



# STATE OF CONNECTICUT

## OFFICE OF POLICY AND MANAGEMENT

December 21, 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 November 30, 2009.

In the General Fund, we are estimating a deficit of \$327.9 million. This month's letter reflects an overall increase in General Fund revenue of \$111.8 million. However, this increase is due primarily to the elimination of the planned one-half percent sales tax reduction per Section 113 of Public Act 09-3, JSS which is expected to yield \$129.5 million in the sales tax. This was offset by a \$66.1 million reduction in the sales tax due to poorer collections to date for a net increase of \$63.4 million. The corporation tax has been revised downward by \$10.0 million, as estimated payments due in December were weaker than expected. In addition, efforts by the State Treasurer to liquidate escheated property has garnered a net additional \$58.4 million this fiscal year. This month's deficit includes an additional surplus adjustment of \$2.2 million.

On the expenditure side, we are projecting that an additional \$234.45 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, an increase of \$22.0 million over last month. These additional requirements are offset by \$51.0 million in savings as a result of the Governor's November allotment rescissions. A net deficiency of \$98.8 million is projected in the Department of Social Services. This includes a projected deficiency of \$91.2 million in Medicaid, \$10.1 million in the Charter Oak Health Plan, \$9.5 million in Other Expenses, \$4.0 million in the Temporary Family Assistance program and \$3.3 million in the HUSKY B account. These increases are partially offset by lapses in the Child Care Subsidies and SAGA accounts.

The Department of Correction is currently projected to be short \$21.1 million: \$16.1 million in Other Expenses and \$5.0 million in Workers' Compensation Claims. The Other Expenses shortfall is the result of applying bottom line lapse amounts necessary to implement requirements of PA 09-3 compounded with a reduced appropriation that reflects anticipated savings through the establishment of various correctional policies to manage the prison population. The Workers' Compensation Claims account shortfall is due to an appropriation \$2.0 million below what was previously expended in FY08 and FY09 as well as increased medical expenditures. Deficiencies totaling \$21.7 million are anticipated in the Department of Developmental Services. The deficiency is composed of \$2.3 million in Other Expenses due to higher than budgeted costs, \$9.0 million in Early Intervention resulting from significant caseload growth, \$2.0 million in Workers' Compensation Claims due to higher than budgeted monthly claims, \$2.5 million in Voluntary Services due to unbudgeted caseload growth and \$5.9 million in Community Residential Services because of unbudgeted development needs and movement of clients from state operated to privately provided services. Deficiencies totaling \$16.0 million are anticipated in the

Department of Mental Health and Addiction Services. The deficiency is composed of \$9.0 million in Other Expenses due to higher than budgeted costs, \$1.0 million in Professional Services due to higher than budgeted contracted medical services for DMHAS inpatients, \$2.0 million in General Assistance Managed Care to support caseload growth beyond budgeted levels and \$4.0 million in the Discharge and Diversion account for unbudgeted costs of community placements. The Department of Public Health is projecting a deficiency of \$5.5 million: \$3.0 million in Personal Services for "Reinvention Savings" and \$2.5 million in Other Expenses.

The Department of Public Works is projecting the following deficiencies: \$3.0 million in Other Expenses, \$1.0 million in Property Management Services, \$850,000 in Facilities Design Expense, and \$2.3 million in Rents and Moving as a result of the required contract savings and the reductions to FY 07 levels included in the budget. The Department of Public Safety will experience a shortfall of \$3.3 million in its Fleet Services account due to the application of the bottom line contract savings required in PA 09-3, JSS.

This account provides funding for the acquisition of Department of Public Safety vehicles, primarily patrol cars for the Division of State Police, and the appropriation was sufficient to pay only for existing vehicles for the Department. Additional funding of \$60.9 million is required in the State Employee Retiree Health account due to the impact of the Retirement Incentive Program. Funds are available in the Comptroller's other fringe benefit accounts due to other RIP-related savings.

We are not projecting any changes to the Special Transportation Fund budget this month beyond the savings associated with the Governor's November rescissions.

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  
December 21, 2009

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

**General Fund**

Balance - November 20, 2009		\$	(466.5)
Revenues			
Sales & Use	63.4		
Corporation	(10.0)		
Rents, Fines, Escheats	<u>58.4</u>		111.8
Expenditures			
Additional Requirements	(22.0)		
Estimated Lapses	51.0		
Miscellaneous Adjustments/Rounding	<u>(2.2)</u>		<u>26.8</u>
Balance - December 21, 2009		\$	<u>(327.9)</u>

**Special Transportation Fund**

Carry Forward FY 2008-09 Surplus		\$	93.6
Balance - November 20, 2009			4.0
Revenues			
No Net Change	<u>0.0</u>		0.0
Expenditures			
Additional Requirements - No Change			
Estimated Lapses			0.9
Miscellaneous Adjustments/Rounding			<u>0.0</u>
Balance - December 21, 2009		\$	<u>98.5</u>

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

	General Assembly <u>Budget Plan</u> <sup>1</sup> :	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
<b>REVENUE</b>			
Taxes	\$12,017.5	\$11,907.8	(\$109.7)
Less: Refunds	<u>(1,089.9)</u>	<u>(1,114.9)</u>	<u>(25.0)</u>
Taxes - Net	10,927.6	10,792.9	(134.7)
Other Revenue	1,307.1	1,334.1	27.0
Other Sources	<u>5,137.7</u>	<u>5,112.1</u>	<u>(25.6)</u>
TOTAL Revenue	\$17,372.4	\$17,239.1	(\$133.3)
<b>EXPENDITURES</b>			
Appropriations	\$17,843.6	\$17,843.6	\$0.0
Net Additional Requirements	0.0	234.5	234.5
Less: Estimated Lapses	<u>(473.3)</u>	<u>(524.3)</u>	<u>(51.0)</u>
TOTAL Expenditures	\$17,370.3	\$17,553.8	\$183.5
Balance from Operations	\$2.1	(\$314.7)	(\$316.8)
Miscellaneous Adjustments	<u>0.0</u>	<u>(13.2)</u>	<u>(13.2)</u>
Estimated Balance 6/30/10	<u>\$2.1</u>	<u>(\$327.9)</u>	<u>(\$330.0)</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 November 30, 2009  
(In Millions)

