

June 20, 2024

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)			Change in	June Est.
	Budget	<u>May</u> Estimate	June Estimate	Estimate - June vs. May	Variance from Budget
<u>General Fund</u>					
Revenues	\$ 22,505.3	\$ 22,528.5	\$ 22,559.8	\$ 31.3	\$ 54.5
Expenditures	<u>22,105.6</u>	<u>22,347.0</u>	<u>22,335.2</u>	<u>(11.8)</u>	<u>229.6</u>
Operating Results - Surplus/(Deficit)	\$ 399.7	\$ 181.5	\$ 224.6	\$ 43.1	\$ (175.1)
<u>Budget Reserve Fund</u>					
Deposits		\$ 1,305.0	\$ 1,348.1	\$ 43.1	
Withdrawals		<u>(1,874.6)</u>	<u>(1,874.6)</u>	-	
Proj. Net Deposit/(Withdrawal) 6/30		\$ (569.6)	\$ (526.5)	\$ 43.1	
<u>Special Transportation Fund</u>					
Revenues	\$ 2,352.6	\$ 2,404.5	\$ 2,394.5	\$ (10.0)	\$ 41.9
Expenditures	<u>2,148.4</u>	<u>2,121.8</u>	<u>2,117.5</u>	<u>(4.2)</u>	<u>(30.9)</u>
Operating Results - Surplus/(Deficit)	\$ 204.2	\$ 282.8	\$ 277.0	\$ (5.8)	\$ 72.8
Proj. Fund Balance 6/30		\$ 961.9	\$ 956.1	\$ (5.8)	

Notes:

1. BRF withdrawal includes the transfer out of \$1,874.6 million in FY 2024 pursuant to Sec. 4-30a, CGS, as the FY 2023 ending balance exceeded the statutory 15% cap. This sum was deposited as additional contributions to the State Employees Retirement Fund and the Teachers' Retirement Fund.

General Fund

The adopted FY 2024 budget anticipated a \$399.7 million balance at year end – 1.8% of General Fund appropriations. We currently project a surplus of \$224.6 million, \$175.1 million below the originally budgeted level and \$43.1 million above last month’s forecast as a result of revenue and expenditure changes as noted 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 \$4.66 billion, or 21.1% of net General Fund appropriations for the current year. Based on the adopted FY 2025 budget, we anticipate that, during the close-out process for FY 2024, \$726.6 million will be transferred to the Budget Reserve Fund, bringing the BRF total to 17.7% of FY 2025 appropriations and the remaining \$621.5 million will be transferred to the State Employees Retirement Fund and/or the Teachers’ Retirement Fund.

Budget Reserve Fund	
	(in millions)
BRF Starting Balance - FY 2024 (OSC 12/29/23)	\$ 5,190.4
Deposit to SERS/TRS pursuant to Sec. 4-30a, C.G.S. (OSC 12/29/23)	\$ (1,874.6)
Projected Operating Surplus - FY 2024 (OPM 6/20/24 Est.)	\$ 224.6
Volatility Cap Deposit - FY 2024 (OPM 6/20/24 Est.)	<u>\$ 1,123.5</u>
Estimated BRF Ending Balance - FY 2024	\$ 4,663.9
BRF as % of current year GF appropriations	21.1%

Revenues

Estimated revenues have been revised upward this month by \$31.3 million compared to last month’s forecast. On the positive side, Refunds of Taxes has been reduced by \$25.0 million due to lower than expected Income Tax refunds. License, Permit, and Fee revenue has been revised upward by \$15.0 million due to positive activity across various accounts. Investment Income has been revised upward by \$15.0 million due to continued elevated interest rates and healthy cash balances. Escheat revenue continues to exceed expectations and therefore the forecast for Rents, Fines, and Escheats has been increased by \$12.0 million. On the negative side, Federal Grants has been revised downward by \$38.7 million due to additional requirements to cover the federal share of medical services, with a portion of this federal reimbursement now expected to be received in FY 2025. Inheritance and Estate taxes have also been revised downward by \$15.0 million. All other revenue changes net to a positive \$18.0 million.

