



November 10, 2014

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

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

SUBJECT: Monthly Financial Report

## ECONOMIC SUMMARY

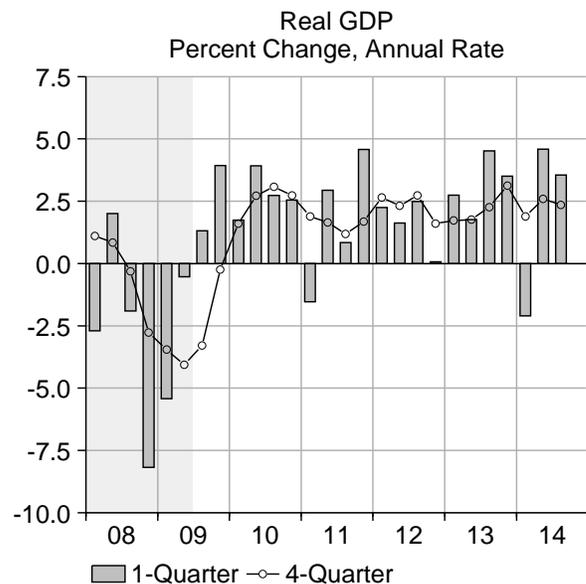
### Economic Performance Overview

- The economy grew at a 3.5% annual pace in the third quarter, up from 1.2% during the first half of the year.
- U.S. employment increased by 214,000 jobs in October and the gains in the two previous months were revised higher by a total of 31,000 jobs. The unemployment rate decreased 0.1 percentage points to 5.8%.
- Ohio employment increased by 6,000 jobs in September, and the August level was revised upward by 4,500 jobs, to a total gain of 4,700. The unemployment rate decreased 0.1 percentage points to 5.6%, down from 7.1% last December.
- Leading economic indicators have softened somewhat recently but remain consistent with uninterrupted growth at a moderate pace across the country and in Ohio.

### Economic Growth

**Real GDP** grew 3.5% in the third quarter, according to the advance estimate, compared with 4.6% in the second quarter and a decrease of 2.1% in the first quarter. Growth has matched or exceeded 3.5% in four of the last five quarters, but the year-over-year change in the third quarter was only 2.3% because of the decline in the first quarter. Growth averaged 1.2% in the first half, and is widely expected to continue at 3% or better in the current quarter. The consensus is for a moderate pickup in real GDP growth next year from an estimated 2.2% increase this year.

It should be noted that some analysts expect the revised estimate of third quarter GDP growth to be less than 3.5% because the September report on international trade showed a drop in U.S. exports that was not factored into the initial GDP



estimate. The economists at the Bureau of Economic Analysis (BEA) who prepare the GDP estimates must estimate exports and imports for the quarter in the initial GDP estimate and then make revisions once the actual trade data is available.

The increase in real GDP during the third quarter resulted from positive contributions from personal consumption expenditures, exports (but see the comment above), nonresidential fixed investment, and government spending. Imported goods and services, which are included in the other categories and subtracted separately, decreased largely due to a reduction in the quantity of oil that was imported.

**Consumer spending**, which is the largest category, decelerated from 2.5% growth in the second quarter to 1.8% in the third quarter. A small acceleration in spending on services was insufficient to offset a large slowdown in spending on goods (although spending growth for goods was still much faster at 3.1% than for services, which was only 1.1%). The primary factor behind the slower increase in spending on goods was the smaller increase in unit auto sales, which increased to 16.7 million units at an annual rate from 16.5 million units in the second quarter. The second quarter sales pace was up substantially from the pace in the first quarter. Consumer spending accounted for 1.22 percentage points of the overall GDP growth rate.

The rebound in **exports** from a 9.2% decrease in the first quarter continued over the summer. After climbing 11.1% in the second quarter, exports grew 7.8% in the third quarter, contributing 1.03 percentage points to overall GDP growth (again, the September trade data suggest that this growth figure may be revised downward). Exports of goods increased in all major categories with the exception of food. Because of the large first-quarter decline, however, the year-to-date increase in exports has been only 2.8% at an annual rate, despite strong back-to-back quarters.

**Fixed business investment** growth was once again solid, if somewhat slower than in the second quarter, across the board. Investment in structures, equipment and intellectual property all increased but at slower rates than in the second quarter. **Investment in residential structures** also increased in the third quarter, but at a slower rate, perhaps reflecting the smaller increase in housing starts during the third quarter. **Businesses** drew down inventories in the third quarter, subtracting 0.57 percentage points from overall GDP.

**Government spending** growth accelerated from 1.7% in the second quarter to 4.6% in the third quarter, primarily reflecting a 16.0% annualized increase in federal defense spending. State and local government spending growth slowed from 3.4% in the second quarter, but remained positive at 1.3%. Federal and state and local government spending combined to add 0.83 percentage points to overall GDP growth during the third quarter.

The consensus is for somewhat slower GDP growth this quarter, in part due to what is perceived as the one-time nature of much of the strength during the third quarter. In particular, the recent strengthening in the foreign exchange value of the U.S. dollar is expected to restrain further growth in exports, and the increase in defense spending in the third quarter is not expected to continue.

In line with this thinking, the 4-week moving average of **ECRI's Weekly Leading Index** declined in twelve of the thirteen weeks ending in late October, reducing the 6-month smoothed annual rate of change to -1.2% from a recent peak of 5.3% in late May.

In contrast, the composite **Leading Economic Index** from the Conference Board increased 0.8% in September after a downward revision to no change in August that followed a 1.1% gain in July. The year-over-year rate of change was a solid 6.3%. The rate of change of the index has fallen below zero in advance of previous recessions, but is far above zero now.

According to the **Ohio Coincident Economic Index**, compiled by the Federal Reserve Bank of Philadelphia, the Ohio economy continues to grow at a solid pace. The coincident index was 4.2% higher in September than a year earlier, up from a 2.8% year-over-year increase back in November 2013. The index has been much closer to or below zero around the times recessions have begun in the past.



The diffusion of changes in the Coincident Economic Index across the 50 states has deteriorated somewhat this year, but it remained consistent with uninterrupted growth in September. The index increased month-over-month for 43 states, down from 49 states in January. Similarly, the index increased versus three months earlier in 44 states, down from all 50 states in January. Although the breadth of increases has declined, the still-high diffusion of increases points toward continued economic growth in the near-term.

The message of the companion **Ohio Leading Economic Index** has turned weaker in recent months, declining for the third month in a row to 1.1% in September. The index, which is compiled by the Federal Reserve Bank of Philadelphia, is designed to predict the rate of change in the coincident index during the next six months. It reached a recent low of 0.9% in June 2013. Index values have been revised significantly on occasion, but the recent pattern is consistent with ongoing expansion of the Ohio economy through fall and into winter.

The number of state leading indexes from the Philadelphia Fed with positive readings increased slightly to 46 in September, up from 44 states in August. The number was 49 in January and 48 as recently as June. Nonetheless, the recent pattern remains consistent with continued economic expansion. The number of positive state leading indexes fell to an average of 34 three months in advance of the most recent three recessions and to an average of 23 during the first month of those recessions.

