

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

June 19, 2015

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 2015 is provided in accordance with Section 4-66 of the General Statutes. An analysis of the Special Transportation Fund is also included due to the significant nature of the fund. Note that our projections reflect the state's estimated year-end balance from operations in accordance with Generally Accepted Accounting Principles (GAAP).

General Fund

The Office of Policy and Management is projecting a \$115.7 million General Fund deficit for Fiscal Year 2015, an improvement of \$49.2 million from last month's estimate. This is largely due to improved revenue projections as explained further below. Note that our estimates include the impact of fund transfers and deficiency appropriations included in Public Act 15-244 (the budget bill for the upcoming biennium), and assume the bill will be signed into law. In accordance with existing law, any remaining deficit will be extinguished via transfer from the Budget Reserve Fund as part of the process of closing out the fiscal year.

Revenues

Revenues this month are being revised upward by \$48.6 million compared to last month's estimate. The largest change is in the Corporation Tax, up \$44.0 million as June estimated payments came in significantly above target and the year-end total projected in last month's letter has already been achieved. Rents, Fines, and Escheats have been revised upward by \$36.0 million due to the escheating of certain high value securities and escheats from the insurance industry. The Health Provider Tax has been revised upward \$10.0 million as collections in the month of May were atypically high. Refunds of Taxes has been reduced by \$10.0 million as the state has issued fewer non-income tax refunds. The largest negative change is in the Personal Income Tax, down \$35.0 million, due primarily to weaker than anticipated estimated payments received thus far in June. Miscellaneous Taxes have been revised downward by \$14.7 million as revenue received under the "tax gap initiative" has been reflected in those tax types under which collections were received. These revenue estimates include \$8.6 million in various fund transfers that are contained in P.A. 15-244. All other revenue changes net to a negative \$10.3 million.

Expenditures

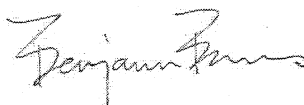
Overall, expenditures are projected to be \$25.6 million below the budget plan. As a result of deficiency appropriations in Public Act 15-244 and transfers approved by the Finance Advisory Committee on June 11th, no remaining additional requirements are projected this year. Statement 4, attached, lists total projected lapses by agency, as well as any remaining funds held back from allotment. We are projecting achievement of all budgeted lapses by year end. Our expenditure estimates also reflect sums projected to carry forward from FY 2015 into FY 2016 in accordance with statutory provisions and P.A. 15-244.

Special Transportation Fund

We project a \$10.4 million operating surplus in the Special Transportation Fund, an improvement of \$8.2 million from the level reported last month. Revenue is being revised upward by \$3.5 million. The largest change is in Motor Vehicle Receipts as collections continue to outperform their target. As a result of deficiency appropriations included in Public Act 15-244 and transfers approved at the June 11th meeting of the Finance Advisory Committee, no remaining additional requirements are projected this year. Our expenditure estimates also reflect sums projected to carry forward from FY 2015 into FY 2016 in accordance with statutory provisions. The fund balance on June 30, 2015 is estimated to be \$179.4 million.

As always, it is important to note that while these projections are the best that can be made at this time, adjustments may be needed as the fiscal year concludes and the year end closing process commences.

Sincerely,



Benjamin Barnes
Secretary

Summary
June 19, 2015

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2015
As of May 31, 2015
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	(164.9)
Revenues			
Corporation Tax	44.0		
Rents, Fines and Escheats	36.0		
Personal Income Tax	(35.0)		
Health Provider Tax	10.0		
Refunds of Taxes	10.0		
Miscellaneous Taxes	(14.7)		
All other changes (net)	<u>(1.7)</u>		48.6
Expenditures			
Additional Requirements	125.0		
Estimated Lapses	(124.4)		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>0.6</u>
Estimated Balance from Operations - June 30, 2015		\$	<u>(115.7)</u>

