



News from:
COMPTROLLER KEVIN LEMBO

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COMPTROLLER LEMBO PROJECTS \$197.5-MILLION DEFICIT FOR FISCAL YEAR 2012

Comptroller Kevin Lembo today announced that, as previously projected, the state remains on track to end Fiscal Year 2012 with a \$197.5-million deficit on a budgetary accounting basis.

If this projection sustains through the end of the fiscal year, the deficit will ultimately be eliminated using \$222.4 million in General Fund reserves from prior years.

In a letter to Gov. Dannel P. Malloy, Lembo reported that General Fund revenue for Fiscal Year 2012 is expected to fall \$243.3 million short of original budget projections and total state spending is expected to exceed appropriated levels by \$35.1 million.

"This deficit is a direct reflection of the region's economy -- which has improved on a slow and staggered path," Lembo said. "This slow growth depressed revenues and accelerated demand for state services. While state and national economic indicators are a mixed bag, there are some signs of continued growth, particularly in income and housing."

Data from the state and federal Departments of Labor and other sources show:

Employment

- Connecticut's unemployment rate remained the same in April at 7.7 percent, below the national unemployment rate of 8.1 percent.
- April weekly unemployment claims in Connecticut remained below the 5,000 level for the third straight month.

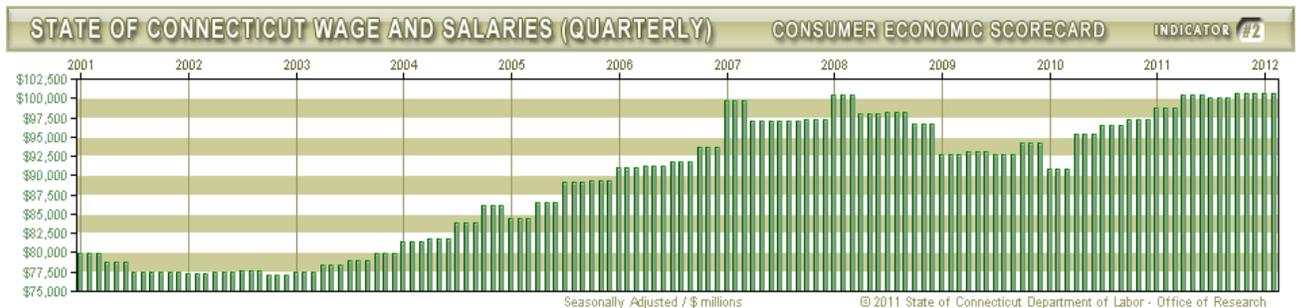


- Over the twelve month period ending in April, Connecticut lost 2,300 jobs.
- Recession recovery: Connecticut has now recovered 34,100, or 29 percent, of the 117,500 total nonfarm jobs lost in the March 2008 to February 2010 recession.



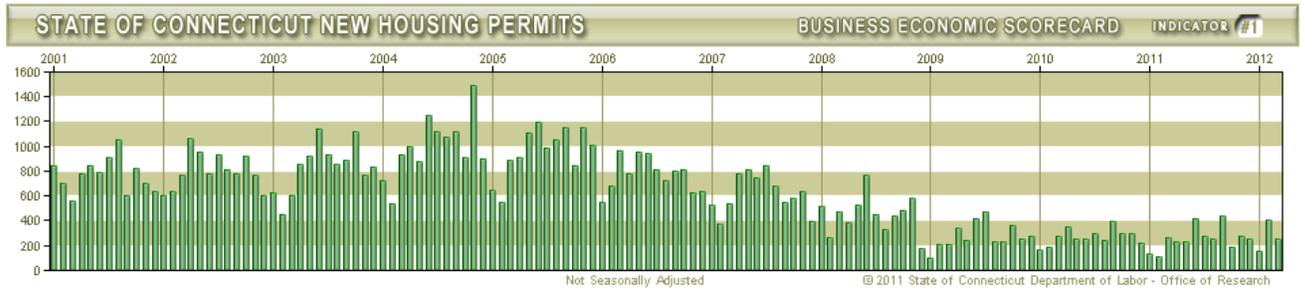
Wage and **\$**Salary income

- Connecticut's personal income growth in 2011 was 5 percent (21st in the nation).
- Wage and salary income in the state is advancing at a 1.8-percent rate.



- Housing permits reached their highest level since January 2008 in February of this year; however, permit activity declined in March and overall activity is well below

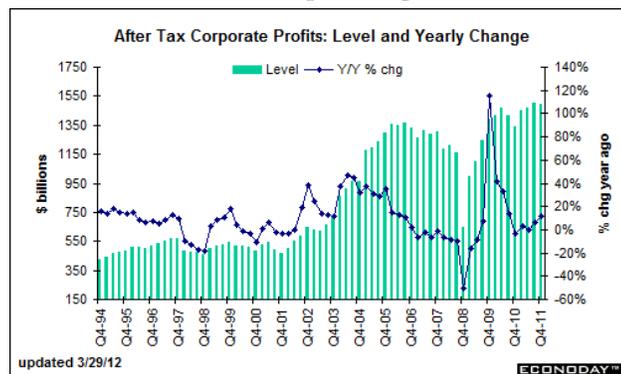
historic levels.



- Connecticut housing prices declined 2 percent in the first quarter of 2012 from the previous quarter.
- New home sales in the Northeast, as reported by the Census Bureau, were up 7.7 percent in April from last month and were up 16.7 percent for the 12-month period ending in April.
- National Association of Realtors reported existing home sales in the Northeast rose 5.1 percent in April -- up 19.2 percent from a year ago.

Business Activity and Consumer Spending

- Nationally, advance retail sales in April were 6.4 percent higher than one year ago.
- For the three-month period ending in April, sales were up 6.6 percent.
- The strongest gains for the year have been in building materials and gardening equipment, and non-store retailers.
- The only decline for the 12-month period was in department store sales.
- Interest rates remain at historically low levels with the prime rate at 3.25 percent and conventional mortgage rate of 3.9 percent.
- According to the Federal Reserve Board, U.S. consumer credit outstanding grew at a 10.2-percent rate in March, an improvement from February's 4.2-percent rate. Strong growth occurred in both revolving (credit cards) and non-revolving credit (loans for cars, motor homes, boats and education).
- Corporate profits ended 2011 advancing at a 7-percent rate from a year ago.



- As the charts below demonstrate, stocks have been struggling to gain ground through April.

DOW:



S&P:



NASDAQ:



END

