April 12, 2017

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

FROM: Timothy S. Keen, Director TK

SUBJECT: Monthly Financial Report

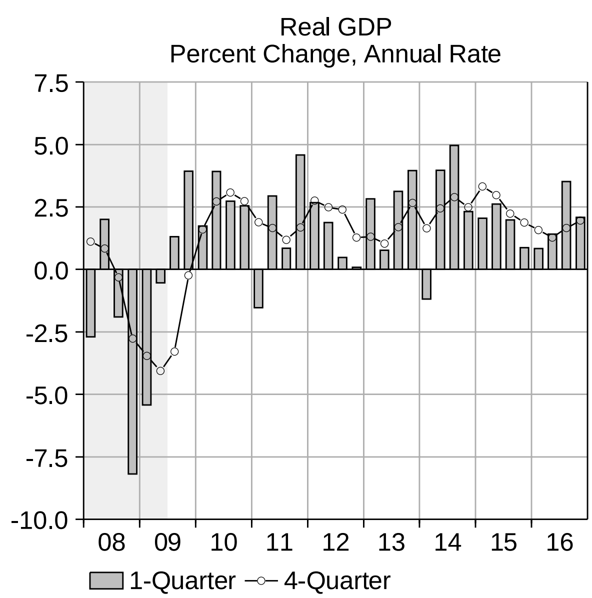
ECONOMIC SUMMARY

Economic Performance Overview

- Real GDP growth in the fourth quarter was revised higher to 2.1% but remained at 1.6% for all of 2016. Forecasters project growth of 2.0% to 2.5% during 2017.
- U.S. employment increased by 98,000 jobs in March for a 3-month average gain of 178,000 jobs. The unemployment rate declined to 4.5%.
- Ohio nonfarm payroll employment increased by 15,200 jobs in February after a gain of 3,100 jobs in January. The unemployment rate increased slightly to 5.1%.
- Leading indicators point toward continued growth at a modest pace, fueled by a healthy household sector, possibly with some revival in investment.

Economic Growth

Fourth Quarter **Real GDP** growth was revised slightly higher to 2.1%. The upward revision was more than accounted for by faster growth in personal consumption expenditures, primarily for services. Growth estimates for exports and business investment were revised downward. Real GDP expanded 3.5% in the third quarter and 1.6% for all of 2016, matching the slowest annual rate of increase during this expansion (in 2011), which began in mid-2009.



The combination of low growth and low inflation caused current-dollar GDP to increase by only 3.0% in 2016. There were two years during the great recession where growth in current-dollar GDP was lower: 2008 growth was 1.7% and 2009 growth was negative, at -2.0%. Other than those two years, current-dollar GDP had not grown by less than 3.3% since 1958.

Economic growth has averaged 2.1% at an annual rate during the 30 quarters since the beginning of the current expansion. In contrast, growth averaged more than 4.0% during the previous three expansions that lasted about this long. Slower growth rates in both the labor force and in productivity have contributed to the slower advance in output.

The general picture of economic growth is essentially unchanged from recent quarters. Inflation-adjusted growth has come mainly from personal consumption expenditures, which increased 3.1% in 2016 after a 2.6% increase in 2015, on a fourth-quarter to fourth-quarter basis. In contrast, nonresidential fixed investment fell slightly in 2016 after only a 0.8% increase in 2015.

At the same time, the trade deficit has widened, reflecting stronger growth in imports than in exports. On a fourth-quarter to fourth-quarter basis, real imports grew at an annual rate of 3.7% during 2013-2016, compared with 0.8% growth in exports. As a result, the trade deficit expanded by 39% to $563 billion for all of 2016. The primary factors were the rise in the foreign exchange value of the dollar, weak demand overseas, and sustained growth in domestic demand.

The current outlook is for continued, but moderate, economic growth and inflation and rising short-term interest rates. Among small businesses in February, a net of 47% expected the economy to improve, little changed from January and up from -21% a year ago, according the National Federation of Independent Business (NFIB). The Federal Reserve raised its interest rate target to 0.75%-1.00% at its March meeting and implied that two more quarter-point increases are likely this year. One reason cited for the moves is the rise in inflation to near the target of about 2%.

Leading economic indicators point to uninterrupted economic expansion at least through summer. The composite **Leading Economic Index,** compiled by the Conference Board, increased by 0.6% in February following gains of 0.6% in January and December. Compared with a year earlier, the index is up by 3.1% – the best year-over-year showing since November 2015. Nine of the ten components of the index increased during February, led by new orders, average weekly initial claims for unemployment compensation, and the interest rate spread. Building permits was the only indicator that made a negative contribution.

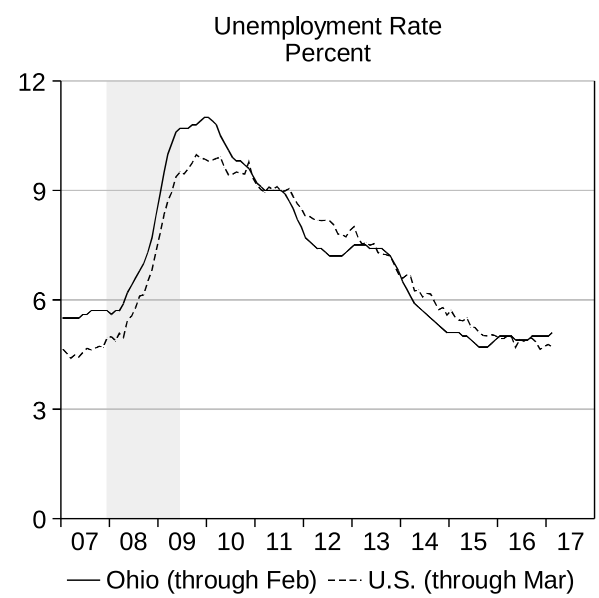
Source: The Conference Board

High-frequency estimates of first-quarter real GDP growth weakened as the quarter unfolded. Estimates of first-quarter real GDP growth by Federal Reserve District Banks, based on available data for the quarter, range from 1.2% (Atlanta on April 4th) to 2.9% (New York on March 31st). The more-stable Blue Chip consensus, which is an average of forecasts from a group of professional forecasters, is 1.7%, with a range of 1.2% to 2.2% from the average of the lowest ten to the highest ten. The median projection for first-quarter real GDP growth from the February 10th Survey of Professional Forecasters, conducted by the Philadelphia Federal Reserve Bank, was 2.2%.