## Employment

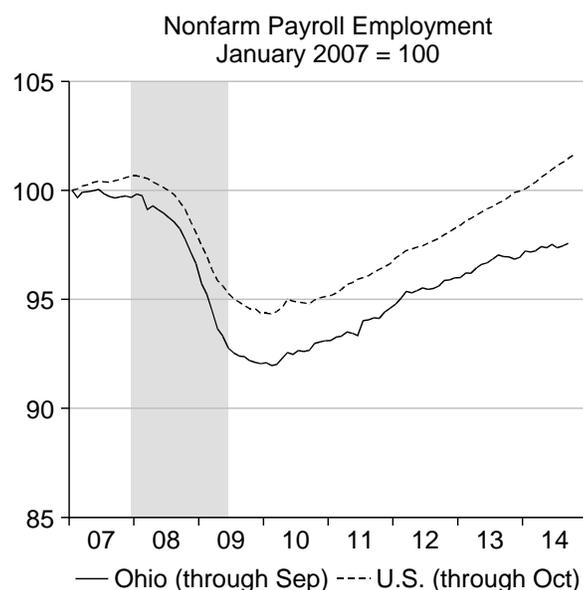
Labor markets across the country strengthened further in October, lifting **nonfarm payrolls** by 214,000 jobs. The gains in the two previous months were revised higher by a total of 31,000 jobs. Monthly job gains have averaged 238,000 during the most recent nine months – the best 9-month stretch by a slim margin since the late 1999 to mid-2000 period.

The recent strengthening in labor markets is also evident in a decline in the number of layoffs to a long time low and an increase in the number of job openings to a long time high. **Initial claims** for unemployment compensation declined in late November to the lowest level on a 4-week moving average basis since April 2000, indicating that involuntary job separations have fallen to a healthy level. At the same time, the number of **job openings** increased to a 13-year high in August, according to the most recent Job Openings and Labor Turnover Survey.

The **unemployment rate** decreased 0.1 percentage points to 5.8% – the lowest level since June 2008. The broadest measure of unemployment, which in part includes people who want to work but have stopped looking because of poor prospects, also declined 0.3 points to 11.5% – a new low for this expansion. Job gains are not causing wage inflation: average hourly earnings increased only 0.1% in October, and were up 2.0% from a year earlier. Aggregate hours worked increased 0.5% in October and 2.8% year-over-year.

The gain in jobs was broad-based among major sectors, led by leisure and hospitality (+52,000) and followed closely by trade, transportation and utilities (+49,000), about one half of which was in retail trade (+27,000). Other notable increases include education and health services (+41,000) and professional and business services (+37,000). Employment increased in both manufacturing (+15,000) and construction (+12,000). The only major category registering a decrease was information services (-4,000).

**Ohio nonfarm payroll employment** increased by 6,000 jobs in September, and the August level was revised upward to show a gain of 4,700 jobs. So far in 2014 Ohio employment is higher by 35,400 jobs, with the increases concentrated in manufacturing (+12,600), government (+10,500), professional and business



services (+6,900), and educational and health services (+5,600). Employment is lower on the year in leisure and hospitality (-4,200), financial activities (-2,600), and information (-1,700).

The **Ohio unemployment rate** decreased to 5.6% in September, reflecting an increase in total employment of 16,618 workers and a decrease of 5,399 unemployed people. The labor force increased by 11,219 people, the largest increase in 2014. The unemployment rate is down 1.5 percentage points from 7.1% last December and 5.0 percentage points since the peak of 10.6% reached in February 2010.

The reduction in the Ohio unemployment rate since September of last year has resulted both from a decline in the number of unemployed people (-110,747) and a rise in the number of employed people (+72,639). The labor force has declined 38,108 over the last twelve months, despite its increase last month. Across the country, the unemployment rate in September decreased in 31 states, increased in 8 states, and was unchanged in 11 states.

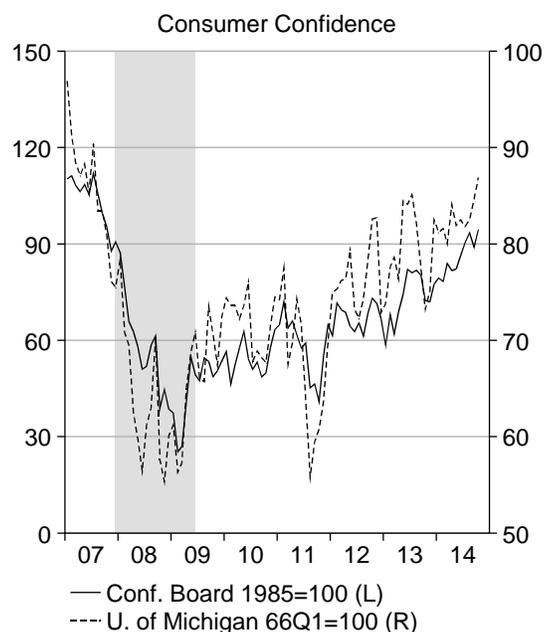
Among the **contiguous states**, year-over-year employment growth was strongest in West Virginia (+2.2%), followed by increases in Indiana (+2.0%), Kentucky (+1.5%), Michigan (+0.8%), Ohio (+0.6%), and Pennsylvania (+0.6%). Year-over-year growth in manufacturing was 2.4% in Ohio. Among the contiguous states, manufacturing employment increased 5.2% in Indiana, 2.2% in West Virginia, 2.1% in Michigan, and 0.3% in Kentucky, while it decreased 0.4% in Pennsylvania.

### **Consumer Income and Consumption**

**Personal income** slowed slightly in September, rising 0.2%. For the quarter, nominal personal income increased at an annual rate of 4.2%. **Wage and salary disbursements**, which account for more than one-half of personal income, set the pace by rising 0.2%. Compared with a year earlier, personal income was 4.1% higher than a year ago and wage and salary disbursements were 5.1% higher. In comparison, consumer prices were up 1.7% year-over-year in September.

Despite the rise in income, **personal consumption expenditures** decreased by 0.2% in September. The decline was essentially due to the 6.4% decline in unit sales of light motor vehicles from an unsustainably high rate of 17.4 million in August. The 0.2% rise in spending on services was large enough in dollar terms to offset the 0.3% decline in spending on non-durable goods.

Auto sales continued near the September pace in October, and reflect a healthy underlying trend. Better-than-expected **back-to-school spending** also boosted



overall personal consumption, as has the large decrease in the **price of gasoline**. The retail price of regular gasoline in Ohio declined 25.1% during the five months ending in early November, adding appreciably to the discretionary spending power of consumers. Based on recent trends and related developments, forecasters anticipate that **holiday retail sales** will be notably stronger than in the last two years. The National Retail Federation predicts 4.1% year-over-year growth in holiday sales, while Global Insight predicts a 4.2% rise.

Possibly in response to steady improvement in labor markets, low inflation and the very large drop in the price of gasoline, **consumer confidence** increased during October. The expectations component of the Conference Board's consumer confidence index increased in October to the highest mark since February 2011, lifting the overall index to its highest level since October 2007. The expectations component of the Reuters/University of Michigan Index of Consumer Sentiment increased to its highest level since July 2007, pulling the overall index up to its highest level since the same date. After a very slow rise since the end of the recession, the current levels of consumer confidence measures now roughly match the averages observed during previous economic expansions.



## **Manufacturing**

**Industrial production** increased 1.0% in September, following a decline of 0.2% in August and reflecting a 3.9% increase in utility output and a 1.8% increase in mining output. Manufacturing output increased by 0.5%, essentially reversing a similar-size decline in August. Industrial production was higher by 4.3% year-over-year, while manufacturing output was up 3.7% year-over-year.

