



Office of Fiscal Analysis
Fiscal Accountability Presentation
to the Appropriations & Finance Committees

November 25, 2013



Topic Areas

1. FY 14 – FY 18 Budget Estimates
2. Tax Expenditures
3. FY 14 Deficiencies
4. Budget Reserve Fund
5. Bonding and Debt Service
6. Budget Trends and Areas of Concern
7. Uses of Surplus Funds



Methodology

1. Current Services – amount needed to continue current level of services in the next year(s); includes:
2. Inflation
3. Annualization of Partial Year Costs
4. Caseload changes
5. Statutory requirements/court orders
6. Continuation of multi-phase projects
7. Expenditure projections are driven by detailed account estimates and totaled and compared to revenue



General Fund Projections (in millions)

Projections	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Expenditures	17,132.5	17,524.3	18,790.6	19,633.4	20,631.6
Revenues	17,249.6	17,532.7	17,687.2	18,406.6	19,195.1
ESTIMATED SURPLUS/(DEFICIT)	117.1	8.4	(1,103.4)	(1,226.8)	(1,436.5)
% of Expenditures	0.7%	0.0%	-5.9%	-6.2%	-7.0%

Growth Rates	FY 14	FY 15	FY 16	FY 17	FY 18
Revenues	3.2%	1.6%	0.9%	4.1%	4.3%
Expenditures	4.6%	2.3%	7.2%	4.5%	5.1%



FY 14 General Fund Summary (in millions)

Summary	Budget Plan \$	Increase/ (Decreases) \$	Projected \$
Expenditures	17,361.4	-	17,361.4
FY 14 Deficiency Requirements	-	24.6	24.6
Budgeted Lapses	(172.7)	(80.8)	(253.5)
Total Expenditures	17,188.7	(56.2)	17,132.5
Revenues			
Taxes	14,334.0	73.6	14,407.6
Other Revenue	1,153.7	(14.9)	1,138.8
Other Sources	1,705.4	(2.2)	1,703.2
Total Revenue	17,193.1	56.5	17,249.6
ESTIMATED SURPLUS/(DEFICIT)	4.4	112.7	117.1



General Fund Growth: Incremental and Cumulative (in millions)

	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Expenditures	17,132.5	17,524.3	18,790.6	19,633.4	20,631.6
Annual Increase	875.4	391.8	1,266.3	842.8	998.2
Cumulative Increase	-	1,267.2	2,533.5	3,376.3	4,374.5
Revenues	17,249.6	17,532.7	17,687.2	18,406.6	19,195.1
Annual Increase	612.4	283.1	154.5	719.4	788.5
Cumulative Increase	-	895.5	1,050.0	1,769.4	2,557.9
ESTIMATED SURPLUS/(DEFICIT)	117.1	8.4	(1,103.4)	(1,226.8)	(1,436.5)



FY 16 - FY 18 Major General Fund Expenditure Growth Areas (increases shown are above prior year base - in millions)

Agency/Account	FY 16 \$	FY 17 \$	FY 18 \$
OTT - Debt Service	328.8	85.5	90.2
DSS - Medicaid	169.4	164.8	157.4
SDE - Education Equalization Grants	83.3	76.5	80.3
SDE - Transportation of School Children	67.2	3.1	3.2
SDE - Excess Cost - Student Based	46.2	7.7	8.1
OSC - State Employees Retirement Contributions	44.8	45.5	46.4
OSC - Amortize GAAP Deficit	42.1	-	-
OSC - State Employees Health Service Cost	40.9	40.5	40.1
TRB - Retirement Contributions	39.4	40.9	42.6
OSC - Retired State Employees Health Service Cost	38.4	37.5	37.5



FY 14 and FY 15 General Fund Budgeted Lapses¹ (in millions)

	FY 14 \$	FY 15 \$
Gross Appropriations	17,361.4	17,656.1
Lapses		
GAAP Lapse	(5.5)	(7.5)
General Lapse - Executive	(13.8)	(13.8)
General Lapse - Judicial	(0.4)	(0.4)
General Lapse - Legislative	(0.1)	(0.1)
Unallocated Lapse	(91.7)	(91.7)
Unallocated Lapse - Judicial	(7.4)	(7.4)
Unallocated Lapse - Legislative	(3.0)	(3.0)
Transfer GAAP Funding	(40.0)	-
Municipal Opportunities and Regional Efficiencies Program	-	(10.0)
General Other Expenses Reductions - Legislative	(0.1)	(0.1)
General Other Expenses Reductions - Executive	(3.3)	(3.3)
General Other Expenses Reductions - Judicial	(0.5)	(0.5)
Statewide Hiring Reduction - Executive	(5.5)	(16.7)
Statewide Hiring Reduction - Judicial	(1.1)	(3.4)
Statewide Hiring Reduction - Legislative	(0.2)	(0.6)
Total	(172.6)	(158.5)
NET APPROPRIATIONS	17,188.7	17,497.6

¹Totals may appear to not add up due to a rounding effect.



