



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

October 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	Sep. Estimate	Oct. Estimate	Change in Estimate - Oct. vs. Sep.	Oct. Est. Variance from Budget
<b><u>General Fund</u></b>					
Revenues	\$ 22,505.3	\$ 22,586.8	\$ 22,586.8	\$ -	\$ 81.5
Expenditures	<u>22,105.6</u>	<u>22,302.3</u>	<u>22,374.7</u>	<u>72.4</u>	<u>269.1</u>
Operating Results - Surplus/(Deficit)	\$ 399.7	\$ 284.5	\$ 212.1	\$ (72.4)	\$ (187.6)
<b><u>Budget Reserve Fund</u></b>					
Deposits		\$ 967.7	\$ 895.3	\$ (72.4)	
Withdrawals		<u>(1,918.1)</u>	<u>(1,870.5)</u> <sup>1</sup>	<u>47.6</u>	
Proj. Net Deposit/(Withdrawal) 6/30		\$ (950.4)	\$ (975.2)	\$ (24.8)	
<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>2,148.7</u>	<u>0.3</u>	<u>0.3</u>
Operating Results - Surplus/(Deficit)	\$ 204.2	\$ 204.2	\$ 203.9	\$ (0.3)	\$ (0.3)
Proj. Fund Balance 6/30		\$ 874.2	\$ 873.9	\$ (0.3)	
Notes:					
1. BRF withdrawal includes the projected transfer out of \$1,870.3 million in FY 2024 pursuant to Sec. 4-30a, CGS, as the FY 2023 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 2024 budget anticipated a \$399.7 million balance at year end – 1.8% of General Fund appropriations. We currently project a surplus of \$212.1 million, \$187.6 million below the budgeted amount and \$72.4 million below last month’s estimate, largely as a result of an increase in anticipated expenditure requirements within the Department of Social Services’ Medicaid account.

### 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 \$4.21 billion, or 19.1% of net General Fund appropriations for the current year and 18.5% of adopted FY 2025 appropriations. Since this projected balance would exceed the statutory 15% floor for the Budget Reserve Fund by approximately \$790 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 (OSC 9/30/23 Est.)	\$ 5,186.3
Deposit to SERS/TRS pursuant to Sec. 4-30a, C.G.S. (OSC 9/30/23 Est.)	\$ (1,870.5)
Projected Operating Surplus - FY 2024 (OPM 10/20/23 Est.)	\$ 212.1
Volatility Cap Deposit - FY 2024 (OPM 10/20/23 Est.)	\$ 683.2
Estimated BRF Ending Balance - FY 2024	\$ 4,211.2
BRF as % of current year GF appropriations	19.1%

### Revenues

No change in General Fund revenues is forecast this month. Note that my office and the Office of Fiscal Analysis will jointly release a consensus forecast next month which could materially alter our projections.

### Expenditures

We forecast that FY 2024 net expenditures will, in aggregate, be \$269.1 million above the level anticipated in the adopted budget and \$72.4 million above last month’s projection. 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 net shortfall of \$113.9 million is anticipated. A \$120.0 million deficit is forecast in the Medicaid account as a result of several factors including the cost of Medicare Part D clawback billing by the federal government pursuant to the *Carr v. Becerra* federal court decision as well as costs associated with the transition to a new fiscal intermediary and a shift in costs for undocumented individuals from the HUSKY B account to the Medicaid account which results in a forecast surplus in the HUSKY B account of \$15.4 million. We also project shortfalls of \$4.3 million in Aid to the Disabled and \$2.8 million in State Administered General Assistance due to higher caseload

and costs per case than had been budgeted, \$1.4 million in Connecticut Home Care Program primarily due to higher caseloads, and \$800,000 in Temporary Family Assistance primarily due to higher costs per case.

- Department of Mental Health and Addiction Services. A \$10.0 million shortfall is projected, with \$6.0 million in the Other Expenses account as a result of higher than anticipated food, utilities and maintenance costs and \$4.0 million in the Professional Services account due to the cost of contracted doctors and nurses needed to cover staffing vacancies.
- Department of Correction. A net shortfall of \$18.0 million is forecast. With \$15 million in the Other Expenses account and \$5 million in the Inmate Medical Services account primarily due to inflationary increases in fixed costs and pharmaceuticals. Partially offsetting those shortfalls are forecast lapses of \$1.0 million in both the Board of Pardons and Paroles and Community Support Services accounts.
- State Comptroller – Miscellaneous. We estimate \$36.7 million in expenditures for Adjudicated Claims including the anticipated settlement of two claims against the State for wrongful conviction totaling \$25.2 million, assuming approval by the General Assembly. No appropriation was made in the enacted budget for payment of these claims.
- State Comptroller – Fringe Benefits. A net shortfall of \$90.5 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, an \$18.0 million shortfall is forecast in the Other Post Employment Benefits account as a result of a decrease in the ARP and SERS recovery rates. Partially offsetting those amounts are forecast lapses of \$1.0 million in the Unemployment Compensation account and \$1.5 million in the SERS Defined Contribution Match account.

