

**MEMORANDUM**

**DATE:** May 17, 2024  
**TO:** Members of the Michigan Senate  
**FROM:** Kathryn R. Summers, Director  
**RE:** May Consensus Revenue Year-End Balance Estimates Based on Senate Budgets

Based on the revised consensus revenue estimates agreed to on May 17, 2024, the enacted fiscal year (FY) 2023-24 appropriations, pending supplementals, and projected State appropriations based on Senate-passed FY 2024-25 budgets, the Senate Fiscal Agency (SFA) has revised its estimates of the year-end balances in the FY 2023-24, FY 2024-25, and FY 2025-26 General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) budgets. This memorandum provides a brief summary of these revised estimates, and Table 1 below compiles the balances into a summary table.

**Table 1**

<b>SFA ESTIMATES OF YEAR-END BALANCES USING CREC REVENUE ESTIMATES</b>			
<b>(Fiscal Year, millions of dollars)</b>			
	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
General Fund/General Purpose.....	\$1,634.9	\$542.2	\$949.0
School Aid Fund .....	\$406.7	(\$139.6)	\$277.9

**FY 2023-24 Year-End Balance Estimates**

The initial FY 2023-24 budget approved by the Legislature was based on the May 2023 consensus revenue estimate. The May 2024 consensus estimate of FY 2023-24 GF/GP revenue was increased by \$351.4 million from the January 2024 consensus revenue estimate, while consensus SAF revenue was decreased by \$163.3 million. The consensus estimates coupled with enacted appropriations, SFA projected expenditures for May 2024, and proposed supplementals result in a projected year-end balance of \$1.6 billion GF/GP and \$406.7 million SAF.

**FY 2024-25 Year-End Balance Estimates**

The May 2024 consensus estimate of FY 2024-25 GF/GP revenue is increased by \$235.6 million from the January 2024 consensus revenue estimate, while consensus SAF revenue is decreased by \$160.1 million. The SFA's estimated FY 2024-25 GF/GP and SAF balance sheets use the Senate-passed budget bills for FY 2024-25 as a base for expenditures, updated for consensus cost adjustments and executive budget revisions.

Note that while the FY 2024-25 SAF balance shown in Table 1 reflects a negative amount, a budget cannot be enacted with a projected imbalance. Therefore, that imbalance is assumed to be resolved and the beginning balance for FY 2025-26 is assumed to be \$0. (As passed the Senate, the SAF budget had a positive year-end balance because it, along with all other budgets, was based on January 2024 CREC revenue.)

## **FY 2025-26 Year-End Balance Estimates**

The May 2024 consensus estimate of FY 2025-26 GF/GP revenue is increased by \$178.9 million from the January 2024 consensus revenue estimate, and consensus SAF revenue is decreased by \$133.5 million. The estimated level of FY 2025-26 GF/GP expenditures includes the ongoing appropriations assumed to continue from the Senate-passed FY 2024-25 budget bills combined with other current service budget adjustments. The estimated level of SAF expenditures includes the continuation of the Senate-passed FY 2024-25 budget bills and consensus cost adjustments.

Tables 1 and 2 provide a three-year summary of the projected year-end balances for the GF/GP and SAF budgets, respectively. It also should be noted that any actions taken to adjust expenditures in FY 2023-24 will affect the available carry-forward in future years. Similarly, changes from the FY 2024-25 Senate-passed budget bills will affect potential year-end balances and the amount of carry-forward into future years.

If you have any questions on these revised SFA estimates, please do not hesitate to contact me at 373-5300 or [ksummers@senate.michigan.gov](mailto:ksummers@senate.michigan.gov).

/lms

Table 2

**GENERAL FUND/GENERAL PURPOSE (GF/GP)  
 REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES  
 (millions of dollars)**

