

# Fiscal Trends and Future Issues

---

Richard D. Brown  
Secretary of Finance  
October 21, 2014

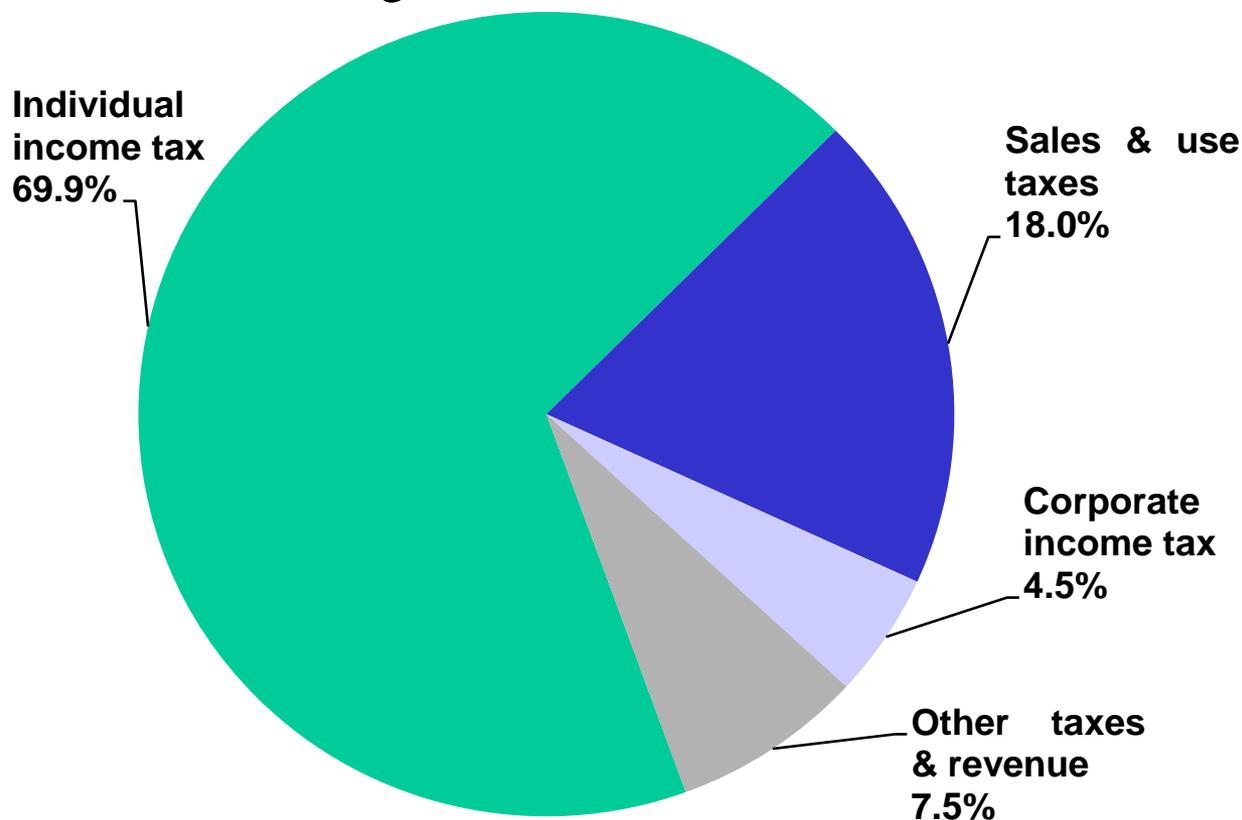




# General Fund Revenues for 2014-2016

Economic trends are important because employment, wage gains, and consumer spending account for about 92.4% of all general fund revenues.

