



House of Representatives

General Assembly

File No. 518

February Session, 2004

Substitute House Bill No. 5035

House of Representatives, April 8, 2004

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, 2004.

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

1 Section 1. (*Effective from passage*) (a) The following sums are
2 appropriated for the purposes herein specified for the fiscal year
3 ending June 30, 2004:

T1	GENERAL FUND	\$
T2		
T3	ETHICS COMMISSION	
T4	Personal Services	111,000
T5		
T6	FREEDOM OF INFORMATION COMMISSION	
T7	Personal Services	120,000
T8		
T9	OFFICE OF STATE COMPTROLLER	
T10	Other Expenses	1,000,000
T11		

T12	OFFICE OF POLICY AND MANAGEMENT	
T13	Other Expenses	300,000
T14		
T15	DEPARTMENT OF PUBLIC WORKS	
T16	Other Expenses	3,150,000
T17	Management Services	350,000
T18	AGENCY TOTAL	3,500,000
T19		
T20	COMMISSION ON ARTS, TOURISM, CULTURE,	
T21	HISTORY AND FILM	
T22	PAYMENTS TO LOCAL GOVERNMENTS	
T23	Bridgeport Discovery Museum	250,000
T24		
T25	DEPARTMENT OF MENTAL RETARDATION	
T26	Other Expenses	639,313
T27	Early Intervention	850,391
T28	Worker's Compensation Claims	759,000
T29	Community Residential Services	677,945
T30	AGENCY TOTAL	2,926,649
T31		
T32	DEPARTMENT OF MENTAL HEALTH AND	
T33	ADDICTION SERVICES	
T34	Other Expenses	800,000
T35	Professional Services	3,400,000
T36	Behavioral Health Medications	1,100,000
T37	AGENCY TOTAL	5,300,000
T38		
T39	DEPARTMENT OF SOCIAL SERVICES	
T40	Medicaid	20,500,000
T41		
T42	DEPARTMENT OF CORRECTION	
T43	Inmate Medical Services	3,000,000
T44		
T45	DEPARTMENT OF CHILDREN AND FAMILIES	
T46	Personal Services	2,500,000
T47	Other Expenses	1,500,000
T48	Worker's Compensation Claims	2,600,000
T49	Board and Care for Children - Foster Care	1,500,000
T50	Board and Care for Children - Residential	12,000,000
T51	Individualized Family Supports	500,000

T52	AGENCY TOTAL	20,600,000
T53		
T54	RESERVE FOR SALARY ADJUSTMENTS	
T55	Reserve for Salary Adjustments	8,300,000
T56		
T57	TOTAL - GENERAL FUND	65,907,649

4 (b) The funds appropriated in subsection (a) of this section shall not
5 lapse on June 30, 2004, and such funds shall be available for
6 expenditure during the fiscal year ending June 30, 2005.

7 Sec. 2. (*Effective from passage*) (a) All payments made from the
8 Commission on Arts, Tourism, Culture, History and Film account
9 during the fiscal year ending June 30, 2004, in accordance with the
10 provisions of section 216 of public act 03-6 of the June 30 special
11 session, are deemed to be expenditures from appropriated funds
12 authorized by public act of the General Assembly, and any revenues
13 intercepted pursuant to said section 216 are deemed to be General
14 Fund revenue.

15 (b) All expenditures by the State Marshal Commission during the
16 fiscal year ending June 30, 2004, from the state marshal account
17 established by section 6-38 of the general statutes are deemed to be
18 expenditures from appropriated funds authorized by public act of the
19 General Assembly, and all funds deposited in the account are deemed
20 to be General Fund revenue.

21 Sec. 3. (*Effective from passage*) (a) For the fiscal year ending June 30,
22 2004, the sum of \$11,745,032 received by the state of Connecticut, from
23 the federal government, for the TANF high performance bonus
24 payments for welfare to work, is appropriated to be used for the
25 purposes of the TANF Program, as defined in Public Law 104-193.

26 (b) The funds appropriated in subsection (a) of this section shall not
27 lapse on June 30, 2004, and such funds shall be available for
28 expenditure as provided in subsection (c) of this section during the
29 fiscal years ending June 30, 2005 and June 30, 2006.

