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# **Finance Advisory Committee**

## **Revenue and Budget Update**

**April 9, 2020**

**JLBC**

# Summary

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- ❑ Through at least '21, the state revenue forecast will be linked to the future of the COVID-19 pandemic
- ❑ Current virus forecasts are extremely speculative and change weekly
- ❑ We currently project a \$(1.1) B '21 shortfall – could be wrong by \$500 M in either direction
- ❑ The projections are too uncertain to develop definitive plans for resolving the shortfall in the very near term
- ❑ We plan to revisit our forecast at least once prior to the start of the fiscal year

# Current COVID Epidemiological Forecasting

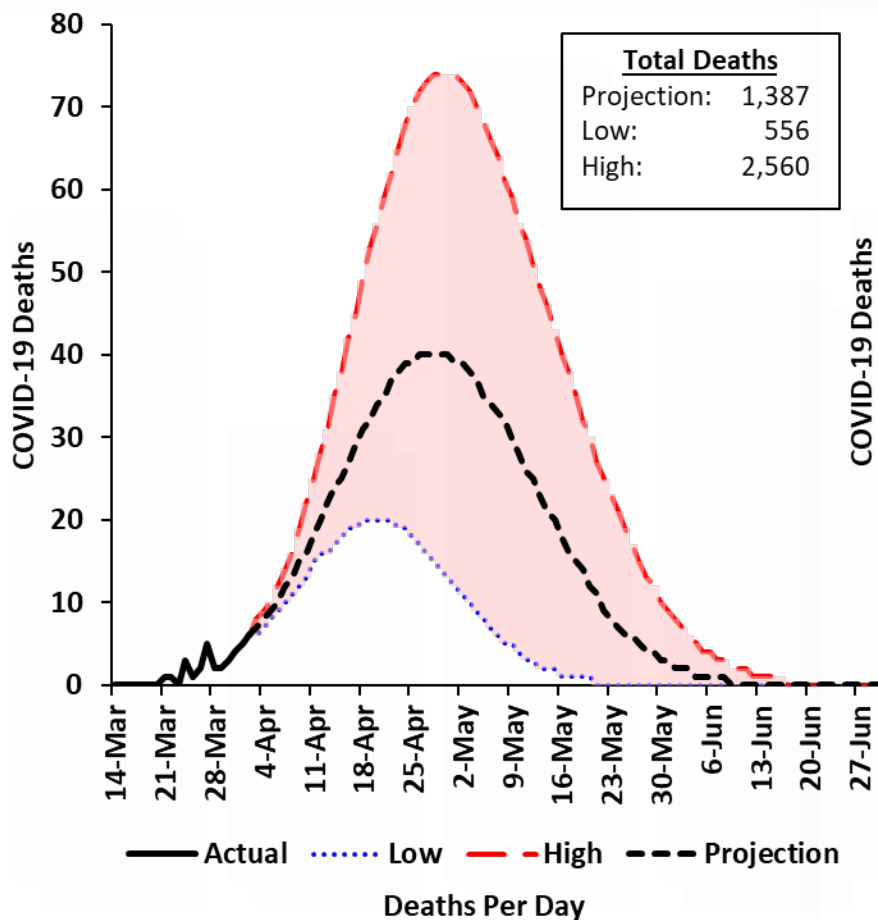
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- ❑ Like revenue forecasting, virus modeling is highly speculative
- ❑ National models continuously updated with mortality, hospitalization, testing and other data
- ❑ Two state-level projections: IHME and COVID Act Now
- ❑ IHME currently projects that Arizona deaths will peak at 24 a day on April 23 with total deaths of 775 by May 31
  - Through April 8, AZ had 80 total deaths
- ❑ IHME has a broad range of possible outcomes
- ❑ IHME has a different methodology and lower infection/death estimates than other national models

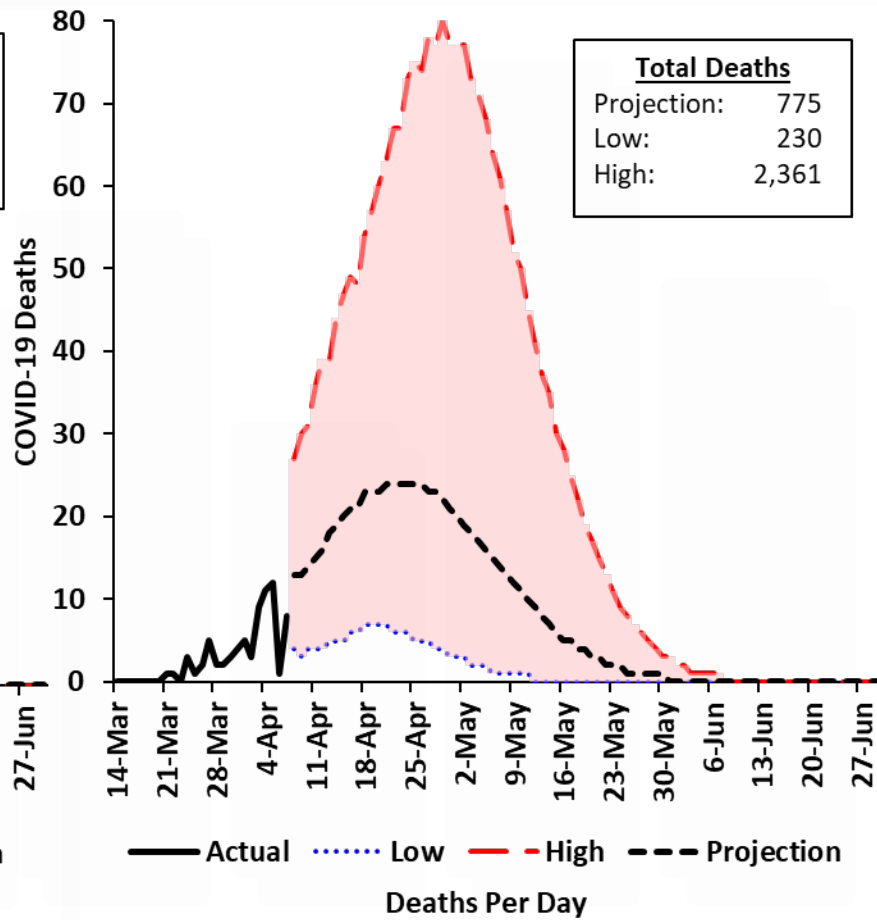
# IHME Estimate of Arizona COVID-19 Deaths

## - Lower 4/7 #s Appear Related to Broader Social Distancing

April 2 Update



April 7 Update



Source: Institute for Health Metrics and Evaluation

# Longer Term Impact of COVID-19

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- Public health experts recommend gradually lifting social distancing once the incidence rate declines noticeably
  - If this occurs, economy will also improve gradually
  
