



2020 Regular Session  
of the Alabama Legislature

Kelly Butler, Director of Finance

# State Budget Process

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- September – process begins with revenue estimating
- November 1<sup>st</sup> - agencies begin submitting budget requests
  - Budget Office staff receive and analyze requests
- November/December – meetings with agencies to discuss their budgets
- Late December/Early January - discuss priorities with the Governor and begin to formulate early drafts of the budget
  - Follow up meetings are held with agencies as necessary
- The Governor holds meetings with legislative leadership to get their input on policy matters
- Final decisions are made by the Governor up to the week before the Regular Session begins

# Revenue Estimates and Economic Assumptions

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## ➤ **Alabama's economy remains strong**

- In 2019 Alabama added, on average, 40,230 jobs per month
- Unemployment rate was 2.7% for December 2019

## ➤ **We do not anticipate a recession through 2021**

- U.S. economy (Real GDP) grew 2.3% in 2019
- Forecasted growth is 2.1% in 2020 and 2.1% in 2021

## ➤ **ETF Estimated revenue growth**

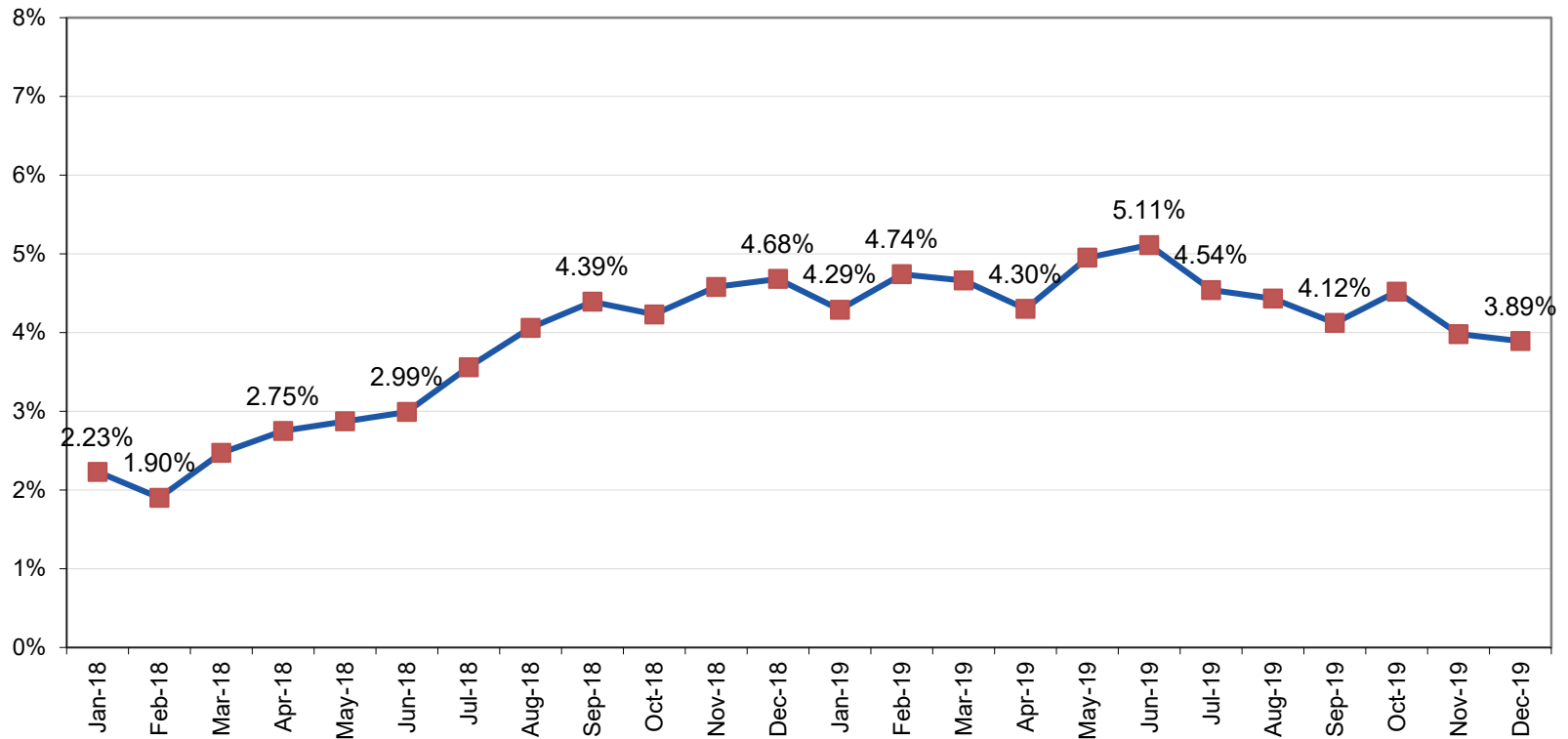
- FY2020 – 4.46%
- FY2021 – 1.90%

## ➤ **SGF Estimated revenue growth**

- FY2020 – 3.94%
- FY2021 – 2.40%

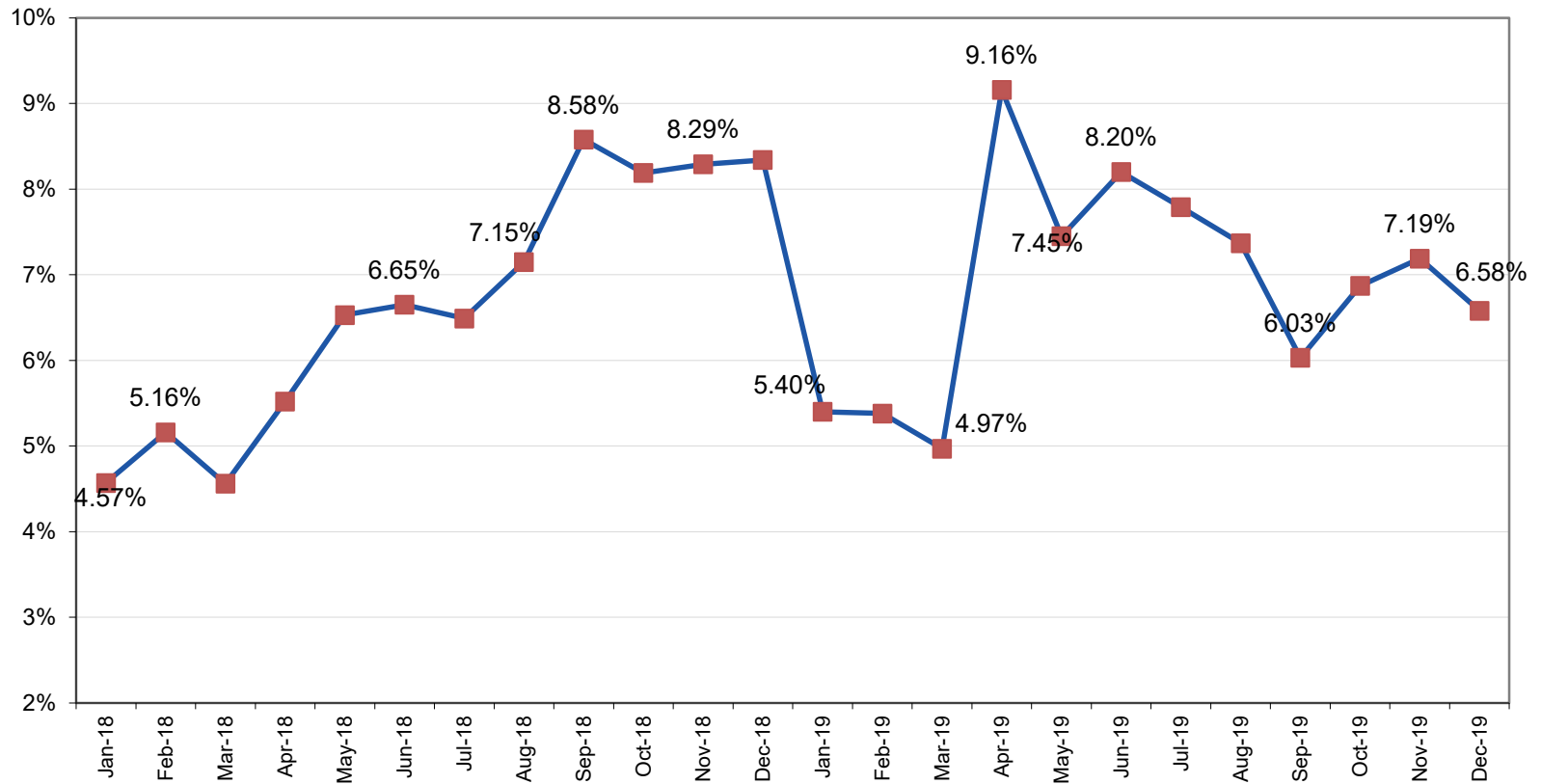
# Sales Tax Collections

**GROSS SALES TAX**  
**12 MONTH ROLLING AVERAGE**



# Individual Income Tax Collections

**GROSS INDIVIDUAL INCOME TAX  
12 MONTH ROLLING AVERAGE**



# Total State Debt Outstanding

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## **General Obligation Bonds**

