

I. OVERVIEW

General Fund Budget Development

In November 2016, OFA projected a General Fund deficit of \$77.5 million for the current fiscal year (FY 17) but more ominously projected a significant structural shortfall of \$1.2 billion in FY 18 based on the new fixed cost methodology.

By February 2017, based on new consensus revenue calculations, the General Fund gaps had grown to \$1.7 billion in FY 18 and \$1.9 billion in FY 19. The recommended FY 18 - FY 19 biennial budget that the Governor proposed to the General Assembly closed these gaps, as is required by law, by increasing revenues by \$321 million in FY 18 and by \$287 million in FY 19 while reducing appropriations by \$1.4 billion in FY 18 and by \$1.6 billion in FY 19. When combined, the Governor's budget resulted in a balance of \$2.1 million in FY 18 and \$4.5 million in FY 19.

The April consensus revenue estimates further reduced anticipated revenue by approximately \$600 million in FY 18 and \$860 million in FY 19.

FY 18 and FY 19 Budget

A budget (PA 17-1, June Special Session¹) passed both houses of the General Assembly on September 15, 2017. However, this act was vetoed by the Governor.

The budget (PA 17-2, JSS² (JSS)) passed the Senate on October 25th and the House of Representatives on October 26th. This Governor exercised his line item veto authority over certain provisions of this budget.

Finally, PA 17-4 JSS³ passed the Senate on November 14th and the House of Representatives on November 15th. This bill made final adjustments to the budget and addressed the impact of the Governor's line item veto on PA 17-2.

The FY 18 General Fund budget grows by 4.6% when compared to FY 17 Appropriations. Similarly, the FY 19 budget grows by 0.5% when compared to the FY 18 budget. The final budget included revenue increases of \$ 1,654 million in FY 18 and \$ 1,735 million in FY 19 combined with appropriation increases of \$826.1 million in FY 18 and by \$100.5 million in FY 19.

¹ PA 17-1, JSS, An Act Concerning the State Budget for the Biennium Ending June 30, 2019, Appropriations and Implementing Provisions Therefor, and Authorizing and Adjusting Bonds of the State for Various Purposes.

² PA 17-2, JSS, An Act Concerning the State Budget for the Biennium Ending June 30, 2019, Making Appropriations Therefore, Authorizing Bonds of the State and Implementing Provisions of the Budget.

³ PAA 17-4, JSS, An Act Making Minor and Technical Changes to the State Budget and Implementing Provisions for the Biennium Ending June 30th, 2019.

Comparison of FY 18 and FY 19 Appropriations to Revenue Estimates
(in millions)

Fund	FY 18 \$			FY 19 \$		
	Approp	Revenue	Balance	Approp	Revenue	Balance
General	18,690.1	18,739.3	49.3	18,790.6	18,908.2	117.6
Transportation	1,510.9	1,588.5	77.6	1,628.1	1,628.1	0.0
Other Appropriated	229.5	239.0	9.5	239.5	250.4	10.9
TOTAL	20,430.5	20,566.8	136.3	20,658.2	20,786.7	128.5

The budget includes appropriations totaling \$20,430.5 million in FY 18 and \$20,658.2 million in FY 19.

Fund Summary of FY 18 and FY 19 Appropriations
(in millions)

Gross Appropriations by Fund	Legislative	
	FY 18 \$	FY 19 \$
General Fund	19,571,654,760	19,885,371,203
Special Transportation Fund	1,522,906,625	1,640,068,939
Banking Fund	27,413,284	27,386,848
Insurance Fund	90,234,868	95,035,932
Consumer Counsel and Public Utility Control Fund	25,571,954	25,571,954
Workers' Compensation Fund	24,652,430	24,940,502
Mashantucket Pequot and Mohegan Fund	57,649,850	49,942,796
Regional Market Operation Fund	1,067,306	1,067,306
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	-	12,644,988
Total Gross Appropriations	21,324,085,165	21,764,964,556
General Fund Lapses		
Unallocated Lapse	(42,250,000)	(51,765,570)
Unallocated Lapse - Legislative	(1,000,000)	(1,000,000)
Unallocated Lapse - Judicial	(3,000,000)	(8,000,000)
Statewide Hiring Reduction - Executive	(6,500,000)	(7,000,000)
Targeted Savings	(111,814,090)	(150,878,179)
Reflect Delay	(8,500,000)	-
Achieve Labor Concessions	(700,000,000)	(867,600,000)
Municipal Aid Savings	(8,500,000)	(8,500,000)

Gross Appropriations by Fund	Legislative	
	FY 18 \$	FY 19 \$
Total General Fund Lapses	(881,564,090)	(1,094,743,749)
Special Transportation Fund Lapses		
Unallocated Lapse	(12,000,000)	(12,000,000)
Total Special Transportation Fund Lapses	(12,000,000)	(12,000,000)
Net Appropriations		
General Fund	18,690,090,670	18,790,627,454
Special Transportation Fund	1,510,906,625	1,628,068,939
Banking Fund	27,413,284	27,386,848
Insurance Fund	90,234,868	95,035,932
Consumer Counsel and Public Utility Control Fund	25,571,954	25,571,954
Workers' Compensation Fund	24,652,430	24,940,502
Mashantucket Pequot and Mohegan Fund	57,649,850	49,942,796
Regional Market Operation Fund	1,067,306	1,067,306
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	-	12,644,988
Total Net Appropriations	20,430,521,075	20,658,220,807