Employment

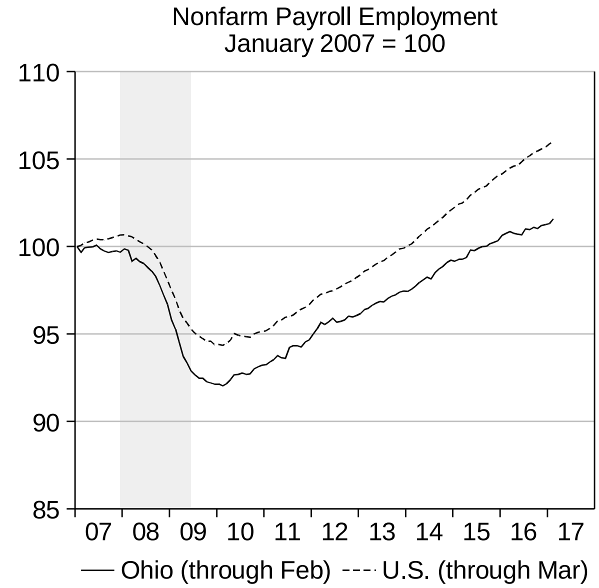
Nonfarm payrolls across the country increased by 98,000 jobs in March, compared with expectations for about a 175,000 increase. Weather patterns likely suppressed employment growth. Private sector employment increased by 89,000 jobs. The January increase was revised down by 16,000 from 235,000 to 219,000 and the February increase was revised down by 22,000 from 238,000 to 216,000. Growth has averaged 178,000 jobs in the most recent three months. Monthly growth has been steady, averaging 163,000 jobs over the last six months, and 182,000 jobs over the last 12 months. Employment was up 11,300 in mining, 6,000 in construction, and 11,000 in manufacturing. The manufacturing increase was driven by fabricated metal products and transportation equipment, all in the durable goods segment. Within the service sector, job gains occurred in professional and business services (+56,000) as well as education and health services (+16,000), with growth occurring predominately in health care (+13,500). Other notable changes included a large decline in retail trade (-29,700), particularly at general merchandise stores (-34.7), which includes department stores, and increases at temporary help services (+10,500), and local government education (+9,700).

The national **unemployment rate** declined by 0.2 percentage points to 4.5%, reflecting a 472,000 increase in total employment — from the household survey — and a 326,000 decline in the number of unemployed. The unemployment rate is the lowest since May 2007. The broadest measure of unemployment, the U-6 unemployment rate, decreased 0.3 percentage points to 8.9% – its lowest level since the Great Recession began in December 2007. The U-6 unemployment rate includes those who want to work but have stopped looking because they believe they cannot find a job, as well as those working part time who would prefer full time work.



Average hourly earnings of all employees on private nonfarm payrolls increased 0.2% to 2.7% above the year earlier level – down from 2.8% in February. Still, the acceleration in wages during the past year indicates that a long-awaited tightening in labor market conditions is unfolding, and is sure to hold the attention of monetary policymakers.

Ohio nonfarm payroll employment increased by 15,200 jobs in February after a gain of 3,100 in January. Annual benchmark revisions lowered the December 2016 level of Ohio employment by 13,500 jobs, but raised the net number of jobs created during the year from a previously reported 41,800 to 49,700. The largest revisions to the change in employment during 2016 occurred in professional and business services, where the change was revised up by 10,600 jobs; educational and health services, where the change was revised up by 10,100 jobs; and manufacturing, where the change was revised up by 4,400 jobs.



Changes across sectors in Ohio during February were mixed, with notable employment increases in construction (+6,300) and leisure and hospitality (+4,000). Small declines in employment occurred in government (-1,000), financial activities (-400), and information (-300).

During the twelve months ending in February, Ohio employment increased by 45,400 jobs. The largest employment gains occurred in education and health services (+13,600), trade, transportation and utilities (+9,900), and construction (+8,900). Notable increases occurred in financial activities (+6,700) and leisure and hospitality (+5,200). Year-over-year declines occurred in government (-4,600), other services (-1,600), and natural resources and mining (-700).

Among the **contiguous states**, year-over-year employment growth was strongest in Michigan (+1.9%), followed by Kentucky (+1.4%), Indiana (+1.3%), Pennsylvania (+1.3%), and finally Ohio (+0.8%). Employment declined in West Virginia (-0.4%). Manufacturing employment increased 2.5% in Kentucky, 1.8% in Indiana, 0.8% in Ohio, and 0.4% in Michigan. Manufacturing employment declined 0.8% in Pennsylvania and 2.8% in West Virginia.

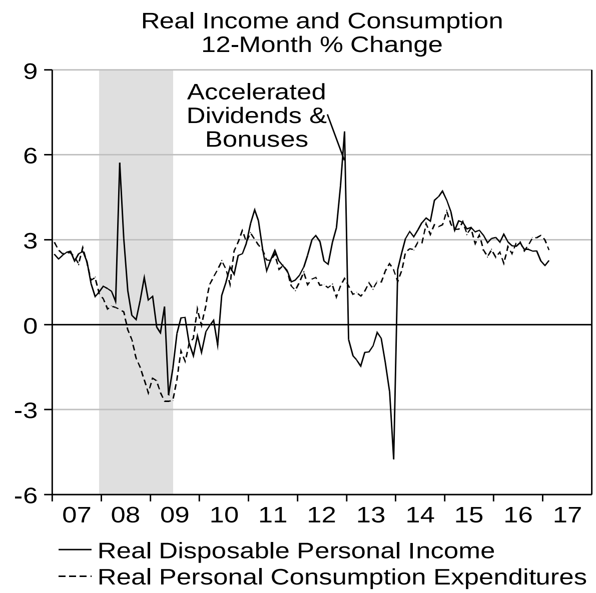
The **Ohio unemployment rate** increased to 5.1% in February from a revised level of 5.0% in January. The Ohio unemployment rate had previously been reported as 4.9% for December. As revised, the rate is up 0.4 points from the cyclical low of 4.7% reached in September 2015. The increase during that period resulted from a larger increase in the Ohio labor force (+62,678) than in total employment (+34,795); note that this household survey employment gain is much smaller than the establishment survey increases cited elsewhere in this report. The Ohio unemployment rate has moved in a narrow range since the end of 2014.

Across the country in February, the unemployment rate decreased by a statistically significant amount in ten states, with West Virginia experiencing the largest decline. The only notable increase occurred in Massachusetts. The unemployment rates in other states and the District of

Columbia were not statistically different from the month before. The unemployment rate was lower than a year earlier by a statistically significant margin in nine states, with Nevada, West Virginia, and South Carolina registering the largest declines.

Consumer Income and Consumption

In February, and for the second month in a row, strong personal income growth was paired with weak growth in personal consumption expenditures. The slowdown in spending growth so far this year is a key factor behind the downward cascade in first-quarter growth projections in the last two months.



Personal income grew 0.4% in February after a 0.5% gain in January that was revised up from an initial report of 0.4%. Income growth has accelerated from growth rates of 0.3% in December and 0.2% in November. The wage and salary disbursements component, which makes up more than half of total personal income, increased 0.5% in February after a 0.4% gain in January. Compared with a year earlier, national personal income was up 4.6% and wage and salary disbursements were up 5.5%.

The **Consumer Price Index** (CPI) increased 0.1% in February after rising 0.6% in January. At an annual rate of 4.1% during January and February, the increase in the CPI has undercut the purchasing power of the 5.0% annualized increase in personal income during the brief period. The year-over-year change in the CPI increased to 2.8% – the highest since February 2012. Excluding the volatile food and energy categories, the CPI was up 0.2% in February and 2.2% year-over-year. The Median CPI from the Federal Reserve Bank of Cleveland, which is an alternative measure of the trend in inflation, continued to track higher at 2.5% year-over-year. The measure of inflation that is most closely watched by the Federal Reserve (personal consumption spending minus food and energy) was 1.8% year-over-year – up from its low, but still below the 2% threshold targeted by the Fed.

Monthly **personal consumption expenditures** decelerated to 0.1% in February from 0.2% growth in January. Spending on durable goods fell 0.1%, as unit sales of light motor vehicles were essentially unchanged at 17.5 million. Spending on autos will weigh on the not-yet-announced March consumption figure due to a decline in unit sales to about 16.5 million. Spending on nondurable goods was flat, and spending on services increased just 0.1%.

