



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

June 20, 2022

The Honorable Natalie Braswell
 State Comptroller
 55 Elm Street
 Hartford, Connecticut 06106

Dear Comptroller Braswell:

Section 4-66 of the General Statutes requires that my office provide information on the state's General Fund for Fiscal Year 2022. An analysis of the Special Transportation Fund is also provided here due to the significance of this fund.

	FY 2022 Projection				
	(in millions)				
<u>General Fund</u>	<u>Budget</u>	May. <u>Estimate</u>	Jun <u>Estimate</u>	Change in Estimate - Jun. vs. <u>May</u>	Jun. Est. Variance from <u>Budget</u>
Revenues	\$ 21,021.3	\$ 21,706.6	\$ 21,787.6	\$ 81.0	\$ 766.3
Expenditures	<u>20,746.4</u>	<u>20,750.2</u>	<u>20,745.0</u>	<u>(5.2)</u>	<u>(1.4)</u>
Operating Results - Surplus/(Deficit)	\$ 274.9	\$ 956.4	\$ 1,042.6	\$ 86.2	\$ 767.7
<u>Budget Reserve Fund</u>					
Deposits		\$ 3,800.6	\$ 3,886.8	\$ 86.2	
Withdrawals		<u>(1,618.3)</u>	<u>(1,618.3)</u> ¹	-	
Proj. Net Deposit/(Withdrawal) 6/30		\$ 2,182.3	\$ 2,268.5	\$ 86.2	
<u>Special Transportation Fund</u>					
Revenues	\$ 1,889.7	\$ 1,999.9	\$ 1,996.9	\$ (3.0)	\$ 107.2
Expenditures	<u>1,721.8</u>	<u>1,799.7</u>	<u>1,803.8</u>	<u>4.1</u>	<u>82.0</u>
Operating Results - Surplus/(Deficit)	\$ 167.9	\$ 200.2	\$ 193.1	\$ (7.1)	\$ 25.2
Proj. Fund Balance 6/30		\$ 200.2	\$ 434.2	\$ 234.0	

Notes:

1. BRF withdrawal includes the transfer out of \$1,618.3 million in FY 2022 pursuant to Sec. 4-30a, CGS, as the FY 2021 ending balance exceeds 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 2022 budget anticipated a \$274.9 million balance at year end. We are projecting an operating surplus of \$1,042.6 million – 5.0 percent of the General Fund – an improvement of \$86.2 million from last month’s forecast, primarily due to improved revenue collections as detailed below.

Our forecast of the Budget Reserve Fund (BRF) balance is depicted below. After accounting for transfers out of the fund following the close-out of FY 2021 and transfers into the fund pursuant to the statutory volatility cap and the estimated FY 2022 operating surplus, we estimate that the fund balance at the end of FY 2022 will be approximately \$7.0 billion, or 33.7 percent of net General Fund appropriations for the current year and 31.3 percent of FY 2023 appropriations contained in Public Act 22-118. Since this balance exceeds the statutory 15% cap for the Budget Reserve Fund, we project transfers to the State Employees and Teachers’ Retirement Systems totaling approximately \$3.69 billion this Fall.

Budget Reserve Fund	
	(in millions)
Estimated BRF Starting Balance - FY 2022 (OSC 9/30/21 Est.)	\$ 4,730.3
Deposit to SERS/TRS pursuant to Sec. 4-30a, C.G.S. (OSC 9/30/21 Est.)	\$ (1,618.3)
Projected Operating Surplus - FY 2022 (OPM 6/20/22 Est.)	\$ 1,042.6
Volatility Cap Deposit - FY 2022 (OPM 6/20/22 Est.)	\$ 2,844.2
Estimated BRF Ending Balance - FY 2022	\$ 6,998.8
FY 2023 General Fund Budget per P.A. 22-118	\$ 22,089.2
15% BRF Cap	<u>\$ 3,313.4</u>
Projected Transfers to Reduce Unfunded Liabilities	<u>\$ 3,685.4</u>
Projected Deposit to TRS	\$ 903.6
Projected Deposit to SERS	\$ 2,781.8

Revenues

Estimated revenues have been revised upward this month by \$81.0 million compared to last month’s forecast. The Corporation Tax has been revised upward by \$25.0 million due to continued positive variance from budgeted collections into the month of June. Miscellaneous revenues have been revised upward by \$20 million as various recoveries have outperformed expectations. Public Service Taxes have been revised upward by \$15.0 million due to strong quarterly payments received through May. Interest Income has been revised upward by \$10.0 million due to rising interest rates. All other revenue changes net to a positive \$11.0 million.

