



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

April 20, 2010

The Honorable Nancy Wyman
State Comptroller
55 Elm Street
Hartford, Connecticut 06106

Dear Comptroller Wyman:

The following information on the State's General Fund for Fiscal Year 2009-2010 is provided in accordance with Section 4-66 of the General Statutes. In addition, an analysis of the Special Transportation Fund is included due to the significant nature of this fund. Expenditure and revenue estimates are as of March 31, 2010. It is important to note that HB 5545, An Act Concerning Deficit Mitigation for the Fiscal Year Ending June 30, 2010, was signed by the Governor on April 14th and is anticipated to fully extinguish the projected March 31st deficit which is noted in this letter.

We are currently estimating a deficit of \$319.8 million in the General Fund as of March 31. As noted above, HB 5545 contains deficit mitigation measures that are anticipated to result in a net improvement in the General Fund deficit of \$323.2 million, which would yield a projected General Fund surplus of \$3.4 million after taking HB 5545 into account. The revision in the deficit projection as of March 31 represents a decrease of \$36.7 million from our March 22 estimate. This change is attributable to an increase in projected revenues totaling \$28.7 million, a decrease in anticipated expenditures of \$12.3 million, and an offsetting adjustment of \$4.3 million, primarily for refunds of escheated property.

The \$28.7 million improvement in projected revenue is based on an increase in the projections for Rents, Fines and Escheats (\$57.7 million), Indian Gaming Payments (\$10 million), Insurance Companies Tax collections (\$11.8 million), and a decrease in projected refunds of taxes (\$35 million). Partially offsetting these improvements are decreases in projected collections of Licenses, Permits and Fees (\$24 million), Corporation Taxes (\$20 million), Inheritance and Estate Taxes (\$10 million), Federal Grants (\$3.2 million), Transfers from the Tobacco Settlement Fund (\$5.7 million) and other miscellaneous sources of revenue (\$22.9 million).

On the expenditure side, we are projecting that an additional \$129.27 million will be needed to maintain operations in a number of agencies and meet the \$473.3 million lapse requirements in PA 09-3 of the June Special Session. This is a decrease of \$14.3 million from last month. These additional requirements include the impact of \$59.2 million in savings as a result of the Governor's November and March allotment rescissions, as well as the additional lapse created by the deferral of the \$100 million SERS payment. While estimated lapses have decreased by \$1.9 million versus last month, it is important to note that even after taking into account all deficient accounts, the Administration will fully achieve the lapse amounts required by the FY 2010 budget.

A net deficiency of \$98.8 million is projected in the Department of Social Services. This includes a deficiency of \$105.4 million in Medicaid, \$22 million in Other Expenses, \$2.8 million in the Temporary Family Assistance program and \$1.2 million in the Charter Oak Health Plan. These increases are partially offset by lapses in the Personal Services, ConnPACE, Child Care Subsidies, and SAGA accounts. Most of this deficiency is related to entitlements which cannot be reduced without legislative action.

A net deficiency of \$1.3 million is anticipated in the Department of Developmental Services' Other Expenses account. A net deficiency of \$5.89 million is anticipated in the Department of Mental Health and Addiction Services. This deficiency is comprised of \$8.0 million in Other Expenses due to higher than budgeted costs, which is partially offset by lapses in the Personal Services, Housing Supports and Services, and Medicaid Rehab Option accounts. The Department of Public Health is projecting a deficiency of \$3.5 million: \$2 million

in Personal Services for "Reinvention Savings", \$825,000 in Other Expenses and \$683,000 in the Community Health Services account.

The Department of Correction is currently projected to have a net deficiency of \$8.45 million, based on deficiencies of \$11.4 million in Other Expenses, \$7.5 million in Workers' Compensation Claims and \$184,000 in Legal Services to Prisoners. These deficiencies are partially offset by lapses in Personal Services, Inmate Medical Services, Board of Pardons and Paroles, Mental Health AIC, Distance Learning, Children of Incarcerated Parents, and Community Support Services. The Other Expenses shortfall is the result of applying bottom line lapse amounts necessary to implement requirements of PA 09-3 on top of a reduced appropriation that reflects anticipated savings through the establishment of various correctional policies to manage the prison population. The Workers' Compensation Claims account shortfall is due to an appropriation \$2.0 million below what was previously expended in FY09 as well as increased medical expenditures. The Public Defender Services Commission is experiencing a net deficiency of \$1.27 million, based on deficiencies in Other Expenses (\$200,000), Special Public Defender – Contractual (\$90,000), Special Public Defender – Non Contractual (\$591,000), and Expert Witness (\$516,000). Partially offsetting these deficiencies are lapses in the Personal Services and Training and Education accounts.

