



# FY 2010 and FY 2011 Budget Recommendations

Governor Gary R. Herbert

December 11, 2009



## Overview

Consensus Revenues

Defining the Gap

FY 2010  
Budget Solution

FY 2011  
Budget Solution

Budget Summary

# Overview

1. Revenues/Explanation of the Gap
2. FY 2010 Budget Solution
  - Executive Order
3. FY 2011 Budget Recommendations
  - Revenue Sources
  - Expenditure Highlights



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# Consensus Revenues

## FY 2010

- Additional 4% revenue drop (\$157 million) from 2009 legislative session

## FY 2011

- Increase of 4.5% of new FY 2010 Base (\$191 million)

Net new cycle funding = \$34 million



# General Fund/Education Fund Ongoing Revenue

Overview

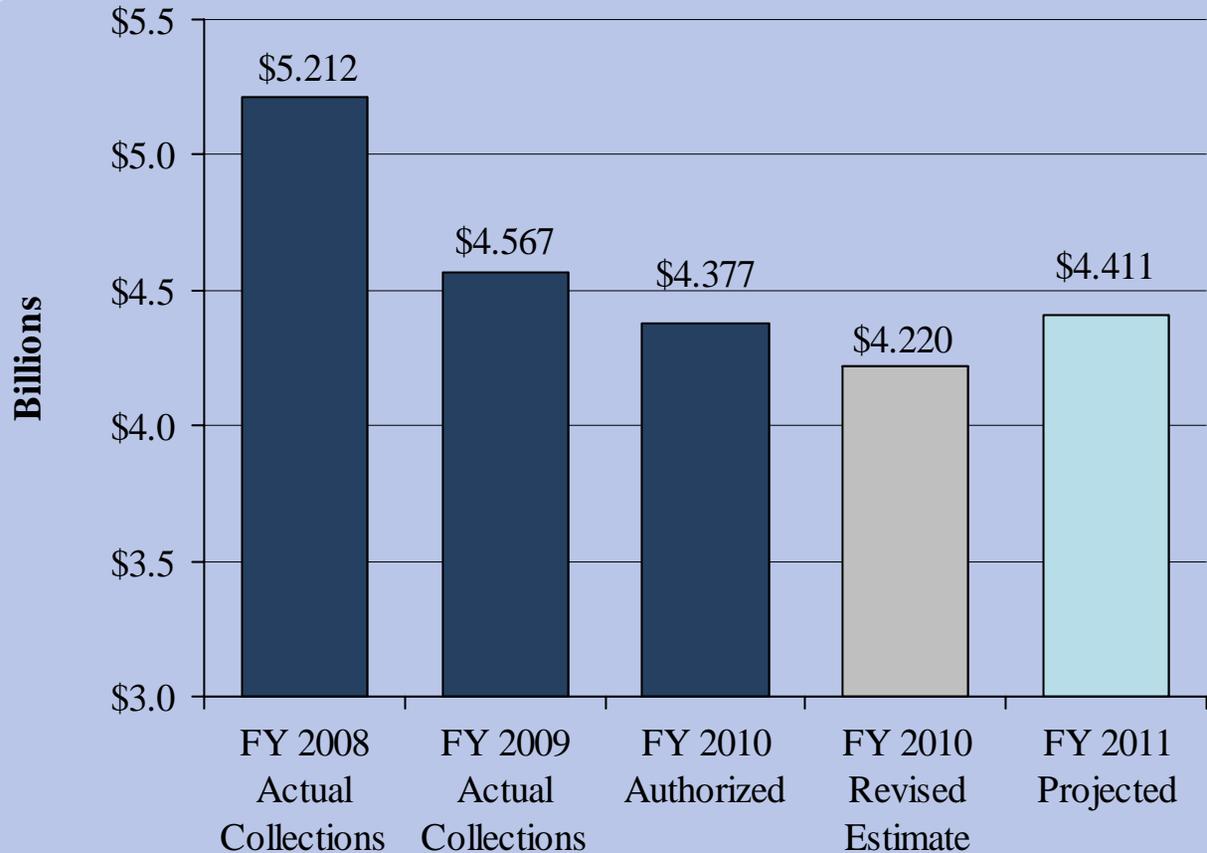
Consensus Revenues

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# Defining the Gap

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## FY 2010

Revenue Shortfall	\$157 million
Additional Shortfall	\$6 million
Supplemental Appropriations	<u>\$20 million</u>
	\$183 million

## FY 2011

Public Education Requests	\$293 million
Higher Education Requests	\$66 million
Other State Agencies	<u>\$151 million</u>
	\$510 million

<b>Total Gap</b>	<b>\$693 million</b>
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# FY 2010 Budget Solution

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Budget Summary

## Total FY 2010 Gap (in millions)

• FY 2010 Budget Shortfall	\$163
• Supplemental Recommendations	<u>\$20</u>
• Total Shortfall	\$183