2014-2016 general fund revenues = \$36.2 billion





**Growth in Total General Fund Revenues**  
**Fiscal Year 1961 - Fiscal Year 2016**  
(Nominal - Actual Dollars)

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	230,998,887	-	89	5,478,912,000	8.4%
62	242,144,567	4.8%	90	5,494,884,000	0.3%
63	286,304,265	18.2%	91	5,471,879,000	-0.4%
64	298,033,919	4.1%	92	5,623,213,000	2.8%
65	323,213,412	8.4%	93	6,133,637,000	9.1%
66	365,129,776	13.0%	94	6,503,368,000	6.0%
67	414,755,644	13.6%	95	6,881,145,000	5.8%
68	533,597,744	28.7%	96	7,356,110,000	6.9%
69	706,254,374	32.4%	97	7,949,327,000	8.1%
70	743,721,322	5.3%	98	8,773,520,000	10.4%
71	807,954,651	8.6%	99	9,702,747,000	10.6%
72	922,653,686	14.2%	00	10,788,482,000	11.2%
73	1,054,469,443	14.3%	01	11,105,275,000	2.9%
74	1,168,562,871	10.8%	02	10,678,954,000	-3.8%
75	1,303,178,893	11.5%	03	10,867,149,000	1.8%
76	1,428,421,157	9.6%	04	11,917,867,000	9.7%
77	1,636,301,819	14.6%	05	13,687,252,000	14.8%
78	1,923,085,084	17.5%	06	14,834,298,000	8.4%
79	2,115,211,522	10.0%	07	15,565,827,000	4.9%
80	2,344,928,934	10.9%	08	15,766,951,000	1.3%
81	2,579,663,941	10.0%	09	14,315,060,000	-9.2%
82	2,796,458,741	8.4%	10	14,219,477,000	-0.7%
83	2,975,687,935	6.4%	11	15,040,200,000	5.8%
84	3,397,710,261	14.2%	12	15,846,665,000	5.4%
85	3,790,816,000	11.6%	13	16,684,600,000	5.3%
86	4,131,778,000	9.0%	14*	16,845,900,000	1.0%
87	4,590,434,000	11.1%	15*	17,671,100,000	4.9%
88	5,054,382,000	10.1%	16*	18,373,300,000	4.0%

\*February 12, 2014 Midsession Forecast (Excludes Transfers)



# General Fund Revenue

\$ in Millions

<u>Fiscal Year</u>	<u>Revenue Growth</u>	<u>Total Revenue</u>	<u>Nonwithholding</u>	<u>% of Total</u>
2000	10.5%	\$10,721.5	\$1,669.7	15.57%
2001	2.9	11,105.3	1,806.8	16.27%
2002	(3.8)	10,679.0	1,459.5	13.67%
2003	1.8	10,867.1	1,402.7	12.91%
2004	9.7	11,917.9	1,562.8	13.11%
2005	14.8	13,687.3	2,073.5	15.15%
2006	8.4	14,834.3	2,530.2	17.06%
2007	4.9	15,565.8	2,782.0	17.87%
2008	1.3	15,767.0	2,861.2	18.15%
2009	(9.2)	14,315.1	2,310.4	16.14%
2010	(0.7)	14,219.5	1,906.8	13.41%
2011	5.8	15,040.2	2,178.6	14.49%
2012	5.4	15,846.7	2,357.9	14.88%
2013	5.3	16,684.6	2,807.7	16.82%
2014 Estimate	1.0	16,849.4	2,926.0	17.37%
2014 Actual	(1.6)	16,411.4	2,524.9	15.38%

# Individual Payments Reflect Realized Capital Gains and Non-wage Income...



## Large Individual Payments

	<u>Number of Payments</u>	<u>Total \$ Amt of Payments</u> (in millions)
<b>FY00</b>	832	\$266.2
<b>FY01</b>	885	\$270.9
<b>FY02</b>	639	\$168.8
<b>FY03</b>	617	\$177.5
<b>FY04</b>	864	\$242.3
<b>FY05</b>	1,320	\$394.8
<b>FY06</b>	1,749	\$523.1
<b>FY07</b>	1,929	\$638.5
<b>FY08</b>	1,858	\$657.9
<b>FY09</b>	1,310	\$483.3
<b>FY10</b>	843	\$263.8
<b>FY11</b>	1,130	\$422.3
<b>FY12</b>	1,173	\$401.6
<b>FY13</b>	1,648	\$575.7
<b>FY14</b>	1,119	\$328.0

