

CONNECTICUT GENERAL ASSEMBLY
OFFICE OF FISCAL ANALYSIS

OFA

Synopsis of Governor's Budget Plan FY 21 Revised

February 2020

This document is intended to provide a brief summary of the Governor's Revised FY 21 Budget for the Committees of Appropriations and Finance, Revenue and Bonding as background in advance of the Office of Policy and Management's budget presentation. We have highlighted major areas of interest rather than provide a full-scale comprehensive analysis. Such an analysis will be undertaken by both Committees with the assistance of OFA staff in the coming weeks.

EXECUTIVE SUMMARY

The Governor's Revised FY 21 General Fund Budget reduces the projected budget balance from \$78.6 million to \$1.1 million. The proposed budget includes spending increases of \$117.4 million and net revenue increases of \$40.1 million. The proposed budget includes an operating surplus of \$152.7 million which is required by statute.

Fund Balances

In Millions of Dollars

| Fund | Projected Amounts | Governor's Revisions | BALANCE |
|--|--------------------------|-----------------------------|----------------|
| General Fund (GF) | | | |
| Revenue | 20,317.3 | 40.1 | 20,357.4 |
| Appropriations | 20,086.3 | 117.4 | 20,203.7 |
| GF Operating Balance | 231.0 | | 153.7 |
| Required Surplus | 152.4 | | 152.7 |
| GF BALANCE | 78.6 | | 1.1 |
| Special Transportation Fund (STF) | | | |
| Revenue | 1,876.9 | 1.9 | 1,878.8 |
| Appropriations | 1,816.3 | 7.1 | 1,823.4 |
| STF Operating Balance | 60.6 | | 55.4 |
| Required Surplus | 14.1 | | 14.1 |
| STF BALANCE | 46.5 | | 41.3 |

GENERAL FUND FY 20 DEFICIT MITIGATION

The Governor's Revised FY 21 Budget document does not address the FY 20 General Fund deficit, which OFA estimates to be \$95.9 million. Deficit mitigation options have not yet been submitted by the Office of Policy and Management. Provided that the estimated deficit is not otherwise addressed through policy changes or improvements to revenue and expenditure projections, a withdrawal from the Budget Reserve Fund would be necessary.

PENSION AND HEALTHCARE SAVINGS

PA 19-117 allocated \$256.2 million in FY 21 in pension and healthcare savings, as a bottom-line lapse (i.e., savings) in the General fund (GF). The budget eliminates the bottom-line lapse and allocates the savings to the Office of the State Comptroller fringe benefit accounts within the GF: \$121.2 million to the State Employees Retirement System (SERS) account and \$135 million the active and retired state employee health programs (approximately \$55 million and \$80 million respectively).

The savings are partially offset by approximately \$90 million in current service adjustments to the State Employees' Health Services Cost account (\$39.3 million) and the SERS account (\$50.7

million) to reflect projected active employee health expenditures and the impact of June 30, 2019 SERS valuation.¹

BUDGET RESERVE FUND (BRF)

The Governor's FY 21 Revised Budget results in an increase in the BRF, from \$2.5 billion in FY 20 to a projected \$2.9 billion by the end of FY 21. Deposits come from budgeted volatility transfers in FY 20 and FY 21, and a budgeted surplus in FY 21. The balances are estimated to be reduced in FY 21 by \$317.2 million due to BRF Limit constraints.

BRF Projections¹

In Millions of Dollars

| Description | FY 19 | FY 20 | FY 21 |
|----------------------------------|----------------|----------------|----------------|
| Beginning Balance | 1,185.3 | 2,505.5 | 2,823.8 |
| Volatility Cap Transfer | 949.7 | 318.3 | 274.6 |
| Operating Surplus/(Deficit) | 370.5 | - | 153.7 |
| BRF Limit - Transfer to SERS/TRS | - | - | (317.2) |
| ENDING BALANCE | 2,505.5 | 2,823.8 | 2,935.0 |

¹The FY 20 estimated balance is from the Governor's report and assumes deficit mitigation measures sufficient to extinguish the projected shortfall. The BRF balance is limited to 15% of appropriations and all funds over the threshold are to be transferred to pension liabilities.

SPECIAL TRANSPORTATION FUND

The Governor's Revised FY 21 Budget increases revenue to the Special Transportation Fund (STF) by \$1.9 million in FY 21 by imposing convenience fees for credit card transactions. It also decreases the subsidy for bus operations by \$2.3 million due to offsetting revenue from the U-Pass program. The STF is projected to end FY 21 with an operating balance of \$55.4 million and a cumulative balance of \$376.6 million.

In addition, PA 19-117 allocated \$19.7 million in FY 21 for pension and healthcare savings, as a bottom-line lapse (i.e., savings) to the STF. The budget eliminates the bottom-line lapse and allocates the savings to the Office of the State Comptroller fringe benefit accounts within the STF, the State Employees Retirement System account (SERS).

The savings are partially offset by an approximately \$6.2 million current service adjustment to the SERS account the impact of June 30, 2019 SERS valuation.

BONDING

The Governor's Revised FY 21 Budget proposes a bond package with new authorizations in both FY 20 and FY 21. The package includes new General Obligation (GO) bond authorizations of approximately \$1.4 billion in each year, combined with revisions to prior authorizations and other reductions that result in approximately \$1.8 billion of net new GO authorizations for each year of the biennium.

