



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

September 20, 2023

The Honorable Sean Scanlon  
 State Comptroller  
 165 Capitol Avenue  
 Hartford, Connecticut 06106

Dear Comptroller Scanlon:

Section 4-66 of the General Statutes requires that my office provide information on the state's General Fund for Fiscal Year 2024. An analysis of the Special Transportation Fund is also provided here due to the significance of this fund.

	FY 2024 Projection				
	(in millions)				
	Budget	Aug. Estimate	Sep. Estimate	Change in Estimate - Sep. vs. Aug.	Sep. Est. Variance from Budget
<b><u>General Fund</u></b>					
Revenues	\$ 22,505.3	\$ 22,505.3	\$ 22,586.8	\$ 81.5	\$ 81.5
Expenditures	<u>22,105.6</u>	<u>22,115.1</u>	<u>22,302.3</u>	<u>187.2</u>	<u>196.7</u>
Operating Results - Surplus/(Deficit)	\$ 399.7	\$ 390.2	\$ 284.5	\$ (105.7)	\$ (115.2)
<b><u>Budget Reserve Fund</u></b>					
Deposits		\$ 1,073.4	\$ 967.7	\$ (105.7)	
Withdrawals		<u>(1,918.1)</u>	<u>(1,918.1)</u>	-	
Proj. Net Deposit/(Withdrawal) 6/30		\$ (844.6)	\$ (950.4)	\$ (105.7)	
<b><u>Special Transportation Fund</u></b>					
Revenues	\$ 2,352.6	\$ 2,352.6	\$ 2,352.6	\$ -	\$ -
Expenditures	<u>2,148.4</u>	<u>2,148.4</u>	<u>2,148.4</u>	-	-
Operating Results - Surplus/(Deficit)	\$ 204.2	\$ 204.2	\$ 204.2	\$ -	\$ -
Proj. Fund Balance 6/30		\$ 874.2	\$ 874.2	\$ -	
Notes:					
1. BRF withdrawal includes the projected transfer out of \$1,918.1 million in FY 2024 pursuant to Sec. 4-30a, CGS, as the FY 2023 ending balance is anticipated to exceed the statutory 15% cap. This sum will be deposited as additional contributions to the State Employees Retirement Fund and the Teachers' Retirement Fund.					

### General Fund

The adopted FY 2024 budget anticipates a \$399.7 million balance at year end – 1.8% of General Fund appropriations. We currently project a surplus of \$284.5 million, \$115.2 million below the budgeted amount and \$95.7 million below last month’s estimate, largely as a result of unbudgeted expenditures as discussed below.

### Budget Reserve Fund

Our forecast of the Budget Reserve Fund (BRF) balance is depicted below. We project that, after transfers out of the fund and into the State Employees and Teachers’ Retirement Systems pursuant to the close-out of FY 2023 and transfers into the fund pursuant to the statutory volatility cap and the estimated FY 2024 operating surplus, the fund balance at the end of FY 2024 will be \$4.28 billion, or 19.4% of net General Fund appropriations for the current year and 18.8% of adopted FY 2025 appropriations. Since this projected balance would exceed the statutory 15% floor for the Budget Reserve Fund by approximately \$863 million during FY 2025, the excess funds would be split evenly between additional transfers to the Budget Reserve Fund and transfers to the State Employees Retirement Fund and/or the Teachers’ Retirement Fund during the close-out period for FY 2024, prior to reaching the 18% BRF cap per Public Act 23-1.

<b>Budget Reserve Fund</b>	
	(in millions)
Estimated BRF Starting Balance - FY 2024 (OPM 8/21/23 Est.)	\$ 5,233.9
Deposit to SERS/TRS pursuant to Sec. 4-30a, C.G.S. (OPM 8/21/23 Est.)	\$ (1,918.1)
Projected Operating Surplus - FY 2024 (OPM 9/20/23 Est.)	\$ 284.5
Volatility Cap Deposit - FY 2024 (OPM 9/20/23 Est.)	\$ 683.2
Estimated BRF Ending Balance - FY 2024	\$ 4,283.5
BRF as % of current year GF appropriations	19.4%

### Revenues

General Fund revenues are being revised upward by \$81.5 million in the Miscellaneous Revenue category. This change corresponds to an offsetting increase in projected expenditures in the Comptroller’s Fringe Benefits accounts and reflects a correction to the adopted budget in order to accurately reflect the revised treatment for expenditures and reimbursements in the Higher Education Alternative Retirement System.

