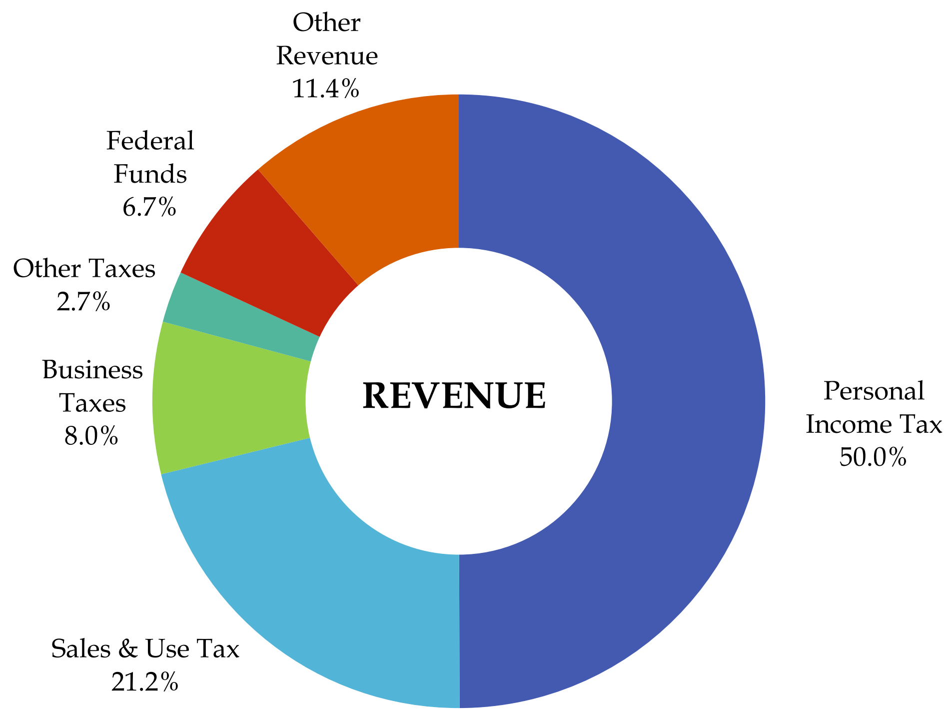
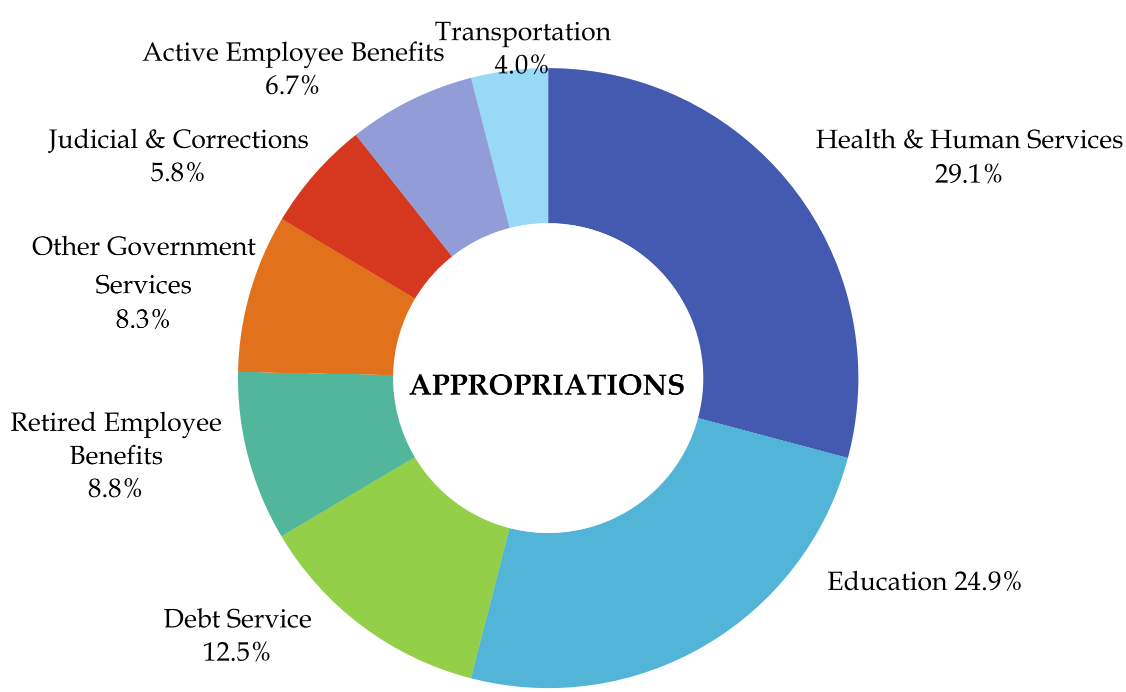
Budgeted FY 27 Gross Revenue and Appropriations [1,2,3]

