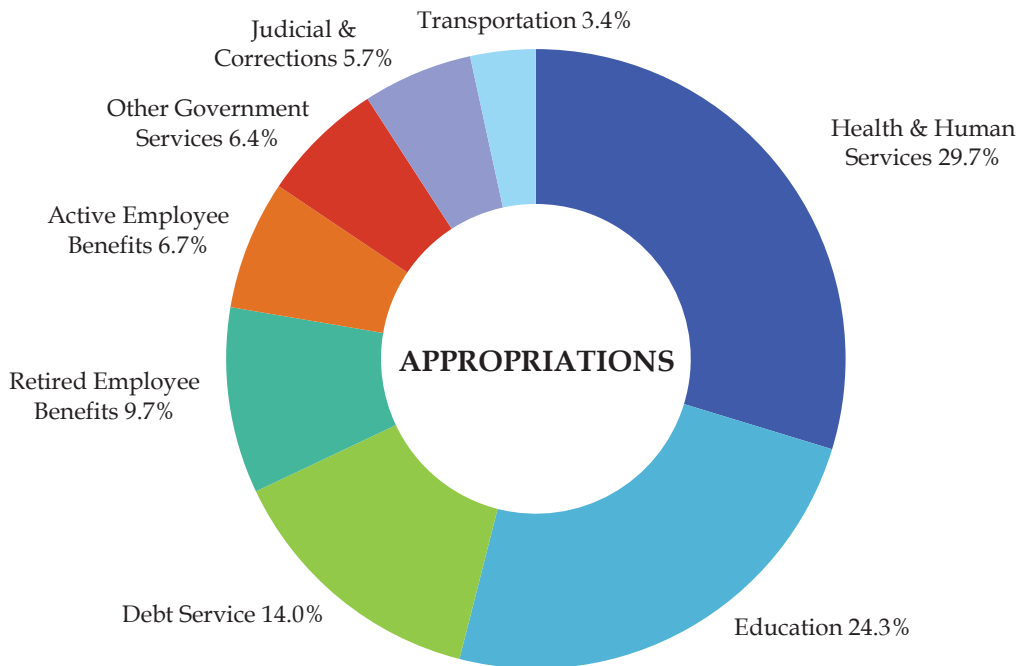
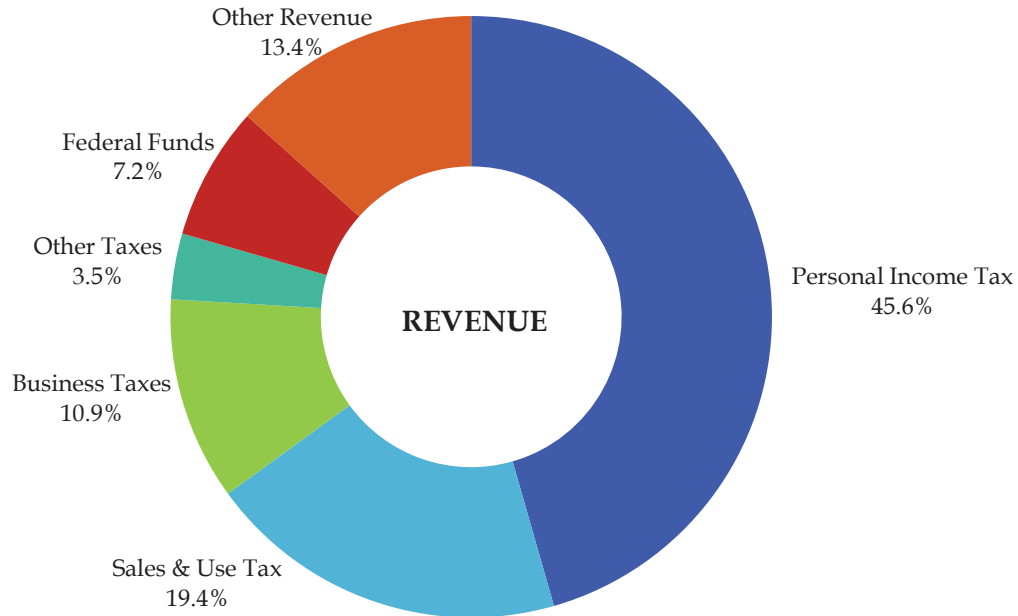


Budgeted FY 22 Gross Revenue and Appropriations^{1,2,3}

All Appropriated Funds



¹ Across all appropriated funds, FY 22 includes: (1) \$26 billion in gross revenue, or a net \$23.2 billion after accounting for an estimated \$2.8 billion in refunds and transfers; and (2) \$22.9 billion in gross appropriations, or a net \$22.7 billion after accounting for \$165.9 million in budgeted lapses.

