

Spending Cap

The FY 15 Revised Budget is under the statutory spending cap by \$25.9 million, which is \$140.3 million closer to the cap than the original FY 15 budget. This difference is due to:

- 1) A decrease of \$10.8 million in FY 14 non-capped appropriations and a commensurate increase in capped appropriations, which increases the basis for determining allowable growth in FY 15.
- 2) A decrease, from 2.5% to 1.7%, in the growth factor used to determine allowable capped growth.¹ This results in a \$106.1 million decrease in allowable growth for capped expenditures.
- 3) A \$46.7 million net decrease in FY 15 appropriations in categories that are exempt from spending cap restrictions, consisting of an increase in expenditures on new federal mandates and court orders (\$9.9 million) and statutory grants to distressed municipalities (\$15.9 million), and a reduction in debt service (\$72.5 million).
- 4) A \$1.6 million decrease in total FY 15 appropriations.

The following table illustrates the differences between the spending cap calculations for the original FY 15 budget and for PA 14-47, the FY 15 Revised Budget, as adjusted by PA 14-217, the budget implementer:

Spending Cap Calculation (in millions)

Item	Original FY 15 \$	Difference FY 15 \$	Revised FY 15 \$
All Appropriated Funds - Prior Year	18,606.5	-	18,606.5
Less Soldiers', Sailors' & Marines' Fund - base adjustment	3.2	-	3.2
Extraordinary spending	-	-	-
Prior Year Appropriations	18,603.4	-	18,603.4
Less Prior Year "Non-Capped" Expenditures			
Debt Service	2,183.6	(9.0)	2,174.6
Statutory grants to distressed municipalities ¹	1,529.3	(1.8)	1,527.5
Prior Year "Non-Capped" Expenditures	3,712.9	(10.8)	3,702.1
Total "capped" expenditures	14,890.4	10.8	14,901.2
Times the 5-year average growth in personal income ²	2.5%	(0.7%)	1.7%
= Allowable "capped" growth	364.9	(106.1)	258.8
Allowable Capped Expenditures	15,255.3	(95.3)	15,160.0
Plus Current Year "Non-Capped" Expenditures			
Debt service	2,333.6	(72.5)	2,261.1

¹Per CGS Sec. 2-33a, the growth factor is determined by the greater of the five-year average annual growth in Connecticut personal income or the 12-month increase in the consumer price index for urban consumers.

Item	Original FY 15 \$	Difference FY 15 \$	Revised FY 15 \$
Federal mandates and court orders (new funding)	10.4	9.9	20.4
Statutory grants to distressed municipalities	1,562.3	15.9	1,578.2
Current Year "Non-Capped" Expenditures	3,906.3	(46.7)	3,859.6
Expenditures Allowed Under the Cap	19,161.6	(142.0)	19,019.6
Appropriation for this year	18,995.4	(1.6)	18,993.7
TOTAL OVER/(UNDER) THE SPENDING CAP	(166.2)	140.3	(25.9)

¹Adjusted to reflect new distressed grant percentages.

²Except 12-month increase in Consumer Price Index in Original FY 15 budget.