### Expenditures

We forecast that FY 2024 net expenditures will, in aggregate, be \$196.7 million above the level anticipated in the adopted budget. As noted above, a significant portion of this amount reflects a change in the accounting treatment for the Higher Education Alternative Retirement System. A description of projected shortfalls and lapses follows.

*Deficiencies:* Shortfalls totaling \$196.7 million are forecast in the following agencies.

- Department of Social Services. A \$50.0 million shortfall is anticipated in the Medicaid account due to an increase in the cost of Medicare Part D clawback billing by the federal government pursuant to

the *Carr v. Becerra* federal court decision, which resulted in reinstatement of eligibility for certain Medicare-eligible individuals during the public health emergency.

- Department of Correction. A shortfall of \$15.0 million is forecast in the Other Expenses account primarily due to inflationary increases in fixed costs.
- State Comptroller – Miscellaneous. We estimate \$36.7 million in expenditures for Adjudicated Claims. This estimate includes \$25.2 million anticipated for settlement of two claims against the State for wrongful conviction, assuming approval by the General Assembly. No appropriation was made in the enacted budget for payment of these claims.
- State Comptroller – Fringe Benefits. A total shortfall of \$95.0 million is anticipated, with \$75.0 million forecast in the Higher Education Alternative Retirement System account primarily due to a change in the accounting treatment for these expenditures, which were originally budgeted as revenue reimbursements but instead will be reflected as expenditures. In addition, a \$20.0 million shortfall is forecast in the Other Post Employment Benefits account as a result of a decrease in the ARP and SERS recovery rates.

*Lapses*: Public Act 23-204 included bottom-line savings targets totaling \$133.7 million. We currently forecast no additional lapses beyond those in the adopted budget.

### **Special Transportation Fund**

The adopted budget anticipates a \$204.2 million balance from operations. We do not currently forecast any net deviation from the adopted budget for either revenues or expenditures and we project that the Transportation Fund balance on June 30, 2024, will be \$874.2 million.

As the year progresses, these estimates, which are coming early in the fiscal year, will continue to be revised to reflect the impact of changes in the economy, expenditure patterns, and other factors.

Sincerely,



Jeffrey R. Beckham  
Secretary

Attachments:

Summary Statements, FY 2024 Revenue and Expenditures

State of Connecticut  
Summary of Changes - FY 2024  
General Fund and Special Transportation Fund  
Projected to June 30, 2024  
As of August 31, 2023  
(In Millions)

**General Fund**

Balance from Operations - Prior Month		\$	390.2
Revenues			
Miscellaneous	81.5		81.5
Expenditures			
Additional Requirements	(187.2)		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	0.0		(187.2)
Operating Surplus - FY 2024			284.5

**Budget Reserve Fund**

Fund Balance as of June 30, 2023		\$	5,233.9
Deposit to SERS/TRS Pursuant to Sec. 4-30a, CGS	(1,918.1)		
Volatility Cap Deposit	683.2		
FY 2024 Est. Balance from Operations	284.5		(950.4)
Estimated Fund Balance - June 30, 2024		\$	4,283.5
Fund Balance as Percentage of FY 2024 General Fund			19.4%

**Special Transportation Fund**

Fund Balance as of June 30, 2023		\$	670.0
Balance from Operations - Prior Month			204.2
Revenues			
No changes	0.0		0.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	0.0		0.0
Estimated Fund Balance - June 30, 2024		\$	874.2

