



STATE OF ARKANSAS
**Department of Finance
and Administration**

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November 13, 2008

The Honorable Henry Wilkins, IV, Co-Chairman
The Honorable Scott Sullivan, Co-Chairman
Arkansas Legislative Council
171 State Capitol
Little Rock, Arkansas 72201

Dear Senator Wilkins and Representative Sullivan:

In accordance with Arkansas Code Annotated §19-4-202 (b) (1), I am submitting our Official General Revenue Forecast for the 2009 – 2011 Biennium. This law states that the Legislative Council shall require from the Chief Fiscal Officer of the State, not later than sixty (60) days prior to the convening of the General Assembly, the budget estimates and recommendations prepared by him. Included in the tables are selected economic assumptions and the details of the revised revenue forecasts for Fiscal Year 2009 and the 2009-2011 Biennium.

Summary of Net Available Revenues:

Actual

- In FY 2008 net available revenues totaled \$4,529.2 million, an increase of \$61.3 million or 1.4% over FY 2007. However, the official funding level for distribution was \$4,352.7 million. A surplus of \$176.5 million was transferred to the General Revenue Allotment Reserve Fund.

Forecast

- For FY 2009 net available revenues are expected to reach \$4,411.0 million, a decrease of \$118.2 million, or -2.6 percent from FY 2008 net available. Adverse economic effects from the state economy on net available funds have been mixed with the year-over-year comparative effects of tax reductions and one-time collection gains in FY 2008. Included in the net available is a deposit to general revenue of \$13.7 million in unclaimed property proceeds.

The forecast is expected to fund the allocations "A" + "A1" + 53.9% of "B" in the current Revenue Stabilization Law.

- For FY 2010 net available revenues are expected to reach \$4,500.3 million, an increase of \$89.3 million or 2.0 percent above FY 2009.

- For FY 2011 net available revenues are expected to reach \$4,678.7 million, an increase of \$178.4 million or 4.0 percent above FY 2010.

Economic Forecast Assumptions

Unprecedented economic and financial market challenges have appeared at the national and indeed global level since the May 2008 forecast. Although temporary benefits to the state accrued from the first federal fiscal stimulus and selected one-time collections, evidence of more severe economic threats mounted in the third and fourth quarters of CY 2008. The recessionary economic forecast from the May 2008 forecast is retained and extended into the balance of FY 2009 and FY 2010. As in the earlier assessment, a combination of fiscal years is indicated due to the lag effects of income tax collection patterns and lag effects from declining business activity on labor markets and consumption. The Arkansas economy has outperformed the hardest hit states at the heart of the housing and vehicle manufacturing sectors in CY 2008, while matching national growth averages for payroll employment growth. More generalized economic correction across more states and regions is now assumed in the forecast. A cautious approach to the economic outlook is retained and extended in this revision. Although the Arkansas economy might fare better in recession depth and in recovery rates, the forecast incorporates a traditional response to national recession across major revenue categories.

I have attempted to provide this information in a format that facilitates your work. You will find a narrative summary of the revenue forecasts and tables for quick reference.

Sincerely,



Richard A. Weiss
Director

RAW/jps
Attachments (2)

STATE AND NATIONAL ECONOMIC AND REVENUE FORECASTS

The following sections summarize the economic outlook for the nation and Arkansas for the next two years. The Official Revenue Forecast for the 2009-2011 Biennium Forecast is included.

The revenue forecasts are conditionally based on the expected economic conditions in the state and nation for the remainder of the biennium as of October 2008. The U.S. and state economic forecasts were compiled and averaged from three scenarios, representing structural modeling systems at two national forecast providers. These scenarios consisted of baseline scenarios from Global Insight Inc. and Moody's Analytics, and a weak-recovery scenario from the online modeling system of Moody's. The Arkansas economic forecast was derived from each of the three national scenarios with consistent economic relationships across all sectors. The Office of Economic Analysis and Tax Research, Office of the Director, DFA, prepared the general revenue forecast.

