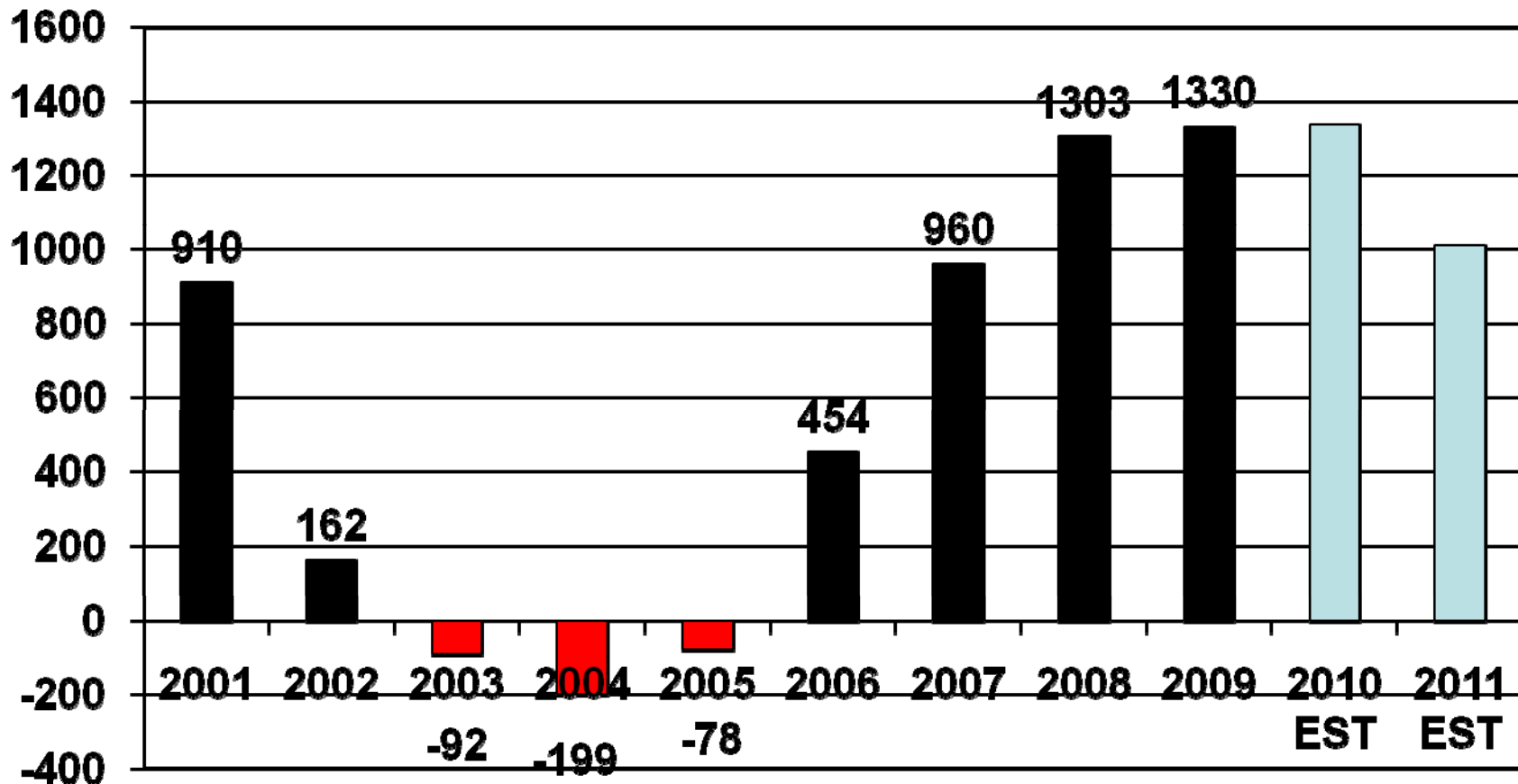


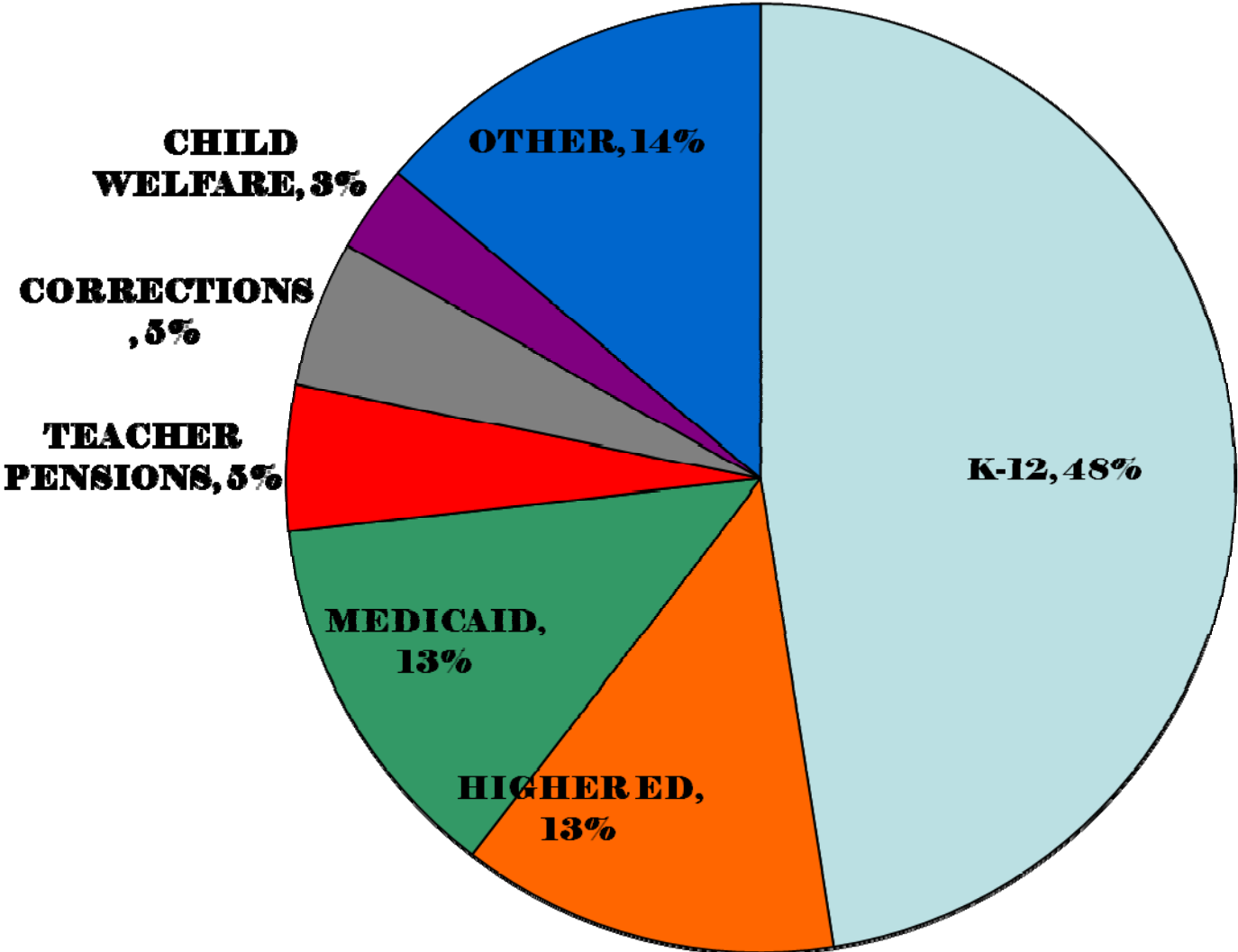
REVENUE OVERVIEW

- **Total revenue is down \$1.032 billion or 8.8% from May 2009 forecast – forecast that budget was based upon**
- **The as passed budget estimated 2% growth in tax revenues for FY 2010 – actual collections are 7.5% below FY 2009 levels**
- **Total revenue is down 7.5% or \$871 million from 2009 levels**
 - **These levels are larger than shortfalls in 2002 when much of the state's reserve balances dwindled away, and the state began making delayed payments to schools and local governmental units.**
- **Total Revenue is down 14.3% in last two years – less than Fiscal Year 2005 revenue collections year to date**

Maintaining State Reserves (Cash Balance – Liabilities)

