



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

August 19, 2016

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

Dear Comptroller Lembo:

The following information on the state's General Fund for fiscal year 2017 is provided in accordance with Section 4-66 of the General Statutes. In addition, an analysis of the Special Transportation Fund is included due to the significant nature of this fund.

General Fund

We project a \$0.2 million balance from operations. On the expenditure side, the adopted budget includes substantial lapse assumptions, the achievement of which will present significant management challenges for all branches of government. With respect to revenues, it is worth noting that several sources, including the Personal Income Tax, Sales and Use Tax, and Corporation Tax, ended FY 2016 below expectations and bear watching during FY 2017. Our estimate of the balance in the Budget Reserve Fund entering FY 2017 is \$195.3 million, subject to any final adjustments by the Comptroller's office for Generally Accepted Accounting Principles and audit revisions.

Our estimate assumes that the line item vetoes announced on June 2nd will offset any unbudgeted expenditures resulting from enactment of Public Act 16-82, An Act Concerning Health Insurance Coverage for Tomosynthesis for Breast Cancer Screenings, as well as failure to pass Emergency Certified Bill 501, which would have implemented budgeted savings associated with specific criminal justice policy changes. The budgetary impact of these areas will be monitored as the year progresses, and future forecasts will be adjusted accordingly.

Special Transportation Fund

The adopted budget anticipates a \$1.0 million balance from operations. Estimated revenues and expenditures remain unchanged relative to the adopted budget. We anticipate the fund balance on June 30, 2017 to be \$151.4 million.

It is important to note that this represents the first projection of the state's General Fund and Special Transportation Fund positions for FY 2017. As the year progresses, these estimates will undoubtedly be revised to reflect the impact of changes in the economy, expenditure patterns, and/or other factors.

Sincerely,

A handwritten signature in cursive script, appearing to read "Benjamin Barnes".

Benjamin Barnes
Secretary

Summary
August 19, 2016

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2017
As of July 31, 2016
(In Millions)

General Fund

Balance from Operations - Adopted Budget		\$	22.7
Revenues			
All Changes (Net)	<u>0.0</u>		0.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	(22.5)		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>(22.5)</u>
Estimated Balance from Operations - June 30, 2017		\$	<u>0.2</u>

Special Transportation Fund

Fund Balance as of June 30, 2016		\$	150.4
Balance from Operations - Adopted Budget			1.0
Revenues			
All Changes (Net)	<u>0.0</u>		0.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>0.0</u>
Estimated Fund Balance - June 30, 2017		\$	<u>151.4</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2017
As of July 31, 2016
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 16,768.5	\$ 16,768.5	\$ -
Less: Refunds	(1,248.6)	(1,248.6)	-
Taxes - Net	\$ 15,519.9	\$ 15,519.9	\$ -
Other Revenue	1,219.0	1,219.0	-
Other Sources	1,147.8	1,147.8	-
TOTAL Revenue	\$ 17,886.7	\$ 17,886.7	\$ -
EXPENDITURES			
Initial Current Year Appropriations	\$ 18,073.3	\$ 18,073.3	\$ 0.0
Prior Year Appropriations Continued to FY 2017 ²		95.1	95.1
TOTAL Initial and Continued Appropriations	\$ 18,073.3	\$ 18,168.4	\$ 95.1
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 18,073.3	\$ 18,168.4	\$ 95.1
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(209.3)	(186.8)	22.5
Estimated Appropriations to be Continued to FY 2018		-	-
TOTAL Estimated Expenditures	\$ 17,864.0	\$ 17,981.6	\$ 117.6
Net Change in Fund Balance - Continuing Appropriations		(95.1)	(95.1)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - 6/30/2017	\$ 22.7	\$ 0.2	\$ (22.5)

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess., after gubernatorial line item vetoes.

2. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess., P.A. 16-2, May Spec. Sess., and other statutory provisions.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2017
As of July 31, 2016
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income	\$ 9,519.0	\$ 9,519.0	\$ -
Sales and Use	4,328.7	4,328.7	-
Corporation	839.3	839.3	-
Public Service Corporations	283.9	283.9	-
Inheritance and Estate	174.6	174.6	-
Insurance Companies	245.4	245.4	-
Cigarettes	371.1	371.1	-
Real Estate Conveyance	201.8	201.8	-
Alcoholic Beverages	62.2	62.2	-
Admissions and Dues	39.0	39.0	-
Health Provider Tax	683.4	683.4	-
Miscellaneous	20.1	20.1	-
TOTAL - TAXES	\$ 16,768.5	\$ 16,768.5	\$ -
Less: Refunds of Taxes	(1,106.5)	(1,106.5)	-
Earned Income Tax Credit	(133.6)	(133.6)	-
R & D Credit Exchange	(8.5)	(8.5)	-
TOTAL - TAXES - NET	\$ 15,519.9	\$ 15,519.9	\$ -
OTHER REVENUE			
Transfers - Special Revenue	\$ 355.5	\$ 355.5	\$ -
Indian Gaming Payments	267.0	267.0	-
Licenses, Permits, Fees	269.2	269.2	-
Sales of Commodities and Services	42.6	42.6	-
Rents, Fines, Escheats	128.0	128.0	-
Investment Income	3.8	3.8	-
Miscellaneous	219.0	219.0	-
Refunds of Payments	(66.1)	(66.1)	-
TOTAL - OTHER REVENUE	\$ 1,219.0	\$ 1,219.0	\$ -
OTHER SOURCES			
Federal Grants	\$ 1,257.6	\$ 1,257.6	\$ -
Transfer from Tobacco Settlement Fund	108.5	108.5	-
Transfers From/(To) Other Funds	(218.3)	(218.3)	-
TOTAL - OTHER SOURCES	\$ 1,147.8	\$ 1,147.8	\$ -
TOTAL - GENERAL FUND REVENUE	\$ 17,886.7	\$ 17,886.7	\$ -

