

sHB 6824 PRELIMINARY FISCAL NOTE

Appropriations Committee Meeting

April 27, 2015



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building

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sHB 6824 - An Act Concerning the Budget for the Biennium Ending June 30, 2017, and Other Provisions Relating to Revenue

The Appropriations Committee budget includes appropriations in nine funds totaling \$19.9 billion in FY 16 and \$20.6 billion in FY 17 as summarized in the table below. Details on spending areas across the budget are contained in the budget detail in the blue binders before you today.

Fund Summary

	Committee	
	FY 16 \$	FY 17 \$
Gross Appropriations by Fund		
General Fund	18,475,675,900	19,078,013,162
Special Transportation Fund	1,409,611,777	1,480,891,197
Banking Fund	29,636,246	29,889,297
Insurance Fund	70,986,235	72,391,487
Consumer Counsel and Public Utility Control Fund	27,067,486	27,030,933
Workers' Compensation Fund	27,312,126	26,982,874
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907
Regional Market Operation Fund	1,061,237	1,067,306
Criminal Injuries Compensation Fund	2,851,675	2,934,088
Total Gross Appropriations	20,105,982,589	20,780,980,251
General Fund Lapses:		
Unallocated Lapse	(91,676,192)	(91,676,192)
Unallocated Lapse - Legislative	(3,028,105)	(3,028,105)
Unallocated Lapse - Judicial	(7,400,672)	(7,400,672)
General Lapse - Legislative	(39,492)	(39,492)
General Lapse - Judicial	(282,192)	(282,192)
General Lapse - Executive	(9,678,316)	(9,678,316)
Statewide Hiring Reduction - Executive	(30,920,000)	(30,920,000)
Statewide Hiring Reduction - Judicial	(3,310,000)	(3,310,000)
Statewide Hiring Reduction - Legislative	(770,000)	(770,000)
Municipal Opportunities and Regional Efficiencies Program	(20,000,000)	(20,000,000)
Non-Union Wage Adjustments	(22,410,616)	(37,816,745)
Total	(189,515,585)	(204,921,714)
Transportation Fund Lapses:		
Unallocated Lapse	(11,000,000)	(11,000,000)
Total	(11,000,000)	(11,000,000)
Net Appropriations by Fund		
General Fund	18,286,160,315	18,873,091,448
Special Transportation Fund	1,398,611,777	1,469,891,197
Banking Fund	29,636,246	29,889,297
Insurance Fund	70,986,235	72,391,487
Consumer Counsel and Public Utility Control Fund	27,067,486	27,030,933
Workers' Compensation Fund	27,312,126	26,982,874
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907
Regional Market Operation Fund	1,061,237	1,067,306
Criminal Injuries Compensation Fund	2,851,675	2,934,088
Total Net Appropriations	19,905,467,004	20,565,058,537

Spending Cap

sHB 6824 is under the spending cap by \$1,500.9 million in FY 16 and \$73.7 million in FY 17. The budget and cap calculation assumes that “levels of indebtedness,” which has historically included only debt service, now includes payments for unfunded liabilities under the State Employees Retirement System (SERS), Teachers’ Retirement System (TRS), the Judges, Family Support Magistrates and Compensation Commissioners Retirement System (JRS) and Other Post Employment Benefits (OPEB). This change is assumed to be effective for the spending cap calculation for FY 16, but not applicable to the calculation’s base year (FY 15).

Growth Rate

The FY 16 growth rate for all appropriated funds is 4.6% over FY 15 estimated expenditures. The FY 17 growth rate is 3.3% over FY 16. See the table below for details on other funds.

FY 16 and FY 17 Budget Growth Rates (by fund - in millions)

Fund	FY 15 Est.	FY 16	FY 16		FY 17	FY 17	
	Expend.	Approp.	Change		Approp.	Change	
	\$	\$	\$	%	\$	\$	%
General	17,480.5	18,286.2	805.7	4.6%	18,873.1	586.9	3.2%
Transportation	1,341.8	1,398.6	56.8	4.2%	1,469.9	71.3	5.1%
Other Appropriated	214.5	220.7	6.2	2.9%	222.1	1.4	0.6%
TOTAL	19,036.7	19,905.5	868.7	4.6%	20,565.1	659.6	3.3%

Sections 10 - 40 of the back of budget language are identified below.

