



Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

Introduction

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

1. **HB 5037 - An Act Adjusting the State Budget for the Biennium Ending June 30, 2023**
2. **HB 5036 - An Act Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2022**

The bill makes: (1) General Fund deficiency appropriations of \$368.2 million, (2) General Fund appropriations reductions of \$368.2 million, (3) Special Transportation Fund deficiency appropriations of \$0.9 million, and (4) Special Transportation appropriations reductions of \$0.9 million. The table below provides greater detail of the changes in appropriations.

Spending Cap Impact

The deficiency bill reduces room under the spending cap by \$22 million due to: (1) a decrease of \$22 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 22.

General Fund Appropriation Increases and Reductions (in millions)

Agency	FY 22 \$
Section 1 - General Fund Increases:	
Office of Policy & Management - Reserve for Salary Adjustment (RSA)	224.1
Department of Administrative Services	49.9
University of Connecticut Health Center	28.9
University of Connecticut	25.3
Board of Regents	21.6
Department of Labor	14.8
Department of Developmental Services	1.3
Department of Consumer Protection	1.1
Department of Economic & Community Development	0.4
Comm. On Human Rights and Opportunities	0.3
Office of Chief Medical Examiner	0.3
Dept. of Energy and Environmental Protection	0.2
Agricultural Experiment Station	0.1
Total - General Fund Increases	368.2
Section 2 - General Fund Reductions:	
Department of Social Services	(189.5)



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Agency	FY 22 \$
Department of Correction	(60.1)
Department of Children and Families	(37.0)
State Comptroller	(28.2)
State Treasurer	(22.0)
Teachers' Retirement Board	(8.5)
Department of Education	(8.0)
Judicial Department	(6.0)
Office of Legislative Management	(5.0)
Department of Public Health	(1.7)
Dept. of Mental Health & Addiction Services	(1.1)
Public Defender Services Comm.	(0.8)
Auditors of Public Accounts	(0.5)
Total - General Fund Reductions	(368.2)
NET General Fund Impact	-

Transportation Fund Appropriation Increases and Reductions (in millions)

Agency	FY 22 \$
Section 3 - Transportation Fund Increases:	
Department of Administrative Services	0.9
Total - Transportation Fund Increases	0.9
Section 4 - Transportation Fund Reductions:	
Department of Motor Vehicles	(0.9)
Total - Transportation Fund Reductions	(0.9)
NET Transportation Fund Impact	-

3. SB 9 - An Act Implementing the Governor's Budget Recommendations for General Government - *proposed substitute language*

Sections 1 and 2 reduce the motor vehicle mill rate cap from 45 to 34.46 and make corresponding changes to the mill rate cap reimbursement grant formula. The revised FY 23 budget provides \$100 million for reimbursement.

Section 3 requires any that any over-collection of recoveries for the State Employees Retirement System (SERS) funds must be deposited to the State Employees Retirement Fund (SERF). Currently, any over-collection of recoveries is deposited to the General Fund as revenue, while under-collections result in a reduced contribution to SERS. To the extent that there are such over-collection of recoveries, there will be increased deposits to SERF and a reduction to General Fund revenues.

Section 4 allows state agencies to designate agency EV charging stations as either (1) available for public use; (2) for the sole use of state employees; or (3) for a combination of both state employees and the public. It further requires state agencies to collect fees on non-state vehicles for such use and to



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deposit the revenue into the fund from which the expenses for installing the relevant EV infrastructure were paid, resulting in a revenue gain to the respective fund (primarily GF or STF). Additionally, violations of these provisions are infractions and result in potential minimal revenue gain to the GF.

Section 5 results in potential savings to the General Fund by allowing state agencies' expenditures that are associated with activities authorized under PA 21-1 JSS, AAC Responsible and Equitable Regulation of Adult-Use Cannabis, to be paid out of Social Equity and Innovation Fund. The Social Equity and Innovation Fund, created under PA 21-1 JSS, is a separate, non-lapsing fund that is funded by certain licensing fees and a portion of the state cannabis tax.

