



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

June 20, 2016

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 2016 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. 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 \$315.8 million General Fund shortfall for Fiscal Year 2016, up \$56.7 million from the estimate provided to you last month, and primarily attributable to continued weakness in income tax collections. Note that our expenditure estimates include the impact of deficiency appropriations included in Public Act 16-2, May Special Session, as well as transfers approved by the Finance Advisory Committee on June 2<sup>nd</sup>. In accordance with existing law, the projected deficit would be extinguished via transfer from the Budget Reserve Fund as part of the process of closing out the fiscal year, and would reduce the current \$406.0 million balance in the Budget Reserve Fund to \$90.2 million, or just 0.5% of next year's adopted budget.

### Revenues

Projected revenues are revised downward by \$43.2 million compared to last month's estimate. The largest change is in the Personal Income Tax, down \$75.0 million due to weaker than anticipated performance in both the withholding and the estimates and finals components of the income tax. The Sales and Use Tax has been revised downward by \$28.2 million as collections continue to diverge from expected targets. Federal Grant revenue is increased by \$50 million to reflect federal funds drawn down this fiscal year. All other changes net to a positive \$10.0 million.

### Expenditures

In aggregate, expenditures are projected to be \$156.6 million below the originally adopted budget plan, a change of \$13.5 million from last month's estimate. As a result of deficiency appropriations in Public Act 16-2, May Spec. Sess., as well as transfers approved by the Finance Advisory Committee on June 2<sup>nd</sup>, 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.

### Special Transportation Fund

We are projecting that the Special Transportation Fund will end the year with an operating deficit of \$26.8 million, an increase of \$7.5 million over last month's projection. Transportation Fund revenues are being revised downward by \$15.2 million compared to last month's estimate. The largest change in Motor Vehicle Receipts, down \$7.0 million as this revenue source underperformed its target; all other changes net to a negative \$8.2 million. Partially offsetting these revenue changes is a \$7.7 million improvement in projected spending, including a \$4.0 million decrease in debt service requirements. As a result of transfers approved at the June 2<sup>nd</sup> meeting of the Finance Advisory Committee, no additional requirements are projected this year. Statement 4T, attached, lists funds projected to lapse at year end. The fund balance on June 30, 2016 is estimated to be \$153.2 million.

It is important to note that while this represents the best forecast that can be made at this time, adjustments may be needed as the fiscal year concludes and the year-end closing process commences.

Sincerely,

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

Benjamin Barnes  
Secretary

Summary  
June 20, 2016

State of Connecticut  
Summary of Changes from Prior Month  
General Fund and Special Transportation Fund  
Projected to June 30, 2016  
As of May 31, 2016  
(In Millions)

**General Fund**

Balance from Operations - Prior Month		\$	(259.1)
Revenues			
Personal Income Tax	(75.0)		
Sales and Use Tax	(28.2)		
Federal Grants	50.0		
All changes (net)	<u>10.0</u>		(43.2)
Expenditures			
Additional Requirements	66.4		
Estimated Lapses	(79.9)		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>(13.5)</u>
Estimated Balance from Operations - June 30, 2016		\$	<u>(315.8)</u>

**Special Transportation Fund**

Fund Balance as of June 30, 2015		\$	180.0
Balance from Operations - Prior Month			(19.3)
Revenues			
Motor Vehicle Receipts	(7.0)		
All changes (net)	<u>(8.2)</u>		<u>(15.2)</u>
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	7.7		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>7.7</u>
Estimated Fund Balance - June 30, 2016		\$	<u>153.2</u>