Spending Cap

- The state is under the cap in FY 14, assuming no deficiency appropriations are made.
- The state is projected to be over the cap in FY 15 – FY 18.

Spending Cap Calculations¹ (in millions)

Items	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Appropriations Allowed by Cap	18,615.9	19,010.7	19,960.8	20,812.9	21,778.9
Estimated Expenditures	18,606.5	19,022.5	20,443.5	21,360.6	22,434.1
Over/(Under) the Cap	(9.4)	11.9	482.8	547.7	655.2

¹Totals may appear to not add up due to a rounding effect.



Spending Cap Growth Factor

Per statute, the growth factor is the greater of:

- (A) The average of the five-year annual increase in personal income in Connecticut, or
- (B) The increase in inflation for the preceding year.

Fiscal Year	5-Year Average Personal Income Growth %	12-month CPI* Increase %
08	3.9	2.0
09	5.4	4.0
10	6.2	1.6
11	4.3	1.5
12	2.9	1.5
13	2.6	3.0
14	1.9	1.7
15	1.7	1.4
16	2.8	2.0
17	4.3	2.3
18	4.6	2.5

* Consumer Price Index

= Projected



FY 15 Spending Cap: Budgeted vs. Projected

- The FY 15 budget as enacted is under the spending cap by \$166.2 million.
- Current projections indicate Current Services expenditures will be \$11.9 million over the spending cap in FY 15.

FY 15 Spending Cap Reconciliation (in millions)

Calculations	Amount \$
FY 15 Budget \$ Over/(Under) Cap:	(166.2)
Update Allowable Growth Rate	109.3
Lower Debt Service Projection	41.4
Update Expenditure Projections	27.2
Update Distressed Municipal Grants %'s	0.2
FY 15 Current Services \$ Over/(Under) Cap:	11.9

FY 14 - 15 General Fund Revenue Estimates (in millions)