A return to normal weather in September from a cooler-than-normal August fueled the rise in utility output. Oil drilling and production were largely behind the increase in mining output. Manufacturing output was broad-based outside of technology and motor vehicles. Production of motor vehicles and parts decreased 1.4% in September.

Production in industries of particular importance to Ohio was mixed with modest changes during September. Production of **primary metal**, **fabricated metal**, and **machinery** increased 0.3%, increased 0.8%, and decreased 0.1% in September, respectively. Year-over-year increases in all three industries were well ahead of the 3.7% year-over-year increase in total manufacturing production. Together with the motor vehicle industry, these three industries account for almost one-half of manufacturing jobs in Ohio and approximately one out of every thirteen private sector jobs in the state.

**Regional surveys** indicate that manufacturing activity was less robust in October. The diffusion index of current activity from the Philadelphia Federal Reserve Manufacturing Business Outlook Survey eased slightly to 20.7 in September from 22.5 in August. The Empire State Manufacturing Survey compiled by the New York Federal Reserve Bank points to more of a slowdown in that region, falling from 27.5 in September to 6.2 in October. Both orders and shipments posted large declines.

At the national level, however, purchasing managers at manufacturing firms reported more widespread improvements in conditions during October than in September. The **purchasing managers index** increased back to its August level of 59.0 in October after having fallen to 56.6 in September. The new orders index posted a sizable increase, while the production index essentially held its ground at a relatively high level. As of October, the overall index has been in expansion territory above 50.0 for 23 consecutive months.

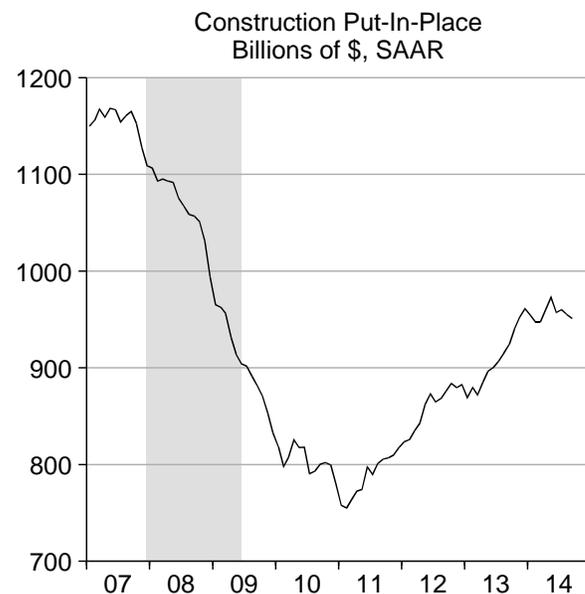
### Construction

Overall construction activity has stalled. **Construction put-in-place** fell 0.4% in September for the third decline in the last four months and the fifth decline in the last nine months. **Residential** construction posted a 0.4% increase, but that came after four straight declines and six declines in the previous eight months. **Nonresidential** construction fell 1.0% in September for the second straight decline and the seventh decline in the last ten months.

As a consequence, year-over-year changes decreased further. Total construction put-in-place was 2.9% higher than a year earlier in September, while residential was only 0.7% higher and nonresidential was 4.2% higher. Within nonresidential, year-over-year gains were led by conservation and development (+31.7%), manufacturing (+16.4%), office (+15.7%), and commercial (+12.3%). Year-over-year declines were concentrated in communications (-12.8%), public safety (-11.1%), and health care (-7.5%).

**Housing starts** increased 3.6% across the country on a 3-month moving average basis in September. Single-family starts were up 2.8%, and multi-family starts rose 5.1%. Midwest housing starts increased 3.5%, reflecting a 1.3% rise in single-family and a 2.4% rise in multi-family. Compared with a year earlier national starts were higher by 16.1% and Midwest starts were higher by 8.6%, all on a 3-month moving average basis.

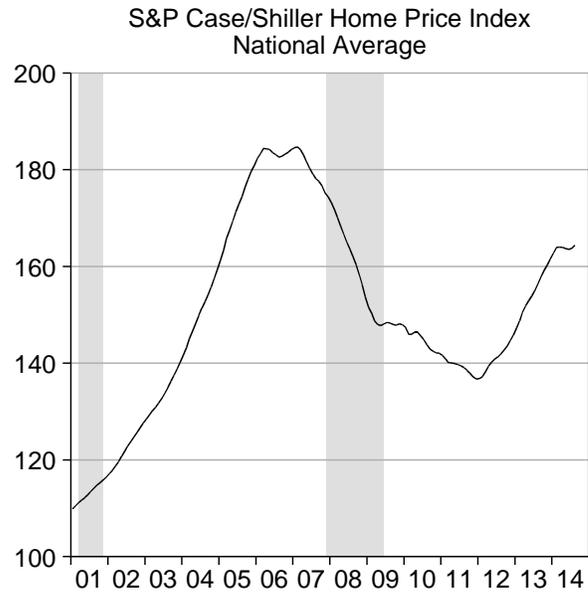
The more-forward-looking **housing permits** were up 1.9% in September on a 3-month moving average basis, reflecting a 5.3% gain in multi-family permits. Single-family permits were little changed on the month. Midwest permits edged down 0.8% for the second decline in a row, reflecting small declines in both single-family and multi-family permits.



**Existing home sales** increased 0.9% in September on a 3-month moving average basis for the second increase of that size in a row. Sales of existing homes in the Midwest edged down by 0.8%. **New home sales** were stronger, rising 4.5% across the country and 6.0% in the Midwest.

**Inventories of homes for sale** were little changed again in absolute terms in September for both existing and new homes. Relative to the recent pace of sales, the inventories of existing homes and of new homes were running at the relatively low level of 5.3 months.

**Home prices** turned up in July and August, according to the Case-Shiller national home price index. The increases followed three small declines during April-June, but did not prevent the year-over-year change from declining to 5.1%. Home prices have essentially stabilized during the most recent six months at a level up notably from the low in early 2012 but still well below the peak achieved in 2006.



## **REVENUES**

October **GRF receipts totaled \$2,679.2 million** and were \$173.8 million (6.9%) above the estimate. Monthly tax receipts totaled \$1,821.9 million and were \$134.9 million (8.0%) above estimate, while non-tax receipts totaled \$857.2 million and were \$39.0 million (4.8%) above estimate. Variances for the fiscal year to date by category are provided in the following table (\$ in millions).