	SFA Estimates		
	FY 2023-24 Enacted/ Projected	FY 2024-25 Senate Passed	FY 2025-26 Estimated Baseline
<b>Revenue:</b>			
Beginning Balance .....	\$3,925.2	\$1,634.9	\$542.2
<b>Ongoing Revenue:</b>			
CREC Forecast January 2024 .....	\$13,597.4	\$14,022.2	\$14,707.6
CREC Forecast Change (May 2024) .....	351.4	235.6	178.9
Subtotal: CREC Forecast May 2024.....	\$13,948.8	\$14,257.8	\$14,886.5
SFA Adjustments: Restore temp. revenue losses to baseline (Jan 2024)	778.4	550.0	0.0
Adjusted CREC Forecast Ongoing Revenue Estimate (Jan 2024).....	\$14,727.2	\$14,807.8	\$14,886.5
<b>Other Ongoing Revenue Adjustments:</b>			
Potential Policy Bills .....	\$0.0	(\$60.0)	(\$60.0)
Ongoing revenue adjustment (settlement agreement) .....	(\$25.0)	(\$25.0)	(\$25.0)
Proposed R&D Tax Credit.....	\$0.0	\$0.0	(\$100.0)
Revenue Sharing Payments+Senate hold harmless provision .....	(\$552.2)	(\$665.0)	(\$665.0)
Subtotal Ongoing Revenue .....	\$14,150.0	\$14,057.8	\$14,036.5
<b>Non-Ongoing Revenue:</b>			
Redirection of Restricted Revenue.....	(\$2.6)	(\$2.6)	(\$2.6)
Lapsing work projects.....	0.0	35.5	0.0
VMF early conversion to GF.....	0.0	40.0	0.0
Three-year RAP earmark .....	(50.0)	(50.0)	0.0
Three-year CIT SOAR earmark.....	(500.0)	(500.0)	0.0
Income tax reduction (ie, trigger) - 1-year impact .....	(228.4)	0.0	0.0
Revenue Sharing One-Time Payments.....	(10.5)	0.0	0.0
Subtotal Non-Ongoing Revenue .....	(\$791.5)	(\$477.1)	(\$2.6)
<b>Total Estimated GF/GP Revenue Including Beginning Balance .....</b>	<b>\$17,283.7</b>	<b>\$15,215.6</b>	<b>\$14,576.1</b>
<b>Total Estimated GF/GP Revenue Excluding Beginning Balance .....</b>	<b>\$13,358.5</b>	<b>\$13,580.7</b>	<b>\$14,033.9</b>
<b>Expenditures:</b>			
<b>Ongoing Appropriations:</b>			
Initial/Baseline Appropriations.....	\$12,727.6	\$13,252.0	\$13,706.3
Ongoing investments .....	0.0	454.3	0.0
Ongoing Community District Trust Fund GF payment .....	32.8	68.8	0.0
Restricted revenue backfill.....	0.0	(31.0)	0.0
DHHS caseload estimates (CREC) on top of suppl/CSB .....	56.9	(79.2)	(79.2)
Ongoing Appropriation changes post-budget (Filter First admin+MiLEAP) .....	7.0	0.0	0.0
Subtotal Ongoing Appropriations .....	\$12,824.3	\$13,664.9	\$13,627.1
<b>One-Time and Other Appropriations:</b>			
One-Time Appropriations .....	\$2,466.0	\$894.2	\$0.0
BSF Deposit .....	100.0	100.0	0.0
Reserve for Federal reimbursement (UIA) .....	142.0	0.0	0.0
HB 4292 one-time spending PA 321 of 2023 .....	96.7	0.0	0.0
Estimated lapses of items being reappropriated in HB 4292 .....	(36.5)	0.0	0.0
Proposed Supplemental 2024-2 (As Passed the Senate).....	(15.9)	0.0	0.0
Proposed Supplemental 2024-5 (Exec Rec request).....	81.8	0.0	0.0
Exec Rec Revision 2025-1 .....	0.0	0.8	0.0
MiLEAP CREC (nonpublic dual enrollment \$1m; childcare caseload \$13m .....	0.5	13.5	0.0
Net out ARP-HCBS from HB 4437 .....	(10.0)	0.0	0.0
Subtotal One-Time and Other Appropriations.....	\$2,824.5	\$1,008.5	0.0
<b>Total Estimated GF/GP Expenditures .....</b>	<b>\$15,648.8</b>	<b>\$14,673.4</b>	<b>\$13,627.1</b>
<b>PROJECTED YEAR-END GF/GP BALANCE (Total) .....</b>	<b>\$1,634.9</b>	<b>\$542.2</b>	<b>\$949.0</b>
<b>PROJECTED YEAR-END GF/GP BALANCE (Ongoing).....</b>	<b>\$1,325.7</b>	<b>\$392.9</b>	<b>\$409.4</b>
<b>PROJECTED YEAR-END GF/GP BALANCE (One-Time).....</b>	<b>\$309.2</b>	<b>\$149.3</b>	<b>\$539.6</b>