State of Connecticut  
General Fund  
Statement of Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2016  
As of May 31, 2016  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
<b>REVENUE</b>			
Taxes	\$ 16,936.5	\$ 16,372.7	\$ (563.8)
Less: Refunds	(1,224.9)	(1,233.4)	(8.5)
Taxes - Net	\$ 15,711.6	\$ 15,139.3	\$ (572.3)
Other Revenue	1,174.3	1,188.0	13.7
Other Sources	1,276.5	1,361.9	85.4
<b>TOTAL Revenue</b>	<b>\$ 18,162.4</b>	<b>\$ 17,689.2</b>	<b>\$ (473.2)</b>
<b>EXPENDITURES</b>			
Initial Current Year Appropriations	\$ 18,362.2	\$ 18,362.2	\$ -
Prior Year Appropriations Continued to FY 2016 <sup>2</sup>		64.9	64.9
<b>TOTAL Initial and Continued Appropriations</b>	<b>\$ 18,362.2</b>	<b>\$ 18,427.1</b>	<b>\$ 64.9</b>
Appropriation Adjustments	-	-	-
<b>TOTAL Adjusted Appropriations</b>	<b>\$ 18,362.2</b>	<b>\$ 18,427.1</b>	<b>\$ 64.9</b>
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(200.6)	(357.2)	(156.6)
Estimated Appropriations to be Continued to FY 2017		-	-
<b>TOTAL Estimated Expenditures</b>	<b>\$ 18,161.6</b>	<b>\$ 18,069.9</b>	<b>\$ (91.7)</b>
Net Change in Fund Balances - Continuing Appropriations	-	(64.9)	(64.9)
Miscellaneous Adjustments/Rounding	-	-	-
<b>Net Change in Unassigned Fund Balance - 6/30/2016</b>	<b>\$ 0.8</b>	<b>\$ (315.8)</b>	<b>\$ (316.6)</b>

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

2. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess., and other statutory provisions.

State of Connecticut  
General Fund  
Revenue Estimates  
Projected to June 30, 2016  
As of May 31, 2016  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
<b>TAXES</b>			
Personal Income	\$ 9,834.4	\$ 9,200.0	\$ (634.4)
Sales and Use	4,121.1	4,192.1	71.0
Corporation	902.2	884.4	(17.8)
Public Service Corporations	308.0	265.8	(42.2)
Inheritance and Estate	173.4	217.4	44.0
Insurance Companies	243.8	242.0	(1.8)
Cigarettes	361.2	370.9	9.7
Real Estate Conveyance	194.7	196.7	2.0
Oil Companies	-	-	-
Alcoholic Beverages	61.7	61.7	-
Admissions and Dues	38.3	39.3	1.0
Health Provider Tax	676.9	684.7	7.8
Miscellaneous	20.8	17.7	(3.1)
<b>TOTAL - TAXES</b>	<b>\$ 16,936.5</b>	<b>\$ 16,372.7</b>	<b>\$ (563.8)</b>
Less: Refunds of Taxes	(1,090.4)	(1,098.4)	(8.0)
Earned Income Tax Credit	(127.4)	(127.4)	-
R & D Credit Exchange	(7.1)	(7.6)	(0.5)
<b>TOTAL - TAXES - NET</b>	<b>\$ 15,711.6</b>	<b>\$ 15,139.3</b>	<b>\$ (572.3)</b>
<b>OTHER REVENUE</b>			
Transfers - Special Revenue	\$ 343.4	\$ 340.4	\$ (3.0)
Indian Gaming Payments	258.8	266.9	8.1
Licenses, Permits, Fees	308.5	292.9	(15.6)
Sales of Commodities and Services	38.0	41.6	3.6
Rents, Fines, Escheats	126.0	132.0	6.0
Investment Income	2.5	1.6	(0.9)
Miscellaneous	171.3	172.8	1.5
Refunds of Payments	(74.2)	(60.2)	14.0
<b>TOTAL - OTHER REVENUE</b>	<b>\$ 1,174.3</b>	<b>\$ 1,188.0</b>	<b>\$ 13.7</b>
<b>OTHER SOURCES</b>			
Federal Grants	\$ 1,265.2	\$ 1,235.6	\$ (29.6)
Transfer from Tobacco Settlement Fund	106.6	110.6	4.0
Transfers From/(To) Other Funds	(95.3)	15.7	111.0
Transfers to the Resources of the Special Trans. Fund	-	-	-
<b>TOTAL - OTHER SOURCES</b>	<b>\$ 1,276.5</b>	<b>\$ 1,361.9</b>	<b>\$ 85.4</b>
<b>TOTAL - GENERAL FUND REVENUE</b>	<b>\$ 18,162.4</b>	<b>\$ 17,689.2</b>	<b>\$ (473.2)</b>

1. P.A. 15-5, June Special Session, section 496

State of Connecticut - General Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2016  
As of May 31, 2016

