
OLR Bill Analysis

SB 1301

Emergency Certification

***AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM
ENDING JUNE 30, 2013.***

**§ 1 — CHANGES IN PREVIOUSLY ADOPTED GENERAL FUND
APPROPRIATIONS**

The bill revises required reductions in total General Fund appropriations for FYs 12 and 13 adopted in PA 11-61 as shown below.

CURRENT (PA 11-61 § 67)			THE BILL		
	2011-12	2012-13		2011-12	2012-13
Labor Management Savings - Legislative	-\$4,586,734	-\$6,671,872	Budget savings and employee reduction lapse - Legislative	-\$9,000,000	-\$13,000,000
Labor Management Savings - Executive	-625,947,354	-806,963,225	Budget savings and employee reduction lapse - Executive	-543,777,737	-724,632,425
Labor Management Savings - Judicial	-27,670,929	-30,622,622	Budget savings and employee reduction lapse - Judicial	-43,205,632	-42,961,413

It also increases net General Fund appropriations adopted in PA 11-61 by \$62,221,648 for FY 12 and \$63,663,881 for FY 13.

EFFECTIVE DATE: Upon passage

**§ 2 — CHANGES IN PREVIOUSLY ADOPTED SPECIAL
TRANSPORTATION FUND APPROPRIATIONS**

The bill increases required reductions in total Special Transportation Fund appropriations for FYs 12 and 13 adopted in PA 11-61 as shown below.

CURRENT (PA 11-61 § 68)			THE BILL		
	2011-12	2012-13		2011-12	2012-13
Labor Management Savings	-\$42,536,383	-\$56,949,138	Budget savings and employee reduction	-\$104,758,031	-\$120,613,019

It also reduces net Special Transportation Fund appropriations adopted in PA 11-61 by \$62,221,648 for FY 12 and \$63,663,881 for FY 13.

EFFECTIVE DATE: Upon passage

§§ 3 & 4 — EARNED INCOME TAX CREDIT

PA 11-6 gives Connecticut residents who qualify for, and claim, the federal earned income tax credit (EITC) a refundable credit against their state income tax liability for the same year. The bill reduces the state EITC from 30% to 25% of the federal credit. It makes the same reduction in the credit percentage for couples eligible for the state EITC who file joint federal returns but have to file separate state returns for the same tax year.

EFFECTIVE DATE: Upon passage and applicable to tax years starting on or after January 1, 2011.

§ 5 — GOVERNOR'S AUTHORITY TO TRANSFER FUNDS BETWEEN AGENCIES

The law requires the governor, with Finance Advisory Committee (FAC) approval, to transfer appropriations between agencies to implement legislation transferring powers, functions, or duties from one department, institution, or agency to another. Between July 1 and September 30, 2011, the bill expands the governor's authority in this regard to also allow him, with FAC approval, to transfer appropriations between agencies as a result of any reorganization necessitated by reductions in the number of employees or by rescissions in appropriation allotments.

EFFECTIVE DATE: Upon passage

§ 6 — GOVERNOR’S RESCISSION AUTHORITY

The bill gives the governor temporary authority to make deeper-than-normal rescissions in FY 12 and FY 13 budget appropriations, including those for most types of municipal aid, between July 1 and September 30, 2011.

An existing law allows the governor to unilaterally rescind up to 3% of the total appropriations from any fund or 5% of any appropriation if he determines that (1) circumstances have changed since the budget was adopted or (2) there are not enough estimated resources to fund all appropriations. For FY 12 and FY 13 appropriations, the bill allows the governor, between July 1 and September 30, 2011, to rescind up to 10% of the total appropriations from any fund or 10% of any appropriation.

Under the law, the governor cannot rescind appropriations for municipal aid without legislative approval. Between July 1 and September 30, 2011, the bill allows him to reduce FY 12 and FY 13 appropriations for any municipal aid other than Education Cost Sharing (ECS) grants by up to 2% on a pro rata basis.

The bill’s provisions do not apply in time of war, invasion, or a natural disaster emergency. Thus, under these circumstances, the existing law applies which specifically provides that the governor’s rescission authority is not limited in time of war, invasion, or a natural disaster emergency.

To make the enhanced rescissions under the bill, the governor must determine that (1) there is either a fiscal exigency related to the budget or there are not enough estimated resources to fund all appropriations and (2) his statutory rescission authority will not be enough to deal with the exigency or shortfall.

As under the statute, before making the authorized reductions, the governor must file a report with the Appropriations and Finance, Revenue and Bonding committees that describes the fiscal exigency or the basis for his determination that resources will be insufficient to

fund full appropriations.

