

# OFFICE OF FISCAL ANALYSIS

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## State Budget Projections General Fund February 25, 2016

### Summary

We are currently projecting a \$266.0 million deficit in the General Fund.<sup>1</sup> This reflects an increase of \$193.8 million since our January statement.

### FY 16 General Fund Overview (in millions) <sup>1</sup>

Estimates	Budget	January Projection	February Projection	Difference from January	Difference from Budget
<b>Expenditures</b>					
Agency Appropriations <sup>2</sup>	18,362.2	18,362.2	18,362.2	-	-
Deficit Mitigation	-	(167.8)	(167.8)	-	(167.8)
Deficiency Requirements	-	77.8	76.4	(1.4)	76.4
Lapses	(200.6)	(146.1)	(148.9)	(2.8)	51.7
<b>Total Expenditures</b>	<b>18,161.6</b>	<b>18,126.1</b>	<b>18,121.9</b>	<b>(4.2)</b>	<b>(39.7)</b>
<b>Revenues</b>					
Personal Income Tax	9,834.4	9,570.0	9,370.0	(200.0)	(464.4)
Sales and Use	4,121.1	4,230.3	4,230.3	-	109.2
Corporations	902.2	950.4	950.4	-	48.2
Federal Grants	1,265.2	1,217.0	1,217.0	-	(48.2)
Other Taxes and Refunds	853.9	859.1	859.1	-	5.2
Other Revenue Sources	1,185.5	1,227.1	1,229.1	2.0	43.6
<b>Total Revenues</b>	<b>18,162.3</b>	<b>18,053.9</b>	<b>17,855.9</b>	<b>(198.0)</b>	<b>(306.4)</b>
<b>Operating Surplus/(Deficit)</b>	<b>0.7</b>	<b>(72.2)</b>	<b>(266.0)</b>	<b>(193.8)</b>	<b>(266.7)</b>
% of Expenditures	0.0%	-0.4%	-1.5%		

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

2 Projected expenditures include \$15.5 million in statutory carry forwards that are not anticipated to lapse.

### Major Expenditure Changes since January

Office of Early Childhood - Child Care Services - The account projection was reduced by \$1.5 million or 8.1% from last month's projection to reflect the annual reconciliation of prior year slots. FY 16 payments are adjusted for FY 15 utilization.

Department of Labor - Jobs First Employment Services - The account projection was decreased by \$1.4 million or 8.3% from our last projection because claims under the Special Benefits account, which provides transportation assistance for certain clients of the

<sup>1</sup> Pursuant to CGS 4-85(b), if the year-end General Fund deficit projected by the State Comptroller on the first of any month exceeds 1% of the budget, the Governor is required to submit a Deficit Mitigation Plan to the General Assembly within 30 days. That threshold is \$181.6 million.

Department of Social Services, have declined significantly following the implementation of procedural changes within the program.

### Major Revenue Changes since January

Personal Income Tax – The projection was decreased by \$200 million or 2.1% from our last projection to reflect: 1) negative growth in 4th quarter estimated payments (\$144.1 million) and, 2) anticipated related weakness in the final payments due April 18th (\$55.9 million).

Indian Gaming Payments (i.e., Casinos) – The projection was increased by \$2 million or 0.8% from our last projection due to significantly positive growth in the January payment. This is the first time this particular revenue stream has exhibited positive growth on a monthly basis since FY 11.

### Deficient Agencies

Given the reduction in available funding that occurs due to budgeted lapses (holdbacks), we currently identify nine agencies that would require \$76.4 million in additional expenditure requirements. However, if available funding were to be released, this would reduce the need for deficiency funding to \$68.3 million.

FY 16 Estimated Agency Deficiency Needs					
Agency	Budgeted Appropriation \$	Available <sup>[1]</sup> Appropriation \$	Estimated Exp. \$	Deficiency without release of holdbacks \$	Deficiency with release of holdbacks \$
<b>General Fund</b>					
Debt Service - State Treasurer	1,937,570,413	1,937,570,413	1,976,853,471	(39,283,058)	(39,283,058)
State Comptroller - Miscellaneous	69,584,293	65,521,899	89,025,550	(23,503,651)	(22,441,257)
Office of Early Childhood	295,033,520	293,806,434	298,506,434	(4,700,000)	(4,153,643)
Public Defender Services Commission	70,272,615	67,968,503	72,341,728	(4,373,225)	(2,069,113)
Department of Mental Health and Addiction Services	658,781,302	641,556,522	643,556,522	(2,000,000)	-
Department of Correction	693,424,375	677,559,766	679,089,448	(1,529,682)	-
Office of the Chief Medical Examiner	6,210,356	6,071,666	6,521,666	(450,000)	(313,556)
Department of Education	3,075,389,131	3,053,992,885	3,054,342,885	(350,000)	-
Department of Emergency Services and Public Protection	190,498,740	190,183,942	190,423,942	(240,000)	-
<b>General Fund Total</b>				<b>(76,429,616)</b>	<b>(68,260,627)</b>
[1] Appropriation less budgeted lapses					

Use the links below to see detailed estimates by agency/account and revenue category.

[Expenditures XLS PDF](#)

[Revenues XLS PDF](#)