

BUDGETING

FOR APPROPRIATIONS SUBCOMMITTEES

2009 GENERAL SESSION



Timing

The state appropriates funds for the Fiscal Year that begins on July 1st and ends on June 30th.

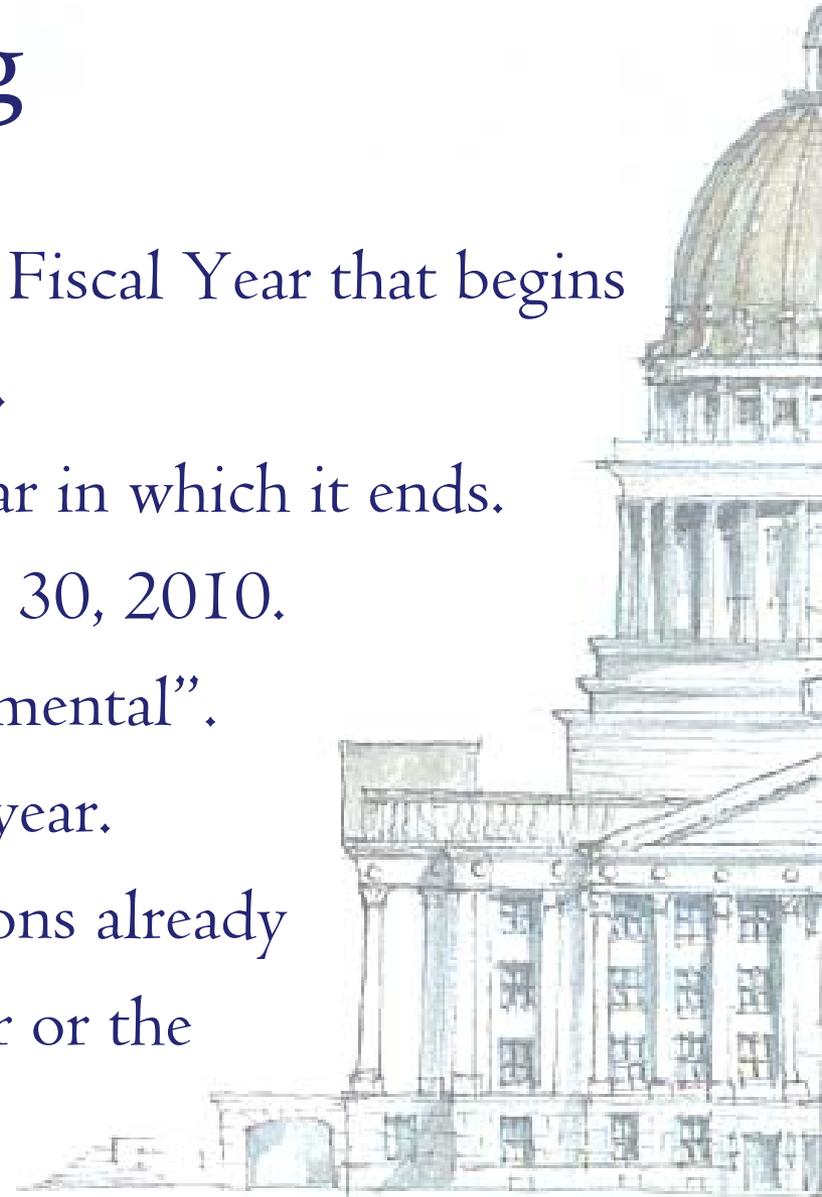
The fiscal year is named after the year in which it ends.

For example, FY 10 ends on June 30, 2010.

Budgets are either “base” or “supplemental”.

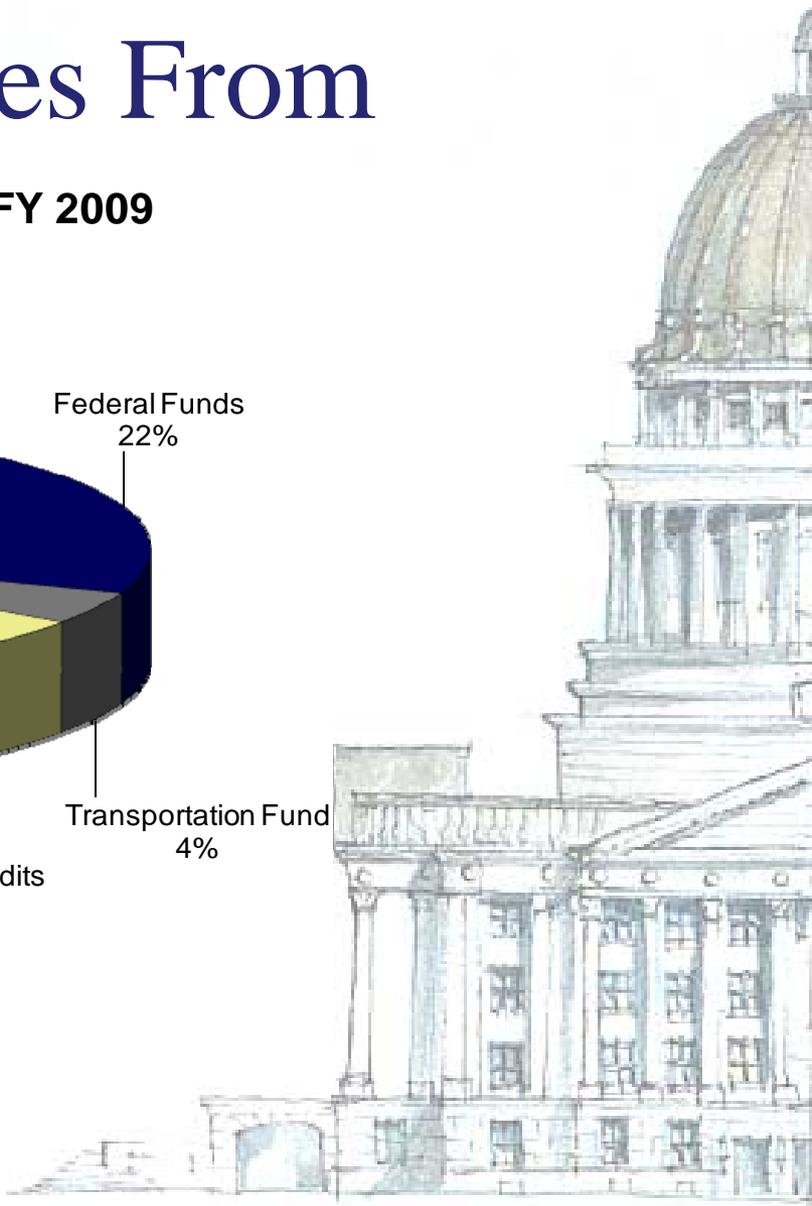
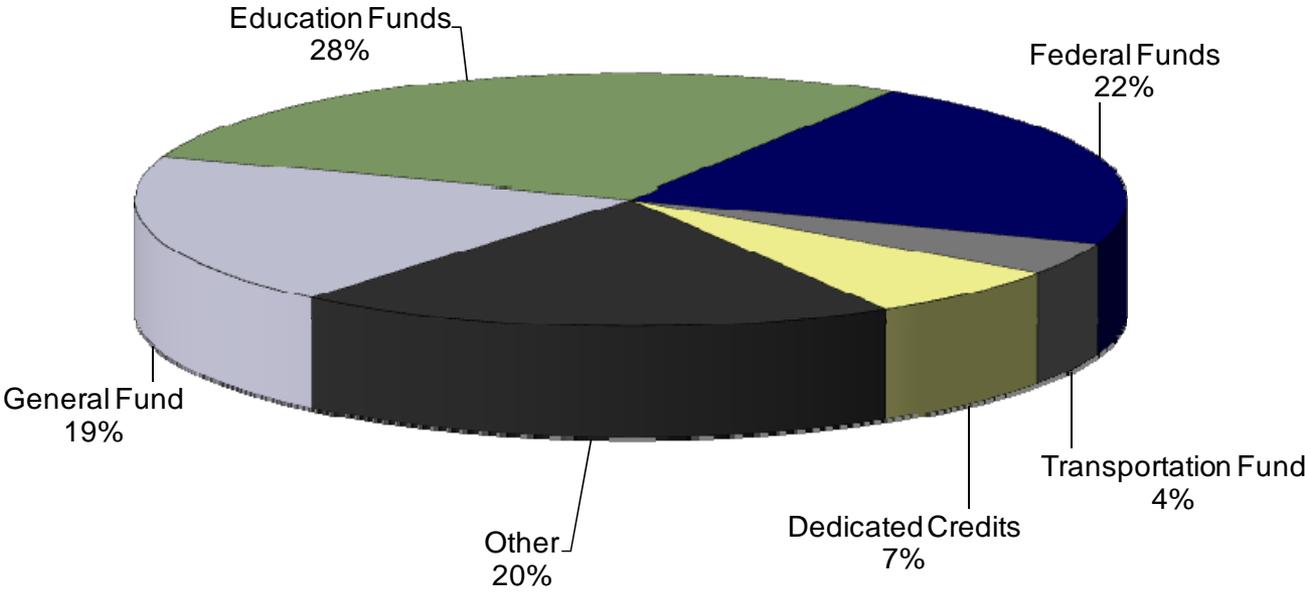
Base is foundation for a given fiscal year.

