



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

February 20, 2007

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 January 31, 2007. The balance in the General Fund is currently projected at \$507.9 million.

We are projecting additional requirements in the General Fund of \$25.0 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 \$15.7 million due to an increase in prisoner population, \$10 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, and the Department of Public Health has an estimated deficiency of \$1.0 million in Personal Services.

Projected lapses in the General Fund have increased by \$2 million due to a projected lapse in the Employers Social Security Tax account. There are no changes in our revenue projections from the last letter.

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 projecting a deficiency in the Special Transportation Fund of \$500,000 in the Department of Administrative Services-Workers Compensation account. The estimated lapse in the Special Transportation Fund Debt Service account is projected at \$18.6 million.

The budget proposed by Governor Rell on February 7, 2007, includes several actions which would impact the projected FY'07 General Fund surplus. These include appropriating \$21 million for the establishment of an "Other Post Employment Benefits" account, continuing \$96.3 million for expenditure in FY'08, \$9.3 million for one-time expenses in FY'08, appropriating \$150 million for Teachers Retirement pensions in FY'09, appropriating \$50 million for a one-time fund to support the purchase of textbooks and/or deferred maintenance projects on schools, and appropriating \$30 million for the establishment of an Energy Conservation Incentive account. The net impact of all of these proposed changes is that the remaining un-appropriated surplus would be projected at \$151.3 million. This amount would be deposited into the Budget Reserve Fund.

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,

A handwritten signature in black ink, appearing to read "Robert L. Genuario", with a long horizontal flourish extending to the right.

Robert L. Genuario
Secretary

RLG:dd
Attachments

Summary
February 20, 2007

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

General Fund

Balance - January 22, 2007		\$	507.8
Revenues - No Change			0.0
Expenditures			
Additional Requirements - No Change	0.0		
Additional Lapses - Fringe Benefits - Social Security	2.0		
Miscellaneous Adjustments/Rounding	(1.9)		0.1
			<u>0.1</u>
Balance - February 20, 2007		\$	<u>507.9</u>

Special Transportation Fund

Balance - January 22, 2007		\$	175.8
Revenues - No Change			0.0
Expenditures - No Change			<u>0.0</u>
Balance - February 20, 2007		\$	<u>175.8</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2007
As of January 31, 2007
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
REVENUE			
Taxes	\$12,150.7	\$12,363.6	\$212.9
Less: Refunds	<u>(900.0)</u>	<u>(883.5)</u>	<u>16.5</u>
Taxes - Net	11,250.7	11,480.1	229.4
Other Revenue	1,119.3	1,230.7	111.4
Other Sources	<u>2,628.0</u>	<u>2,646.2</u>	<u>18.2</u>
TOTAL Revenue	\$14,998.0	\$15,357.0	\$359.0
EXPENDITURES			
Appropriations	\$14,952.1	\$14,952.1	(\$0.0)
Net Additional Requirements	0.0	25.0	25.0
Less: Estimated Lapses	<u>(115.0)</u>	<u>(148.0)</u>	<u>(33.0)</u>
TOTAL Expenditures	\$14,837.2	\$14,829.1	(\$8.1)
Balance from Operations	\$160.8	\$527.9	\$367.1
Miscellaneous Adjustments	<u>0.0</u>	<u>(20.0)</u>	<u>(20.0)</u>
Estimated Balance 6/30/07	<u>\$160.8</u>	<u>\$507.9</u>	<u>\$347.1</u>

1. PA 06-186

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2007
As of January 31, 2007
(In Millions)

TAXES	
Personal Income	\$6,625.0
Sales and Use	3,487.2
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	142.0
TOTAL - TAXES	<u>\$12,363.6</u>
Less: Refunds of Taxes	(876.0)
R & D Credit Exchange	<u>(7.5)</u>
TOTAL - TAXES - NET	<u>\$11,480.1</u>
OTHER REVENUE	
Transfers - Special Revenue	\$278.6
Indian Gaming Payments	436.7
Licenses, Permits, Fees	144.7
Sales of Commodities and Services	38.0
Rents, Fines, Escheats	46.0
Investment Income	100.0
Miscellaneous	187.3
Refunds of Payments	<u>(0.6)</u>
TOTAL - OTHER REVENUE	<u>\$1,230.7</u>
OTHER SOURCES	
Federal Grants	\$2,591.5
Transfer from Tobacco Settlement Fund	100.0
Transfers to Other Funds	<u>(45.3)</u>
TOTAL - OTHER SOURCES	<u>\$2,646.2</u>
TOTAL - GENERAL FUND REVENUE	\$15,357.0

