

PART IV. CAPITAL BUDGET

Summary

PA 18-178, the 2018 bond act, revised FY 19 bond authorizations downward by a net of \$224.3 million, all from General Obligation (GO) bonds. A total of \$182 million of new or increased GO bonds were authorized in the act, as detailed in Table 1. A total reduction of GO bond authorizations of \$466.3 million was made, as shown in Table 2. \$60 million of the reduction was authorized for years after FY 19; the net reduction effective for FY 19 was \$406.3 million. The revised total of GO bonds effective for FY 19 is \$1,393.7 million, down from \$1,618 as authorized in the original budget.

No changes to authorization amounts were made to Clean Water Fund Revenue or Special Tax Obligation bonds in the act. Total authorizations for FY 19 remain at \$350.3 million and \$1,574.4 million respectively.

Programmatic Changes

Besides changes to overall authorization levels, several programmatic changes and/or obligations of existing authorizations were included in the act. Notably, \$5 million of funds previously authorized for school construction project reimbursements was made available for use on school security projects that “involve multimedia interoperable communication systems.” The act obligates \$70 million of funds previously authorized for the Economic Development and Manufacturing Assistance Act to programs established or altered in the act, including \$50 million for the Apprenticeship Connecticut initiative and a total of \$20 million for expansion of programs for Connecticut Innovations, Inc. These changes did not change the overall level of authorization or indebtedness to the state.

Statutory Debt Limit

The state’s level of General Fund indebtedness to start FY 19 was \$22.7 billion, as estimated by the Treasurer on May 9, 2018. Based on revenue estimates adopted by the Finance, Revenue and Bonding committee on May 9, 2018, the level of indebtedness, including the changes in the bond act is 89.33% of the statutory limit. This is approximately \$170.3 million below the 90% threshold.

Besides the authorization changes described in this section, overall indebtedness increased by approximately \$550 million in FY 18 due to the contract entered into by the Municipal Accountability Review Board (MARB) and the city of Hartford in March, 2018, which stipulated that the state was responsible for repayment of this debt under specified conditions. This was viewed by the Treasurer as evidence of the state’s indebtedness under CGS Sec. 3-21, which establishes the debt limit and what is to be counted and exempted from the same.

If the 90% level is reached, a trigger provision in CGS Sec. 2-27b would require the Governor to review each bond authorization for which no obligations have yet been incurred and recommend priorities for repealing them to the Finance, Revenue and Bonding Committee. The committee would consider the recommendations and propose whatever legislation it concluded was necessary to repeal any of the authorizations.

The Certificate of State Indebtedness issued by the Office of the State Treasurer on May 9, 2018 indicated the following:

Certificate of State Indebtedness	Amount \$
FY 19 limit on General Obligation bonds	25,379,680,000
FY 19 net General Obligation bond indebtedness	22,671,401,165
FY 18 net indebtedness as a percent of debt limit	89.33%
Capacity remaining before 90% threshold	170,310,835

The table below shows the level of state indebtedness between FY 99 and FY 19.

State Debt Limitation from FY 99 to FY 19 (in thousands)

Fiscal Year	Statutory Debt Limitation \$	Aggregate Indebtedness (Adjusted) \$	Debt Incurring Margin \$	Indebtedness as % of Debt Limitation
1999	11,578,400	9,446,584	2,131,816	81.6%
2000	12,521,280	10,547,655	1,973,625	84.2%
2001	12,967,840	11,189,658	1,778,182	86.3%
2002	14,006,720	11,599,614	2,407,106	82.8%
2003 ¹	13,116,000	11,805,771	1,310,229	90.0%
2004 ¹	13,116,000	11,796,826	1,319,174	89.9%
2005 ²	15,105,760	12,868,871	2,236,889	85.2%
2006	16,728,640	13,230,649	3,497,991	79.1%
2007	17,411,520	13,919,490	3,492,030	79.9%
2008	19,925,120	14,702,079	5,223,041	73.8%
2009	20,753,760	15,384,452	5,369,308	74.1%
2010	17,484,160	15,574,796	1,909,364	89.1%
2011	17,477,440	15,108,155	2,369,285	86.4%
2012	22,430,560	15,736,430	6,694,130	70.2%
2013	23,408,800	17,314,059	6,094,741	74.0%
2014 ²	22,934,400	18,969,159	3,965,241	82.7%
2015	23,865,440	20,692,332	3,173,108	86.7%
2016	25,138,504	21,520,230	3,618,274	85.6%
2017	24,831,840	21,866,033	2,945,806	88.1%
2018 ³	24,879,040	21,908,851	2,970,188	88.1%
2019	25,379,680	22,671,401	2,708,278	89.3%

¹The revenue estimates used in FY 03 and FY 04 were provided by the Office of Policy and Management because the legislature did not adopt revised FY 03 estimates.

