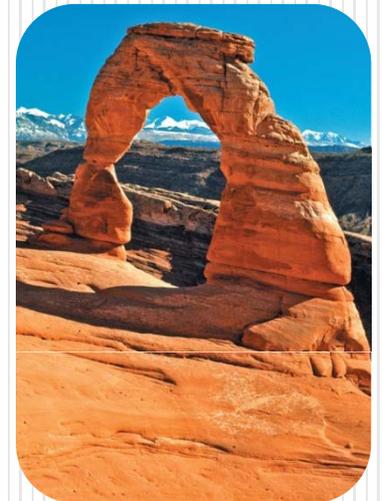


Budgeting for FY 2012 and Beyond

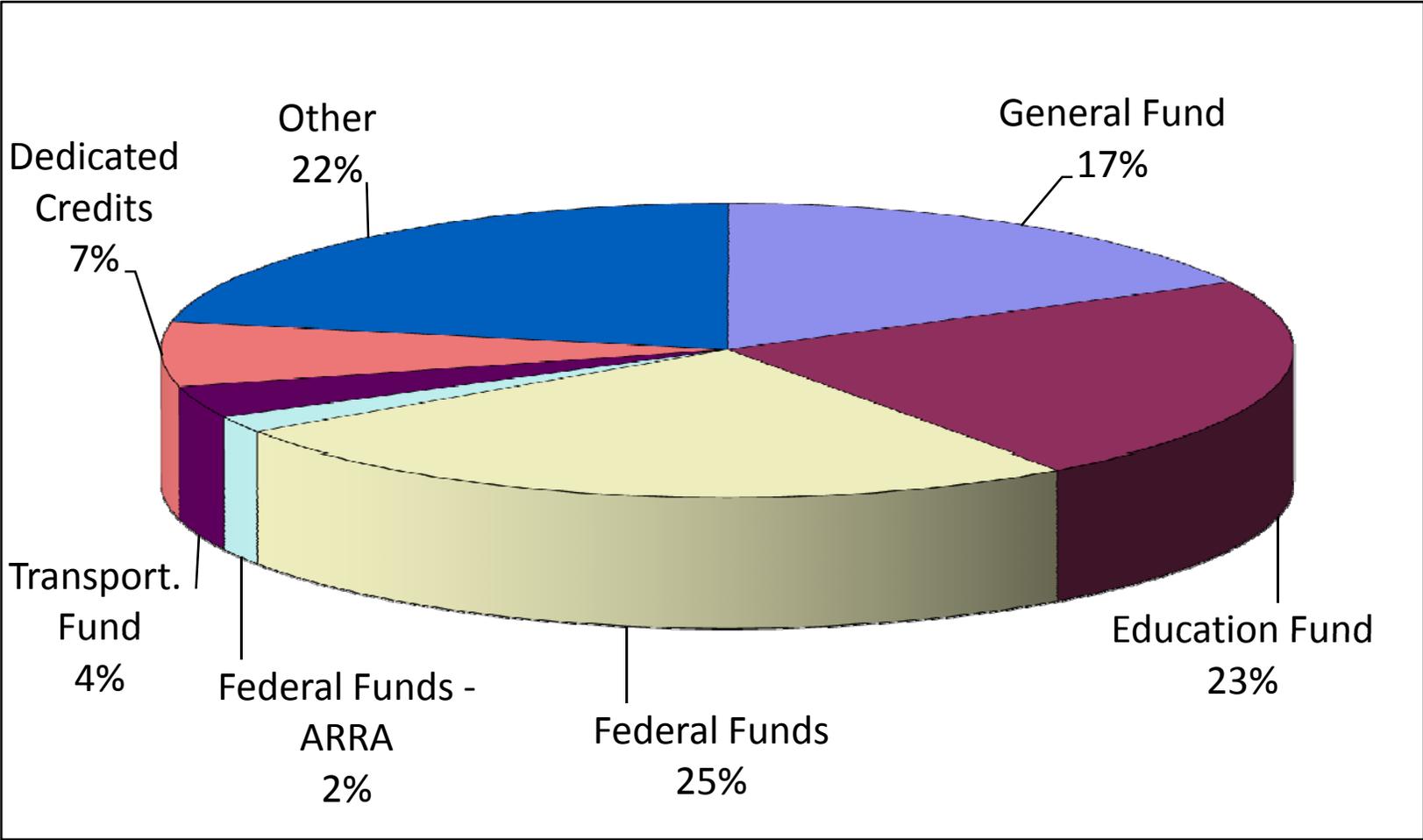
January 11, 2011

Appropriations Subcommittee Meetings



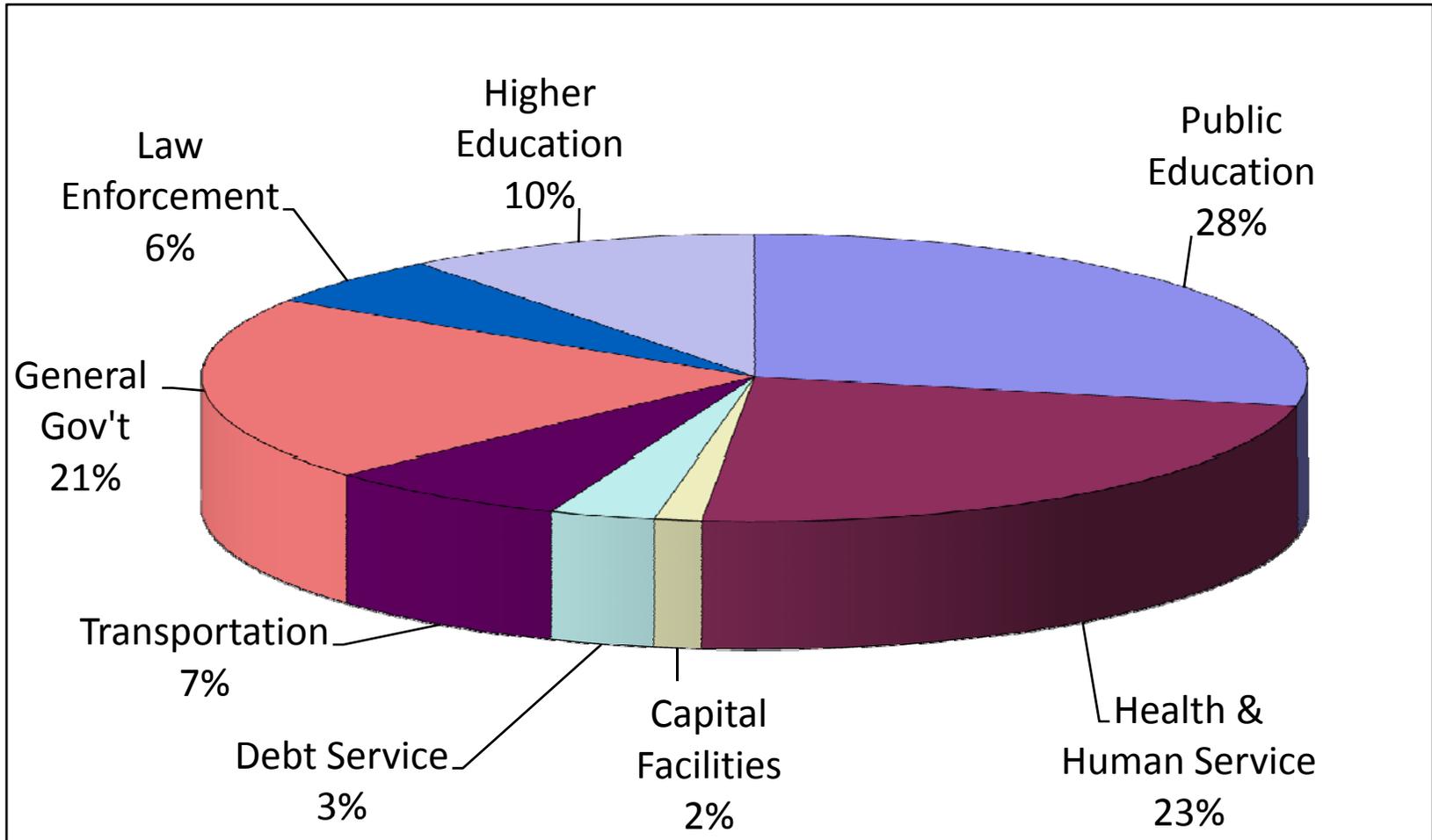
State Budget Background

Sources of FY 2011 Revenue



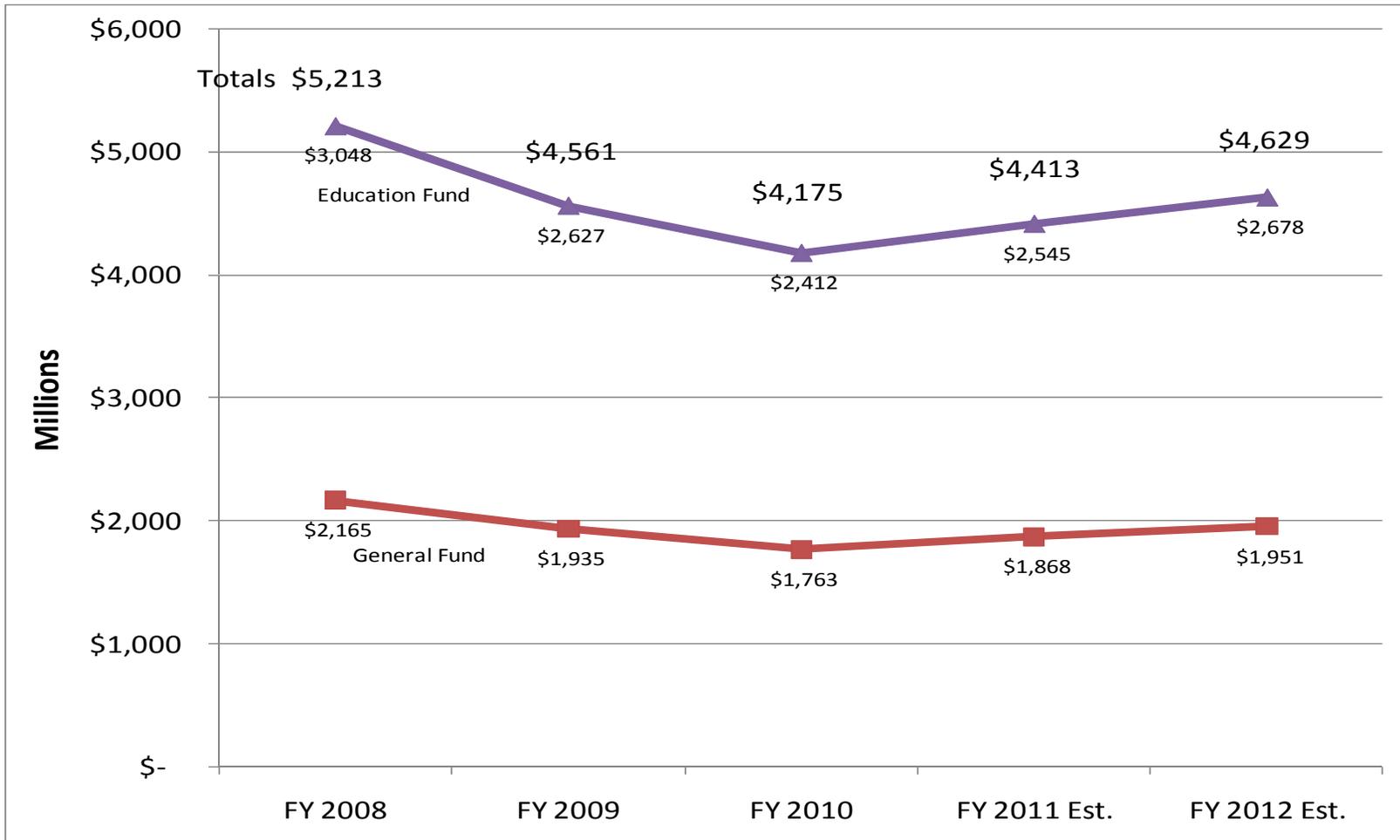
State Budget Background

Categories of FY 2011 Expenditure



Challenges

Revenue History



Challenges

Current Commitments

Structural Deficit:

Ongoing commitments exceed ongoing revenue (like making a car payment out of a savings account).

We need \$313 million to maintain CURRENT commitments starting July 1 (FY 2012).



Where Are We for FY11-FY12?

- Revenue (in M):

