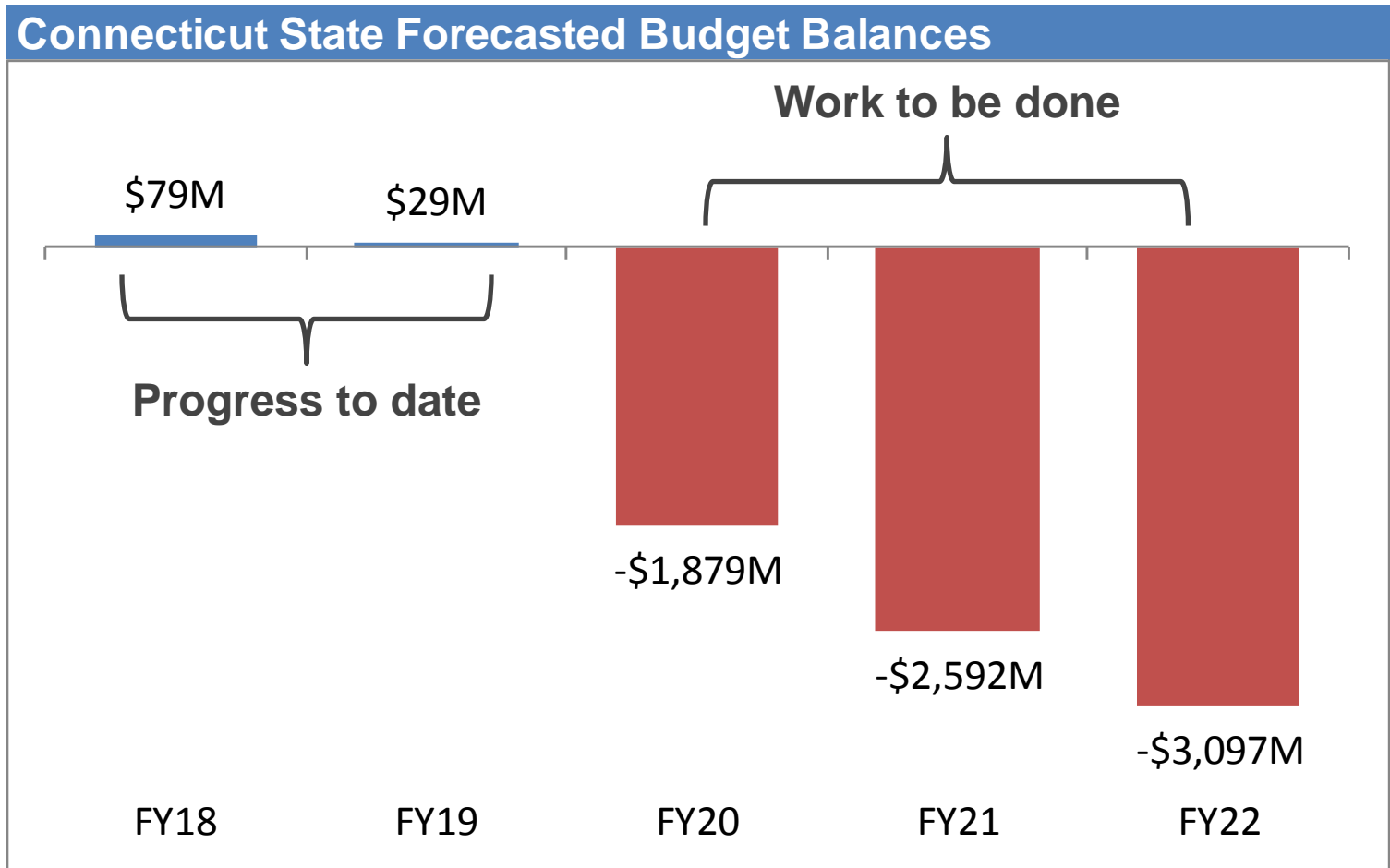


Commission on Fiscal Stability and Economic Growth

Commission Inaugural Meeting
December 15, 2017

Despite achieving a bipartisan budget, significant out year deficits remain



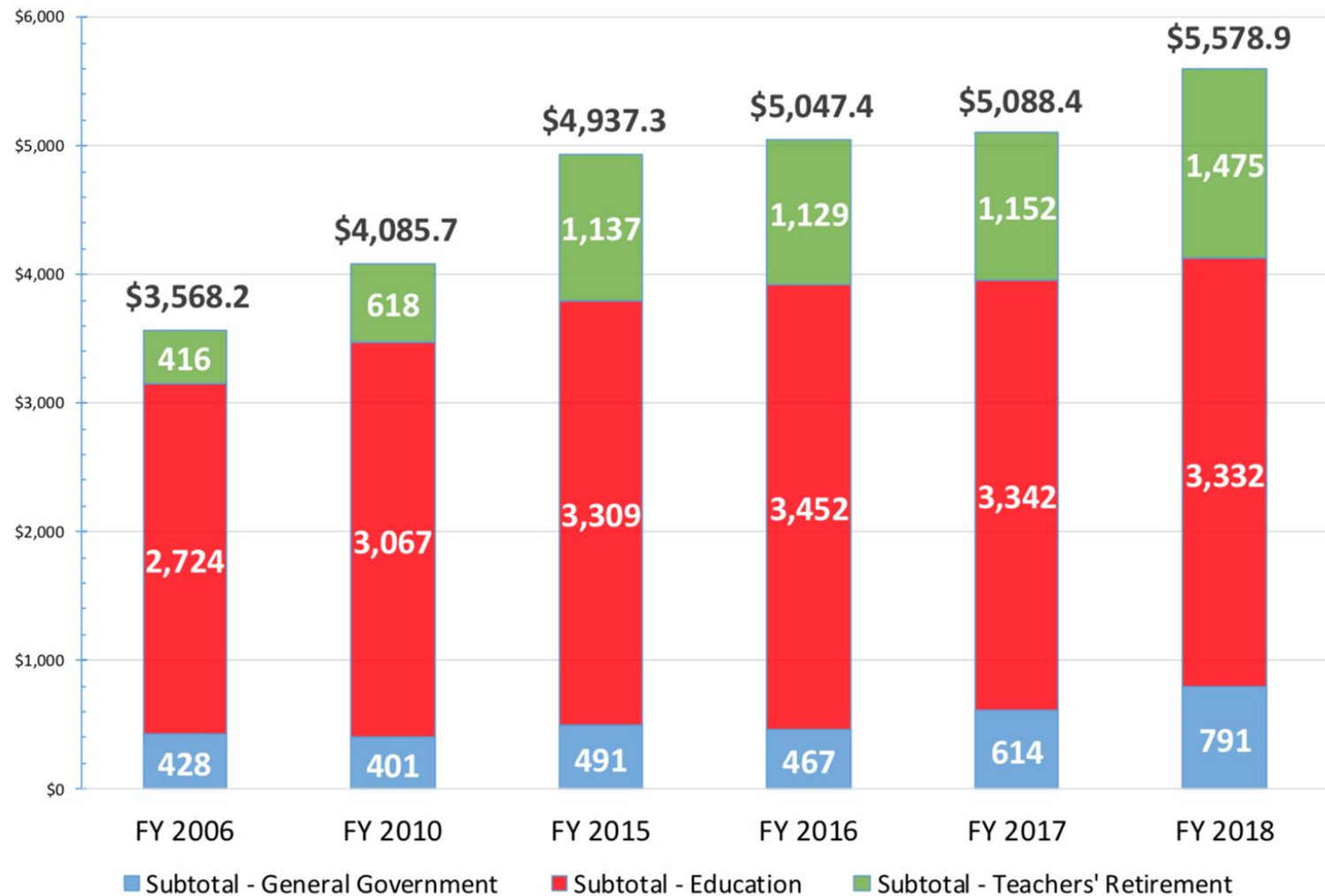
- Governor Malloy has already issued warnings about \$200M+ deficit in FY18 budget

Fixed spending cost growth accelerating; now represents 53 cents of every dollar of expenditure for FY18

Category (\$B)	Actual FY06	Projected				Annual Growth	
		FY17	FY18	FY19	FY20	'06 to '20	'17 to '20
Pension	\$0.9	\$2.2	\$2.5	\$2.6	\$2.6	8.1%	6.9%
Retire Healthcare	\$0.4	\$0.8	\$0.9	\$1.0	\$1.1	7.1%	12.8%
Debt Service	\$1.3	\$2.1	\$2.3	\$2.3	\$2.4	4.5%	5.1%
Entitlements	\$2.8	\$3.8	\$4.0	\$4.1	\$4.3	3.1%	4.5%
Adjudicated Claims	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	2.1%	-26.7%
Total	\$5.4	\$8.8	\$9.7	\$10.0	\$10.5	4.8%	5.9%

