

---

## **OLR Bill Analysis**

**HB 6651**

### ***Emergency Certification***

## **AN ACT IMPLEMENTING PROVISIONS OF THE BUDGET CONCERNING GENERAL GOVERNMENT.**

### **SUMMARY:**

This bill makes changes to various unrelated topics including (1) budget implementation and education provisions, (2) use of ignition interlocks by drunk driving offenders, (3) creating the Office of Government Accountability, (4) merging certain economic development agencies, (5) higher education reorganization, (6) modifying state election laws, and (7) changes to the state budget process and specifically requiring the budget and financial statements to conform to generally accepted accounting principles.

The changes are described in a section-by-section analysis below.

EFFECTIVE DATE: Various, see below.

### **§ 1 — RESTORATION OF EYEGLOSS BENEFIT**

Section 94 of SB 1240 reduces the eyeglass benefit that DSS provides to Medicaid recipients from one pair every year to once every two years. This bill allows a recipient to get a second pair during a two-year period when his or her health care provider determines that this is necessary because of a change in the recipient's medical condition.

As under SB 1240, the bill requires DSS to administer the program as cost efficiently as possible.

EFFECTIVE DATE: July 1, 2011

### **§ 2 — TECHNICAL CHANGE**

This section makes a technical change

EFFECTIVE DATE: Upon passage

**§ 3 — BUDGET REDUCTION PLAN**

The budget act (PA 11-6) requires the Office of Policy and Management (OPM) to recommend spending reductions in both FY 12 and FY 13 of \$12 million for personal services (PS) and \$9.4 million for other expenses (OE). The bill instead requires the OPM secretary to monitor such spending to meet the specified reductions.

EFFECTIVE DATE: July 1, 2011

**§ 4 — SEBAC TECHNICAL CORRECTION**

The bill corrects a reference to the State Employees Bargaining Agent Coalition in PA 11-6.

EFFECTIVE DATE: July 1, 2011

**§ 5 — OPERATION FUEL**

The bill corrects a reference in PA 11-6 by moving the FY 12 and FY 13 \$100,000 grants for Operation Fuel, Inc. from OPM to the Department of Energy and Environmental Protection, which under PA 11-6 and sSB 1 (File 435) assumes OPM's current energy-related powers and duties. The bill also corrects a reference to the services that Operation Fuel, Inc. provides for all emergency energy assistance, including cooling.

EFFECTIVE DATE: July 1, 2011

**§§ 6-9, 23-24, & 41 — FUNDS CARRIED FORWARD**

The bill carries forward various unspent balances from prior years' appropriations and requires them to be used for specified purposes in FY 12 or in both FY 12 and FY 13, rather than lapsing at the end of FY 11 (see Table 1).

**Table 1: Funds Carried Forward**

§	Agency	Purpose	Amount	To FY

6	Banking Dept.	Software upgrades	Up to \$100,000	2012
7	Banking Dept.	Software upgrades	Up to \$15,000	2012
8	Dept. of Motor Vehicles (DMV)	Roof replacement at Enfield office	Up to \$300,000	2012 2013
9	DMV	Roof replacement at Enfield office	Up to \$100,000	2012 2013
23	OPM	Connecticut Impaired Driving Records Information System (CIDRIS)*	Unspent balance	2012 2013
24	OPM	Criminal Justice Information System/Connecticut Information Sharing System account	Unspent balance	2012 2013
41	Dept. of Environmental Protection	Long Island Sound Assembly	\$75,000 \$75,000	2012 2013

\* The CIDRIS is the clearinghouse in OPM's Criminal Justice Information System for all arrests for operating under the influence that provides automated and electronic exchange of arrest data and documents among law enforcement, the departments of Public Safety and Motor Vehicles, the Division of Criminal Justice, and the Judicial Branch Superior Court Operations.

EFFECTIVE DATE: July 1, 2011

## §§ 10-11 — BANKING FEES AND BANKING FUND

By law, Connecticut banks and credit unions must pay annual assessments, based on their asset size, to cover the Banking Department's expenses. Current law requires them to do so within 20 business days of the banking commissioner mailing notice of the amount due. The bill instead requires payment by the date the commissioner specifies. As under current law, the bill imposes a \$200 fee on banks and credit unions that fail to pay the assessments on time.

PA 11-6 (§ 134) shifted, from the Banking Fund to the General Fund, revenue from fines, civil penalties, or restitution imposed by the banking commissioner or ordered by a court stemming from violations of the banking laws. The bill also shifts from the Banking Fund to the General Fund:

1. such revenue from violations of the Uniform Securities Act or Business Opportunity Investment Act, other than specified penalties for willful violations; and
2. late fees received from banks or credit unions that fail to pay their assessment on time, as provided above.

By law, anyone who violates any provision of the banking law for which no other penalty is provided faces fines of \$25 to \$1,000 for each offense. Anyone who does so willfully and deliberately faces up to a \$1,000 fine for each offense, up to a year's imprisonment, or both. PA 11-06 shifted revenue from such violations from the Banking Fund to the General Fund. The bill returns the revenue to the Banking Fund.

The bill clarifies that the shift of these funds (including those already shifted by PA 11-06) from the Banking Fund to the General Fund is an exception to the general requirement that the state treasurer place all funds she receives from the banking commissioner into the Banking Fund.

The bill also makes a technical change.

EFFECTIVE DATE: July 1, 2011

**§§ 12 & 13 — CCEDA EXECUTIVE DIRECTOR AND STAFF SUPPORT**

The bill eliminates the requirement that the executive director of the Capital City Economic Development Authority (CCEDA) be an OPM staff member and that he or she act as the comptroller of the authority's projects. It requires the CCEDA board to appoint an executive director and exempts the person from the state's classified service.

By law, CCEDA and OPM can enter into a memorandum of understanding under which OPM provides staff support for the authority. The bill eliminates a requirement that the agreement provide for continuity of credited service of CCEDA employees hired by OPM.

EFFECTIVE DATE: July 1, 2011

**§ 14 — STATE AGENCY TELECOMMUNICATIONS SYSTEMS**

The bill requires OPM to (1) develop and implement an integrated set of policies governing the use of information and telecommunications systems for state agencies and (2) develop comprehensive standards and planning guidelines on the development, acquisition, implementation, oversight, and management of these systems for state agencies.

EFFECTIVE DATE: July 1, 2011

**§ 15 — INTEREST EARNED ON THE SOLDIERS', SAILORS', AND MARINES' FUND**

The bill sets conditions under which certain General Fund (GF) appropriations made to the Soldiers', Sailors', and Marines' Fund (SSMF) must be paid back to the GF.

By law, if the SSMF's accumulated interest and appropriations cannot provide necessary benefits for needy wartime veterans, the Finance Advisory Committee can make GF appropriations to the SSMF. The bill requires SSMF repayments to the GF when (1) interest earned on the SSMF principal exceeds its expenditures in any fiscal

year and (2) an outstanding balance remains in the total amount to be repaid to the GF from appropriations made on or after July 1, 2002, that were used for the fund's purpose.

The bill allows the comptroller to transfer interest earned on the SSMF's principal in any fiscal year when these conditions are met. It explicitly prohibits such SSMF transfers to the GF for any other reason than to repay the cumulative balance appropriated from GF to SSMF.

The SSMF is a self-sustaining trust fund the legislature created in 1919 to provide benefits, such as food, clothing, medical, surgical, and funeral assistance to needy wartime veterans honorably discharged from active service in the U. S. Armed Forces, their spouses living with them or who lived with them when they died, and dependent children.

EFFECTIVE DATE: July 1, 2011

#### **§ 16 — FUNDRAISING AND THE GOVERNOR'S HORSE GUARDS' FACILITIES**

The bill allows nonprofit organizations receiving contributions that support the Governor's Horse Guards to use the horse guards' Avon and Newtown facilities for fundraising purposes without charge. (The Governor's Horse Guard first company's facility is in Avon and the second company's facility is in Newtown.) These nonprofits may use the facilities provided it does not interfere with the facilities' military use.

By law, agricultural and other associations that receive state aid and military organizations may use state military facilities for a fee no more than it costs to maintain the facility while the association or organization uses it.

EFFECTIVE DATE: July 1, 2011

#### **§§ 17 & 18 — WHISTLEBLOWER COMPLAINTS**

The bill restructures the process for investigating whistleblower complaints, expands current protections for whistleblowers, and

establishes new ones. In addition, it extends (1) the whistleblower protection from retaliation to employees who testify or provide assistance in any proceeding concerning a whistleblower complaint and (2) to each state agency and quasi-public agency a requirement to post notice of whistleblower protections in a conspicuous place that is readily viewable by employees. This requirement already applies to large state contractors.

The bill requires the auditors and attorney general to submit a joint report, by February 1, 2012, to the Legislative Program Review and Investigations Committee on any modifications made to their handling of whistleblower complaints.

EFFECTIVE DATE: October 1, 2011, except the joint report requirement is effective upon passage.

***Investigation of Whistleblower Complaints***

Under current law, the auditors of public accounts conduct an initial review of all whistleblower complaints and report any findings or recommendations to the attorney general, who may investigate further with the concurrence and assistance of the auditors. Neither the auditors nor the attorney general has the authority to reject a complaint. The bill allows the auditors to do so if:

1. a complainant has other available remedies that he or she could reasonably be expected to pursue;
2. another agency is better suited to investigate or enforce the complaint.
3. the complaint is trivial, frivolous, vexatious, or made in bad faith;
4. other complaints have greater priority in terms of serving the public good;
5. the complaint is not timely or has been delayed too long; or
6. the complaint could be more appropriately handled in an

ongoing or scheduled regular audit.

If the auditors reject a complaint, they must submit a report to the attorney general setting out the basis for doing so. If they determine that another state agency is better suited to investigate the complaint, they may refer it there. That agency must provide a status report on the referred complaint to the auditors upon their request.

### ***Reporting Retaliatory Actions***

#### ***Rebuttable Presumption and Deadline for Filing Complaints.***

Under current law, state officers, employees, and appointing authorities; officers and employees of quasi-public agencies; and large state contractors may not take or threaten to take any personnel action in retaliation for a whistleblower disclosure. Any negative personnel action that occurs within one year after the initial report to the auditors of public accounts or the attorney general is presumed to be retaliatory. The presumption is rebuttable (i.e., an assumption that stands as fact unless contested and proven otherwise).

An employee who believes he or she has been retaliated against currently has 30 days to file a complaint with the chief human rights referee at the Commission on Human Rights and Opportunities (CHRO). Alternatively and within the same period of time, a state or quasi-public agency employee can file an appeal to the Employees' Review Board. A large state contractor's employee can bring a civil action after exhausting all administrative remedies.

The bill (1) extends, from one to two years after reporting misconduct, the period during which there is a rebuttable presumption that any such action is retaliatory and (2) extends, from 30 to 90 days, the amount of time a whistleblower who believes he or she is a victim of retaliation has to file a complaint with CHRO. It makes the same change for state or quasi-public agency employees who opt to file an appeal with the Employees' Review Board.

***Attorney General.*** The bill eliminates the ability of a whistleblower to file a retaliation complaint with the attorney general. Under current

law, a whistleblower may file a retaliation complaint with the attorney general, who then investigates the complaint and reports any findings, but may not provide any relief (i.e., reinstatement or back pay) to a complainant. The bill eliminates this provision.

**Amended Claims.** Under the bill, whistleblowers may amend complaints they have already filed with CHRO if an additional retaliatory incident occurs. Under current law, these complaints may include only the original retaliatory incident.

**Hearing Process.** By law, CHRO may issue subpoenas compelling the appearance of witnesses and production of evidence relevant to a proceeding. The bill allows hearing officers to, without issuing a subpoena, order state agencies and quasi-public agencies to produce for a proceeding (1) an employee to testify as a witness and (2) books, papers, or other documents relevant to the complaint. It allows hearing officers to consider the failure to produce a witness, books, papers, or documents within 30 days as supporting evidence for the complainant.

The bill prohibits agencies and contractors from retaliating against an employee who testifies in or provides assistance to (1) a CHRO hearing, (2) an Employees' Review Board hearing, or (3) a civil action on a whistleblower complaint.

### **Internal Disclosures**

**Disclosures to State Agencies.** The bill expands the rebuttable presumption to include retaliatory personnel actions for internal disclosures, or disclosures of information to (1) an employee of the state or quasi-public agency where the individual is employed; (2) an employee of a state contracting agency, in the case of a large state contractor; (3) a state agency employee pursuant to a mandated reporter statute (see BACKGROUND); or (4) testimony or assistance in a whistleblower hearing or civil action.

**Contracts.** The bill makes a similar change concerning actions or threats to impede, cancel, or fail to renew contracts. Under current law, an agency, contractor, or subcontractor can bring a civil action in

Hartford Superior Court if an officer or employee in a state or quasi-public agency or large state contractor, whichever is applicable, takes or threatens to take an action to impede, cancel, or fail to renew a contract in retaliation for the report to the auditors of public accounts or the attorney general. The bill expands this protection to include (1) retaliation for internal disclosures from one employee to another within an agency or (2) any testimony or assistance with a proceeding.

The bill also requires contracts between state or quasi-public agencies and large state contractors to protect employees' testimony and assistance, rather than only their initial reports to the auditors of public accounts or the attorney general. As under current law, anyone who takes or threatens to take retaliatory action against an employee who makes an internal disclosure may be subject to a civil penalty of up to \$5,000 for each offense, up to a maximum of 20% of the contract's value. Each violation, and each calendar day that it continues, is a separate offense.

### ***Disclosures***

***Good Faith.*** The bill protects whistleblowers from civil liability for all good faith disclosures, not only those made in their report to the auditors of public accounts or the attorney general.

***False Charges.*** By law, whistleblowers who knowingly and maliciously make false charges are subject to disciplinary action up to and including dismissal by their employer. The bill specifies that a finding of false charges may be made by the auditors, the attorney general, a human rights referee, or the Employees' Review Board.

### ***Background — Whistleblower Complaints***

By law, actions by a state agency, quasi-public agency, or large state contractor that may trigger a whistleblower complaint include (1) corruption, (2) unethical practices, (3) violation of state or federal laws or regulations, (4) mismanagement, (5) gross waste of funds, (6) abuse of authority, or (7) danger to the public safety.

### ***Background — Mandated Reporter Statute***

Connecticut law requires people in professions or occupations that have contact with children or whose primary focus is children to report suspected child abuse or neglect. They must make a report when, in the ordinary course of their employment or profession, they have reasonable cause to suspect that a child under age 18 has been abused, neglected, or placed in imminent risk of serious harm. Among others, mandated reporters include, battered women's and sexual assault counselors; Department of Children and Families employees; police, probation, and parole officers; and school guidance counselors, paraprofessionals, principals, and teachers.

**§ 19 — MILEAGE REIMBURSEMENT**

The bill eliminates mileage reimbursement for both auditors of public accounts from July 1, 2011 through June 30, 2013. Like legislative employees, the auditors may currently receive \$0.51 per mile.

