

Office of Legislative Research  
Connecticut General Assembly



# OLR MAJOR ISSUES

2010-R-0029

## TO OUR READERS



Every year, legislative leaders ask the Office of Legislative Research (OLR) to identify and provide brief descriptions of important issues that the General Assembly may face in the coming

session.

This report represents the professional, nonpartisan views of staff in OLR, the Office of Fiscal Analysis (OFA), and the Legislative Commissioners' Office (LCO) of possible upcoming legislative issues. It does not represent staff suggestions or recommendations. We identified issues based on interim studies; research requests; nonconfidential discussions with legislators, other legislative participants, and executive branch agencies; and our general subject matter knowledge.

OLR compiled this report on the major issues for the 2010 session in consultation with OFA and LCO. Except for the Appropriations Committee issue description, which was provided by OFA, the issue descriptions below were written by OLR analysts.

We list the issues according to the committee in whose jurisdiction they primarily fall. Since more than one committee may consider aspects of the same issue, descriptions may overlap. Where appropriate, we provide links to OLR reports and other on-line documents that provide additional information about particular issues.

## CONTENTS

Appropriations	2
Banks	4
Children & Families	4
Commerce	5
Consumer Protection	6
Criminal Justice & the Courts	7
Education	8
Environment	10
Finance	11
Government Administration & Elections	13
Higher Education	15
Housing	16
Human Services	16
Insurance	17
Labor & Public Employees	18
Planning & Development	19
Public Health	20
Public Safety	21
Transportation	21

## APPROPRIATIONS

### ***FY 10-11 Biennial Budget***

The biennial budget approved by the 2009 General Assembly included \$18.6 billion for FY 10 and \$18.9 billion for FY 11. The General Fund represents 93% of the budget. During the 2010 session, the legislature faces projected budget shortfalls for the current fiscal year (FY 10) and FY 11, along with projected deficits in the out years (FY 12 through FY 14). The state's projected budget deficits are exacerbated by a national and international economic recession. Considerable work remains to address the projected deficits.

### ***Deficit Projections***

On November 13, 2009, OFA projected a General Fund (GF) deficit of \$385.9 million (or 2.2% of the budget) for the fiscal year ending June 30, 2010 and deficit of \$286.7 million (or 1.6% of the budget) for FY 11. The FY 10 deficit results partly from expenditures exceeding appropriated amounts by \$211.1 million and revenues falling short of the projected amounts by \$176.9 million. The FY 11 deficit results partly from expenditures exceeding appropriated amounts by \$254.7 million and revenues falling short of projected amounts by \$34.1 million.

If current services remain unchanged, OFA projects an FY 12 deficit of \$3,282.0 million (17.1% of the budget). Major factors contributing toward the FY 12 deficit are shown in Table 1.

Table 1: Major Factors Contributing Toward the FY 12 Deficit (in millions)	
One-Time Measures Utilized in FY 11 and Not Available in FY 12:	
Federal Stimulus	\$594.8
Budget Reserve Fund (BRF)	342.0
Securitization	1,290.7
Reductions to Certain Funds (Sweeps)	45.3
<b>Total</b>	<b>\$2,272.8</b>
Impact of Economic Recovery Notes (ERN's) and Securitization:	
ERN's - Debt Service (principal and interest)	\$238.0
Securitization - Revenue Intercept	216.5
<b>Total</b>	<b>\$454.5</b>
<b>Grand Total - One-Time Measures and Impact of ERN's and Securitization</b>	<b>\$2,727.3</b>

## **Major Components of the Budget**

Understanding the major components of the GF budget is critical in addressing the challenges that lie ahead in the 2010 session. Fifty major accounts within the General Fund represent 95% of total GF appropriations. Table 1 below identifies the top 10 major accounts within the GF that represent 77% of the GF budget.

<b>Table 1: Ten Biggest Components of the GF Budget</b>	
<i>Agency/Account</i>	<i>FY 10 Appropriation (in millions)</i>
DSS- Medicaid	\$3,848.9
Personal Services (statewide)	3,164.3
SDE - Equalization Grants	1,889.6
Debt Service (Debt Service, UConn 2000, CHEFA, TRB (POD))	1,662.3
OSC - State Employee Retirement Contribution	635.5
TRB - Retirement Contributions	559.2
OSC - State Employee Health	554.9
Other Expenses (statewide)	525.7
OSC - Retired State Employee Health	482.9
DCF - Board and Care - Residential, Foster, Adoption	385.8
<b>Total top 10 accounts in GF</b>	<b>\$13,709.2</b>
<b>% of FY 10 GF Appropriations</b>	<b>77.0%</b>

Another way of looking at the General Fund is to group some of the 50 major accounts into categories and consider each category as a percentage of the budget. This method shows that:

1. 34% are health and human service-related (including Medicaid),
2. 29% are personnel-related (statewide personnel including fringe benefits and workers' compensation), and
3. 18% are related to municipal aid and education, including Education Cost Sharing (ECS) grants and teacher's retirement contribution.