4. SB 396 – An Act Concerning Revisions to the Teachers' Retirement System Statutes – proposed substitute language

The substitute 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) specifying that any member voluntary contributions must be credited by actual interest earned as required by federal law; (2) removing an outdated reference to the federal retiree drug subsidy provisions of Medicare Part D; (3) clarifying the reporting responsibilities of the employer (typically a local board of education) to the Teachers' Retirement Board for the health insurance subsidy program and (4) permitting the employer to pay the mandatory contributions on behalf of a member in the armed services consistent with the requirements of the Uniformed Services Employment and Reemployment Act of 1994.

5. SB 397 – An Act Concerning Library Service for Persons Who are Blind, Visually Impaired or Have Other Disabilities – proposed substitute language

The substitute bill requires The State Library Board to consult with: (1) the blind and physically disabled advisory board, and (2) the Department of Aging and Disability Services before taking action that could alter certain library services. This has no fiscal impact as the State Library Board has the necessary expertise to consult.

6. SB 398 – An Act Concerning Accountability for the Expenditure of Funds Received by the State – proposed substitute language

The substitute bill establishes a process for OPM oversight of ARPA funds received by municipalities. The revised FY 23 budget provides \$250,000 in ARPA funding in FY 23 for auditing recipients of Federal ARPA funding.

7. SB 401 – An Act Concerning Disbursement of Municipal Revenue Sharing Account Funds – proposed substitute language

The substitute bill clarifies that all funding accrued to the Municipal Revenue Sharing Account during a given fiscal year shall be distributed to municipalities during, or immediately subsequent to, that fiscal year. FY 22 revenue deposits into MRSA are anticipated to total \$414.7 million.



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8. **SB 403 – An Act Reestablishing Funding for the Homeowners' Elderly and Disabled Circuit Breaker Tax Relief Program**

The bill prevents payments to municipalities for the revenue loss resulting from the Elderly Circuit Breaker program from being proportionately reduced in years that the appropriation is insufficient to fully fund the grant. The total revenue loss to municipalities in FY 22 as a result of this program was \$19.2 million.

9. **SB 404 – An Act Concerning the Legislative Commissioners' Recommendations for Technical Revisions to Statutes Affecting Appropriations**

The bill makes minor corrections, suggested by the Legislative Commissioners' Office, to statutory references as well as a technical change to the Teachers' Retirement System, which have no fiscal impact.

10. **SB 405 – An Act Concerning the Teachers' Retirement Board and Valuations of the Teachers' Retirement System – *proposed substitute language***

The substitute bill changes the TRS valuation from being performed on a biennial basis to an annual basis. Under current law, the June 30, 2022 actuarial valuation will be complete in November 2022 and is funded in the agency's FY 23 budget. This change will result in an additional Other Expenses cost of \$60,000 in FY 24 to support the actuarial costs for the June 30, 2023 valuation.

11. **SB 452 – An Act Concerning the Mashantucket Pequot and Mohegan Fund – *proposed substitute language***

The substitute bill results in an increase in deposits into the Pequot Fund of \$20 million annually until the annual deposits into the Fund total \$135 million. This results in an increase in state aid to municipalities, and a corresponding loss of Indian Gaming revenue to the General Fund.

The bill also specifies the distribution of three \$3,000 payments to three state recognized Native American tribes (for a total of \$9,000 annually).

12. **HB 5431 – An Act Concerning Funding Received by the State Under the Federal American Rescue Plan Act – *proposed substitute language***

Sections 1 - 2 of the substitute bill transfer the administration of the Community Health Worker Grant Program and associated American Rescue Plan Act (ARPA) funds totaling \$6 million from the Department of Public Health (DPH) to the Department of Social Services (DSS). The bill also (1) specifies grants are provided per community health worker employed by a community action agency (CAA), (2) increases the grant amount from \$30,000 to \$40,000 per worker, (3) increases the total grants that can be distributed to CAAs from \$6 million to \$8 million, and (4) extends the date by which grants must be distributed.