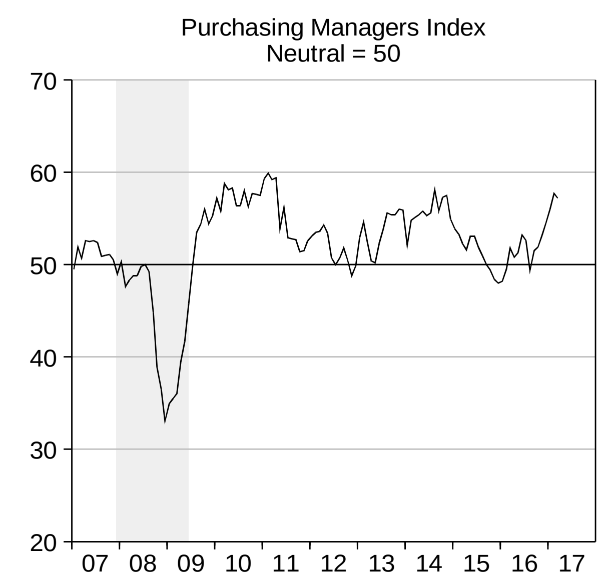
Consumer confidence increased to a new high for this cycle and the highest level since December 2000, according to the Conference Board. The rise reflected significant improvement in assessments of both current conditions and expectations. The overall index and its expectations and present situation components were 35.2%, 25.4%, and 48.9%, respectively, above the corresponding averages during past expansions dating back to 1967. The University of Michigan/Reuters index corroborates the message of the Conference Board index.

Manufacturing

Industrial production in manufacturing matched its January gain with another 0.5% increase in February. Output rose 0.4%, excluding motor vehicles and parts, and 0.5%, excluding computers and other technology goods. The year-over-year comparison remained subdued, but doubled to 1.2% – the best in two years.

The factors that have held back manufacturing during 2015 and 2016 may be receding. After a major appreciation lasting into early 2015, the foreign exchange value of the dollar has been range-bound and a trade-weighted index is down approximately 3.0% since late last year. Possible future policy changes could have large effects on the dollar, but in the meantime trade flows have had time to adjust to the previous appreciation. Likewise, the relative stability in the price of oil has provided time for producers to adjust to the large decline in 2014-2015. Additionally, economic growth has shown some signs of reviving overseas.

Production across some industries of special importance to Ohio increased in February. Production in primary metals, fabricated metal products, machinery, and motor vehicles and parts increased by 0.6%, 1.2%, 1.1%, and 0.8%, respectively. Compared with a year earlier, production in all four industries was higher.



Reports of improving conditions from **purchasing managers** in manufacturing remained broad-based in March. The PMI® declined by 0.5 points to 57.2, but remained above the neutral level of 50 for the seventh straight month. The New Orders index declined by 0.6 points to 64.5, while the Production index fell from 62.9 to 57.6. The Employment index jumped 4.7 points to 58.9 and the Prices Paid index increased 2.5 points to 70.5, both reaching their highest level since June 2011.

Of the eighteen industries tracked by the Manufacturing ISM® *Report on Business,* seventeen reported growth in the latest month. Among the industries with a disproportionate effect on Ohio manufacturing employment, all of them – primary metals, machinery, fabricated metal products, and transportation equipment – reported expansion in March. A respondent in the machinery industry said that "[b]usiness [is] up 10 to 15 percent." In contrast, one respondent in the transportation equipment industry reported that the outlook is "relatively flat" and "the view for calendar year 2017 looks to be flat as well."

Construction

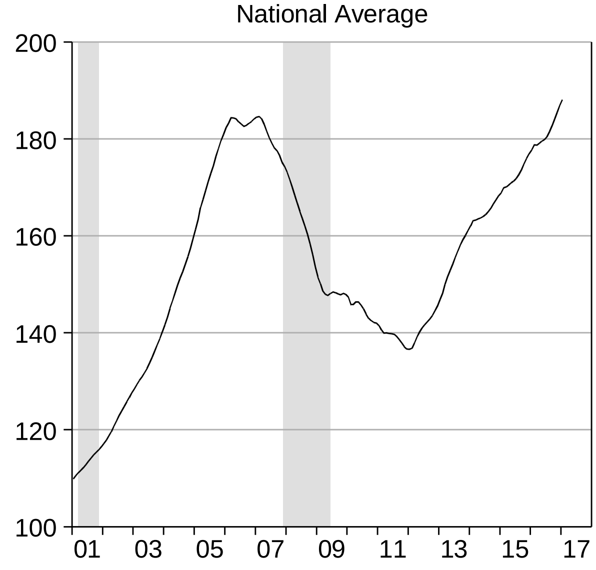
Construction put-in-place increased 0.8% in February and the January decline was revised up from -1.0% to -0.4%. Both private and public construction increased in February. Compared with a year earlier, total construction was up 3.0%, reflecting a 6.9% year-over-year increase in private construction and a 8.0% decrease in public construction.

The 0.8% increase in **private** construction in February resulted from a 1.8% rise in residential construction that was partly offset by a 0.3% decline in nonresidential construction. The fifth monthly gain in a row in single-family construction (+1.2%) and the second in multi-family construction (+2.0%) combined with an increase in improvements (+2.7%) to lift overall residential construction. For the second month in a row, weakness in private nonresidential construction was broad-based, but not severe. Pullbacks in communication, manufacturing, health care, and commercial were almost offset by increases, led by power.

Public construction put-in-place partially recovered in February from declines during the three previous months. Residential construction increased 3.8% after three declines in a row and four declines in five months. Nonresidential contruction increased 0.5%, reflecting increases in highway and street, safety, and amusement and recreation.

Aided by an unusually warm February, **housing activity** generally picked up. Housing starts increased 3.8% in February on a 3-month moving average basis, as both single-family (+1.9%) and multi-family (+7.6%) increased. Total starts fell across the Midwest (-4.3%), despite a 5.2% rise in single-family because of a 20.9% drop in multi-family. Compared with a year earlier, starts were 8.9% higher across the country and 14.7% higher in the Midwest on a 3-month moving average basis.

S&P Case/Shiller Home Price Index
National Average



Changes in **home sales** were mixed in February. Existing home sales decreased 0.7% across the country and decreased 3.3% in the Midwest on a 3-month moving average basis. Realtors report that the limited supply of homes for sale is driving prices higher and beginning to cut into sales. New home sales increased 1.1% nationally and 5.8% across the Midwest.

Home prices across the country posted their 59th consecutive monthly increase in January to a new all-time high, according to the Case-Shiller index. The National index increased 0.6% to 5.8% above the year earlier level. After falling by 26.0% from February 2007 to January 2012, home prices through January had increased 37.7% to 1.9% above the prior peak

REVENUES

NOTE: The revenue tables in this report contain OBM's July 2016 revised estimates of fiscal year 2017 tax revenues, non-tax revenues, and transfers. These revisions incorporate both changes to the baseline and law changes enacted since January 2016. The revenue tables do not reflect the revised fiscal year 2017 estimates contained in the Executive Budget for fiscal years 2018-2019. Please see the February 2017 issue of this report for additional information.