² Percentages may not sum to 100% due to rounding.

³ **Appendices H and I** provide additional details on these categories. For appropriations, whole agencies are categorized according to their primary purpose with a few exceptions: Debt Service, Active Employee Benefits and Retired Employee Benefits, which are generally budgeted for centrally, are reflected as separate categories (e.g., "Transportation" is only a subset of total Special Transportation Fund appropriations).

Office of Fiscal Analysis
EXECUTIVE SUMMARY

Budget Overview

The legislative session began with projected deficits of \$1.05 billion in FY 22 and \$1.59 billion in FY 23, when accounting for the additional appropriations required to maintain current services.

To eliminate the budget deficits, the FY 22 and FY 23 Budget increases revenue by \$1.27 billion in FY 22 and \$1.85 billion in FY 23. It also reduces updated appropriations by \$222.5 million in FY 22 and \$228.9 million in FY 23.

The FY 22 and FY 23 Budget Balances

All Appropriated Funds – In Millions of Dollars

Budget	FY 22	FY 23
Revenue Estimate	23,186.5	24,117.1
Net Appropriation	22,743.3	23,621.6
BALANCE	443.1	495.6

The FY 22 budget is 2.6% greater than the FY 21 budget, and the FY 23 budget is 3.9% greater than the FY 22 budget, across all appropriated funds.

The budget is under the spending cap by approximately \$22.2 million and \$35.7 million in FY 22 and FY 23, respectively.

The legislature also allocated federal funding from the American Rescue Plan Act (ARPA) (\$695.6 million in FY 22, \$173.6 million in FY 23, \$19.9 million in FY 24) and carried forward surplus appropriations from FY 21 to be spent in FY 22 (\$315 million) and FY 23 (\$178.7 million).

Revenue Highlights

The most significant changes impacting revenue include:

Transferring \$559.9 million in FY 22 and \$1,194.9 million in FY 23 from ARPA to the General Fund,

- Transferring \$262.7 million in FY 22 and \$276.3 million in FY 23 from the Municipal Revenue Sharing Account (MRSA) to the General Fund,
- Maintaining the corporate business surcharge and adjusting the capital base tax method,
- Imposing a milage-based tax, beginning January 1, 2023 on trucks weighing 26,000 pounds or more, anticipated to result in a revenue gain to the Special Transportation Fund (STF) of \$45 million in FY 23 and \$90 million in FY 24.

Appropriation Highlights

The most significant policy changes impacting appropriations include:

- Establishing a new program for funding the Payment in Lieu of Taxes (PILOT) program to reimburse towns for lost property tax for state-owned buildings and college and hospital tax-exempt property,
- Increasing health coverage for: (1) children regardless of their immigration status, (2) prenatal services for women through the Unborn Child Option, and (3) post-partum services for those under Medicaid as well as those not under Medicaid due to immigration status,
- Providing for enhanced payments to nonprofit private providers of the state's health and human services functions,
- Providing \$45.6 million in FY 22 and \$91.2 million in FY 23 to support various changes to the Education Cost Sharing (ESC) formula and to maintain certain towns' funding at FY 21 levels.

Capital Budget

Bond authorizations across General Obligation, Special Tax Obligation, and Clean Water Revenue bond types are increased by a net \$2.8 billion in FY 22 and \$2.9 billion in FY 23.

The Out Years

The General Fund is projected to be in deficit by between \$725 million and \$1.1 billion per fiscal year during FY 24 to FY 26. Nonetheless, policies enacted in the budget improve projected out year deficits, as compared to the baseline estimates, by a range of \$217 million to \$361 million per fiscal year.

Note: OFA refers to fiscal years such that "FY 22" refers to state fiscal year 2021-2022.