FISCAL ACCOUNTABILITY REPORT

FISCAL YEARS 2023 – 2026

A REPORT TO
THE APPROPRIATIONS COMMITTEE AND
THE FINANCE, REVENUE AND BONDING COMMITTEE
PURSUANT TO SECTION 2-36B OF THE CONNECTICUT GENERAL STATUTES

OFFICE OF POLICY AND MANAGEMENT
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OFFICE OF POLICY AND MANAGEMENT

FISCAL ACCOUNTABILITY REPORT

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OVERVIEW

Section 2-36b of the Connecticut General Statutes requires the Office of Policy and Management and the Office of Fiscal Analysis to annually analyze issues affecting spending and revenue for the current biennium and the three succeeding fiscal years, and to report those analyses to the Appropriations Committee and to the Finance, Revenue and Bonding Committee. By statute, there are seven components of the report:

1. A comparison of the consensus revenue estimate to annual growth in “fixed costs;”
2. Projected tax credits;
3. Estimated deficiencies for the current fiscal year;
4. Projected balance in the Budget Reserve Fund;
5. Projected bond authorizations, allocations and issuances;
6. An analysis of revenue and expenditure trends and of the major cost drivers affecting state spending; and
7. An analysis of possible uses of surplus funds.

The information in this report outlines the challenges identified by the Office of Policy and Management that will confront decision-makers when developing future budgets. A summary of findings is below, and more detail can be found in the pages that follow.

<u>FY 2023</u>

The General Fund is projected to finish the year with a $1,005.3 million operating surplus. This surplus is due to favorable revenue collections as well as expenditure requirements less than those in the enacted budget. The favorable variance is largely due to favorable Sales and Use Tax trends and the federal extension of the public health emergency declaration, which allows for enhanced federal reimbursement through the quarter ending March 31, 2023. It is anticipated that the operating surplus and any revenues that exceed the volatility cap will be deposited into the Budget Reserve Fund at the end of FY 2023.

The Special Transportation Fund is expected to finish the year with a $316.8 million operating surplus. The fund balance on June 30, 2023, is projected to be $714.6 million.

<u>FY 2024 Through FY 2026</u>

As shown in the table below, General Fund revenues in FY 2024 are projected to drop by $646.6 million before resuming growth in FY 2025 and FY 2026. The largest factor contributing to the decrease in revenue from FY 2023 to FY 2024 is the loss of almost $315 million in Coronavirus State Fiscal Recovery Funds which were programmed to balance the FY 2023 budget, followed by the full diversion of 0.5 percent of the Sales and Use Tax to the Municipal Revenue Sharing Account, for a loss of $276.3 million. Revenues in FY 2024 also include resumption of amortization payments of $120.8 million per year toward resolving the cumulative GAAP deficit. Without those factors, revenue growth in FY 2024 would amount to $350.1 million over FY 2023.

As a result of the November 10, 2022, consensus revenue forecast, bond authorizations are anticipated to remain under the statutory 90 percent General Obligation bond debt limit. As a result, no reductions in bond authorizations are anticipated in order to remain compliant with the debt limit.

As depicted in the table below, “fixed” costs in the General Fund are anticipated to rise by $409.3 million (3.5 percent) in FY 2024. Growth in Medicaid expenditures, totaling $391.6 million and primarily driven by the anticipated expiration of the public health emergency and associated enhanced federal revenue, in the third quarter of FY 2023 is the largest factor influencing the growth in FY 2024 fixed costs. FY 2025 and 2026 are anticipated to experience even smaller growth rates: $266.9 million (2.2 percent) for FY 2025 and $262.4 million (2.1 percent) for FY 2026. By historical standards, all three fixed cost growth rates are relatively modest. Unlike the outlook several years ago, growth in pension costs is not anticipated to be a significant driver of future General Fund spending. This is mainly attributable to changes in funding methodologies adopted since 2017; FY 2023 was the last year of the phase-in to level-dollar amortization for SERS and the TRS phase-in will be complete in FY 2026 – as well as additional contributions made possible as a result of recent budget surpluses and volatility cap deposits.

Fixed cost growth is anticipated to exceed revenue growth for FY 2024 by $1.06 billion. This is both a reflection of the large decrease in anticipated revenue relative to FY 2023 as well as one-time increases in the state share of Medicaid costs as noted above. In addition, it is important to note that this is a result of the change from the current year of operations, during which OPM is projecting a surplus of $1.01 billion. Beyond FY 2024, revenue growth is anticipated to exceed the growth in fixed cost requirements by over $300 million in each fiscal year. This outcome reflects the state's discipline in addressing its long-term liabilities. As indicated on page 30 of this report, the state's current long-term obligations total $88.3 billion, down $7.1 billion from the level reported last year.

In the Special Transportation Fund, "fixed" cost growth from FY 2023 through FY 2026 is driven by growth in debt service costs, while state employee health and pension costs are anticipated to experience modest declines. Unlike the General Fund, Special Transportation Fund revenue growth will not keep up with increasing debt service costs. Without additional revenue or reductions in needed transportation investments, the expected increase in costs will outpace the growth in revenues in the long term, impacting fund solvency.

GENERAL FUND
(in millions)

	FY 2024 vs. FY 2023	FY 2025 vs. FY 2024	FY 2026 vs. FY 2025
Revenue Growth	$ (646.6)	$ 590.6	$ 654.2
Fixed Cost Growth			
Debt Service	$ 54.8	$ 149.3	$ 31.4
State Employee Pensions	11.4	(53.5)	(13.2)
Teacher Pensions	(23.5)	4.4	88.6
State and Teacher OPEB	(18.3)	66.9	25.7
Medicaid	391.6	82.5	111.5
Other Entitlements	(6.8)	17.2	18.4
Total Fixed Cost Growth	$ 409.3	$ 266.9	$ 262.4
Difference	$ (1,055.9)	$ 323.7	$ 391.8

SPECIAL TRANSPORTATION FUND
(in millions)

	FY 2024 vs. FY 2023	FY 2025 vs. FY 2024	FY 2026 vs. FY 2025
Revenue Growth	$ 209.6	$ (29.3)	$ (13.9)
Fixed Cost Growth			
Debt Service	$ 76.2	$ 63.6	$ 60.1
State Employee Pensions and OPEB	(1.9)	(6.3)	(2.0)
Total Fixed Cost Growth	$ 74.3	$ 57.3	$ 58.2
Difference	$ 135.3	$ (86.6)	$ (72.1)

CURRENT FISCAL YEAR OUTLOOK

FY 2023 - GENERAL FUND

The adopted FY 2023 budget anticipated a $299.0 million balance at year end. The Office of Policy and Management is projecting an operating surplus of $1,005.3 million, 4.5 percent of the General Fund. Revenues are $571.0 million above the budget plan, while estimated expenditures are $135.3 million below the budgeted level.

FY 2023 - General Fund
(in millions)

General Fund	Budget Plan	OPM Estimate 11/18/22	Variance from Budget
Revenues	$ 22,388.2	$ 22,959.2	$ 571.0
Expenditures	22,089.2	21,953.9	(135.3)
Operating Results - Surplus/(Deficit)	$ 299.0	$ 1,005.3	$ 706.3

Revenue

Projected revenues are $571.0 million above the level envisioned in the enacted budget for FY 2023, are reflective of the November 10, 2022, consensus revenue forecast. The largest variance is in the Sales and Use Tax, up $280.0 million, as collections are growing at a rate exceeding our monthly targets. Investment Income is performing $180.2 million better than budgeted as rising interest rates and larger assets under management boost collections. Federal Grants are $69.8 million higher than budgeted due primarily to the federal extension of the public health emergency which will result in the state receiving additional quarters of enhanced federal reimbursement under Medicaid. All other changes net to a positive $41.0 million.

Expenditures and Discussion of Projected Deficiencies

The Office of Policy and Management (OPM) is projecting that FY 2023 net expenditures will be below the budget plan by $135.3 million, as explained further below.

Deficiencies: Shortfalls totaling $33.7 million are forecast in the following agencies.

- Department of Housing. A $1.0 million shortfall is anticipated in the Congregate Facilities Operation Costs account as a result of unbudgeted contractual increases.
- Department of Education. A $700,000 shortfall is anticipated in the Adult Education account based on preliminary enrollment estimates.
- Department of Correction. A net shortfall of $9.0 million is anticipated as a result of deficits totaling $8.0 million in the Personal Services account and $2.5 million in Other Expenses due to delays in the closure of a correctional facility. Partially offsetting these shortfalls are lapses totaling $1.5 million in the Inmate Medical Services and Board of Pardons and Paroles accounts.
- State Comptroller – Miscellaneous. We estimate $23.0 million in expenditures for Adjudicated Claims. No appropriation was made in the enacted budget for payment of these claims.

Lapses: The following sums totaling $291.4 million are anticipated to lapse; this amount exceeds the bottom-line lapse targets included in Public Act 22-118 by $55.9 million.

- Office of Legislative Management. A $4.0 million lapse is projected in the Personal Services account.

- Auditors of Public Accounts. A $250,000 Personal Services lapse is forecast due to vacancies.
- Secretary of the State. A $150,000 Personal Services lapse is forecast due to vacancies.
- Department of Revenue Services. A lapse of $4.0 million is forecast in the Personal Services account due to vacancies.
- Office of Governmental Accountability. A $150,000 Personal Services lapse is forecast due to vacancies.
- Department of Veterans Affairs. A $790,000 Personal Services lapse is forecast due to vacancies.
- Division of Criminal Justice. A lapse of $3.5 million is forecast in the Personal Services account due to vacancies.
- Agricultural Experiment Station. A lapse of $250,000 is forecast in the Personal Services account due to vacancies.
- Department of Public Health. A lapse of $3.1 million is forecast in the Personal Services account due to vacancies.
- Office of Health Strategy. A $600,000 Personal Services lapse is forecast due to vacancies.
- Department of Developmental Services. A total lapse of $8.6 million is forecast, with $8.0 million in the Personal Services account due to vacancies and $600,000 in Other Expenses due to changes in the roll-out of the ARPA home and community-based services reinvestment plan.
- Department of Social Services. A net lapse of $111.4 million is forecast across several accounts. The Personal Services account is anticipated to lapse $5.0 million due to vacancies. The Medicaid account is anticipated to lapse $150.0 million; this reflects the extension of the public health emergency declaration by the federal government into January 2023, resulting in an enhanced level of federal reimbursement and correspondingly reduced state requirements through March 31, 2023, as well as revisions to the ARPA home and community-based services reinvestment plan, which also contributes to a projected $900,000 lapse in the Connecticut Home Care Program. These lapses are partially offset by forecast shortfalls of $10.2 million in the Temporary Family Assistance account and $1.8 million in the HUSKY B Program account due to higher than budgeted costs per case, $9.4 million in Old Age Assistance and $11.9 million in Aid to the Disabled due to delays in Medicaid billing for medical services provided by residential care homes, and $11.0 million in the Other Expenses account due to anticipated systems and other administrative costs associated with the eventual unwinding of the public health emergency, as well as increased contractual costs associated with eligibility processing for DSS and Access Health CT.
- Teachers' Retirement Board. A $500,000 lapse is forecast in the Retiree Health Service Cost account due to medical rates that are effective January 1, 2023.
- Department of Children and Families. A total lapse of $5.8 million is projected, with $3.0 million forecast in the Personal Services account due to vacancies, and $2.8 million across the board and care accounts as a result of caseload trends.
- Judicial Department. A lapse of $1.5 million is forecast in the Personal Services account due to vacancies.
- Public Defender Services Commission. An aggregate lapse of $833,000 is forecast across a variety of accounts as a result of vacancies and a decrease in costly jury trials.
- State Comptroller – Fringe Benefits. A net lapse of $146.0 million is projected. Of this, $28.0 million is in the State Employees Health Service Cost account and $120.0 million in the Retired State Employees Health Service Cost account, offset by a projected $2.0 million shortfall in the Employer's Social Security Tax account. Approximately one half of the forecast lapse in the retiree health account is attributable to favorable rates negotiated by the State Comptroller's office for the state Medicare Advantage program, with the remainder of the lapse being attributable to a greater than anticipated number of retirees transitioning directly into Medicare upon retirement and a decrease in Medicare Part B premiums effective January 1, 2023.

OPM's projection reflects a net $17.74 million reduction in expenditure requirements as a result of appropriation transfers out of the General Fund totaling $16.97 million from OPM's Reserve for Salary Adjustment account and $0.77 million from OPM's Private Providers account. While these funds were appropriated in the General Fund, transfers were necessary to support contractual requirements in other funds.

FY 2023 - Special Transportation Fund

The adopted budget anticipates a $265.7 million balance from operations. OPM estimates that the Special Transportation Fund will end the year with an operating surplus of $316.8 million, and that the Transportation Fund balance on June 30, 2022, will be $714.6 million.

Projected revenues are $40.7 million above the level anticipated in the enacted budget for FY 2023, reflective of the November 10, 2022, consensus revenue forecast. The Sales Tax is exceeding budgeted levels by $26.0 million, consistent with the positive revision in the General Fund. As with the General Fund, Investment Income is projected to exceed budgeted levels by $29.9 million. All other changes net to a negative $15.2 million.

Projected expenditures are anticipated to be $10.4 million below the enacted budget, which contained budgeted bottom-line lapse amounts totaling $112.0 million. OPM is projecting lapses in the following agencies:

- Department of Transportation. A total lapse of $100.0 million is projected across the Bus Operations and Rail Operations accounts due to the availability of temporary federal support for transportation projects.
- State Treasurer - Debt Service. A $31.4 million lapse is forecast as a result of savings from the FY 2022 bond sale which were not reflected in the FY 2023 budget as well as a revised estimate of FY 2023 borrowing.
- State Comptroller – Fringe Benefits. A net $525,000 lapse is forecast due to lower than anticipated costs in the State Employees Health Service Cost and SERS Defined Contribution Match accounts.
- Department of Administrative Services – Workers' Compensation Claims. An $800,000 lapse is projected based on current reimbursements.

FY 2023 - Special Transportation Fund
(in millions)

Special Transportation Fund	Budget Plan	OPM Estimate 11/18/22	Variance from Budget
Revenues	$ 2,091.9	$ 2,132.6	$ 40.7
Expenditures	1,826.2	1,815.8	(10.4)
Operating Results - Surplus/(Deficit)	$ 265.7	$ 316.8	$ 51.1
Proj. Fund Balance 6/30		$ 714.6	

FY 2023 - Budget Reserve Fund

The state's reserves at the close of FY 2022 are $7.4 billion, or 33.6 percent of FY 2023 net General Fund appropriations. 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 2022 and transfers into the fund pursuant to the statutory volatility cap and the estimated FY 2023 operating surplus, the fund balance at the end of FY 2023 will be approximately $6.17 billion, or 27.9 percent of net General Fund appropriations for the current year. Given that this balance is expected to exceed the statutory 15 percent cap for the Budget Reserve Fund next fiscal year, additional significant transfers to the State Employees Retirement Fund and/or the Teachers' Retirement Fund are expected during the close-out period for FY 2023.

Budget Reserve Fund		
		(in millions)
Estimated BRF Starting Balance - FY 2023 (OSC 9/30/22)	$	7,421.0
Deposit to SERS/TRS pursuant to Sec. 4-30a, C.G.S. (OPM 11/18/22 Est.)	$	(4,107.6)
Projected Operating Surplus - FY 2023 (OPM 11/18/22 Est.)	$	1,005.3
Volatility Cap Deposit - FY 2023 (OPM 11/18/22 Est.)	$	1,847.5
Estimated BRF Ending Balance - FY 2023	$	6,166.2

The long-term outlook for the Budget Reserve Fund is discussed on page 61.

OUTLOOK FOR FISCAL YEAR 2024 THROUGH FISCAL YEAR 2026

BACKGROUND AND METHODOLOGY

Section 2-36b of the Connecticut General Statutes requires the Office of Policy and Management and the Office of Fiscal Analysis to annually analyze the state's expenditure and revenue situation for the current biennium and the three succeeding fiscal years, and to report those analyses to the Appropriations Committee and to the Finance, Revenue and Bonding Committee. By statute, there are seven components of the report:

1. The level of spending changes from current year spending allowed by consensus revenue estimates in each fund, any changes to current year spending necessary because of "fixed cost drivers," and the total change to current year spending required to accommodate fixed cost drivers without exceeding current revenue estimates. The law specifies that "fixed cost drivers" may include debt service, pension contributions, retiree health care, entitlement programs, and federal mandate costs;
2. Projected tax credits to be used in the current biennium and the next ensuing three fiscal years, and the assumptions on which such projections are based;
3. A summary of any estimated deficiencies in the current fiscal year, the reasons for such deficiencies, and the assumptions upon which such estimates are based;
4. Projected balance in the Budget Reserve Fund at the end of each uncompleted fiscal year of the current biennium and the next ensuing three fiscal years;
5. Projected bond authorizations, allocations and issuances in each of the next ensuing five fiscal years and their impact on the debt service of the major funds of the state;
6. An analysis of revenue and expenditure trends and of the major cost drivers affecting state spending, including identification of any areas of concern and efforts undertaken to address such areas, including, but not limited to, efforts to obtain federal funds; and
7. An analysis of possible uses of surplus funds, including, but not limited to, the Budget Reserve Fund, debt retirement and funding of pension liabilities.

Each of the topic areas identified in statute is addressed in the pages that follow.

FY 2024 TO FY 2026 - GENERAL FUND OUTLOOK

Pursuant to Section 2-36b of the Connecticut General Statutes, this report compares year-over-year revenue growth to growth in fixed costs. Revenues are derived from the November 10, 2022, consensus forecast, and are explained later in this document. OPM's approach for estimating "fixed costs" is explained in more detail below. Zero denotes no change in estimated cost during the period shown.

OPM's estimates of "fixed cost drivers" in the General Fund are as follows:

PROJECTED GROWTH IN EXPENDITURES

FIXED COST DRIVERS

(Amounts Represent Year Over Year Change)

GENERAL FUND	FY 2024 Increase over FY 2023	FY 2025 Increase over FY 2024	FY 2026 Increase over FY 2025
DMHAS - General Assistance Managed Care	$ 2,381,119	$ 317,892	$ 231,000
DMHAS - Medicaid Adult Rehabilitation Option	-	-	-
DSS - HUSKY B Program	9,780,000	5,560,000	2,820,000
DSS - Medicaid	391,604,638	82,520,000	111,460,000
DSS - Old Age Assistance	2,940,000	2,940,000	891,000
DSS - Aid To The Blind	25,500	27,100	10,600
DSS - Aid To The Disabled	(1,080,000)	590,000	(50,000)
DSS - Temporary Family Assistance - TANF	7,230,000	5,720,000	4,510,000
DSS - Connecticut Home Care Program	4,956,523	(490,000)	(2,950,000)
DSS - Community Residential Services	(18,967,077)	5,128,968	10,024,215
DSS - State Administered General Assistance	(10,000)	(60,000)	(210,000)
DSS - Hospital Supplemental Payments	-	-	-
OEC - Birth to Three	2,000,000	(5,500,000)	-
OEC - Care4Kids TANF/CCDF	-	-	-
TRB - Retirement Contributions	(23,496,000)	4,418,000	88,599,582
TRB - Retirees Health Service Cost	640,691	2,989,111	461,687
TRB - Municipal Retiree Health Insurance Costs	-	-	-
DCF - No Nexus Special Education	-	-	-
DCF - Board and Care for Children - Adoption	4,661,454	1,970,649	1,725,249
DCF - Board and Care for Children - Foster	800,000	-	1,406,776
DCF - Board and Care for Children - Short-term and Residential	1,525,572	1,031,134	-
DCF - Individualized Family Supports	2,164	-	-
OTT - Debt Service	44,562,739	135,245,992	94,372,290
OTT - UConn 2000 - Debt Service	5,597,388	2,874,244	(593,126)
OTT - CHEFA Day Care Security	(1,500,000)	-	-
OTT - Pension Obligation Bonds - TRB	8,991,400	14,519,000	(61,939,150)
OTT - Municipal Restructuring	(2,846,343)	(3,341,247)	(396,181)
OSC - Adjudicated Claims	(23,000,000)	-	-
OSC - Higher Education Alternative Retirement System	779,330	826,610	365,086
OSC - Pensions and Retirements - Other Statutory	(65,529)	63,227	65,668
OSC - Judges and Compensation Commissioners Retirement	433,119	-	785,204
OSC - Retired State Employees Health Service Cost	19,114,600	63,712,600	24,152,204
OSC - Other Post Employment Benefits	(38,081,781)	210,680	1,094,669
OSC - SERS Defined Contribution Match	5,228,430	6,133,037	6,114,564
OSC - State Employees Retirement Contributions - Normal Cost	5,055,675	(6,567,665)	(597,958)
OSC - State Employees Retirement Contributions - UAL	(143)	(53,914,765)	(19,925,019)
TOTAL - GENERAL FUND	**$ 409,263,469**	**$ 266,924,567**	**$ 262,428,360**

Assumptions Used to Develop Growth Estimates for Fixed Costs

The FY 2024 through FY 2026 columns in the table above represent the anticipated increase in spending over the estimated amounts for the immediately preceding fiscal year. Note that amounts estimated for FY 2023 exclude any appropriations carried forward from prior fiscal years. Explanations of assumptions used to develop the forecast follow.

DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

- *General Assistance Managed Care* - Reflects 3 percent caseload growth in the outyears.

DEPARTMENT OF SOCIAL SERVICES

- *HUSKY B Program, Medicaid, Old Age Assistance, Aid to the Blind, Aid to the Disabled, Temporary Family Assistance, Connecticut Home Care Program, Community Residential Services, and State Administered General Assistance* - Reflect anticipated cost and caseload changes based on current trends, as well as annualization of adjustments.
- *HUSKY B Program, Medicaid* - Estimated expenditures in FY 2023 assume enhanced federal funding for three quarters due to the public health emergency.

OFFICE OF EARLY CHILDHOOD

- *Birth to Three* - Reflects the removal of funding for enhanced general administrative payments from FY 2025 onwards as section 12 of Public Act 22-81 only authorizes these enhanced payments for FY 2023 and FY 2024.
- *Care4Kids* - Reflects flat funding for FY 2025 and FY 2026.

TEACHERS' RETIREMENT BOARD

- *Retirement Contributions* - Reflects the estimated actuarially determined employer contributions adjusted for the impact of the additional deposits from amounts in excess of the 15 percent Budget Reserve Fund limit.
- *Retirees Health Service Cost* - Reflects medical inflation.

DEPARTMENT OF CHILDREN AND FAMILIES

- *Board and Care for Children - Adoption, Foster Care, and Short-Term and Residential* - Reflect anticipated growth in the number of children in subsidized adoption, guardianship and foster care homes and additional post-secondary costs for children adopted after January 1, 2005.

DEBT SERVICE - STATE TREASURER

- *Debt Service* - Reflects the issuance of $1.6 billion in General Obligation bonds each year.
- *UConn 2000 - Debt Service* - Reflects the Treasurer's current schedule for the issuance of UConn 2000 General Obligation bonds.
- *Pension Obligation Bonds - TRB* - Reflects the debt service schedule for the pension obligation bonds issued for the Teachers' Retirement Fund.
- *Municipal Restructuring* - Reflects debt service payments for the City of Hartford municipal restructuring program.

STATE COMPTROLLER - FRINGE BENEFITS

- *Higher Education Alternate Retirement System* - Reflects wage inflation.
- *Pension and Retirements - Other Statutory* - Reflects statutory increases in pensions.
- *Judges and Compensation Commissioners Retirement* - Reflects the estimated actuarially determined employer contributions.
- *Retired Employee Health Service Costs* - Reflects medical inflation.
- *SERS Defined Contribution Match* - Reflects estimates of salary increases and anticipated volume of new employees in Tier IV.
- *Other Post Employment Benefits* - Employees hired prior to July 1, 2017, contribute to Other Post Employment Benefits (OPEB) fund for ten years. The matching state contributions decreases as employees complete the ten-year payment obligation. Almost 16,000 employees will complete the ten-year obligation in FY 2024.

- *State Employees Retirement Contributions - Normal Cost* - Reflects the estimated normal cost portions of the actuarially determined employer contributions (ADEC). Note that an updated valuation, as of June 30, 2022, is anticipated to be available in December 2022.
- *State Employees Retirement Contributions - Unfunded Actuarial Liabilities* - Reflects the estimated unfunded actuarial liability portions of the ADEC, adjusted to reflect the estimated impact of the additional BRF and surplus deposits. Note that an updated valuation, as of June 30, 2022, is anticipated to be available in December 2022.

General Fund Revenue

The November 10, 2022, consensus revenue estimate shows General Fund revenues at $22.96 billion in FY 2023. The table below portrays detailed revenue estimates for each year covered by the consensus forecast.

PROJECTED REVENUES

Consensus Revenue Forecast - November 10, 2022

(In millions)

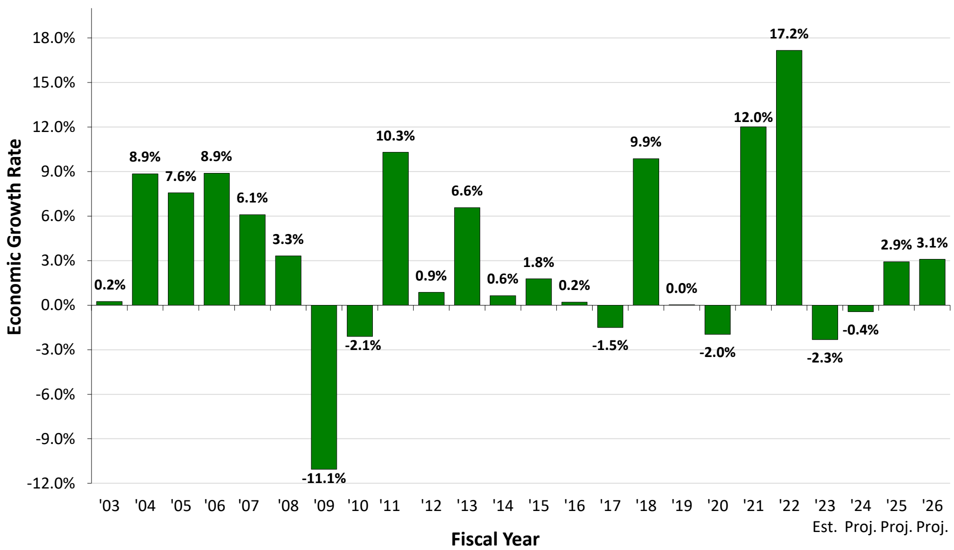
General Fund

Taxes	FY 2023	FY 2024	FY 2025	FY 2026
Personal Income - Withholding	$ 8,184.4	$ 8,420.3	$ 8,766.9	$ 9,110.1
Personal Income - Estimates & Finals	3,522.7	3,170.4	3,297.2	3,429.1
Sales & Use Tax	5,057.6	5,185.6	5,309.4	5,430.2
Corporation Tax	1,294.2	1,306.0	1,346.7	1,389.0
Pass-through Entity Tax	1,957.3	1,761.6	1,832.1	1,905.3
Public Service Tax	277.0	284.5	286.7	289.1
Inheritance & Estate Tax	180.2	163.1	167.2	171.3
Insurance Companies Tax	243.1	239.0	242.6	246.2
Cigarettes Tax	308.1	292.6	278.0	264.1
Real Estate Conveyance Tax	290.4	287.7	292.6	297.0
Alcoholic Beverages Tax	78.0	76.4	76.8	77.1
Admissions & Dues Tax	27.2	25.0	25.3	25.6
Health Provider Tax	973.8	974.7	978.4	952.2
Miscellaneous Tax	66.5	65.4	67.8	68.4
Total Taxes	$ 22,460.5	$ 22,252.3	$ 22,967.7	$ 23,654.7
Less Refunds of Tax	(1,827.4)	(1,889.5)	(1,981.3)	(2,037.8)
Less Earned Income Tax Credit	(143.8)	(147.0)	(151.6)	(155.3)
Less R&D Credit Exchange	(7.3)	(7.5)	(7.8)	(8.0)
Total - Taxes Less Refunds	$ 20,482.0	$ 20,208.3	$ 20,827.0	$ 21,453.6
Other Revenue				
Transfers-Special Revenue	$ 392.2	$ 403.8	$ 408.9	$ 414.2
Indian Gaming Payments	251.8	257.3	261.5	269.3
Licenses, Permits, Fees	327.5	357.0	331.2	366.1
Sales of Commodities	23.9	24.3	26.3	26.8
Rents, Fines, Escheats	163.3	164.7	166.8	155.1
Investment Income	185.0	198.9	201.7	204.8
Miscellaneous	224.9	229.5	234.3	239.3
Less Refunds of Payments	(63.8)	(65.7)	(67.1)	(68.4)
Total - Other Revenue	$ 1,504.8	$ 1,569.8	$ 1,563.6	$ 1,607.2
Other Sources				
Federal Grants	$ 2,128.8	$ 1,744.2	$ 1,765.9	$ 1,789.1
Transfer From Tobacco Settlement	110.1	108.4	106.7	105.0
Transfers From (To) Other Funds	581.0	(168.6)	(168.6)	(168.6)
Transfers to BRF - Volatility Adjustment	(1,847.5)	(1,149.5)	(1,191.4)	(1,228.9)
Total - Other Sources	$ 972.4	$ 534.5	$ 512.6	$ 496.6
Total - General Fund Revenues	$ 22,959.2	$ 22,312.6	$ 22,903.2	$ 23,557.4

Economic Growth Rates for General Fund Tax Revenues

The November 10, 2022, consensus revenue forecast assumes that General Fund revenues will experience economic growth rates ranging from -2.3 percent in FY 2023 to 3.1 percent in FY 2026. Economic growth rates are defined as baseline revenue growth prior to any state policy changes. Absent a recession, these growth rates remain conservative and well below growth experienced in prior economic expansions. The -2.3 percent growth projected for FY 2023 is driven by the exceptional results of FY 2022 revenues that may have been fueled by the aid to consumers from the federal government as well as state and local governments as a result of the COVID-19 pandemic. More recently, high inflation and increasing federal interest rates have also contributed to strong revenue collections.

