

sHB 7148 PRELIMINARY FISCAL NOTE

Appropriations Committee Meeting

April 30, 2019



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building

Hartford, CT 06106 • (860) 240-0200

E-Mail: ofa@cga.ct.gov

www.cga.ct.gov/ofa

sHB 7148 – An Act Concerning the State Budget for the Biennium Ending June Thirtieth, 2021, and Making Appropriations Therefor.

The Appropriations Committee budget includes appropriations in ten funds totaling \$21.3 billion in FY 20 and \$22.0 billion in FY 21 as summarized in the table below. Details on spending areas across the budget are contained in the budget detail in the binders before you today.

Fund Summary

Gross Appropriations by Fund	FY 20 \$	FY 21 \$
General Fund	19,502,653,530	20,262,681,388
Special Transportation Fund	1,734,232,613	1,836,848,022
Banking Fund	25,492,225	26,495,098
Insurance Fund	104,196,680	113,257,201
Consumer Counsel and Public Utility Control Fund	27,426,276	28,495,325
Workers' Compensation Fund	28,024,178	28,653,645
Mashantucket Pequot and Mohegan Fund	49,972,796	49,972,796
Regional Market Operation Fund	1,084,678	1,106,857
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	12,794,988	12,794,988
Total Gross Appropriations	21,488,812,052	22,363,239,408
General Fund Lapses		
Unallocated Lapse	(9,515,570)	(9,515,570)
Unallocated Lapse - Judicial	(5,000,000)	(5,000,000)
Statewide Hiring Reduction - Executive	(7,000,000)	(7,000,000)
Labor - Management Concessions	(181,900,000)	(276,800,000)
Contract Standards Board Savings Initiatives	(5,000,000)	(15,000,000)
Total General Fund Lapses	(208,415,570)	(313,315,570)
Transportation Fund Lapses		
Unallocated Lapse	(12,000,000)	(12,000,000)
Labor - Management Concessions	(18,300,000)	(19,700,000)
Total Transportation Fund Lapses	(30,300,000)	(31,700,000)
Net Appropriations by Fund		
General Fund	19,294,237,960	19,949,365,818
Special Transportation Fund	1,703,932,613	1,805,148,022
Banking Fund	25,492,225	26,495,098
Insurance Fund	104,196,680	113,257,201
Consumer Counsel and Public Utility Control Fund	27,426,276	28,495,325
Workers' Compensation Fund	28,024,178	28,653,645
Mashantucket Pequot and Mohegan Fund	49,972,796	49,972,796
Regional Market Operation Fund	1,084,678	1,106,857
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	12,794,988	12,794,988
Total Net Appropriations	21,250,096,482	22,018,223,838

Spending Cap

The budget is under the spending cap by \$1 million in FY 20 and \$59.8 million in FY 21. These figures are inclusive of calculation base year adjustments for the following items: 1) the Higher Education Alternative Retirement Plan, 2) net budgeting of childcare development funds, and 3) an adjustment related to the treatment of Husky D.

Growth Rate

The FY 20 growth rate for all appropriated funds is 1.9% over FY 19 estimated expenditures. The FY 21 growth rate is 3.6% over FY 20. See the table below for details.

FY 20 and FY 21 Budget Growth Rates (by fund - in millions)

Fund	FY 19 Est.	FY 20	FY 20		FY 21	FY 21	
	Expend.	Approp.	Change		Approp.	Change	
	\$	\$	\$	%	\$	\$	%
General	18,998.2	19,294.2	296.1	1.6%	19,949.4	655.1	3.4%
Transportation	1,617.3	1,703.9	86.7	5.4%	1,805.1	101.2	5.9%
Other Appropriated	239.9	251.9	12.0	5.0%	263.7	11.8	4.7%
TOTAL	20,855.4	21,250.1	394.7	1.9%	22,018.2	768.1	3.6%

Sections 11 - 45 of the back of budget language are identified below.

