

Budget Status Update

Legislative Commission on Planning
& Fiscal Policy

June 7, 2011

Bill Marx, House Fiscal Staff
Brent Gustafson, Senate Fiscal Staff

Projected \$5.0 billion shortfall for FY 2012-13

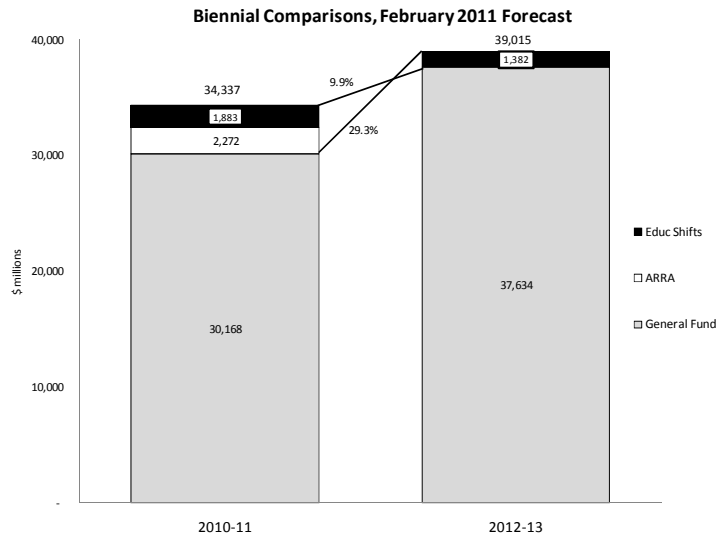
February 2011 Forecast & Enacted Changes

(\$ millions)	<u>FY 2010-11</u>	<u>FY 2012-13</u>	<u>\$ Difference</u>	<u>% Change</u>
Revenues				
Balance Forward	447	724	277	
Current Resources	<u>30,445</u>	<u>33,556</u>	<u>3,111</u>	10.2%
Total	30,892	34,281	3,388	
Expenditures				
General Fund	30,168	39,015	8,847	29.3%
ARRA	2,272	-	(2,272)	20.3%
Education Shifts	<u>1,897</u>	<u>-</u>	<u>-</u>	
Total	34,337	39,015	4,678	13.6%
Reserves	275	275		
Budgetary Balance	450	(5,009)		

FY 2010-11 & 2012-13 adjusted to reflect bills enacted during 2011 regular session.

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Significant distortions exist in biennial spending comparisons



Budget balancing plans

FY 2012-13 Budgets

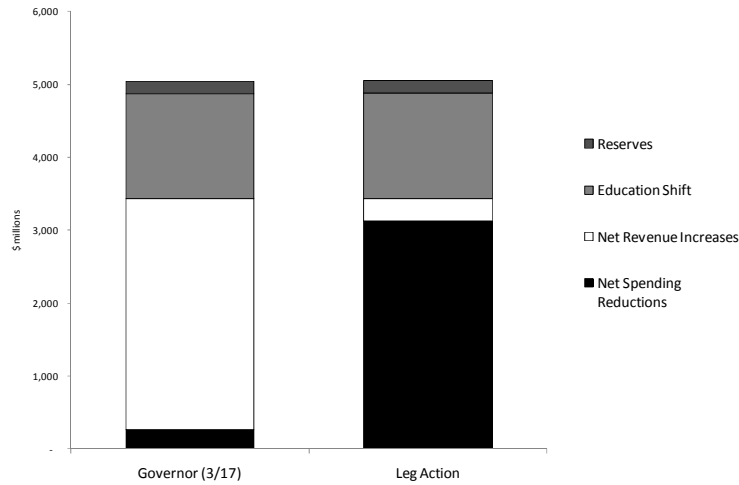
(\$ millions)	<u>Governor (3/17)</u>	<u>Legislature</u>
Expenditures	37,320	34,439
Revenue Change	3,169	302
Use of Reserves	<u>171</u>	<u>175</u>
Net General Fund	33,979	33,962

