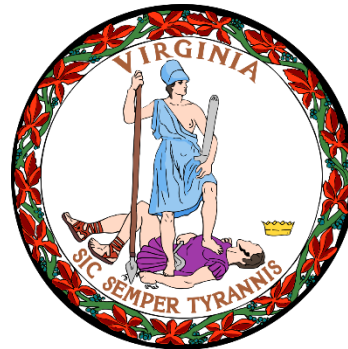


Review of General Fund Revenues and the Virginia Economy for Fiscal Year 2020

Interim Economic Outlook and Revenue Forecast for Fiscal Years 2021 and 2022

A presentation to the House Appropriations, House Finance and Senate Finance and Appropriations Committees

August 18, 2020



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Overview

Fiscal Year 2020 Year-in-Review

- Economic Performance
- Certified General Fund Collections
- Certified Commonwealth Transportation Fund Collections
- Financial Results Balance Sheet

Updated Outlook for Fiscal Years 2021 and 2022

- June 2020 Economic Outlook
- August 2020 Interim Revenue Forecast
- Revenue Stabilization and Revenue Reserve Fund Balances

Looking Forward

- National and State Economic Indicators
- July 2020 General Fund Collections
- Fall Forecasting Process
- Known Funding Commitments / Risks
- CARES Funding Update
- Base Budget

In FY 2020, Both the U.S. and Virginia Economies Were Growing On Par With the Official Forecast Through February; However, Employment Started to Decline in March as the COVID-19 Pandemic Arrived

Summary of Key U.S. and Virginia Economic Indicators
Percent Change Over the Prior Fiscal Year

	FY19 <u>Actual</u>	FY20 <u>Forecast</u>	FY20 <u>Actual</u>
<u>U.S.</u>			
Real GDP	2.6	1.9	-2.1
Consumer Spending	2.8	2.8	-2.5
Employment	1.5	1.2	-2.0
Personal Income	5.0	4.5	3.9
Wages & Salaries	4.8	5.2	0.9
<u>Virginia</u>			
Employment	1.2	1.0	-1.7
Professional/Business	1.7	2.3	-0.5
Construction/Mining	1.9	-0.1	-1.7
Education/Health	3.0	2.7	1.0
Government	0.7	0.2	-0.8
Personal Income	4.8	4.4	3.7
Wages & Salaries	4.3	4.2	0.9

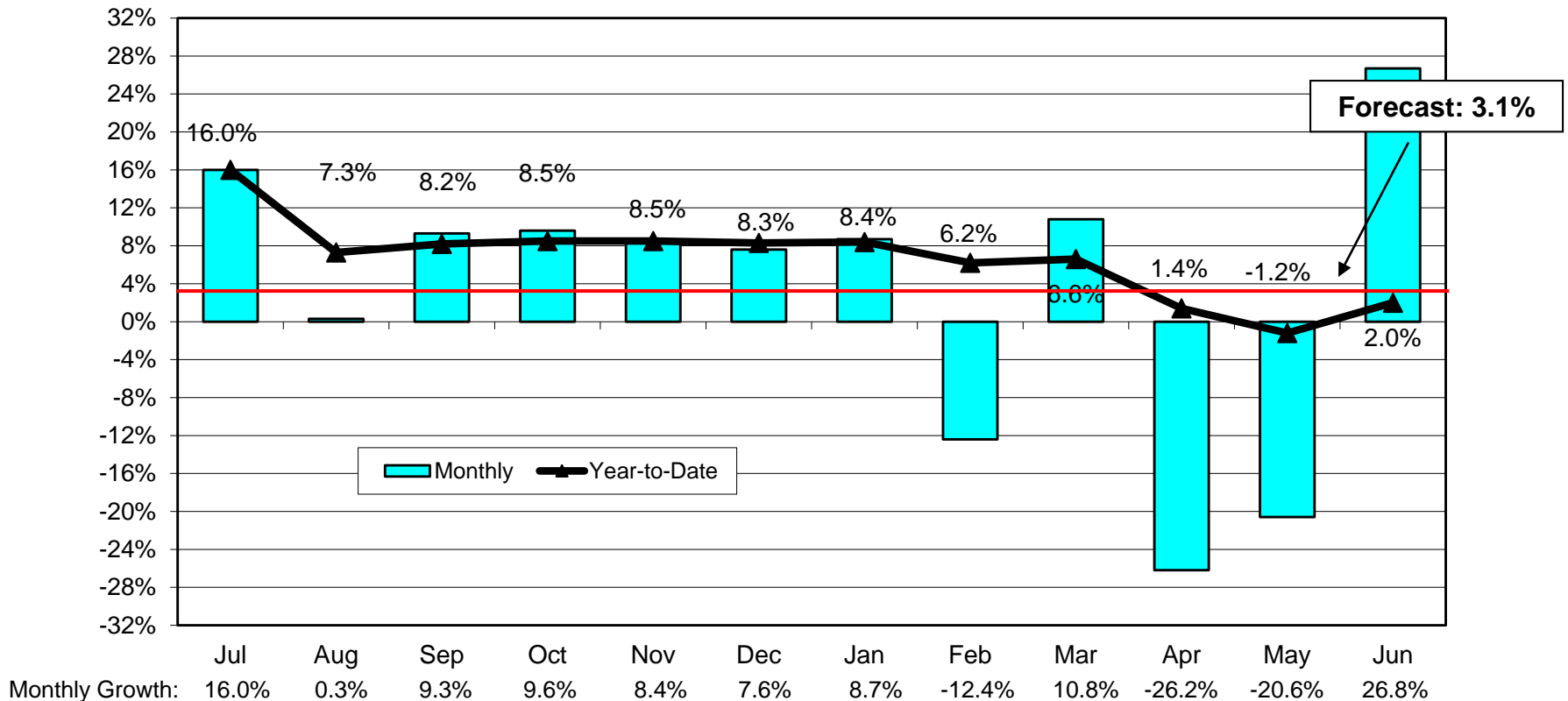
Including Transfers, FY 2020 General Fund Resources Grew 2.2 Percent and Finished \$232.0 Million (1.0 Percent) Below Forecast

Summary of Fiscal Year 2020 Revenue Collections (millions of dollars)

Major Sources	As a % of Total General Fund				% Growth Over FY19	
		Official	Actual	Change	Official	Actual
Withholding	59.6%	\$13,591.9	\$13,378.1	(\$213.8)	4.7 %	3.0
Nonwithholding	17.0	3,804.1	3,804.5	0.4	(4.3)	(4.3)
Refunds	(8.2)	(1,976.6)	(1,830.9)	145.7	13.7	5.3
Net Individual	68.4%	\$15,419.4	\$15,351.6	(\$67.8)	1.3 %	0.8 %
Sales	16.5%	\$3,844.5	\$3,706.8	(\$137.7)	7.4 %	3.5 %
Corporate	4.5	1,031.5	1,011.7	(19.9)	9.3	7.2
Wills (Recordation)	2.2	468.6	483.5	14.9	21.3	25.1
Insurance	1.6	394.1	360.6	(33.5)	3.2	(5.6)
All Other Revenue	3.7	813.9	823.6	9.7	3.2	14.6
Total Revenue	96.9%	\$21,972.0	\$21,737.8	(\$234.2)	3.1 %	2.0 %
A.B.C. Profits	0.6	\$124.8	\$137.5	\$12.7	(4.5) %	5.2 %
Sales Tax (0.375%)	1.8	421.6	406.0	(15.6)	7.4	3.4
Transfers	0.7	155.3	160.4	5.1	15.3	19.1
Total Transfers	3.1%	\$701.7	\$703.9	\$2.2	6.6 %	7.0 %
TOTAL GENERAL FUND	100.0%	\$22,673.7	\$22,441.7	(\$232.0)	3.2 %	2.2 %

