



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

May 20, 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 and revenue estimates are as of April 30, 2010. It is important to note that the projections included in this letter incorporate the impact of PA 10-3, *An Act Concerning Deficit Mitigation for the Fiscal Year Ended June 30, 2010*, as well as sections 9 through 12 of SB 494, *An Act Making Adjustments to State Expenditures for the Fiscal Year Ending June 30, 2011*, which make FY 2010 appropriation transfers to address deficiencies in several agencies.

We are currently estimating a surplus of \$166.9 million in the General Fund as of April 30. It should be noted, however, SB 494, as amended, requires that any general fund surplus in FY 2010 be transferred to FY 2011 either to balance the FY 2011 budget or to reduce the borrowing budgeted for FY 2011. The projected \$166.9 million surplus represents an improvement of \$486.7 million over our April letter. This change is attributable both to the passage of PA10-3, which resulted in a net improvement in the FY 2010 balance totaling \$323.2 million as well as an additional \$163.5 million improvement over our April 20 estimate. The \$163.5 million change is due to an improvement in projected revenue totaling \$151.6 million, a decreased expenditure projection of \$14.1 million, and an offsetting adjustment of \$2.3 million, primarily for refunds of escheated property.

This month's letter is revising General Fund revenue upward by \$410.2 million from our April 20 letter. This is due to several factors. First, in April the Legislature passed and the Governor signed PA 10-3, which increased revenues by \$303.3 million due to various fund transfers. Second, on April 30, 2010, OPM and the Office of Fiscal Analysis released consensus revenue estimates which were \$95.0 million higher than the projection contained in the April 20th letter. This month we are further revising revenue upward by \$11.9 million. Since April 20th, the Income Tax has been revised upward by \$137.5 million due primarily to better withholding collections, the sales tax has been revised upward by \$30 million due to a deceleration in the rate of decline in receipts, and refunds of taxes have improved by \$25 million as lower than projected income tax refunds have been issued. Offsetting those gains are \$53.1 million reduction in federal grants, a \$15 million reduction in the Corporation Tax as final payments due in April failed to meet target, and a \$10 million reduction in License, Permits and Fees due to continued weak collections. All other changes net to a \$7.5 million reduction after accounting for the \$303.3 million from the PA 10-3.

On the expenditure side, the passage of SB 494 included transfers from various lapsing accounts to cover deficiencies at the Department of Social Services, the Office of the Victim Advocate, and DAS Workers' Compensation. As a result of that action net additional requirements have been reduced from \$129.27 million last month to \$9.97 million this month. It is anticipated that through Finance Advisory Committee transfers and other actions, all remaining deficiencies will be extinguished by June 30th. Offsetting these additional requirements are lapses totaling \$504.3 million, even after taking into account all deficient accounts, we expect to fully achieve the lapse amounts required by FY 2010 budget.

As of April 30th, the Department of Public Safety was experiencing a deficiency of \$3.7 million, including \$2 million in Personal Services, \$500,000 in Other Expenses and \$1.2 million in the Workers' Compensation Claims account. The Department of Public Health was projecting a deficiency of \$3.35 million: \$2 million in Personal Services for "Reinvention Savings", \$1.07 million in Other Expenses and \$682,000 in the Community Health Services account. The Department of Public Works was projecting a net deficiency of \$500,000, including \$670,000 in Property Management Services and \$155,000 in Facilities Design Expense, partially offset by a projected lapse of \$325,000 in Personal Services. The Department of Developmental Services was projecting a \$300,000 deficiency in its Workers' Compensation Claims account which was partially offset by a lapse in its Pilot Program for Autism Services account. The Public Defender Services Commission was experiencing a net deficiency of \$1.27 million, based on deficiencies in Other Expenses (\$200,000), Special Public Defender – Contractual (\$90,000), Special Public Defender – Non Contractual (\$591,000), and Expert Witness (\$516,000). Partially offsetting these deficiencies are lapses in the Personal Services and Training and Education accounts.

The Commission on Culture and Tourism was experiencing a deficiency of \$390,000 in Personal Services and \$230,000 in its Statewide Marketing account. Several agencies were experiencing net deficiencies in Personal Services: Revenue Services (\$65,000), Protection and Advocacy (\$63,000), and Firearms Permit Examiners (\$5,000). Finally, the Commission on Human Rights and Opportunities was experiencing deficiencies in both Personal Services (\$120,000) and Other Expenses (\$35,000).

This month's letter reflects a decrease in the estimated June 30, 2010 balance in the Special Transportation fund of \$11 million. This change is based on an \$11.7 million reduction in revenue offset by a \$700,000 increase in projected lapses. However \$10 million of the revenue change is attributable to a reduction in the General Fund transfer to the Transportation Fund contained in PA 10-3. Following the passage of the deficiency transfers included in SB 494 there are no remaining agencies with net deficiencies in this 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 "Brenda L. Sisco". The signature is fluid and cursive, with the first name "Brenda" being the most prominent part.

