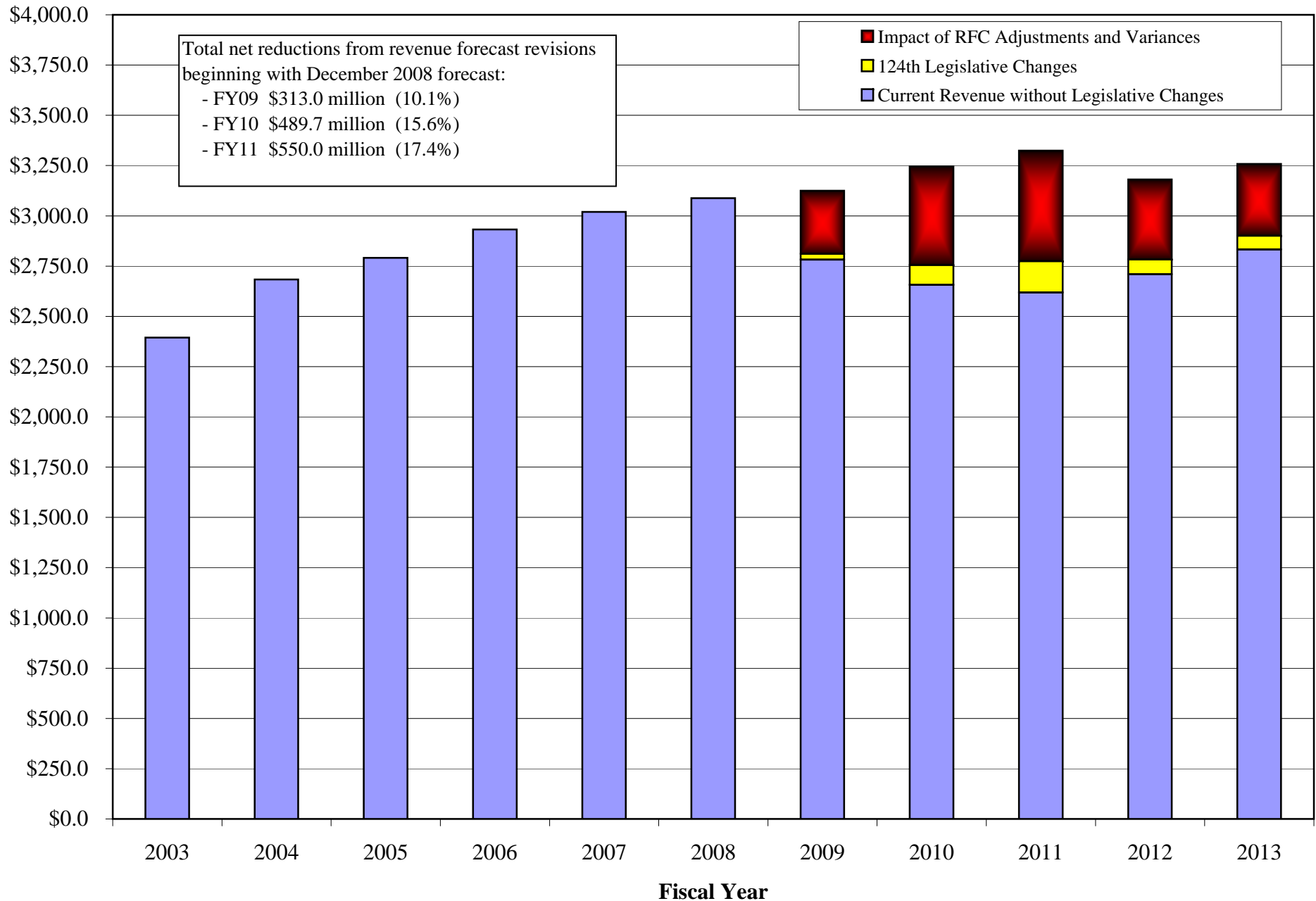


General Fund Revenue

| | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|--------------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General Fund Revenue | | | | | |
| December 2008 Baseline Forecast | \$2,955,034,169 | \$2,969,031,494 | \$3,016,276,535 | \$3,107,064,427 | \$3,190,005,450 |
| Revenue Forecasting Committee (RFC) Revisions: | | | | | |
| - May 2009 Revision | (\$129,288,054) | (\$195,643,156) | (\$244,219,896) | (\$235,414,259) | (\$217,782,553) |
| - December 2009 Revision | \$0 | (\$209,427,300) | (\$174,192,413) | (\$164,752,815) | (\$146,876,612) |
| - March 2010 Revision | \$0 | \$29,817,638 | \$21,158,388 | \$2,336,418 | \$7,111,403 |
| Subtotal - RFC Revisions | (\$129,288,054) | (\$375,252,818) | (\$397,253,921) | (\$397,830,656) | (\$357,547,762) |
| Legislative Adjustments to Revenue: | | | | | |
| - 1st Regular Session | \$29,017,033 | \$83,283,684 | \$125,850,205 | \$67,697,594 | \$63,657,782 |
| - 2nd Regular Session | | \$15,943,029 | \$29,042,141 | \$5,855,173 | \$4,807,163 |
| Total Legislative Changes - 124th Leg. | \$29,017,033 | \$99,226,713 | \$154,892,346 | \$73,552,767 | \$68,464,945 |
| Final Budgeted Revenue - 124th Leg. | \$2,854,763,148 | \$2,693,005,389 | \$2,773,914,960 | \$2,782,786,538 | \$2,900,922,633 |
| Revenue Variances - Budget to Actual | (\$43,394,853) | \$62,677,111 | | | |
| Actual Revenue - Final Budgeted | \$2,811,368,295 | \$2,755,682,500 | \$2,773,914,960 | \$2,782,786,538 | \$2,900,922,633 |
| Annual Percentage Change | | -2.0% | 0.7% | 0.3% | 4.2% |
| Major "One-time" Legislative Adjustments: | | | | | |
| Municipal Revenue Sharing Fixed Reductions | \$0 | \$25,383,491 | \$35,270,254 | \$0 | \$0 |
| Various Tax Enforcement Initiatives | \$0 | \$23,074,576 | \$31,871,261 | \$13,727,815 | \$9,253,849 |
| Temporary Hospital Assessment | \$0 | \$0 | \$4,200,000 | \$0 | \$0 |
| Net Operating Loss Changes - Corporate and Individual Income Taxes | \$0 | \$10,000,000 | \$7,500,000 | \$4,950,000 | \$0 |
