

# OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200  
Hartford, CT 06106 ◊ (860) 240-0200  
<http://www.cga.ct.gov/ofa>

SB-369

AN ACT CONCERNING JOB DEVELOPMENT AND TRAINING  
OPPORTUNITIES.

AMENDMENT

LCO No.: 5577

File Copy No.: 519

Senate Calendar No.: 323

## ***OFA Fiscal Note***

### ***See Fiscal Note Details***

Revisions to the enacted FY 19 budget in this amendment provide for an operating surplus of \$1.6 million in the General Fund and \$1.9 million across the General Fund and Special Transportation Fund.

#### **Revised FY 19 Balance**

<b>Fund</b>	<b>Revenue \$</b>	<b>Appropriations \$</b>	<b>Surplus/ (Deficit) \$</b>
General Fund	18,979.7	18,978.1	1.6
Special Transportation Fund	1,646.5	1,646.3	0.2
<b>TOTAL</b>	<b>20,418.7</b>	<b>20,624.4</b>	<b>1.9</b>

The amendment revises appropriations in the General Fund and the Special Transportation Fund. Appropriations for all appropriated funds total \$20.8 billion in FY 19 as summarized in the table below.

#### **Revised FY 19 Appropriations**

<b>Fund</b>	<b>Original Appropriation FY 19</b>	<b>Governor Revised FY 19</b>	<b>Revised Appropriation FY 19</b>	<b>Revised - Governor</b>	<b>Revised-Original</b>
General Fund	19,885,371,203	18,870,506,700	18,992,610,378	122,103,678	(892,760,825)

Primary Analyst: RJW  
Contributing Analyst(s):

5/7/18  
(FN)

Fund	Original Appropriation FY 19	Governor Revised FY 19	Revised Appropriation FY 19	Revised - Governor	Revised- Original
Special Transportation Fund	1,640,068,939	1,631,817,521	1,658,282,343	26,464,822	18,213,404
Banking Fund	27,386,848	27,756,956	27,386,848	(370,108)	-
Insurance Fund	95,035,932	91,566,573	95,035,932	3,469,359	-
Consumer Counsel and Public Utility Control Fund	25,571,954	25,664,830	25,571,954	(92,876)	-
Workers' Compensation Fund	24,940,502	26,113,195	24,940,502	(1,172,693)	-
Mashantucket Pequot and Mohegan Fund	49,942,796	49,692,232	49,942,796	250,564	-
Regional Market Operation Fund	1,067,306	1,067,306	1,067,306	-	-
Criminal Injuries Compensation Fund	2,934,088	2,934,088	2,934,088	-	-
Passport to the Parks Fund	-	11,837,325	-	(11,837,325)	-
Tourism Fund	12,644,988	16,282,076	12,644,988	(3,637,088)	-
<b>Total Gross Appropriations</b>	<b>21,764,964,556</b>	<b>20,755,238,802</b>	<b>20,890,417,135</b>	<b>135,178,333</b>	<b>(874,547,421)</b>
<b>General Fund Lapses</b>					
Unallocated Lapse	(51,765,570)	(9,515,570)	(9,515,570)	-	42,250,000
Unallocated Lapse - Legislative	(1,000,000)	-	-	-	1,000,000
Unallocated Lapse - Judicial	(8,000,000)	(5,000,000)	(5,000,000)	-	3,000,000
Statewide Hiring Reduction - Executive	(7,000,000)	-	-	-	7,000,000
Targeted Savings	(150,878,179)	-	-	-	150,878,179
Achieve Labor Concessions	(867,600,000)	-	-	-	867,600,000
Municipal Aid Savings	(8,500,000)	-	-	-	8,500,000
<b>General Fund Total Lapses</b>	<b>(1,094,743,749)</b>	<b>(14,515,570)</b>	<b>(14,515,570)</b>	<b>-</b>	<b>1,080,228,179</b>
<b>Special Transportation Fund Lapses</b>					
Unallocated Lapse	(12,000,000)	(12,000,000)	(12,000,000)	-	-
<b>Special Transportation Fund Total Lapses</b>	<b>(12,000,000)</b>	<b>(12,000,000)</b>	<b>(12,000,000)</b>	<b>-</b>	<b>-</b>
General Fund	18,790,627,454	18,855,991,130	18,978,094,808	122,103,678	187,467,354
Special Transportation Fund	1,628,068,939	1,619,817,521	1,646,282,343	26,464,822	18,213,404

