

OFA

Synopsis of Governor's Budget Plan FY 26 - FY 27

February 2025

Table of Contents

I. MAJOR POLICY CHANGES.....	1
II. FINANCIAL SUMMARY.....	4
III. SIGNIFICANT CHANGES BY SUBCOMMITTEE	6
IV. SIGNIFICANT REVENUE CHANGES	18
V. SIGNIFICANT CAPITAL BUDGET CHANGES.....	19
VI. MUNICIPAL AID	21
APPENDIX A: Revenue Policies.....	23

The following is intended to provide information on the Governor's FY 26 and FY 27 Budget, revenue, and capital plan for the committees of Appropriations and Finance, Revenue and Bonding as background for the Office of Policy and Management presentation. Since the budget was released Wednesday, we have tried to highlight major areas of interest rather than provide a full-scale comprehensive analysis. Such in-depth analysis will be undertaken by both committees with the assistance of OFA staff in the coming weeks.

EXECUTIVE SUMMARY

The Governor's Biennial Budget (the proposal) appropriates \$27 billion in FY 26 and \$28.2 billion in FY 27 across 10 appropriated funds. The proposal has positive balances of \$339 million in FY 26 and \$352 million in FY 27. The Office of Policy and Management (OPM) calculates that the proposal is under the spending cap by \$1.8 million in FY 26 and \$261.1 million in FY 27. OPM projects that through a combination of operating surpluses and volatility deposits, the proposal will result in Budget Reserve Fund balances of \$4.3 billion in FY 26 and \$4.5 billion in FY 27.

I. MAJOR POLICY CHANGES

'FISCAL GUARDRAILS'

The Governor's proposal designates a larger share of certain volatile revenue streams to support the General Fund and sets aside projected General Fund surplus funds to establish and maintain an endowment fund to support universal pre-school programming and development.

The Governor's proposal effectively re-directs resources away from making additional deposits into pension funds and thus decreases future marginal reductions to the state's actuarially determined employer contribution (ADEC) associated with these deposits.

Volatility Cap

The Governor's proposal establishes an alternative basis for the Volatility Cap, which increases General Fund revenues by \$288.9 million and \$304.5 million in FY 26 and FY 27, respectively.

Background

The Volatility Cap limits the amount of certain revenues that may support General Fund expenditures and directs the remaining amount into the Budget Reserve Fund. The cap was enacted in fall 2017 and was based on the total amount of FY 17 revenue anticipated in the Estimates and Finals (E&F) portion of the Personal Income Tax, which was \$3,150 million, and applicable to FY 18. Since FY 19, the Volatility Cap has been adjusted annually according to the rate of personal income growth and stands at \$4,130 million projected in FY 26.

Proposal

The Governor proposes to use an average of total E&F revenues from FY 12 to FY 16 as the basis for the Volatility Cap, which is equal to \$3,370.3 million.

Under current law, the Volatility Cap increases annually at the rate of personal income growth beginning in FY 19. The Governor's proposed amounts in FY 26 and FY 27 effectively assume the same rates of growth have been applied but on a larger basis in FY 18.

Volatility Cap Alternative Recommended by the Governor (in millions)

	FY 18 \$	FY 26 \$	FY 27 \$
Current Law	3,150.0	4,130.0	4,353.8
Governor's Recommended	3,370.3	4,418.9	4,658.3
Difference	220.3	288.9	304.5

Unappropriated General Fund Surplus

The Governor's proposal diverts the unappropriated General Fund surplus at the end of each fiscal year to a newly established (per the Governor's recommendation), separate Universal Pre-School Endowment Fund. In FY 25, the diversion is limited to \$300 million but is unlimited in each fiscal year thereafter. Based on recent history, the annual amount diverted in FY 26 and beyond could be approximately \$475.9 million.

Unappropriated General Fund Surplus (in millions)

	FY 20 \$	FY 21 \$	FY 22 \$	FY 23 \$	FY 24 \$	Median \$
Amounts	38.7	475.9	1,261.3	555.3	400.9	475.9

Although the budget surplus requirement, a.k.a. "Revenue Cap," for adopted budgets remains unchanged, the Governor's proposal effectively designates any future General Fund surpluses derived from the "Revenue Cap" to the Universal Pre-School Endowment Fund.

Current Services Adjustments

The Governor's recommended budget includes approximately \$1 billion in FY 26 and \$2 billion in FY 27 in current services adjustments. The major categories of adjustments are highlighted below.

Adjustment	FY 26 \$	FY 27 \$
Medicaid	418,194,569	614,614,569
Fringe Adjustment	241,371,536	498,784,826
New and Existing Wage Agreements	196,536,185	300,921,956
Miscellaneous	295,280,505	648,365,659
TOTAL	1,151,382,795	2,062,687,010

Creation of a Universal Pre-school Endowment (UPE)

The Governor proposes creating a Universal Pre-School Endowment (UPE) that will be initially funded with the use of \$300 million in unappropriated surplus in FY 25. Annually thereafter, and after the Budget Reserve Fund is at its statutory maximum (18%), all the remaining unappropriated surplus will be transferred to the UPE. The proposal restricts the annual allocation to programs and initiatives funded by the UPE to no more than 10 percent of the balance of the endowment in any fiscal year. Program expenditures from the UPE will not be appropriated and therefore are not subject to the spending cap.

The UPE will support expanding access to pre-school for three- and four- year-olds, and five-year-olds not eligible for kindergarten. The UPE will also provide preschool subsidies at no cost to families making less than \$100,000 and limit the cost share for families making less than \$150,000.

Two Cannabis Funds Moved to the GF and STF

The Governor's recommended budget moves the Cannabis Regulatory Fund (CRF) and the Prevention and Recovery Services Fund (PRSF) expenditures to the General Fund (GF) and the Special Transportation Fund (STF). This affects 11 agencies, 94 positions, and appropriations of \$12.8 million in both FY 26 and FY 27 across the GF and the STF.

The table below shows the breakdown of cannabis appropriations from FY 25 to FY 27 by agency and fund. The FY 25 appropriations are in the CRF and PRSF while the proposed FY 26 and FY 27 appropriations are in the GF and the STF.

Cannabis Appropriations by Fund and Agency (in millions)

Agency	Description	FY 25 \$	FY 26 \$	FY 27 \$
DCP	Licensing, enforcement, product safety, health reporting, outreach, and administration	6.0	5.7	5.7
DMHAS	Cannabis prevention activities such as media campaigns, secret shopper programs, and grants to local prevention coalitions that will pilot cannabis prevention strategies	3.4	3.4	3.4
DESPP	Drug Recognition Experts (DRE) and Advanced Roadside Impaired Driving Enforcement (ARIDE) training	1.2	0.6	0.6
DRS	Revenue examination and enforcement	0.5	0.5	0.5
DPH	Public health surveillance	0.5	0.5	0.5
OAG	Regulation review, and support enforcement, including violations of the Connecticut Unfair Trade Practices Act	0.4	0.4	0.4
AES	Regulatory lab testing to ensure safe consumption	0.3	0.3	0.3
UCHC	Increased poison control call volumes and reporting requirements	0.2	0.2	0.2
DECD	Workforce development coordinator for cannabis industry	0.1	0.1	0.1
Total General Fund		12.6	11.7	11.7
DOT	Drugged driving outreach and classes to increase the number of ARIDE and DRE certified officers	0.6	0.6	0.6
DMV	Behavior-based administrative license suspensions for drug-impaired drivers	0.5	0.5	0.5
Total Special Transportation Fund		1.1	1.1	1.1
GRAND TOTAL		13.7	12.8	12.8
Total Positions			94	94

Additionally, the Governor's recommended budget transfers the Social Equity and Innovation Fund, an appropriated fund, to a non-appropriated account beginning in FY 26. This includes \$10.4 million in FY 26 and FY 27 and 13 positions under the Department of Economic and Community Development (DECD).

