



Connecticut General Assembly
Office of Fiscal Analysis

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Fiscal Forecast

January 2010



Connecticut General Assembly
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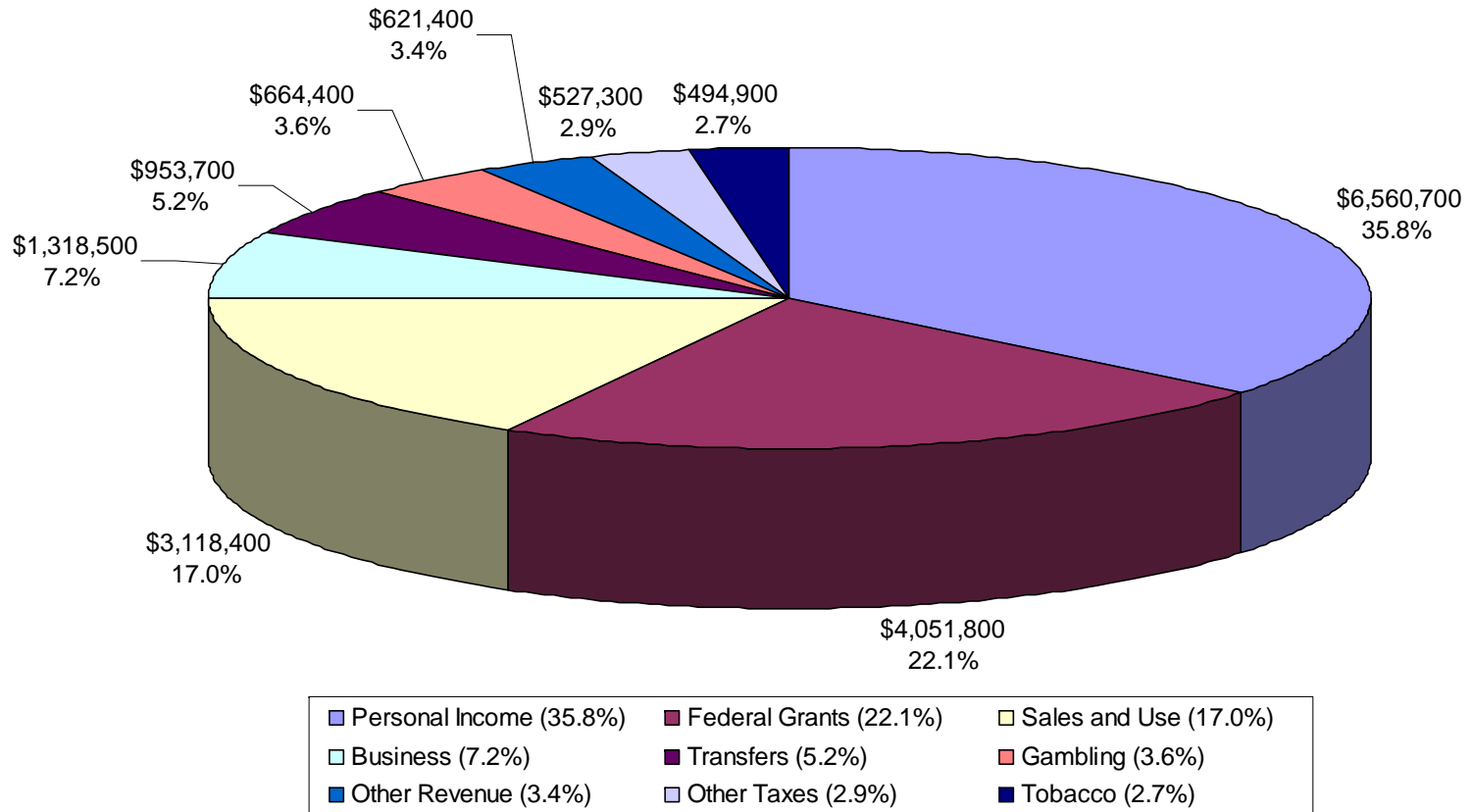
FY 10 - FY 12

Major Budget Components and Projections



FY 10 General Fund Revenue

(prior to refunds, in thousands)



NOTES:

- 1) Business revenue consists of: Corporations (\$721,600), Public Service Corporations (\$272,300), Insurance Companies (\$200,200), and Oil Companies (\$124,400).
- 2) Gambling revenue consists of: Indian Gaming (\$371,000) and Special Revenue (\$293,400).
- 3) Other Revenue includes: Licenses, Permits and Fees (\$279,900), Sales of Commodities and Services (\$33,200), Rentals, Fines and Escheats (\$95,800), Investment Income (\$10,000) and Miscellaneous (\$202,500).
- 4) Other Taxes revenue consists of: Inheritance and Estate (\$202,200), Real Estate Conveyance (\$94,500), Alcoholic Beverages (\$48,000), Admissions, Dues and Cabaret (\$37,100) and Miscellaneous (\$145,500).



