

# OFFICE OF FISCAL ANALYSIS

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## State Budget Projections General Fund February 25, 2013

### Summary

We are currently projecting a \$128 million deficit in the General Fund on a budgetary basis. This reflects a deficit reduction of \$10.6 million since last month. These figures do not include the setting aside of funds for GAAP, since the law requires this reserve only if available surplus exists.<sup>1</sup> See the table below for a summary.

FY 13 General Fund Overview (in millions)					
Estimates	Budget	January Projection	Current Projection	Difference from January	Difference from Budget
<b>Expenditures</b>	<b>19,140.1</b>	<b>19,118.1</b>	<b>19,107.5</b>	<b>(10.6)</b>	<b>(32.6)</b>
Agency Appropriations	19,256.4	19,256.4	19,256.4	0.0	0.0
Deficiency Requirements	0.0	362.0	363.6	1.6	363.6
Lapses	(116.3)	(500.3)	(512.5)	(12.2)	(396.2)
<b>Revenues</b>	<b>19,143.2</b>	<b>18,979.5</b>	<b>18,979.5</b>	-	<b>(163.7)</b>
Personal Income Tax	8,554.3	8,554.3	8,554.3	-	-
Sales and Use	4,045.9	3,886.2	3,886.2	-	(159.7)
Corporations	793.0	716.2	716.2	-	(76.8)
Federal Grants	3,629.0	3,752.9	3,752.9	-	123.9
Other Taxes and Refunds	1,014.9	949.5	949.5	-	(65.4)
Other Revenue Sources	1,106.0	1,120.4	1,120.4	-	14.4
<b>Operating Surplus/(Deficit)</b>	<b>3.1</b>	<b>(138.6)</b>	<b>(128.0)</b>	<b>10.6</b>	<b>(131.1)</b>
% of Expenditures	0.0%	-0.72%	-0.67%		

As noted in last month's statement, two factors may improve our FY 13 estimates in the coming months: 1) revenue from estimated and final income tax payments; and 2) savings due to hiring restrictions announced by OPM January 22, 2013. The positive effects, if any, of these two factors has not yet been determined. In contrast to these potentially positive trends, Sales and Use Tax collections continue to show minimal growth over last year's collections.

We will continue to monitor and update our estimates as more information on these three factors and others becomes available.

<sup>1</sup> Section 46 of PA 11-48 requires that \$50.0 million be reserved toward a GAAP (Generally Accepted Accounting Principles) conversion if an unappropriated surplus exists at the end of FY 13.

## Major Expenditure Changes since January

- Department of Children and Families – The Board and Care for Children –Residential account projection was reduced by \$7.4 million or 4.9% from last month’s projection due to a sustained caseload decrease. The Board and Care for Children –Residential account placements have decreased from a FY 13 high of 1,111 placements in July to a low of 990 placements in January (a decrease of 121 placements over seven months).
- Office of State Comptroller – Miscellaneous – The Adjudicated Claims account projection has increased by \$1.5 million due to year-to-date expenditure trends, which are currently trending 40% above the FY 13 appropriated level.
- Department of Correction – the Other Expenses account was increased by \$1.5 million or 2.2% from last month’s projection due to higher than projected expenses for food, heating oil, and maintenance.
- Department of Correction – the Inmate Medical Services account was decreased by \$1.0 million or 1.2% from last month’s projection due to the delayed filling of vacancies and lower than projected pharmacy costs.

## Deficient Agencies

Given the reduction in available funding that occurs due to budgeted lapses (holdbacks), we currently identify eight agencies that would require \$363.6 million in additional expenditure requirements. However, if available funding were to be released, this would reduce the need for deficiency funding to \$358.7 million.

FY 13 General Fund Estimated Agency Deficiency Needs					
Agency	Budgeted Appropriation	Available <sup>[1]</sup> Appropriation	Estimated Exp.	Deficiency without release of holdbacks	Deficiency with release of holdbacks
Department of Social Services	5,812,216,680	5,653,086,772	5,966,097,833	(313,011,061)	(311,167,181)
Department of Correction	618,949,296	611,255,837	631,896,593	(20,640,756)	(20,591,368)
Department of Mental Health and Addiction Services	693,499,397	682,316,572	695,184,074	(12,867,502)	(10,262,238)
Department of Emergency Services and Public Protection	151,569,768	153,179,717	165,319,044	(12,139,327)	(12,139,327)
Judicial Department	482,675,333	474,154,334	476,325,679	(2,171,345)	(1,814,205)
State Comptroller - Miscellaneous	4,000,000	4,000,000	5,500,000	(1,500,000)	(1,500,000)
State Comptroller	25,028,592	24,155,905	24,856,714	(700,809)	(700,809)
Department of Consumer Protection	14,621,623	14,601,075	15,201,077	(600,002)	(475,108)
			<b>Total</b>	<b>(363,630,800)</b>	<b>(358,650,234)</b>
[1] Appropriation less budgeted lapses, rescissions, and DMP					

## Major Revenue Changes

No changes have been made to revenue estimates since last month’s statement.

## Further Information

Use the links below to see detailed estimates by agency/account and revenue category.

[Expenditures XLS PDF](#)

[Revenues XLS PDF](#)