



# FISCAL NEWS

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## Volume 4 Number 11

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### Attachments:

- **October 2010 General Fund Revenue Variance Report ..... 11**
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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

November began with an election that resulted in major changes at the State House and approval of the final 2 bond issues of the 6 enacted by the 124<sup>th</sup> Legislature. These bond issues were spread over 3 elections.

November ended with the Revenue Forecasting Committee’s significant upward revisions to General Fund revenue and more modest upward revisions to Highway Fund revenue. The Fund for a Healthy Maine did not fare as well in this latest revenue forecast and is being revised downward. The significant upward revisions to General Fund revenue result from the new consensus economic forecast of income and new national forecasts of corporate profits and put a major dent in estimates of the General Fund budget shortfall.

The strong performance of General Fund revenue through the first 4 months of FY 2011, largely from individual and corporate income tax collections, provided supporting evidence that income at least was rebounding after the recession consistent with the new economic forecast. Sales taxes and other General Fund revenue sources were much closer to budget and are not significantly revised in the latest revenue forecast.

Highway Fund revenue in October was under budget for the second straight month, although it was very close to budget. A cushion of more than \$5 million of positive revenue variances from the first 2 months of FY 2011 has largely held up and is consistent with the net upward revisions to Highway Fund revenue estimates.

One of the potential risks to the economic and revenue forecasts identified by the Consensus Economic Forecasting Commission and the Revenue Forecasting Committee is the cost of heating oil. In the wake of recent increases in oil and gasoline prices, there is some concern that consumers will have to shift spending from taxable goods and services to oil as we head into the heating season.

Medicaid caseload continues to climb. While actual weekly expenditures for MaineCare dropped after the implementation of the new claims processing system, spending has been increasing in recent weeks including the use of “bridge” payments to providers experiencing payment delays from the new system. The Department of Health and Human Services acknowledged a potential shortfall from the additional caseload and per member costs, which could prompt a supplemental budget request.



## Revenue Forecasting Update

The Revenue Forecasting Committee (RFC) met twice in November and has concluded its work on revising the revenue forecast in time for its December 1<sup>st</sup> statutory reporting date. This forecast provides the baseline revenue estimates that must be used by the new Governor as he develops his budget for the 2012-2013 biennium, which begins on July 1, 2011. The improvement in the General Fund forecast makes it much easier for the Governor and the Legislature to achieve a balanced budget, but the shortfall is still substantial with some difficult budget decisions ahead.

This General Fund forecast is driven upward primarily as a result of the changes in the consensus economic forecast for personal income and the national forecasts of corporate profitability. The changes to personal income produced a much more significant impact on General Fund revenue than was

discussed in last month's *Fiscal News* as a result of the components affected. Most of the revisions to personal income affected the "taxable" components, salaries and wage disbursements and proprietor's income, and consequently had a much more significant effect on the estimates of individual income tax, which were increased by \$43.3 million in FY 2011 and \$270.4 million for the 2012-2013 biennium.

Corporate profits are projected to be much higher in calendar year 2010 than previous projections, resulting in upward revisions to Corporate Income Tax of \$41.7 million in FY 2011 and \$83.8 million for the 2012-2013 biennium.

The table below provides a summary of the revisions to revenue estimates for each of the funds or revenue sources forecast by the RFC.

### Summary of December 2010 Revenue Revisions

Millions of \$'s

#### General Fund Summary

	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Current Forecast	\$2,755.7	\$2,773.9	\$2,782.8	\$2,900.9		
Annual % Growth	-2.0%	-1.3%	1.0%	4.6%		
Net Increase (Decrease)		\$111.6	\$170.5	\$195.1	\$3,282.0	\$3,418.6
Revised Forecast	\$2,755.7	\$2,885.5	\$2,953.3	\$3,096.0	\$3,282.0	\$3,418.6
Annual % Growth	-2.0%	4.7%	2.3%	4.8%	6.0%	4.2%

#### Highway Fund Summary

	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Current Forecast	\$311.2	\$307.1	\$312.1	\$317.9		
Annual % Growth	-4.0%	-5.3%	0.3%	3.5%		
Net Increase (Decrease)		\$0.7	\$2.9	\$2.5	\$326.9	\$333.0
Revised Forecast	\$311.2	\$307.7	\$315.0	\$320.4	\$326.9	\$333.0
Annual % Growth	-4.0%	-1.1%	2.4%	1.7%	2.0%	1.9%

#### Fund for a Healthy Maine Summary

	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Current Forecast	\$57.6	\$56.4	\$62.8	\$63.3		
Annual % Growth	-15.9%	-2.0%	11.3%	0.8%		
Net Increase (Decrease)		(\$3.6)	(\$9.4)	(\$8.8)	\$60.5	\$60.1
Revised Forecast	\$57.6	\$52.8	\$53.5	\$54.6	\$60.5	\$60.1
Annual % Growth	-15.9%	-8.3%	1.3%	2.1%	10.8%	-0.5%

#### Medicaid/MaineCare Dedicated Revenue Taxes Summary

	FY10 Actual	FY11	FY12	FY13	FY14	FY15
Current Forecast	\$140.0	\$148.9	\$148.9	\$148.9		
Annual % Growth	1.4%	6.4%	0.0%	0.0%		
Net Increase (Decrease)		\$2.4	\$2.4	\$2.4	\$151.3	\$151.3
Revised Forecast	\$140.0	\$151.3	\$151.3	\$151.3	\$151.3	\$151.3
Annual % Growth	1.4%	8.0%	0.0%	0.0%	0.0%	0.0%

**Revenue Forecasting Update (continued)**

While this is a significant increase in the General Fund forecast, it only represents a partial reversal of the 3 significant downward revisions to General Fund revenue that the 124<sup>th</sup> Legislature had to address. Income is rebounding faster than previously forecast. In lieu of adding new jobs, employers are reducing furlough days, increasing work hours and reversing other payroll reduction for existing employees. In fact, the new economic forecast actually downgrades employment growth in the short term. Sales and Use Tax estimates are not being revised in this forecast as savings and debt payments will continue to keep taxable sales from growing despite increasing incomes.

The only significant net change for Highway Fund revenue is in the Fuel Taxes category where estimates of gasoline tax collections are increased.