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2007
As of January 31, 2007

Department of Public Health	\$1,000,000
Department of Mental Health & Addiction Services	6,420,000
Department of Correction	15,700,000
Department of Children & Families	950,000
Public Defender Services Commission	450,000
DAS-Worker's Compensation	500,000
Total - Additional Requirements	<u>\$25,020,000</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2007
As of January 31, 2007

Legislative Unallocated Lapses	\$2,200,000
Estimated Unallocated Lapses	11,780,000
Department of Social Services	49,600,000
State Employees Health Service Cost	20,000,000
Department of Labor	1,400,000
Fringe Benefits - Social Security	2,000,000
Debt Service	36,000,000
General Personal Services Reduction	14,000,000
General Other Expenses Reductions	11,000,000
Total	<u>\$147,980,000</u>

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

	Budget Plan ¹ :	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	\$15,357.0	\$15,357.0					
Appropriations	14,952.1	14,952.1	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	25.0	25.0					
Less: Estimated Lapses	(115.0)	(115.0)	(115.0)	(115.0)	(124.0)	(136.0)	(146.0)	(148.0)					
TOTAL - Estimated Expenditures	14,837.2	14,837.2	14,837.2	14,852.2	14,843.2	14,835.1	14,831.1	14,829.1	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	525.9	527.9					
Compt.'s Misc. Adjustments/Rounding	0.0	(2.3)	(7.5)	(10.9)	(14.6)	(17.1)	(18.1)	(20.0)					
Estimated Balance 6/30/07	\$160.8	\$212.9	\$212.9	\$266.4	\$486.5	\$502.2	\$507.8	\$507.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. PA 06-186

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2007
As of January 31, 2007
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u> ^{2.}	Over/ (Under)
Surplus Carried Forward from 2005-06	\$135.9	\$133.4	(\$2.5)
REVENUE			
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>409.6</u>	<u>(1.9)</u>
TOTAL - Revenue	\$1,105.5	\$1,091.5	(\$14.0)
EXPENDITURES			
Appropriations	\$1,067.2	\$1,067.2	\$0.0
Additional Appropriations	0.0	0.5	0.5
Less: Estimated Lapses	<u>(11.0)</u>	<u>(18.6)</u>	<u>(7.6)</u>
TOTAL - Expenditures	\$1,056.2	\$1,049.1	(\$7.1)
Balance from Operations	\$49.3	\$42.4	(\$6.9)
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/07	<u>\$185.2</u>	<u>\$175.8</u>	<u>(\$9.4)</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
February 20, 2007

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2007
As of January 31, 2007
(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	46.0
Transfers to Other Funds	(27.3)
Refunds of Payments	<u>(2.9)</u>
TOTAL - OTHER REVENUE	\$409.6
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,091.5

Statement 3T
February 20, 2007

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Additional Appropriations
Projected to June 30, 2007
As of January 31, 2007

DAS-Workers-Workers Compensation Claims	<u>\$500,000</u>
Total	\$500,000

Statement 4T
February 20, 2007

State of Connecticut
Special Transportation Fund
Estimated Lapse
Projected to June 30, 2007
As of January 31, 2007

Debt Service Lapse	\$18,600,000
Total	<u>\$18,600,000</u>

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

	Budget Plan ¹ .	July 2006	August 2006	September 2006 ² .	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	\$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>	<u>1,091.5</u>	<u>1,091.5</u>					
Total Available	1,241.4	1,223.4	1,223.4	1,220.9	1,220.9	1,220.9	1,224.9	1,224.9	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	1,067.2	1,067.2					
Additional Appropriations	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5					
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>	<u>(18.6)</u>	<u>(18.6)</u>					
TOTAL - Estimated Expenditures	1,056.2	1,056.2	1,056.2	1,056.2	1,056.2	1,056.2	1,049.1	1,049.1					
Balance from Operations	49.3	31.3	31.3	31.3	31.3	31.3	42.4	42.4					
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>	<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	\$175.8	\$175.8	\$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.