



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.

Appropriations Committee Bills

1. **HB 6439 - An Act Concerning the State Budget for the Biennium Ending June Thirtieth, 2023, and Making Appropriations Therefor**
2. **HB 6438 - An Act Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2021 - *proposed substitute language***

The following is an overview of sHB 6438, An Act Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2021. Please see the table below for detail of the deficiency bill's appropriations and reductions.

General Fund Appropriation Increases and Reductions (in millions)

Agency	FY 21 \$
Section 1 - General Fund Increases:	
Department of Administrative Services	1.0
Dept. of Economic & Community Development	5.6
Office of the Chief Medical Examiner	0.5
Dept. of Mental Health & Addiction Services	8.9
State Department of Education	0.6
Dept. of Correction	4.0
Office of Policy & Management	50.0
University of Connecticut Health Center	50.0
Total - General Fund Increases	120.6
Section 2 - Tourism Fund Increases:	
Dept. of Economic & Community Development	15.0
Total - Tourism Fund Increases	15.0
Section 3 - General Fund Reductions:	
Dept. of Social Services	(128.0)
Total - General Fund Reductions	(128.0)



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

Section 4 specifies that although \$50 million will be made available within the Operating Expenses (i.e., block grant) account to reduce an operating deficit, there will be no associated General Fund payment of fringe benefits through the Office of the Comptroller. Typically, when Operating Expenses funds defray costs of UConn Health Center employee salaries and wages, the General Fund pays the fringe benefits costs associated with those employees.

Section 5 specifies that Office of Policy and Management (OPM) must allocate \$50 million in funds for Private Providers to support funding increases for private providers of health and human services contracted by the state. OPM shall transfer funds to the affected contracting agencies. Not later than July 1, 2021, the Secretary of OPM shall report to the appropriations committee on the amount of such funds paid to each contracted provider by contracting agency and account.

Section 6 carries forward up to \$128,260,401 of the unexpended balance of funds appropriated to DSS under Medicaid for the following purposes:

Section	Agency	Description
6(1)	DSS	Up to \$1.5 million in both FY 22 and FY 23 to DSS to support increasing the personal needs allowance to \$75.
6(2)	DSS	Up to \$150,000 in both FY 22 and FY 23 to DSS for the Jewish Federation Association of Connecticut (\$100,000) and New Covenant Center (\$50,000).
6(3)	CT Airport Authority	Up to \$4 million in both FY 22 and FY 23 to the Connecticut Airport Authority.
6(4)	DEEP	Up to \$2.5 million in both FY 22 and FY 23 for deposit into the passport to the parks account.
6(5(A))	BOR	Up to \$14 million in FY 22 and \$15 million in FY 23 to the Board of Regents for Debt-Free Community College.
6(5(B))	BOR	Up to \$21,332,962 in FY 22 and \$22,165,000 in FY 23 to the Board of Regents for the community college block grant account. This will not result in associated General Fund payment of fringe benefits through the Office of the State Comptroller.
6(5(C))	BOR	Up to \$8,052,605 in FY 22 and \$8,822,583 in FY 23 to the Board of Regents for the Connecticut state universities block grant account. This will not result in associated General Fund payment of fringe benefits through the Office of the State Comptroller.
6(6)	UOC	Up to \$7,516,899 in FY 22 and \$8,570,352 in FY 23 to the University of Connecticut. This will not result in associated General Fund payment of fringe benefits through the Office of the State Comptroller.
6(7(A))	DCF	Up to \$300,000 in both FY 22 and FY 23 to DCF to support grants of \$100,000 each to True Colors, Inc., 'r kids Family Center, and Madonna Place.
6(7(B))	Various	Up to \$500,000 in both FY 22 and FY 23 to DCF for Youth Service Bureaus and Juvenile Review Boards.
6(8)	DOC	Up to \$100,000 in both FY 22 and FY 23 to DOC for a grant to EMERGE Connecticut, Inc.
6(9)	DOH	Up to \$50,000 in both FY 22 and FY 23 to DOH for a grant to House of Bread.
6(10)	DOL	Up to \$100,000 in both FY 22 and FY 23 to DOL for a grant to Stamford Cradle to Career.
6(11)	JUD	Up to \$800,000 in both FY 22 and FY 23 to JUD for grants in each year to: RYASAP Bridgeport (\$150,000), Upper Albany Neighborhood Collaborative



