



FISCAL NEWS

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The Office of Fiscal and Program Review (OFPR) is a nonpartisan staff office of the Legislative Council providing budget, tax and general fiscal research and analysis for the Maine State Legislature.



Month In Review

General Fund revenue recovered strongly in June after May’s temporary setback with a \$20.5 million positive variance for the month and ended the fiscal year with nearly a \$40 million revenue surplus. Individual Income Tax revenue was the primarily contributor to the surplus. A June surge in Corporate Income Tax revenue was the next most significant contributing factor.

Unbudgeted lapsed General Fund appropriations and other accounting adjustments added \$10 million to the surplus for a total of \$49.1 million. This surplus was distributed as part of the year-end “Cascade” process to various reserve funds and other purposes as required by statute.

Highway Fund revenue, led by the growth of fuel tax collections, ended the fiscal year with a nearly \$7 million revenue surplus. With the addition of nearly \$3 million from lapsed balances and other accounting adjustments, \$10 million will be transferred to the Department of Transportation for highway and bridge improvement in FY 2015.

Cash balances in FY 2014 were healthy enough to avoid external General Fund cash flow borrowing and extended the number of consecutive years without external cash flow borrowing to eight.

The returns on investment of the Maine Public Employee Retirement System over the last two years were very strong and increased the value of the system’s assets enough so that the Board of Trustees was able to avoid a previously planned increase in retirement contribution rates for the 2016-2017 biennium and to lower the return assumptions for future investments, which will reduce investment return risk in the future.

With the additional supplemental funding provided during the 2014 legislative session, the MaineCare program was able to end the year with a General Fund balance forward of just under \$10 million. Despite a declining caseload, General Fund spending for the MaineCare program has yet to trend downward as currently assumed for the FY 2015 budget. The sufficiency of current appropriations will depend in part on the Department of Health and Human Services successfully implementing several major savings initiatives.

General Fund Revenue Update

Total General Fund Revenue - FY 2014 (\$'s in Millions)

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
June	\$488.0	\$508.4	\$20.5	4.2%	\$495.8	2.6%
FYTD	\$3,074.4	\$3,113.5	\$39.1	1.3%	\$3,094.4	0.6%

General Fund revenue ended FY 2014 with a \$39.1 million (1.3%) positive variance. June’s very strong performance for the income taxes more than doubled the positive variance booked after May’s performance. General

**General Fund Revenue Update (Continued)**

Fund revenue grew by 0.6% in FY 2014 whereas the revenue forecast for FY 2014 after adjusting for recent legislative adjustments assumed a decline of 0.6%.

The most significant positive variance for FY 2014 was in the Individual Income Tax category, which was over budget by \$6.3 million in June and ended the fiscal year with a \$25.4 million (1.8%) variance. Virtually all of the June variance was a positive variance from withholding receipts, which offset most of May's negative variance. Withholding for FY 2014 ended the year with a \$2.3 million negative variance (less than 0.2% below budget). An overestimate of the cost of the new Property Tax Fairness Credit caused refunds to fall well below budget and accounted for roughly half of the \$27.3 million positive variance from refunds.

Corporate Income Tax was over budget by \$9.1 million in June and ended the fiscal year with a \$13.2 million (7.8%) positive variance. This was because June's estimated payments were \$5.4 million over budget and the processing of very few refunds in June contributed \$2.9 million to positive variance in June. There are still many corporate income tax refunds that have not been processed because they are pending review.

Sales and Use Tax collections were under budget again in June, falling \$1.0 million below projections for the month, and ended the year with a \$1.2 million negative variance. The anticipated increase of taxable sales in May as a result of delayed sales from the late spring either did not occur or were offset by other factors that were keeping growth below estimates again.

Partially offsetting the negative variance in the Sales and Use Tax was a \$1.3 million settlement payment in the Service Provider Tax category at the end of the fiscal year that helped this category end the year with a \$0.9 million positive variance. The Sales and Use Tax category and the Service Provider Tax category are not segregated in the tax model forecast. These categories ended the year with a less than 0.1% negative variance, but anemic growth in the last quarter of FY 2014 and the shrinking of the negative variance largely from the one-time substantial settlement are concerns. Preliminary data for July (June taxable sales) does indicate that revenue is coming in at or slightly above budget so that the concern may be somewhat mitigated.

Some other revenue categories that ended FY 2014 with negative variances include: Estate Tax (\$3.4 million); Transfers to Tax Relief Programs (\$3.1 million); Telecommunications Excise Tax (\$1.2 million); Inland Fisheries and Wildlife revenue (\$0.5 million); and Transfer from Lottery Commission (\$1.7 million). Transfers for Revenue Sharing, which are tied directly to the performance of income and sales taxes ended the year with greater than projected transfers (a negative revenue variance) of \$1.2 million.

In addition to income taxes, the following categories had positive year-end variances: Unclaimed Property Transfer (\$4.5 million); Finance Industry Fees (\$1.8 million); Real Estate Transfer Tax (\$1.3 million); Liquor Taxes and Fees (\$0.7 million); Cigarette and Tobacco Tax (\$1 million); and Insurance Companies Tax (\$2.2 million).

Highway Fund Revenue Update**Total Highway Fund Revenue - FY 2014 (\$'s in Millions)**

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
June	\$43.9	\$45.8	\$1.9	4.3%	\$45.6	0.5%
FYTD	\$310.3	\$317.1	\$6.8	2.2%	\$318.8	-0.5%

Highway Fund revenue was over budget by \$1.9 million (4.3%) in June and ended FY 2014 with a positive variance of \$6.8 million (2.2%). Although FY 2014 revenue declined by 0.5% compared with FY 2013, after adjusting for the unusual one-time \$4.1 million payment of title fee revenue, Highway Fund revenue grew by 0.7%. The unusually strong (1.4%) growth of the Fuel Taxes category was the primary factor behind this growth and the positive year-end revenue variance.