**\$658 million**

## **Revenue Bonds**

**\$4.05 billion**

- Public School & College Authority
- State Port Authority
- Economic Settlement
- Federal Aid Highway Finance Authority
- Incentives Finance Authority
- Public Healthcare Authority
- Building Renovation Finance Authority
- 21<sup>st</sup> Century Authority
- Mental Health Authority
- Revolving Loan Fund Authority

## **Total State Indebtedness**

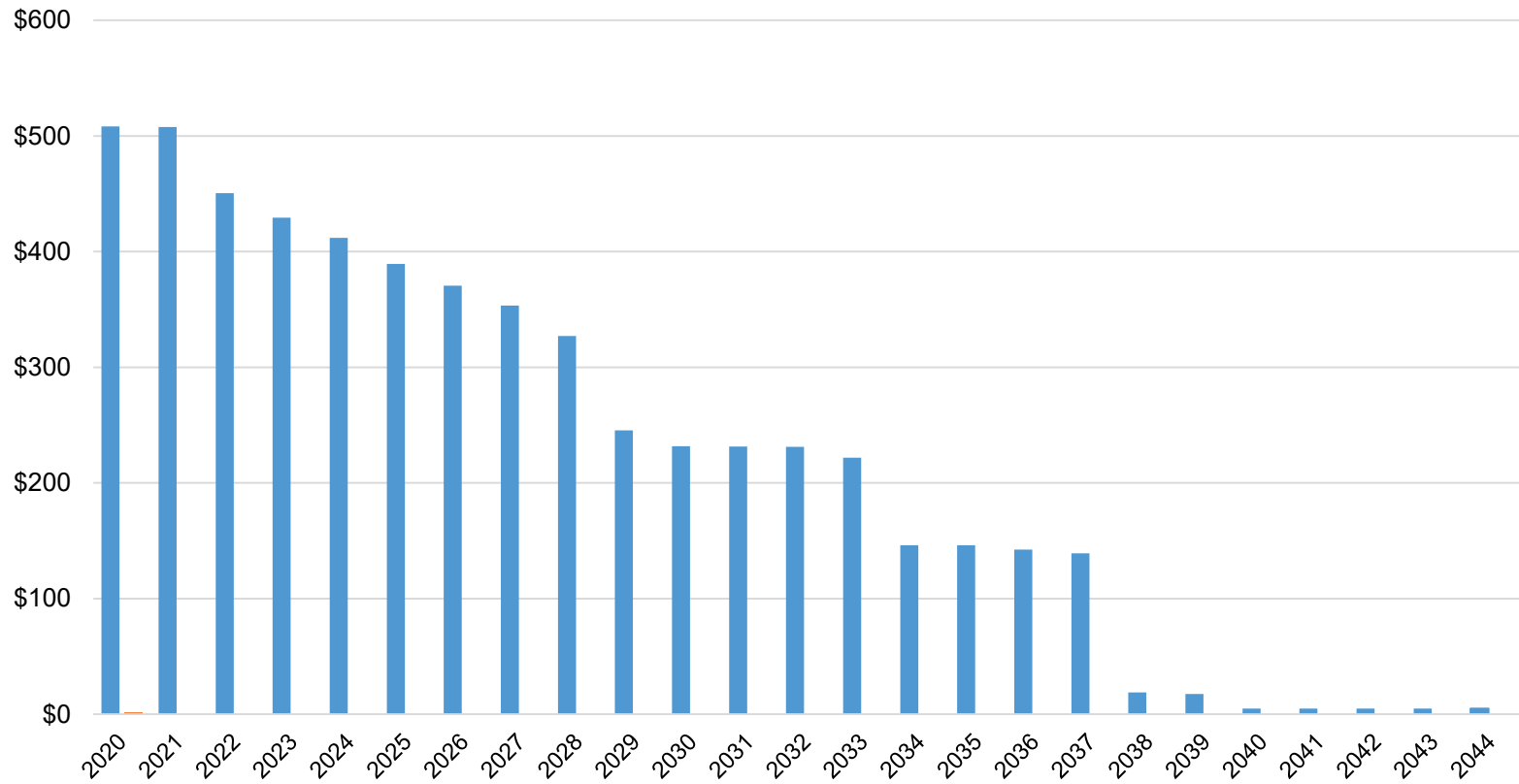
**\$4.70 billion (as of 9/30/19)**

# Debt Outstanding – Rank vs Other States

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<b>State</b>	<b>Net Tax Supported Debt (in 000s)</b>	<b>National Rank</b>	<b>Per Capita</b>	<b>National Rank</b>	<b>% of Personal Income</b>	<b>Rank</b>
Alabama	\$4,285,571	25	\$877	27	2.2%	27
Arkansas	\$1,782,522	38	\$591	35	1.4%	31
Florida	\$17,302,435	9	\$812	29	1.7%	30
Georgia	\$10,476,548	14	\$996	26	2.3%	25
Kentucky	\$8,633,844	16	\$1,932	12	4.8%	9
Louisiana	\$7,099,162	20	\$1,523	17	3.5%	16
Mississippi	\$5,322,398	23	\$1,782	14	4.9%	8
South Carolina	\$2,555,179	31	\$503	39	1.2%	38
Tennessee	\$2,062,971	35	\$305	44	0.7%	44

