



November 2008

HIGHLIGHTS

\$426 Million Deficit in FY 2008-09 - \$4.847 Billion Shortfall Expected for FY 2010-11

The U.S. economy has weakened significantly since February. A longer and deeper recession than previously anticipated is now underway. Revenues are expected to fall \$412 million (1.3 percent) below prior estimates. When combined with small increases in spending the result is a \$426 million deficit for the current biennium.

FY 2010-11 revenues are now forecast to fall 9.4 percent below previous estimates, reducing projected revenues by \$3.321 billion. That revenue reduction, combined with projected spending increases of \$580 million, increase the expected budget deficit for the coming biennium to \$4.847 billion. At the close of the 2008 legislative session a \$946 million shortfall was projected.

U.S. Economic Outlook Has Deteriorated Significantly

As projected in February a recession started in late 2007, however, the problems facing the U.S. economy have proven to be much more difficult to remedy than anticipated. Global Insight's November baseline scenario includes a 1.0 percent reduction in real GDP in 2009 and slightly over 1.5 percent growth in 2010. It is not until the start of 2011 that the economy begins to grow at its trend (3 percent) growth rate. This downturn has already lasted longer than either of the two most recent recessions and most forecasters believe the economic decline will intensify between now and early summer.

Falling Revenues and Higher Spending Drive Budget Outlook

FY 2010-11 revenues will be 1.8 percent, or \$579 million, below levels forecast for the 2008-09 biennium, while current law spending is expected to grow by 6.1 percent over FY 2008-09 levels. About 40 percent of the \$579 million decline in revenues from the 2008-09 biennium is due to the economic slump. The remainder is caused by revenue reductions already in end-of-session estimates. Projected expenditure increases are concentrated in health care programs.

November Forecast

BUDGET SUMMARY

Weakening U.S. Economy Creates State Budget Deficit in Current Biennium – Projected Shortfall Grows Substantially in 2010-11 Biennium

The problems facing the U.S. economy are no longer limited to those of financial institutions and the housing sector. Consumer spending is falling, setting up a vicious, self-reinforcing cycle in which declining consumer spending produces a reduction in the demand for workers, which in turn causes consumer spending to decline further. The result has been the start of a recession that is expected to be more severe than average. As always, state government revenues will be a casualty of the economic downturn.

The recession reduces revenues and adds slightly to expenditures in the current biennium. State budget problems will compound in the 2010-11 biennium as revenues fall further below estimates and expenditure projections increase. Compared to budget projections made at the end of the 2008 legislative session, the forecast for the current biennium has deteriorated by \$432 million, leaving an expected deficit of \$426 million. The outlook for the 2010-11 biennium is now much worse. Balancing the budget for the current biennium will eliminate \$426 million of the total \$5.273 billion budgetary shortfall projected for this next biennium, leaving a \$4.847 billion prospective shortfall.

Budget Forecast, FY 2008-11 (\$ in Millions)

	<u>FY 2008-09</u>	<u>FY 2010-11</u>
Beginning Balance	\$2,245	\$79
Revenues	32,445	31,866
Spending	34,611	36,713
Budget Reserve	155	155
Cash Flow Account	350	350
Budget Balance	(\$426)	(\$5,273)
Shortfall (excluding FY2008-09)	---	(\$4,847)

Action Required to Re-balance FY 2008-09 Budget

Because Minnesota's Constitution prohibits borrowing for operating purposes beyond the end of the biennium, options for dealing with the projected deficit for the current biennium deficit are limited. Minnesota's budget reserve, currently \$155 million, is available for use, but it is not sufficient to solve the entire problem. The Governor also

