

December 5, 2019



CONNECTICUT GENERAL ASSEMBLY

Office of Fiscal Analysis

Fiscal Accountability Presentation

OFA DIRECTOR

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A FAR Journey

Current Fiscal Years (FY 20 – FY 21)

Out Years (FY 22 – FY 24)

Additional Discussions

Financial Summary by Fund

In Million of Dollars

Fund	FY 20	FY 21	FY 22	FY 23	FY 24
General Fund (GF)					
November Consensus Revenue	19,375.7	20,194.5	19,734.9	20,071.3	20,606.1
Expenditures					
Previous Year Expenditure			20,010.7	19,734.9	20,071.3
Fixed Cost Growth			481.1	744.8	286.4
Expenditure Reduction ²			(757.0)	(408.4)	-
Subtotal	19,405.3	20,010.7	19,734.9	20,071.3	20,357.7
GF BALANCE	(29.6)	183.8	-	-	248.4
Special Transportation Fund (STF)					
November Consensus Revenue	1,732.7	1,877.9	2,006.6	2,117.3	2,144.0
Expenditures					
Previous Year Expenditure			1,820.9	1,904.9	2,016.1
Fixed Cost Growth			84.0	111.1	77.9
Expenditure Reduction ²			-	-	-
Subtotal	1,723.8	1,820.9	1,904.9	2,016.1	2,094.0
STF BALANCE	8.9	57.0	101.7	101.2	50.0
Other Appropriated Funds					
Revenue	256.0	271.0	279.1	282.1	280.7
Expenditures					
Previous Year Expenditure			267.6	269.8	274.2
Fixed Cost Growth			2.9	6.8	(2.5)
Expenditure Reduction ²			(0.7)	(2.4)	(2.0)
Subtotal	252.8	267.6	269.8	274.2	269.7
OTHER APPROP. FUNDS BALANCE	3.2	3.4	9.3	7.9	11.0
All Appropriated Funds					
Revenue	21,364.4	22,343.4	22,020.6	22,470.7	23,030.8
Expenditures	21,382.0	22,099.2	21,909.6	22,361.5	22,721.4
ALL APPROP. FUNDS BALANCE	(17.6)	244.2	111.0	109.1	309.4

¹The FY 20 Other Appropriated Funds revenue projection includes the use of \$6.6 million in prior year fund balances that are needed to accommodate projected FY 20 expenditures.

²Pursuant to CGS Sec. 2-36(b).

November Updates to FY 20 General Fund Estimates

In Millions of Dollars

Summary	FY 20
Budgeted Balance ¹	141.1
Revenue	
Budgeted	19,460.2
Consensus Adjustment	
Tax Refunds	(100.0)
Sales and Use	46.8
Plastic Bags	(20.7)
Other Changes	(10.6)
Subtotal	(84.5)
Expenditures	
Budgeted	19,319.1
Unidentified Lapses	2.1
Agency Deficiencies	84.3
Subtotal	86.3
SURPLUS/(DEFICIT)	(29.7)

¹Section 50 of PA 19-117 transfers \$30 million out of the General Fund in FY 20, associated with a court settlement between the State of Connecticut and hospitals, reducing the FY 20 General Fund balance to \$111.1 million.

FY 20 Estimated Deficiency Needs

In Millions of Dollars

Agency	FY 20
Department of Social Services	31.2
State Comptroller - Adjudicated Claims	27.0
State Comptroller - Fringe Benefits	11.9
Department of Correction	10.6
Office of Early Childhood	1.8
Department of Mental Health and Addiction Services	1.5
Department of Emergency Services and Public Protection	0.3
TOTAL	84.3