# Total Annual Debt Service (in millions)





# Rainy Day Accounts

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## ➤ ETF

- Current available amount is \$454,146,159 (6.5% of FY19 budget)
- No outstanding amount to be repaid

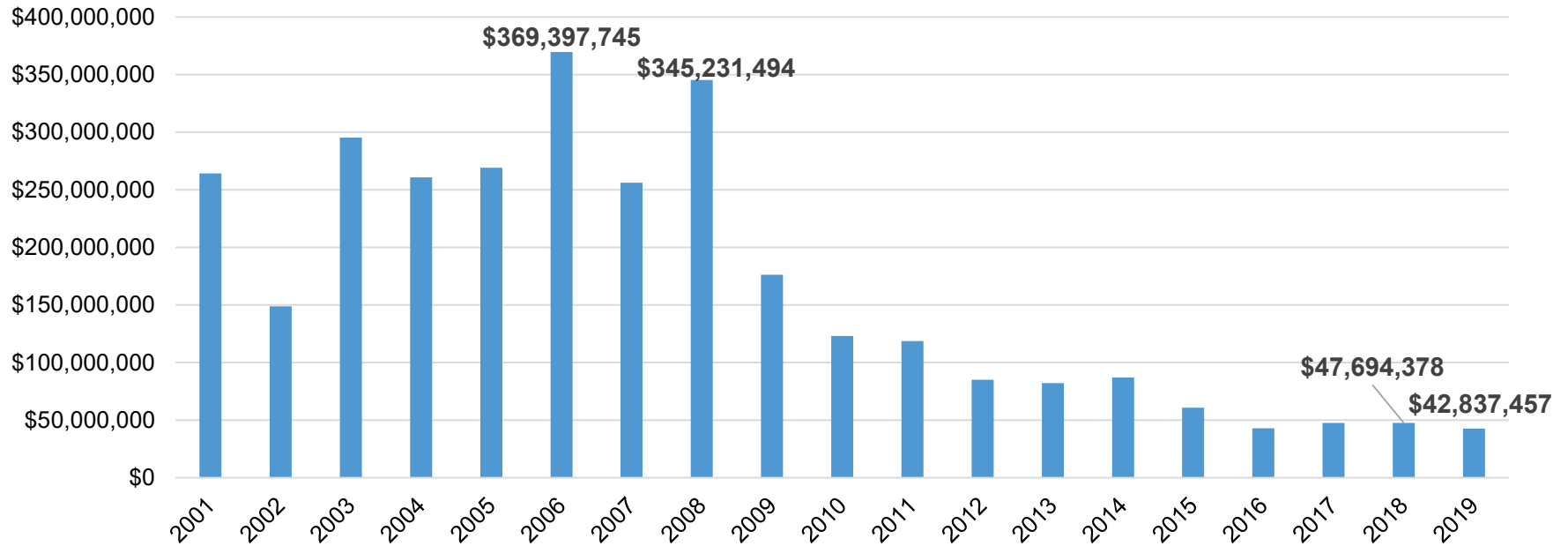
## ➤ SGF

- Current available amount is \$212,295,186 (10% of FY19 budget)
- No outstanding amount to be repaid

