

JFO Overview & Revenue Update

House Ways & Means

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Joint Fiscal Office

- JFO established in 1973 to provide nonpartisan fiscal information and analysis
- Statutorily supports the “Money Committees,” Transportation Committees, and Institutions Committees
- Governed by the Joint Fiscal Committee (JFC)
- JFO has 17 staff plus consultants
- Physically located at 1 Baldwin in the “Pink Lady” next door



Vermont Legislative Joint Fiscal Office (JFO)



JFO

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Coverage Areas

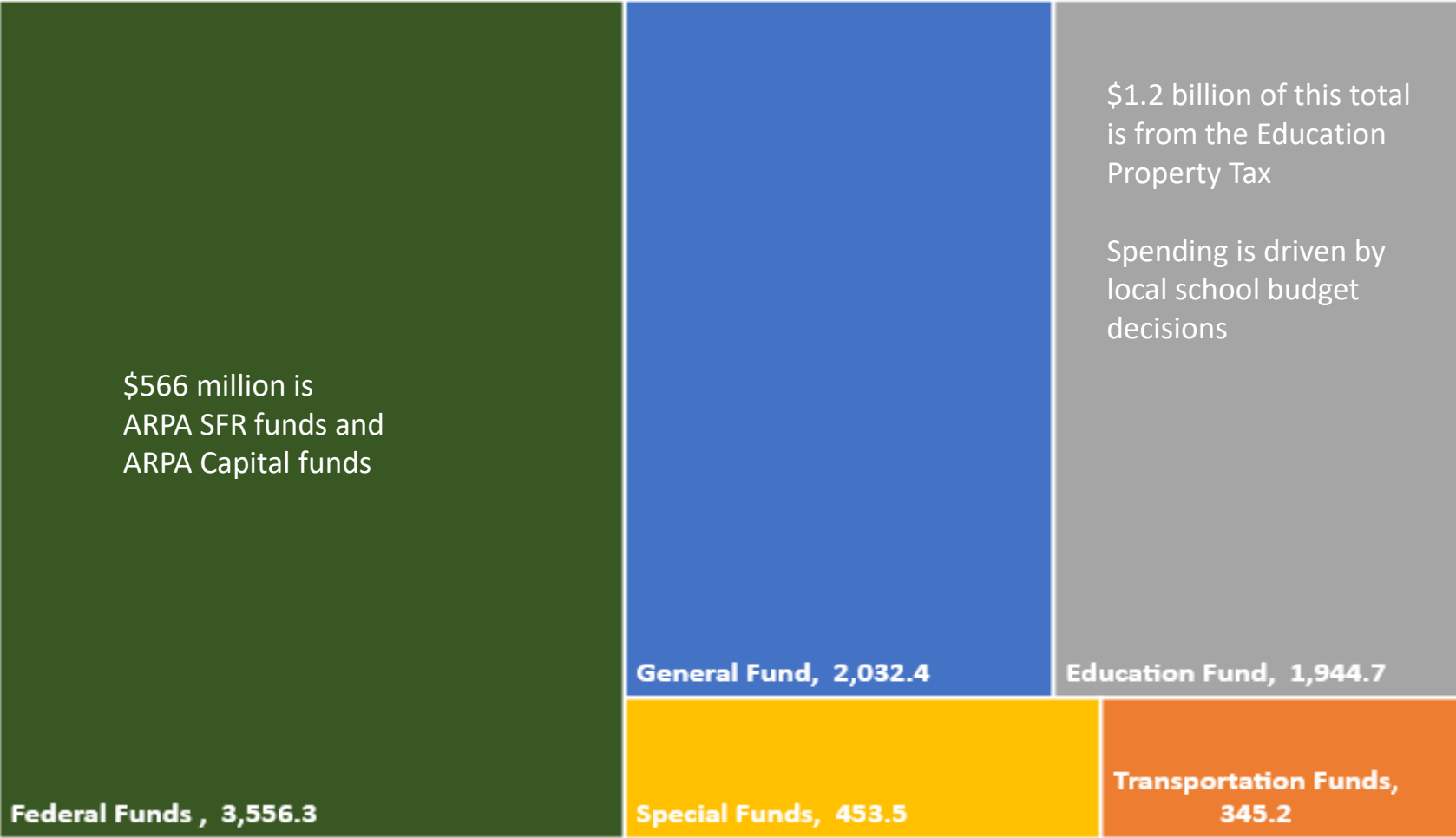
- Appropriations
- Revenue and Tax
- Capital Bill – State Bonding
- Education Finance
- Health Care Finance
- Transportation Infrastructure & Financing
- Climate Change
- Economic Development & Workforce
- Pensions
- Other areas of fiscal policy and analysis as needed (e.g., paid family leave, child care, housing)



