



# **FISCAL YEAR 2020 - 2021**

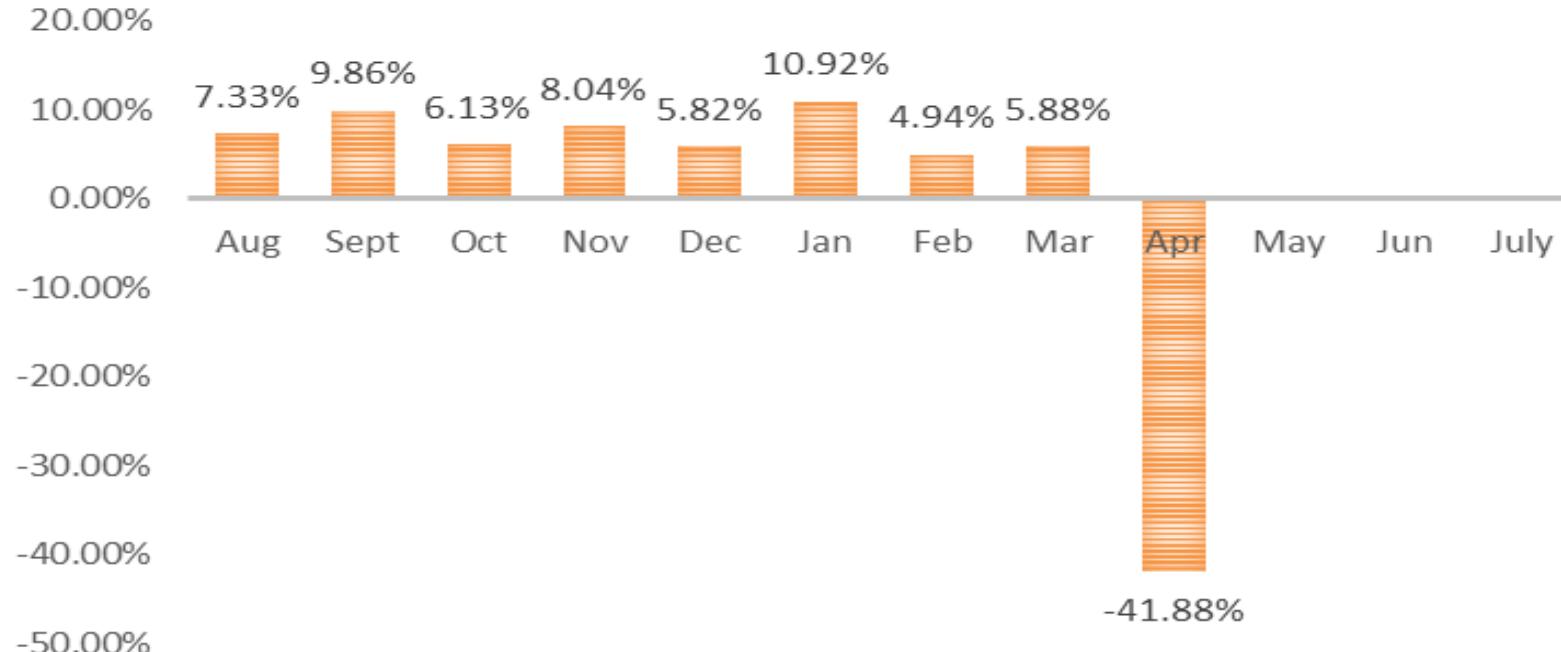
## **BUDGET**

# Committed To Fully Funding ...

- ✓ Basic Education Program (BEP)
- ✓ Pensions & Health Insurance
- ✓ Debt Service Requirements
- ✓ Structurally Balanced Budget

# Negative Growth

## FY20 MONTHLY GROWTH RATE



# Revenue Impact

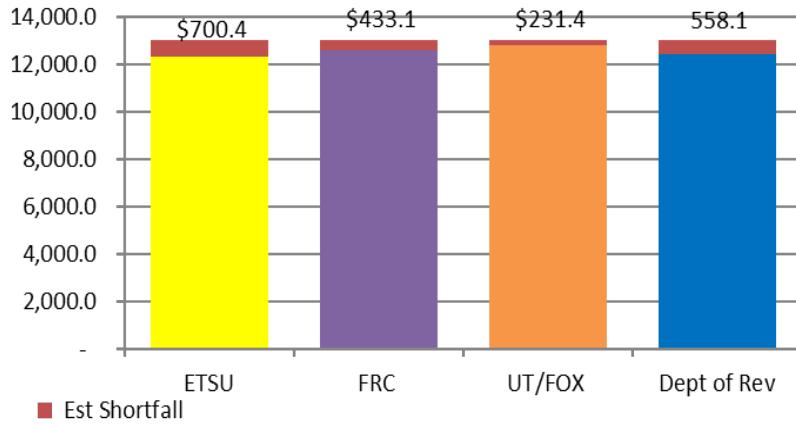
**State Funding Board presentations by leading economists suggest a revenue shortfall between \$500 million and \$1.5 billion.**