Expenditures

We forecast that FY 2024 net expenditures, including amounts anticipated to be carried forward to FY 2025, will be \$229.6 million above the levels anticipated in the originally adopted budget, \$11.8 million lower than last month’s estimate. We forecast no remaining shortfalls, with the exception of \$59.0 million in adjudicated claims. Statement 4, attached, lists estimated lapses, net of funds to be carried forward.

Special Transportation Fund

The adopted budget anticipated a \$204.2 million balance from operations. We currently forecast an operating balance of \$277.0 million, \$72.8 million above the budgeted figure and \$5.8 million less than last month's projection. We project that the Transportation Fund balance on June 30, 2024, will be \$956.1 million.

Revenues

Estimated revenues have been revised downward by \$10.0 million compared to last month's estimate. The largest change is in Oil Companies Tax, down \$15.0 million, as quarterly payments continue to fall short of their targets. Interest income has been revised upward by \$5.0 million due to elevated interest rates and healthy cash balances in the Fund.

Expenditures

In aggregate, expenditures are projected to be \$4.2 million below last month's projection and \$30.9 million below the level assumed in the adopted budget; no remaining shortfalls are projected. Statement 4T, attached, lists estimated net lapses by agency.

As the year nears its conclusion, these estimates 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 May 31, 2024
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	181.5
Revenues			
Inheritance & Estate	(15.0)		
Refund of Taxes	25.0		
Licenses, Permits, Fees	15.0		
Rents, Fines, Escheats	12.0		
Investment Income	15.0		
Federal Grants	(38.7)		
All Other Changes (Net)	18.0		31.3
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	(3.0)		
Miscellaneous Changes	14.8		11.8
Operating Surplus - FY 2024			224.6

Budget Reserve Fund

Fund Balance as of June 30, 2023		\$	5,190.4
Deposit to SERS/TRS Pursuant to Sec. 4-30a, CGS	(1,874.6)		
Volatility Cap Deposit	1,123.5		
FY 2024 Est. Balance from Operations	224.6		(526.5)
Estimated Fund Balance - June 30, 2024		\$	4,663.9
Fund Balance as Percentage of FY 2024 General Fund			21.1%

Special Transportation Fund

Fund Balance as of June 30, 2023		\$	679.1
Balance from Operations - Prior Month			282.7
Revenues			
Oil Companies Tax	(15.0)		
Interest Income	5.0		(10.0)
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	4.2		
Miscellaneous Changes	0.0		4.2
Estimated Fund Balance - June 30, 2024		\$	956.1

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

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 22,060.7	\$ 22,370.9	\$ 310.2
Less: Refunds	(2,078.6)	(2,155.6)	(77.0)
Taxes - Net	\$ 19,982.1	\$ 20,215.3	\$ 233.2
Other Revenue	1,502.9	1,718.7	215.8
Other Sources	1,020.3	625.8	(394.5)
TOTAL Revenue	\$ 22,505.3	\$ 22,559.8	\$ 54.5
EXPENDITURES			
Initial Current Year Appropriations	\$ 22,239.3	\$ 22,239.3	\$ -
Prior Year Appropriations Continued to FY 2024 ²		829.3	829.3
TOTAL Initial and Continued Appropriations	\$ 22,239.3	\$ 23,068.6	\$ 829.3
Appropriation Adjustments	-	89.3	89.3
TOTAL Adjusted Appropriations	\$ 22,239.3	\$ 23,157.8	\$ 918.5
Net Additional Expenditure Requirements		59.0	59.0
Estimated Appropriations Lapsed	(133.7)	(52.3)	81.4
Estimated Appropriations to be Continued to FY 2025 ²		(249.9)	(249.9)
TOTAL Estimated Expenditures	\$ 22,105.6	\$ 22,914.6	\$ 809.0
Net Change in Fund Balance - Continuing Appropriations		(579.4)	(579.4)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - 6/30/2024	\$ 399.7	\$ 224.6	\$ (175.2)

