

BUDGET HIGHLIGHTS
FY 13 Revised Budget

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TABLE OF CONTENTS

I. Overview	1
Fund Balance	1
Appropriations Fund Summary	2
Spending Cap	3
Growth Rate.....	3
II. Education Reform.....	4
III. Major Budget Changes by Agency (all funds).....	7
IV. Revenue Impact.....	11

This document is intended to provide highlights of the FY 13 Revised Budget. It is not intended to be all inclusive. OFA will be producing a Budget Book based on the FY 13 Revised Budget that will include a detailed compilation of agency budget changes and financial schedules.

I. OVERVIEW

The FY 13 Revised Budget¹, increased original FY 13 appropriations by \$143.0 million to \$20.5 billion. This represents a 1.6% increase over estimated FY 12 spending and a 0.7% increase over the existing FY 13 appropriation level. Although the budget bill does not contain revised FY 13 revenue estimates, it changes the level of state revenue available as it increases spending in accounts that are partially reimbursed by federal funds, adjusts the transfer between the General and Transportation Funds, increases funding for tax enforcement, and makes various other adjustments.

The table below reflects the original and revised fund balances for appropriated funds by comparing the appropriations level in the budget bill to the April 30, 2012 consensus revenue as adjusted by revenue gains resulting from the budget bill as well as PA 12-17 (Sunday Sales of alcohol). The \$546.5 million surplus that had been budgeted in the original FY 13 budget has been largely eliminated, leaving a \$7.5 million balance.

FY 13 Fund Balance Calculations (in millions)

Fund	Original FY 13			Revised FY 13			Difference		
	Revenue Estimates \$	Original Approp. \$	Surplus / (Deficit) \$	OFA Revenue Estimates \$	Revised Approp. \$	Surplus / (Deficit) \$	OFA Revenue Estimates \$	Revised Approp. \$	Surplus / (Deficit) \$
General	19,441.0	18,952.5	488.5	19,140.5	19,140.0	0.5	(300.5)	187.5	(488.0)
Transportation	1,335.0	1,277.8	57.2	1,233.7	1,232.7	1.0	(101.3)	(45.1)	(56.2)
Other Appropriated	170.4	169.6	0.8	176.3	170.3	6.0	5.9	0.7	5.2
TOTAL	20,946.4	20,399.9	546.5	20,550.5	20,543.0	7.5	(395.9)	143.1	(539.0)

The table on the following page compares the FY 13 original appropriations to the FY 13 revised appropriations, and shows the difference between the two by fund.

¹ HB 5557, An Act Making Adjustments in State Expenditures for the Fiscal Year Ending June 20, 2013.