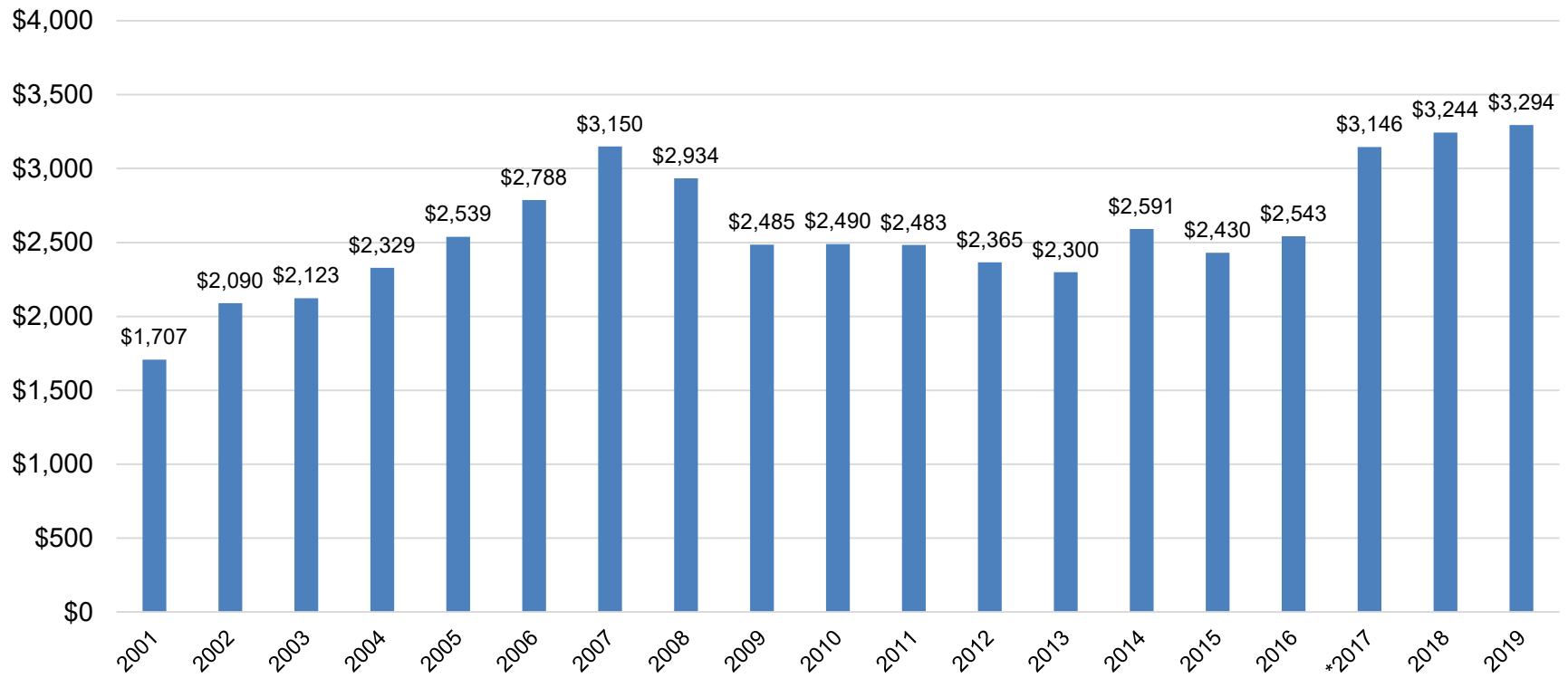
## ➤ ATF Repayment

- |                               |               |
|-------------------------------|---------------|
| ○ Original amount withdrawn   | \$437,390,829 |
| ○ Amount repaid as of 9/30/20 | \$280,434,126 |
| ○ Remainder                   | \$156,956,703 |
| ○ Annual required payment     | \$ 13,500,000 |