30 (c) The funds appropriated in subsection (a) of this section and
 31 carried forward in subsection (b) of this section are available for
 32 expenditure as follows:

T58	2003-2005	2005-2006
T59	\$	\$
T60 Women in Transition	239,750	239,750
T61 Family Supportive Housing	691,503	691,503
T62 Child Care Apprentices Program	200,372	200,372
T63 Enhanced Job Entry Initiatives	575,400	575,400
T64 Child Care Certificate Program	4,000,000	
T65 Emergency Shelter Services		100,000
T66 Employment Success Program	710,270	
T67 Faith-Based Funding	150,000	150,000
T68 Fatherhood Initiative	250,000	250,000
T69 Good News Garage	350,000	300,000
T70 Transitional Rental Subsidies	720,712	400,000
T71 Welfare to Work Transportation	650,000	300,000
T72 TOTAL	8,538,007	3,207,025

33 (d) During the fiscal years ending June 30, 2005, and June 30, 2006,
 34 the sum of \$50,000 appropriated for Fatherhood Initiative shall be used
 35 for a grant to the Family Alliance, New Haven.

36 (e) During the fiscal year ending June 30, 2005, the sum of \$250,000
 37 appropriated for Employment Success shall be used for a grant to the
 38 Greater Hartford Literacy Council, for Basic Skill Training for Low
 39 Literate TANF Recipients.

40 Sec. 4. (*Effective from passage*) The sum of \$17,600,000 appropriated to
 41 DEBT SERVICE - STATE TREASURER, for Debt Service, for the fiscal
 42 year ending June 30, 2004, shall be transferred to the Department of
 43 Social Services, for Medicaid. Such funds shall be deemed to be
 44 expenditures from appropriated funds, for Medicaid, authorized by
 45 public or special act of the General Assembly.

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>

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:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 04
Various State Agencies	GF - See Below	See Below

Note: GF=General Fund

Municipal Impact: See Below

Explanation

The bill appropriates \$97.9 million for various agencies and accounts, of which \$52.3 is for deficiency appropriations. Appropriations made in the sHB 5035 (deficiency bill) for FY 04 have an impact on the calculation of the spending cap. Currently, the total funds appropriation for FY 04 is \$356 million under the spending cap. The deficiency bill proposes several appropriations that will raise the level of all funds and reduce the amount by which the FY 04 budget is under the spending cap. Those appropriations include \$97.9 million in deficiencies and additional appropriations. Additional appropriations for FY 04 include \$5 million for interim rate increases for nursing homes, \$8.3 million for the Reserve for Salary Adjustments account, which is used to fund collectively bargained labor agreements, \$11.7 million in federal TANF block grant bonus funds, and \$20 million in CATCH-F funds. In addition, \$52.3 million is appropriated to cover agency deficiencies in the current fiscal year. These additional appropriations raise the base total funds to \$13,618.4 million and results in the FY 04 budget being \$259.9 million under the spending cap.

FY 04 Net Deficiency Appropriations & Additional Appropriations

Ethics Commission

Net Deficiency Appropriation of \$111,000

The Ethics Commission has a projected net deficiency of \$111,000, which represents 16.0% of its original FY 04 appropriation of \$690,397. The net deficiency results from the restoration of 2 positions eliminated in the adopted budget.

Freedom of Information Commission

Net Deficiency Appropriation of \$120,000

The Freedom of Information Commission has a projected net deficiency of \$120,000, which represents 10.1% of its original FY 04 appropriation of \$1.2 million. The \$120,000 net deficiency results from the restoration of 2 positions eliminated in the adopted budget.

Office of the State Comptroller

Net Deficiency Appropriation of \$1,000,000

The Office of the State Comptroller has a projected net deficiency of \$1.0 million, which represents 5.5% of its original FY 04 appropriation of \$18.3 million. The net deficiency results from the cost of an annual maintenance contract for the PeopleSoft software associated with the Core-CT system. This post-implementation cost of Core-CT, which is to be paid from the Other Expenses account, had not been budgeted in the agency.

Office of Policy and Management

Appropriation of \$300,000

Funding of \$300,000 is appropriated to Other Expenses and carried forward into FY 05 for costs related to promoting the state's interests before the federal Base Closure and Relocation Commission.

