

I. OVERVIEW

General Fund Budget Development

In November 2013, OFA projected a \$117.1 million surplus in FY 14 and an \$8.4 million surplus in FY 15. Later in the year, primarily as a result of the January 15, 2014 consensus revenue process, the surplus projection was increased to \$506.1 million in FY 14. In February 2014, Governor Malloy proposed a Revised Budget for FY 15 that would have utilized the projected FY 14 surplus through: (1) tax refunds (30.6%), (2) pension contributions (19.8%), (3) funds to be spent in FY 15 (1.7%), and (4) rainy day fund deposits (47.9%). For FY 15, the Governor proposed a revised budget for the General Fund with a growth rate of 2.3% compared to the original budget's 1.8%. On an all appropriated funds basis, the Governor's proposal contained an increase in growth from 2.1% to 2.7%.

The surplus projections remained above \$500 million, until April tax returns were tallied. The lower than expected income tax collections reduced the projected surplus in FY 14 by \$462 million and opened a deficit in FY 15 of \$286.1 million that required alterations in expectations during budget deliberations.

Finally, in the last few days of the session, PA 14-47, the FY 15 Revised Budget, and PA 14-217, the budget implementer (which contained implementation language, other changes and some minor budget adjustments) was passed by both chambers.

FY 15 Revised Budget

The original FY 15 budget contained a \$3.1 million General Fund balance. The FY 15 Revised Budget reduces that balance to \$0.4 million. The Revised Budget grows by 2.0% in the General Fund (2.5% all funds) when comparing FY 15 revised appropriations to FY 14 expenditures. The budget includes various policy changes that yield a net revenue increase of \$54.4 million in FY 15. This includes total decreases in taxes of \$22.2 million and a net increase in tax revenue of \$63.6 million, of which \$75 million is related to a tax collection initiative. Also included are reductions in other revenue categories of \$45.7 million and increases in other sources of revenue of \$36.5 million.

The FY 15 Revised Budget carries forward \$5.2 million in FY 14 funding for use in FY 15. In addition, existing statutory authorized carry forwards and Office of Policy and Management discretionary carry forwards total \$80.7 million. The remainder of the surplus of \$248.5 million in FY 14 in the General Fund was deposited to the Budget Reserve Fund.

FY 15 Revised Budget Fund Balance¹ (in millions)

Fund	Revenue \$	Appropriations \$	Surplus/ (Deficit) \$
General	17,458.0	17,457.7	0.4
Transportation	1,328.2	1,321.6	6.6
Other Appropriated	216.2	214.5	1.7
TOTAL	19,002.5	18,993.7	8.7

¹Estimates may not appear to add up due to rounding.

The table below compares original FY 15 appropriations to the FY 15 Revised Budget for the nine appropriated funds. The General Fund is \$39.9 million below original appropriations and \$1.7 million below appropriations on an all funds basis.

FY 15 Revised Expenditure Changes (PA 14-47 as adjusted by PA 14-217)

Item	Original \$	Revised \$	Revised - Original \$
Gross Appropriations			
General Fund	17,656,098,266	17,589,782,390	(66,315,876)
Special Transportation Fund	1,333,312,395	1,332,563,162	(749,233)
Banking Fund	27,845,849	28,791,624	945,775
Insurance Fund	31,968,453	68,344,562	36,376,109
Consumer Counsel and Public Utility Control Fund	25,384,201	25,589,345	205,144
Workers' Compensation Fund	24,789,229	26,157,484	1,368,255
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907	-
Regional Market Operation Fund	941,498	1,029,273	87,775
Criminal Injuries Compensation Fund	2,787,016	2,787,016	-
Total Gross Appropriations	19,164,906,814	19,136,824,763	(28,082,051)
General Fund (GF) Lapses			
Unallocated Lapse	(91,676,192)	(91,676,192)	-
Unallocated Lapse - Legislative	(3,028,105)	(3,028,105)	-
Unallocated Lapse - Judicial	(7,400,672)	(7,400,672)	-
General Other Expenses Reductions - Legislative	(140,000)	-	140,000
General Other Expenses Reductions - Executive	(3,312,000)	-	3,312,000
General Other Expenses Reductions - Judicial	(548,000)	-	548,000
General Lapse - Executive	(13,785,503)	(9,678,316)	4,107,187
General Lapse - Judicial	(401,946)	(282,192)	119,754
General Lapse - Legislative	(56,251)	(39,492)	16,759
Municipal Opportunities and Regional Efficiencies Program	(10,000,000)	(10,000,000)	-
GAAP Lapse	(7,500,000)	-	7,500,000
Statewide Hiring Reduction - Executive	(16,675,121)	(8,060,000)	8,615,121
Statewide Hiring Reduction - Judicial	(3,434,330)	(1,660,000)	1,774,330
Statewide Hiring Reduction - Legislative	(579,285)	(280,000)	299,285
Total GF Lapses	(158,537,405)	(132,104,969)	26,432,436

Item	Original \$	Revised \$	Revised - Original \$
Transportation Fund (TF) Lapses			
Unallocated Lapse	(11,000,000)	(11,000,000)	-
Total TF Lapses	(11,000,000)	(11,000,000)	-
Net Appropriations			
General Fund	17,497,560,861	17,457,677,421	(39,883,440)
Special Transportation Fund	1,322,312,395	1,321,563,162	(749,233)
Banking Fund	27,845,849	28,791,624	945,775
Insurance Fund	31,968,453	68,344,562	36,376,109
Consumer Counsel and Public Utility Control Fund	25,384,201	25,589,345	205,144
Workers' Compensation Fund	24,789,229	26,157,484	1,368,255
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907	-
Regional Market Operation Fund	941,498	1,029,273	87,775
Criminal Injuries Compensation Fund	2,787,016	2,787,016	-
TOTAL NET APPROPRIATIONS	18,995,369,409	18,993,719,794	(1,649,615)