Fund Summary	Orig. Approp. FY 13 \$	Revised FY 13 \$	Difference \$
Gross Appropriations by Fund			
General Fund	19,918,305,927	19,256,362,289	(661,943,638)
Special Transportation Fund	1,345,782,066	1,243,670,120	(102,111,946)
Banking Fund	26,176,878	25,605,784	(571,094)
Insurance Fund	26,131,750	28,740,096	2,608,346
Consumer Counsel and Public Utility Control Fund	25,986,745	25,351,390	(635,355)
Workers' Compensation Fund	22,037,360	21,332,611	(704,749)
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907	-
Soldiers, Sailors and Marines' Fund	3,051,536	3,039,412	(12,124)
Regional Market Operation Fund	932,821	932,821	-
Criminal Injuries Compensation Fund	3,602,121	3,602,121	-
Total Gross Appropriations	21,433,787,111	20,670,416,551	(763,370,560)
General Fund Lapses			
General Other Expenses Reductions -Executive	(9,066,200)		9,066,200
General Other Expenses Reductions - Legislative	(374,000)		374,000
General Personal Services Reduction - Executive	(11,538,800)		11,538,800
General Personal Services Reduction - Legislative	(476,000)	-	476,000
Labor Management Savings - Executive	(806,963,225)	-	806,963,225
Labor Management Savings - Judicial	(30,622,622)	-	30,622,622
Labor Management Savings - Legislative	(6,671,872)	-	6,671,872
General Lapse - Executive		(13,785,503)	(13,785,503)
General Lapse - Judicial		(401,946)	(401,946)
General Lapse - Legislative		(56,251)	(56,251)
Unallocated Lapses	(91,676,192)	(91,676,192)	-
Unallocated Lapses - Judicial	(5,400,672)	(7,400,672)	(2,000,000)
Unallocated Lapses - Legislative	(3,028,105)	(3,028,105)	-
Total General Fund Lapses	(965,817,688)	(116,348,669)	849,469,019
Special Transportation Fund Lapses			
Estimated Unallocated Lapses	(11,000,000)	(11,000,000)	-
Labor-Management Savings	(56,949,138)	-	56,949,138
Total Special Transportation Fund Lapses	(67,949,138)	(11,000,000)	56,949,138
Banking Fund Lapses			
Branch Savings Target - Judicial	(63,729)	(63,729)	-
Net Appropriations by Fund			
General Fund	18,952,488,239	19,140,013,620	187,525,381
Special Transportation Fund	1,277,832,928	1,232,670,120	(45,162,808)
Banking Fund	26,113,149	25,542,055	(571,094)
Insurance Fund	26,131,750	28,740,096	2,608,346
Consumer Counsel and Public Utility Control Fund	25,986,745	25,351,390	(635,355)
Workers' Compensation Fund	22,037,360	21,332,611	(704,749)
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907	-
Soldiers, Sailors and Marines' Fund	3,051,536	3,039,412	(12,124)
Regional Market Operation Fund	932,821	932,821	-
Criminal Injuries Compensation Fund	3,602,121	3,602,121	-
TOTAL NET APPROPRIATIONS	20,399,956,556	20,543,004,153	143,047,597

Spending Cap

The FY 13 Revised Budget is under the spending cap by approximately \$142.3 million. SB 458 (Education Reform), included language specifying that any Charter School funding transferred to the Education Cost-Sharing (ECS) account be distributed to municipalities. Because statutory grants to municipalities under the ECS account are exempt from the spending cap, this results in the FY 13 budget being further under the spending cap. The table below illustrates the result of the spending cap calculation for the FY 13 Revised Budget, as adjusted by SB 458:

FY 13 Revised Spending Cap Calculation (in millions)

FY 13 Revised Spending Cap Status	Original FY 13 Budget \$	HB 5557 \$	SB 458 Adjustment \$	FY 13 Revised \$
Amount Over/(Under) The Spending Cap	(278.4)	(86.4)	(55.9)	(142.3)

Growth Rate

The growth rate for all appropriated funds is 1.6% over estimated FY 12 expenditures. See the table below for details.

Growth Rates of Appropriations (in millions)

Fund	Est. Exp. FY 12 \$	Original FY 13 Approp. \$	FY 13 Revised \$	Change From FY 12 Est. to FY 13 Revised \$		Change From Orig. FY 13 to Revised FY 13 \$	
General	18,829.9	18,952.5	19,140.0	310.1	1.6%	187.5	1.0%
Transportation	1,226.0	1,277.8	1,232.7	6.7	0.5%	(45.1)	-3.5%
Other Appropriated	164.5	169.6	170.3	5.8	3.5%	0.7	0.4%
TOTAL	20,220.4	20,400.0	20,543.0	322.6	1.6%	143.0	0.7%

II. EDUCATION REFORM

State Department of Education (SDE) New Funding Initiatives (in millions)¹

Initiative	Amount \$
Education Cost Sharing (ECS)	50.0
Charter Schools	8.1
Commissioner's Network	7.5
Early Childhood (School Readiness Slots)	6.8
Magnets	4.7
Talent Development ²	3.5
School Readiness Quality Enhancement	3.0
K-3 Reading	2.7
Various Initiatives ³	2.2
Sheff ⁴	2.0
Family Resource Centers	1.9
Vocational Agriculture	1.4
TOTAL	93.8

Education Cost Sharing:

The budget increased the FY 13 Education Cost Sharing (ECS) grant by \$50.0 million. Of the 169 towns, 33 will not receive an ECS increase for FY 13. Of the \$50.0 million in funding \$39.5 million is earmarked for the alliance districts and the funding is conditional, upon approval from the Commissioner of Education.