Department of Public Works***Net Deficiency Appropriation of \$3,500,000***

The Department of Public Works has a projected net deficiency of \$3.5 million, which represents 8.5% of its original FY 04 appropriation of \$41.4 million. The \$3.5 million net deficiency results from deficiencies of \$3.9 million and anticipated savings of \$0.4 million. The deficiencies are: 1) \$2.7 million in Other Expenses shortfalls including a projected \$.9 million deficiency in funding available for the operation of the 61 Woodland Street building, \$.6 million in current year energy cost increases affecting agency utility accounts and a \$1.2 million carry forward of utility expenses and snow removal costs from FY 03; 2) \$.5 million related to the operation of the Fairfield Hills campus which has not yet been transferred to the town of Newtown as originally anticipated in the budget; 3) \$.212 million related to the need to provide a reimbursement for a lease payment on the Department of Information Technology (DoIT) building; and (4) a \$.5 million carry forward of rent payments on space leased in the G. Fox building for the Banking Department. The agency anticipates offsetting part of this deficiency with \$.4 million in Personal Services account savings due to the Early Retirement Incentive Program and positions that are not being refilled. The agency expects to transfer these funds to the deficient accounts via the FAC process.

Commission on Arts, Tourism, Culture, History and Film

Net Deficiency Appropriation of \$250,000

An appropriation of \$250,000 is made for the Bridgeport Discovery Museum and carried forward into FY 05.

Department of Mental Retardation

Net Deficiency Appropriation of \$3,000,000

The Department of Mental Retardation has a projected deficiency of \$2,926,649, which represents .4% of its original FY 04 appropriation of \$737.8 million. The projected funding shortfall is as follows: 1) Other Expenses (\$639,313); 2) Early Intervention (\$850,391); 3) Workers' Compensation (\$759,000); and 4) Community Residential account for leap year costs (\$677,945).

The \$639,313 in Other Expenses represents 2.8% of the original budget. The FY 04 estimated expenditures reflects a 5% reduction from FY 03 expenditures, however due to the FY 04 level of funding a shortfall is anticipated. The \$759,000 (5.7% of the original budget) in Workers' Compensation claims is based on current trends in expenditures and prior year account activity. The \$850,391 in the Early Intervention account (3.8% of the original budget of \$22.9 million) is based on the Birth-to-Three System's enrollment, lower than anticipated insurance receipts and a delay in implementing the parent fee changes. PA 03-1 JSS (the budget act) included initiatives intended to result in savings in the Birth-to-Three program. Although savings have resulted from some of the program changes, it is anticipated that the lower level of funding provided in the FY 04 appropriation, will not fully meet the demand.

The leap year costs were not part of the department's FY 04 - FY 05

Biennium Budget. The additional funding will support the residential private provider contracts in FY 04. The \$677,945 represents the value of an additional day based on the annual value of the contracts divided by 365.

Department of Mental Health and Addiction Services

Net Deficiency Appropriation of \$5,300,000

The Department of Mental Health and Addiction Services has a projected net deficiency of \$5.3 million, which represents 1.03% of its original FY 04 appropriation of \$517.6 million. The deficiency results primarily from shortfalls in five accounts. First, a \$3.4 million deficiency is projected for the Professional Services account due to an increased reliance on temporary agency nurses at Connecticut Valley Hospital. Temporary nurses have been used due to a difficulty in filling full time nursing positions. A deficiency of \$3 million exists in Managed Service Systems due to efforts to relieve system gridlock. A deficiency of \$1,100,000 is projected in the Behavioral Health Medications account due primarily to increased drug costs. And finally a \$700,000 deficiency is projected in the Other Expenses account due to repair costs and maintenance supplies at Cedarcrest hospital. These deficiencies are offset by \$2.9 million of surpluses in four accounts, the largest of which is in the Special Populations program.

Department of Social Services

Net Deficiency Appropriation of \$15,500,000 & Appropriation of \$5,000,000

The Department of Social Services has a projected net deficiency of \$15.5 million, which represents 0.4% of its original FY 04 appropriation

of \$3,766.7 million.