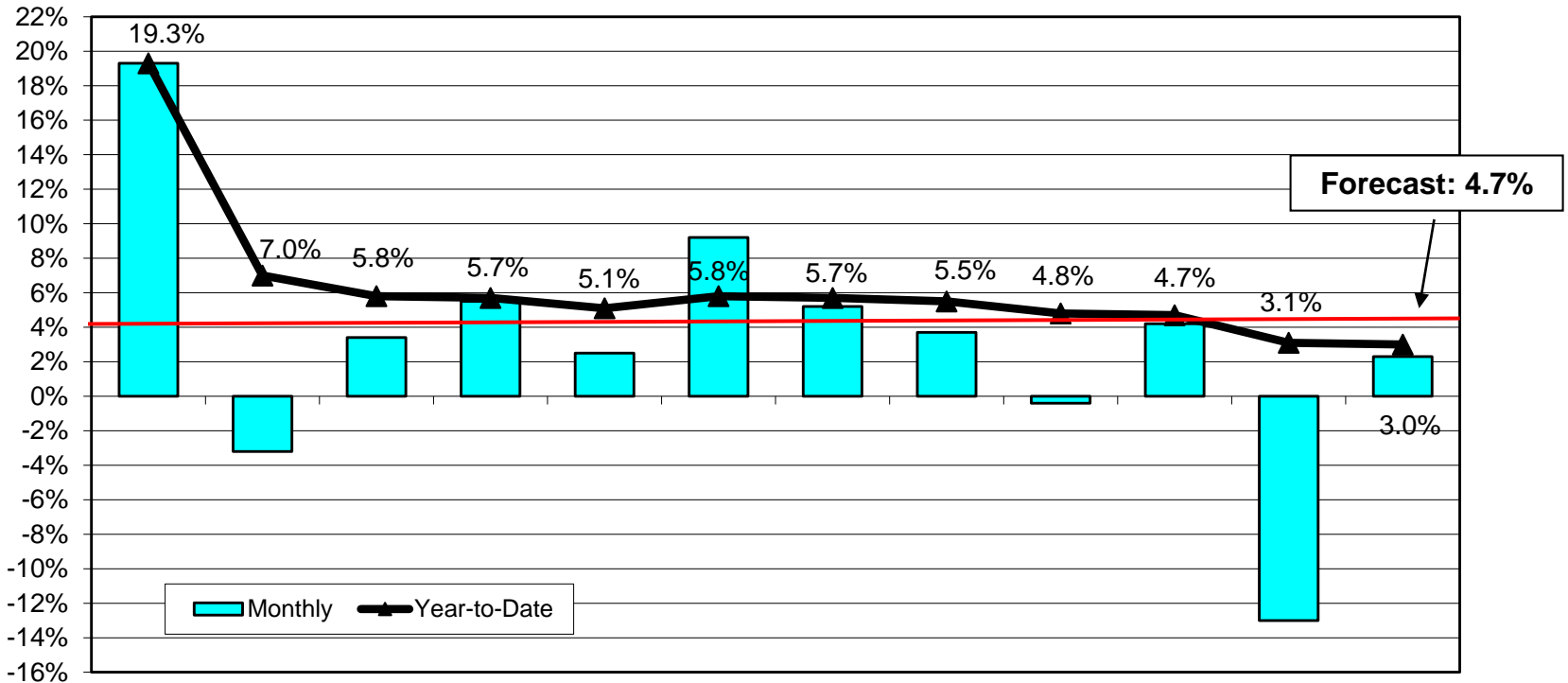
- Payroll withholding and sales tax collections slowed in the final quarter of fiscal year 2020.

Growth in Total General Fund Revenue Collections FY20 Monthly and Year-to-Date



- Total general fund revenues increased 26.8 percent in June.
 - This was expected as the May 1 due date for individual and corporate income tax payments was deferred to June 1.
- On a year-to-date basis, total revenues increased 2.0 percent, behind the annual forecast of a 3.1 percent increase.

Growth in Withholding Tax Collections FY20 Monthly and Year-to-Date



Monthly Growth: 19.3% -3.2% 3.4% 5.5% 2.5% 9.2% 5.2% 3.7% -0.4% 4.2% -13.0% 2.3%

- Collections increased 2.3 percent in June.
- Year-to-date, withholding collections have increased 3.0 percent compared with the same period last year, behind the projected annual growth of 4.7 percent.

Slowdown in Withholding Was Broad-based and Included a Large Decline in the Final Quarter

Withholding Tax Collections

April – June

Fiscal Years 2018 - 2020

millions of dollars

Industry (% of Total \$ Amount)	# of Firms in FY16	Millions of Dollars			Percent Change		
		FY18	FY19	FY20	FY18	FY19	FY20
Public Sector (18%)	100	\$532.0	\$565.9	\$574.6	5.6%	6.4%	1.5%
Education and Health Services (8%)	300	\$257.2	\$271.1	\$263.4	4.8%	5.4%	-2.8%
Federal Contractors (3%)	244	\$118.7	\$119.0	\$112.7	6.7%	0.2%	-5.3%
Professional and Business Services (3%)	719	\$85.2	\$109.4	\$109.3	-1.3%	28.4%	-0.1%
Finance (3%)	170	\$86.7	\$95.1	\$105.3	5.4%	9.7%	10.7%
Investment (2%)	224	\$64.4	\$71.5	\$68.5	14.2%	11.0%	-4.2%
Manufacturing (1%)	232	\$44.0	\$44.3	\$41.7	20.2%	0.6%	-5.8%
Transportation (1%)	59	\$33.8	\$31.5	\$31.2	4.5%	-6.7%	-1.1%
Housing (1%)	188	\$26.7	\$30.3	\$26.9	3.0%	13.3%	-11.4%
Other (4%)	681	\$123.8	\$132.4	\$130.5	7.4%	7.0%	-1.5%
Total Large Payers (45%)	2,917	\$1,372.6	\$1,470.5	\$1,464.0	5.9%	7.1%	-0.4%
Total Small Payers (55%)	221,588	\$1,811.9	\$1,855.9	\$1,791.9	11.5%	2.4%	-3.4%
Total All	224,505	\$3,184.5	\$3,326.4	\$3,255.9	9.0%	4.5%	-2.1%

Note: Companies making payments in excess of \$100,000.