**Table 3**

**SCHOOL AID FUND (SAF)  
 REVENUE, EXPENDITURES, AND YEAR-END BALANCE ESTIMATES  
 (millions of dollars)**

	SFA Estimates		
	FY 2023-24 Enacted/ Projected	FY 2024-25 Senate Passed	FY 2025-26 Estimated Baseline
<b>Revenue:</b>			
Beginning Balance .....	\$2,192.5	\$406.7	\$0.0
<b>Ongoing Revenue:</b>			
CREC Forecast January 2024 .....	\$17,946.9	\$18,307.0	\$18,706.0
CREC Forecast Change (May 2024) .....	(163.3)	(160.1)	(133.5)
Subtotal: CREC Forecast May 2024 .....	\$17,783.6	\$18,146.9	\$18,572.5
SFA Adjustments: Remove temp. revenue gains from baseline (Jan 2024) .....	(9.7)	0.0	0.0
Adjusted CREC Forecast Ongoing Revenue Estimate (Jan 2024) .....	\$17,773.9	\$18,146.9	\$18,572.5
<b>Other Revenue Adjustments:</b>			
General Fund/General Purpose (GF/GP) Grant .....	\$49.6	\$50.1	\$50.1
Community District Education Trust Fund .....	72.0	41.0	0.0
Federal Ongoing Aid .....	2,204.8	2,272.8	2,272.8
Subtotal Ongoing Revenue .....	\$20,100.3	\$20,510.8	\$20,895.4
<b>Non-Ongoing Revenue:</b>			
Income tax reduction (ie, trigger) – 4/10/23 .....	\$9.7	\$0.0	\$0.0
MPSERS Reserve Fund .....	215.8	84.1	0.0
MPSERS Reserve Fund Deposit .....	0.0	(150.0)	0.0
SAF BSF Deposit .....	0.0	(100.0)	0.0
Infrastructure and Consolidation Fund .....	248.0	0.0	0.0
Transportation Reserve Fund .....	125.0	125.0	0.0
School Meals Reserve Fund .....	60.0	30.0	0.0
Enrollment Stability Reserve Fund .....	71.0	71.0	0.0
GSRP Reserve Fund .....	18.0	18.0	0.0
Additional One-Time GF .....	38.5	9.7	0.0
Proposed repurposing of \$13.3m GEER plus \$30m school meals ...	43.3	0.0	0.0
GF/GP for DPSCD Add'l Cost Exceeding CDTF \$72m/yr .....	32.8	68.8	0.0
Subtotal Non-Ongoing Revenue .....	\$862.1	\$156.6	\$0.0
<b>Total Estimated School Aid Fund Revenue Including Beginning Balance</b>	<b>\$23,154.9</b>	<b>\$21,074.1</b>	<b>\$20,895.4</b>
<b>Total Estimated School Aid Fund Revenue Excluding Beginning Balance</b>	<b>\$20,962.4</b>	<b>\$20,667.4</b>	<b>\$20,895.4</b>
<b>Expenditures:</b>			
<b>Ongoing Appropriations:</b>			
Initial/Ongoing K-12 State Appropriations .....	\$16,934.8	\$17,099.7	\$17,330.2
GF/GP in K12 .....	0.0	50.1	0.0
Other state restricted funds in K12 (ongoing) .....	0.0	173.1	0.0
School Aid Federal Funds .....	2,204.8	2,272.8	2,272.8
State Funds Cost Adjustments .....	51.0	(32.5)	0.0
Community Colleges .....	496.2	460.2	469.5
Higher Education .....	452.3	451.7	545.0
Subtotal Ongoing Appropriations .....	\$20,139.0	\$20,475.1	\$20,617.5
<b>One-Time and Other Appropriations:</b>			
Initial One-Time K-12 SAF Appropriations .....	\$2,324.1	\$729.7	\$0.0
Initial One-Time Community College Appropriations .....	48.4	8.9	0.0
Initial One-Time University Appropriations .....	30.0	0.0	0.0
Enacted supplementals .....	162.1	0.0	0.0
Subtotal One-Time and Other Appropriations .....	2,609.2	738.6	0.0
<b>Total Estimated School Aid Fund Expenditures .....</b>	<b>\$22,748.2</b>	<b>\$21,213.7</b>	<b>\$20,617.5</b>
<b>PROJECTED YEAR-END SCHOOL AID FUND BALANCE (Total) .....</b>	<b>\$406.7</b>	<b>(\$139.6)</b>	<b>\$277.9</b>
<b>PROJECTED YEAR-END SCHOOL AID FUND BALANCE (Ongoing) .....</b>	<b>(\$38.7)</b>	<b>\$35.7</b>	<b>\$277.9</b>
<b>PROJECTED YEAR-END SCHOOL AID FUND BALANCE (One-Time) .....</b>	<b>\$445.4</b>	<b>(\$175.3)</b>	<b>\$0.0</b>