

GOVERNOR'S OFFICE OF MANAGEMENT & BUDGET

THREE YEAR BUDGET PROJECTION (General Funds), FY13-FY15

Impose Financial Discipline and Focus on Long-Term Fiscal Stability

(\$ in Millions)

| | Base Case | | | |
|--|---------------|---------------|---------------|---------------|
| | 2012 | 2013 | 2014 | 2015 |
| RESOURCES | | | | |
| <u>Base Resources</u> | | | | |
| Individual Income Tax | 15,062 | 15,273 | 15,791 | 14,315 |
| Corporate Income Tax | 2,354 | 2,550 | 2,718 | 2,446 |
| Sales Tax | 7,100 | 7,235 | 7,385 | 7,570 |
| All Other State Sources | 2,969 | 3,029 | 3,019 | 3,049 |
| State Sources | 27,485 | 28,087 | 28,913 | 27,380 |
| Federal Sources | 3,830 | 4,200 | 4,200 | 4,200 |
| Transfers In | 1,826 | 1,844 | 1,862 | 1,881 |
| TOTAL RESOURCES | 33,140 | 34,131 | 34,975 | 33,461 |
| EXPENDITURES | | | | |
| <u>Agency Operating Budget Results</u> | | | | |
| 1. Providing a quality education and opportunities for growth | 8,946 | 8,946 | 8,946 | 8,946 |
| 2. Enhancing the economic well-being of citizens | 94 | 87 | 87 | 87 |
| 3. Protecting the lives and property of citizens | 1,531 | 1,408 | 1,408 | 1,408 |
| 4. Protecting the most vulnerable among us | 6,873 | 6,523 | 6,523 | 6,523 |
| 5. Improving access to and cost effectiveness of healthcare | 6,639 | 6,639 | 6,639 | 6,639 |
| 6. Improving the quality of life for citizens | 68 | 63 | 63 | 63 |
| 7. Improving the efficiency and fiscal stability of State Government | 1,104 | 1,016 | 1,016 | 1,016 |
| Unspent Appropriations (Salvage) | (904) | (500) | (500) | (500) |
| Total Operating Budget | 24,352 | 24,182 | 24,182 | 24,182 |
| <u>Additional Expenditures</u> | | | | |
| State Employees' Pensions | 978 | 1,144 | 1,202 | 1,259 |
| State Universities' Pensions | 750 | 1,403 | 1,496 | 1,549 |
| K-12 Education Pensions | 2,406 | 2,703 | 2,895 | 3,096 |
| Pension Contributions | 4,135 | 5,250 | 5,593 | 5,905 |
| Statutory Transfers Out | 2,366 | 2,226 | 2,226 | 2,226 |
| Debt Service: Existing Capital Bonds | 563 | 494 | 520 | 465 |
| Debt Service: Pension Bonds (2003, 2010 & 2011) | 1,605 | 1,552 | 1,655 | 1,501 |
| Total Additional Expenditures | 8,670 | 9,523 | 9,994 | 10,097 |
| TOTAL EXPENDITURES | 33,022 | 33,705 | 34,176 | 34,279 |
| Repay Interfund Borrowing & Budget Stabilization Fund | 626 | 140 | - | - |
| Surplus/Deficit | (507) | 286 | 799 | (818) |
| <u>Additional Cash Uses</u> | | | | |
| Pay Bill Backlog | - | 200 | 800 | - |
| Net Surplus/Deficit after Bill Backlog Payment | (507) | 86 | (1) | (818) |

About RESOURCES

State Sources reflect Economic Growth and Tax Reform Package, SB397, from December 2011

Largest contributor to Transfers In is Lottery revenues

About EXPENDITURES

FY12 operating budget reflects reallocation agreement from November's veto session

FY13-15 expenditures assume material reductions in Medicaid costs and statutory changes in Transfers Out

Largest contributors to Transfers Out is Local Government Distributive Fund

About SURPLUS/DEFICIT

Reflects single-year surplus/deficit; information on outstanding payables can be found in the Economic and Fiscal Policy Report