OFFICE OF FISCAL ANALYSIS

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

EMERGENCY CERTIFICATION

HB-7424
AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE THIRTIETH, 2021, AND MAKING APPROPRIATIONS THEREFOR, AND IMPLEMENTING PROVISIONS OF THE BUDGET.

OFA Fiscal Note

State Impact: See Below

Municipal Impact: See Below

Explanation

The bill includes: (1) General Fund appropriations of $19.3 billion in FY 20 and $19.9 billion in FY 21, (2) Special Transportation Fund appropriations of $1.7 billion in FY 20 and $1.8 billion in FY 21, (3) other appropriated funds (8 funds) of $255.9 million in FY 20 and $267.8 million in FY 21, (4) revenue estimates adopted by the Finance, Revenue, and Bonding Committee on 6/3/2019, as adjusted to reflect new policies contained in this bill, and (5) various other provisions. The table below compares the revenue estimates to the appropriations included in the bill.

Comparison of FY 20 and FY 21 Appropriations to Revenue Estimates

Fund	FY 20 $			FY 21 $		
	Revenue	**Approp.**	**Balance**	**Revenue**	**Approp.**	**Balance**
General	19,460.2	19,319.1	141.1	20,148.2	19,982.0	166.2
Special Transportation	1,723.4	1,710.3	13.1	1,831.3	1,816.3	15.0
Other Appropriated	259.5	255.9	3.6	270.5	267.8	2.7
TOTAL	**21,443.1**	21,285.2	157.9	22,250.0	22,066.1	183.9

Balances reflect the budget surplus requirements for the General Fund and Special Transportation Fund.

Primary Analyst: RJW 6/3/19
Contributing Analyst(s): NA, AB, SB, DC, RDP, DD, ME, CG, EMG, MG, WL, MM, AN, CP, MR, PR, AS, ES, JS, CW, HW

Appropriations

Sections 1-10 include appropriations by agency and line items totaling $21.3 billion in FY 20 and $22.1 billion in FY 21.

Fund Summary of FY 20 and FY 21 Appropriations

	FY 20 $	**FY 21 $**
General Fund	19,528,277,395	20,291,393,193
Special Transportation Fund	1,740,559,144	1,848,034,353
Banking Fund	27,634,009	28,762,882
Insurance Fund	104,196,680	113,257,201
Consumer Counsel and Public Utility Control Fund	27,426,276	28,495,325
Workers' Compensation Fund	28,024,178	28,653,645
Mashantucket Pequot and Mohegan Fund	51,472,796	51,472,796
Regional Market Operation Fund	1,084,678	1,106,857
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	13,144,988	13,069,988
Total Gross Appropriations	**21,524,754,232**	**22,407,180,328**
General Fund Lapses		
Unallocated Lapse	(29,015,570)	(26,215,570)
Unallocated Lapse - Judicial	(5,000,000)	(5,000,000)
Statewide Hiring Reduction - Executive	(7,000,000)	(7,000,000)
Contract Standards Board Savings Initiatives	(5,000,000)	(15,000,000)
Pension and Healthcare Savings	(163,200,000)	(256,200,000)
Total General Fund Lapses	**(209,215,570)**	**(309,415,570)**
Special Transportation Fund Lapses		
Unallocated Lapse	(12,000,000)	(12,000,000)
Pension and Healthcare Savings	(18,300,000)	(19,700,000)
Total Special Transportation Fund Lapses	**(30,300,000)**	**(31,700,000)**
General Fund	19,319,061,825	19,981,977,623
Special Transportation Fund	1,710,259,144	1,816,334,353
Banking Fund	27,634,009	28,762,882
Insurance Fund	104,196,680	113,257,201
Consumer Counsel and Public Utility Control Fund	27,426,276	28,495,325
Workers' Compensation Fund	28,024,178	28,653,645
Mashantucket Pequot and Mohegan Fund	51,472,796	51,472,796
Regional Market Operation Fund	1,084,678	1,106,857
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	13,144,988	13,069,988
Total Appropriated	**21,285,238,662**	**22,066,064,758**

Spending Cap

The bill is under the spending cap by $0.2 million in FY 20 and $5 million in FY 21.

Growth Rates

The FY 20 growth rate for the General Fund is 1.7% over the FY 19 appropriations. The FY 21 General Fund growth rate is 3.4% over the FY 20. See table below for additional details.

FY 20 and FY 21 Budget Growth Rates (by fund - $ in millions)

Fund	FY 19 Revised	Legislative FY 20			Legislative FY 21		
		Approp.	Change $	Change %	Approp.	Change $	Change %
General	18,998.2	19,319.1	320.9	1.7%	19,982.0	662.9	3.4%
Special Transportation	1,617.3	1,710.3	93.0	5.7%	1,816.3	106.1	6.2%
Other Appropriated	239.9	255.9	16.0	6.7%	267.8	11.8	4.6%
TOTAL	**20,855.4**	**21,285.2**	**429.9**	**2.1%**	**22,066.1**	**780.8**	**3.7%**

Section	Agency	Description
11(a)	OPM/Various	OPM shall recommend reductions in executive branch expenditures for FY 20 of $29,015,570 and FY 21 of $26,215,570.
11(b)	OPM/Judicial	OPM may reduce allotments in the judicial branch to achieve savings to be determined by the Chief Justice and the Chief Public Defender, for FY 20 and FY 21 by $5 million.
12	OPM/Various	OPM shall not reduce allotments in FY 20 or FY 21 in the following programs in order to achieve the savings attributed in section 11: (1) education equalization aid grants; (2) mental health and substance abuse services; (3) the Connecticut Children's Medical Center; (4) the Justice Education Center, Inc.; (5) the Connecticut Youth Employment Program; (6) fire training schools; (7) the Youth Violence Initiative; (8) Youth Services Prevention; (9) the Capitol Child Development Center; (10) the Probate Court; and (11) Juvenile Justice Outreach Services.
13	OPM/Various	OPM is authorized to make allotment reductions of any executive branch agency in order to achieve state-wide hiring savings of $7 million in FY 20 and FY 21.
14(a)	OPM/Various	OPM may make expenditure reductions in any budgeted agency and fund, except the Special Transportation Fund, of $163,200,000 in FY 20 and $256,200,000 in FY 21 to reduce pension and healthcare expenditures.

Section	Agency	Description
14(b)	Various High Ed. Institutions	OPM is authorized to make allotment reductions to the higher education constituent units related to pension and healthcare savings to be credited to the General Fund, which may result in a revenue gain to the General Fund and an equivalent revenue loss to the constituent unit(s).
15	OPM/Various	OPM may make expenditure reductions in the Special Transportation Fund, of $18,300,000 in FY 20 and $19,700,000 in FY 21 to reduce pension and healthcare expenditures.
16	DSS/DCF	Allows the Department of Social Services (DSS) and Department of Children and Families (DCF) to establish an account to allow for the receipt of reimbursement anticipated from the federal government. This allows the state to receive revenue as anticipated in the budget.
17	OPM	Exempts appropriations authorized for purposes of complying with Generally Accepted Accounting Principles (GAAP) from the quarterly allotment process pursuant to Section 4-85 of the Connecticut General Statutes. This provision has no fiscal impact since these funds are non-programmatic and are only used in conjunction to close out the end of the fiscal year in accordance with GAAP.
18(a)	RSA/OPM	OPM is authorized to transfer amounts appropriated for Personal Services from agencies to the Reserve for Salary Adjustment (RSA) account to reflect a more accurate impact of collective bargaining related costs.
18(b)	RSA/OPM	OPM is authorized to transfer funds from the RSA account to any agency in any appropriated fund for salary increases, accrual payments or any other personal services adjustment necessary.
19(a)	RSA/OPM	Allows for the unexpended funds for collective bargaining costs (RSA) to be carried forward from FY 19 into FY 20 and FY 21.
19(b)	RSA/OPM	Allows for the unexpended funds for collective bargaining costs (RSA) to be carried forward from FY 20 into FY 21.
20	Various	Allows for the transfer of funds between agencies via the use of FAC to maximize federal matching funds. This allows any General Fund appropriation to be transferred between agencies to maximize federal funding with FAC approval. Funds generated through transfer may be used to reimburse GF expenditures or expand programs as determined by Governor and with FAC approval.
21(a)(b)	Various	Allows for the adjustments to appropriations, with the approval of FAC, to maximize federal funding available to the state. This allows any General Fund appropriation to be adjusted by the Governor with FAC approval in order to maximize federal funding. The Governor shall present a plan for any such transfer.
22	UCHC/DSS	Allows for the transfer of appropriated funds from the UConn Health Center to DSS's Medicaid account to maximize federal reimbursement. This allows the state to receive revenue as anticipated in the budget.
23	DSS/DMHAS	Directs DSS to make Disproportionate Share (DSH) payments to hospitals in the Department of Mental Health and Addiction Services (DMHAS) for operating expense and related fringes. This allows the state to receive revenue as anticipated in the budget.

