

***FY 2010 – FY 2011
UPDATES***

May 25, 2010

Fiscal Year 2010 Update

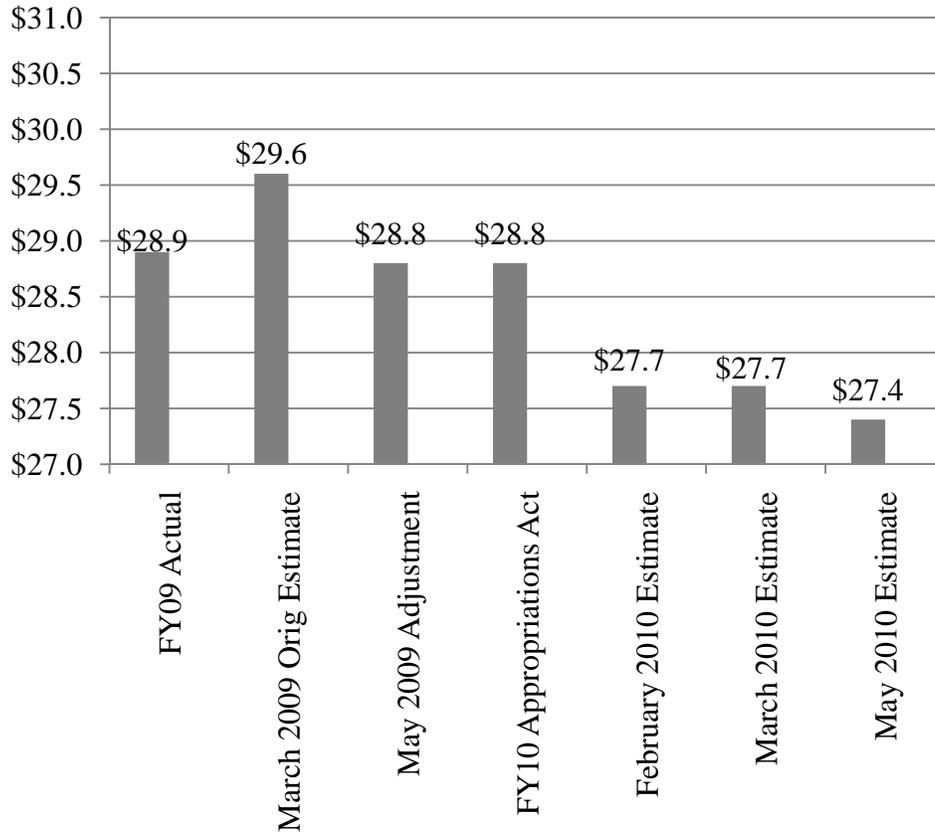
The FY 2010 Budget

(In Millions)

	<u>FY 2010</u> <u>Approp. Act</u>	<u>FY 2010</u> <u>Budget</u>	<u>FY 2010</u> <u>May</u>	<u>Change</u> <u>Budget - May</u>
Opening Surplus	\$ 735	\$ 614	\$ 614	\$ -
Revenues				
Income	10,393	10,393	10,093	(300)
Sales	7,965	7,523	7,465	(58)
Corporate	2,224	2,044	2,000	(44)
Other	8,175	7,760	7,837	77
Total Revenues	\$ 28,757	\$ 27,720	\$ 27,395	(325)
Lapses		\$ 2,029	2,261	232
Total Resources	\$ 29,492	\$ 30,363	\$ 30,270	\$ (93)
Appropriations				
Original	\$ 28,990	\$ 28,990	\$ 28,990	
Supplemental		872	780	(92)
Total Appropriations	\$ 28,990	\$ 29,862	\$ 29,770	\$ (92)
Projected Surplus	\$ 502	\$ 501	\$ 501	\$ (0)

History of FY 2010 Revenues

(In Billions)



FY 2010 Revenues

(In Millions)