EFFECTIVE DATE: July 1, 2011

**§ 20 — DISPARITY STUDY**

Within available appropriations, the bill requires CHRO to conduct a disparity study in consultation with the Department of Administrative Services. The study must generate statistical data on the state's set-aside program (now called the supplier diversity program) to determine whether it is achieving the goal of helping small contractors and minority business enterprises (MBEs) obtain state contracts.

The study must at least examine:

1. whether there is significant evidence of past or continuing discrimination in the way that the state executes its contracting duties;
2. the number of small contractors or MBEs that qualify under the supplier diversity program and whether they are legitimate small contractors or legitimately owned by a minority;

3. state contracting processes to determine if they present any unintentional but existing barriers that prevent full participation by small contractors or MBEs.

By January 1, 2012, the CHRO executive director must submit its findings and any recommendations for legislative action concerning the study to the Government Administration and Elections Committee.

EFFECTIVE DATE: Upon passage

### ***Background — Definitions***

To qualify as a “small contractor” under existing law, a business must be a contractor, subcontractor, manufacturer, or service company that (1) has done business and maintained its principal business place in Connecticut for at least a year before it applies for certification; (2) grossed no more than \$15 million in its most recent fiscal year; and (3) is at least 51% owned by one or more people who actively manage its daily affairs and have the power to direct its policies and management. The law includes nonprofit corporations that meet the first two criteria with respect to predevelopment contracts for housing projects.

MBEs are small contractors of which members of ethnic minorities, people with disabilities, nonprofit corporations, and women (1) own at least 51% of the assets, (2) are active in its daily affairs, and (3) have the power to direct its management and policies. By law, “minority” means: Black Americans; Hispanic Americans; people from the Iberian Peninsula, including Portugal; women; Asian Pacific Americans and Pacific islanders; and American Indians (CGS 32-9n).

### **§ 21 — STATE POLICE MAJORS**

The bill increases the number of state police majors that the public safety commissioner must appoint by five (from seven to 12) and restores the position to a classified one. Current law changed the position from classified to unclassified in 1999, but allowed any major who was then in the classified service to continue to serve as a classified employee until his or her service was terminated. The bill abolishes the position of major in the unclassified service on July 1,

2011.

Under current law, any permanent employee in the classified service appointed as major in the unclassified service may return to the classified service at his or her former rank. The bill applies the provision to employees who accept the position before July 1, 2011, the date the position reverts to a classified one.

***Classified v. Unclassified Jobs***

State jobs are divided into two groups: classified and unclassified. Classified jobs are civil service jobs. They are “classified” by the Department of Administrative Services’ State Personnel Division according to the similarity of their duties, responsibilities, and authority; educational, experience, and background requirements; fitness tests; and compensation schedules.

Unclassified jobs are exempt from statutory merit hiring requirements (i.e., civil service exams). Instead, hiring authorities have discretion over how to choose employees in unclassified positions, which may include testing or other merit criteria that the hiring authority chooses. Most of the higher, policymaking positions in state government are unclassified. Among those holding unclassified positions are agency heads and gubernatorial appointees, all Legislative and Judicial Branch employees, higher education faculty, and military employees.

EFFECTIVE DATE: July 1, 2011

**§ 22 — HIGHER EDUCATION AND CORE-CT**

The bill requires the constituent units of the state’s higher education system to use their best efforts to work with the OPM secretary, Department of Administrative Services, and comptroller to fully use the CORE-CT system for:

1. accounting processes and financial reporting that meet constitutional needs,
2. budget and financial reporting,

3. human resources and payroll reporting, and
4. starting to determine consistent classification and compensation for non-union employees.

The constituent units are UConn and its branches, the Connecticut State University System, regional community-technical colleges, and Board for State Academic Awards.

EFFECTIVE DATE: July 1, 2011

**§§ 25 & 26 — MUNICIPALITIES' ABILITY TO ISSUE TEMPORARY REGISTRATION**

By law, the Department of Motor Vehicles (DMV) commissioner cannot renew a registration for a motor vehicle on which the owner owes property tax, or for any other vehicle the individual owns, until the municipality or taxing district notifies the commissioner that the owner has paid the back taxes. The law also allows a municipality to notify the commissioner of a motor vehicle owner with unpaid fines for six or more parking violations and bars the commissioner from issuing or renewing the vehicle's registration until the fines are paid.

The bill authorizes municipalities, boroughs, and other taxing districts that notify the commissioner of these unpaid taxes or parking tickets to issue temporary motor vehicle registrations for passenger car owners who are denied registration but later pay the amounts owed in full. A participating town, borough, or taxing district must issue the temporary registrations as the law requires and may retain the statutory fee of \$20 for each 10-day registration, or portion thereof. The bill allows the commissioner to adopt regulations implementing this provision.

EFFECTIVE DATE: July 1, 2011

**§ 27 — DMV VISION SCREENING PROGRAM ELIMINATED**

The bill eliminates a vision screening program for driver's license renewal applicants. Under current law, the vision screening program is scheduled to begin July 1, 2011, and applies to every other renewal

following an initial screening. It eliminates a requirement that the DMV commissioner renew driver's licenses every four or six years on the date of the driver's birthday according to a schedule the commissioner determines. The law, unchanged by the bill, requires an original driver's license to expire within six years after the date of the driver's next birthday (CGS § 14-41 (b)). The bill allows the commissioner to renew licenses or non-driver ID cards without the card holder's personal appearance at every renewal if the card holder has a digital image on file with DMV and all other requirements for renewal have been met. Under current law, she may do so at every other renewal.

EFFECTIVE DATE: July 1, 2011

#### **§ 28 — DISCLOSURE OF EMAIL ADDRESSES BY DMV**

By law, the DMV commissioner may not disclose personal information from motor vehicle records except in certain circumstances. The bill adds electronic mail (email) addresses to the types of information considered personal information and thus not subject to disclosure except in these instances. Under current law, personal information includes an individual's photograph or computerized image, Social Security number, operator's license number, name, address (other than zip code), telephone number, and medical or disability information.

EFFECTIVE DATE: July 1, 2011

#### **§ 29 — ELECTRONIC BUSINESS PORTAL**

The bill requires the secretary of the state's Commercial Recording Division to establish an electronic portal serving as a single entry point for businesses registering with the secretary. By law, all corporations, limited liability companies, limited liability partnerships, limited partnerships, and other types of businesses must register with the secretary.

The portal must provide these entities with explanatory information and electronic links to other state agencies and organizations to help

them (1) obtain necessary licenses and permits, (2) identify state taxes and other revenue responsibilities and benefits, and (3) find relevant state financial incentives and programs.

The bill allows the secretary to provide other state agencies and quasi-public agencies the information businesses submit when registering, but only for economic development, state revenue collection, and statistical purposes, as the law provides.

### ***Links to Other Agencies***

Besides providing registration and licensing information, the electronic business portal must provide electronic links to state agencies and quasi-public agencies. These include the Workers' Compensation Commission; the departments of Economic and Community Development, Administrative Services, Consumer Protection, Environmental Protection, Labor, and Revenue Services; the Connecticut Development Authority; Connecticut Innovations, Inc; Connecticut Licensing Information Center; and the Connecticut Small Business Development Center.

The bill also requires the portal to include links to the U.S. Small Business Administration and the nonprofit Connecticut Economic Resource Center.

EFFECTIVE DATE: January 1, 2012

### **§ 30 — STATE FUNDS DISTRIBUTION TASK FORCE**

The bill creates a 10-member task force to study the distribution of the following state funds to municipalities:

1. payment in lieu of taxes for certain local and property taxes,
2. the Mashantucket Pequot and Mohegan Fund,
3. education equalization grants, and
4. public and nonpublic school transportation grants or reimbursement.

The task force must evaluate the equity, efficiency, and continued viability of these funds' distribution and report its findings and recommendations to the Appropriations Committee by January 1, 2012. The task force terminates when it submits the report or January 1, 2012, whichever is later.

Under the bill, the task force consists of:

1. one member each appointed by the House speaker, Senate president pro tempore, and House and Senate majority and minority leaders and
2. the Appropriations Committee chairpersons and ranking members.

The bill requires the appointing authority to (1) appoint task force members, which maybe other legislators, no later than 30 days after the bill takes effect and (2) fill any vacancy.

The House speaker and Senate president pro tempore must select the task force chairpersons from among its members. The chairpersons must schedule the task force's first meeting no later than 60 days after the bill takes effect. The Appropriations Committee's administrative staff serves as the task force's administrative staff.

EFFECTIVE DATE: Upon passage

### **§§ 31-33 & 49 — THE GOVERNOR'S BUDGET DOCUMENT**

By law, in each odd-numbered year, the governor must send to the General Assembly a proposed budget for the ensuing biennium. This bill eliminates requirements that the proposed budget be divided into four separate parts and include:

1. a list, for each budgeted agency, of all the agency's programs;
2. for each program, its (a) statutory authorization, (b) objectives, (c) description, including need, eligibility requirements, and any intergovernmental participation, (d) performance measures, (e) budget data broken down by major expenditure object and

showing any additional federal and private funds, and (f) detailed information about its current and recommended permanent filled and vacant positions by fund; and

3. a required statement of each agency's plans for energy conservation for the biennium and progress made in the last fiscal year.

The bill also eliminates a requirement that the governor's proposed appropriations bills include appropriations for each of the major programs in each budgeted agency.

In addition, instead of requiring the governor to submit the following information by program, the bill requires him to include it in summary form in the required financial statements:

1. expenditures for the prior and current fiscal years;
2. each budgeted agency's budget request and the governor's recommended budget for each fiscal year of the biennium;
3. for each new or expanded program, estimated expenditures required for the fiscal year following the biennium; and
4. an explanation of any significant program changes the agency requested or the governor recommends.

### **§§ 34-36 — DIRECT DEPOSIT FOR STATE EMPLOYEES, STATE RETIREES, AND RETIRED TEACHERS**

The bill makes direct deposit the required payment method for state employees, retired state employees receiving pensions, and retired teachers receiving pensions from the Teachers Retirement System (TRS), unless they request to be paid in a different manner.

EFFECTIVE DATE: July 1, 2011

### **§ 37 — STATE BOARD OF ACCOUNTANCY**

The bill places the State Board of Accountancy, which is currently an independent board, in the Secretary of the State's Office for

administrative purposes only.

EFFECTIVE DATE: July 1, 2011

**§ 38 — NEWBORN SCREENING FOR SEVERE COMBINED IMMUNODEFICIENCY DISEASE**

The bill requires all health care institutions caring for newborn infants to test them for severe combined immunodeficiency disease (SCID), unless, as allowed by law, their parents object on religious grounds. It requires the testing to be done as soon as is medically appropriate. Like the current law that requires these institutions to test newborn infants for cystic fibrosis, the test for SCID is not part of the state's newborn screening program for genetic and metabolic disorders. That program, in addition to screening, directs parents of identified infants to counseling and treatment.

SCID is a group of rare, sometimes fatal, congenital disorders characterized by little or no immune response. A person with this disease has a defect in the specialized white blood cells that defend the body from infection by viruses, bacteria, and fungi. Because the immune system does not function properly, a person with SCID is susceptible to recurrent infections such as pneumonia, meningitis, and chicken pox, and can die within the first year of life.

EFFECTIVE DATE: October 1, 2011

**§ 39 — NEWBORN SCREENING ACCOUNT**

PA 11-6 increases from \$800,000 to \$900,000 the amount of newborn screening fees that must be credited in FY 12 and FY 13 to the newborn screening account for upgrading newborn screening technology and testing expenses. The bill increases the budgeted amount from \$900,000 to \$1,121,713.

EFFECTIVE DATE: July 1, 2011

**§ 40 — TEACHERS' RETIREMENT BOARD**

The bill increases by two and alters the composition of the Teachers' Retirement Board, which manages the TRS. Under current law, the

board has 12 members: the commissioners of social services and education, as non-voting *ex officio* members; three actively teaching TRS members; two retired TRS members; and five public members appointed by the governor.

The bill removes the social services commissioner from the board and adds the state treasurer and OPM secretary as *ex officio* members. It also makes the treasurer, OPM secretary, and commissioner of education voting members of the board.

The bill also adds a fourth actively teaching TRS member to the board. This member cannot be from the same collective bargaining unit as any of the other TRS members on the board and must be (1) nominated by the actively teaching TRS members and (2) elected by all TRS members. He or she serves a four-year term on the board beginning July 1, 2011.

EFFECTIVE DATE: Upon passage

#### **§ 42 — FUND TRANSFERS**

PA 11-6 diverts from the Probate Court Administration Fund's FY 11 surplus to the Judicial Department's Court Support Services Division as follows:

1. \$500,000 in FY 12 for the Male Youth Leadership Pilot Program that provides services for high-risk males with low academic achievement in targeted communities;
2. \$1 million in FY 12 and FY 13 to the Kinship Fund and Grandparents and Relatives Respite Fund within the Children's Trust Fund Division in the Department of Social Services;
3. \$800,000 in FY 12 to the Children's Trust Fund Council to support operations of the agency which coordinates efforts and funding designed to prevent child abuse and neglect; and
4. \$35,000 in FY 12 and FY 13 to support Children in Placement, Inc. expansion in Danbury.

The bill increases, from \$35,000 to \$50,000, the amount to be transferred for Children in Placement, Inc. in each of the fiscal years and specifies that it be used for Other Expenses.

The bill also adds a transfer of \$50,000 from Judicial Department's Other Expenses in FY 12 and FY 13 for a grant to the Child Advocates of Connecticut for its services in Stamford and Danbury. This agency has a contract with the Judicial Branch to help the court promote permanency planning for children.

EFFECTIVE DATE: Upon passage

**§§ 43-49 — GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

The bill makes various changes to (1) make the state budget and financial statements conform to GAAP and (2) amortize and pay off over 15 years any unreserved negative balances that have accumulated in state funds as a result of not applying GAAP in the past.

**§§ 43 & 48 — *Balanced Budget***

Under current law, if the governor's proposed budget recommends state expenditures for the upcoming biennium that exceed estimated revenue generated under existing law plus any estimated unappropriated surplus for the current fiscal year available in the next biennium, he must include recommendations for funding the difference. In addition, in the state budget the General Assembly adopts, total net appropriations for each appropriated fund for each budget year must equal revenue estimates for that appropriated fund and year adopted by the Finance, Revenue and Bonding Committee and included in the budget act.

Starting with FY 14, this bill changes these balanced budget calculations to (1) exclude from the revenue side any estimated unappropriated current year surplus and (2) include on the expenditure side, the amount needed to pay off the unreserved negative GAAP balance in any appropriated fund. The latter must be the amount reported in the comptroller's most recently audited comprehensive annual financial report issued before the start of the

fiscal year.

