



December 12, 2011

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

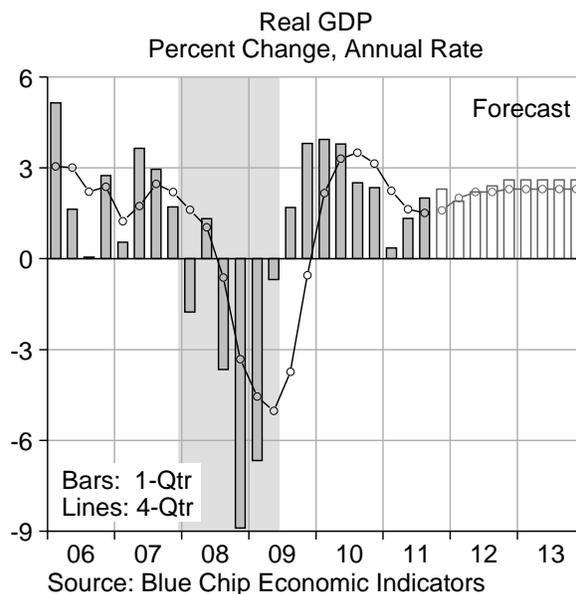
### Economic Performance Overview

- Real GDP accelerated in the third quarter, rising 2.0% and at least temporarily quieting concerns about recession.
- The labor market picture brightened further in November, as the level of employment increased by 120,000 jobs and the September and October gains were revised upward. The unemployment rate fell 0.4 percentage points to 8.6% in November.
- Ohio employment was little changed in October after decreasing by a revised 9,200 jobs in September. The Ohio unemployment rate edged down to 9.0% in October, matching the national rate for the second month in a row.
- Leading economic indicators remain consistent with weak activity both nationally and in Ohio, but not recession.

### Economic Growth

Real GDP expanded at a revised annual rate of 2.0% in the third quarter following growth of less than 1.0% in the first half. The third-quarter growth rate was revised down from the advance estimate of 2.5% entirely due to a large downward revision to the change in business inventories. The change in inventories subtracted 1.6 percentage points from overall growth. The rate of change in real final sales was unrevised at 3.6%. Corporate profits increased to a new all-time high, nearly reaching the highest share of GDP in the post-war period.

Real GDP was 1.5% higher than a year earlier in the third quarter, and exceeded the peak



achieved prior to the 2007-09 recession by 0.1%. The economy has expanded for nine consecutive quarters, but at a slower pace than in each of the other nine post-war expansions that have lasted for at least as long. The increase in real final sales has been the weakest in the post-war period by a notable margin. Growth in wage and salary income was revised lower, and the saving rate was adjusted down to 3.8% from the initial estimate of 4.1%.

The increase in real GDP from the second to the third quarter primarily reflected positive contributions from personal consumption expenditures, nonresidential fixed investment, exports, and federal government spending. These positive contributions were partly offset by negative contributions from the change in business inventories and state and local government spending. Imports, which are a subtraction in the calculation of GDP, increased.

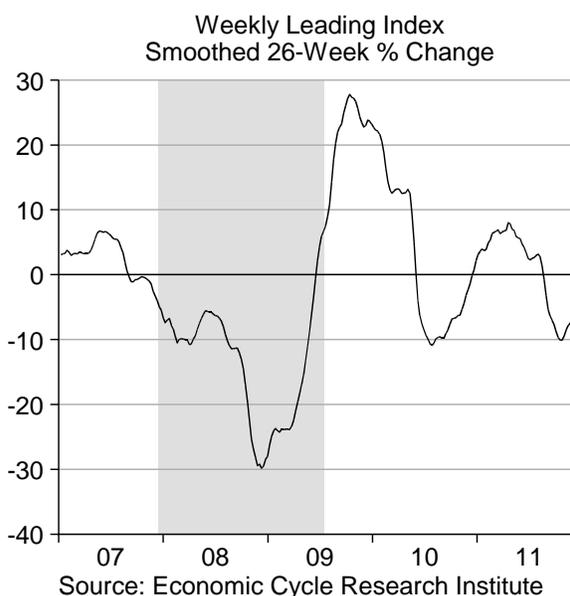
The acceleration in real GDP during the summer primarily reflected faster growth in personal consumption expenditures and nonresidential fixed investment that was partially offset by a larger decline in the change in inventories than in the spring quarter.

Composite leading indexes are mixed, but generally are consistent with continuing economic growth. The **Leading Economic Index** increased for the sixth consecutive month in October, rising 0.9% on the month and 6.6% from a year earlier, mainly reflecting increases in money supply, the interest rate spread, building permits and the length of the workweek. The recent pattern of the index is consistent with the slowdown in growth this year, but not with an impending recession. The strength of the index has been concentrated in financial components rather than measures of real economic activity, which might call into question the validity of conclusions drawn from the recent pattern. However, it should be noted from a historical perspective, the index as it is currently constituted would have provided useful guidance about turns in the business cycle throughout the post-war period.

Of some greater concern, is the recent pattern in the **ratio of coincident to lagging indexes**, which itself is a leading indicator. The ratio decreased 0.4% in October to 0.5% below the year earlier level. The October decline was the third in a row and the seventh in the last nine months.

The Economic Cycle Research Institute (ECRI), which predicted in late September that the economy will enter a new recession soon, has reiterated its forecast, despite improvement in many economic measures since then. ECRI has concluded based on its exhaustive analysis of a large number of business cycle indicators that a near-term recession is unavoidable.

After improving from late October to mid-November, the 4-week moving average of ECRI's **Weekly Leading Index** weakened in



late November. The 26-week smoothed rate of change increased from a low of -11.6% in the week of October 14<sup>th</sup> to -8.5% in the week of November 18<sup>th</sup> before slipping back to -8.8% in the week of November 25<sup>th</sup>. The rate of change fell to a similar pace in 2010 without prompting a recession forecast from ECRI because it had not been preceded by critical weakening in other indicators as it has been recently.

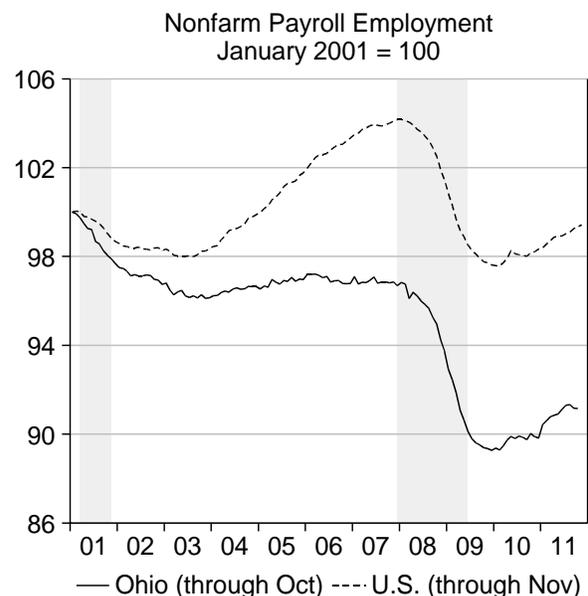
In contrast to ECRI, few other forecasters expect a near-term recession. The consensus among economic forecasters is still for a continuation of growth in the fourth quarter at a somewhat better pace than in the third period. The *Blue Chip Financial Forecast* consensus for December is for real GDP growth of 2.7% in the fourth quarter, approximately 2.0% in the first half of 2012, and approximately 2.5% in the second half.

