BUDGET HIGHLIGHTS:
Overview and Revenue

FY 13 Revised Budget

May 9, 2012

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

TABLE OF CONTENTS

I. Overview 1

Fund Balance 1

Appropriations Fund Summary 2

Spending Cap 3

Growth Rate 3

II. Revenue Impact 4

This document is intended to provide highlights of the FY 13 Revised Budget. It is not intended to be all inclusive. OFA will be producing a Budget Book based on the FY 13 Revised Budget that will include a detailed compilation of agency budget changes and financial schedules.

I. OVERVIEW

The FY 13 Revised Budget[1], increased original FY 13 appropriations by $143.0 million to $20.5 billion. This represents a 1.6% increase over estimated FY 12 spending and a 0.7% increase over the existing FY 13 appropriation level. Although the budget bill does not contain revised FY 13 revenue estimates, it changes the level of state revenue available as it increases spending in accounts that are partially reimbursed by federal funds, adjusts the transfer between the General and Transportation Funds, increases funding for tax enforcement, and makes various other adjustments.

The table below reflects the original and revised fund balances for appropriated funds by comparing the appropriations level in the budget bill to the April 30, 2012 consensus revenue as adjusted by revenue gains resulting from the budget bill as well as PA 12-17 (Sunday Sales of alcohol). The $546.5 million surplus that had been budgeted in the original FY 13 budget has been largely eliminated, leaving a $7.5 million balance.

FY 13 Fund Balance Calculations (in millions)

Fund	Original FY 13			Revised FY 13			Difference		
	Revenue Estimates $	Original Approp. $	Surplus / (Deficit) $	OFA Revenue Estimates $	Revised Approp. $	Surplus / (Deficit) $	OFA Revenue Estimates $	Revised Approp. $	Surplus / (Deficit) $
General	19,441.0	18,952.5	488.5	19,140.5	19,140.0	0.5	(300.5)	187.5	(488.0)
Transportation	1,335.0	1,277.8	57.2	1,233.7	1,232.7	1.0	(101.3)	(45.1)	(56.2)
Other Appropriated	170.4	169.6	0.8	176.3	170.3	6.0	5.9	0.7	5.2
TOTAL	**20,946.4**	**20,399.9**	**546.5**	**20,550.5**	**20,543.0**	**7.5**	**(395.9)**	**143.1**	**(539.0)**

The table on the following page compares the FY 13 original appropriations to the FY 13 revised appropriations, and shows the difference between the two by fund.

[1] HB 5557, An Act Making Adjustments in State Expenditures for the Fiscal Year Ending June 20, 2013.

Fund Summary	Orig. Approp. FY 13 $	Revised FY 13 $	Difference $
Gross Appropriations by Fund			
General Fund	19,918,305,927	19,256,362,289	(661,943,638)
Special Transportation Fund	1,345,782,066	1,243,670,120	(102,111,946)
Banking Fund	26,176,878	25,605,784	(571,094)
Insurance Fund	26,131,750	28,740,096	2,608,346
Consumer Counsel and Public Utility Control Fund	25,986,745	25,351,390	(635,355)
Workers' Compensation Fund	22,037,360	21,332,611	(704,749)
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907	-
Soldiers, Sailors and Marines' Fund	3,051,536	3,039,412	(12,124)
Regional Market Operation Fund	932,821	932,821	-
Criminal Injuries Compensation Fund	3,602,121	3,602,121	-
Total Gross Appropriations	**21,433,787,111**	**20,670,416,551**	**(763,370,560)**
General Fund Lapses			
General Other Expenses Reductions -Executive	(9,066,200)		9,066,200
General Other Expenses Reductions - Legislative	(374,000)		374,000
General Personal Services Reduction - Executive	(11,538,800)		11,538,800
General Personal Services Reduction - Legislative	(476,000)	-	476,000
Labor Management Savings - Executive	(806,963,225)	-	806,963,225
Labor Management Savings - Judicial	(30,622,622)	-	30,622,622
Labor Management Savings - Legislative	(6,671,872)	-	6,671,872
General Lapse - Executive		(13,785,503)	(13,785,503)
General Lapse - Judicial		(401,946)	(401,946)
General Lapse - Legislative		(56,251)	(56,251)
Unallocated Lapses	(91,676,192)	(91,676,192)	-
Unallocated Lapses - Judicial	(5,400,672)	(7,400,672)	(2,000,000)
Unallocated Lapses - Legislative	(3,028,105)	(3,028,105)	-
Total General Fund Lapses	**(965,817,688)**	**(116,348,669)**	**849,469,019**
Special Transportation Fund Lapses			
Estimated Unallocated Lapses	(11,000,000)	(11,000,000)	-
Labor-Management Savings	(56,949,138)	-	56,949,138
Total Special Transportation Fund Lapses	**(67,949,138)**	**(11,000,000)**	**56,949,138**
Banking Fund Lapses			
Branch Savings Target - Judicial	(63,729)	(63,729)	-
Net Appropriations by Fund			
General Fund	18,952,488,239	19,140,013,620	187,525,381
Special Transportation Fund	1,277,832,928	1,232,670,120	(45,162,808)
Banking Fund	26,113,149	25,542,055	(571,094)
Insurance Fund	26,131,750	28,740,096	2,608,346
Consumer Counsel and Public Utility Control Fund	25,986,745	25,351,390	(635,355)
Workers' Compensation Fund	22,037,360	21,332,611	(704,749)
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907	-
Soldiers, Sailors and Marines' Fund	3,051,536	3,039,412	(12,124)
Regional Market Operation Fund	932,821	932,821	-
Criminal Injuries Compensation Fund	3,602,121	3,602,121	-
TOTAL NET APPROPRIATIONS	**20,399,956,556**	**20,543,004,153**	**143,047,597**