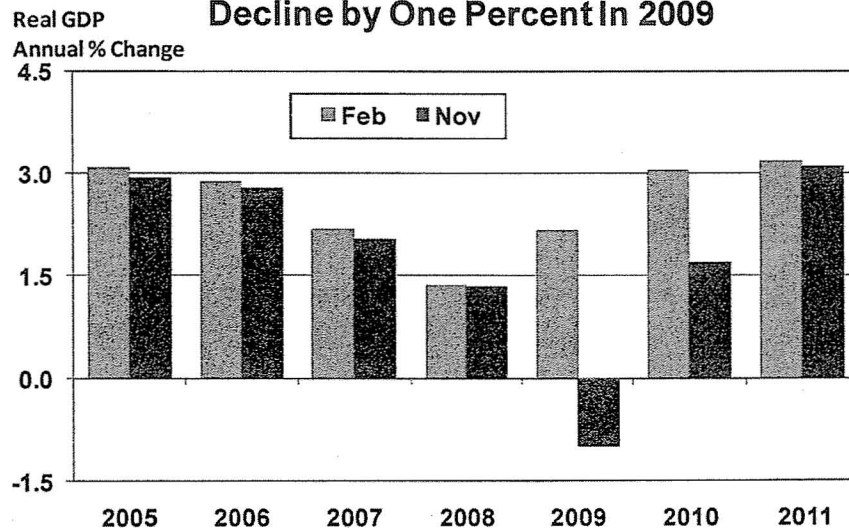
has authority to unallot expenditures after the budget reserve has been depleted. The state’s cash flow account, used to smooth timing differences between the receipt of revenues and expenditure cash outlays within the fiscal year, is currently \$350 million.

Economic Outlook Has Deteriorated Since February, 2008 Forecast

There is no longer any debate over whether the U.S. economy was in a recession when the February revenue forecast was prepared. The National Bureau of Economic Research (NBER) has declared that a recession began in December, 2007. The 2008 federal stimulus package provided some relief from the shocks to spending created by the ongoing credit squeeze and rapidly increasing oil prices, but the stimulus checks did not provide a permanent solution to all the problems facing the U.S. economy. By late summer the scope of the problems facing economic policy makers suddenly widened as a seemingly unending flow of bad economic news led consumers to increase savings and cut back spending. Consumer spending, which accounts for more than 70 percent of U.S. economic activity, fell by 3.7 percent during the third quarter. Preliminary data indicate it is extremely likely that consumption will decline again in the current quarter.

The November baseline forecast from Global Insight (GII), Minnesota’s national macroeconomic consultant, assumes that real GDP will grow at an annual rate of 1.3 percent during calendar 2008, and then fall by 1.0 percent in 2009. Economic growth begins again in 2010, although at a rate much slower than normal. It is not until 2011 that real GDP growth returns to its trend rate of near 3 percent. February’s GII baseline also contained a recession, but that recession was relatively mild and confined to the first two quarters of 2008. The recession in the November baseline is deeper, lasts longer, and has a slower, more extended recovery path than that in February’s baseline. The Blue Chip Consensus outlook for 2009 also contains a recession, but it is slightly milder than the one expected by GII. The Blue Chip Consensus forecast calls for real GDP to decline by 0.4 percent in 2009.

Global Insight Expects Real GDP to Decline by One Percent In 2009



The weaker economy has put inflation concerns on hold. GII now projects the Consumer Price Index (CPI) to fall by 0.9 percent in 2009. In 2010 and 2011 CPI growth rates of 2.4 percent and 3.0 percent are now anticipated. When converted to fiscal years, CPI inflation rates of 0.2 percent and 3.1 are projected for FY 2010 and 2011 respectively. Oil prices are expected to remain in the \$50 range through 2009, then gradually move to the \$80 range by 2011.

Global Insight assigns a probability of 60 percent to their November baseline forecast. A more pessimistic forecast which contains a longer and significantly deeper recession is assigned a probability of 25 percent. Their optimistic scenario, assigned a 15 percent probability, also contains a recession but economic growth returns to the trend rate more rapidly than in the baseline.

