

SIX YEAR OUTLOOK--Dollars in Millions

Governor's 2007-09 Proposed Budget

December 19, 2006

	2008	2009	2010	2011	2012	2013
Beginning Balance (General Fund-State)	814.7	567.7	344.0	(438.5)	(1,206.0)	(1,976.5)
Revenues						
Baseline (November 2006 revenue forecast, 5% annual growth after 2009)	14,380.0	15,154.0	15,912.0	16,708.0	17,543.0	18,420.0
Revenue Legislation and Budget Driven Revenue		17.3				
Transfer to Budget Stabilization Account		(134.0)	(142.0)	(149.0)	(156.0)	(164.0)
TOTAL REVENUE	14,380.0	15,037.3	15,770.0	16,559.0	17,387.0	18,256.0
	Biennial Total			32,329.0		35,643.0
Expenditures						
Baseline Expenditures	14,627.0	15,316.0	15,985.0	16,691.0	17,420.0	18,223.0
Pension Cost Base shifted back to General Fund from Pension Funding Stabilization Account			166.5	166.5	166.5	166.5
Pension Costs			118.0	150.0	211.0	248.0
Health Services Account Backfill			97.0	135.0	177.0	231.0
Student Achievement Fund Backfill			186.0	184.0	183.0	181.0
Total EXPENDITURES	14,627.0	15,316.0	16,552.5	17,326.5	18,157.5	19,049.5
	Biennial Total			33,879.0		37,207.0
General Fund Ending Balance *	567.7	344.0	(438.5)	(1,206.0)	(1,976.5)	(2,770.0)
Other Reserves						
Budget Stabilization Account	128.0	262.0	404.0	553.0	709.0	873.0
Total Reserves	695.7	606.0	(34.5)	(653.0)	(1,267.5)	(1,897.0)

* The General Fund Ending Balance includes \$55 million of expenditures in Judicial agencies, which, if reviewed in comparison to the Governor's budget priorities, would not be funded.

BASELINE EXPENDITURE ASSUMPTIONS

▶ Assumes Governor's proposed 2007-09 Biennial Budget. For 2010 - 2013 includes 2% (IPD) per year vendor payment increase; and 2% (IPD) per year increase in "residual objects" (objects other than salary, benefits, vendor payments, pensions). Also assumes that inflation for "near health care programs" -- DDD, Mental Health, LTC, DASA -- is 4% per year.

Other Expenditure Notes

- ▶ Pension Costs include unfunded liability payments (rates adopted in September 2006 by the Pension Funding Council), and the Governor's proposal to revise gain-sharing.
- ▶ Health Services Account Backfill -- Assumed to be needed in FY 2010, and succeeding years.

- ▶ Student Achievement Account backfill--Assumed to be needed in FY 2010, and succeeding years.
- ▶ K-12 Teacher/staff and Community and Technical Colleges COLA - Initiative 732 (2010-2013: 2.4%, 1.9%, 1.8%,1.8%).
- ▶ State employee/Higher Education salary adjustment based on IPD: (2010-2013: 1.9%, 2%, 2%, 2%).
- ▶ Employee health insurance (state government, K-12, higher education) (2010-2013: 6%, 6%, 7%, 7%)
- ▶ Medical Assistance: (2010-2013: 6.5%, 6.5%, 7.0%. 7.0%)