

Budget Forecast

Title 5, §1665, requires the State Budget Officer to prepare a four year revenue and expenditure forecast for the General Fund and the Highway Fund. In accordance with Title 5 §1665, subsection 7, the forecast assumes the continuation of current laws and includes reasonable and predictable estimates of growth in revenues and expenditures based on national and local trends and program operations. On September 30, 2010, the Bureau of the Budget issued its updated four year budget forecast for fiscal years 2009-10 through 2012-13.

In order to provide the most accurate expenditure estimate, legislatively approved appropriations and allocations through the end of the Second Regular Session of the 124th Legislature were used as the starting point for the forecast. The authorized budget for fiscal year 2010-11, recalculated to reflect authorized positions and projected rates for personnel services, and adjusted by program for one-time expenditures and the phase-in of new operations, was used to determine the baseline expenditure forecast for fiscal years 2011-12 and 2012-13. This was further adjusted to reflect program-by-program expenditure growth or decline that varied from the baseline growth assumptions, resulting from programmatic factors such as caseload, national trends, etc.

As reflected in **Table C – 1** below, the adjusted fund balance for the General Fund was \$349,154 at the end of fiscal year 2009-10, and was projected to be \$739,682 at the end of fiscal year 2010-11. The Revenue Forecasting Committee (RFC) in its December 2009 report re-projected revenues downward by \$311.6 million for the 2012-2013 biennium. Then in March 2010 the RFC increased its revenue projections by \$9.4 million resulting in a net overall revenue decrease of \$302.2 million for the 2012-2013 biennium. Projected General Fund appropriations for the 2012-2013 biennium were \$6,853,529,439, resulting in a structural budget gap of \$1,168,731,432.

TABLE C - 1

GENERAL FUND STATUS						
At the Beginning of the 2012-2013 Biennial Budget Process						
	FY 10 - 11 Biennium			FY 12 - 13 Biennium		
	FY 10	FY 11 BUDGETED	TOTAL	FY 12	FY 13	TOTAL
BALANCE	26,184,458		26,184,458	1,088,836		1,088,836
ADJUSTMENTS TO BALANCE	201,757,555	26,364,060	228,121,615			
REVENUE	2,693,005,389	2,773,914,960	5,466,920,349	2,782,786,538	2,900,922,633	5,683,709,171
TOTAL SOURCES	2,920,947,402	2,800,279,020	5,721,226,422	2,783,875,374	2,900,922,633	5,684,798,007
ADJUSTMENTS TO BALANCE	71,370,325	94,968,515	166,338,840			
APPROPRIATIONS	2,849,227,923	2,704,570,823	5,553,798,746	3,389,720,109	3,463,809,330	6,853,529,439
TOTAL USES	2,920,598,248	2,799,539,338	5,720,137,586	3,389,720,109	3,463,809,330	6,853,529,439
BALANCE AT END OF SECOND REGULAR SESSION 124TH LEGISLATURE	349,154	739,682	1,088,836	(605,844,735)	(562,886,697)	(1,168,731,432)
<p>Source: Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2010-2013 Note: The 2012-2013 biennium does not project salary adjustments from future collective bargaining agreements beyond June 30, 2011.</p>						

As reflected in **Table C – 2** below, the adjusted fund balance for the Highway Fund was \$150,282 at the end of fiscal year 2009-10, and was projected to be \$196,957 at the end of fiscal year 2010-11. The Revenue Forecasting Committee (RFC) in its December 2009 report re-projected revenues downward by \$6.8 million for the 2012-2013 biennium. The RFC in March 2010 increased its revenue projections by \$11.6 million resulting in a net overall revenue increase of \$4.8 for the 2012-2013 biennium. Projected Highway Fund allocations for the 2012-2013 biennium were \$964,675,096, resulting in a projected structural budget gap of \$345,036,766.

TABLE C - 2

HIGHWAY FUND STATUS						
At the Beginning of the 2012-2013 Biennial Budget Process						
	FY 10 - 11 Biennium			FY 12 - 13 Biennium		
	FY 10	FY 11 BUDGETED	TOTAL	FY 12	FY 13	TOTAL
BALANCE	1,511,938		1,511,938	347,239		347,239
ADJUSTMENTS TO BALANCE	11,521,870	4,119,730	15,641,600			
REVENUE	309,491,766	307,066,369	616,558,135	312,095,494	317,915,100	630,010,594
TOTAL SOURCES	322,525,574	311,186,099	633,711,673	312,442,733	317,915,100	630,357,833
ADJUSTMENTS TO BALANCE	5,668,895	5,764,140	11,433,035	5,300,052	5,419,451	10,719,503
APPROPRIATIONS	316,706,397	305,225,002	621,931,399	478,416,153	486,258,943	964,675,096
TOTAL USES	322,375,292	310,989,142	633,364,434	483,716,205	491,678,394	975,394,599
BALANCE AT END OF SECOND REGULAR SESSION 122ND LEGISLATURE	150,282	196,957	347,239	(171,273,472)	(173,763,294)	(345,036,766)
<p>Source: Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2008-2011 Note: The 2008-2009 biennium does not project salary adjustments from future collective bargaining agreements beyond June 30, 2009.</p>						