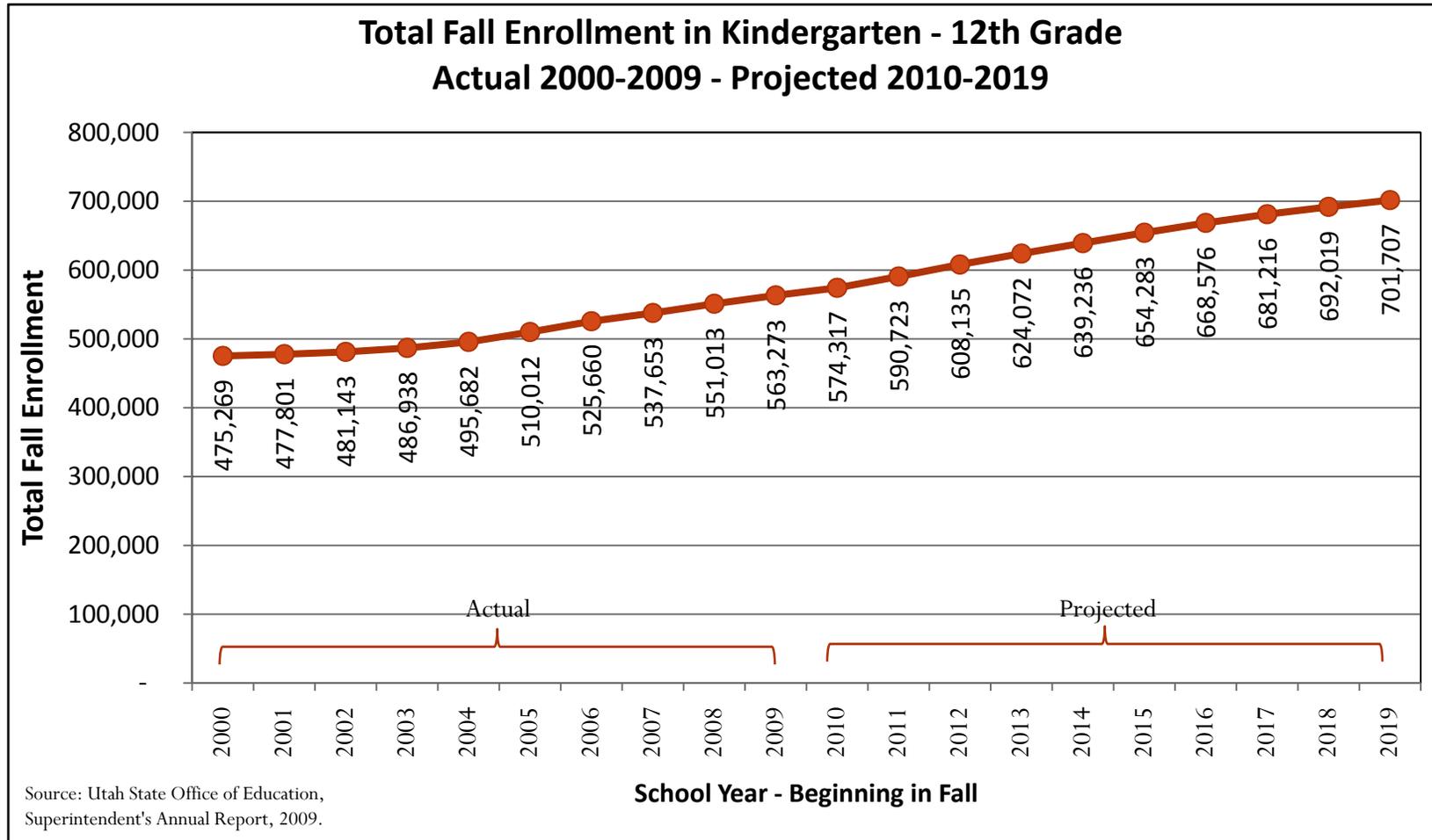
Base	\$4,387
FY11 Growth	\$6
FY12 Growth	\$216
Total	\$4,609

- Approps (in M):