²The FY 05 figure is based on revised revenue estimates adopted by the Finance, Revenue and Bonding Committee on June 28, 2004. The FY 14 figure is based on revised revenue estimates adopted on June 21, 2013.

³The FY 18 figure is based on revenue estimates adopted on October 25, 2017.

Table 1 New or Additional Authorizations, by Agency

In Dollars

Section (PA 18- 178)	Agency/Description	FY 19 New/Additional Authorization
	Capital Region Development Authority	
2	Design and construction of parking garages to support development in Hartford	16,000,000
	Connecticut State Library	
36	Grants-in-aid to public libraries for construction, renovations, expansions, energy conservation and handicapped accessibility	2,500,000
	Department of Energy and Environmental Protection	
19	Connecticut bikeway, pedestrian walkway, recreational trail and greenway grant program	3,000,000
	Department of Emergency Services and Public Protection	
26	School Security Infrastructure Competitive Grant Program	10,000,000
	Office of Policy and Management	
9	Dredging and navigational improvements for economic development	25,000,000
15	Distressed municipality grant program, as described in C.G.S. 32-9s	5,500,000
17	Urban Act	100,000,000
34	Information technology capital investment program	20,000,000
	Total GO Bond Authorization Addition	182,000,000

Table 2 Cancellations or Reductions, by Authorizing Act or Statute

In Dollars

Cancellation/Reduction Section (PA 18-178)	Description	Act/Statute	Cancellation
18	School Building Project Grants	C.G.S. 10-287d	(360,000,000)
29	High-quality school start-up costs*	PA 14-98 9(j)	(1,334,200)
31	High-quality school start-up costs*	PA 15-1 32(k)(3)	(5,000,000)
40	Hospital Grants**	PA 17-2 552	(100,000,000)
	Total Reduction of GO Bond Authorization		(466,334,200)

*These reductions were part of correcting an error in PA 17-2 JSS 489

**Funds were originally authorized as \$20 million per year starting in FY 18. At the time of the cancellation, \$40 million of the \$100 million total was effective.

Table 3 Revised FY 19 Authorizations
In Dollars

Prior Auth./ Last Change	Agency/Description	FY 19 Prior	PA 18-178	FY 19 Revised
	Board of Regents for Higher Education			
PA 17-2 JSS 397(h)(1)(B)	Advanced manufacturing and emerging technology programs	2,875,000		2,875,000
PA 17-2 JSS 397(h)(2)	Community Colleges: Deferred maintenance, code compliance and infrastructure improvements	14,000,000		14,000,000
PA 17-2 JSS 397(h)(4)	Naugatuck Valley Community College: Alterations and improvements in compliance with the Americans with Disabilities Act	5,000,000		5,000,000
PA 17-2 JSS 397(h)(5)	Northwestern Community College: Alterations, renovations and improvements to the White building	2,021,250		2,021,250
PA 17-2 JSS 397(h)(1)(C)	Security improvements	5,000,000		5,000,000
PA 17-2 JSS 397(h)(1)(A)	System telecommunications infrastructure upgrades, improvements and expansions	2,000,000		2,000,000
PA 17-2 JSS 397(h)(3)	Universities: Deferred maintenance, code compliance and infrastructure improvements	7,000,000		7,000,000
PA 17-2 JSS 439	CSCU 2020	95,000,000		95,000,000
	Capital Region Development Authority			
PA 18-178 2	Design and construction of parking garages to support development in Hartford	-	16,000,000	16,000,000
PA 17-2 JSS 397(e)(1)	Alterations, renovations and improvements at the Connecticut Convention Center and Rentschler Field	1,500,000		1,500,000
PA 17-2 JSS 397(e)(2)	Alterations, renovations and improvements to parking garages in Hartford	5,000,000		5,000,000
PA 17-2 JSS 408(e)(1)	For the purposes of encouraging development, as provided in section 32-602 of the general statutes	40,000,000		40,000,000
PA 17-2 JSS 408(e)(2)	Grant-in-aid to the municipality of East Hartford for the purposes of general economic development activities	10,000,000		10,000,000
PA 17-2 JSS 397(e)(3)	Infrastructure renovations and improvements to the Front Street district in Hartford	7,000,000		7,000,000
	CT Innovations Inc.			
PA 17-2 JSS 408(d)	For the purpose of recapitalizing the programs established in chapter 581 of the general statutes	20,000,000		20,000,000
PA 17-2 JSS 451	Connecticut Bioscience Innovation Fund	15,000,000		15,000,000
PA 11-2 OSS 2	Connecticut Bioscience Collaboration - Jackson Labs	12,525,000		12,525,000
	Department of Administrative Services			
PA 17-2 JSS 397(b)(1)	Alterations and improvements in compliance with the Americans with Disabilities Act	1,000,000		1,000,000

