# HOUSE BILL 487 – MANAGEMENT EFFICIENCY PLAN COMPONENT OF THE MID-BIENNIUM REVIEW
## TESTIMONY OF TIMOTHY S. KEEN BEFORE THE

## HOUSE FINANCE & APPROPRIATIONS COMMITTEE

## MARCH 20, 2012

Chairman Amstutz, Ranking Member Sykes, and members of the committee, my name is Tim Keen, and I am the Director of the Office of Budget and Management (OBM). Thank you for the opportunity to testify today on House Bill 487, the "Management Efficiency Plan" component of the Kasich Administration's Mid-Biennium Review.

The Mid Biennium review was envisioned by the Governor as a comprehensive review of the enacted budget, state policy, programs and agency operations. The introduction of this bill represents the culmination of months of work by hundreds of employees across dozens of agencies. It has been the most thorough budget and policy review outside of the preparation of the biennial budget process that I have experienced in my more than 25 years of involvement in state budgeting. The process has identified hundreds of changes to the budget and state law that are in the proposal before you.

My intention today is to provide a perspective on the Mid–Biennium review process, to provide a brief overview on the economic and fiscal conditions that have prevailed during fiscal year

2012 as these proposals were developed, and to provide a broad overview, with selected examples, of the types of initiatives contained in HB 487. Given the breadth and depth of the bill, I will only attempt to highlight some of the topics that I understand from the chairman will be reviewed in legislative hearings throughout the coming weeks.

## THE MID-BIENNIUM REVIEW PROCESS

The MBR has been a carefully considered and structured process. The concept of the MBR was announced by Governor Kasich even before final passage of the biennial operating budget. Recall that Governor Kasich spent 18 years in Congress, with 6 of those years as chairman of the House Budget Committee. As you know, the federal government budgets on an annual basis. With a sense of urgency to address many of the challenges facing Ohio, the Governor did not want to wait two years for the next budget process to continue his agenda of reform. So the MBR process was born.

After a series of planning meetings, the MBR process began formally in September 2011. Cabinet directors were asked to fully review the programs they administer, their internal operations, and to make recommendations for improvement. They were asked to think broadly with a focus on additional savings, considering such themes as the following:

- Removing statutory barriers that impede state agencies, local governments, and school districts from gaining operating efficiencies and improving the delivery of services through opportunities that include, but are not limited to, shared services;

- Eliminating outdated statutory requirements and/or those associated with non-core functions that currently result in unnecessary burdens on state agencies, local governments, and school districts;
- Streamlining programs and service delivery across multiple agencies;
- Making accounting changes that improve processes and tracking; and,
- Necessary technical corrections.

In addition, the administration made similar outreach efforts to local governments and schools, through their statewide organizations, asking them to identify ways to continue the process begun in H.B.153 that is transforming the way they provide service to their citizens.

With the recent completion of the biennial operating budget process, it was anticipated that a number of the issues identified for the MBR might have been known during the preparation and consideration of H.B. 153, but were not able to be fully addressed at that time; or perhaps some would be a refinement of enacted items. Others were anticipated to be new issues that might have emerged since the enactment of H.B. 153.

Concurrent to this charge to cabinet directors, OBM led a comprehensive review of fiscal year 2013 appropriations levels. The goal of this review was a further reduction of appropriations where possible due to administrative savings and efficiencies or the availability of more recent information on program spending, such as actual federal grant levels. I would note that care was taken to ensure that none of the reductions will negatively impact services for Ohioans.

This comprehensive MBR process produced a myriad of ideas, tailored to each agency's specific circumstances. Emerging from those agency responses and related work are three distinct clusters of reform. The *Management Efficiency Plan* is contained in H.B. 487, and it is my focus here today. The other two clusters, *Ohio's 21st Century Energy Policy* and *Ohio's 21st Century Education and Workforce Plan*, are expected to be introduced as separate pieces of legislation in the Senate later this week.