Relative to earlier this calendar year, the expansion of the Ohio economy has slowed. The **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, was essentially unchanged for a third consecutive month in October. The stall followed twenty-two consecutive monthly increases. The 12-month rate of change was 3.6%, down from a recent peak of 4.8% in March. The companion **Ohio Leading Economic Index** improved to 1.8% in October from critically low readings during the three previous months. Designed to predict the rate of increase in the coincident index during the next six months, the leading index for Ohio is down from a recent peak of 3.2% in January. The path of the index in upcoming months warrants monitoring, as it has been a reliable indicator of economic weakness in the past.

After meeting to consider monetary policy in early November, the **Federal Reserve** downgraded its outlook for the economy to be in line with the consensus among private forecasters. The FOMC lowered its real GDP growth forecast for 2012 by approximately 1.0 percentage point to 2.5%-2.9% and its forecast for 2013 by approximately 0.5 percentage points to 3.0%-3.5%. The FOMC raised its unemployment rate forecast for 2012 by about 0.5 percentage points to 8.5%-8.7% and its forecast for 2013 by about 0.75 percentage points to 7.8%-8.2%, and said it sees significant downside risks to the outlook.

## Employment

Recent trends in labor markets continued into the fall, marking November as another month of moderate expansion in the economy. **Nonfarm payroll employment** increased by 120,000 jobs in November, and the October and September changes were revised up by a total of 72,000 jobs, continuing the recent trend toward significant upward revisions to previous reports. Over the past twelve months, total nonfarm payroll employment has increased by an average of 133,000 jobs per month. The average gain in private sector payrolls has been 157,000 jobs.



While the pattern unfolding in total employment is promising, the 0.4 percentage point decrease in the **unemployment rate** in November to 8.6% is an indication of improving conditions in labor markets. After having stayed within 0.2 points of 9.0% in each month of the year through October, the unemployment rate gapped down to its lowest level since March 2009. The economy has never been in recession when the unemployment has been below its low point during the previous twelve months (it was lower by 0.2 points in November), but the situation can change quickly.

While the change in the unemployment rate is promising, the decline occurred due to an increase in employment and a decrease in the labor force. An estimated 315,000 job-seekers stopped looking for work and were therefore no longer counted as unemployed. The failure of the labor force to grow while the unemployment rate has receded from its peak of 10.1% 25 months ago is a unique characteristic of the current expansion, possibly reflecting the relatively weak rate of hiring. Total labor force has been increasing since August 2011, following a brief period of decline in the two preceding months.

The long-term unemployed continued to have a difficult time finding jobs in November. The broadest measure of unemployment, which includes discouraged workers and those marginally attached to the workforce, declined from 16.2% to 15.6% – the lowest mark since March 2009. But the average duration of unemployment increased to a record 40.9 weeks, and the median duration increased.

Employment gains were concentrated in services, with retail establishments adding 50,000 jobs, professional and business services adding 33,000 jobs, education and health services adding 27,000 jobs and leisure and hospitality adding 22,000 jobs. Government payrolls declined by 20,000 jobs. Construction employment fell by 12,000 jobs in the third decline in four months. Manufacturing employment was little changed for the fourth straight month after adding 193,000 net new jobs during the first seven months of the year.

Total employment as measured by the survey of households increased by 278,000 workers in November following similarly strong gains during the previous three months (although the September and October gains were revised downward). The survey is used to calculate the unemployment rate, and the total employment figure is viewed as less reliable than the nonfarm payroll employment number. However, four strong monthly advances in a row are a compelling indication of labor market strength.

**Ohio employment** was little changed in October after decreasing by a revised 9,200 jobs in September. The September decline was originally reported as a drop of 21,600 jobs. The upward revisions were concentrated in manufacturing (+3,500), education and health services (+3,000) and government (+2,400). Private sector payrolls increased by 3,400 jobs, while government employment declined by 4,000 jobs. Ohio employment has increased by 74,700 jobs year-to-date, but remains 344,600 below the pre-recession peak that was set in March 2006.

Changes in employment during October were mixed across the private sector. Employment gains were led by trade, transportation and utilities (+2,700), education and health services (+2,100) and leisure and hospitality (+1,500). Employment fell in professional and business

services (-3,800), financial activities (-800) and construction (-600). During the year ending in October, Ohio employment gains were concentrated in educational and health services (+24,400), manufacturing (+12,600) and professional and business services (+12,300). Government (-9,500) was the only area with year-over-year employment declines in October.

The **Ohio unemployment rate** declined 0.1 percentage point to 9.0% in October, matching the national rate for the third month in a row. The four-month plateau near 9.0% follows a long string of declines from the peak of 10.6% reached in February 2010. The rate reached a low of 8.6% in April and May. On average since 1970, the Ohio unemployment rate has been approximately 0.4 percentage points above the national unemployment rate.

Among the **contiguous states**, year-over-year employment growth was strongest in Ohio and Michigan (+1.3%), followed by Kentucky (+1.1%), Pennsylvania (+1.0%) and West Virginia (+0.6%). Employment was lower in Indiana (-0.4%). For the Ohio and contiguous state region, employment increased 0.9% during the most recent twelve months compared with an increase of 1.2% for all states outside the region combined. The year-over-year change in employment in Ohio and the contiguous states was slower than in the rest of the country for the second straight month after exceeding growth in employment outside the region for a record twenty months in a row ending in August.

### **Consumer Income and Consumption**

Personal income accelerated and spending decelerated in October. Both measures slowed slightly on a year-over-year basis. The saving rate increased to 3.5%, but remained well below the 5.2% level at the beginning of the year.

**Personal income** increased 0.4% following little change on balance during the two previous months and only modest growth during the three months before that. The gain was the best since the 0.5% increase in March, before the earthquake and tsunami in Japan that month and the concern over federal government finances later in the summer. The increase reflected the return to positive contributions from interest income and government transfers – mostly Medicaid – and growth in wage and salary disbursements.

**Wage and salary disbursements**, which make up more than half of personal income, increased 0.5% on top of a 0.4% gain in September. Moderate gains in employment, hourly earnings and hours worked are combining to boost labor compensation. Even with no change from the October level in November and December, wage and salary disbursements would increase at an annual rate of 2.9% from the third quarter to the fourth quarter, providing a solid base for increases in spending.

Growth in **personal consumption expenditures** slowed to 0.1% in October after solid gains during the three previous months. A 0.8% gain in spending on durable goods was largely offset by a 0.2% decline in spending on non-durable goods and a weak 0.1% increase in spending for services. The increase in durable goods consumption reflected a 1.3% increase in purchases of light motor vehicles to an annual rate of 13.2 million. Sales increased an additional 2.9% in November, in part due to end of year promotional activity, with positive implications for personal consumption during the month.

Compared with a year earlier, personal income was up 3.9% – the slowest pace since May 2010. At 4.7%, year-over-year growth in spending was off its peak of a few months ago, but still above the rate in May 2010, reflecting a drop in the saving rate from 5.6% in May 2010 to 3.5% in October and an increase borrowing. The level of consumer installment loans outstanding at banks was 5.2% higher in September than in May 2010.

Despite widespread reports of active early holiday shopping, **chain store sales** were weak in aggregate during November, falling month-over-month for the second month in a row. Chain store sales (excluding Wal-Mart) decreased 0.4% in November after falling 2.4% in October, according to the International Council of Shopping Centers. Sales were higher by 3.2% compared with a year earlier. Luxury store sales increased 6.5% year-over-year in November, while the year-over-year sales comparisons at department, discount and drug stores weakened from the month before.

