

OVERVIEW OF THE EXECUTIVE BUDGET SFY 2007-08

Overview of the Executive Budget

The Governor proposes an All Funds budget of \$120.6 billion for State Fiscal Year (SFY) 2007-2008. This budget is \$7.1 billion higher than the estimated \$113.5 billion in spending for SFY 2006-2007 representing growth of 6.3 percent. The All Funds budget is the broadest measure of spending; accounting for state unrestricted and restricted funds as well as funds received from the federal government. The All Funds accounting system consist of four major fund types the General Fund, Special Revenue Fund, Capital Project Fund and Debt Service Fund.

Governmental Funds

Table 1

	General Fund	State Funds	All Funds
Actual			
SFY 2005-06	46,495	69,723	104,341
Closeout Estimated			
Jan 2006-07	51,127	77,522	113,536
Change			
SFY 2005-06	4,632	7,799	9,195
Proposed			
SFY 2007-08	53,262	83,557	120,633
Change from			
SFY2006-07	2,135	6,035	7,097

The General Fund, the largest of the four fund types, accounts for unrestricted taxes and receipts, and spending on state operations and local governments not funded through dedicated revenues. For SFY 2007-2008 the Governor proposes an increase of \$2.1 billion in the General Fund, an increase of 4.2 percent over SFY 2006-2007. Spending for the current

fiscal year is projected to be \$51.1 billion, an increase of 9.96 percent from the prior year.

Another comprehensive measure of State spending is the State Fund concept which consists of the General Fund plus non-federal Special Revenue, Capital Project, and Debt Service Funds. State Fund spending for SFY 2007-08 is projected to total \$83.6 billion, an increase of 7.8 percent or \$6 billion higher than SFY 2006-07.

The Executive's Financial Plan forecasts structural deficits in SFY 2008-09 of \$2.3 billion, \$4.5 billion in SFY 2009-10 and \$6.3 billion in SFY 2010-11 (Figure 1).

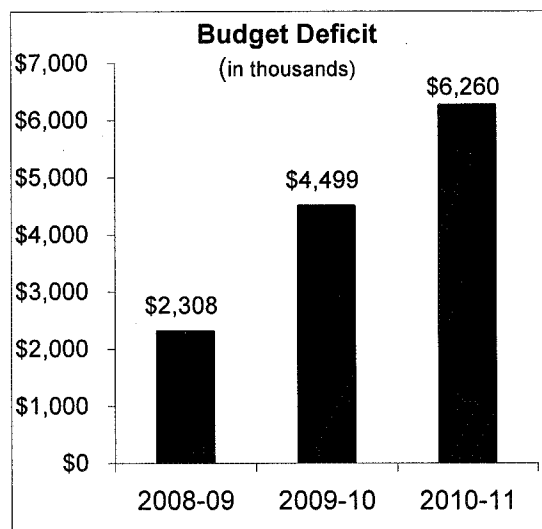


Figure 1

All Funds by Function

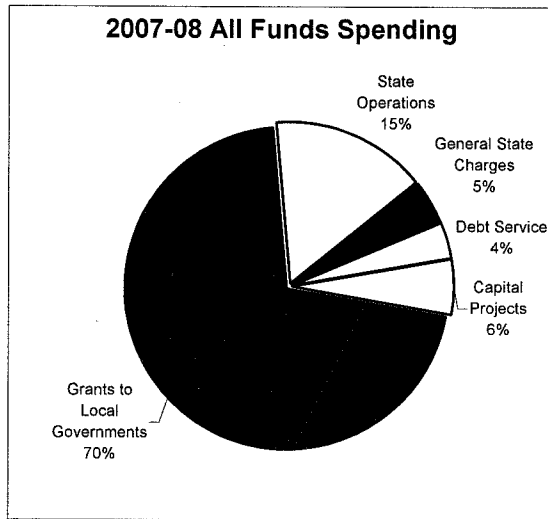


Figure 2

The majority of State spending provides grants to local governments for education, as well as, the health, safety and welfare of its citizens (Figure 2). In addition, the operation of State government and General State Charge accounts for 20 percent of State spending. The remaining 9 percent of the budget is used to finance Capital Projects and Debt Service on outstanding bonds.