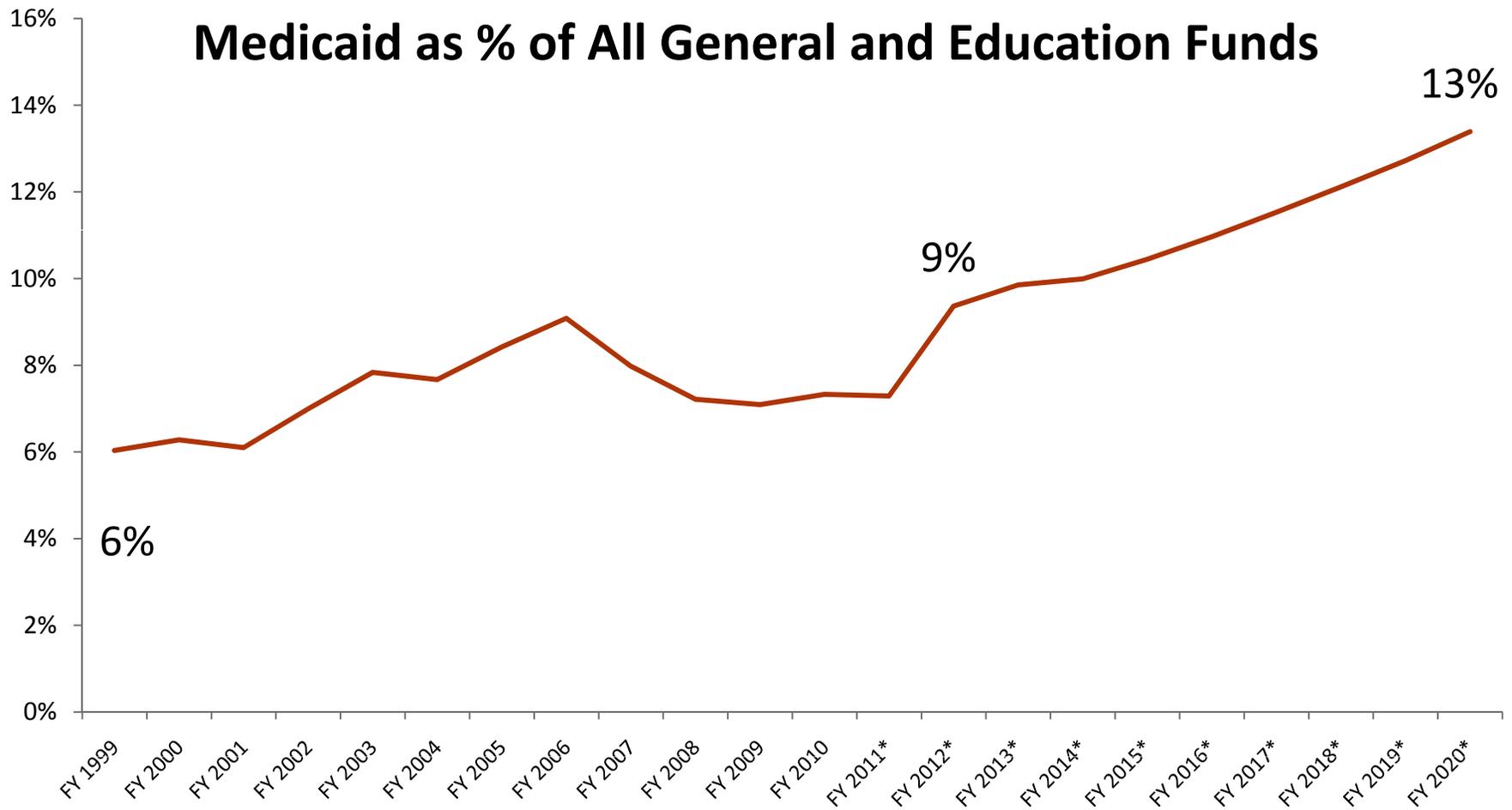
Base	\$4,700
FY11 Growth	\$?
FY12 Growth	\$?
Total	\$4,700+/-