# Alabama Trust Fund Offshore Royalty Receipts

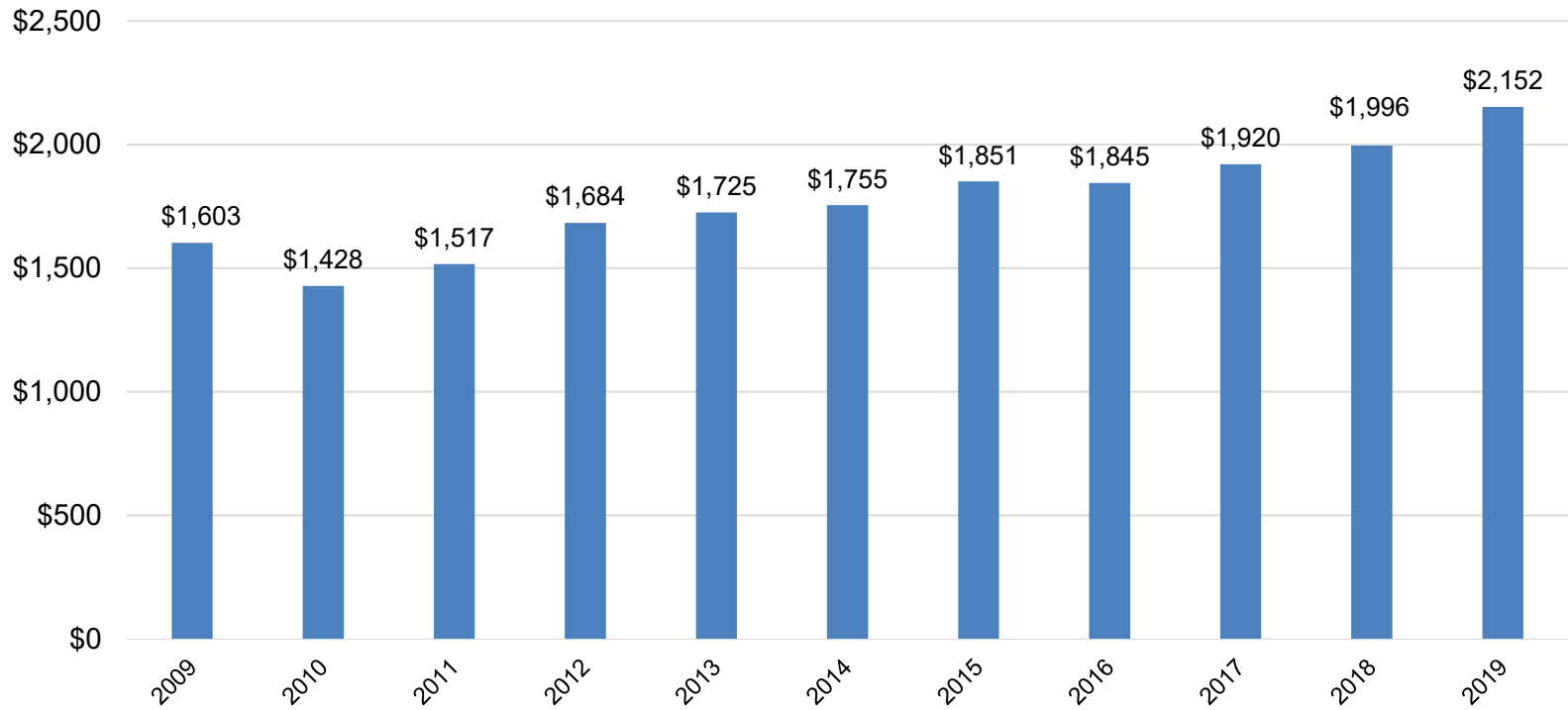


# Alabama Trust Fund Assets (in millions)

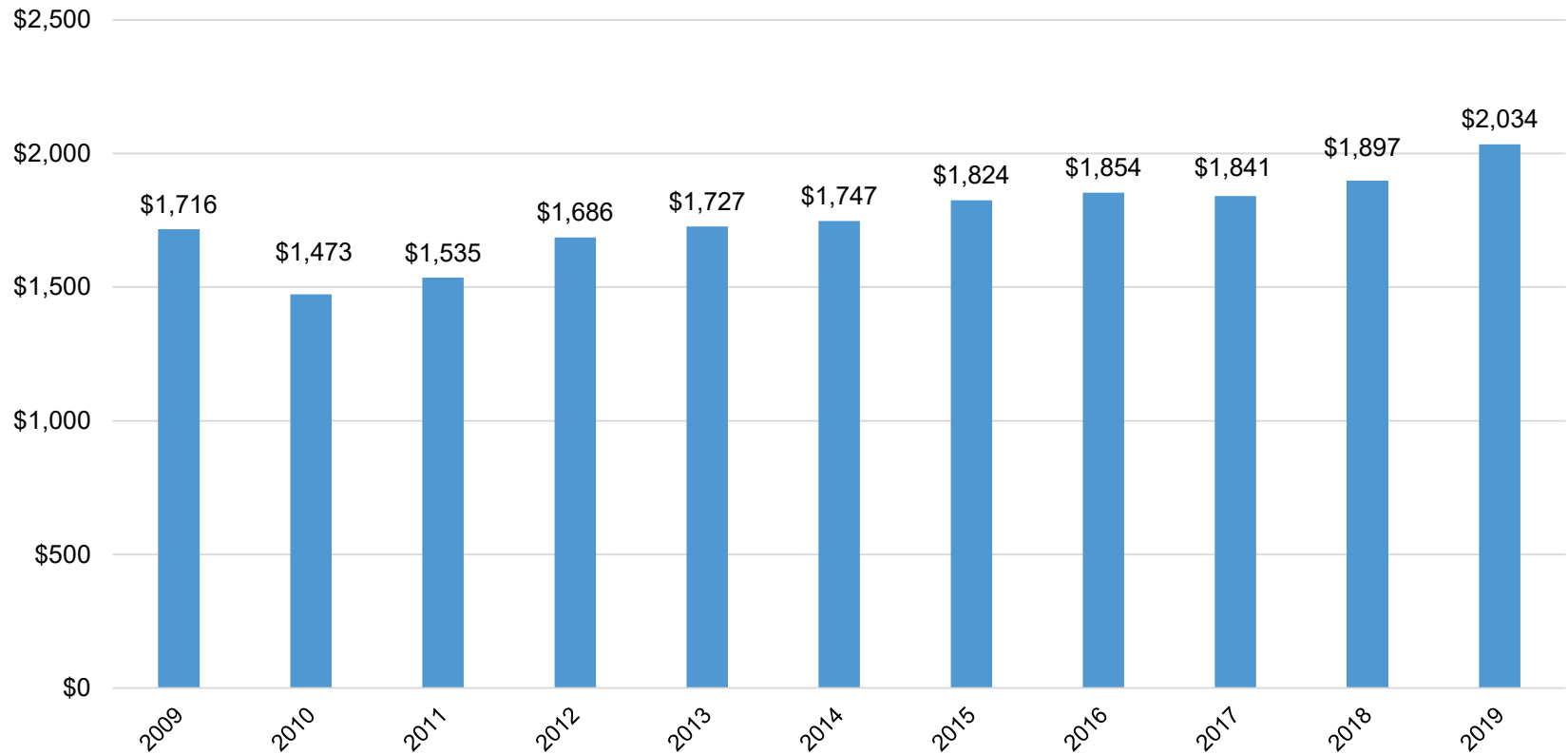


