



House of Representatives

General Assembly

File No. 660

February Session, 2008

Substitute House Bill No. 5019

House of Representatives, April 17, 2008

The Committee on Appropriations reported through REP. MERRILL of the 54th 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, 2008.

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

1 Section 1. (*Effective from passage*) The amounts appropriated to the
2 following agencies in section 1 of public act 07-1 of the June special
3 session are reduced by the following amounts for the fiscal year
4 ending June 30, 2008:

T1	GENERAL FUND	\$
T2		
T3	SECRETARY OF STATE	
T4	Other Expenses	100,414
T5		
T6	STATE TREASURER	
T7	Personal Services	300,000
T8		
T9	STATE COMPTROLLER	
T10	Personal Services	100,000
T11	Other Expenses	100,000
T12	AGENCY TOTAL	200,000

T13		
T14	DEPARTMENT OF REVENUE SERVICES	
T15	Personal Services	766,978
T16	Collection and Litigation	250,000
T17	AGENCY TOTAL	1,016,978
T18		
T19	OFFICE OF POLICY AND MANAGEMENT	
T20	Personal Services	750,000
T21	Other Expenses	500,000
T22	P.I.L.O.T. New Manufacturing Machinery	19,850,444
T23	and Equipment	
T24	Property Tax Exemption for Hybrid Vehicles	500,000
T25	Water Planning Council	187,500
T26	Private Providers	3,282,073
T27	AGENCY TOTAL	25,070,017
T28		
T29	DEPARTMENT OF VETERANS AFFAIRS	
T30	Personal Services	185,000
T31	Other Expenses	182,000
T32	AGENCY TOTAL	367,000
T33		
T34	DEPARTMENT OF PUBLIC WORKS	
T35	Other Expenses	600,000
T36		
T37	LABOR DEPARTMENT	
T38	Personal Services	62,606
T39	Other Expenses	37,440
T40	Workforce Investments Act	2,668,505
T41	Unemployment for Military Spouses	175,000
T42	AGENCY TOTAL	2,943,551
T43		
T44	COMMISSION ON HUMAN RIGHTS	
T45	AND OPPORTUNITIES	
T46	Personal Services	400,000
T47		
T48	COMMISSION ON CULTURE AND TOURISM	
T49	Personal Services	500,000
T50		
T51	DEPARTMENT OF DEVELOPMENTAL SERVICES	
T52	Personal Services	2,520,000
T53		
T54	DEPARTMENT OF SOCIAL SERVICES	

T55	Personal Services	100,000
T56	Other Expenses	1,840,000
T57	HUSKY Program	3,000,000
T58	Connecticut Pharmaceutical Assistance Contract	2,500,000
T59	to the Elderly	
T60	Housing/Homeless Services	4,000,000
T61	AGENCY TOTAL	11,440,000
T62		
T63	JUDICIAL DEPARTMENT	
T64	Personal Services	750,000
T65	Youthful Offender Services	900,000
T66	Juvenile Alternative Incarceration	650,000
T67	AGENCY TOTAL	2,300,000
T68		
T69	DIVISION OF CRIMINAL JUSTICE	
T70	Personal Services	150,000
T71	Witness Protection	50,000
T72	AGENCY TOTAL	200,000
T73		
T74	DEPARTMENT OF CHILDREN AND FAMILIES	
T75	Family Support Services	400,000
T76	Board & Care Residential	4,600,000
T77	AGENCY TOTAL	5,000,000
T78		
T79	CHILDREN'S TRUST FUND COUNCIL	
T80	Personal Services	100,000
T81	Children's Trust Fund	750,000
T82	AGENCY TOTAL	850,000
T83		
T84	COMMISSION ON CHILD PROTECTION	
T85	Contracted Attorneys	500,000
T86		
T87	TOTAL - GENERAL FUND	54,307,960

5 Sec. 2. (*Effective from passage*) The amounts appropriated to the
6 following agencies in section 2 of public act 07-1 of the June special
7 session are reduced by the following amounts for the fiscal year
8 ending June 30, 2008:

T88	SPECIAL TRANSPORTATION FUND	\$
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T89		
T90	STATE COMPTROLLER - FRINGE BENEFITS	
T91	Employers Social Security Tax	1,000,000
T92	State Employees Health Service Cost	250,000
T93	AGENCY TOTAL	1,250,000
T94		
T95	WORKERS' COMPENSATION CLAIMS -	
T96	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T97	Workers' Compensation Claims	250,000
T98		
T99	TOTAL - SPECIAL TRANSPORTATION FUND	1,500,000

9 Sec. 3. (*Effective from passage*) The following sums are appropriated
 10 for the purposes herein specified for the fiscal year ending June 30,
 11 2008:

T100	GENERAL FUND	\$
T101		
T102	OFFICE OF THE CHIEF MEDICAL EXAMINER	
T103	Medicolegal Investigations Account	125,000
T104		
T105	DEPARTMENT OF MENTAL HEALTH AND	
T106	ADDICTION SERVICES	
T107	Personal Services	900,000
T108	Other Expenses	1,363,622
T109	Professional Services	500,000
T110	Nursing Home Screening	60,000
T111	Behavioral Health Medications	27,000
T112	AGENCY TOTAL	2,850,622
T113		
T114	UNIVERSITY OF CONNECTICUT HEALTH CENTER	
T115	Operating Expenses	21,900,000
T116		
T117	DEPARTMENT OF CORRECTION	
T118	Personal Services	3,400,000
T119	Other Expenses	7,600,000
T120	Inmate Medical	6,500,000
T121	Community Support	1,000,000
T122	AGENCY TOTAL	18,500,000
T123		
T124	WORKERS' COMPENSATION CLAIMS -	
T125	DEPARTMENT OF ADMINISTRATIVE SERVICES	

T126	Workers' Compensation Claims	500,000
T127		
T128	TOTAL - GENERAL FUND	43,875,622

12 Sec. 4. (*Effective from passage*) The following sums are appropriated
13 for the purposes herein specified for the fiscal year ending June 30,
14 2008:

T129	SPECIAL TRANSPORTATION FUND	\$
T130		
T131	DEPARTMENT OF TRANSPORTATION	
T132	Personal Services	4,500,000
T133		
T134	TOTAL - SPECIAL TRANSPORTATION FUND	4,500,000

15 Sec. 5. (*Effective from passage*) Section 43 of public act 08-1 of the
16 January special session is repealed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	Repealer section

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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Municipal Impact: See Explanation Below

Explanation

The bill reduces FY 08 General Fund appropriations by \$54,307,960 and FY 08 Transportation Fund appropriations by \$1,500,000, for a total all funds appropriation reduction of \$55,807,960. The bill makes FY 08 General Fund deficiency appropriations of \$43,875,622, and FY 08 Transportation Fund deficiency appropriations of \$4,500,000, for a total all funds FY 08 deficiency appropriation of \$48,375,622. (See below for a full explanation of the deficiencies.) The amount of reductions to appropriations exceed the amount of deficiency appropriations contained in the bill by \$7.43 million in order to keep the additional appropriations from further exceeding the spending cap. This additional reduction to appropriations corrects for the uncapped uses of the PILOT Manufacturing Machinery and Equipment (PILOT MME) account for capped purposes in FY 08, as 66.48% of the grant goes to distressed municipalities and is exempt from the spending cap.

Finally, Section 5 of the bill repeals Section 43 of PA 08-1 January Special Session which transferred \$17.05 million from the FY 08 lapse in PILOT Manufacturing Machinery and Equipment to implement provisions of the act in FY 09. Instead, the budget bill, sHB 5021, as favorably reported by the Appropriations Committee on March 26, 2008, contains FY 09 appropriations to implement provisions PA 08-1 JSS, with certain exceptions (please refer to Committee budget book for additional details).

**Projected FY 08 Deficiencies
as of April 1, 2008**

General Fund

Department of Mental Health and Addiction Services	FY 08 Deficiency Amount \$2,850,622
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The Department of Mental Health and Addiction Services has a projected net deficiency of \$2.85 million, which represents .45% of its FY 08 appropriation of \$637.2 million. This assumes the agency's gross deficiency of \$12.4 million is offset by \$6.1 million in lapses; \$2.8 million in the release of the Personal Services and Other Expenses holdbacks; and the anticipated transfer of \$634,000 from OPM's Energy Contingency.

This gross deficiency is due to Personal Services (\$7.7 million), Other Expenses (\$4 million), Professional Services (\$600,000), Nursing Home Screening (\$60,000) and Behavioral Health Medications (\$27,000). The Personal Services shortfall is largely due to increased staffing and overtime costs incurred at the Connecticut Valley Hospital in reaction to the federal Department of Justice and Centers for Medicare/Medicaid Services' review. The Other Expenses deficiency is due to repair expenses related to patient safety at various state facilities (primarily CVH) and the continuing increase in utility costs. These deficiencies are offset by anticipated lapses in Community Mental Health Strategy Board (\$2.4 million), Housing Supports and Services (\$2 million) and Home and Community Based Services (\$500,000), which are primarily due to delays in starting newly funded programs. Additionally, workers' compensation claims have been below initial projections, resulting in a potential lapse of \$1.2 million.

Office of the Chief Medical Examiner	FY 08 Deficiency Amount \$125,000
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The Office of the Chief Medical Examiner is anticipating a net

deficiency of \$125,000 in the Medicolegal Investigations (MI) account. This represents 2.2% of the agency's total FY 08 appropriation of \$5.8 million.