Charter Schools:

The budget provides additional funding of \$8.1 million for state charter schools. The state's annual per pupil grant to state charter schools increases from \$9,400 to \$10,500, in FY 13; to \$11,000 in FY 14; and to \$11,500 in FY 15.

Commissioner's Network:

The budget appropriates \$7.5 million for the newly created Commissioner's Network. On or before July 1, 2014, the commissioner must select up to 25 schools to participate in

¹ Several of these initiatives are implemented in SB 458, AAC Educational Reform.

² Additionally, carry forward funding of \$4.0 million from the Magnet School account from FY 12 into FY 13 is transferred into Talent Development (resulting in total available funding of \$7.5 million).

³ Various Initiatives includes the following: \$455,000 for a K-8 science program, \$450,000 for wrap-around services, \$100,000 for regional cooperation, \$200,000 for new or replicated schools, \$500,000 for a Bridges to Success program, \$42,000 for youth service bureaus, \$200,000 for a school health coordinator pilot, and \$250,000 for a parent university.

⁴ \$2.0 million in new funding is provided for Sheff, as well as a transfer of \$1.0 million from the Interdistrict Grant account, for a total of \$3.0 million.

the network. It is anticipated that each school selected for the Commissioner’s Network will result in a cost of approximately \$2.0 million. It is anticipated that SDE has the capacity to include 2-3 schools in the Commissioner’s Network in FY 13. This will result in a cost of up to \$6.0 million. The additional \$1.5 million contained in the budget will be used for start-up costs by SDE.

Early Childhood (School Readiness Slots):

The budget appropriates \$6.8 million for new school readiness slots; \$5.8 million in the priority school district account and \$1.0 million in the Early Childhood Program account. Funding is provided for 1,000 new school readiness slots. The state provides \$8,346 in grant funding, per full year slot, for a total of \$8.3 million. Of the total 1,000 new slots, 500 must be located in the 10 educational reform districts, 250 must be located in current or former priority school districts that are not educational reform districts, and 250 must be located in competitive districts. The funding included in the budget assumes a phase-in of the 1,000 new slots.

Magnet Schools:

The budget provides funding increases for per pupil grants for various non-Sheff magnet schools. The table below provides a summary of the increases.

Non-Sheff Magnet Grants

Type of Interdistrict Magnet	Current Law \$	SB 458 \$
Host	6,730	7,085
RESC Operated	7,620	7,900
RESC Operated (with 55% or more of its students from a dominant town)	Each student outside the dominant town = 6,730; each student from within the dominant town = 3,000	Each student outside the dominant town = 7,085; each student from within the dominant town = 3,000

The budget appropriates \$2.5 million for this purpose.

The budget also provides increases for the per pupil grants for the Edison magnet school, located in Meriden. The budget provides funding to increase the grant to \$8,180 for all students attending the school. The budget appropriates \$2.2 million for this purpose.

Talent Development:

The budget appropriates \$3.5 million for talent development, of which, \$2.5 million is identified for the teacher evaluation system pilot program. Additionally, \$4.0 million is carried forward from FY 12 into FY 13 for the purposes of talent development.

School Readiness Quality Enhancement:

The budget includes \$3.0 million in funding for School Readiness Quality Enhancement. This funding will fund the following programs:

- (1) The All Our Kin (AOK) model, which provides training on child development and safety and health for unlicensed home day care providers to build skills and move them toward licensing.
- (2) Encouraging all providers to improve the quality of their early childhood programs by funding scholarships, retention bonuses, and technical assistance.
- (3) The Accreditation Facilitation Project (AFP), which provides intensive support for programs to become accredited (using both incentives to get providers into the program and professional development to increase the quality of their programs).
- (4) Expanding the number of quality early childhood educators through partnering high schools and colleges to provide students with college-level early childhood courses, credits and internships.

