



Office of Fiscal Analysis

FY 25 DEFICIENT AGENCIES

March 25, 2025

As of March 25, 2025, the Office of Fiscal Analysis is projecting **\$534.2 million** in state agency General Fund shortfalls. The following table reflects the level of funding that is anticipated to be needed by various agencies from the General Fund this fiscal year.

FY 25 General Fund Estimated Deficiency Needs

In Millions of Dollars

Agency	Deficiency \$
Department of Social Services	271.3
State Comptroller - Fringe Benefits	85.6
Department of Correction	42.2
State Comptroller - Miscellaneous	41.9
Department of Mental Health and Addiction Services	34.0
Judicial Department	10.7
Connecticut Technical Education and Career System	9.5
Department of Housing	8.8
Teachers' Retirement Board	7.9
Department of Emergency Services and Public Protection	6.5
Department of Administrative Services	6.0
Department of Developmental Services	3.7
Department of Health	2.4
Department of Economic and Community Development	0.9
Department of Veterans' Affairs	0.7
Department of Labor	0.5
Department of Revenue Services	0.4
Military Department	0.3
Public Defender Services Commission	0.3
Agricultural Experiment Station	0.3
Commission on Human Rights & Opportunities	0.2
Office of the Chief Medical Examiner	0.1
TOTAL	534.2

A description of each deficiency is provided below.

Department of Social Services - \$271.3 million

A projected deficiency of \$271.3 million reflects the net impact of shortfalls in several accounts totaling \$308.8 million that are partially offset by lapses totaling \$37.5 million. The Medicaid

shortfall (\$300 million) is driven by expenditure trends that have continued since FY 24, including higher than budgeted hospital and pharmacy costs, Medicare Part D clawback payments, as well as costs associated with health coverage for undocumented children, which are the primary reason for the lapse in HUSKY B (\$11.5 million) where such funding was originally budgeted. The shortfalls in State Administered General Assistance (\$4.8 million), Aid to the Disabled (\$2.8 million), and Old Age Assistance (\$1.2 million) are due to both increased caseloads and higher than budgeted costs per case. A lapse in the SUD Waiver Reserve line item (\$15 million) reflects delays in reinvesting the revenue generated under the waiver. Additional lapses are reflected in Temporary Family Assistance (\$7.5 million), primarily driven by lower than budgeted caseload, as well as Personal Services (\$2 million), the Connecticut Home Care Program (\$1 million), and Community Services (\$500,000).

Office of the State Comptroller – Fringe Benefits - \$85.6 million

A projected \$85.6 million deficiency is due to shortfalls in several accounts which are partially offset by lapses. The anticipated deficiencies are: (1) \$69.8 million in Higher Education Alternative Retirement (ARP) resulting from a change in the accounting of a policy enacted by PA 23-204, the FY 24 and FY 25 Budget; (2) \$37.5 million in Retired State Employee Health Service Cost resulting from rate increases due to several factors including the plan's population growth and performance; (3) \$17 million in Other Post Employment Benefits resulting from a decrease in ARP and SERS recovery rates; (4) \$6 million in Employers Social Security Tax; and (5) \$35,000 in Pensions and Retirements – Other Statutory. These deficiencies are partially offset by lapses within several accounts: (1) \$32 million in State Employees Health Service Cost; (2) \$8.5 million in SERS Defined Contribution Match; (3) \$2.2 million in State Employees Retirement Contributions; (4) \$1.1 million in Unemployment Compensation; and (5) \$1 million in Insurance – Group Life.

Department of Correction - \$42.2 million

A projected net deficiency of \$42.2 million comprises deficiencies of \$18.5 million in Inmate Medical Services, \$18.8 million in Other Expenses, and \$6.5 million in Personal Services, along with a few lapses. The Inmate Medical Services and Other Expenses deficiencies are due to increased costs for utilities, food, and pharmaceutical and medical supplies, as well as a higher inmate population count. The population counts at this time last year was 10,564, while the population count as of 3/14/2025 is 11,105 (an increase of 5.1%). The Personal Services deficiency is due to expected above average overtime usage and accumulated leave payments. These deficiencies are partially offset by projected lapses of \$200,000 in Community Support Services and \$1.4 million in Board of Pardons and Paroles.

Office of the State Comptroller – Adjudicated Claims - \$41.9 million

There is a projected deficiency of \$41.9 million. No FY 25 appropriation was made for this account. Through March 21, approximately \$34.8 million has been expended, and an additional

\$7.1 million is anticipated.

