

## Budget Forecast

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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, 2006, the Bureau of the Budget issued its updated four year budget forecast for fiscal years 2005-06 through 2008-09.

In order to provide the most accurate expenditure estimate, legislatively approved appropriations and allocations through the end of the Second Regular Session of the 122<sup>nd</sup> Legislature were used as the starting point for the forecast. The authorized budget for fiscal year 2006-07, 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 2007-08 and 2008-09. 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 \$14,516,599 at the end of fiscal year 2005-06, and was projected to be \$18,747 at the end of fiscal year 2006-07. Revenue projections for the 2008-2009 biennium reflected an overall increase of \$45.4 million as reported by the Revenue Forecasting Committee through March, 2006. Projected General Fund appropriations for the 2008-2009 biennium were \$6,632,348,594, resulting in a structural budget gap of \$570,143,575.

**TABLE C - 1**

<b>GENERAL FUND STATUS</b>						
<b>At the Beginning of the 2008-2009 Biennial Budget Process</b>						
	<b>FY 06 - 07 Biennium</b>			<b>FY 08 - 09 Biennium</b>		
	<b>FY 06</b>	<b>FY 07 BUDGETED</b>	<b>TOTAL</b>	<b>FY 08</b>	<b>FY 09</b>	<b>TOTAL</b>
BALANCE	33,662,644		33,662,644	18,747		18,747
ADJUSTMENTS TO BALANCE	92,536,535	126,226,955	218,763,490			
REVENUE	2,857,738,104	2,934,190,370	5,791,928,474	2,994,831,048	3,067,355,224	6,062,186,272
<b>TOTAL SOURCES</b>	<b>2,983,937,283</b>	<b>3,060,417,325</b>	<b>6,044,354,608</b>	<b>2,994,849,795</b>	<b>3,067,355,224</b>	<b>6,062,205,019</b>
ADJUSTMENTS TO BALANCE	97,542,071	157,236,732	254,778,803			
APPROPRIATIONS	2,871,878,613	2,917,678,445	5,789,557,058	3,232,467,824	3,399,880,770	6,632,348,594
<b>TOTAL USES</b>	<b>2,969,420,684</b>	<b>3,074,915,177</b>	<b>6,044,335,861</b>	<b>3,232,467,824</b>	<b>3,399,880,770</b>	<b>6,632,348,594</b>
<b>BALANCE AT END OF SECOND REGULAR SESSION 122ND LEGISLATURE</b>	<b>14,516,599</b>	<b>(14,497,852)</b>	<b>18,747</b>	<b>(237,618,029)</b>	<b>(332,525,546)</b>	<b>(570,143,575)</b>
<p><b>Source:</b> Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2006-2009  <b>Note:</b> The 2008-2009 biennium does not project salary adjustments from future collective bargaining agreements beyond June 30, 2006.</p>						

As reflected in **Table C – 2** below, the adjusted fund balance for the Highway Fund was \$1,000,460 at the end of fiscal year 2005-06, and was projected to be \$1,031,289 at the end of fiscal year 2006-07. Revenue projections for the 2008-2009 biennium reflected an overall decrease of \$4.4 million as reported by the Revenue Forecasting Committee through March, 2006. Projected Highway Fund allocations for the 2008-2009 biennium were \$784,618,120, resulting in a projected structural budget gap of \$82,267,586.

**TABLE C - 2**

<b>HIGHWAY FUND STATUS</b>						
<b>At the Beginning of the 2008-2009 Biennial Budget Process</b>						
	<b>FY 06 - 07 Biennium</b>			<b>FY 08 - 09 Biennium</b>		
	<b>FY 06</b>	<b>FY 07 BUDGETED</b>	<b>TOTAL</b>	<b>FY 08</b>	<b>FY 09</b>	<b>TOTAL</b>
BALANCE	8,731,058		8,731,058	1,031,289		1,031,289
ADJUSTMENTS TO BALANCE	10,946,527	15,463,276	26,409,803			
REVENUE	330,907,159	340,392,025	671,299,184	347,014,819	354,304,426	701,319,245
<b>TOTAL SOURCES</b>	<b>350,584,744</b>	<b>355,855,301</b>	<b>706,440,045</b>	<b>348,046,108</b>	<b>354,304,426</b>	<b>702,350,534</b>
ADJUSTMENTS TO BALANCE						
APPROPRIATIONS	349,584,284	355,824,472	705,408,756	386,301,962	398,316,158	784,618,120
<b>TOTAL USES</b>	<b>349,584,284</b>	<b>355,824,472</b>	<b>705,408,756</b>	<b>386,301,962</b>	<b>398,316,158</b>	<b>784,618,120</b>
<b>BALANCE AT END OF SECOND REGULAR SESSION 122ND LEGISLATURE</b>	<b>1,000,460</b>	<b>30,829</b>	<b>1,031,289</b>	<b>(38,255,854)</b>	<b>(44,011,732)</b>	<b>(82,267,586)</b>
<p><b>Source:</b> Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2006-2009  <b>Note:</b> The 2008-2009 biennium does not project salary adjustments from future collective bargaining agreements beyond June 30, 2006.</p>						