



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

July 20, 2017

The Honorable Kevin Lembo
State Comptroller
55 Elm Street
Hartford, Connecticut 06106

Dear Comptroller Lembo:

The following information on the state's General Fund for Fiscal Year 2017 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.

General Fund

We project the General Fund will close with a \$35.7 million positive balance of operations for Fiscal Year 2017, an improvement of \$142.9 million from the estimate provided to you last month. This improvement is due to a combination of successfully implemented austerity measures and strong year-end performance for several revenue sources. By law, any surplus will be deposited into the Rainy Day Fund, bringing the balance to \$271.3 million. It should be noted that remaining revenue accruals, as well as GAAP accrual adjustments, are not yet finalized and may have a material impact on this projection.

Revenues

Revenues have been revised upward by \$86.3 million compared to last month's estimate. The largest change is in Federal Grants, up \$37.3 million to reflect federal funds drawn down this past fiscal year. Inheritance and Estate taxes have been revised upward by \$20 million as collections ended FY 2017 on a very positive note. The Corporation Tax has continued to perform well and is being revised upward by \$15.0 million. All other changes net to a positive \$14.0 million. It should be noted that we are in the revenue accrual period through August 7th and that approximately \$900 million in revenue attributable to FY 2017 has yet to be collected.

Expenditures

Overall, expenditures are projected to be \$181.6 million below the originally adopted budget plan, an improvement of \$56.6 million from last month's estimate. This amount is net of funds projected to be carried forward into FY 2018 as a result of statutory provisions. Estimated lapses by agency are detailed in statement 4, attached.

Special Transportation Fund

We are projecting that the Special Transportation Fund will end the year with an operating deficit of \$39.9 million, and that the fund balance as of June 30, 2017 will be \$102.9 million. In aggregate, we project that expenditures will end the year \$32.7 million below the budget plan, an improvement of \$7.6 million from last month's estimate. Revenues have been revised downward by \$0.4 million due to changes in various accounts. It should be noted that approximately \$140 million is still projected to be received through August 7th as part of the accrual process for FY 2017. FY 2017 represents the second consecutive year in which the fund will sustain an operating deficit which highlights the need to stabilize funding for transportation in the upcoming biennium and beyond.

This is our final estimate for FY 2017. While these projections are the best that can be made at this time, it is important to note that some adjustments are expected during the year end closing process before final results are published in the Fall.

Sincerely,

A handwritten signature in blue ink that reads "Benjamin Barnes". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Benjamin Barnes
Secretary

Summary
July 20, 2017

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2017
As of June 30, 2017
(In Millions)

General Fund

| | | | |
|---|--------------|----|-------------|
| Balance from Operations - Prior Month | | \$ | (107.2) |
| Revenues | | | |
| Corporation Tax | 15.0 | | |
| Inheritance and Estate | 20.0 | | |
| Cigarettes | 5.0 | | |
| Licenses, Permits, Fees | 6.0 | | |
| Federal Grants | 37.3 | | |
| All Other Changes (net) | <u>3.0</u> | | 86.3 |
| Expenditures | | | |
| Additional Requirements | 0.0 | | |
| Estimated Lapses | 58.8 | | |
| Miscellaneous Adjustments/Rounding | <u>(2.2)</u> | | 56.6 |
| Estimated Balance from Operations - June 30, 2017 | | \$ | <u>35.7</u> |

Special Transportation Fund

| | | | |
|--|--------------|----|--------------|
| Fund Balance as of June 30, 2016 | | \$ | 142.8 |
| Balance from Operations - Prior Month | | | (47.1) |
| Revenues | | | |
| Net Changes | <u>(0.4)</u> | | (0.4) |
| Expenditures | | | |
| Additional Requirements | 0.0 | | |
| Estimated Lapses | 7.6 | | |
| Miscellaneous Adjustments/Rounding | <u>0.0</u> | | 7.6 |
| Estimated Fund Balance - June 30, 2017 | | \$ | <u>102.9</u> |

