Introduction

- Typically staff briefs Committee regarding overall fiscal situation for current year, budget and out-years
  - Economy
  - Projections
- Today’s briefing will cover those issues and discuss budget process
State budgetary problems persist and this will be another challenging year

Governor’s FY 2016 and FY 2015 revised budgets are due February 5 - 11 weeks from now

Overall fiscal situation for current year, budget and out-years

- Economy
- Projections
- Issues
House Fiscal Staff Estimates

- Use November revenue and caseload conference estimates
- Use first quarter reports from agencies, Budget Office Q1, and staff estimates for FY 2015
- Staff estimates for FY 2016 and beyond
- Estimates vary – this is HFAS perspective
Introduction

- Preliminary Closing – Aug 30
- Agency Q1 reports – Oct 30
- Caseload estimates – November 5
- Revenue estimates – November 10
- Budget Office Q1 report – Nov 17
- Audited Closing – ???
- Agencies Q2 – Jan 30
- Governor’s Budget – Feb 5
The state continues its slow recovery from severe economic distress. The current year picture is clearer and more challenging than recent years with close to $30 million shortfall. Facing continued budget year and out-year issues growing from about $186.5 million to over $460 million.
Introduction

- The **current year** has overspending problems
- The **budget and outyear** gaps are a function of both cyclical economic and continued and worsening structural issues
Economic Forecast
Revenue Estimating Conference adopts a consensus economic forecast
  - It takes testimony from Moody’s Economy.com
  - The firm builds U.S. macroeconomic models from which they derive their Rhode Island forecasts
  - Updated in November
November forecast more pessimistic than May 2014 forecast
- Personal income, jobs, and wage & salary growth rates all projected to slow FY 2015
- RI recovery continues to lag U.S.
- Still significant slack in the labor market
December 2007 - 574k people in the workforce
- 34,256 - 6.0% unemployed
- 539,342 employed

March 2010 - 574k in the workforce
- 68,079 - 11.9% unemployed
- 505,851 employed

September 2014 - 556k in the workforce
- 7.6% Unemployment
- 42,338 unemployed - **8,082 more unemployed** people than at start of Great Recession
- 513,440 employed - **25,902 fewer employed** people than at start of Great Recession
- Jobs regained are **not as good as the ones that were lost**
Recovered Jobs by Wage Tier - Nov 2013 Testimony

- High Wage Tier
- Mid Wage Tier
- Low Wage Tier

Source: BLS, Moody’s Analytics
Economic Forecast

Recovered Jobs by Wage Tier Nov 2014 Testimony

<table>
<thead>
<tr>
<th>Wage Tier</th>
<th>Providence Metro percent increase since June 2009</th>
<th>U.S. percent increase since June 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Wage Tier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid Wage Tier</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Wage Tier</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: BLS, Moody’s Analytics
Economic Forecast

- Recovery again slower than prior projections
  - 4th consecutive overall downward revision
- US Economy more structurally impacted by recession than previous estimates
- RI economy continues to under-perform compared to US as a whole and closest neighbors
Consensus Economic Forecast

Forecast Differences - Personal Income Growth

-4.0%  -2.0%  0.0%  2.0%  4.0%  6.0%  8.0%

May-10  Nov-10  May-11  Nov-11  May-12  Nov-12  May-13  Nov-13  May-14  Nov-14
Consensus Economic Forecast

Forecast Differences - Jobs

Thousands


May-10  Nov-10  May-11  Nov-11  May-12  Nov-12  May-13  Nov-13  May-14  Nov-14
Employment Growth

Jobs Growth - RI Underperforming

-5.00% -4.00% -3.00% -2.00% -1.00% 0.00% 1.00% 2.00% 3.00%

US Rhode Island

RI has Consistently Higher Unemployment

Unemployment Rates
Revenue Drivers

![Graph showing personal income and wages and salaries trends from 2001 to 2019.](image-url)
Projections
Revenues

- Revenue estimates are driven by trends, collections to date, and the economic forecasts
  - FY 2014 were more than anticipated
    - All excess revenues sent to retirement system
  - Projections assume losses from gaming in Massachusetts in FY 2016
Revenues