EFFECTIVE DATE: July 1, 2011

**§ 44 — Comptroller's Annual Financial Report**

By law, the comptroller must submit an annual financial report to the governor that includes the information on the state's financial condition at the close of the preceding fiscal year. The bill changes the due date for the report from September 1 to September 30 and requires the comptroller to prepare it in accordance with GAAP.

EFFECTIVE DATE: July 1, 2013

**§ 45 — GAAP Implementation Starting in FY 14**

Starting in FY 14, the bill allows the comptroller to start implementing GAAP in preparing and maintaining the state's annual financial statements. It eliminates the current requirement that he do so by making incremental changes in the statements consistent with GAAP.

Also starting in FY 14, the bill requires, rather than allows, the OPM secretary to start implementing GAAP in preparing the state's biennial budget.

The bill requires the comptroller to (1) establish an opening combined balance sheet for all appropriated funds based on GAAP as of July 1, 2013 and (2) aggregate and set up as a deferred charge on the combined balance sheet the accrued and unpaid expenses and liabilities and other adjustments as of June 30, 2013. Under the bill, this deferred charge must be amortized in equal annual increments over 15 years starting with FY 14.

It eliminates authority for the comptroller and the OPM secretary to concurrently prepare annual conversion plans for implementing GAAP and submit them to the Appropriations Committee when the governor submits the biennial budget and budget status report to the General Assembly.

EFFECTIVE DATE: July 1, 2011

**§ 46 — Use of Budget Surpluses to Pay Annual General Fund GAAP Increments**

Starting with FY 14, if the comptroller determines there is an unappropriated General Fund surplus at the end of any fiscal year, the bill requires him to reserve the annual GAAP increment before allocating the surplus to other uses required by law. The comptroller must apply \$75 million of any such surplus for FY 12 and \$50 million for FY 13 to any net increase in the unreserved negative General Fund balance for FY 11 before allocating the balance as otherwise required.

The bill overrides statutes that require any unappropriated General Fund surplus from FY 10 through FY 17 to be used first to redeem any outstanding economic recovery notes before they mature and then to reduce the state's obligations for economic recovery revenue bonds secured by electric ratepayer surcharges. In other years, the law requires such surpluses to be allocated according to the following priorities: (1) the Budget Reserve ("Rainy Day") Fund, (2) the State Employees Retirement Fund unfunded liability, and (3) reducing state bond debt.

EFFECTIVE DATE: Upon passage

**§ 47 — Definitions Relating to OPM Secretary's Budget and Financial Management Responsibilities**

The bill revises various definitions governing the OPM secretary's budgeting and financial management duties to incorporate GAAP accounting requirements. It:

1. defines the "budget" for FY 14 and thereafter as an estimate of proposed expenditures and revenue determined according to GAAP,
2. includes incurred liabilities as part of "expenditures," and
3. adds a definition of "modified accrual" to mean an accounting basis that recognizes (a) revenue when earned only if it is

collectible within a period or soon enough thereafter to be used to pay liabilities for that period and (b) expenditures when they were incurred and would normally be liquidated.

EFFECTIVE DATE: July 1, 2011

**§ 49 — End-of-Year Balances**

The bill gives the comptroller more time to process end-of-year payments for obligations incurred under appropriations that are not continued from one fiscal year to next from balances that would otherwise lapse. Current law extends the balance of such appropriations for one month into the next year to permit the comptroller to liquidate obligations incurred in the prior year. The bill eliminates the one-month limit.

EFFECTIVE DATE: July 1, 2011

**§ 50 — VOLUNTARY REGIONAL CONSOLIDATION BONUS POOL**

The bill establishes a temporary “Voluntary Regional Consolidation Bonus Pool” program, which the OPM secretary administers, to provide a bonus payment to certain regional planning organizations that request consolidation into a redesignated planning region. The bonus payment is in addition to the annual payment each regional planning organization – a regional planning agency (RPA), regional council of governments (COG), or regional council of elected officials (CEO)- receives under existing law.

The bill provides a bonus payment to any two or more RPAs, COGS, CEOs, or any combination of these, that:

1. vote to merge, forming a new regional COG or CEO within a proposed or newly redesignated planning region boundary and
2. submit a request for redesignation to the OPM secretary as authorized under existing law (see BACKGROUND).

The bill specifies that the OPM secretary must review and approve each proposed consolidation to determine that it is an appropriate and

sustainable redesignated planning region before issuing any bonus pool payment.

Under the bill, OPM awards the payments in FY12 and FY13 on a first-come, first-served basis from any appropriation available for the bonus pool until exhausted for the fiscal year.

EFFECTIVE DATE: July 1, 2011

***Background — Planning Regions***

By law, the OPM must designate local planning regions within the state (CGS § 16a-4a (4)). It has assigned towns to each of 15 designated planning regions.

Through local ordinance, the municipalities within each of these planning regions have voluntarily created one of the three types of regional planning organizations allowed under Connecticut law to carry out a variety of regional planning and other activities on their behalf: (1) RPA, (2) COG, or (3) CEO.

***Background — Planning Region Boundaries***

Starting by January 1, 2012, the law requires the OPM secretary to analyze regional boundaries at least once every 20 years and redesignate them if necessary. Before doing so, he must develop criteria to evaluate how urban centers affect neighboring towns. At a minimum, the criteria must evaluate environmental and economic development trends, including housing, employment levels, commuting patterns for the most common types of jobs, traffic patterns on major roads, and changes in how people see social and historic ties. The criteria must also specify a minimum size for logical planning areas based on the number of municipalities, total population, and total square mileage (CGS § 16a-4c).

**§§ 51- 57 & 307 — IGNITION INTERLOCKS**

The bill reduces the period of license suspension for motorists convicted for a first or second time of driving under the influence (DUI) to 45 days, but requires, as a condition of restoring a license, that offenders install a functioning, approved ignition interlock device on

each vehicle they own or operate and drive only vehicles with such a device for specified periods of time. Current law requires use of an ignition interlock following a license suspension for a second offense, but not for a first offense.

An ignition interlock requires a driver to exhale into it to operate the vehicle in which it is installed; it prevents a vehicle from starting if it detects blood alcohol content (BAC) above a certain threshold. The device also requires periodic breath samples while the vehicle is operating.

The bill authorizes the Department of Motor Vehicles (DMV) commissioner to extend the duration of ignition interlock restrictions for drivers who fail to comply with the device's installation or use requirements beyond those the bill establishes. It requires her to adopt regulations specifying (1) which actions of an individual constitute a failure to comply with the installation and use requirements, (2) which such actions will result in DMV extending the period of time the individual is restricted to driving only vehicles equipped with ignition interlocks, and (3) the length of any such restriction.

It requires the commissioner to allow an offender who has served the 45-day suspension and installed ignition interlocks on his or her vehicles to drive them even if he or she has not finished serving an "administrative per se" suspension (see BACKGROUND).

It requires DMV and the Judicial Branch's Court Support Services Division (CSSD), by February 1, 2012, to jointly develop and submit to the Judiciary and Transportation committees a plan to implement the installation and use of ignition interlock devices starting January 1, 2014, for anyone convicted of DUI.

The bill specifies that certain cost, supervision, installation, use, and other ignition interlock provisions apply only to motorists convicted of DUI whose licenses are suspended on or after January 1, 2012. But it allows the DMV commissioner, at the request of anyone convicted of DUI whose license is under suspension on that date, to reduce the suspension, and instead require him or her to drive only a vehicle

equipped with an ignition interlock device for the remainder of the suspension period.

Current law requires anyone whose license has been suspended for DUI or for two or more administrative per se suspensions to take a DMV-approved substance abuse treatment program in order to have his or her license reinstated. The bill eliminates this program. It also makes conforming changes.

### ***DUI Suspensions***

By law, motorists convicted of DUI are subject to imprisonment, a fine, and suspension of their driver's licenses. Table 1 shows the DUI suspension period penalties under current law and the bill. (By law, a person's license is permanently revoked for a third DUI violation. See below.)

**Table 1: License Suspensions under Current Law and the Bill**

<b>DUI Violation</b>	<b>Suspension under Current Law</b>	<b>Suspension under the Bill</b>
First	One year	45 days, followed by one year driving only a vehicle equipped with an ignition interlock device
Second (under age 21)	Three years or until driver turns 21, whichever is longer, followed by two years of driving only a vehicle equipped with an ignition interlock device	45 days or until driver turns 21, whichever is longer, followed by three years of driving only a vehicle equipped with an ignition interlock device
Second (age 21 or older)	One year, followed by two years of driving only a vehicle equipped with an ignition interlock device	45 days, followed by three years of driving only a vehicle equipped with an ignition interlock device

### ***Costs of Installing Ignition Interlocks and Supervision of Offenders***

By law, the individual required to install the ignition interlock must pay for installing and maintaining it. The bill prohibits a court from waiving any fees or costs for installing and maintaining the device. By law, an individual required to install an ignition interlock device must also pay a \$100 fee, which goes to an account used to administer the program. (The bill does not address installation and maintenance costs for indigent offenders.)

The bill places anyone required to install an ignition interlock device who is on probation under CSSD's supervision; it places all others under DMV supervision. In either case, they are subject to any terms and conditions the DMV commissioner may prescribe and any laws or regulations she adopts that are consistent with the bill.

The bill requires the DMV commissioner to ensure that companies installing the devices notify the commissioner and CSSD when a person required to install the device commits a violation with respect to installing, maintaining, or using it. Under the bill, the DMV commissioner is not required to verify that a device has been installed on each motor vehicle owned by the person convicted of DUI.

### ***Restoration of a Revoked License***

Current law allows someone whose driver's license has been revoked following a third conviction for DUI to request a reduction or reversal of the revocation of driving privileges after six years. The commissioner may do this if she determines it does not endanger public safety, certain requirements are met, and the person agrees to install and use an ignition interlock. The device must remain in place from the date the reversal or reduction is granted until 10 years have passed from the date the license was revoked. The bill instead requires that the ignition interlock remain in place for 10 years from the date the commissioner grants the reversal or reduction.

### ***Penalties for Drivers Who Violate the Bill***

The bill subjects drivers who violate ignition interlock restrictions imposed by the commissioner or a court to the same penalties the law already imposes on people who operate a motor vehicle while their

license is suspended or revoked for (1) DUI, (2) 2<sup>nd</sup>-degree manslaughter with a motor vehicle, (3) 2<sup>nd</sup>-degree assault with a motor vehicle, or (4) for refusing to submit to a BAC test or whose test results indicate an elevated BAC.

These penalties are, for a first offender, a fine of between \$500 and \$1,000 and imprisonment for up to one year, and a 30-day mandatory prison sentence. A driver who, for the second time, is subject to and violates the bill's suspension and ignition interlock restrictions is subject to a fine of between \$500 and \$1,000 and imprisonment for up to two years, 120 days of which cannot be suspended. An individual who has the bill's suspension and interlock restrictions placed on him or her for a third or subsequent time and violates them faces a fine of between \$500 and \$1,000 and imprisonment for up to three years, one year of which cannot be suspended. In each case, the court is not required to impose the mandatory minimum sentence if there are mitigating circumstances.

The bill imposes the same penalties on someone under a court order or subject to DMV's ignition interlock restrictions who drives a vehicle (1) not equipped with a functioning ignition interlock or (2) that a court has ordered him or her not to drive. Current law classifies these violations as class C misdemeanors, punishable by up to three months in prison, up to a \$500 fine, or both.

By law, unchanged by the bill, anyone required to use an ignition interlock who (1) asks someone else to blow into the device to start a vehicle or (2) tampers with, bypasses, or alters the device, commits a class C misdemeanor.

### ***Background - DUI Convictions***

The law considers a subsequent DUI conviction one that occurs within 10 years of a prior conviction for the same offense. In practice, the first conviction of a driver for DUI is usually for the driver's second violation. By law, an individual charged with DUI, or, if under 21, operating a vehicle with a BAC of .02% or more, may apply to the court for admission to a Pretrial Alcohol Education Program (CGS §54-

56G). The applicant must state under oath that he or she has not been in the program in the preceding 10 years, or ever, if under age 21. The court must dismiss the DUI charges if the driver satisfactorily completes the program.

***Background - Administrative Per Se Suspensions***

These are suspensions the commissioner must impose on drivers who refuse to submit to a test or whose test results indicate an elevated BAC; they are in addition to any suspension penalties imposed for conviction of any criminal DUI charge. By law, the commissioner must suspend the license of a person with a BAC of between 0.08 and 0.16 for 90 days for a first offense; nine months for a second offense; and two years for a third or subsequent offense.

EFFECTIVE DATE: January 1, 2012; except for the provision requiring the joint report, which is effective upon passage.

**§§ 58 – 76 — OFFICE OF GOVERNMENT ACCOUNTABILITY**

The bill establishes an Office of Government Accountability (OGA), with an executive administrator as its head, to provide consolidated personnel, payroll, affirmative action, administrative and business office functions (see BACKGROUND), including information technology associated with these functions, for the nine state agencies. It places the agencies in OGA, but retains their current independent decision-making authority, including decisions on budgetary issues and employing necessary staff. The agencies are the:

1. Office of State Ethics (OSE),
2. State Elections Enforcement Commission (SEEC),
3. Freedom of Information Commission (FOIC),
4. Judicial Review Council (JRC),
5. Judicial Selection Commission (JSC),
6. Board of Firearms Permit Examiners (BFPE),

7. Office of the Child Advocate (OCA),
8. Office of the Victim Advocate (OVA), and
9. State Contracting Standards Board (SCSB).

The bill establishes a Government Accountability Commission (GAC) within OGA and makes it responsible for (1) recommending OGA executive administrator candidates to the governor and (2) terminating the executive administrator's employment, if necessary.

In addition, the bill (1) adds four legislative appointments to FOIC and (2) eliminates the current OCA and OVA advisory committees and establishes new ones.

The bill makes technical changes.

EFFECTIVE DATE: July 1, 2011

**§ 59 — Government Accountability Commission**

The nine-member GAC consists of the (1) chairpersons of the Citizen's Ethics Advisory Board, SEEC, FOIC, JSC, BFPE, SCSB; (2) JRC executive director; (3) Child Advocate; and (4) Victim Advocate. Members may appoint a designee to serve on the commission. They must select a chairperson to preside at commission meetings.

The commission is not considered an executive branch commission and thus, is not subject to provisions under which public members must comprise at least one-third of the membership and terms must be coterminous with the governor, among other things.

**§§ 58, 60-67, 69, 71, & 74-76 — Government Accountability Office**

The bill merges and consolidates within OGA the nine agencies' personnel, payroll, affirmative action, administrative and business office functions, including information technology associated with these functions. To accomplish this, the bill:

1. places OSE, FOIC, SEEC, JSC, and JRC within OGA;

2. transfers BFPE from the Department of Public Safety for administrative purposes only to OGA;
3. eliminates SCSB's status as an independent executive branch body and places it within OGA; and
4. transfers OVA and OCA from the Department of Administrative Services for administrative purposes only to OGA.