Fund for a Healthy Maine (FHM) projections contain some significant risks from pending legal proceedings under the Master Settlement Agreement, which may significantly reduce future payments. As a result, the RFC chose more conservative assumptions regarding the tobacco settlement payments. FHM revenue estimates are being reduced by \$18.4 million for the 2012-2013 biennium, a 14.6% reduction from previous estimates.

The last group of revenue that is forecast by the RFC is the MaineCare Dedicated Revenue Taxes that support MaineCare/Medicaid programs. These taxes on health care providers are being revised upward by \$2.35 million each year and will remain level throughout the forecast period.

**General Fund Revenue Update****Total General Fund Revenue - FY 2011 (\$'s in Millions)**

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
October	\$211.4	\$241.9	\$30.5	14.4%	\$217.8	11.1%
FYTD	\$772.0	\$828.7	\$56.7	7.3%	\$762.9	8.6%

General Fund revenue was \$30.5 million (14.4%) over budget in October. For the first 4 months of FY 2011, the General Fund has built up a positive variance of \$56.7 million (7.3%). FY 2011 revenue growth for the Fiscal Year-to-date (FYTD) was 8.6% compared with the same period during FY 2010. Preliminary data for November indicate that revenue will be above budget once again. The Revenue Forecasting Committee (RFC) is revising FY 2011 revenue estimates upward by \$111.6 million and is increasing revenue growth for FY 2011 to 4.7%. Please note that the revenue attachments on pages 11 and 12 have been expanded to provide variance reporting using the same categories as the RFC reporting.

Individual and corporate income taxes have provided the vast majority of revenue cushion through October with a combined positive variances of \$47.0 million (nearly 83% of the total variance). Individual Income Tax was \$20.4 million (5.2%) over budget for the first 4 months of FY 2011. Corporate Income Tax was \$26.6 million (79.8%) over budget for the FYTD through October. Both of these categories are ahead of budget in November based on preliminary data. The RFC is revising Individual Income Tax estimates

upward by \$43.3 million in FY 2011 and Corporate Income Tax estimates upward by \$41.7 million.

Estate Tax collections were over budget by \$6.5 million in October, largely the result of a single estate tax payment of nearly \$6 million. For the FYTD, Estate Tax collections were \$8.4 million over budget. Although November collections will fall short of budget based on preliminary data, but it is not unusual to see ups and downs from budget due to the uneven flow of this tax. The RFC is revising Estate Tax revenue estimates upward by \$11.2 million in FY 2011 accounting for the unusual estate tax payment in October as a one-time event. The RFC is revising the Estate Tax estimates upward by \$4.6 million and \$8.1 million in FY 2012 and 2013, respectively.

Cigarette and Tobacco Tax collections were under budget in October, but remained \$1.1 million over budget through October after being more than \$8.9 million over budget for FY 2010. The RFC is revising Cigarette and Tobacco Tax estimates upward by roughly \$8.5 million per year based on past performance and what appears to be some retention of sales that formerly were leaking across the New Hampshire border after New Hampshire increased its cigarette tax.

**General Fund Revenue Update (continued)**

Sales and Use Tax and Service Provider Tax collections, combined, were slightly over budget in October and for the FYTD and again appear to be relatively close to budget in November. The RFC is making no adjustments to the revenue estimates for these categories.

The only other significant positive variance in October was in the Transfers to Tax Relief Programs category, which was over budget by \$5.7 million in October and \$7.3 million for the FYTD. Despite this positive variance, the RFC is not adjusting the estimates for this category and assumes that the variances are related to timing issues that will be offset over the next few months.

With the housing market still slow to recover, real estate transfer tax collections have been falling below projections by just under \$1.0 million through October. The RFC is revising revenue estimates for this category downward by \$1.6 million in FY 2011 and \$5.4 million over the 2012-2013 biennium.

The Telecommunications Personal Property Tax is the only other significant downward revision by the RFC. This tax is being revised downward by \$1.5 million annually beginning in FY 2012 to account for a legislative change that was not captured through the fiscal note process.

**Highway Fund Revenue Update****Total Highway Fund Revenue - FY 2011 (\$'s in Millions)**

	Budget	Actual	Var.	% Var.	Prior Year	% Growth
October	\$26.9	\$26.8	(\$0.1)	-0.2%	\$26.7	0.3%
FYTD	\$84.6	\$89.9	\$5.3	6.3%	\$88.7	1.4%

Highway Fund revenue was under budget by \$0.1 million (0.2%) in October, but it remained over budget by \$5.3 million (6.3%) for the Fiscal Year-to-date (FYTD). FY 2011 Highway Fund revenue growth through October was 1.4% over the same period in FY 2010. The Revenue Forecasting Committee (RFC) is making only modest net increases to Highway Fund revenue estimates, increasing FY 2011 revenue by \$0.7 million and \$5.4 million for the 2012-2013 biennium. In its December 2010 forecast, the RFC is expanding the number of revenue categories that it reports for the Highway Fund to provide better detail. The revenue attachment for the Highway Fund on page 13 provides the same level of detail.

It has been the variances in the Fuel Taxes category that has produced the net positive variances in the Highway Fund with the largest impact coming from gasoline tax collections. The Fuel Taxes category was over budget for the FYTD by \$5.3 million with the Gasoline Tax subcategory ahead of budget for the FYTD by \$4.5 million. The RFC is increasing estimates for the Gasoline Tax by \$5.1 million in FY 2011 and by more than \$7 million annually in FY 2012 and FY 2013. The Special Fuel and Road Use Taxes subcategory had significant

positive variances in the first 2 months of FY 2011, but has recently been below or close to budget. The RFC is revising estimates for Special Fuel and Road Use Taxes downward by \$3.5 million in FY 2011 and by a total of \$8.0 million in the 2012-2013 biennium.

Motor vehicle registration fee revenue has been running behind budget through October by \$1.0 million. Other motor vehicle-related revenue has fared better, particularly title fee and long-term trailer registration revenue. The RFC is revising revenue estimates for total Motor Vehicle Registrations and Fee revenue downward in FY 2011 by \$0.3 million due to a \$3.3 million downward revision to motor vehicle registration revenue. The downward revision to motor vehicle registration revenue is less in the 2012-2013 biennium and total Motor Vehicle Registration and Fees revenue category is being revised upward by \$0.1 million each fiscal year for the 2012-2013 biennium.

