

**FORECAST OF
GRF REVENUES AND
PUBLIC ASSISTANCE SPENDING
FOR THE FY 2010-FY 2011
BIENNIAL BUDGET**

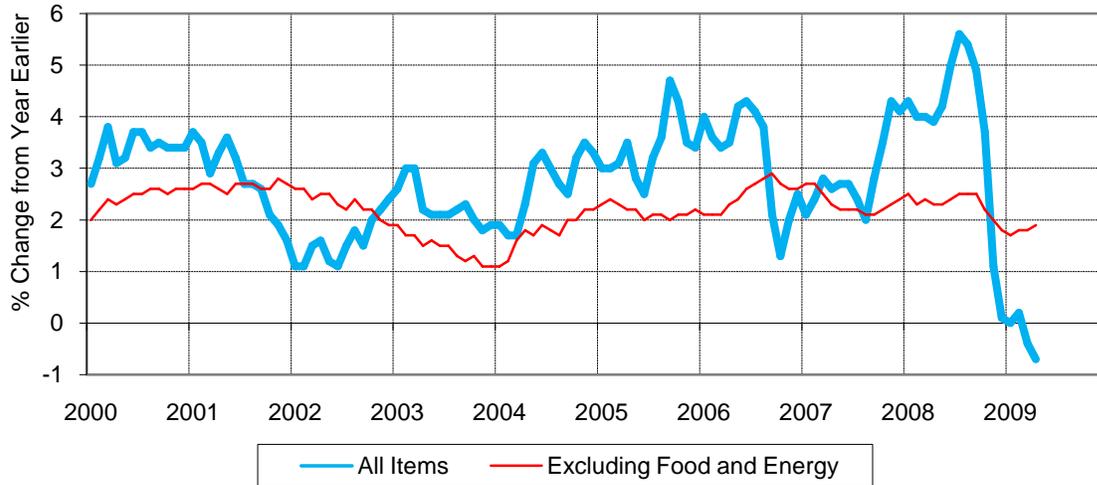


JUNE 11, 2009

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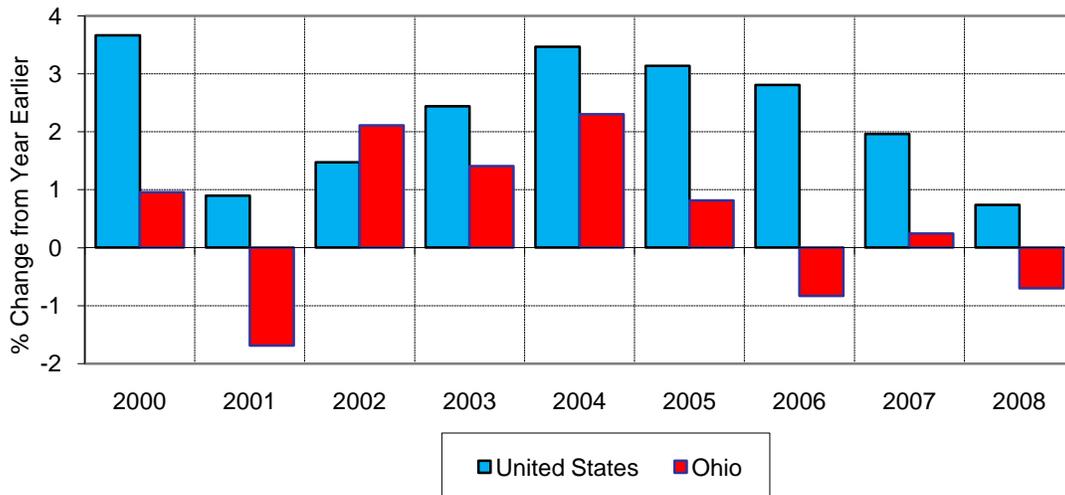
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Chart 2: Consumer Price Index



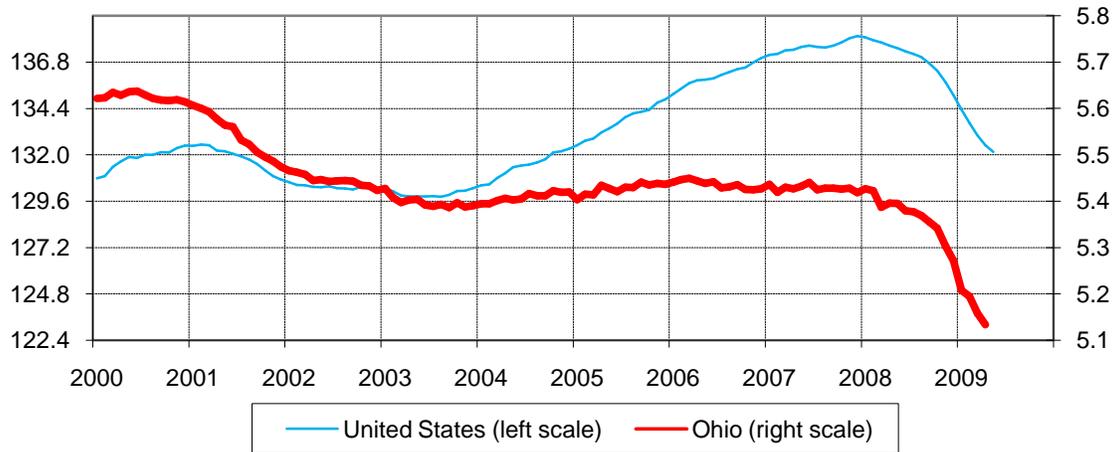
In Ohio, economic weakness has been evident for a longer period of time. Recently released estimates of Ohio's real GDP for 2008, and revised figures for earlier years, show that Ohio real GDP reached a peak in 2005. Chart 3 shows year-to-year changes in Ohio real GDP, which declined in 2006 and 2008, following increases in 2002 through 2005.

Chart 3: Real Gross Domestic Product



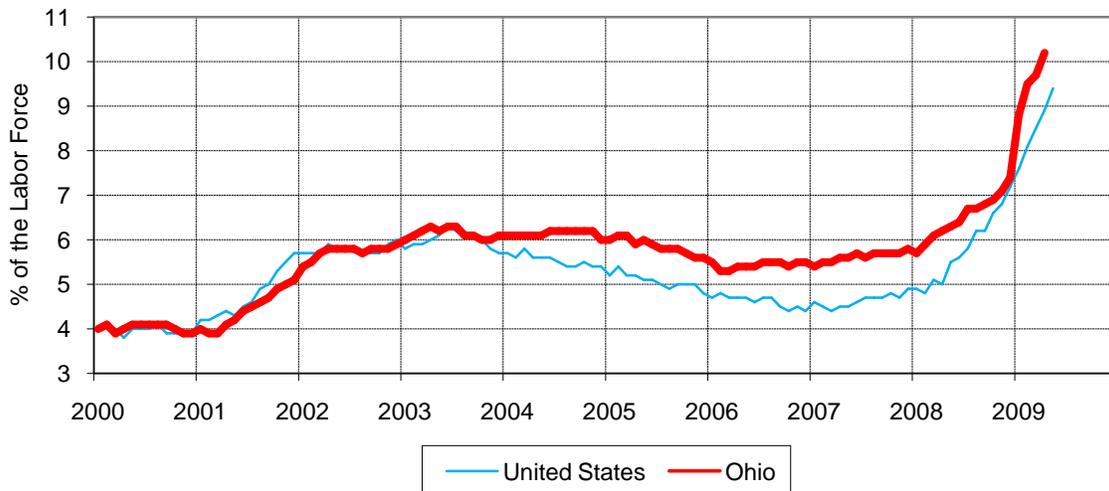
The recession pushed nationwide employment down in 2008 from an all-time peak in December 2007. The peak for Ohio nonfarm payroll employment was much earlier, in 2000. Job losses nationwide and in Ohio accelerated in late 2008 and early 2009, as shown in Chart 4. Cutbacks were widespread across industries and areas of the country.

