



House of Representatives

General Assembly

File No. 356

February Session, 2000

Substitute House Bill No. 5216

House of Representatives, April 3, 2000

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

An Act Making Deficiency Appropriations For The Fiscal Year Ending June 30, 2000.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 The following sums are appropriated for the purposes herein
2 specified for the fiscal year ending June 30, 2000:

T1	GENERAL FUND	
T2		\$
T3	DEPARTMENT OF ENVIRONMENTAL PROTECTION	
T4	Mosquito Control	500,000
T5		
T6	DEPARTMENT OF MENTAL RETARDATION	
T7	Personal Services	1,900,000
T8	Other Expenses	800,000
T9	Early Intervention	1,300,000
T10	Workers' Compensation Claims	2,200,000
T11		
T12	AGENCY TOTAL	6,200,000
T13		

T14	DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES	
T15	Personal Services	1,300,000
T16	Other Expenses	1,700,000
T17	Pre-Trial Alcohol Education System	300,000
T18	Drug Treatment for Schizophrenia	900,000
T19	Workers' Compensation Claims	1,500,000
T20		
T21	AGENCY TOTAL	5,700,000
T22		
T23	DEPARTMENT OF SOCIAL SERVICES	
T24	Medicaid	32,500,000
T25		
T26	DEPARTMENT OF CORRECTION	
T27	Other Expenses	4,375,000
T28	Workers' Compensation Claims	2,000,000
T29	Inmate Medical Services	2,500,000
T30	Community Residential Services	375,000
T31	Community Non-Residential Services	250,000
T32		
T33	AGENCY TOTAL	9,500,000
T34		
T35	DEPARTMENT OF CHILDREN AND FAMILIES	
T36	Personal Services	1,200,000
T37	Other Expenses	1,750,000
T38	Workers' Compensation Claims	1,500,000
T39	Day Treatment Centers for Children	200,000
T40	No Nexus Special Education	650,000
T41	Board and Care - Adoption	1,000,000
T42	Board and Care - Foster	1,000,000
T43		
T44	AGENCY TOTAL	7,300,000
T45		
T46	JUDICIAL DEPARTMENT	
T47	Personal Services	1,300,000
T48	Other Expenses	900,000
T49	Juvenile Alternative Incarceration	800,000
T50		
T51	AGENCY TOTAL	3,000,000
T52		

T53	WORKERS' COMPENSATION CLAIMS -	
T54	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T55	Workers' Compensation Claims	2,000,000
T56		
T57	TOTAL GENERAL FUND	\$66,700,000
T58		
T59	SPECIAL TRANSPORTATION FUND	
T60		\$
T61	WORKERS' COMPENSATION CLAIMS -	
T62	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T63	Workers' Compensation Claims	1,500,000
T64		
T65	TOTAL SPECIAL TRANSPORTATION FUND	\$1,500,000

APP Committee Vote: Yea 43 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: Cost

Affected Agencies: Various

Municipal Impact: State Assistance Provided for Mosquito Control

Explanation

State Impact:

The bill appropriates \$68.2 million for various agencies and accounts. However, it will not result in an increase in spending of said amount, since there are anticipated to be unspent funds remaining in various other accounts that will offset the deficiency appropriations to a significant degree. These factors have been taken into account in the projections issued by OFA on February 8, 2000.

It should be noted that the following explanations for the agency deficiencies reflect the Committee’s decision to provide additional funds predominantly on a gross basis rather than a net basis. Further elaboration of such factors as the availability of Personal Services and Other Expenses holdbacks, allotment reductions and lapses in other accounts, which could be used to eliminate or partially offset gross deficiency amounts, was presented in OFA’s February 8, 2000 report on projected General and Transportation Fund projections.

It should be noted that this bill appropriates funds in FY 00, which

along with sHB 5183, "An Act Concerning the Establishment of the University of Connecticut Health Center Review Committee and Funding for the University of Connecticut Health Center", will result in a level of appropriations that exceeds the spending cap. The budget for FY 00 is currently under the statutory spending cap by \$68.6 million. A deficiency appropriation of \$68.2 million is made in this bill and a \$20 million appropriation for FY 00 is made to the UConn Health Center in sHB 5183. Passage of the deficiency bill alone will put the state budget under the spending limit by \$400,000. If the deficiency bill passes along with the UConn Health Center bill, then total appropriations for FY 00 will exceed the cap by \$19.6 million. To exceed the statutory spending limitation, the legislature must receive a declaration of an emergency or extraordinary circumstances from the governor and the legislature must approve the additional spending by a three-fifths majority in each chamber.