Economic and Revenue Estimates for Fiscal Year 2009

Summary of Economic and Revenue Estimates for FY 2009

- **FY 2009 U.S. Gross Domestic Product (Real Output).** This summary is based on the October 2008 baseline forecast of Global Insight, Inc. During FY 2009, the United States economy is expected to produce final goods and services valued in 2000 dollars at \$11,688.8 billion, or an annual increase of \$33.8 billion or 0.3 percent. Two general measures of inflation indicate moderate price gains during the year, derived from elevated rates in the first half and slowing rates in the second half. These consist of the Consumer Price Index (CPI) and the GDP price deflator, a measure of overall price inflation spanning consumers, businesses, and government. The Consumer Price Index is expected to increase 3.2 percent and the GDP price deflator is expected to rise by 2.6 percent.
- **U.S. gross domestic product in current dollars** is estimated at \$14,520.5 billion, an increase of \$413.7 billion or 2.9 percent.
- **Average annual U.S. oil prices** are estimated at \$97.8 per barrel (WTI wellhead price) in FY2009 from the October forecast scenario. This is a volatile indicator that set new highs just prior to a global commodity price slump in conjunction with

deterioration in macroeconomic and financial conditions. Weekly and monthly price swings could vary widely around the annual averages.

- **FY 2009 state nonfarm personal income** (the sum of wages and salaries, proprietor's income, rent, dividends, interest and transfer payments) is estimated at \$89,405 million (current dollars), an increase of \$2,739.9 million or 3.2 percent over FY 2008.
- **FY 2009 state wage and salary disbursements** are estimated at \$44,323 million, an increase of \$868 million or 2.0 percent.
- **FY 2009 state payroll employment** is expected to reach a level of 1.203 million jobs in FY 2009, a decrease of 2,960 jobs or -0.2 percent.

FY 2009 Gross General Revenues

Gross general revenues are estimated at \$5,538.2 million, a decrease from FY 2008 of -\$36.8 million, or -0.7 percent. Compared to the May 7, 2008 forecast, this represents an increase of \$8.5 million. The forecast includes \$13.7 million deposited in general revenue from Unclaimed Property proceeds.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. Under this formula, \$288.2 million will be distributed (net) in FY2009.

FY 2009 Net Available General Revenues

The "net available" forecast for FY 2009 is revised effective November 13, 2008. Net available revenues are estimated at \$4,411.0 million, a decrease of \$118.2 million or -2.6 percent compared to FY 2008. This amount is unchanged from the May 7, 2008 forecast.

FY 2009 revenues are expected to fund the allocations "A" + "A1" + 53.9% of "B" in the current Revenue Stabilization Law and reflect an increase of \$58.3 million or 1.3 percent above the FY 2008 funding level.

The net available distribution for FY 2009 includes the following one-time funding sources or changes in revenues:

- **A deposit of \$13.7 million to general revenue from Unclaimed Property proceeds. That amount was not included in the prior forecast of May 7, 2008.**
- **Collections of \$10.0 million from one-time business transactions**
- **Transfer of \$3.4 million from General Improvement Fund**

FY 2009 Selected Special Revenues:

- **FY 2009 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2009: \$440.4 million.

- **FY 2009 WorkForce 2000 (Special Corporate Income Taxes).** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. Under this formula, \$22.5 million will be distributed in FY 2009.
- **FY 2009 Soft Drink Excise Tax (Medicaid Program Trust Fund).** In FY 2009, the soft drink excise tax is forecast at \$47.2 million, representing a \$0.7 million increase compared to FY 2008 collections.