(Gov says \$4.9 B and does not address \$29 M in new FY 2012 Medicaid Growth)

Funding Pressure Education

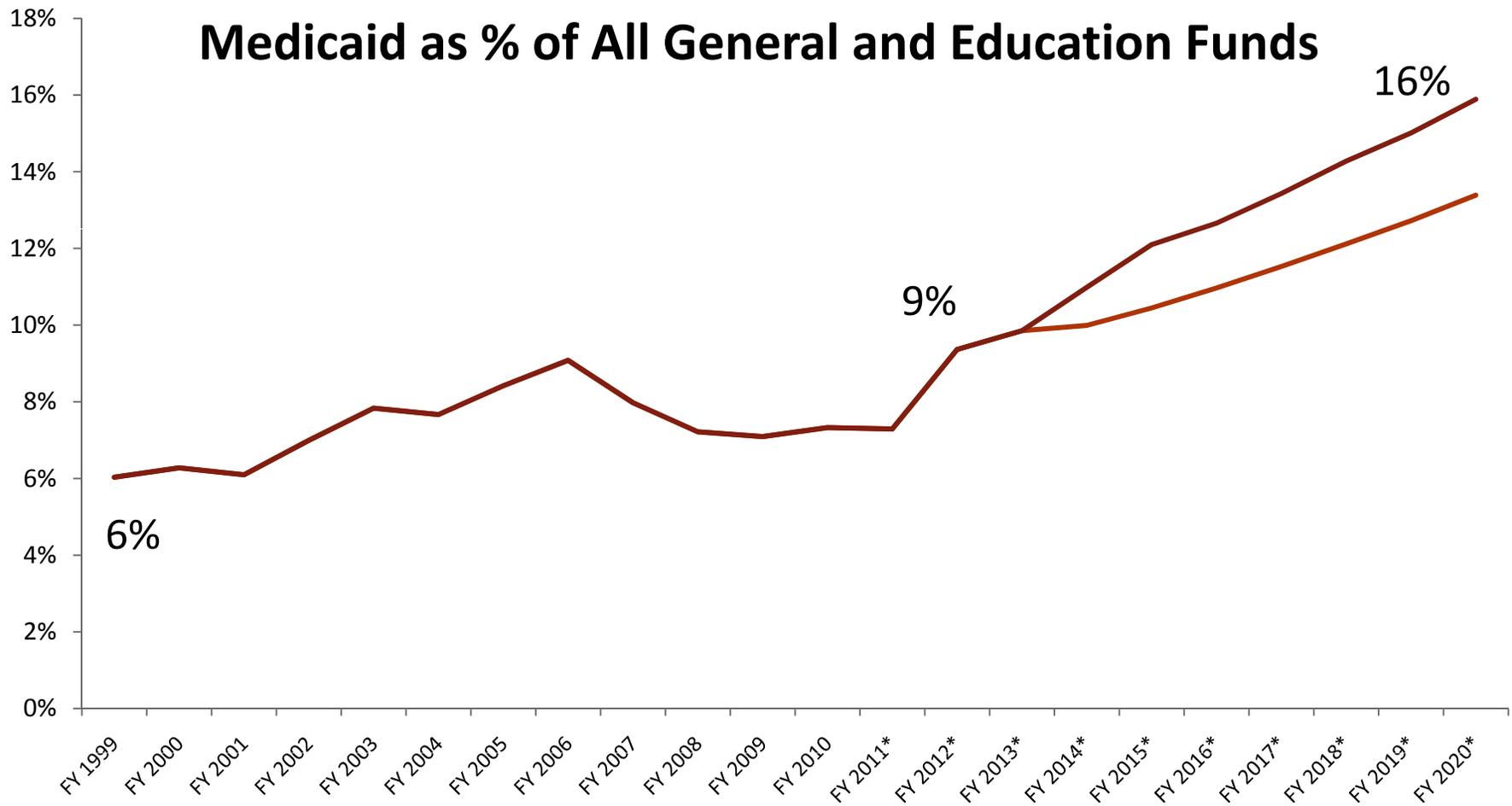


Funding Pressure - Current Projections (Without Federal Health Care Reform)