Section	Agency	Description
24	SDE/OEC	Transfers $1 million in both FY 20 and FY 21 of Part B IDEA (federal funds) from SDE to the Office of Early Childhood for the Birth-to-Three Program.
25	DCF	This section suspends the Department of Children and Families' Single Cost Accounting System (SCAS) per diem rate increases for in-state, private residential treatment centers, which results in savings of approximately $3.4 million in FY 20 and approximately $4.4 million in FY 21. Pursuant to CGS Sec. 17a-17 and agency regulations, increases in the allowable residential care components over the previous year's rates under SCAS are limited to: (1) the increase in the consumer price index plus 2%, or (2) the actual increase in allowable costs—whichever is less. SCAS rate increases have been suspended in every biennial budget since FY 04.
26 (a)	DDS	Requires that DDS receive 80% reimbursement from private providers when actual expenditures are less than the amount received from the Department in both FY 20 and FY 21. DDS must allow providers to retain 20% of cost settlement funds. This is anticipated to reduce the savings currently associated with DDS, which currently receives 100% reimbursement.
26 (b)	DMHAS	Requires that DMHAS receive 100% of reimbursement (or an alternative amount identified by the agency) from private providers where their actual expenditures are less than the amount received from the department for both FY 20 and FY 21.
27	OEC	Allows OEC to carry forward the unexpended balance (at least $14 million) of Care4Kids TANF/CCDF funding from FY 19 to FY 20 to support child care provider rate increases.
28(a)(b)(c)	OPM	Allows OPM to allocate funds to private providers to support wage increases and corresponding changes to employer taxes, benefits, and other costs that result from increases in the minimum wage. OPM may transfer available funds to affected state agencies.
29	Regional Performance Incentive Program	Increases, by $4.1 million, in both FY 20 and FY 21, the amount distributed to regional Councils of Government (COGs) from the Regional Performance Incentive Program account. This offsets the revenue loss to COGs resulting from the elimination of a General Fund appropriation for COG grants-in-aid.
30	CIA/DOAG	Transfer $1.5 million from the resources of the CIA in both FY 20 and FY 21 to the agricultural sustainability account. The current balance of the CIA is approximately $13.4 million.
31	DOAG	Provides funding from the Other Expenses account: (1) $40,000 in both FY 20 and FY 21 to the New London County 4-H Camp in North Franklin; and (2) $15,000 in both FY 20 and FY 21 to the Ellington Farmers' Market in Ellington.
32	OSC	Requires OSC to provide a grant-in-aid of $450,000 in FY 20 and FY 21 from its Other Expenses account to the Women's Business Development Council in Stamford.

Section	Agency	Description
33	DOT	Provides funding of $100,000 in the Department of Transportation's Other Expenses account in FY 20 and FY 21 for a grant-in-aid to the Thames Heritage River Park for a water taxi.
34	Probate Court	Precludes revenue gain of approximately $2.5 million in FY 20 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.
35 (a)	SDE	Requires SDE in both FY 20 and FY 21, to provide $125,000 from Technical Schools Other Expenses to the Career Pathways TECH Collaborative at Eli Whitney Technical High School in New Haven, administered by The Justice Education Center, Inc.
35 (b)	SDE	Requires SDE in both FY 20 and FY 21, to provide $50,000 for After School Program for grants to FIRST Robotics Competition; each grant shall not exceed $10,000.
35 (c)	SDE	Provides $20,250 in both FY 20 and FY 21 for the Connecticut Writing Project, for grants to Fairfield University and the University of Connecticut.
35 (d)	SDE	Provides $463,479 in both FY 20 and FY 21 for Project Oceanology through the Interdistrict cooperation grant account.
35 (e)	SDE	Provides $27,000 in both FY 20 and FY 21 for the Bridge Family Center in West Hartford, through the Bridges to Success account.
35 (f)	SDE	Provides $150,000 to the Wilson-Gray YMCA and $25,000 to the East Hartford YMCA in both FY 20 and FY 21, through the Neighborhood Youth Centers account.
36	BOR	Requires BOR to report to various General Assembly committees on Students First personnel changes, fiscal impacts, and communications with the community colleges' accrediting agency, by 1/1/20 and semiannually thereafter through 6/30/21.
37	DOH	Requires, by 12/15/19 and 12/15/20, DOH to submit a report related to the rental assistance program services that it provides to Department of Children and Families-involved families.
38	DSS	Carries forward $17.6 million from FY 19 into FY 20 for Medicaid expenditures.
39	DEEP	Provides funding from the Other Expenses account: (1) $20,000 for a grant-in-aid in FY 20 to the town of Sherman for an air quality study; and (2) $20,000 for a grant-in-aid in FY 20 to the Middlesex County Fire School in Middletown for Phase I and Phase II environmental site assessments.
40	DEEP	Provides $100,000 from the Other Expenses account in FY 19 for a grant-in-aid to the Connecticut Fund for the Environment for West River Watershed projects.
41	DEEP	Provides $20,000 in FY 19 from the Passport to Parks account to the North Branch Park River regional watershed. The current balance in the Passport to Parks account is approximately $6.4 million.

Section	Agency	Description
42	OPM	This section carries forward $500,000 from the Elderly Renters' Rebate account within the Office of Policy and Management (OPM) and transfers that funding to OPM's Other Expenses account in FY 20 for procurement streamlining.
43 (a)	SOTS	This section allows SOST to carry forward up to $20,000 in FY 19 Personal Services funding to the Other Expenses account to support voter registration at higher education institutions and voter registration agencies in FY 20.
43 (b)	SOTS	This section allows SOST to carry forward up to $90,000 in FY 19 Commercial Recording Division funding to the Other Expenses account to support voter registration at higher education institutions and voter registration agencies in FY 20.
43 (c)	SOTS	This section allows SOST to carry forward up to $40,000 in FY 19 Other Expenses funding to support voter registration at higher education institutions and voter registration agencies in FY 20.
44 (a)(b)(c)	OSC	Appropriates the following: (a) $33.2 million in FY 20 to the Office of the State Comptroller to fund the portion of the State Employees' Retirement System fringe recovery rate attributable to the unfunded accrued liability for employees of the University of Connecticut Health Center that are funded out of non-General Fund resources; (b) and (c) $8.2 million in FY 20 and $20,350,000 in FY 21 to the Office of the State Comptroller to fund the portion of the State Employees' Retirement System fringe recovery rate attributable to the unfunded accrued liability for employees of the Community Colleges that are funded out of non-General Fund resources.
45	DSS	This section exempts hospital readmission related to a mental health diagnosis, and readmissions at the Connecticut Children's Medical Center and Yale New Haven Children's, from the Medicaid readmission penalty. This is not anticipated to impact the estimated state savings of approximately $2 million in FY 20 and $2.4 million in FY 21 assumed in the bill.
46	OLM	In distributing funding in section 1 of the bill this section directs OLM to apply terms consistent with those contained in the 2017 SEBAC agreement to nonpartisan staff for FY 20 and FY 21.
47	DSS	This section allows the Department of Social Services (DSS) to establish a receivable to allow for the receipt of reimbursement anticipated from the federal government. This allows the state to receive revenue as anticipated in the budget.
48	JUD	Provides funding of $3,160,997 in both FY 20 and FY 21 through the Youth Services Prevention grants to various organizations.
49	OLM	Carries forward up to $400,000 from Personal Services into FY 20.
50	GF Resources	Establishes procedures related to outstanding litigation between the State and Connecticut hospitals.
51	OPM	OPM may make reductions in executive branch expenditures associated with contracting savings initiatives of $5,000,000 in FY 20 and FY 21 by $15,000,000.