- As in prior pandemics, there could be a 2nd wave later in the year
  - We will be better prepared for the 2nd wave in terms of mitigation strategies, but a vaccine may still be a year away
  - A possible 2nd wave suggests being cautious with '21 revenue growth rate

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# **Arizona Economic Conditions**

# Prior to COVID, the State Was Doing Well

## - Put State in a Better Position for the COVID Recession

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- ❑ Through March, General Fund revenues were up by 8.1%
- ❑ In the Index of Economic Momentum, Arizona continued to rank 3rd among states based on last quarter data.
- ❑ But as we noted in our January presentation:

- *The forecast has no recession through '23*
  - *Recessions are hard to predict; usually due to “shock”*

# Few Real-Time Indicators Available

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- Over the last 3 weeks, 247,000 new initial UI claims have been filed
- Phoenix hotel occupancy rate fell by (71)% in last week of March
- Several restaurant chains reporting (70)% decrease in sales
- AHCCCS caseloads grew by 42,000 in 1 month, or an increase of 2.3%



# No Useful Revenue Data Yet

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- ❑ Given the time between paychecks and transmittal of withholding, no noticeable decline in income tax yet
- ❑ Businesses do not transmit that month's TPT collections until the end of the following month
- ❑ We will not have useful TPT data for another month:
  - Early May: March collections reported (1/2 a bad month)
  - Early June: April collections reported (a full bad month)
  - Early July: May collections reported (likely a bad month)

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# Forecasting State Revenues

# April Tax Payments to Deferred to July

## - Complicates State Accounting

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- April final income tax payments are now due in July
- The estimated payment deadlines (April 15, June 15) have NOT been deferred
- Deferral is primarily an Individual Income Tax issue, as corporations generally pay through quarterly estimates
- As a result, forecast shifts \$676 M in General Fund revenue collections from '20 to '21
- 4-Sector forecast displayed with and without deferral; the latter provides better sense of underlying economy

# April 4-Sector Forecast

- Without Deferral, (2.8)% Decline in '20, (1.5)% Decline in '21

## April Consensus Forecast

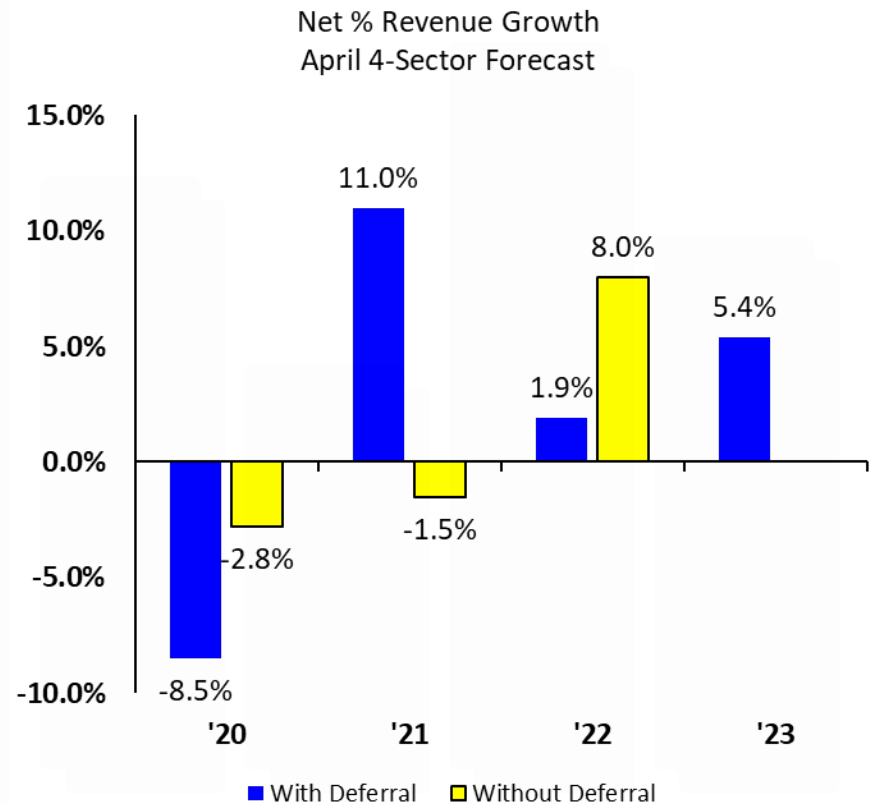
- Finance Advisory Committee
- UA model – base
- UA model – low
- JLBC Staff