Economic and Revenue Estimates for the 2009–2011 Biennium

Summary of Economic and Revenue Estimates for FY 2010

- **FY 2010 U.S. Gross Domestic Product (Real Output).** This summary is based on the October 2008 baseline forecast of Global Insight, Inc. During FY 2010, the United States economy is expected to produce final goods and services valued in 2000 dollars at \$11,832.9 billion, or an increase of \$144.1 billion or 1.2 percent. Two general measures of inflation indicate decelerating price pressures during the year. These consist of the Consumer Price Index (CPI) and the GDP price deflator, a measure of overall price inflation spanning consumers, businesses, and government. The Consumer Price Index is expected to increase 1.3 percent and the GDP price deflator is expected to rise by 1.4 percent.
- **U.S. gross domestic product in current dollars** is estimated at \$14,908.2 billion, an increase of \$387.7 billion or 2.7 percent over FY 2009.
- **Average annual U.S. oil prices** are estimated at \$90.7 per barrel (WTI price) in FY2010. This is a volatile indicator that set new highs just prior to a global commodity price slump in conjunction with deterioration in macroeconomic and financial conditions. Weekly and monthly price swings could vary widely around the annual averages.
- **FY 2010 state nonfarm personal income** (the sum of wages and salaries, proprietor's income, rent, dividends, interest and transfer payments) is estimated at \$92,968 million (current dollars), an increase of \$3,562.7 million or 4.0 percent over FY 2009.
- **FY 2010 state wage and salary disbursements** are estimated at \$45,697 million, an increase of \$1,374.0 million or 3.1 percent.
- **FY 2010 state payroll employment** is expected to reach a level of 1.208 million jobs, an increase of 5,180 jobs or 0.4 percent.

FY 2010 Gross General Revenues

Gross general revenues are estimated at \$5,697.2 million, an increase over FY 2009 of \$159.0 million, or 2.9 percent.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of

individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. Under this formula, \$291.4 million is estimated to be distributed (net) in FY2010.

FY 2010 Net Available General Revenues

Net available revenues are estimated at \$4,500.3 million, an increase of \$89.3 million or 2.0 percent compared to FY 2009.

FY 2010 Selected Special Revenues:

- **FY 2010 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.
- The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2010: \$458.0 million.
- **FY 2010 WorkForce 2000 (Special Corporate Income Taxes).** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. Under this formula, \$18.5 million is estimated to be distributed in FY 2010.
- **FY 2010 Soft Drink Excise Tax (Medicaid Program Trust Fund).** In FY 2010, the soft drink excise tax is forecast at \$49.2 million, representing a 4.2 percent increase compared to FY 2009 collections.

Summary of Economic and Revenue Estimates for FY 2011

- **FY 2011 U.S. Gross Domestic Product (Real Output).** This summary is based on the baseline forecast of Global Insight, Inc. During FY 2011, the United States economy is expected to produce final goods and services valued at \$12,176 billion in 2000 base dollars, an increase of \$343.1 billion or 2.9 percent. The two inflation measures of consumer price index (CPI) and GDP price deflator are expected to accelerate in response to recovery in the overall economy. The consumer price index (CPI) is expected to increase 2.3 percent and the GDP price deflator is expected to increase 1.7 percent in FY 2011.
- **U.S. gross domestic product in current dollars** is estimated at \$15,599.6 billion for FY 2011, an increase of \$691.4 billion or 4.6 percent.
- **Average annual U.S. oil prices** are estimated at \$95.8 per barrel (WTI price) in FY 2011. This is a volatile indicator that set new highs just prior to a global commodity price slump in conjunction with deterioration in macroeconomic and financial conditions. Weekly and monthly price swings could vary widely around the annual averages. Limited price rebound is expected with the early stages of cyclical recovery in the macroeconomy.
- **FY 2011 state nonfarm personal income** (the sum of wages and salaries, proprietor's income, rent, dividends, interest and transfer payments) will reach \$97,123 million (current dollars), an increase of \$4,155.8 million or 4.5 percent over FY 2010.
- **FY 2011 state wage and salary disbursements** are estimated at \$47,602 million, an increase of \$1,904 million or 4.2 percent.
- **FY 2011 state payroll employment** is estimated to grow from a level of 1.208 million jobs in FY 2010 to 1.232 million jobs in FY 2011. This represents an increase of 24,320 jobs or 2.0 percent.

FY 2011 Gross General Revenues

The forecast for gross general revenues in FY 2011 is \$5,922.4 million, an increase of \$225.2 million or 4.0 percent over FY 2010.

In addition to the usual deductions from gross general revenues, such as the Constitutional Officers Fund, the State Central Services Fund, and refunds of individual and corporate income taxes, the following trust fund is noted:

- **Act 1315 (1999) Educational Excellence Trust Fund.** Act 1315 (1999) established a benchmark of 14.14 percent which is applied against actual sales and use tax collections of the previous fiscal year. Under this formula, an estimated \$303.9 million may be distributed (net) in FY2011.

FY 2011 Net Available General Revenues

For FY 2011, net available general revenues are estimated at \$4,678.7 million, an increase of \$178.4 million or 4.0 percent over FY 2010.

