

PRELIMINARY FISCAL NOTES

Appropriations Committee Meeting

April 21, 2011

OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building

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The following contains preliminary fiscal impacts for the bills on today's agenda.

1. sHB 6381 - An Act Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2011

The bill results in additional General Fund appropriations of \$329.2 million and no net increase in Transportation Fund appropriations. The increase in appropriations to the General Fund of \$355.2 million is offset by a reduction of \$26 million. The following table shows the changes in agency appropriations contained in the bill.

Changes in FY 11 Appropriations	Amount \$
General Fund - Increase Appropriations	
Office of the State Comptroller	625,000
Department of Public Works	6,770,000
Department of Agriculture	180,000
Department of Public Safety	9,000,000
Department of Mental Health & Addiction Services	57,250,000
Department of Social Services	277,000,000
Teachers' Retirement Board	70,000
Public Defender Services Commission	1,600,000
Child Protection Commission	2,400,000
Workers' Compensation Claims - DAS	300,000
Subtotal - GF	355,195,000
General Fund - Reduce Appropriations	
Reserve for Salary Adjustments	(26,000,000)
Total GF	329,195,000
Special Transportation Fund - Increase Appropriations	
Department of Transportation	4,000,000
Special Transportation Fund - Reduce Appropriations	
Debt Service - State Treasurer	(4,000,000)
Total - TF	-

OFA was previously projecting \$306.8 million (General Fund) and \$4.3 million (Transportation Fund) in state agency deficiency requirements. Description of the factors in each agency's deficiency is in our 4/11/11 document prepared for the Deficiency public hearing and on our website's homepage (available [here](http://www.cga.ct.gov/ofa/Documents/year/OD/2012OD-20110411_Projected%20FY%2011%20Agency%20Deficiencies.pdf)¹). We have since revised our estimates which are contained in the bill. The revised estimates contained in the bill differ from OFA's previous estimated by \$48.4 million. Although there are minor revisions across various agencies, the significant difference is in Medicaid (DSS) which has increased by \$50 million. This is due to DSS making an additional two-week payment to nursing homes in FY 11 (Section 5 repeals this two week delay). The original FY 11 budget included only 50 weeks worth of payments.

¹ Web address for the full document: http://www.cga.ct.gov/ofa/Documents/year/OD/2012OD-20110411_Projected%20FY%2011%20Agency%20Deficiencies.pdf

2. sHB 6380 - An Act Concerning the Budget for the Biennium Ending June 30, 2013

The Appropriations Committee Budget includes proposed appropriations in ten funds totaling \$19.9 billion in FY 12 and \$20.3 billion in FY 13 as presented below. A comparison to the Governor's Recommended levels can be found in the accompanying Appropriations Committee Budget book.

FY 12 All Funds Appropriations			
Fund	FY 12 Gross Appropriations	Less: Lapse & Other Reductions	FY 12 Net Appropriations
General Fund	\$19,513,285,281	(1,119,706,562)	\$18,393,578,719
Transportation	1,314,892,227	(11,000,000)	1,303,892,227
Banking	26,810,366	(254,913)	26,555,453
Insurance	26,621,617		26,621,617
Con. Counsel & Public Util. Control	26,129,247		26,129,247
Workers' Compensation	22,259,542		22,259,542
Mash. Pequot & Mohegan	61,779,907		61,779,907
Soldiers, Sailors and Marines	3,061,036		3,061,036
Regional Market Operation	964,897		964,897
Criminal Injuries Comp.	3,493,813		3,493,813
TOTAL	\$20,999,297,933	(1,130,961,475)	19,868,336,458

FY 12 General Fund Lapses Identified Above:	
General Other Expenses Reductions - Executive	(\$9,066,200)
General Other Expenses Reductions - Legislative	(374,000)
General Personal Services Reduction - Executive	(11,538,800)
General Personal Services Reduction - Legislative	(476,000)
Labor-Management Savings	(1,000,000,000)
Unallocated Lapse	(92,006,562)
Unallocated Lapse - Judicial	(3,545,000)
Unallocated Lapse - Legislative	(2,700,000)
TOTAL - GF Lapse	(1,119,706,562)