**Chart 4: Total Nonfarm Payroll Employment
Millions, Seasonally Adjusted**



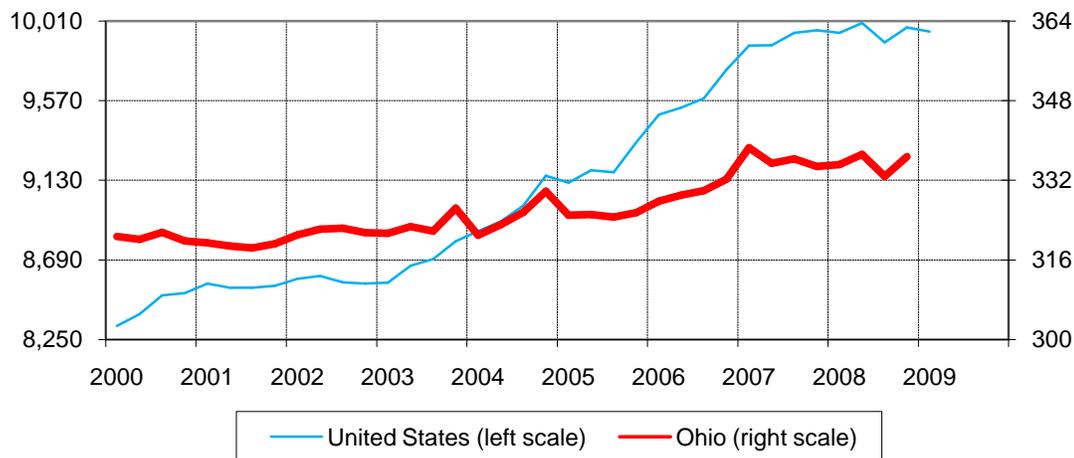
Consequently, unemployment shot upward, as indicated in Chart 5. The nationwide unemployment rate was 9.4% in May. Ohio's statewide unemployment rate was 10.2% in April.

Chart 5: Unemployment Rate



Personal income, adjusted for inflation, has declined from recent peaks. Higher transfer payments under stimulus programs and lower prices have helped to support the purchasing power of consumers' incomes. As is evident in Chart 6, personal income of Ohio residents has grown much more slowly in the current decade than has that in other parts of the country.

**Chart 6: Personal Income
Billions of 2000 Dollars**



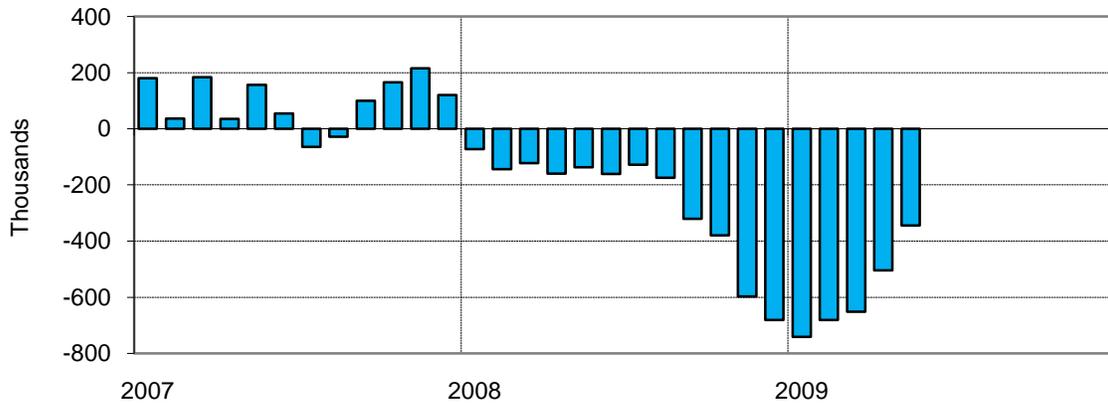
Recent Developments

In response to the exceptional financial market difficulties and the economic downturn, the federal government under the current and the previous administrations undertook very large-scale fiscal stimulus programs. The Federal Reserve Bank adopted a highly expansionary monetary policy, cutting short-term interest rates virtually to zero and taking additional steps to support financial institutions and markets. Governments and central banks of other countries, to varying extents, initiated similar stimulus programs.

These initiatives appear in recent months to be bearing fruit. The national economy still appears to be contracting but not as sharply as earlier. Credit market functioning has improved, though in part because of the continued support from the government programs. Fear in financial markets has been reduced and the willingness of participants to take on risk has increased. Consumer spending rose in the first quarter, though it appears to be slipping again in the second quarter. Housing markets are showing signs of bottoming, in part because of elevated sales of homes in foreclosure and other distressed sales. The sharp production cuts in the first quarter reduced, but did not eliminate, the overhang of excess inventories. However, with substantial excess capacity, business investment in plant and equipment has fallen sharply and will likely remain weak for some time. Slowdowns abroad are constraining demand for U.S. exports.

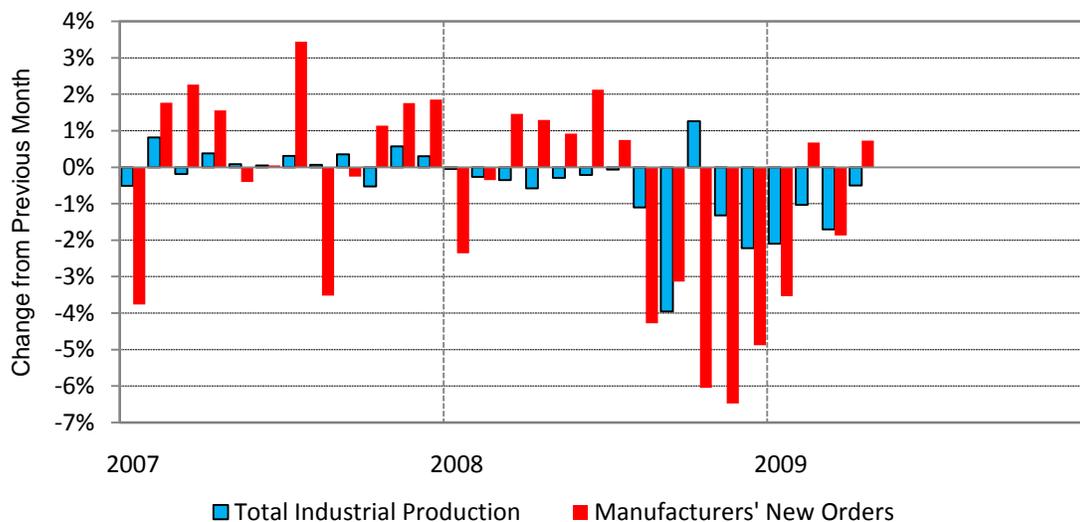
With overall business activity still slowing but not as sharply as earlier, the pace of layoffs appears to have eased somewhat. This trend is evident in Chart 7, which shows smaller month-to-month reductions of nonfarm payroll employment in recent months. Nevertheless, the number of employees on nonfarm payrolls fell 345,000 in May nationwide, historically a large month-to-month decline, and the unemployment rate rose in May to 9.4%, highest since 1983.