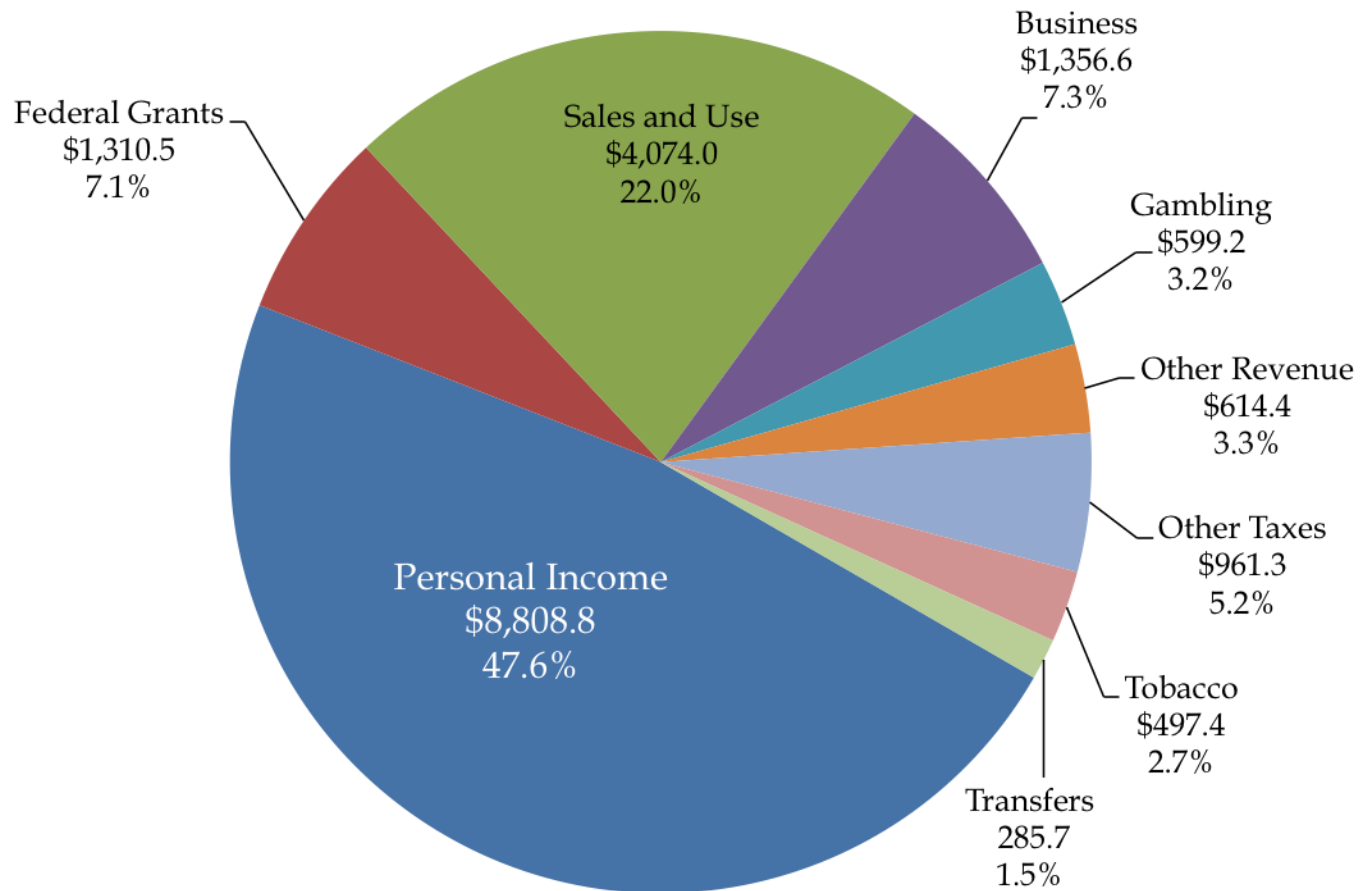
Fund/Revenue	Budget FY 14 \$	Revisions \$	Consensus FY 14 \$	Budget FY 15 \$	Revisions \$	Consensus FY 15 \$
Taxes						
Personal Income	8,808.8	-	8,808.8	9,399.8	-	9,399.8
Sales and Use	4,044.0	30.0	4,074.0	4,164.8	33.1	4,197.9
Corporations	723.5	30.0	753.5	749.3	14.1	763.4
Public Service Corporations	279.6	-	279.6	284.7	-	284.7
Inheritance and Estate	173.2	-	173.2	180.1	-	180.1
Insurance Companies	271.2	-	271.2	277.6	0.4	278.0
Cigarettes	390.4	-	390.4	379.5	(0.7)	378.8
Real Estate Conveyance	143.8	15.6	159.4	150.8	16.7	167.5
Oil Companies	36.8	-	36.8	35.5	1.1	36.6
Electric Generation	17.5	(2.0)	15.5	-	-	-
Alcoholic Beverages	59.8	-	59.8	60.2	-	60.2
Admissions, Dues and Cabaret	37.0	-	37.0	37.3	-	37.3
Health Provider Tax	512.0	-	512.0	514.5	-	514.5
Miscellaneous	19.9	-	19.9	20.2	-	20.2
Total Taxes	15,517.5	73.6	15,591.1	16,254.3	64.7	16,319.0
Less Refunds of Taxes	(1,073.5)	-	(1,073.5)	(1,115.6)	-	(1,115.6)
Less Earned Income Tax Credit	(104.5)	-	(104.5)	(121.0)	0.3	(120.7)
Less R & D Credit Exchange	(5.5)	-	(5.5)	(6.2)	-	(6.2)
Taxes Less Refunds	14,334.0	73.6	14,407.6	15,011.5	65.0	15,076.5
Other Revenue						
Transfer Special Revenue	313.9	-	313.9	338.4	0.1	338.5
Indian Gaming Payments	285.3	-	285.3	280.4	-	280.4
Licenses, Permits and Fees	301.2	1.5	302.7	274.4	-	274.4
Sales of Commodities and Services	38.2	-	38.2	39.4	-	39.4
Rentals, Fines and Escheats	114.6	-	114.6	116.6	-	116.6
Investment Income	1.3	(0.5)	0.8	1.6	(0.5)	1.1
Miscellaneous	169.1	(11.0)	158.1	170.9	(11.1)	159.8
Refunds of Payments	(69.8)	(5.0)	(74.8)	(71.3)	(5.1)	(76.4)
Total Other Revenue	1,153.8	(15.0)	1,138.8	1,150.4	(16.6)	1,133.8
Other Sources						
Federal Grants	1,312.7	(2.2)	1,310.5	1,227.9	(16.4)	1,211.5
Transfer from Tobacco Settlement Fund	107.0	-	107.0	106.0	-	106.0
Transfer (To) Other Funds	285.7	-	285.7	4.9	-	4.9
Total Other Sources	1,705.4	(2.2)	1,703.2	1,338.8	(16.4)	1,322.4
TOTAL	17,193.2	56.5	17,249.6	17,500.7	32.0	17,532.7

¹Estimates may not appear to add up due to rounding in Rentals, Fines and Escheats.



FY 14 General Fund Consensus Revenue

(in millions)





General Fund Economic Growth Rates

	FY 15 %	FY 16 %	FY 17 %	FY 18 %
Tax Revenues				
Personal Income	6.8	5.9	6.0	5.8
<i>Withholding</i>	5.5	5.3	6.3	5.5
<i>Estimates & Finals</i>	9.0	6.9	5.5	6.2
Sales and Use	3.3	4.4	4.1	3.9
Corporations	4.4	2.5	4.2	3.5
Public Service Corporations	1.8	1.3	2.7	2.7
Inheritance and Estate	4.0	3.0	3.0	3.0
Insurance Companies	1.8	2.3	2.3	2.0
Cigarettes	-3.0	-2.8	-2.8	-2.8
Real Estate Conveyance	5.1	4.2	3.0	3.1
Oil Companies	-0.4	-0.2	-	-
Alcoholic Beverages	0.7	0.8	0.7	0.5
Admissions & Dues	0.8	1.3	1.1	1.0
Health Provider Tax	0.5	0.5	0.5	0.5
Miscellaneous Taxes	1.5	2.0	2.4	2.4
Other Revenues				
Transfers - Special Revenue	0.4	1.7	3.1	3.1
Indian Gaming Payments	-1.7	-5.8	-19.6	-
Licenses, Permits and Fees	0.6	2.5	0.5	2.2
Sales of Commodities	3.1	3.3	3.7	3.6
Rents, Fines and Escheats	1.7	1.5	2.2	2.2
Investment Income	37.5	27.3	21.4	41.2
Miscellaneous	1.1	1.1	1.3	1.3
Refunds				
Earned Income Tax Credit	5.3	5.1	4.7	4.7



