

Economic and Revenue Update

(Includes Post-GACRE Policy Adjustments)

A Briefing for the Money Committees

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January 2019

Topics for Discussion

- National and State Economic Indicators
- December Year-to-Date Revenue Collections, Fiscal Year 2019
- Next Significant Data Points
- Commonwealth Transportation Fund Revenue Collections
- Commonwealth Debt and Debt Capacity
- Partial Federal Government Shutdown

National and State Economic Indicators

- According to the third estimate, real GDP grew at an annualized rate of 3.4 percent in the third quarter of 2018, following 4.2 percent in the second quarter.
- Payroll employment rose by 312,000 jobs in December, above expectations.
 - The October and November gains were revised higher.
- The national unemployment rate increased from 3.7 to 3.9 percent as more workers entered the labor force.
- Initial claims for unemployment rose by 10,000 to 231,000 during the week ending December 29. Claims data can be volatile during the holidays.
 - The four-week moving average fell by 500 to 218,750.
- The Conference Board's index of leading indicators rose 0.2 percent in November, following a 0.3 percent decrease in October and a 0.6 percent increase in September, suggesting the economic expansion should continue.
- The Conference Board's index of consumer confidence fell 8.3 points to 128.1 in December. Both the expectations and current conditions components decreased for the month.
- Activity in the manufacturing sector softened in December. The Institute of Supply Management index dipped from 59.3 to 54.1, a level still consistent with continued growth.

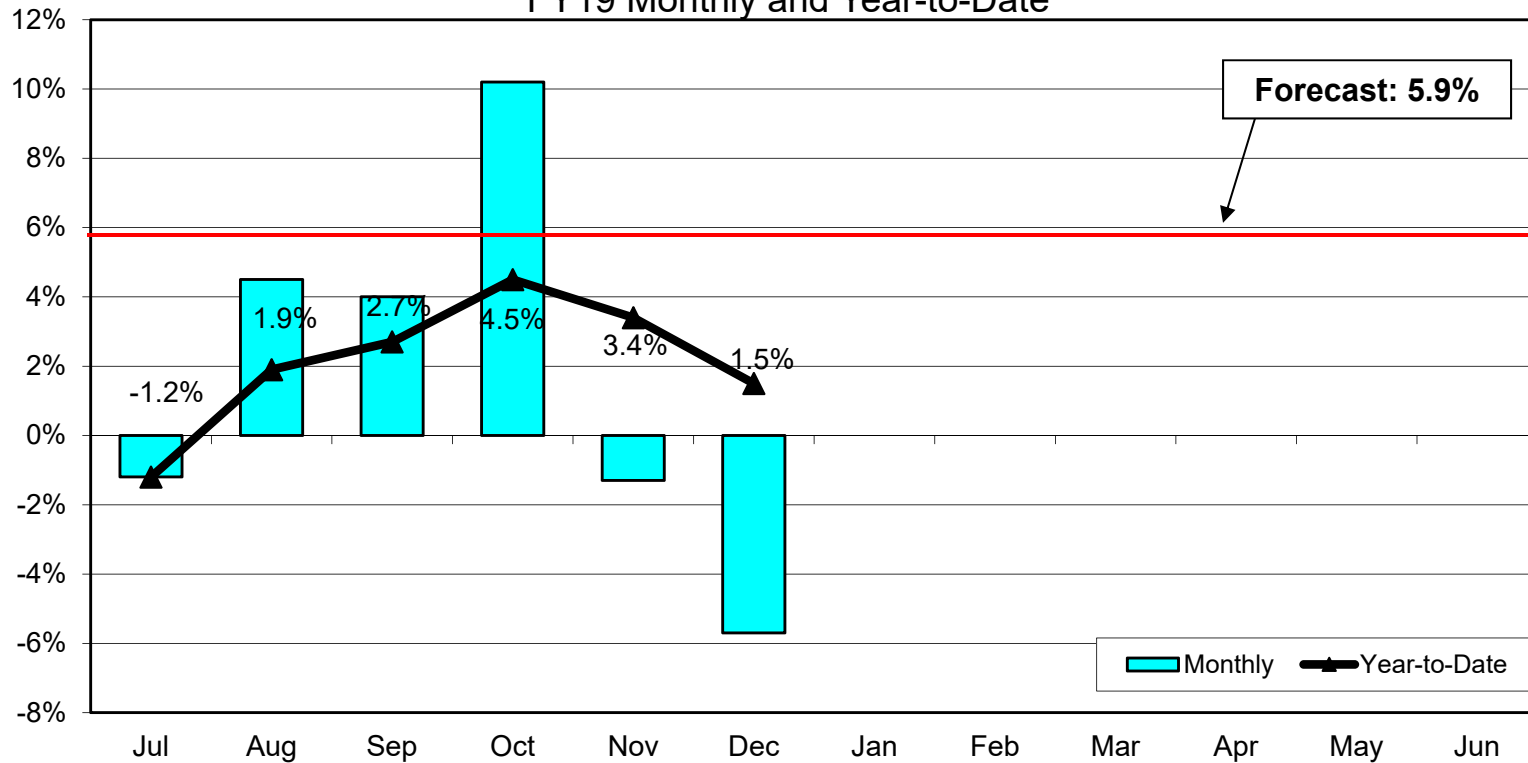
National and State Economic Indicators

- The CPI was unchanged in November after increasing 0.3 percent in October and stands 2.2 percent above November 2017.
 - Core inflation (excluding food and energy prices) rose by 0.2 percent, and has increased 2.2 percent from last year.
- As expected at its December meeting, the Federal Reserve raised the federal funds target rate by 25 basis points to 2.25 to 2.5 percent.
- In Virginia, payroll employment rose 1.8 percent in November from November of last year. Northern Virginia posted growth of 1.1 percent; Hampton Roads rose 1.6 percent; and Richmond-Petersburg rose 1.6 percent.
- The seasonally adjusted unemployment rate fell 0.1 percentage point to 2.8 percent in November, the lowest rate since April 2001.
- The Virginia Leading Index decreased 0.1 percent in November after advancing 0.3 percent in October.
 - Auto registrations fell, while the U.S. leading index and initial claims improved. Future employment was unchanged.
 - The index for Roanoke rose and the index for Winchester was unchanged, while the remaining regional indexes decreased in November.

