

August 19, 2002

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**Actual General Fund Revenues  
for FY2002; Revised  
Economic Outlook and Revenue  
Forecast for FY2003 and 2004**

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



**John M. Bennett**  
Secretary of Finance

## ***Outline...***

- Actual general fund collections for fiscal year 2002
- Financial results for fiscal year 2002
- Revised economic outlook for fiscal years 2003 and 2004
- Revised general fund revenue forecast for fiscal years 2003 and 2004

# ***The National Recession's Effect on Virginia Was Greater Than Anticipated...***

## **U.S. Economy**

- Last October, the post-attack economic scenario assumed a 4-quarter recession.
  - ◆ Real GDP growth was predicted to be -0.5% for FY02.
  - ◆ *Actual real GDP growth is now expected to be 1.2%.*

## **Virginia Economy**

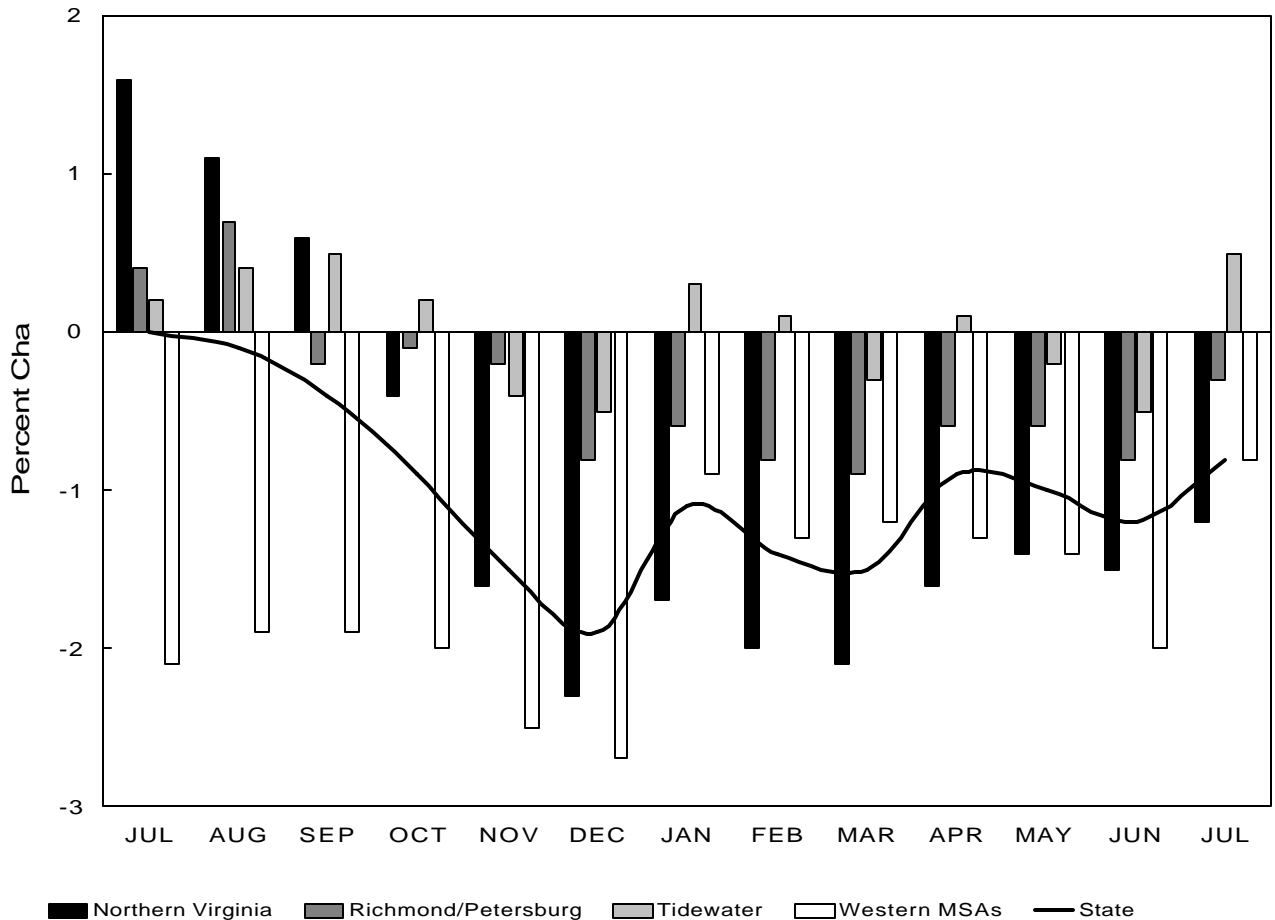
- Last October, the Virginia economy was expected to outpace the nation's and weather the economic storm.

## **Virginia's Recent Performance**

- Employment declined for the first time since fiscal year 1992.
  - ◆ 0.5% projected, *-1.0% actual through June 2002*
- Personal income growth in fiscal year 2002 is now projected to be at its lowest rate in over 30 years.
  - ◆ 3.5% projected, *1.9% current projection*
- As currently projected, wages and salaries growth will be less than half the forecasted rate.
  - ◆ 4.2% projected, *2.0% current projection*

# Virginia Has Now Seen 12 Consecutive Months of Negative Employment Growth...

Total Nonagricultural Employment Growth in Fiscal Year 2002



- 35,000 jobs expected to be lost in fiscal year 2002.
  - ◆ All sectors, except local government, are declining.
    - ➔ Business services is expected to decline 24,400.
    - ➔ Manufacturing job losses have continued over the past two years.
    - ➔ Wholesale and retail trade job declines started in September, 2001.
    - ➔ Construction sector has lost jobs each month since December.