Payroll Withholding by Month

Tracking Payroll Withholding Payment by Payment Size
Percent Change

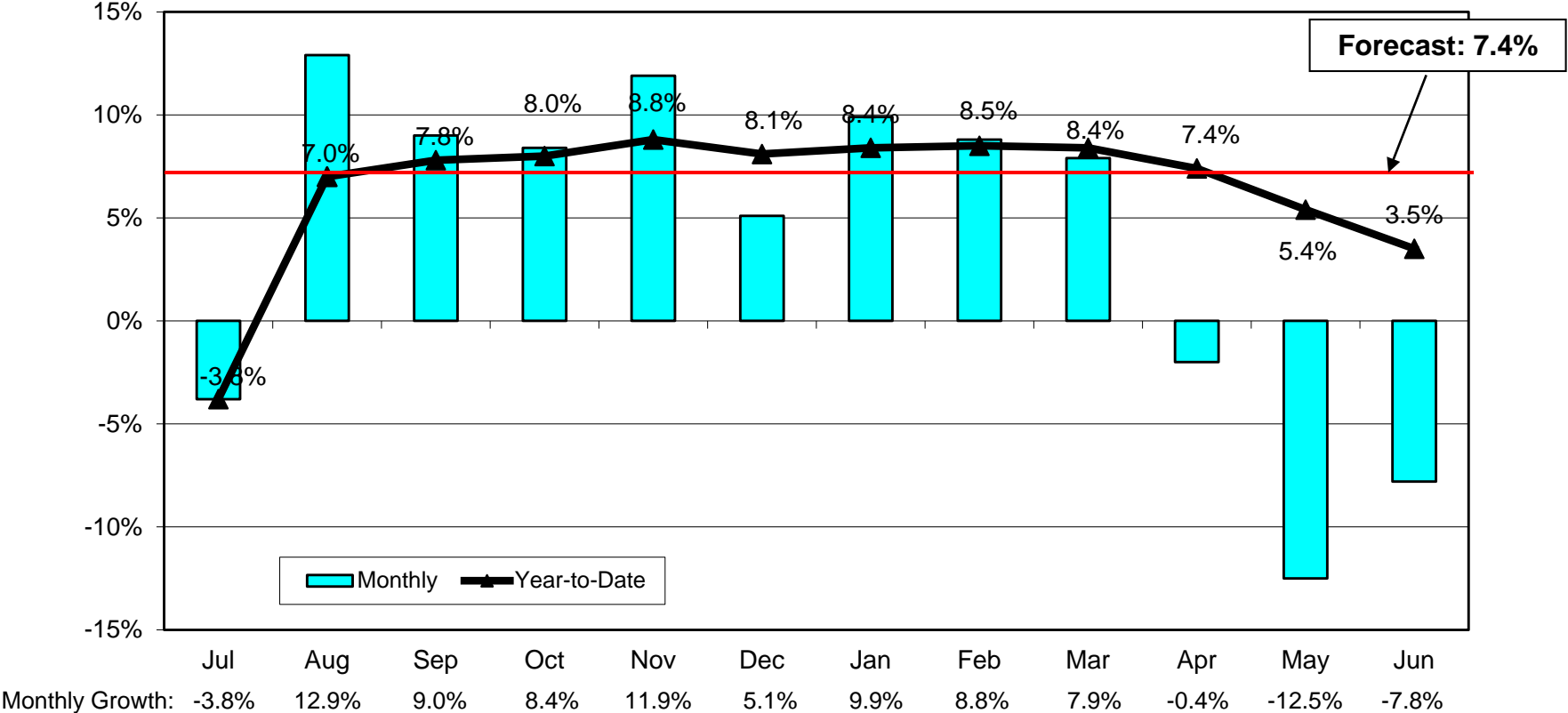
	\$0 to \$5k 17% of total		\$5 to \$10k 6% of total		\$10 to \$100k 25% of total		Over \$100k 52% of total		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
March	0.3	1.7	1.8	1.8	2.8	2.0	4.3	0.9	0.5	1.4
April	2.2	0.9	5.5	7.2	6.3	7.5	1.4	6.6	1.5	5.8
May	10.2	15.8	18.7	18.7	17.2	15.2	10.3	6.4	10.9	11.5
June	6.1	3.9	6.3	6.8	3.4	3.5	5.2	4.5	6.0	0.3
July	8.6	10.8	15.1	15.2	13.7	13.8	14.0	7.2	10.7	5.6
April - May	6.0	7.4	7.1	6.4	6.1	4.5	5.1	1.6	6.0	3.8
June - July	1.7	3.6	5.0	4.8	5.5	5.5	4.8	0.8	2.0	2.1
Typical Dealer Distribution	91%		4%		4%		1%		100%	
Number /Amount	225k	\$190m	9.7k	\$68m	10.7k	\$285m	1.3k	\$585m	249k	\$1.1b

Dealers with \$5k monthly withholding equate to about an annual payroll of \$1.5 million, \$10k = \$3 million, \$100k = \$30 million

- Payroll withholding by firm size has shown small businesses have been disproportionately affected by COVID-19.

Growth in Sales Tax Collections

FY20 Monthly and Year-to-Date



- Collections of sales and use taxes, reflecting mainly May sales, decreased 7.8 percent in June.
- For FY20, collections increased 3.5 percent (\$125.6 million), behind the annual estimate of 7.4 percent growth.
 - Retail sales collections fell 4.5 percent and use tax collections increased 32.3 percent. 90 percent of the increase in use tax collections were from new *Wayfair* related dealers.

Use Tax Payments Surged, While Sales Tax Payments for Several Industries Declined During the Shutdown

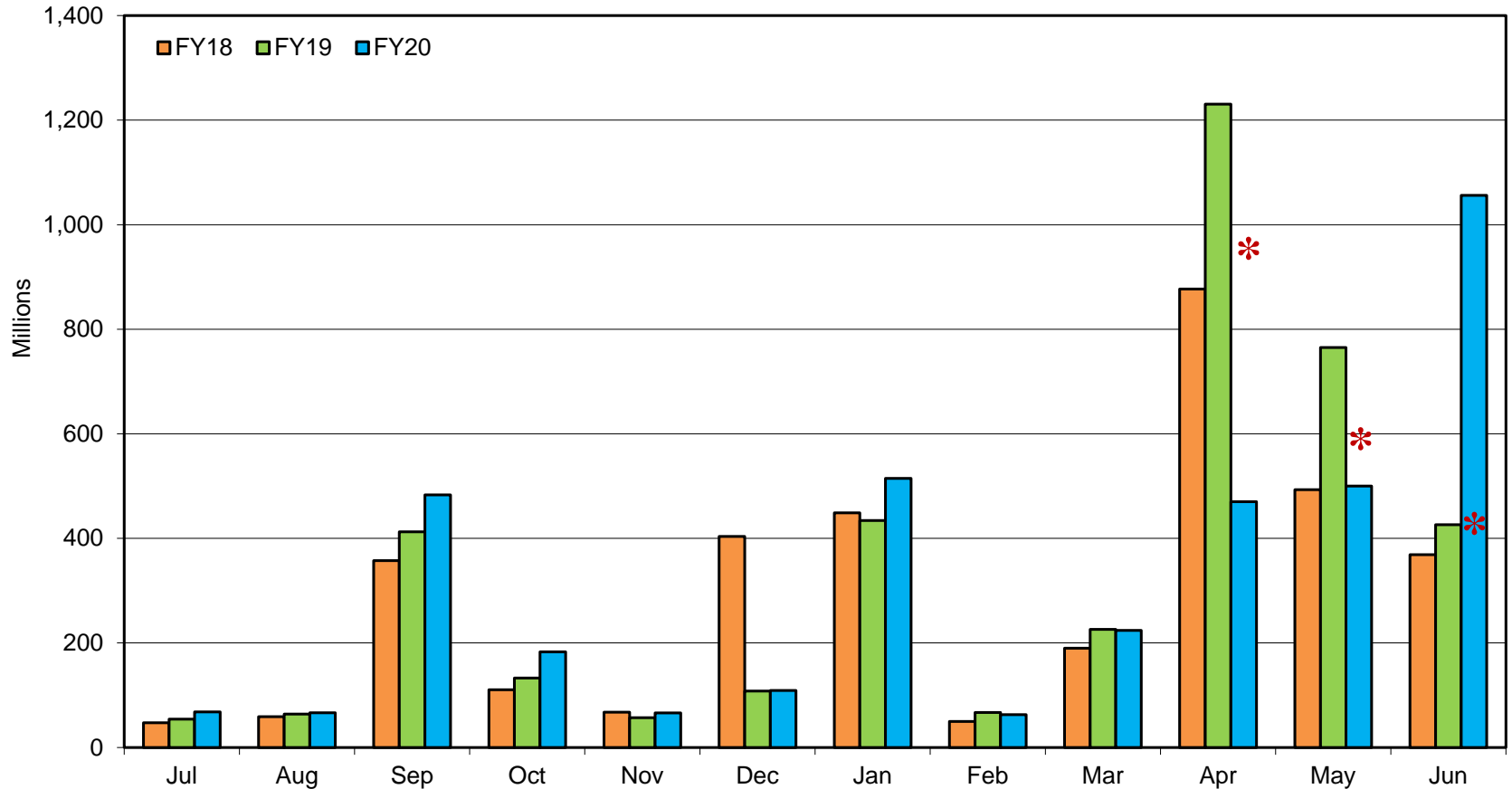
Sale and Use Tax Collections Fiscal Years 2018 - 2020 millions of dollars

