



Office of Fiscal Analysis

FY 21 BUDGET PROJECTIONS

May 25, 2021

BUDGET OUTLOOK IMPROVES BY \$553 MILLION

The Office of Fiscal Analysis projects a General Fund surplus of \$548.4 million for FY 21 and a Volatility Adjustment transfer of \$1,005.1 million for a total of approximately \$1,553.5 million that may be deposited into the Budget Reserve Fund and used to reduce unfunded pension liabilities.¹ The Office of Fiscal Analysis also projects a Special Transportation Fund surplus of \$21.4 million, which would increase the cumulative balance of that fund to \$189.8 million. Improvements since [last month's](#) statement are \$553 million in total, distributed as follows: 1) \$219.5 million in the General Fund; 2) \$300 million in the Volatility Adjustment transfer; and 3) \$33.5 million in the Special Transportation Fund.

Revenues

Collections continue exceeding expectations across several major revenue categories: (1) both the withholding and estimates & finals portions of the personal income tax; (2) sales & use tax; (3) corporations tax; and (4) the oil companies tax.

In total, General Fund revenue projections in the current fiscal year are adjusted upwards by \$485.2 million prior to the \$300 million Volatility Adjustment transfer (for a net revenue improvement since April to the General Fund's projected surplus of \$185.2 million.) It is noteworthy that updated information on refunds of tax will be available in the coming days, which may alter the overall revenue projection in FY 21.

Special Transportation Fund revenue projections are revised upwards in the current fiscal year by \$20 million in total, with positive upwards adjustments of \$5 million in sales & use tax and \$15 million in the oil companies tax.

Expenditures

General Fund expenditure projections are revised downwards by \$34.2 million in total, with significant updates to reflect spending trends in a variety of agencies. In the Special Transportation Fund, expenditure projections are revised downwards by \$13.5 million in total to reflect trends.

Overview

In Millions of Dollars

	Budget*	May Estimate	Difference from Budget
General Fund			
Revenues	20,252.5	20,062.7	(189.8)
Expenditures	20,086.3	19,514.3	(571.9)
Surplus/(Deficit)	166.2	548.4	382.1
Budget Reserve Fund			
Budget Reserve Deposit	467.7	1,553.5	1,085.7
Budget Reserve Balance	3,480.7	4,566.4	1,085.7
Special Transportation Fund			
Revenues	1,880.8	1,731.5	(149.3)
Expenditures	1,816.3	1,710.1	(106.2)
Surplus/(Deficit)	64.5	21.4	(43.1)
Fund Balance	232.9	189.8	(43.1)

* Includes revisions from PA 19-165 and PA 19-1 December Special Session

¹ See OLR [Issue Brief 2020-R-0291](#) for background.

General Fund Summary

In Millions of Dollars

Summary	FY 21
Budgeted Surplus	166.2
Revenue Changes	
+ Withholding	(52.9)
+ Corporations	(42.5)
- Refunds of Taxes	(487.6)
+ Sales and Use	98.4
+ Real Estate Conveyance	135.0
+ Inheritance and Estate	161.3
+ Net Revenue	(1.5)
Revenue Subtotal	(189.8)
Expenditure Changes	
+ Agency Deficiencies	(102.1)
+ Net Lapses	674.0
Expenditure Subtotal	571.9
= Surplus/(Deficit)	548.4
Budget Reserve Fund Starting Balance	3,012.9
+ Surplus/(Deficit)	548.4
+ Volatility Adjustment	1,005.1
= Budget Reserve Transfer Subtotal	1,553.5
= Budget Reserve Fund Balance	4,566.4

Special Transportation Fund Summary

In Millions of Dollars

Summary	FY 21
Budgeted Surplus	64.5
Revenue	
+ Oil Companies	(104.7)
+ Interest Income	(34.4)
+ Motor Fuels Tax	(33.7)
+ Motor Vehicle Receipts	19.5
+ Sales Tax	2.0
+ Net Revenue	2.0
Revenue Subtotal	(149.3)
Expenditures	
+ Net Lapses	106.2
+ Agency Deficiencies	0.0
Expenditure Subtotal	106.2
= Surplus/(Deficit)	21.4
STF Starting Balance	168.4
+ Surplus/(Deficit)	21.4
= Fund Balance	189.8

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)