



News from:

COMPTROLLER KEVIN LEMBO

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COMPTROLLER LEMBO ANNOUNCES FISCAL YEAR 2012 BUDGET CLOSED WITH \$143.6-MILLION DEFICIT; URGES CAUTION IN 2013

Comptroller Kevin Lembo today announced that the state ended Fiscal Year 2012 with a \$143.6-million deficit, which has been eliminated using General Fund reserves from prior years.

It is still early in Fiscal Year 2013, but expenditures are currently budgeted to advance at a 2.6-percent rate against last year's disbursements and General Fund revenues are budgeted to grow at a 3.1-percent rate from last fiscal year, as reported by the Office of Policy and Management.

"This rate of (spending) increase is historically low and will require careful monitoring and swift remedial action if outlays trend higher," Lembo said.

In a letter to Gov. Dannel P. Malloy, Lembo reported that General Fund revenue for Fiscal Year 2012 advanced 4.8 percent or \$854.2 million in Fiscal Year 2012. That growth fell \$227 million short of the original budget target.

Lembo said General Fund spending in Fiscal Year 2012 was up \$936.9 million or 5.2 percent over last fiscal year. The largest component of this increase was derived from an increase in Department of Social Services (DSS) spending by \$409.4 million, or 7.6 percent as Medicaid caseloads advanced 52 percent during the year.

Additional spending increases resulted from contributions to teachers' retirement, up \$210.2 million (reflecting full funding); debt service payments; and funding for the state employees' retirement. Salary and wage costs declined by more than 8 percent after adjusting for the disbursement of the 27th payroll, which occurs once every 10 years.

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