## Represents Net Growth

- Includes enacted law changes

## Long Run Average Growth

- 4.2%

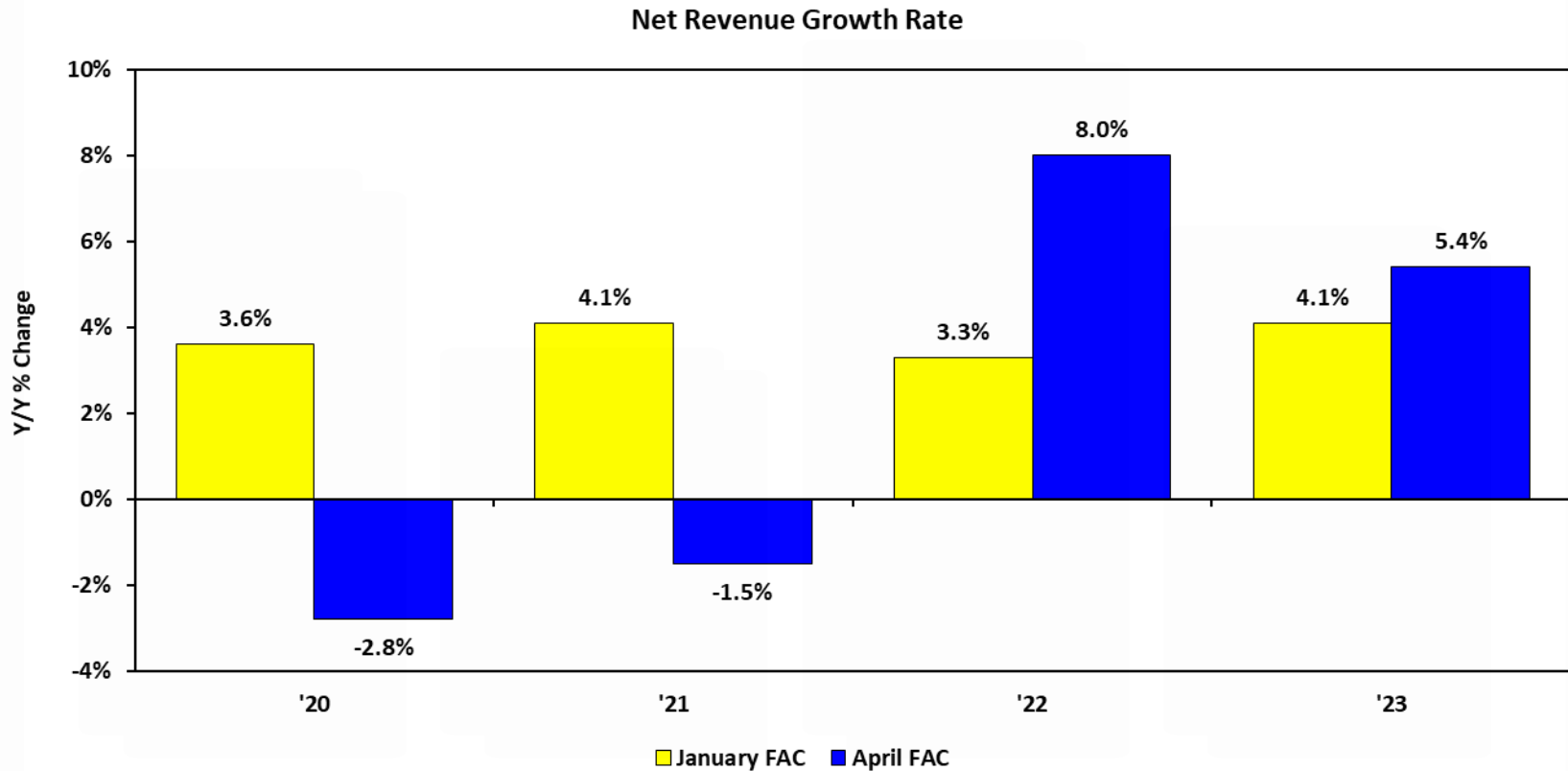


Excludes balance forward, one-time transfers and urban revenue sharing

See Appendix A1, A2, B1 and B2

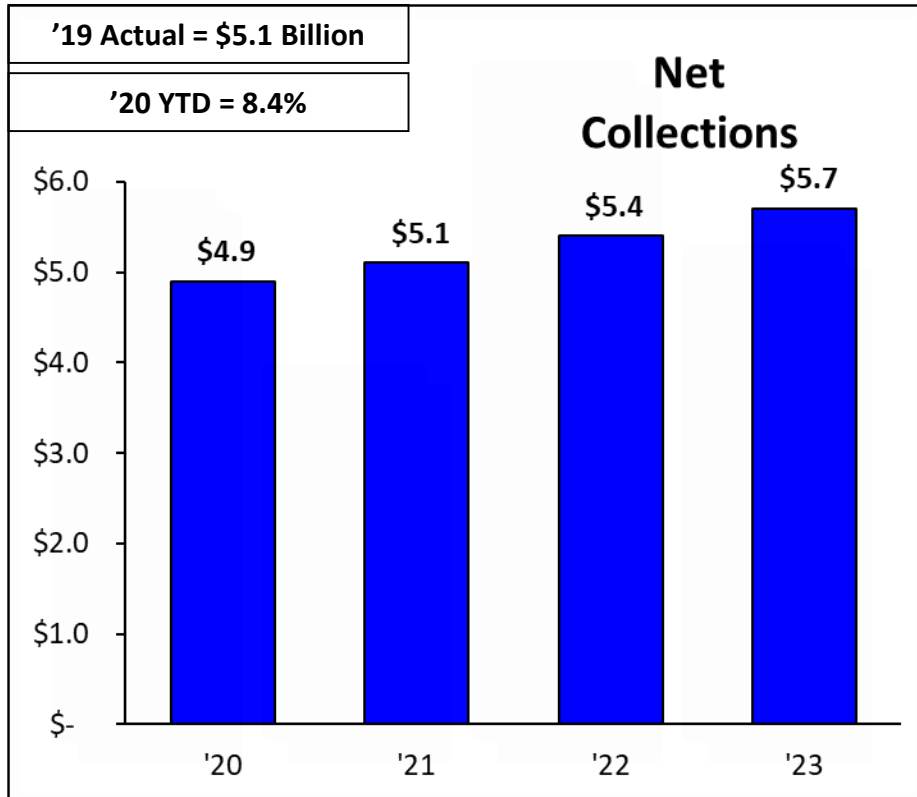
# April Forecast Versus Enacted Budget

## - April Estimates Exclude the Deferral



- (2.8)% in '20 is a combination of 8.1% growth for 3 quarters and (23.6)% decline in Q4 (excluding deferral)

# Sales Tax



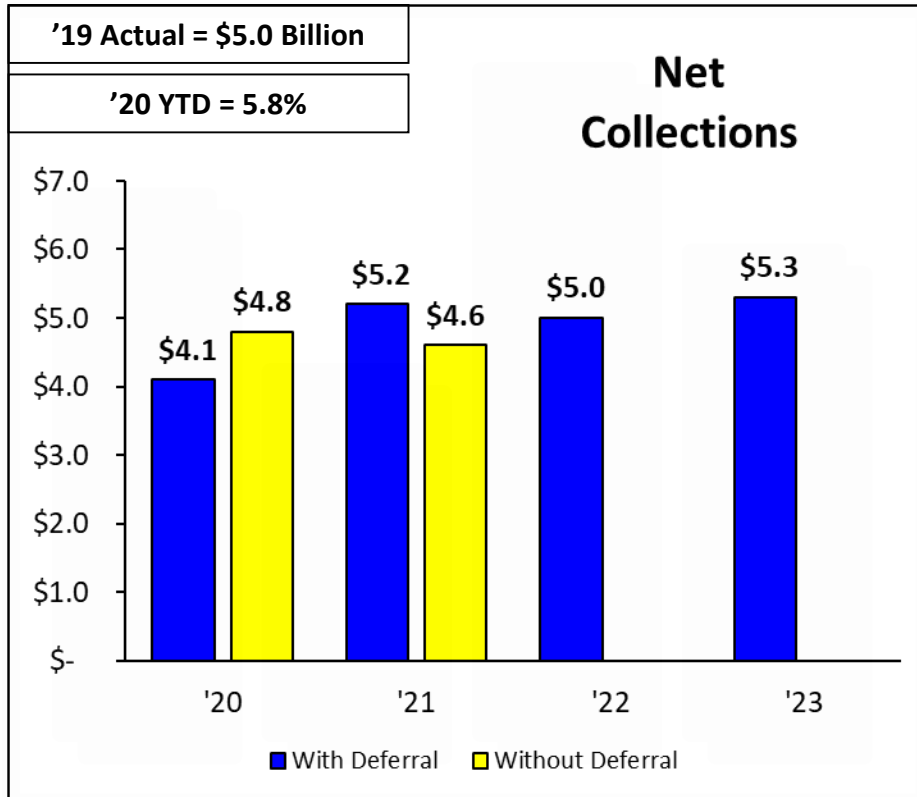
Net %	'20	'21	'22	'23
	(2.9)%	3.3%	6.6%	5.4%

