



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

April 30, 2015

The Honorable Kevin Lembo  
State Comptroller  
55 Elm Street  
Hartford, Connecticut 06106

Dear Comptroller Lembo:

The purpose of this correspondence is to update our projections provided April 20<sup>th</sup> to reflect revenue revisions resulting from today's consensus revenue forecast pursuant to CGS 2-36c.

### General Fund

As a result of today's consensus revenue forecast, we are now projecting a \$161.7 million deficit in the General Fund, a change of \$40.5 million from the amount reported on April 20<sup>th</sup>.

Fund transfers included in House Bill 6825, the Governor's legislative proposal to address FY 2015 deficiencies, would reduce the shortfall by \$37.3 million. Administrative efforts to reduce the remaining deficit, including heightened scrutiny of position refills and contract requests, continue to be made in an effort to limit year-end expenditures to those that are critical for state operations.

### Revenues

Revenues in this update reflect the consensus revenue forecast reached today between this office and the Office of Fiscal Analysis pursuant to CGS 2-36c. Based on that forecast, projected revenues have been revised downward by \$40.5 million compared to our April 20<sup>th</sup> estimates. The largest change is in the Personal Income Tax, down \$65.5 million. This was due primarily to the Estimates and Finals component of the Personal Income Tax, which grew by approximately 14% compared to April 2014, less than had been anticipated. The Health Provider Tax has been revised downward by \$18.7 million due to anticipated utilization of tax credits. In addition, Miscellaneous Taxes has been revised downward by \$30.6 million as revenue received under the "Tax Gap Initiative" has been allocated to those tax types under which the collections were received; to date, approximately \$61 million of the projected \$75 million has been received. On the positive side, Refunds of Taxes has been revised downward by \$35 million, primarily due to non-Income Tax refunds which have fallen significantly below our target. Federal Grants have been revised upward by \$32.7 million to reflect an updated estimate of anticipated federal reimbursement for the Medicaid program. All other changes net to a positive \$6.6 million.

### Expenditures

Our forecast remains unchanged from April 20<sup>th</sup>, with expenditures projected to be \$3.9 million below the budget plan. Net additional requirements (deficiencies) total \$149.8 million, and \$54.0

million in lapses are projected beyond the budget plan and in addition to the savings resulting from rescissions implemented in November, January and April.

**Special Transportation Fund**

A \$0.8 million operating deficit is projected, a minor change from the level reported on April 20<sup>th</sup>. The consensus revenue forecast includes a \$0.1 million revenue increase in the Special Transportation Fund, and our expenditure forecast remains unchanged from April 20<sup>th</sup>. The fund balance on June 30, 2015 is estimated to be \$168.2 million.

I hope this updated information is helpful.

Sincerely,

A handwritten signature in cursive script that reads "Benjamin Barnes".

Benjamin Barnes  
Secretary

Summary  
April 30, 2015

State of Connecticut  
Summary of Changes  
General Fund and Special Transportation Fund  
Projected to June 30, 2015  
As of March 31, 2015  
(In Millions)

**General Fund**

Balance from Operations - Prior Month		\$	(132.8)
Revenues			
April 20th forecast (net)	0.0		
April 30th consensus changes (net)	<u>(40.5)</u>		(40.5)
Expenditures			
Additional Requirements	(2.2)		
Estimated Lapses	13.8		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>11.6</u>
Estimated Balance from Operations - June 30, 2015		\$	<u>(161.7)</u>

**Special Transportation Fund**

Fund Balance as of June 30, 2014		\$	169.0
Balance from Operations - Prior Month			(3.9)
Revenues			
April 20th forecast (net)	1.5		
April 30th consensus changes (net)	<u>0.1</u>		<u>1.6</u>
Expenditures			
Additional Requirements	1.5		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>1.5</u>
Estimated Fund Balance - June 30, 2015		\$	<u>168.2</u>

