

PRELIMINARY FISCAL NOTES

Appropriations Committee Meeting

April 3, 2012

OFFICE OF FISCAL ANALYSIS

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

A. Contingency Reserve Bills – Numbers 1 - 8

The following are Contingency Reserve Bills (which have no fiscal impact):

SB 377, SB 378, SB 379, SB 380, SB 381, HB 5441, HB 5442, HB 5444

B. Raised Bills/Governor's Bills

9. SB 284 – An Act Creating a Childhood Immunization Task Force

The bill may result in a cost of less than \$1,000 to agencies participating in the task force to reimburse legislators and agency staff for mileage expenses.

10. SB 285 – An Act Concerning the MacBride Principles

Under current law, the State Treasurer is required to divest the Connecticut Retirement Plans and Trust Funds of investments in companies that have not implemented the MacBride Principles. This bill changes statutory language to give the Treasurer greater discretion in divestiture decisions and sunsets the requirement for such divestitures after January 1, 2020. This is not expected to result in a fiscal impact to the state because it is anticipated that if the Treasurer chooses to divest any funds, they will be reinvested in other companies that will produce similar rates of return.

11. HB 5339 – An Act Extending the Reporting Requirements for and Expanding the Membership of the Task Force to Study the Distribution of State Funds to Municipalities

The bill may result in a cost of less than \$1,000 to agencies participating in the task force to reimburse legislators and agency staff for mileage expenses.

12. HB 5445 – An Act Concerning Expenditures of State Agencies Providing Social Services

The bill allows certain Connecticut Energy Assistance Program (CEAP) recipients to receive a matching payment for a supplemental energy assistance benefit. The bill specifies that the matching payment be funded through the normal rate-making procedures of the Public Utilities Regulatory Authority (PURA) for a gas company, and through the systems benefits charge for an electric distribution company. To the extent

that systems benefits charge funds are not sufficient to support such a payment, the state and municipalities, as utility ratepayers, would incur a cost.

13. HB 5016 - Act Implementing the Governor's Recommendations Concerning General Government

Section 1 results in a savings to the Department of Veterans' Affairs (DVA) of \$29,800 related through consolidating collection services under the Department of Administrative Services (DAS). Additionally, this section transfers the responsibility related to collection services to DAS. The savings of \$29,800 and transfer of \$137,000 and one position from DVA to DAS are included in sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee.

Section 2 results in a savings of \$300,000 annually to the Department of Energy and Environmental Protection (DEEP) as it removes the requirement that outside contractors be reimbursed for dioxin air testing at resource recovery facilities. This savings of \$300,000 is included in sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee.

Section 3 results in a savings of \$235,000 in the Department of Correction related to the potential release of 26 inmates to a community-based nursing home to provide end-of-life care for the inmate. This savings is included in sHB 5014, the revised FY 13 budget bill as favorably reported by the Appropriations Committee.

Section 4 requires the Connecticut Academy of Science and Engineering (CASE) to conduct a study of the state's set-aside program for small contractors and minority business enterprises. sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, carries forward \$500,000 from the Commission on Human Rights and Opportunities (CHRO) from FY 12 into FY 13 and transfers such funding to the CASE account in the Office of Legislative Management (OLM) to conduct the study.

Section 5 requires the State Comptroller (OSC) to fund up to \$13.5 million of the differential between the average fringe benefit rate at private state hospitals versus the state fringe benefit rate for state employees at John Dempsey Hospital out of the resources of OSC. Section 42 of PA 11-6 requires the OSC to fund up to \$13.5 million in FY 12 and FY 13 of the fringe benefit differential out of OSC's resources; this section continues this practice in the future.

Section 6 - 7 relating to the reporting dates for the Adult Education pilot, does not result in a fiscal impact.

Section 8 eliminates the requirement of the Connecticut Humanities Council to operate in conjunction with the Department of Economic and Community Development (DECD) for purposes of joint strategic planning, annual reporting on appropriations and fiscal reporting. sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, transfers funding of \$2,272,633 for the Connecticut Humanities Council from DECD to the Connecticut State Library in FY 13.