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 May 31, 2024
(In Millions)

	General Assembly Budget Plan ^{1.}	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income - Withholding	\$ 8,380.9	\$ 8,633.8	\$ 252.9
Personal Income - Estimates and Finals	2,642.4	2,997.5	355.1
Sales and Use	5,299.5	4,979.5	(320.0)
Corporation	1,514.5	1,544.5	30.0
Pass-through Entity Tax	1,815.6	1,905.9	90.3
Public Service Corporations	291.6	343.9	52.3
Inheritance and Estate	178.1	118.1	(60.0)
Insurance Companies	262.8	297.3	34.5
Cigarettes	276.4	253.9	(22.5)
Real Estate Conveyance	287.7	272.7	(15.0)
Alcoholic Beverages	78.4	78.4	-
Admissions and Dues	31.0	38.5	7.5
Health Provider Tax	956.4	886.0	(70.4)
Miscellaneous	45.4	20.9	(24.5)
TOTAL - TAXES	\$ 22,060.7	\$ 22,370.9	\$ 310.2
Less: Refunds of Taxes	(1,879.5)	(1,954.5)	(75.0)
Earned Income Tax Credit	(191.6)	(191.6)	-
R & D Credit Exchange	(7.5)	(9.5)	(2.0)
TOTAL - TAXES - NET	\$ 19,982.1	\$ 20,215.3	\$ 233.2
OTHER REVENUE			
Transfers - Special Revenue	\$ 406.5	\$ 377.5	\$ (29.0)
Indian Gaming Payments	283.7	305.4	21.7
Licenses, Permits, Fees	356.5	371.5	15.0
Sales of Commodities and Services	16.9	17.9	1.0
Rents, Fines, Escheats	172.9	268.5	95.6
Investment Income	198.9	293.9	95.0
Miscellaneous	153.2	179.7	26.5
Refunds of Payments	(85.7)	(95.7)	(10.0)
TOTAL - OTHER REVENUE	\$ 1,502.9	\$ 1,718.7	\$ 215.8
OTHER SOURCES			
Federal Grants	\$ 1,867.8	\$ 2,033.5	\$ 165.7
Transfer from Tobacco Settlement Fund	108.4	99.0	(9.4)
Transfers From/(To) Other Funds	(272.7)	(383.2)	(110.5)
Transfers to BRF - Volatility Adjustment ^{2.}	(683.2)	(1,123.5)	(440.3)
TOTAL - OTHER SOURCES	\$ 1,020.3	\$ 625.8	\$ (394.5)
TOTAL - GENERAL FUND REVENUE	\$ 22,505.3	\$ 22,559.8	\$ 54.5

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 May 31, 2024

State Comptroller - Miscellaneous	\$ 59,000,000
Total	<u>\$ 59,000,000</u>

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

Unallocated Lapse	\$	-
Unallocated Lapse - Judicial		-
Reflect Historical Staffing		-
Legislative Management		3,083,500
Auditors of Public Accounts		250,000
Commission on Women, Children, Seniors, Equity and Opportunity		30,000
Governor's Office		370,000
Elections Enforcement Commission		150,000
Office of State Ethics		30,000
Freedom of Information Commission		350,000
State Treasurer		175,000
Office of Governmental Accountability		238,000
Department of Administrative Services		1,000,000
Attorney General		900,000
Department of Emergency Services and Public Protection		900,000
Military Department		110,822
Department of Consumer Protection		1,000,000
Department of Labor		100,887
Commission on Human Rights and Opportunities		218,070
Department of Agriculture		600,000
Department of Economic and Community Development		800,000
Agricultural Experiment Station		50,000
Department of Public Health		834,075
Office of Health Strategy		2,750,000
Department of Developmental Services		100,000
Department of Aging and Disability Services		1,510,000
Department of Education		1,767,295
Office of Higher Education		374,011
Teachers' Retirement Board		310,000
Department of Correction		2,130,549
Department of Children and Families		6,618,874
Public Defender Services Commission		500,000
Debt Service - State Treasurer		21,392,057
State Comptroller - Fringe Benefits		3,438,898
Workers' Compensation Claims - DAS		239,824
Total	\$	<u>52,321,862</u>

