



Legislative Fiscal Bureau

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September 18, 2017

TO: Senator David Craig
Room 104 South, State Capitol

FROM: Charles Morgan, Program Supervisor

SUBJECT: Comparisons of Budgeted Appropriation Amounts, By Source

In response to your request, this memorandum provides comparisons of total budgeted appropriation amounts that would be provided in 2017-19, by fund source, under several scenarios. Specifically, you wanted to know what the fiscal effect of limiting budgeted funds in the 2017-19 biennium with the following amounts: (a) the amounts budgeted in the 2015-17 biennium; (b) the 2016-17 adjusted base amount, doubled; and (c) the 2016-17 adjusted base amount, with inflationary increases of 2.4% in 2017-18 and an additional 2.4% in 2018-19. The 2016-17 base year GPR and all funds totals include approximately \$738.1 million that was budgeted, but was not expended, for general obligation bond debt service on appropriation obligation bonds. The figures in this memorandum exclude amounts budgeted as compensation reserves.

Table 1 shows: (a) the total amounts budgeted in the 2015-17 biennium, by fund source; (b) the total amounts that would be budgeted in the 2017-19 biennium under the 2017-19 budget bill passed by the Assembly on September 13; and (c) the difference between these biennial amounts. The table shows that funding in the 2017-19 budget bill passed by the Assembly would be reduced by approximately \$3.1 billion (all funds), including approximately \$1.8 billion GPR, if the 2017-19 budget maintained funding at the 2015-17 budgeted levels.

TABLE 1**Comparison of 2015-17 Budget with Assembly's 2017-19 Budget Bill**

<u>Source</u>	<u>2015-17</u>	<u>2017-19</u>	<u>Difference</u>	
	<u>Budgeted</u>	<u>Assembly Budget</u>	<u>Amount</u>	<u>Percentage</u>
GPR	\$32,764,249,100	\$34,570,787,300	\$1,806,538,200	5.5%
FED	21,305,374,300	21,626,131,500	320,757,200	1.5
PR	10,929,546,400	12,029,750,200	1,100,203,800	10.1
SEG	<u>7,511,036,900</u>	<u>7,363,894,100</u>	<u>-147,142,800</u>	-2.0
Total	\$72,510,206,700	\$75,590,563,100	\$3,080,356,400	4.2%

Table 2 shows a similar comparison, but instead of using the 2015-17 total budget for comparison purposes, the table compares the Assembly's 2017-19 budget with the 2016-17 adjusted base year amount. The adjusted base funding level is developed by the administration prior to the introduction of the biennial budget to incorporate certain types of budget adjustments, such as certain state employee compensation adjustments, that occurred during the biennium. The adjusted base year figures are doubled to make comparisons with the two-year biennial figures. The table shows that funding in the Assembly's bill would be reduced by approximately \$1.4 billion (all funds), including approximately \$505 million GPR, if the 2017-19 budget maintained funding at the 2016-17 base year doubled levels.

TABLE 2**Comparison of Adjusted 2016-17 Base Year Doubled with Assembly's 2017-19 Budget Bill**

	<u>2016-17 Adjusted</u>	<u>2017-19</u>	<u>Difference</u>	
	<u>Base Doubled</u>	<u>Assembly Budget</u>	<u>Amount</u>	<u>Percentage</u>
GPR	\$34,065,868,800	\$34,570,787,300	\$504,918,500	1.5%
FED	21,355,985,400	21,626,131,500	270,146,100	1.3
PR	11,287,049,800	12,029,750,200	742,700,400	6.6
SEG	<u>7,462,343,800</u>	<u>7,363,894,100</u>	<u>-98,449,700</u>	-1.3
Total	\$74,171,247,800	\$75,590,563,100	\$1,419,315,300	1.9%

Table 3 compares the base year funding levels, inflated 2.4% per year, with the amounts in the Assembly's 2017-19 budget bill. The table shows that the funding limit that would be established, with these inflationary increases, would exceed the amounts in the Assembly's budget bill by approximately \$1.3 billion (all funds), including approximately \$731 million GPR. The table shows that, on a biennial (all funds) basis, the Assembly's budget bill would not exceed the limit that would be established if the total funding in the bill were limited to the adjusted base, increased by 2.4% in each year.

TABLE 3

Comparison of Base Year Funding, with Inflationary Increases, with Assembly's Budget Bill

	<u>2016-17 Base Year</u>	<u>2017-18 With 2.4% Increase</u>	<u>2018-19 With 2.4% Increase</u>	<u>2017-19 with 2.4% per Year Increases</u>	<u>2017-19 Assembly's Bill</u>	<u>Difference Between Budget with Infl. Increases and Assembly's Bill</u>
GPR	\$17,032,934,400	\$17,441,724,800	\$17,860,326,200	\$35,302,051,000	\$34,570,787,300	-\$731,263,700
FED	10,677,992,700	10,934,264,500	11,196,686,800	22,130,951,300	21,626,131,500	-504,819,800
PR	5,643,524,900	5,778,969,500	5,917,664,800	11,696,634,300	12,029,750,200	333,115,900
SEG	<u>3,731,171,900</u>	<u>3,820,720,000</u>	<u>3,912,417,300</u>	<u>7,733,137,300</u>	<u>7,363,894,100</u>	<u>-369,243,200</u>
Total	\$37,085,623,900	\$37,975,678,800	\$38,887,095,100	\$76,862,773,900	\$75,590,563,100	-\$1,272,210,800

Please contact me if you require additional information on this matter.

CM/sas