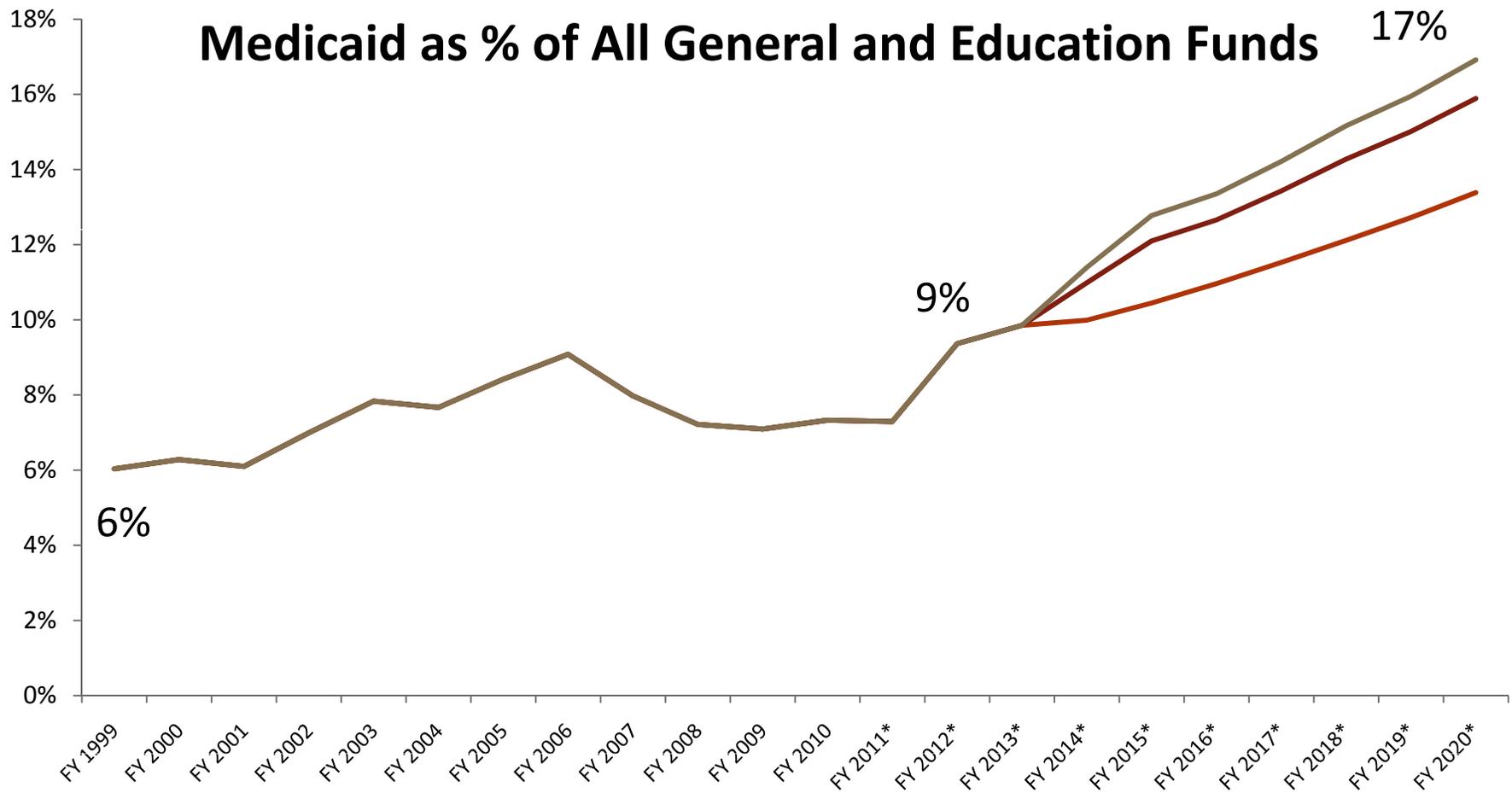


1/13/2011

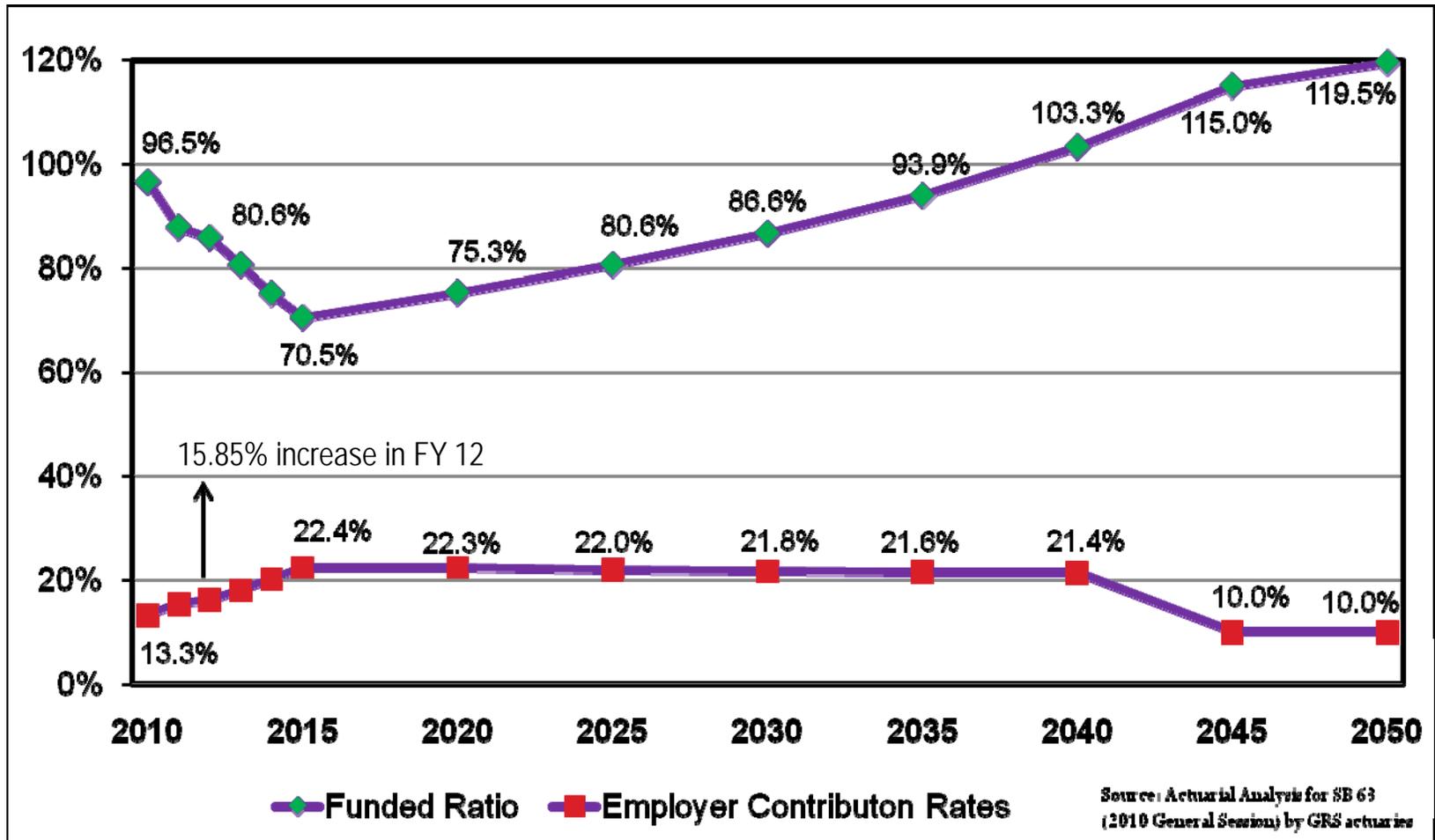
Funding Pressure - Projections With Federal Health Care Reform



Funding Pressure - Projections If All Privately Insured Drop Coverage and go on Medicaid



Funding Pressure Retirement



The Hole Defined in Millions

Spending

- Structural Deficit = \$313
- 2012 School Kids = \$80
- 2011 School Kids = \$70
- Medicaid/CHIP = \$91
- Retirement = \$41
- Health Insurance = \$38
- Bond Coverage = \$15
- Settlements = \$5
- TOTAL = \$653**

