

*April 9, 2025*

Accurate projections of state revenues are a key element to developing Connecticut's biennial budget. The State of Connecticut uses "consensus revenue estimates" in an attempt to increase the accuracy of projected state revenues and ensure agreement on projections between the budget offices for the governor and legislature.

Consensus revenue estimates, which are released several times per year, play a key role in both the execution of the state's budget as well as the state budget development process. This document provides an overview of Connecticut's consensus revenue estimates, when and how they are issued, their role in the state budget process, and possible expectations for the latest revised estimates scheduled to be released at the end of April 2025.

### **What are consensus revenue estimates?**

Consensus revenue estimates are statutorily required projections of expected state revenue and are developed jointly by the Office of Policy and Management (OPM) and the Connecticut General Assembly's Office of Fiscal Analysis (OFA).<sup>1</sup> These estimates serve as the foundation for the governor's proposed budget, the revenue statement included in the final budget act passed by the legislature (which indicates the budget is balanced), and the annual Fiscal Accountability Reports produced by the OPM and the OFA.<sup>2</sup> Consensus revenue estimates contain an itemized list of state revenue sources, including projected revenues from: personal income tax, sales and use tax, corporation tax, investment income, federal grants, and more. State law also requires consensus revenue estimates to contain a line item designated as the volatility adjustment, which directs specific revenues to the state's Budget Reserve Fund.<sup>3</sup>

### **When are consensus revenue estimates issued?**

Consensus revenue estimates for the current biennium, and the next three fiscal years, are issued annually by November 10th.<sup>4</sup> Revised estimates, or a statement that no revisions are necessary, are required to be issued by the following January 15th and April 30th.<sup>5</sup>

### **How are consensus revenue estimates developed?**

Each year the secretary of the OPM and the director of the OFA work together to reach agreement on the revenue estimates and revisions. If they cannot come to an agreement on projections by the statutory deadline, each submits a separate estimate of state revenues. In these instances, the state comptroller then issues the official consensus revenue estimates, which must match or fall in between the separate estimates submitted by the OPM and the OFA. The deadlines for the comptroller to issue revisions are November 20th for the November revenue estimates, and not later than five days after the failure to issue revisions in either January or April.<sup>6</sup>

### How are consensus revenue estimates used in the state budget process?

Consensus revenue estimates, and their revisions, serve as the basis for the governor's recommended budget presented at the beginning of the legislative session, as well as the basis for the legislature's revenue statement in the final passed budget, which indicates the budget is balanced according to state law.<sup>7</sup>

The final consensus revenue estimates for a fiscal year are issued at the end of April (or start of May depending on the year), which allows the General Assembly and governor time to use the estimates to inform the prospective state budget before it becomes law. In years with stable projections, revisions may not be needed. However, if April estimates show a budget deficit, or an increase in a deficit by at least one percent of the state's total General Fund, lawmakers on the Appropriations and Finance, Revenue and Bonding Committees have 10 business days to draft and vote on adjusted appropriations and revenue plans.<sup>8</sup> In this instance, the governor is also required to provide the General Assembly with a budget document to address the revised estimates.<sup>9</sup>

### What should stakeholders expect from the April 30, 2025 consensus revenue estimates?

At this time, it is difficult to predict how recent federal policies and economic data will impact the April consensus revenue estimates. Recent pressures on financial markets and uncertainty regarding tariffs on international goods and services may result in April revenue estimates falling lower than previous estimates, potentially resulting in increased budgetary pressures.