Social Equity and Innovation Fund Appropriations: Move Off-Budget (in millions)

Agency	Description	FY 25 \$	FY 26 \$	FY 27 \$
DECD	Social Equity Council administration	10.2	10.4	10.4
Total Positions		13	13	13

Allocate Opioid Settlement Fund Dollars

Funding of \$16,137,500 in FY 26 and \$17,950,000 in FY 27 is recommended to be allocated from the Opioid Settlement Fund to continue support for certain services after the expiration of federal funds. The proposal also sustains the state's support for the assistance program for healthcare professionals (known as HAVEN), which would otherwise be adversely impacted by the Governor's proposed elimination of certain occupational licensure fees.

Opioid Settlement Fund Allocations

Agency	Purpose	FY 26 \$	FY 27 \$
DCF	Maintain 24/7 Mobile Crisis Services for Children	8,600,000	8,600,000
DOH	Maintain Cold Weather Response	4,500,000	4,500,000
DMHAS	Maintain 24/7 Mobile Crisis Services for Adults	1,750,000	3,000,000
DMHAS	Maintain Wrap-around Services for 125 Individuals in Supportive Housing	562,500	1,125,000
DPH	Support Health Assistance InterVention Education Network (HAVEN)	725,000	725,000
TOTAL		16,137,500	17,950,000

II. FINANCIAL SUMMARY

Balance Summary (in millions)

	Recommended FY 26 \$	Recommended FY 27 \$
General Fund		
Appropriations	23,838.6	24,973.9
Surplus/(Deficit)	304.0	317.8
Required Surplus ¹	301.8	316.1
Remaining Surplus/(Deficit)	2.2	1.7
Special Transportation Fund		
Revenues	2,317.0	2,430.4
Appropriations	2,285.2	2,398.8
Surplus/(Deficit)	31.8	31.6
Required Surplus ¹	29.0	30.4
Remaining Surplus/(Deficit)	2.8	1.2
Other Appropriated Funds		
Revenues	853.9	856.1
Appropriations	850.5	853.1
Surplus/(Deficit)	3.4	3.0

	Recommended FY 26 \$	Recommended FY 27 \$
All Appropriated Funds		
Revenues	27,313.5	28,578.2
Appropriations	26,974.3	28,225.8
Surplus/(Deficit)	339.2	352.4
Required Surplus ¹	330.7	346.5
Remaining Surplus/(Deficit)	8.4	5.9

¹PA 23-1, Sec. 16 limits total appropriations for the General Fund and the Special Transportation Fund to a set percentage of total revenues: 98.75% in both FY 26 and FY 27.

The Governor's recommended Appropriated Fund budget has a growth rate of 3.8% in FY 26 and 4.6% in FY 27. See the table below for details.

Fund	FY 25 Appropriation	Recommended FY 26	FY 26 Change		Recommended FY 27	FY 27 Change	
			\$	%		\$	%
General	22,805.9	23,838.6	1,032.8	4.5%	24,973.9	1,135.3	4.8%
Transportation	2,286.4	2,285.2	(1.2)	-0.1%	2,398.8	113.7	5.0%
Other Appropriated	902.2	850.5	(51.7)	-5.7%	853.1	2.5	0.3%
TOTAL	25,994.4	26,974.3	979.9	3.8%	28,225.8	1,251.5	4.6%

FY 26 and FY 27 Budget Fund Summaries

Fund Summary	FY 26 \$	FY 27 \$
General Fund	23,892,326,734	25,027,660,209
Special Transportation Fund	2,297,162,112	2,410,830,986
Municipal Revenue Sharing Fund	554,309,674	554,309,674
Banking Fund	36,316,850	36,322,515
Insurance Fund	126,351,705	128,861,298
Consumer Counsel and Public Utility Control Fund	36,764,341	36,770,503
Workers' Compensation Fund	27,214,322	27,217,556
Mashantucket Pequot and Mohegan Fund	52,541,796	52,541,796
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	14,100,901	14,100,901
Cannabis Social Equity and Innovation Fund	-	-
Cannabis Prevention and Recovery Services Fund	-	-
Cannabis Regulatory Fund	-	-
Subtotal	27,040,022,523	28,291,549,526
General Fund Lapses		
Unallocated Lapse	(48,715,570)	(48,715,570)
Unallocated Lapse - Judicial	(5,000,000)	(5,000,000)
Subtotal	(53,715,570)	(53,715,570)
Special Transportation Fund Lapses		
Unallocated Lapse	(12,000,000)	(12,000,000)
Subtotal	(12,000,000)	(12,000,000)
Net Appropriations		
General Fund	23,838,611,164	24,973,944,639
Special Transportation Fund	2,285,162,112	2,398,830,986
Municipal Revenue Sharing Fund	554,309,674	554,309,674
Banking Fund	36,316,850	36,322,515
Insurance Fund	126,351,705	128,861,298

Fund Summary	FY 26 \$	FY 27 \$
Consumer Counsel and Public Utility Control Fund	36,764,341	36,770,503
Workers' Compensation Fund	27,214,322	27,217,556
Mashantucket Pequot and Mohegan Fund	52,541,796	52,541,796
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	14,100,901	14,100,901
Cannabis Social Equity and Innovation Fund	-	-
Cannabis Prevention and Recovery Services Fund	-	-
Cannabis Regulatory Fund	-	-
TOTAL NET APPROPRIATIONS	26,974,306,953	28,225,833,956

Spending Cap

The proposal is calculated by the Office of Policy and Management to be under the spending cap by \$0.5 million in FY 25 (including \$166.5 million in deficiency appropriations), \$1.8 million in FY 26, and \$261.1 million in FY 27. The calculation utilizes allowable capped growth rates of 3.96%, 5.11%, and 5.42% in FY 25, FY 26, and FY 27, respectively, all of which reflect the five-year compound annual growth in Connecticut personal income.

Base adjustments are made in FY 26 to reflect Town Aid Road (\$60 million) and the Cannabis Social Equity and Innovation Fund (\$10.2 million) moving off-budget. Additionally, per CGS Sec. 2-33a, the calculation no longer includes an exemption for the unfunded accrued liability (UAL) for the Teachers' Retirement System beginning in FY 27, which results in additional allowable spending cap growth of approximately \$77 million based on a UAL of approximately \$1.4 billion.

Special Transportation Fund

The proposal makes several changes to bring the Special Transportation Fund (STF) into operating balance for the biennium. Among other things, it raises fares for both rail and bus services, moves Town Aid Road grant funding to bonding, and transfers revenue amounts between fiscal years. In total, the proposal results in annual STF surpluses of \$31.8 million in FY 26 and \$31.6 million in FY 27. Once accounting for the revenue cap adjustment, the surpluses are \$2.8 million in FY 26 and \$1.2 million in FY 27. The proposal anticipates STF deficits in the out years.

III. SIGNIFICANT CHANGES BY SUBCOMMITTEE

LEGISLATIVE

Legislative Management

Provide Funding for General Assembly Salary Increases

Provide Personal Services funding of \$336,346 in FY 26 and \$584,595 in FY 27 for salary increases for General Assembly members pursuant to Public Act 22-85.