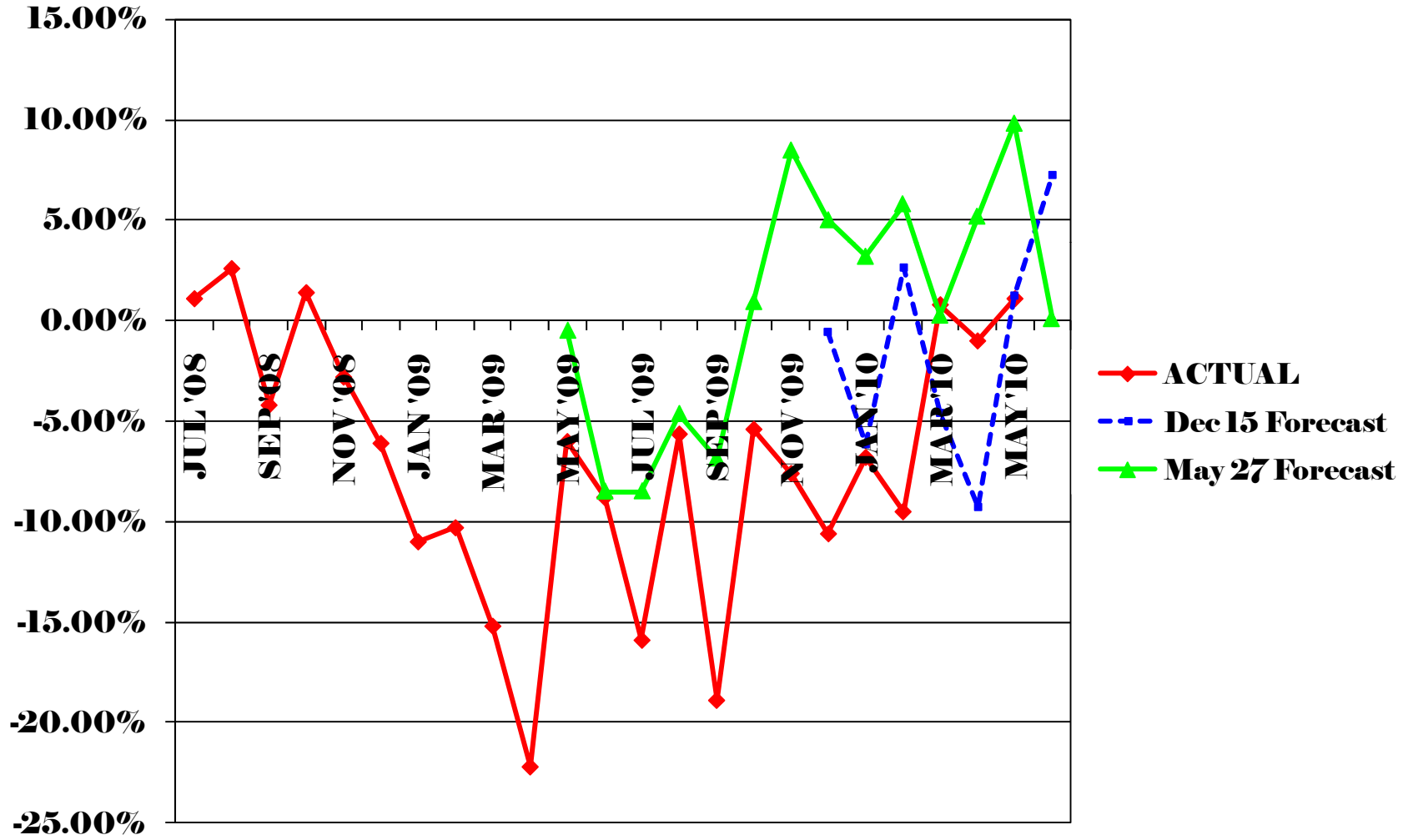


FUND GENERAL EXPENSES FY 2010



YEAR TO YEAR REVENUE