## THE STATE BUDGET ENVIRONMENT

The bill before you today, H.B. 487, is the Management Efficiency Plan; and I will highlight its contents for you in just a moment. Before doing so, I would like to review the fiscal condition of the state that prevailed during the MBR process.

As I have explained, the MBR has been in planning and development for some time as a vehicle to advance state government improvements and reform. The biennial budget bill returned the state to a sound fiscal footing. Committee members are familiar with the actions required in H.B. 153 to close the projected $7.7 billion structural imbalance identified last January. Additionally, due to improving revenues and prudent fiscal management at the end of fiscal year 2011, we now have $247 million in the Budget Stabilization Fund. During the course of FY 2012, state finances have performed within the parameters of the budget plan. On the economic front, the national and state economies have also been generally consistent with projections showing moderate but uneven growth. Ohio has gained 62,500 jobs over the last year, placing us fifth in the country and number one in the Midwest in new job creation. The objective of the MBR has been to solidify our fiscal condition and build on recent economic momentum.

Our return to fiscal stability has not been lost on outside observers. In fact, as many of you are aware, after the enactment of H.B. 153, the credit rating agency Standard and Poor's returned Ohio's credit outlook to "stable," a welcome improvement from the "negative outlook" S&P had given Ohio in August 2009, just after enactment of the previous biennial budget. And last Friday, the credit rating agency Moody's announced revision of their credit outlook for Ohio from "negative" to "stable." Moody's also affirmed Ohio's AA1 rating on General Obligation bonds. This improved confidence is not only an indicator of budget stability – it directly impacts the willingness of the markets to purchase bonds issued by the State of Ohio, thereby lowering future borrowing costs.

The current operating budget was developed and enacted during a period of economic uncertainty. U.S. GDP growth had slowed sharply in the first half of CY 2011 from where it had been in 2010. Monthly employment growth had slowed sharply as well. The earthquake and tsunami in Japan were about to cause disruptions in the global supply chain for vehicles, consumer electronics, and other products. There was a consensus among economists that this would depress economic growth in the U.S. and elsewhere for some time, although the magnitude of the impact was unknown. The debt crisis in Europe was affecting global financial markets and investor confidence, although this impact was more strongly felt later in the year. The national economic forecasting firms, on whom Ohio relies for national and Ohio forecasts of key economic variables, were in the early stages of a process of continuously increasing their probability forecasts of a U.S. recession. In the face of the economic slowdown and substantial uncertainty about the near future, OBM was careful to use conservative revenue forecasts in the H.B. 153 framework. Consequently, even though the economic recovery remains one of the slowest in the post-war era, with GDP growth lower and unemployment higher than at the same point in most recoveries over this period, state finances are performing within the general parameters assumed in the budget through the first eight months of this fiscal year. In this regard, I call your attention to several financial tables I have attached to this testimony.

<u>GRF Receipts</u>

While economic uncertainty remains, projected moderate economic growth is reflected in state revenue figures. Total GRF state tax receipts are modestly above estimate, by $187.2 million or 1.6 percent. Within the broad total tax receipts category, personal income taxes through February are over estimate. However, within those receipts income tax withholding has underperformed the estimate by approximately $58.5 million. That shortfall has been more than offset by higher-than-expected estimated payments and annual return activity. Refunds have also been substantially lower than estimated. Also contributing to the total tax receipts overage are non-auto sales tax collections due to resilient consumer spending and the auto sales taxes due to higher-than-expected auto sales.

Non-tax receipts, on the other hand, have been below estimate this fiscal year. This can be attributed to three primary factors: the state has not yet received the proceeds of the JobsOhio/liquor franchise transaction; proceeds from last year's prison sale, although received, have not yet been transferred to the GRF and federal receipts have been below estimate as a result of Medicaid under-spending, which I will discuss below.