A supplemental changes appropriations already passed be they for the current year or the coming new year.



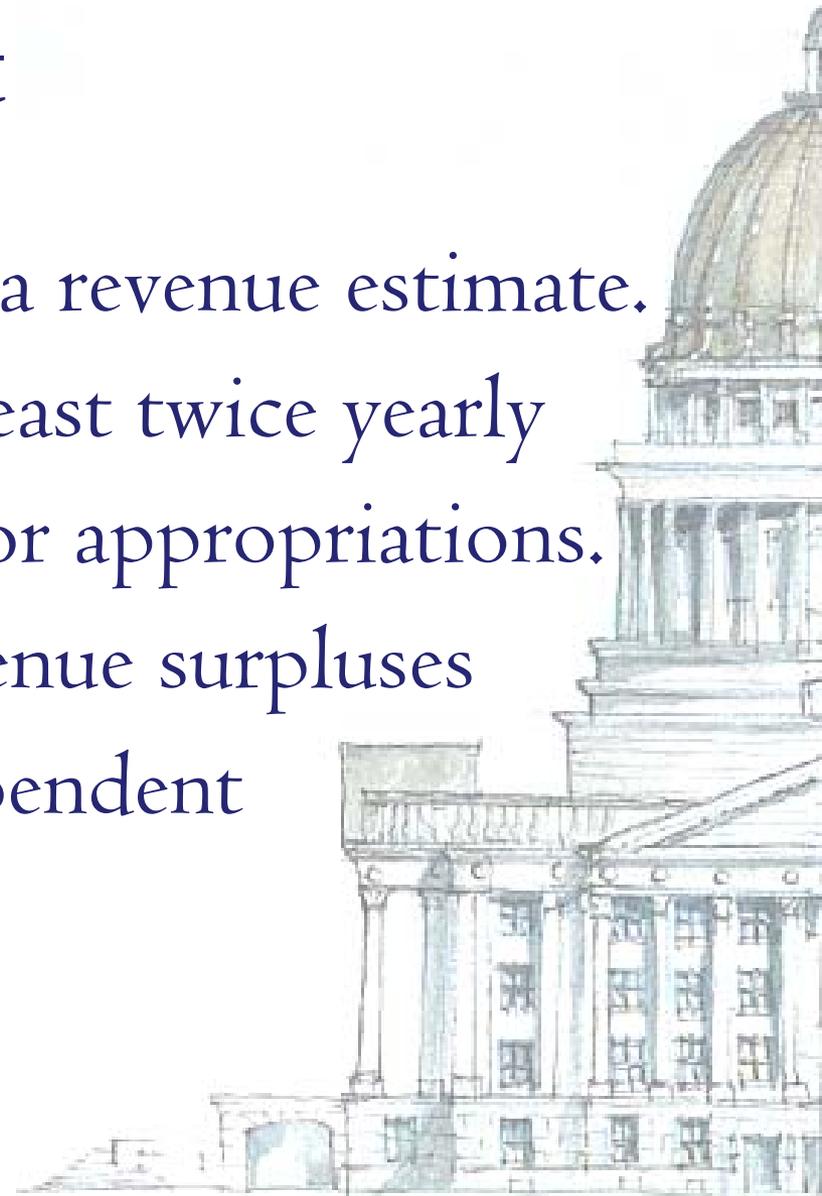
Where It Comes From

Total Appropriations by Revenue Source, FY 2009

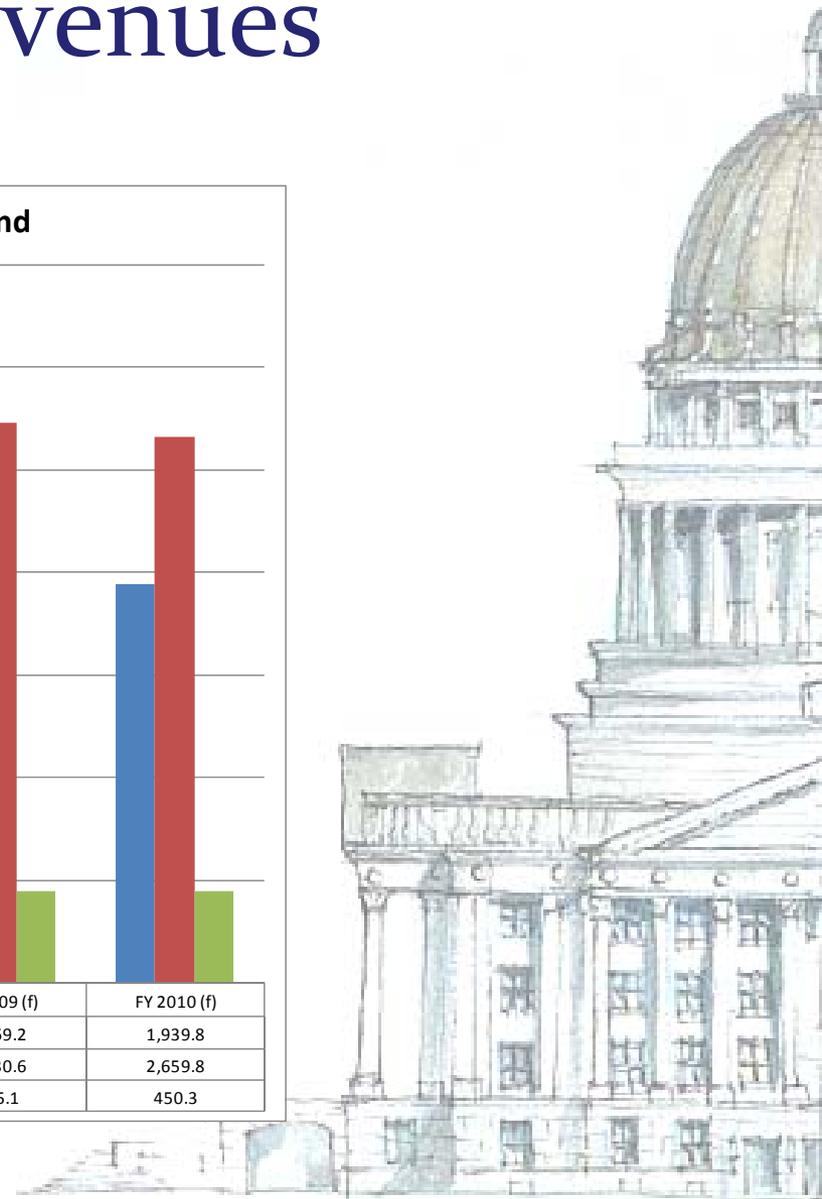
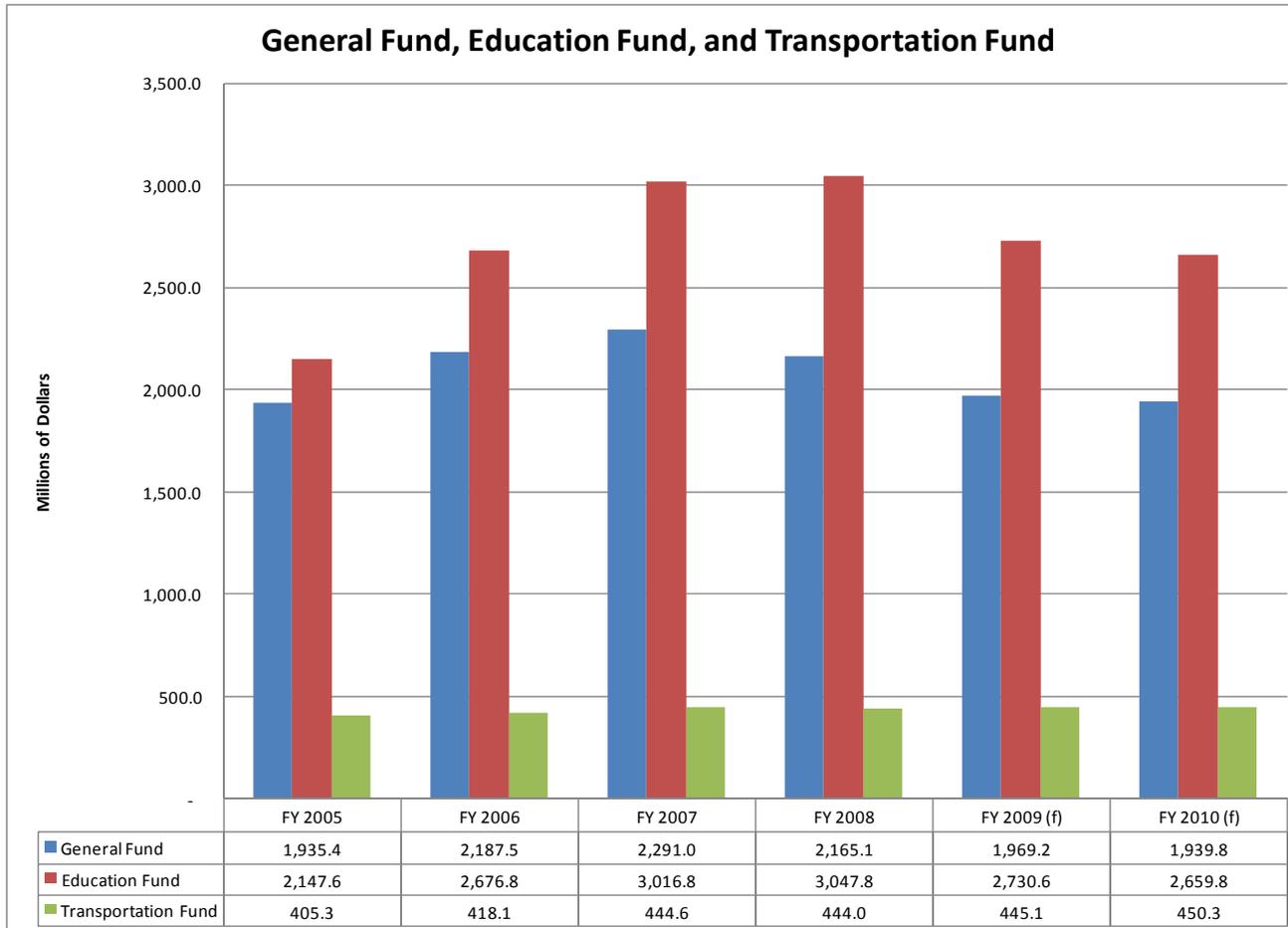