¹As June 30, 2018 SERS conducts annual valuation as opposed to biennial actuarial valuations. Therefore, PA 19-117 reflected the estimated SERS actuarially determined employer contribution, net of lapses, based on the June 30, 2018 valuation.

The additional GO bond authorizations include: (1) \$100 million in each year for transportation projects; (2) \$27.5 million in each year for renovation of the XL Center in Hartford; and (3) \$475 million in each year for school construction projects. Under the bond proposal and proposed change to net tax revenues, the state is estimated to be at 83% of the statutory debt limit to start FY 21.

New Clean Water Fund revenue bonds of \$84 million are authorized in FY 21, complementing \$75 million of GO bonds for Clean Water Fund grants in each year. The bond package also includes \$777 million in new Special Tax Obligation (STO) transportation bond authorizations in FY 20 along with \$782 million of STO bond authorizations in FY 21.

MUNICIPAL AID

The proposal reduces funding for appropriated municipal aid by about \$2.1 million from original FY 21 levels. This includes a net reduction in Teachers' Retirement Board payments of \$1.9 million. Without this reduction, municipal aid decreases by \$134,139.

NOTABLE REVENUE ITEMS

The Governor's Revised FY 21 Budget reflects improvements to revenue projections for the second year of the budget. In total, FY 21 projected revenues exceed budget by \$64.8 million in the General Fund and \$45.6 million in the Special Transportation Fund.² In addition, the Governor's Revised FY 21 Budget recommends policies that, if enacted, would increase revenues by \$40.1 million and \$1.9 million in the General Fund and Special Transportation Fund, respectively.

Revenue Changes

In Millions of Dollars

| Fund | Budget | Consensus Revenue updates | Governor Policy | Governor TOTAL |
|-----------------------------|-----------------|----------------------------------|------------------------|-----------------------|
| General Fund | 20,252.5 | 64.8 | 40.1 | 20,357.4 |
| Special Transportation Fund | 1,831.3 | 45.6 | 1.9 | 1,878.8 |
| TOTAL | 22,083.8 | 110.4 | 42.0 | 22,236.2 |

Suspend Regional Planning Incentive Account

Suspend the approximate \$12.8 million transfer of sales tax revenue from the General Fund to the Regional Planning Incentive Account for FY 21 only. Prior law suspended the transfer for FYs 17-19.

Transfer to the Philanthropic Match Account

Provide a second (FY 21) installment of \$20 million from the General Fund to continue the State match of donations by the Dalio Philanthropies to The Partnership for Connecticut, Inc. The

²The positive adjustment to projected FY 21 revenues in the Special Transportation Fund is largely due to the anticipated impact of PA 19-165, *An Act Concerning the Convenience of Acquiring Motor Vehicle Licenses and Registrations*. The Act extends the terms for certain licensures and renewal periods and increases fees generally in proportion to the extended terms, which increases near-term revenues to the Special Transportation Fund.

Partnership's mission is to engage disconnected youth in education and job opportunities. The FY 20 – FY 21 Budget provided \$20 million from the General Fund in FY 20.³

Delay phase out of the Capital Stock method of the Corporation Business Tax

Avoid a \$5.7 million revenue loss estimated in FY 21 by delaying implementation of the scheduled phase out, which is to begin in calendar year 2021.

Establish a Captive Insurers Initiative

Establish an incentive to relocate a firm's captive insurer to Connecticut, including (1) a 3-year look-back for the payment of taxes owed, plus interest, and (2) a waiver of penalties on outstanding liabilities. This incentive is available for Connecticut insureds who establish a branch captive in the state or re-domicile a foreign or alien captive insurer to the state before July 1, 2021. This results in a revenue gain of \$7.5 million in FY 21.

Maintain Corporate Tax Surcharge

Establish a permanent corporate tax surcharge of 10% applicable to companies whose gross income is greater than \$100 million. Under current law, the 10% surcharge expires on January 1, 2021. This results in a revenue gain of \$22.5 million in FY 21.

Impose a Convenience Fee for Credit Card Use

Establish a service fee to be applied to all credit and debit card transactions with the state in order to cover transaction fees by charged by credit card companies. The service fee cannot exceed the actual charge by the credit card, charge card, or debit card issuer or processor, inclusive of any discount rate. This results in a revenue gain of \$2 million in FY 21.

Jobs CT Tax Credit

Establish a new tax credit against the Corporation Business Tax, Insurance Premiums Tax, or Pass-Through Entity Tax for employers in certain industries who create a minimum of 25 new full-time jobs with salaries at or above 85% of the median household income in the municipality where the jobs will be located. The credit is equal to 25% (or 50% in the case of jobs created in distressed municipalities and opportunity zones) of associated income taxes withheld, and is allowed annually for up to seven years starting in the 25th month after the credit-eligible jobs are created. The credit is capped at \$5,000 per credit-eligible job and is subject to an annual aggregate cap of \$40 million. This results in a revenue loss beginning in FY 24.

Adjust E-Cigarette Tax

Eliminate the current two-tier tax structure on e-cigarettes effective October 1, 2020 and replace it with a uniform 50% wholesale tax. The current tax structure is levied at a rate of (1) 40 cents per milliliter for "closed systems" and (2) 10% of the wholesale price for "open systems." This results in a revenue gain of \$0.9 million in FY 21.