Section	Agency	Description
52	DAS	DAS shall carry forward into FY 20 the unexpended balance in the Other Expenses account attributed to the Office of the Claims Commissioner. This is estimated to be $50,000.
53	OSC-Fringe	Carries forward $13 million in FY 19 for FY 20 expenditures for the Higher Education Alternate Retirement Program funded within the Office of the State Comptroller – Fringe Benefits.
54-58	OPM	Distributes $291.0 million in FY 20 and $291.4 million in FY 21 in grants to towns. The grants distributed by the bill are the State Property PILOT, College & Hospital PILOT, Pequot grants, Municipal Revenue Sharing grant, and the Municipal Stabilization grant.

Sections 59–66 of the bill pertain to agency deficiencies in the following funds: General, Transportation, Banking, and Insurance.

Section 59 of the bill increases appropriations to four General Fund agencies by a total of $67.9 million. These provisions result in no net impact to the General Fund as these appropriation increases are offset by $67.9 million in appropriations reductions (see Section 60). The following table reflects the projected level of funding that is needed by various agencies this fiscal year.

Figure I. FY 19 General Fund Estimated Deficiency Needs (in millions)

Agency	Deficiency $
Department of Correction	44.9
Office of Early Childhood	14.3
Dept. of Children and Families	4.5
Dept. of Mental Health and Addiction Services	4.2
TOTAL – General Fund	**67.9**

Detail on the Net Deficiencies/Additional Funding Requirements

Department of Correction - $44.9 million

The Department of Correction (DOC) is projected to have a year-end deficiency of $44.9 million in the Personal Services account (PS). Through April, the PS account was deficient by $14.4 million due to: (1) DOC's FY 19 available PS resources being 1% less than its FY 18 expenditures, (2) the FY 19 Revised Budget not including deficiency funding, and (3) DOC being required to take on 80 additional unanticipated staff from the Department of Children and Families due to the closure of the Connecticut Juvenile Training School (CJTS).

On May 2, 2019 the Finance Advisory Committee (FAC) transferred $24.3 million from the PS account to cover deficiencies in the Other Expenses and Inmate Medical Services accounts. This action increased the deficiency in the PS account.

Section 59 appropriates $34.9 million to the PS account. After this appropriation there is still a $10 million shortfall in the PS account, which is anticipated to be covered by a transfer from the Reserve for Salary Account. This section also appropriates $10 million to the Inmate Medical Services account, which is expected to be carried forward into FY 20 as this account is not currently deficient after the actions taken by FAC on 5/2/19.

Office of Early Childhood – $14.3 million

The projected shortfall in the Care4Kids account is related to increased Child Care Development Fund (CCDF) receipts. In FY 18, OEC's CCDF allotment increased by $14.3 million. Traditionally, changes to CCDF funding levels are reflected in the line item appropriation and federal grants revenue. Due to the timing of OEC's receipt of the increased federal funds, the Care4Kids line item appropriation did not reflect an associated increase. This is necessary in order for OEC to meet federal CCDF expenditure requirements.

Department of Children and Families - $4.5 million

The Department of Children and Families is projected to have a $4.5 million deficiency in the Board and Care for Children – Foster account. Without deficiency funding, the agency is anticipated to have a net deficiency across various accounts, primarily due to the need for the following: (1) Compliance with the 2017 Revised Juan F. Exit Plan, which requires adequate social worker staffing to oversee abused and neglected children, as well as community-based programming to address service needs to achieve outcome measures; (2) Clinical interventions and other services for non-delinquent youth at risk for involvement in the juvenile justice system; and (3) Corrective alterations at the Albert J. Solnit Psychiatric Center - South Campus.

Department of Mental Health and Addiction Services – $4.2 million

The projected shortfall of $3.6 million in the Personal Services account is primarily due to (1) higher than budgeted overtime costs, mainly at Connecticut Valley Hospital (CVH), and (2) increased staffing and associated costs, largely at CVH and Whiting Forensic Hospital. The shortfall of $600,000 in the Workers' Compensation Claims account is due to higher than budgeted expenses. The available appropriation is approximately $2.4 million below FY 18 total expenditures of $13.8 million.

Section 60 of the bill reduces appropriations to 14 General Fund agencies by a total of $67.9 million, which offsets the appropriation increases in the section above. Below are details describing why funds are available in these 14 agencies.

Department of Social Services - $31.1 million

Funding of $2.6 million is available in the Personal Services account primarily due to a delay in hiring. Funding of $1.9 million is available in the Aid to the Disabled account due to lower than anticipated average costs per case. Funding of $11.6 million is available in the Temporary Family Assistance account due to continued decreases in caseload. Connecticut Home Care Program expenditures are approximately 17% below FY 18 levels resulting in available funding of $12 million. Funding of $3 million is available in the Hospital Supplemental Payments account due to Charlotte Hungerford no longer being eligible for supplemental payments from the small hospital pool.

Office of the State Comptroller - Fringe Benefits - $20.3 million

Funding of $17 million is available in the State Employees Health Service Cost account due to average monthly program expenditures being 2.9% less than anticipated (year to date average monthly program expenditures are approximately $53.1 million compared to $54.7 million).

Funding of $2.8 million is available in the Unemployment Compensation due to average monthly unemployment benefit costs being 43.4% less than anticipated (year to date average month benefits are $305,000 compared to $539,000).

Funding of $500,000 is available in the Group Life Insurance account due to actual expenditures being less than anticipated by 6.1%.

Department of Developmental Services (DDS) - $6 million

Funding of $6 million is available in the following accounts: $3 million in Personal Services and $3 million in the Behavioral Services Program. The Personal Services lapse is due to conversions of public group homes to private provider services. Funding is lapsing in the Behavioral Services Program due to the aging out of consumers at 21 years of age and delays in new placements.

Department of Education - $2,250,000

Funding of $2 million is available in the Charter School account due to Path Academy charter school in Willimantic surrendering their charter. Funding of $250,000 is available in the Commissioner's Network account due to lower than expected project costs for various network schools.

Department of Revenue Services - $2 million

Funding of $2 million is available in the Personal Services account due to vacancies resulting from retirements and savings from employee turnover.

Office of Early Childhood - $2 million

Funding of $2 million is available in the Early Care and Education account due to a reconciliation of actual enrollment in the Child Care Services and School Readiness programs. While most seats are budgeted for a full year, not all were filled in the fall resulting in surplus funding.

Office of State Comptroller – $900,000

Funding is available in the Personal Services account due to a delay in hiring for five funded vacancies. The agency is in different stages of the process for these positions and therefore full funding assumed in the budget is not needed.

Department of Veterans Affairs - $700,000

Funding of $700,000 is available in the Personal Services account due to the licensure change at the Healthcare Center which resulted in delays in hiring.

Office of the Attorney General - $600,000

Funding is available in the Personal Services account due to delays in hiring; particularly in hiring members of the Attorney General's senior legal team.

Judicial Department - $500,000

Funding is available in the Personal Services account due to a delay in filling various positions. The agency was provided $5.4 million in FY 19 to hire court support staff positions (e.g., clerks and court monitors) for new judges.

Department of Consumer Protection - $500,000

Funding of $500,000 is available in the Personal Services account due to attrition, reflecting delays between when an employee left the agency and when the position was refilled.

Office of Higher Education - $400,000

Funding of $400,000 is available in Personal Services due to unfilled, funded vacancies.

Office of Policy and Management - $250,000

Funding of $250,000 is available in the State Property PILOT account. Funding is available in this account due to the State Property PILOT grant payment list for FY 19, as specified in PA 17-2, totaling less than the amount appropriated for the grant.

Office of Legislative Management - $250,000

Funding of $250,000 is available in the Personal Services account due to holding nonpartisan positions vacant, savings from employee turnover, and continuing the practice of releasing most of the sessional assistant clerks two weeks after the Joint Favorable deadline while maintaining caucus savings.

State Library - $150,000

Funding of $150,000 is available in the State Library's Personal Services account due to six librarian positions remaining unfilled, including one unit head.

Section 61 of the bill increases Transportation Fund appropriations to two Transportation Fund accounts by a total of $2,941,000.

Department of Administrative Services - $1,800,000

The Insurance and Risk Management (IRM) account within the Special Transportation Fund Department of Administrative Services (DAS) is projected to have a deficiency of $1.8 million.

