



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

May 1, 2017

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

Dear Comptroller Lembo:

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

General Fund

As a result of the consensus revenue forecast, we are now projecting a \$389.8 million deficit in the General Fund, a change of \$409.5 million from the amount reported on April 20th.

Administrative efforts to mitigate the remaining deficit, including the recently announced hiring freeze and contract limitations, will be made in an effort to limit year-end expenditures to only those that are critical for state operations.

Revenues

Revenues in this update reflect the consensus revenue forecast reached between this office and the Office of Fiscal Analysis pursuant to CGS 2-36c. Based on that forecast, projected revenues have been revised downward by \$409.5 million compared to our April 20th estimates. The largest change is in the Personal Income Tax, down \$450.7 million due to lower than anticipated receipts in the month of April. Federal Grants have been revised upward by \$28.3 million to reflect an increase in the anticipated draw-down of such funds this fiscal year. All other changes net to a positive \$12.9 million.

Expenditures

Our expenditure forecast remains unchanged from April 20th. In aggregate, estimated expenditures are \$10.0 million above the budget plan. Additional requirements (deficiencies) total \$20.1 million, and \$20.0 million in claims will be paid from the resources of the General Fund. Anticipated lapses total \$30.1 million beyond the budget plan.

Special Transportation Fund

A \$30.6 million operating deficit is projected. Revenues in the Special Transportation Fund have also been updated to reflect the consensus revenue forecast mentioned above and are projected

to be \$1.4 million lower than indicated in our April 20th estimates. Expenditure projections are unchanged from April 20th. We anticipate the fund balance on June 30, 2017 to be \$112.2 million.

I hope this information is helpful.

Sincerely,

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

Benjamin Barnes
Secretary

Summary
May 1, 2017

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2017
As of March 31, 2017
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	22.0
Revenues			
April 20th Forecast (Net)	(3.8)		
April 30 Consensus Changes (Net)	<u>(409.5)</u>		(413.3)
Expenditures			
Additional Requirements	11.9		
Estimated Lapses	(7.4)		
Miscellaneous Adjustments/Rounding	<u>(3.0)</u>		<u>1.5</u>
Estimated Balance from Operations - June 30, 2017		\$	<u>(389.8)</u>

Special Transportation Fund

Fund Balance as of June 30, 2016		\$	142.8
Balance from Operations - Prior Month			(17.3)
Revenues			
April 20th Forecast (Net)	(11.9)		
April 30 Consensus Changes (Net)	<u>(1.4)</u>		(13.3)
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>0.0</u>
Estimated Fund Balance - June 30, 2017		\$	<u>112.2</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2017
As of March 31, 2017
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 16,768.5	\$ 16,264.7	\$ (503.8)
Less: Refunds	(1,248.6)	(1,246.6)	2.0
Taxes - Net	\$ 15,519.9	\$ 15,018.1	\$ (501.8)
Other Revenue	1,219.0	1,323.0	104.0
Other Sources	1,147.8	1,143.1	(4.7)
TOTAL Revenue	\$ 17,886.7	\$ 17,484.2	\$ (402.5)
EXPENDITURES			
Initial Current Year Appropriations	\$ 18,073.3	\$ 18,073.3	\$ 0.0
Prior Year Appropriations Continued to FY 2017 ²		96.5	96.5
TOTAL Initial and Continued Appropriations	\$ 18,073.3	\$ 18,169.8	\$ 96.5
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 18,073.3	\$ 18,169.8	\$ 96.5
Net Additional Expenditure Requirements		20.1	20.1
Estimated Appropriations Lapsed	(209.3)	(239.4)	(30.1)
Estimated Appropriations to be Continued to FY 2018		-	-
TOTAL Estimated Expenditures	\$ 17,864.0	\$ 17,950.5	\$ 86.5
Net Change in Fund Balance - Continuing Appropriations		(96.5)	(96.5)
Miscellaneous Adjustments/Rounding		(20.0)	(20.0)
Net Change in Unassigned Fund Balance - 6/30/2017	\$ 22.7	\$ (389.8)	\$ (412.5)

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess., after gubernatorial line item vetoes.

2. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess., P.A. 16-2, May Spec. Sess., and other statutory provisions.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2017
As of March 31, 2017
(In Millions)