- Data from OFA Fiscal Accountability Report Dated Nov 15, 2016 and is not reflective of recent budget changes

State aid to 169 municipalities represents 27% of FY18 budget



Note: Teacher's retirement is included in 'Fixed Costs'

Commission on Fiscal Stability and
Economic Development

Personal income taxes and sales & use taxes are a major driver of revenue for the state; projected to only grow 1% per year

November Consensus Revenue Estimates (in billions)

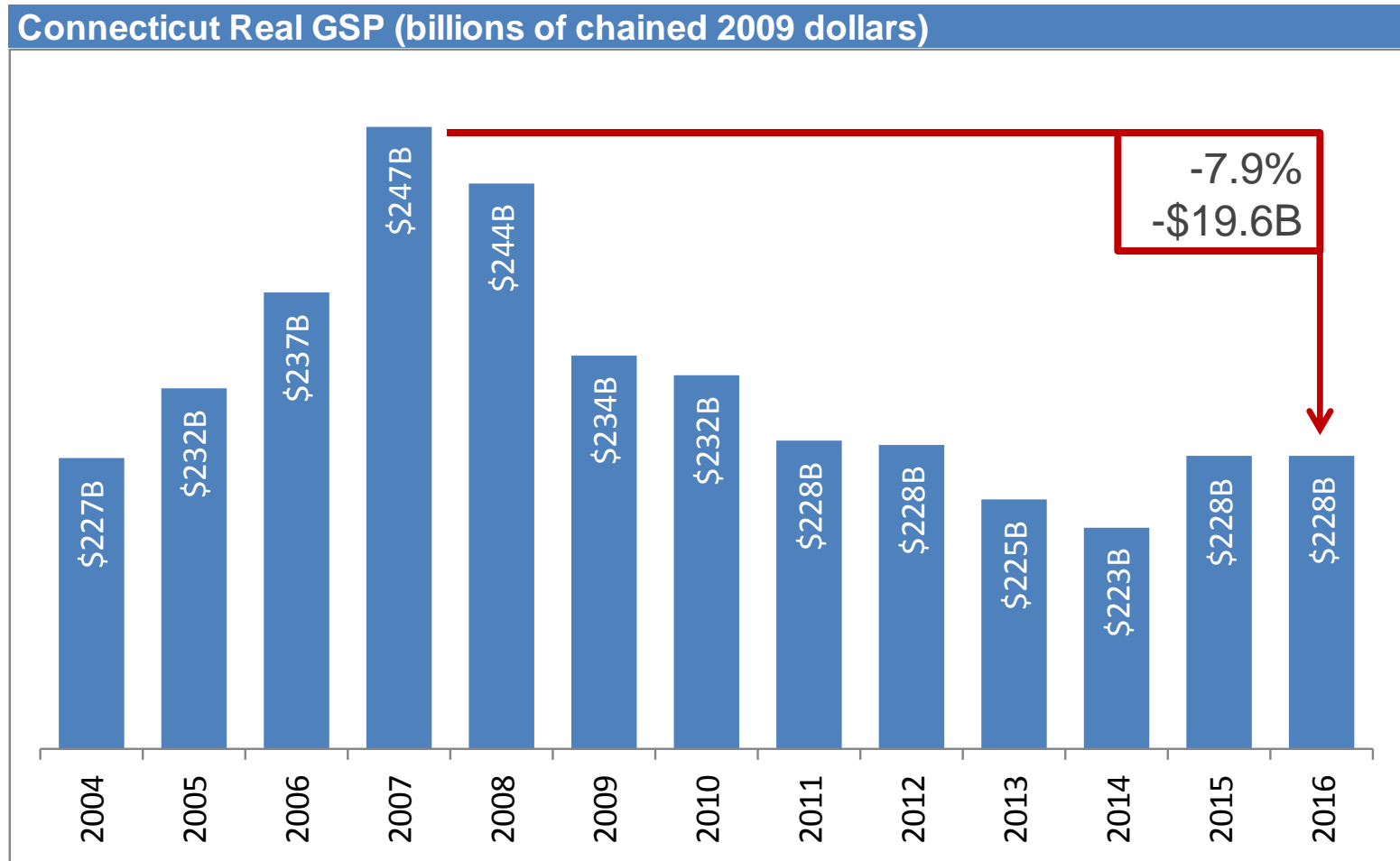
Tax Category	FY18	FY19	FY20	FY21	FY22	Annual Growth
Personal Income Tax	\$9.1	\$9.2	\$9.4	\$9.6	\$9.8	1.86%
Sales & Use	\$4.2	\$4.2	\$4.0	\$4.0	\$4.0	-0.80%
Total	\$13.2	\$13.4	\$13.3	\$13.6	\$13.8	1.05%