Section 3 requires the Governor to submit proposed allocations of federal funding received pursuant to the American Rescue Plan Act to the General Assembly, and requires the General Assembly to approve the plan. This has no fiscal impact.



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13. HB 5432 – An Act Placing the State Contracting Standards Board within the Legislative Department *– proposed substitute language*

The substitute bill requires the State Contracting Standards Board (SCSB) to employ at least four employees by August 1, 2022 which results in an annualized cost of approximately \$454,355. The substitute bill also exempts the SCSB from any holdbacks or lapses beginning July 1, 2022 and makes changes to the composition of the board which has no fiscal impact.

14. HB 5433 An Act Establishing a Council on Mental and Behavioral Health Program Oversight *– proposed substitute language*

The substitute bill establishes a Behavioral and Mental Health Policy and Oversight Committee to evaluate the availability and efficacy of prevention, early intervention, and mental health treatment services and options for children, and make recommendations regarding the governance and administration of the mental health care system for children. While Members of the committee serve without compensation, the bill allows for necessary expenses incurred in the performance of member duties and requires allocated funds to provide staffing support for the committee's work.

15. HB 5434 – An Act Concerning Legislative Approval of the Expenditure of Federal Block Grant Funding

The bill, which requires legislative committee approval for changes in federal block grant allocations when the state receives \$10,000 or more than assumed in the allocation plan, is not anticipated to result in a fiscal impact.

16. HB 5435 – An Act Establishing a Task Force on Substance Use Disorder Services and the Expenditure of Opioid Litigation Settlement Funds

The bill establishes a task force to review substance use disorder programs and services available in the state and make recommendations concerning the expenditure of opioid litigation settlement funds. The task force shall submit its findings and recommendations to the Appropriations, Human Services, and Public Health Committees by January 1, 2023.

17. HB 5436 – An Act Concerning Legislative Oversight and Approval for the Expenditure of Opioid Litigation Settlement Funds

The bill requires the Office of Policy and Management to submit recommendations for allocations of Opioid Settlement funds to the Appropriations and Public Health committees. This has no fiscal impact.

18. HB 5437 – An Act Concerning Equity and the Governor's Budget *– proposed substitute language*

The substitute bill requires the Governor's budget proposal to include an explanation of how such budget ensures equity in the state. This has no fiscal impact.



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B. Change of Reference Bills

19. sSB 1 – An Act Concerning Childhood Mental and Physical Health Services in Schools

The bill results in significant costs to the State Department of Education (SDE) associated with developing a survey to each local and regional board of education concerning the employment of school social workers, school psychologists, school counselors and school nurses and the creation of a grant program to local and regional boards of education associated with hiring and retention of these workers. SDE does not currently have the staff available to complete the requirements contained within the bill, and does not have funding to provide grants. It is anticipated that the cost to the state would be significant and over one million dollars.

The bill requires local and regional boards of education to implement mental health plans for student athletes, which are jointly developed with SDE. This could result in a state mandate and corresponding cost to local and regional boards of education associated with providing additional mental health services to students athletes. The scope of the cost would vary depending on the size of the district, the number of student athletes and the services contained within the mental health plans.

The bill authorizes a school nurse, or in the absence of a school nurse, a qualified school employee, to maintain opioid antagonists to administer emergency first aid to a student who is experiencing an opioid-related drug overdose. The bill requires a school nurse or principal to select multiple qualified school employees to administer an opioid antagonist, and at least one such employee must be on school grounds during regular school hours when the school nurse is not there. This could result in additional costs to local and regional school districts if a school must pay an employee to stay additional hours outside of their normally scheduled hours, to cover the requirements of the bill. The cost to a district would be dependent on the number of hours a school nurse is away during normal school hours and those hours are outside the normal schedule of the qualified employees. The bill allows local and regional school districts to maintain opioid antagonists, this could result in an additional cost associate with purchasing emergency kits, which are estimated to cost \$22 - \$60 per kit. If a district were to purchase 100 kits, the cost would range from \$2,220 to \$6,000.

