



# House of Representatives

General Assembly

**File No. 306**

February Session, 2002

Substitute House Bill No. 5022

*House of Representatives, April 4, 2002*

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 AND TRANSFERRING FUNDS TO AGENCIES WITH DEFICIENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 2002.***

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

1 Section 1. (*Effective from passage*) The following sums are  
2 appropriated for the purposes herein specified for the fiscal year  
3 ending June 30, 2002:

T1	SPECIAL TRANSPORTATION FUND	
T2	MISCELLANEOUS APPROPRIATIONS	
T3	ADMINISTERED BY THE COMPTROLLER	
T4	Reserve for Salary Adjustments	4,600,000
T5		
T6	TOTAL	4,600,000
T7	SPECIAL TRANSPORTATION FUND	

4 Sec. 2. (*Effective from passage*) The sum of \$650,000 appropriated to  
5 the Office of Policy and Management from the General Fund, for

6 Private Provider Infrastructure/Debt Fund, for the fiscal year ending  
7 June 30, 2001, in subsection (a) of section 47 of special act 01-1 of the  
8 June special session, and carried forward in subsection (1) of said  
9 section, as amended by section 2 of special act 01-1 of the November 15  
10 special session, shall be transferred to the Department of Information  
11 Technology, for Other Expenses.

12 Sec. 3. (*Effective from passage*) (a) The sum of \$1,900,000 appropriated  
13 to the Office of Policy and Management from the General Fund, for  
14 Private Provider Infrastructure/Debt Fund, for the fiscal year ending  
15 June 30, 2001, in subsection (a) of section 47 of special act 01-1 of the  
16 June special session, and carried forward in subsection (1) of said  
17 section, as amended by section 2 of special act 01-1 of the November 15  
18 special session, shall be transferred to the Department of Information  
19 Technology, for Health Insurance Portability & Accountability.

20 (b) The funds transferred to the Department of Information  
21 Technology in subsection (a) of this section, for Health Insurance  
22 Portability & Accountability, shall not lapse on June 30, 2002, and shall  
23 continue to be available for expenditure for such purpose during the  
24 fiscal year ending June 30, 2003.

25 (c) The funds transferred to the Department of Information  
26 Technology, in subsection (a) of this section, for Health Insurance  
27 Portability & Accountability, may be transferred by said department to  
28 state agencies requiring funds for such purpose.

29 Sec. 4. (*Effective from passage*) The sum of \$681,222 appropriated to  
30 the Office of Policy and Management from the General Fund, for  
31 Private Provider Infrastructure/Debt Fund, for the fiscal year ending  
32 June 30, 2001, in subsection (a) of section 47 of special act 01-1 of the  
33 June special session, and carried forward in subsection (1) of said  
34 section, as amended by section 2 of special act 01-1 of the November 15  
35 special session, shall be transferred to the Department of Public Safety  
36 for Workers' Compensation Claims.

37 Sec. 5. (*Effective from passage*) The sum of \$859,419 appropriated to

38 the Office of Policy and Management from the General Fund, for  
39 Miscellaneous Grants, for the fiscal year ending June 30, 2001, in  
40 subsection (a) of section 47 of special act 01-1 of the June special  
41 session, and carried forward in subsection (1) of said section, as  
42 amended by section 2 of special act 01-1 of the November 15 special  
43 session, shall be transferred to the Department of Mental Retardation,  
44 for Workers' Compensation Claims.

45 Sec. 6. (*Effective from passage*) The sum of \$3,100,000 appropriated to  
46 the Department of Mental Health and Addiction Services from the  
47 General Fund, for Supportive Housing, for the fiscal year ending June  
48 30, 2001, in subsection (a) of section 47 of special act 01-1 of the June  
49 special session, and carried forward in subsection (2) of said section, as  
50 amended by section 2 of special act 01-1 of the November 15 special  
51 session, shall be transferred to the Department of Mental Health and  
52 Addiction Services, for Other Expenses.

53 Sec. 7. (*Effective from passage*) The sum of \$33,200,000 appropriated to  
54 the Department of Education from the General Fund, for School  
55 Construction, for the fiscal year ending June 30, 2001, in subsection (a)  
56 of section 47 of special act 01-1 of the June special session, and carried  
57 forward in subsection (2) of said section, as amended by section 2 of  
58 special act 01-1 of the November 15 special session, shall be transferred  
59 to the Department of Social Services, for Medicaid.

60 Sec. 8. (*Effective from passage*) The sum of \$5,700,000 appropriated to  
61 the Department of Education from the General Fund, for School  
62 Construction, for the fiscal year ending June 30, 2001, in subsection (a)  
63 of section 47 of special act 01-1 of the June special session, and carried  
64 forward in subsection (2) of said section, as amended by section 2 of  
65 special act 01-1 of the November 15 special session, shall be transferred  
66 to the Department of Social Services, for Child Care Services-  
67 TANF/CCDBG.