50 Major Accounts Projections

(General Fund, current services, in millions)

	FY 11	FY 12	FY 13	FY 14
1 DSS - Medicaid	\$3,796.4	\$4,062.1	\$4,346.5	\$4,650.7
2 Personal Services (gross statewide - includes constituent units and Reserve for Salary Adjustment account)	3,295.4	3,443.7	3,598.7	3,760.6
3 SDE - Education Equalization Grants	1,889.6	1,936.8	1,985.3	2,034.9
4 Debt Service - Debt Service (includes UConn 2000, CHEFA, TRB (POB))	1,682.7	1,945.9	1,992.9	2,049.0
5 OSC - State Employees Retirement Contributions	663.3	829.2	866.5	905.5
6 OSC - Retired State Employees Health Service Cost	607.9	632.2	657.5	682.1
7 TRB - Retirement Contributions	581.6	604.9	629.1	654.2
8 Other Expenses	576.5	588.6	601.0	613.6
9 OSC - State Employees Health Service Cost	516.9	537.5	559.0	580.0
10 DCF- Board and Care for Children - Residential, Foster, Adoption	402.0	424.0	436.4	456.4
11 DDS - Community Residential Services	398.5	406.5	414.6	422.9
12 DSS - State Administered General Assistance	304.0	325.3	348.1	372.4
13 OSC - Employers Social Security Tax	249.8	271.1	261.1	272.8
14 SDE - Magnet Schools	189.6	207.2	222.5	233.9
15 DDS - Employment Opportunities and Day Services	185.0	188.7	192.5	196.4
16 DSS - Temporary Assistance to Families - TANF	123.2	128.1	133.2	138.5
17 SDE - Excess Cost - Student Based	120.5	172.0	180.6	189.6
18 SDE - Priority School Districts	117.2	117.2	117.2	117.2
19 OSC - Reimbursements to Towns for Loss of Taxes on Private Tax-Exempt Property	115.4	115.4	115.4	115.4
20 DSS - DMHAS - Disproportionate Share	105.9	105.9	105.9	105.9
21 DOC - Inmate Medical Services	104.5	108.7	112.7	117.0
22 Workers' Compensation Claims (DAS, DOC, DDS, DMHAS, DPS, DCF)	99.6	102.7	108.9	115.7
23 DSS - Child Care Services-TANF/CCDBG	90.9	94.6	98.3	102.3
24 DMHAS - General Assistance Managed Care	86.8	90.7	94.8	99.1
25 DMHAS - Grants for Mental Health Services	\$81.3	\$85.1	\$88.9	\$92.9



50 Major Accounts Projections

(continued from previous slide)

	FY 11	FY 12	FY 13	FY 14
26 DSS- Connecticut Home Care Program	\$80.7	\$84.8	\$89.0	\$93.4
27 OSC - Reimbursement to Towns for Loss of Taxes on State Property	73.5	73.5	73.5	73.5
28 DSS- Aid to the Disabled	62.7	65.2	67.8	70.6
29 OPM - P.I.L.O.T. - New Manufacturing Machinery and Equipment	57.3	57.3	57.3	57.3
30 JUD - Alternative Incarceration Program	55.2	57.4	59.7	62.0
31 SDE - Charter Schools	53.1	55.0	55.0	55.0
32 DSS - Disproportionate Share-Medical Emergency Assistance	51.7	51.7	51.7	51.7
33 DMHAS - Young Adult Services	48.0	49.1	50.2	51.4
34 SDE - Transportation of School Children	48.0	90.5	94.2	97.9
35 DSS - Housing/Homeless Services	47.3	49.2	51.2	53.2
36 DSS - HUSKY Program	41.0	43.8	46.9	50.2
37 DOC - Community Support Services	40.4	40.4	40.4	40.4
38 DMHAS - Managed Service System	38.9	40.6	42.5	44.4
39 DSS - Old Age Assistance	38.1	38.9	39.7	40.4
40 DDS - Early Intervention	37.8	38.6	39.4	40.2
41 DDS - Voluntary Services	35.2	35.9	36.6	37.3
42 OSC - Higher Education Alternative Retirement System	34.2	37.1	35.7	37.3
43 DSS - DSH-Urban Hospitals in Distressed Municipalities	31.6	31.6	31.6	31.6
44 DOL - Workforce Investment Act	30.5	31.1	31.1	31.7
45 DHE - Connecticut Aid for Public College Students	30.2	30.2	30.2	30.2
46 JUD - Juvenile Alternative Incarceration	30.2	31.4	32.6	33.9
47 DMHAS - Grants for Substance Abuse Services	26.7	27.9	29.1	30.4
48 DCF - Community KidCare	25.7	26.2	26.7	27.2
49 DoIT - Statewide Information Technology Services	23.9	24.9	25.9	26.9
50 DHE - Connecticut Independent College Student Grant	\$23.4	\$23.4	\$23.4	\$23.4
Total Top 50 Accounts*	\$17,449.8	\$18,659.8	\$19,428.7	\$20,270.9

