



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

May 2, 2022

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

Dear Comptroller Braswell:

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

	FY 2022 Projection				
	(in millions)				
	<u>Budget</u>	<u>Mar. Estimate</u>	<u>Revised Apr. Estimate</u>	Change in Estimate - Apr. vs. Mar.	Apr. Est. Variance from Budget
<u>General Fund</u>					
Revenues	\$ 21,021.3	\$ 22,112.0	\$ 22,465.5	\$ 353.5	\$ 1,444.2
Expenditures	<u>20,746.4</u>	<u>20,345.0</u>	<u>20,329.1</u>	<u>(15.9)</u>	<u>(417.3)</u>
Operating Results - Surplus/(Deficit)	\$ 274.9	\$ 1,767.0	\$ 2,136.4	\$ 369.4	\$ 1,861.5
<u>Budget Reserve Fund</u>					
Deposits		\$ 2,736.2	\$ 4,805.6	\$ 2,069.4	
Withdrawals		<u>(1,618.3)</u>	<u>(1,618.3)</u>	-	
Proj. Net Deposit/(Withdrawal) 6/30		\$ 1,117.9	\$ 3,187.3	\$ 2,069.4	
<u>Special Transportation Fund</u>					
Revenues	\$ 1,889.7	\$ 2,072.4	\$ 2,009.9	\$ (62.5)	\$ 120.2
Expenditures	<u>1,721.8</u>	<u>1,691.1</u>	<u>1,690.8</u>	<u>(0.3)</u>	<u>(31.0)</u>
Operating Results - Surplus/(Deficit)	\$ 167.9	\$ 381.3	\$ 319.1	\$ (62.2)	\$ 151.2
Proj. Fund Balance 6/30		\$ 622.4	\$ 560.2	\$ (62.2)	

Notes:

1. BRF withdrawal includes the transfer out of \$1618.3 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

As a result of the consensus revenue forecast released today, we are now projecting an operating surplus of \$2,136.4 million, a \$56.0 million improvement from the level reported on April 20th. The projected surplus represents 10.3 percent of the General Fund.

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 \$7.92 billion, or 38.2 percent of net General Fund appropriations for the current year and 36.8 percent of FY 2023 appropriations contained in Special Act 21-15. Given that this balance exceeds the statutory 15 percent cap for the Budget Reserve Fund, additional transfers to the State Employees Retirement Fund and/or the Teachers' Retirement Fund are expected during the close-out period for FY 2022.

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 5/02/22 Est.)	\$ 2,136.4
Volatility Cap Deposit - FY 2022 (OPM 5/02/22 Est.)	<u>\$ 2,669.2</u>
Estimated BRF Ending Balance - FY 2022	\$ 7,917.6

Revenues

Revenues in this update reflect the consensus revenue forecast reached between this office and the Office of Fiscal Analysis pursuant to CGS 2-36c. Based on that forecast, projected revenues have been revised upward by \$56 million compared to our April 20th estimates. On the positive side, the Estimates and Finals component of Personal Income Tax is being revised upward by \$800 million, reflective of collections in the month of April that were unprecedented in the history of the state's personal income tax. The Corporation Tax and the Withholding component of the Personal Income Tax are being revised upward by \$75 million and \$25 million, respectively, after strong April collections. The Real Estate Conveyance tax is being revised upward by \$20 million due to persistent growth in real-estate values along with a strong sales market. Other positive changes include the Public Service Tax; Rents, Fines, & Escheats; and Miscellaneous Revenues, which are being revised upward for a combined \$50 million due to continued outperformance. Offsetting this positive news, Federal Grants were revised downward by a net \$115.5 million due to a shift in the timing of reimbursements. Given the projected increase in Estimates and Finals noted above, the transfer to the Budget Reserve Fund pursuant to the volatility cap will increase by \$800 million to a total of \$2.669 billion. All other revenue changes net to a positive \$1.5 million.

Expenditures

Our expenditure forecast remains unchanged from April 20th. In aggregate, expenditures are estimated to be below the amended budget plan by \$417.3 million.