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

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2016  
As of May 31, 2016

Unallocated Lapse	\$	-
Unallocated Lapse - Legislative		-
Unallocated Lapse - Judicial		-
General Employee Lapse		7,110,616
General Lapse - Legislative		39,492
General Lapse - Executive		8,440,760
General Lapse - Judicial		282,192
Statewide Hiring Reduction - Legislative		770,000
Statewide Hiring Reduction - Executive		25,839,319
Statewide Hiring Reduction - Judicial		3,310,000
Targeted Savings		12,055,452
Overtime Savings		10,500,000
MORE Lapse		20,000,000
Allotment Reductions - PA 15-1 (DSS)		81,082,658
Executive Branch Reductions - PA 15-1 (DSS) §3(a)		29,707,333
Legislative Branch Reductions - PA 15-1 (DSS) §3(b)		2,000,000
Judicial Branch Reductions - PA 15-1 (DSS) §3(c)		15,000,000
Allotment Reductions - PA 16-1		74,290,962
Office of Legislative Management		2,100,000
Auditors of Public Accounts		200,000
Secretary of the State		150,000
Office the State Comptroller		200,000
Department of Revenue Services		1,300,000
Office of Governmental Accountability		1,500,000
Office of Policy and Management		1,200,000
Department of Administrative Services		3,450,000
Department of Veterans' Affairs		200,000
Office of the Attorney General		1,000,000
Department of Emergency Services and Public Protection		1,300,000
Military Department		500,000
Department of Consumer Protection		250,000
Department of Labor		1,900,000
Department of Agriculture		100,000
Department of Energy and Environmental Protection		250,000
Department of Economic and Community Development		400,000
Department of Housing		3,000,000
Department of Public Health		650,000
Department of Developmental Services		1,900,000
Department of Mental Health and Addiction Services		5,300,000
Department of Social Services		2,000,000
Department of Rehabilitation Services		150,000

Statement 4  
June 20, 2016

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2016  
As of May 31, 2016

State Department of Education	13,300,000
Office of Early Childhood	250,000
University of Connecticut	1,200,000
Teachers' Retirement Board	150,000
Department of Correction	450,000
Department of Children and Families	6,200,000
OSC - Fringe Benefits	15,900,000
DAS - Workers' Compensation Claims	350,000
Total	<u>\$ 357,228,784</u>



State of Connecticut  
2015-16 General Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	Updated March 2016	April 2016	May 2016	June 2016
REVENUE	\$ 18,162.4	\$ 18,162.4	\$ 18,066.3	\$ 17,948.9	\$ 17,944.9	\$ 18,080.7	\$ 18,053.9	\$ 18,053.9	\$ 17,875.9	\$ 17,732.4	\$ 17,732.4	\$ 17,689.2	
Appropriations	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	18,362.2	
Additional Requirements	0.0	0.0	6.9	8.5	8.5	44.3	45.5	62.1	63.2	66.0	66.4	0.0	
Less: Estimated Lapses	(200.6)	(200.6)	(303.4)	(303.4)	(303.4)	(326.0)	(346.7)	(350.5)	(418.7)	(436.7)	(437.1)	(357.2)	
TOTAL - Estimated Expenditures	18,161.6	18,161.6	18,065.7	18,067.3	18,067.3	18,080.5	18,061.0	18,073.8	18,006.7	17,991.5	17,991.5	18,005.0	0.0
Balance from Operations	0.8	0.8	0.6	(118.4)	(122.4)	0.2	(7.1)	(19.9)	(130.8)	(259.1)	(259.1)	(315.8)	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	
Est. Balance from Operations - 6/30/16	\$0.8	\$0.8	\$0.6	(\$118.4)	(\$122.4)	\$0.2	(\$7.1)	(\$19.9)	(\$130.8)	(\$259.1)	(\$259.1)	(\$315.8)	\$0.0

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

State of Connecticut  
Special Transportation Fund  
Analysis of Budget Plan  
Projected to June 30, 2016  
As of May 31, 2016  
(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, 2015 <sup>2.</sup>	\$ 195.5	\$ 180.0	\$ (15.5)
<b>REVENUE</b>			
Taxes	\$ 1,080.7	\$ 971.7	\$ (109.0)
Less: Refunds of Taxes	<u>(7.3)</u>	<u>(17.3)</u>	<u>(10.0)</u>
Taxes - Net	1,073.4	954.4	(119.0)
Other Revenue	<u>394.7</u>	<u>401.3</u>	<u>6.6</u>
TOTAL - Revenue	\$ 1,468.1	\$ 1,355.7	\$ (112.4)
<b>EXPENDITURES</b>			
Appropriations	\$ 1,428.1	\$ 1,428.1	\$ -
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(12.0)</u>	<u>(45.6)</u>	<u>(33.6)</u>
TOTAL - Expenditures	\$ 1,416.1	\$ 1,382.5	\$ (33.6)
Balance from Operations	\$ 52.0	\$ (26.8)	\$ (78.8)
Miscellaneous Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Estimated Fund Balance - June 30, 2016	<u>\$ 247.5</u>	<u>\$ 153.2</u>	<u>\$ (94.3)</u>

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's September 30, 2015 letter.

