



Office of Fiscal Analysis

FY 20 BUDGET PROJECTIONS

June 25, 2020

GENERAL FUND DEFICIT IMPROVES DUE TO: FEDERAL FUNDS SHIFT, REDUCED MEDICAID EXPENDITURES

The Office of Fiscal Analysis projects a General Fund deficit of \$443 million and a Special Transportation Fund deficit of \$99 million in FY 20. Relative to our [previous estimate](#), the projected deficit decreased by \$153.6 million in the General Fund.

FY 20 DEFICIT PROJECTIONS

Funds Update

Much of the improvement to this month's projection of the General Fund FY 20 deficit is due to recognition of the following:

- 1) earlier-than-anticipated federal approval of State Plan Amendments related to hospital supplemental payments for outpatient services, resulting in a shift of approximately \$91 million in federal revenues from FY 21 to FY 20; and
- 2) continued, lower utilization of many routine Medicaid services due to the pandemic, which reduce projected expenditures by \$47 million.

Overview

In Millions of Dollars

	Budget*	June Estimate	Difference from Budget
General Fund			
Revenues	19,543.7	18,853.3	(690.4)
Expenditures	19,423.2	19,296.3	(126.9)
Surplus/(Deficit)	120.5	(443.0)	(563.5)
Budget Reserve Fund			
Budget Reserve Deposit	429.4	(124.7)	(554.1)
Budget Reserve Balance	2,935.0	2,380.9	(554.1)
Special Transportation Fund			
Revenues	1,723.4	1,565.9	(157.5)
Expenditures	1,710.3	1,664.9	(45.4)
Surplus/(Deficit)	13.1	(99.0)	(112.1)
Fund Balance	333.2	221.1	(112.1)

* Includes December Special Session Revisions

Additionally, a \$10 million improvement in this month's projection of the General Fund FY 20 deficit reflects the net effect of several adjustments that shift anticipated revenues and expenditures into FY 21. There is a corresponding \$10 million negative impact on FY 21.

Due to the delay in certain tax collections (see the April 2020 statement [here](#) for a list), FY 20 revenue projections remain largely in flux. The revenue accrual period for FY 20 ends the first week of August.

The projection of the Special Transportation Fund remains essentially the same as last month.

General Fund Summary

In Millions of Dollars

Summary	FY 20
Original Budgeted Surplus	141.1
+ Hospital Settlement Revenues	83.5
+ Hospital Settlement Expenditures	(104.2)
Budgeted Surplus	120.4
Revenue Changes	
+ Withholding	(190.3)
+ Sales & Use Tax	(257.1)
+ Corporations Tax	(126.0)
+ Net Revenue	(117.0)
Revenue Subtotal	(690.4)
Expenditure Changes	
+ Agency Deficiencies	(68.7)
+ Net Lapses	195.6
Expenditure Subtotal	126.9
= Surplus/(Deficit)	(443.0)
Budget Reserve Fund Starting Balance	2,505.6
+ Surplus/(Deficit)	(443.0)
+ Volatility Adjustment	318.3
= Budget Reserve Transfer Subtotal	(124.7)
= Budget Reserve Fund Balance	2,380.9

Special Transportation Fund Summary

In Millions of Dollars

Summary	FY 20
Budgeted Surplus	13.1
Revenue Changes	
+ Oil Companies	(77.4)
+ Sales and Use Tax	(27.1)
+ Motor Fuels Tax	(24.7)
+ Net Revenue	(28.3)
Revenue Subtotal	(157.5)
Expenditure Changes	
+ Net Lapses	45.4
+ Agency Deficiencies	0.0
Expenditure Subtotal	45.4
= Surplus/(Deficit)	(99.0)
STF Starting Balance	320.1
+ Surplus/(Deficit)	(99.0)
= Fund Balance	221.1

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)