

Conference Committee
Summary Document on
Senate Bill 190 – the Budget Bill

Maryland General Assembly
Annapolis, Maryland

March 29, 2016

Contents

	<u>Page</u>
Fiscal 2017 Budget – Budget Bill (SB 190) as Amended by the Conference Committee	1
Budget Summary – Fiscal 2016 and 2017.....	3
Proposed Budget Reductions – Senate Bill 190 – Fiscal 2017 Budget and Fiscal 2016 Deficiency Appropriations.....	4
Funds Restricted for Legislative Priorities	6
Final Budget Status – Status as of March 29, 2016	8
Spending Affordability Analysis – Conference Committee – Fiscal 2017	9
State Expenditures – General Funds.....	10
State Expenditures – State Funds.....	11
State Expenditures – All Funds	12
Fiscal Note – Summary of the Budget Bill – Senate Bill 190	13
General Fund Budget Outlook – Fiscal 2016-2021	14

**Fiscal 2017 Budget
Budget Bill (SB 190) as
Amended by the Conference Committee**

- 1. Achieves Structural Balance with Budget Growth under Spending Affordability Guidelines** – Improving revenues and modest expenditure growth result in structural balance in fiscal 2016 and 2017. Ongoing general fund revenues exceed ongoing expenditures by \$139.0 million in fiscal 2017. Growth in total State spending, excluding reserve fund appropriations, is 4.6%. This budget growth is lower than the 4.85% growth guideline recommended by the Spending Affordability Committee and less than the average forecasted growth in Maryland’s personal income across calendar 2016 and 2017.
- 2. Increases Cash Balances** – Budget actions result in a fiscal 2017 general fund balance of over \$400.0 million. The Rainy Day Fund balance exceeds \$1.0 billion. The combined balances are over 8.0% of general fund revenues. Current budget forecasts indicate that these cash balances are sufficient to balance the general fund budget through fiscal 2020 while maintaining a 5.0% Rainy Day Fund balance.
- 3. Maintains the State’s Commitment to the Public Schools** – Under the committee’s budget proposal, State support for the public schools will be over \$6.3 billion. Distributions to local school systems will increase an estimated \$147.0 million, or 2.7%. This increase reflects full funding of the mandated education formulas including the Geographic Cost of Education Index. The budget also includes \$19.4 million for five school systems that have lost enrollment and aid in recent years. An additional \$19.0 million in budgetary savings is restricted for grants to help school systems fund the increase in their share of teachers’ retirement costs.
- 4. Funds All Statutory Requirements and Several Significant Initiatives** – The fiscal 2017 budget fully meets statutory requirements for funding. In addition, there is \$15.0 million to assist with the transition to a new Prince George’s County Regional Medical System, \$21.5 million for strategic demolition neighborhood revitalization projects across the State, a significant increase in critical maintenance

funding to preserve State facilities, and \$2.0 million in new funding for the Rural Maryland Prosperity Investment Fund to support rural entrepreneurship and community development.

5. **Provides Sufficient Funds to Keep Higher Education Tuition Increases Low** – State support for Maryland’s colleges and universities increases about 6.0% allowing undergraduate tuition rates to increase a modest 2.0%. Community colleges will receive an additional \$14.0 million in aid – an increase of 5.4% and aid for private colleges and universities increases \$8.0 million.
6. **Continues to Provide Vital Health Care Services** – Total funding for the Medicaid program approaches \$10.0 billion, including \$346.0 million for rate increases for health care providers. In addition, the Conference Committee has restricted budgetary savings for moving physician rates closer to Medicare rates in an effort to strengthen the provider network. Expanded Medicaid coverage under the federal Affordable Care Act has resulted in about 1.2 million of our residents having access to health care through the program. Funding for the developmentally disabled grows by over \$63.0 million, including \$36.0 million for the required 3.5% community provider increase.
7. **Focuses Resources on Substance Abuse Treatment and Opioid Addiction** – Spending on substance abuse disorders increases by \$12.1 million, including \$5.4 million for new and expanded services and treatment for individuals with a substance abuse disorder, \$3.7 million for initiatives recommended by the Governor’s Heroin and Opioid Emergency Task Force, and \$3.0 million to increase the number of placements available for court commitments to treatment under Section 8-507 of the Health – General Article. A rate increase of 2.0% is funded for all behavioral health providers.
8. **Recognizes Efforts of State Workforce** – This year’s budget includes funds for State employee merit increases. Sworn police officers will also receive a general salary increase and additional step increases for those officers employed during recent years, in which State employees did not receive step increases.

