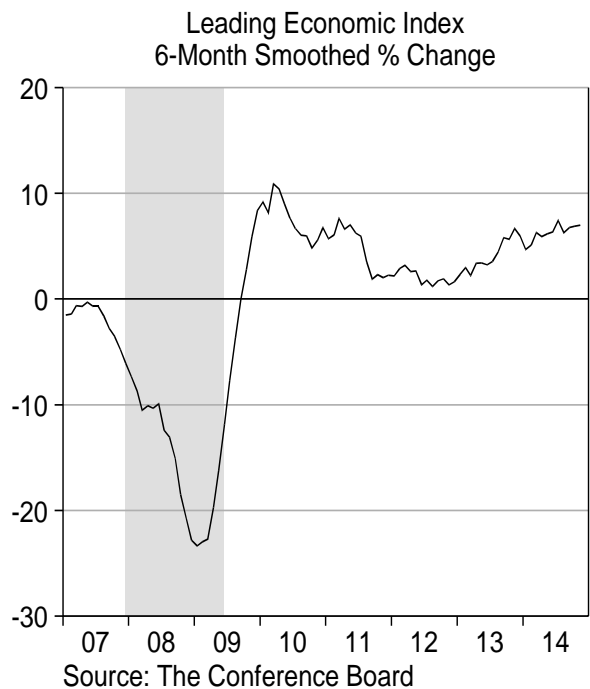
The upward revision to third quarter growth resulted mainly from personal consumption expenditures, where growth was revised higher from 2.2% to 3.2% reflecting a large upward revision to estimated growth in spending on health care services from 1.9% to 4.6%. An upward revision to nonresidential fixed investment in equipment and intellectual property products also contributed to faster than previously announced real GDP growth.

The consensus estimate is that growth slowed by approximately half from the third quarter rate during the fourth quarter in part due to the temporary nature of much of the strength exhibited during the third quarter. The recent rise in the foreign exchange value of the dollar is expected to at some point restrain growth in exports, and the rate of increase in defense spending in the third quarter is not expected to continue.

The pattern of **ECRI's Weekly Leading Index** since mid-summer has been consistent with somewhat slower growth in the fourth quarter. The 4-week moving average of the index has declined in 20 of the 26 weeks through very early January. The weakness has reduced the 6-month smoothed annual rate of change from the peak for the year of 5.3% last May to -4.4% at the beginning of 2015. The last time that the rate of change was more negative was in January 2012, after which real GDP growth slowed notably for several quarters.

In contrast, the composite **Leading Economic Index** from the Conference Board increased 0.6% in November, with eight of the ten components making positive contributions during the month. The 6-month smoothed annual rate of change edged higher to 7.0% – the highest since early 2011, other than the 7.4% reading in July. The rate of change remains well above the zero level that has presaged past recessions, but has been essentially flat near its current level for approximately a half-year.

According to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy expanded through November. The coincident index was 4.8% higher in November than a year earlier, up from a 3.0% year-over-year increase of November 2013. As the graph indicates, the Ohio index is well above its pre-recession peak, reached in May 2007. The change in the index has been much closer to or below zero around the times recessions have begun in the past.

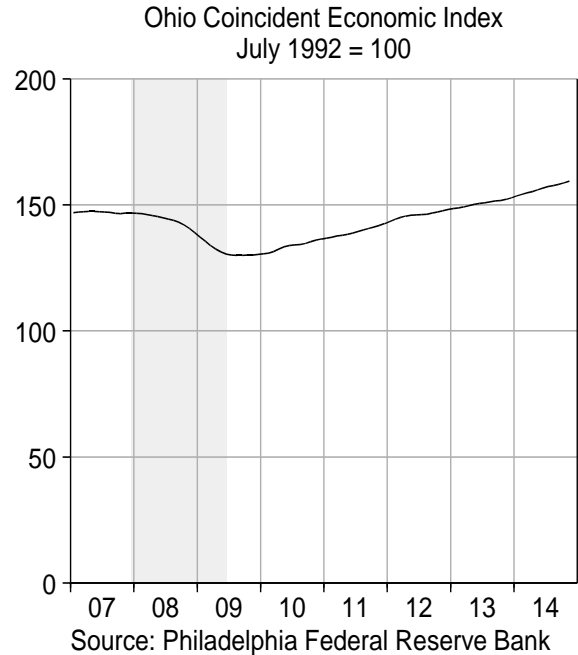


The diffusion of changes in the Coincident Economic Index across the states deteriorated slightly compared with the previous month, but remained high compared with three months prior. The index increased from the prior month for 44 states and from three months prior for 48 states, pointing to a very high likelihood of continued economic growth in the near-term.

The message of the companion **Ohio Leading Economic Index** also improved in November. The index increased to 2.7% in October and 2.6% in November from under 2% during the three previous months. The index, which also is compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of increase in the coincident index during the next six months. It reached a recent low of 0.9% in June 2013. Index values have been revised significantly on occasion, but the recent pattern is consistent with ongoing expansion of the Ohio economy through the winter and into the spring.

The number of state leading indexes from the Philadelphia Fed with positive readings remained at 48 in November, up from a recent low of 44 states in August. The number was 50 in January and has been above 40 every month since September 2010. The recent pattern remains consistent with continued economic expansion, considering that the number of positive state leading indexes fell to an average of 34 three months in advance of the most recent three recessions and to an average of 23 during the first month prior to recession.

The more than halving in the **price of oil** during the second half of 2014 was probably the most significant macroeconomic event of the year. The price of oil is widely expected to remain in a new lower range for much or all of 2015. The effects are likely to vary greatly in nature and magnitude across regions of the country and across companies and industries. In general, however, the consensus is that the lower price for oil will boost overall economic activity, principally because the country still uses more oil than it produces. Consumer spending is widely anticipated to be higher than otherwise, while capital spending in energy-related areas is anticipated to be lower.



Another potential change that could affect the macro economy would be a major shift in the **Federal Reserve monetary policy**. The Fed ended its monthly bond purchases in the fall and at its December policy meeting seemed to signal that it is drawing closer to raising its target for the overnight federal funds rate. The change is not expected before mid-year and might even be delayed by developments in the economy or financial markets, but shifts in monetary policy have in the past influenced the course of the economy.