- additional revenue & use of reserves lowers net impact on general fund

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Budget balancing plans

Comparison of 2012-13 Budget Solutions
(Forecast shortfall of \$5.0 billion)



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Comparison of Original Budget Positions

(\$ millions)	Forecast 2012-13	Governor (3/17) 2012-13	Passed bills 2012-13	Leg - Gov (3/17) 2012-13
K-12 Spending (net of shift)	15,624	14,210	14,129	-81
Higher Education	2,917	2,746	2,506	-240
Tax Aids & Credits spending	3,502	3,502	2,577	-925
Tax bill revenue	0	2,445	-143	-2,588
Health & Human Services net	12,338	11,486	10,741	-745
Envir, Energy, Commerce net	293	277	201	-75
Transportation	180	180	62	-118
Judiciary & Public Safety net	1,783	1,822	1,761	-61
Jobs & Economic Dev net	168	166	138	-27
State Government net	913	873	600	-272
Ag/Capital Investment/Other	1,298	1,336	1,279	-56

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Governor's May 16th Proposal

- Proposal recognizes agreement on continuing K-12 payment shift at 70/30(\$1.4 billion)
- Governor proposed 50/50 split of tax increases and spending cuts to solve remaining \$3.6 billion of deficit

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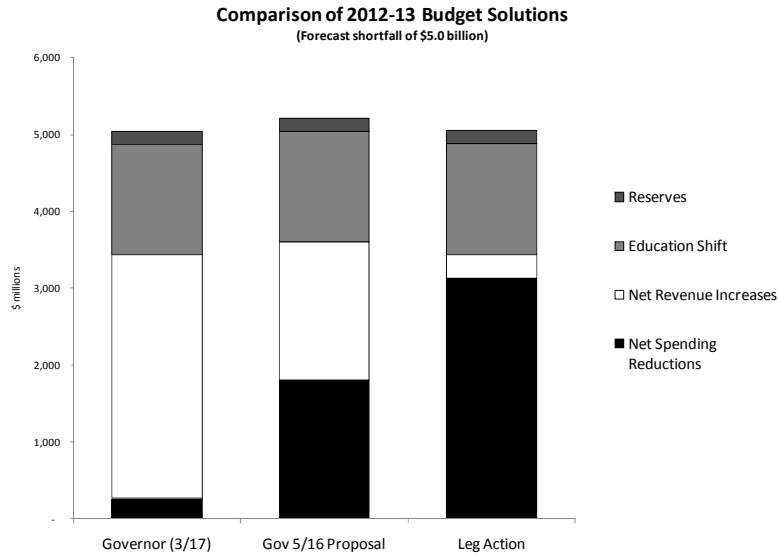
Comparison of proposed solutions

Proposed Budget Solutions

(\$ millions)	<u>Governor (3/17)</u>	<u>Leg Action</u>	<u>Gov 5/16 Proposal</u>
Net Spending Reductions	262	3,126	1,800
Net Revenue Increases	3,169	304	1,800
Education Shift	1,435	1,451	1,435
Use of Reserves	<u>171</u>	<u>175</u>	<u>171</u>
	5,037	5,056	5,206

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Significant differences remain



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Significant improvement, but structural challenges remain under both plans

Structural Balance

(\$ millions)

	FY 2014	FY 2015	FY 2014-15
Feb Forecast (& Ch 8)			
Revenue	17,312	17,991	
Spending	<u>19,668</u>	<u>20,061</u>	
Structural	(2,356)	(2,069)	(4,425)
Governor's Budget (3/17)			
Revenue	19,015	19,752	
Spending	<u>19,712</u>	<u>20,086</u>	
Structural	(698)	(334)	(1,031)
Legislative Action			
Revenue	17,415	18,024	
Spending	<u>17,957</u>	<u>18,736</u>	
Structural	(541)	(712)	(1,253)

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