Budget Summary
Fiscal 2016 and 2017
(\$ in Millions)

General Fund

	<u>Admin.</u>	<u>Senate</u>	<u>House</u>	<u>Conf.</u>
<u>Fiscal 2016</u>				
Ending Balance Before Legislative Action	\$485.7	\$485.7	\$485.7	\$485.7
Revenues – BRE March Revision	9.2	9.2	9.2	9.2
Other Revenues	3.6	3.6	3.6	3.6
Legislative Priorities for Funding	0.0	-3.2	0.0	-3.2
Expenditure Reductions – Deficiencies and Reversions	0.0	56.1	56.6	56.1
Adjusted Ending Balance	\$498.5	\$551.4	\$555.1	\$551.4
<u>Fiscal 2017</u>				
Revenues – BRE Estimate	\$17,099.0	\$17,099.0	\$17,099.0	\$17,099.0
Revenues – BRE March Revision	-60.6	-60.6	-60.6	-60.6
Other Revenues	19.1	19.1	19.1	19.1
Revenues – Legislation	-40.2	0.0	0.0	0.0
Total Revenues and Balance	\$17,515.8	\$17,608.9	\$17,612.6	\$17,608.9
Expenditures – Allowance	\$17,129.3	\$17,129.3	\$17,129.3	\$17,129.3
Supplemental Budgets No. 1, No. 2, and No. 3	82.0	82.0	82.0	82.0
Expenditure Reductions*	-1.4	-59.0	-67.6	-59.1
Legislative Additions	0.0	0.8	0.8	0.8
Legislative Priorities for Funding	0.0	132.6	131.6	132.6
Rainy Day Fund	0.0	-80.0	-79.0	-80.0
Total Expenditures	\$17,209.9	\$17,205.7	\$17,197.1	\$17,205.6
Ending Balance (Revenues Less Expenditures)	\$305.9	\$403.1	\$415.5	\$403.3

Cash Position

General Fund Balance	\$305.9	\$403.1	\$415.5	\$403.3
Rainy Day Fund Balance – June 30, 2017	1,091.8	1,010.2	1,011.2	1,010.2
Total	\$1,397.7	\$1,413.4	\$1,426.7	\$1,413.5
Cash and Rainy Day Fund Over 5%	\$545.8	\$561.5	\$574.8	\$561.6

BRE: Board of Revenue Estimates

*Expenditure reductions for the Administration are assumed reversions in fiscal 2017. Legislative reductions include \$52.6 million in expenditures restricted for legislative priorities.

**Proposed Budget Reductions
Senate Bill 190
Fiscal 2017 Budget and Fiscal 2016 Deficiency Appropriations
(\$ in Millions)
General Funds**

	<u>Senate</u>	<u>House</u>	<u>Conference</u>
<u>Medicaid</u>			
Behavioral Health – Fiscal 2017 Updated Caseload and Utilization Estimates	\$2.1	\$2.1	\$2.1
<i>Medicaid – Fiscal 2015 and 2016 Updated Caseload/ Utilization Estimates (Reversion)</i>	46.0	46.0	46.0
Total	\$48.1	\$48.1	\$48.1
<u>Higher Education</u>			
<i>Fiscal 2016 USM Health Insurance Costs Overstated</i>	\$3.2	\$3.2	\$3.2
No Funds for Maryland Early Graduation Scholarship	3.0	3.0	3.0
Reduce Funds for Merit Increases to Better Align with Value of State Employee Increments	0.0	1.5	0.0
Increase Turnover for USM Office	0.0	0.2	0.1
Total	\$6.2	\$7.9	\$6.3
<u>State Agencies</u>			
Reduce Operating Expenses – Judiciary	\$1.5	\$9.5	\$1.5
Reduce Funding for Major IT Projects	1.0	1.0	1.0
Judiciary – Health Insurance Costs Aligned with Executive Branch	1.2	1.2	1.2
No Funds for Center for Excellence for Prevention and Treatment and Heroin Screening Tool	1.1	1.1	1.1
No Funds for Aerial Imagery Project – State Department of Assessments and Taxation	1.1	0.0	1.1
<i>Reduce Appropriation to Sunny Day Fund</i>	<i>0.0</i>	<i>0.5</i>	<i>0.0</i>
Cap Replenishment of Fair Campaign Finance Fund at Amount of Prior Diversions from Fund	0.8	0.0	0.8
Cost of Statewide Employee Increments Overstated	0.4	0.4	0.4
Increase Budgeted Vacancy Rate – Department of Budget and Management	0.0	0.4	0.0
Align Operating Costs with Actual Experience – Developmental Disabilities Administration	0.3	0.3	0.3
Reduce Funding for Evaluations – Department of Juvenile Services	0.2	0.2	0.2
No Funding for Overtime Associated with Annual Leave for Contractual Bailiffs – Judiciary	0.0	0.2	0.0
Increase Budgeted Vacancy Rate – DLLR	0.0	0.1	0.04
Other	0.0	0.2	0.0
Total	\$7.7	\$15.1	\$7.7

Note: Fiscal 2016 deficiency reductions in italics.