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2017
As of June 30, 2017
(In Millions)

| | General Assembly Budget Plan ¹ | Revised Estimates OPM | Over/ (Under) |
|---|---|-----------------------------|-------------------|
| REVENUE | | | |
| Taxes | \$ 16,768.5 | \$ 16,322.2 | \$ (446.3) |
| Less: Refunds | (1,248.6) | (1,269.3) | (20.7) |
| Taxes - Net | \$ 15,519.9 | \$ 15,052.9 | \$ (467.0) |
| Other Revenue | 1,219.0 | 1,356.5 | 137.5 |
| Other Sources | 1,147.8 | 1,308.7 | 160.9 |
| TOTAL Revenue | \$ 17,886.7 | \$ 17,718.1 | \$ (168.6) |
| EXPENDITURES | | | |
| Initial Current Year Appropriations | \$ 18,073.3 | \$ 18,073.3 | \$ 0.0 |
| Prior Year Appropriations Continued to FY 2017 ² | | 96.5 | 96.5 |
| TOTAL Initial and Continued Appropriations | \$ 18,073.3 | \$ 18,169.8 | \$ 96.5 |
| Appropriation Adjustments | - | - | - |
| TOTAL Adjusted Appropriations | \$ 18,073.3 | \$ 18,169.8 | \$ 96.5 |
| Net Additional Expenditure Requirements | | - | - |
| Estimated Appropriations Lapsed | (209.3) | (420.1) | (210.8) |
| Estimated Appropriations to be Continued to FY 2018 | | (69.6) | (69.6) |
| TOTAL Estimated Expenditures | \$ 17,864.0 | \$ 17,680.1 | \$ (183.9) |
| Net Change in Fund Balance - Continuing Appropriations | | (26.9) | (166.1) |
| Miscellaneous Adjustments/Rounding | | (29.2) | (29.2) |
| Net Change in Unassigned Fund Balance - 6/30/2017 | \$ 22.7 | \$ 35.7 | \$ 152.2 |

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess., after gubernatorial line item vetoes.

2. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess., P.A. 16-2, May Spec. Sess., and other statutory provisions.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2017
As of June 30, 2017
(In Millions)

| | General Assembly Budget Plan ¹ | Revised Estimates OPM | Over/ (Under) |
|---------------------------------------|---|-----------------------------|-------------------|
| TAXES | | | |
| Personal Income | \$ 9,519.0 | \$ 8,986.8 | \$ (532.2) |
| Sales and Use | 4,328.7 | 4,191.9 | (136.8) |
| Corporation | 839.3 | 1,005.0 | 165.7 |
| Public Service Corporations | 283.9 | 288.9 | 5.0 |
| Inheritance and Estate | 174.6 | 218.6 | 44.0 |
| Insurance Companies | 245.4 | 222.8 | (22.6) |
| Cigarettes | 371.1 | 381.1 | 10.0 |
| Real Estate Conveyance | 201.8 | 208.8 | 7.0 |
| Alcoholic Beverages | 62.2 | 62.2 | - |
| Admissions and Dues | 39.0 | 39.5 | 0.5 |
| Health Provider Tax | 683.4 | 696.5 | 13.1 |
| Miscellaneous | 20.1 | 20.1 | - |
| TOTAL - TAXES | \$ 16,768.5 | \$ 16,322.2 | \$ (446.3) |
| Less: Refunds of Taxes | (1,106.5) | (1,130.2) | (23.7) |
| Earned Income Tax Credit | (133.6) | (133.6) | - |
| R & D Credit Exchange | (8.5) | (5.5) | 3.0 |
| TOTAL - TAXES - NET | \$ 15,519.9 | \$ 15,052.9 | \$ (467.0) |
| OTHER REVENUE | | | |
| Transfers - Special Revenue | \$ 355.5 | \$ 328.7 | \$ (26.8) |
| Indian Gaming Payments | 267.0 | 269.9 | 2.9 |
| Licenses, Permits, Fees | 269.2 | 275.2 | 6.0 |
| Sales of Commodities and Services | 42.6 | 39.1 | (3.5) |
| Rents, Fines, Escheats | 128.0 | 153.0 | 25.0 |
| Investment Income | 3.8 | 3.8 | - |
| Miscellaneous | 219.0 | 331.0 | 112.0 |
| Refunds of Payments | (66.1) | (44.2) | 21.9 |
| TOTAL - OTHER REVENUE | \$ 1,219.0 | \$ 1,356.5 | \$ 137.5 |
| OTHER SOURCES | | | |
| Federal Grants | \$ 1,257.6 | \$ 1,325.2 | \$ 67.6 |
| Transfer from Tobacco Settlement Fund | 108.5 | 118.3 | 9.8 |
| Transfers From/(To) Other Funds | (218.3) | (134.8) | 83.5 |
| TOTAL - OTHER SOURCES | \$ 1,147.8 | \$ 1,308.7 | \$ 160.9 |
| TOTAL - GENERAL FUND REVENUE | \$ 17,886.7 | \$ 17,718.1 | \$ (168.6) |

