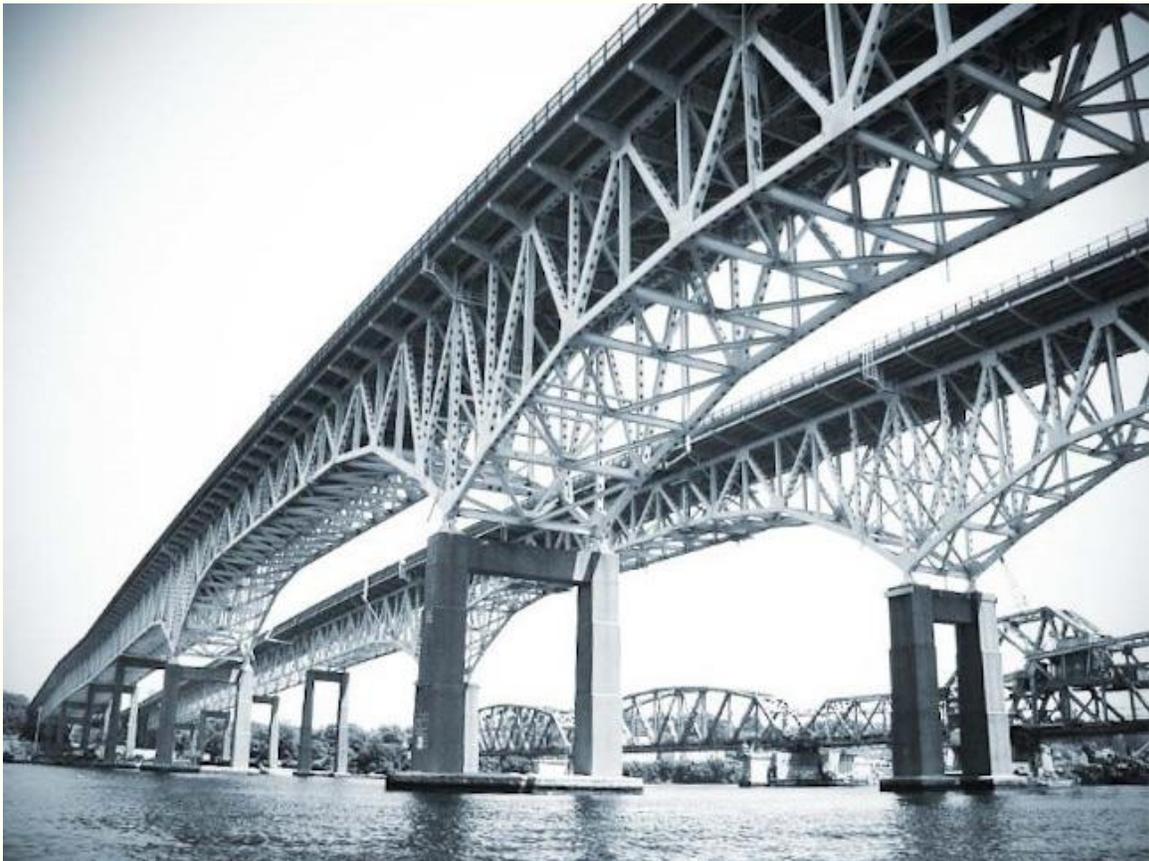


CONNECTICUT

FY 2018, FY 2019, FY 2020

THREE YEAR BUDGET REPORT



DANNEL P. MALLOY, GOVERNOR

February 3, 2016

Introduction

This report has been prepared in accordance with section 4-71 of the Connecticut General Statutes.

The projections contained in this report represent a new approach to outyear estimates. In previous years, individual lines of appropriation were trended forward using projected inflation rates as well as specific factors affecting various accounts. In contrast, this report provides a projection of the funding that is anticipated to be available for various activities given current revenue projections. This provides a better reflection of the challenges that agencies and decision makers will face over the next few years.

Fiscal years 2017 and 2018 are anticipated to be extraordinarily challenging for the General Fund as available revenue is projected to grow by less than 1 percent - only \$171.4 million - while expenditures for State Employee and Teacher benefits, debt service, and Medicaid and other entitlement programs are anticipated to grow by \$867.1 million. Because the State Constitution and state laws require that budgets be balanced, absent a change to revenues all other areas of the budget will need to be reduced by \$695.1 million. Achieving this level of savings by applying reductions to the same accounts to which the Governor proposed a 5.75 percent reduction for FY 2017 means that those “discretionary” services will need to be reduced by an additional 9.7 percent in FY 2018.

The most significant areas of “fixed” growth for FY 2018 vs. FY 2017 are:

- Debt service, which is projected to increase by \$275.2 million – more than 13 percent above the FY 2017 level.
- Teachers’ Retirement System, including both teachers’ pensions and retired teachers’ healthcare, up \$259.2 million over FY 2017, largely as a result of the adoption of a more conservative assumed rate of return for the pension system (from 8.5 percent to 8.0 percent).
- Medicaid, up \$121.5 million, or approximately 4.8 percent.
- Other Post-Employment Benefits, pursuant to the State’s agreement with the State Employees’ Bargaining Agent Coalition in 2011, which requires the State to begin matching employee contributions to the Retiree Healthcare Trust Fund in FY 2018. Those contributions are anticipated to be \$132.6 million annually.
- Other fringe benefits costs for State Employees, up \$71.6 million, primarily as a result of projected increases for retired employee healthcare (\$29.2 million) and the projected increases in payments for accrued liability in the State Employees Retirement System (\$40.0 million).

The primary factors contributing to the less than one percent increase in General Fund revenue are:

- Increasing diversions of sales tax revenue to the Municipal Revenue Sharing Account and the Special Transportation Fund (STF). Under current law, the transfer to the STF will increase by \$95.9 million and the transfer to MRSA will increase by \$134.6 million in FY 2018 compared to FY 2017. In total, \$718.2 million in FY 2018 sales tax revenue will be devoted to these programs.
- Expiring tax provisions. The phase out of the corporate surcharge and the increased cap on the Neighborhood Assistance Grant will decrease General Fund revenue by a projected \$27.5 million. Expiring Insurance Tax provisions will decrease FY 2018 revenue by an additional \$22.7 million.
- The continuation of the phased-in income tax exemption for teachers’ pensions (\$7.2 million) and the increase in the Earned Income Tax Credit rate to 30 percent (\$11.0 million).

- The timing of the biennial business tax will contribute an additional \$40 million reduction in General Fund revenue for FY 2018.

Because many of the factors noted above will be fully annualized by the end of FY 2018, revenue growth in FY 2019 and FY 2020 is projected to exceed expenditure growth and allow for modest year-over-year increases in discretionary spending areas, totalling an estimated 4.8 percent in FY 2019 and 1.5 percent in FY 2020.

In the Special Transportation Fund, we project that revenues will exceed expenditures by \$75.4 million in FY 2018, but as the Let's Go CT! program ramps up, spending growth will outpace revenue in FY 2019 and FY 2020, leading to operating deficits of \$9.5 million and \$99.1 million. As of June 30, 2020, the cumulative fund balance would stand at a projected \$185.5 million, slightly above the level anticipated for the end of FY 2017.

THREE YEAR BUDGET REPORT

Financial Summary of Funds

(in millions)

	Recommended		Projected	
	FY 2017	FY 2018	FY 2019	FY 2020
General Fund				
Revenues	\$ 18,152.3	\$ 18,323.7	\$ 18,824.5	\$ 19,387.4
Expenditures	18,141.7	18,323.7	18,824.5	19,387.4
Surplus/(Deficit) ⁽¹⁾	\$ 10.6	\$ -	\$ -	\$ -
Special Transportation Fund				
Revenues	\$ 1,537.7	\$ 1,672.8	\$ 1,720.0	\$ 1,758.6
Expenditures	1,499.0	1,597.4	1,729.5	1,857.7
Surplus/(Deficit)	\$ 38.7	\$ 75.4	\$ (9.5)	\$ (99.1)
Other Funds⁽²⁾				
Revenues	\$ 227.0	\$ 227.0	\$ 227.0	\$ 227.0
Expenditures	226.6	226.6	226.6	226.6
Surplus/(Deficit)	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4
Total All Appropriated Funds				
Revenues	\$ 19,917.0	\$ 20,223.5	\$ 20,771.5	\$ 21,373.0
Expenditures	19,867.3	20,147.7	20,780.6	21,471.7
Surplus/(Deficit)	\$ 49.7	\$ 75.8	\$ (9.1)	\$ (98.7)
Expenditure Cap Results⁽³⁾				
Total All Appropriated Funds	\$ 19,867.3	\$ 20,147.7	\$ 20,780.6	\$ 21,471.7
Allowed Appropriations per Cap	20,516.2	20,850.7	20,659.2	21,577.2
Over/(Under) the Cap	\$ (648.9)	\$ (703.0)	\$ 121.4	\$ (105.5)
Revenues and the Expenditure Cap				
Revenues - All Funds	\$ 19,917.0	\$ 20,223.5	\$ 20,771.5	\$ 21,373.0
Allowed Appropriations per Cap	20,516.2	20,850.7	20,659.2	21,577.2
Revenues Less Allowed Approps.	\$ (599.2)	\$ (627.2)	\$ 112.3	\$ (204.2)

(1) Article 3 section 18 of the State Constitution requires a balanced budget.

