



# Office of Fiscal Analysis

FY 24 BUDGET PROJECTIONS

April 30, 2024

## \$1.4 BILLION TO BUDGET RESERVE FUND / REDUCE UNFUNDED PENSIONS DEBT

The Office of Fiscal Analysis projects operating surpluses within the General and Special Transportation funds of \$270.4 million and \$280.9 million, respectively. Relative to [last month's projections](#), the projected operating surplus in the General Fund has increased by \$245 million and the projected operating surplus in the Special Transportation Fund has increased by \$26.3 million. In the General Fund, projected expenditures have increased slightly (\$2.6 million overall) and revenue projections have increased by \$247.6 million. In the Special Transportation Fund, expenditure projections are down \$5.9 million and net revenue projections overall have increased by \$20.4 million.

In addition to the \$270.4 million projected operating surplus in the General Fund, a volatility adjustment transfer of \$1,123.5 is projected for a total of \$1,393.9 million to be made available to support the Budget Reserve Fund and reduce unfunded pensions liabilities. Pursuant to PA 23-1, the total amount would be distributed approximately as follows: 1) \$749.5 million to the Budget Reserve Fund; and 2) \$644.4 million to reduce unfunded pensions liabilities. Under this projection, the Budget Reserve Fund would rise to approximately \$4.065 billion or 17.8% of the FY 25 net total General Fund appropriation.

### Major revenue adjustments

The largest two revenue adjustments impacting the operating budget surplus projection of the General Fund are the following: 1) a \$100 million upward adjustment to the withholding portion of the personal income tax to reflect ongoing relative strength in collections (6.4% this fiscal year); and 2) a \$106.2 million upward adjustment in federal funds primarily due to prior-period adjustments (approximately \$75 million related to Disproportionate Share Hospital) and a shift in revenue due to finalization awards.

Projections of the revenue streams governed by the volatility adjustment transfer (estimates and finals portion of the personal income tax and pass-through entity tax) are revised upward by \$645 million in total in this month's projection, based on collections trends through April 26<sup>th</sup>. Under this projection, the entirety of the upward revision in these revenue streams would act to increase the volatility adjustment transfer.

### Overview

In Millions of Dollars

General Fund	Budget	April Estimate	Difference from Budget
Revenues	22,505.3	22,613.5	108.2
Expenditures	22,105.6	22,343.1	237.5
<b>Surplus/(Deficit)</b>	<b>399.7</b>	<b>270.4</b>	<b>(129.3)</b>
<b>Budget Reserve Fund</b>			
Budget Reserve Deposit	1,082.9	1,393.9	311.0
<b>Budget Reserve Balance</b>	<b>6,273.3</b>	<b>6,584.3</b>	<b>311.0</b>
<b>Special Transportation Fund</b>			
Revenues	2,352.6	2,404.5	51.9
Expenditures	2,148.4	2,123.6	(24.8)
<b>Surplus/(Deficit)</b>	<b>204.2</b>	<b>280.9</b>	<b>76.7</b>
<b>Fund Balance</b>	<b>874.2</b>	<b>950.9</b>	<b>76.7</b>

**General Fund Summary**

In Millions of Dollars

Summary	FY 24
<b>Budgeted Balance</b>	<b>399.7</b>
<b>Revenue Changes</b>	
+ Withholding	252.9
+ Estimates and Finals	355.1
+ Sales and Use	(320.0)
+ Federal Grants	204.4
+ Net Revenue	(384.2)
<b>Revenue Subtotal</b>	<b>108.2</b>
<b>Expenditure Changes</b>	
+ Agency Deficiencies	(310.6)
+ Net Lapses	(63.4)
<b>Expenditure Subtotal</b>	<b>(374.0)</b>
<b>= Surplus/(Deficit)</b>	<b>270.4</b>
<b>Budget Reserve Fund Starting Balance</b>	<b>5,190.4</b>
+ Surplus/(Deficit)	270.4
+ Volatility Adjustment	1,123.5
<b>= Budget Reserve Transfer Subtotal</b>	<b>1,393.9</b>
<b>= Budget Reserve Fund Balance</b>	<b>6,584.3</b>

**Special Transportation Fund Summary**

In Millions of Dollars

Summary	FY 24
<b>Budgeted Surplus</b>	<b>204.2</b>
<b>Revenue</b>	
+ Motor Vehicle Receipts	24.8
+ Licenses, Permits & Fees	17.5
+ Highway Use Tax	(30.0)
+ Net Revenue	39.6
<b>Revenue Subtotal</b>	<b>51.9</b>
<b>Expenditures</b>	
+ Agency Deficiencies	(5.4)
+ Net Lapses	30.2
<b>Expenditure Subtotal</b>	<b>24.8</b>
<b>= Surplus/(Deficit)</b>	<b>280.9</b>
<b>STF Starting Balance</b>	<b>670.0</b>
+ Surplus/(Deficit)	280.9
<b>= Fund Balance</b>	<b>950.9</b>

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)