<u>PAYGO</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
Projects for Consideration in Bond Program	\$46.2	\$46.2	\$46.2
Total General Fund Reductions Proposed to Governor's Proposed Budget	\$108.2	\$117.3	\$108.3

Special Funds

MDOT Capital Transportation Grants – Fund at Fiscal 2016 Level	\$0.0	\$0.0	\$28.6
WMATA Capital – Adjust Budget to Reflect Maryland's Share of WMATA Costs	26.0	26.0	26.0
Mortgage Settlement Fund – Reduce as Funds Are Already Included in Fiscal 2016 Budget	3.0	3.0	3.0
No Funds for Aerial Imagery Project – State Department of Assessments and Taxation	1.1	0.0	1.1
Reduce Operating Costs and One Position – State Retirement Agency	0.3	0.3	0.3
Eliminate Double Budgeting – Energy Administration and Department of General Services	0.7	0.7	0.7
Reduce Medical Cannabis Commission Grants	0.5	0.5	0.5
Archives – Double Budgeted Funds	0.4	0.4	0.4
Increase Budgeted Vacancy Rate – Energy Administration	0.3	0.3	0.3
Abolish Vacant Positions – Maryland Health Benefit Exchange	0.1	0.1	0.0
Judiciary – Health Insurance Costs Aligned with Executive Branch	0.0	0.1	0.1
Increase Budgeted Vacancy Rate – DLLR	0.0	0.1	0.1
Cost of Statewide Employee Increments Overstated	0.1	0.1	0.1
Total Special Fund Reductions to Governor's Proposed Budget	\$32.6	\$31.6	\$61.2

DLLR: Department of Labor, Licensing, and Regulation

IT: information technology

MDOT: Maryland Department of Transportation

PAYGO: pay-as-you-go

USM: University System of Maryland

WMATA: Washington Metropolitan Area Transit Authority

Funds Restricted for Legislative Priorities
(\$ in Millions)

<u>PAYGO Appropriations</u>	<u>Senate</u>	<u>House</u>	<u>Conf.</u>
<i>Programs Moved from Bonds to PAYGO to Reduce Taxable Debt</i>			
Drinking Water Revolving Loan Fund and Water Quality Revolving Loan Fund	\$9.795	\$9.795	\$9.795
Homeownership Programs	8.500	8.500	8.500
Rental Housing Programs	10.000	10.000	10.000
Neighborhood Business Development	3.400	3.400	3.400
Partnership Rental Housing	6.000	6.000	6.000
Dept. of Housing and Community Development (DHCD):			
Special Loan Programs	2.100	2.100	2.100
Baltimore Regional Neighborhoods Initiative	1.500	1.500	1.500
DHCD: Housing and Building Energy Programs	1.000	1.000	1.000
Community Legacy	3.905	3.905	3.905
<i>Subtotal</i>	<i>\$46.200</i>	<i>\$46.200</i>	<i>\$46.200</i>
<i>Other Capital Projects Funded with PAYGO</i>			
Board of Public Works: Facilities Renewal	\$15.000	\$15.000	\$15.000
Public Safety Communication System	9.190	9.190	9.190
Demolition of Baltimore City Correctional Complex	7.581	6.581	6.581
Aging Schools	6.109	6.109	6.109
Agricultural Cost Share Program	6.000	6.000	6.000
<i>Subtotal</i>	<i>\$43.880</i>	<i>\$42.880</i>	<i>\$42.880</i>
Total PAYGO Restrictions	\$90.080	\$89.080	\$89.080
<i>Other Appropriations</i>			
Grant to School Systems to Fund Teacher's Retirement Costs Associated with Higher Than Expected Normal Cost	\$18.999	\$18.999	\$18.999
Increase Medicaid Physician (and Psychiatrist) Rates from 92% to 96% of Medicare	14.080	14.080	14.080
Grant to Baltimore City Health Department for Care Coordination and Safe Streets Program	1.500	1.500	1.500
State Supplement to Food Supplement Program	1.000	1.000	1.000
Fund Lead Remediation in Homes of Children Enrolled in Medicaid	0.500	0.500	0.500
Move University System of Maryland Office to Baltimore in Fiscal 2016*	3.200		

