Connecticut Spending Cap Facts

What is the Spending Cap?

Created in 1991 by the Connecticut legislature, the Spending Cap represents the ceiling or maximum amount of the general budget that is allowed to be expended in a given fiscal year. The Cap specifies that general budget spending may not exceed the prior year's spending by more than a given percentage.[1] The Cap calculation exempts: (1) debt service expenditures, (2) grants to distressed municipalities in effect on July 1, 1991, (3) the first year of spending on court orders and federal mandates, and (3) transfers to the Budget Reserve Fund. The Cap can only be exceeded if: (a) the Governor declares emergency or extraordinary circumstances and (b) three-fifths of the General Assembly vote to do so.

The FY 13 Revised Budget Spending Cap

The FY 13 Revised Budget is under the statutory spending cap by $142.2 million in FY 13. See the table below for details.

SPENDING CAP CALCULATIONS (in millions)

	FY 2012-13 Original Budget $	FY 2012-13 Revised Budget $
Total - All Appropriated Funds - Prior Year (FY 12)	20,104.8	20,140.8
Add Extraordinary Spending	-	-
Revised Total	**20,140.8**	**20,140.8**
Less "Non-Capped" Expenditures:		
Debt Service	2,373.0	2,373.0
Statutory Grants to Distressed Municipalities	1,480.5	1,458.8
Total "Non-Capped" Expenditures - Prior Year (FY 12)	**3,853.4**	**3,831.7**
Total "Capped" Expenditures	**16,287.4**	**16,309.1**
Times Five-Year Average Growth in Personal Income (Original Budget) or 12-Month Increase in Consumer Price Index (Revised Budget)	**2.84%**	**2.98%**
Allowable "Capped" Growth	**463.3**	**485.9**
"Capped" Expenditures	**16,750.7**	**16,795.0**
Plus "Non-Capped" Expenditures:		
Debt Service	2,427.5	2,328.9
Federal Mandates and Court Orders (new $)	20.6	20.0
Statutory Grants to Distressed Municipalities	1,479.6	1,541.4
Total "Non-Capped" Expenditures	**3,927.7**	**3,890.3**
Total - All Expenditures Allowed	**20,678.4**	**20,685.3**
Appropriation for this year	20,400.0	20,543.0
Total Appropriations are Over/(Under) the Cap	**(278.4)**	**(142.2)**

[1] The percentage is the greater of: (1) the average percentage increase in personal income over the preceding five years as determined by the U.S. Bureau of Economic Analysis or (2) the percentage increase in inflation during the preceding twelve months as determined by the U.S. Bureau of Labor Statistics.