Budget Deficit of \$426 Million Projected for June 30, 2009

The current U.S. economic recession has produced a major revision in Minnesota's budget outlook for the current biennium. General fund revenues are now forecast to be \$32.445 billion, down \$412 million (1.3 percent) from end-of-session estimates. State general fund expenditures for this biennium are now expected to be \$34.611 billion, \$18 million (0.1 percent) more than prior estimates. As required by current law, an Assigned Risk Plan surplus of \$2 million was transferred to the general fund reserve in FY 2008, increasing the reserve to \$155 million. The combined impact of the revenue, expenditure and reserve changes leaves a projected general fund deficit of \$426 million on June 30, 2009.

FY 2008-09 Forecast

(\$ in millions)

	<u>End of Session</u>	<u>November Forecast</u>	<u>Change</u>
Beginning Balance	\$2,245	\$2,245	\$0
Revenues	32,857	32,445	(412)
Expenditures	34,593	34,611	18
Budget Reserve	153	155	2
Cash Flow Account	<u>350</u>	<u>350</u>	<u>0</u>
Available Balance	\$6	(\$426)	(\$432)

FY 2008-09 Revenues Fall by \$412 Million

Minnesota's general fund revenues are now forecast to total \$32.445 billion in the 2008-09 biennium, \$412 million (1.3 percent) less than end-of-session estimates. Though small in percentage terms, this is a large change for a biennium that is almost complete. Actual receipts for FY 2008 were \$398 million (2.4 percent) more than forecast, but receipts for FY 2009 are now expected to fall \$810 million (4.9 percent) below earlier projections. Receipts from the individual income tax, sales tax, and the corporate income tax all are projected to decline by substantial amounts.

**FY 2008-09 General Fund Revenues
Change from End-of-Session Estimates
(\$ in Millions)**

<u>Revenues</u>	\$ <u>Change</u>	% <u>Change</u>
Income Tax	(\$291)	(1.9%)
Sales Tax	(145)	(1.6)
Corporate Tax	(57)	(3.1)
Motor Vehicle	<u>(1)</u>	<u>(0.4)</u>
Subtotal	(\$493)	(1.9%)
Other	<u>81</u>	<u>1.3</u>
Total	(\$412)	(1.3%)

The forecast for individual income tax receipts has been reduced by \$291 million or 1.9 percent. Projected wage growth during the 2008-09 biennium is now greater than expected in February. The additional revenue generated by the improvement in the wage outlook, however, was more than offset by reductions in forecasts for portfolio incomes, particularly capital gains, interest, and dividends. Net capital gains realizations in tax year 2008 are now projected to decline by 30 percent from tax year 2007 levels.

Sales tax receipts have been reduced \$145 million (1.6 percent) from the last forecast. The projected economic slump will reduce the level of taxable sales in Minnesota in FY 2009 to a level below that observed in FY 2008. Both consumer durable spending and business equipment spending, the two largest portions of Minnesota's sales tax base, are forecast to fall more than 5 percent in FY 2009.

The corporate tax receipts forecast was reduced by 3.1 percent (\$57 million), the largest percentage decline for any of the major revenues. General fund motor vehicle sales tax receipts were also reduced from February's estimates, but by only \$1 million. The declines in the major revenue sources were partially offset by increases to all other revenues, which are now expected to exceed February's forecast by \$81 million. Increases in insurance gross premiums receipts and fee revenues were sufficient to offset declines in other tax and non-tax revenues.

FY 2010-11 Budget Outlook Shows Projected \$4.847 Billion Shortfall

General fund revenues for FY 2010-11 are now forecast to be \$31.866 billion. This is a \$579 million (1.8 percent) decline from the amount of revenue expected to be collected in the current biennium. Projected spending, based on current laws, is expected to reach \$36.713 billion, an increase of \$2.102 billion (6.1 percent) over the spending forecast for the current biennium.

At the end of the 2008 legislative session a \$946 million shortfall was projected for the 2010-11 biennium. With this forecast, that shortfall has increased to \$4.847 billion. When compared to the planning estimates used to prepare the end-of-session estimates, general fund revenues have been reduced by \$3.321 billion (9.4 percent), while the expenditure forecast increased \$580 million (1.6 percent).

