

OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building
 Hartford, CT 06106 - (860) 240-0200
 E-Mail: ofa@cga.ct.gov
www.cga.ct.gov/ofa

State Budget Projections General Fund April 30, 2013

Summary

We are currently projecting a \$212.5 million surplus in the General Fund on a budgetary basis. This reflects an improvement of \$263.2 million since last month. These figures do not include the setting aside of funds for GAAP, however, the law requires funds be reserved if available surplus exists.¹ See the table below for a summary.

FY 13 General Fund Overview (in millions)					
Estimates	Budget	March Projection	Current Projection	Difference from March	Difference from Budget
Expenditures	19,140.1	19,061.2	19,007.6	(53.6)	(132.5)
Agency Appropriations	19,256.4	19,256.4	19,256.4	-	-
Deficiency Requirements	0.0	348.3	302.2	(46.1)	302.2
Lapses	(116.3)	(543.5)	(551.0)	(7.5)	(434.7)
Revenues	19,143.2	19,010.5	19,220.1	209.6	76.9
Personal Income Tax	8,554.3	8,554.3	8,663.9	109.6	109.6
Sales and Use	4,045.9	3,886.2	3,856.6	(29.6)	(189.3)
Corporations	793.0	716.2	716.2	-	(76.8)
Federal Grants	3,629.0	3,752.9	3,729.2	(23.7)	100.2
Other Taxes and Refunds	1,014.9	986.8	1,157.8	171.0	142.9
Other Revenue Sources	1,106.0	1,114.1	1,096.4	(17.7)	(9.6)
Operating Surplus/(Deficit)	3.1	(50.7)	212.5	263.2	209.4
% of Expenditures	0.0%	-0.27%	1.12%		

Major Expenditure Changes since March

- State Comptroller- Miscellaneous - Adjudicated Claims account projection is increased by \$3.3 million or 60% from last month's projection due to recent settlements.
- State Comptroller - Fringe Benefits - Higher Education Alternative Retirement System account projection is increased by \$4.2 million or 18.6% from last month's projection due to additional expenditure information from the constituent units of higher education.

¹ 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.

- State Comptroller-Fringe Benefits- Employers Social Security Tax account projection was increased by \$4.4 million or 2.2% from last month's projections due to additional expenditure information.
- State Comptroller Fringe Benefits - Retired State Employees Health Service Cost account projection is decreased by \$33.6 million or 5.9% from last month's projection due to various factors including: 1) lower than projected claims expenditures, 2) the budget assumed a 5.6% premium increase, the actual FY 13 increase is 0%, 3) the budget assumed approximately \$30 million in savings from converting to an Employer Group Waiver Program for its prescription drugs for its Medicare eligible retirees, actual savings for FY 13 are anticipated to be \$56 million.
- State Comptroller Fringe Benefits - State Employees Health Service Cost account projection was increased by \$26.9 million or 5.1% from related account billing reconciliation.

Deficient Agencies

Given the reduction in available funding that occurs due to budgeted lapses (holdbacks), we currently identify seven agencies that would require \$302.2 million in additional expenditure requirements. However, if available funding were to be released, this would reduce the need for deficiency funding to \$297.6 million.

FY 13 General Fund Estimated Agency Deficiency Needs					
Agency	Budgeted Appropriation \$	Available ^[1] 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	5,901,741,710	(248,654,938)	(246,811,058)
Department of Correction	618,949,296	611,255,837	632,332,595	(21,076,758)	(21,027,370)
Department of Emergency Services and Public Protection	151,569,768	153,179,717	166,674,304	(13,494,587)	(13,494,587)
Department of Mental Health and Addiction Services	693,499,397	682,316,572	694,816,590	(12,500,018)	(9,894,754)
State Comptroller - Miscellaneous	4,000,000	4,000,000	8,800,000	(4,800,000)	(4,800,000)
State Comptroller	25,028,592	24,155,905	25,655,903	(1,499,998)	(1,499,998)
Department of Consumer Protection	14,621,623	14,601,075	14,785,076	(184,001)	(59,107)
			Total	(302,210,299)	(297,586,873)
[1] Appropriation less budgeted lapses, rescissions, and DMP					

Major Revenue Changes since March

- Inheritance & Estate Tax - The projection is increased by \$192.4 million due mainly to the impact of taxpayers choosing to make large taxable gifts in 2012, presumably due to uncertainty surrounding the federal fiscal cliff occurring late last year.
- Personal Income Tax - There is a net increase of \$109.6 million to the projection consisting of a \$76.5 million reduction in projected withholding revenues, which is more than offset by a \$186.1 million increase in projected estimated and final payment revenues.
- Sales and Use Tax - The FY 13 projection has been decreased by \$29.7 million, or 0.8%, from January 2013 Consensus. This is due to nearly stagnant growth in cumulative collections over the prior year.
- Health Provider Tax - The projection is decreased by \$10.5 million due to changes to the Intermediate Care Facility user fee.
- Transfers - Special Revenue - The projection is decreased by \$13.9 million to account for the impact of the drawing of two popular lottery combinations, which resulted in aberrantly high payouts.

- Federal Funds – The projection is decreased by \$27.1 million which is mostly attributable to a decrease in anticipated Medicaid expenditures of about \$54.2 million.

Further Information

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

[Expenditures XLS PDF](#)

[Revenues XLS PDF](#)