Under current law, the executive directors of OSE, FOIC, and SEEC transmit their agency's expenditure estimates to the Office of Policy and Management. The bill instead requires OGA's executive administrator to transmit these estimates. Existing law, unchanged by the bill, prohibits the governor from reducing the allotments.

**§ 59 — Executive Administrator.** By August 1, 2011, the GAC must give the governor a list of at least three candidates for the initial executive administrator appointee; by September 1, 2011, the governor must make the appointment. If the GAC does not forward the candidate list by the August deadline, then on or after August 2, 2011, the governor must appoint an acting executive administrator to serve until a successor is appointed and confirmed.

The appointee must be qualified by training and experience to perform the office's administrative duties. He or she serves a four-year term or until a successor is appointed and qualifies, and may be reappointed. The appointment is subject to confirmation by either house of the General Assembly.

If the executive administrator position becomes vacant, the GAC must meet to consider and interview successor candidates. No later than 60 days after the vacancy occurs, it must submit to the governor a list of five to seven of the most outstanding candidates, ranked according to preference. No later than eight weeks after receiving the list, the governor must designate an executive administrator candidate. If that candidate withdraws from consideration prior to confirmation, the governor must designate another from among those remaining on the list.

If the governor does not make a designation within eight weeks of receiving the list, the first-ranked candidate receives the designation and is referred to either chamber for confirmation. If that chamber is not in session, the designated candidate serves as acting executive administrator until the chamber takes action on the appointment. Until he or she is confirmed, the acting executive administrator receives compensation and has all the power and privileges of the executive administrator.

The GAC is responsible for terminating the executive administrator's employment, if necessary.

**§ 58 — Other Staff.** The bill authorizes the executive administrator to employ necessary staff, within available appropriations, to carry out OGA's administrative functions. It places the staff in classified service.

**§ 60 — Merger Plan and Report.** By November 1, 2011, the executive administrator must develop and implement a plan for OGA to merge and provide the personnel, payroll, affirmative action, administrative and business office functions, and information technology associated with these functions, for the nine agencies.

By January 2, 2012, the executive administrator must submit a report to the Appropriations, Government Administrations and Elections, Judiciary, Children's, Public Safety, and Human Services committees on (1) the merger's status and (2) any recommendations for further legislative action concerning the merger, including recommendations to further consolidate and merge the nine agencies' functions (e.g., best use of staff, redundancy elimination, and cross-training staff to perform functions across the nine agencies).

The executive administrator must submit the report in conjunction with the (1) executive directors of OSE, SEEC, FOIC, JRC, or their designees; (2) chairperson of JSC, BFPE, and SCSB, or their designees; and (3) Child Advocate or Victim Advocate, or their designees.

**§ 62 — FOIC Membership**

FOIC currently consists of five members whom the governor

appoints and either chamber confirms for a four-year term. No more than three members may be from the same political party.

The bill adds four commission members whom the Senate president, House speaker, Senate minority leader, and House minority leader appoint on or after July 1, 2011, for a two-year term. Thereafter, no more than five members may be from the same political party. The bill also requires the appointing authority to fill a vacancy for the remainder of the term.

**§§ 68, 70, & 302 — Advocate Advisory Committees**

The bill repeals the current OVA and OCA advisory committees and replaces them with new ones. The current OVA and OCA advisory committees are composed of 12 and six members, respectively. For both committees, members serve five-year terms and must meet three times a year. They review and assess the policies and activities of their respective offices and provide annual assessments of the offices' effectiveness.

The bill re-establishes OVA and OCA advisory committees, both with seven members. The governor and six legislative leaders each appoint one member. Each committee's purpose is to prepare and submit to the governor a list of between five and seven candidates, ranked in order of preference, for appointment as the victim advocate and child advocate, respectively. The bill specifies that the list must be confidential and is not subject to disclosure.

Members serve five-year terms beginning July 1 in the year of their appointment, and may be reappointed. Initial appointments must be made no later than September 1, 2011. Each committee must select a chairperson to preside at its meetings. Any vacancy is filled by the appointing authority for the remainder of the term.

The bill prohibits advisory committee members from being communicator lobbyists who lobby on behalf of any entity or agency subject to review, evaluation, or monitoring by the respective advocate office. It similarly prohibits members from being individuals who

volunteer for, are board members of, or are employed by any such entity or agency.

### **§§ 69 & 71 — Advocates' Annual Reports**

The bill requires OVA and OCA to each submit the annual report required under existing law to their respective advisory committee as well as the Judiciary Committee. OCA must also submit its report to the Children's and Human Services committees. The bill eliminates the requirement that they submit these reports to the entire General Assembly but retains the requirement for submissions to the governor.

### **Background — Business Office Functions**

"Business office functions" generally include budgeting, accounts payable, accounts receivable, purchasing, grant management, central accounting, delinquent accounts, or asset management.

### **§§ 77 — 173 DECD**

The bill makes the Department of Economic and Community Development (DECD) commissioner the chairperson of the boards of the state's two quasi-public economic development agencies — the Connecticut Development Authority and Connecticut Innovations, Inc. (§§ 123 and 124). Under current law, the commissioner serves as an ex officio member of both agencies' boards while the governor appoints their chairpersons, with the legislature's advice and consent.

The bill moves the Office of Workforce Competitiveness (OWC) and its statutory duties and functions to the Department of Labor (DOL) from the Office of Policy and Management (OPM), where it exists for administrative purposes only. It requires DOL to perform many of these duties and functions with OWC's assistance. It also transfers OWC's programs to DOL and DECD and eliminates many obsolete programs.

The bill eliminates the Connecticut Commission on Culture and Tourism (CCCT); transfers its powers, duties, and functions to DECD; and makes many conforming changes. The 28-member commission currently oversees a staff that implements the state's tourism, culture,

arts, and historic preservation policies and programs. The bill reconstitutes this body as an advisory committee, retaining its current makeup, and eliminates the CCCT's executive director, but transfers some of director's duties to the committee's chairperson.

The bill expands the range of eligible property under the existing tax credit programs for rehabilitating historic nonresidential property and makes several programmatic and procedural changes. It also transfers their administration to DECD, assigning specific functions to the state historic preservation officer, whose position the bill also transfers to DECD.

The bill makes permanent the temporary \$10 increase to the document recording fee imposed in 2009 and scheduled to expire on July 1, 2011. It makes permanent grants to dairy farmers by allocating \$10 from each fee for this purpose. It also makes permanent funding for three agricultural related entities that expires on June 30, 2011.

The bill eliminates the 21-member Connecticut Competitiveness Council, which PA 10-75 established to promote the state's industry clusters.

The bill makes many technical changes.

EFFECTIVE DATE: July 1, 2011, except for the changes regarding the historic preservation tax credits, which take effect on that date and apply to income years beginning on or after January 1, 2011 and the DECD programs, which take effect July 1, 2012.

## **§§ 77 & 80-97 — OWC**

### ***Status***

Current law places OWC within OPM for administrative purposes only. The bill transfers OWC to DOL, making it an administrative unit of the department. The bill specifies that any OWC orders or regulations continue in force and effect until amended, repealed, or superseded. If these orders or regulations conflict with DOL's, the commissioner may implement policies and procedures consistent with statutes while adopting policies and procedures in regulation.

***Functions and Duties***

The bill assigns most of OWC's functions and duties to DOL, explicitly requiring the department to administer these functions and duties with OWC's help. The assigned functions and duties are:

1. serving as the governor's principal workforce development policy advisor and liaison with local, state, and federal workforce development agencies;
2. appointing officials and employees needed to fulfill its statutory purpose;
3. serving as the lead state agency for developing employment and training strategies and initiatives needed to support Connecticut's position in the knowledge economy;
4. annually forecasting workforce needs and recommending ways to meet them;
5. reviewing, evaluating, and recommending improvements to the certification and degree programs the vocational-technical schools and the community-technical colleges offer and developing strategies linking education skill standards to business and industry training and employment needs; and
6. creating an integrated system of statewide advisory committees for each career cluster offered as part of the regional vocational-technical school and community-technical college systems.

The bill continues to require OWC to participate in a working group responsible for defining pre service and minimum training requirements and competencies for people involved in early childhood education.

The bill relieves OWC from:

1. preparing reports on economic and workforce trends, but not DOL from performing these duties and functions,

2. receiving performance reports from the vocational-technical schools,
3. serving on the Blue Ribbon Commission preparing the master plan for higher education,
4. assisting DECD when it prepares the five-year economic strategy, and
5. establishing the Adult Literacy Leadership Board.

The bill relieves OWC from receiving workforce development performance reports and assigns this function to DOL.

***Programs and Committees Transferred to DOL***

The bill continues to require OWC to administer the Film Industry Workforce Training Program, but with the labor commissioner's approval. OWC must continue developing guidelines for participating in the program, which under the bill it must do so by September 30, 2012 with the commissioner's approval. OWC must continue submitting annual status reports on the program to the Connecticut Employment Commission and the Commerce and Higher Education and Employment Advancement Committees, but the bill also requires OWC to submit them to the labor commissioner.

The bill continues to require OWC to run the pilot program giving parents access to training to develop the skills needed to get and keep jobs. Under current law and the bill, OWC must run the program within available appropriations.

The bill transfers the Connecticut Career Choices program to DOL, which must administer it with OWC's help.

***Program Transferred to DECD***

The bill transfers to DECD several OWC grant programs preparing college students for careers in research and development and spurring colleges and universities to collaborate with businesses on research projects. Under current law and the bill, the grants must be made

within available appropriations.

The bill also appears to transfer the Innovation Challenge Grant from OWC to DECD. It directs the DECD commissioner to chair the council that advises OWC, under current law, about awarding grants.

***OWC Boards, Committees, and Commissioners***

The bill transfers to DOL several OWC committees and commissions, including the:

1. Connecticut Career Ladder Advisory Committee, whose members the labor commissioner must select based on OWC's recommendations;
2. Connecticut Employment and Training Commission;
3. Adult Literacy Leadership Board, which the DOL commissioner must maintain with OWC's help;
4. Connecticut Allied Health Workforce Policy Board;
5. Council of Advisors on Strategies for the Knowledge Economy; and
6. Industry Advisory Committees for Career Clusters with Regional Vocational-Technical Schools and Regional Community-Technical College Systems.

***Status Report***

The bill requires the labor commissioner to report on the status of the merger between OWC and DOL and recommend any necessary legislation regarding the merger. The commissioner must submit the report by January 2, 2012 to the Appropriations and Labor Committees.

**§§ 78 & 79, 98-122, 125-132, & 136-173 — CCCT**

***Powers and Duties***

The bill eliminates CCCT and transfers its powers, duties, and programs to DECD. CCCT's general powers and duties include:

1. marketing and promoting the state's tourist attractions,
2. promoting the arts,
3. preserving historic resources, and
4. submitting an annual culture and tourism budget to OPM.

Current law also assigns many powers and duties to CCCT related specifically to tourism, the arts, and cultural heritage. These include:

1. preparing a strategic plan to promote tourism and develop new tourism-related products and services;
2. reviewing and approving regional tourism district budgets and developing guidelines concerning the regional tourism districts' administrative costs;
3. maintaining and operating the visitor welcome centers;
4. administering grants promoting and supporting tourism, the arts, and historic preservation;
5. identifying and marking historic properties;
6. issuing permits for archaeological digs, developing procedures for inventorying Native American burial sites, and advising other agencies about specified archaeological matters;
7. administering tax credits for rehabilitating historic properties and community investment funds for historic preservation activities; and
8. selecting art for public works projects.

In transferring CCCT tourism functions to DECD, the bill requires the commissioner to prepare the two-year strategic plan to implement the culture and tourism-related statutory function. The commissioner must submit the plan to the governor and legislature by January 1, 2012. The bill also requires the commissioner to distribute funding

within available appropriations to the three regional tourism districts.

The bill specifies that any orders or regulations under which CCCT exercises its powers and duties continue in force and effect until amended, repealed, or superseded. If these orders or regulations conflict with DECD's, the commissioner may implement policies and procedures consistent with statutes while adopting policies and procedures in regulation.

### ***Historic Preservation***

Although the bill transfers the administration of the historic preservation tax credits from CCCT to DECD, it requires the state historic preservation officer to perform certain tasks, including developing standards for approving rehabilitating certified historic structures, certifying whether rehabilitation plans meet those standards, and reviewing documentation that rehabilitation was done according to those plans.

The bill also changes a procedural requirement governing grants for restoring historic structures and landmarks. Under current law, a grant applicant must file a covenant with the town clerk of the municipality where the historic property is located guaranteeing that it will be preserved forever or a period CCCT approves. The applicant must do this before the commission can execute the grant agreement. The bill requires the applicant to submit this covenant to the commission and with the town clerk before DECD awards the grant.

### ***Culture and Tourism Advisory Committee***

The bill reconstitutes the 28-member CCCT as an advisory committee, but retains its current makeup.

### ***Committees***

CCCT's executive director currently serves on several committees. The bill transfers this responsibility to the chairperson of the Culture and Tourism Advisory Committee, which the bill creates to replace the current commission. Under the bill, the chairperson or a committee member serves on the:

1. State Commission on Capitol Preservation and Restoration,
2. Connecticut Capitol Center Commission,
3. Sports Advisory Board,
4. State Museum of Art Advisory Committee,
5. Baldwin Museum Advisory Committee,
6. Advisory Panel on Accepting Art Work,
7. Face of Connecticut Steering Committee,
8. River Protection Advisory Committee,
9. Quinebaug and Shetucket Rivers Heritage Corridor Advisory Council, and
10. Committee for the Restoration of Historic Assets.

The bill transfers to the chairperson CCCT's role in preparing the state's five-year strategic economic development plan. Under current law, CCCT is one of several agencies with whom the DECD commissioner must consult when preparing the plan.

The bill transfers to DECD CCCT's authorization to appoint a state poet laureate. The bill specifies that DECD must make this appointment with the committee's recommendations.

### ***Status Report***

The bill requires the DECD commissioner to report on the status of the merger between CCCT and DECD and recommend any necessary legislation regarding the merger. The DECD commissioner must submit the report by January 2, 2012 to the Appropriations and Commerce committees.

### **§§ 133 & 135 — DOCUMENT RECORDING FEE**

The bill makes permanent a \$10 increase (from \$30 to \$40) in the land use document recording fee scheduled to expire July 1, 2011. The

law imposes the fee to fund historic preservation, affordable housing, open space preservation, and agricultural programs and specifies how the fee revenue must be allocated among these purposes

The bill makes the \$40 fee permanent and rearranges the distribution formula. It credits \$10 of each fee to the agricultural sustainability account, which PA 09-229 established. The law imposes a formula for making grants to milk producers based on the federally set milk price and the amount needed to sustain dairy operations, as the U.S. agriculture secretary determines. Specifically, when that price falls below the minimum sustainable monthly cost to produce milk, a milk producer qualifies for a grant equal to the difference between these two figures.