General Fund Fixed Cost Changes and Non-Fixed Cost Reductions

In Millions of Dollars

Category	FY 21	FY 22	FY 23	FY 24
November consensus revenue	20,194.5	19,734.9	20,071.3	20,606.1
Previous year expenditures		20,010.7	19,734.9	20,071.3
Fixed Cost Changes				
Medicaid and other entitlements		101.2	106.4	109.9
State employee pension and retiree health		138.8	163.4	63.8
Teachers' retirement and retiree health		120.9	120.4	119.6
Debt service		101.8	246.5	100.8
Negotiated personnel costs		18.4	108.2	(107.7)
Subtotal - Fixed Cost Changes		481.1	744.8	286.4
Non-fixed cost expenditure reductions		(757.0)	(408.4)	-
Subtotal - Expenditures	20,010.7	19,734.9	20,071.3	20,357.7
BALANCE	183.8	-	-	248.4
Unadjusted balance	183.8	(757.0)	(1,165.4)	(917.0)

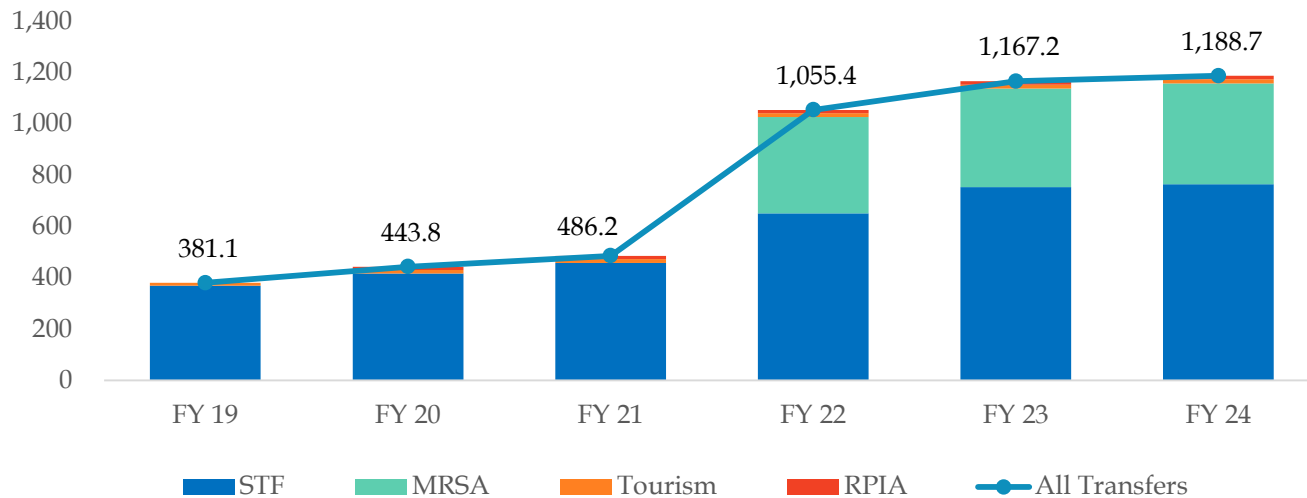
Projected Changes from FY 21 to FY 22

TOTAL: (940.7)		(375.9)	Municipal Revenue Sharing Account Diversion
		(184.3)	Special Transportation Fund Diversion
		(245.1)	Loss of Temporary Revenue Non-recurring Transfers (170.1) Expiring Tax Policies (75)
		(95.7)	Tax Reductions (47.1) and Other Policies (48.6)
Revenue Policy (901.0)			
Structural Imbalance (39.7)		(39.7)	Revenue growth (441.4) vs. Fixed cost growth (481.1)

