

PART I. OVERVIEW

Section I. The FY 24 and FY 25 Biennial Budget

The 2023 legislative session began with projected sizable balances in the General Fund, Special Transportation Fund, and all other appropriated funds. These balances were predominantly attributed to continued positive revenue trends started in FY 21. PA 23-204 and PA 23-205, the budget and bond acts, respectively, enacted spending and revenue policies that reduced projected budget balances across all appropriated funds by \$361.6 million in FY 24 and \$612.3 million in FY 25. **Table 1.1** provides an overview for FY 24 and FY 25 of the base estimate, budget changes, and final budget figures.

Table 1.1 Development of the FY 24 and FY 25 Budget
In Millions of Dollars

Components	General Fund		Special Transportation Fund		Other Appropriated Funds		All Appropriated Funds	
	FY 24	FY 25	FY 24	FY 25	FY 24	FY 25	FY 24	FY 25
Base Estimates¹								
Revenue	22,790.8	23,423.9	2,401.0	2,365.6	282.9	321.8	25,474.7	26,111.3
Appropriations	22,213.6	22,719.5	2,024.6	2,110.2	264.5	296.7	24,502.7	25,126.3
Beginning Balance	577.2	704.4	376.4	255.4	18.4	25.1	972.0	985.0
Budget Changes								
+ Revenue ³	(285.5)	(320.2)	(48.4)	(11.1)	588.4	587.1	254.5	255.8
- Appropriations	(108.0)	86.4	123.8	176.2	600.3	605.5	616.1	868.1
Net Change	(177.5)	(406.6)	(172.2)	(187.3)	(11.9)	(18.4)	(361.6)	(612.3)
Final Budget								
Revenue	22,505.3	23,103.7	2,352.6	2,354.5	871.3	908.9	25,729.2	26,367.1
Appropriations	22,105.6	22,805.9	2,148.4	2,286.4	864.8	902.2	25,118.8	25,994.4
BUDGET BALANCE	399.7	297.8	204.2	68.1	6.5	6.7	610.4	372.7
<i>Balance after Revenue Cap²</i>	118.4	9.0	174.8	38.7	6.5	6.7	299.7	54.4

¹Base Estimates: Revenue according to May Consensus Revenue; Appropriations equal to FY 23 net appropriations plus current services updates contained in the FY 24 and FY 25 Biennial Budget.

²PA 23-1 permits the legislature to appropriate 98.75% of revenues in FY 24 and FY 25.

³Other Appropriated Funds revenue changes include the transfer of \$458.5 in FY 24 and \$469.5 million in FY 25 from the Municipal Revenue Sharing account, which is a non-appropriated account, to the Municipal Revenue Sharing Fund.

The budget is under the spending cap by \$10.4 million and \$11.6 million in FY 24 and FY 25, respectively. The FY 24 growth rate for all appropriated funds is 3.8% over the FY 23 appropriation. The FY 25 growth rate for all appropriated funds is 3.5% over the FY 24 appropriation.

BUDGET CHANGES AND ALLOCATING ADDITIONAL FUNDS

Figure 1.1 illustrates the components that comprise the changes to FY 23 that are incorporated into the FY 24 and FY 25 Budget. As the chart shows, the largest change component is current services net increases (\$686.1 million in FY 24 and \$1,309.7 million in FY 25). These are changes that are required to maintain services from FY 23 to FY 24 and from FY 24 to FY 25, such as contractual wage increases, and cost and caseload increases for various entitlement and fixed

cost accounts. Policy revisions include new and expanded programs (\$236.7 million in FY 24 and \$488.7 million in FY 25). The budget also includes reductions to the income tax beginning in FY 24 (\$216.3 million in FY 24 and \$424.6 million in FY 25) and some other positive revenue adjustments for FY 25 (\$210.9 million).

Figure 1.2 presents the amount carried forward from FY 23 unexpended appropriations for various purposes in FY 24 (\$279.5 million) and FY 25 (\$73.6 million). Modifications to American Rescue Plan Act (ARPA) allocations reflect an increase in allocations for FY 24 (\$466.6 million) and FY 25 (\$140.9 million).

