

PRELIMINARY FISCAL NOTES

Appropriations Committee Meeting

April 29, 2015



OFFICE OF FISCAL ANALYSIS

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Below are preliminary fiscal impacts for the bills on today's agenda. These estimates were prepared under a short time frame and could be revised after further analysis. For bills on the agenda with proposed substitutes, the fiscal impact is based on the substitute language.

Committee Bills for Review

1. **SB 1116 - An Act Concerning Expenditures for the Programs and Services of the Department of Education.**
2. **SB 1123 - An Act Concerning Expenditures of State Agencies Providing Social Services.**
3. **SB 1124 - An Act Concerning Expenditures of State Agencies Providing Public Health, Mental Health and Developmental Services.**
4. **SB 1125 - An Act Concerning Expenditures of the General Fund.**
5. **HB 7043 - An Act Concerning Expenditures of Appropriated Funds Other than the General Fund.**
6. **HB 7044 - An Act Concerning the Expenditures for Programs and Services Related to Higher Education.**
7. **HB 7045 - An Act Concerning Expenditures of the Department of Correction.**
8. **HB 7046 - An Act Concerning Expenditures of the Judicial Department, the Division of Criminal Justice and the Public Defender Services Commission.**
9. **HB 7047 - An Act Concerning Retention of the Coparticipant Option under the Teachers' Retirement System After Divorce, Eliminating the Cap on Professional Fees Paid Out of the Retired Teachers' Health Insurance Premium Account, Ceasing the Crediting of Interest on Unclaimed Contributions for Inactive members of the Teachers' Retirement System and Eliminating Certain Obsolete Language.**

The bill has no fiscal impact to the Teachers Retirement Board (TRB).

Section 1 of the bill allows a Teachers' Retirement System (TRS) member to retain the co-participant option upon divorce so the co-participant may retain the benefit for his or her lifetime. Since all retirement payment options are actuarially equal, allowing members to maintain the co-participant option after divorce has no fiscal impact.

The co-participant option provides the retired member with a reduced benefit and in the event the member dies prior to the co-participant, the co-participant would receive a benefit for his or her life as well. In Connecticut, the portion of the pension benefit earned during a marriage is considered to be marital asset subject to division upon a divorce. Under current laws governing the TRS the co-participant option is terminated upon divorce.

Section 2 of the bill removes the annual cap of \$150,000 on the amount the TRB may spend for outside professional fees from the Teachers Health Insurance Premium account (also referred to as the Retiree Health Fund - a non-appropriated non-lapsing account). The TRB utilizes a healthcare consultant to maintain benefits and control plan costs. It is anticipated that the TRB will spend approximately \$150,000 for their annual health plan consultant and up to an additional \$200,000 for a prescription plan claims audit in FY 16. Healthcare consulting costs have been paid from the Retiree Health Fund since 2010. In FY 14, Healthcare consulting costs were \$122,333 and in FY 15 they are projected to be \$150,000. The Retiree Health Fund balance was approximately \$109.5 million as of 6/30/14.

Section 3 of the bill reduces the period of time the TRB credits interest on the accounts of inactive non-vested members after they leave service from 25 years to 10 years. This would result in less interest being paid to non-vested members who are not eligible for a benefit. That interest, anticipated to be minimal would remain in the Teachers' Retirement Fund, and would not have any impact on the state's retirement contribution in the TRB. Please note that accounts that have been inactive for this period of time are often abandoned.

10. SB 271 - An Act Concerning Medicaid Reform to Promote Aging in Place.

This bill requires the Department of Social Services (DSS) to establish a one year pilot program for up to 50 individuals to receive services under the Connecticut Home Care Program for the Elderly (CHCPE), with presumptive eligibility. An individual granted presumptive eligibility would receive up to 90 days of care while their eligibility was determined, as well as retroactive coverage prior to the date the Medicaid application was completed, upon final determination. This would result in several impacts, as detailed below.

First, the state would incur a one-time cost due to the acceleration of eligibility determinations and the provision of benefits sooner. Currently, clients do not receive Medicaid benefits while pending eligibility determinations. The CHCPE averaged 203 monthly admissions in FY 14, with a per diem cost of \$69. The cost for 50 clients for 90 days is \$310,500.