Fund	Original Appropriation FY 19	Governor Revised FY 19	Revised Appropriation FY 19	Revised - Governor	Revised-Original
Banking Fund	27,386,848	27,756,956	27,386,848	(370,108)	-
Insurance Fund	95,035,932	91,566,573	95,035,932	3,469,359	-
Consumer Counsel and Public Utility Control Fund	25,571,954	25,664,830	25,571,954	(92,876)	-
Workers' Compensation Fund	24,940,502	26,113,195	24,940,502	(1,172,693)	-
Mashantucket Pequot and Mohegan Fund	49,942,796	49,692,232	49,942,796	250,564	-
Regional Market Operation Fund	1,067,306	1,067,306	1,067,306	-	-
Criminal Injuries Compensation Fund	2,934,088	2,934,088	2,934,088	-	-
Passport to the Parks Fund	-	11,837,325	-	(11,837,325)	-
Tourism Fund	12,644,988	16,282,076	12,644,988	(3,637,088)	-
<b>Total Net Appropriations</b>	<b>20,658,220,807</b>	<b>20,728,723,232</b>	<b>20,863,901,565</b>	<b>135,178,333</b>	<b>205,680,758</b>

**Spending Cap**

The revised budget in the amendment is under the spending cap by \$734.4 million in FY 18 and \$17.9 million in FY 19.

The revised FY 19 budget growth rate in the amendment for the General Fund and Special Transportation Fund is 2.1% over FY 18 original appropriations. See table below for details.

**Growth Rates of Appropriations (\$ in millions)**

	Original Appropriation FY 18	Original Appropriation FY 19	Revised Appropriation FY 19	Change From Orig. FY 18 to Revised FY 19		Change From Orig. FY 19 to Revised FY 19	
General Fund	18,690.1	18,790.6	18,978.1	288.0	1.5%	187.5	1.0%
Transportation Fund	1,510.9	1,628.1	1,646.3	135.4	9.0%	18.2	1.1%
<b>TOTAL</b>	<b>20,201.0</b>	<b>20,418.7</b>	<b>20,624.4</b>	<b>423.4</b>	<b>2.1%</b>	<b>205.7</b>	<b>1.0%</b>

**Sec. 3(a)** eliminates the labor management lapse of \$867,600,000 to reflect the allocation into agency budgets.

**Sec. 3(b)** states that any reductions to allotments related to labor

management savings that are applicable to Connecticut State Colleges and Universities, The University of Connecticut and The University of Connecticut Health Center shall be credited to the General Fund. This is not expected to result in a fiscal impact.

**Sec. 4(a)** reduces the unallocated lapse amount to the executive branch from \$45,000,000 to \$9,515,570 to reflect the allocation into agency budgets.

**Sec. 4(b)** eliminates the unallocated lapse amount to the legislative branch of \$1,000,000 to reflect the allocation into agency budgets.

**Sec. 4(c)** reduces the unallocated lapse amount to the judicial branch from \$8,000,000 to \$5,000,000 to reflect the allocation into agency budgets.

