



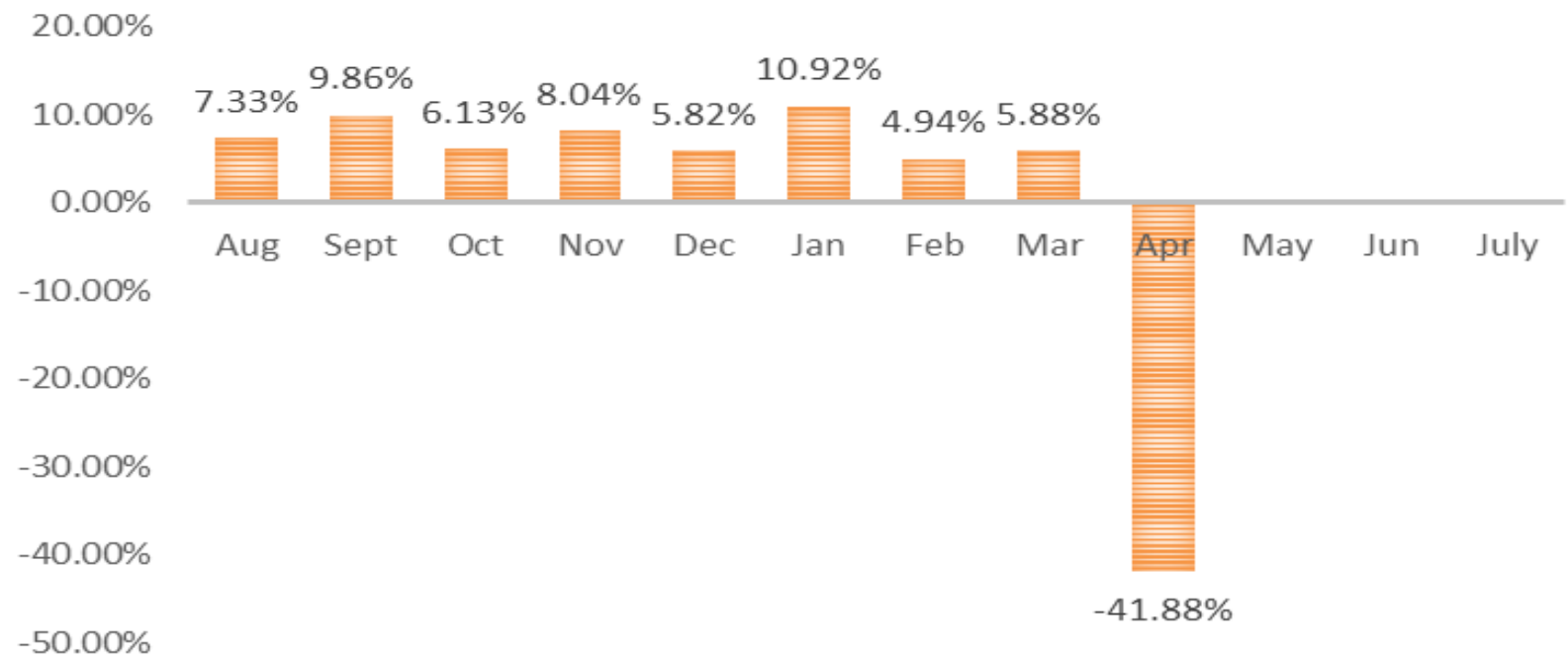
FISCAL YEAR 2020 - 2021 BUDGET

Committed To Fully Funding ...

