



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

May 20, 2014

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

Dear Comptroller Lembo:

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

General Fund

This month's estimate reflects a positive \$43.4 million balance from operations, unchanged from April's revised forecast. This surplus will, by operation of law, be deposited to the Budget Reserve Fund at year end.

Revenues

Minor changes are projected this month relative to our April 30th revised forecast. Corporation tax collections have continued to underperform their target, and we are therefore revising our estimate downward by \$5.2 million. Health Provider Tax collections are also running below projections and have been revised downward by \$9.0 million. Offsetting these changes are an additional \$9.0 million projected under Miscellaneous revenue as part of an expected settlement, and a \$5.0 million increase in Transfers – Special Revenue due to better than anticipated transfers from the Connecticut Lottery Corporation.

Expenditures

Overall, expenditures are projected to be \$79.6 million below the budget plan, a slight improvement over last month's forecast. This projection reflects estimates as of April 30th, plus the impact of deficiency appropriations and carryforwards approved in PA 14-47, the release of budgeted holdbacks necessary to mitigate remaining FY 2014 deficiencies, and transfers approved at the May 1st meeting of the Finance Advisory Committee.

Lapses. Statement 4, attached, lists total projected lapses by agency, inclusive of any funds held back from allotment in accordance with the original budget plan. We anticipate full achievement of budgeted lapse targets by year end.

Deficiencies. As a result of deficiency appropriations included in Public Act 14-47, no remaining additional requirements are projected this fiscal year.

Special Transportation Fund

This month's projection reflects a net \$2.5 million operating deficit in the Special Transportation Fund. Revenues are up \$3.0 million from last month's estimate due to an increase in Motor Vehicle Receipts. A \$1.1 million lapse is forecast in Debt Service, and an \$800,000 lapse is projected in the Fringe Benefits accounts administered by the Comptroller. As a result of deficiency appropriations included in Public Act 14-47, no remaining additional requirements are projected this fiscal year. However, an expenditure adjustment recorded by the Comptroller's office to reflect a transfer of insurance recovery proceeds from the resources of the Special Transportation Fund to the Connecticut Airport Authority results in a net negative expenditure change of \$3.4 million. We are projecting a fund balance of \$162.1 million on June 30, 2014.

As always, it is important to note that while these projections are the best that can be made at this time, estimates may need to be adjusted as the year draws to a close to reflect changes in the economy, expenditure patterns, and/or other factors.

Sincerely,

A handwritten signature in dark ink, appearing to read "Benjamin Barnes", with a stylized, cursive script.

Benjamin Barnes
Secretary

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

General Fund

Balance from Operations - Prior Month		\$	43.4
Revenues			
Corporation Tax	(5.2)		
Health Provider Tax	(9.0)		
Transfers - Special Revenue	5.0		
Miscellaneous	9.0		(0.2)
Expenditures			
Additional Requirements	39.0		
Estimated Lapses	(53.8)		
Miscellaneous Adjustments/Rounding	15.0		0.2
Estimated Balance from Operations - June 30, 2014		\$	43.4

Special Transportation Fund

Fund Balance as of June 30, 2013		\$	164.6
Balance from Operations - Prior Month			(2.1)
Revenues			
Motor Vehicle Receipts	3.0		3.0
Expenditures			
Additional Requirements	11.3		
Estimated Lapses	(10.2)		
Miscellaneous Adjustments/Rounding	(4.5)		(3.4)
Estimated Fund Balance - June 30, 2014		\$	162.1

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

	General Assembly Budget Plan	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 15,517.5	\$ 15,444.8	\$ (72.7)
Less: Refunds	(1,183.5)	(1,174.0)	9.5
Taxes - Net	\$ 14,334.0	\$ 14,270.8	\$ (63.2)
Other Revenue	1,153.7	1,219.0	65.3
Other Sources ^{1.}	1,705.4	1,662.8	(42.6)
TOTAL Revenue	\$ 17,193.1	\$ 17,152.6	\$ (40.5)
 EXPENDITURES			
Initial Current Year Appropriations ^{1,2.}	\$ 17,361.4	\$ 17,361.4	\$ -
Prior Year Appropriations Continued to FY 2014 ^{3.}		112.4	112.4
TOTAL Initial and Continued Appropriations	\$ 17,361.4	\$ 17,473.8	\$ 112.4
Appropriation Adjustments ^{4.}	-	(15.0)	(15.0)
TOTAL Adjusted Appropriations	\$ 17,361.4	\$ 17,458.8	\$ 97.4
 Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(172.6)	(237.2)	(64.6)
Estimated Appropriations to be Continued to FY 2015		-	-
TOTAL Estimated Expenditures	\$ 17,188.7	\$ 17,221.6	\$ 32.9
 Net Change in Fund Balances - Continuing Appropriations	-	(112.4)	(112.4)
Miscellaneous Adjustments/Rounding	-	-	-
 Net Change in Unassigned Fund Balance - 6/30/2014	\$ 4.4	\$ 43.4	\$ 39.0

