



Office of Fiscal Analysis

FY 25 BUDGET PROJECTIONS

January 28, 2025

APPROXIMATE \$1.5 BILLION DEPOSIT PROJECTED FOR PENSIONS

The Office of Fiscal Analysis projects operating surpluses within the General and Special Transportation funds of \$364.1 million and \$155 million, respectively. Relative to the [Fiscal Accountability Report \(FAR\)](#), the projected operating surplus in the General Fund has increased by \$241.1 million and the projected operating surplus in the Special Transportation Fund (STF) has increased by \$25.5 million.

General Fund

General Fund revenue projections are revised upwards by \$298.4 million relative to November's projections. The change to revenue projections is made up of the following: 1) an upward adjustment of \$339.8 million in interest income which primarily reflects the recent technical correction of a policy in place since FY 21 which inadvertently directed certain interest earnings to the ARPA accounts; and 2) a downward adjustment of \$41.4 million to the federal grants revenue category that is the net effect of a few technical updates through mid-January.

Overview

In Millions of Dollars

General Fund	Budget	January Estimate	Difference from Budget
Revenues	23,103.7	23,678.3	574.6
Expenditures	22,805.9	23,314.2	508.3
Surplus/(Deficit)	297.9	364.1	66.3
Budget Reserve Fund			
Budget Reserve Deposit	957.5	1,767.6	810.2
Special Transportation Fund			
Revenues	2,354.5	2,353.4	(1.1)
Expenditures	2,286.4	2,198.4	(88.0)
Surplus/(Deficit)	68.1	155.0	86.9
Fund Balance	509.1	596.0	86.9

General Fund expenditure projections are revised upwards by \$57 million relative to November's projections. The largest single upwards adjustment is \$55 million in Medicaid reflecting a continuation since FY 24 of expenditures trends in the Department of Social Services' Medicaid line item. All other changes to projected General Fund expenditures yield a net \$2 million increase overall.

Volatility Adjustment Transfer

The projected volatility adjustment transfer to the Budget Reserve Fund and pension funds is unchanged since November, at \$1,403.5 million. When added to the projected General Fund surplus, the total amount to be transferred to support the Budget Reserve Fund and pension funds would be \$1,767.6 million. It is estimated that 87.4% of this total would go towards pension funds, resulting in a deposit of approximately \$1,544.9 million to the pension funds in fall 2025.

Special Transportation Fund

STF revenue projections have declined by \$2.9 million in January to reflect the elimination of a federal bond subsidy following the refunding of these bonds in December 2024. On net, this action results in a savings to the STF and contributes to the reduction in debt service requirements discussed below.

STF expenditure projections declined by \$28.4 million in January. This adjustment is driven by a \$35 million reduction in debt service to reflect new issuances and refundings of transportation bonds in December 2024, as well as use of STF cumulative balance to pay off outstanding debt. Other changes include a \$6.4 million increase for the Department of Transportation to reflect higher than expected costs for highway equipment, IT, and related expenses, partially offset using federal funds to resolve the ADA Paratransit deficiency OFA identified in November. STF fringe requirements have increased by \$0.2 million.

General Fund Summary

In Millions of Dollars

Summary	FY 25
Budgeted Balance	297.9
Revenue Adjustments as of April 2024 Consensus	25.8
Revenue Changes	
+ Investment Income	336.5
+ Withholding	130.0
+ Federal Grants	31.0
+ Health Provider Tax	(65.9)
+ Net Revenue	117.2
Revenue Subtotal	574.6
Expenditure Changes	
+ Agency Deficiencies	(523.2)
+ Net Lapses	14.9
Expenditure Subtotal	(508.3)
= Surplus/(Deficit)	364.1
Budget Reserve Fund Starting Balance	4,105.1
+ Surplus/(Deficit)	364.1
+ Volatility Adjustment	1,403.5
= Budget Reserve Transfer Subtotal	1,767.6
= Budget Reserve Fund Balance	5,872.7

Special Transportation Fund Summary

In Millions of Dollars

Summary	FY 25
Budgeted Balance	68.1
Revenue Adjustments as of April 2024 Consensus	56.0
Revenue Changes	
+ Oil Companies	(44.6)
+ Licenses, Permits and Fees	(10.0)
+ Sales Tax - DMV	4.4
+ Federal Grants	(2.9)
+ Net Revenue	(4.0)
Revenue Subtotal	(1.1)
Expenditure Changes	
+ Agency Deficiencies	0.0
+ Net Lapses	88.0
Expenditure Subtotal	88.0
= Surplus/(Deficit)	155.0
STF Starting Balance	441.0
+ Surplus/(Deficit)	155.0
= Fund Balance	596.0

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)