## **BANKS**

### ***Credit Crisis***

The struggling economy and the accompanying difficulties faced by the financial services industry have led to restrictions on commercial lending. Such restrictions have made it difficult for many small businesses to obtain their desired level of financing for operations or expansion. The legislature is likely to consider ways to increase commercial credit availability.

### ***Amendments to Public Act 09-209***

[PA 09-209](#) modified the process for determining eligibility for the Emergency Mortgage Assistance Program (EMAP). The act also modified the foreclosure mediation program, including making the program mandatory. The legislature is likely to consider modifying or extending provisions of the EMAP and foreclosure mediation program to address the continuing problem of high mortgage foreclosure rates. Under current law, the foreclosure mediation program is set to expire at the end of June 2010.

The act also implemented the 2008 federal Secure and Fair Enforcement for Mortgage Licensing (S.A.F.E.) act by imposing additional conditions on licensing for mortgage professionals. The legislature may revisit the provisions of PA 09-209 relating to implementation of the S.A.F.E. act.

Read OLR's reports:

[2009-R-0159](#), *State and Federal Mortgage Assistance Programs*

## **CHILDREN AND FAMILIES**

### ***Fostering Connections to Success and Increasing Adoptions***

In 2008, the U.S. Congress passed the Fostering Connections to Success and Increasing Adoptions Act, which contained mandates concerning the educational stability of foster children. The legislation requires:

1. the Department of Children and Families (DCF) to consider the proximity to the child's original school when placing a child;

2. DCF to coordinate with local districts so that foster-care children remain in their original school, except when it is decided that is against a child's best interests as determined on a case-by-case basis; and
3. the state to enroll those children not kept in their original school for their own best interest in a similarly appropriate school.

Costs of transporting children from foster homes to original schools can be used as part of the calculation for federal Title IV-E reimbursement. The state must pass legislation implementing these mandates by July 1, 2010.

## **COMMERCE**

### ***Strategic Economic Development Plan***

The Department of Economic and Community Development recently completed the state's five-year strategic economic development plan, and the legislature may consider ways to implement the plan's strategies. The strategies outline how the state can develop its workforce, deploy new technology, improve its economic climate, and allow for development that conserves land and other natural resources (i.e., responsible growth). The plan sets no timetable or priority for implementing the strategies.

- Read OLR's report: [2008-R-0434](#), *Summary of DECD's Strategic Economic Development Plan*

### ***Brownfields***

Persistent budget deficits and potential cuts in municipal aid may generate more options for cleaning up and redeveloping brownfields. The numerous structural, environmental, and health problems associated with these properties depress their market value and, consequently, reduce the potential property tax revenue they generate for municipalities.

In 2009, the legislature made many changes affecting the regulatory framework for redeveloping brownfields. In 2010, it may consider additional changes, including adding rules and procedures a party must follow when seeking reimbursement (i.e., recovery) for the actual and anticipated costs of investigating and cleaning up pollution caused by another party.

## ***Economic Development Organizations***

Persistent deficits and a new five-year strategic economic development plan could cause the legislature to reexamine how the state organizes itself for economic development. In doing so, it might redefine the respective roles of state and municipal agencies and local and regional nonprofit development corporations.

- Read OLR's report:  
[2008-R-0594](#), *Regional Economic Development Corporations*

## ***Economic Development Tax Incentives***

The economic tailspin could pressure the legislature to come up with more ways to induce economic growth. Past proposals included tax incentives for investing in early stage businesses and developing business property around Bradley International Airport. In considering these proposals, the legislature will have to weigh the short-term revenue loss against any potential long-term revenue gain.

## **CONSUMER PROTECTION**

### ***Gasoline Pricing***

The legislature may consider prohibiting gasoline companies and distributors from setting their prices to dealers based on the dealers' locations. This practice, known as "zone pricing," is common in the industry. It may also consider other proposals, such as mandating "open supply," which eliminates exclusive purchasing agreements between retail dealers and refiners/wholesalers.