### JLBC Staff Sector % Change by Category

	'20 Q4	'21
Retail	(32)%	3%
Contracting	9	2
Use	(25)	2
Restaurant/Bar	(70)	1
Utilities	(6)	(2)
Hotel	(70)	5
Total	(31)	2

- Within retail, Auto TPT would decline (50)% in Q4

# Individual Income Tax



### JLBC Sector % Change by Category (without Deferral)

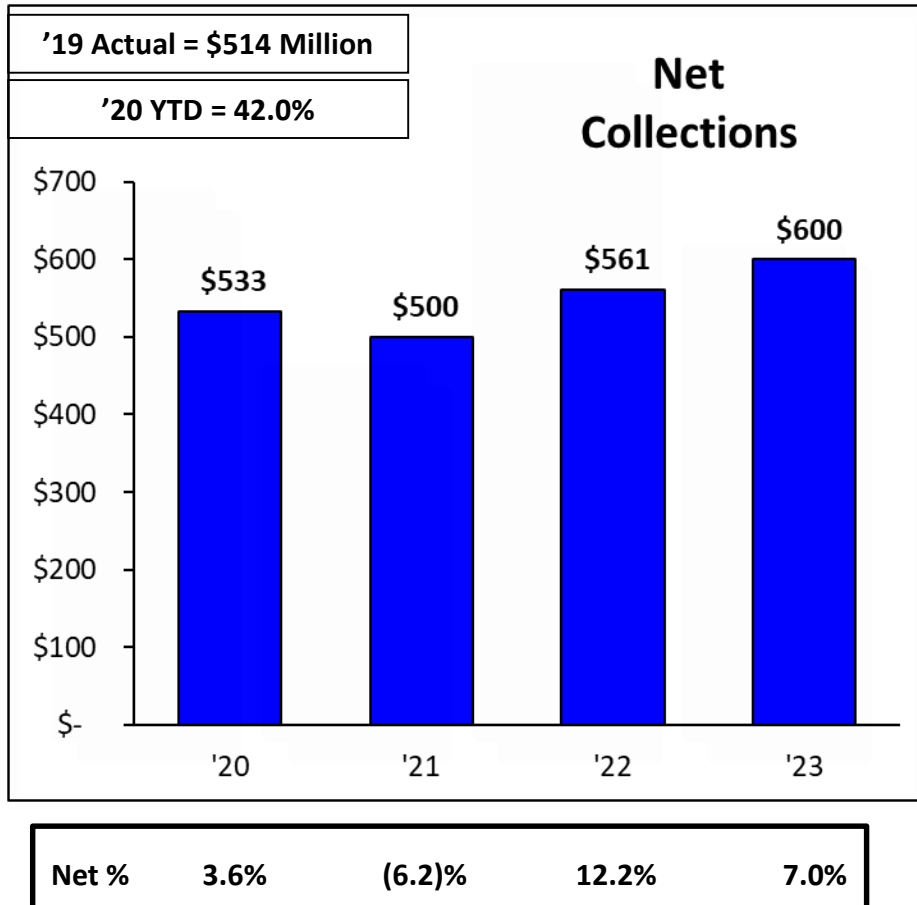
	'20 Q4	'21
Withholding	(15)%	(2)%
Payments	(13)	(17)
Refunds	<u>22</u>	<u>(6)</u>
Total	(23)	(6)

- Withholding forecast to drop (15)% in Q4 and (1.9)% in '21
- Excluding deferral, payments fall (13)% in '20; due to TY '19 tax reductions
- Due to stock market decline, payments reduced (17)% in '21

Net % w/ Deferral	(17.3)%	26.1%	(3.4)%	5.8%
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Net % w/out Deferral	(3.8)%	(5.5)%	10.9%	5.8%
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# Corporate Income Tax



- ❑ 4-Sector forecasts a Q4 decline of (39)%
- ❑ CIT especially sensitive to economy
- ❑ Lost 58% of its value in Great Recession
- ❑ JLBC Staff projects (22)% drop in '21 to \$426 M



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# **Formula Spending Adjustments**

# Feds Increasing Medicaid Match Rate

## - Savings Are Partially Offset by Caseload Increases

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- ❑ Retroactive to January, feds have increased their share of Medicaid costs by 6.2%
  - Will last as long as federal emergency declaration
- ❑ AHCCCS caseloads expected to increase dramatically
  - 20% by July, another 10% through '21
  - From trough to peak, caseload grew by 27% in Great Recession
- ❑ April forecast assumes net savings of \$(237) M in '20 and \$(130) M in '21
  - Includes DES/Developmental Disabilities impact
  - Assumes emergency lasts until June '21

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# **Projected Ending Balances**

# Projected Cash Shortfall of \$(1.1) B

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	<u>\$ in M</u>
Incurred During '20	(638)
Incurred During '21	<u>(462)</u>
Total Shortfall	(1,100)

- The \$(1.1) B shortfall assumes the '20 shortfall is rolled over into '21
- AZ Constitution allows incurred debts to be paid in following year
- Likely range of shortfall \$(600) M - \$(1.6) B ???

See Appendix C

# Cash Shortfalls Persist through '23

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- ❑ '22 shortfall = \$(1.0) B and '23 shortfall = \$(624) M
- ❑ Estimates assume that '21 shortfall is resolved and not rolled into '22
- ❑ We project that the higher federal Medicaid rate will end in '22. Causes half of the \$(1.0) B '22 shortfall.
- ❑ With each succeeding year, accuracy of the estimates declines considerably
  - 1% error in each of 3 years changes balance by \$725 M

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# **Potential Approaches to Shortfall**

# Potential Approaches for \$(638) M '20 Shortfall

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- ❑ Roll problem into '21 and resolve as part of '21 budget changes
  - State used this approach in '09
- ❑ Statutorily withdraw monies from \$973 M Rainy Day Fund
  - Need flexibility since shortfall unknown until after 6/30
  - Authorize JLBC Staff/OSPB to determine transfer that will result in \$1 M balance
  - State used this approach in '08
- ❑ Federal funds offset – discussed later
- ❑ Fund transfers – better to deploy in '21
- ❑ Agency budget reductions – hard to implement at end of fiscal year

# Potential Approaches for \$(1.1) B '21 Shortfall

## - Assumes Rollover of '20 Shortfall

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- Up to \$973 M in Rainy Day Fund
- Use of federal COVID \$
- Fund transfers
- Revenue/spending adjustments



# Federal Fund Options

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- ❑ \$1.6 B from Federal Coronavirus Relief Fund
  - Likely limited to reimbursing COVID-related spending
  - Much less flexible than depositing into General Fund
  - At minimum, \$50 M Crisis Contingency Fund appropriation is reimbursable (up to actual expenditure)
  