Department of Mental Health and Addiction Services - \$34 million

A projected net deficiency of \$34 million reflects the impact of shortfalls in various line items. The Personal Services shortfall (\$16.5 million) is the result of higher than budgeted staff and overtime costs as the agency works to fill vacancies. The shortfall in Other Expenses (\$9 million) is due to higher than budgeted costs for utilities, maintenance and food costs at DMHAS facilities. The Professional Services shortfall (\$8 million) reflects the continued use of contracted doctors and nurses, and the shortfall in Behavioral Health Medications (\$2.1 million) reflects higher costs for medications. The Discharge and Diversion shortfall (\$400,000) is the result of higher than anticipated discharge costs. A lapse of \$2 million in Behavioral Health Recovery Services is due to lower than anticipated administrative services organization (ASO) expenditures.

Judicial Department - \$10.68 million

A projected deficiency of \$10.68 million reflects the impact of shortfalls in various line items. The Other Expenses deficiency (\$5.7 million) is due to increased costs for software, other IT expenses, utilities, and postage.

The Personal Services shortfall (\$4 million) is primarily due to an increased number of judicial appointments. In 2024, there were 22 new, unbudgeted appointees.

There are also projected deficiencies of \$700,000 in the Juvenile Justice Outreach Services, \$150,000 in the Alternative Incarceration Program, and \$130,000 in Board and Care for Children-Short-term and Residential accounts due to increased costs for contracted services.

Connecticut Technical Education and Career System - \$9.5 million

A \$9.5 million deficiency is projected across Other Expenses (\$6 million) and Personal Services (\$3.5 million) due to higher than anticipated special education and utilities costs. The percentage of special education students enrolled in CTECS increased from 10.3% of total enrollment in FY 19 to 17.1% of total enrollment in FY 24. As a result of this increase, CTECS has hired additional special education staff (resulting in increased PS costs). Prior to FY 25, CTECS was using federal funding to cover a portion of these increased costs.

This anticipated deficit is down by \$5.1 million from February estimates. The change is largely due to a \$6.6 million decrease in its Other Expenses deficiency, driven primarily by a \$6 million reduction in anticipated costs of a contract with CREC to provide special education services. The decrease in OE expenditures is partially offset by an increase in Personal Services costs of \$1.5 million.

Department of Housing - \$8.75 million

A projected deficiency of \$8.75 million reflects the impact of shortfalls in two line items. Most of this deficiency (\$8.5 million) is in the Housing/Homeless Services account due to increased rents associated with the Rental Assistance Program (RAP). As of 3/20/2025, expenditures from this account total \$71.5 million. This is expected to grow to approximately \$97 million by the end of the fiscal year. Expenditures in this account have increased significantly in recent years. In FY 24, expenditures in this account totaled approximately \$98 million. Expenditures were \$91.5 million in FY 23 and \$80.5 million in FY 22.

There is also a projected shortfall of \$255,000 in the Personal Services account due to personal services expenses associated with closing out the federal grant for UniteCT.

Teachers' Retirement Board – \$7.9 million

A projected \$7.9 million net deficiency is due to a \$9.7 million shortfall in Retirees Health Service Cost resulting from premium increases in the Medicare Advantage Plan beginning January 1, 2025. This is partially offset by lapses within several accounts: (1) \$1.6 million in Municipal Retiree Health Insurance Costs resulting from enrollment; (2) \$100,000 in Other Expenses; and (3) \$67,000 in Personal Services.

to personal services expenses associated with closing out the federal grant for UniteCT.

Department of Emergency Services and Public Protection - \$6.5 million

A projected net deficiency of \$6.5 million comprises deficiencies of \$4.85 in Personal Services, \$1.6 million in Criminal Justice Information System, and \$65,000 in Connecticut State Firefighter's Association. The Personal Services deficiency is primarily due to an increased number of employees. Since the FY 24 and FY 25 Budget was passed in 2023, DESPP's full-time employee population has increased from 1,337 to 1,471 (an increase of 10%). A Personal Services holdback of \$1,058,000 contributes to the agency deficiency. The Criminal Justice Information System deficiency is due to unbudgeted expenses for the Clean Slate initiative. The Connecticut State Firefighter's Association deficiency is a result of benefit payments exceeding available appropriations.