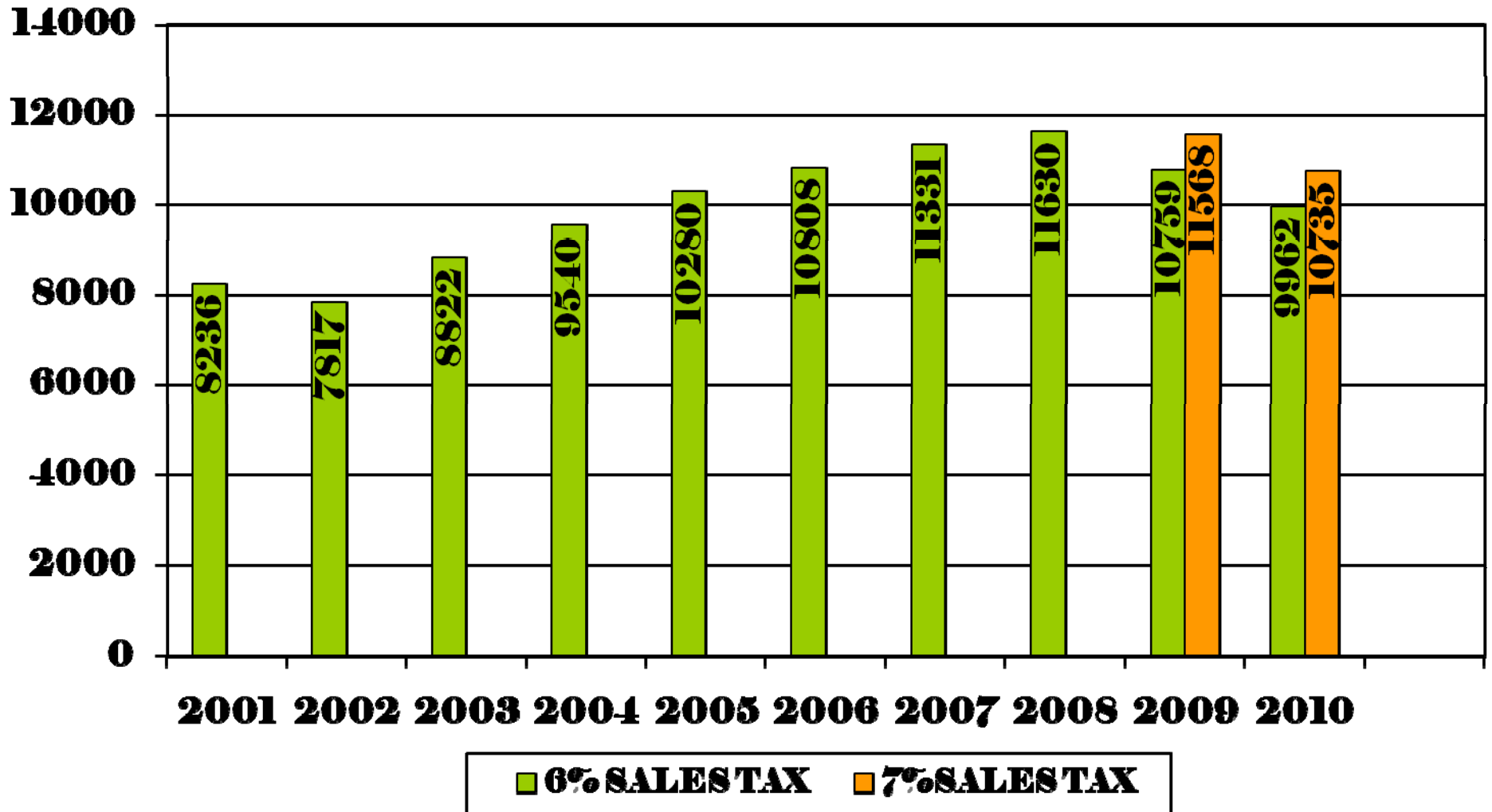
2 OF PAST 3 MONTHS SHOW POSITIVE REVENUE COLLECTIONS