The Fuel Taxes category was over budget in June by

\$1.2 million and ended the fiscal year with a \$5.7 million positive variance. Both the gasoline tax and special fuel taxes had sizeable positive variances. The 1.1% growth in the gasoline tax is particularly strong in this era of increasing automobile fuel efficiency standards.

Very few Highway Fund revenue categories failed to achieve budgeted targets. Even the Motor Vehicle Inspection Fees category, which had been below budget through April, rebounded in May and June and ended FY 2014 with a modest positive variance of \$0.1 million.



FY 2014 Year-End Cascade Transfers

At the close of each fiscal year, the amount of the available General Fund balance in the unappropriated surplus account is distributed to various reserves and for other special purposes based on statutory provisions. The balance "available" for distribution is only the amount above the budgeted General Fund ending balance for the fiscal year being closed. The primary sources of the "available" amounts for the "Cascade" distributions are actual revenue above the budgeted amounts and any unexpended General Fund appropriation balances that lapse to the unappropriated surplus that are unbudgeted. Other unbudgeted accounting adjustments may add to or reduce the amount of the uncommitted funds available for the statutory transfers.

revenue variance, the \$9.8 million of unbudgeted lapsed appropriation balances and \$0.1 million of various other accounting adjustments increased the General Fund ending balance \$49.1 million above the \$12.5 million budgeted ending balance for FY 2014. Per the statutory provisions, all of this \$49.1 million was distributed at the close of the fiscal year.

The FY 2014 year-end Cascade provisions distributed more than \$30 million to one-time preemptions before the normal percentage distribution. These included a roughly \$10 million transfer for a retirement cost-of-living adjustment and a \$20 million transfer to a reserve for future funding needs. Most of the reserve for future funding needs (\$18.7 million) will be available as a balance to could be used by the 127th Legislature to address supplemental funding needs in FY 2015.

The table below summarizes the sources and uses of the FY 2014 uncommitted funds. The \$39.1 million

FY 2014 General Fund Year-end Summary		
Sources of General Fund Year-end Surplus:		
General Fund Revenue Variance		\$39,129,814
Unbudgeted Lapsed Balances		\$9,846,262
Other Accounting Adjustments Increasing (Decreasing) Balance		\$149,944
Total Increase in Uncommitted Unappropriated Surplus		<u>\$49,126,020</u>
Uses of General Fund Year-end Surplus:		
Fixed Dollar Transfers		
Replenish Contingent Account up to \$350,000 (5 MRSA § 1507)		(\$265,000)
Transfer to Loan Insurance Reserve up to \$1,000,000 (5 MRSA § 1511)		(\$1,000,000)
Reserve for Retirement Costs up to required amount certified by MainePERS (5 MRSA § 1522, PL 2013, c. 1, Part E & PL 2013, c. 578)		(\$10,250,000)
Reserve for Future Funding Needs up to \$20,000,000 (PL 2013, c. 595, Part X)		
> Up to \$1,300,000 reserved in the Reserve for Future Funding Needs to DHHS, Developmental Services Waiver (PL 2013, c. 595, Part X, §§3 & 4)		(\$1,300,000)
> Undesignated funds in Reserve for Future Funding Needs		(\$18,700,000)
Percentage Transfers of Remaining Surplus after Fixed Dollar Transfers		
Maine Budget Stabilization Fund	48.0%	(\$8,453,289)
Reserve for General Fund Operating Capital	13.0%	(\$2,289,433)
Retiree Health Internal Service Fund	9.0%	(\$1,584,992)
Capital Construction & Improvements Reserve Fund	10.0%	(\$1,761,102)
Tax Relief Fund for Maine Residents	20.0%	(\$3,522,204)
Total Closing Transfers		<u>(\$49,126,020)</u>

**FY 2014 Year-End Cascade Transfers (Continued)**

The Highway Fund also has a statutory year-end transfer provision (see Public Law 2013, chapter 354, Part L) that transfers all but \$100,000 of the increase in the unallocated surplus above the budgeted amount to the Department of Transportation for highway and bridge improvement projects in the next fiscal year.

The amounts to be transferred and made available in FY 2015 are \$10.0 million (see table below). In addition to \$6.8 million revenue surplus, unexpended Highway Fund allocations that lapsed back to the unallocated surplus totaled \$2.7 million and other net accounting adjustments equaled \$0.6 million.

FY 2014 Highway Fund Year-end Summary**Sources of Highway Fund Year-end Surplus:**

Highway Fund Revenue Variance	\$6,809,753
Unbudgeted Lapsed Balances	\$2,717,609
Other Accounting Adjustments Increasing (Decreasing) Balance	\$603,805

Total Increase in Uncommitted Unallocated Surplus	<u>\$10,131,167</u>
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Uses of Highway Fund Year-end Surplus:

Required Increase to Budgeted Balance	\$100,000
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Net Unallocated Transferred to Transportation	<u>\$10,031,167</u>
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Cash Update

The average total cash pool balance for June was \$544.4 million. This average balance was \$32.3 million higher than last June, but was \$10.5 million below May and \$46.7 million below the 10-year average balance for June.

