



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

September 20, 2017

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

Dear Comptroller Lembo:

Section 4-66 of the General Statutes requires that my office provide information on the state's General Fund for Fiscal Year 2018. In addition, we typically provide an analysis of the Special Transportation Fund. With no budget in place for the FY 2018 and FY 2019, this report is based on the revised Resource Allocation Plan issued August 18, 2017, pursuant to Executive Order 58. Information about the Executive Order is available at this link: <http://www.ct.gov/opm/cwp/view.asp?a=2958&Q=594342&PM=1>.

General Fund

On an all-funds basis, we are projecting balanced operations. Consistent with the operating balance anticipated under the Executive Order Resource Allocation Plan, the General Fund will close with a \$93.9 million deficit. As an offset, the plan anticipates \$94.5 million remaining unspent in the Municipal Revenue Sharing Account, and that sum is available for transfer through legislative action to maintain balance across all funds.

Revenues remain consistent with the Resource Allocation Plan, which is based on the May 1, 2017, consensus forecast issued pursuant to CGS Section 2-36c, as modified by Public Act 17-51 and Executive Order 58.

Expenditures correspond with levels supported by the revised Executive Order Resource Allocation Plan. We are closely watching expenditure trends in several agencies that would, if unaddressed, exceed full-year funding levels supported by the revised Resource Allocation Plan. In particular, Personal Services costs are running ahead of allocations in the departments of Public Safety, Correction, Children and Families, the Military Department, and the Office of the Chief Medical Examiner. In addition, healthcare costs for both active and retired state employees are also running above projections due to the timing of implementation of benefit changes adopted as part of the SEBAC 2017 agreement. Should spending in these areas not come into alignment with allocated resources, revisions to the Executive Order Resource Allocation Plan will be necessary.

Special Transportation Fund

We project that the Special Transportation Fund will end the year with an operating surplus of \$32.4 million, and that the fund balance as of June 30, 2018, will be \$130.0 million. Projected revenues in the Special Transportation Fund are unchanged from last month's estimate and remain \$29.1 million below the May 1, 2017 consensus revenue forecast which served as the basis for the Governor's Executive Order Resource Allocation Plan. Expenditures remain consistent with the Executive Order Resource Allocation Plan.

As noted in the introduction of this letter, a budget for the FY 2018 and FY 2019 biennium has not been finalized. It is our hope that a budget agreement can be reached soon. Until a budget is signed into law, future forecasts will reflect results against the Executive Order Resource Allocation Plan, as revised from time to time.

Sincerely,

A handwritten signature in blue ink that reads "Benjamin Barnes". The signature is fluid and cursive, with the first name being more prominent.

Benjamin Barnes
Secretary

Summary
September 20, 2017

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2018
As of August 31, 2017
(In Millions)

General Fund

Balance from Operations - Prior Month		\$	(93.9)
Revenues			
No Changes	<u>0.0</u>		0.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		0.0
Estimated Balance from Operations - June 30, 2018		<u>\$</u>	<u>(93.9)</u>
Proposed Transfer from Municipal Revenue Sharing Fund		\$	94.5
Net General Fund Balance after Transfer		<u>\$</u>	<u>0.6</u>

Special Transportation Fund

Fund Balance as of June 30, 2017		\$	97.6
Balance from Operations - Prior Month			32.4
Revenues			
No Changes	<u>0.0</u>		0.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	0.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		0.0
Estimated Fund Balance - June 30, 2018		<u>\$</u>	<u>130.0</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2018
As of August 31, 2017
(In Millions)

	Budget Plan ¹	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 15,897.9	\$ 15,897.9	\$ -
Less: Refunds	(1,304.1)	(1,304.1)	-
Taxes - Net	\$ 14,593.8	\$ 14,593.8	\$ -
Other Revenue	1,214.1	1,214.1	-
Other Sources	1,352.1	1,352.1	-
TOTAL Revenue	\$ 17,160.0	\$ 17,160.0	\$ -
EXPENDITURES			
Initial Current Year Appropriations	\$ 17,253.9	\$ 17,253.9	\$ -
Prior Year Appropriations Continued to FY 2018 ²		60.2	60.2
TOTAL Initial and Continued Appropriations	\$ 17,253.9	\$ 17,314.1	\$ 60.2
Appropriation Adjustments	-	-	-
TOTAL Adjusted Appropriations	\$ 17,253.9	\$ 17,314.1	\$ 60.2
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	-	(6.9)	(6.9)
Estimated Appropriations to be Continued to FY 2019		-	-
TOTAL Estimated Expenditures	\$ 17,253.9	\$ 17,307.2	\$ 53.3
Net Change in Fund Balance - Continuing Appropriations		(60.2)	(60.2)
Miscellaneous Adjustments/Rounding		(6.9)	(6.9)
Net Change in Unassigned Fund Balance - 6/30/2018	\$ (93.9)	\$ (93.9)	\$ -

1. In the absence of an enacted budget by the legislature, budgeted amounts reflect the Governor's Executive Order Resource Allocation Plan, June 26, 2017. Revenue amounts are consistent with the May 1, 2017, consensus revenue forecast issued pursuant to CGS 2-36c, as modified by PA 17-51 and Executive Order 58.