Prior Auth./ Last Change	Agency/Description	FY 19 Prior	PA 18-178	FY 19 Revised
PA 17-2 JSS 408(b)	Grants-in-aid to alliance districts to assist in paying for general improvements to school buildings	30,000,000		30,000,000
PA 17-2 JSS 397(b)(2)	Infrastructure repairs and improvements, including fire, safety and compliance with the Americans with Disabilities Act improvements, improvements to state-owned buildings and grounds	10,000,000		10,000,000
PA 17-2 JSS 397(b)(3)	Removal of encapsulation of asbestos and hazardous materials in state-owned buildings	5,000,000		5,000,000
PA 17-2 JSS 436	School construction grants-in-aid - interest payments	2,100,000		2,100,000
PA 17-2 435	School construction grants-in-aid - progress payments	450,000,000	(360,000,000)	90,000,000
PA 17-2 JSS 397(b)(4)	Upgrade and replacement of technology infrastructure for the Connecticut Education Network	1,500,000		1,500,000
	Department of Correction			
PA 17-2 JSS 397(j)	Renovations and improvements to existing state-owned buildings for inmate housing, programming and staff training space and additional inmate capacity, and for support facilities and off-site improvements	10,000,000		10,000,000
	Department of Developmental Services			
PA 17-2 JSS 397(f)	Fire, safety and environmental improvements to regional facilities	2,500,000		2,500,000
	Department of Economic and Community Development			
PA 17-2 JSS 408(c)(3)	Brownfield Remediation and Revitalization	10,000,000		10,000,000
PA 17-2 JSS 408(c)(1)	Grants-in-aid to nonprofit organizations sponsoring cultural and historic sites	2,500,000		2,500,000
PA 17-2 JSS 454	Manufacturing Assistance Act	75,000,000		75,000,000
PA 17-2 JSS 408(c)(2)	Connecticut Manufacturing Fund established by section 32-70 of the general statutes, provided \$3.5 million of funds authorized in FY 18 and \$1.5 million in FY 19 shall be used as a grant-in-aid to the Connecticut Center for Advanced Technology for research and development to assist the Connecticut manufacturing supply chain	6,500,000		6,500,000
	Department of Education			
PA 17-2 JSS 434	Grants-in-aid to assist charter schools with capital expenses	5,000,000		5,000,000
PA 17-2 JSS 408(f)	Grants-in-aid to assist targeted local and regional school districts for alterations, repairs, improvements, technology and equipment for low-performing schools	5,000,000		5,000,000
	Department of Emergency Services and Public Protection			

Prior Auth./ Last Change	Agency/Description	FY 19 Prior	PA 18-178	FY 19 Revised
PA 18-178 26	School Security Infrastructure Competitive Grant Program	-	10,000,000	10,000,000
	Department of Energy and Environmental Protection			
PA 18-178 19	Connecticut bikeway, pedestrian walkway, recreational trail and greenway grant program	-	3,000,000	3,000,000
PA 17-2 JSS 447	Clean Water Fund - GO Bonds	85,000,000		85,000,000
PA 17-2 JSS 397(d)(1)	Dam repairs, including state-owned dams	5,500,000		5,500,000
PA 17-2 JSS 397(d)(2)	For the purpose of funding any energy services project that results in increased efficiency measures in state buildings pursuant to section 16a-38l of the general statutes, or for any renewable energy or combined heat and power project in state buildings	20,000,000		20,000,000
	Department of Housing			
PA 17-2 JSS 553	Crumbling Foundations Assistance Fund	20,000,000		20,000,000
PA 17-2 JSS 404	Flexible Housing	100,000,000		100,000,000
PA 17-2 JSS 408(j)	Funding for the Department of Housing and Connecticut Children's Medical Center's Healthy Homes Program for the abatement of lead in homes in the state	10,000,000		10,000,000
PA 17-2 JSS 433	Housing Trust Fund	30,000,000		30,000,000
	Department of Mental Health and Addiction Services			
PA 17-2 JSS 397(g)	Fire, safety and environmental improvements to regional facilities	2,000,000		2,000,000
	Department of Transportation			
PA 17-2 JSS 408(h)	Grants-in-aid to municipalities for use in the manner set forth in, and in accordance with the provisions of, sections 13a-175a to 13a-175k, inclusive, of the general statutes	30,000,000		30,000,000
	Judicial Department			
PA 17-2 JSS 397(i)(1)	Alterations, renovations and improvements to buildings and grounds at state-owned and maintained facilities	5,000,000		5,000,000
PA 17-2 JSS 397(i)(2)	Exterior renovations and improvements at the superior courthouse in New Haven	3,000,000		3,000,000
	Labor Department			
PA 17-2 JSS 408(i)	Workforce Training Authority Fund	20,000,000		20,000,000
	Military Department			
PA 17-2 JSS	Acquisition of property for development of readiness centers in Litchfield county	2,000,000		2,000,000

