

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 12-104—HB 5557
Emergency Certification

**AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES FOR
THE FISCAL YEAR ENDING JUNE 30, 2013**

SUMMARY:

This act modifies appropriations for FY 13 in seven appropriated funds. The previous appropriations were adopted in 2011 as part of the 2012-13 biennial state budget. Among other things, it:

1. increases net General Fund appropriations for FY 13 by \$187.5 million;
2. transfers a total of \$101.1 million among FY 12 appropriations to cover deficiencies;
3. appropriates money for a 1% funding increase for private entities that contract to provide services for various state agencies;
4. allocates \$2 million to low-income energy assistance from funds collected through an existing charge on electric bills;
5. prohibits fare increases in 2013 for buses or paratransit services for the disabled;
6. for FY 13, redirects \$222.4 million saved from the FY 11 General Fund surplus to the Budget Reserve Fund (BRF) instead of to debt retirement; and
7. allocates \$15 million from the BRF to General Fund revenue for FY 13 to implement any change in the Indian gaming compact.

The act also makes a technical change (§ 25).

EFFECTIVE DATE: July 1, 2012, except for (1) the 1% rate increase for Department of Children and Families (DCF)-licensed facilities, which takes effect January 1, 2013, and (2) the following provisions, which take effect on passage:

1. changes in manufacturing transition grants (§ 10),
2. carry forward funding for the (a) Criminal Justice Information System (§ 24) and (b) Voluntary Regional Consolidation Bonus Pool (§ 36),
3. grants to various entities from the Probate Court Administration Fund surplus (§ 17),
4. the temporary ban on bus and paratransit fare increases (§ 18),
5. the temporary reduction in the state's contribution toward premiums for retired teachers' health insurance offered by the Teachers' Retirement Board (§ 21),
6. redirection of funds reserved from the FY 11 General Fund surplus to the BRF and from the BRF to General Fund revenue for FY 13 (§§ 28 & 29),
7. changes in FY 12 appropriations (§§ 31 & 32),
8. a requirement that an unspent appropriation for collective bargaining agreements carried forward from FY 09 lapse at the end of FY 12 (§ 33),

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- and
 9. the technical change (§ 25).

§§ 1-7 — FY 13 APPROPRIATION ADJUSTMENTS

The act modifies FY 13 appropriations for state agency operations and programs in seven of the state’s 10 appropriated funds as shown in Table 1.

Table 1: Changes in FY 13 Net Appropriations, by Fund

§	Fund	FY 13 Net Appropriation		
		Prior Law	The Act	Increase/ (Reduction)
1	General Fund	\$18,952,488,239	\$19,140,013,620	\$187,525,381
2	Special Transportation Fund	1,277,832,928	1,232,670,120	(45,162,808)
3	Soldiers', Sailors' and Marines' Fund	3,051,536	3,039,412	(12,124)
4	Banking Fund	26,113,149	25,542,055	(571,094)
5	Insurance Fund	26,131,750	28,740,096	2,608,346
6	Consumer Counsel and Public Utility Control Fund	25,986,745	25,351,390	(635,355)
7	Workers' Compensation Fund	22,037,360	21,332,611	(704,749)

§§ 8 & 27 – RATE INCREASE FOR PRIVATE PROVIDERS

Rate Increase for DCF-Licensed Private Residential Facilities (§ 8)

The act increases allowable per diem and other rates by 1% for private residential treatment centers licensed by DCF, effective January 1, 2013. To implement the increase, it overrides the single cost accounting system used by the DCF and education commissioners to determine reasonable expenses for room, board, and education at DCF-licensed private residential treatment facilities.

Cost of Living Increase for Private Providers (§ 27)

The act also requires the departments of Developmental Services, Mental Health and Addiction Services, Children and Families, Social Services, Public Health, and Correction and the Judicial Department to provide a 1% cost-of-living adjustment to the private providers with whom they contract for services. The additional funds must be used to increase provider or subcontractor employees’ wages and benefits, unless a provider applies for, and the Office of Policy and Management (OPM) secretary approves, an exception for good cause. The increase is effective January 1, 2013.

