



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

September 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 2010-11 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 August 31, 2010.

We are currently projecting a General Fund deficit of \$45.3 million, an improvement of \$18.1 million from last month. This improvement is attributable to reduced expenditure estimates; projected revenues this month are unchanged as receipts continue to remain on target with last month's estimates.

For this month's forecast, we are projecting expenditures to exceed appropriations by \$153.6 million. Much of this estimate reflects anticipated difficulty in fully achieving budgeted savings for contracts and in Other Expenses. Additionally, we continue to believe that achievement of \$50 million in savings for Enhancing Agency Outcomes is unrealistic given that the Legislature has not provided or endorsed a plan for accomplishing this lapse over the remaining nine months of the fiscal year. Also, we continue to estimate \$40 million in unbudgeted adjustments to the resources of the General Fund, primarily for refunds of escheated property.

Executive branch agencies with recognized deficiencies are, at the Governor's direction, taking action to eliminate or reduce their shortfalls. While our projections this month incorporate some changes resulting from these actions, we anticipate that there may be adjustments to our estimates as the fiscal year progresses and further efforts are made to reduce expenditures. We no longer project a deficiency in the Department of Public Health as a result of the agency's efforts to identify uncommitted funds that will offset the anticipated \$1.0 million shortfall in the X-Ray Screening and Tuberculosis Care account; Finance Advisory Committee action may be necessary later this year. The projected Other Expenses deficiency in the Department of Mental Health and Addiction Services is reduced from last month to \$6.8 million due to estimated expenditure reductions. The forecast shortfall in the Department of Social Services has come down by \$4.0 million from last month to reflect the implementation of purchasing efficiencies, additional pharmacy rebates, and the availability of unallocated funding for non-entitlement programs that may be transferred to deficient accounts. We continue to project deficiencies totaling \$8.4 million in the Department of Public Safety's Other Expenses and Fleet Services accounts, however the agency is developing a plan to address these shortfalls. The Department of Correction is forecast to incur a \$12.0 million deficiency in Other Expenses because of the implementation of budgeted holdbacks. We are estimating two new

deficiencies this month in Judicial branch agencies. The Public Defender Services Commission is anticipated to end the year with a \$2.2 million deficiency: \$0.75 million in Other Expenses, \$1.0 million in the Special Public Defenders-Noncontractual account, and \$0.45 million in the Expert Witnesses account. A \$1.75 million shortfall is estimated in the Child Protection Commission's Contracted Attorneys account. Offsetting these deficiencies are forecast lapses in the Office of the Treasurer's debt service accounts: \$14.1 million in Debt Service and \$2.9 million in the UConn 2000 Debt Service account as a result of premiums, interest savings, and settlement monies that will reduce debt service requirements this year. Additionally, the Department of Children and Families is expected to lapse \$0.5 million in Personal Services.

In the Special Transportation Fund, our projections remain unchanged from last month. An annual operating surplus of \$4.7 million is projected, attributable to improved revenue projections of \$1.6 million primarily due to Department of Motor Vehicles sales tax collections. We anticipate the fund balance at June 30, 2011 to be \$110.1 million.

It is important to note 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 as the year progresses.

Sincerely,

A handwritten signature in cursive script that reads "Brenda L. Sisco".

Brenda L. Sisco
Acting Secretary

Summary
September 20, 2010

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2011
As of August 31, 2010
(In Millions)

General Fund

Balance - August 20, 2010		\$	(63.4)
Revenues - No Change			0.0
Expenditures			
Additional Requirements	0.6		
Estimated Lapses	17.5		
Miscellaneous Adjustments/Rounding - No Change	0.0		18.1
			<hr/>
Balance - September 20, 2010		\$	<u>(45.3)</u>

Special Transportation Fund

Carry Forward FY 2009-10 Surplus		\$	105.4
Balance - August 20, 2010			4.7
Revenues - No Change			0.0
Expenditures - No Change			<hr/> 0.0
Balance - September 20, 2010		\$	<u>110.1</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2011
As of August 31, 2010
(In Millions)

	General Assembly <u>Budget Plan</u> ¹ :	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
REVENUE			
Taxes	\$11,941.5	\$12,238.7	\$297.2
Less: Refunds	<u>(1,019.8)</u>	<u>(974.4)</u>	<u>45.4</u>
Taxes - Net	10,921.7	\$11,264.3	342.6
Other Revenue	1,202.7	1,206.2	3.5
Other Sources	<u>5,543.0</u>	<u>5,395.0</u>	<u>(148.0)</u>
TOTAL Revenue	\$17,667.4	\$17,865.5	\$198.1
EXPENDITURES			
Appropriations	\$17,963.5	\$17,963.5	\$0.0
Net Additional Requirements	0.0	171.2	171.2
Less: Estimated Lapses	<u>(296.3)</u>	<u>(263.8)</u>	<u>32.5</u>
TOTAL Expenditures	\$17,667.2	\$17,870.8	\$203.6
Balance from Operations	\$0.2	(\$5.3)	(\$5.5)
Miscellaneous Adjustments	<u>0.0</u>	<u>(40.0)</u>	<u>(40.0)</u>
Estimated Balance 6/30/11	<u>\$0.2</u>	<u>(\$45.3)</u>	<u>(\$45.5)</u>

1. P.A. 10-179 as amended by P.A. 10-1, JSS and P.A. 10-2, JSS

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2011
As of August 31, 2010
(In Millions)

