

Presentation to the Legislature on Alabama's Financial Condition



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Condition of the State General Fund Fiscal Years 2007 & 2008

| | FY 2007 | FY 2008 | % Change |
|--|----------------------|----------------------|----------|
| BEGINNING BALANCE | 263,228,436 | 197,684,267 | |
| LFO estimated receipts | 1,529,800,000 | 1,552,150,000 | 1.46% |
| Transfers from state agencies | 5,323,000 | | |
| Transfer from abandoned property reserve fund | 25,000,000 | 15,000,000 | -40.00% |
| Transfer from tobacco revenues | 10,634,088 | | |
| Transfer from Alabama Trust Fund gains | 34,979,281 | | |
| TOTAL RECEIPTS | 1,605,736,369 | 1,567,150,000 | -2.40% |
| TOTAL AVAILABLE (Beginning Balance Plus Total Receipts) | 1,868,964,805 | 1,764,834,267 | |
| ESTIMATED APPROPRIATIONS (as of 01/31/07) | 1,671,280,538 | | |
| ENDING BALANCE | 197,684,267 | | |

Note: An additional \$13.5 million in conditional appropriations for FY 2007 have been authorized for release, but have not been released as of 2/26/07.

Condition of the Education Trust Fund Fiscal Years 2007 & 2008

| | FY 2007 | FY 2008 | % Change |
|---|----------------------|----------------------|----------|
| Beginning balance | 686,214,930 | 427,978,180 | |
| Beginning balance reserved for October 1 debt service payment | 8,838,858 | 4,328,000 | |
| TOTAL BEGINNING BALANCE | 695,053,788 | 432,306,180 | |
| | | | |
| TOTAL RECEIPTS | 5,945,000,000 | 6,292,000,000 | 5.84% |
| | | | |
| TOTAL AVAILABLE (Total Beginning Balance Plus Total Receipts) | 6,640,053,788 | 6,724,306,180 | |
| | | | |
| Estimated appropriations (as of 01/31/07) | 5,924,266,052 | | |
| Transfer to statutory proration prevention account | 149,888,327 | | |
| Appropriation to <u>Knigh t v. Alabama</u> (per settlement agreement) | 45,600,000 | | |
| Appropriation to statutory proration prevention account | 16,000,000 | | |
| Appropriation to repay constitutional rainy day account | 71,993,229 | | |
| Reserve for October 1 debt service payment | 4,328,000 | | |
| TOTAL EXPENDITURES | 6,212,075,608 | | |
| | | | |
| Ending balance | 427,978,180 | | |
| Ending balance reserved for October 1 debt service payment | 4,328,000 | | |
| TOTAL ENDING BALANCE | 432,306,180 | | |

ETF Budget Stabilization Funds

- **Two Funds – one created by statute and one created by constitutional amendment**
- **Statutory Fund – ETF Proration Prevention Account (§40-1-32.1)**
 - Estimated balance at end of FY 2007 - \$425 million
 - \$365 million from unanticipated ending ETF balances in FY 04, FY 05, and FY 06
 - \$34 million total appropriated from the ETF to the Account in FY 06 and FY 07
 - \$25 million from interest earnings retained in the Account pursuant to Act 2006-352 (the income tax relief act)
 - May be withdrawn by the Governor in order to prevent proration or by an act of the Legislature with a two-thirds vote; may be used to prevent proration of any ETF appropriations
 - Account balance may not exceed 10% of the preceding year's ETF appropriations
- **Constitutional Fund – ETF Rainy Day Account (Amendment 709)**
 - Created as a part of the Alabama Trust Fund
 - Estimated balance at end of FY 2007 - \$248 million
 - \$180 million withdrawn in FY 2003 will have been fully repaid
 - May be withdrawn only to prevent proration of appropriations to public schools, colleges and universities, public schools for the deaf and blind, public schools for the mentally ill and retarded, and other entities established by general statute for public school students

State Board of Education

Foundation Program and Local Boards Financial Assistance FY 2007-08 Budget Request and FY 2006-07 Appropriations

