



Office of Fiscal Analysis

FY 18 GENERAL FUND BUDGET PROJECTION

April 30, 2018

Summary

We are projecting an FY 18 deficit of \$384.6 million once the transfer (volatility adjustment) of \$1,290 million from the General Fund to the Budget Reserve Fund is taken into account.

Highlights

Federal reimbursement for policies enacted in the 2018-2019 Biennium related to hospital supplemental payments and increased Medicaid rates will likely be received after the close of FY 18. The delay results in a net impact to the FY 18 projected deficit of \$150 million.

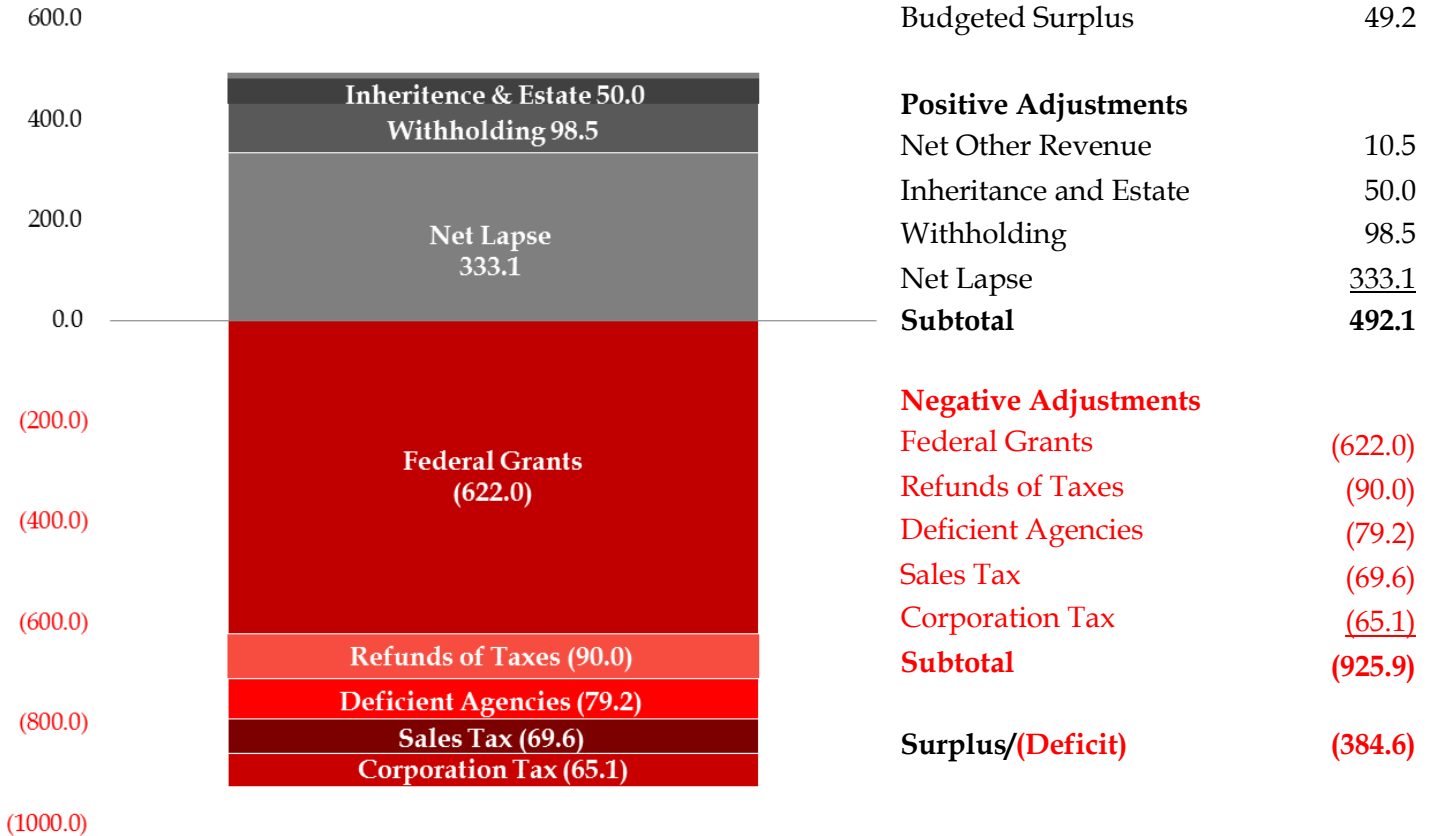
Figure 1. General Fund Overview

In Millions of Dollars

	Budget	April Estimate	Difference from Budget	
			\$	%
Revenues	18,739.3	18,051.6	(687.7)	-3.7%
Expenditures	<u>18,690.1</u>	<u>18,436.2</u>	<u>(253.9)</u>	<u>-1.4%</u>
Surplus/(Deficit)	49.2	(384.6)	(433.8)	-2.3%

Figure 2. Major Items Contributing to Surplus/ (Deficit)

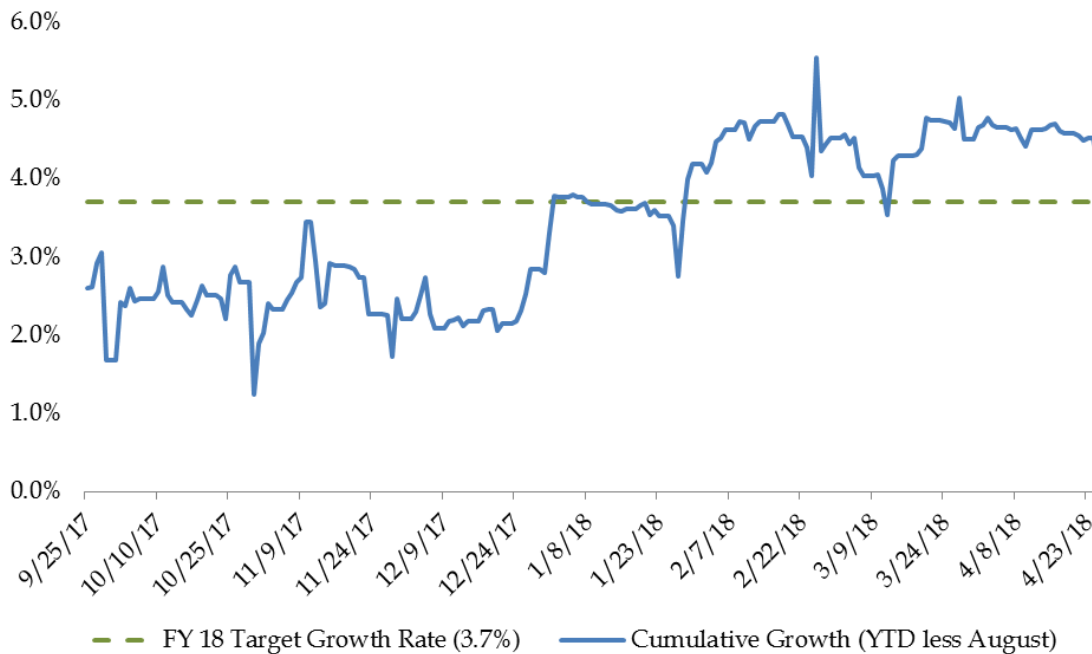
In Millions of Dollars



Notable Revenue Issues

Withholding Income Tax

Withholding estimates have increased \$79.6 million, or 1.3%, since OFA’s March estimate. This is primarily due to better than anticipated growth from December through March of 6.5%, which is likely attributed to bonuses received in these months.



Notable Expenditure Issues

Delay in Hospital Related State Plan Amendments Impact DSS Expenditures

The projected lapse in the Medicaid account has been reduced to \$21.4 million predominately due to the state paying the gross cost of hospital related Medicaid rate increases effective January 1, 2018, which increased Medicaid expenditures by \$48.6 million. The projected lapse in the Hospital Supplemental account of \$299.2 million reflects the 2nd and 4th quarter hospital supplemental payments which are not anticipated to be paid in FY 18 pursuant to PA 17-4 JSS. It is anticipated the FY 18 2nd and 4th quarter supplemental payments will be made in FY 19.

Links

- [Deficient Agency Table](#)
- [Expenditure Details Table](#)
- [Revenue Details Table](#)