

Office of Legislative Research  
Connecticut General Assembly



# OLR MAJOR ISSUES



## 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.

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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.

## **APPROPRIATIONS**

### ***Deficit Projections***

On November 15, 2010, OFA projected a deficit of \$83 million in FY 11. Although revenues are expected to exceed projected amounts by \$267.4 million, they are outweighed by estimated expenditure growth of \$350.6 million above projected amounts. As a result, the legislature may need to enact a Deficit Mitigation Plan for the current year.

However, the current year deficit pales in comparison to the total \$7.25 billion deficit OFA projects for the 2012-2013 biennium. The projected FY 12 deficit of \$3.67 billion represents 18.3% of the estimated expenditures and is nearly \$400 million higher than what OFA had estimated in November, 2009. The deficit is the result of (1) a projected expenditure increase of more than \$2 billion from FY 11 to FY 12 and (2) a projected revenue decrease of more than \$1.5 billion.

Table 1 identifies some of the major areas of expenditure growth in FY 12 and beyond; the numbers indicate the amount of the increase above the previous year's base. These areas represent more than 90% of the expenditure growth in FY 12.

**Table 1: Major General Fund Increases for FY 12 - FY 14 (\$ - millions)**

<b>Agency/Account</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 14</b>
Department of Social Services (DSS)-Medicaid	\$491.9	\$193.5	\$206.8
Debt Service (includes UConn 2000)	237.5	0.5	27.6
Personal Services (statewide)	192.5	147.8	152.6
Fringe Benefit- Retirement Contribution	179.5	24.9	38.4
Teachers Retirement Board- Retirement Contribution	175.7	30.3	31.5
27 <sup>th</sup> Payroll	124.5	-	-
Reimburse Towns for Loss Taxes Private Property	115.3	34.6	39.8
Fringe Benefit- State Employee Health Cost	113.5	60.9	26.6
Reimburse Towns for Loss Taxes State Property	69.1	10.7	11.5
State Department of Education (SDE)- Transportation of School Children	60.1	5.4	5.7
SDE- Education Equalization Grant (ECS)	51.9	58.4	60.2
Fringe Benefit- Retired State Employee Health	30.9	38.2	61.2
Department of Developmental Services (DDS)- Community Residential	25.4	25.8	28.4
SDE- Excess Cost Student Based	30.1	13.5	14.7
SDE- Magnet Schools	28.8	22.5	6.6
<b>Total</b>	<b>\$1,926.7</b>	<b>\$667.0</b>	<b>\$711.6</b>

Additionally, more than \$2 billion in one-time measures used in the FY 11 budget will be unavailable to balance the FY 12 budget, as shown in Table 2. The state will also face increased debt service payments due to the issuance of Economic Recovery Notes (ERNs).

**Table 2: One-Time Measures and Impact of ERNs and Securitization**

<b>One-Time Measures Used in FY 11 and Not Available in FY 12</b>	<b>(\$ - millions)</b>
Federal Stimulus	\$757.4
Proceeds from the Economic Recovery Revenue Bonds (ERRBs)	646.6
FY 10 Balance Reserved for FY 11	449.4
Reductions to Certain Funds (Sweeps)	154.9
Budget Reserve Fund (BRF)	103.2
Corporate Surcharge	34.1
<b>Total</b>	<b>\$2,145.6</b>
<b>Impact of ERNs</b>	
ERNs – Debt Service	\$208.4
<b>Total</b>	<b>208.4</b>
<b>Grand Total</b>	<b>\$2,354.00</b>

- Read OFA’s Fiscal Accountability Report:

[\*Fiscal Accountability Report to the Appropriations and Finance Committees as required by C.G.S. 2-36b\*](#), November 15, 2010

## **BANKS**

### ***Assistance for Homeowners Facing Foreclosure***

Last session, the legislature extended the judicial foreclosure mediation program until July 1, 2012. Due to the continuing high foreclosure rate and struggling economy, the legislature is likely to consider modifying this program and others available to homeowners facing possible foreclosure.

## **COMMERCE**

### ***Enterprise Zones***

The legislature may consider increasing the number of enterprise zones, a popular tool for revitalizing economically distressed business districts. The law limits the number of zones to 17, and prior legislatures have resisted authorizing more until the economic and community development commissioner evaluates the existing ones. She must do so by February 1, 2011. Her evaluation may cause legislators to debate the zones’ effectiveness and the value of authorizing more zones.

## **Ports**

The 2011 legislature may consider ways to upgrade the state's deep water ports and boost their broader economic benefits. Ports and other major transportation infrastructure create jobs and allow businesses to move people and goods efficiently. They also attract new businesses to nearby commercial and industrial sites, and thus stimulate more economic development. Last year, the legislature designated the Bradley Airport Development Zone and authorized tax incentives for developing facilities and creating jobs there.