Section	Agency	Description
11(a)	OPM/Various	OPM shall recommend reductions in executive branch expenditures, except those for equalization aid grants, for FY 20 and FY 21 by \$9,515,570.
11(b)	OPM/Judicial	OPM shall recommend reductions in Judicial Department expenditures, except those for the Probate Court or Juvenile Justice Outreach Services, for FY 20 and FY 21 by \$5 million.
12	OPM/Various	OPM is authorized to make allotment reductions in order to achieve state-wide hiring savings of \$7 million in FY 20 and FY 21.
13(a)	OPM/Various	OPM may make expenditure reductions of \$181,900,000 in FY 20 and \$276,800,000 in FY 21 to reduce labor-management expenditures.
13(b)	Various High Ed. Institutions	OPM is authorized to make allotment reductions to the constituent units of higher education related to labor-management savings.
14	DSS/DCF	Allows the Department of Social Services (DSS) and Department of Children and Families (DCF) to establish an account to allow for the receipt of reimbursement anticipated from the federal government. This allows the state to receive revenue as anticipated in the budget.
15	OPM	Exempts appropriations authorized for purposes of complying with Generally Accepted Accounting Principles (GAAP) from the quarterly allotment process pursuant to Section 4-85 of the Connecticut General Statutes. This provision has no fiscal impact since these funds are non-programmatic and are only used in conjunction to close out the end of the fiscal year in accordance with GAAP.
16(a)	RSA/OPM	OPM is authorized to transfer amounts appropriated for Personal Services from agencies to the Reserve for Salary Adjustment (RSA) account to reflect a more accurate impact of collective bargaining related costs.
16(b)	RSA/OPM	OPM is authorized to transfer funds from the RSA account to any agency in any appropriated fund for salary increases, accrual payments or any other personal services adjustment necessary.

Section	Agency	Description
17(a)	RSA/OPM	Allows for the unexpended funds for collective bargaining costs (RSA) to be carried forward from FY 19 into FY 20 and FY 21.
17(b)	RSA/OPM	Allows for the unexpended funds for collective bargaining costs (RSA) to be carried forward from FY 20 into FY 21.
18	Various	Allows for the transfer of funds between agencies via the use of FAC to maximize federal matching funds. This allows any General Fund appropriation to be transferred between agencies to maximize federal funding 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.
19(a)(b)	Various	Allows for the adjustments to appropriations, with the approval of FAC, to maximize federal funding available to the state. This allows any General Fund appropriation to be adjusted by the Governor with FAC approval in order to maximize federal funding. The Governor shall present a plan for any such transfer.
20	UCHC/DSS	Allows for the transfer of appropriated funds from the UConn Health Center to DSS's Medicaid account to maximize federal reimbursement. This allows the state to receive revenue as anticipated in the budget.
21	DSS/DMHAS	Directs DSS to make Disproportionate Share (DSH) payments to hospitals in the Department of Mental Health and Addiction Services (DMHAS) for operating expense and related fringes. This allows the state to receive revenue as anticipated in the budget.
22	SDE/OEC	Transfers \$1 million in both FY 20 and FY 21 of Part B IDEA (federal funds) from SDE to the Office of Early Childhood for the Birth-to-Three Program.
23(a)(b)	SDE	Ensures that money appropriated for the Priority School District grant in FY 20 and FY 21 is spent in the appropriate year, and through the appropriate sub-grant. This allows eligible school districts to receive funding.
24	DCF	Suspends the DCF Single Cost Accounting System (SCAS), which results in savings of approximately \$3.4 million in FY 20 and approximately \$4.5 million in FY 21. Pursuant to CGS Sec. 17a-17 and agency regulations, SCAS determines the per diem payment rates for in-state, private residential treatment centers. Rate increases in the allowable residential care components over the previous year rates, under SCAS, are limited to the increase in the consumer price index plus 2%, or the actual increase in allowable costs, whichever is less. SCAS rate increases have been suspended in every biennial budget since FY 04.
25(a)	DDS	Requires that DDS receive 80% reimbursement from private providers when actual expenditures are less than the amount received from the Department in both FY 20 and FY 21. DDS must allow providers to retain 20% of cost settlement funds. This is anticipated to reduce the savings currently associated with DDS, which receives 100% reimbursement.
25(b)	DMHAS	Requires that DMHAS receive 100% of reimbursement (or an alternative amount identified by the agency) from private providers where their actual expenditures are less than the amount received by the department for both FY 20 and FY 21.
26	OEC	Allows OEC to carry forward up to \$4.9 million in FY 19 Care4Kids TANF/CCDF funding to support child care provider rate increases in FY 20.

