

PART I. OVERVIEW

Section I. The FY 23 Revised Budget

The 2022 legislative session began with projected sizable positive balances in both the General and Special Transportation Funds. These balances were predominately attributed to a surge in revenues throughout FY 21. Adjustments adopted under PA 22-118 (as amended by PA 22-146), the FY 23 Revised Budget, reduced the projected all funds appropriated balance from \$2.3 billion to \$259.1 million after accounting for the revenue cap adjustment.

Table 1.1 Development of the FY 23 Revised Budget
In Millions of Dollars

Components	General Fund	Special Transportation Fund	Other Appropriated Funds	All Appropriated Funds
Base Estimates¹				
Revenue	23,384.2	2,242.7	278.1	25,905.0
Appropriations	21,534.3	1,809.8	277.4	23,621.6
Beginning Balance	1,849.9	432.9	0.7	2,283.4
Budget Changes				
+ Revenue	(996.0)	(150.8)	3.0	(1,143.8)
- Appropriations	554.8	16.3	3.3	574.4
Net Change to Balance	(1,550.8)	(167.1)	(0.3)	(1,718.3)
Final Budget				
Revenue	22,388.2	2,091.9	281.1	24,761.2
Appropriations	22,089.2	1,826.2	280.7	24,196.0
BUDGET BALANCE	299.0	265.7	0.4	565.1
<i>Balance after Revenue Cap²</i>	<i>19.2</i>	<i>239.6</i>	<i>0.4</i>	<i>259.1</i>

¹Base Estimates: revenue according to May 2nd (usually "April") Consensus Revenue; appropriations equal to FY 23 net appropriations from the FY 22 and FY 23 Biennial Budget (SA 21-15).

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

The budget is under the spending cap by \$0.2 million in FY 22 and \$8.6 million in FY 23. These calculations reflect a deappropriation of \$22 million in FY 22 from the Debt Service account. The FY 23 growth rate for all appropriated funds is 6.4% over the FY 22 appropriation. For a detailed calculation of the FY 22 and FY 23 spending cap, please see **Appendix D**.

Balancing the Budget and Allocating Additional Funds

Figure 1.2 illustrates how the large increase in projected revenues (\$1,788 million) under the original FY 23 budget allowed the legislature to simultaneously reduce revenue (by \$1,143.8 million) and increase expenditures (by \$574.4 million) in the FY 23 Revised Budget.

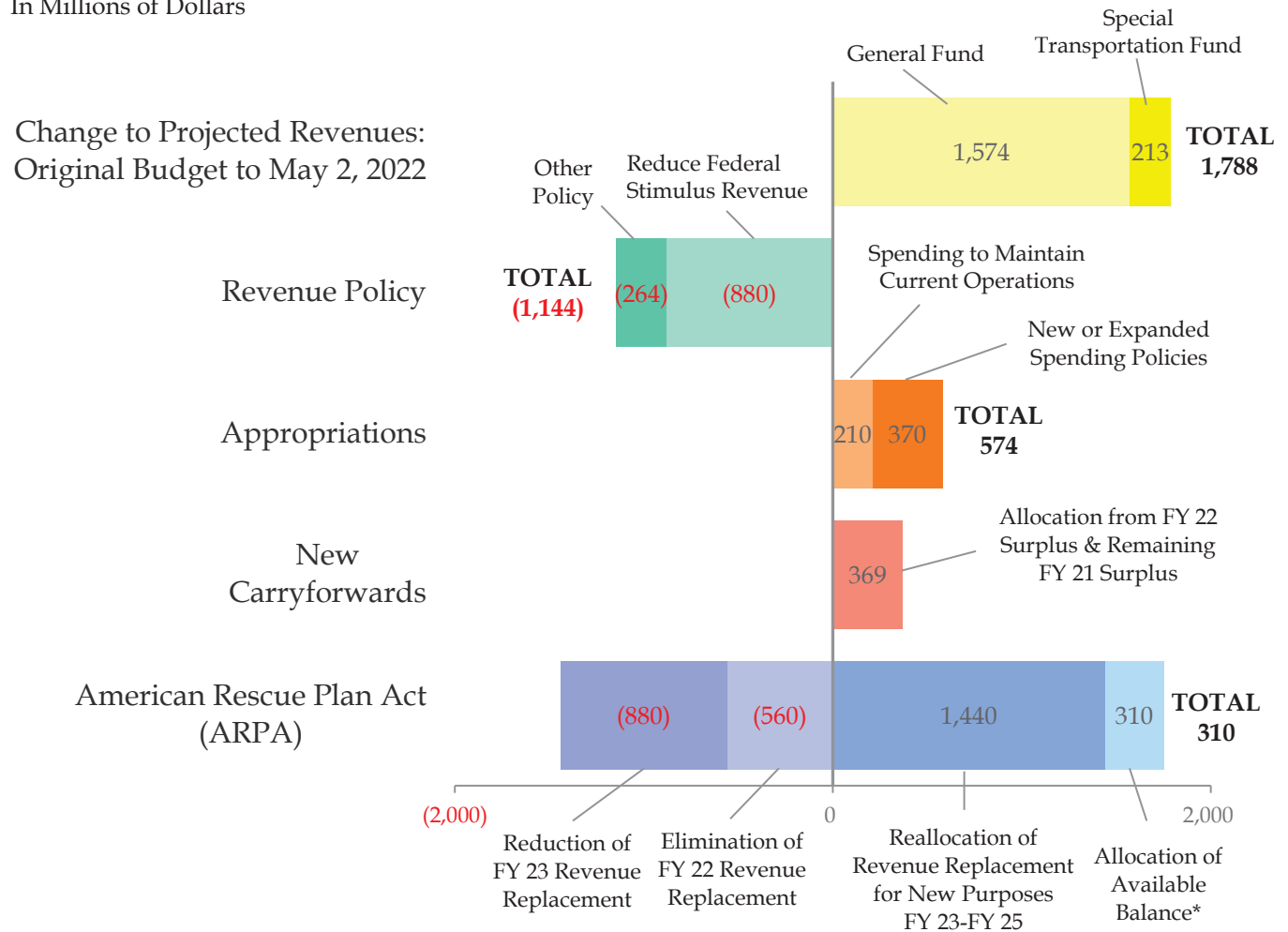
The revised budget also allocates over \$369 million in new carryforward funding that was available due to budget surpluses in FY 21 and FY 22.

Part of the revised budget's FY 23 revenue policy (\$880 million) is to reduce reliance on federal funding from the American Rescue Plan Act (ARPA) to replace state revenues. The revised

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budget also eliminates the transfer of about \$560 million in ARPA funding to replace FY 22 revenues. As shown in **Figure 1.2**, the revised budget reallocates this newly available \$1,440 million for alternative purposes as well as allocates \$310.3 million of ARPA funding that had remained unallocated under the previous budget.⁴

Figure 1.2 Summary of FY 23 Budget Revisions
In Millions of Dollars



Notes: New Carryforwards does not include "unexpended balance" amounts from three accounts. Allocation of Available Balance (ARPA) also includes the deallocation and reallocation of \$2 million previously allocated (see footnote below).

⁴ The FY 23 Revised Budget deallocates \$2 million in ARPA funding previously allocated by PA 20-2 JSS to the Department of Economic and Community Development (DECD) for the Connecticut Airport Authority. The FY 23 Revised Budget instead funds that project using carryforward funding and reallocates that \$2 million of ARPA funding for an alternative purpose.