

Alabama Legislative Joint Hearing: FY 2012-2013

Condition of the State General Fund & Education Trust Fund

Presented by:

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State of Alabama

Economic Data

Alabama's Unemployment Rate 2008-2010

2008

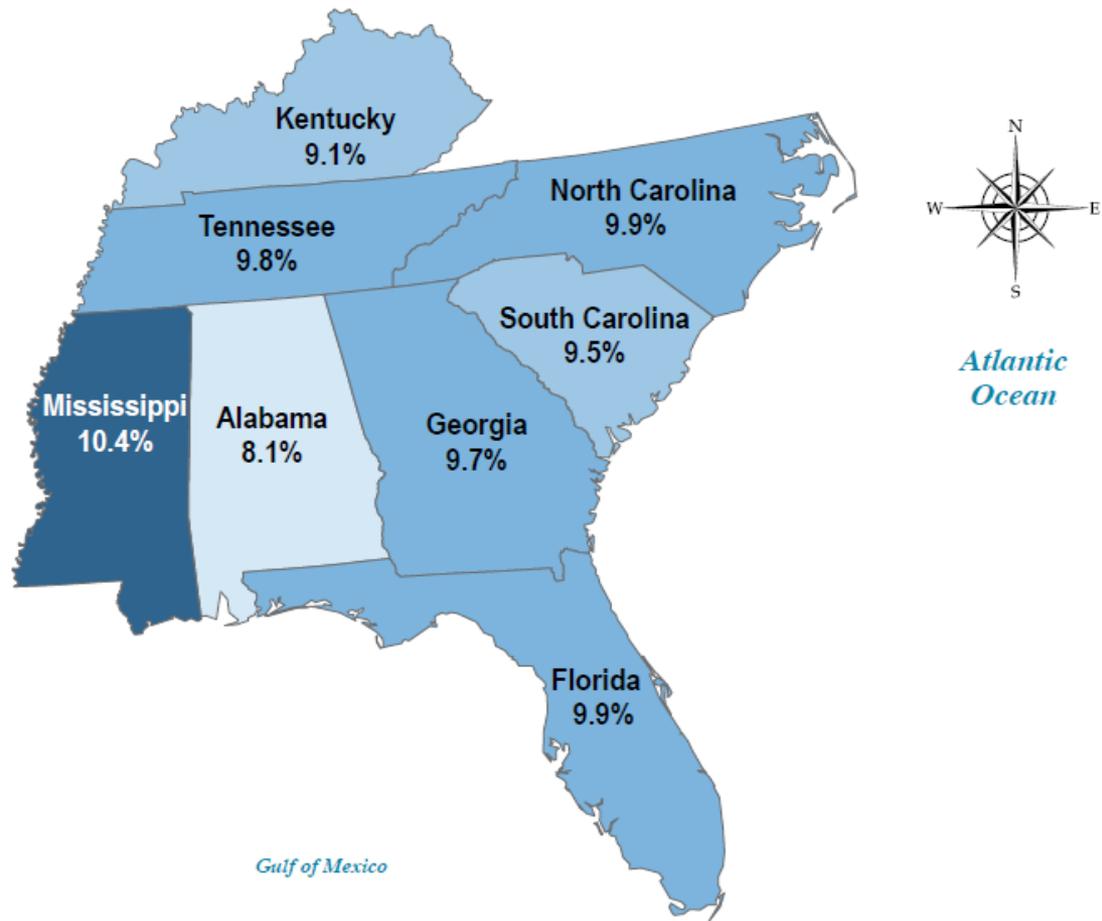
4.8%

2009

10%

2010

10.1%



**December 2011
Preliminary Unemployment Rates
Southeastern United States**

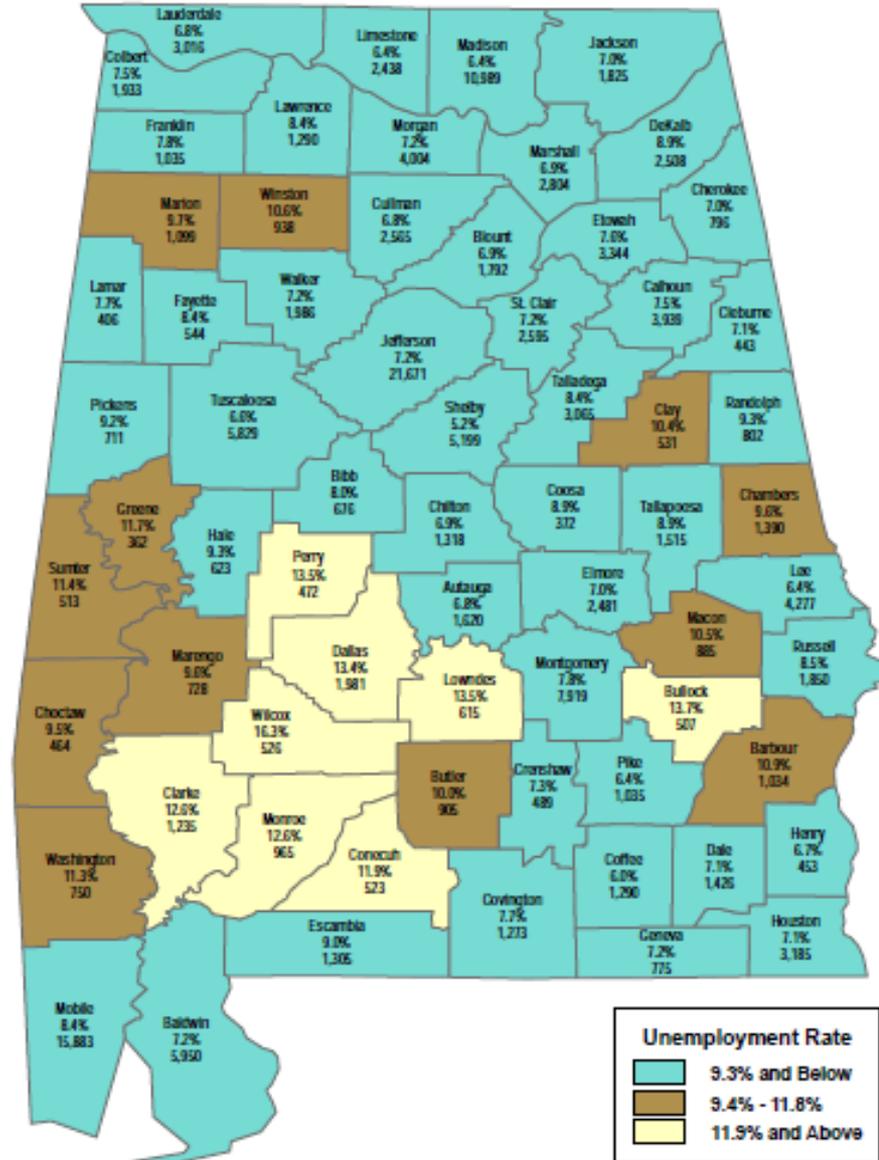
ALABAMA UNEMPLOYMENT RATE AND NUMBER UNEMPLOYED