Industry (% of Total \$ Amount)	# of Firms in FY17	Millions of Dollars			Percent Change		
		FY18	FY19	FY20	FY18	FY19	FY20
Housing (16%)	208	\$576.4	\$603.3	\$610.4	-0.2%	4.7%	1.2%
Warehouse Clubs/Supercenters (14%)	6	\$459.0	\$523.3	\$511.6	-3.2%	14.0%	-2.2%
Grocery Stores (10%)	29	\$348.5	\$356.6	\$383.2	-2.9%	2.3%	7.4%
Retail Trade (9%)	162	\$353.7	\$357.9	\$337.9	1.0%	1.2%	-5.6%
Department Stores (7%)	135	\$350.8	\$336.4	\$262.2	-2.7%	-4.1%	-22.1%
Restaurants (4%)	111	\$162.3	\$169.5	\$157.2	-4.3%	4.4%	-7.2%
Wholesale Trade (3%)	97	\$92.3	\$90.2	\$94.7	7.0%	-2.2%	5.0%
Gasoline Stores (2%)	25	\$51.4	\$54.2	\$64.2	-1.9%	5.5%	18.3%
Manufacturing (1%)	143	\$41.9	\$42.8	\$46.5	9.6%	2.0%	8.8%
Other (5%)	499	\$232.6	\$227.7	\$195.1	9.4%	-2.1%	-14.3%
Total Sales Large Payers	1,415	\$2,669.0	\$2,762.0	\$2,663.1	-0.4%	3.5%	-3.6%
Total Use Large Payers	196	\$556.6	\$653.5	\$1,029.2	12.4%	17.4%	57.5%

Note: Dealers making payments in excess of \$100,000.

Nonwithholding Tax Collections

FY18 – FY20 Monthly



- June receipts were up significantly as the May 1 filing date for final tax year 2019 and the first estimated payment for tax year 2020 was moved to June 1.
- There is no equivalent historical data to compare this year to past years.

Nonwithholding Tax Collections

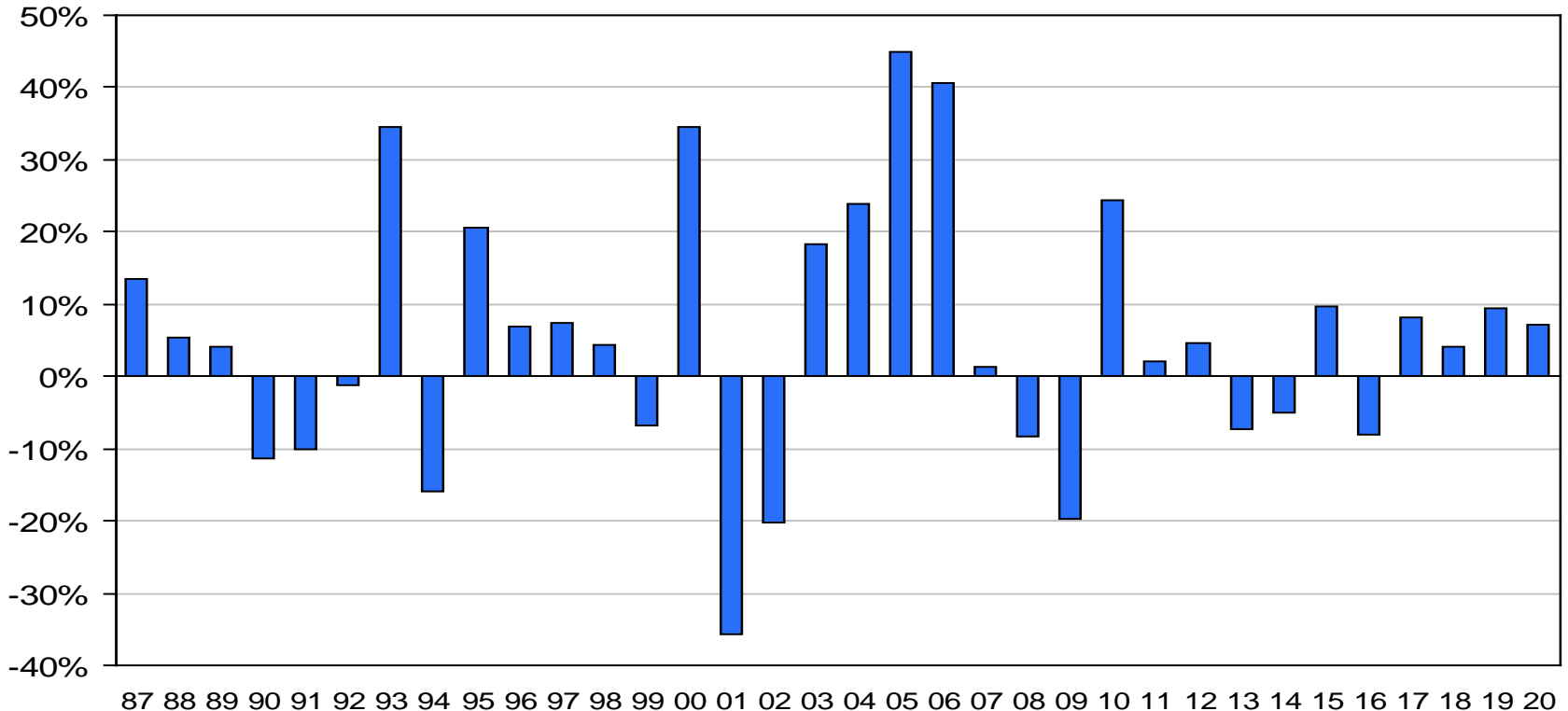
Large Individual Payments

	September		April - May	
	Number of Payments	Total Amount of Payments M\$	Number of Payments	Total Amount of Payments M\$
FY07	149	\$37.7	930	\$330.8
FY08	162	\$38.1	924	\$344.2
FY09	144	\$37.6	511	\$257.9
FY10	81	\$19.0	328	\$112.5
FY11	79	\$18.6	547	\$204.7
FY12	119	\$48.9	521	\$184.4
FY13	115	\$41.5	884	\$327.5
FY14	118	\$34.9	427	\$141.5
FY15	139	\$40.0	606	\$215.5
FY16	171	\$50.1	687	\$220.2
FY17	159	\$54.0	645	\$178.7
FY18	165	\$52.5	646	\$201.8
FY19	212	\$62.4	1,195	\$463.8
FY20	237	\$79.3	1,325	\$512.0

- FY20 includes the estimated and final payments received in June that were originally due May 1.