The Department of Public Works is projecting the following deficiencies: \$1.67 million in Other Expenses, \$1.03 million in Property Management Services, \$695,000 in Facilities Design Expense, and \$1.97 million in Rents and Moving as a result of the required contract savings and the reductions to FY 07 levels included in the budget. These amounts are partially offset by a projected lapse of \$325,000 in Personal Services. The Commission on Culture and Tourism is experiencing a deficiency of \$400,000 in Personal Services and \$230,000 in its Statewide Marketing account. Several agencies are experiencing deficiencies in Personal Services: Revenue Services (\$325,000), Protection and Advocacy (\$63,000) and the Victim Advocate (\$34,000). Deficiencies in Other Expenses are projected at the Department of Public Safety (\$1.02 million) and Veterans' Affairs (\$250,000). Finally, the Commission on Human Rights and Opportunities is experiencing deficiencies in both Personal Services (\$150,000) and Other Expenses (\$70,000).

This month's letter reflects an increase in the estimated June 30, 2010 balance in the Special Transportation fund of \$800,000. This change is based on a \$1.8 million decrease in anticipated revenue, which is more than offset by a \$2.7 million reduction in anticipated expenditures within the fund. This reduction in expenditures brings the estimate to \$3.5 million below the appropriated level. The Workers' Compensation Claims account is anticipated to have a \$2.0 million shortfall while anticipated lapses in the fund are anticipated to be \$5.5 million beyond the amounts required by the budget act. It should be noted that HB 5545 reduced the transfer from the General Fund by \$10.0 million and as a result, the operating surplus will be reduced to \$4.2 million and the cumulative balance will be \$97.8 million.

It should be noted that while these projections are the best that can be made at this time, estimates may have to be adjusted to reflect changes in the economy, expenditure patterns and/or other factors.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Genuario", written in a cursive style.

Robert L. Genuario
Secretary

Summary
April 20, 2010

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2010
As of March 31, 2010
(In Millions)

General Fund

Balance - March 22, 2010		\$	(356.5)
Revenues			
Corporation	(20.0)		
Inheritance & Estate	(10.0)		
Insurance Companies	11.8		
Refund of Taxes	35.0		
Indian Gaming Payments	10.0		
Licenses, Permits, Fees	(24.0)		
Rents, Fines, Escheats	57.7		
Other Revenue-Miscellaneous	(12.0)		
All Other	<u>(19.8)</u>		28.7
Expenditures			
Additional Requirements	14.2		
Estimated Lapses	(1.9)		
Miscellaneous Adjustments/Rounding	<u>(4.3)</u>		8.0
Balance - April 20, 2010		\$	<u>(319.8)</u>

Special Transportation Fund

Carry Forward FY 2008-09 Surplus		\$	93.6
Balance - March 22, 2010			13.3
Revenues			
Sales Tax - DMV	4.0		
Motor Vehicle Receipts	(2.5)		
Interest Income	<u>(3.3)</u>		(1.8)
Expenditures			
Additional Requirements	4.0		
Estimated Lapses	<u>(1.3)</u>		2.7
Balance - April 20, 2010		\$	<u>107.8</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations
Projected to June 30, 2010
As of March 31, 2010
(In Millions)

	General Assembly <u>Budget Plan</u> ¹ .	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
REVENUE			
Taxes	\$12,017.5	\$11,684.1	(\$333.4)
Less: Refunds	<u>(1,089.9)</u>	<u>(1,119.9)</u>	<u>(30.0)</u>
Taxes - Net	10,927.6	10,564.2	(363.4)
Other Revenue	1,307.1	1,347.9	40.8
Other Sources	<u>5,137.7</u>	<u>5,146.1</u>	<u>8.4</u>
TOTAL Revenue	\$17,372.4	\$17,058.2	(\$314.2)
EXPENDITURES			
Appropriations	\$17,843.6	\$17,843.6	\$0.0
Net Additional Requirements	0.0	129.3	129.3
Less: Estimated Lapses	<u>(473.3)</u>	<u>(622.4)</u>	<u>(149.1)</u>
TOTAL Expenditures	\$17,370.3	\$17,350.5	(\$19.8)
Balance from Operations	\$2.1	(\$292.3)	(\$294.4)
Miscellaneous Adjustments	<u>0.0</u>	<u>(27.5)</u>	<u>(27.5)</u>
Estimated Balance 6/30/10	<u>\$2.1</u>	<u>(\$319.8)</u>	<u>(\$321.9)</u>

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session, P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session

State of Connecticut
 General Fund
 Revenue Estimates
 Projected to June 30, 2010
 As of March 31, 2010
 (In Millions)