Section	Agency	Description
10(a)	OPM/Various	OPM shall recommend reductions in executive branch expenditures for FY 16 and FY 17 by \$9,678,316 million.
10(b)	OPM/OLM	OPM shall recommend reductions in legislative branch expenditures for FY 16 and FY 17 by \$39,492.
10(c)	OPM/Judicial	OPM shall recommend reductions in Judicial Department expenditures for FY 16 and FY 17 by \$282,192.
11(a)	OPM/Various	OPM shall recommend reductions in executive branch expenditures in Personal Services by \$30.9 million in each of FY 16 and FY 17. Savings to be achieved by implementing a statewide hiring reduction across executive branch agencies.
11(b)	OPM/OLM	OPM shall recommend reductions in legislative branch expenditures in Personal Services by \$770,000 in each of FY 16 and FY 17. Savings to be achieved by implementing a statewide hiring reduction across legislative branch agencies.
11(c)	OPM/Various	OPM shall recommend reductions in judicial branch expenditures in Personal Services by \$3,310,000 in each of FY 16 and FY 17. Savings to be achieved by implementing a statewide hiring reduction across executive branch agencies.
12	OPM	Requires the Office of Policy and Management to recommend municipal aid reductions of \$20 million in each of FY 16 and FY 17.

Section	Agency	Description
13	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.
14	DSS	Allows the Department of Social Services (DSS) 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.
15	DPH	Increases the transfer of funding from the newborn screening fee receipts to \$3,109,177 million in both FY 16 and FY 17 to provide increased support to the DPH newborn screening program and to support grants to newborn screening regional and sickle cell disease treatment center. This results in: 1) an increase of \$1,374,177 from the FY 15 transfer, 2) a corresponding General Fund revenue loss, and 3) a corresponding savings that is reflected in section 1 of the bill in the DPH budget. SB 955 implements the increase in newborn screening fees.
16	DCF	Suspends the rate adjustments for DCF-funded private residential treatment centers in FY 16 and FY 17. The savings of \$3.2 million in FY 16 and \$4.4 million in FY 17 are reflected in Section 1 of the bill in DCF's budget.
17	RSA/OPM	Allows OPM to transfer funding to and from the Reserve for Salary Adjustments account (RSA) and other agencies for specific salary and wage related expenses
18(a)	RSA/OPM	Allows for the unexpended funds for collective bargaining costs to be carried forward from FY 15 into FY 16 and FY 17. It is estimated up to \$13,459,104 in the General Fund and up to \$3,569,996 in the Special Transportation Fund will be carried forward.
18(b)	RSA/OPM	Allows for the unexpended funds for collective bargaining costs to be carried forward from FY 16 into FY 17.
19	TRB	Implements the savings in the budget by maintaining the state's share of the Teachers Retirement Board retiree health services costs at the FY 15 level and municipal health subsidy at the FY 15 level. This results in a reduction of \$14.0 million in FY 16 and \$16.8 million in FY 17 in the retiree health service cost account and a reduction of \$1.4 million in both FY 16 and FY 17 in the municipal health subsidy account. These savings are reflected in section 1 of the bill in TRB budget.
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 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.
24	DVA/DSS	Allows any appropriation made to the Department of Veterans Affairs in section 1 of the bill to be transferred to the Medicaid account within DSS for the purpose of maximizing federal reimbursement.