Although still low by historical standards by some key measures, **consumer price inflation** continues to undercut consumer spending. The CPI accelerated from a year-over-year rate of 1.1% last November to 3.6% in October. Core consumer price inflation, excluding prices of food and energy, increased from 0.6% in December to 2.1% in October. The median CPI compiled by the Federal Reserve Bank of Cleveland accelerated from 0.6% last November to 2.2% during the year ending in October.

**Consumer confidence** improved during November, but remained at levels that have been associated with recessions in the past. The Conference Board index of consumer confidence rebounded in November after falling in October to its lowest level since March 2009. Even so, the composite index and its expectations and present situation components were still 19.5%, 2.1% and 45.2% below the average level observed during recessions in the past. Readings from the University of Michigan index of consumer sentiment improved for the third month in a row during November, but also remained



below average levels observed in recessions.

**Ohio personal income and wage and salary disbursements** remained solid in the second quarter. Personal income increased 5.0% at an annual rate following a 7.1% increase in the first quarter to 5.3% above the year earlier level. The first quarter change was revised down a bit from 7.7%. Wage and salary disbursements increased 6.3% following a 4.1% increase in the first quarter to 4.2% above the year earlier level. While the level of Ohio personal income was 3.3% above the record high established in the second quarter of 2008, wage and salary disbursements remained 0.5% below the record level established in the first quarter of 2008. Third-quarter data are scheduled for release on December 19<sup>th</sup>.

### **Manufacturing**

**Industrial production** increased 0.7% in October after falling a downwardly revised 0.1% in September. Production was unchanged in August. Manufacturing activity increased 0.5% on top of gains of 0.3% in September and October. Mining output increased 2.3%, while utility output was little changed. The bounce back during the summer marked a recovery in motor vehicle assemblies, which declined during April-June in the aftermath of the earthquake and tsunami in Japan. Total capacity utilization edged higher to 77.8%.

Production in three sectors with a concentration of employment in Ohio was mixed during August. Primary metal and fabricated metal production increased 0.2% and 0.5%, respectively. Machinery production decreased just 0.5%. Compared with a year earlier, production in these sectors was up 10.9%, 8.7% and 9.2%, respectively, but still 15.2%, 13.2% and 11.8% below the respective pre-recession peaks.

**Midwest manufacturing** output increased 0.7% in October – the sixth straight gain – according to the Chicago Federal Reserve Bank. Production increased in the auto (+2.3%), machinery (+0.4%) and resource (+0.4%) sectors, and fell in the steel (-0.5%) sector. Compared with a year earlier, Midwest manufacturing production was up by 7.3%, down from the peak growth rate so far for this cycle of 14.8% in June 2010. The level of Midwest production in October was 25.2% above the low in June 2009 but still 15.6% below the peak in January 2008.

In a promising sign, the Philadelphia Federal Reserve Bank's business conditions index remained in positive territory in November after recovering in September and October from a severely negative reading in August. Similarly,



the overall Empire State survey (Federal Reserve Bank of New York) improved into positive territory after a string of negative readings. The orders component dipped below zero, but the shipments index posted a solid gain.

Reports from **purchasing managers** in manufacturing across the country were considerably more positive during November. The Purchasing Managers Index increased to 52.7 in November to the highest level since June propelled by strong improvements in the new orders and production components, both of which registered their best readings since April. The recent pattern in the index is consistent with strengthening activity across the manufacturing sector.

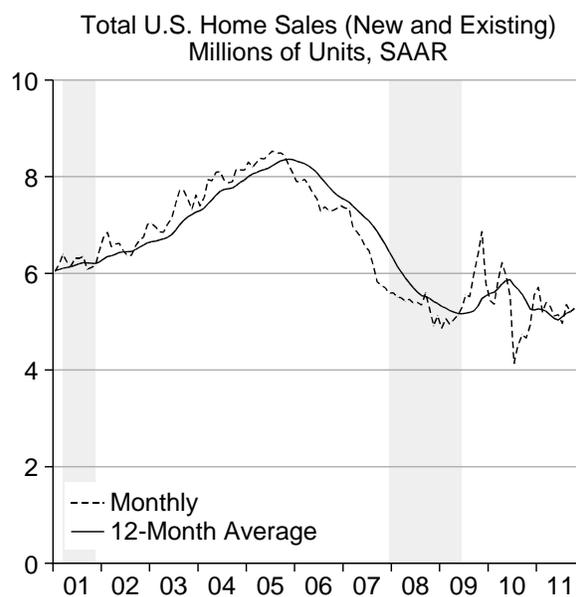
## **Construction**

Total **construction put-in-place** increased 0.8% in October on top of a 0.2% increase in September and a 2.2% rise in August. Excluding the poorly estimated residential improvements component, construction spending declined 0.1% in October. Private construction increased 2.3%, with residential and nonresidential spending up 3.4% and 1.3%, respectively. Public construction decreased 1.8%. Total construction activity was down 0.4% compared with a year earlier and remained 34.2% below the March 2006 peak.

**Private nonresidential construction** increased 1.3% after a modest 0.1% decline in September. Compared with a year earlier, private nonresidential construction was up 8.4%. The **Architecture Billings Index** from the American Institute of Architects increased to 49.4 in October. The index has been below 50.0 in six of the last seven months and not appreciably above 50.0 for two months in a row since December 2010. The **Inquiries for New Work Index** increased to 57.3, while the **Billings Index for the Midwest** declined from 49.8 to 47.7 – the seventh consecutive reading below 50.0.

**Private residential construction-put-in-place** increased 6.7% in October following a 0.6% increase in September. The difficult-to-estimate improvements category was responsible for essentially all of the gain during the month. The 3-month moving average of housing starts increased marginally for the second month in a row in October, but the small gain was the sixth in a row. Midwest housing starts increased 4.5% in October on a 3-month average basis, after declining in each of the three previous months. Permits increased in October on a 3-month average basis for the fifth gain in six months. Midwest permits increased for the sixth straight month, also on a 3-month average basis.

Home financing is widely available at attractive interest rates, but on more traditional terms. In addition, already problematic debt levels, large inventories of unoccupied houses



in many markets, relatively soft labor market conditions and expectations of little or no price appreciation are restraining building activity. Despite month-to-month swings, which are sometimes substantial, housing construction remains essentially flat at a historically low level.

**Sales of existing homes** increased 2.1% in the U.S. and 1.6% in the Midwest to 14.6% and 20.7% above year earlier levels, respectively, on a 3-month average basis. Despite the large fluctuations recently, the pace of existing home sales is little changed on balance during the past three years. **Sales of new homes** were up 1.3% nationally and 6.4% in the Midwest on a 3-month average basis in October, as sales activity continues to bounce along a plateau that is far below peak levels of a few years ago.

The inventory of existing homes for sale fell in October for the fourth month in a row and the fifth in the last six months. The **inventory-to-sales ratio** edged down to 8.0 months – the lowest since January 2010. The ratio reached a peak of 12.5 months in July 2010. The inventory of newly built homes stayed in October at the lowest level on record. At 6.3 months, the inventory-to-sales ratio was the lowest since before the housing crisis with the exception of the reading of 6.2 months in April 2010. The ratio is down from a peak of 12.2 months in January 2009.