FY 13 All Funds Appropriations			
Fund	FY 13 Gross Appropriations	Less: Lapse & Other Reductions	FY 13 Net Appropriations
General Fund	\$19,941,584,980	(1,119,376,192)	18,822,208,788
Transportation	1,345,205,705	(11,000,000)	1,334,205,705
Banking	26,176,878	(63,729)	26,113,149
Insurance	26,131,750		26,131,750
Con. Counsel & Public Util. Control	25,694,813		25,694,813
Workers' Compensation	22,037,360		22,037,360
Mash. Pequot & Mohegan	61,779,907		61,779,907
Soldiers, Sailors and Marines	3,051,536		3,051,536
Regional Market Operation	932,821		932,821
Criminal Injuries Comp.	3,602,121		3,602,121
TOTAL	21,456,197,871	(1,130,439,921)	20,325,757,950

FY 13 General Fund Lapses Identified Above:	
General Other Expenses Reductions - Executive	(9,066,200)
General Other Expenses Reductions - Legislative	(374,000)
General Personal Services Reduction - Executive	(11,538,800)
General Personal Services Reduction - Legislative	(476,000)
Labor-Management Savings	(1,000,000,000)
Unallocated Lapse	(91,676,192)
Unallocated Lapse - Judicial	(3,545,000)
Unallocated Lapse - Legislative	(2,700,000)
TOTAL - GF Lapse	(1,119,376,192)

Spending Cap

The budget is under the spending cap by \$280.4 million in FY 12 and \$71.3 million in FY 13.

Growth Rate

The growth rate for all appropriated funds is 2.5% over FY 11 estimated expenditures in FY 12 and 2.3% in FY 13. See the table below for details.

Growth Rates of Appropriations under sHB 6380 (\$ in millions)

	FY 11 Est. Exp *	FY 12 Approp	FY 12 Change		FY 13 Approp	FY 13 Change	
	\$	\$	\$	%	\$	\$	%
General Fund	18,049.6	18,393.6	344.0	1.91%	18,822.2	428.6	2.33%
Transportation Fund	1,178.2	1,303.9	125.7	10.67%	1,334.2	30.3	2.32%
Other Approp. Funds	162.8	171.0	8.2	5.04%	169.3	-1.7	-0.99%
	19,390.6	19,868.5	477.9	2.46%	20,325.7	457.2	2.30%

* The General Fund estimate is per OFA's Monthly General Fund Projection (March 25, 2011); Transportation and Other Fund estimates are per OFA's November 2010 Statement.

Sections 11 - 58 are identified below:

Section	Agency	Description/Impact
11(a)	OPM/ All	OPM shall recommend reductions of \$12 million in expenditures for Personal Services (PS) for FY 12 & FY 13.
11(b)	OPM/ All	OPM shall recommend reductions of \$9.4 million in expenditures for Other Expenses for FY 12 & FY 13.
12	OPM/ All	OPM shall recommend reductions in expenditures to achieve Labor-Management Savings in FY 12 and FY 13 in any appropriated fund for any agency in the executive, legislative or judicial and the constituent units of higher education.
13(a)	OPM/ All	Allows OPM to transfer from agencies' PS to the Reserve for Salary Adjustment (RSA) account to reflect accurate impact of collective bargaining costs.
13(b)	OPM/ All	Allows OPM to transfer from RSA to any agency for the purpose of salary related costs including accrual payments.
14(a)	OPM/ All	Carries forward the FY 11 unexpended funds related to collective bargaining agreements and related costs into FY 12 and FY 13.
14(b)	OPM/ All	Carries forward the FY 12 unexpended funds related to collective bargaining agreements and related costs into FY 13.
15	OPM	Carries forward the unexpended balance of funds for the Criminal Justice Information System into FY 12 and FY 13. Impact: Estimated amount carried forward is \$60,000.
16	All	Agencies' filled positions can't exceed the number included in the OFA Budget Book (except upon FAC approval).
17	DMV	Carries forward the unexpended balance of funds for Commercial Vehicle Information System and Networks Projects for FY 12 & FY 13. Impact: Estimated amount carried forward in the Transportation Fund up to is \$200,000.
18a	DMV	Carries forward the unexpended balance of funds for DMV's registration & drivers license data processing systems for FY 12 & FY 13. Impact: Estimated amount carried forward in the Transportation Fund is up to \$300,000.
18b	DMV	Carries forward up to \$7 million of the unexpended balance of funds previously appropriated to DOT for Personal Services and transferred to the DMV reflective license plates account for registration & drivers license data system for FY 12 & FY 13. Impact: Estimated amount carried forward in the Transportation Fund is up to \$6,700,000.
18c	DMV	Carries forward up to \$8.5 million of the unexpended balance of funds previously appropriated for Debt Service and transfers this amount to the DMV reflective license plates account for registration and license data system for FY 12 & FY 13. Impact: Estimated amount carried forward is up to \$6,700,000.
19	OPM	Carries forward the unexpended balance of Other