	General Assembly Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income	\$ 9,519.0	\$ 8,986.8	\$(532.2)
Sales and Use	4,328.7	4,226.0	(102.7)
Corporation	839.3	939.3	100.0
Public Service Corporations	283.9	288.9	5.0
Inheritance and Estate	174.6	185.6	11.0
Insurance Companies	245.4	230.4	(15.0)
Cigarettes	371.1	376.1	5.0
Real Estate Conveyance	201.8	208.8	7.0
Alcoholic Beverages	62.2	62.2	-
Admissions and Dues	39.0	39.0	-
Health Provider Tax	683.4	701.5	18.1
Miscellaneous	20.1	20.1	-
TOTAL - TAXES	\$ 16,768.5	\$ 16,264.7	\$(503.8)
Less: Refunds of Taxes	(1,106.5)	(1,106.5)	-
Earned Income Tax Credit	(133.6)	(133.6)	-
R & D Credit Exchange	(8.5)	(6.5)	2.0
TOTAL - TAXES - NET	\$ 15,519.9	\$ 15,018.1	\$(501.8)
OTHER REVENUE			
Transfers - Special Revenue	\$ 355.5	\$ 327.0	\$(28.5)
Indian Gaming Payments	267.0	267.0	-
Licenses, Permits, Fees	269.2	269.2	-
Sales of Commodities and Services	42.6	42.6	-
Rents, Fines, Escheats	128.0	139.0	11.0
Investment Income	3.8	3.8	-
Miscellaneous	219.0	330.5	111.5
Refunds of Payments	(66.1)	(56.1)	10.0
TOTAL - OTHER REVENUE	\$ 1,219.0	\$ 1,323.0	\$ 104.0
OTHER SOURCES			
Federal Grants	\$ 1,257.6	\$ 1,252.9	\$(4.7)
Transfer from Tobacco Settlement Fund	108.5	108.5	-
Transfers From/(To) Other Funds	(218.3)	(218.3)	-
TOTAL - OTHER SOURCES	\$ 1,147.8	\$ 1,143.1	\$(4.7)
TOTAL - GENERAL FUND REVENUE	\$ 17,886.7	\$ 17,484.2	\$(402.5)

1. P.A. 16-2, May Special Session, and P.A. 16-3, May Special Session.

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2017
As of March 31, 2017

Department of Emergency Services and Public Protection	\$	500,000
Office of the Chief Medical Examiner		300,000
Department of Developmental Services		7,600,000
Office of Early Childhood		7,400,000
Public Defenders Services Commission		4,300,000
Total	\$	<u>20,100,000</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2017
As of March 31, 2017

Unallocated Lapse - Amount Allocated ^{1.}	\$ 41,856,186
Unallocated Lapse - Remaining	5,000,000
Unallocated Lapse - Legislative ^{1.}	3,028,105
Unallocated Lapse - Judicial ^{1.}	7,400,672
General Lapse - Judicial	15,075,000
Targeted Savings - Amount Allocated	58,766,684
Targeted Savings - Remaining	-
Arts and Tourism Lapse	500,000
Municipal Opportunities and Regional Efficiencies Lapse	19,770,932
Office of Legislative Management	3,500,000
Auditors of Public Accounts	300,000
Secretary of State	200,000
Department of Revenue Services	300,000
Office of Policy and Management	2,000,000
Department of Administrative Services	1,900,000
Attorney General's Office	900,000
Department of Consumer Protection	700,000
Department of Economic and Community Development	200,000
Department of Public Health	600,000
Department of Social Services	7,300,000
Department of Education	1,000,000
Judicial Department	19,900,000
OSC - Fringe Benefits	48,700,000
DAS- Workers' Compensation Claims	500,000
Total	<u><u>\$ 239,397,579</u></u>

1. Allocable pursuant to Public Act 16-2, May Spec. Sess., Section 35.

State of Connecticut
2016-17 General Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan ¹	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	Updated March 2017	April 2017	May 2017	June 2017
REVENUE	\$17,886.7	\$ 17,886.7	\$17,886.7	\$ 17,890.1	\$ 17,840.8	\$ 17,840.8	\$ 17,897.5	\$ 17,897.5	\$17,897.5	\$17,484.2			
Appropriations	18,073.3	18,073.3	18,073.3	18,073.3	18,073.3	18,073.3	18,073.3	18,073.3	18,073.3	18,073.3			
Additional Requirements	0.0	0.0	4.0	20.8	29.5	30.6	28.4	28.4	32.0	20.1			
Less: Estimated Lapses	<u>(209.3)</u>	<u>(186.8)</u>	<u>(190.8)</u>	<u>(203.3)</u>	<u>(203.3)</u>	<u>(230.5)</u>	<u>(236.5)</u>	<u>(239.6)</u>	<u>(246.8)</u>	<u>(239.4)</u>			
TOTAL - Estimated Expenditures	17,864.0	17,886.5	17,886.5	17,890.8	17,899.5	17,873.4	17,865.2	17,862.1	17,858.5	17,854.0	0.0	0.0	0.0
Balance from Operations	22.7	0.2	0.2	(0.7)	(58.7)	(32.6)	32.3	35.4	39.0	(369.8)	0.0	0.0	0.0
Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>(5.0)</u>	<u>(9.0)</u>	<u>(9.0)</u>	<u>(9.0)</u>	<u>(12.5)</u>	<u>(17.0)</u>	<u>(20.0)</u>			
Est. Balance from Operations - 6/30/17	\$22.7	\$0.2	\$0.2	(\$5.7)	(\$67.7)	(\$41.6)	\$23.3	\$22.9	\$22.0	(\$389.8)	\$0.0	\$0.0	\$0.0