| Diversion of Real Estate Transfer Tax from General Fund | \$0 | \$0 | \$0 | (\$3,000,000) | (\$3,000,000) |
| Maine Clean Election Fund Transfer - One-time Reductions | \$0 | \$425,000 | \$2,000,000 | \$0 | \$0 |
| Cap on Maine Milk Pool Transfers through FY 2011 | \$2,102,535 | \$2,836,900 | \$7,106,009 | \$0 | \$0 |
| One-time Circuitbreaker Changes | \$0 | \$8,536,652 | \$8,876,856 | (\$1,045,747) | (\$1,075,138) |
| One-time BETR payment prorated to 90% | \$0 | \$6,565,349 | \$6,004,794 | \$0 | \$0 |
| Revenue from Sale of State Property | \$0 | \$0 | \$1,500,000 | \$0 | \$0 |

General Fund Revenue - Effect of Revenue Forecasts - 124th Legislature



General Fund Appropriations - Preliminary Baseline Projections

| | FY 10 Appropriations | FY 11 Appropriations | Baseline Adjustments | FY 12 Baseline Appropriations | FY 13 Baseline Appropriations |
|-----------------------------------------------|-------------------------|-------------------------|-------------------------|----------------------------------|----------------------------------|
| General Purpose Aid for Local School * | \$907,417,725 | \$876,429,765 | \$80,646,470 | \$957,076,235 | \$957,076,235 |
| Medicaid/MaineCare * | \$406,764,205 | \$303,827,194 | \$221,981,916 | \$525,809,110 | \$525,809,110 |
| Personal Services | \$440,898,522 | \$422,288,873 | \$26,044,794 | \$448,333,667 | \$448,333,667 |
| Teacher Retirement | \$208,993,257 | \$219,061,200 | \$93,843 | \$219,155,043 | \$219,155,043 |
| Higher Education | \$261,862,704 | \$268,541,493 | \$6,602,583 | \$275,144,076 | \$275,144,076 |
| Tax Relief and Reimbursement Programs | \$34,479,486 | \$22,100,822 | \$312,500 | \$22,413,322 | \$22,413,322 |
| Debt Service | \$115,824,398 | \$119,765,618 | \$868,711 | \$120,634,329 | \$120,634,329 |
| Other | \$472,987,626 | \$472,555,858 | (\$5,899,239) | \$466,656,619 | \$466,656,619 |
| Total General Fund | \$2,849,227,923 | \$2,704,570,823 | \$330,651,578 | \$3,035,222,401 | \$3,035,222,401 |
| Annual % Change | | -5.1% | | 12.2% | 0.0% |