# ***As a Result, Actual General Fund Collections for Fiscal Year 2002 Fell \$237 Million Below the Forecast...***

## **Summary of Fiscal Year 2002 Revenue Collections** (millions of dollars)

<u>Source</u>	<u>Forecast</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Growth</u>
Withholding	\$ 6,474.5	\$ 6,422.4	\$ (52.1)	2.7%
Nonwithholding	1,554.4	1,459.5	(94.9)	-19.2%
Refunds	<u>(1,064.0)</u>	<u>(1,171.1)</u>	<u>(107.1)</u>	<u>40.2%</u>
Net Individual	6,964.9	6,710.8	(254.1)	-7.1%
Sales and Use Tax*	2,412.8	2,429.8	17.0	6.9%
Corporate Income Tax	295.6	290.2	(5.4)	-20.2%
Insurance Premiums	288.0	292.7	4.7	9.2%
Public Service	95.5	77.2	(18.3)	-17.4%
All Other	859.2	878.3	19.1	0.2%
<b>Total GF Revenues**</b>	<b>\$ 10,916.0</b>	<b>\$ 10,679.0</b>	<b>\$ (237.0)</b>	<b>-3.8%</b>

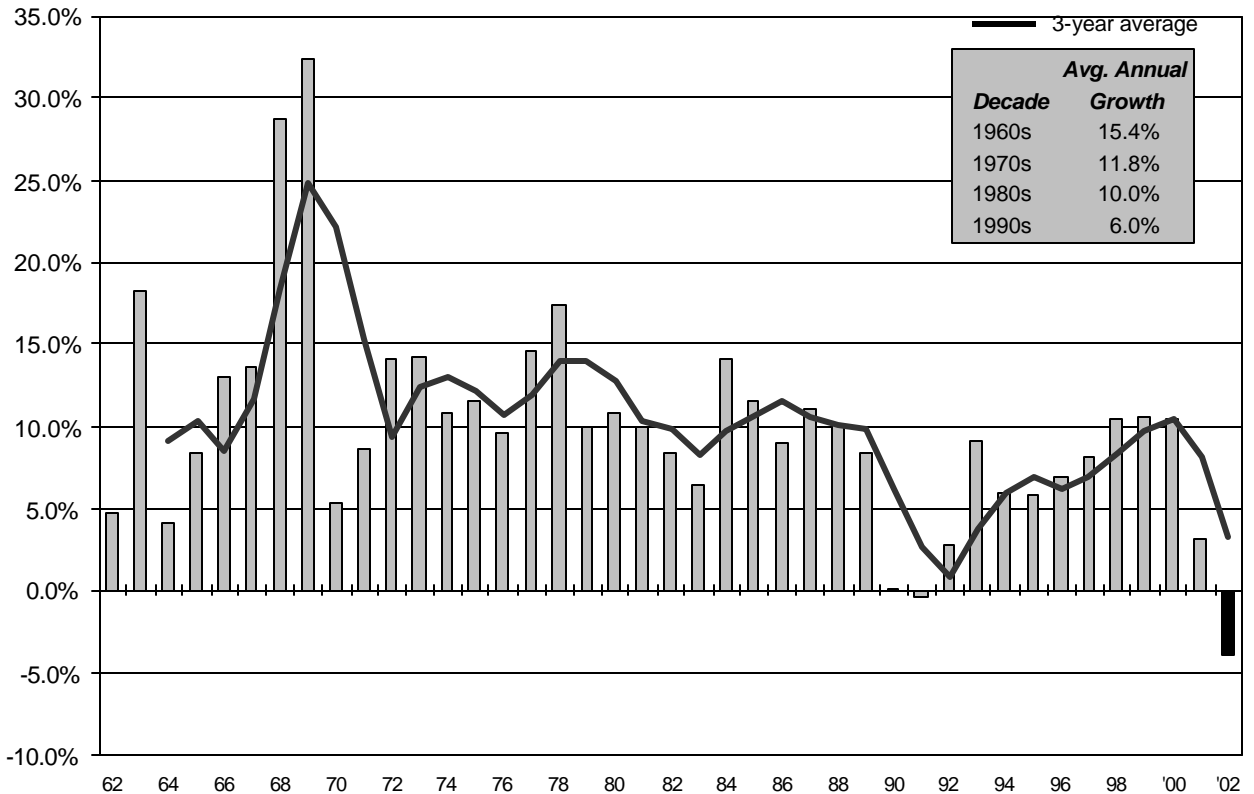
- Weakness in individual income tax – withholding and nonwithholding, as well as a substantial increase in refunds – were primarily responsible.
- For the year, total general fund revenues declined 3.8%. A 1.7% decline was projected.

\* Includes Accelerated Sales Tax payments (growth without acceleration was 0.3%)

\*\* Without Lottery profits (+\$38.2 million), ABC profits (+\$0.5 million), and other transfers (-\$2.9 million)

# General Fund Revenue Growth in Fiscal Year 2002 Was the Weakest on Record...

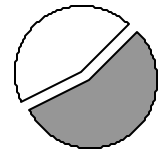
General Fund Revenue Growth  
Fiscal Year 1962 to Fiscal Year 2002



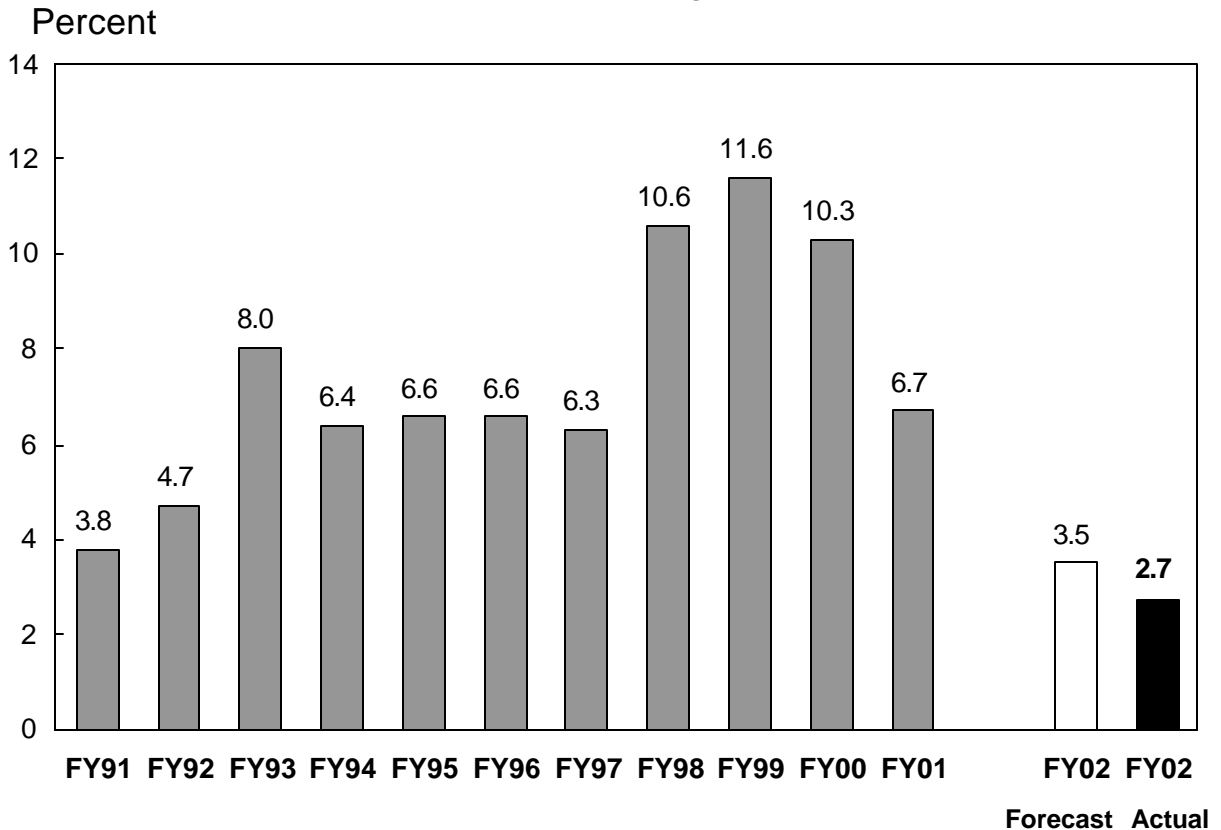
- The last time Virginia experienced negative revenue growth was in fiscal year 1991.