Growth in Total General Fund Revenue Collections

(Includes Post-GACRE Policy Adjustments)

FY19 Monthly and Year-to-Date



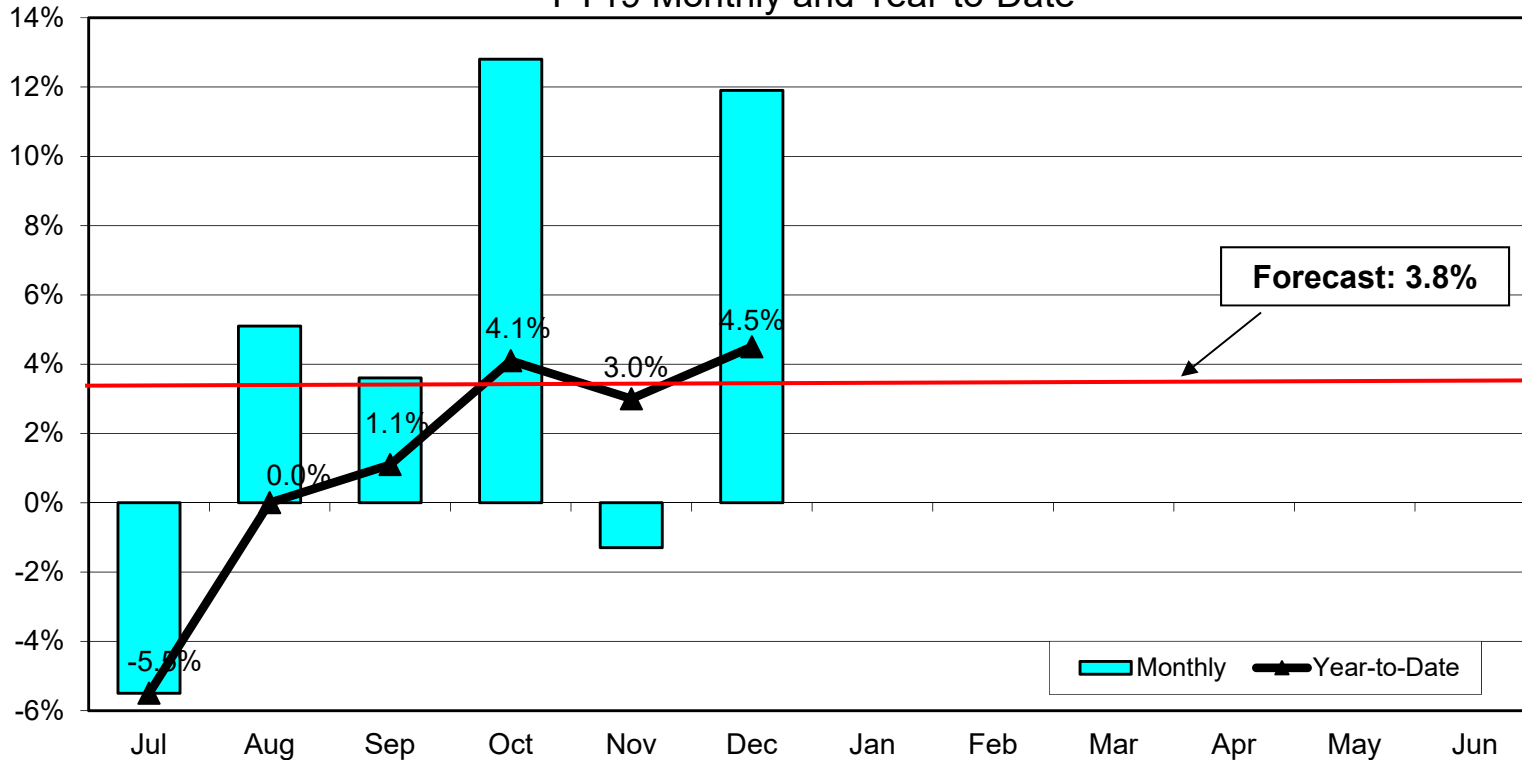
Monthly Growth: -1.2% 4.5% 4.0% 10.2% -1.3% -5.7%

- Total general fund revenues decreased 5.7 percent in December.
 - Last December had a one-time surge in individual nonwithholding payments due to the tax policy changes contained in the *Tax Cuts and Jobs Act*.
- On a year-to-date basis, total revenues increased 1.5 percent, behind the annual forecast of a 5.9 percent increase.