General Fund Revenue - Economic Growth Rates



The table at right shows estimated growth rates in each tax type implied by the November 10, 2022, consensus revenue forecast. The growth rates represent changes over prior year collections. Significant increases in many tax types in FY 2022 are a result of stronger than anticipated collections through the COVID-19 pandemic. Declines in FY 2023 and beyond reflect projections in tax collections returning to more normal, pre-pandemic trends. It is expected that some collections will return to pre-pandemic trends faster than others while it remains uncertain as to when other revenue sources and sectors of the economy may fully recover.

ECONOMIC GROWTH RATES OF PROJECTED TAX REVENUES

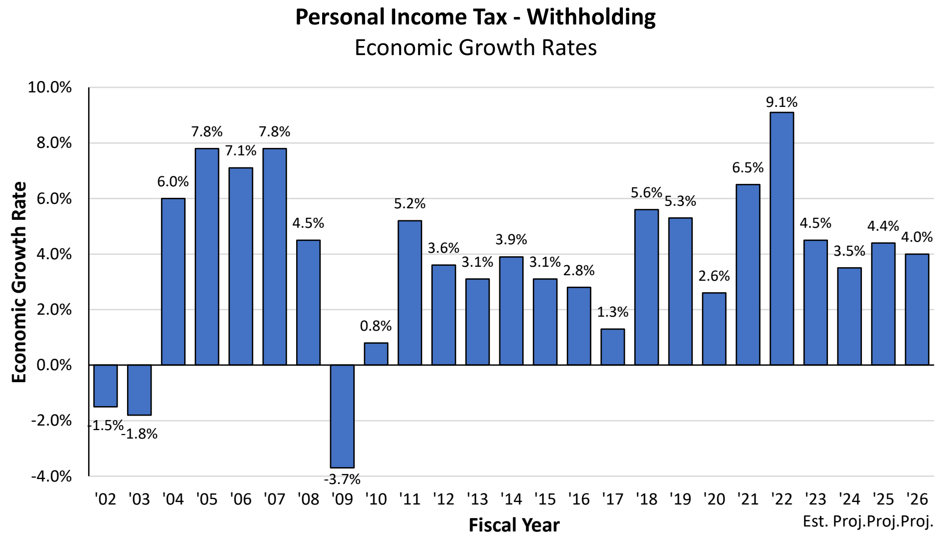
As estimated by OPM based upon the November 10, 2022 consensus revenue forecast

(Percentage Change Over Prior Year)

	General Fund				
Taxes	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Personal Income Tax - Withholding	9.1	4.5	3.5	4.4	4.0
Personal Income Tax - Estimates & Finals	37.1	-17.0	-10.0	4.0	4.0
Sales & Use Tax	12.5	7.6	2.4	2.4	2.3
Corporation Tax	14.4	-1.9	2.5	3.0	3.1
Pass-Through Entity	48.5	-15.2	-10.0	4.0	4.0
Public Service Tax	31.6	-9.0	2.7	0.8	0.8
Inheritance & Estate Tax	-20.7	-10.7	-5.7	2.5	2.5
Insurance Companies Tax	4.9	-2.2	1.4	1.6	1.5
Cigarettes Tax	-6.9	-5.7	-5.2	-4.8	-5.0
Real Estate Conveyance Tax	-0.1	-24.5	-0.9	1.7	1.5
Alcoholic Beverages Tax	-0.2	-1.2	-2.1	0.5	0.4
Admissions & Dues Tax	13.8	-0.8	-32.4	-8.0	1.2
Health Provider	0.9	3.6	0.2	0.4	0.4

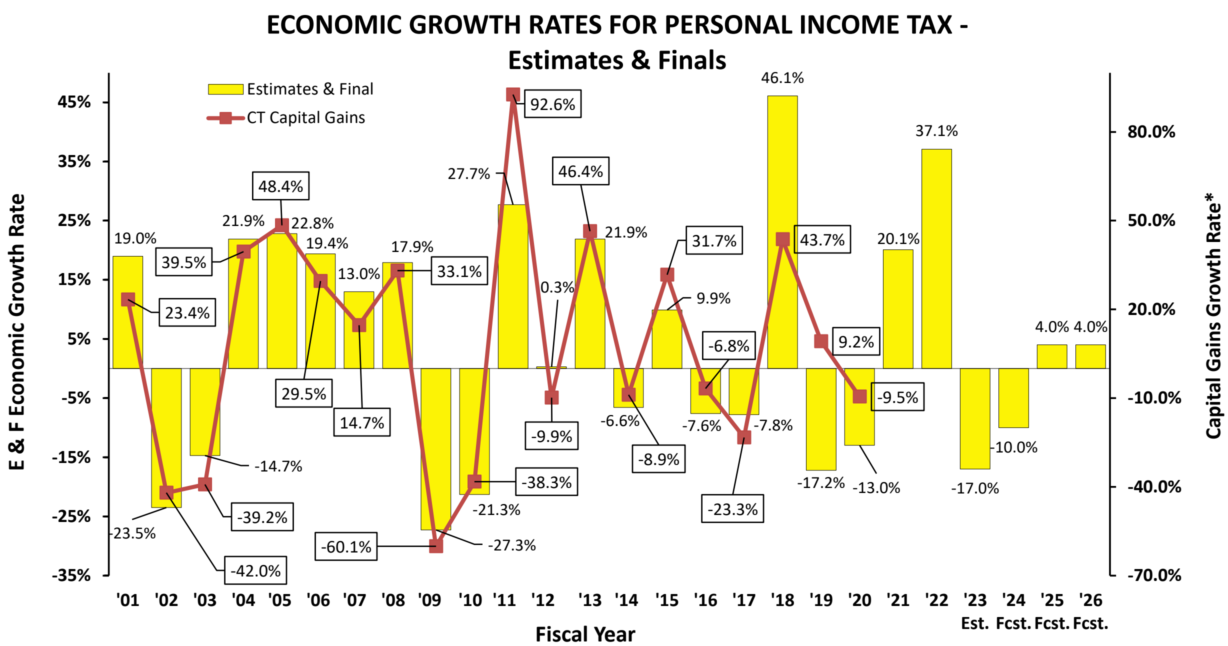
Personal Income Tax – Withholding

Personal Income Tax collections from paycheck withholding tend to be relatively stable in non-recessionary periods, reflecting changes in revenue as wages rise. Modest wage growth is projected during the upcoming biennium, and revenues are, in turn, expected to increase.



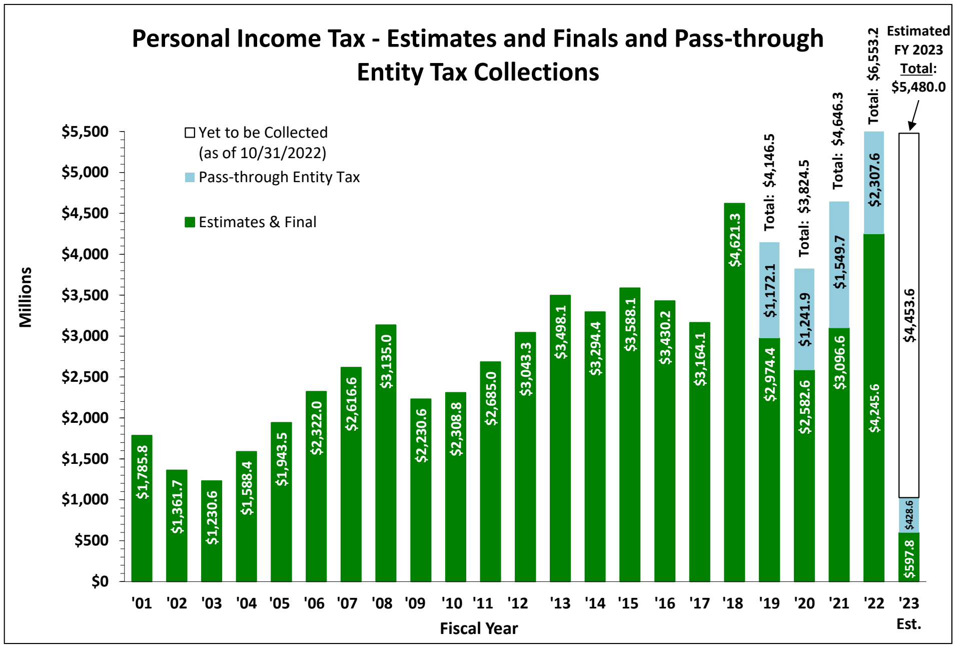
Personal Income Tax – Estimates and Finals Collections

The volatile estimates and finals component of the Personal Income Tax typically represents thirty percent of total income tax collections. Receipts from this revenue source are highly correlated with capital gains and, as a result, collections experience wide fluctuations year-to-year in response to market conditions and changes in tax policy. The graph below depicts this correlation.



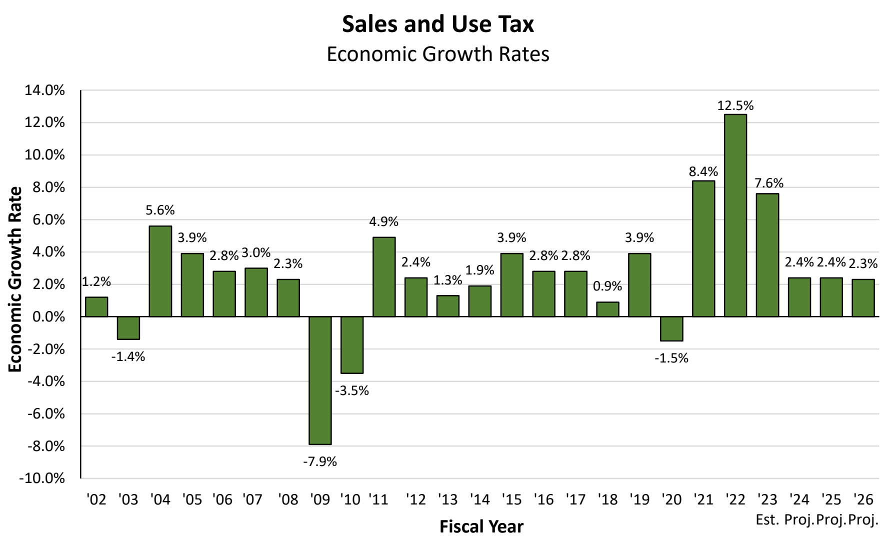
*Note: Capital Gains are for the immediately preceding calendar year.

The current FY 2023 forecast calls for $3,522.7 million in estimates and finals collections. Through October 31, 2022, the state has collected $597.8 million, or 17.0 percent of the total forecasted amount. Almost 40 percent of total collections are received in April when final tax returns are filed, concentrating volatility into the last quarter of the fiscal year. In FY 2009 alone, as the recession gripped the country, Connecticut's estimates and finals collections fell by $904.4 million. Excluding the impact of an enacted tax increase on millionaires at that time, estimates and finals collections fell an additional $475.4 million in FY 2010, for a total two-year decline of about $1.4 billion, or 44.5 percent from the 2008 peak. Fiscal year 2018 was an outlier due to extraordinary collections resulting from repatriation of offshore hedge fund income and investor behavior in anticipation of the Tax Cuts and Jobs Act of 2017. Beginning in FY 2019, the state began receiving revenue from its new Pass-through Entity Tax which was carved out of the income tax; for multi-year comparative purposes it has been included in the graphic above.



Sales and Use Tax

Revenue from the Sales and Use Tax is the second largest revenue source for the General Fund. The forecast for this tax projects growth in the low 2 percent range over the next few fiscal years, as shown in the graph at right. Each 1.0 percent change in the Sales and Use Tax growth rate results in an all-funds revenue change of about $59 million.



FY 2024 TO FY 2026 – SPECIAL TRANSPORTATION FUND OUTLOOK

OPM's estimates of "fixed cost drivers" in the Special Transportation Fund are as follows:

PROJECTED GROWTH IN EXPENDITURES

FIXED COST DRIVERS

(Amounts Represent Year Over Year Change)

SPECIAL TRANSPORTATION FUND	FY 2024 Increase over FY 2023	FY 2025 Increase over FY 2024	FY 2026 Increase over FY 2025
OTT - Debt Service	$ 76,189,988	$ 63,605,066	$ 60,131,458
OSC - Other Post Employment Benefits	(2,809,203)	14,138	73,459
OSC - SERS Defined Contribution Match	247,463	292,476	380,495
OSC - State Employees Retirement Contributions - Normal Cost	643,867	(836,427)	(75,739)
OSC - State Employees Retirement Contributions - UAL	(17)	(5,818,552)	(2,340,102)
TOTAL - SPECIAL TRANSPORTATION FUND	**$ 74,272,098**	**$ 57,256,701**	**$ 58,169,571**

<u>Assumptions Used to Develop Growth Estimates for Fixed Costs</u>

The FY 2024 through FY 2026 columns in the table above represent the anticipated increase in spending versus the estimated amounts for the immediately preceding fiscal year. Note that amounts estimated for FY 2023 exclude any appropriations carried forward from prior fiscal years. Explanations of assumptions used to develop the forecast follow.

DEBT SERVICE - STATE TREASURER

- *Debt Service* - Reflects the issuance of Special Tax Obligation Bonds in the amounts of $830 million in FY 2023, $1.0 billion in FYs 2024 and 2025, and $1.1 billion in FY 2026.

STATE COMPTROLLER - FRINGE BENEFITS

- *SERS Defined Contribution Match* - Reflects estimates of salary increases and anticipated volume of new employees in Tier IV.
- *Other Post Employment Benefits* - Employees hired prior to July 1, 2017, contribute to Other Post Employment Benefits (OPEB) fund for ten years. The matching state contributions decreases as employees complete the ten-year payment obligation. Almost 16,000 employees will complete the ten-year obligation in FY 2024.
- *State Employees Retirement Contributions - Normal Cost* - Reflects the estimated normal cost portions of the actuarially determined employer contributions (ADEC). Note that an updated valuation, as of June 30, 2022, is anticipated to be available in December 2022.
- *State Employees Retirement Contributions - Unfunded Actuarial Liabilities* - Reflects the estimated unfunded actuarial liability portions of the ADEC, adjusted to reflect the estimated impact of the additional BRF and surplus deposits. Note that an updated valuation, as of June 30, 2022, is anticipated to be available in December 2022.

Revenue

The November 10, 2022, consensus forecast projects Special Transportation Fund revenues at $2.13 billion in FY 2023. The table below shows the detailed revenue estimates.

PROJECTED REVENUES

Consensus Revenue Forecast - November 10, 2022

(In millions)

Special Transportation Fund

Taxes	FY 2023	FY 2024	FY 2025	FY 2026
Motor Fuels Tax	$ 344.4	$ 515.7	$ 499.0	$ 490.9
Oil Companies Tax	402.4	380.2	350.3	323.1
Sales & Use Tax	820.1	835.9	856.1	875.7
Sales Tax - DMV	112.3	103.2	102.2	103.1
Highway Use	45.0	90.0	94.1	98.3
Total Taxes	$ 1,724.2	$ 1,925.0	$ 1,901.7	$ 1,891.1
Less Refunds of Taxes	(16.2)	(16.9)	(17.4)	(17.9)
Total - Taxes Less Refunds	$ 1,708.0	$ 1,908.1	$ 1,884.3	$ 1,873.2
Other Sources				
Motor Vehicle Receipts	$ 260.3	$ 261.6	$ 262.9	$ 264.2
Licenses, Permits, Fees	132.1	132.7	133.6	134.5
Interest Income	33.2	39.2	32.7	29.0
Federal Grants	10.1	9.2	8.1	6.9
Transfers From (To) Other Funds	(5.5)	(5.5)	(5.5)	(5.5)
Less Refunds of Payments	(5.6)	(3.1)	(3.2)	(3.3)
Total - Other Sources	$ 424.6	$ 434.1	$ 428.6	$ 425.8
Total - STF Revenues	$ 2,132.6	$ 2,342.2	$ 2,312.9	$ 2,299.0

Note: The above schedule reflects the Nov. 10, 2022 consensus revenue estimates pursuant to C.G.S. 2-36c.

Economic Growth Rates for Special Transportation Fund Tax Revenues

The outlook over the next few years is mixed for the key taxes that support the Special Transportation Fund, with several sources showing declines while revenues related to the Sales and Use Tax show growth in the low 2 percent range. The table at right portrays estimated growth rates for the fund's major tax sources.

ECONOMIC GROWTH RATES FOR PROJECTED TAX REVENUES

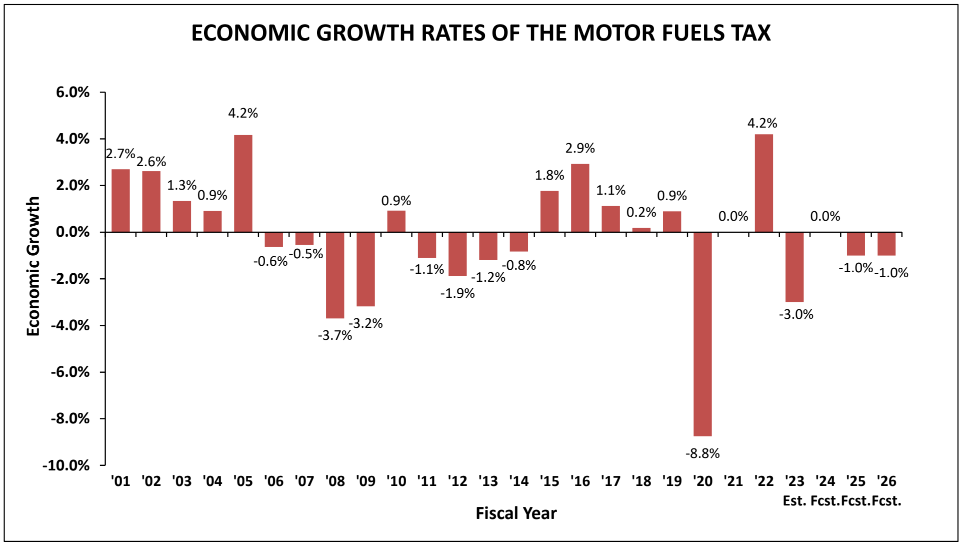
As Estimated by OPM Based Upon the November 10, 2022
Consensus Revenue Forecast
(Percent Change)

Special Transportation Fund

Taxes	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Motor Fuels Tax	4.2	-3.0	0.0	-1.0	-1.0
Oil Companies Tax	69.0	75.6	-5.5	-7.9	-7.8
Sales and Use Tax	12.5	7.6	2.4	2.4	2.3
Sales Tax - DMV	4.1	-8.1	-8.0	-1.0	1.0
Highway Use	N/A	0.0	0.0	4.6	4.5

Motor Fuels Tax

The Motor Fuels Tax remains an important, albeit increasingly smaller, component of the Special Transportation Fund. This revenue source includes a 25 cents per gallon tax on gasoline fuel and a 49.2 cents per gallon tax on diesel fuel, as of July 1, 2022. (Note that the gasoline tax has been suspended through the end of November 2022, and there is discussion about extending that suspension during a potential special legislative session.) Nominal adjusted[1] revenue growth of the Motor Fuels Tax from FY 2013 to FY 2022 was negative 4.4 percent, equivalent to a decline of about 0.5 percent per fiscal year over the past ten years. Growth in this revenue source is highly influenced by economic conditions, the price of motor fuels, and the fuel economy of the existing fleet. Prior to the COVID-19 pandemic, the Motor Fuels Tax showed positive growth as lower fuel prices increased consumer demand, but this growth trend dissipated after restrictions were put in place to reduce the spread of the COVID-19 virus. Consumption in FY 2022 picked up but remains well below pre-pandemic peaks. Current expectations are that relatively high fuel prices will continue to constrain fuel consumption through the remainder of FY 2023. The November 2022 consensus revenue forecast assumes that consumer behavior has been permanently changed and collections will not recover to pre-pandemic expectations over the next five fiscal years.



Even without the pandemic, it has always been the assumption that the growth in motor fuels consumption will naturally turn negative as consumer behavior changes, either due to price increases or by increased use of alternatively powered vehicles. Since FY 2015, new revenue sources have been added to the Special Transportation Fund in order to address this expected lack of growth and to reduce the Special Transportation Fund's reliance on a single slow-growing revenue source. In FY 2022, Motor Fuels Tax revenue was 19.3 percent of the total revenue deposited in the Special Transportation Fund, down from 45.0 percent in FY 2010. The Sales and Use Tax has overtaken the Motor Fuels Tax to become the largest single revenue component in the Special Transportation Fund; in FY 2022 it represented 34.8 percent of total collections and will remain the largest single revenue source for the foreseeable future.

[1] FY 2022 revenue collections were adjusted to account for a three-month gasoline tax holiday (April 1, 2022, to June 30, 2022).

LONG-TERM OUTLOOK FOR THE SPECIAL TRANSPORTATION FUND

The Special Transportation Fund has seen a substantial financial reversal from estimates during the height of the COVID-19 pandemic. Strong Sales and Use Tax collections, a recovery in fuel-related taxes, and receipt of significant federal assistance have helped to stabilize the fund over the near-term. In the outyears, the introduction of the Highway Use Fee will help to maintain balances and allow for additional capital investment. As a result, over the next four years the cumulative fund surplus will increase to an estimated $1.1 billion by FY 2026. However, expenditure growth continues to outpace the growth in revenues, leading to projected operating shortfalls in FY 2026 and beyond. Without additional revenue or reductions in needed transportation investments, the expected increase in costs will outpace the growth in revenues in the long term, impacting fund solvency.