# ***Withholding Collections Were \$52.1 Million Below Forecast...***

58% of Total



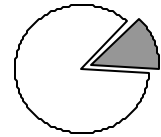
## **History and Forecast Growth Net Individual Income Tax Withholding**



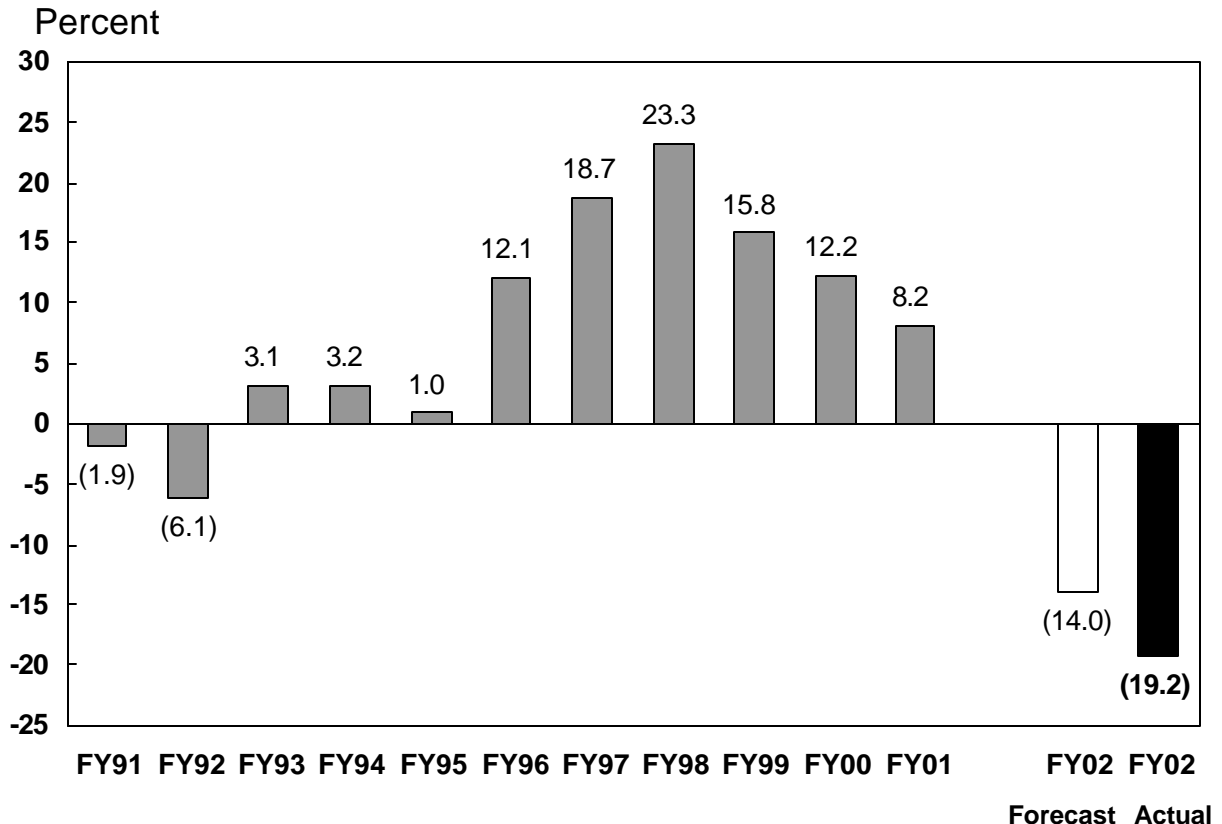
- \$52.1 million below estimate of \$6,474.5 million.
- Decline in growth resulted from:
  - ◆ Continuing employment losses
  - ◆ Weak growth in wages and salaries
  - ◆ Declining revenues from exercising of stock options