- ❑ \$277 M from K-12 Emergency Relief Fund
  - Subject to a “Maintenance of Effort” provision
  - AZ spends \$866 M above MOE level
  - Could use all \$ to supplant or supplement K-12

# Federal Fund Options (Cont.)

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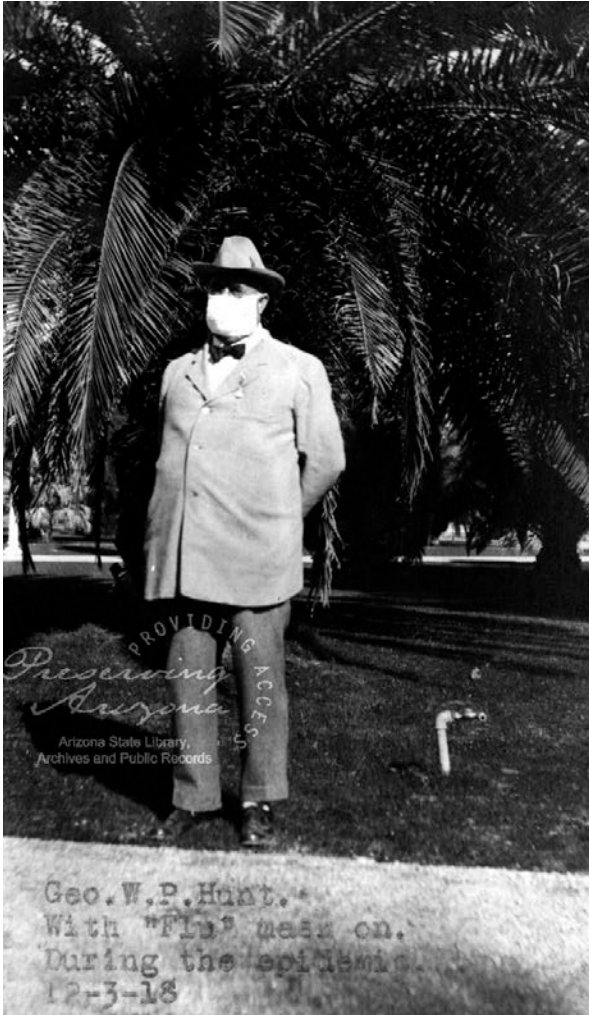
- \$190 M from Higher Education Emergency Relief Fund
  - \$118 M to public universities and \$72 M to community colleges
  - AZ spends \$11 M above MOE level
  
- \$69 M from Governor's Emergency Education Relief Fund
  - Governor determines allocation
  - Used for any level of education, including child care
  - Only available if meeting K-12 and Higher Ed MOEs

# Next Steps

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- ❑ Challenging to craft solution when magnitude of problem is uncertain
- ❑ By early June, we will have more data to assess problem
  - April and May withholding
  - April TPT collection
- ❑ We plan to revisit our forecast at least once by June
- ❑ In meantime, develop potential solution sets which could be implemented near the beginning of the fiscal year

# Historical Perspectives



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OFFICE OF PRICE ADMINISTRATION

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OPA

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OPA Form R-145 16-85070-1

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# Appendices

# Appendix A1: April 4-Sector Forecast With Deferral

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Sales Tax</b>				
JLBC Forecast	-4.2%	2.2%	8.2%	7.2%
UA – Low	-5.1%	3.1%	6.4%	6.6%
UA – Base	-3.5%	4.7%	6.5%	3.7%
FAC	1.1%	3.1%	5.4%	4.4%
Average:	<b>-2.9%</b>	<b>3.3%</b>	<b>6.6%</b>	<b>5.5%</b>
<b>Individual Income Tax with Deferral</b>				
JLBC Forecast	-18.6%	26.4%	-3.5%	7.5%
UA – Low	-17.3%	24.6%	-4.1%	4.9%
UA – Base	-16.3%	27.5%	-2.9%	5.3%
FAC	-16.9%	26.1%	-3.3%	5.3%
Average:	<b>-17.3%</b>	<b>26.1%</b>	<b>-3.4%</b>	<b>5.8%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	7.0%	-22.5%	17.8%	9.7%
UA – Low	5.0%	-3.2%	10.1%	5.0%
UA – Base	9.7%	1.3%	12.7%	6.0%
FAC	-7.1%	0.3%	8.9%	7.8%
Average:	<b>3.6%</b>	<b>-6.2%</b>	<b>12.2%</b>	<b>7.0%</b>
<b>Insurance Premium Tax</b>				
JLBC Forecast	1.6%	5.0%	2.0%	2.0%
UA – Low	-2.2%	3.5%	2.2%	2.1%
UA – Base	-1.3%	5.3%	3.7%	2.5%
FAC	1.6%	6.8%	3.7%	4.0%
Average:	<b>-0.1%</b>	<b>5.2%</b>	<b>2.9%</b>	<b>2.7%</b>

JLBC Weighted Average	<b>-9.8%</b>	<b>10.8%</b>	<b>2.8%</b>	<b>7.2%</b>
UA Low Weighted Average	<b>-10.0%</b>	<b>11.6%</b>	<b>1.5%</b>	<b>5.6%</b>
UA Base Weighted Average	<b>-8.5%</b>	<b>13.9%</b>	<b>2.4%</b>	<b>4.5%</b>
FAC Consensus Weighted Average	<b>-7.3%</b>	<b>12.4%</b>	<b>1.5%</b>	<b>4.9%</b>
“Big-4” Weighted Average	<b>-8.9%</b>	<b>12.2%</b>	<b>2.1%</b>	<b>5.5%</b>
Consensus Weighted Average*	<b>-8.5%</b>	<b>11.0%</b>	<b>1.9%</b>	<b>5.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories.

# Appendix A2: April 4-Sector Forecast Without Deferral

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Sales Tax</b>				
JLBC Forecast	-4.2%	2.2%	8.2%	7.2%
UA – Low	-5.1%	3.1%	6.4%	6.6%
UA – Base	-3.5%	4.7%	6.5%	3.7%
FAC	1.1%	3.1%	5.4%	4.4%
Average:	<b>-2.9%</b>	<b>3.3%</b>	<b>6.6%</b>	<b>5.4%</b>
<b>Individual Income Tax without Deferral</b>				
JLBC Forecast	-5.1%	-5.7%	11.0%	7.5%
UA – Low	-4.1%	-6.4%	10.0%	4.9%
UA – Base	-3.0%	-3.6%	10.9%	5.3%
FAC	-2.9%	-6.4%	11.6%	5.3%
Average:	<b>-3.8%</b>	<b>-5.5%</b>	<b>10.9%</b>	<b>5.8%</b>
<b>Corporate Income Tax</b>				
JLBC Forecast	7.0%	-22.5%	17.8%	9.7%
UA – Low	5.0%	-3.2%	10.1%	5.0%
UA – Base	9.7%	1.3%	12.7%	6.0%
FAC	-7.1%	0.3%	8.9%	7.8%
Average:	<b>3.6%</b>	<b>-6.2%</b>	<b>12.2%</b>	<b>7.0%</b>
<b>Insurance Premium Tax</b>				
JLBC Forecast	1.6%	5.0%	2.0%	2.0%
UA – Low	-2.2%	3.5%	2.2%	2.1%
UA – Base	-1.3%	5.3%	3.7%	2.5%
FAC	1.6%	6.8%	3.7%	4.0%
Average:	<b>-0.1%</b>	<b>5.2%</b>	<b>2.9%</b>	<b>2.7%</b>