Transportation Fund Projections (in millions)

STF	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Beginning Balance	164.6	156.8	155.0	234.1	253.7
Revenues	1,244.5	1,321.8	1,486.1	1,496.8	1,497.5
Expenditures	1,252.3	1,323.6	1,407.0	1,477.2	1,548.4
Surplus/Deficit	(7.8)	(1.8)	79.1	19.6	(50.9)
Ending Balance	156.8	155.0	234.1	253.7	202.8
Revenue Growth	1.0%	6.2%	12.4%	0.7%	0.1%
Expenditure Growth	3.2%	5.7%	6.3%	5.0%	4.8%

Outlook

Expenditures are Outpacing Revenue

- \$60 million in Town Aid Road being bonded in FY 14 and FY 15 and then added back to the Department of Transportation's appropriation in the amount of \$30.6 million in FY 16, and an additional \$0.7 million in FY 17 and FY 18,
- An increase of \$21.8 million in FY 15, an additional \$6 million in FY 16, an additional \$5.9 million in FY 17, and an additional \$6 million in FY 18 for the State Employee Retirement System (SERS), and
- An increase in \$19.4 million in FY 15, \$26.2 million in FY 16, \$40.5 million in FY 17 and \$40.9 million in FY 18 for Debt Service.

These expenditures are partially supplemented by an increase in the General Fund transfer to the Special Transportation Fund (STF) by \$2.1 million in FY 15, an additional \$150.7 million in FY 16 and an additional \$10 million in FY 17 through FY 18

Explaining the Projected FY 16 Deficit (in millions)

Item	Amount \$
Starting Point: FY 15 Surplus	8.4
	+
Revenue Issues	
Re-establish Sales Tax Clothing Exemption	(138.5)
Expiring Revenue Policies	(99.8)
Expiring Revenue Transfers	(287.3)
Other Base Adjustments	(21.7)
Federal Revenue Changes	(3.6)
Revenue Growth	705.4
Income Tax: \$557.3	
Sales Tax: \$176.7	
All Other (Net): (\$28.6)	
Total Revenue Issues	154.5
	+
Expenditure Issues	
Debt Service	345.3
Inflation - Other than Personal Services	304.6
State Employee Growth - Salaries/Non Pension Fringe	237.7
Caseload Changes	168.9
Adjustments to Statutory Grants	123.9
Pension Obligations	45.6
GAAP (Including Amortization of GAAP Deficit)	44.3
Next Gen CT	20.0
Other Changes	(24.0)
Total Expenditure Issues	1,266.3
	=
PROJECTED FY 16 DEFICIT	(1,103.4)



Transportation Fund Revenue (in millions)

Revenue Source	FY 14 \$ Budget	Revisions \$	FY 14 \$ Consensus	FY 15 \$ Budget	Revisions \$	FY 15 \$ Consensus
Taxes						
Motor Fuels Tax	502.9	1.1	504.0	499.1	-	499.1
Oil Companies Tax	380.7	-	380.7	379.1	-	379.1
Sales Tax-DMV	78.4	0.5	78.9	79.9	-	79.9
Refunds	(6.5)	-	(6.5)	(6.6)	-	(6.6)
Subtotal	955.5	1.6	957.1	951.5	-	951.5
Other Revenue						
Motor Vehicle Receipts	234.0	-	234.0	237.5	-	237.5
Licenses, Permits, Fees	138.5	-	138.5	139.1	-	139.1
Interest Income	3.8	0.2	4.0	4.1	0.1	4.2
Federal Grants	13.1	(1.0)	12.1	13.1	(1.0)	12.1
Transfer from/ To Other Funds	(83.0)	-	(83.0)	(4.4)	-	(4.4)
Less: Refunds of Payments	(3.2)	-	(3.2)	(3.2)	-	(3.2)
Less: TSB Account	(15.0)	-	(15.0)	(15.0)	-	(15.0)
Subtotal	288.2	(0.8)	287.4	371.2	(0.9)	370.3
TOTAL	1,243.7	0.8	1,244.5	1,322.7	(0.9)	1,321.8

The consensus revenue projections for the STF indicate a net revenue increase of \$0.8 million in FY 14 and a net revenue decrease of \$0.9 million in FY 15. The net increase is a combination of:

- An increase of \$1.1 million in Motor Fuels Tax in FY 14,
- An increase of \$0.2 million in FY 14 and \$0.1 million in FY 15 in revenue from interest income and
- \$0.5 million in FY 14 in sales tax collected by the Department of Motor Vehicles.