14% of Total

# Nonwithholding Collections Were \$94.9 Million Below Forecast...



History and Forecast Growth  
Net Individual Income Tax  
Nonwithholding



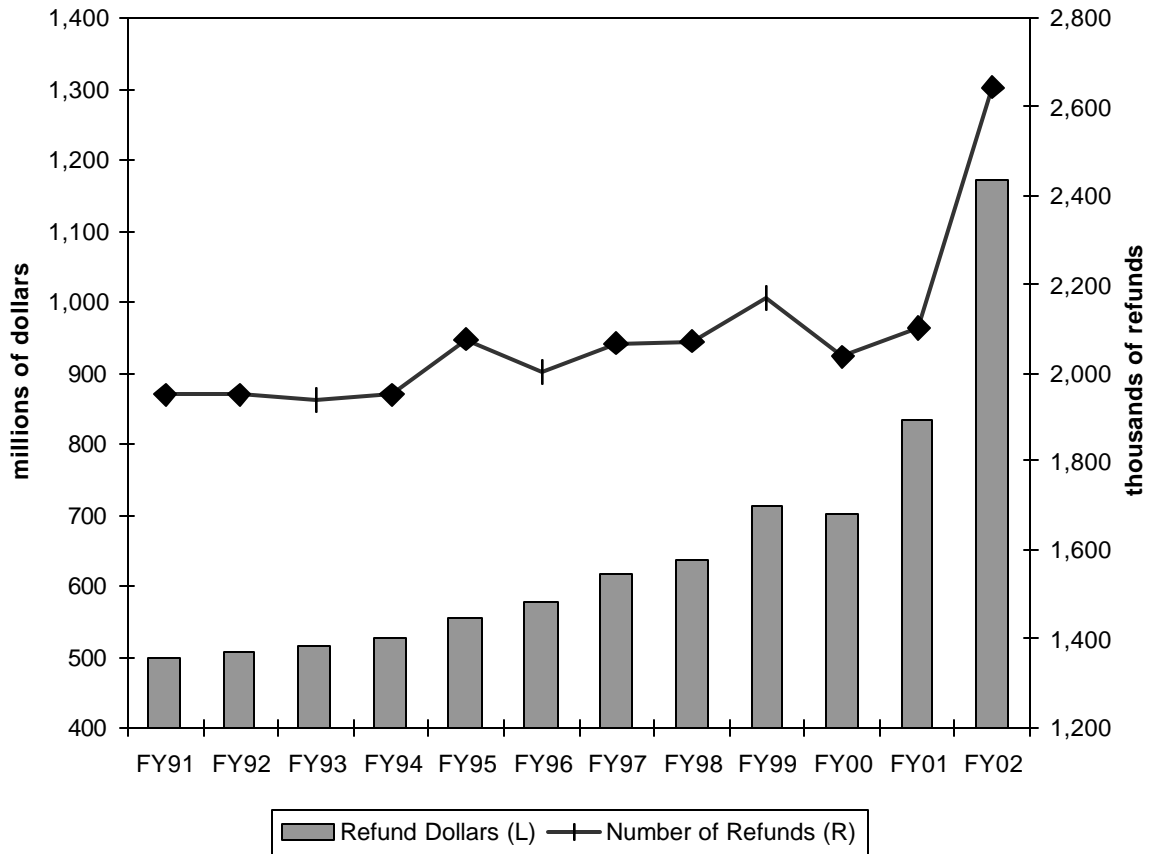
- \$94.9 million below estimate of \$1,554.4 million.
- Estimated payments declined by 7.0%, final payments fell 37.8%.
- Total nonwithholding receipts declined by 19.2%.
  - ◆ The decline was three times larger than that of the last recession.
  - ◆ The fall in capital gains realizations appears to be greater than anticipated.



# ***A Record Number of Refunds Were Issued in Fiscal Year 2002...***

## **Individual Income Tax Refunds**

### **Refund Dollars and Number of Refunds**



- \$107.1 million above the estimate (a 40% increase over fiscal year 2001).
- Almost 350,000 more refund returns were processed between January and June, 2002; the average refund increased 18%.
- Refund processing time dramatically improved.
  - ◆ 95.2% issued in 12 days or less
  - ◆ 99.8% issued in 30 days or less

# ***Sales And Use Tax Finished Slightly Above the Forecast; Corporate Income Tax Finished Slightly Below the Forecast...***

## **Sales and Use Tax (21% of revenues)**

- Fiscal year 2002 collections were \$17.0 million above forecast.
  - ◆ Economic-based sales activity was \$5.4 million above forecast.
  - ◆ Accelerated sales tax collections were \$11.6 million above forecast.
- Without effect of collections acceleration, sales tax collections grew 0.3%, compared to the forecast of 0.1%.
  - ◆ Slowest growth since 0.9% in fiscal year 1992.

## **Corporate Income Tax (3% of revenues)**

- Fiscal year 2002 collections were \$5.4 million below forecast.
- As expected, revenue collections declined for a second straight year.
  - ◆ Corporate estimated and final payments have now fallen for eight consecutive quarters.
  - ◆ Corporate refunds were almost three times their fiscal year 1992 level.

# ***Results for Other Revenue Sources Varied...***

## **Insurance Premiums (3% of revenues)**

- Fiscal year 2002 collections were \$4.7 million above forecast.
- Receipts increased 9.2%, compared to the forecast of 7.4%.
  - ◆ Post 9/11 business insurance rates boosted premiums.
  - ◆ Increases in homeowner policies were driven by higher property values.

## **Public Service / Consumption Tax (1% of revenues)**

- Fiscal year 2002 collections fell \$18.3 million below forecast.
- Mild winter weather and economic slowdown depressed electricity sales.

## **All other revenues (9% of revenues)**

- Fiscal year 2002 collections were \$19.1 million above forecast.
  - ◆ \$16.1 million was due to recordation taxes, which is attributable to home refinancings and a strong housing market.

## ***How the Revenue Shortfall Was Addressed...***

- The Commonwealth's financial statements for fiscal year 2002 show a positive fund balance of about \$633 million.
- The revenue shortfall was covered using cash from surplus Lottery profits, the voluntary pre-paid budget reductions, other unspent operating balances, and unspent appropriations from capital projects.

Revenue shortfall	(\$237.0)
Sources of Cash to Cover the Shortfall	
Additional Transfers (Lottery Profits)	35.8
FY2002 pre-paid budget reductions	52.4
Unexpended operating balances	70.6
Balance in capital projects	<u>117.2</u>
Total	\$276.0

- Most of the cash will be required for other uses. The impact of the revenue shortfall therefore has been deferred into fiscal year 2003, when it must be dealt with.
- The fiscal year 2003 effect of the revenue shortfall is estimated at \$215.9 million.

# ***Components of the Fiscal Year 2002 General Fund Balance...***

**General Fund Balance  
Budgetary (Cash) Basis  
Fiscal Year 2002  
(Million of Dollars)**

**Reserved Amounts:**

Revenue Stabilization Fund	\$472.4
Payroll Reserve for July 1, 2002 Payroll	65.4
Unexpended Lottery Proceeds Reserve	<u>25.2</u>

**Total Reserved Balance** \$ 563.0

**Unreserved (Designated) Amounts:**

2002 Unexpended Capital Outlay Balances	70.0
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**Total Unreserved (Designated) Balance** 70.0

**Total Reserved and Unreserved General  
Fund Balance** \$ 633.0

# **Revised Economic Outlook and Revenue Forecasts for FY 2003 and FY 2004**

- **The Reforecasting Process**
- **Outlook for the Virginia  
Economy**
- **Revised Revenue Forecast**

# ***Fiscal Year 2002 Shortfall and Interim Economic Outlook Led to Reforecast...***

- Given the magnitude of the fiscal year 2002 revenue shortfall, Governor Warner initiated an official re-forecast of revenues.
  - ◆ Governor's Advisory Board of Economists (GABE) met on July 11<sup>th</sup>.
  - ◆ Governor's Advisory Council on Revenue Estimates (GACRE) met on August 7<sup>th</sup>.

## **GABE Highlights**

- Two economic scenarios were presented to the Board.
- The Board consensus was to lower key elements of the standard forecast – this resulted in an interim “low growth” forecast.