Special Transportation Fund

Fund Balance as of June 30, 2014		\$	169.0
Balance from Operations - Prior Month			2.2
Revenues			
Motor Vehicle Receipts	3.0		
Interest Income	<u>0.5</u>		<u>3.5</u>
Expenditures			
P.A. 15-244 Deficiency Appropriations	20.4		
Additional Requirements	(20.4)		
Estimated Lapses	4.7		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>4.7</u>
Estimated Fund Balance - June 30, 2015		\$	<u>179.4</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2015
As of May 31, 2015
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM ³	Over/ (Under)
REVENUE			
Taxes	\$ 16,147.2	\$ 15,971.7	\$ (175.5)
Less: Refunds	(1,232.6)	(1,178.7)	53.9
Taxes - Net	\$ 14,914.6	\$ 14,793.0	\$ (121.6)
Other Revenue	1,109.3	1,207.9	98.6
Other Sources	1,434.1	1,315.5	(118.6)
TOTAL Revenue	\$ 17,458.0	\$ 17,316.4	\$ (141.7)
EXPENDITURES			
Initial Current Year Appropriations	\$ 17,589.8	\$ 17,589.8	\$ -
Prior Year Appropriations Continued to FY 2015 ²		85.9	85.9
TOTAL Initial and Continued Appropriations	\$ 17,589.8	\$ 17,675.7	\$ 85.9
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 17,589.8	\$ 17,675.7	\$ 85.9
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(132.1)	(157.7)	(25.6)
Estimated Appropriations to be Continued to FY 2016		48.3	48.3
TOTAL Estimated Expenditures	\$ 17,457.7	\$ 17,566.3	\$ 108.6
Net Change in Fund Balances - Continuing Appropriations	-	(134.2)	(134.2)
Miscellaneous Adjustments/Rounding	-	-	-
Net Change in Unassigned Fund Balance - 6/30/2015	\$ 0.3	\$ (115.7)	\$ (116.1)

1. P.A. 14-47, as amended by P.A. 14-217.

2. P.A. 14-47, as amended by P.A. 14-217, and other statutory provisions.

3. P.A. 15-244 sec. 52, 53, and 55.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2015
As of May 31, 2015
(In Millions)

	General Assembly Budget Plan	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income	\$ 9,264.5	\$ 9,164.0	\$(100.5)
Sales and Use	4,167.4	4,211.2	43.8
Corporation	704.3	800.0	95.7
Public Service Corporations	295.6	293.6	(2.0)
Inheritance and Estate	173.0	171.0	(2.0)
Insurance Companies	256.2	220.0	(36.2)
Cigarettes	360.9	354.4	(6.5)
Real Estate Conveyance	186.9	186.9	-
Oil Companies	34.8	-	(34.8)
Alcoholic Beverages	60.7	60.7	-
Admissions and Dues	38.3	38.3	-
Health Provider Tax	509.5	451.4	(58.1)
Miscellaneous	95.2	20.2	(75.0)
TOTAL - TAXES	\$ 16,147.2	\$ 15,971.7	\$(175.5)
Less: Refunds of Taxes	(1,105.1)	(1,050.1)	55.0
Earned Income Tax Credit	(120.7)	(120.7)	-
R & D Credit Exchange	(6.8)	(7.9)	(1.1)
TOTAL - TAXES - NET	\$ 14,914.6	\$ 14,793.0	\$(121.6)
OTHER REVENUE			
Transfers - Special Revenue	\$ 323.1	\$ 325.1	\$ 2.0
Indian Gaming Payments	278.5	265.5	(13.0)
Licenses, Permits, Fees	256.2	290.1	33.9
Sales of Commodities and Services	43.5	36.5	(7.0)
Rents, Fines, Escheats	118.4	160.4	42.0
Investment Income	0.6	1.3	0.7
Miscellaneous	161.9	197.9	36.0
Refunds of Payments	(72.9)	(68.9)	4.0
TOTAL - OTHER REVENUE	\$ 1,109.3	\$ 1,207.9	\$ 98.6
OTHER SOURCES			
Federal Grants	\$ 1,299.6	\$ 1,226.1	\$ (73.5)
Transfer from Tobacco Settlement Fund	120.0	120.0	0.0
Transfers (from) / to Other Funds	14.6	23.2	8.7
Transfers to the Resources of the Special Trans. Fund	-	(53.8)	(53.8)
TOTAL - OTHER SOURCES	\$ 1,434.1	\$ 1,315.5	\$(118.6)
TOTAL - GENERAL FUND REVENUE	\$ 17,458.0	\$ 17,316.4	\$(141.7)

Statement 3
June 19, 2015

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2015
As of May 31, 2015

No Additional Requirements	0
Total	<u>\$ -</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2015
As of May 31, 2015