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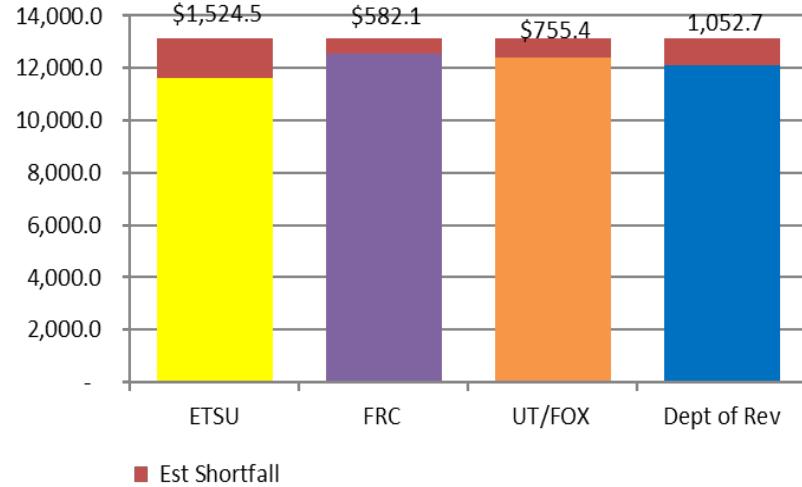
**Using a combination of cash, reserves, and reductions, the budget will be structurally balanced over multiple fiscal years.**

# Revenue Projections

**FY20 Tax Revenue Shortfall  
Forecasts**



**FY21 Tax Revenue Shortfall  
Forecasts**



# Finding Reductions – The Challenge

<b>STARTING POINT:</b> Recurring Appropriation	<b>\$14,706.9M</b>
<b>LESS:</b> Programs Funded from Dedicated Fees	<b>-\$873.1M</b>
<b>LESS:</b> Programs we typically Hold Harmless	<b>-\$6,987.6M</b>
	BEP
Correction Institutional Operations	-\$564.2M
Mental Health Institution Operations	-\$196.4M
Children's Services	-\$238.1M
Statutory Salaries	-\$172.1M
Other Various Programs	-\$802.3M
<b>Discretionary Appropriation Base</b>	<b>\$6,846.3M</b>

# Closing The Books – FY20

- Hiring and purchasing have been frozen.
- Shortfall closed with a combination of:
  - Non-tax Revenues
  - Agency Savings
  - Reserves.

# Reducing Recurring Expenditures – FY21

- **\$397 million cut in March.**
- **\$283.7 million additional cuts in this outline.**
- **Achieving reductions and efficiencies.**

# Budget Options

## Addressing the Deficit

Variables	Levers
<ul style="list-style-type: none"><li>• The Size of the Deficit</li><li>• Future Tax Growth</li></ul>	<ul style="list-style-type: none"><li>• Reserve Transfers</li><li>• Reductions</li><li>• Bonding</li><li>• Rainy Day</li></ul>

# Future Risk

## What Could Go Wrong?



Source: Moody's Analytics

MOODY'S ANALYTICS

August 2019

# Long-Term Strategies – Years 2 and 3

- Continue to look for reductions and efficiencies.
- Utilize Rainy Day Fund and other Reserves as necessary to close.
- Rainy Day Fund will be our last resort.

# Balancing Summary – FY20 & FY21

	FY20	FY21
<b>Beginning Balance</b>	<b>\$0</b>	<b>\$500,700,000</b>
<b>Estimated Shortfall</b>	<b>(\$500,000,000)</b>	<b>(\$1,000,000,000)</b>
<b>Revenues and Reserves</b>	<b>\$1,000,700,000</b>	<b>\$277,650,000</b>
<b>Reductions</b>	<b>-</b>	<b>\$346,528,800</b>
<b>Increases</b>	<b>-</b>	<b>(\$50,000,000)</b>
<b>Capital Savings</b>	<b>-</b>	<b>\$247,423,300</b>
<b>Rainy Day Fund</b>	<b>-</b>	<b>-</b>
	<b>\$500,700,000</b>	<b>\$322,302,100</b>

# Summary

- **We will be prudent and methodical**
- **Fully committed to**
  - Legislative approval for budgetary reductions
  - A structurally balanced budget
  - Fully funding the BEP
  - Fully funding our contributions for Pensions and Health Insurance
  - Fully funding our Debt Service Requirements



**THANK YOU**