
**OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM**

TO: GOVERNOR MUSGROVE

**C: BILL RENICK
LEE ANN MAYO**

FROM: FELICIA GAVIN

RE: REVENUE UPDATE

DATE: DECEMBER 5, 2001

As you know, the State's Revenue continues to fall below the Sine Die Estimate. See below for other statistics as it relates to the state's fiscal condition.

General Fund *through* Nov. is **6.42%** (\$96,115,964) *below estimate*.

General Fund through Nov. is **2.66%** (\$38,320,788) *below prior year*.

General Fund for the *month* of Nov. is **9.44%** (\$24,261, 877) *below the estimate*.

Let me give you a few scenarios as to how this shortfall in revenue translates to agency cuts, assuming \$25M is transferred from working cash stabilization fund.

- 1) If the revenue growth for 2002 remains at a **negative 6.42%**, **ALL** agencies would take a **cross the board cut of 9.04%** (\$321,117,497).
- 2) If the revenue growth for 2002 was a **negative 3.25%**, **ALL** agencies would take a **cross the board cut of 5.97%** (\$211,956,239).
- 3) If the revenue growth for 2002 is as the Revenue Estimating Committee projects at .7% growth, then a 5% cut could be made to select agencies.

If revenue for the next seven months was to grow at 0%, the shortfall to Sine Die for 2002 would still be approximately \$230M.

Please let me know if you have questions.