- Taxes in FY 2015 = $2,757.5 million
  - $77.0 million or 2.9% above FY 2014 actuals
  - $18.5 million above the enacted estimate
    - $25.9 million is from Income and Sales

- Taxes in FY 2016 = $2,836.9 million
  - 2.9% increase to FY 2015 revised
    - $79.4 million with $93.9 million from Income and Sales
Income and Sales

The graph shows the trend of Income (PIT) and Sales (Sales) from FY 2002 to FY 2020. The data indicates a consistent increase in both categories over the years, with a slight dip in PIT in FY 2008. The projected data for FY 2020 shows a continuation of this trend.
## November 2014 Consensus Revenue Estimates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income</td>
<td>$1,115.5</td>
<td>$1,167.7</td>
<td>$10.6</td>
<td>$1,216.6</td>
<td>$48.9</td>
</tr>
<tr>
<td>Business Taxes</td>
<td>385.6</td>
<td>391.7</td>
<td>(10.7)</td>
<td>403.4</td>
<td>11.7</td>
</tr>
<tr>
<td>Sales &amp; Use Taxes</td>
<td>1,126.7</td>
<td>1,161.2</td>
<td>18.3</td>
<td>1,187.3</td>
<td>26.1</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>52.7</td>
<td>36.9</td>
<td>0.3</td>
<td>29.6</td>
<td>(7.3)</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td><strong>$2,680.5</strong></td>
<td><strong>$2,757.5</strong></td>
<td><strong>$18.5</strong></td>
<td><strong>$2,836.9</strong></td>
<td><strong>$79.4</strong></td>
</tr>
<tr>
<td>Departmental</td>
<td>360.3</td>
<td>349.3</td>
<td>(2.4)</td>
<td>199.3</td>
<td>(150.0)</td>
</tr>
<tr>
<td>Other Misc.</td>
<td>6.4</td>
<td>7.8</td>
<td>0.3</td>
<td>1.1</td>
<td>(6.7)</td>
</tr>
<tr>
<td>Lottery</td>
<td>376.3</td>
<td>383.3</td>
<td>(1.2)</td>
<td>334.8</td>
<td>(48.5)</td>
</tr>
<tr>
<td>Unclaimed Prop.</td>
<td>12.7</td>
<td>11.0</td>
<td>0.5</td>
<td>8.1</td>
<td>(2.9)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,436.3</strong></td>
<td><strong>$3,508.9</strong></td>
<td><strong>$15.8</strong></td>
<td><strong>$3,380.2</strong></td>
<td><strong>(128.7)</strong></td>
</tr>
</tbody>
</table>
Revenues

- **Other than Taxes**
  - **FY 2015 = $772.7 million**
    - Down $2.7 million - Lottery and reduced departmental receipts
  - **FY 2016 = $543.3 million**
    - Down $208.1 million from FY 2015
    - Excludes $156.1 million hospital license fee but deficit calculations assume reenactment
    - Lottery down $48.5 million
    - All others down $3.5 million - mostly impact of one-time revenue
Lottery Revenues - first major decline has been estimated for FY 2016

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Games</td>
<td>$58.1</td>
<td>$56.5</td>
<td>$56.5</td>
</tr>
<tr>
<td>VLT (Slots)</td>
<td>306.5</td>
<td>314.9</td>
<td>266.1</td>
</tr>
<tr>
<td>Table Games</td>
<td>11.7</td>
<td>11.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Total</td>
<td>$376.3</td>
<td>$383.3</td>
<td>$334.8</td>
</tr>
<tr>
<td>Y-O-Y %</td>
<td>(-0.8)%</td>
<td>1.9%</td>
<td>(-12.7)%</td>
</tr>
</tbody>
</table>
FY 2014 Closing

- FY 2015 budget counted on surplus from FY 2014 to help fund FY 2015
- Preliminary FY 2014 data shows $8.7 million gain to that assumption
  - Subject to audit adjustment before final
## FY 2014 Preliminary