FY 2010-11 Budget Forecast
(\$ in millions)

	<u>FY 2008-09</u>	<u>FY 2010-11</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
Beginning Balance	\$2,245	\$79	(\$2,166)	
Tax Revenues	29,917	29,589	(328)	
Non-Tax Revenues	1,584	1,481	(103)	
Other Resources	<u>944</u>	<u>796</u>	<u>(148)</u>	
Total Revenues	32,445	31,866	(579)	(1.8%)
Expenditures	34,611	36,713	2,102	6.1%
Budget Reserve	155	155		
Cash Flow Account	<u>350</u>	<u>350</u>		
Budget Balance	(\$426)	(\$5,273)		
Shortfall (excluding FY08-09)	---	(\$4,847)		

Revenues for the 2010-11 biennium from the sales tax and the corporate income tax are below amounts expected in the current biennium. General fund receipts from the motor vehicle sales tax are also expected to be well below amounts received in the 2008-09 biennium, mainly due to the phasing in of full dedication of motor vehicle sales tax collections to transportation funding. In addition transfers from other funds are projected to fall by \$150 million from FY 2008-09 levels. If this forecast holds, this will be the first time revenues for the next biennium will be below collections for the current budget period since the 1986-87 biennium.

Nearly \$1.8 billion of the growth in forecast spending occurs in health care and human services programs which are projected to increase 18.9 percent over the current biennium. Much of the change comes as additional adults, families and children become eligible for health care services due to the weaker economy. Most other areas of the budget show little growth. Expenditure estimates are based on current law adjusted only for enrollment, caseload changes, and specific formula requirements.

No adjustment is included for estimated inflation. The CPI is currently forecast to increase by 0.2 percent in FY 2010, and 3.1 percent in FY 2011. If expenditures were uniformly adjusted for estimated inflation, it would add approximately \$650 million in spending and increase the projected shortfall by a like amount.

Forecast for FY 2010-11 Revenues Down \$3.321 Billion from End-of-Session Estimates

Minnesota general fund revenues for the 2010-11 biennium are forecast to be \$31.866 billion, \$3.321 billion (9.4 percent) less than projected in end-of-session planning estimates. This is the first official forecast of FY 2010-11 revenues using complete models and detailed assumptions. While the transition from planning estimates to forecast often changes the revenue outlook, the new economic assumptions used in this forecast have produced a drop in revenues substantially larger than past experience. The reduction in the individual income tax alone exceeds the total change in forecast revenues in November, 2002, a forecast which occurred at a comparable point in the budget cycle.

FY 2010-11 General Fund Revenues Change from End-of-Session Estimates (\$ in Millions)

<u>Revenues</u>	\$ <u>Change</u>	% <u>Change</u>
Income Tax	(\$1,748)	(10.1%)
Sales Tax	(826)	(8.7)
Corporate Tax	(640)	(31.3)
Motor Vehicle	<u>(10)</u>	<u>(9.0)</u>
Subtotal	(\$3,224)	(11.1%)
Other Revenues	<u>(97)</u>	<u>(1.5)</u>
Total	(\$3,321)	(9.4%)

Individual income tax receipts are expected to fall by the largest amount, \$1.7 billion. While growth recovers in tax year 2010, the 0.2 percent growth rate forecast for tax year 2009 leaves total wage growth for the biennium well below that previously anticipated. Portfolio income also declines further in tax year 2009 but recovers in 2010. For tax year 2010 Minnesota taxable income is about 6.5 percent greater than in tax year 2008.

In the 2010-11 biennium both sales tax receipts and corporate income tax receipts are projected to fall below expected collections in the 2008-09 biennium. Corporate tax receipts show the largest percentage decline from end-of-session estimates, down 31 percent or \$640 million. Much of that decline is due to a recession related reduction in corporate profits. Recent merger and acquisition activity in Minnesota was also incorporated into the corporate revenue estimates. Sales tax receipts are now forecast to fall \$826 million (8.7 percent) below end-of-session estimates and \$345 million below the level projected for the 2008-09 biennium. Cutbacks in consumer spending, business equipment spending, and purchases of building materials reduce the Minnesota's sales tax base. The sales tax base is likely to remain below its 2007 level until FY 2011.

