



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

May 1, 2017

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

Dear Comptroller Lembo:

The purpose of this correspondence is to update our projections provided April 20th to reflect revenue revisions resulting from today's consensus revenue forecast pursuant to CGS 2-36c.

General Fund

As a result of the consensus revenue forecast, we are now projecting a \$389.8 million deficit in the General Fund, a change of \$409.5 million from the amount reported on April 20th.

Administrative efforts to mitigate the remaining deficit, including the recently announced hiring freeze and contract limitations, will be made in an effort to limit year-end expenditures to only those that are critical for state operations.

Revenues

Revenues in this update reflect the consensus revenue forecast reached between this office and the Office of Fiscal Analysis pursuant to CGS 2-36c. Based on that forecast, projected revenues have been revised downward by \$409.5 million compared to our April 20th estimates. The largest change is in the Personal Income Tax, down \$450.7 million due to lower than anticipated receipts in the month of April. Federal Grants have been revised upward by \$28.3 million to reflect an increase in the anticipated draw-down of such funds this fiscal year. All other changes net to a positive \$12.9 million.

Expenditures

Our expenditure forecast remains unchanged from April 20th. In aggregate, estimated expenditures are \$10.0 million above the budget plan. Additional requirements (deficiencies) total \$20.1 million, and \$20.0 million in claims will be paid from the resources of the General Fund. Anticipated lapses total \$30.1 million beyond the budget plan.

Special Transportation Fund

A \$30.6 million operating deficit is projected. Revenues in the Special Transportation Fund have also been updated to reflect the consensus revenue forecast mentioned above and are projected

to be \$1.4 million lower than indicated in our April 20th estimates. Expenditure projections are unchanged from April 20th. We anticipate the fund balance on June 30, 2017 to be \$112.2 million.

I hope this information is helpful.

Sincerely,

A handwritten signature in blue ink that reads "Benjamin Barnes". The signature is written in a cursive style with a large initial "B".

Benjamin Barnes
Secretary

Summary
May 1, 2017

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2017
As of March 31, 2017
(In Millions)

General Fund

| | | | |
|---|----------------|----|----------------|
| Balance from Operations - Prior Month | | \$ | 22.0 |
| Revenues | | | |
| April 20th Forecast (Net) | (3.8) | | |
| April 30 Consensus Changes (Net) | <u>(409.5)</u> | | <u>(413.3)</u> |
| Expenditures | | | |
| Additional Requirements | 11.9 | | |
| Estimated Lapses | (7.4) | | |
| Miscellaneous Adjustments/Rounding | <u>(3.0)</u> | | <u>1.5</u> |
| Estimated Balance from Operations - June 30, 2017 | | \$ | <u>(389.8)</u> |

Special Transportation Fund

| | | | |
|--|--------------|----|---------------|
| Fund Balance as of June 30, 2016 | | \$ | 142.8 |
| Balance from Operations - Prior Month | | | (17.3) |
| Revenues | | | |
| April 20th Forecast (Net) | (11.9) | | |
| April 30 Consensus Changes (Net) | <u>(1.4)</u> | | <u>(13.3)</u> |
| Expenditures | | | |
| Additional Requirements | 0.0 | | |
| Estimated Lapses | 0.0 | | |
| Miscellaneous Adjustments/Rounding | <u>0.0</u> | | <u>0.0</u> |
| Estimated Fund Balance - June 30, 2017 | | \$ | <u>112.2</u> |

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2017
As of March 31, 2017
(In Millions)

| | General Assembly Budget Plan ¹ | Revised Estimates OPM | Over/ (Under) |
|---|---|-----------------------------|-------------------|
| REVENUE | | | |
| Taxes | \$ 16,768.5 | \$ 16,264.7 | \$ (503.8) |
| Less: Refunds | (1,248.6) | (1,246.6) | 2.0 |
| Taxes - Net | \$ 15,519.9 | \$ 15,018.1 | \$ (501.8) |
| Other Revenue | 1,219.0 | 1,323.0 | 104.0 |
| Other Sources | 1,147.8 | 1,143.1 | (4.7) |
| TOTAL Revenue | \$ 17,886.7 | \$ 17,484.2 | \$ (402.5) |
| 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 | | 20.1 | 20.1 |
| Estimated Appropriations Lapsed | (209.3) | (239.4) | (30.1) |
| Estimated Appropriations to be Continued to FY 2018 | | - | - |
| TOTAL Estimated Expenditures | \$ 17,864.0 | \$ 17,950.5 | \$ 86.5 |
| Net Change in Fund Balance - Continuing Appropriations | | (96.5) | (96.5) |
| Miscellaneous Adjustments/Rounding | | (20.0) | (20.0) |
| Net Change in Unassigned Fund Balance - 6/30/2017 | \$ 22.7 | \$ (389.8) | \$ (412.5) |