§ 9 – SCHOOL READINESS ALLOCATION FROM PRIORITY SCHOOL DISTRICT GRANT

The act increases FY 13 funding from the priority school district grant for school readiness by \$5.8 million, from \$69.8 million to \$75.6 million.

§ 10 – MANUFACTURING TRANSITION GRANT CHANGES

By law, the OPM secretary must provide municipalities with manufacturing transition grants equal to the amount each received in FY 11 as a payment in lieu

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of taxes (PILOT) reimbursement for revenue losses from required property tax exemptions for eligible commercial vehicles and manufacturing machinery and equipment. PA 11-61 eliminated these PILOTs for assessment years starting on or after October 1, 2011.

The act corrects a grant calculation error in Franklin’s manufacturing transition grant, reducing it by \$395,228, from \$413,545 to \$18,317. It makes a corresponding reduction, from \$50.3 million to \$49.9 million, in aggregate grants for all municipalities.

The act also gives additional one-time grants of \$39,411 to Ledyard and \$62,954 to Montville. The payments must be made by August 15, 2012.

§§ 11, 12, 14, 15, 22, 24, 26, 30, 35, & 36 - FUNDS CARRIED FORWARD

The act carries forward funds from FY 12 to FY 13 for the purposes shown in Table 2.

Table 2: Funds Carried Forward to FY 13

FROM FY 12		TO FY 13		Amount
Agency	For	Agency	For	
Office of Financial & Academic Affairs for Higher Education	Other Expenses – Develop a strategic master plan for higher education in CT	Legislative Management	<ul style="list-style-type: none"> • \$28,854 for the CT Academy of Science and Engineering (CASE) study to evaluate the effectiveness of state programs to provide a skilled workforce • Balance to Other Expenses to develop a strategic master plan for higher education in Connecticut 	Unspent balance
Legislative Management	Other Expenses - CASE	CASE	A study to evaluate the effectiveness of state programs to provide a skilled workforce	\$52,050
Commission on Human Rights & Opportunities	Other Expenses – Disparity study	Legislative Management	CASE disparity study	500,000
Economic and Community Development (DECD)	Main Street Initiatives	DECD	Grant to the West Indian Foundation, Inc. for the Hartford West Indian Parade	20,000
Motor Vehicles (DMV)	Equipment	DMV	Other Expenses – Organ and tissue donation awareness	50,000
Legislative Management	Personal Services	Legislative Management	Same	270,000
Legislative Management	Other Expenses	Legislative Management	Same	158,000
OPM	Connecticut Impaired Driving Records Information System	OPM	Criminal Justice Information System	Unspent balance
DMV	Personal services	DMV	Supporting staff cost related to information technology upgrades	350,000
Labor	Workforce Investment Act	Labor	Personal services	2,000,000
Education (SDE)	Magnet schools	SDE	Talent development	4,000,000
OPM	Regional planning agencies – Voluntary Regional Consolidation Bonus Pool	OPM	Same	Unspent balance

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§ 13 – ENERGY ASSISTANCE

For FY 13, the act transfers \$2 million of the funds collected through the systems benefit charge (SBC) on electric utility customers to the Department of Energy and Environmental Protection to provide energy assistance through Operation Fuel. By law, the SBC covers the cost of implementing various public policies affecting electric companies. Its primary uses are paying electric company costs associated with hardship customers and for a program that matches payments made by customers with arrearages that further reduce the amount they owe.

§ 16 – YOUTH VIOLENCE INITIATIVE GRANTS

The act appropriates \$750,000 for FY 13 to the Judicial Department for Youth Violence Initiative grants. It requires the grants for Bridgeport, Hartford, and New Haven to be used to plan and implement programs to reduce violence among young people in those cities. Funded programs must use principles of other youth development programs, the settlement house model, and other evidence-based models that reduce gang affiliation and youth violence. Each municipality must match 25% of the grant, with a maximum of 10% allowed to be in the form of in-kind services. Municipal legislative bodies must approve grant distributions.