Expenditures

We estimate that FY 2022 net expenditures, including amounts carried forward to FY 2023, will be \$1.4 million below the level anticipated in the adopted budget, a \$5.2 million improvement compared to last month’s forecast. We forecast no remaining shortfalls, with the exception of an estimated \$30 million in adjudicated claims and \$37 million in the Nonfunctional-Change in Accruals account as a result of the timing of DSS Medicaid payments. Statement 4, attached, lists estimated lapses, net of funds to be carried forward by agency, as well as any remaining funds held back from allotment as part of the budget plan for the current year.

Special Transportation Fund

The adopted budget anticipates a \$167.9 million balance from operations. We estimate that the Special Transportation Fund will end the year with an operating surplus of \$193.1 million, and that the Transportation Fund balance on June 30, 2022, will be \$434.2 million.

Revenues

Estimated revenues have been revised downward by \$3.0 million compared to last month's estimate. The largest decline is in Motor Vehicle Receipts, down \$5.0 million, as collections have lagged behind its target. Somewhat offsetting that decline, Interest Income has been revised upward by \$2.0 million due to rising interest rates.

Expenditures

In aggregate, expenditures are projected to be \$4.1 million higher than last month's projection and \$82.0 million above the level assumed in the adopted budget, no remaining shortfalls are projected. Statement 4T, attached, lists estimated net lapses by agency.

As the fiscal year nears its end, these estimates will continue to be revised to reflect the impact of changes in the economy, expenditure patterns, and/or other factors.

Sincerely,



Jeffrey R. Beckham
Secretary

Attachment:

Summary Statements, FY 2022 Revenue and Expenditures

State of Connecticut
Summary of Changes - FY 2022
General Fund and Special Transportation Fund
Projected to June 30, 2022
As of May 31, 2022
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	956.4
Revenues			
Corporation Tax	25.0		
Public Service Tax	15.0		
All Other Sources (Net)	<u>41.0</u>		81.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	5.3		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>5.3</u>
Operating Surplus - FY 2022		\$	1,042.6

Budget Reserve Fund

Fund Balance as of June 30, 2021		\$	4,730.3
Deposit to SERS/TRS Pursuant to Sec. 4-30a, CGS	(1,618.3)		
Volatility Cap Deposit	2,844.2		
FY 2022 Est. Balance from Operations	<u>1,042.6</u>		<u>2,268.5</u>
Estimated Fund Balance - June 30, 2022		\$	6,998.8
Fund Balance as Percentage of FY 2022 General Fund			33.7%

Special Transportation Fund

Fund Balance as of June 30, 2021		\$	241.1
Balance from Operations - Prior Month		\$	200.2
Revenues			
Motor Vehicle Receipts	(5.0)		
Interest Income	<u>2.0</u>		<u>(3.0)</u>
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	(4.1)		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>(4.1)</u>
Estimated Fund Balance - June 30, 2022		\$	434.2

State of Connecticut
General Fund
Statement of FY 2022 Revenues, Expenditures, and Results of Operations
Projected to June 30, 2022
As of May 31, 2022
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 19,634.6	\$ 22,884.1	\$ 3,249.6
Less: Refunds	(1,751.7)	(1,825.6)	(73.9)
Taxes - Net	\$ 17,882.9	\$ 21,058.5	\$ 3,175.7
Other Revenue	1,350.8	1,434.3	83.5
Other Sources	1,787.7	(705.2)	(2,492.9)
TOTAL Revenue	\$ 21,021.3	\$ 21,787.6	\$ 766.3
EXPENDITURES			
Initial Current Year Appropriations	\$ 20,800.3	\$ 20,800.3	\$ -
Prior Year Appropriations Continued to FY 2022 ²		409.2	409.2
TOTAL Initial and Continued Appropriations	\$ 20,800.3	\$ 21,209.5	\$ 409.2
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 20,800.3	\$ 21,209.5	\$ 409.2
Net Additional Expenditure Requirements		67.0	67.0
Estimated Appropriations Lapsed	(53.9)	(122.4)	(68.4)
Estimated Appropriations to be Continued to FY 2023 ²		(432.4)	(432.4)
TOTAL Estimated Expenditures	\$ 20,746.4	\$ 20,721.8	\$ (24.6)
Net Change in Fund Balance - Continuing Appropriations		23.2	23.2
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - 6/30/2022	\$ 274.9	\$ 1,042.6	\$ 767.7

1. S.A. 21-15. Note that CGS Sec. 2-33c limits appropriations in FY 2022 to 99.0% of General Fund revenue. As a result, the \$274.9 million budgeted surplus is comprised of \$210.2 million due to this 99.0% limitation, plus a \$64.7 million operating surplus.