2. CGS Sec. 4-89 and other statutory provisions.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2018
As of August 31, 2017
(In Millions)

	Budget Plan ¹ :	Revised Estimates OPM	Over/ (Under)
TAXES			
Personal Income	\$ 9,096.7	\$ 9,096.7	\$ -
Sales and Use	3,841.5	3,841.5	-
Corporation	872.1	872.1	-
Public Service Corporations	297.6	297.6	-
Inheritance and Estate	180.1	180.1	-
Insurance Companies	211.7	211.7	-
Cigarettes	358.9	358.9	-
Real Estate Conveyance	215.6	215.6	-
Alcoholic Beverages	62.6	62.6	-
Admissions and Dues	39.5	39.5	-
Health Provider Tax	701.1	701.1	-
Miscellaneous	20.5	20.5	-
TOTAL - TAXES	\$ 15,897.9	\$ 15,897.9	\$ -
Less: Refunds of Taxes	(1,146.8)	(1,146.8)	-
Earned Income Tax Credit	(150.0)	(150.0)	-
R & D Credit Exchange	(7.3)	(7.3)	-
TOTAL - TAXES - NET	\$ 14,593.8	\$ 14,593.8	\$ -
OTHER REVENUE			
Transfers - Special Revenue	\$ 338.3	\$ 338.3	\$ -
Indian Gaming Payments	267.3	267.3	-
Licenses, Permits, Fees	298.7	298.7	-
Sales of Commodities and Services	43.8	43.8	-
Rents, Fines, Escheats	141.3	141.3	-
Investment Income	5.9	5.9	-
Miscellaneous	181.3	181.3	-
Refunds of Payments	(62.5)	(62.5)	-
TOTAL - OTHER REVENUE	\$ 1,214.1	\$ 1,214.1	\$ -
OTHER SOURCES			
Federal Grants	\$ 1,255.5	\$ 1,255.5	\$ -
Transfer from Tobacco Settlement Fund	93.7	93.7	-
Transfers From/(To) Other Funds	2.9	2.9	-
TOTAL - OTHER SOURCES	\$ 1,352.1	\$ 1,352.1	\$ -
TOTAL - GENERAL FUND REVENUE	\$ 17,160.0	\$ 17,160.0	\$ -

1. In the absence of an enacted budget by the legislature, budgeted amounts reflect the Governor's Executive Order Resource Allocation Plan, June 26, 2017. Amounts are consistent with the May 1, 2017, consensus revenue forecast issued pursuant to CGS 2-36c, as modified by PA 17-51 and Executive Order 58.

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2018
As of August 31, 2017

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

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2018
As of August 31, 2017

Executive Order 58 Resource Allocation Revisions - net	\$ 6,900,000
Total	<u>\$ 6,900,000</u>

State of Connecticut
FY 2018 General Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan ¹	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
REVENUE	\$ 17,160.0	\$ 17,160.0	\$ 17,160.0										
Appropriations	17,253.9	17,253.9	17,253.9										
Additional Requirements	0.0	0.0	0.0										
Less: Estimated Lapses	0.0	(6.9)	(6.9)										
TOTAL - Estimated Expenditures	17,253.9	17,247.0	17,247.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	(93.9)	(87.0)	(87.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Adjustments/Rounding	0.0	(6.9)	(6.9)										
Est. Balance from Operations - 6/30/18	(\$93.9)	(\$93.9)	(\$93.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. In the absence of an enacted budget by the legislature, budgeted amounts reflect the Governor's Executive Order Resource Allocation Plan, June 26, 2017. Revenue amounts are consistent with the May 1, 2017, consensus revenue forecast issued pursuant to CGS 2-36c, as modified by PA 17-51 and Executive Order 58.