State of Connecticut  
General Fund  
Statement of Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2015  
As of March 31, 2015  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
<b>REVENUE</b>			
Taxes	\$ 16,147.2	\$ 15,990.3	\$ (156.9)
Less: Refunds	(1,232.6)	(1,207.6)	25.0
Taxes - Net	<u>\$ 14,914.6</u>	<u>\$ 14,782.7</u>	<u>\$ (131.9)</u>
Other Revenue	1,109.3	1,167.5	58.2
Other Sources	1,434.1	1,341.9	(92.2)
<b>TOTAL Revenue</b>	<u>\$ 17,458.0</u>	<u>\$ 17,292.1</u>	<u>\$ (166.0)</u>
<b>EXPENDITURES</b>			
Initial Current Year Appropriations	\$ 17,589.8	\$ 17,589.8	\$ -
Prior Year Appropriations Continued to FY 2015 <sup>2</sup>		85.9	85.9
<b>TOTAL Initial and Continued Appropriations</b>	<u>\$ 17,589.8</u>	<u>\$ 17,675.7</u>	<u>\$ 85.9</u>
Appropriation Adjustments	-	-	-
<b>TOTAL Adjusted Appropriations</b>	<u>\$ 17,589.8</u>	<u>\$ 17,675.7</u>	<u>\$ 85.9</u>
Net Additional Expenditure Requirements		149.8	149.8
Estimated Appropriations Lapsed	(132.1)	(285.8)	(153.7)
Estimated Appropriations to be Continued to FY 2016		-	-
<b>TOTAL Estimated Expenditures</b>	<u>\$ 17,457.7</u>	<u>\$ 17,539.7</u>	<u>\$ 82.0</u>
Net Change in Fund Balances - Continuing Appropriations	-	(85.9)	(85.9)
Miscellaneous Adjustments/Rounding	-	-	-
<b>Net Change in Unassigned Fund Balance - 6/30/2015</b>	<b>\$ 0.3</b>	<b>\$ (161.7)</b>	<b>\$ (162.1)</b>

1. P.A. 14-47, as amended by P.A. 14-217.

2. P.A. 14-47, as amended by P.A. 14-217, and other statutory provisions.

State of Connecticut  
General Fund  
Revenue Estimates  
Projected to June 30, 2015  
As of March 31, 2015  
(In Millions)

	<u>General Assembly Budget Plan</u>	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
<b>TAXES</b>			
Personal Income	\$ 9,264.5	\$ 9,199.0	\$ (65.5)
Sales and Use	4,167.4	4,221.2	53.8
Corporation	704.3	756.0	51.7
Public Service Corporations	295.6	299.1	3.5
Inheritance and Estate	173.0	173.0	-
Insurance Companies	256.2	225.4	(30.8)
Cigarettes	360.9	354.4	(6.5)
Real Estate Conveyance	186.9	186.9	-
Oil Companies	34.8	-	(34.8)
Alcoholic Beverages	60.7	60.7	-
Admissions and Dues	38.3	38.3	-
Health Provider Tax	509.5	441.4	(68.1)
Miscellaneous	95.2	34.9	(60.3)
<b>TOTAL - TAXES</b>	<b>\$ 16,147.2</b>	<b>\$ 15,990.3</b>	<b>\$ (156.9)</b>
Less: Refunds of Taxes	(1,105.1)	(1,080.1)	25.0
Earned Income Tax Credit	(120.7)	(120.7)	-
R & D Credit Exchange	(6.8)	(6.8)	-
<b>TOTAL - TAXES - NET</b>	<b>\$ 14,914.6</b>	<b>\$ 14,782.7</b>	<b>\$ (131.9)</b>
<b>OTHER REVENUE</b>			
Transfers - Special Revenue	\$ 323.1	\$ 325.1	\$ 2.0
Indian Gaming Payments	278.5	265.5	(13.0)
Licenses, Permits, Fees	256.2	284.1	27.9
Sales of Commodities and Services	43.5	36.5	(7.0)
Rents, Fines, Escheats	118.4	124.4	6.0
Investment Income	0.6	1.9	1.3
Miscellaneous	161.9	202.9	41.0
Refunds of Payments	(72.9)	(72.9)	-
<b>TOTAL - OTHER REVENUE</b>	<b>\$ 1,109.3</b>	<b>\$ 1,167.5</b>	<b>\$ 58.2</b>
<b>OTHER SOURCES</b>			
Federal Grants	\$ 1,299.6	\$ 1,226.1	\$ (73.5)
Transfer from Tobacco Settlement Fund	120.0	120.0	0.0
Transfers to Other Funds	14.6	14.6	0.0
Transfers to the Resources of the Special Trans. Fund	-	(18.8)	(18.8)
<b>TOTAL - OTHER SOURCES</b>	<b>\$ 1,434.1</b>	<b>\$ 1,341.9</b>	<b>\$ (92.2)</b>
<b>TOTAL - GENERAL FUND REVENUE</b>	<b>\$ 17,458.0</b>	<b>\$ 17,292.1</b>	<b>\$ (166.0)</b>