- Read OLR's report:  
[2009-R-0011](#), *Zone Pricing*  
[2009-R-0152](#), *Connecticut Hypermarkets*

### ***Alcohol Sales***

The Liquor Control Act currently prohibits the sale of alcohol on Sunday and selling wine in grocery stores. There may be proposals lifting the Sunday ban and allowing grocery stores to sell wine.

- Read OLR's report:  
[2009-R-0295](#), *Sunday Sales by Package Stores*

## ***Heating and Propane Issues***

Undisclosed fees dealers charge for services such as tank installation and removal continue to generate consumer complaints. There may be proposals to prohibit certain types of charges and to require contracts between fuel dealers and their residential customers to be written in plain language and include all terms, conditions, and charges.

- Read OLR's report:  
[2009-R-0296](#), *Propane Issues*  
[2009-R-0141](#), *Regulation of Propane Dealers*

## **CRIMINAL JUSTICE AND THE COURTS**

### ***Judicial Branch***

The state budget requires the Judicial Branch to reduce its expenses. Cuts could impact criminal defendants, crime victims, civil litigants, legal services for the poor, and courthouse security. The governor vetoed a special session bill that would have exempted the branch from certain cuts.

The branch has considered a number of reductions in services, closing courthouses and law libraries, and delaying the appointment of new judges to fill vacancies. The legislature may consider these and other issues this session.

### ***Criminal Justice***

Over the past year, the prison population has declined, from 18,978 on January 1, 2009 to 18,052 on January 1, 2010. This has allowed the Department of Correction to begin the process of closing a prison facility.

Budget problems may lead the legislature to consider further efforts to manage the prison population including changes to prison facilities; changes to programs in facilities and the community; making beds available for offenders in the community, especially sex offenders; and improving programs to assist offenders' re-entry into the community.

- Read OLR's Issue Page:  
[Criminal Justice](#)

## ***Probate Court Reform***

In 2009, the legislature reformed the probate court system by changing its finances, structure, management, and operation. The legislature is likely to review and evaluate these changes and their implementation, which could lead to additional legislation.

## ***Domestic Violence***

In response to a number of high profile incidents in Connecticut, House Speaker Donovan convened a bipartisan legislative task force to formulate Connecticut's response to domestic violence. The group is tasked with reviewing budget implications related to domestic violence; indentifying trends and research pertaining to social conditions, support services, healthy relationships, education, early intervention, court procedures, and advocacy; and assembling a set of legislative recommendations on how best to prevent and address family violence and meet the needs of survivors.

## **EDUCATION**

### ***Education Reform***

In the 2009 session, a legislative proposal to comprehensively reform the state's high school graduation requirements was unsuccessful. The plan would have increased the minimum number of credits required to graduate from 20 to 25 and would have required students to take additional courses in science, technology, engineering, and math (STEM), as well as English and world languages. The legislature could see the 2009 proposal or a variation of it introduced again in the coming session, especially as a way to enhance the state's chances in the federal Race to the Top competition for an education grant of up to \$175 million over four years.

Other legislation related to the Race to the Top competition may also be proposed, including legislation to remove statutory limitations on charter school enrollment and include student achievement as a factor in evaluating teachers and school principals.

### ***“Money Follows the Student”***

The state's long-term budget issues may lead to proposals to revise how the state funds interdistrict magnet schools, charter schools, and the Open Choice program. Such proposals could require state and local



funding that is currently tied to traditional public school districts to “follow the student” when students choose to attend these types of schools located outside their home school districts.

### ***State Mandates on School Districts***

Education spending makes up the lion’s share of municipal budgets and consequently has a direct effect on local property taxes. Towns and local school districts argue that it has become more difficult to fund education because of state-imposed mandates. Shrinking state aid is likely to bring proposals to suspend or eliminate such mandates. Among the mandates most often cited are: (1) the minimum budget requirement imposed on towns receiving ECS grants; (2) the requirement that schools be open at least 180 days per year; (3) mandatory binding arbitration to resolve impasses in teacher and school administrator contract negotiations; and (4) the requirement that, as of July 1, 2010, schools provide in-school rather than out-of-school suspensions for most students with disciplinary problems.

The legislature may also consider ways to help and provide incentives for school districts to operate more efficiently and cooperate with each other to offer programs and services.