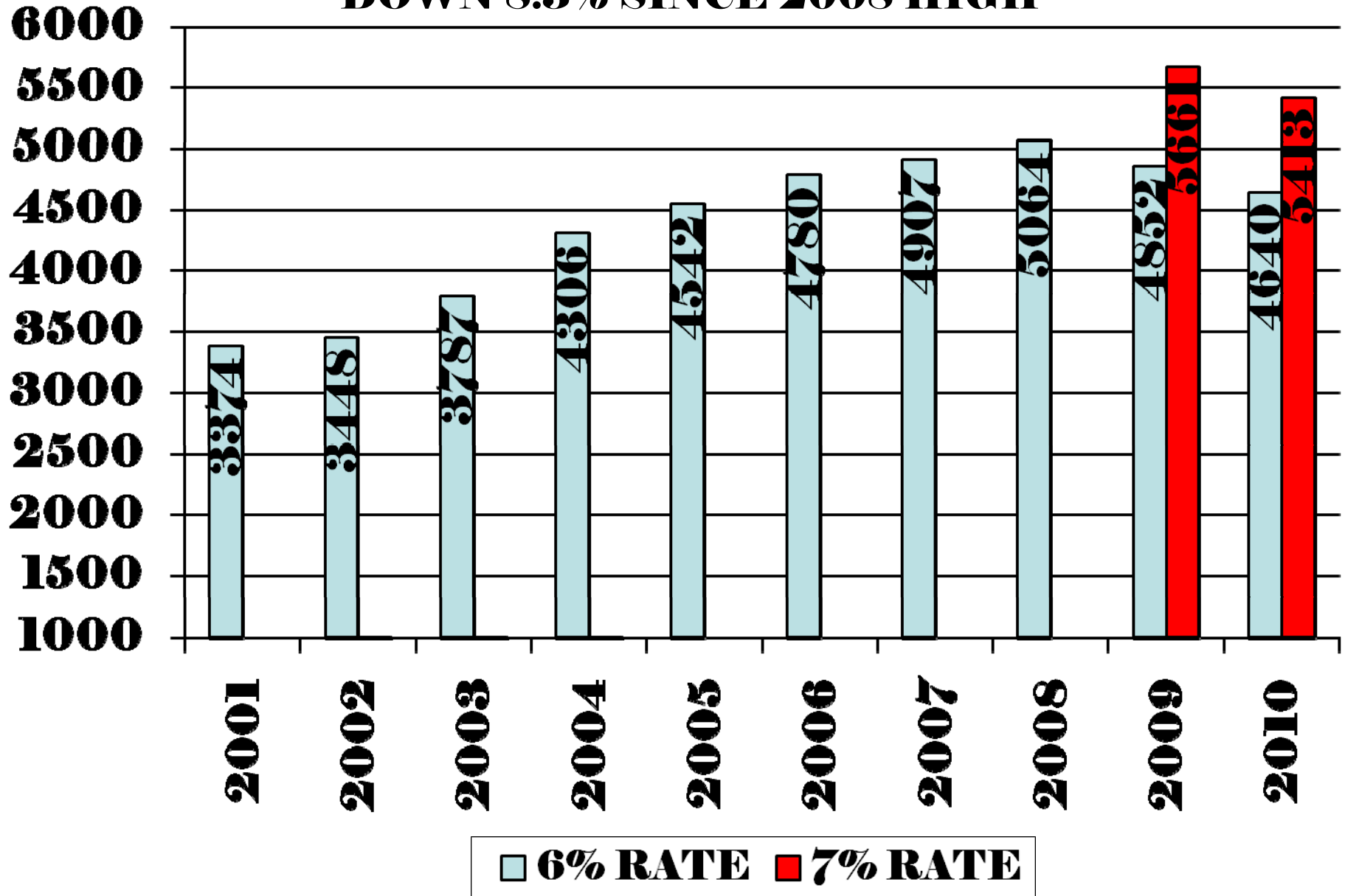
TOTAL REVENUE THROUGH MAY

DOWN 14.3% FROM 2008

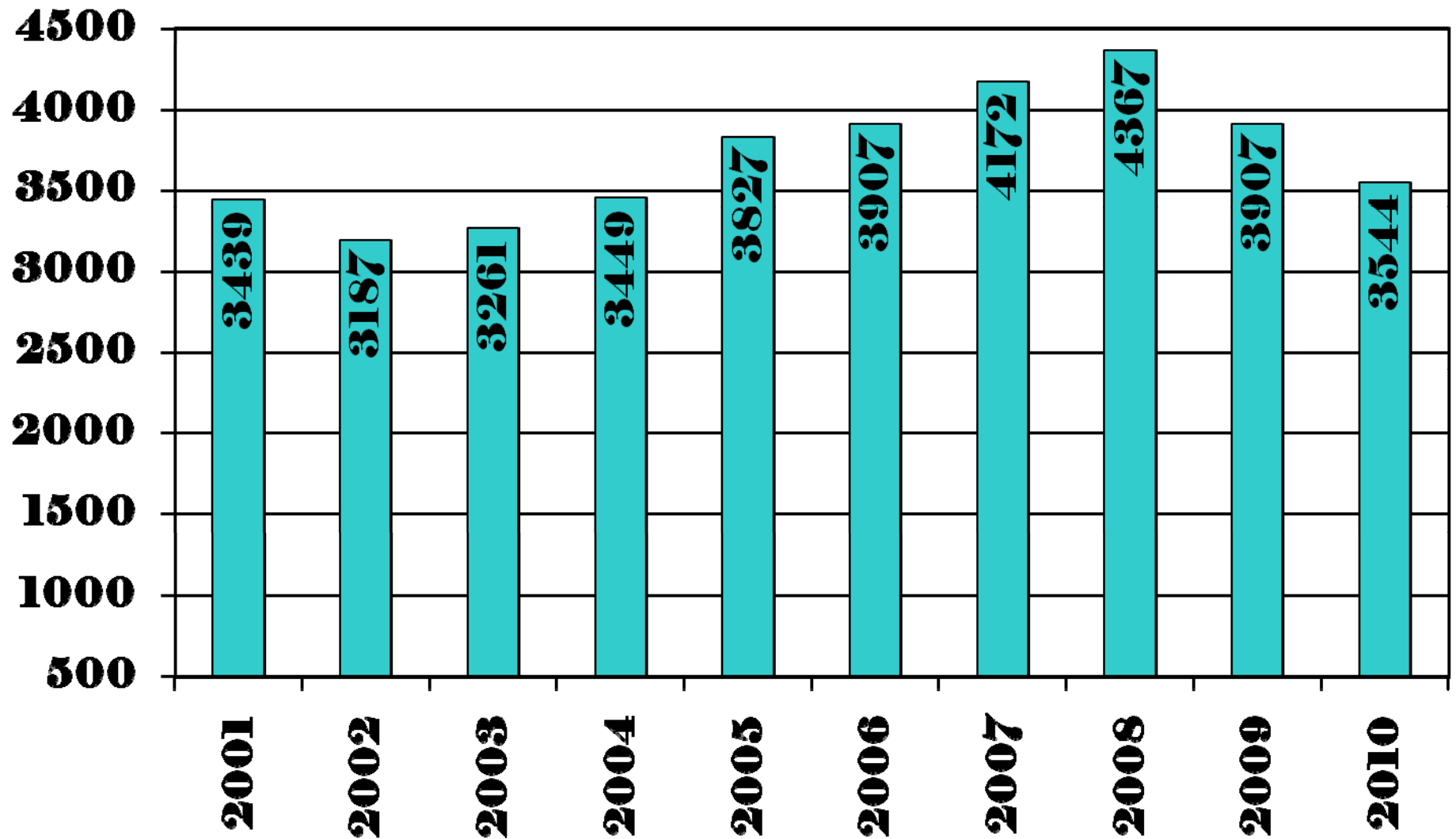