Growth in Withholding Tax Collections

(Includes Post-GACRE Policy Adjustments)

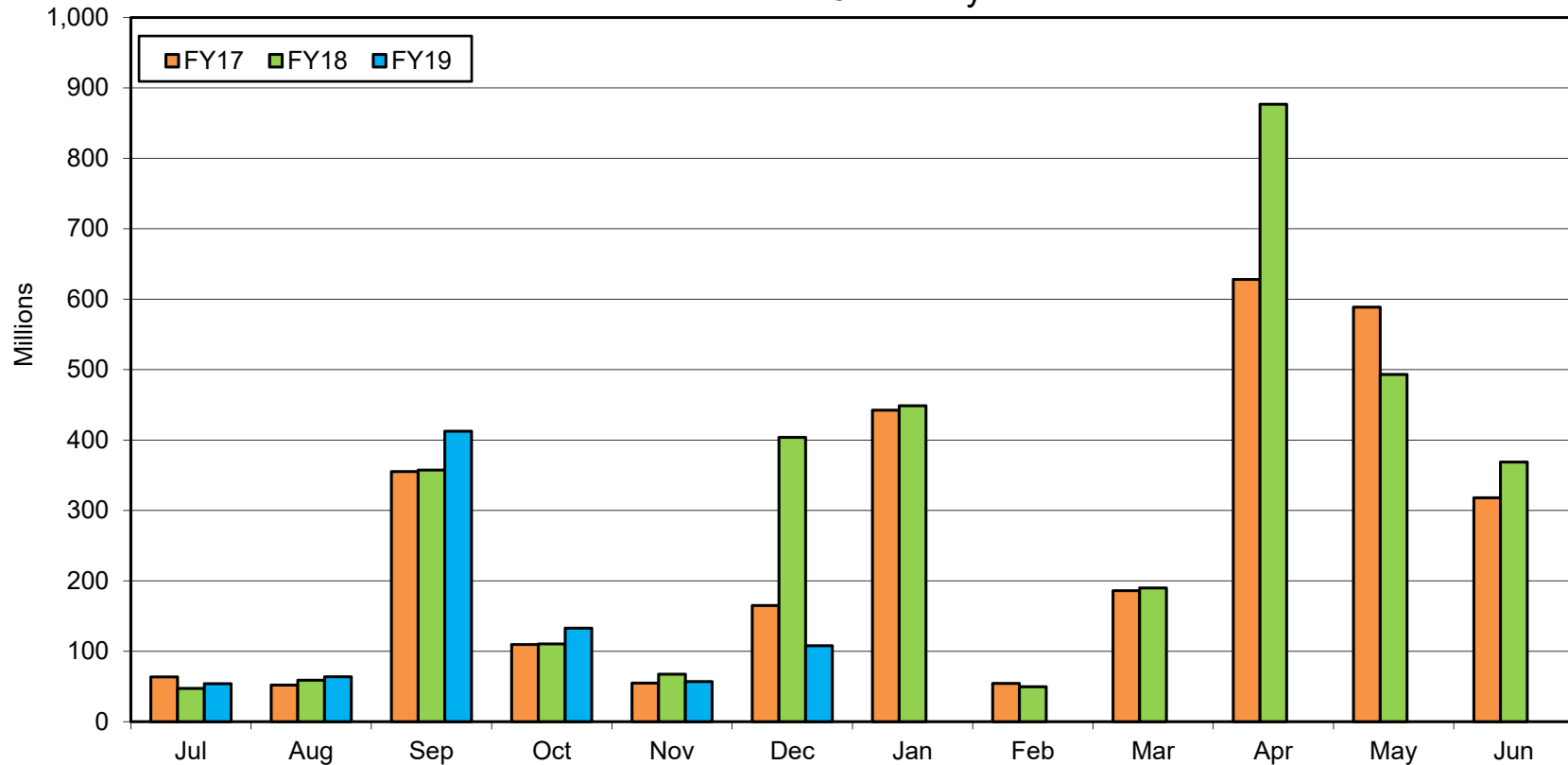
FY19 Monthly and Year-to-Date



Monthly Growth: -5.5% 5.1% 3.6% 12.8% -1.3% 11.9%

- Collections increased 11.9 percent in December due to broad-based growth.
 - The partial federal government shutdown did not have an effect this month because the 12/31 payroll date was processed and it covered workers before the 12/21 shutdown.
- Year-to-date, withholding collections have increased 4.5 percent compared with the same period last year, ahead of the projected annual growth of 3.8 percent.

Nonwithholding Tax Collections FY17 - FY19 Monthly



- December and January are significant months for collections in this source, but analysis of growth at this point is limited by the timing of payments and unknown effects of federal tax reform.
 - Payments last December included 781 high net worth individuals paying \$297 million, this year only 12 of them submitted payments in December totaling \$3.5 million.
 - January 15th is the due date for the fourth estimated payment for tax year 2018.
 - Another assessment of this source will be done after January’s receipts are received.

- Year-to-date, collections were \$828.2 million compared with \$1,045.5 million in the same period last year, a decrease of 20.8 percent and behind the annual estimate of 15.2 percent growth.

Individual Income Tax Refunds

(Includes Post-GACRE Policy Adjustments)

- Not a significant month.
- Through December, TAX has issued \$305.2 million in individual refunds compared with \$289.0 million in the same period last year.

