

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 of Total</u>	<u>Increase (Decrease) Over 1991 Actual</u>	
			<u>Amount</u>	<u>Percent</u>
Current:				
General government	\$ 482,752	4.8%	\$ 6,884	1.4%
Education	2,292,608	22.7	74,460	3.4
Economic and employment development	148,413	1.5	(3,708)	(2.4)
Human resources	916,320	9.1	8,584	.9
Health and mental hygiene	2,767,977	27.4	417,508	17.8
Environment	61,294	.6	(1,314)	(2.1)
Transportation	581,706	5.8	6,010	1.0
Public safety and judicial	832,312	8.2	40,584	5.1
Housing and community development	115,471	1.1	58,636	103.2
Natural resources and recreation	126,875	1.3	12	
Agriculture	33,167	.3	(19,618)	(37.2)
Intergovernmental	548,341	5.4	(61,737)	(10.1)
Debt service	451,600	4.5	(25,556)	(5.4)
Capital outlays for transportation	733,945	7.3	(307,011)	(29.5)
Total	<u>\$10,092,781</u>	<u>100.0%</u>	<u>\$193,734</u>	<u>2.0%</u>

Expenditures for health and mental hygiene increased \$417,508,000 or 17.8 percent over 1991 due to increases in medicaid expenditures.

Expenditures for public safety and judicial increased \$40,584,000 or 5.1 percent over 1991 primarily because of increased prison population and the takeover of the operation of the Baltimore City Jail in 1992.

Expenditures related to housing and community development increased \$58,636,000 or 103.2 percent over 1991 primarily because of the inclusion of a housing subsidy program that previously was reported as an enterprise activity.

Expenditures for agriculture decreased \$19,618,000 or 37.2 percent from 1991 primarily because of decreased purchases of easements for agricultural land preservation.

Intergovernmental related expenditures decreased \$61,737,000 or 10.1 percent from 1991 primarily due to cost containment reductions in aid to local subdivisions.

Capital outlays for transportation decreased \$307,011,000 or 29.5 percent from 1991 primarily because of the completion of major portions of a central light rail system and certain highway projects.

Operating transfers in from the capital projects fund and enterprise funds (State Lottery Agency, Maryland Deposit Insurance Fund Corporation and Maryland Stadium Authority) totaled \$24,999,000 and \$333,976,000, respectively. This represents a decrease of \$75,924,000 over the previous year. Operating transfers out to the capital projects fund, enterprise funds and higher education funds totaled \$585,406,000, for a decrease of \$103,576,000 from the preceding year.

The general fund unreserved fund deficit at June 30, 1992 was \$369,424,000, representing a decline of \$128,653,000 from the previous year's balance. This decline was the result of lower collections of revenue than originally estimated and unanticipated growth in the expenditures for the public assistance and medicaid programs.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary general fund balance at June 30, 1992, reflected a total deficit and undesignated deficit in the amounts of \$21,415,000 and \$56,440,000, respectively. On July 22, 1992, the Board of Public Works approved the Governor's plan to reduce fiscal year 1993 general fund appropriations by \$56,500,000. For information on differences between GAAP and the budgetary system, see footnote 3 to the general purpose financial statements.