1. P.A. 16-2, May Special Session, and P.A. 16-3, May Special Session.

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2017
As of June 30, 2017

| | |
|----------------------------|--------------------|
| No Additional Requirements | \$ - |
| Total | <u><u>\$ -</u></u> |

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2017
As of June 30, 2017

| | |
|--|--------------|
| Legislative Management | \$ 6,310,067 |
| Auditors of Public Accounts | 948,259 |
| Commission on Women, Children and Seniors | 186,269 |
| Commission on Equity and Opportunity | 183,743 |
| Governor's Office | 198,431 |
| Secretary of the State | 1,145,798 |
| Lieutenant Governor's Office | 52,939 |
| Elections Enforcement Commission | 166,416 |
| Office of State Ethics | 36,551 |
| Freedom of Information Commission | 8,287 |
| State Treasurer | 186,429 |
| State Comptroller | 1,158,130 |
| Department of Revenue Services | 2,741,675 |
| Office of Governmental Accountability | 158,473 |
| Office of Policy and Management | 4,107,290 |
| Department of Veterans Affairs | 696,454 |
| Department of Administrative Services | 7,484,569 |
| Attorney General | 2,297,607 |
| Division of Criminal Justice | 358,863 |
| Department of Emergency Services and Public Protection | 6,861,174 |
| Military Department | 629,322 |
| Department of Consumer Protection | 1,685,441 |
| Labor Department | 3,496,981 |
| Commission on Human Rights and Opportunities | 637,846 |
| Department of Agriculture | 407,577 |
| Department of Energy and Environmental Protection | 3,203,905 |
| Council on Environmental Quality | 2,264 |
| Department of Economic and Community Development | 5,221,623 |
| Department of Housing | 2,798,019 |
| Agricultural Experiment Station | 396,971 |
| Department of Public Health | 2,565,090 |
| Office of the Chief Medical Examiner | 107,598 |
| Department of Developmental Services | 10,563,196 |
| Department of Mental Health and Addiction Services | 21,827,852 |
| Psychiatric Security Review Board | 1,238 |
| Department of Social Services | 103,078,119 |
| State Department on Aging | 331,236 |
| Department of Rehabilitation Services | 1,077,256 |
| Department of Education | 50,467,272 |
| Office of Early Childhood | 2,246,487 |
| State Library | 526,605 |

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2017
As of June 30, 2017

| | |
|---|------------------------------|
| Office of Higher Education | 1,264,670 |
| University of Connecticut | 10,277,201 |
| University of Connecticut Health Center | 4,674,540 |
| Teachers' Retirement Board | 161,347 |
| Connecticut State Colleges and Universities | 10,151,290 |
| Department of Correction | 15,306,181 |
| Department of Children and Families | 5,230,989 |
| Judicial Department | 42,861,978 |
| Public Defender Services Commission | 2,664,709 |
| Debt Service - State Treasurer | 4,890,994 |
| State Comptroller - Fringe Benefits | 75,470,555 |
| Workers' Compensation Claims - DAS | 547,909 |
| Total | <u><u>\$ 420,061,685</u></u> |

State of Connecticut
2016-17 General Fund
Monthly Summary of Operations
(In Millions)