June's General Fund internal borrowing was \$22.0 million more than June 2013, but was \$32.0 million less than June 2012 (see line chart on the next page). FY 2012, as noted in previous issues of the *Fiscal News*, was a year with very similar budget-balancing interfund borrowing to FY 2014.

Highway Fund cash balances dipped below the previous two fiscal years in June, but remain relatively healthy. This position could change significantly if federal funds are cut back and Congress does not address the shortfall facing the federal Highway Trust Fund.

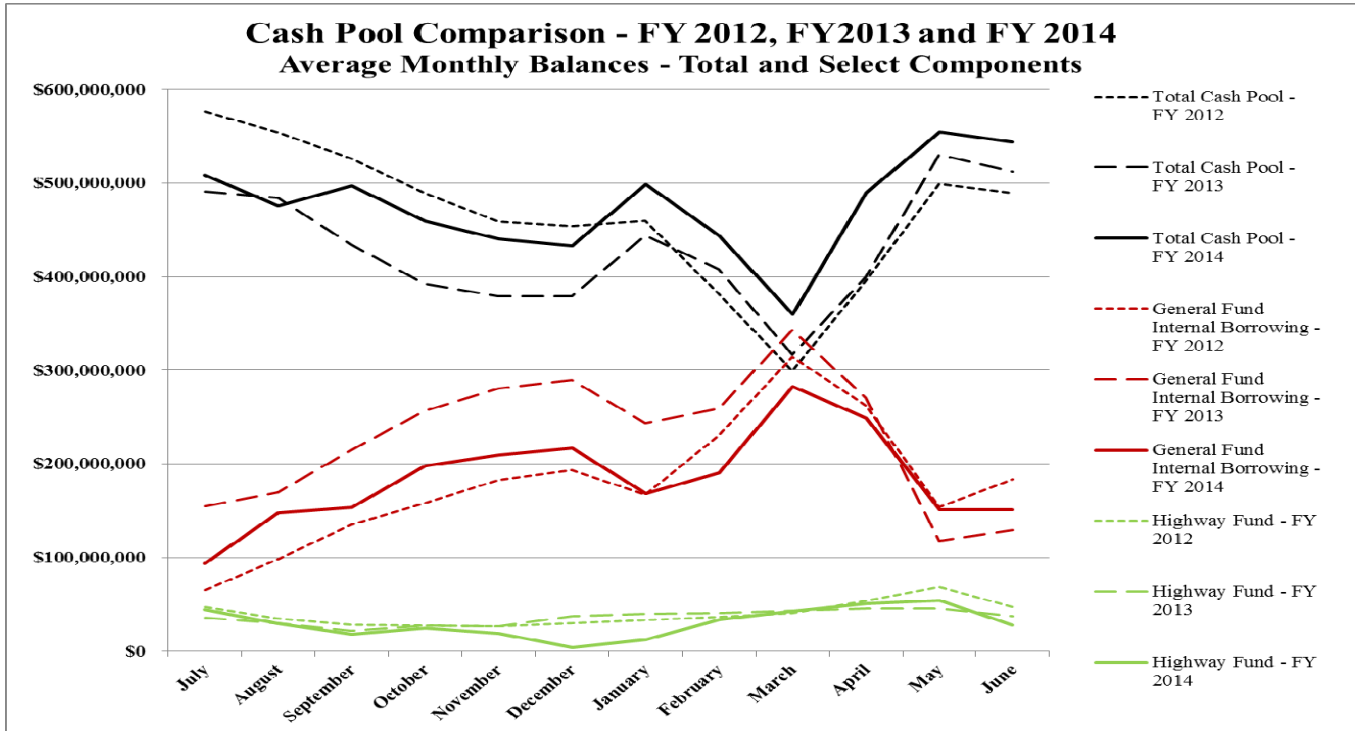
Summary of Treasurer's Cash Pool**June Average Daily Balances**

Millions of \$'s

	2013	2014
General Fund (GF) Total	\$48.6	\$44.3
General Fund (GF) Detail:		
Budget Stabilization Fund	\$44.6	\$59.8
Reserve for Operating Capital	\$17.1	\$2.6
Tax Anticipation Notes	\$0.0	\$0.0
Internal Borrowing	\$129.3	\$151.3
Other General Fund Cash	(\$142.5)	(\$169.5)
Other Spec. Rev. - Interest to GF	\$44.9	\$53.1
Other State Funds - Interest to GF	\$18.3	\$18.6
Highway Fund	\$37.4	\$28.2
Other Spec. Rev. - Retaining Interest	\$76.0	\$81.6
Other State Funds	\$180.1	\$237.9
Independent Agency Funds	\$106.9	\$80.8
Total Cash Pool	<u>\$512.2</u>	<u>\$544.4</u>



Cash Update (Continued)



State Expenditure Update

The State Operating Funds' expenditures in FY 2014 grew by \$420.2 million or 6.1% over FY 2013. As noted in earlier reporting of the State's expenditures in FY 2014, this unusual growth was due solely to the \$490.2 million hospital settlement payments in

September funded by the proceeds of the liquor revenue bonds. If these one-time payments are subtracted from the totals in Other Special Revenue Funds and Federal Funds, total Operating Funds expenditures declined \$70.0 million or 1.0%.