Second, the state would incur costs for making retroactive payments for individuals determined to be Medicaid eligible. For purposes of an example, making retroactive

payments for 50 individuals for one month prior to their application would result in a cost of \$105,000. The net cost to the state under Medicaid would be \$52,500. This assumes an average monthly cost per enrollee of \$2,100; however, it should be noted that an individual's cost of care prior to entering the program could be higher or lower than the program's average. This also assumes the approval for such payments by the Centers for Medicare and Medicaid Services (CMS).

Third, the state would incur an ongoing cost related to providing benefits for clients who are eventually determined ineligible for Medicaid. It is not known what percentage of CHCPE applications are found to be ineligible for Medicaid. For purposes of an example, if it is assumed that the 50 pilot participants are the result of a 90% eligibility success rate, 5 applications would be found ineligible. Therefore, the gross cost of those ineligible clients for 90 days would be approximately \$31,050.

Lastly, there is a potential savings if the provision of home care services during the eligibility determination process prevents or delays admission to a more expensive, Medicaid funded care setting, such as a nursing home. It cannot be known how many clients may be affected. Although a person is not receiving home care services from the Medicaid program, they may be receiving in-kind care from family members or care paid for from other resources. The average Medicaid cost per day for a nursing home stay is \$200. Therefore, for a 90 day episode of care, receiving services under the CHCPE rather than a nursing home would result in a savings of approximately \$11,800 per person, or \$5,900 net.

11. SB 795 - An Act Concerning a Two-Generational School Readiness and Workforce Development Pilot Program.

The bill will result in a cost to the Department of Labor associated with establishing a two-year, two-generational school readiness and workforce development pilot program in five communities. Such pilot must include early learning programs, adult education, child care, housing job training and other related support services offered in one location wherever possible.

sHB 6824, the FY 16 and FY 17 budget bill, as favorably reported by the Appropriations Committee, appropriated \$2 million to the Department of Labor for this purpose.

12. sSB 944 - An Act Establishing a Full-Day Kindergarten Requirement.

The bill requires all local and regional school districts to implement full-day kindergarten by FY 18. Currently, there are 14 districts not offering full-day kindergarten to all eligible students. There are approximately 2,000 students who would be impacted under the bill.

Districts would incur three primary costs associated with expanding to full-day kindergarten: (1) construction/renovation costs to the degree necessary, (2) additional teaching staff and (3) additional paraprofessional staff.

It is estimated that the average cost to construct a new kindergarten classroom averages \$400 per square foot, with an average size of 1,000 square feet per classroom. Renovation costs average approximately \$300 per square foot. Municipalities would be able to offset some of the construction/renovation costs with state school construction funds, the reimbursement would vary by district.

Additionally, local and regional school districts would be required to hire additional teachers and paraprofessional staff. It is estimated that the average teacher salary is approximately \$69,000 and the average paraprofessional salary ranges from approximately \$18,200 to \$23,400.

The cost to local and regional school districts would vary depending on the number of students requiring full-day kindergarten, the construction/renovation costs, and the number of new staff.

sHB 6824, "AAC the Budget for the Biennium Ending June 30, 2017, and Other Provisions Relating to Revenue," includes \$500,000 in both FY 16 and FY 17 for alliance districts that currently do not have full-day kindergarten.

13. sSB 972 - An Act Implementing the Recommendations of the Program Review and Investigations Committee Concerning School Paraprofessional Training.

The bill requires each local and regional board of education to annually provide training to all paraprofessionals employed within their district. It is estimated that in FY 13, there were approximately 14,450 full time equivalent, non-certified instructional staff, statewide, with an average salary range of \$14 - \$18 per hour. It is estimated that approximately 41 districts currently provide mandatory, paid training to paraprofessionals. To the extent that districts do not currently provide the training identified in the bill, local and regional school districts will incur a cost. The cost will vary depending on the number of paraprofessionals employed by the district and their salary.

14. sSB 1056 – An Act Concerning the Excess Cost Threshold and the Collection and Reporting of Data Relating to Special Education Expenditures.

Section 2 of the bill requires local and regional school districts to report the following to the State Department of Education (SDE): (1) total expenditures for special education of the board of education, (2) expenditures for special education as a percentage of total school district expenditures, and (3) individual expenditures for each child requiring special education who is under the jurisdiction of the board of education. This could result in a minimal cost to some districts to upgrade information technology programming, to collect the required data.