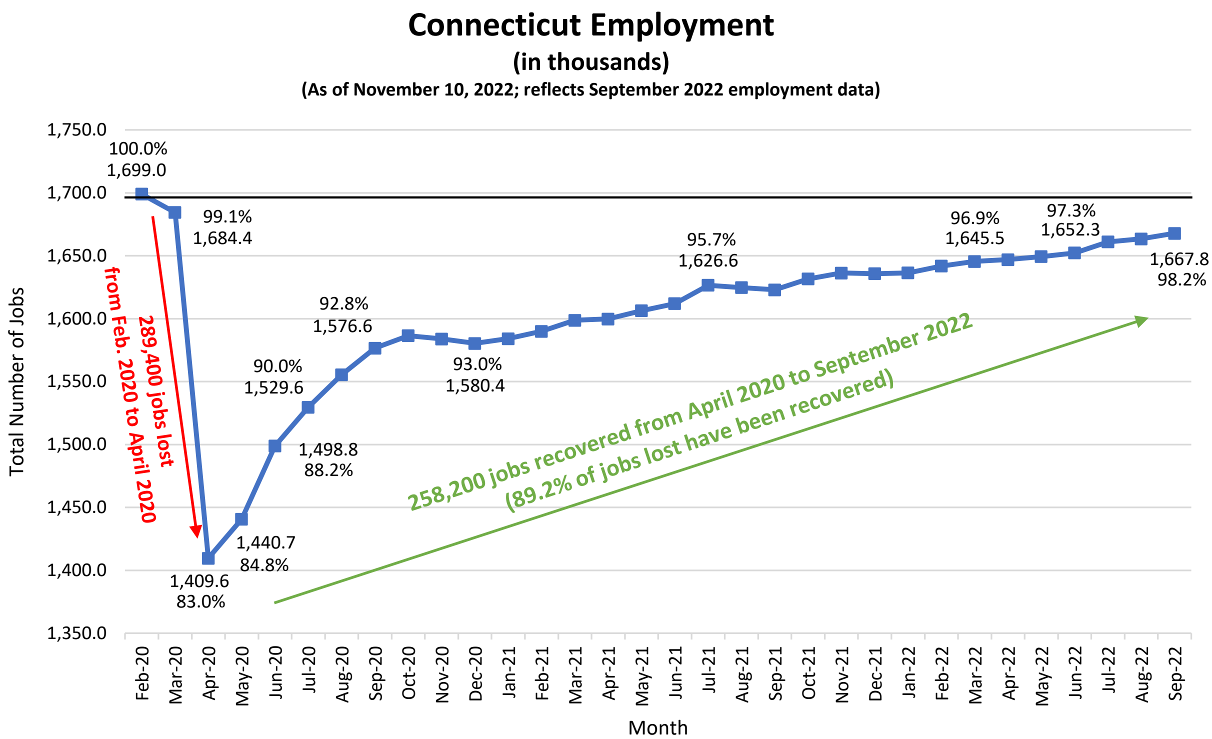
SPECIAL TRANSPORTATION FUND - STATEMENT OF FINANCIAL CONDITION

(in millions)

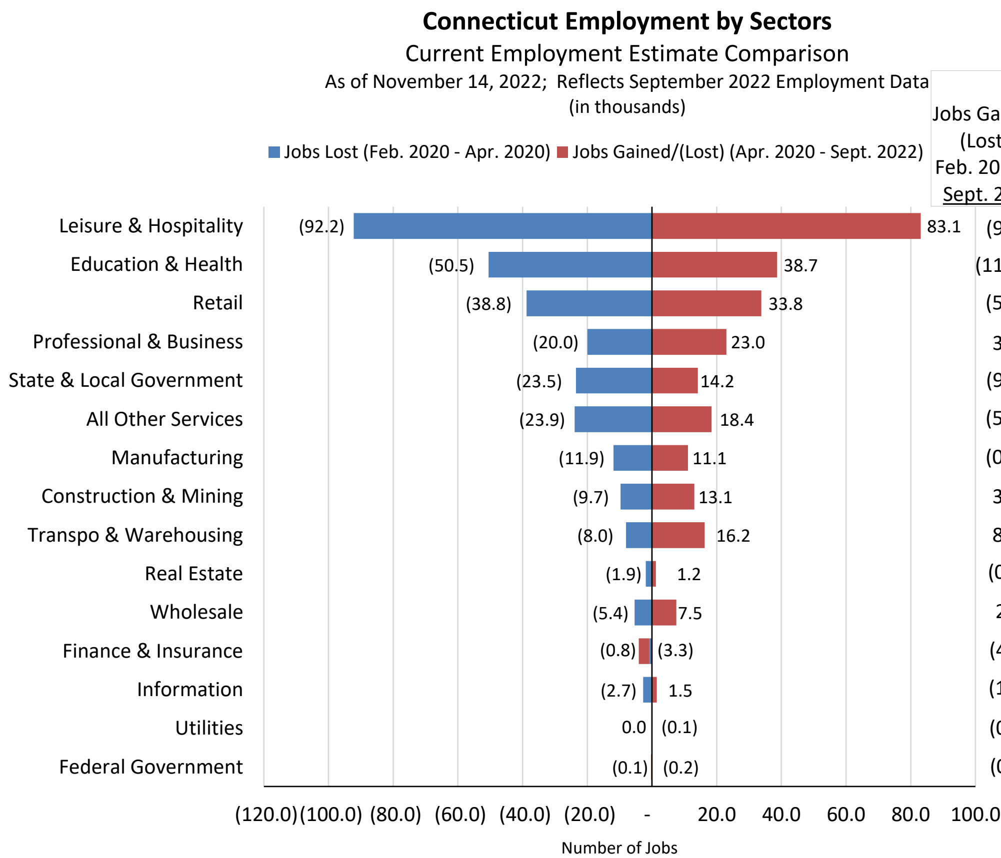
Actual & Projected Revenues	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Motor Fuels Tax	$ 344.4	$ 515.7	$ 499.0	$ 490.9
Sales & Use Tax	820.1	835.9	856.1	875.7
Sales Tax - DMV	112.3	103.2	102.2	103.1
Oil Companies Tax	402.4	380.2	350.3	323.1
Highway Use Fee	45.0	90.0	94.1	98.3
Motor Vehicle Receipts	260.3	261.6	262.9	264.2
Licenses, Permits, Fees	132.1	132.7	133.6	134.5
Federal Grants	10.1	9.2	8.1	6.9
Interest Income	33.2	39.2	32.7	29.0
Transfers from / (to) Other Funds	(5.5)	(5.5)	(5.5)	(5.5)
Total Revenues	$2,154.4	$2,362.2	$ 2,333.5	$ 2,320.2
Refunds	(21.8)	(20.0)	(20.6)	(21.2)
Total Net Revenues	$2,132.6	$2,342.2	$ 2,312.9	$ 2,299.0
Revenue Cap Adjustment	-	(35.1)	(40.5)	(46.0)
Budget Revenues	$2,132.6	$2,307.1	$ 2,272.4	$ 2,253.0
Projected Debt Service and Expenditures				
Projected Debt Service on the Bonds	$ 811.3	$ 887.6	$ 951.1	$ 1,011.2
DOT Budgeted Expenses	614.5	801.8	825.4	862.2
DMV Budgeted Expenses	71.6	76.6	77.4	80.3
Other Budget Expenses	300.8	305.0	313.9	314.6
Program Costs Paid from Current Operations	17.4	17.4	17.5	17.8
Estimated Unallocated Lapses	-	(12.0)	(12.0)	(12.0)
Total Expenditures	$1,815.7	$2,076.4	$ 2,173.3	$ 2,274.1
Excess (Deficiency)	$ 316.9	$ 230.7	$ 99.1	$ (21.1)
Revised Cumulative Excess (Deficiency)	$ 714.6	$ 980.4	$ 1,120.0	$ 1,144.9
Revised Debt Service Coverage Ratio	2.63	2.64	2.43	2.27

CONNECTICUT'S ECONOMY

Prior to the onset of the COVID-19 pandemic-induced recession, Connecticut's economy had not fully recovered from the Great Recession of 2008. After contracting sharply in the 2008 recession, the Connecticut economy experienced slow job growth before reaching full recovery in May 2018 of all private-sector jobs lost during the 2008 recession. Although the number of Connecticut jobs was growing and had recovered 81.7 percent of all jobs as of February 2020, the coronavirus pandemic and the ensuing nonessential business closures caused a shift in the employment trajectory. At the outset of the pandemic, March and April of 2020, Connecticut lost 289,400 jobs or 17.0 percent of its workforce as seen in the graph below. As of September 2022, the state has regained 89.2 percent of the jobs lost – approximately 258,200 jobs – and has recovered 98.2 percent of total pandemic job losses.



The graphic below shows job losses by sector from the February 2020 peak through the end of April 2020, followed by the subsequent gains by sector from May 2020 through September 2022. The industry most affected by the pandemic-related job losses is leisure and hospitability, shedding a total of 92,200 jobs in March and April 2020. As of September 2022, 83,100 jobs have been added back in that sector. The following sectors have recovered and surpassed all the jobs lost during the pandemic: professional & business, construction & mining, transportation & warehousing, and wholesale trade.



Sector	Jobs Gained/ (Lost) - Feb. 2020 to Sept. 2022	Total Jobs Feb. 2020	Current Job Levels as a % of Feb. 2020 Peak
Leisure & Hospitality	(9.1)	159.5	94.3%
Education & Health	(11.8)	351.7	96.6%
Retail	(5.0)	173.7	97.1%
Professional & Business	3.0	216.4	101.4%
State & Local Government	(9.3)	218.1	95.7%
All Other Services	(5.5)	66.0	91.7%
Manufacturing	(0.8)	161.0	99.5%
Construction & Mining	3.4	60.1	105.7%
Transpo & Warehousing	8.2	55.7	114.8%
Real Estate	(0.7)	20.1	96.5%
Wholesale	2.1	59.0	103.6%
Finance & Insurance	(4.1)	102.5	96.0%
Information	(1.2)	31.5	96.2%
Utilities	(0.1)	5.1	97.8%
Federal Government	(0.3)	18.6	98.4%

Source: IHS Markit

Employment recovery from the pandemic-induced-recession varies by region from a 65.4 percent recovery rate in the Enfield labor market area to a 99.8 percent recovery rate in the New Haven area. The Danielson/Northeast and Torrington/Northwest areas have recovered all the jobs lost from the pandemic. Connecticut's unemployment rate in September 2022 was at 4.0 percent compared to 3.5 percent nationally.

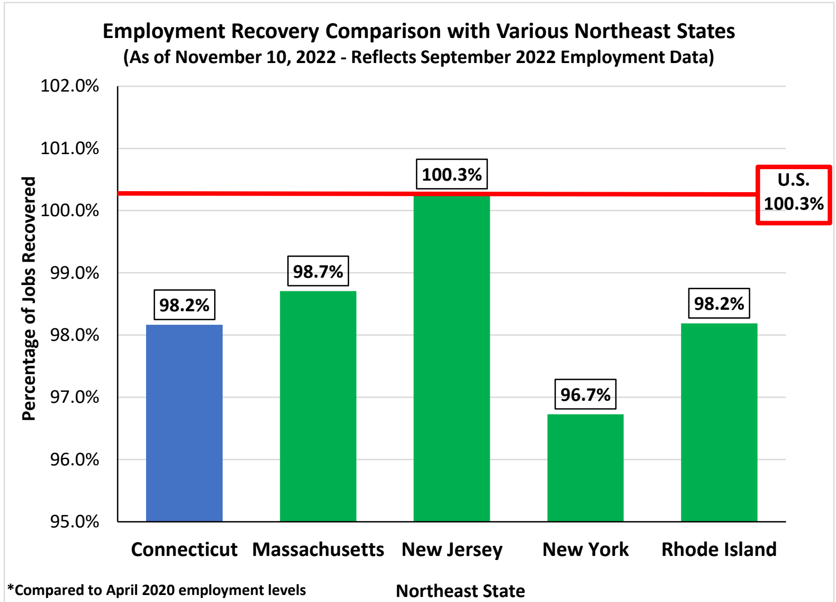
Job Recovery by CT Labor Market Area
From Pre-Pandemic (Feb. 2020) to Sept. 2022

Labor Market Area	Percentage of Jobs Lost Recovered	Current Employment Levels as a Percentage of Feb. 2020
Hartford	77.4%	96.6%
New Haven	99.8%	100.0%
Danbury	89.7%	97.9%
Bridgeport-Stamford-Norwalk	88.0%	97.8%
Danielson/Northeast*	100.0%	100.0%
Norwich-New London-Westerly	76.4%	93.7%
Torrington/Northwest*	104.0%	100.6%
Waterbury	77.3%	95.8%
Enfield*	65.4%	94.0%
Connecticut	**89.2%**	**98.2%**

* Not seasonally adjusted

Source: CT Dept. of Labor

The graph below provides a comparison of Connecticut to the nation and our neighboring states on post-pandemic jobs recovered. Connecticut's recovery is approximately in line with our neighboring states, but lags the nation as a whole, recovering 98.2 percent of the 289,400 jobs shed in March and April of 2020.

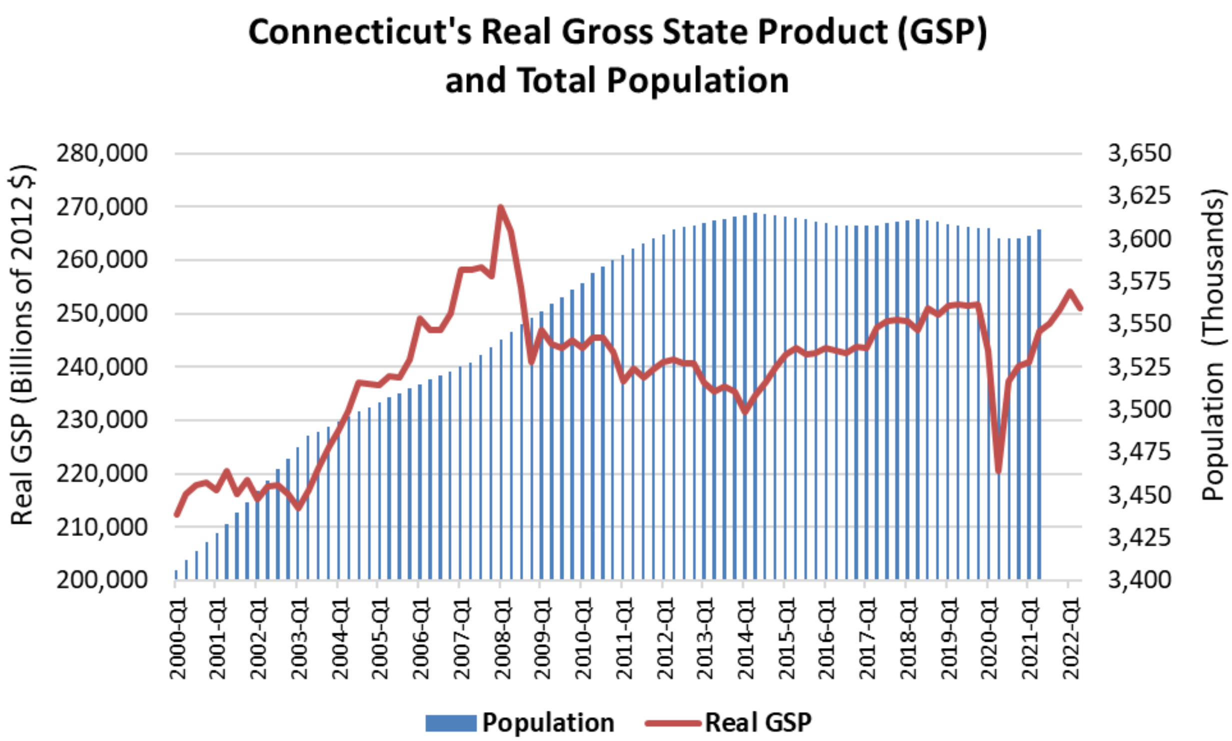


<u>Housing</u>

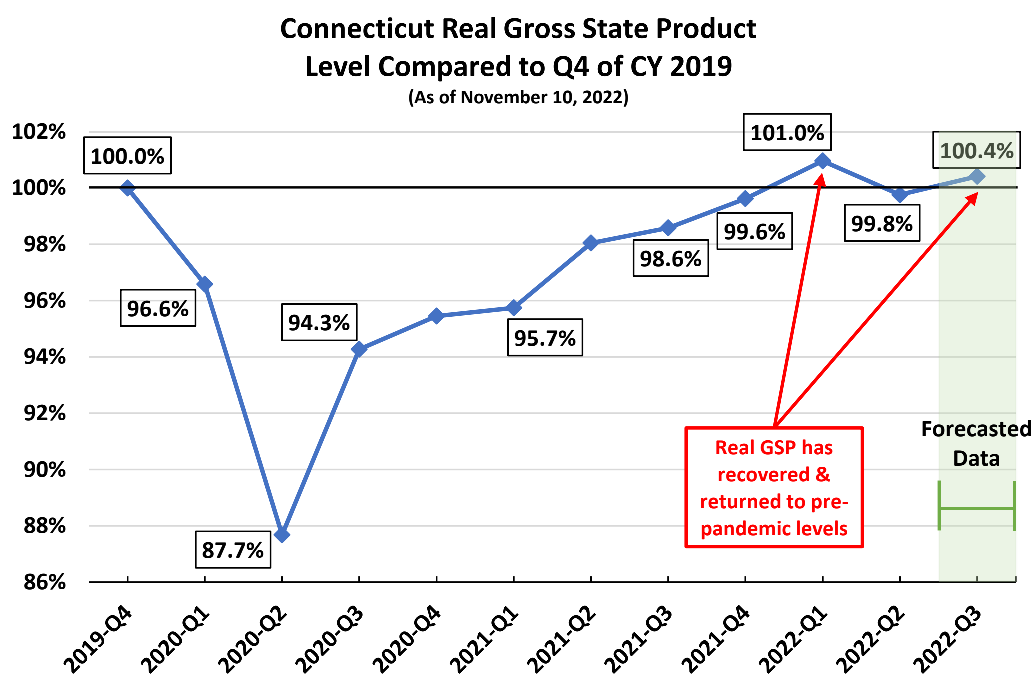
When it comes to home sales, the housing market remains below its 2008 pre-recession peak. Home sales in Connecticut peaked in the second quarter of calendar year 2006 and have not attained the same levels since then. In the fourth quarter of calendar year 2020, home sales attained a new peak since the 2008 Great Recession but still remained 38.4 percent below 2006 home sales. The most recent data shows that home sales have decreased by 24.4 percent from the recent peak in the fourth quarter of calendar year 2020 to the second quarter of calendar year 2022. Median home prices prior to the 2008 Great Recession peaked at $325,985 in 2006. This median home price was not reached again until the fourth quarter of calendar year 2020. Since then, the median home price in Connecticut has increased by 25.9 percent to $411,717 by the end of the second quarter of calendar year 2022. Recent growth in prices is attributable to strong buyer activity, a constrained supply and, until recently, very low-interest rates.

<u>Gross State Product and Population</u>

Connecticut's real gross state product (GSP), a measure of all goods and services produced in Connecticut, fell 9.5 percent during the 2008 Great Recession. As seen in the below graphs, Connecticut's real GSP began to reach levels just prior to the 2008 Great Recession in calendar years 2017 to 2019, but decreased by 12.3 percent between the fourth quarter of calendar year 2019 and the second quarter of calendar year 2020 due to the onset of the pandemic-induced recession. In the first quarter of calendar year 2022, Connecticut returned to real GSP levels attained in the fourth quarter of calendar year 2019. Connecticut's total population fell by 0.2 percent between calendar year 2014 and calendar year 2019 and has since grown by approximately 1.1 percent in calendar year 2020 and another 0.1 percent in calendar year 2021.



Source: IHS as of 11/10/2022



Source: IHS

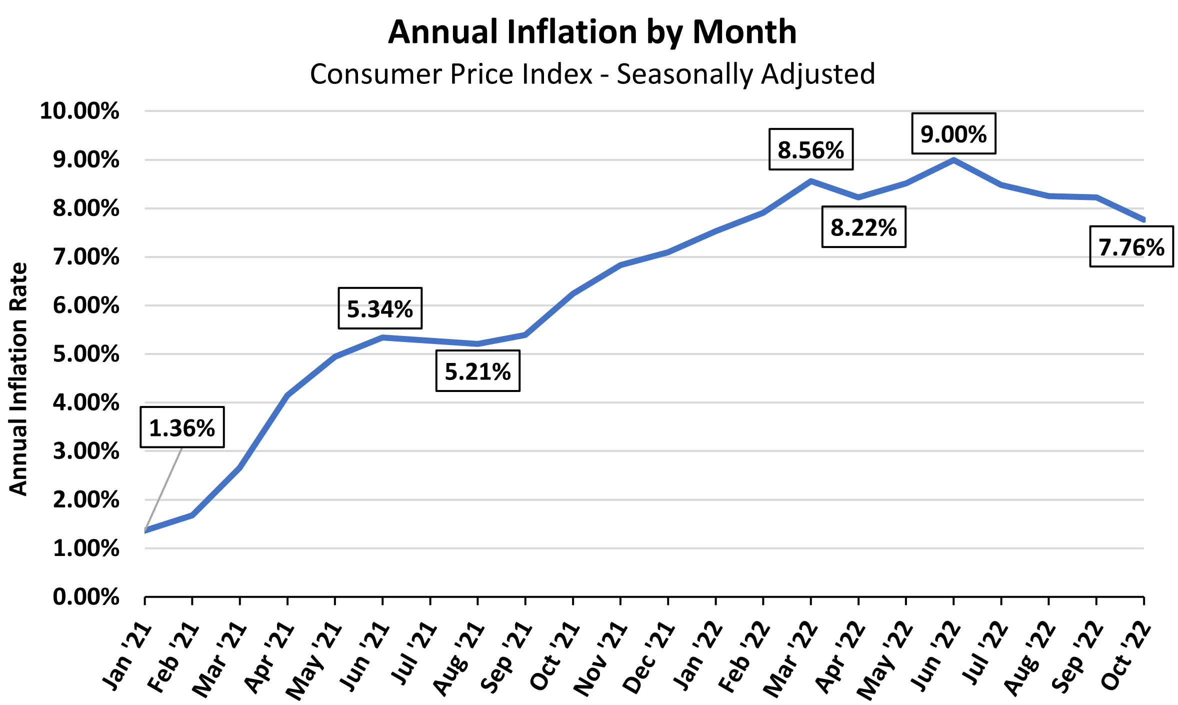
The table below compares Connecticut's growth since the 2008 recession to states in the region and to the national average. In essentially all indicators, Connecticut was the slowest or one of the slowest in growth before the onset of the 2020 recession.

Growth in Various Economic Indicators (2010 to 2021)					
	Employment*	Population	Home Sales	Home Prices	Real GSP
Connecticut	-0.2%	0.7%	28.6%	30.8%	0.9%
Maine	4.7%	3.3%	51.3%	72.7%	17.1%
Massachusetts	9.2%	6.2%	23.1%	73.1%	25.2%
New Hampshire	6.7%	5.5%	43.6%	74.7%	23.6%
New Jersey	4.5%	5.1%	54.9%	40.9%	10.3%
New York	5.9%	1.9%	21.8%	52.2%	18.6%
Rhode Island	4.0%	3.8%	39.5%	69.7%	6.4%
Vermont	-1.5%	3.1%	40.6%	52.0%	7.5%
United States	12.0%	7.2%	46.5%	84.9%	24.5%

Sources: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, IHS

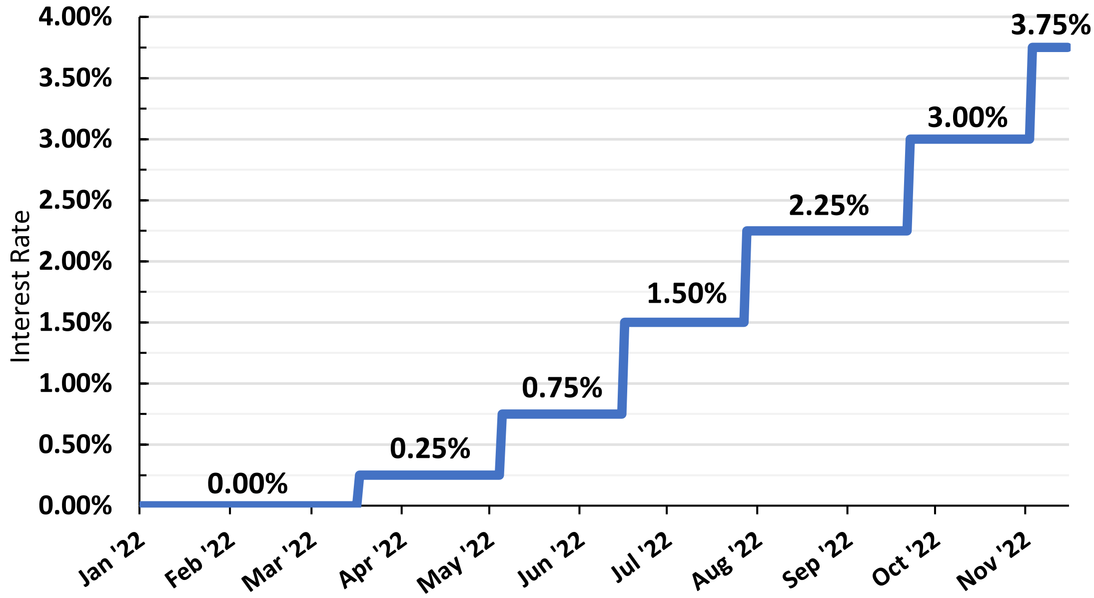
Inflation and Federal Interest Rates

For almost a year now, rapidly rising prices and the Federal Reserve's policy response to that phenomenon has dominated the headlines. Inflation at the consumer level began its upward slope as the nation began to emerge from the pandemic-induced recession, reaching 9.0 percent in June 2022. Obviously concerned, in March of 2022 the Federal Reserve embarked on a series of interest rate increases totaling 375 basis points. The federal funds rate currently stands at a range of 3.75 percent to 4.0 percent and it is expected that the Federal Reserve will continue to raise short-term interest rates in a bid to slow economic growth in order to dampen inflation. It is yet to be seen whether such actions will be successful in stemming the inflationary tide and/or potentially inducing an economic contraction.



Source: Bureau of Labor Statistics as of 11/10/2022

Federal Funds Target Interest Rates in Calendar Year 2022



Source: Federal Reserve Bank of New York as of 11/10/2022

Connecticut's Economic Projections

The pandemic-induced recession, the subsequent recovery, and the dramatic spike in inflation has introduced greater uncertainty in the economic outlook and has resulted in shifting economic forecasts. The state has recovered to pre-pandemic levels for Gross State Product (GSP) and wages and salaries, but employment continues to lag despite continued growth.

State of Connecticut
Key Economic Indicator Recoveries
From COVID-19 Pandemic

	Pre-Pandemic Peak	Low Point	Current Data (Compared to Peak)		Years Until Recovery
Real Gross State Product (2012 $B)	$ 251,582.1 Q4 2019	-12.3% Q2 2020	-0.2%	$ 250,985.1	2.25
			------ Q2 2022 ------		Q1 2022
Wages and Salaries ($B)	$ 122,261.5 Q1 2020	-6.1% Q2 2020	12.7%	$ 137,765.8	0.75
			------ Q2 2022 ------		Q4 2020
Employment (K)	1,699.0 Feb. 2020	-17.0% April 2020	-1.8%	1,667.8	Unknown
			------ Sept. 2022 ------		At This Time
Unemployment Rate*	3.40% Feb. 2020	11.40% May 2020	4.00% Sept. 2022		Unknown At This Time

When we expect to reach pre-pandemic levels

*Low point indicates the actual unemlpoyment rate for May 2020.

Source: IHS Markit, CT Dept. of Labor
As of November 14, 2022

Finally, the below table shows projections for various economic indicators for Connecticut over the biennium. Growth in real GSP is projected to remain on average at 0.5 percent over the forecast period. Personal income is expected to grow by 3.8 percent in FY 2023 with average growth of 4.0 percent in the outyears from FY 2024 through FY 2026. Wages and salaries experienced 8.9 percent growth in FY 2022 and is expected to slow in FY 2023 to 5.6 percent growth before slowing to an average of 3.6 percent growth in the forecast period. Connecticut's employment growth is peaked at 3.3 percent in FY 2022. Modest employment growth in FY 2023 is expected around 1.4 percent before declining by 1.7 percent in FY 2024 and essentially remaining flat in FY 2025 and FY 2026. The unemployment rate increased due to the pandemic but is expected to decline to 4.6 percent for FY 2023 before increasing to an average of 5.9 percent in the outyears. Population has been declining over the last decade but had experienced minor growth in FY 2022 at 0.2 percent. Population is expected to remain flat throughout the forecast period.

Connecticut Economic Indicators

(Year-Over-Year Changes)

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Real G.D.P.	1.1%	-3.7%	-0.2%	4.0%	-0.1%	-0.4%	1.0%	1.3%
Personal Income	4.3%	3.1%	5.7%	3.3%	3.8%	3.6%	4.1%	4.2%
Wages & Salaries	2.7%	0.4%	3.0%	8.9%	5.6%	2.3%	4.4%	4.1%
Unemployment Rate	3.7%	5.1%	7.9%	5.1%	4.6%	6.4%	6.0%	5.3%
Total Employment	0.1%	-3.8%	-3.1%	3.4%	1.4%	-1.7%	0.3%	0.2%
Population	0.0%	-0.1%	-0.1%	0.2%	0.0%	0.0%	0.0%	0.0%
Housing Starts	-4.1%	11.2%	0.0%	-21.5%	26.8%	-18.7%	20.7%	9.0%
U.S. C.P.I. - U	2.1%	1.6%	2.3%	7.2%	6.6%	3.0%	2.5%	2.2%

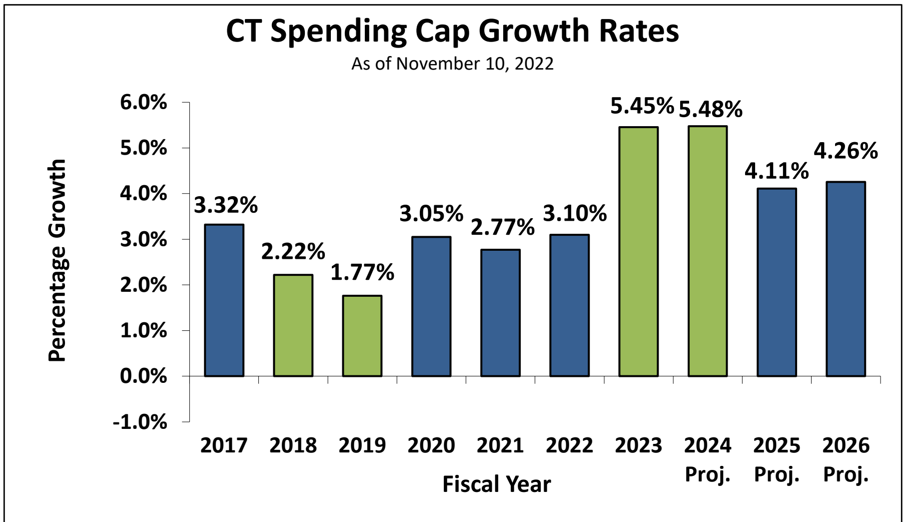
Source: IHS, 11/14/2022

SPECIAL TOPICS

The 2017 and 2018 legislative sessions saw enactment of several caps and limitations that impact budgeting. These measures include adoption of definitions that gave effect to the constitutional spending cap, a limitation on how much revenue can be appropriated, and a measure that directs above-average collections from volatile revenue sources to the Budget Reserve Fund. A brief description of the caps and limitations follows.