<b>Category</b>	<b>Includes:</b>	<b>YTD Variance</b>	<b>% Variance</b>
Tax receipts	Sales & use, personal income, corporate franchise, financial institutions, commercial activity, MCF, public utility, kilowatt hour, foreign & domestic insurance, other business & property taxes, cigarette, alcoholic beverage, liquor gallonage, & estate	\$217.7 million	3.3%
Non-tax receipts	Federal grants, earnings on investments, licenses & fees, other income, intrastate transfers	(\$263.1 million)	-7.3%
Transfers	Budget stabilization, liquor transfers, capital reserve, other	\$4.8 million	82.5%
<b>TOTAL REVENUE VARIANCE:</b>		<b>(\$40.6 million)</b>	<b>-0.4%</b>

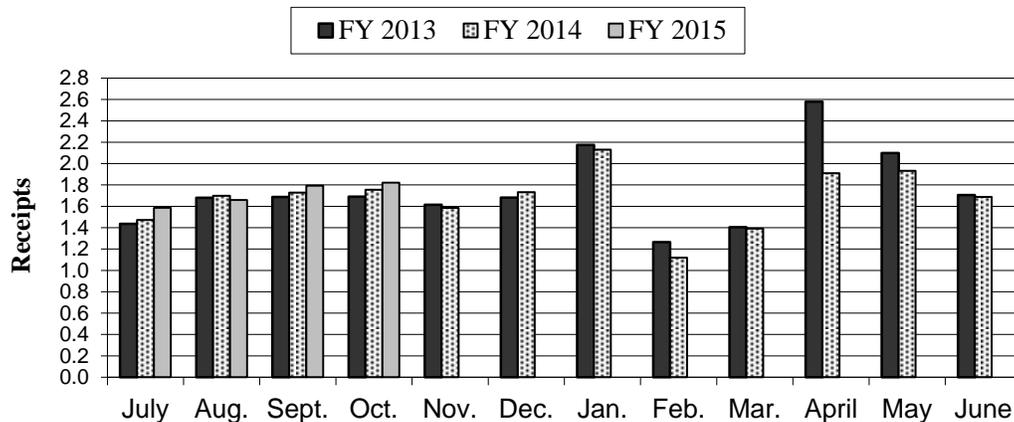
On a year-over-year basis, monthly receipts were \$87.7 million (3.2%) lower than in October of the previous fiscal year, mainly due to decreases in federal grants (\$147.0 million, -14.7%). Tax revenues were \$67.3 million above estimate, or 3.8%. The net growth of \$67 million is almost entirely explained by two offsetting trends, with the sales tax growing from last year and the income tax declining. The sales tax for October increased by \$98.7 million from last year, with both the auto and non-auto categories growing strongly. Since the increase in the state sales tax rate began to affect collections last October, the tax rate should not be a factor in comparing collections last month and October the year before. On the other hand, personal income tax receipts declined \$28.9 million, or 4.1%. Unlike the sales tax, the income tax year-over-year comparisons are still being affected by law changes: the additional 1% withholding rate cut in July 2014, the impact of the 2013 tax rate cuts (8.5%) and the small business deduction (50% of business income, up to a cap of \$250,000 per taxpayer).

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

<b><u>Individual Revenue Sources Above Estimate</u></b>		<b><u>Individual Revenue Sources Below Estimate</u></b>	
Personal Income Tax	\$62.5	Earnings on Investments	(\$4.5)
Federal Grants	\$44.6	Financial Institutions Tax	(\$2.4)
Auto Sales Tax	\$28.9	Corporate Franchise Tax	(\$2.4)
Non-Auto Sales Tax	\$28.9	Alcoholic Beverage Tax	(\$1.8)
Foreign Insurance Tax	\$9.8	Other Income	(\$1.4)
Cigarette and Other Tobacco Tax	\$6.2		
Commercial Activity Tax	\$4.4		
Other Sources Above Estimate	\$1.6	Other Sources Below Estimate	(\$0.5)
<b>Total above</b>	<b>\$186.8</b>	<b>Total below</b>	<b>(\$13.0)</b>

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

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



**Non-Auto Sales and Use Tax**

October non-auto sales and use tax collections totaled \$734.0 million and were \$28.9 million (4.1%) above estimate for the second month in a row. Year-to-date revenue collections are \$41.1 million (1.5%) above the estimate and currently sit at \$2,861.0 million.

On a year-over-year basis, October 2014 receipts were a strong \$69.6 million (10.5%) above collections in the same month of the previous fiscal year. The positive variance reflects a retreating unemployment rate and improving economic conditions for Ohio. As mentioned in the previous section, October comparisons should be unaffected by the tax rate increase, although year-to-date comparisons are influenced by the rate increase because it affected July through September results.

### **Auto Sales Tax**

October auto sales and use tax collections totaled \$130.6 million and were a staggering \$28.9 million (28.4%) above the estimate, after a couple of months missing the mark. National sales of light-vehicles hit its highest level since January 2006, with a seasonally adjusted annual rate (SAAR) of 17.4 million units in August. This led OBM to expect a surge in auto sales tax collections, albeit with a lag, and this expectation was met last month. National light-vehicle demand remains strong with a reported 16.4 million units (SAAR) sold in October.

On a year-over-year basis, monthly receipts were above the amount collected in October of last year by \$29.0 million (28.6%). Going forward, there are reasons to expect that auto sales tax collections will continue to grow strongly from last year, at least in the short term. National light-vehicle sales last October (2013) were a weak 15.3 million units (SAAR). Some of the low performance in last year's sales tax collections and light-vehicle sales can be tied to the federal government shutdown, which furloughed federal employees in Washington, D.C. as well as certain parts of Ohio. The shutdown also had a serious negative effect on consumer confidence until a new federal continuing resolution was passed in mid-October 2013. With these factors absent this Fall, sales and tax collections are expected to be stronger.

### **Personal Income Tax**

October personal income tax receipts totaled \$672.1 million and were \$62.5 million (10.2%) above the estimate. A major contributing factor was refunds that totaled \$45.2 million, and were less than half of the estimate of \$91.6 million. At this point OBM's working hypothesis is that the expected level of filing of extension returns for refunds to be claimed on account of the new small business deduction did not materialize. Also, after two months of lower-than-estimate performance withholding collections were back in positive territory in October. Withholding collections totaled \$684.4 million, and were \$20.4 million (3.1%) above estimate. Also contributing to the positive variance were payments associated with annual returns, which totaled \$52.3 million and were above the estimate by \$15.6 million (42.4%).

The shortfall in the quarterly estimated payments, which totaled just \$3.4 million and were below estimate by \$16.4 million (82.7%), should be viewed in combination with the overage in prior month. Adding both September and October numbers, quarterly estimated payments receipts registered \$13.1 million (5.7%) above the combined estimate.

On a year-over-year basis, October personal income tax collections were \$28.9 million (4.1%) below the October 2013 level. The payments associated with annual returns accounted for more than the entirety of this decline, and were \$29.4 million (36.0%) below the same month a year ago. Also contributing to the decline was the quarterly estimated payments that were \$23.0

million (87.1%) below the same month a year ago. Overall the year-over-year reduction was tempered to some extent by growth in withholding of \$15.1 million (2.3%) compared to the same month a year ago. The refunds also contributed in the tempering of year-over-year reduction in October, with a decline of \$8.7 million (16.1%) compared to the same month of the previous fiscal year.