Special Transportation Fund

We project that the Special Transportation Fund will end the year with an operating surplus of \$319.1 million, and a projected fund balance at June 30, 2022 of \$560.2 million, both up \$27.5 million from our April 20th estimate.

Revenues in this update reflect the consensus revenue forecast reached between this office and the Office of Fiscal Analysis pursuant to CGS 2-36c. Based on that forecast, projected revenues have been revised upward by \$27.5 million compared to our April 20th estimates. The largest change is in the Oil Companies tax, up \$20 million, due to elevated fuel prices and continued economic strength. All other changes net to a positive \$7.5 million

I hope this updated information is helpful.

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 March 31, 2022
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	1,767.0
Revenues			
April 20th Forecast (net)	297.5		
May 2nd Forecast (net)	<u>56.0</u>		353.5
Expenditures			
Additional Requirements	(4.1)		
Estimated Lapses	19.9		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>15.9</u>
Operating Surplus - FY 2022		\$	2,136.4

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	2,669.2		
FY 2022 Est. Balance from Operations	<u>2,136.4</u>		<u>3,187.2</u>
Estimated Fund Balance - June 30, 2022		\$	7,917.5
Fund Balance as Percentage of FY 2022 General Fund			38.2%

Special Transportation Fund

Fund Balance as of June 30, 2021		\$	241.1
Balance from Operations - Prior Month		\$	381.3
Revenues			
April 20th Forecast (net)	(90.0)		
May 2nd Forecast (net)	<u>27.5</u>		<u>(62.5)</u>
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.3		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>0.3</u>
Estimated Fund Balance - June 30, 2022		\$	560.2

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

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 19,634.6	\$ 22,616.1	\$ 2,981.6
Less: Refunds	(1,751.7)	(1,825.6)	(73.9)
Taxes - Net	\$ 17,882.9	\$ 20,790.5	\$ 2,907.7
Other Revenue	1,350.8	1,416.3	65.5
Other Sources	1,787.7	258.7	(1,529.0)
TOTAL Revenue	\$ 21,021.3	\$ 22,465.5	\$ 1,444.2
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		56.1	56.1
Estimated Appropriations Lapsed	(53.9)	(527.3)	(473.4)
Estimated Appropriations to be Continued to FY 2023 ²		-	-
TOTAL Estimated Expenditures	\$ 20,746.4	\$ 20,738.3	\$ (8.1)
Net Change in Fund Balance - Continuing Appropriations		(409.2)	(409.2)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - 6/30/2022	\$ 274.9	\$ 2,136.4	\$ 1,861.4

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

State of Connecticut
General Fund
FY 2022 Revenue Estimates
Projected to June 30, 2022
As of March 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	3,989.1	1,000.0
Sales and Use	4,274.6	4,767.3	492.8
Corporation	1,115.6	1,350.6	235.0
Pass-through Entity Tax	1,485.8	2,185.8	700.0
Public Service Corporations	262.4	277.4	15.0
Inheritance and Estate	164.4	164.4	-
Insurance Companies	239.9	232.4	(7.5)
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	36.3	9.0
Health Provider Tax	974.7	974.7	-
Miscellaneous	62.0	22.0	(40.0)
TOTAL - TAXES	\$ 19,634.6	\$ 22,616.1	\$ 2,981.6
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	\$ 20,790.5	\$ 2,907.7
OTHER REVENUE			
Transfers - Special Revenue	\$ 387.4	\$ 402.2	\$ 14.8
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	3.3	(3.3)
Miscellaneous	245.4	247.4	2.0
Refunds of Payments	(72.6)	(62.6)	10.0
TOTAL - OTHER REVENUE	\$ 1,350.8	\$ 1,416.3	\$ 65.5
OTHER SOURCES			
Federal Grants	\$ 1,851.9	\$ 2,022.9	\$ 171.0
Transfer from Tobacco Settlement Fund	126.2	126.2	-
Transfers From/(To) Other Funds	778.8	778.8	-
Transfers to BRF - Volatility Adjustment ²	(969.2)	(2,669.2)	(1,700.0)
TOTAL - OTHER SOURCES	\$ 1,787.7	\$ 258.7	\$(1,529.0)
TOTAL - GENERAL FUND REVENUE	\$ 21,021.3	\$ 22,465.5	\$ 1,444.2