Section 3 of the bill requires SDE to report on disaggregated data relating to the expenditures for special education by local and regional boards of education for the prior fiscal year. Due to the volume of newly collected data, this is anticipated to result in a one-time cost of up to \$30,000 to SDE for upgrade modifications to the existing data collection system.

15. SB 1088 – An Act Concerning Services for Individuals with Intellectual Disability.

The bill requires the Department of Developmental Services (DDS), in consultation with key stakeholders, to develop a plan to close all state-operated intermediate care facilities for individuals with intellectual disabilities (ICF/IID) and report to the General Assembly by December 15, 2015. The plan is to include: 1) a timeline for closure, 2) a description of the plan, and 3) a financial analysis of short-term and long-term costs and savings relating to implementing the plan. This provision is not anticipated to result in a fiscal impact as DDS has the expertise and resources available to develop the plan.

All state-operated ICF/IID beds are located at Southbury Training School (STS) and the five Regional Centers. The most recent DDS Management Information Report indicates that Southbury Training School has 305 residents and the five Regional Centers have a combined 180 residents for a total of 485 state-operated beds. In FY 14, the average annual cost per resident of STS was \$262,401; and of the Regional Centers, \$377,117.

16. HB 5806 – An Act Increasing the Minimum Amount of Assets that may be retained by the Spouse of an Institutionalized Person.

The bill will result in a cost to the Department of Social Services (DSS) associated with increasing the minimum assets that a community spouse can receive from \$23,844 to \$50,000. Currently, a community spouse has access to half of the couple's assets as determined by DSS, with a minimum of \$23,844 and a maximum of \$117,240.

For example, if a couple's total counted assets equal \$45,000, the community spouse would now keep all \$45,000 under the terms of the bill, instead of \$23,844, reducing the amount available for the institutionalized spouse. The assets of the institutionalized spouse are intended to be used to pay for the cost of their care, with certain exceptions. It is not known what portion of the institutional spouse's assets are used to cover the cost of their care prior to Medicaid eligibility. However, by reducing the amount available to the institutional spouse, it is likely that they would achieve Medicaid eligibility sooner.

Information on disposition of a couple's assets prior to Medicaid eligibility is not available, therefore the pace of the accelerated eligibility cannot be determined at this time. Based on historical data, there are approximately 150 married Medicaid long-term care enrollees per month (1,800 annually). An unknown subset of these with assets between \$23,844 and \$100,000 (double the new community spouse minimum) would be affected by the bill.

Medicaid nursing home care costs approximately \$6,000 per month. For purposes of an example, a month of accelerated eligibility for 30 clients per month would result in an annualized increased Medicaid cost of \$2.2 million, resulting in a net cost to the state of \$1.1 million.¹ If all 150 clients experienced a month of accelerated eligibility, it would result in an annualized increased Medicaid cost of \$10.8 million, or a net cost to the state of \$5.4 million.

Based on the \$26,156 increase in the minimum community spouse protected amount proposed by the bill, enrollees could experience up to four months of accelerated eligibility. Given the examples above, this would result in a Medicaid cost of \$8.6 million, or a net cost to the state of \$4.3 for 30 individuals, and a Medicaid cost of \$43.2 million, or a net cost to the state of \$21.6 million for 150 individuals. It should be noted that it is unlikely that all 150 enrollees would experience all four months of accelerated eligibility and the associated cost since this calculation is based on maximum applicability. Rather, only a subset of married enrollees may have assets in the applicable range that would be utilized to off-set Medicaid costs.

The actual cost will depend on the number of couples affected by the bill and on the disposition of the couples' assets prior to Medicaid eligibility. The bill requires the Department of Social Services to report to the legislature by July 1, 2016 on the number of community spouses who were able to keep additional assets as a result of the increase, and the cost to the state.

¹In general, Medicaid is 50% funding by the state and 50% funded by the federal government.

17. HB 6155 – An Act Concerning Notification of Medicaid Waiver and Medicaid State Plan Amendment Proposals.

The bill requires the Department of Social Services (DSS) to submit all renewals of Medicaid waivers to the legislature for approval. Should the General Assembly delay or prevent the waiver from being submitted to the federal government, it could result in the delay or loss of federal funds. In addition, prior to 30 days before the renewal is submitted to the legislature, DSS must publish a notice in the Connecticut Law Journal and on its website which has no cost. Lastly, DSS must publish a notice for all waiver applications on its website which has no cost; currently a notice for waiver applications is only required to be posted in the Connecticut Law Journal.