Section	Agency	Description/Impact
		Expenses in OPM for a health care and pension consulting contract for FY 12 & FY 13. Impact: <i>Estimated amount carried forward is \$180,000.</i>
20(a)	OPM	Carries forward up to \$178,828 of the unexpended balance in Other Expenses to prevent base closures and transfers this amount to the litigation/settlement account. Impact: <i>Estimated amount carried forward is \$178,828.</i>
20(b)	OPM	Carries forward up to \$400,000 of the unexpended balance for Tax Relief for Elderly Renters and transfers this amount to the litigation/settlement account. Impact: <i>Estimated amount carried forward is \$400,000.</i>
21	Various	Any General Fund appropriation may be transferred between agencies with FAC approval. Funds generated through transfer may be used to reimburse GF expenditures or expand programs as determined by Governor and with FAC approval.
22	Various	Any General Fund appropriation may be adjusted by the Governor with FAC approval in order to maximize federal stimulus funding. Governor shall present a plan for any such transfer.
23	DPH	For each of FY 12 and FY 13, \$900,000 collected from newborn screening fees shall be credited to the newborn screening account to purchase upgrades to newborn screening technology and testing expenses. Impact: <i>Increases the transfer of funding from newborn screening fee receipts from \$500,000 to \$900,000 in FY 12 and FY 13 to accommodate increased cost of testing. A reduction of General Fund revenue of \$400,000 in FY 12 and FY 13 would result from this transfer.</i>
24	DPH	For FY 12 and FY 13 up to \$200,000 from the Stem Cell Research Fund may be used by DPH for administrative expenses.
25(a)	DMHAS	Up to \$1.1 million made available for Pre-Trial Alcohol Substance Abuse Program shall be available for the Regional Action Councils (RAC's) for FY 12 and FY 13. Impact: <i>Directs funding from the nonappropriated Pre-Trial account to the RACs. FY 10 total available in the account was approximately \$9.4 million.</i>
25(b)	DMHAS	Up to \$510,000 available for Pre-Trial Alcohol Substance Abuse is made available for the Governor's Partnership to Protect Connecticut's Workforce for FY 12 and FY 13. Impact: <i>Directs funding from the nonappropriated Pre-Trial account to the Governor's Partnership. FY 10 total available in the account was approximately \$9.4 million.</i>
26	DDS	Requires the full 100% cost settlement balance to be returned to DDS by the private providers under contract. Impact: <i>DDS will retain 100% of any cost settlement balance across various provider accounts estimated at \$1.3 million. Currently, DDS allows certain providers to retain up to 50% of cost settlement balances. The employment and day services and community residential services accounts are reduced to reflect these savings in the budget.</i>
27	DDS	Carries forward up to \$125,000 of the unexpended balance