*Lapses:* Public Act 23-204 included bottom-line savings targets totaling \$133.7 million. We project that aggregate lapses will remain in line with that budgeted amount; in addition to funds withheld from agencies as part of the rollout of the FY 2024 budget, the lapses identified below are anticipated to partially satisfy the budgeted unallocated lapse.

- Office of Legislative Management. A \$2.0 million lapse is projected in the Personal Services account.
- Secretary of State. A \$450,000 lapse is forecast in the Personal Services account.
- Department of Revenue Services. An \$8.0 million lapse is forecast in the Personal Services account.
- Office of Higher Education. A \$300,000 lapse is forecast in the Other Expenses account as a result of the transfer of responsibility for certain Information Technology contracts to the Department of Administrative Services.
- Teachers' Retirement Board. A \$500,000 lapse is forecast in the Municipal Retiree Health Insurance account due to enrollment.
- Public Defender Services Commission. A total lapse of \$1.375 million is forecast, with \$1.172 million in the Assigned Counsel – Criminal account and \$203,000 in the Expert Witness account as a result of decreases in the number of costly jury trials.

**Special Transportation Fund**

The adopted budget anticipated a \$204.2 million balance from operations. We currently forecast an operating balance of \$203.9 million, \$300,000 less than the budgeted figure and attributable to anticipated expenditure requirements in the Other Post Employment Benefits account within the Comptroller's Fringe Benefits accounts. We do not currently forecast any deviation from the adopted budget for revenues, although my office and the Office of Fiscal Analysis will jointly release a consensus forecast next month which could materially alter our projections.

We project that the Transportation Fund balance on June 30, 2024, will be \$873.9 million.

As the year progresses, 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 September 30, 2023  
(In Millions)

**General Fund**

Balance from Operations - Prior Month		\$	284.5
Revenues			
No changes	0.0		0.0
Expenditures			
Additional Requirements	(72.4)		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	0.0		(72.4)
Operating Surplus - FY 2024			212.1

**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	212.1		(1,022.7)
Estimated Fund Balance - June 30, 2024		\$	4,211.2
Fund Balance as Percentage of FY 2024 General Fund			19.1%

**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	(0.3)		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	0.0		(0.3)
Estimated Fund Balance - June 30, 2024		\$	873.9

State of Connecticut  
General Fund  
Statement of FY 2024 Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2024  
As of September 30, 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		269.1	269.1
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>\$ 23,203.8</b>	<b>\$ 1,098.2</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>\$ 212.1</b>	<b>\$ (187.6)</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 September 30, 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 September 30, 2023

Department of Mental Health and Addiction Services	\$ 10,000,000
Department of Social Services	113,900,000
Department of Correction	18,000,000
State Comptroller - Miscellaneous	36,700,000
State Comptroller - Fringe Benefits	90,500,000
Total	<u>\$ 269,100,000</u>



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

Unallocated Lapse	\$ 36,090,570
Unallocated Lapse - Judicial	5,000,000
Reflect Historical Staffing	80,000,000
Legislative Management	2,000,000
Secretary of the State	450,000
Department of Revenue Services	8,000,000
Office of Higher Education	300,000
Teachers' Retirement Board	500,000
Public Defender Services Commission	1,375,000
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	\$22,586.8									
Appropriations	22,239.3	22,239.3	22,239.3	22,239.3									
Additional Requirements	0.0	9.5	196.7	269.1									
Less: Estimated Lapses	<u>(133.7)</u>	<u>(133.7)</u>	<u>(133.7)</u>	<u>(133.7)</u>									
TOTAL - Estimated Expenditures	22,105.6	22,115.1	22,302.3	22,374.7	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	212.1	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>	<u>0.0</u>	<u>0.0</u>									
Est. Operating Balance - 6/30/24	\$399.7	\$390.2	\$284.5	\$212.1	\$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 September 30, 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		0.3	0.3
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>\$ 2,229.6</b>	<b>\$ 81.2</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>\$ 203.9</b>	<b>\$ (0.3)</b>
Estimated Fund Balance - June 30, 2024	<u>\$ 874.2</u>	<u>\$ 873.9</u>	<u>\$ (0.3)</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 September 30, 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  
October 20, 2023

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

State Comptroller - Fringe Benefits	\$ 300,000
Total	<u>\$ 300,000</u>

Statement 4T  
October 20, 2023

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

Unallocated Lapse	\$ 500,000
Department of Motor Vehicles	5,000,000
Department of Transportation	6,500,000
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	\$ 670.0									
Revenue	2,352.6	2,352.6	2,352.6	2,352.6									
Total Available	3,022.6	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
Appropriations	2,160.4	2,160.4	2,160.4	2,160.4									
Additional Requirements	0.0	0.0	0.0	0.3									
Less: Estimated Lapses	(12.0)	(12.0)	(12.0)	(12.0)									
TOTAL - Estimated Expenditures	2,148.4	2,148.4	2,148.4	2,148.7	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	203.9	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	0.0									
Estimated Operating Balance 6/30/24	\$874.2	\$874.2	\$874.2	\$873.9	\$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.