Chart 7: United States Nonfarm Payroll Employment Change from Previous Month



Industrial production has continued to decline but not as sharply as earlier.¹ Factory orders, volatile from month to month, show indications of bottoming out in recent months. Month-to-month changes in industrial production and manufacturers' new orders are shown in Chart 8.

Chart 8: Industrial Production and Manufacturers' Orders



¹ The steep drop in industrial production in September 2008 and the rise in October resulted in part from the effects on production of two hurricanes and a strike.

Even if the national economic downturn is less precipitous than earlier, the outlook for Ohio depends also on the state's mix of industries and on prospects for those industries with sizable shares of the state's economy. Upheavals in the American auto industry particularly affect Ohio, because of the large role of that industry and its suppliers in this state's economy. The General Motors and Chrysler bankruptcies, plant closings, and franchised dealer eliminations can be expected to have substantial effects on this state. More broadly, Ohio's greater reliance than many other states on manufacturing, particularly of durable goods, increases this state's exposure to sharp swings in economic activity. Durable goods production historically has been subject to larger fluctuations in output, employment, and incomes than much of the service sector.

Economic Forecasts

Predictions for the national and Ohio economies from forecasting firm Global Insight are shown in the following tables. These forecasts were released in May. The tables below show both Global Insight's baseline forecast and that organization's pessimistic forecast. The baseline for the national economy has the current recession ending in the third quarter of the current calendar year, as indicated by an upturn in real GDP. Ohio's economy lags behind, but the state's real GDP stops falling and begins to grow again in the first quarter of CY 2010. The pessimistic forecast delays the upturn until the second quarter of CY 2010 for both the U.S. and Ohio.

Quarterly changes (the first line of each section of the tables) shown below are from the preceding quarter of the calendar year indicated. Annual changes (the second line of each section) are based on the annual average for the fiscal year ending in the second quarter of each calendar year indicated, from the preceding fiscal year's annual average. Annual unemployment rates are for the fiscal year. Where actual data released subsequent to the forecasts differ from predictions, the actual data were substituted in the tables.

U.S. Gross Domestic Product

Global Insight's baseline recession scenario shows the national economy reaching a low point in the second half of the current calendar year and beginning to grow. The pace of recovery in economic activity is projected to be slow compared with past post-World War II economic recoveries. In the pessimistic scenario, protracted credit market difficulties continue to constrain consumer and business spending, causing the economy to contract until the first half of calendar year 2010.

Global Insight Forecast	U.S. Real GDP Growth											
	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Baseline	-5.7	-2.5	0.2	0.7	1.3	2.9	2.7	3.9	2.8	3.9	3.8	3.7
Pessimistic	-5.7	-4.0	-2.6	-2.7	-1.4	0.2	1.1	3.6	2.6	3.5	3.5	3.0

-----percent change at annual rate-----

Ohio Gross Domestic Product

Real GDP in Ohio is projected to fall through the end of calendar year 2009 in Global Insight's baseline forecast before beginning a recovery in 2010. In the pessimistic scenario, the state's recovery begins later in 2010 and is slower than in the baseline forecast.

Global Insight Forecast	Ohio Real GDP Growth											
	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----percent change at annual rate-----											
Baseline	-8.3	-1.6	-0.4	-0.2	0.7	2.4	2.4	3.2	2.2	3.3	3.0	3.2
		-2.5				-1.7				2.2		
Pessimistic	-8.3	-3.1	-2.8	-2.9	-1.4	0.4	1.2	2.9	1.8	2.9	2.6	2.6
		-2.6				-3.5				0.9		

U.S. Inflation

Global Insight's baseline forecast for inflation shows the fall in the general price level, as measured by the consumer price index, coming to an end this year. Inflation remains restrained by substantial excess capacity in the U.S. and abroad. In the pessimistic scenario, deflation (a fall in the general price level) continues into this year's second half, but inflation begins to pick up once the economy starts to recover.

Global Insight Forecast	U.S. Consumer Price Index Inflation											
	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----percent change at annual rate-----											
Baseline	-2.4	-0.4	0.2	1.4	1.8	2.3	2.0	2.1	2.1	2.6	2.6	2.4
		1.3				-0.3				2.1		
Pessimistic	-2.4	-1.5	-1.9	1.3	0.8	2.4	2.3	2.9	3.6	4.0	4.3	4.4
		1.2				-1.1				2.5		

U.S. Personal Income

Nationwide personal income in the baseline scenario begins a sustained upturn later this year. In the pessimistic scenario, however, the resumption of growth in personal income is delayed until 2010.

Global Insight Forecast	U.S. Personal Income Growth											
	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----percent change at annual rate-----											
Baseline	-1.9	1.7	-2.5	1.3	2.5	2.7	3.3	3.5	4.1	4.1	4.8	4.6
		1.6				0.1				3.2		
Pessimistic	-1.9	0.9	-3.6	-0.9	-0.1	-0.1	0.8	1.9	3.2	3.9	5.1	4.8
		1.6				-1.3				1.1		

Ohio Personal Income

Income to persons who reside in Ohio, in the baseline scenario, begins sustained growth later this year. In the pessimistic scenario, the recovery in Ohio personal income is delayed until next year. Growth of incomes in Ohio, in both forecasts, is slower than in the nation as a whole.

Ohio Personal Income Growth

Global Insight Forecast	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----percent change at annual rate-----											
Baseline	-3.7	1.3	-3.1	0.8	1.4	2.0	2.5	2.3	2.9	3.1	4.2	4.1
		1.4				-0.6				2.2		
Pessimistic	-3.7	0.5	-4.2	-0.9	-0.8	-0.3	0.2	0.7	1.9	2.8	4.4	4.3
		1.3				-1.7				0.4		

U.S. Unemployment Rate

Nationwide unemployment peaks next year at more than 10% of the labor force, in Global Insight's baseline forecast. In the pessimistic scenario, the U.S. unemployment rate rises to more than 11% in 2010 and 2011 before beginning to decline.

U.S. Unemployment Rate

Global Insight Forecast	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----percent of the labor force-----											
Baseline	8.1	9.2	9.6	9.9	10.1	10.2	10.2	10.0	9.9	9.7	9.4	9.2
		7.5				9.9				9.9		
Pessimistic	8.1	9.2	9.8	10.4	10.9	11.2	11.4	11.4	11.3	11.1	10.9	10.7
		7.6				10.6				11.3		

Ohio Unemployment Rate

The unemployment rate in Ohio, already over 10%, rises above 11% next year in Global Insight's baseline scenario before starting to fall. In the pessimistic forecast, Ohio's unemployment rate peaks above 12% next year and is still more than 11% at the end of 2011.

