

Changes in levels of expenditures for major functions from the previous year (excluding capital projects) are shown in the following tabulation (amounts expressed in thousands):

| <u>Function</u>                     | <u>Amount</u>      | <u>Percent<br/>of Total</u> | <u>Increase (Decrease)<br/>Over 1990 Actual</u> |                |
|-------------------------------------|--------------------|-----------------------------|---|----------------|
|                                     |                    |                             | <u>Amount</u>                                   | <u>Percent</u> |
| <b>Current:</b>                     |                    |                             |   |                |
| General government                  | \$ 475,868         | 4.8%                        | \$ 22,704                                       | 5.0 %          |
| Education                           | 2,218,148          | 22.4                        | 165,845   | 8.1            |
| Economic and employment development | 152,121            | 1.5                         | 4,717   | 3.2            |
| Human resources                     | 907,736            | 9.2                         | 153,801   | 20.4           |
| Health and mental hygiene           | 2,350,469          | 23.8                        | 360,379   | 18.1           |
| Environment                         | 62,608             | .6                          | 10,363  | 19.8           |
| Transportation                      | 575,696            | 5.8                         | 31,659  | 5.8            |
| Public safety and judicial          | 791,728            | 8.0                         | 63,623  | 8.7            |
| Housing and community development   | 56,835             | .6                          | (5,344)   | (8.6)          |
| Natural resources and recreation    | 126,863            | 1.3                         | 3,566   | 2.9            |
| Agriculture                         | 52,785             | .5                          | 8,966   | 20.5           |
| Intergovernmental                   | 610,078            | 6.2                         | (50,454)  | (7.6)          |
| Debt service                        | 477,156            | 4.8                         | 9,959   | 2.1            |
| Capital outlays for transportation  | 1,040,956          | 10.5                        | 7,936   | .8             |
| <b>Total</b>                        | <u>\$9,899,047</u> | <u>100.0%</u>               | <u>\$787,720</u>                                | <u>8.6 %</u>   |

Expenditures for human resources increased \$153,801,000 or 20.4 percent over 1990 for additional public assistance payments.

Expenditures for health and mental hygiene increased \$360,379,000 or 18.1 percent over 1990 due to increases in Medicaid expenditures.

Expenditures related to the environment category increased \$10,363,000 or 19.8 percent over 1990 primarily for a contribution to a loan program for providing water quality loans.

Expenditures for agriculture increased \$8,966,000 or 20.5 percent over 1990 primarily for additional agricultural land preservation.

Operating transfers in from the capital projects fund and enterprise funds (State Lottery Agency, Maryland Deposit Insurance Fund Corporation and Economic Development Insurance and Loan Programs) totaled \$69,732,000 and \$365,167,000 respectively. This represents an increase of \$12,090,000 over the previous year. Operating transfers out to the capital projects fund, enterprise funds and higher education funds totaled \$688,982,000, for a decrease of \$319,167,000 from the preceding year.

Amounts reported in prior years in the general fund as Designated for Agency Activities and the State Reserve Fund have been reclassified as Reserved fund balances beginning in fiscal year 1991. The unreserved fund deficit at June 30, 1991 was \$240,771,000, representing a decline of \$293,829,000 from the previous year's balance after adjusting for the aforementioned reclasses. This decline was the result of lower collections of revenue than originally estimated and unanticipated growth in the caseload for the public assistance and Medicaid programs.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary system produced a positive general fund balance at June 30, 1991. For information on differences between GAAP and the budgetary system, see footnote 3 to the general purpose financial statements.