



Office of Fiscal Analysis

FY 17 GENERAL FUND BUDGET PROJECTION

June 26, 2017

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.

Figure 1. General Fund Overview

In Millions of Dollars

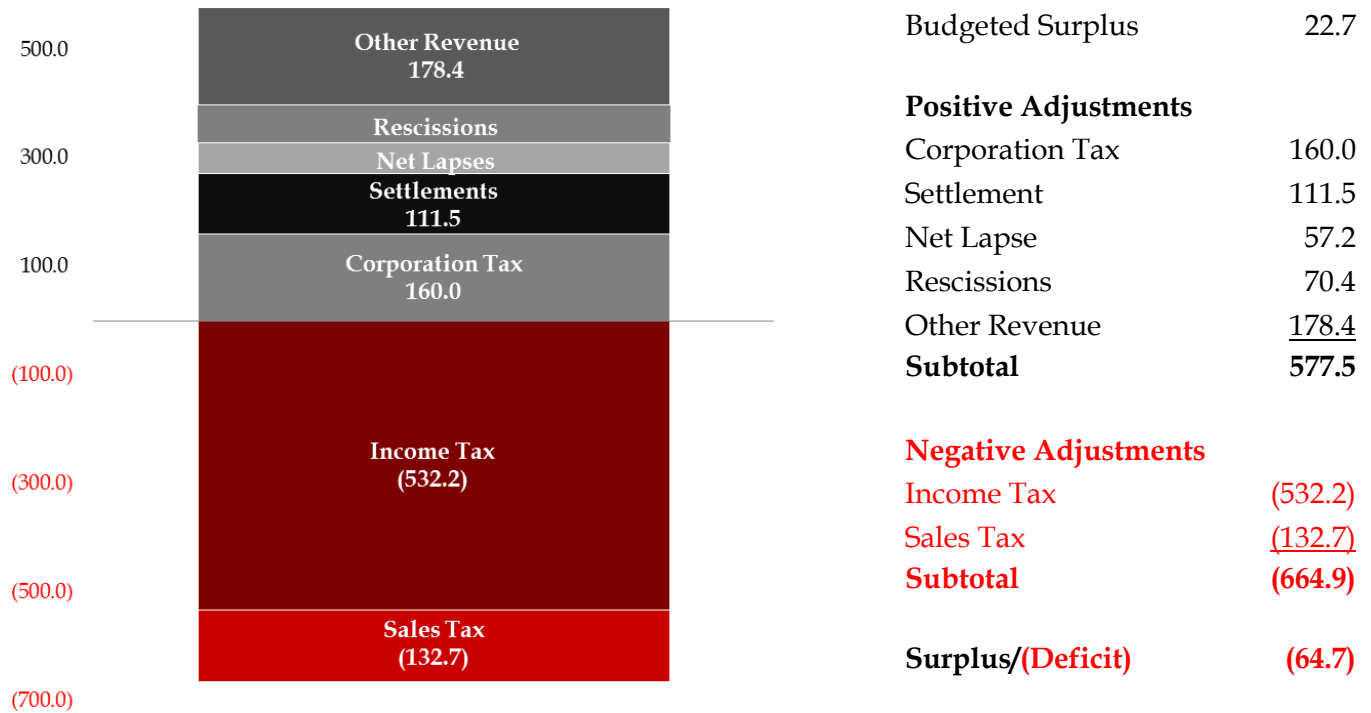
	Budget	June Estimate	Difference from Budget	
			\$	%
Revenues	17,886.7	17,671.7	(215.0)	-1.2%
Expenditures	<u>17,864.0</u>	<u>17,736.4</u>	<u>(127.6)</u>	<u>-0.7%</u>
Surplus/(Deficit)	22.7	(64.7)	(87.4)	-0.5%

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 2. Major Items Contributing to Surplus/ (Deficit)

In Millions of Dollars



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](#)