Reduce FY 20 set aside for GAAP / Increase FY 20 – FY 21 Revenue Credit

Reduce the FY 20 General Fund revenue set aside for GAAP by \$55 million and credit the revenue gain to FY 21.

³In April 2019, the Dalio Philanthropies publicly announced a \$100 million donation over the next five years intended to be matched by \$100 million over five years from state government, with the goal of obtaining the same amount from other philanthropic agencies or private sources, for a total funding target of \$300 million through FY 24.

Legalize Recreational Use of Cannabis by Adults

Legalize the use of and begin taxation of recreational marijuana in FY 23. The proposal applies excise taxes to the wholesale of the product, the 6.35% sales tax, and a 3% tax on gross receipt of sales payable to the host municipality. This results in a revenue gain beginning in FY 23.

The Department of Consumer Protection and proposed Cannabis Equity Commission must make recommendation to the legislature in 2021 regarding the regulation and sales structure.

NOTABLE EXPENDITURE ITEMS

CONSERVATION & DEVELOPMENT

Transfer Regional Market to Capitol Region Development Authority (CRDA) - DoAg

Eliminate Regional Market Funding of \$1,105,221 and associated seven positions as the Hartford Regional Market was transferred to CRDA under PA 18-154 (the conveyance bill). One remaining DoAg employee will be reimbursed by CDRA.

Provide Funding for Mosquito Surveillance, Testing, and Management - AES/DEEP

Increase funding by \$150,000 and one full-time Technician II position (with a salary of \$58,665) in the Agricultural Experiment Station (AES) to increase the number of statewide mosquito trap sites by 15 (to a total of 107) for surveillance and testing in high-risk areas. Additionally, three new seasonal workers at AES will assist in field-monitoring and collection of mosquito samples, identification, and testing from May through October.

Funding of \$302,088 and one Mosquito Control Specialist position is provided in the Department of Energy and Environmental Protection (DEEP) for increased mosquito management on state-owned lands. Of this amount, \$250,000 will be used to purchase larvicide and \$52,088 is attributable to salary.

Transfer Funding from General Fund to Passport to Parks - DEEP

This proposal transfers seven park Maintainer positions and associated funding of \$348,930 from the General Fund to the Passport to Parks non-appropriated account.

Implement Regulation of Per- and Polyfluoroalkyl (PFAS) Regulations - DEEP

Provide funding of: (1) \$354,000 to the Department of Energy and Environmental Protection, (2) \$120,520 to the Department of Emergency Services and Public Protection, and (3) funding of \$382,599 and three positions to the Department of Public Health (DPH) to establish the regulation of a class of synthetic chemicals known as per- and polyfluoroalkyl substances (PFAS). PFAS are widely used in consumer products, such as nonstick cookware. Additionally, bond funding of \$2 million is provided to support a municipal buyback program of firefighting foams containing PFAS.

Transfer Funding for the Office of Workforce Competitiveness - DOL/DECD/OPM - DOL

Reduce funding of \$313,112 and transfer one position to reflect the reallocation of the Office of Workforce Competitiveness from DOL to OPM.

EDUCATION

Reduce Funding for Charter Schools - SDE

The proposal reduces funding by \$4,607,500 for charter schools in FY 21. This includes a \$1.5 million reduction to Trailblazers in Stamford, and a \$1.7 million reduction to Stamford Academy, as both schools are closing. Additionally, there is a \$1.4 million reduction across various other charter schools associated with limiting seat growth in FY 21 to approved plans.

Reduce Funding for Bilingual Education - SDE

The proposal reduces funding by \$1,260,982 in the bilingual education grant to meet the statutory minimum. The excess funding is eliminated, as the programs it would have been allocated to are no longer operational.

Delay Rate Increase for Full-Day Early Care Providers - OEC

The proposal reduces Early Care and Education funding by \$2.7 million in FY 21, which delays the rate increase for full-day school readiness and child day care providers.

Restore Funding for Early Head Start-Child Care Partnership - OEC

The proposal restores funding of \$1,364,772 for the Early Head Start - Child Care Partnership.

GENERAL GOVERNMENT B

Transfer Funding to Reflect Centralizing Human Resources and Labor Relations Functions - DAS/OPM

The Governor's Revised FY 21 Budget centralizes human resources functions within the Department of Administrative Services (DAS) and labor relations functions within the Office of Policy and Management (OPM). To consolidate human resources functions within DAS, \$19,798,935 and 236 positions are transferred from various agencies. To consolidate labor relations within OPM, \$5,162,886 and 54 positions are transferred from various agencies. Consolidating human resources and labor relations functions will result in a savings of \$394,390 by not filling 15 vacant positions.

Transfer Funding for School Construction Unit - DAS/OPM

Transfer funding of \$1.6 million and 16 positions from DAS to OPM to reflect the transfer of the School Construction Unit to OPM.

Transfer Funding for the Office of Workforce Competitiveness - DOL/DECD/OPM

Provide funding of \$693,112 and transfer two positions to reflect the reallocation of the Office of Workforce Competitiveness from DOL and DECD to OPM. This includes \$383,113 in new funding and \$310,000 in reallocated funding.

HEALTH

Provide Funding for Community Placements - DMHAS

Provide funding of \$3 million to support placements in the community for individuals at Connecticut Valley Hospital.