Corporate Income Tax Receipts Fell Short of the Annual Estimate By \$19.9 Million (1.9 Percent) In Fiscal Year 2020

Growth in Net Corporate Income Tax Receipts, FY87-20
Percent Growth Over the Prior Year



- Corporate income tax collections, 5 percent of total revenues and one of the most volatile sources, grew 7.2 percent in FY20, behind the annual estimate of a 9.3 percent increase.

By the End of FY 2021, the Combined Balances of the Revenue Stabilization Fund and the Revenue Reserve Will Exceed \$1.1 Billion

Preliminary Balance Sheet - June 30, 2020
General Fund - Cash Basis (Unaudited)
(Dollars in Thousands)

Assets

Cash, Cash Equivalents, and Investments	\$	3,653,405	
Cash and Travel Advances		494	
Other Assets		367	
Due From Other Funds		125	
Total Assets		3,654,391	\$

Liabilities and Fund Equity

Liabilities:

Payments Awaiting Disbursement		122,724	
Deposits Pending Distribution		5,953	
Due To Other Funds		1,115	
Total Liabilities		129,792	\$

Fund Equity:

Restricted Fund Balance:

Revenue Stabilization Fund		558,432	
Revenue Stabilization Reserve 2021		77,410	
Lottery Proceeds Fund		12,930	
Water Supply Assistance Grant Fund		1,768	
Total Restricted Fund Balance		650,540	

Committed Fund Balance:

Amount Required for Reappropriation of 2020 Unexpended Balances for Capital Outlay and Restoration Projects		7,839	
Virginia Health Care Fund		44,891	
Central Capital Planning Fund		5,421	
Communication Sales and Use Tax		32,886	
Commonwealth's Development Opportunity Fund		40,310	
Natural Disaster Sum Sufficient		54,754	
Amount Required for Mandatory Reappropriation		298,025	
Virginia Water Quality Improvement Fund		64,978	
Virginia Water Quality Improvement Fund - Part A 2019		32,386	
Virginia Water Quality Improvement Fund - Part B 2019		14,640	
Virginia Water Quality Improvement Fund - Part B 2020		30,350	
Revenue Reserve Fund		513,245	
Taxpayer Relief Fund		175	
COVID-19 General Fund		3,307	
Local Government Fiscal Distress		750	
Amount Required by Chapter 1289		1,185,284	
Amount Required for Discretionary Reappropriations		273,146	
Other Nongeneral Fund Balances Reported in the General Fund		271,672	
Total Commitments and Assignments		2,874,059	

Total Unassigned Fund Balance

		3,524,599	\$
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Total Liabilities and Fund Balance		3,654,391	\$
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As a Result of the FY20 Revenue Shortfall, Governor Northam Ordered the Secretary of Finance to Conduct a Reforecast of Revenues

- The July 2020 interim revenue forecast is based on the updated economic outlook for Virginia as approved by the *Joint Advisory Board of Economists* (JABE) and the *Governor's Advisory Council on Revenue Estimates* (GACRE) .
- IHS Markit's June 2020 standard and pessimistic forecasts for the U.S. and the associated outlook for Virginia were presented to the JABE and GACRE.
- At the JABE meeting with 12 members participating, 5 members supported the standard outlook, 5 members supported a standard minus outlook for fiscal year 2021 combined with the standard outlook for fiscal year 2022, and 2 supported the pessimistic outlook for both years of the biennium.
- At the GACRE meeting of business leaders, with 15 members participating, 7 members supported the standard outlook, 8 members supported a standard minus outlook for fiscal year 2021 combined with the standard outlook for fiscal year 2022.
- The Governor decided to recommend using the standard forecast for both years at this time given the recent strength in revenue collections, and to reevaluate the forecast during the normal fall forecasting season.

Key U.S. and Virginia Economic Indicators

June Standard Forecast

(annual percent change)

	Fiscal Year					
	17	18	19	20	21	22
Real GDP	2.0	2.8	2.6	(2.1)	(4.0)	6.7
Consumer Spending	2.6	2.8	2.8	(2.5)	(3.7)	5.5
CPI	1.9	2.3	2.1	1.6	0.8	2.3
3-Month T-bill	0.6	1.4	2.3	1.2	0.1	0.1
Employment						
U.S.	1.7	1.5	1.5	(2.0)	(3.0)	5.3
Virginia	1.0	1.2	1.2	(1.7)	(2.0)	1.2
Personal Income						
U.S.	3.5	5.4	5.0	3.9	0.3	3.8
Virginia	2.7	4.6	4.8	3.7	2.8	2.5
Wages & Salaries						
U.S.	3.6	5.3	4.8	0.9	0.5	7.9
Virginia	3.3	4.3	4.3	0.9	1.9	4.5

Official and Interim Standard General Fund Forecasts

(Dollars in Millions)

8/18/2020

	Fiscal Year 2021					
	Official	Interim	Change	% Growth Over FY21		
				Official	Interim	
Withholding	\$14,118.0	\$13,704.2	(\$413.8)	3.9 %	2.4 %	
Nonwithholding	4,101.0	3,668.9	(432.1)	7.8	(3.6)	
Refunds	(2,059.9)	(1,924.9)	135.0	4.2	5.1	
Net Individual	\$16,159.1	\$15,448.2	(\$710.9)	4.8	0.6	
Sales	\$3,893.0	\$3,346.5	(\$546.5)	1.3	(9.7)	
Corporate	1,019.2	1,041.7	22.5	(1.2)	3.0	
Wills (Recordation)	388.1	422.4	34.3	(17.2)	(12.6)	
Insurance	420.1	337.4	(82.7)	6.6	(6.4)	
All Other Revenue	808.3	756.9	(51.4)	(0.7)	(8.1)	
Total Revenue	\$22,687.8	\$21,353.1	(\$1,334.7)	3.3 %	(1.8) %	
A.B.C. Profits	\$125.1	\$125.1	\$0.0	0.2 %	(9.0) %	
Sales Tax (0.375%)	426.9	365.7	(61.2)	1.3	(9.9)	
Transfers Per Act	103.8	103.8	0.0	(33.2)	(35.3)	
Total Transfers	\$655.8	\$594.6	(\$61.2)	(6.5) %	(15.5) %	
TOTAL GENERAL FUND	\$ <u>\$23,343.6</u>	\$ <u>\$21,947.7</u>	\$ <u>(1,395.9)</u>	<u>3.0 %</u>	<u>(2.2) %</u>	

Interim Standard General Fund Forecast

(Dollars in Millions)