(2) Other funds include the: a) Mashantucket Pequot and Mohegan Fund, b) Regional Market Operating Fund, c) Banking Fund, d) Insurance Fund, e) Consumer Counsel and Public Utility Fund, f) Workers' Compensation Fund, g) Criminal Injuries Compensation Fund.

(3) Section 35 of PA 15-244 specified that, for the purposes of calculating the expenditure cap, growth in personal income shall be calculated on a calendar year basis and evidences of indebtedness shall include payments of unfunded pension liabilities. This exhibit assumes this practice will continue through FY 2020.

ASSUMPTIONS USED TO DEVELOP EXPENDITURE ESTIMATES

The three outyears have been developed based on the assumption that the FY 2017 Governor's Recommended Midterm Budget Adjustments, with all attending legislation, are adopted by the Legislature.

ASSUMPTIONS

GENERAL FUND

Costs for debt service, entitlements, fringe benefits costs within the Comptroller's Office, pension and healthcare costs for retired teachers, and caseload and cost per case inflation within entitlement accounts were projected based on estimated requirements.

Costs for agency operations accounts, higher education block grants, municipal aid (excluding Education Equalization grants), and the line item grants for arts, community development, tourism, workforce development, and youth development in the Comptroller's miscellaneous accounts were prorated based on available funding. As a result, those accounts were decreased by 9.71% in FY 2018, increased by 4.84% in FY 2019, and increased by 1.53% in FY 2020.

SPECIAL TRANSPORTATION FUND

Costs were projected based on anticipated requirements to implement the Governor's transportation initiative.

OTHER APPROPRIATED FUNDS

Costs for Agency Operations were generally estimated to be held flat over the period of the estimate.

AGENCY SPECIFIC ASSUMPTIONS

DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

- *General Assistance Managed Care* – Reflects anticipated caseload growth based on current trends.

DEPARTMENT OF TRANSPORTATION

- *Congestion Mitigation and Air Quality* – Federal funding may cover up to 80% of a project for the first three years of operation. Increases in FY 2019 and FY 2020 reflect the expiration of federal CMAQ funding for CTfastrak and bus route expansion projects.

DEPARTMENT OF SOCIAL SERVICES

- *HUSKY B Program, Medicaid, Aid to the Aged, Blind and Disabled, Temporary Assistance to Families, Home Care and Protective Services for the Elderly, and State Administered General Assistance* - Reflects anticipated caseload changes based on current trends, as well as annualization of adjustments.
- *Medicaid and Aid to the Aged, Blind and Disabled* - Reflects leap year payments in FY 2020.
- *Medicaid* - Reflects decrease in federal reimbursement for the Medicaid expansion population (HUSKY D) in accordance with the provisions of the Affordable Care Act (from 100% in FY 2016 to 95% in FY 2017, 94% in FY 2018, 93% in FY 2019 and 90% in FY 2020). Also reflects annualization of costs related to the recent federal mandate requiring coverage of medically necessary services for children and youth with autism spectrum disorder.
- *HUSKY B Program* - Reflects the provision in the Affordable Care Act which increases federal reimbursement for the Children's Health Insurance Program (CHIP) by 23 percentage points effective October 1, 2015 through September 30, 2019. For Connecticut, reimbursement is increased from 65% to 88% during this period.

UNIVERSITY OF CONNECTICUT

- *Growth in Accrued Pension Liabilities* - Increases reflect anticipated growth rates for the UAL in FY 2018 (4.28%), FY 2019 (3.07%), and FY 2020 (3.25%).

UNIVERSITY OF CONNECTICUT HEALTH CENTER

- *Growth in Accrued Pension Liabilities* - Increases reflect anticipated growth rates for the UAL in FY 2018 (4.28%), FY 2019 (3.07%), and FY 2020 (3.25%).

TEACHERS' RETIREMENT BOARD

- *Retirement Contributions* - Reflects increased contribution in FY 2018 related to lowering the assumed rate of return and other changes recommended by the actuary. FY 2019 and FY 2020 reflect a 3.25% increase in contributions each year.
- *Retirees Health Service Cost* - Reflects the state share returning to one-third of the basic premium costs in FY 2018. FY 2019 and FY 2020 reflect medical inflation and volume increases.
- *Municipal Retiree Health Insurance Costs* - Reflects the state share returning to one-third of the subsidy amount in FY 2018 and then flat volume.

BOARD OF REGENTS FOR HIGHER EDUCATION

- *Growth in Accrued Pension Liabilities* - Increases reflect anticipated growth rates for the UAL in FY 2018 (4.28%), FY 2019 (3.07%), and FY 2020 (3.25%).

DEPARTMENT OF CHILDREN AND FAMILIES

- *Care and Support for Children* - - Reflects anticipated growth in the number of children in foster care and subsidized adoption/guardianship homes, and annualized savings in FY 2018 from adjusting congregate care utilization.

STATE COMPTROLLER - MISCELLANEOUS

- *Adjudicated Claims* - Reflects the additional funding needed through FY 2019 for the SEBAC v. Rowland settlement.

STATE COMPTROLLER - FRINGE BENEFITS

- *State Employees Retirement Contributions* - Reflects the anticipated increase in the unfunded accrued liability amortization payment portion of the actuarially determined employer contribution.
- *Judges and Compensation Commissioners Retirement* - Reflects the actuarial estimates of the employer contribution.
- *State Employees and Retired State Employees Health Service Costs* - Reflect medical inflation. FY 2020 includes the estimated half year costs of the Excise Tax.
- *Other Post Employment Benefits* - Reflects the matching state contribution per the 2011 SEBAC agreement.

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
GENERAL FUND				
LEGISLATIVE				
LEGISLATIVE MANAGEMENT				
12T99 - Agency Operations	78,153,107	70,563,761	73,982,532	75,115,272
AGENCY TOTAL	78,153,107	70,563,761	73,982,532	75,115,272
AUDITORS OF PUBLIC ACCOUNTS				
12T99 - Agency Operations	15,794,979	14,261,149	14,952,093	15,181,023
AGENCY TOTAL	15,794,979	14,261,149	14,952,093	15,181,023
COMMISSION ON AGING				
12T99 - Agency Operations	563,439	508,724	533,372	541,538
AGENCY TOTAL	563,439	508,724	533,372	541,538
PERMANENT COMMISSION ON THE STATUS OF WOMEN				
12T99 - Agency Operations	742,247	670,168	702,638	713,396
AGENCY TOTAL	742,247	670,168	702,638	713,396
COMMISSION ON CHILDREN				
12T99 - Agency Operations	935,241	844,421	885,333	898,888
AGENCY TOTAL	935,241	844,421	885,333	898,888
LATINO AND PUERTO RICAN AFFAIRS COMMISSION				
12T99 - Agency Operations	555,813	501,839	526,153	534,208
AGENCY TOTAL	555,813	501,839	526,153	534,208
AFRICAN-AMERICAN AFFAIRS COMMISSION				
12T99 - Agency Operations	371,959	335,839	352,110	357,501
AGENCY TOTAL	371,959	335,839	352,110	357,501
ASIAN PACIFIC AMERICAN AFFAIRS COMMISSION				
12T99 - Agency Operations	278,602	251,547	263,735	267,773
AGENCY TOTAL	278,602	251,547	263,735	267,773
TOTAL - LEGISLATIVE	97,395,387	87,937,448	92,197,966	93,609,599
GENERAL GOVERNMENT				
GOVERNOR'S OFFICE				
12T99 - Agency Operations	3,477,992	3,140,249	3,292,392	3,342,801
AGENCY TOTAL	3,477,992	3,140,249	3,292,392	3,342,801
SECRETARY OF THE STATE				
12T99 - Agency Operations	11,311,935	10,213,448	10,708,283	10,872,237
AGENCY TOTAL	11,311,935	10,213,448	10,708,283	10,872,237
LIEUTENANT GOVERNOR'S OFFICE				
12T99 - Agency Operations	962,861	869,359	911,479	925,434
AGENCY TOTAL	962,861	869,359	911,479	925,434
STATE TREASURER				
12T99 - Agency Operations	4,384,796	3,958,994	4,150,805	4,214,358
AGENCY TOTAL	4,384,796	3,958,994	4,150,805	4,214,358
STATE COMPTROLLER				
12T99 - Agency Operations	37,096,725	33,494,311	35,117,089	35,654,764
AGENCY TOTAL	37,096,725	33,494,311	35,117,089	35,654,764
DEPARTMENT OF REVENUE SERVICES				

