

# Legislative Orientation



**Joyce Bigbee, Director  
Legislative Fiscal Office  
December 6, 2006  
[www.lfo.state.al.us](http://www.lfo.state.al.us)**

- ◆ **Budget Fact Book**
- ◆ **A Legislator's Guide to Alabama's Taxes**
- ◆ **Legislative Fiscal Office Website**  
**[www.lfo.state.al.us](http://www.lfo.state.al.us)**

- ◆ **Revenue and Appropriation Structure**
- ◆ **Economic Forecast**
- ◆ **Condition of State General Fund**
- ◆ **Condition of Education Trust Fund**
- ◆ **General Fiscal Issues**

# Earmarking

- ◆ **For FY 2007 Alabama earmarked approximately 84% of state funds**
- ◆ **Earmarking can be general or specific**
- ◆ **Earmarking can be statutory or constitutional**

# **Appropriation of State Funds FY 2007**

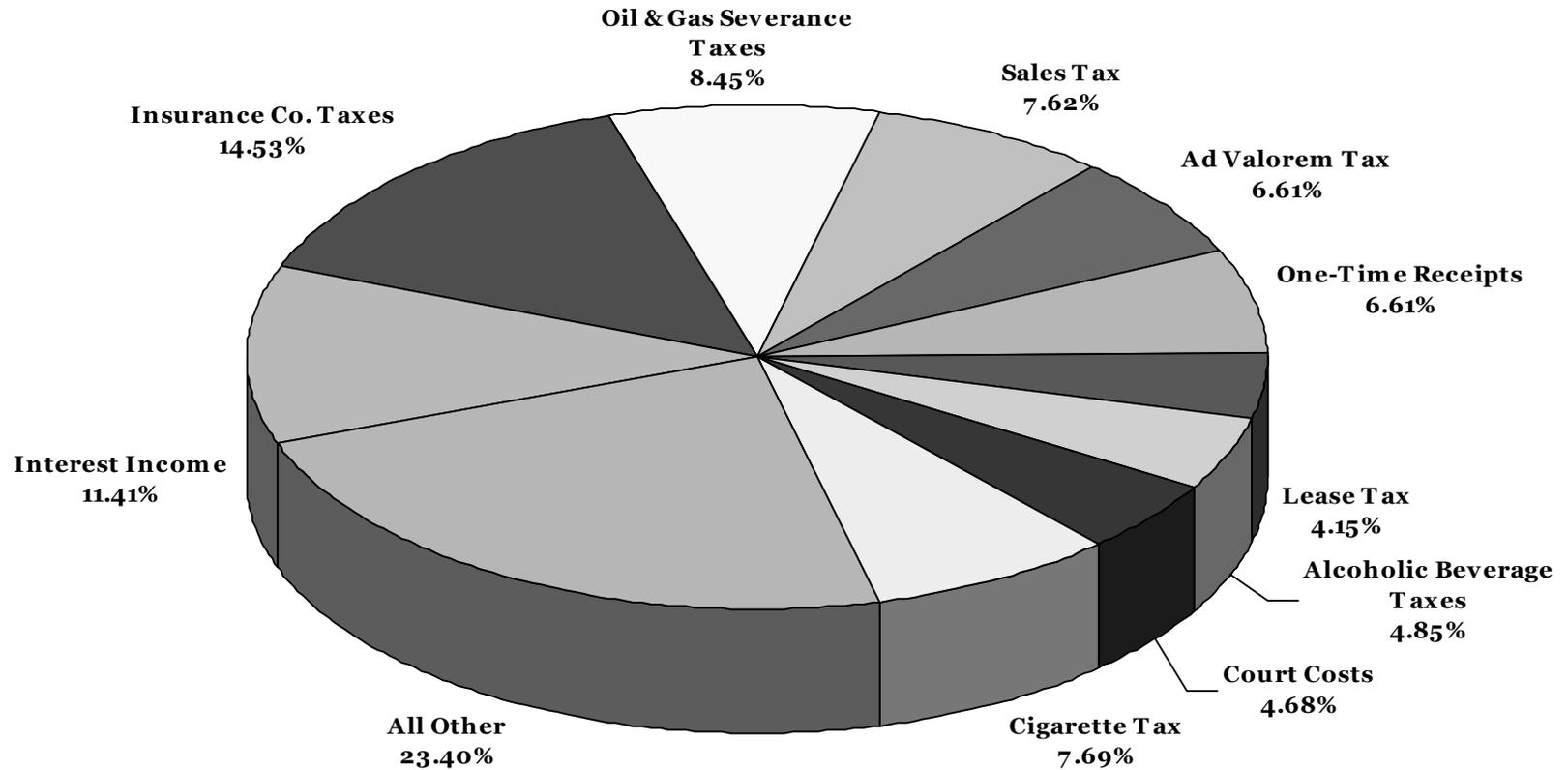
- ◆ General Fund - \$1.66 billion**
- ◆ Education Trust Fund - \$6.02 billion**
- ◆ Other State Funds - \$2.81 billion**
- ◆ Total All State Funds - \$10.49 billion**