Spending Cap

The FY 13 Revised Budget is under the spending cap by approximately $142.3 million. SB 458 (Education Reform), included language specifying that any Charter School funding transferred to the Education Cost-Sharing (ECS) account be distributed to municipalities. Because statutory grants to municipalities under the ECS account are exempt from the spending cap, this results in the FY 13 budget being further under the spending cap. The table below illustrates the result of the spending cap calculation for the FY 13 Revised Budget, as adjusted by SB 458:

FY 13 Revised Spending Cap Calculation (in millions)

FY 13 Revised Spending Cap Status	Original FY 13 Budget $	HB 5557 $	SB 458 Adjustment $	FY 13 Revised $
Amount Over/(Under) The Spending Cap	(278.4)	(86.4)	(55.9)	(142.3)

Growth Rate

The growth rate for all appropriated funds is 1.6% over estimated FY 12 expenditures. See the table below for details.

Growth Rates of Appropriations (in millions)

Fund	Est. Exp. FY 12 $	Original FY 13 Approp. $	FY 13 Revised $	Change From FY 12 Est. to FY 13 Revised $		Change From Orig. FY 13 to Revised FY 13 $	
General	18,829.9	18,952.5	19,140.0	310.1	1.6%	187.5	1.0%
Transportation	1,226.0	1,277.8	1,232.7	6.7	0.5%	(45.1)	-3.5%
Other Appropriated	164.5	169.6	170.3	5.8	3.5%	0.7	0.4%
TOTAL	**20,220.4**	**20,400.0**	**20,543.0**	**322.6**	**1.6%**	**143.0**	**0.7%**

II. REVENUE IMPACT

Although the FY 13 revised budget, does not contain revised revenue estimates per CGS 2-35(b), it affects revenue since it increases spending in accounts that are partially reimbursed by federal funds, adjusts the transfer between the General and Transportation Funds, increases funding for tax enforcement and makes other various changes. Revenue gains from these changes, in combination with estimated new revenue from passage of the Sunday Sales legislation (PA 12-17) and the April 30, 2012, consensus revenue estimates, when compared with the appropriations levels in the bill, yield estimated FY 13 surpluses of: $0.5 million in the General Fund; $1.0 million in the Transportation Fund; and $6.0 million total in the other appropriated funds.

The revenue impacts are categorized in the table below.

FY 13 General Fund Revenue Changes (in millions)

Item	Impact $
Additional Resources (DRS) for Tax Enforcement	7.5
Sunday Sales (PA 12-17)	5.2
Reimbursements for Expenditures	(16.7)
Transportation Fund Transfer	70.1
Banking Fund Transfer	4.0
Use of Mortgage Settlement Civil Penalties	2.6
TOTAL	**72.7**