GRF Disbursements

Turning to GRF disbursements, year-to-date disbursements are slightly below estimate, with most spending categories within range of estimates. The only notable variance that I would call to your attention is Medicaid. All Funds Medicaid spending by the Department of Job and Family Services is $417.4 million below estimate through February, and the GRF component is $295.8 million (approximately $106 million state share) under estimate. While it is likely that some of the lower-than-projected spending is due to greater-than-expected savings from the comprehensive Medicaid reforms adopted as part of H.B. 153, it also is likely that a portion of the savings is due to timing factors associated with the implementation of the new Medicaid Information Technology System, or MITS. At this time, it is impossible to definitively determine what portion of the variance is due to timing factors and what portion represents true savings.

Many of you will recall that the Department of Job and Family Services had been working to transition to a new Medicaid claims payment system over a number of years. After several missed implementation dates, the introduction of the MITS system in August brought a number of associated delays in both claims payment by the system and the submission of claims by providers. Given the magnitude of claims processed through MITS – over 40 million claims annually from over 90,000 providers – the need to work through some post-implementation issues was not entirely unexpected.  OBM will continue to monitor the situation and will assess the impact on Medicaid disbursements as information continues to become available.

One thing that is clear regarding Medicaid is that the Federal Medical Assistance Percentage, or FMAP, will be reduced in federal fiscal year 2013. The FMAP is the rate at which the federal government reimburses the state for Medicaid spending. The new rate will be effective on October 1, 2012, and will impact the final three quarters of our state fiscal year 2013. Because the FMAP rate for federal fiscal year 2013 was not calculated by the federal government until after H.B. 153 was enacted, the budget followed the practice of using the most current, known rate as an estimate, which was the federal fiscal year 2012 rate.

The FMAP is calculated individually for each state based on a formula that essentially provides a higher rate of federal reimbursement to states with lower per capita income relative to the nation as a whole. Because Ohio's per capita income relative to the national per capita has improved, Ohio's FMAP will decrease from 64.15 percent in federal fiscal year 2012 to 63.58 percent in federal fiscal year 2013.   Over the three quarters affected in state fiscal year 2013, the shift from federal to state is estimated to be over $70 million.

The GRF will bear the brunt of the FMAP reduction for two reasons:

- Non-GRF state Medicaid resources will draw less federal reimbursement, which means that, at the same total spending levels, a larger portion of spending must shift to the GRF; and,
- In addition to the shift from non-GRF spending to GRF spending, the mix of state versus federal Medicaid spending from the GRF will shift more toward the state due to the lower FMAP.

Therefore, I want to urge caution by the committee in regard to the year-to-date variance in Medicaid. Clearly the variance could either be consumed later this fiscal year or in fiscal year 2013 by making payments for claims associated with the potential MITS-related delays discussed earlier, or it will flow through to fiscal year 2013 and be used as a necessary offset to the FMAP change.

To conclude my review of state finances I am pleased to report that both the economic projections and the revenue estimates used in HB153 have been generally consistent with actual performance to date. As with any budget plan there remains a degree of economic and fiscal uncertainty that OBM will carefully monitor. Particularly, OBM will continue to closely watch personal income tax withholdings and Medicaid spending patterns. But notwithstanding these two areas, the budget results to date are on course with the plan adopted last June.

## HIGHLIGHTS OF THE MANAGEMENT EFFICIENCY PLAN

With that background and fiscal update, I now would like to highlight some of the provisions in the Management Efficiency Plan component of the MBR. Because the provisions are numerous and varied, I find that it is helpful to loosely group them into the following categories:

- Budgetary Changes;
- Tax Reforms and Other Tax Changes;
- Program Reforms and Rationalizations;
- Program Improvements & Updates;
- Operational Improvements & Updates; and,
- Local Government.

I will now discuss each of these categories in turn.

### Budgetary Changes

I count in this category any changes that directly alter appropriation levels, including line item restructuring. Also included would be various accounting changes such as ALI renaming, fund transfers or other changes to the disposition of revenues or use of state funds.