2. PA 22-118, CGS Sec. 4-89 and other statutory provisions.

State of Connecticut
General Fund
FY 2022 Revenue Estimates
Projected to June 30, 2022
As of May 31, 2022
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income - Withholding	\$ 7,371.9	\$ 7,851.9	\$ 480.0
Personal Income - Estimates and Finals	2,989.1	4,089.1	1,100.0
Sales and Use	4,274.6	4,767.3	492.8
Corporation	1,115.6	1,375.6	260.0
Pass-through Entity Tax	1,485.8	2,260.8	775.0
Public Service Corporations	262.4	292.4	30.0
Inheritance and Estate	164.4	204.4	40.0
Insurance Companies	239.9	242.4	2.5
Cigarettes	322.9	324.2	1.3
Real Estate Conveyance	267.4	362.4	95.0
Alcoholic Beverages	76.6	77.6	1.0
Admissions and Dues	27.3	39.3	12.0
Health Provider Tax	974.7	974.7	-
Miscellaneous	62.0	22.0	(40.0)
TOTAL - TAXES	\$ 19,634.6	\$ 22,884.1	\$ 3,249.6
Less: Refunds of Taxes	(1,571.7)	(1,651.7)	(80.0)
Earned Income Tax Credit	(173.4)	(166.8)	6.6
R & D Credit Exchange	(6.6)	(7.1)	(0.5)
TOTAL - TAXES - NET	\$ 17,882.9	\$ 21,058.5	\$ 3,175.7
OTHER REVENUE			
Transfers - Special Revenue	\$ 387.4	\$ 392.2	\$ 4.8
Indian Gaming Payments	246.0	246.0	-
Licenses, Permits, Fees	352.1	341.6	(10.5)
Sales of Commodities and Services	25.9	23.4	(2.5)
Rents, Fines, Escheats	160.0	215.0	55.0
Investment Income	6.6	17.3	10.7
Miscellaneous	245.4	267.4	22.0
Refunds of Payments	(72.6)	(68.6)	4.0
TOTAL - OTHER REVENUE	\$ 1,350.8	\$ 1,434.3	\$ 83.5
OTHER SOURCES			
Federal Grants	\$ 1,851.9	\$ 1,939.7	\$ 87.8
Transfer from Tobacco Settlement Fund	126.2	126.2	-
Transfers From/(To) Other Funds	778.8	73.1	(705.7)
Transfers to BRF - Volatility Adjustment ²	(969.2)	(2,844.2)	(1,875.0)
TOTAL - OTHER SOURCES	\$ 1,787.7	\$ (705.2)	\$(2,492.9)
TOTAL - GENERAL FUND REVENUE	\$ 21,021.3	\$ 21,787.6	\$ 766.3

1. Sec. 44 of S.A. 21-15.

2. The volatility cap for FY 2022 is \$3,505.7 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 2022 Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2022
As of May 31, 2022

OSC - Miscellaneous	\$ 67,000,000
Total	<u>\$ 67,000,000</u>

State of Connecticut
General Fund
Estimated FY 2022 Lapses
Projected to June 30, 2022
As of May 31, 2022

Unallocated Lapse	\$ 16,859,237
Unallocated Lapse - Judicial	5,000,000
CREATES Savings Initiative Lapse	3,207,283
Office of Legislative Management	1,400,000
Auditors of Public Accounts	350,000
Governor's Office	350,000
Secretary of the State	283,000
Department of Revenue Services	3,000,000
Office of Policy and Management	590,694
Department of Veterans Affairs	190,000
Department of Administrative Services	400,000
Attorney General	550,000
Department of Labor	4,043,041
Department of Housing	500,000
Department of Public Health	1,058,000
Office of Health Strategy	300,000
Department of Developmental Services	6,350,000
Department of Mental Health and Addiction Services	3,800,000
Department of Social Services	6,494,600
Department of Aging and Disability Services	550,000
Department of Education	5,961,095
Office of Early Childhood	5,406,500
Teachers' Retirement Board	990,000
Department of Children and Families	16,285,581
Judicial Department	6,000,000
Public Defender Services Commission	658,000
OTT - Debt Service	17,700,000
OSC - Fringe Benefits	13,313,955
DAS - Workers' Compensation Claims	775,000
Total	<u><u>\$ 122,365,986</u></u>