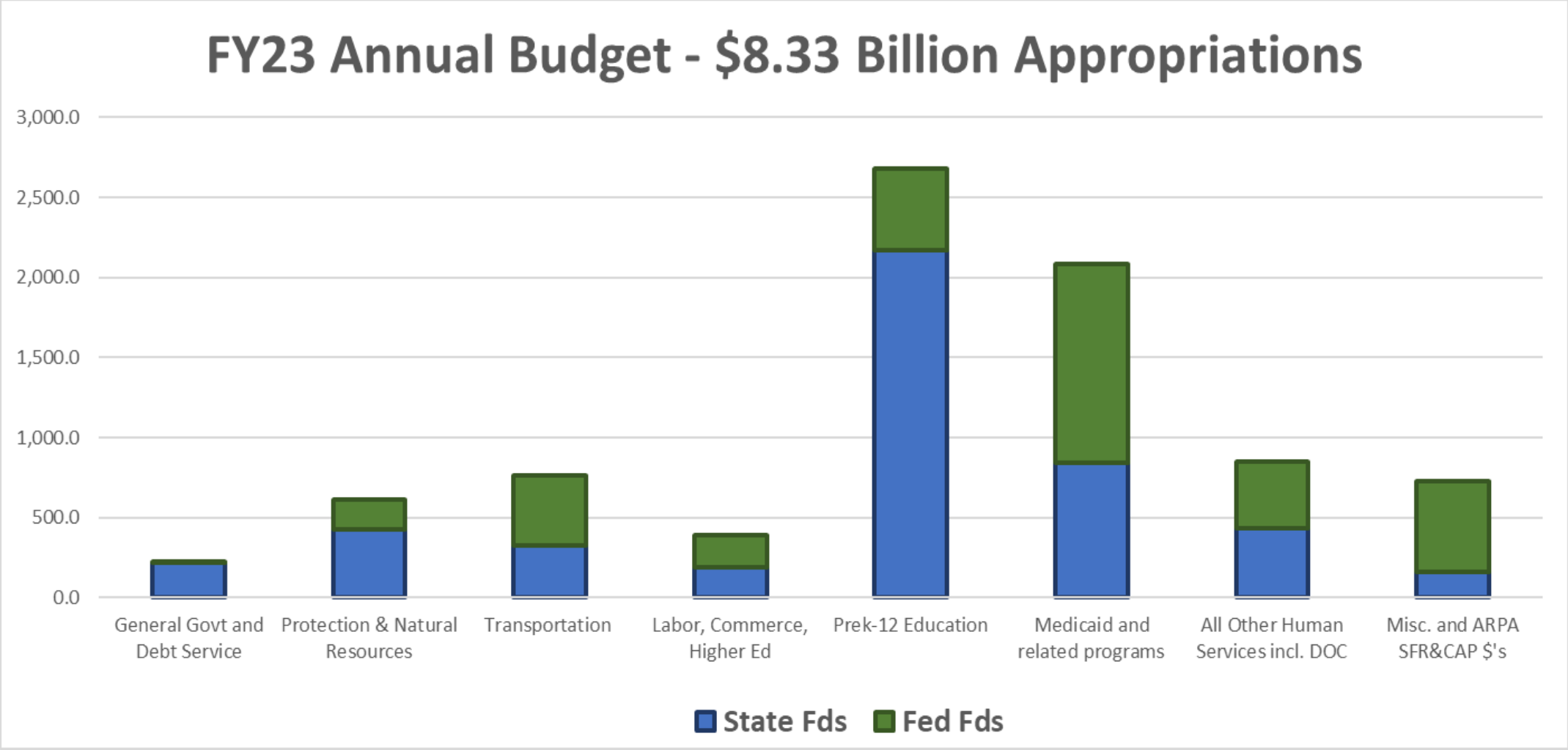
FY23 Operating Budget - \$8.3 Billion (Appropriations)

(Dollars in millions)

■ General Fund ■ Transportation Funds ■ Education Fund ■ Special Funds ■ Federal Funds



Where Does the Money Go? (dollars in millions)



Joint Fiscal Office Staff

- Contact information can be found on the JFO Website:
<https://ljfo.vermont.gov/>
- Revenue Team:
 - Emily Byrne, Associate Fiscal Officer
 - Julia Richter, Fiscal Analyst
 - Pat Titterton, Fiscal Analyst
 - Ted Barnett, Fiscal Analyst



Revenue Forecasting Process



Revenue Forecast

- Per 32 V.S.A. Sec. 305a, in January and July the Emergency Board adopts a consensus revenue forecast for the major funds utilized by state government
 - General Fund (GF)
 - Education Fund (EF)
 - Transportation Fund (TF)
 - Transportation Infrastructure Bond Fund (TIB)

Note – they will adopt an updated forecast more frequently if deemed necessary, such as during an economic crisis



Revenue Forecast continued

- In January, the Board adopts an estimate for the current fiscal year and the following two fiscal years
- The Emergency Board is scheduled to adopt a forecast update on January 17th
 - The forecast is based on current law and serves as the baseline for the FY 2023 budget adjustment and FY 2024 budget bill
 - This is the baseline regardless of what happens to revenue performance from January to June
 - If there is a surplus it is NOT available for spending until it is incorporated (or not) into the next revenue forecast