Section	Agency	Description/Impact
		of the Pilot Program for Autism Services to be available to study the issues related to needs of persons with autism spectrum disorder during FY 12. Impact. Reduces the estimated FY 11 lapse in the Pilot Program for Autism Services by \$125,000.
28	DCF	Suspends the rate adjustments for DCF-funded private residential treatment centers in FY 12 and FY 13. Impact. By suspending Single Cost Accounting System (SCAS) regulations in FY 12 and FY 13, scheduled rate adjustments that would otherwise be provided to private residential treatment facilities July 1st would not occur, resulting in a savings of \$3,926,418 in FY 12 and an additional \$3,397,762 (for a cumulative total of \$7,324,144) in FY 13. These savings are included in the Budget.
29	DSS	Directs DSS to establish a receivable for anticipated federal reimbursement from the development of a data warehouse in FY 12 and FY 13.
30	DSS	Directs DSS to establish a receivable for anticipated cost of modifications necessary to comply with the Health Insurance Portability and Accountability Act's electronic standards in FY 12.
31	DSS	Permits DSS to make advance payments to nursing home facilities. Impact: This allows DSS to assist homes in managing cash flow (has no net fiscal impact to state).
32	UCHC/DSS	Permits UCHC appropriations to be transferred to DSH - Medical Emergency Assistance account within DSS to maximize federal reimbursement. Impact: This allows DSS to maximize federal revenue under DSH & other federal matching programs but does not alter the intent of the original appropriation of funds.
33	DMHAS/DSS	Directs DSS to make Disproportionate Share (DSH) payments to hospitals in DMHAS for operating expenses and related fringe benefits. Impact: This allows DSS to maximize federal revenue under DSH & other federal matching programs but does not alter the intent of the original appropriation of funds.
34	DVA/DSS	Permits DVA appropriations to be transferred to the DSH - Medical Emergency Assistance account within DSS to maximize federal reimbursement. Impact: This allows DSS to maximize federal revenue under DSH & other federal matching programs but does not alter the intent of the original appropriation of funds.
35	DDS/SDE	For FY 12 and FY 13, transfer \$1 million of the Part B Individuals with Disabilities Act (IDEA) federal funding from SDE to DDS Birth-to-Three program. Impact: Provides \$1 million in federal funding for the Birth-to-Three program in FY 12 and FY 13.
36(a), (b), & 57	SDE	Provides for the distribution of the Priority School District grant by the four programs in FY 12 and FY 13. Impact: Distributes the four sub grants of the Priority School District grant to the various receiving districts.
37	SDE	Provides a town by town distribution of the education

Section	Agency	Description/Impact
		equalization grant in FY 12 and FY 13. Impact: <i>Distributes approximately \$1.9 billion to municipalities for the purposes of education cost sharing.</i>
38	SDE	Allows SDE to provide grants not to exceed \$2,500 per pupil to local and regional boards of education that transport students who previously attended or accepted for enrollment at Wright Technical School and Abbott Technical High School. Impact: <i>Reallocates approximately \$25,000 from the Public School Transportation account for this purpose, which results in a minimal revenue loss to other local and regional school districts that are eligible for the grant.</i>
39	DHE	The amount of funds available for expenditure from the student protection account shall be \$301,000 in FY 12 and \$310,000 in FY 13. Impact: <i>These funds support the three staff members who provide oversight to the 91 private occupational schools enrolling nearly 27,000 students and generating \$175 million in net tuition revenue.</i>
40	DHE	This section delays payment to Yale for the biennium. Additionally, this section requires the Department of Higher Education to study the formula for the CICSG grant and report back to the committee with recommendations for revising the formula. Impact: <i>This supports the funding level included in the budget for the CT Independent College Student Grant and delays the payment of approximately \$500,000 in FY 12 and FY 13 to Yale.</i>
41	SDE	Distributes funding in FY 12 and FY 13 for the Neighborhood Youth Centers identified in the section. Impact: <i>Funding of \$1,338,300 is included in SDE for Neighborhood Youth Centers.</i>
42	OSC/UCHC	Requires the Comptroller to fund the fringe differential (state employee fringe v. average hospital rate) not to exceed \$13.5 million for FY 12 and FY 13. Impact: <i>Funding of \$13.5 million in both FY 12 and FY 13 is provided in the Active Employee Health Account.</i>
43	SDE	Delineates the \$19.3 million in additional grant amounts provided to the Excess Cost grant through the Transportation of Public School Children account, in order to meet federal maintenance of effort requirements for special education. Impact: <i>This transfer was included in the FY 11 Budget (and continued in the FY 12 - FY 13 Budget). The language will retain the same distribution.</i>
44	Constituent Units of Higher Ed.	Provides for caps on the percentage of expenditures the constituent units of higher education may spend for central office and overall administration in FY 12 and FY 13.
45	OLM	Carries forward the unexpended balance of funds for Redistricting in Legislative Management from FY 11 into FY 12. Impact: <i>Estimated amount carried forward is \$1,325,000.</i>
46	UCHC/DPH	Transfers \$500,000 from the Tobacco and Health Trust Fund to the University of Connecticut Health Center in FY

