



# Office of Fiscal Analysis

FY 23 BUDGET PROJECTIONS

March 27, 2023

## GENERAL FUND SURPLUS GROWS / VOLATILE REVENUES UNCERTAIN

The Office of Fiscal Analysis projects a FY 23 General Fund operating surplus of \$1,401.4 million and a volatility adjustment transfer of \$1,847.5 million to the Budget Reserve Fund. The projected operating surplus has grown by \$77.7 million over [last month's projection](#). Updates to revenue projections reflect current trends in collections and make up \$55 million of the improved outlook. Spending projections are down \$22.7 million across several agencies and line items, as information about spending patterns in the current fiscal year accumulates.

A projected FY 23 operating surplus of \$252.4 million in the Special Transportation Fund would increase that fund's cumulative balance to \$650.2 million. The projected operating surplus has decreased by \$5.5 million since last month's projection as spending is revised upwards in certain line items, including Other Expenses within the Department of Motor Vehicles.

### Volatile Revenues Outlook

The personal income tax filing deadline of April 18<sup>th</sup> approaches with consensus revenue estimates due April 30<sup>th</sup>. As referenced in last month's projection, collections in the estimated and finals portion of the income tax were below target. This continues to be the case, although definitive information will not be available until after April 18<sup>th</sup>. Collections of the pass-through entity tax, which had performed relatively well through February, have softened. Both revenue streams are governed by the volatility adjustment cap and transfer. It is anticipated that any negative variances only would reduce the projected \$1.8 billion volatility adjustment transfer and not affect the General Fund's anticipated surplus.

### Overview

In Millions of Dollars

General Fund	Budget	March Estimate	Difference from Budget
Revenues	22,388.2	23,279.5	891.3
Expenditures	22,089.2	21,878.1	(211.1)
<b>Surplus/(Deficit)</b>	<b>299.0</b>	<b>1,401.4</b>	<b>1,102.4</b>
<b>Budget Reserve Fund</b>			
Budget Reserve Deposit	2,146.5	3,248.9	1,102.4
<b>Budget Reserve Balance</b>	<b>5,459.9</b>	<b>6,562.3</b>	<b>1,102.4</b>
<b>Special Transportation Fund</b>			
Revenues	2,091.9	2,057.5	(34.4)
Expenditures	1,826.2	1,805.1	(21.0)
<b>Surplus/(Deficit)</b>	<b>265.7</b>	<b>252.4</b>	<b>(13.4)</b>
<b>Fund Balance</b>	<b>663.5</b>	<b>650.2</b>	<b>(13.4)</b>

**General Fund Summary**

In Millions of Dollars

Summary	FY 23
<b>Budgeted Surplus</b>	<b>299.0</b>
<b>Revenue Changes</b>	
+ Withholding	125.0
+ Sales and Use	280.0
+ Federal Grants	151.1
+ Net Revenue	335.2
<b>Revenue Subtotal</b>	<b>891.3</b>
<b>Expenditure Changes</b>	
+ Agency Deficiencies	(61.1)
+ Net Lapses	272.2
<b>Expenditure Subtotal</b>	<b>211.1</b>
<b>= Surplus/(Deficit)</b>	<b>1,401.4</b>
<b>Budget Reserve Fund Starting Balance</b>	<b>3,313.4</b>
+ Surplus/(Deficit)	1,401.4
+ Volatility Adjustment	1,847.5
<b>= Budget Reserve Transfer Subtotal</b>	<b>3,248.9</b>
<b>= Budget Reserve Fund Balance</b>	<b>6,562.3</b>

**Special Transportation Fund Summary**

In Millions of Dollars

Summary	FY 23
<b>Budgeted Surplus</b>	<b>265.7</b>
<b>Revenue Changes</b>	
+ Motor Fuels Tax	(90.0)
+ Interest Income	58.3
+ Sales and Use Tax	26.0
+ Net Revenue	(28.7)
<b>Revenue Subtotal</b>	<b>(34.4)</b>
<b>Expenditure Changes</b>	
+ Net Lapses	25.0
+ Agency Deficiencies	(4.0)
<b>Expenditure Subtotal</b>	<b>21.0</b>
<b>= Surplus/(Deficit)</b>	<b>252.4</b>
<b>STF Starting Balance</b>	<b>397.8</b>
+ Surplus/(Deficit)	252.4
<b>= Fund Balance</b>	<b>650.2</b>

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)