**Home prices** temporarily stabilized in the spring after a long string of substantial declines, according to the S&P/Case-Shiller index, but began falling again over the summer. The 20-city composite home price index decreased 0.6% in September for the fourth in a series of progressively larger declines in a row. The index was down 32.5% from the all-time peak reached in April 2006. The price index for Cleveland – the only Ohio city in the index – rose 0.1% in September after, which followed a string of declines during March-August. Prices in Cleveland are off 19.9% from the 2006 peak.

## ***REVENUES***

November 2011 **GRF receipts totaled \$2,204.9 million** and were \$86.1 million (4.1%) above the estimate. For the month, tax receipts totaled \$1,458.0 million and were \$4.8 million (0.3%) above the estimate, while non-tax receipts totaled \$598.7 million and were \$57.0 million (8.7%) below the estimate. Transfers totaled \$148.3 million and were \$138.3 million (1382.8%) above the estimate. Year-to-date variances by category are provided in the following table (\$ in millions).

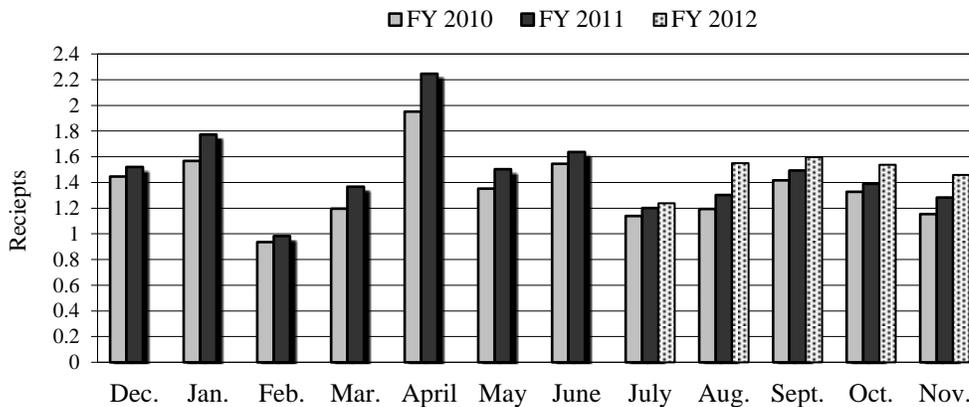
<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, soft drink, alcoholic beverage, liquor gallonage, estate & horse racing	\$100.9 million	1.4%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$165.6 million)	(4.6%)
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$166.8 million	254.3%
<b>TOTAL REVENUE VARIANCE:</b>		<b>\$102.1 million</b>	<b>0.9%</b>

November tax sources were above the estimate by \$4.8 million (0.3%). On a year-over-year basis, total tax receipts for November 2011 were \$175.6 million (13.7%) greater than they were in November 2010. For fiscal year 2012 year-to-date, tax collections are \$713.8 million (10.7%) higher than at the same point in fiscal year 2011. The largest contributors to this year-over-year growth are the non-auto sales tax, personal income tax, and the commercial activities tax (CAT). Personal income tax receipt growth was driven by growth in quarterly estimated payments, payments associated with annual returns, and withholding collections.

GRF Revenue Sources Relative to Monthly Estimates  
(\$ in millions)

<b>Individual Sources Above Estimate</b>		<b>Individual Sources Below Estimate</b>	
Non-Auto Sales Tax	\$15.1	Personal Income Tax	(\$18.7)
Auto Sales Tax	\$6.3	Corporate Franchise Tax	(\$8.5)
Commercial Activity Tax	\$8.7	Public Utility Tax	(\$3.7)
Cigarette Tax	\$5.5	Kilowatt Hour Tax	(\$0.7)
ISTV's	\$0.7	Federal Grants	(\$53.9)
Liquor Transfers	\$13.0	Licenses & Fees	(\$1.5)
Temporary Transfers-In	\$125.0	Other Income	(\$2.4)
Other Sources Above Estimate	\$1.2	Other Sources Below Estimate	(\$0.2)
<b>Total above</b>	<b>\$175.6</b>	<b>Total below</b>	<b>(\$89.5)</b>

Tax Revenue Comparison by Month  
(\$ in billions)



### Non-Auto Sales and Use Tax

Despite ongoing weakness in consumer confidence, the non-auto sales tax continued to perform better than expected in November with receipts totaling \$581.3 million, which was \$15.1 million (2.7%) above estimate. Year-to-date receipts for this tax source total \$2,863.3 million and are \$43.6 million (1.5%) above the estimate. On a year-over-year basis, receipts were \$42.1 million (7.8%) above collections for November 2010, and fiscal year 2012 collections exceed those of fiscal year 2011 by \$150.4 million (5.5%).

### Auto Sales Tax

Continued better-than-expected sales resulted in another positive month for the auto sales tax in November as receipts for the auto sales tax totaled \$79.7 million and were \$6.3 million (8.5%) above the monthly estimate. Year-to-date receipts for this tax source total \$431.1 million and are

\$21.7 million (5.3%) above the estimate. On a year-over-year basis, auto sales tax receipts experienced an increase of \$6.2 million (8.5%) over receipts for the same month a year ago, while year-to-date collections are \$21.5 million (5.3%) higher than for the first five months of fiscal year 2011.

### Personal Income Tax

Personal income tax receipts during the month of November totaled \$583.2 million, and were \$18.7 million (3.1%) below the estimate. The shortfall was mainly due to an underperformance in the withholding component, which following a strong October, was \$25.7 million (3.9%) below the estimate. Quarterly estimated payments were \$5.1 million (56.9%) above the estimate, while refunds were \$2.6 million (7.2%) above the estimate. These overages, to some extent, reduced the overall negative variance in personal income tax receipts in November.

On a year-over-year basis, personal income tax receipts for November 2011 exceeded the November 2010 level by \$27.1 million (4.9%). The withholding component remained the major contributor in this annual growth with growth of \$10.6 million (1.7%). Smaller distributions to the Local Government Fund in November this year compared to last November also boosted net growth in GRF personal income tax revenue.

FY2012 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)						
	ESTIMATE	ACTUAL	\$ VAR	ESTIMATE	ACTUAL	\$ VAR
	NOV	NOV	NOV	Y-T-D	Y-T-D	Y-T-D
Withholding	\$653.8	\$628.1	(\$25.7)	\$3,083.4	\$3,058.1	(\$25.3)
Quarterly Est.	\$8.9	\$14.0	\$5.1	\$323.2	\$330.5	\$7.3
Trust Payments	\$0.7	\$1.1	\$0.4	\$8.0	\$9.6	\$1.6
Annual Returns & 40 P	\$11.8	\$9.3	(\$2.5)	\$109.2	\$121.2	\$12.0
Other	\$9.1	\$11.0	\$1.9	\$40.4	\$41.6	\$1.2
Less: Refunds	(\$36.3)	(\$33.7)	\$2.6	(\$159.3)	(\$149.7)	\$9.6
Local Distr.	(\$46.1)	(\$46.5)	(\$0.4)	(\$242.9)	(\$245.2)	(\$2.3)
<b>Net to GRF</b>	<b>\$601.9</b>	<b>\$583.3</b>	<b>(\$18.6)</b>	<b>\$3,162.0</b>	<b>\$3,166.1</b>	<b>\$4.1</b>

### Corporate Franchise Tax

Due to more refunds than anticipated, corporate franchise tax receipts for the month of November totaled -\$6.3 million, compared to the estimate of \$2.2 million. For the year-to-date, receipts for this tax source now total \$2.3 million and are \$2.1 million above the estimate. As stated in previous monthly reports, monthly variances in this tax versus the estimate are attributable at least in part to the change in the tax base which results in the lack of a long historical base on which to build estimates. This change occurred during H.B. 66 of the 126<sup>th</sup> General Assembly.