State of Connecticut  
General Fund  
Statement of FY 2024 Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2024  
As of August 31, 2023  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
<b>REVENUE</b>			
Taxes	\$ 22,060.7	\$ 22,060.7	\$ -
Less: Refunds	(2,078.6)	(2,078.6)	-
Taxes - Net	\$ 19,982.1	\$ 19,982.1	\$ -
Other Revenue	1,502.9	1,584.4	81.5
Other Sources	1,020.3	1,020.3	-
<b>TOTAL Revenue</b>	<b>\$ 22,505.3</b>	<b>\$ 22,586.8</b>	<b>\$ 81.5</b>
<b>EXPENDITURES</b>			
Initial Current Year Appropriations	\$ 22,239.3	\$ 22,239.3	\$ -
Prior Year Appropriations Continued to FY 2024 <sup>2</sup>		829.1	829.1
<b>TOTAL Initial and Continued Appropriations</b>	<b>\$ 22,239.3</b>	<b>\$ 23,068.4</b>	<b>\$ 829.1</b>
Appropriation Adjustments	-	-	-
<b>TOTAL Adjusted Appropriations</b>	<b>\$ 22,239.3</b>	<b>\$ 23,068.4</b>	<b>\$ 829.1</b>
Net Additional Expenditure Requirements		196.7	196.7
Estimated Appropriations Lapsed	(133.7)	(133.7)	-
Estimated Appropriations to be Continued to FY 2025 <sup>2</sup>		-	-
<b>TOTAL Estimated Expenditures</b>	<b>\$ 22,105.6</b>	<b>\$ 23,131.4</b>	<b>\$ 1,025.8</b>
Net Change in Fund Balance - Continuing Appropriations		(829.1)	(829.1)
Miscellaneous Adjustments/Rounding		-	-
<b>Net Change in Unassigned Fund Balance - 6/30/2024</b>	<b>\$ 399.7</b>	<b>\$ 284.5</b>	<b>\$ (115.2)</b>

1. P.A. 23-204. Note that CGS Sec. 2-33c limits appropriations to 98.75% of General Fund revenue. As a result, the \$399.7 million budgeted surplus is comprised of \$281.3 million due to this 98.75% limitation, plus an additional \$118.4 million operating surplus.

2. CGS Sec. 4-89 and other statutory provisions.

State of Connecticut  
General Fund  
FY 2024 Revenue Estimates  
Projected to June 30, 2024  
As of August 31, 2023  
(In Millions)

	General Assembly Budget Plan <sup>1.</sup>	Revised Estimates OPM	Over/ (Under)
<b>TAXES</b>			
Personal Income - Withholding	\$ 8,380.9	\$ 8,375.8	\$ (5.1)
Personal Income - Estimates and Finals	2,642.4	2,647.5	5.1
Sales and Use	5,299.5	5,299.5	-
Corporation	1,514.5	1,514.5	-
Pass-through Entity Tax	1,815.6	1,815.6	-
Public Service Corporations	291.6	291.6	-
Inheritance and Estate	178.1	178.1	-
Insurance Companies	262.8	262.8	-
Cigarettes	276.4	276.4	-
Real Estate Conveyance	287.7	287.7	-
Alcoholic Beverages	78.4	78.4	-
Admissions and Dues	31.0	31.0	-
Health Provider Tax	956.4	956.4	-
Miscellaneous	45.4	45.4	-
<b>TOTAL - TAXES</b>	<b>\$ 22,060.7</b>	<b>\$ 22,060.7</b>	<b>\$ (0.0)</b>
Less: Refunds of Taxes	(1,879.5)	(1,879.5)	-
Earned Income Tax Credit	(191.6)	(191.6)	-
R & D Credit Exchange	(7.5)	(7.5)	-
<b>TOTAL - TAXES - NET</b>	<b>\$ 19,982.1</b>	<b>\$ 19,982.1</b>	<b>\$ (0.0)</b>
<b>OTHER REVENUE</b>			
Transfers - Special Revenue	\$ 406.5	\$ 406.5	\$ -
Indian Gaming Payments	283.7	283.7	-
Licenses, Permits, Fees	356.5	356.5	-
Sales of Commodities and Services	16.9	16.9	-
Rents, Fines, Escheats	172.9	172.9	-
Investment Income	198.9	198.9	-
Miscellaneous	153.2	234.7	81.5
Refunds of Payments	(85.7)	(85.7)	-
<b>TOTAL - OTHER REVENUE</b>	<b>\$ 1,502.9</b>	<b>\$ 1,584.4</b>	<b>\$ 81.5</b>
<b>OTHER SOURCES</b>			
Federal Grants	\$ 1,867.8	\$ 1,867.8	\$ -
Transfer from Tobacco Settlement Fund	(272.7)	108.4	381.1
Transfers From/(To) Other Funds	108.4	(272.7)	(381.1)
Transfers to BRF - Volatility Adjustment <sup>2.</sup>	(683.2)	(683.2)	-
<b>TOTAL - OTHER SOURCES</b>	<b>\$ 1,020.3</b>	<b>\$ 1,020.3</b>	<b>\$ -</b>
<b>TOTAL - GENERAL FUND REVENUE</b>	<b>\$ 22,505.3</b>	<b>\$ 22,586.8</b>	<b>\$ 81.5</b>