<table>
<thead>
<tr>
<th></th>
<th>Enacted</th>
<th>Current</th>
<th>Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening</strong></td>
<td>$ 111.2</td>
<td>$111.2</td>
<td>$ 0.0</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>3,416.0</td>
<td>3,436.3</td>
<td>20.3</td>
</tr>
<tr>
<td><strong>Rainy Day</strong></td>
<td>(105.6)</td>
<td>(106.2)</td>
<td>(0.6)</td>
</tr>
<tr>
<td><strong>Expenditures</strong>*</td>
<td>(3,362.4)</td>
<td>(3,346.3)</td>
<td>16.1</td>
</tr>
<tr>
<td><strong>Closing Surplus</strong></td>
<td>59.2</td>
<td>95.0</td>
<td>35.8</td>
</tr>
<tr>
<td><strong>Reappropriation</strong></td>
<td>-</td>
<td>(7.4)</td>
<td>(7.4)</td>
</tr>
<tr>
<td><strong>Txfer: Retirement</strong></td>
<td></td>
<td>(19.7)</td>
<td>(19.7)</td>
</tr>
<tr>
<td><strong>Free Surplus</strong></td>
<td>$ 59.2</td>
<td>$ 68.0</td>
<td>$ 8.7</td>
</tr>
</tbody>
</table>

*Includes $10 million transfer to accelerated depr. fund
Closing - Expenditures

- Unachieved savings
- Unexpected expenses
- Impact on FY 2015
  - Do savings or higher base expenses in FY 2014 carry to FY 2015?
  - Will delayed purchases require additional funds in current year?
  - Are agencies constraining spending?
  - Are initiatives being implemented?
Closing – Revenues

- Revenues $20.3 million (0.6%) above
  - Taxes up $27.7 million with personal income and sales tax gains offsetting business taxes
    - Business taxes have been difficult to estimate
  - All other revenue down $4.5 million
    - Lottery receipts down $4.4 million – traditional as well as slots and table games
Revenues $20.3 million more

- Law requires final revenues above estimates be transferred to the Employees’ Retirement System to pay down unfunded liability
- Prelim transfer = $19.7 million which is net of 3% transfer to rainy day fund

Prior year transfers
- $0.2 million in FY 2013
- $12.5 million in FY 2012
Closing - Expenditures

- General revenue spending $16.1 million (0.5%) below budgeted amounts - but areas of overspending
  - 5 agencies overspent when undistributed COLA funding is considered
- Appropriation lines overspent even if agency totals were not
  - 31% of general revenue lines were overspent... Ongoing pattern not completely explained by COLA issue
  - Last year it was 22%
Spending $16.1 million below:
- $7.4 million unspent & re-appropriated
- $8.0 million Medicaid savings
- $3.2 million in BHDDH savings
- $2.5 million overspent in DCYF
- $1.4 million overspent Public Safety
- $0.8 million overspent in DOC
- $0.3 million overspent in DEM
Closing - Expenditures

- DCYF - $2.5 million
  - $2.2 million - System of Care – above additional funding authorized
  - $0.7 million – Comm. based services
  - $1.3 million - foster care
  - Offset by other savings in staffing/other operations
Closing - Expenditures

- OHHS: $8.0 million Medicaid savings
  - $16.4 million savings in RIte Care & Rhody Health Partners managed care programs
    - Higher drug rebates & fewer out of plan services
  - $8.9 million more in long term care
    - Higher utilization and lower enrollment in Rhody Health Options
  - $0.5 million in other programs
    - Pharmacy, hospital & other medical services
BHDDH: $3.2 million savings
  - ESH: $3.6 million underspent
    - Primarily from year-end adjustment to leverage more Medicaid $$
  - Mental Health: $1.7 million underspent
    - Underspent Medicaid funded services by $2.2 million
    - $0.6 million in savings in state only programs
  - Administrative Divisions: $0.6 million overspent
RICAP

- $93.5 million spent in FY 2014 - 74.6% of the appropriation
  - FY 2013: 70%, FY 2012: 64.4%, FY 2011: 61.2%
- Higher spending levels based on efforts to move projects along better
- Still problems
  - Many slow moving projects
Current Year