	FY2009	FY2010	FY2010	CAFR vs. Approp. Act		Approp. Act vs. Adj.	
	CAFR	Approp. Act	Adjusted**	Change	Change	Change	Change
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Income	\$ 10,476	\$ 10,393	\$ 10,093	\$ (83)	(0.8)	\$ (300)	(2.9)
Sales	7,723	7,965	7,465	242	3.1	(500)	(6.3)
Corporate	2,622	2,224	2,000	(398)	(15.2)	(224)	(10.1)
Other*	<u>8,064</u>	<u>8,175</u>	<u>7,837</u>	<u>111</u>	1.4	<u>(338)</u>	(4.1)
Total	<u>\$ 28,885</u>	<u>\$ 28,757</u>	<u>\$ 27,395</u>	<u>\$ (128)</u>	(0.4)	<u>\$ (1,362)</u>	(4.7)

* All Sales Tax and Corporation Taxes on Energy are included in Other

** FY 2010 includes solutions

Comparison of Lapses Since Budget

(In Thousands)

	Budget Message	May Revised	Difference
Lapse of Appropriation Balances	\$ 2,028,964	\$ 2,261,410	\$ 232,446
Significant Increases in Lapses			
Additional Federal Disproportionate Share Funds			\$ 85,033
Business Employment Incentive Program			70,000
State Disability Benefit Fund			25,000
Higher Education Debt Service			19,262
Interdepartmental Salary Balances			18,026
Nursing Homes - Reduced Trend			13,860
Retail Margin Fund			13,300
Motor Vehicle Commission			10,730
Parks Management			10,000
Lifeline - Reduced Trend			7,000
DEP Permitting - Excess Receipts			4,363
County College Debt Service			4,292
School Construction and Renovation Fund			4,000
County Solid Waste			2,879
Unused Sick Leave Payments			2,500
Other Lapses less than \$2 million			13,000
Total			\$ 303,245
Significant Decreases in Lapses			
Taxation Settlement Revenues			\$ (15,000)
School District Surpluses			(13,617)
PAAD Trend Savings (Restoration of Copay/Deductible)			(6,815)
Taxation Data Warehouse/PAMS			(6,700)
Homestead Rebates			(6,400)
NJ Family Care - Restricted Aliens			(4,968)
South Jersey Port Corporation - Property Tax Reserve Fund			(4,000)
Highlands Protection Fund			(3,300)
Health Benefit Contributions for Non-aligned Employees			(3,065)
Cancer Programs			(3,000)
Life Safety Improvements			(2,716)
Other Lapses less than \$2 million			(1,218)
Total			\$ (70,799)
Net Change in Lapses			\$ 232,446

Comparison of Supplementals Since Budget

(In Thousands)

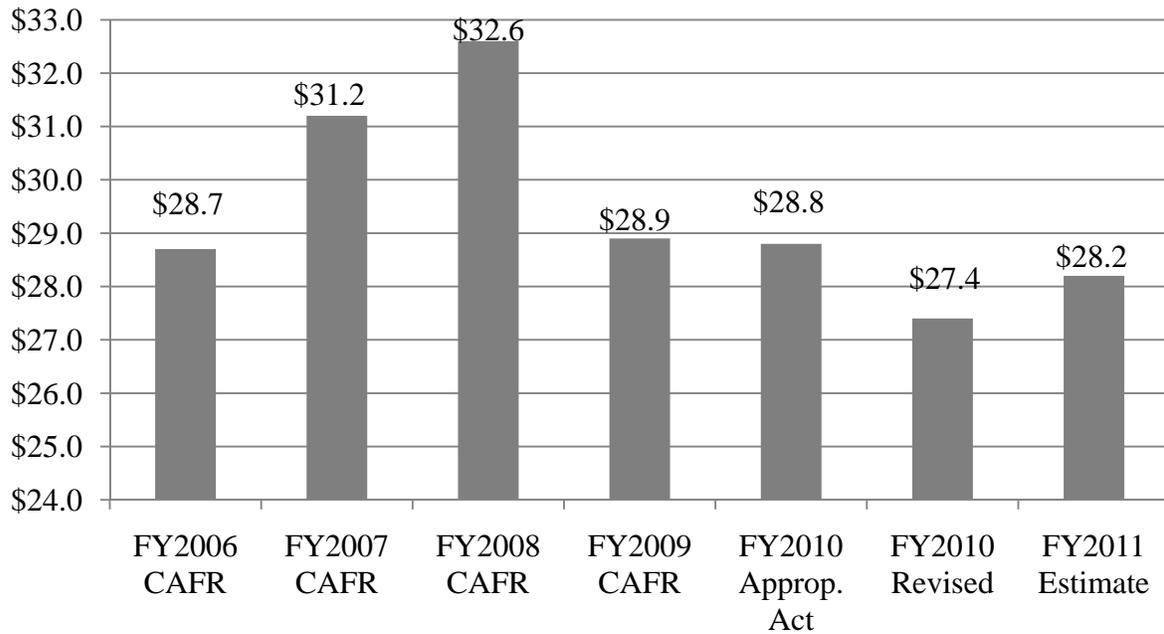
	<u>Budget Message</u>	<u>May Revised</u>	<u>Difference</u>
Supplementals	\$ 871,662	\$ 779,562	\$ (92,100)
Significant Increases in Supplementals			
Senior Services			\$ 45,009
Trenton Office Complex - Debt Refinance			9,000
Medicaid / General Assistance Medical Trend			8,154
Nonpublic School Aid			6,912 ^(a)
Mental Health Operational Shortfall			6,669
Other Supplementals less than \$2 million			4,907
Total			<u>\$ 80,651</u>
Significant Decreases in Supplementals			
Medicaid Clawback			\$ (116,609)
State Health Benefits			(33,000)
Welfare Caseload Trend			(9,712)
Child Care Caseload Trend			(5,049)
County Psychiatric Hospital Caseload Trend			(2,329)
Other Supplementals less than \$2 million			(6,052)
Total			<u>\$ (172,751)</u>
Net Change in Supplementals			<u>\$ (92,100)</u>

