



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

August 20, 2013

The Honorable Kevin Lembo  
State Comptroller  
55 Elm Street  
Hartford, Connecticut 06106

Dear Comptroller Lembo:

The following information on the State's General Fund for fiscal year 2014 is provided in accordance with Section 4-66 of the General Statutes. In addition, an analysis of the Special Transportation Fund is included due to the significant nature of this fund. Consistent with Executive Order No. 1, issued January 5, 2011, these projections reflect the state's estimated year-end balance in accordance with Generally Accepted Accounting Principles (GAAP).

### General Fund

The adopted budget includes a \$4.4 million balance from operations. At this time we estimate that both revenues and expenditures will be consistent with the adopted budget. However, two significant issues will require close monitoring over the coming months and may impact future expenditure projections. First, based on limited data year-to-date, expenditure trends in the Medicaid program appear to be on track to exceed projected levels. This is especially challenging given the savings expectations built into the enacted budget for this program. Second, implementation of the Affordable Care Act in January could impact health care expenditures in the Department of Social Services and in other agencies, to the extent that actual costs deviate from the projections used in constructing the budget. We will continue to evaluate the effects of both of these issues and will adjust future projections accordingly.

### Special Transportation Fund

Estimated revenues and expenditures remain unchanged relative to the adopted budget. We anticipate the fund balance on June 30, 2014 to be \$166.4 million.

It is important to note that this represents the first projection of the state's General Fund and Transportation Fund positions for FY 2014. As the year progresses, these estimates will be adjusted to reflect the impact of changes in the economy, expenditure patterns, and/or other factors.

Sincerely,

A handwritten signature in cursive script, appearing to read "Benjamin Barnes".

Benjamin Barnes  
Secretary

Summary  
August 20, 2013

State of Connecticut  
Summary of Changes  
General Fund and Special Transportation Fund  
Projected to June 30, 2014  
As of July 31, 2013  
(In Millions)

**General Fund**

Balance from Operations - Adopted Budget		\$	4.4
Revenues			
No Changes	0.0		0.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	0.0		0.0
Estimated Balance from Operations - June 30, 2014		\$	4.4

**Special Transportation Fund**

Fund Balance as of June 30, 2013		\$	165.9
Balance from Operations - Adopted Budget			0.5
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, 2014		\$	166.4

State of Connecticut  
General Fund  
Statement of Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2014  
As of July 31, 2013  
(In Millions)

	General Assembly Budget Plan	Revised Estimates OPM	Over/ (Under)
<b>REVENUE</b>			
Taxes	\$ 15,517.5	\$ 15,517.5	\$ -
Less: Refunds	(1,183.5)	(1,183.5)	-
Taxes - Net	\$ 14,334.0	\$ 14,334.0	\$ -
Other Revenue	1,153.7	1,153.7	-
Other Sources <sup>1</sup>	1,705.4	1,705.4	-
<b>TOTAL Revenue</b>	<b>\$ 17,193.1</b>	<b>\$ 17,193.1</b>	<b>\$ -</b>
<b>EXPENDITURES</b>			
Initial Current Year Appropriations <sup>1,2</sup>	\$ 17,361.4	\$ 17,361.4	\$ -
Prior Year Appropriations Continued to FY 2014 <sup>3</sup>		112.4	112.4
<b>TOTAL Initial and Continued Appropriations</b>	<b>\$ 17,361.4</b>	<b>\$ 17,473.8</b>	<b>\$ 112.4</b>
Appropriation Adjustments	-	-	-
<b>TOTAL Adjusted Appropriations</b>	<b>\$ 17,361.4</b>	<b>\$ 17,473.8</b>	<b>\$ 112.4</b>
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(172.6)	(172.6)	-
Estimated Appropriations to be Continued to FY 2015		-	-
<b>TOTAL Estimated Expenditures</b>	<b>\$ 17,188.7</b>	<b>\$ 17,301.1</b>	<b>\$ 112.4</b>
Net Change in Fund Balances - Continuing Appropriations	-	(112.4)	(112.4)
Miscellaneous Adjustments	-	-	-
<b>Net Change in Unassigned Fund Balance - 6/30/2014</b>	<b>\$ 4.4</b>	<b>\$ 4.4</b>	<b>\$ -</b>

1. Note that, in a departure from the budgets enacted in previous years, the adopted budget "net appropriates" the Medicaid account in the Department of Social Services. This change in practice makes Connecticut's budget treatment of Medicaid consistent with the budgets of other states. A total of \$2,768.7 million was removed from both budgeted revenues and appropriations to accomplish this transition.