The only other significant adjustment by the RFC is a downward revision to fine revenue, which has been consistently below budget through the first 4 months of FY 2011. The RFC is adjusting fine revenue estimates downward by \$0.4 million annually.

**124th Legislature's Bond Issues**

The November 2010 election approved the final 2 bond issues of the 6 bond issues enacted by the 124<sup>th</sup> Legislature. All of these bond issues were

approved by the voters over 3 separate elections. Provided below is a summary of the 124<sup>th</sup> Legislature's bond issues.

<b>124th Legislature -Enacted Bond Issues Approved by Voters</b>	
<b>November 2009 Bond Question</b>	
<b>Transportation - Question 6</b>	
Highway and Bridge - Highway Fund	\$50,000,000
Highway and Bridge - General Fund	\$5,000,000
Other Transportation	\$13,750,000
LifeFlight Foundation	\$1,000,000
Gulf of Maine Research Institute	\$1,500,000
<b>November 2009 - Subtotal</b>	<b>\$71,250,000</b>
<b>June 2010 Bond Questions</b>	
<b>Energy Investment and Infrastructure Improvements - Question 2</b>	
Higher Education Building Renovations	\$15,500,000
Maine Marine Wind Energy Fund	\$11,000,000
<b>June 2010 Energy Investment and Improvements</b>	<b>\$26,500,000</b>
<b>Transportation - Question 3</b>	
Highway Reconstruction and Preservation of Pavement	\$24,800,000
Rail Track Purchase and Upgrade	\$16,000,000
Harbor and Marine Related Improvements	\$7,000,000
<b>June 2010 Transportation Subtotal</b>	<b>\$47,800,000</b>
<b>Economic Development - Questions 4</b>	
Historic Preservation Commission	\$1,250,000
Communities for Maine's Future	\$3,500,000
Maine Technology Institute	\$3,000,000
Brunswick Naval Air Station Redevelopment	\$8,000,000
Food Processing Grants for State Industries	\$1,000,000
Economic Recovery Loan Program	\$3,000,000
Small Enterprise Growth Fund Recapitalization	\$4,000,000
<b>June 2010 Economic Development Subtotal</b>	<b>\$23,750,000</b>
<b>Water Quality and Wastewater Treatment - Question 5</b>	
Drinking Water State Revolving Fund	\$3,400,000
Wastewater Treatment Loans, Grants and Assistance	\$5,850,000
Agriculture Water Source Development Program	\$1,000,000
<b>June 2010 Water Quality</b>	<b>\$10,250,000</b>
<b>November 2010 Bond Questions</b>	
<b>Dental Education and Clinics - Question 2</b>	
Community -Based Teaching Clinic	\$3,500,000
Health and Dental Clinic Upgrades	\$1,500,000
<b>November 2010 Dental Education and Clinics</b>	<b>\$5,000,000</b>
<b>Land Conservation, Waterfront Preservation and State Parks - Question 3</b>	
Land for Maine's Future Board	\$9,250,000
Department of Conservation State Parks and Land Management	\$500,000
<b>November 2010 Land, Waterfront and State Parks</b>	<b>\$9,750,000</b>
<b>Total Bond Issues Approved by Voters</b>	<b>\$194,300,000</b>



