

# Budget Outlook Report

State Budget Outlook Workgroup

September 5, 2019

# Budget Outlook Report Requirement

*"The state budget outlook work group, in consultation with the economic and revenue forecast work group and outside experts if necessary, must analyze the extent to which the proposed methodology for projecting expenditures for the ensuing fiscal biennia may be reliably used to determine the future impact of appropriations and make recommendations to change the outlook process to increase reliability and accuracy. The recommendations are due by December 1, 2013, and every five years thereafter."*

# What is Included and Excluded in Estimates of Ensuing Biennium Expenditures?

## ➤ Included:

- Continuation of current programs.
- Forecasted growth of current entitlement programs.
- Actions required by law, including legislation with a future implementation date.

## ➤ Excluded:

- Legislation not yet enacted by the Legislature.
- Collective bargaining agreements not yet approved by the Legislature.
- Changes to levels of funding for employee salaries and benefits unless those changes are required by statute.
- Costs of court rulings issued during or within fewer than ninety days before the beginning of the current legislative session.

# Methodology Elements in Estimating Ensuing Biennium Expenditures

- Growth Factors Updated Each Biennium and Adopted by the ERFC.
- K-12 and Debt Service Models.
- Custom Adjustments.

# Reliability Analysis

<b>2015-17 Biennium Maintenance Level Budget- \$ in Millions</b>				
<b>Session</b>	<b>Outlook Estimated</b>	<b>Enacted 2015 Session Adj. For I-1351</b>	<b>Difference</b>	<b>Difference Percent</b>
<b>2013</b>	36,052	37,111	1,059	2.9%
<b>2014</b>	36,576	37,111	535	1.5%
<b>2017-19 Biennium Maintenance Level Budget- \$ in Millions</b>				
<b>Session</b>	<b>Outlook Estimated</b>	<b>Enacted 2017 Session</b>	<b>Difference</b>	<b>Difference Percent</b>
<b>2015</b>	41,575	41,636	61	0.1%
<b>2016</b>	41,728	41,636	-92	-0.2%
<b>2019-21 Biennium Maintenance Level Budget- \$ in Millions</b>				
<b>Session</b>	<b>Outlook Estimated</b>	<b>Enacted 2019 Session</b>	<b>Difference</b>	<b>Difference Percent</b>
<b>2017</b>	49,890	50,485	595	1.2%
<b>2018</b>	50,485	50,485	0	0.0%

# Recommendations

- Continue to update fiscal growth factors in the fall of each even numbered year.
- Continue to use the K-12 model for estimating ensuing biennium expenditures for K-12.
- Continue to use the debt service model for estimating ensuing biennium expenditures for debt service.