**Employment**

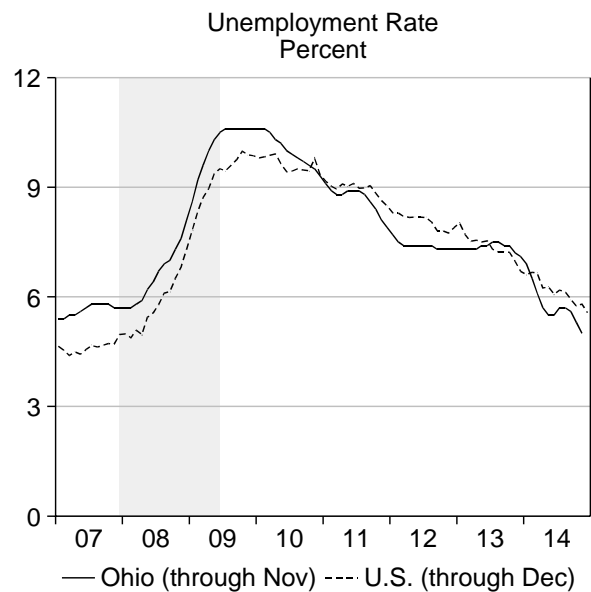
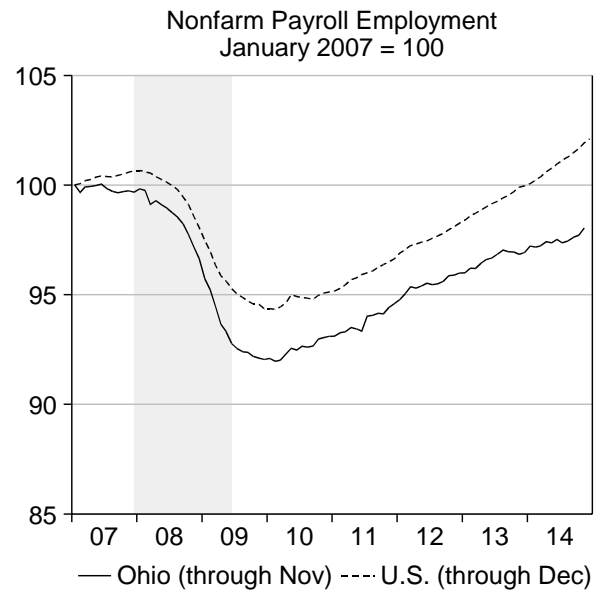
Labor markets across the country continued to strengthen as the year came to a close. **Nonfarm payrolls** increased by 252,000 jobs, and the gains in the two previous months were revised higher by a total of 50,000 jobs, including an upward revision to the November increase from 321,000 jobs to 353,000 jobs. Monthly job gains averaged 246,000 for the year, a significant improvement from the 194,000 average in 2013, and the best calendar year performance since 1999.

The strengthening in labor markets also is evident in recent patterns in **initial claims** for unemployment compensation. The 4-week average has been below 300,000 continuously since mid-September – consistent with ongoing economic expansion and improvement in labor markets.

The **unemployment rate** decreased by 0.2 percentage points to 5.6% in December – the lowest level since May 2008 as the Great Recession was taking hold. The broadest measure of unemployment, which in part includes people who want to work but have stopped looking because of poor prospects, declined 0.2 percentage points to 11.2% – the lowest level since September 2008.

In a sign that room for improvement remains, average hourly earnings decreased 0.2% in December and the November gain was revised down from 0.4% to 0.2%. Apparently despite the low level of layoffs as measured by initial claims and the best overall payroll job growth in years, the quality of jobs is lagging.

The gain in jobs was once again solid across major sectors, led by professional and business services (+52,000), construction (+48,000), education and



health services (+48,000), and leisure and hospitality (+36,000 driven by a 43,600 increase at food services and drinking places). Manufacturing employment increased by 17,000 jobs. Payrolls did not decrease in any major category in December, and three-quarters of all industries had higher payrolls than six months ago.

**Ohio nonfarm payroll employment** increased by 17,900 jobs in November, and the October level was revised upward by 4,000 jobs. Year-to-date, Ohio employment is higher by 60,300 jobs, with increases concentrated in manufacturing (+16,100), professional and business services (+15,300), leisure and hospitality (+12,800), and educational and health services (+7,500). Employment is lower on the year in construction (-3,800), information (-1,600) and financial activities (-400).

Among the **contiguous states**, year-over-year employment growth was strongest in Kentucky (+2.1%), followed by increases in Indiana (+1.9%), Ohio (+1.2%), Michigan (+1.0%), West Virginia (+0.9%), and Pennsylvania (+0.6%). Year-over-year growth in manufacturing was 2.8% in Ohio. Among the contiguous states, manufacturing employment increased 4.8% in Indiana, 1.7% in Michigan, 1.2% in Kentucky, 0.8% in West Virginia, and was unchanged in Pennsylvania.

The **Ohio unemployment rate** decreased to 5.0% in November, as the number of unemployed decreased by 18,300 people. The unemployment rate is down 2.1 percentage points from 7.1% last December and has declined by more than half since the peak of 10.6% reached in February 2010. The Ohio unemployment rate was the 17th lowest among the fifty states in November. Across the country, the unemployment rate was unchanged in 4 states, increased in 4 states, and decreased in 42 states in November.

### **Consumer Income and Consumption**

**Personal income** increased 0.4% in November as **wage and salary disbursements** grew 0.5% and the October increase in personal income was revised up from 0.2% to 0.3%. Compared with a year earlier, personal income was up 4.2% and wage and salary disbursements were up 4.5%. In comparison, consumer prices were up 1.3% year-over-year in November.

**Personal consumption expenditures** also picked up in November, rising 0.6%, up from 0.3% in October. A key factor behind the increase was the 4.6% increase in unit sales of light motor vehicles to an annual rate of 17.1 million units – the second best after last August since July 2006. Auto sales slipped back to a still-healthy pace of 16.8 million units in December, remaining 3.1% above the previous 12-month average. Spending on nondurable goods was unchanged in November after no change in August and declines in September and October. Spending on services remained strong, however, rising 0.6% in November after rising by an average of 0.5% in each of the three previous months.

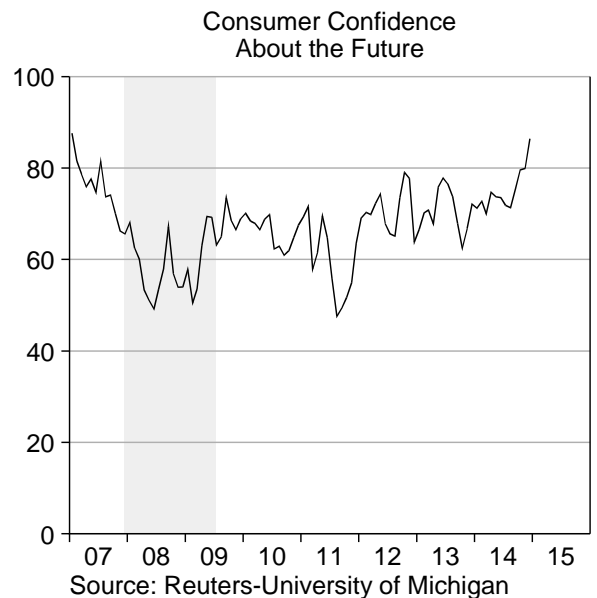
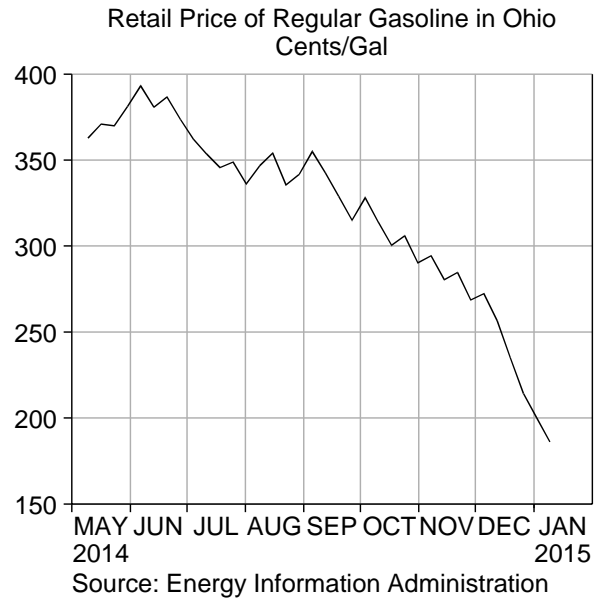
Strength in consumer spending was also evident in **retail sales**, which increased 0.7% in November on top of a 0.5% gain in October. The increases during October and November were broad-based, as sales at only gasoline stations and miscellaneous retailers declined. The decline in sales at gasoline stations, of course, was due to the large decrease in the price of gasoline. Based on solid consumer spending and retail sales through November, IHS Global Insight estimates that real personal consumption expenditures increased 3.1% during the fourth quarter.