JLBC Weighted Average	<b>-3.8%</b>	<b>-2.4%</b>	<b>9.5%</b>	<b>7.2%</b>
UA Low Weighted Average	<b>-4.0%</b>	<b>-1.5%</b>	<b>7.9%</b>	<b>5.6%</b>
UA Base Weighted Average	<b>-2.6%</b>	<b>0.8%</b>	<b>8.6%</b>	<b>4.5%</b>
FAC Consensus Weighted Average	<b>-1.0%</b>	<b>-1.0%</b>	<b>8.0%</b>	<b>4.9%</b>
“Big-4” Weighted Average	<b>-2.9%</b>	<b>-1.0%</b>	<b>8.5%</b>	<b>5.5%</b>
Consensus Weighted Average*	<b>-2.8%</b>	<b>-1.5%</b>	<b>8.0%</b>	<b>5.4%</b>

\* Represents ongoing revenue adjusted for small revenue categories.

# Appendix B1: Revenue '19 - '21 with Deferral

## FORECAST REVENUE GROWTH

(\$ in Thousands)

	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	4,947,498.8	-2.9%	(149,381.1)	5,109,765.8	3.3%	162,267.0
Income - Individual	5,009,020.6	10.2%	4,144,637.5	-17.3%	(864,383.1)	5,228,342.7	26.1%	1,083,705.2
- Corporate	514,264.1	37.8%	532,970.4	3.6%	18,706.4	499,916.4	-6.2%	(33,054.0)
Property	29,683.3	-23.3%	28,137.4	-5.2%	(1,545.9)	28,949.2	2.9%	811.8
Luxury - Tobacco	21,040.8	-4.3%	21,069.0	0.1%	28.2	20,580.4	-2.3%	(488.6)
- Liquor	37,259.4	3.4%	37,102.2	-0.4%	(157.2)	33,828.8	-8.8%	(3,273.3)
Insurance Premium	549,760.6	7.9%	549,376.4	-0.1%	(384.2)	577,728.5	5.2%	28,352.2
Other Taxes	13,539.4	77.0%	12,890.2	-4.8%	(649.2)	14,418.0	11.9%	1,527.8
Subtotal - Taxes	11,271,448.0	9.2%	10,273,681.9	-8.9%	(997,766.1)	11,513,530.0	12.1%	1,239,848.1
<b>Other Non-Tax Revenues:</b>								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	90,753.9	-12.4%	(12,840.8)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,106.7	141.3%	29,290.1	-44.8%	(23,816.6)	21,001.7	-28.3%	(8,288.4)
Sales and Services	24,054.0	-29.5%	21,018.9	-12.6%	(3,035.0)	20,465.0	-2.6%	(553.9)
Other Miscellaneous	111,313.8	2.8%	112,655.9	1.2%	1,342.1	116,024.3	3.0%	3,368.4
Transfers and Reimbursements	63,365.2	56.1%	100,954.7	59.3%	37,589.5	67,336.9	-33.3%	(33,617.8)
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	99,842.6	4.5%	4,290.1	95,417.3	-4.4%	(4,425.3)
Subtotal - Other Non-Tax	534,662.3	35.3%	523,362.8	-2.1%	(11,299.6)	467,686	-10.6%	(55,677.1)
<b>Net Ongoing Revenue</b>	<b>11,806,110.3</b>	<b>10.2%</b>	<b>10,797,044.7</b>	<b>-8.5%</b>	<b>(1,009,065.7)</b>	<b>11,981,215.6</b>	<b>11.0%</b>	<b>1,184,170.9</b>
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.7)	N/A	(90,919.1)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,131,305.9</b>	<b>10.9%</b>	<b>10,059,471.1</b>	<b>-9.6%</b>	<b>(1,071,834.9)</b>	<b>11,152,722.9</b>	<b>10.9%</b>	<b>1,093,251.8</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
<b>Subtotal - Revenues</b>	<b>11,231,731.7</b>	<b>11.1%</b>	<b>10,150,311.8</b>	<b>-9.6%</b>	<b>(1,081,420.0)</b>	<b>11,169,422.9</b>	<b>10.0%</b>	<b>1,019,111.1</b>
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	(638,220.0)	N/A	(1,595,461.0)
<b>Total - Resources</b>	<b>11,681,363.7</b>	<b>13.9%</b>	<b>11,107,552.8</b>	<b>-4.9%</b>	<b>(573,811.0)</b>	<b>10,531,202.9</b>	<b>-5.2%</b>	<b>(576,349.9)</b>



# Appendix B1: Revenue '22 - '23 with Deferral

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,447,132.2	6.6%	337,366.4	5,743,749.2	5.4%	296,617.0
Income - Individual	5,049,010.6	-3.4%	(179,332.1)	5,339,703.1	5.8%	290,692.5
- Corporate	560,837.5	12.2%	60,921.0	600,116.3	7.0%	39,278.8
Property	29,787.8	2.9%	838.6	30,654.1	2.9%	866.3
Luxury - Tobacco	20,114.6	-2.3%	(465.8)	19,658.8	-2.3%	(455.8)
- Liquor	40,715.9	20.4%	6,887.1	41,830.8	2.7%	1,114.9
Insurance Premium	594,520.5	2.9%	16,792.0	610,407.9	2.7%	15,887.4
Other Taxes	16,131.2	11.9%	1,713.1	18,052.3	11.9%	1,921.2
Subtotal - Taxes	11,758,250.3	2.1%	244,720.3	12,404,172.6	5.5%	645,922.3
<b>Other Non-Tax Revenues:</b>						
Lottery	94,040.9	3.6%	3,287.0	104,376.7	11.0%	10,335.8
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	17,227.1	-18.0%	(3,774.5)	15,791.3	-8.3%	(1,435.8)
Sales and Services	20,024.6	-2.2%	(440.4)	19,690.1	-1.7%	(334.4)
Other Miscellaneous	119,444.8	2.9%	3,420.5	122,914.9	2.9%	3,470.1
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	450,191.4	-3.7%	(17,494.2)	465,626.1	3.4%	15,434.7
<b>Net Ongoing Revenue</b>	<b>12,208,441.7</b>	<b>1.9%</b>	<b>227,226.1</b>	<b>12,869,798.7</b>	<b>5.4%</b>	<b>661,357.1</b>
Urban Revenue Sharing (URS)	(701,641.2)	N/A	126,851.5	(859,238.9)	N/A	(157,597.7)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,506,800.5</b>	<b>3.2%</b>	<b>354,077.6</b>	<b>12,010,559.8</b>	<b>4.4%</b>	<b>503,759.4</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
<b>Subtotal - Revenues</b>	<b>11,543,500.5</b>	<b>3.3%</b>	<b>374,077.6</b>	<b>12,027,259.8</b>	<b>4.2%</b>	<b>483,759.4</b>
Balance Forward	-	N/A	638,220.0	-	N/A	0.0
<b>Total - Resources</b>	<b>11,543,500.5</b>	<b>9.6%</b>	<b>1,012,297.6</b>	<b>12,027,259.8</b>	<b>4.2%</b>	<b>483,759.4</b>