The agency's anticipated gross deficiency of \$241,000 is the result of a shortfall in the MI account (\$143,000) and Other Expenses (OE) account (\$98,000). These shortfalls are offset by the lapse in the Personal Services (PS) account of \$62,000, in addition to the anticipated release of the PS account holdback of \$35,939 and the OE account holdback of \$18,117. This will result in a net deficiency of \$125,000 in the MI account.

This deficiency is primarily due to the delay in filling new Investigator positions (in PS) that would investigate the cases currently being done across the state by contracted Assistant Medical Examiners (AMEs) funded in the MI account. The FY 08 budget included a reallocation of funding from the MI account to PS and OE accounts with a net savings to the agency as a result of shifting the death investigation services from AMEs to Investigators in-house. The anticipated PS lapse (due to the delay in filling the positions) will cover the anticipated OE account shortfall and partially cover the shortfall in the MI account, leaving a net deficiency of \$125,000 (this assumes the release of the PS and OE account holdbacks totaling \$54,056).

University of Connecticut Health Center	FY 08 Deficiency Amount \$21,900,000
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General Fund support for the University of Connecticut Health Center (UCHC) is limited to a block grant for the educational portion of the Health Center's budget. However, the UCHC is experiencing a significant overall deficit, primarily due to structural financial problems at the John Dempsey Hospital.

Department of Correction	FY 08 Deficiency Amount \$18,500,000
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The Department of Correction has a projected net deficiency of \$18.5 million, which represents 2.8% of its FY 08 appropriation of \$662.8 million. This assumes that a Personal Services holdback of \$3,178,318 and an Other Expenses holdback of \$1,800,144 are released.

The \$18.5 million deficiency occurs in four areas: Personal Services (\$3.4 million), Other Expenses (\$7.6 million), and Inmate Medical Services (\$6.5 million), and Community Support Services (\$1.0 million).

The majority of the PS deficiency is due to staffing and overtime costs associated with supervising an increasing inmate population. The current offender population of approximately 19,700 is 500 inmates more than FY 07 averages.

The shortfall in Other Expenses is driven by operational demands on food, clothing, bedding, and other related living supplies associated with an increasing offender population. Additionally, the Other Expenses deficiency is related to increased electricity costs, representing double-digit inflationary increases. The Other Expenses deficiency of \$7.6 million assumes a transfer of \$2.5 million from the OPM Energy Contingency Account.

The shortfall in Inmate Medical Services is due to increased expenses related to the increased inmate population, John Dempsey Hospital inpatient care, and additional costs to meet consent decree and stipulated settlement agreements.

The shortfall in Community Support Services represents half year funding for the authorization to increase halfway house beds and non-residential services as a result of the initiative to expedite the community placement of non-violent offenders.

Workers' Compensation Claims - DAS	FY 08 Deficiency Amount \$500,000
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The Workers' Compensation Claims account has a projected net deficiency of \$500,000, which represents 2.2% of its FY 08 appropriation of \$22.5 million. The projected deficiency of \$500,000 is being driven by significant increases in medical costs and indemnity costs of older claims.

The Department of Administrative Services Workers' Compensation account funds the workers' compensation claims costs for state employees in 84 agencies that do not receive a direct appropriation.

General Fund Total	FY 08 Total GF Deficiency Amount \$43,875,622
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Transportation Fund

Department of Transportation	FY 08 Deficiency Amount \$4,500,000
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The Department of Transportation has a projected net deficiency of \$4.5 million, which represents 0.9% of its FY 08 appropriation of \$480.1 million.

A projected gross Personal Services deficiency in the Special Transportation Fund of \$7.5 million is due to the March Finance Committee Action (FAC #2008-10) to offset a shortfall in the snow and ice removal account. The shortfall was a result of: (1) higher than anticipated prices for materials such as salt, fuel, utilities and repair parts for trucks and (2) replenishment of DOT's reserves of these materials, which were depleted by the severity of recent winter storms. It was anticipated that the transfer from Personal Services to Other Expenses would be replenished through a Deficiency Appropriation in

order for DOT to meet its Personal Service obligations. The \$4.5 million net deficiency results from anticipated FAC transfers from other accounts within the agency.

General Fund and Transportation Fund Total	FY 08 Total GF & TF Deficiency Amount \$48,375,622
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The Out Years

State Impact: None

Municipal Impact: None

OFA Bill Analysis

sHB 5019

AN ACT MAKING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2008.

SUMMARY:

The bill reduces certain FY 08 General Fund and Transportation Fund appropriations and makes FY 08 deficiency appropriations, as detailed in the fiscal note.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 36 Nay 16 (04/01/2008)