The **price of gasoline** continued to fall in recent weeks, adding to discretionary spending power of households. The retail price per gallon of regular gasoline in Ohio is down by more than half from the beginning of June to early January, when it fell below \$2.00 for the first time since May 2009.

Ongoing improvements in labor markets, low inflation and the very large drop in the price of gasoline generally continued to boost **consumer confidence** through the year end. Both the Conference Board and Reuters/University of Michigan surveys reflected gains in December, with the latter rising to its highest level since January 2007. The gain in the Conference Board index was due entirely to better assessments of present conditions, while expectations receded very modestly. As an indication of strengthening labor markets, the percentage of respondents characterizing jobs as plentiful increased to 17.1%, up from 11.9% a year earlier. The increase in the Reuters/University of Michigan index reflected better assessments of both current and future conditions. As of December, both measures of consumer confidence finally exceed the corresponding average during periods of economic expansion since 1978.

**Manufacturing**

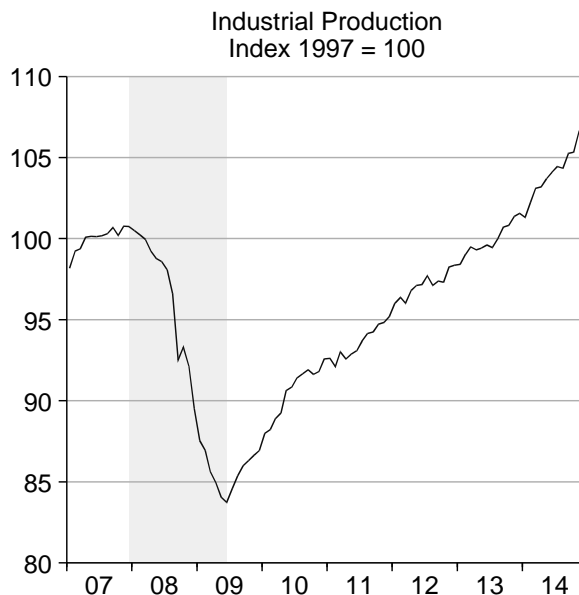
**Industrial production** jumped 1.3% in November and the October change was revised up from a decline of 0.1% to an increase of 0.1%. Weather boosted utility output by 5.1% while mining output was little changed. Manufacturing production increased 1.1% after gains of 0.3% and 0.4% in September and October. Gains were broad-based, as manufacturing production in and outside of high-technology both increased 1.1%, production of motor vehicles and parts



increased 5.1%, and production outside of high-technology and motor vehicles and parts increased 0.8%.

Production in industries of particular importance to Ohio was mixed during October. Production of **primary metal, fabricated metal, and machinery** increased 0.6%, was unchanged, and increased 1.0%, respectively. Year-over-year increases in all three industries remained well ahead of the 3.4% year-over-year increase in total manufacturing production. Together with the motor vehicle industry, these three industries account for almost one-half of manufacturing jobs in Ohio and approximately one out of every thirteen private sector jobs in the state.

The large decline in the price of oil is expected to boost industrial production overall during 2015 by adding more to demand for consumer-related goods than it subtracts from production of investment and energy-related goods.



In contrast to strengthening industrial production reports, **factory orders and shipments** have weakened in recent months. Shipments and new orders both declined in October and November to below their respective March levels. The weakness was not concentrated in a single sector, and for the time being is at odds with reports from **purchasing managers** at manufacturing firms, who continued to report relatively broad-based improvements in conditions in December, although such reports were somewhat less wide-spread than earlier in the fall. The overall index declined to its lowest level since last June, but at 55.5 remained well above the neutral level of 50. The modest reversal in December reflected softening across several key sub-indexes, including order backlogs, export orders, inventories, new orders, and production.

## Construction

**Construction put-in-place** decreased 0.3% in November, following four months of increases that totaled a bit over 2%. The decline was due to a 1.7% drop in public construction that more than offset a 0.3% increase in private construction. Residential construction was entirely responsible for the increase in private construction, as private nonresidential construction fell by 0.3%.

Both single-family and multi-family construction posted solid gains, but construction in important nonresidential segments pulled back, including health care (-4.1%), office (-2.1%), and commercial (-1.8%). In the public sector, residential construction increased 3.5% with the weakness in the sector spread across the nonresidential segments of power (-13.8%), commercial (-5.3%), health care (-5.2%), and education (-2.5%).

**Housing starts** increased 2.1% across the country on a 3-month moving average basis in November. Single-family starts were up 1.8% and multi-family starts rebounded 2.9% from a 10.3% decline in October. Midwest housing starts increased 1.2% in November, also on a 3-

month moving average basis, as a 3.1% decline in multi-family starts partly offset a 3.8% increase in single-family starts.

The more-forward-looking **housing permits** fell 3.7% across the country in November, as both single-family and multi-family units retreated. The pattern was similar in the Midwest, where total permits declined 8.5% on a 3-month moving average basis. Unusually harsh weather in some regions of the country might have played a role in temporarily suppressing activity.

**Sales of houses** – both new and existing – were soft in November. Existing home sales edged down 0.8% on a 3-month moving average basis and sales of newly built homes declined by 0.7%. In both cases, inventories remained well in line with the current pace of sales.

**Home prices** continued their recent rebound in October, rising 0.7% across the country for the fourth straight monthly increase, according to the Case-Shiller national home price index.



## **REVENUES**

December **GRF receipts totaled \$2,609.6 million** and were \$29.7 million (1.1%) below the estimate. Monthly tax receipts totaled \$1,818.7 million and were \$22.3 million (1.2%) above estimate, while non-tax receipts totaled \$790.9 million and were \$51.8 million (6.1%) below estimate. Variances for the fiscal year-to-date by category are provided in the following table (\$ in millions).