Operating Funds - Expenditures through Close of Fiscal Year

Operating Funds:	FY 2013	FY 2014	% Change
General Fund	\$3,040,965,276	\$3,149,348,298	3.6%
Highway Fund	\$317,286,359	\$323,035,476	1.8%
Other Special Revenue Funds	\$972,748,895	\$1,145,846,881	17.8%
Federal Funds	\$2,562,739,045	\$2,695,758,316	5.2%
Total Operating Funds	\$6,893,739,575	\$7,313,988,970	6.1%
General Fund Expenditures by Major Department			
Education	\$1,087,151,776	\$1,149,920,759	5.8%
Health and Human Services	\$1,079,792,709	\$1,108,180,468	2.6%
Corrections	\$132,551,237	\$140,880,671	6.3%
Administrative and Financial Services	\$119,297,735	\$119,782,911	0.4%
Other Departments and Agencies	\$622,171,819	\$630,583,488	1.4%
Highway Fund Expenditures by Major Department			
Transportation	\$254,949,226	\$264,139,493	3.6%
Secretary of State	\$31,106,193	\$32,085,862	3.1%
Public Safety	\$28,584,309	\$24,103,278	-15.7%
Other Departments and Agencies	\$2,646,630	\$2,706,842	2.3%



State Expenditure Update (Continued)

FY 2014 General Fund expenditures increased by \$108.4 million or 3.6% over FY 2013. The Department of Education’s spending, which was virtually flat through the first half of the FY 2014, shows total year growth of \$62.8 million or 5.8%. This growth was distorted by the \$18.5 million deferral of the June 2013 school subsidy payments until July. After adjusting for this distortion, Education’s spending growth was only 2.4% for FY 2014. Spending by the Department of Health and Human Services increased by \$28.4 million or 3.1%. The Department of Corrections had the highest growth rate for FY 2014 at 6.3%, which was consistent with

budgeted levels.

Total Highway Fund spending increased by \$5.7 million or 1.8% for FY 2014. The Department of Transportation was the primary factor in this growth increasing by \$9.2 million or 3.6%. The growth in Department of Transportation spending was partially offset by a \$4.5 million (15.7%) decline in Department of Public Safety Highway Fund spending. This decline reflects a reduction in the Highway Fund share of State Police funding from 49% to 35% beginning in FY 2014.

MainePERS Update

Maine Public Employees Retirement System (MainePERS) investments were up 4.1% for the quarter and 16.7% over the previous one year period. The total fund assets increased \$400 million for the quarter, from \$12.3 billion as of March 31, 2014 to \$12.7 billion as of June 30, 2014. Total fund assets increased approximately \$1.5 billion over the past 12 month period, from \$11.2 billion as of June 30, 2013

to \$12.7 billion as of June 30, 2014.

The table below has the long-term return information as of June 30, 2014. Over the past 30 years, the fund had an average return of 9.5% per year. It is important to realize that quarterly and annual performance can deviate significantly from this long-term average in any given year.

Long-Term Performance ending June 30, 2014					
	1 Year	3 Years	5 Years	10 Years	30 Years
Total Fund	16.7%	9.3%	12.2%	6.9%	9.5%

As mentioned in previous issues of *Fiscal News*, the value of the fund as of June 30, 2014, determined by investment returns and other factors, is used to establish the retirement contribution rates for the State Employee and Teacher program, the Judicial Program and the Legislative Program for the 2016-2017 biennium. Investment returns over the past two years, on average, have exceeded the earnings assumption of 7.25%, increasing approximately 11.1% in FY13 and 16.7% in FY14. The strong market gains experienced by the system allowed the MainePERS Board of Trustees to take two separate actions at its July 10, 2014 meeting that will have a positive impact on employer contributions in the short-term and contribution rate volatility risk in the long-term.

First, the System was able to hold the required contributions for the 2016-2017 biennium at the 2014-2015 levels, virtually negating the anticipated

increase in employer contributions of approximately \$114.5 million that had been projected for the 2016-2017 biennium in the amortization schedule developed two years ago. The aggregate amounts approved by the Board that will need to be collected for the State’s plans, \$296 million in fiscal year 2015-16 and \$305 million in fiscal year 2016-17, are very close to the level of contributions required for the 2014-2015 biennium.

Second, the Board voted to approve the lowering of the earnings assumption from 7.25% to 7.125%. This action reduces the chance that lower than anticipated investment performance will lead to higher than anticipated required contributions in the future. Retirement System officials believe this move is extremely important given that long-term investment returns are projected to be lower than what has been experienced in the past 30 years.



MaineCare Update

MaineCare Expenditures 2014

MaineCare Table 1 summarizes and compares FY 2013 and FY 2014 MaineCare and Related expenditures to appropriations and allotment by program. During the Second Regular Session of the 126th Legislature, MaineCare and Related appropriations were increased by \$29.5 million to \$778.7 million (primarily in the FY 2014 supplemental budget bill PL 2013. c. 502). FY 2014 allotment available for these programs, including carryover funds from FY 2013, totaled \$783.7 million. The differences between appropriations and allotments for individual programs were significant because the Department of Health and Human Services used its

authority to transfer allotment between MaineCare programs. FY 2014 MaineCare and Related expenditures totaled \$772.9 million, leaving an unobligated allotment balance of \$10.1 million for FY 2014. Part of this balance resulted from Personal Services balances in the 0733-10 Disproportionate Share – Riverview and the 0734-15 Disproportionate Share – DDPC programs. After deducting these Personal Services balances the available balance for FY 2015 is \$9.2 million. These balances can be brought forward to FY 2015 and distributed amongst MaineCare programs by Financial Order.