Sections 9 thru 18 transfer the Commission of Human Rights and Opportunities and the Workers' Compensation Commission from the Executive Branch to the Judicial Branch. There is no fiscal impact. The agencies will remain autonomous agencies within the Judicial Branch for fiscal and budgetary purposes only.

Section 19 corrects last year's modification in order to maintain current practice and the collection of recoveries (as General Fund revenue) from legally liable parents who come into inheritances and other windfalls pursuant to 17b-93. The state's debt collection statutes were modified last year to make the language gender neutral. There were two places where the word "his" was incorrectly changed to "the beneficiary's."

Section 20 repeals CGS 31-276a which transfers the Workers' Compensation Commission into the Department of Labor for administrative purposes only. There is no fiscal impact.

Change of Reference Bills

14. SB 116 - An Act Concerning State Military Accounts

There is no fiscal impact associated with establishing an "Army National Guard state morale, welfare, and recreation" non-appropriated, non-lapsing account.

15. sSB 142 - An Act Increasing Eligibility for the Connecticut Home-Care Program for the Elderly

The bill results in a cost to the state of approximately \$3.1 million in FY 13 associated with increasing eligibility and reducing cost sharing for the Connecticut Home Care Program for Elders (CHCPE).¹ Increasing the asset limit for individuals, from \$32,868 to \$40,000, and for couples, from \$43,824 to \$65,000, results in a cost of approximately \$2.5 million. Decreasing cost sharing for the program, from 7% to 6%, results in a cost of \$626,400.

¹ The Connecticut Home Care Program for Elders (CHCPE) operates via a fully state funded program, as well as via a Medicaid waiver program. Although the state funded portion is not an entitlement, the program has historically served all qualifying participants.

sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriated \$2.5 million for increasing the asset limit and \$626,400 for reducing cost sharing under the CHCPE.

16. sSB 143 - An Act Establishing Eligibility and Funding for the Alzheimer Respite Care Program

The bill expands the income eligibility requirements for the Alzheimer's Respite program. As this program is not an entitlement and is operated within available appropriations, these changes will not result in any additional costs to the state. The Department of Social Services currently manages the amount of services allocated to each enrollee in order to not exceed the program's appropriation. sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriated \$2,294,388 for the Alzheimer's Respite Program.

17. sSB 240 - An Act Allowing the Retention of an Administrative Cost Allowance from the Connecticut Independent College Student Grant Program for Compliance Audits

The bill, which allows the Office of Financial and Academic Affairs for Higher Education (OFAAHE) to use up to \$20,000 of the annual Connecticut Independent College Student Grant appropriation to fund compliance audits, will result in a reallocation of program funding. It is anticipated that by using the \$20,000 to fund the audit, each student award will be decreased by approximately \$4 (in 2012 the average award issued was \$3,722).

Currently, the audit is funded out of the Other Expenses (OE) line item. As a result of rescissions and reduced OE funding, the audit would equate to approximately 22% of the OE budget and it is uncertain if there would be funds available to complete the audit in FY 13.

18. sSB 273 - An Act Concerning the Care4Kids Program

The bill expands, within available appropriations, the Care 4 Kids program to provide up to 12 weeks of benefits during unpaid maternity leave. Based on the current average benefit level of \$590 per month, 12 weeks of benefits would cost \$1,770 per person. It is not currently known how many individuals would take advantage of this benefit. sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriated \$104,440,819 for the Care 4 Kids program.

19. sSB 287 - An Act Concerning Local Pharmacies

There is no fiscal impact to the state or municipalities as the bill regulates contracts between private entities. Specifically, the bill prohibits a contract between a pharmacy and a pharmaceutical wholesaler from restricting the following: 1) the pharmacy's ability to purchase goods from any other wholesaler, and 2) the pharmacy from providing products to state employees from any other wholesaler.

20. sSB 291 - An Act Establishing a Youth Employment System

The bill, which requires the Department of Labor to develop a youth employment system, and to establish a public-private partnership to support the system, has no fiscal impact. It should be noted that sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriates \$4.5 million in FY 13 to the existing CT Youth Employment Program account.