This is partially offset by a decrease of:

- \$1 million in FY 14-FY 18 in Federal Grants due to a 7.2% reduction from sequestration on interest payments from the Build for America Bonds.



Other Appropriated Funds¹ (in millions)

- In total, the eight Other Appropriated Funds are projected to run an operating deficit in FY 14 and FY 15.
- These deficits are covered by available balances in the funds.
- As of July 1, 2014 the Soldiers' Sailors' and Marines' Fund will no longer exist as a state fund. PA 13-247 transfers the administration of the fund to the American Legion.

	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Beginning Balance	48.5	43.8	34.8	38.7	40.7
Revenue	169.9	171.4	249.9	252.0	256.5
Expenditures	(173.3)	(174.6)	(246.0)	(250.0)	(254.2)
Surplus/(Deficit)	(3.4)	(3.3)	3.9	2.0	2.3
Transfers	(8.7)	(5.7)	-	-	-
Ending Balance	36.3	34.8	38.7	40.7	43.1

¹Totals may appear to not add up due to a rounding effect.



Major Tax Expenditure Categories¹ (in millions)

Category	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Personal Income Tax	486.8	503.7	523.6	529.4	541.6
Sales and Use Tax	3,740.4	3,865.2	4,033.5	4,197.7	4,361.9
Petroleum Companies Gross Earnings Tax	376.1	371.0	370.7	371.1	371.1
Corporate Business Tax	348.5	369.0	378.7	387.4	402.9
Cigarette and Tobacco Products Tax	13.3	12.9	12.5	12.2	11.9
Public Service Companies Gross Earnings Tax	64.5	65.8	66.5	68.3	70.1
Insurance Premiums Tax	67.1	68.5	100.2	120.4	136.4
Admissions and Dues Tax	21.5	21.6	21.7	21.8	21.9
Health Provider Tax	5.7	5.7	5.7	5.7	5.7
Miscellaneous Tax	5.5	5.6	5.7	5.8	5.9
Electric Generation Tax	4.2	-	-	-	-
Real Estate Conveyance Tax	1.0	1.0	1.0	1.0	1.0
Motor Fuels and Motor Carrier Road Fuels Taxes	1,810.5	1,809.8	1,809.1	1,808.4	1,807.7
TOTAL	6,945.1	7,099.8	7,328.9	7,529.1	7,738.1

¹ Includes estimated identifiable revenue reductions of \$100,000 or more.



Significant Tax Expenditure Items (in millions)

Items	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Personal Income Tax					
Credit for Property Taxes Paid	213.1	214.3	215.5	216.7	217.9
Earned Income Tax Credit	104.5	120.7	138.4	144.9	151.7
Sales & Use Tax					
Sales of Food Products for Human Consumption	445.9	460.8	480.9	500.5	520.1
Prescription Medicines, Syringes and Needles	368.3	380.6	397.2	413.4	429.6
Sales to Nonprofit Organizations (combined lease, labor, and goods)	205.5	212.3	221.5	230.5	239.5
Computer and Data Processing (Taxed at 1% Rate)	130.6	135.0	140.9	146.6	152.3
Petroleum Gross Earnings Tax					
Number 2 Oil Used for Heating Purposes	207.3	206.4	206.0	206.0	206.0



FY 14 Deficiency Requirements¹ (in millions)

Fund/Agency	Budgeted Appropriation \$	Available Appropriation ² \$	Estimated Expenditures \$	Deficiency without release of holdbacks \$	Deficiency with release of holdbacks \$
General Fund					
Department of Education	2,917.6	2,917.7	2,926.7	(9.0)	(8.1)
Department of Administrative Services	138.6	138.2	144.9	(6.7)	(5.9)
Public Defender Services Commission	61.4	61.4	64.5	(3.1)	(2.9)
Department of Emergency Services and Public Protection	173.3	173.9	177.0	(3.0)	(1.7)
Department of Correction	670.5	668.8	670.2	(1.4)	-
Judicial Department	515.7	515.2	516.1	(0.9)	-
State Comptroller - Adjudicated Claims	4.1	4.1	4.7	(0.6)	(0.6)
			Subtotal	(24.6)	(19.1)
Transportation Fund					
Workers' Compensation Claims - DAS	6.5	6.5	7.1	(0.6)	(0.6)
			Subtotal	(0.6)	(0.6)
TOTAL				(25.2)	(19.7)

¹Totals may appear to not add up due to a rounding effect.

²Less budgeted lapses plus transfers from the Reserve for Salary Adjustments account (to cover the costs of collective bargaining agreements that were not otherwise provided in the agencies' budgets).



General Fund Deficiency Needs

- Total deficiencies vary depending on the year.
- Over the past ten years, four Departments made up 78% of the total ten year deficiency amount: Social Services, Correction, Mental Health and Addiction Services, and Administrative Services - Workers' Compensation Claims.