Initiatives to Transition Individuals to less Intensive Settings - DDS/DSS

The Governor's Revised FY 21 Budget reflects a net savings of \$2,771,440 in the Community Residential Services account in DSS for initiatives to transition DDS consumers from group homes to less intensive settings when appropriate, including incentivizing the payments to

private providers who transition individuals to more independent services. The proposal also transfers \$778,560 from the DSS Community Residential Services account to the DDS Rent Subsidy program to support transitioning consumers into a residential placement.

Restore Forgone Federal Title X Planning Program Funding - DPH

Provide funding of \$1.2 million to Planned Parenthood of Southern New England and \$300,000 to the Cornell Scott - Hill Health Center to partially restore \$2.1 million and \$300,000 in forgone Title X funding, respectively. The enactment of new regulations, effective 7/15/19, which require both financial and physical separation between Title X program activities and the performance of, or referral for, abortions led to the withdrawal of Planned Parenthood and other nonprofits from the grant program in FY 20.

Implement Regulation of PFAS - DPH

Provide funding of \$382,599 and three positions to the Department of Public Health (DPH) to establish the regulation of a class of synthetic chemicals known as per- and polyfluoroalkyl substances (PFAS). PFAS are widely used in consumer products, such as nonstick cookware. In addition, provide related funding of \$354,000 to the Department of Energy and Environmental Protection, \$120,520 to the Department of Emergency Services and Public Protection, and bond funding of \$2 million to support a municipal buyback program of firefighting foams containing PFAS.

Develop an Annual Health Care Cost Growth Benchmark - OHS

Provide funding of \$577,414 and two positions to support the development of an annual health care cost growth benchmark, which will encompass all public and private payers and populations.

HUMAN SERVICES

Discontinue Funding for Eckerd Rapid Safety Feedback (ERSF) - DCF

Achieve savings of \$515,904 by discontinuing ERSF, funded by the Department of Children and Families (DCF) from 2015 through 2019. This eliminates an annual \$108,000 fee to the model developer, and allows for five Social Workers, currently assigned to ERSF, to be reassigned to fill regional Area Office vacancies. Instead of ERSF, DCF will meet its responsibilities to prevent serious injuries of the children in its care and custody through the use of an evidenced-based Strategic Decision Making model.

Implement Licensure of the Albert J. Solnit Children's Center - DCF

Provide funding of \$328,040 and seven positions to support the establishment of licensure of the Albert J. Solnit Children's Center. Funding of \$44,828 and one position is also provided within the Department of Public Health for this purpose.

Conduct Child Abuse and Neglect Registry Check of Youth Camp Employees - DCF

Provide funding of \$95,882, and two positions, to support Child Abuse and Neglect Registry checks of youth camp employees.

HIGHER EDUCATION

Increase Operating Support - UHC

The proposal provides \$33.2 million in additional support to the University of Connecticut Health Center. The Health Center received the same amount in supplementary fringe benefit support in FY 20 within the Office of the State Comptroller-Fringe Benefits.

Implement Revised Debt-Free Community College - BOR

The proposal provides approximately \$2.5 million to implement a revised version of the debt-free community college program that is required to begin in FY 21. The Governor recommends new eligibility limits regarding family financial resources and recent graduation from high school that result in expected grant costs of approximately \$2 million. An additional \$500,000 is provided for program marketing costs.

Provide Funding for Guided Pathways - BOR

The proposal provides approximately \$2.1 million in funding, and related fringe support, for costs associated with implementing the Guided Pathways academic advising program in the community colleges. Funding is proposed within the debt-free community college account.

JUDICIAL & CORRECTIONS

Transfer Probation Transition Program and Technical Violation Unit to the General Fund - JUD

The proposal provides \$3.5 million for the 31 positions in the Probation Transition Program and the Technical Violation Unit, which are currently funded by a non-appropriated account. This is necessary to support an anticipated reduction to the inmate payphone call rate by reducing the state's share of revenue from the calls.

Reduce Probate Court Subsidy - JUD

The proposal reduces the probate court subsidy by \$8,616,000 in FY 21. It is anticipated that this proposal will not affect probate court operations as the Probate Court Administration Fund is expected to end FY 20 with a balance of approximately \$11.4 million and the balance can be used to offset the reduction to the subsidy.

REGULATION AND PROTECTION SUBCOMMITTEE

Provide Funding for Regulation of Recreational Cannabis - DCP

Provide funding of \$275,362 to fund three positions to create a regulatory framework for adult recreational cannabis. The positions consist of an assistant legal director, paralegal specialist, and durational project manager.

Provide Funds to Support Two Trooper Classes in FY 21 - DESPP

Provide funding of \$8.78 million to the Department of Emergency Services and Public Protection for two trooper classes in FY 21. The goal is to add 170 new sworn troopers to fill vacancies and alleviate overtime costs created by an increase in retirements. The number of troopers eligible for retirement is expected to increase significantly by FY 22. Of the recommended \$8.78 million in funding, \$5.1 million is for Personal Services, \$2.4 million is for Other Expenses, and \$1.3 million is for Fleet Purchasing.