FY 2011 Selected Special Revenues:

- **FY 2011 Educational Adequacy Fund:** Act 107 of the Second Extraordinary Session of 2003 increased the state sales and use tax rate from 5.125% to 6.0%, effective March 1, 2004. Effective July 1, 2004, a new sales tax on selected services went into effect in addition to an increase in vending machine decal fees. Act 94 increased the minimum corporate franchise tax and the tax rate, effective for calendar years beginning January 1, 2004. Effective with FY 2008, a portion of the six-cent per gallon dyed diesel tax is also deposited to the Educational Adequacy Fund to partially offset the revenue loss from exempting dyed diesel from sales tax.

The additional revenues are deposited as special revenues to the Educational Adequacy Fund to be used to fulfill the financial obligations of the state to provide an adequate educational system. Estimate for FY 2011: \$473.4 million.

- **FY 2011 WorkForce 2000 (Special Corporate Income Taxes)** Act 1315 (1999) established a benchmark of 6.78 percent which will be applied against net corporate income tax collections in the previous fiscal year. Under this formula, an estimated \$17.9 million may be distributed (net) in FY 2011.
- **FY 2011 Soft Drink Excise Tax (Medicaid Program Trust Fund).** In FY 2011 the forecast is \$51.1 million, representing a 3.9% increase compared to FY 2010.

**Office of the Director,
Economic Analysis and Tax Research,
Department of Finance and Administration
November 13, 2008**

**OFFICIAL GENERAL REVENUE FORECAST
2009 - 2011 Biennium**

Millions of Dollars	11/13/08 Estimate	FY 09 Increase	% CH	11/13/08 Estimate	FY 10 Increase	% CH	11/13/08 Estimate	FY 11 Increase	% CH
INDIVIDUAL INCOME	2,727.8	-35.1	-1.3	2,799.9	72.1	2.6	2,930.3	130.4	4.7
CORPORATE INCOME	309.8	-44.2	-12.5	318.6	8.8	2.8	333.7	15.1	4.7
SALES AND USE	2,134.7	24.4	1.2	2,225.9	91.2	4.3	2,301.9	76.0	3.4
ALCOHOLIC BEVERAGE	41.7	0.5	1.2	43.0	1.3	3.1	43.6	0.6	1.4
TOBACCO	140.1	-0.9	-0.6	138.2	-1.9	-1.4	136.8	-1.4	-1.0
INSURANCE	97.8	2.6	2.7	100.0	2.2	2.2	101.1	1.1	1.1
RACING	5.2	0.0	0.0	5.2	0.0	0.0	5.3	0.1	1.9
GAMES OF SKILL	7.4	1.8	32.2	8.1	0.7	9.5	8.8	0.7	8.6
SEVERANCE	18.2	-0.2	-0.9	19.4	1.2	6.6	20.8	1.4	7.2
CORPORATE FRANCHISE	8.0	0.0	0.0	8.0	0.0	0.0	8.0	0.0	0.0
ESTATE	-0.5	0.0	-7.2	0.0	0.5	-100.0	0.0	0.0	0.0
REAL ESTATE TRANSFER	7.1	0.0	-0.1	2.6	-4.5	-63.4	2.6	0.0	0.0
MISCELLANEOUS	40.9	14.2	53.4	28.3	-12.6	-30.8	29.5	1.2	4.2
TOTAL GROSS	5,538.2	-36.8	-0.7	5,697.2	159.0	2.9	5,922.4	225.2	4.0
PLUS: GEN IMPROVEMENT	3.4	-1.3	-28.3	0.0	-3.4	-100.0	0.0	0.0	0.0
LESS: SCS/COF	166.1	-0.9	-0.6	170.9	4.8	2.9	177.7	6.8	4.0
INDIVIDUAL REFUNDS	456.7	38.7	9.3	493.6	36.9	8.1	519.1	25.5	5.2
CORP REFUNDS	51.6	15.5	42.9	65.9	14.3	27.7	67.0	1.1	1.7
CLAIMS RESERVE	10.0	10.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
ECON DEV INCENTIVE	23.4	13.1	126.5	23.4	0.0	0.0	23.4	0.0	0.0
WATER/SEWER BONDS	6.0	3.6	150.0	12.9	6.9	115.0	14.9	2.0	15.5
COLL SAVINGS BONDS	24.0	0.2	0.8	24.0	0.0	0.0	24.0	0.0	0.0
MLA CITY/CO TOURIST	7.1	-0.1	-2.0	7.1	0.0	0.0	4.9	-2.2	-31.0
EDUC EXCEL TRUST	288.2	-10.2	-3.4	291.4	3.2	1.1	303.9	12.5	4.3
DESEGREGATION	69.8	11.1	18.9	69.8	0.0	0.0	69.8	0.0	0.0
ELDERLY TRANSPORT	2.2	0.1	3.8	2.1	-0.1	-4.5	2.1	0.0	0.0
EDUCATIONAL ADQCY	25.5	-0.9	-3.3	25.8	0.3	1.2	26.9	1.1	4.3
NET AVAILABLE	4,411.0	-118.2	-2.6	4,500.3	89.3	2.0	4,678.7	178.4	4.0
LESS: SURPLUS TO ALLOTMENT RESERVE FUND									
NET AVAILABLE DISTRIBUTION	4,411.0	58.3	1.3	4,500.3	89.3	2.0	4,678.7	178.4	4.0