<u>Spending Cap</u>

The state's constitutional and statutory "spending" or "expenditure" cap is, in reality, a limit on the amount of appropriations the General Assembly can authorize in a given year. The cap limits growth in "general budget expenditures" to the greater of the average five-year increase in personal income or the increase in inflation.[2]



<u>Note</u>: Allowable spending growth based on growth in personal income indicated by blue bars and growth in CPI-U indicated by green bars. FY 2021 spending cap growth rate was 2.77% when the biennial budget was adopted. Due to the COVID-19 pandemic impacting the 2020 legislative session, a new growth rate was not adopted for the FY 2021 budget. FY 2024 - FY 2026 spending cap growth rates shown above reflect the 11/10/22 consensus growth rates which will be updated on 1/17/23, as part of the next consensus forecast.

Given the state's low growth in personal income emerging from the 2008 recession, the core consumer price index was the limiting factor in FY 2018 and FY 2019. Personal income was the limiting factor in FY 2020 through FY 2022. The growth in spending for FY 2023 was limited by the growth in inflation. As of November 2022, the growth in spending is projected again to be limited by the growth in inflation before returning to the growth in personal income in FY 2025. This growth will be calculated again during the January 2023 consensus for the FY 2024 – FY 2025 biennial budget. The enacted budget for FY 2023 was $8.6 million below the cap. The growth rate in FY 2023 was 5.45 percent when the budget was adopted and allowed capped expenditures to grow by approximately $905.9 million over FY 2022 levels.

[2] "Increase in personal income" is defined as the compound annual growth rate of personal income in the state over the preceding five calendar years. "Increase in inflation" is defined as the increase in the consumer price index for all urban consumers, all items less food and energy, during the preceding calendar year. "General budget expenditures" are defined as expenditures from all appropriated funds, excluding the following: debt service; deposits to the Budget Reserve Fund; expenditures of federal funds; federally mandated or court-ordered expenditures (in their first year); expenditures for federal programs for which the state receives federal matching funds (in their first year); payment of the unfunded liability for the state employee and judicial retirement systems through FY 2022; and payment of the unfunded liability for teachers through FY 2026.

Revenue Cap

Public Act 17-2 of the June Special Session introduced a revenue cap that limits the amount of General Fund and Special Transportation Fund appropriations to a percentage of revenue for those funds. The appropriations limit began at 99.5 percent of estimated revenue in FY 2020 and phases down to 98 percent for FY 2026 and thereafter. Any resulting General Fund operating margin will help increase the rainy day fund and will also provide a buffer against drastic expenditure reductions and tax increases if there is a sudden mid-year downturn in the economy.

Fiscal Year	Appropriations as % of Revenues
2020	99.50%
2021	99.25%
2022	99.00%
2023	98.75%
2024	98.50%
2025	98.25%
2026	98.00%

Revenue Volatility Cap

The revenue volatility cap directs any collections from the estimated and finals component of the Personal Income Tax plus the Pass-through Entity Tax that in total exceed a designated threshold (adjusted for personal income growth) to the Budget Reserve Fund. The transfer threshold is indexed to the five-year compound annual growth rate in personal income and is estimated as shown in the table at right. See page 61 for a discussion of the Budget Reserve Fund.

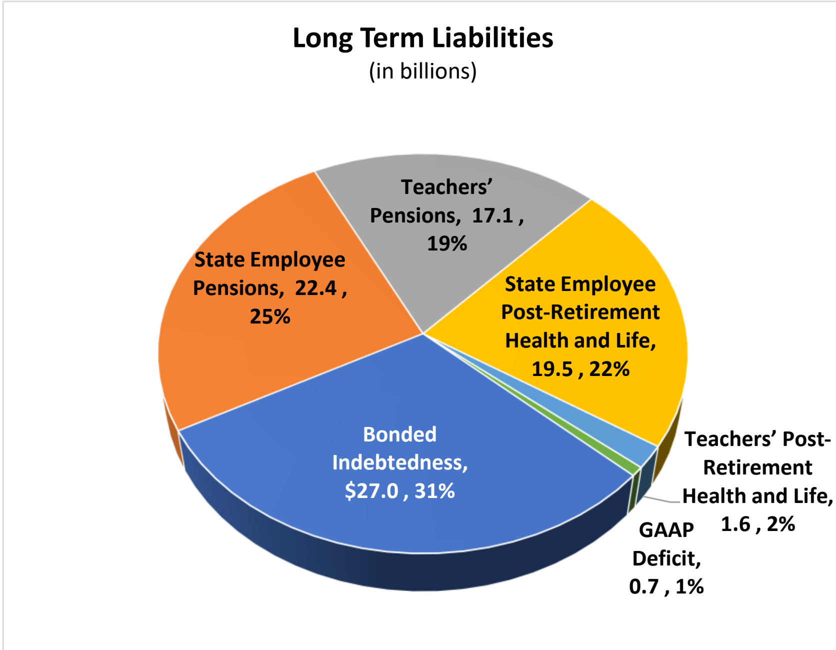
Fiscal Year	Revenue Volatility Threshold (in millions)
2018	$3,150.0
2019	$3,196.8
2020	$3,294.2
2021	$3,404.9
2022	$3,505.7
2023	$3,632.5
2024 (proj.)	$3,782.5
2025 (proj.)	$3,937.9
2026 (proj.)	$4,105.5

LONG-TERM LIABILITIES

The long-term liabilities facing the state include obligations to fully fund the State Employees Retirement System and the Teachers' Retirement System, pay for other post-employment benefits (OPEB), retire outstanding debt service costs, and close the cumulative GAAP deficit. The state's current long-term obligations total $88.3 billion, down $7.1 billion from the level reported last year. It should be noted that an updated valuation for the State Employees Retirement System is anticipated prior to the end of 2022. The table below depicts the components of these long-term liabilities, and a discussion of each follows.

LONG-TERM OBLIGATIONS
(in billions)

Bonded Indebtedness – As of 6/30/22	$27.0
State Employee Pensions – Unfunded as of 6/30/21	22.4
Teachers' Pensions – Unfunded as of 6/30/22	17.1
State Employee Post-Retirement Health and Life – Unfunded as of 6/30/22	19.5
Teachers' Post-Retirement Health and Life – Unfunded as of 6/30/21	1.6
Cumulative GAAP Deficit – As of 6/30/21	0.7
Total	$88.3

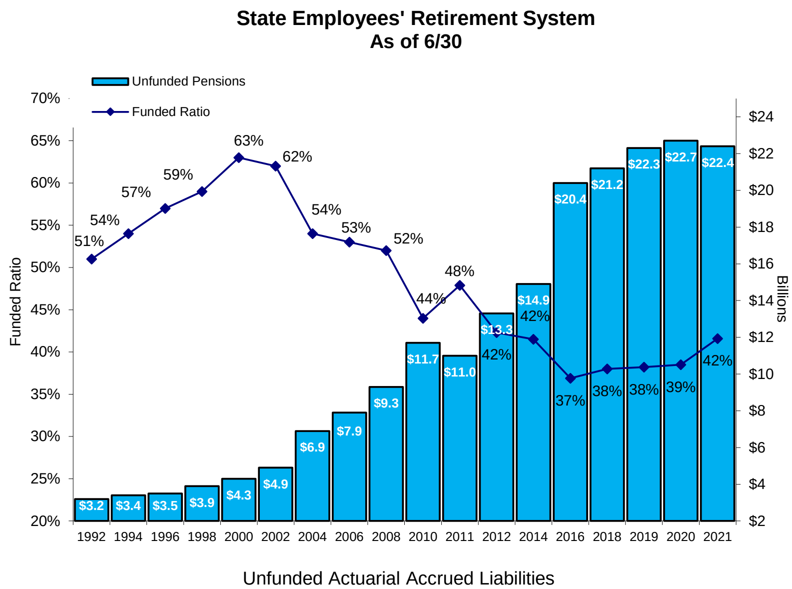


PENSIONS

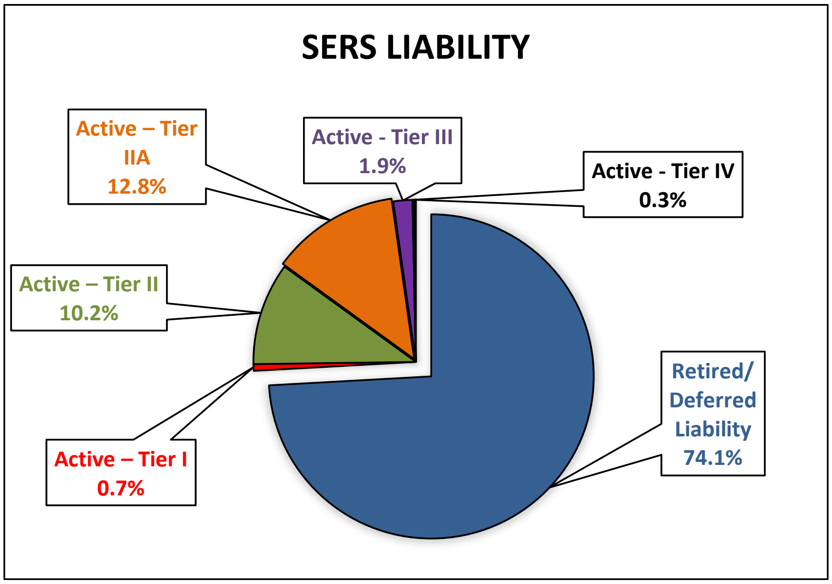
The state is the sponsor of two large pension systems, one for state employees and one for teachers, as well as a retirement plan for judges, family support magistrates and compensation commissioners.

<u>State Employees Retirement System (SERS)</u>

The state's unfunded SERS obligation at the end of FY 2021 totaled $22.4 billion, a decrease of over $330 million from the prior year. The funded ratio increased to 41.6 percent. The rate of return on the market value of the plan's assets was 24.39 percent for 2021 and was well above the assumed rate of 6.9 percent. The adjusted market value of assets was $17.1 billion and includes the transfer of $697 million from the General Fund in FY 2021 due to the Budget Reserve Fund (BRF) exceeding the statutory limit of 15 percent. The June 30, 2022, valuation is expected in December 2022 and will reflect the FY 2022 additional pension fund deposit of approximately $3.204 billion into the fund due to the BRF exceeding the 15 percent threshold for the third year in a row. The next valuation will also reflect the impact of the higher-than-normal state employee retirements in anticipation of the July 1, 2022, change in cost-of-living adjustments.



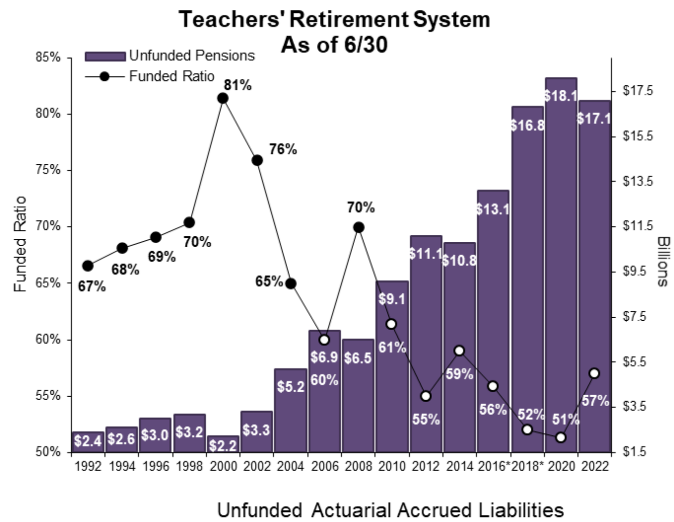
The total SERS liability is $38.3 billion, with $22.4 billion the unfunded portion of that liability. Most of the liability – 74.1 percent – is related to already-retired employees. The pie chart and table that follow show the proportions of liability attributable to active employees and retirees. The overwhelming majority of the state's contributions in FY 2023 – 89 percent – is to address the unfunded actuarial accrued liability.



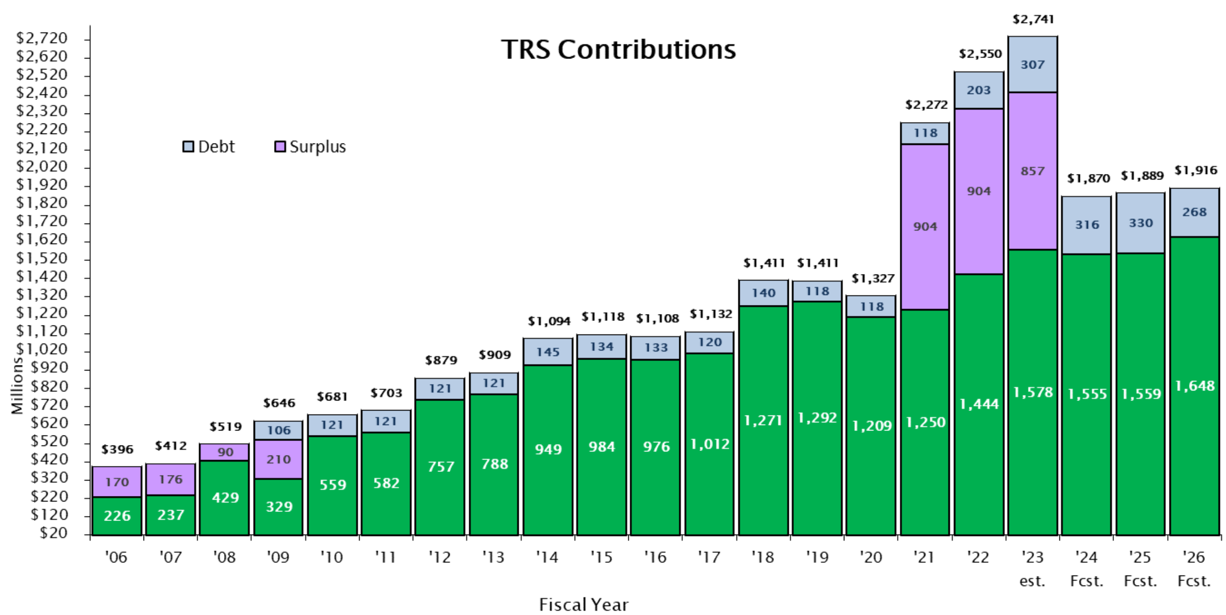
Liability Based on 6/30/21 Valuation ($ in Thousands)		
Retired/Deferred Liability	28,421,075	74.1%
Active – Tier I Hazardous	0	0.0%
Active – Tier IB	247,011	0.6%
Active – Tier IC	8,179	0.0%
Active – Tier II Hazardous	319,088	0.8%
Active - Tier II Hybrid Plan	218,238	0.6%
Active – Tier II Others	3,378,978	8.8%
Active – Tier IIA Hazardous	2,057,965	5.4%
Active - Tier IIA Hybrid Plan	238,671	0.6%
Active – Tier IIA Others	2,598,366	6.8%
Active - Tier III Hazardous	291,388	0.8%
Active - Tier III Hybrid	36,028	0.1%
Active - Tier III Others	400,191	1.0%
Active - Tier IV Hazardous	43,721	0.1%
Active - Tier IV Hybrid	8,380	0.0%
Active - Tier IV Others	77,164	0.2%
Total Accrued Liability	38,344,444	
Actuarial Value of Assets	15,946,863	
Unfunded Accrued Liability	22,397,582	
Normal Cost	232,467	
Amortization of Unfunded Accrued Liability	1,910,858	
FY 2023 Actuarially Determined Employer Contribution	2,143,325	

Teachers' Retirement System (TRS)

The state's TRS unfunded liability at the end of FY 2022 totaled $17.1 billion, a $1.0 billion decrease from the level reported at the end of FY 2020. As a result, the funded ratio increased from 51.3 percent to 57.0 percent. The market value of assets increased $3.3 billion from the prior valuation. Approximately $1.8 billion of that increase was due to the two BRF deposits following FYs 2021 and 2022 totaling $1.8 billion. While market value investment returns were 25.58 percent in 2021 and a negative 8.7 percent in 2022 – an average of 7.08 percent compared to the assumed rate of 6.9 percent – TRS employs four-year asset smoothing which results in a two-year compound return of 7.61 percent, resulting in a $201.7 million decrease in the unfunded actuarial accrued liability (UAAL).



The following graph depicts the increase in contributions to the TRS. In FYs 2006 through 2009, contributions were supplemented with surplus funds. The bars in the graph for FY 2010 and beyond include debt service on the $2.3 billion pension obligation bonds issued on April 30, 2008, for the benefit of the Teachers' Retirement System. Contributions grew in FYs 2018 and 2019 to reflect the impact of lowering the assumed rate of investment return to 8 percent from 8.5 percent. In FY 2020 the assumed rate was further reduced to 6.9 percent. The latest valuation, as of June 30, 2022, was recently issued with the FY 2024 ADEC that reflects the impact of the two $903.6 million additional pension fund deposits in both FYs 2021 and 2022 due to the BRF exceeding the 15 percent threshold. The BRF 15 percent threshold is projected to be exceeded again in FY 2023 and will impact the FY 2025 ADEC which will be released in the June 30, 2023, valuation. The graph below contains the estimated impact of the BRF deposits starting in FY 2024.



Outlook for SERS and TRS

As noted above, the state is the sponsor of two large pension systems, one for state employees and one for teachers (SERS and TRS). Both systems are underfunded as a result of many decades of insufficient contributions to fund the promises made to generations of employees. Each system requires annual state contributions of over $1 billion.

Recent Pension Changes

Several changes have been implemented in recent years which resulted in a much steadier stream of projected contribution requirements. These changes included:

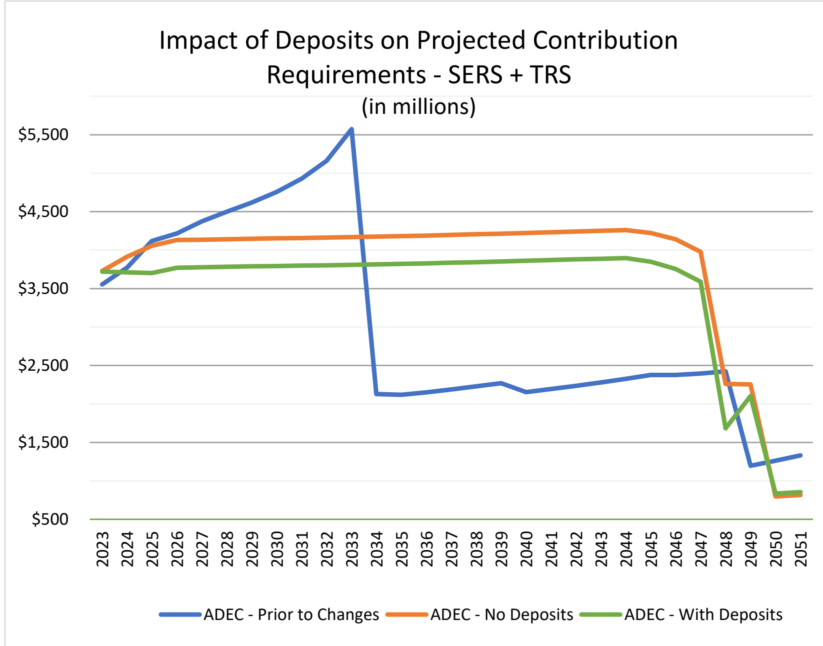
- Combining of the SERS statutory and transitional UAAL bases, which resulted in saving of $157 million in FY 2020.
- Re-amortizing both the SERS and TRS unfunded liabilities over a new 30-year period, which allows the impact of adopting realistic assumptions to be spread out over a longer period.
- Establishing the Teachers' Retirement Fund Special Capital Reserve Fund (SCRF) to provide adequate provision for the protection of the holders of the pension obligation bonds issued by the state in 2008 with a one-time deposit of $380.9 million from the FY 2019 surplus.
- Reducing the assumed investment rate of return for both SERS and TRS to 6.9 percent.
- Transitioning the amortization method for both SERS and TRS from level percent of payroll to level dollar, phased in over a five-year period.
- Layering of future gains and losses amortized over new 25-year periods.
- Limiting the amount of credited interest on the TRS mandatory contribution to 4 percent.

Recent Additional Deposits

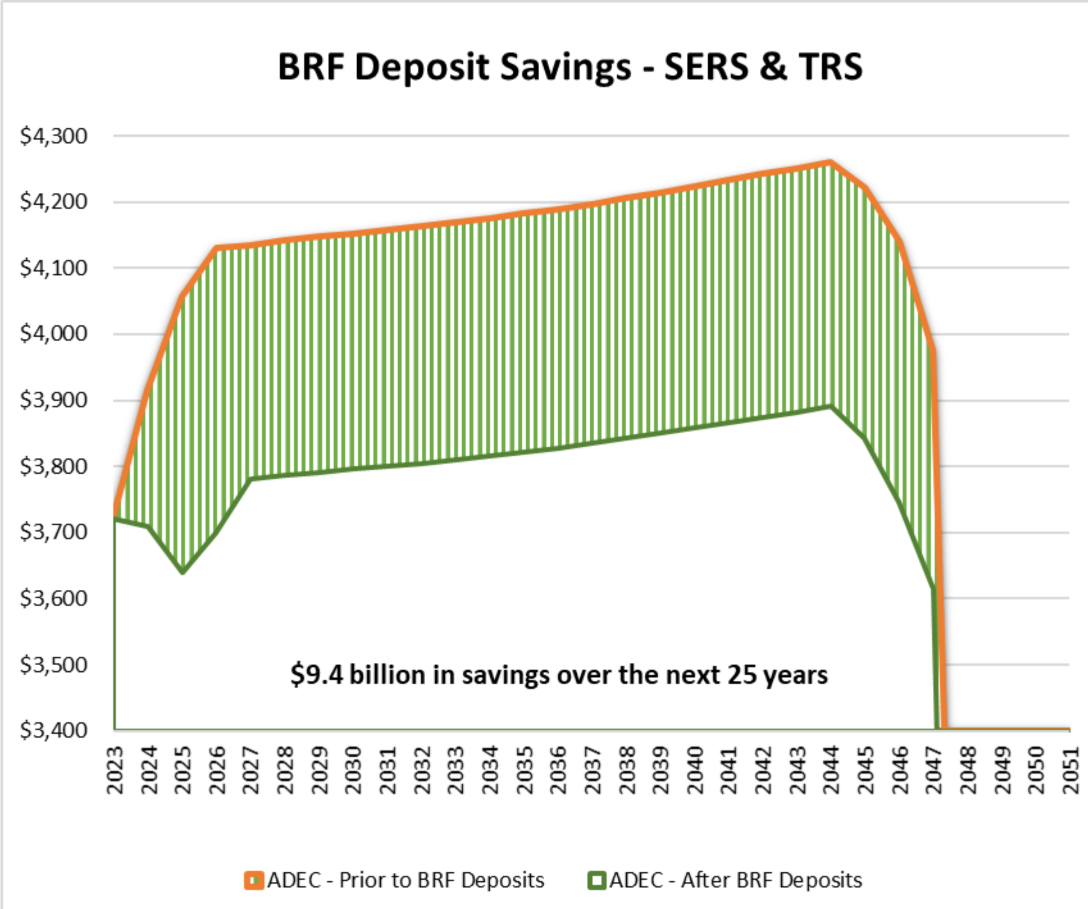
After the accounts for the General Fund have been closed at the end of each fiscal year, the statutes require any unappropriated General Fund surplus be deposited into the Budget Reserve Fund (BRF) until the fund reaches an amount equal to 15 percent of net General Fund appropriations. If the BRF balance exceeds the maximum threshold of 15 percent, the amount over the threshold is transferred to the State Employees Retirement Fund and/or the Teachers' Retirement Fund, but not exceeding 5 percent of the retirement fund's unfunded liability. This allows the state to reduce its long-term obligations. Recent legislation in Public Act 22-118 mandates that until the end of fiscal year ending June 30, 2023, the excess funds will be divided as follows:

- First to SERS up to 5 percent of the fund's unfunded liability,
- Second to TRS up to 5 percent of the fund's unfunded liability, and
- Third, to SERS towards the fund's unfunded liablity.

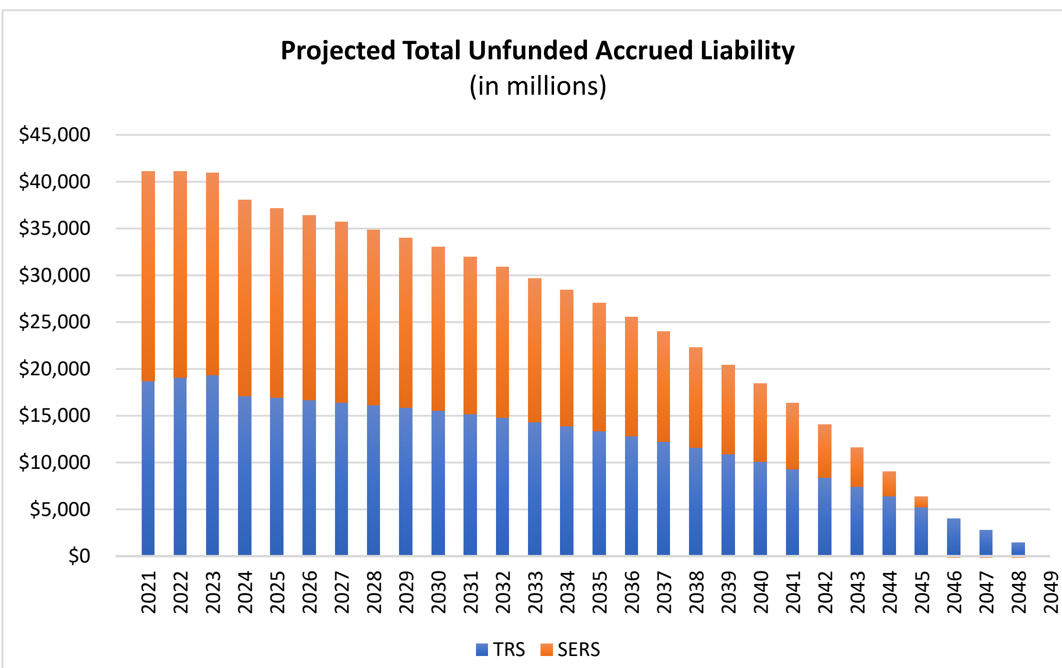
For an unprecedented third year in a row, the BRF has exceeded the 15 percent statutory limit. Starting at the end of FY 2020, $61.6 million (the amount exceeding the 15 percent limit) was deposited into SERS. This additional deposit was reflected in the June 30, 2020, pension valuation which set the FY 2022 state's contribution (ADEC). For FY 2021, the excess amount was $1.618 billion, comprised of the volitility cap transfer of $1.142 billion and the budget surplus of $475.9 million. Approximately $903.6 million was deposited to TRS, which was the full 5 percent of its unfunded liability. The remaining $714.7 million was deposited to SERS. The SERS valuation as of June 30, 2021, reflected this additional deposit in the calculation of the state's contribution (ADEC) for FY 2023. At the end of FY 2022, the BRF 15 percent limit was exceeded for the third straight year. Approximately $4.1076 billion will be deposited into the pension funds. The SERS deposit consists of the volitility cap transfer of $1.9426 billion and the budget surplus of $1.2614 billion. These deposits will be reflected in the June 30, 2022, SERS valuation which is due in December of 2022 and sets the FY 2024 ADEC. The June 30, 2022, TRS valuation was recently issued and reflects the FY 2021 and FY 2022 BRF deposits, totaling over $1.8 billion. The TRS ADEC for FY 2024 decreased from the prior year by $23.5 million.