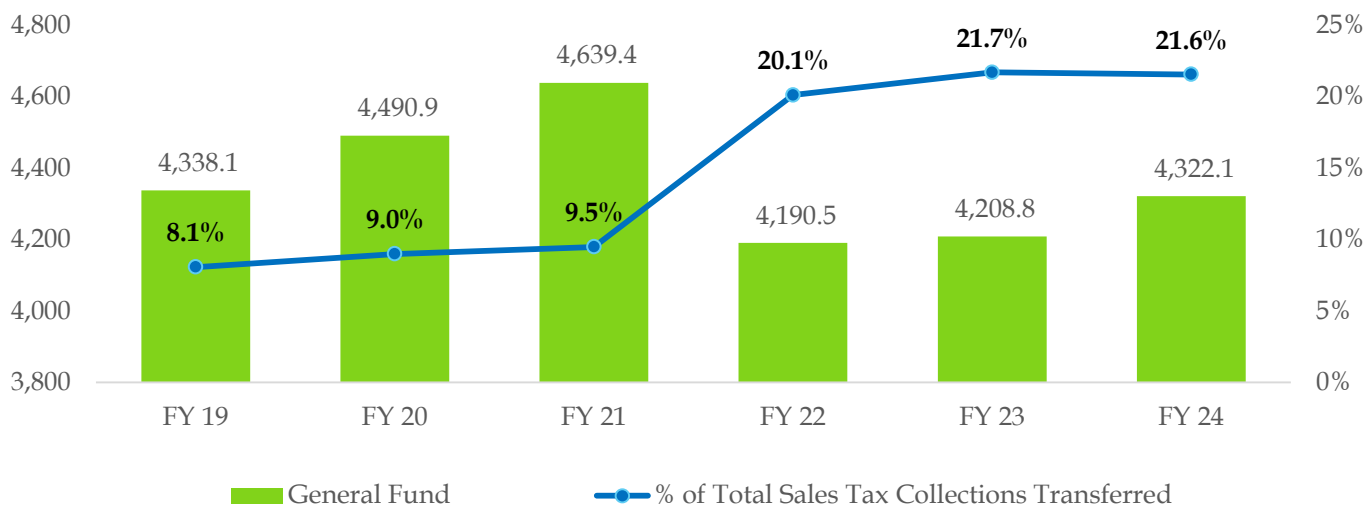
Sales Tax Transfer to Various Funds

In Millions of Dollars

Non-General Fund Estimated Sales and Use Tax



Estimated Sales and Use Tax for the General Fund



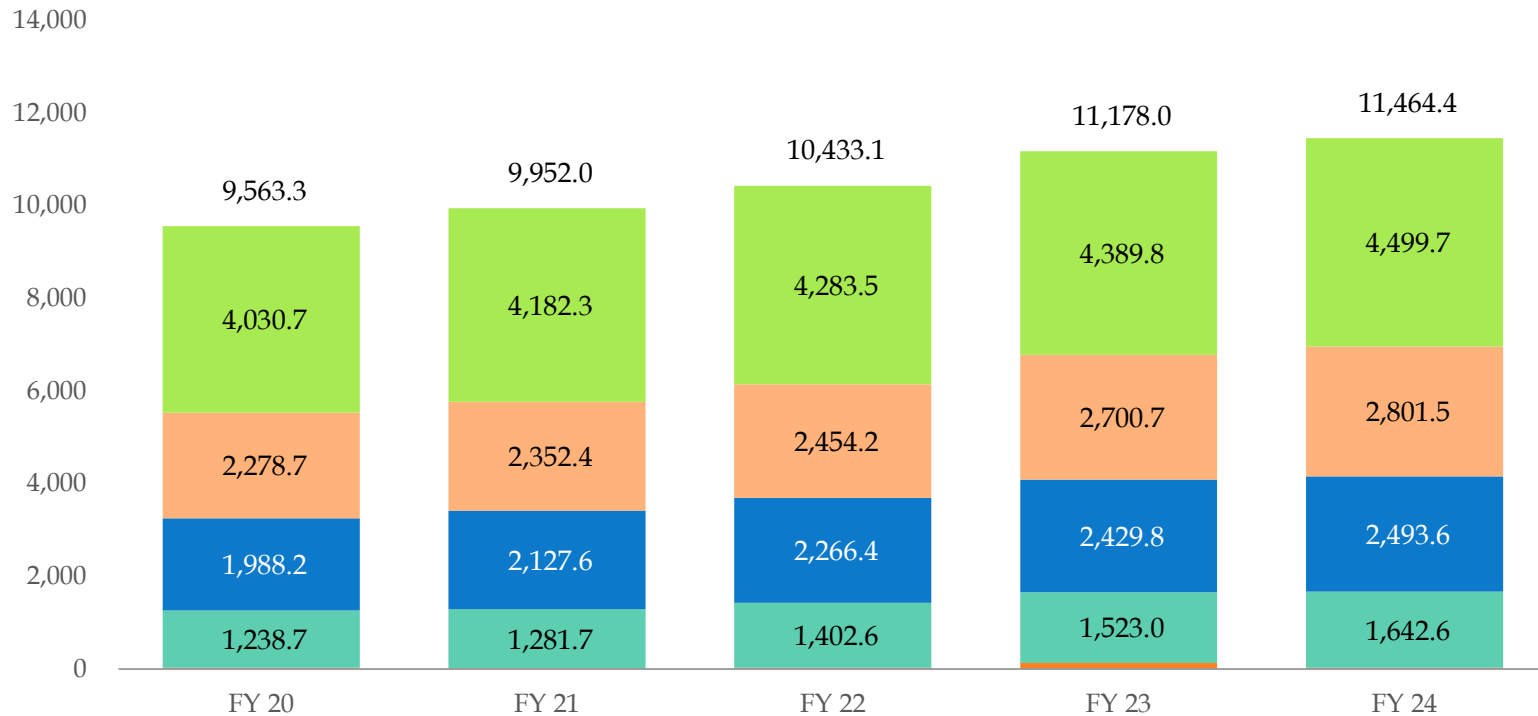
Revenue Growth by Source

In Millions of Dollars - Change from Prior Year

Source	FY 22	FY 23	FY 24
Personal Income Tax	307.6	365.7	377.7
Sales Tax	115.6	109.5	112.5
Business Taxes	50.8	28.4	69.8
Other Revenue	32.4	(15.8)	48.9
Federal Grants	9.7	31.5	32.4
Refunds	(74.7)	(58.3)	(60.7)
TOTAL GROWTH	441.4	461.0	580.6
PERCENT GROWTH	2.2%	2.3%	2.8%