- The current year has a projected deficit mainly from unmet expenditure savings that could affect out-years
  - Major shortfall from overspending masked by revenue uptick, debt service and other savings
- Requests for supplemental appropriations exceed $60 million
- Q1 reports even higher at over $90 million to include caseloads
Corrective Action Plans

- RIGL 35-3-24 requires Departments to submit corrective action plans within 30 days of discovery of over-obligation or over-expenditure.
  - Plans to be submitted to Budget Officer, Controller, Auditor General, Chairs of House and Senate Finance Committees.
Corrective Action Plans

- Most agencies are projecting to spend more than authorized in FY 2015
- None has submitted a corrective action plan
- Budget Office Q1 notes it is working with agencies to resolve deficits
  - This has generally not been a replacement for the corrective action plan requirement
## FY 2015

<table>
<thead>
<tr>
<th></th>
<th>Enacted</th>
<th>Current</th>
<th>Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening</td>
<td>$ 59.2</td>
<td>$75.3</td>
<td>$16.1*</td>
</tr>
<tr>
<td>Revenues</td>
<td>3,493.1</td>
<td>3,476.9</td>
<td>15.8</td>
</tr>
<tr>
<td>Rainy Day</td>
<td>(106.6)</td>
<td>(107.3)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Expenditures</td>
<td>(3,445.2)</td>
<td>(3,505.1)*</td>
<td>59.9</td>
</tr>
<tr>
<td>Total FY 2015</td>
<td>$ 0.6</td>
<td>($28.1)</td>
<td>($28.7)</td>
</tr>
</tbody>
</table>

*Includes $7.4 million reappropriation
Revenues are up by $15.8 million.
Added resources increase rainy day transfer by $0.5 million.
Expenditures appear up by $16.0 million net of re-appropriations and November Caseload increase.
Closing surplus down by $28.7 million.
## Current Year

<table>
<thead>
<tr>
<th>Reappropriation</th>
<th>$7.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislature</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Employee COLAs</td>
<td>20.2</td>
</tr>
<tr>
<td>Debt Service</td>
<td>(20.4)</td>
</tr>
<tr>
<td>OHHS: Caseload Conference</td>
<td>37.0</td>
</tr>
<tr>
<td>OHHS: Other Programs*</td>
<td>11.8</td>
</tr>
<tr>
<td>Corrections*</td>
<td>5.0</td>
</tr>
<tr>
<td>Other*</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59.9</strong></td>
</tr>
</tbody>
</table>

*Items different than Budget Office Q1 estimates*
Reappropriation

- Statutory requirement: $4.4 million
  - Legislature rev. budget lowers by $2.0 million
- Governor discretionary: $3.0 million
  - I-195 = $0.6 million
  - E-Permitting = $0.5 million
  - AG Tobacco Litigation = $0.4 million
  - DLT Jobs programs = $0.4 million
  - Personnel Study = $0.3 million
  - DOA, DOR, DOH total = $0.7 million
Current Year: Employee COLAs

- Governor’s FY 2015 budget did not include funding for COLAs
  - Most employee contracts expired at the end of FY 2013
- April 2014, Council 94 agreed to a new 4-year contract
  - July 1, 2013 – June 30, 2017
Main provisions of new contract:

- Increase in co-pays for office visits and prescription drugs
- Health insurance deductibles of $250/$500 for individuals/families
- COLAs
  - April 6, 2014 – 2%
  - October 5, 2014 – 2%
  - October 4, 2015 – 2%
Current Year: Employee COLAs

- FY 2015 enacted budget assumed COLA would be absorbed through base adjustments to agency budgets
  - Roughly $24 million from general revenues
- Q1 report assumes COLA for all
  - Some contracts are still not settled
  - Higher Ed not in total - no ask for state funding of COLA in FY 2015 revised budget
Impact on out-years