## **GACRE Highlights**

- GACRE members were presented with two economic forecasts.
- Almost every member recommended the low growth alternative that came from GABE's recommendation.
- This low growth scenario is the basis for the interim revenue forecast.

# ***Virginia's Recovery Is Expected to Be Slower Than the National Recovery...***

## **U.S. Economy**

- The recovery from recession started in the first quarter of calendar year 2002, at rates which would be expected during a typical recovery.
  - ◆ Real GDP growth is expected to be 3.3% in fiscal year 2003.
  - ◆ Employment growth in fiscal year 2003 is projected at about 1.0%, with wage and salary growth projected at about 4.5%.
  - ◆ Real consumer spending is expected to grow at 3.5% -- slightly better than the 3.1% experienced in fiscal year 2002.

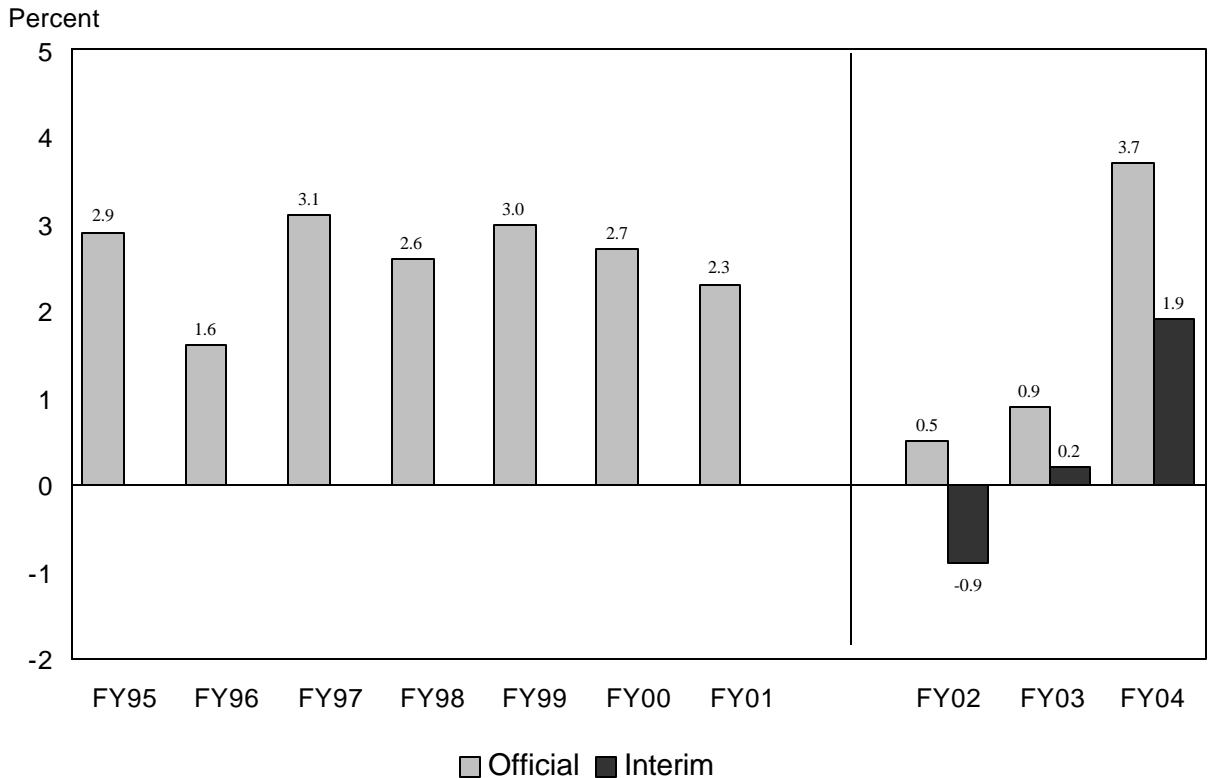
## **Virginia Economy**

- Virginia will lag the nation in job and income growth in fiscal year 2003.
  - ◆ Collapse in high-tech sector and weakness in manufacturing are major factors for lag.
    - ➔ High wage technology jobs are decreasing.
    - ➔ Jobs in manufacturing continue to decline.
    - ➔ The exercise of stock options -- significant in the late 1990's -- is not expected to occur.



# ***Employment For Fiscal Year 2003 Is Expected to Remain Essentially Flat...***

Virginia Employment Growth  
FY 1995-01 Actual and FY 2002-04 Forecast



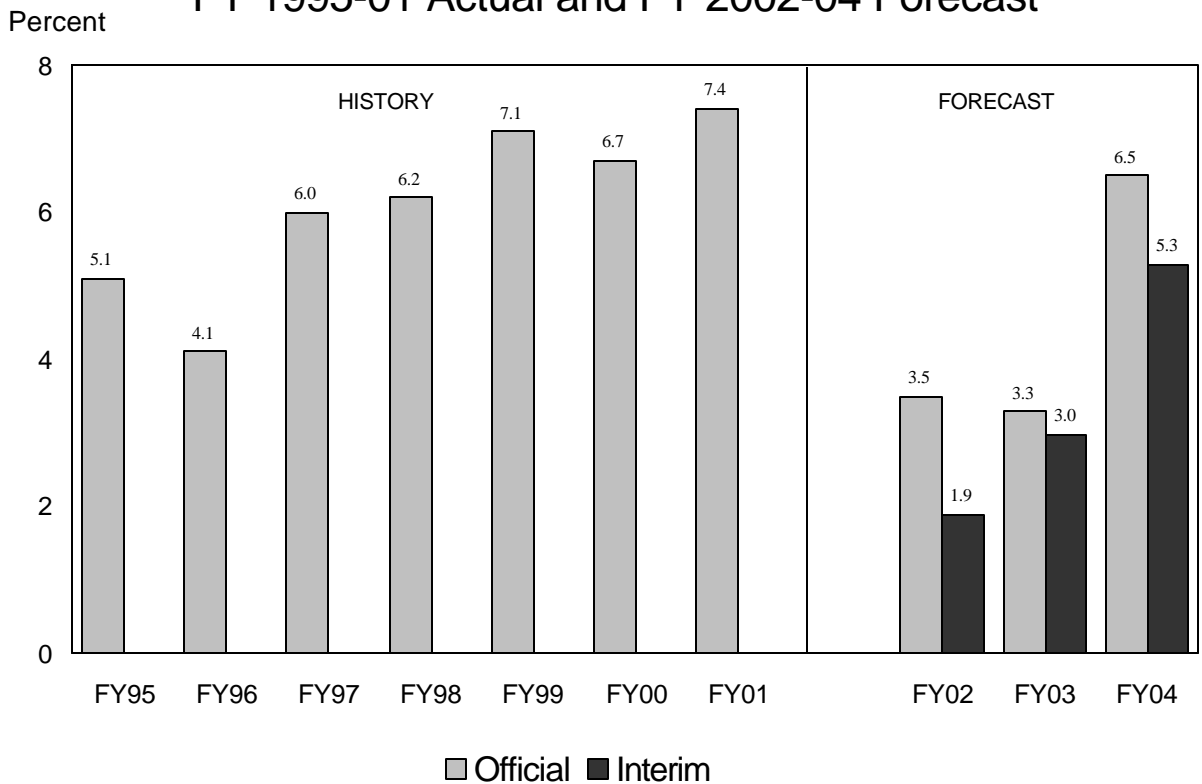
FY01	Actual Job Gains	+80,700
FY02	Forecast*	-32,000
FY03	Forecast	+6,300
FY04	Forecast	+67,700