Connecticut would need to spend ~35% of state revenues to fund liabilities over 30 years

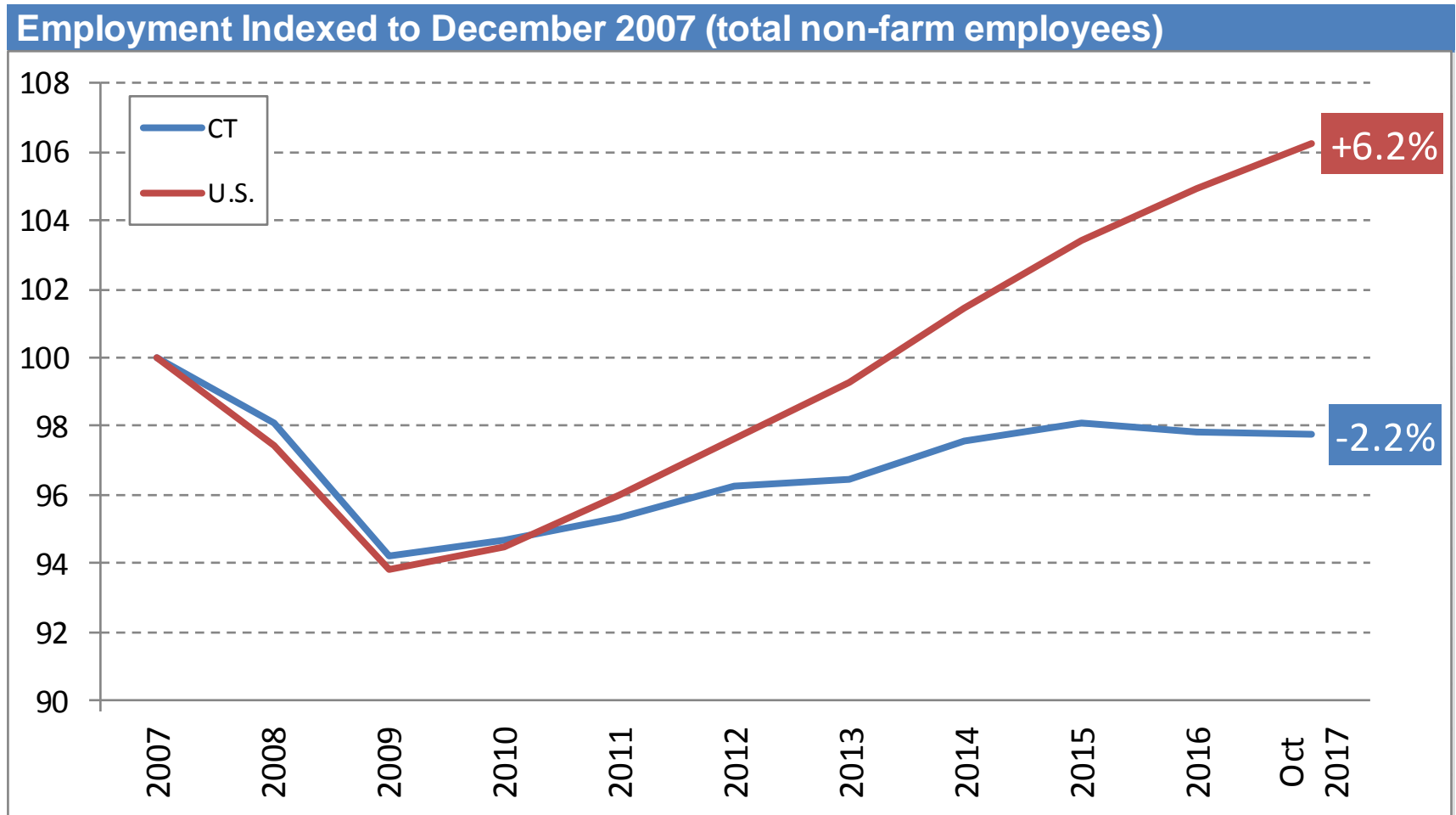
Percent of state revenue collections required to pay the sum of interest on bonds, the state's share of unfunded pension and retiree healthcare liabilities, and defined contribution plan payments