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$205.1 million	2.0%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$276.6 million)	-0.5%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$5.6 million	90.1%
<b>TOTAL REVENUE VARIANCE:</b>		<b>(\$66.0 million)</b>	<b>-0.4%</b>

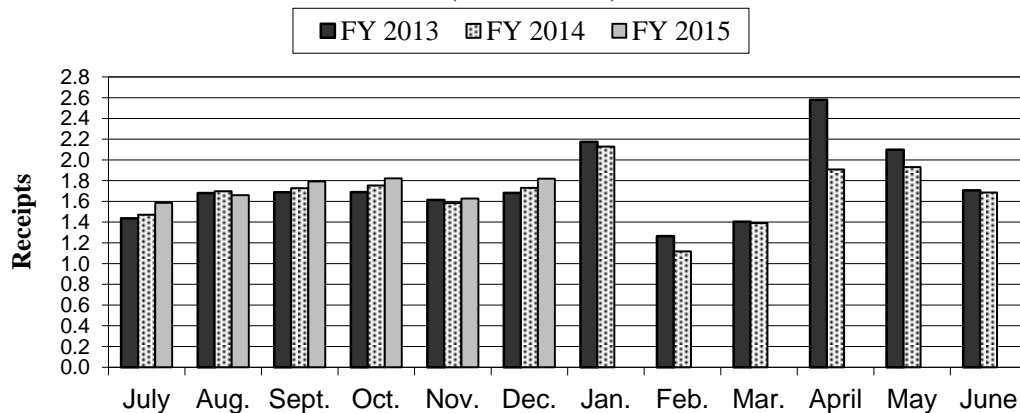
On a year-over-year basis, monthly receipts were \$194.8 million (8.1%) higher than in December of the previous fiscal year, mainly due to increases in federal grants (\$107.1 million, 15.7%) and tax revenues (\$87.1 million, 5.0%). The net growth of \$87.1 million in tax receipts resulted mainly from a combination of growth in receipts from the sales tax (\$52.5 million, 6.3%), the personal income tax (\$23.4 million, 2.9%), and the corporate franchise tax (\$9.6 million, 118.9%). The growth in the corporate franchise tax was due to this December showing positive revenues rather than the net negative (due to refunds) that occurred in December 2013.

**GRF Revenue Sources Relative to Monthly Estimates – December 2014**  
(\$ in millions)

<u>Individual Revenue Sources Above Estimate</u>		<u>Individual Revenue Sources Below Estimate</u>	
Auto Sales Tax	\$9.8	Non-Auto Sales Tax	(\$15.5)
Personal Income Tax	\$13.7	Alcoholic Beverage Tax	(\$1.0)
Corporate Franchise Tax	\$1.5	Federal Grants	(\$51.5)
Commercial Activity Tax	\$4.2	Other Sources Below Estimate	(\$1.2)
Petroleum Activity Tax	\$1.7		
Public Utility Tax	\$1.2		
Cigarette and Other Tobacco Tax	\$6.6		
Other Sources Above Estimate	\$0.8		
<b>Total above</b>	<b>\$39.5</b>	<b>Total below</b>	<b>(\$69.2)</b>

(Note: Due to rounding of individual sources, the combined sum of sources above and below estimate may differ slightly from the total variance.)

**Tax Revenue Comparison by Month**  
(\$ in billions)



**Non-Auto Sales and Use Tax**

December non-auto sales and use tax collections totaled \$778.0 million and were \$15.5 million (1.9%) below estimate, virtually the same amount as the overage last month. Given that overall economic fundamentals have shown improvement and consumer confidence continues to rise, it is unlikely this month's performance is cause for concern. The year-to-date overage fell slightly but collections are still above the estimate by \$41.1 million (1.0%) and currently sit at \$4,357.0 million.

On a year-over-year basis, December 2014 receipts were \$41.3 million (5.6%) above collections in the same month of the previous fiscal year. Last year's tax collections may have been depressed due to extremely severe winter weather conditions. December comparisons should be

unaffected by the tax rate increase that took effect last fiscal year, although year-to-date comparisons are still influenced by the rate increase because its impact on July through September results.

### **Auto Sales Tax**

December auto sales and use tax collections totaled \$108.7 million and were above estimate by \$9.8 million (9.9%), more than making up for last month's underage, which was attributed to the timing of the processing of revenue deposits. National light-vehicle demand ended the calendar year strong at a seasonally adjusted annual rate (SAAR) of 16.8 million units, with an overall demand growth of 5.9% as compared to 2013. Experts predict sustained strong demand for light-vehicles in 2015, estimating a volume of 16.9 million units for the year. Year-to-date receipts are currently above the estimate by \$37.3 million (6.1%).

On a year-over-year basis, monthly receipts were \$11.2 million (11.5%) above the amount collected in December of last year. In terms of national light-vehicle sales, unit sales grew by 10.8% as compared to December of last year. The large growth is likely to be related to the severe winter weather that depressed last year's economic activity.

### **Personal Income Tax**

December personal income tax receipts totaled \$816.5 million and were \$13.7 million (1.7%) above the estimate. The major contributing factor to the overall overage was quarterly estimated payments that totaled \$135.6 million and were \$42.5 million (45.7%) above the estimate. The stronger than expected performance in quarterly estimated payments more than offset lower than estimated receipts in the withholding component of the tax as well as higher than estimated refunds.

Withholding collections in December totaled \$727.9 million and were \$15.4 million (2.1%) below expectations, but are still \$9.2 million (0.2%) above estimate for the year. December refunds meanwhile totaled \$42.2 million, and were \$16.7 million (65.6%) higher than the estimate of \$25.5 million. Payments associated with annual returns and the miscellaneous category were two components that were also above estimate, but combined accounted for an overage of only \$1.8 million. Disbursements to the local government fund were short of the estimate by \$0.6 million (2.2%) in December, also contributing a marginal amount to the overall positive GRF variance.

Despite the shortfalls in particular categories in December, all components of the income tax are above estimate for the year-to-date with the exception of miscellaneous receipts, as illustrated in the table below. Due to December's performance, estimated payments are now the single largest contributor to the year-to-date overage in both dollar and percentage terms.

On a year-over-year basis, December personal income tax collections were \$23.4 million (2.9%) above the December 2013 level. The withholding component accounted for more than the entirety of this growth, and was \$33.2 million (4.8%) above last December's level. Estimated payments also contributed to growth as they were \$11.5 million (9.2%) above last December.

Overall, the year-over-year increase was tempered to some extent by an increase in the amount of refunds paid as that increased by \$22.6 million (114.9%).

<b>FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	<b>ESTIMATE</b>	<b>ACTUAL</b>	<b>\$ VAR</b>	<b>ESTIMATE</b>	<b>ACTUAL</b>	<b>\$ VAR</b>
	<b>DEC</b>	<b>DEC</b>	<b>DEC</b>	<b>Y-T-D</b>	<b>Y-T-D</b>	<b>Y-T-D</b>
Withholding	\$743.3	\$727.9	(\$15.4)	\$3,951.3	\$3,960.5	\$9.2
Quarterly Est.	\$93.1	\$135.6	\$42.5	\$356.3	\$420.1	\$63.8
Trust Payments	\$1.6	\$2.6	(\$1.0)	\$12.1	\$13.9	\$1.8
Annual Returns & 40 P	\$10.9	\$11.2	(\$0.3)	\$100.9	\$109.2	\$8.3
Other	\$8.1	\$9.6	(\$1.5)	\$50.2	\$45.1	(\$5.1)
Less: Refunds	(\$25.5)	(\$42.2)	(\$16.7)	(\$280.1)	(\$232.0)	\$48.1
Local Distr.	(\$28.7)	(\$28.1)	\$0.6	(\$172.8)	(\$174.9)	(\$2.1)
<b>Net to GRF</b>	<b>\$802.8</b>	<b>\$816.5</b>	<b>\$13.7</b>	<b>\$4,017.9</b>	<b>\$4,141.9</b>	<b>\$124.0</b>

### **Corporate Franchise Tax**

As noted in previous months' reports, although corporate franchise tax has been eliminated, prior year settlement activity continues. This results in some amount of monthly activity for this tax, whether settlement payments or refunds, which by definition create variances, since the estimate for this tax is now zero. Although these monthly variances have generally been small, readers of this report will recall that November was an exception due to considerable refund activity. December saw more moderate activity as receipts totaled \$1.6 million. For the year-to-date receipts now total -\$25.7 million compared to the estimate of zero.