18. sHB 6835 – An Act Concerning English Language Learners.

The bill establishes several new requirements for the State Department of Education (SDE) relating to bilingual education and English language learner services. SDE would require two additional staff to complete the requirements contained within the bill: (1) an Education Service Specialist (with an annual salary of \$74,149) for the Academic Office to help coordinate with local and regional school districts, regional educational service centers (RESCs) and institutions of higher educations; and (2) an Education Service Specialist (with an annual salary of \$74,149) for the Bureau of Research to develop, monitor and maintain additional accountability measures for English language learner students. In addition to personal service costs of \$148,298 in both FY 16 and FY 17, corresponding fringe benefit costs of \$57,317 would also be incurred in FY 16 and FY 17.

The bill allows an eligible student to receive up to an additional thirty months of bilingual education. This will result in a cost to local and regional school districts that provide additional months of bilingual education. The cost to local and regional school districts is unknown, as the SDE does not currently collect this data. The change could also result in an increased cost to the state, associated with the Bilingual Education grant. Currently, the grant is capped at \$1.9 million, and districts receive grant amounts varying from \$2,000 per district to approximately \$300,000 per district. If the grant were to be uncapped, the state would be responsible for reimbursing districts for a portion of their additional expenditures. Additionally, increasing the limit from 30 to up to 60 months could result in a redistribution of funds between municipalities.

The bill requires local and regional school districts to provide in-service training in second language acquisition. This could result in a cost of up to \$1,000 to each local and regional school district.

The bill establishes an English language learner pilot program in four districts and one regional educational service center (RESC). It is estimated that each location would require \$75,000 in funding to complete the pilot (\$375,000 total). Additionally, the pilot must be evaluated by an independent evaluator. It is anticipated, based on the evaluation of similar pilot programs, the cost to contract for an evaluator would be approximately \$50,000.

Beginning in FY 16, the bill allows scores for bilingual education students with less than twenty months of consecutive bilingual education to be excluded in the calculation of the district performance index. This could result in a fiscal impact to local and regional school districts, as the district performance index is used to determine which districts are classified as Alliance Districts. Alliance Districts receive funding in ECS.

The bill requires each of the six RESCs to conduct (1) a survey of English language learner services and bilingual education programs provided in the region serviced by the RESC and (2) a feasibility study of RESCs providing and administering English language learner services that are of equal or greater quality than those provided by local and regional boards of education. It is anticipated that this could result in a cost of up to \$25,000 per RESC (total costs of \$150,000) to complete the new requirements.

sHB 6824, "AAC the Budget for the Biennium Ending June 30, 2017, and Other Provisions Relating to Revenue," includes an additional \$1.3 million in FY 16 and \$2.0 million in FY 17 for bilingual education.

19. **sHB 5871 - An Act Concerning Workers' Compensation Coverage for Current and Former Uniformed members of Paid Municipal or Volunteer Fire Departments** - refer to fiscal note on file copy 356.
20. **sHB 6035 - An Act Concerning the Application of Pesticides at State Facilities and Authorizing the Use of Certain Microbials** - refer to fiscal note on file copy 518.
21. **HB 6269 - An Act Concerning Mental Health Services for Homeless Children or Youths** - refer to fiscal note on file copy on 521.
22. **sHB 6706 - An Act Concerning the Filing Fee for Grievances or Disputes and the Compensation of Members at the State Board of Mediation and Arbitration** - refer to fiscal note on file copy 315. *Proposed Substitute Language*

The bill increases, from \$25 to \$50, the fee paid by each party for filing a grievance with the State Board of Mediation and Arbitration (SBMA). This results in a General Fund revenue gain of \$30,200 annually beginning in FY 16.