Transfer Funding for Capitol Child Development Center to the Office of Early Childhood

Transfer Other Expenses funding of \$263,000 in both FY 26 and FY 27 for the Capitol Child Development Center to the Office of Early Childhood.

GENERAL GOVERNMENT A

Governor's Office

Provide Funding for Juvenile Justice Study

Provides \$250,000 in FY 26 to support a study of the state juvenile justice system.

Secretary of the State

Reduce Funding for Early Voting

Reduce funding by \$750,000 in both FY 26 and FY 27, to more accurately reflect state costs of early voting.

GENERAL GOVERNMENT B

State Comptroller - Fringe Benefits

Adjust Actuarially Determined Employer Contribution (ADEC) Based on the Anticipated FY 25 Budget Reserve Fund Deposit

Reduce funding by \$82.9 million in the General Fund and \$8.7 million in the Special Transportation Fund in FY 27 to reflect the impact of additional pension fund contributions from the anticipated FY 25 Budget Reserve Fund deposit.

Adjust State Healthcare Costs for Hospital Services

Reduce funding by \$69.6 million in the General Fund and \$2.7 million in the Special Transportation Fund in FY 27 to reflect decreased hospital rates for state employees and non-Medicare retirees. These adjustments correspond with an increase in Medicaid reimbursements in the Hospital Supplemental Payments account within the Department of Social Services.

Eliminate UConn Health Center Subsidy

Eliminate funding of \$4.5 million in both FY 26 and FY 27 associated with fringe benefit costs for higher education constituent units. This subsidy was originally added in the FY 24 and FY 25 Budget corresponding with the repeal of a statute related to fringe benefit support for the UConn Health Center. Section 44 of PA 24-81 continued this funding despite an adjustment to the higher education block grants.

Department of Revenue Services

Provide Funding for a Drug Price Cost Containment Initiative

Provide funding of \$32,990 in FY 26 (partial year funding) and \$131,958 in FY 27 for two Revenue Agent positions to support an initiative to limit the price increase in generic and off-patent drugs, including authorizing the Department of Revenue Services to levy a civil penalty on manufacturers that raise prices above the annual rate of inflation.

Office of Policy and Management

Increase Funding for Private Providers

Provide funding of \$31 million in FY 26 and \$126 million in FY 27 to increase funding for private providers. The funding will support a 3% increase effective January 1, 2026 and provide an additional 3% increase effective July 1, 2026.

Department of Administrative Services

Centralize IT Services for Additional Agencies

Transfer \$65 million in funding and 158 positions from various General Fund agencies to the Department of Administrative Services to support IT optimization. Agencies included are the Departments of Children and Families, Social Services, Developmental Services, and Health and Addiction Services, and the Office of Health Strategy.

Attorney General

Implement Notice of Material Change Legislation

Provide Personal Services funding of \$115,537 in FY 26 and \$230,873 in FY 27 to support three positions to implement notice of material change legislation.

REGULATION AND PROTECTION

Department of Emergency Services and Public Protection

Eliminate Funding for Volunteer Fire Companies on Limited Highways

Eliminate funding of \$1.5 million in both FY 26 and FY 27 for payments of \$500 to volunteer fire companies responding to calls on limited access highways.

Reduce Funding to Reflect Staffing and Duties Assessment

Reduce funding of \$3 million in FY 26 and \$6 million in FY 27 to reflect anticipated savings from a staffing and duties assessment.

Provide Funding for Clean Slate System Upgrades

Provide funding of \$563,460 in FY 26 and \$580,364 in FY27 to support upgrades and annual maintenance costs for the Clean Slate system.

Department of Banking

Expand the Financial Protection & Innovation Team

Provide funding of \$423,000 and two positions in both FY 26 and FY 27 to expand the Financial Protection and Innovation Team. The team is responsible for analyzing, regulating, and overseeing highly specialized areas of the banking industry such as cannabis banking, cryptocurrency, and cybersecurity, with more enforcement focus on Fair Credit, Truth-in-Lending, and other consumer protection laws.

Office of the Behavioral Health Advocate & Office of the Healthcare Advocate

Transfer Funding for the Behavioral Health Advocate to the Office of the Healthcare Advocate and Reduce Positions

Transfer funding of \$257,544 in both FY 26 and FY 27 from the Office of the Behavioral Health Advocate (OBH) to the Office of the Healthcare Advocate to support one full-time position, the Behavioral Health Advocate. The proposal eliminates the other three positions in OBH, resulting in savings of \$618,456 in both FY 26 and FY 27. OBH was first funded in FY 24 but none of the four positions have been filled.

Department of Consumer Protection

Provide Funding to Establish the Canadian Prescription Drug Importation Program

Provide Personal Services and Other Expenses funding of \$187,028 in FY 26 and \$313,538 in FY 27 to support three positions to establish the Canadian Drug Importation Program.

Provide Funding to Enforce the Governor’s Bill on Junk Fees

Provide Personal Services funding of \$172,328 beginning in FY 27 to support two positions to enforce the Governor’s bill on junk fees and click-to-cancel.

CONSERVATION AND DEVELOPMENT

Labor Department

Provide Funding and Staff to Support Unemployment Insurance

Provide funding of \$538,695 in FY 26 and \$523,695 in FY 27 and nine positions to support various functions, including the Unemployment Insurance contact center which handles all calls and communications from unemployed residents and for the Integrity Unit which ensures the validity of employment insurance claims.

Department of Agriculture

Eliminate Funding for CT Grown for CT Kids

Eliminate funding of \$1 million in both FY 26 and FY 27 for CT Grown for CT Kids grant program, which is designed to assist local and regional boards of education in developing farm-to-school initiatives and increasing the availability of local foods in child nutrition programs.

Department of Economic and Community Development

Eliminate Funding to Support Various Grants

Eliminate funding of \$8.275 million in both FY 26 and FY 27 under “Various Grants” in the General Fund. Additionally, eliminate \$1.275 million in both FY 26 and FY 27 under the “Various Grants” account in the Tourism Fund. In total, the Governor’s recommended budget eliminates \$9.55 million per fiscal year.

The table below provides the list of recipients that were appropriated grants through these two accounts for FY 25.

Recipient	FY 25
South End Community Center	5,000
Dixwell Community House	30,000
America 250 Commission	100,000
Latinas & Power, Corp.	125,000
Youth programming at Parker Memorial Community Center, Hartford	100,000
Kamora's Cultural Corner, Hartford	10,000
ActUp Theater, Hartford	25,000
Windsor Community Center	15,000
Food Desert Tax Abatement	500,000
Cornerstone Community Foundation	50,000

Recipient	FY 25
Youth Business Initiative	20,000
Homes for Hope	25,000
PAL Hartford	500,000
High Poverty Community Leadership Development	500,000
Color a Positive Thought	75,000
Saint Joseph Parenting Center	200,000
RF Youth Boxing, Inc. (RFYB Fitness Professional Academy)	110,000
Boys and Girls Club of Stamford	100,000
100 Girls Leading	50,000
Colors of the World	40,000
Sisters at the Shore	50,000
Town of Farmington - Part Time Seasonal Help	20,000
Blue Hills Civic Organization	5,500,000
YMCA of Meriden, New Britain, Berlin	100,000
Ridgefield Meeting House	25,000
Total General Fund	8,275,000
Amistad Vessel	515,000
New Haven Symphony	50,000
Op Sail (New London)	80,000
West Hartford Art League	30,000
Hartford Summer in the City	200,000
Norwalk International Cultural Exchange - NICE Festival	50,000
Norwalk Symphony	50,000
Ball and Sockets	300,000
Total Tourism Fund	1,275,000
GRAND TOTAL - Various Grants	9,550,000

Reduce Funding for Various Tourism Fund Grants

Reduce funding for various grants in the Tourism Fund by \$768,552 in both FY 26 and FY 27, or 17.5% per grant, to achieve savings.