1. Sec. 397 of P.A. 23-204.

2. The volatility cap for FY 2024 is \$3,779.9 million. Total revenue from the Estimates and Finals portion of the Personal Income Tax and the Pass-through Entity Tax that exceeds the volatility cap will be deposited into the Budget Reserve Fund.

State of Connecticut - General Fund  
FY 2024 Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2024  
As of August 31, 2023

Department of Social Services	\$ 50,000,000
Department of Correction	15,000,000
OSC - Miscellaneous	36,700,000
OSC - Fringe Benefits	95,000,000
Total	<u>\$ 196,700,000</u>

State of Connecticut  
General Fund  
Estimated FY 2024 Lapses  
Projected to June 30, 2024  
As of August 31, 2023

Unallocated Lapse	\$ 48,715,570
Unallocated Lapse - Judicial	5,000,000
Reflect Historical Staffing	80,000,000
Total	<u>\$ 133,715,570</u>



State of Connecticut  
FY 2024 General Fund  
Monthly Summary of Operations  
(In Millions)

	Budget Plan <sup>1</sup>	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024
REVENUE	\$22,505.3	\$ 22,505.3	\$22,586.8										
Appropriations	22,239.3	22,239.3	22,239.3										
Additional Requirements	0.0	9.5	196.7										
Less: Estimated Lapses	(133.7)	(133.7)	(133.7)										
TOTAL - Estimated Expenditures	22,105.6	22,115.1	22,302.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Balance	399.7	390.2	284.5	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	0.0										
Est. Operating Balance - 6/30/24	\$399.7	\$390.2	\$284.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. P.A. 23-204.

State of Connecticut  
Special Transportation Fund  
Analysis of FY 2024 Budget Plan  
Projected to June 30, 2024  
As of August 31, 2023  
(In Millions)

	General Assembly <u>Budget Plan</u> <sup>1.</sup>	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2023	\$ 670.0	\$ 670.0	\$ -
<b>REVENUE</b>			
Taxes	\$ 1,940.3	\$ 1,940.3	\$ -
Less: Refunds of Taxes	<u>(16.9)</u>	<u>(16.9)</u>	<u>-</u>
Taxes - Net	1,923.4	1,923.4	-
Other Revenue	<u>429.2</u>	<u>429.2</u>	<u>-</u>
<b>TOTAL - Revenue</b>	<b>\$ 2,352.6</b>	<b>\$ 2,352.6</b>	<b>\$ -</b>
<b>EXPENDITURES</b>			
Appropriations	\$ 2,160.4	\$ 2,160.4	\$ -
Prior Year Appropriations Continued to FY 2024 <sup>2.</sup>		80.9	80.9
<b>TOTAL Initial and Continued Appropriations</b>	<b>\$ 2,160.4</b>	<b>\$ 2,241.3</b>	<b>\$ 80.9</b>
Appropriation Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL Adjusted Appropriations</b>	<b>\$ 2,160.4</b>	<b>\$ 2,241.3</b>	<b>\$ 80.9</b>
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(12.0)	(12.0)	-
Estimated Appropriations to be Continued to FY 2025 <sup>2.</sup>		<u>-</u>	<u>-</u>
<b>TOTAL Estimated Expenditures</b>	<b>\$ 2,148.4</b>	<b>\$ 2,229.3</b>	<b>\$ 80.9</b>
Net Change in Fund Balance - Continuing Appropriations		(80.9)	(80.9)
Miscellaneous Adjustments/Rounding		-	-
<b>Net Change in Unassigned Fund Balance - FY 2024</b>	<b>\$ 204.2</b>	<b>\$ 204.2</b>	<b>\$ -</b>
Estimated Fund Balance - June 30, 2024	<u>\$ 874.2</u>	<u>\$ 874.2</u>	<u>\$ -</u>