MaineCare and Related Programs	2012-13 Expend.	2013-14 Appropriations			2013-14 Allotment	2013-14 Expend.	2013-14 Unobligated Balance
		Thru 126th-1	Supps. 126th 2R	Thru 126th 2R			
0147-01 Medical Care - Payments to Providers (MAP)	\$486.3	\$406.2	\$29.4	\$435.6	\$476.9	\$475.3	\$1.6
0148-01 Nursing Facilities	\$54.6	\$84.4	\$0.0	\$84.4	\$61.6	\$60.6	\$1.0
0705-12 Medicaid Services - Developmental Services	\$16.6	\$26.1	\$0.0	\$26.1	\$19.2	\$18.7	\$0.5
0987-16 Developmental Services Waiver - MaineCare	\$85.6	\$94.2	\$0.0	\$94.2	\$93.3	\$91.6	\$1.7
Z006-01 Developmental Services Supports Waiver	\$11.8	\$14.7	\$0.0	\$14.7	\$12.9	\$12.3	\$0.6
0731-17 Mental Health Services - Child Medicaid	\$41.4	\$35.1	\$0.0	\$35.1	\$42.7	\$41.8	\$1.0
0732-14 Mental Health Services - Community Medicaid	\$26.5	\$40.5	\$0.0	\$40.5	\$31.5	\$30.2	\$1.2
0844-01 Office of Substance Abuse and Mental Health Serv. - Medicaid Seed	\$4.2	\$5.1	\$0.0	\$5.1	\$4.5	\$4.3	\$0.1
Z042-01 Traumatic Brain Injury - Medicaid Seed	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.0
0733-10 Disproportionate Share - Riverview *	\$10.5	\$11.3	\$0.1	\$11.4	\$12.5	\$12.3	\$0.1
0734-15 Disproportionate Share - DDPC *	\$5.2	\$6.1	(\$0.1)	\$6.0	\$6.6	\$5.6	\$0.8
Z159-01 Medicaid Waiver for Other Related Conditions	\$0.0	\$1.5	\$0.0	\$1.5	\$0.8	\$0.1	\$0.8
Z160-01 Medicaid Waiver for Brain Injury Res/Com. Serv.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subtotal MaineCare	\$742.8	\$725.3	\$29.5	\$754.8	\$762.6	\$752.8	\$9.5
					<i>w/out 0733,0734</i>		<i>\$8.6</i>
0202-01 Drugs for Maine Elderly	\$9.1	\$4.5	\$0.0	\$4.5	\$3.6	\$3.5	\$0.0
Z008-01 Maternal and Child Health Block Grant Match	\$4.7	\$5.2	(\$0.0)	\$5.2	\$5.5	\$4.9	\$0.2
Z009-01 PNMI Room and Board	\$15.1	\$14.3	\$0.0	\$14.3	\$12.0	\$11.6	\$0.4
Total MaineCare and Related	\$771.7	\$749.2	\$29.5	\$778.7	\$783.7	\$772.9	\$10.1
					<i>w/out 0733,0734</i>		<i>\$9.2</i>

* Predominantly Personal Services spending

MaineCare Table 2 summarizes MaineCare and Related expenditures by expenditure category for the last three fiscal years. MaineCare “All Funds” spending decreased by 1.1% from FY 2013 to FY 2014, after adjusting for one-time hospital settlements, case management recoupments and bad debt write-offs. As detailed in MaineCare Table 2, this aggregate “All Funds” decrease included increases in the home and community-based care waivers, pharmacy and related, hospital, mental health services, and residential care expenditure categories and decreases in the Medicare crossover payments, medical professionals and clinic services expenditure categories. (Additional details at http://www.maine.gov/legis/ofpr/other_fiscal_information/)

[medicaid/index.htm](#))

FY 2014 MaineCare “All Funds” total spending increases were also offset by significant increases in net credits and other offsets in the “16 Other Adjustments” expenditure category. This category reflects financial transactions (e.g., third party liability collections, audit settlements, etc.) that are not assigned to another expenditure category. There were not similar increases in the “16 Other Adjustments” expenditure category that offset General Fund expenditures. As a result, MaineCare Table 2 shows aggregate General Fund expenditures after adjusting for one-time expenditures, increased by 0.4% from FY 2013 to FY 2014.

**MaineCare Update (Continued)**

MaineCare Table 2 - MaineCare and Related Expenditures Detail					
<i>All Funds</i>					
Expenditure Categories	FY 2012	FY 2013	FY 2014	Chgs. FY 2013 to FY 2014	
				\$	%
1 Hospital Services	\$500,354,366	\$591,362,030	\$604,211,767	\$12,849,737	2.2%
1A Hospital Settlements ¹	\$0	\$26,332,279	\$490,200,000	\$463,867,721	1761.6%
2 Residential Care	\$493,648,537	\$526,804,381	\$532,036,514	\$5,232,132	1.0%
3 HCBC Waivers	\$326,179,988	\$319,031,573	\$339,593,602	\$20,562,028	6.4%
4 Pharmacy and Related	\$335,350,757	\$314,446,307	\$328,508,335	\$14,062,028	4.5%
5 Medical Professionals	\$182,002,928	\$171,164,931	\$159,935,271	(\$11,229,660)	-6.6%
6 Medicare Crossover Payments	\$147,394,418	\$124,397,590	\$106,901,770	(\$17,495,820)	-14.1%
7 Mental Health Services	\$257,148,503	\$275,462,933	\$280,052,247	\$4,589,314	1.7%
8 Clinic Services	\$50,794,823	\$57,027,523	\$49,403,456	(\$7,624,067)	-13.4%
9 Home Health	\$28,942,472	\$30,420,604	\$32,108,068	\$1,687,464	5.5%
10 Rehabilitation Services	\$18,291,698	\$24,861,882	\$24,377,889	(\$483,992)	-1.9%
11 Case Management ²	\$71,375,996	\$42,876,277	\$43,743,234	\$866,957	2.0%
12 Certified Seed	\$29,662,967	\$24,630,567	\$26,370,611	\$1,740,044	7.1%
13 Transportation Services	\$47,482,314	\$44,424,416	\$44,954,005	\$529,589	1.2%
14 Other Expenditure Codes	\$11,144,373	\$12,538,836	\$13,887,916	\$1,349,079	10.8%
15 Accounting Adjustments ³	\$5,537,438	\$2,170,345	\$10,310,580	\$8,140,236	375.1%
16 Other Adjustments	(\$16,059,199)	(\$28,966,941)	(\$82,861,029)	(\$53,894,088)	186.1%
All Funds Totals	\$2,489,252,379	\$2,558,985,534	\$3,003,734,236	\$444,748,702	17.4%
One-Time Adjustments ^{1,2,3}	(\$35,273,875)	(\$28,502,624)	(\$500,510,580)		
Adjusted All Funds Totals	\$2,453,978,504	\$2,530,482,910	\$2,503,223,656	(\$27,259,254)	-1.1%
General Fund Totals	\$774,332,747	\$771,684,091	\$772,883,954	\$1,199,863	0.2%
One-Time Adjustments ^{1,2,3}	(\$35,231,472)	(\$11,842,191)	(\$10,266,792)		
General Fund Adjusted Totals	\$739,101,276	\$759,841,900	\$762,617,162	\$2,775,262	0.4%

