



*News from:*  
**COMPTROLLER KEVIN LEMBO**

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**Contact:** Tara Downes  
860-702-3308  
[Tara.Downes@po.state.ct.us](mailto:Tara.Downes@po.state.ct.us)

**COMPTROLLER LEMBO PROJECTS \$40-MILLION  
DEFICIT FOR FISCAL YEAR 2013**

Comptroller Kevin Lembo today announced that, following the Governor's rescissions and deficit mitigation legislation, the state is now on track to end Fiscal Year 2013 with a deficit of \$40 million.

In a letter to Gov. Dannel P. Malloy, Lembo said the current projected deficit is well below the level required to trigger additional mitigation efforts at this time.

Last month, Lembo's deficit projection was \$50 million higher than the Office of Policy and Management's (OPM) projection as a result of a variance in estimated state spending trends. This month – considering the rescissions, the provisions of HB 7001 (deficit mitigation measures), and administrative revenue enhancements – Lembo said his updated General Fund deficit projection is \$40 million.

The measures above will reduce the deficit as follows: \$221.5 million in expenditure modifications, \$4.2 million in net revenue adjustments (inclusive of fund sweeps), \$12.1 million in additional federal Medicaid revenue, \$5 million in federal disaster assistant reimbursements, and \$9.5 million in revenue from enhanced fraud detection at Department of Revenue Services.

Updated consensus revenue figures are due Jan. 15.

“The updated revenue forecast in January will impact the current deficit projections,” Lembo said. “Revenues through November have continued to underperform budget expectations, and the economy continues to recover at a slower pace than originally forecasted.”

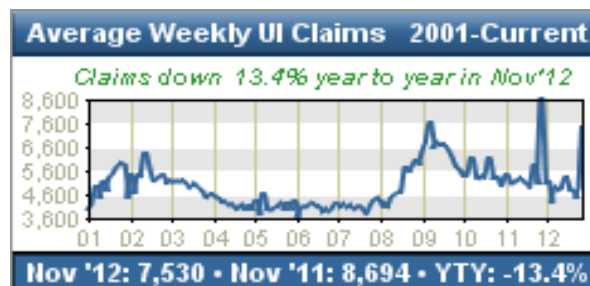
Data from the state and federal Departments of Labor and other sources show:

## Employment

- The state added 300 payroll jobs in November. The influence of Hurricane Sandy may have suppressed the November job numbers.
- For the 12-month period, the state has added 900 positions. So far this calendar year, the state has experienced five months of job gains and five months of job losses with one month of no change.
- The state Department of Labor notes that benchmark revisions for the year may show some improvement in the numbers. Even with new benchmarked numbers, job growth in the state is expected to be well below normal recovery levels.



- Connecticut has recovered just over one quarter of the 117,500 total nonfarm jobs lost in the March 2008 - February 2010 recessionary downturn. The private sector has regained almost 38.1 percent of its job loss.
- On a year-to-year basis, the strongest employment sector has been educational and health services (up 9,400). The weakest sectors have been financial activities (down 3,000), professional and business services (down 2,400) and government (down 3,200).
- Connecticut's unemployment rate in November was 8.8 percent; the national rate was 7.8 percent.
- Initial claims for unemployment insurance have been on a generally downward trend. On a year-to-year basis claims are down 13.4 percent as of November.

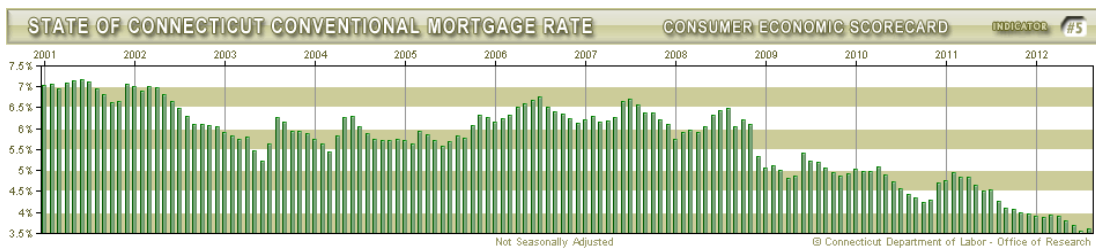


## Wage and **\$**Salary income

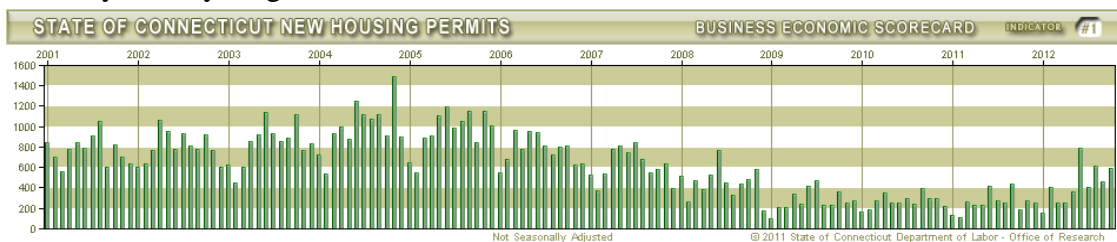
- In the 3rd quarter of 2012, on a seasonally adjusted quarterly basis, Bureau of Economic Analysis data shows Connecticut's quarterly personal income advancing at a rate of 0.3 percent from last quarter, ranking the state 44<sup>th</sup> nationally in quarterly income growth. This is a deceleration from the first half of the year.
- Personal income in Connecticut grew by 2 percent from the third quarter of 2011.
- Nationally, in the third-quarter income growth slowed in 34 states, accelerated in 11 states and remained unchanged in the 5 remaining states.
- Average weekly earnings in November fell \$6.92 to \$960.50, a decline of just under 1 percent from a year ago. Hourly earnings followed a similar pattern.
- Wage gains were experienced in the Bridgeport-Stamford and Norwich-New London labor market areas. The remaining four labor market areas experienced wage declines.