Target

- State economists generate a revenue estimate.
- Estimates are updated at least twice yearly
- Estimates serve as target for appropriations.
- Updates may result in revenue surpluses or revenue shortfalls independent changes in spending.

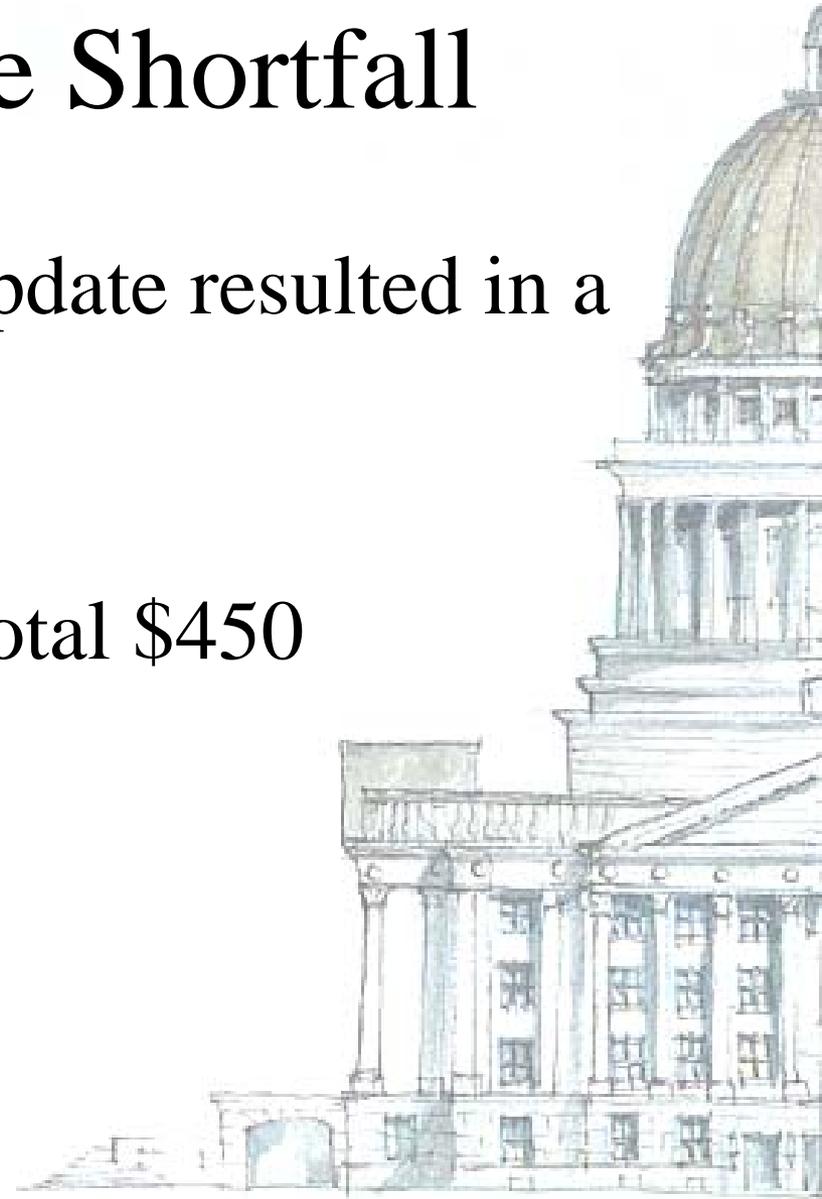


History of Revenues



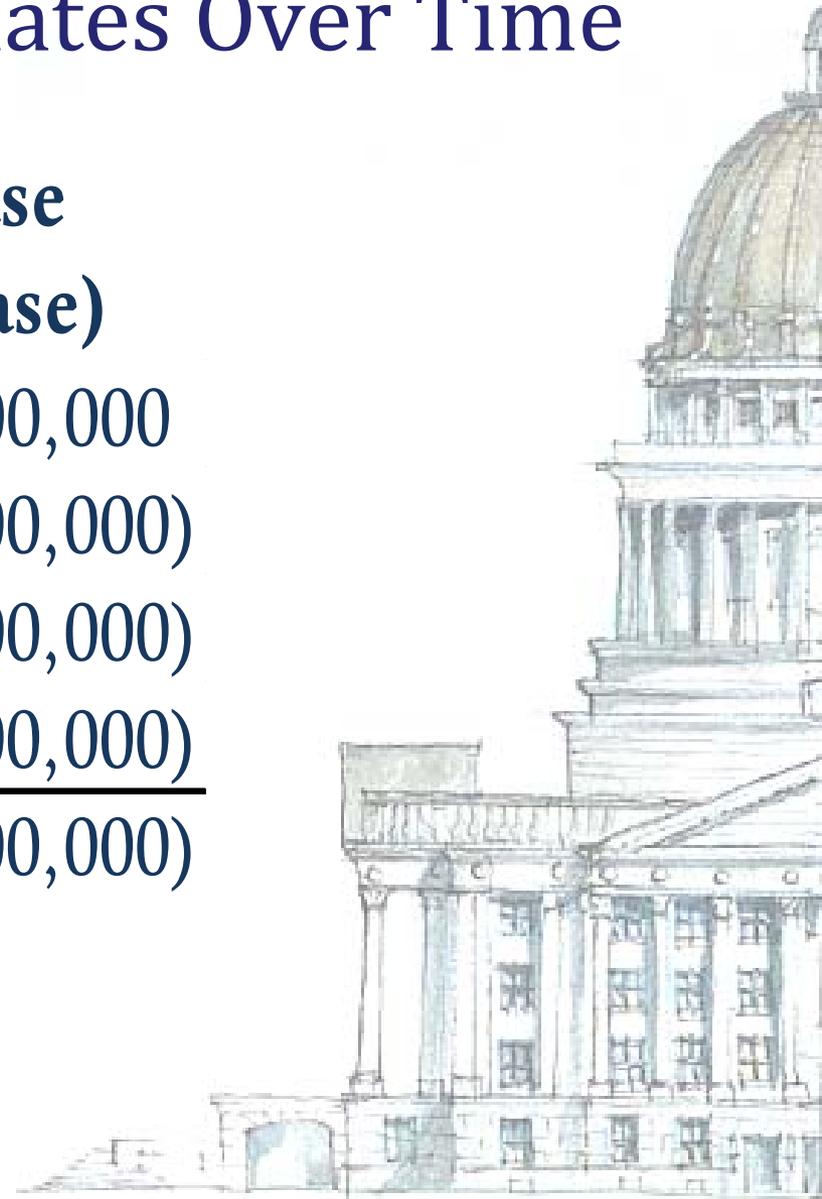
Current Revenue Shortfall