PREPARED BY ECONOMIC ANALYSIS AND TAX RESEARCH, DF&A
NET AVAILABLE ESTIMATE FOR FY09: A + A1 + 53.9% of B

**ECONOMIC ASSUMPTIONS AND THE
OFFICIAL GENERAL REVENUE FORECAST
2009-2011 BIENNIUM**

Millions of Dollars	11/13/08			FY-09			11/13/08			FY-10			11/13/08			FY-11		
	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH	Estimate	Increase	% CH
INDIVIDUAL INCOME TAX	2,727.8	(35.1)	(1.3)	2,799.9	72.1	2.6	2,930.3	130.4	4.7	2,930.3	130.4	4.7	2,930.3	130.4	4.7	2,930.3	130.4	4.7
INDIVIDUAL REFUNDS	<u>456.7</u>	<u>38.7</u>	<u>9.3</u>	<u>493.6</u>	<u>36.9</u>	<u>8.1</u>	<u>519.1</u>	<u>25.5</u>	<u>5.2</u>	<u>519.1</u>	<u>25.5</u>	<u>5.2</u>	<u>519.1</u>	<u>25.5</u>	<u>5.2</u>	<u>519.1</u>	<u>25.5</u>	<u>5.2</u>
NET INDIVIDUAL INCOME	2,271.1	(73.8)	(3.1)	2,306.3	35.2	1.5	2,411.2	104.9	4.5	2,411.2	104.9	4.5	2,411.2	104.9	4.5	2,411.2	104.9	4.5
CORPORATE INCOME TAX	309.8	(44.2)	(12.5)	318.6	8.8	2.8	333.7	15.1	4.7	333.7	15.1	4.7	333.7	15.1	4.7	333.7	15.1	4.7
CORPORATE REFUNDS	<u>51.6</u>	<u>15.5</u>	<u>42.9</u>	<u>65.9</u>	<u>14.3</u>	<u>27.7</u>	<u>67.0</u>	<u>1.1</u>	<u>1.7</u>	<u>67.0</u>	<u>1.1</u>	<u>1.7</u>	<u>67.0</u>	<u>1.1</u>	<u>1.7</u>	<u>67.0</u>	<u>1.1</u>	<u>1.7</u>
NET CORPORATE INCOME	258.2	(59.7)	(18.8)	252.7	(5.5)	(2.1)	266.7	14.0	5.5	266.7	14.0	5.5	266.7	14.0	5.5	266.7	14.0	5.5
SALES AND USE TAX	2,134.7	24.4	1.2	2,225.9	91.2	4.3	2,301.9	76.0	3.4	2,301.9	76.0	3.4	2,301.9	76.0	3.4	2,301.9	76.0	3.4
NET ECONOMIC TAX REVENUE	4,664.0	(109.1)	(2.3)	4,784.9	120.9	2.6	4,979.8	194.9	4.1	4,979.8	194.9	4.1	4,979.8	194.9	4.1	4,979.8	194.9	4.1
OTHER TAX REVENUE	<u>365.9</u>	<u>18.1</u>	<u>5.2</u>	<u>352.8</u>	<u>(13.1)</u>	<u>(3.6)</u>	<u>356.5</u>	<u>3.7</u>	<u>1.0</u>	<u>356.5</u>	<u>3.7</u>	<u>1.0</u>	<u>356.5</u>	<u>3.7</u>	<u>1.0</u>	<u>356.5</u>	<u>3.7</u>	<u>1.0</u>
GROSS GENERAL REVENUES	5,538.2	(36.8)	(0.7)	5,697.2	159.0	2.9	5,922.4	225.2	4.0	5,922.4	225.2	4.0	5,922.4	225.2	4.0	5,922.4	225.2	4.0
PLUS: GEN IMPROVEMENT	3.4	(1.3)	(28.3)	0.0	(3.4)	(100.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LESS: SCS/COF	166.1	(0.9)	(0.6)	170.9	4.8	2.9	177.7	6.8	4.0	177.7	6.8	4.0	177.7	6.8	4.0	177.7	6.8	4.0