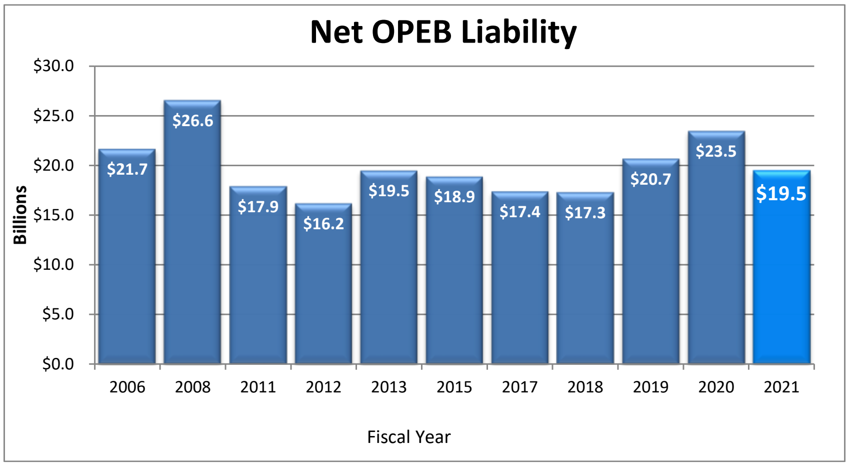
The following updates the chart above to reflect the impact of the deposits – spread over 25 years (in accordance with the plans' policies related to recognizing gains and losses) – on the state's projected contribution requirements. The gap between the ADEC measured prior to these additional deposits as compared to the ADEC measured after the impact of additional deposits has grown from $3.45 billion in savings over 25 years, as reported last year, to over $9.4 billion.



Due to these recent changes and additional deposits, both pension plans are projected to be fully funded by 2049.



Other Post-Employment Benefits (OPEB)



Other post-employment benefits (OPEB) include non-pension related benefits for retirees such as health care, dental coverage, and life insurance. Until FY 2010, There was no pre-funding of future OPEB liabilities, and benefits were budgeted on a "pay as you go" (PAYGO) basis, meaning that the state appropriated funds sufficient to pay for anticipated OPEB costs during the budget period. As with pension accounting, the PAYGO approach does not capture the current value of benefits promised during future periods, i.e., unfunded liabilities. The Governmental Accounting Standards Board (GASB) requires states to report the unfunded liabilities for OPEB. The most recent OPEB valuation (GASB Statement 75 measured as of June 30, 2021) shows the net OPEB liability (NOL) at $19.5 billion, a $4.0 billion decrease from the prior valuation. The NOL had been expected to increase to $24.3 billion due to normal plan operations. The difference between the actual and expected NOL is mainly due to savings associated with the new Medicare Advantage plan vendor and rates effective January 1, 2023. The decrease in the NOL would have been much higher if not for offsetting increases in obligations due to updating the demographic assumptions to be consistent with the State Employees Retirement System Experience Investigation for the five-year period ending June 30, 2020.

In FY 2008, the state began the process of setting aside funds in trust to address the OPEB unfunded liability. While not a full actuarial funding approach, setting aside funds now could begin a long-term transition to actuarial pre-funding of OPEB costs. The 2009 and 2011 SEBAC agreements introduced employee contributions, and now all state employees contribute 3 percent to the OPEB trust fund, with the state matching those employee contributions. The table at right depicts OPEB contributions by both employees and the state. As of September 30, 2022, the OPEB trust fund has a market value of $2,048.5 million and is the fourth largest investment fund managed by the Treasurer's Office after the State Employees Retirement Fund, Teachers' Retirement Fund, and the Municipal Employees Retirement Fund. The estimated contributions will significantly decrease in the upcoming biennium as approximately 16,000 employees will complete their 10-year period of contributions during FY 2024.

Other Post-Employment Benefits

Summary of Contributions

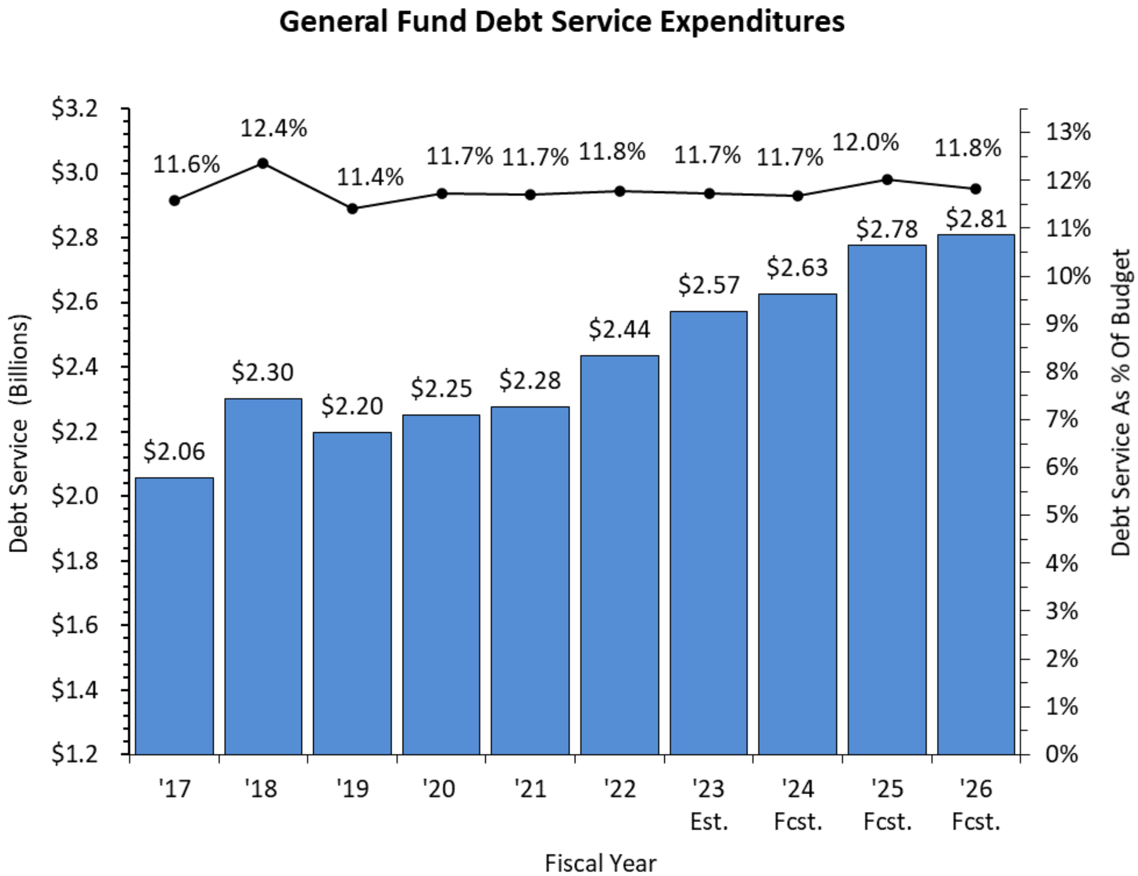
(in millions)

Fiscal Year	Employee Contributions	State Contributions	Total Contributions
2008	-	$10.0	$10.0
2009	-	-	$0.0
2010	$1.4	-	$1.4
2011	$21.6	$14.5	$36.1
2012	$25.0	-	$25.0
2013	$27.5	-	$27.5
2014	$45.5	-	$45.5
2015	$93.3	-	$93.3
2016	$125.2	-	$125.2
2017	$120.8	-	$120.8
2018	$116.8	$122.2	$239.0
2019	$116.5	$125.8	$242.3
2020	$120.6	$126.5	$247.1
2021	$109.1	$113.2	$222.3
2022	$104.5	$112.6	$217.1
2023 est.	$104.4	$115.0	$219.4
Total	**$1,132.2**	**$739.8**	**$1,872.0**

Excludes investment earnings

DEBT SERVICE

The graph below shows debt service as a proportion of General Fund expenditures. Debt service is projected to remain level at slightly less than 12 percent of the General Fund from FY 2022 to FY 2026.



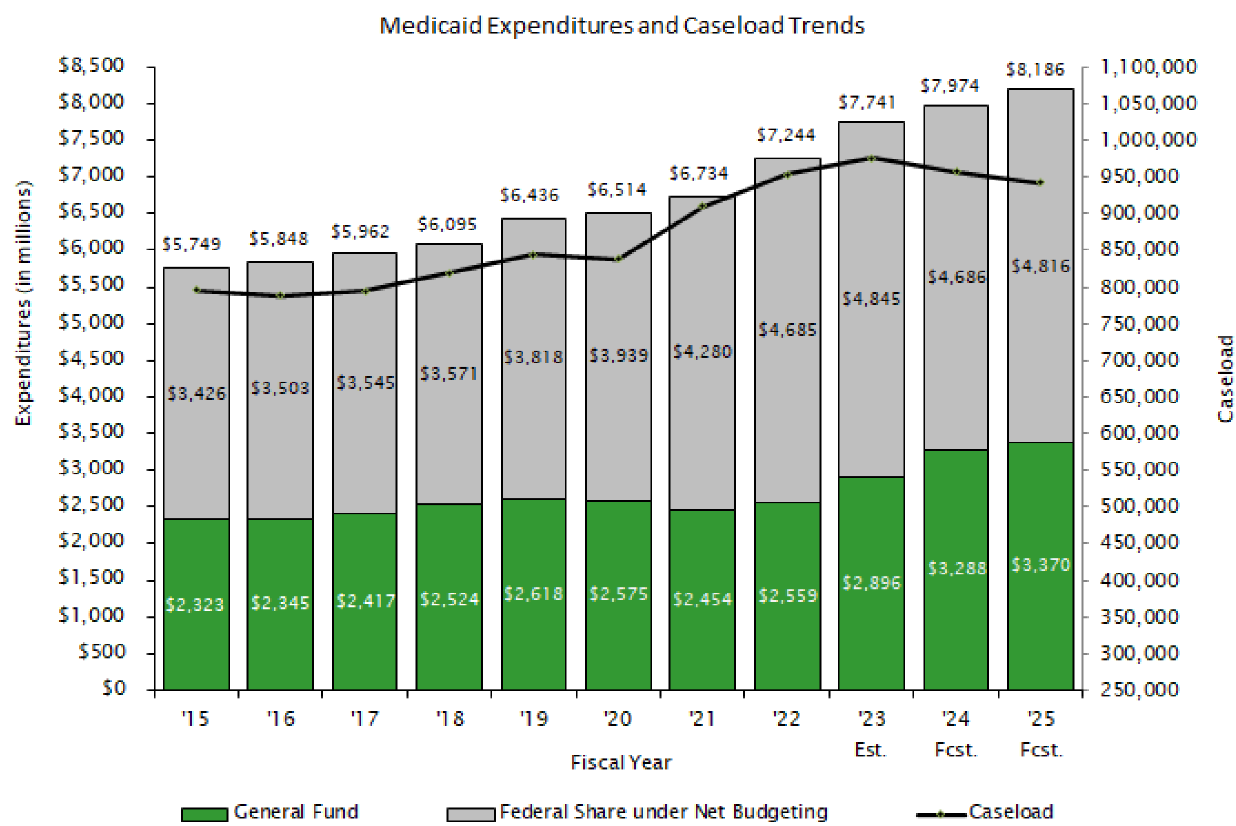
MEDICAID

Historically, Medicaid expenditure growth over the past decade has been affected by caseload growth and limited rate increases, which have been mitigated in part through cost efficiencies and care coordination efforts. To receive the enhanced federal reimbursement available under the public health emergency, the state may not terminate coverage for Medicaid enrollees until the end of the month in which the emergency period ends. Since the suspension of Medicaid eligibility discontinuances on March 18, 2020, Medicaid enrollment – excluding the limited-benefit COVID-19 testing group – has increased 17 percent, from approximately 830,000 to approximately 970,000 as of September 2022, an increase of about 140,000. Despite the significant growth in enrollment, expenditures in the aggregate have not increased proportionally due to lower utilization of medical services in many areas, though utilization is expected to trend upward as the public health emergency winds down.

The Medicaid expansion for low-income adults, which was first approved by the federal government in June 2010, has driven significant increases in caseload and program costs. Expenditures for this program, now known as HUSKY D, increased from $228.7 million in FY 2010 to $769.0 million in FY 2013. The state further expanded Medicaid coverage for low-income adults by increasing income eligibility to 138 percent of the federal poverty level beginning January 1, 2014, resulting in significant additional growth. As a result of this expansion, the HUSKY D caseload has grown from 46,156 in June 2010 to 341,155 in June 2022.

HUSKY D expenditures have increased from $916.6 million in FY 2014 to $2,303.5 million in FY 2022, the majority of which was supported with enhanced federal reimbursement, which was phased down from 100 percent in calendar years 2014 through 2016 to 90 percent in calendar year 2020 and future years.

The graph below shows total Medicaid costs in the Department of Social Services as well as state and federal shares of the total.

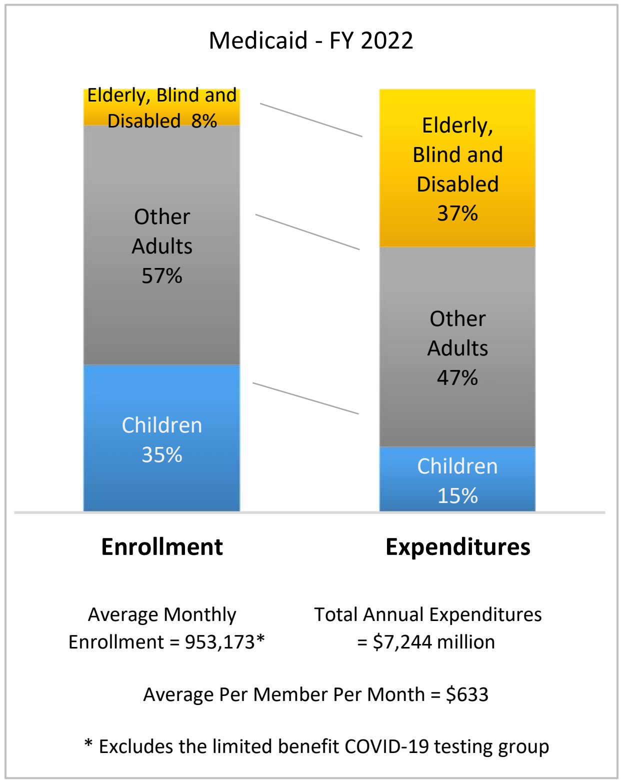


Expenditures have been adjusted to include funds transferred to DSS from DMHAS for behavioral health services which qualify for Medicaid reimbursement. Expenditures exclude hospital supplemental payments given the significant variance in that area over the years. Caseload figures exclude the limited benefit COVID-19 testing group.

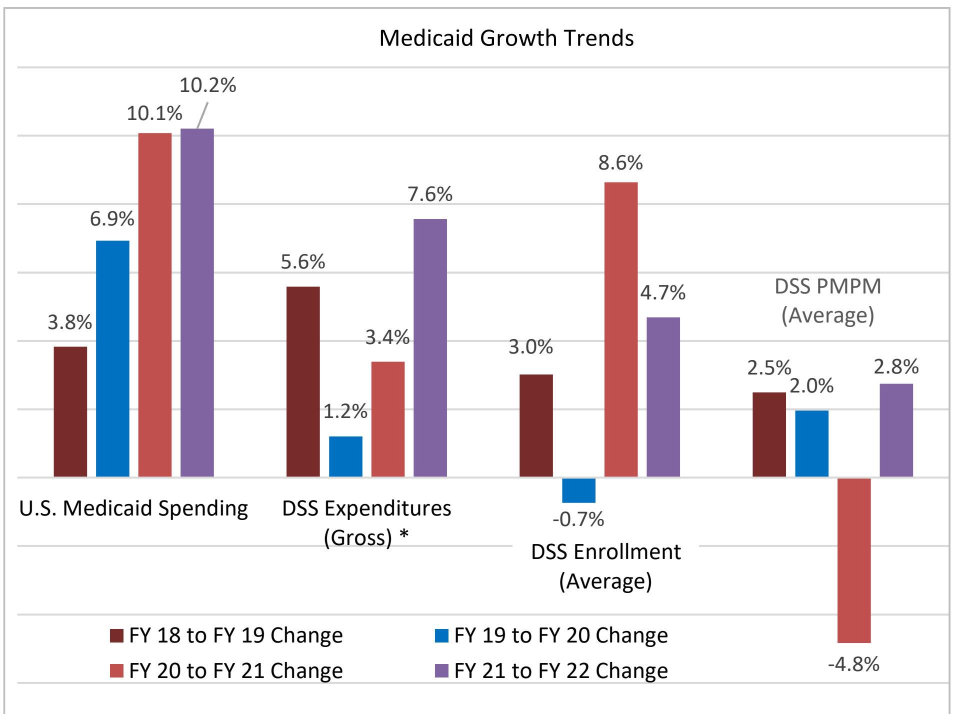
Note: FY 2020 - FY 2023 General Fund requirements have been reduced due to enhanced federal reimbursement of 6.2 percent related to the public health emergency. This enhanced reimbursement does not apply to the Medicaid expansion population, which is reimbursed at 90 percent.

The Department of Social Services is employing diverse strategies to achieve improved health outcomes and cost efficiencies in the Medicaid program. Strategies include:

- use of an administrative services organization (ASO) platform to promote efficient, cost-effective and consumer/provider responsive medical, behavioral health, and dental services;
- use of data analytics to improve care;
- emerging efforts to use cross-sector data matching and Medicaid interventions to address social determinants of health;
- activities designed to improve access to and use of preventive primary care;
- efforts to integrate medical, behavioral health, long-term services and supports and social services;
- initiatives designed to "re-balance" spending on long-term services and supports (shifting from institutional to community-based care); and
- efforts to promote the use of health information technology.



In contrast to almost all other Medicaid programs across the nation, Connecticut Medicaid uses a self-insured, managed, fee-for-service approach rather than a managed care arrangement. It is one of the very few Medicaid programs with relatively steady expenditures on a per member, per month (PMPM) basis.



** Expenditures are net of drug rebates and exclude hospital supplemental payments given the significant variance in that area over the years. Enrollment and PMPM figures exclude the limited benefit COVID-19 testing group.*

MUNICIPAL AID

State aid to municipalities comes from a variety of sources: appropriated funds, bond funds, revenue intercepts, and transfers from non-appropriated funds. The table below shows major statutory aid to municipalities.

STATE AID TO OR ON BEHALF OF LOCAL GOVERNMENTS

(in millions)

General Government	FY 2023	FY 2024	FY 2025	FY 2026
Municipal Revenue Sharing Account[1]	$ 436.4	$ 446.5	$ 457.2	$ 467.5
MRSA Transfers to General Fund[1]	(276.3)	-	-	-
State Owned PILOT[2]	54.9	-	-	-
College & Hospital PILOT[2]	109.0	-	-	-
Tiered PILOT[2]	80.0	-	-	-
Municipal Transition[2]	132.3	-	-	-
Mashantucket Pequot & Mohegan Grant	51.5	51.5	51.5	51.5
Town Aid Road Grant	60.0	60.0	60.0	60.0
LoCIP	30.0	30.0	30.0	30.0
Grants for Municipal Projects	91.0	91.0	91.0	91.0
Regional Performance Incentive Account	12.5	12.8	13.1	13.5
Municipal Revenue Sharing (S.A. 21-15)	36.8	36.8	36.8	36.8
Municipal Stabilization Grants	37.9	37.9	37.9	37.9
Municipal Restructuring	7.3	7.3	7.3	7.3
Municipal Restructuring: Debt Service	54.1	51.3	47.9	47.5
Misc. General Government Grants	33.4	30.0	30.0	30.0
Subtotal[3] - General Government	**$ 950.8**	**$ 855.0**	**$ 862.6**	**$ 872.9**
Education				
Adult Education	$ 21.3	$ 23.3	$ 23.4	$ 23.5
Education Cost Sharing	2,184.8	2,220.5	2,262.0	2,303.5
Magnet Schools	292.8	294.1	302.7	304.8
Special Education - Student Based	156.1	180.0	182.2	184.5
Local School Construction	550.0	550.0	550.0	550.0
Misc. Education Grants	323.2	322.4	322.9	323.4
Subtotal[3] - Education	**$3,528.2**	**$3,590.2**	**$3,643.3**	**$3,689.7**
Fringe Benefits				
TRS Retirement Contributions	$1,578.0	$1,554.5	$1,621.8	$1,719.1
TRS Retiree Health Service Cost	12.9	13.0	16.0	16.5
Municipal Retiree Health Insurance Cost	9.8	9.8	9.8	9.8
Debt Service - Pension Obligation Bonds	306.7	315.7	330.2	268.3
Subtotal[3] - Local Teachers' Retirement	**$1,907.5**	**$1,893.1**	**$1,977.8**	**$2,013.7**
Total[3] - Aid to Municipalities	**$6,386.4**	**$6,338.3**	**$6,483.7**	**$6,576.3**
Dollar Change from Prior Year	**497.6**	**(48.2)**	**145.4**	**92.6**
Percent Change from Prior Year	**8.5%**	**-0.8%**	**2.3%**	**1.4%**

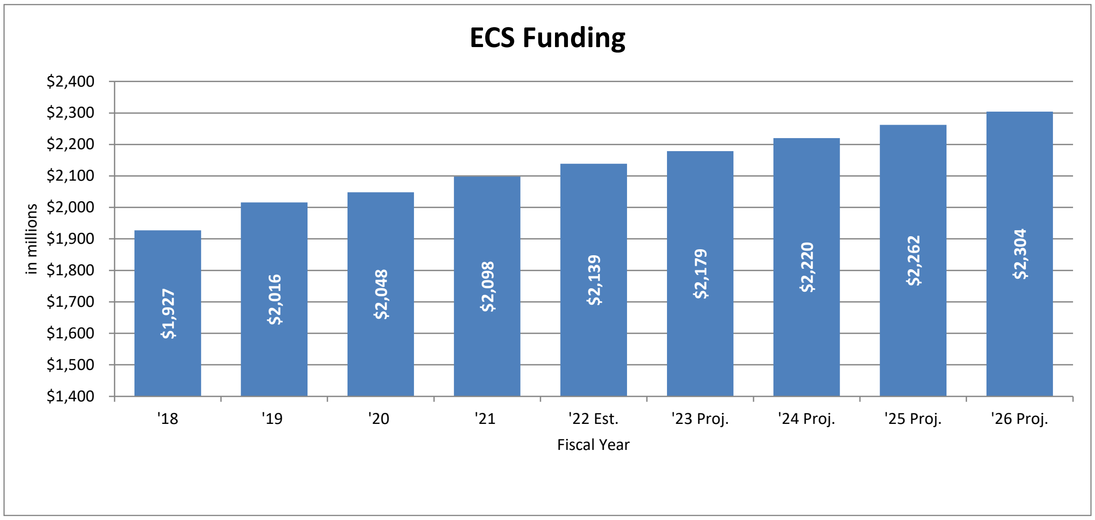
1. The Municipal Revenue Sharing Account (MRSA) began receiving a portion of sales tax revenue in FY 2022. P.A. 21-2, J.S.S. requires OPM to disburse FY 2022 and FY 2023 revenues deposited into MRSA for: 1) the balance of PILOT payments due beyond available appropriations, 2) transfers of the amounts prescribed in P.A. 21-2, JSS, from MRSA to the General Fund, and 3) MRSA Revenue Sharing grants pursuant to C.G.S. section 4-66l. Under current law, all deposits into MRSA will be distributed according to C.G.S. section 4-66l beginning in FY 2024.

2. Funding is appropriated for PILOT and Municipal Transition (car tax) grants in FY 2022 and FY 2023. Under current law, these grants will be paid entirely from MRSA beginning in FY 2024.

3. Totals may not add due to rounding.

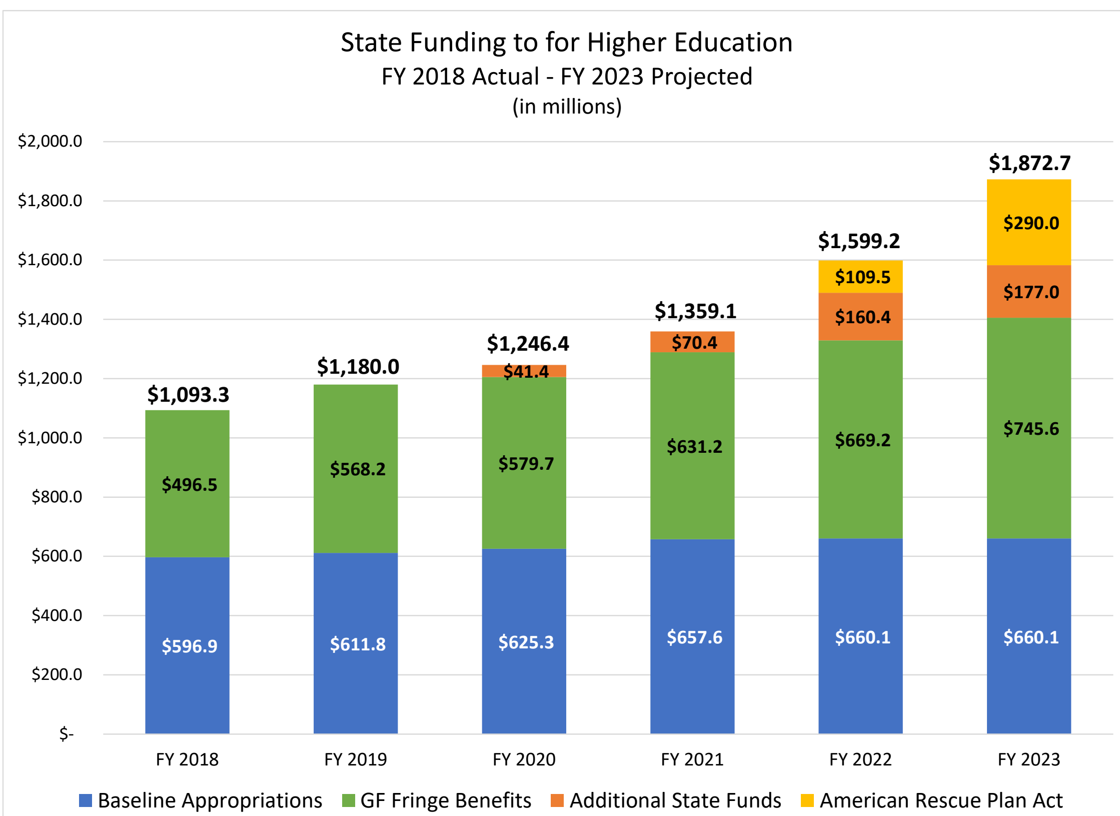
<u>Education Cost Sharing Grants</u>

The Education Cost Sharing Grant (ECS) is the state's major education grant, designed to equalize the ability of towns to finance local education costs. The graph below shows past and projected levels of ECS funding; projections are based on the current formula. ECS funding has grown on average by 2.25 percent annually (compound annual growth rate).