March **GRF receipts totaled $2,509.3 million** and were $318.6 million (11.3%) below estimate. Monthly tax receipts totaled $1,429.6 million and were $202.9 million (12.4%) below estimate, while non-tax receipts totaled $1,079.1 million and were $116.3 million (9.7%) below estimate. Actual transfers to the GRF were $0.7 million in March, compared to an estimate of zero.

The overall shortfall in GRF tax receipts was essentially due to shortfalls in three taxes. First, once again the largest variance was the income tax, which finished $95.5 million (17.7%) below estimate. Like February, March is a relatively small net collections month, so the shortfall was a very large percentage of receipts. More than three-fourths of the income tax shortfall was due to refunds being well above estimate for the third month in a row. Second, the sales tax was $40.5 million (4.9%) below estimate, with $37.4 million of the shortfall coming in the non-auto portion of the tax. Third, the foreign insurance tax was $67.9 million below estimate, but this followed an $80.4 million overage in February. The February and March variances were timing matters, as collections were much more heavily concentrated in February than usual (the payment due date is March 1). For the year, foreign insurance tax collections are $19.1 million above estimate.

As is generally the case, the variance in non-tax receipts was due to federal grants. Federal grants were $114.4 million (9.8%) below estimate, while all other non-tax receipts were $1.9 million below estimate. The federal grant variance was larger than expected given that Medicaid spending was only $77.3 million below estimate in March. However, for the year-to-date, the federal revenue variance is about where expected given Medicaid underspending of $871.5 million.

For the fiscal year, GRF receipts were $1,229.8 million (4.7%) below estimate. Almost exactly half of the overall variance is from tax receipts, which are $614.6 million (3.7%) below estimate. A little less than three-fourths of the tax shortfall is from the income tax. Federal grants are now $686.9 million, or 7.1%, below estimate, due primarily to Medicaid spending being $871.5 million, (6.1%) below estimate. Finally, transfers are above estimate by $61.0 million, mostly due to the earlier than estimated transfer of non-GRF fund balances as discussed in the February issue of this report.

Category	Includes:	YTD $ Variance	% Variance
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	($614.6 million)	-3.7%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(676.2 million)	-6.9%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	$61.0 million	192.0%
TOTAL REVENUE VARIANCE:		**($1,229.8 million)**	**-4.9%**
Non-Federal revenue variance		**($542.8 million)**	**-3.3%**
Federal grants variance		**($686.9 million)**	**-7.1%**

On a year-over-year basis, monthly receipts were $129.4 million (4.9%) below March from last year. Tax revenues fell by $74.8 million (5.0%) while federal grants decreased by $47.9 million (4.4%). The tax receipts drop was mostly due to the early receipt (February) of foreign insurance tax revenues, as mentioned above. Foreign insurance tax revenues dropped by $75.1 million from the prior March.

For the fiscal year, tax revenues have fallen by $132.6 million (0.8%) from a year ago. As has been the case throughout the first nine months of the fiscal year, the income tax is responsible for far more than that entire decline, dropping by $248.4 million (4.3%). The decline in income tax revenues was partly anticipated, and was mostly due to a decline of $204.9 million (28.3%) in quarterly estimated payments. The estimated payment decrease is thought to be the result of an ongoing shift in taxpayer behavior to reduce estimated payments to better match lower expected tax liability due to prior year rate cuts and the gradual expansion of the small business deduction. Fiscal year 2017 income tax forecasts, made in July of 2016, anticipated that the drop in estimated payments would be offset by a decline in refunds in the second half of the fiscal year. Through March, however, that decline in refunds has not been seen. Refunds in the January-March period were actually $50 million larger than last year. It is now unclear whether income tax collections will finish fiscal year 2017 above fiscal year 2016’s level.

On the non-tax side, federal grants have fallen for the year by $288.0 million (3.1%). This decline is somewhat larger than expected given that GRF Medicaid spending has declined by a smaller $270.3 million from last year.

GRF Revenue Sources Relative to Monthly Estimates – March 2017
($ in millions)

Individual Revenue Sources Above Estimate		Individual Revenue Sources Below Estimate	
Commercial Activity Tax	$13.7	Personal Income Tax	($95.5)
Cigarette and Other Tobacco Tax	$2.2	Federal Grants	($114.4)
Other Sources Above Estimate	$1.2	Foreign Insurance Tax	($67.9)
		Non-Auto Sales and Use Tax	($37.4)
		Financial Institutions Tax	($9.4)
		Other Sources Below Estimate	($11.2)
Total above	**$17.2**	**Total below**	**($335.8)**

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

Non-Auto Sales and Use Tax

March non-auto sales and use tax collections totaled $651.2 million and were $37.4 million (5.4%) below estimate. Retail sales growth has been slowing down across the country over the past couple of months. Collections continue to suffer from retail price deflation for spending categories other than motor vehicles. There is also evidence that consumer spending, particularly on the sorts of goods that are taxable, is being constrained by households having to devote an increased share of their budgets to housing expenses.

For the fiscal year-to-date, non-auto revenues are $157.9 million (2.3%) below estimate. Year-over-year growth has improved from 0.9% at the end of November to 2.0% at the end of March, but this is a step backward from the 2.3% growth through February.

OBM's executive budget estimates for fiscal year 2017 assume that by year's end the shortfall with respect to the July estimates will grow to be approximately $199 million (2.1%). This estimate essentially assumes that monthly shortfalls over the second half of fiscal year 2017 will average about $18.0 million. Performance in December-February was better than that, while July-November performance was worse. March's performance was also worse than expected. April collections will be an important test of whether the $199 million shortfall estimate is attainable.

Auto Sales Tax

Auto sales tax collections totaled $126.8 million in March and were $3.0 million (2.3%) below estimate. This weaker March followed a very strong February. Combined, the collections for the first quarter of the calendar year exceeded estimates by $6.4 million. February collections seemed to align with relatively strong new light vehicle sales in January at a seasonally adjusted annual rate of 18.2 million units, while March collections seemed to align with more moderate sales in February at a rate of 17.3 million units. Year-to-date collections are now just $3.0 million (0.3%) below estimate.

OBM's executive budget estimates for fiscal year 2017 assume that by year's end the shortfall will grow to about $60 million (4.3%). This estimate assumes that performance will be markedly worse over the last quarter than it has been for the first nine months. New light vehicle sales are finally falling after a particularly strong run. Estimated March new vehicle sales were 16.5 million at an annualized rate. This indicates that collections in April will be somewhat below estimate. Looking to the future, market analysts predict increasing inventories and incentives may lead to a downturn in new vehicle sales. Still, there is some upside risk to the executive budget forecast for the auto sales tax.

Personal Income Tax

March GRF personal income tax receipts totaled $442.6 million and were $95.5 million (17.7%) below the estimate. Refunds and employer withholding drove the March shortfall.

Employer withholding was $23.2 million (2.8%) below estimate in March. Withholding is $192.2 million (3.0%) below estimate for the year. Unfortunately, this underperformance has been very consistent: the year-to-date shortfall has been between 3.0% and 3.6% for seven of the nine months in fiscal year 2017.

Refunds were once again far above estimate in March, the third consecutive large overage. The January refund overage may have been partly a timing matter. As mentioned in last month's report, large refunds were paid out in the last four days of January this year, whereas they were not last year, accounting for a $51 million increase this January compared to last year. That $51 million difference was most of the $64 million increase from last January.

