

2476

FISCAL NOTE (Form 4)
(Office of Fiscal Analysis)
Analyst: *RDA 5/5/92*
tc
Version: 2

BILL NUMBER: SHB 5099
FILE NUMBER:
AMENDMENTS: Senate "A"

TITLE: "AN ACT MAKING APPROPRIATIONS FOR THE PURPOSES HEREIN SPECIFIED FOR THE FISCAL YEAR ENDING JUNE 30, 1992"

FAVORABLY REPORTED BY Appropriations

SUMMARY: This bill provides additional funds to various agencies to enable them to meet financial obligations through June 30, 1992. Details of each item are discussed below.

EFFECTIVE DATE: Upon Passage

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5099

STATE IMPACT Cost (General and Transportation Funds), see below
MUNICIPAL IMPACT None
STATE AGENCY(S) Special Revenue, Department on Aging, Department of Correction, Public Defender, Miscellaneous Comptroller

	Current FY	1992-93	1993-94
State Cost	:13,095,000G.F.	:	:
(savings)	:12,366,000T.F.	:	:
St Revenue	:	:	:
(loss)	:	:	:
Net St Cost	:	:	:
(savings)	:	:	:
Municipal Revenue	:	:	:

EXPLANATION OF ESTIMATES:

Explanations of each item are presented below.

It should be noted that the OFA General Fund Statement for 1991-92 (dated March 13, 1992) included deficiencies estimated at \$29.6 million. The revised deficiencies are \$4.1 million less than previously estimated, prior to the transfer of the fringe benefits for the Department of Motor Vehicle employees to the Transportation Fund.

It should be noted that our analysis of currently available data indicates a potential surplus of about \$15 million in this fiscal year prior to the changes provided for in the budget bill. However, final figures on 1991 income tax liability and other revenue items are still unknown, thus a total fund balance estimate cannot be accurately predicted at this time.

As of June 30, 1991, the Transportation Fund had a surplus of \$23.2 million. Current projections show this decreasing to \$16.2 million as of June 30, 1992; with the "deficiency" appropriation, the fund would be projected to have a surplus of \$3.8 million on June 30, 1992. By not appropriating the \$12.4 million from the General Fund, there is an increased potential for a General Fund surplus. It should be noted, however, that House Amendment "M" to SHB 5100 (the Appropriations Bill) contains an appropriation of \$40.4 million to the State Employees Retirement Fund for the 1991-92 fiscal year.

Additional (Deficiency) Appropriations

<u>Agency/Account</u>	<u>Estimated Requirement</u>
Division of Special Revenue Personal Services	\$2,000,000

An additional \$2.0 million is required to meet payroll costs for Off Track Betting (OTB) personnel in the Division of Special Revenue. The 1991-92 budget removed funds in anticipation of privatizing OTB by April 1, 1992; this will not occur.

Due to the "no layoff" agreements negotiated with the unions, which expire June 30, 1992, the State is obligated to support the 122 full-time and 287 part-time positions removed for the fourth quarter of FY 1991-92 in PA 91-3(JSS). It should be noted however, that when fringe benefits are included as part of the total expenditures, that costs exceed revenue by approximately \$400,000 in the fourth quarter of 1991-92.

Department on Aging ConnPACE	2,200,000
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A deficiency, in the amount of \$2.2 million, is projected for the Department on Aging.

PA 91-8 of the June Special Session enacted various cost saving policy changes to the Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled (ConnPACE) Program. Pursuant to the Act, these changes became effective September 15, 1991.

Cost savings associated with the policy changes, which were incorporated into PA 91-3 of the June Special Session, "the Appropriations Act", anticipated an effective date of July 1, 1991. These included: savings of \$1.5 million due to adopting a new ConnPACE reimbursement policy whereby the Department on Aging pays the direct price for drugs dispensed; savings of \$356,500 from excluding certain types of drugs from coverage; savings of approximately \$6.6 million from raising the participant co-payment fee from \$6 to \$10; and savings from a \$15 one-time enrollment fee of \$945,000.

Delay in passage of the enacting legislation resulted in a deficiency as both the cost per claim and the number of claims paid by the State during the intervening time period were higher than allowed for in the 1991-92 Budget. It is anticipated that the end of year costs associated with claims payment will be

between \$2.05 and \$2.1 million greater than budgeted. Additionally, current projections indicate that some \$136,000 fewer dollars than originally anticipated will be collected in participant application fees due to lower than expected enrollment.

Total estimated expenditures for this account are \$28.8 million.

Department of Correction	
Personal Services	4,350,000
Other Expenses	<u>2,500,000</u>
Total	<u>6,850,000</u>

Increased costs for Personal Services have resulted primarily from higher overtime, due in part to seven new walking patrols at Somers. In the area of Other Expenses, the following items and amounts over budget are of note: medical costs (\$600,000); inmate pay (\$400,000); utilities (\$400,000); maintenance supplies (\$400,000); food (\$450,000); and clothing (\$250,000).

Public Defender Services Commission	
Other Expenses	400,000

The deficiency in Other Expenses is due primarily to increased Special Public Defender contracts. Cases under contract in SFY 1990-91 were 3,700, in SFY 1991-92, 4,300; a difference of 600 or a 16% increase.

Miscellaneous Appropriations
Administered by the Comptroller

	General	Transportation
	Fund	Fund
State Employees Retirement Contributions	\$ 0	\$6,800,000
Insurance-Group Life	0	6,000
Employers Social Security Tax	1,645,000	2,160,000
State Employees Health Service Cost	0	<u>3,400,000</u>
Total	<u>\$1,645,000</u>	<u>\$12,366,000</u>

The major portion of the additional funds (\$12.4 million) are required to meet the fringe benefit costs for employees of the Dept. of Motor Vehicles (DMV). These costs are to be paid by the Transportation Fund. (When the budget was passed, DMV fringe benefit costs were to be paid from the Transportation Fund. Appropriations for this purpose were subsequently removed from the Transportation Fund, but not replaced with General Fund appropriations.)

The other item is \$1.6 million required to meet Social Security Tax payments. The federal government now requires faster transfers of payments than was previously the case, so in effect, the cost of an "extra payroll" (a 27th) must be met in June.

<u>Grand Total</u>	- General Fund	\$13,095,000
	- Transportation Fund	\$12,366,000

Senate "A" changed the funding for the fringe benefit costs of the employees of the Department of Motor Vehicles from the General Fund to the Transportation Fund.

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