Ohio Unemployment Rate

Global Insight Forecast	2009				2010				2011			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----percent of the labor force-----											
Baseline	9.3	10.5	10.9	11.2	11.6	11.4	11.2	10.9	10.5	10.3	10.0	9.8
		8.4				11.3				10.7		
Pessimistic	9.3	10.6	11.2	11.8	12.4	12.6	12.6	12.4	12.1	11.9	11.6	11.4
		8.5				12.0				12.3		

Global Insight's baseline forecasts have been overly optimistic for months as the recession developed and deepened. Given the recent revisions downward, however, LSC economists think it is possible that Global Insight has caught up with events. Due to the severity of risks to the economy that remain, and recent revenue experience, however, LSC economists have based forecasts of revenue from the major taxes on a blend of the Global Insight baseline and pessimistic forecasts.

REVENUE FORECASTS

The LSC baseline forecasts for FY 2010 and FY 2011 assume the current statutory tax structure, including phase-in of the tax reform measures enacted in H.B. 66 of the 126th General Assembly, and tax changes enacted in the budget bill for the current biennium, H.B. 119 of the 127th General Assembly. The corporate franchise tax on nonfinancial corporations is phased out starting in FY 2010. Personal income tax rates receive their fifth and final H.B. 66 cut for tax year 2009. In FY 2010, the commercial activity tax (CAT) becomes fully phased in but as in the current biennium, revenues from the CAT are used during the next biennium to replace revenue reductions incurred by local governments as a result of the phase-out of the tangible personal property tax on general business. Various tax credits previously applied against the corporate franchise tax will reduce estimated baseline receipts from the CAT starting in FY 2009. Distributions of GRF tax revenues to the local government funds are assumed to follow the new formula established by H.B. 119. And, credits under the personal income tax for military retirement pay, established by H.B. 372 of the 127th General Assembly, and for eligible historical preservation projects, established by H.B. 149 of the 126th General Assembly and amended by H.B. 554 of the 127th General Assembly, are also incorporated into the forecasts.

GRF tax revenue under current law is forecast to decrease by \$1.39 billion (8.1%) in FY 2010 from the revised FY 2009 estimate. A significant portion of this decrease is attributable to the phase-out of the corporate franchise tax on nonfinancial corporations and the final cut to personal income tax rates. A declining trend in receipts from the cigarette tax is expected to accelerate somewhat due to an increase in the federal tax on cigarettes. An expected fall in receipts from the public utility excise tax is due to a continuation of recent declines in natural gas prices. The effects of the current recession on receipts from the personal income tax, the sales and use tax, and the corporate franchise tax are expected to continue into the fiscal year and to account for hundreds of millions in reduced revenue.

GRF tax revenue under current law is forecast to increase by \$407.2 million (2.6%) in FY 2011 from the revised FY 2010 forecast. Economic recovery is expected to lead to a return to growth in revenues from both the sales and use tax and the personal income tax. Increases in those taxes are expected to be partially offset by a continued decline in collections of taxes on cigarettes and other tobacco products.

Compared with the FY 2008-FY 2009 biennium, GRF tax revenue for the FY 2010-FY 2011 biennium is forecast to be \$4.60 billion (12.6%) lower. The following charts provide overviews of GRF receipts from taxes and from non-tax state sources including earnings on investments and receipts from charges for licenses and fees.

FY 2009 Revenue Estimates			
Millions of Dollars			
GRF	Feb. 2009	June 2009	Change
TAX REVENUE			
Auto Sales	\$866.0	\$880.0	\$14.0
Nonauto Sales & Use	\$6,416.4	\$6,279.8	-\$136.6
Total Sales & Use Taxes	\$7,282.4	\$7,159.8	-\$122.6
Personal Income	\$8,243.9	\$7,697.3	-\$546.6
Corporate Franchise	\$488.0	\$515.0	\$27.0
Public Utility	\$171.1	\$184.5	\$13.4
Kilowatt Hour Excise	\$137.5	\$143.1	\$5.6
Foreign Insurance	\$267.5	\$250.5	-\$17.0
Domestic Insurance	\$180.5	\$156.5	-\$24.0
Business & Property	\$20.9	\$22.8	\$1.9
Cigarette	\$914.4	\$914.4	\$0.0
Alcoholic Beverage	\$56.9	\$58.4	\$1.5
Liquor Gallonage	\$35.9	\$36.0	\$0.1
Estate	\$66.2	\$65.9	-\$0.3
Total Tax Revenue	\$17,865.2	\$17,204.2	-\$661.0
NONTAX STATE-SOURCE REVENUE			
Earnings on Investments	\$151.4	\$139.7	-\$11.7
Licenses and Fees	\$70.8	\$66.6	-\$4.2

Revenue Forecasts, Fiscal Years 2010 and 2011 (Millions of Dollars)						
GRF	FY 2010			FY 2011		
	Feb. 2009	June 2009	Difference	Feb. 2009	June 2009	Difference
TAX REVENUE						
Auto Sales	\$859.2	\$855.0	-\$4.2	\$939.4	\$909.0	-\$30.4
Nonauto Sales & Use	\$6,296.6	\$5,958.4	-\$338.2	\$6,472.9	\$6,045.9	-\$427.0
Total Sales & Use Taxes	\$7,155.8	\$6,813.4	-\$342.4	\$7,412.3	\$6,954.9	-\$457.4
Personal Income	\$7,790.6	\$7,122.8	-\$667.8	\$8,190.6	\$7,408.5	-\$782.1
Corporate Franchise	\$139.0	\$139.0	\$0.0	\$136.0	\$136.0	\$0.0
Public Utility	\$142.1	\$130.5	-\$11.6	\$150.1	\$133.1	-\$17.0
Kilowatt Hour Excise	\$147.6	\$151.8	\$4.2	\$142.3	\$149.6	\$7.3
Foreign Insurance	\$303.0	\$275.0	-\$28.0	\$314.0	\$283.0	-\$31.0
Domestic Insurance	\$187.0	\$168.0	-\$19.0	\$192.0	\$172.0	-\$20.0
Business & Property	\$19.7	\$22.0	\$2.3	\$19.0	\$22.0	\$3.0
Cigarette	\$881.2	\$828.4	-\$52.8	\$849.5	\$802.5	-\$47.0
Alcoholic Beverage	\$57.1	\$58.6	\$1.5	\$57.4	\$58.9	\$1.5
Liquor Gallonage	\$36.8	\$36.9	\$0.1	\$37.6	\$37.7	\$0.1
Estate	\$68.2	\$65.7	-\$2.5	\$54.8	\$61.1	\$6.3
Total Tax Revenue	\$16,928.2	\$15,812.1	-\$1,116.1	\$17,555.7	\$16,219.3	-\$1,336.4
NONTAX STATE-SOURCE REVENUE						
Earnings on Investments	\$88.4	\$45.2	-\$43.2	\$135.2	\$56.3	-\$78.9
Licenses and Fees	\$69.8	\$65.1	-\$4.7	\$71.9	\$66.7	-\$5.2