LESS THAN FY 2005 LEVELS



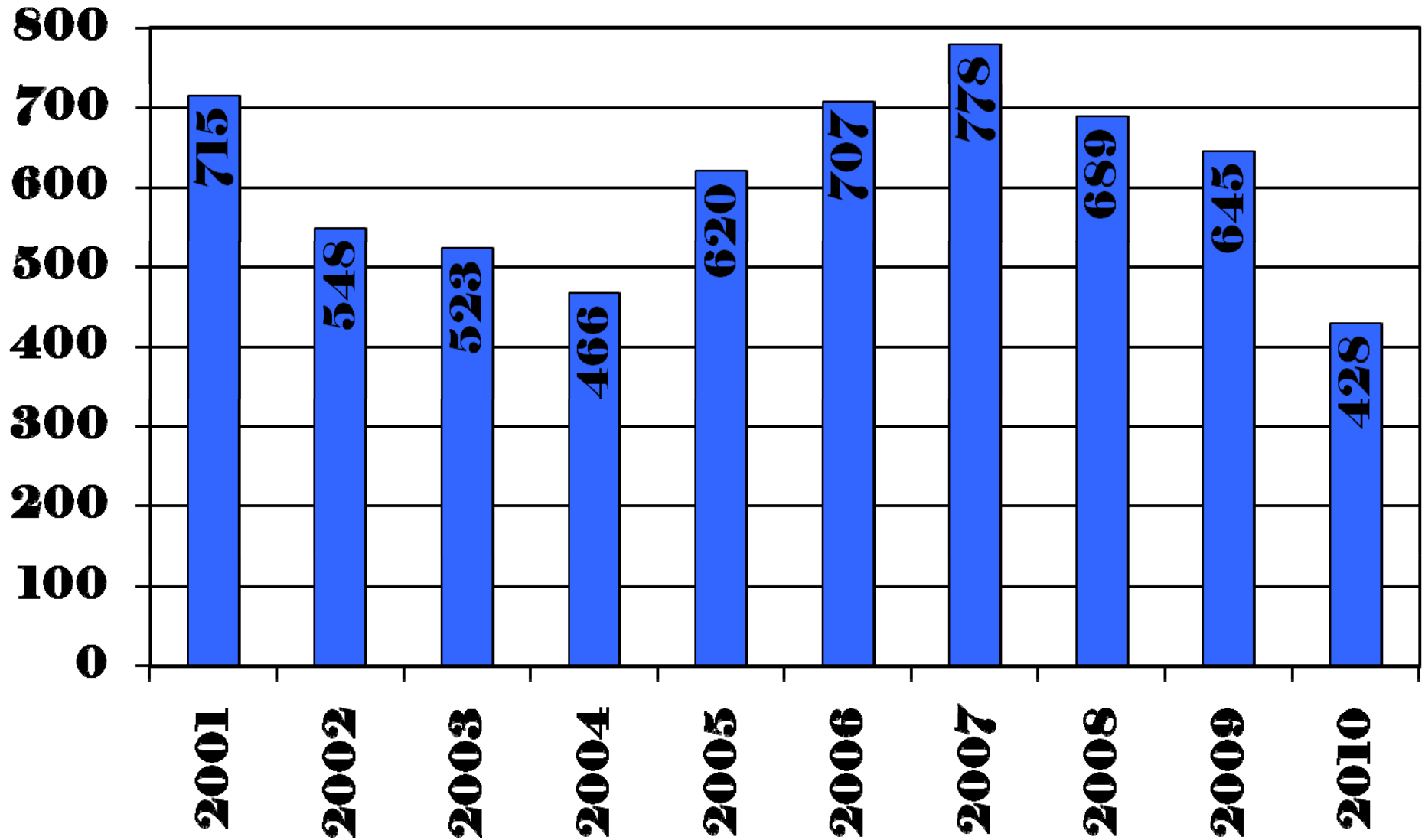
**SALES TAX
THROUGH MAY EACH YEAR
DOWN 8.3% SINCE 2008 HIGH**