Connecticut real gross state product still remains \$20B below pre-recession high in 2007



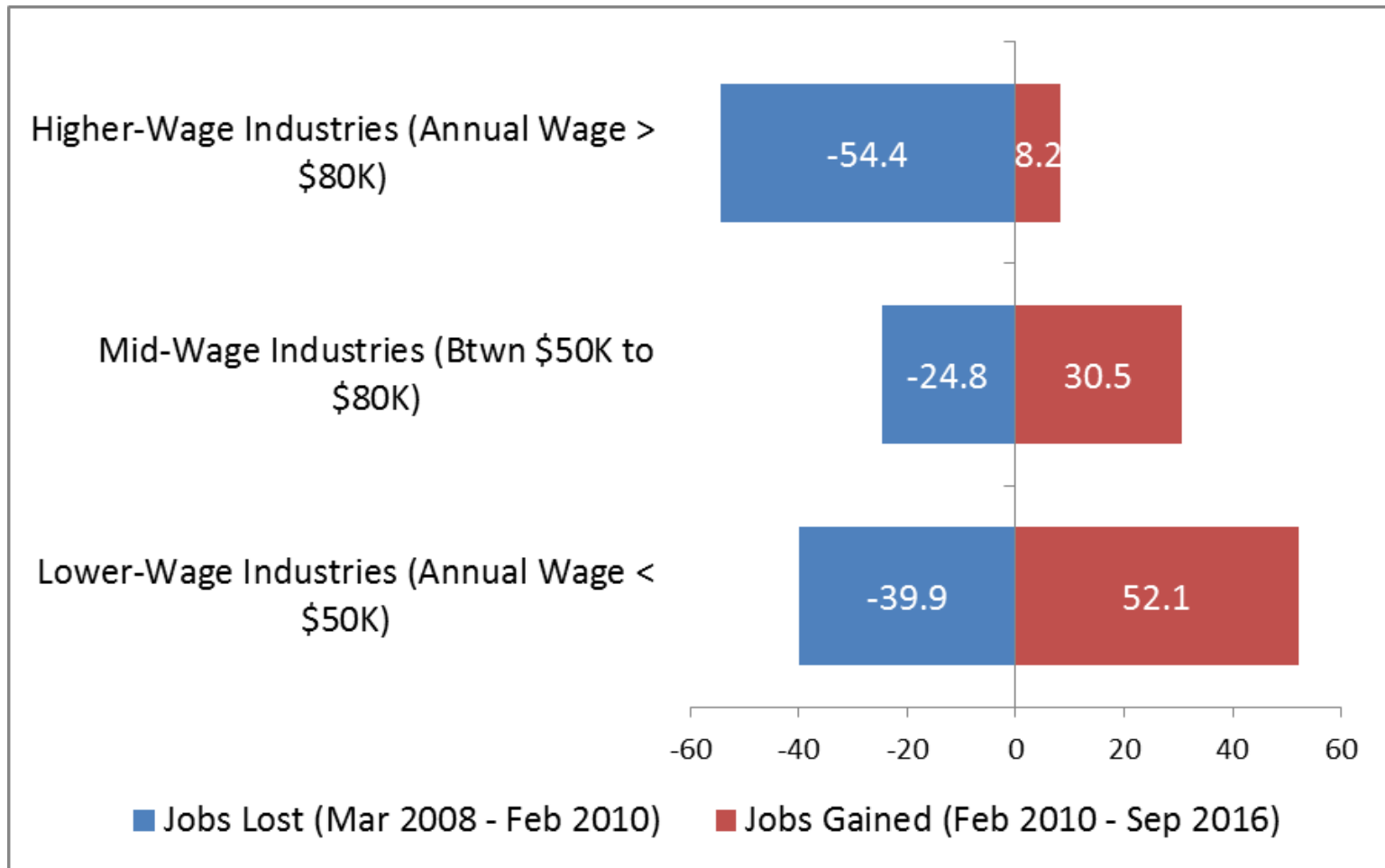
Connecticut job growth lagging the country since peak of last recession



Source: Bureau of Labor Statistics, not seasonally adjusted

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Employment growth since the recession has been skewed toward lower wage industries



Connecticut has realized five consecutive years of outmigration