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 March 31, 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 | 4,226.0 | (102.7) |
| Corporation | 839.3 | 939.3 | 100.0 |
| Public Service Corporations | 283.9 | 288.9 | 5.0 |
| Inheritance and Estate | 174.6 | 185.6 | 11.0 |
| Insurance Companies | 245.4 | 230.4 | (15.0) |
| Cigarettes | 371.1 | 376.1 | 5.0 |
| Real Estate Conveyance | 201.8 | 208.8 | 7.0 |
| Alcoholic Beverages | 62.2 | 62.2 | - |
| Admissions and Dues | 39.0 | 39.0 | - |
| Health Provider Tax | 683.4 | 701.5 | 18.1 |
| Miscellaneous | 20.1 | 20.1 | - |
| TOTAL - TAXES | \$ 16,768.5 | \$ 16,264.7 | \$ (503.8) |
| Less: Refunds of Taxes | (1,106.5) | (1,106.5) | - |
| Earned Income Tax Credit | (133.6) | (133.6) | - |
| R & D Credit Exchange | (8.5) | (6.5) | 2.0 |
| TOTAL - TAXES - NET | \$ 15,519.9 | \$ 15,018.1 | \$ (501.8) |
| OTHER REVENUE | | | |
| Transfers - Special Revenue | \$ 355.5 | \$ 327.0 | \$ (28.5) |
| Indian Gaming Payments | 267.0 | 267.0 | - |
| Licenses, Permits, Fees | 269.2 | 269.2 | - |
| Sales of Commodities and Services | 42.6 | 42.6 | - |
| Rents, Fines, Escheats | 128.0 | 139.0 | 11.0 |
| Investment Income | 3.8 | 3.8 | - |
| Miscellaneous | 219.0 | 330.5 | 111.5 |
| Refunds of Payments | (66.1) | (56.1) | 10.0 |
| TOTAL - OTHER REVENUE | \$ 1,219.0 | \$ 1,323.0 | \$ 104.0 |
| OTHER SOURCES | | | |
| Federal Grants | \$ 1,257.6 | \$ 1,252.9 | \$ (4.7) |
| Transfer from Tobacco Settlement Fund | 108.5 | 108.5 | - |
| Transfers From/(To) Other Funds | (218.3) | (218.3) | - |
| TOTAL - OTHER SOURCES | \$ 1,147.8 | \$ 1,143.1 | \$ (4.7) |
| TOTAL - GENERAL FUND REVENUE | \$ 17,886.7 | \$ 17,484.2 | \$ (402.5) |

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 March 31, 2017

| | | |
|--|----|-------------------|
| Department of Emergency Services and Public Protection | \$ | 500,000 |
| Office of the Chief Medical Examiner | | 300,000 |
| Department of Developmental Services | | 7,600,000 |
| Office of Early Childhood | | 7,400,000 |
| Public Defenders Services Commission | | 4,300,000 |
| Total | \$ | <u>20,100,000</u> |

State of Connecticut
 General Fund
 Estimated Lapses
 Projected to June 30, 2017
 As of March 31, 2017

| | |
|---|------------------------------|
| Unallocated Lapse - Amount Allocated ¹ . | \$ 41,856,186 |
| Unallocated Lapse - Remaining | 5,000,000 |
| Unallocated Lapse - Legislative ¹ . | 3,028,105 |
| Unallocated Lapse - Judicial ¹ . | 7,400,672 |
| General Lapse - Judicial | 15,075,000 |
| Targeted Savings - Amount Allocated | 58,766,684 |
| Targeted Savings - Remaining | - |
| Arts and Tourism Lapse | 500,000 |
| Municipal Opportunities and Regional Efficiencies Lapse | 19,770,932 |
| Office of Legislative Management | 3,500,000 |
| Auditors of Public Accounts | 300,000 |
| Secretary of State | 200,000 |
| Department of Revenue Services | 300,000 |
| Office of Policy and Management | 2,000,000 |
| Department of Administrative Services | 1,900,000 |
| Attorney General's Office | 900,000 |
| Department of Consumer Protection | 700,000 |
| Department of Economic and Community Development | 200,000 |
| Department fo Public Health | 600,000 |
| Department of Social Services | 7,300,000 |
| Department of Education | 1,000,000 |
| Judicial Department | 19,900,000 |
| OSC - Fringe Benefits | 48,700,000 |
| DAS- Workers' Compensation Claims | 500,000 |
| | |
| Total | <u><u>\$ 239,397,579</u></u> |