K-3 Reading:

The budget includes \$2.7 million in funding for the K-3 framework. \$440,000 will be used to continue the existing reading pilot program; \$1.77 million will be used to fund the twenty-five new positions in the five schools selected to participate in the framework (20 reading interventionists and 5 literacy coaches) and the cost of the new reading assessments for the students in the five selected schools, and \$500,000 for SDE to provide support for the expanded K-3 framework.

Sheff:

The budget provides \$2.0 million in new funding, and \$1.0 million in transferred funding from the Interdistrict Grant program, for a total of \$3.0 million in funding for the Sheff account.

Family Resource Centers:

The budget appropriates \$1.94 million in new funding for the family resource centers. The budget provides for ten new family resource centers to be located in the ten reform districts, for a total cost of approximately \$970,000. The remaining \$970,000 will be spread over all other family resource centers, to increase the amount of their grant.

Vocational Agriculture:

The budget appropriates \$1.4 million in new funding for vocational agriculture. This allows for the per pupil base entitlement grant to be increased from \$1,355 to \$1,750.

III. MAJOR BUDGET CHANGES BY AGENCY (all funds)

Significant Policy Changes in the FY 13 Revised Budget (by agency)

Agency	Amount \$ Cost/(Savings)	Item
OSC - Fringe Benefits	97,988,171	The State's contribution (GF & TF) to the State Employees Retirement System (SERS) was increased due to an agreement between the State and the State Employees Bargaining Agent Coalition (SEBAC) that eliminated SEBAC IV and V adjustments. Removal of these adjustments will improve the plan's funding ratio in less time over the 20-year amortization schedule, resulting in savings to the State over the long-term.
Municipal Aid	50,122,431	Municipal Aid increased by \$50.1 million. This includes \$50.0 million for ECS (total does not include a transfer of \$59.8 million from the Charter School account to the ECS account, or the \$8.1 million in new Charter School funding) and \$122,431 in State Owned PILOT for Ledyard and Montville to phase in previously exempted tribal lands.
DSS	(50,000,000)	Restructure Medicaid for Low Income Adults (LIA).
DOT	(30,000,000)	Town Aid Road is to be funded through Special Tax Obligation Bonds.
DSS	(19,623,500)	Enhance Medicaid Recoveries and Fraud Initiatives.
DCF	16,000,000	Funding is provided to support DCF in achieving compliance with all 22 <i>Juan F. Exit Plan Outcome Measures</i> . Of this funding, \$4.8 million is provided in the Family Support Services account, \$5.3 million is provided in the Differential Response System account, and \$6.0 million is provided in the Board and Care for Children – Residential account.
DSS	(15,420,000)	Reflect savings associated with medication administration modifications through nurse delegation, assistive technology, and utilization management.
DPH	9,342,386	Funding is provided in the Immunization Services account to expand the state vaccine program's ability to purchase three additional CDC-recommended childhood vaccines. Full-year funding is provided for one of these vaccines: the influenza vaccine. Funding is provided starting October 1 st for pneumococcal conjugate and hepatitis A vaccines.
Various Agencies	8,500,000	Funding is included in state agencies that contract with private providers for a 1% cost of living adjustment effective January 1, 2013. Funding is to be used to provide increases in wages and benefits.
TRB	(7,625,100)	Funding is reduced and shall be paid by the TRB Health Fund pursuant to section 21 of HB 5557, the FY 13 revised budget. This shift in funding from the General Fund to the TRB Health Fund increases the total TRB Health Fund payment from 33% to 42% for FY 13.
TRB	(6,500,000)	The state share of retiree health service cost is offset by the federal Medicare Part D employer retiree drug subsidy.
OFAAHE	(4,308,469)	Reduce Connecticut Aid to Public College Student Grant (CAPCS).
DSS	3,650,000	Strengthen Rebalancing Efforts under Money Follows the Person (MFP).
DECD	(3,525,001)	The Statewide Marketing account is reduced by 23.5% from the original FY 13 appropriation.
DCF	(2,500,000)	Reduce funding in the Board and Care for Children – Residential account to reflect anticipated cost savings related to successful appeals of Voluntary Service Program clients' insurance coverage denials.