§ 17 - PROBATE COURT ADMINISTRATION FUND SURPLUS

The act increases, by \$2.3 million, the amount of surplus funds that must be transferred from the Probate Court Administration Fund on June 30, 2012 to various agencies for specified purposes instead of to the General Fund. It distributes the additional funds as shown in Table 3.

Table 3: Transfers from Probate Court Administration Fund Surplus

<i>Agency</i>	<i>For</i>	<i>Amount</i>
Judicial	Children of Incarcerated Parents - Grant to the Greater Hartford Male Youth Leadership Program. Director must report to the Judicial Department on the director's expenses and programs for FY 12.	\$100,000
Judicial	Forensic Sex Evidence Exams	300,000
Judicial	Other Expenses – Grant to the Justice Education Center, Inc. for the ECHO Program	250,000
DCF	Other Expenses – Grant to African Caribbean American Parents of Children with Disabilities, Inc.	50,000
SDE	Neighborhood Youth Centers – Grant to Arte, Inc. in New Haven	25,000
DECD	Other Expenses – Grant to Norwich for the Norwich Freedom Bell	100,000
SDE	Other Expenses – Grant to Boys and Girls Club of Southeastern Connecticut	75,000
Energy & Environmental Protection	Other Expenses – Grant to Connecticut Greenways Council	65,000
DECD	Other Expenses – Grant to Nutmeg State Games	15,000
Judicial	Other Expenses – Grant to Justice Policy Division, Institute for Municipal and Regional Policy	100,000
SDE	Other Expenses – Grants for technology improvements or initiatives in education reform districts	500,000
SDE	Neighborhood Youth Centers – Grant to Neighborhood Music School in New Haven to provide scholarships	50,000
Social Services (DSS)	Other Expenses – Grant to Perlas Hispanas Center, New Britain	25,000
Judicial	Children of Incarcerated Parents - Grant to Connecticut Pardon Team, Inc.	35,000

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DCF	Other Expenses – Grant to the Saint Joseph Parenting Center, Stamford	20,000
DSS	Community Services for the John S. Martinez Fatherhood Initiative	250,000
SDE	Regional Vocational-Technical System – Grant to Prince Tech, Hartford, for an adult education training program in carpentry, manufacturing, and information systems	125,000
Public Health	Other Expenses – Grant to Yale University to study pediatric autoimmune neuropsychiatric disorder associated with streptococcal infections	36,000
DECD	Other Expenses – Grant to the Windsor Arts Center in Windsor	150,000

§ 18 – BUS AND PARATRANSIT FARES

The act bars the transportation commissioner from increasing fares for buses or Americans with Disabilities Act (ADA) paratransit services between January 1 and December 31, 2013.

§ 19 – SECURITIES FEE REVENUE

By law, before selling or offering to sell securities in Connecticut, a broker-dealer must (1) register the security with the Banking Department; (2) get an exemption from the registration requirement from the department; or (3) if the security is required to be registered under federal law, file a notice with the department. Starting with FY 13, the act requires the department to deposit the filing fees it collects for such registrations, exemptions, and notices in the General Fund instead of the Banking Fund.

§ 20 – TRANSFER TO SPECIAL TRANSPORTATION FUND

The act reduces the required funds transfer from the General Fund to the Special Transportation Fund for FY 13 by \$70.1 million, from \$172.8 million to \$102.7 million.

§ 21 – HEALTH INSURANCE FOR RETIRED TEACHERS PARTICIPATING IN MEDICARE

By law, the Teachers' Retirement Board (TRB) must offer one or more health plans to retired teachers and their spouses or surviving spouses, if they are participating in Medicare. Annual premiums for the basic TRB plan are split equally among (1) the General Fund, (2) the retired teacher, and (3) the retired teachers' health insurance premium account, which is funded by active teachers, who contribute 1.25% of their salaries to it.