The bill makes changes to 232 line items across 32 agencies. Many of these changes result from the Governor's instructions to his cabinet directors to carefully analyze appropriations made to their agencies in the FY2012-2013 biennial budget, challenging them to seek out meaningful spending cuts and savings. This was not intended as an across-the-board budget-cut exercise, but rather to review the circumstances of individual state agencies. As a result of this review, agencies identified a total of $113.5 million in total reductions ($34.7 million in GRF and $78.8 million in non-GRF) for FY2013 – reductions that are included in the Management Efficiency Plan. The bill also contains a number of appropriation changes related to program reforms recommended in the plan, as with the shift of the existing Department of Natural Resources (DNR) appropriation authority for the recycling and scrap tire program to the EPA. The bill contains a limited number of appropriation authority increases to select agencies; as with the Department of Mental Health (DMH), where an increase of $3 million is provided for Community Mental Health Services. Even with increases in a select few agency programs, the result has been an overall reduction in agency appropriations.

Tax Reforms and other tax changes

A major component of the MBR process was a review of Ohio's tax laws. This review was intended to build on tax changes from 2011; to reduce Ohio's tax burden, increase our economic competitiveness and foster an environment in which job creators can succeed. This review identified two major tax reform proposals. A personal income tax cut, tied to revenues produced from a modernization of Ohio's forty year old severance tax laws, and a financial institutions tax reform intended to close loopholes that increasingly threaten the viability of the existing bank tax structure, while lowering rates for most Ohio banks. Besides the two major tax restructuring proposals, there are a number of other tax provisions in the bill. Several of them are intended to close specific loopholes. The remaining items, while not as significant, can be generally described as falling into one of three categories: modernizing the tax code, improving efficiency and/or reducing costs of administration of taxes for the department of taxation, or simplifying compliance for taxpayers.  Tax Commissioner Joe Testa will appear in the Ways and Means Committee later this week to provide a further review of the tax provision contained in the bill.

Personal Income Tax Cut

The Governor has been quite clear that he believes Ohio must reduce our personal income tax rates in order to be more economically competitive.  The 2005 tax reform package, including the personal income tax cut that took effect in 2011, was a start.  Those reforms have improved Ohio's competitive position in attracting new investment and our tax burden ranking relative to other states.  However, one of the places where Ohio's state and local tax burden is still relatively high is in the personal income tax. The administration continues to seek ways to reduce Ohio's income tax and thereby help small business. The discovery of substantial reserves of oil and gas in the Utica shale formation in eastern Ohio affords us a unique opportunity to address this most uncompetitive feature of our tax system, our relatively high personal income tax rates.  The tax cut would be funded by a modest proposed severance tax, a tax lower than those found in other states with significant oil and gas production and, therefore, unlikely to have any appreciable impact on oil and gas exploration, drilling and production in Ohio.  The Governor's proposal would deposit all new severance tax revenues in a fund to be used to reduce every Ohioan's personal income taxes.  We estimate that by 2016 the new revenues could reach $500 million and finance an income tax cut of 5 percent.

Financial Institutions Tax Reform

The financial institutions tax reform proposal completes some unfinished business from the 2005 tax reform package. That reform substantially changed Ohio's business taxes, eliminating the tangible personal property tax, mostly repealing the corporate franchise tax, implementing a new commercial activity tax (CAT). You will note that I said that the 2005 tax reform package mostly repealed Ohio's corporate franchise tax. Pieces of the tax remain. There is a net worth tax on financial institutions and a net income/net worth tax on approximately 1,000 corporations who are affiliates of financial institutions, or of insurance companies. There is also a tax on "dealers in intangibles" that dates back to 1931 and appears to be unique in the United States today.

The Financial Institutions Tax Reform proposal would finally eliminate the vestiges of the old corporate franchise tax and also repeal the dealers' tax. Financial institutions of all kinds, including dealers, will pay a new financial institutions tax (FIT) with a broader tax base but substantially lower tax rates. While the proposal is crafted to be revenue neutral, most financial institutions, including community banks, should see reduced taxes. In addition, the tax base will be tied to equity capital as reported on financial regulatory reports, thus closing a loophole that is eroding the base of the current tax through aggressive tax planning by a small (but growing) number of large institutions. Those companies that do not fall under the new FIT will become CAT taxpayers, leveling the playing field between them and other taxpayers engaged in similar businesses who are already paying the CAT.