Additionally, the bill establishes a minority teacher candidate scholarship program. This will result in an additional cost to the state as SDE does not have funding available. The scope of the cost would be dependent upon the number of scholarships awarded and the amount per award.

The bill results in significant costs to OEC associated with: (1) expanding infant and toddler and PreK seats over time, starting with School Readiness programs in FY 23, and based on needs assessments, (2) increasing infant and toddler and PreK rates for those programs, (3) expanding the definition of School Readiness to include sectarian child care providers who would otherwise qualify, and (4) implementing the early childhood care and education salary enhancement grant program. OEC must establish program administration and eligibility requirements by 10/1/22 and distribute funding in FY 23, which is related to the early childhood education compensation schedule.

For context, increasing rates for existing School Readiness and child day care seats would cost approximately \$64.8 million and the salary enhancement program is anticipated to impact up to approximately 21,000 employees. The bill's actual costs to the state and associated impacts to towns is



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dependent on the child care needs assessments and related distribution of seats at increased rates for applicable programs, and the implementation of the compensation schedule. OEC would require additional staffing costs of at least \$164,000 annually (with associated fringe of \$66,500) to administer the salary enhancement grant program.

The bill also results in the following appropriations:

SDE	General Fund	60,000	To support a full-time SDE position to administer the grant program to provide grants to local and regional boards of education for the purpose of hiring and retaining additional school social workers and school psychologists.
SDE	General Fund	30,000	To support a full-time employee to administer the minority teacher candidate scholarship program.
DPH	General Fund	590,000	To provide grants to each of the thirty-six recommended sites for expanded mental health services contained in the final report of the School-Based Health Center Expansion Working Group, established pursuant to section 16 of public 1291 act 21-35.
DPH	General Fund	21,240,000	To expand services of existing school-based health centers to include mental health services in accordance with the provisions.
SDE	ARPA	13,000,000	To support the existing fifteen districts participating in the Learner Engagement and Attendance Program (LEAP) and expanding participation in the LEAP program to include five additional high-need districts.
SDE	ARPA	13,000,000	To support the existing twenty districts participating in the Learner Engagement and Attendance Program (LEAP).

20. SB 228 – An Act Concerning Opportunities for Students to Participate in Pathways Programs and the Provision of Information About the Availability of Technical Education and Career Schools and Regional Agricultural Science and Technology Education Centers – *proposed substitute language*

The substitute bill, which does not result in a fiscal impact, makes various procedural changes about informing students of various education and career related pathways, and requires the State Department of Education to review, advise, and assist on pathways programs.

21. sSB 229 – An Act Concerning the Process by Which a Charter is Granted and Funding is Provided for a New Charter School

The bill establishes a non-lapsing charter school approval grant account to provide initial funding for a local or state charter school that has been granted a new charter. Any lapsing charter school funds will not be returned to the General Fund (which has a General Fund impact, estimated at \$1.7 million in FY 23) but will be transferred to the charter school approval grant account. The bill caps the number of new charters that may be granted by the State Board of Education at two per fiscal year, which limits the grant account's expenditures. The bill makes various other procedural changes to the charter school approval process, which are not anticipated to result in a fiscal impact.



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22. sSB 231 – An Act Concerning the State Education Resource Center

The bill requires, rather than allows the State Department of Education to allocate funds to the State Education Resource Center and specifies that the amount must be for sufficient operating funds. This will result in an additional, significant cost to SDE if the amount required for SERC exceeds the funding SDE has available. In FY 21, SDE paid SERC approximately \$13.6 million. Additionally, the bill designates the first \$500,000 of lapsed Open Choice funding for SERC to use to offer professional development to teachers in districts receiving Open Choice students.