Appendix A — Growth Rates and Summary of Funds

Fund Summary

In Millions of Dollars

| Fund Summary | Original | Revised | Difference |
|--|-----------------------|----------------------|-----------------------|
| General Fund | 20,395,693,193 | (138,809,341) | 20,256,883,852 |
| Special Transportation Fund | 1,848,034,353 | (12,639,540) | 1,835,394,813 |
| Banking Fund | 28,762,882 | (191,894) | 28,570,988 |
| Insurance Fund | 113,257,201 | (253,485) | 113,003,716 |
| Consumer Counsel and Public Utility Control Fund | 28,495,325 | (189,246) | 28,306,079 |
| Workers' Compensation Fund | 28,653,645 | (642,841) | 28,010,804 |
| Mashantucket Pequot and Mohegan Fund | 51,472,796 | - | 51,472,796 |
| Regional Market Operation Fund | 1,106,857 | (1,106,857) | - |
| Criminal Injuries Compensation Fund | 2,934,088 | - | 2,934,088 |
| Tourism Fund | 13,069,988 | (19,153) | 13,050,835 |
| Subtotal | 22,511,480,328 | (153,852,357) | 22,357,627,971 |
| General Fund Lapses | | | |
| Unallocated Lapse | (26,215,570) | - | (26,215,570) |
| Unallocated Lapse - Judicial | (5,000,000) | - | (5,000,000) |
| Statewide Hiring Reduction - Executive | (7,000,000) | - | (7,000,000) |
| Contracting Savings Initiatives | (15,000,000) | - | (15,000,000) |
| Pension and Healthcare Savings | (256,200,000) | 256,200,000 | - |
| Subtotal | (309,415,570) | 256,200,000 | (53,215,570) |
| Special Transportation Fund Lapses | | | |
| Unallocated Lapse | (12,000,000) | - | (12,000,000) |
| Pension and Healthcare Savings | (19,700,000) | 19,700,000 | - |
| Subtotal | (31,700,000) | 19,700,000 | (12,000,000) |
| Net Appropriations | | | |
| General Fund | 20,086,277,623 | 117,390,659 | 20,203,668,282 |
| Special Transportation Fund | 1,816,334,353 | 7,060,460 | 1,823,394,813 |
| Banking Fund | 28,762,882 | (191,894) | 28,570,988 |
| Insurance Fund | 113,257,201 | (253,485) | 113,003,716 |
| Consumer Counsel and Public Utility Control Fund | 28,495,325 | (189,246) | 28,306,079 |
| Workers' Compensation Fund | 28,653,645 | (642,841) | 28,010,804 |
| Mashantucket Pequot and Mohegan Fund | 51,472,796 | - | 51,472,796 |
| Regional Market Operation Fund | 1,106,857 | (1,106,857) | - |
| Criminal Injuries Compensation Fund | 2,934,088 | - | 2,934,088 |
| Tourism Fund | 13,069,988 | (19,153) | 13,050,835 |
| TOTAL NET APPROPRIATIONS | 22,170,364,758 | 122,047,643 | 22,292,412,401 |

Growth Rates

In Millions of Dollars

| Fund | FY 20 Estimated Expenditures | FY 21 Appropriations | FY 21 Revised | Changes from FY 20 Estimated to FY 21 Revised | |
|--------------------|------------------------------|----------------------|-----------------|---|-------------|
| | | | | \$ | % |
| General | 19,486.0 | 20,086.3 | 20,203.7 | 717.7 | 3.7% |
| Transportation | 1,729.3 | 1,816.3 | 1,823.4 | 94.1 | 5.4% |
| Other Appropriated | 255.9 | 267.8 | 265.3 | 9.4 | 3.7% |
| TOTAL | 21,471.2 | 22,170.4 | 22,292.4 | 699.2 | 3.3% |

