

Comparison
FY 1991 Fiscal Problems and FY 2003 Enrolled Budget
(GF/GP dollars in millions)

	<u>Final FY 1991 (a)</u>	<u>Enrolled FY 2003</u>	<u>Change from FY 1991</u>
Carryforward (deficit)	-310.3	0.0	
Revenue/ Consensus Estimate	<u>6,967.7</u>	<u>8,404.2</u>	
TOTAL REVENUE (b)	6,657.4	8,404.2	+26%
TOTAL EXPENDITURES	8,651.7	9,758.2	+13%
SHORTFALL (b)	-1,994.3	-1,354.0	
SHORTFALL AS PERCENT OF REVENUE		30%	16%
SOLUTIONS:			
Spending Reductions			
1990 PA 357 (9.2% across-the-board cuts) (c)	525.7	0.0	
Executive Order 1991-17 reductions	178.9	0.0	
Revenue Sharing	10.7	120.6	
Higher Education Payment delays	114.4	0.0	
Hospital Voluntary Contributions	194.5	0.0	
Transportation Fund Reallocation	8.0	0.0	
Appropriation Lapses	64.1	0.0	
Bookclosing Adjustments	4.6	0.0	
Shifts to Restricted Funds	0.0	291.8	
Expenditure Reductions	0.0	164.4	
Early Retirement Savings	0.0	49.0	
1% across-the-board cuts	<u>0.0</u>	<u>45.4</u>	
Subtotal Spending Reductions	1,100.9	671.2	
Revenue Adjustments			
Budget Stabilization Withdrawal	230.0	207.0	
Escheats Fund Transfer	41.0	0.0	
School Bond Loan Fund Refinancing	121.9	0.0	
Property Tax Credit Accounting Change	424.9	0.0	
Single Business Tax (SBT) Refund	-93.8	0.0	
Diesel Equity/Simplification	0.0	3.0	
Merit Award Trust Fund Withdrawal	0.0	100.0	
MES Contingent Fund Withdrawal	0.0	89.5	
Cigarette Tax Increase (includes FY 02 revenue)	0.0	177.0	
SBT Rate Reduction Paused at 1.9% (effec 1/1/03)	0.0	87.3	
SBT Income Threshold Increased to \$350,000	0.0	-18.5	
Homestead Property Tax Credit GF/GP Adjustment	<u>0.0</u>	<u>50.0</u>	
Subtotal Revenue Adjustments	724.0	695.3	
TOTAL SOLUTIONS	1,824.9	1,366.5	
YEAR END SURPLUS/(DEFICIT)	-169.4	12.5	

- (a) The Michigan State Budget - Fiscal Years 1990-91, 1991-92, & 1992-93 - Three Years of Change,
G. Olson, Senate Fiscal Agency (6/30/93)
- (b) Revenues continued to decline during the final bookclosing process, increasing a \$1.8 billion deficit to \$2.0 billion and causing a \$169 million year end deficit.
- (c) Modified by legislative transfers.

Fact Sheet FY 1991 vs. FY 2003

1991

2003

Started fiscal year with \$310 million deficit; ended fiscal year with \$169 million deficit.

FY 2002 will end with a balanced budget. FY 2003 expected to start and end with balanced budget.

Across-the-board cuts of 9.2 percent signed into law on December 26, 1990.

Across-the-board cuts of 1 percent signed into law on July 25, 2002.

The new Governor had less than 9 months to redo the FY 1991 budget and resolve initial \$1.8 billion shortfall, which grew to \$2 billion by year end.

Months of budget planning discussions resolved initial \$1 billion shortfall, which grew to estimated \$1.4 billion and resolved by July 2002. With the FY 2003 budget resolved, the new Governor can devote entire year developing the FY 2004 budget.

Inadequate funding to meet policies mandated within the budget, especially human service agencies.

Budget realistically reflects costs of current laws and policies.

No Medicaid Benefits Trust Fund.

Medicaid Benefits Trust Fund balance of \$62 million at year-end; balance expected to grow to \$370 million if pending federal legislation passes.

Budget Stabilization Fund (BSF) balance of \$182 million.

BSF balance of \$33 million. BSF balance to grow by estimated \$413 million from earmarked Cigarette Tax increase for FY 2005 - 2007.

BSF withdrawal of \$230 million.

BSF withdrawal of \$207 million.

Highest BSF balance was in 1989, at \$419 million.

BSF balance reached nearly \$1.3 billion in 2000.

12-year average BSF balance, 1979-1990, \$214 million.

12-year average BSF balance, 1991-2002, \$778 million.

State's credit rating: AA

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Higher Education payment delays.

K-12 and Higher Education exempt from spending cuts.