SUPPORT FOR HIGHER EDUCATION

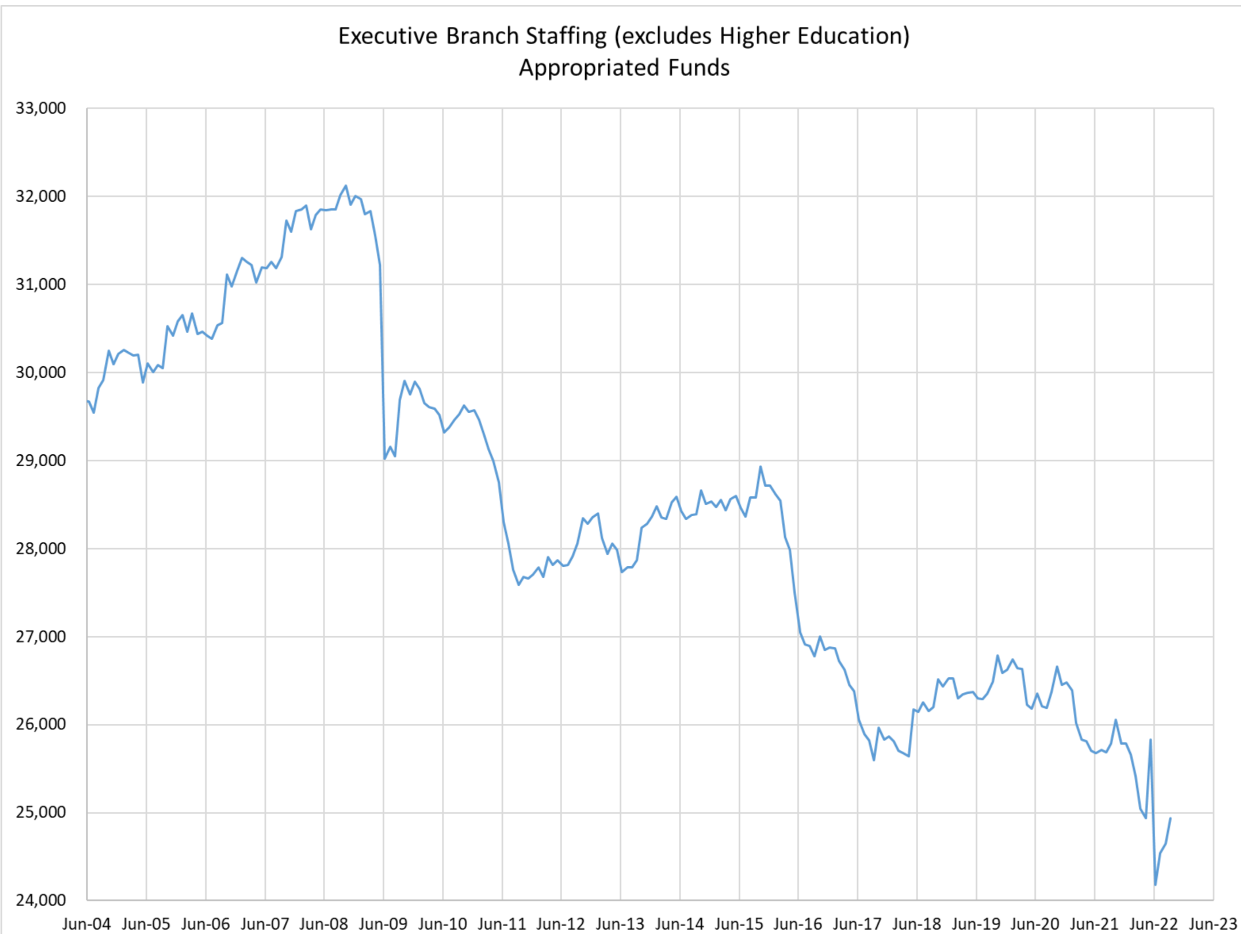
The graph below depicts the growth in state support for the constituent units of higher education, inclusive of the University of Connecticut, the UConn Health Center, and the Connecticut State Colleges and Universities. Support from FY 2018 through FY 2023 has grown on average by 11.4 percent annually (compound annual growth rate).



STATE WORKFORCE

<u>Long-Term Staffing Trends</u>

The number of state employees in the executive branch of state government has experienced four significant drops since 2009: the first, as a result of the 2009 Retirement Incentive Program, saw paid fulltime executive branch staffing fall by 9.6 percent, from approximately 32,000 at the start of calendar year 2009 to as low as 29,023, before stabilizing at about 29,500. The second drop, driven by benefits changes negotiated as part of SEBAC 2011 and relatively strict hiring controls saw staffing fall by 6.7 percent to a low of 27,585 as of October 2011. After slowly rising to approximately 28,700 by January 2015, the third decrease, again driven by strict hiring controls and benefit changes negotiated as part of SEBAC 2017, saw staffing fall by 10.8 percent to approximately 25,600 employees in October 2017. After steadying at approximately 26,500 employees during calendar years 2019 and 2020, the most recent reduction occurred as a result of increased retirement rates during the 18-month period leading up to the July 1, 2022, change in benefits for future retirees. At the beginning of FY 2023, the number of permanent full-time employees being paid from appropriated funds in the executive branch (excluding higher education) dropped to a low of 24,183. As of the end of October 2022, the number stood at 24,934, 851 fewer than the number one year ago and approximately 22 percent lower – nearly 7,000 fewer employees – than at the end of calendar year 2008.



Adult-Use Cannabis

Public Act 21-1, June Special Session, brings Connecticut in line with neighboring states by legalizing adult-use cannabis and provides a comprehensive framework for the cultivation, manufacture, sale, possession, use, and taxation of cannabis that prioritizes public health, public safety, and social justice. Responsibly regulating adult-use cannabis will increase economic activity, reduce race-based disparities in the dispensation of justice, and protect public health and safety. Given the wide-ranging nature of the issues covered in the bill, the topics described below focus on the budgetary impacts of the legislation.

For the FY 2022 - FY 2023 biennium, the act establishes two accounts to support implementation activities: the Cannabis Regulatory and Investment Account and the Social Equity and Innovation Account. The act directs specified fee and tax revenue to these accounts for FY 2022. Public Act 22-146 extends the collection of specified fees and taxes for the two accounts for an additional year, to FY 2023. The act also transfers, at the end of FY 2023, (1) all money remaining in the Cannabis Regulatory and Investment Account to the General Fund and (2) $5 million, or all the remaining money if less than this amount, from the Social Equity and Innovation Account to the General Fund. The money that is not transferred must instead be transferred to the Social Equity and Innovation Fund. These accounts are described further below.

- **Cannabis Regulatory and Investment Account**
  - Revenue Sources. The act deposits certain licensing fees, the state cannabis tax, and 6.35 percent general sales tax on cannabis sales in FY 2022 and FY 2023.
  - Uses. The OPM Secretary may, in consultation with the Social Equity Council, allocate the account's funds to state agencies to pay any costs incurred to implement the act.
- **Social Equity and Innovation Account**
  - Revenue Sources. This account is the repository for all fees received by the state during FY 2022 and FY 2023 from the following: medical marijuana producers to expand their licenses and be authorized to engage in expanded activities; dispensary facilities to convert to a hybrid retailer; social equity applicants to receive a cultivator license for facilities located in a disproportionately impacted area without participating in a lottery; and license conversion for a dispensary facility to become a hybrid retailer or for a producer to engage in the adult-use cannabis market.
  - Uses. The OPM Secretary may, in consultation with the Social Equity Council, allocate the account's funds for various purposes including: paying for administrative costs incurred by the Social Equity Council; access to capital for businesses; technical assistance for the start-up and operation of a business; funding for workforce education; funding for community investments; and to pay any costs incurred to implement the act.

The act creates two new appropriated funds: the Social Equity and Innovation Fund and the Prevention and Recovery Services Fund. These new funds are described further below.

- **Social Equity and Innovation Fund**
  - Revenue Sources. For FY 2023 and future years, this fund is the repository for the fees described under the Social Equity and Innovation Account.
  - Uses. The act requires that the fund be appropriated for access to business capital; technical assistance for business start-ups and operations; workforce education; and community investments. These appropriations must be used for expenditures that further the act's principles of equity. The act defines "equity" and "equitable" as efforts, regulations, policies, programs, standards, processes, and any other government functions or principles of law and governance intended to: identify and remedy past and present patterns of discrimination and disparities of race, ethnicity, gender, and sexual

orientation; ensure that these intentional or unintentional patterns are not reinforced or perpetuated; and prevent the emergence and persistence of foreseeable future patterns of discrimination or disparities on these bases. Under the act, the Social Equity Council will submit expenditure requirements and recommended adjustments to OPM.

- **Prevention and Recovery Services Fund**
  - Revenue Sources. A portion of the state cannabis tax will be deposited into the fund. The transfer of state cannabis tax into the fund is expected to begin in FY 2024.
  - Uses. The legislation appropriates those funds for various purposes including: substance abuse prevention, treatment and recovery services; and substance abuse data collection and analysis.

Social Equity Council (SEC)

As part of the focus on equity, a council is established to promote participation in the cannabis industry by people from communities disproportionately harmed by cannabis prohibition and enforcement. The act identifies the following purposes of the council that might involve appropriations: access to capital for businesses; technical assistance for the start-up and operation of a business; funding for workforce education; and funding for community investments. In addition, the act requires that the SEC recommend "for each fiscal year commencing with the fiscal year ending June 30, 2023, appropriate funding for all credits payable to angel investors that invest in cannabis businesses pursuant to section 12-704d of the general statutes."

State Agency Expenditures

Funding to support state agency expenditures related to the licensing, regulation, and enforcement of recreational cannabis was not appropriated as part of the enacted budget. For FY 2023, these activities are expected to be funded through the Cannabis Regulatory and Investment Account and the Social Equity and Innovation Account. As these two accounts will no longer have any funds available for FY 2024 and beyond, funding to support state agency activities is expected to come from the Social Equity and Innovation Fund, and the Prevention and Recovery Services Fund.

The table below shows the estimated expenditures for FY 2023 through FY 2025 across various agencies within the General Fund and Special Transportation Fund to implement, regulate, and enforce this act.

Summary of Projected Adult-use Cannabis Expenditures
Public Act No. 21-1, June Special Session

	FY 2023		FY 2024		FY 2025	
Agency	**Positions**	**Funding**	**Positions**	**Funding**	**Positions**	**Funding**
Office of the Governor - Office of Workforce Strategy	1.00	$ 100,000	1.00	$ 100,000	1.00	$ 100,000
Department of Revenue Services	7.00	$ 181,181	7.00	$ 450,000	7.00	$ 484,188
Office of the Attorney General	4.00	$ 208,220	4.00	$ 396,362	4.00	$ 396,362
Department of Emergency Services and Public Protection	2.00	$ 1,163,300	2.00	$ 1,233,758	2.00	$ 1,233,758
Department of Consumer Protection	62.00	$ 4,361,312	62.00	$ 5,914,160	62.00	$ 6,002,834
Department of Economic and Community Development	10.00	$ 9,813,508	13.00	$ 20,214,335	13.00	$ 25,220,715
Agricultural Experiment Station	3.00	$ 237,990	3.00	$ 313,669	3.00	$ 313,669
Department of Public Health	3.50	$ 449,774	3.50	$ 499,944	3.50	$ 509,810
Department of Mental Health and Addiction Services	2.00	$ 2,110,333	3.00	$ 2,636,499	3.00	$ 3,921,594
UConn Health Center	2.00	$ 178,385	2.00	$ 182,845	2.00	$ 187,416
Department of Motor Vehicles	7.00	$ 240,000	7.00	$ 522,583	7.00	$ 522,583
Department of Transportation	-	$ 550,000	-	$ 550,000	-	$ 550,000
Comptroller Fringe Benefits	-	$ 7,065,598		$ 9,915,805		$ 10,044,992
Total	**103.50**	**$ 26,659,600**	**107.50**	**$ 42,929,959**	**107.50**	**$ 49,487,920**

Estimates of anticipated revenue by the Office of Fiscal Analysis at the time of passage from the legalization of adult-use cannabis are depicted below.

Cannabis Related Revenue

(in millions)

Fiscal Year	Total GF Revenue	Total STF Revenue	Municipal Revenue Sharing	3.0% Sales Tax	Cannabis Regulatory Acct.	Social Equity & Innovation Acct.	Social Equity & Innovation Fund	Prevention & Recovery Svcs. Fund	Grand Total
2023	$ 18.2	$ 0.5	$ 0.5	$ 1.0	$ 8.2	$ 10.0	$ -	$ -	**$ 38.4**
2024	23.5	1.9	1.9	5.9	-	-	5.8	2.4	**41.3**
2025	35.5	2.9	2.9	11.2	-	-	10.2	4.2	**67.0**
2026	36.4	3.0	3.0	17.4	-	-	10.5	4.4	**74.6**
2027	36.3	3.0	3.0	17.8	-	-	11.7	4.5	**76.5**
2028	37.2	3.1	3.1	18.2	-	-	12.1	4.6	**78.4**
2029	36.2	3.2	3.2	18.7	-	-	14.4	4.8	**80.4**

FEDERAL BUDGET AND POLICY ISSUES

Several significant federal budget and policy issues must be dealt with over the next year, creating uncertainty for state policymakers as well as for the budgeting process.

- Because appropriations for federal fiscal year 2023 have not yet been signed into law, a continuing resolution (CR) is in place to keep the federal government operating through December 16, 2022. In the absence of an agreement on either appropriations or an extension of the CR, a government shutdown would ensue.
- The federal debt ceiling will likely need to be raised or suspended to enable the Treasury Department to continue to pay government obligations, with recent estimates projecting this increase will need to happen in the third quarter of 2023. Partisan wrangling over increasing the debt limit may complicate adoption of a budget as well as other legislation.
- The federal Public Health Emergency (PHE) declaration is currently in place through January 11, 2023. An end of the PHE would end the continuous coverage provisions and enhanced 6.2 percent federal Medicaid match for states and mark the start of a 151-day period before expanded Medicare telehealth authorities expire, along with other flexibilities in Medicare, Medicaid, CHIP, and the private insurance market.

EFFORTS TO PRESERVE OR MAXIMIZE FEDERAL REVENUE[3]

The state continues to make federal revenue maximization efforts a priority. Medicaid state plan amendments are submitted to the federal government as appropriate, while initiatives not requiring federal approval are operationalized by impacted state agencies.

Interagency workgroups meet regularly to discuss revenue opportunities and implementation issues. Some of the major revenue-maximization and revenue-retention initiatives being explored or under development or now operational include:

[3] This section fulfills the reporting requirement found in subsection (c) of Sec. 4-31d, CGS.

- Use of available federal authorities to flexibly respond to the public health emergency, including establishment of an optional Medicaid coverage group (i.e., the COVID-19 Testing Group) to cover the costs of COVID-19 testing for uninsured Connecticut residents, coverage of telehealth and service reconfigurations required to adapt to needs of Connecticut's vulnerable populations;
- Implementation of the new substance use disorder (SUD) demonstration waiver to enhance the state's SUD service system and enable federal reimbursement on SUD services for individuals that were not previously eligible under federal rules. The additional revenue will be reinvested to strengthen the SUD service system by ensuring a complete array of services is available. This will allow Medicaid members with opioid use disorder and other SUDs to receive medically necessary treatment services in the most appropriate setting. The Departments of Social Services (DSS), Mental Health and Addiction Services (DMHAS), Children and Families (DCF), Correction and the Judicial Branch have worked collaboratively to identify anticipated needs in each agency. The additional federal revenue generated from this initiative that is not already allocated to the participating agencies is deposited into a new reserve account to be used to meet program requirements or fund program enhancements;
- Continued rollout of DCF's Family First Prevention Services Act Prevention Plan that will allow for eligible prevention services to be covered under Title IV-E;
- Approval of a 1915(i) state plan amendment that will permit Medicaid reimbursement of pre-tenancy and tenancy sustaining supports for individuals with chronic health issues who have experienced homelessness or are at risk of homelessness;
- Significant federal and state resources were invested in both DCF and DMHAS to provide statewide 24/7 coverage of pediatric and adult mobile crisis services. DCF, DMHAS, and DSS reviewed the opportunity for an 85 percent Medicaid match on mobile crisis services over a 36-month period but determined it would not have been cost effective due to the additional staffing and operational costs necessary to meet the federal requirements. Instead, the agencies are focusing their efforts on maximizing Medicaid billing where possible; and
- Continued implementation of section 9817 of the American Rescue Plan Act, which provides states an extra 10 percent in federal reimbursement on a range of waiver and related home and community-based services (HCBS) from April 1, 2021 through March 31, 2022. For Connecticut, this extra federal funding (approximately $208 million) must be reinvested in new qualifying services which support community-based long-term services and supports over the four-year period ending March 31, 2025. (The reinvestment period was originally slated to end March 31, 2024, but the deadline was subsequently extended to March 31, 2025.) The $208 million in new federal funding, once reinvested as the state share for Medicaid-supported services, will leverage approximately $254 million in new federal reimbursement to match those expenditures, resulting in total expenditures of approximately $462 million over the full four-year period. The 10 percent HCBS match authorized in ARPA allows the state to leverage significant federal resources over the four-year period, with an anticipated ongoing cost to the state of approximately $25 million commencing in FY 2026.

To ensure receipt of the enhanced federal Medicaid program match of 6.2 percent through the quarter ending March 31, 2023, the state has extended the suspension of Medicaid eligibility discontinuances through January 2023 to align with the date the federal public health emergency declaration is currently slated to terminate.

While much effort goes into maximizing revenue, equal or greater effort goes into preserving existing sources of federal reimbursement. The federal Centers for Medicare & Medicaid Services has strengthened its compliance activities, resulting in significantly greater scrutiny of all state claims. Department of Social Services' staff and impacted state agencies continue to experience significantly increased time and effort explaining and justifying revenue items to CMS in order to sustain claims worth hundreds of millions of dollars that had once been considered routine.

FEDERAL STIMULUS AND PANDEMIC ASSISTANCE

The federal government has provided significant and much-needed financial assistance to Connecticut since March 2020. Six bills have been enacted providing a broad array of support for both the public health as well as economic impacts of the COVID-19 pandemic.[4] The information below highlights the uses to which the two largest federal assistance funding streams – the Coronavirus Relief Fund and the Coronavirus State and Local Fiscal Recovery Fund -- have been deployed in the State of Connecticut.

The state's Coronavirus Relief Fund (CRF) award totaled about $1.38 billion. This federal assistance, received in May 2020 and available for use through December 31, 2021, was instrumental in enabling the state to support significant needs in addressing the pandemic, including: purchase of personal protective equipment (PPE) until such time as the Federal Emergency Management Agency (FEMA) covered these costs; support for municipalities, including education reopening costs; financial support for hospitals, nursing homes and private providers; economic assistance for small businesses and arts organizations; support for pandemic-related state operating costs, including cleaning and sanitizing, protective measures for public-facing operations, and teleworking costs; and costs for COVID-19 testing. The table below depicts expenditures as reported by the state to the U.S Treasury Department.

Coronavirus Relief Fund

Title VI of the Social Security Act, as amended by Title V of Division A of the Coronavirus Aid, Relief, and Economic Security Act

Uses	Actual Expenditures
Arts Organization Grants	$ 10,520,000.00
Early Childhood Supports	11,429,709.49
Economic Support and Business Relief	115,256,446.16
Education - Reopening	149,202,752.65
Higher Education	111,300,775.50
Hospitals	65,549,862.23
Housing - Rent Relief	26,670,051.74
Municipalities	63,754,749.39
Nonprofits and Other Providers	173,559,457.99
Nursing Homes	61,547,064.53
Reopen and Community Supports	6,757,504.10
State Operations	304,104,640.78
Testing and Active Clinical Monitoring	244,143,086.67
Workforce Development and Employment Initiatives	38,681,872.17
Total Award - State of Connecticut	$ 1,382,477,973.40

Early in 2021, following passage of the American Rescue Plan Act, the state was awarded $2.8 billion from the Coronavirus State Fiscal Recovery Fund (CSFRF) and $141.9 million from the Coronavirus Capital Projects Fund (CCPF). Allocations for CSFRF are depicted below. Current allocations exceed the award and will need to be addressed during the next legislative session.

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[4] Public Law 116-123, the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020; P.L. 116-127, the Families First Coronavirus Response Act; P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security (CARES) Act; P.L. 116-139, the Paycheck Protection Program and Health Care Enhancement Act; P.L. 116-260, the Consolidation Appropriations Act, 2021; and P.L. 117-2, the American Rescue Plan Act of 2021.

Coronavirus State Fiscal Recovery Fund

Allocations Pursuant to Public Act 22-118

Agency and Project	FY 2022	FY 2023	FY 2024	FY 2025	Total Allocation
BOARD OF REGENTS	$ 6,500,000	$ 6,600,000	$ 6,500,000		$ 19,600,000
Education Technology Training at Gateway		100,000			100,000
Enhance Student Retention at Community Colleges	6,500,000	6,500,000	6,500,000		19,500,000
CONNECTICUT STATE COLLEGES AND UNIVERSITIES	10,000,000	172,000,000	15,000,000		197,000,000
Healthcare Workforce Needs - both public and private schools		20,000,000	15,000,000		35,000,000
Higher Education – CSCU	10,000,000	5,000,000			15,000,000
Provide Operating Support		118,000,000			118,000,000
Provide Support to Certain Facilities		5,000,000			5,000,000
Temporary Support - Charter Oak		500,000			500,000
Temporary Support - Community Colleges		9,000,000			9,000,000
Temporary Support - CT State Universities		14,500,000			14,500,000
DEPARTMENT OF ADMINISTRATIVE SERVICES		75,000,000			75,000,000
Support School Air Quality		75,000,000			75,000,000
DEPARTMENT OF AGING AND DISABILITY SERVICES	2,000,000	18,500,000			20,500,000
Area Agencies on Aging		4,000,000			4,000,000
Avon Senior Center		100,000			100,000
Blind and Deaf Community Supports	2,000,000				2,000,000
Dixwell Senior Center		100,000			100,000
Eisenhower Senior Center		100,000			100,000
Meals on Wheels		3,000,000			3,000,000
Orange Senior Center		100,000			100,000
Respite Care for Alzheimer's		1,000,000			1,000,000
Senior Centers		10,000,000			10,000,000
Sullivan Senior Center		100,000			100,000
DEPARTMENT OF AGRICULTURE	1,450,000	700,000			2,150,000
Farmer's Market Nutrition	100,000	100,000			200,000
Farm-to-School Grant	250,000	500,000			750,000
Food Insecurity Grants to Food Pantries and Food Banks	1,000,000				1,000,000
Senior Food Vouchers	100,000	100,000			200,000
DEPARTMENT OF CHILDREN AND FAMILIES	15,660,000	40,330,000	9,600,000		65,590,000
Casa Boricua-Meriden	50,000	50,000			100,000
Child First	5,100,000	5,100,000			10,200,000
Children in Placement, Inc.		25,000			25,000
Children's Mental Health Initiatives	10,500,000				10,500,000
Expand Access Mental Health		990,000			990,000
Expand Mobile Crisis Intervention Services		8,600,000	8,600,000		17,200,000
Family Assistance Grants		1,000,000			1,000,000
Fostering the Community	10,000	10,000			20,000
Girls for Technology		100,000			100,000
Peer to Peer Training for Students		150,000			150,000
Resource Guide		50,000			50,000
Respite for non-DCF Children		85,000			85,000
R-Kids		100,000			100,000
Social Determinant Mental Health Fund		1,000,000	1,000,000		2,000,000
Support Additional Urgent Crisis Centers and Sub-Acute Crisis Stabilization		21,000,000			21,000,000
Support for Improved Outcomes for Youth (YSBs and JRBs)		2,000,000			2,000,000
Valley Save Our Youth		70,000			70,000
DEPARTMENT OF CORRECTION	20,750,000	750,000			21,500,000
TRUE Unit - Cheshire CI	500,000	500,000			1,000,000
Vocational Village Dept Corrections	20,000,000				20,000,000
WORTH Program York CI	250,000	250,000			500,000
DEPARTMENT OF DEVELOPMENTAL SERVICES	3,000,000	24,500,000			27,500,000
Enhance Community Engagement Opportunities		2,000,000			2,000,000
Improve Camps		2,000,000			2,000,000
One Time Stabilization Grant		20,000,000			20,000,000
Respite Care for Family Caregivers	3,000,000				3,000,000
Vista		500,000			500,000

Coronavirus State Fiscal Recovery Fund

Allocations Pursuant to Public Act 22-118

Agency and Project	FY 2022	FY 2023	FY 2024	FY 2025	Total Allocation
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT	66,382,019	40,834,019			107,216,038
Amistad	200,000	200,000			400,000
Amistad Center		200,000			200,000
Artreach		300,000			300,000
Ball and Sockets – Cheshire	200,000	400,000			600,000
Bartlem Park South		250,000			250,000
Beardsley Zoo	246,121	246,121			492,242
Bernard Buddy Jordan		50,000			50,000
Beta Iota Boule Foundation		500,000			500,000
Beta Iota Boule Foundation -Youth Services	100,000				100,000
Blue Hills Civic Association	500,000	500,000			1,000,000
Bridgeport Arts Cultural Council		50,000			50,000
Bridgeport Youth LaCrosse Academy		25,000			25,000
Cape Verdean Women's Association		25,000			25,000
Cardinal Shehan Center		250,000			250,000
Caribe		100,000			100,000
Charter Oak Temple Restoration Association	100,000	300,000			400,000
Cheshire - Plan for Municipal Parking Lot		150,000			150,000
City Seed of New Haven		200,000			200,000
Compass Youth Collaborative		350,000			350,000
Concat New Haven		250,000			250,000
Connecticut Center for Advanced Technologies	1,000,000				1,000,000
Connecticut Main Street Center	350,000	350,000			700,000
CRDA Economic Support for Venues	5,000,000	2,500,000			7,500,000
CT Hospitality Industry Support	30,000,000				30,000,000
CT Next		2,000,000			2,000,000
CT Summer at the Museum Program		15,000,000			15,000,000
Dixwell Church Historic Preservation		2,000,000			2,000,000
Dixwell Community Center		200,000			200,000
East Hartford Little League	50,000				50,000
Emery Park		100,000			100,000
ESF/Dream Camp of Hartford	100,000				100,000
Family Justice Center	50,000	50,000			100,000
Farnam Neighborhood House		100,000			100,000
Flotilla 73, INC		5,000			5,000
Friends of FOSRV		44,000			44,000
Future, Inc.		1,300,000			1,300,000
Greater Bridgeport Community Enterprises		50,000			50,000
Hartford YMCA	1,000,000	500,000			1,500,000
Historic Wooster Square Association	500,000				500,000
Humane Commission/Animal Shelter of New Haven	500,000				500,000
IMHOTEP CT National Medical Association Society	200,000	200,000			400,000
International Festival of Arts and Ideas New Haven		200,000			200,000
Junta for Progressive Action	750,000				750,000
Lebanon Pines		300,000			300,000
Legacy Foundation of Hartford	225,000	625,000			850,000
Madison Cultural Art		60,000			60,000
Maritime Center Authority	196,295	196,295			392,590
McBride Foundation		100,000			100,000
Middlesex YMCA	50,000				50,000
Middletown Downtown Business District	100,000	100,000			200,000
Minority Construction Council, Inc		100,000			100,000
Montville Parks and Rec Tennis Courts		500,000			500,000
Municipal Outdoor Recreation		4,200,000			4,200,000
Music Haven	100,000	100,000			200,000
Mystic Aquarium	177,603	177,603			355,206
Nellie McKnight Museum		25,000			25,000
Noah Webster		100,000			100,000
Northside Institution Neighborhood Alliance - Historic Preservation		100,000			100,000
Norwalk International Cultural Exchange / NICE Festival		50,000			50,000
Norwalk Symphony	50,000	50,000			100,000
Norwich Historical Society		500,000			500,000
Nutmeg Games		50,000			50,000
Opportunities Industrialization Center		150,000			150,000
Parenting Center - Stamford		250,000			250,000
Playhouse on Park	15,000	15,000			30,000
Regulatory Modernization	1,000,000				1,000,000
Ridgefield Playhouse		100,000			100,000
Riverfront Recapture	250,000	250,000			500,000
Shatterproof	100,000				100,000
Sisters at the Shore		50,000			50,000
Sons of Thunder		100,000			100,000
Statewide Marketing	7,107,000				7,107,000
Summer Experience at Connecticut's Top Venues	15,000,000				15,000,000
Taftville VFW Auxiliary		100,000			100,000
Team, Inc. - Derby		250,000			250,000
The Knowlton		25,000			25,000
The Ridgefield Theatre Barn		250,000			250,000
Upper Albany Neighborhood Collaborative	125,000	125,000			250,000
VFW Rocky Hill	15,000	15,000			30,000
Vietnam Memorial Cheshire		200,000			200,000
WBDC		250,000			250,000
West Haven Veterans Museum	25,000	25,000			50,000
Working Cities Challenge	1,000,000	1,000,000			2,000,000
Youth Business Initiative		50,000			50,000
Youth Service Corp		1,100,000			1,100,000
YWCA of Hartford		250,000			250,000