General Fund Fixed Cost Expenditures¹

In Millions of Dollars

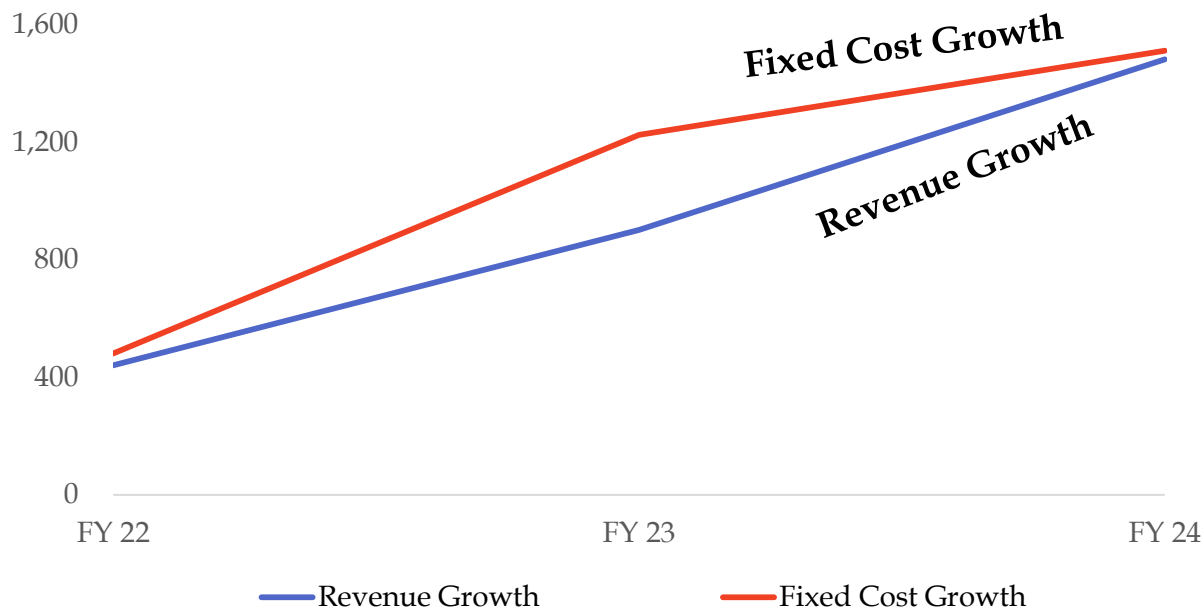


- Entitlements
- Debt Services
- State Employees Retirement and Retiree Health Care
- Teachers' Retirement Pension and Retiree Health Care
- Other: Adjudicated Claims and Personnel Costs

¹Personnel costs reflect expenses associated with three collective bargaining contracts and the 27th payroll in FY 23.