Biennium Comparison, Millions of Dollars				
GRF	FY 2008-2009	FY 2010-2011	Change	
			\$	%
TAX REVENUE				
Auto Sales	\$1,823.5	\$1,764.0	-\$59.5	-3.3%
Nonauto Sales & Use	\$12,950.4	\$12,004.3	-\$946.2	-7.3%
Total Sales & Use Taxes	\$14,773.9	\$13,768.3	-\$1,005.6	-6.8%
Personal Income	\$16,812.0	\$14,531.5	-\$2,280.6	-13.6%
Corporate Franchise	\$1,268.5	\$275.0	-\$993.5	-78.3%
Public Utility	\$342.2	\$263.6	-\$78.5	-23.0%
Kilowatt Hour Excise	\$374.3	\$301.5	-\$72.9	-19.5%
Foreign Insurance	\$517.8	\$558.0	\$40.2	7.8%
Domestic Insurance	\$311.1	\$340.0	\$28.9	9.3%
Business & Property	\$45.1	\$44.0	-\$1.1	-2.3%
Cigarette	\$1,865.3	\$1,630.9	-\$234.4	-12.6%
Alcoholic Beverage	\$115.2	\$117.5	\$2.3	2.0%
Liquor Gallonage	\$71.0	\$74.6	\$3.6	5.1%
Estate	\$127.3	\$122.2	-\$5.1	-4.0%
Total Tax Revenue	\$36,623.6	\$32,027.1	-\$4,596.6	-12.6%
NONTAX STATE-SOURCE REVENUE				
Earnings on Investments	\$309.3	\$101.5	-\$207.8	-67.2%
Licenses and Fees	\$134.3	\$131.8	-\$2.5	-1.9%

Sales and Use Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$7,827.1	\$7,368.2	\$7,424.5	\$7,614.2	\$7,282.4	\$7,155.8	\$7,412.3
Growth	3.9%	-5.9%	0.8%	2.9%	-4.4%	-1.7%	3.6%
						<i>June</i>	
Revenue	\$7,827.1	\$7,368.2	\$7,424.5	\$7,614.2	\$7,159.8	\$6,813.4	\$6,954.9
Growth	3.9%	-5.9%	0.8%	2.9%	-6.0%	-4.8%	2.1%
						<i>Difference</i>	
					-\$122.6	-\$342.4	-\$457.5

Receipts from the sales and use tax are estimated to be \$7,159.8 million in FY 2009, \$122.6 million (1.7%) less than the February estimate. The shortfall is due to the prolonged recession and the stalling of overall consumer spending during the fiscal year. For the upcoming biennium, receipts from the tax are forecast to be \$799.9 million (5.5%) less than the February forecast due to higher levels of unemployment and declines in Ohio wage and salary incomes than projected in the earlier forecast. Sales and use tax revenues are expected to rebound modestly in FY 2011.

Auto Sales and Use Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$1,064.1	\$936.4	\$921.5	\$943.5	\$866.0	\$859.2	\$939.4
Growth	-5.2%	-12.0%	-1.6%	2.4%	-8.2%	-0.8%	9.3%
						<i>June</i>	
Revenue	\$1,064.1	\$936.4	\$921.5	\$943.5	\$880.0	\$855.0	\$909.0
Growth	-5.2%	-12.0%	-1.6%	2.4%	-6.7%	-2.8%	6.3%
						<i>Difference</i>	
					\$14.0	-\$4.2	-\$30.4

Receipts from the auto sales and use tax are estimated to be \$880.0 million in FY 2009, \$14.0 million (1.6%) above the February estimate, as the rate of decline in taxable spending on vehicles slowed in the second half of FY 2009 when compared to the first. However, the decline in the auto taxable base is expected to continue into FY 2010. For the upcoming biennium, receipts from the auto sales and use tax are forecast to be \$34.6 million (1.9%) less than the February forecast.

Nonauto Sales and Use Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$6,763.0	\$6,431.9	\$6,502.9	\$6,670.7	\$6,416.4	\$6,296.6	\$6,472.9
Growth	5.5%	-4.9%	1.1%	2.6%	-3.8%	-1.9%	2.8%
						<i>June</i>	
Revenue	\$6,763.0	\$6,431.9	\$6,502.9	\$6,670.7	\$6,279.8	\$5,958.4	\$6,045.9
Growth	5.5%	-4.9%	1.1%	2.6%	-5.9%	-5.1%	1.5%
						<i>Difference</i>	
					-\$136.6	-\$338.2	-\$427.1

Receipts from the nonauto sales and use tax are estimated to be \$6,279.8 million in FY 2009, \$136.6 million (2.1%) less than the February estimate. Taxable spending shrank during the fiscal year as consumers became tightfisted and focused on necessities such as food and healthcare that are not generally in the taxable base. Reduced employment, sagging incomes, and falling wealth from declining house and stock prices are still weighing heavily on consumers. The same headwinds are expected to continue to hinder the nonauto sales and use tax in FY 2010. A modest rebound in taxable sales and sales tax receipts is projected in FY 2011, as income growth is projected to resume. For the upcoming biennium, receipts from the tax are forecast to be \$765.3 million (6.0%) less than the February forecast.

Personal Income Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$8,598.9	\$8,786.4	\$8,885.3	\$9,114.7	\$8,243.9	\$7,790.6	\$8,190.6
Growth	11.7%	2.2%	1.1%	2.6%	-9.6%	-5.5%	5.1%
						<i>June</i>	
Revenue	\$8,598.9	\$8,786.4	\$8,885.3	\$9,114.7	\$7,697.3	\$7,122.8	\$7,408.7
Growth	11.7%	2.2%	1.1%	2.6%	-15.6%	-7.5%	4.0%
						<i>Difference</i>	
					(\$546.6)	(\$667.8)	(\$781.9)

Several factors served as catalysts in revising the FY 2009 forecast downward by \$546.6 million, from \$8.24 billion to \$7.70 billion. The largest contributing factor is believed to have been an overestimate of capital gains receipts. The S&P 500 stock index declined by 500 points in just 69 days during the fall of 2008. Given the unprecedented nature of this decline, the models used in February did not adequately

forecast the resulting revenues from net capital gain income. The models used were rooted in the behavior of the previous bear market, where the S&P 500 stock index declined by 500 points over 489 calendar days in 2001-2002. Data that would allow a confirmation of the role of capital gains will be available in about two years. The second largest catalyst in the FY 2009 revision was the deteriorating economy. Ohio wage and salary income, as forecasted by Global Insight, was lowered from \$224.7 billion to \$222.7 billion for FY 2009 over the span of four months.

For FY 2010 and FY 2011, personal income tax revenue is forecast to be \$7,122.8 million and \$7,408.7 million, respectively. The blended Global Insight forecast, as used by LSC, does not expect Ohio wage and salary income to return to its present level until the last quarter of the biennium. Also, net capital gain income will be modest as individuals carryforward their capital losses from tax year (TY) 2008. Finally, the next biennium will have lower income tax rates than those in the current biennium as the final stages of the H.B. 66 tax reform are implemented. The cumulative effect of these three factors is expected to prevent personal income tax revenues from returning to their FY 2009 level in the next biennium.

Corporate Franchise Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$1,051.6	\$1,054.9	\$1,076.5	\$753.5	\$488.0	\$139.0	\$136.0
Growth	30.0%	0.3%	2.0%	-30.0%	-35.2%	-71.5%	-2.2%
						<i>June</i>	
Revenue	\$1,051.6	\$1,054.9	\$1,076.5	\$753.5	\$515.0	\$139.0	\$136.0
Growth	30.0%	0.3%	2.0%	-30.0%	-31.6%	-73.0%	-2.2%
						<i>Difference</i>	
					\$27.0	\$0.0	\$0.0

Receipts from the corporate franchise tax are estimated to be \$515.0 million in FY 2009, \$27.0 million (5.5%) more than the February estimate. Receipts were higher from unexpected large settlements in FY 2009 from prior years' tax liabilities. For the upcoming biennium, receipts from the corporate franchise tax, which becomes a tax on financial institutions, are forecast to be the same as that of the February forecast. The full impact of asset write-offs on the net worth tax base (from the recent financial crisis), and the unprecedented infusion of capital in financial institutions by the federal government add a high degree of uncertainty to the forecast.

