



---

### OTHER BUDGET ISSUES

The following are areas of the budget that are not mentioned in depth in other areas, but will be tracked through the interim and reported to the 2015 Legislature.

#### STRUCTURAL BALANCE

##### General Fund

Structural balance refers to the balancing of ongoing expenditures with ongoing revenues. If ongoing revenues equal or exceed ongoing expenditures, then structural balance is achieved for the short-term. If ongoing expenditures exceed ongoing revenues, then structural imbalance occurs. With adjustments for one-time revenues and expenditures, the ending structural balance for the 2015 biennium is slightly negative at \$4.56 million or 0.2%.

##### *Future Budget Risks*

In order to attain or maintain a structural balance, for any increase in annual expenditures there must be an equal or greater increase in ongoing revenue. At the same time, any reduction in revenues must be at least matched by reductions or lower growth in expenditures. In every biennium, the following pressures can impact future structural balance of the general fund:

- Expenditure growth for higher costs for current services, as is common with caseload driven entitlement programs such as Medicaid or increases in prison populations supervised by the Department of Corrections
- Realization of any delayed implementation of ongoing programs or taxation policy changes
- Growth or reductions in services or revenues arising from known demographic or other economic changes, such as the cost of an aging population
- Revenue growth greater or less than anticipated

Going into the next biennium, the beginning point would be the currently estimated structural balance using SJ 2 revenue estimates for FY 2015, or slightly negative at 0.2%. At present the FY 2013 year-to-date base revenues are stronger than anticipated and will likely erase this small structural imbalance.