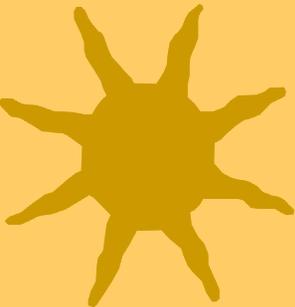
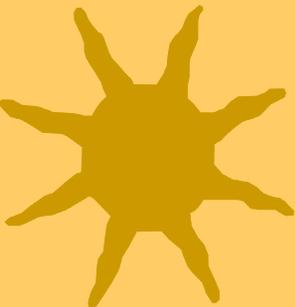
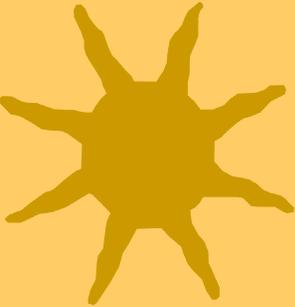


Fiscal Forecasts

***Presented by the
Office of Fiscal Analysis***

November 13, 2003



Outline for Fiscal Forecasts Presentation (General Fund)

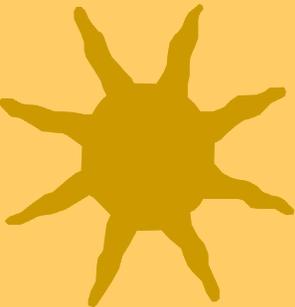
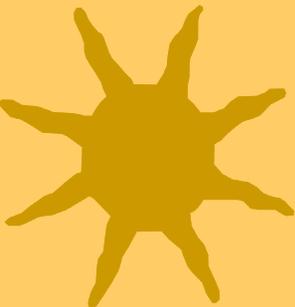
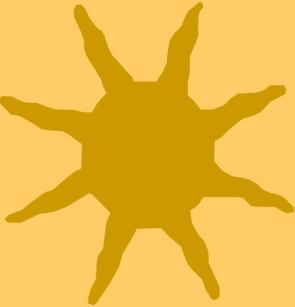
FY 02 and FY 03 Deficits

FY 04 Projection

Deficiencies

Additional Potential "Watch List" Deficiencies

FY 06 Structural Deficit



Recent General Fund Deficit History
FY 02 through FY 04
(in \$ millions)

FY 02

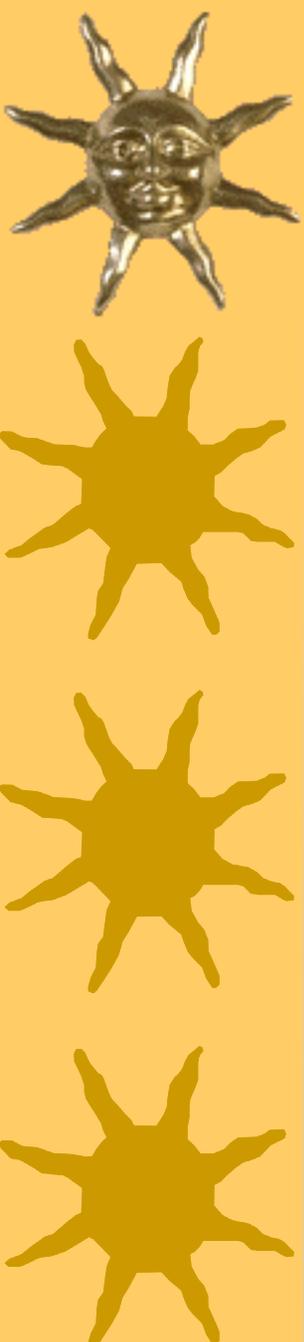
Year-End Deficit	(817.1)
Budget Reserve Fund	594.7
Remaining Deficit funded through Economic Recovery Notes	(222.4)

FY 03

Projected Deficit as of 11/12/02	(495.5)
Projected Deficit as of 12/17/02	(581.3)
Projected Deficit as of 2/26/03 (prior to PA 03-2, HB 6495 - deficit mitigation)	(660.7)
Projected Surplus as of 2/28/03 (after deficit mitigation)	0.7
Year-End Deficit (excludes \$25 million to \$30 million for GA tail)	(96.7)

FY 04

Projected Deficit as of 2/26/03 (prior to PA 03-2, HB 6495 - deficit mitigation)	(1,942.3)
Projected Deficit as of 2/28/03 (after deficit mitigation)	(902.7)
Projected Surplus as of 7/31/03 (after PA 03-1, JSS, HB 6802 - the budget act)	0.1
Projected Deficit as of 11/12/03	(38.1)



**Projected Additional FY 04 General Fund Budget Requirements
as of 11/12/03
(in \$ millions)**

Deficiencies:

<i>Department of Public Works</i>	2.9
<i>Department of Mental Health and Addiction Services</i>	1.1
<i>Department of Children and Families</i>	<u>16.2</u>
Total - Projected Deficiencies	20.2

Additional Requirements:

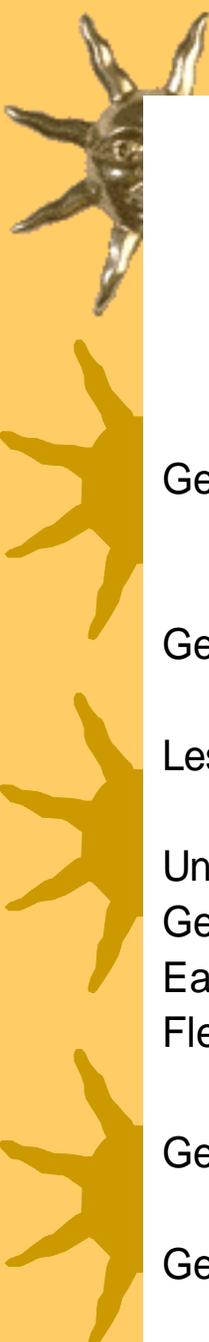
<i>Adjudicated Claims</i>	9.0
<i>Refunds of Escheated Property</i>	<u>9.0</u>
Total - Projected Additional Requirements	<u>18.0</u>

Total - All Projected Additional Budget Requirements	38.2
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**Potential Additional FY 04 Net Deficiencies [1]
as of November 12, 2003
(figures in \$)**

Agency / Account / Description	<u>Potential Magnitude of FY 04 Net Deficiency Minimum</u>	<u>Maximum</u>
General Fund:		
DMR - Workers' Comp (based on 1st quarter expenditures)	600,000	1,000,000
DMHAS - Professional Services deficiency due to hiring temporary nurses, offset by a potential Personal Services lapse due to a delay in hiring permanent nursing positions	750,000	1,500,000
DSS - realization of full savings from initiatives in various accounts is uncertain	-	50,000,000
State Employee Wage Increases - The amounts of \$62.7 million in FY 04 and \$126.1 million in FY 05 have been removed from agency budgets for wage increases for contracts unsettled as of FY 03 through FY 05. Two arbitration awards have already submitted to the legislature and two negotiated contracts will soon be submitted that contain wage increases for FY 04 and FY 05 and retroactive wage increases in some instances, funding for both of which is not currently budgeted.	uncertain	uncertain
Realization of Lapse and Holdback Savings anticipated in the Budget - The budget assumes that \$260.3 million in lapse and holdback savings will be achieved. The ultimate savings will depend upon the level of holdbacks associated with Personal Services, Other Expenses and Early Retirement Incentive Plan (ERIP) that are achieved.	uncertain	uncertain
Transportation Fund:		
DOT - Snow & Ice Expenses - Depending on weather conditions, there is a potential for a deficiency of \$1.1 million for an average winter to \$2 million or more for a severe winter. A very mild winter could result in no deficiency.	1,100,000	2,000,000

[1] Some of these potential additional FY 04 deficiencies by higher than anticipated lapses that could occur in agency accounts, though none are projected at this point.



Implementation of Budgeted Lapses and Holdbacks Needed to Help Keep the FY 04 Budget in Balance (figures in \$)

General Fund - Net Revenue		\$	12,452,100,000
General Fund - Gross Appropriations	12,712,265,945		
Less:			
Unallocated Budgeted Lapses	(77,000,000)		
General PS and OE Reductions (holdbacks)	(25,000,000)		
Early Retirement Incentive Plan (ERIP)	(153,311,400)		
Fleet Reduction	<u>(5,000,000)</u>		
General Fund - Net Appropriations			12,451,954,545
General Fund Budgeted Surplus		\$	145,455

