

OFFICE OF FISCAL ANALYSIS

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State Budget Projections General Fund May 25, 2016

Summary

We are currently projecting a \$266.9 million deficit in the General Fund.¹ This reflects a decrease of \$19.1 million since our statement for April 30th.

FY 16 General Fund Overview (in millions) ¹

| Estimates | Budget | April Projection | May Projection | Difference from April | Difference from Budget |
|---|-----------------|------------------|-----------------|-----------------------|------------------------|
| Expenditures | | | | | |
| Agency Appropriations ² | 18,362.2 | 18,362.2 | 18,362.2 | - | - |
| Deficit Mitigation | - | (275.8) | (262.0) | 13.8 | (262.0) |
| Deficiency Requirements | - | 74.9 | 11.8 | (63.1) | 11.8 |
| Lapses | (200.6) | (142.8) | (112.6) | 30.2 | 88.0 |
| Total Expenditures | 18,161.6 | 18,018.4 | 17,999.3 | (19.1) | (162.2) |
| Revenues | | | | | |
| Personal Income Tax | 9,834.4 | 9,275.0 | 9,275.0 | - | (559.4) |
| Sales and Use | 4,121.1 | 4,220.3 | 4,220.3 | - | 99.2 |
| Corporations | 902.2 | 884.4 | 884.4 | - | (17.8) |
| Federal Grants | 1,265.2 | 1,185.6 | 1,185.6 | - | (79.6) |
| Other Taxes and Refunds | 853.9 | 863.8 | 863.8 | - | 9.9 |
| Other Revenue Sources | 1,185.5 | 1,303.3 | 1,303.3 | - | 117.8 |
| Total Revenues | 18,162.3 | 17,732.4 | 17,732.4 | - | (429.9) |
| Operating Surplus/(Deficit) | 0.7 | (286.0) | (266.9) | 19.1 | (267.7) |
| % of Expenditures | 0.0% | -1.6% | -1.5% | | |
| ¹ Totals may appear to not add up due to a rounding effect | | | | | |
| ² Projected expenditures include \$15.5 million in statutory carry forwards that are not anticipated to lapse. | | | | | |

¹Pursuant 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 \$181.6 million.

Major Expenditure Changes since April

Office of the State Comptroller - Fringe Benefits - State Employees' Health Services - The account projection was decreased by \$9.5 million or 1.4% from our last projection to reflect (1) additional paid claims information and (2) the reconciliation of final accountable care organization/person-centered medical home incentive payments which are \$4.2 million less than budgeted.

Office of the State Treasurer - Debt Service - The account projection was reduced by \$4.2 million from our last projection due to anticipated administrative actions by the Treasury related to an upcoming issuance.

Office of State Comptroller - Miscellaneous - Adjudicated Claims - The account projection was decreased by \$3.5 million or 7.3% from our last projection to predominately reflect an update in anticipated payments for FY 16 related to settlements associated with SEBAC v. Rowland.

Office of the State Comptroller - Fringe Benefits - Higher Education Alternate Retirement Program (ARP) - The account projection was decreased by \$1.6 million or 73% from our last projection to reflect (1) the shift to funding SERS higher education employees versus ARP employees out of the General Fund and (2) reductions to higher education block grants.

Major Revenue Changes since April

There are no revenue changes since the last projection.

Deficient Agencies

Given the reduction in available funding that occurs due to budgeted lapses (holdbacks), we currently identify three agencies that would require \$11.8 million in additional expenditure requirements. However, if available funding were to be released, this would reduce the need for deficiency funding to zero.

| FY 16 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 Developmental Services | 1,084,396,485 | 1,049,851,462 | 1,061,540,478 | (11,689,016) | - |
| Office of Governmental Accountability | 9,813,001 | 9,076,152 | 9,134,797 | (58,645) | - |
| Department of Correction | 693,424,375 | 674,855,717 | 674,876,334 | (20,617) | - |
| General Fund Total | | | | (11,768,278) | - |
| [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](#)