Section	Agency	Description
25	SDE/DDS	Transfers \$1 million in both FY 16 and FY 17 of Part B IDEA (federal funds) from SDE to the Department of Developmental Services for the Birth-to-Three Program.
26	DMHAS	Allows funding of up to \$828,975 in the Pre-Trial Education Program account to support Regional Action Councils (\$353,025) and the Governor's Prevention Partnership (\$475,950) in both FY 16 and FY 17.
27	OPM	Carries forward into FY 16 and FY 17 the unexpended balance of funds in the Criminal Justice Information System account. It is estimated that approximately \$950,000 will be available to carry forward.
28(a)	DDS	Requires that DDS receive 100% reimbursement (or an alternative amount identified by DDS and approved by OPM) from private providers when actual expenditures are less than the amount received from the department in both FY 16 and FY 17. This gives DDS the discretion to allow providers to retain cost settlement funds which could reduce the savings associated with requiring that DDS receive 100% reimbursement.
28(b)	DMHAS	Requires that DMHAS receive 100% of reimbursement (or an alternative amount identified by the agency) for private providers where their actual expenditures are less than the amount received by the department for both FY 16 and FY 17.
29	DMV	Allows the unexpended balance of funds for the Commercial Vehicle Information Systems Network Project within the Department of Motor Vehicles (DMV) to be carried forward into FY 16 and FY 17.
30(a)	DMV	Allows the unexpended balance of funds for the purpose of upgrading the registration and driver license data system within DMV to be carried forward into FY 16 and FY 17.
30(b)	DMV	Allows the unexpended balance of funds for the purpose of upgrading the registration and driver's license data processing system within DMV to be carried forward into FY 16 and FY 17.
30(c)	DMV	Allows the unexpended balance of funds for the registration and driver license data processing systems within DMV to be carried forward into FY 16 and FY 17.
31	BOR	Provides that up to \$50,000 of the amount appropriated to the Board of Regents for Higher Education be used for the maintenance of the Iwo Jima Memorial and Park located in Newington.
32	OHE	Transfers \$525,000 in FY 16 and \$575,000 in FY 17 from the Private Occupational School Student Protection account to the General Fund. The Private Occupational School Student Protection account is an account used to make tuition refunds to students unable to complete a course at a private occupational school because the school becomes insolvent or ceases operating. It is funded by (1) quarterly assessments on private occupational schools' tuition revenue received from Connecticut students and (2) other fees related to the schools' operations.
33	SDE	Provides a list, by town, of the equalization aid grant (ECS) amounts for FY 16 and FY 17. The total ECS amount by town for FY 16 is \$2,042.5 million, and the total ECS amount by town for FY 17 is \$2,049.4 million.
34	Constitutional Officers	Allows constitutional officers to refill vacancies without approval of OPM.
35	Spending Cap	Clarifies the treatment of unfunded liabilities for the State Employees' Retirement System (\$995.3 million), Teachers' Retirement System (\$821.7 million), Judges, Family Support Magistrates and Compensation Commissioners Retirement System (\$11.8 million), and Other Post-Employment Benefits (\$0) for the FY 16 spending cap calculation.
36(a)	SOTS	Carries forward into FY 16 and FY 17 up to \$595,000 in Other Expenses for the Connecticut Data Collaborative's agency data accessibility project.
36(b)	SOTS	Carries forward into FY 16 and FY 17 up to \$150,000 in Other Expenses to enable the continuation of certification of electronic devices during the voter check-in process.

Section	Agency	Description
37(a)	OLM	Carries forward up to \$70,000 in Other Expenses for the purpose of conducting a tax study.
37(b)	OLM	Carries forward up to \$375,250 for CASE to be used in FY 16 and FY 17 for a childhood discontinuity study.
37(c)	OLM	Carries forward up to \$299,400 for CASE to be used in FY 16 and FY 17 for a disparity study.
37(d)	OLM	Carries forward up to \$10,000 for CASE to be used in FY 16 and FY 17 for a solar energy study.
37(e)	OLM	Carries forward up to \$96,000 for the National Center for Higher Education Management Systems to be used in FY 16 and FY 17 for a higher education study.
37(f)	OLM	Carries forward up to \$47,500 in Other Expenses for consulting services by the Charter Oak Group for the Appropriations Committee Accountability Initiative to be used in FY 16 and FY 17.
38	OPM	OPM shall recommend reductions in an appropriate and proportionate manner among branches and agencies to facilitate a one per cent increase in non-union salaries of \$22,410,616 in FY 16 and a two per cent increase in non-union salaries of \$37,816,745 in FY 17.
39	Judicial	Requires the Judicial Department Court Support Services Division (CSSD), under the direction of the Juvenile Justice Policy and Oversight Committee (JJPOC), to study and report by January 1, 2016, the transition of juvenile justice programs from the Department of Children and Families (DCF) to CSSD. There is no fiscal impact for CSSD to conduct this study.
40	DPH	Transfers \$550,000 in each of FY 16 and FY 17 from the THTF to DPH for the following grants: (A) Easy Breathing Program: 1. \$150,000 for adult asthma; 2. \$250,000 for children's asthma, and (B) \$150,000 for CT Coalition for Environmental Justice for Asthma Outreach. This reduces the THTF balance by \$550,000 in both FY 16 and FY 17.