68 Sec. 9. (*Effective from passage*) The sum of \$300,000 appropriated to  
69 the Department of Education from the General Fund, for School  
70 Construction, for the fiscal year ending June 30, 2001, in subsection (a)

71 of section 47 of special act 01-1 of the June special session, and carried  
72 forward in subsection (2) of said section, as amended by section 2 of  
73 special act 01-1 of the November 15 special session, shall be transferred  
74 to the Military Department, for Personal Services.

75 Sec. 10. (*Effective from passage*) The sum of \$100,000 appropriated to  
76 the Department of Education from the General Fund, for School  
77 Construction, for the fiscal year ending June 30, 2001, in subsection (a)  
78 of section 47 of special act 01-1 of the June special session, and carried  
79 forward in subsection (2) of said section, as amended by section 2 of  
80 special act 01-1 of the November 15 special session, shall be transferred  
81 to the Military Department, for Other Expenses.

82 Sec. 11. (*Effective from passage*) The sum of \$500,000 appropriated to  
83 the Department of Education from the General Fund, for School  
84 Construction, for the fiscal year ending June 30, 2001, in subsection (a)  
85 of section 47 of special act 01-1 of the June special session, and carried  
86 forward in subsection (2) of said section, as amended by section 2 of  
87 special act 01-1 of the November 15 special session, shall be transferred  
88 to the Department of Environmental Protection, for Personal Services.

89 Sec. 12. (*Effective from passage*) The sum of \$300,000 appropriated to  
90 the Department of Education from the General Fund, for School  
91 Construction, for the fiscal year ending June 30, 2001, in subsection (a)  
92 of section 47 of special act 01-1 of the June special session, and carried  
93 forward in subsection (2) of said section, as amended by section 2 of  
94 special act 01-1 of the November 15 special session, shall be transferred  
95 to the Department of Environmental Protection, for Other Expenses.

96 Sec. 13. (*Effective from passage*) The sum of \$500,000 appropriated to  
97 the Department of Education from the General Fund, for School  
98 Construction, for the fiscal year ending June 30, 2001, in subsection (a)  
99 of section 47 of special act 01-1 of the June special session, and carried  
100 forward in subsection (2) of said section, as amended by section 2 of  
101 special act 01-1 of the November 15 special session, shall be transferred  
102 to the Department of Public Health, for Other Expenses.

103       Sec. 14. (*Effective from passage*) The sum of \$9,100,000 appropriated to  
104 the Department of Education from the General Fund, for School  
105 Construction, for the fiscal year ending June 30, 2001, in subsection (a)  
106 of section 47 of special act 01-1 of the June special session, and carried  
107 forward in subsection (2) of said section, as amended by section 2 of  
108 special act 01-1 of the November 15 special session, shall be transferred  
109 to the Department of Social Services, for Medicaid.

110       Sec. 15. (*Effective from passage*) The sum of \$9,700,000 appropriated to  
111 the Office of Policy and Management from the General Fund, for  
112 Energy Contingency, for the fiscal year ending June 30, 2001, in  
113 subsection (a) of section 47 of special act 01-1 of the June special  
114 session, and carried forward in subsection (2) of said section, as  
115 amended by section 2 of special act 01-1 of the November 15 special  
116 session, shall be transferred to the Department of Social Services for  
117 Temporary Assistance to Families-TANF.

118       Sec. 16. (*Effective from passage*) The sum of \$6,500,000 appropriated to  
119 the Department of Higher Education from the General Fund, for  
120 Higher Education State Matching Grant Fund, for the fiscal year  
121 ending June 30, 2001, in subsection (a) of section 47 of special act 01-1  
122 of the June special session, and carried forward in subsection (2) of  
123 said section, as amended by section 2 of special act 01-1 of the  
124 November 15 special session, shall be transferred to the Department of  
125 Education, for Excess Cost-Student Based.

126       Sec. 17. (*Effective from passage*) The sum of \$4,000,000 appropriated to  
127 the Department of Environmental Protection from the General Fund,  
128 for Residential Underground Storage Tank Clean-up, for the fiscal year  
129 ending June 30, 2001, in subsection (a) of section 47 of special act 01-1  
130 of the June special session, and carried forward in subsection (1) of  
131 said section, as amended by section 2 of special act 01-1 of the  
132 November 15 special session, shall be transferred to Reserve for Salary  
133 Adjustments, in the General Fund, for Reserve for Salary Adjustments.

134       Sec. 18. (*Effective from passage*) The sum of \$2,046,170 appropriated to  
135 the Department of Higher Education from the General Fund, for

136 Higher Education State Matching Grant Fund, for the fiscal year  
137 ending June 30, 2001, in subsection (a) of section 47 of special act 01-1  
138 of the June special session, and carried forward in subsection (2) of  
139 said section, as amended by section 2 of special act 01-1 of the  
140 November 15 special session, shall be transferred to the Workers'  
141 Compensation Claims-Department of Administrative Services, in the  
142 General Fund, for Workers' Compensation Claims.

143 Sec. 19. (*Effective from passage*) The sum of \$10,000,000 appropriated  
144 to the Department of Social Services from the General Fund, for  
145 Hospital Finance Restructuring Funding, for the fiscal year ending  
146 June 30, 2001, in subsection (a) of section 47 of special act 01-1 of the  
147 June special session, and carried forward in subsections (1) and (2) of  
148 said section, as amended by section 2 of special act 01-1 of the  
149 November 15 special session, shall be transferred to State Employees  
150 Health Service Cost, in the General Fund, for Other Expenses.