### **Commercial Activity Tax**

December commercial activity tax (CAT) receipts continued their fiscal year 2015 rebound as the GRF share of the tax totaled \$6.0 million and was \$4.2 million (232.0%) above the estimate. Year-to-date, GRF CAT receipts totaled \$421.9 million and were \$50.5 million (13.6%) above estimate. Year-over-year growth in GRF CAT receipts through the first six months of the fiscal year was \$33.3 million (8.6%).

All-funds December CAT receipts, meanwhile (net of refunds, attorney general fees, and deposits to the motor fuel fund) totaled \$12.0 million and were \$8.4 million (232.4%) above the estimate. Year-to-date, all funds receipts total \$844.2 million and were \$101.3 million (13.6%) above estimate (the same percentage as for the GRF share of collections). Year-over-year growth in all funds CAT receipts through the first six months of the fiscal year was \$58.2 million (7.4%) above the same period in fiscal year 2014.

## **Petroleum Activity Tax**

The GRF share of December petroleum activity tax (PAT) receipts totaled \$1.9 million and was \$1.7 million (872.0%) above the estimate. These receipts were originally estimated for November and at a higher level. However, from deposits received that are attributable to the first quarter of fiscal year 2015 (July – September), it appears that the portion of the tax that is to be deposited into the GRF (those attributable to non-highway use) may be less than originally estimated. As a result, year-to-date, GRF PAT receipts also total \$1.9 million and are \$4.9 million (71.4%) below estimate. Since this is a new tax, OBM will monitor the performance of this tax in the months ahead to see if the first quarter's performance is an outlier as well as the impact of the recent drop in oil prices on both the GRF and all funds base of the tax.

## **Public Utility Tax**

December was expected to be a month of small refunds for the public utility tax; however, collections actually totaled \$1.0 million, versus the \$0.2 million expected in refunds. Year-to-date collections remain under estimate by \$12.0 million (24.5%), due entirely to a public utility tax refund issued in September against several prior years of collections. On a year-over-year basis, December receipts were above the same month in the previous fiscal year by \$0.9 million.

## **Kilowatt-Hour Tax**

December kilowatt hour tax receipts totaled \$20.5 million and were \$0.5 million (2.5%) above the estimate. Year-to-date collections remain below estimate by \$8.2 million (5.4%). Year-over-year performance showed little change: tax receipts were \$0.4 million (1.8%) below collections in December of last year.

## **Natural Gas Distribution Tax (MCF Tax)**

There were no planned tax collections for this source in December. Year-to-date receipts remain above estimate by \$2.1 million (13.0%), showing good performance for the year thus far. Year-to-date collections are just slightly behind last year, having declined by \$0.3 million (1.5%).

## **Cigarette and Other Tobacco Tax**

Rebounding from a weak November that saw the tax fall \$4.7 million short of the estimate, cigarette and other tobacco tax receipts for December totaled \$77.5 million and were \$6.6 million (9.4%) above the estimate of \$70.9 million. On a year-over-year basis, December 2014 cigarette tax receipts were \$2.6 million (3.4%) above the level for the same month of the previous fiscal year. Year-to-date receipts are now \$7.5 million (2.1%) above the estimate, but \$5.7 million (1.5%) below the collections in the first six months of fiscal year 2014.

**GRF non-tax receipts** totaled \$790.9 million in December and were \$51.8 million (6.1%) below the estimate. Nearly all of this variance was due to a \$51.5 million (6.1%) negative variance in federal grants. December transfers in were zero compared to an estimate of \$0.2 million.

**Table 1**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2015 VS ESTIMATE FY 2015**  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL DECEMBER	ESTIMATE DECEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	778,031	793,500	(15,469)	-1.9%	4,357,013	4,315,900	41,113	1.0%
Auto Sales & Use	108,685	98,900	9,785	9.9%	653,917	616,600	37,317	6.1%
Subtotal Sales & Use	886,716	892,400	(5,684)	-0.6%	5,010,930	4,932,500	78,430	1.6%
Personal Income	816,532	802,800	13,732	1.7%	4,141,908	4,017,900	124,008	3.1%
Corporate Franchise	1,534	0	1,534	N/A	(25,738)	0	(25,738)	N/A
Financial Institutions Tax	(335)	0	(335)	N/A	(22,826)	0	(22,826)	N/A
Commercial Activity Tax	5,975	1,800	4,175	232.0%	421,936	371,400	50,536	13.6%
Petroleum Activity Tax	1,944	200	1,744	872.0%	1,944	6,800	(4,856)	-71.4%
Public Utility	952	(200)	1,152	575.9%	36,837	48,800	(11,963)	-24.5%
Kilowatt Hour	20,493	20,000	493	2.5%	144,330	152,500	(8,170)	-5.4%
Natural Gas Distribution	2	0	2	N/A	18,427	16,300	2,127	13.0%
Foreign Insurance	(705)	(300)	(405)	-135.1%	153,834	147,900	5,934	4.0%
Domestic Insurance	0	0	0	N/A	7,638	1,800	5,838	324.3%
Other Business & Property	0	0	0	N/A	20	0	20	N/A
Cigarette and Other Tobacco	77,536	70,900	6,636	9.4%	365,138	357,600	7,538	2.1%
Alcoholic Beverage	4,403	5,400	(997)	-18.5%	28,924	28,200	724	2.6%
Liquor Gallonage	3,526	3,400	126	3.7%	21,576	20,300	1,276	6.3%
Estate	95	0	95	N/A	2,186	0	2,186	N/A
Total Tax Receipts	1,818,669	1,796,400	22,269	1.2%	10,307,063	10,102,000	205,063	2.0%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	788,181	839,696	(51,515)	-6.1%	4,908,483	5,183,275	(274,792)	-5.3%
Earnings on Investments	0	0	0	N/A	5,053	4,500	553	12.3%
License & Fees	520	447	73	16.4%	9,267	11,812	(2,545)	-21.5%
Other Income	2,238	2,579	(341)	-13.2%	21,489	11,950	9,539	79.8%
ISTV'S	(5)	0	(5)	N/A	260	9,618	(9,358)	-97.3%
Total Non-Tax Receipts	790,934	842,722	(51,787)	-6.1%	4,944,552	5,221,155	(276,603)	-5.3%
<b>TOTAL REVENUES</b>	<b>2,609,603</b>	<b>2,639,122</b>	<b>(29,519)</b>	<b>-1.1%</b>	<b>15,251,615</b>	<b>15,323,155</b>	<b>(71,540)</b>	<b>-0.5%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	200	(200)	N/A	11,785	6,200	5,585	90.1%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	0	200	(200)	N/A	11,785	6,200	5,585	90.1%
<b>TOTAL SOURCES</b>	<b>2,609,603</b>	<b>2,639,322</b>	<b>(29,719)</b>	<b>-1.1%</b>	<b>15,263,400</b>	<b>15,329,355</b>	<b>(65,955)</b>	<b>-0.4%</b>