2. P.A. 13-184, as amended by P.A. 13-247.

3. P.A. 13-184, as amended by P.A. 13-247, and other statutory provisions.

State of Connecticut  
General Fund  
Revenue Estimates  
Projected to June 30, 2014  
As of July 31, 2013  
(In Millions)

	General Assembly <u>Budget Plan</u>	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
<b>TAXES</b>			
Personal Income	\$ 8,808.8	\$ 8,808.8	\$ -
Sales and Use	4,044.0	4,044.0	-
Corporation	723.5	723.5	-
Public Service Corporations	279.6	279.6	-
Inheritance and Estate	173.2	173.2	-
Insurance Companies	271.2	271.2	-
Cigarettes	390.4	390.4	-
Real Estate Conveyance	143.8	143.8	-
Oil Companies	36.8	36.8	-
Electric Generation	17.5	17.5	-
Alcoholic Beverages	59.8	59.8	-
Admissions and Dues	37.0	37.0	-
Health Provider Tax	512.0	512.0	-
Miscellaneous	19.9	19.9	-
<b>TOTAL - TAXES</b>	<b>\$ 15,517.5</b>	<b>\$ 15,517.5</b>	<b>\$ -</b>
Less: Refunds of Taxes	(1,073.5)	(1,073.5)	-
Earned Income Tax Credit	(104.5)	(104.5)	-
R & D Credit Exchange	(5.5)	(5.5)	-
<b>TOTAL - TAXES - NET</b>	<b>\$ 14,334.0</b>	<b>\$ 14,334.0</b>	<b>\$ -</b>
<b>OTHER REVENUE</b>			
Transfers - Special Revenue	\$ 313.9	\$ 313.9	\$ -
Indian Gaming Payments	285.3	285.3	-
Licenses, Permits, Fees	301.2	301.2	-
Sales of Commodities and Services	38.2	38.2	-
Rents, Fines, Escheats	114.5	114.5	-
Investment Income	1.3	1.3	-
Miscellaneous	169.1	169.1	-
Refunds of Payments	(69.8)	(69.8)	-
<b>TOTAL - OTHER REVENUE</b>	<b>\$ 1,153.7</b>	<b>\$ 1,153.7</b>	<b>\$ -</b>
<b>OTHER SOURCES</b>			
Federal Grants	\$ 1,312.7	\$ 1,312.7	\$ -
Transfer from Tobacco Settlement Fund	107.0	107.0	-
Transfers to Other Funds	285.7	285.7	-
<b>TOTAL - OTHER SOURCES</b>	<b>\$ 1,705.4</b>	<b>\$ 1,705.4</b>	<b>\$ -</b>
<b>TOTAL - GENERAL FUND REVENUE</b>	<b>\$ 17,193.1</b>	<b>\$ 17,193.1</b>	<b>\$ -</b>

Statement 3  
August 20, 2013

State of Connecticut - General Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2014  
As of July 31, 2013

No Additional Requirements	\$ -
Total	<u><u>\$ -</u></u>

Statement 4  
August 20, 2013

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2014  
As of July 31, 2013

Unallocated Lapse	\$ 91,676,192
Unallocated Lapse - Legislative	3,028,105
Unallocated Lapse - Judicial	7,400,672
General Other Expenses Reductions - Legislative	140,000
General Other Expenses Reductions - Executive	3,312,000
General Other Expenses Reductions - Judicial	548,000
General Lapse - Legislative	56,251
General Lapse - Executive	13,785,503
General Lapse - Judicial	401,946
GAAP Lapse	5,500,000
Transfer GAAP Funding	40,000,000
Statewide Hiring Reduction - Legislative	190,309
Statewide Hiring Reduction - Executive	5,478,184
Statewide Hiring Reduction - Judicial	1,128,261
Total	<u><u>\$ 172,645,423</u></u>

