

OFFICE OF FISCAL ANALYSIS

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State Budget Projections General Fund May 26, 2015

Summary

We are currently projecting a \$189.5 million deficit in the General Fund.¹ This reflects an increase in the projected deficit of \$5.5 million since our April statement.

FY 15 General Fund Overview (in millions) ¹					
Estimates	Budget	April Projection	May Projection	Difference from April	Difference from Budget
Expenditures					
Agency Appropriations	17,589.8	17,589.8	17,589.8	-	-
Deficiency Requirements	-	145.1	144.4	(0.7)	144.4
Lapses	(132.1)	(272.4)	(277.2)	(4.8)	(145.1)
Total Expenditures	17,457.7	17,462.5	17,457.0	(5.5)	(0.7)
Revenues					
Personal Income Tax	9,264.5	9,199.0	9,199.0	-	(65.5)
Sales and Use	4,167.4	4,221.2	4,221.2	-	53.8
Corporations	704.3	756.0	756.0	-	51.7
Federal Grants	1,299.6	1,226.1	1,226.1	-	(73.5)
Other Taxes and Refunds	778.4	606.5	625.5	19.0	(152.9)
Other Revenue Sources	1,243.8	1,283.3	1,253.3	(30.0)	9.5
Total Revenues	17,458.0	17,292.1	17,281.1	(11.0)	(176.9)
Operating Surplus/(Deficit)	0.3	(170.4)	(175.9)	(5.5)	(176.2)
% of Expenditures	0.0%	-0.98%	-1.01%	0.0%	-1.0%
Carry Forward of Lapse	-	(13.6)	(13.6)	(0.0)	(13.6)
Adjusted Surplus/(Deficit)	0.3	(184.0)	(189.5)	(5.5)	(189.8)

¹ Totals may appear to not add up due to a rounding effect

¹ Pursuant to CGS 4-85(b), if the year-end General Fund deficit projected by the State Comptroller on the first of any month exceeds 1% of the budget, the Governor is required to submit a Deficit Mitigation Plan to the General Assembly within 30 days. That threshold is \$174.6 million.

Major Expenditure Changes since the April Statement

Department of Administrative Services – State Insurance & Risk Management (SIRMB) – The account projection was **increased** by \$1.5 million or 11.1% from last month’s projection due to three large fleet liability claim settlements that fell outside of the SIRMB projections.

State Department of Education - Sheff Settlement – The account projection was **increased** by \$3.0 million or 20.5% from last month’s projection due to a transfer of funds into the Magnet School account.

Department of Children and Families – Board and Care for Children – Foster Care – The account projection was **increased** by \$1.45 million, or 1.1% from last month’s projection. The increase is attributed to higher than projected prevailing rates for Therapeutic Foster Care Wrap Around Services and Medically Complex placements.

State Department of Education - Magnet Schools – The account projection was **reduced** by \$3.1 million or .9% from last month’s projection due to a \$3.0 million transfer from the Sheff account.

State Department of Education - Commissioner’s Network - The account projection was **reduced** by \$2.82 million or 17.1% from last month’s projection due to fewer schools entering the network.

State Department of Education - Open Choice – The account projection was **reduced** by \$2.6 million or 7.2% from last month’s projection due to target student accounts not being achieved.

Department of Correction – Personal Services - The account projection was **reduced** by \$2.2 million, or 0.4% from last month’s projection. The reduction is due primarily to a sustained reduction in overtime and sick time utilization over the previous fiscal year. On average, overtime use is 8,000 hours lower per pay period and sick time usage is 700 hours lower in FY 15 than FY 14. Additionally, the seasonal increases in prison population were lower in FY 15 than in FY 14.

State Department of Education - Development of Mastery Exams – The account projection was **reduced** by \$1.6 million or 9.7% from last month’s projection due to lower than anticipated testing costs associated with the implementation of new tests.

State Department of Education - Education Equalization Grant (ECS) – The account projection was **reduced** by \$1.2 million or .0001% from last month’s projection due to (1) the appropriation for ECS being slightly greater than the entitlements for the grant, (2) state charter per student has surplus due to statewide enrollment in the charter schools being below the State Board-approved maximum enrollments by 248 students, and (3) excess funding related to local charter school start-up costs.

Major Revenue Changes since the April Statement

Oil Companies Tax – The projection was **reduced** by \$30 million or 8.8% from last month’s projection due to a significant variance from target for the April quarterly payment. It is anticipated that recent upward movement in gas prices will result in a higher July payment.

Inheritance & Estate Tax – The projection was **reduced** by \$9 million or 5.2% from last month’s projection to reflect weak collection trends since April.

Insurance Companies Tax – The projection was **reduced** by \$2.0 million or 0.9% from last month’s projection due to recent weakness in collections, and the anticipation that this will continue in the June payment.

Refunds of Taxes – The projection was **reduced** (positive revenue impact) by \$30 million or 2.8% from last month’s projection, primarily due to lower-than-anticipated Corporation Business and Personal Income Tax refunds.

Deficient Agencies

Given the reduction in available funding that occurs due to budgeted lapses (holdbacks), we currently identify eight agencies that would require \$144.4 million in additional expenditure requirements. However, if available funding were to be released, this would reduce the need for deficiency funding to \$141.2 million.

FY 15 Estimated Agency Deficiency Needs					
Agency	Budgeted Appropriation \$	Available ^[1] Appropriation \$	Estimated Exp. \$	Deficiency without release of holdbacks \$	Deficiency with release of holdbacks \$
General Fund					
Department of Social Services	2,994,518,834	2,990,897,966	3,087,897,966	(97,000,000)	(95,407,490)
State Comptroller - Fringe Benefits	2,465,679,610	2,457,780,714	2,476,780,431	(18,999,717)	(18,999,717)
State Comptroller - Miscellaneous	4,100,000	4,100,000	14,437,188	(10,337,188)	(10,337,188)
Department of Correction	675,833,632	680,589,133	687,992,578	(7,403,445)	(6,309,987)
Public Defender Services Commission	63,616,706	62,377,370	68,677,370	(6,300,000)	(6,094,734)
Department of Emergency Services and Public Protection	170,416,519	182,705,783	186,705,783	(4,000,000)	(3,679,890)
Department of Agriculture	5,007,960	5,060,502	5,397,123	(336,621)	(327,512)
General Fund Total				(144,376,971)	(141,156,518)
[1] Appropriation less budgeted lapses					

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

[Expenditures XLS PDF](#)

[Revenues XLS PDF](#)