Unallocated Lapse	\$ -
Unallocated Lapse - Legislative	-
Unallocated Lapse - Judicial	1,000,000
General Lapse - Legislative	39,492
General Lapse - Executive	6,873,420
General Lapse - Judicial	282,192
Statewide Hiring Reduction - Legislative	280,000
Statewide Hiring Reduction - Executive	5,216,254
Statewide Hiring Reduction - Judicial	1,660,000
Municipal Opportunities and Regional Efficiencies Lapse	-
FY 2015 Governor's Rescissions	67,199,229
Office of Legislative Management	7,800,000
Auditors of Public Accounts	450,000
Office of the State Treasurer	200,000
Office of the State Comptroller	400,000
Department of Revenue Services	900,000
Office of Governmental Accountability	200,000
Office of Policy and Management	3,500,000
Department of Administrative Services	600,000
Office of the Attorney General	1,200,000
Department of Emergency Services and Public Protection	1,000,000
Military Department	200,000
Department of Consumer Protection	600,000
Department of Labor	1,200,000
Department of Energy and Environmental Protection	1,100,000
Department of Economic and Community Development	200,000
Department of Housing	5,400,000
Department of Public Health	1,700,000
Department of Developmental Services	400,000
Department of Mental Health and Addiction Services	2,800,000
Department of Social Services	7,900,000
State Department of Aging	200,000
Department of Rehabilitation Services	300,000
Department of Education	10,500,000
Office of Early Childhood	12,500,000
Office of Higher Education	200,000
Teachers Retirement Board	1,500,000
Department of Correction	1,000,000
Department of Children and Families	7,200,000
DAS - Workers Compensation Claims	900,000

Statement 4
June 19, 2015

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2015
As of May 31, 2015

OSC - Fringe Benefits

3,100,000

Total

\$ 157,700,587

State of Connecticut
2014-15 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	Updated March 2015	April 2015	May 2015	June 2015
Revenue	\$17,458.0	\$17,458.0	\$17,458.0	\$17,458.0	\$17,398.9	\$17,398.9	\$17,359.6	\$17,395.6	\$17,332.6	\$17,292.1	\$17,267.8	\$17,316.4	
Appropriations	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	17,589.8	
Additional Requirements	0.0	0.0	0.0	0.0	40.7	99.7	149.7	143.8	147.6	149.8	125.0	0.0	
Less: Estimated Lapses	(132.1)	(132.1)	(132.1)	(132.1)	(186.8)	(259.0)	(259.0)	(276.8)	(272.0)	(285.8)	(282.1)	(157.7)	
TOTAL - Estimated Expenditures	17,457.7	17,457.7	17,457.7	17,457.7	17,443.7	17,430.5	17,480.5	17,456.8	17,465.4	17,463.8	17,432.7	17,432.1	0.0
Balance from Operations	0.3	0.3	0.3	0.3	(44.8)	(31.6)	(120.9)	(61.2)	(132.8)	(161.7)	(164.9)	(115.7)	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	0.0
Est. Balance from Operations - 6/30/15	\$0.3	\$0.3	\$0.3	\$0.3	(\$44.8)	(\$31.6)	(\$120.9)	(\$61.2)	(\$132.8)	(\$161.7)	(\$164.9)	(\$115.7)	\$0.0

1. P.A. 14-47, as amended by P.A. 14-217.

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2015
As of May 31, 2015
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2014 ^{2.}	\$ 168.8	\$ 169.0	\$ 0.2
REVENUE			
Taxes	\$ 965.5	\$ 920.3	\$ (45.2)
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(7.2)</u>	<u>(0.6)</u>
Taxes - Net	958.9	913.1	(45.8)
Other Revenue	<u>369.4</u>	<u>434.1</u>	<u>64.7</u>
TOTAL - Revenue	\$ 1,328.3	\$ 1,347.2	\$ 18.9
EXPENDITURES			
Appropriations	\$ 1,332.6	\$ 1,332.6	\$ -
Appropriation Adjustments ^{3.}		\$ 20.4	
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(11.0)</u>	<u>(17.4)</u>	<u>(6.4)</u>
TOTAL - Expenditures	\$ 1,321.6	\$ 1,335.6	\$ 14.0
Balance from Operations	\$ 6.7	\$ 11.6	\$ 4.9
Miscellaneous Adjustments	<u>-</u>	<u>(1.2)</u>	<u>(1.2)</u>
Estimated Fund Balance - June 30, 2015	\$ <u>175.5</u>	\$ <u>179.4</u>	\$ <u>3.9</u>

1. P.A. 14-47, as amended by P.A. 14-217.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's September 30, 2014 letter.