Program Reforms and Rationalizations

This category represents major programmatic and operational changes, including those that consolidate or better align the administration and/or management of certain programs or service provision. I would call to your attention just a few of those items:

- Merging the State Architect's Office with the School Facilities Commission into a new Facilities Construction Commission will reduce costs and align related authority and resources within a single, responsive commission with oversight responsibility for all state non-transportation construction.
- Consolidating two Department of Natural Resources programs – recycling/litter prevention and scrap tire regulation – with closely related programs in the Ohio EPA will create a more efficient, less costly state program for material and waste management, while opening better opportunities to leverage matching grant programs.
- To lower the cost of maintaining and renovating state-owned buildings, the Department of Administrative Services will have authority to lease older, outdated facilities to private developers to upgrade and renovate, then lease back to the state. This will also bring the state additional revenue by permitting DAS to lease underutilized state office space to non-government tenants.
- Additionally, there are a number of proposals making targeted improvements in Ohio's health and human services programs. Building on many of the reforms in H.B. 153, these components of the plan will enhance program performance, create better health outcomes for individuals and provide employers with a healthier workforce. Testimony

by Greg Moody, Director of the Office of Health Transformation, will highlight some of these proposals.

Program Improvements

In this category I include changes to outwardly facing programs that will result in better services for Ohioans. There are numerous such changes, including the following:

- Eligibility requirements for assisted living will be modernized and aligned by eliminating residency requirements for the Home First program. This provision corresponds with similar changes to assisted living waiver requirements made in HB 153.
- To help counties better manage community-based programs for juvenile offenders, revised formulas determining how the Department of Youth Services distributes local funding through its RECLAIM Ohio program will provide more stability and predictability for local planning efforts.

Operational Improvements

These are modifications that will enable state government operations to function more efficiently. Such provisions include the following:

- To modernize the way agencies communicate, a number of provisions contained in the bill enable state agencies, including the Department of Taxation and the Bureau of Workers' Compensation, to communicate electronically with citizens in lieu of outdated and more costly methods.

- In order to more timely process the Board of Tax Appeals (BTA) caseload, the bill would create a Small Claims Division within the BTA. It also allows fax and electronic filing of appeals with the BTA and requires the BTA to establish a case management schedule for appeals. In addition, the bill creates a Tax Commissioner Backlog Reduction program in order to assist with the BTA's backlog.

Local Government

As I mentioned previously, very early in the MBR process we reached out to local governments and schools, as well as their statewide organizations, to solicit ideas that will enable them to save money and/or improve service delivery. Recall that H.B. 153 clarified and expanded state laws governing the ways local governments can reduce costs through shared services, and a number of obsolete or redundant rules and regulations were eliminated. This bill continues that process and provides additional tools for local governments and schools. For example:

- The state will provide an online clearinghouse of sample materials and tools for shared services. Through the use of this portal, local officials will have one stop access to the latest information about how they can increase their savings through collaboration.
- Another proposal would create a new online portal through which schools and local governments can engage in joint purchasing in order to lower their costs for many services and products that they currently must pay for individually.
- Additionally, county auditors would be able to serve as fiscal agent for other offices and to share employees across county lines.

- And yet another example is that the bill would provide to local health departments broad statutory contracting authority in order to clarify their ability to share services beyond their boundaries.

Concluding Remarks

Thank you for the opportunity to testify today on H.B. 487, the Management Efficiency Plan component of the Mid-Biennium Review. This has been a comprehensive process that has resulted in the legislation before you. This bill includes numerous funding changes, reforms, and improvements that are intended to further advance Governor Kasich's agenda of renewal for the State of Ohio. It continues his ongoing effort to restrain the growth of state spending, to improve services for taxpayers, and to enhance the climate of economic competitiveness and job growth in this state. Thank you for your time and consideration. I would be happy to answer any questions you might have at this time.