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2017
As of March 31, 2017
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2016 ^{2.}	\$ 150.4	\$ 142.8	\$ (7.6)
REVENUE			
Taxes	\$ 1,065.3	\$ 1,030.5	\$ (34.8)
Less: Refunds of Taxes	<u>(14.5)</u>	<u>(14.5)</u>	<u>-</u>
Taxes - Net	1,050.8	1,016.0	(34.8)
Other Revenue	<u>413.6</u>	<u>403.5</u>	<u>(10.1)</u>
TOTAL - Revenue	\$ 1,464.4	\$ 1,419.5	\$ (44.9)
EXPENDITURES			
Appropriations	\$ 1,475.4	\$ 1,475.4	\$ -
Prior Year Appropriations Continued to FY 2016 ^{2.}	<u>22.6</u>	<u>22.6</u>	<u>22.6</u>
TOTAL Initial and Continued Appropriations	\$ 1,475.4	\$ 1,498.0	\$ 22.6
Appropriation Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL Adjusted Appropriations	\$ 1,475.4	\$ 1,498.0	\$ 22.6
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	(12.0)	(25.3)	(13.3)
Estimated Appropriations to be Continued to FY 2017	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL Estimated Expenditures	\$ 1,463.4	\$ 1,472.7	\$ 9.3
Net Change in Fund Balance - Continuing Appropriations		(22.6)	(22.6)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - FY 2017	\$ 1.0	\$ (30.6)	\$ (31.6)
Estimated Fund Balance - June 30, 2017	<u>\$ 151.4</u>	<u>\$ 112.2</u>	<u>\$ (39.2)</u>

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

2. Budget plan as estimated by the Office of Policy and Management.

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2017
As of March 31, 2017
(In Millions)

	General Assembly Budget Plan ^{1.}	Revised Estimates OPM	Over/ (Under)
TAXES			
Motor Fuels	\$ 503.7	\$ 501.7	\$ (2.0)
Oil Companies	268.4	251.7	(16.7)
Sales & Use Tax	202.9	190.0	(12.9)
Sales Tax DMV	90.3	87.1	(3.2)
TOTAL - TAXES	1,065.3	1,030.5	(34.8)
Less: Refunds of Taxes	(14.5)	(14.5)	-
TOTAL - TAXES - NET	\$ 1,050.8	\$ 1,016.0	\$ (34.8)
OTHER REVENUE			
Motor Vehicle Receipts	\$ 261.8	\$ 250.0	\$ (11.8)
Licenses, Permits, Fees	141.5	143.4	1.9
Interest Income	8.5	8.5	-
Federal Grants	12.1	12.1	-
Transfers (To)/From Other Funds	(6.5)	(6.5)	-
Refunds of Payments	(3.8)	(4.0)	(0.2)
TOTAL - OTHER REVENUE	\$ 413.6	\$ 403.5	\$ (10.1)
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$ 1,464.4	\$ 1,419.5	\$ (44.9)

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

Statement 3T
May 1, 2017

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2017
As of March 31, 2017

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

Statement 4T
May 1, 2017

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2017
As of March 31, 2017

Unallocated Lapse	\$	-
Department of Motor Vehicles		1,000,000
DAS- Workers' Compensation Claims		500,000
OSC - Fringe Benefits		8,500,000
OTT - Debt Service		15,300,000
Total	\$	<u>25,300,000</u>

State of Connecticut
2016-17 Special Transportation Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan ^{1.}	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	Revised March 2017	April 2017	May 2017	June 2017
Beginning Balance ^{2.}	\$ 150.4	\$ 150.4	\$ 142.8	\$ 142.8	\$ 142.8	\$ 142.8	\$ 142.8	\$ 142.8	\$ 142.8	\$ 142.8			
Revenue	<u>1,464.4</u>	<u>1,464.4</u>	<u>1,464.4</u>	<u>1,454.2</u>	<u>1,441.1</u>	<u>1,441.1</u>	<u>1,432.8</u>	<u>1,432.8</u>	<u>1,432.8</u>	<u>1,419.5</u>			
Total Available	1,614.8	1,614.8	1,607.2	1,597.0	1,583.9	1,583.9	1,575.6	1,575.6	1,575.6	1,562.3	0.0	0.0	0.0
Appropriations	1,475.4	1,475.4	1,475.4	1,475.4	1,475.4	1,475.4	1,475.4	1,475.4	1,475.4	1,475.4			
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Less: Estimated Lapses	<u>(12.0)</u>	<u>(12.0)</u>	<u>(15.3)</u>	<u>(20.3)</u>	<u>(20.3)</u>	<u>(22.3)</u>	<u>(25.5)</u>	<u>(25.1)</u>	<u>(25.3)</u>	<u>(25.3)</u>			
TOTAL - Estimated Expenditures	1,463.4	1,463.4	1,460.1	1,455.1	1,455.1	1,453.1	1,449.9	1,450.3	1,450.1	1,450.1	0.0	0.0	0.0
Balance from Operations	1.0	1.0	4.3	(0.9)	(14.0)	(12.0)	(17.1)	(17.5)	(17.3)	(30.6)	0.0	0.0	0.0
Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>			
Estimated Balance 6/30/17	\$151.4	\$151.4	\$147.1	\$141.9	\$128.8	\$130.8	\$125.7	\$125.3	\$125.5	\$112.2	\$0.0	\$0.0	\$0.0

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.
2. Budget Plan and the months of July and August as estimated by the Office of Policy and Management.