Coronavirus State Fiscal Recovery Fund

Allocations Pursuant to Public Act 22-118

Agency and Project	FY 2022	FY 2023	FY 2024	FY 2025	Total Allocation
DEPARTMENT OF EDUCATION	10,316,750	116,959,750	12,860,000		140,136,500
Ascend Mentoring – Windsor	150,000	150,000			300,000
Big Brothers / Big Sisters		2,000,000			2,000,000
Bridgeport Education Fund		100,000			100,000
BSL Educational Foundation		100,000			100,000
Bullard-Havens Technical High School for Operating		50,000			50,000
CT Writing Project	79,750	79,750			159,500
Dream Camp Foundation		1,000,000			1,000,000
Drug and Alcohol Counseling - Woodstock Academy		200,000			200,000
East Hartford Youth Services	200,000				200,000
Elevate Bridgeport	200,000	200,000			400,000
Expand Support for Learner Engagement and Attendance Program (LEAP)		7,000,000			7,000,000
Faith Acts Priority School Districts	5,000,000	5,000,000			10,000,000
Free Meals for Students		30,000,000			30,000,000
FRLP/Direct Certification Census Assistance		200,000			200,000
Grant to RHAM Manufacturing Program	22,000				22,000
Greater Hartford YMCA		300,000			300,000
Haddam-Killingworth Recreation Department		15,000			15,000
Hall Neighborhood House		75,000			75,000
Hamden Before and After School Programming	400,000				400,000
Hamden Pre-K Programming	100,000				100,000
Hartford Knights		100,000			100,000
Increase College Opportunities Through Dual Enrollment		3,500,000			3,500,000
Keane Foundation		300,000			300,000
Leadership Education Athletic Partnership		400,000			400,000
Magnets - Tuition Coverage for 1 year		11,000,000			11,000,000
New Haven Board of Education Adult Education Facility		500,000			500,000
New Haven Local Little League	500,000				500,000
New Haven Reads		50,000			50,000
Para Educational Professional Development HB 5321		1,800,000			1,800,000
Provide Funding for the American School for the Deaf		1,115,000			1,115,000
Provide Funding to Support FAFSA Completion		500,000			500,000
RESC Trauma Coordinators		1,200,000			1,200,000
Right to Read		12,860,000	12,860,000		25,720,000
School Mental Health Services Grant		8,000,000			8,000,000
School Mental Health Workers		15,000,000			15,000,000
Social Worker Grant SB 1		5,000,000			5,000,000
Solar Youth		100,000			100,000
Sphere Summer Program		500,000			500,000
Student Achievement Through Opportunity	100,000	300,000			400,000
Summer Camp Scholarships for Families	3,500,000				3,500,000
Summer Enrichment Funds to cover fifty per cent required match		8,000,000			8,000,000
Women in Manufacturing - Platt Tech Regional Vocational Technical School	65,000	65,000			130,000
YWCA of New Britain		200,000			200,000
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION		12,603,000	3,943,000		16,546,000
Expand Violent Crimes Task Force		1,108,000			1,108,000
Fire Data Collection		300,000			300,000
Online Abuse Grant SB 5		500,000			500,000
P.O.S.T High School Recruitment Program for Police		200,000			200,000
Poquetanuck Volunteer Fire Department		150,000			150,000
Preston City Volunteer Fire Department		150,000			150,000
Provide Funding for a Mobile Crime Laboratory		995,000			995,000
Provide Funding for the Gun Tracing Task Force		2,500,000			2,500,000
Provide Funding to State and Local Police Departments to Address Auto Theft and Violence		2,600,000	2,600,000		5,200,000
Rural Roads Speed Enforcement		2,600,000			2,600,000
Upgrade Forensic Technology at the State Crime Lab		1,500,000	1,343,000		2,843,000
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	14,770,000	25,180,000	500,000		40,450,000
Air Quality Study	20,000				20,000
Clinton Town Beach		55,000			55,000
Crystal Lake & Bob Tedford Park Renovations		50,000			50,000
Efficient Energy Retrofit for Housing	7,000,000				7,000,000
Engineering Study for Dam Removal on Papermill Pond		500,000			500,000
Health and Safety Barriers to Housing Remediation	7,000,000				7,000,000
Land Trust Boardwalk Installation		200,000			200,000
Lighthouse Park		500,000			500,000
Ludlowe Park		75,000			75,000
Outdoor Recreation with $1,000,000 for East Rock Park and $1,000,000 for West Rock Park for maintenance, repair, and renovations		22,500,000			22,500,000
Park Commission Edgewood Park		800,000			800,000
Quinnipiac Avenue Canoe Launch	250,000				250,000
Swimming Lessons to DEEP	500,000	500,000	500,000		1,500,000

Coronavirus State Fiscal Recovery Fund

Allocations Pursuant to Public Act 22-118

Agency and Project	FY 2022	FY 2023	FY 2024	FY 2025	Total Allocation
DEPARTMENT OF HOUSING	300,000	57,675,000			57,975,000
Angel of Edgewood		175,000			175,000
Downtown Evening Soup Kitchen	200,000				200,000
Hands on Hartford	100,000				100,000
Homeless Services		5,000,000			5,000,000
Homeless Youth Transitional Housing		1,000,000			1,000,000
Rental Assistance Program		1,000,000			1,000,000
Southside Institutions Neighborhood Alliance		500,000			500,000
Support for Affordable Housing		50,000,000			50,000,000
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	25,000,000	60,167,834	1,125,000	562,500	86,855,334
Clifford Beers		200,000			200,000
DMHAS Private Providers	25,000,000	25,000,000			50,000,000
Enhance Mobile Crisis Services- Case Management		3,200,000			3,200,000
Enhance Respite Bed Services for Forensic Population		4,292,834			4,292,834
Expand Availability of Privately-Provided Mobile Crisis Services		6,000,000			6,000,000
Fellowship Place New Haven		150,000			150,000
Fund Supportive Services to Accompany New Housing Vouchers		1,125,000	1,125,000	562,500	2,812,500
Implement Electronic Health Records		16,000,000			16,000,000
Peer-to-Peer		500,000			500,000
Provide Mental Health Peer Supports in Hospital Emergency Departments		2,400,000			2,400,000
Public Awareness Grants		1,000,000			1,000,000
The Pathfinders Association		100,000			100,000
United Services Pilot on Crisis Intervention		200,000			200,000
DEPARTMENT OF MOTOR VEHICLES		3,000,000			3,000,000
IT Modernization		3,000,000			3,000,000
DEPARTMENT OF PUBLIC HEALTH	1,250,000	49,079,000	13,000,000	3,000,000	66,329,000
CCMC Pediatrician Training		150,000			150,000
Child Psychiatrist Workforce Development		2,000,000			2,000,000
Community Health Worker Association of Connecticut		100,000			100,000
Community Violence Prevention Programs		1,000,000			1,000,000
Cornell Scott - Hill Health	250,000				250,000
CT VIP Street Outreach		300,000			300,000
DPH Loan Repayment	500,000	5,100,000	3,000,000	3,000,000	11,600,000
Durational Loan Manager		100,000			100,000
E-cigarette and Marijuana Prevention Pilot Program conducted by Yale to be in Stamford, Milford, East Haven		300,000			300,000
Gaylord Hospital Electronic Records		2,600,000			2,600,000
HB 5272 - Menstrual Products		2,000,000			2,000,000
ICHC School Based Health Centers		604,000			604,000
Obesity & COVID-19 Study	500,000	500,000			1,000,000
Pilot Program for Promoting Social Workers and Pediatrician Offices		2,500,000			2,500,000
Promote Healthy and Lead-Safe Homes		20,000,000	10,000,000		30,000,000
Provide Funding to Address and Respond to an Increase in Homicides		1,500,000			1,500,000
School Based Health Centers		10,000,000			10,000,000
Storage and Maintenance Costs of COVID 19 Preparedness Supplies		325,000			325,000
DEPARTMENT OF REVENUE SERVICES		42,250,000			42,250,000
Provide Payments to Filers Eligible for the Earned Income Tax Credit		42,250,000			42,250,000
DEPARTMENT OF SOCIAL SERVICES	32,750,000	55,380,000			88,130,000
Adult Day		3,000,000			3,000,000
Brain Injury Alliance of CT		300,000			300,000
Charter Oak Urgent Care		330,000			330,000
Community Action Agencies	5,000,000				5,000,000
Community Action Agencies - Community Health Workers	3,000,000	4,000,000			7,000,000
Connecticut Health Foundation		500,000			500,000
CT Oral Health Initiative		300,000			300,000
Day Kimball Hospital		5,000,000			5,000,000
Expand Medical/Psychiatric Inpatient Unit at Connecticut Children's Medical Center		15,000,000			15,000,000
Fair Haven		10,000,000			10,000,000
Fair Haven Clinic	10,000,000				10,000,000
Hands on Hartford		100,000			100,000
Hartford Communities that Care		500,000			500,000
Health Equity Solutions		500,000			500,000
Hebrew Senior Care		150,000			150,000
HRA		150,000			150,000
Human Resources Agency of New Britain		300,000			300,000
Mary Wade	750,000				750,000
Mothers United Against Violence		300,000			300,000
MyCT Resident One Stop	2,500,000				2,500,000
New Reach Life Haven Shelter	500,000				500,000
Nursing Home Facility Support	10,000,000				10,000,000
Provide Additional Supports for Victims of Domestic Violence		2,900,000			2,900,000
Provide Support for Infant and Early Childhood Mental Health Services		5,000,000			5,000,000
Provide Support for Residential Care Homes (RCH)		3,700,000			3,700,000
Roca		500,000			500,000
Strengthen Family Planning		2,000,000			2,000,000
TEEG		200,000			200,000
Waterbury Seed Funds for Wheeler Clinic		650,000			650,000
Workforce Development, Education and Training	1,000,000				1,000,000

Coronavirus State Fiscal Recovery Fund

Allocations Pursuant to Public Act 22-118

Agency and Project	FY 2022	FY 2023	FY 2024	FY 2025	Total Allocation
DEPARTMENT OF TRANSPORTATION	8,200,000	186,200,000			194,400,000
Free Bus Public Transportation Services	8,100,000	13,100,000			21,200,000
Groton Water Taxi	100,000	100,000			200,000
Outfit M8 Rail Cars with 5G		23,000,000			23,000,000
Replace Infrastructure Match		150,000,000			150,000,000
DIVISION OF CRIMINAL JUSTICE		2,199,879	2,126,550		4,326,429
Provide Funding to Reduce Court Case Backlogs Through Temporary Prosecutors		2,199,879	2,126,550		4,326,429
JUDICIAL DEPARTMENT	10,125,000	41,074,290	10,444,847		61,644,137
Brother Carl Hardrick Institute - Violence Prevention		400,000			400,000
Children's Law Center		190,000			190,000
Community Resources for Justice (Family Reentry)		300,000			300,000
Inspire Basketball		2,000,000			2,000,000
Legal Representation for Tenant Eviction	10,000,000	10,000,000			20,000,000
Mothers Against Violence	25,000	25,000			50,000
New Haven Police Activities League	100,000				100,000
Provide Funding to Build Out the Juvenile Intake Custody and Probable Cause		377,742	363,752		741,494
Provide Funding to Continue Temporary Staffing for the Foreclosure Mediation Program		3,410,901	3,444,293		6,855,194
Provide Funding to Enhance Contracts for Direct Service Partnership for Households and Families		200,000	200,000		400,000
Provide Funding to Enhance Technology for Citations and Hearings in the Criminal Infractions Bureau		606,915			606,915
Provide Funding to Enhance the Department's Case Management and Scheduler Application		1,382,900			1,382,900
Provide Funding to Establish Video Conferencing for Municipal Stations for Bail and Support Services		60,000			60,000
Provide Funding to Expand Housing Opportunities for Individuals on Bail		2,915,614	2,915,614		5,831,228
Provide Funding to Hire Assistant Clerks and Family Relations Counselors to Reduce Family and Support Matter Case Backlogs		3,294,851	3,294,851		6,589,702
Provide Funding to Support Application Development for Monitor Note-Taking		923,467	226,337		1,149,804
Provide Increased Funding for Victim Service Providers		14,865,300			14,865,300
Provide Remote Equipment to Reduce Child Support Backlog		121,600			121,600
LABOR DEPARTMENT	171,640,000	44,140,000			215,780,000
Boys and Girls Club Workforce Development - Milford	50,000	50,000			100,000
CDL Training at Community Colleges		1,000,000			1,000,000
Cradle to Career - Bridgeport		150,000			150,000
Domestic Worker Grants	200,000	200,000			400,000
Greater Bridgeport OIC Job Development and Training Program	250,000	100,000			350,000
Opportunities for Long Term Unemployed Returning Citizens	750,000	750,000			1,500,000
Reduce State UI Tax on Employers		40,000,000			40,000,000
Senior Jobs Bank - West Hartford	10,000	10,000			20,000
TBICO Danbury Women's Employment Program	25,000	25,000			50,000
Unemployment Support	15,000,000				15,000,000
Unemployment Trust Fund	155,000,000				155,000,000
Veterans Employment Opportunity PILOT	350,000	350,000			700,000
Women's Mentoring Network- Strategic Life Skills Workshop	5,000	5,000			10,000
YouthBuild		1,500,000			1,500,000
LABOR DEPARTMENT - BANKING FUND	550,000	550,000			1,100,000
Customized Services for Mortgage Crisis Jobs Training Program	550,000	550,000			1,100,000
LEGISLATIVE MANAGEMENT	1,000,000	27,000			1,027,000
CTN	1,000,000				1,000,000
Review of Title 7		27,000			27,000
OFFICE OF EARLY CHILDHOOD	16,800,000	103,875,000			120,675,000
Capitol Child Day Care Center		75,000			75,000
Care4Kids		10,000,000			10,000,000
Care4Kids Parent Fees	5,300,000				5,300,000
Early Childhood - Facility Renovation and Construction		15,000,000			15,000,000
Expand Access - Apprenticeship		6,500,000			6,500,000
Parents Fees for 3-4 Year Old's at State Funded Childcare Centers	3,500,000				3,500,000
School Readiness		30,000,000			30,000,000
Seed Childrens Services Fund		20,000,000			20,000,000
Start Early - Early Childhood Development Initiatives		20,000,000			20,000,000
Universal Home Visiting	8,000,000	2,300,000			10,300,000
OFFICE OF HEALTH STRATEGY		1,655,000	650,000		2,305,000
Improve Data Collection and Integration with HIE		500,000	650,000		1,150,000
Payment Parity Study		655,000			655,000
Study Behavioral Health Coverage by Private Insurers		200,000			200,000
Telehealth Study		300,000			300,000
OFFICE OF HIGHER EDUCATION	21,500,000	43,000,000			64,500,000
Higher Education Mental Health Services		3,000,000			3,000,000
Roberta Willis Need-Based Scholarships	20,000,000	40,000,000			60,000,000
Summer College Corps	1,500,000				1,500,000

Coronavirus State Fiscal Recovery Fund

Allocations Pursuant to Public Act 22-118

Agency and Project	FY 2022	FY 2023	FY 2024	FY 2025	Total Allocation
OFFICE OF POLICY AND MANAGEMENT	60,000,000	412,410,037			472,410,037
Audits of ARPA Recipients		1,250,000			1,250,000
Bethany Town Hall Auditorium		350,000			350,000
Bethany Town Hall Windows		350,000			350,000
Bloomfield Social and Youth Services		100,000			100,000
Bridgeport - Revenue Replacement		2,200,000			2,200,000
COVID Response Measures		157,500,000			157,500,000
Durham Town Website		25,000			25,000
Evidence Based Evaluation of Initiatives		928,779			928,779
Hall Memorial Library Reading and Meditation Garden		66,626			66,626
Invest Connecticut		163,515,214			163,515,214
Lebanon Historical Society		300,000			300,000
Orange Fire Department Clock purchase		10,000			10,000
PPE & Supplies	10,000,000	10,000,000			20,000,000
Private Providers	30,000,000	30,000,000			60,000,000
Provide Private Provider Support-One Time Payments		20,000,000			20,000,000
Resources to develop a combined Grammar School Support between Hampton and Scotland		25,000			25,000
Senior Center Outdoor Fitness Area - Ellington		57,418			57,418
South Windsor Riverfront Linear Park Study and Planning		100,000			100,000
State Employee Essential Workers and National Guard Premium Pay	20,000,000	15,000,000			35,000,000
Statewide GIS Capacity for Broadband Mapping/Data and Other Critical Services		9,532,000			9,532,000
Support ARPA Grant Administration		800,000			800,000
Valley Regional High School Tennis Courts		300,000			300,000
OFFICE OF THE CHIEF MEDICAL EXAMINER		860,667			860,667
Testing and Other COVID-Related Expenditures		860,667			860,667
OFFICE OF WORKFORCE STRATEGIES	70,000,000	300,000			70,300,000
Governor's Workforce Initiatives	70,000,000				70,000,000
HVAC Training Agency		300,000			300,000
POLICE OFFICER STANDARDS AND TRAINING COUNCIL		1,000,000			1,000,000
Time Limited Police Loan Forgiveness		1,000,000			1,000,000
PUBLIC DEFENDER SERVICES COMMISSION		2,023,821	1,956,360		3,980,181
Provide Funding to Reduce Court Backlogs Through Temporary Public		2,023,821	1,956,360		3,980,181
REVENUE		314,900,000			314,900,000
Revenue		314,900,000			314,900,000
STATE LIBRARY		500,000			500,000
Mary Cheney Library		500,000			500,000
UNIVERSITY OF CONNECTICUT	20,000,000	39,200,000			59,200,000
Higher Education – UConn	20,000,000	5,000,000			25,000,000
Puerto Rican Studies Initiative		500,000			500,000
Social Media Impact Study		500,000			500,000
Temporary Support		33,200,000			33,200,000
UNIVERSITY OF CONNECTICUT HEALTH CENTER	73,000,000	72,700,000			145,700,000
Revenue Impact	35,000,000				35,000,000
Temporary Support		72,700,000			72,700,000
University of Connecticut Health Center	38,000,000				38,000,000
Grand Total Allocations	**$ 662,943,769**	**$ 2,068,124,297**	**$ 77,705,757**	**$ 3,562,500**	**$ 2,812,336,323**

Award	$ 2,812,288,082
Amount Allocated	$ 2,812,336,323
Remaining	$ (48,241)

Allocations for CCPF are depicted below. Current allocations exceed the award and will need to be addressed during the next legislative session.

Coronavirus Capital Projects Fund

Allocations Pursuant to Public Act 22-118

Agency and Project	FY 2022	FY 2023	FY 2024	FY 2025	Total Allocation
DEPARTMENT OF ADMINISTRATIVE SERVICES	$ 10,000,000	$ 29,247,489	$ 25,925,000	$ 8,794,000	$ 73,966,489
CEN Charter School Fiber Internet Connectivity Program		441,195	300,000	170,000	911,195
Connecticut Education Network Wi-Fi connectivity and broadband for public spaces	10,000,000	719,936			10,719,936
Expand CEN Broadband to Remaining Municipalities and Libraries		8,025,474	6,600,000	6,600,000	21,225,474
Upgrade the Connecticut Education Network (CEN)		20,060,884	19,025,000	2,024,000	41,109,884
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION	20,000,000	22,966,125			42,966,125
Low income/Multi-family Curb-to-home and Business Broadband infrastructure buildout and underserved area broadband infrastructure grants	20,000,000	22,966,125			42,966,125
OFFICE OF POLICY AND MANAGEMENT		25,000,000			25,000,000
Multi-purpose community facility projects - Manchester Library		5,000,000			5,000,000
Multi-purpose community facility projects - New Haven Adult Ed Facility		20,000,000			20,000,000
Grand Total Allocations	**$ 30,000,000**	**$ 77,213,614**	**$ 25,925,000**	**$ 8,794,000**	**$ 141,932,614**

Award	$ 141,932,612
Amount Allocated	$ 141,932,614
Remaining	$ (2)

FEDERAL INFRASTRUCTURE LEGISLATION

The Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Jobs Act (IIJA), was signed by President Biden on November 15, 2021. According to a fact sheet released by the White House,[5] since enactment over $2.2 billion in BIL funding has been announced for Connecticut with over 50 specific projects identified for funding. Connecticut is set to receive more than $2 billion for transportation to invest in roads, bridges, public transit, ports and airports and over $76 million for clean water. And, as of today, more than 127,000 households across the state are receiving affordable internet due to the BIL. Opportunities include:

- Roads and Bridges. Based on formula funding alone, Connecticut is expected to receive approximately $4.1 billion over five years in federal funding for highways and bridges – a significant increase from the last federal reauthorization of funding for such programs. To date, over $1.6 billion has been announced for Connecticut for roads, bridges, roadway safety, and major projects. This includes $1.3 billion in highway formula funding and $242.3 million in dedicated formula funding for bridges in 2022 and 2023, and $41.6 million through the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) program.
- Internet. Connecticut will receive a minimum allocation of at least $100 million to help ensure high-speed internet coverage across the state. Additionally, it is estimated that as many as 490,000 households in the state are eligible for the Affordable Connectivity Program, which cuts internet bills by up to $30 per month, or $75 for households on Tribal lands, and provides a one-time $100 discount off a connected device. To date, about 127,000 state households are enrolled in this program.
- Water. The BIL invests in clean water and includes dedicated federal funding to replace lead service lines and address dangerous PFAS chemicals. To date, $76.8 million has been announced for Connecticut to provide clean and safe water across the state and improve water infrastructure. This includes $76.8 million available in fiscal year 2022 to provide clean and safe water across the state through the Environmental Protection Agency. Of this funding, $28.3 million is dedicated to lead pipe and service line replacement, with another $21.8 million for safe drinking water investments that can also support lead pipe replacement in fiscal year 2022.
- Public Transit. Based on formula funding alone, Connecticut could receive more than $1.3 billion over five years under the Bipartisan Infrastructure Law to improve public transit across

[5] Source: Connecticut-BIL-State-Fact-Sheet-Nov-22.pdf (whitehouse.gov).

the state. To date, the state has been allocated $250 million to improve public transportation options across the state in fiscal year 2022.

- Clean Buses. To date, the state has been awarded $8.8 million for the Environmental Protection Agency's Clean School Bus Program. In addition, communities in Connecticut were awarded $20.4 million for clean transit buses and improved bus service through DOT's Low- and No- Emission Bus and Bus and Bus Facilities Program.
- Electric Vehicle Charging. Through the National Electric Vehicle Infrastructure Program alone, Connecticut should expect to receive more than $52 million in formula funding over five years to support the expansion of electric vehicle charging in the state. To date, the state has been allocated nearly $19 million in 2022 and 2023 to build out a network of EV chargers across the state.
- Clean Energy and Power. To date, approximately $55.1 million has been allocated to Connecticut for clean energy, energy efficiency, and power in 2022. This includes: $46.2 million for weatherization; $5.3 million through the State Energy Program; and $3.6 million to prevent outages and make the power grid more resilient. Additional grid funding is expected to be made available in the coming months.
- Airports. To date, Connecticut has received more than $32 million in 2022 for airports.
- Ports and Waterways. To date, the state has received more than $89.4 million in 2022 for ports and waterways. Connecticut was recently awarded $17.5 million for two port projects through the Port Infrastructure Development Program.
- Resilience. To date, approximately $74.6 million has been allocated to Connecticut for infrastructure resilience in 2022 including $2.9 million through the Army Corps of Engineers for flood mitigation.
- Legacy Pollution Cleanup. To date, more than $4.5 million has been allocated to the state for cleaning up Superfund and brownfield sites.

In order to ensure Connecticut is well-positioned to compete for discretionary federal grants that may require state matching funds (e.g., coastal and stormwater resilience, electric grid resilience, at-risk nuclear units, transmission, clean school buses, wastewater infrastructure, wildfire control, broadband, hydrogen hubs, dam safety), the enacted budget for FY 2023 included bond funding in the amount of $75 million to assist DEEP and DPH with any federal BIL grant matching requirements; the existing transportation bonding program is expected to be sufficient to support any matching needs identified by DOT.

BONDING

PROJECTED BOND AUTHORIZATIONS, ALLOCATIONS AND ISSUANCES

The table below depicts projected bond authorizations, allocations and issuances through FY 2027.

FIVE YEAR BOND PROJECTIONS

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Bond Authorizations					
General Obligation Bonds	$1,749,084,914	$1,700,000,000	$1,700,000,000	$1,700,000,000	$1,700,000,000
Baby Bond Program	-	-	50,000,000	50,000,000	50,000,000
Bioscience Innovation Fund	25,000,000	24,000,000	-	-	-
Community Investment Fund	175,000,000	175,000,000	175,000,000	175,000,000	175,000,000
Crumbling Foundations	20,000,000	25,000,000	25,000,000	25,000,000	-
CT Next and Innovation Places	13,500,000	23,500,000	13,500,000	13,500,000	-
Connecticut Strategic Defense Investment Act	9,796,428	9,971,428	10,321,428	10,321,428	10,321,428
Connecticut Port Authority	5,000,000	5,000,000	5,000,000	5,000,000	-
Smart Start Program	10,000,000	10,000,000	-	-	-
UCONN Research Faculty	11,729,200	14,489,200	9,220,000	4,201,600	-
UCONN 2000/Next Generation	125,100,000	84,700,000	56,000,000	14,000,000	9,000,000
Total General Obligation Bonds	$2,144,210,542	$2,071,660,628	$2,044,041,428	$1,997,023,028	$1,944,321,428
Special Tax Obligation Bonds	836,910,000	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Clean Water Fund Revenue Bonds	237,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Bond Authorizations	**$3,218,120,542**	**$3,471,660,628**	**$3,444,041,428**	**$3,397,023,028**	**$3,344,321,428**
Bond Allocations					
General Obligation Bonds	$1,900,000,000	$1,900,000,000	$1,900,000,000	$1,900,000,000	$1,900,000,000
Special Tax Obligation Bonds	1,000,000,000	1,000,000,000	1,000,000,000	1,100,000,000	1,100,000,000
Clean Water Fund Revenue Bonds	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Total Bond Allocations	**$3,050,000,000**	**$3,050,000,000**	**$3,050,000,000**	**$3,150,000,000**	**$3,150,000,000**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Bond Issuance					
General Obligation Bonds	$1,300,000,000	$1,450,000,000	$1,600,000,000	$1,600,000,000	$1,600,000,000
Special Tax Obligation Bonds	830,000,000	1,000,000,000	1,000,000,000	1,100,000,000	1,100,000,000
Clean Water Revenue Bonds	-	-	250,000,000	-	250,000,000
UCONN 2000/Next Generation	260,000,000	200,000,000	150,000,000	100,000,000	70,000,000
Total Bond Issuance	**$2,390,000,000**	**$2,650,000,000**	**$3,000,000,000**	**$2,800,000,000**	**$3,020,000,000**
Debt Service					
General Fund	$2,572,447,512	$2,627,252,696	$2,776,550,685	$2,807,994,518	$2,838,566,267
Transportation Fund	811,317,909	887,510,468	951,115,534	1,011,246,992	1,096,274,171
Total Debt Service	**$3,383,765,421**	**$3,514,763,164**	**$3,727,666,219**	**$3,819,241,510**	**$3,934,840,438**

Bond Authorizations
FY 2023 are enacted bond authorizations.
FY 2024-FY 2027 projected bond authorizations assume that authorizations continue at historical average levels.
UConn 2000/Next Generation automatic authorizations in accordance with C.G.S. Section 10a-109g.
CSCU 2020 automatic authorizations in accordance with C.G.S. Section 10a-91e.
Bioscience Collaboration Program automatic authorizations in accordance with C.G.S. Section 32-41z.
Bioscience Innovation Fund automatic authorizations in accordance with C.G.S. Section 32-41dd.
Connecticut Strategic Defense Investment Act automatic authorizations in accordance with C.G.S. Section 32-4o.
Baby Bonds, Community Investment Fund, Crumbling Foundations, CT Next & Innovation Places, Connecticut Port Authority, Smart Start, and the UCONN Research Faculty automatic authorizations in accordance with Public Act 21-111 as amended by Public Act 22-118.