# General Fund Revenue (in millions)

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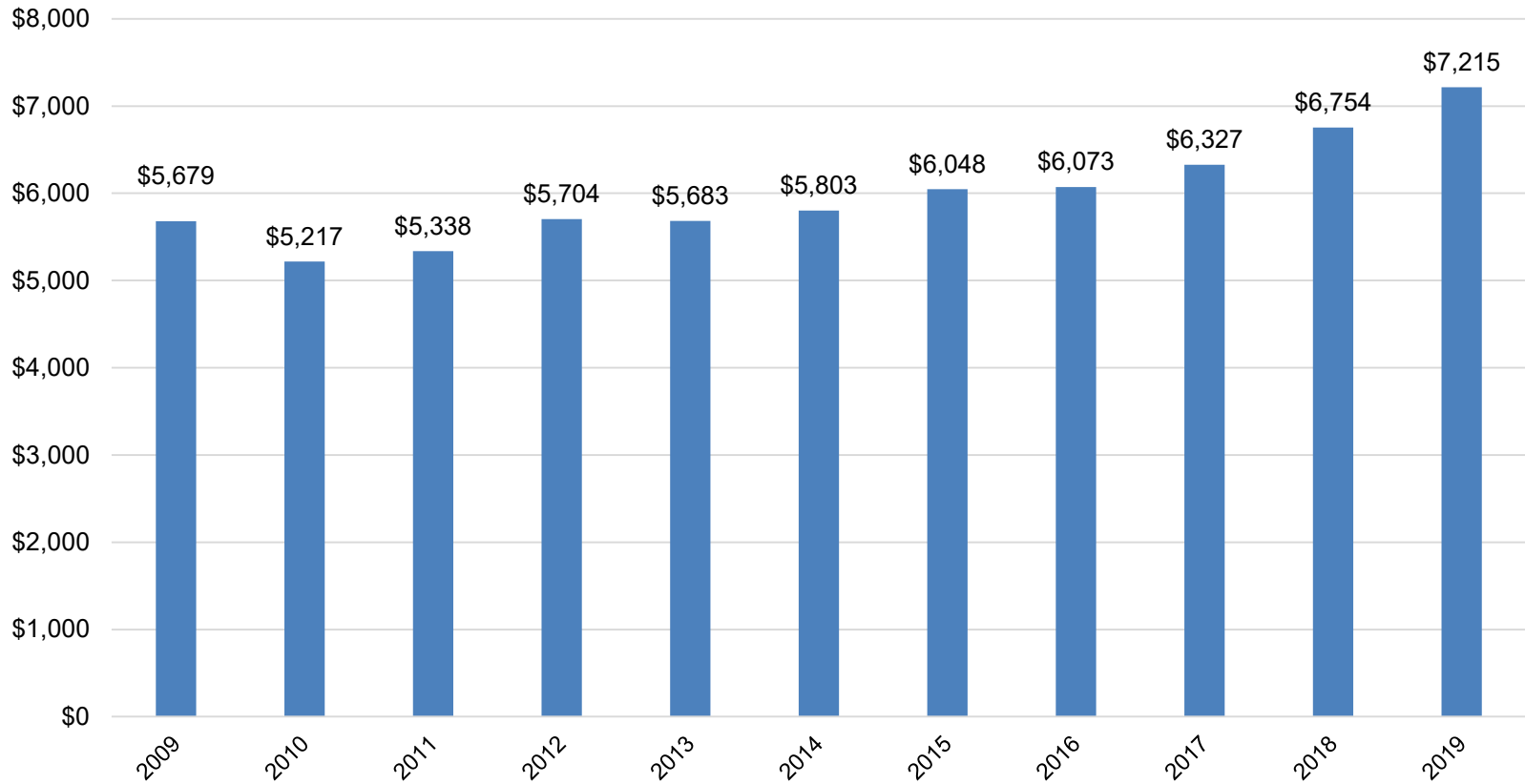