INDIVIDUAL REFUNDS	456.7	38.7	9.3	493.6	36.9	8.1	519.1	25.5	5.2	519.1	25.5	5.2	519.1	25.5	5.2	519.1	25.5	5.2
CORPORATE REFUNDS	51.6	15.5	42.9	65.9	14.3	27.7	67.0	1.1	1.7	67.0	1.1	1.7	67.0	1.1	1.7	67.0	1.1	1.7
CLAIMS	10.0	10.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
ECON DEVEL INCENTIVE FUND	23.4	13.1	126.5	23.4	0.0	0.0	23.4	0.0	0.0	23.4	0.0	0.0	23.4	0.0	0.0	23.4	0.0	0.0
WATER/SEWER BONDS	6.0	3.6	150.0	12.9	6.9	115.0	14.9	2.0	15.5	14.9	2.0	15.5	14.9	2.0	15.5	14.9	2.0	15.5
MLA CITY/CO TOURIST	7.1	(0.1)	(2.0)	7.1	0.0	0.0	4.9	(2.2)	(31.0)	4.9	(2.2)	(31.0)	4.9	(2.2)	(31.0)	4.9	(2.2)	(31.0)
DESEGREGATION SETTLEMENT	69.8	11.1	18.9	69.8	0.0	0.0	69.8	0.0	0.0	69.8	0.0	0.0	69.8	0.0	0.0	69.8	0.0	0.0
EDUC EXCEL TRUST FUND	288.2	(10.2)	(3.4)	291.4	3.2	1.1	303.9	12.5	4.3	303.9	12.5	4.3	303.9	12.5	4.3	303.9	12.5	4.3
ELDERLY TRANSPORTATION	2.2	0.1	3.8	2.1	(0.1)	(4.5)	2.1	0.0	0.0	2.1	0.0	0.0	2.1	0.0	0.0	2.1	0.0	0.0
COLLEGE SAVINGS BONDS	24.0	0.2	0.8	24.0	0.0	0.0	24.0	0.0	0.0	24.0	0.0	0.0	24.0	0.0	0.0	24.0	0.0	0.0
EDUCATIONAL ADEQUACY	25.5	(0.9)	(3.3)	25.8	0.3	1.2	26.9	1.1	4.3	26.9	1.1	4.3	26.9	1.1	4.3	26.9	1.1	4.3
NET AVAILABLE	<u>4,411.0</u>	<u>(118.2)</u>	<u>(2.6)</u>	<u>4,500.3</u>	<u>89.3</u>	<u>2.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>
LESS: SURPLUS TO ALLOT. RESERVE																		
NET AVAILABLE DISTRIBUTION	<u>4,411.0</u>	<u>58.3</u>	<u>1.3</u>	<u>4,500.3</u>	<u>89.3</u>	<u>2.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>	<u>4,678.7</u>	<u>178.4</u>	<u>4.0</u>
ECONOMIC ASSUMPTIONS																		
		FY 2009 e			FY 2010 e			FY 2011 e										
U.S. Nominal GDP (Billions \$)	14,520.5	413.7	2.9	14,908.2	387.7	2.7	15,599.6	691.4	4.6	15,599.6	691.4	4.6	15,599.6	691.4	4.6	15,599.6	691.4	4.6
U.S. GDP (Billions 2000\$ Chain-Weight)	11,688.8	33.8	0.3	11,832.9	144.1	1.2	12,176.0	343.1	2.9	12,176.0	343.1	2.9	12,176.0	343.1	2.9	12,176.0	343.1	2.9
U.S. GDP Deflator (Chain-Wt, 2000=100)	124.2	3.1	2.6	126.0	1.8	1.4	128.1	2.1	1.7	128.1	2.1	1.7	128.1	2.1	1.7	128.1	2.1	1.7