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
12T99 - Agency Operations	86,246,410	77,871,134	81,643,942	82,893,986
AGENCY TOTAL	86,246,410	77,871,134	81,643,942	82,893,986
OFFICE OF GOVERNMENTAL ACCOUNTABILITY				
12522 - Elections Enforcement Commission	3,226,184	2,912,894	3,054,021	3,100,781
12523 - Office of State Ethics	1,400,116	1,264,153	1,325,400	1,345,693
12524 - Freedom of Information Commission	1,493,028	1,348,042	1,413,354	1,434,994
12T99 - Agency Operations	11,731,401	10,592,180	11,105,365	11,275,398
AGENCY TOTAL	17,850,729	16,117,269	16,898,140	17,156,866
OFFICE OF POLICY AND MANAGEMENT				
12T99 - Agency Operations	28,482,570	25,716,665	26,962,621	27,375,444
16017 - Tax Relief for Elderly Renters	27,238,250	24,593,179	25,784,703	26,179,491
17004 - Reimbursement to Towns for Loss of Taxes on State Prop	67,253,486	60,722,588	63,664,560	64,639,323
17006 - Reimbursements to Towns for Private Tax-Exempt Proper	115,851,775	104,601,561	109,669,442	111,348,582
17011 - Reimbursement Property Tax - Disability Exemption	377,000	340,390	356,882	362,346
17016 - Distressed Municipalities	5,466,500	4,935,655	5,174,785	5,254,016
17018 - Property Tax Relief Elderly Circuit Breaker	19,326,811	17,450,010	18,295,452	18,575,572
17021 - Property Tax Relief Elderly Freeze Program	113,100	102,117	107,065	108,704
17024 - Property Tax Relief for Veterans	2,799,317	2,527,479	2,649,934	2,690,507
AGENCY TOTAL	266,908,809	240,989,644	252,665,444	256,533,985
DEPARTMENT OF VETERANS' AFFAIRS				
12T99 - Agency Operations	34,620,643	31,258,678	32,773,141	33,274,928
AGENCY TOTAL	34,620,643	31,258,678	32,773,141	33,274,928
DEPARTMENT OF ADMINISTRATIVE SERVICES				
12507 - State Insurance and Risk Mgmt Operations	13,790,462	13,790,462	13,790,462	13,790,462
12T99 - Agency Operations	133,524,009	120,557,667	126,398,612	128,333,891
AGENCY TOTAL	147,314,471	134,348,129	140,189,074	142,124,353
ATTORNEY GENERAL				
12T99 - Agency Operations	43,342,911	39,133,938	41,029,953	41,658,159
AGENCY TOTAL	43,342,911	39,133,938	41,029,953	41,658,159
DIVISION OF CRIMINAL JUSTICE				
12T99 - Agency Operations	68,550,026	61,893,223	64,891,911	65,885,466
AGENCY TOTAL	68,550,026	61,893,223	64,891,911	65,885,466
TOTAL - GENERAL GOVERNMENT	722,068,308	653,288,376	684,271,653	694,537,337
<u>REGULATION AND PROTECTION</u>				
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION				
12T99 - Agency Operations	228,594,591	206,396,070	216,395,831	219,709,051
AGENCY TOTAL	228,594,591	206,396,070	216,395,831	219,709,051
MILITARY DEPARTMENT				
12T99 - Agency Operations	6,692,644	6,042,730	6,335,497	6,432,499
AGENCY TOTAL	6,692,644	6,042,730	6,335,497	6,432,499
DEPARTMENT OF CONSUMER PROTECTION				
12T99 - Agency Operations	22,200,857	20,044,961	21,016,127	21,337,903
AGENCY TOTAL	22,200,857	20,044,961	21,016,127	21,337,903
LABOR DEPARTMENT				
12098 - Workforce Investment Act	32,104,008	32,104,008	32,104,008	32,104,008
12T99 - Agency Operations	38,042,247	34,348,014	36,012,154	36,563,533
AGENCY TOTAL	70,146,255	66,452,022	68,116,162	68,667,541

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
OFFICE OF PROTECTION AND ADVOCACY FOR PERSONS WITH DISABILITIES				
12T99 - Agency Operations	3,216,625	2,904,263	3,044,972	3,091,594
AGENCY TOTAL	3,216,625	2,904,263	3,044,972	3,091,594
TOTAL - REGULATION AND PROTECTION	330,850,972	301,840,046	314,908,589	319,238,588
<u>CONSERVATION AND DEVELOPMENT</u>				
DEPARTMENT OF AGRICULTURE				
12T99 - Agency Operations	6,489,328	5,859,158	6,143,030	6,237,086
AGENCY TOTAL	6,489,328	5,859,158	6,143,030	6,237,086
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION				
12T99 - Agency Operations	85,610,179	77,296,687	81,041,663	82,282,486
AGENCY TOTAL	85,610,179	77,296,687	81,041,663	82,282,486
COUNCIL ON ENVIRONMENTAL QUALITY				
12T99 - Agency Operations	241,488	218,037	228,601	232,101
AGENCY TOTAL	241,488	218,037	228,601	232,101
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT				
12T99 - Agency Operations	29,625,081	26,748,228	28,044,163	28,473,545
AGENCY TOTAL	29,625,081	26,748,228	28,044,163	28,473,545
DEPARTMENT OF HOUSING				
12T99 - Agency Operations	83,598,359	75,480,232	79,137,202	80,348,866
AGENCY TOTAL	83,598,359	75,480,232	79,137,202	80,348,866
AGRICULTURAL EXPERIMENT STATION				
12T99 - Agency Operations	9,768,602	8,819,986	9,247,309	9,388,894
AGENCY TOTAL	9,768,602	8,819,986	9,247,309	9,388,894
TOTAL - CONSERVATION AND DEVELOPMENT	215,333,037	194,422,328	203,841,968	206,962,978
<u>HEALTH AND HOSPITALS</u>				
DEPARTMENT OF PUBLIC HEALTH				
12T99 - Agency Operations	61,774,258	55,775,441	58,477,726	59,373,074
17009 - Local and District Departments of Health	4,115,926	3,716,234	3,896,283	3,955,939
17019 - School Based Health Clinics	10,653,268	9,618,743	10,084,765	10,239,172
AGENCY TOTAL	76,543,452	69,110,418	72,458,774	73,568,185
OFFICE OF THE CHIEF MEDICAL EXAMINER				
12T99 - Agency Operations	7,632,180	6,891,029	7,224,895	7,335,515
AGENCY TOTAL	7,632,180	6,891,029	7,224,895	7,335,515
DEPARTMENT OF DEVELOPMENTAL SERVICES				
12T99 - Agency Operations	610,004,298	550,767,580	577,451,927	586,293,248
AGENCY TOTAL	610,004,298	550,767,580	577,451,927	586,293,248
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES				
12220 - General Assistance Managed Care	42,521,382	44,198,383	45,942,464	47,756,309
12T99 - Agency Operations	651,565,968	588,293,251	616,795,693	626,239,404
AGENCY TOTAL	694,087,350	632,491,634	662,738,157	673,995,713
PSYCHIATRIC SECURITY REVIEW BOARD				
12T99 - Agency Operations	395,749	357,318	374,630	380,366
AGENCY TOTAL	395,749	357,318	374,630	380,366
TOTAL - HEALTH AND HOSPITALS	1,388,663,029	1,259,617,979	1,320,248,383	1,341,573,027