3. P.A. 15-244 sec. 54.

Statement 2T
June 19, 2015

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2015
As of May 31, 2015
(In Millions)

	<u>General Assembly Budget Plan</u>	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
TAXES			
Motor Fuels	\$ 503.8	\$ 511.7	\$ 7.9
Oil Companies	379.1	325.3	(53.8)
Sales Tax DMV	82.6	83.3	0.7
TOTAL - TAXES	<u>965.5</u>	<u>920.3</u>	<u>(45.2)</u>
Less: Refunds of Taxes	(6.6)	(7.2)	(0.6)
TOTAL - TAXES - NET	<u>\$ 958.9</u>	<u>\$ 913.1</u>	<u>\$ (45.8)</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 238.1	\$ 247.6	\$ 9.5
Licenses, Permits, Fees	138.9	138.9	-
Interest Income	5.0	6.8	1.8
Federal Grants	12.1	12.1	-
Transfers (To)/From Other Funds	(21.5)	(21.5)	-
Transfers From the General Fund	-	53.8	53.8
Refunds of Payments	(3.2)	(3.6)	(0.4)
TOTAL - OTHER REVENUE	<u>\$ 369.4</u>	<u>\$ 434.1</u>	<u>\$ 64.7</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$ 1,328.3	\$ 1,347.2	\$ 18.9

Statement 3T
June 19, 2015

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2015
As of May 31, 2015

No Additional Requirements

0

Total

\$ -

Statement 4T
June 19, 2015

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2015
As of May 31, 2015

Department of Motor Vehicles	\$	200,000
Department of Transportation	\$	400,000
OSC - Fringe Benefits	\$	100,000
OTT - Debt Service	\$	16,700,000
Total	\$	<u>17,400,000</u>

State of Connecticut
2014-15 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	Updated March 2015	April 2015	May 2015	June 2015
Beginning Balance ²	\$ 168.8	\$ 168.8	\$ 173.5	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0
Revenue	1,328.3	1,328.3	1,330.5	1,330.5	1,335.4	1,335.4	1,339.1	1,339.1	1,339.1	1,340.7	1,343.7	1,347.2	1,347.2
Total Available	1,497.1	1,497.1	1,504.0	1,499.5	1,504.4	1,504.4	1,508.1	1,508.1	1,508.1	1,509.7	1,512.7	1,516.2	1,516.2
Appropriations ³	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,332.6	1,353.0
Additional Requirements	0.0	0.0	0.0	0.0	0.0	20.0	20.0	23.0	21.9	20.4	20.4	0.0	0.0
Less: Estimated Lapses	(11.0)	(11.0)	(11.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.7)	(12.7)	(12.7)	(17.4)	(17.4)
TOTAL - Estimated Expenditures	1,321.6	1,321.6	1,321.6	1,320.6	1,320.6	1,340.6	1,340.6	1,343.6	1,341.8	1,340.3	1,340.3	1,335.6	1,335.6
Balance from Operations	6.7	6.7	8.9	9.9	14.8	(5.2)	(1.5)	(4.5)	(2.7)	0.4	3.4	11.6	11.6
Misc. Adjustments/Rounding	0.0	0.0	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)	(1.2)
Estimated Balance 6/30/15	\$ 175.5	\$ 175.5	\$ 181.2	\$ 177.7	\$ 182.6	\$ 162.6	\$ 166.3	\$ 163.3	\$ 165.1	\$ 168.2	\$ 171.2	\$ 179.4	\$ 179.4
													\$ 0.0

1. P.A. 14-47, as amended by P.A. 14-217.

2. Budget Plan and the month of July as estimated by the Office of Policy and Management. August per the Comptroller's September 2, 2014 letter. September and thereafter per the Comptroller's September 30, 2014 letter.

3. P.A. 14-47, as amended by P.A. 14-217 and P.A. 15-244.