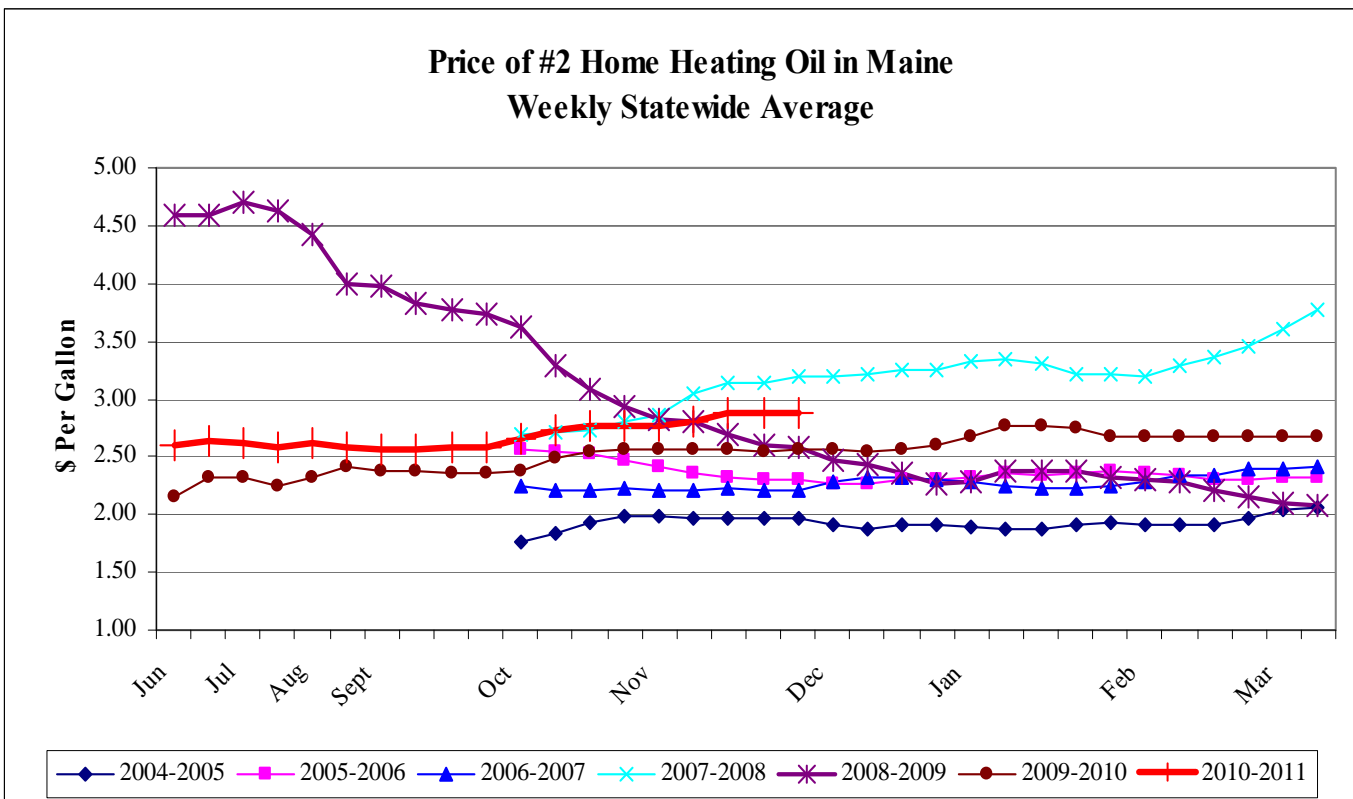
### Heating Oil Price Update

As the 2010-2011 winter heating season begins, Mainers are seeing the average price of #2 home heating oil in Maine rising, increasing from an average price of \$2.56 per gallon at the beginning of September to an average price of \$2.87 per gallon as of the end of November, its highest level since October 27, 2008. Prices have increased by \$0.11 per gallon over the last four weeks, or approximately 4.0%, and 12.5% over the same time last year. Even though these prices are well below the prices experienced during the 2007-2008 heating season (see chart below), the recent upward trend, which has pushed prices approximately \$.32 per gallon higher than last year at this time, puts added pressure on consumers' already stretched budgets.

Along with higher oil prices, Maine citizens who qualify for the Low-income Home Energy Assistance Program (LIHEAP) can expect to see a decrease in the amount of assistance they receive for their heating bills for this upcoming heating season. Maine's allocation of the federal fiscal year (FFY) 2011 regular block grant approved under a Continuing Resolution that is currently in place (Congress has not yet enacted a budget for FFY 2011) is estimated to be

\$28.7 million, down from \$49.5 million in FFY 2010. Although the final allocation for the LIHEAP program for FFY 2011 is not yet known, proposals by both the President and the Senate appropriations committee are between \$1.8 billion and \$2.0 billion less than the FFY 2010 allocation. The decrease in funding would reduce Maine's total allocation by approximately \$20.0 million and the benefit per household by approximately \$291, from \$844 in FFY 2010 to \$553 in FFY 2011. Maine also received approximately \$1.4 million from the September 2010 release of the remaining \$100.7 million in emergency contingent funds appropriated to LIHEAP for FFY 2010.

The price of #2 home heating oil in Maine has been fairly consistent with the national trend, increasing every year since the 2001-2002 winter heating season (with the exception of the 2006-2007 season, where prices actually declined slightly.) The chart below not only illustrates this trend beginning with the 2004-2005 season, but also tracks the significant price increases that began around the first week of November 2007 and peaked in July 2008 at \$4.71 per gallon.



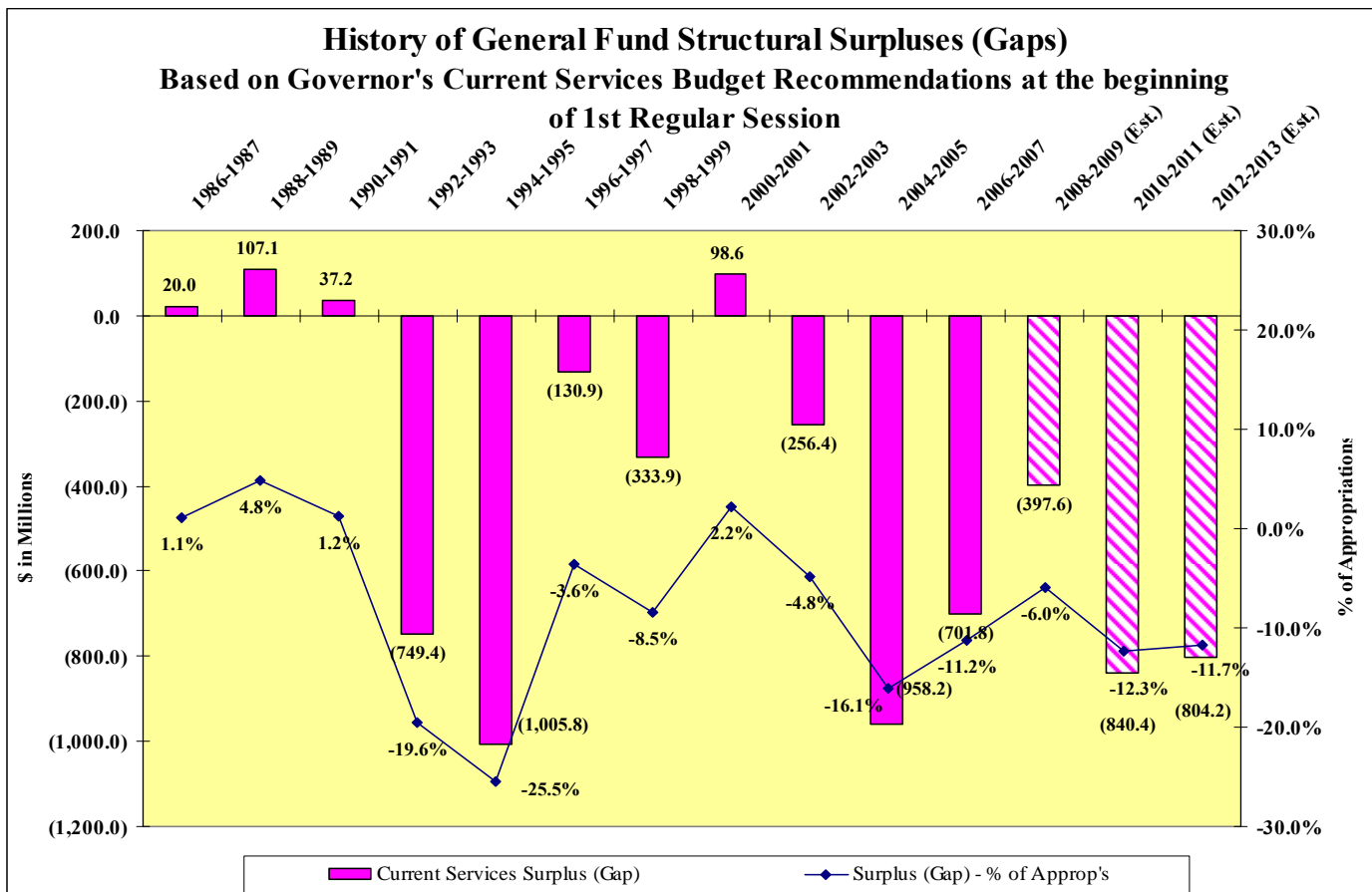


### Revised Structural Gap Estimates

As reported last month, the General Fund structural gap was projected to be more than \$1.2 billion or roughly 17.1% of General Fund spending for the 2012-2013 biennium based on the revenue forecast prior to the recent revisions of the Revenue Forecasting Committee (RFC). The pending revenue revisions due December 1<sup>st</sup> significantly reduce the projected shortfall. The updated graph below presents a comparison of the actual General Fund structural gaps at the beginning of each first regular session. Note that, beginning with the 2008-2009 biennium (the 122<sup>nd</sup> Legislature), the “current services” appropriations are based on estimates developed by the Bureau of the Budget as directed by statute as the budget process changes from the “current services” approach.