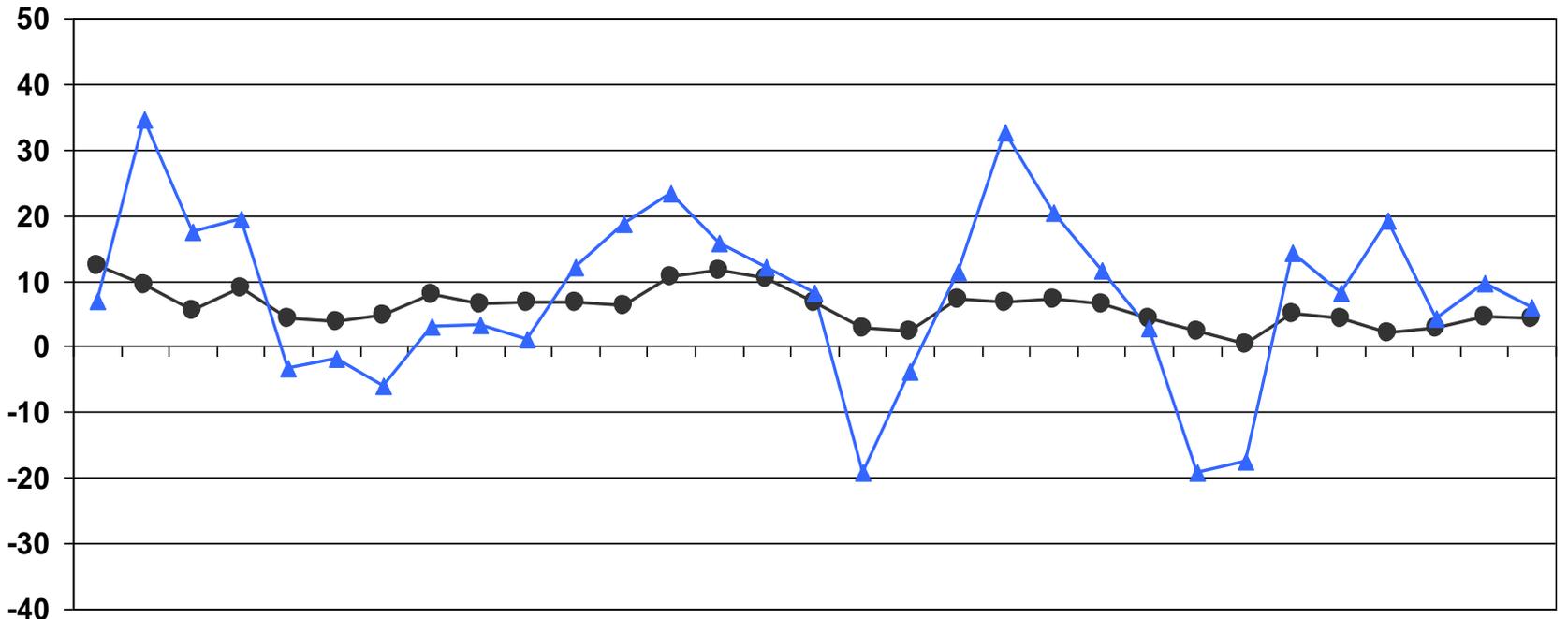
- FY13 and FY14 payments are affected by federal tax policy changes; FY14 payments are the lowest since FY10.
- Note, large payments are payments over \$100,000.00

