

Spending Cap

The budget is under the spending cap by \$8.1 million in FY 15, \$23.0 million in FY 16 and \$106.2 million in FY 17. Pursuant to Section 35 of PA 15-244, these calculations reflect a five-year personal income growth rate calculated on a calendar year rather than a fiscal year basis, and assume that appropriations for the unfunded liabilities of the State Employees' Retirement System (SRS), Judges, Family Support Magistrates and Compensation Commissioners' Retirement System (JRS), and Teachers' Retirement System (TRS) are exempt from being counted as general budget expenditures under the spending cap for FY 15 through FY 17.

It should be noted that the base upon which the FY 15 spending cap is calculated has been adjusted to reflect the shifting of the Soldiers, Sailors, and Marines' Fund to the American Legion. Similarly, the FY 16 spending cap base is adjusted to reflect the funding of the Birth to Three and Husky B programs on a net basis.

Spending Cap Calculation (in millions)

Item	Revised FY 15 \$	FY 16 \$	FY 17 \$
All Appropriated Funds - Prior Year	18,606.5	19,014.1	19,807.2
Less SSMF (FY 15)/Birth to Three & Husky B (FY 16) - base adjustment	3.2	34.4	-
Extraordinary spending	-	-	-
Prior Year Appropriations	18,603.4	18,979.7	19,807.2
Less Prior Year "Non-Capped" Expenditures			
Debt Service	2,174.6	2,172.9	2,439.5
SERS/TRS/JRS unfunded liability	1,634.7	1,736.1	1,828.8
Statutory grants to distressed municipalities ¹	1,527.5	1,568.8	1,579.2
Prior Year "Non-Capped" Expenditures	5,336.8	5,477.9	5,847.5
Total "capped" expenditures	13,266.5	13,501.8	13,959.7
Times the 5-year average growth in personal income (calendar year basis)	1.9%	3.2%	3.4%
= Allowable "capped" growth	248.0	438.1	476.7
Allowable Capped Expenditures	13,514.6	13,939.9	14,436.4
Plus Current Year "Non-Capped" Expenditures			
Debt service	2,172.9	2,439.5	2,616.1
SERS/TRS/JRS unfunded liability	1,736.1	1,828.8	1,890.0
Federal mandates and court orders (new funding)	20.4	42.9	11.5
Statutory grants to distressed municipalities	1,578.2	1,579.2	1,590.4
Current Year "Non-Capped" Expenditures	5,507.6	5,890.3	6,108.0
Expenditures Allowed Under the Cap	19,022.2	19,830.2	20,544.5
Appropriation for this year	19,014.1	19,807.2	20,438.3
TOTAL OVER/(UNDER) THE SPENDING CAP	(8.1)	(23.0)	(106.2)

¹FY 16 is adjusted to reflect new distressed grant percentages.