## **Commercial Activity Tax**

During the month of November, GRF CAT receipts totaled \$88.3 million and were \$8.7 million (11.0%) above the monthly estimate. All-funds CAT receipts for November totaled \$350.8 million and were \$44.3 million (14.5%) above the estimate of \$306.5 million. Through the first five months of the fiscal year, total GRF CAT receipts are \$195.9 million, which is \$15.0 million (8.3%) above the estimate, while all-funds CAT receipts are \$791.9 million or \$68.2 million (9.4%) above the estimate.

## **Kilowatt-Hour Tax**

Kilowatt-hour tax receipts during the month of November totaled \$21.2 million and were \$0.7 million (3.3%) below the estimate. This is likely due in part to the mild weather this fall compared to previous years. Year-to-date receipts total \$135.4 million and are \$7.4 million (5.2%) below the estimate. On a year-over-year basis, receipts were \$14.3 million (206.2%) higher than the same month in the previous fiscal year. This significant year-over-year growth is largely the result of changes in distributions made in H.B. 153.

## **MCF Tax**

November receipts for the MCF tax (“natural gas distribution”) totaled \$4.5 million and nearly matched the estimate. Year-to-date receipts total \$18.2 million and are \$3.5 million (23.6%) above the estimate. Prior to fiscal year 2012, receipts from the MCF tax were distributed to the School District Property Tax Replacement Fund (68.7%) and the Local Government Property Tax Replacement Fund (31.3%). H.B. 153 of the 129<sup>th</sup> General Assembly modified this distribution, requiring that for fiscal year 2012 and thereafter 100.0% of the MCF tax receipts to be credited to the GRF.

## **Cigarette Tax**

Cigarette tax receipts during the month of November totaled \$69.3 million and were \$5.5 million (8.6%) above the estimate. Year-to-date cigarette tax receipts total \$307.3 million and are \$9.6 million (3.2%) above the estimate. On a year-over-year basis, cigarette tax receipts were \$2.6 million (3.9%) higher than for the same month a year ago, while fiscal year 2012 receipts to-date are \$3.6 million (1.2%) lower than those of the same point in fiscal year 2011. This decline is slightly lower than the 3.0 percent historical decline we have seen with this tax source in previous years.

**GRF non-tax receipts** totaled \$598.7 million in November and were \$57.0 million (8.7%) below the estimate. This is largely the result of lower-than-anticipated federal grants tied to lower-than-estimated Medicaid spending. **GRF transfers** during the month of November totaled \$148.3 million and were \$138.3 million (1382.8%) above the monthly estimate with most of this variance (\$125.0 million) being temporary transfers in. The temporary transfers in during the month of November were above the estimate of zero due to repayments made from the School District Property Tax Replacement Fund for unexpected advances made earlier in the month in order to make tangible personal property tax replacement payments to school districts and local

governments. The remaining variance in the transfers-in category was the result of a timing issue with the October monthly liquor profits transfer not posting until early November, resulting in two transfers posting during the month.

**Table 1**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2012 VS ESTIMATE FY 2012**  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL NOVEMBER	ESTIMATE NOVEMBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	581,346	566,200	15,146	2.7%	2,863,338	2,819,700	43,638	1.5%
Auto Sales & Use	79,671	73,400	6,271	8.5%	431,059	409,400	21,659	5.3%
Subtotal Sales & Use	661,017	639,600	21,417	3.3%	3,294,397	3,229,100	65,297	2.0%
Personal Income	583,228	601,902	(18,674)	-3.1%	3,166,177	3,161,992	4,185	0.1%
Corporate Franchise	(6,292)	2,200	(8,492)	-386.1%	2,310	200	2,110	1052.3%
Commercial Activity Tax	88,318	79,600	8,718	11.0%	195,906	181,500	14,406	7.9%
Public Utility	20,830	24,500	(3,670)	-15.0%	55,988	59,500	(3,512)	-5.9%
Kilowatt Hour	21,168	21,900	(732)	-3.3%	135,366	142,800	(7,434)	-5.2%
MCF Tax	4,458	4,300	159	3.7%	18,169	14,700	3,469	23.6%
Foreign Insurance	449	100	349	349.4%	134,243	130,099	4,144	3.2%
Domestic Insurance	0	0	0	N/A	58	(1,100)	1,158	105.2%
Other Business & Property	0	(200)	200	N/A	(1,788)	(500)	(1,288)	-257.6%
Cigarette	69,265	63,800	5,464	8.6%	307,318	297,701	9,618	3.2%
Alcoholic Beverage	4,274	4,100	174	4.2%	25,194	24,700	494	2.0%
Liquor Gallonage	3,146	3,100	46	1.5%	16,279	15,400	878	5.7%
Estate	8,130	8,300	(171)	-2.1%	34,500	27,100	7,400	27.3%
Total Tax Receipts	1,457,991	1,453,202	4,789	0.3%	7,384,116	7,283,192	100,924	1.4%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	589,542	643,415	(53,873)	-8.4%	3,395,000	3,555,613	(160,612)	-4.5%
Earnings on Investments	0	0	0	N/A	1,186	1,250	(64)	-5.1%
License & Fees	5,703	7,168	(1,465)	-20.4%	19,104	16,468	2,636	16.0%
Other Income	1,345	3,730	(2,385)	-63.9%	6,243	13,630	(7,387)	-54.2%
ISTV'S	2,088	1,360	728	53.5%	6,219	6,422	(203)	-3.2%
Total Non-Tax Receipts	598,678	655,673	(56,996)	-8.7%	3,427,754	3,593,383	(165,629)	-4.6%
<b>TOTAL REVENUES</b>	<b>2,056,668</b>	<b>2,108,875</b>	<b>(52,206)</b>	<b>-2.5%</b>	<b>10,811,870</b>	<b>10,876,575</b>	<b>(64,705)</b>	<b>-0.6%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	23,000	10,000	13,000	130.0%	58,000	55,000	3,000	5.5%
Transfers In - Other	260	0	260	N/A	49,378	10,598	38,780	365.9%
Temporary Transfers In	125,018	0	125,018	N/A	125,018	0	125,018	N/A
Total Transfers	148,278	10,000	138,278	1382.8%	232,396	65,598	166,798	254.3%
<b>TOTAL SOURCES</b>	<b>2,204,946</b>	<b>2,118,875</b>	<b>86,072</b>	<b>4.1%</b>	<b>11,044,266</b>	<b>10,942,173</b>	<b>102,093</b>	<b>0.9%</b>

