

Fiscal Accountability Report
to the Appropriations and Finance Committees
as required by CGS Sec. 2-36b

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Section 1: FY 14 - FY 18 Budget Estimates and Assumptions for Appropriated Funds

General Fund

We are projecting a \$117.1 million surplus for FY 14 (this amount represents about 0.7% of total estimated expenditures) and a surplus of \$8.4 million in FY 15. However, based on a current services analysis, we are also projecting deficits ranging from \$1,103.4 million to \$1,436.5 million over the three fiscal years that will follow. Please see the table below for details.

Budget Outlook (in millions)

	FY 14 \$	FY 15 \$	FY 16 \$	FY 17 \$	FY 18 \$
Estimated Expenditures	17,132.5	17,524.3	18,790.6	19,633.4	20,631.6
Estimated Revenue	17,249.6	17,532.7	17,687.2	18,406.6	19,195.1
Surplus/(Deficit)	117.1	8.4	(1,103.4)	(1,226.8)	(1,436.5)
% of Estimated Expenditures	0.7%	0.0%	(5.9%)	(6.2%)	(7.0%)

Since PA 11-48, as modified by PA 13-239 and PA 13-247, required Connecticut to transition to a GAAP¹-based budgeting method beginning in FY 14, the above projections are calculated under GAAP. A further explanation of GAAP can be found in Section 6 on page 34.

Special Transportation Fund (STF)

Projections for the STF indicate that the fund will experience a negative operating balance in FY 14 and FY 15, but will end FY 18 with a positive cumulative balance of \$202.8 million. In FY 14, FY 17 and FY 18 expenditure growth is projected to outpace revenue growth. Major contributing factors to expenditure growth are:

- \$60 million in Town Aid Road being bonded in FY 14 and FY 15 and then added back to the Department of Transportation's appropriation in the amount of \$30.6 million in FY 16, and an additional \$0.7 million in FY 17 and FY 18,
- An increase of \$21.8 million in FY 15, \$6.0 million in FY 16, \$5.9 million in FY 17 and \$6.0 million in FY 18 for the State Employee Retirement System (SERS) and
- An increase in \$19.4 million in FY 15, \$26.2 million in FY 16, \$40.5 million in FY 17 and \$40.9 million in FY 18 for Debt Service.

These expenditures are partially offset by the scheduled transfers from the General Fund to the STF by \$2.1 million in FY 15, an additional \$150.7 million in FY 16 and an additional \$10.0 million in FY 17 through FY 18.

¹Generally Accepted Accounting Principles.