The law sets the minimum sustainable monthly production cost at 82% of the baseline the U.S. Agriculture Department determines as the monthly average cost of producing milk in New England. If that baseline is unavailable, the bill requires the agriculture commissioner to set the baseline based on data and variables the agriculture secretary publishes.

Besides crediting \$10 of each \$40 fee for milk grants beginning July 1, 2011, the bill re establishes the distribution formula for the remaining recording fees that applied before July 1, 2009. That formula equally apportions the revenue to CCCT, Connecticut Housing Finance Authority, Department of Environmental Protection, and Department of Agriculture. Under current law, the latter must annually allocate its share as follows:

1. Agricultural Sustainability Program: \$500,000;
2. Farm Transition Program: \$500,000;
3. Connecticut Grown: \$100,000; and
4. Connecticut Farm Link: \$75,000.

The bill expands this list to include three entities currently receiving a temporary annual allocation under PA 09-229. They are the:

1. Seafood Advisory Council: \$47,500;
2. Connecticut Farm Wine Development Council, \$47,500; and
3. Connecticut Food Policy Council, \$25,000.

As under current law, the agriculture commissioner must allocate any remaining balance to farmland preservation programs.

In making the fee permanent, the bill requires municipalities to remit \$36 of each \$40 fee to the state and retain \$4, as current law requires.

### **HISTORIC PRESERVATION TAX CREDITS EXPANSION**

The law authorizes business tax credits for restoring certified historic property. Developers qualify for these credits under separate programs based on the property's current use (e.g., commercial or industrial) and the intended reuse (e.g., residential or mixed residential and non-residential). The bill expands the range of eligible property and eligible reuses under the programs for restoring non-residential historic property.

It also transfers the administration of these credits from CCCT to DECD. The transfer relocates the state historic preservation officer (SHPO), who is designated under federal law, from CCCT to DECD. The bill explicitly requires the SHPO to perform specific administrative tasks, which include certifying that rehabilitation plans conform to historic preservation standards.

#### ***§ 121 — Credits for Converting Non Residential Property to Residential Uses***

Current law authorizes tax credits for converting certified historic commercial and industrial property to residential uses. The bill extends the range of credit-eligible property to certified historic cultural buildings; institutional property, former municipal, state, and federal property; and residential buildings with five or more units.

The bill explicitly assigns certain administrative tasks to the SHPO. He must develop standards for rehabilitating historic property, certify

whether rehabilitation plans meet these standards, and verify that rehabilitation conforms with these plans. Current law assigns these tasks to CCCT.

**§ 122 — Credits for Converting Non Residential Historic Property to Mixed Residential and Non Residential Uses**

Current law authorizes tax credits for converting certified historic commercial and industrial property to mixed residential and nonresidential use. To qualify for these credits, at least 33% of the rehabilitated property's square footage must be for residential use. The bill extends the range of credit-eligible property to cultural buildings; institutional and mixed residential and nonresidential property; and former municipal, state, and federal property.

The bill extends the range of eligible reuses. It still requires mixed uses but drops the requirement that at least 33% be for residential use.

The bill explicitly assigns the SHPO the same administrative tasks it assigns to him with respect to the credits for converting nonresidential property to residential uses.

**§§ 82, 94 & 131-132 — TECHNICAL AND CONFORMING CHANGES REGARDING DEPARTMENT OF HIGHER EDUCATION**

The bill makes technical and conforming changes replacing references to the commissioner of higher education with president of the Board of Regents of Higher Education.

**§§ 174 – 210 — EDUCATION**

The bill implements provisions of the FY 12-13 biennial budget relating to education and higher education.

**§§ 174 - 182 — EDUCATION GRANT CAPS**

For two more years, through June 30, 2013, the bill caps the following state education formula grants to school districts and regional education service centers (RESCs) at the amounts appropriated in the budget:

1. health services for private school students (§ 1);

2. transportation for public and private school students (§§ 2 & 9);
3. adult education (§ 3);
4. bilingual education programs (§ 4);
5. RESC operations (§ 5);
6. special education excess costs, except for students for whom no financially responsible district can be identified (“no-nexus students”) (§§ 6 & 7); and
7. regular education costs for state-placed children educated by local and regional boards of education (§ 8).

Under the bill, if a grant appropriation is not sufficient to fully fund these grants, they must be proportionately reduced.

EFFECTIVE DATE: July 1, 2011

**§ 183 — INTERDISTRICT MAGNET SCHOOL PER-PUPIL GRANTS**

The bill freezes state per-pupil operating grants for certain interdistrict magnet schools for two years, through FY 13.

For magnet schools that help the state meet the requirements of the *Sheff v. O’Neill* settlement (“*Sheff* magnets”), the bill freezes per-pupil grants at:

1. \$13,054 for each student from outside Hartford who attends a school run by the Hartford school district (“Hartford host magnets”) and
2. \$10,443 per pupil for those run by RESCs or other entities (“RESC magnets”) that enroll less than 60% of their students from Hartford.

For host magnet schools run by school districts outside the *Sheff* region, the bill freezes per-pupil operating grants at \$6,730 for each enrolled student from outside the host town. The grant for each student who lives in the host town remains at \$3,000, as under current

law.

EFFECTIVE DATE: July 1, 2011

**§ 184 — TUITION AT HARTFORD HOST MAGNETS**

The bill extends the prohibition against Hartford host magnets charging tuition to districts sending students to those schools for an additional two years, through FY 13.

EFFECTIVE DATE: July 1, 2011

**§ 185 — UNIFORM SCHOOL CALENDAR & REGIONAL TRANSPORTATION STUDIES**

The bill requires the RESC Alliance to study the feasibility of implementing uniform regional school calendars and transportation services and to report to the governor by October 15, 2011.

EFFECTIVE DATE: July 1, 2011

**§ 186 — PLAN TO INTEGRATE CHILD DAY CARE AND SCHOOL READINESS SERVICES**

The bill requires the education and social services commissioners to develop a plan to integrate the child day care and school readiness services offered as part of the school readiness program and report to the governor by July 1, 2012. The plans must address eligibility, slot rates, and program requirements.

EFFECTIVE DATE: July 1, 2011

**§ 187 — EXCESS CHILD CARE FUNDS**

Instead of lapsing, the bill requires any unused funds appropriated in the budget for FY 12 to the State Department of Education (SDE) for child care services to continue to be available for school readiness programs in FY 13. It requires the excess funds to be distributed according to statutory requirements for distributing school readiness funds.

By law, priority and former priority school districts are eligible for school readiness program grants from SDE to provide spaces for

children in accredited school readiness programs. When there are unexpended grant funds, the commissioner is authorized to distribute the unexpended money in a competitive grant program for eligible districts and, if there is still money unexpended, the commissioner may use it for a variety of purposes including: (1) assisting local school readiness programs in meeting accreditation, (2) providing training for student assessments, (3) developing best practices for parents in supporting preschool learning, and (4) other purposes.

EFFECTIVE DATE: July 1, 2011

## **§ 188 — OPEN CHOICE PROGRAM**

### ***Grants to Receiving Districts***

Starting in FY 12 and within available appropriations, the bill increases state grants to school districts that enroll students from other districts under the interdistrict school attendance program known as Open Choice (“receiving districts”). It increases the grant to a receiving districts for each out-of-district student from a flat \$2,500 to:

1. \$3,000 per student for districts where Open Choice students are less than 2% of the district’s total student population,
2. \$4,000 per student for districts with 2% to 3% Open Choice enrollment, or
3. \$6,000 per student for districts with Open Choice enrollment of at least 3% of total enrollment.

### ***Supplemental Grants***

The bill changes, from October 15 to March 1, the date by which the education commissioner must annually determine whether Open Choice enrollment is below the number for which funds were appropriated.

By law, when student enrollment in Open Choice is below the number for which funds are appropriated, the excess funds do not lapse but remain available for supplemental grants to receiving districts. Under current law and the bill, the commissioner must use

the first \$500,000 of any such funds for supplemental grants to districts that have at least 10 Open Choice students attending the same school.

The bill allocates the next \$500,000 of any nonlapsing funds to supplemental pro rata grants to receiving districts that report to the commissioner before March 1 that they have enrolled more Open Choice students than they did the year before.

Finally, under the bill, the education commissioner must use any remaining excess funds to increase Open Choice enrollment instead of for interdistrict cooperative grants, as under current law.

***Private School Students***

The bill allows students who had been enrolled in private school to participate in the Open Choice program. Under current law, only students enrolled in public school may do so.

EFFECTIVE DATE: July 1, 2011

**§ 189 — TASK FORCE TO STUDY THE ECS FORMULA AND OTHER SCHOOL FINANCE ISSUES**

The bill establishes a 12-member task force to study the Education Cost Sharing (ECS) formula and related issues in light of state constitutional requirements. Although the task force must focus on the ECS formula, it must also consider (1) state grants to interdistrict magnet schools and regional agricultural science and technology centers and (2) special education costs for the state and municipalities.

Within 30 days of the bill's passage, the governor must appoint six and the six legislative leaders one each of the task force members, who may include legislators. The governor selects one co-chairperson from the executive appointees and the House speaker and Senate president pro tempore jointly select the other from among the legislative appointees. The chairpersons must schedule the first meeting, which must be held within 60 days after the bill's passage. The Education Committee administrative staff serves as the task force's administrative staff.

The task force must submit an initial report on its findings and recommendations by January 2, 2012 and its final report by October 1, 2012. Both reports go to the governor and the Education and Appropriations committees. The task force terminates when it submits its final report or on October 1, 2012, whichever is later.

EFFECTIVE DATE: Upon passage

### **§ 190 — MINIMUM BUDGET REQUIREMENT**

For FY 12 and FY 13, unless their enrollment fell in the prior year or they have permanently closed one or more schools due to falling enrollment, the bill requires most towns to budget the same amount for education as they budgeted in the previous fiscal year. For FY 12, districts must budget at least the amount they budgeted in FY 11 plus any reduction made to offset federal money paid directly to their boards of education under the 2009 federal stimulus act (ARRA).

The bill allows most towns whose school districts had fewer students enrolled in the previous school year than in the year before to reduce their minimum budget requirement (MBR) by \$3,000 times the enrollment reduction. But, the total reduction cannot exceed 0.5% of their prior year's budget appropriation.

To reduce its MBR for FY 12, a district must have fewer students in the 2011 school year than it had in 2010. An FY 13 MBR reduction may similarly reflect a drop in enrollment in 2012 compared to 2011. Thus, for example, if a district had 800 students enrolled in 2010 and 750 students in 2011, it could appropriate \$150,000 less ( $\$3,000 \times 50$ ) in FY 12 than it did in FY 11 and still meet its MBR for FY 12, as long as \$150,000 was less than 0.5% of its FY 11 appropriation (i.e., as long as its FY 11 budgeted appropriation for education was more than \$30 million.)

In addition, the bill allows the education commissioner to permit a town to reduce its MBR for FY 12 or FY 13 if it permanently closed one or more schools because of falling enrollment in the closed schools in FYs 11, 12, or 13. The bill requires the commissioner to determine the

reduction amount.

The bill bars any MBR reduction for districts that, as a whole, either (1) fail to make adequate yearly progress (AYP) in math or reading as required by the state accountability law and the federal No Child Left Behind (NCLB) Act, or (2) achieve AYP only through the alternate method allowed under NCLB known as “safe harbor” (see BACKGROUND).

EFFECTIVE DATE: July 1, 2011

### § 191 — STUDY OF VOCATIONAL-TECHNICAL SCHOOL SYSTEM

The bill establishes a 15-member task force, appointed by the governor and legislative leaders and representing various organizations and others, to study the finances, management, and enrollment structure of the vocational-technical (V-T) school system. The study must provide a cost-benefit analysis of (1) maintaining and strengthening the existing system; (2) developing stronger articulation agreements between the V-T schools and community colleges; (3) transferring control of schools to RESCs, local or regional school districts, or community colleges; and (4) maintaining or transferring V-T adult programs. It must also consider what effect maintaining the existing system or transferring control would have on the system’s facilities, equipment, and personnel.

The task force members are the Office of Policy and Management (OPM) secretary, the education and economic and community development commissioners, and the community-technical college system chancellor, or their designees, and the appointees shown in the table below.

<i>Appointing Authority</i>	<i>Number of Members</i>	<i>Representation or Other Qualification</i>
Governor	1	Regional workforce investment board
Senate president pro tempore	2	<ul style="list-style-type: none"> <li>• Connecticut Education Association</li> <li>• Chief executive of a small manufacturer</li> </ul>
House speaker	2	<ul style="list-style-type: none"> <li>• American Federation of Teachers-Connecticut</li> <li>• Person with experience in a trade offered at, alumnus of, or educator at the V-T schools</li> </ul>

Senate majority leader	1	RESC Alliance
House majority leader	1	Mayor or first selectman of a town with a V-T school
Senate minority leader	1	Connecticut Association of Boards of Education
House minority leader	1	Connecticut Association of Public School Superintendents
Education Committee co-chairs	2	Public

The OPM secretary or the secretary's designee chairs the task force and must schedule the first meeting to be held within 60 days of the bill's passage. SDE's administrative staff provides the task force's administrative staff. The task force must report its recommendations to the governor and the Education Committee by January 15, 2012. It terminates on that date or when it submits its report, whichever is later.

EFFECTIVE DATE: Upon passage

### **§§ 192 & 193 — EQUALIZED NET GRAND LIST ADJUSTMENT**

The law requires the OPM secretary to compute each town's equalized net grand list (ENGL) annually. ENGL is an estimate of the market value of a town's taxable real and personal property, equalized to reflect taxation at 100% of fair market value. ENGL is a factor in state distribution formulas for various wealth-based grants to municipalities, including ECS grants, reimbursements for local school construction projects, and Mashantucket Pequot and Mohegan grants.

This bill requires OPM to adjust its ENGL calculation for towns opting to phase-in an increase in assessed values for real property after a revaluation. Under current law, by excluding part of a town's taxable net grand list from the ENGL calculation, such phase-ins can temporarily distort town wealth rankings and grant distribution formulas.

Under current law, towns do not have to submit data on real property transfers to OPM in the year a revaluation become effective.

The bill requires them to do so if they are implementing a revaluation phase-in.

EFFECTIVE DATE: Upon passage

**§ 194 — FUNDS FOR STATE SCHOOL READINESS PROGRAM ADMINISTRATION**

The bill extends, through FY 13, SDE's authority to retain \$198,200 of the priority school district school readiness grant appropriation for coordination, program evaluation, and administration. Under current law, this administrative set-aside expires on June 30, 2011.

EFFECTIVE DATE: Upon passage

**§ 195 — FUND TRANSFERS TO IMPLEMENT THE SHEFF SETTLEMENT**

The bill gives the education commissioner authority to transfer funds appropriated for the *Sheff* settlement to (1) the V-T schools for programming and (2) grants for (a) interdistrict cooperative programs, (b) state charter schools, (c) the Open Choice program, and (d) interdistrict magnet schools.