### ***School Construction***

The state’s reduced bonding capacity and a need to limit annual appropriations for debt service may produce calls for scaling back state aid for local school construction projects. Currently, the state reimburses school districts for between 20% and 80% of the eligible costs of such projects. This aid is funded by state general obligation bonding. From FY 10 through FY 14, the Office of Policy and Management estimates that 50.9% of projected state general obligation bonding will be devoted to funding local school projects. The legislature’s recent authorizations for the program total \$688.3 million for FY 10 and \$641.6 million for FY 11.

The legislature has made several changes in the school construction grant program over recent sessions to limit the costs eligible for state reimbursement and tighten the approval process for school construction projects. This session may see more proposals to reduce funding for such projects to allocate more of the state’s limited bonding and debt service capacity to other capital projects. In addition, projects that are approved may be targeted towards job growth and use of green technology in school buildings.

## ***Vocational-Technical Schools***

The state's vocational-technical schools have been affected by the state's budget problems, most notably through early retirements among vocational-technical school faculty, the temporary closing of J. M. Wright Technical High School in Stamford, delays in major construction projects at several schools, and difficulty in funding ongoing maintenance and equipment needs. The legislature could consider measures to mitigate some of these effects and make the vocational-technical schools a higher priority for receiving capital and operating funds.

## **ENVIRONMENT**

### ***Bottle Bill***

After years of struggle, last year legislators claimed for the state an estimated \$24 million a year from unredeemed beverage container deposits. The money comes from the nickel deposits that consumers pay but do not redeem each year on an estimated 500 million bottles and cans. The money had previously been returned to soda and beer distributors, who say they need it to help run the recycling program. Legislators also expanded Connecticut's bottle deposit law to apply to disposable water bottles. Legislators may consider eliminating the water bottles from the bottle deposit law, returning unredeemed deposits to soda and beer distributors, adding wine bottles, or increasing the current nickel deposit to a dime.

- Read OLR's reports:  
[2009-R-0326](#), *Bottle Bill Expansion*  
[2007-R-0085](#), *Recycling In Other States*
- Read OLR's backgrounder:  
[2008-R-0637](#), *Connecticut and the Beverage Container Redemption Law*

### ***Outdoor Recreation Fees***

In the September Special Session, PA 09-3 significantly increased the fees for parks and recreation, including hunting, fishing, and trapping licenses. Opponents argue that the fees place Connecticut licenses among the most expensive in the area without reinvesting the money in parks and recreation, while advocates see the increases as putting Connecticut sportsmen's fees in line with the cost of living and a valuable source of funds in the economic downturn.

- Read OLR's reports:  
[2009-R-0470](#), *Hunting and Fishing Fees in Selected Jurisdictions*  
[2009-R-0436](#), *State Park and Hunting Fees in Five States*  
[2009-R-0430](#), *Hunting Licenses in Connecticut and Maine*

### ***Outdoor Wood-Burning Furnaces***

Several bills proposed in the Environment and General Law committees in the past few years have sought to limit or eliminate the sale and use of outdoor wood-burning furnaces through prohibitions on sale and construction and regulations on wood smoke. Regulating wood-burning furnaces has received media attention in the interim. Advocates for regulation cite environmental and health issues while opponents often believe the matter should be left to municipal governments.

- Read OLR's reports:  
[2008-R-0142](#), *Wood Smoke Regulation*  
[2007-R-0683](#), *Outdoor Wood Burning Furnace Legislation*  
[2008-R-0310](#), *Outdoor Wood Burning Boiler Laws*

## **FINANCE**

### ***State Revenue & Taxes***

Connecticut's revenue continues to show weakness despite tax and fee increases enacted in 2009. On November 13, 2009, OFA projected a net decline of \$176.9 million (1%) in FY 10 General Fund revenue from the levels assumed in the FY 10 adopted budget. In her monthly deficit projection issued January 4, 2010, the state comptroller projects a decline in both sales and income tax revenue in FY 10 compared to FY 09. Although OFA projects growth in the state's major taxes in FY 12 through FY 14, it will be growth from a lower base.

Faced with lower revenue in the current year and projections for continued and growing General Fund deficits into FY 12 and beyond, the legislature could see proposals for additional tax increases in the FY 10 session.