Funds Restricted for Legislative Priorities (Continued)
(\$ in Millions)

<i>Other Appropriations</i>	<u>Senate</u>	<u>House</u>	<u>Conf.</u>
University System of Maryland Completion Initiatives			3.200
Need Based Education Excellence Awards	2.040	1.890	1.590
Restore Operating Funds at Springfield Hospital Center and Regional Institutes for Children and Adolescents (Baltimore and John L. Gildner)	2.130	2.130	2.130
Expand Funding for Substance Use Disorder Treatment	1.100		1.100
Expand Funding for Residential Treatment Services for Defendants Committed Under 8-507 of the Health General Article		1.100	
Maryland Academy of Sciences	0.450	0.450	0.450
Early College High Schools			0.300
Maryland Business Roundtable on Education			0.300
Center for Construction Innovation and Education			0.250
Maryland Education Development Collaborative*	0.250	0.250	0.250
Consultant Review of Need-based Financial Aid Programs*		0.250	0.250
Restore Funding for PACT Helping Children Program	0.214	0.214	0.214
Great Blacks in Wax			0.200
Maryland Zoo in Baltimore	0.150		
Maryland Corps Program*	0.100	0.150	0.150
Maryland Humanities Council			0.175
Arts Everyday			0.038
901 Arts			0.038
College Bound Foundation	0.010	0.010	0.010
Total Other General Fund Restrictions	\$45.723	\$42.523	\$46.723

Funds Added to Fiscal 2017 Budget for Judicial and Legislative Branches

Pins and Funds to Support New Circuit Court Judgeship	\$0.323	\$0.323	\$0.323
Underfunded Health Insurance Costs for General Assembly	0.446	0.446	0.446
Total General Fund Additions	\$0.769	\$0.769	\$0.769

*Contingent on enactment of legislation.

Final Budget Status
Status as of March 29, 2016

	<u>FY 2016</u>	<u>FY 2017</u>
Starting General Fund Balance	\$320,393,038	\$551,407,461
Revenues		
BRE Estimated Revenues – December 2015	\$16,435,278,898	\$17,081,903,955
BRE Revenue Revision – March 2016	9,228,177	-60,636,507
Prior Budget Reconciliation Legislation	4,500,000	0
Additional Revenues	21,906,619	36,218,211
Subtotal Revenues	\$16,470,913,694	\$17,057,485,659
Subtotal Available Revenues	\$16,791,306,732	\$17,608,893,120
Appropriations		
General Fund Appropriations	\$16,434,206,830	\$17,159,343,019
Deficiencies	179,113,480	0
Supplemental Budgets	28,150,781	81,976,794
Legislative Reductions/Contingent Legislation	0	-5,712,558
Estimated Agency Reversions	-401,571,820	-30,000,000
Subtotal Appropriations	\$16,239,899,271	\$17,205,607,255
Closing General Fund Balance	\$551,407,461	\$403,285,865

**Spending Affordability Analysis
Conference Committee
Fiscal 2017**

(\$ in Millions)

<u>Funds</u>	<u>2015 Session</u>	<u>2016 Session</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$16,171.3	\$16,809.9	\$638.5	3.95%
Special	5,666.4	6,045.0	378.6	6.68%
Higher Education	2,579.2	2,673.2	94.0	3.65%
Estimated Budget Growth	\$24,416.9	\$25,528.1	\$1,111.2	4.55%
SAC Limit	\$24,416.9	\$25,601.1	\$1,184.2	4.85%
Over (Under) Limit			-73.0	-0.30%

SAC: Spending Affordability Committee

State Expenditures – General Funds (\$ in Millions)

