



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

December 20, 2006

The Honorable Nancy Wyman  
State Comptroller  
55 Elm Street  
Hartford, Connecticut 06106

Dear Comptroller Wyman:

The following information on the State's General Fund for Fiscal Year 2006-2007 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. Estimates are as of November 30, 2006. The balance in the General Fund is currently projected at \$502.2 million.

We are projecting additional requirements in the General Fund of \$19.0 million. These include: the Department of Children and Families which is anticipated to have a net deficiency of approximately \$950,000 in the Individual Family Supports account; a \$6.4 million shortfall is projected in the Department of Mental Health and Addiction Services - \$2.4 million in Personal Services is related to additional hiring and overtime at Connecticut Valley Hospital, \$1.2 million in Other Expenses related to higher than budgeted repairs and maintenance costs, \$2 million in Workers' Compensation, \$700,000 in the Behavioral Health Medications account is due to increased utilization and \$120,000 in the Nursing Home Screening Account because of increased screening activities; the Department of Correction has an estimated deficiency of \$10.7 million due to an increase in prisoner population, \$5 million of the deficiency is in Personal Services due to higher than expected overtime costs, \$3.4 million is for Inmate Medical and \$2.3 million is in Other Expenses; \$450,000 in the Public Defender Services Commission for Special Public Defenders - Non-Contractual; and the Department of Administrative Services-Worker's Compensation Claims has an estimated deficiency of \$500,000.

Projected lapses in the General Fund have increased by \$12 million. The lapse in Debt Service has increased due to premium received from the December General Obligation Bond Sale and interest rate savings projected through the end of the fiscal year.

It should be noted that the Department of Social Services is maintaining last year's benefit levels under the Connecticut Energy Assistance Program (CEAP). While it is expected that sufficient federal energy assistance funds will be provided to cover program costs, the General Fund could incur an additional liability of approximately \$4.2 million if these federal funds are not made available.

We are not projecting any deficiency in the Special Transportation Fund.

This month's letter reflects an overall increase in projected revenue of \$10.1 million. We have revised upward our estimate of Miscellaneous Revenue by \$22.4 million, as the state has received three large one-time revenue payments. Real Estate Conveyance tax estimates have been revised downward by \$13.1 million due to a sharper than anticipated slow-down in the housing market. All other adjustments net to a negative \$0.8 million.

No changes to revenue projections for the Special Transportation Fund are being made this month.

We recognize that if all of the identified additional requirements in the General Fund were to be appropriated, total appropriations in FY'07 would exceed the Constitutionally-mandated cap on appropriations. Accordingly, OPM will utilize various tools, including transfers, to address these shortfalls in order to present a Deficiency Bill in February that is consistent with the spending cap.

It should be noted that while these projections are the best that can be made at this time, estimates may have to be adjusted to reflect changes in the economy, expenditure patterns and/or other factors.

Sincerely,

Robert L. Genuario  
Secretary

RLG:dd  
Attachments

Summary  
December 20, 2006

State of Connecticut  
Summary of Changes  
General Fund and Special Transportation Fund  
Projected to June 30, 2007  
(In Millions)

**General Fund**

Balance - November 20, 2006		\$	486.5
Revenues			
Inheritance & Estate	6.0		
Cigarettes	3.2		
Real Estate Conveyance	(13.1)		
Transfers-Special Revenue	(4.0)		
Indian Gaming Payments	(2.0)		
Miscellaneous	22.4		
All Other	(2.4)		10.1
Expenditures			
Additional Requirements	(3.9)		
Additional Lapses	12.0		
Miscellaneous Adjustments/Rounding	(2.5)		5.6
Balance - December 20, 2006		\$	<u>502.2</u>

**Special Transportation Fund**

Balance - November 20, 2006		\$	164.7
Revenues - No Change			0.0
Expenditures - No Change			<u>0.0</u>
Balance - December 20, 2006		\$	<u>164.7</u>

State of Connecticut  
General Fund  
Statement of Revenues, Expenditures, and Results of Operations  
Projected to June 30, 2007  
As of November 30, 2006  
(In Millions)