All Appropriated Funds





Office of Fiscal Analysis
EXECUTIVE SUMMARY

Budget Overview

The legislative session began with a projected FY 27 balance across all appropriated funds of $874.8 million.

PA 26-68 and PA 26-76 enacted appropriations and revenue changes that modified the original FY 27 budget, reducing the all appropriated funds balance to $248.1 million (after recognizing the required revenue cap adjustment).

FY 27 Budget Balance

All Appropriated Funds – In Millions of Dollars

Budget	FY 27
Revenue Estimates[1]	28,390.6
Net Appropriation	28,142.5
BALANCE	**248.1**

[1]Revenue estimates reflect available revenue after factoring in adjustments for the revenue cap.

The FY 27 Revised Budget growth rate for all appropriated funds is 3.5% over the FY 26 appropriation.

The FY 27 Revised Budget is under the spending cap by $0.6 million.

Revenue Highlights

The most significant revenue changes in the FY 27 Revised Budget include:

- Decreases the total amount of hospital tax due by $221 million.
- Transfers the hospital tax to a new Hospital Supplemental Payment account beginning in FY 27. In total, the decrease of the hospital tax and the transfer to this new account result in a General Fund revenue loss of $1,195 million in FY 27.
- Increases Medicaid supplemental payments to hospitals which results in an increase in federal grant revenue of $146.7 million.
- Decreases the revenue transfer between FY 26 and FY 27 by $130 million. The original transfer was $244 million and the updated transfer in the FY 27 Revised Budget is $114 million.
- Transfers $233.7 million from the FY 26 Volatility Cap increase to FY 27 to support the FY 27 Revised Budget.
- Suspends the transfer of real estate tax collections to the Housing Trust Fund resulting in an estimated General Fund revenue gain of $30.3 million in FY 26 and $30.3 million in FY 27.

Appropriations Highlights

The most significant policy changes in the FY 27 Revised Budget include:

- Provides funding of $2.1 million for costs associated with implementing absentee voting for all.
- Provides funding of $58.3 million to adjust for increased costs for active and retired state employee plans.
- Transfers 88 positions and funding of $19.4 million from DEEP to PURA to establish PURA as an independent agency.
- Transfers 42 positions and funding of $16.2 million to various state agencies to reflect the elimination of the Office of Health Strategy and reorganize its functions.
- Increases hospital supplemental payments by $255 million for a total of $963.3 million in FY 27, and transfer funding to a non-

appropriated Hospital Supplemental Payment account.

- Provides funding of $13.1 million to assist nursing homes transitioning to the patient driven payment model, which reduces payments to nursing homes by $22.4 million in FY 27.

Carryforward Funding

PA 26-68 and PA 26-76 carry forward a total of $299.6 million in prior year appropriations and makes them available for FY 27. The most significant items are: (1) $178.0 million in supplemental education aid grants administered by the Department of Education, and (2) $100 million of supplemental municipal assistance funding administered by the Office of Policy and Management.

Capital Budget

PA 26-68 increases General Obligation bond authorizations by a net total of $648.8 million. Including prior authorizations that become effective in FY 27, the net total GO bond authorizations for FY 27 is $4.2 billion.

The FY 27 Revised Budget authorizes an additional $9 million in Special Tax Obligation (SYO) bonds. Including prior authorizations that become effective in FY 27, the net total STO bond authorizations for FY 27 is $1.6 billion.

Out Years

The General Fund is projected to have negative balances in each year from FY 28 through FY 30. Policies enacted in the FY 27 Revised Budget have a net negative impact on the outyear balances, as compared to the baseline estimates, of approximately $500 million per year.