# General Fund Expenditures (in millions)



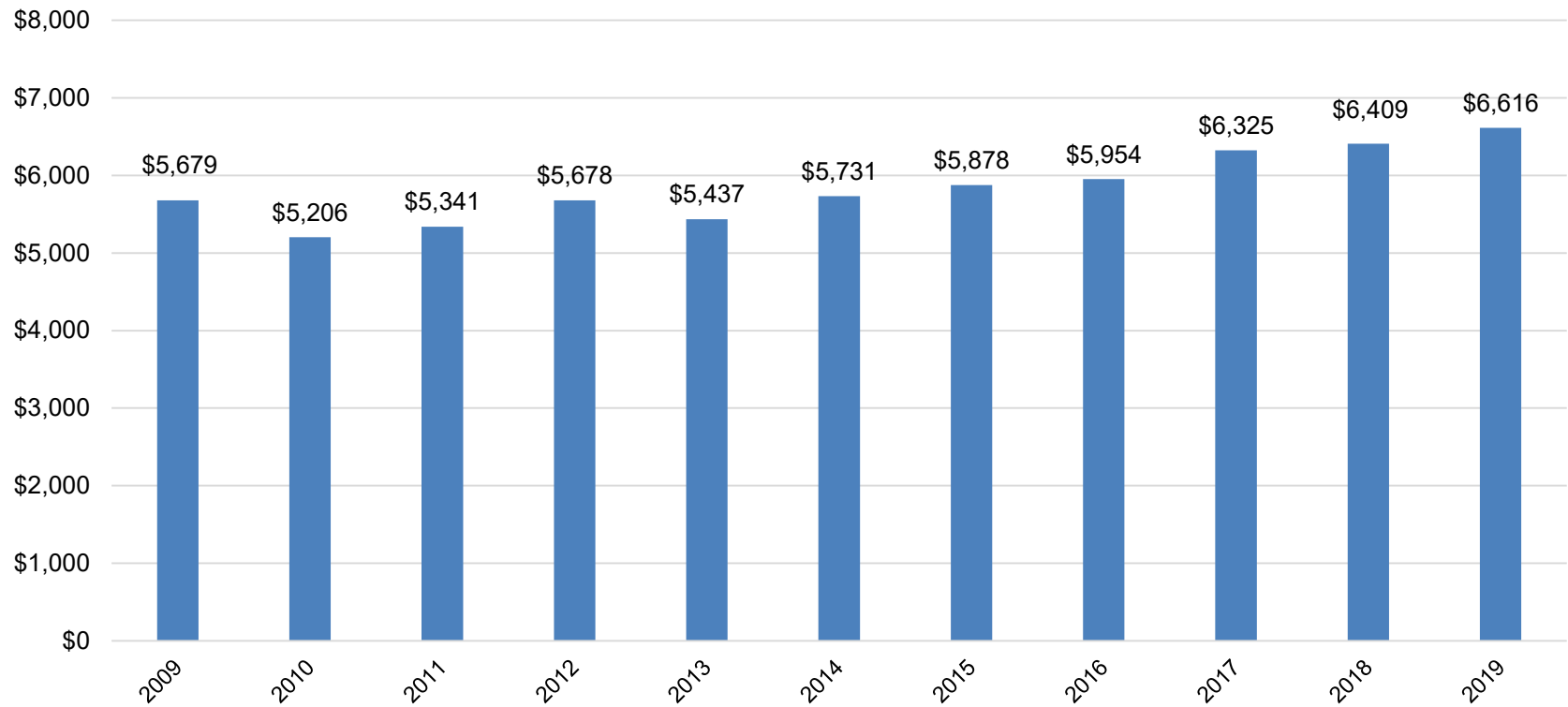
# ETF Revenue (in millions)

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# ETF Expenditures (in millions)

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# 2021 Budget – Governor’s Proposal

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## General Fund:

Beginning balance	\$ 273 million
Revenue	\$2.290 billion
Available	\$2.563 billion
Appropriations	<u>\$2.563 billion</u>
Ending balance	\$0



# 2021 Budget – Governor’s Proposal

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## Education Trust Fund:

Beginning balance	\$0
Revenue	\$7.677 billion
Appropriations	<u>\$7.537 billion</u>
Ending balance	\$ 130 million