151 Sec. 20. (*Effective from passage*) The sum of \$9,200,000 appropriated  
152 from the Mashantucket Pequot and Mohegan Fund, for Grants to  
153 Towns, for the fiscal year ending June 30, 2001, in subsection (a) of  
154 section 47 of special act 01-1 of the June special session, and carried  
155 forward in subsection (2) of said section, shall be transferred to the  
156 Department of Social Services, for Medicaid.

157 Sec. 21. (*Effective from passage*) The sum of \$3,493,189 appropriated  
158 from the Mashantucket Pequot and Mohegan Fund, for Grants to  
159 Towns, for the fiscal year ending June 30, 2001, in subsection (a) of  
160 section 47 of special act 01-1 of the June special session, and carried  
161 forward in subsection (2) of said section, shall be transferred to the  
162 Department of Correction, for Workers' Compensation Claims.

163 Sec. 22. (*Effective from passage*) The sum of \$400,000 made available  
164 for expenditure pursuant to subsection (d) of section 4-28e of the  
165 general statutes, and carried forward in section 59 of special act 01-1 of  
166 the June special session, as amended by special act 01-1 of the  
167 November 15 special session, shall be credited to the resources of the  
168 General Fund for the fiscal year ending June 30, 2002.

169       Sec. 23. (*Effective from passage*) The sum of \$1,400,000 appropriated to  
170 the Department of Mental Health and Addiction Services in section 11  
171 of special act 99-10, as amended by section 1 of special act 00-13, and  
172 carried forward pursuant to subsection (c) of section 4-89 of the  
173 general statutes, for TBI Community Services, shall be credited to the  
174 resources of the General Fund for the fiscal year ending June 30, 2002.

175       Sec. 24. (*Effective from passage*) Notwithstanding the provisions of  
176 subsection (f) of section 4-89 of the general statutes, for the fiscal year  
177 ending June 30, 2002, the sum of \$142,164 appropriated to the  
178 Department of Higher Education and carried forward by said section,  
179 for the Minority Advancement Program, shall be credited to the  
180 resources of the General Fund for the fiscal year ending June 30, 2002.

181       Sec. 25. (*Effective from passage*) Notwithstanding the provisions of  
182 subsection (f) of section 4-89 of the general statutes, for the fiscal year  
183 ending June 30, 2002, the sum of \$61,952 appropriated to the  
184 Department of Higher Education and carried forward by said section,  
185 for the National Service Act, shall be credited to the resources of the  
186 General Fund for the fiscal year ending June 30, 2002.

187       Sec. 26. (*Effective from passage*) Notwithstanding the provisions of  
188 subsection (f) of section 4-89 of the general statutes, for the fiscal year  
189 ending June 30, 2002, the sum of \$71,595 appropriated to the  
190 Department of Higher Education and carried forward by said section,  
191 for the Minority Teacher Incentive Program, shall be credited to the  
192 resources of the General Fund for the fiscal year ending June 30, 2002.

193       Sec. 27. (*Effective from passage*) The following sums appropriated  
194 from the General Fund, for the fiscal year ending June 30, 2001, in  
195 subsection (a) of section 47 of special act 01-1 of the June special  
196 session, and carried forward in subsections (1) and (2) of said section,  
197 as amended by section 2 of special act 01-1 of the November 15 special  
198 session, shall be credited to the resources of the General Fund for the  
199 fiscal year ending June 30, 2002:

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T8		\$
T9	LEGISLATIVE MANAGEMENT	
T10	CTN	96,549
T11		
T12	OFFICE OF POLICY AND MANAGEMENT	
T13	Energy Contingency	2,174,579
T14	OTHER THAN PAYMENTS	
T15	TO LOCAL GOVERNMENTS	
T16	Private Provider Infrastructure/Debt Fund	1,268,778
T17	Miscellaneous Grants	140,581
T18	AGENCY TOTAL	3,583,938
T19		
T20	OFFICE OF WORKFORCE COMPETITIVENESS	
T21	PAYMENTS TO LOCAL GOVERNMENTS	
T22	School to Work	81,771
T23		
T24	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T25	Disabilities Outreach Program	50,000
T26	Hospital Billing Program	140,000
T27	AGENCY TOTAL	190,000
T28		
T29	DEPARTMENT OF PUBLIC SAFETY	
T30	Personal Services	1,905,293
T31	Other Expenses	200,000
T32	AGENCY TOTAL	2,105,293
T33		
T34	DEPARTMENT OF ENVIRONMENTAL	
T35	PROTECTION	
T36	Residential Underground Storage Tank	
T37	Clean-up	1,024,607
T38		
T39	DEPARTMENT OF MENTAL HEALTH	
T40	AND ADDICTION SERVICES	
T41	Medicaid Rehabilitation Option and	
T42	Specialty Health Care Plan	152,499
T43	Supportive Housing	2,013,279
T44	APT Relocation	940,885
T45	AGENCY TOTAL	3,106,663
T46		
T47	DEPARTMENT OF SOCIAL SERVICES	
T48	OTHER THAN PAYMENTS TO LOCAL	
T49	GOVERNMENTS	