Tourism Fund Account	FY 25 Budget \$	Decrease \$	FY 26-27 Gov. Rec.
12412 - Hartford Urban Arts Grant	242,371	(42,415)	199,956
12413 - New Britain Arts Council	39,380	(6,892)	32,488
12562 - Neighborhood Music School	200,540	(35,095)	165,445
12668 - Greater Hartford Community Foundation	150,000	(26,250)	123,750
16115 - Nutmeg Games	40,000	(7,000)	33,000
16175 - Discovery Museum	196,895	(34,457)	162,438
16188 - National Theatre of the Deaf	78,758	(13,783)	64,975
16209 - Connecticut Science Center	546,626	(95,660)	450,966
16264 - Litchfield Jazz Festival	29,000	(5,075)	23,925
16267 - Arte Inc.	20,735	(3,629)	17,106
16268 - CT Virtuosi Orchestra	15,250	(2,669)	12,581

Tourism Fund Account	FY 25 Budget \$	Decrease \$	FY 26-27 Gov. Rec.
16269 - Barnum Museum	50,000	(8,750)	41,250
16281 - Creative Youth Productions	150,000	(26,250)	123,750
16282 - Music Haven	100,000	(17,500)	82,500
16287 - West Hartford Pride	40,000	(7,000)	33,000
16292 - Amistad Center for Arts and Culture	100,000	(17,500)	82,500
17063 - Greater Hartford Arts Council	74,079	(12,964)	61,115
17065 - Stepping Stones Museum for Children	80,863	(14,151)	66,712
17066 - Maritime Center Authority	803,705	(140,648)	663,057
17070 - Amistad Committee for the Freedom Trail	36,414	(6,372)	30,042
17072 - New Haven Festival of Arts and Ideas	414,511	(72,539)	341,972
17073 - New Haven Arts Council	77,000	(13,475)	63,525
17075 - Beardsley Zoo	400,000	(70,000)	330,000
17076 - Mystic Aquarium	322,397	(56,419)	265,978
17082 - Twain/Stowe Homes	81,196	(14,209)	66,987
17100 - Cultural Alliance of Fairfield	52,000	(9,100)	42,900
17106 - Stamford Downtown Special Services District	50,000	(8,750)	41,250
Total Tourism Fund	4,391,720	(768,552)	3,623,168

Increase Funding for the CT Municipal Redevelopment Authority

Increase funding by \$500,000 in FY 26 and \$700,000 in FY 27 for the CT Municipal Redevelopment Authority (MRDA). MRDA is a new quasi-public state agency that is responsible for assisting municipalities with efforts to spur transit-oriented development with a focus on the growth of new housing. The FY 25 appropriation for MRDA is \$600,000.

Department of Housing

Provide Funding for Additional Rental Assistance Program (RAP) Vouchers

Provide funding of \$8.7 million in FY 27 to the Rental Assistance Program (RAP) to create approximately 425 new elderly and disabled RAP vouchers and approximately 275 new HeadStart on Housing RAP vouchers. Priority will be given to those that are most at risk for homelessness and who may have multiple barriers to housing.

Provide Funding for Eviction Prevention and HUBs

Provide funding of \$5 million in both FY 26 and FY 27 for eviction prevention and HUBs. Funding is provided to support tenants facing eviction, including up to three months of rental assistance payments for past due payments.

Adjust Funding Due to Increased Housing Costs

Provide funding of \$10,293,802 in FY 26 and \$10,515,843 in FY 27 to various accounts within the Department of Housing to reflect increased housing costs. Of this additional funding, \$8.8 million in both FY 26 and FY 27 is in the Housing/Homeless Services account which funds the Rental Assistance Program (RAP).

Adjust Funding for Subsidized Assisted Living Demonstration

Provide funding of \$467,000 in FY 26 and \$669,000 in FY 27 for the Subsidized Assisted Living Demonstration (SALD). DOH provides subsidies to help offset the cost of rent for qualified residents.

HEALTH

Department of Public Health

Reduce Local Health Department & District Grants

Reduce funding by \$723,311 in both FY 26 and FY 27 for grant payments for qualifying local health authorities. This represents a 10% decrease from the amount needed to fully fund statutory per capita formula grants based on updated population estimates; grants will be reduced pro rata.

Reduce Funding for Immunization Services to Reflect Availability of Existing Stock

Reduce funding by \$7,735,531 in FY 26 and \$6,067,245 in FY 27 to account for the drawdown of an existing vaccine stockpile, purchased by DPH through the federal government, which supports the Connecticut Vaccine Program.

Office of Health Strategy

Implement Notice of Material Change Legislation

Provide funding of \$350,000 in FY 26, FY 27, and FY 28 to support three positions to evaluate health quality and access criteria related to requests for system purchases by private equity firms. This will be done in conjunction with the Office of the Attorney General.

Enforce Out-of-Network Hospital Price Limits

Provide funding of \$1,080,501 in both FY 27 and FY 28 to support five positions to enforce out-of-network hospital price limits based on Medicare rates.

Create a Deputy Commissioner Position

Provide funding of \$318,888 in FY 26, FY 27, and FY 28 to establish a deputy commissioner position to support executive leadership activities.

Department of Mental Health and Addiction Services

Reduce State-Funded Prevention Activities

Reduce funding by \$1.7 million in both FY 26 and FY 27 to reflect a decrease in prevention related staffing (seven positions) and the Grants for Mental Health and Substance Abuse Services accounts.

TRANSPORTATION

Department of Transportation

Increase Fares and Fees for Public Transportation

Increase fares and fees for public transportation as follows:

- 5% rail fare increase beginning in FY 26 (\$10.4 million) and an additional 5% fare increase again in FY 27 (\$21.4 million). Rail fares were last increased by 4% in November 2023.
- 25% increase in parking fees at state-owned rail stations beginning in FY 26 (\$1.1 million each year)

- \$0.25 bus fare increase, from \$1.75 to \$2.00, beginning in FY 27 (\$4.8 million) for both CTtransit and transit districts. Bus fares were last increased by \$0.25 in December 2016.
- \$10 increase, from \$40 to \$50, in the per-semester fee for the U-PASS program beginning in FY 27 (\$1.4 million).

Fund Town Aid Road Through Bonding

Fund the Town Aid Road program through bond authorizations rather than from STF appropriations. The total proposed amount is unchanged at \$60 million in each year of the biennium.

Eliminate the Connecticut Port Authority Subsidy

Eliminate the subsidy of \$400,000 annually that DOT has transferred to the Connecticut Port Authority since the authority's inception.

HUMAN SERVICES

Department of Social Services

Increase Hospital Supplemental Payments

Provide funding of \$250 million in FY 27 to reflect increased Hospital Supplemental Payments as follows:

1. \$140 million after updating the base of the user fee from 2016 to 2025 and reducing the tax rate on outpatient services, generating \$140 million in tax revenue. The corresponding supplemental payments generate approximately \$93.8 million in federal grants revenue under the General Fund, and
2. \$110 million in conjunction with a reduction in healthcare costs due to lower hospital rates paid by the state employee and non-Medicare retiree health plans. The supplemental payments generate approximately \$73.7 million in federal grants revenue under the General Fund. These adjustments correspond with a reduction in state healthcare costs within the State Comptroller – Fringe Benefits.