State of Connecticut
FY 2022 General Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan ¹	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	Revised March 2022	April 2022	May 2022	June 2022
REVENUE	\$21,021.3	\$ 21,021.7	\$21,021.7	\$ 21,147.9	\$ 21,549.0	\$ 21,549.0	\$ 21,912.0	\$ 21,912.0	\$22,112.0	\$22,465.5	\$ 21,706.6	\$ 21,787.6	
Appropriations	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	20,800.3	
Additional Requirements	0.0	0.0	10.0	40.4	55.7	53.7	94.2	94.2	52.0	56.1	67.0	67.0	
Less: Estimated Lapses	<u>(53.9)</u>	<u>(53.9)</u>	<u>(63.9)</u>	<u>(175.1)</u>	<u>(201.7)</u>	<u>(216.9)</u>	<u>(465.8)</u>	<u>(492.8)</u>	<u>(507.4)</u>	<u>(527.3)</u>	<u>(117.1)</u>	<u>(122.4)</u>	
TOTAL - Estimated Expenditures	20,746.4	20,746.4	20,746.4	20,665.6	20,654.3	20,637.1	20,428.7	20,401.7	20,345.0	20,329.1	20,750.2	20,745.0	0.0
Operating Balance	274.9	275.3	275.3	482.3	894.7	911.9	1,483.3	1,510.3	1,767.0	2,136.4	956.4	1,042.6	0.0
Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Est. Operating Balance - 6/30/22	\$274.9	\$275.3	\$275.3	\$482.3	\$894.7	\$911.9	\$1,483.3	\$1,510.3	\$1,767.0	\$2,136.4	\$956.4	\$1,042.6	\$0.0

1. S.A. 21-15.

State of Connecticut
Special Transportation Fund
Analysis of FY 2022 Budget Plan
Projected to June 30, 2022
As of May 31, 2022
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2021	\$ 245.8	\$ 241.1	\$ (4.7)
REVENUE			
Taxes	\$ 1,494.6	\$ 1,592.9	\$ 98.3
Less: Refunds of Taxes	<u>(15.5)</u>	<u>(16.9)</u>	<u>(1.4)</u>
Taxes - Net	1,479.1	1,576.0	96.9
Other Revenue	<u>410.6</u>	<u>420.9</u>	<u>10.3</u>
TOTAL - Revenue	\$ 1,889.7	\$ 1,996.9	\$ 107.2
EXPENDITURES			
Appropriations	\$ 1,833.8	\$ 1,833.8	\$ -
Prior Year Appropriations Continued to FY 2022 ^{2.}		<u>40.6</u>	<u>40.6</u>
TOTAL Initial and Continued Appropriations	\$ 1,833.8	\$ 1,874.4	\$ 40.6
Appropriation Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL Adjusted Appropriations	\$ 1,833.8	\$ 1,874.4	\$ 40.6
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(112.0)	(30.0)	82.0
Estimated Appropriations to be Continued to FY 2023 ^{2.}		<u>(122.8)</u>	<u>(122.8)</u>
TOTAL Estimated Expenditures	\$ 1,721.8	\$ 1,721.6	\$ (0.2)
Net Change in Fund Balance - Continuing Appropriations		82.2	82.2
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - FY 2022	\$ 167.9	\$ 193.1	\$ 25.2
Estimated Fund Balance - June 30, 2022	<u>\$ 413.7</u>	<u>\$ 434.2</u>	<u>\$ 20.5</u>

1. S.A. 21-15. Note that CGS Sec. 2-33c limits appropriations in FY 2022 to 99.0% of Special Transportation Fund revenue. As a result, the \$167.9 million budgeted surplus is comprised of \$18.9 million due to this 99.0% limitation, plus a \$149.0 million operating surplus.