**Sec. 5** eliminates the targeted savings lapse of \$150,878,179 to reflect the allocation into agency budgets.

**Sec. 6** eliminates the hard hiring freeze lapse of \$7,000,000 to reflect the allocation into agency budgets.

**Sec. 7 and 8** authorize the carry forward of FY 18 appropriations into FY 19, in the total amount of \$320.2 million. Of this, \$299.2 million will fund supplemental hospital payments and \$21 million will support Medicaid expenditures in FY 19. Carried forward funds are not counted as year-end lapses that contribute to a surplus; thus, these sections reduce the anticipated FY 18 year-end deposit into the Budget Reserve Fund from \$905 million (\$1,290 million volatility adjustment less \$385 million deficit) to \$584.8 million.

**Sec. 9 and 33** specify that the Office of Policy and Management may not achieve any unallocated FY 19 General Fund lapses in PA 17-2, the FY 18 and FY 19 budget, or PA 17-4 by reducing 1) municipal aid, 2) grants to the Connecticut Children's Medical Center or the Justice Education Center, or 3) funding for the Youth Employment Program or the Youth Violence Prevention Initiative. This precludes any reduction in these grant programs in FY 19 that would have been

achieved through a lapse.

**Sec. 10** specifies that the state appropriation for the TRB health plan be allotted 50% on July first and 50% before December first. Allotting 50% of the appropriation in the first quarter is intended to alleviate potential cash flow issues since the health insurance premium account fund balance typically reaches a low point in September.

**Sec. 11, 32** authorizes the Public Utilities Regulatory Authority (PURA) to disburse \$53.5 million in each of FY 18 and FY 19, from the Energy Conservation and Load Management Fund (ECLMF). It requires disbursements to occur proportionately based on receipts received by each of the funds. Sweeps, previously identified in the amount of \$63.5 million, identified in Sec. 683 of PA 17-2, the FY 18 and FY 19 biennial budget, have not yet been authorized.

**Sec. 12** restores Medicare Savings Program (MSP) income eligibility levels to a range of 211% FPL to 246% FPL on July 1, 2018, which results in a Medicaid cost of \$61.5 million and an associated federal revenue loss of \$68.5 million.

**Sec. 13** authorizes disbursements in the amount of \$700,000 in total, or \$100,000 each to the following entities, to be paid by the Department of Energy and Environmental Protection from the Passport to the Parks account: (1) The Connecticut River Coastal Conservation District, (2) the Eastern Conservation District, (3) the North Central Conservation District, (4) the Northwest Conservation District, (5) the Southwest Conservation District, (6) the Connecticut Environmental Review Team, and (7) the Connecticut Council on Water and Soil Conservation, beginning in FY 18 and annually thereafter.

**Sec. 14** designates \$1.5 million appropriated in Talent Development for the purposes of the teacher education and mentoring program.

**Sec. 15** allocates up to \$16.2 million in General Fund support for the community college system to subsidize the cost of fringe benefits for non-General Fund supported employees at the institutions within the

Office of the State Comptroller fringe benefit (OSC-FB) accounts beginning in FY 19 and for each fiscal year thereafter. Section 1 reflects funding of \$16.2 million in FY 19 for the community college system within OSC- FB.

**Sec. 16** adds four additional cities – Danbury, Waterbury, West Haven, and Meriden, to the list of cities that receive a grant from the Judicial Department Youth Violence Initiative. Currently Bridgeport, Hartford, and New Haven receive grants. As the appropriation to this account is not increased, this results in a revenue loss to the current cities. The FY 19 Revised Budget includes an appropriation of \$1,203,303 for this account, with each city receiving approximately \$171,900 in FY 19.

**Sec. 17** specifies that \$2 million is appropriated in section 1 of this amendment to the Department of Veterans Affairs personal services account for the purpose of attaining a dual licensure for the Connecticut Veterans Home and Hospital. The dual licensure shall be a chronic disease hospital and a skilled nursing facility and will be implemented no later than January 1, 2021.

**Sec. 18** appropriates total funding of \$1.5 million to provide assistance to persons residing in the state who were displaced by Hurricane Maria. Funding is appropriated as follows: (1) \$400,000 to the State Department of Education for Bilingual Education, (2) \$600,000 to the Department of Housing for Housing/Homeless Services, and (3) \$500,000 to the Department of Social Services for Human Resource Development-Hispanic Programs.

