



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

March 22, 2010

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. Expenditure estimates are as of February 28, 2010, while revenues reflect the January 15, 2010, consensus revenue forecast between this office and the Office of Fiscal Analysis.

We are currently estimating a deficit of \$356.5 million in the General Fund. This is a change of \$147.4 million from last month, which is attributable to two factors. First, \$100 million of the State's SERS contribution will be deferred based on the terms of the 2009 agreement with SEBAC. The second is a reduction to anticipated additional requirements at DSS of \$47.4 million based on Medicaid savings arising from the federal government's decision to apply the ARRA matching percentage to the State's Medicare Part D "clawback" payments. This month's letter reflects no changes to projected General Fund revenues.

On the expenditure side, we are projecting that an additional \$143.5 million will be needed to maintain operations in a number of agencies and meet the \$473.3 million lapse requirements in PA 09-3 of the June Special Session. This is a decrease of \$50.1 million from last month. These additional requirements include the impact of \$51.0 million in savings as a result of the Governor's November allotment rescissions as well as the additional lapse created by the deferral of the \$100 million SERS payment.

A net deficiency of \$98.8 million is projected in the Department of Social Services. This includes a deficiency of \$103.1 million in Medicaid, \$17.7 million in Other Expenses, \$2.4 million in the Temporary Family Assistance program and \$1.2 million in the Charter Oak Health Plan. These increases are partially offset by lapses in the Child Care subsidies and SAGA accounts. Most of this deficiency is related to entitlements which cannot be reduced without legislative action.

The Department of Correction is currently projected to have a net deficiency of \$8.86 million, based on deficiencies of \$11.8 million in Other Expenses, \$7.0 million in Workers' Compensation Claims and \$184,000 in Legal services to Prisoners. These deficiencies are partially offset by lapses in Personal Services, Inmate Medical Services, Board of Pardons and Paroles, Mental Health A/C, Distance Learning, Children of Incarcerated Parents, and Community Support Services. 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 FY09 as well as increased medical expenditures.

A net deficiency of \$3.82 million is anticipated in the Department of Developmental Services. The deficiency is comprised of \$1.3 million in Other Expenses due to higher than budgeted costs, \$6.68 million in Early Intervention resulting from significant caseload growth and \$2.0 million in Workers' Compensation Claims due to higher than budgeted monthly claims. These deficiencies are partially offset by lapses in the Personal Services, Pilot Program for Autism Services and Rent Subsidy accounts. A net deficiency of \$6.73 million is anticipated in the Department of Mental Health and Addiction Services. The deficiency is comprised of \$9.0 million in Other Expenses due to higher than budgeted costs, \$2.1 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 \$2.0 million in the Discharge and Diversion account for unbudgeted costs of community placements. These deficiencies are partially offset by lapses in the Personal Services and Behavioral Health Medications accounts. The Department of Public Health is projecting a deficiency of \$4.7 million: \$2.2 million in Personal Services for "Reinvention Savings", \$1.6 million in Other Expenses and \$921,000 in the Community Health Services account.

The Department of Public Works is projecting the following deficiencies: \$1.88 million in Other Expenses, \$1.03 million in Property Management Services, \$645,000 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. Additional funding of \$2.5 million is required in the Workers' Compensation Claims account in the Department of Administrative Services due to increases in the average cost per claim. DAS is also projecting shortfalls of \$1.35 million in Workers' Compensation Administrator and \$33,000 in the Hospital Billing System accounts, which are partially offset by a \$1 million lapse in Personal Services.

The Department of Public Safety will experience a shortfall of \$5.3 million in Other Expenses, \$1.8 million in Workers' Compensation Claims, and \$3.3 million in the 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. Several agencies are experiencing deficiencies in Personal Services: Revenue Services (\$325,000), Protection and Advocacy (\$63,000) and the Victim Advocate (\$34,000). Deficiencies in Other Expenses are projected at Veterans' Affairs (\$600,000) and Agriculture (\$240,000). Finally, the Commission on Human Rights and Opportunities is experiencing deficiencies in both Personal Services (\$150,000) and Other Expenses (\$70,000).

This month's letter reflects no changes to our Transportation Fund projections.