The IRM account pays for premiums associated with policies purchased by the State to insure against losses; for claims and judgements issued against the State for losses that occur with the self-insured deductible amounts and for payment of an insurance broker and the Third Party Administrator.

This fiscal year, there have been some large fleet liability claim settlements that were outside of the Board's standard projections. In addition, some cases are scheduled for trial soon, which may result in additional exposure for FY 19. These large fleet liability claims, mainly bus and rail related, create the anticipated shortfall in the IRM account.

Office of State Comptroller – Fringe Benefits – $1.1 million

The State Employees' Health Service Cost account is projected to run a deficiency of $1 million based on claims trends being 2% higher than anticipated in the budget. The FY 19 appropriation for the account reflects FY 18 actual expenditures. The Other Post-Employment Benefits account is projected to run a $141,000 deficiency due to expenditure trends being higher than anticipated in the budget.

Section 62 reduces appropriations to two Transportation Fund agencies by a total of $2,941,000.

Department of Transportation – $2.7 million

The projected lapse in the Personal Services account of $1.4 million is due to 489 vacant positions. The projected lapse of $300,000 in the Rail Operations account is due to lower than anticipated budgeted expenditures on the Metro North, Shoreline East and Hartford rail lines. The projected lapse of $1 million in the Non-ADA Dial-A-Ride program is from lower than anticipated budgeted expenditures. As context, the account is used for grants to four towns for dial-a-ride services; Middletown, Hartford, New Haven and Milford for dial-a-ride services. The FY 18 and FY 19 biennial budget increased funding for this account by $1 million which made the total appropriation $1.6 million.

Department of Motor Vehicles – $241,000

The projected lapse in the Personal Services account is due to 78 vacant positions.

Section 63 of the bill increases appropriations to one Banking Fund account by $299,399.

Department of Banking - $299,399

The shortfall of $299,399 in the Fringe Benefits account is due to an increase in the actual recovery rate set by the Office of the State Comptroller from the amounts that were originally budgeted.

Section 64 reduces appropriations to one Banking Fund account by $299,399.

Judicial Department - $299,399

Funding of $299,399 is available in the Foreclosure Mediation Program account due to lower staffing for the program than was originally budgeted as a result of a decrease in the number of foreclosure mediation cases.

Section 65 of the bill increases appropriations to one Insurance Fund account.

Insurance Department – $1.6 million

The Fringe Benefits account is projected to run a deficiency of $1.6 million based on expenditures being 15% higher than anticipated in the budget (approximately $133,000 per month in the last quarter).

Section 66 reduces appropriations to one Insurance Fund account.

Department of Public Health - $1.6 million

Funding of $1.6 million is available in the Department of Public Health's Immunization Services account primarily due to unanticipated federal Department of Defense (DOD) vaccine reimbursements. DOD voluntarily agreed to reimburse universal-coverage-vaccine states for vaccines provided to children from military families through state and not federal dollars between December 2010 and June 2017. DOD has provided approximately $1.8 million in vaccine reimbursements to Connecticut since September 2017. Beginning in FY 20, DOD will be included in the assessment that supports the Immunization Services account, paying a portion of the account's total appropriation through a Health and Welfare Fee. This fee is imposed on certain domestic health insurance companies, health management organizations, licensed third-party administrators (TPAs), and domestic insurers exempt from TPA licensure who administer self-insured health benefit plans.

Section 67 requires the Board of Regents to waive costs associated with providing advanced manufacturing instruction to Ansonia High School students at Derby High School, in the amount of the appropriation for such purpose. Funding of $25,000 is provided in both FY 20 and FY 21 within the Board of Regents community colleges' block grant.

Section 68 requires the Department of Correction to establish an ombudsmen to provide services for those inmates 18 years of age or younger. Funding of $77,172 is provided for this position in the FY 20 and 21 budget.

Section 69 removes the sunset provision regarding payments made by housing authorities. Therefore it requires municipalities to waive any taxes owed by housing authorities in the event that the state does not provide municipalities a payment on the state's behalf. This precludes a revenue gain to municipalities that would otherwise occur if housing authorities were required to make tax payments. The FY 20 and FY 21 budget does not appropriate any state funding for payments to municipalities on behalf of housing authorities. Municipalities last received state payment for taxes owed on housing authority property in FY 15 for a total of $1.9 million.

Section 70 updates the formula for calculating Municipal Transition Grants, which are used to reimburse municipalities for the revenue loss resulting from the motor vehicle mill rate cap. It specifies that FY 20 grants will be calculated using actual FY 18 mill rate data, and that FY 21 grants will be calculated using actual FY 19 mill rate data. It also specifies additional grants to the three fire districts in the City of West Haven (Allingtown, First Center, and West Shore). The budget appropriates $29.9 million in FY 20 and $32.3 million in FY 21 for these grants.

Section 71 potentially distributes up to $750,000 annually from the Municipal Gaming Account to both West Hartford and Windsor. Funding from the Municipal Gaming Account to municipalities is contingent on revenues being deposited into the account from the proposed tribal casino to be located in East Windsor. It is anticipated that revenue will not be deposited into the account until at least FY 21.

Section 72 allows the Insurance Department to assess domestic insurers or health care centers doing health insurance business in the State for an Insurance Fund appropriation of approximately $2.9 annually, which supports the Department of Public Health's *Children's Health Initiatives* account. Funding for this account was moved from the General Fund to the Insurance Fund in the FY 18 and FY 19 Biennial Budget, but the Public Health Fee assessment established in CGS Section 19a-7p was not altered in concert with this change.

Sections 73-74, which allow local directors of health to issue a permit for the replacement of a public well continent upon approval by the Department of Public Health, is not anticipated to result in a fiscal impact to the State or municipalities.

Section 75, which provides structure to the Drinking Water Primacy Assessment established by PA 17-2 JSS, is estimated to generate revenue of approximately $1.7 million in FY 20 and approximately $2 million in FY 21. The user fees per service connection established in this section are as follows: (A) Each community water system (CWS) having less than 50 service connections, and nontransient noncommunity water systems, shall be assessed $125; (B) each CWS having at least 50 but less than 100 service connections shall be assessed $150; and (C) each CWS having at least 100 service connections shall be assessed an amount established by the Public Health Commissioner, not to exceed $3.00 per service connection. It also limits the Drinking Water Primacy Assessment to the current biennium. Large community water systems were assessed $2.57 per service connection in FY 19 and the total assessment generated approximately $2 million.

Sections 76-77 require that per capita funding granted by DPH to full-time and district municipal health departments be reduced proportionally in the event that the total amount appropriated to DPH's *Local and District Departments of Health* account is less than the funding required under CGS Sec. 19a-202 and CGS Sec. 19a-245 for these entities. Funding for full-time and district municipal health departments is reduced by 10% in each fiscal year of the biennium. The amount that would be provided to full-time and district municipal health departments under existing statutes is approximately $4,678,322 in both FY 20 and FY 21.

Section 78 delays implementation of CGS 3-20j(p), which would modify the Treasurer's use of bond premium for future issuances. Delaying implementation precludes a change in estimated debt service payment requirements.

Section 79 removes an obligation by the Public Utilities Regulatory Authority to have a procurement manager, but requires the chairperson to assign staff to fulfill its responsibilities. This has no fiscal impact.

Section 80 increases the number of Public Utilities Regulatory Authority commissioners from three to five. If the Governor appoints additional individuals to these commissionerships, there would be cost of approximately $170,000 for salary and fringe benefits per commissioner to the Public Utilities Control Fund.

Section 81 results in a cost to the General Fund of approximately $1.8 million annually from requiring the General Fund to support the 50% of the portion of the State Employees' Retirement System fringe recovery rate attributable to the unfunded accrued liability for resident state troopers, previously reimbursed by participating municipalities.

Sections 82-85 establish the Teachers' Retirement Fund Bonds Special Capital Reserve Fund (TRF-SCRF). There is a cost to the General Fund of $380.9 million based on the FY 19 appropriation to the TRF-SCRF in **Section 90.** Additionally, the Reserve Fund is secured by revenues of the Connecticut Lottery Corporation, in the event that the Reserve Fund is ever depleted. Capitalizing and securing the TRF-SCRF will serve to fulfill the adequacy provision for holders of Pension Obligation Bonds (POBs) by further securing the payment of the principal and interest of the bonds issued in 2008. Making adequate provision for bondholders allows changes to the funding methodology used in the development of the actuarially determined employer contribution (ADEC).

