



House of Representatives

General Assembly

File No. 515

February Session, 2010

Substitute House Bill No. 5016

House of Representatives, April 13, 2010

The Committee on Appropriations reported through REP. GERAGOSIAN of the 25th 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, 2010.

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 09-7 of the September
3 special session are reduced by the following amounts for the fiscal year
4 ending June 30, 2010:

T1	GENERAL FUND	
T2		\$
T3	DEBT SERVICE - STATE TREASURER	
T4	Debt Service	17,000,000
T5		
T6	STATE COMPROLLER - FRINGE BENEFITS	
T7	State Employees Retirement Contributions	31,230,000
T8	Employers Social Security Tax	10,854,730
T9		
T10	TOTAL - GENERAL FUND	59,084,730

5 Sec. 2. (*Effective from passage*) The amounts appropriated to the
6 following agencies in section 2 of public act 09-3 of the June special
7 session are reduced by the following amounts for the fiscal year
8 ending June 30, 2010:

T11	SPECIAL TRANSPORTATION FUND	
T12		\$
T13	DEBT SERVICE - STATE TREASURER	
T14	Debt Service	3,627,845
T15		
T16	TOTAL - SPECIAL TRANSPORTATION FUND	3,627,845

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 2010:

T17	GENERAL FUND	
T18		\$
T19	OFFICE OF THE VICTIM ADVOCATE	
T20	Personal Services	34,000
T21		
T22	DEPARTMENT OF SOCIAL SERVICES	
T23	Medicaid	56,550,730
T24		
T25	WORKERS' COMPENSATION CLAIMS -	
T26	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T27	Workers' Compensation Claims	2,500,000
T28		
T29	TOTAL - GENERAL FUND	59,084,730

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 2010:

T30	SPECIAL TRANSPORTATION FUND	
T31		\$
T32	DEPARTMENT OF TRANSPORTATION	
T33	Other Expenses	1,627,845
T34		
T35	WORKERS' COMPENSATION CLAIMS -	

T36	DEPARTMENT OF ADMINISTRATIVE SERVICES	
T37	Workers' Compensation Claims	2,000,000
T38		
T39	TOTAL - SPECIAL TRANSPORTATION FUND	3,627,845

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

Statement of Legislative Commissioners:

In section 1, the reduction for State Employees Retirement Contributions was changed for accuracy.

APP *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: No Net Fiscal Impact

Municipal Impact: None

Explanation

The bill results in no net fiscal impact. It reduces appropriations in the General Fund and Special Transportation Fund and increases appropriations by the same amounts in each fund and is intended to deal with a portion of agency shortfalls in funding. See table below for the account changes contained in the bill.

General Fund	
State Employees Retirement Contributions	(31,230,000)
Employers Social Security Tax	(10,854,730)
Debt Service	(17,000,000)
Office of the Victim Advocate/Personal Services	34,000
Medicaid	56,550,730
DAS - Workers' Compensation Claims	<u>2,500,000</u>
Net Total	-
Special Transportation Fund	
Debt Service	(3,627,845)
DOT/Other Expenses	1,627,845
DAS - Workers' Compensation Claims	<u>2,000,000</u>
Net Total	-

The remaining deficiencies would be dealt with through the release of holdbacks and intra-agency transfers.

OFA is currently projecting \$285.1 million in state agency deficiency requirements. Although the difference between the two projections is

significant (\$135.5 million), OFA's projections assume that no holdbacks would be released by OPM. The release of holdbacks is a discretionary decision of OPM. Holdbacks for the various agencies with deficiencies total \$329.4 million which is higher than OFA's or OPM's deficiency estimates.

Please see OFA's February 2, 2010 projections for detail on February estimated agency deficiencies at this web address:

http://www.cga.ct.gov/ofa/Documents/Statements/2010/February_2_statement_WEB.pdf

Available Funds

Funding is available in the State Employees Retirement Contributions account and in the Employers Social Security Tax account due to the release of SEBAC savings holdbacks. General Fund SEBAC holdbacks in these accounts totaled \$57,405,000 and \$14,594,200 respectively.

Special Act 09-6, SR 28 and HR 31 incorporated the terms of an agreement between the State and the State Employees Bargaining Agent Coalition (SEBAC), which resulted in labor concessions over the 2009-2011 biennial budget. Part of these concessions included the deferral of \$64.5 million in FY 10 in contributions to the State Employees Retirement System (SERS), with the option to defer an additional \$100 million upon meeting certain triggers for further action. The \$100 million deferral was included in the Governor's March 1, 2010 Deficit Mitigation Plan. In Public Act 09-3 JSS (the budget bill for the current biennium), the SEBAC agreement savings are primarily reflected in budgeted bottom-line lapses and in wage and benefit reductions to the Reserve for Salary Adjustments accounts.

Funds are available in GF debt service as follows:

(1) \$14.6 million is available due to changes in the issuance schedule and lower than anticipated interest rates (4.2% to 5.0% rather than 5.25% to 5.75%),

(2) \$9 million is available due to a reduction in the projected cost of cash flow borrowing,

(3) \$3.8 million is available due to premiums¹ received on nontaxable General Obligation (GO) bonds and

(4) \$9.1 million is available due to a variety of other changes.

Funds are available in STF debt service because the interest rate of the Special Tax Obligation bonds issued in November 2009 was 4.85% rather than the budgeted rate of 5.75%.

The Out Years

State Impact: There is no direct impact in the out-years from these one-time transfers.

Municipal Impact: None

¹ Bond purchasers pay a premium to receive a higher interest rate than the one at which the bonds would otherwise have sold.

OFA Bill Analysis

sHB 5016

AN ACT MAKING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 2010.

SUMMARY:

The bill reduces various appropriations by \$59,084,730 in the General Fund and by \$3,627,845 in the Special Transportation Fund and increases various appropriations by same amounts in each fund.

EFFECTIVE DATE: Upon Passage

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 54 Nay 1 (03/25/2010)