10 Years of General Fund Agencies Requiring Deficiency Funding

(in millions)

Fiscal Year	Amount \$
13	142.0
12	101.1
11	355.2
10	75.2
09	110.8
08	41.5
07	40.2
06	26.0
05	78.6
04	90.5
Average	106.1
Median	84.6



Budget Reserve Fund

- The current balance of the BRF is \$271.4 million.
- FY 13 ended with a surplus of \$398.8 million.
- PA 13-184 (the budget bill) allows \$220.8 million of the FY 13 surplus to be reserved for future year revenue (\$190.8 million in FY 14 and \$30 million in FY 15).
- The remaining \$178 million of the FY 13 surplus was deposited in the BRF.
- It is estimated that balance of the BRF will be \$396.9 million at the beginning of FY 16 based on surplus deposits of \$117.1 million in FY 14 and \$8.4 million in FY 15.



Statutory Debt Limit on General Obligation Bonds (in millions)

	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Net General Fund Tax Revenue	14,407.6	15,076.5	15,501.7	16,282.1	17,009.6
Multiplier	1.6	1.6	1.6	1.6	1.6
Debt Limit	23,052.2	24,122.4	24,802.7	26,051.4	27,215.4
Bonds Subject to Limit	18,796.0	19,430.7	20,065.4	20,700.0	21,334.0
% of Debt Limit	81.5%	80.6%	80.9%	79.5%	78.4%
Debt incurring margin	4,256.2	4,691.7	4,737.3	5,351.4	5,881.4
90% Bond Limit	20,746.9	21,710.2	22,322.4	23,446.2	24,493.8
Capacity before 90% limit	1,951.0	2,279.5	2,257.1	2,746.2	3,159.8



Measures of State Government Debt Burden

Metric	States Employing Metric as Limit or Guideline
Debt service to revenue	AL, DE, FL, GA, HI, LA, ME, MD, MA, NH, NY, NC, OH, OR, RI, SC, TX, VT, VA, WA, WV
Debt service to expenditure	IL, MA
Debt to revenue	CT, FL, MS, PA, VA
Debt per capita	GA, VT
Debt to personal income	GA, MD, MN, NC, RI, VT
Debt to assessed value of property	NV, NM, UT, WI, WY



Long Term Obligations (in billions)

	Amount \$
Debt Outstanding	20.4
State Employee Retirement System	13.3
Teachers' Retirement System	11.1
State Post Employment Health and Life	16.3
Teachers' Post Employment Health	3.0
Generally Accepted Accounting Principles Deficit	1.1
TOTAL	65.2



Fed. Related Issue: Municipal Tax Exempt Bonds

- Several proposals have been made to cap or eliminate the Federal income tax exemption on state and local government bonds (collectively referred to as “municipal bonds”).
- It is estimated that removal of the income tax exemption on \$943.8 million in General Obligation bonds issued by the State of Connecticut in FY 13 would have increased interest costs on the bonds by \$238.5 million over 20 years.



Fed. Related Issue: Marketplace Fairness Act of 2013

- Allows states to collect sales tax from certain remote sellers if:
 - States join the Streamlined Sales and Use Tax Agreement (of which Connecticut is not a member) or
 - Meet several minimum requirements, including implementation of a uniform sales and use tax base.
- If Connecticut were allowed to do this, the revenue impact would vary based on how the State restructured its sales and use tax structure to meet the Act's requirements.
- The Act has passed the Senate, it is unclear what action the House will take.
- NCSL estimates lost e-commerce sales tax revenue in CT of about \$150 million (includes Amazon).



Sequestration Impact on State of CT Grant Funding

FFY 13 Post-Sequestration Funding (in thousands)

Estimated Sequester Date	Amount \$
March 1, 2013	56,447
March 27, 2013	2,148
Total FFY 13 Post-Sequestration Funding	6,411,638

- Final FFY 13 spending figures on grants to the Connecticut State Government are approximately \$6.4 billion, according to Federal Funds Information for States (FFIS).
 - FFIS reports information on about 90% of all grant funding to state governments.
- It is estimated that grants to Connecticut were reduced by approximately \$58.6 million in FFY 13.
- The FFY 14 Continuing Resolution provides funding for most discretionary grants that, on an annualized basis, equals FFY 13 post-sequestration levels. Mandatory spending will be reduced by approximately 7.2% from FFY 14 statutory levels.