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

	Budget Plan ¹ .	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	Revised March 2024	April 2024	May 2024	June 2024
REVENUE	\$22,505.3	\$ 22,505.3	\$22,586.8	\$ 22,586.8	\$ 22,529.7	\$ 22,529.7	\$ 22,499.9	\$ 22,499.9	\$22,443.2	\$ 22,613.5	\$ 22,528.5	\$ 22,559.8	
Appropriations	22,239.3	22,239.3	22,239.3	22,239.3	22,239.3	22,239.3	22,239.3	22,239.3	22,239.3	22,239.3	22,328.6	22,328.6	
Additional Requirements	0.0	9.5	196.7	269.1	270.2	260.9	284.8	287.7	312.1	331.5	56.0	59.0	
Less: Estimated Lapses	<u>(133.7)</u>	<u>(133.7)</u>	<u>(133.7)</u>	<u>(133.7)</u>	<u>(133.7)</u>	<u>(148.5)</u>	<u>(191.0)</u>	<u>(195.0)</u>	<u>(216.9)</u>	<u>(213.9)</u>	<u>(37.5)</u>	<u>(52.3)</u>	
TOTAL - Estimated Expenditures	22,105.6	22,115.1	22,302.3	22,374.7	22,375.8	22,351.7	22,333.2	22,332.0	22,334.5	22,356.8	22,347.0	22,335.2	0.0
Operating Balance	399.7	390.2	284.5	212.1	153.9	178.0	166.7	167.9	108.7	256.7	181.5	224.6	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 - 6/30/24	\$399.7	\$390.2	\$284.5	\$212.1	\$153.9	\$178.0	\$166.7	\$167.9	\$108.7	\$256.7	\$181.5	\$224.6	\$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 May 31, 2024
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2023	\$ 670.0	\$ 679.1	\$ 9.1
REVENUE			
Taxes	\$ 1,940.3	\$ 1,907.1	\$ (33.2)
Less: Refunds of Taxes	<u>(16.9)</u>	<u>(11.4)</u>	<u>5.5</u>
Taxes - Net	1,923.4	1,895.7	(27.7)
Other Revenue	<u>429.2</u>	<u>498.8</u>	<u>69.6</u>
TOTAL - Revenue	\$ 2,352.6	\$ 2,394.5	\$ 41.9
EXPENDITURES			
Appropriations	\$ 2,160.4	\$ 2,160.4	\$ -
Prior Year Appropriations Continued to FY 2024 ^{2.}		<u>80.9</u>	<u>80.9</u>
TOTAL Initial and Continued Appropriations	\$ 2,160.4	\$ 2,241.3	\$ 80.9
Appropriation Adjustments	<u>-</u>	<u>(15.8)</u>	<u>(15.8)</u>
TOTAL Adjusted Appropriations	\$ 2,160.4	\$ 2,225.6	\$ 65.2
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(12.0)	(27.1)	(15.1)
Estimated Appropriations to be Continued to FY 2025 ^{2.}		<u>(140.4)</u>	<u>(140.4)</u>
TOTAL Estimated Expenditures	\$ 2,148.4	\$ 2,058.1	\$ (90.3)
Net Change in Fund Balance - Continuing Appropriations		59.5	59.5
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - FY 2024	\$ 204.2	\$ 277.0	\$ 72.8
Estimated Fund Balance - June 30, 2024	<u>\$ 874.2</u>	<u>\$ 956.1</u>	<u>\$ 81.9</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 May 31, 2024
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Motor Fuels	\$ 495.6	\$ 504.4	\$ 8.8
Oil Companies	387.0	372.0	(15.0)
Sales & Use Tax	860.2	856.2	(4.0)
Sales Tax DMV	107.5	114.5	7.0
Highway Use	90.0	60.0	(30.0)
TOTAL - TAXES	<u>1,940.3</u>	<u>1,907.1</u>	<u>(33.2)</u>
Less: Refunds of Taxes	(16.9)	(11.4)	5.5
TOTAL - TAXES - NET	<u>\$ 1,923.4</u>	<u>\$ 1,895.7</u>	<u>\$ (27.7)</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 254.1	\$ 278.9	\$ 24.8
Licenses, Permits, Fees	123.7	141.2	17.5
Interest Income	59.3	86.3	27.0
Federal Grants	9.2	9.2	-
Transfers (To)/From Other Funds	(13.5)	(5.5)	8.0
Refunds of Payments	(3.6)	(11.3)	(7.7)
TOTAL - OTHER REVENUE	<u>\$ 429.2</u>	<u>\$ 498.8</u>	<u>\$ 69.6</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 2,352.6</u>	<u>\$ 2,394.5</u>	<u>\$ 41.9</u>