<u>Category</u>	Conference	Allowance	Conference	Conference	Conference	FY 2016 to FY 2017	
	Work. Appr. FY 2016	FY 2017	Reductions FY 2017	Add Backs ⁽¹⁾ FY 2017	Appropriation FY 2017	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$252.4	\$283.0	\$0.0	\$0.0	\$283.0	\$30.6	12.1%
County/Municipal	254.7	265.1	0.0	1.0	266.1	11.4	4.5%
Community Colleges	297.5	314.3	0.0	0.0	314.3	16.9	5.7%
Education/Libraries	5,827.5	5,925.3	0.0	19.3	5,944.6	117.1	2.0%
Health	45.7	49.5	0.0	0.0	49.5	3.8	8.4%
Aid to Local Governments	\$6,425.3	\$6,554.2	\$0.0	\$20.3	\$6,574.5	\$149.2	2.3%
Foster Care Payments	185.2	177.8	0.0	0.0	177.8	-7.4	-4.0%
Assistance Payments	61.9	68.2	0.0	1.0	69.2	7.3	11.9%
Medical Assistance	2,646.4	2,928.7	-2.1	15.1	2,941.6	295.2	11.2%
Property Tax Credits	81.5	85.7	0.0	0.0	85.7	4.3	5.2%
Entitlements	\$2,974.9	\$3,260.4	-\$2.1	\$16.1	\$3,274.3	\$299.4	10.1%
Health	1,316.3	1,376.1	-1.3	3.4	1,378.2	61.9	4.7%
Human Resources	359.0	380.5	-0.1	0.0	380.5	21.5	6.0%
Children's Cabinet Interagency Fund	22.5	20.7	0.0	0.0	20.7	-1.8	-8.0%
Juvenile Services	272.5	284.8	-0.3	0.0	284.5	12.0	4.4%
Public Safety/Police	1,479.2	1,505.9	0.0	0.0	1,505.9	26.6	1.8%
Higher Education	1,348.9	1,386.5	-0.1	0.0	1,386.4	37.6	2.8%
Other Education	411.5	427.5	-3.0	2.9	427.4	15.8	3.8%
Agric./Nat'l. Res./Environment	113.4	120.6	0.0	0.0	120.6	7.2	6.4%
Other Executive Agencies	673.3	775.4	-3.4	0.9	772.8	99.5	14.8%
Judiciary	452.9	484.1	-2.4	0.0	481.7	28.8	6.4%
Legislative	84.5	87.2	0.4	0.0	87.6	3.1	3.7%
Across-the-board Cuts	-0.2	-20.0	0.0	0.0	-20.0	-19.8	n/a
State Agencies	\$6,533.9	\$6,829.3	-\$10.0	\$7.1	\$6,826.4	\$292.5	4.5%
Deficiencies (for prior years)	41.3	0.0	0.0	0.0	0.0	-41.3	-100.0%
Total Operating	\$16,227.9	\$16,926.9	-\$12.2	\$43.5	\$16,958.3	\$730.4	4.5%
Capital ⁽²⁾	26.5	79.1	-46.2	89.1	122.0	95.5	360.1%
Subtotal	\$16,254.4	\$17,006.0	-\$58.4	\$132.6	\$17,080.2	\$825.8	5.1%
Reserve Funds	72.5	235.3	-80.0	0.0	155.4	82.9	114.3%
Appropriations	\$16,326.9	\$17,241.3	-\$138.3	\$132.6	\$17,235.6	\$908.7	5.6%
Reversions	-87.0	-30.0	0.0	0.0	-30.0	57.0	-65.5%
Grand Total	\$16,239.9	\$17,211.3	-\$138.3	\$132.6	\$17,205.6	\$965.7	5.9%

⁽¹⁾ The Conference Committee reduced the allowance by \$132.6 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$132.6 million is at the discretion of the Governor.

⁽²⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 adjusted working appropriation includes \$207.3 million in deficiencies and \$371.6 million in targeted reversions. The fiscal 2017 allowance reflects \$12.2 million in reductions from Section 19 and \$20.0 million in reductions from Section 20 of the budget bill (SB 190).

State Expenditures – State Funds

(\$ in Millions)