T50	TFA Supportive Employment	940,885
T51	Christian Community Action/Hill	
T52	Cooperative	150,000
T53	Hospital Finance Restructuring Funding	589,547
T54	AGENCY TOTAL	1,680,432
T55		
T56	DEPARTMENT OF EDUCATION	
T57	Reading Institutes	940,885
T58	Teacher Training	564,531
T59	PAYMENTS TO LOCAL GOVERNMENTS	
T60	School Construction Grants	300,000
T61	School Wiring	1,908,853
T62	AGENCY TOTAL	3,714,269
T63		
T64	DEPARTMENT OF HIGHER EDUCATION	
T65	Higher Education State Matching Grant Fund	1,427,214
T66	Education and Health Initiatives	132,270
T67	AGENCY TOTAL	1,559,484
T68		
T69	DEPARTMENT OF CHILDREN AND FAMILIES	
T70	Transition Costs for Connecticut	
T71	Juvenile Training School	470,442
T72	Computerized Case Management System	252,708
T73	AGENCY TOTAL	723,150
T74		
T75	WORKERS' COMPENSATION CLAIMS-	
T76	DEPARTMENT OF ADMINISTRATIVE	
T77	SERVICES	
T78	Transfer Claims Liabilities	1,126,559
T79		
T80	MASHANTUCKET PEQUOT AND MOHEGAN	
T81	FUND GRANT	
T82	PAYMENTS TO LOCAL GOVERNMENTS	
T83	Grants to Towns	2,306,811
T84		
T85	TOTAL	21,299,526

200       Sec. 28. (*Effective from passage*) The following amounts credited to the  
201 resources of the General Fund, for the fiscal year ending June 30, 2002,  
202 pursuant to sections 22 to 27, inclusive, of this act, shall be transferred  
203 to the Department of Social Services, for Medicaid, for payment as

204 follows: (1) Stamford Hospital - \$2,500,000; (2) Griffin Hospital -  
 205 \$200,000; (3) Nursing Home Staffing Levels - \$5,000,000. Payments for  
 206 Nursing Home Staffing Levels shall not lapse on June 30, 2002, and  
 207 shall continue to be available for expenditure for such purpose during  
 208 the fiscal year ending June 30, 2003.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>
Sec. 5	<i>from passage</i>
Sec. 6	<i>from passage</i>
Sec. 7	<i>from passage</i>
Sec. 8	<i>from passage</i>
Sec. 9	<i>from passage</i>
Sec. 10	<i>from passage</i>
Sec. 11	<i>from passage</i>
Sec. 12	<i>from passage</i>
Sec. 13	<i>from passage</i>
Sec. 14	<i>from passage</i>
Sec. 15	<i>from passage</i>
Sec. 16	<i>from passage</i>
Sec. 17	<i>from passage</i>
Sec. 18	<i>from passage</i>
Sec. 19	<i>from passage</i>
Sec. 20	<i>from passage</i>
Sec. 21	<i>from passage</i>
Sec. 22	<i>from passage</i>
Sec. 23	<i>from passage</i>
Sec. 24	<i>from passage</i>
Sec. 25	<i>from passage</i>
Sec. 26	<i>from passage</i>
Sec. 27	<i>from passage</i>
Sec. 28	<i>from passage</i>

**APP**      *Joint Favorable Subst.*

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:

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**OFA Fiscal Note**

**State Impact:** Appropriates Funding to Cover a FY 02 Transportation Fund Deficiency, Transfers FY 01 Surplus Appropriations to Cover FY 02 General Fund (GF) Deficiencies, Credits Surplus Appropriations and Carryforwards to FY 02 GF Resources and Makes Transfers from Such Credits

**Municipal Impact:** Reduces Payments to Local Governments

**Explanation**

Passage of this bill would have the following impacts:

**Section 1: Appropriates \$4.6 Million to Cover a FY 02 Transportation Fund Deficiency**

This section appropriates \$4.6 million to cover a FY 02 Reserve for Salary Adjustments deficiency which results from approval in July 2001 of the Maintenance and Service (NP-2) contract that exceeded the amount budgeted.

**Sections 2 - 21 and 27 - 28: Eliminates \$115.4 million in FY 01 Surplus Appropriations by Transferring these Funds to Cover FY 02 General Fund (GF) Deficiencies (\$101.8 Million) and Crediting the Balance of this Amount after Transfers (\$13.6 Million) to General Fund Resources**

Please see the table which follows this fiscal note for details.

**Sections 22 - 26: Reduces Carryforwards (\$2.1 Million) and Credits this Amount to GF Resources**

Please see the table which follows this fiscal note for details.