Sections 86-90 make various changes to the actuarial funding methodology and benefit design of the Teachers' Retirement System (TRS). The net impact of all these changes lowers the projected ADEC resulting in a savings of $183.4 million in FY 20 and $189.4 million in FY 21, while increasing the unfunded actuarial accrued liability (UAAL) by $3.5 billion (a 26% increase).

Section 91 changes the submittal date of the annual Fiscal Accountability Report from November fifteenth to November twentieth. This provision has no fiscal impact.

Section 92 delays, until February 15, 2022, the statutory requirement for the Department of Revenue Services to produce a biennial Tax Incidence Report, which results in a one-time savings of $375,000 in FY 20.

Section 93 of the bill requires the Department of Administrative Services (DAS), with the Department of Transportation (DOT), to develop a plan and to study the feasibility of creating a competitive bid process for procurement of zero-emission vehicles and buses. This section also creates benchmarks for the percentage of the state fleet that must have zero emissions by January 1, 2030. These requirements have no fiscal impact.

Section 94 establishes a Connecticut Hydrogen and Electric Automobile Purchase Rebate Board and an associated account for the purpose of providing rebates of at least $3 million to purchasers of certain motor vehicles. It is anticipated that the account will have $3 million deposited annually from vehicle registration fees, as required by Section 95 of the bill.

Section 95 creates a $5 fee on various vehicle registrations which is anticipated to generate approximately $8 million. The first $3 million will be deposited into the Connecticut Hydrogen and Electric Automobile Purchase account and the remainder will be deposited into the General Fund.

Section 96 allows any advanced practice registered nurse in the Department of Correction to issue an emergency certificate which authorizes an inmate to be taken to the hospital if the inmate is dangerous and has psychiatric disabilities, or has grave psychiatric disabilities. To the extent this results in additional ambulance trips and increased hospital services provided to inmates, there is a potential cost to the state.

Sections 97-98 exempt a youth employed through a Work Force Investment Board from obtaining a certificate issued by a school superintendent or local or regional board of education, which has no fiscal impact.

Sections 99-102 make various changes to the Retirement Security Authority which are administrative in nature and do not result in a fiscal impact to the state or municipalities.

Sections 103-104 make changes to a reporting requirement of the Office of Policy and Management. This has no fiscal impact.

Sections 105-143 merge the responsibilities of the two existing legislative commissions into one new commission, the Commission on Women, Children, Senior s, Equity and Opportunity. Section 1 of the bill appropriates $660,000 in FY 20 and $696,000 in FY 21 for the commission. The consolidation reflects a savings of $200,000 in FY 20 and $164,000 in FY 21 from the original FY 19 appropriations for the two legislative commissions.

Section 144 allows that any elected or appointed state official of the executive, legislative or judicial branch may, at such official's sole discretion, elect to decline any compensation or benefit paid by the state that the official is otherwise entitled to receive pursuant to any provision of the general statutes or regulations. Such election shall be effective upon the official's notification of such election to the State Comptroller. There will be a savings to the extent that individuals decline their compensation.

Section 145 requires the Teachers' Retirement Board to provide requested data to the Office of Policy and Management and is not anticipated to have any fiscal impact.

Section 146 renames the Hartford Community Court to the "Honorable Raymond R. Norko Community Court" and results in a minimal cost to the Judicial Department in FY 20 for changing signs.

Section 147 creates the Connecticut Open Educational Resource Coordinating Council and requires the council to complete a number of procedural and policy related tasks that do not result in a fiscal impact.

Section 147 also requires the executive director of the Office of Higher Education (OHE) to appoint members to the council and OHE staff to be administrative staff to the council. This results in one additional part-time Senior Consultant position within OHE and additional costs in each fiscal year of approximately $38,703, including: salary costs of $26,527, other expenses costs of $1,250, and fringe benefit costs of $10,926. Additionally, members of the council may be reimbursed for reasonable and necessary expenses; these costs are anticipated to be less than $1,000 annually. Lastly, Section 147 requires the council to establish a competitive grant program for the development, conversion, or adoption of open educational resources. It is anticipated that this grant program would require up to $75,000 in FY 20, and could grow significantly as additional faculty members apply for grants.

Section 148 requires that newborns be screened for any disorder included in the federal Recommended Uniform Screening Panel (RUSP). The cost to the Department of Public Health to screen for three nationally recommended disorders not currently being screened for (Pompe Disease, Mucupolysaccharidosis Type I, and Spinal Muscular Atrophy) is approximately $98,000 in FY 20 (partial year) and $100,646 in FY 21 (full year). Testing costs are anticipated to be recovered by additional General Fund revenue generated by increasing the fee per newborn screened by $3, from $110 to $113.

Sections 149-151 make adjustments to the Labor Department's statutes to facilitate modernization of the agency's unemployment insurance information technology platform through a multi-state consortium.

Sections 152-154 make various technical changes to Public Act 19-3, An Act Concerning A Pilot Program for Hemp Production, resulting in no fiscal impact to the state.

Section 155-156 make a technical change to the statutes by adding the Executive Director of the Office of Health Strategy to be classified a department head classification. This has no fiscal impact.

Sections 157-159 make changes to child abuse and neglect registry check statutes that are necessary for the Department of Children and Families to obtain federal Family First Prevention and Services Act (FFPSA) reimbursement. In the first partial fiscal year of implementation, FY 21, the amendment prevents the loss of an estimated $12 to $13 million in General Fund revenue from FFPSA reimbursements. By its second fiscal year, FY 22, and in the subsequent out years, FFPSA revenue is anticipated to be approximately $25 million annually.

Sections 160-182 are anticipated to result in a cost to the Department of Public Health (DPH) of $55,000 in FY 20 and FY 21, and a General Fund revenue gain of approximately $100,000 in FY 20 and FY 21, from the establishment of licensure or certification of Community Health Workers, Art Therapists, Licensed Professional Counselor Associates, and Marital and Family Therapist Associates.

Sections 183-189 establish the Partnership for Connecticut Inc. for the purpose of strengthening public education and other philanthropic goals. Section 189 transfers $20 million for FY 20 from the resources of the General Fund to the Philanthropic Match Account established in Section 188, provided a philanthropy first donates $20 million to the partnership.

Section 190 authorizes the Legislative Commissioners Office to make technical and grammatical changes to the bill as necessary and has no fiscal impact.

Sections 191-206 are anticipated to result in a cost to DPH of $184,942 in FY 20 and $344,683 in FY 21, and a General Fund revenue gain of approximately $400,000 in FY 20 and approximately $500,000 in FY 21, from the establishment of licensure or temporary permitting of Nail Technicians, Eyelash Technicians, and Estheticians. The nail salon inspection fee collected by local health departments is also increased in these sections from a maximum of $150 to a maximum of $250, which results in a minimal revenue gain to municipalities estimated to be less than $5,000 annually.

Sections 207-208 establish a Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) Health and Human Services Network. Associated funding of $250,000 in FY 20 and FY 21 is provided to the Department of Public Health to assist the Network in conducting a needs analysis and to support grants to organizations that further the Network's mission.

Sections 209-210 could result in a cost to the state employee and retiree health plan of less than $15,000 annually from eliminating cost-sharing for breast ultrasound examinations and mammograms.[1] The potential cost is attributable to out-of-network ultrasound examinations and mammograms for members enrolled in the state Point of Service (POS) plans[2] and those not currently enrolled in the Health Enhancement Program (HEP).[3] The state plan does not currently impose cost-sharing for in-network examinations for members in HEP. The vast majority of members use in-network services and are enrolled in HEP. The bill's expanded coverage of ultrasound services are not anticipated to change the utilization of plan members compared to current law.

Also, elimination of cost-sharing may increase costs for certain fully insured municipalities which require member cost-sharing. The impact of the bill's requirements will be reflected in premium costs plans entered into on and after January 1, 2020. Pursuant to federal law, self-insured plans are exempt from state health insurance mandates.[4]

Lastly, many municipal plans may be recognized as "grandfathered"[5] plans under the federal Affordable Care Act (ACA). It is uncertain what the effect of this mandate will have on the grandfathered status of those municipal plans.