FY 00 PROJECTED GENERAL FUND AND TRANSPORTATION
FUND DEFICIENCIES

General Fund:

Department of Environmental Protection	\$500,000
---	------------------

The bill provides a deficiency appropriation to the Department of Environmental Protection of \$500,000, which represents 1.2% of the agency's original appropriation. The deficiency results from the need for an additional \$500,000 in the Mosquito Control account for which \$.3 million was appropriated in FY 00. The money will be used to purchase larvicide in bulk under state contracts for distribution to municipalities on a priority basis. It will be used to combat West Nile Virus and Eastern Equine Encephalitis.

Department of Mental Retardation	\$6,200,000
---	--------------------

The bill provides a deficiency appropriation to the Department of Mental Retardation of \$6.2 million, which represents 1% of the agency's original FY 00 appropriation. This deficiency is based on additional requirements in the following accounts:

- 1) Personal Services (\$1.9 million) and Other Expenses (\$.8 million) largely due to holdbacks in these accounts;
- 2) Early Intervention (\$1.3 million or 9.9% of the original budget) to reflect annual costs for an additional increase of over 200 infants and toddlers receiving services in the Birth-to-Three program; and
- 3) Workers' Compensation Claims (\$2.2 million or 24.2% of the original budget) due to increased costs in this account.

Department of Mental Health and Addiction Services	\$5,700,000
---	--------------------

The bill provides a deficiency appropriation to the Department of Mental Health and Addiction Services of \$5.7 million, which represents 2% of the agency's original FY 00 appropriation. This deficiency is based mainly on additional requirements in the following accounts:

- 1) Personal Services (\$1.3 million) and Other Expenses (\$1.7 million) largely due to holdbacks in these accounts. The deficiency in Other Expenses is also attributable to increased lease costs and higher utilization of outside consultants by the department;

- 2) Workers' Compensation Claims (\$1.5 million or 28% of the original budget) due primarily to the settlement of old claims.

Department of Social Services	\$32,500,000
--------------------------------------	---------------------

The bill provides a deficiency appropriation to the Department of Social Services' Medicaid account of \$32.5 million, which represents 1% of the agency's original FY 00 appropriation and 1.6% of the original appropriation for this account.

The Medicaid program has an original budget for FY 00 of \$2.1 billion. The deficiency amount is based upon the first eight months of actual expenditures. The increase in the Medicaid account is largely due to slightly higher expenditures for long-term care and failure to achieve significant savings initiatives originally forecasted in the budget.

The adopted budget included two expenditure initiatives that were forecasted to result in substantial savings to the Medicaid program. The first initiative, proposed by the governor and adopted by the legislature, requires that \$18 million in savings be achieved through the contracting of pharmaceutical services. To date, no contract to achieve this reduction has been negotiated and there appears to be no activity on the part of the agency to offer such a contract to the private sector. At this time, OFA is not projecting any savings from this initiative during the current fiscal year.

The second initiative involves the implementation of a 1991 law that requires DSS to limit payments to providers of services to dual-eligible clients (clients who are eligible for both Medicare and Medicaid benefits). The elimination of co-payments for Medicare services for these clients was projected to save \$54 million. Due to delays in instituting necessary programming changes, this policy is just now

being implemented. OPM revisions have lowered the savings by \$34 million, to \$20 million this fiscal year. OFA is unable to confirm the extent of the loss of savings due to the lack of claims data, though the savings achieved will certainly be less than \$54 million. The actual savings can vary depending upon the success in implementing the payment change. Some of the savings may in fact be achieved in FY 01. Electronic Data Systems, Inc. (EDS) is the outside contractor responsible for operating DSS financial information systems. These combined items represent \$72 million in savings adopted by the legislature that will not be fully achieved during the current fiscal year.

Department of Correction	\$9,500,000
---------------------------------	--------------------

The bill provides a deficiency appropriation to the Department of Correction of \$9.5 million, which represents 2.1% of the agency’s original FY 00 appropriation. This deficiency is based mainly on additional requirements in the following accounts:

- 1) Other Expenses (\$4.375 million) due to holdbacks in this account and costs associated with sending inmates out-of-state; and
- 2) Workers’ Compensation Claims (\$2 million or 14.5% of the original budget) and Inmate Medical Services (\$2.5 million or 4.5% of the original budget) due to increased costs in these accounts.