# Appendix B2: Revenue '19 - '21 without Deferral

FORECAST REVENUE GROWTH								
(\$ in Thousands)								
	ACTUAL FY 2019	% CHANGE PRIOR YR	FORECAST FY 2020	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2021	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,096,879.9	6.5%	4,947,498.8	-2.9%	(149,381.1)	5,109,765.8	3.3%	162,267.0
Income - Individual	5,009,020.6	10.2%	4,820,141.6	-3.8%	(188,879.0)	4,552,838.6	-5.5%	(267,303.0)
- Corporate	514,264.1	37.8%	532,970.4	3.6%	18,706.4	499,916.4	-6.2%	(33,054.0)
Property	29,683.3	-23.3%	28,137.4	-5.2%	(1,545.9)	28,949.2	2.9%	811.8
Luxury - Tobacco	21,040.8	-4.3%	21,069.0	0.1%	28.2	20,580.4	-2.3%	(488.6)
- Liquor	37,259.4	3.4%	37,102.2	-0.4%	(157.2)	33,828.8	-8.8%	(3,273.3)
Insurance Premium	549,760.6	7.9%	549,376.4	-0.1%	(384.2)	577,728.5	5.2%	28,352.2
Other Taxes	13,539.4	77.0%	12,890.2	-4.8%	(649.2)	14,418.0	11.9%	1,527.8
Subtotal - Taxes	11,271,448.0	9.2%	10,949,186.0	-2.9%	(322,262.0)	10,838,025.9	-1.0%	(111,160.1)
<b>Other Non-Tax Revenues:</b>								
Lottery	82,886.1	21.1%	103,594.7	25.0%	20,708.6	90,753.9	-12.4%	(12,840.8)
Licenses, Fees and Permits	32,019.5	-15.7%	32,662.6	2.0%	643.0	33,343.3	2.1%	680.8
Interest	53,106.7	141.3%	29,290.1	-44.8%	(23,816.6)	21,001.7	-28.3%	(8,288.4)
Sales and Services	24,054.0	-29.5%	21,018.9	-12.6%	(3,035.0)	20,465.0	-2.6%	(553.9)
Other Miscellaneous	111,313.8	2.8%	112,655.9	1.2%	1,342.1	116,024.3	3.0%	3,368.4
Transfers and Reimbursements	63,365.2	56.1%	100,954.7	59.3%	37,589.5	67,336.9	-33.3%	(33,617.8)
Public Safety Transfers	72,364.5	N/A	23,343.2	-67.7%	(49,021.3)	23,343.2	0.0%	0.0
Disproportionate Share Revenue	95,552.6	14.2%	99,842.6	4.5%	4,290.1	95,417.3	-4.4%	(4,425.3)
Subtotal - Other Non-Tax	534,662.3	35.3%	523,362.8	-2.1%	(11,299.6)	467,686	-10.6%	(55,677.1)
<b>Net Ongoing Revenue</b>	<b>11,806,110.3</b>	<b>10.2%</b>	<b>11,472,548.8</b>	<b>-2.8%</b>	<b>(333,561.6)</b>	<b>11,305,711.5</b>	<b>-1.5%</b>	<b>(166,837.3)</b>
Urban Revenue Sharing (URS)	(674,804.4)	N/A	(737,573.6)	N/A	(62,769.2)	(828,492.7)	N/A	(90,919.1)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,131,305.9</b>	<b>10.9%</b>	<b>10,734,975.2</b>	<b>-3.6%</b>	<b>(396,330.8)</b>	<b>10,477,218.8</b>	<b>-2.4%</b>	<b>(257,756.4)</b>
<b>One-Time Financing Sources:</b>								
Pre-2019 Enacted Fund Transfers	100,425.9	35.0%	1,840.7	-98.2%	(98,585.2)	0.0	-100.0%	(1,840.7)
Prescription Drug Rebate Fund Transfer	0.0	N/A	69,000.0	N/A	69,000.0	16,700.0	-75.8%	(52,300.0)
Wells Fargo Settlement Fund Transfer	0.0	N/A	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Water Infrastructure Repayment	0.0	N/A	0.0	N/A	0.0	0.0	N/A	0.0
Subtotal - One-Time Financing Sources	100,425.9	35.0%	90,840.7	-9.5%	(9,585.2)	16,700.0	-81.6%	(74,140.7)
<b>Subtotal - Revenues</b>	<b>11,231,731.7</b>	<b>11.1%</b>	<b>10,825,815.9</b>	<b>-3.6%</b>	<b>(405,915.9)</b>	<b>10,493,918.8</b>	<b>-3.1%</b>	<b>(331,897.1)</b>
Balance Forward	449,632.0	198.0%	957,241.0	112.9%	507,609.0	37,284.1	-96.1%	(919,956.9)
<b>Total - Resources</b>	<b>11,681,363.7</b>	<b>13.9%</b>	<b>11,783,056.9</b>	<b>0.9%</b>	<b>101,693.1</b>	<b>10,531,202.9</b>	<b>-10.6%</b>	<b>(1,251,854.0)</b>