The legislature may also consider restructuring state business tax credits to improve the state's economic climate. In doing so, it may consider the Program Review and Investigations Committee's recently issued recommendations to, among other things: (1) eliminate narrowly targeted and underused business credits, (2) modify certain credits to better align them with New Economy economic development priorities

that emphasize broad-based business incentives, (3) allow certain credits to be applied to the income tax as well as the corporation tax to provide incentives for small businesses which are expected to provide most of the state's future job growth, and (4) periodically review tax credits to evaluate their effectiveness (Program Review and Investigations Committee, *Connecticut's Economic Competitiveness in Selected Areas*, December 17, 2009).

- Read OFA's report:  
[\*FY 10-FY 14 General Fund and Transportation Fund Budget Projections and Fiscal Information\*](#), November 13, 2009
- Read OLR's reports:  
[\*2010-R-0003\*](#), *Proposal on Tax Credit Transfers for Development Projects in Enterprise Zones*  
[\*2009-R-0425\*](#), *Comparison of Tax Incentives for Manufacturers in New York and Connecticut*  
[\*2009-R-0370\*](#), *2009 Acts Affecting Taxes*  
[\*2009-R-0355\*](#), *Loans and Tax Credits for Small Business*  
[\*2009-R-0290\*](#), *State Corporation Tax and Companies Headquartered in Connecticut*  
[\*2009-R-0270\*](#), *State Tax Collection and Enforcement*

### ***Bonding***

As in 2009, the legislature may be torn between calls to stimulate the state's economy by funding large infrastructure projects and an urge to pull back on borrowing to reduce long-term debt-service costs and pressure on future budgets. But the state's revenue problems constrain its ability to bond. By law, the state's bond authorization limit is tied to net General Fund tax revenue. To avoid exceeding the limit in FY 10 and to allow the legislature to approve bonding for new infrastructure projects to create jobs, the legislature may seek to re-prioritize capital projects. This may involve reducing or cancelling existing authorizations for projects that have not moved forward.

- Read OLR's report:  
[\*2009-R-0341\*](#), *State Budget, Debt, and Long-Term Obligations*

## ***Securitization Plan***

To balance the state budget for FY 11, the General Assembly is counting on \$1.291 billion raised from borrowing against future revenues. This type of transaction is called “securitization” because it involves selling bonds backed a designated state revenue stream, with the state foregoing any other uses for the revenue while the bonds are outstanding.

The budget act requires the Office of Policy and Management secretary and the state treasurer to submit a plan for raising the revenue to the Finance, Revenue and Bonding and Appropriations committee chairpersons by February 3, 2010. Among the options are: (1) pledging future state lottery revenue; (2) issuing bonds and other debt instruments or placing them privately; and (3) having public pension and trust funds, such as the state, municipal employees’, and teachers’ retirement funds, purchase state debt.

Once the securitization plan is submitted, the legislature will have to consider whether to enact it. If it decides to reduce or eliminate the securitization, it must substitute \$1.291 billion of other revenue or spending reductions to balance the General Fund budget for FY 11.

## **GOVERNMENT ADMINISTRATION AND ELECTIONS**

### ***Campaign Finance***

In August 2009, the federal district court for the District of Connecticut ruled that Connecticut’s Citizens’ Election Program is unconstitutional. The court stated that (1) it unconstitutionally burdens minor party candidates’ rights to political opportunity and (2) its independent and excess expenditure provisions unconstitutionally burden their First Amendment speech rights. The Government Administration and Elections (GAE) Committee may respond to the court’s concerns and hear proposals to address the program’s constitutionality. It may also reconsider proposals from last session concerning programmatic and implementation issues raised after the 2008 election cycle.

- Read OLR’s report: [2009-R-0332](#), *Green Party of Connecticut v. Garfield*

## ***Government Administration***

The committee may address agency reorganization issues. It will likely consider proposals by the Commission on Enhancing Agency Outcomes, which is charged with identifying efficiencies to reduce the cost of state government and improve public service delivery, and must submit its preliminary report by February 1, 2010. The committee may also consider legislation to establish a Division of Administrative Hearings within the Commission on Human Rights and Opportunities. A task force studying this issue must submit recommendations by February 1, 2010.

## ***Voting and Voter Registration***

The committee will likely hear several voting- and voter registration-related issues, including some that it heard during the 2009 session, such as early voting, no-excuse absentee voting, military voting, and Election Day registration (EDR).

Currently, 32 states permit no excuse, in-person early voting, and 29 states permit no-excuse absentee voting. Connecticut does not offer either. Rather, it allows only electors with a statutorily acceptable reason for doing so to cast their votes before an election by submitting an absentee ballot. The legislature may review proposals to amend the state constitution to allow for no-excuse early or absentee voting.