The December revenue revisions, which are increasing General Fund revenue estimates by \$365.6 million for the 2012-2013 biennium, reduce the General Fund biennium shortfall to roughly \$0.8 billion or 11.7% of General Fund spending. This

level is similar to the gap faced by the 124<sup>th</sup> Legislature. This estimate may be further reduced if any of the RFC’s \$111.6 million increase of General Fund revenue estimates for FY 2011 remains available to carry forward after addressing FY 2011 supplemental budget needs. The historical graph below does not include any balances forward, just the difference between “current services” appropriations and budgeted revenue for each year of the biennium. It should also be noted that the historical data reflect the actual gap or gap estimates at the beginning of each first regular session and do not reflect any mid-session or subsequent revenue updates. For the 124<sup>th</sup> Legislature, the 3 revenue revisions after the December 2008 baseline forecast created significant additional shortfalls with each new forecast. While the RFC is highlighting some significant risks to the underlying economic forecast, the economic outlook is much more stable and it is unlikely that the 125<sup>th</sup> Legislature will face the type of adverse economic and revenue forecasts of the 124<sup>th</sup>.





## *Cash Update*

The average total cash pool balance for October was more than \$195 million higher than one year ago and was roughly \$40 million below the historical average for October of \$558.8 million (the averages of October 2001 through 2009). This represents a substantial improvement over the last few years. Problem areas such as Federal Expenditures Fund and Dirigo Health Fund have also improved and have had positive balances for each month in FY 2011.

General Fund balances have also contributed to the improvement in the total cash pool. Internal borrowing was more than \$70 million less than last October as reserve fund balances have grown to an average balance in October of \$36.6 million after being almost completely depleted in FY 2009.

<b>Summary of Treasurer's Cash Pool</b>		
<b>October Average Daily Balances</b>		
<b>Millions of \$'s</b>		
	<b>2009</b>	<b>2010</b>
General Fund (GF) Total	(\$0.6)	\$5.1
General Fund (GF) Detail:		
Budget Stabilization Fund	\$0.2	\$25.4
Reserve for Operating Capital	\$0.0	\$11.2
Tax Anticipation Notes	\$0.0	\$0.0
Internal Borrowing	\$242.6	\$172.3
Other General Fund Cash	(\$243.4)	(\$203.8)
Other Spec. Rev. - Interest to GF	(\$45.2)	\$47.0
Other State Funds - Interest to GF	\$10.8	\$10.6
Highway Fund	\$18.9	\$50.3
Other Spec. Rev. - Retaining Interest	\$47.2	\$55.0
Other State Funds	\$184.5	\$238.1
Independent Agency Funds	\$107.5	\$112.5
<b>Total Cash Pool</b>	<b>\$323.1</b>	<b>\$518.7</b>

## *MaineCare Update*

### **MaineCare Spending**

FY 2011 MaineCare spending through Week 21 (through November 27th) appears to be continuing its recovery from the period of decreased weekly cycles after the September 1<sup>st</sup> "cutover" to the new Maine Integrated Health Management Solution (MIHMS) system. The weekly average cycle amount through Week 21 of \$38.4 million (state and federal spending) is still below comparable FY 2010 and FY 2009 averages of approximately \$42 million, but above the average of \$37.0 million through the end of October 2010. The chart on the next page summarizes weekly average MaineCare payment cycles for FY 2011 through Week 21, as well as comparable payment cycle averages for FY 2009 and FY 2010. In addition to these cycle payments, the Department of Health and Human Services (DHHS) has been making "bridge payments" to MaineCare providers experiencing a delay in claims paid through the MIHMS system. As of November 24, 2010, DHHS reports it made a total of \$25.6 million (state and

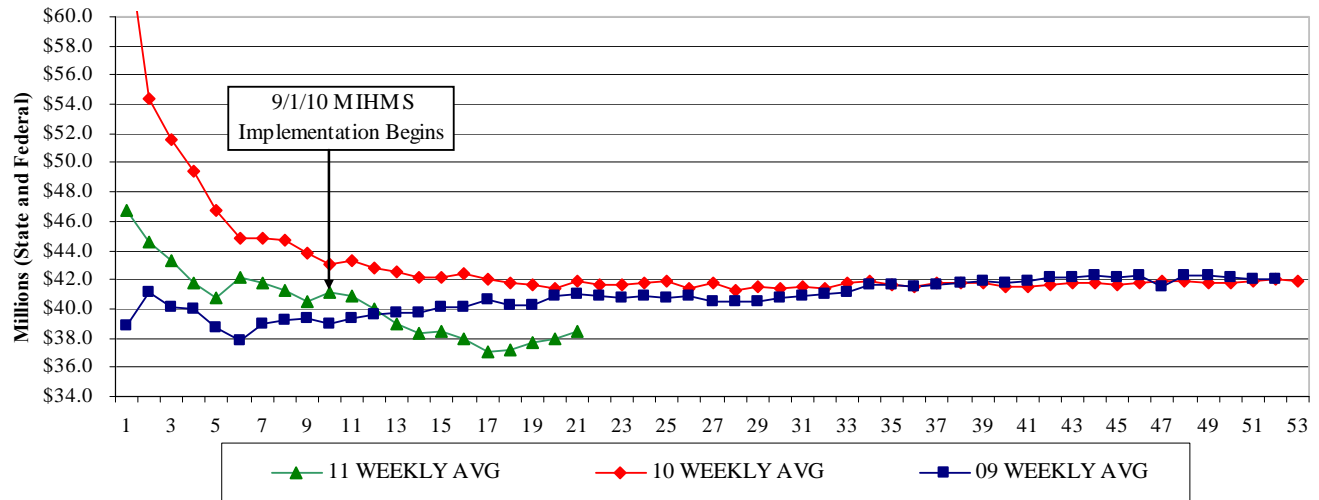
and federal spending) in such payments, with \$10.2 million repaid to-date, leaving an outstanding balance of \$15.4 million.