Figure 1.1 Changes from FY 23 in the FY 24 and FY 25 Budget, All Appropriated Funds⁴
In Millions of Dollars

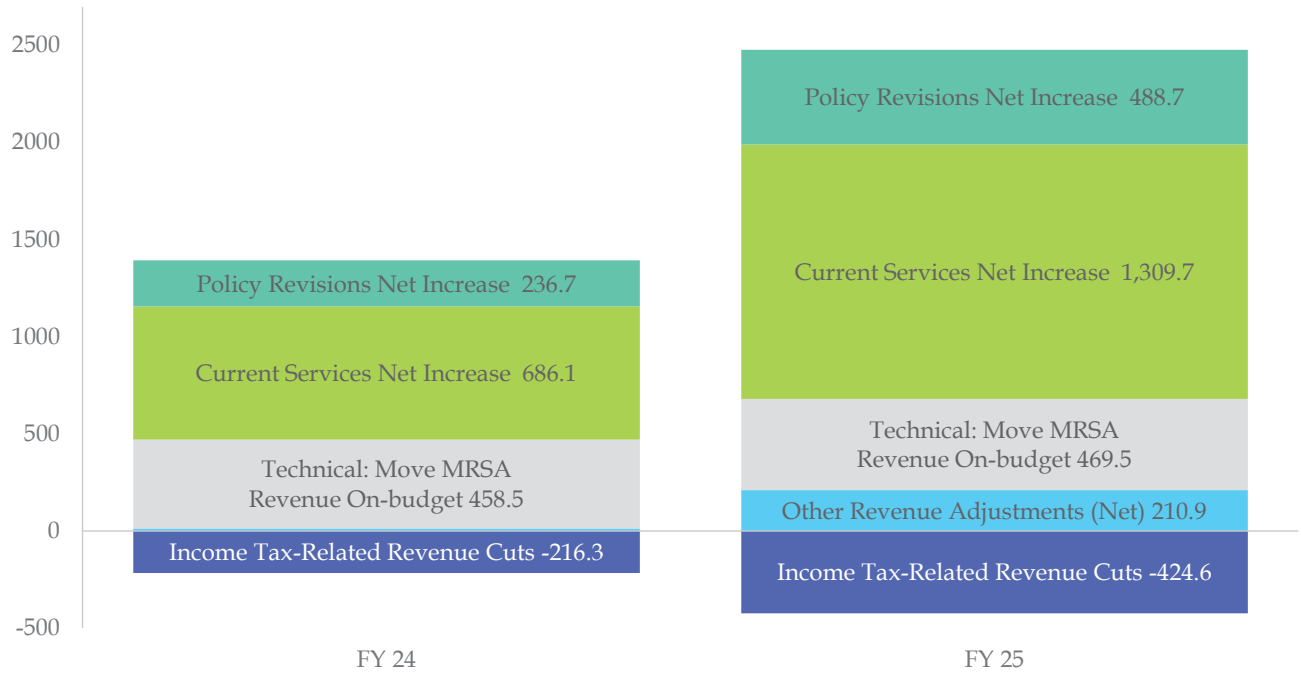
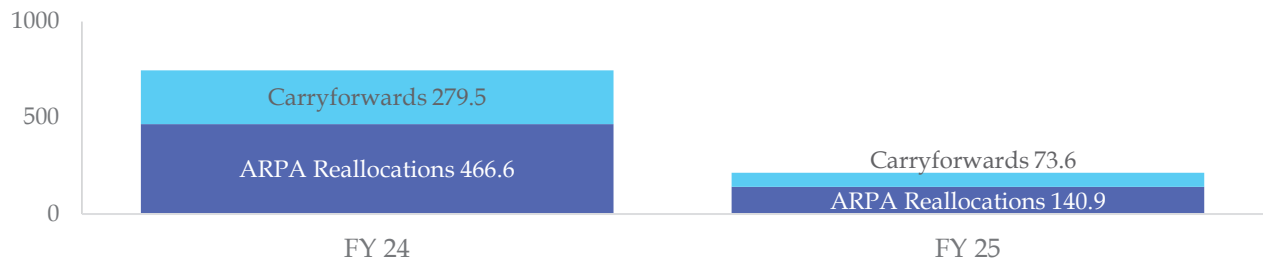


Figure 1.2 Summary of FY 23 Carryforwards and ARPA Reallocations
In Millions of Dollars



⁴ Current Services and Policy Revisions totals exclude transfers of \$379.4 million related to the payment of certain town grants from the Municipal Revenue Sharing Fund (MRSF).