December 2011 Preliminary

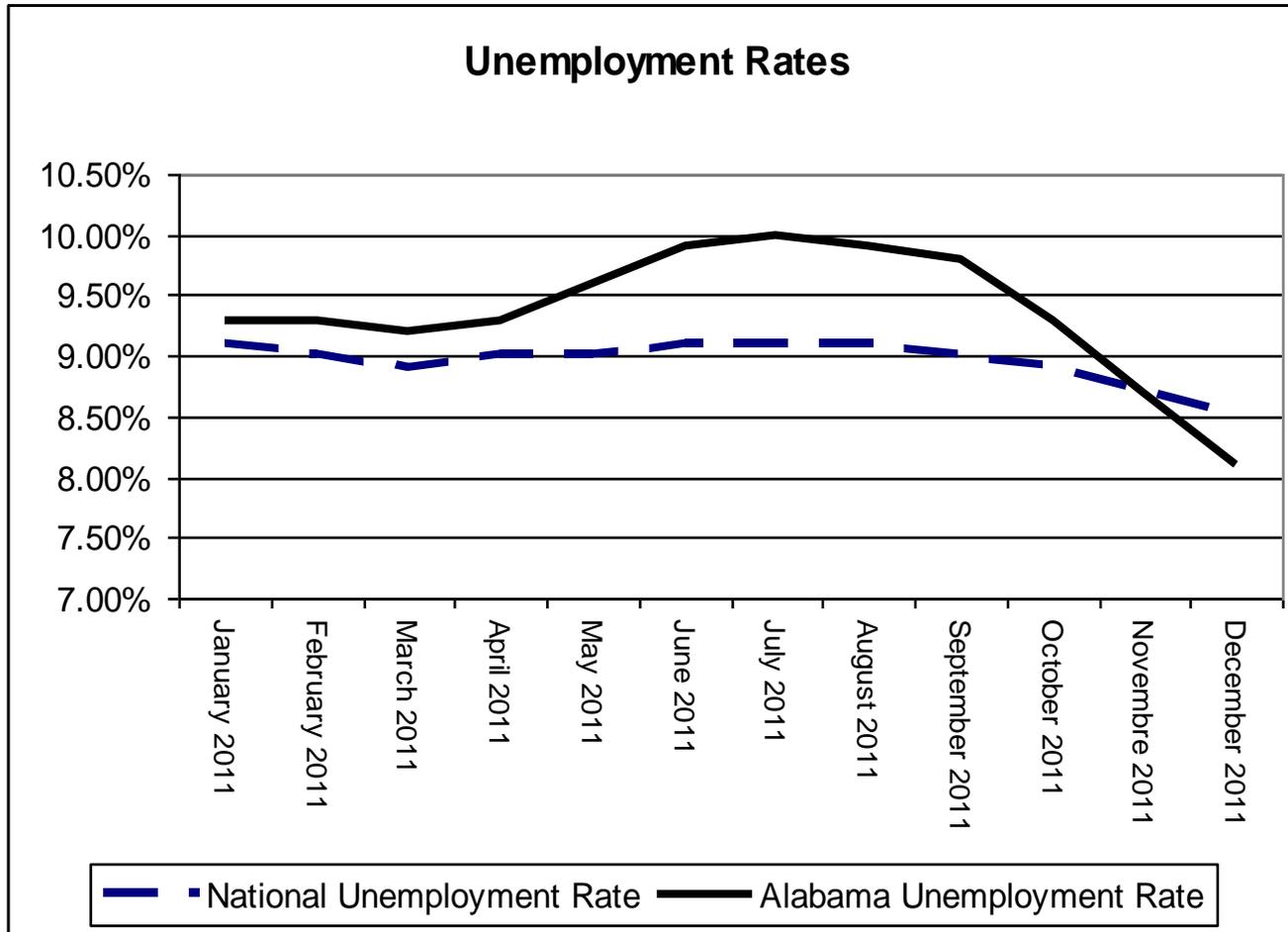
State Rate Seasonally Adjusted: 8.1%

State Rate Not Seasonally Adjusted: 7.5%

Counties Not Seasonally Adjusted



National Unemployment Rates vs. Alabama Unemployment Rate



Selected Information Regarding Job 2012

(Jobs indicated are cumulative)

2012

BRAC-Contractor Support	3,000 Jobs Created
Thyssen Krupp	2,700 Jobs Created
BRAC	2,300 Jobs Created
Austal	2,113 Jobs Created
Dynetics Inc.	1,214 Jobs Created