- December 2008 revenue update resulted in a revenue shortfall.
- \$350 million in FY 2009
- Additional \$100 million (total \$450 million) in FY 2010



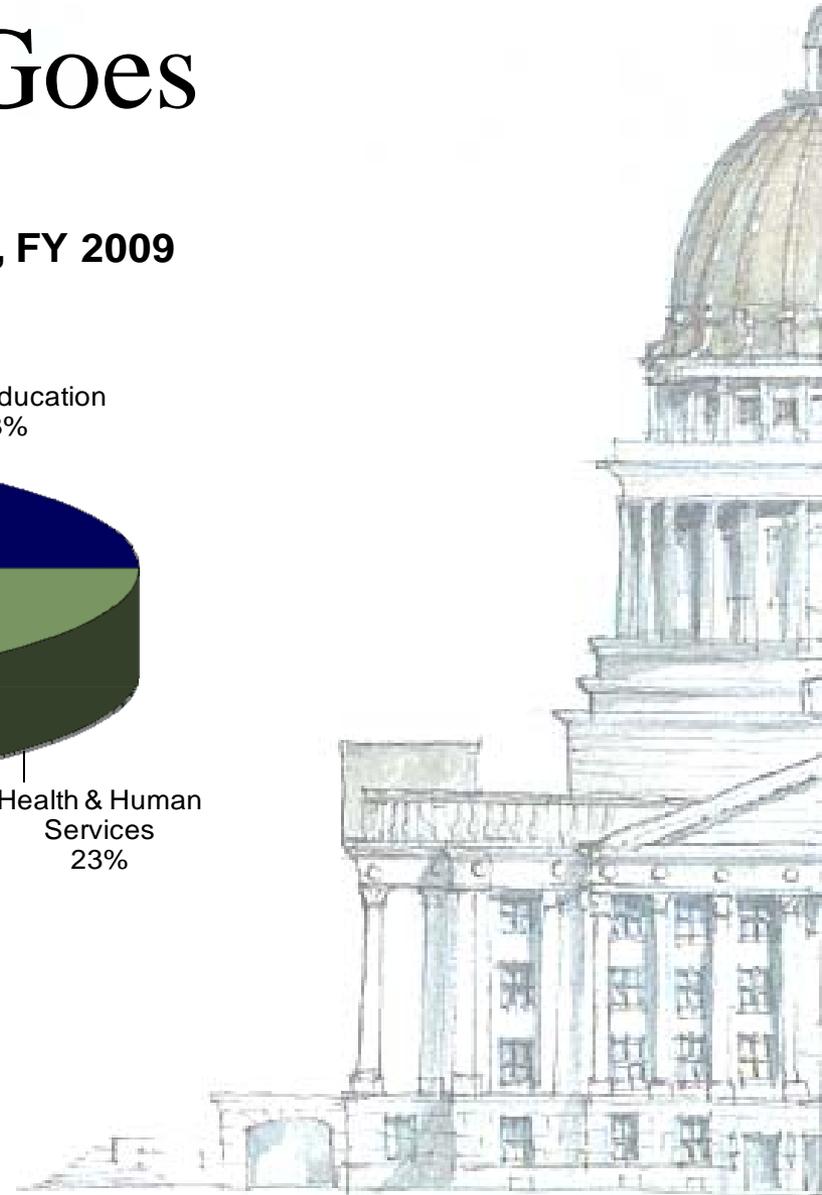
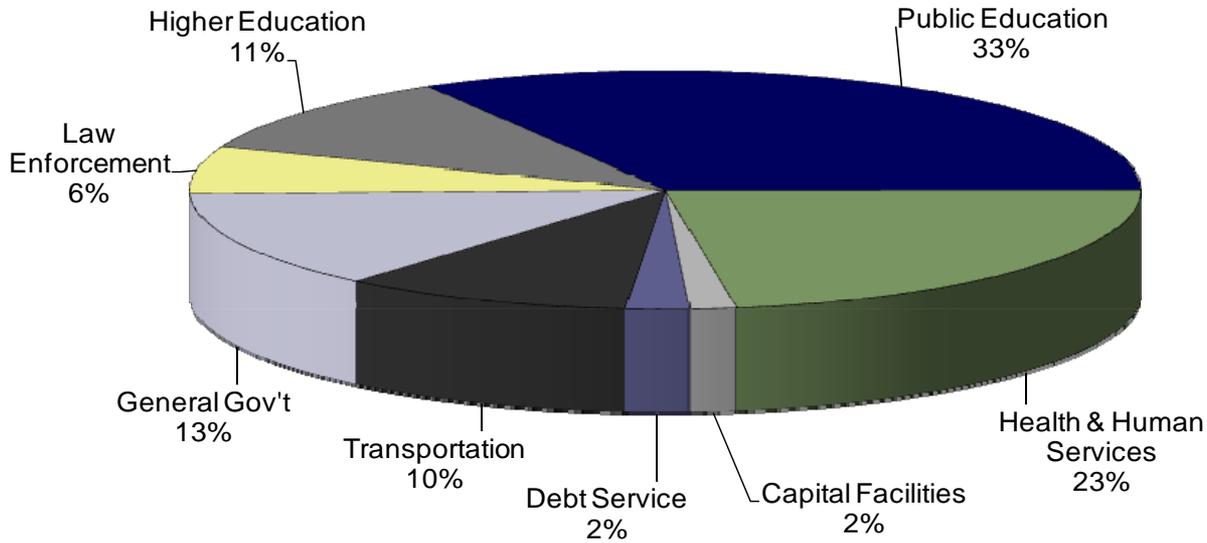
Is it a Cut? FY09 Estimates Over Time

Adoption Date	Increase (Decrease)
Dec. 2007	\$ 579,000,000
Feb. 2008	\$ (230,000,000)
Sept. 2008	\$ (272,000,000)
Dec. 2008	\$ (350,000,000)
Total	\$ (273,000,000)