# Trends in Withholding Compared to Individual Nonwithholding

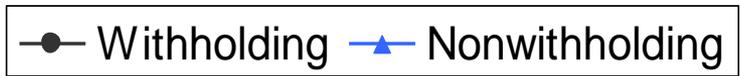


Percent Growth Over the Prior Year

Percent Change



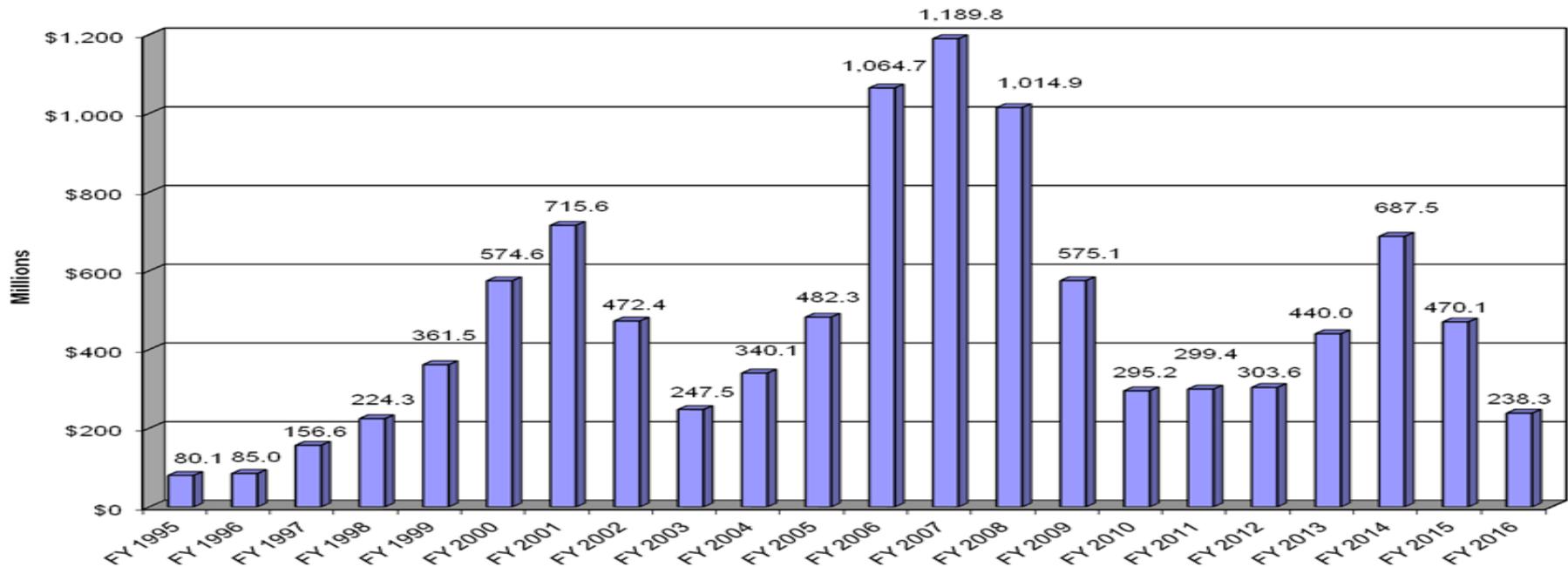
\* Forecast



# Assumed Withdrawals from the Revenue Stabilization Fund to Address the Budget Shortfall Will Cause the Size of the Fund to Decline Between the End of FY2014 and FY2016



**Revenue Stabilization Fund – June 30 Balance**  
 FY1995-2013 Actual and FY2014-2016 Forecast  
 Revenue Stabilization Fund