Statement 2T  
June 20, 2016

State of Connecticut  
Special Transportation Fund  
Revenue Estimates  
Projected to June 30, 2016  
As of May 31, 2016  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
TAXES			
Motor Fuels	\$ 499.0	\$ 516.8	\$ 17.8
Oil Companies	339.1	259.0	(80.1)
Sales & Use Tax	158.6	110.2	(48.4)
Sales Tax DMV	84.0	85.7	1.7
TOTAL - TAXES	<u>1,080.7</u>	<u>971.7</u>	<u>(109.0)</u>
Less: Refunds of Taxes	(7.3)	(17.3)	(10.0)
TOTAL - TAXES - NET	<u>\$ 1,073.4</u>	<u>\$ 954.4</u>	<u>\$ (119.0)</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 245.8	\$ 252.3	\$ 6.5
Licenses, Permits, Fees	139.3	140.2	0.9
Interest Income	7.7	6.8	(0.9)
Federal Grants	12.1	12.2	0.1
Transfers (To)/From Other Funds	(6.5)	(6.5)	-
Transfers From the General Fund	-	-	-
Refunds of Payments	(3.7)	(3.7)	-
TOTAL - OTHER REVENUE	<u>\$ 394.7</u>	<u>\$ 401.3</u>	<u>\$ 6.6</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 1,468.1</u>	<u>\$ 1,355.7</u>	<u>\$ (112.4)</u>

1. P.A. 15-5, June Special Session, section 497

Statement 3T  
June 20, 2016

State of Connecticut  
Special Transportation Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2016  
As of May 31, 2016

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

Statement 4T  
June 20, 2016

State of Connecticut  
Special Transportation Fund  
Estimated Lapses  
Projected to June 30, 2016  
As of May 31, 2016

Allocated Lapse - PA 15-1 (DSS) §2	\$ 25,696,429
Department of Administrative Services	1,900,000
Department of Transportation	1,100,000
DAS - Workers' Compensation Claims	1,200,000
OTT - Debt Service	7,900,000
Comptroller - Fringe Benefits	7,800,000
Total	<u>\$ 45,596,429</u>

State of Connecticut  
2015-16 Special Transportation Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup>	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	Updated March 2016	April 2016	May 2016	June 2016
Beginning Balance <sup>2</sup>	\$ 195.5	\$ 195.5	\$ 209.5	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0	\$ 180.0
Revenue	<u>1,468.1</u>	<u>1,474.1</u>	<u>1,448.9</u>	<u>1,448.9</u>	<u>1,423.5</u>	<u>1,388.2</u>	<u>1,388.8</u>	<u>1,388.8</u>	<u>1,379.8</u>	<u>1,375.9</u>	<u>1,370.9</u>	<u>1,355.7</u>	
Total Available	1,663.6	1,669.6	1,658.4	1,628.9	1,603.5	1,568.2	1,568.8	1,568.8	1,559.8	1,555.9	1,550.9	1,535.7	0.0
Appropriations	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	1,428.1	
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Less: Estimated Lapses	<u>(12.0)</u>	<u>(12.0)</u>	<u>(12.0)</u>	<u>(12.0)</u>	<u>(12.0)</u>	<u>(39.9)</u>	<u>(39.3)</u>	<u>(39.3)</u>	<u>(33.7)</u>	<u>(37.0)</u>	<u>(37.9)</u>	<u>(45.6)</u>	
TOTAL - Estimated Expenditures	1,416.1	1,416.1	1,416.1	1,416.1	1,416.1	1,388.2	1,388.8	1,388.8	1,394.4	1,391.1	1,390.2	1,382.5	0.0
Balance from Operations	52.0	58.0	32.8	32.8	7.4	0.0	0.0	0.0	(14.6)	(15.2)	(19.3)	(26.8)	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>	
Estimated Balance 6/30/16	\$247.5	\$253.5	\$242.3	\$212.8	\$187.4	\$180.0	\$180.0	\$180.0	\$165.4	\$164.8	\$160.7	\$153.2	\$0.0

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess.

2. Budget Plan and the months of July and August as estimated by the Office of Policy and Management. September and thereafter per the Comptroller's September 30, 2015 letter.