These sections are not anticipated to result in a fiscal impact to municipalities that operate a high deductible plan as the bill's

---

[1]Approximately 32% of active state employees are enrolled in a POS plan and 29% of plan members are females in the appropriate age cohort covered by the bill. The estimate assumes less than 10% of services may be subject to cost sharing.

[2]Members enrolled in a POS plan are required to pay 20% of allowable costs after satisfying the plan deductible and 100% of costs charged by the provider in excess of the allowable cost.

[3]Members not enrolled in the HEP plan must satisfy the plan's deductible for services where there is no cost sharing.

[4]The state employee and retiree health plan is a self-insured health plan. Pursuant to federal law, self-insured health plans are exempt from state health mandates. However, the state has traditionally adopted all state health mandates

[5]Grandfathered plans include most group health insurance plans and some individual plans created or purchased on or before March 23, 2010.

provisions are preempted by federal law.

Section 211 provides $150,000 in both FY 20 and FY 21 to the William A. O'Neill Endowed Chair in Public Policy and Practical Politics at Central Connecticut State University, within the Connecticut State University account at the Connecticut State Colleges and Universities.

Sections 212-227 establish the Municipal Redevelopment Authority (MRDA) as a quasi-public agency. The bill authorizes MRDA to issue bonds, among other duties. Section 1 appropriates $500,000 in FY 20 and FY 21 for its activities.

To the extent bonds are issued, there is a minimal potential cost to the state in the event the resources and obligations of the quasi-public fall back to the state at some future date.

These sections allow, but do not require, MRDA and the Capital Regional Development Authority (CRDA) to enter into a memorandum of understanding (MOU) for CRDA to provide administrative support and services for MRDA. To the extent the MOU is executed, there would be costs to CRDA subject to the terms of the agreement. Absent such an agreement, administrative costs would be borne by MRDA.

The sections requires municipalities that join MRDA, either by choice or because they are required to under the bill's provisions, to enter into a Memorandum of Understanding (MOU) with MRDA. Any impact to such municipalities would vary based on the provisions of the MOU.

The sections require any municipality that chooses to join MRDA to hold a public hearing. Any municipality that chooses to do this would incur a one-time cost, estimated to be less than $2,000, associated with 1) posting a notice of the public hearing in a newspapers and 2) any police overtime to provide security at the public hearing.

Section 228 awards grants to various organizations from the Youth

Violence Initiative account, totaling approximately $1.92 million in FY 20 and FY 21.

Section 229 reallocates $250,000 in unspent funds within the Municipal Reimbursement and Revenue Account for service delivery. This has no fiscal impact, as it does not change the balance of the account or the deposits made into the account.

Sections 230-231 and 391 update and expand the state's insurance data security law, placing requirements on licensees and authorizing the insurance commissioner to enforce its provisions. There is no cost anticipated for the Insurance Department. To the extent the commissioner imposes civil penalties permitted under the bill beginning in FY 21, up to $50,000 for each violation, there is a potential minimal revenue gain to the General Fund.

Sections 232-235 make adjustments to sSB 1 and have no fiscal impact.

Sections 236-239 do not result in a fiscal impact to the state employee and retiree health plan as the plan is in compliance with the provision of the amendment. These sections are not anticipated to result in a fiscal impact to fully-insured municipal plans. Pursuant to federal law, self-insured municipal plans are exempt from state health insurance mandates.

These sections are not anticipated to result in a fiscal impact to the Departments of Insurance to comply with the provisions of the amendment as they are within the expertise of the agency.

Section 240 is not anticipated to result in a fiscal impact to the state or municipal health plans as the bill does not alter the current practice or coverage requirements of the plans.

Sections 241-243 are not anticipated to result in a fiscal impact to the state plan or fully insured municipalities. Due to federal law, self-insured plans are exempt from the provisions of CGS § 38a-591d. These sections decrease the timeframe from 72 to 48 hours for certain urgent care and adverse determination review requests.

Section 244 does not result in a fiscal impact to the state employee and retiree health plan or self-insured municipal plans as self-insured plans are not subject to the provisions of this section amendment. This section is not anticipated to result in a fiscal impact to fully-insured municipal plans.

Section 245 does not result in a fiscal impact to the state as it requires hospitals to report additional information to the Office of Health Strategy.

Section 246 is not anticipated to result in a fiscal impact to the state or municipal health plans it does not alter the current practice or coverage requirements of the plans.

Section 247 is not anticipated to result in a fiscal impact to the state to convene a task force to study High Deductible Plans to the extent the task force utilizes existing research and reports and state agency expertise.

Section 248 results in a redistribution of after school grant funds, by: (1) allowing combinations of schools and entities to apply for grants, (2) setting aside ten percent of grants for rural districts, and 3) allowing grants to be used for transportation expenses. This could result in a revenue gain or revenue loss to various local and regional boards of education depending upon the results of the competitive grant awards.

Section 249 makes a procedural change regarding the uniform chart of accounts and does not result in a fiscal impact.

Section 250 makes a procedural change to the State Department of Education (SDE) and does not result in a fiscal impact.

Sections 251-256 transfer the Youth Service Bureau (YSB) grant program from the State Department of Education to the Department of Children and Families, permit grants for two new YSBs in FY 20 and

FY 21, and authorize the proportional increase of YSB Enhancement grants when available appropriations allow. An additional $500,000 is provided for both FY 20 and FY 21.

Section 257 establishes reporting requirements for the Office of Early Childhood (OEC), which has no fiscal impact.

Sections 258-260 increase the full-day rate for children supported through School Readiness and Child Day Care funds by $100 to $9,027. This results in a cost to OEC of approximately $2.7 million in FY 21.

Section 261 allows for the continued payment of Sheff magnet transportation grants and a Sheff magnet supplemental transportation payment. The bill allows but does not require the State Department of Education (SDE) to pay a supplemental transportation grant. It is estimated that the cost of the supplemental transportation payment would be $10.5 million in FY 20 and $4.5 million in FY 21. This cost is not included in the budget. The estimated payment amount for the regular transportation grants is approximately $30 million in FY 20 and $30.5 million in FY 21.

Sections 262-263 establish a minority teacher loan forgiveness program within the Office of Higher Education; the budget includes funding of $250,000 in both FY 20 and FY 21 for this purpose.

Sections 264-269 extend the caps on various statutory grants. This results in a savings of approximately $67.7 million in FY 20 and $74.4 million in FY 21, which would have otherwise been paid to various municipalities.

Section 270 increases per pupil operating grants for interdistrict magnet school programs by two percent. The anticipated per pupil operating grants for interdistrict magnet schools, for FY 19, totals approximately $298 million. A two percent increase results in an additional cost of $6 million, annually.

Sections 271-272 establish a minimum budget requirement (MBR) for FY 20 and FY 21 and allow additional conditions under which the minimum budget requirement (MBR) may be reduced. The additional conditions result in a potential savings to local and regional school districts. The savings to a district would be dependent upon the actual conditions relevant to the district, and the district taking advantage of the conditions.

Sections 273-284 delay by two years the mandated steps that transition the Connecticut Technical and Education Career Center into an independent agency, separate from SDE. The delay in the transfer results in a savings to the state of approximately $864,331 in FY 20 and FY 21, associated with hiring additional central office to complete the transfer.

Section 285 may result in increased carryforward funds, of up to an additional 1% of a town's education appropriation, for municipalities that have unspent education funds. The bill allows a school district to retain an additional 1% over the currently allowed 1% to be deposited into a nonlapsing account, and requires that the deposited funds be expended for education purposes. This could increase the carryforward funds available for a municipality, for education, from fiscal year to fiscal year.

Sections 286-288 adjust MBR compliance requirements and the MBR penalty, specific to FY 19 MBR violations. The sections: (1) adjust the fiscal year in which a town’s budgeted education appropriation must be increased, to FY 20, to avoid the MBR penalty of an ECS grant reduction, and (2) decrease the MBR penalty, which lowers the ECS revenue loss to affected towns that do not increase the town education budget in FY 20. Section 287 allows Portland to comply with the MBR in FY 19.

Section 289 extends the Excess Cost filing for Region 14, which results in a revenue gain to Region 14, and an offsetting potential revenue loss to various other local and regional boards of education, as the Excess Cost grant is currently capped.