Cumulative Structural Imbalance

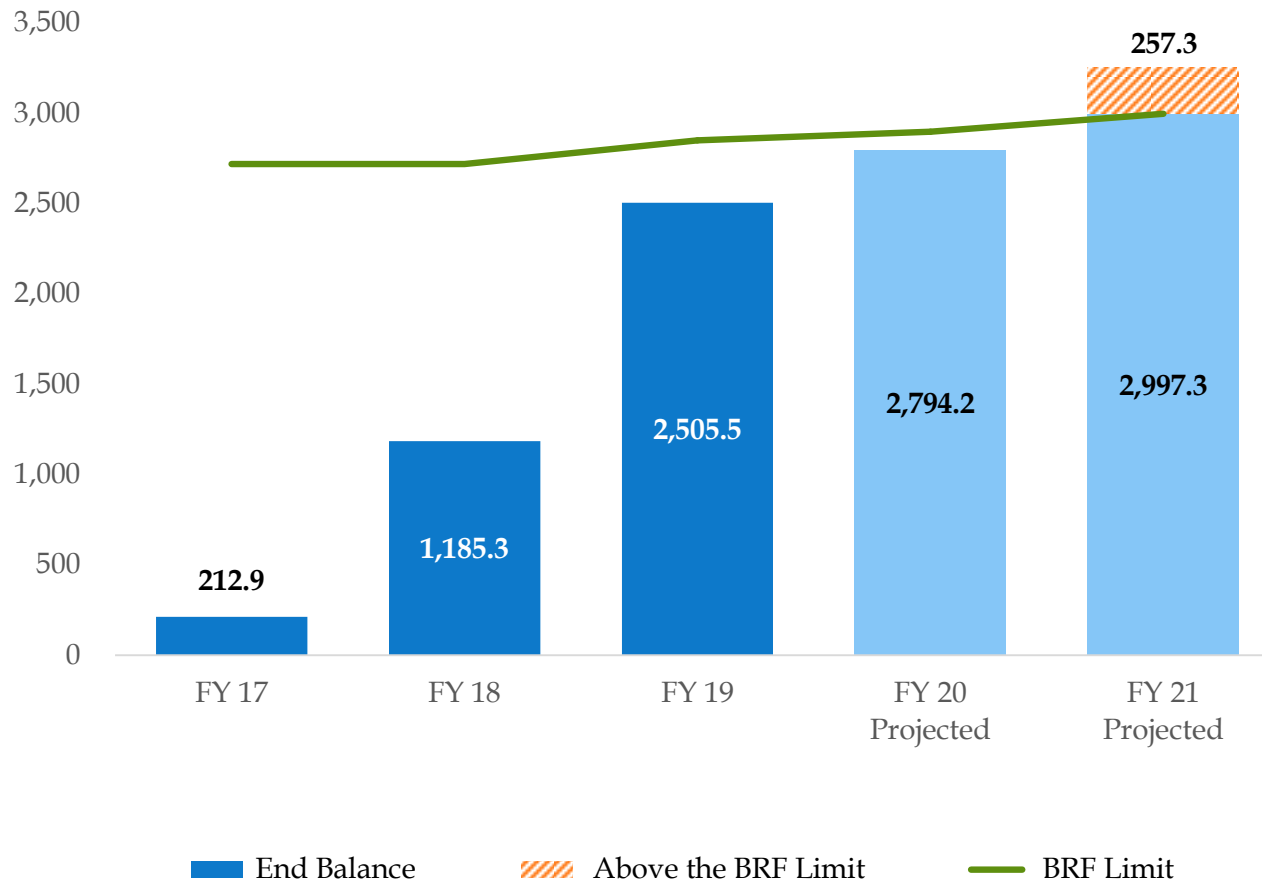
In Millions of Dollars



Category	FY 22	FY 23	FY 24	TOTAL	Average Growth	
					\$	%
Revenue Growth	441.4	461.0	580.6	1,483.0	494.3	2.5%