(a) No Impact on GF as this need is offset by additional revenues.

Fiscal Year 2011 Update

NJ State Revenue History: FY 2011 Projected Revenue Below FY 2006 Actual Revenue

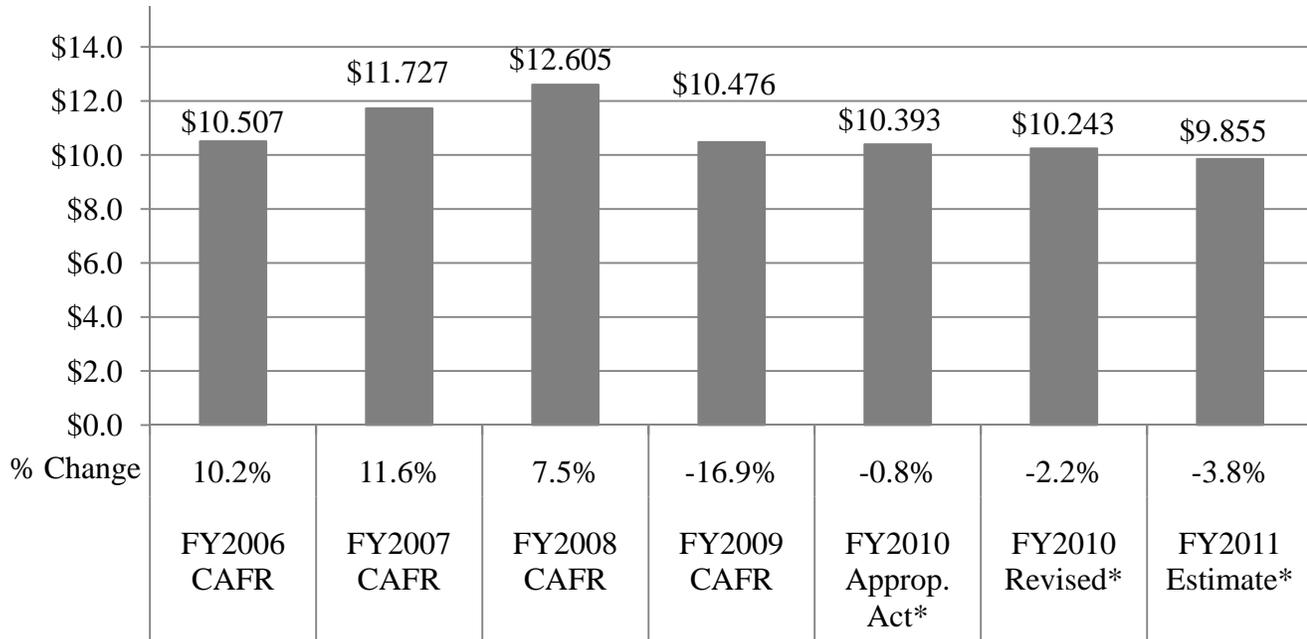
(In Billions)



CAFR – Comprehensive Annual Financial Report

Income Tax Revenue Below Actual FY 2006 Collections

(In Billions)



* These revenues include changes in tax policy.