Where It Goes

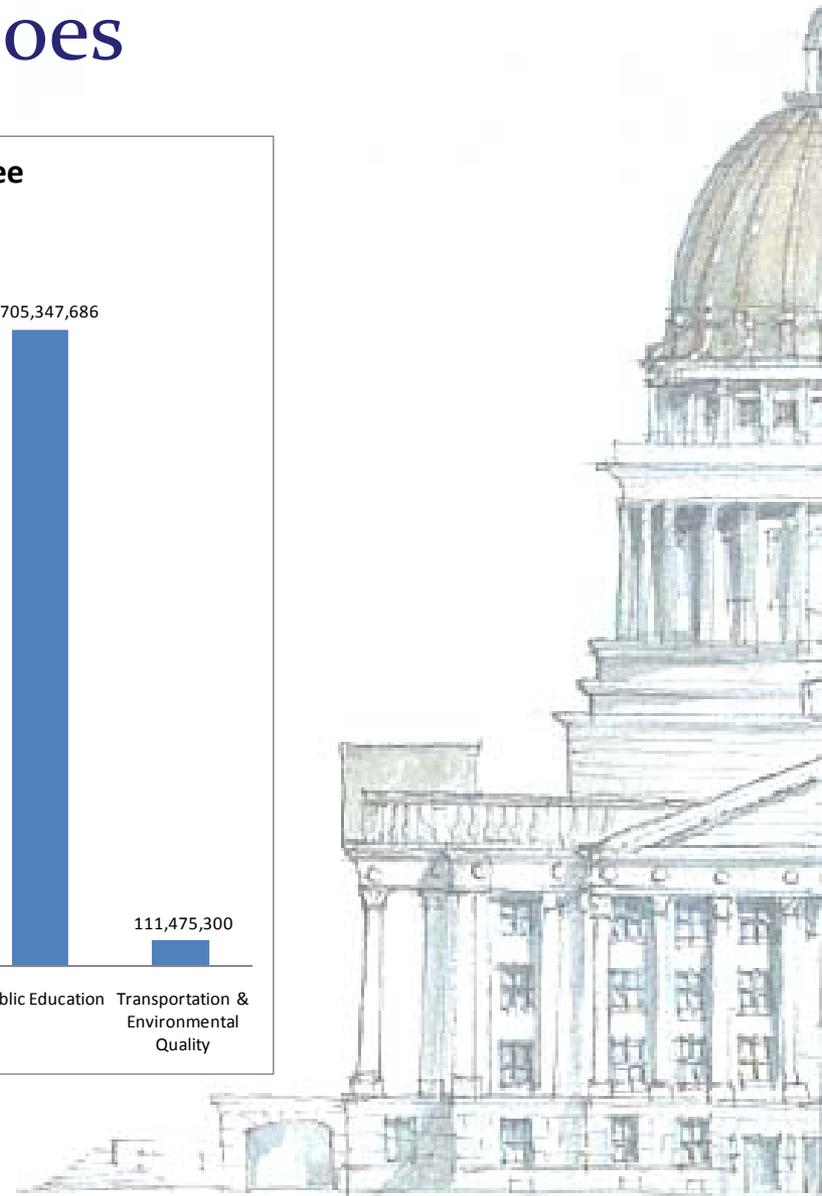
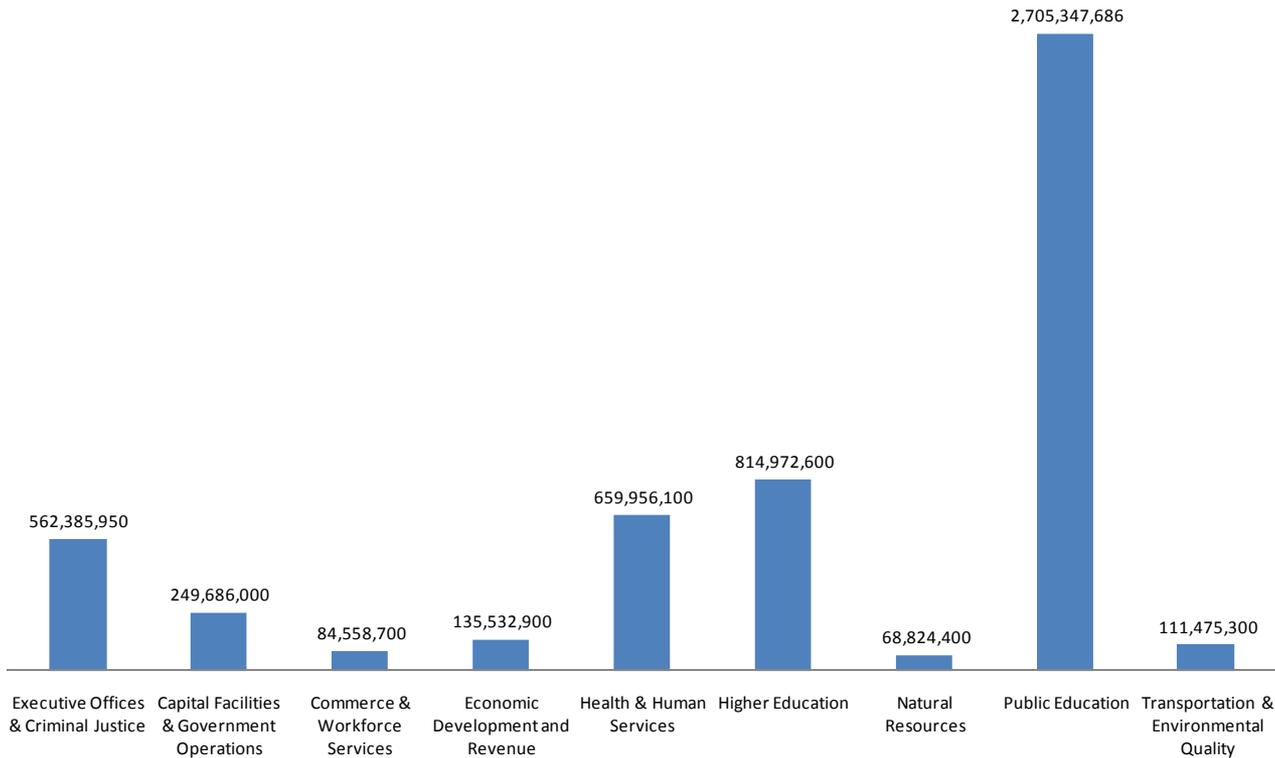
Total Appropriations by Area of Expenditure, FY 2009



Where It Goes

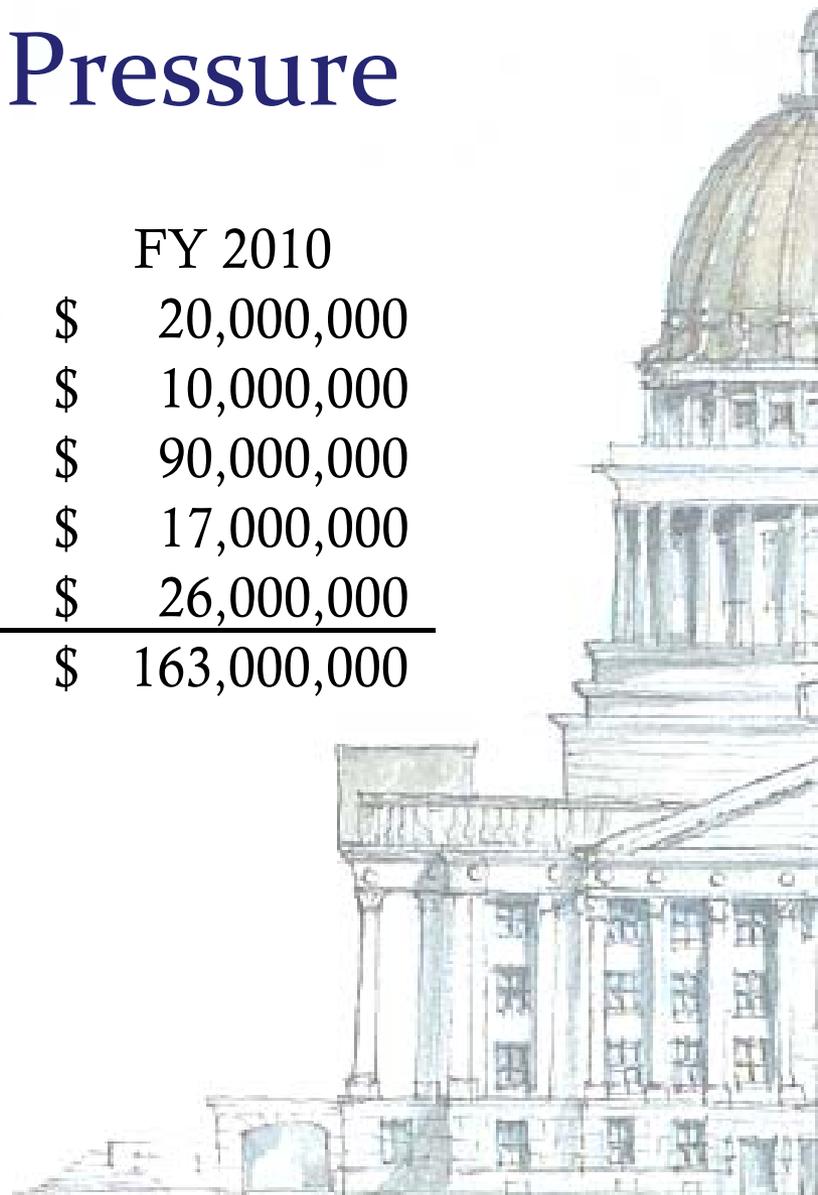
General Fund/Education Fund Funding By Subcommittee

