

March 2011 Explanation of Changes in the Revenue Forecast and General Fund Budget Situation

	Year	\$Millions
Change in the General Fund Revenue Forecast Between the December and March LCS Forecasts:	FY 2010-11	\$116.0
	FY 2011-12	98.9
	FY 2012-13	104.6
	Total Over Three-Year Period	\$319.5

*For all three fiscal years, the forecast for individual income and sales and use taxes increased
and the forecast for corporate income taxes decreased.*

FY 2011-12 General Fund Budget Shortfall Change December to March LCS Forecasts

Comparing Shortfalls Using Assumptions Consistent with the December Forecast \$Millions

December Shortfall	-\$1,015
Increase in Revenue Forecast for FY 2010-11 (<i>reduces shortfall</i>)	116
Increase in Revenue Forecast for FY 2011-12 (<i>reduces shortfall</i>)	98
Decrease in General Fund Appropriations for FY 2010-11 (<i>reduces shortfall</i>)	212
Increase in Cash Fund Transfers for FY 2010-11 (<i>reduces shortfall</i>)	103
Decrease in Assumed General Fund Appropriations for FY 2011-12 (<i>reduces shortfall</i>)	212
Increase in One-Time Monies Assumed to be Backfilled in FY 2011-12 (<i>increases shortfall</i>)	-156
March Shortfall With Adjustments	About -\$450

Comparing Shortfalls Using Assumptions Consistent with the March Forecast \$Millions

March Shortfall	-\$602
Senate Bill 11-156 Transfer to the State Education Fund Added Back to General Fund	447
December Assumption for Caseload Growth and Inflation (<i>not included in March assumptions</i>)	-300
March Shortfall With Adjustments	About -\$450

LCS Assumption Affecting the Revenue Forecast

LCS has assumed that General Fund operating appropriations will increase in FY 2011-12 by the amount required to backfill the following one-time sources of money. These one-time sources are funding programs in FY 2010-11 that are historically paid for with General Fund revenue. Because these funding sources are not available in FY 2011-12, the state legislature will have to eliminate or reallocate General Fund spending on other programs if it chooses to continue funding these programs at current levels. These backfills are not current law and are dependent on future decisions of the state legislature.

One-time sources of money assumed to be backfilled from the General Fund in FY 2011-12:

Amendment 35 monies used for Medicaid	147.0
Federal stimulus dollars used for Medicaid	363.6
Federal Jobs Act dollars used for K-12 education	216.4
Federal stimulus dollars used for higher education	29.2
Total	\$756.2