TAXES	
Personal Income	\$6,810.0
Sales and Use	3,318.7
Corporation	662.9
Public Service Corporations	272.4
Inheritance and Estate	99.0
Insurance Companies	228.9
Cigarettes	407.9
Real Estate Conveyance	106.2
Oil Companies	107.7
Alcoholic Beverages	48.6
Admissions and Dues	35.5
Miscellaneous	140.9
TOTAL - TAXES	<u>\$12,238.7</u>
Less: Refunds of Taxes	(965.0)
R & D Credit Exchange	<u>(9.4)</u>
TOTAL - TAXES - NET	<u>\$11,264.3</u>
OTHER REVENUE	
Transfers - Special Revenue	\$291.0
Indian Gaming Payments	367.8
Licenses, Permits, Fees	242.9
Sales of Commodities and Services	34.7
Rents, Fines, Escheats	100.1
Investment Income	6.5
Miscellaneous	164.5
Refunds of Payments	<u>(1.3)</u>
TOTAL - OTHER REVENUE	<u>\$1,206.2</u>
OTHER SOURCES	
Federal Grants	\$4,106.9
Transfers to the Resources of the General Fund	1,354.1
Transfer from Tobacco Settlement Fund	103.4
Transfers to Other Funds	<u>(169.4)</u>
TOTAL - OTHER SOURCES	<u>\$5,395.0</u>
TOTAL - GENERAL FUND REVENUE	\$17,865.5

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2011
As of August 31, 2010

Department of Public Safety	\$8,400,000
Department of Mental Health & Addiction Services	6,800,000
Department of Social Services	140,000,000
Department of Correction	12,000,000
Public Defender Services Commission	2,200,000
Commission on Child Protection	1,750,000
Total	<u>\$171,150,000</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2011
As of August 31, 2010

Reduce Outside Consultant Contracts-Legislative	\$ 492,305
General Personal Services Reduction-Legislative	476,000
General Other Expenses Reduction-Legislative	374,000
Legislative Unallocated Lapse	2,700,000
Reduce OE to FY 2007 Levels-Legislative	1,111,306
Personal Services Reductions-Legislative	1,205,311
DOIT Lapse-Legislative	25,175
Management Lapse- Legislative	903,521
Reduce Outside Consultant Contracts-Executive	91,874,920
General Personal Services Reduction-Executive	11,538,800
General Other Expenses Reduction-Executive	9,066,200
Reduce OE to FY 2007 Levels-Executive	30,888,694
General Personal Services Reduction-Judicial	1,985,200
General Other Expenses Reduction-Judicial	1,559,800
Reduce Outside Consultant Contracts-Judicial	2,632,775
Enhance Agency Outcomes	0
Estimated Unallocated Lapses	89,510,000
Department of Children and Families	500,000
Office of the State Treasurer - Debt Service	17,000,000
Total	<u><u>\$263,844,007</u></u>

State of Connecticut
2010-11 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
REVENUE	\$17,667.4	\$17,865.5	\$17,865.5										
Appropriations	17,963.5	17,963.5	17,963.5										
Additional Requirements	0.0	171.7	171.2										
Less: Estimated Lapses	(296.3)	(246.3)	(263.8)										
TOTAL - Estimated Expenditures	17,667.2	17,888.9	17,870.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	0.2	(23.4)	(5.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Compt.'s Misc. Adjustments/Rounding	0.0	(40.0)	(40.0)										
Estimated Balance 6/30/11	\$0.2	(\$63.4)	(\$45.3)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. P.A. 10-179 as amended by P.A. 10-1, JSS and P.A. 10-2, JSS

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2011
As of August 31, 2010
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Surplus Carried Forward from 2009-10 ^{2.}	\$101.2	\$105.4	\$4.2
REVENUE			
Taxes	\$720.3	\$724.3	\$4.0
Less: Refunds of Taxes	<u>(6.9)</u>	<u>(7.4)</u>	<u>(0.5)</u>
Taxes - Net	713.4	716.9	3.5
Other Revenue	<u>466.6</u>	<u>464.7</u>	<u>(1.9)</u>
TOTAL - Revenue	\$1,180.0	\$1,181.6	\$1.6
EXPENDITURES			
Appropriations	\$1,187.9	\$1,187.9	\$0.0
Additional Appropriations	0.0	0.0	0.0
Less: Estimated Lapses	<u>(11.0)</u>	<u>(11.0)</u>	<u>0.0</u>
TOTAL - Expenditures	\$1,176.9	\$1,176.9	\$0.0
Balance from Operations	\$3.1	\$4.7	\$1.6
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/11	<u>\$104.3</u>	<u>\$110.1</u>	<u>\$5.8</u>

1. P.A. 10-179 as amended by P.A. 10-1, JSS and P.A. 10-2, JSS

2. Budget Plan as estimated by the Office of Policy and Management. Revised Estimates per the Comptroller's September 1, 2010 Letter.

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2011
As of August 31, 2010
(In Millions)

TAXES	
Motor Fuels	\$489.7
Oil Companies	165.3
Sales Tax DMV	69.3
TOTAL - TAXES	<u>724.3</u>
Less: Refunds of Taxes	<u>(7.4)</u>
TOTAL - TAXES - NET	\$716.9
OTHER REVENUE	
Motor Vehicle Receipts	\$224.2
Licenses, Permits, Fees	136.8
Interest Income	15.0
Federal Grants	5.8
Transfers (To)/From Other Funds	85.8
Refunds of Payments	<u>(2.9)</u>
TOTAL - OTHER REVENUE	\$464.7
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,181.6

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2011
As of August 31, 2010

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

Statement 4T
September 20, 2010

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2011
As of August 31, 2010

Unallocated Lapse	\$11,000,000
Total	<u>\$11,000,000</u>