



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

November 20, 2009

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 2009-2010 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 October 31, 2009.

In the General Fund, we are estimating a deficit of \$466.5 million. This month's letter reflects an overall decrease in General Fund revenue of \$76.0 million, as well as a \$2.0 million surplus adjustment for a total negative adjustment of \$78.0 million from our October 20, 2009 letter. We are revising the Sales Tax estimate down by \$66.6 million as collections fiscal year to date have fallen by approximately 10% compared to the same period a year ago. All other revenue changes net to a negative \$9.4 million. Upon release by your office on December 1st of the estimate pursuant to Section 3-115, C.G.S., we anticipate these revisions would trigger the elimination of the planned one-half percent sales tax reduction as per Section 113 of Public Act 09-3, JSS. The revenue associated with the elimination is not reflected in this month's estimate.

On the expenditure side, unchanged from last month we are still projecting that an additional \$212.5 million is needed to maintain operations in several agencies and meet the \$473.3 million lapse requirements in PA 09-3 of the June Special Session. A net shortfall of \$73.5 million is projected in the Department of Social Services in the following areas: \$68.2 million in savings in the Medicaid account related to Special Needs Plans, delayed start for Managed Care for the Aged, Blind and Disabled, and aggressive estimates of savings from Managed Care rate changes; \$9.5 million in Other Expenses, \$5.0 million in HUSKY B and \$6.0 million in the Charter Oak Health Plan related to caseload growth; \$3.5 million in Temporary Family Assistance and \$4.0 million in Connecticut Home Care program. These increases are partially offset by lapses in Child Care of \$10.7 million and SAGA of \$12.0 million.

Also unchanged from last month, we are projecting deficiencies in the Department of Corrections of \$21.5 million in Other Expenses (\$17.0 million) and Workers' Compensation (\$4.5 million); the Department of Developmental Services of \$21.7 million (\$9.0 million in Early Intervention, \$2.3 million in Other Expenses, \$2.0 million in Workers' Compensation, \$2.5 million in Voluntary Services and \$5.9 million in Community Residential Services); the Department of Mental Health and Addiction Services of \$13.8 million (\$9.0 million in Other Expenses, \$4.0 million in Discharge and Diversion Services and \$800,000 in Professional Services); and the Department of Public Health of \$4.0 million (\$3 million in Personal Services for "Reinvention Savings" and \$1.0 million in Other Expenses). These are primarily the result of optimistic cost and savings estimates included in the adopted budget.

A deficiency of \$8.3 million is projected in the Department of Public Works (\$4 million in Other Expenses, \$1.0 million in Management Services, \$2.3 million in Rents and Moving, and \$960,000 in Facilities Design Services); a deficiency of \$3.3 million in the Department of Public Safety in Fleet Purchases; and a deficiency in the Judicial Department of \$5.5 million (\$2.5 million in Other Expenses, \$2.0 million in Juvenile Alternative Incarceration and \$1.0 million in Juvenile Justice Centers). Additional funding of \$60.9 million is required in the State Employee Retiree Health account due to the impact of the Retirement Incentive Program. These funds are available in the other Comptroller's fringe benefit accounts due to other RIP-related savings.

We are not projecting any changes to the Special Transportation Fund budget this month.

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

Summary
November 20, 2009

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2010
As of October 31, 2009
(In Millions)

General Fund

Balance - October 20, 2009		\$	(388.5)
Revenues			
Sales & Use	(66.6)		
Rents, Fines, Escheats	16.5		
Miscellaneous Revenue	<u>(25.9)</u>		(76.0)
Expenditures			
Additional Requirements - No Change	0.0		
Estimated Lapses - No Change	0.0		
P.A. 09-5 and P.A. 09-7, September Special Session	0.3		
Miscellaneous Adjustments/Rounding	<u>(2.3)</u>		<u>(2.0)</u>
Balance - November 20, 2009		\$	<u><u>(466.5)</u></u>