**Table 2**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2015 VS ACTUAL FY 2014**  
**(\$ in thousands)**

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	DECEMBER	DECEMBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2015	FY 2014	VAR	VAR	FY 2015	FY 2014	VAR	VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	778,031	736,776	41,255	5.6%	4,357,013	3,922,959	434,054	11.1%
Auto Sales & Use	108,685	97,452	11,234	11.5%	653,917	589,538	64,379	10.9%
Subtotal Sales & Use	886,716	834,227	52,489	6.3%	5,010,930	4,512,497	498,434	11.0%
Personal Income	816,532	793,157	23,375	2.9%	4,141,908	4,274,081	(132,173)	-3.1%
Corporate Franchise	1,534	(8,096)	9,629	118.9%	(25,738)	(18,543)	(7,195)	-38.8%
Financial Institutions Tax	(335)	120	(455)	-378.8%	(22,826)	120	(22,946)	N/A
Commercial Activity Tax	5,975	4,536	1,439	31.7%	421,936	388,627	33,309	8.6%
Petroleum Activity Tax	1,944	0	1,944	N/A	1,944	0	1,944	N/A
Public Utility	952	49	902	1831.0%	36,837	48,134	(11,297)	-23.5%
Kilowatt Hour	20,493	20,864	(371)	-1.8%	144,330	147,947	(3,617)	-2.4%
Natural Gas Distribution	2	15	(12)	-83.2%	18,427	18,708	(281)	-1.5%
Foreign Insurance	(705)	(438)	(267)	-61.0%	153,834	146,638	7,196	4.9%
Domestic Insurance	0	1	(1)	N/A	7,638	105	7,534	7194.2%
Other Business & Property	0	0	0	N/A	20	455	(435)	-95.6%
Cigarette and Other Tobacco	77,536	74,981	2,555	3.4%	365,138	370,880	(5,742)	-1.5%
Alcoholic Beverage	4,403	7,037	(2,634)	-37.4%	28,924	28,460	464	1.6%
Liquor Gallonage	3,526	3,570	(44)	-1.2%	21,576	20,919	657	3.1%
Estate	95	1,530	(1,434)	-93.8%	2,186	29,119	(26,933)	-92.5%
Total Tax Receipts	1,818,669	1,731,553	87,115	5.0%	10,307,063	9,968,148	338,915	3.4%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	788,181	681,108	107,074	15.7%	4,908,483	4,586,145	322,338	7.0%
Earnings on Investments	0	0	0	N/A	5,053	3,745	1,308	34.9%
License & Fee	520	458	62	13.5%	9,267	10,859	(1,592)	-14.7%
Other Income	2,238	1,820	418	23.0%	21,489	9,811	11,678	119.0%
ISTV'S	(5)	(125)	120	-95.9%	260	7,740	(7,480)	-96.6%
Total Non-Tax Receipts	790,934	683,261	107,674	15.8%	4,944,552	4,618,300	326,252	7.1%
<b>TOTAL REVENUES</b>	<b>2,609,603</b>	<b>2,414,814</b>	<b>194,789</b>	<b>8.1%</b>	<b>15,251,615</b>	<b>14,586,448</b>	<b>665,167</b>	<b>4.6%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	0	0	0	N/A	11,785	47,215	(35,430)	-75.0%
Temporary Transfers In	0	0	0	N/A	0	5,516	(5,516)	N/A
Total Transfers	0	0	0	N/A	11,785	52,730	(40,945)	-77.7%
<b>TOTAL SOURCES</b>	<b>2,609,603</b>	<b>2,414,814</b>	<b>194,789</b>	<b>8.1%</b>	<b>15,263,400</b>	<b>14,639,178</b>	<b>624,222</b>	<b>4.3%</b>

## **DISBURSEMENTS**

December GRF disbursements, across all uses, totaled \$2,167.8 million and were \$12.0 million (0.6%) above estimate. This was primarily attributable to lower than estimated disbursements in the Property Tax Reimbursements category being offset by higher than estimated disbursement in the Justice and Public Protection, Medicaid, and Primary and Secondary Education categories. On a year-over-year basis, December total uses were \$304.7 million (16.4%) higher than those of the same month in the previous fiscal year, with the Medicaid category largely responsible for the increase. Year-to-date variances by category are provided in the table below.

<b>Category</b>	<b>Description</b>	<b>YTD Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$422.6 million)	-2.5%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$1.6 million	0.3%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$421.1 million)</b>	<b>-2.4%</b>

GRF disbursements are reported according to functional categories. This section contains information describing spending and variances within each of these categories.

### **Primary and Secondary Education**

This category contains GRF spending for the Ohio Department of Education, minus property tax reimbursements. December disbursements for this category totaled \$305.9 million and were \$12.2 million (4.2%) above the estimate. Expenditures for the school foundation program totaled \$292.8 million and were \$12.1 million (4.3%) above the estimate. This variation was due to the use of prior fiscal year average daily membership (ADM), as well as the use of prior fiscal year actuals in the calculation of community school deductions for traditional districts as part of the school foundation program. The Department of Education plans to begin using updated fiscal year data as it becomes available in the coming months.

Year-to-date disbursements were \$3,690.3 million, which was \$41.5 million (1.1%) above the estimate. On a year-over-year basis, disbursements in this category were \$19.5 million (6.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$108.8 million (3.0%) higher than at the same point in fiscal year 2014.

### **Higher Education**

December disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled \$171.9 million and were \$1.2 million (0.7%) below the estimate for the month. The majority of the monthly variance was due to spending in the Ohio College Opportunity Grant Scholarship Program being below estimate by \$4.1 million as a result of lower than expected requests for reimbursement from higher education institutions. This was partially offset by spending in the Choose Ohio First and Ohio National Guard Scholarship Programs being above the monthly estimate by \$2.2 million.



Year-to-date disbursements were \$1,072.7 million, which was \$0.04 million (0%) above the estimate. On a year-over-year basis, disbursements in this category were \$20.3 million (10.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$38.4 million (3.7%) higher than at the same point in fiscal year 2014.

### **Other Education**

This category includes non-debt service expenditures made by the Broadcast Education Media Commission, the Ohio Facilities Construction Commission, the Ohio State School for the Blind, the Ohio School for the Deaf, as well as disbursements made to libraries, cultural, and arts organizations.

December disbursements in this category totaled \$2.7 million and were \$0.4 million (21.1%) above estimate. This variance was primarily attributable to higher than expected disbursements in the operating expenses lines for the Ohio School for the Deaf and State Library Board. Year-to-date disbursements were \$31.6 million, which was \$1.4 million (4.1%) below the estimate. On a year-over-year basis, disbursements in this category were \$2.3 million (46.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$1.8 million (6.2%) higher than at the same point in fiscal year 2014.

### **Medicaid**

This category includes all Medicaid disbursements from the H.B. 59-created “650 series” Medicaid line items. Therefore, this category includes all Medicaid spending on services and program support by the following six agencies: the Department of Medicaid (651 prefix), the Department of Mental Health and Addiction Services (652), the Department of Developmental Disabilities (653), the Department of Health (654), the Department of Job and Family Services (655), and the Department of Aging (656).