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
<u>HUMAN SERVICES</u>				
DEPARTMENT OF SOCIAL SERVICES				
12239 - HUSKY B Program	4,350,000	4,480,000	4,620,000	11,590,000
12T99 - Agency Operations	353,427,436	319,106,561	334,567,075	339,689,606
16020 - Medicaid	2,509,112,500	2,630,630,000	2,754,070,000	2,888,410,000
16090 - Temporary Assistance to Families - TANF	90,831,330	89,431,330	88,131,330	87,231,330
16109 - DMHAS – Disproportionate Share	108,935,000	108,935,000	108,935,000	108,935,000
16122 - Community Residential Services	537,116,053	537,116,053	537,116,053	537,116,053
16157 - State Administered General Assistance	22,576,050	23,036,050	23,656,050	24,286,050
16T02 - Home Care and Protective Services for the Elderly	41,068,300	44,000,000	45,320,000	46,680,000
16T03 - Aid to the Aged, Blind and Disabled	102,371,849	102,731,849	103,231,849	103,951,849
AGENCY TOTAL	3,769,788,518	3,859,466,843	3,999,647,357	4,147,889,888
STATE DEPARTMENT ON AGING				
12T99 - Agency Operations	8,953,562	8,084,093	8,475,763	8,605,534
AGENCY TOTAL	8,953,562	8,084,093	8,475,763	8,605,534
DEPARTMENT OF REHABILITATION SERVICES				
12T99 - Agency Operations	23,360,665	21,092,141	22,114,043	22,452,629
AGENCY TOTAL	23,360,665	21,092,141	22,114,043	22,452,629
TOTAL - HUMAN SERVICES	3,802,102,745	3,888,643,077	4,030,237,163	4,178,948,051
<u>EDUCATION</u>				
DEPARTMENT OF EDUCATION				
12T99 - Agency Operations	361,619,593	326,503,188	342,322,065	347,563,331
17027 - Transportation of School Children	21,988,008	19,852,781	20,814,636	21,133,328
17030 - Adult Education	19,450,742	17,561,906	18,412,769	18,694,686
17041 - Education Equalization Grants	2,160,981,539	2,160,981,539	2,160,981,539	2,160,981,539
17043 - Priority School Districts	42,259,034	38,155,315	40,003,916	40,616,413
17047 - Excess Cost - Student Based	131,766,901	118,971,190	124,735,270	126,645,082
17049 - Non-Public School Transportation	3,253,039	2,937,141	3,079,443	3,126,592
17052 - Youth Service Bureaus	2,676,516	2,416,603	2,533,686	2,572,479
17053 - Open Choice Program	40,258,605	36,349,145	38,110,238	38,693,741
17057 - Magnet Schools	306,265,832	276,524,758	289,922,211	294,361,187
AGENCY TOTAL	3,090,519,809	3,000,253,566	3,040,915,773	3,054,388,378
OFFICE OF EARLY CHILDHOOD				
12T99 - Agency Operations	61,904,247	55,892,807	58,600,778	59,498,010
16T04 - Early Care and Education	235,452,005	235,452,005	235,452,005	235,452,005
AGENCY TOTAL	297,356,252	291,344,812	294,052,783	294,950,015
STATE LIBRARY				
12T99 - Agency Operations	11,591,801	10,466,136	10,973,214	11,141,224
AGENCY TOTAL	11,591,801	10,466,136	10,973,214	11,141,224
OFFICE OF HIGHER EDUCATION				
12T99 - Agency Operations	43,818,769	39,563,586	41,480,417	42,115,520
AGENCY TOTAL	43,818,769	39,563,586	41,480,417	42,115,520
UNIVERSITY OF CONNECTICUT				
12139 - Operating Expenses	272,457,625	245,999,622	257,918,151	261,867,116
12588 - Next Generation Connecticut	25,826,354	23,318,391	24,448,152	24,822,476
12T60 - Accrued Pension Liabilities	76,837,115	80,125,744	82,585,604	85,269,636
AGENCY TOTAL	375,121,094	349,443,757	364,951,907	371,959,228

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended		Projected	
	FY 2017	FY 2018	FY 2019	FY 2020
UNIVERSITY OF CONNECTICUT HEALTH CENTER				
12139 - Operating Expenses	150,845,818	136,197,378	142,796,057	144,982,396
12589 - Bioscience	15,264,428	13,782,119	14,449,855	14,671,095
12T60 - Accrued Pension Liabilities	70,345,881	73,356,685	75,608,735	78,066,019
AGENCY TOTAL	236,456,127	223,336,182	232,854,647	237,719,510
TEACHERS' RETIREMENT BOARD				
12T99 - Agency Operations	2,831,407	2,556,453	2,680,311	2,721,349
16006 - Retirement Contributions	1,012,162,000	1,247,711,000	1,288,262,000	1,330,131,000
16023 - Retirees Health Service Cost	14,566,860	37,090,635	41,541,511	46,526,492
16032 - Municipal Retiree Health Insurance Costs	5,392,897	6,509,973	6,509,973	6,509,973
AGENCY TOTAL	1,034,953,164	1,293,868,061	1,338,993,795	1,385,888,814
BOARD OF REGENTS FOR HIGHER EDUCATION				
12531 - Charter Oak State College	2,256,901	2,037,736	2,136,463	2,169,175
12532 - Community Tech College System	213,066,980	192,376,325	201,696,838	204,785,003
12533 - Connecticut State University	170,900,623	154,304,687	161,780,654	164,257,665
12T58 - Developmental Services	10,179,000	9,190,531	9,635,806	9,783,339
12T59 - Outcomes-Based Funding Incentive	2,356,250	2,127,438	2,230,511	2,264,662
12T60 - Accrued Pension Liability	112,911,100	117,743,695	121,358,426	125,302,575
12T99 - Agency Operations	4,298,683	3,881,244	4,069,287	4,131,592
AGENCY TOTAL	515,969,537	481,661,656	502,907,985	512,694,011
TOTAL - EDUCATION	5,605,786,553	5,689,937,756	5,827,130,521	5,910,856,700
<u>CORRECTIONS</u>				
DEPARTMENT OF CORRECTION				
12T99 - Agency Operations	780,371,403	704,590,559	738,727,533	750,038,133
AGENCY TOTAL	780,371,403	704,590,559	738,727,533	750,038,133
DEPARTMENT OF CHILDREN AND FAMILIES				
12T99 - Agency Operations	563,450,629	508,734,677	533,382,556	541,549,134
16T01 - Care and Support for Children	336,518,486	339,206,513	341,955,368	344,707,519
AGENCY TOTAL	899,969,115	847,941,190	875,337,924	886,256,653
TOTAL - CORRECTIONS	1,680,340,518	1,552,531,749	1,614,065,457	1,636,294,786
<u>JUDICIAL</u>				
JUDICIAL DEPARTMENT				
12T99 - Agency Operations	643,853,529	581,329,757	609,494,822	618,826,750
AGENCY TOTAL	643,853,529	581,329,757	609,494,822	618,826,750
PUBLIC DEFENDER SERVICES COMMISSION				
12T99 - Agency Operations	82,103,381	74,130,429	77,722,002	78,911,998
AGENCY TOTAL	82,103,381	74,130,429	77,722,002	78,911,998
TOTAL - JUDICIAL	725,956,910	655,460,186	687,216,824	697,738,748
<u>NON-FUNCTIONAL</u>				
DEBT SERVICE - STATE TREASURER				
12285 - Debt Service	1,765,932,976	2,013,163,593	1,972,900,321	2,156,205,529
12286 - UConn 2000 - Debt Service	172,057,219	179,453,088	196,797,213	211,450,863
12287 - CHEFA Day Care Security	5,500,000	5,500,000	5,500,000	5,500,000
12500 - Pension Obligation Bonds - TRB	119,597,971	140,219,021	118,400,521	118,400,521
AGENCY TOTAL	2,063,088,166	2,338,335,702	2,293,598,055	2,491,556,913