Appendix B — FY 21 General Fund Revenue Summary

In Millions of Dollars

| Revenue Type | Adopted Revenue Estimates ¹ | January Consensus Update | January Consensus Estimates | Governor Policies | Governor FY 21 Revised |
|---------------------------------------|--|--------------------------|-----------------------------|-------------------|------------------------|
| Taxes | | | | | |
| Personal Income | 10,005.4 | (304.0) | 9,701.4 | - | 9,701.4 |
| Withholding | 7,168.5 | - | 7,168.5 | - | 7,168.5 |
| Estimates and Finals | 2,836.9 | (304.0) | 2,532.9 | - | 2,532.9 |
| Sales and Use | 4,588.4 | 51.0 | 4,639.4 | 12.8 | 4,652.2 |
| Corporations | 1,082.5 | (23.3) | 1,059.2 | 28.2 | 1,087.4 |
| Pass-Through Entity Tax | 850.0 | 300.0 | 1,150.0 | - | 1,150.0 |
| Public Service Corporations | 244.7 | - | 244.7 | 5.6 | 250.3 |
| Inheritance and Estate | 146.3 | 15.4 | 161.7 | - | 161.7 |
| Insurance Companies | 205.8 | - | 205.8 | 7.5 | 213.3 |
| Cigarettes | 326.9 | (2.0) | 324.9 | 0.6 | 325.5 |
| Real Estate Conveyance | 230.6 | - | 230.6 | - | 230.6 |
| Alcoholic Beverages | 69.7 | - | 69.7 | - | 69.7 |
| Admissions, Dues and Cabaret | 41.5 | - | 41.5 | - | 41.5 |
| Health Provider Tax | 1,033.6 | - | 1,033.6 | (1.0) | 1,032.6 |
| Miscellaneous | 48.0 | (26.5) | 21.5 | - | 21.5 |
| Total Taxes | 18,873.4 | 10.6 | 18,884.0 | 53.7 | 18,937.7 |
| Refunds of Tax | (1,378.9) | - | (1,378.9) | - | (1,378.9) |
| Earned Income Tax Credit | (100.6) | - | (100.6) | - | (100.6) |
| R & D Credit Exchange | (5.2) | (2.0) | (7.2) | - | (7.2) |
| Total Taxes Less Refunds | 17,388.7 | 8.6 | 17,397.3 | 53.7 | 17,451.0 |
| Other Revenue | | | | | |
| Transfer Special Revenue | 376.6 | - | 376.6 | 1.5 | 378.1 |
| Indian Gaming Payments | 225.4 | 10.0 | 235.4 | - | 235.4 |
| Licenses, Permits and Fees | 384.3 | - | 384.3 | (49.3) | 335.0 |
| Sales of Commodities and Services | 31.0 | - | 31.0 | - | 31.0 |
| Rentals, Fines and Escheats | 160.9 | 7.2 | 168.1 | - | 168.1 |
| Investment Income | 52.9 | 5.0 | 57.9 | - | 57.9 |
| Miscellaneous | 181.7 | 28.9 | 210.6 | 0.7 | 211.3 |
| Refunds of Payments | (67.7) | - | (67.7) | 2.0 | (65.7) |
| Total Other Revenue | 1,345.1 | 51.1 | 1,396.2 | (45.1) | 1,351.1 |
| Other Sources | | | | | |
| Federal Grants | 1,571.5 | 3.8 | 1,575.3 | (3.5) | 1,571.8 |
| Transfer from Tobacco Settlement Fund | 114.5 | - | 114.5 | - | 114.5 |
| Transfers From / (To) Other Funds | 134.2 | (25.6) | 108.6 | 35.0 | 143.6 |
| Total Other Sources | 1,820.2 | (21.8) | 1,798.4 | 31.5 | 1,829.9 |
| Volatility Cap Adjustment | (301.5) | 26.9 | (274.6) | - | (274.6) |
| GRAND TOTAL | 20,252.5 | 64.8 | 20,317.3 | 40.1 | 20,357.4 |

¹Presented is the FRB Adopted Budget Estimates as amended by PA 19-1 DSS (i.e. the hospital settlement).

Appendix C — FY 21 Special Transportation Fund Revenue Summary

In Millions of Dollars

| Revenue Type | Adopted Revenue Estimates | January Consensus Update | January Consensus Estimates | Governor Policies | Governor FY 21 Revised |
|---------------------------------|---------------------------|--------------------------|-----------------------------|-------------------|------------------------|
| Taxes | | | | | |
| Motor Fuels Tax | 505.1 | 8.3 | 513.4 | - | 513.4 |
| Oil Companies | 330.2 | (18.6) | 311.6 | - | 311.6 |
| Sales and Use Tax | 454.1 | 4.9 | 459.0 | - | 459.0 |
| Sales Tax - DMV | 86.1 | 2.8 | 88.9 | - | 88.9 |
| Refunds of Taxes | (15.0) | - | (15.0) | - | (15.0) |
| Total Taxes Less Refunds | 1,360.5 | (2.6) | 1,357.9 | - | 1,357.9 |
| Other Sources | | | | | |
| Motor Vehicle Receipts | 256.4 | 49.5 | 305.9 | - | 305.9 |
| Licenses, Permits and Fees | 146.6 | - | 146.6 | - | 146.6 |
| Interest Income | 36.7 | (1.3) | 35.4 | - | 35.4 |
| Federal Grants | 11.8 | - | 11.8 | - | 11.8 |
| Transfers From/(To) Other Funds | 24.5 | - | 24.5 | - | 24.5 |
| Refunds of Payments | (5.2) | - | (5.2) | 1.9 | (3.3) |
| Total Other Sources | 470.8 | 48.2 | 519.0 | 1.9 | 520.9 |
| GRAND TOTAL | 1,831.3 | 45.6 | 1,876.9 | 1.9 | 1,878.8 |