Please note that the total GRF disbursement estimates in fiscal year 2015 are lower than the original appropriations by \$845.6 million. Budgeted transfers and other projected lapses account for \$148.7 million. The remaining \$697.0 million is due to an adjustment for lower than expected caseload. While enrollment steadily increased each month in fiscal year 2014, the rate of growth was lower than initially expected and was a key driver of the lower than expected spending. This spending trend is expected to continue in fiscal year 2015, and the disbursement estimates have been adjusted accordingly.

### Expenditures

December GRF disbursements for the Medicaid Program totaled \$1,388.9 million and were \$15.9 million (1.2%) above the estimate, and \$262.3 million (23.3%) above the same point in the previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled \$8,023.8 million and were \$387.4 million (4.6%) below the estimate, and \$713.8 million (9.8%) above the same point in the previous fiscal year.

December all-funds disbursements totaled \$1,977.5 million and were \$45.4 million (2.3%) above the estimate, and \$399.7 million (25.3%) above disbursements in the same month of the previous fiscal year. Year-to-date all-funds disbursements totaled \$11,485.7 million and were \$215.3 million (1.8%) below the estimate, and \$1,888.8 million (19.7%) above disbursements in the same month of the previous fiscal year.

The December variance was due to greater than anticipated enrollment in the Covered Families and Children (CFC) eligibility category, which resulted in over-estimated spending in the Managed Care-CFC spending category. Fee for service costs for Nursing Facilities were also greater than anticipated in December due to lower costs for the MyCare managed care program as claims for this population have not yet shifted to managed care plans. These greater than anticipated costs were off-set, in part, by lower-than-anticipated costs in the other fee-for-service categories, which include hospitals, physicians and prescription drugs.

Year-to-date disbursements are below the estimate. This is due to lower-than-anticipated costs in the fee-for-service categories, along with lower-than-anticipated costs for the Health Homes program and a managed care payment reconciliation that occurred in July.

The chart below shows the current month's disbursement variance by funding source.

*(in millions, totals may not add due to rounding)*

	Dec. Projection	Dec. Actual	Variance	Variance %
GRF	\$ 1,373.1	\$ 1,388.9	\$ 15.9	1.2%
Non-GRF	\$ 559.0	\$ 588.6	\$ 29.5	5.3%
All Funds	\$ 1,932.1	\$ 1,977.5	\$ 45.4	2.3%

### Enrollment

Total December enrollment across all categories was 2.94 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 32,711 persons to a December total of 2.30 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 1,484 people to a December total of 171,333 covered lives. Individuals covered under Medicaid extension (eligibility group VIII) are included as part of the larger CFC category.

Total enrollment across all categories for the same period last year was 2.37 million covered persons, including 1.66 million persons in the CFC category and 183,569 people in the ABD category.

Please note that these data are subject to revision.

## **Health and Human Services**

This category includes non-debt service GRF expenditures for the following state agencies: Job and Family Services, Health, Aging, Developmental Disabilities, Mental Health and Addiction Services, and others. Examples of expenditures in this category include: child care, TANF, administration of the state's psychiatric hospitals, operating subsidies to county boards of developmental disabilities, various immunization programs, and Ohio's long term care ombudsman program. To the extent that these agencies spend GRF to support Medicaid services, that spending is reflected in the previous category.

December disbursements in this category totaled \$108.7 million and were \$1.4 million (1.3%) below estimate for the month. Year-to-date disbursements were \$689.2 million, which was \$49.9 million (6.7%) below the estimate. On a year-over-year basis, disbursements in this category were \$11.3 million (11.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$45.1 million (6.9%) higher than at the same point in fiscal year 2014.

### Department of Job and Family Services

December disbursements for the Department of Job and Family Services totaled \$76.6 million and were \$1.4 million (1.8%) below estimate. This variance was primarily attributable to several lines. First, TANF State/Maintenance of Effort disbursements were \$8.4 million (64.1%) above estimate due primarily to an expenditure adjustment to claim county administrative expenses as part of the state's TANF MOE requirement. Second, Child Care State/Maintenance of Effort disbursements were \$2.2 million above an estimate of \$0 in order to meet the Child Care and Development Fund MOE requirement. Third, Early Care and Education disbursements were \$2.1 million (6.8%) below estimate due to a change in the percentage split of expenditures for TANF eligible individuals receiving child care. Fourth, Child Support-Local disbursements were \$1.1 million (45.4%) above estimate due to higher than estimated county draws. Fifth, Family and Children Services disbursements were \$11.0 million (89.7%) below estimate due to the county closeout payment not posting in December as originally anticipated. Finally, Food Banks disbursements were \$1.5 million above an estimate of \$0 due to draws anticipated in November occurring in December instead.

### Department of Mental Health and Addiction Services

December disbursements for the Department of Mental Health and Addiction Services totaled \$20.2 million and were \$1.9 million (8.6%) below estimate. This variance was attributable to Community Behavioral Health expenditures being \$2.2 million (53.2%) below estimate due to the timing of county draws on block grant supplement funds. In addition, Continuum of Care Services expenditures were \$1.5 million above an estimate of \$0 due to subsidy payments for county collaborative projects occurring in December instead of October as originally planned.

### Opportunity for Ohioans with Disabilities

December disbursements for Opportunities for Ohioans with Disabilities totaled \$3.7 million and were \$1.7 million (85.6%) above estimate. This was primarily attributable to Services for People

with Disabilities disbursements being \$1.7 million (90.9%) above estimate as subsidy payments originally planned for earlier months were made in December instead.

### **Justice and Public Protection**

This category includes non-debt service GRF expenditures by the Department of Rehabilitation & Correction, the Department of Youth Services, the Attorney General, judicial agencies, and other justice-related entities.

December disbursements in this category totaled \$154.3 million and were \$27.8 million (22.0%) above estimate for the month. Year-to-date disbursements were \$955.8 million, which was \$7.2 million (0.7%) below estimate. On a year-over-year basis, disbursements in this category were \$28.1 million (22.3%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$26.0 million (2.8%) higher than at the same point in fiscal year 2014.

#### Department of Rehabilitation and Correction

December disbursements for the Department of Rehabilitation and Correction totaled \$128.0 million, and were \$28.9 million (29.2%) above estimate. This variance was primarily attributable to timing factors that resulted in greater than estimated disbursements for Institutional Operations and Halfway Houses. These variances were partially offset by lower than estimated disbursements for Institution Education Services due to payments being made from non-GRF sources. Department disbursements year-to-date totaled \$736.9 million, which was \$4.8 million (0.7%) above estimate.

### **General Government**

This category includes non-debt service GRF expenditures by the Department of Natural Resources, Development Services Agency, Department of Agriculture, Department of Taxation, Office of Budget and Management, non-judicial statewide elected officials, legislative agencies, and others.

December disbursements in this category totaled \$24.8 million and were \$0.2 million (0.9%) below the estimate. Year-to-date disbursements were \$177.8 million, which was \$9.9 million (5.3%) below the estimate. On a year-over-year basis, disbursements in this category were \$1.1 million (4.8%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$1.5 million (0.8%) lower than at the same point in fiscal year 2014.

