

# **Office of Fiscal Analysis**

FY 18 GENERAL FUND BUDGET PROJECTION

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### 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	v
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

600.0		Budgeted Surplus	49.2	
400.0	Inheritence & Estate 50.0 Withholding 98.5	<b>Positive Adjustments</b> Net Other Revenue	10.5	
200.0	Net Lapse 333.1	Inheritance and Estate Withholding	50.0 98.5	
0.0		Net Lapse ——— Subtotal	<u>333.1</u> <b>492.1</b>	
(200.0)		<b>Negative Adjustments</b> Federal Grants (622.0)		
(400.0)	Federal Grants (622.0)	Refunds of Taxes Deficient Agencies	(90.0) (79.2)	
(600.0)	<b>D</b> - (	Sales Tax Corporation Tax	(69.6) <u>(65.1)</u>	
(800.0)	Refunds of Taxes (90.0)Deficient Agencies (79.2)Sales Tax (69.6)Comparties Tay (65.1)	Subtotal Surplus/(Deficit)	(925.9) (384.6)	
(1000.0)	Corporation Tax (65.1)			

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#### 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 2<sup>nd</sup> and 4<sup>th</sup> 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 2<sup>nd</sup> and 4<sup>th</sup> quarter supplemental payments will be made in FY 19.

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Links
Deficient Agency Table
Expenditure Details Table
Revenue Details Table
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