¹ Includes one-time hospital settlement payments in FY 2013 and FY 2014.

² Includes a one-time \$29.7 million FY 2012 targeted case management federal settlement.

³ Includes bad debt write-offs totaling \$5.5 million in FY 2012, \$2.2 million in FY 2013 and \$10.3 million in FY 2014.

MaineCare Caseload

MaineCare caseload data detail for June has not yet been released by the DHHS Office of MaineCare Services (OMS). Summary data for June released by the DHHS Office of Family Independence (OFI) show aggregate MaineCare caseload continues to decrease. MaineCare Chart 1 shows OMS and OFI aggregate caseload data over time.

The overall negative trend in MaineCare caseload over the last year and a half was marked by two distinct periods of significant reductions in caseload: 1) in March-April 2013 when parents from 134% to 200% of the Federal Poverty Level (FPL) lost coverage; and 2) in December 2013-January 2014 when coverage for non-categorical waiver adults and for parents with incomes from 101% to 133% of the FPL ended.

During the March-April 2013 period, the immediate impact on caseload was limited to parents with incomes from 151% to 200% of the FPL losing coverage, while parents with incomes from 134% to

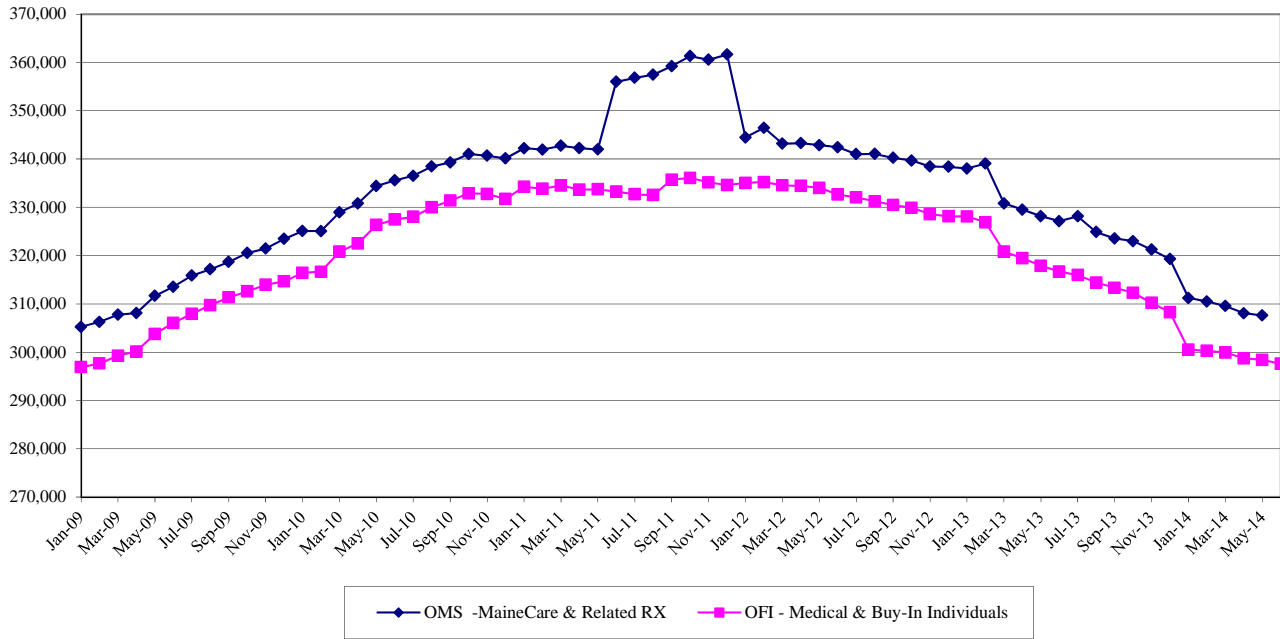
150% of the FPL were eligible for transitional Medicaid coverage for up to a year. During the December 2013-January 2014 period the immediate impact on caseload was limited to non-categorical waiver adults losing coverage. The parents with incomes from 101% to 133% of the FPL were eligible for transitional Medicaid coverage for up to a year.