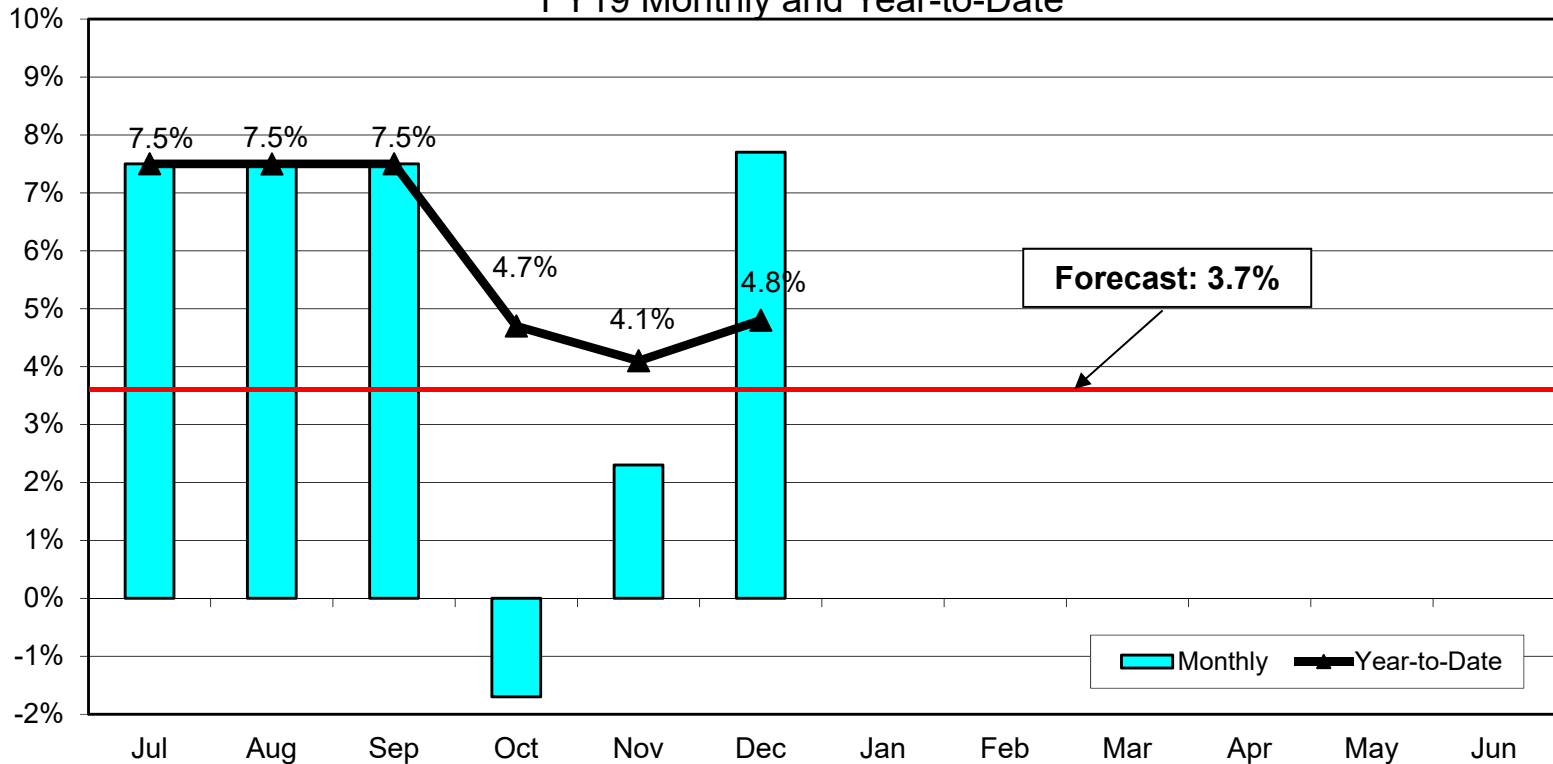
Net Individual Income Tax

(Includes Post-GACRE Policy Adjustments)

- Through the first six months of the fiscal year, collections of net individual income tax increased 0.5 percent from the same period last year, behind the annual estimate of a 6.7 percent increase.

Growth in Sales Tax Collections

(Includes Post-GACRE Policy Adjustments)
FY19 Monthly and Year-to-Date



Monthly Growth: 7.5% 7.5% 7.5% -1.7% 2.1% 7.7%

- Collections of sales and use taxes, reflecting mainly November sales, increased 7.7 percent in December.
- On a year-to-date basis, collections increased 4.8 percent, ahead of the annual estimate of 3.7 percent growth.

Net Corporate Income Tax Collections

(Includes Post-GACRE Policy Adjustments)

- December is a significant month since quarterly estimated payments are due from most corporations and refunds from extension returns are processed.
- Gross collections were \$191.7 million in December, compared with \$156.2 million last year, a 22.7 percent increase.
 - Some larger corporations are responsible for most of the increase.
- Refunds were \$33.0 million in December, compared with \$40.8 million last December.
- On a year-to-date basis, collections in this source have increased 1.2 percent, behind the annual estimate of 5.6 percent growth.
- Fiscal-year-to-date, 43.1 percent of the projected fiscal year's net corporate payments have been received.
 - This is ahead of the historical average of 41.7 percent.

Recordation and Insurance Premiums Tax

(Includes Post-GACRE Policy Adjustments)

Recordation

- In December, collections decreased 1.3 percent compared to last year. Year-to-date collections have decreased 5.2 percent compared to last year, ahead of the forecast of a 6.7 percent decline.

Insurance

- The transfer of insurance premiums to the Transportation Trust Fund per Chapter 896, 2007 Acts of the Assembly, in the amount of \$168.7 million was completed in December.
 - December collections to the General Fund were \$93.2 million as compared to last December's \$94.7 million.

Summary of Fiscal Year 2019 Revenue Collections

(Includes Post-GACRE Policy Adjustments)

July through December

Percent Growth over Prior Year

Major Source	As a % of Total Revenues	YTD Actual	Annual Estimate	Variance	Jan-Jun Req'd to Meet Est.	Prior Year Jan-Jun
Withholding	61.8 %	4.5 %	3.8 %	0.7 %	3.1 %	7.7 %
Nonwithholding	19.0	(20.8)	15.2	(36.0)	30.7	9.4
Refunds	(9.4)	5.6	3.3	2.3	2.8	1.0
Net Individual	71.5	0.5	6.7	(6.2)	12.2	9.9
Sales	17.1	4.8	3.7	1.1	2.9	2.6
Corporate	4.3	1.2	5.6	(4.4)	9.3	(6.9)
Wills (Recordation)	1.8	(5.2)	(6.7)	1.5	(8.2)	3.9
Insurance	1.9	(1.5)	17.0	(18.5)	24.2	(3.0)
All Other Revenue	3.5	12.9	3.0	9.9	(3.3)	(2.1)
Total	100.0 %	1.5 %	5.9 %	(4.4) %	9.7 %	6.7 %
Total less Nonwithholding	81.0 %	4.3 %	3.9 %	0.4 %	3.5 %	5.9 %