August 18, 2020

	Fiscal Year 2022						2020-2022 Biennium		
	Official	Interim	Change	% Growth Over FY21		Official	Interim	Change	
				Official	Interim				
Withholding	\$14,676.4	\$14,341.0	(\$335.4)	4.0 %	4.6 %	\$28,794.4	\$28,045.2	(\$749.2)	
Nonwithholding	4,306.5	3,784.9	(521.6)	5.0	3.2	8,407.5	7,453.8	(953.7)	
Refunds	(2,137.4)	(2,062.4)	75.0	3.8	7.1	(4,197.3)	(3,987.3)	210.0	
Net Individual	\$16,845.5	\$16,063.5	(\$782.0)	4.2	4.0	\$33,004.6	\$31,511.7	(\$1,492.9)	
Sales	\$3,955.6	\$3,438.7	(\$516.9)	1.6	2.8	\$7,848.6	\$6,785.2	(\$1,063.4)	
Corporate	1,132.6	1,143.0	10.4	11.1	9.7	2,151.8	2,184.7	32.9	
Wills (Recordation)	357.0	393.0	36.0	(8.0)	(7.0)	745.1	815.4	70.3	
Insurance	437.1	359.5	(77.6)	4.0	6.6	857.2	696.9	(160.3)	
All Other Revenue	810.5	787.8	(22.7)	0.3	4.1	1,618.8	1,544.7	(74.1)	
Total Revenue	\$23,538.3	\$22,185.5	(\$1,352.8)	3.7 %	3.9 %	\$46,226.1	\$43,538.6	(\$2,687.5)	
A.B.C. Profits	\$128.7	\$128.7	\$0.0	2.9 %	2.9 %	\$253.8	\$253.8	\$0.0	
Sales Tax (0.375%)	433.7	375.9	(57.8)	1.6	2.8	860.6	741.6	(119.0)	
Transfers Per Act	103.8	103.8	0.0	0.0	0.0	207.6	207.6	0.0	
Total Transfers	\$666.2	\$608.4	(\$57.8)	1.6 %	2.3 %	\$1,322.0	\$1,203.0	(\$119.0)	
TOTAL GENERAL FUND	\$24,204.5	\$22,793.9	(\$1,410.6)	3.7 %	3.9 %	\$47,548.1	\$44,741.6	(\$2,806.5)	

FY 2020 Commonwealth Transportation Fund (CTF) Collections Were \$121.0 Million Short of Forecast

Actual Collections Compared to the Official Forecast for Fiscal Year 2020
(Millions of Dollars)

Revenue Sources	FY2019 Actual	FY2020 Actual	FY2020 Forecast	Percent Change 2019-2020		Forecast Variance	
				Actual	Forecast	Amount	Percent
Motor Fuels Tax	844.7	843.3	884.9	(0.2)	4.8	(41.6)	(4.7)
Road Use Tax	9.8	21.2	24.8	116.3	153.1	(3.6)	(14.5)
Vehicle Sales Tax	978.6	954.5	988.8	(2.5)	1.0	(34.3)	(3.5)
Vehicle Licenses	266.1	272.2	299.2	2.3	12.4	(27.0)	(9.0)
State Sales Tax	1,087.8	1,123.4	1,153.1	3.3	6.0	(29.7)	(2.6)
Recordation Tax	47.1	59.7	48.8	26.8	3.6	10.9	22.3
Insurance Premiums Tax	168.7	183.6	183.6	8.8	8.8	0.0	0.0
Int'l Registration Plan	72.6	70.4	70.8	(3.0)	(2.5)	(0.4)	(0.6)
Interest Earnings	16.4	19.3	9.8	17.7	(40.2)	9.5	96.9
Rental Tax	42.4	38.8	43.6	(8.5)	2.8	(4.8)	(11.0)
Aviation Fuels Tax	2.0	1.8	2.0	(10.0)	0.0	(0.2)	(10.0)
Miscellaneous	19.0	18.1	17.9	(4.7)	(5.8)	0.2	1.1
TOTAL	\$3,555.2	\$3,606.3	\$3,727.3	1.4	4.8	(121.0)	(3.2)

- Total revenue growth lagged the target with a 3.2 percent forecast variance.
 - The forecast variance can be attributed to the pandemic's effects on motor fuels and motor vehicle sales tax collections.

Official and Interim Standard Commonwealth Transportation Fund Forecasts

	Fiscal Year 2021			Growth over FY20	
	Official	Interim	Change	Official	Interim
Motor Fuels Taxes (1)	\$ 1,124.6	\$ 1,010.4	\$ (114.2)	29.8 %	16.6 %
Priority Transportation Fund (2)	197.6	181.4	(16.2)	7.6	-1.2
Motor Vehicles Sales Tax (3)	1,038.9	929.9	(109.0)	4.6	-6.3
Retail Sales Tax	1,183.0	1,021.6	(161.4)	5.2	-9.1
Motor Vehicle License Fees	223.5	223.5	0.0	-17.5	-17.5
All Other Revenue	186.9	186.9	0.0	11.4	11.4
Total (4)	\$ 3,954.5	\$ 3,553.7	\$ (400.8)	9.7 %	-1.4 %

	Fiscal Year 2022			Growth over FY21	
	Official	Interim	Change	Official	Interim
Motor Fuels Taxes (1)	\$ 1,371.5	\$ 1,255.6	\$ (115.9)	22.0 %	24.3 %
Priority Transportation Fund (2)	205.9	205.9	0.0	4.2	13.5
Motor Vehicles Sales Tax (3)	1,062.1	981.0	(81.1)	2.2	5.5
Retail Sales Tax	1,202.1	1,050.2	(151.9)	1.6	2.8
Motor Vehicle License Fees	224.9	224.9	0.0	0.6	0.6
All Other Revenue	197.0	197.0	0.0	5.4	5.4
Total (4)	\$ 4,263.5	\$ 3,914.6	\$ (348.9)	7.8 %	10.2 %

Notes:

- (1) Includes aviation and road tax
- (2) Insurance premiums tax
- (3) Includes rental tax
- (4) Total state taxes and fees.

National and State Economic Indicators

- According to the advance estimate, real GDP fell at an annualized rate of 32.9 percent in the second quarter of 2020.
- Payroll employment rose by 1.8 million jobs in July.
 - The leisure and hospitality and retail trade sectors accounted for most of the gain, reflecting the reopening of the economy.
 - Employment has increased by 9.2 million during the past 3 months but is still 12.9 million below February levels.
- The national unemployment rate fell from 11.1 to 10.2 percent in July.
 - Since the peak of employment in February, employment is still down 12.9 million jobs.
- Initial claims for unemployment fell by 249,000 to 1.2 million during the week ending August 1, consistent with an improving labor market.
- The Conference Board's index of leading indicators rose 2.0 percent in June.
- The Conference Board's index of consumer confidence fell from 98.1 to 92.6 in July. The expectations component drove the decline.
- The Institute of Supply Management index rose from 52.6 to 54.2, the second consecutive month above the neutral threshold of 50.0.