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

Section	Agency	Description
		(\$250,000), Connecticut Violence Intervention Program (\$100,000), Hartford Communities That Care (\$100,000), Street Safe Bridgeport (\$100,000), Prudence Crandall Center (\$100,000).
6(12)	OPM	Up to \$250,000 in both FY 22 and FY 23 to OPM for Project Longevity.
6(13)	SDE	Up to \$1,150,000 in both FY 22 and FY 23 to SDE for grants in each year to: Color a Positive Thought Bridgeport (\$100,000), Wilson-Gray YMCA (\$250,000), Boys & Girls Club of Stamford (\$100,000), Reach Out and Read (\$150,000), Walter Lockett Foundation (\$100,000), Andover, Hebron and Marlborough (AHM) Youth and Family Services (\$100,000), Boys & Girls Club of New London (\$100,000), Youth Arts (\$250,000).

3. SB 705 - An Act Establishing an Office of Pandemic and Public Health Preparedness - *proposed substitute language*

The substitute bill establishes an Office of Pandemic and Public Health Preparedness (OPPHP) within the Department of Public Health for administrative purposes only and requires that an Executive Director of the Office be appointed by the Governor. The fiscal impact of the Executive Director position ranges from \$102,000 to \$185,000.

The substitute bill requires that OPPHP establish and maintain an inventory of a strategic reserve of necessary equipment in the event of a pandemic, epidemic or other public health emergency, including, but not limited to, hand sanitizer, ventilators, hospital beds, modes of transportation, gloves, masks, gowns and other personal protective equipment and equipment and space for vaccine storage; test and inspect the items in such strategic reserve on a quarterly basis to ensure that such items have not expired and remain in working order; and establish a protocol for access to such strategic reserve.

OPPHP will incur costs of \$3.2 million in FY 22 and \$200,000 in FY 23 for a 90-day stockpile of personal protective equipment (PPE), storage, and an inventory management system. OPPHP will also require funding of approximately \$106,460 in FY 22 and \$109,660 in FY 23 (with associated fringe of \$43,970 in FY 22 and \$45,290 in FY 23) for two Material Storage staff to help manage PPE and maintain the inventory management system.

The substitute bill's new public health-related responsibilities for the Connecticut Veterinary Medical Diagnostic Laboratory (CVMDL) result in an anticipated cost to the University of Connecticut (which operates the laboratory) of approximately \$550,000 in FY 22 and \$250,000 in FY 23 and annually thereafter. The substitute bill requires the CVMDL to track active and potential animal epidemics and pandemics in Connecticut and assess whether these could pose a transmission risk to humans. CVMDL will require one-time equipment investments of approximately \$300,000 in FY 22, and total personnel and materials costs of \$250,000 annually beginning in FY 22 associated with increased monitoring and new epidemiological activities.

The substitute bill requires the state Department of Education to report to the Education Committee on a plan to address staff shortages that may occur as a result of a pandemic. This provision does not have a fiscal impact as the department has the necessary expertise to complete the report.



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

4. **SB 885 –An Act Implementing the Governor's Budget Recommendations for General Government –** *proposed substitute language*

Section 1 clarifies discrepancies between annual payment amounts and a change from two-year to three-year registration duration for certain vehicles for the greenhouse gas reduction program. There is no expected fiscal impact because it conforms to current annual rates.

Section 2 eliminates the requirement for the Office of Policy and Management to submit a monthly deficiency statement. This has no fiscal impact.

Section 3 results in a one-time revenue loss to the General Fund (GF) in any year that cost recoveries for the State Employee Retirement System's (SERS) from funding sources other than the GF or the Special Transportation fund are over-collected. Currently, overcollections are treated as one-time GF revenue.

The substitute bill requires that any overcollections be deposited into SERS as an additional contribution, resulting in an annual savings to the state. This savings will be reflected in a decreased annual employer contribution, as determined in the subsequent SERS valuation.

Section 4 allows up to \$10 million of energy consumption and environmental impact leases to be entered into for state building projects that reduce energy consumption. To the extent the leases are entered into, there would be a commiserate increase in the state's level of indebtedness and future debt service costs.

