



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

May 1, 2016

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

Dear Comptroller Lembo:

The purpose of this correspondence is to update our projections provided April 20<sup>th</sup> to reflect revenue revisions resulting from Friday's consensus revenue forecast pursuant to CGS 2-36c.

### General Fund

As a result of the consensus revenue forecast, we are now projecting a \$259.1 million deficit in the General Fund, a change of \$117.7 million from the amount reported on April 20<sup>th</sup>.

Administrative efforts to reduce the remaining deficit, including hiring limitations and contract cancellations, continue to be made in an effort to limit year-end expenditures to those that are critical for state operations.

### Revenues

Revenues in this update reflect the consensus revenue forecast reached between this office and the Office of Fiscal Analysis pursuant to CGS 2-36c. Based on that forecast, projected revenues have been revised downward by \$117.7 million compared to our April 20<sup>th</sup> estimates. The largest change is in the Personal Income Tax, down \$120.0 million due to lower than anticipated receipts in the month of April. Federal Grants are revised downward by \$31.4 million to reflect a delay in the receipt of enhanced match on hospital inpatient supplemental payments. On the positive side, the Corporation Tax has been revised upward by \$19.0 million and the Sales Tax has been revised upward by \$10.0 million. All other changes net to a positive \$4.7 million.

### Expenditures

Our forecast remains unchanged from April 20<sup>th</sup>, with expenditures projected to be \$170.1 million below the budget plan. Net additional requirements (deficiencies) total \$66.0 million, and are offset by \$45.7 million in lapses beyond the budget plan and in addition to savings anticipated as a result of the December and March deficit mitigation plans.

### Special Transportation Fund

A \$15.2 million operating deficit is projected, a minor change from the level reported on April 20<sup>th</sup>. The consensus revenue forecast includes a \$3.9 million revenue decrease in the Special Transportation Fund, and our expenditure forecast remains unchanged from April 20<sup>th</sup>. The fund balance on June 30, 2016 is estimated to be \$164.8 million.

I hope this updated information is helpful.

Sincerely,

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

Benjamin Barnes  
Secretary

Summary  
May 1, 2016

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

**General Fund**

Balance from Operations - Prior Month		\$	(130.8)
Revenues			
April 20th forecast (net)	(25.8)		
April 30th consensus changes (net)	<u>(117.7)</u>		(143.5)
Expenditures			
Additional Requirements	(2.8)		
Estimated Lapses	18.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>15.2</u>
Estimated Balance from Operations - June 30, 2016		\$	<u>(259.1)</u>

**Special Transportation Fund**

Fund Balance as of June 30, 2015		\$	180.0
Balance from Operations - Prior Month			(14.6)
Revenues			
April 20th forecast (net)	0.0		
April 30th consensus changes (net)	<u>(3.9)</u>		(3.9)
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	3.3		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>3.3</u>
Estimated Fund Balance - June 30, 2016		\$	<u>164.8</u>

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

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
<b>REVENUE</b>			
Taxes	\$ 16,936.5	\$ 16,479.4	\$ (457.1)
Less: Refunds	(1,224.9)	(1,235.9)	(11.0)
Taxes - Net	\$ 15,711.6	\$ 15,243.5	\$ (468.1)
Other Revenue	1,174.3	1,177.0	2.7
Other Sources	1,276.5	1,311.9	35.4
<b>TOTAL Revenue</b>	<b>\$ 18,162.4</b>	<b>\$ 17,732.4</b>	<b>\$ (430.0)</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		66.0	66.0
Estimated Appropriations Lapsed	(200.6)	(436.7)	(236.1)
Estimated Appropriations to be Continued to FY 2017		-	-
<b>TOTAL Estimated Expenditures</b>	<b>\$ 18,161.6</b>	<b>\$ 18,056.4</b>	<b>\$ (105.2)</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>\$ (259.1)</b>	<b>\$ (259.9)</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 April 30, 2016  
(In Millions)

	General Assembly Budget Plan <sup>1</sup>	Revised Estimates OPM	Over/ (Under)
<b>TAXES</b>			
Personal Income	\$ 9,834.4	\$ 9,275.0	\$ (559.4)
Sales and Use	4,121.1	4,220.3	99.2
Corporation	902.2	884.4	(17.8)
Public Service Corporations	308.0	275.8	(32.2)
Inheritance and Estate	173.4	217.4	44.0
Insurance Companies	243.8	242.0	(1.8)
Cigarettes	361.2	368.4	7.2
Real Estate Conveyance	194.7	196.7	2.0
Oil Companies	-	-	-
Alcoholic Beverages	61.7	61.7	-
Admissions and Dues	38.3	38.3	-
Health Provider Tax	676.9	679.7	2.8
Miscellaneous	20.8	19.7	(1.1)
<b>TOTAL - TAXES</b>	<b>\$ 16,936.5</b>	<b>\$ 16,479.4</b>	<b>\$ (457.1)</b>
Less: Refunds of Taxes	(1,090.4)	(1,101.4)	(11.0)
Earned Income Tax Credit	(127.4)	(127.4)	-
R & D Credit Exchange	(7.1)	(7.1)	-
<b>TOTAL - TAXES - NET</b>	<b>\$ 15,711.6</b>	<b>\$ 15,243.5</b>	<b>\$ (468.1)</b>
<b>OTHER REVENUE</b>			
Transfers - Special Revenue	\$ 343.4	\$ 336.4	\$ (7.0)
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	126.0	-
Investment Income	2.5	1.6	(0.9)
Miscellaneous	171.3	176.8	5.5
Refunds of Payments	(74.2)	(65.2)	9.0
<b>TOTAL - OTHER REVENUE</b>	<b>\$ 1,174.3</b>	<b>\$ 1,177.0</b>	<b>\$ 2.7</b>
<b>OTHER SOURCES</b>			
Federal Grants	\$ 1,265.2	\$ 1,185.6	\$ (79.6)
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>\$ 1,311.9</b>	<b>\$ 35.4</b>
<b>TOTAL - GENERAL FUND REVENUE</b>	<b>\$ 18,162.4</b>	<b>\$ 17,732.4</b>	<b>\$ (430.0)</b>

