



News From:

COMPTROLLER KEVIN LEMBO

FOR IMMEDIATE RELEASE

MONDAY, OCTOBER 3, 2011

**Contact: Tara Downes
860-702-3308
Tara.Downes@po.state.ct.us**

COMPTROLLER LEMBO SAYS STATE ON UNCERTAIN PATH TO \$78.9 MILLION SURPLUS WITH SLOW ECONOMIC GROWTH

Comptroller Kevin Lembo today said the state's General Fund is currently on the path to end Fiscal Year 2012 with a balance of \$78.9 million – a majority of which will likely be used to offset the cost of paying off the GAAP (Generally Accepted Accounting Principles) deficit as the state transitions to GAAP-based accounting.

In a monthly financial report to Gov. Dannel P. Malloy, Lembo reiterated that \$75 million of that anticipated surplus is from the budgeted reserve that will be used to move toward GAAP-based budgeting. The remaining \$3.9 million is reserved to pay off 2009 Economic Recovery Notes.

Lembo said spending in some areas is exceeding budget amounts, including the Department of Social Services' Medicaid account due to growth in the low-income adult population. Those costs should be largely offset by reduced debt payments due to lower borrowing costs.

Revenue projections are uncertain this month due to tax payment extensions associated with the recent hurricane, making analysis difficult.

"We are on the path to a surplus – but so much remains unclear at this point," Lembo said. "Our debt costs have decreased, our low-income assistance has increased due to the economy and revenue projections are uncertain this month. Connecticut's economy continues to show slow and erratic growth, further clouding the state's financial outlook and our path to full recovery."

The state added 4,400 payroll jobs for the 12-month period that ended in August, which is below the level of growth expected during a normal recovery. Additionally, housing permits were down 6 percent from a year ago.

On the upside, Connecticut's export sector experienced double-digit growth since the end of the recession, and personal income and wage and salary income is up slightly.

*****END*****