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**Reduces Payments to Local Governments**

Impact on FY 01 Surplus [1]		
<u>FY 01 Surplus Appropriation</u>	<u>Transfer to Cover FY 02 Deficiencies (Sec. 7-14)</u>	<u>Credit to General Fund Resources (Sec. 27)</u>
OWC - School to Work		\$81,771
SDE - School Construction Grants	\$49,700,000	300,000
SDE - School Wiring		1,908,853
Totals - Individual Columns	\$49,700,000	\$2,290,624
Total - Combined Columns		\$51,990,624

[1] The FY 01 surplus appropriation of \$15 million Mashantucket Pequot and Mohegan grants to towns is also eliminated by transferring it to cover deficiencies and crediting it to GF resources; however, the FY 03 midterm budget adjustments restore this reduction with a \$15 million operating budget appropriation.

Deficiency Bill (SHB 5022)  
Impact on FY 01 Surplus Appropriations

Affected Surplus Accounts	Section #	Transfer to Deficiencies	Deficiency Amount	Agency / Account	GF Resources Appropriation (Sec. 27)	Credit to Total Surplus Reduction [1]
<b>LEGISLATIVE MANAGEMENT</b>						
CTN		0			(96,549)	(96,549)
<b>OFFICE OF POLICY AND MANAGEMENT</b>						
Energy Contingency	15	(9,700,000)	(9,700,000)	DSS - TAF-TANF	(2,174,579)	(11,874,579)
<b>OTHER THAN PAYMENTS TO LOCAL GOVERNMENTS</b>						
Private Provider Infrastructure/Debt Fund	2-4	(3,231,222)	(650,000)	DoIT - OE	(1,268,778)	(4,500,000)
			(1,900,000)	DoIT - HIPA		
			(681,222)	DPS - WCC		
Miscellaneous Grants	5	(859,419)	(859,419)	DMR - WCC	(140,581)	(1,000,000)
<b>OFFICE OF WORKFORCE COMPETITIVENESS</b>						
<b>PAYMENTS TO LOCAL GOVERNMENTS</b>						
School to Work		0			(81,771)	(81,771)

Deficiency Bill (SHB 5022) Impact on FY 01 Surplus Appropriations
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Affected Surplus Accounts	Section #	Deficiencies	Amount	Agency / Account	GF Resources Appropriation (Sec. 27)	Credit to Total Surplus	Reduction [1]
<b>DEPARTMENT OF ADMINISTRATIVE SERVICES</b>							
Disabilities Outreach Program			0		(50,000)	(50,000)	
Hospital Billing system			0		(140,000)	(140,000)	
<b>PUBLIC SAFETY</b>							
Personal Services			0		(1,905,293)	(1,905,293)	
Other Expenses			0		(200,000)	(200,000)	
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>							
Residential Underground Storage Tank Clean-up	17		(4,000,000)	(4,000,000) Reserve for Salary Adjustments	(1,024,607)	(5,024,607)	
<b>DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES</b>							
Medicaid Rehabilitation Option and Specialty							
Health Care Plan			0		(152,499)	(152,499)	
Supportive Housing	6		(3,100,000)	(3,100,000) DMHAS - OE	(2,013,279)	(5,113,279)	
APT Relocation			0		(940,885)	(940,885)	

Deficiency Bill (SHB 5022)  
Impact on FY 01 Surplus Appropriations

Affected Surplus Accounts	Section #	Transfer to Deficiencies	Deficiency Amount	Agency / Account	Credit to GF Resources	Total Surplus
					(Sec. 27)	Reduction [1]
<b>DEPARTMENT OF SOCIAL SERVICES</b>						
<b>OTHER THAN PAYMENTS TO LOCAL GOVERNMENTS</b>						
TFA Supportive Employment		0	0		(940,885)	(940,885)
Christian Community Action/Hill Cooperative		0	0		(150,000)	(150,000)
Hospital Finance Restructuring Funding	19	(10,000,000)	(10,000,000)	St. Empls. Health Service Cost - OE	(589,547)	(10,589,547)
<b>DEPARTMENT OF EDUCATION</b>						
Reading Institutes		0	0		(940,885)	(940,885)
Teacher Training		0	0		(564,531)	(564,531)
<b>PAYMENTS TO LOCAL GOVERNMENTS</b>						
School Construction Grants	7-14	(49,700,000)	(33,200,000)	DSS - Medicaid (5,700,000) DSS - Child Care Services - TANF/CCDBG (300,000) Military Dept. - PS (100,000) Military Dept. - OE (500,000) DEP - PS	(300,000)	(50,000,000)

Deficiency Bill (SHB 5022)  
Impact on FY 01 Surplus Appropriations

Affected Surplus Accounts	Section #	Transfer to Deficiencies	Deficiency Amount	Agency / Account	GF Resources Appropriation (Sec. 27)	Credit to Total Surplus	Total Surplus Reduction [1]
School Wiring		0			(1,908,853)		(1,908,853)
<b>DEPARTMENT OF HIGHER EDUCATION</b>							
Higher Education State Matching Grant Fund	16, 18	(8,546,170)	(6,500,000)	SDE - Excess Cost-Student Based	(1,427,214)		(9,973,384)
Education and Health Initiatives		0	(2,046,170)	WCC-DAS - WCC		(132,270)	(132,270)
<b>DEPARTMENT OF CHILDREN AND FAMILIES</b>							
Transition Costs for Connecticut Juvenile Training School		0				(470,442)	(470,442)
Computerized Case Management System		0				(252,708)	(252,708)
<b>WORKERS' COMPENSATION CLAIMS - DEPARTMENT OF ADMINISTRATIVE SERVICES</b>							
Transfer Claims Liabilities		0				(1,126,559)	(1,126,559)

