

Budget Targets Set to Balance Budget

Legislative leaders released budget targets for fiscal year 2011 that maintain essentially a status quo budget. The targets spend less than both the budget proposed by the Governor and the current year's budget.

The budget targets act as a guide for the seven budget subcommittees to establish a fiscally responsible and balanced budget. The goal of this process is to maintain commitments to education, health care, and job creation without raising taxes on middle class families. The targets take into consideration the \$126 million saved through the Government Reorganization legislation in Senate File 2088, \$88 million in savings from the Governor's Executive order, and \$57 million in early retirement savings.

The leaders proposed a \$5.298 billion budget for fiscal year 2011, with an ending balance of \$127 million. The budget targets provide each budget subcommittee with the amount of general fund dollars they have to appropriate in their share of the next state budget, which starts on July 1.

Budget subcommittees have been working on setting priorities. The budget targets will help the subcommittees determine how they will proceed in appropriating the available resources allocated to them.

Building the state budget requires a plan that reflects the amount of available revenues. The fiscal year 2011 budget is based on a flat revenue estimate compared to the previous year.

The Legislature builds the budget based on spending only 99% of available revenues and setting aside 1% for the reserve funds. The state currently has a \$419 million reserve fund balance.