| | FY 2007-08 Requested | | FY 2006-07 Appropriated | Change |
|--|-------------------------|-----------------|----------------------------|----------------------|
| <i>Foundation Program (State and Local Funds)</i> | | | | |
| Salaries | \$2,103,003,410 | | \$2,086,162,150 | \$16,841,260 |
| Fringe Benefits | 868,366,799 | | 786,634,480 | 81,732,319 |
| Other Current Expense (\$16,040/unit) | 779,328,005 | (\$15,209/unit) | 734,844,276 | 44,483,729 |
| Classroom Instructional Support | | | | |
| Student Materials (\$525/unit) | 25,508,216 | (\$525/unit) | 25,365,538 | 142,678 |
| Technology (\$350/unit) | 17,005,488 | (\$350/unit) | 16,910,359 | 95,129 |
| Library Enhancement (\$200/unit) | 9,717,410 | (\$200/unit) | 9,663,060 | 54,350 |
| Professional Development (\$90/unit) | 4,372,839 | (\$90/unit) | 4,348,397 | 24,442 |
| Common Purchase (\$200/unit) | 9,717,410 | (\$200/unit) | 9,663,060 | 54,350 |
| Textbooks (\$72.50/ADM) | 53,889,165 | (\$67.50/ADM) | 50,151,041 | 3,738,124 |
| <i>Total Foundation Program</i> | \$3,870,908,742 | | \$3,723,742,361 | \$147,166,381 |
| <i>State Funds</i> | | | | |
| Foundation Program - ETF | \$3,442,559,972 | | \$3,334,672,641 | \$107,887,331 |
| Salaries - 1% per Act 97-238 | 21,030,036 | | 20,857,964 | 172,072 |
| Technology Coordinators Program | 5,661,022 | | 4,711,022 | 950,000 |
| School Nurses Program | 31,637,596 | | 26,637,596 | 5,000,000 |
| Transportation | | | | |
| Operating Allocation | 288,204,366 | | 276,980,141 | 11,224,225 |
| Fleet Renewal (\$6,660/bus) | 45,874,080 | (\$5,864/bus) | 39,716,872 | 6,157,208 |
| Current Units (Est. = \$78,560/unit) | 39,824,418 | | 40,196,137 | -371,719 |
| At Risk Students Program | 30,828,405 | | 30,828,405 | 0 |
| <i>Total State Funds</i> | \$3,905,619,895 | | \$3,774,600,778 | \$131,019,117 |

Proposed Bond Issues

| Total Amount Issued | Estimated Annual Debt Service |
|----------------------------|--------------------------------------|
| \$500 Million | \$39.8 Million |
| \$750 Million | \$59.7 Million |
| \$850 Million | \$67.7 Million |
| \$1 Billion | \$79.6 Million |

Alabama Capital Improvement Trust Fund

(Amounts in Millions)

| | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 | Fiscal Year 2007 |
|-------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Beginning Balance | 0 | 9.4 | 33.4 | 89.9 | 95.3 | 63.7 |
| Royalty Revenues | 74 | 41.7 | 82.7 | 72.8 | 75.6 | 103.4 |
| Total Expenditures* | 64.6 | 17.7 | 26.2 | 67.4 | 107.2 | 135.6 |
| General Fund Relief | 0 | 0 | 8.2 | 46.6 | 62.8 | 60.7 |
| Ending Balance | 9.4 | 33.4 | 89.9 | 95.3 | 63.7 | 31.5 |
| *Includes General Fund Relief | | | | | | |

FY 2007 Tobacco Settlement Appropriations

| Children First Trust Fund (CFTF): | FY 2007 |
|--|---------------------|
| Public Health | \$5,332,440 |
| Human Resources | \$10,636,900 |
| Children's Trust Fund | \$2,653,452 |
| State Multiple Needs Children's Fund | \$2,801,766 |
| Mental Health/Mental Retardation | \$2,694,824 |
| Juvenile Probation Services Fund | \$5,360,827 |
| Youth Services | \$9,432,495 |
| Alabama Medicaid | \$2,165,000 |
| All Other | \$1,368,971 |
| Total CFTF Appropriation | \$42,446,675 |

| Other Tobacco Revenue: | FY 2007 |
|-----------------------------------|---------------------|
| Children's Affairs Administration | \$174,885 |
| Alabama 21st Century Fund | \$13,000,000 |
| Senior Services Trust Fund | \$1,535,999 |
| Medicaid Trust Fund | \$31,841,421 |
| Senior Services - Medicaid Waiver | \$2,274,387 |
| Total Other Appropriation | \$48,826,692 |

| | |
|------------------------------------|----------------------|
| State General Fund Transfer | \$12,279,548 |
| Grand Total | \$103,552,915 |