21. SB 300 - An Act Concerning Early Childhood Education

The bill will not result in a fiscal impact to the State Department of Education, the Department of Social Services or the Department of Construction Services because each agency currently has staff members with the expertise necessary to perform the study.

22. SB 374 - An Act Increasing Funding and Support for Home and Community-Based Care for the Elderly and Alzheimer's Patients

The bill, which requires the Commission on Aging to perform a study funding available to elderly persons and persons with Alzheimer's disease for care at home or in the community and submit a report to the Aging Committee no later than June 1, 2013, does not result in a fiscal impact.

23. sHB 5028 - An Act Concerning the Alignment of Common Core State Standards with College Curriculum and Bridges Between Public Schools and Institutions of Higher Education

Section 1 of the bill does not result in a fiscal impact to local or regional school boards, the Board of Regents for Higher Education and the University of Connecticut because there is currently enough staff members with the expertise necessary to develop the plan.

Section 2 of the bill requires the State Department of Education (SDE) in collaboration with the Board of Regents, and the Board of Trustees of the University of Connecticut to develop a pilot program to incorporate Connecticut's common core standards into the curriculums of college level programs. It is anticipated that this would cost approximately \$500,000. The cost is associated with: developing the pilot program, work sessions between stakeholders, substitute teacher coverage for secondary school teachers, retooling college level courses, evaluating present entrance exams, and the selection of a particular entrance exam for the 2013-2014 school year, to be used by 11th graders².

sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriated \$500,000 for this purpose.

24. HB 5242 - An Act Concerning Donated Dental Services

The bill results in a potential minimal fiscal impact to the Department of Public Health (DPH) as it allows DPH, in consultation with the Department of Social Services, to contract with licensed dental professionals, or a statewide entity which represents dental professionals, to establish and operate a program for the delivery of charitable dental services to low income families. It is anticipated that if such a contract were established, it would result in a minimal cost to DPH to support a coordinator position within the contracted entity.

sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriates \$85,000 in pass-through funding under DPH for a coordinator position within the contracted entity responsible for the delivery of charitable dental services to low income families.

25. sHB 5333 - An Act Concerning Organ and Tissue Donation Awareness

The bill establishes an Advisory Council on Organ and Tissue Donation Education and Awareness and requires the council to report to the General Assembly no later than July 1, 2013 and annually thereafter, on organ and tissue donation awareness within the state, which has no state fiscal impact.

² The entrance exam is only required for the 2013-2014 school year. Beginning in 2014 the Smarter Balance Assessment consortium (SBAC) will come on line. During the 2014-2015 school year the SBAC testing "system" will be in place for Connecticut students in Grades 3-8 and 11. The SBAC system will include interim assessments and end of year performance tasks that are aligned to the Common core State Standards in English Language Arts and Mathematics.

26. sHB 5350 – An Act Concerning Achieving Universal Literacy by Grade Three

Section 1 expands the existing pilot program for the purposes of promoting best practices in early literacy and closing the academic achievement gap. Currently, there are 11 schools in 6 districts that have enacted this pilot program. sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriated \$1.0 million for this purpose. It is anticipated that this additional funding would allow the State Department of Education (SDE) to pilot this program in 11 additional schools, which must be in the educational reform districts.

Section 2 requires SDE to develop or approve reading assessments to identify students in kindergarten through grade 3 who are deficient in reading instruction. It is not anticipated that this would result in any additional fiscal impact, as there is existing staff with expertise in this area and a sufficient number of developed assessments to select from.

Section 3 requires SDE to identify any local or regional board of education that disproportionately or inappropriately identifies minority students as requiring special education as a result of a reading deficiency. SDE is responsible to report on this requirement and to study local and regional plans to reduce the misidentification of minority students. It is not anticipated that this would result in any additional fiscal impact, as there is existing staff with expertise in this area.

Section 4 requires the Commissioner of Education to develop a program of professional development for reading instruction for teachers. It is estimated that this program would cost approximately \$500,000, based on similar professional development programs that have been established. sHB 5014, the revised FY 13 budget bill, as favorably reported by the Appropriations Committee, appropriated \$4.0 million for the purposes of talent development, which includes funding for professional development.