| | Budget Plan ¹ | July 2016 | August 2016 | September 2016 | October 2016 | November 2016 | December 2016 | January 2017 | February 2017 | Revised March 2017 | April 2017 | May 2017 | June 2017 |
|--|-----------------------------|----------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|--------------------------|----------------|----------------|----------------|
| REVENUE | \$ 17,886.7 | \$ 17,886.7 | \$ 17,886.7 | \$ 17,890.1 | \$ 17,840.8 | \$ 17,840.8 | \$ 17,897.5 | \$ 17,897.5 | \$ 17,897.5 | \$ 17,484.2 | \$ 17,484.2 | \$ 17,631.8 | \$ 17,718.1 |
| Appropriations | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 | 18,073.3 |
| Additional Requirements | 0.0 | 0.0 | 4.0 | 20.8 | 29.5 | 30.6 | 28.4 | 28.4 | 32.0 | 20.1 | 19.2 | 0.0 | 0.0 |
| Less: Estimated Lapses | <u>(209.3)</u> | <u>(186.8)</u> | <u>(190.8)</u> | <u>(203.3)</u> | <u>(203.3)</u> | <u>(230.5)</u> | <u>(236.5)</u> | <u>(239.6)</u> | <u>(246.8)</u> | <u>(239.4)</u> | <u>(308.6)</u> | <u>(361.3)</u> | <u>(420.1)</u> |
| TOTAL - Estimated Expenditures | 17,864.0 | 17,886.5 | 17,886.5 | 17,890.8 | 17,899.5 | 17,873.4 | 17,865.2 | 17,862.1 | 17,858.5 | 17,854.0 | 17,783.9 | 17,712.0 | 17,653.2 |
| Balance from Operations | 22.7 | 0.2 | 0.2 | (0.7) | (58.7) | (32.6) | 32.3 | 35.4 | 39.0 | (369.8) | (299.7) | (80.2) | 64.9 |
| Misc. Adjustments/Rounding | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>(5.0)</u> | <u>(9.0)</u> | <u>(9.0)</u> | <u>(9.0)</u> | <u>(12.5)</u> | <u>(17.0)</u> | <u>(20.0)</u> | <u>(23.0)</u> | <u>(27.0)</u> | <u>(29.2)</u> |
| Est. Balance from Operations - 6/30/17 | \$22.7 | \$0.2 | \$0.2 | (\$5.7) | (\$67.7) | (\$41.6) | \$23.3 | \$22.9 | \$22.0 | (\$389.8) | (\$322.7) | (\$107.2) | \$35.7 |

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2017
As of June 30, 2017
(In Millions)

| | <u>General Assembly Budget Plan</u> ^{1.} | <u>Revised Estimates OPM</u> | <u>Over/ (Under)</u> |
|--|---|--------------------------------------|--------------------------|
| Fund Balance as of June 30, 2016 ^{2.} | \$ 150.4 | \$ 142.8 | \$ (7.6) |
| REVENUE | | | |
| Taxes | \$ 1,065.3 | \$ 1,008.1 | \$ (57.2) |
| Less: Refunds of Taxes | <u>(14.5)</u> | <u>(13.2)</u> | <u>1.3</u> |
| Taxes - Net | 1,050.8 | 994.9 | (55.9) |
| Other Revenue | <u>413.6</u> | <u>395.9</u> | <u>(17.7)</u> |
| TOTAL - Revenue | \$ 1,464.4 | \$ 1,390.8 | \$ (73.6) |
| EXPENDITURES | | | |
| Appropriations | \$ 1,475.4 | \$ 1,475.4 | \$ - |
| Prior Year Appropriations Continued to FY 2016 ^{2.} | | 22.6 | 22.6 |
| TOTAL Initial and Continued Appropriations | \$ 1,475.4 | \$ 1,498.0 | \$ 22.6 |
| Appropriation Adjustments | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL Adjusted Appropriations | \$ 1,475.4 | \$ 1,498.0 | \$ 22.6 |
| Net Additional Expenditure Requirements | | - | - |
| Estimated Appropriations Lapsed | (12.0) | (44.7) | (32.7) |
| Estimated Appropriations to be Continued to FY 2017 | | <u>(30.4)</u> | <u>(30.4)</u> |
| TOTAL Estimated Expenditures | \$ 1,463.4 | \$ 1,422.9 | \$ (40.5) |
| Net Change in Fund Balance - Continuing Appropriations | | 7.8 | 7.8 |
| Miscellaneous Adjustments/Rounding | | - | - |
| Net Change in Unassigned Fund Balance - FY 2017 | \$ 1.0 | \$ (39.9) | \$ (40.9) |
| Estimated Fund Balance - June 30, 2017 | <u>\$ 151.4</u> | <u>\$ 102.9</u> | <u>\$ (48.5)</u> |

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

2. Budget plan as estimated by the Office of Policy and Management.

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2017
As of June 30, 2017
(In Millions)