For the current fiscal year, if the revised revenue estimates forecast a deficit of greater than one percent of the total General Fund appropriations for the current fiscal year, then lawmakers and the governor would be required to prepare revised budget documents.<sup>10</sup> Despite recent economic uncertainty, Connecticut's General Fund revenue projections for fiscal year 2025 have remained relatively steady in recent months.<sup>11</sup> As recently as March 25th, the OFA anticipated that any variation from FY 2025 projections would impact only the amount of the volatility transfer.<sup>12</sup>

For FYs 2026 and 2027, the impact on revenue estimates could be more significant. Current revenue estimates, and the governor's proposed budget, assume continued economic growth with only moderate increases in unemployment and inflation.<sup>13</sup> Though recent economic data has indicated a relatively stable labor market, there are some indications that economic uncertainty is impacting consumer spending nationwide.<sup>14</sup> Additionally, the chair of the Federal Reserve has indicated higher-than-expected tariffs are likely to result in increased inflation and slower economic growth across the country.<sup>15</sup> In Connecticut, a recent report by the state comptroller raises significant concerns about the impact of federal monetary policy on the state's economy and state revenues.<sup>16</sup>

These factors taken together could result in April consensus revenue estimates for FYs 2026 and 2027 that are lower than the January estimates. Depending on the magnitude of the change, this may require the General Assembly to make significant adjustments as it works to approve a state budget.

## Endnotes

<sup>1</sup> Conn. Gen. Statutes ch. 16, § 2-36c.

<sup>2</sup> State of Connecticut, Office of Policy and Management. (2025, January 15). Consensus Revenue. Retrieved from <https://portal.ct.gov/opm/bud-other-projects/reports/consensus-revenue>.

<sup>3</sup> Conn. Gen. Statutes ch. 16, § 2-35(b)(1).

<sup>4</sup> Conn. Gen. Statutes ch. 16, § 2-36c(a).

<sup>5</sup> Conn. Gen. Statutes ch. 16, § 2-36c(b).

<sup>6</sup> Conn. Gen. Statutes ch. 16, §§ 2-36c(a), 2-36c(b).

<sup>7</sup> State of Connecticut, Office of Policy and Management. (2025, January 15). Consensus Revenue. Retrieved from <https://portal.ct.gov/opm/bud-other-projects/reports/consensus-revenue>.

<sup>8</sup> Conn. Gen. Statutes ch. 16, §§ 2-36c(c), 2-36c(d).

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Connecticut General Assembly, Office of Fiscal Analysis. (2025). *FY 25 Budget Projections - March 25, 2025*. Hartford, CT: Author. Retrieved from [https://www.cga.ct.gov/ofa/Documents/year/PROJ/2025PROJ-20250325z\\_March%2025%2C%202025%20Budget%20Projections.pdf](https://www.cga.ct.gov/ofa/Documents/year/PROJ/2025PROJ-20250325z_March%2025%2C%202025%20Budget%20Projections.pdf).

<sup>12</sup> Ibid.

<sup>13</sup> State of Connecticut, Office of Policy and Management. (2025). *FY 2026 - FY 2027 Biennium Economic Report of the Governor*. Hartford, CT: Author. Retrieved from [https://portal.ct.gov/-/media/opm/budget/2026\\_2027\\_biennial\\_budget/economic-report-of-the-gov-fy-2026-2027-biennium.pdf](https://portal.ct.gov/-/media/opm/budget/2026_2027_biennial_budget/economic-report-of-the-gov-fy-2026-2027-biennium.pdf).

<sup>14</sup> U.S. Department of Commerce, Bureau of Economic Analysis. (2025, March 28). *Personal Income and Outlays, February 2025* (BEA 25-11). Suitland, MD: Author. Retrieved from <https://www.bea.gov/sites/default/files/2025-03/pi0225.pdf>.

<sup>15</sup> Powell, J. H. (2025, April 4). *Economic Outlook* [Speech]. Society for Advancing Business Editing and Writing Annual Conference, Arlington, VA. <https://www.federalreserve.gov/newsevents/speech/powell20250404a.htm>.

<sup>16</sup> State of Connecticut, Office of the State Comptroller. (2025). *Connecticut Economic Update: April 2025 Edition*. Hartford, CT: Author. Retrieved from <https://osc.ct.gov/wp-content/uploads/2025/04/April-1-2025-Economic-Update.pdf>.