EFFECTIVE DATE: Upon passage

**§§ 196 & 210 — SHEFF MAGNET SCHOOL TRANSPORTATION GRANTS**

By law, magnet school operators that transport students to interdistrict magnet schools in a town other than the town where the students live are eligible to receive a grant for the cost of that transportation. For most school districts, such grants are limited to \$1,300 per student. But, for districts transporting such students to help meet *Sheff* goals, as determined by the education commissioner, the limit for FY 11 is \$2,000 per student. The bill extends these higher *Sheff* transportation grants for two more years, through June 30, 2013.

For FY 11, the bill also allows the education commissioner, within available appropriations, to provide supplemental transportation grants to RESCs to transport students to *Sheff* interdistrict magnet schools. Grants are payable only after a comprehensive financial

review of all transportation activities as prescribed by the commissioner. In addition, the commissioner may require a RESC to provide an independent financial review to be paid for out of the supplemental grant.

Under the bill, up to 75% of the supplemental grant is payable by June 30, 2011 with the balance paid by September 1, 2011, on completion of the comprehensive financial review.

EFFECTIVE DATE: July 1, 2011 for the extension of the higher *Sheff* transportation grant for districts; upon passage for the supplemental grants for RESCs.

### **§ 197 — MAGNET SCHOOL DIVERSITY REQUIREMENTS**

The bill allows an interdistrict magnet school that is not in compliance with the state magnet school minority enrollment requirements because of changes in the federal racial and ethnic reporting requirements to maintain its status as an interdistrict magnet school under state law and remain eligible for magnet school operating grants, if it submits a compliance plan to the education commissioner that he approves. Under the bill, noncompliance is based on student information data schools submit to the state public school information system on or before October 1 in 2011 and 2012.

The changes in the federal racial and ethnic reporting requirements are those described in the Federal Register of October 19, 2007.

The bill requires SDE to submit to the Education Committee, by January 1, 2013, its recommendations to amend the statutory racial minority enrollment requirements for interdistrict magnet schools to conform with changes in the federal law. The plan must reflect the regional demographics of the interdistrict magnet schools and the diverse racial, ethnic, and socio-economic needs of the student populations attending them.

EFFECTIVE DATE: Upon passage

### **§ 198 — STATE SCHOOL BREAKFAST GRANTS**

The bill makes more schools eligible for state school breakfast grants by reducing an eligibility criterion. It makes schools eligible if at least 20%, rather than 40%, of the lunches they serve are free or at reduced prices. The current 40% threshold is fixed in federal law, which the statutes incorporate by reference (Child Nutrition Act of 1966, as amended) (see BACKGROUND). The bill places the 20% criterion in statute.

It also makes conforming changes.

EFFECTIVE DATE: July 1, 2011

**§ 199 — CARRY FORWARD FUNDS FOR THE RIVER ACADEMY**

The bill (1) carries forward \$405,000 of an FY 11 appropriation to SDE for Magnet School Administration and \$405,000 of an FY 11 appropriation to SDE for Charter Schools; (2) transfers both amounts to the *Sheff* settlement; and (3) makes them available for developing magnet school programs at the River Academy at Goodwin College in East Hartford during FY 12 and FY 13, respectively.

EFFECTIVE DATE: July 1, 2011

**§ 200 — CHARTER SCHOOL GRANT INCREASE**

The bill increases the grant for students attending state charter schools from \$9,300 to \$9,400 per student per year, starting with FY 12.

EFFECTIVE DATE: July 1, 2011

**§ 201 — SUPPLEMENTAL PRIORITY SCHOOL DISTRICT GRANT TO LARGEST DISTRICTS**

The bill extends, through FY 13, an existing allocation of \$2,610,798 in supplemental priority school district (PSD) grants to the three largest school districts (Bridgeport, Hartford, and New Haven). By law, the State Board of Education must distribute shares of these supplemental funds to each district in proportion to its regular PSD grant. The money is in addition to all other PSD grants the districts receive.

EFFECTIVE DATE: July 1, 2011

**§ 202 — VO-AG EDUCATION CENTER TUITION FREEZE**

The bill extends the current \$9,687 foundation for the ECS formula for one year, from FY 12 to FY 13. ECS grants in the budget (PA 11-6) are set amounts that are appropriated and are not a result of the ECS formula. But local or regional school districts that operate regional vocational-agricultural technology education centers may charge sending districts a per-student tuition based on a percentage of the foundation figure. Thus, this provision freezes the maximum tuition a center can charge for another year.

EFFECTIVE DATE: July 1, 2011

**§ 203 — VO-AG EDUCATION CENTER GRANTS**

The bill requires SDE to allocate, for FYs 12 and 13, \$500,000 for grants to local and regional school districts operating vocational-agricultural technology education centers.

The money must be used for the following statutory grants: (1) \$500 per student for vo-ag centers with more than 150 out-of-district students attending the program, (2) a four-year phase-out grant for vo-ag centers that no longer serve more than 150 out-of-district students, and (3) \$60 per student for vo-ag centers that do not qualify under (1) or (2).

By law, if there are remaining funds after these grants are made, excess funding must be distributed as follows: \$100 per student and, if there are remaining funds, proportionate amounts, to districts whose vo-ag centers enroll more than 150 out-of-district students, based on their relative numbers of out-of-district students in excess of 150.

EFFECTIVE DATE: July 1, 2011

**§§ 204 & 205 — COLLEGE TRANSITION PILOT PROGRAMS**

The bill requires the education commissioner, in consultation with the higher education commissioner, to establish two college transition pilot programs. One is an adult education program in three

municipalities and the respective community colleges located in them. The adult education programs and colleges are (1) New Haven and Gateway Community College, (2) Manchester and Manchester Community College, and (3) Meriden and Middlesex Community College (which has a facility in Meriden). The other is separate from and in addition to the New Haven component of the other program and is at Hillhouse High School in New Haven and Gateway Community College. The programs must be done within existing budgetary resources, or by applying for available federal, state, or private funding.

The adult education college transition pilot program must offer college preparatory classes to adults who (1) have a high school diploma or its equivalent and (2) require intensive postsecondary developmental education that will enable them to enroll directly, upon completing the pilot program, in a higher education institution program that awards college credit. The Hillhouse-Gateway program is the same except it is for high school students who have not yet gotten a high school diploma or equivalent.

The education and higher education commissioners must report to the Education and Higher Education and Employment Advancement committees by October 1, 2012 on the results of the pilot programs.

The reports, at a minimum, must include:

1. the number, ages, and educational history of the participating adults and high school students;
2. the dates each participated in the pilot;
3. the subject matter in which participants required postsecondary developmental education;
4. a description of the college preparatory classes that were offered through the pilot;
5. participants' level of improvement in each subject in which the participant required postsecondary developmental education;

6. the results of participants' college placement exams and the dates they were taken;
7. whether any participants applied for acceptance to, enrolled in, or registered for a higher learning program at a higher education institution before or after completing the pilot, and a description of the higher learning program; and
8. the cost of offering college preparatory classes through the pilot compared to offering the equivalent or similar secondary or postsecondary developmental education classes at an institution of higher education in this state.

EFFECTIVE DATE: July 1, 2011

**§§ 206 & 207 — NEIGHBORHOOD YOUTH CENTER AND LEAP PROGRAMS**

The bill transfers the administration of the neighborhood youth center and the Leadership, Education, and Athletics in Partnership (LEAP) grant programs from OPM to SDE. It requires SDE rather than OPM to solicit competitive proposals for neighborhood youth center grants and convene an advisory committee to help review grant applications. It eliminates the OPM representative from the committee.

The neighborhood youth center grant provides grants to support neighborhood centers for youths between ages 12 and 17 in Bridgeport, Hartford, New Britain, New Haven, Norwalk, Stamford, and Waterbury. The LEAP Program is a model mentoring program operating in New Haven. It matches children, ages 7-14, from high poverty urban neighborhoods with trained high school and college student counselors to help children develop academic skills and self esteem, improve their ability to succeed in school, and be involved in their community.

EFFECTIVE DATE: July 1, 2011

**§ 208 — CAPITOL SCHOLARSHIP GRANT PROGRAM**

The bill places a moratorium for FY 12 and FY 13 on new students

receiving financial assistance under the Capitol Scholarship grant program. Under the bill, students who received grants in FY 11 continue to receive assistance, but the bill requires grants to be proportionately reduced if total program grants exceed the program's budgeted appropriation.

Capitol Scholarship grants are available to state residents who have not received a bachelor's degree and have been accepted at a postsecondary school, technical institute, college, or university in Connecticut, or in any other state that allows its students to bring state student financial assistance funds into Connecticut. Grant awards are based on academic performance and financial need. Maximum grants are \$3,000 per year for those attending in-state institutions and \$500 per year for those going out-of-state.

EFFECTIVE DATE: July 1, 2011

#### **§ 209 — STATE LIBRARY OPERATING GRANTS**

For FY 12 and FY 12, the bill continues to suspend a requirement that, for a public library to receive a state library operating grant, its annual tax levy or appropriation not be reduced below the average amount for the three fiscal years immediately preceding the grant year. The requirement was also suspended for FY 10 and FY 11.

EFFECTIVE DATE: July 1, 2011

#### ***Background — “Safe Harbor” Under the No Child Left Behind Act***

Connecticut's education accountability law (CGS §10-223e) and the federal NCLB Act (P.L. 107-110) impose sanctions on schools and school districts that fail to make adequate yearly progress (AYP) towards proficiency in specified subjects for all students, including those in identified subgroups (economically disadvantaged students, students from major racial and ethnic groups, students with disabilities, and students with limited English proficiency (LEP)). The determination of AYP is based on measurable objectives, including student performance on annual statewide tests.

Under the federal law, in order for a school or a school district to

make AYP, both of the following must happen each year:

1. all students and the students in each subgroup must meet or exceed the state's measurable objectives and
2. at least 95% of both the school's total enrollment and the students in each subgroup must take the tests (with allowable accommodations and alternative assessments for certain LEP and disabled students).

The so-called “safe harbor” provision provides an exception to the first of these requirements. It provides that, if any of the subgroups does not meet the objectives, the school must still be considered to have made AYP for the year if (1) the percentage of students in the subgroup who did not reach proficiency declined at least 10% from the year before and (2) the subgroup also made progress on one or more of the state’s other non-test indicators.

***Background — Child Nutrition Act of 1966***

This law defines “severe need” under the school breakfast program to include a school that served, for the two years before the grant year, at least 40% of its lunches free or at a reduced price (42 USC § 1773 (b)). The federal Health Hunger-Free Kids Act of 2010 (P.L. 111-296) is the most recent renewal of the Child Nutrition Act.

**§§ 210 - 286 — HIGHER EDUCATION CONSOLIDATION**

The bill reorganizes the state system of higher education by establishing a 19-member (including 15 voting members) Board of Regents for Higher Education (BOR) to serve as the governing body for the Connecticut State University System (CSUS), the community-technical colleges (CTC), and Charter Oak State College. It allows the board to appoint and remove staff responsible for its own operation and the operation of these constituent units. BOR replaces the existing CSUS and CTC boards of trustees and the Board of State Academic Awards (BSAA) (which governs Charter Oak). The bill maintains UConn’s Board of Trustees and makes changes to the budget process for UConn and the other constituent units.

Additionally, the bill eliminates the Board of Governors of Higher Education (BGHE) and the Department of Higher Education (DHE) and places DHE staff within (1) the Board of Regents and (2) the newly-established Office of Financial and Academic Affairs (OFAAHE), which is within BOR for administrative purposes only. It requires the new office to administer several programs currently administered by DHE and BGHE. The bill also transfers, from the higher education commissioner and BGHE to the OFAAHE executive director and the State Board of Education (SBE), respectively, authority for (1) approving applications for, and renewals of, private occupational schools; (2) revising or revoking school operating authority; and (3) licensing and accrediting private higher education institutions and their programs and granting such entities authority to award academic degrees. (Under the bill, BOR has this responsibility for public institutions.)

The bill changes the membership and duties of the Higher Education Coordinating Council. It also repeals obsolete language and makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2011

## **§§ 211 - 227 & 230 - 231 — BOARD OF REGENTS**

### ***Membership***

Under the bill, the BOR has 15 voting members: the governor appoints nine members to staggered six-year terms; the House speaker, Senate president pro tempore, and House and Senate minority leaders each appoint one member to staggered four-year terms; and the chairperson and vice-chairperson of the newly-created student advisory committee (see Student Advisory Committee below) serve two-year terms. The governor appoints the board's chairperson to a three-year term in that position.

The appointed members are subject to legislative confirmation, but the bill allows the initial members to begin serving immediately upon appointment. Voting members may not be members of or employed by (1) the UConn Board of Trustees or (2) an independent institution's

board of trustees. Additionally, the Economic and Community Development, Education, Labor, and Public Health commissioners serve as ex-officio, nonvoting members. (By law, the Economic and Community Development and Education commissioners are voting members of UConn's Board of Trustees.) Table 1 shows the board's membership.

**Table 1: Board of Regents Membership**

<b>Appointing Authority</b>	<b>Number</b>	<b>Term Length</b>	<b>Other Requirements</b>
Governor	9	6 years	3 of the members have an initial 2-year term and 3 have an initial 4-year term
House speaker	1	4 years	A specialist in K-12 education
Senate president pro tempore	1	4 years	A CTC alumnus
House minority leader	1	4 years	A Charter Oak alumnus; initial appointment is for three years
Senate minority leader	1	4 years	A CSUS alumnus; initial appointment is for three years
Student Advisory Committee	2	2 years	The committee's chairperson and vice-chairperson serve on the Board of Regents. One must be from CSUS and one from CTC.
Ex-officio, nonvoting members	4	N/A	Economic and Community Development, Education, Labor, and Public Health commissioners

### ***Duties***

The bill makes BOR the governing body for CSUS, CTC, and Charter Oak. BOR is not a successor agency to the existing boards of trustees. Rather, the bill states that, on and after January 1, 2012 (see

Transition Period below), BOR serves as the CSUS and CTC boards of trustees and as the BSAA and assumes their existing powers and duties for the operation of the constituent units. Thus, while the bill maintains numerous references to the respective boards of trustees and the BSAA, the BOR, acting as the respective boards, must perform their functions.

The bill requires the BOR to establish terms and conditions for employing staff, prescribing their duties, and fixing the compensation of professional and technical personnel. It allows the board to appoint and remove (1) a chief executive for each institution in its jurisdiction and (2) executive staff for the respective constituent units. It eliminates the CSUS and CTC chancellor positions but requires the BOR, upon the president's recommendation, to appoint two vice presidents to serve as BOR liaisons to CSUS and CTC, respectively.

The bill also transfers to BOR DHE's authority for approving new academic programs in public institutions (see below).