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
STATE COMPTROLLER - MISCELLANEOUS				
12003 - Adjudicated Claims	8,207,448	8,280,000	8,417,000	4,100,000
16T05 - Arts Grants	3,843,961	3,470,679	3,638,831	3,694,545
16T06 - Community Development Grants	482,167	435,344	456,437	463,425
16T07 - Tourism Grants	3,291,269	2,971,658	3,115,633	3,163,336
16T08 - Workforce Development Grants	6,046,389	5,459,232	5,723,728	5,811,364
16T09 - Youth Development Grants	2,301,184	2,077,719	2,178,383	2,211,736
19001 - Nonfunctional - Change to Accruals	22,392,147	22,392,147	22,392,147	22,392,147
AGENCY TOTAL	46,564,565	45,086,779	45,922,159	41,836,553
STATE COMPTROLLER - FRINGE BENEFITS				
12005 - Unemployment Compensation	6,348,001	6,348,001	6,348,001	6,348,001
12006 - State Employees Retirement Contributions	674,210,447	703,058,905	724,635,025	748,195,513
12008 - Pensions and Retirements - Other Statutory	1,760,804	1,760,804	1,760,804	1,760,804
12009 - Judges and Compensation Commissioners Retirement	19,163,487	20,228,019	21,141,086	22,100,351
12010 - Insurance - Group Life	7,226,772	7,226,772	7,226,772	7,226,772
12011 - Employers Social Security Tax	1,813,050	1,813,050	1,813,050	1,813,050
12012 - State Employees Health Service Cost	32,677,105	33,984,189	35,343,557	41,176,575
12013 - Retired State Employees Health Service Cost	731,109,000	760,353,360	790,767,494	823,800,179
12T01 - Other Post Employment Benefits	0	132,600,000	132,600,000	132,600,000
AGENCY TOTAL	1,474,308,666	1,667,373,100	1,721,635,789	1,785,021,245
RESERVE FOR SALARY ADJUSTMENTS				
12015 - Reserve for Salary Adjustments	86,024,913	86,024,913	86,024,913	86,024,913
AGENCY TOTAL	86,024,913	86,024,913	86,024,913	86,024,913
WORKERS' COMPENSATION CLAIMS - DEPARTMENT OF ADMINISTRATIVE SERVICES				
12235 - Workers' Compensation Claims	8,105,530	8,105,530	8,105,530	8,105,530
AGENCY TOTAL	8,105,530	8,105,530	8,105,530	8,105,530
TOTAL - NON-FUNCTIONAL	3,678,091,840	4,144,926,024	4,155,286,446	4,412,545,154
TOTAL - GENERAL FUND	18,246,589,299	18,428,604,969	18,929,404,970	19,492,304,968
LESS:				
Unallocated Lapse	-94,476,192	-94,476,192	-94,476,192	-94,476,192
Unallocated Lapse - Legislative	-3,028,105	-3,028,105	-3,028,105	-3,028,105
Unallocated Lapse - Judicial	-7,400,672	-7,400,672	-7,400,672	-7,400,672
NET - GENERAL FUND	18,141,684,330	18,323,700,000	18,824,500,001	19,387,399,999
SPECIAL TRANSPORTATION FUND				
<u>GENERAL GOVERNMENT</u>				
DEPARTMENT OF ADMINISTRATIVE SERVICES				
12507 - State Insurance and Risk Mgmt Operations	8,960,575	9,363,801	9,785,172	10,225,505
AGENCY TOTAL	8,960,575	9,363,801	9,785,172	10,225,505
TOTAL - GENERAL GOVERNMENT	8,960,575	9,363,801	9,785,172	10,225,505
<u>REGULATION AND PROTECTION</u>				
DEPARTMENT OF MOTOR VEHICLES				
12T99 - Agency Operations	85,394,481	88,274,862	91,389,361	94,744,011
AGENCY TOTAL	85,394,481	88,274,862	91,389,361	94,744,011
TOTAL - REGULATION AND PROTECTION	85,394,481	88,274,862	91,389,361	94,744,011

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
<u>CONSERVATION AND DEVELOPMENT</u>				
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION				
12T99 - Agency Operations	3,644,540	3,808,544	3,979,929	4,159,026
AGENCY TOTAL	3,644,540	3,808,544	3,979,929	4,159,026
TOTAL - CONSERVATION AND DEVELOPMENT	3,644,540	3,808,544	3,979,929	4,159,026
<u>TRANSPORTATION</u>				
DEPARTMENT OF TRANSPORTATION				
12168 - Rail Operations	171,249,813	178,956,055	187,009,077	195,424,485
12175 - Bus Operations	155,610,904	162,613,395	169,930,998	177,577,893
12518 - Pay-As-You-Go Transportation Projects	29,589,106	30,920,616	32,312,043	33,766,085
12590 - Port Authority	400,000	400,000	400,000	400,000
12T02 - Airport Operations	4,500,000	4,500,000	4,500,000	4,500,000
12T03 - Transit Corridor Development Assistance Authority	250,000	250,000	250,000	250,000
12T99 - Agency Operations	346,506,706	362,521,485	397,695,934	425,034,232
AGENCY TOTAL	708,106,529	740,161,551	792,098,052	836,952,695
TOTAL - TRANSPORTATION	708,106,529	740,161,551	792,098,052	836,952,695
<u>HUMAN SERVICES</u>				
DEPARTMENT OF SOCIAL SERVICES				
16270 - Family Programs-TANF	2,370,629	2,477,307	2,588,786	2,705,282
AGENCY TOTAL	2,370,629	2,477,307	2,588,786	2,705,282
TOTAL - HUMAN SERVICES	2,370,629	2,477,307	2,588,786	2,705,282
<u>NON-FUNCTIONAL</u>				
DEBT SERVICE - STATE TREASURER				
12285 - Debt Service	562,993,251	620,395,175	685,243,015	752,111,357
AGENCY TOTAL	562,993,251	620,395,175	685,243,015	752,111,357
STATE COMPTROLLER - MISCELLANEOUS				
19001 - Nonfunctional - Change to Accruals	1,629,447	1,629,447	1,629,447	1,629,447
AGENCY TOTAL	1,629,447	1,629,447	1,629,447	1,629,447
STATE COMPTROLLER - FRINGE BENEFITS				
12005 - Unemployment Compensation	305,000	305,000	305,000	305,000
12006 - State Employees Retirement Contributions	110,538,527	114,368,305	125,305,765	137,068,567
12010 - Insurance - Group Life	285,063	285,063	285,063	285,063
12011 - Employers Social Security Tax	307,199	307,199	307,199	307,199
12012 - State Employees Health Service Cost	5,920,045	6,156,847	6,403,121	6,659,246
AGENCY TOTAL	117,355,834	121,422,414	132,606,148	144,625,075
RESERVE FOR SALARY ADJUSTMENTS				
12015 - Reserve for Salary Adjustments	13,301,186	13,301,186	13,301,186	13,301,186
AGENCY TOTAL	13,301,186	13,301,186	13,301,186	13,301,186
WORKERS' COMPENSATION CLAIMS - DEPARTMENT OF ADMINISTRATIVE SERVICES				
12235 - Workers' Compensation Claims	7,223,297	7,548,345	7,888,021	8,242,982
AGENCY TOTAL	7,223,297	7,548,345	7,888,021	8,242,982
TOTAL - NON-FUNCTIONAL	702,503,015	764,296,567	840,667,817	919,910,047

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
TOTAL - SPECIAL TRANSPORTATION FUND	1,510,979,769	1,608,382,632	1,740,509,117	1,868,696,566
LESS:				
Unallocated Lapse	-12,000,000	-11,000,000	-11,000,000	-11,000,000
NET - SPECIAL TRANSPORTATION FUND	1,498,979,769	1,597,382,632	1,729,509,117	1,857,696,566
BANKING FUND				
<u>REGULATION AND PROTECTION</u>				
DEPARTMENT OF BANKING				
12T99 - Agency Operations	21,456,501	21,456,501	21,456,501	21,456,501
AGENCY TOTAL	21,456,501	21,456,501	21,456,501	21,456,501
LABOR DEPARTMENT				
12T99 - Agency Operations	1,615,000	1,615,000	1,615,000	1,615,000
AGENCY TOTAL	1,615,000	1,615,000	1,615,000	1,615,000
TOTAL - REGULATION AND PROTECTION	23,071,501	23,071,501	23,071,501	23,071,501
<u>CONSERVATION AND DEVELOPMENT</u>				
DEPARTMENT OF HOUSING				
12T99 - Agency Operations	500,000	500,000	500,000	500,000
AGENCY TOTAL	500,000	500,000	500,000	500,000
TOTAL - CONSERVATION AND DEVELOPMENT	500,000	500,000	500,000	500,000
<u>JUDICIAL</u>				
JUDICIAL DEPARTMENT				
12T99 - Agency Operations	6,350,389	6,350,389	6,350,389	6,350,389
AGENCY TOTAL	6,350,389	6,350,389	6,350,389	6,350,389
TOTAL - JUDICIAL	6,350,389	6,350,389	6,350,389	6,350,389
<u>NON-FUNCTIONAL</u>				
STATE COMPTROLLER - MISCELLANEOUS				
19001 - Nonfunctional - Change to Accruals	95,178	95,178	95,178	95,178
AGENCY TOTAL	95,178	95,178	95,178	95,178
TOTAL - NON-FUNCTIONAL	95,178	95,178	95,178	95,178
TOTAL - BANKING FUND	30,017,068	30,017,068	30,017,068	30,017,068
INSURANCE FUND				
<u>GENERAL GOVERNMENT</u>				
OFFICE OF POLICY AND MANAGEMENT				
12T99 - Agency Operations	520,776	520,776	520,776	520,776
AGENCY TOTAL	520,776	520,776	520,776	520,776
TOTAL - GENERAL GOVERNMENT	520,776	520,776	520,776	520,776
<u>REGULATION AND PROTECTION</u>				
INSURANCE DEPARTMENT				