National and State Economic Indicators

- The CPI rose 0.6 percent in June following three months of declines, and stands 0.7 percent above June 2019.
 - Core inflation (excluding food and energy prices) rose by 0.2 percent, and has increased 1.2 percent from last year.
- At its July meeting, the Federal Reserve left the federal funds target rate unchanged at the range of 0.0 to 0.25 percent.
- In Virginia, payroll employment fell 7.6 percent in June compared with last year. Northern Virginia posted a decline of 7.6 percent; Hampton Roads employment fell 7.6 percent, and Richmond-Petersburg fell 7.9 percent.
- The seasonally adjusted unemployment rate fell 0.4 percentage point to 8.5 percent in June compared with 2.9 percent in June of last year.
 - Since the peak of employment in February, employment is still down 349,400 jobs.
- The Virginia Leading Index rose by 0.8 percent in June after falling 2.0 percent in May.
 - Auto registrations declined in June while the U.S. Leading index, future employment, and initial claims for unemployment improved.
 - The indexes for Northern Virginia and Harrisonburg were unchanged. The index for Winchester decreased in June while the indexes for the remaining eight regions increased.

July's Revenue Collections Increased 24.1 Percent

FY 2021 Estimate
Per Chapter 1289

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund Revenue Collections
For the Fiscal Years 2020 and 2021
(Dollars in Thousands)

Revenue	(1)	(2)	July			Year-To-Date			(9)
	FY 2021 Estimate	As a % of Gen Fund Rev	FY 2021	FY 2020	% Change	FY 2021	FY 2020	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$14,118,000	62.22	\$1,064,844	\$1,063,356	0.1	\$1,064,844	\$1,063,356	0.1	5.5
Tax Dues/Estimated Payments	4,101,000	18.08	391,293	67,956	475.8	391,293	67,956	475.8	7.8
Gross Individual Income Tax	\$18,219,000	80.30	\$1,456,137	\$1,131,312	28.7	\$1,456,137	\$1,131,312	28.7	6.0
Individual and Fiduciary Income (Refunds)	(2,059,900)	(9.08)	(157,854)	(48,362)	226.4	(157,854)	(48,362)	226.4	12.5
Net Individual Income Tax	\$16,159,100	71.22	\$1,298,283	\$1,082,950	19.9	\$1,298,283	\$1,082,950	19.9	5.3
Sales and Use Tax	\$3,893,000	17.16	\$209,320	\$144,849	44.5	\$209,320	\$144,849	44.5	5.0
Corporations Income Tax	1,019,200	4.49	79,242	36,629	116.3	79,242	36,629	116.3	0.7
Wills, Suits, Deeds, Contracts	388,100	1.71	54,814	43,968	24.7	54,814	43,968	24.7	(19.7)
Insurance Premiums	420,100	1.85	0	0	-	0	0	-	16.5
Interest Income (a)	111,400	0.49	17,182	24,321	(29.4)	17,182	24,321	(29.4)	0.9
Alcoholic Beverage Sales (b)	260,400	1.15	4,251	3,665	16.0	4,251	3,665	16.0	(2.6)
All Other Revenues	436,500	1.93	28,596	26,617	7.4	28,596	26,617	7.4	(2.1)
Total General Fund Revenues	\$22,687,800	100.00	\$1,691,688	\$1,362,999	24.1	\$1,691,688	\$1,362,999	24.1	4.4

- July is usually not a significant month, representing only 6 percent of the FY20 forecast.
- The July increase was largely due to timing of late individual and corporate estimated or final payments due June 1.
 - Over \$250 million in July payments were due June 1.

Fall Forecasting Process Will Begin in September

- Trends in revenue collections over the next few months will be incorporated into the fall forecasting process.
 - **September:**
 - Individual, corporate, and insurance estimated payments are due.
 - **October:**
 - Retailer's corporate estimated payments are due.
 - *Joint Advisory Board of Economists (JABE)* reviews economic projections for current biennium.
 - **November:**
 - Corporate refunds from extension returns peak.
 - Individual income tax extension returns due November 1.
 - *Governor's Advisory Council on Revenue Estimates (GACRE)* reviews revenue forecast for the 2020 - 2022 biennium.
 - **December:**
 - General fund revenue forecast finalized.
 - Governor Northam's amendments to the FY 2020 - 2022 budget are presented to the Joint Money Committee (December 16).

Known Funding Commitments / Risks

COVID-19

Virginia - Authorized Use of Coronavirus Relief Fund

as of 8-12-2020

Total Allocation to Virginia	\$ 3,309,738,321
less Fairfax County	(200,235,485)
Balance for Rest of State	\$ 3,109,502,836

Less Current Commitments:

1st round of local allocations

VDEM - testing

VDEM - PPE

VDEM - other

VDH - replace deficit authorization

VDH - contact tracing/UVA Equipment

DGS - consolidated labs

DHCD - emergency housing for homeless

FY 2020 agency-based requests (includes \$10M for mortgage and rental assistance mentioned in next item)

DHCD - Continuation of FY 2020 mortgage and rental assistance (\$10M in FY 2020, \$40M in FY 2021)

DSBSD - small business assistance grants

DMAS - Long-term care facilities

DMAS - PPE for Personal Care Attendants

2nd round of local allocations

DHCD - emergency housing for homeless

VDACS - Continuation of FY 2020 program Food Insecurity - CRF portion of Governor's amendments

DSS - Food Security - expand emergency food supply package - CRF portion of Governor's amendments

VDEM - Food Security - purchase 1 million MREs - CRF portion of Governor's amendments

	When Allocated/Committed ¹		
	FY 2020	FY 2021	Total
	(644,573,383)		(644,573,383)
	(42,338,400)		(42,338,400)
	(97,000,000)		(97,000,000)
	(33,722,001)		(33,722,001)
	(3,291,300)		(3,291,300)
	(59,157,614)		(59,157,614)
	(6,052,673)		(6,052,673)
	(5,528,998)		(5,528,998)
	(90,480,698)		(90,480,698)
		(40,000,000)	(40,000,000)
		(70,000,000)	(70,000,000)
		(55,640,872)	(55,640,872)
		(9,256,178)	(9,256,178)
		(644,573,383)	(644,573,383)
		(3,300,000)	(3,300,000)
		(1,211,953)	(1,211,953)
		(650,000)	(650,000)
		(2,000,000)	(2,000,000)
Total Commitments	(982,145,067)	(826,632,386)	(1,808,777,453)