- Read OLR's reports:

[2010-R-0260](#), *Bradley Airport Development Zone*

[2010-R-0284](#), *Connecticut Ports*

[2010-R-0305](#), *Port Districts*

[2010-R-0417](#), *Bridgeport Harbor Maintenance Project*

## **Brownfields**

The 2010 legislature expanded existing brownfield clean-up incentives and authorized changes to streamline the environmental permitting process or make it more predictable. But obstacles remain, and persistent budget deficits and potential cuts in municipal aid may generate more options for restoring brownfields and boosting local tax rolls.

## **Cutting Costs without Compromising Economic Development Services**

The 2011 legislature faces several challenges concerning how economic development services are marketed and delivered. The number and variety of public, private, and nonprofit agencies providing such services could make it difficult for many small and medium-sized businesses to identify and access the ones they need. Exacerbating this challenge is the need to maintain service levels while the lingering recession strains state resources.

Other states have met similar challenges by consolidating services in new public-private partnership organizations, creating cabinet-level positions to oversee and coordinate economic development agencies, or relying on regional planning organizations to deliver services and fund projects.

- Read OLR's reports:

[2006-R-0019](#), *Public-Private Economic Development Partnerships*

[2006-R-0130](#), *Comparison of Connecticut and Tennessee Business Services*

[2006-R-0317](#), *Regional Economic Development Districts*

[2008-R-0374](#), *Economic Development Corporations*

## **EDUCATION**

### ***Education Aid to Towns and School Districts***

With the state facing large projected deficits for the 2012-2013 biennium, we expect the major education issue of the 2011 session will be funding levels and distribution requirements for state education grants to local school districts and towns. The heaviest focus will likely be on the Education Cost Sharing (ECS) grant, which is the largest source of state aid for municipalities. The grant has been frozen at 2009 levels for most towns for two fiscal years. The state devoted \$541 million in federal stimulus funds to maintaining ECS grants for FY 10 and FY 11, and federal money currently contributes about 14% of the total cost of the grants. Keeping the grant at the current levels after the federal funds expire (as of July 1, 2011) will require an additional state appropriation of \$270.5 million in each year of the upcoming biennium.

The legislature will face additional pressure to maintain funding for other major education grants. Among other things, these grants help towns pay for high-cost special education services and placements, school construction projects, school transportation, adult education, and health services for private school students. In addition to grants to all towns, the state also targets major education funding to poorer students with extra grants for priority school districts, summer school and after-school programs, and early childhood education.

## ***Interdistrict Programs and School Choice***

In addition to the education aid it provides to towns and local school districts, the state provides financial support for charter and interdistrict magnet schools, state technical high schools, agriculture science and technology centers, and the interdistrict school attendance program known as Open Choice. These programs are crucial to the state's effort to meet the student diversity requirements of the 2008 settlement of the *Sheff v. O'Neill* Hartford school desegregation case.

State budget issues and a desire to give parents and students more choice in the schools they attend could lead to proposals to revise how the state funds these programs. Some may propose to require state and local education funding to "follow the student" when students decide to attend schools of choice outside their home school districts. Municipalities and school districts can be expected to resist reallocating funds under such a proposal because of its effect on local 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 contend the state makes local education funding more difficult by imposing unfunded mandates. As a result, flat or shrinking state aid could generate proposals to suspend or eliminate mandates, including (1) the minimum budget requirement, which requires any town receiving an ECS grant to budget no less for education than it did in FY 09; (2) the requirement to keep schools open at least 180 days per year; (3) mandatory binding arbitration to resolve impasses in teacher and school administrator contract negotiations (see Binding Arbitration under LABOR AND PUBLIC EMPLOYEES); and (4) a requirement to provide in-school rather than out-of-school suspensions for most students with disciplinary problems.

In addition to reducing or eliminating mandates, the legislature may also consider incentives for school districts to operate more efficiently and cooperate with each other to offer programs and services.

## ***School Construction***

The need to limit annual debt service appropriations may produce calls to scale back state aid for local school construction projects. The state currently reimburses school districts for between 20% and 80% of the eligible costs of such projects, with the exact percentage determined

by district wealth. The state pays for the reimbursements through general obligation bonding. From FY 10 through FY 14, the Office of Policy and Management (OPM) estimates that almost 51% of projected state general obligation bonding will be devoted to local school projects. Almost \$1.33 billion in state bonding was allocated for school construction projects in FY 10 and FY 11.

The legislature has made several changes in the school construction grant program in recent sessions to limit the costs eligible for state reimbursement and tighten the approval process for school construction projects. The 2011 session could see proposals to reduce reimbursements or cap the total amount of annual state funding for such projects. Alternatively, considerations such as promoting job growth, using green technology, or improving energy conservation in school buildings may be used to determine which projects get approved.