Eliminate Coverage of Certain Weight Loss Medications

Reduce funding by \$28,790,000 in FY 27 and \$16,850,000 in FY 28 to reflect the elimination of coverage of certain drugs when prescribed only for obesity. Medicaid coverage of weight loss drugs remains for members with type 2 diabetes and those at risk of a major adverse cardiac event.

Provide Funding for Increased Medicaid Provider Rates

Provide funding of \$10.4 million in FY 26 and \$25 million in FY 27 to increase Medicaid rates. This assumes additional analysis will be completed to determine where such funding will be targeted.

Increase Funding for Birth to Three

Provide funding of \$4.5 million in FY 27 to reflect increased Medicaid rates for Birth to Three services to align with rate study recommendations. A related increase of \$6 million is provided in the Office of Early Childhood.

Decrease Ambulance Rates

Reduce funding by \$4.2 million in FY 26 and \$4.5 million in FY 27 to reflect a reduction in rates and mileage reimbursement to FY 24 levels.

Adjust Funding for Domestic Violence

Reduce funding by \$2.5 million in both FY 26 and FY 27 to reflect a \$4 million reduction in support provided under the State Administered General Assistance program and a \$1.5 million increase in support provided via the Connecticut Coalition Against Domestic Violence.

Reduce Funding for Non-Entitlement Programs

Reduce funding by \$2,489,504 in both FY 26 and FY 27 to reflect a reduction in funding for Community Services and the Human Services Infrastructure Community Action Program. This impacts contracts with Person to Person, Roca, Catholic Charities of New Haven, Spanish Community of Wallingford, Fatherhood Initiative, and Migrant Support.

Department of Children and Families

Adjust Funding to Reflect Delayed Implementation of Prearrest Diversion Program

Reduce funding by \$2,145,230 in FY 26 within the Juvenile Review Boards account to reflect delayed implementation of prearrest diversion programming for children, as defined within Section 1 of PA 23-188 (*AAC Juvenile Justice*). Funding equal to one-half of the amount originally appropriated in FY 24 for this purpose is maintained in the first year of the biennium.

Provide Other Expenses Funding to Reflect Anticipated Costs

Provide funding of \$2 million under the Other Expenses account in both FY 26 and FY 27 to support operational needs and to maintain leased space in Middletown for which \$667,856 was allocated from American Rescue Plan Act (ARPA) funds.

HIGHER EDUCATION

Adjust Funding for Constituent Units

Funding of approximately \$57.8 million in FY 26 and \$80.3 million in FY 27 is provided across the UConn, UConn Health, and CSCU block grants as shown in the table below. The additional funding represents increases over each unit's FY 25 block grant appropriation (excluding RSA funding received) of 8% in FY 26 and 10% in FY 27.

Constituent Unit Block Grant Increases		
Unit	FY 26 \$	FY 27 \$
UConn	17,182,438	22,446,310
UConn Health	8,984,909	12,783,278
CSCU	31,658,513	45,042,142
TOTAL	57,825,860	80,271,730

The proposal significantly reduces total funding for each constituent unit, when one-time FY 25 funding is included. Compared to total FY 25 funding, proposed funding across all constituent units is \$300.9 million less in FY 26 and \$278.4 million less in FY 27. The breakdown by unit is: (1) UConn receives \$86.2 million less in FY 26 and \$80.9 million less in FY 27; (2) UConn Health receives \$66.1 million less in FY 26 and \$62.3 million less in FY 27; and (3) CSCU receives \$148.5 million less in FY 26 and \$135.1 million less in FY 27.

Office of Higher Education

Eliminate Funding for Newer Programs

Eliminate funding of \$6.5 million in both FY 26 and FY 27 as follows: (1) \$6 million for CT Loan Forgiveness (reimbursement of student loan payments); and (2) \$500,000 for the Adjunct Health Care Professor Grant Program. These programs began in FY 25 and FY 24, respectively.

Provide Funding for Expansion of AmeriCorps

Provide funding of \$1,404,214 in FY 26 and \$2,808,429 in FY 27, and one position beginning in FY 26, for expansion of AmeriCorps. Funding will provide paid full time and part time public service opportunities for AmeriCorps volunteers.

University of Connecticut

Reduce Funding for Block Grant

Reduce funding by \$2,260,000 in both FY 26 and FY 27. This amount is equal to the amount appropriated for various initiatives, but the proposal does not reduce funding for such initiatives.

Connecticut State Colleges and Universities

Eliminate Funding for O'Neill Endowed Chair

Eliminate funding of \$315,000 in both FY 26 and FY 27 for the O'Neill Endowed Chair at Central Connecticut State University.

ELEMENTARY AND SECONDARY EDUCATION

Department of Education

Maintain ECS Phase-In

Provide funding of \$86,465,067 in FY 26 and \$77,899,361 in FY 27 to ECS for the statutory formula phase-in schedule. Total additional ECS funding also includes approximately \$73.7 million transferred from Education Finance Reform in both FY 26 and FY 27 (same as the Education Finance Reform account's expected spending on ECS in FY 25), resulting in total increases of approximately \$160.1 million in FY 26 and \$151.6 million in FY 27. The proposal maintains ECS current law, which requires: (1) continued annual increases for underfunded towns until they achieve full funding in FY 26; and (2) the resumption in FY 26 of annual decreases for overfunded towns until they achieve full funding in FY 32.

Reduce ECS Funding to Reflect Data Adjustment

Reduce funding by \$1,418,594 in FY 26 and \$1,585,566 in FY 27 for ECS to account for an error in the Census Bureau's vintage 2022 population estimates, impacting one town. Mansfield had an artificially high population estimate due to pandemic-related issues that affected the ECS grant calculation in FY 25. This change results in Mansfield's ECS grant being reduced from FY 25 by \$166,997 in FY 26 and an additional \$166,972 in FY 27, instead of the town receiving an ECS increase.

Adjust Funding for Choice Programs

Transfer funding from Education Finance Reform to various choice programs that receive a portion of the account's funding in FY 25, and to the Sheff Transportation account. A net reduction in funding of \$18,431,365 in FY 26 and \$5,444,895 in FY 27 reflects updated enrollment projections for existing choice school grants, along with the cessation in FY 26 of various other

grants provided in FY 25 by the Education Finance Reform account. There are no changes to the choice school grant formulas.

Account	FY 26 \$	FY 27 \$
Education Finance Reform	(76,331,181)	(76,331,181)
Charter Schools	2,788,763	4,107,763
Vocational Agriculture	7,471,532	7,471,532
Magnet Schools	45,443,153	54,445,952
Sheff Transportation	2,196,368	4,861,039
TOTAL	(18,431,365)	(5,444,895)

Increase Funding for Excess Cost Special Education Grant

Provide additional funding of \$40 million in FY 27 for Excess Cost, which provides grants that partially reimburse school districts for expenses incurred for high-cost special education students. Fully funding Excess Cost in FY 25 would require an estimated \$108.2 million increase to the appropriation.

Establish High Quality Special Education Incentives Grant

Provide funding of \$10 million and one position in FY 27 to support a new program that awards grant funding for in-district special education programs. (Additionally, \$4 million in bond funding is proposed to support this initiative.)

Provide Funding for Various School Meal Programs

Provide funding of \$700,000 in FY 26 and \$13,121,000 in FY 27 across two accounts, Child Nutrition State Match and School Breakfast Program, to provide free meals for students eligible for reduced price meals in both FY 26 and FY 27, and universal free breakfast in FY 27.