1. P.A. 23-204. Note that CGS Sec. 2-33c limits appropriations to 98.75% of Special Transportation Fund revenue. As a result, the \$204.2 million budgeted surplus is comprised of \$29.4 million due to this limitation, plus an additional \$174.8 million operating surplus.

2. CGS Sec. 4-89 and other statutory provisions.

State of Connecticut  
Special Transportation Fund  
FY 2024 Revenue Estimates  
Projected to June 30, 2024  
As of August 31, 2023  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
<b>TAXES</b>			
Motor Fuels	\$ 495.6	\$ 495.6	\$ -
Oil Companies	387.0	387.0	-
Sales & Use Tax	860.2	860.2	-
Sales Tax DMV	107.5	107.5	-
Highway Use	90.0	90.0	-
<b>TOTAL - TAXES</b>	<u>1,940.3</u>	<u>1,940.3</u>	<u>-</u>
Less: Refunds of Taxes	(16.9)	(16.9)	-
<b>TOTAL - TAXES - NET</b>	<u>\$ 1,923.4</u>	<u>\$ 1,923.4</u>	<u>\$ -</u>
<b>OTHER REVENUE</b>			
Motor Vehicle Receipts	\$ 254.1	\$ 254.1	\$ -
Licenses, Permits, Fees	123.7	123.7	-
Interest Income	59.3	59.3	-
Federal Grants	9.2	9.2	-
Transfers (To)/From Other Funds	(13.5)	(13.5)	-
Refunds of Payments	(3.6)	(3.6)	-
<b>TOTAL - OTHER REVENUE</b>	<u>\$ 429.2</u>	<u>\$ 429.2</u>	<u>\$ -</u>
<b>TOTAL - SPECIAL TRANSPORTATION FUND REVENUE</b>	<u>\$ 2,352.6</u>	<u>\$ 2,352.6</u>	<u>\$ -</u>

1. Sec. 398 of P.A. 23-204.

Statement 3T  
September 20, 2023

State of Connecticut  
Special Transportation Fund  
FY 2024 Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2024  
As of August 31, 2023

No additional requirements	\$	-
Total	<u>\$</u>	<u>-</u>

Statement 4T  
September 20, 2023

State of Connecticut  
Special Transportation Fund  
FY 2024 Estimated Lapses  
Projected to June 30, 2024  
As of August 31, 2023

Unallocated Lapse	\$ 7,000,000
Department of Motor Vehicles	5,000,000
Total	<u>\$ 12,000,000</u>

State of Connecticut  
FY 2024 Special Transportation Fund  
Monthly Summary of Operations  
(In Millions)

	Budget Plan <sup>1</sup>	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024
Beginning Balance <sup>2</sup>	\$ 670.0	\$ 670.0	\$ 670.0										
Revenue	2,352.6	2,352.6	2,352.6										
Total Available	3,022.6	3,022.6	3,022.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	2,160.4	2,160.4	2,160.4										
Additional Requirements	0.0	0.0	0.0										
Less: Estimated Lapses	(12.0)	(12.0)	(12.0)										
TOTAL - Estimated Expenditures	2,148.4	2,148.4	2,148.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Balance	204.2	204.2	204.2	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	0.0										
Estimated Operating Balance 6/30/24	\$874.2	\$874.2	\$874.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. P.A. 23-204.

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