### ***Special Education***

The SDE is holding public hearings on proposed special education regulations. While the department's goal is to make the state regulations more clearly conform to federal requirements, the increased attention may also lead to calls for changes or improvements in Connecticut's special education law. Special education is a federal mandate, but there may be requests for the state to (1) do more than the minimum required, (2) seek ways to make special education less of a burden on local districts, or (3) change the way the state approaches the burden of proof in due process hearings. Such hearings are held when there is a dispute over the student's special education evaluation, placement, or individualized education program.

## **ENERGY AND TECHNOLOGY**

### ***Comprehensive Energy Legislation***

Last session the House and Senate passed, and the governor vetoed, Public Act (PA) [10-97](#). This act:

1. established several programs to promote solar energy;
2. required the Department of Public Utility Control (DPUC) to establish a pilot program to provide loans for installing cogeneration systems and energy efficient replacement furnaces and related equipment;

3. established a new division within DPUC to be responsible for power procurement, conservation and renewable energy, and research;
4. allowed municipalities to establish loan programs for residents and local businesses to make energy efficiency and renewable energy improvements to their property and to issue bonds for these programs backed by an assessment on the participant's property that is treated like a property tax;
5. established energy efficiency standards for compact audio players, televisions, DVD players, and DVD recorders; and
6. established a code of conduct for competitive suppliers and related entities to regulate when and how they can conduct door-to-door sales and limited the fee suppliers can charge residential customers for termination or early cancellation of a contract.

It is likely that the legislature will consider similar legislation this session.

- Read OLR's reports:

[2010-R-0215](#), *Summary of An Act Reducing Electricity Costs and Promoting Renewable Energy*, (which provides an overview of the act)

[2010-R-0220](#), *Section by Section Analysis of An Act Reducing Electricity Costs and Promoting Renewable Energy*, (which provides a section-by-section analysis of the act)

[2010-R-0266](#), *2010 Veto Package*, (which includes the governor's rationale for vetoing the act)

### ***Power Plant Safety***

In the wake of the February 2010 explosion at the Kleen Energy power plant, the Energy and Technology Committee favorably reported legislation to improve safety at power plants. Among other things, the bill would have (1) made DPUC responsible for coordinating state safety programs that relate to the safe operation of power plants in Connecticut, (2) authorized DPUC's gas pipeline safety unit to ensure that natural gas is used safely at any power plant in the state that uses this fuel and given DPUC several powers and responsibilities regarding



these plants, (3) modified how the Siting Council approves new power plants, and (4) restricted the inclusion of provisions encouraging early completion of power plants in certain contracts.

It is likely that the legislature will consider similar legislation this session.

- Read OLR's reports:

[2010-R-0092](#), *Kleen Energy Project and Related State Legislation*, (which describes the Kleen Energy Project and earlier related state legislation)

[2010-R-0125](#), *Safety Measures Concerning High Pressure Natural Gas Purges*, (which describes safety measures concerning high pressure natural gas purges, which contributed to the explosion)

## **ENVIRONMENT**

### ***Grants to Dairy Farmers***

In 2009, the legislature created a grant program for dairy farmers. Through the program, the Department of Agriculture provides quarterly grants to dairy farmers using funds raised through a temporary increase, from \$30 to \$40, in the fee people pay when filing documents with town clerks. This recording fee increase is set to expire on July 1, 2011. The legislature may revisit the program to determine if the law should be allowed to expire or extended.

- Read OLR's report:

[2010-R-0322](#), *Agriculture Sustainability Account*

### ***Department of Environmental Protection (DEP) Permitting Process***

PA [10-158](#) required DEP to evaluate individual permitting programs and identify "the process improvements, additional resources, staffing and programmatic changes" needed to meet the law's time frame goals. Specifically, the act required DEP to assess the feasibility of:

1. deciding within 60 days whether there are deficiencies in an application (referred to as the sufficiency review); and

2. completing, within 180 days after the sufficiency review, the technical analysis necessary to issue a formal notice of tentative determination to approve or deny a permit.

In its report, DEP proposes administrative, statutory, and regulatory changes to improve the permitting process. Media reports have highlighted the permitting process and DEP's organizational structure as issues before the gubernatorial candidates. In light of these events, legislators may propose bills streamlining DEP's permitting process.

- Read DEP's report:

[http://www.ct.gov/dep/lib/dep/permits\\_and\\_licenses/assessment/permit\\_assessment\\_report.pdf](http://www.ct.gov/dep/lib/dep/permits_and_licenses/assessment/permit_assessment_report.pdf)

- Read OLR's [\*Public Act Summary for PA 10-158\*](#)

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

In the past few years, several bills have sought to limit or eliminate the sale or use of outdoor wood-burning furnaces through prohibitions on sale and construction and regulations on wood smoke. The issue continues to receive media attention. Advocates for regulation and prohibition cite environmental and health concerns; opponents argue that (1) the furnaces use a renewable resource and provide less expensive heating and (2) the matter should be left to municipal governments.