2. PA 22-118, CGS Sec. 4-89 and other statutory provisions.

State of Connecticut
Special Transportation Fund
FY 2022 Revenue Estimates
Projected to June 30, 2022
As of May 31, 2022
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Motor Fuels	\$ 480.3	\$ 390.3	\$ (90.0)
Oil Companies	250.4	390.4	140.0
Sales & Use Tax	670.0	689.3	19.3
Sales Tax DMV	93.9	122.9	29.0
TOTAL - TAXES	<u>1,494.6</u>	<u>1,592.9</u>	<u>98.3</u>
Less: Refunds of Taxes	(15.5)	(16.9)	(1.4)
TOTAL - TAXES - NET	<u>\$ 1,479.1</u>	<u>\$ 1,576.0</u>	<u>\$ 96.9</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 264.2	\$ 286.7	\$ 22.5
Licenses, Permits, Fees	140.8	130.8	(10.0)
Interest Income	5.1	4.0	(1.1)
Federal Grants	11.0	11.0	-
Transfers (To)/From Other Funds	(5.5)	(5.5)	-
Refunds of Payments	(5.0)	(6.1)	(1.1)
TOTAL - OTHER REVENUE	<u>\$ 410.6</u>	<u>\$ 420.9</u>	<u>\$ 10.3</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 1,889.7</u>	<u>\$ 1,996.9</u>	<u>\$ 107.2</u>

1. Sec. 45 of S.A. 21-15.

Statement 3T
June 20, 2022

State of Connecticut
Special Transportation Fund
FY 2022 Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2022
As of May 31, 2022

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

Statement 4T
June 20, 2022

State of Connecticut
Special Transportation Fund
FY 2022 Estimated Lapses
Projected to June 30, 2022
As of May 31, 2022

Unallocated Lapse	\$	-
Temporary Federal Support for Transportation Operations		-
Department of Transportation		4,500,000
OTT - Debt Service		22,400,000
OSC - Fringe Benefits		2,114,838
DAS - Workers' Compensation Claims		1,000,000
Total	\$	<u>30,014,838</u>

State of Connecticut
FY 2022 Special Transportation Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan ¹	July 2021	August 2021	September 2012	October 2021	November 2021	December 2021	January 2022	February 2022	Revised March 2022	April 2022	May 2022	June 2022
Beginning Balance ²	\$ 245.8	\$ 245.8	\$ 241.1	\$ 241.1	\$ 241.1	\$ 241.1	\$ 241.1	\$ 241.1	\$ 241.1	\$ 241.1	\$ 241.1	\$ 241.1	
Revenue	<u>1,889.7</u>	<u>1,889.7</u>	<u>1,889.7</u>	<u>1,904.8</u>	<u>1,953.9</u>	<u>1,953.9</u>	<u>1,972.4</u>	<u>1,972.4</u>	<u>2,072.4</u>	<u>2,009.9</u>	<u>1,999.9</u>	<u>1,996.9</u>	
Total Available	2,135.5	2,135.5	2,130.8	2,145.9	2,195.0	2,195.0	2,213.5	2,213.5	2,313.5	2,251.0	2,241.0	2,238.0	0.0
Appropriations	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	1,833.8	
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.0	1.0	1.0	0.0	0.0	
Less: Estimated Lapses	<u>(112.0)</u>	<u>(112.0)</u>	<u>(112.0)</u>	<u>(112.0)</u>	<u>(131.2)</u>	<u>(134.8)</u>	<u>(132.0)</u>	<u>(137.3)</u>	<u>(143.7)</u>	<u>(144.0)</u>	<u>(34.1)</u>	<u>(30.0)</u>	
TOTAL - Estimated Expenditures	1,721.8	1,721.8	1,721.8	1,721.8	1,702.6	1,699.0	1,702.7	1,697.5	1,691.1	1,690.8	1,799.7	1,803.8	0.0
Operating Balance	167.9	167.9	167.9	183.0	251.3	254.9	269.7	274.9	381.3	319.1	200.2	193.1	0.0
Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Estimated Operating Balance 6/30/22	\$413.7	\$413.7	\$409.0	\$424.1	\$492.4	\$496.0	\$510.8	\$516.0	\$622.4	\$560.2	\$441.3	\$434.2	\$0.0

1. S.A. 21-15.

2. Budget plan and July as estimated by the Office of Policy and Management. August based on OSC preliminary closing balance for FY 2021. September and thereafter per the Comptroller's September 30, 2021 letter.