Summary of Fiscal Year 2019 Revenue Collections

(Chapter 2 Revenue Estimate)

July through December

Percent Growth over Prior Year

Major Source	As a % of Total Revenues	YTD Actual	Annual Estimate	Variance	Jan-Jun Req'd to Meet Est.	Prior Year Jan-Jun
Withholding	63.8 %	4.5 %	2.6 %	1.9 %	1.0 %	7.7 %
Nonwithholding	16.7	(20.8)	(3.0)	(17.8)	4.6	9.4
Refunds	(10.2)	5.6	7.7	(2.1)	8.1	1.0
Net Individual	70.3	0.5	0.6	(0.1)	0.6	9.9
Sales	17.6	4.8	2.5	2.3	0.7	2.6
Corporate	4.5	1.2	5.8	(4.6)	9.6	(6.9)
Wills (Recordation)	2.0	(5.2)	3.1	(8.3)	11.8	3.9
Insurance	1.9	(1.5)	11.4	(12.9)	16.5	(3.0)
All Other Revenue	3.7	12.9	3.9	9.0	(1.7)	(2.1)
Total	100.0 %	1.5 %	1.5 %	0.0 %	1.5 %	6.7 %
Total less Nonwithholding	83.3 %	4.3 %	2.4 %	1.9 %	0.6 %	5.9 %

Next Significant Data Points

- January receipts will serve as the next critical data point in evaluating the outlook for the current fiscal year and serve as the basis for any recommended midsession adjustment.
 - Withholding: Monthly and quarterly filers are due and there is one less deposit day.
 - Nonwithholding: December and January are significant months for collections in this source. Taxpayers have until January 15 to submit their fourth estimated payment for tax year 2018. A clearer assessment of growth in this source will be possible at the end of January.
 - Sales: January receipts are needed to more accurately assess growth in this source because a large part of holiday sales occur in December.
 - Corporate: The fourth estimated payment will be received from retailers and other companies with February-January taxable years.

Summary of Fiscal Year 2019 Commonwealth Transportation Fund Revenue Collections

July through December

	As a % of Total <u>Fund</u>	Percent Growth over Prior Year		
		<u>YTD Actual</u>	<u>Annual Estimate</u>	<u>Variance</u>
Motor Fuels Taxes (1)	18.0 %	2.6 %	5.6 %	(3.0) %
Priority Transportation Fund (2)	3.4	0.4	0.4	0.0
Motor Vehicles Sales Tax (3)	19.0	3.7	(2.6)	6.3
Retail Sales Tax	21.3	6.2	2.9	3.3
Motor Vehicle License Fees	5.1	6.1	(0.1)	6.2
All Other Revenue	2.6	2.2	(8.6)	10.8
Total (4)	69.5 %	3.9 %	1.2 %	2.7 %

- Retail and motor vehicle sales tax are expected to slow over the remainder of the fiscal year.

Notes:

