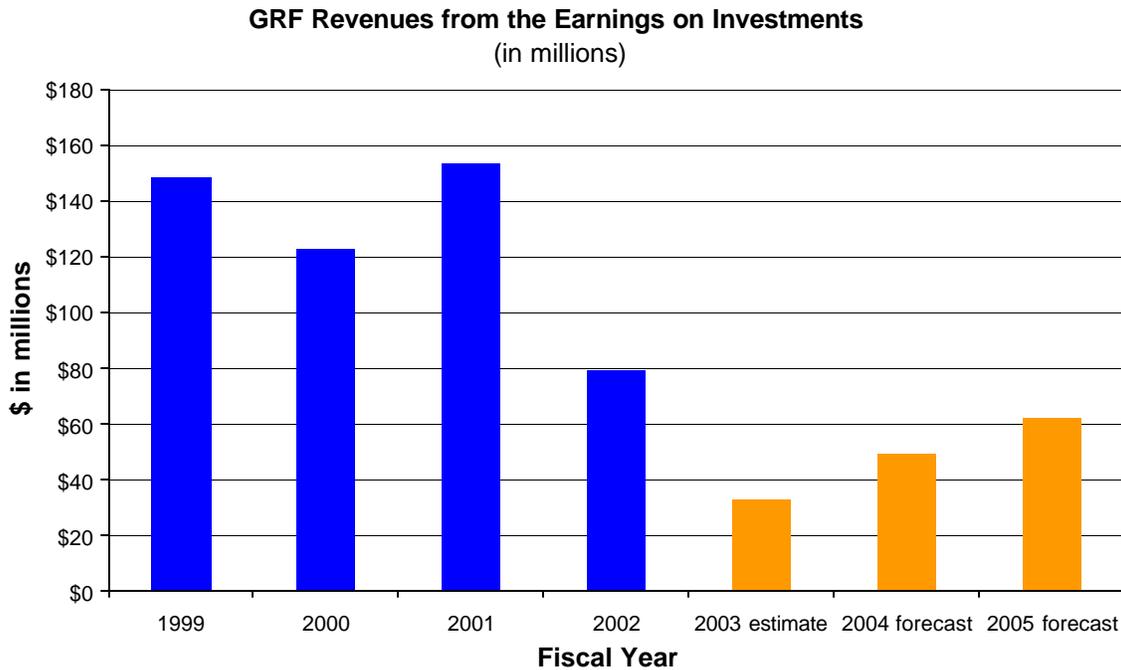


Earnings on Investments



	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Forecast	FY 2005 Forecast
Earnings on Investments	\$148.4	\$122.5	\$153.3	\$79.0	\$33.1	\$49.0	\$62.0
growth	15.0%	-17.5%	25.1%	-48.5%	-58.1%	48.0%	26.5%

In FY 2003, earnings on investments are estimated to decline from \$79 million to \$33.1 million because of very low fund balances and interest rates. Earnings are expected to rebound somewhat in both FY 2004 and FY 2005 as interest rates increase and budget balances recover. In FY 2004, earnings on investments are estimated to increase from \$33.1 million to \$49 million. In FY 2005, earnings on investments are estimated to increase by 28% to \$62 million.

In forecasting the state's investment earnings, information on historical data trends and economic conditions were used in formulating assumptions. The calculations made were based on the average of state funds that will be available for investment including the Budget Stabilization Fund balance multiplied by the average short-term and medium-term interest rates.

The Treasurer of State is responsible for managing the state's portfolio and investing state funds. State funds are invested in a diversified portfolio with a mixture of short-term and medium term debt investments. All earnings on investments from state funds are credited to GRF unless stated otherwise in the Ohio Revised Code.