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
12T99 - Agency Operations	28,533,164	28,533,164	28,533,164	28,533,164
AGENCY TOTAL	28,533,164	28,533,164	28,533,164	28,533,164
OFFICE OF THE HEALTHCARE ADVOCATE				
12T99 - Agency Operations	7,593,506	7,593,506	7,593,506	7,593,506
AGENCY TOTAL	7,593,506	7,593,506	7,593,506	7,593,506
TOTAL - REGULATION AND PROTECTION	36,126,670	36,126,670	36,126,670	36,126,670
<u>HEALTH AND HOSPITALS</u>				
DEPARTMENT OF PUBLIC HEALTH				
12T99 - Agency Operations	42,898,704	42,898,704	42,898,704	42,898,704
AGENCY TOTAL	42,898,704	42,898,704	42,898,704	42,898,704
DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES				
12T99 - Agency Operations	435,000	435,000	435,000	435,000
AGENCY TOTAL	435,000	435,000	435,000	435,000
TOTAL - HEALTH AND HOSPITALS	43,333,704	43,333,704	43,333,704	43,333,704
<u>HUMAN SERVICES</u>				
STATE DEPARTMENT ON AGING				
12T99 - Agency Operations	400,000	400,000	400,000	400,000
AGENCY TOTAL	400,000	400,000	400,000	400,000
TOTAL - HUMAN SERVICES	400,000	400,000	400,000	400,000
<u>NON-FUNCTIONAL</u>				
STATE COMPTROLLER - MISCELLANEOUS				
19001 - Nonfunctional - Change to Accruals	116,945	116,945	116,945	116,945
AGENCY TOTAL	116,945	116,945	116,945	116,945
TOTAL - NON-FUNCTIONAL	116,945	116,945	116,945	116,945
TOTAL - INSURANCE FUND	80,498,095	80,498,095	80,498,095	80,498,095
CONSUMER COUNSEL AND PUBLIC UTILITY CONTROL FUND				
<u>REGULATION AND PROTECTION</u>				
OFFICE OF CONSUMER COUNSEL				
12T99 - Agency Operations	2,944,310	2,944,310	2,944,310	2,944,310
AGENCY TOTAL	2,944,310	2,944,310	2,944,310	2,944,310
TOTAL - REGULATION AND PROTECTION	2,944,310	2,944,310	2,944,310	2,944,310
<u>CONSERVATION AND DEVELOPMENT</u>				
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION				
12T99 - Agency Operations	23,937,267	23,937,267	23,937,267	23,937,267
AGENCY TOTAL	23,937,267	23,937,267	23,937,267	23,937,267
TOTAL - CONSERVATION AND DEVELOPMENT	23,937,267	23,937,267	23,937,267	23,937,267
<u>NON-FUNCTIONAL</u>				
STATE COMPTROLLER - MISCELLANEOUS				

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
19001 - Nonfunctional - Change to Accruals	89,658	89,658	89,658	89,658
AGENCY TOTAL	89,658	89,658	89,658	89,658
TOTAL - NON-FUNCTIONAL	89,658	89,658	89,658	89,658
TOTAL - CONSUMER COUNSEL AND PUBLIC UTILITY CONTROL FUND	26,971,235	26,971,235	26,971,235	26,971,235
WORKERS' COMPENSATION FUND				
<u>GENERAL GOVERNMENT</u>				
DIVISION OF CRIMINAL JUSTICE				
12T99 - Agency Operations	755,670	755,670	755,670	755,670
AGENCY TOTAL	755,670	755,670	755,670	755,670
TOTAL - GENERAL GOVERNMENT	755,670	755,670	755,670	755,670
<u>REGULATION AND PROTECTION</u>				
LABOR DEPARTMENT				
12T99 - Agency Operations	687,148	687,148	687,148	687,148
AGENCY TOTAL	687,148	687,148	687,148	687,148
WORKERS' COMPENSATION COMMISSION				
12T99 - Agency Operations	22,691,719	22,691,719	22,691,719	22,691,719
AGENCY TOTAL	22,691,719	22,691,719	22,691,719	22,691,719
TOTAL - REGULATION AND PROTECTION	23,378,867	23,378,867	23,378,867	23,378,867
<u>HUMAN SERVICES</u>				
DEPARTMENT OF REHABILITATION SERVICES				
12T99 - Agency Operations	2,710,333	2,710,333	2,710,333	2,710,333
AGENCY TOTAL	2,710,333	2,710,333	2,710,333	2,710,333
TOTAL - HUMAN SERVICES	2,710,333	2,710,333	2,710,333	2,710,333
<u>NON-FUNCTIONAL</u>				
STATE COMPTROLLER - MISCELLANEOUS				
19001 - Nonfunctional - Change to Accruals	72,298	72,298	72,298	72,298
AGENCY TOTAL	72,298	72,298	72,298	72,298
TOTAL - NON-FUNCTIONAL	72,298	72,298	72,298	72,298
TOTAL - WORKERS' COMPENSATION FUND	26,917,168	26,917,168	26,917,168	26,917,168
MASHANTUCKET PEQUOT AND MOHEGAN FUND				
<u>GENERAL GOVERNMENT</u>				
OFFICE OF POLICY AND MANAGEMENT				
17005 - Grants To Towns	58,227,562	58,227,562	58,227,562	58,227,562
AGENCY TOTAL	58,227,562	58,227,562	58,227,562	58,227,562
TOTAL - GENERAL GOVERNMENT	58,227,562	58,227,562	58,227,562	58,227,562

SUMMARY OF FY 2017 RECOMMENDED AND 2018 - 2020 PROJECTED

	Recommended	Projected		
	FY 2017	FY 2018	FY 2019	FY 2020
TOTAL - MASHANTUCKET PEQUOT AND MOHEGAN FUND	58,227,562	58,227,562	58,227,562	58,227,562
REGIONAL MARKET OPERATION FUND				
<u>CONSERVATION AND DEVELOPMENT</u>				
DEPARTMENT OF AGRICULTURE				
12T99 - Agency Operations	1,064,461	1,064,461	1,064,461	1,064,461
AGENCY TOTAL	1,064,461	1,064,461	1,064,461	1,064,461
TOTAL - CONSERVATION AND DEVELOPMENT	1,064,461	1,064,461	1,064,461	1,064,461
<u>NON-FUNCTIONAL</u>				
STATE COMPTROLLER - MISCELLANEOUS				
19001 - Nonfunctional - Change to Accruals	2,845	2,845	2,845	2,845
AGENCY TOTAL	2,845	2,845	2,845	2,845
TOTAL - NON-FUNCTIONAL	2,845	2,845	2,845	2,845
TOTAL - REGIONAL MARKET OPERATION FUND	1,067,306	1,067,306	1,067,306	1,067,306
CRIMINAL INJURIES COMPENSATION FUND				
<u>JUDICIAL</u>				
JUDICIAL DEPARTMENT				
12T99 - Agency Operations	2,934,088	2,934,088	2,934,088	2,934,088
AGENCY TOTAL	2,934,088	2,934,088	2,934,088	2,934,088
TOTAL - JUDICIAL	2,934,088	2,934,088	2,934,088	2,934,088
TOTAL - CRIMINAL INJURIES COMPENSATION FUND	2,934,088	2,934,088	2,934,088	2,934,088
TOTAL - ALL APPROPRIATED FUNDS	19,867,296,621	20,147,715,154	20,780,641,640	21,471,729,087

