**V374: Intermediate Public Finance and Budgeting**

Fall 2023

Project #2:Revenue Forecasting

You are a data analyst in the Indiana Office of Management and Budget, and you have been asked to prepare a revenue forecast for an assigned tax. You will forecast monthly revenue for the period July 2022 - June 2023.

**Data:**

Monthly revenue data for your assigned tax are posted on Canvas. You can find your assigned tax in the Excel file labeled “**Roster\_Tax**” and the monthly revenue data in the Excel file labeled “**TaxData**”.

**Forecasting method:**

You must use the data for your assigned tax to prepare your forecast using two methods that we practiced in class.

1. Average growth rate method
2. Regression using year and month as covariates

**Deliverable:**

There are two deliverables for this assignment.

1. A **two-page** memo: Your memo will include your forecasts and a short description of your methods. You should make sure that any intelligent reader (or a newspaper reporter or a legislator) can replicate what you have done from that description. You must make clear your forecast for each **month** for the period July 2022 - June 2023. **Report your forecasts using both a table and a graph**.
2. Excel workbook with your work: you must prepare your forecast in excel and must upload your workbook.

**Grading:**

Your grade on this exercise will be in three parts.

1. **90%** will be based on the memo: the quality of the description and presentation of your forecast –
   1. Does it include enough information to facilitate replicability?
   2. Is it written in clear and transparent language?
   3. Are the graphs and tables labeled appropriately?
   4. Is the memo formatted and presented clearly?
2. **10%** will be based on your excel workbook. You need to demonstrate basic understanding of excel; using formula, formatting cells, running regression etc.