#### Department of Transportation

December disbursements for the Department of Transportation totaled \$1.5 million and were \$1.1 million (252.2%) above estimate. This variance was primarily attributable to the Public Transportation–State line being \$1.3 million (3,931.4%) above estimate due to payments made in December that were originally scheduled for earlier in the year. Year-to-date disbursements were \$4.1 million and were \$0.5 million (9.9%) below estimate.

#### Department of Administrative Services

December disbursements for the Department of Administrative Services (DAS) totaled \$0.6 million and were \$2.6 million (82.4%) below the estimate. This occurred primarily because DAS

made rent payments in November that were estimated for December from its GRF appropriations that pay rent for GRF-supported state agencies and vacant space in state buildings managed by DAS.

#### Department of Taxation

December disbursements for Operating Expenses at the Department of Taxation totaled \$3.8 million and were \$1.1 million (21.9%) below estimate. Year-to-date disbursements totaled \$28.8 million and were \$3.3 million (10.3%) below the estimate. The monthly and yearly under spending reflects payroll savings resulting from attrition and planned efficiencies.

#### **Property Tax Reimbursements**

Payments from the property tax reimbursement category are made to local governments and school districts to reimburse these entities for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. December disbursements of property tax reimbursements totaled \$0.8 million and were \$33.2 million (97.8%) below the estimate for the month. As discussed in previous monthly reports, lower than estimated December disbursements brings the total for the first half of the fiscal year to \$907.7 million or \$5.3 million (0.6%) below estimate.

#### **Debt Service**

December payments for debt service totaled \$9.9 million and were \$0.4 million (3.8%) below the estimate of \$10.3 million. Year-to-date, debt service payments now total \$854.9 million and were \$3.1 million (0.4%) below estimate.

#### **Transfers Out**

December transfers out totaled \$0.0 million against an estimate of \$7.8 million. The monthly variance was the result of a \$9.8 million GRF transfer to the Managed Care Performance Fund in November, which was originally estimated at \$7.8 million and anticipated to occur in December rather than November.

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2015 VS ESTIMATE FY 2015**  
**(\$ in thousands)**

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL DECEMBER	ESTIMATED DECEMBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	305,855	293,660	12,196	4.2%	3,690,330	3,648,852	41,478	1.1%
Higher Education	171,905	173,132	(1,227)	-0.7%	1,072,684	1,072,648	37	0.0%
Other Education	2,729	2,252	476	21.1%	31,587	32,947	(1,360)	-4.1%
Medicaid	1,388,917	1,373,059	15,859	1.2%	8,023,849	8,411,272	(387,423)	-4.6%
Health and Human Services	108,674	110,086	(1,412)	-1.3%	698,158	748,073	(49,916)	-6.7%
Justice and Public Protection	154,284	126,442	27,842	22.0%	955,782	962,996	(7,214)	-0.7%
General Government	24,793	25,028	(235)	-0.9%	177,759	187,663	(9,904)	-5.3%
Property Tax Reimbursements	750	33,997	(33,248)	-97.8%	907,658	912,937	(5,279)	-0.6%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	9,906	10,302	(396)	-3.8%	854,938	857,996	(3,058)	-0.4%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,167,814</b>	<b>2,147,958</b>	<b>19,856</b>	<b>0.9%</b>	<b>16,412,744</b>	<b>16,835,384</b>	<b>(422,640)</b>	<b>-2.5%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	7,846	(7,846)	N/A	582,809	581,234	1,575	0.3%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>0</b>	<b>7,846</b>	<b>(7,846)</b>	<b>N/A</b>	<b>582,809</b>	<b>581,234</b>	<b>1,575</b>	<b>0.3%</b>
<b>Total Fund Uses</b>	<b>2,167,814</b>	<b>2,155,805</b>	<b>12,010</b>	<b>0.6%</b>	<b>16,995,553</b>	<b>17,416,618</b>	<b>(421,065)</b>	<b>-2.4%</b>

**Table 4**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2015 VS ACTUAL FY 2014**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	DECEMBER	DECEMBER	\$	%	ACTUAL	ACTUAL	\$	%
	FY 2015	FY 2014	VAR	VAR	FY 2015	FY 2014	VAR	VAR
Primary and Secondary Education	305,855	286,334	19,522	6.8%	3,690,330	3,581,528	108,802	3.0%
Higher Education	171,905	192,216	(20,311)	-10.6%	1,072,684	1,034,279	38,405	3.7%
Other Education	2,729	5,050	(2,321)	-46.0%	31,587	29,756	1,831	6.2%
Medicaid	1,388,917	1,126,644	262,274	23.3%	8,023,849	7,310,019	713,830	9.8%
Health and Human Services	108,674	97,408	11,267	11.6%	698,158	653,057	45,101	6.9%
Justice and Public Protection	154,284	126,139	28,145	22.3%	955,782	929,738	26,044	2.8%
General Government	24,793	23,656	1,137	4.8%	177,759	179,235	(1,476)	-0.8%
Property Tax Reimbursements	750	2,187	(1,437)	-65.7%	907,658	893,067	14,591	1.6%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	9,906	2	9,904	495221.1%	854,938	771,899	83,039	10.8%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,167,814</b>	<b>1,859,634</b>	<b>308,180</b>	<b>16.6%</b>	<b>16,412,744</b>	<b>15,382,578</b>	<b>1,030,167</b>	<b>6.7%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	0	3,500	(3,500)	N/A	582,809	210,498	372,311	176.9%
Temporary Transfer Out	0	0	0	N/A	0	5,516	(5,516)	N/A
<b>Total Transfers Out</b>	<b>0</b>	<b>3,500</b>	<b>(3,500)</b>	<b>N/A</b>	<b>582,809</b>	<b>1,211,944</b>	<b>(629,135)</b>	<b>-51.9%</b>
<b>Total Fund Uses</b>	<b>2,167,814</b>	<b>1,863,134</b>	<b>304,680</b>	<b>16.4%</b>	<b>16,995,553</b>	<b>16,594,522</b>	<b>401,032</b>	<b>2.4%</b>

## ***FUND BALANCE***

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2015. Based on the estimated revenue sources for FY 2015 and the estimated FY 2015 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2015 is an estimated \$631.6 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2015 nor should it be considered as equivalent to the FY 2015 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF unencumbered ending fund balance will be impacted by any GRF expenditures or transfers that may be authorized by the General Assembly or by the Controlling Board during the course of the fiscal year.



Table 5  
 FUND BALANCE  
 GENERAL REVENUE FUND  
 FISCAL YEAR 2015  
 (\$ in thousands)

<b>July 1, 2014 Beginning Cash Balance</b>	<b>\$ 1,700,065</b>
Plus FY 2015 Estimated Revenues	21,139,610
Plus FY 2015 Estimated Federal Revenues	8,990,764
Plus FY 2015 Estimated Transfers to GRF	648,386
<b>Total Sources Available for Expenditure &amp; Transfer</b>	<b>32,478,825</b>
Less FY 2015 Estimated Disbursements	30,912,413
Less FY 2015 Estimated Total Encumbrances as of June 30, 2015	328,448
Less FY 2015 Estimated Transfers Out	606,390
<b>Total Estimated Uses</b>	<b>31,847,251</b>
<b>FY 2015 UNENCUMBERED ENDING FUND BALANCE</b>	<b>631,575</b>

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