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## **Report: State budget deficit likely \$3 billion**

State lawmakers will likely begin next year's legislative session staring at an even bigger deficit than the one that caused them to raise taxes on things like bottled water, booze, soda and cigarettes this year.

The gap between revenues and "basic spending pressures" will be roughly \$3 billion, according to a new report from the Office of Financial Management. Earlier this year lawmakers had to plug a \$2.8 billion shortfall with a combination of spending cuts and roughly \$800 million in new taxes.

There is good news in the OFM report, which noted that state general fund revenue dropped 10 percent in the 2009 fiscal year and about 3 percent this year. Next year, growth in the general fund (which pays for the day-to-day operations of government) is expected to be 8.8 percent. But that's against a lower starting base as the state has been impacted by the Great Recession.

"With these growth rates, total general fund state revenue is expected to reach \$32.2 billion in the 2011-13 biennium compared with \$28.7 billion for the current biennium," the report states.

"Although stronger-than-predicted revenue growth would help remedy (the deficit situation), revenues would need to grow by more than 9 percent per year to make up most of the projected gap, a rate which is unlikely to be achieved."

On June 17, state economists will release their official revenue forecast, which will update lawmakers on the amount of money they can expect to come in to state coffers relative to previous estimates. Policymakers are hoping for good news, unlike previous updates.

Jason Mercier, director of the Center for Government Reform at the Washington Policy Center think tank, said he's hopeful that next session lawmakers will scrutinize state programs and look for areas that are duplicative or could be put out to competitive contracting.

"Other potential reforms include requiring an official six-year budget outlook to be adopted each time the revenue forecast is issued and possibly adopting a binding budget resolution at the beginning of session to help frame the spending level," Mercier said.

Posted by [Chris Grygiel](#) at June 9, 2010 5:12 p.m.