| | General Assembly Budget Plan ^{1.} | Revised Estimates OPM | Over/ (Under) |
|---|--|-----------------------------|------------------|
| TAXES | | | |
| Motor Fuels | \$ 503.7 | \$ 498.2 | \$ (5.5) |
| Oil Companies | 268.4 | 236.7 | (31.7) |
| Sales & Use Tax | 202.9 | 188.2 | (14.7) |
| Sales Tax DMV | 90.3 | 85.0 | (5.3) |
| TOTAL - TAXES | <u>1,065.3</u> | <u>1,008.1</u> | <u>(57.2)</u> |
| Less: Refunds of Taxes | (14.5) | (13.2) | 1.3 |
| TOTAL - TAXES - NET | <u>\$ 1,050.8</u> | <u>\$ 994.9</u> | <u>\$ (55.9)</u> |
| OTHER REVENUE | | | |
| Motor Vehicle Receipts | \$ 261.8 | \$ 242.9 | \$ (18.9) |
| Licenses, Permits, Fees | 141.5 | 143.4 | 1.9 |
| Interest Income | 8.5 | 8.1 | (0.4) |
| Federal Grants | 12.1 | 12.1 | - |
| Transfers (To)/From Other Funds | (6.5) | (6.5) | - |
| Refunds of Payments | (3.8) | (4.1) | (0.3) |
| TOTAL - OTHER REVENUE | <u>\$ 413.6</u> | <u>\$ 395.9</u> | <u>\$ (17.7)</u> |
| TOTAL - SPECIAL TRANSPORTATION FUND REVENUE | \$ 1,464.4 | \$ 1,390.8 | \$ (73.6) |

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.

Statement 3T
July 20, 2017

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2017
As of June 30, 2017

| | | |
|----------------------------|-----------|----------|
| No Additional Requirements | \$ | - |
| Total | <u>\$</u> | <u>-</u> |

Statement 4T
July 20, 2017

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2017
As of June 30, 2017

| | |
|---|----------------------|
| Department of Administrative Services | \$ 2,739,340 |
| Department of Energy and Environmental Protection | 136,075 |
| Department of Motor Vehicles | 3,256,884 |
| Department of Transportation | 5,303,872 |
| Debt Service - State Treasurer | 19,804,640 |
| State Comptroller - Fringe Benefits | 10,878,082 |
| Workers' Compensation Claims - DAS | 2,582,261 |
| Total | <u>\$ 44,701,154</u> |

State of Connecticut
2016-17 Special Transportation Fund
Monthly Summary of Operations
(In Millions)

| | Budget Plan ¹ | July 2016 | August 2016 | September 2016 | October 2016 | November 2016 | December 2016 | January 2017 | February 2017 | Revised March 2017 | April 2017 | May 2017 | June 2017 |
|--------------------------------|-----------------------------|----------------|----------------|-------------------|-----------------|------------------|------------------|-----------------|------------------|--------------------------|----------------|----------------|----------------|
| Beginning Balance ² | \$ 150.4 | \$ 150.4 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 | \$ 142.8 |
| Revenue | <u>1,464.4</u> | <u>1,464.4</u> | <u>1,464.4</u> | <u>1,454.2</u> | <u>1,441.1</u> | <u>1,441.1</u> | <u>1,432.8</u> | <u>1,432.8</u> | <u>1,432.8</u> | <u>1,419.5</u> | <u>1,404.5</u> | <u>1,391.2</u> | <u>1,390.8</u> |
| Total Available | 1,614.8 | 1,614.8 | 1,607.2 | 1,597.0 | 1,583.9 | 1,583.9 | 1,575.6 | 1,575.6 | 1,575.6 | 1,562.3 | 1,547.3 | 1,534.0 | 1,533.6 |
| Appropriations | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 | 1,475.4 |
| Additional Requirements | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Less: Estimated Lapses | <u>(12.0)</u> | <u>(12.0)</u> | <u>(15.3)</u> | <u>(20.3)</u> | <u>(20.3)</u> | <u>(22.3)</u> | <u>(25.5)</u> | <u>(25.1)</u> | <u>(25.3)</u> | <u>(25.3)</u> | <u>(34.2)</u> | <u>(37.1)</u> | <u>(44.7)</u> |
| TOTAL - Estimated Expenditures | 1,463.4 | 1,463.4 | 1,460.1 | 1,455.1 | 1,455.1 | 1,453.1 | 1,449.9 | 1,450.3 | 1,450.1 | 1,450.1 | 1,441.2 | 1,438.3 | 1,430.7 |
| Balance from Operations | 1.0 | 1.0 | 4.3 | (0.9) | (14.0) | (12.0) | (17.1) | (17.5) | (17.3) | (30.6) | (36.7) | (47.1) | (39.9) |
| 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> | <u>0.0</u> | <u>0.0</u> |
| Estimated Balance 6/30/17 | \$151.4 | \$151.4 | \$147.1 | \$141.9 | \$128.8 | \$130.8 | \$125.7 | \$125.3 | \$125.5 | \$112.2 | \$106.1 | \$95.7 | \$102.9 |

1. P.A. 15-244, as amended by P.A. 15-5, June Spec. Sess. and P.A. 16-2, May Spec. Sess.
2. Budget Plan and the months of July and August as estimated by the Office of Policy and Management.