



# Office of Fiscal Analysis

## PRELIMINARY FISCAL NOTES

### Introduction

Below is a summary of preliminary fiscal notes 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. Raised and Governor's Bills

#### 1. HB 5327 - An Act Concerning the General Fund Budget.

The bill requires the Appropriations Committee to review the process by which funds are appropriated. There is no associated fiscal impact.

#### 2. HB 5034 - An Act Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2018.

The Governor's Deficiency Bill results in no net impact to the General Fund or the Transportation Fund. General Fund increases of \$37.0 million are offset by reductions in appropriations. Transportation Fund increases of \$28.1 million are offset by reductions in appropriations. The table below details the deficiency bill's appropriations and reductions.

### General Fund and Transportation Fund Expenditure Account Changes (in millions)

Agency	FY 18 \$
<b>Section 1 General Fund Increases:</b>	
Division of Criminal Justice	.4
Dept. of Emergency Services & Public Protection	3.0
Dept. of Energy & Environmental Protection	2.4
Office of the Chief Medical Examiner	.2
Dept. of Correction	10.0
Dept. of Children & Families	12.4
Public Defender Services Commission	.3
State Comptroller - Fringe Benefits	8.3
<b>Total - General Fund Increases</b>	<b>37.0</b>
<b>Section 2 General Fund Reductions:</b>	
Dept. of Social Services	(17.6)
Teachers' Retirement Board	(19.4)
<b>Total - General Fund Reductions</b>	<b>(37.0)</b>
<b>NET General Fund Impact</b>	<b>-</b>
<b>Section 3 Transportation Fund Increases:</b>	
Dept. of Transportation	24.6
State Comptroller - Fringe Benefits	3.5
<b>Total - Transportation Fund Increases</b>	<b>28.1</b>



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Agency	FY 18 \$
<b>Section 4 Transportation Fund Reductions:</b>	
Debt Service – State Treasurer	(28.1)
<b>Total – Transportation Fund Reductions</b>	<b>(28.1)</b>
<b>NET Transportation Fund Impact</b>	<b>-</b>

The Deficiency Bill reduces the spending cap by \$28.1 million due to: (1) a decrease of \$28.1 million in Debt Service appropriations (which are exempt from the cap), and (2) other offsetting adjustments in appropriations subject to the cap, which result in a net zero deficiency appropriation in FY 18.

OFA's description of the factors in each agency's deficiency is in the 3/14/18 document prepared for the Appropriations Committee Deficiency public hearing and on our website ([available here](#)).

### **3. SB 367 – An Act Concerning Employee Benefits for State Employees and Elected or Appointed Officials.**

The bill may result in a cost of up to \$150,000 to the extent actuarial or other consulting services are used to quantify the impact of various recommendations to the state, the State Employees' Retirement System, employee and retiree health programs and Other Post Employment Benefit (OPEB) liabilities, which are currently outside of the scope of the agencies required to submit the recommendations.

### **4. SB 369 – An Act Concerning Job Development and Training Opportunities.**

The bill has no impact by requiring the Department of Economic and Community Development and the Department of Labor to review and make recommendations to job development and training programs by October 1, 2018. Both agencies annually review their respective budgets, which include funding for these issues, for the purposes of developing the Governor's proposed budget recommendations.

### **5. SB 370 – An Act Concerning Higher Education Funding.**

There is no cost to the Office of Higher Education or the constituent units of higher education to conduct a study to determine whether higher education is being provided by the most cost-efficient, equitable and effective means, as the agencies have the expertise necessary to do so.

### **6. HB 5326 – An Act Concerning Medicaid Funding.**

The bill does not result in a cost to the Department of Social Services to review the Medicaid plan and provide recommendations in accordance with the provisions of the bill as the agency currently has the expertise.



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### **7. HB 5394 - An Act Concerning the Legalization and Regulation of the Retail Sale of Marijuana.**

The bill, which requires the Office of Policy and Management to develop a plan to legalize and regulate the retail sale of marijuana, has no fiscal impact. It is anticipated that the agency has the resources to develop this plan.

### **8. HB 5580 - An Act Concerning the Recommendations of the Commission on Fiscal Stability and Economic Growth.**

The bill, which requires the Office of Policy and Management to analyze the recommendations of the Commission on Fiscal Stability and Economic Growth, has no fiscal impact. It is anticipated that the agency has the resources to conduct this analysis.

## **B. Change of Reference Bills**

### **9. sSB 444 - An Act Concerning Advanced Manufacturing Training and the Capital Needs of the Submarine Industry.**

**Section 1** results in the following costs to the Department of Economic and Community Development (DECD) by requiring the agency to fund grants-in-aid for regional workforce development boards: \$1 million in FY 19; \$2 million in FY 20; \$2 million in FY 21; \$2.5 million in FY 22; \$2.5 million in FY 23.

**Section 2** results in no fiscal impact as the Connecticut State Colleges and Universities system has sufficient expertise to make efforts to enter into a memorandum of understanding.

**Section 3** has no fiscal impact by requiring DECD to review and consult businesses on the capital needs of the submarine industry. The agency's Office of Business Development currently works with companies to address their short and long-term business needs.

### **10. SB 379 - An Act Limiting Changes to Health Insurers' Prescription Drug Formularies.**

The bill does not result in a fiscal impact to the state employee and retiree health plan as the state plan meets the exclusion provisions of the bill.

The bill will increase costs to fully insured municipal plans to comply with the provisions of the bill. The coverage requirements will result in increased premium costs when municipalities enter into new health insurance contracts after January 1, 2019. In addition, many municipal health plans are recognized as "grandfathered" health plans under the Affordable Care Act (ACA). It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA. Pursuant to federal law, self-insured health plans are exempt from state health mandates.