Brenda L. Sisco
Acting Secretary

Summary
May 20, 2010

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

General Fund

Balance - April 20, 2010		\$	(319.8)
Revenues			
Personal Income Tax	137.5		
Sales & Use	30.0		
Corporation	(15.0)		
Refund of Taxes	25.0		
Licenses, Permits, Fees	(10.0)		
Federal Grants	(53.1)		
Transfer - Other Funds	303.3		
All Other - Net	(7.5)		410.2
			<hr/>
Expenditures			
Additional Requirements	119.3		
Estimated Lapses	(118.1)		
Appropriation as amended by P.A. 10-3	77.6		
Miscellaneous Adjustments/Rounding	(2.3)		76.5
			<hr/>
Balance - May 20, 2010		\$	<u>166.9</u>

Special Transportation Fund

Carry Forward FY 2008-09 Surplus		\$	93.6
Balance - April 20, 2010			14.2
Revenues			
Transfers (to)/from Other Funds	(10.0)		
All Other - Net	(1.7)		(11.7)
			<hr/>
Expenditures			
Additional Requirements	2.0		
Estimated Lapses	(1.3)		0.7
			<hr/>
Balance - May 20, 2010		\$	<u>96.8</u>

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

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u> ^{2.}	Over/ <u>(Under)</u>
REVENUE			
Taxes	\$12,017.5	\$11,824.9	(\$192.6)
Less: Refunds	<u>(1,089.9)</u>	<u>(\$1,095.2)</u>	<u>(5.3)</u>
Taxes - Net	10,927.6	\$10,729.7	(197.9)
Other Revenue	1,307.1	\$1,342.3	35.2
Other Sources	<u>5,137.7</u>	<u>\$5,396.3</u>	<u>258.6</u>
TOTAL Revenue	\$17,372.4	\$17,468.3	\$95.9
EXPENDITURES			
Appropriations	\$17,843.6	\$17,766.0	(\$77.6)
Net Additional Requirements	0.0	\$10.0	10.0
Less: Estimated Lapses	<u>(473.3)</u>	<u>(\$504.3)</u>	<u>(31.0)</u>
TOTAL Expenditures	\$17,370.3	\$17,271.7	(\$98.6)
Balance from Operations	\$2.1	\$196.6	\$194.5
Miscellaneous Adjustments	<u>0.0</u>	<u>(\$29.8)</u>	<u>(29.8)</u>
Estimated Balance 6/30/10 ^{3.}	<u>\$2.1</u>	<u>\$166.9</u>	<u>\$164.8</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

2. Appropriation as amended by P.A. 10-3

3. Per SB 494, as amended, any unappropriated surplus from FY 10 will be transferred to FY 11.

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

TAXES	
Personal Income	\$6,560.5
Sales and Use	3,106.1
Corporation	671.6
Public Service Corporations	260.0
Inheritance and Estate	181.2
Insurance Companies	213.6
Cigarettes	387.6
Real Estate Conveyance	92.3
Oil Companies	124.4
Alcoholic Beverages	47.6
Admissions and Dues	36.1
Miscellaneous	143.9
TOTAL - TAXES	<u>\$11,824.9</u>
Less: Refunds of Taxes	(1,085.5)
R & D Credit Exchange	(9.7)
TOTAL - TAXES - NET	<u>\$10,729.7</u>
OTHER REVENUE	
Transfers - Special Revenue	\$293.4
Indian Gaming Payments	381.7
Licenses, Permits, Fees	230.9
Sales of Commodities and Services	32.0
Rents, Fines, Escheats	235.2
Investment Income	4.5
Miscellaneous	165.6
Refunds of Payments	(1.0)
TOTAL - OTHER REVENUE	<u>\$1,342.3</u>
OTHER SOURCES	
Federal Grants	\$4,037.7
Transfer from Tobacco Settlement Fund	101.6
Transfers (To)/From Other Funds	1,257.0
TOTAL - OTHER SOURCES	<u>\$5,396.3</u>
TOTAL - GENERAL FUND REVENUE	\$17,468.3

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

Department of Revenue Services	\$65,000
Department of Public Works	500,000
Department of Public Safety	3,700,000
Board of Fire Prevention Examiners	5,000
Commission on Human Rights and Opportunities	155,000
Office of Protection and Advocacy	63,000
Commission on Culture and Tourism	620,000
Department of Public Health	3,352,000
Department of Developmental Services	230,000
Public Defender Services	1,270,000
Total	<u>\$9,960,000</u>