**Sec. 19** puts a growth factor on the newly established “volatility cap” which permanently limits the projected total amount of Estimated and Final (E&F) revenues available to the General Fund at \$3.15 billion.

Specifically, the amendment would allow the volatility cap to grow each fiscal year at the compound annual rate of growth in personal income over the previous five calendar years. The revised (per the

amendment) volatility cap would increase the amounts of E&F revenues available to formulate General Fund budgets while reducing the amounts set aside in consensus revenue projections for year-end transfers to the Budget Reserve Fund.

The table below reflects the estimated General Fund (+) and Budget Reserve Fund (-) changes. For instance, the impact in FY 19 increases General Fund revenues by \$46.8 million while reducing the set aside for the Budget Reserve Fund in the same amount.

**Impact of the “Volatility Cap” Revision (\$ in millions)**

	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 22</b>
Growth rate	-	1.5%	2.6%	2.5%	2.6%	3.0%
Revised Volatility Cap	3,150.0	3,196.8	3,278.8	3,362.4	3,449.4	3,551.4
Change	-	46.8	82.0	83.6	87.0	102.0
Change Cumulative		46.8	128.8	212.4	299.4	401.4

**Sec. 20** codifies that changes in the amendment to the volatility cap (via Sec. 19) will be included in the bond covenant.

**Sec. 21** transfers \$16 million from the Budget Reserve Fund to the retired teachers’ health insurance premium account. This transfer, when combined with the appropriation in the retirees health service cost account of \$14.6 million, provides a state contribution totaling \$30.6 million for the TRB retiree health plan. This reflects approximately 33% of the TRB retiree health basic plan estimated expenditure for FY 19.

**Sec. 22 - 23** specifies approximately \$30.7 million in funding for grants to towns that lose funding as a result of the motor vehicle mill rate cap. It also changes the Car Tax Grant formula so that it is calculated using current mill rates, rather than FY 15 mill rates. This results in an increase in grant funding of about \$15.7 million over the original FY 19 appropriation.

**Sections 24 - 25** result in a revenue impact to the Special Transportation Fund (STF) and a revenue loss to the General Fund

(GF) by accelerating the schedule of sales tax phase in of a revenue diversion to the STF of sales and use tax revenue from motor vehicle sales.

The table below provides a comparison of the transfer estimates under current law, the transfer estimates under the amendment, and the net revenue increase to the STF. There would be an equal decrease in revenue to the GF.

### Motor Vehicle Sales Tax Transfer Comparison

	FY 19	FY 20	FY 21	FY 22	FY 23
% Current Law Transfer	-	-	20%	40%	60%
Current Law Transfer Amount	-	-	66.9	145.6	221.6
% Transfer in Amendment	15.0%	33.0%	56.0%	75.0%	100.0%
Amendment Transfer Amount	55.0	120.1	204.8	275.7	369.4
<b>STF Net Impact</b>	<b>55.0</b>	<b>120.1</b>	<b>137.9</b>	<b>130.1</b>	<b>147.7</b>
<b>GF Net Impact</b>	<b>(55.0)</b>	<b>(120.1)</b>	<b>(137.9)</b>	<b>(130.1)</b>	<b>(147.7)</b>

Sec. 26 - 31 reflect the appropriated fund revenue estimates for FY 19 as adjusted by this amendment.

### FY 19 REVENUE IMPACTS

The following table outlines the various sections of the amendment that have a revenue impact.