# Federal Funds

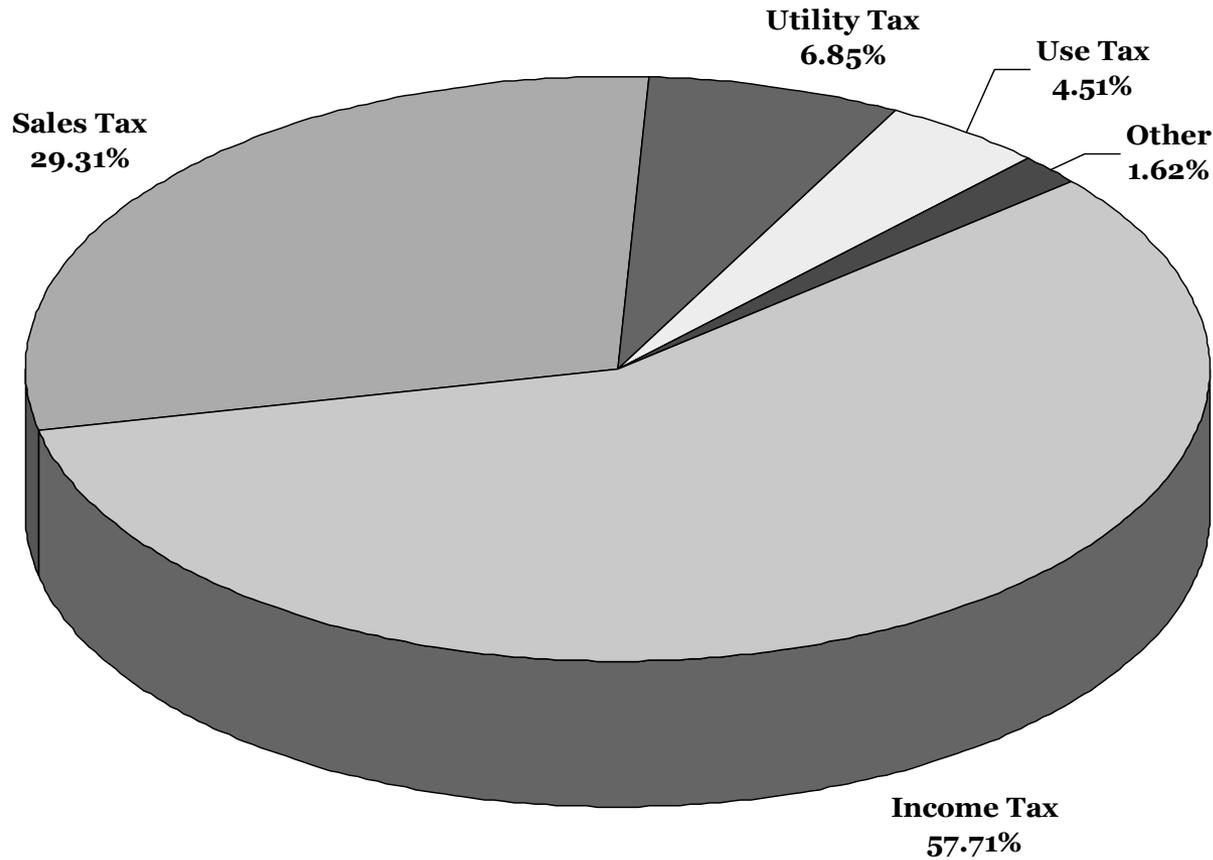
## FY 2006

<b>Medicaid Agency</b>	<b>\$2,761,439,020</b>
<b>Department of Human Resources</b>	<b>923,346,338</b>
<b>Education</b>	<b>763,150,158</b>
<b>Department of Transportation</b>	<b>688,620,919</b>
<b>All Other</b>	<b>1,024,998,975</b>
<b>Total Federal Funds</b>	<b>\$6,161,555,410</b>

# Sources of Revenue to the General Fund FY 2006



# Sources of Revenue to the Education Trust Fund FY 2006



# **State of the Economy**

- ◆ National

- ◆ State

- ◆ Economic forecast

# Condition of the State General Fund Fiscal Year 2006

<b>BEGINNING BALANCE</b>	<b>168,149,376</b>
Receipts	1,603,869,589
Transfers from state agencies	5,323,000
Transfer from tobacco settlement balances	47,258,750
<b>TOTAL RECEIPTS</b>	<b>1,656,451,339</b>
<b>TOTAL AVAILABLE (total beginning balance, plus total receipts)</b>	<b>1,824,600,715</b>
<b>TOTAL EXPENDITURES</b>	<b>1,561,372,279</b>
<b>ENDING BALANCE</b>	<b>263,228,436</b>