Deficiency Bill (SHB 5022)

Impact on FY 01 Surplus Appropriations

Affected Surplus Accounts	Section #	Deficiencies	Amount	Agency / Account	GF Resources Appropriation (Sec. 27)	Credit to Total Surplus Reduction [1]
<b>MASHANTUCKET PEQUOT AND MOHEGAN FUND</b>						
<b>PAYMENTS TO LOCAL GOVERNMENTS</b>						
Grants to Towns	20-21	(12,693,189)	(9,200,000)	DSS - Medicaid	(2,306,811)	(15,000,000)
			(3,493,189)	DOC - WCC		
<b>TOTAL - GENERAL FUND</b>			(101,830,000)	(101,830,000)	(21,299,526)	(123,129,526)
Transfer of Credits (Sec. 28)	28		0		7,700,000	7,700,000
<b>Net Credits to GF Resources from FY 01 Surplus Reds.</b>					<b>(13,599,526)</b>	<b>(115,429,526)</b>

[1] Of the \$115.4 million in total reductions, SHB 5022 transfers \$101.8 million to cover FY 02 deficiencies and credits \$13.6 million to FY 02 General Fund resources after transfers. PA 02-4 (SHB 5026, An Act Concerning the Provision of Smoking Cessation Services under the State Medicaid Plan and Making Technical Corrections to SA 01-1 of the November 15, 2001 Special Session) adds \$47,860 for the AG's Computer System Upgrade and \$128,207 for DHE's Higher Education Asset Protection Program, resulting in net total surplus reductions of \$115.2 million.

Deficiency Bill (SHB 5022)  
Impact on Carryforwards

Section #	Agency / Account	Credit C/F to GF Resources
1	Appropriates \$4.6 million for Reserve for Salary Adjustments (TF)	
22	Tobacco Settlement Funds [2]	(400,000)
23	DMHAS - TBI Community Services	(1,400,000)
24	DHE - Minority Advancement Program	(142,164)
25	DHE - National Service Act	(61,952)
26	DHE - Minority Teacher Incentive Prog.	(71,595)
		(2,075,711)

[2] This change is also reflected in PA 02-4 (SHB 5026, An Act Concerning the Provision of Smoking Cessation Services under the State Medicaid Plan and Making Technical Corrections to SA 01-1 of the November 15, 2001 Special Session) for a total credit to GF resources of \$800,000.



**Military Department** **\$400,000**

The Military Department has a deficiency of approximately \$400,000, which represents approximately 6% of the original FY 02 agency appropriation of \$6.7 million (the department receives additional federal and private contributions). These costs are primarily related to providing personnel for airport security in the state. In addition, while certain identified posts are being funded by the federal government at federal airports (Groton, New London, Tweed & Bradley), state dollars will be necessary to fund those airport posts designated by the state as requiring additional security.

**Department of Environmental Protection** **\$800,000**

The Department of Environmental Protection (DEP) has a deficiency of approximately \$800,000, which represents approximately 2.1% of the original FY 02 agency appropriation of \$38.6 million. These costs are due to the additional activity incurred by the DEP as a result of the Anthrax scares and the increased need for emergency responses and increased environmental conservation costs.

Funding for emergency responses and related activities including clean ups is currently provided through a separate account within the Environmental Quality Fund. The account is capitalized with a specified amount of revenue (\$8 million in FY 02 and FY 03) from the Petroleum Gross Earnings Tax. There have been over 650 emergency calls to DEP related to bio-terrorism. This activity results in increased costs for overtime, contractors, decontamination, chemical suits, etc. It is anticipated that a portion of the deficiency appropriation for Personal Services will be transferred to the Emergency Spill Response account as needed. In addition, DEP's Conservation Enforcement Officers have been stationed on vessels that otherwise would have been removed for the season off Millstone Point in Waterford. Additional costs have also been incurred by the Radiation Control Division with regard to ensuring that security measures at Millstone and CT Yankee are appropriate.

The \$300,000 deficiency in Other Expenses for the state parks is due

to increased costs for supplies, materials, and non-discretionary fixed costs. Funding through the General Fund and the special non-appropriated Conservation Fund has remained virtually constant for these items, as costs have risen. In the past, funding needs could be shifted to the non-appropriated fund to compensate for needed funds to administer the conservation programs. The Conservation Fund is anticipated to run a deficiency by FY 03 if revenues are not increased to the Fund.

**Department of Public Health** **\$500,000**

The Department of Public Health has a deficiency of approximately \$500,000, which represents approximately .6% of the original FY 02 agency appropriation of \$77.8 million. The deficiency is in the agency's Other Expenses account and is due to greater than budgeted laboratory costs, unexpected increases in costs associated with the installation and maintenance of the electronic vital records system, continued support of a school-based health center, unbudgeted pay increases for certain data processing staff and other miscellaneous charges.