With armed services personnel continuing to serve in remote locations, the committee may consider legislation to amend state election laws, particularly applicable absentee voting procedures, to make it easier for these individuals to cast their ballot, ensure that every vote is counted, and ensure ballot secrecy.

EDR, also known as “same-day voter registration,” is currently available in nine states and permits eligible citizens to register and vote on Election Day. Connecticut currently allows individuals to register to vote up to seven days before an election. The GAE Committee may reconsider EDR proposals.

## ***Whistleblowers***

The committee will likely once again consider modifications to Connecticut's whistleblower law. Specifically, it may consider recommendations from the Program Review and Investigations Committee's December 2009 report regarding the investigation and disposition of retaliation complaints.

## **HIGHER EDUCATION AND EMPLOYMENT ADVANCEMENT**

### ***UConn Health Center***

UConn officials recently announced that the university would no longer pursue a principal partnership between the UConn Health Center and Hartford Hospital. The proposed partnership would have included the development of a University Hospital located on two campuses in Hartford and Farmington. In 2010, the legislature will likely consider alternate plans and collaborative proposals, including possible federal funds, to address the health center's continuing deficits.

### ***Remedial Education***

A recent PRI report identified the increasing number of new college students that are unprepared for college-level work as a significant barrier to the alignment of postsecondary education and employment. The legislature may consider ways to smooth students' transition from high school to college and decrease the number of students needing remediation in college.

- Read PRI's ongoing study:

[\*Alignment of Postsecondary Education and Employment, April 8, 2009\*](#)

### ***Workforce Development for a Changing Economy***

As unemployment rates rise, college becomes more attractive to laid-off workers who seek retraining. Enrollment at the state's colleges and universities reached a new record high this fall, due mainly to growth at the state's community colleges and other two-year private institutions.

The legislature may consider workforce development strategies to position the state for long-term job growth, particularly in high-skill, high-tech industries. This may include proposals to (1) encourage more students to pursue degrees in high-technology fields, including green jobs; (2) align higher education programs and curricula with the needs of

these industries; and (3) retool the existing workforce to help workers upgrade their skills and move into these fields.

## **HOUSING**

In light of the current economy and mortgage crisis, the Housing Committee may see proposals promoting homeownership, affordable housing, or supportive housing. For the same reasons, it may see legislation to help families that are in foreclosure or to avoid foreclosure.

Specifically, the committee may reconsider 2009 legislation piloting a tax abatement program for low- and moderate-income families and also a first-time homebuyer savings program. And, it may consider funding proposals for the Next Steps Initiative, which provides supportive housing mainly for people with mental illness.

PA 09-209 makes mandatory the foreclosure mediation program for owner-occupants of one-to-four family residential properties who are subject to foreclosure action by lenders and who use the property as their primary residence. The committee may see proposals to assist borrowers with their legal costs in the mediation process.

## **HUMAN SERVICES**

### ***Greater Demand for Public Assistance***

The recession has caused an increased demand for Department of Social Services (DSS) programs and services. Caseloads continue to rise in the major assistance programs, including Medicaid. The federal stimulus has offered some help to states in meeting the demand for entitlement programs but the state has not taken full advantage of this aid. Moreover, the pending federal health care reform bills contain Medicaid expansions which could further strain the state's resources, although both U.S. House and Senate chambers' bills hold the states harmless in the short-term. The legislature may want to consider imposing new or additional cost sharing in, or limit eligibility for, these programs as a way to reduce program costs.

- Read OLR's reports:  
[2009-R-0445](#), *Supplemental Nutrition Assistance Program (SNAP)*



## ***Nursing Home Funding and Oversight***

The 2010 legislature may want to take another look at how the state sets nursing home rates. The state's Medicaid budget for FY 10 exceeds \$3.8 billion, \$1.3 billion of which comprises payments to nursing homes that care for the state's frailest citizens. According to the state's long-term care plan for 2010, a monthly average of 18,822 individuals were receiving nursing home care in FY 09. The average daily rate the state paid to these homes in 2008 was \$327 a day or \$120,000 annually for each resident.

For years many homes have argued that the rates the state pays are not adequate, leading some to file for bankruptcy or move into receivership status. The rate setting system is cost-based but does not take into account the acuity of a resident's needs, and the complex rate formula has been rendered moot in recent years as the legislature has either appropriated flat rates or frozen them altogether. At the same time, the state grants interim rates to homes that can show that their costs have increased more than the amounts the legislature appropriates for them.