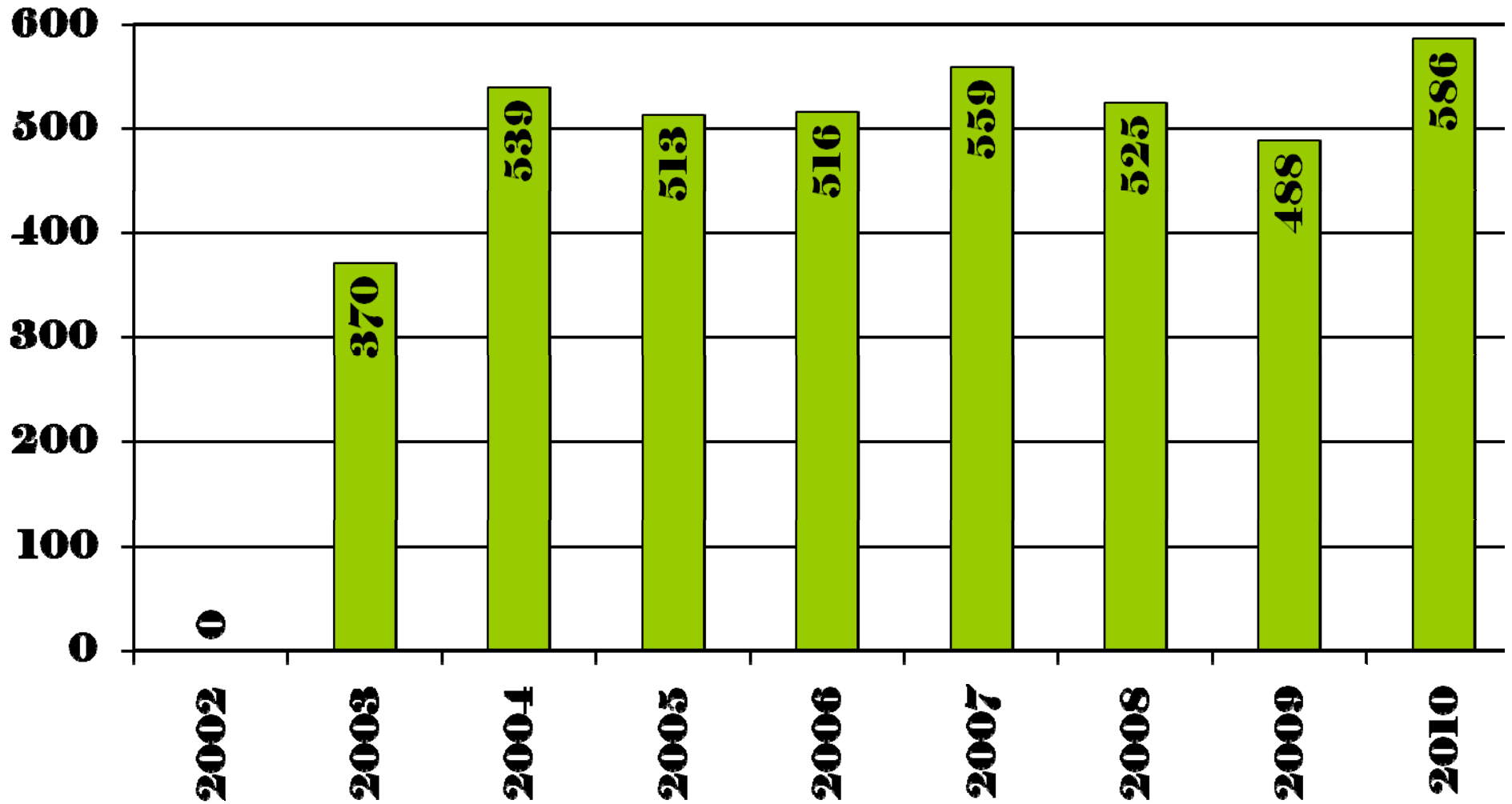
INDIVIDUAL INCOME THROUGH MAY EACH YEAR DOWN 18.8% SINCE 2008