Agency	Amount \$ Cost/(Savings)	Item
DESPP	2,201,710	Increase staffing at the State Crime Lab by 21 positions and provide funding for 15 positions previously funded by Federal Grants, for a total increase of 36 positions. This change will reduce overtime usage and allow the lab to address its significant backlog.
TRB	(1,971,870)	The state share of the cost of the municipal health insurance subsidy is reduced from one-third to one-quarter.
DOT	1,905,532	Establishment of the Transit Improvement Program.
DECD	(1,580,396)	The Basic Culture Resources Grant is combined with the Culture, Tourism, and Arts Grant. The appropriation for the combined competitive grant is \$2 million. This is an overall net decrease of \$1.58 million from the original FY 13 appropriations to both grants.
DOT	(1,546,820)	The bus and ADA Para-transit operations account are reduced to reflect the 4% fare increase that went into effect on January 1, 2012. However, funding is maintained in these accounts in order to avoid an increase in bus and ADA fares originally scheduled to take effect January 1, 2013.
DPH	1,052,411	Funding for School Based Health Clinics (SBHC) is intended to: (1) Maintain support of existing SBHC contracts at their pre-rescission FY 12 amounts. (2) Provide \$928,607 in new funding and \$412,592 in originally budgeted FY 13 funding (\$1,341,199 in total) for competitive grants to 10 educational reform school districts to support the establishment of up to two SBHCs in each of those districts for half the school year in FY 13 (Sec. 8 of SB 458, Education Reform). (3) Provide \$61,902 in new funding to support a SBHC at Church Street School, an elementary school in Hamden not currently receiving DPH SBHC funding, for half the school year in FY 13. (4) Provide \$61,901 in new funding to support a SBHC in Stonington, not currently receiving DPH SBHC funding, for half the school year in FY 13.
PDS/DCJ	(1,000,000)	Reduce funding in each agency by \$500,000 to reflect the passage of PA 12-5 which abolishes the death penalty prospectively.
DOL	1,000,000	Add funding to Youth Employment System.
DSS	975,000	Increase Reimbursement for Independent Pharmacies.
DCP	954,000	Funds are provided for 15 positions (liquor control and gaming personnel) previously provided through casino gaming funds.
OFAAHE	900,000	Increase Funding for Capitol Scholarship Program.
OPM	800,000	Fund the Revenue Maximization Initiative. OPM will hire consultants to collect revenue of \$27 million in federal Medicaid recoupment related to matching claims in the Department of Mental Health and Addiction Services for the fiscal years 2004 - 2006.
DSS	750,000	Provide Funding for 300 Rental Assistance Vouchers.
DECD	500,000	The Local Theatre Grant is a new competitive arts grant available to local theaters in the state.
OPM	500,000	Establish a Focus Deterrence Program to reduce gang and youth violence in Bridgeport, Hartford, New Britain, and New Haven.
DEEP	(250,000)	Reduce funding for the Underground Storage Tank (UST) Petroleum Clean-Up Program. Funding is provided in the capital budget for this program.
DOH	180,000	There is established a Department of Housing (DOH). Funding is provided for two positions.

Budgeted Lapses

The Revised FY 13 Budget significantly adjusts lapses contained in the original budget. The original budget contained \$901.2 million in unallocated labor management savings. These bottom-line reductions were eliminated. However, a portion of them (\$647.9 million) was transferred and distributed directly into agency budgets. In addition, the original budget contained a Personal Service Reduction lapse of \$12.0 million and an Other Expenses Reduction lapse of \$9.4 million. Both of these were also eliminated and transferred fully into agency budgets. Although these lapses were eliminated/transferred, a new lapse of \$14.2 million was established and the unallocated lapse for the Judicial Branch was increased by \$2.0 million.

Significant Changes by Account¹

Identified in the table below are the fourteen largest changes from the FY 13 original appropriation in the General Fund by account.