Section #	Policy	FY 19	Fund
1	Reflect Federal Match for I/DD Private Provider Increase	General Fund	10.8
11, 32	Reduce Transfer from the Conservation & Load Management Fund	General Fund	(10.0)
12	Restore Medicare Savings Program Eligibility	General Fund	(68.5)
19	Index the Volatility Cap	General Fund	46.8
24, 25	Accelerate Car Sales Tax Diversion to STF	General Fund	(55.0)
24, 25	Accelerate Car Sales Tax Diversion to STF	Special Transportation Fund	55.0
34	Restore \$ 1 Million to Support CT-N	General Fund	(1.0)



**Sec. 32** precludes revenue gain of approximately \$4.5 million in FY 19 from the Probate Court Administration Fund to the General Fund by suspending the transfer of any amount in balance over 15% of the Probate Court Administration operating costs.

**Sec. 35** carries forward the unexpended balance of funds that were carried forward into FY 18 in the Department of Administrative Services in Other Expenses for the Office of the Claims Commissioner. These funds will be carried forward into FY 19 and will not exceed \$82,600.

**Sec. 36 – 39** - The FY 18 deficiency provisions result in no net impact to the General Fund or the Transportation Fund. General Fund increases of \$47 million are offset by reductions in appropriations. Transportation Fund increases of \$37.2 million are offset by reductions in appropriations.

**General Fund and Transportation  
Fund Expenditure Account  
Changes (in millions)**

Agency	FY 18 \$
<b>Section 36 General Fund Increases:</b>	
Division of Criminal Justice	.3
Dept. of Energy & Environmental Protection	1.8
Office of the Chief Medical Examiner	.2
Dept. of Developmental Services	5.5
Dept. of Mental Health & Addiction Services	7.0
Connecticut State Colleges & Universities	.3
Dept. of Correction	21.0
Dept. of Children & Families	9.2
Workers' Comp. Claims - Administrative Services	1.8
<b>Total - General Fund Increases</b>	<b>47.1</b>
<b>Section 37 General Fund Reductions:</b>	
State Comptroller - Fringe Benefits	(47.1)
<b>Total - General Fund Reductions</b>	<b>(47.1)</b>
<b>NET General Fund Impact</b>	<b>-</b>
<b>Section 38 Transportation Fund Increases:</b>	

Agency	FY 18 \$
Dept. of Transportation	33.6
State Comptroller - Fringe Benefits	3.6
<b>Total - Transportation Fund Increases</b>	<b>37.2</b>
<b>Section 39 Transportation Fund Reductions:</b>	
Dept. of Motor Vehicles	(2.0)
Debt Service - State Treasurer	(31.4)
State Comptroller - Fringe Benefits	(3.8)
<b>Total - Transportation Fund Reductions</b>	<b>(37.2)</b>
<b>NET Transportation Fund Impact</b>	<b>-</b>

### OUT YEARS

The table below compares the revenue estimates to the projected expenditures for FY 20 - FY 23 based on modifications to the FY 19 budget contained in this amendment.

Fund	FY 20 \$			FY 21 \$		
	Revenue	Approp.	Surplus/ (Deficit)	Revenue	Approp.	Surplus/ (Deficit)
General	17,356.8	19,839.8	(2,483.0)	17,432.5	20,512.9	(3,080.4)
Special Transportation	1,749.7	1,704.1	45.6	1,873.7	1,806.8	66.9
<b>TOTAL</b>	<b>19,106.5</b>	<b>21,543.8</b>	<b>(2,437.4)</b>	<b>19,306.2</b>	<b>22,319.7</b>	<b>(3,013.5)</b>
Fund	FY 22 \$			FY 23 \$		
	Revenue	Approp.	Surplus/ (Deficit)	Revenue	Approp.	Surplus/ (Deficit)
General	17,577.3	20,943.2	(3,365.9)	17,871.8	21,683.4	(3,811.6)
Special Transportation	1,974.6	1,874.0	100.6	2,103.9	2,005.6	98.3
<b>TOTAL</b>	<b>19,551.9</b>	<b>22,817.2</b>	<b>(3,265.3)</b>	<b>19,975.7</b>	<b>23,689.0</b>	<b>(3,713.4)</b>

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