

Budget Forecast

Title 5, §1665, requires the State Budget Officer to prepare a four year revenue and expenditure forecast for the General Fund and the Highway Fund. In accordance with Title 5 §1665, subsection

7, the forecast assumes the continuation of current laws and includes reasonable and predictable estimates of growth in revenues and expenditures based on national and local trends and program operations. On September 30, 2012, the Bureau of the Budget issued its updated four year budget forecast for fiscal years 2011-12 through 2014-15.

In order to provide the most accurate expenditure estimate, legislatively approved appropriations and allocations through the end of the Second Regular Session of the 125th Legislature were used as the starting point for the forecast. The authorized budget for fiscal year 2012-13, recalculated to reflect authorized positions and projected rates for personnel services, and adjusted by program for one-time expenditures and the phase-in of new operations, was used to determine the baseline expenditure forecast for fiscal years 2013-14 and 2014-15. This was further adjusted to reflect program-by-program expenditure growth or decline that varied from the baseline growth assumptions, resulting from programmatic factors such as caseload, national trends, etc.

As reflected in **Table C – 1** , the adjusted fund balance for the General Fund was \$42,312,849 at the end of fiscal year 2011-12, and was projected to be (\$41,929,455) at the end of fiscal year 2012-13. The Revenue Forecasting Committee (RFC) in its December 2011 report re-projected revenues downward by \$91.8 million for the 2014-2015 biennium. Then in March 2012 the RFC decreased its revenue projections by \$31.4 million and in the April 2012 Special Forecast, increased its revenue projections by \$52.4 million, resulting in a net overall revenue decrease of \$70.8 million for the 2014-2015 biennium. Projected General Fund appropriations for the 2014-2015 biennium were \$6,807,012,211, resulting in a structural budget gap of \$755,518,709.

As reflected in **Table C – 2**, the adjusted fund balance for the Highway Fund was \$45,283 at the end of fiscal year 2011-12, and was projected to be \$76,984 at the end of fiscal year 2012-13. The Revenue Forecasting Committee (RFC) in its December 2011 report re-projected revenues upward by \$5.3 million for the 2014-2015 biennium. The RFC in March 2012 increased its revenue projections by \$3.6 million and the RFC in the April 2012 Special Forecast decreased its revenue projections by \$6.4 million, resulting in a net overall revenue increase of \$2.5 for the 2014-2015 biennium. Projected Highway Fund allocations for the 2014-2015 biennium were \$972,307,372, resulting in a projected structural budget gap of \$330,468,721.

TABLE C-1

GENERAL FUND STATUS						
At the Beginning of the 2014-2015 Biennial Budget Process						
	FY 12-13 BIENNIUM			FY 14-15 BIENNIUM		
	FY 12	FY 13 BUDGETED	TOTAL	FY 14	FY 15	TOTAL
BALANCE	24,019,140		24,019,140	383,394		383,394
ADJUSTMENTS	158,058,867	(95,327,707)	62,731,160			
REVENUE	2,995,444,736	3,056,234,628	6,051,679,364	2,972,636,157	3,078,473,951	6,051,110,108
TOTAL SOURCES	3,177,522,743	2,960,906,921	6,138,429,664	2,973,019,551	3,078,473,951	6,051,493,502
ADJUSTMENTS	16,552,303	(48,832,707)	-32,280,404			
APPROPRIATIONS	3,118,657,591	3,051,669,083	6,170,326,674	3,373,542,778	3,433,469,433	6,807,012,211
TOTAL USES	3,135,209,894	3,002,836,376	6,138,046,270	3,373,542,778	3,433,469,433	6,807,012,211
BALANCE AT END OF SECOND REGULAR SESSION 125TH LEGISLATURE	42,312,849	(41,929,455)	383,394	(400,523,227)	(354,995,482)	(755,518,709)

Source: Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2012-2015

TABLE C-2

HIGHWAY FUND STATUS

At the Beginning of the 2014-2015 Biennial Budget Process

	FY 12-13 BIENNIUM			FY 14-15 BIENNIUM		
	FY 12	FY 13 BUDGETED	TOTAL	FY 14	FY 15	TOTAL
BALANCE	2,584,922	45,283	2,630,205	122,267		122,267
ADJUSTMENTS	1,409,045	(5,419,451)	(4,010,406)			
REVENUE	314,971,527	316,679,543	631,651,070	319,761,131	321,955,253	641,716,384
TOTAL RESOURCES	318,965,494	311,305,375	630,270,869	319,883,398	321,955,253	641,838,651
ADJUSTMENTS	6,538,834		6,538,834			
ALLOCATIONS	312,381,377	311,228,391	623,609,768	485,309,216	486,998,156	972,307,372
PROJECTED BALANCE (SHORTFALL)	45,283	76,984	122,267	(165,425,818)	(165,042,903)	(330,468,721)

Source: Revenue and Expenditure Projection General Fund and Highway Fund Fiscal Years 2012-2015