**FY 06 Projection based on
Major General Fund Accounts in FY 05**

	<u>Actual</u> <u>FY 02</u>	<u>Actual</u> <u>FY 03</u>	<u>Approp.</u> <u>FY 04</u>	<u>Approp.</u> <u>FY 05</u>	<u>OFA Proj.</u> <u>FY 06</u>
DSS - Medicaid	2,547.1	2,703.2	2,755.2	2,887.2	3,031.6
Personal Services (figures are approximate)	2,436.4	2,503.5	2,492.6	2,523.8	2,637.4
SDE - ECS	1,453.3	1,514.9	1,522.7	1,522.7	1,552.7
Debt Service	992.0	988.5	1,164.2	1,337.6	1,414.9
State Employees Retirement Contributions	284.5	285.7	339.5	360.6	371.4
State Employees Health Service Cost	261.7	287.8	335.4	385.2	416.0
Retired State Employees Health Service Cost	202.6	239.7	282.3	334.4	367.8
DCF - Board and Care for Children (Residential, Foster & Adoptio	241.9	246.9	262.4	270.1	280.9
DMR - Community Residential Services	236.7	242.5	248.3	248.3	260.0
TRB - Retirement Contributions	204.5	179.8	185.3	185.3	294.0
Social Security	171.7	175.0	182.7	188.5	189.5
DSS - Temporary Assistance to Families (TANF)	137.7	113.6	127.5	125.3	127.8
DMR - Employment Opportunities and Day Services	109.1	114.0	115.4	115.4	126.0
DSS - State Administered General Assistance (SAGA)	105.3	122.4	114.1	114.0	119.7
DSS - DMHAS-Disproportionate Share	106.0	105.9	105.9	105.9	105.9
PILOT - Private Property	100.9	100.9	100.9	100.9	100.9
DSS - Child Care Services-TANF/CCDBG	121.6	99.1	90.4	84.5	84.5
SDE - Priority School Districts	80.3	78.4	81.2	81.2	81.2
DOC - Inmate Medical Services	71.7	76.3	74.9	76.7	75.2
DMHAS - Grants for Mental Health Services	74.5	74.2	73.9	73.9	75.4
DSS - ConnPACE	41.9	69.2	66.8	73.5	80.9
PILOT - State Property	66.1	65.0	65.0	65.0	65.0
DMHAS - General Assistance Managed Care	64.6	63.2	64.4	70.5	74.0
DSS - Disproportionate Share-Medical Emergency Assistance	85.0	71.7	63.7	63.7	63.7
SDE - Excess Cost-Student Based	66.8	62.7	61.5	61.5	63.3
SDE - Magnet Schools	32.6	43.7	58.8	72.6	80.0
DSS - Aid to the Disabled	56.0	55.3	58.5	61.9	61.9
OPM - PILOT-New Manufacturing Machinery and Equipment	76.5	55.8	50.7	50.7	50.7
SDE - Transportation of School Children	47.9	43.1	43.1	43.1	44.4
DOC - Out of State Beds	11.2	12.2	35.9	58.7	54.8
Judicial - Alternative Incarceration Program	30.7	31.0	32.1	33.0	33.7
DSS - Connecticut Home Care Program	21.4	29.1	32.0	33.9	35.6
DSS - DSH-Urban Hospitals in Distressed Municipalities	-	26.6	31.6	31.6	31.6
DSS - Old Age Assistance	29.8	30.0	31.5	32.9	32.9
Totals - Major Accounts	10,570.0	10,910.9	11,350.4	11,874.1	12,485.2

89.8%

**FY 06 Projection based on
Major General Fund Accounts in FY 05**

	<u>Actual</u> <u>FY 02</u>	<u>Actual</u> <u>FY 03</u>	<u>Approp.</u> <u>FY 04</u>	<u>Approp.</u> <u>FY 05</u>	<u>OFA Proj.</u> <u>FY 06</u>	
Totals - Major Accounts	10,570.0	10,910.9	11,350.4	11,874.1	12,485.2	89.8%
All Other Gross GF Appropriations for FY 04 and FY 05			1,354.8	1,393.1	1,421.0	10.2%
Gross GF Appropriations for FY 04 and FY 05			12,705.2	13,267.2	13,906.1	100.0%
Legislative Unallocated Lapses			(2.0)	(2.0)	(2.0)	
Estimated Unallocated Lapses			(75.0)	(75.0)	(75.0)	
General Personal Services Reduction			(14.0)	(14.0)	(14.0)	
General Other Expenses Reduction			(11.0)	(11.0)	(11.0)	
Early Retirement Incentive Plan			(153.3)	(140.4)	(146.7)	
Fleet Reduction			(5.0)	(5.0)	(5.0)	
Workers' Compensation Reduction			-	(5.0)	(5.0)	
Extraordinary Recision Authority			-	(55.0)	(55.0)	
Net GF Appropriations for FY 04 and FY 05			12,444.9	12,959.8	13,592.4	
DPH - Childhood and Adult Immunizations and Antibiotics			7.1	7.1	7.3	
Early Retirement Incentive Plan Accrual Payments Delayed from 2003-2005			-	-	18.3	
Generally Accepted Accounting Principles (GAAP)			-	-	33.4	
Adjusted Net GF Appropriations for FY 04 and FY 05			12,452.0	12,966.9	13,651.4	
Revenue						
Finance Committee's Adopted Revenue Estimates for FY 04 and FY 05			12,445.0	12,960.0	13,037.7	
Childhood and Adult Immunizations and Antibiotics Fee			7.1	7.1	7.3	
Adjusted Revenue			12,452.1	12,967.1	13,045.0	
Projected Surplus/(Deficit)			0.1	0.2	(606.4)	
The Spending Cap: Total Appropriations are Over/Under			(356.0)	(119.6)	140.2	



One-Time Revenues
in FY 05
(in \$ millions)

<u>One-Time Revenue Source</u>	<u>Amount</u>
Securitize Tobacco Revenues	300.0
Increase Transfers from Other Funds including Quasi-Public Agencies	54.5
Reduce/Eliminate Transfers to Other Funds including Tobacco and Health Trust Fund and Bio-Medical Research Fund	19.0
Other	<u>17.0</u>
Total One-Time Revenues in FY 05	390.5