EFFECTIVE DATE: Upon passage

§ 7 — GOVERNOR’S AUTHORITY TO TRANSFER OR REVISE AGENCY APPROPRIATIONS

Transfers

Between July 1 and September 30, 2011, the bill gives the governor additional authority to transfer funds between specific appropriations within a budgeted agency without FAC approval. It increases the maximum amount he may transfer on his own authority from the lesser of \$50,000 or 10% of any specific appropriation in any one year, to the greater \$250,000 or 10% of any specific appropriation in a single year. As under the existing statute, the governor may make such transfers only at the agency’s request and when the appropriation to which the funds are transferred is insufficient to pay expenses required by law.

As required by the statute, the bill requires the governor to notify the Appropriations Committee, through the Office of Fiscal Analysis, of any transfers.

Revisions

Between July 1 and September 30, 2011, the bill also expands governor’s authority to, with FAC approval, revise appropriations. By law, the governor can revise appropriations when legislation or management studies modify a budgeted agency’s work, procedures, or organization. The bill temporarily allows him to also make revisions when employee reductions necessitate such modifications. The statute allows the OPM secretary to submit, and the governor, with FAC approval, to adopt recommendations to increase or decrease the number of the agency’s appropriations functions and their amounts. The bill also allows the secretary to submit and the governor, with FAC approval, to adopt recommendations for increases and decreases in work locations and authorized position counts.

As under the statute, appropriation revisions approved by the governor under the bill cannot exceed the agency's total original appropriation.

EFFECTIVE DATE: Upon passage

§ 8 — IMPLEMENTATION OF EXPENDITURE REDUCTIONS

For FY 12 and 13, the bill requires authorities in the three branches of government to implement the budget savings and employee reductions the bill requires for FY 12 and FY 13. The authorities are:

1. the OPM secretary, on the governor's approval, for the executive branch;
2. the Legislative Management Committee for the legislative branch; and
3. the chief court administrator, on the chief justice's approval, and the chief public defender for the judicial branch and the Public Defenders Services Division, respectively. The bill bars any reduction in expenditures for the Court Support Services Division that eliminates or significantly diminishes any of its programs or services.

For FY 12 and FY 13, the bill overrides statutory requirements that appropriations for higher education constituent unit operating funds not lapse at the end of each fiscal year. For the two fiscal years, it allows OPM to reduce appropriations in accordance with any unallocated lapse amounts from the higher education constituent units and credits any such reductions to the General Fund

EFFECTIVE DATE: Upon passage

§ 9 — TRANSFER FROM GENERAL FUND TO SPECIAL TRANSPORTATION FUND

For FY 12, the bill reduces the required revenue transfer from the General Fund to the Special Transportation Fund from \$81.55 million to \$41 million.

EFFECTIVE DATE: July 1, 2011

§ 10 — DEBT SERVICE CARRY FORWARD

The bill carries forward to FY 12 and FY 13 up to \$23,266,835 of the unspent balance of funds appropriated for debt service in FY 11. Of that amount, it makes \$21,371,068 and \$1,895,767 available for debt service in FY 12 and FY 13, respectively.

EFFECTIVE DATE: July 1, 2011

§ 11 — GENERAL ASSEMBLY APPROVAL OF SEBAC DELAYED

PA 11-61 established a method for the General Assembly to approve the tentative contract signed by SEBAC and the state on May 27, 2011. This bill eliminates the references to the specific SEBAC agreement signed on that date and instead refers to an agreement with SEBAC. The bill extends the deadline, from June 30 to August 31, for the General Assembly to approve a SEBAC contract while keeping the same procedural steps for the approval. SEBAC is a coalition that represents 15 state employee unions that includes 34 local bargaining units representing roughly 85% of all state employees.

Under the bill, the General Assembly may call itself into special session for the purpose of approving a SEBAC contract no later than five calendar days after a contract is filed with the Senate and House clerks, or by August 31, 2011, whichever is first. Under the bill and the act, if the General Assembly does not call itself into session within five days of the contract being filed with the clerks of each house the agreement is deemed approved by the General Assembly.

Applying Terms Comparable to SEBAC to Nonunionized State Employees

PA 11-61 required the Administrative Services commissioner and the Office of Policy and Management (OPM) secretary, once the General Assembly approves the contract or it is deemed approved, to apply terms comparable to the SEBAC contract to all nonunion classified and unclassified officers and state employees. The bill gives OPM, the chief court administrator, and the legislative management

executive director until September 30, rather than June 30, to submit plans to the Appropriations Committee detailing how the terms of the SEBAC contract will apply to nonunion classified and unclassified officers and employees in the executive branch, judicial branch, and legislative management, respectively.