Sequestration and Discretionary Spending (in millions)

Discretionary Caps Set in Budget Control Act (Pre-Sequestration)

	FFY 14 \$	FFY 15 \$	FFY 16 \$	FFY 17 \$	FFY 18 \$
Defense	552,000	566,000	577,000	590,000	603,000
Non-Defense	506,000	520,000	530,000	541,000	553,000
TOTAL	1,058,000	1,086,000	1,107,000	1,131,000	1,156,000

Estimated Effect of Automatic Spending Reductions (Sequestration)

	FFY 14 \$	FFY 15 \$	FFY 16 \$	FFY 17 \$	FFY 18 \$
Defense	(53,918)	(53,954)	(53,949)	(53,940)	(53,928)
Non-Defense	(36,609)	(36,870)	(36,712)	(36,712)	(36,343)
TOTAL	(90,527)	(90,824)	(90,661)	(90,652)	(90,271)

Estimate of Revised Discretionary Caps (Post-Sequestration Spending Caps)

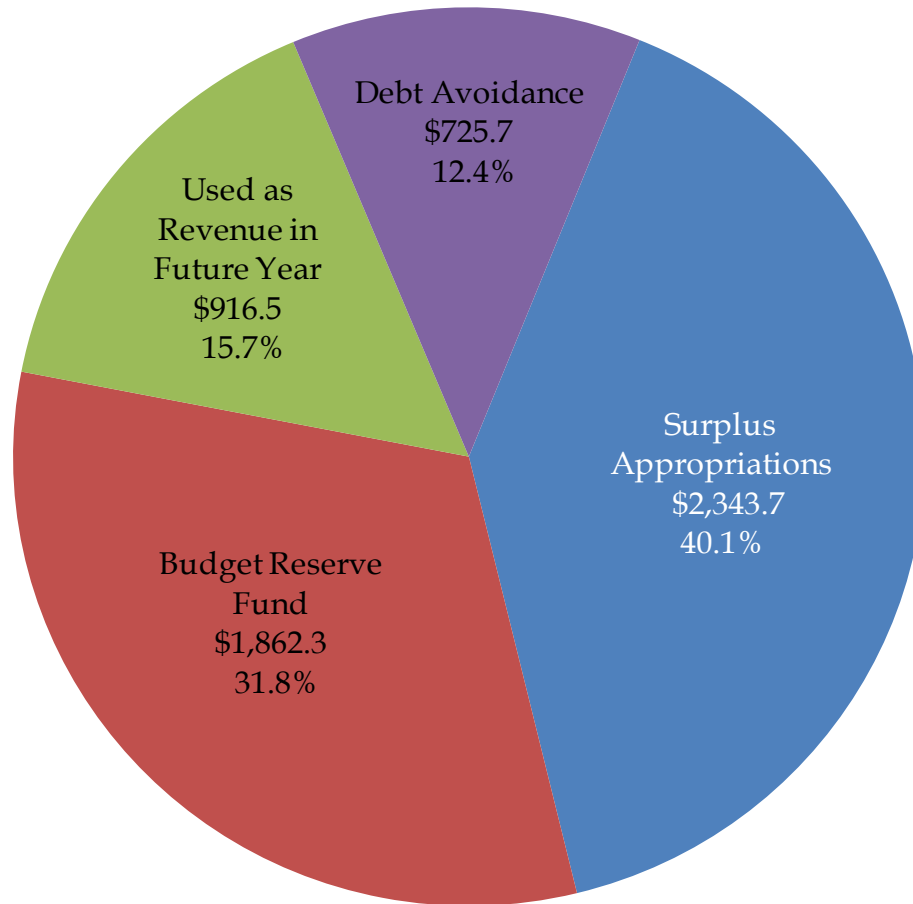
	FFY 14 \$	FFY 15 \$	FFY 16 \$	FFY 17 \$	FFY 18 \$
Defense	498,082	512,046	523,051	536,060	549,072
Non-Defense	469,391	483,130	493,288	504,288	516,657
TOTAL	967,473	995,176	1,016,339	1,040,348	1,065,729

- Budget Control Act of 2011 (BCA) set discretionary spending caps intended to achieve \$917 billion in savings between FFY 12 and FFY 21.
- Failure of Joint Committee on Deficit Reduction to propose an additional \$1.2 trillion in deficit reduction set off a series of automatic spending reductions (aka “sequestration”) to most discretionary and some mandatory spending. The estimated FFY 14 to FFY 18 impact of these automatic reductions on the discretionary spending caps set in the BCA is shown above.

