

## Spending Cap

The Revised FY 17 Budget is under the spending cap by \$635.3 million. Compared to the original FY 17 budget, it increases room under the spending cap by \$35 million in FY 16 and \$529.1 million in FY 17. Pursuant to Section 35 of PA 15-244, these calculations reflect a five-year personal income growth rate calculated on a calendar year rather than a fiscal year basis, and assume that appropriations for the unfunded liabilities of the State Employees' Retirement System, Judges, Family Support Magistrates and Compensation Commissioners' Retirement System, and Teachers' Retirement System are exempt from being counted as general budget expenditures under the spending cap.

### Revised FY 16 - FY 17 Statutory Spending Cap Calculations (in millions)

Item	Revised FY 16 \$	Revised FY 17 \$
<b>All Appropriated Funds - Prior Year</b>	<b>19,014.1</b>	<b>19,807.2</b>
Less Birth to Three/Husky B - base adjustment	34.4	-
Extraordinary spending	-	-
<b>Prior Year Appropriations</b>	<b>18,979.7</b>	<b>19,807.2</b>
<b>Less Prior Year "Non-Capped" Expenditures</b>		
Debt Service	2,172.9	2,474.5
SERS/TRS/JRS unfunded liability	1,736.1	1,828.8
Statutory grants to distressed municipalities <sup>1</sup>	1,568.8	1,611.4
<b>Prior Year "Non-Capped" Expenditures</b>	<b>5,477.9</b>	<b>5,914.7</b>
Total "capped" expenditures	13,501.8	13,892.5
Times the 5-year average growth in personal income	3.2%	3.3%
= Allowable "capped" growth	438.1	461.2
<b>Allowable Capped Expenditures</b>	<b>13,939.9</b>	<b>14,353.7</b>
<b>Plus Current Year "Non-Capped" Expenditures</b>		
Debt service	2,474.5	2,626.1
SERS/TRS/JRS unfunded liability	1,828.8	1,890.0
Federal mandates and court orders (new funding)	42.9	7.9
Statutory grants to distressed municipalities	1,579.2	1,496.8
<b>Current Year "Non-Capped" Expenditures</b>	<b>5,925.3</b>	<b>6,020.8</b>
<b>Expenditures Allowed Under the Cap</b>	<b>19,865.2</b>	<b>20,374.5</b>
Appropriation for this year <sup>2</sup>	19,807.2	19,739.2
<b>TOTAL OVER/(UNDER) THE SPENDING CAP</b>	<b>(58.0)</b>	<b>(635.3)</b>

<sup>1</sup>FY 17 is adjusted to reflect new distressed grant percentages.

<sup>2</sup>FY 16 is adjusted to reflect the deficiency appropriations contained in PA 16-2 MSS.