Longevity Pay for Executive Branch and Higher Education Employees

PA 11-61 required the executive branch and Board of Regents of Higher Education, by August 1, 2011, to implement changes to longevity pay for nonunion classified and unclassified officers and employees that are comparable to the longevity pay provisions of the SEBAC contract. This bill extends the deadline to implement these changes to October 1, 2011.

Under the SEBAC agreement, longevity payments (1) will be frozen for the two years of service in upcoming budget biennium and those years will not count as service for longevity purposes, (2) new employees hired after July 1, 2011 will not be eligible for longevity in the future, and (3) union employees with capped longevity will not receive their October, 2011 payment and those with uncapped longevity will lose an amount equal to that lost by those with capped longevity and the procedure for doing this is yet to be determined.

Wages and Longevity Pay for Judicial and Legislative Branch Employees

PA 11-61 required the judicial and legislative branches, by August 1, 2011, to consider and implement changes to longevity pay and wages for officers and employees of the judicial and legislative branches that are comparable to the longevity pay and wage provisions of the SEBAC contract. This bill extends the deadline to implement these changes to October 1, 2011.

In addition to SEBAC freezing longevity for two years, it includes a two-year wage freeze followed by wage increases of 3% for each of the following three years (plus other possible increase in union contracts).

PA 11-61 and the bill specify that nothing regarding the judicial branch wage provisions apply to officers or employees whose wages are set in statute. Judges, family support magistrates, workers' compensation commissioners, and others' wages are set in statute.

EFFECTIVE DATE: Upon passage

§§ 12 & 16 — EFFECTIVE DATE OF CHANGES TO JUDGES RETIREMENT

The bill provides that the changes to the judicial retirement system by PA 11-61 take effect upon the General Assembly's approval of an agreement with SEBAC under the deadline and procedures stated in the bill. It also repeals those changes to the judicial retirement system if an agreement between SEBAC and the state is not approved by the General Assembly under the bill's deadline and procedures.

EFFECTIVE DATE: Upon passage, with the repeal provision effective September 1, 2011

§ 13 — LEGISLATIVE ACTION ON PROPOSED EXECUTIVE BRANCH SPENDING REDUCTIONS

By July 15, 2011, the bill requires the governor to submit to the House speaker and Senate president pro tempore a detailed plan of the executive branch spending reductions he intends to implement under the expanded gubernatorial powers granted by the bill. The leaders can refer the plan or any provision of it to the Appropriations Committee. The committee may hold a public hearing on it and, by August 10, 2011, submit its findings to the leaders.

The bill allows the General Assembly to call itself into special session and, by August 31, 2011, reject any provisions of the governor's plan by a majority vote of each house. If it does so, the General Assembly must, also by August 31, 2011, adopt legislation to adjust state spending for the 2012-2013 biennium to equal the spending modifications or reductions proposed in the rejected provisions.

If the General Assembly rejects any provision of his plan, the bill bars the governor from using the additional authority granted in the

bill to implement the proposed reduction.

EFFECTIVE DATE: Upon passage

§ 14 – REPEALING BUDGET PROVISIONS OF THIS BILL IF SEBAC IS APPROVED

If the General Assembly approves a SEBAC agreement, the following sections of this bill are repealed on the date it is approved:

1. changes in previously adopted General Fund appropriations (§ 1),
2. changes in previously adopted special transportation fund appropriations (§ 2),
3. governor's authority to transfer funds between agencies (§ 5),
4. governor's rescission authority (§ 6),
5. governor's authority to transfer or revise agency appropriations (§ 7),
6. implementation of expenditure reductions (§ 8),
7. debt service carry forward (§ 10), and
8. requirement that the governor report to the legislative leaders by July 15, 2011 regarding rescissions and reductions and steps the legislature can take, including rejecting rescissions or reductions and proposing new legislation (§ 13).

Also the following budgetary changes in the bill become ineffective upon the date a SEBAC agreement is approved:

1. changes to the earned income tax credit (§§ 3 & 4), and
2. transfer from general fund to special transportation fund (§ 9).

EFFECTIVE DATE: Upon passage

§ 15 — REPEALING BUDGET PROVISION REGARDING SEBAC

The bill repeals the section of PA 11-6 (the budget act) that addresses steps the governor, General Assembly, and OPM were to take in two different scenarios: (1) the SEBAC agreement is reached and approved and (2) the SEBAC agreement is not reached.

EFFECTIVE DATE: Upon passage