

OFFICE OF FISCAL ANALYSIS

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State Budget Projections General Fund February 25, 2015

Summary

We are currently projecting a \$150.6 million deficit in the General Fund. This reflects a decrease in the projected deficit of \$52.0 million since our January statement.

The projections in this statement include the impact of the Governor's January 22nd round of rescissions but do not include the impact of several initiatives within the Department of Social Services that are intended to mitigate the current year deficit in the Medicaid account. While some of these initiatives are underway, the estimates below do not reflect any associated savings, pending additional information.

FY 15 General Fund Overview (in millions) ¹					
Estimates	Budget	January Projection	February Projection	Difference from January	Difference from Budget
Expenditures					
Agency Appropriations	17,589.8	17,589.8	17,589.8	-	-
Deficiency Requirements	-	157.5	168.1	10.6	168.1
Lapses	(132.1)	(198.8)	(227.6)	(28.8)	(95.5)
Total Expenditures	17,457.7	17,548.5	17,530.2	(18.3)	72.5
Revenues					
Personal Income Tax	9,264.5	9,264.5	9,264.5	-	-
Sales and Use	4,167.4	4,226.2	4,226.2	-	58.8
Corporations	704.3	734.3	734.3	-	30.0
Federal Grants	1,299.6	1,238.4	1,236.1	(2.3)	(63.5)
Other Taxes and Refunds	778.4	669.6	669.6	-	(108.8)
Other Revenue Sources	1,243.8	1,226.6	1,262.6	36.0	18.8
Total Revenues	17,458.0	17,359.6	17,393.3	33.7	(64.7)
Operating Surplus/(Deficit)	0.3	(188.9)	(136.9)	52.0	(137.2)
% of Expenditures	0.0%	-1.1%	-0.8%	0.3%	-0.8%
Carry Forward of Lapse	-	(13.6)	(13.6)	-	(13.6)
Adjusted Surplus/(Deficit)	0.3	(202.5)	(150.6)	52.0	(150.8)

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

Major Expenditure Changes since the January Statement

Various Agencies and Accounts - The projections for various accounts were reduced to reflect the impact of the Governor's second round of rescissions, issued on January 22, 2015, which were not included in our January Monthly Statement. The sum total of the expenditure adjustments was a reduction of \$22.5 million. (See the link at the bottom of the statement for more detailed analysis of these reductions.)

Office of the State Comptroller - Miscellaneous - The Adjudicated Claims account projection was increased by \$6.0 million or 93.8% from our last projection due to the recent settlement for a wrongfully convicted individual in the amount of \$6.0 million, payable in FY 15.

Department of Correction - Workers' Compensation Claims - The account projection was increased by \$2.9 million or 11.0% from our last projection. Overall, expenses in this account have grown 19.0% this fiscal year. Specifically, year to date Medical costs have increased 40.2% and Stipulated Agreements have increased from \$37,400 to \$293,600. Overall, the number of claims has increased less than 1.0%, however the average cost per claim has increased 7.8%

Department of Mental Health and Addiction Services - Personal Services - The account projection was increased by \$1,000,000 or 0.5% from our last projection due to continued increases in overtime expenditures. Overtime is running approximately 19% above budget.

Department of Children and Families - The Board and Care for Children - Residential account projection was reduced by \$2.9 million or 2.5% from our last projection due to a reduction in residential placements. Average monthly placements have decreased by 173 from July through January.

Department of Mental Health and Addiction Services - TBI Community Services - The account projection was reduced by \$1.5 million or 10.9% from our last projection due to the continued placement of clients on waivers.

Major Revenue Changes since the January Statement

Miscellaneous Revenue - The account projection was increased by \$36.0 million or 22.2% from our last projection due to a recent settlement agreement with the ratings agency Standard and Poor's.

Federal Grants - The account projection was reduced by \$2.3 million or 0.2% to reflect the impact of various rescissions to line items with expenditures that are subject to federal reimbursement.

Deficient Agencies

Given the reduction in available funding that occurs due to budgeted lapses (holdbacks), we currently identify nine agencies that would require \$168.1 million in additional expenditure requirements. However, if available funding were to be released, this would reduce the need for deficiency funding to \$161.6 million.

FY 15 General Fund Estimated Agency Deficiency Needs					
Agency	Budgeted Appropriation \$	Available ^[1] Appropriation \$	Estimated Exp. \$	Deficiency without release of holdbacks \$	Deficiency with release of holdbacks \$
Department of Social Services	2,994,518,834	2,991,197,966	3,106,197,966	(115,000,000)	(113,407,490)
State Comptroller - Fringe Benefits	2,465,679,610	2,457,780,714	2,478,704,512	(20,923,798)	(20,923,798)
Department of Correction	675,833,632	680,589,133	692,699,030	(12,109,897)	(11,016,439)
State Comptroller - Miscellaneous	4,100,000	4,100,000	12,400,000	(8,300,000)	(8,300,000)
Public Defender Services Commission	63,616,706	62,377,370	67,400,012	(5,022,642)	(4,817,376)
Department of Emergency Services and Public Protection	170,416,519	182,705,783	185,960,547	(3,254,764)	(2,934,654)
Department of Developmental Services	1,097,901,632	1,083,382,807	1,085,977,671	(2,594,864)	(220,881)
Department of Education	3,033,327,785	3,028,754,446	3,029,278,685	(524,239)	-
Department of Mental Health and Addiction Services	612,738,559	606,629,124	607,029,123	(399,999)	-
			Total	(168,130,203)	(161,620,638)
[1] Appropriation less budgeted lapses					

[Expenditures XLS PDF](#)

[Revenues XLS PDF](#)

[OFA Analysis of Governor's FY 15 Rescissions](#)