- Read OLR's reports:

[2008-R-0310](#), *Outdoor Wood Burning Boiler Laws*

[2008-R-0142](#), *Wood Smoke Regulation*

[2007-R-0683](#), *Outdoor Wood Burning Furnace Legislation*

### ***Water Flow Regulations***

PA [05-142](#) required DEP to establish flow regulations for all river and stream systems. The act required the regulations to balance ecological and human interests and be based on the best available science and, to the maximum extent practicable, natural variation of flows and water levels. On October 26, 2010, the legislature's Regulations Review Committee rejected DEP's final proposed regulations without prejudice. Of particular concern to the committee was the fact that the regulations covered both surface and groundwater even though the act did not explicitly name groundwater. DEP disagrees that registered diversions

(including groundwater diversions) are beyond the scope of DEP's authority to regulate under the act. Legislation could be introduced to clarify the scope of PA 05-142, specifically as it applies to groundwater.

## **FINANCE REVENUE AND BONDING**

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

On October 15, 2010, consensus revenue estimates issued by OFA and OPM projected that, although net General Fund tax revenue will grow by 5% in FY 12 and 6.6% in FY 13, the state's total General Fund revenue will be lower in those years than in the current fiscal year. The revenue decline stems mainly from the (1) expiration of aid the state received from the 2009 federal stimulus act and (2) exhaustion of one-time revenue infusions from the state's rainy day fund, other state appropriated funds, economic recovery revenue bonds, and surplus funds (see Table 2 under APPROPRIATIONS).

Expectations for General Fund revenue declines over the next two years will make the 2011 spending and revenue decisions for the FY 12-13 biennial budget extremely serious and difficult for the governor and legislature. On the revenue side, there could be proposals to restructure the state's tax system or particular taxes; temporarily or permanently increase tax rates or impose or extend tax surcharges; and reduce, suspend, or eliminate tax credits and exemptions. Such proposals would conflict with other likely proposals to adopt additional tax exemptions or eliminate taxes, such as the business entity tax, to help economic growth and create jobs.

Legislative reevaluation of tax credits and exemptions could be spurred by a 2010 law requiring the economic and community development and revenue services commissioners to evaluate and report to the legislature every three years on tax credit and abatement programs designed to recruit and retain businesses. The first report is due on January 1, 2011.

- Read the OFA/OPM revenue projection:

[\*Consensus Revenue Estimate, October 15, 2010\*](#)

- Read OFA's report:

[\*Connecticut Tax Expenditure Report, March, 2010\*](#)

- Read OLR's reports:

[2010-R-0418](#), OLR BACKGROUNDER: *Department of Revenue Services Audit and Collection and Enforcement Statistics*

[2010-R-0379](#), OLR BACKGROUNDER: *Sales and Use Tax*

[2010-R-0372](#), OLR BACKGROUNDER: *Guide to the State Personal Income Tax*

[2010-R-0329](#), *2010 Acts Affecting Taxes*

[2010-R-0226](#), *Legislative History of the Connecticut Estate Tax Since 2001*

- Read PRI's reports:

[Connecticut's Economic Competitiveness in Selected Areas, December 2009](#)

[Connecticut's Tax System, January 2006](#)

### ***Temporary Tax Increases Expiring***

A temporary 10% corporation tax surcharge enacted in 2009 will expire at the end of the 2011 income year, and a one-year extension of a higher municipal real estate conveyance tax rate will also expire on July 1, 2011. The legislature will likely be asked to extend these provisions or substitute other measures to preclude state and municipal revenue losses in FY 12.

- Read OLR's report:

[2010-R-0430](#), OLR BACKGROUNDER: *Real Estate Conveyance Tax*

### ***Bonding and State Debt***

By law, the state's general obligation bond authorization limit is tied to net General Fund tax revenue. The state has borrowed heavily in the past three years to shore up the General Fund budget and the state's underfunded teacher pension fund. Much of this borrowing is exempt from the statutory bond limit.

OFA projects debt service on general obligation and special tax obligation bonds will cost the state more than \$2.1 billion or 11.1% of the General and Special Transportation Fund budgets in FY 11. OFA is also forecasting that debt service costs will rise to \$2.4 billion annually in FYs 12-14. Since debt service is a fixed cost, it reduces the legislature's spending discretion and, in a time of projected budget deficits, crowds out other programs.

In 2010, the legislature cancelled \$480.6 million in general obligation bond authorizations for state and local capital projects and state grants and loans, including to municipalities and nonprofit entities to reduce long-term debt-service costs and pressure on future budgets. In 2011, the legislature may once again be torn between calls to address the state's infrastructure and other needs and an urge to pull back on borrowing to reduce long-term costs and pressure on future budgets.