- Some growth in FY 2016 was assumed from raises but not full impact
  - Full impact estimated at around $47.4 million from general revenues for all employees
- Out-year estimates used for deficit projections assumed about $\frac{1}{2}$ would be absorbed, essentially the FY 2015 value
Current Year: Debt Service

- Debt Service - $20.4 million less
  - Historic Tax issuance delay $10.3 million
  - Refunding $5.8 million
  - New Issuance - $4.3 million
Nov Caseload Conf: $37.0 million
- Medical Assistance - $37.2 million more
  - $12.3 million treatment for Hepatitis C
  - $6.9 million for long term care
  - $6.4 million for managed care
  - $4.8 million for hospital costs
  - $4.6 million more for unachieved savings
- Cash Assistance – $0.1 million less
Current Year: OHHS

- Other Programs: $11.8 million
  - UHIP - $4.2 million
  - DCYF – $7.3 million
  - BHDDH – Consent Decree $0.3 million
    - Oversight
    - Training
Current Year: OHHS

- OHHS/DHS - $4.2 million
  - Unified Health Infrastructure Project – UHIP
    - New eligibility system for OHHS agencies integrated with Health Benefits Exchange
    - Shortfall based on updated estimates
    - Match differs based on use
      - Highest match for development costs
Current Year: OHHS

UHIP
- In coordination with the Health Benefits Exchange to implement ACA
- Apply through the Exchange & if Medicaid eligible directed to UHIP
- Eventually create one system to apply for medical and cash assistance benefits
  - Opportunity to build a new system with federal match
  - Replace decades old systems that did not “talk” to each other
Current Year: OHHS

- UHIP Project Cost through 2020 – continues to be updated -
  - July 2013: $209.4 million; $51.9 m gen rev
  - July 2014: $221.9 million; $51.6 m gen rev
  - Oct 2014: $229.6 million; $51.7 m gen rev
- 90% Medicaid match for system development
  - Other services – 75% to 50% match
- Plan requires federal approval
Current Year: OHHS

- Is this the final cost for project?
  - Updated plan filed October 2014
- What is the net cost when only have one system?
  - Currently funded systems will not be needed – those savings have not been identified
  - Additional program integrity and personnel efficiencies
- Unresolved issue of Exchange funding impacts this
Current Year: OHHS Caseload

- DCYF - $7.3 million
  - Still many unknowns and moving parts
  - Agency and Budget estimates appear inflated but there are clearly major issues
  - System of Care related issues - $5.0 million
  - Foster Care rate Proposal - $1.7 million
  - Caseworker related - $1.0 million
  - Other unachieved savings - $0.3 million
  - Other new expenses - $0.5 million
  - Offsetting savings - ($1.3) million
Current Year: Corrections

- Corrections -$5.0 million more
  - 44 more inmates than enacted budget
    - Per diem inmate costs – $0.9 million
    - Hepatitis C estimate - $1.5 million
    - Staffing expenses - $4.3 million
  - Unachieved Savings related to correctional industries - $0.5 million
  - Reduced federal funding - $0.2 million
  - Other reductions offset $2.4 million of this
All other projected adjustments to agency expenditures net to zero

- Utilities Increases -$0.8M
- Elections Public Matching Funds $0.7M
- Higher Education Admin Office $0.8M
- Education Aid Adjustments - $0.5M
Current Year: Other

- All other projected adjustments to agency expenditures net to zero
  - DEM Seasonal/Park & Rec - $0.6M
  - State Police retirement - $0.6M
  - Turnover Savings in many agencies partially offsetting COLA – DOA, DOR, DBR
Current Year

- Difference from Budget Office –
  - Neither is a recommendation, but staff estimates exclude many new spending items included in agency requests
- No estimate for Ebola response included in figures though DOH prelim estimates are $0.8 million
Current Year

- Only seven months left to solve and fewer if legislation is required
- Administrative efforts?
  - May memo – constrained spending
  - September memo – hiring freeze
- Filled Positions
  - Staff is monitoring changes
  - Some needed to generate revenue
There are also budget year and out-year problems

- FY 2016 was estimated in July to have a gap of approximately $122 million
- Budget Office estimated higher gap - mainly to revenue projection differences and COLA treatment
- General size of issue in later years not likely to change significantly
Issues and Risks to the Forecast