A growing number of homes are parts of large chains, whose corporate offices may be located far from the state's borders. Recently, the former CEO of a chain pleaded guilty to fraud in connection with the misuse of millions of dollars. Although the legislature has in the past attempted to strengthen its oversight of the industry, these efforts have failed. The 2010 General Assembly may wish to revisit this issue.

## **INSURANCE**

### ***Health Insurance***

As the federal government continues to work on national health care reform, the legislature will likely consider bills concerning the cost, adequacy, and availability of health care insurance in Connecticut. It may consider revising the process by which the Connecticut Insurance Department reviews and approves requests to increase premium rates. Currently, the department reviews certain rate filings to ensure the rates are not excessive, inadequate, or unfairly discriminatory. The legislature may also consider adding or revising benefit mandates. Opponents of mandates believe the laws increase the cost of insurance, while advocates argue they make health insurance more comprehensive.

- Read OLR’s reports:  
[2009-R-0442](#), *Medical Insurance Rate Increases Requested and Approved in Connecticut*  
[2009-R-0317 \(Revised\)](#), *State Mandated Health Insurance Benefits*  
[2008-R-0138 \(Revised\)](#), *Mandated Providers and Facilities for Health Insurance*

### ***Bail Bond Reforms***

The legislature may consider bills to reform the bail bond industry. Among other things, such bills may address the illegal practice of “undercutting” (i.e., bail bond agents charging clients less than the statutorily required amounts).

- Read OLR’s backgrounder:  
[2009-R-0454](#), *Backgrounder: Professional Bail Bondsmen and Surety Bail Bond Agents*
- Read OLR’s report:  
[2009-R-0449](#), *Comparing Professional Bail Bondsmen Laws and Proposals for Surety Bail Bond Agents*

## **LABOR AND EMPLOYMENT**

### ***Unemployment Compensation Fund Solvency***

As the high rate of joblessness has sent unemployment compensation claims skyrocketing, Connecticut’s unemployment compensation fund has been forced to borrow millions from the federal government to pay for all the claims. This is expected to continue through the calendar year leaving the state and its employers owing the federal government upwards of \$900 million. The legislature may weigh different approaches to addressing this situation including increasing unemployment taxes on employers, reducing benefits for claimants, issuing bonds to cover the debt, or some combination of these.

### ***Paid Sick Leave***

In recent years, the legislature considered a bill that would require employers to provide their employees with paid sick leave accruing at a rate of one hour for each 40 hours worked. The bill would apply to all employers with 50 or more employees. The legislature is likely to consider some form of this bill in 2010.

## ***Stimulating Job Growth***

The legislature's Job Growth Roundtable has met over the past few months to discuss ways in which the state can promote job growth. This group of legislators, business and higher education leaders, economists, and academics has discussed topics such as green jobs, angel investor tax credits, and the need for affordable housing in order to develop legislation for the 2010 session. The legislature is likely to consider the group's proposals as part of a strategy to grow jobs and encourage economic growth.

## **PLANNING AND DEVELOPMENT**

### ***Municipal Finances***

Historically, the legislature has relieved pressures on municipal finances by providing funds for constructing new schools, repairing roads, and making other capital improvements. But persistent budget deficits could force the legislature to cut municipal aid when grand lists are stagnant and public service costs are rising. Consequently, the legislature may have to consider other ways to bolster municipal finances.

Policy options include:

- authorizing local sales taxes,
- increasing the municipal share of the real estate conveyance tax,
- eliminating unfunded state mandates,
- fully funding payments in lieu of taxes, and
- authorizing development impact fees.

### ***Regional Approaches***

Proponents of regionalization argue that municipalities can save money by jointly delivering services and performing administrative functions. In 2007, the legislature authorized planning grants for these purposes. In 2010, the legislature may explore more ways to encourage regional collaboration.

Municipalities that collaborate on economic development can save money and leverage federal economic development dollars by forming regional economic development districts and preparing strategic development plans. But the districts and plans must be approved by the

state before the federal dollars can flow to the districts and their constituent municipalities. Currently, there is no procedure for approving either. Consequently, the legislature may consider proposals for establishing state-approved districts and plans.

### ***Coordinated Land Use Planning***

Myriad local, regional, and state agencies and commissions decide what gets built and where based on different policy goals and objectives. Consequently, projects requiring multiple approvals face potential delays and conflicting decisions. The legislature may consider ways to expedite the review process, reduce the uncertainty, and make the outcomes more consistent.