- Job losses in fiscal year 2002 are not projected to be regained until fiscal year 2004.

\* Employment growth through May interim forecast period; actual job losses were 35,000.

# ***Personal Income Growth Is Projected to Be Below Trend Until Fiscal Year 2004...***

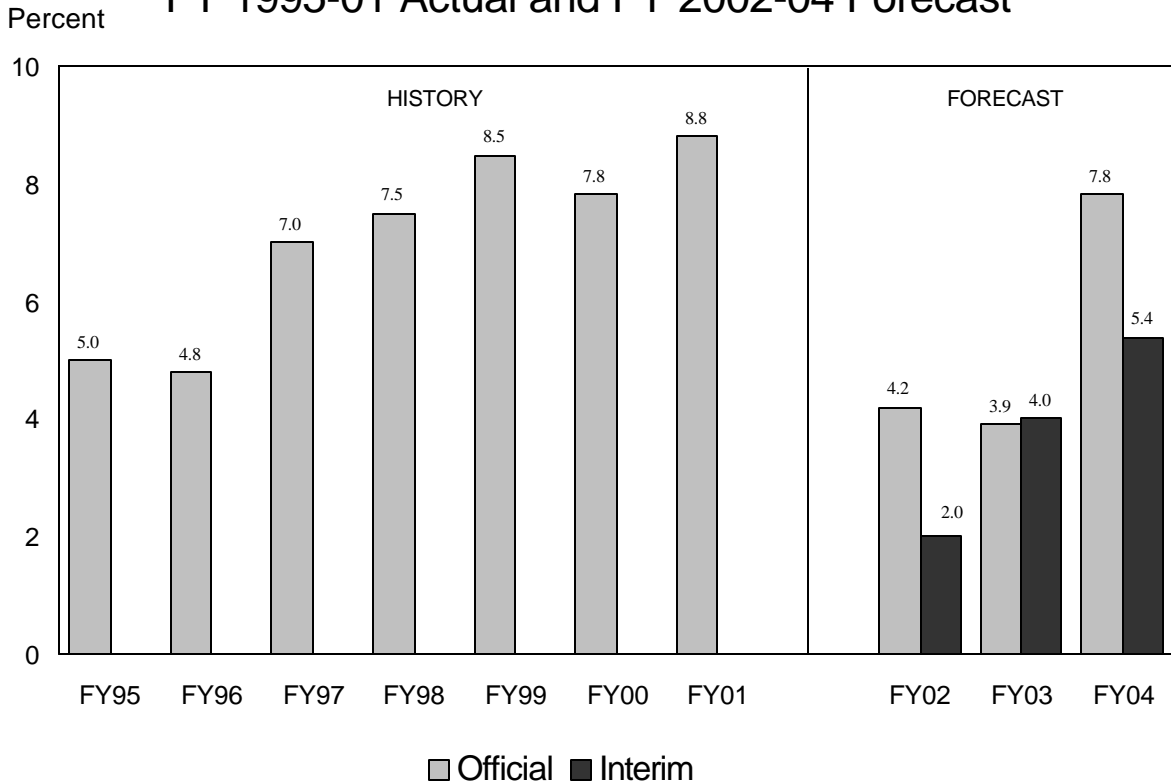
## Virginia Personal Income Growth FY 1995-01 Actual and FY 2002-04 Forecast



- Personal income growth will not begin to approach near normal levels until fiscal year 2004.

# ***Wages And Salaries Growth Is Also Projected to Remain Below Trend in Fiscal Year 2003...***

Virginia Wages and Salaries Growth  
 FY 1995-01 Actual and FY 2002-04 Forecast



- Drop in fiscal year 2002 growth was largely due to disappearance of stock options and bonuses to high-tech workers.
- Fiscal years 2003 and 2004 projections reflect low inflation and weak job growth.

## ***Key Economic Indicators Interim Forecast***

		Fiscal Year		
	01	02	03	04
Real GDP	2.7	1.2	3.3	4.0
CPI	3.4	1.8	2.4	2.6
30-Year T-Bonds	5.7	5.5	6.0	6.4
Prime Interest Rate	8.7	5.3	5.8	8.1
Employment				
U.S.	1.4	(0.5)	1.0	2.1
Virginia	2.3	(0.9)	0.2	1.9
Personal Income				
U.S.	6.6	3.2	4.8	6.2
Virginia	7.4	1.9	3.0	5.3
Wages & Salaries				
U.S.	7.5	3.0	4.5	6.2
Virginia	8.8	2.0	4.0	5.4

# ***With A Revenue Shortfall in FY02 and Weaker Economic Growth Projected, the GF Revenue Forecast Has Been Reduced by \$1.3 Billion...***

## **Comparison of Official and Revised Forecasts for Fiscal Year 2003** (millions of dollars)

<u>Source</u>	<u>Official</u>	<u>Revised</u>	<u>Difference</u>	<u>Revised Growth Rate</u>
Withholding	\$6,849.5	\$6,647.2	(\$202.3)	3.5%
Nonwithholding	1,477.7	1,290.3	(187.4)	-11.6%
Refunds	<u>(985.5)</u>	<u>(1,059.4)</u>	<u>(73.9)</u>	-9.5%
Net Individual	7,341.7	6,878.1	(463.6)	2.5%
Sales and Use Tax	2,373.0	2,341.5	(31.5)	-3.6%
Corporate Income Tax	298.9	267.8	(31.1)	-7.7%
Insurance Premiums	298.0	306.0	8.0	4.5%
Public Service	98.5	83.5	(15.0)	8.2%
All Other Revenues	877.6	887.0	9.4	0.9%
<b>Total GF Revenues</b>	<b>\$11,287.7</b>	<b>\$10,763.9</b>	<b>(\$523.8)</b>	<b>0.8%</b>