Section	Agency	Description
27(a)(b)	OPM	Allows OPM to allocate funds to private providers to support wage increases and corresponding changes to employer taxes, benefits, and other costs that result from increases in the minimum wage. OPM may transfer available funds to affected state agencies.
28	Regional Performance Incentive Program	Increases, by \$4.1 million, in both FY 20 and FY 21, the amount distributed to regional Councils of Government (COGs) from the Regional Performance Incentive Program account. This offsets the revenue loss to COGs resulting from the elimination of a General Fund appropriation for COG grants-in-aid.
29	CIA/DOAG	Transfers \$1.5 million from the Community Investment Act to the Department of Agriculture's Agricultural Sustainability - Dairy Farmer account in both FY 20 and FY 21 for the purpose of quarterly grants to dairy farmers. The current balance in the Dairy Farmer account is \$630,747.
30	DOAG	Provide grant funding from DOAG's Other Expenses account: (1) \$40,000 in both FY 20 and FY 21 to the New London County 4-H Camp in North Franklin, and (2) \$15,000 in both FY 20 and FY 21 to the Ellington Farmers' Market.
31	Connecticut Innovations	Requires Connecticut Innovations, a quasi-public state agency, to provide a grant-in-aid from the quasi-public agency's resources of \$450,000 in FY 20 and FY 21 to the Women's Business Development Council in Stamford. There is no impact to appropriated funds.
32	DEEP	Provide funding from the Passport to Parks account: (1) \$20,000 in FY 20 to the town of Sherman for an air quality study, (2) \$20,000 in FY 20 to the Middlesex County Fire School in Middletown for Phase I and Phase II environmental site assessments, and (3) \$20,000 in FY 20 for installing "no smoking or vaping" signs at state park beaches.
33	DEEP	Provide funding of \$20,000 in both FY 20 and FY 21 to the North Branch Conservation District from the Passport to Parks account.
34	DOT	Provides funding of \$100,000 in the Department of Transportation's Other Expenses account in FY 20 and FY 21 for a grant-in-aid to the Thames River Park for a water taxi.
35	SDE	Appropriates \$50,000 in FY 20 to the After School Program for grants to FIRST Robotics Competition (FRC) teams in municipalities with a population greater than fifty thousand, no grant may be greater than \$10,000.
36	Probate Court	Precludes revenue gain of approximately \$2.5 million in FY 20 from the Probate Court Administration Fund to the General Fund by suspending the transfer of any amount in balance over 15% of the Probate Court Administration operating costs.
37	SDE	Requires SDE in both FY 20 and FY 21, to provide \$125,000 from Technical Schools Other Expenses to the Career Pathways TECH Collaborative at Eli Whitney Technical High School in New Haven, administered by the Justice Education Center, Inc.
38	BOR	Requires BOR to report to various General Assembly committees on Students First personnel changes and communications with the community colleges' accrediting agency, by 10/1/19 and quarterly thereafter through 6/30/21.
39	DOH	Requires, by 12/15/19 and 12/15/20, DOH to submit a report related to the rental assistance program services that it provides to Department of Children and Families-involved families.
40	DSS	Carries forward \$17.6 million from FY 19 into FY 20 for Medicaid expenditures.

Section	Agency	Description
41-45	Muni Grants	Specify the distribution of \$289.4 million in non-education municipal aid. Grants whose distributions are specified include the State Property PILOT, College & Hospital PILOT, Pequot, Municipal Revenue Sharing, and Municipal Stabilization.