

H.633

FY 2018 Budget Adjustment Summary – House Recommend

	<u>All Funds</u>	<u>%</u>	<u>State Funds</u>	<u>%</u>	<u>General Fd</u>	<u>%</u>
FY 2017	\$5.755	2.3%	\$2.455	2.9%	\$1.540	4.2%
FY 2018 <i>June</i>	\$5.825	1.3%	\$2.478	0.7%	\$1.561	1.5%
FY 2018 <i>BAA</i>	\$5.769	0.2%	\$2.462	0.3%	\$1.549	0.6%

Overview: Budget Adjustment Context

The fiscal year 2018 budget adopted last June was revised in August during the rescission process. This Budget Adjustment makes further revisions. In July 2017, there was a revenue reduction of \$28.8 million. \$16.3 million of this was due to corporate refunds did not occur in FY 2017 but are expected to be completed this year. The Budget Adjustment allows the impact of actual experience to be incorporated into the appropriation levels for the year.

The General Fund Budget Adjustment changes are based on resources from:

- *Additional direct applications and reversions = \$.59 million*
- *Debt Service not utilized due to timing of bond issuance = \$6.17 million*
- *Homeowner Rebate and Current Use programs = \$1.41 million*

With Federal Tax Reform creating revenue uncertainty and unknown levels of federal funding, the House Appropriations Committee Budget Adjustment focuses on FY 2018 funding needs, and includes strong reserves, while leaving policy decisions for the FY 2019 budget process.

Specific provisions in the Budget Adjustment:

- Agency of Human Services General Fund changes include:
 - Veterans' Home increase of \$449,000 to support cost of over-time and nursing contract
 - Savings from restructuring DCF District Supervisors from 15 to 6
 - Accepted Administration's proposed \$1 million GF reduction to Early Intervention, Evaluation and Treatment (CIS) on a one-time basis
 - Accepted Administration's \$200,000 rental subsidy reduction proposal on a onetime basis
 - Accepted Administration's \$515,000 reduction to the Child Care Subsidy program on a one time basis
 - Provides grants for community specific mental health outreach consistent with mental health stabilization efforts
 - Adds \$375,000 one-time funds for Household Health insurance Survey conducted every three years
 - Does not accept proposal to reduce funds to establish warming shelters and, instead, revised language to enable funds to be used in communities with the highest need.
- Transfers to the Emergency Relief Fund of \$810,000 to cover State match on remaining Hurricane Irene costs that may come due in FY 2018 or FY 2019
- Other reallocated General funds are held in reserves: proposal includes creation of a Temporary General Fund Reserve of \$5.486 million that can address costs in the context of the FY 2019 budget. Deposits into the reserve include monies the administration had allocated for one time uses
- A provision that the first \$5.1 million of any general fund revenue upgrade will be used to avoid spending Rainy Day Reserve funds. Remaining increased will be added to the Temporary Reserve for action in the FY 2019 budget process.

Prepared by: Legislative Joint Fiscal Office
January 2018