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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert L. Genuario
Secretary

Summary
March 22, 2010

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2010
As of February 28, 2010
(In Millions)

General Fund

Balance - February 22, 2010		\$	(503.9)
Revenues - No Change			0.0
Expenditures			
Additional Requirements	50.2		
Estimated Lapses	100.0		
Miscellaneous Adjustments/Rounding	(2.8)		147.4
			<u>147.4</u>
Balance - March 22, 2010		\$	<u>(356.5)</u>

Special Transportation Fund

Carry Forward FY 2008-09 Surplus		\$	93.6
Balance - February 22, 2010			13.3
Revenues - No Change			0.0
Expenditures - No Change			0.0
			<u>0.0</u>
Balance - March 22, 2010		\$	<u>106.9</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2010
As of February 28, 2010
(In Millions)

	General Assembly <u>Budget Plan</u> ¹ :	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
REVENUE			
Taxes	\$12,017.5	\$11,710.0	(\$307.5)
Less: Refunds	<u>(1,089.9)</u>	<u>(1,154.9)</u>	<u>(65.0)</u>
Taxes - Net	10,927.6	10,555.1	(372.5)
Other Revenue	1,307.1	1,319.4	12.3
Other Sources	<u>5,137.7</u>	<u>5,155.0</u>	<u>17.3</u>
TOTAL Revenue	\$17,372.4	\$17,029.5	(\$342.9)
EXPENDITURES			
Appropriations	\$17,843.6	\$17,843.6	\$0.0
Net Additional Requirements	0.0	143.5	143.5
Less: Estimated Lapses	<u>(473.3)</u>	<u>(624.3)</u>	<u>(151.0)</u>
TOTAL Expenditures	\$17,370.3	\$17,362.8	(\$7.5)
Balance from Operations	\$2.1	(\$333.3)	(\$335.4)
Miscellaneous Adjustments	<u>0.0</u>	<u>(23.2)</u>	<u>(23.2)</u>
Estimated Balance 6/30/10	<u>\$2.1</u>	<u>(\$356.5)</u>	<u>(\$358.6)</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 February 28, 2010
(In Millions)

TAXES	
Personal Income	\$6,423.0
Sales and Use	3,076.1
Corporation	706.6
Public Service Corporations	271.2
Inheritance and Estate	196.2
Insurance Companies	200.2
Cigarettes	387.6
Real Estate Conveyance	94.5
Oil Companies	124.4
Alcoholic Beverages	47.6
Admissions and Dues	37.1
Miscellaneous	145.5
TOTAL - TAXES	<u>\$11,710.0</u>
Less: Refunds of Taxes	(1,145.5)
R & D Credit Exchange	(9.4)
TOTAL - TAXES - NET	<u>\$10,555.1</u>
OTHER REVENUE	
Transfers - Special Revenue	\$293.4
Indian Gaming Payments	371.0
Licenses, Permits, Fees	264.9
Sales of Commodities and Services	33.2
Rents, Fines, Escheats	170.0
Investment Income	10.0
Miscellaneous	177.6
Refunds of Payments	(0.7)
TOTAL - OTHER REVENUE	<u>\$1,319.4</u>
OTHER SOURCES	
Federal Grants	\$4,094.0
Transfer from Tobacco Settlement Fund	107.3
Transfers (To)/From Other Funds	953.7
TOTAL - OTHER SOURCES	<u>\$5,155.0</u>
TOTAL - GENERAL FUND REVENUE	\$17,029.5

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2010
As of February 28, 2010

Department of Revenue Services	\$325,000
Department of Veteran's Affairs	600,000
Department of Administrative Services	383,000
Department of Public Works	5,858,000
Department of Public Safety	10,400,000
Office of the Victim Advocate	34,000
Commission on Human Rights and Opportunities	220,000
Office of Protection and Advocacy	63,000
Department of Agriculture	240,000
Department of Public Health	4,696,000
Department of Developmental Services	3,822,000
Department of Mental Health & Addiction Services	6,734,000
Department of Social Services	98,800,000
Department of Correction	8,857,000
DAS-Workers' Compensation Claims	2,500,000
Total	<u>\$143,532,000</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2010
As of February 28, 2010