As discussed in last month's *Fiscal News*, in more recent months the continued overall decline in MaineCare caseload has been driven by the reduction in the number of individuals on MaineCare transitional assistance – presumably the parents and children with incomes from 134% to 150% of the FPL who lost coverage in the March-April 2013 period but had been on transitional Medicaid coverage for up to a year – their children would not be losing coverage after the year just moving to a different eligibility status.



MaineCare Update (Continued)

MaineCare Chart 1 - MaineCare Caseload Through June 2014
Office of MaineCare Services (OMS) and Office of Family Independence (OFI) Data



Source of OMS data - WELFRE through May 2011 and MIHMS June 2011 and thereafter; Source of OFI data - Report ID RE-PM001A. These two sources count MaineCare caseload differently but have tracked consistently with the exception of the problems with the initial switchover to the MIHMS data source (June to December 2011).

General Fund Revenue
Fiscal Year Ending June 30, 2014 (FY 2014)
June 2014 and Final FY 2014 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2014 Budgeted Totals
	June '14 Budget	June '14 Actual	June '14 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	208,039,021	207,072,651	(966,370)	1,107,378,483	1,106,158,236	(1,220,247)	-0.1%	12.1%	1,107,378,483
Service Provider Tax	8,760,378	9,956,385	1,196,007	49,317,427	50,173,388	855,961	1.7%	0.1%	49,317,427
Individual Income Tax	175,130,169	181,395,784	6,265,615	1,380,685,000	1,406,117,705	25,432,705	1.8%	-7.6%	1,380,685,000
Corporate Income Tax	30,500,000	39,626,367	9,126,367	169,706,958	182,928,181	13,221,223	7.8%	6.4%	169,706,958
Cigarette and Tobacco Tax	12,734,623	12,188,231	(546,392)	135,900,000	136,159,833	259,833	0.2%	-1.3%	135,900,000
Insurance Companies Tax	25,475,220	26,336,639	861,419	80,715,000	83,203,879	2,488,879	3.1%	4.5%	80,715,000
Estate Tax	7,830,236	5,329,681	(2,500,555)	27,553,982	23,961,911	(3,592,071)	-13.0%	-69.7%	27,553,982
Other Taxes and Fees *	13,003,969	12,936,320	(67,649)	128,659,912	130,140,462	1,480,550	1.2%	-15.4%	128,659,912
Fines, Forfeits and Penalties	2,006,214	2,281,706	275,492	23,468,666	23,473,506	4,840	0.0%	-1.2%	23,468,666
Income from Investments	11,501	117,848	106,347	132,523	301,144	168,621	127.2%	102.9%	132,523
Transfer from Lottery Commission	4,115,380	4,654,743	539,363	53,500,000	51,845,477	(1,654,523)	-3.1%	-2.0%	53,500,000
Transfers to Tax Relief Programs *	(278)	(127,948)	(127,670)	(62,258,370)	(65,357,986)	(3,099,616)	-5.0%	41.5%	(62,258,370)
Transfers for Municipal Revenue Sharing	(9,344,618)	(8,228,317)	1,116,301	(64,839,710)	(66,063,110)	(1,223,400)	-1.9%	31.2%	(64,839,710)
Other Revenue *	9,701,533	14,893,819	5,192,286	44,447,248	50,454,306	6,007,058	13.5%	14.5%	44,447,248
Totals	487,963,348	508,433,910	20,470,562	3,074,367,119	3,113,496,933	39,129,814	1.3%	0.6%	3,074,367,119

* Additional detail by subcategory for these categories is presented on the following page.

General Fund Revenue Fiscal Year Ending June 30, 2014 (FY 2014)