Forecast for FY 2010-11 Expenditures Up \$580 Million from End-of-session Estimates

Projected spending in FY 2010-11 is \$580 million higher than end-of-session estimates. A \$498 million increase in estimated health and human services spending is the primary driver of this change. Higher than expected health care enrollment caused by the weakening economy accounts for over three-quarters of this forecast increase.

Other forecast increases include debt service (\$45 million) and property tax aids and credits (\$28 million). Higher interest rates on new bond issues and lower investment earnings on bond-related balances result in higher debt service costs. Increases in property tax refund and credit programs are partially offset by downward revisions to estimates of police and fire pension aid.

K-12 education spending declined \$22 million from previous estimates, due primarily to lower pupil unit projections and a reduction in the general education forecast. An \$18 million reduction in Department of Corrections costs reflects a lower than anticipated prison population growth rate in the public safety area.

FY 2010-11 Expenditures - Forecast Changes (\$ in millions)

	<u>End of Session</u>	<u>November Forecast</u>	<u>\$ Difference</u>
K-12 Education	\$13,925	\$13,903	(\$22)
Higher Education	3,158	3,158	0
Property Tax Aids & Credits	3,391	3,419	28
Health & Human Services	10,908	11,406	498
Public Safety	1,715	1,697	(18)
Debt Service	1,022	1,067	45
All Other	<u>1,931</u>	<u>1,933</u>	<u>(2)</u>
Subtotal	\$36,050	\$36,583	\$533
Dedicated Expenditures	<u>83</u>	<u>130</u>	<u>47</u>
Total	\$36,133	\$36,713	\$580

Planning Estimates Outlook

Most states currently are facing sizeable budget problems and many national observers of state finances suggest that states are unlikely to see improvements in their fiscal positions for four to five years. Historically, state revenues and fiscal stability lag economic recovery. For this reason, a longer term outlook is a useful measure when formulating state budget plans.

This report provides the first revenue and expenditure planning estimates for the 2012-13 biennium. The planning estimates provide a necessary framework against which the potential impact of FY 2010-11 budget decisions can be judged. Projected revenues for FY 2012-13 are based on long-term trends of economic growth not a specific short-term forecast.

Expenditure planning estimates do not include any tax or spending changes beyond those in current law. Current law spending estimates have been adjusted only to reflect enrollment and caseload growth in entitlement programs and areas where specific statutory formulae exist. Expenditure estimates are not adjusted for inflation. Since the impact of inflation is not included in the expenditure projections, it is important to recognize that inflation and historical growth trends in state spending may create spending pressures in addition to those reflected in the planning estimates.

FY 2012-13 Long Term Planning Estimates (\$ in millions)

	<u>FY 2008-09</u>	<u>FY 2010-11</u>	<u>FY 2012-13</u>
Revenues	\$32,445	\$31,866	\$34,558
Spending	<u>34,611</u>	<u>36,713</u>	<u>39,162</u>
Difference	(\$2,166)	(\$4,847)	(\$4,604)
<i>Inflation (estimate)</i>		\$650	\$1,500

The planning estimates shown above display projected revenues compared to projected spending. Balances or deficits from prior years, as well as any reserves, are excluded. For example, FY 2008-09 began with a \$2.245 billion balance that offsets a significant portion of the revenue-expenditure gap in the biennium. The differences shown by biennium highlight the “structural” gap – how much more is being spent than collected.

These expenditure and revenue planning estimates make no assumptions about any actions taken in the 2009 legislative session to balance the FY 2009 deficit, or to resolve the FY 2010-11 budget gap. The FY 2012-13 planning estimates are simply a benchmark for assessing whether ongoing spending exceeds revenues. Changes in the economic outlook, as well as changes to the budget, will materially affect the planning estimates for the 2012-13 biennium.