	General Assembly <u>Budget Plan</u> <sup>1.</sup>	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
<b>REVENUE</b>			
Taxes	\$12,150.7	\$12,379.7	\$229.0
Less: Refunds	<u>(900.0)</u>	<u>(883.5)</u>	<u>16.5</u>
Taxes - Net	11,250.7	11,496.2	245.5
Other Revenue	1,119.3	1,204.4	85.1
Other Sources	<u>2,628.0</u>	<u>2,653.8</u>	<u>25.8</u>
TOTAL Revenue	\$14,998.0	\$15,354.4	\$356.4
<b>EXPENDITURES</b>			
Appropriations	\$14,952.1	\$14,952.1	(\$0.0)
Net Additional Requirements	0.0	19.0	19.0
Less: Estimated Lapses	<u>(115.0)</u>	<u>(136.0)</u>	<u>(21.0)</u>
TOTAL Expenditures	\$14,837.2	\$14,835.1	(\$2.0)
Balance from Operations	\$160.8	\$519.3	\$358.4
Miscellaneous Adjustments	<u>0.0</u>	<u>(17.1)</u>	<u>(17.1)</u>
Estimated Balance 6/30/07	<u>\$160.8</u>	<u>\$502.2</u>	<u>\$341.3</u>

1. PA 06-186

State of Connecticut  
General Fund  
Revenue Estimates  
Projected to June 30, 2007  
As of November 30, 2006  
(In Millions)

TAXES	
Personal Income	\$6,625.0
Sales and Use	3,507.2
Corporation	787.0
Public Service Corporations	225.9
Inheritance and Estate	164.8
Insurance Companies	274.6
Cigarettes	272.0
Real Estate Conveyance	170.0
Oil Companies	135.0
Alcoholic Beverages	46.5
Admissions and Dues	33.6
Miscellaneous	138.1
TOTAL - TAXES	<u>\$12,379.7</u>
Less: Refunds of Taxes	(876.0)
R & D Credit Exchange	<u>(7.5)</u>
TOTAL - TAXES - NET	<u>\$11,496.2</u>
OTHER REVENUE	
Transfers - Special Revenue	\$278.6
Indian Gaming Payments	436.7
Licenses, Permits, Fees	144.7
Sales of Commodities and Services	36.0
Rents, Fines, Escheats	46.0
Investment Income	100.0
Miscellaneous	163.0
Refunds of Payments	<u>(0.6)</u>
TOTAL - OTHER REVENUE	<u>\$1,204.4</u>
OTHER SOURCES	
Federal Grants	\$2,599.1
Transfer from Tobacco Settlement Fund	100.0
Transfers to Other Funds	<u>(45.3)</u>
TOTAL - OTHER SOURCES	<u>\$2,653.8</u>
TOTAL - GENERAL FUND REVENUE	\$15,354.4

State of Connecticut - General Fund  
Appropriation Adjustments - Net Additional Requirements  
Projected to June 30, 2007  
As of November 30, 2006

Department of Mental Health & Addiction Services	\$6,400,000
Department of Correction	10,700,000
Department of Children & Families	950,000
Public Defender Services Commission	450,000
DAS-Worker's Compensation	500,000
Total - Additional Requirements	<u>\$19,000,000</u>

Statement 4  
December 20, 2006

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2007  
As of November 30, 2006

Legislative Unallocated Lapses	\$2,200,000
Estimated Unallocated Lapses	11,780,000
Department of Social Services	39,600,000
State Employees Health Service Cost	20,000,000
Department of Labor	1,400,000
Debt Service	36,000,000
General Personal Services Reduction	14,000,000
General Other Expenses Reductions	11,000,000
Total	<u>\$135,980,000</u>

State of Connecticut  
2006-07 General Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup> :	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007
REVENUE	\$14,998.0	\$15,052.4	\$15,057.6	\$15,129.5	\$15,344.3	\$15,354.4							
Appropriations	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1	14,952.1							
Additional Requirements	0.0	0.0	0.0	15.1	15.1	19.0							
Less: Estimated Lapses	(115.0)	(115.0)	(115.0)	(115.0)	(124.0)	(136.0)							
TOTAL - Estimated Expenditures	14,837.2	14,837.2	14,837.2	14,852.2	14,843.2	14,835.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	160.8	215.2	220.4	277.3	501.1	519.3							
Compt.'s Misc. Adjustments/Rounding	0.0	(2.3)	(7.5)	(10.9)	(14.6)	(17.1)							
Estimated Balance 6/30/07	\$160.8	\$212.9	\$212.9	\$266.4	\$486.5	\$502.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. PA 06-186

