

Spending Cap

The budget is under the spending cap by \$635.3 million in FY 17, \$783 million in FY 18 and \$190.1 million in FY 19. Pursuant to Section 709 of PA 17-2 JSS, these calculations incorporate: (1) an allowable growth rate based on the greater of the five-year compound annual growth in personal income on a calendar year basis or the 12-month increase in the Consumer Price Index for All Urban Consumers, All Items Less Food and Energy on a December-over-December basis, (2) the elimination of the current exemption for certain grants to distressed municipalities, (3) a temporary exemption for appropriations for the unfunded liabilities of the State Employees' Retirement System, Judges, Family Support Magistrates and Compensation Commissioners Retirement System, and Teachers' Retirement System, (4) an exemption for appropriations of federal funds, (5) an exemption for the first year of state funding for which a federal match is received, and (6) the requirement that a base adjustment be made under certain enumerated circumstances.

Spending Cap Calculation (in millions)

Item	Revised FY 17 \$	FY 18 \$	FY 19 \$
All Appropriated Funds - Prior Year	19,807.2	19,739.2	20,430.5
Base Adjustment ¹	-	77.8	(4.1)
Extraordinary spending	-	-	-
Prior Year Appropriations	19,807.2	19,817.0	20,426.4
Less Prior Year "Non-Capped" Expenditures			
Debt Service	2,474.5	2,626.1	2,925.7
SERS/TRS/JRS unfunded liability ²	1,828.8	1,890.0	2,205.3
Statutory grants to distressed municipalities ³	1,611.4	-	-
Appropriation of federal funds ⁴	-	1,257.6	1,717.7
Prior Year "Non-Capped" Expenditures	5,914.7	5,773.7	6,848.8
Total "capped" expenditures	13,892.5	14,043.3	13,577.6
Times the 5-year compound growth in personal income (calendar year basis) or 12-month increase in Core CPI-U ⁵	3.3%	2.2%	2.4%
= Allowable "capped" growth	461.2	311.9	328.9
Allowable Capped Expenditures	14,353.7	14,355.2	13,906.5
Plus Current Year "Non-Capped" Expenditures			
Debt service	2,626.1	2,925.7	2,893.8
SERS/TRS/JRS unfunded liability	1,890.0	2,205.3	2,397.1
Federal mandates and court orders (new funding)	7.9	9.6	3.6
Statutory grants to distressed municipalities	1,496.8	-	-
State match to federal funds (new funding) ⁶	-	-	-
Appropriation of federal funds	-	1,717.7	1,647.3
Current Year "Non-Capped" Expenditures	6,020.8	6,858.4	6,941.8
Expenditures Allowed Under the Cap	20,374.5	21,213.5	20,848.3
Appropriation for this year	19,739.2	20,430.5	20,658.2
TOTAL OVER/(UNDER) THE SPENDING CAP	(635.3)	(783.0)	(190.1)

¹Reflects base adjustments for the gross appropriation of portions of Medicaid, and shifting of the following programs on- or off-budget: Newborn Screening, Women's Business Center, and Passport to Parks.

² Reflects language temporarily exempting unfunded liabilities for SERS/TRS/JRS.

³ Adjusted to reflect distressed grants under the cap beginning with the FY 18-FY 19 biennium.

⁴ Reflects new exemption for state appropriation of federal funds.

⁵ Reflects greater of 5-year compound growth in Personal Income on a Calendar Year basis or increase in CPI-U, All Items Less Food and Energy on a December-over-December basis for the FY 18-FY 19 biennium.

⁶Reflects new language exempting the first year of any new state appropriation that generates a federal match.