

OFFICE OF FISCAL ANALYSIS

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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.

AMENDMENT

LCO No.: 10657

OFA Fiscal Note

See Fiscal Note Details

The amendment:

Reduces the Bioscience account appropriation in the bill to the University of Connecticut Health Center by \$4,138,000 in both FY 20 and FY 21. This results in a savings to the General Fund totaling approximately \$8.2 million in both FY 20 and FY 21, including approximately \$4 million which will accrue to the Office of the State Comptroller - Fringe Benefits;

Reduces the FY 20 and FY 21 College & Hospital PILOT grant to Middletown by \$4 million. This results in a savings to the General Fund, and a corresponding revenue loss to the City of Middletown;

Eliminates the following: (1) the Teachers' Retirement System Bond Special Capital Reserve Fund (TRS-SCRF), (2) the \$380.9 million appropriation from the FY 19 surplus to fund the SCRF, and (3) other provisions related to the funding methodology and benefit design of the Teachers' Retirement System (TRS). This results in a savings of \$390 million and eliminates the TRS retirement contribution savings of \$183.4 million in FY 20 and \$189.4 million in the bill.

Sections 501 and 502 make the following changes that impact the

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TRS retirement contribution: (1) requires an interest rate assumption change from 8% to 6.9%, (2) require that credited interest for member contributions be set at 4%, and (3) eliminates language regarding the calculation of the retirement contribution and allows it to be calculated based on the actual member contribution of 7% of salary. The revised retirement contribution based on the changes in the amendment must be determined by the TRS actuary. It is estimated that the net impact of the various changes will result in an increased cost of at least \$380 million in both FY 20 and FY 21 from the TRS retirement contribution amount appropriated in the underlying bill.

Section 503 requires that no Citizens' Election Program grant be paid in FY 20 and FY 21. This section further requires that all funds in the Citizens' Election Fund (CEF) be transferred to the General Fund (GF) in both FY 20 and FY 21. Approximately \$21.5 million in FY 20 and \$11.5 million in FY 21 is anticipated to be transferred from the CEF to the GF.

Section 504 requires non-union state employees to take three furlough days. This will save \$4.1 million in FY 20 and FY 21.

Section 505 requires the State Contracting Standards Board (SCSB) to develop a procurement plan for state contracting agencies in order to achieve savings of \$25 million in FY 20 and \$40 million in FY 21. This section further requires SCSB to submit such plan to the Governor and Secretary of the Office of Policy and Management for implementation of such plan by August 1, 2019.

Section 506 results in savings of \$2,250,000 in FY 21 and \$4,250,000 in FY 22 as it allows the Office of Policy and Management to make allotment reductions to the Department of Mental Health and Addiction Services to achieve privatization savings.

Section 507 requires the Department of Administrative Services to implement a plan to consolidate personnel, payroll, affirmative action and business office functions to achieve \$5 million in savings in FY 20 and \$10 million in savings in FY 21.

Section 508 of the amendment suspends the Earned Income Tax Credit for the 2019 and 2020 income years which results in a revenue gain of \$97.3 million and \$100.6 million in FY 20 and FY 21, respectively.

Section 509 requires each commissioner or chief of any budgeted agency to implement a hard hiring freeze. This is estimated to save \$35 million in FY 20 and \$100 million in FY 21.

Sections 510 and 511 designate that \$378.8 million from the resources of the General Fund in FY 19 to be accounted for as revenue: with \$183.4 million in FY 20 and \$189.4 million in FY 21 made available for the TRS retirement contribution.

Section 512 requires OPM to determine the amount of savings within the General Fund for FY 20 and FY 20 derived from any amendment to the underlying bill and make such amounts available for the state's TRS retirement contribution. The savings projected from this amendment are \$202.4 million in FY 20 and \$282.6 million in FY 21.

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.