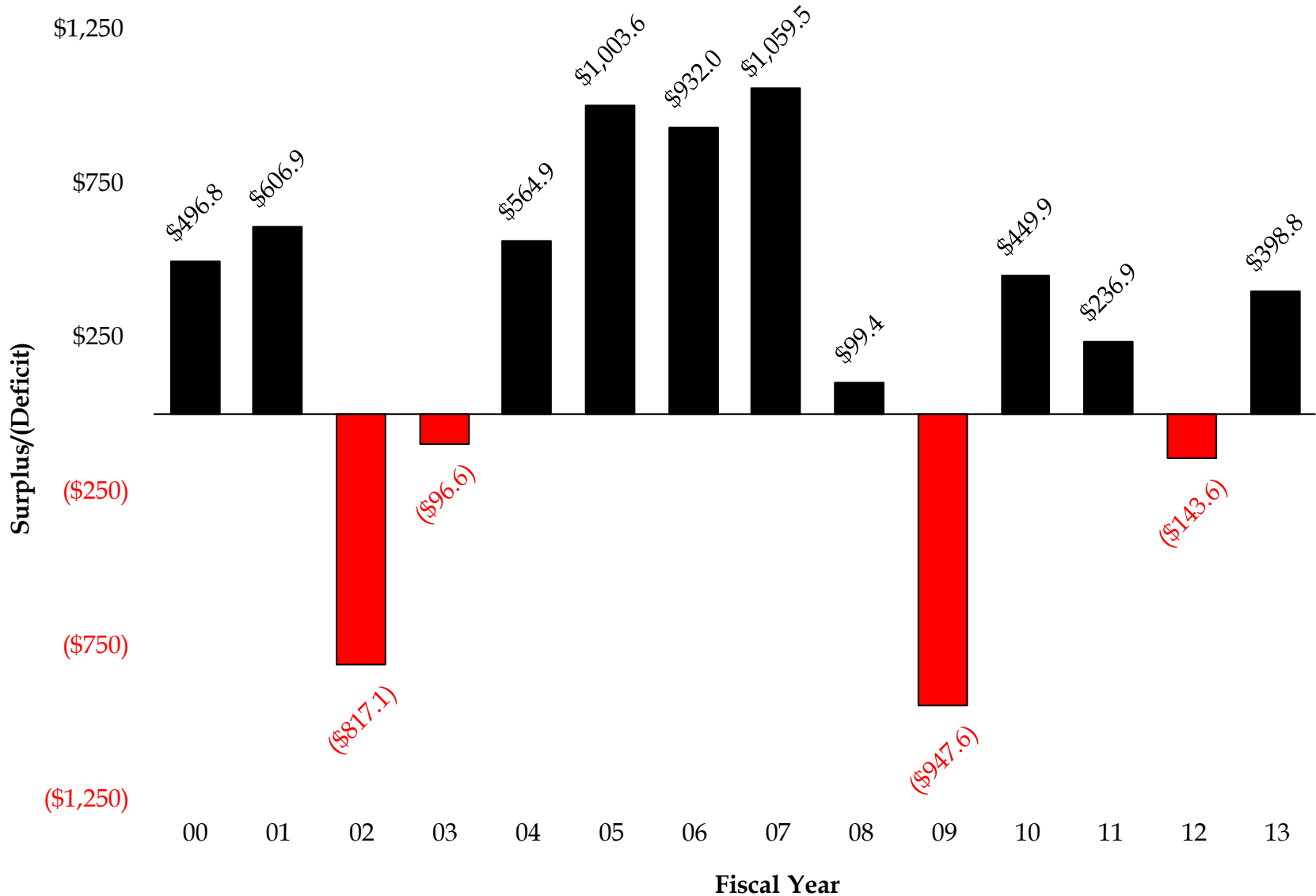


Uses of Surplus: FY 00 – FY 13 (in millions)

\$5.85 billion in General Fund surpluses over the last 14 fiscal years.



Historical Surplus/(Deficit) from Operations (in millions)





Current and Future Issues


- Narrow Surpluses in the FY 14 & FY 15 Biennium.
- Out Year Gaps for the FY 16 and FY 17 Biennium.
- Institutionalization of GAAP.
- Unfunded Liabilities.
- Gambling Expansion in Nearby States.
- Affordable Care Act and Possible Impact on Budget.
- Federal Budget/Debt Ceiling/ Actions or Inaction.
- Aging demographics.
- Slow economic/revenue recovery.



Office of Fiscal Analysis



FY 14 and FY 15 Budget Information

<h3>Explore State Appropriations and Spending</h3>	<h3>Locate Tax and Revenue Information</h3>	<h3>Retrieve Bond & Grant Documents</h3>	<h3>Research Historical State Spending</h3>	<h3>What's New</h3>
<p>Examine the state budget and find OFA's current expenditure projections.</p> 	<p>View recent changes to state taxes and OFA's current revenue projections.</p> 	<p>Identify past and present grant and bonding information for your town and the state.</p> 	<p>Access information on expenditures by state agency at transparency.CT.gov.</p> 	<ul style="list-style-type: none"> • <i>Fiscal Accountability Report FY 14 - FY 18</i> • <i>Projected FY 14 Agency Deficiencies as of November 14, 2013</i> 

Additional and Historical Information

- OFA Budget Sheets
- Budget Books
- Fiscal Notes
- Subject Matter Reports

- **Historical Information**
- Spending Cap
- Transfer of Funding Between Accounts (FAC)
- Subject Matter Fact Sheets

- Results-Based Accountability (RBA)
- Regulations
- About OFA
- External Links

Office of Fiscal Analysis, Legislative Office Building, Room 5200, Hartford CT 06106-1591
 Telephone: (860) 240-0200, FAX: (860) 240-0052





Contact Information

Alan Calandro, Director

E-mail: alan.calandro@cga.ct.gov

Phone: (860) 240-0212

Office of Fiscal Analysis

Legislative Office Building, Room 5200

Hartford, CT 06106-1591

Telephone: (860) 240-0200

Fax: (860) 240-0052

<http://cga.ct.gov/ofa/>