**Table 2**  
**GENERAL REVENUE FUND RECEIPTS**  
**ACTUAL FY 2012 VS ACTUAL FY 2011**  
(\$ in thousands)

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2012	NOVEMBER FY 2011	\$ VAR	% VAR	ACTUAL FY 2012	ACTUAL FY 2011	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	581,346	539,208	42,138	7.8%	2,863,338	2,712,959	150,379	5.5%
Auto Sales & Use	79,671	73,433	6,238	8.5%	431,059	409,520	21,539	5.3%
Subtotal Sales & Use	661,017	612,641	48,376	7.9%	3,294,397	3,122,479	171,918	5.5%
Personal Income	583,228	556,152	27,076	4.9%	3,166,177	2,910,773	255,403	8.8%
Corporate Franchise	(6,292)	2,076	(8,368)	-403.1%	2,310	247	2,063	833.6%
Commercial Activity Tax	88,318	0	88,318	N/A	195,906	0	195,906	N/A
Public Utility	20,830	22,717	(1,886)	-8.3%	55,988	55,193	795	1.4%
Kilowatt Hour	21,168	6,913	14,254	206.2%	135,366	73,713	61,653	83.6%
MCF Tax	4,458	0	4,458	N/A	18,169	0	18,169	N/A
Foreign Insurance	449	68	381	564.7%	134,243	132,192	2,051	1.6%
Domestic Insurance	0	0	0	N/A	58	(1,038)	1,095	105.5%
Other Business & Property	0	(134)	134	N/A	(1,788)	(335)	(1,452)	-432.9%
Cigarette	69,265	66,649	2,616	3.9%	307,318	310,914	(3,596)	-1.2%
Alcoholic Beverage	4,274	4,060	214	5.3%	25,194	24,244	951	3.9%
Liquor Gallonage	3,146	3,139	7	0.2%	16,279	15,604	674	4.3%
Estate	8,130	8,077	53	0.7%	34,500	26,358	8,142	30.9%
Total Tax Receipts	1,457,991	1,282,355	175,636	13.7%	7,384,116	6,670,345	713,771	10.7%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	589,542	740,532	(150,991)	-20.4%	3,395,000	3,885,880	(490,879)	-12.6%
Earnings on Investments	0	0	0	N/A	1,186	3,142	(1,955)	-62.2%
License & Fee	5,703	5,048	655	13.0%	19,104	15,284	3,820	25.0%
Other Income	1,345	1,344	1	0.1%	6,243	4,250	1,994	46.9%
ISTV'S	2,088	2,352	(264)	-11.2%	6,219	11,104	(4,885)	-44.0%
Total Non-Tax Receipts	598,678	749,276	(150,599)	-20.1%	3,427,754	3,919,659	(491,905)	-12.5%
<b>TOTAL REVENUES</b>	<b>2,056,668</b>	<b>2,031,632</b>	<b>25,037</b>	<b>1.2%</b>	<b>10,811,870</b>	<b>10,590,004</b>	<b>221,865</b>	<b>2.1%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	23,000	0	23,000	N/A	58,000	51,000	7,000	13.7%
Transfers In - Other	260	27	233	N/A	49,378	12,500	36,878	295.0%
Temporary Transfers In	125,018	236,000	(110,982)	-47.0%	125,018	236,000	(110,982)	-47.0%
Total Transfers	148,278	236,027	(87,749)	-37.2%	232,396	299,500	(67,104)	-22.4%
<b>TOTAL SOURCES</b>	<b>2,204,946</b>	<b>2,267,659</b>	<b>(62,712)</b>	<b>-2.8%</b>	<b>11,044,266</b>	<b>10,889,504</b>	<b>154,761</b>	<b>1.4%</b>

## ***DISBURSEMENTS***

November 2011 GRF disbursements, across all fund uses, total \$2,474.1 million and were \$183.3 million (8.0%) above the estimate as a result of \$225.5 million in temporary transfers out of the GRF. Year-to-date disbursements by category are provided in the following table (\$ in millions).

<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)	(\$311.1 million)	(2.4%)
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	\$229.9 million	70.4%
<b>TOTAL GRF DISBURSEMENTS:</b>		<b>(\$81.2 million)</b>	<b>(0.6%)</b>

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

### **Primary, Secondary and Other Education**

This category includes expenditures made by the Department of Education, E-tech, the Ohio School for the Blind, and the Ohio School for the Deaf. November disbursements in this category totaled \$563.3 million, which was \$3.8 million (0.7%) below the estimate.

Year-to-date expenditures for the Department of Education alone equal \$2,992.2 million and are \$9.0 million (0.3%) above the estimate. Disbursements for the month of November totaled \$560.7 million, which was \$3.9 million (0.7%) below the estimate. Expenditures for the school foundation program (ALI 200502 – Pupil Transportation and ALI 200550 – Foundation Funding) totaled \$486.3 million and were \$6.9 million (1.4%) below the estimate. The variance is due to larger-than-anticipated community school deductions from district basic aid payments. Disbursement estimates were based on the number of students attending community schools last year. A higher-than-expected number of deductions affects the payment amounts over the course of the year.

### **Higher Education**

Year-to-date disbursements total \$930.2 million and are \$6.7 million (0.7%) below the estimate. November disbursements totaled \$218.7 million and were \$2.5 million (1.1%) below the estimate. The monthly variance is primarily due to spending in the Choose Ohio First Scholarship Program below the monthly estimate by \$2.3 million as a result of lower than expected requests for reimbursement from higher education institutions.

## **Public Assistance and Medicaid**

November disbursements in this category, which include all GRF expenditures by the Ohio Department of Job and Family Services (ODJFS), totaled \$1,006.4 million and were \$59.4 million (5.6%) below the monthly estimate. Year-to-date expenditures total \$5,855.7 million and were \$283.4 million (4.6%) below the estimate.

### Public Assistance and Non-Medicaid

ODJFS non-Medicaid disbursements totaled \$42.4 million during the month of November and were \$9.9 million (18.9%) below the estimate. Major variances within individual line items were attributable to the following:

- Computer Projects, ALI 600416, disbursements were \$2.8 million (41.6%) below estimate due to ODJFS not receiving Department of Administrative Services (DAS) Office of Information Technology invoices as anticipated.
- Support Services, ALI 600321, disbursements were \$2.4 million (61.3%) below estimate due to lower-than-expected payroll and central administration expenditures made within the line item.
- Disability Financial Assistance, ALI 600511, subsidy disbursements were \$2.3 million (107.1%) below the estimate due to the quarterly county reconciliation close out process in which program refunds were incorrectly coded as negative expenditures.
- Child Care Match/Maintenance of Effort, ALI 600413, subsidy expenditures were \$1.6 million (23.6%) below the estimate. This is due to lower-than-anticipated child care expenditures disbursed for the month.
- Entitlement Administration – Local, ALI 600521, disbursements were \$1.3 million (11.7%) below the monthly estimate due to lower-than-anticipated county line item expenses.
- Early Care and Education, ALI 600535, expenditures were \$2.4 million (41.0%) above estimate due to higher-than-expected child care expenditures made within the line item for the month.
- Over/under spending across remaining GRF line items also contributed to the variance.

### Medicaid

This sub-category includes expenditures by the Department of Job and Family Services for Medicaid services contained primarily in the 600525 line item. Please note that administrative costs related to the ODJFS program are included in the previous sub-category.

### *Expenditures*

**GRF disbursements** year-to-date for the Medicaid program are \$5,500.7 million, which is \$256.0 million (4.4%) below estimate, but \$17.8 million (0.3%) above the same point in time in the previous fiscal year. Disbursements for the month of November totaled \$963.9 million and were \$49.5 million (4.9%) below estimate and \$443.2 million (31.5%) below the same month in the previous fiscal year.

**All funds disbursements** year-to-date are \$6,105.2 million, which is \$272.6 million (4.3%) below estimate, and \$67.4 (1.1%) below disbursements for the same point in time in the previous

fiscal year. November disbursements totaled \$1,203.8 million and were \$56.9 million (4.5%) below estimate and \$428.8 million (35.6%) below the same month in the previous fiscal year.

It is important to note that the majority of the year-over-year variance can be attributed to unusually high disbursements one year ago when additional payments were made in November 2010 in anticipation of an earlier scheduled MITS go-live of December 2010. The timing of fee-for-service payments also accounted for some of the variance.