The \$15.5 million net deficiency results primarily from shortfalls in three accounts. However, these shortfalls are offset by projected surpluses in four other accounts.

A deficiency is projected for the **Medicaid** program of approximately \$32.6 million. This deficiency is due in large part to budgeted savings initiatives that will not be fully achieved due to the late passage of the budget as well as the complex nature of implementation.

Another potential significant loss of savings could occur as a result of federal court action concerning the health care coverage for HUSKY adult clients. The legislature and Governor eliminated coverage for adults with incomes over 100% of the poverty level under the HUSKY A program. This change was made as part of the FY 03 deficit mitigation package. However, due to a federal lawsuit, the state has been required to continue coverage for individuals already enrolled in the program. The FY 04 budget contains \$14 million in funding to continue benefits while the case is resolved. These funds are programmed into projected expenditures through November of the current fiscal year and will not be adequate for the full fiscal year. If the resolution of this case is delayed, or the court definitively finds that the state must continue benefits, additional appropriations will be required.

The **ConnPACE** program is experiencing higher than anticipated costs. During the first half of the fiscal year, enrollment was significantly above budgeted levels. The department has also experienced delays in implementing budgeted pharmaceutical cost containment measures. These are contributing factors to an anticipated shortfall of approximately \$9.1 million.

The **State Administered General Assistance (SAGA)** program has a current estimated deficiency of \$7.4 million. The budget assumed a major restructuring of this program. Financial benefits under SAGA

were reduced, and the medical benefits are changed from a fee-for-service system to a capped appropriated program to be run through the state's acute care hospitals and Federally Qualified Health Centers. Due to the late passage of the budget, and the complex nature of the implementation of the required changes, a deficiency is projected.

These shortfalls are offset by significant lapses in the Supplemental Assistance accounts (**Aid to the Disabled, Aid to the Blind, Old Age Assistance**) and **Child Care Subsidies**. A net lapse of \$5.7 million is projected for Supplemental Assistance, primarily due to continued decreases in caseloads. A lapse of \$27.9 million (31% of the original appropriation) is projected for the Child Care Subsidies account. Over the past fiscal years, legislation has been passed that lowered the income eligibility levels for Transitional Child Care portion of the program and closed enrollment in the Child Care Certificate portion of the program. The impact on enrollment from these two changes has been much more significant than originally projected, which has resulted in the current anticipated savings. Since July 2002, enrolment in the Child Care Subsidies program has declined from 16,918 to 8,433, as of January, 2004

Additionally, \$5.0 million is appropriated in FY 04 and carried forward into FY 05 for nursing home interim rate relief, as passed by the House and the Senate in HB 5004 (AAC the Admission and Care of Patients in Nursing Homes).

Department of Correction

Anticipated Net Deficiency \$3,000,000

The Department of Correction has projected a \$3 million deficiency, which represents 4% of the Inmate Medical Services General Fund appropriation. The deficiency is due to a combination of mental health consolidation initiatives related to compliance with consent decrees,

increased mental health evaluations, and other adjustments related to the delivery of health services.

The Governor's proposed budget revisions for FY 05 include additional funding (\$4.4 million) to rollout this deficiency. The stated objective is to house all offenders classified as acutely or chronically mentally ill in the Garner Correctional Institution. Those offenders classified as mentally ill who require less intensive treatment will be concentrated in one facility per security level.

Department of Children and Families

<i>Anticipated Net Deficiency \$20,600,000</i>

The Department of Children and Families has a projected net deficiency of \$20.6 million, which represents 3.5% of its original FY 04 appropriation of \$591.3 million. The net deficiencies are:

\$2.5 million (1.19% of the original budget) in Personal Services, primarily attributable to unexpected costs associated with the hiring of 110 durational and 65 permanent social work staff that were not reflected within PA 03-01 JSS (the budget act). This staffing expansion is in response to a finding of the DCF Court Monitor that the agency was non-compliant with agreed upon caseload standards for treatment workers. The federal court accepted this finding and endorsed the Court Monitor's recommended remedy, which calls for the incremental attainment of reduced caseloads, terminating in 100% compliance with the maximum caseload standard of 20 by March 1, 2004. The U.S. District Court issued an order on July 29, 2003, endorsing this recommendation. The 175 new positions include 145 Social Workers, 16 Social Work Supervisors and 14 Social Worker Case Aides.