# Condition of the State General Fund Fiscal Year 2007

<b>BEGINNING BALANCE</b>	<b>263,228,436</b>
Estimated Receipts	1,571,279,281
Transfers from state agencies	5,323,000
Transfer from tobacco settlement account	12,279,548
<b>TOTAL RECEIPTS</b>	<b>1,588,881,829</b>
<b>TOTAL AVAILABLE (total beginning balance, plus total receipts)</b>	<b>1,852,110,265</b>
<b>TOTAL EXPENDITURES (as of October 31, 2006)</b>	<b>1,659,856,739</b>
<b>ENDING BALANCE</b>	<b>192,253,526</b>

# Condition of the Education Trust Fund Fiscal Year 2006

Beginning balance	562,089,660
Beginning balance reserved for October 1 debt service payment	8,868,817
<b>TOTAL BEGINNING BALANCE</b>	<b>570,958,477</b>
<b>TOTAL RECEIPTS</b>	<b>5,498,361,937</b>
<b>TOTAL AVAILABLE</b> (total beginning balance, plus total receipts)	<b>6,069,320,414</b>
Appropriations	5,121,390,253
Reserve for October 1 debt service payment	8,838,858
Appropriation to repay constitutional rainy day fund	36,000,000
Appropriation to statutory proration prevention account	18,000,000
Transfer to statutory proration prevention account	198,876,373
<b>TOTAL EXPENDITURES</b>	<b>5,383,105,484</b>
Ending balance	686,214,930
Ending balance reserved for October 1 debt service payment	8,838,858
<b>TOTAL ENDING BALANCE</b>	<b>695,053,788</b>

# Condition of the Education Trust Fund

## Fiscal Year 2007

Beginning balance	686,214,930
Beginning balance reserved for October 1 debt service payment	8,838,858
<b>TOTAL BEGINNING BALANCE</b>	<b>695,053,788</b>
<b>ESTIMATED RECEIPTS</b>	<b>5,850,000,000</b>
<b>TOTAL AVAILABLE</b> (total beginning balance, plus estimated receipts)	<b>6,545,053,788</b>
Appropriations (as of October 31, 2006)	5,923,627,598
Reserve for October 1 debt service payment	4,328,000
Appropriation to repay constitutional rainy day fund	71,993,229
Appropriation to statutory proration prevention account	16,000,000
Transfer to statutory proration prevention account	149,888,327
Transfer to escrow for Knight v Alabama	45,600,000
<b>TOTAL EXPENDITURES</b>	<b>6,211,437,154</b>
Ending balance	333,616,634
Ending balance reserved for October 1 debt service payment	4,328,000
<b>TOTAL ENDING BALANCE</b>	<b>337,944,634</b>

# ACITF Budget Relief

Fiscal Year 2002 through Fiscal Year 2005	\$110.8 million
Fiscal Year 2006	\$62.8 million
Fiscal Year 2007	\$60.7 million
<b>Total</b>	<b>\$234.3 million</b>

# **Alabama Capital Improvement Trust Fund (ACITF)**

- ◆ Amendment 666
- ◆ Provided that 28% of all royalties would be paid to the ACITF
- ◆ Established a Bond Commission
- ◆ Direct appropriations for “capital improvements”

# Tobacco Revenues

- ◆ **Master Settlement Agreement**
- ◆ **Three conditions would reduce payments**
  - participating manufacturer's market share falls more than 2 percent
  - settlement agreement played a major role in the decline of market share
  - states did not “diligently enforce” statutes that require companies to create escrow accounts

# **Tobacco Revenues**

## **FY 2007**

- ◆ **Total Children First Trust Fund - \$42.44**
  - Human Resources - \$10.6
- ◆ **Medicaid Trust Fund - \$31.8**
- ◆ **Total Tobacco Revenue - \$103.6**

# Indigent Defense

- ◆ Fair Trial Tax Fund
- ◆ Estimated “Overhead” expenses
  - \$14 million annually
  - retroactive payments
    - ◆ \$9.3 million FY 2005
    - ◆ \$14 million FY 2006

# Katrina Relief

- ◆ 11 counties
- ◆ Suspended requirement for state Medicaid match
- ◆ Alabama saved over \$235 million in state funds

# **Governmental Accounting Standards Board (GASB) Rule 45**

- ◆ **Acknowledge retiree healthcare costs on financial statements**
- ◆ **Actuarial Liabilities**
  - State Employees' Insurance Board (SEIB) - \$5.29 billion
  - Public Education Employees' Health Insurance Plan (PEEHIB) - \$14.61 billion

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