Department of Administrative Services - \$6 million

The projected deficiency of \$6 million reflects deficiencies in three DAS SIDs. The Personal Services (\$4.5 million) deficiency is due to an increase in staffing which may be mitigated through turnover as the year progresses. The Other Expenses (\$1 million) deficiency is primarily due to increases in energy costs including electricity. The Workers' Compensation Administrator account deficiency (\$500,000) is due to increased contractual costs.

Department of Developmental Services – \$3.7 million

An overall agency net deficiency of \$3.7 million is anticipated, with a \$7.5 million shortfall in the

Personal Services (PS) account and \$1.2 million shortfall in the Other Expenses (OE) account. The shortfall in PS is due to current and anticipated hires. There is a \$19.7 million PS holdback also contributing to the deficiency. The shortfall in OE is due to higher than anticipated vehicle and utility costs. Partially offsetting these shortfalls are projected lapses of \$4.5 million in the Behavioral Services Program account due to the timing of several initiatives and \$350,000 in the Supplemental Payments for Medical Services account based on census levels.

Department of Public Health - \$2.4 million

A projected deficiency of approximately \$2.4 million reflects the net impact of \$2.8 million in deficient accounts and \$430,094 in lapsing accounts. Additionally, the Gun Violence allotment reduction of \$2.5 million recently announced by the Executive Branch was previously projected as a surplus, which offset account deficiencies in the agency in prior projections. The anticipated deficiencies are: (1) \$1.8 million in Personal Services due to an increase in staffing and overtime costs; (2) \$1 million in Other Expenses primarily due to increases in laboratory expenses; and (3) \$18,801 in the Local and District Departments of Health account due to Durham joining the CT River Area Health District. These deficiencies are partially offset by lapses of: (1) \$232,000 in the Lung Cancer Detection and Referral account due to unused funds reserved for contracts; and (2) \$198,094 in the School Based Health Clinics account due to an unused reserve for fixing contract balances.

Department of Economic and Community Development - \$871,000

The net projected deficiency of \$871,000 is due to a \$1 million deficiency in the Capital Region Development Authority account that is offset by \$129,000 lapses across other accounts. The \$1 million deficiency is due to a revenue shortfall in the operations of the XL Center. The offsetting lapses are based on year-to-date spending trends in the following accounts: Office of Workforce Strategy (\$75,000), Office of Military Affairs (\$50,000), and Manufacturing Growth Initiative (\$4,000).

Department of Veterans Affairs- \$700,000

A projected deficiency of \$1,000,000 in the Other Expenses account is due to higher than anticipated expenses related to the department's skilled nursing facility. This deficiency is partially offset due to projected lapses in the Veterans Opportunity Pilot (\$150,000) and Headstones (\$150,000) accounts.

Department of Labor - \$500,000

The projected \$500,000 deficiency is due to a shortfall in the Other Expenses (OE) account due to unfunded overhead costs, consultant costs, and inflationary pressures.

Department of Revenue Services - \$400,000

A projected deficiency of \$400,000 in Personal Services is due to current and anticipated

hires. A PS holdback of \$5 million contributes to the agency deficiency.

Military Department - \$310,000

There is a projected deficiency of \$310,000 from a shortfall in Personal Services (PS) of \$180,000 and Other Expenses (OE) of \$130,000. The deficit in PS is due to higher rates of state active duty for the National Guard, and the deficit in OE is being driven by higher than anticipated utility, repair/maintenance, and premise services costs.

Division of Public Defender Services - \$300,000

There is a projected net deficiency of \$300,000. There is a shortfall of \$1.3 million in the Personal Services account due to attorney parity salary increases which occurred in FY 24. The deficit is partially offset by an estimated lapse of \$1 million in the Assigned Counsel account.

Agricultural Experiment Station - \$250,000

There is a projected deficiency in the Personal Services account of \$250,000. The Personal Services shortfall is related to increased paid hours for P-4 staff members and accrual payouts for retirees.

Commission on Human Rights & Opportunities - \$200,000

There is a projected deficiency in the Personal Services account of \$200,000, which is primarily due to increased overtime costs and promotions for durational positions. CHRO currently has two durational positions who have received promotions to the next salary step for that position. CHRO expends an average of \$225,000 per year on overtime costs.

Office of the Chief Medical Examiner - \$96,000

A projected deficiency of approximately \$96,000 reflects the net impact of: (1) a deficiency of \$196,000 in Personal Services due to elevated staffing and overtime costs; and (2) a lapse of \$100,000 in Other Expenses due to decreased expenditures.