

PART I. OVERVIEW

Section I. The FY 22 and FY 23 Biennial Budget

The Connecticut General Assembly was faced with projected General Fund deficits totaling \$1.08 billion in FY 22 and \$1.66 billion in FY 23. Most of the projected shortfalls are eliminated as a result of \$1.26 billion in revenue changes in FY 22 and \$1.85 billion in FY 23 (see **Table 1.1** for further detail). SA 21-15, the budget act, also made revenue and expenditure adjustments to the Special Transportation Fund and other appropriated funds, to align revenues and expenditures across all other appropriated funds.

Table 1.1 Development of the FY 22 and FY 23 Budget

In Millions of Dollars

Components	General Fund		Special Transportation Fund		Other Appropriated Funds		All Appropriated Funds	
	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22	FY 23
Base Estimates¹								
Revenue	19,757.6	19,963.0	1,884.7	2,021.8	272.2	277.9	21,914.4	22,262.6
Appropriations	20,835.6	21,618.9	1,857.6	1,956.6	272.7	274.9	22,965.8	23,850.5
Beginning Balance	(1,078.0)	(1,655.9)	27.1	65.2	(0.5)	2.9	(1,051.4)	(1,587.8)
Budget Changes								
+ Revenue	1,263.8	1,846.8	5.0	7.5	3.3	0.2	1,272.1	1,854.3
- Appropriations	(89.2)	(84.6)	(135.8)	(146.8)	2.5	2.5	(222.5)	(228.9)
Net Change	1,352.9	1,931.4	140.8	154.3	0.8	(2.3)	1,494.5	2,083.4
Final Budget								
Revenue	21,021.3	21,809.8	1,889.7	2,029.3	275.5	278.1	23,186.5	24,117.1
Appropriations	20,746.4	21,534.3	1,721.8	1,809.8	275.1	277.4	22,743.3	23,621.6
BUDGET BALANCE	274.9	275.4	167.9	219.5	0.3	0.6	443.1	495.6
<i>Balance after Revenue Cap²</i>	64.7	2.8	149.0	194.1	0.3	0.6	214.0	197.6

¹Base Estimates: Revenue according to April Consensus Revenue; Appropriations equal to FY 21 net appropriations plus current services updates contained in the FY 22 and FY 23 Biennial Budget.

²PA 17-2 JSS only permits the legislature to appropriate 99% of revenues in FY 22 and 98.75% of revenues in FY 23.

The budget is under the spending cap by \$22.2 million and \$35.7 million in FY 22 and FY 23, respectively. The FY 22 growth rate for all appropriated funds is 2.6% over the FY 21 appropriation. The FY 23 growth rate for all appropriated funds is 3.9% over the FY 22 appropriation. For a detailed calculation of the FY 22 and FY 23 spending cap please see **Appendix D**.

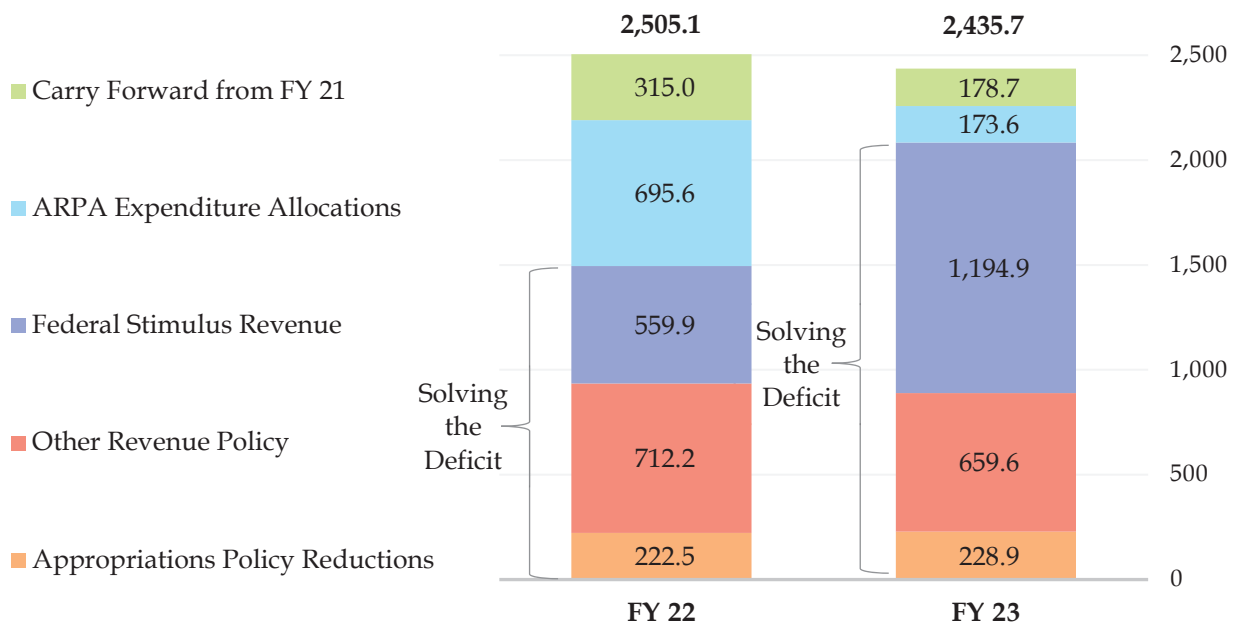
Solving the Deficit and Allocating Additional Funds

To adopt a balanced budget across all appropriated funds, the legislature needed to address the imbalance between projected revenues (approximately \$21.91 billion in FY 22 and \$22.26 billion in FY 23) and projected expenditures (approximately \$22.97 billion in FY 22 and \$23.85 billion in

FY 23), with projected expenditures reflecting the FY 21 budget as well as the increases required to maintain current services. To eliminate these deficits, the FY 22 and FY 23 Budget includes net policy changes totaling \$1,494.5 million in FY 22 and \$2,083.4 million in FY 23. **Figure 1.2** categorizes these policy changes into three areas: (1) net policy reductions to appropriations, (2) federal stimulus revenue from the American Rescue Plan Act (ARPA), and (3) other revenue policy.

The budget act, as amended by PA 21-2 June Special Session, the implementer, also allocates federal ARPA funds to support certain expenditures and carries forward surplus state appropriations from FY 21 into FY 22 and FY 23.⁴ **Figure 1.2** displays these additional funding allocations as well.

Figure 1.2 FY 22 and FY 23 Budget Policy Components
In Millions of Dollars



Of the total \$2,505.1 million in policy changes included for FY 22, half are funded by ARPA (56% in FY 23). Additionally, 13% of the total in FY 22 (7% in FY 23) is a one-time transfer from FY 21 into the FY 22 and FY 23 biennium.

⁴ In accordance with SA 21-1, *An Act Concerning Legislative Oversight and Approval of COVID-19 Relief Funds*.