Section 5 requires the Family and Medical Leave Insurance Program to reimburse, in accordance with a schedule to be determined by the Secretary of the Office of Policy and Management (OPM), the General Fund beginning in FY 23 for bonds previously authorized. Current revenue projections assume funds will be repaid in full in FY 23. To the extent an alternative schedule is determined by the OPM Secretary, there is a fiscal impact that is dependent on said schedule.

5. **SB 1080 –An Act Concerning Various Revisions to The Teachers' Retirement System**

The bill, which does not result in a fiscal impact, makes various changes to the statutes governing the Teachers' Retirement System that serve to clarify the administration of benefits or bring the statutes into conformity with federal law.

These changes include: 1) updating the age at which minimum distribution requirements must be made to 72 for members who attain that age on or after January 1, 2020 as required under federal law; 2) clarifying that any voluntary contributions can only be made by payroll deduction on an after-tax basis; 3) clarifying that the majority of the membership of the Teachers' Retirement Board is a quorum for the transaction of any business; and 4) specifying that a member must provide a statutory basis for any appeal.



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

6. SB 1081 -An Act Concerning the Interest Rate Relating to Teachers' Retirement System Cost-Of-Living Allowances and Reserving Certain Lottery Fund Revenue for The Connecticut Teachers' Retirement Fund Bonds Special Capital Reserve Fund

Section 1 amends the statutes governing the Teachers' Retirement System's (TRS) cost-of-living allowances (COLAs) by changing the investment return threshold from 8.5% to 6.9% to align it with the current assumed rate of return used in the TRS actuarial valuation. The TRS actuary determined that the change in the investment return threshold has no anticipated actuarial impact and therefore no fiscal impact to the state contribution to the fund. The overarching component of the COLA assumption is the annual rate of increase granted by the Social Security Administration.

Section 2 which specifies that online Lottery Fund revenue are first pledged for payment to the Connecticut Teachers' Retirement Funds Bonds Special Capital Reserve Fund is technical in nature and has no fiscal impact.

7. HB 5088 - An Act Requiring the Payment of a Reward to Patricia "Pidgie" D'allessio

The bill results in a one-time cost of \$3,000 for a reward offered on December 14, 1953, which led to an identification, arrest, and conviction.

8. HB 5607 -An Act Concerning the Use of COVID-19 Relief Funds to Replenish the Unemployment Compensation Trust Fund - *proposed substitute language*

The substitute bill, which requires the Secretary of the Office of Policy and Management to deposit an unspecified amount of federal stimulus funds in the Unemployment Compensation Trust Fund (UCF), does not result in any fiscal impact to the UCF. In the absence of any other funding source, the UI Trust Fund would be replenished using borrowed federal dollars.

9. HB 5742 - An Act Concerning the Use of COVID-19 Relief Funds for Domestic Violence, Mental Health, Suicide Prevention and Substance Abuse Service Providers - *proposed substitute language*

The substitute bill requires the Office of Policy and Management (OPM) to distribute \$10 million in undisbursed, federal COVID relief funds to provide grants to private providers of domestic violence, mental health, suicide prevention and substance abuse services for individuals experiencing such issues as a result of the COVID-19 pandemic.

10. HB 6659 - An Act Concerning the Establishment of The Connecticut Baby Bond Trust - *proposed substitute language*

The substitute bill requires a deposit from the General Fund to the Connecticut Baby Bond Trust starting in FY 22 for each baby born in the state under the HUSKY Health program. Total annual cost is dependent on the number of eligible recipients. As an example, 15,000 babies born using the HUSKY health program would lead to a \$75 million deposit. Administrative costs of the program would be paid from investment returns of the Trust.



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

11. HB 6662 - An Act Declaring Racism as A Public Health Crisis and Establishing the Commission on Racial Equity in Public Health – proposed substitute language

The substitute bill establishes a twenty-eight-member Commission on Racial Equity in Public Health and requires studies concerning the racial equity of various state programs related to such crisis. The Commission shall hire an Executive Director and two Executive Assistants estimated to cost \$350,000 (\$250,000 for salaries and \$100,000 for fringe benefits).