Fixed Cost Growth	481.1	744.8	286.4	1,512.4	504.1	4.8%
BALANCE	(39.7)	(283.8)	294.2	(29.4)	(9.8)	

Budget Reserve Fund (BRF) Fiscal Year-End Balances

In Millions of Dollars



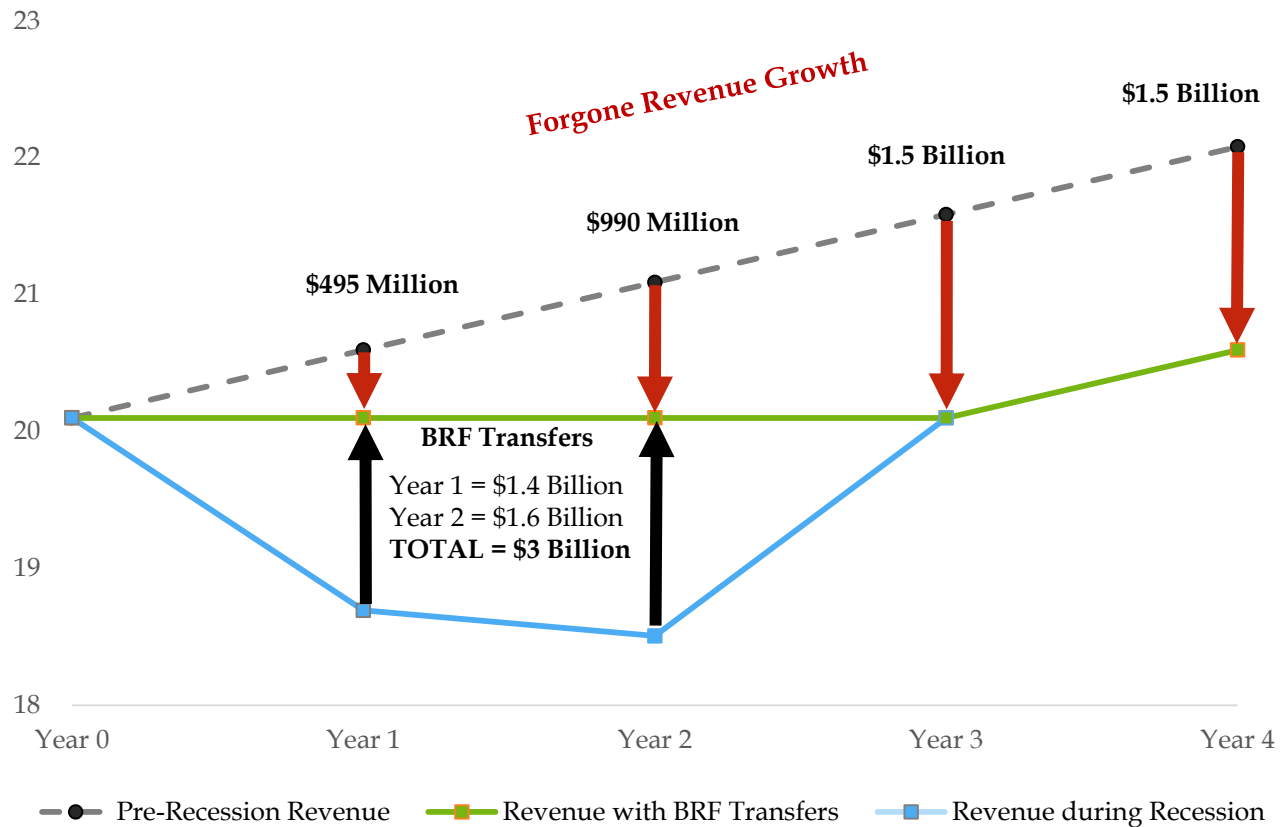
Special Transportation Fund (STF) Summary

