Section VI. Out-Year Projections

Policies enacted in the FY 19 Revised Budget improve General Fund projected out-year deficits in the next two bienniums as reflected in Figure 6.1. See Table 6.1 for additional details.

Table 6.1 reflects the impact of the FY 19 Revised Budget on General Fund projected deficits for the period FY 20 to FY 23.

Figure 6.1 General Fund Projected Deficits
In Millions of Dollars

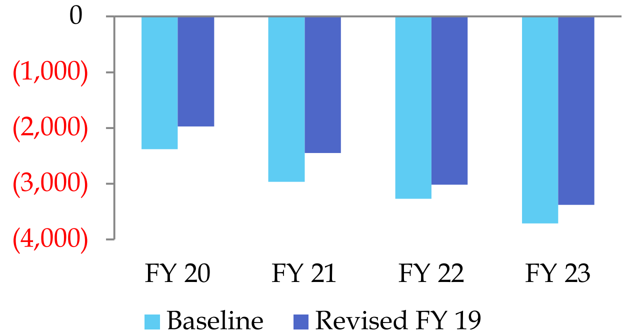

Table 6.1 Impact of the FY 19 Revised Budget on General Fund Projected Deficits
In Millions of Dollars

Category	FY 20	FY 21	FY 22	FY 23
Baseline	**(2,379.6)**	**(2,967.6)**	**(3,271.5)**	**(3,712.2)**
Accelerate Car Sales Tax Diversion	(120.1)	(137.9)	(130.1)	(147.7)
Restore Medicare Savings Program	(130.0)	(130.0)	(130.0)	(130.0)
Impact of FY 19 Carry Forwards	(42.5)	(42.5)	(42.5)	(42.5)
Delay Restoration of MRSA	339.2	347.3	-	-
Index the Volatility Cap	128.8	212.4	299.4	401.4
Hospital Supplemental Reduction	107.6	107.6	107.6	107.6
Other Revenue Changes (Net)	36.7	65.0	52.0	44.4
Other Expenditure Changes (Net)	90.5	96.9	100.6	100.6
FY 19 Revised Budget Policies Total	**410.2**	**518.8**	**257.0**	**333.8**
FY 19 Revised Budget Projected Deficit	**(1,969.4)**	**(2,448.8)**	**(3,014.5)**	**(3,378.4)**

MAJOR POLICIES IMPACTING OUT-YEARS

Index the Volatility Cap

Indexing the volatility cap to the five year average growth in personal income compared to maintaining the cap at $3.15 billion provides an estimated $401 million in additional available General Fund revenue by FY 23.

Reduce Hospital Medicaid Supplemental Payments

The FY 19 Revised Budget reduces the hospital Medicaid supplemental payments starting in FY 20, from $496.3 million in FY 19 to $166.5 million (a reduction of $329.8 million) with a corresponding reduction in federal grant revenue of approximately $222.2 million. The reduction in the hospital Medicaid supplemental payments and the related revenue change result in a positive net impact to the General Fund of $107.6 million beginning in FY 20.

Delay Restoration of the Municipal Revenue Sharing Account (MRSA)

The FY 19 Revised Budget delays the transfer of 0.5 percentage points of the Sales Tax into the Municipal Revenue Sharing Account for FY 20 and FY 21, effectively delaying the transfer until FY 22. PA 17-2, the FY 18-19 budget, suspended the transfer for FY 18 and 19.

OTHER FACTORS IMPACTING THE OUT-YEARS

Other factors impacting the General Fund out-year deficit projections include: (1) acceleration of the car sales tax diversion to the Special Transportation Fund; (2) restoration of the Medicare Savings Program; and (3) the impact of using FY 18 carry forwards to help balance the FY 19 Revised Budget.

SPECIAL TRANSPORTATION FUND OUT-YEAR PROJECTIONS

The FY 19 Revised Budget results in a projected operating surplus for the STF, mainly through accelerating the diversion to the STF of Sales and Use tax revenues associated with car sales. The projected annual operating surplus grows from $3.2 million in FY 19 to $98.1 million in FY 23.

Table 6.2 Projected Balance of the Special Transportation Fund
In Millions of Dollars

	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Starting Balance	97.6	245.7	248.9	294.3	361.0	461.4
Operating Surplus / (Deficit)	148.1	3.2	45.4	66.7	100.4	98.1
Ending Balance	245.7	248.9	294.3	361.0	461.4	559.5