Revenue Sources for the ETF and General Fund 2011 & 2012

ETF	2011 Growth	2012 YTD Growth
Sales Tax	4%	1.8%
Individual Income Tax	5.1%	1.78%
Corporate Income Tax	(20.3%)	20.11%

General Fund	2011 Growth	2012 YTD Growth
Insurance Premium Tax	7%	(18.9%)
Ad Valorem	(.85%)	5.85%
Cigarette Tax (60% of 42.5)	(1.10%)	(7.38%)

Alabama Trust Fund

2011

119M transferred to the General Fund,
56M was Unrealized Capital Gains and
63M was Interest Earned

2012 YTD

303M transferred to the General Fund,
266M was one-time error,
13M was Unrealized Capital Gains and
24M was Interest Earned

Looking at The Budgets Through the Rear View Mirror



**Director of Finance Presentation to
Joint Budget Hearings
January 21, 1988
Robin Swift, Director of Finance**

“As all of you are aware, there has been very little growth in General Fund Revenues during the past five years.”

“It is my hope that the General Appropriation Bill can be written so that our continuous reliance on one-time money “fixes” will cease.”

“I am proposing that to solve the problems in the General Fund and provide a growth tax in that fund...”

“Again Ladies and Gentlemen, to take this step toward solving the funding problems in the General Fund will take courage. I challenge you to pass the appropriate legislation to accomplish this recommended approach. The alternative is to add to the already heavy tax burden of our citizens.”

General Fund Top Obligated Appropriations 1980

General Fund	1980
Medicaid	23.93%
Unified Judicial System	10.26%
Department of Public Safety	9.19%
Mental Health	8.01%
Corrections	6.59%
Department of Public Health	4.81%
DHR	3.71%
Employees Retirement System	2.44%
Agriculture and Industries	1.68%
District Attorneys	1.38%

* Percentage of total General Fund appropriation per department

General Fund Top Obligated Appropriations 1990

General Fund	1990
Medicaid	16.59% (119M)
Corrections	16.51% (119M)
Mental Health	9.01%
Unified Judicial System	8.95%
Public Safety	6.75%
Public Health	3.94%
DHR	2.91%
District Attorneys	1.81%
Forestry Commission	1.78%
Pardons and Parole	1.30%

* Percentage of total General Fund appropriation per department

General Fund Top Obligated Appropriations 2000

General Fund	2000
Medicaid	20.81%
Corrections	16.21%
Unified Judicial System	9.22%
Mental Health	7.10%
Public Safety	5.6%
DHR	5.56%
Public Health	5.05%
Youth Services	2.10%
District Attorneys	1.90%
* Percentage of total General Fund appropriation per department	

General Fund Top Obligated Appropriations 2010

General Fund	2010
Medicaid	21.09%
Corrections	18.43%
Unified Judicial Systems	9.92%
DHR	6.56%
Mental Health	6.07%
Public Health	5.50%
Public Safety	4.79%
Fair Trial Tax	2.71%
District Attorneys	2.42%
Pardons and Parole	2.35%

* Percentage of total General Fund appropriation per department

Cross Comparison of General Fund Appropriations by Departments 1980, 1990, 2000, & 2010

Medicaid

1980-\$71,000,000

1990-\$119,989,655

2000-\$224,624,007

2010-\$307,968,534

(416M Federal Stimulus)

Unified Judicial System

1980-\$30,442,834

1990-\$64,717,198

2000-\$99,540,033

2010-\$144,808,839

Public Safety

1980-\$27,260,000

1990-\$48,807,714

2000-\$60,471,012

2010-\$69,918,400

Corrections

1980-\$19,557,722

1990-\$119,430,656

2000-\$174,978,260

2010-\$269,028,280

Mental Health

1980-\$23,750,000

1990-\$65,163,646

2000-\$76,590,462

2010-\$88,663,072

DHR

1980-\$11,000,000

1990-\$21,057,766

2000-\$60,020,615

2010-\$95,751,157

General Fund Total Appropriations

Year	Appropriation
1980	\$296,662,543
1990	\$723,193,888
2000	\$1,079,270,960
2010	\$1,460,044,163