Prior Auth./ Last Change	Agency/Description	FY 19 Prior	PA 18-178	FY 19 Revised
	Office of Policy and Management			
PA 18-178 9	Dredging and navigational improvements for economic development		25,000,000	25,000,000
PA 18-178 15	Distressed municipality grant program, as described in C.G.S. 32-9s		5,500,000	5,500,000
PA 17-2 JSS 430	Grants-in-aid to hospitals for capital improvements	20,000,000	(20,000,000)	-
PA 17-2 JSS 432	Grants-in-aid to municipalities for the purposes set forth in subsection (a) of section 13a-175a of the general statutes	60,000,000		60,000,000
PA 17-2 JSS 408(a)(1)	Grants-in-aid to private, nonprofit health and human service organizations that are exempt under Section 501(c)(3) of the Internal Revenue Code of 1986	25,000,000		25,000,000
PA 18-178 34	Information technology capital investment program	25,000,000	20,000,000	45,000,000
PA 17-2 JSS 431	Local Capital Improvement Program	35,000,000		35,000,000
PA 17-2 JSS 408(a)(2)	Responsible Growth Incentive Fund	2,000,000		2,000,000
PA 17-2 JSS 397(a)(1)	Transit-oriented development and predevelopment activities	6,000,000		6,000,000
PA 18-178 17	Urban Act	50,000,000	100,000,000	150,000,000
	State Library			
PA 18-178 36	Grants-in-aid to public libraries for construction, renovations, expansions, energy conservation and handicapped accessibility	2,500,000	2,500,000	5,000,000
	University of Connecticut			
PA 17-2 JSS 433	UConn 2000	200,000,000		200,000,000
	Reductions other than to FY 19 authorizations			
	Other (See Table X for detail)		(26,334,000)	(26,334,000)
	Grand Total (FY 19 Effective)	1,618,021,250	(224,334,000)	1,393,687,250

Table 4 FY 19 Special Tax Obligation Bond Authorizations
(No Changes to Authorization Levels in PA 18-178)

PA 17-2 JSS Section	Description	FY 19 \$
Department of Transportation		
422(a)(1)	Interstate Highway Program	13,000,000
422(a)(10)	Grants-in-aid to municipalities for use in the manner set forth in, and in accordance with the provisions of, sections 13a-175a to 13a-175k, inclusive, of the general statutes	30,000,000
422(a)(11)	Local Bridge Program	24,000,000
422(a)(12)	Highway and bridge renewal equipment	10,400,000
422(a)(2)	Urban Systems Projects	16,217,392
422(a)(3)	Intrastate Highway Programs	44,000,000
422(a)(4)	Environmental compliance, soil and groundwater remediation, hazardous materials abatement, demolition, salt shed construction and renovation, storage tank replacement, and environmental emergency response at or in the vicinity of state-owned properties or related to Department of Transportation operations	15,000,000
422(a)(5)	State bridge improvement, rehabilitation and replacement projects	33,000,000
422(a)(6)	Capital resurfacing and related reconstruction	75,000,000
422(a)(7)	Fix-it-First program to repair the state's bridges, provided not more than \$10,900,000 shall be made available for the Stratford Bridge carrying US1 over the Metro North Rail Line	99,760,000
422(a)(8)	Fix-it-First program to repair the state's roads	55,000,000
422(a)(9)	Local Transportation Capital Program	64,000,000
422(b)	Bus and rail facilities and equipment, including rights-of-way, other property acquisition and related projects, provided not more than \$10,000,000 shall be made available for service and equipment improvements to the Danbury Rail Line and note more than \$250,000 shall be made available for a feasibility study to explore possibilities for a new passenger rail station at the Wall Street location on the Danbury Rail Line in Norwalk	246,000,000
422(c)(1)	Department facilities	44,247,000
422(c)(2)	Cost of issuance of special tax obligation bonds and debt service reserve	55,000,000
GRAND TOTAL		824,624,392

Table 5 FY 19 Revenue Bonds
(No change in PA 18-178)

PA 17-2 JSS Section	Description	FY 19 \$
Department of Energy and Environmental Protection		
448	Clean Water Fund - Revenue Bonds	350,300,000
Clean Water Fund - Revenue Bonds Grant Total		350,300,000