<b>FY2015 PERSONAL INCOME TAX RECEIPTS BY COMPONENT (\$ in millions)</b>						
	<b>ESTIMATE</b>			<b>ACTUAL</b>		
	<b>OCT</b>	<b>OCT</b>	<b>\$ VAR</b>	<b>ESTIMATE</b>	<b>ACTUAL</b>	<b>\$ VAR</b>
	<b>OCT</b>	<b>OCT</b>	<b>OCT</b>	<b>Y-T-D</b>	<b>Y-T-D</b>	<b>Y-T-D</b>
Withholding	\$664.0	\$684.4	\$20.4	\$2,572.4	\$2,600.2	\$27.8
Quarterly Est.	\$19.8	\$3.4	(\$16.4)	\$253.7	\$275.3	\$21.6
Trust Payments	\$1.2	\$0.6	(\$0.6)	\$9.9	\$11.2	\$1.3
Annual Returns & 40 P	\$36.7	\$52.3	\$15.6	\$81.0	\$93.1	\$12.1
Other	\$9.5	\$8.1	(\$1.4)	\$30.9	\$27.7	(\$3.2)
Less: Refunds	(\$91.6)	(\$45.2)	\$46.4	(\$212.6)	(\$165.1)	\$47.5
Local Distr.	(\$30.0)	(\$31.6)	(\$1.6)	(\$114.9)	(\$115.5)	(\$0.6)
<b>Net to GRF</b>	<b>\$609.6</b>	<b>\$672.1</b>	<b>\$62.5</b>	<b>\$2,620.4</b>	<b>\$2,726.9</b>	<b>\$106.5</b>

### **Corporate Franchise Tax**

As noted in previous months' reports, although the corporate franchise tax has been eliminated, prior year settlement activity continues. This results in a small amount of monthly activity for this tax, whether settlement payments or refunds, which by definition create variances, since the estimate for this tax is now zero. October corporate franchise tax receipts totaled -\$2.4 million compared to the estimate of zero, and were \$1.1 million lower than the collection for October 2013.

### **Financial Institutions Tax**

October financial institutions tax receipts totaled -\$2.4 million against an estimate of zero. This month was the first time that tax returns for this new tax were filed, which lead to additional payments or refund claims. Overall, refunds outweighed additional payments, which caused the negative variance for the month. As the first collections from this tax were in January 2014, there is no year-over-over comparison of its performance at this time.

### **Commercial Activity Tax**

October commercial activity tax (CAT) receipts continued their fiscal year 2015 rebound as the GRF share of the tax totaled \$30.3 million and was \$4.4 million (17.0%) above the estimate. Year-to-date, GRF CAT receipts totaled \$239.8 million and were \$34.8 million (17.0%) above estimate. Year-over-year growth in GRF CAT receipts through the first four months of the fiscal year was \$21.3 million (9.8%) compared to the same period in fiscal year 2014.

All-funds October CAT receipts, meanwhile (net of refunds and attorney general fees) totaled \$61.2 million and were \$9.4 million (18.0%) above the \$51.8 million estimate. Year-to-date, all funds receipts total \$483.7 million and were \$73.6 million (18.0%) above estimate. Year-over-year growth in all funds CAT receipts through the first four months of the fiscal year was \$34.0 million (7.7%) above the same period in fiscal year 2014.

### **Public Utility Tax**

October public utility tax collections were slightly above the \$2.0 million estimate, recording a 5.7% overage. Year-to-date collections were under by \$15.1 million (50.8%) entirely due to a public utility tax refund issued last month against several prior years of collections. On a year-over-year basis, October receipts were virtually the same as the same month in the previous fiscal year, with a small 0.4% gain.

### **Kilowatt-Hour Tax**

October kilowatt hour tax receipts totaled \$25.8 million and were just 0.6% above the estimate. Year-over-year collections also were virtually the same in October as in the same month in the previous fiscal year, showing a slight 0.6% gain in revenue.

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

October natural gas distribution tax receipts were slightly below the \$0.5 million estimate by only 1.5%. However, this is a small revenue collection month for the tax, whereas year-to-date receipts are above the \$12.0 million estimate by \$1.7 million (14.3%), showing good performance for the year thus far.

Year-over-year collections were also somewhat below last year's total receipts of \$0.5 million, or a small 1.1% decline compared to October of 2013.

### **Cigarette and Other Tobacco Tax**

Cigarette and other tobacco tax receipts for October totaled \$72.7 million and were \$6.2 million (9.3%) above the estimate of \$66.5 million. On a year-over-year basis, October 2014 cigarette tax receipts were \$0.7 million (0.9%) above the level for the same month of the previous fiscal year. Year-to-date receipts were \$5.6 million (2.5%) above the estimate, although \$3.3 million (1.4%) below the collections in the first four months of fiscal year 2014.

**GRF non-tax receipts** totaled \$857.2 million in October and were \$39.0 million (4.8%) above the estimate. The majority of this overage was due to a \$44.6 million (5.5%) positive variance in federal grants. Partially offsetting this overage were the shortfalls in earnings on investments and other income that were \$4.5 million and \$1.4 million below their estimates respectively. The variance on earnings on investments was the result of receipts estimated to post in October, actually posting in early November. October transfers in - other totaled \$0.1 million and was marginally below the estimate of \$0.2 million

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	ESTIMATE OCTOBER	\$ VAR	% VAR	ACTUAL Y-T-D	ESTIMATE Y-T-D	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	733,956	705,100	28,856	4.1%	2,860,994	2,819,900	41,094	1.5%
Auto Sales & Use	130,582	101,700	28,882	28.4%	467,409	434,000	33,409	7.7%
Subtotal Sales & Use	864,537	806,800	57,737	7.2%	3,328,403	3,253,900	74,503	2.3%
Personal Income	672,056	609,600	62,456	10.2%	2,726,935	2,620,400	106,535	4.1%
Corporate Franchise	(2,401)	0	(2,401)	N/A	4,657	0	4,657	N/A
Financial Institutions Tax	(2,446)	0	(2,446)	N/A	(2,024)	0	(2,024)	N/A
Commercial Activity Tax	30,294	25,900	4,394	17.0%	239,791	205,000	34,791	17.0%
Petroleum Activity Tax	0	400	(400)	N/A	0	400	(400)	N/A
Public Utility	2,115	2,000	115	5.7%	14,651	29,800	(15,149)	-50.8%
Kilowatt Hour	25,750	25,600	150	0.6%	104,402	111,800	(7,398)	-6.6%
Natural Gas Distribution	492	500	(8)	-1.5%	13,714	12,000	1,714	14.3%
Foreign Insurance	151,789	142,000	9,789	6.9%	154,695	147,400	7,295	4.9%
Domestic Insurance	43	0	43	N/A	7,708	1,800	5,908	328.2%
Other Business & Property	9	0	9	N/A	20	0	20	N/A
Cigarette and Other Tobacco	72,660	66,500	6,160	9.3%	232,681	227,100	5,581	2.5%
Alcoholic Beverage	2,750	4,500	(1,750)	-38.9%	18,115	19,200	(1,085)	-5.7%
Liquor Gallonage	3,352	3,200	152	4.8%	14,341	13,600	741	5.4%
Estate	870	0	870	N/A	2,038	0	2,038	N/A
Total Tax Receipts	1,821,872	1,687,000	134,872	8.0%	6,860,127	6,642,400	217,727	3.3%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	854,518	809,872	44,646	5.5%	3,325,618	3,593,647	(268,029)	-7.5%
Earnings on Investments	0	4,500	(4,500)	N/A	0	4,500	(4,500)	N/A
License & Fees	827	612	215	35.2%	8,375	10,839	(2,463)	-22.7%
Other Income	1,836	3,228	(1,392)	-43.1%	18,816	6,988	11,827	169.2%
ISTV'S	40	13	27	N/A	51	14	37	256.9%
Total Non-Tax Receipts	857,221	818,224	38,997	4.8%	3,352,860	3,615,989	(263,128)	-7.3%
<b>TOTAL REVENUES</b>	<b>2,679,092</b>	<b>2,505,224</b>	<b>173,868</b>	<b>6.9%</b>	<b>10,212,987</b>	<b>10,258,389</b>	<b>(45,402)</b>	<b>-0.4%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	82	200	(118)	-59.0%	10,585	5,800	4,785	82.5%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	82	200	(118)	-59.0%	10,585	5,800	4,785	82.5%
<b>TOTAL SOURCES</b>	<b>2,679,174</b>	<b>2,505,424</b>	<b>173,750</b>	<b>6.9%</b>	<b>10,223,572</b>	<b>10,264,189</b>	<b>(40,617)</b>	<b>-0.4%</b>