Continue Funding for Various ARPA-Funded Programs

Provide funding of \$17.8 million in FY 27 to continue or expand three programs that were previously funded by ARPA. The three programs are:

- Learner Engagement and Attendance Program: \$9.9 million in FY 27
- Dual Credit Expansion Grant Program: \$7.5 million in FY 27
- Science of Reading Masterclass: \$400,000 in FY 27

Establish High Dosage Tutoring Grant

Provide funding of \$5 million in FY 27 to expand a matching grant for high dosage tutoring, which was previously funded by ARP ESSER. The proposal requires districts to match state funding and adhere to evidence-based approaches in the implementation of the program.

Eliminate Funding for the Connecticut Writing Project and Bridges to Success

Eliminate funding totaling \$122,250 in both FY 26 and FY 27 for the Connecticut Writing Project (\$95,250 annually) and Bridges to Success (\$27,000 annually).

Consolidate Student Support Programs into a Single Student Support Services Grant

Eliminate funding for six programs and provide \$12,639,668 in both FY 26 and FY 27 to a single Student Support Services grant. There is a net savings of \$1,943,141 in both FY 26 and FY 27. Dedicated funding is eliminated for Family Resource Centers, After School Program, Neighborhood Youth Centers, School-Based Diversion Initiative, Leadership, Education, Athletics in Partnership (LEAP), and Parent Trust Fund Program.

Reduce Funding for Aspiring Educators Diversity Scholarship Program

Reduce funding by \$6.5 million in both FY 26 and FY 27 for the Aspiring Educators Diversity Scholarship program. This change reflects: (1) the annualization of a \$6 million FY 25 holdback, and (2) the transfer of \$500,000 to Talent Development for efforts to expand male recruitment into the teaching profession.

Connecticut Technical Education and Career System

Provide Funding and Positions to Reflect Current Needs

Provide funding of \$13.3 million in both FY 26 and FY 27, and 30 positions beginning in FY 26, to better align appropriations with FY 25 spending and reflect current staffing. CTECS is currently projected by OFA to have a \$14.6 million deficiency in FY 25 primarily due to rising special education costs.

Office of Early Childhood

Provide 4% Increase for Early Start CT

Provide funding of \$8 million in FY 27 to build upon rate increases and to help improve hiring and retaining childcare staff.

Provide Funding to Implement Birth to Three Tiered Rates

Provide funding of \$6 million in FY 27 to implement a Birth to Three tiered rate system based on providers' experience and credentialing levels to align with rate study recommendations. A related increase of \$4.5 million is provided in the Department of Social Services.

Transfer Funding for the Capitol Child Development Center from OLM to OEC

Transfer funding of \$263,000 in both FY 26 and FY 27 for the Capitol Child Development Center (CCDC) from the Office of Legislative Management (OLM) to the Office of Early Childhood (OEC).

State Library

Eliminate Funding for Nonprofit Library Programs

Eliminate funding of \$500,000 in both FY 26 and FY 27 for nonprofit library programs within the Other Expenses account. This funding was evenly allocated in the FY 24 and FY 25 Budget to: (1) United Way of Central and Northeastern Connecticut for the Dolly Parton Imagination Library; (2) Read to Grow; and (3) Reach Out and Read.

Teachers' Retirement Board

Reduce the State's Share of Healthcare Costs from One-Third to One-Quarter

Reduce funding by \$12 million in FY 26 and \$13.3 million in FY 27 to reflect the reduction in the state's share of retiree healthcare costs. Currently, the state share is one-third of the base plan premium, and the remaining two-thirds are shared by the Health Fund and the retiree. The proposal would reduce the state share to one-quarter of the cost of the base plan, and the remainder would be supported by the health fund.

JUDICIAL AND CORRECTIONS

Department of Correction

Provide Funding to Annualize Projected FY 25 Deficiencies

Provide funding of \$32.1 million in both FY 26 and FY 27 to adjust for current year deficiencies in the Personal Services, Other Expenses, and Inmate Medical Services accounts.

Eliminate Funding for Electronic Messaging by Inmates

Eliminate funding of \$3.5 million in both FY 26 and FY 27 for subsidized electronic tablets and messaging originally implemented by PA 21-54.

Reduce Funding to Reflect Overtime Spending Reduction Plan

Reduce funding of \$2,288,556 in both FY 26 and FY 27 to reflect anticipated savings from the Department of Correction's Overtime Spending Reduction Plan which aims to reduce overtime by 47,250 hours.

Judicial Department

Provide Funding to the Connecticut Children's Alliance for Victim Support

Provide funding of \$1.25 million in FY 27 to expand support for victims of child abuse.

Provide Funding to the CT Alliance to End Sexual Violence for Victim Support

Provide funding of \$1.25 million in FY 27 to expand support for victims of sexual assaults.

Annualize Cost of 13 Superior Court Judges

Provide funding of \$2,613,299 in both FY 26 and FY 27 for 13 Superior Court judge positions.

Provide Funding for Additional Judicial Marshals

Provide funding of \$1,175,551 in FY 26 and \$4,451,717 in FY 27 for 60 new judicial marshals in FY 26 and additional 60 in FY 27.

Public Defender Services Commission

Reduce the Eligibility Threshold to 200% of the Federal Poverty Level

Reduce funding by \$6,314,470 in both FY 26 and FY 27 to reduce the eligibility threshold from 250% of the Federal Poverty Level (FPL) to 200% of FPL. Section 201 of PA 23-204 established the 250% FPL limit for an individual to qualify as indigent.

IV. SIGNIFICANT REVENUE CHANGES

Update and Rebase the Hospital Tax to Increase Revenues

Increase the total hospital tax due from \$820 million to \$960 million beginning in FY 27 with increases of \$25 million in FY 28 and each fiscal year thereafter. This results in a revenue gain of \$140 million in FY 27, \$165 million in FY 28, and \$190 million in FY 29.

The Governor proposes to update the base for the hospital tax from FFY 2016 net patient revenues to the current federal fiscal year and reduce the tax rate on outpatient services in order to achieve the total tax amount due from the hospital (\$960 million in FY 27, \$985 million in FY 28, \$1,010 million in FY 29). Current law sets the hospital tax at \$820 million in FY 26 and annually thereafter.

Eliminate \$2.5 Million Limit on Tax Liability Increases Due to Unitary Filing

Eliminate the \$2.5 million cap on the amount a combined group's tax, calculated on a unitary basis, can exceed the tax it would have paid on a separate basis. This results in a revenue gain of \$133.1 million in FY 26 and \$83.2 million in FY 27.

Maintain Temporary Corporate Tax Surcharge

Extend, for three years, the corporate tax surcharge of 10% applicable to companies whose gross income is greater than \$100 million. Under current law, the 10% surcharge expires on January 1, 2026. This results in a revenue gain of \$48 million in FY 26 and \$80 million in FY 27.

Reduce Film Tax Credit Rate

Reduce, from 30% to 25%, the top rate on the film production tax credit beginning with the 2025 income year. This results in a revenue gain of \$9.2 million in FY 26 and \$17.1 million in FY 27.

Accelerate the Capital Base Phase-Out

Accelerate, from the 2028 income year to the 2026 income year, the scheduled phase-out of the capital base method under the corporation business tax. This results in a revenue loss of \$15.3 million in FY 26 and \$20.4 million in FY 27.

Eliminate Provision Allowing Certain Corporations to Claim 100% Net Operating Loss

Eliminate the provision allowing corporations with at least \$6 billion in cumulative unused net operating losses (NOLs) from prior to January 1, 2013, to relinquish 50% of such losses in exchange for utilizing the remaining NOLs sooner than statutory limitations would otherwise allow. This results in a revenue gain of \$8.3 million annually beginning in FY 26.