State of Connecticut  
2013-14 General Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
REVENUE	\$17,193.1	\$ 17,193.1											
Appropriations	17,361.4	17,361.4											
Additional Requirements	0.0	0.0											
Less: Estimated Lapses	(172.6)	(172.6)											
TOTAL - Estimated Expenditures	17,188.7	17,188.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	4.4	4.4											
Misc. Adjustments/Rounding	0.0	0.0											
Est. Balance from Operations - 6/30/14	\$4.4	\$4.4	\$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. 13-184, as amended by P.A. 13-247.

Statement 1T  
August 20, 2013

State of Connecticut  
Special Transportation Fund  
Analysis of Budget Plan  
Projected to June 30, 2014  
As of July 31, 2013  
(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, 2013 <sup>2</sup>	\$ 165.9	\$ 165.9	\$ -
REVENUE			
Taxes	\$ 962.0	\$ 962.0	\$ -
Less: Refunds of Taxes	<u>(6.5)</u>	<u>(6.5)</u>	<u>-</u>
Taxes - Net	955.5	955.5	-
Other Revenue	<u>288.2</u>	<u>288.2</u>	<u>-</u>
TOTAL - Revenue	\$ 1,243.7	\$ 1,243.7	\$ -
EXPENDITURES			
Appropriations	\$ 1,254.2	\$ 1,254.2	\$ -
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>-</u>
TOTAL - Expenditures	\$ 1,243.2	\$ 1,243.2	\$ -
Balance from Operations	\$ 0.5	\$ 0.5	\$ -
Miscellaneous Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Estimated Fund Balance - June 30, 2014	<u>\$ 166.4</u>	<u>\$ 166.4</u>	<u>\$ -</u>

1. P.A. 13-184.

2. As estimated by the Office of Policy and Management.



Statement 2T  
August 20, 2013

State of Connecticut  
Special Transportation Fund  
Revenue Estimates  
Projected to June 30, 2014  
As of July 31, 2013  
(In Millions)

	<u>General Assembly Budget Plan</u>	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
TAXES			
Motor Fuels	\$ 502.9	\$ 502.9	\$ -
Oil Companies	380.7	380.7	-
Sales Tax DMV	78.4	78.4	-
TOTAL - TAXES	<u>962.0</u>	<u>962.0</u>	<u>-</u>
Less: Refunds of Taxes	(6.5)	(6.5)	-
TOTAL - TAXES - NET	<u>\$ 955.5</u>	<u>\$ 955.5</u>	<u>\$ -</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 234.0	\$ 234.0	\$ -
Licenses, Permits, Fees	138.5	138.5	-
Interest Income	3.8	3.8	-
Federal Grants	13.1	13.1	-
Transfers (To)/From Other Funds	(98.0)	(98.0)	-
Refunds of Payments	(3.2)	(3.2)	-
TOTAL - OTHER REVENUE	<u>\$ 288.2</u>	<u>\$ 288.2</u>	<u>\$ -</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$ 1,243.7	\$ 1,243.7	\$ -

Statement 3T  
August 20, 2013

State of Connecticut  
Special Transportation Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2014  
As of July 31, 2013

No Additional Requirements	\$ -
Total	<u>\$ -</u>

Statement 4T  
August 20, 2013

State of Connecticut  
Special Transportation Fund  
Estimated Lapses  
Projected to June 30, 2014  
As of July 31, 2013

Unallocated Lapse	\$ 11,000,000
Total	<u>\$ 11,000,000</u>

State of Connecticut  
2013-14 Special Transportation Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Beginning Balance <sup>2</sup>	\$ 165.9	\$ 165.9											
Revenue	<u>1,243.7</u>	<u>1,243.7</u>											
Total Available	1,409.6	1,409.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	1,243.2	1,243.2											
Additional Requirements	0.0	0.0											
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>											
TOTAL - Estimated Expenditures	1,232.2	1,232.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Compt's Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>											
Estimated Balance 6/30/14	\$166.4	\$166.4	\$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. 13-184.

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