***BOR President***

The bill establishes the position of president of the Board of Regents. It requires the governor to appoint the initial president and, on and after January 1, 2012, the BOR to recommend and the governor to appoint the president, whose term is coterminus with the governor and is subject to legislative confirmation.

The president (1) is responsible for implementing the board's policies and directives; (2) directs the board's executive staff; and (3) administers, coordinates, and supervises the board's activities. Additionally, the president must:

1. (a) build interdependent support and (b) facilitate cooperation and synergy among CSUS, CTC, and Charter Oak;
2. balance central authority with institutional differentiation, autonomy and creativity; and
3. implement a strategic master plan for higher education.

***Transition Period***

The bill requires the current CSUS and CTC boards of trustees and the BSAA to remain in office from July 1, 2011, until December 31, 2011 in order to facilitate the transition of duties and responsibilities to the BOR. However, BSAA and the current boards of trustees cannot take any action after July 1, 2011 unless it is ratified by the BOR.

The bill also requires the BOR, by December 1, 2011, to develop and implement a plan to maintain the constituent units' distinct missions. It must present the plan to the Appropriations and Higher Education committees by January 1, 2012.

Additionally, the bill establishes a Higher Education Consolidation Committee consisting of (1) the chairpersons, vice-chairpersons, and ranking members of the Appropriations and Higher Education committees and (2) the members of the Appropriations Committee's subcommittee on higher education. The Higher Education Committee co-chairpersons or their designees (who must be members of the Higher Education Committee) chair the consolidation committee, which must establish a meeting and public hearing schedule to receive updates from the BOR president on the consolidation's progress. The committee must meet on or before September 15, 2011 and meet at least every two months until September 15, 2012.

The bill requires the Office of Legislative Management and OFAAHE to enter into a memorandum of understanding providing that up to \$100,000 appropriated to OFAAHE must be used by the consolidation committee to hire a consultant to assist it with its duties.

***Budgeting***

Under current law, the Board of Governors of Higher Education prepares a single consolidated public higher education budget request. The bill instead requires BOR to prepare a consolidated request only for those constituent units under its jurisdiction (i.e., not for UConn) but maintains current law's requirement that appropriations be made directly to the constituent units (rather than as a single appropriation to the Board of Regents). It requires UConn to submit its budget

request directly to OPM. Additionally, the bill allows the Appropriations Committee 30 days, rather than 10 as under current law, to approve or reject allotment reductions exceeding 5%.

### ***UConn***

Under the bill, many BGHE duties concerning UConn are not transferred to the BOR. For example, current law requires UConn's Board of Trustees to (1) establish policies and fulfill its duties in conformance with BGHE guidelines and (2) submit its budget request to BGHE. The bill eliminates these requirements. However, it does, among other things, (1) transfer to the BOR responsibility for approving new UConn degree programs and (2) require UConn to submit a quarterly report to OPM through the BOR on the actual expenditures of the UConn and UConn Health Center operating funds.

### ***Student Advisory Committee***

The bill establishes a student advisory committee (SAC) consisting of one student representative from each BOR institution, elected by their respective student government organizations for two-year terms. The bill specifies that a student's membership on the committee terminates if he or she ceases to be a student in good standing, in which case a successor is elected to serve the remainder of the term. The SAC replaces the standing advisory committee to the BGHE.

The bill requires the SAC, on a rotating basis among its members, to determine its chairperson and vice-chairperson by consensus voting, one of whom must be a CSUS student and one a CTC student. The chairperson and vice-chairperson serve as members of the BOR. The bill requires the committee to meet at least biannually with the BOR. SAC members may participate in discussions and deliberations but cannot vote at such meetings.

### ***Faculty Advisory Committee***

The bill establishes a seven-member faculty advisory committee with three representatives each from CSUS and CTC and one from Charter Oak. It requires representatives and alternates to be elected by their respective constituent units' faculty senates for two-year terms. It

requires the committee, on a rotating basis among its members, to elect its chairperson and vice-chairperson, one of whom must be a CSUS member and one a CTC member. The bill requires the committee to (1) meet at least biannually with the BOR and (2) report annually to the Higher Education Committee regarding the performance of its statutory functions and its meetings with the BOR.

## **§§ 228 – 229 — HIGHER EDUCATION COORDINATING COUNCIL**

### ***Duties***

Under current law, the Higher Education Coordinating Council must develop accountability measures for each constituent unit and public institution of higher education. The bill requires the council, in developing accountability measures, to also consider (1) completions, (2) allocation of resources across expenditure functions, (3) revenues and expenditures broken out by programs, and (4) transfer patterns of students transferring into and out of the constituent units.

The bill requires that the measures be used to assess each public institution's (rather than each constituent unit's) progress towards meeting certain goals. It also requires the measures to be available for inspection and separated by constituent unit, institution, campus, and program.

Additionally, the bill requires the council to work with the Department of Labor to (1) produce periodic reports on the employment and earnings of students who leave the constituent units (whether or not they graduated) and (2) develop an annual affordability index for public higher education based on statewide median family income.

### ***Membership and Reporting***

Under current law, each constituent unit must submit an accountability report to the DHE commissioner, who compiles them and submits a consolidated report to the Education Committee. The bill instead requires (1) each public institution of higher education (rather than constituent unit) to submit its report to the BOR president by November 1, rather than December 1 annually, and (2) the

consolidated report to be submitted to the Higher Education Committee by December 1, instead of February 1 annually.

The bill also adds the BOR president to the council (replacing the DHE commissioner), removes the chairpersons of the constituent unit boards of trustees, and requires the OPM secretary to call an annual meeting of the council.

**§ 232 - 269 — OFFICE OF FINANCIAL AND ACADEMIC AFFAIRS FOR HIGHER EDUCATION**

The bill creates a new Office of Financial and Academic Affairs for Higher Education and places it within the Board of Regents for Higher Education for administrative purposes only. The office is led by an executive director appointed by the governor and subject to legislative confirmation. It requires the new office to administer several programs currently administered by the DHE and BGHE, including, among other things:

1. oversight of private occupational schools;
2. granting authority to independent institutions to confer academic degrees and licensing and accrediting programs and institutions of higher learning;
3. approving entities that were granted authority to confer degrees before July 1, 1935, but that did not exercise it until after that date;
4. the alternate route to certification program;
5. scholarship and financial aid programs for Connecticut students attending public and private colleges and universities; and
6. the student community service fellowship program.

***Private Occupational School Licensing Duties Transferred to State Board of Education***

The bill transfers authority for approving applications for, and renewals of, private occupational schools as well as revising or

revoking school operating authority from the higher education commissioner and the BGHE to OFAAHE and the SBE, respectively. It makes several conforming changes to carry out this transfer.

Under the bill applications for private occupational schools are submitted to the OFAAHE executive director, who must appoint an evaluation team to review the application.

Under current law, the team must include at least one member for each area of occupational instruction proposed at the school and two representatives of the BGHE. The bill changes the two board members to two representatives of public higher education institutions.

The bill authorizes OFAAHE to adopt regulations to carry out the provisions of the occupational school licensing statutes. Additionally, it requires the OFAAHE executive director to oversee the private occupational school student (1) benefit and (2) protection accounts.

***Separate Processes for Licensing, Accreditation, and Degree-Granting Authority for Public and Independent Institutions***

The bill establishes two separate processes for approving new academic programs in higher education institutions. The bill transfers, from the BGHE to the SBE, the responsibility for licensing and accrediting private higher education institutions and their programs and for granting such entities authority to award academic degrees. Under the bill, the SBE's authority in this area does not apply to the programs offered by the state's public higher education institutions. Rather, it is the BOR that has this authority over the public institutions, including UConn.

The bill transfers most of the administrative responsibilities for licensing and accreditation independent institutions from the BGHE and DHE to the Office of Financial and Academic Affairs for Higher Education. It requires the office rather than the BGHE to adopt implementing regulations and requires SBE to follow those regulations in evaluating and approving institutions and programs. It requires OFAAHE to investigate violations and allow it to ask the attorney general to sue to restrain or prevent violations and seek appropriate

relief.

Additionally, the bill requires the OFAAHE executive director to assume the higher education commissioner's current authority to:

1. administer oaths and issue subpoenas in an investigation by the office,
2. serve notice of and assess administrative penalties for violating licensing and accreditation requirements, and
3. ask the attorney general to seek injunctions to prevent violations.

The bill requires the SBE, rather than the BGHE, to hold a hearing on an appeal by anyone aggrieved by administrative penalty assessed by the OFAAHE executive director.

With respect to public institutions, the bill is unclear regarding the BOR's role in approving academic programs. It appears that BOR issues final approval for proposed programs, but it is unclear whether it is BOR or OFAAHE that performs the administrative responsibilities for program approval described above.

#### **§§ 270 - 285 & 304 — TECHNICAL AND CONFORMING CHANGES**

These sections make technical and conforming changes to various statutes. Among other things, they (1) eliminate references to the CSUS and CTC chancellors and the commissioner, department, and Board of Governors of Higher Education and (2) generally replace them with references to the BOR and the BOR president. They also repeal obsolete language.

#### **§§ 286 - 301 — CAMPAIGN FINANCE**

The bill modifies state election laws on campaign finance, the Citizens' Election Program (CEP), and the State Elections Enforcement Commission (SEEC). Concerning campaign finance, the bill, among other things:

1. authorizes testimonial affairs in honor of a candidate, statewide

officer, or General Assembly member to raise funds for a party committee, not just the candidate or public official (§ 297);

2. authorizes campaign treasurers to use a bank or cashier's check to pay a television company for advertising costs, provided the treasurer maintains documentation showing the payment came from the candidate committee's funds (§ 298); and
3. specifies that for campaign finance purposes "candidate committee" means one for a candidate who participates (i.e., participating candidate) or does not participate (i.e., nonparticipating candidate) in the CEP (§ 299).

With respect to the CEP, the bill, among other things:

1. revises the grant application and payment schedule, giving the SEEC more time to review applications; and
2. revises the schedule for submitting supplemental campaign finance statements and reporting excess expenditures.

Concerning the SEEC, the bill reduces term lengths for members and prohibits consecutive terms. It requires the commission to keep certain information about complaints and preliminary investigations confidential and restricts the number of legislative candidates it may audit after an election. And, it requires the commission to list organization expenditures on its homepage.

Lastly, the bill makes technical and conforming changes

EFFECTIVE DATE: January 1, 2012 and applicable to primaries and elections held on or after that date, except the provisions (1) on the SEEC and eliminating duplicate campaign finance statements for town committees are effective upon passage and (2) payments to television companies are effective July 1, 2011.

### **§§ 286 & 288 — Campaign Contributions**

The bill expands the list of items and services that are not considered contributions. In certain instances, the bill makes the

exemptions for party committees applicable to slate committees and political committees, known as PACs (see BACKGROUND).

***De Minimis Activities.*** The law exempts from the definition of contribution certain de minimis campaign activities that benefit PACs and party, slate, and candidate committees, including those for participating and nonparticipating candidates. The bill expands the list of de minimis activities to include:

1. receiving, not just sending, without compensation, e-mail or messages;
2. using up to \$100 per election or calendar year, as applicable, by an individual to benefit a candidate committee in (a) personal items or services that are customarily associated with occupying a residence or (b) donated personal property customarily used for campaign purposes;
3. posting or displaying the name or names of one or more candidates at a town fair, county fair, local festival, or similar gathering by a party committee; and
4. voluntarily creating electronic or written communications, including ongoing content development and social media on the Internet or a phone.

Under the bill, “social media” means an electronic medium where users may create and view user-generated content, such as uploaded or downloaded videos or still photographs, blogs, video blogs, podcasts, or instant messages.

***Volunteer Services and Travel Costs.*** By law, volunteer services provided by individuals are not considered campaign contributions. The bill specifies that the exemption applies when individuals provide volunteer services to party committees, PACs, slate committees, and candidate committees, including those for participating and nonparticipating candidates.

The bill exempts as a contribution all travel expenses incurred by a

volunteer. Currently, travel expenses over \$200 per election for volunteers to a single candidate and over \$400 per calendar year for volunteers to a state central or town committee are contributions.

The bill specifies that people are considered volunteers when they do not receive compensation for the services they provide, regardless of whether they did in the past or may do so in the future.

**Business Donations.** The bill raises, from \$100 to \$200, the contribution exemption for donated goods and services by a business entity for a fundraiser. Under existing law, unchanged by the bill, the exemption applies to any committee.

**Ad Books and Advertising Space on Signs.** The bill extends to advertising space on a sign at a fundraising affair the current limit on ad books: \$250 for purchases by a business entity and \$50 for purchases by an individual.

**Discounted Food.** The bill (1) raises the exemption for discounted food and drinks sold to a candidate or party committee and (2) extends them to slate committees and PACs.

The bill raises the exemption from \$200 or \$400 for candidate committees and applies it separately to a single primary or general election. Current law applies the exemption to a single election. It also raises the exemption from \$400 to \$600 in a calendar year for party committees and applies it to slate committees and PACs.

**Donated Food.** Existing law exempts the cost of donated food and drink by an individual, up to a total of \$50, to be consumed food at a single slate, candidate, legislative caucus, legislative leadership, or party committee meeting or event, other than a fundraiser. The bill extends the exemption to PAC meetings and events.

**Food Sold by a Town Committee.** Existing law exempts the sale of food or beverages, up to \$50, sold by a town committee to an individual at a town fair, county fair, or similar mass gathering. The bill extends this exemption to local festivals.

**Personal Property.** The bill raises, from \$50 to \$100, the exemption for personal property donated to or purchased at a committee's fundraising affair.

**Slate Cards.** The bill changes the exemption for costs associated with preparing, displaying, or distributing slate cards, sample ballots, or other printed materials that list the names of three or more candidates. Specifically, it eliminates the exemption for PACs and individuals, but extends it to slate committees. It retains the exemption for party committees.

**Security Deposits.** Existing law establishes a contribution exemption for security deposits made by an individual for a committee's phone service, provided he or she receives a refund. The bill extends this exemption to cover security deposits to any utility company, such as an electric company.

**"House Parties."** The bill:

1. raises the exemption for costs associated with hosting a house party (i.e., cost of invitations, food, drinks, and using real and personal property);
2. creates exemptions for two or more people hosting a house party, provided at least one resides at the residence where the party is held;
3. extends the house party exemption to a community room in a person's residential facility; and
4. extends the exemption to house parties given on behalf of a slate committee or PAC.

The bill's exemption for an individual hosting a candidate party applies to a single event for one candidate during a primary or general election. Under current law, the exemption applies to one candidate during an election cycle.

The bill's exemption for an individual hosting an event for a party

committee, slate committee, or PAC applies to a single event for one committee during a calendar year or a single election, whichever applies. Under current law, the threshold applies to all party committees during a calendar year.

The bill’s exemption for two or more individuals hosting an event sets a threshold per event and a threshold for each of the two individuals (e.g., one person may host multiple events per year or election with different people.) Table 1 shows the exemptions.