Reduce Outside Consultant Contracts	\$95,000,000
General Personal Services Reduction	14,000,000
General Other Expenses Reductions	11,000,000
Personal Services Reductions	190,977,440
Office of Legislative Management	1,680,000
Auditors of Public Accounts	982,000
Legislative Unallocated Lapses	38,000
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
SERS Payment Deferral per SEBAC Agreement	100,000,000
Department of Children and Families	8,000,000
OTT - Debt Service	32,000,000
Estimated Unallocated Lapses	47,780,000
Total	<u><u>\$624,293,794</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	\$17,239.1	\$17,029.5	\$17,029.5	\$17,029.5				
Appropriations	17,843.6	17,847.9	17,847.9	17,843.9	17,843.6	17,843.6	17,843.6	17,843.6	17,843.6				
Additional Requirements	0.0	0.0	0.0	212.5	212.5	234.5	193.7	193.7	143.5				
Less: Estimated Lapses	(473.3)	(473.3)	(473.3)	(473.3)	(473.3)	(524.3)	(524.3)	(524.3)	(624.3)				
TOTAL - Estimated Expenditures	17,370.3	17,374.6	17,374.6	17,583.1	17,582.8	17,553.8	17,513.0	17,513.0	17,362.8				
Balance from Operations	2.1	0.8	0.8	(379.8)	(455.5)	(314.7)	(483.5)	(483.5)	(333.3)				
Compt.'s Misc. Adjustments/Rounding	0.0	0.0	0.0	(8.7)	(11.0)	(13.2)	(17.0)	(20.4)	(23.2)				
Estimated Balance 6/30/10	\$2.1	\$0.8	\$0.8	(\$388.5)	(\$466.5)	(\$327.9)	(\$500.5)	(\$503.9)	(\$356.5)				

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 February 28, 2010
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ (Under)
Surplus Carried Forward from 2008-09	\$93.6	\$93.6	\$0.0
REVENUE			
Taxes	\$691.4	\$706.9	\$15.5
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(6.5)</u>	<u>0.1</u>
Taxes - Net	684.8	700.4	15.6
Other Revenue	<u>430.9</u>	<u>426.7</u>	<u>(4.2)</u>
TOTAL - Revenue	<u>\$1,115.7</u>	<u>\$1,127.1</u>	<u>\$11.4</u>
EXPENDITURES			
Appropriations	\$1,135.9	\$1,135.9	\$0.0
Additional Appropriations	0.0	6.0	6.0
Less: Estimated Lapses	<u>(21.2)</u>	<u>(28.1)</u>	<u>(6.9)</u>
TOTAL - Expenditures	<u>\$1,114.7</u>	<u>\$1,113.8</u>	<u>(\$0.9)</u>
Balance from Operations	\$1.0	\$13.3	\$12.3
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/10	<u><u>\$94.6</u></u>	<u><u>\$106.9</u></u>	<u><u>\$12.3</u></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
March 22, 2010

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2010
As of February 28, 2010
(In Millions)

TAXES	
Motor Fuels	\$502.4
Oil Companies	141.9
Sales Tax DMV	62.6
TOTAL - TAXES	<u>706.9</u>
Less: Refunds of Taxes	<u>(6.5)</u>
TOTAL - TAXES - NET	\$700.4
OTHER REVENUE	
Motor Vehicle Receipts	\$221.8
Licenses, Permits, Fees	133.4
Interest Income	11.3
Federal Grants	3.3
Transfers (To)/From Other Funds	59.4
Refunds of Payments	<u>(2.5)</u>
TOTAL - OTHER REVENUE	<u>\$426.7</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,127.1

Statement 3T
March 22, 2010

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2010
As of February 28, 2010

Department of Transportation	\$4,000,000
DAS-Workers' Compensation Claims	<u>2,000,000</u>
Total	\$6,000,000

Statement 4T
March 22, 2010

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2010
As of February 28, 2010

State Comptroller - Fringe Benefits	\$4,000,000
State Treasurer - Debt Service	10,000,000
Department of Motor Vehicles	3,000,000
Personal Services Reductions	10,227,979
Allotment Rescissions November 5, 2009	896,820
Total	<u>\$28,124,799</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	\$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>	<u>1,127.1</u>	<u>1,127.1</u>	<u>1,127.1</u>				
Total Available	1,209.3	1,200.1	1,203.1	1,212.3	1,212.3	1,212.3	1,220.7	1,220.7	1,220.7				
Appropriations	1,135.9	1,127.6	1,127.6	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9				
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0				
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>	<u>(28.1)</u>	<u>(28.1)</u>	<u>(28.1)</u>				
TOTAL - Estimated Expenditures	1,114.6	1,106.4	1,106.4	1,114.6	1,114.7	1,113.8	1,113.8	1,113.8	1,113.8				
Balance from Operations	1.1	0.1	3.1	4.1	4.0	4.9	13.3	13.3	13.3				
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>	<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	\$106.9	\$106.9	\$106.9				

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
Figures may not add due to rounding.