- Read OLR's reports:

[2009-R-0341](#), *State Budget, Debt, and Long-Term Obligations*  
[2009-R-0009](#), *Per Capita State Bond Debt for 50 States*

- Read OFA's report:

[Connecticut's Capital Budget Report, February 2009](#)

## **GENERAL LAW**

### ***Alcohol Sales***

The Liquor Control Act currently prohibits alcohol sales on Sunday and wine sales by grocery stores. There may be proposals to lift these bans.

- Read OLR's report:

[2009-R-0295](#), *Sunday Sales by Package Stores*

### ***Condominium Ombudsman***

Condominium-related complaints continue to accumulate without adequate resolution. There may be a proposal to create a state office to review such complaints and disputes concerning violations of state condominium law.

## ***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 reports:

[2009-R-0141](#), *Regulation of Propane Dealers*

[2009-R-0296](#), *Propane Issues*

## **GOVERNMENT ADMINISTRATION AND ELECTIONS**

### ***Commission on Enhancing Agency Outcomes***

The Commission on Enhancing Agency Outcomes, which is charged with identifying efficiencies to reduce the cost of state government and improve public service delivery, is due to submit its final report on December 31, 2010. The commission's initial report identified several broad categories for consideration, including agency organization, administrative processes, purchasing, information technology, revenue maximization, health and human services delivery, and others. The legislature may consider enacting recommendations from the commission's final report.

### ***Election Administration***

Connecticut's 2010 gubernatorial race garnered national attention when a Superior Court judge ordered several polling places in Bridgeport to remain open for two extra hours after the city ran out of ballots. As a result, the legislature will likely consider safeguards to prevent future ballot shortages. Proposals may require registrars of voters to order one ballot for each registered voter or establish a bare minimum using past voter turnout and a prescribed margin of error. Proposals could also prescribe additional training for registrars on estimating ballot needs. Additionally, the legislature may consider whether to require that the Secretary of the State's Office share responsibility in assuring an adequate number of ballots in each municipality.

## ***Campaign Finance***

PA [10-1](#), July 2010 Special Session, changed the state's public campaign financing system, known as the Citizens' Election Program (CEP), to conform state law to the decision by the U.S. Court of Appeals for the Second Circuit in *Green Party of Connecticut, et al. v. Garfield, et al.*, 2010 U.S. App. LEXIS 14248 (2d Cir. Conn. July 13, 2010). Among other things, the act eliminated the CEP's matching grant provisions under which candidates who participated in the program received additional grant money when their opponents reached certain spending thresholds or they were the target of independent expenditures promoting their defeat. The legislature may reconsider 2010 session proposals replacing matching grants with an alternative supplemental grant system.

## **HIGHER EDUCATION AND EMPLOYMENT ADVANCEMENT**

### ***Governance***

The Program Review and Investigations Committee is currently studying issues relating to the governance of Connecticut's higher education system. The legislature may consider proposals concerning the powers and duties of the Board of Governors of Higher Education and the boards of trustees of the respective constituent units.

### ***In-State Tuition for Illegal Immigrants***

In 2007, the governor vetoed PA 07-135, which would have allowed illegal immigrants meeting certain criteria to qualify for in-state tuition at Connecticut's public colleges and universities. The criteria included graduating from a Connecticut high school and filing an affidavit stating that the student has applied or will apply to legalize his or her immigration status. After the California Supreme Court recently upheld a similar law, the legislature may reconsider the proposal this year.

## **HOUSING**

### ***Affordable Housing***

The recession, on the heels of the foreclosure crisis, has strained Connecticut's housing market. Lack of affordable housing has long been an issue. But decreasing home sales, continued high foreclosures rates, and high rents relative to wages indicate that housing costs have become more burdensome in recent years, especially for low- and moderate-

income workers and families. For these reasons, the legislature may consider proposals to preserve and increase the state's affordable housing supply.

The legislature may, for example:

1. reconsider legislation increasing the authorized aggregate tax credits for the Housing Tax Credit Contribution program under which businesses qualify for credits in exchange for contributions to nonprofit organizations developing low- and moderate-income housing;
2. consider proposals to maintain funding for existing affordable housing programs such as HOMEConnecticut, which provides incentives to municipalities that change zoning requirements to allow more mixed-income housing options; and
3. consider proposals to rehabilitate and maintain public housing units to prevent them from becoming uninhabitable and thus shrinking the state's affordable housing portfolio.

## **HUMAN SERVICES**

### ***Management of Publicly Funded Health Care***

Nearly 400,000 of the state's poorest individuals are enrolled in the HUSKY A (fully subsidized) program. Another 15,000 children are enrolled in the HUSKY B (partially subsidized) program. Since the mid-1990s, the state has contracted with managed care organizations (MCOs) to provide health care to these populations. More recently, the MCOs have also served participants in the Charter Oak Health Plan.