23. sSB 232 – An Act Concerning the Excess Cost Grant for Special Education – *proposed substitute language*

The substitute bill requires the State Department of Education (SDE) to gather information from local and regional school districts concerning lowering the threshold for the excess cost special education grant and results in no fiscal impact. The bill provides a sufficient time for the SDE to gather the data and the SDE has the expertise to determine the impact. Since local and regional school districts already provide the data for the current threshold, there is no impact to districts in providing further data.

24. sSB 273 – An Act Concerning a Review of the Statutes Governing Teacher Certification and the Creation of a Career and Technical Pathways Instructor Permit

The bill results in a minimal cost to the State Department of Education (SDE) associated with an additional durational part-time staff person, with a corresponding salary of approximately \$50,000, to review teacher certification statutes and regulations and make recommendations on any obsolete provisions and requirements that create a barrier to teacher recruitment and retention. SDE does not currently have the staff available to complete the requirements within the bill. Additionally, the bill establishes a career and technical pathways instructor permit, which does not have a fiscal impact.

25. sSB 427 – An Act Concerning Various Revisions and Additions to the Education Statutes – *proposed substitute language*

The substitute bill makes Guilford eligible to participate in the Open Choice Program, beginning with the 2022-23 school year. This results in a cost to the state and a corresponding revenue gain to Guilford. However, it is anticipated that in FY 23 the costs and corresponding revenue gain would be less than \$50,000, and the Open Choice account has the funds available to cover this additional expense. The bill also establishes a state teacher shortage and retention task force, which is not anticipated to result in a fiscal impact.

26. sSB HB 5038 – An Act Implementing the Governor's Budget Recommendations Concerning Education – *proposed substitute language*

The substitute bill increases the per-pupil Open Choice grant by \$2,000, within available appropriations, to receiving districts for each student from the Hartford region. This results in an additional corresponding revenue gain to local and regional school districts in the Hartford region who participate in Open Choice. The bill renews the Alliance District program for FY 23 through FY 27 and phases out the Alliance District portion of the ECS grant to the few towns that will no longer qualify



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(graduated Alliance Districts), impacting the graduated, new, and continuing Alliance Districts. Additionally, the bill makes adjustments to ECS that provide: (1) enhanced protection from losses for all towns in FY 23 and for Alliance Districts and graduated Alliance Districts in subsequent years, and (2) a smoother phase-in and phase-out process. These changes result in total FY 23 ECS grants that are \$678,953 less than required under current law and approximately \$6 million less than the FY 23 appropriation. The bill makes various other procedural and operational changes to the technical and career schools, which are not anticipated to result in a fiscal impact.

27. HB 5280 - An Act Concerning the Provision of Bilingual Education in Connecticut

The bill increases the appropriation for the bilingual education grant by \$1,916,130, which doubles the grant. This additional funding is included in the Appropriations Committee Budget FY 23 Midterm Adjustments. The bill also requires SDE to administer a dual language seed grant program that provides grants to local and regional boards of education for the purpose of establishing new or expanding existing dual language programs. This results in an additional cost to the state, as SDE does not have funds available for this program. The scope of the additional costs would be dependent upon the same of the grant and the number of grants awarded.

28. sHB 5282 - An Act Concerning the Inclusion of Asian American and Pacific Islander Studies in the Public School Curriculum

The bill adds Asian American and Pacific Islander studies to the required public school curriculum beginning July 1, 2025 and results in a cost to the state and a mandate (cost) to local and regional school districts. The FY 23 budget before the Appropriations Committee provides one position (\$100,000) dedicated to inclusion and diversity to aid in this and other related endeavors. Local and regional school districts will experience costs in FY 26 to include this new item in the curriculum. Costs will be dependent upon the size of the district, whether the district already includes the above studies and the extent free existing materials from the Internet and other sources can be used. It is anticipated that no district will experience costs in excess of \$50,000.

