

Budget Update

Management/Leadership Meeting
December 8, 2023

2023-2024 State Enacted Budget Features

- Prioritizes education, health care, affordable housing, *transit*, climate, *public safety*, and *infrastructure*
- Assumes a slowing, but growing economy
- **\$37.8B** in total budgetary reserves
- **Projected \$31.74B budget gap**
 - \$8.1B: Reductions/Pullbacks
 - \$0.34B: Trigger Reductions
 - \$7.9B: Delayed Spending
 - \$9.3B: Fund Shifts
 - \$6.1B: Revenue Generation/Borrowing

LAO Updated Big 3 Revenue Outlook (12/1/23)

- **State's economy entered downturn in 2022**
 - State's unemployment rate jumped from 3.8% to 4.8% since summer of 2022
 - Inflation-adjusted incomes have sequentially declined from Q1 2022 to Q1 2023
 - Income tax collections from workers' paychecks down 2% over the last year
 - Flat sales tax collections despite price inflation
- **2022/2023 Revenues fell short \$26B**
- **Overall \$58B shortfall across FYs 2022/2023-2024/2025**