



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

August 21, 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.

	<b>FY 2024 Projection</b>		
	(in millions)		
<b><u>General Fund</u></b>	<b><u>Budget</u></b>	<b><u>Aug. Estimate</u></b>	<b>Aug. Est. Variance from Budget</b>
Revenues	\$ 22,505.3	\$ 22,505.3	\$ -
Expenditures	<u>22,105.6</u>	<u>22,115.1</u>	<u>9.5</u>
Operating Results - Surplus/(Deficit)	\$ 399.7	\$ 390.2	\$ (9.5)
 <b><u>Budget Reserve Fund</u></b>			
Deposits		\$ 1,073.4	
Withdrawals		<u>(1,918.1)</u> <sup>1.</sup>	
Proj. Net Deposit/(Withdrawal) 6/30		\$ (844.6)	
 <b><u>Special Transportation Fund</u></b>			
Revenues	\$ 2,352.6	\$ 2,352.6	\$ -
Expenditures	<u>2,148.4</u>	<u>2,148.4</u>	<u>-</u>
Operating Results - Surplus/(Deficit)	\$ 204.2	\$ 204.2	\$ -
Proj. Fund Balance 6/30		\$ 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**

***FY 2023 Operating Results***

While final accounting adjustments remain before the close of FY 2023, we currently project a \$593.6 million operating surplus, a decrease of \$37.0 million from our July 20<sup>th</sup> projection. This amount, in addition to \$1,338.0 million in collections of the Estimates and Finals component of the Personal Income Tax and the Pass-through Entity Tax that exceeded the volatility cap, results in a Budget Reserve Fund balance of 23.7% of FY 2024 General Fund appropriations. Since any amounts in the BRF in excess of 15% of General Fund appropriations must be transferred to reduce the state’s long-term liabilities, we anticipate transfers totaling \$1,929.1 million will be made to the State Employees and Teachers Retirement Systems later this calendar year.

<b>General Fund</b>			
<b>FY 2023 Projection (in \$ millions)</b>			
	Adopted		
	Budget	Est. 8/21/23	Variance
Revenue	22,388.2	22,920.3	532.1
Expenditures	22,089.2	22,326.7	237.5
Balance	299.0	593.6	294.6

***FY 2024 Projection Summary***

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 \$390.2 million as a result of unbudgeted expenditure requirements in the adjudicated claims account totaling \$9.5 million which must be paid from the unappropriated resources of the General Fund.

**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 and the end of FY 2024 will be \$4.39 billion, or 19.9% of net General Fund appropriations for the current year and 19.3% of adopted FY 2025 appropriations. Since this projected balance would exceed the statutory 15% floor for the Budget Reserve Fund by approximately \$968 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 P.A. 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 8/21/23 Est.)	\$ 390.2
Volatility Cap Deposit - FY 2024 (OPM 8/21/23 Est.)	\$ 683.2
Estimated BRF Ending Balance - FY 2024	\$ 4,389.3
BRF as % of current year GF appropriations	19.9%

**Special Transportation Fund**

The adopted budget anticipates a \$204.2 million balance from operations. We do not currently forecast any 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.

It is important to note that this represents the first projection of the state's budget outlook for FY 2024. 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 blue ink that reads "Jeffrey R. Beckham". The signature is written in a cursive style with a large, stylized initial "J".

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 July 31, 2023  
(In Millions)

**General Fund**

Balance from Operations - Adopted Budget		\$	399.7
Revenues			
No Net Changes	0.0		0.0
Expenditures			
Additional Requirements	(9.5)		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	0.0		(9.5)
Operating Surplus - FY 2024			390.2

**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	390.2		(844.6)
Estimated Fund Balance - June 30, 2024		\$	4,389.3
Fund Balance as Percentage of FY 2024 General Fund			19.9%

**Special Transportation Fund**

Fund Balance as of June 30, 2023		\$	670.0
Balance from Operations - Adopted Budget			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 July 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	1,502.9	-
Other Sources	1,020.3	1,020.3	-
<b>TOTAL Revenue</b>	<b>\$ 22,505.3</b>	<b>\$ 22,505.3</b>	<b>\$ -</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		9.5	9.5
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>\$ 22,944.2</b>	<b>\$ 838.6</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>\$ 390.2</b>	<b>\$ (9.5)</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 July 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	153.2	-
Refunds of Payments	(85.7)	(85.7)	-
<b>TOTAL - OTHER REVENUE</b>	<b>\$ 1,502.9</b>	<b>\$ 1,502.9</b>	<b>\$ -</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>\$ 22,505.3</b>	<b>\$ (0.0)</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 July 31, 2023

OSC - Miscellaneous	\$ 9,500,000
Total	<u>\$ 9,500,000</u>

State of Connecticut  
General Fund  
Estimated FY 2024 Lapses  
Projected to June 30, 2024  
As of July 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											
Appropriations	22,239.3	22,239.3											
Additional Requirements	0.0	9.5											
Less: Estimated Lapses	<u>(133.7)</u>	<u>(133.7)</u>											
TOTAL - Estimated Expenditures	22,105.6	22,115.1	0.0	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	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>											
Est. Operating Balance - 6/30/24	\$399.7	\$390.2	\$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. 23-204.

State of Connecticut  
Special Transportation Fund  
Analysis of FY 2024 Budget Plan  
Projected to June 30, 2024  
As of July 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>		<u>76.7</u>	<u>76.7</u>
<b>TOTAL Initial and Continued Appropriations</b>	<b>\$ 2,160.4</b>	<b>\$ 2,237.1</b>	<b>\$ 76.7</b>
Appropriation Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL Adjusted Appropriations</b>	<b>\$ 2,160.4</b>	<b>\$ 2,237.1</b>	<b>\$ 76.7</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>\$ 2,225.1</b>	<b>\$ 76.7</b>
Net Change in Fund Balance - Continuing Appropriations		(76.7)	(76.7)
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 July 31, 2023  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
TAXES			
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	-
TOTAL - TAXES	<u>1,940.3</u>	<u>1,940.3</u>	-
Less: Refunds of Taxes	<u>(16.9)</u>	<u>(16.9)</u>	-
TOTAL - TAXES - NET	\$ 1,923.4	\$ 1,923.4	\$ -
OTHER REVENUE			
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	<u>(3.6)</u>	<u>(3.6)</u>	-
TOTAL - OTHER REVENUE	\$ 429.2	\$ 429.2	\$ -
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$ 2,352.6	\$ 2,352.6	\$ -

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

Statement 3T  
August 21, 2023

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

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

Statement 4T  
August 21, 2023

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

Unallocated Lapse	\$ 12,000,000
Total	<u><u>\$ 12,000,000</u></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											
Revenue	2,352.6	2,352.6											
Total Available	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	0.0
Appropriations	2,160.4	2,160.4											
Additional Requirements	0.0	0.0											
Less: Estimated Lapses	(12.0)	(12.0)											
TOTAL - Estimated Expenditures	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	0.0
Operating Balance	204.2	204.2	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											
Estimated Operating Balance 6/30/24	\$874.2	\$874.2	\$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. 23-204.

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