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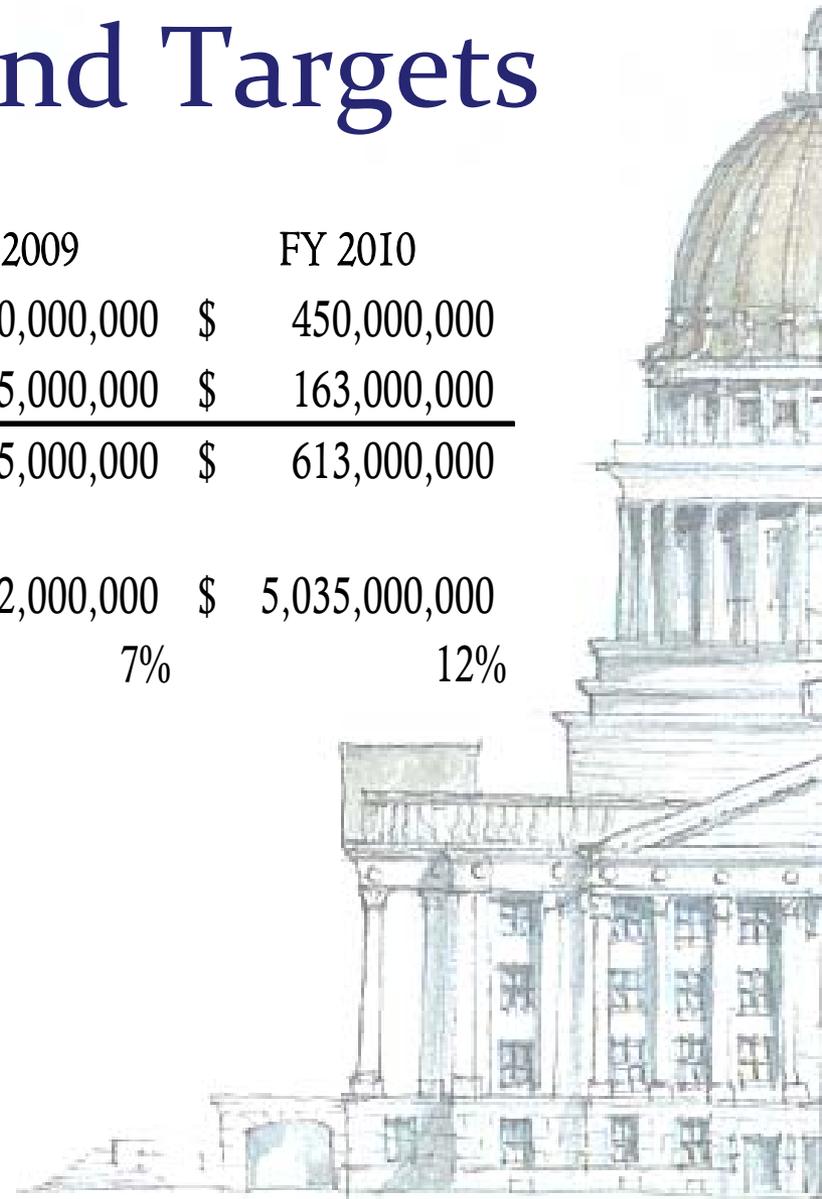
New Spending Pressure

	FY 2009	FY 2010
Medicaid Utilization	\$ 15,000,000	\$ 20,000,000
Medicaid Inflation		\$ 10,000,000
Public Ed. Enrollment		\$ 90,000,000
State/HE Health Ins.		\$ 17,000,000
PE Health Insurance		\$ 26,000,000
Total	\$ 15,000,000	\$ 163,000,000

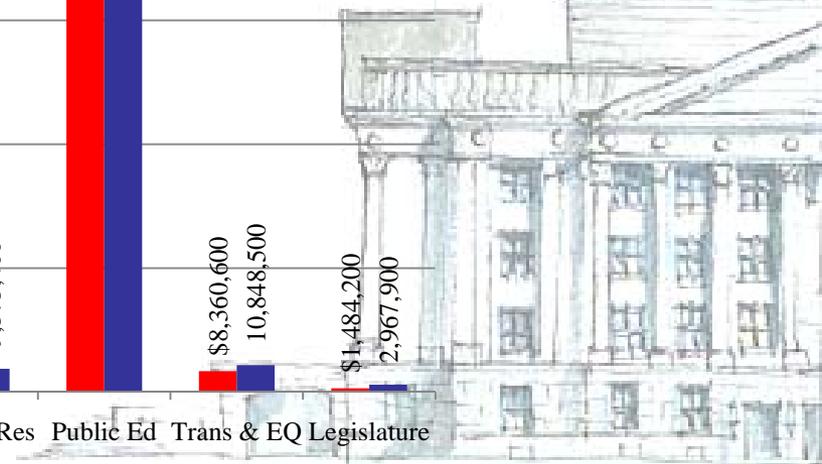
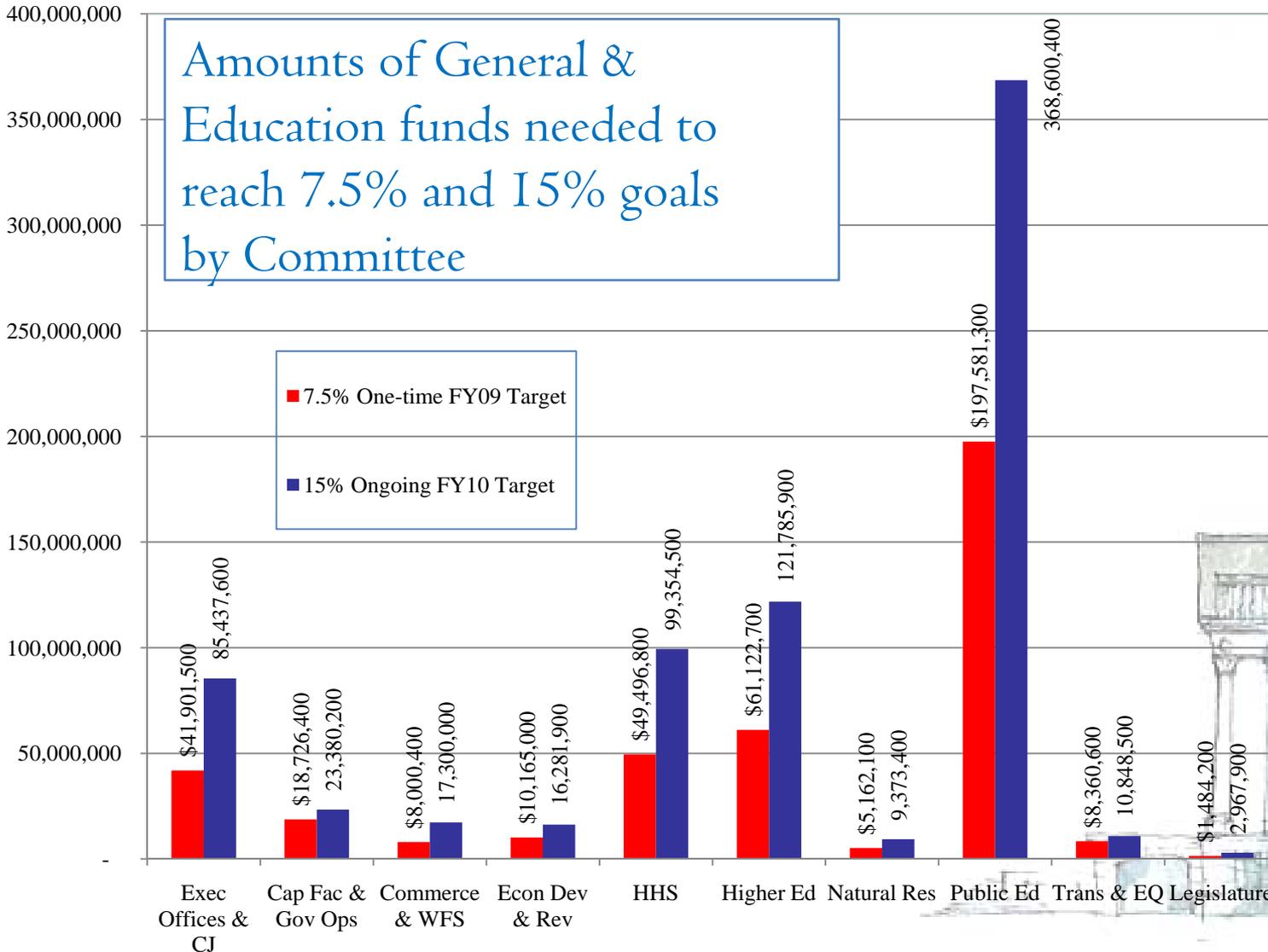