Statement 3  
April 30, 2015

State of Connecticut - General Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2015  
As of March 31, 2015

Department of Emergency Services and Public Protection	5,000,000
Department of Agriculture	380,000
Department of Social Services	108,000,000
Department of Correction	4,900,000
Public Defenders Services Commission	6,000,000
Comptroller – Miscellaneous	8,500,000
Comptroller - Fringe Benefits	17,000,000
Total	<u>\$ 149,780,000</u>

Statement 4  
April 30, 2015

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2015  
As of March 31, 2015

Unallocated Lapse	\$ 30,000,000
Unallocated Lapse - Legislative	-
Unallocated Lapse - Judicial	7,400,672
General Lapse - Legislative	39,492
General Lapse - Executive	9,678,316
General Lapse - Judicial	282,192
Statewide Hiring Reduction - Legislative	280,000
Statewide Hiring Reduction - Executive	8,060,000
Statewide Hiring Reduction - Judicial	1,660,000
Municipal Opportunities and Regional Efficiencies Lapse	-
November 20, 2014 Rescissions	54,477,508
January 23, 2015 Rescissions	31,489,427
April 1, 2015 Rescissions	13,731,331
Office of Legislative Management	7,000,000
Auditors of Public Accounts	500,000
Office of Policy and Management	3,500,000
Department of Consumer Protection	500,000
Department of Labor	1,000,000
Department of Energy and Environmental Protection	500,000
Department of Housing	2,000,000
Department of Public Health	1,100,000
Department of Developmental Services	700,000
Department of Education	6,200,000
Office of Early Childhood	11,900,000
Teachers Retirement Board	1,300,000
Department of Children and Families	4,500,000
OTT - Debt Service	88,000,000
Total	<u>\$ 285,798,938</u>

State of Connecticut  
2014-15 General Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	Updated March 2015	April 2015	May 2015	June 2015
REVENUE	\$17,458.0	\$17,458.0	\$17,458.0	\$17,458.0	\$17,398.9	\$17,398.9	\$17,359.6	\$17,395.6	\$17,332.6	\$17,292.1			
Appropriations	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8			
Additional Requirements	0.0	0.0	0.0	0.0	40.7	99.7	149.7	143.8	147.6	149.8			
Less: Estimated Lapses	(132.1)	(132.1)	(132.1)	(132.1)	(186.8)	(259.0)	(259.0)	(276.8)	(272.0)	(285.8)			
TOTAL - Estimated Expenditures	17,457.7	17,457.7	17,457.7	17,457.7	17,443.7	17,430.5	17,480.5	17,456.8	17,465.4	17,453.8	0.0	0.0	0.0
Balance from Operations	0.3	0.3	0.3	0.3	(44.8)	(31.6)	(120.9)	(61.2)	(132.8)	(161.7)	0.0	0.0	0.0
Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Est. Balance from Operations - 6/30/15	\$0.3	\$0.3	\$0.3	\$0.3	(\$44.8)	(\$31.6)	(\$120.9)	(\$61.2)	(\$132.8)	(\$161.7)	\$0.0	\$0.0	\$0.0

1. P.A. 14-47, as amended by P.A. 14-217.



Statement 1T  
April 30, 2015

State of Connecticut  
Special Transportation Fund  
Analysis of Budget Plan  
Projected to June 30, 2015  
As of March 31, 2015  
(In Millions)

	General Assembly Budget Plan <sup>1.</sup>	Revised Estimates OPM	Over/ (Under)
Fund Balance as of June 30, 2014 <sup>2.</sup>	\$ 168.8	\$ 169.0	\$ 0.2
<b>REVENUE</b>			
Taxes	\$ 965.5	\$ 952.3	\$ (13.2)
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(7.2)</u>	<u>(0.6)</u>
Taxes - Net	958.9	945.1	(13.8)
Other Revenue	<u>369.4</u>	<u>395.6</u>	<u>26.2</u>
TOTAL - Revenue	\$ 1,328.3	\$ 1,340.7	\$ 12.4
<b>EXPENDITURES</b>			
Appropriations	\$ 1,332.6	\$ 1,332.6	\$ -
Net Additional Requirements	-	20.4	20.4
Less: Estimated Lapses	<u>(11.0)</u>	<u>(12.7)</u>	<u>(1.7)</u>
TOTAL - Expenditures	\$ 1,321.6	\$ 1,340.3	\$ 18.7
Balance from Operations	\$ 6.7	\$ 0.4	\$ (6.3)
Miscellaneous Adjustments	<u>-</u>	<u>(1.2)</u>	<u>(1.2)</u>
Estimated Fund Balance - June 30, 2015	<u>\$ 175.5</u>	<u>\$ 168.2</u>	<u>\$ (7.3)</u>

1. P.A. 14-47, as amended by P.A. 14-217.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's September 30, 2014 letter.