Spending projections for FY 2010-11 and FY 2012-13 do not include estimated inflation. Inflation, based on the CPI, is forecast to be 0.2 and 3.1 percent for FY 2010 and FY 2011 respectively. At these levels, the cost of inflation would be \$650 million in the next biennium.

For FY 2012-13 inflation is expected to average 2.5 percent per year. Simply applying forecast inflation to current law projected spending would add about \$1.5 billion to FY 2012-13 spending.

A complete version of this forecast can be found at the Minnesota Management & Budget's World Wide Web site at <http://www.mmb.state.mn.us/>. This document is available in alternate format.

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FY 2008-09 General Fund Budget - Current Biennium Comparison
November 2008 Forecast vs End of Session
(\$ in thousands)

	5-08 Enacted FY 2008-09	11-08 Fcst FY 2008-09	Fcst Vs Enacted FY 2008-09
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	2,244,935	2,244,935	0
Current Resources:			
Tax Revenues	30,378,391	29,916,788	(461,603)
Non-Tax Revenues	1,557,786	1,583,838	26,052
Subtotal - Non-Dedicated Revenue	31,936,177	31,500,626	(435,551)
Dedicated Revenue	145,498	162,896	17,398
Transfers In	725,643	731,763	6,120
Prior Year Adjustments	50,000	49,951	(49)
Subtotal - Other Revenue	921,141	944,610	23,469
Subtotal-Current Resources	32,857,318	32,445,236	(412,082)
Total Resources Available	35,102,253	34,690,171	(412,082)
<u>Actual & Estimated Spending</u>			
K-12 Education	13,840,842	13,799,898	(40,944)
K-12 Shift Buyback	(10,525)	(10,525)	0
Subtotal K-12 Education	13,830,317	13,789,373	(40,944)
Higher Education	3,138,791	3,139,859	1,068
Property Tax Aids & Credits	3,153,411	3,172,177	18,766
Health & Human Services	9,530,912	9,594,253	63,341
Public Safety	1,687,397	1,686,829	(568)
Transportation	448,959	452,210	3,251
Environment, Energy & Natural Resources	435,486	428,962	(6,524)
Agriculture & Veterans	277,064	270,937	(6,127)
Economic Development	393,507	398,915	5,408
State Government	701,348	706,776	5,428
Debt Service	870,498	862,058	(8,440)
Capital Projects	34,932	20,495	(14,437)
Deficiencies/Other	0	12,140	12,140
Estimated Cancellations	(21,164)	(23,700)	(2,536)
Subtotal Expenditures & Transfers	34,481,458	34,511,284	29,826
Dedicated Expenditures	111,710	100,262	(11,448)
Total Expenditures & Transfers	34,593,168	34,611,546	18,378
Balance Before Reserves	509,085	78,625	(430,460)
Cash Flow Account	350,000	350,000	0
Budget Reserve	153,000	154,922	1,922
Budgetary Balance	6,085	(426,297)	(432,382)

FY 2010-11 Biennial Comparison - General Fund
November 2008 Forecast vs End of Session
(\$ in thousands)