The refund news has not improved in February or March, however, casting doubt on the timing explanation. Refunds were $76.6 million above estimate in March, following an overage of $78.1 million in February and $72.9 million in January. Refunds posted a very small decline from last March ($2.9 million), following a small year-over-year decline of $11.1 million in February. In contrast, the March estimate, and the fiscal year 2017 filing season estimates generally, assumed much lower refunds than in the same months of fiscal year 2016 for the following reasons:

(1) The new, reduced withholding rates that accompanied the H.B. 64 tax rate cuts were in place for all of tax year 2016, whereas they were in place for only the last five months of tax year 2015;
(2) Tax year 2016 income tax rates were equal to those from tax year 2015, so that estimated payments should have been made on the correct rate basis all year in tax year 2016, unlike tax year 2015;
(3) Declines in estimated payments throughout the year suggested that taxpayers had begun to take the small business deduction into account while making those payments, rather than overpaying on their estimated payments and then claiming large refunds afterward, as seemed to have been the case starting with tax year 2013, the year the deduction was first enacted.

It is also worth noting that even though the fiscal year 2017 estimates reduced refunds relative to fiscal year 2016 for these reasons, fiscal year 2017 estimated refunds were still somewhat higher as a percentage of withholding than in an average year due to the fact that the small business deduction increased to 100% in tax year 2016.

For the year, GRF income tax collections are now $447.7 million (7.6%) below estimate. The year-to-date variance is due to a combination of withholding and refunds. Withholding is $192.2 million (3.0%) below estimate, and refunds are $271.5 million (25.8%) above estimate. All other payments are a combined $7.8 million above estimate, and distributions to the Local Government Fund are $8.3 million below estimate (which adds to the net GRF amount).

FY2017 PERSONAL INCOME TAX RECEIPTS BY COMPONENT ($ in millions)

	Estimate March	Actual March	$ Var March	Actual March 2017	Actual March 2016	$ Var Y-over-Y
Withholding	$816.5	$793.3	($23.2)	$793.3	$781.1	$12.3
Quarterly Est.	$10.7	$14.4	$3.7	$14.4	$11.5	$2.9
Trust Payments	$1.2	$1.2	($0.0)	$1.2	$1.1	$0.1
Annual Returns & 40 P	$61.5	$60.9	($0.6)	$60.9	$55.9	$5.0
Other	$15.1	$15.4	$0.3	$15.4	$13.6	$1.8
Less: Refunds	-$339.1	-$415.7	($76.6)	($415.7)	($418.6)	$2.9
Local Distr.	($27.8)	($26.8)	$1.0	($26.8)	($24.9)	($1.9)
Net to GRF	$538.1	$442.6	($95.5)	$442.6	$419.7	$22.9

OBM's January executive budget estimates for fiscal year 2017 assume that collections will end the year about $334 million below the original estimate. Given that collections at the end of February are already $448 million below the original estimate, there is now significant downside risk to the executive budget estimate. Refunds are almost certain to end the fiscal year well above the executive budget estimate.

On a year-over-year basis, March personal income tax receipts were $22.9 million (5.5%) above March 2016 collections. For the year-to-date, income tax collections are still $248.4 million (4.3%) below fiscal year 2016 collections. The main causes in the year-to-date decline are the large (but anticipated) decline in quarterly estimated payments and the unanticipated increase in refunds. In addition, although withholding is not one of the categories of payment that have declined from last year, the fact that collections have grown by only $85.3 million (1.4%) has contributed to the decline in overall income tax revenues. If withholding and refunds had performed as expected, year-to-date income tax collections would now be $215 million (3.8%) above last year.

Commercial Activity Tax

March CAT collections exceeded estimates by $13.7 million after a disappointing February, where collections fell $25.5 million below estimate. Results for the January-March quarter were not as bad as expected, falling $7.0 million (2.0%) short of the original estimate. More of the quarter's revenue fell into January and March than expected (quarterly payments were due

February 10). The March overage pushed the year-to-date shortfall back down to $28.0 million (2.8%). Collections for the year are ($0.2 million) above last year's amount.

The GRF receives 75% of CAT revenues, so all funds (total) CAT collections follow the same general pattern as GRF collections. Through March, total CAT collections are $37.1 million (2.8%) below estimate. All funds CAT collections have declined by $0.2 million (0.02%) from last year, whereas the expectation was that at this point they would have grown by $36.9 million (2.8%) – growth for the entire year was expected to be 2.5% in the original fiscal year 2017 estimates.

Financial Institutions Tax

Financial institutions tax collections were $9.4 million (22.1%) below estimate in March, largely due to $7.5 million in unanticipated refundable tax credits issued in connection with the state's venture capital program.

The March shortfall brought year-to-date collections down to $26.2 million (19.8%) below the estimate. Net collections have now declined by $23.9 million (18.4%) from last year, whereas they were expected to have grown slightly.

Foreign Insurance Tax

Foreign insurance tax collections were $67.9 million (66.4%) below estimate in March. A large shortfall in March was expected following the $80.4 million overage in February. Even after the March shortfall, collections are $19.1 million (6.0%) over estimate for the year-to-date. Year to date collections are $19.8 million (6.3%) above last year's amount.

GRF Non-Tax Receipts

GRF non-tax receipts totaled $1,079.1 million in March and were $116.3 million (9.7%) below the estimate. Almost all the variance was due to federal grants, which were $114.4 million (9.8%) below the estimate. License and fee income was close to the estimate.

As mentioned earlier, the federal grants shortfall was significantly larger than Medicaid underspending in March. For the year, the federal grants variance lines up better with Medicaid underspending, but is still somewhat larger than Medicaid underspending would imply. It is now expected that by year's end, federal grant revenues will be somewhat below the estimated federal share of Medicaid underspending, with the gap being roughly in the $50 million range. One of the reasons for this is that prior year federal grants were found, after the fact, to have been slightly larger than they should have been, and the federal government has recaptured those overpayments in fiscal year 2017.

Table 1
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2017 VS ESTIMATE FY 2017
($ in thousands)

