

INCREASING ESTIMATES

The West Virginia Department of Revenue uses a series of calculations, based off former tax receipts and predicted changes in collections, to predict total revenue collections for the upcoming fiscal year. The Department of Revenue makes its revenue estimates at the beginning of the fiscal year. The estimates for Fiscal Year 2020 have recently been released (and will be discussed in next week's bulletin).

The revenue estimates are an important piece of the state's budgeting process because to achieve a balanced budget the state cannot appropriate more money than they are expected to receive. The Department of Revenue has the power, however, to increase or decrease revenue estimates during the fiscal year depending on actual collections.

During the 2019 Fiscal Year, the Department of Revenue, in consultation with the Governor, increased revenue estimates four times, in January, March, May and June. Appropriations in the Budget had already been set during the previous year's session and could not be altered. The extra money made available through revenue increases, however, could be appropriated to various causes through supplemental appropriations. Because the legislature was already meeting for the Extraordinary Legislative Session, they were able to pass supplemental appropriation bills to make use of the increased revenues.

The tables on the following page show how the revenue estimates changed each time they were increased. The first column shows the estimates, the second column shows what actual collections were, the third column shows the difference between the two, and the final column shows the percentage difference between the estimates and actual collections. The information is also presented in graphical form. As you can see, the final increase in revenue estimates closely mirrors actual collections for the year.

KEY TERMS

Balanced Budget: As required by the West Virginia Constitution, the total amount of spending authority the legislature grants in the budget cannot be greater than the amount of revenue that the governor projects the state will generate by the end of that fiscal year.

Revenue Estimates: The money the state expects it will collect in a given year. The governor can raise revenue estimates if the state is collecting more money than previously expected.

Appropriation: Money that has been allocated in the state budget to fund a specific purpose. For example, money might be "appropriated" to dam safety within the Department of Environmental Protection. The agency cannot use the money for any other purpose.

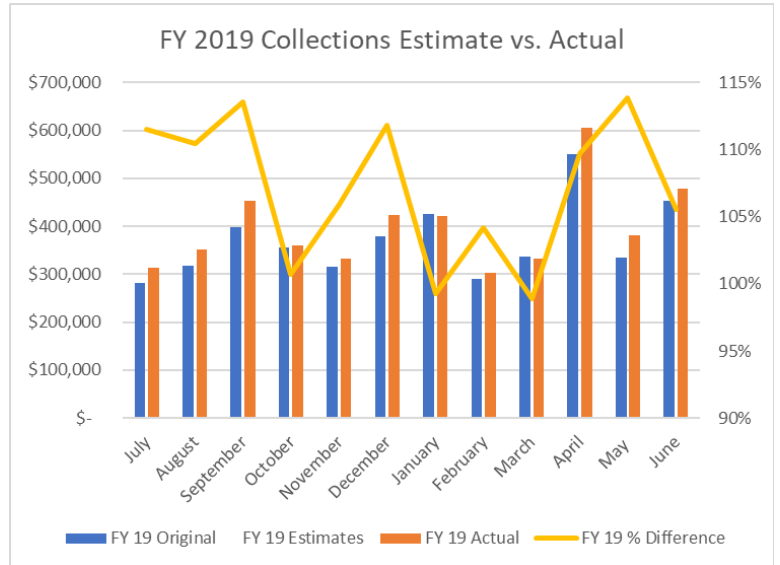
Supplemental Appropriation: Supplemental appropriations are passed by the legislature to provide additional budget authority in cases where the annual budget bill has already been approved and agencies have fiscal needs outside the structure of the approved budget. For instance, an agency might have unforeseen costs, such as a rise in the cost of a product they regularly procure or an increase in constituents they must serve.

Extraordinary Legislative Session: Commonly referred to as "special session". The constitution allows the governor to convene the legislature to consider specific legislation. For example, this years special session was called in order to address education reform.

	FY 19			
	Original FY 19 Estimates	Actual	Difference	% Difference
July	\$ 281,240	\$ 313,605	\$ 32,365	112%
August	\$ 318,834	\$ 352,280	\$ 33,446	110%
September	\$ 398,835	\$ 452,908	\$ 54,073	114%
October	\$ 356,768	\$ 359,160	\$ 2,392	101%
November	\$ 314,888	\$ 333,641	\$ 18,753	106%
December	\$ 378,163	\$ 422,995	\$ 44,832	112%
January	\$ 425,345	\$ 422,335	\$ (3,010)	99%
February	\$ 290,617	\$ 302,822	\$ 12,205	104%
March	\$ 336,794	\$ 333,001	\$ (3,793)	99%
April	\$ 551,069	\$ 604,695	\$ 53,626	110%
May	\$ 334,513	\$ 380,898	\$ 46,385	114%
June	\$ 452,854	\$ 477,955	\$ 25,101	106%