FY 2009 - Incremental Change in EITC Expansion (\$60 million)

FY 2009 - Includes \$88.9 million received from the Amnesty program.

FY 2010 - Incremental Change in EITC (\$9.9 million)

FY 2010 - EITC Federal Reimbursement (\$150 million)

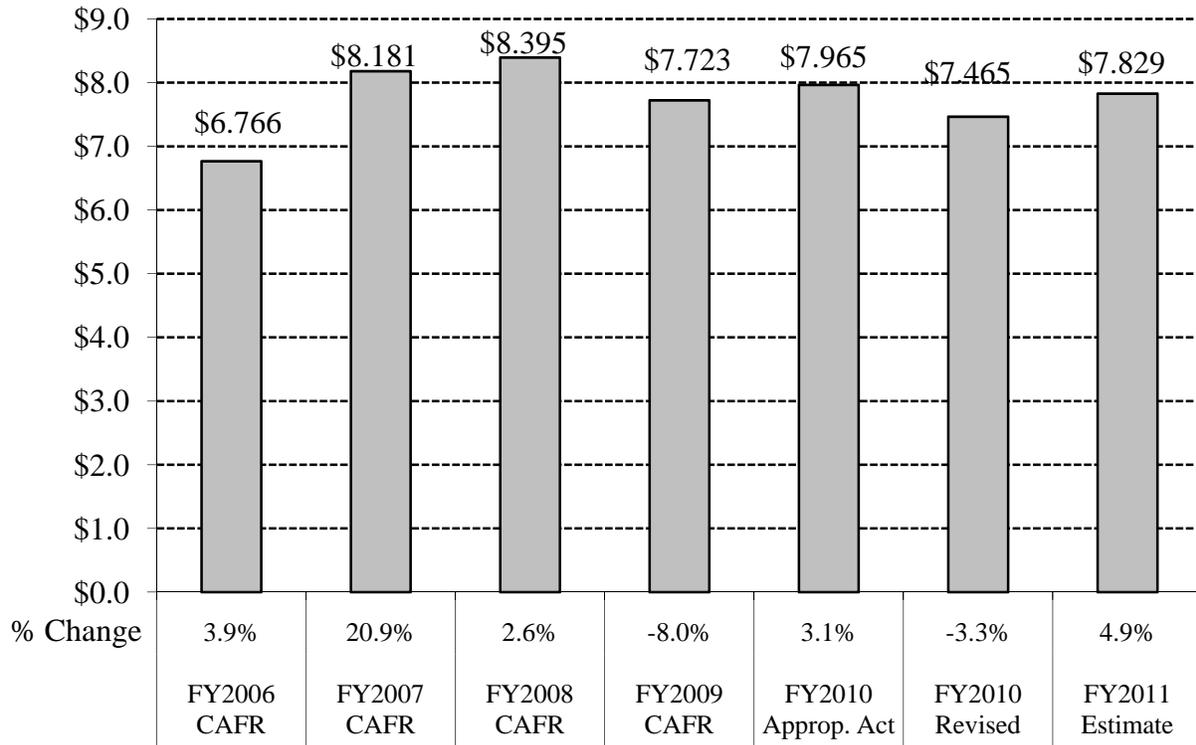
FY 2011 - EITC Federal Reimbursement (\$39 million)

FY 2011 - Millionaire's Tax Expired 12/31/09

CAFR - Comprehensive Annual Financial Report

Sales Tax

(In Billions)



FY2007 changes in tax policy:

- increased Sales Tax rate from 6% to 7%
- broadened Sales Tax base

FY2009 includes \$142.5 million received under the Amnesty program.