Special Transportation Fund

Carry Forward FY 2008-09 Surplus		\$	93.6
Balance - October 20, 2009			4.1
Revenues			
No Change	<u>0.0</u>		0.0
Expenditures			
Additional Requirements - No Change			
Estimated Lapses - No Change			
Miscellaneous Adjustments/Rounding			<u>(0.1)</u>
Balance - November 20, 2009		\$	<u><u>97.6</u></u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2010
As of October 31, 2009
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
REVENUE			
Taxes	\$12,017.5	\$11,854.4	(\$163.1)
Less: Refunds	<u>(1,089.9)</u>	<u>(1,114.9)</u>	<u>(25.0)</u>
Taxes - Net	10,927.6	10,739.5	(188.1)
Other Revenue	1,307.1	1,275.7	(31.4)
Other Sources	<u>5,137.7</u>	<u>5,112.1</u>	<u>(25.6)</u>
TOTAL Revenue	\$17,372.4	\$17,127.3	(\$245.1)
EXPENDITURES			
Appropriations	\$17,843.6	\$17,843.6	\$0.0
Net Additional Requirements	0.0	212.5	212.5
Less: Estimated Lapses	<u>(473.3)</u>	<u>(473.3)</u>	<u>0.0</u>
TOTAL Expenditures	\$17,370.3	\$17,582.8	\$212.5
Balance from Operations	\$2.1	(\$455.5)	(\$457.6)
Miscellaneous Adjustments	<u>0.0</u>	<u>(11.0)</u>	<u>(11.0)</u>
Estimated Balance 6/30/10	<u>\$2.1</u>	<u>(\$466.5)</u>	<u>(\$468.6)</u>

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session, P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2010
As of October 31, 2009
(In Millions)

TAXES	
Personal Income	\$6,610.7
Sales and Use	3,010.3
Corporation	721.6
Public Service Corporations	272.3
Inheritance and Estate	202.2
Insurance Companies	200.2
Cigarettes	387.6
Real Estate Conveyance	94.5
Oil Companies	124.4
Alcoholic Beverages	48.0
Admissions and Dues	37.1
Miscellaneous	145.5
TOTAL - TAXES	<u>\$11,854.4</u>
Less: Refunds of Taxes	(1,105.5)
R & D Credit Exchange	(9.4)
TOTAL - TAXES - NET	<u>\$10,739.5</u>
OTHER REVENUE	
Transfers - Special Revenue	\$293.4
Indian Gaming Payments	371.0
Licenses, Permits, Fees	279.9
Sales of Commodities and Services	33.2
Rents, Fines, Escheats	112.3
Investment Income	10.0
Miscellaneous	176.6
Refunds of Payments	(0.7)
TOTAL - OTHER REVENUE	<u>\$1,275.7</u>
OTHER SOURCES	
Federal Grants	\$4,051.1
Transfer from Tobacco Settlement Fund	107.3
Transfers (To)/From Other Funds	953.7
TOTAL - OTHER SOURCES	<u>\$5,112.1</u>
TOTAL - GENERAL FUND REVENUE	\$17,127.3

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2010
As of October 31, 2009

Department of Public Works	\$8,300,000
Department of Public Safety	3,300,000
Department of Public Health	4,000,000
Department of Developmental Services	21,700,000
Department of Mental Health & Addiction Services	13,800,000
Department of Social Services	73,500,000
Department of Correction	21,500,000
Judicial	5,500,000
Retiree Health	<u>60,900,000</u>
Total	<u>\$212,500,000</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2010
As of October 31, 2009

Reduce Outside Consultant Contracts	\$95,000,000
Estimated Unallocated Lapses	87,780,000
General Personal Services Reduction	14,000,000
General Other Expenses Reductions	11,000,000
Personal Services Reductions	190,977,440
Legislative Unallocated Lapses	2,700,000
DOIT Lapse	30,836,354
Enhance Agency Outcomes	3,000,000
Management Reduction	10,000,000
Reduce Other Expenses to FY 07 Levels	<u>28,000,000</u>
Total	<u><u>\$473,293,794</u></u>