*Represents 95% of the General Fund appropriation



General Fund Budget Overview

Budget Overview:	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>
Consensus Revenues as of 10/15/09	\$ 17,204.0	\$ 17,432.7	\$ 15,794.8
OFA Expenditures as of 11/13/09	17,581.4	17,849.4	19,206.8
Balance	\$ (377.4)	\$ (416.7)	\$ (3,412.0)
OFA Revised Revenue as of 11/13/09	17,195.5	17,562.7	15,924.8
OFA Revised Balance as of 11/13/09	\$ (385.9)	\$ (286.7)	\$ (3,282.0)
Deficit as a % of budget	2.2%	1.6%	17.1%
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Spending Cap Comparison (All Funds):	(840.9)	(589.9)	1,245.3
General Fund Growth Rates			
Revenue		3.4%	5.8%
Expenditures		1.5%	7.6%



Budget Reserve Fund Revenue

(General Fund, in millions)

Recent Surpluses Credited to the BRF:

FY 04	\$302.2
FY 05	363.9
FY 06	446.5
FY 07	269.2
Total - Recent Surpluses to the BRF	\$1,381.7

+ ↓

Transfers from BRF to the General Fund:

FY 10	(\$1,039.7)
FY 11	(342.0)
Total - Transfers to the General Fund	(\$1,381.7)

= ↓

BRF BALANCE **\$0.0**



Major FY 12 Deficit Factors

(in millions)

One-Time Measures Utilized in FY 11 and Not Available in FY 12

Federal Stimulus	\$594.8
Budget Reserve Fund (BRF)	342.0
Securitization	1,290.7
Reductions to Certain Funds (Sweeps)	45.3
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Total - One-Time Measures **\$2,272.8**
+ 

Economic Recovery Notes (ERN's) and Securitization

ERN's - Debt Service (principal and interest)	\$238.0
Securitization - Revenue Intercept	216.5
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Total - ERN's and Securitization **\$454.5**
= 

GRAND TOTAL **\$2,727.3**



Explaining the FY 12 Deficit

(in millions)

Continuation of FY 11 deficit in FY 12	(\$286.7)
	+ ↓
Revenue Issues:	
Revenue growth at 5.8%	\$870.4
Loss of one-time FY 11 revenue sources	(2,508.3)
Total Revenue Issues	(\$1,637.9)
	+ ↓
Expenditure Issues:	
Growth in Four Major Areas	
Personal Services (including fringe benefits)	\$380.4
Medicaid	265.8
Education Equalization Grant (ECS)	47.2
Debt Service	25.2
State Administered General Assistance (SAGA) - DSS	21.3
Board & Care (Residential, Foster Care, and Adoption) - DCF	22.0
<i>Subtotal growth in four major areas</i>	<u>\$761.9</u>
	+
Other Expenditure Growth Across All State Agencies	\$238.1
	+
New Expenditures	
Debt Services (Economic Recovery Notes)	\$238.0
27th State Payroll Costs	108.7
Juvenile Jurisdiction Age Change (PA 07-4, PA 09-7 SSS)	10.7
<i>Subtotal new expenditures</i>	<u>\$357.4</u>
Total Expenditure Issues	\$1,357.4
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TOTAL CONTRIBUTING MAJOR FACTORS	(\$3,282.0)



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Balancing the Budget in FY 12

Projected FY 12 Deficit = \$3,282 Million



Reduce Expenditures

18.4% Decrease in Expenditures
(Cut the budget by \$3.2 billion)



Increase Revenue

20.6% Increase in Revenues
(Above Projected Growth – 5.8%)



Transportation Fund Revenue FY 10 – FY 14 Projections

(in millions) as of November 13, 2009

	-----Consensus-----			-----Consensus Out-Year Projections-----	
	FY 10	FY 11	FY 12	FY 13	FY 14
Beginning Balance as of July 1st	\$93.6	\$97.6	\$101.7	\$47.6	\$38.5
Total Revenues	\$1,118.7	\$1,184.7	\$1,200.3	\$1,260.3	\$1,287.6
Total Expenditures	\$1,114.7	\$1,180.6	\$1,254.4	\$1,269.4	\$1,291.6
Net Operating Surplus/(Deficit)	\$4.0	\$4.1	(\$54.1)	(\$9.1)	(\$4.0)
Ending Balance as of June 30th	\$97.6	\$101.7	\$47.6	\$38.5	\$34.5
Debt Service Ratio	2.6	2.6	2.5	2.7	2.7