(1) Includes aviation and road tax

(2) Insurance premiums tax

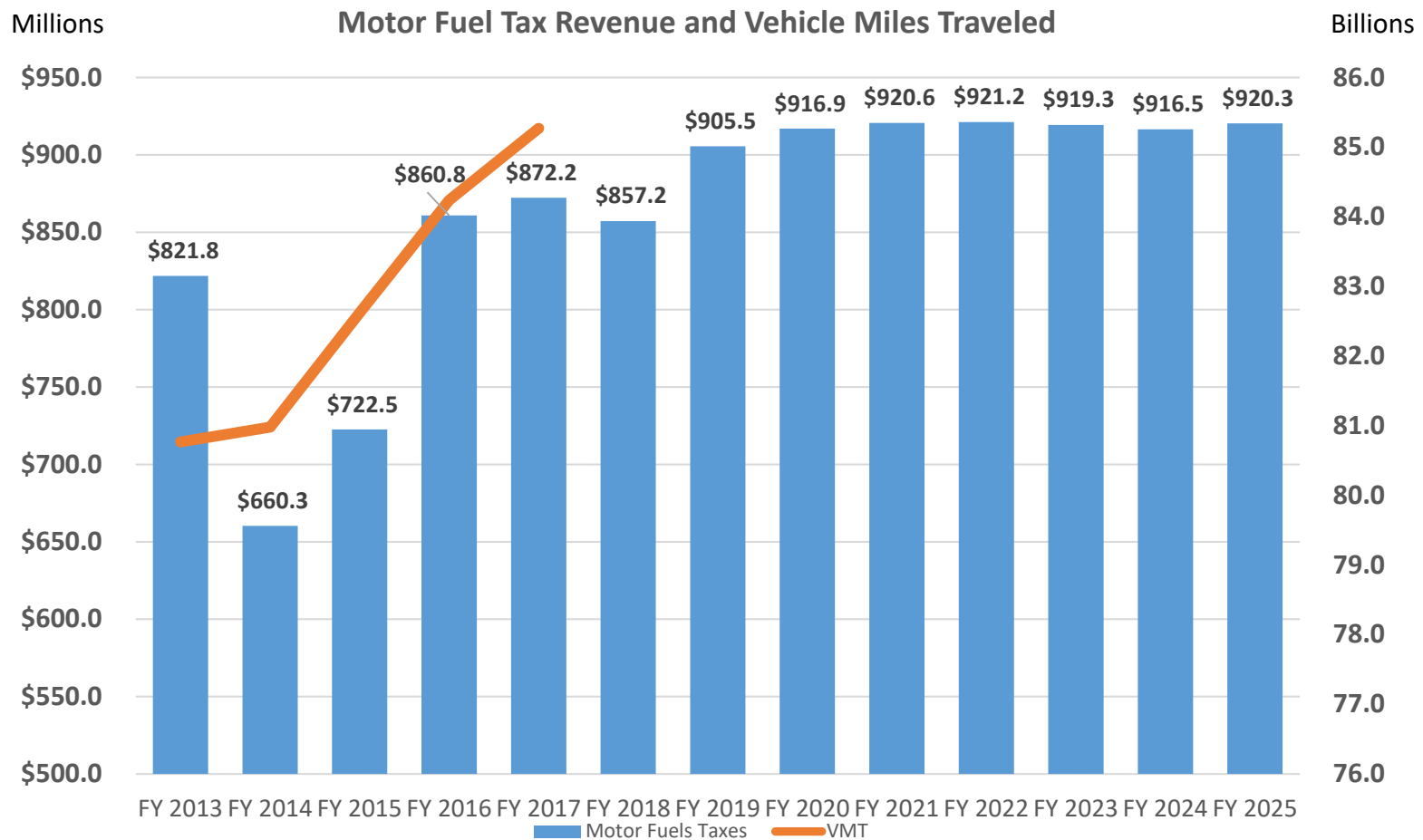
(3) Includes rental tax

(4) Total state taxes and fees. 30.3% of the CTF is comprised of various federal and local revenues.

CTF Revenue Forecast with Planned Bond Proceeds

	(in millions)						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
State Sales and Use Tax	\$1,073.6	\$1,115.5	\$1,149.4	\$1,176.1	\$1,203.0	\$1,229.6	\$1,254.2
Motor Vehicle Sales and Use Tax	958.2	964.8	970.8	993.5	1,006.1	1,022.8	1,044.8
Motor Fuels Taxes	905.5	916.9	920.6	921.2	919.3	916.5	920.3
Motor Vehicle License Fees	258.6	261.3	261.5	261.5	261.5	261.5	261.7
Priority Transportation Fund	168.7	188.0	199.4	199.8	209.0	218.0	218.0
GARVEE Bonds	85.7	101.2	98.0	76.3	100.0	125.0	134.0
International Registration Plan	67.6	65.0	65.7	66.1	66.0	66.3	66.5
Recordation Tax	43.6	43.6	43.6	43.6	43.6	43.6	43.6
CPR Bonds	61.6	50.0	50.0	-	-	-	-
Misc. Taxes, Fees, and Revenues	17.9	17.9	17.9	17.9	17.9	17.9	17.9
Total	\$3,641.0	\$3,724.2	\$3,776.9	\$3,756.0	\$3,826.4	\$3,901.2	\$3,961.0

Motor Fuel Tax Revenue and Vehicle Miles Traveled (VMT)



Source: CTF Revenue Reporting by DOA; VDOT VMT Report 2200 - DVMT by Maintenance Jurisdiction All Roads, annualized total (VMT reflects calendar year reporting)

Tolling Revenues

Toll Roads in the Commonwealth of Virginia	
Estimated Annual Toll Revenues	
(In millions)	
	Toll Revenue
VDOT Facilities	
64 Express	\$ 2.4
66 Express - Inside the Beltway	25.3
Coleman Bridge	6.3
Powhite Extension	12.0
	46.0
Other Governmental Entities	
Chesapeake Bay Bridge - Tunnel	57.0
Chesapeake Transportation System	26.3
Dulles Toll Road	198.7
Richmond Metropolitan Transportation Authority	43.2
	325.2
Privately Operated Facilities*	
	375.0
495 Express Lanes	
95 Express Lanes	
Dulles Greenway	
Elizabeth River Tunnels	
Pocahontas Parkway	
South Norfolk Jordan Bridge	
Total	\$ 746.2
* Private Facility data consolidated due to proprietary nature of information	

Debt Overview - 9(c) vs. 9(d) Debt

- **9(c) General Obligation (GO) Debt**
 - Revenue producing projects (e.g. dorm, dining and toll roads)
 - Paid by revenues from project, but backed by Commonwealth's GO Pledge
 - "AAA" rating due to GO pledge provides lower interest rates
 - Tax-supported debt, but not included in debt capacity model, doesn't impact debt capacity
 - Provides investors with diverse Virginia debt
- **9(d) Appropriation-Backed Debt** (e.g. VCBA 21st Century Program and VPBA)
 - Educational and General projects
 - Slightly higher interest rates due to appropriation-backed security
 - Tax-supported debt; included in debt capacity model, impacts debt capacity
- **9(d) Higher Education Debt**
 - Eligible for all project types
 - May be issued by institution or through VCBA Pooled Bond Program
 - Not considered tax-supported debt

Debt Overview – Framework of Article X of Constitution

<u>Type</u>	<u>Purpose</u>	<u>G.A. Action</u>	<u>Referendum</u>	<u>Security</u>	<u>Issuer</u>
9(a)	Emergencies, Deficits, Redeem Prior Obligations	General Authorization	No	GO*	Treasury Board
9(b)	Capital Projects	Specific Project Authorization	Yes	GO*	Treasury Board
9(c)	Revenue Producing Capital Projects	2/3 Majority Project Authorization	No	Revenues + GO*	Treasury Board
9(d)	Anything Else	General Authorization	No	Revenues/ Appropriations	Agencies Authorities Institutions

*General Obligation

Debt Capacity Model – Measure and Inputs

- In order to preserve the Commonwealth’s ability to provide core government services, debt service should be limited to an appropriate level.
- Debt Capacity Advisory Committee (DCAC) adopted the measure that debt service on tax-supported debt should not be greater than 5% of blended revenues.
 - Committee has reaffirmed this measure each year
 - Recommendation is expressed in terms of a ten-year average
- Blended revenues include:
 - General Fund Revenues¹
 - General Fund Transfers – ABC, Sales Tax, Recurring Transfers
 - Virginia Health Care Fund
 - Transportation Trust Fund (TTF)

⁽¹⁾ Adjusted by Department of Taxation to exclude one-time, temporary state revenues resulting from the Federal Tax Cuts and Jobs Act. Includes internet sales taxes as reflected in the December Forecast.