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

	<b>November Projection</b>	<b>November Actual</b>	<b>Variance</b>	<b>Variance %</b>
<b>GRF</b>	\$ 1,013,440,303	\$ 963,937,130	\$ (49,503,173)	-4.9%
<b>Non-GRF</b>	\$ 247,279,750	\$ 239,837,952	\$ (7,441,798)	-3.0%
<b>All Funds</b>	\$ 1,260,720,053	\$ 1,203,775,082	\$ (56,944,971)	-4.5%

Due to the on-going changeover to MITS, timing of fee-for-service payments across nearly all categories has been delayed with regard to the initial estimates. Therefore, at this time it is difficult to assess what portion of the \$56.9 million variance can be attributed to this issue. It is expected that some or all of this variance will be offset by increased payments in future months.

#### *Categorical Variances*

As noted above, timing issues related to the changeover to the new MITS system likely account for much of the variance found in the categories of service. Discussion of specific categorical variances will resume in future months' reports as the underlying reasons for the variances become clearer.

#### *Caseload*

Due to the implementation of MITS, October caseload data is not available at this time. Total caseload for the month of July, the most recent month available, was 2.17 million covered persons, including 1.64 million persons in the Covered Families and Children (CFC) category and 406.3 thousand people in the Aged, Blind and Disabled (ABD) category.

#### **Health and Human Services**

This category includes GRF expenditures for the following state agencies: Health, Aging, Mental Health, Developmental Disabilities, and ODADAS. Examples of expenditures in this category include: 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 this category instead of the previous category.

November disbursements in this category totaled \$54.2 million and were \$20.0 million (27.0%) below estimated expenditures for the month. Year-to-date disbursements are \$505.5 million, which is \$13.5 million (2.8%) above the estimate.

### Department of Health

Year-to-date disbursements for the Department of Health are \$31.1 million, which is \$9.2 million (22.9%) below the estimate. November disbursements totaled \$6.0 million and were \$2.6 million (30.7%) below estimate. This is primarily attributable to the following:

- The Help Me Grow line item (440459) was below estimate by \$4.9 million due to payments being held from sub-grantees while grant compliance is being validated.
- The Bureau for Children with Medical Handicaps line item (440505) was above estimate by \$2.4 million. This was due to sub-grantee payments being made in November which were scheduled for earlier in the year.

### Department of Aging

For the year-to-date, the Department of Aging disbursements total \$4.8 million, which is \$0.6 million (11.3%) below estimate. November disbursements totaled \$0.8 million, and there were no significant line item variances.

### Department of Mental Health

The Department of Mental Health (DMH) disbursed \$21.4 million in the month of November, which was \$16.2 million (43.1%) below the estimate. The variance is attributable to Medicaid spending. The Mental Health Medicaid Match line item (335501) was \$15.8 million below estimate. This was due to the \$69.2 million cash infusion disbursed in September to offset federal reimbursement issues as discussed in previous reports, which had the effect of pulling forward disbursements planned for future months, including November. This issue has been addressed, and DMH is moving towards meeting the estimate for the fiscal year.

### Department of Alcohol and Drug Addiction Services

The Department of Alcohol and Drug Addiction Services (ADA) disbursed \$0.3 million in the month of November, which is \$1.0 million (76.3%) below the estimate. The variance is attributable to below estimate spending in the Medicaid Match line item (038501). As part of the consolidation of DMH and ADA fiscal operations noted in last month's report, the departments are aligning behavioral health Medicaid estimates and the process for disbursing money to the county boards of mental health and alcohol and drug addiction services. As part of this alignment, ADA disbursed \$7.4 million in October, which was earlier than originally planned. The department estimates that the early disbursement of the \$7.4 million will cover the GRF need for alcohol and other drug Medicaid claims until March. Therefore, the department did not disburse any funds from Medicaid Match (038501) in November.

### Department of Developmental Disabilities

The Department of Developmental Disabilities (DDD) disbursed \$21.8 million in the month of November, which was \$0.4 million (2.0%) below the estimate. The variances occurred within the Medicaid State Match line item (ALI 322407).

## **Justice and Public Protection**

Disbursements in the Justice and Public Protection category for the month of November totaled 126.4 million and were \$1.6 million (1.2%) below the estimate. Year-to-date disbursements are \$828.1 million, which is \$47.9 million (5.5%) below the estimate.

### Department of Rehabilitation and Correction

The Department of Rehabilitation and Correction (DRC) disbursed \$99.3 million in the month of November, which was \$1.3 million (1.1%) below the estimate for the month. This variance was largely caused by lower payroll costs resulting from an agency-wide hiring freeze.

### Department of Youth Services

The Department of Youth Services (DYS) disbursed \$11.6 million in the month of November, which was \$1.6 million (16.5%) above the estimate for the month. This variance is the result of several subsidy payments to community correctional facilities being disbursed in November though they were originally planned for October.

## **General Government**

November disbursements for the General Government category totaled \$16.9 million and were \$2.0 million (13.5%) above the estimate. Year-to-date expenditures are \$142.6 million, which is \$12.0 million (7.7%) below the estimate.

### Department of Natural Resources

The Department of Natural Resources (DNR) has disbursed \$41.7 million for the year-to-date, which is \$2.5 million (6.2%) above the estimate of \$39.2 million. This variance can mostly be attributed to the fact that the Division of Parks and Recreation retained seasonal employees for a longer period of time than originally planned and because the division relied more heavily on its GRF appropriation line item (Division of Parks and Recreation, ALI 730321) than originally expected. DNR has disbursed \$17.3 million from the Division of Parks and Recreation appropriation line item, which is \$2.3 million (15.3%) more than the original estimate of \$15.0 million. For the month of November, disbursements were \$15.6 million, which was \$593,000 (3.9%) above the original estimate.

### Department of Administrative Services

In November, the Department of Administrative Services (DAS) disbursed \$2.1 million, which was \$1.4 million (192.6%) more than estimated. This occurred chiefly because DAS planned to spend \$1.7 million in past-year encumbrances from line items for maintaining the state website and information technology security infrastructure projects. These encumbrances were to pay Office of Information Technology charges for providing these services. These payments were made in November instead of October as initially estimated. Hence, October was under the estimate, as reported last month, and November was over the estimate by a similar margin.

## **Tax Relief and Other**

Payments from the tax relief category are made to local governments and school districts to reimburse for revenues foregone as a result of the 10.0 percent and 2.5 percent rollback, as well as the homestead exemption. November disbursements for tax relief totaled \$241.1 million and were \$43.0 million (21.7%) above the monthly estimate. Of the amounts disbursed, \$44.4 million was paid to local governments, while \$158.2 million was paid to school districts. These amounts were \$38.5 million (86.7%) and \$4.5 million (2.9%) above the respective estimates for those line items. Year-to-date, tax relief payments have totaled \$854.0 million and are \$25.6

million (3.1%) above the estimate. As these payments are made based on when counties submit their information, and individual counties may vary from year to year in terms of when they submit, monthly variances are not uncommon in this category. As anticipated, the underspending that had occurred through October was corrected in November to the extent that disbursements are now above estimate for year to date. Since the estimates are weighted slightly toward the second half of the fiscal year, OBM will monitor the disbursements of these lines closely during the remainder of the year to see if the year to date pattern of being over estimate continues.