- Conventional mortgage rates continued their steady decline in 2012. The rate fell below 4% in November 2011 and has continued to fall on a year-over-year basis each month since June 2010.



- Housing permits in Connecticut have rebounded with five consecutive months of year-to-year gains.



- According to the Census Bureau, U.S. new home sales increased 17.2 percent from last October but were down slightly from last month. Sales in the Northeast rose 10.5 percent over the 12-month period, but declined significantly from last month.
- Results for the larger existing home sales market were as follows according to the National Association of Realtors. Nationally, November sales were up 5.9 percent from the previous month, and were up 14.5 percent from November of last year. Home prices were up 10.1 percent from one year ago. Existing home sales in the Northeast declined 6.9 percent on a month-over-month basis in November. For the 12-month period ending in November sales were up 14.8 percent. Home prices in the Northeast were down 2 percent for the year to a median price of \$232,900.
- A housing report by the Warren Group focusing on the Connecticut housing market shows sales through the first nine months of 2012 up 13.1 percent from last year. However, the median sale price of a single-family house in Connecticut fell 7.2 percent to \$230,000 from one year ago. This is the lowest median price recorded since September of 2002.

## *Business Activity and Consumer Spending*

- At this writing, the Dow remained above the \$13,000 level.

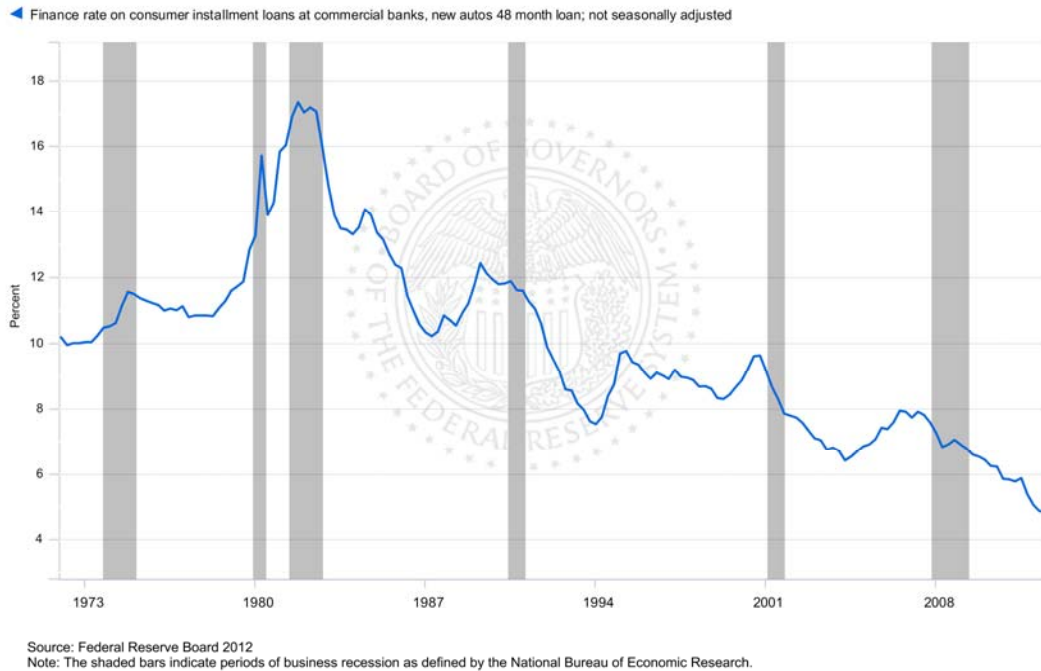
### **DOW:**



- The Consumer Price Index (CPI) for all urban consumers rose 1.8 percent in November.
- Nationally, advance retail sales have slowed from the gains of over 6 percent experienced through most of last year. In November sales were up 3.7 percent from

last year. Non-store retailer sales were the only area posting double-digit growth.

- According to the Federal Reserve Board, consumer credit increased at a seasonally adjusted annual rate of 6.25 percent in October. Revolving credit increased at an annual rate of 4.75 percent, while non-revolving credit increased 7 percent.



- Three of seven factors used to track business activity by the State Department of Labor were up October: housing permits, air cargo and the manufacturing production index were up; gaming slots, major attraction visitors, air passengers and manufacturing hours worked were down.
- Real GDP advanced by a better than expected 3.1 percent in the third quarter. In the second quarter real GDP had risen 1.3 percent.

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