Revenue

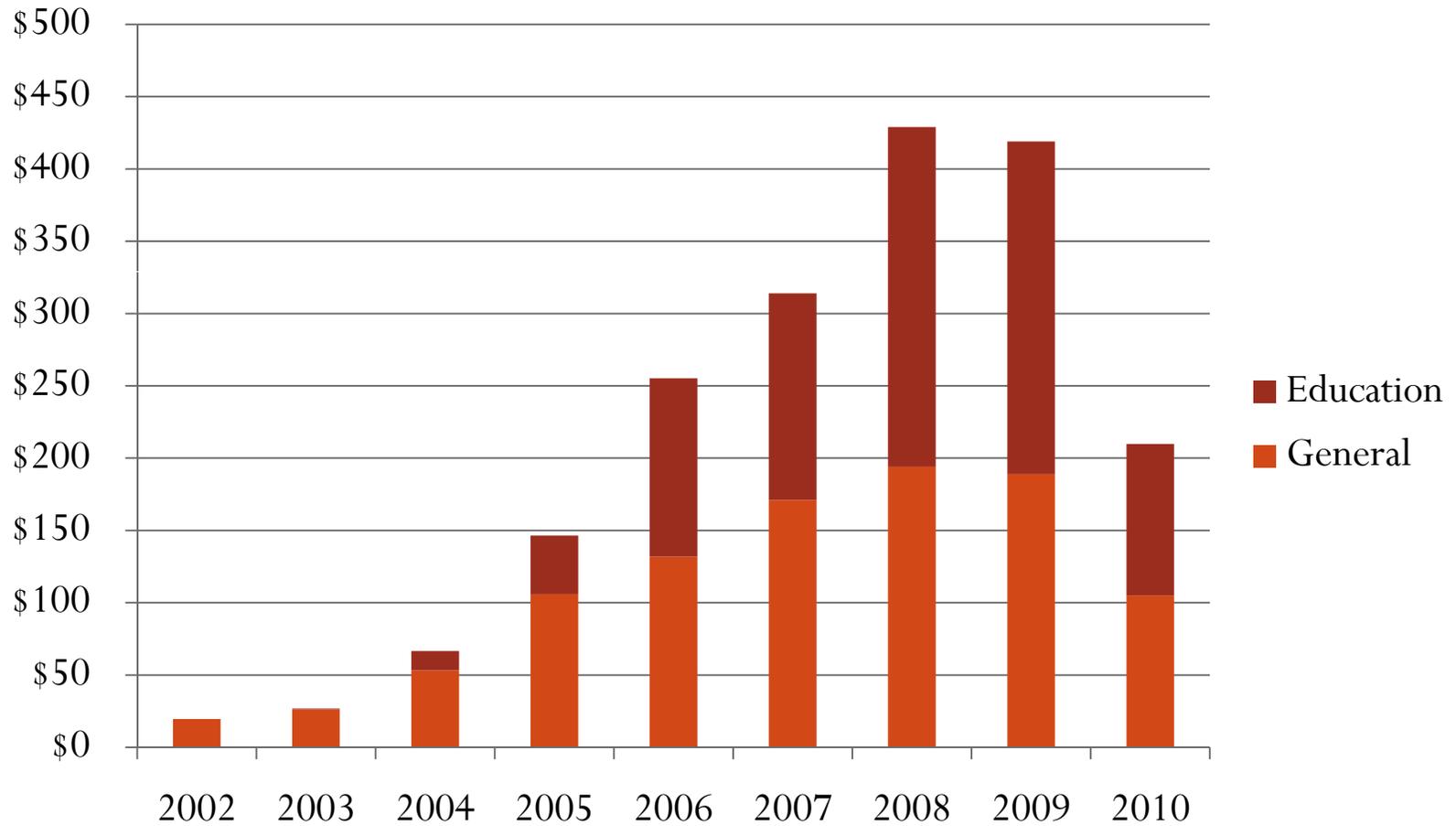
- FY 2012 = \$216

Difference

\$437 m left to fill.

Reserves Not Enough

Rainy Day Fund Balances



Where do we go from here?

EAC motion, 12/14/10:

“Prepare and number a base budget bill equal to ongoing state funds in the current year, adjusted to a level that eliminates the structural deficit.”

\$313M structural deficit = 7%

Where do we go from here?

Timeline

JR4-5-201:

Each legislator shall receive a copy of each base budget bill for the next fiscal year by calendared floor time on the first day of the annual general session.

Action:

As directed by EAC, staff will prepare a base budget bill (or bills) with 7% across-the-board reductions, ready by the first day of session. It will change.

Where do we go from here?

Timeline

JR4-5-201:

By noon on the tenth day, but not before the third day, the Legislature shall either pass or defeat each base budget bill.

Action:

Subcommittees discuss specific changes on Jan. 19, and 2 or 3 more meetings during session. Bill substituted with surgical changes by the tenth day.