**Department of Mental Retardation** **\$859,419**

The Department of Mental Retardation has a deficiency in its Workers' Compensation Claims account, which represents 9.2% of the \$9.3 million appropriated to this account for FY 02. This deficiency is primarily due to the delay in the transfer of 660 state employees' Workers' Compensation cases (statewide) to a private insurance company. This transfer was made at the end of November, but the budget was based on a July 1<sup>st</sup> date.

It should be noted that it is anticipated that a \$2.5 million deficiency in the Early Intervention account will be covered through a release of holdbacks and FAC transfers from other accounts with funds that would have otherwise lapsed.

**Department of Mental Health and Addiction Services****\$3,100,000**

The Department of Mental Health and Addiction Services has a deficiency of \$3.1 million, which represents 0.7% of the agency's original FY 02 appropriation of \$431.6 million. This deficiency is primarily due to higher than anticipated costs in the Other Expenses and Workers' Compensation Claims accounts. The Other Expenses deficiency of \$1.69 million represents 5.9% of the original appropriation. This is primarily due to inflationary increases in medications, food and software licensing, higher energy costs, corrective action for Whiting Forensic Institute required by HCFA, and clean up costs due to a fire at the Connecticut Mental Health Center. The \$900,000 deficiency in the Workers' Compensation account is due to a delay in the transfer of old claims. It is anticipated that a portion of the deficiency appropriation to Other Expenses will be transferred later to cover the deficiency in Workers' Compensation.

**Department of Social Services****66,900,000**

The Department of Social Services has a deficiency \$66.9 million, primarily due to increased costs in Medicaid, Temporary Family Assistance and Child Care. This deficiency is net of projected transfers of potential surplus and deficiencies in other departmental accounts.

*Medicaid*

Medicaid expenditures are estimated to be \$51.5 million greater than appropriated for FY 02 based upon 8 months of actual and 4 months of projected data. This represents 2.1% of the \$2.5 billion account for long-term care and health services.

While almost all areas of Medicaid health services are currently exceeding appropriation levels, three areas of spending represent two-thirds of the projected deficiency in the account for FY 02. Those areas and the projected amount over budget are as follows: 1) pharmacy - \$5.73 million; 2) home health care - \$8.57 million; and 3) managed care (HUSKY) - \$6.65 million. Expenditures in Medicaid long-term care are slightly below the appropriated level and are offsetting a portion of the overall deficiency.

Pharmacy costs continue to rise and the cost savings initiatives continue to be difficult to administer. However, the current deficiency is relatively small in comparison to the projected level of expenditures at \$259 million. The deficiency represents 2% of the account. Pharmacy expenditures have been growing in the range of 14% to 16% over the last several years.

The next major item of overspending is in the area of home health care. There are three components to the Connecticut Home care program, two funded by Medicaid and one entirely state funded. Deficiencies are occurring in both state and Medicaid funding streams. Two components are funded by Medicaid: a community based waiver program with expanded eligibility criteria and home health care normally provided under the program. The third component is the state-funded home care program that has even more generous eligibility and service criteria than the Medicaid program. Under the Medicaid program a deficiency of \$8.57 million is projected out of an expenditure of \$216 million. There is also a \$3.6 million deficiency in the state funded portion of the program. Given the total size of the program -- \$17.6 million -- this projected deficiency represents a 20% increase in FY 02 appropriation. The Home Care Program currently provides services to 11,500 residents, 8,290 under Medicaid and 3,220 under the funded portion of the program.

This past fiscal year the state funded portion of the program expanded income eligibility to allow individuals with incomes exceeding 300% of SSI to be eligible for the services. In six months the program has grown to 68 clients and appears to be consuming more resources than was expected. In addition, the overall state-funded program is on a projected growth rate of 8% for FY 02, which is higher than the original budgeted projections. Although the client growth has been within budgeted projections on the Medicaid side, the cost of services provided has exceeded expectations.

Finally, there is a projected deficiency in the Managed Care (HUSKY A) program. Enrollment in HUSKY A has been robust for the first six months of the current fiscal year. As of July 1, 2001, there were 239,829 clients in the HUSKY A insurance program. Enrollment grew nearly

21,000 clients (9%) in the first six months of the fiscal year, far exceeding forecasted projections. It is expected that this increase will not continue in the second half of FY 02. If it does the deficiency in this account will probably become even larger. Most of the increase has been the result of the expansion of HUSKY A to adults with children with incomes between 100% and 150% of the federal poverty limit. This substantial increase has been due to aggressive outreach efforts on the part of the Department of Social Services and increases in the state's unemployment rate.

The Medicaid deficiency also covers a new appropriation for a supplemental payment that results from the passage of PA 02-3 "An Act Concerning Certain Taxes Related to Health Care and Reporting Requirements for Certain Managed Care Subcontractors". The legislation entitles certain health maintenance organizations (HMOs) to a supplemental payment in lieu of a tax credit, which was repealed by the act. The supplemental payment is to be made for FY 02 and amounts to \$14 million.