	5-08 Plng Est FY 2010-11	11-08 Fcst FY 2010-11	Fcst vs Enacted FY 2010-11
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	509,085	78,625	(430,460)
Current Resources:			
Tax Revenues	32,912,582	29,589,108	(3,323,474)
Non-Tax Revenues	1,505,553	1,480,987	(24,566)
Subtotal - Non-Dedicated Revenue	34,418,135	31,070,095	(3,348,040)
Dedicated Revenue	117,626	164,514	46,888
Transfers In	601,558	581,281	(20,277)
Prior Year Adjustments	50,000	50,000	0
Subtotal - Other Revenue	769,184	795,795	26,611
Subtotal-Current Resources	35,187,319	31,865,890	(3,321,429)
Total Resources Available	35,696,404	31,944,515	(3,751,889)
<u>Actual & Estimated Spending</u>			
K-12 Education	13,924,992	13,903,227	(21,765)
Higher Education	3,157,668	3,157,824	156
Property Tax Aids & Credits	3,391,575	3,418,955	27,380
Health & Human Services	10,908,543	11,406,553	498,010
Public Safety	1,715,108	1,696,831	(18,277)
Transportation	389,510	389,888	378
Environment, Energy & Natural Resources	366,528	369,661	3,133
Agriculture & Veterans	259,376	259,006	(370)
Economic Development	280,154	280,078	(76)
State Government	624,949	624,302	(647)
Debt Service	1,021,935	1,067,310	45,375
Capital Projects	29,800	29,800	0
Estimated Cancellations	(20,000)	(20,000)	0
Subtotal Expenditures & Transfers	36,050,138	36,583,435	533,297
Dedicated Expenditures	82,826	129,714	46,888
Total Expenditures & Transfers	36,132,964	36,713,149	580,185
Balance Before Reserves	(436,560)	(4,768,634)	(4,332,074)
Cash Flow Account	350,000	350,000	0
Budget Reserve	153,000	154,922	1,922
Budgetary Balance	(939,560)	(5,273,556)	(4,333,996)

Biennial Comparison
FY 2010-11 vs FY 2008-09
(\$ in thousands)

	11-08 Fcst FY 2008-09	11-08 Fcst FY 2010-11	\$ Change	% Change
<u>Actual & Estimated Resources</u>				
Balance Forward From Prior Year	2,244,935	78,625	(2,166,310)	-96.5%
Current Resources:				
Tax Revenues	29,916,788	29,589,108	(327,680)	-1.1%
Non-Tax Revenues	1,583,838	1,480,987	(102,851)	-6.5%
Subtotal - Non-Dedicated Revenue	31,500,626	31,070,095	(430,531)	-1.4%
Dedicated Revenue	162,896	164,514	1,618	1.0%
Transfers In	731,763	581,281	(150,482)	-20.6%
Prior Year Adjustments	49,951	50,000	49	0.1%
Subtotal - Other Revenue	944,610	795,795	(148,815)	-15.8%
Subtotal-Current Resources	32,445,236	31,865,890	(579,346)	-1.8%
Total Resources Available	34,690,171	31,944,515	(2,745,656)	-7.9%
<u>Actual & Estimated Spending</u>				
K-12 Education	13,799,898	13,903,227	103,329	0.7%
K-12 Shift Buyback	(10,525)	0	10,525	-100.0%
Subtotal K-12 Education	13,789,373	13,903,227	113,854	0.8%
Higher Education	3,139,859	3,157,824	17,965	0.6%
Property Tax Aids & Credits	3,172,177	3,418,955	246,778	7.8%
Health & Human Services	9,594,253	11,406,553	1,812,300	18.9%
Public Safety	1,686,829	1,696,831	10,002	0.6%
Transportation	452,210	389,888	(62,322)	-13.8%
Environment, Energy & Natural Resources	428,962	369,661	(59,301)	-13.8%
Agriculture & Veterans	270,937	259,006	(11,931)	-4.4%
Economic Development	398,915	280,078	(118,837)	-29.8%
State Government	706,776	624,302	(82,474)	-11.7%
Debt Service	862,058	1,067,310	205,252	23.8%
Capital Projects	20,495	29,800	9,305	45.4%
Deficiencies/Other	12,140	0	(12,140)	-100.0%
Estimated Cancellations	(23,700)	(20,000)	3,700	-15.6%
Subtotal Expenditures & Transfers	34,511,284	36,583,435	2,072,151	6.0%
Dedicated Expenditures	100,262	129,714	29,452	29.4%
Total Expenditures & Transfers	34,611,546	36,713,149	2,101,603	6.1%
Balance Before Reserves	78,625	(4,768,634)	(4,847,259)	
Cash Flow Account	350,000	350,000	0	
Budget Reserve	154,922	154,922	0	
Budgetary Balance	(426,297)	(5,273,556)	(4,847,259)	