Summary
We are projecting a FY 17 deficit of $64.7 million; last month it was estimated to be $317.1 million. The reduction is primarily the result of: 1) increased revenues of $93.4 million from PA 17-51, the Deficit Mitigation Plan; 2) expenditure reductions of $64.9 million; and 3) increased net revenue projections of $94.1 million.

Highlights
Net revenue is up since April consensus
General Fund revenue projections have seen a net positive increase since April Consensus. In particular Corporation Tax and Inheritance and Estate Tax projections have increased by $99 million since April. However, offsetting these positive gains is a continued weakness in Sales Tax which was lowered by $30 million from the April projection.

Budget Reserve Fund at lowest point since FY 12
We anticipate that $64.7 will need to be transferred from the Budget Reserve Fund to the General Fund in order to extinguish the deficit. This consequently leaves $170.9 million in the Budget Reserve Fund.

Figure 1. General Fund Overview
In Millions of Dollars

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>June Estimate</th>
<th>Difference from Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>Revenues</td>
<td>17,886.7</td>
<td>17,671.7</td>
<td>(215.0)</td>
</tr>
<tr>
<td>Expenditures</td>
<td>17,864.0</td>
<td>17,736.4</td>
<td>(127.6)</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>22.7</td>
<td>(64.7)</td>
<td>(87.4)</td>
</tr>
</tbody>
</table>

Figure 2. Major Items Contributing to Surplus/ (Deficit)
In Millions of Dollars

- **Budgeted Surplus**: 22.7
- **Positive Adjustments**
  - Corporation Tax: 160.0
  - Settlement: 111.5
  - Net Lapse: 57.2
  - Rescissions: 70.4
  - Other Revenue: 178.4
  - **Subtotal**: 577.5
- **Negative Adjustments**
  - Income Tax: (532.2)
  - Sales Tax: (132.7)
  - **Subtotal**: (664.9)
- **Surplus/(Deficit)**: (64.7)
Department of Social Services is projected to lapse approximately $76.8 million
The lapse is predominately comprised of a decrease of $29 million over last month in the Medicaid account, largely due to increased federal revenue for certain HUSKY A children, which reduces state expenditure requirements under net budgeting. A decrease of $11.4 million in projected expenditures in the Other Expenses account ($2.5 million related to Money Follows the Person expenditures being less than anticipated, $3.5 million across various miscellaneous items, and $5.4 million related to Access HealthCT related expenditures). Lastly, an additional $7.2 million is anticipated to lapse in the Community Residential Services account compared to last month associated with the delay in privatizing services due to the SEBAC negotiation.

Links
Deficient Agency Table
Expenditure Details Table
Revenue Details Table