* all numbers in thousands

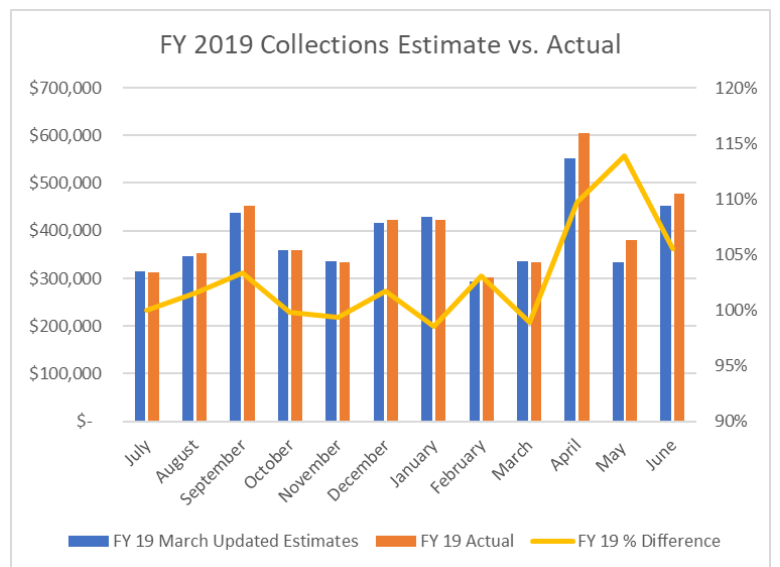
Totals	\$ 4,439,920	\$ 4,756,295	\$ 316,375	107%
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	FY 19			
	Jan/March Updated Estimates	Actual	Difference	% Difference
July	\$ 313,716	\$ 313,605	\$ (111)	100%
August	\$ 346,950	\$ 352,280	\$ 5,330	102%
September	\$ 438,230	\$ 452,908	\$ 14,678	103%
October	\$ 359,837	\$ 359,160	\$ (677)	100%
November	\$ 335,860	\$ 333,641	\$ (2,219)	99%
December	\$ 415,763	\$ 422,995	\$ 7,232	102%
January	\$ 428,432	\$ 422,335	\$ (6,097)	99%
February	\$ 293,815	\$ 302,822	\$ 9,007	103%
March	\$ 336,794	\$ 333,001	\$ (3,793)	99%
April	\$ 551,069	\$ 604,695	\$ 53,626	110%
May	\$ 334,513	\$ 380,898	\$ 46,385	114%
June	\$ 452,854	\$ 477,955	\$ 25,141	106%

* all numbers in thousands

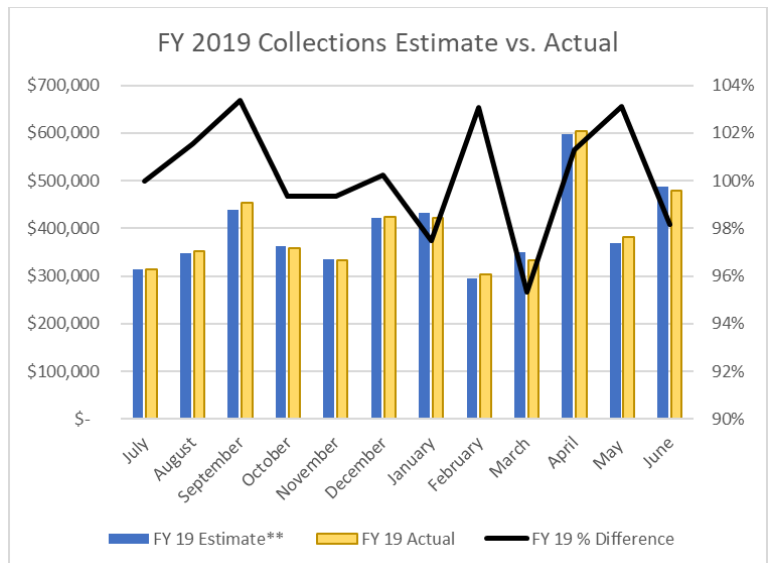
Totals	\$ 4,607,833	\$ 4,756,335	\$ 148,502	103%
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	FY 19			
	May Updated Estimates	Actual	Difference	% Difference
July	\$ 313,716	\$ 313,605	\$ (111)	100%
August	\$ 346,950	\$ 352,280	\$ 5,330	102%
September	\$ 438,230	\$ 452,908	\$ 14,678	103%
October	\$ 359,837	\$ 359,160	\$ (677)	100%
November	\$ 335,860	\$ 333,641	\$ (2,219)	99%
December	\$ 422,073	\$ 422,995	\$ 922	100%
January	\$ 433,302	\$ 422,335	\$ (10,967)	97%
February	\$ 293,815	\$ 302,822	\$ 9,007	103%
March	\$ 344,288	\$ 333,001	\$ (11,287)	97%
April	\$ 574,720	\$ 604,695	\$ 29,975	105%
May	\$ 334,513	\$ 380,898	\$ 46,385	114%
June	\$ 452,854	\$ 477,955	\$ 25,141	106%

* all numbers in thousands

Totals	\$ 4,650,158	\$ 4,756,335	\$ 106,177	102%
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	FY 19			
	June Updated Estimates	Actual	Difference	% Difference
July	\$ 313,716	\$ 313,605	\$ (111)	100%
August	\$ 346,950	\$ 352,280	\$ 5,330	102%
September	\$ 438,230	\$ 452,908	\$ 14,678	103%
October	\$ 361,577	\$ 359,160	\$ (2,417)	99%
November	\$ 335,860	\$ 333,641	\$ (2,219)	99%
December	\$ 422,073	\$ 422,995	\$ 922	100%
January	\$ 433,302	\$ 422,335	\$ (10,967)	97%
February	\$ 293,815	\$ 302,822	\$ 9,007	103%
March	\$ 349,383	\$ 333,001	\$ (16,382)	95%
April	\$ 596,913	\$ 604,695	\$ 7,782	101%
May	\$ 369,394	\$ 380,898	\$ 11,504	103%
June	\$ 486,945	\$ 477,995	\$ (8,950)	98%

**Estimates adjusted for G.R. Increases

* all numbers in thousands

Totals	\$4,748,158	\$4,756,335	\$ 8,177	100%
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