23. **sHB 6715 – An Act Requiring Connecticut to Participate in the State Authorization Reciprocity Agreement Regarding Distance Learning Programs** – refer to fiscal note on file copy 408.
24. **sHB 6722 – An Act Concerning Concussions in Youth Athletics** – refer to fiscal note on file copy 180.
25. **sHB 6737 – An Act Implementing the Recommendations of the Program Review and Investigations Committee Concerning Transitional Services for Youth and Young Adults with Autism Spectrum Disorder** – refer to fiscal note on file copy 562.
26. **HB 6755 – An Act Concerning the Acquisition of Real Property to be Used for School Construction** – refer to fiscal note on file copy 23.
27. **HB 6796 – An Act Concerning Recommendations of the School Nurse Advisory Council** – refer to fiscal note on file copy 468.
28. **sHB 6908 – An Act Concerning Fair Hearings** – refer to fiscal note on file copy 207.
29. **sHB 5720 – An Act Concerning the Need to Establish a Site for Shellfish Sample Testing East of the Connecticut River and Authorizing the Taking of Certain Eastern Oysters that are two and one-half Inches in Length** – refer to fiscal note on file copy 568.
30. **sHB 6287 – An Act Concerning Reports of Impaired Health Care Professionals** – refer to fiscal note on file copy 648.
31. **sHB 7020 – An Act Concerning Early Childhood Educators and Initiatives** – refer to fiscal note on file copy 598. *Proposed substitute language.*

Section 1 requires the Office of Early Childhood (OEC) to collect data for a trend analysis of regionally accredited bachelor's degree programs in early childhood education or child development, which is not anticipated to result in a cost as OEC currently has the staff available to do so.

Section 2 requires local or regional boards of education and regional education service centers that operate preschool magnet programs, as well as state or local charter school governing councils offering a preschool program, to obtain National Association for the Education of Young Children (NAEYC) program accreditation beginning in the 2017-18 school year. This could result in a potential cost to local and regional boards of education and regional education service centers that are not currently certified. The cost would vary by program, and by school. For example, preschool programs serving 60 children or fewer would incur costs of \$1,570 for

initial accreditation and \$550 for renewal annually thereafter. For programs serving from 61 students up to 120, initial accreditation would cost \$1,945 and \$650 for annual renewal.

Section 3 could result in a cost to the Office of Early Childhood (OEC) associated with allowing OEC to provide funding to local and regional early childhood councils for the implementation of early care and education and child development programs. OEC currently supports local early childhood councils via grants to Discovery communities to develop, refine and implement their local plans for early childhood. Grants totaled approximately \$600,000 in FY 14, with an average grant award of \$20,200. To the extent that this language results in the agency providing assistance 1) to an increased number of councils and/or 2) for different purposes than they currently do, OEC could incur additional costs. It should be noted that the bill requires funding be provided within available appropriations. It does not appear that this mandates that the agency perform the activity regardless of available funding, therefore the cost described above is potential.

Sections 4 and 5 expand the responsibilities of OEC, which is not anticipated to result in a fiscal impact as they have the staff available to do so.

Section 6 specifies that any preschool program created or expanded using Smart Start grants must have a classroom staffed with a teacher who holds professional certification, rather than any type of teaching certificate. This is a not anticipated to result in a fiscal impact.

Section 7 requires local and regional boards of education to include OEC's preschool experience survey in kindergarten registration material; this could result in a cost of less than \$1,000 per district associated with printing and disseminating the survey.

Section 8 makes various technical changes, which do not result in a fiscal impact.

Section 9 grandfathers certain school readiness staff into heightened staff qualifications until June 30, 2025, which is not anticipated to result in a fiscal impact.

32. sHB 7023 – An Act Concerning Various Revisions and Additions to the Education Statutes – refer to fiscal note on file 599. *Proposed substitute language.*

The bill increases the number of required hearing screenings and decreases the number of postural screenings for public school students. This could result in an increased cost to local and regional school districts. For schools with two full-time nurses there would be no additional cost. For schools with one full-time nurse the cost would vary by the size of the district. The school would hire a substitute nurse to cover the office, while the additional audiometric screenings are conducted. The cost to schools and districts with one full-time nurse will be minimal, as the average

hourly rate for hiring a substitute school nurse is approximately \$35 per hour, and it is anticipated that each screening takes 90 seconds to 2 minutes per child.

For schools without a full-time nurse the cost would be increased, as the school would have to hire additional nursing coverage at the average rate of \$35 per hour. A portion of the costs related to increased hearing screenings could be offset by decreasing the number of postural screenings. The overall fiscal impact to local and regional school districts is anticipated to be minimal.

The bill makes various other technical, procedural and conforming changes that are not anticipated to result in a fiscal impact.

33. **sHB 6763 - An Act Concerning Social Innovation** - refer to fiscal note on file copy 319.
34. **HB 5848 - An Act Concerning Women Returning to the Workforce** - refer to fiscal note on file copy 220.
35. **HB 5356 - An Act Concerning the Relocation of Displaced Tenants** - refer to fiscal note on file copy 217.