

Synopsis of Governor's FY 17 Revised Midterm Budget Adjustments

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The following is intended to provide background on the Governor's FY 17 Revised Midterm Budget Adjustments (Revised Midterm). The Governor's original Midterm Adjustment included the consolidation of most agency accounts as well as the allocation of fringe benefit costs in the state agencies. The Revised Midterm mostly maintains the existing account structure and maintains the budgeting the fringe benefits centrally.

OVERVIEW

Base

The Revised Midterm uses the FY 17 Adopted budget as its base. The FY 17 budget had a balance of \$2.4 million when adopted. The Revised Midterm budget makes combined General Fund changes of \$961.6 million.

Budget Balance

The Governor's February Midterm Adjustments were based on the January Consensus Revenue estimates. The Revised Midterm Adjustments are based on the April Consensus Revenue estimates that lowered available FY 17 resources by \$963.2 million. Based on these updated revenue estimates, the expenditure and revenue changes in the Revised Midterm budget would result in a FY 17 balance of \$0.8 million.

Expenditures

The Revised Midterm includes total net FY 17 expenditure reductions of \$844.1million, or 4.5% of the original FY 17 budget.

Revenue

The Revised Midterm increases net FY 17 revenue by \$117.5 million by: 1) eliminating the \$212.1 million diversion to the municipal Revenue Sharing Account; 2) reducing by \$50 million the Special Transportation Fund diversion; and 3) making several other adjustments totaling an additional \$17.5 million. These increases are offset by transferring \$162.1 million to the new Municipal Revenue Sharing Fund.

Municipal Revenue Sharing Fund

The Revised Midterm budget establishes a new Municipal Revenue Sharing Fund and allocates a total of \$185.1 million to the Fund, which includes a transfer of \$23.0 million from the balance of the existing municipal revenue sharing account.

Transportation Fund

As noted above, the Revised Midterm reduces by \$50 million the FY 17 transfer from the General Fund to the Transportation Fund. Transportation Fund expenditure reductions of \$33.3 million partially offset this revenue loss.