Change of Reference Bills

12. sSB 241 -An Act Concerning Oversight and Transparency at The Connecticut Port Authority

The bill makes several changes which have the following fiscal impacts.

Section 1 does not result in a fiscal impact, as it requires the Connecticut Port Authority (CPA), along with the Department of Administrative Services and the Office of Policy and Management, to report, quarterly and annually, respectively, on specified contracts and activity, which is within each agencies' expertise.

Sections 2 and 3 include CPA under current State Contracting Standards Board requirements. Minimal impact is expected given current contract levels.

Section 4 authorizes \$25 million of new General Obligation bonds (\$5 million annually from FY 22 through FY 26) and requires a memorandum of understanding that would, if ratified, allocate these new bond funds as they become effective. Total debt repayment is anticipated to be over \$35 million, with the earliest payment of up to \$250,000 possible in FY 23 and final payment as early as FY 46.

Section 5 increases the reimbursement rate for Connecticut Port Authority property from 45% to 100%. Property of the Authority, under current statute, is treated as state property for PILOT purposes and reimbursed at 45%. The bill increases the cost to fully fund the State Property PILOT and correspondingly results in a revenue gain to the City of New London, to the extent that additional funding is provided.

13. SB 818 - An Act Permitting the Community Spouse of An Institutionalized Medicaid Recipient to Retain the Maximum Amount of Allowable Assets – proposed substitute language

The substitute bill requires the Department of Social Services (DSS) to examine the cost and feasibility of allowing the community spouse of an institutionalized individual to retain the maximum amount of assets allowed under federal law, and report to the General Assembly by January 1, 2022. This has no fiscal impact as DSS has the expertise necessary to complete the report.



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

14. SB 948 - An Act Addressing Education Funding and Racial Equity in Connecticut – proposed substitute language

The substitute bill requires the Office of Fiscal Analysis (OFA) to model the original bill's anticipated fiscal impacts to school operators and the grants involved (ECS, magnet schools, charter schools, Vo Ag, and Open Choice). The substitute bill results in no fiscal impact as OFA has sufficient expertise to complete the analysis. The analysis will include the estimated impacts to boards of education specific to each type of current grant program addressed in the bill, and it will also address funding of the Connecticut Technical Education and Career System (CTECS). The State Department of Education is required to review the analysis before it is shared with General Assembly's Education and Appropriations Committees, which must occur by February 1, 2022.

15. sSB 1034 - An Act Concerning Minority Teacher Recruitment and Retention

The bill requires Alliance Districts to participate in a residency program focused on minority candidates for teaching. It also requires, beginning in FY 22, the State Department of Education to annually withhold ten percent of each Alliance District's increase (AD) in those funds (from FY 20), and the funds will be released to each town for residency program-related costs, including hiring and retention. The amount withheld from each Alliance District in any year depends on each town's change in Alliance District funding. These funds are anticipated to total approximately \$7.6 million across the Alliance Districts in FY 22, with a median amount per Alliance District of approximately \$240,000. If a town does not apply for some or all of the withheld funds, the town may experience a revenue reduction, but it is anticipated all affected towns will apply, given the bill's mandate for these towns to participate in a minority teacher recruitment residency program. The bill also requires SDE to administer a minority teacher candidate certification, retention, or residency year program, which is not anticipated to result in a fiscal impact to the state.

16. sHB 6558 - An Act Concerning Issues Relating to the Provision of Early Childhood Education and Services in Connecticut – proposed substitute language

The substitute bill allows the Office of Early Childhood (OEC) to issue a family child care home license to provide care in a space outside a private family home from FY 22 through FY 26. The bill limits the issuance of the license to one facility per city in New Britain, New Haven, Bridgeport, Stamford, Hartford, or Waterbury. The bill is not anticipated to result in a fiscal impact as it does not expand eligibility for state-subsidized childcare, and OEC has the expertise necessary to meet related licensing requirements.

The substitute bill also establishes a task force to analyze and make recommendations on issues related to early childhood workforce development needs in the state, which is not anticipated to result in a fiscal impact. The taskforce must report and terminate by January 1, 2023.



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

17. sHB 6618 - An Act Concerning Funding Issues Related to Public Education in Connecticut - *proposed substitute language*

The substitute bill contains several provisions affecting town and state education spending.