Over the years, issues have arisen regarding program clients' access to care and MCO profits. More recently, some have questioned whether the MCOs' full-risk model is the best one for the state. A pilot primary care case management program (PCCM), adopted by the legislature, has been in place for a couple of years to test that assertion.

The 2010 legislature authorized DSS to switch to a different model in which the state would assume most of the financial risk. DSS has questioned whether a different care model (one that uses administrative service organizations instead of MCOs) will save money and manage patient care better and has offered some alternatives. Some advocates reform suggest making the PCCM pilot a statewide initiative.



The 2011 legislature will likely examine these alternatives.

### ***Social Service Programs and the State's Economy***

Many of the human services programs, in particular Medicaid, consume significant portions of the state's budget. Yet the state's sluggish economic recovery may continue to place demands on these programs. Indeed, caseloads continue to rise in the Department of Social Services' major public assistance programs. To address the budget deficit, the 2011 legislature could be faced with cutting some of these programs, such as by reducing eligibility or benefit levels. But it may also need to increase funding levels to ensure that the programs can accommodate new enrollees.

## **INSURANCE**

### ***Federal Health Care Reform – Insurance Exchange***

While some requirements of the federal health care reform law took effect in 2010, major provisions take effect in 2014. States are in the beginning to plan for the development of a web-based "exchange," which must be operational by January 1, 2014. The exchange is where certain individuals and small employers will be able to compare and purchase qualified health plans, as well as determine eligibility for premium tax credits.

Governor M. Jodi Rell's Executive Order No. 43 established the Governor's Health Care Reform Cabinet to oversee Connecticut's implementation of the federal health care reform law, including applications for various federal grants. Connecticut has recently been awarded an exchange planning grant to begin assessing the marketplace and needs for a state-based exchange. As the research progresses, the legislature may consider bills to establish an exchange governing body.

- Read OLR's report:

[2010-R-0255](#), *OLR BACKGROUNDER: Federal Health Care Reform: Private Health Insurance Provisions*

- Visit the Health Care Reform Cabinet website:  
[http://www.ct.gov/dph/cwp/view.asp?a=3902&q=459082&dphNav\\_GID=1981](http://www.ct.gov/dph/cwp/view.asp?a=3902&q=459082&dphNav_GID=1981)

### **Premium Rate-Review Process**

Recent media reports have highlighted the Connecticut Insurance Department's approval of increased health insurance rates. The legislature considered a bill in 2010 that would have required public hearings on certain insurance company rate increase filings (SB 194). As a result of federal health care reform, the Insurance Department has received a \$1 million federal grant to help the state improve oversight of insurance company rates and to strengthen its ability to determine whether proposed rate increases are excessive. In light of the ongoing attention the rate review process has received and the federal grant, the legislature may again consider similar legislation in the 2011 session.

- Read OLR's [Bill Analysis for SB 194 \(2010\)](#)

### **Bail Bond Reforms**

Over the past several years, the legislature has considered bills to reform the bail bond industry (e.g., HB 5147 (2010)). It may again consider such bills, including proposals to address the illegal practice of "undercutting" (i.e., bail bond agents charging clients less than required by statute).

- Read OLR's reports:

[2009-R-0454](#), *OLR BACKGROUNDER: Professional Bail Bondsmen and Surety Bail Bond Agents*

[2009-R-0449](#), *Comparing Professional Bail Bondsmen Laws and Proposals for Surety Bail Bond Agents*

- Read OLR's [Bill Analysis for HB 5147 \(2010\)](#)

### **Coverage for Breast Cancer Diagnosis**

A 2010 bill (SB 259) would have expanded the coverage health insurance policies must offer related to a breast cancer diagnosis. By law, policies must cover baseline mammograms for women age 35 to 39 and yearly mammograms for women age 40 or older, as well as ultrasounds in certain instances. Under SB 259, policies would also have to provide coverage for magnetic resonance imaging in certain instances. The legislature may reconsider this legislation this year.

- Read OLR's [Bill Analysis for SB 259 \(2010\)](#)

## **JUDICIARY**

### ***Prisons***

With the decline of the state's prison population from its high of 19,894 on February 1, 2008, the Department of Correction closed the Webster Correctional Institution in Cheshire last January. OPM projects the population will fall below 18,000 before rising to a projected 18,009 in February 2011.

In light of the decline and the state's budget problems, the legislature may consider further efforts to manage the prison population, including changes to prison facilities, programs to assist offenders' re-entry into the community, and alternative incarceration programs. The legislature may consider additional beds for offenders in the community and increased use of electronic monitoring.

### ***Capital Punishment***

The Cheshire murder case has focused the public's attention on the death penalty, which was also an issue on the campaign trail. The legislature may again debate whether to repeal the death penalty and may also consider ways to speed up the appeals process in death penalty cases.