\$1.5 million (4.0% of the original budget) in Other Expenses,

primarily attributable to unexpected costs incurred to support the 175 additional positions, as discussed above.

\$2.6 million (44.5% of the original budget) in Workers' Compensation Claims, based on current trends in expenditures.

\$1.5 million (5.7% of the original budget) in the Board and Care for Children - Foster account based on current caseload trends. Budgeted funds anticipated average monthly expenditures of \$6.46 million. Current projections indicate that expenditures will average \$6.82 million, resulting in a \$4.4 million shortfall. It is anticipated that \$2.9 million under the Board and Care for Children- Adoption account will be transferred via Finance Advisory Committee (FAC) action to offset a portion of this deficiency.

\$12.0 million (8.9% of the original budget) is projected for the Board and Care for Children - Residential account. Contributing to this shortfall is \$3.9 million attributable to new residential development (primarily for female adjudicated delinquents) that was not reflected within PA 03-1 JSS; \$1.8 million in mandated rate increases for in-state residential treatment providers; and \$6.3 million resulting from a 6.8% increase in residential placements since the beginning of FY 04.

\$0.5 million (6.7% of the original budget) in the Individualized Family Supports account due to unbudgeted expenditures for meeting emergency needs of Consent Decree class members required pursuant to a stipulated agreement with the court dated October 7, 2003.

Reserve for Salary Adjustment

<i>Appropriation of \$8,300,000</i>
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The amount of \$8.3 million is appropriated in FY 04 and made available for expenditure through FY 05 based on an indication from the Office of Policy and Management that \$2.2 million is needed due to

updated calculations to fund the Judicial Professional and Judicial Employees collective bargaining agreements and that \$6.1 million is needed to fund the Correction Supervisors arbitration award.

TANF High Performance Bonus Money

The federal government has awarded Connecticut \$11,745,032 in Federal FY04 through a High Performance Bonus under the Temporary Assistance to Needy Families (TANF) program. Under the Brown Amendment to the TANF statues, these funds must be specifically appropriated by state in order to be utilized. The bill allocates these funds in the following manner:

		FY05	FY06	Total
COC	Women in Transition	\$239,750	239,750	\$479,500
DCF	Family Supportive Housing	691,503	691,503	1,383,006
DOL	Child Care Apprenticeship	200,372	200,372	400,744
DOL	Enhanced Job Entry Initiatives	575,400	575,400	1,150,800
DSS	Child Care Certificate Program	4,000,000	-	4,000,000
DSS	Emergency Shelter Services	-	100,000	100,000
DSS	Employment Success Program	710,270	-	710,270
DSS	Faith-Based Funding	150,000	150,000	300,000
DSS	Fatherhood Initiative	250,000	250,000	500,000
DSS	Good News Garage	350,000	300,000	650,000
DSS	Transitional Rental Subsidies	720,712	400,000	1,120,712
DSS	Welfare to Work Transportation	650,000	300,000	950,000
TOTAL		\$8,538,007	\$3,207,025	\$11,745,032

Deeming Funds Appropriated

Payments made from the Commission on Arts, Tourism, Culture, History and Film in accordance with PA 03-6 are deemed to be expenditures from appropriated funds, which is estimated at \$20 million. Funds of \$250,000 in the State Marshall Commission are deemed to be expenditures from appropriated funds.

Finally, the bill reduces debt service by \$17.6 million and appropriates \$17.6 million to Medicaid in the Department of Social Services for current expenditures in FY 04.

Municipal Impact:

The bill makes a deficiency appropriation of \$250,000 and carries it forward into FY 05 for the Commission on Arts, Tourism, Culture, History and Film for the Bridgeport Museum.

OFA Bill Analysis

sHB 5035

AN ACT MAKING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2004.

SUMMARY:

The bill appropriates \$97.9 million for various agencies and accounts, of which \$52.3 is for deficiency appropriations. Please refer to the fiscal note for a more detailed explanation of the bill's changes.

EFFECTIVE DATE: Upon Passage

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 46 Nay 3