



Office of Fiscal Analysis

FY 23 BUDGET PROJECTIONS

February 27, 2023

PROJECTIONS HOLD

The Office of Fiscal Analysis projects a FY 23 General Fund operating surplus of \$1,323.7 million and a Volatility Adjustment transfer of \$1,847.5 million. The projected operating surplus has grown slightly, by \$1.7 million, over [last month's projection](#).¹

A projected FY 23 operating surplus of \$257.9 million in the Special Transportation Fund would increase that fund's cumulative balance to \$655.7 million. The projected operating surplus has increased by \$6.1 million since last month's projection, due primarily to a \$7 million increase in the projected lapse in the Personal Services line item of the Department of Motor Vehicles.

Revenue Outlook

On a cumulative basis through January, actual collections for the estimates and finals (E&F) portion of the personal income tax are now \$290 million below target. However, thus far collections in the pass-through entity tax (PET) exceed expectations by \$156 million. In total, these two revenue streams, which are governed by the volatility cap, are \$134 million below the amounts anticipated through January.

The negativity indicated above is not reflected in projections this month, as further information on collections is forthcoming. More information on PET is expected relatively soon, as the next filing deadline is March 15th. The month of April should determine the extent to which E&F collections in FY 23 vary from projections. It is likely that any further erosion in the total amount of revenues from these two revenue streams would negatively impact the Volatility Adjustment Transfer amount, only.

Lastly, the first filing due date for the new highway use tax is tomorrow, which will reflect one month of collections. We will continue monitoring the performance of this new revenue stream in the Special Transportation Fund and update projections accordingly.

Overview

In Millions of Dollars

General Fund	Budget	February Estimate	Difference from Budget
Revenues	22,388.2	23,224.5	836.3
Expenditures	22,089.2	21,900.8	(188.3)
Surplus/(Deficit)	299.0	1,323.7	1,024.6
Budget Reserve Fund			
Budget Reserve Deposit	2,146.5	3,171.2	1,024.6
Budget Reserve Balance	5,459.9	6,484.6	1,024.6
Special Transportation Fund			
Revenues	2,091.9	2,052.5	(39.4)
Expenditures	1,826.2	1,794.6	(31.6)
Surplus/(Deficit)	265.7	257.9	(7.8)
Fund Balance	663.5	655.7	(7.8)

¹ The FY 23 impacts of the (recently enacted) PA 23-1 are reflected in this report.

General Fund Summary

In Millions of Dollars

Summary	FY 23
Budgeted Surplus	299.0
Revenue Changes	
+ Withholding	125.0
+ Sales and Use	280.0
+ Federal Grants	151.1
+ Net Revenue	280.2
Revenue Subtotal	836.3
Expenditure Changes	
+ Agency Deficiencies	(46.3)
+ Net Lapses	234.7
Expenditure Subtotal	188.3
= Surplus/(Deficit)	1,323.7
Budget Reserve Fund Starting Balance	3,313.4
+ Surplus/(Deficit)	1,323.7
+ Volatility Adjustment	1,847.5
= Budget Reserve Transfer Subtotal	3,171.2
= Budget Reserve Fund Balance	6,484.6

Special Transportation Fund Summary

In Millions of Dollars

Summary	FY 23
Budgeted Surplus	265.7
Revenue Changes	
+ Motor Fuels Tax	(90.0)
+ Interest Income	43.3
+ Sales and Use Tax	26.0
+ Net Revenue	(18.7)
Revenue Subtotal	(39.4)
Expenditure Changes	
+ Net Lapses	31.6
+ Agency Deficiencies	0.0
Expenditure Subtotal	31.6
= Surplus/(Deficit)	257.9
STF Starting Balance	397.8
+ Surplus/(Deficit)	257.9
= Fund Balance	655.7

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)