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

REVENUE SOURCE	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2015	OCTOBER FY 2014	\$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	\$ VAR	% VAR
<b>TAX RECEIPTS</b>								
Non-Auto Sales & Use	733,956	664,317	69,638	10.5%	2,860,994	2,525,609	335,385	13.3%
Auto Sales & Use	130,582	101,553	29,029	28.6%	467,409	416,941	50,468	12.1%
Subtotal Sales & Use	864,537	765,870	98,667	12.9%	3,328,403	2,942,550	385,853	13.1%
Personal Income	672,056	700,989	(28,933)	-4.1%	2,726,935	2,901,691	(174,757)	-6.0%
Corporate Franchise	(2,401)	(1,320)	(1,081)	-81.9%	4,657	726	3,932	541.7%
Financial Institutions Tax	(2,446)	0	(2,446)	N/A	(2,024)	0	(2,024)	N/A
Commercial Activity Tax	30,294	26,348	3,947	15.0%	239,791	218,453	21,338	9.8%
Petroleum Activity Tax	0	0	0	N/A	0	0	0	N/A
Public Utility	2,115	2,107	8	0.4%	14,651	27,960	(13,309)	-47.6%
Kilowatt Hour	25,750	25,605	145	0.6%	104,402	105,943	(1,541)	-1.5%
Natural Gas Distribution	492	498	(6)	-1.1%	13,714	14,051	(337)	-2.4%
Foreign Insurance	151,789	142,416	9,373	6.6%	154,695	146,905	7,790	5.3%
Domestic Insurance	43	46	(3)	-6.4%	7,708	103	7,606	7417.2%
Other Business & Property	9	4	5	119.9%	20	41	(21)	-52.0%
Cigarette and Other Tobacco	72,660	71,995	665	0.9%	232,681	236,019	(3,338)	-1.4%
Alcoholic Beverage	2,750	4,939	(2,188)	-44.3%	18,115	19,144	(1,029)	-5.4%
Liquor Gallonage	3,352	3,185	167	5.2%	14,341	13,908	433	3.1%
Estate	870	11,880	(11,011)	-92.7%	2,038	24,014	(21,976)	-91.5%
Total Tax Receipts	1,821,872	1,754,561	67,310	3.8%	6,860,127	6,651,507	208,619	3.1%
<b>NON-TAX RECEIPTS</b>								
Federal Grants	854,518	1,001,481	(146,963)	-14.7%	3,325,618	3,272,259	53,359	1.6%
Earnings on Investments	0	3,745	(3,745)	N/A	0	3,745	(3,745)	N/A
License & Fee	827	521	306	58.7%	8,375	9,885	(1,510)	-15.3%
Other Income	1,836	1,692	144	8.5%	18,816	5,925	12,891	217.6%
ISTV'S	40	14	26	189.9%	51	(2,429)	2,480	-102.1%
Total Non-Tax Receipts	857,221	1,007,452	(150,232)	-14.9%	3,352,860	3,289,384	63,476	1.9%
<b>TOTAL REVENUES</b>	<b>2,679,092</b>	<b>2,762,014</b>	<b>(82,921)</b>	<b>-3.0%</b>	<b>10,212,987</b>	<b>9,940,892</b>	<b>272,095</b>	<b>2.7%</b>
<b>TRANSFERS</b>								
Budget Stabilization	0	0	0	N/A	0	0	0	N/A
Liquor Transfers	0	0	0	N/A	0	0	0	N/A
Transfers In - Other	82	4,880	(4,798)	-98.3%	10,585	12,599	(2,014)	-16.0%
Temporary Transfers In	0	0	0	N/A	0	0	0	N/A
Total Transfers	82	4,880	(4,798)	N/A	10,585	12,599	(2,014)	-16.0%
<b>TOTAL SOURCES</b>	<b>2,679,174</b>	<b>2,766,894</b>	<b>(87,719)</b>	<b>-3.2%</b>	<b>10,223,572</b>	<b>9,953,491</b>	<b>270,081</b>	<b>2.7%</b>

## ***DISBURSEMENTS***

October GRF disbursements, across all uses, totaled \$3,211.3 million and were \$119.9 million (3.9%) above estimate. This was primarily attributable to higher than estimated disbursements in the Primary and Secondary Education and Property Tax Reimbursements categories being partially offset by lower than estimated disbursements in the Health and Human Services category. On a year-over-year basis, October total uses were \$613.4 million (23.6%) higher than those of the same month in the previous fiscal year, with the Primary and Secondary Education and Property Tax Reimbursements categories responsible for the increase. Year-to-date variances by category are provided in the table below.

<b>Category</b>	<b>Description</b>	<b>YTD Variance</b>	<b>% Variance</b>
Expenditures and transfers between agencies (ISTVs)	State agency operations, subsidies, tax relief, debt service payments, and pending payroll (if applicable)	(\$114.7 million)	-1.0%
Transfers	Temporary or permanent transfers out of the GRF that are not agency expenditures	(\$10.4 million)	-1.8%
<b>TOTAL DISBURSEMENTS VARIANCE:</b>		<b>(\$125.1 million)</b>	<b>-1.0%</b>

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

### **Primary and Secondary Education**

This category contains GRF spending for the Ohio Department of Education, minus property tax reimbursements. October disbursements for this category totaled \$994.9 million and were \$141.6 million (16.6%) above the estimate. Expenditures for the school foundation program totaled \$945.2 million and were \$147.4 million (18.5%) above the estimate. This variation was primarily attributable to the early processing of a community school payment and a scholarship payment in October, rather than in November as originally estimated. As a result, November disbursements are expected to be lower by a proportional amount.

Year-to-date disbursements were \$2,867.7 million, which was \$131.2 million (4.8%) above the estimate. On a year-over-year basis, disbursements in this category were \$374.0 million (60.2%) higher than in the same month of the previous fiscal year while year-to-date expenditures were \$545.3 million (23.5%) higher than at the same point in fiscal year 2014.

### **Higher Education**

October disbursements for the Higher Education category, which includes non-debt service GRF spending by the Board of Regents, totaled \$188.7 million and were \$2.9 million (1.6%) above the estimate for the month. The majority of this variance was due to spending in the Ohio College Opportunity Grant Scholarship Program, which was \$1.7 million above estimate due to

higher than expected requests for reimbursement from higher education institutions. The remaining \$1.2 million was due to Technology Integration and Professional Development subsidy disbursements being made in October instead of over the course of several months as estimated.

Year-to-date disbursements were \$719.0 million, which was \$2.0 million (0.3%) above the estimate. On a year-over-year basis, disbursements in this category were \$4.8 million (2.6%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$54.6 million (8.2%) higher than at the same point in fiscal year 2014.

