

Office of Fiscal Analysis
Executive Summary

FY 19 Balance

At the beginning of the 2018 legislative session, the FY 19 Original Budget had projected deficits of \$165.2 million in the General Fund and \$39.9 million in the Special Transportation Fund.

April Consensus improved the projected FY 19 General Fund balance to \$266.0 million. The changes were primarily (1) a one-time delay of \$400 million in federal reimbursements and (2) stronger than anticipated revenue from withholding taxes (\$88.7 million).

In response, the **FY 19 Revised Budget** increases net appropriations by \$197.2 million over the FY 19 Original Budget and reduces net revenue by \$18.9 million, resulting in a balance of \$23 million across all appropriated funds.

FY 19 Revised Balance
 In Millions of Dollars

| All Appropriated Funds | FY 19 Revised |
|-------------------------------|----------------------|
| Revenue Estimate | 20,878.4 |
| Net Appropriation | 20,855.4 |
| Balance | 23.0 |

Across all appropriated funds, the FY 19 Revised Budget is 2.1% (\$424.9 million) greater than the FY 18 Budget and under the spending cap by \$0.5 million. The FY 19 Revised Budget is 1.0% (\$197.2 million) greater than the FY 19 Original Budget.

Revenue Highlights

FY 19 Revised Revenue Change from Original
 In Millions of Dollars

| Fund | Net Change |
|------------------------|-------------------|
| General | (47.9) |
| Special Transportation | 29.0 |
| Total All Appropriated | (18.9) |

The most significant changes impacting revenue include:

- Restoring the Medicare Savings Program;
- Indexing the volatility cap; and
- Accelerating the transfer of sales tax revenue related to motor vehicle purchases from the General Fund to the Special Transportation Fund.

Appropriation Highlights

The FY 19 Revised Budget makes a limited number of appropriation changes to the FY 19 Original Budget and formalizes the (partial) rollout of the Original Budget’s lapses.

The most significant changes are:

- Restoring the Medicare Savings Program;
- Expanding eligibility for HUSKY A;
- Increasing funding for private providers;
- Providing additional funds for community colleges’ fringe benefits; and
- Providing additional funds for municipal car tax grants.

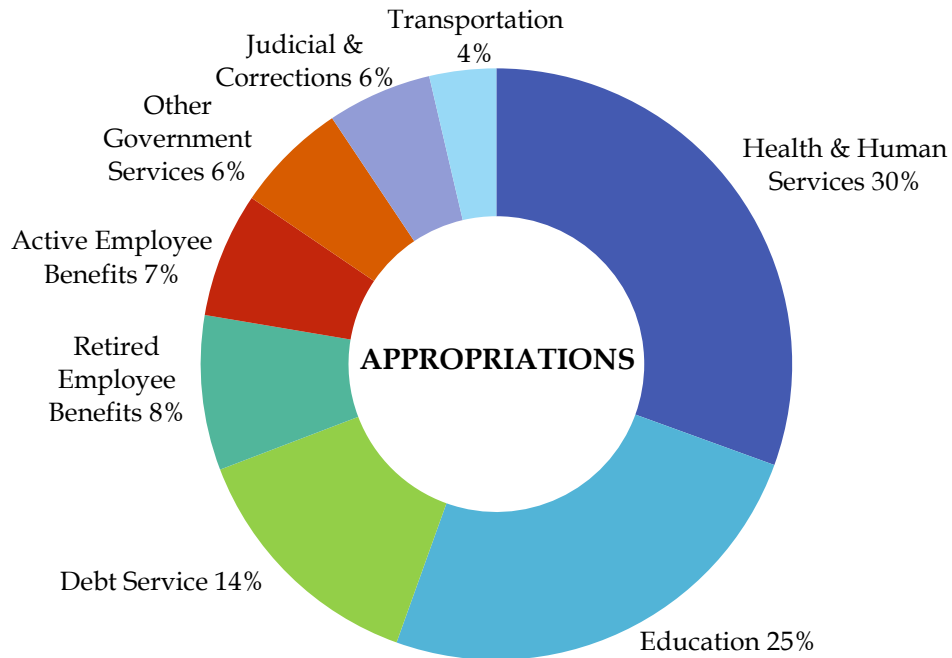
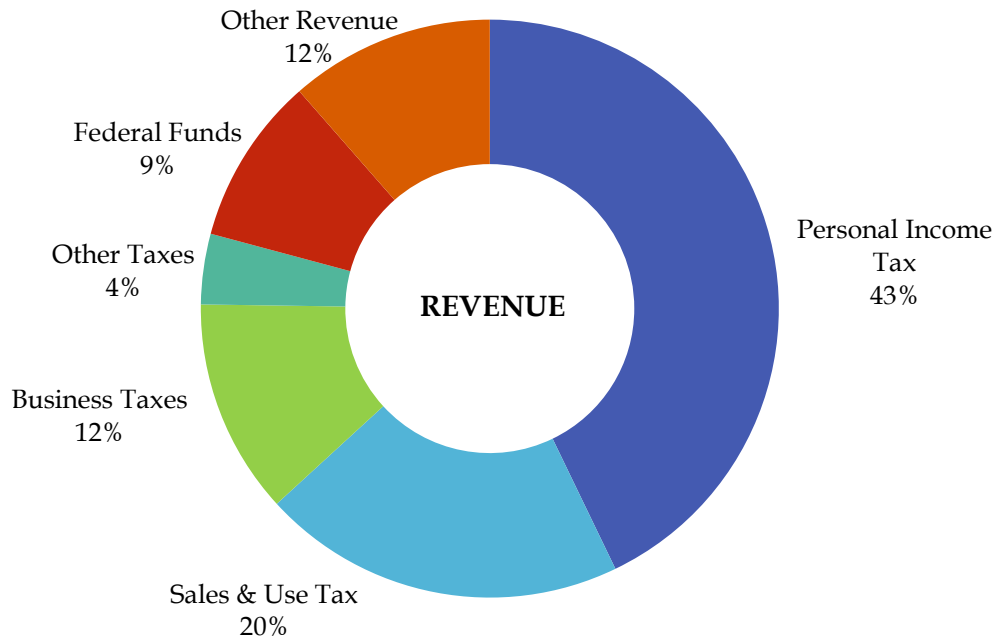
Capital Budget

PA 18-178, the bond act, authorized an additional \$182.0 million in General Obligation bonds and reduced prior authorizations by \$406.3 million, for a net reduction of \$224.3 million for FY 19.

Out-Years

The General Fund is projected to be in deficit by over \$2 billion in FY 20, increasing to over \$3.6 billion by FY 23. The revised budget improves the projected out-year deficits compared to the FY 19 Original Budget. The Special Transportation Fund is projected to have surpluses through FY 23.

FY 19 Revised Gross Revenue and Appropriations All Appropriated Funds



Note: Across all appropriated funds the Revised FY 19 Budget includes (1) \$22.7 billion in gross revenue, or a net \$20.9 billion after accounting for an estimated \$1.8 billion in refunds and transfers and (2) \$20.9 billion in gross appropriations, or a net \$20.9 billion when including \$33.5 million in budgeted lapses.

Appendices H and I provide categorization detail. For appropriations, whole agencies are categorized according to their primary purpose with a few exceptions. Debt Service, Active Employee Benefits and Retired Employee Benefits are generally budgeted centrally and therefore are shown as separate categories. As such, "Transportation" is only a subset of total Special Transportation Fund appropriations.