Alliance District Funds - The substitute bill allows the education commissioner to allow a board of education to spend up to 10% of any increase in alliance district funds over the prior FY in a way that was not included in the district's alliance district plan, as long as the board (1) spends it for educational purposes only and not to supplant the local share of education funding and (2) increases the local education funding share for that FY by the same amount. This change would increase the local board's MBR in the following year by the amount the local share is increased. The substitute bill also allows the balance of any unspent federal funds received by boards of education for COVID-related expenditures (including funds from the federal CARES Act and the CRRSAA) to carry forward to the next fiscal year for FY 21-FY 23.

Board Reserves - The substitute bill also increases the amount that a regional board of education can put into its reserve fund for capital and nonrecurring expenditures from 1% to 2% of the annual district budget for a fiscal year, which is procedural and does not result in a fiscal impact.

MBR - The substitute bill extends the minimum budget requirement (MBR) statutes to apply to all future years, which affects town education spending levels. The bill also clarifies that CRRSAA stimulus funds as well as school security infrastructure grants may be excluded from MBR calculations in the fiscal year following receipt of funds, which is potentially a savings to towns, to the extent these grants would have otherwise been included.

CT Grown for CT Kids - The substitute bill requires the Department of Agriculture (DoAg) to administer the "CT Grown for CT Kids Grant Program" to help boards of education develop farm-to-school programs. This provision results in costs to DoAg of \$250,000 in each of FY 22 and FY 23, including 10% for administration of the grant program.

Magnet School Transportation - Under the substitute bill the Commissioner of SDE is authorized to provide supplemental transportation grants to RESCs for magnet school transportation for FY 21 and each following year. This results in SDE making payments totaling approximately \$5 million in FY 21 and potential payments in future years.

Charter School Grants - The substitute bill raises the state charter school per-pupil grant from \$11,250 to \$11,525, which results in a cost of approximately \$3 million in both FY 22 and FY 23.

Grant Caps - The substitute bill caps education grants to local or regional boards of education for FY 22 and FY 23, which results in a savings to the state, and a corresponding revenue loss to local and regional boards of education of approximately \$69.9 million in FY 22 and \$74.9 million in FY 23.

Open Choice - The substitute bill extends the Open Choice program to Danbury and Norwalk and allows for up to 50 students from each district to participate in the 2022-23 school year. This expansion results in a total cost of \$275,000 in FY 22 and \$900,000 in FY 23.



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

18. sHB 6619 - An Act Concerning the Development of a Kindergarten to Eight Grade Model Curriculum - *proposed substitute language*

The substitute bill requires the State Department of Education (SDE), by January 1, 2023, in collaboration with the State Education Resource Center, to develop a model curriculum for grades kindergarten through grade eight. This is anticipated to cost the state approximately \$360,000 within SDE. Due to the timing of the requirements contained within the bill, SDE will require additional staff. Based on the development of previous model curriculum, it is estimated that SDE would require four durational education consultants, with an annual salary of \$90,000 each, to complete the required tasks.

19. HB 6620 - An Act Concerning the Right to Read and Addressing Opportunity Gaps and Equity in Public Schools

The bill results in a significant cost to Alliance Districts associated with hiring additional staff in order to implement the additional reading requirements contained within the bill. It is anticipated that each Alliance District would require one literacy coach and three additional reading interventionists, for a total cost to each Alliance District of approximately \$480,000. Statewide this yields a cost of approximately \$15.8 million. Additionally, Alliance Districts would require \$120,000 per district to provide summer school staffing support. The bill requires the State Department of Education (SDE) to establish the Center for Literacy Research and Reading Success, which is anticipated to result in a cost to SDE of approximately \$510,000 associated with hiring a Director, an Executive Assistant, an Associate Director, and two Education Consultants. In addition to salary costs, there would be a cost of \$210,630 in both FY 22 and FY 23 associated with fringe benefits.

Bills Referred from the House Floor

- 20. HB 6383 - An Act Concerning Call Centers and Notice of Closures - refer to fiscal note on file copy 29.**
- 21. HB 6469 - An Act Concerning the Connecticut Home-Care Program for The Elderly - refer to fiscal note on file copy 122.**