Remaining Balance

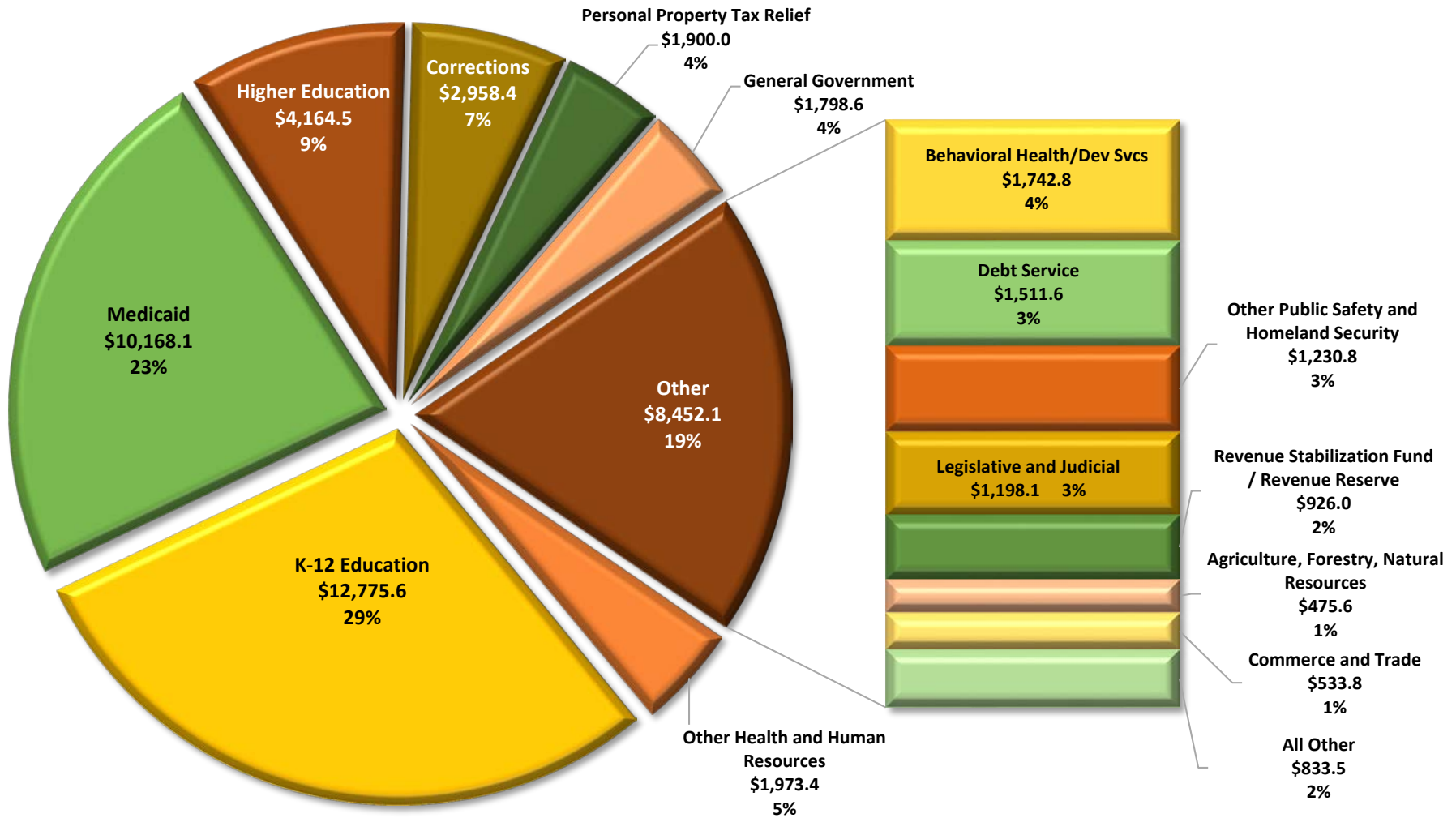
\$ 1,300,725,383

¹ NOTE: Not all funds allocated have been spent as of the date of this report. Balances remain in some items.

2018-2020 BIENNIUM GF OPERATING BUDGET = \$44.2 BILLION

Chapter 854, 2019 Acts of Assembly

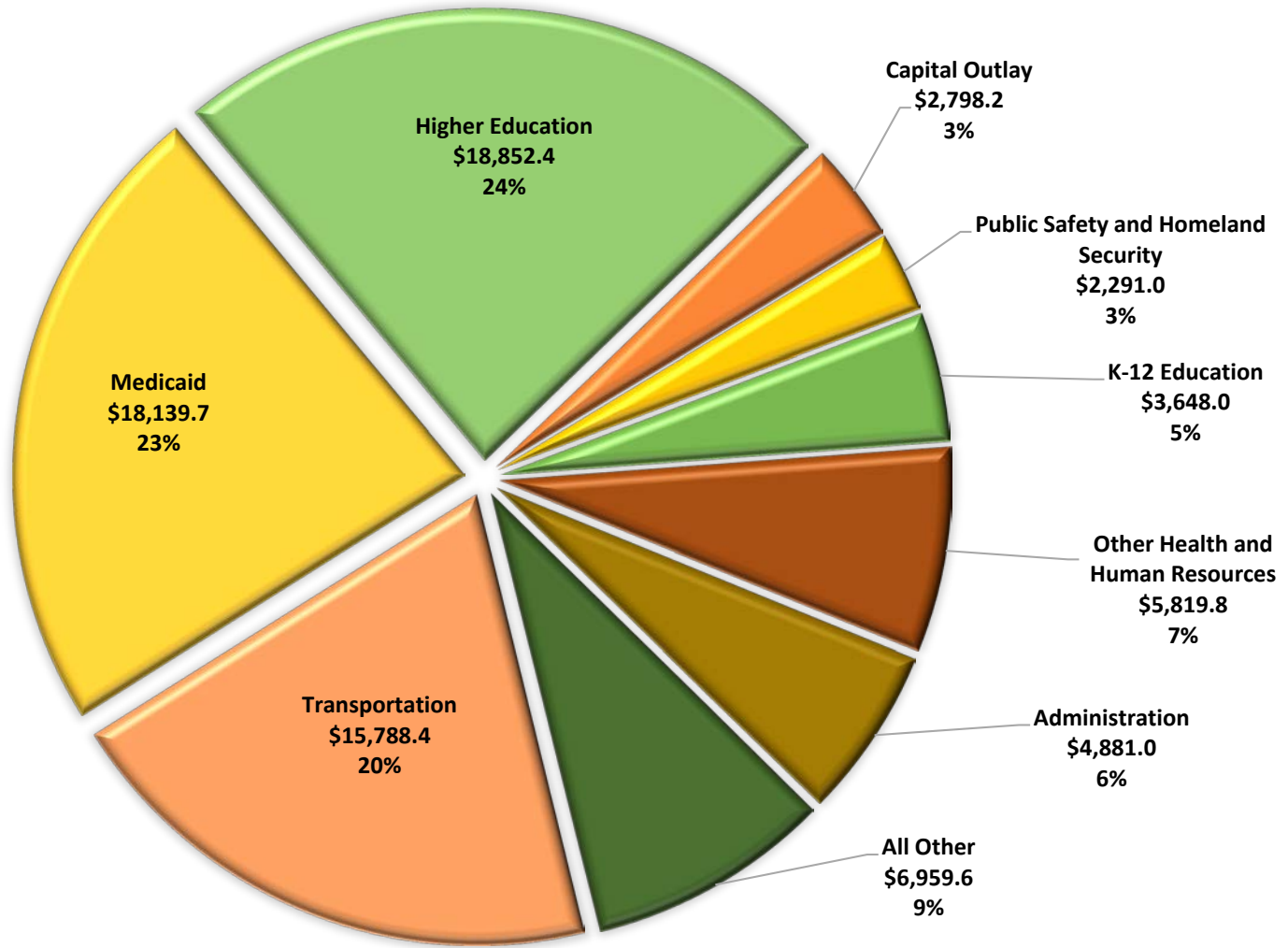
(Dollars in Millions)



2018-2020 BIENNIUM NGF BUDGET = \$79.2 BILLION

Chapter 854, 2019 Acts of Assembly

(Dollars in Millions)



Appendix

- Fiscal Year 2020 General Fund Collections: Actual and Official Forecast
- Interim General Fund Forecast for Fiscal Year 2021-22
- Interim Commonwealth Transportation Fund Forecast for Fiscal Year 2021-22
- Growth in Total General Fund Revenues, Fiscal Years 1961 to 2022
- June 2020 Revenue Report
- July 2020 Revenue Report

Note:

General Fund Preliminary Annual Report, August, 2020 is available at the Department of Accounts website: www.doa.virginia.gov

This presentation is available at the Secretary of Finance website: www.finance.virginia.gov