REVENUE SOURCE	MONTH ACTUAL MARCH	MONTH ESTIMATE MARCH	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL Y-T-D	YEAR-TO-DATE ESTIMATE Y-T-D	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	651,153	688,600	(37,447)	-5.4%	6,834,289	6,992,200	(157,911)	-2.3%
Auto Sales & Use	126,795	129,800	(3,005)	-2.3%	1,015,342	1,018,300	(2,958)	-0.3%
Subtotal Sales & Use	777,948	818,400	(40,452)	-4.9%	7,849,631	8,010,500	(160,869)	-2.0%
Personal Income	442,641	538,100	(95,459)	-17.7%	5,478,938	5,926,600	(447,662)	-7.6%
Corporate Franchise	165	0	165	N/A	3,394	0	3,394	N/A
Financial Institutions Tax	33,270	42,700	(9,430)	-22.1%	105,722	131,900	(26,178)	-19.8%
Commercial Activity Tax	20,538	6,800	13,738	202.0%	960,001	988,000	(27,999)	-2.8%
Petroleum Activity Tax	2,155	1,900	255	13.4%	5,014	4,900	114	2.3%
Public Utility	1,907	2,000	(93)	-4.6%	72,302	73,900	(1,598)	-2.2%
Kilowatt Hour	29,097	34,000	(4,903)	-14.4%	272,516	256,500	16,016	6.2%
Natural Gas Distribution	0	0	0	N/A	32,145	32,400	(255)	-0.8%
Foreign Insurance	34,321	102,200	(67,879)	-66.4%	336,770	317,700	19,070	6.0%
Domestic Insurance	3	200	(197)	-98.6%	158	600	(442)	-73.7%
Other Business & Property	0	0	0	N/A	(678)	0	(678)	N/A
Cigarette and Other Tobacco	80,042	77,800	2,242	2.9%	667,262	658,200	9,062	1.4%
Alcoholic Beverage	4,064	5,100	(1,036)	-20.3%	42,856	41,000	1,856	4.5%
Liquor Gallonage	3,408	3,300	108	3.3%	34,786	33,700	1,086	3.2%
Estate	4	0	4	N/A	494	0	494	N/A
Total Tax Receipts	1,429,563	1,632,500	(202,937)	-12.4%	15,861,313	16,475,900	(614,587)	-3.7%
NON-TAX RECEIPTS								
Federal Grants	1,048,119	1,162,487	(114,369)	-9.8%	9,022,909	9,709,834	(686,925)	-7.1%
Earnings on Investments	(0)	0	(0)	N/A	24,042	17,200	6,842	39.8%
License & Fees	30,589	32,205	(1,616)	-5.0%	56,244	53,010	3,234	6.1%
Other Income	380	705	(325)	-46.1%	45,544	45,250	294	0.6%
ISTV'S	1	0	1	N/A	9,132	8,800	332	3.8%
Total Non-Tax Receipts	1,079,088	1,195,397	(116,309)	-9.7%	9,157,870	9,834,094	(676,224)	-6.9%
TOTAL REVENUES	2,508,651	2,827,897	(319,246)	-11.3%	25,019,183	26,309,994	(1,290,811)	-4.9%
TRANSFERS								
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	656	0	656	N/A	92,844	31,800	61,044	192.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	656	0	656	N/A	92,844	31,800	61,044	192.0%
TOTAL SOURCES	2,509,308	2,827,897	(318,590)	-11.3%	25,112,027	26,341,794	(1,229,767)	-4.7%

Table 2
GENERAL REVENUE FUND RECEIPTS
ACTUAL FY 2017 VS ACTUAL FY 2016
($ in thousands)

REVENUE SOURCE	MONTH MARCH FY 2017	MONTH MARCH FY 2016	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE ACTUAL FY 2017	YEAR-TO-DATE ACTUAL FY 2016	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
TAX RECEIPTS								
Non-Auto Sales & Use	651,153	654,696	(3,543)	-0.5%	6,834,289	6,698,142	136,147	2.0%
Auto Sales & Use	126,795	133,012	(6,217)	-4.7%	1,015,342	992,249	23,093	2.3%
Subtotal Sales & Use	777,948	787,708	(9,760)	-1.2%	7,849,631	7,690,391	159,240	2.1%
Personal Income	442,641	419,695	22,946	5.5%	5,478,938	5,727,312	(248,373)	-4.3%
Corporate Franchise	165	462	(297)	-64.4%	3,394	30,368	(26,974)	-88.8%
Financial Institutions Tax	33,270	43,547	(10,277)	-23.6%	105,722	129,640	(23,917)	-18.4%
Commercial Activity Tax	20,538	15,167	5,371	35.4%	960,001	959,792	209	0.0%
Petroleum Activity Tax	2,155	2,236	(82)	-3.7%	5,014	5,598	(584)	-10.4%
Public Utility	1,907	2,265	(358)	-15.8%	72,302	75,407	(3,105)	-4.1%
Kilowatt Hour	29,097	33,919	(4,822)	-14.2%	272,516	261,696	10,819	4.1%
Natural Gas Distribution	0	1	(0)	N/A	32,145	30,647	1,498	4.9%
Foreign Insurance	34,321	109,402	(75,080)	-68.6%	336,770	316,940	19,830	6.3%
Domestic Insurance	3	161	(158)	-98.2%	158	514	(356)	-69.3%
Other Business & Property	0	6	(6)	N/A	(678)	92	(770)	-841.0%
Cigarette and Other Tobacco	80,042	79,475	568	0.7%	667,262	689,009	(21,746)	-3.2%
Alcoholic Beverage	4,064	6,884	(2,820)	-41.0%	42,856	41,717	1,140	2.7%
Liquor Gallonage	3,408	3,412	(4)	-0.1%	34,786	33,808	978	2.9%
Estate	4	28	(24)	-86.7%	494	933	(439)	-47.1%
Total Tax Receipts	1,429,563	1,504,366	(74,803)	-5.0%	15,861,313	15,993,862	(132,550)	-0.8%
NON-TAX RECEIPTS								
Federal Grants	1,048,119	1,096,016	(47,898)	-4.4%	9,022,909	9,310,931	(288,022)	-3.1%
Earnings on Investments	(0)	0	(0)	N/A	24,042	16,580	7,461	45.0%
License & Fee	30,589	33,330	(2,742)	-8.2%	56,244	53,635	2,610	4.9%
Other Income	380	640	(260)	-40.6%	45,544	44,401	1,143	2.6%
ISTV'S	1	0	1	N/A	9,132	864	8,267	956.7%
Total Non-Tax Receipts	1,079,088	1,129,987	(50,899)	-4.5%	9,157,870	9,426,411	(268,540)	-2.8%
TOTAL REVENUES	2,508,651	2,634,353	(125,702)	-4.8%	25,019,183	25,420,273	(401,090)	-1.6%
TRANSFERS								
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	656	4,379	(3,722)	-85.0%	92,844	194,576	(101,732)	-52.3%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	656	4,379	(3,722)	-85.0%	92,844	194,576	(101,732)	-52.3%
TOTAL SOURCES	2,509,308	2,638,732	(129,424)	-4.9%	25,112,027	25,614,849	(502,823)	-2.0%

DISBURSEMENTS

March GRF disbursements, across all uses, totaled $3,300.0 million and were $12.2 million (0.4%) above estimate. This was primarily attributable to higher than estimated disbursements in the Property Tax Reimbursements category, which were partially offset by lower than estimated disbursements in the Medicaid and Primary and Secondary Education categories. On a year-over-year basis, March total uses were $718.1 million (27.8%) higher than those of the same month in the previous fiscal year, with the Primary and Secondary Education, Property Tax Reimbursements, and Medicaid categories largely responsible for the increase. Year-to-date variances from estimate by category are provided in the table below.

Category	Description	YTD Variance	% Variance
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	($898.8 million)	-3.3%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	($13.3 million)	-4.4%
TOTAL DISBURSEMENTS VARIANCE:		**($912.1 million)**	**-3.3%**

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

Primary and Secondary Education

This category contains GRF spending by the Ohio Department of Education. March disbursements for this category totaled $861.1 million and were $28.9 million (3.2%) below estimate. This variance was primarily attributable to below estimate spending in the pupil transportation and foundation funding line items. Disbursements in the pupil transportation line item were below estimate due to formula obligations for transportation being under appropriation limits. Disbursements in the foundation funding line item were below estimate due to offsetting previous months that were over estimate. This variance was partially offset by above estimate disbursements in the special education enhancements line item due to prior year adjustments. Expenditures for the school foundation program totaled $843.6 million and were $27.0 million (3.1%) below estimate. Year-to-date disbursements were $6,293.4 million, which was $0.05 million (0.0%) below estimate.