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2018
As of August 31, 2017
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Fund Balance as of June 30, 2017	\$ 102.9	\$ 97.6	\$ (5.3)
REVENUE			
Taxes	\$ 1,199.9	\$ 1,176.8	\$ (23.1)
Less: Refunds of Taxes	<u>(12.6)</u>	<u>(12.6)</u>	<u>-</u>
Taxes - Net	1,187.3	1,164.2	(23.1)
Other Revenue	<u>406.2</u>	<u>400.2</u>	<u>(6.0)</u>
TOTAL - Revenue	\$ 1,593.5	\$ 1,564.4	\$ (29.1)
EXPENDITURES			
Appropriations	\$ 1,532.0	\$ 1,532.0	\$ -
Prior Year Appropriations Continued to FY 2018 ^{2.}		30.4	30.4
TOTAL Initial and Continued Appropriations	\$ 1,532.0	\$ 1,562.4	\$ 30.4
Appropriation Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL Adjusted Appropriations	\$ 1,532.0	\$ 1,562.4	\$ 30.4
Net Additional Expenditure Requirements		-	-
Estimated Appropriations Lapsed	-	-	-
Estimated Appropriations to be Continued to FY 2019		<u>-</u>	<u>-</u>
TOTAL Estimated Expenditures	\$ 1,532.0	\$ 1,562.4	\$ 30.4
Net Change in Fund Balance - Continuing Appropriations		(30.4)	(30.4)
Miscellaneous Adjustments/Rounding		-	-
Net Change in Unassigned Fund Balance - FY 2018	\$ 61.5	\$ 32.4	\$ (29.1)
Estimated Fund Balance - June 30, 2018	<u>\$ 164.4</u>	<u>\$ 130.0</u>	<u>\$ (34.4)</u>

1. In the absence of an enacted budget by the legislature, budgeted amounts reflect the Governor's Executive Order Resource Allocation Plan, June 26, 2017. Revenue amounts are consistent with the May 1, 2017 consensus revenue forecast issued pursuant to CGS 2-36c.
2. CGS Sec. 4-89 and other statutory provisions.

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2018
As of August 31, 2017
(In Millions)

	<u>Budget Plan ¹</u>	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
TAXES			
Motor Fuels	\$ 505.3	\$ 501.8	\$ (3.5)
Oil Companies	278.8	264.3	(14.5)
Sales & Use Tax	327.8	324.7	(3.1)
Sales Tax DMV	88.0	86.0	(2.0)
TOTAL - TAXES	<u>1,199.9</u>	<u>1,176.8</u>	<u>(23.1)</u>
Less: Refunds of Taxes	<u>(12.6)</u>	<u>(12.6)</u>	<u>-</u>
TOTAL - TAXES - NET	<u>\$ 1,187.3</u>	<u>\$ 1,164.2</u>	<u>\$ (23.1)</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 251.8	\$ 245.8	\$ (6.0)
Licenses, Permits, Fees	143.4	143.4	-
Interest Income	9.5	9.5	-
Federal Grants	12.1	12.1	-
Transfers (To)/From Other Funds	(6.5)	(6.5)	-
Refunds of Payments	<u>(4.1)</u>	<u>(4.1)</u>	<u>-</u>
TOTAL - OTHER REVENUE	<u>\$ 406.2</u>	<u>\$ 400.2</u>	<u>\$ (6.0)</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	<u>\$ 1,593.5</u>	<u>\$ 1,564.4</u>	<u>\$ (29.1)</u>

1. In the absence of an enacted budget by the legislature, budgeted amounts reflect the Governor's Executive Order Resource Allocation Plan, June 26, 2017. Amounts are consistent with the May 1, 2017 consensus revenue forecast issued pursuant to CGS 2-36c.

Statement 3T
September 20, 2017

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2018
As of August 31, 2017

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

Statement 4T
September 20, 2017

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2018
As of August 31, 2017

No Lapses	\$	-
Total	<u>\$</u>	<u>-</u>

State of Connecticut
FY 2018 Special Transportation Fund
Monthly Summary of Operations
(In Millions)

	Budget Plan ¹	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018
Beginning Balance ²	\$ 102.9	\$ 102.9	\$ 97.6										
Revenue	<u>1,593.5</u>	<u>1,564.4</u>	<u>1,564.4</u>										
Total Available	1,696.4	1,667.3	1,662.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appropriations	1,532.0	1,532.0	1,532.0										
Additional Requirements	0.0	0.0	0.0										
Less: Estimated Lapses	<u>-</u>	<u>-</u>	<u>-</u>										
TOTAL - Estimated Expenditures	1,532.0	1,532.0	1,532.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Balance from Operations	61.5	32.4	32.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Adjustments/Rounding	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>										
Estimated Balance 6/30/18	\$164.4	\$135.3	\$130.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

1. In the absence of an enacted budget by the legislature, budgeted amounts reflect the Governor's Executive Order Resource Allocation Plan, June 26, 2017. Revenue amounts are consistent with the May 1, 2017 consensus revenue forecast issued pursuant to CGS 2-36c.

2. Budget Plan, July and August as estimated by the Office of Policy and Management.