### **Other Education**

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

October disbursements in this category totaled \$4.2 million and were \$5.8 million (58.3%) below estimate. This variance was primarily attributable to \$2.6 million in Ohio Historical Society quarterly subsidy disbursements and \$2.2 million in Ohio Arts Council state program subsidy disbursements occurring in September instead of October as originally estimated. Year-to-date disbursements were \$25.3 million, which was \$2.3 million (8.2%) below the estimate. On a year-over-year basis, disbursements in this category were \$0.3 million (7.2%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$3.4 million (15.5%) higher than at the same point in fiscal year 2014.

### **Medicaid**

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

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

### Expenditures

October GRF disbursements for the Medicaid Program totaled \$1,275.0 million and were \$9.3 million (0.7%) below the estimate, and \$80.2 million (6.7%) above the same point in the

previous fiscal year. Year-to-date GRF disbursements for the Medicaid Program totaled \$5,418.1 million and were \$354.9 million (6.1%) below the estimate, and \$301.2 million (5.9%) above the same point in the previous fiscal year.

October all-funds disbursements totaled \$2,027.4 million and were \$33.2 million (1.7%) above the estimate, and \$337.8 million (20.0%) above disbursements in the same month of the previous fiscal year. Year-to-date all-funds disbursements totaled \$7,622.9 million and were \$184.1 million (2.4%) below the estimate, and \$1,235.9 million (19.3%) above disbursements in the same month of the previous fiscal year.

The October variance was due to lower than anticipated costs across fee for service categories, including hospital, physician, and prescribed drugs, and to lower enrollment in the MyCare managed care program. The lower enrollment in the MyCare program does contribute to greater fee for service costs for this population as their claims have not yet shifted to managed care plans, but not enough to off-set the savings in fee for service for other groups that is primarily due to below estimate caseload. The year-to-date variance includes these and a managed care payment reconciliation that occurred in July that drove under spending in that month.

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

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

	Oct. Projection	Oct. Actual	Variance	Variance %
GRF	\$ 1,284.3	\$ 1,275.0	\$ (9.3)	-0.7%
Non-GRF	\$ 709.9	\$ 752.4	\$ 42.5	6.0%
All Funds	\$ 1,994.2	\$ 2,027.4	\$ 33.2	1.7%

### Enrollment

Total October enrollment across all categories was 2.88 million. The most significant components are the Covered Families and Children (CFC) category, which increased by 55,209 persons to an October total of 2.24 million persons, and the Aged, Blind and Disabled (ABD) category, which decreased by 1,015 people to an October total of 174,871 covered lives. Individuals covered under Medicaid extension (eligibility group VIII) are included as part of the larger CFC category.

Total enrollment across all categories for the same period last year was 2.40 million covered persons, including 1.68 million persons in the CFC category and 184,253 people in the ABD category.

Please note that these data are subject to revision.

## **Health and Human Services**

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

October disbursements in this category totaled \$133.5 million and were \$63.9 million (32.4%) below estimate for the month. Year-to-date disbursements were \$482.0 million, which was \$59.9 million (11.1%) below the estimate. On a year-over-year basis, disbursements in this category were \$35.0 million (35.5%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$60.0 million (14.2%) higher than at the same point in fiscal year 2014.

### Department of Job and Family Services

October disbursements for the Department of Job and Family Services totaled \$70.3 million and were \$44.2 million (38.6%) below estimate. This variance was primarily attributable to several lines. First, Program Support disbursements were \$1.8 million (54.0%) below estimate and Information Technology Projects disbursements were \$3.7 million (54.7%) below estimate, both due to invoices not being received as estimated. Second, TANF State/Maintenance of Effort disbursements were \$12.6 million (54.2%) below estimate due to a \$10.0 million county adjustment for TANF administrative expenditures being moved to December instead of being made in October as anticipated, and lower than estimated Ohio Works First expenditures. Third, Child Care State/Maintenance of Effort disbursements were \$10.9 million (24.0%) below estimate and Early Care and Education disbursements were \$2.3 million (44.3%) below estimate, both due to payments estimated to be made in October being made in September instead. Finally, Family and Children Services disbursements were \$12.2 million (97.0%) below estimate to due county payments of the State Child Protective Allocation be made in September instead of October as estimated.

### Department of Mental Health and Addiction Services

October disbursements for the Department of Mental Health and Addiction Services totaled \$35.3 million and were \$14.6 million (29.3%) below estimate. This variance was attributable to lower than estimated disbursements in three lines. First, Community Behavioral Health disbursements were \$5.5 million (96.1%) below estimate due to the timing of county draws on block grant supplement funds. Second, Hospital Services disbursements were \$5.1 million (24.0%) below estimate due to payments estimated for October being made in August and September instead. Finally, Continuum of Care Services disbursements were \$3.3 million (18.8%) below estimate due to subsidy payments for county collaborative projects occurring in September instead of October as originally estimated.

### Department of Health

October disbursements for the Department of Health totaled \$7.0 million and were \$3.3 million (31.7%) below estimate. These variances were primarily attributable to three lines. First, Federally Qualified Health Center disbursements were \$2.0 million (99.9%) below estimate due to subsidy payments planned for October being moved to future months and disbursements on prior year encumbrances being made in September instead of October as estimated. Second, Help Me Grow program disbursements were \$1.9 million (68.8%) above estimate due to Early Intervention subsidy payments being made in October instead of November as estimated. Finally, Medically Handicapped Children program disbursements were \$1.1 million (69.2%) below estimate due to disbursements originally planned for October being made in prior months instead.

### Opportunities for Ohioans with Disabilities

October disbursements for Opportunities for Ohioans with Disabilities totaled \$0.5 million and were \$1.4 million (72.1%) below estimate. This was primarily attributable to Services for People with Disabilities disbursements being \$1.4 million (72.1%) below estimate due to subsidy payments originally planned for October being moved to November 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.

October disbursements in this category totaled \$164.8 million and were \$7.4 million (4.3%) below estimate for the month. Year-to-date disbursements were \$662.4 million, which was \$41.6 million (5.9%) below estimate. On a year-over-year basis, disbursements in this category were \$11.6 million (6.6%) lower than for the same month in the previous fiscal year while year-to-date expenditures were \$9.7 million (1.4%) lower than at the same point in fiscal year 2014.

### Department of Rehabilitation and Correction

October disbursements for the Department of Rehabilitation and Correction totaled \$135.1 million, and were \$3.4 million (2.4%) below estimate. This variance was primarily attributable to timing factors that resulted in lower than estimated disbursements for Institutional Operations and Community Nonresidential Programs being partially offset by higher than estimated Prisoner Compensation disbursements. Department disbursements year-to-date were \$501.5 million, which was \$31.4 million (5.9%) below estimate.

### Department of Youth Services

October disbursements for the Department of Youth Services totaled \$12.4 million, and were \$2.8 million (18.2%) below estimate. This variance was attributable to Community Corrections Facility disbursements estimated for October being moved to November. Department disbursements year-to-date were \$84.6 million, which was \$5.9 million (6.5%) below estimate.

## **General Government**

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

October disbursements in this category totaled \$34.8 million and were \$3.7 million (9.5%) below the estimate. Year-to-date disbursements were \$124.9 million, which was \$9.4 million (7.0%) below the estimate. On a year-over-year basis, disbursements in this category were \$2.2 million (6.7%) higher than for the same month in the previous fiscal year while year-to-date expenditures were \$2.7 million (2.1%) lower than at the same point in fiscal year 2014.

