

# OPENING REMARKS

## CONSENSUS FORECASTING GROUP

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## Statutory Framework

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- KRS 48.120 calls for a set of three CFG meetings in odd-numbered years , but 2020 is an even-numbered year
- The General Assembly adopted an enacted estimate for FY21
- The General Assembly **did not** adopt a budget for FY22, so there was no “enacted” revenue estimate for FY22
- The CFG **did** adopt a FY22 official estimate in December 2019
- KRS 48.115 (2)
  - ▣ If the Legislative Research Commission or state budget director determines that a revision to the official revenue estimates is needed, the Legislative Research Commission or state budget director shall request a revision from the consensus forecasting group. The revised revenue estimates shall become the official revenue estimates.

# Comparison For Today's Estimates

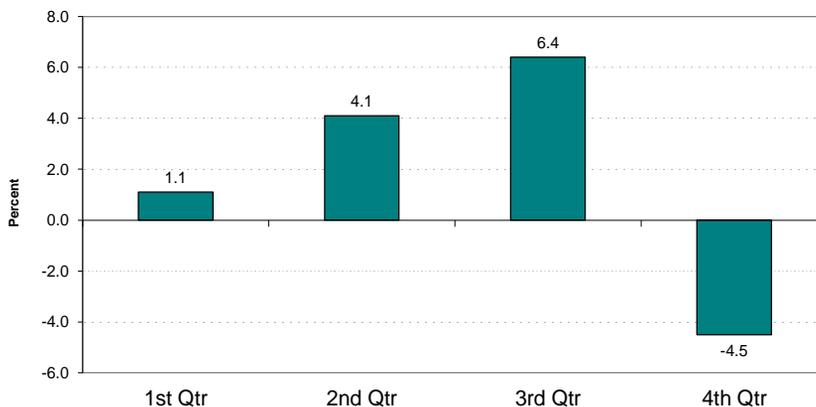
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- What are the current official estimates that we are revising?
  - ▣ FY2021 – Enacted in 2020 Session. Modified pessimistic scenario from December 2019, adjusted for legislative actions: **\$11,603.1 million**
  - ▣ FY2022 – No FY22 budget enacted in 2020. Per KRS 48.120(3), the official estimate for FY22 is **\$11,943.1**
    - Official CFG Estimate from December 19, 2019
    - As modified by HB 351 from the 2020 Legislative Session.
- Our purpose is to reach a consensus on FY21 and FY22 estimates, GF and RF

# Quarterly General Fund Growth in FY20

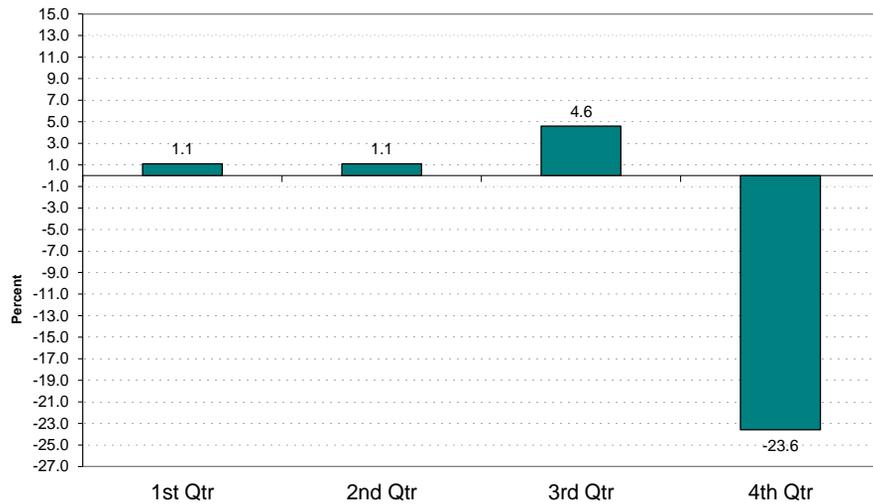
(Percentage Change, **General Fund**, Fiscal Year Quarters)

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## FY20 Quarterly Road Fund Growth

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## FY 2021 Receipts to Date

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- General Fund
  - 1<sup>st</sup> Quarter: +5.8%
  - October: +3.0%
  - YTD: +5.1%
  - Big two taxes YTD (Individual Income: +4.5%; Sales: +6.8%)
  - Monthly General Fund growth rates are declining (7.0% July, 5.9% August, 4.9% September, 3.0% October)
- Road Fund
  - 1<sup>st</sup> Quarter: +1.9%
  - October: -0.4%
  - YTD: 1.4%
  - Big two taxes YTD (Fuels -4.8%; Usage: +11.8%)

## Three GF Forecasting Scenarios

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	FY21 Estimate	% Change from Prior Year	\$ Diff from Enacted	FY22 Estimate	% Change from Prior Year	\$ Diff from Official
Pessimistic	\$ 11,561.9	-0.04%	\$ (41.2)	\$ 11,695.5	1.2%	\$ (247.5)
Control	\$ 11,712.5	1.3%	\$ 109.4	\$ 11,970.4	2.2%	\$ 27.3
Optimistic	\$ 11,809.8	2.1%	\$ 206.7	\$ 12,138.5	2.8%	\$ 195.2