Department of Children and Families	\$7,300,000
--	--------------------

The bill provides a deficiency appropriation to the Department of Children and Families of \$7.3 million, which represents 1.7% of the agency’s original FY 00 appropriation. This deficiency is based mainly on additional requirements in the following accounts:

- 1) Personal Services (\$1.2 million) and Other Expenses (\$1.75 million) largely due to holdbacks in these accounts. The deficiency in Other Expenses is also attributable to increased regional office and mileage costs associated with expanding children's protective services staffing;
- 2) Workers' Compensation Claims (\$1.5 million or 75.4% of the original budget) to more accurately reflect recent claims patterns;
- 3) No Nexus Special Education (\$.65 million or 21.4% of the original budget) to reflect revised caseload estimates; and
- 4) Board and Care - Adoption (\$1 million or 4.2% of the original budget) and Board and Care - Foster (\$1 million or 1.4% of the original budget) based on current caseload and trends.

Judicial Department	\$3,000,000
----------------------------	--------------------

The bill provides a deficiency appropriation to the Judicial Department of \$3 million, which represents 1.1% of the agency's original FY 00 appropriation. This deficiency is required for the agency to accommodate enhancements to the state's three juvenile detention facilities in Bridgeport, Hartford and New Haven. These enhancements relate to a Department of Children and Families (DCF) investigation that began on February 24, 1999 regarding allegations of abuse at the New Haven Detention Center. On June 4, 1999, DCF confirmed findings of physical abuse by nine employees, physical neglect by 19 employees, found the physical plant to be sub-standard, and found inadequate training and supervision and various other deficiencies. Since that time, the Judicial Department, in consultation with DCF and the Office of Policy and Management, has developed a plan to address these and other deficiencies in the detention system.

The plan calls for a wide range of enhancements beginning in FY 00 and ending in FY 02 that includes significant physical improvements to the New Haven facility as well as construction of new facilities in Hartford and Bridgeport (total of \$42.6 million in bonding has been authorized). General Fund requirements would be \$3 million in FY 00 and \$6.7 million in FY 01. This includes the filling of existing vacancies in the detention facilities, the hiring of 32 additional supervisors and classification and program officers, and enhancements to medical and psychiatric services and various alternative programs.

Workers' Compensation Claims - Department of Administrative Services	\$2,000,000
---	--------------------

The bill provides a deficiency appropriation of \$2 million to the General Fund Workers' Compensation Claims account, which represents 17.1% of the account's original FY 00 appropriation. This account pays for the workers' compensation costs for almost half of the state employees. The deficiency is the result of rising workers' compensation costs generally, and the elimination of the \$430,000 inflationary increase for FY 00. The Governor's budget adjustments for FY 01 (and both Appropriations Committee budgets) include an increase of \$2 million in this account.

Total Projected General Fund Deficiencies:

Total - General Fund	\$66,700,000
-----------------------------	---------------------

Special Transportation Fund:

Workers' Compensation Claims - Department of Administrative Services	\$1,500,000
---	--------------------

The bill provides a deficiency appropriation of \$1.5 million to the Transportation Fund Workers' Compensation Claims account, which represents 77.9% of the account's original FY 00 appropriation. This account pays for the workers' compensation costs for the Department of Transportation and Department of Motor Vehicles employees. The deficiency is the result of rising workers' compensation costs generally, and the elimination of the inflationary increase for FY 00. The Governor's budget adjustments for FY 01 (and both Appropriations Committee budgets) include an increase of \$1.5 million in this account.

Municipal Impact:

The \$500,000 deficiency appropriation to the Department of Environmental Protection will be used to purchase larvicide in bulk under state contracts for distribution to municipalities on a priority basis. The larvicide will be used to combat West Nile Virus and Eastern Equine Encephalitis.

OFA Bill Analysis

sHB 5216

AN ACT MAKING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2000.

SUMMARY:

This bill provides additional funds to various agencies to meet obligations in the current fiscal year.

EFFECTIVE DATE: Upon Passage

FURTHER EXPLANATION:

The fiscal note provides detailed descriptions of the additional appropriation items.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 43 Nay 0