* Adjusted to remove Personal Services Appropriations/Expenditures

Summary of Major Baseline Adjustments

General Purpose Aid for Local Schools

| | <u>Adjustments</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Adjusts for the one-time reduction in FY 2010-11 of the state's share of general purpose aid for local schools per Public Law 2009, c. 213, Part A replaced with ARRA State Fiscal Stabilization Funds | ARRA \$58,759,112 |
| Adjusts for the one-time reduction in FY 2010-11 of the state's share of general purpose aid for local schools per Public Law 2009, c. 213, Part A. | \$10,000,000 |
| Adjusts for the one-time reduction in FY 2010-11 of the state's share of special education funding as a result of changes to MaineCare that allows for school districts to bill only for special education services determined to be medically necessary. | \$2,834,752 |
| Adjusts for the one-time reduction in FY 2010-11 of the state's share of general purpose aid for local schools per Public Law 2009, c. 571, Part A. | \$10,123,138 |
| Adjusts for one-time funds appropriated in FY 2010-11 for schools that voted to support the State's education reform law but whose partner districts rejected administrative consolidation. | (\$1,120,532) |
| Adjusts for the one-time reduction of funds in FY 2010-11 for a contract with the University of Maine - Center for Education Policy, Applied Research and Evaluation. | \$50,000 |

Medicaid/MaineCare

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------|
| Adjusts funding available as a result of the enhanced Federal Medical Assistance Percentage provided in the American Recovery and Reinvestment Act of 2009. | ARRA | \$95,427,991 |
| Adjusts funding available as the result of the extension of the enhanced Federal Medical Assistance Percentage for an additional 2 quarters. | ARRA | \$84,898,672 |
| Adjusts funding from savings realized from the application of the enhanced Federal Medical Assistance Percentage rate to state Medicare Part D payments. | ARRA | \$16,128,958 |
| Adjusts funding as the result of the disallowance of federal financial participation for targeted case management claims in fiscal years 2001-02 and 2002-03. | | \$29,736,437 |
| Adjusts funding between fiscal years to enable the accelerated claims run-out process for the Maine Claims Management System (MeCMS). | | \$6,622,154 |
| Adjusts funds for expedited disability determinations and reducing the time period for determination of disability by an average of 15 days and achieve one-time savings by decreasing payments for benefits with state funds. | | \$2,550,000 |
| Other One-Time MaineCare Adjustments (Net) | | \$100,000 |
| C. 213, Part ZZZZ Adjustment - the General Fund, All Other funding baseline for the MaineCare seed programs must be calculated based on the final 2010-11 General Fund, All Other ongoing appropriations for each of these programs less 2.5% for each year | | (\$13,482,296) |

Personal Services

| | | |
|----------------------------------------------------------------------------------------------------------------------------|--|--------------|
| Adjusts for the one-time reduction in fiscal year 2010-11 associated with 10 shutdown days. | | \$6,410,000 |
| Adjusts for the one-time reduction in fiscal year 2010-11 associated with merit increases not being awarded. | | \$3,751,944 |
| Adjusts for the one-time reduction in fiscal year 2010-11 associated with the reduction in retiree health insurance rates. | | \$15,882,850 |

Teachers' Retirement

| | | |
|----------------------------------------------------------------------------------------------------------------------------|--|----------|
| Adjusts for the one-time reduction in fiscal year 2010-11 associated with the reduction in retiree health insurance rates. | | \$93,843 |
|----------------------------------------------------------------------------------------------------------------------------|--|----------|

Higher Education

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------|
| Reduction of baseline appropriation to reflect the end of fiscal stimulus funding through the American Recovery and Reinvestment Act of 2009 (ARRA) | ARRA | \$8,162,583 |
| Adjusts baseline appropriation to reflect one-time funding for first installment payment to transfer ownership of the Fort Kent Armory to the University of Maine at Fort Kent. | | (\$30,000) |
| Adjusts baseline appropriation to reflect funding for the Doctor's for Maine's Future Fund within the Finance Authority of Maine through the 2010-2011 biennium only. | | (\$1,500,000) |

Tax Relief Programs

| | | |
|---------------------------------------------------------------------------------|--|-----------|
| Adjusts for one-time 5% reduction in the Tree Growth Tax Reimbursement program. | | \$312,500 |
|---------------------------------------------------------------------------------|--|-----------|

Debt Service

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|
| Adjusts funding to offset one-time savings for debt service in fiscal year 2010-11 due to a refunding of bonds by the Maine Government Facilities Authority. | | \$651,053 |
| Adjusts funding to offset one-time savings for debt service in fiscal year 2010-11 for Judicial Department bonds of the Maine Government Facilities Authority. | | \$217,658 |

