

brought the total shortfall to \$282 million. Ohio's economy is 19.6% dependent on manufacturing (nationally, manufacturing jobs account for just 14.3% of jobs). Before the add-on 1% cut, the Department of Corrections had a hiring freeze in effect, and says this new cut will mean 350 layoffs by end of June.

Tennessee: Gov. Don Sundquist learned on April 12 that his state's March tax collections were \$100.5 million less than March of last year, resulting in a cumulative \$200 million shortfall for the year. State Finance Commissioner Warren Neel said that tax collections are 5% below this fiscal year's projected figures. "We're in the same kind of recession pattern we were in in 1991. The only difference is that it looks like we're in a steeper decline than . . . then." He said it is likely that the state will have to dip into its "rainy day" fund for at least \$50 million to cover the current budget. So far, the state has targetted \$150 million in budget savings through delayed purchases and not filling staff vacancies.

Texas: Gov. Rick Perry will draw on reserves and unspent appropriated funds to cover \$708 million in expenditures for the state's prison and Medicaid programs, as well as some workers' compensation claims, which were not adequately budgeted. An emergency appropriations bill proposes to cover the gap by taking \$35 million from unspent education funds, and unspecified amounts from the Employee Retirement System, the Children's Health Insurance program, and the state's surplus.

Virginia: Gov. Jim "No Car Tax" Gilmore has ordered \$421 million in spending cuts. Gilmore's intransigent insistence on eliminating the car tax, means that \$275 million in spending cuts will come out of state colleges, resulting in deferment of construction, and \$146 million will come out of state agencies, including public safety and environment. It is also likely that a planned 3.5% salary raise for teachers and state employees will not materialize.

Even his GOP allies are turning against him. When Gilmore insisted that his balanced budget would "not result in the layoff of a single deputy sheriff," State Sen. Kenneth W. Stolle (R) retorted, "The governor needs to tell that to [Norfolk Sheriff] Bob McCabe, who's already [laid] off 18 deputies."

Wisconsin: Gov. Scott McCallum has frozen state agencies hiring, restricted travel, and all agencies are to revert 0.5% of their budgets to the general fund, spending 0.5% less than appropriated.

By mid-February, revenue projections were falling. Wisconsin's bond rating was downgraded from "stable" to "negative" by Moody's on March 22 because of ongoing "budget imbalances" and declining revenue growth, according to news reports. Moody's said that Wisconsin has drawn down its reserves, such that it started the fiscal year with \$836 million in reserves, but now projects \$159 million by fiscal year's end.

U.S. Spring Grain Crop Falls Far Short

by Marcia Merry Baker

In the U.S. grain belt, energy hyperinflation, on top of low commodity prices for farm output (following from the 1996 radical markets-based "Freedom to Farm" Act), are creating conditions for drastically reducing grain production. Since about 40% of annual world grain exports originate in the United States in the recent years of globalized trade, a drop in U.S. grain output is automatically a strategic issue for the world food supply. All the reports from the current U.S. Spring planting and crop progress look grim.

Corn: On March 30, the U.S. Department of Agriculture released its annual March "Grain Planting Intentions" report. The USDA forecasts that 3 million fewer acres of corn will be planted this Spring, falling to a crop area of some 76.7 million acres, down from 79.5 million last year. In fact, it could be even worse. Anticipated cotton acreage is also down.

Farmers are facing short supplies of nitrogen fertilizer, and high prices (with prices up to as much as 200% over last year), because natural gas is the key input for anhydrous ammonia fertilizer. Soybeans don't require nitrogen fertilizers, and their acreage accordingly may rise, but this is not an offset in the food chain.

Wheat: The area planted last Fall for Winter wheat, the main type produced in the United States, was down to the lowest acreage in some 30 years — 62.5 million acres. Of that, the area expected to be harvested beginning this June, is now also going down sharply.

The expected decline in harvesting is greatest in Kansas, the biggest wheat state, and in Oklahoma, also an important producer. For Kansas, the estimated wheat harvest this year might be 300 million bushels, in contrast to the state's recent average of 370-400 million. For Oklahoma, the harvest might be 100 million bushels, down from a five-year average of 160 million. In the face of poor crop progress, due to a dusty Fall and flooding in the Winter, many farmers will not bother to reap the harvest, with maybe 20% of Kansas farmers abandoning their crop, and 40% in Oklahoma. Wheat futures for May rose 4% in April, on speculation of a low harvest.

Potatoes: In Idaho, the world potato center, and eastern Washington, farmers cut back on irrigated acreage this Spring, in exchange for a cash deal from Bonneville Power Authority, to forgo electricity this season. Drought and electricity speculation are causing havoc throughout the Northwest, including in the irrigated wheat region of eastern Washington.