# Appendix B2: Revenue '22 - '23 without Deferral

FORECAST REVENUE GROWTH						
(\$ in Thousands)						
	FORECAST FY 2022	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR	FORECAST FY 2023	% CHANGE PRIOR YR	\$ CHANGE PRIOR YR
Sales and Use	5,447,132.2	6.6%	337,366.4	5,743,749.2	5.4%	296,617.0
Income - Individual	5,049,010.6	10.9%	496,172.0	5,339,703.1	5.8%	290,692.5
- Corporate	560,837.5	12.2%	60,921.0	600,116.3	7.0%	39,278.8
Property	29,787.8	2.9%	838.6	30,654.1	2.9%	866.3
Luxury - Tobacco	20,114.6	-2.3%	(465.8)	19,658.8	-2.3%	(455.8)
- Liquor	40,715.9	20.4%	6,887.1	41,830.8	2.7%	1,114.9
Insurance Premium	594,520.5	2.9%	16,792.0	610,407.9	2.7%	15,887.4
Other Taxes	16,131.2	11.9%	1,713.1	18,052.3	11.9%	1,921.2
Subtotal - Taxes	11,758,250.3	8.5%	920,224.4	12,404,172.6	5.5%	645,922.3
<b>Other Non-Tax Revenues:</b>						
Lottery	94,040.9	3.6%	3,287.0	104,376.7	11.0%	10,335.8
Licenses, Fees and Permits	34,064.1	2.2%	720.8	34,827.4	2.2%	763.2
Interest	17,227.1	-18.0%	(3,774.5)	15,791.3	-8.3%	(1,435.8)
Sales and Services	20,024.6	-2.2%	(440.4)	19,690.1	-1.7%	(334.4)
Other Miscellaneous	119,444.8	2.9%	3,420.5	122,914.9	2.9%	3,470.1
Transfers and Reimbursements	69,787.1	3.6%	2,450.2	72,394.9	3.7%	2,607.8
Public Safety Transfers	0.0	-100.0%	(23,343.2)	0.0	N/A	0.0
Disproportionate Share Revenue	95,602.8	0.2%	185.5	95,630.8	0.0%	28.0
Subtotal - Other Non-Tax	450,191.4	-3.7%	(17,494.2)	465,626.1	3.4%	15,434.7
<b>Net Ongoing Revenue</b>	<b>12,208,441.7</b>	<b>8.0%</b>	<b>902,730.2</b>	<b>12,869,798.7</b>	<b>5.4%</b>	<b>661,357.1</b>
Urban Revenue Sharing (URS)	(701,641.2)	N/A	126,851.5	(859,238.9)	N/A	(157,597.7)
<b>Net Ongoing Revenue w/ URS</b>	<b>11,506,800.5</b>	<b>9.8%</b>	<b>1,029,581.7</b>	<b>12,010,559.9</b>	<b>4.4%</b>	<b>503,759.4</b>
<b>One-Time Financing Sources:</b>						
Pre-2019 Enacted Fund Transfers	0.0	N/A	0.0	0.0	N/A	0.0
Prescription Drug Rebate Fund Transfer	16,700.0	0.0%	0.0	16,700.0	0.0%	0.0
Wells Fargo Settlement Fund Transfer	0.0	N/A	0.0	0.0	N/A	0.0
Water Infrastructure Repayment	20,000.0	N/A	20,000.0	0.0	-100.0%	(20,000.0)
Subtotal - One-Time Financing Sources	36,700.0	119.8%	20,000.0	16,700.0	-54.5%	(20,000.0)
<b>Subtotal - Revenues</b>	<b>11,543,500.5</b>	<b>10.0%</b>	<b>1,049,581.7</b>	<b>12,027,259.9</b>	<b>4.2%</b>	<b>483,759.4</b>
Balance Forward	-	-100.0%	(37,284.1)	-	N/A	0.0
<b>Total - Resources</b>	<b>11,543,500.5</b>	<b>9.6%</b>	<b>1,012,297.6</b>	<b>12,027,259.9</b>	<b>4.2%</b>	<b>483,759.4</b>

# Appendix C: '20 - '23 Balance Sheet

## Statement of General Fund Revenues and Expenditures <sup>1/</sup> With One-Time Financing Sources

	FY 2020 April FAC	FY 2021 April FAC	FY 2022 April FAC	FY 2023 April FAC
<b>REVENUES</b>				
Ongoing Revenues	\$10,797,044,700	\$11,981,215,600	\$12,208,441,700	\$12,869,798,700
Urban Revenue Sharing	(737,573,600)	(828,492,700)	(701,641,200)	(859,238,900)
Net Ongoing Revenues	\$10,059,471,100	\$11,152,722,900	\$11,506,800,500	\$12,010,559,800
One-time Financing Sources				
Balance Forward	957,241,000	(638,220,000)		
Wells Fargo Settlement	20,000,000			
Water Infrastructure Repayment			20,000,000	
Fund Transfers	70,840,700	16,700,000	16,700,000	16,700,000
Subtotal One-time Revenues	\$1,048,081,700	(\$621,520,000)	\$36,700,000	\$16,700,000
<b>Total Revenues</b>	<b>\$11,107,552,800</b>	<b>\$10,531,202,900</b>	<b>\$11,543,500,500</b>	<b>\$12,027,259,800</b>
<b>EXPENDITURES</b>				
Ongoing Operating Appropriations	\$10,838,429,200	\$11,469,518,500	\$12,002,878,300	\$12,350,613,100
FY 2020 Supplementals/Ex-Approp.	46,459,700			
Enhanced FMAP/Caseload Adjustments	(237,000,000)	(130,000,000)	415,000,000	260,000,000
Administrative Adjustments	128,000,000	146,000,000	155,000,000	162,000,000
Reversions	(173,000,000)	(184,000,000)	(192,000,000)	(198,000,000)
Subtotal Ongoing Expenditures	\$10,602,888,900	\$11,301,518,500	\$12,380,878,300	\$12,574,613,100
One-time Expenditures				
Capital Outlay	4,575,000	11,000,000		
Transportation Funding	95,310,000			
Reduce K-12 Rollover (Enacted)			30,000,000	
Budget Stabilization Fund Deposit	271,107,000			
2010B Debt Payoff	190,000,000			
Operating One-Time Spending	501,275,000	275,373,600	120,370,000	76,876,700
FY 2020 One-Time Supplementals	80,616,900			
Additional (27th) Pay Period		43,078,600	20,052,100	
Subtotal One-time Expenditures	\$1,142,883,900	\$329,452,200	\$170,422,100	\$76,876,700
<b>Total Expenditures</b>	<b>\$11,745,772,800</b>	<b>\$11,630,970,700</b>	<b>\$12,551,300,400</b>	<b>\$12,651,489,800</b>
<b>Ending Balance <sup>2/</sup></b>	<b>(\$638,220,000)</b>	<b>(\$1,099,767,800)</b>	<b>(\$1,007,799,900)</b>	<b>(\$624,230,000)</b>
<b>Ongoing Balance <sup>3/</sup></b>	<b>(\$543,417,800)</b>	<b>(\$148,795,600)</b>	<b>(\$874,077,800)</b>	<b>(\$564,053,300)</b>

- <sup>1/</sup> Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.
- <sup>2/</sup> This calculation reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.
- <sup>3/</sup> This calculation reflects the difference between ongoing revenues and ongoing expenditures and excludes one-time adjustments. The Legislature makes the ongoing and one-time classifications as part of its 3-year spending plan. Excludes any Budget Stabilization Fund balance.