## GENERAL REVENUE FUND RECEIPTS
## ACTUAL FY 2012 VS ESTIMATE FY 2012
## ($ in thousands)

| REVENUE SOURCE | MONTH ACTUAL FEBRUARY | MONTH ESTIMATE FEBRUARY | MONTH $ VAR | MONTH % VAR | YEAR-TO-DATE ACTUAL Y-T-D | YEAR-TO-DATE ESTIMATE Y-T-D | YEAR-TO-DATE $ VAR | YEAR-TO-DATE % VAR |
|---|---|---|---|---|---|---|---|---|
| TAX RECEIPTS | | | | | | | | |
| Non-Auto Sales & Use | 504,874 | 482,300 | 22,574 | 4.7% | 4,701,982 | 4,635,900 | 66,082 | 1.4% |
| Auto Sales & Use | 72,496 | 62,900 | 9,596 | 15.3% | 668,248 | 612,800 | 55,448 | 9.0% |
| Subtotal Sales & Use | 577,370 | 545,200 | 32,170 | 5.9% | 5,370,230 | 5,248,700 | 121,530 | 2.3% |
| Personal Income | 263,771 | 219,096 | 44,674 | 20.4% | 5,154,143 | 5,081,133 | 73,010 | 1.4% |
| Corporate Franchise | (11,117) | 14,000 | (25,117) | -179.4% | 57,235 | 73,701 | (16,466) | -22.3% |
| Commercial Activity Tax | 88,859 | 83,900 | 4,959 | 5.9% | 298,002 | 277,400 | 20,602 | 7.4% |
| Public Utility | 24,242 | 27,200 | (2,958) | -10.9% | 77,600 | 87,999 | (10,400) | -11.8% |
| Kilowatt Hour | 25,249 | 29,500 | (4,251) | -14.4% | 207,559 | 221,000 | (13,441) | -6.1% |
| MCF Tax | 13,156 | 15,000 | (1,845) | -12.3% | 31,328 | 31,600 | (272) | -0.9% |
| Foreign Insurance | 51,647 | 60,500 | (8,853) | -14.6% | 186,129 | 190,699 | (4,571) | -2.4% |
| Domestic Insurance | 123 | 0 | 122 | N/A | 123 | (1,100) | 1,223 | 111.2% |
| Other Business & Property | 10 | 0 | 10 | N/A | (1,773) | (1,500) | (274) | -18.3% |
| Cigarette | 59,622 | 58,500 | 1,122 | 1.9% | 504,379 | 497,500 | 6,879 | 1.4% |
| Alcoholic Beverage | 3,978 | 4,200 | (222) | -5.3% | 37,817 | 37,900 | (83) | -0.2% |
| Liquor Gallonage | 2,806 | 2,600 | 206 | 7.9% | 26,438 | 24,900 | 1,538 | 6.2% |
| Estate | 0 | 0 | 0 | N/A | 36,084 | 28,200 | 7,883 | 28.0% |
| Total Tax Receipts | 1,099,715 | 1,059,696 | 40,019 | 3.8% | 11,985,293 | 11,798,133 | 187,160 | 1.6% |
| NON-TAX RECEIPTS | | | | | | | | |
| Federal Grants | 679,531 | 630,439 | 49,092 | 7.8% | 5,180,389 | 5,303,528 | (123,140) | -2.3% |
| Earnings on Investments | 296 | 0 | 296 | N/A | 2,711 | 2,900 | (189) | -6.5% |
| License & Fees | 8,040 | 6,636 | 1,404 | 21.2% | 33,609 | 32,405 | 1,203 | 3.7% |
| Other Income | 760 | 3,014 | (2,254) | -74.8% | 10,084 | 569,916 | (559,831) | -98.2% |
| ISTV'S | 2,997 | 1,342 | 1,655 | 123.3% | 13,066 | 7,783 | 5,283 | 67.9% |
| Total Non-Tax Receipts | 691,624 | 641,431 | 50,193 | 7.8% | 5,239,859 | 5,916,533 | (676,674) | -11.4% |
| **TOTAL REVENUES** | **1,791,339** | **1,701,128** | **90,211** | **5.3%** | **17,225,152** | **17,714,665** | **(489,513)** | **-2.8%** |
| TRANSFERS | | | | | | | | |
| Budget Stabilization | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| Liquor Transfers | 0 | 0 | 0 | N/A | 72,500 | 69,500 | 3,000 | 4.3% |
| Transfers In - Other | 160,363 | 0 | 160,363 | N/A | 210,467 | 10,598 | 199,869 | N/A |
| Temporary Transfers In | 0 | 0 | 0 | N/A | 180,718 | 0 | 180,718 | N/A |
| Total Transfers | 160,363 | 0 | 160,363 | N/A | 463,685 | 80,098 | 383,587 | 478.9% |
| **TOTAL SOURCES** | **1,951,702** | **1,701,128** | **250,575** | **14.7%** | **17,688,837** | **17,794,763** | **(105,926)** | **-0.6%** |