- Economic impact of federal action
- Oil/Gas Prices
- True Hepatitis C costs
- Regional gaming issues
- Sustainable funding for state health benefits exchange
- Control of current year spending to mitigate budget year deficit
These gaps continue to be a function of both cyclical economic and continued structural issues

- Use of surplus to close budget gaps
- Expected reductions in revenues
  - Gaming revenue losses begin in FY 2016
  - Increasing dedication of revenues to transportation
  - Annualized impact of tax law changes
Budget Year and Out-years

- Continued issue of problematic expenditure structure
  - Many enacted structural changes implemented... still others not achieved
  - Growth rates exceeding revenue growth rates
General Revenue Sources

(millions)

- Personal Income
- Sales
- Business Taxes
- Lottery
- Departmentals
- Other Taxes
- Misc. Other

0 200 400 600 800 1,000 1,200 1,400
Uses – All Funds by Function

- Human Svcs.: 42.6%
- Education: 26.9%
- Transp.: 6.3%
- Public Safety: 6.0%
- Nat. Res.: 1.2%
- Gen. Govt.: 17.2%
Uses – All Funds by Category

- Asst., Grants, Benefits: 46.3%
- Local Aid: 13.7%
- Operating Xfers: 1.8%
- Personnel & Operating: 30.3%
- Capital: 7.9%
Uses – General Revenues by Function

- Human Svcs. 39.0%
- Education 34.8%
- Public Safety 12.0%
- Nat. Res. 1.1%
- Gen. Govt. 13.1%
<table>
<thead>
<tr>
<th>Item</th>
<th>Est. Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs</td>
<td>1.2%</td>
</tr>
<tr>
<td>State Personal Income</td>
<td>5.1%</td>
</tr>
<tr>
<td>Taxes</td>
<td>2.7%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>1.4%</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>4.1%</td>
</tr>
<tr>
<td>Salaries &amp; Benefits – 25% of total</td>
<td>3.5%</td>
</tr>
<tr>
<td>Medicaid – 31.5% of total</td>
<td>7.0%</td>
</tr>
</tbody>
</table>
Budget and Out Years

Revenues vs. Expenditures: HFAS Nov. Estimate

- Current Useable Revenues
- Current Expenditures
What is it?
- When current expenses exceed current revenues
- Prior year surplus or other one-time resources/cuts cover the gap

Why does it happen?
- Short term economic events
- Spending needs/wants growing faster than revenues
How do you fix it?

- Align growth rates of revenues and expenditures
  - Identify areas that are not in alignment
  - Identify highest priorities, greatest impact and measure all decisions against those
- Sometimes this has to be done over time – meaning onetime fixes can be used to bridge gaps to structural solutions
Structural Deficit

What makes it hard to fix?

- Solutions on both sides of the equation have support and impact many
  - Many competing ideas
- Pressing need for services or infrastructure investment
  - Need to reverse stagnant growth
- Budget process may not produce all options
Budget Office Instructions based on $166.6 million July deficit projection
- Includes calculation of current service revenues and expenses
- Some revisions based on updated data
- Other revisions reflect different methodology and “policy choices”
- Fully funds COLA – FY 2015 enacted assumed portion absorbed into base
Agencies asked to submit budgets that reflect current service “target” as calculated by Budget Office.

Agency requests exceed current service estimates by over $61 million.
- Not all same items included.
Budget Office also asked for options for reductions of 7.5%, adjusted for certain exclusions.

Those reductions represent $166.6 million of savings from Budget Office current service estimate.

Prior years’ targets have been larger than estimated deficit.
That design gives adequate options when proposals are rejected or softened.

Options allow decision makers to consider all choices and implications.

But prior years’ actions limit options.

In the past, media have covered these proposals.
Governor’s Budget expected Feb 5

Major budget challenges
- Slow growing economy
- Structural tax and expenditure issues
  - Deficit fatigue
  - Specific agency issues
Budget Status

House Finance Committee
November 20, 2014