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

Reduce Outside Consultant Contracts	\$33,600,000
General Personal Services Reduction	14,000,000
General Other Expenses Reductions	10,700,000
Personal Services Reductions	159,800,000
Office of Legislative Management	2,140,000
Auditors of Public Accounts	1,318,000
DOIT Lapse	22,700,000
Management Reduction	9,900,000
Reduce Other Expenses to FY 07 Levels	21,400,000
Allotment Rescissions - November 5, 2009	31,600,000
Allotment Rescissions - November 24, 2009	19,400,000
Allotment Rescissions - March 29, 2010	8,200,000
SERS Payment Deferral per SEBAC Agreement	100,000,000
Estimated Unallocated Lapses	4,800,000
Governor's Office	285,000
Secretary of the State	245,000
Elections Enforcement Commission	647,000
Contracting Standards Board	479,000
Office of the State Treasurer	520,000
Office of Policy and Management	1,694,000
Department of Administrative Services	1,600,000
Department of Veterans Affairs	435,000
Office of the Attorney General	1,600,000
Department of Labor	280,000
Department of Environmental Protection	4,525,000
Economic and Community Development	325,000
Agricultural Experiment Station	275,000
Mental Health and Addiction Services	1,721,000
Department of Social Services	9,538,000
Department of Education	3,030,000
State Library	200,000
Department of Higher Education	495,000
Teachers Retirement Board	270,000
Department of Correction	3,028,000
Department of Children and Families	19,760,000
Judicial Department	1,941,000
Commission on Child Protection	779,000
State Comptroller - Fringe Benefits	11,050,000
Total	<u>\$504,280,000</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 ² 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	\$17,058.2	\$17,468.3		
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	17,843.6	17,766.0		
Additional Requirements	0.0	0.0	0.0	212.5	212.5	234.5	193.7	193.7	143.5	129.3	10.0		
Less: Estimated Lapses	(473.3)	(473.3)	(473.3)	(473.3)	(473.3)	(524.3)	(524.3)	(524.3)	(624.3)	(622.4)	(504.3)		
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	17,350.5	17,271.7		
Balance from Operations	2.1	0.8	0.8	(379.8)	(455.5)	(314.7)	(483.5)	(483.5)	(333.3)	(292.3)	196.6		
Compt.'s Misc. Adjustments/Rounding	0.0	0.0	0.0	(8.7)	(11.0)	(13.2)	(17.0)	(20.4)	(23.2)	(27.5)	(29.8)		
Estimated Balance 6/30/10 ³	\$2.1	\$0.8	\$0.8	(\$388.5)	(\$466.5)	(\$327.9)	(\$500.5)	(\$503.9)	(\$356.5)	(\$319.8)	\$166.9		

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

2. Appropriation as amended by P.A. 10-3

3. Per SB 494, as amended, any unappropriated surplus from FY 10 will be transferred to FY 11.

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

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u> ^{2.}	Over/ (Under)
Surplus Carried Forward from 2008-09	\$93.6	\$93.6	\$0.0
REVENUE			
Taxes	\$691.4	\$712.3	\$20.9
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(7.4)</u>	<u>(0.8)</u>
Taxes - Net	684.8	704.9	20.1
Other Revenue	<u>430.9</u>	<u>408.7</u>	<u>(22.2)</u>
TOTAL - Revenue	<u>\$1,115.7</u>	<u>\$1,113.6</u>	<u>(\$2.1)</u>
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>(25.5)</u>	<u>(4.3)</u>
TOTAL - Expenditures	<u>\$1,114.7</u>	<u>\$1,110.4</u>	<u>(\$4.2)</u>
Balance from Operations	\$1.0	\$3.2	\$2.1
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/10	<u>\$94.6</u>	<u>\$96.8</u>	<u>\$2.1</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

2. Appropriation as amended by P.A. 10-3

Statement 2T
May 20, 2010

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

TAXES	
Motor Fuels	\$502.4
Oil Companies	141.9
Sales Tax DMV	68.0
TOTAL - TAXES	<u>712.3</u>
Less: Refunds of Taxes	<u>(7.4)</u>
TOTAL - TAXES - NET	\$704.9
OTHER REVENUE	
Motor Vehicle Receipts	\$218.8
Licenses, Permits, Fees	132.4
Interest Income	7.2
Federal Grants	3.3
Transfers (To)/From Other Funds	49.4
Refunds of Payments	<u>(2.4)</u>
TOTAL - OTHER REVENUE	<u>\$408.7</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,113.6

Statement 3T
May 20, 2010

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

No Additional Requirements	<u>\$0</u>
Total	\$0

Statement 4T
May 20, 2010

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

State Treasurer - Debt Service	\$8,000,000
Department of Motor Vehicles	3,680,000
Personal Services Reductions	12,873,927
Allotment Rescissions November 5, 2009	<u>896,820</u>
Total	<u>\$25,450,747</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 ² 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	\$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>	<u>1,125.3</u>	<u>1,113.6</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	1,218.9	1,207.2		
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	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	2.0	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>	<u>(28.1)</u>	<u>(28.1)</u>	<u>(28.1)</u>	<u>(26.8)</u>	<u>(25.5)</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	1,111.1	1,110.4		
Balance from Operations	1.1	0.1	3.1	4.1	4.0	4.9	13.3	13.3	13.3	14.2	3.2		
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>	<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	\$107.8	\$96.8		

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

2. Appropriation as amended by P.A. 10-3