Debt Capacity Model – Factors Affecting Debt Capacity

- **Revisions to revenue estimates**
 - Driven by economy
 - Policy changes
- **Authorization of additional tax-supported debt**
- **Changes to issuance assumptions**
 - Actual financing dates/terms vs. estimated
 - Revisions to project spending schedules and cost estimates
 - Changes in interest rates

DCAC Recommendation – Impact on Authorizations

- Recommendation is non-binding, but is taken into consideration by the Governor and the General Assembly when developing the budget.
- Available debt capacity may constrain the ability to finance capital needs.
- Previously authorized projects can be delayed, rescinded, or adjusted to impact the timing and amount of debt service.

December 2018 Model – Base Solution

(Dollars in Millions)

Debt Capacity Maximum Ratio

Debt Service as a % of Revenue =

5.0%

December 19, 2018

Base Model Solution

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]
Fiscal Year	Blended Revenues	Base Capacity to Pay Debt Service	Annual Payments for Debt Service on Debt Issued	Actual Outstanding Debt Service as a % of Revenues	Annual Payments for Debt Service on All Planned Debt Issuances	Actual & Projected Debt Service as a % of Revenues	Net Capacity to Pay Debt Service	Amount of Additional Debt that may Be Issued	Debt Service on Amount of Additional Debt that may Be Issued	Remaining Capacity to Pay Debt Service	Total Debt Service as a % of Revenues
2009	15,680.90	784.05	587.33	3.75%	N/A	3.75%	196.72	N/A	N/A	196.72	3.75%
2010	16,085.70	804.29	633.45	3.94%	N/A	3.94%	170.83	N/A	N/A	170.83	3.94%
2011	16,751.10	837.56	693.64	4.14%	N/A	4.14%	143.92	N/A	N/A	143.92	4.14%
2012	17,787.10	889.36	747.02	4.20%	N/A	4.20%	142.34	N/A	N/A	142.34	4.20%
2013	18,626.30	931.32	820.77	4.41%	N/A	4.41%	110.55	N/A	N/A	110.55	4.41%
2014	18,502.80	925.14	835.53	4.52%	N/A	4.52%	89.61	N/A	N/A	89.61	4.52%
2015	20,040.70	1,002.04	897.38	4.48%	N/A	4.48%	104.65	N/A	N/A	104.65	4.48%
2016	20,382.70	1,019.14	904.30	4.44%	N/A	4.44%	114.83	N/A	N/A	114.83	4.44%
2017	21,162.90	1,058.15	988.33	4.67%	N/A	4.67%	69.82	N/A	N/A	69.82	4.67%
2018	22,351.70	1,117.59	957.97	4.29%	N/A	4.29%	159.62	N/A	N/A	159.62	4.29%
2019	23,008.00	1,150.40	1,008.23	4.38%	54.08	4.62%	88.09	821.53	56.319	31.78	4.86%
2020	23,973.00	1,198.65	966.61	4.03%	147.15	4.65%	84.89	0.00	56.319	28.57	4.88%
2021	24,709.80	1,235.49	943.97	3.82%	235.20	4.77%	56.32	0.00	56.319	0.00	5.00%
2022	25,656.00	1,282.80	894.99	3.49%	286.78	4.61%	101.03	652.20	101.030	0.00	5.00%
2023	26,634.90	1,331.75	862.32	3.24%	332.04	4.48%	137.39	530.32	137.385	0.00	5.00%
2024	27,490.10	1,374.51	836.42	3.04%	356.15	4.34%	181.93	649.76	181.928	0.00	5.00%
2025	28,339.95	1,417.00	782.71	2.76%	379.57	4.10%	254.72	1,061.70	254.711	0.00	5.00%
2026	29,305.82	1,465.29	748.16	2.55%	379.57	3.85%	337.55	1,208.40	337.552	0.00	5.00%
2027	30,305.97	1,515.30	707.03	2.33%	366.78	3.54%	441.49	1,516.19	441.491	0.00	5.00%
2028	31,341.43	1,567.07	661.38	2.11%	353.98	3.24%	551.71	266.49	459.760	91.95	4.71%

10 Year Average:	\$670.66	2 Yrs Excess Avg Capacity:	\$1,341.32
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December 2018 Model – Average Solution

(Dollars in Millions)