On a year-over-year basis, disbursements in this category were $549.0 million (175.9%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $509.7 million (8.8%) higher than the same point in fiscal year 2016. These variances are primarily attributable to 19 foundation payments being disbursed in the current fiscal year compared to 18 foundation payments disbursed through the same point in the previous fiscal year.

Higher Education

March disbursements for the Higher Education category, which includes non-debt service GRF spending by the Department of Higher Education, totaled $185.9 million and were $1.5 million (0.8%) below estimate. This variance was primarily attributable to disbursements for the Ohio College Opportunity Grant (OCOG) that were below the monthly estimate by $3.6 million as a result of lower than expected requests for reimbursement from higher education institutions. This variance was partially offset by higher than estimated disbursements for the Choose Ohio First Scholarship Program that were $1.5 million higher than estimate as a result of realigning the payment schedules.

Year-to-date disbursements were $1,733.2 million, which was $11.2 million (0.6%) below estimate. On a year-over-year basis, disbursements in this category were $0.04 million (0.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $56.6 million (3.4%) higher than at the same point in fiscal year 2016.

Other Education

This category includes non-debt service GRF 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.

March disbursements in this category totaled $7.0 million and were $3.4 million (95.7%) above estimate. This variance was primarily attributable to the timing of $3.3 million in subsidy payments to the Ohio History Connection, which occurred in March instead of April as estimated. Year-to-date disbursements were $62.2 million, which was $1.0 million (1.6%) above estimate. On a year-over-year basis, disbursements in this category were $0.5 million (8.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $3.3 million (5.6%) higher than at the same point in fiscal year 2016.

Medicaid

This category includes all Medicaid spending on services and program support by the following six agencies: the Department of Medicaid, the Department of Mental Health and Addiction Services, the Department of Developmental Disabilities, the Department of Health, the Department of Job and Family Services, and the Department of Aging.

<u>Expenditures</u>
March GRF disbursements for the Medicaid Program totaled $1,566.3 million and were $77.3 million (4.7%) below the estimate, and $100.7 million (6.9%) above disbursements for the same month in the previous fiscal year. Year-to-date GRF disbursements totaled $13,397.1 million and were $871.5 million (6.1%) below the estimate, and $270.3 million (2.0%) below disbursements for the same point in the previous fiscal year.

March all funds disbursements for the Medicaid Program totaled $2,188.0 million and were $441.8 million (16.8%) below the estimate, and $238.4 million (12.2%) above disbursements for the same month in the previous fiscal year. Year-to-date all funds disbursements totaled $19,100.1 million and were $1,227.8 million (6.0%) below the estimate, and $889.3 million (4.9%) above disbursements for the same point in the previous fiscal year.

The March all funds variance is primarily attributable to the timing of payments under the Hospital Care Assurance Program (HCAP). This non-GRF funded program compensates hospitals that provide a disproportionally large amount of uncompensated care. HCAP payments, which were estimated to occur in both February and March, were completed entirely in February. Other programs underspending in March included the managed care program, which underspent due to lower than budgeted monthly capitation rates, and program administration. This underspending was partially offset by greater than anticipated spending in the premium assistance program due to higher rates for the Medicare Buy-In and Medicare Part D components and the fee-for-service program.

The year-to-date all funds variance included underspending in the managed care program due to lower than budgeted monthly capitation rates. Fee-for-service program costs were also below estimate due to enrollment being below estimate by an average of 3.7% per month, year to date. Below estimate fee-for-service enrollment also caused hospital and hospital-based physician upper payment limit (UPL) expenses to be below estimate, in particular, the inpatient hospital component to which these expenses are closely linked. The UPL program provides additional payments to hospitals and hospital-based physicians for allowable costs that are not fully covered by Medicaid payments; the combination of Medicaid payments and UPL payments may not exceed the amount that the Medicare program would have paid for such services (i.e. the upper payment limit). Finally, lower program administration costs were the result of lower costs for information technology projects, volume-based service contracts, and reimbursement requests from county departments of job and family services. This underspending was partially offset by higher rates paid by the premium assistance program.

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

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

	March Actual	March Projection	Variance	Variance %
GRF	$ 1,566.3	$ 1,643.6	$ (77.3)	-4.7%
Non-GRF	$ 621.6	$ 986.2	$ (364.5)	-37.0%
All Funds	$ 2,187.9	$ 2,629.7	$ (441.8)	-16.8%

Enrollment
Total March enrollment across all categories was 3.10 million. The most significant components are the Covered Families and Children/Modified Adjusted Gross Income (CFC/MAGI) category, which increased by 11,686 persons to a March total of 2.52 million persons, and the Aged, Blind and Disabled (ABD) category, which increased by 7,951 persons to a March total of 431,634 covered lives.

Total enrollment across all categories for the same period last year was 3.05 million covered persons, including 2.51 million persons in the CFC/MAGI category and 375,766 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 by 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 Medicaid category.

March disbursements in this category totaled $108.8 million and were $1.4 million (1.3%) above estimate. Year-to-date disbursements were $1,041.3 million, which was $52.8 million (4.8%) below estimate. On a year-over-year basis, disbursements in this category were $20.7 million (16.0%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $16.4 million (1.6%) higher than at the same point in fiscal year 2016.

Department of Job and Family Services
March disbursements for the Department of Job and Family Services totaled $78.8 million and were $2.1 million (2.8%) above estimate. This variance was primarily attributable to disbursements for Early Child Care and Education, which were $2.3 million (10.4%) above estimate due to a change in the disbursement schedule for TANF MOE eligible child care services. These variances were partially offset by lower than estimate disbursements for TANF State/Maintenance of Effort, which were $1.3 million (5.1%) below estimate due to disbursements for the Ohio Works First Caseload, a newly implemented program, being lower than anticipated for the biennium.

Department of Mental Health and Addiction Services
March disbursements for the Department of Mental Health and Addiction Services totaled $21.8 million and were $0.4 million (2.1%) above estimate. This variance was partially attributable to Hospital Services disbursements being $1.5 million (9.2%) above estimate as payments originally scheduled for later months were made in March 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.

March disbursements in this category totaled $143.2 million and were $7.2 million (4.8%) below estimate. Year-to-date disbursements were $1,577.4 million, which was $23.3 million (1.5%) below estimate. On a year-over-year basis, disbursements in this category were $26.3 million (15.5%) lower than for the same month in the previous fiscal year while year-to-date expenditures were $37.0 million (2.4%) higher than at the same point in fiscal year 2016.

Department of Rehabilitation and Correction
March disbursements for the Department of Rehabilitation and Correction totaled $112.0 million and were $3.6 million (3.1%) below estimate. This variance was primarily attributable to lower than estimated disbursements for Institutional Operations due to the timing of payments. This variance was partially offset due to higher than anticipated disbursements for Institution Medical Services.

Public Defender Commission
March disbursements for the Public Defender Commission totaled $2.9 million and were $2.9 million (49.9%) below estimate. This variance was primarily attributable to the timing of county reimbursement payments, which occurred in February instead of March as estimated.

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.

March disbursements in this category totaled $26.0 million and were $0.7 million (2.7%) above estimate. Year-to-date disbursements were $285.9 million, which was $16.0 million (5.3%) below estimate. On a year-over-year basis, disbursements in this category were $5.0 million (24.0%) higher than for the same month in the previous fiscal year while year-to-date expenditures were $16.0 million (5.9%) higher than at the same point in fiscal year 2016.