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

Negative Growth

FY20 MONTHLY GROWTH RATE



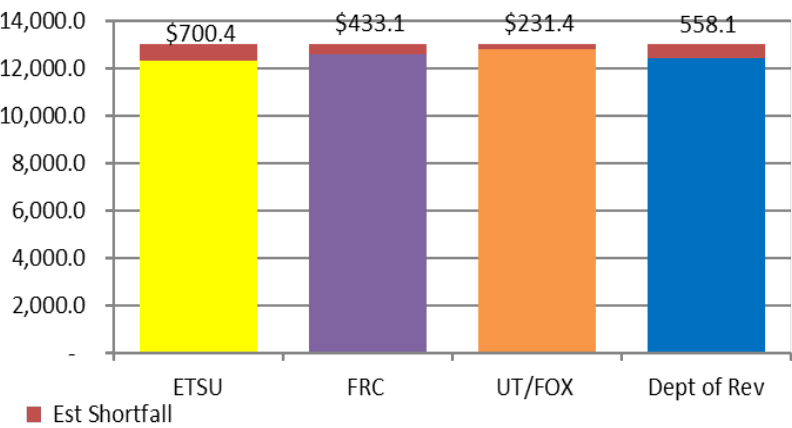
Revenue Impact

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

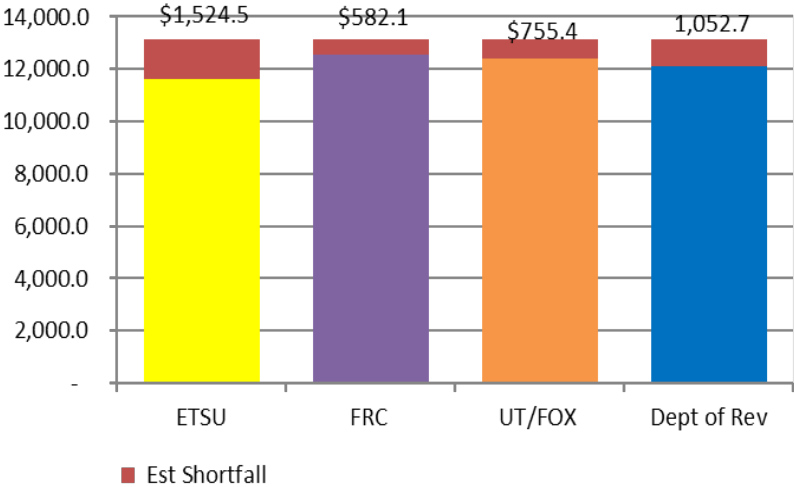
Using as combination of cash, reserves, and reductions, the budget will be structurally balanced over multiple fiscal years.

Revenue Projections

FY20 Tax Revenue Shortfall
Forecasts



FY21 Tax Revenue Shortfall
Forecasts



Finding Reductions – The Challenge

STARTING POINT: Recurring Appropriation	\$14,706.9M
LESS: Programs Funded from Dedicated Fees	-\$873.1M
LESS: Programs we typically Hold Harmless	-\$6,987.6M
BEP	-\$5,014.6M
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
Discretionary Appropriation Base	\$6,846.3M

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

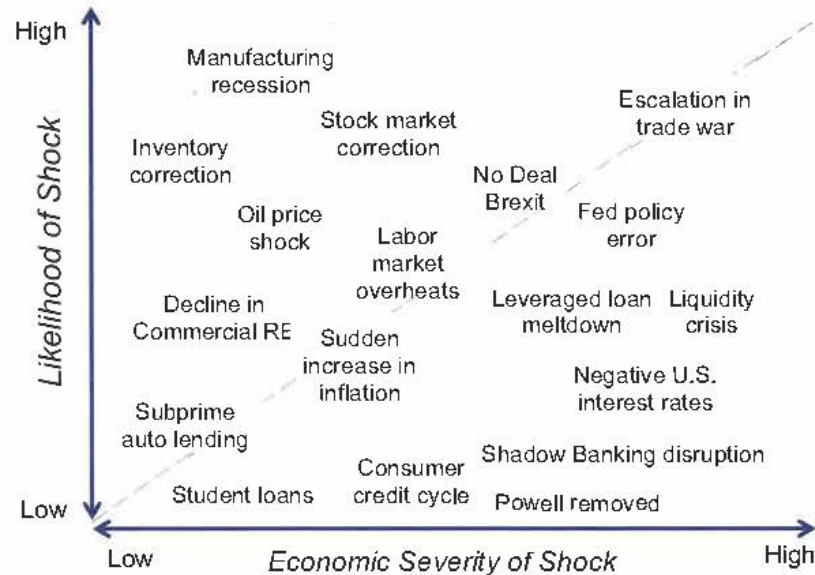
- **\$397 million cut in March.**
- **\$283.7 million additional cuts in this outline.**
- **Achieving reductions and efficiencies.**

Addressing the Deficit

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

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

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