Debt Capacity Maximum Ratio

December 19, 2018

Debt Service as a % of Revenue =

5.0%

Base Model Average Solution

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2018	22,351.70	1,117.59	957.97	4.29%	N/A	4.29%	159.62	N/A	N/A	159.62	4.29%
2019	23,008.00	1,150.40	1,008.23	4.38%	54.08	4.62%	88.09	0.00	0.000	88.09	4.62%
2020	23,973.00	1,198.65	966.61	4.03%	147.15	4.65%	84.89	670.66	45.976	38.91	4.84%
2021	24,709.80	1,235.49	943.97	3.82%	235.20	4.77%	56.32	670.66	91.952	(35.63)	5.14%
2022	25,656.00	1,282.80	894.99	3.49%	286.78	4.61%	101.03	670.66	137.928	(36.90)	5.14%
2023	26,634.90	1,331.75	862.32	3.24%	332.04	4.48%	137.39	670.66	183.904	(46.52)	5.17%
2024	27,490.10	1,374.51	836.42	3.04%	356.15	4.34%	181.93	670.66	229.880	(47.95)	5.17%
2025	28,339.95	1,417.00	782.71	2.76%	379.57	4.10%	254.72	670.66	275.856	(21.14)	5.07%
2026	29,305.82	1,465.29	748.16	2.55%	379.57	3.85%	337.55	670.66	321.832	15.72	4.95%
2027	30,305.97	1,515.30	707.03	2.33%	366.78	3.54%	441.49	670.66	367.808	73.68	4.76%
2028	31,341.43	1,567.07	661.38	2.11%	353.98	3.24%	551.71	670.66	413.784	137.93	4.56%

10 Year
Average: \$670.66

Debt Capacity Advisory Committee December 2018 Recommendation

- Up to an additional \$671 million could prudently be authorized and issued during each of fiscal years 2019 and 2020.
- Committee urged the Governor and the General Assembly to consider the implications of rising interest rates when authorizing new tax-supported debt during the 2019 Session of the General Assembly.
 - 100 basis points increase to model interest rate would result in a decline in capacity to \$591 million annually

Introduced Budget – Impact on DCAC Model

- Approximately \$568 million of proposed new tax-supported bond projects for 2019 Session
- If the additional debt service related to the proposed new debt in the budget is included in the DCAC model, the debt capacity would decline by \$47 million annually to \$623 million.
- While not factored into the DCAC Model, an additional \$18 million is proposed for self-supporting 9(c) GO Higher Education Bonds.

“Partial” Federal Government Shutdown

- On December 21, 2018, continuing resolutions that supported a limited number of federal programs expired, resulting in a partial shutdown of the federal government.
- Appropriation bills that support the following programs have not been enacted:
 - Interior and Environment
 - Financial Services/General Government
 - Transportation/HUD
 - Agriculture
 - Homeland Security
 - Commerce/Justice/Science
 - State/Foreign Operations

Appropriation Bills Enacted for Major Program Areas

- Grants to states in these programs are not impacted by the partial shutdown. These program areas include:
 - Energy and Water
 - Legislative Branch
 - Military/Veterans
 - Defense
 - Labor/Health & Human Services/Education
- While a transportation appropriation bill has not been enacted, federal transportation revenue sharing is not impacted.

Efforts Underway to Identify the Impacts

Department of Planning and Budget (DPB) is surveying agencies to identify:

- Agencies and grants impacted by the shutdown
- Status of funding for impacted grants including:
 - Agency's ability to continue services from prior year grant funds or other sources;
 - Number of days of operation that can be supported;
 - If non-federal funds are used, will they be reimbursed by the federal grant when it is passed;
 - Estimated financial impact and number of positions impacted;
 - Constituents impacted.

Virginia's Payroll Taxes Impacted by Federal Employees Who Do Not Receive a Paycheck

Most Recent Quarterly Data From the Virginia Employment Commission

Total number of Federal employees in Virginia	177,996
Number of Federal employees working in departments impacted by the shutdown	64,378
Percentage impacted	36.17%
Percent of total employed workforce in Virginia	1.52%
Quarterly wages paid to 64,378 employees impacted by shutdown	\$ 1,651,153,549
Number of weeks in quarter	13
Average weekly wages paid to impacted employees	\$ 127,011,811
Estimated weekly value of income taxes withheld @ 5.75%	\$ 7,303,179

Estimated Impact of Shutdown to Date

Number of weeks in current shutdown since December 21, 2018	3
Value of wages not paid	\$ 381,035,434
Value of deferred income taxes not withheld estimated @ 5.75%	\$ 21,909,537

What We Know...

- As of **January 15, 2019**, the Virginia Employment Commission (VEC) has received **608** claims for unemployment benefits from furloughed federal employees.
- The U.S. Department of Labor has issued guidance to VEC that the agency does not have the authority to pay benefits to federal employees who are required to work without pay.
- Federal parks are closed and are not staffed.
- Virginia Resources Authority (VRA) indicates that staff at U.S. Department of Agriculture Rural Development are not available to approve loans.
- Internal Revenue Service (IRS) will accept tax returns but no one is available to respond to taxpayer questions.

What We Know...*(continued)*

- On January 8, 2019, the U.S. Department of Agriculture issued a notice that SNAP benefits would be funded through the month of February.
- This same notice stated:

“USDA has also ensured the other major nutrition assistance programs have sufficient funding to continue operations into February. The child nutrition programs, including school meals and after-school programs have funding available to continue operations through March. The Special Supplemental Nutrition Program for Women, Infants and Children (WIC) has prior year funding which USDA will begin to provide states this week to facilitate February benefits. Other FNS programs, which provide critical assistance to our nation’s food banks, the elderly, and Tribal nations, may continue to utilize grant funding provided prior to the lapse in appropriations. Commodity deliveries to those programs will continue.”

What We Don't Know...

- Secondary impacts not yet identified:
 - Impacts on state withholding taxes for private, contract employees paid by impacted federal programs
 - Impacts on other state taxes related to government contracts and procurements that may have been delayed or cancelled
 - Taxes from sales lost to lack of paychecks being issued
- Public safety impacts related to staff working without pay in areas such as the Coast Guard and the TSA
- Other impacts? *(DPB will continue working to identify these.)*

Potential Actions To Be Taken...

- Notifications to affected constituents – *What is the state's responsibility and when should the notifications be sent?*
- Assess other actions that may be necessary