Public Utility Excise Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$104.1	\$176.2	\$160.2	\$157.7	\$171.1	\$142.1	\$150.1
Growth	-54.0%	69.2%	-9.0%	-1.6%	8.5%	-17.0%	5.6%
						<i>June</i>	
Revenue	\$104.1	\$176.2	\$160.2	\$157.7	\$184.5	\$130.5	\$133.1
Growth	-54.0%	69.2%	-9.0%	-1.6%	17.0%	-29.3%	2.0%
						<i>Difference</i>	
					\$13.4	-\$11.6	-\$17.0

Receipts from the public utility excise tax are estimated to be \$184.5 million in FY 2009, \$13.4 million more than the February estimate. The increase reflects higher than anticipated receipts in February and May when large quarterly payments from natural gas companies are due. Taxes paid by natural gas companies account for more than 97% of total tax receipts from the public utility excise tax. The reason for the underestimate in February is unclear, but the improved outlook does not carry forward to the next two fiscal years. The forecast is based on the U.S. Energy Information Administration's Short Term Energy Outlook for the East North Central states. That forecast has been revised downward for both natural gas consumption and average prices, likely reflecting the severity of the recession. Revenues from this tax, which are based on utilities' gross receipts, fall by \$54 million from FY 2009 to FY 2010 mainly because of much lower natural gas prices, and to a lesser extent because of lower consumption. The Energy Information Administration expects prices to begin to rise late in this calendar year, resulting in the \$2.6 million upturn in predicted tax receipts shown above from FY 2010 to FY 2011.

Kilowatt Hour Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$339.8	\$325.3	\$326.9	\$231.2	\$137.5	\$147.6	\$142.3
Growth	0.3%	-4.3%	0.5%	-29.3%	-40.5%	7.3%	-3.6%
						<i>June</i>	
Revenue	\$339.8	\$325.3	\$326.9	\$231.2	\$143.1	\$151.8	\$149.7
Growth	0.3%	-4.3%	0.5%	-29.3%	-38.1%	6.1%	-1.4%
						<i>Difference</i>	
					\$5.7	\$4.2	\$7.4

Kilowatt hour tax (kWh) revenue is estimated to be \$143.1 million in FY 2009, which is \$5.7 million or 4.1% higher than the February estimate. Revenues are estimated to be \$151.8 million and \$149.7 million in FY 2010 and FY 2011, respectively. The revised estimates are higher than the February estimates due to smaller estimated shares of total revenue being credited to the Public Library Fund (PLF). The shares each year are estimated to be smaller as a result of lower estimated total GRF tax revenue during FY 2009 and in the next biennium.

Revenue estimates for total kWh tax collections are revised downward in FY 2009 and FY 2010, but revised upward in FY 2011. The estimates are lowered due to a decrease in projected total electricity consumption, especially by industrial users, as a result of the current recession. Consumption estimates used were from the U.S. Energy Information Administration's (EIA) May 2009 *Short-Term Energy Outlook* report. According to EIA projections, total electricity consumption is expected to return to a normal trend in 2010.

Foreign Insurance Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$242.9	\$248.8	\$256.2	\$267.3	\$267.5	\$303.0	\$314.0
Growth	5.4%	2.4%	3.0%	4.3%	0.1%	13.3%	3.6%
						<i>June</i>	
Revenue	\$242.9	\$248.8	\$256.2	\$267.3	\$250.5	\$275.0	\$283.0
Growth	5.4%	2.4%	3.0%	4.3%	-6.3%	9.8%	2.9%
						<i>Difference</i>	
					-\$17.0	-\$28.0	-\$31.0

Domestic Insurance Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$171.4	\$170.3	\$169.5	\$154.6	\$180.5	\$187.0	\$192.0
Growth	3.3%	-0.6%	-0.5%	-8.8%	16.8%	3.6%	2.7%
						<i>June</i>	
Revenue	\$171.4	\$170.3	\$169.5	\$154.6	\$156.5	\$168.0	\$172.0
Growth	3.3%	-0.6%	-0.5%	-8.8%	1.2%	7.3%	2.4%
						<i>Difference</i>	
					-\$24.0	-\$19.0	-\$20.0

Receipts from the foreign insurance tax are estimated to be \$250.5 million in FY 2009, \$17.0 million (6.4%) less than the February estimate. Receipts from the domestic insurance tax are estimated to be \$156.5 million in FY 2009, \$24.0 million (13.3%) less than the February estimate. The shortfalls are most likely due to the severity of the current recession. Econometric models using data that included the last two recessions showed interest rates having a more significant impact on insurance premiums than measures of Ohio gross domestic product or personal income. An industry trade publication agrees that the current recession has had a more substantial impact on the insurance business than other postwar recessions.

For the upcoming biennium, receipts from the foreign insurance tax are forecast to be \$59.0 million (9.6%) less than the February forecast, and receipts from the domestic tax are forecast to be \$39.0 million (10.3%) less.

Dealers in Intangibles Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$25.2	\$19.1	\$20.8	\$22.3	\$20.9	\$19.7	\$19.0
Growth	-15.7%	-24.2%	8.9%	7.2%	-6.3%	-5.7%	-3.6%
						<i>June</i>	
Revenue	\$25.2	\$19.1	\$20.8	\$22.3	\$22.8	\$22.0	\$22.0
Growth	-15.7%	-24.2%	8.9%	7.2%	2.5%	-3.5%	0.0%
						<i>Difference</i>	
					\$1.9	\$2.3	\$3.0

Receipts from the dealers in intangibles tax are estimated to be \$22.8 million in FY 2009, \$1.9 million (9.1%) more than the February estimate. Tax liabilities for this tax are certified in May each year, and FY 2009 certifications indicate that the financial crisis did not substantially affect tax payments by dealers in intangibles. For the upcoming biennium, receipts from the dealers in intangibles are forecast to be \$5.3 million (13.7%) more than the February forecast.

Cigarette and Other Tobacco Products Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$577.7	\$1,084.1	\$986.6	\$950.9	\$914.4	\$881.2	\$849.5
Growth	3.6%	87.7%	-9.0%	-3.6%	-3.8%	-3.6%	-3.6%
						<i>June</i>	
Revenue	\$577.7	\$1,084.1	\$986.6	\$950.9	\$914.4	\$828.4	\$802.5
Growth	3.6%	87.7%	-9.0%	-3.6%	-3.8%	-9.4%	-3.1%
						<i>Difference</i>	
					\$0.0	-\$52.8	-\$47.0

Receipts from the cigarette and other tobacco products tax are estimated to be \$914.4 million in FY 2009, unchanged from the February estimate. For the upcoming biennium, receipts from the tax are forecast to be \$99.8 million (5.8%) less than the February forecast, due to the expected decrease in taxed cigarette consumption from higher federal excise taxes on cigarettes and other tobacco products that were implemented beginning April 1, 2009.