TAXES	
Personal Income	\$6,423.0
Sales and Use	3,076.1
Corporation	686.6
Public Service Corporations	265.5
Inheritance and Estate	186.2
Insurance Companies	212.0
Cigarettes	387.6
Real Estate Conveyance	94.5
Oil Companies	124.4
Alcoholic Beverages	47.6
Admissions and Dues	36.1
Miscellaneous	144.5
TOTAL - TAXES	<u>\$11,684.1</u>
Less: Refunds of Taxes	(1,110.5)
R & D Credit Exchange	<u>(9.4)</u>
TOTAL - TAXES - NET	<u>\$10,564.2</u>
OTHER REVENUE	
Transfers - Special Revenue	\$293.4
Indian Gaming Payments	381.0
Licenses, Permits, Fees	240.9
Sales of Commodities and Services	33.2
Rents, Fines, Escheats	227.7
Investment Income	7.0
Miscellaneous	165.6
Refunds of Payments	<u>(0.9)</u>
TOTAL - OTHER REVENUE	<u>\$1,347.9</u>
OTHER SOURCES	
Federal Grants	\$4,090.8
Transfer from Tobacco Settlement Fund	101.6
Transfers (To)/From Other Funds	<u>953.7</u>
TOTAL - OTHER SOURCES	<u>\$5,146.1</u>
TOTAL - GENERAL FUND REVENUE	\$17,058.2

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2010
As of March 31, 2010

Department of Revenue Services	\$294,000
Department of Veteran's Affairs	250,000
Department of Public Works	5,040,000
Department of Public Safety	1,020,000
Office of the Victim Advocate	34,000
Commission on Human Rights and Opportunities	220,000
Office of Protection and Advocacy	63,000
Commission on Culture and Tourism	630,000
Department of Public Health	3,508,000
Department of Developmental Services	1,300,000
Department of Mental Health & Addiction Services	5,890,000
Department of Social Services	98,800,000
Department of Correction	8,450,000
Public Defender Services	1,271,000
DAS-Workers' Compensation Claims	2,500,000
Total	<u>\$129,270,000</u>

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2010
As of March 31, 2010

Reduce Outside Consultant Contracts	\$69,600,000
General Personal Services Reduction	14,000,000
General Other Expenses Reductions	11,000,000
Personal Services Reductions	213,000,000
Office of Legislative Management	2,295,000
Auditors of Public Accounts	1,020,000
DOIT Lapse	29,700,000
Management Reduction	10,000,000
Reduce Other Expenses to FY 07 Levels	25,600,000
Allotment Rescissions - November 5, 2009	31,600,000
Allotment Rescissions - November 24, 2009	19,400,000
Allotment Rescissions - March 29, 2010	8,200,000
SERS Payment Deferral per SEBAC Agreement	100,000,000
Department of Children and Families	18,000,000
OTT - Debt Service	32,700,000
Estimated Unallocated Lapses	12,800,000
Governor's Office	300,000
Secretary of the State	250,000
Elections Enforcement Commission	410,000
Contracting Standards Board	470,000
Office of the State Treasurer	200,000
Office of Policy and Management	1,600,000
Department of Administrative Services	1,600,000
Office of the Attorney General	1,000,000
Department of Environmental Protection	3,400,000
Economic and Community Development	200,000
Agricultural Experiment Station	245,000
Department of Education	655,000
Department of Higher Education	495,000
Teachers Retirement Board	325,000
Commission on Child Protection	800,000
State Comptroller - Fringe Benefits	11,500,000
Total	<u>\$622,365,000</u>

State of Connecticut
2009-10 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
REVENUE	\$17,372.4	\$17,375.4	\$17,375.4	\$17,203.3	\$17,127.3	\$17,239.1	\$17,029.5	\$17,029.5	\$17,029.5	\$17,058.2			
Appropriations	17,843.6	17,847.9	17,847.9	17,843.9	17,843.6	17,843.6	17,843.6	17,843.6	17,843.6	17,843.6			
Additional Requirements	0.0	0.0	0.0	212.5	212.5	234.5	193.7	193.7	143.5	129.3			
Less: Estimated Lapses	(473.3)	(473.3)	(473.3)	(473.3)	(473.3)	(524.3)	(524.3)	(524.3)	(624.3)	(622.4)			
TOTAL - Estimated Expenditures	17,370.3	17,374.6	17,374.6	17,583.1	17,582.8	17,553.8	17,513.0	17,513.0	17,362.8	17,350.5			
Balance from Operations	2.1	0.8	0.8	(379.8)	(455.5)	(314.7)	(483.5)	(483.5)	(333.3)	(292.3)			
Compt.'s Misc. Adjustments/Rounding	0.0	0.0	0.0	(8.7)	(11.0)	(13.2)	(17.0)	(20.4)	(23.2)	(27.5)			
Estimated Balance 6/30/10	\$2.1	\$0.8	\$0.8	(\$388.5)	(\$466.5)	(\$327.9)	(\$500.5)	(\$503.9)	(\$356.5)	(\$319.8)			