### Department of Administrative Services

The Department of Administrative Services (DAS) disbursements totaled \$10.1 million during the month of October and were \$2.7 million (36.7%) above the estimate. This occurred primarily because DAS finalized fiscal year 2015 building rental rates in September. As a result, DAS made first quarter rent payments in October, which were estimated for earlier in the fiscal year, from its GRF appropriations that pay rent for GRF-supported state agencies and vacant space in state buildings managed by DAS.

### Department of Transportation

October disbursements for the Department of Transportation totaled \$0.35 million and were \$1.1 million (75.3%) below estimate. This variance was primarily attributable to Public Transportation - State disbursements of \$1.1 million planned for earlier in the fiscal year being moved to November instead. Year-to-date disbursements were \$1.5 million, which was \$1.75 million (54.5%) below the estimate.

## **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. October disbursements of property tax reimbursements totaled \$329.3 million and were \$75.4 million (29.7%) above the estimate for the month. Through the first four months of the fiscal year, total disbursements were \$761.0 million and were \$222.8 million (41.4%) above estimate. Both the monthly and year-to-date variances are due to reimbursement requests being received from counties in a different pattern than anticipated. The heaviest months for these payments in the first half of the fiscal year tend to be September through November and OBM expects that by the end of December the estimates for the first half of the fiscal year should be very near the estimate.

## **Debt Service**

October payments for debt service totaled \$86.2 million and were essentially on estimate. Major October debt service disbursements were comprised of payments on general obligation bonds for the Higher Education, Third Frontier, and Site Development. Year-to-date, debt service payments total \$820.1 million and were \$2.7 million (0.3%) below estimate.

## **Transfers Out**

There were no Transfers Out in October. An estimate of \$10.0 million was originally anticipated for the transfer of sales tax from the GRF to the TourismOhio Administration Fund, which pays for the operating costs and other expenditures of the office of TourismOhio. The transfer is based on year-over-year growth in sales tax collections from industries that are specified in law as being related to tourism, but not to exceed \$10 million (adjusted for inflation). The transfer anticipated in October will actually occur in November.

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	ACTUAL OCTOBER	ESTIMATED OCTOBER	\$ VAR	% VAR	YTD ACTUAL	YTD ESTIMATE	\$ VAR	% VAR
Primary and Secondary Education	994,864	853,279	141,585	16.6%	2,867,665	2,736,493	131,173	4.8%
Higher Education	188,715	185,810	2,905	1.6%	719,026	716,990	2,036	0.3%
Other Education	4,183	10,030	(5,847)	-58.3%	25,270	27,539	(2,270)	-8.2%
Medicaid	1,275,038	1,284,317	(9,279)	-0.7%	5,418,056	5,773,001	(354,944)	-6.1%
Health and Human Services	133,473	197,377	(63,904)	-32.4%	481,989	541,901	(59,913)	-11.1%
Justice and Public Protection	164,765	172,137	(7,372)	-4.3%	662,435	703,997	(41,562)	-5.9%
General Government	34,778	38,433	(3,655)	-9.5%	124,858	134,214	(9,357)	-7.0%
Property Tax Reimbursements	329,326	253,886	75,439	29.7%	760,978	538,210	222,768	41.4%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	86,151	86,166	(15)	0.0%	820,069	822,731	(2,662)	-0.3%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,211,292</b>	<b>3,081,435</b>	<b>129,857</b>	<b>4.2%</b>	<b>11,880,345</b>	<b>11,995,077</b>	<b>(114,732)</b>	<b>-1.0%</b>
<b>Transfers Out:</b>								
BSF Transfer Out	0	0	0	N/A	0	0	0	N/A
Operating Transfer Out	0	10,000	(10,000)	N/A	563,007	573,388	(10,381)	-1.8%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>0</b>	<b>10,000</b>	<b>(10,000)</b>	<b>-100.0%</b>	<b>563,007</b>	<b>573,388</b>	<b>(10,381)</b>	<b>-1.8%</b>
<b>Total Fund Uses</b>	<b>3,211,292</b>	<b>3,091,435</b>	<b>119,857</b>	<b>3.9%</b>	<b>12,443,352</b>	<b>12,568,464</b>	<b>(125,112)</b>	<b>-1.0%</b>

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

Functional Reporting Categories Description	MONTH				YEAR-TO-DATE			
	OCTOBER FY 2015	OCTOBER FY 2014	\$ VAR	% VAR	ACTUAL FY 2015	ACTUAL FY 2014	\$ VAR	% VAR
Primary and Secondary Education	994,864	620,898	373,966	60.2%	2,867,665	2,322,323	545,343	23.5%
Higher Education	188,715	183,900	4,814	2.6%	719,026	664,398	54,628	8.2%
Other Education	4,183	3,903	280	7.2%	25,270	21,870	3,400	15.5%
Medicaid	1,275,038	1,194,832	80,206	6.7%	5,418,056	5,116,879	301,177	5.9%
Health and Human Services	133,473	98,522	34,950	35.5%	481,989	421,946	60,043	14.2%
Justice and Public Protection	164,765	176,321	(11,556)	-6.6%	662,435	672,121	(9,686)	-1.4%
General Government	34,778	32,606	2,172	6.7%	124,858	127,588	(2,730)	-2.1%
Property Tax Reimbursements	329,326	214,620	114,706	53.4%	760,978	519,096	241,881	46.6%
Capital Outlay	0	0	0	N/A	0	0	0	N/A
Debt Service	86,151	62,314	23,837	38.3%	820,069	746,145	73,925	9.9%
<b>Total Expenditures &amp; ISTV's</b>	<b>3,211,292</b>	<b>2,587,916</b>	<b>623,376</b>	<b>24.1%</b>	<b>11,880,345</b>	<b>10,612,365</b>	<b>1,267,980</b>	<b>11.9%</b>
<b>Transfers Out:</b>								
BSF Transfer	0	0	0	N/A	0	995,930	(995,930)	N/A
Operating Transfer Out	0	10,003	(10,003)	N/A	563,007	206,998	356,009	172.0%
Temporary Transfer Out	0	0	0	N/A	0	0	0	N/A
<b>Total Transfers Out</b>	<b>0</b>	<b>10,003</b>	<b>(10,003)</b>	<b>N/A</b>	<b>563,007</b>	<b>1,202,928</b>	<b>(639,922)</b>	<b>-53.2%</b>
<b>Total Fund Uses</b>	<b>3,211,292</b>	<b>2,597,919</b>	<b>613,373</b>	<b>23.6%</b>	<b>12,443,352</b>	<b>11,815,294</b>	<b>628,058</b>	<b>5.3%</b>

## ***FUND BALANCE***

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

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

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

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

<b>July 1, 2014 Beginning Cash Balance</b>	<b>\$ 1,700,065</b>
Plus FY 2015 Estimated Revenues	21,139,610
Plus FY 2015 Estimated Federal Revenues	8,990,764
Plus FY 2015 Estimated Transfers to GRF	648,386
<b>Total Sources Available for Expenditure &amp; Transfer</b>	<b>32,478,825</b>
Less FY 2015 Estimated Disbursements	30,912,411
Less FY 2015 Estimated Total Encumbrances as of June 30, 2015	328,448
Less FY 2015 Estimated Transfers Out	606,390
<b>Total Estimated Uses</b>	<b>31,847,249</b>
<b>FY 2015 UNENCUMBERED ENDING FUND BALANCE</b>	<b>631,576</b>

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