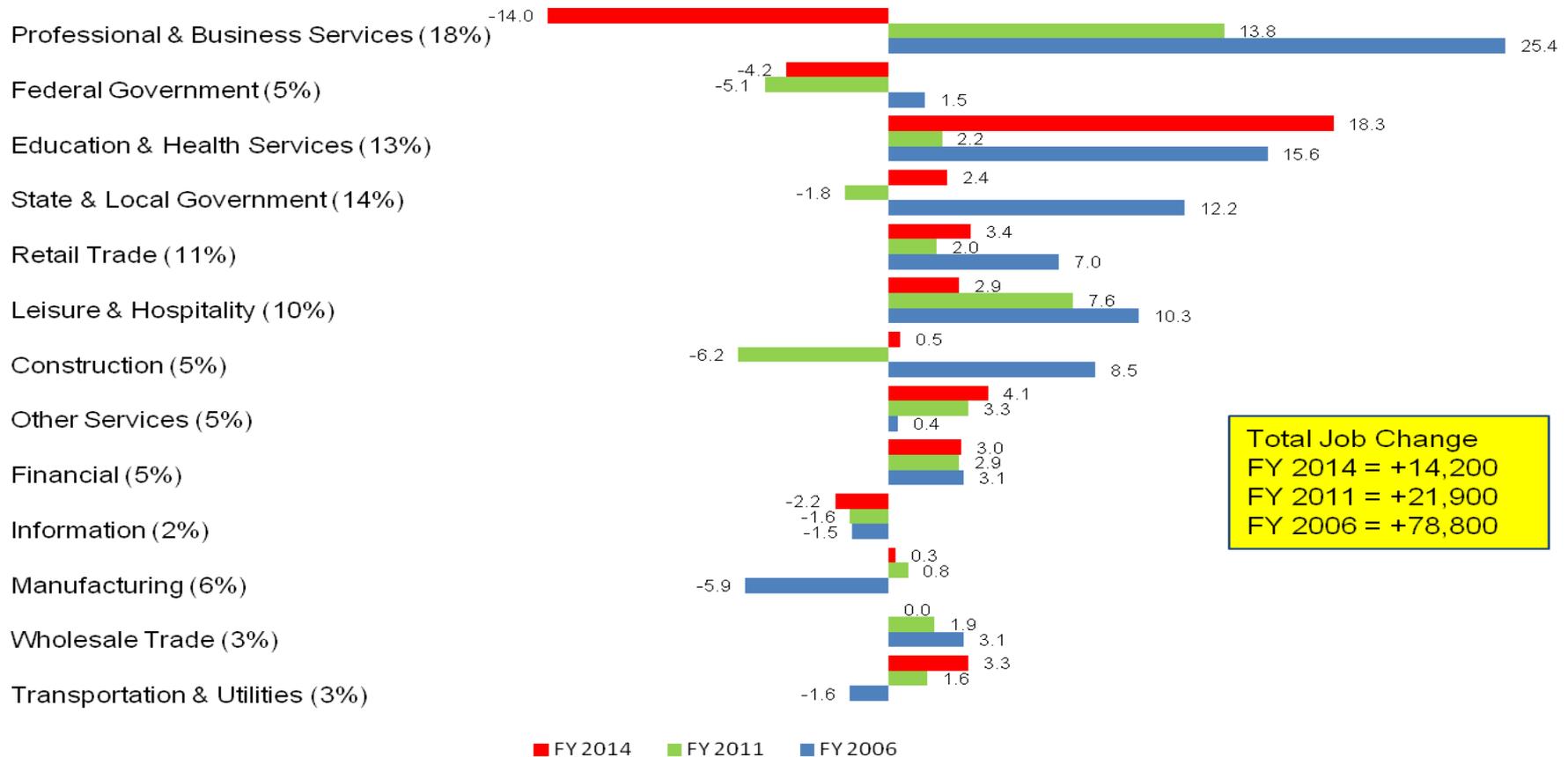


- A mandatory deposit of \$243.2 million in fiscal year 2015 is required. The withdrawals in fiscal years 2015 and 2016 are assumed to be \$470.0 and \$235.0 million, respectively.



# The Composition of Employment Growth is Changing...

**Virginia Job Change by Sector**  
June over June, Thousands of Jobs





# Weak Growth in Withholding Collections Due to Slowdown in Public Sector and Declines in Federal Contractors and Professional and Business Services...

## Withholding Tax Collections Fiscal Years 2012 - 2014 Millions of Dollars

Industry (% of Total \$ Amount in FY14)	# of Firms in FY14	Millions of Dollars			Percent Change		
		FY12	FY13	FY14	FY12	FY13	FY14
Public Sector (18%)	93	\$1,831.5	\$1,874.9	\$1,888.6	2.7%	2.4%	0.7%
Education and Health Services (7%)	244	\$750.4	\$757.4	\$772.9	-1.2%	0.9%	2.0%
Federal Contractors (4%)	192	\$495.6	\$482.8	\$451.7	-1.7%	-2.6%	-6.4%
Finance (3%)	134	\$270.3	\$294.7	\$306.6	7.0%	9.0%	4.0%
Professional and Business Services (3%)	538	\$260.5	\$285.5	\$288.1	8.1%	9.6%	0.9%
Investment (2%)	148	\$134.8	\$159.6	\$179.0	3.1%	18.4%	12.2%
Manufacturing (2%)	174	\$135.8	\$141.0	\$157.3	7.2%	3.8%	11.6%
Transportation (1%)	41	\$103.1	\$108.9	\$113.9	0.4%	5.7%	4.6%
Energy (1%)	47	\$96.2	\$84.4	\$86.2	-2.8%	-12.3%	2.2%
Other (4%)	720	\$468.0	\$468.8	\$464.1	-1.8%	0.2%	-1.0%
Total Large Payers (45%)	2,331	\$4,546.1	\$4,658.0	\$4,708.6	1.6%	2.5%	1.1%
Total Small Payers (55%)	242,267	\$5,493.5	\$5,593.3	\$5,775.6	6.5%	1.8%	3.3%
Total All	244,598	\$10,039.7	\$10,251.3	\$10,484.2	4.2%	2.1%	2.3%



For more  
information on Virginia's  
budget, visit:  
[www.DPB.Virginia.gov](http://www.DPB.Virginia.gov)  
[www.Finance.Virginia.gov](http://www.Finance.Virginia.gov)

*Thank You*