Section	Agency	Description/Impact
		12 and FY 13 for the Connecticut Health Information Network (CHIN).
47(a)	DPH	Transfers \$800,000 from the Tobacco and Health Trust Fund to the Department of Public Health in FY 12 and FY 13 for an adult asthma program within Easy Breathing (\$300,000) and for a children's asthma program within Easy Breathing (\$500,000).
47(b)	DSS	Transfers \$2.75 million in FY 12 and \$3.4 million in FY 13 from the Tobacco and Health Trust Fund to the Department of Social Services to support smoking cessation programs.
48(a)(b)	OPM	Directs the use of \$1.1 million provided in FY 12 and FY 13 for Operation Fuel for emergency cooling for households between 151%- 200% of the federal poverty level, and allows up to \$1000,000 of these funds to be used for administrative costs for Operation Fuel. <i>Impact: Funding of \$1.1 million is included in OPM for Operation Fuel for FY 12 and FY 13.</i>
49	DEP	Requires DEP to prepare a plan to privatize fish hatcheries in the state and report to the Environment and Appropriations Committees by January 1, 2012.
50	Judic/Probate/ DSS/SDE	Diverts a total of \$2.3 million in FY 12 and \$1 million in FY 13 for various programs. These include: \$500,000 in FY 12 for Male Youth Leadership Pilot; \$1.0 million in FY 12 and FY 13 to the Kinship and Respite Fund within the Children's Trust Fund; \$800,000 in FY 12 to the Children's Trust Fund to support operations of the agency; \$35,000 in FY 12 and FY 13 to support Children in Placement, Inc. expansion in Danbury. <i>Impact: Funds totaling \$3.3 million are diverted from the Probate Court Administration Fund (PCAF) to various programs over the biennium. The PCAF has an FY 11 estimated balance of \$4 million.</i>
51	WCC	Directs the Workers Compensation Commission to conduct a study of the feasibility of consolidating its eight district offices to achieve administrative efficiencies.
52	DOC	Carries forward the unexpended balance of funds under the Department of Correction's Children of Incarcerated Parents account from FY 11 into FY 12. <i>Impact: Estimated amount carried forward is \$110,000.</i>
53	Auditors	Carries forward \$350,000 of Personal Services funding in the Auditors of Public Accounts from FY 11 into FY 12 and transfers it to Other Expenses (\$300,000) and Equipment (\$50,000). <i>Impact: Amount carried forward is \$350,000.</i>
54	SDE	This section extends (for FY 12 and FY 13) the increased per pupil amount for students attending the Edison Magnet School in Meriden. Meriden students will continue to receive \$3,833 (rather than \$3,000). <i>Impact: It is anticipated that there will be approximately 600 Meriden students attending Edison in FY 12 and FY 13, resulting in an additional cost of approximately \$499,800. The funding is included in the magnet school appropriation for both</i>

Section	Agency	Description/Impact
		<i>FY 12 and FY 13.</i>
55	Various	Authorizes DSS, DMHAS, OPM and CSSD to develop a plan for supportive housing services and enter into MOUs to reallocate resources as necessary. This supports the Frequent User Service Enhancement (FUSE) program, which identifies individuals who frequently use services in both jails and homeless shelters. Supportive housing service providers in Bridgeport, Hartford, New Haven, Norwich, and Waterbury help to connect identified individuals with appropriate assistance.
56	UConn	Requires UConn to report to the Higher Education and Appropriations Committees on efficiencies and cost savings measures at UConn and the UCHC by January 1, 2012.
58	OSC-Fringe/DHE	Repeals the 27th payroll account and a provision in DHE's CT Independent College Student Grant distribution (see section 40). Impact: <i>Implements the budget.</i>