Significant Account Increase/(Decrease) (in millions)

Agency	Account	Amount \$
DSS	Medicaid	(70.3)
OTT	Debt Service ¹	(64.3)
DCF	Board and Care for Children – Residential	(19.9)
DMHAS	General Assistance Managed Care	(16.1)
DSS	HUSKY Program	(12.7)
TRB	Retirees Health Service Cost	(10.1)
SDE	Education Equalization Grants ²	50.0
DPH	Immunization Services	9.3
SDE	Commissioner’s Network	7.5
SDE	Magnet Schools	7.0
OSC-fringe	State Employees Retirement Contributions ³	6.0
DDS	Community Residential Services	5.9
SDE	Priority School Districts	5.8
DCF	Differential Response System	5.3

¹ Includes UConn 2000 Debt Service.

² ECS amount does not include Charter School funding.

³ Increase to the SERS account reflects two changes: 1) reduction of \$10.6 million due to the Revised SEBAC 2011 Agreement savings; and 2) \$85.3 million increase due to the Agreement to remove SEBAC IV and V adjustments from the ARC.

¹ The table does not include accounts that were only changed by transferring the Labor Management Lapse (SEBAC) to agencies/accounts.

Probate Surplus Funds Distribution: Section 17 of HB 5557, the FY 13 revised budget, distributes surplus funds totaling \$2.3 million from the Probate Court Administration Fund. The chart below details the allocation of the funds:

Probate Surplus Funds Distribution

Section 17(b) of HB 5557	Agency	Program	Amount \$
5	JUD	Greater Hartford Male Youth Leadership Program	100,000
6	JUD	Forensic Sex Evidence Exam Kits	300,000
7	JUD	ECHO Program in the Justice Education Center	250,000
8	DCF	African Caribbean American Parents of Children with Disabilities	50,000
9	SDE	Neighborhood Youth Center - Arte Inc. (Latino art, culture & talent)	25,000
10	DECD	City of Norwich for the Norwich Freedom Bell	100,000
11	SDE	Boy & Girls Club of New London	75,000
12	DEEP	Connecticut Greenways Council	65,000
13	DECD	Nutmeg State Games	15,000
14	JUD	Justice Policy Division of the Institute for Municipal and Regional Policy	100,000
15	SDE	Technology Improvements for Education Reform Districts	500,000
16	SDE	Neighborhood Youth Center - Neighborhood Music School	50,000
17	DSS	Perlas Hispanas Center in New Britain (social services for low-income Spanish seniors)	25,000
18	JUD	CT Pardon Team, Inc.	35,000
19	DCF	St. Joseph's Parenting Center	20,000
20	DSS	John S. Martinez Fatherhood Initiative	250,000
21	SDE	AI Prince Tech School - Adult Education Classes, Evening Training	125,000
22	DPH	Yale Study - Pediatric Autoimmune Neuropsychiatric Disorder Associated with Streptococcal Infections (PANDAS)	36,000
23	DECD	Windsor Arts Program	150,000
TOTAL			2,271,000

IV. REVENUE IMPACT

Although the FY 13 revised budget, does not contain revised revenue estimates per CGS 2-35(b), it affects revenue since it increases spending in accounts that are partially reimbursed by federal funds, adjusts the transfer between the General and Transportation Funds, increases funding for tax enforcement and makes other various changes. Revenue gains from these changes, in combination with estimated new revenue from passage of the Sunday Sales legislation (PA 12-17) and the April 30, 2012, consensus revenue estimates, when compared with the appropriations levels in the bill, yield estimated FY 13 surpluses of: \$0.5 million in the General Fund; \$1.0 million in the Transportation Fund; and \$6.0 million total in the other appropriated funds.

The revenue impacts are categorized in the table below.

FY 13 General Fund Revenue Changes (in millions)

Item	Impact \$
Additional Resources (DRS) for Tax Enforcement	7.5
Sunday Sales (PA 12-17)	5.2
Reimbursements for Expenditures	(16.7)
Transportation Fund Transfer	70.1
Banking Fund Transfer	4.0
Use of Mortgage Settlement Civil Penalties	2.6
TOTAL	72.7