29. HB 5285 - An Act Concerning the Public School Curriculum - *proposed substitute language*

The substitute bill requires rather than allows climate change to be included in the required public school curriculum. To the extent that a local and regional school district is not already including climate change, and would be required to produce additional materials, a minimal cost to the district could occur.

30. sHB 5321 - An Act Implementing Certain Recommendations of the School Paraeducator Advisory Council - *proposed substitute language*

The substitute bill makes various procedural changes regarding planning and placement team meetings and is not anticipated to result in a cost to the state or local and regional boards of education.

31. sHB 5466 - An Act Concerning Assorted Revisions and Additions to the Education Statutes

The bill makes various procedural, administrative and conforming changes that do not result in a fiscal impact.



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32. SB 195 – An Act Increasing the Minimum Amount of Assets that may be Retained by the Spouse of an Institutionalized Medicaid Recipient

The bill results in a cost to the Department of Social Services associated with increasing the minimum amount of assets a community spouse of an institutionalized Medicaid eligible individual can retain from \$27,480 to \$50,000.

Currently, a community spouse has access to half of the couple's liquid assets as determined by DSS, with a minimum of \$27,480. For example, if a couple's total counted assets equal \$50,000, the community spouse could keep \$50,000 under the bill instead of \$27,480 under current state law. The portion of a couple's assets used to cover the cost of their care prior to becoming Medicaid eligible is not known. However, by reducing the amount available to the institutional spouse, it is likely that they would achieve Medicaid eligibility sooner.

For context, if half of the estimated married, long-term care enrollees experienced two months of accelerated eligibility, it would result in a state cost of approximately \$4.3 million. The actual costs will depend on the disposition of couples' assets prior to Medicaid eligibility and the number of couples impacted.

33. sSB 197 – An Act Concerning Temporary Family Assistance

The bill results in a cost of \$5.5 million in FY 23 and FY 24 to the Department of Social Services (DSS) as a result of increasing the length of time, from 21 months to 60 months (the federal maximum), that a family subject to time limits can receive TFA benefits. The bill also results in a cost of \$500,000 in FY 23 and \$1 million in FY 24 to the Department of Labor (DOL) associated with increased caseload costs related to the Jobs First Employment Services program, which requires participation of certain TFA participants who are receiving benefits. Additional costs for DSS and DOL may be incurred should individuals who formerly timed out of TFA reapply for benefits until they reach the 60-month federal maximum.

34. sHB 5227 – An Act Establishing the Community Ombudsman Program for Home Care

The bill establishes a Community Ombudsman program within the independent Office of the Long-Term Care Ombudsman to identify, investigate, refer and resolve complaints about long-term services and supports provided to adults in a home or community-based program administered by the Department of Social Services. It requires the appointment of a State Ombudsman position to oversee the program which results in a salary cost of approximately \$98,000. It also allows for up to 12 regional community ombudsmen (\$72,000 per position) and two administrative staff (\$50,050 per position).

35. HB 5370 – An Act Increasing the Compensation for Participation in Military Funeral Honor Guard Details

The bill increases the per day compensation of honor guard members from \$50 to \$60 resulting in an annual cost to the state of approximately \$80,000.



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36. HB 5213 - An Act Concerning Payments to Volunteer Fire Companies for Responding to Calls on Limited Access Highways and at Certain Other Locations

The bill requires the State Fire Administrator to pay \$700 to each volunteer fire company who responds to calls on certain highways resulting in a cost to the state of \$1.8 million to \$2.5 million per year. It is anticipated that there will be 2,500 to 3,500 calls per year.¹

¹In 2003 (the last year the state provided reimbursement for responding to these calls) there were 2,400 calls.