1. P.A. 16-2, May Special Session, and P.A. 16-3, May Special Session.

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2017
As of July 31, 2016

No Additional Requirements	\$ -
Total	<u>\$ -</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2017
As of July 31, 2016

Unallocated Lapse - Amount Allocated ¹ :	\$ 41,879,699
Unallocated Lapse - Remaining	30,096,493
Unallocated Lapse - Legislative ¹ :	3,028,105
Unallocated Lapse - Judicial ¹ :	7,400,672
General Lapse - Judicial	15,075,000
Targeted Savings - Amount Allocated	61,801,472
Targeted Savings - Remaining	7,047,496
Arts and Tourism Lapse	500,000
Municipal Opportunities and Regional Efficiencies Lapse	20,000,000
Total	<u>\$ 186,828,937</u>

1. Allocable pursuant to Public Act 16-2, May Spec. Sess., Section 35.

State of Connecticut
2016-17 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
REVENUE	\$ 17,886.7	\$ 17,886.7											
Appropriations	18,073.3	18,073.3											
Additional Requirements	0.0	0.0											
Less: Estimated Lapses	(209.3)	(186.8)											
TOTAL - Estimated Expenditures	17,864.0	17,886.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	22.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Adjustments/Rounding	0.0	0.0											
Est. Balance from Operations - 6/30/17	\$22.7	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2017
As of July 31, 2016
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
Fund Balance as of June 30, 2016 ²	\$ 150.4	\$ 150.4	\$ -
REVENUE			
Taxes	\$ 1,065.3	\$ 1,065.3	\$ -
Less: Refunds of Taxes	(14.5)	(14.5)	-
Taxes - Net	1,050.8	1,050.8	-
Other Revenue	413.6	413.6	-
TOTAL - Revenue	\$ 1,464.4	\$ 1,464.4	\$ -
EXPENDITURES			
Appropriations	\$ 1,475.4	\$ 1,475.4	\$ -
Prior Year Appropriations Continued to FY 2016 ²		22.6	22.6
TOTAL Initial and Continued Appropriations	\$ 1,475.4	\$ 1,498.0	\$ 22.6
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 1,475.4	\$ 1,498.0	\$ 22.6
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(12.0)	(12.0)	-
Estimated Appropriations to be Continued to FY 2017		-	-
TOTAL Estimated Expenditures	\$ 1,463.4	\$ 1,486.0	\$ 22.6
Net Change in Fund Balance - Continuing Appropriations		(22.6)	(22.6)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - FY 2017	\$ 1.0	\$ 1.0	\$ -
Estimated Fund Balance - June 30, 2017	<u>\$ 151.4</u>	<u>\$ 151.4</u>	<u>\$ -</u>

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

2. Budget plan as estimated by the Office of Policy and Management.

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2017
As of July 31, 2016
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Motor Fuels	\$ 503.7	\$ 503.7	\$ -
Oil Companies	268.4	268.4	-
Sales & Use Tax	202.9	202.9	-
Sales Tax DMV	90.3	90.3	-
TOTAL - TAXES	<u>1,065.3</u>	<u>1,065.3</u>	<u>-</u>
Less: Refunds of Taxes	(14.5)	(14.5)	-
TOTAL - TAXES - NET	<u>\$ 1,050.8</u>	<u>\$ 1,050.8</u>	<u>\$ -</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 261.8	\$ 261.8	\$ -
Licenses, Permits, Fees	141.5	141.5	-
Interest Income	8.5	8.5	-
Federal Grants	12.1	12.1	-
Transfers (To)/From Other Funds	(6.5)	(6.5)	-
Refunds of Payments	(3.8)	(3.8)	-
TOTAL - OTHER REVENUE	<u>\$ 413.6</u>	<u>\$ 413.6</u>	<u>\$ -</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 1,464.4</u>	<u>\$ 1,464.4</u>	<u>\$ -</u>

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

Statement 3T
August 19, 2016.

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2017
As of July 31, 2016

No Additional Requirements	\$ -
Total	<u><u>\$ -</u></u>

Statement 4T
August 19, 2016

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2017
As of July 31, 2016

Unallocated Lapse	\$ 12,000,000
Total	<u>\$ 12,000,000</u>

State of Connecticut
2016-17 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017
Beginning Balance ²	\$ 150.4	\$ 150.4											
Revenue	<u>1,464.4</u>	<u>1,464.4</u>											
Total Available	1,614.8	1,614.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	1,475.4	1,475.4											
Additional Requirements	0.0	0.0											
Less: Estimated Lapses	<u>(12.0)</u>	<u>(12.0)</u>											
TOTAL - Estimated Expenditures	1,463.4	1,463.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>											
Estimated Balance 6/30/16	\$151.4	\$151.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.
2. Budget Plan and the month of July as estimated by the Office of Policy and Management.