## **LABOR AND PUBLIC EMPLOYEES**

### ***State Employees***

With the state facing a budget deficit of more than \$3 billion for FY 12, state personnel costs are expected to be scrutinized for possible savings. Furthermore, the state employee pension fund continues to face a multi-billion dollar unfunded liability. About 90% of all state employees have their pay and retirement benefits determined through collective bargaining, and the legislature will consider resolutions to approve any new employee contracts.

In 2009 the legislature approved a package of union concessions that, over two years, saved the state more than \$700 million through pay freezes, increased employee health care contributions, and pension changes. There have been public calls for another such package in the coming year. Such deals are negotiated by the executive branch and, once agreed to, voted on by the legislature.

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

A prolonged period of high unemployment drove the state's unemployment compensation fund to insolvency in October 2009, forcing it to borrow roughly \$500 million from the Federal Unemployment Account. The Department of Labor estimates total borrowing from the federal government may reach \$860 million. Federal stimulus law provided these loans interest-free through 2010, but if they remain outstanding in 2011, employers will be subject to increases in their federal and state unemployment taxes. To date, Congress has not moved to (1) provide additional funding, (2) extend the interest-free period, or (3) delay the mandatory tax increases to pay for the loans. The legislature may want to address the present situation and any future difficulties by considering ways to (1) pay off the federal loans at a lower total cost, (2) increase the unemployment fund's financing, (3) reduce unemployment benefits, or (4) enact some combination of these.

## ***Paid Sick Leave***

In recent years, the legislature has considered bills that would require employers to provide their employees with paid sick leave at a rate of one hour for each 40 hours worked up to a certain maximum per year. The provisions of the bill have varied in different years regarding the size of the employer that must comply and whether certain groups of employees, such as temporary workers, would be eligible for the benefits. The legislature is likely to consider some of these issues in 2011.

## ***Binding Arbitration***

Binding arbitration is the last-resort dispute resolution method for municipalities and school districts unable to settle contract negotiations with their unionized employees. Under the law, an arbitrator, or panel of arbitrators, chooses from each side's last best offer on every issue at impasse. A 2006 study by the Legislative Program Review and Investigations Committee found that more than 90% of teachers' and municipal employees' contracts were settled without resorting to binding arbitration and that arbitration had not driven up costs. Nevertheless, in light of the current economic downturn and related budgetary constraints, binding arbitration is often viewed as burdening municipal budgets. Among numerous policy options, legislators may wish to consider (1) adjusting the criteria arbitrators must consider in their decisions; (2) clarifying the means for assessing a party's financial capabilities; (3) allowing parties to mutually agree to defer, modify, or waive the statutory deadlines governing the arbitration process; and (4) altering the process by which arbitrators are chosen.

## ***Prevailing Wage***

The state's prevailing wage law requires contractors to pay a minimum hourly wage, as determined by the state Labor Department, to various categories of workers on state and municipal construction jobs. Punishments for violating the law include fines and suspensions from bidding on future public projects. Towns often complain that the law increases the cost of public projects, and they have sought to modify or suspend it during difficult economic times. Pro-labor groups defend the law for providing workers with appropriate pay and keeping government's use of low bid contracting from significantly reducing the market price of labor. The legislature may consider bills to (1) modify the law, such as changing the project dollar threshold so it does not apply to as many projects; (2) exclude certain types of projects; or (3) make other changes.

## **PLANNING AND DEVELOPMENT**

### ***Local Option Taxes***

Housing market declines and public service cost increases are putting pressure on local budgets and property owners. The pressure could increase if the state freezes or cuts municipal aid. To help reduce the pressure, the legislature may consider authorizing towns to levy new taxes, such as a local sales tax, to diversify their revenue stream and reduce their dependence on property taxes. It may also consider ways to distribute the local tax revenue on a regional basis.

### ***Municipal Cost Efficiencies***

In 2010, the legislature enacted several laws to help municipalities cut costs through regional collaboration and mandate relief. The continuing state and municipal fiscal crisis will likely generate more proposals for cost-saving programs and elimination of unfunded state mandates.

## **PUBLIC HEALTH**

### ***SustiNet***

In 2009, the legislature passed the "SustiNet" legislation (PA [09-148](#)), outlining a state-based strategy for providing all residents with health coverage while reforming health care delivery to slow cost growth and improve quality of care. Among other provisions, this legislation

established the Sustinet Partnership Board of Directors and required the board to make recommendations, by January 1, 2011, on the details and implementation of the Sustinet plan.

The legislation specifies that these recommendations address:

1. establishment of a public authority or other entity with the power to contract with insurers and health care providers, develop health care infrastructure (“medical homes”), set reimbursement rates, create advisory committees, and encourage the use of health information technology;
2. provisions for the phased-in offering of the Sustinet plan to state employees and retirees, HUSKY A and B beneficiaries, people without employer-sponsored insurance (ESI), people with unaffordable ESI, small and large employers, and others;
3. guidelines for developing a model benefits package; and
4. public outreach and methods of identifying uninsured citizens.