Other - Non-Personal Services

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------|
| Adjusts funding to offset one-time savings in Judicial Department | | \$1,000,000 |
| Adjusts funding to offset one-time appropriation to Transportation, Railroad Assistance Program for the acquisition of track in Aroostook County. | | (\$7,000,000) |
| Adjusts for one-time appropriation for the State's share of disaster assistance for previously declared disasters | | (\$1,753,063) |
| Adjusts funding from the American Recovery and Reinvestment Act of 2009 in the IV-E Foster Care/Adoption Assistance program. | ARRA | \$1,678,000 |
| Adjusts funding for the decrease in the federal financial participation rate from 75% to 50% on the Maine Integrated Health Management Solution (MIHMS) system until fiscal year 2011-12, when the certification process will be completed. | | (\$3,884,463) |
| Offsets one-time deappropriation for the MaineCare Fiscal Agent. | | \$3,000,000 |
| Adjusts funds to offset one-time increased costs in benefits in General Assistance | | (\$1,074,696) |
| Offsets one-time debt service savings from the delay in the public safety radio system project. | | \$895,678 |
| Other miscellaneous adjustments. | | \$1,239,305 |

Maine Public Employees Retirement System

| Amortization of Unfunded Actuarial Liability (UAL) | | | | | |
|-------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------|----------------------------------|---------------------------------------|
| Current Law Schedule Ending June 30, 2028 (2008 Valuation) | | | Current Law Schedule Ending June 30, 2028 (2010 Valuation) | | |
| Fiscal Year Ending June 30 | Total Unfunded Actuarial Liability ¹ | Total Annual Payments | Total Unfunded Actuarial Liability ¹ | Total Annual Payments | Additional Costs (Savings) |
| 2011 | 3,069,822,840 | 222,705,056 | 4,429,353,045 | 222,706,880 | 1,824 |
| 2012 | 3,075,868,998 | 233,283,546 | 4,541,452,158 | 344,281,007 | 110,997,461 |
| 2013 | 3,071,370,140 | 244,364,515 | 4,536,041,728 | 360,634,354 | 116,269,839 |
| 2014 | 3,054,985,883 | 255,971,829 | 4,513,236,774 | 377,764,486 | 121,792,657 |
| 2015 | 3,025,247,111 | 268,130,491 | 4,470,882,898 | 395,708,299 | 127,577,808 |
| 2016 | 2,980,544,827 | 280,866,689 | 4,406,620,433 | 414,504,444 | 133,637,755 |
| 2017 | 2,919,118,066 | 294,207,857 | 4,317,866,723 | 434,193,405 | 139,985,548 |
| 2018 | 2,839,040,829 | 308,182,730 | 4,210,796,928 | 454,817,591 | 146,634,861 |
| 2019 | 2,738,207,934 | 322,821,410 | 4,055,323,262 | 476,421,427 | 153,600,017 |
| 2020 | 2,614,319,708 | 338,155,427 | 3,875,072,522 | 499,051,445 | 160,896,018 |
| 2021 | 2,464,865,427 | 354,217,810 | 3,657,361,782 | 522,756,388 | 168,538,578 |
| 2022 | 2,287,105,395 | 371,043,155 | 3,398,172,088 | 547,587,317 | 176,544,162 |
| 2023 | 2,078,051,574 | 388,667,705 | 3,093,120,019 | 573,597,714 | 184,930,009 |
| 2024 | 1,834,446,618 | 407,129,421 | 2,737,426,920 | 600,843,606 | 193,714,185 |
| 2025 | 1,552,741,216 | 426,468,069 | 2,325,885,636 | 629,383,677 | 202,915,608 |
| 2026 | 1,229,069,581 | 446,725,302 | 1,852,824,539 | 659,279,402 | 212,554,100 |
| 2027 | 859,222,964 | 467,944,754 | 1,312,068,638 | 690,595,173 | 222,650,419 |
| 2028 | 438,621,007 | 453,943,055 | 696,897,539 | 723,398,444 | 269,455,389 |
| Total Payments Including FY 2011 Payments | | | 8,927,525,059 | | |
| Total Additional Costs (Savings) vs. 2008 Valuation | | | 2,842,696,238 | | |

Source: Cheiron (Actuary for the Maine Public Employees Retirement System)

Notes:

¹ Unfunded Actuarial Liability (UAL) amounts represent projections of the UAL at the beginning of the fiscal year.