<u>Category</u>	Conference Work. Appr. FY 2016	Allowance FY 2017	Conference Reductions FY 2017	Conference Add Backs ⁽¹⁾ FY 2017	Conference Appropriation FY 2017	FY 2016 to FY 2017 \$ Change	% Change
Debt Service	\$1,402.0	\$1,485.6	\$0.0	\$0.0	\$1,485.6	\$83.5	6.0%
County/Municipal	533.5	634.5	-28.6	1.0	606.9	73.4	13.8%
Community Colleges	297.5	314.3	0.0	0.0	314.3	16.9	5.7%
Education/Libraries	6,215.4	6,384.2	0.0	19.3	6,403.5	188.1	3.0%
Health	45.7	49.5	0.0	0.0	49.5	3.8	8.4%
Aid to Local Governments	\$7,092.0	\$7,382.4	-\$28.6	\$20.3	\$7,374.1	\$282.1	4.0%
Foster Care Payments	190.1	180.0	0.0	0.0	180.0	-10.0	-5.3%
Assistance Payments	78.5	81.5	0.0	1.0	82.5	4.0	5.1%
Medical Assistance	3,644.9	3,875.4	-2.1	15.1	3,888.4	243.5	6.7%
Property Tax Credits	81.5	85.7	0.0	0.0	85.7	4.3	5.2%
Entitlements	\$3,994.9	\$4,222.7	-\$2.1	\$16.1	\$4,236.7	\$241.8	6.1%
Health	1,804.7	1,894.1	-1.8	3.4	1,895.7	91.1	5.0%
Human Resources	449.6	478.5	-0.1	0.0	478.4	28.8	6.4%
Children's Cabinet Interagency Fund	22.5	20.7	0.0	0.0	20.7	-1.8	-8.0%
Juvenile Services	277.4	288.6	-0.3	0.0	288.4	11.0	4.0%
Public Safety/Police	1,700.9	1,726.8	0.0	0.0	1,726.8	25.9	1.5%
Higher Education	5,557.1	5,676.6	-0.1	0.0	5,676.5	119.4	2.1%
Other Education	471.5	494.2	-3.0	2.9	494.1	22.6	4.8%
Transportation	1,767.3	1,805.3	0.0	0.0	1,805.3	38.0	2.2%
Agric./Nat'l. Res./Environment	366.7	398.8	0.0	0.0	398.8	32.1	8.8%
Other Executive Agencies	1,360.7	1,502.4	-9.4	0.9	1,493.8	133.1	9.8%
Judiciary	517.6	543.4	-2.5	0.0	541.0	23.3	4.5%
Legislative	84.5	87.2	0.4	0.0	87.6	3.1	3.7%
Across-the-board Cuts	-0.2	-25.0	0.0	0.0	-25.0	-24.8	n/a
State Agencies	\$14,380.3	\$14,891.7	-\$16.7	\$7.1	\$14,882.2	\$501.9	3.5%
Deficiencies (for prior years)	35.9	0.0	0.0	0.0	0.0	-35.9	-100.0%
Total Operating	\$26,905.1	\$27,982.4	-\$47.4	\$43.5	\$27,978.6	\$1,073.4	4.0%
Capital ⁽²⁾	1,861.2	2,070.4	-72.2	89.1	2,087.3	226.1	12.2%
– Transportation	1,580.3	1,677.4	-26.0	0.0	1,651.4	71.1	4.5%
– Environment	193.7	210.3	0.0	9.8	220.1	26.3	13.6%
– Other	87.1	182.7	-46.2	79.3	215.8	128.7	147.8%
Subtotal	\$28,766.3	\$30,052.8	-\$119.6	\$132.6	\$30,065.9	\$1,299.6	4.5%
Reserve Funds	72.5	235.3	-80.0	0.0	155.4	82.9	114.3%
Appropriations	\$28,838.8	\$30,288.2	-\$199.5	\$132.6	\$30,221.2	\$1,382.5	4.8%
Reversions	-87.0	-30.0	0.0	0.0	-30.0	57.0	-65.5%
Grand Total	\$28,751.8	\$30,258.2	-\$199.5	\$132.6	\$30,191.2	\$1,439.5	5.0%

⁽¹⁾ The Conference Committee reduced the allowance by \$132.6 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$132.6 million is at the discretion of the Governor.

⁽²⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 adjusted working appropriation includes \$200.5 million in deficiencies and \$371.6 million in targeted reversions. The fiscal 2017 allowance reflects \$15.5 million in reductions from Section 19 and \$25.0 million in reductions from Section 20 of the budget bill (SB 190).

State Expenditures – All Funds (\$ in Millions)