## **Comparison of Official and Revised Forecasts for Fiscal Year 2004** (millions of dollars)

<u>Source</u>	<u>Official</u>	<u>Revised</u>	<u>Difference</u>	<u>Revised Growth Rate</u>
Withholding	\$7,278.6	\$7,032.7	(\$245.9)	5.8%
Nonwithholding	1,552.5	1,335.8	(216.7)	3.5%
Refunds	<u>(1,038.2)</u>	<u>(1,132.6)</u>	<u>(94.4)</u>	6.9%
Net Individual	7,792.9	7,235.9	(557.0)	5.2%
Sales and Use Tax	2,532.9	2,449.0	(83.9)	4.6%
Corporate Income Tax	342.4	283.3	(59.1)	5.8%
Insurance Premiums	319.9	326.0	6.1	6.5%
Public Service	101.8	83.8	(18.0)	0.4%
All Other Revenues	928.7	880.7	(48.0)	-0.6%
<b>Total GF Revenues</b>	<b>\$12,018.6</b>	<b>\$11,258.7</b>	<b>(\$759.9)</b>	<b>4.6%</b>

## ***The Forecast for Income Tax Withholding Is Reduced by Almost \$450 Million...***

- Payroll withholding revenue model is based on a direct relationship to wages and salaries in Virginia.
- Interim forecast lowers wages and salaries projections, translating directly into lower payroll withholding receipts.
- Model results for withholding growth are close to projections for wage and salary growth.

	Wage & Salary Withholding	
	<u>Growth</u>	<u>Growth</u>
FY02	2.0%	2.7%
FY03	4.0%	3.5%
FY04	5.4%	5.8%

- Revenue reduction in the interim forecast.

	Dollars	<u>Growth</u>	Dollars	<u>Growth</u>	Interim versus
	<u>Official Forecast</u>		<u>Actual/Forecast</u>		<u>Official</u>
FY02	\$6,474.5	3.5%	\$6,422.4	2.7%	--
FY03	6,849.5	5.8%	6,647.2	3.5%	(\$202.3)
FY04	7,278.6	6.3%	7,032.7	5.8%	(245.9)

Note: All dollars referenced throughout are millions of dollars.

## ***The Forecast for Nonwithholding Is Reduced by More Than \$400 Million...***

- Nonwithholding is comprised of two components – estimated payments and tax due payments.
- Key variables used in revenue models are non-wage income and the S&P 500 index, as projected by DRI.WEFA.
  - ◆ Using economic-based variables to forecast asset value changes and taxpayer behavior is inherently risky.
  - ◆ This source is difficult to forecast.
- Newly developed models are being used to separately forecast each component – estimated payments and tax due (final) payments.
  - ◆ Estimated payments are driven mainly by economics; tax due payments are affected more by capital gains.
- The new component revenue models predicted estimated payments would decline by 6% and that tax due payments would decline by 9% in fiscal year 2003.
- The new model assumed a reasonable direction. Given the course of the financial markets to date, the magnitude of the decline was questionable.

# ***The forecast For Nonwithholding Is Reduced by More Than \$400 Million***

***(Continued)...***

- Forecasters looked for confirmation through:
  - 1) Payment Patterns
  - 2) Forecasts of Capital Gains
  - 3) Other States' Data
  - 4) Equity Market Performance

## **Payment Patterns**

- In fiscal year 2001, high-income individuals (less than one percent of all taxpayers) paid 15% of all nonwithholding collections.
- Payments by high-income individuals are down 33% to-date in calendar year 2002.
- June's estimated payment also had 10% fewer filers (15,000) overall.

## **Forecasts of Capital Gains**

- Economy.com's forecast for national capital gains realizations this year is for an additional 40% decline.
  - ◆ Last year, capital gains realizations were forecast to drop 33%. Final payments in Virginia fell 37.8% in fiscal year 2002.



# ***The Forecast for Nonwithholding Is Reduced by More Than \$400 Million*** (continued)...

## **Other States' Data**

- Detailed discussions with other states point to similar declines.
  - ◆ Broad-based declines in estimated payments have been seen across the nation; the expectation is these declines will continue.
  - ◆ Numerous states are beginning to re-forecast due to the magnitude of their shortfalls.

## **Equity Market Performance**

- Financial markets have continued to decline.
  - ◆ Year-to-date S&P 500 index has declined 20%. (Calendar 2001 S&P 500 decline was 13%).
  - ◆ Year-to-date NASDAQ is down 32%. (Calendar 2001 NASDAQ declined 21%).
- Interim forecast predicts that estimated payments will decline by 10% in fiscal year 2003, with final payments declining by 15%.
- Revenue reduction in the interim forecast.

	Dollars		Dollars		Interim versus
	<u>Official Forecast</u>	<u>Growth</u>	<u>Actual/Forecast</u>	<u>Growth</u>	<u>Official</u>
FY02	\$1,554.4	(14.0%)	\$1,459.5	(19.2%)	--
FY03	1,477.7	(4.9%)	1,290.3	(11.6%)	(\$187.4)
FY04	1,552.5	5.1%	1,335.8	3.5%	(216.7)

## ***Individual Income Tax Refunds Are Projected to Increase by \$168 Million...***

- Fiscal year 2003 and fiscal year 2004 refunds will be below fiscal year 2002's record level, but will still be above the original forecast.
  - ◆ Weak employment growth, weak wage growth, and a decline in non-wage income will increase refund activity.
  - ◆ Processing times will continue to improve.
    - ➔ Refunds typically processed in July and August will be processed in May and June.
- Also the impact of federal tax reform will become more significant in fiscal year 2003, reducing taxable incomes in Virginia.
  - ◆ Fiscal year 2003 impact \$23 million
  - ◆ Fiscal year 2004 impact \$40 million
    - ➔ New higher education deduction that will flow to Virginia is the largest component.
- Revenue reduction in the interim forecast.