Development Services Agency
March disbursements for the Development Services Agency totaled $4.2 million and were $1.4 million (47.9%) above estimate. This variance was primarily attributable to the full disbursement of Port Authority Assistance project funds being made in March rather than a partial disbursement as estimated.

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. March property tax reimbursements totaled $233.2 million and were $108.7 million (87.3%) above estimate. Year-to-date disbursements totaled $1,135.4 million and were $90.9 million (8.7%) above estimate. The monthly and year-to-date variances are due to reimbursement requests being received from counties earlier than anticipated. Aggregate disbursements for the second half of the fiscal year are expected to be below estimate, driven primarily by declines in the homestead exemption program.

Debt Service

March payments for debt service totaled $155.5 million and were $0.3 million (0.2%) below estimate. Year-to-date debt service payments were $1,218.4 million and were $15.9 million (1.3%) below estimate. The year-to-date variance is primarily attributable to lower than estimated interest rates on recent bond issuances and a portion of bond premiums from previous issuances being used to offset debt service payments.

Transfers Out

March transfers out totaled $13.1 million and were $13.1 million above estimate. Year-to-date transfers out were $285.7 million and were $13.3 million (2.1%) above estimate. The monthly variance is primarily attributable to the timing of transfers out to the Medicaid Managed Care Performance Payments Fund.

Table 3
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2017 VS ESTIMATE FY 2017
($ in thousands)

Functional Reporting Categories Description	MONTH ACTUAL MARCH	MONTH ESTIMATED MARCH	MONTH $ VAR	MONTH % VAR	YEAR-TO-DATE YTD ACTUAL	YEAR-TO-DATE YTD ESTIMATE	YEAR-TO-DATE $ VAR	YEAR-TO-DATE % VAR
Primary and Secondary Education	861,114	890,003	(28,889)	-3.2%	6,293,444	6,293,493	(49)	0.0%
Higher Education	185,876	187,359	(1,482)	-0.8%	1,733,246	1,744,448	(11,201)	-0.6%
Other Education	7,002	3,579	3,424	95.7%	62,196	61,189	1,008	1.6%
Medicaid	1,566,289	1,643,572	(77,282)	-4.7%	13,397,130	14,268,617	(871,487)	-6.1%
Health and Human Services	108,790	107,343	1,447	1.3%	1,041,294	1,094,066	(52,772)	-4.8%
Justice and Public Protection	143,178	150,364	(7,186)	-4.8%	1,577,353	1,600,612	(23,259)	-1.5%
General Government	25,963	25,293	670	2.7%	285,897	301,928	(16,031)	-5.3%
Property Tax Reimbursements	233,181	124,500	108,681	87.3%	1,135,431	1,044,483	90,947	8.7%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	155,511	155,819	(308)	-0.2%	1,218,382	1,234,322	(15,941)	-1.3%
Total Expenditures & ISTV's	3,286,904	3,287,831	(927)	0.0%	26,744,374	27,643,158	(898,784)	-3.3%
Transfers Out:								
BSF Transfer Out	0	0	0	N/A	29,483	29,483	0	0.0%
Operating Transfer Out	13,095	0	13,095	N/A	256,256	269,541	(13,284)	-4.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	13,095	0	13,095	N/A	285,739	299,023	(13,284)	-4.4%
Total Fund Uses	3,299,999	3,287,831	12,168	0.4%	27,030,113	27,942,182	(912,069)	-3.3%

Table 4
GENERAL REVENUE FUND DISBURSEMENTS
ACTUAL FY 2017 VS ACTUAL FY 2016
($ in thousands)

	MONTH				YEAR-TO-DATE			
Functional Reporting Categories Description	MARCH FY 2017	MARCH FY 2016	$ VAR	% VAR	ACTUAL FY 2017	ACTUAL FY 2016	$ VAR	% VAR
Primary and Secondary Education	861,114	312,138	548,975	175.9%	6,293,444	5,783,723	509,721	8.8%
Higher Education	185,876	185,914	(38)	0.0%	1,733,246	1,676,627	56,619	3.4%
Other Education	7,002	6,481	522	8.0%	62,196	58,890	3,306	5.6%
Medicaid	1,566,289	1,465,594	100,696	6.9%	13,397,130	13,667,431	(270,301)	-2.0%
Health and Human Services	108,790	129,482	(20,693)	-16.0%	1,041,294	1,024,944	16,350	1.6%
Justice and Public Protection	143,178	169,479	(26,301)	-15.5%	1,577,353	1,540,326	37,027	2.4%
General Government	25,963	20,946	5,017	24.0%	285,897	269,875	16,022	5.9%
Property Tax Reimbursements	233,181	131,393	101,789	77.5%	1,135,431	1,027,931	107,499	10.5%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	155,511	155,726	(215)	-0.1%	1,218,382	1,186,616	31,766	2.7%
Total Expenditures & ISTV's	3,286,904	2,577,153	709,751	27.5%	26,744,374	26,236,363	508,011	1.9%
Transfers Out:								
BSF Transfer	0	0	0	N/A	29,483	425,500	(396,017)	-93.1%
Operating Transfer Out	13,095	4,779	8,316	174.0%	256,256	406,003	(149,746)	-36.9%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
Total Transfers Out	13,095	4,779	8,316	174.0%	285,739	831,503	(545,764)	-65.6%
Total Fund Uses	3,299,999	2,581,932	718,067	27.8%	27,030,113	27,067,866	(37,753)	-0.1%

FUND BALANCE

Table 5 describes the estimated General Revenue Fund (GRF) unencumbered ending fund balance for FY 2017. Based on the estimated revenue sources for FY 2017 and the estimated FY 2017 disbursements, transfers, and encumbrances, the GRF unencumbered ending fund balance for FY 2017 is an estimated $458.8 million.

The GRF unencumbered ending fund balance should not be considered as a balance available for expenditure in FY 2017 nor should it be considered as equivalent to the FY 2017 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.

NOTE: The Fund Balance Table is based on the fiscal year 2017 estimates prepared in July 2016 and does not reflect revised fiscal year 2017 estimates contained in the Executive Budget for fiscal years 2018-2019. Please see the February 2017 issue of this report for additional information.

Table 5
FUND BALANCE
GENERAL REVENUE FUND
FISCAL YEAR 2017
($ in thousands)

July 1, 2016 Beginning Cash Balance*	**$ 1,193,327**
Plus FY 2017 Estimated Revenues	22,897,600
Plus FY 2017 Estimated Federal Revenues	12,682,980
Plus FY 2017 Estimated Transfers to GRF	309,100
Total Sources Available for Expenditures & Transfers	**37,083,007**
Less FY 2017 Estimated Disbursements**	35,893,619
Less FY 2017 Estimated Total Encumbrances as of June 30, 2017	312,696
Less FY 2017 Estimated Transfers Out	417,875
Total Estimated Uses	**36,624,190**
FY 2017 ESTIMATED UNENCUMBERED ENDING FUND BALANCE	**458,817**

* Includes reservations of $428.6 million for prior year encumbrances and $54.5 million for transfers from the fiscal year 2016 ending balance executed during fiscal year 2017. After accounting for these amounts, the estimated unencumbered beginning fund balance for fiscal year 2017 is $710.2 million.

** Disbursements include estimated spending against current year appropriations and prior year encumbrances.

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