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

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

No additional requirements

Total

\$ -

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

Unallocated Lapse	\$	-
Office of Policy and Management		132,597
Department of Motor Vehicles		500,000
Department of Transportation		340,662
Debt Service - State Treasurer		24,028,311
State Comptroller - Fringe Benefits		2,114,337
Workers' Compensation Claims - DAS		3,249
Total	\$	<u>27,119,156</u>

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

	Budget Plan ¹	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	Revised March 2024	April 2024	May 2024	June 2024
Beginning Balance ²	\$ 670.0	\$ 670.0	\$ 670.0	\$ 670.0	\$ 670.0	\$ 670.0	\$ 670.0	\$ 679.1	\$ 679.1	\$ 679.1	\$ 679.1	\$ 679.1	
Revenue	2,352.6	2,352.6	2,352.6	2,352.6	2,341.1	2,341.1	2,367.1	2,367.1	2,370.1	2,404.5	2,404.5	2,394.5	
Total Available	3,022.6	3,022.6	3,022.6	3,022.6	3,011.1	3,011.1	3,037.1	3,046.2	3,049.2	3,083.6	3,049.2	3,073.6	0.0
Appropriations	2,160.4	2,160.4	2,160.4	2,160.4	2,160.4	2,160.4	2,160.4	2,160.4	2,160.4	2,160.4	2,144.7	2,144.7	
Additional Requirements	0.0	0.0	0.0	0.3	3.6	3.5	3.5	3.5	5.3	5.8	0.0	0.0	
Less: Estimated Lapses	(12.0)	(12.0)	(12.0)	(12.0)	(31.3)	(33.1)	(37.8)	(37.5)	(25.1)	(42.3)	(22.9)	(27.1)	
TOTAL - Estimated Expenditures	2,148.4	2,148.4	2,148.4	2,148.7	2,132.7	2,130.8	2,126.1	2,126.5	2,140.6	2,123.9	2,121.8	2,117.5	0.0
Operating Balance	204.2	204.2	204.2	203.9	208.4	210.3	241.0	240.7	229.5	280.6	282.7	277.0	0.0
Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Estimated Operating Balance 6/30/24	\$874.2	\$874.2	\$874.2	\$873.9	\$878.4	\$880.3	\$911.0	\$919.8	\$908.7	\$959.8	\$961.9	\$956.1	\$0.0

1. P.A. 23-204.

2. Budget plan and July - December as estimated by the Office of Policy and Management. January - June per Comptroller's year-end report