Less than 2 weeks from Revenue Forecast

- Tom Kavet will present a much more comprehensive update on January 17th
 - It will incorporate the performance of the funds to date, but there are forecasted economic conditions that will impact the actual forecast for the remaining 6 months of the year



FY 2023 Revenue Performance through December 2022



FY 2022 Actuals vs FY 2023 GF July Forecast

Available General Fund Revenue vs July Forecast (in millions)

Source	FY 2022 Actuals	FY 2023 Forecast	Difference
Personal Income	1,267.8	1,187.4	(80.4)
Corporate	223.3	196.7	(26.6)
Meals and Rooms	149.6	157.7	8.1
Insurance	65.7	67.7	2.0
Estate	14.0	24.8	10.8
Property Transfer	24.3	21.6	(2.7)
Cannabis	-	4.1	4.1
All Other Taxes	32.6	31.8	(0.8)
Other Revenue	52.9	57.2	4.3
Health Care Revenues	299.3	312.0	12.7
Total	2,129.50	2,061.0	(68.5)



FY 2022 Actuals vs FY 2023 EF July Forecast

Available Education Fund Revenue vs July Forecast (in millions)			
	FY 2022	FY 2023	
Source	Actuals	Forecast	Difference
Meals and Rooms	54.2	57.1	2.90
Sales and Use	545.2	563.2	18.00
Lottery	30.8	31.8	1.00
Purchase and Use	45.7	47.1	1.40
Interest	0.3	0.5	0.17
Total	676.2	699.7	23.47



FY 2022 Actuals vs FY 2023 TF July Forecast

Available Transportation Fund Revenue vs July Forecast (in millions)			
	FY 2022	FY 2023	
Source	Actuals	Forecast	Difference
Gasoline	71.9	78.2	6.30
Diesel	18.3	18.8	0.50
Purchase and Use	91.4	94.2	2.80
Motor Vehicle Fees	86.0	87.8	1.80
Other Revenue	20.2	21.1	0.90
Total	287.8	300.1	12.30



FY 2023 July Forecast vs Actual GF Revenue through December

FY 2023 December General Fund Actuals vs July Forecast (in millions)

Source	FY2023 6-month Forecast	FY 2023 Actuals	Difference
Personal Income	514.7	571.3	56.6
Corporate	90.7	97.8	7.1
Meals and Rooms	83.6	84.7	1.1
Insurance	20.6	20.0	(0.6)
Estate	12.4	6.2	(6.2)
Property Transfer	12.2	11.8	(0.4)
Cannabis*	-	0.9	0.9
Other Revenue	44.1	51.7	7.6
Health Care Revenues	155.2	154.8	(0.4)
Total	933.5	999.20	65.7



FY 2023 July Forecast vs Actual EF Revenue through December

FY 2023 December Education Fund Actuals vs July Forecast (in millions)				
Source	FY2023 6-month Forecast	FY 2023 Actuals	Difference	
Sales and Use	285.9	295.3	9.4	
Meals and Rooms	30.3	30.6	0.3	
Lottery	13.3	12.3	(1.0)	
Purchase and Use	23.5	24.3	0.8	
Interest	0.0	0.9	0.9	
Total	353.0	363.40	10.4	



FY 2023 July Forecast vs Actual TF Revenue through December

FY 2023 December Transportation Fund Actuals vs July Forecast (in millions)

Source	FY2023 6-month Forecast	FY 2023 Actuals	Difference
Gasoline	42.0	39.4	(2.60)
Diesel	9.9	9.7	(0.20)
Purchase and Use	47.0	48.6	1.60
Motor Vehicle Fees	41.8	41.7	(0.10)
Other Revenue	10.2	10.5	0.30
Total	150.9	149.90	(1.00)



Fund Performance

- General Fund is performing well
 - Withholding, which represents about 70% of Personal Income Tax receipts, continues to exceed forecast
 - Personal Income Tax and Corporate Tax are ahead of forecast – however changes in the economy can impact refunding and annual performance
- Education Fund is modestly exceeding expectations
 - Primarily driven by the Sales Tax
- Transportation Fund faces challenges
 - Driven primarily by Gas Tax performance, but buoyed by Purchase and Use Tax



Where to Find Monthly Revenue Update

- On the JFO website!
 - Home > Subjects > Revenue & Tax > Monthly Target Tracking for FY 2023
 - Schedule 2 – compare this year to last year
 - Need to think about what might impact year to year changes
 - Inflation
 - Target Tracker – for all three funds
 - Shows the performance for the month compared to the forecast



Conclusion

- Revenues are doing well through December
- There are still 6 months left in the fiscal year
- The Emergency Board will adopt a new forecast on January 17th that will incorporate performance to date as well as any new economic performance information



Questions?