<u>Category</u>	Conference	Conference	Conference	Conference	Conference	FY 2016 to FY 2017	
	Work. Appr. FY 2016	Allowance FY 2017	Reductions FY 2017	Add Backs ⁽¹⁾ FY 2017		Appropriation FY 2017	\$ Change
Debt Service	\$1,413.5	\$1,497.1	\$0.0	\$0.0	\$1,497.1	\$83.6	5.9%
County/Municipal	599.3	700.3	-28.6	1.0	672.7	73.4	12.2%
Community Colleges	297.5	314.3	0.0	0.0	314.3	16.9	5.7%
Education/Libraries	7,063.0	7,320.9	0.0	19.3	7,340.2	277.3	3.9%
Health	50.2	54.0	0.0	0.0	54.0	3.8	7.6%
Aid to Local Governments	\$8,009.9	\$8,389.5	-\$28.6	\$20.3	\$8,381.2	\$371.3	4.6%
Foster Care Payments	288.7	262.3	0.0	0.0	262.3	-26.4	-9.1%
Assistance Payments	1,338.0	1,337.1	0.0	1.0	1,338.1	0.1	0.0%
Medical Assistance	9,574.7	9,904.9	-2.1	15.1	9,917.8	343.1	3.6%
Property Tax Credits	81.5	85.7	0.0	0.0	85.7	4.3	5.2%
Entitlements	\$11,282.9	\$11,590.0	-\$2.1	\$16.1	\$11,603.9	\$321.1	2.8%
Health	2,751.3	2,869.8	-2.0	3.4	2,871.3	120.0	4.4%
Human Resources	944.4	979.8	-0.1	0.0	979.7	35.3	3.7%
Children's Cabinet Interagency Fund	22.5	20.7	0.0	0.0	20.7	-1.8	-8.0%
Juvenile Services	284.7	293.5	-0.3	0.0	293.2	8.5	3.0%
Public Safety/Police	1,738.3	1,769.4	-0.1	0.0	1,769.3	31.1	1.8%
Higher Education	5,557.1	5,676.6	-0.1	0.0	5,676.5	119.4	2.1%
Other Education	717.5	747.2	-3.0	2.9	747.0	29.5	4.1%
Transportation	1,863.9	1,902.6	0.0	0.0	1,902.6	38.7	2.1%
Agric./Nat'l. Res./Environment	436.5	464.8	0.0	0.0	464.8	28.3	6.5%
Other Executive Agencies	1,932.3	2,124.0	-10.3	0.9	2,114.6	182.3	9.4%
Judiciary	518.8	543.6	-2.5	0.0	541.1	22.3	4.3%
Legislative	84.5	87.2	0.4	0.0	87.6	3.1	3.7%
Across-the-board Cuts	-0.2	-25.0	0.0	0.0	-25.0	-24.8	n/a
State Agencies	\$16,851.7	\$17,454.2	-\$17.8	\$7.1	\$17,443.6	\$591.9	3.5%
Deficiencies (for prior years)	35.9	0.0	0.0	0.0	0.0	-35.9	-100.0%
Total Operating	\$37,593.9	\$38,930.9	-\$48.6	\$43.5	\$38,925.8	\$1,332.0	3.5%
Capital ⁽²⁾	2,671.5	3,164.0	-72.2	89.1	3,180.9	509.3	19.1%
– Transportation	2,285.8	2,697.8	-26.0	0.0	2,671.8	386.0	16.9%
– Environment	238.6	254.6	0.0	9.8	264.4	25.8	10.8%
– Other	147.1	211.6	-46.2	79.3	244.7	97.6	66.4%
Subtotal	\$40,265.4	\$42,094.8	-\$120.8	\$132.6	\$42,106.7	\$1,841.3	4.6%
Reserve Funds	72.5	235.3	-80.0	0.0	155.4	82.9	114.3%
Appropriations	\$40,337.9	\$42,330.2	-\$200.7	\$132.6	\$42,262.1	\$1,924.2	4.8%
Reversions	-87.0	-30.0	0.0	0.0	-30.0	57.0	-65.5%
Grand Total	\$40,250.9	\$42,300.2	-\$200.7	\$132.6	\$42,232.1	\$1,981.2	4.9%

⁽¹⁾ The Conference Committee reduced the allowance by \$132.6 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$132.6 million is at the discretion of the Governor.

⁽²⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 adjusted working appropriation includes \$210.8 million in deficiencies and \$371.6 million in targeted reversions. The fiscal 2017 allowance reflects \$17.5 million in reductions from Section 19 and \$25.0 million in reductions from Section 20 of the budget bill (SB 190).