The MaineCare cycle payment fluctuations in the weeks following the MIHMS "cutover" make it difficult to establish any definitive trend for MaineCare spending for FY 2011. Last month's *Fiscal News* discussed press reports outlining a DHHS budget shortfall for FY 2011 based on preliminary departmental budget requests. The major component in this reported shortfall was \$23 million resulting from the phase down of the enhanced federal Medicaid match rate. In her November 15<sup>th</sup> Appropriations Committee briefing, DHHS Commissioner Harvey noted the MaineCare program may be facing an additional \$35 million shortfall for FY 2011 as a result of continued increases in caseload and per member per month costs. DHHS will continue to monitor and analyze these MaineCare trends and may request additional funding as part of the supplemental budget for FY 2011.



**MaineCare Update (continued)****MaineCare Weekly Cycle Averages - FY 09, FY 10, and FY 11**

FY 11 Through 11/27/10 - Cycle 21



° FY 09 averages do not reflect MaineCare hospital settlements of \$160.4 paid in the 5/8/09 (45th) cycle and \$36.3 million paid in the 6/12/09 (50th) cycle but do reflect the Week 47 cycle delayed and paid with the Week 48 cycle and the delay in hospital and long-term care payments until FY 10.

° FY 10 averages do not reflect the \$132.5 million in MaineCare hospital settlements paid in the 10/23/09 (17th) cycle but do reflect the delayed FY 09 hospital and long-term care payments paid in the first weekly cycle of FY 10.

**MaineCare Caseload**

October 2010 MaineCare caseload data summarized on the next page show continued overall growth with an increase of 1,585 persons in October and a cumulative increase of 18,436 persons over the last 12 months. The October increase follows monthly increases of 1,219 persons in September and 1,145 persons in August. These increases in MaineCare caseload continue to be driven by increases in the “traditional Medicaid” and the non-categorical adult waiver enrollment categories.

The “traditional Medicaid” enrollment category (i.e., adults and children receiving financial benefits such as TANF and IV-E Foster Care; aged and disabled persons; and institutionalized persons) increased by 553 persons in October. This October increase followed increases of 670 persons in September and 942 persons in August, with a total of 9,153 persons added over the last 12 months (a 3.97% increase) in this category. Details included in DHHS monthly caseload reports indicate that the increase caseloads for low-income children under the age of 21 continue to be the major factor behind the increases in the “traditional Medicaid” category.

The non-categorical adult waiver population increased to 16,778 persons in October, an increase of 923 persons. The October increase followed increases of 359 persons in September and 448 persons in August, after decreases of 349 persons in July and 149 persons in June. The non-categorical adult waiver had experienced three successive months of significant increases during the March through May period. Prior to these increases the waiver caseload had been relatively stable fluctuating around the 10,500 person level. Month to month fluctuations in caseload for this waiver reflect DHHS decisions in managing new enrollment on a monthly basis to keep spending for the waiver within budgeted amounts. The DHHS decision to open enrollment during the March through May period to reduce the waiver waiting list was intended to meet maintenance of effort spending requirements for the waiver required under the American Recovery and Reinvestment Act of 2009 (ARRA). More recent trends have reflected the DHHS decision to close the waiver to new enrollment in June then reopen enrollment in August, September, and October.

*MaineCare Update (continued)***MaineCare Caseload Summary**

<b>Calendar Year</b>	<b>Traditional Medicaid</b>	<b>SCHIP Medicaid Expansion</b>	<b>SCHIP "Cub Care"</b>	<b>Medicaid Expansion Parents ≤ 150% FPL</b>	<b>Non-Categorical Adults ≤ 100% FPL</b>	<b>Medicaid Expansion Parents &gt;150% FPL</b>	<b>Total</b>
<b>2002 Avg.</b>	174,962	8,597	4,209	13,756	1,349	0	202,873
<b>2003 Avg.</b>	195,664	8,142	4,734	14,019	14,738	0	237,298
<b>2004 Avg.</b>	203,608	9,397	4,502	16,414	21,138	0	255,058
<b>2005 Avg.</b>	209,817	10,130	4,159	18,301	19,875	2,016	264,298
<b>2006 Avg.</b>	212,842	10,289	4,518	18,790	14,670	4,998	266,106
<b>2007 Avg.</b>	215,763	9,909	4,524	19,010	20,060	5,490	274,756
<b>2008 Avg.</b>	217,214	9,513	4,524	18,273	14,276	5,582	269,381
<b>2009 Avg.</b>	226,423	9,590	4,801	18,976	10,673	5,857	276,320
<b>Detail for Last 12 Months</b>							
<b>Nov-09</b>	231,033	9,954	4,950	19,734	10,179	6,183	282,033
<b>Dec-09</b>	232,089	9,869	5,125	19,741	10,486	6,254	283,564
<b>Jan-10</b>	233,384	9,902	5,084	19,838	10,288	6,355	284,851
<b>Feb-10</b>	232,479	10,261	5,137	20,533	10,669	6,377	285,456
<b>Mar-10</b>	234,049	10,390	5,170	20,716	12,334	6,478	289,137
<b>Apr-10</b>	234,926	10,357	5,171	20,879	12,867	6,579	290,779
<b>May-10</b>	235,572	10,332	5,151	20,964	15,546	6,637	294,202
<b>Jun-10</b>	236,604	10,279	5,200	21,108	15,397	6,613	295,201
<b>Jul-10</b>	237,337	10,329	5,257	21,176	15,048	6,710	295,857
<b>Aug-10</b>	238,279	10,300	5,297	20,938	15,496	6,692	297,002
<b>Sep-10</b>	238,949	10,449	5,332	20,944	15,855	6,692	298,221
<b>Oct-10</b>	239,502	10,483	5,371	20,931	16,778	6,741	299,806
<b>Changes:</b>							
Latest month	553	34	39	-13	923	49	1,585
Last 12 Months	9,153	624	491	1,266	6,315	587	18,436
<b>Eligibility Descriptions:</b>							
<ul style="list-style-type: none"> <li>• <b>Traditional Medicaid</b> includes adults and children in receipt of a financial benefit (TANF, IV-E); aged and disabled persons in receipt of a financial benefit (SSI, SSI Supplement), institutionalized persons (NF), and others not included below.</li> <li>• <b>SCHIP (State Child Health Insurance Program) Medicaid Expansion Children (MS-CHIP)</b> (effective July 1998) are children with family incomes above 125/133% and up to and including 150% of the Federal Poverty Level (FPL).</li> <li>• <b>SCHIP "Cub Care" Children</b> (effective July 1998) are children with family incomes above 150% and up to and including 200% of FPL.</li> <li>• <b>Medicaid Expansion Parents</b> are persons who function as the primary caretakers of dependent children and whose income is above 100% and up to and including 150% of FPL (effective September 2000); and beginning May 2005, up to and including 200% of FPL.</li> <li>• <b>Non-Categorical Adults</b> (effective October 2002) are persons who are over 21 and under 65, not disabled, not the primary caretakers of dependent children, and whose income is not more than 100% of FPL.</li> </ul>							