Section 290 makes a procedural change and does not result in a fiscal impact.

Sections 291-292 freeze rate increases for the Temporary Family Assistance (TFA), State Administered General Assistance (SAGA), and supplemental assistance programs. Associated savings of $2.6 million in FY 20 and $4.8 million in FY 21 are reflected in the Department of Social Services (DSS) budget.

Sections 293, 295, 297, 298 and **300** limit increases in rates paid to certain facilities. Associated savings of approximately $1.7 million in FY 20 and $3.7 million in FY 21 are reflected in the DSS budget.

Sections 294, **296**, **298 and 299** remove Department of Developmental Services (DDS) Community Companion Homes (CCH) from the Department of Social Services (DSS) room and board payment process as of 1/1/20 in anticipation of a newly established rate methodology under DDS. There is no net fiscal impact from this change which is expected to result in the transfer of approximately $2 million annually from DSS State Supplement accounts to the DSS Community Residential Services account which funds the DDS CCH program.

Section 301 limits increases in rates paid to intermediate care facilities for individuals with intellectual disabilities (ICF-IDs) with certain exceptions. Associated savings of approximately $790,000 in FY 20 and $1.7 million in FY 21 are reflected in the DSS budget.

Section 302 limits increases in nursing home rates with certain exceptions, which is anticipated to result in savings of approximately $14.4 million in FY 20 and $30.6 million in FY 21 as reflected in the DSS budget. Section 302 also provides increases to nursing homes for purposes of wage and benefit enhancements for facility employees. The DSS budget contains funding of $11 million in FY 20 and $18.5 million in FY 21 for this purpose.

In addition, Section 302 rebases nursing home rates in FY 20 and eliminates the stop loss provision for nursing homes with low occupancy rates or low federal quality measure scores. Associated savings of $2.4 million in FY 20 and $2.9 million in FY 21 are reflected in the DSS budget. After factoring in the federal share, the total Medicaid savings is $4.9 million in FY 20 and $5.8 million in FY 21.

Sections 303-304 make changes to nursing home receivership and closure requirements. To the extent these changes result in a facility closing sooner than it otherwise would have, the state could experience a savings.

Section 305 prohibits covenants not to compete, which is not anticipated to result in a fiscal impact to the state.

Section 306 establishes a reduction to the rates paid for hospital readmissions within 30 days for the same or similar diagnosis. Associated savings of approximately $2 million in FY 20 and $2.4 million in FY 21 is reflected in the DSS budget. After factoring in the federal share, this results in Medicaid program savings of $6.1 million in FY 20 and $7.3 million in FY 21.

Section 307 requires that $15 million in FY 20 and $45 million in FY 21 of supplemental payments to hospitals be proportionally distributed based on each hospital's performance on quality measures, as determined by DSS.

Section 308 increases the fee schedule for Meals on Wheels by 10%, resulting in a cost of up to $475,000 in FY 20 and FY 21 as reflected in the DSS budget.

Section 309 could result in a cost avoidance to the Department of Social Services (DSS) by not automatically approving an aggrieved person's requested relief if DSS fails to issue a final decision in the required timeframe. The state will avoid making such payments or incurring costs for additional hearing officers (annual salary of approximately $70,100) in order to render a final decision in the required timeframe. Based on FY 18 data, approximately 120 of 15,000 hearings exceeded the timeframe.

Section 310 establishes a two-year pilot program to provide small grants to organizations serving Hispanic and other communities of color to support capacity building, training and technical assistance opportunities. The DSS budget contains related funding of $100,000 in FY 20 and FY 21.

Section 311 increases the minimum weekly Medicaid rate for methadone maintenance clinics to $88.52. Medicaid funding of $665,660 in FY 20 and FY 21 is reflected in the DSS budget.

Sections 312-313 increase the funeral and burial allowance from $1,200 to $1,350. Related funding of $300,000 in both FY 20 and FY 21 is reflected in the DSS budget.

Section 314 does not result in a fiscal impact as it decreases from quarterly to annually the frequency of the Acquired Brain Injury Advisory Council.

Section 315 increases the inpatient Medicaid rate for Natchaug Hospital from $829 to $975. Funding of $454,000 is reflected the DSS budget in FY 21. After accounting for the federal share, the gross impact of the rate increase is $908,000.

Section 316 increases HUSKY A adult income eligibility from 150% FPL to 155% FPL (155% FPL to 160% FPL, inclusive of the income disregard) effective October 1, 2019. Funding of $5.3 million in FY 20 and $9.1 million in FY 21 is included in the DSS budget for this purpose.

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

Section /s	Adjustment	Fund	FY 20 $	FY 21 $
317-318	Adjust the diversion of the motor vehicle sales tax from the GF to the STF	General Fund	58.2	113.4
317-318	Adjust the diversion of the motor vehicle sales tax from the GF to the STF	Special Transportation Fund	(58.2)	(113.4)
317-318	Reduce the Sales and Use Tax rate applicable to	General Fund	-	-

Section /s	Adjustment	Fund	FY 20 $	FY 21 $
	(marine) dyed diesel fuel			
319-322	Increase the Sales Tax on Digital Downloads from 1.0% to 6.35%	General Fund	27.5	37.1
323-324	Impose a 1% Prepared Foods Tax	General Fund	48.3	65.8
325	Expand the Sales Tax to include Parking	General Fund	1.8	3.7
325	Expand the Sales Tax to include Dry-Cleaning and Laundry Services	General Fund	8.1	16.8
325-326	Expand the Sales Tax to include Interior Design Services	General Fund	1.9	3.9
327-328	Lower the threshold for collection of online retail Sales Tax	General Fund	1.5	2.0
329-330	Mandate occupancy tax be collected and remitted by on-line platforms	General Fund	1.5	2.0
329-330	Reflect Tourism Fund portion of the expanded collection and remittance of occupancy tax by on-line platforms	General Fund	(0.1)	(0.2)
329-330	Reflect Tourism Fund portion of the expanded collection and remittance of occupancy tax by on-line platforms	Tourism Fund	0.1	0.2
331	Implement CSP to Enhance Sales Tax Collections of Online Sales	General Fund	-	30.0
332, 334	Adjust the (Personal Income Tax) exemption cap for teachers' pensions	General Fund	8.0	8.0
333, 334	Reduce Personal Income Tax credit for Pass-through Entity Taxes paid	General Fund	50.0	50.0
335	Maintain Eligibility Limits on Property Tax Credits	General Fund	53.0	53.0
335	Reflect future income tax credits against the residential real estate rate increase	General Fund	-	-
336	Exempt properties with crumbling foundations from the Real Estate Conveyance Tax	General Fund	(0.1)	(0.1)
337	Increase the rate on certain residential real estate	General Fund	-	6.3
338-339	Repeal the business entity tax of $250	General Fund	-	(44.0)
340	Phase out Capital Stock Tax	General Fund	-	(5.7)
341-342, 343	Adjust the corporate surcharge	General Fund	60.0	37.5
344-346	Increase annual filing fee for LLC's and LLP's	General Fund	-	12.0
347-348	Extend/Expand the Angel Investor Tax credit program	General Fund	(5.0)	(5.0)
347-348	Extend/Expand the Angel Investor Tax credit program	General Fund	5.0	5.0
349	Reduce cap on R&D and URA tax credits to 50.01%	General Fund	34.4	21.5
350, 370	Provide Funds to PEGPETIA	General Fund	(7.0)	-
351	Tax E-Cigarettes liquid at wholesale	General Fund	1.9	2.5
351	Recognize Increase in Sales Tax due to E-Cigarettes Excise Tax	General Fund	0.1	0.2