Fiscal Note

Summary of the Budget Bill – Senate Bill 190

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Higher Education Funds</u>	<u>Total Funds</u>
Governor's Allowance					
Fiscal 2016 Budget	\$16,211,748,490	\$8,374,816,134	\$11,494,820,220	\$4,136,376,216	\$40,217,761,060 ⁽¹⁾
Fiscal 2017 Budget	17,129,343,019	8,823,809,822	12,099,982,117	4,215,323,887	42,268,458,845 ⁽²⁾
Supplemental Budget No. 1					
Fiscal 2016 Deficiencies	\$0	\$0	\$0	\$0	\$0
Fiscal 2017 Budget	15,000,000	0	0	0	15,000,000
Subtotal	\$15,000,000	\$0	\$0	\$0	\$15,000,000
Supplemental Budget No. 2					
Fiscal 2016 Deficiencies	\$0	\$0	\$0	\$0	\$0
Fiscal 2017 Budget	26,554,092	11,420,644	82,803	0	38,057,539
Subtotal	\$26,554,092	\$11,420,644	\$82,803	\$0	\$38,057,539
Supplemental Budget No. 3					
Fiscal 2016 Deficiencies	\$28,150,781	\$700,760	\$4,258,389	\$0	\$33,109,930
Fiscal 2017 Budget	40,422,702	-3,693,269	-58,067,363	0	-21,337,930
Subtotal	\$68,573,483	-\$2,992,509	-\$53,808,974	\$0	\$11,772,000
Conference Committee Reductions					
Fiscal 2016 Deficiencies	\$0	\$0	\$0	\$0	\$0
Fiscal 2017 Budget	-5,712,558	-61,178,350	-1,173,464	-42,203	-68,106,575
Total Reductions	-\$5,712,558	-\$61,178,350	-\$1,173,464	-\$42,203	-\$68,106,575
Appropriations					
Fiscal 2016 Budget	\$16,239,899,271	\$8,375,516,894	\$11,499,078,609	\$4,136,376,216	\$40,250,870,990
Fiscal 2017 Budget	17,205,607,255	8,770,358,847	12,040,824,093	4,215,281,684	42,232,071,879
Change	\$965,707,984	\$394,841,953	\$541,745,484	\$78,905,468	\$1,981,200,889

⁽¹⁾ Reflects \$195.8 million in proposed deficiencies, including \$179.1 million in general funds, -\$5.5 million in special funds, \$6.1 million in federal funds, and \$16.1 million in current unrestricted funds. Reversion assumptions total \$401.6 million, including \$30.0 million in unspecified reversions and \$371.6 million in targeted reversions.

⁽²⁾ Reflects estimated general fund reversions of \$30.0 million. Across-the-board reductions total \$42.5 million reflecting a reduction in health insurance costs (\$17.5 million) and savings associated with the abolition of 657 positions (\$25.0 million).

General Fund Budget Outlook
Fiscal 2016-2021
(\$ in Millions)

	<u>FY 2016</u> <u>Work. App.</u>	<u>FY 2017</u> <u>Allowance</u>	<u>FY 2018</u> <u>Est.</u>	<u>FY 2019</u> <u>Est.</u>	<u>FY 2020</u> <u>Est.</u>	<u>FY 2021</u> <u>Est.</u>	<u>Avg. Annual</u> <u>Change</u> <u>2017-21</u>
Revenues							
Opening Fund Balance	\$320	\$551	\$403	\$127	\$0	\$0	
Transfer	5	0	0	39	181	280	
Subtotal One-time Revenue	\$325	\$551	\$403	\$166	\$181	\$280	
Ongoing Revenues	\$16,466	\$17,057	\$17,750	\$18,353	\$19,071	\$19,809	
Subtotal Ongoing Revenue	\$16,466	\$17,057	\$17,750	\$18,353	\$19,071	\$19,809	3.8%
Total Revenues and Fund Balance	\$16,791	\$17,609	\$18,154	\$18,519	\$19,252	\$20,089	3.3%
Ongoing Spending							
Operating Spending	\$16,714	\$17,356	\$18,106	\$18,878	\$19,770	\$20,694	
Education Trust Fund ¹	-394	-459	-534	-541	-549	-557	
Multi-year Commitments	9	9	24	24	14	14	
Ongoing (Reductions)/Additions	0	12	13	14	16	17	
Subtotal Ongoing Spending	\$16,329	\$16,918	\$17,610	\$18,376	\$19,251	\$20,168	4.5%
One-time Spending							
PAYGO Capital	\$30	\$70	\$23	\$26	\$1	\$1	
One-time Reductions	-28	-18	0	0	0	0	
Legislation/One-time Adjustments/Swaps	-174	0	0	0	0	0	
Appropriation to Reserve Fund	81	235	393	117	0	33	
Subtotal One-time Spending	-\$89	\$287	\$416	\$143	\$1	\$34	
Total Spending	\$16,240	\$17,206	\$18,026	\$18,519	\$19,252	\$20,202	4.1%
Ending Balance	\$551	\$403	\$127	\$0	\$0	-\$112	
Rainy Day Fund Balance	\$835	\$1,010	\$1,380	\$1,403	\$1,249	\$991	
Balance over 5% of General Fund Revenues	12	157	493	485	295	0	
As % of General Fund Revenues	5.07%	5.92%	7.78%	7.64%	6.55%	5.00%	
Structural Balance	\$137	\$139	\$140	-\$23	-\$179	-\$359	

PAYGO: pay-as-you-go

¹ Education Trust Fund is supported by revenues from video lottery terminals and table games.