June 2014 and Final FY 2014 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2014 Budgeted Totals
	June '14 Budget	June '14 Actual	June '14 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Detail of Other Taxes and Fees:									
- Property Tax - Unorganized Territory	1,614,806	448,523	(1,166,283)	13,584,806	12,448,487	(1,136,319)	-8.4%	-6.6%	13,584,806
- Real Estate Transfer Tax	1,765,154	1,932,388	167,234	9,376,840	10,695,215	1,318,375	14.1%	-8.3%	9,376,840
- Liquor Taxes and Fees	1,790,189	1,808,459	18,270	20,818,837	21,515,749	696,912	3.3%	1.7%	20,818,837
- Corporation Fees and Licenses	1,682,352	2,072,541	390,189	8,313,649	9,294,995	981,346	11.8%	4.1%	8,313,649
- Telecommunication Excise Tax	0	0	0	8,000,000	6,842,823	(1,157,177)	-14.5%	-32.1%	8,000,000
- Finance Industry Fees	2,028,742	2,226,400	197,658	25,351,990	27,199,530	1,847,540	7.3%	8.5%	25,351,990
- Milk Handling Fee	91,238	85,438	(5,800)	1,113,256	1,098,671	(14,585)	-1.3%	-53.9%	1,113,256
- Racino Revenue	732,705	660,091	(72,614)	8,957,869	8,671,537	(286,332)	-3.2%	-39.9%	8,957,869
- Boat, ATV and Snowmobile Fees	845,909	865,650	19,741	4,523,561	4,304,791	(218,770)	-4.8%	-3.1%	4,523,561
- Hunting and Fishing License Fees	1,860,559	2,207,771	347,212	16,101,822	15,987,534	(114,288)	-0.7%	-0.6%	16,101,822
- Other Miscellaneous Taxes and Fees	592,315	629,061	36,746	12,517,282	12,081,131	(436,151)	-3.5%	-54.0%	12,517,282
Subtotal - Other Taxes and Fees	13,003,969	12,936,320	(67,649)	128,659,912	130,140,462	1,480,550	1.2%	-15.4%	128,659,912
Detail of Other Revenue:									
- Liquor Sales and Operations	3,961	3,600	(361)	10,000,196	10,012,142	11,946	0.1%	14.7%	10,000,196
- Targeted Case Management (DHHS)	176,028	240,935	64,907	2,112,332	2,004,558	(107,774)	-5.1%	-16.4%	2,112,332
- State Cost Allocation Program	1,836,864	1,671,568	(165,296)	18,296,833	18,857,275	560,442	3.1%	20.9%	18,296,833
- Unclaimed Property Transfer	6,015,000	10,504,312	4,489,312	6,015,000	10,504,312	4,489,312	74.6%	-2.8%	6,015,000
- Tourism Transfer	0	0	0	(10,381,884)	(10,381,884)	0	0.0%	-4.5%	(10,381,884)
- Transfer to Maine Milk Pool	0	0	0	0	0	0	N/A	100.0%	0
- Transfer to STAR Transportation Fund	0	0	0	(6,069,901)	(6,069,901)	0	0.0%	1.1%	(6,069,901)
- Other Miscellaneous Revenue	1,669,680	2,473,404	803,724	24,474,672	25,527,805	1,053,133	4.3%	-6.0%	24,474,672
Subtotal - Other Revenue	9,701,533	14,893,819	5,192,286	44,447,248	50,454,306	6,007,058	13.5%	14.5%	44,447,248
Detail of Transfers to Tax Relief Programs:									
- Me. Resident Prop. Tax Program (Circuitbreaker)	0	4,398	4,398	(760,000)	(743,282)	16,718	2.2%	98.2%	(760,000)
- BETR - Business Equipment Tax Reimb.	(278)	0	278	(37,569,447)	(40,374,677)	(2,805,230)	-7.5%	17.4%	(37,569,447)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	(132,346)	(132,346)	(23,928,923)	(24,240,027)	(311,104)	-1.3%	-15.5%	(23,928,923)
Subtotal - Tax Relief Transfers	(278)	(127,948)	(127,670)	(62,258,370)	(65,357,986)	(3,099,616)	-5.0%	41.5%	(62,258,370)
Inland Fisheries and Wildlife Revenue - Total	2,769,852	3,162,991	393,139	21,535,212	21,430,499	(104,713)	-0.5%	-0.9%	21,535,212

Highway Fund Revenue Fiscal Year Ending June 30, 2014 (FY 2014) June 2014 and Final FY 2014 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2014 Budgeted Totals
	June '14 Budget	June '14 Actual	June '14 Variance	Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	32,805,221	33,294,845	489,624	190,780,000	194,291,295	3,511,295	1.8%	1.1%	190,780,000
- Special Fuel and Road Use Taxes	7,154,781	7,754,879	600,098	42,980,000	45,696,730	2,716,730	6.3%	2.3%	42,980,000
- Transcap Transfers - Fuel Taxes	(1,376,362)	(1,268,465)	107,897	(17,174,186)	(17,634,644)	(460,458)	-2.7%	-1.3%	(17,174,186)
- Other Fund Gasoline Tax Distributions	(398,990)	(410,239)	(11,249)	(4,770,837)	(4,858,642)	(87,805)	-1.8%	-1.0%	(4,770,837)
Subtotal - Fuel Taxes	38,184,650	39,371,019	1,186,369	211,814,977	217,494,739	5,679,762	2.7%	1.4%	211,814,977
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	6,625,194	7,023,614	398,420	65,659,536	65,762,247	102,711	0.2%	0.2%	65,659,536
- License Plate Fees	260,026	278,390	18,364	3,351,681	3,519,781	168,100	5.0%	-0.2%	3,351,681
- Long-term Trailer Registration Fees	518,067	502,038	(16,029)	9,384,523	9,924,915	540,392	5.8%	1.3%	9,384,523
- Title Fees	1,105,255	1,148,323	43,068	12,843,660	13,230,526	386,866	3.0%	-31.0%	12,843,660
- Motor Vehicle Operator License Fees	779,807	606,935	(172,872)	8,254,407	7,872,663	(381,744)	-4.6%	-7.8%	8,254,407
- Transcap Transfers - Motor Vehicle Fees	(4,393,756)	(4,462,030)	(68,274)	(15,398,687)	(15,494,140)	(95,453)	-0.6%	10.5%	(15,398,687)
Subtotal - Motor Vehicle Reg. & Fees	4,894,593	5,097,270	202,677	84,095,120	84,815,991	720,871	0.9%	-5.1%	84,095,120
Motor Vehicle Inspection Fees	50,050	440,541	390,491	2,982,500	3,109,288	126,788	4.3%	-11.1%	2,982,500
Other Highway Fund Taxes and Fees	149,849	183,421	33,572	1,298,729	1,307,919	9,190	0.7%	-0.1%	1,298,729
Fines, Forfeits and Penalties	86,025	88,456	2,431	1,007,998	976,084	(31,914)	-3.2%	-5.3%	1,007,998
Interest Earnings	7,419	18,080	10,661	52,553	80,299	27,746	52.8%	-23.8%	52,553
Other Highway Fund Revenue	536,896	591,162	54,266	9,015,334	9,292,645	277,311	3.1%	3.1%	9,015,334
Totals	43,909,482	45,789,948	1,880,466	310,267,211	317,076,964	6,809,753	2.2%	-0.5%	310,267,211