Expand Property Tax Credit

Expand the existing property tax credit under the personal income tax by: (1) increasing the maximum credit amount from \$300 to \$350 and (2) extending credit availability to higher income thresholds. This results in a revenue loss of \$85 million annually beginning in FY 26.

Raise the Cap on the Research & Development Credit Exchange for Biotech Firms

Raise, from 65% to 90%, the value of research and development credits exchanged by biotechnology companies. This results in a revenue loss of \$1.8 million annually beginning in FY 26.

Eliminate Various Professional Licensure Fees

Eliminate initial and renewal licensure fees for various professional licenses, resulting in a revenue loss of \$18.8 million in FY 26 and \$25 million in FY 27 and annually thereafter. The impacted licenses are issued by the Department of Consumer Protection, the Department of Public Health, and the State Department of Education.

V. SIGNIFICANT CAPITAL BUDGET CHANGES

The Governor's recommended capital budget authorizations and cancellations are in the table below.

Proposed New Bond Authorizations by Type (in millions)

	FY 26 \$	FY 27 \$
General Obligation (GO) bonds	2,435.3	2,263.9
Special Tax Obligation (STO) bonds	1,553.0	1,559.2
Clean Water Fund (CWF) revenue bonds	50.0	500.0
TOTAL	4,038.3	4,323.1

General Obligation Bonding

General Obligation Bonds (GO)	FY 26 \$	FY 27 \$
New authorizations	2,435.3	2,263.9
Net existing authorizations effective July 1*	339.3	301.3
Reductions/Cancellations of Prior Authorizations	(235.4)	-
Net Effective Authorizations	2,539.2	2,565.2

*The existing authorizations include a Governor proposed reduction of \$54.2 million in FY 26 and \$50 million in FY 27.

The proposal includes new bonds in each year of the biennium, including:

- \$400 million for housing programs, including
 - o \$350 million for affordable housing (flexible housing program and the housing trust fund (HTF))
 - o \$50 million for Time-To-Own homebuyers assistance program
- \$550 million for local school construction reimbursements
 - o There are also specific authorizations for various school improvements, redesigns, and new construction for the Connecticut Technical Education and Career System (CTECS), some of which have previously been part of the school construction program.
- Funding for common municipal grant programs
 - o \$45 million for LoCIP
 - o \$91 million for Grants for Municipal Purposes
 - o \$60 million for the Town Aid Road program, across both GO and STO bonds
- \$133 million in FY 26 and \$175 million in FY 27 of Clean Water Fund GO bond grants
 - o Along with the CWF revenue bonds discussed below
- \$75 million for the Economic Development and Manufacturing Assistance Act,
- \$75 million for IT capital investment, and
- \$75 million for Urban Act projects.

The proposal includes \$235.4 million of reductions in FY 26 to GO bond authorizations from prior years, including authorizations for the school air quality grant program, heat pump rebates, and the Career ConneCT workforce training program.

Debt Limit Calculation - The Governor’s proposed bond package for the biennium is below the statutory bond cap on General Obligation bonds in each fiscal year, based on revenue estimates that include his tax proposals. The table below shows the debt percentage is expected to be approximately 85% as of July 1, 2025 and July 1, 2026.

CGS Sec. 3-21 stipulates that if the level of bonded indebtedness reaches 90% of the limit, the Governor must review each bond act for which no obligations have yet been incurred and recommend to the General Assembly priorities for repealing these authorizations.

Statutory Debt Limit Estimate for the Governor's Proposed Bond Package

	FY 24	FY 25
Estimated Debt Limit Percentage	85.1%	85.0%
Capacity Remaining Under 90% Threshold (millions \$)	4,648.8	4,860.0

Transportation Capital

The proposal includes \$1,553.0 million of new STO bonds in FY 26 and \$1,559.2 million in FY 27. Proposed authorizations include additional funding for bus and rail projects, resurfacing, bridge, and highways.

Clean Water Fund Revenue Bonds

The proposal includes \$50.0 million of new CWF bonds in FY 26 and \$500.0 million in FY 27. Proposed authorizations include additional funding to support wastewater and drinking water projects, some of which are also supported by grants through GO bonds.

VI. MUNICIPAL AID

The Governor's Budget increases municipal aid by \$96.9 million from FY 25 to FY 26 and \$208 million from FY 25 to FY 27.

This increase includes a \$53.7 million increase from FY 25 to FY 26 and \$103.7 million increase from FY 25 to FY 27 in Teachers' Retirement payments on behalf of municipalities. There is also an increase in education funding, described in detail earlier in this document.

FY 26 and FY 27 Municipal Aid Synopsis

Agency/Fund/Account	FY 25 Appropriated \$	FY 26 Gov. Rec. \$	FY 27 Gov. Rec. \$	FY 26 Gov. Rec. - FY 25 \$	FY 27 Gov. Rec. - FY 25 \$
OFFICE OF POLICY AND MANAGEMENT					
GF - Appropriated Funds					
Disability Exemption	364,713	364,713	364,713	-	-
Distressed Municipalities	1,500,000	1,500,000	1,500,000	-	-
Property Tax Relief Elderly Freeze Program	6,000	4,000	4,000	(2,000)	(2,000)
Property Tax Relief for Veter- ans	2,708,107	2,708,107	2,708,107	-	-
Municipal Restructuring	7,300,000	300,000	300,000	(7,000,000)	(7,000,000)
Mashantucket Pequot and Mohegan Fund					
Mashantucket Pequot and Mohegan Grants	52,541,796	52,541,796	52,541,796	-	-
Municipal Revenue Sharing Fund					
Tiered PILOT	339,410,167	344,847,414	344,847,414	5,437,247	5,437,247
Motor Vehicle Tax Grants	154,562,410	127,496,890	127,496,890	(27,065,520)	(27,065,520)
Supplemental Revenue Shar- ing Grants	74,672,468	81,965,370	81,965,370	7,292,902	7,292,902
Subtotal	633,065,661	611,728,290	611,728,290	(21,337,371)	(21,337,371)
STATE DEPARTMENT OF EDUCATION					
Education Equalization Grants (ECS) ¹	2,287,900,235	2,446,615,527	2,437,882,849	158,715,292	149,982,614
Magnet Schools ¹	287,484,265	336,925,940	346,345,603	49,441,675	58,861,338
Excess Cost - Student Based	181,119,782	181,119,782	221,119,782	-	40,000,000