*Temporary Family Assistance*

The Temporary Family Assistance (TFA) account has a \$9.7 million deficiency in FY 02. This deficiency is primarily due to two factors. First, the base caseload through the first 8 months of the fiscal year has been higher than originally budgeted.

The second factor driving the TFA deficiency is the manner of implementation of the three-extension limit passed in the last legislative session. The budget as passed assumed that DSS would implement a mass modification to the system after the first quarter, resulting in a reduction of approximately 2,000 cases in October. However, DSS has opted to implement this limit at the time of a family's six-month review. This rolling implementation of the policy has reduced anticipated savings in FY 02 as families exceeding the limit have been leaving the program at a gradual pace over the first half of the fiscal year.

*Child Care*

The Office of Policy and Management is reporting a \$5.7 million

shortfall under the Child Care Services account, due to two actions of the department. First, DSS delayed redetermination of cases due to the transition to a new program administrator. This led to a higher caseload than originally budgeted. Second, the department did not lower reimbursement rates for unlicensed providers consistent with the new child care fee structure passed by the General Assembly.

**Department of Education** **\$6,500,000**

The state Department of Education has a net deficiency of \$6.5 million, which represents approximately 0.3% of the original FY 02 agency appropriation of \$1,941.4 million. The deficiency is due to greater than anticipated growth in the special education grant, Excess Costs - Student Based. The department is also expected to lapse \$4 million in the Educational Equalization (ECS) grant beyond the \$1.5 million needed to cover other relatively minor agency deficiencies. Prior year adjustments for the ECS grant itself and for special education aid amount to approximately \$5.5 million. Other offsetting funds come from the Non-public School transportation grant and the Charter Schools grant.

The governor has added \$11 million to the FY 03 budget to ensure that the Excess Cost - Student Based grant does not require a deficiency appropriation next year.

**Department of Correction** **\$3,493,189**

DOC has a deficiency in the Workers' Compensation account, which represents 24% of the \$14.5 million appropriated to this account for FY 02. This deficiency is primarily due to the delay in the transfer of 660 state employees' Workers' Compensation cases (statewide) to a private insurance company. This transfer was made at the end of November, but the budget was based on a July 1<sup>st</sup> date.

<b>Reserve for Salary Adjustments Account</b>	
<b>General Fund</b>	<b>\$4,000,000</b>
<b>Transportation Fund</b>	<b>\$4,600,000</b>

The Reserve for Salary Adjustments General Fund account has a projected deficiency of \$4 million (which represents 13% of the original FY 02 appropriation of \$30.8 million) and the Transportation Fund has a projected gross deficiency of \$4.6 million (which represents 316.2% of the original FY 02 appropriation of \$1.5 million).

The gross deficiency is due primarily to the approval of the Maintenance (NP-2) Arbitration Award and the New England Health Care Employees Union, District 1199 (P-1) and (NP-6) Arbitration Award. Both of these awards exceeded the budgeted resources of the Reserve for Salary Adjustment Account.

**Department of Administrative Services (DAS) -  
Workers' Compensation Claims** **\$2,046,170**

OFA estimates a gross deficiency in the DAS - Workers' Compensation Claims account of \$2.05 million, an increase of 19.2% over the original FY 02 appropriation. This is due to the delay in the transfer of 660 state employees' Workers' Compensation cases (statewide) to a private insurance company. This transfer was made at the end of November, but the budget was based on a July 1<sup>st</sup> date. The gross deficiency could have been offset by \$1.13 million in FY 01 surplus funds that were not expended on the transfer, but section 27 of sHB 5022, the Deficiency Bill, requires these funds to be credited to FY 02 General Fund resources.

**State Employee Health Services** **\$10,000,000**

The State Employees Health Service Cost account has a projected deficiency of \$10 million, which represents 4% of the original FY 02 appropriation of \$251.2 million. This deficiency is due primarily to lower than anticipated recoveries from other funds. The State Employees Health Service Cost account is funded on a net basis and the anticipated recovery rate was higher than the actual recovery rate set by the State Comptroller.

<b>Total Projected General Fund Deficiencies</b>	<b>\$101,830,000</b>
<b>Total Projected Transportation Fund Deficiencies</b>	<b>\$4,600,000</b>

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**OFA Bill Analysis**

sHB 5022

**AN ACT MAKING DEFICIENCY APPROPRIATIONS AND TECHNICAL CORRECTIONS AND TRANSFERRING FUNDS TO AGENCIES WITH DEFICIENCIES FOR THE FISCAL YEAR ENDING JUNE 30, 2002.**

**SUMMARY:**

The bill appropriates funding to cover a FY 02 Transportation Fund deficiency, transfers FY 01 surplus appropriations to cover FY 02 General Fund deficiencies, credits surplus appropriations and carryforwards to FY 02 General Fund resources and makes transfers from such credits.

Please refer to the fiscal note for a more detailed explanation of these changes.

EFFECTIVE DATE: Upon Passage

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable Substitute

Yea 32 Nay 17