

OVERVIEW OF THE EXECUTIVE BUDGET SFY 2009-10

Overview of the Executive Budget

The Governor proposes an All Funds Budget of \$121.1 billion for State Fiscal Year (SFY) 2009-2010. This Budget is \$1.3 billion higher than the estimated \$119.7 billion in spending for SFY 2008-2009 representing growth of 1.1 percent. The All Funds Budget is the broadest measure of spending; accounting for state unrestricted and restricted funds as well as funds received from the federal government. The All Funds accounting system consists of four major fund types: the General Fund; Special Revenue Fund; Capital Project Fund; and, Debt Service Fund (see Table 1).

All Governmental Funds

Table 1

Disbursements (\$ in Millions)			
	General Fund	State Funds	All Funds
Actual			
SFY 2007-08	\$53,387	\$81,379	\$116,058
Estimated			
Dec 2008-09	55,376	84,208	119,744
Change			
SFY 2007-08	1,989	2,829	3,686
Proposed			
SFY 2009-10	\$55,392	\$85,631	\$121,058
Change from			
SFY2008-09	\$16	\$1,423	\$1,314

The General Fund accounts for unrestricted taxes and receipts, and spending on state operations and local governments not funded through dedicated revenues. For SFY 2009-2010 the Governor proposes flat growth in the General Fund disbursements over

SFY 2008-2009. Spending for SFY 2008-09 is projected to be \$55.4 billion, an increase of 3.7 percent from the prior year.

Another comprehensive measure of State spending is the State Funds concept which consists of the General Fund plus non federal Special Revenue, Capital Project, and Debt Service Funds. State Funds spending for SFY 2009-10 is projected to total \$85.6 billion, an increase of 1.7 percent or \$1.4 billion higher than SFY 2008-09.

Prior to the Executive Deficit Reduction Plan (DRP), the Executive's Financial Plan forecasts out-year General Fund current services gaps in SFY 2010-11 of \$17.1 billion, \$18.6 billion in SFY 2011-12 and \$19.6 billion in SFY 2012-13 (see Figure1).

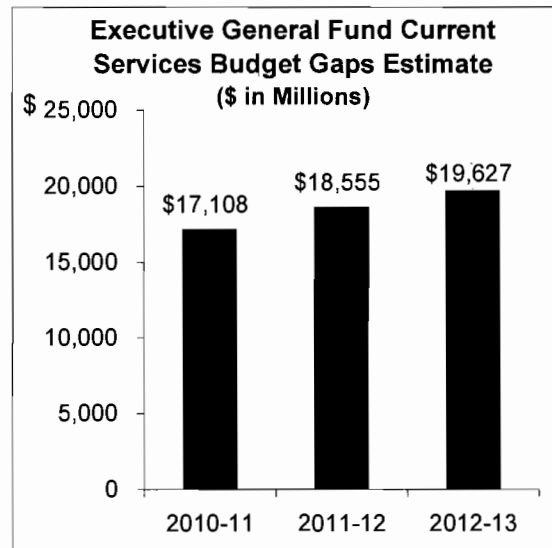


Figure1

The Executive closes the SFY 2008-09 deficit of \$1.7 billion through the DRP and proposes several Budget balancing initiatives for SFY 2009-10 totaling \$13.7 billion (see Table 2).

Table 2

Combined General Fund & HCRA Budget-Balancing Plan SFY 2009-10 Executive Budget (\$ in Millions)		
	2008-09	2009-10
Current Services Gaps	(\$1,707)	(\$13,678)
Spending Actions:	\$350	\$9,150
Reductions	\$212	\$7,286
School Tax Relief Program	\$93	\$1,668
Elimination of		
Member Item Funding	\$45	\$196
Revenue Actions	\$112	\$3,076
Non-recurring Actions	\$1,157	\$1,137
HCRA Revisions	\$88	\$315
Executive Budget Gaps	\$0	\$0

With the adoption of the DRP forecasts of out-year budget gaps are reduced in SFY 2010-11 to \$1.8 billion, \$4.1 billion in SFY 2011-12 and \$5.5 billion in SFY 2012-13.

All Funds by Function

The majority of State spending provides grants to local governments for education and for the health, safety and welfare of its citizens (see Figure 2). In addition, the operation of State government and General State Charges accounts for 21 percent of State spending. The remaining 10 percent of the budget is used to finance Capital Projects and Debt Service on outstanding bonds.

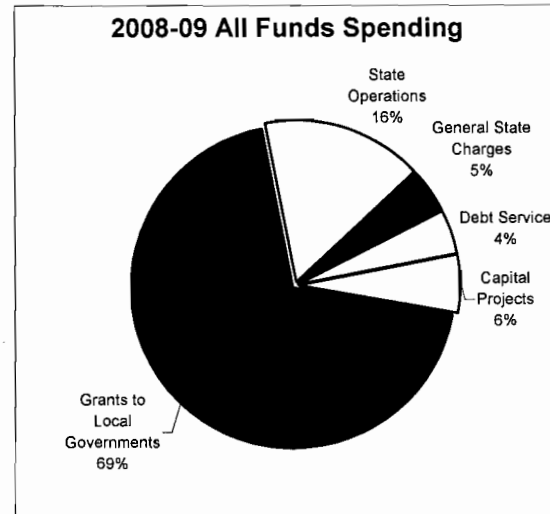


Figure 2

Executive Revenue Proposals

The Executive proposes over \$6.0 billion in various tax and revenue actions. The proposed General Fund tax actions total \$1.4 billion in SFY 2009-10 increasing to \$1.9 billion in SFY 2010-11. Additional new and increased fees that impact the General Fund total \$106 million in SFY 2009-10. These fees total \$345 million on an All Funds basis. Proposed charges and assessments in the All Funds total \$2.3 billion in SFY 2009-10, however only \$651 million is collected in the General Fund. The Executive proposes to provide General Fund tax credits of \$4 million in SFY 2009-10 for low income housing, research and development and to qualified emerging technology companies. These General Fund tax credits will increase to \$24 million in SFY 2010-11.