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session,
P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session

Statement 1T
 April 20, 2010

State of Connecticut
 Special Transportation Fund
 Analysis of Budget Plan
 Projected to June 30, 2010
 As of March 31, 2010
 (In Millions)

	<u>General Assembly Budget Plan</u> ¹	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
Surplus Carried Forward from 2008-09	\$93.6	\$93.6	\$0.0
REVENUE			
Taxes	\$691.4	\$710.9	\$19.5
Less: Refunds of Taxes	<u>(6.6)</u>	<u>(6.5)</u>	<u>0.1</u>
Taxes - Net	684.8	704.4	19.6
Other Revenue	<u>430.9</u>	<u>420.9</u>	<u>(10.0)</u>
TOTAL - Revenue	<u>\$1,115.7</u>	<u>\$1,125.3</u>	<u>\$9.6</u>
EXPENDITURES			
Appropriations	\$1,135.9	\$1,135.9	\$0.0
Additional Appropriations	0.0	2.0	2.0
Less: Estimated Lapses	<u>(21.2)</u>	<u>(26.8)</u>	<u>(5.6)</u>
TOTAL - Expenditures	<u>\$1,114.7</u>	<u>\$1,111.1</u>	<u>(\$3.5)</u>
Balance from Operations	\$1.0	\$14.2	\$13.1
Miscellaneous Adjustments	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Estimated Balance 6/30/10	<u>\$94.6</u>	<u>\$107.8</u>	<u>\$13.1</u>

1. P.A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session
 and P.A. 09-7, September Special Session
 Figures may not add due to rounding.

Statement 2T
April 20, 2010

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2010
As of March 31, 2010
(In Millions)

TAXES	
Motor Fuels	\$502.4
Oil Companies	141.9
Sales Tax DMV	66.6
TOTAL - TAXES	<u>710.9</u>
Less: Refunds of Taxes	<u>(6.5)</u>
TOTAL - TAXES - NET	\$704.4
OTHER REVENUE	
Motor Vehicle Receipts	\$219.3
Licenses, Permits, Fees	133.4
Interest Income	8.0
Federal Grants	3.3
Transfers (To)/From Other Funds	59.4
Refunds of Payments	<u>(2.5)</u>
TOTAL - OTHER REVENUE	\$420.9
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$1,125.3

Statement 3T
April 20, 2010

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2010
As of March 31, 2010

DAS-Workers' Compensation Claims	<u>\$2,000,000</u>
Total	\$2,000,000

Statement 4T
April 20, 2010

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2010
As of March 31, 2010

State Treasurer - Debt Service	\$10,000,000
Department of Motor Vehicles	2,980,000
Personal Services Reductions	12,873,927
Allotment Rescissions November 5, 2009	896,820
Total	<u>\$26,750,747</u>

State of Connecticut
2009-10 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2009	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010
Beginning Balance	\$93.6	\$93.6	\$93.6	\$93.6	\$93.6	\$93.6	\$93.6	\$93.6	\$93.6	\$93.6			
Revenue	1,115.7	1,106.5	1,109.5	1,118.7	1,118.7	1,118.7	1,127.1	1,127.1	1,127.1	1,125.3			
Total Available	1,209.3	1,200.1	1,203.1	1,212.3	1,212.3	1,212.3	1,220.7	1,220.7	1,220.7	1,218.9			
Appropriations	1,135.9	1,127.6	1,127.6	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9	1,135.9			
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	6.0	6.0	6.0	2.0			
Less: Estimated Lapses	(21.2)	(21.2)	(21.2)	(21.2)	(21.2)	(22.1)	(28.1)	(28.1)	(28.1)	(26.8)			
TOTAL - Estimated Expenditures	1,114.6	1,106.4	1,106.4	1,114.6	1,114.7	1,113.8	1,113.8	1,113.8	1,113.8	1,111.1			
Balance from Operations	1.1	0.1	3.1	4.1	4.0	4.9	13.3	13.3	13.3	14.2			
Compt's Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Estimated Balance 6/30/10	\$94.7	\$93.7	\$96.7	\$97.7	\$97.6	\$98.5	\$106.9	\$106.9	\$106.9	\$107.8			

1. P. A. 09-3 of the June Special Session, as amended by P.A. 09-8, September Special Session, P.A. 09-7, September Special Session and P.A. 09-5 of the September Special Session
Figures may not add due to rounding.