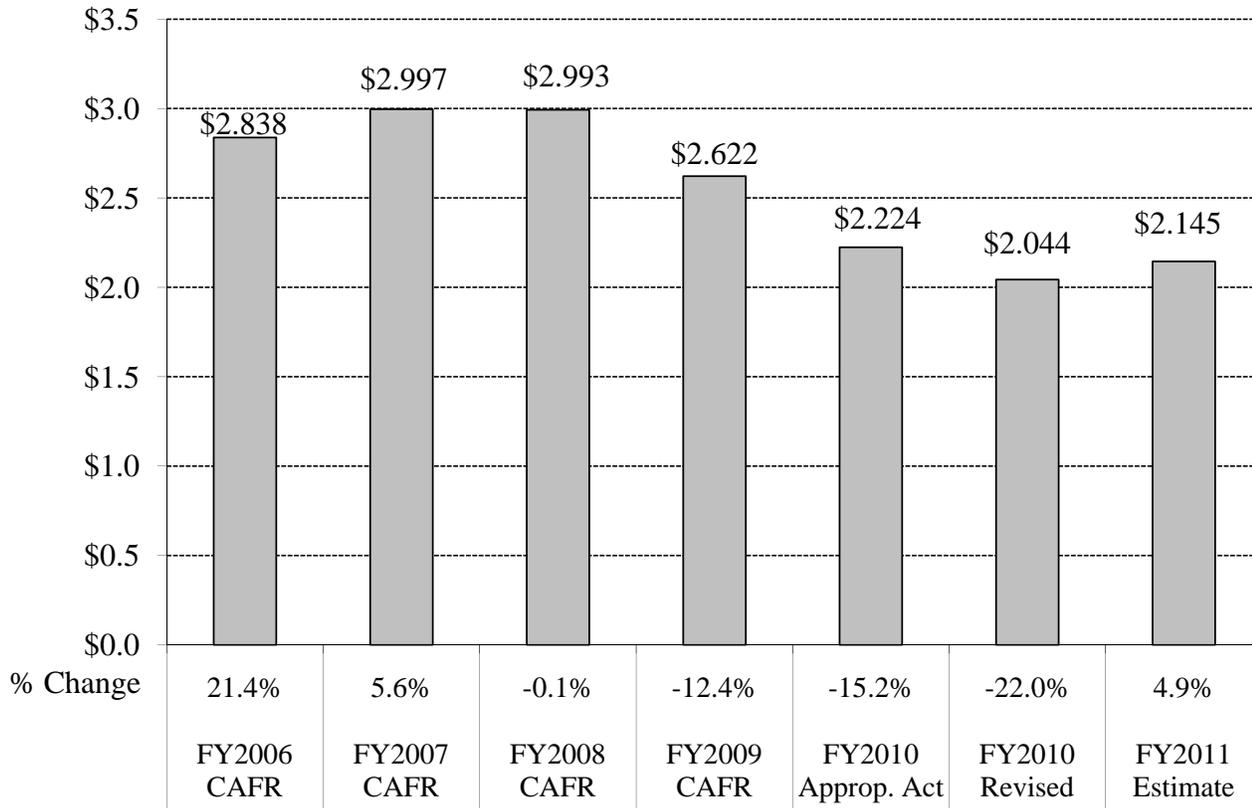
FY2011 includes \$65 million for repeal of blue laws

Sales Tax excludes the tax on energy.

CAFR – Comprehensive Annual Financial Report

Corporation Business Tax

(In Billions)



FY2009 includes \$392.6 million received under the Amnesty program.

Corporation Business Tax excludes the tax on energy.