Agency/Fund/Account	FY 25 Appropriated \$	FY 26 Gov. Rec. \$	FY 27 Gov. Rec. \$	FY 26 Gov. Rec. - FY 25 \$	FY 27 Gov. Rec. - FY 25 \$
Education Finance Reform ¹	150,000,000	-	-	(150,000,000)	(150,000,000)
Sheff Transportation	75,465,173	77,661,541	80,326,212	2,196,368	4,861,039
Open Choice Program	31,472,503	31,472,503	31,472,503	-	-
Priority School Districts	30,818,778	30,818,778	30,818,778	-	-
Adult Education	23,386,642	23,396,661	23,396,661	10,019	10,019
Vocational Agriculture ¹	18,824,200	26,295,732	26,295,732	7,471,532	7,471,532
Non Sheff Transportation	15,675,787	15,675,787	15,675,787	-	-
Commissioner's Network	9,869,398	9,869,398	9,869,398	-	-
Family Resource Centers ²	6,352,710	-	-	(6,352,710)	(6,352,710)
After School Programs ²	5,750,695	-	-	(5,750,695)	(5,750,695)
Health Foods Initiative	4,151,463	4,151,463	4,151,463	-	-
Bilingual Education	3,832,260	3,832,260	3,832,260	-	-
Health and Welfare Services Pupils Private Schools	3,438,415	3,438,415	3,438,415	-	-
School Accountability	3,412,207	3,412,207	3,412,207	-	-
Extended School Hours	2,919,883	2,919,883	2,919,883	-	-
Child Nutrition State Match	2,354,000	2,875,000	2,875,000	521,000	521,000
School Breakfast	2,158,900	2,337,900	14,758,900	179,000	12,600,000
Primary Mental Health	345,288	335,288	335,288	(10,000)	(10,000)
Subtotal	3,146,732,584	3,203,154,065	3,258,926,721	56,421,481	112,194,137
OTHER AGENCIES					
Other Appropriated Aid					
Housing/Homeless Services- Municipality	675,409	692,651	692,651	17,242	17,242
Local and District Departments of Health	7,192,101	6,509,802	6,509,802	(682,299)	(682,299)
School Based Health Clinics	11,544,057	11,790,721	11,790,721	246,664	246,664
Teen Pregnancy Prevention - Municipality	98,281	98,281	98,281	-	-
Connecticard Payments	703,638	703,638	703,638	-	-
Municipal Restructuring (Debt Service)	47,910,459	46,126,129	47,778,925	(1,784,330)	(131,534)
Youth Service Bureaus	2,733,240	2,733,240	2,733,240	-	-
Youth Service Bureau En- hancement	1,115,161	1,115,161	1,115,161	-	-
Town Aid Road Grants	60,000,000	60,000,000	60,000,000	-	-
Subtotal	131,972,346	129,769,623	131,422,419	(2,202,723)	(549,927)
Bonding and Other Non-Appropriated Aid					
LoCIP	45,000,000	45,000,000	45,000,000	-	-
Grants for Municipal Projects	91,000,000	91,000,000	91,000,000	-	-
Subtotal	136,000,000	136,000,000	136,000,000	-	-
TOTAL - Appropriated and Bond Funding less TRB Con- tributions	4,047,770,591	4,080,651,978	4,138,077,430	32,881,387	90,306,839
Teachers' Retirement Board					
Retirement Contributions ³	1,601,407,000	1,655,121,000	1,705,100,000	53,714,000	103,693,000
Retirees Health Service Cost	16,030,802	29,507,250	33,267,000	13,476,448	17,236,198
Municipal Retiree Health In- surance Costs	9,840,000	6,630,000	6,630,000	(3,210,000)	(3,210,000)
Subtotal	1,627,277,802	1,691,258,250	1,744,997,000	63,980,448	117,719,198
TOTAL	5,675,048,393	5,771,910,228	5,883,074,430	96,861,835	208,026,037

APPENDIX A: Revenue Policies (in millions)

General Fund

Tax Type	Policy	FY 25 \$	FY 26 \$	FY 27 \$	FY 28 \$
Corporation Tax	Eliminate \$2.5M Combined Unitary Reporting Cap	-	133.1	83.2	83.2
	Eliminate 100% Net Operating Loss Provision for Cumulative Losses >\$6B	-	8.3	8.3	8.3
	Reduce Top Film Production Tax Credit Rate From 30% to 25%	-	9.2	17.1	19.7
	Extend 10% Corporation Tax Surcharge For 3 IYs Thru IY 2028	-	48.0	80.0	80.0
	Accelerate Elimination of Capital Base Tax by 2 Years	-	(15.3)	(20.4)	(6.8)
	Corporation Tax Total	-	183.3	168.2	184.4
Cigarette Tax	Accrue Tobacco Products Tax Beginning in FY 26	-	1.0	-	-
	Cigarette Tax Total	-	1.0	-	-
Real Estate Conveyance Tax	Accrue Controlling Interest Tax Beginning in FY 26	-	0.5	-	-
	Real Estate Conveyance Tax Total	-	0.5	-	-
Health Provider	Rebase Hospital User Fee	-	-	140.0	165.0
	Health Provider Tax Total	-	-	140.0	165.0
Refunds of Taxes	Increase Property Tax Credit From \$300 to \$350 & Up Income Limits	-	(85.0)	(85.0)	(85.0)
	Refunds of Taxes Total	-	(85.0)	(85.0)	(85.0)
R&D Credit Exchange	Increase R&D Credit Exch. Rate From 65% to 90% for Biotech Firms	-	(1.8)	(1.8)	(1.8)
	R&D Credit Exchange Total	-	(1.8)	(1.8)	(1.8)
Taxes Total		-	98.0	221.4	262.6
Licenses, Permits, & Fees	Eliminate Certain Occupational License Application & Renewal Fees	-	(18.8)	(25.0)	(25.0)
	Licenses, Permits, & Fees Total	-	(18.8)	(25.0)	(25.0)
Federal Grants	Federal Match on Add'l Hospital Supplemental Payments	-	-	167.5	110.6
	Revenue Attributable to Expenditure Changes	-	0.5	-	-
	Federal Grants Total	-	0.5	167.5	110.6
Other Revenue Total		-	(18.3)	142.5	85.6
Transfer To/From Transfer From/(To) Other Funds	General Fund Subsidy to Municipal Revenue Sharing Fund	-	(85.0)	(73.0)	-

Tax Type	Policy	FY 25 \$	FY 26 \$	FY 27 \$	FY 28 \$
	Move Cannabis Prevention & Recovery Services Fund to GF	-	5.9	6.2	6.5
	Transfer FY 26 Resources to FY 27	-	(86.0)	86.0	-
	Transfer \$300M of FY 25 Surplus to Universal Pre-K Endowment	(300.0)	-	-	-
	Close-Out the Itinerant Vendors Guaranty Fund	-	-	-	-
	Transfer To/From Transfer From/(To) Other Funds Total	(300.0)	(165.1)	19.2	6.5
Other Sources Total		(300.0)	(165.1)	19.2	6.5
Volatility Cap Adjustment	Adjust Volatility Cap Threshold	-	288.9	304.5	319.3
	Volatility Cap Total	-	288.9	304.5	319.3
Volatility Adjustment Total		-	288.9	304.5	319.3
GRAND TOTAL - GF		(300.0)	203.5	687.6	674.0

Special Transportation Fund

Tax Type	Policy	FY 25 \$	FY 26 \$	FY 27 \$	FY 28 \$
Transfer From/(To) Other Funds	Transfer FY 25 Resources to FY 26	(5.0)	5.0	-	-
	Transfer FY 26 Resources to FY 27	-	(43.0)	43.0	-
	Transfer To/From Transfer From/(To) Other Funds Total	(5.0)	(38.0)	43.0	-
GRAND TOTAL - STF		(5.0)	(38.0)	43.0	-

Municipal Revenue Sharing Fund

Tax Type	Policy	FY 25 \$	FY 26 \$	FY 27 \$	FY 28 \$
Transfer From/(To) Other Funds	General Fund Subsidy to Municipal Revenue Sharing Fund	-	85.0	73.0	-
GRAND TOTAL - MRSF		-	85.0	73.0	-

Cannabis Prevention and Recovery Services Fund

Tax Type	Policy	FY 25 \$	FY 26 \$	FY 27 \$	FY 28 \$
Cannabis Excise Tax	Move Cannabis Prevention & Recovery Services Fund to GF	-	(5.9)	(6.2)	(6.5)
GRAND TOTAL - PRSF		-	(5.9)	(6.2)	(6.5)