**Table 1: Maximum Exemptions for House Parties**

<b>Recipient</b> ➔	<b>Individual Candidate</b>		<b>Party Committee</b>		<b>Slate Committees and PACs</b>	
	<b>Current Law</b>	<b>Bill</b>	<b>Current Law</b>	<b>Bill</b>	<b>Current Law</b>	<b>Bill</b>
Individual Acting Alone	\$200 per candidate per single election	\$400 per event, per candidate, per election or primary	\$400 for all party committees per calendar year	\$400 per event, per committee, per calendar year	N/A	\$400 per event, per committee, per single election or calendar year, whichever applies
Individual Acting as Part of Two or More <i>(see below)</i>	N/A	\$800 per candidate per single election	N/A	\$800 per committee per calendar year	N/A	\$800 per committee per single election or calendar year, whichever applies
Event hosted by Two or More People <i>(at least one lives on the premises)</i>	N/A	\$800 per event	N/A	\$800 per event	N/A	\$800 per event

N/A means not applicable.

**Joint Checking Accounts.** By law, campaign treasurers must equally divide campaign contributions from joint checking account holders who co-sign the check. The bill creates an exception to the law by allowing the account holders to submit a written statement indicating how they want the contribution attributed. Presumably,

they submit the statement with the check.

***Anonymous Contributions.*** The bill changes the procedure for handling anonymous contributions by requiring campaign treasurers to remit those of any amount to the SEEC for deposit in the General Fund. Under current law, treasurers must remit anonymous contributions of more than \$15 to the state treasurer, who then deposits them in the General Fund.

### **§ 290 — Reporting Organization Expenditures**

By law, organization expenditures are made by legislative caucus, legislative leadership, or party committees for the benefit of candidates or their committees. They are not considered campaign contributions.

The law requires each campaign finance statement that a legislative caucus, legislative leadership, or party committee treasurer files to include an itemized accounting of organization expenditures made to benefit participating legislative candidates. The bill expands this requirement to also include organization expenditures made to benefit (1) nonparticipating legislative candidates and (2) all statewide office candidates.

Existing law, unchanged by the bill, requires a committee that makes an organization expenditure to notify the benefitting candidate committee. The bill eliminates the requirement that these notifications include the expenditure's amount and purpose. It also eliminates the requirement that the treasurer of the benefitting candidate committee file a statement with the SEEC listing the (1) committee that made the expenditure and (2) amount and purpose, if known.

Instead, the bill requires the SEEC to post a link on its website's homepage listing all organization expenditures reported by any legislative leadership, legislative caucus, or party committee. The list must include information on the committee making the expenditure, the committee receiving the expenditure, and the expenditure's date and purpose.

### **§§ 287 & 289 - 290 — Campaign Finance Statements**

By law, the following committees and individuals must file periodic campaign finance statements with the SEEC: (1) candidate committees for statewide, legislative, and probate judge candidates; (2) party committees; (3) individual lobbyists; and (4) PACs, other than those formed to aid or promote the success or defeat of a municipal referendum or municipal office candidates.

**Required Information.** The bill eliminates a requirement for candidate committees, PACs, and party committees to include in their periodic campaign finance statements:

1. the total amount and denomination of money received from anonymous contributors;
2. the names of people who purchase items totaling \$100 or less at a fundraiser or food at a town fair, county fair, or similar gathering;
3. the names of people who donate food or beverages for a meeting; or
4. costs associated with permissible de minimis activities.

The bill specifies that treasurers need not retain receipts related to de minimis activities. It requires these committees to include in their statements:

1. whether a person contributing over \$400 in the aggregate to a slate committee financing a candidate for chief executive officer of a town, city, or borough has, or is associated with, a business that has a contract valued at over \$5,000 with the town, city, or borough and
2. the name and address of any person or business that purchased ad space on a sign at a fundraiser and the aggregate amount.

**Duplicate Reporting.** The bill eliminates duplicate filing requirements for campaign finance statements. Specifically, it eliminates the requirement that (1) town committees file copies of

reports with the applicable town clerks since they also file with the SEEC and (2) slate committees for the office of justice of the peace file a duplicate report with the SEEC since they also file with the applicable town clerk. It eliminates a requirement that individual lobbyists file with the SEEC. By law, lobbyists must file periodic financial reports with the Office of State Ethics.

**Filing Exemption.** Under current law, candidates in a primary or general election must file periodic campaign finance reports, unless they are exempt. Certain candidates must additionally file supplemental campaign finance statements.

The bill eliminates this dual filing requirement by allowing a supplemental statement to satisfy the requirement for the periodic campaign finance statement due to the SEEC on the seventh day before a regular election (see *Excess Spending and Reporting* below).

**Covered Period.** The bill expands slightly the period that periodic campaign finance statements must cover. It maintains existing filing deadlines for submitting them. Under the bill, monthly statements must include information through 11:59 p.m. on the last day, rather than simply on the last day, of the month before the filing deadline. Statements required to be filed seven days before an election, primary, or referendum must include information through 11:59 p.m. on the second, rather than the seventh, day preceding the filing deadline.

**Timely Submission.** Under the bill, periodic campaign finance statements must be received by the SEEC by a specified time on the filing deadline to be considered timely, not just postmarked by the filing deadline. To be deemed timely, the SEEC must receive hard copies by 5 p.m. and electronic submissions by 11:59 p.m. on the filing deadline. Under the bill, "authorized electronic" methods include e-mail, fax, and SEEC-created web-based programs.

The bill specifies that grant applications, supplemental campaign finance statements, and independent expenditure reports are considered timely when they are filed according to the procedures under existing law.

**§ 290 — Certifying Contributions over \$50**

The law prohibits principals of state and prospective state contractors and their immediate family members from making contributions to (1) candidate and exploratory committees for statewide and legislative candidates, (2) PACs authorized to contribute to these candidates, and (3) party committees. It places a \$100 limit on contributions to these committees from communicator lobbyists and their family members.

Under current law, individuals who make such contributions that separately or in the aggregate exceed \$50 must certify that they are not a principal of a state or prospective state contractor. But they must also certify that they are not a communicator lobbyist or an immediate family member of one, even though the law permits these individuals to make contributions of up to \$100.

The bill changes this procedure by requiring individuals who make contributions exceeding \$50 to instead (1) provide their status as a communicator lobbyist, immediate family member of a communicator lobbyist, state or prospective state contractor, or such a contractor's principal and (2) certify that they are not prohibited from making a contribution to any of these candidates or committees. Under the bill, as under existing law, they must also provide the name of their employer.

The bill also requires the SEEC to amend the sample form upon which certifications are made to include an explanation of the terms "immediate family," "state contractor," and "prospective state contractor." The form already explains "communicator lobbyist" and "principal of a state contractor or principal of a prospective state contractor."

The bill requires treasurers to keep only one certification per contributor unless non-financial information changes. Treasurers who deposit a contribution based on a certification have a complete defense to any action taken against them concerning the contribution, including any investigation that the SEEC initiates or conducts based

on a complaint.

**§ 290 — Surplus Distributions and Post-Election Payments**

By law, candidate committees and political committees, other than ongoing PACs or exploratory committees, must spend or distribute surplus funds after (1) a primary if the candidate loses, (2) an election, or (3) a referendum.

The bill extends the deadline from January 31<sup>st</sup> to March 31<sup>st</sup> following an election or referendum held in November, unless a candidate uses the surplus to comply with a post-election audit by the SEEC. For these candidates, the bill extends the distribution deadline from (1) within 90, to within 120, days after (a) an election or referendum not held in November or (b) a primary resulting in a defeat or (2) January 31<sup>st</sup> to June 30<sup>th</sup> following an election or referendum held in November.

**“Thank You” Parties.** The bill authorizes participating candidates to host a meal after an unsuccessful primary or election to acknowledge committee workers’ efforts. The meal must be provided no later than 14 days after the primary or election, whichever is applicable. The cost for meals cannot exceed \$30 per worker.

**Treasurer Payment.** The bill authorizes participating candidates to use any remaining funds after an election or unsuccessful primary to make a payment of up to \$1,000 to their campaign treasurer for services rendered. By law, candidates may compensate without limitation (1) campaign and committee staff and (2) attorneys, accountants, consultants, or other professionals for services during a campaign. However, the SEEC has advised that participating candidates may not use campaign funds for bonus payments for campaign staff or volunteers on or after an election (pursuant to the SEEC’s “Post Election Fact Sheet – November 2010”).

**§ 291 — Exemption from Affidavit of Intent to Participate in the CEP**

By law, candidates who finance their campaigns entirely from personal funds or do not receive or spend over \$1,000 from other

sources are not required to form a candidate committee and must attest to their eligibility for this exemption in a sworn statement.

If these candidates do not intend to participate in the CEP, the bill exempts them from the requirement to file an affidavit certifying their intent to abide or not abide by the program's spending limits. Like other candidates who do not intend to participate, they are called "nonparticipating candidates."

### **§ 292 — CEP Qualifying Contributions (QCs)**

To participate in the CEP, candidates must qualify by raising a specified amount in small donations, known as QCs. The bill specifies that "individuals" include sole proprietorships, thus allowing them to give QCs. In addition, it prohibits contributions made by minors under age 12 from counting as QCs. By law, minors under age 18 can contribute a maximum of \$30 to (1) exploratory and candidate committees and (2) PACs and party committees in a calendar year.

### **§§ 293 - 294 — CEP Grant Applications**

By law, each candidate and campaign treasurer must sign the Citizens' Election Fund grant application. The application must include certain written certifications and a cumulative itemized accounting of all funds received, expenditures made, and expenses incurred but not yet paid. The bill requires the itemized accounting to cover campaign finances as of three days preceding the date when the application is actually filed, rather than three days before its filing deadline.

The bill also (1) establishes (a) the first Wednesday, rather than Thursday, in May as the earliest date when participating candidates may apply for a grant and (b) subsequent Wednesdays, rather than Thursdays, for later application submissions; (2) extends, from four to five business days and from four to 10 business days, the time that the SEEC has to review most applications from legislative candidates and statewide office candidates, respectively; and (3) specifies that the SEEC will not review general election grant applications it receives during the seven business days before the final primary application

deadline, until five or ten business days, as applicable, after the next application deadline.

**§ 295 — Excess Spending and Reporting**

The bill (1) revises the procedure for submitting supplemental campaign finance statements and for reporting excess expenditures, (2) deems candidates who submit supplemental campaign finance statements to have satisfied the campaign finance report filing requirement for seven days preceding a primary or election, and (3) requires supplemental statements to include the same information as periodic campaign finance statements (see Required Information, above).

**Supplemental Campaign Finance Statements.** Under current law, if a candidate in a primary or general election campaign with at least one participating candidate receives contributions, loans, or other funds, or makes or obligates to make an expenditure that in the aggregate exceeds 90% of the applicable spending limit for the primary or general election period, his or her campaign treasurer must file a supplemental campaign finance statement with the SEEC. Thereafter, the campaign treasurer for every candidate in the race must file periodic supplemental campaign finance statements according to a specified schedule.

The bill eliminates the 90% threshold. Instead it requires the campaign treasurer of each candidate in a primary or general election campaign with at least one participating candidate to file weekly supplemental campaign finance statements:

1. for a primary campaign, on the Thursday following the July filing date set by law, and every subsequent Thursday, including the one before the primary and
2. for a general election campaign, on the Thursday following the October filing date, and every subsequent Thursday, including the one before the election.

The bill eliminates the supplemental reporting requirement for

candidates who spend under \$1,000. Those who spend \$1,000 or more are subject to the requirement. The bill similarly eliminates the requirement for unopposed participating candidates, provided they file a supplemental statement on the last Thursday before a primary or general election, whichever applies.

Supplemental statements must cover the first day not included in the last statement through 11:59 p.m. on the second day preceding the filing deadline.

**Excess Expenditures.** Under current law, each campaign treasurer of a candidate in a primary or general election campaign with at least one participating candidate must file a declaration of excess receipts or expenditures when the candidate committee receives contributions, loans, or other funds, or makes or obligates to make an expenditure that in the aggregate exceeds 100% of the applicable spending limit. The treasurer must do the same if the candidate has receipts or expenditures that in the aggregate exceed 125%, 150%, or 175% of the applicable spending limit for the primary or general election.

The bill eliminates the excess expenditure reporting requirement for nonparticipating candidates. For participating candidates, the bill (1) bases reporting on their expenditures only and (2) eliminates filings at the 125%, 150%, and 175% thresholds.

The reporting schedule remains as under existing law. A candidate who exceeds the applicable threshold must file the declaration of excess expenditures with the commission within 48 hours; one who exceeds the applicable threshold 20 or fewer days before the primary or election, must file the declaration within 24 hours.

The bill specifies that declarations of excess expenditures must cover the following period: the first day not included in the last statement through 11:59 p.m. on the first day preceding the filing deadline.

#### **§§ 299 – 301 — SEEC**

**Commission Members.** The bill reduces the term of SEEC

members appointed on or after July 1, 2011, from five to three years. As of the same date, it prohibits members from serving consecutive terms, except sitting members may serve until their successor is appointed and qualifies.

**Complaints and Preliminary Investigations.** Unless the campaign treasurer, deputy treasurer, chairperson, or candidate affiliated with a committee that is the subject of a complaint or preliminary investigation by the SEEC requests otherwise, the bill requires the commission to keep information concerning the complaint or investigation confidential until it determines that a full investigation is necessary.

**Audits.** The bill prohibits the SEEC from auditing more than 50% of legislative candidate committees after an election or primary. It requires the SEEC to (1) randomly select by lottery the legislative candidate committees that it will audit, (2) audit all statewide office candidate committees, and (3) notify those committees of the audit no later than May 31 following the election for the office sought.

### **Background — Political Committees**

By law, “political committee” means (1) a committee organized by a business entity or labor union; (2) people other than individuals, or two or more individuals organized or, acting jointly, conducting their activities in- or out-of- state; (3) an exploratory committee; (4) a committee established by or on behalf of a slate of candidates in a primary for the office of justice of the peace; (5) a legislative caucus committee; or (6) a legislative leadership committee.

### **§ 305 — PLACING CHILD UNDER AGE 6 OR SIBLING GROUP IN GROUP HOME**

The bill repeals a provision of SB 1240, passed by the Senate and House, generally prohibiting the Department of Children and Families commissioner from placing any child under age 6, or any sibling group including a child under that age, in a child caring facility (group home).

EFFECTIVE DATE: July 1, 2011

**§ 306 — MINOR CHANGE**

§ 38 of SB 1240 appeared to reinstate a long-defunct assessment on domestic telephone companies, which were required to pay the assessment to fund telecommunication devices for people who were deaf or hearing impaired. The bill repeals the entire section of law, thus it removes any requirement that the companies pay the assessment. It also removes obsolete language.

EFFECTIVE DATE: July 1, 2011