U.S. CPI Price Index (1984=100)	218.4	6.7	3.2	221.3	2.9	1.3	226.3	5.0	2.3	226.3	5.0	2.3	226.3	5.0	2.3	226.3	5.0	2.3
OIL - WTI Wellhead Avg. (\$ per barrel)	97.8	1.0	1.0	90.7	(7.1)	(7.2)	95.8	5.0	5.6	95.8	5.0	5.6	95.8	5.0	5.6	95.8	5.0	5.6
AR. Net General Revenue (Millions \$)	5,029.9	(91.0)	(1.8)	5,137.7	107.8	2.1	5,336.3	198.6	3.9	5,336.3	198.6	3.9	5,336.3	198.6	3.9	5,336.3	198.6	3.9
AR. Net GR % of Non-Farm Personal Income	5.626	(0.3)	(4.8)	5.526	(0.1)	(1.8)	5.494	(0.0)	(0.6)	5.494	(0.0)	(0.6)	5.494	(0.0)	(0.6)	5.494	(0.0)	(0.6)
AR. Non-Farm Personal Income (Millions \$)	89,405	2,739.9	3.2	92,968	3,562.7	4.0	97,123	4,155.8	4.5	97,123	4,155.8	4.5	97,123	4,155.8	4.5	97,123	4,155.8	4.5
AR. Wage & Salary Disbursements (Millions \$)	44,323	868.0	2.0	45,697	1,374.0	3.1	47,602	1,904.1	4.2	47,602	1,904.1	4.2	47,602	1,904.1	4.2	47,602	1,904.1	4.2
AR. Non-Farm Proprietor Income (Millions \$)	6,084	66.7	1.1	6,323	238.8	3.9	6,611	288.5	4.6	6,611	288.5	4.6	6,611	288.5	4.6	6,611	288.5	4.6
AR. Farm Proprietor Income (Millions \$)	917	(96.3)	(9.5)	1,050	132.7	14.5	1,187	137.5	13.1	1,187	137.5	13.1	1,187	137.5	13.1	1,187	137.5	13.1
AR. Payroll Employment (Thousands)	1,203.0	(3.0)	(0.2)	1,208.2	5.2	0.4	1,232.5	24.3	2.0	1,232.5	24.3	2.0	1,232.5	24.3	2.0	1,232.5	24.3	2.0
AR. Manufacturing Employment (Thousands)	180.4	(5.2)	(2.8)	177.2	(3.3)	(1.8)	177.8	0.6	0.4	177.8	0.6	0.4	177.8	0.6	0.4	177.8	0.6	0.4
AR. Prof. & Bus. Serv. Employment (Thous.)	119.0	0.9	0.7	121.7	2.7	2.3	127.4	5.7	4.7	127.4	5.7	4.7	127.4	5.7	4.7	127.4	5.7	4.7
AR. Population (Millions)	2.867	0.020	0.7	2.886	0.019	0.7	2.905	0.018	0.6	2.905	0.018	0.6	2.905	0.018	0.6	2.905	0.018	0.6
AR. Per Capita Income (\$)	31,500	722	2.3	32,572	1,072	3.4	33,843	1,271	3.9	33,843	1,271	3.9	33,843	1,271	3.9	33,843	1,271	3.9
AR. Retail Sales (Billions \$)	37.92	(0.0)	(0.1)	38.97	1.1	2.8	40.23	1.3	3.2	40.23	1.3	3.2	40.23	1.3	3.2	40.23	1.3	3.2

U.S. Summary: Global Insight October 2008

AR Forecast based on Composite of Moody's and Global Insight October 2008