**General Fund Revenue  
Fiscal Year Ending June 30, 2011 (FY 2011)  
October 2010 Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	October '10 Budget	October '10 Actual	October '10 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
Sales and Use Tax	84,885,967	86,013,135	1,127,168	265,935,341	269,498,068	3,562,727	1.3%	3.5%	904,850,262
Service Provider Tax	5,236,215	4,660,655	(575,560)	15,155,418	12,729,432	(2,425,986)	-16.0%	-14.5%	57,814,486
Individual Income Tax	99,767,129	101,843,463	2,076,334	389,952,206	410,312,066	20,359,860	5.2%	6.0%	1,326,790,000
Corporate Income Tax	(6,071,456)	15,924,564	21,996,020	33,315,125	59,908,311	26,593,186	79.8%	63.0%	158,786,702
Cigarette and Tobacco Tax	12,318,704	10,977,164	(1,341,540)	49,890,939	51,028,653	1,137,714	2.3%	-1.9%	137,744,579
Insurance Companies Tax	6,280,020	5,421,510	(858,510)	7,404,996	5,793,792	(1,611,204)	-21.8%	-31.9%	71,990,000
Estate Tax	2,717,807	9,210,307	6,492,500	4,560,934	12,971,610	8,410,676	184.4%	90.0%	31,739,004
Other Taxes and Fees *	21,178,791	20,848,723	(330,068)	51,520,797	50,613,623	(907,174)	-1.8%	1.7%	148,117,322
Fines, Forfeits and Penalties	2,575,970	1,989,519	(586,451)	10,926,164	9,835,057	(1,091,107)	-10.0%	-20.7%	30,816,261
Income from Investments	9,160	30,669	21,509	30,760	75,516	44,756	145.5%	-57.9%	275,045
Transfer from Lottery Commission	5,003,301	4,197,641	(805,660)	18,011,864	16,800,035	(1,211,829)	-6.7%	-4.0%	52,034,250
Transfers to Tax Relief Programs *	(14,634,329)	(8,875,390)	5,758,939	(47,641,364)	(40,386,408)	7,254,956	15.2%	15.9%	(112,087,945)
Transfers for Municipal Revenue Sharing	(9,264,579)	(10,074,462)	(809,883)	(31,281,424)	(32,889,607)	(1,608,183)	-5.1%	9.3%	(89,213,027)
Other Revenue *	1,438,397	(270,688)	(1,709,085)	4,187,235	2,397,730	(1,789,505)	-42.7%	113.0%	54,258,021
<b>Totals</b>	<b>211,441,097</b>	<b>241,896,810</b>	<b>30,455,713</b>	<b>771,968,991</b>	<b>828,687,877</b>	<b>56,718,886</b>	<b>7.3%</b>	<b>8.6%</b>	<b>2,773,914,960</b>