State of Connecticut
2009-10 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹ :	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
REVENUE	\$17,372.4	\$17,375.4	\$17,375.4	\$17,203.3	\$17,127.3								
Appropriations	17,843.6	17,847.9	17,847.9	17,843.9	17,843.6								
Additional Requirements	0.0	0.0	0.0	212.5	212.5								
Less: Estimated Lapses	(473.3)	(473.3)	(473.3)	(473.3)	(473.3)								
TOTAL - Estimated Expenditures	17,370.3	17,374.6	17,374.6	17,583.1	17,582.8								
Balance from Operations	2.1	0.8	0.8	(379.8)	(455.5)								
Compt.'s Misc. Adjustments/Rounding	0.0	0.0	0.0	(8.7)	(11.0)								
Estimated Balance 6/30/10	\$2.1	\$0.8	\$0.8	(\$388.5)	(\$466.5)								

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session,
P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2010
As of October 31, 2009
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Surplus Carried Forward from 2008-09	\$93.6	\$93.6	\$0.0
REVENUE			
Taxes	\$691.4	\$691.4	\$0.0
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(6.6)</u>	<u>0.0</u>
Taxes - Net	684.8	684.8	0.0
Other Revenue	<u>430.9</u>	<u>433.9</u>	<u>3.0</u>
TOTAL - Revenue	\$1,115.7	\$1,118.7	\$3.0
EXPENDITURES			
Appropriations	\$1,135.9	\$1,135.9	\$0.0
Additional Appropriations	0.0	0.0	0.0
Less: Estimated Lapses	<u>(21.2)</u>	<u>(21.2)</u>	<u>0.0</u>
TOTAL - Expenditures	\$1,114.7	\$1,114.7	\$0.0
Balance from Operations	\$1.0	\$4.0	\$3.0
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/10	<u>\$94.6</u>	<u>\$97.6</u>	<u>\$3.0</u>

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session
and P.A. 09-7, September Special Session
Figures may not add due to rounding.

Statement 2T
November 20, 2009

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2010
As of October 31, 2009
(In Millions)

TAXES	
Motor Fuels	\$494.7
Oil Companies	141.9
Sales Tax DMV	54.8
TOTAL - TAXES	<u>691.4</u>
Less: Refunds of Taxes	<u>(6.6)</u>
TOTAL - TAXES - NET	\$684.8
OTHER REVENUE	
Motor Vehicle Receipts	\$224.5
Licenses, Permits, Fees	136.1
Interest Income	16.5
Transfers (To)/From Other Funds	59.4
Refunds of Payments	<u>(2.6)</u>
TOTAL - OTHER REVENUE	\$433.9
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,118.7

Statement 3T
November 20, 2009

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Additional Appropriations
Projected to June 30, 2010
As of October 31, 2009

Additional Appropriations	\$0
Total	<u>\$0</u>

Statement 4T
November 20, 2009

State of Connecticut
Special Transportation Fund
Estimated Lapse
Projected to June 30, 2010
As of October 31, 2009

Estimated Unallocated Lapses	\$11,000,000
Personal Services Reductions	10,227,979
Total	<u>\$21,227,979</u>

State of Connecticut
2009-10 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
Beginning Balance	\$93.6	\$93.6	\$93.6	\$93.6	\$93.6								
Revenue	<u>1,115.7</u>	<u>1,106.5</u>	<u>1,109.5</u>	<u>1,118.7</u>	<u>1,118.7</u>								
Total Available	1,209.3	1,200.1	1,203.1	1,212.3	1,212.3								
Appropriations	1,135.9	1,127.6	1,127.6	1,135.9	1,135.9								
Additional Appropriations	0.0	0.0	0.0	0.0	0.0								
Less: Estimated Lapses	<u>(21.2)</u>	<u>(21.2)</u>	<u>(21.2)</u>	<u>(21.2)</u>	<u>(21.2)</u>								
TOTAL - Estimated Expenditures	1,114.6	1,106.4	1,106.4	1,114.6	1,114.7								
Balance from Operations	1.1	0.1	3.1	4.1	4.0								
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>								
Estimated Balance 6/30/10	\$94.7	\$93.7	\$96.7	\$97.7	\$97.6								

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session,
P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session
Figures may not add due to rounding.