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

Statement 3  
May 1, 2016

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

Office of the Chief Medical Examiner	\$	450,000
Office of Early Childhood		7,000,000
Public Defender Services Commission		4,500,000
OTT - Debt Service		35,000,000
OSC - Miscellaneous		19,000,000
Total	<u>\$</u>	<u>65,950,000</u>

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

Unallocated Lapse	\$ 20,000,000
Unallocated Lapse - Legislative	-
Unallocated Lapse - Judicial	-
General Employee Lapse	7,110,616
General Lapse - Legislative	39,492
General Lapse - Executive	9,678,316
General Lapse - Judicial	282,192
Statewide Hiring Reduction - Legislative	770,000
Statewide Hiring Reduction - Executive	30,920,000
Statewide Hiring Reduction - Judicial	3,310,000
Targeted Savings	12,500,000
Overtime Savings	10,500,000
MORE Lapse	20,000,000
Allotment Reductions - PA 15-1 (DSS)	85,752,529
Executive Branch Reductions - PA 15-1 (DSS) §3(a)	65,057,153
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	108,035,563
Office of Legislative Management	4,000,000
Auditors of Public Accounts	200,000
Office of Policy and Management	500,000
Department of Administrative Services	500,000
Office of the Attorney General	400,000
Department of Labor	800,000
Department of Economic and Community Development	200,000
Department of Housing	3,000,000
Department of Public Health	300,000
Department of Children and Families	3,000,000
OSC - Fringe Benefits	31,900,000
DAS - Workers' Compensation Claims	900,000
Total	<u>\$ 436,655,861</u>

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

	Budget Plan 1	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			
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			
Additional Requirements	0.0	0.0	6.9	8.5	8.5	44.3	45.5	62.1	63.2	66.0			
Less: Estimated Lapses	(200.6)	(200.6)	(303.4)	(303.4)	(303.4)	(326.0)	(346.7)	(350.5)	(418.7)	(436.7)			
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	0.0	0.0	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)	0.0	0.0	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			
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)	\$0.0	\$0.0	\$0.0

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



Statement 1T  
May 1, 2016

State of Connecticut  
Special Transportation Fund  
Analysis of Budget Plan  
Projected to June 30, 2016  
As of April 30, 2016  
(In Millions)

	General Assembly Budget Plan <sup>1.</sup>	Revised Estimates OPM	Over/ (Under)
Fund Balance as of June 30, 2015 <sup>2.</sup>	\$ 195.5	\$ 180.0	\$ (15.5)
<b>REVENUE</b>			
Taxes	\$ 1,080.7	\$ 984.1	\$ (96.6)
Less: Refunds of Taxes	(7.3)	(17.3)	(10.0)
Taxes - Net	1,073.4	966.8	(106.6)
Other Revenue	394.7	409.1	14.4
TOTAL - Revenue	\$ 1,468.1	\$ 1,375.9	\$ (92.2)
<b>EXPENDITURES</b>			
Appropriations	\$ 1,428.1	\$ 1,428.1	\$ -
Net Additional Requirements	-	-	-
Less: Estimated Lapses	(12.0)	(37.0)	(25.0)
TOTAL - Expenditures	\$ 1,416.1	\$ 1,391.1	\$ (25.0)
Balance from Operations	\$ 52.0	\$ (15.2)	\$ (67.2)
Miscellaneous Adjustments	-	-	-
Estimated Fund Balance - June 30, 2016	\$ 247.5	\$ 164.8	\$ (82.7)

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.

State of Connecticut  
Special Transportation Fund  
Revenue Estimates  
Projected to June 30, 2016  
As of April 30, 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	264.0	(75.1)
Sales & Use Tax	158.6	113.6	(45.0)
Sales Tax DMV	84.0	89.7	5.7
TOTAL - TAXES	<u>1,080.7</u>	<u>984.1</u>	<u>(96.6)</u>
Less: Refunds of Taxes	(7.3)	(17.3)	(10.0)
TOTAL - TAXES - NET	<u>\$ 1,073.4</u>	<u>\$ 966.8</u>	<u>\$ (106.6)</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 245.8	\$ 259.3	\$ 13.5
Licenses, Permits, Fees	139.3	140.2	0.9
Interest Income	7.7	7.7	-
Federal Grants	12.1	12.1	-
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>\$ 409.1</u>	<u>\$ 14.4</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 1,468.1</u>	<u>\$ 1,375.9</u>	<u>\$ (92.2)</u>

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

Statement 3T  
May 1, 2016

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

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

Statement 4T  
May 1, 2016

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

Allocated Lapse - PA 15-1 (DSS) §2	\$ 25,696,429
Department of Administrative Services	300,000
DAS - Workers' Compensation Claims	700,000
OTT - Debt Service	3,900,000
Comptroller - Fringe Benefits	6,400,000
Total	<u>\$ 36,996,429</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			
Revenue	1,468.1	1,474.1	1,448.9	1,448.9	1,423.5	1,388.2	1,388.8	1,388.8	1,379.8	1,375.9			
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	0.0	0.0	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			
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Less: Estimated Lapses	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)	(39.9)	(39.3)	(39.3)	(33.7)	(37.0)			
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	0.0	0.0	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)	0.0	0.0	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			
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	\$0.0	\$0.0	\$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.