PROJECTED REVENUES

(in millions)

General Fund

<u>Taxes</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Personal Income Tax	\$ 9,570.0	\$ 9,829.1	\$ 10,233.5	\$ 10,674.6	\$ 11,105.9
Sales & Use Tax	4,230.3	4,092.4	4,007.1	4,155.1	4,302.5
Corporation Tax	950.4	904.6	852.6	881.9	843.7
Public Service Tax	287.4	295.3	303.3	311.6	320.0
Inheritance & Estate Tax	217.4	174.6	180.1	186.1	192.4
Insurance Companies Tax	226.5	229.7	211.0	214.3	217.7
Cigarettes Tax	365.9	368.6	350.6	333.9	318.0
Real Estate Conveyance Tax	194.7	199.7	206.2	212.7	220.9
Alcoholic Beverages Tax	61.7	64.1	65.1	65.5	65.9
Admissions & Dues Tax	38.3	39.0	39.5	39.8	40.1
Health Provider Tax	672.4	676.1	675.6	674.5	674.3
Miscellaneous Tax	19.7	20.1	20.5	21.0	21.5
Total Taxes	\$ 16,834.7	\$ 16,893.3	\$ 17,145.1	\$ 17,771.0	\$ 18,322.9
Less Refunds of Tax	(1,090.4)	(1,101.5)	(1,141.8)	(1,196.0)	(1,252.4)
Less Earned Income Tax	(127.4)	(133.6)	(150.0)	(155.6)	(161.8)
Less R&D Credit Exchange	(7.1)	(8.5)	(8.8)	(9.2)	(9.6)
Total - Taxes Less Refunds	\$ 15,609.8	\$ 15,649.7	\$ 15,844.5	\$ 16,410.2	\$ 16,899.1
<u>Other Revenue</u>					
Transfers-Special Revenue	\$ 336.4	\$ 351.0	\$ 372.1	\$ 380.9	\$ 389.9
Indian Gaming Payments	261.8	256.6	252.7	187.5	185.2
Licenses, Permits, Fees	312.9	295.4	317.7	297.5	322.3
Sales of Commodities	39.1	40.1	41.2	42.3	43.4
Rents, Fines, Escheats	126.0	128.0	130.1	132.1	134.1
Investment Income	1.2	3.4	5.5	6.6	7.5
Miscellaneous	176.8	179.0	181.3	185.0	188.8
Less Refunds of Payments	(66.2)	(67.1)	(68.5)	(70.0)	(71.5)
Total - Other Revenue	\$ 1,188.0	\$ 1,186.4	\$ 1,232.1	\$ 1,161.9	\$ 1,199.7
<u>Other Sources</u>					
Federal Grants	\$ 1,217.0	\$ 1,268.9	\$ 1,269.4	\$ 1,290.4	\$ 1,310.6
Transfer From Tobacco Settlement	108.6	104.5	89.7	90.2	90.0
Transfers From/(To) Other Funds	(69.5)	(57.2)	(112.0)	(128.2)	(112.0)
Total - Other Sources	\$ 1,256.1	\$ 1,316.2	\$ 1,247.1	\$ 1,252.4	\$ 1,288.6
Total - General Fund Revenues	\$ 18,053.9	\$ 18,152.3	\$ 18,323.7	\$ 18,824.5	\$ 19,387.4

Special Transportation Fund

<u>Taxes</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Motor Fuels Tax	\$ 516.8	\$ 503.7	\$ 506.8	\$ 507.6	\$ 507.8
Oil Companies Tax	264.0	283.7	314.7	345.8	369.1
Sales & Use Tax	123.4	260.6	359.1	372.0	385.1
Sales Tax - DMV	89.7	90.3	90.9	91.9	92.6
Total Taxes	\$ 993.9	\$ 1,138.3	\$ 1,271.5	\$ 1,317.3	\$ 1,354.6
Less Refunds of Taxes	(7.3)	(7.5)	(7.6)	(8.1)	(8.5)
Total - Taxes Less Refunds	\$ 986.6	\$ 1,130.8	\$ 1,263.9	\$ 1,309.2	\$ 1,346.1
<u>Other Sources</u>					
Motor Vehicle Receipts	\$ 252.4	\$ 255.1	\$ 255.7	\$ 256.3	\$ 256.9
Licenses, Permits, Fees	140.2	141.5	142.0	142.6	143.1
Interest Income	7.7	8.5	9.5	10.4	11.2
Federal Grants	12.1	12.1	12.1	12.1	12.1
Transfers From (To) Other Funds	(6.5)	(6.5)	(6.5)	(6.5)	(6.5)
Less Refunds of Payments	(3.7)	(3.8)	(3.9)	(4.1)	(4.3)
Total - Other Sources	\$ 402.2	\$ 406.9	\$ 408.9	\$ 410.8	\$ 412.5
Total - STF Revenues	\$ 1,388.8	\$ 1,537.7	\$ 1,672.8	\$ 1,720.0	\$ 1,758.6

PROJECTED REVENUES

(in millions)

Mashantucket Pequot and Mohegan Fund										
Transfers from the General Fund	\$	61.8	\$	58.3	\$	58.3	\$	58.3	\$	58.3
Total - Mashantucket Pequot and Mohegan Fund Revenues	\$	61.8	\$	58.3	\$	58.3	\$	58.3	\$	58.3
Regional Market Operating Fund										
Rentals	\$	1.1	\$	1.1	\$	1.1	\$	1.1	\$	1.1
Total - Regional Market Operating Fund Revenues	\$	1.1	\$	1.1	\$	1.1	\$	1.1	\$	1.1
Banking Fund										
Fees and Assessments	\$	29.7	\$	30.1	\$	30.1	\$	30.1	\$	30.1
Total - Banking Fund Revenues	\$	29.7	\$	30.1	\$	30.1	\$	30.1	\$	30.1
Insurance Fund										
Assessments	\$	80.0	\$	80.5	\$	80.5	\$	80.5	\$	80.5
Total - Insurance Fund Revenues	\$	80.0	\$	80.5	\$	80.5	\$	80.5	\$	80.5
Consumer Counsel and Public Utility Fund										
Fees and Assessments	\$	27.0	\$	27.0	\$	27.0	\$	27.0	\$	27.0
Total - Consumer Counsel and Public Utility Fund Revenues	\$	27.0	\$	27.0	\$	27.0	\$	27.0	\$	27.0
Workers' Compensation Fund										
Fees and Assessments	\$	27.4	\$	27.0	\$	27.0	\$	27.0	\$	27.0
Total - Workers' Compensation Fund Revenues	\$	27.4	\$	27.0	\$	27.0	\$	27.0	\$	27.0
Criminal Injuries Compensation Fund										
Fines	\$	2.9	\$	3.0	\$	3.0	\$	3.0	\$	3.0
Total - Criminal Injuries Fund Revenues	\$	2.9	\$	3.0	\$	3.0	\$	3.0	\$	3.0
Total - All Appropriated Funds Revenues	\$	19,672.6	\$	19,917.0	\$	20,223.5	\$	20,771.5	\$	21,373.0

GOVERNOR'S REVENUE PROPOSALS

February 3, 2016

GENERAL FUND

(In Millions)

<u>Tax Type</u>	<u>Legislative Proposals</u>	<u>Eff.</u> <u>Date</u>	<u>Fiscal</u> <u>2016</u>	<u>Fiscal</u> <u>2017</u>	<u>Fiscal</u> <u>2018</u>	<u>Fiscal</u> <u>2019</u>	<u>Fiscal</u> <u>2020</u>
Sales and Use Tax	Impact of alcoholic beverage change	10/1/2016	\$ -	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3
Alcoholic Beverages	Eliminate minimum bottle pricing	10/1/2016	\$ -	\$ 1.9	\$ 2.5	\$ 2.5	\$ 2.5
Licenses, Permits, Fees	Increase DOL Filing Fees for Grievances from \$25 to \$200	7/1/2016	\$ -	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
Federal Grants	Revenue loss associated with expenditure reductions	7/1/2016	\$ -	\$ (4.7)	\$ (4.7)	\$ (4.7)	\$ (4.7)
Transfers - Other Funds	Decrease G.F. Transfer to the Mashantucket/Mohegan Fund	7/1/2016	\$ -	\$ 3.5	\$ 3.5	\$ 3.5	\$ 3.5
	Eliminate THTF Support of Asthma Awareness Program	7/1/2016	-	0.3	-	-	-
	Eliminate THTF Support of Easy Breathing Programs	7/1/2016	-	0.4	-	-	-
	Subtotal Transfers - Other Funds		\$ -	\$ 4.2	\$ 3.5	\$ 3.5	\$ 3.5
	General Fund Total		<u>\$ -</u>	<u>\$ 1.8</u>	<u>\$ 1.8</u>	<u>\$ 1.8</u>	<u>\$ 1.8</u>