Appendix D — Revenue Schedules

GENERAL FUND

In Millions of Dollars

| Revenue Type | Policy | FY 21 | FY 22 | FY 23 | FY 24 |
|------------------------------|---|---------------|---------------|---------------|---------------|
| Sales and Use Tax | Regional Performance Incentive Transfer | 12.8 | - | - | - |
| | Sales and Use Tax Total | 12.8 | - | - | - |
| Corporation Tax | Maintain current 10% surcharge set to expire in tax year 2021 | 22.5 | 37.5 | 37.5 | 37.5 |
| | Delay Phase-In of Capital Base Reduction | 5.7 | 9.5 | 14.0 | 22.1 |
| | Limit carryforward of new R&D credits to 15 years | - | - | - | - |
| | Corporation Tax Total | 28.2 | 47.0 | 51.5 | 59.6 |
| Public Service Companies Tax | Cap credits claimed against the public utilities tax at 50.01% of liability | 2.0 | 2.0 | 2.0 | 2.0 |
| | Eliminate exemption for gas sold to facility with 775 MW Capacity | 3.6 | 3.6 | 3.6 | 3.6 |
| | Public Service Companies Tax Total | 5.6 | 5.6 | 5.6 | 5.6 |
| Insurance Companies Tax | Captive Insurers Initiative | 7.5 | 0.2 | 0.2 | 0.2 |
| | Insurance Companies Tax Total | 7.5 | 0.2 | 0.2 | 0.2 |
| Cigarette Tax | Ban Flavored Vaping Products | (0.3) | (0.5) | (0.5) | (0.5) |
| | 50% Wholesale E-Cigs | 0.9 | 1.4 | 1.5 | 1.6 |
| | Cigarette Tax Total | 0.6 | 0.9 | 1.0 | 1.1 |
| Health Provider | Implement recommendation of ambulatory surgical center tax study | (1.0) | (1.0) | (1.0) | (1.0) |
| | Health Provider Total | (1.0) | (1.0) | (1.0) | (1.0) |
| Miscellaneous | Cannabis - Legalize Recreational Use | - | - | 15.7 | 59.9 |
| | Miscellaneous Total | - | - | 15.7 | 59.9 |
| Refunds of Taxes | Jobs CT Tax Credit | - | - | - | (40.0) |
| | Refunds of Taxes Total | - | - | - | (40.0) |
| | Taxes Total | 53.7 | 52.7 | 73.0 | 85.4 |
| Transfers-Special Revenue | i-Lottery | 1.5 | 4.4 | 7.4 | 11.9 |
| | Diversion of excess i-Lottery revenue to regionalization subaccount | - | - | (3.1) | (7.4) |
| | Transfers-Special Revenue Total | 1.5 | 4.4 | 4.3 | 4.5 |
| Licenses, Permits, Fees | Clinical Laboratory Fee | 0.2 | 0.2 | 0.2 | 0.2 |
| | Increase Fees for Cremation Certificates | 0.5 | 0.5 | 0.5 | 0.5 |
| | \$50 million Fee Changes - Eliminate | (50.0) | (50.0) | (50.0) | (50.0) |
| | Increase Youth Camp Licensure Fees | 0.1 | 0.1 | 0.1 | 0.1 |
| | Criminal Justice Clean Slate | (0.1) | (0.1) | (0.1) | (0.1) |
| | Licenses, Permits, Fees Total | (49.3) | (49.3) | (49.3) | (49.3) |
| Miscellaneous | Office of Health Strategy hospital assessment | 0.7 | 0.7 | 0.7 | 0.7 |
| | Miscellaneous Total | 0.7 | 0.7 | 0.7 | 0.7 |

| Revenue Type | Policy | FY 21 | FY 22 | FY 23 | FY 24 |
|-----------------------------------|---|---------------|---------------|---------------|---------------|
| Refund of Payments | Impose Convenience Fee for Credit/Debit Card Use | 2.0 | 2.7 | 2.7 | 2.7 |
| | Refund of Payments Total | 2.0 | 2.7 | 2.7 | 2.7 |
| | Other Revenue Total | (45.1) | (41.5) | (41.6) | (41.4) |
| Federal Grants | Revenue Attributable to Medicaid Changes (DSS) | (3.5) | (3.5) | (3.5) | (3.5) |
| | Federal Grants Total | (3.5) | (3.5) | (3.5) | (3.5) |
| Transfers From / (To) Other Funds | Transfer to the Philanthropic Match Account (Dalio) | (20.0) | - | - | - |
| | Reduce GAAP Payment in FY 2020 | - | - | - | - |
| | Transfer Additional Resources into FY 2021 | 55.0 | - | - | - |
| | Transfers From / (To) Other Funds Total | 35.0 | - | - | - |
| | Other Sources Total | 31.5 | (3.5) | (3.5) | (3.5) |
| | General Fund Total | 40.1 | 7.7 | 27.9 | 40.5 |

SPECIAL TRANSPORTATION FUND

In Millions of Dollars

| Revenue Type | Policy | FY 21 | FY 22 | FY 23 | FY 24 |
|---------------------|--|------------|------------|------------|------------|
| Refunds of Payments | Impose Convenience Fee for Credit/Debit Card Use | 1.9 | 2.5 | 2.5 | 2.5 |
| | Special Transportation Fund Total | 1.9 | 2.5 | 2.5 | 2.5 |

FEDERAL AND OTHER RESTRICTED

In Millions of Dollars

| Revenue Type | Policy | FY 21 | FY 22 | FY 23 | FY 24 |
|-------------------|---|-------------|-------------|-------------|-------------|
| N/A | Transfer to the Philanthropic Match Account (Dalio) | 20.0 | - | - | - |
| Sales and Use Tax | Regional Performance Incentive Transfer | (12.8) | - | - | - |
| | Federal and Other Restricted Total | 7.2 | - | - | - |
| | GRAND TOTAL | 49.2 | 10.2 | 30.4 | 43.0 |

