



Office of Fiscal Analysis

FY 19 BUDGET PROJECTIONS

February 25, 2019

GENERAL FUND SPENDING PROJECTIONS IMPROVE

The Office of Fiscal Analysis projects a General Fund (GF) surplus of \$511.9 million and a Special Transportation Fund (STF) surplus of \$70.5 million in FY 19. The GF surplus, combined with the updated volatility adjustment transfer of \$648 million, will result in a \$1,159.9 million deposit into the Budget Reserve Fund (BRF) at the close of FY 19. The GF surplus increased \$24.7 from our [previous estimate](#) of \$487.2 million.

Overview

In Millions of Dollars

Funds Update

General and Special Transportation revenue estimates are unadjusted from January consensus since collections are performing as expected. However, the potential for significant adjustments to FY 19 estimates remains, particularly as the April 15, 2019 filing deadline for 2018 income taxes approaches.

In the General Fund, significant spending adjustments include a \$35 million improvement to projections for Medicaid spending, which offsets a projected \$9 million increase in spending for Adjudicated Claims. There are no new adjustments to projected spending in the Special Transportation Fund.

	Budget	February Estimate	Difference from Budget
General Fund			
Revenues	19,008.7	19,473.0	464.3
Expenditures	18,998.2	18,961.1	(37.1)
Surplus/(Deficit)	10.5	511.9	501.4
Budget Reserve Fund			
Budget Reserve Deposit	373.6	1,159.9	786.3
Budget Reserve Balance	1,558.9	2,345.2	786.3
Special Transportation Fund			
Revenues	1,620.5	1,687.6	67.1
Expenditures	1,617.3	1,617.1	(0.2)
Surplus/(Deficit)	3.2	70.5	67.3
Fund Balance	248.9	316.2	67.3

Budget Reserve Fund

Significant variances from estimates of Estimated and Final (E&F) payments revenue are typical in April, as tax filers make their final payments for the previous fiscal year. Such variance will either increase or decrease the estimated \$648 million volatility adjustment transfer to the Budget Reserve ("Rainy Day") Fund.¹

¹ See the OLR Issue Brief 2018-R-0296 [Connecticut's Volatility Cap](#) for more information on the Volatility Cap and Adjustment

General Fund Summary

In Millions of Dollars

Summary	Change from Budget
Budgeted Surplus	10.5
Revenue	
+ Income Tax Withholding	330.4
+ Sales & Use Tax	137.3
+Corporation Tax	89.4
+Refund of Taxes	(112.2)
+ Net Other Revenue	19.4
Revenue Subtotal	464.3
Expenditures	
+Net Lapses	136.9
+Agency Deficiencies	(99.8)
Expenditure Subtotal	37.1
= Surplus/(Deficit)	511.9
Budget Reserve Fund Starting Balance	1,185.3
+ Surplus/(Deficit)	511.9
+ Volatility Adjustment	648.0
= Budget Reserve Transfer Subtotal	1,159.9
= Budget Reserve Fund Balance	2,345.2

For further information, please see the links below:

[Revenue Details Table](#)[Expenditure Details Table](#)[Budget Status Page](#)[Agency Deficiencies](#)**Special Transportation Fund Summary**

In Millions of Dollars

Summary	Change from Budget
Budgeted Surplus	3.2
Revenue	
+ Oil Companies	32.7
+ Interest Income	20.0
+ Sales Tax Transfer	9.2
+ Net Revenue	5.2
Revenue Subtotal	67.1
Expenditures	
+ Net Lapses	1.0
+ Agency Deficiencies	(0.7)
Expenditure Subtotal	0.2
= Surplus/(Deficit)	70.5
STF Starting Balance	245.7
+ Surplus/(Deficit)	70.5
= Fund Balance	316.2