CAFR – Comprehensive Annual Financial Report

The FY 2011 Budget

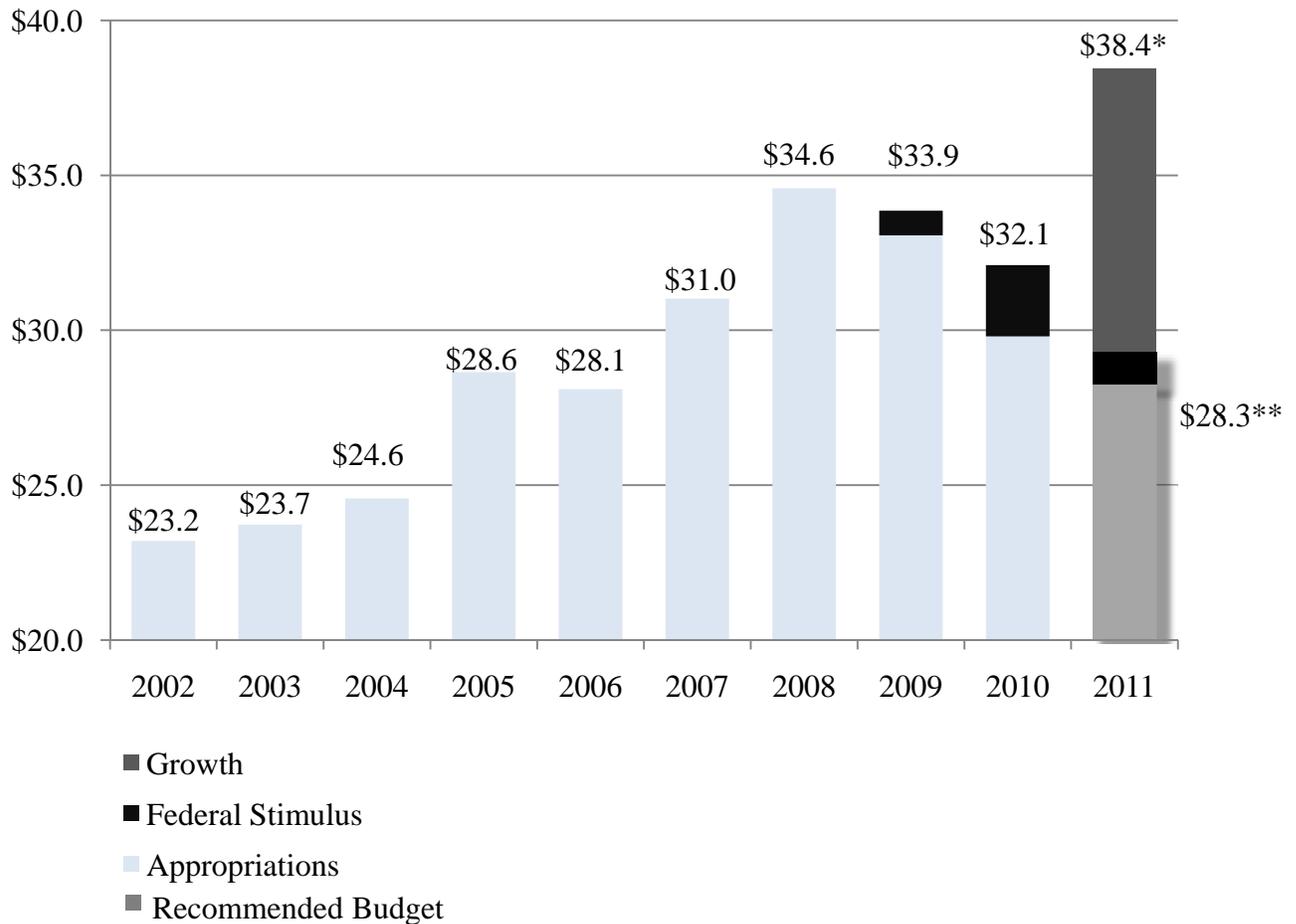
(In Millions)

	<u>FY 2011 Budget</u>	<u>FY 2011 May</u>	<u>Change \$</u>
Opening Surplus	\$ 501	\$ 501	\$ -
Revenues			
Income	9,945	9,816	(129)
Sales	7,855	7,829	(26)
Corporate	2,145	2,145	-
Other	8,322	8,362	40
Total Revenues	<u>\$ 28,267</u>	<u>\$ 28,152</u>	<u>\$ (115)</u>
ARRA Resources*	\$ 1,033	\$ 1,033	\$ -
Total Resources	<u>\$ 29,801</u>	<u>\$ 29,686</u>	<u>\$ (115)</u>
Appropriations			
Original	\$ 28,267	\$ 28,348	\$ 81
Subtotal State Appropriations	<u>\$ 28,267</u>	<u>28,348</u>	<u>\$ 81</u>
ARRA Supported Appropriations*	1,033	1,033	-
Total Appropriations	<u>\$ 29,300</u>	<u>\$ 29,381</u>	<u>\$ 81</u>
Projected Surplus	<u>\$ 501</u>	<u>\$ 305</u>	<u>\$ (197)</u>

*Resources and Appropriations used for budget relief that otherwise would have needed a State Appropriation

State Budget For Past Ten Years

(In Billions)



*** The \$38.4 billion figure represents how much the State would be obligated to spend in FY11 if Governor Christie had not made tough, but vitally needed budget cuts.**

**** Christie Administration Revised Spending for FY 2011**