Statement 2T  
 April 30, 2015

State of Connecticut  
 Special Transportation Fund  
 Revenue Estimates  
 Projected to June 30, 2015  
 As of March 31, 2015  
 (In Millions)

	<u>General Assembly Budget Plan</u>	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
<b>TAXES</b>			
Motor Fuels	\$ 503.8	\$ 508.7	\$ 4.9
Oil Companies	379.1	360.3	(18.8)
Sales Tax DMV	82.6	83.3	0.7
TOTAL - TAXES	<u>965.5</u>	<u>952.3</u>	<u>(13.2)</u>
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(7.2)</u>	<u>(0.6)</u>
TOTAL - TAXES - NET	\$ 958.9	\$ 945.1	\$ (13.8)
<b>OTHER REVENUE</b>			
Motor Vehicle Receipts	\$ 238.1	\$ 244.6	\$ 6.5
Licenses, Permits, Fees	138.9	138.9	-
Interest Income	5.0	6.3	1.3
Federal Grants	12.1	12.1	-
Transfers (To)/From Other Funds	(21.5)	(21.5)	-
Transfers From the General Fund	-	18.8	18.8
Refunds of Payments	<u>(3.2)</u>	<u>(3.6)</u>	<u>(0.4)</u>
TOTAL - OTHER REVENUE	\$ 369.4	\$ 395.6	\$ 26.2
<b>TOTAL - SPECIAL TRANSPORTATION FUND REVENUE</b>	<b>\$ 1,328.3</b>	<b>\$ 1,340.7</b>	<b>\$ 12.4</b>

Statement 3T  
April 30, 2015

State of Connecticut  
Special Transportation Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2015  
As of March 31, 2015

Department of Transportation	18,000,000
OSC - Fringe Benefits	2,400,000
Total	<u><u>\$20,400,000</u></u>

Statement 4T  
April 30, 2015

State of Connecticut  
Special Transportation Fund  
Estimated Lapses  
Projected to June 30, 2015  
As of March 31, 2015

OTT - Debt Service	\$ 12,700,000
Total	<u>\$ 12,700,000</u>

State of Connecticut  
2014-15 Special Transportation Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	Updated March 2015	April 2015	May 2015	June 2015
Beginning Balance <sup>2</sup>	\$ 168.8	\$ 168.8	\$ 173.5	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0			
Revenue	1,328.3	1,328.3	1,330.5	1,330.5	1,335.4	1,335.4	1,339.1	1,339.1	1,339.1	1,340.7			
Total Available	1,497.1	1,497.1	1,504.0	1,499.5	1,504.4	1,504.4	1,508.1	1,508.1	1,508.1	1,509.7	0.0	0.0	0.0
Appropriations	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6			
Additional Requirements	0.0	0.0	0.0	0.0	0.0	20.0	20.0	23.0	21.9	20.4			
Less: Estimated Lapses	(11.0)	(11.0)	(11.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.7)	(12.7)			
TOTAL - Estimated Expenditures	1,321.6	1,321.6	1,321.6	1,320.6	1,320.6	1,340.6	1,340.6	1,343.6	1,341.8	1,340.3	0.0	0.0	0.0
Balance from Operations	6.7	6.7	8.9	9.9	14.8	(5.2)	(1.5)	(4.5)	(2.7)	0.4	0.0	0.0	0.0
Misc. Adjustments/Rounding	0.0	0.0	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	0.0	0.0	0.0
Estimated Balance 6/30/15	\$175.5	\$175.5	\$181.2	\$177.7	\$182.6	\$162.6	\$166.3	\$163.3	\$165.1	\$168.2	\$0.0	\$0.0	\$0.0

1. P.A. 14-47, as amended by P.A. 14-217.

2. Budget Plan and the month of July as estimated by the Office of Policy and Management. August per the Comptroller's September 2, 2014 letter. September and thereafter per the Comptroller's September 30, 2014 letter.