Special Transportation Fund

(In Millions)

<u>Tax Type</u>							
Licenses, Permits, Fees	Increase permit fees for oversize/overweight vehicles	7/1/2016	\$ -	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
	Special Transportation Fund Total		<u>\$ -</u>	<u>\$ 0.8</u>	<u>\$ 0.8</u>	<u>\$ 0.8</u>	<u>\$ 0.8</u>

Mashantucket Pequot and Mohegan Fund Total

(In Millions)

<u>Tax Type</u>							
Transfers - Other Funds	Decrease G.F. Transfer to the Mashantucket/Mohegan Fund	7/1/2016	\$ -	\$ (3.5)	\$ (3.5)	\$ (3.5)	\$ (3.5)
	Mashantucket Pequot and Mohegan Fund Total		<u>\$ -</u>	<u>\$ (3.5)</u>	<u>\$ (3.5)</u>	<u>\$ (3.5)</u>	<u>\$ (3.5)</u>

ECONOMIC GROWTH RATES FOR PROJECTED TAX REVENUES

(Percent Change)

GENERAL FUND

<u>Taxes</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Personal Income Tax ¹	3.3, 2.6	3.3, 2.2	3.6, 5.0	3.9, 5.0	3.4, 5.0
Sales & Use Tax	3.8	3.9	3.4	3.6	3.5
Corporation Tax	-6.2	4.2	2.8	3.1	3.1
Public Service Tax	6.1	2.7	2.7	2.6	2.6
Inheritance & Estate Tax	25.3	-17.0	3.2	3.3	3.4
Insurance Companies Tax	-1.5	1.4	1.8	1.4	1.4
Cigarettes Tax	-5.0	-5.0	-5.0	-5.0	-5.0
Real Estate Conveyance Tax	4.7	2.6	3.3	3.3	3.2
Alcoholic Beverages Tax	-0.7	0.6	0.8	0.6	0.6
Admissions & Dues Tax	0.8	1.8	1.3	0.8	0.8
Health Provider Tax	-0.6	0.5	0.6	0.5	0.5

SPECIAL TRANSPORTATION FUND

<u>Taxes</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Motor Fuels Tax	2.6	1.7	0.6	0.2	0.0
Oil Companies Tax	-36.3	7.5	10.9	9.9	6.7
Sales & Use Tax	3.8	3.9	3.5	3.6	3.5
Sales Tax - DMV	7.9	0.7	0.7	1.1	0.8

NOTES:

1. Rates for withholding and "estimates and final filings".

ESTIMATED EXPENDITURE CAP GROWTH RATE
(Based on Current Statutes)

	Fiscal <u>2017</u>	Fiscal <u>2018</u>	Fiscal <u>2019</u>	Fiscal <u>2020</u>
Expenditure cap ⁽¹⁾	3.32%	3.11%	3.03%	4.13%
<u>Personal Income Growth</u>	Calendar <u>2010-15</u>	Calendar <u>2011-16</u>	Calendar <u>2012-17</u>	Calendar <u>2013-18</u>
Beginning Personal Income	\$ 205,265	\$ 215,017	\$ 225,503	\$ 223,561
Ending Personal Income	\$ 241,699	\$ 250,609	\$ 261,784	\$ 273,694
Personal Income 5-year Growth	3.32%	3.11%	3.03%	4.13%
<u>Consumer Price Index</u>	1.38%	1.94%	2.33%	2.72%

(1) The expenditure cap is the greater of the Personal Income Growth or the growth in the Consumer Price Index in the above table.

ASSUMPTIONS USED TO DEVELOP REVENUE ESTIMATES

	Fiscal <u>2016</u>	Fiscal <u>2017</u>	Fiscal <u>2018</u>	Fiscal <u>2019</u>	Fiscal <u>2020</u>
<u>UNITED STATES</u>					
Gross Domestic Product	3.6%	4.9%	4.8%	4.6%	4.6%
Real Gross Domestic Product	2.2%	3.0%	2.8%	2.5%	2.5%
G.D.P. Deflator	1.3%	1.9%	2.0%	2.0%	2.1%
Housing Starts (millions)	1.20	1.34	1.48	1.53	1.59
Unemployment Rate	5.0%	4.9%	4.9%	4.9%	5.0%
New Vehicle Sales (millions)	17.79	17.99	18.19	17.90	17.49
Consumer Price Index	0.5%	2.1%	2.6%	2.6%	2.5%
<u>CONNECTICUT</u>					
Personal Income	3.9%	3.8%	4.7%	4.4%	4.3%
Total Nonfarm Employment	1.5%	0.9%	0.6%	0.4%	0.4%
Unemployment Rate	5.2%	5.2%	5.1%	5.0%	4.9%

CONSTITUTIONAL EXPENDITURE CAP

The constitutional expenditure cap was ratified as an amendment to Article 3 of the State Constitution on November 3, 1992.

The constitutional expenditure cap provides that general budget expenditures authorized for any fiscal year shall not exceed estimated revenue for such fiscal year. The cap also ensures that the General Assembly shall not authorize an increase in general budget expenditures by the greater of the increase in personal income or the increase in inflation.

The General Assembly is required to define by law the increase in personal income, the increase in inflation and general budget expenditures. Such definitions require a vote of at least 3/5ths of the members of each chamber to be enacted or amended. However, general budget expenditures shall not include payments of bonds, notes or other evidences of indebtedness. To date, the General Assembly has not adopted such definitions.

The constitutional cap includes two exceptions: a declaration of an emergency by the Governor, or the existence of extraordinary circumstances. If either event occurs, the General Assembly can authorize an increase in general budget expenditures higher than the increase in personal income or the increase in inflation only with a vote of at least 3/5ths of the members of each chamber.

The constitutional expenditure cap provides that all unappropriated surpluses shall be used to fund a budget reserve fund, reduce bonded indebtedness or for any other purpose authorized by at least 3/5ths of the members of each chamber.

STATUTORY CAP - SECTION 2-33a

The statutory expenditure cap was passed as a part of Public Act 91-3 during the 1991 June Special Session. The provisions of this section were applicable with fiscal years beginning July 1, 1992.

The statutory cap provides that the General Assembly shall not authorize an increase in general budget expenditures above general budget expenditures authorized for the previous fiscal year by the greater of:

- Increase in personal income - which is defined as the average of the annual increase in personal income in the state for the preceding five years; or
- Increase in inflation - which is defined as the increase in the consumer price index for urban consumers during the preceding twelve month period.

General budget expenditures are appropriated funds authorized by public or special acts of the General Assembly. General budget expenditures do not include principal and interest on bonds, notes or other evidences of indebtedness; expenditures under Section 4-30a (Budget Reserve Fund); current or increased expenditures for statutory grants to distressed municipalities which were in effect July 1, 1991; and expenditures for implementation of federal mandates or court orders in their first year. Federal mandates are programs or services in which the state must participate, or in which they participated as of July 1, 1991, and in which the state must meet federal entitlement and eligibility criteria in order to receive federal reimbursement. Federal mandates do not include optional program and service components.

Expenditures above the increase in personal income or inflation can be authorized by the General Assembly, by a vote of at least 3/5ths of the members of each chamber if the Governor has declared an emergency or the existence of extraordinary circumstances. Any such exception to the cap, shall include the specific nature of the emergency or circumstances and may provide that such proposed additional expenditures shall not be considered general budget expenditures for the current fiscal year for the purposes of determining general budget expenditures for the next fiscal year. Any act of the General Assembly authorizing such expenditures can also contain this provision.

In November 2015, the Attorney General of Connecticut issued an opinion stating that:

- The constitutional spending cap has no legal effect until the General Assembly adopts definitions by the necessary three-fifths vote; and,
- The General Assembly could exceed the statutory spending cap by a simple majority vote.

Section 24 of PA 15-01 of the 2015 December Special Session established a commission to create proposed definitions for the purposes of implementing the constitutional spending cap.