



Office of Fiscal Analysis

FY 20 BUDGET PROJECTIONS

February 25, 2020

GENERAL FUND DEFICIT IMPROVES SLIGHTLY

The Office of Fiscal Analysis projects a General Fund deficit of \$90.1 million and a Special Transportation Fund surplus of \$5.1 million in FY 20. Unchanged, the projected deficit in the General Fund effectively would reduce, from \$318.3 million to \$228.2 million, the projected FY 20 deposit into the Budget Reserve Fund from the Volatility Adjustment transfer. The General Fund deficit decreased \$5.8 million from our [previous estimate](#) of \$95.9 million.

Funds Update

General and Special Transportation revenue estimates are unadjusted from January consensus since collections are performing as expected. However, the potential for significant adjustments to FY 20 revenue estimates remains, particularly as deadlines to file tax returns for the Pass-Through Entity Tax (March 15) and Income Tax (April 15) approach.

Updates to reflect expenditure trends in the Board and Care for (Foster) Children line item of the Department of Children and Families and the Behavioral Services Program of the Department of Developmental Services are the major drivers of the \$5.8 million overall improvement to FY 20 expenditure projections since last month's statement.

Budget Reserve Fund

Significant variances from revenue projections of the Pass-Through Entity Tax and Estimated and Finals portion of the Income Tax are typical as tax filers make their final payments for the previous year. Such variances would either increase or decrease the estimated \$318.3 million volatility adjustment transfer to the Budget Reserve ("Rainy Day") Fund.¹

Overview

In Millions of Dollars

General Fund	Budget*	February Estimate	Difference from Budget
Revenues	19,543.7	19,427.2	(116.5)
Expenditures	19,423.2	19,517.3	94.0
Surplus/(Deficit)	120.5	(90.1)	(210.5)
Budget Reserve Fund			
Budget Reserve Deposit	429.4	228.2	(201.2)
Budget Reserve Balance	2,935.0	2,733.8	(201.2)
Special Transportation Fund			
Revenues	1,723.4	1,730.3	6.9
Expenditures	1,710.3	1,725.2	14.9
Surplus/(Deficit)	13.1	5.1	(8.0)
Fund Balance	333.2	325.2	(8.0)

* Includes December Special Session Revisions

¹ See the OLR Issue Brief 2018-R-0296 [Connecticut's Volatility Cap](#) for more information on the Volatility Cap and Adjustment

General Fund Summary

In Millions of Dollars

Summary	FY 20
Original Budgeted Surplus	141.1
+ Hospital Settlement Revenues	83.5
+ Hospital Settlement Expenditures	(104.2)
Budgeted Surplus	120.4
Revenue Changes	
+ Sales & Use Tax	46.8
+ Refunds of Taxes	(165.0)
+ Net Revenue	1.7
Revenue Subtotal	(116.5)
Expenditure Changes	
+ Agency Deficiencies	(106.6)
+ Net Lapses	12.5
Expenditure Subtotal	(94.0)
= Surplus/(Deficit)	(90.1)
Budget Reserve Fund Starting Balance	2,505.6
+ Surplus/(Deficit)	(90.1)
+ Volatility Adjustment	318.3
= Budget Reserve Transfer Subtotal	228.2
= Budget Reserve Fund Balance	2,733.8

Special Transportation Fund Summary

In Millions of Dollars

Summary	FY 20
Budgeted Surplus	13.1
Revenue Changes	
+ Motor Vehicle Receipts*	25.7
+ Oil Companies	(18.9)
+ Refunds of Taxes	(10.0)
+ Net Revenue	10.1
Revenue Subtotal	6.9
Expenditures	
+ Net Lapses	(11.3)
+ Agency Deficiencies	(3.6)
Expenditure Subtotal	(14.9)
= Surplus/(Deficit)	5.1
STF Starting Balance	320.1
+ Surplus/(Deficit)	5.1
= Fund Balance	325.2

* Pursuant to PA 19-165

For further information, please see the links below:

[Revenue Details Table](#)

[Expenditure Details Table](#)

[Budget Status Page](#)