In Millions of Dollars

Components	FY 20	FY 21	FY 22	FY 23	FY 24
Appropriations					
Starting Cumulative Balance	320.1	329.0	386.0	487.6	588.0
Appropriations	1,026.7	1,059.4	1,100.6	1,149.8	1,167.6
Debt Service	697.1	761.5	804.4	867.1	924.5
Subtotal	1,723.8	1,820.9	1,904.9	2,016.1	2,094.0
Revenue					
Other revenue	1,315.3	1,418.9	1,355.0	1,363.3	1,378.7
0.5% Sales Tax	355.5	367.6	375.9	384.6	394.1
Motor Vehicle Sales Tax	61.9	91.4	275.7	369.4	371.2
Subtotal	417.4	459	651.6	754	765.3
TOTAL	1,732.7	1,877.9	2,006.6	2,117.3	2,144.0
Operating Surplus/ Deficit	8.9	57.0	101.7	101.2	50.0
ENDING CUMULATIVE BALANCE	329.0	386.0	487.7	588.9	638.9
Debt Service Ratio	2.5	2.5	2.5	2.4	2.3

Estimated Impact of a Recession on Revenue

In Billions of Dollars



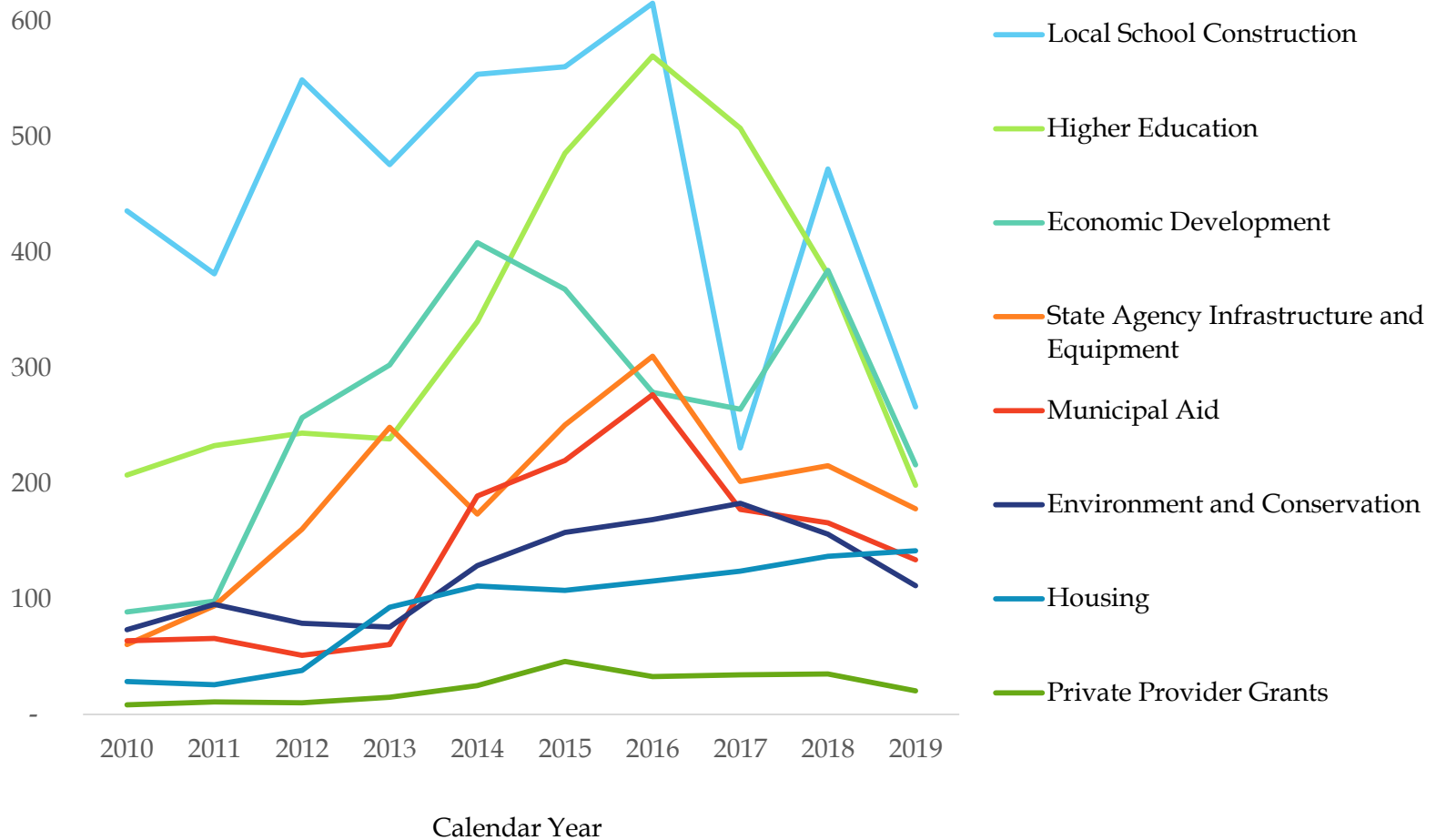
Estimates of General Obligation Bond Fund Use

In Millions of Dollars

Fiscal Year	Debt Service	Authorizations	Calendar Year Allocations	Issuances
20	2,279	1,729	1,797	1,797
21	2,352	1,628	1,860	1,860
22	2,454	1,800	1,791	1,791
23	2,701	1,800	1,725	1,725