For FY 13, this act reduces the premium share payable by the General Fund to the amount it appropriates for this purpose, which is 25% of the cost of the basic plan's premium. To compensate for the reduction in the state's payment, the act increases the share paid by the retired teachers' health insurance premium account to 42%. The retired teacher's share remains unchanged at one-third.

§ 23 – JUDICIAL DEPARTMENT OFFENDER TRACKING SYSTEM

The act requires the chief court administrator to use money from the Judicial Data Processing Revolving Fund to pay for updating the Judicial Department's

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data processing system to allow for tracking offenders who receive “certificates of relief” from Superior Court judges. These certificates appear to be similar to the provisional pardons granted by the Board of Pardons and Paroles in that they would remove certain barriers to employment or obtaining a credential (such as an occupational license) resulting from a criminal conviction. However, no legislation allowing Superior Court judges to issue the certificates has been enacted.

The Judicial Data Processing Revolving Fund is a separate fund operated by the Judicial Department. It is dedicated to maintaining and improving the combined motor vehicle, criminal, and civil informational systems on pending and disposed cases.

§ 28 – REALLOCATION OF FY 11 GENERAL FUND SURPLUS

By law, if the comptroller determines there is an unappropriated General Fund surplus at the end of any fiscal year from FY 10 through FY 17, the surplus funds must first be used to redeem any outstanding economic recovery notes (ERNs) before they mature. The ERNs were issued to cover the state’s General Fund deficit for FY 09. The act overrides this requirement to instead allocate \$222.4 million reserved from the FY 11 surplus to the Budget Reserve Fund (BRF).

§ 29 – TRANSFER FROM BUDGET RESERVE FUND TO GENERAL FUND

The act requires the state treasurer, at the OPM secretary’s request, to transfer up to \$15 million from the BRF to the General Fund as FY 13 revenue. It thus overrides a statute requiring that BRF funds be used only to cover General Fund deficits. Under the act, the money must be used to implement any agreement regarding the state’s Indian gaming compact.

§§ 31 & 32 – ADJUSTMENTS IN FY 12 GENERAL FUND APPROPRIATIONS

The act appropriates a total of \$101.1 million in additional funds to cover deficiencies in specified General Fund appropriations for FY 12. It offsets these increased appropriations by reducing other FY 12 appropriations by the same aggregate amount as shown in Table 4.

Table 4: Adjustments in FY 12 Appropriations

<i>Agency</i>	<i>For</i>	<i>Increase/(Reduction) in millions</i>
Teachers' Retirement Board	Retirees Health Service Cost	\$2.6
Department of Social Services	Medicaid	93.2
State Comptroller - Miscellaneous	Adjudicated Claims	5.3
Department of Mental Health and Addiction Services	Personal Services	(31.0)
	General Assistance Managed Care	(13.0)
Department of Children and Families	Personal Services	(34.0)
	Differential Response System	(1.1)
	Board and Care for Children - Foster	(8.0)
	Board and Care for Children - Residential	(14.0)

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§ 33 – UNSPENT BALANCE OF FY 09 APPROPRIATION FOR COLLECTIVE BARGAINING AGREEMENTS

The act allows the unspent balance of funds appropriated for FY 09 for collective bargaining agreements and related costs and carried forward since, to lapse at the end of FY 12. The original 2012-13 biennial budget carried the unspent balance forward to FY 13 for the same purpose. As in the original budget, the OPM secretary must determine the amount of the unspent balance for each year.

§ 34 – UNALLOCATED SPENDING REDUCTIONS

The act requires the OPM secretary to recommend aggregate spending reductions of \$14.2 million for FY 13. The reductions do not apply to the higher education constituent units.

OLR Tracking: JSL:TA:PF:eh