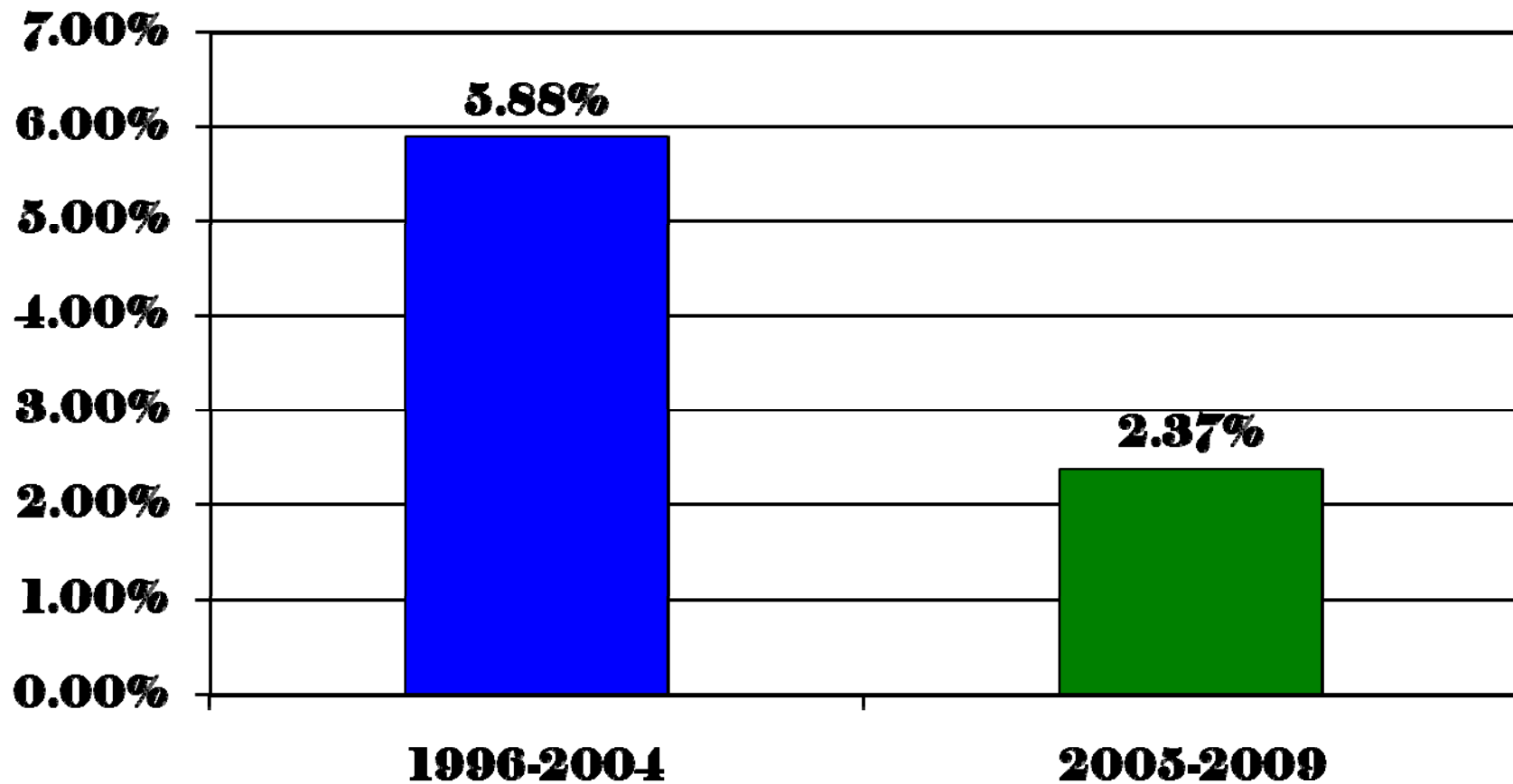
**CORPORATE INCOME TAX
THROUGH MAY EACH YEAR
DOWN 45.0% FROM 2007 HIGH**



**GAMING REVENUE
FLAT THROUGH MAY
\$56 MILLION NEW RACINO MONEY**



Annual Expenditure Growth



GOVERNOR DANIELS IMPOSED MEASURES TO OFFSET REVENUE SHORTFALLS

- **ALL STATE AGENCIES WILL REDUCE SPENDING:**
 - **10% CUT FROM 2010 BUDGET ALLOCATION**
 - **15% CUT FROM 2011 BUDGET ALLOCATION**
- **NO RAISES FOR STATE EMPLOYEES**
 - **SAME AS LAST YEAR**
 - **LAST TIME BACK-TO-BACK YEARS WITHOUT RAISES OCCURRED IN 2002 AND 2003**
- **STATE AGENCY CAPITAL PROJECTS DEFERRED**
- **GENERAL FUND SUPPORT TO PUBLIC COLLEGES AND UNIVERSITIES REDUCED \$150 MILLION – 6% OF OPERATING EXPENSES**
- **\$297 REDUCED FROM K-12 ALLOCATIONS – 3.5%**
- **STATE MATCHING CONTRIBUTION TO EMPLOYEES DEFERRED COMPENSATION RETIREMENT PLAN SUSPENDED**
- **MEDICAID REIMBURSEMENTS TO PROVIDERS REDUCED**
- **COST SAVINGS INITIATIVE PACKAGE PASSED BY THE GENERAL ASSEMBLY**
- **TOTAL COSTS SAVINGS FROM ACTIONS TAKEN AMOUNT TO BETWEEN \$796 - \$906 MILLION OVER THE NEXT 18 MONTHS**

State Payroll at Lowest Level Since 1980

AGENCY	DEC '07 HEADCOUNT	MARCH '10 HEADCOUNT	% CHANGE IN EMPLOYEES
War Memorial Commission	23	15	-34.8%
Dept of Agriculture	73	52	-28.8%
Comm. Proprietary Education	7	5	-28.6%
Veterans Home	376	279	-25.8%
Historical Bureau	8	6	-25.0%
Dept of Administration	262	197	-24.8%
BMV	365	275	-24.7%
Department of Education	307	235	-23.5%
Education Emp Relations Board	9	7	-22.2%
DLGF	84	69	-17.9%
Lt Governor	73	61	-16.4%
Civil Rights Comm.	34	29	-14.7%
IEDC	80	70	-12.5%
Inspector General	17	15	-11.76
Auditor	64	57	-10.9%
Horse Racing	30	27	-10.0%