Alcoholic Beverage Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$56.8	\$57.5	\$56.3	\$56.8	\$56.9	\$57.1	\$57.4
Growth	-0.5%	1.2%	-2.1%	0.9%	0.2%	0.4%	0.5%
						<i>June</i>	
Revenue	\$56.8	\$57.5	\$56.3	\$56.8	\$58.4	\$58.6	\$58.9
Growth	-0.5%	1.2%	-2.1%	0.9%	2.8%	0.3%	0.5%
						<i>Difference</i>	
					\$1.5	\$1.5	\$1.5

Receipts from the alcoholic beverage tax are estimated to be \$58.4 million in FY 2009, \$1.5 million (2.6%) more than the February estimate. The current year estimate and the biennium forecast were adjusted based on actual receipts through May 2009. For the upcoming biennium, receipts from the alcoholic beverage tax are forecast to be \$3.0 million (2.6%) above the February forecast.

Liquor Gallonage Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$32.2	\$33.4	\$34.3	\$35.0	\$35.9	\$36.8	\$37.6
Growth	4.2%	3.7%	2.7%	2.0%	2.6%	2.5%	2.2%
						<i>June</i>	
Revenue	\$32.2	\$33.4	\$34.3	\$35.0	\$36.0	\$36.9	\$37.7
Growth	4.2%	3.7%	2.7%	2.0%	3.0%	2.5%	2.2%
						<i>Difference</i>	
					\$0.1	\$0.1	\$0.1

Receipts from the liquor gallonage tax are estimated to be \$36.0 million in FY 2009, \$0.1 million (0.3%) more than the February estimate. The FY 2009 estimate and the biennium forecast were adjusted based on actual receipts through May 2009. For the upcoming biennium, receipts from the alcoholic beverage tax are forecast to be \$0.2 million (0.3%) above the February forecast.

Estate Tax

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$60.4	\$54.1	\$72.1	\$61.4	\$66.2	\$68.2	\$54.8
Growth	-6.0%	-10.5%	33.4%	-14.9%	7.9%	3.0%	-19.7%
						<i>June</i>	
Revenue	\$60.4	\$54.1	\$72.1	\$61.4	\$65.9	\$65.7	\$56.5
Growth	-6.0%	-10.5%	33.4%	-14.9%	7.3%	-0.3%	-14.0%
						<i>Difference</i>	
					(\$0.3)	(\$2.5)	\$1.7

Estate tax revenue collections are estimated to be \$65.9 million in FY 2009, \$0.3 million or 0.5% less than the February estimate. In the next biennium, estate tax revenue collections are revised downward by \$2.5 million for FY 2010 but revised upward by \$1.7 million for FY 2011. The estimates are revised down in FY 2009 and FY 2010 due to the current economic downturn.

Earnings on Investments

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$35.0	\$107.3	\$176.2	\$169.6	\$151.4	\$88.4	\$135.2
Growth	94.7%	206.6%	64.2%	-3.8%	-10.7%	-41.6%	52.9%
						<i>June</i>	
Revenue	\$35.0	\$107.3	\$176.2	\$169.6	\$139.7	\$45.2	\$56.3
Growth	94.7%	206.6%	64.2%	-3.8%	-17.6%	-67.6%	24.6%
						<i>Difference</i>	
					(\$11.7)	(\$43.2)	(\$78.9)

The current estimate of FY 2009 revenues is \$139.7 million, which is approximately \$11.7 million or 7.7% below the February estimate. The estimate is revised downward due to lower anticipated balances in state funds. The Global Insight forecast of short-term interest rates, which were used for the estimates, were also revised downward since January. In the next biennium, earnings on investments baseline estimates are estimated to be \$45.2 million in FY 2010 and \$56.3 million in FY 2011. The estimates are revised downward by \$43.2 million and \$78.9 million, respectively, compared with February estimates. The revisions are primarily attributable to lower anticipated cash balances in state funds that will be available for investment in the next biennium. Of particular importance, the Budget Stabilization Fund (BSF) is projected to be significantly lower than its current balance. Short-term interest rates are expected to remain low in the next biennium.

Licenses and Fees

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Revenue	\$70.6	\$73.9	\$77.7	\$67.7	\$70.8	\$69.8	\$71.9
Growth	40.8%	4.7%	5.2%	-12.9%	4.6%	-1.4%	3.0%
						<i>June</i>	
Revenue	\$70.6	\$73.9	\$77.7	\$67.7	\$66.6	\$65.1	\$66.7
Growth	40.8%	4.7%	5.2%	-12.9%	-1.6%	-2.3%	2.5%
						<i>Difference</i>	
					(\$4.2)	(\$4.7)	(\$5.2)

Revenue from licenses and fees is estimated to be \$66.6 million in FY 2009, \$4.2 million or 5.9% less than the February estimate. The revision is made due to lower year-to-date receipts as of May 2009. In the next biennium, license and fee revenues were revised downward by approximately \$5 million or 7% in each fiscal year. The revisions were made due to lower projected growth in Ohio's gross domestic product.

Commercial Activity Tax – Non-GRF

	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
					<i>February</i>	
Revenue	\$273.4	\$595.0	\$963.7	\$1,278.0	\$1,603.2	\$1,657.7
Growth	N/A	117.6%	62.0%	32.6%	25.4%	3.4%
					<i>June</i>	
Revenue	\$273.4	\$595.0	\$963.7	\$1,177.0	\$1,412.6	\$1,423.4
Growth	N/A	117.6%	62.0%	22.1%	20.0%	0.8%
					<i>Difference</i>	
				-\$101.0	-\$190.6	-\$234.3

Receipts from the commercial activity tax are estimated to be \$1,177.0 million in FY 2009, \$101.0 million (7.9%) less than the February estimate. The shortfall is due to the severity of the current recession and its impact on overall economic activity in Ohio. Current forecasts, measures of economic activity for the biennium, including Ohio gross domestic product, are lower than projected in February, and reduce estimated CAT taxable gross receipts. For the upcoming biennium, receipts from the commercial activity tax are forecast to be \$424.9 million (13.0%) below the February forecast.

PUBLIC ASSISTANCE EXPENDITURE FORECASTS

Health Care/Medicaid

The revised all-fund baseline Medicaid forecast is \$12.86 billion in FY 2010, and \$13.64 billion in FY 2011, \$64.2 million and \$61.8 million, respectively, higher than the February forecast. The state share is \$17.2 million higher in FY 2010 and \$19.4 million higher in FY 2011. The changes to the revised forecast generally reflect the additional experience in caseloads for FY 2009 that has taken place since February and an updated forecast of the number of unemployed Ohioans from Global Insight. Global Insight increased the number of unemployed Ohioans by an average of 80,100 per month in its updated forecast.

The total Medicaid caseload is now forecast to be about 27,000 higher in FY 2010 and 57,000 higher in FY 2011. The forecast for Covered Family and Children (CFC) caseload was revised upward in light of actual caseload data for the months of February through April 2009. The caseload number during the months of February through April was 590 (0.5%) more per month, on average, than the February forecast. Inclusion of this additional data in the statistical model, together with an updated forecast of the number of unemployed Ohioans from Global Insight, account for the increase in the CFC caseload forecast for the biennium. The Aged, Blind, and Disabled (ABD) caseload is now estimated to be about 1,000, or 0.2%, less in FY 2009 than was estimated in February. This led to corresponding decreases in the ABD caseload forecast of about 3,300 (-0.6%) in FY 2010 and 2,900 (-0.7%) in FY 2011.