Appendix E — Major Appropriated Municipal Aid

| Fund/Agency | FY 20 Est. | FY 21 Orig. | FY 21 Gov. Rec. | FY 21 Gov. Rec. - FY 21 Orig. | FY 21 Gov. Rec. - FY 20 |
|--|----------------------|----------------------|----------------------|-------------------------------|-------------------------|
| Appropriated Funds | | | | | |
| Property Tax Relief and General Aid | | | | | |
| State Property PILOT | 54,944,031 | 54,944,031 | 54,944,031 | - | - |
| College & Hospital PILOT | 109,889,434 | 109,889,434 | 109,889,434 | - | - |
| Reimbursement Property Tax - Disability Exemption | 364,713 | 364,713 | 364,713 | - | - |
| Distressed Municipalities | 1,500,000 | 1,500,000 | 1,500,000 | - | - |
| Property Tax Relief Elderly Freeze Program | 40,000 | 40,000 | 18,000 | (22,000) | (22,000) |
| Property Tax Relief for Veterans | 2,408,107 | 2,708,107 | 2,708,107 | - | 300,000 |
| Municipal Revenue Sharing (Supplemental PILOT) | 36,819,135 | 36,819,135 | 36,819,135 | - | - |
| Municipal Restructuring | 7,300,000 | 7,300,000 | 7,300,000 | - | - |
| Municipal Restructuring - Debt Service | 45,666,625 | 56,314,629 | 56,314,629 | - | 10,648,004 |
| Municipal Transition | 29,917,078 | 32,331,732 | 32,331,732 | - | 2,414,654 |
| Municipal Stabilization Grant | 37,953,335 | 38,253,335 | 38,253,335 | - | 300,000 |
| Pequot Grants | 51,472,796 | 51,472,796 | 51,472,796 | - | - |
| Subtotal | 378,275,254 | 391,937,912 | 391,915,912 | (22,000) | 13,640,658 |
| Education Aid | | | | | |
| Vocational Agriculture | 14,952,000 | 15,124,200 | 15,124,200 | - | 172,200 |
| Adult Education | 20,383,960 | 20,383,960 | 20,383,960 | - | - |
| Health and Welfare Services Pupils Private Schools | 3,438,415 | 3,438,415 | 3,438,415 | - | - |
| Education Equalization Grants | 2,054,638,032 | 2,092,033,975 | 2,093,587,666 | 1,553,691 | 38,949,634 |
| Bilingual Education | 1,977,112 | 3,177,112 | 1,916,130 | (1,260,982) | (60,982) |
| Priority School Districts | 30,818,778 | 30,818,778 | 30,818,778 | - | - |
| Young Parents Program | - | - | - | - | - |
| Interdistrict Cooperation | 1,537,500 | 1,537,500 | 1,537,500 | - | - |
| School Breakfast Program | 2,158,900 | 2,158,900 | 2,158,900 | - | - |
| Excess Cost - Student Based | 140,619,782 | 140,619,782 | 140,619,782 | - | - |
| Open Choice Program | 26,835,214 | 27,682,027 | 27,682,027 | - | 846,813 |
| Magnet Schools | 304,204,848 | 306,033,302 | 306,033,302 | - | 1,828,454 |
| After School Program | 5,720,695 | 5,750,695 | 5,220,695 | (530,000) | (500,000) |
| Extended School Hours | 2,919,883 | 2,919,883 | 2,919,883 | - | - |
| School Accountability | 3,412,207 | 3,412,207 | 3,412,207 | - | - |
| Sheff Transportation | 44,750,421 | 45,781,798 | 45,781,798 | - | 1,031,377 |
| Youth Service Bureaus | 2,626,772 | 2,626,772 | 2,626,772 | - | - |
| Youth Service Bureau Enhancement | 1,093,973 | 1,093,973 | 1,093,973 | - | - |
| Subtotal | 2,662,088,492 | 2,704,593,279 | 2,704,355,988 | (237,291) | 42,267,496 |
| Other Appropriated Aid | | | | | |
| Housing/Homeless Services - Municipality | 575,226 | 575,226 | 575,226 | - | - |
| Local and District Departments of Health | 4,210,499 | 4,210,499 | 4,210,499 | - | - |
| School Based Health Clinics | 10,550,187 | 10,550,187 | 10,675,339 | 125,152 | 125,152 |

| Fund/Agency | FY 20 Est. | FY 21 Orig. | FY 21 Gov. Rec. | FY 21 Gov. Rec. - FY 21 Orig. | FY 21 Gov. Rec. - FY 20 |
|---|----------------------|----------------------|----------------------|-------------------------------|-------------------------|
| Teen Pregnancy Prevention - Municipality | 98,281 | 98,281 | 98,281 | - | - |
| Connecticard Payments | 703,638 | 703,638 | 703,638 | - | - |
| Venereal Disease Control | 197,341 | 197,341 | 197,341 | | |
| Subtotal | 16,335,172 | 16,335,172 | 16,460,324 | 125,152 | 125,152 |
| Subtotal - Appropriated Aid less TRB Contributions | 3,056,698,918 | 3,112,866,363 | 3,112,732,224 | (134,139) | 56,033,306 |
| Teachers' Retirement Board | | | | | |
| Retirement Contributions | 1,208,783,000 | 1,248,029,000 | 1,249,835,000 | 1,806,000 | 41,052,000 |
| Retirees Health Service Cost | 24,601,300 | 29,849,400 | 26,127,360 | (3,722,040) | 1,526,060 |
| Municipal Retiree Health Insurance Costs | 5,532,120 | 5,535,640 | 5,535,640 | - | 3,520 |
| Subtotal | 1,238,916,420 | 1,283,414,040 | 1,281,498,000 | (1,916,040) | 42,581,580 |
| GRAND TOTAL | 4,295,615,338 | 4,396,280,403 | 4,394,230,224 | (2,050,179) | 98,614,886 |

¹These grants do not include bonded grants such as Town Aid Road, LoCIP, or Grants for Municipal Projects.