Budget Deficit and Targets

	FY 2009	FY 2010
Revenue Shortfall	\$ 350,000,000	\$ 450,000,000
Spending Requirements	\$ 15,000,000	\$ 163,000,000
Total	\$ 365,000,000	\$ 613,000,000
GF/EF Base	\$ 5,412,000,000	\$ 5,035,000,000
Projected Deficit as a % of Base	7%	12%



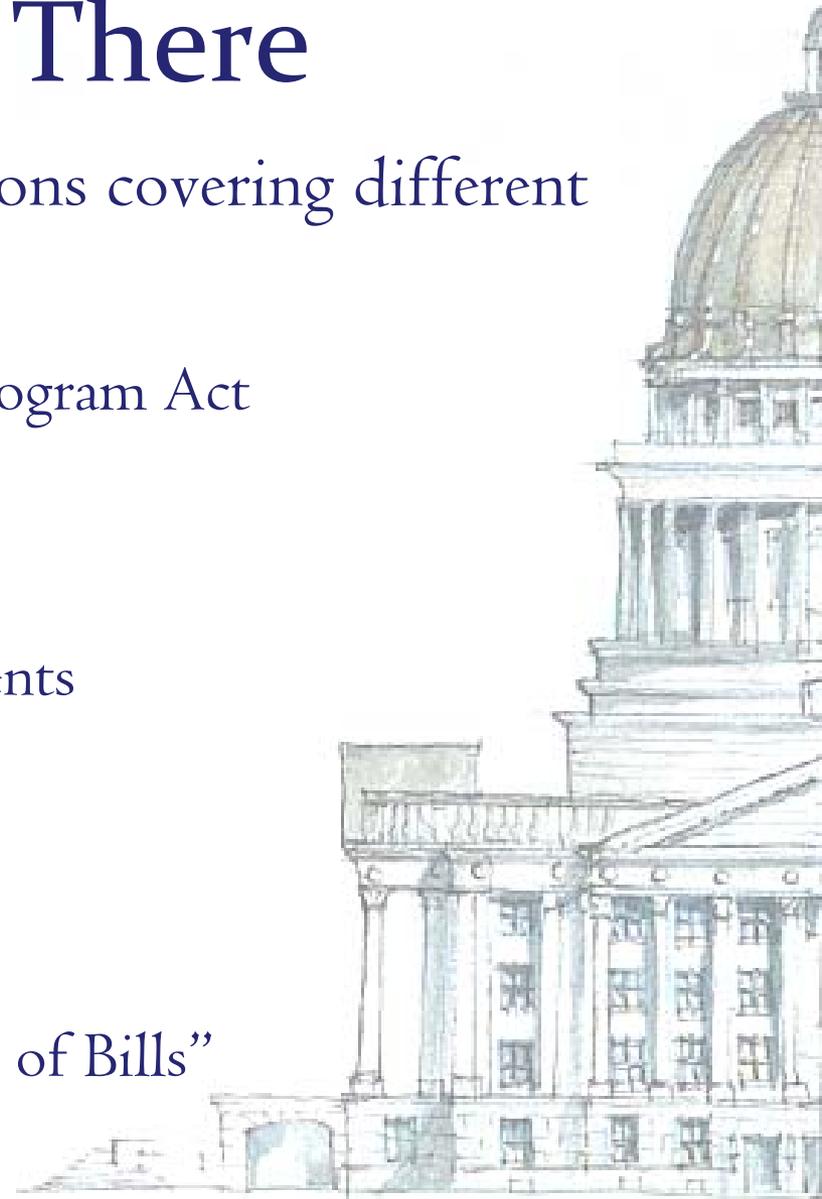
How Much do We Have to Reduce Budgets?



How It Gets There

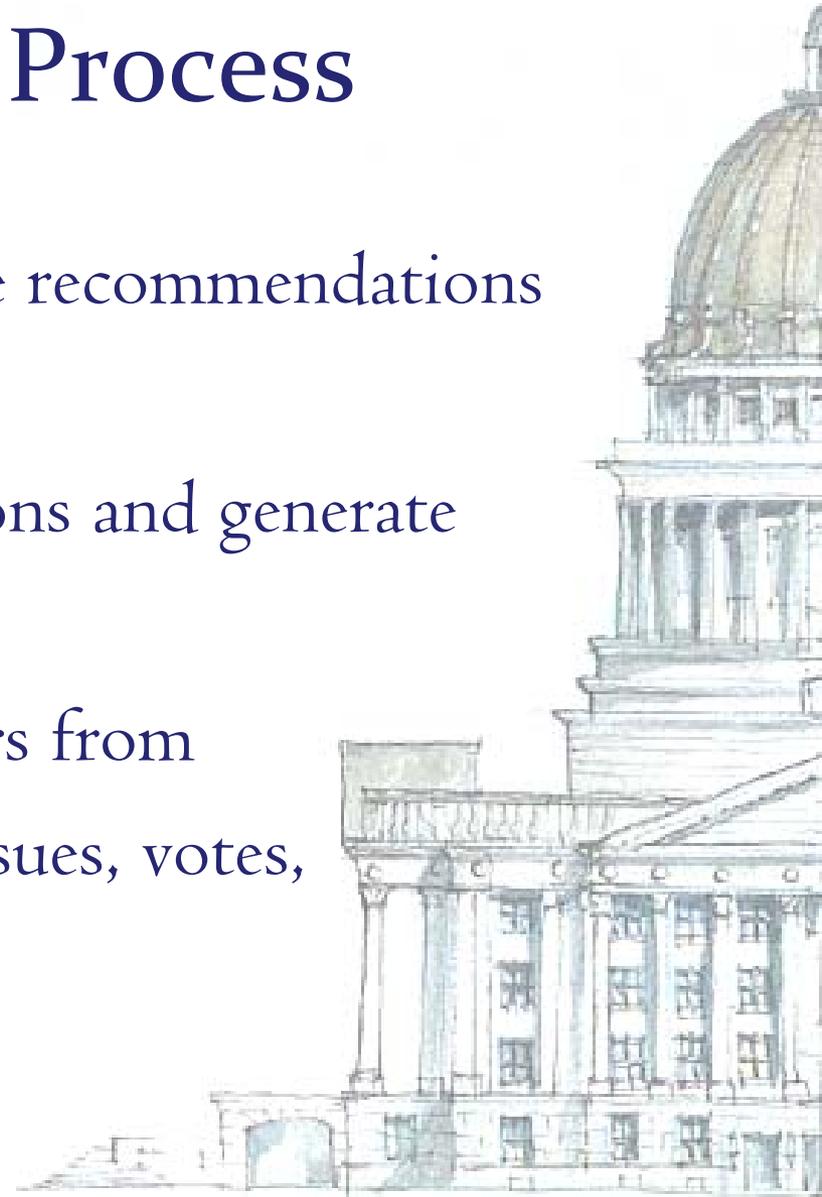
The budget is a series of appropriations covering different parts of the state spending:

- Base budget and Minimum School Program Act
- Current Fiscal Year Supplemental
- New Fiscal Year Supplemental
- Minimum School Program Amendments
- Compensation Bill
- General Obligation bond Bill
- Revenue Bond bill
- Appropriations Adjustments aka “Bill of Bills”



Usual Budget Process

1. Subcommittees meet and make recommendations to Executive Appropriations.
2. Caucuses meet to discuss options and generate a plan.
3. Executive Appropriations hears from subcommittees, debates the issues, votes, and has a bill written.
4. Legislature votes on the bill.



