

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 1993 Actual</u>	
			<u>Amount</u>	<u>Percent</u>
Current:				
General government	\$ 536,542	5.0%	\$ 42,501	8.6%
Education	2,497,869	23.2	108,714	4.6
Economic and employment development	149,647	1.4	(5,928)	(3.8)
Human resources	954,822	8.9	27,868	3.0
Health and mental hygiene	2,965,057	27.6	183,648	6.6
Environment	60,567	.6	8,969	17.4
Transportation	752,679	7.0	60,225	8.7
Public safety and judicial	896,938	8.3	34,627	4.0
Housing and community development	75,746	.7	(26,979)	(26.3)
Natural resources and recreation	114,678	1.0	3,119	2.8
Agriculture	28,774	.3	1,589	5.8
Intergovernmental	581,672	5.4	50,534	9.5
Debt service	467,279	4.3	(20,874)	(4.3)
Capital outlays for transportation	672,699	6.3	7,312	1.1
Total	<u>\$10,754,969</u>	<u>100.0%</u>	<u>\$475,325</u>	<u>4.6%</u>

Expenditures related to housing and community development decreased \$26,979,000 or 26.3% from 1993 primarily because certain general government expenditures recorded in fiscal year 1993 were not classified as general government expenditures during fiscal year 1994.

Expenditures for environment increased \$8,969,000 or 17.4% over 1993 due to increases in expenditures for water quality and hazardous and solid waste management.

Intergovernmental expenditures increased \$50,534,000 or 9.5% over 1993 primarily because of the growth in excise taxes and other shared revenues, a portion of which is distributed to the political subdivisions of the State.

Expenditures for transportation increased \$60,225,000 or 8.7% over 1993 due to increased snow removal and road repair costs caused by the harsh winter. Furthermore, mass transit expenditures increased due to additional insurance costs and changes in procedures for recording certain rail contracts to reflect the total cost of operations. In addition, growth in traffic at the Baltimore/Washington International Airport resulted in increased cost of operations.

General government expenditures increased \$42,501,000 or 8.6% due primarily to increases in expenditures for the real property tax credit program, capital leases, computer systems development and the reorganization of the Maryland Insurance Administration. Furthermore, additional expenditures were incurred in the Department of Juvenile Services as a result of increases in the population served.

Expenditures for health and mental hygiene increased \$183,648,000 or 6.6% over 1993 due primarily to increases in medical care provider reimbursements and community service programs for mental health and the developmentally disabled. Furthermore, additional funding was provided for local health departments and new prevention programs.

Operating transfers in from enterprise funds (State Lottery Agency, Maryland Deposit Insurance Fund Corporation) totaled \$371,635,000. This represents an increase of \$57,831,000 from the previous year due primarily to increased lottery revenues. Operating transfers out to capital projects and higher education totaled \$588,495,000, or a decrease of \$7,495,000 from the preceding year.

The general fund unreserved fund balance at June 30, 1994 was \$85,246,000 representing an increase of \$231,707,000 over the previous year's balance. This increase was the result of growth in revenues exceeding the managed growth in expenditures.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary general fund balance at June 30, 1994, reflected a total fund balance and undesignated balance in the