

# OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building  
 Hartford, CT 06106 - (860) 240-0200  
 E-Mail: [ofa@cga.ct.gov](mailto:ofa@cga.ct.gov)  
[www.cga.ct.gov/ofa](http://www.cga.ct.gov/ofa)

## State Budget Projections General Fund March 25, 2014

### Summary

We are currently projecting a \$519.3 million surplus in the General Fund. This reflects a net increase of \$1.1 million since our last report of February 25, 2014. Although estimated spending levels have improved since last month, declining revenue trends in certain categories have offset much of the improvement on the expenditure side. Note that once ongoing (statutory) carry forwards are included, the projected surplus would be reduced to \$510.1 million.

FY 14 General Fund Overview (in millions) <sup>1</sup>					
Estimates	Budget	Feb Projection	March Projection	Difference from Feb	Difference from Budget
<b>Expenditures</b>					
Agency Appropriations	17,361.4	17,361.4	17,361.4	-	-
Deficiency Requirements	-	44.8	45.8	1.0	45.8
Lapses	(172.7)	(302.2)	(331.5)	(29.3)	(158.8)
<b>Total Expenditures</b>	<b>17,188.7</b>	<b>17,104.0</b>	<b>17,075.7</b>	<b>(28.3)</b>	<b>(113.0)</b>
<b>Revenues</b>					
Personal Income Tax	8,808.8	9,021.9	9,021.9	-	213.1
Sales and Use	4,044.0	4,132.2	4,132.2	-	88.2
Corporations	723.5	815.4	785.4	(30.0)	61.9
Federal Grants	1,312.7	1,305.4	1,305.4	-	(7.3)
Other Taxes and Refunds	757.7	805.2	802.0	(3.2)	44.3
Other Revenue Sources	1,546.5	1,542.1	1,548.1	6.0	1.6
<b>Total Revenues</b>	<b>17,193.2</b>	<b>17,622.2</b>	<b>17,595.0</b>	<b>(27.2)</b>	<b>401.8</b>
<b>Operating Surplus/(Deficit)</b>	<b>4.5</b>	<b>518.2</b>	<b>519.3</b>	<b>1.1</b>	<b>514.8</b>
% of Expenditures	0.0%	3.0%	3.0%	0.0%	3.0%
Statutory Carry Forward of Lapse	-	9.2	9.2	-	9.2
<b>Adjusted Surplus/(Deficit)</b>	<b>4.5</b>	<b>509.0</b>	<b>510.1</b>	<b>1.1</b>	<b>505.6</b>

<sup>1</sup> Totals may appear to not add up due to a rounding effect

## Major Expenditure Changes since February 25, 2014

- Office of the State Comptroller – Miscellaneous - The Adjudicated Claims account projection was increased by \$6.2 million or 133% from last month’s projection due to the settlement between the state and Capital Properties for \$6.2 million.
- State Department of Education – Open Choice Account - The Open Choice account projection was reduced by \$6 million, or 16% from last month’s projection as a result of fewer students participating in the program and fewer districts qualifying for incentive grants.
- Department of Developmental Services – Personal Services Account - The Personal Services account expenditure projection was reduced by \$4.9 million or 2.0% from last month’s projection due to the continued delay in refilling positions, including an additional 69 vacant positions.
- State Department of Education – Magnet School Account - The Magnet School account projection was reduced by \$2.3 million, or .8% from last month’s projection as a result of refined enrollment data.
- State Department of Education – Development of Mastery Exams - The Development of Mastery Exams account was reduced by \$2 million, or 9.9% from last month’s projection as a result of renegotiated contracts and subsequent contract savings.
- Department of Children and Families (DCF) – The projection for DCF’s Board and Care for Children – Residential account was reduced by \$1.6 million or 1.2% from last month’s projection due to congregate care placements continuing to trend downward. Placements in the Board and Care for Children – Residential account have fallen from a monthly average of 1,007 placements in FY 13 to 921 placements in FY 14 through February.

## Major Revenue Changes since February 25, 2014

- Corporation Business Tax – was decreased by \$30.0 million, or 3.7%, due to below-target quarterly collections in March.
- Insurance Companies Tax – was decreased by \$13.2 million, or 4.9%, due to the assumption that a policy decision included in the biennial budget to bond for certain tax credits will not be carried out this year.
- Public Service Companies Tax – was increased by \$10.0 million due to strong collections, which are anticipated to continue due to increased electricity and natural gas costs.
- All other adjustments net to a \$6.0 million increase and are attributable to collections outpacing expectations.

## Deficient Agencies

Given the reduction in available funding that occurs due to budgeted lapses (holdbacks), we currently identify eight agencies that would require \$45.8 million in additional expenditure requirements. However, if available funding were to be released, this would reduce the need for deficiency funding to \$38.6 million.

**FY 14 General Fund Estimated Agency Deficiency Needs**

<b>Agency</b>	<b>Budgeted Appropriation \$</b>	<b>Available <sup>[1]</sup> Appropriation \$</b>	<b>Estimated Exp. \$</b>	<b>Deficiency without release of holdbacks \$</b>	<b>Deficiency with release of holdbacks \$</b>
Department of Correction	670,461,667	668,776,128	681,782,353	(13,006,225)	(9,014,825)
Department of Education	2,917,583,769	2,917,748,019	2,925,778,019	(8,030,000)	(7,095,927)
State Comptroller - Adjudicated Claims	4,100,000	4,100,000	10,850,099	(6,750,099)	(6,750,099)
Department of Administrative Services	138,621,319	138,223,274	144,312,828	(6,089,554)	(5,298,244)
Department of Emergency Services and Public Protection	173,324,812	173,919,376	178,719,376	(4,800,000)	(3,495,883)
Public Defender Services Commission	61,371,589	61,384,748	65,835,896	(4,451,148)	(4,230,123)
Workers' Compensation Claims - Administrative Services	27,187,707	27,187,707	29,808,472	(2,620,765)	(2,620,765)
Office of the Chief Medical Examiner	5,399,803	5,431,023	5,521,789	(90,766)	(48,203)
			<b>Total</b>	<b>(45,838,557)</b>	<b>(38,554,069)</b>
[1] Appropriation less budgeted lapses					

**Further Information**

Use the links below to see detailed estimates by agency/account and revenue category.

| [Expenditures XLS](#) [PDF](#)

| [Revenues XLS](#) [PDF](#)