Counties and School Systems Affected by Constitutional Amendment No. 778 -"The Ten Mill Bill"

| <u>County</u> | <u>School System</u> | <u>School Tax District</u> | <u>Current School Levy (Mills)</u> | <u>Additional Levy Required (Mills)</u> |
|---|----------------------|----------------------------|------------------------------------|---|
| 1 Autauga | 1 Autauga County | District 1 | 7.00 | 3.00 |
| Autauga | Autauga County | District 2 | 7.00 | 3.00 |
| 2 Baldwin | 2 Baldwin County | District 1 | 9.00 | 1.00 |
| 3 Barbour | 3 Barbour County | District 1 | 7.00 | 3.00 |
| 4 Bibb | 4 Bibb County | District 1 | 7.00 | 3.00 |
| Bibb | Bibb County | District 2 | 7.00 | 3.00 |
| 5 Blount | 5 Blount County | District 1 | 9.00 | 1.00 |
| Blount | Blount County | District 2 | 9.00 | 1.00 |
| 6 Chilton | 6 Chilton County | District A | 9.50 | 0.50 |
| Chilton | Chilton County | District B | 9.50 | 0.50 |
| 7 Conecuh | 7 Conecuh County | District 1 | 9.50 | 0.50 |
| Conecuh | Conecuh County | District 62 - Evergreen | 9.50 | 0.50 |
| <i>Conecuh County rate on Truck Tractors, Trailers, Semi-Trailers</i> | | | | |
| Conecuh | Conecuh County | District 1 | 7.50 | 2.50 |
| Conecuh | Conecuh County | District 62 - Evergreen | 7.50 | 2.50 |
| 8 Covington | 8 Covington County | District 1 | 7.00 | 3.00 |
| Covington | Covington County | District 2 | 7.00 | 3.00 |
| Covington | Covington County | District 77 - Florala | 7.00 | 3.00 |
| 9 Crenshaw | 9 Crenshaw County | District 1 | 8.00 | 2.00 |
| Crenshaw | Crenshaw County | District 2 | 8.00 | 2.00 |
| 10 Cullman | 10 Cullman County | District 1 | 7.00 | 3.00 |
| Cullman | 11 Arab City | District 8 | 7.00 | 3.00 |
| 11 Dale | 12 Dale County | District 1 | 9.00 | 1.00 |
| Dale | 13 Daleville City | District 63 | 8.00 | 2.00 |
| Dale | 14 Dothan City | District 60 | 9.00 | 1.00 |
| 12 Elmore | 15 Elmore County | District A | 7.00 | 3.00 |
| 13 Fayette | 16 Fayette County | District 1 | 6.00 | 4.00 |
| 14 Hale | 17 Hale County | District 1 | 7.00 | 3.00 |
| Hale | Hale County | District 2 | 7.00 | 3.00 |
| 15 Henry | Dothan City | District 60 | 12.00 | 1.00 |
| 16 Houston | 18 Houston County | District 1 | 8.00 | 2.00 |
| Houston | Houston County | District 2 | 8.00 | 2.00 |
| Houston | Dothan City | District 60 | 8.00 | 2.00 |
| 17 Jackson | 19 Jackson County | District 1 | 7.00 | 3.00 |
| Jackson | Jackson County | District 2 | 7.00 | 3.00 |
| 18 Lamar | 20 Lamar County | District 1 | 7.00 | 3.00 |
| 19 Lawrence | 21 Lawrence County | District 1 | 9.00 | 1.00 |
| Lawrence | Lawrence County | District 2 | 9.00 | 1.00 |
| 20 Limestone | 22 Limestone County | District 1 | 8.50 | 1.50 |
| Limestone | 23 Athens City | District 3 | 8.50 | 1.50 |
| 21 Marengo | 24 Marengo County | District 1 | 8.00 | 2.00 |
| Marengo | 25 Linden City | District 3 | 8.00 | 2.00 |
| 22 Marion | 26 Marion County | District 2 | 7.00 | 3.00 |
| 23 Marshall | Arab City | District 3A | 8.00 | 2.00 |
| 24 Montgomery | 27 Montgomery County | District 1 & 4 | 3.50 | 6.50 |
| Montgomery | Montgomery County | District 2 & 3 | 7.00 | 3.00 |
| 25 Pike | 28 Pike County | District 2 | 9.70 | 0.30 |
| <i>Pike County rate on Truck Tractors, Trailers, Semi-Trailers & Apportioned Tags</i> | | | | |
| Pike | 29 Troy City | District 1 | 6.10 | 3.90 |
| Pike | Pike County | District 2 | 6.10 | 3.90 |
| 26 Tallapoosa | 30 Tallassee City | District T | 7.50 | 2.50 |
| 27 Tuscaloosa | 31 Tuscaloosa County | District 1 | 9.50 | 0.50 |
| Tuscaloosa | Tuscaloosa County | District 2 | 9.50 | 0.50 |
| 28 Walker | 32 Walker County | District 1 | 8.00 | 2.00 |
| Walker | Walker County | District 2 | 8.00 | 2.00 |
| Walker | Walker County | District 27 | 8.00 | 2.00 |

28 Counties Affected 32 School Systems Affected

Source: State Department of Revenue, February 20, 2007