Bond Allocations
Projected GO Bond allocations are based on budgeted debt service.
Projected GO Bond Allocations will be substantially under the C.G.S. Section 3-20(d)(2) projected calendar year caps.
Projected Special Tax Obligation Bond allocations assume to match debt issuance levels scheduled in the out-year assumptions.

Bond Issuance
Projected GO Bond issuances are based on budgeted debt service and the Governor's plan to stabilize new debt.
Projected GO Bond issuances will be substantially under the C.G.S. Section 3-21(f)(1) projected fiscal year caps.

Estimated Caps	Inflation	Allocation Cap	Issuance Cap
CY/FY 2022	6.2%	$2,239,000,000	$2,018,000,000
CY/FY 2023	4.8%	$2,379,000,000	$2,090,000,000
CY/FY 2024	2.8%	$2,492,000,000	$2,220,000,000
CY/FY 2025	2.4%	$2,562,000,000	$2,326,000,000
CY/FY 2026	2.2%	$2,622,000,000	$2,392,000,000
CY/FY 2027	2.3%	$2,681,000,000	$2,448,000,000

Sources: IHS Economics, Bureau of Labor Statistics

STATUTORY GENERAL OBLIGATION BOND DEBT LIMIT

Section 3-21 of the General Statutes, as amended, provides that "No bonds, notes or other evidences of indebtedness for borrowed money payable from General Fund tax receipts of the State shall be authorized by the general assembly except such as shall not cause the aggregate amount of (1) the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the general assembly but which have not been issued and (2) the total amount of such indebtedness which has been issued and remains outstanding, to exceed one and six-tenths times the total general fund tax receipts of the State for the fiscal year in which any such authorization will become effective, as estimated for such fiscal year by the joint standing committee of the general assembly having cognizance of finance, revenue and bonding in accordance with section 2-35."

Tax Incremental Financings, Special Transportation, Bradley Airport, Clean Water Fund Revenue, Connecticut Unemployment Revenue Bonds, Economic Recovery Notes and Pension Obligation Bonds are excluded from the calculation. GAAP deficit bonds and Hartford Contract Assistance are included in the calculation.

In accordance with the General Statutes, the Treasurer computes the aggregate amount of indebtedness as of January 1, and July 1 each year and certifies the results of such computation to the Governor and the General Assembly. If the aggregate amount of indebtedness reaches 90 percent of the statutory debt limit, the Governor is required to review each bond act for which no bonds, notes or other evidences of indebtedness have been issued, and recommend to the General Assembly priorities for repealing authorizations for remaining projects.

The estimated debt-incurring margins as of July 1 of each fiscal year are as follows:

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Consensus Revenues 11/10/2022	$20,482,000,000	$20,208,300,000	$20,827,000,000	$21,453,600,000	$21,453,600,000
Multiplier	1.6	1.6	1.6	1.6	1.6
100 Percent Limit	$32,771,200,000	$32,333,280,000	$33,323,200,000	$34,325,760,000	$34,325,760,000
Bonds Subject to Limit	$24,155,063,534	$24,338,187,594	$24,844,169,022	$25,379,087,050	$26,092,653,478
Debt Incurring Margin	$8,616,136,466	$7,995,092,406	$8,479,030,978	$8,946,672,950	$8,233,106,522
Percentage of Limit	73.71%	75.27%	74.56%	73.94%	76.01%
Margin to 90 Pecent Limit	$5,339,016,466	$4,761,764,406	$5,146,710,978	$5,514,096,950	$4,800,530,522

Assumptions:

- FY 2023 Official Calculation by State Treasurer;
- Consensus revenue as of November 10, 2022 and an annual average of $1.7 billion of new bond authorizations;
- $1.6 billion of new General Obligation Bonds plus UConn Bonds are issued each year;
- FY 2023 – FY 2027 Bonds Subject to Limit does not include principal payments on the prior year bonds to account for possible changes to issuance schedules.

Bonding Caps

During the 2017 legislative session, limitations on bond allocations, allotments and issuances were enacted. These limitations are described below.

- Allocation Cap: This cap imposes a limit on State Bond Commission general obligation bond allocations for each calendar year. The cap amount is indexed to inflation. The inflation-adjusted cap is $2.239 billion for calendar year 2022, and $2.379 billion for calendar year 2023.

- Allotment Cap: This cap limits allotments issued by the Governor's Office each fiscal year. The cap amount is indexed to inflation. General obligation bonds issued as part of CSCU 2020 or UConn 2000 are exempted from the cap. The cap is $2.090 billion for FY 2023.

- Issuance Cap: This cap limits bond issuances by the Treasurer's Office each fiscal year. The cap amount is indexed to inflation. General obligation bonds issued as part of CSCU 2020 or UConn 2000 are exempted from this cap. The cap is $2.090 billion for FY 2023.

Community Investment Fund

Public Act 21-111 authorizes up to $875 million in bonds for a five-year bonding program to fund qualifying projects and grants in distressed communities.

Fiscal Year	Authorized Funding Amount	Fiscal Year	Authorized Funding Amount
2023	$ 175,000,000	2028 (Proj.)	$ 250,000,000
2024	175,000,000	2029 (Proj.)	250,000,000
2025	175,000,000	2030 (Proj.)	250,000,000
2026	175,000,000	2031 (Proj.)	250,000,000
2027	175,000,000	2032 (Proj.)	250,000,000
FY 23-27 Total	**$ 875,000,000**	**FY 28-32 Total**	**$ 1,250,000,000**
		FY 2023-2032 Grand Total:	**$ 2,125,000,000**

Projects that can be funded and that serve the purpose of the act include, but are not limited to:

1. Providing financing and loans for small businesses;
2. Providing affordable housing;
3. Improving water and sewer infrastructure to boost economic development; and
4. Improving energy resiliency and home rehabilitation programs and facilities such as senior centers and libraries.

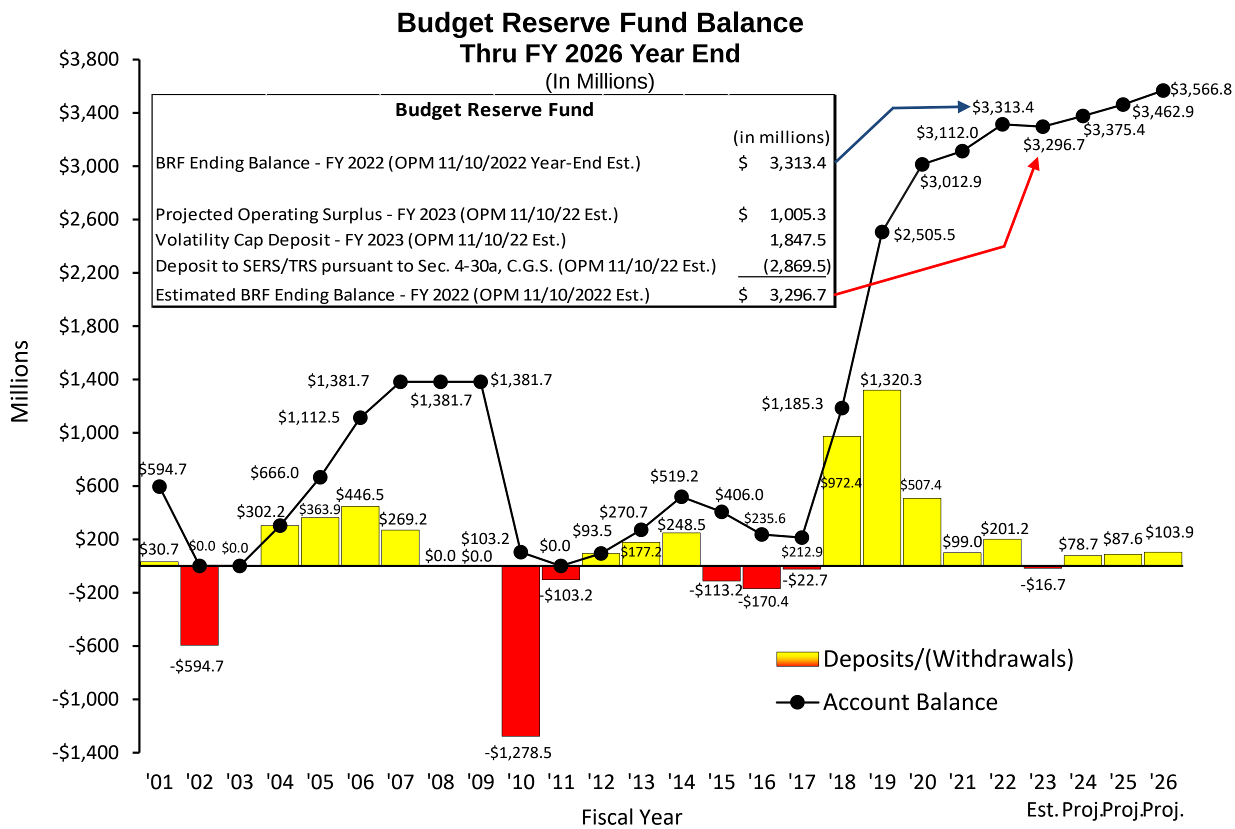
The act establishes a 21-member board, the Community Investment Fund 2030 board, within the Department of Economic of Community Development (DECD), to accept applications for funding under the program.

An additional $1.25 billion in bonds is authorized for the program in the subsequent five-year period, contingent on an agreement between the Governor and board, as well as legislative reauthorization of the program.

The Community Investment Fund Board voted without objection to recommend its first list of programs to submit to the Governor on September 27, 2022. The recommendations total $76.4 million in requests and consist of 26 projects supporting economic development, affordable housing, and other qualified initiatives across 14 different municipalities. The project list was submitted to the Governor in mid-October 2022 and will be reviewed by the State Bond Commission at its scheduled meeting in December 2022.

BUDGET RESERVE FUND AND POTENTIAL USES OF SURPLUS

After the accounts for the General Fund have been closed at the end of each fiscal year, Connecticut statute directs the Comptroller to deposit any unappropriated General Fund surplus in the Budget Reserve Fund (BRF, a.k.a. "rainy day fund") until the fund reaches an amount equal to 15 percent of net General Fund appropriations. The graph below depicts historical operating deposits to and withdrawals from the Budget Reserve Fund. As a result of the deposits from the volatility cap and the unappropriated surplus at the end of FY 2020, the BRF reached and exceeded its statutory cap of 15 percent at the start of FY 2021 and is projected to remain there in the absence of a potential future recession.



Note: FY 2024 - FY 2026 appropriations are assumed to comply with the revenue cap.

Recent Reforms

Several recent statutory changes impact the Budget Reserve Fund. Public Act 17-2 of the June Special Session implemented, and Public Act 18-81 later amended, a revenue volatility cap which directs collections from any volatile revenue sources above a certain threshold to the Budget Reserve Fund. (See page 30 for more about the revenue volatility cap.) The volatility cap resulted in transfers shown in the table below, providing substantial — and much-needed — improvement in the state's reserves and facilitating significant deposits to the state's major pension funds.

As of November 18, 2022
(in millions)

		ACTUAL							
		Sources of Funds			**Uses of Funds**				
	Fiscal Year	Surplus/ (Deficit)	Volatility Cap	Total	SERS	TRS	BRF	Total	
1.	2018	$ (482.9)	$ 1,471.3	$ 988.4	$ -	$ -	$ 988.4	$ 988.4	
2.	2019	370.6	949.7	1,320.3	-	-	1,320.3	1,320.3	
3.	2020	38.7	530.3	569.0	61.6	-	507.4	569.0	
4.	2021	475.9	1,241.5	1,717.4	714.7	903.6	99.1	1,717.4	
5.	2022	1,261.4	3,047.5	4,308.9	3,204.0	903.6	201.3	4,308.9	
6.	**Total**	**$ 1,663.7**	**$ 7,240.3**	**$ 8,904.0**	**$ 3,980.3**	**$ 1,807.2**	**$ 3,116.5**	**$ 8,904.0**	
7.	% of Total	18.7%	81.3%	100.0%	44.7%	20.3%	35.0%	100.0%	

		PROJECTION						
		Sources of Funds			**Uses of Funds**			
	Fiscal Year	Surplus/ (Deficit)	Volatility Cap	Total	SERS	TRS	BRF	Total
8.	2023 (Est.)	$ 1,005.3	$ 1,847.5	$ 2,852.8	TBD	TBD	TBD	$ 2,852.8
9.	**Total**	**$ 2,669.0**	**$ 9,087.8**	**$ 11,756.8**	**$ 3,980.3**	**$ 1,807.2**	**$ 3,116.5**	**$ 11,756.8**
10.	% of Total	22.7%	77.3%	100.0%				

Notes:
(1) Volatility Cap is income tax estimates & finals and pass-through entity tax above a set threshold.
(2) SERS = State Employees Retirement System
(3) TRS = Teachers' Retirement System
(4) BRF = Budget Reserve Fund
(5) Current projections for FY 2023 estimate $2,852.8 million will be available for allocation to SERS, TRS, and the BRF in amounts to be determined based on updated pension valuations, the Treasurer's determination of the State's best interests, and the adoption of the FY 2024 budget.

Public Act 17-2 of the June Special Session also introduced a revenue cap that limits the amount of General Fund appropriations to a percentage of General Fund revenue. The limit began at 99.5 percent in fiscal year 2020 and phases down to 98 percent for FY 2026 and thereafter. (See page 30 for more about the revenue cap.) The resulting operating margin will help add to the rainy day fund in good years and provide a buffer against drastic expenditure reductions or revenue increases when there is a sudden mid-year downturn in the economy.

Use of Budget Reserve Fund

Statutorily, the Budget Reserve Fund may only be expended:

- To fund a deficit in the immediately preceding fiscal year;
- By transfer of the General Assembly if any consensus revenue forecast projects a decline in General Fund revenues in the current biennium of one percent or more;
- By transfer of the General Assembly if the April 30th consensus revenue forecast projects a decline in General Fund revenues in the ensuing biennium of one percent or more from the current year; or

- By transfer of the General Assembly if the BRF equals 5 percent or more of current year appropriations of the amount in excess of the 5 percent for the payment of unfunded past service liability of the SERS and TRS pension systems which are in addition to any regular contributions.

Discussion of Possible Uses of Surplus Funds

Under current law (CGS Sec. 4-30a), unappropriated surpluses are committed to the Budget Reserve Fund until the maximum 15 percent authorized by law. Other possible uses of surplus funds could include:

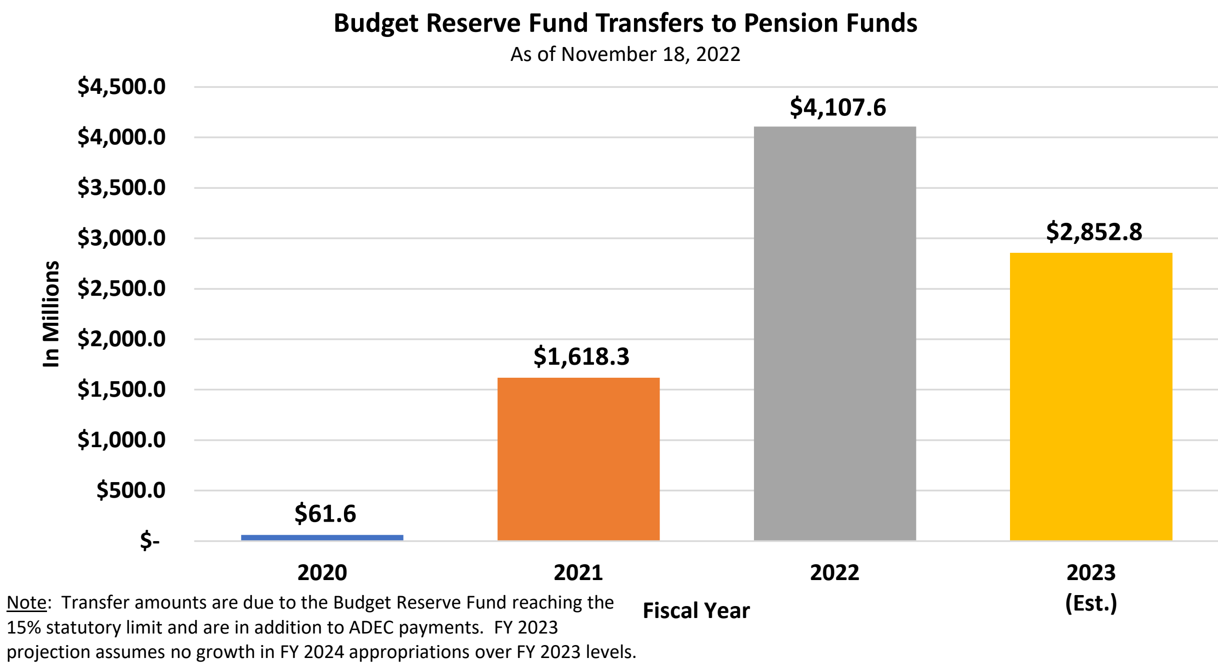
- Reducing the unfunded liability of the State Employees Retirement Fund;
- Reducing the unfunded liability of the Teachers' Retirement Fund;
- Reducing bonded indebtedness;
- Reducing the unfunded liability for other post-employment benefits (OPEB); or
- Providing funds for higher education matching grants as per sections 10a-8c, 10a-77a, 10a-99a, 10a-109c, 10a-109i, and 10a-143a of the Connecticut General Statutes.

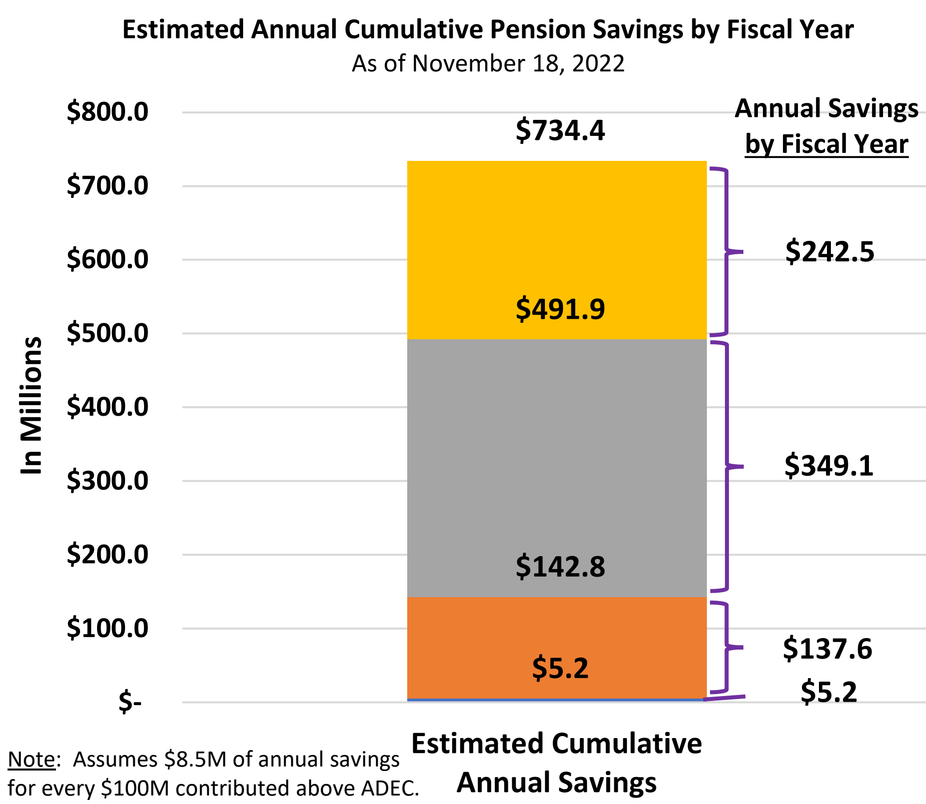
Budget Reserve Fund 15 Percent Maximum Threshold

At the end of FY 2020, the balance of the Budget Reserve Fund was estimated at 15.3 percent, $61.6 million more than the statutory threshold of 15 percent of the following fiscal year's net General Fund appropriations. By statute, the State Treasurer determines whether to transfer any sums that exceed the statutory 15 percent cap to reduce unfunded liabilities in the State Employees Retirement Fund or the Teachers' Retirement Fund. The $61.6 million in excess of the 15 percent threshold was transferred to reduce the unfunded liabilities of the State Employees Retirement Fund. Again, at the conclusion of FY 2021, the balance of the Budget Reserve Fund was estimated at 22.8 percent, about $1,618.3 million more than the statutory threshold of 15 percent of the following fiscal year's net General Fund appropriations. Of the estimated $1,623.3 million in excess of the 15 percent threshold, $903.6 million was transferred to reduce the unfunded liabilities of the Teachers' Retirement Fund and the balance of $719.7 million was transferred to reduce the unfunded liabilities of the State Employees Retirement Fund. FY 2022 concluded with the Budget Reserve Fund at 33.6 percent of the following fiscal year's net General Fund appropriations, about $4,107.6 million over the 15 percent statutory limit. Of the $4,107.6 million, approximately $903.6 million will be transferred to reduce the unfunded liabilities of the Teachers' Retirement Fund and the estimated balance of $3,204.0 million will be transferred to reduce the unfunded liabilities of the State Employees Retirement Fund. It should be noted that the FY 2022 ending balance and the estimated $4,107.6 million excess balance are unaudited figures and may be revised as the State Comptroller completes the state's Annual Comprehensive Financial Report for FY 2022.

Pension Savings

The two graphs below reflect deposits to the pension funds in addition to the ADEC along with the estimated annual savings from the additional deposits. These additional deposits to the state's pension funds have a tremendous positive impact on the state's operating budget by saving hundreds of millions of dollars in pension contributions annually for the next 25 years. With the additional deposits through the fiscal year ending June 30, 2022, OPM estimates the state will save $491.9 million annually. If current projections hold for FY 2023, additional deposits will be made to the pension funds and raise those annual savings to $734.4 million annually, while reducing the state's unfunded liabilities.


Budget Reserve Fund Transfers to Pension Funds
As of November 18, 2022
In Millions
$4,500.0
$4,000.0
$3,500.0
$3,000.0
$2,500.0
$2,000.0
$1,500.0
$1,000.0
$500.0
$-
$61.6
$1,618.3
$4,107.6
$2,852.8
2020
2021
2022
2023 (Est.)
Fiscal Year
Note: Transfer amounts are due to the Budget Reserve Fund reaching the 15% statutory limit and are in addition to ADEC payments. FY 2023 projection assumes no growth in FY 2024 appropriations over FY 2023 levels.


Estimated Annual Cumulative Pension Savings by Fiscal Year
As of November 18, 2022
In Millions
$800.0
$700.0
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$-
$734.4
$491.9
$142.8
$5.2
Annual Savings by Fiscal Year
$242.5
$349.1
$137.6
$5.2
Estimated Cumulative Annual Savings
Note: Assumes $8.5M of annual savings for every $100M contributed above ADEC.

PROJECTED TAX CREDITS

Tax credit projections are based on data from the Department of Revenue Services. Personal income tax credits are projected using income years 2018-2020 data. Corporation business tax credits are projected using FY 2020-2022 data. Appropriate growth rates are applied to base year data to derive an estimate for future fiscal years.

Projected Total Amounts of Tax Credits Claimed
(In Thousands)

Personal Income Tax Credits	FY 2022 Est.	FY 2023 Proj.	FY 2024 Proj.	FY 2025 Proj.	FY 2026 Proj.
Pass-through Entity Tax Credit	$ 881,900	$ 747,800	$ 673,000	$ 699,900	$ 727,900
Earned Income Tax Credit	147,400	166,800	143,800	147,000	151,600
Property Tax	64,800	179,000	181,000	183,000	185,000
Connecticut Higher Education Trust (CHET)	17,300	18,400	19,500	20,600	21,900
Angel Investor	5,000	5,000	20,000	20,000	20,000
All Other[1]	-	90,300	300	300	300
Total Personal Income Tax	$ 1,116,400	$ 1,207,300	$ 1,037,600	$ 1,070,800	$ 1,106,700
Business Tax Credits					
Film Industry Production[2]	$ 102,000	$ 110,500	$ 114,500	$ 119,000	$ 123,500
Fixed Capital	44,000	44,000	44,000	44,000	44,000
JobsCT	-	-	-	40,000	40,000
Research and Development Expenditures	34,000	52,000	56,000	56,500	56,500
Research and Experimental Expenditures	30,500	31,500	32,500	33,500	34,500
Urban and Industrial Reinvestment[2]	23,000	23,500	24,000	24,500	25,000
Electronic Data Processing[2]	21,000	21,500	22,000	23,000	23,500
Historic Rehabilitation[2]	15,000	15,000	15,000	15,000	15,000
Housing Program Contribution[2]	2,500	2,500	2,500	2,500	2,500
Human Capital	2,500	2,500	2,500	2,500	2,600
Film Industry Infrastructure[2]	1,000	1,500	1,500	1,500	1,500
Machinery and Equipment	600	600	600	600	600
All Other Credits[2,3]	50,000	65,250	72,250	73,250	97,250
Total Business Tax Credits	$ 326,100	$ 370,350	$ 387,350	$ 435,850	$ 466,450
Total Projected Amount Claimed	$ 1,442,500	$ 1,577,650	$ 1,424,950	$ 1,506,650	$ 1,573,150

(1) Includes one-time Child Tax Credit applicable to tax year 2021.

(2) Includes credits claimed under the Corporation Tax, Insurance Premiums Tax, and the Public Service Companies Tax. Public Service Companies Tax credit projections based off of FY 2020, 2021, and 2022 data.

(3) Includes Aerospace Reinvestment Act with Sales Tax abatements per PA 16-1 of the September Special Session in FY 2021 and beyond; Includes Aerospace Manufacturing Contract per PA 22-4 in FY 2023 and beyond.