Subcommittee Meetings

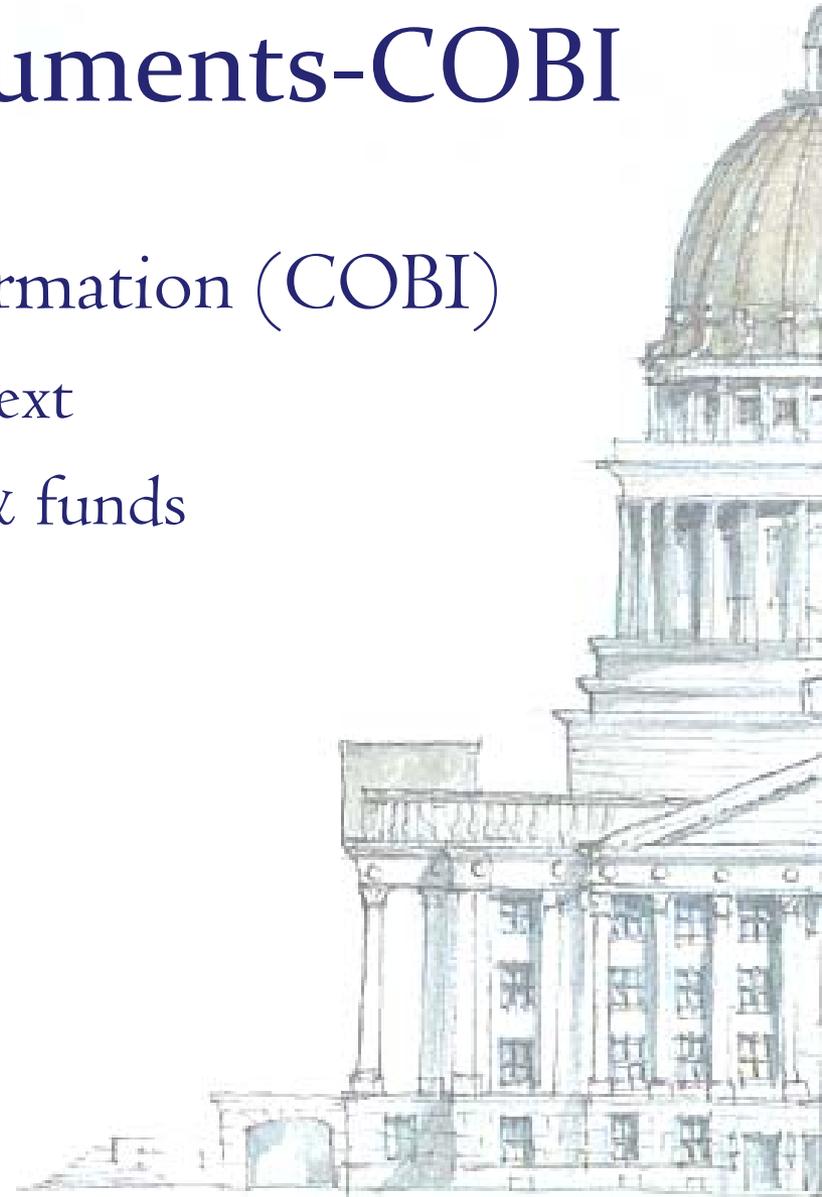
Agenda: Listen to and question

- Legislative Fiscal Analyst
- Agencies
- Take public testimony (optional)
- Committee discussion & debate
- Vote on committee recommendations



Subcommittee Documents-COBI

- Compendium of Budget Information (COBI)
 - Provides background and context
 - Legal authority for programs & funds
 - Explanation of special funds
 - Previous legislative intent
 - Budget histories
 - Available on-line

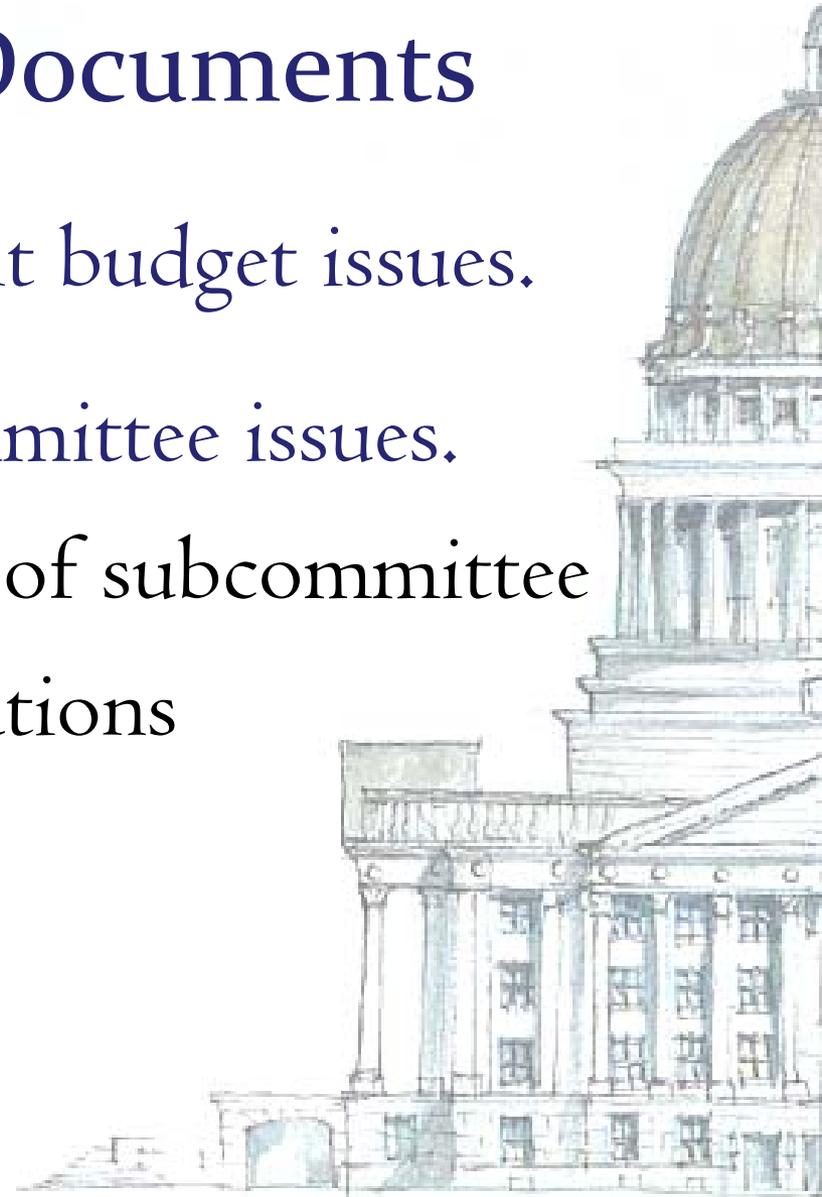


Subcommittee Documents

Budget Briefs highlight current budget issues.

Issue Briefs explain cross-committee issues.

Ad hoc reports at the request of subcommittee chairs or Executive Appropriations or caucus.



Our Recommendations & Constraints

1. Over all, balance to the 7.5% and 15% targets set by EAC (some subcommittees may be over or under target).
2. Are intended as a straw-man - a place to start your discussion.
3. Assume current tax law (do not divert tax earmarks and/or increase or decrease taxes).
4. Do not include across-the-board actions like salary decreases or benefits changes.
5. Do not tap rainy day funds or bond proceeds.

