

As of March 25, 2024, the Office of Fiscal Analysis is projecting **\$297.9 million** in state agency General Fund shortfalls. The following table reflects the level of funding that is anticipated to be needed by various agencies from the General Fund this fiscal year.

FY 24 General Fund Estimated Deficiency Needs

In Millions of Dollars

Agency	Deficiency \$
Department of Social Services	125.6
State Comptroller - Fringe Benefits	67.8
State Comptroller - Miscellaneous	44.0
Department of Correction	33.7
Department of Mental Health and Addiction Services	13.2
PS Deficiencies Due to Holdbacks	7.9
CT Technical Education and Career System	3.1
Judicial Department	2.6
TOTAL	297.9

A description of each deficiency is provided below.

Department of Social Services - \$125.6 million

The projected deficiency of \$125.6 million reflects the net impact of shortfalls in several accounts that are partially offset by lapses. The Medicaid shortfall (\$140 million) is primarily driven by a reconciliation of costs related to Medicare Part D clawback billing, costs for undocumented individuals, and adjustments for ARPA HCBS. The shortfalls in Aid to the Disabled (\$4.5 million) and State Administered General Assistance (\$3.4 million) are due to both increased caseloads and higher than budgeted costs per case.

The lapse in HUSKY B (\$15.5 million) is primarily driven by lower than budgeted expenditures associated with state-funded HUSKY medical services for individuals regardless of immigration status. The lapse in Connecticut Home Care Program (\$5.6 million) is primarily due to ARPA HCBS adjustments. The lapse in Temporary Family Assistance (\$1 million) is due to lower than anticipated caseload and the lapse in Old Age Assistance (\$200,000) is due to variances in cost and caseload compared to budget.

Office of the State Comptroller - Fringe Benefits - \$67.8 million

A projected \$67.8 million deficiency is due to shortfalls in several accounts which are partially offset by lapses. The anticipated deficiencies are: (1) \$68 million in the Higher Education Alternative Retirement (ARP) account resulting from a change in the accounting of a policy enacted by PA 23-204, the FY 24 and FY 25 Budget; (2) \$19 million in the Other Post Employment Benefits account resulting from a decrease in ARP and SERS recovery rates; and (3) \$136,370 in the Pensions and Retirements - Other Statutory account. These deficiencies are partially offset by lapses within several accounts: (1) \$10.6 million in the State Employees Health Service Cost account; (2) \$3.5 million in the SERS Defined Contribution Match account;

(3) \$2.8 million in the Retired State Employees Health Service Costs account; (4) \$2 million in the Unemployment Compensation account; and (5) \$500,000 in the Insurance – Group Life account.

Office of the State Comptroller – Adjudicated Claims - \$44 million

There is a projected deficiency of \$44 million within the Adjudicated Claims account. No FY 24 appropriation was made for this account. Through March 21, approximately \$19 million has been expended, and an additional estimated \$25 million is anticipated for the settlement of two claims made against the State.

Department of Correction - \$33.7 million

A net deficiency of \$33.7 million is projected from a shortfall of \$34.2 million in Personal Services (PS), which is partially offset by a \$500,000 lapse in the Boards of Pardon and Parole account due to a delay in refilling vacancies. The deficit in PS is driven by: (1) the Finance Advisory Committee (FAC) transfer of \$23.2 million out of the PS account on March 7, 2024 to cover deficits in the Other Expenses and Inmate Medical Services accounts; (2) the increase in inmate population; and (3) higher than anticipated overtime and accumulated leave payments.

In 2023, a smaller than anticipated facility was closed due to a rise in inmate population, which results in higher than anticipated Personal Services costs. On January 1, 2022 there were 9,422 inmates and on March 1, 2024 there were 10,622, which is a 12.7% increase.

Department of Mental Health and Addiction Services - \$13.2 million

The projected deficiency of \$13.2 million reflects the net impact of shortfalls in Other Expenses, Professional Services, and Behavioral Health Medications that are partially offset by lapses in General Assistance Managed Care, Home and Community Based Services and Medicaid Adult Rehabilitation Option. The Other Expenses shortfall (\$9 million) is primarily due to higher than budgeted costs for utility, maintenance and food expenses at DMHAS facilities. The Professional Services shortfall (\$8 million) reflects the continued use of contracted doctors and nurses due to associated staff vacancies. The shortfall in Behavioral Health Medications (\$500,000) is driven by higher costs for psychotropic medications.

The lapse in General Assistance Managed Care (\$3 million) is due to lower Behavioral Health Recovery Program costs related to the implementation of substance use disorder initiatives. The lapse in Home and Community Based Services (\$1 million) is based on fewer referrals and the Medicaid Adult Rehabilitation Option lapse (\$300,000) is due to lower than projected claim activity.

Various Agencies (Personal Services) - \$7.9 million

There is a projected deficiency in Personal Services totaling \$7.9 million across six agencies due to the inability of some agencies to meet their portion of the \$80 million Personal Services holdback. The table below provides the associated projected deficiency for each such agency.

Agency	Deficiency \$
Department of Mental Health and Addiction Services	4,000,000
Judicial Department	1,700,000
CT Technical Education and Career System	1,000,000
Secretary of the State	450,000
Office of the Chief Medical Examiner	400,000
Agricultural Experiment Station	375,000
TOTAL	7,925,000

CT Technical Education and Career System - \$3.1 million

A projected \$3.1 million deficiency is due to shortfalls in both Personal Services (PS) and Other Expenses (OE). The PS shortfall of \$1.3 million beyond the holdback is the result of increased hires in FY 24. The \$1.8 million deficiency in OE is due to an increase in a variety of costs, including utilities.

Judicial Department - \$2.6 million

A deficiency of \$2.6 million in the Other Expenses account is projected due to higher than anticipated utility costs and information technology expenses.