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

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

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

4. P.A. 14-47, sections 34, 35, 41 & 42.

Statement 2
May 20, 2014

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

	General Assembly Budget Plan	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income	\$ 8,808.8	\$ 8,632.8	\$(176.0)
Sales and Use	4,044.0	4,109.6	65.6
Corporation	723.5	766.0	42.5
Public Service Corporations	279.6	292.6	13.0
Inheritance and Estate	173.2	175.1	1.9
Insurance Companies	271.2	247.1	(24.1)
Cigarettes	390.4	375.0	(15.4)
Real Estate Conveyance	143.8	179.2	35.4
Oil Companies	36.8	34.3	(2.5)
Electric Generation	17.5	15.4	(2.1)
Alcoholic Beverages	59.8	60.3	0.5
Admissions and Dues	37.0	39.5	2.5
Health Provider Tax	512.0	498.0	(14.0)
Miscellaneous	19.9	19.9	-
TOTAL - TAXES	\$ 15,517.5	\$ 15,444.8	\$ (72.7)
Less: Refunds of Taxes	(1,073.5)	(1,063.5)	10.0
Earned Income Tax Credit	(104.5)	(104.5)	-
R & D Credit Exchange	(5.5)	(6.0)	(0.5)
TOTAL - TAXES - NET	\$ 14,334.0	\$ 14,270.8	\$ (63.2)
OTHER REVENUE			
Transfers - Special Revenue	\$ 313.9	\$ 325.8	\$ 11.9
Indian Gaming Payments	285.3	281.3	(4.0)
Licenses, Permits, Fees	301.2	324.2	23.0
Sales of Commodities and Services	38.2	42.2	4.0
Rents, Fines, Escheats	114.5	116.6	2.1
Investment Income	1.3	0.1	(1.2)
Miscellaneous	169.1	199.1	30.0
Refunds of Payments	(69.8)	(70.3)	(0.5)
TOTAL - OTHER REVENUE	\$ 1,153.7	\$ 1,219.0	\$ 65.3
OTHER SOURCES			
Federal Grants	\$ 1,312.7	\$ 1,279.5	\$ (33.2)
Transfer from Tobacco Settlement Fund	107.0	107.0	-
Transfers to Other Funds	285.7	276.3	(9.4)
TOTAL - OTHER SOURCES	\$ 1,705.4	\$ 1,662.8	\$ (42.6)
TOTAL - GENERAL FUND REVENUE	\$ 17,193.1	\$ 17,152.6	\$ (40.5)

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

No Additional Requirements

\$	-
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State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2014
As of April 30, 2014

Unallocated Lapse	\$ 5,000,000
Unallocated Lapse - Legislative	-
Unallocated Lapse - Judicial	-
General Other Expenses Reductions - Legislative	140,000
General Other Expenses Reductions - Executive	2,457,453
General Other Expenses Reductions - Judicial	548,000
General Lapse - Legislative	56,251
General Lapse - Executive	10,929,880
General Lapse - Judicial	401,946
GAAP Lapse	-
Transfer GAAP Funding	26,044,055
Statewide Hiring Reduction - Legislative	190,309
Statewide Hiring Reduction - Executive	3,825,213
Statewide Hiring Reduction - Judicial	1,128,261
Office of Legislative Management	8,500,000
Auditors of Public Accounts	500,000
Office of the Attorney General	1,500,000
Office of the State Comptroller	1,000,000
Office of Policy and Management	2,100,000
Department of Administrative Services	2,000,000
Department of Revenue Services	1,300,000
Division of Criminal Justice	600,000
Department of Consumer Protection	1,100,000
Department of Energy and Environmental Protection	1,600,000
Department of Housing	5,800,000
Department of Public Health	2,900,000
Department of Mental Health and Addiction Services	500,000
Department of Developmental Services	2,800,000
Department of Social Services	33,000,000
Department of Education	2,600,000
Office of Higher Education	700,000
Teachers' Retirement Board	4,400,000
Department of Children and Families	29,300,000
OTT - Debt Service	57,800,000
OSC - Fringe Benefits	26,500,000
Total	<u>\$ 237,221,368</u>

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

	Budget Plan ¹	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	Updated March 2014	April 2014	May 2014	June 2014
REVENUE	\$17,193.1	\$17,193.1	\$17,193.1	\$17,126.1	\$17,249.5	\$17,394.8	\$17,614.3	\$17,614.3	\$17,614.3	\$17,152.8	\$17,152.6		
Appropriations ²	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,361.4	17,346.4		
Additional Requirements	0.0	0.0	0.0	20.0	23.2	30.7	44.3	44.9	44.1	39.0	0.0		
Less: Estimated Lapses	(172.6)	(172.6)	(172.6)	(266.4)	(270.9)	(270.5)	(297.5)	(296.4)	(296.1)	(291.0)	(237.2)		
TOTAL - Estimated Expenditures	17,188.7	17,188.7	17,188.7	17,114.9	17,113.6	17,121.5	17,108.2	17,109.9	17,109.4	17,109.4	17,109.2	0.0	0.0
Balance from Operations	4.4	4.4	4.4	11.2	135.9	273.3	506.1	504.4	504.9	43.4	43.4		
Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Est. Balance from Operations - 6/30/14	\$4.4	\$4.4	\$4.4	\$11.2	\$135.9	\$273.3	\$506.1	\$504.4	\$504.9	\$43.4	\$43.4	\$0.0	\$0.0