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 March 31, 2022

Comptroller's Office	\$	220,000
Department of Administrative Services		14,000,000
Department of Consumer Protection		1,100,000
Commission on Human Rights and Opportunities		250,000
Department of Energy and Environmental Protection		1,500,000
Department of Economic and Community Development		1,450,000
Agricultural Experiment Station		301,000
Office of the Chief Medical Examiner		245,000
OSC - Miscellaneous (Adjudicated Claims)		37,000,000
Total	\$	<u>56,066,000</u>

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

Unallocated Lapse	\$ 27,391,051
Unallocated Lapse - Judicial	5,000,000
CREATES Savings Initiative Lapse	4,607,283
Office of Legislative Management	5,500,000
Auditors of Public Accounts	500,000
Governor's Office	200,000
Secretary of the State	150,000
Department of Revenue Services	1,300,000
Department of Veterans Affairs	700,000
Division of Criminal Justice	859,000
Department of Labor	3,199,546
Department of Housing	5,000,000
Department of Public Health	1,746,347
Office of Health Strategy	400,000
Department of Developmental Services	3,677,000
Department of Mental Health and Addiction Services	2,000,000
Department of Social Services	219,288,332
Department of Aging and Disability Services	600,000
Department of Education	8,000,000
Office of Early Childhood	1,237,000
Teachers' Retirement Board	9,000,000
Department of Correction	71,400,000
Department of Children and Families	51,293,692
Judicial Department	4,218,000
Public Defender Services Commission	1,724,000
OTT - Debt Service	39,700,000
OSC - Fringe Benefits	57,670,000
DAS - Workers' Compensation Claims	915,000

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			
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			
Additional Requirements	0.0	0.0	10.0	40.4	55.7	53.7	94.2	94.2	52.0	56.1			
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>			
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	0.0	0.0	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	0.0	0.0	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>			
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	\$0.0	\$0.0	\$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 March 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>433.9</u>	<u>23.3</u>
TOTAL - Revenue	\$ 1,889.7	\$ 2,009.9	\$ 120.2
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		1.0	1.0
Estimated Appropriations Lapsed	(112.0)	(144.0)	(32.0)
Estimated Appropriations to be Continued to FY 2023 ^{2.}		<u>-</u>	<u>-</u>
TOTAL Estimated Expenditures	\$ 1,721.8	\$ 1,731.4	\$ 9.6
Net Change in Fund Balance - Continuing Appropriations		(40.6)	(40.6)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - FY 2022	\$ 167.9	\$ 319.1	\$ 151.2
Estimated Fund Balance - June 30, 2022	<u>\$ 413.7</u>	<u>\$ 560.2</u>	<u>\$ 146.5</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. 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 March 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	\$ 291.7	\$ 27.5
Licenses, Permits, Fees	140.8	140.8	-
Interest Income	5.1	2.0	(3.1)
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>\$ 433.9</u>	<u>\$ 23.3</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 1,889.7</u>	<u>\$ 2,009.9</u>	<u>\$ 120.2</u>

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

Statement 3T
May 2, 2022

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

Department of Administrative Services	\$ 1,000,000
Total	<u>\$ 1,000,000</u>

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

Unallocated Lapse	\$	-
Temporary Federal Support for Transportation Operations		100,000,000
Department of Motor Vehicles		3,200,000
Department of Transportation		14,867,000
OTT - Debt Service		22,400,000
OSC - Fringe Benefits		1,870,000
DAS - Workers' Compensation Claims		1,700,000
Total		<u>\$ 144,037,000</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			
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>			
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	0.0	0.0	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			
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.0	1.0	1.0			
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>			
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	0.0	0.0	0.0
Operating Balance	167.9	167.9	167.9	183.0	251.3	254.9	269.7	274.9	381.3	319.1	0.0	0.0	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>			
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	\$0.0	\$0.0	\$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.