	Dollars <u>Official Forecast</u>	<u>Growth</u>	Dollars <u>Actual/Forecast</u>	<u>Growth</u>	Interim versus <u>Official</u>
FY02	\$1,064.0	27.4%	\$1,171.1	40.2%	--
FY03	985.5	(7.4%)	1,059.4	(9.5%)	(\$73.9)
FY04	1,038.2	5.3%	1,132.6	6.9%	(94.4)

# ***The Forecast for Sales and Use Tax Revenues Has Been Reduced by \$115 Million...***

- Sales revenue model is based on a direct relationship to total personal income in Virginia.
- Sales tax revenue is a current indicator; the interim forecast highlights the sluggish speed of the recovery.
  - ◆ Sales tax growth below 4% is normally associated with recessions and soft landings.
- Revenue model predicted sales tax growth will be less than personal income growth.
  - ◆ Only during strong economic expansion does sales growth outpace income growth.

	Personal Income <u>Growth</u>	Sales Tax <u>Growth</u>
FY02	1.9%	0.3%
FY03	3.0%	2.7%
FY04	5.3%	4.6%

- Revenue reduction in the interim forecast.

	Dollars <u>Official Forecast</u>	<u>Growth</u>	Dollars <u>Actual/Forecast</u>	<u>Growth</u>	Interim versus <u>Official</u>
FY02	\$2,275.0	0.1%	\$2,280.5	0.3%	--
FY03	2,373.0	4.1%	2,341.5	2.7%	(\$31.5)
FY04	2,532.9	4.6%	2,449.0	4.6%	(83.9)

Note: FY02 shown with Accelerated Sales Tax revenues removed.

## ***The Forecast for Corporate Income Tax Has Been Reduced by \$90 Million...***

- Corporate income tax is the most volatile source. Tax laws are complex and corporations have some ability to “schedule” earnings and deductions.
- First and second estimated payments are down 5% in calendar year 2002.
  - ◆ Some large corporate taxpayers have not made any estimated payments in April or June of 2002.
- Fiscal year 2003 should be the 3<sup>rd</sup> and final year of decline in corporate tax payments.
  - ◆ This pattern would be similar to the last recession.
- Revenue reduction in the interim forecast.

	Dollars <u>Official Forecast</u>	<u>Growth</u>	Dollars <u>Actual/Forecast</u>	<u>Growth</u>	Interim versus <u>Official</u>
FY02	\$295.6	(18.7%)	\$290.2	(20.2%)	--
FY03	298.9	1.1%	267.8	(7.7%)	(\$31.1)
FY04	342.4	14.6%	283.3	5.8%	(59.1)

## ***Other Sources...***

### **Insurance Premiums (3% of revenues)**

- Collections are projected to be \$8.0 million higher in fiscal year 2003 and \$6.1 million higher in fiscal year 2004.
- Insurance premiums from business and homeowners are rising faster than expected.

### **Public Service / Consumption Tax (1% of revenues)**

- Collections are being revised downward to reflect 18 months of actual consumption tax data.
- Collections are projected to be \$15.0 million lower in fiscal year 2003 and \$18.0 million lower in fiscal year 2004.

### **All other revenues (9% of revenues)**

- Overall collections are projected to be \$9.4 million higher in fiscal year 2003 and \$48 million lower in fiscal year 2004.
  - ◆ Recordation taxes are expected to remain strong in the first half of fiscal year 2003. An \$18 million increase is expected for fiscal year 2003, with a \$22.4 million decrease in fiscal year 2004.
- Interest earnings are projected to be lower, due to low interest rates and lower investable balances.

## ***The Budget Shortfall for This Biennium Will Exceed \$1.5 Billion...***

	FY2003 <u>Amount</u>	FY2004 <u>Amount</u>	Biennium <u>Amount</u>
FY2002 Actual Revenues & Transfers	(\$215.9)	--	(\$215.9)
Interim Revenue Forecast	(\$523.8)	(\$759.9)	(\$1,283.7)
Required Spending	??	??	??
	-----	-----	-----
Total	(\$739.7)	(\$759.9)	(\$1,499.6)

- Approximately \$215.9 million of the fiscal year 2002 shortfall rolls forward as a budget problem into fiscal year 2003.
- Weaker economic growth now projected for fiscal year 2003 and fiscal year 2004, along with the fiscal year 2002 shortfall, combine to produce a reduction in the general fund forecast of \$1,283.7 million.
- Adding these two together, the budget shortfall for the biennium totals about \$1.5 billion.
  - ◆ This total does not include known required spending.

## ***Budget Actions Announced Today...***

- 1) Agencies are to submit plans by September 20, reducing their fiscal year 2003 and fiscal year 2004 budgets by 7 percent, 11 percent, and 15 percent.
  - ◆ Final reduction targets will be determined once the impact of the plans are assessed.
- 2) Governor Warner will establish a process for identifying targeted cuts in specific programs and funding streams.
- 3) Reductions will be extended to some nongeneral fund agencies and programs.
  - ◆ Nongeneral fund reductions will exclude federal funds; nongeneral funds used for highway construction, maintenance, and mass transit; tuition and fees, and sponsored programs at institutions of higher education; and some other programs, but will be as few as possible.

# ***Budget Actions Announced Today***

*(continued...)*

- Other specific actions will be taken in order to halt discretionary spending, at least until a plan for balancing the budget is developed.
  - ◆ Implement monthly spending limits for agencies, until budget balancing plan is developed (quarterly targets for colleges and universities).
  - ◆ No signing of construction contracts which obligate general fund revenues.
  - ◆ Withhold one half of general fund maintenance reserve allocations.
  - ◆ Defer reappropriations of any unspent general fund balances from fiscal year 2002. Deferral of certification on whether funds are available to pay “mandatory carryforwards.”
  - ◆ Defer reappropriation of unspent balances for nongeneral funds, unless required to meet payroll or other legal obligations.
    - Federal funds; highway maintenance, construction, and mass transit funds; debt service; unemployment compensation; tuition and fees; or private funds dedicated for specific purposes will not be affected.)
  - ◆ Postpone decision about repayment of nongeneral fund interest retained in fourth quarter of fiscal year 2002.
  - ◆ Continue hiring restrictions; restrict use of consultants.



## Appendix

At the Secretary of Finance web site, [www.finance.state.va.us](http://www.finance.state.va.us), this presentation and appendix data listed below are available.

Fiscal Year 2002 General Fund Collections: Actual versus Forecast

Official and Interim General Fund Forecast for Fiscal Years 2003 to 2006

Growth in Total General Fund Tax Revenues for Fiscal Year 1961 to 2004

June Revenue Report

July Revenue Report

Note:

At the Department of Accounts web site, [www.doa.state.va.us](http://www.doa.state.va.us), the Preliminary General Fund Annual Report of the Comptroller to the Governor of Virginia, August 15, 2002 is available.