

GOVERNOR VICTOR ATIYEH'S
GENERAL FUND BUDGET REBALANCE RECOMMENDATIONS
2-17-82

Summary of Proposed Changes

On January 4, 1982 Governor Atiyeh announced his program for balancing the 1981-83 General Fund budget. His program, which included spending reductions of \$143.2 million and revenue improvements of \$99.1 million, was designed to offset a projected \$237.1 million revenue shortfall for 1981-83.

On February 15, 1982, a new revenue forecast was released which increased the projected revenue shortfall by \$99.8 million. The Governor has developed a plan for rebalancing the budget that builds directly upon his original recommendations. This plan, which proposes spending reductions of \$186.9 million and revenue improvements of \$145.4 million, includes the following changes:

Spending Reductions

<u>Changes (Millions)</u>	<u>Description</u>
\$ +5.0	<p><u>Basic School Support</u></p> <p>In addition to the original \$16.3 million reduction, a further reduction of \$5.0 million is recommended. This reflects additional savings from current underenrollment estimates.</p>
\$ +5.0	<p><u>Emergency Fund</u></p> <p>The original recommendation reduced the General Purpose Emergency Fund by \$10.0 million. A further reduction of \$5.0 million is recommended, leaving an unallocated fund balance of approximately \$3.9 million.</p>
\$ -1.3	<p><u>Department of Revenue Budget Increase</u></p> <p>The recommendation provides \$900,000 for additional audit staff in the Department of Revenue which will generate an estimated \$5.5 million in tax collections. In addition, \$400,000 is recommended for implementation of Super HARRP.</p>
\$+35.0	<p><u>Super HARRP</u></p> <p>The recommendation combines the Property Tax Relief and HARRP programs. The combined program will provide tax relief for families with household incomes of up to \$35,000 annually. This reduces overall expenditures by \$35.0 million.</p>