Upon receiving these recommendations, the legislature may consider proposals to implement them.

- Read OLR’s [Summary of PA 09-148](#)
- Visit the Sustinet website at:  
<http://www.ct.gov/sustinet/site/default.asp>

## **PUBLIC SAFETY AND SECURITY**

### ***Firearms and the Second Amendment***

The 2<sup>nd</sup> Amendment protects an individual’s right to bear arms separate and apart from military service, the U.S. Supreme Court held in *Heller* (2008) and *McDonald* (2010). The decisions have led to numerous 2<sup>nd</sup> Amendment challenges to gun regulation across the country. The legislature may review the state's gun laws, including registration requirements, background checks, waiting periods, and limitations on handgun possession, to determine if they are susceptible to such challenges.

- Read OLR's reports:

[2008-R-0578](#), *Summary of D.C. v. Heller*

[2010-R-0314](#), *Summary of the recent McDonald v. Chicago Gun Case*

[2007-R-0369](#), *Summary of State Gun Laws*

### ***Confidentiality of Gun Permit Holders' Names and Addresses***

A shooting at The *Hartford Distributors* warehouse that left nine people dead raised questions about the law that makes the names and addresses of gun permit holders confidential. The legislature may address the issue this year.

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

Increasingly, police are using electronic defense weapons, including Tasers, that are intended to be a non-lethal alternative to deadly force. The legislature may look at creating statewide standards governing the use of the weapons in light of (1) the increasing number of Taser-related deaths and injuries, (2) police departments' increasing use of the weapons, and (3) the aggressive marketing of the weapons to the civilian market.

- Read OLR's report:

[2007-R-0068](#), *Taser Use Guidelines*

### ***Pawn Shop Regulation***

Last year, the legislature considered but did not enact legislation to regulate pawnshops more stringently. The proposal was in response to an extensive investigation that found that large quantities of items were being stolen from "big box" retailers such as Home Depot, Lowe's, Target, and Wal-Mart and sold new in pawn shops. The legislature may reconsider the issue this year.

- Read OLR's report:

[2010-R-0448](#), *OLR BACKGROUNDER: Pawnbrokers and Precious Metal and Stone Dealers*

## **TRANSPORTATION**

### ***Limited Term Driver's Licenses***

The federal Real ID Act has major implications for the way in which state governments issue drivers' licenses and non-driver photo identification cards. Failure to comply with its requirements means that federal agencies will not accept state-issued identification documents for such purposes as boarding aircraft. (According to the state Department of Motor Vehicles (DMV), between one-half and two-thirds of travelers who fly from Bradley International Airport use a Connecticut driver's license as identification.)

The federal government has extended the Real ID compliance deadline until May 11, 2011 for states working to achieve 18 specific benchmarks. DMV states that it currently complies with 17 of these. According to DMV, the only benchmark not yet achieved would require the department to issue limited-term driver's licenses to people with temporary lawful status in the U.S.. These licenses would expire at the end of the applicant's authorized stay in the country. A bill that would have permitted limited-term licenses died in the last session, but may re-surface in the coming session.

- Read OLR's report:

[2007-R-0659](#), *The Real ID Act, Drivers' Licenses, and Related Applications*

### ***DMV Reorganization***

PA [10-3](#) required DMV to report by October 1, 2010 to the Appropriations and Transportation committees on several issues, including ways to reduce department costs and merge DMV's administrative services with those of other state agencies.

In its October 1 report, DMV states that budget cuts would mean the elimination of more staff in a department whose staffing level in the past two years has dropped by 13%, including a 25% reduction in management staff. DMV said further staff cuts will have a direct impact on customer service and hamper the department's plans to upgrade to a new, customer-friendly technology.



DMV also suggests in the report that it be allowed to contract with outside contractors to provide some DMV services. DMV says that the legislature should require the contractors to charge a user fee, so that there is no cost to the state.

The legislature may consider DMV proposals to merge administrative services, including the transfer of its (1) customer complaint center and dealer licensing unit to the consumer protection department, (2) vehicle emissions program and motorboat registration to the environmental protection department, and (3) handicapped driver training responsibilities to the social services department's bureau of rehabilitative services.

### ***Driving with a Suspended License***

The Transportation Committee may look at more effective ways to deal with repeat traffic offenders in the wake of two well-publicized cases in recent months.

One case involved an Enfield crash in which a state trooper was killed when a driver crashed into his parked police cruiser. According to the *Hartford Courant*, the driver had 10 license suspensions on his record when the crash occurred, six of them for failing to show up in court. Another case involved an East Hartford man who committed a number of moving violations without having his license suspended.

The legislature may look into imposing stricter penalties on drivers who have multiple moving violations or suspensions.

- Read OLR's report:

[2010-R-0264](#), *Driver Retraining Program and License Suspension*

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