

As of April 30, 2024, the Office of Fiscal Analysis is projecting **\$310.7 million** in state agency General Fund shortfalls. The following table reflects the level of funding that is anticipated to be needed by various agencies from the General Fund this fiscal year.

**FY 24 General Fund Estimated Deficiency Needs**

In Millions of Dollars

Agency	Deficiency \$
Department of Social Services	136.4
State Comptroller - Fringe Benefits	72.9
State Comptroller - Miscellaneous	52.3
Department of Correction	30.2
Department of Mental Health and Addiction Services	5.7
Connecticut Technical Education and Career System	3.9
Department of Administrative Services	3.2
Judicial Department	3.1
Department of Housing	3.0
<b>TOTAL</b>	<b>310.7</b>

A description of each deficiency is provided below.

**Department of Social Services - \$136.4 million**

The projected deficiency of \$136.4 million reflects the net impact of shortfalls in several accounts that are partially offset by lapses. The Medicaid shortfall (\$150 million) is primarily driven by a reconciliation of costs related to Medicare Part D clawback billing, costs for undocumented individuals, and adjustments for ARPA HCBS. The shortfalls in Aid to the Disabled (\$4.4 million) and State Administered General Assistance (\$3.3 million), and Old Age Assistance (\$500,000) are due to both increased caseloads and higher than budgeted costs per case.

The lapse in HUSKY B (\$16 million) is primarily driven by lower than budgeted expenditures associated with state-funded HUSKY medical services for individuals regardless of immigration status. The lapse in Connecticut Home Care Program (\$4 million) is primarily due to ARPA HCBS adjustments, while the lapse in Temporary Family Assistance (\$1.3 million) is due to lower than anticipated caseload. The lapse in the Community Services (\$500,000) is due to lower than budgeted COLA requirements.

**Office of the State Comptroller - Fringe Benefits - \$72.9 million**

A projected \$72.9 million deficiency is due to shortfalls in several accounts which are partially offset by lapses. The anticipated deficiencies are: (1) \$69 million in the Higher Education Alternative Retirement (ARP) account resulting from a change in the accounting of a policy enacted by PA 23-204, the FY 24 and FY 25 Budget; (2) \$19 million in the Other Post Employment Benefits account resulting from a decrease in ARP and SERS recovery rates; (3) \$2.7 million in the

Employers Social Security Tax account; and (3) \$102,374 in the Pensions and Retirements – Other Statutory account. These deficiencies are partially offset by lapses within several accounts: (1) \$8.1 million in the State Employees Health Service Cost account; (2) \$4.4 million in the SERS Defined Contribution Match account; (3) \$2.8 million in the Retired State Employee Health Service Costs account; (4) \$2.1 million in the Unemployment Compensation account; and (5) \$; and \$511,000 in the Insurance – Group Life account.

#### **Office of the State Comptroller – Adjudicated Claims - \$52.3 million**

There is a projected deficiency of \$52.3 million within the Adjudicated Claims account. No FY 24 appropriation was made for this account. Through April 24, approximately \$52.3 million has been expended, including \$25.2 million for the settlement of two claims made against the State.

#### **Department of Correction - \$30.2 million**

The Department of Correction (DOC) is projected to have a net deficiency of \$30.2 million from a shortfall of \$33.5 million in Personal Services (PS), which is partially offset by 1) a \$500,000 lapse in the Boards of Pardon and Parole due to a delay in refilling vacancies, 2) a \$1.8 million lapse in Inmate Medical Services due to a decrease in outpatient billing and temporary services and 3) a \$1 million lapse in Other Expenses due to the Finance Advisory Committee (FAC) transfer.

The deficit in PS is driven by the Finance Advisory Committee (FAC) transfer of \$23.2 million out of the PS account on March 7, 2024 to cover deficits in the Other Expenses and Inmate Medical accounts, the increase in inmate population, and higher than anticipated overtime and accumulated leave payments.

In 2023, a smaller than anticipated facility was closed due to a rise in inmate population which results in higher than anticipated Personal Services costs. On January 1, 2022 there were 9,422 inmates and on April 1, 2024 there were 10,580, which is a 12.3% increase. Also, overtime costs and accumulated leave payments have trended higher than anticipated for this fiscal year.

#### **Department of Mental Health and Addiction Services - \$5.7 million**

The projected deficiency of \$5.7 million reflects shortfalls in Professional Services and Behavioral Health Medications. The Professional Services shortfall (\$5.2 million) reflects the continued use of contracted doctors and nurses due to associated staff vacancies. The shortfall in Behavioral Health Medications (\$500,000) is driven by higher costs for psychotropic medications.

#### **CT Technical Education and Career System - \$3.92 million**

A projected \$3.92 million deficiency is due to shortfalls in both Personal Services (PS) and Other Expenses (OE). The PS shortfall of \$2.41 million beyond the holdback is the result of increased

hires in FY 24. The \$1.51 million deficiency in OE is due to an increase in a variety of costs, including utilities.

### **Department of Administrative Services - \$3.2 million**

A total deficiency of \$3.2 million is projected in the agency due to shortfalls of \$2.1 million in Personal Services and \$1.1 million in Insurance and Risk Management. The deficiency in Personal Services is driven by a steady increase in the filled position count maintained within the agency. The deficiency within the Insurance and Risk Management line item is driven by an increase in anticipated costs of claims and judgements for the remainder of the fiscal year.

### **Judicial Department - \$3.05 million**

The Judicial Department is projected to have a deficiency of \$2.7 million in the Other Expenses account due to higher than anticipated utility costs and information technology expenses.

The Judicial Department is projected to have a deficiency of \$350,000 in the Personal Services account due to the 21 newly nominated judges.

### **Department of Housing - \$3 million**

A \$3 million deficiency in the Housing/Homeless Services account is projected, primarily due to rent increases in the agency's rental assistance programs.