1. Allocable pursuant to Public Act 16-2, May Spec. Sess., Section 35.

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 | Updated 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 | | | |
| 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 | | | |
| Additional Requirements | 0.0 | 0.0 | 4.0 | 20.8 | 29.5 | 30.6 | 28.4 | 28.4 | 32.0 | 20.1 | | | |
| 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> | | | |
| 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 | 0.0 | 0.0 | 0.0 |
| Balance from Operations | 22.7 | 0.2 | 0.2 | (0.7) | (58.7) | (32.6) | 32.3 | 35.4 | 39.0 | (369.8) | 0.0 | 0.0 | 0.0 |
| 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> | | | |
| 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) | \$0.0 | \$0.0 | \$0.0 |

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 March 31, 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 | \$ 1,030.5 | \$ (34.8) |
| Less: Refunds of Taxes | <u>(14.5)</u> | <u>(14.5)</u> | <u>-</u> |
| Taxes - Net | 1,050.8 | 1,016.0 | (34.8) |
| Other Revenue | <u>413.6</u> | <u>403.5</u> | <u>(10.1)</u> |
| TOTAL - Revenue | \$ 1,464.4 | \$ 1,419.5 | \$ (44.9) |
| 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) | (25.3) | (13.3) |
| Estimated Appropriations to be Continued to FY 2017 | | <u>-</u> | <u>-</u> |
| TOTAL Estimated Expenditures | \$ 1,463.4 | \$ 1,472.7 | \$ 9.3 |
| Net Change in Fund Balance - Continuing Appropriations | | (22.6) | (22.6) |
| Miscellaneous Adjustments/Rounding | | - | - |
| Net Change in Unassigned Fund Balance - FY 2017 | \$ 1.0 | \$ (30.6) | \$ (31.6) |
| Estimated Fund Balance - June 30, 2017 | <u>\$ 151.4</u> | <u>\$ 112.2</u> | <u>\$ (39.2)</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 March 31, 2017
(In Millions)

| | General Assembly Budget Plan ^{1.} | Revised Estimates OPM | Over/ (Under) |
|---|--|-----------------------------|------------------|
| TAXES | | | |
| Motor Fuels | \$ 503.7 | \$ 501.7 | \$ (2.0) |
| Oil Companies | 268.4 | 251.7 | (16.7) |
| Sales & Use Tax | 202.9 | 190.0 | (12.9) |
| Sales Tax DMV | 90.3 | 87.1 | (3.2) |
| TOTAL - TAXES | <u>1,065.3</u> | <u>1,030.5</u> | <u>(34.8)</u> |
| Less: Refunds of Taxes | (14.5) | (14.5) | - |
| TOTAL - TAXES - NET | <u>\$ 1,050.8</u> | <u>\$ 1,016.0</u> | <u>\$ (34.8)</u> |
| OTHER REVENUE | | | |
| Motor Vehicle Receipts | \$ 261.8 | \$ 250.0 | \$ (11.8) |
| Licenses, Permits, Fees | 141.5 | 143.4 | 1.9 |
| Interest Income | 8.5 | 8.5 | - |
| Federal Grants | 12.1 | 12.1 | - |
| Transfers (To)/From Other Funds | (6.5) | (6.5) | - |
| Refunds of Payments | (3.8) | (4.0) | (0.2) |
| TOTAL - OTHER REVENUE | <u>\$ 413.6</u> | <u>\$ 403.5</u> | <u>\$ (10.1)</u> |
| TOTAL - SPECIAL TRANSPORTATION FUND REVENUE | \$ 1,464.4 | \$ 1,419.5 | \$ (44.9) |

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
May 1, 2017

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2017
As of March 31, 2017

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

Statement 4T
May 1, 2017

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2017
As of March 31, 2017

| | | |
|-----------------------------------|----|----------------------|
| Unallocated Lapse | \$ | - |
| Department of Motor Vehicles | | 1,000,000 |
| DAS- Workers' Compensation Claims | | 500,000 |
| OSC - Fringe Benefits | | 8,500,000 |
| OTT - Debt Service | | 15,300,000 |
| Total | | <u>\$ 25,300,000</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 | | | |
| Revenue | 1,464.4 | 1,464.4 | 1,464.4 | 1,454.2 | 1,441.1 | 1,441.1 | 1,432.8 | 1,432.8 | 1,432.8 | 1,419.5 | | | |
| 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 | 0.0 | 0.0 | 0.0 |
| 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 | | | |
| Additional Requirements | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| Less: Estimated Lapses | (12.0) | (12.0) | (15.3) | (20.3) | (20.3) | (22.3) | (25.5) | (25.1) | (25.3) | (25.3) | | | |
| 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 | 0.0 | 0.0 | 0.0 |
| Balance from Operations | 1.0 | 1.0 | 4.3 | (0.9) | (14.0) | (12.0) | (17.1) | (17.5) | (17.3) | (30.6) | 0.0 | 0.0 | 0.0 |
| Misc. Adjustments/Rounding | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | |
| 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 | \$0.0 | \$0.0 | \$0.0 |

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.