



Office of Fiscal Analysis

FY 22 BUDGET PROJECTIONS

March 25, 2022

PROJECTED SURPLUSES GROW

The Office of Fiscal Analysis projects a FY 22 General Fund operating surplus of \$1,754.9 million and a Volatility Adjustment transfer of \$969.2 million. Separately, OFA projects an operating surplus of \$289 million in the Special Transportation Fund. Relative to last month's [projections](#), operating surplus projections have increased by the following: (1) \$280.5 million in the General Fund; and (2) \$14.5 million in the Special Transportation Fund, updated to reflect [estimated revenue losses](#) under the recently enacted HB 5501, An Act Suspending Certain Gas Taxes and Sales and Use Taxes on Certain Clothing and Allocating Funds for Free Public Bus Services.

General Fund

Reflecting ongoing collections trends in the sales and use, corporation and real estate conveyance taxes, revenue projections are revised upwards by \$197 million in total relative to last month's projection. These revisions include the impact of HB 5501 on the General Fund.

On the spending side, projections have been revised downward by \$83.4 million in total, with major improvements to projections of certain fringe benefits and the personal services line item within the Department of Correction (DOC).

Overview

In Millions of Dollars

	Budget	March Estimate	Difference from Budget
General Fund			
Revenues	21,021.3	22,109.0	1,087.7
Expenditures	20,746.4	20,354.1	(392.3)
Surplus/(Deficit)	274.9	1,754.9	1,479.9
Budget Reserve Fund			
Budget Reserve Deposit	1,244.1	2,724.1	1,479.9
Budget Reserve Balance	4,356.1	5,836.1	1,479.9
Special Transportation Fund			
Revenues	1,889.7	1,982.2	92.5
Expenditures	1,721.8	1,693.2	(28.6)
Surplus/(Deficit)	167.9	289.0	121.0
Fund Balance	409.0	530.1	121.0

- The main reason for the increase in the DOC lapse is due to expenditure offsets from the Coronavirus Relief Funds (CRF) for allowable public safety costs. The available CRF has increased from the past month as the Office of Policy and Management continues to reconcile CRF expenditures.
- The lapse in fringe benefits is mostly due to an increase in employee retirements coupled with a slower than anticipated refill of vacant positions. In addition, federal reimbursement for COVID-19 unemployment claims is contributing to the lapse in the Unemployment Compensation account, and the delayed onboarding of employees into the new hybrid Tier IV retirement plan is contributing to the lapse in the Other Post-Employment Benefits account as well as the SERS Defined Contribution Match account.

Special Transportation Fund

In response to a significant uptick in the price of oil, the revenue projection for the oil companies tax is revised upwards by \$100 million. This increase more than offsets the estimated revenue loss under HB 5501 (including \$90 million motor fuels tax collection and \$240,000 in the sales and use tax). Improvements to spending projections (\$4.7 million in total) in various line items to reflect ongoing trends also contributes to an overall improvement to the projected operating surplus relative to last month's projection.

General Fund Summary

In Millions of Dollars

Summary	FY 22
Budgeted Surplus	274.9
Revenue Changes	
+ Withholding	255.0
+ Sales and Use	389.8
+ Federal Grants	286.5
+ Net Revenue	156.4
Revenue Subtotal	1,087.7
Expenditure Changes	
+ Agency Deficiencies	(29.3)
+ Net Lapses	421.5
Expenditure Subtotal	392.3
= Surplus/(Deficit)	1,754.9
Budget Reserve Fund Starting Balance	3,112.0
+ Surplus/(Deficit)	1,754.9
+ Volatility Adjustment	969.2
= Budget Reserve Transfer Subtotal	2,724.1
= Budget Reserve Fund Balance	5,836.1

Special Transportation Fund Summary

In Millions of Dollars

Summary	FY 22
Budgeted Surplus	167.9
Revenue Changes	
+ Motor Fuels Tax	(90.0)
+ Oil Companies	120.0
+ Sales Tax - DMV	27.0
+ Net Revenue	35.5
Revenue Subtotal	92.5
Expenditure Changes	
+ Net Lapses	28.6
+ Agency Deficiencies	0.0
Expenditure Subtotal	28.6
= Surplus/(Deficit)	289.0
STF Starting Balance	241.1
+ Surplus/(Deficit)	289.0
= Fund Balance	530.1

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)