Statement 1T  
December 20, 2006

State of Connecticut  
Special Transportation Fund  
Analysis of Budget Plan  
Projected to June 30, 2007  
As of November 30, 2006  
(In Millions)

	General Assembly Budget Plan <sup>1.</sup>	Revised Estimates OPM <sup>2.</sup>	Over/ (Under)
Surplus Carried Forward from 2005-06	\$135.9	\$133.4	(\$2.5)
<b>REVENUE</b>			
Taxes	\$702.6	\$691.0	(\$11.6)
Less: Refunds of Taxes	<u>(8.6)</u>	<u>(9.1)</u>	<u>(0.5)</u>
Taxes - Net	694.0	681.9	(12.1)
Other Revenue	<u>411.5</u>	<u>405.6</u>	<u>(5.9)</u>
TOTAL - Revenue	<u>\$1,105.5</u>	<u>\$1,087.5</u>	<u>(\$18.0)</u>
<b>EXPENDITURES</b>			
Appropriations	\$1,067.2	\$1,067.2	\$0.0
Additional Appropriations	0.0	0.0	0.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>0.0</u>
TOTAL - Expenditures	<u>\$1,056.2</u>	<u>\$1,056.2</u>	<u>\$0.0</u>
Balance from Operations	\$49.3	\$31.3	(\$18.0)
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/07	<u>\$185.2</u>	<u>\$164.7</u>	<u>(\$20.5)</u>

1. PA 06-186

2. Per the October 2, 2006 Comptroller's Letter to Governor Rell the Fiscal Year 2006 ending balance was \$133.4 million in the Special Transportation Fund.

Statement 2T  
December 20, 2006

State of Connecticut  
Special Transportation Fund  
Revenue Estimates  
Projected to June 30, 2007  
As of November 30, 2006  
(In Millions)

TAXES	
Motor Fuels	\$478.4
Oil Companies	141.0
Sales Tax DMV	71.6
TOTAL - TAXES	<u>691.0</u>
Less: Refunds of Taxes	<u>(9.1)</u>
TOTAL - TAXES - NET	\$681.9
OTHER REVENUE	
Motor Vehicle Receipts	\$231.8
Licenses, Permits, Fees	162.0
Interest Income	42.0
Transfers to Other Funds	(27.3)
Refunds of Payments	<u>(2.9)</u>
TOTAL - OTHER REVENUE	\$405.6
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,087.5

Statement 3T  
December 20, 2006

State of Connecticut  
Special Transportation Fund  
Appropriation Adjustments - Additional Appropriations  
Projected to June 30, 2007  
As of November 30, 2006

Additional Appropriations	\$0
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Statement 4T  
December 20, 2006

State of Connecticut  
Special Transportation Fund  
Estimated Lapse  
Projected to June 30, 2007  
As of November 30, 2006

Estimated Unallocated Lapses	\$11,000,000
Total	<u>\$11,000,000</u>

State of Connecticut  
2006-07 Special Transportation Fund  
Summary of Operations Per Letter to the Comptroller  
(In Millions)

	Budget Plan <sup>1</sup> .	July 2006	August 2006	September 2006 <sup>2</sup> .	October 2006	November 2006	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	June 2007
Beginning Balance	\$135.9	\$135.9	\$135.9	\$133.4	\$133.4	\$133.4							
Revenue	<u>1,105.5</u>	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,087.5</u>							
Total Available	1,241.4	1,223.4	1,223.4	1,220.9	1,220.9	1,220.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2	1,067.2							
Additional Appropriations	0.0	0.0	0.0	0.0	0.0	0.0							
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>	<u>(11.0)</u>							
TOTAL - Estimated Expenditures	1,056.2	1,056.2	1,056.2	1,056.2	1,056.2	1,056.2							
Balance from Operations	49.3	31.3	31.3	31.3	31.3	31.3							
Compt's 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>							
Estimated Balance 6/30/07	\$185.2	\$167.2	\$167.2	\$164.7	\$164.7	\$164.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. PA 06-186

2. Per the October 2, 2006 Comptroller's Letter to Governor Rell the Fiscal Year 2006 ending balance was \$133.4 million in the Special Transportation Fund.