### **Transfers Out**

Transfers out during the month of November totaled \$225.5 million and were \$225.5 million above estimate, with almost the entirety of this amount (\$225.3 million) being temporary transfers out to the local government and school district tangible personal property tax replacement funds. These temporary transfers, which were estimated to be zero, were necessary to meet the requirement that payments to local governments and school districts occur not later than November 20<sup>th</sup>. Since November 20<sup>th</sup> fell on a weekend, this made it necessary to make these payments by November 18<sup>th</sup>. Since the November CAT payment which supports the property tax replacement funds was not due until November 15<sup>th</sup> and could not be processed in time to support the payments, temporary transfers from the GRF were made on November 8<sup>th</sup> and November 15<sup>th</sup>. As discussed in the revenue section, the school district portion of these temporary transfers were fully repaid to the GRF in the month of November, with the local government portion being repaid over the next few months as additional CAT revenues are received.

**Table 3**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2012 VS ESTIMATE FY 2012**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL	ESTIMATED	\$	%	YTD	YTD	\$	%
	NOVEMBER	NOVEMBER	VAR	VAR	ACTUAL	ESTIMATE	VAR	VAR
Primary, Secondary and Other Education	563,328	567,108	(3,779)	-0.7%	3,015,079	3,007,704	7,375	0.2%
Higher Education	218,678	221,198	(2,520)	-1.1%	930,231	936,892	(6,661)	-0.7%
Public Assistance and Medicaid	1,006,369	1,065,764	(59,395)	-5.6%	5,855,702	6,139,084	(283,382)	-4.6%
Health and Human Services	54,196	74,191	(19,994)	-27.0%	505,502	491,963	13,538	2.8%
Justice and Public Protection	126,381	127,975	(1,594)	-1.2%	828,066	876,016	(47,949)	-5.5%
Environmental Protection and Natural Resources	15,668	15,087	581	3.8%	39,908	37,496	2,412	6.4%
Transportation	804	579	225	38.9%	4,522	5,390	(868)	-16.1%
General Government	16,948	14,926	2,022	13.5%	142,627	154,579	(11,952)	-7.7%
Community and Economic Development	5,130	5,813	(684)	-11.8%	42,423	51,280	(8,858)	-17.3%
Tax Relief and Other	241,068	198,114	42,954	21.7%	864,645	839,027	25,618	3.1%
Capital Outlay	0	0	0	N/A	120	0	120	N/A
Debt Service	0	0	0	N/A	180,056	180,547	(491)	-0.3%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,248,569</b>	<b>2,290,754</b>	<b>(42,185)</b>	<b>-1.8%</b>	<b>12,408,881</b>	<b>12,719,979</b>	<b>(311,098)</b>	<b>-2.4%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	164	0	164	N/A	318,854	326,340	(7,486)	-2.3%
Temporary Transfer Out	225,338	0	225,338	N/A	237,356	0	237,356	N/A
<b>Total Transfers Out</b>	<b>225,502</b>	<b>0</b>	<b>225,502</b>	<b>N/A</b>	<b>556,210</b>	<b>326,340</b>	<b>229,870</b>	<b>70.4%</b>
<b>Total Fund Uses</b>	<b>2,474,071</b>	<b>2,290,754</b>	<b>183,317</b>	<b>8.0%</b>	<b>12,965,090</b>	<b>13,046,319</b>	<b>(81,228)</b>	<b>-0.6%</b>

**Table 4**  
**GENERAL REVENUE FUND DISBURSEMENTS**  
**ACTUAL FY 2012 VS ACTUAL FY 2011**  
(\$ in thousands)

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	NOVEMBER FY 2012	NOVEMBER FY 2011	\$ VAR	% VAR	ACTUAL FY 2012	ACTUAL FY 2011	\$ VAR	% VAR
Primary, Secondary and Other Education	563,328	587,998	(24,670)	-4.2%	3,015,079	3,137,146	(122,067)	-3.9%
Higher Education	218,678	264,308	(45,630)	-17.3%	930,231	1,067,009	(136,778)	-12.8%
Public Assistance and Medicaid	1,006,369	1,472,316	(465,947)	-31.6%	5,855,702	5,796,360	59,342	1.0%
Health and Human Services	54,196	73,893	(19,697)	-26.7%	505,502	518,371	(12,870)	-2.5%
Justice and Public Protection	126,381	120,149	6,232	5.2%	828,066	876,276	(48,209)	-5.5%
Environmental Protection and Natural Resources	15,668	14,463	1,204	8.3%	39,908	40,995	(1,087)	-2.7%
Transportation	804	325	479	147.4%	4,522	8,147	(3,625)	-44.5%
General Government	16,948	16,617	331	2.0%	142,627	134,782	7,846	5.8%
Community and Economic Development	5,130	6,098	(968)	-15.9%	42,423	48,504	(6,081)	-12.5%
Tax Relief and Other	241,068	201,773	39,295	19.5%	864,645	841,486	23,159	2.8%
Capital Outlay	0	0	0	N/A	120	24	96	402.1%
Debt Service	0	0	0	N/A	180,056	267,518	(87,461)	-32.7%
<b>Total Expenditures &amp; ISTV's</b>	<b>2,248,569</b>	<b>2,757,939</b>	<b>(509,370)</b>	<b>-18.5%</b>	<b>12,408,881</b>	<b>12,736,618</b>	<b>(327,737)</b>	<b>-2.6%</b>
<b>Transfers Out:</b>								
Operating Transfer Out	164	0	164	N/A	318,854	39,802	279,053	701.1%
Temporary Transfer Out	225,338	0	225,338	N/A	237,356	945,711	(708,356)	-74.9%
<b>Total Transfers Out</b>	<b>225,502</b>	<b>0</b>	<b>225,502</b>	<b>N/A</b>	<b>556,210</b>	<b>985,513</b>	<b>(429,303)</b>	<b>-43.6%</b>
<b>Total Fund Uses</b>	<b>2,474,071</b>	<b>2,757,939</b>	<b>(283,868)</b>	<b>-10.3%</b>	<b>12,965,090</b>	<b>13,722,131</b>	<b>(757,040)</b>	<b>-5.5%</b>

## ***FUND BALANCE***

Table 5 describes the estimated General Revenue Fund (GRF) ending fund balance for FY 2012. Based on the estimated revenue sources for FY 2012 and the estimated FY 2012 disbursements, transfers, and encumbrances, the GRF ending fund balance for FY 2012 is an estimated \$152.7 million.

The GRF ending fund balance should not be considered as a balance available for expenditure in FY 2012 nor should it be considered as equivalent to the FY 2012 surplus calculation as defined in Section 131.44 of the Ohio Revised Code.

It is important to note that the GRF 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.

FUND BALANCE  
GENERAL REVENUE FUND  
FISCAL YEAR 2012  
(\$ in thousands)

<b>July 1, 2011 Beginning Cash Balance</b>	<b>\$ 844,467</b>
Plus FY 2012 Estimated Revenues	19,419,100
Plus FY 2012 Estimated Federal Revenues	7,602,748
Plus FY 2012 Estimated Transfers to GRF	151,432
<b>Total Sources Available for Expenditure &amp; Transfer</b>	<b>28,017,747</b>
Less FY 2012 Estimated Disbursements	27,204,165
Less FY 2012 Estimated Total Encumbrances as of June 30, 2012	253,608
Less FY 2012 Estimated Transfers Out	407,300
<b>Total Estimated Uses</b>	<b>27,865,073</b>
<b>FY 2012 ENDING FUND BALANCE</b>	<b>152,674</b>

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