Section /s	Adjustment	Fund	FY 20 $	FY 21 $
352-353	Increase Excise Tax on Alcohol	General Fund	3.8	5.0
352-353	Increase Excise Tax on Alcohol - Floor Tax	General Fund	0.8	0.0
352-353	Reflect Sales Tax impact of Alcohol (Excise) Tax changes	General Fund	0.3	0.3
352-353	Reduce alcohol beverage excise taxes at craft breweries by 50%	General Fund	(0.1)	(0.1)
354	Adjust State Admissions Tax at certain venues	General Fund	(0.8)	(1.6)
355	Surcharge of 10 cents on Certain Bags	General Fund	27.7	26.8
356	Maintain Hospital User Fee at FY 2019 level of $900 million	General Fund	516.0	516.0
357	Technical fix to intermediate care facilities (ICF) user fee	General Fund	0.1	0.1
358-359	Reflect enhanced OTB enforcement capacity	General Fund	2.0	2.0
360	Increase Ridesharing Services from 25 cents to 30 cents	General Fund	4.5	4.6
361	Increase Vehicle Trade-in Fee	General Fund	7.4	9.8
368	Increase Fees per report by OPM	General Fund	-	30.0
369	Shift Revenue from the Broker-Dealers and Investment Advisers Fee to the General Fund	General Fund	5.2	5.2
369	Shift Revenue from the Broker-Dealers and Investment Advisers Fee to the General Fund	Banking Fund	(5.2)	(5.2)
371	Transfer FY 2020 revenue for use in FY 2021	Special Transportation Fund	(30.0)	30.0
372	Transfer FY 2020 revenue for use in FY 2021	General Fund	(85.0)	85.0
373	Fund start-up costs for the Paid Family and Medical Leave Insurance program	General Fund	(5.1)	0.0
374	Suspend Amortization of Historical GAAP Deficit	General Fund	-	75.7
387	Repeal 7/7 Program	General Fund	-	8.0
387	Repeal the new Income Tax credit for STEM graduates	General Fund	3.9	7.9
390	Repeal the Sales Tax Exemption for Safety Apparel	General Fund	0.1	0.1

Sections 362-364 establish a debt-free community college program that will begin in the fall 2020 semester (FY 21) and require a funding mechanism to be proposed. The program is anticipated to cost up to $2 million for marketing (depending on the extent of the efforts undertaken) and up to $6.1 million in FY 21 for program grants to students. The program is expected to generate higher enrollment in the community colleges, which is projected to result in additional tuition and fees revenue of $2.1 million to $7.7 million in FY 21. A portion of the enrollment increase is expected to be a shift of students

who would have otherwise attended Board of Regents state universities. Therefore, it is estimated the program additionally will result in a tuition and fees revenue loss to these institutions of less than $2.7 million in FY 21. The Governor is required to: (1) determine, based on various consultations and an OPM report due to the General Assembly by February 5, 2020, whether online lottery offerings are feasible and whether potential revenues would be sufficient to meet debt-free community college program costs, and (2) propose alternative program funding and provide at least $1 million for regionalism initiatives recommended elsewhere in this act, in the FY 21 Governor's Budget, if needed. Section 363 directs the Board of Regents to host events every December, beginning in FY 20, at which high school seniors and their families receive assistance completing the federal financial aid form. This provision has no fiscal impact as the Board of Regents has sufficient expertise to hold such events.

Section 365 establishes a subaccount of the Regional Planning Incentive Account (RPIA) and specifies a revenue diversion to the subaccount. There is a revenue gain to the RPIA that will vary based on the implementation of the iLottery program. If the program is established, the revenue gain to the RPIA will be equal to the amount of iLottery revenue generated in excess of the amount needed to fund a debt free community college program. If the program is not established, the revenue gain to the RPIA will be at least $1 million.

Section 366 establishes a task force to study regionalism opportunities and requires the Office of Policy and Management (OPM) to implement the recommendations of the task force. Any impact will vary based on 1) the recommendations of the task force, and 2) the services offered by the OPM or any grant funding awarded by OPM under the bill's provisions. The bill also results in a cost to municipalities to the extent that COGs or other regional entities charge municipalities fees for the provision of regional services.

Section 367 requires OPM to conduct a study comparing two measures of municipal fiscal and economic health, and to recommend any potential legislative changes. Any impact would vary based on the recommendations of the study and the extent to which those recommendations are implemented.

Section 368 requires OPM to review the fees collected by each state agency and to make recommendations concerning increases in those fees totaling at least $50 million cumulatively. Any impact would vary based on the recommendations of the study and the extent to which those recommendations are implemented.

Section 375 repeals the bond cap on Special Tax Obligation bonds, which are repaid with the Special Transportation Fund. To the extent that issued bonds are greater than $750 million in FY 20, there would be an increase in debt service costs to the Transportation Fund starting in FY 20. The budget anticipates STF debt service costs for STO bond issuances totaling $850 million in FY 20.

Sections 377-379 and 381 result in a fiscal impact to non-state public employers, including municipalities, that currently participate in the Partnership Plan to the extent: (1) additional plans or plan designs are developed by the State Comptroller (OSC), excluding high deductible plans, for non-state public employers and (2) geographical rating impacts the premiums non-state public employers currently pay to OSC starting in FY 20. The impact to participating entities will be based on the premiums established pursuant to the provisions of the bill compared to the premiums entities would have paid under current law.

These sections may result in an impact to state employee and retiree health plan (excluding the Medicare Advantage Plan for employees and dependents age 65 and older) and the University of Connecticut to the extent the bill's provisions impact the premiums established for the state employee plan compared to what the state plan premiums would be under current law. Currently, state employees, retirees, unionized graduate assistants at the University of Connecticut, non-state public employers participating in the Partnership Plan, and all eligible dependents are pooled into a single risk pool. Premiums for the state employee and retiree health plan and the Partnership Plan are calculated based on the risk profile of the single pool and are identical under current law; the amendment allows premiums and plan designs under Partnership Plan to vary from what is maintained for state employees and retirees. In addition, the bill phases in geographical rating for non-state public employers over two years, starting in FY 20.

Section 380 eliminates the state employee premium account. This account currently pays claims costs for non-state public employers participating in the Partnership Plan out of plan premiums currently deposited into the account. It is unclear to what extent OSC is permitted to receive premiums paid by non-state public employers, without a designated account within the General Fund as is provided in current law. The bill requires OSC to establish an accounting procedure. The bill does not specify how the funds currently in the account will be accounted for. The section also requires each non-state public employer to report annually to OSC various health plan information which is not anticipated to result in a fiscal impact to OSC or non-state public employers, including municipalities, as the information is available to the employers either via the plan carrier or third party administrator.

Section 382 requires each non-state public employer to report annually to OSC various health plan information which is not anticipated to result in a fiscal impact to OSC or non-state public employers, including municipalities, as the information is available to the employers either via the plan carrier or third party administrator.

Section 383 requires the Comptroller to submit an annually report to the Healthcare Cost Containment Committee, OPM, and the Appropriations Committee concerning non-state public employee enrollment data, costs, and premiums payments in the state employee plan, which has no fiscal impact.

Section 384 extends the time during which assistance provided under the First Five Plus program, through an agreement originally executed on December 22, 2011, is exempt from various statutory requirements. This does not result in any fiscal impact.

Section 385 requires the Department of Revenue Services to develop, produce and disseminate an informational form to gather data necessary to evaluate the implementation of a payroll tax. This results in a significant one-time cost in FY 20 only for form preparation and mailing costs.

Section 386 repeals Sec. 11 of PA 17-2. This section, providing funds to the Conservation Districts and Environmental Review Teams (ERTs), is replaced by Sec. 14 of PA 18-81 also regarding the provision of funds to the Conservation Districts and ERTs.

Section 388 repeals the Commission on Women, Children and Seniors and an obsolete statute regarding municipal health authorities, which conform to the Section 1 of the bill.

Section 389 repeals a provision requiring the Appropriations Committee to hold an annual November public hearing and committee meeting on projected state agency deficiencies. This provision has no fiscal impact.

The Out Years

The table below compares the revenue estimates to the projected expenditures for FY 22-FY 24 based on the FY 20 and FY 21 budget.

FY 22 – FY 24 Out Year Balances

Fund	FY 22 $			FY 23 $			FY 24 $		
	Rev.	Expend.	Balance	Rev.	Expend.	Balance	Rev.	Expend.	Balance
General	19,545.1	20,628.0	(1,082.9)	19,761.6	21,220.8	(1,459.2)	20,214.5	21,507.3	(1,292.9)
Special Transportation	2,003.5	1,892.9	110.6	2,126.5	1,991.5	135.0	2,157.4	2,074.0	83.4
Other Appropriated	269.7	269.7	-	271.7	271.7	-	273.9	273.9	-
TOTAL	**21,818.3**	**22,790.6**	**(972.4)**	**22,159.8**	**23,484.0**	**(1,324.2)**	**22,645.7**	**23,855.2**	**(1,209.5)**

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.