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

**General Fund Revenue**  
**Fiscal Year Ending June 30, 2011 (FY 2011)**  
**October 2010 Revenue Variance Report**

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	October '10 Budget	October '10 Actual	October '10 Variance	Budget	Actual	Variance	Variance %	% Change from Prior Year	
<b>Detail of Other Taxes and Fees:</b>									
- Property Tax - Unorganized Territory	12,080,762	11,896,097	(184,665)	12,080,762	11,896,097	(184,665)	-1.5%	5.0%	13,245,281
- Real Estate Transfer Tax	1,989,973	1,604,554	(385,419)	6,772,444	5,808,367	(964,077)	-14.2%	7.1%	14,922,365
- Liquor Taxes and Fees	1,776,830	1,737,842	(38,988)	7,537,970	7,906,358	368,388	4.9%	5.5%	20,413,193
- Corporation Fees and Licenses	124,825	184,853	60,028	948,750	1,072,554	123,804	13.0%	1.4%	7,505,099
- Telecommunication Personal Prop. Tax	0	0	0	0	0	0	N/A	100.0%	16,775,988
- Finance Industry Fees	1,829,586	1,599,050	(230,536)	7,318,344	7,429,350	111,006	1.5%	1.0%	22,365,980
- Milk Handling Fee	281,632	470,246	188,614	1,595,916	2,074,534	478,618	30.0%	-62.0%	3,848,975
- Racino Revenue	930,920	582,631	(348,289)	3,584,055	3,408,857	(175,198)	-4.9%	0.5%	10,855,590
- Boat, ATV and Snowmobile Fees	197,998	239,252	41,254	1,356,747	1,517,160	160,413	11.8%	5.5%	4,500,295
- Hunting and Fishing License Fees	1,456,100	780,430	(675,670)	6,179,296	5,313,174	(866,122)	-14.0%	7.5%	17,420,998
- Other Miscellaneous Taxes and Fees	510,165	1,753,770	1,243,605	4,146,513	4,187,172	40,659	1.0%	115.6%	16,263,558
<b>Subtotal - Other Taxes and Fees</b>	<b>21,178,791</b>	<b>20,848,723</b>	<b>(330,068)</b>	<b>51,520,797</b>	<b>50,613,623</b>	<b>(907,174)</b>	<b>-1.8%</b>	<b>1.7%</b>	<b>148,117,322</b>
<b>Detail of Other Revenue:</b>									
- Liquor Sales and Operations	2,292	3,000	708	9,168	9,292	124	1.4%	-4.7%	7,391,759
- Targeted Case Management (DHHS)	1,508,142	1,101,585	(406,557)	6,032,568	4,621,684	(1,410,884)	-23.4%	-43.7%	18,097,695
- State Cost Allocation Program	1,438,765	1,233,818	(204,947)	5,585,034	4,775,268	(809,766)	-14.5%	-12.0%	16,581,224
- Unclaimed Property Transfer	0	0	0	0	0	0	N/A	N/A	2,333,420
- Toursim Transfer	(3,383,518)	(3,498,413)	(114,895)	(8,972,750)	(9,048,877)	(76,127)	-0.8%	-0.3%	(8,972,750)
- Transfer to Maine Milk Pool	(359,000)	(268,000)	91,000	(2,926,805)	(2,941,146)	(14,341)	-0.5%	67.3%	(4,011,691)
- Transfer to STAR Transportation Fund	0	(1,034,394)	(1,034,394)	(2,946,769)	(3,100,352)	(153,583)	-5.2%	1.1%	(2,946,769)
- Other Miscellaneous Revenue	2,231,716	2,191,716	(40,000)	7,406,789	8,081,860	675,071	9.1%	-6.3%	25,785,133
<b>Subtotal - Other Revenue</b>	<b>1,438,397</b>	<b>(270,688)</b>	<b>(1,709,085)</b>	<b>4,187,235</b>	<b>2,397,730</b>	<b>(1,789,505)</b>	<b>-42.7%</b>	<b>113.0%</b>	<b>54,258,021</b>
<b>Detail of Transfers to Tax Relief Programs:</b>									
- Me. Resident Prop. Tax Program (Circuitbreaker)	(8,635,581)	(5,181,075)	3,454,506	(29,173,641)	(25,307,143)	3,866,498	13.3%	6.8%	(43,500,000)
- BETR - Business Equipment Tax Reimb.	(5,998,748)	(3,694,315)	2,304,433	(18,467,723)	(14,639,223)	3,828,500	20.7%	29.7%	(51,043,140)
- BETE - Municipal Bus. Equip. Tax Reimb.	0	0	0	0	(440,042)	(440,042)	N/A	N/A	(17,544,805)
<b>Subtotal - Tax Relief Transfers</b>	<b>(14,634,329)</b>	<b>(8,875,390)</b>	<b>5,758,939</b>	<b>(47,641,364)</b>	<b>(40,386,408)</b>	<b>7,254,956</b>	<b>15.2%</b>	<b>15.9%</b>	<b>(112,087,945)</b>
<b>Inland Fisheries and Wildlife Revenue - Total</b>	<b>1,749,362</b>	<b>1,099,973</b>	<b>(649,389)</b>	<b>7,921,368</b>	<b>7,189,275</b>	<b>(732,093)</b>	<b>-9.2%</b>	<b>7.4%</b>	<b>23,061,115</b>

## Highway Fund Revenue Fiscal Year Ending June 30, 2011 (FY 2011) October 2010 Revenue Variance Report

Revenue Category				Fiscal Year-To-Date					FY 2011 Budgeted Totals
	October '10 Budget	October '10 Actual	October '10 Variance	Budget	Actual	Variance	% Variance	% Change from Prior Year	
Fuel Taxes:									
- Gasoline Tax	16,621,224	16,768,306	147,082	51,795,223	56,247,851	4,452,628	7.9%	0.4%	189,570,000
- Special Fuel and Road Use Taxes	4,036,173	4,150,476	114,303	10,084,471	11,477,594	1,393,123	12.1%	3.1%	47,190,000
- Transcap Transfers - Fuel Taxes	(1,520,027)	(1,537,459)	(17,432)	(6,051,231)	(6,465,914)	(414,683)	-6.4%	-2.3%	(17,393,957)
- Other Fund Gasoline Tax Distributions	(415,647)	(419,325)	(3,678)	(1,795,355)	(1,906,531)	(111,176)	-5.8%	-2.4%	(4,840,577)
Subtotal - Fuel Taxes	18,721,723	18,961,998	240,275	54,033,108	59,352,999	5,319,891	9.0%	0.6%	214,525,466
Motor Vehicle Registration and Fees:									
- Motor Vehicle Registration Fees	5,361,988	4,844,047	(517,941)	23,184,163	22,209,788	(974,375)	-4.4%	1.3%	68,063,880
- License Plate Fees	240,885	123,705	(117,180)	1,165,001	1,200,148	35,147	2.9%	0.1%	3,280,493
- Long-term Trailer Registration Fees	180,438	514,538	334,100	542,171	1,525,462	983,291	64.5%	126.1%	6,183,601
- Title Fees	855,872	960,561	104,689	3,503,763	3,795,063	291,300	7.7%	1.3%	9,665,070
- Motor Vehicle Operator License Fees	477,282	503,010	25,728	1,978,570	2,056,152	77,582	3.8%	0.9%	5,589,208
- Transcap Transfers - Motor Vehicle Fees	0	0	0	(4,037,826)	(4,052,527)	(14,701)	-0.4%	-0.1%	(14,388,499)
Subtotal - Motor Vehicle Reg. & Fees	7,116,465	6,945,861	(170,604)	26,335,842	26,734,086	398,244	1.5%	4.7%	78,393,753
Motor Vehicle Inspection Fees	174,700	164,443	(10,258)	913,500	931,409	17,909	1.9%	24.5%	2,952,500
Other Highway Fund Taxes and Fees	112,334	142,990	30,656	474,481	518,577	44,096	8.5%	6.9%	1,270,460
Fines, Forfeits and Penalties	166,251	114,314	(51,937)	686,947	435,187	(251,760)	-57.9%	-28.3%	1,745,049
Interest Earnings	2,950	12,821	9,871	8,850	43,431	34,581	79.6%	-16.1%	32,446
Other Highway Fund Revenue	563,004	450,126	(112,878)	2,154,832	1,917,117	(237,715)	-12.4%	-14.8%	8,146,695
<b>Totals</b>	<b>26,857,427</b>	<b>26,792,552</b>	<b>(64,875)</b>	<b>84,607,560</b>	<b>89,932,806</b>	<b>5,325,246</b>	<b>5.9%</b>	<b>1.4%</b>	<b>307,066,369</b>