**GENERAL REVENUE FUND DISBURSEMENTS**
**ACTUAL FY 2012 VS ESTIMATE FY 2012**
**($ in thousands)**

| Functional Reporting Categories Description | MONTH | | | | YEAR-TO-DATE | | | |
|---|---|---|---|---|---|---|---|---|
| | ACTUAL FEBRUARY | ESTIMATED FEBRUARY | $ VAR | % VAR | YTD ACTUAL | YTD ESTIMATE | $ VAR | % VAR |
| Primary, Secondary and Other Education | 297,680 | 280,507 | 17,173 | 6.1% | 4,392,729 | 4,366,299 | 26,430 | 0.6% |
| Higher Education | 186,778 | 189,225 | (2,448) | -1.3% | 1,440,698 | 1,455,718 | (15,020) | -1.0% |
| Public Assistance and Medicaid | 1,129,752 | 1,080,504 | 49,248 | 4.6% | 8,810,903 | 9,133,456 | (322,553) | -3.5% |
| Health and Human Services | 46,960 | 65,140 | (18,179) | -27.9% | 706,979 | 708,610 | (1,630) | -0.2% |
| Justice and Public Protection | 118,435 | 129,323 | (10,887) | -8.4% | 1,242,708 | 1,313,874 | (71,166) | -5.4% |
| Environmental Protection and Natural Resource | 3,369 | 3,095 | 273 | 8.8% | 51,142 | 50,753 | 389 | 0.8% |
| Transportation | 710 | 1,158 | (448) | -38.7% | 6,628 | 8,435 | (1,808) | -21.4% |
| General Government | 15,058 | 14,796 | 262 | 1.8% | 192,404 | 208,462 | (16,057) | -7.7% |
| Community and Economic Development | 4,648 | 5,398 | (749) | -13.9% | 55,904 | 69,098 | (13,194) | -19.1% |
| Tax Relief and Other | (5) | 218 | (223) | -102.5% | 870,045 | 847,477 | 22,568 | 2.7% |
| Capital Outlay | 0 | 0 | 0 | N/A | 120 | 0 | 120 | N/A |
| Debt Service | 34,293 | 34,306 | (13) | 0.0% | 274,152 | 278,487 | (4,335) | -1.6% |
| **Total Expenditures & ISTV's** | **1,837,678** | **1,803,670** | **34,008** | **1.9%** | **18,044,414** | **18,440,669** | **(396,255)** | **-2.1%** |
| **Transfers Out:** | | | | | | | | |
| Operating Transfer Out | 153,668 | 2,097 | 151,570 | N/A | 482,891 | 354,425 | 128,466 | 36.2% |
| Temporary Transfer Out | 0 | 0 | 0 | N/A | 237,356 | 0 | 237,356 | N/A |
| **Total Transfers Out** | **153,668** | **2,097** | **151,570** | **N/A** | **720,246** | **354,425** | **365,822** | **103.2%** |
| **Total Fund Uses** | **1,991,346** | **1,805,767** | **185,579** | **10.3%** | **18,764,660** | **18,795,093** | **(30,433)** | **-0.2%** |