Cross Comparison of ETF Appropriations by Departments 1980, 1990, 2000, & 2010

ETF: K-12 *

1980-47.03% - \$596,248,114

1990-27.42% - \$675,277,424

2000-65.56% - \$2,691,129,184

2010-63.66% - \$3,383,727,066

ETF: Two-Year College System *

1980-6.19% - \$78,461,395

1990-5.92% - \$145,883,241

2000-5.33% - \$218,878,199

2010-6.19% - \$328,959,128

ETF: Department of Education *

1980-6.43% - \$81,553,126

1990-1.99% - \$49,089,574

2000-1.74% - \$71,492,534

2010-3.92% - \$208,617,284

*Percentage of total ETF appropriation per department

ETF Total Appropriations

Year	Appropriation
1980	\$1,267,797,291
1990	\$2,462,463,016
2000	\$4,105,099,590
2010	\$5,315,376,044

Line Item Appropriations for General Fund and ETF: A Historical Look

1980

GF-212

ETF-51

1990

GF-225

ETF-65

2000

GF-233

ETF-83

2010

GF-196

ETF-86

Objects in Mirror Are Closer Than They Appear

General Fund and ETF

FY 2011 & FY 2012



Updates: FY 2011 and FY 2012



FY 2011

(General Fund and ETF)

- Ended with Balanced Budgets in ETF and General Fund
- Both the GF and ETF were prorated
- 25 million moved early to GF from Abandoned Property to offset unexpected storm costs

FY 2012-ETF

Total Appropriations:

\$5,588,000,000

Total Appropriations and Obligations:

\$5,631,665,227

Total Pro-ratable Appropriations:

\$5,531,099,537

Total Estimated Revenues:

\$5,648,581,804

Estimated Ending Balance: **(\$16,916,577)**

Prorated Percentage: **-0.003**

FY 2012-General Fund

Total Appropriations passed w/Executive Amendments: **\$1,769,103,104**

Total Appropriations and Obligations: **\$1,875,068,451**

Total Estimated Revenues: **\$1,663,753,518**

Estimated Ending Balance: **(\$169,306,883)**

Prorated Percentage: **-9.04**

Looking Straight Ahead

Forecast for the FY 2013



What Did Departments Request in FY 2013?

General Fund Request for FY 2013
1.9 Billion

Education Trust Fund Request for
FY 2013
6.3 Billion

Appropriations vs. Requests

2011	2012	2013 Requested
General Fund 1.6B	General Fund 1.8B	General Fund 1.9B
Education Trust Fund 5.4B	Education Trust Fund 5.6B	Education Trust Fund 6.3B

Estimated FY 2013 General Fund

Total Estimated Available Revenue

1.4 Billion

Total Appropriations and Obligations

1.8 Billion

Estimated 25% Deficit

FY 2013

General Fund

460M+ Shortfall for the General Fund

Revenues

- No ATF Capital Gains Error (266M)
(Revenue)
- Abandoned Property (15M-20M)
- 50M+ Additional Revenue Sources in FY 2012 not available in FY 2013

Expenditures

- Fair Trial Additional Costs (25-35M)

Top General Fund Consumers

- Medicaid
- Corrections
- Unified Judicial System
- Mental Health Department
- Human Resources
- Public Health Department
- Public Safety



Something New..... The Rolling Reserve



ETF Rolling Reserve for 2013

Total Recurring Revenue in FY 2011

5,305,361,155

Percent Growth of Last 15 Years – 3.28%

174,546,382

(Add the two)=5,479,907,537 = Cap for FY 2013

Actual ETF Appropriation for FY 2012

5,588,000,000

What Does This Mean?

**Reduction to ETF budgets in FY 2013
by \$108,092,463**



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