Medicaid Expenditure Forecast

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Expenditures	\$10,405.0	\$10,651.5	\$10,830.3	\$10,766.2	\$12,198.8	\$12,798.0	\$13,578.3
Growth	5.9%	2.4%	1.7%	-0.6%	13.3%	3.4%	6.1%
						<i>June</i>	
Expenditures	\$10,405.0	\$10,651.5	\$10,830.3	\$10,766.2	\$12,198.8	\$12,862.2	\$13,640.1
Growth	5.9%	2.4%	1.7%	-0.6%	13.3%	5.4%	6.1%
						<i>Difference</i>	
					-	\$64.2	\$61.8
						0.5%	0.5%

**Medicaid Expenditure Forecast by Service Category
(Millions of Dollars)**

	FY 2009	FY 2010			FY 2011		
	Estimated Disbursement	February Forecast	June Forecast	Difference	February Forecast	June Forecast	Difference
Nursing Facilities	\$2,562.1	\$2,567.7	\$2,567.8	\$0.1	\$2,562.5	\$2,562.6	\$0.1
ICFs/MR	\$536.6	\$544.0	\$543.2	(\$0.8)	\$542.8	\$542.0	(\$0.8)
Inpatient	\$1,043.1	\$1,148.2	\$1,159.2	\$11.0	\$1,237.4	\$1,251.5	\$14.2
Outpatient	\$400.8	\$429.4	\$432.5	\$3.2	\$460.2	\$464.1	\$3.9
Physicians	\$353.5	\$363.5	\$351.0	(\$12.5)	\$381.1	\$368.1	(\$12.9)
Prescription Drugs	\$541.7	\$654.8	\$641.8	(\$13.0)	\$704.0	\$691.6	(\$12.4)
Ohio Home Care Waiver	\$313.7	\$375.6	\$365.7	(\$9.9)	\$419.4	\$408.0	(\$11.4)
Managed Care - ABD	\$1,375.6	\$1,274.8	\$1,259.0	(\$15.8)	\$1,378.2	\$1,365.9	(\$12.3)
Managed Care - CFC	\$3,480.1	\$3,517.0	\$3,559.1	\$42.1	\$3,853.3	\$3,958.7	\$105.4
All Other*	\$1,021.2	\$1,306.0	\$1,375.5	\$69.5	\$1,381.8	\$1,383.5	\$1.7
Medicare Buy-In	\$308.1	\$336.8	\$329.1	(\$7.7)	\$368.2	\$357.6	(\$10.6)
Disability Medical Assistance	\$10.8	\$8.5	\$11.0	\$2.5	\$2.2	\$9.5	\$7.3
Medicare Part D	\$251.5	\$271.7	\$267.3	(\$4.4)	\$287.2	\$277.0	(\$10.2)
Total Expenditures	\$12,198.8	\$12,798.0	\$12,862.2	\$64.2	\$13,578.3	\$13,640.1	\$61.8
Percentage Difference				0.5%			0.5%
State Share**				\$17.2			\$19.4

* "All Other" includes various eligibility expansions and one extra fee-for-service payment of \$80 million in FY 2010.

** Assumes an FMAP of 73.19% for FY 2010 and 68.58% for FY 2011.

Total Medicaid Caseload

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
Caseload	1,687,462	1,730,075	1,736,143	1,759,659	1,863,917	1,968,916	2,030,680
Growth	4.2%	2.5%	0.4%	1.4%	5.9%	5.6%	3.1%
						<i>February</i>	
Caseload	1,687,462	1,730,075	1,736,143	1,759,659	1,865,927	1,995,448	2,087,516
Growth	4.2%	2.5%	0.4%	1.4%	6.0%	6.9%	4.6%
						<i>June</i>	
						<i>Difference</i>	
					2,010	26,532	56,836
					0.1%	1.3%	2.7%

CFC Medicaid Caseload

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Caseload	1,279,382	1,311,728	1,308,851	1,319,947	1,403,705	1,494,229	1,542,751
Growth	4.4%	2.5%	-0.2%	0.8%	6.3%	6.5%	3.3%
						<i>June</i>	
Caseload	1,279,382	1,311,728	1,308,851	1,319,947	1,406,681	1,524,083	1,602,448
Growth	4.4%	2.5%	-0.2%	0.8%	6.6%	8.4%	5.1%
						<i>Difference</i>	
					2,977	29,853	59,697
					0.2%	2.0%	3.7%

ABD Medicaid Caseload

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Caseload	408,079	418,347	427,292	439,712	460,212	474,687	487,929
Growth	3.6%	2.5%	2.1%	2.9%	4.6%	3.2%	2.8%
						<i>June</i>	
Caseload	408,079	418,347	427,292	439,712	459,245	471,365	485,069
Growth	3.6%	2.5%	2.1%	2.9%	4.4%	2.6%	2.9%
						<i>Difference</i>	
					-967	-3,321	-2,860
					-0.2%	-0.7%	-0.6%

Temporary Assistance for Needy Families

OWF Expenditure Forecast

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Expenditures	\$311.6	\$317.0	\$308.8	\$317.3	\$357.5	\$406.3	\$414.5
Growth	-1.5%	1.8%	-2.6%	2.7%	12.7%	13.6%	2.0%
						<i>June</i>	
Expenditures	\$311.6	\$317.0	\$308.8	\$317.3	\$355.1	\$415.8	\$422.1
Growth	-1.5%	1.8%	-2.6%	2.7%	11.9%	17.1%	1.5%
						<i>Difference</i>	
					-\$2.4	\$9.6	\$7.5
					-0.7%	2.4%	1.8%

Based on the revised forecast, Ohio Works First (OWF) expenditures are projected to increase 11.9% in FY 2009 to \$355.1 million, increase 17.1% in FY 2010 to \$415.8 million, and increase 1.5% in FY 2011 to \$422.1 million. In the February forecast, OWF expenditures were expected to increase to \$357.5 million in FY 2009, \$406.3 million in FY 2010, and \$414.5 million in FY 2011. The projected increases in expenditures in the revised forecast are based on the forecasted increase in caseload and estimated cost-of-living adjustments (COLA). The revised forecast assumes no COLA increases in January 2010 and January 2011. In the February forecast, the COLA was estimated to be 2.5% for CY 2010 and 2.8% for CY 2011.

OWF Caseload Forecast

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate	FY 2010 Forecast	FY 2011 Forecast
						<i>February</i>	
Caseload	86,200	83,000	79,100	79,400	85,400	93,400	92,900
Growth	-0.9%	-3.7%	-4.7%	0.4%	7.5%	9.5%	-0.6%
						<i>June</i>	
Caseload	86,200	83,000	79,100	79,400	85,000	96,800	98,300
Growth	-0.9%	-3.7%	-4.7%	0.4%	7.0%	14.0%	1.5%
						<i>Difference</i>	
					400	3,400	5,400
					-0.4%	3.6%	5.8%

Based on the revised forecast, OWF assistance group caseloads are projected to increase 7% to an of average 85,000 in FY 2009, increase 14% to 96,800 in FY 2010, and increase 2% to 98,300 in FY 2011. The revised forecast is based on the inclusion of actual caseload data for the months of January through April as well as an updated forecast of the number of unemployed Ohioans from Global Insight. In the February forecast, OWF caseloads were projected to increase to an average of 85,400 in FY 2009, 93,400 in FY 2010 and slightly decrease to an average of 92,900 in FY 2011.