24	2,802	1,800	1,685	1,685

General Obligation Bond Project Spending

In Millions of Dollars



Summary of Major Identifiable State Tax Expenditure Estimates¹

In Millions of Dollars

Category	FY 20	FY 21	FY 22	FY 23	FY 24
Personal Income Tax	412.6	443.6	536.7	569.1	602.4
Sales and Use Tax	4,104.1	4,196.2	4,290.3	4,386.6	4,488.8
Corporate and Insurance Taxes	399.7	404.9	406.0	410.8	419.9
Petroleum Companies Gross Earnings Tax	226.1	231.1	237.4	237.4	237.4
Motor Fuels and Motor Carrier Road Taxes	1,279.5	1,280.5	1,281.5	1,282.5	1,283.5
All Other Taxes	215.1	217.5	219.2	224.9	230.8
TOTAL	6,637.1	6,773.8	6,971.1	7,111.3	7,262.7

¹Includes estimated identifiable revenue reductions of \$100,000 or more.

Sales and Use Tax Category Comparison

In Millions of Dollars

Exemptions		FY 20	% of Total
	Consumer Goods	1,639.8	40.0%
	Business	256.4	6.2%
	Service	729.9	17.8%
	Government and Nonprofit Organizations	1,340.6	32.7%
	Miscellaneous	137.4	3.3%
TOTAL		4,104.1	100.0%

Questions and Answers Following OPM's Presentation

*Thank
you!*