In doing so, it may focus on the process and criteria for interim changes to the five-year State Plan of Conservation and Development (Plan of C&D). State agencies must comply with the plan when funding major capital projects, including those implemented by municipalities and private entities. Requests for interim changes have increased in recent years to secure state funding. The state has opposed some of these requests, claiming they were inconsistent with the plan's policies.

## **PUBLIC HEALTH**

### ***Medical Error/Adverse Event Reporting***

Connecticut law requires hospitals and outpatient surgical facilities to report adverse events to the Department of Public Health (DPH). The legislature may reexamine the adverse event reporting law to see if these concerns are warranted. "Adverse events" are serious reportable events identified by the National Quality Forum (NQF) as well as Connecticut-specific adverse events that supplement the NQF list. Items on these lists are of concern to both patients and health care professionals, are clearly identifiable and measurable, and are often preventable.

The original law, passed in 2002, was intended to encourage hospitals to improve care while also helping patients assess the quality of the state's health care facilities. Changes made to the law in 2004 have come under criticism by some because of restrictions on disclosure of adverse event information. While some are concerned that the public is not getting enough information about the number and nature of adverse events occurring in the state's hospitals, others support the current law, arguing that restricting disclosure has made hospitals more willing to comply with reporting requirements.

## **PUBLIC SAFETY**

### ***Red Light Camera Enforcement***

Camera enforcement of red signal light violations at intersections is in numerous municipal and county jurisdictions, and in the District of Columbia. The legislature may revisit this issue this year.

### ***Electronic Defense Weapons***

Increasingly, law enforcement agencies are using electronic defense weapons, including *Tasers*, supposedly as a non-lethal alternative to deadly force. But in the light of a few highly publicized deaths and aggressive marketing of the weapons to the civilian market, critics are questioning their use.

The legislature may seek to regulate the use of the weapons by requiring law enforcement agencies to develop policies, procedures, and standards for their use.

## **TRANSPORTATION**

### ***Status of the Special Transportation Fund (STF)***

The STF funds most of the state's highway and mass transit programs. According to OFA, the FY 10 STF operating surplus is projected to be \$4 million (\$3.0 million higher than budgeted), which will increase the cumulative surplus to \$97.6 million. The increase is attributable to the repeal of a transfer from the STF to the Conservation Fund, which provides funding for the Department of Environmental Protection.

But projections indicate that the STF will experience operating deficits beginning in FY 12, which will reduce the fund's cumulative balance to \$34.5 million by FY 14. These operating deficits are due to the cumulative effect of the growth rate in expenditures accelerating faster than the anticipated growth rate in revenues over the five year period between FY 10 and the end of FY 14. Revenues, most notably gasoline taxes, have grown less than projected due to the recession and increasingly efficient vehicles. The legislature may have to address the fund's solvency at some point during the session.

- Read OFA's reports:

[Fiscal Forecast Presentation to Appropriations and Finance Committees, November 18, 2009](#)  
[FY 10 - FY 14 General Fund and Transportation Fund Budget Projections and Fiscal Information, November 13, 2009](#)

### **Transportation Project Triage**

Transportation Commissioner Joseph Marie told legislators this fall that there is a \$3.7 billion gap between the transportation projects legislators want, as specified in the DOT's priority list, and available funding. Legislators may have to decide which of these projects proceed and which are put on hold or abandoned.

Projects in the mix include a number of bridge and highway projects, the New Britain-Hartford busway, and the New Haven-Springfield commuter rail line. Some legislators have recently been less than enthusiastic about the busway, which is competing with the commuter rail project for the limited pot of funds.

### **Tolls**

The idea of reinstating tolls as a way to generate revenue has surfaced a number of times in the 25 years since Connecticut abolished tolls on I-95 and proponents of tolls have raised the issue in 2010. But federal law restricts the way in which states may use tolls, particularly on interstate highways. A 2009 study of tolls, prepared for the state Transportation Strategy Board, can be found at [http://www.ct.gov/opm/lib/opm/tsb/reports\\_tsb/final\\_report\\_-\\_tolling\\_study.pdf](http://www.ct.gov/opm/lib/opm/tsb/reports_tsb/final_report_-_tolling_study.pdf).

- Read OLR's reports:  
[2006-R-0700](#), *Revenue from Tolls in Northeastern States*
- Read OLR's backgrounder:  
[2009-R-0122](#), *Understanding Tolls in Connecticut*

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