## Gap Solutions (in millions)

• Agency Reductions (3%)	\$39
• Student Population Account (3%)	\$72
• Bonding for Roads	\$25
• Medicaid Settlement	\$20
• OPEB/Term Pool	\$6
• Reduce USTAR ARRA	\$5
• Restricted Fund Balances	<u>\$16</u>
• Total Solutions	\$183



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# Executive Order

To Help Mitigate Fiscal Year 2010 Budget Shortfall

- Reduces state agency and higher education budgets by \$39 million
- Institutes a flexible hiring freeze
- Delays IT purchases
- Provides other spending guidance
- Expires June 30, 2010



# FY 2011 Budget Solution

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Budget Summary

- Protect Public and Higher Education by keeping funding steady
- Avoid exacerbating the budget's structural imbalance
- Retain a responsible balance in the State's Rainy Day Fund
- Impose no tax increases



# FY 2011 Priority Funding Areas

Public Education	\$293 million
Higher Education	\$66 million
Other State Agencies	\$151 million
• Corrections (Adult/Juvenile) -	\$21 million
• Human Services -	\$18 million
• Workforce Services -	\$2 million
• Health -	\$38 million
<b>Total 2011 Needs</b>	<b>\$510 million</b>

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# FY 2011 Recommended Revenue

## Ongoing

- New Revenue Growth \$34 million
- Sales Tax Vendor Discount \$20 million
- Other Unallocated \$3 million

## One-time

- Rainy Day Fund \$166 million
- Quarterly Filings \$125 million
- Bonding for Roads \$75 million
- Enhanced FMAP ARRA \$56 million
- Student Population Account \$31 million

**Total FY 2011 Revenue \$510 million**



# Rainy Day Fund Historic Balances

Overview

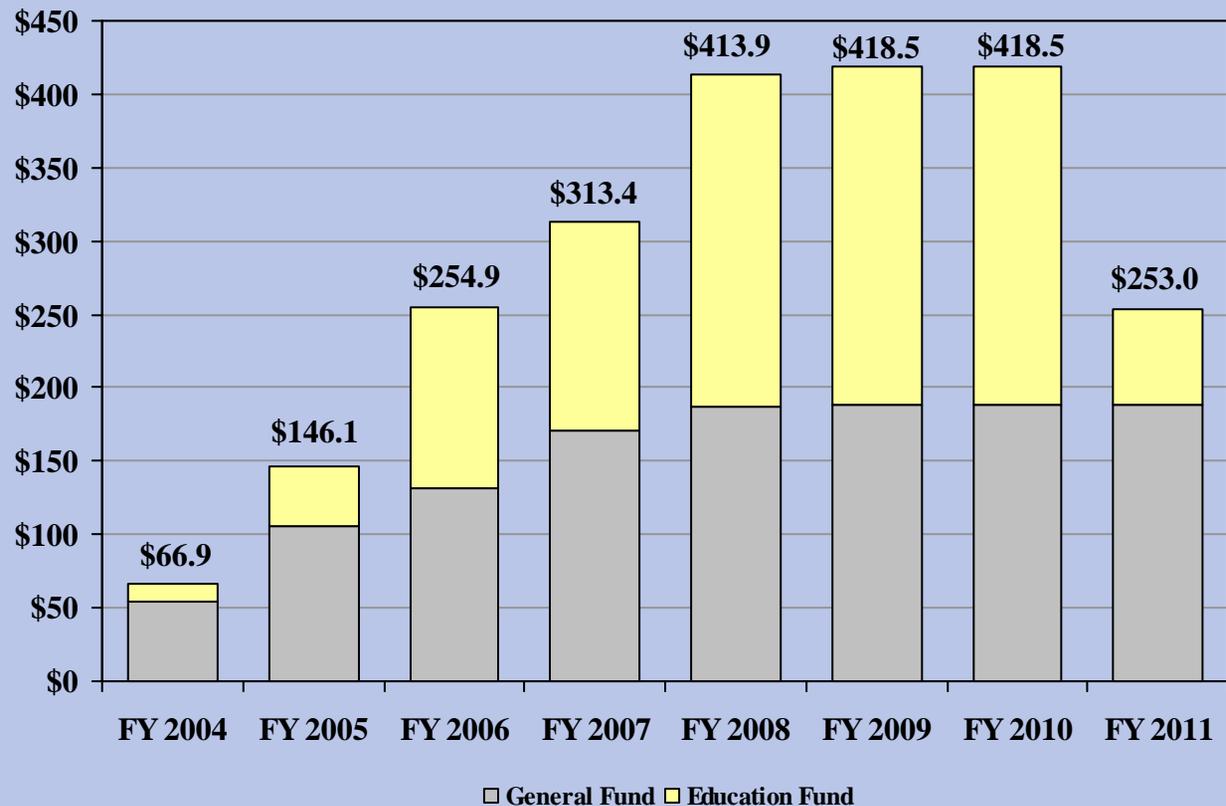
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# FY 2011 Budget Summary

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**Budget Summary**

- Fully funds budget requests from Public and Higher Education
- Covers pressing needs in State Agencies
- Reduces structural deficit by \$20 million
- Leaves \$253 million in the State's Rainy Day Fund
- Does not require any tax increases



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