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

2. P.A. 13-184, as amended by P.A. 13-247 and P.A. 14-47.

Statement 1T
May 20, 2014

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2014
As of April 30, 2014
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2013 ^{2.}	\$ 165.9	\$ 164.6	\$ (1.3)
REVENUE			
Taxes	\$ 962.0	\$ 968.1	\$ 6.1
Less: Refunds of Taxes	<u>(6.5)</u>	<u>(6.5)</u>	<u>-</u>
Taxes - Net	955.5	961.6	6.1
Other Revenue	<u>288.2</u>	<u>292.7</u>	<u>4.5</u>
TOTAL - Revenue	\$ 1,243.7	\$ 1,254.3	\$ 10.6
EXPENDITURES			
Appropriations ^{3.}	\$ 1,254.2	\$ 1,255.2	\$ 1.0
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(11.0)</u>	<u>(1.9)</u>	<u>9.1</u>
TOTAL - Expenditures	\$ 1,243.2	\$ 1,253.3	\$ 10.1
Balance from Operations	\$ 0.5	\$ 1.0	\$ 0.5
Miscellaneous Adjustments	<u>-</u>	<u>(3.5)</u>	<u>(3.5)</u>
Estimated Fund Balance - June 30, 2014	<u>\$ 166.4</u>	<u>\$ 162.1</u>	<u>\$ (4.3)</u>

1. P.A. 13-184.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's September 3, 2013 letter.

3. OPM estimate reflects P.A. 13-184 as amended by P.A. 14-47.

Statement 2T
May 20, 2014

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

	General Assembly <u>Budget Plan</u>	Revised Estimates <u>OPM</u>	Over/ (Under)
TAXES			
Motor Fuels	\$ 502.9	\$ 505.8	\$ 2.9
Oil Companies	380.7	380.7	-
Sales Tax DMV	78.4	81.6	3.2
TOTAL - TAXES	<u>962.0</u>	<u>968.1</u>	<u>6.1</u>
Less: Refunds of Taxes	(6.5)	(6.5)	-
TOTAL - TAXES - NET	<u>\$ 955.5</u>	<u>\$ 961.6</u>	<u>\$ 6.1</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 234.0	\$ 238.8	\$ 4.8
Licenses, Permits, Fees	138.5	138.3	(0.2)
Interest Income	3.8	4.7	0.9
Federal Grants	13.1	12.1	(1.0)
Transfers (To)/From Other Funds	(98.0)	(98.0)	-
Refunds of Payments	(3.2)	(3.2)	-
TOTAL - OTHER REVENUE	<u>\$ 288.2</u>	<u>\$ 292.7</u>	<u>\$ 4.5</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$ 1,243.7	\$ 1,254.3	\$ 10.6

Statement 3T
May 20, 2014

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

No Additional Requirements

\$	-
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Statement 4T
May 20, 2014

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2014
As of April 30, 2014

OSC - Fringe Benefits	\$ 800,000
OTT - Debt Service	1,100,000
Total	<u>\$ 1,900,000</u>

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

	Budget Plan ¹	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	Updated March 2014	April 2014	May 2014	June 2014
Beginning Balance ²	\$ 165.9	\$ 165.9	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6	\$ 164.6		
Revenue	1,243.7	1,243.7	1,243.7	1,245.8	1,244.5	1,250.6	1,251.7	1,251.7	1,251.7	1,251.3	1,254.3		
Total Available	1,409.6	1,409.6	1,408.3	1,410.4	1,409.1	1,415.2	1,416.3	1,416.3	1,416.3	1,415.9	1,418.9	0.0	0.0
Appropriations ³	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,254.2	1,255.2		
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.6	7.8	13.3	11.3	0.0		
Less: Estimated Lapses	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.6)	(11.8)	(12.1)	(12.1)	(1.9)		
TOTAL - Estimated Expenditures	1,243.2	1,243.2	1,243.2	1,243.2	1,243.2	1,243.2	1,243.2	1,250.2	1,255.4	1,253.4	1,253.3	0.0	0.0
Balance from Operations	0.5	0.5	0.5	2.6	1.3	7.4	8.5	1.5	(3.7)	(2.1)	1.0	0.0	0.0
Compt's Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(3.5)		
Estimated Balance 6/30/14	\$166.4	\$166.4	\$165.1	\$167.2	\$165.9	\$172.0	\$173.1	\$166.1	\$160.9	\$162.5	\$162.1	\$0.0	\$0.0

1. P.A. 13-184.
2. Budget Plan and the month of July as estimated by the Office of Policy and Management. August and thereafter per the Comptroller's September 3, 2013 letter.
3. P.A. 13-184 as amended by P.A. 14-47.