TAXES	
Personal Income	\$6,610.7
Sales and Use	3,073.7
Corporation	711.6
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>\$11,907.8</u>
Less: Refunds of Taxes	(1,105.5)
R & D Credit Exchange	(9.4)
TOTAL - TAXES - NET	<u>\$10,792.9</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	170.7
Investment Income	10.0
Miscellaneous	176.6
Refunds of Payments	(0.7)
TOTAL - OTHER REVENUE	<u>\$1,334.1</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	\$17,239.1

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

Department of Public Works	\$7,150,000
Department of Public Safety	3,300,000
Department of Public Health	5,500,000
Department of Developmental Services	21,700,000
Department of Mental Health & Addiction Services	16,000,000
Department of Social Services	98,800,000
Department of Correction	21,100,000
Retiree Health	60,900,000
Total	<u>\$234,450,000</u>

State of Connecticut  
General Fund  
Estimated Lapses  
Projected to June 30, 2010  
As of November 30, 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	28,000,000
Allotment Rescissions - November 5, 2009	31,600,000
Allotment Rescissions - November 24, 2009	19,400,000
Total	<u><u>\$524,293,794</u></u>

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

	Budget Plan <sup>1</sup> :	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	\$17,239.1							
Appropriations	17,843.6	17,847.9	17,847.9	17,843.9	17,843.6	17,843.6							
Additional Requirements	0.0	0.0	0.0	212.5	212.5	234.5							
Less: Estimated Lapses	(473.3)	(473.3)	(473.3)	(473.3)	(473.3)	(524.3)							
TOTAL - Estimated Expenditures	17,370.3	17,374.6	17,374.6	17,583.1	17,582.8	17,553.8							
Balance from Operations	2.1	0.8	0.8	(379.8)	(455.5)	(314.7)							
Compt.'s Misc. Adjustments/Rounding	0.0	0.0	0.0	(8.7)	(11.0)	(13.2)							
Estimated Balance 6/30/10	\$2.1	\$0.8	\$0.8	(\$388.5)	(\$466.5)	(\$327.9)							

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 November 30, 2009  
(In Millions)

	General Assembly <u>Budget Plan</u> <sup>1.</sup>	Revised Estimates <u>OPM</u>	Over/ (Under)
Surplus Carried Forward from 2008-09	\$93.6	\$93.6	\$0.0
<b>REVENUE</b>			
Taxes	\$691.4	\$693.8	\$2.4
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(6.6)</u>	<u>0.0</u>
Taxes - Net	684.8	687.2	2.4
Other Revenue	<u>430.9</u>	<u>431.5</u>	<u>0.6</u>
<b>TOTAL - Revenue</b>	<b><u>\$1,115.7</u></b>	<b><u>\$1,118.7</u></b>	<b><u>\$3.0</u></b>
<b>EXPENDITURES</b>			
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>(22.1)</u>	<u>(0.9)</u>
<b>TOTAL - Expenditures</b>	<b><u>\$1,114.7</u></b>	<b><u>\$1,113.8</u></b>	<b><u>(\$0.9)</u></b>
Balance from Operations	\$1.0	\$4.9	\$3.9
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Estimated Balance 6/30/10</b>	<b><u>\$94.6</u></b>	<b><u>\$98.5</u></b>	<b><u>\$3.9</u></b>

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  
December 21, 2009

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

TAXES	
Motor Fuels	\$494.7
Oil Companies	141.9
Sales Tax DMV	57.2
TOTAL - TAXES	<u>693.8</u>
Less: Refunds of Taxes	<u>(6.6)</u>
TOTAL - TAXES - NET	\$687.2
OTHER REVENUE	
Motor Vehicle Receipts	\$224.5
Licenses, Permits, Fees	135.6
Interest Income	11.3
Federal Grants	3.3
Transfers (To)/From Other Funds	59.4
Refunds of Payments	<u>(2.6)</u>
TOTAL - OTHER REVENUE	<u>\$431.5</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,118.7

Statement 3T  
December 21, 2009

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

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

Statement 4T  
December 21, 2009

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

Estimated Unallocated Lapses	\$11,000,000
Personal Services Reductions	10,227,979
Allotment Rescissions November 5, 2009	896,820
Total	<u>\$22,124,799</u>

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

	Budget Plan <sup>1</sup>	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	\$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>	<u>1,118.7</u>							
Total Available	1,209.3	1,200.1	1,203.1	1,212.3	1,212.3	1,212.3							
Appropriations	1,135.9	1,127.6	1,127.6	1,135.9	1,135.9	1,135.9							
Additional Appropriations	0.0	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>	<u>(22.1)</u>							
TOTAL - Estimated Expenditures	1,114.6	1,106.4	1,106.4	1,114.6	1,114.7	1,113.8							
Balance from Operations	1.1	0.1	3.1	4.1	4.0	4.9							
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 6/30/10	\$94.7	\$93.7	\$96.7	\$97.7	\$97.6	\$98.5							

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  
Figures may not add due to rounding.