



Budget Negotiated by House/Senate Democrats and Governor Malloy FY 2017

SB 501 An Act Adjusting the State Budget for the Biennium Ending June 30, 2017
*SB 502 An Act Concerning Revenue and Other Items to Implement the Budget for the Biennium
Ending June 30, 2017*

May 4, 2016: Democratic leaders reached agreement with Governor Malloy late May 3 on a budget plan that would close a \$960M deficit with deep cuts on salary accounts in most state departments and commissions that could translate to between 4,000 and 5,000 state employee staff reductions via layoffs, retirements and attrition. The budget reduces most agency funding by 5.75% and includes cuts to budget line items totaling more than \$830M.

House and Senate Democratic leaders conceded in the early evening of May 4 that they would not adopt a new budget before the legislature's constitutional adjournment deadline of midnight, promising to return instead for a special session next week. The delay was intended to allow for printing of the budget deal and to provide legislators more time to review it. A number of legislators told the Speaker earlier in the day they could not vote for a budget they had not had a chance to read. At approximately 5:30 PM, the Speaker announced that the House would not be voting today on the budget.

Updated May 10, 2016: House and Senate leaders finally released the written details of their negotiated budget with Governor Malloy. It's SB 501: <https://www.cga.ct.gov/2016/TOB/s/pdf/2016SB-00501-R00-SB.pdf>

Updated May 12, 2016: The Senate voted to adopt SB 501 and SB 502 <https://www.cga.ct.gov/2016/TOB/s/2016SB-00502-R00-SB.htm>, the budget implementer, on a party line vote of 21-15. All Democrats voted in favor, supporting Governor Malloy's intent to lay off up to 5,000 state employees.

Updated May 13, 2016: The House voted to adopt the budget 70-74. All Republicans and 8 Democrats (Alexander, Becker, Hampton, McCarthy-Vahey, Morin, Randall, Rover and Steinberg) voted against.

The negotiated budget plan:

- Increases, from \$25 to \$200, the fee for submitting a grievance or dispute to the State Board of Mediation and Arbitration.
- Includes deficiency appropriations and cuts to selected line items for FY 2016:
 - \$2M cut from Legislative Management's personal services
 - \$11.8M cut from DDS personal services
 - \$1.9M cut from unemployment compensation
 - \$6.5M cut from ARP
 - \$8.6M cut from Employers Social Security Tax
- \$30M cut from Retired State Employees Health Service Cost
- Ignores the Governor's previous proposals to fund all agencies by block grant
- Preserves all but \$10K of a \$128K expenditure to the Democratic Governors' Association
- Cuts \$27.4M in PILOT grants to municipalities

- Appropriates \$185M in Municipal Revenue Sharing Grants
- Moves \$22.8M from the Municipal Revenue Sharing Account to the General Fund for FY 2017
- Removes \$20M in anticipated savings from municipal/regional efficiencies
- Allows OPM to recommend \$68.8M in further executive branch savings from the General Fund in FY 2017 (in addition to the cuts listed below) but specifies those savings cannot be found in SDE, ECS grants or DSS Hospital Supplemental Payments or more than 1% from Community Technical Colleges, Connecticut State Universities, the University of Connecticut or UConn Health Center.
- Allows OPM to recommend \$94.5M in further executive branch savings from the General Fund in FY 2017 (in addition to the cuts listed below) but specifies those savings cannot be cuts to municipal aid, or more than 1% of any appropriation.
- Allows OPM to recommend \$3M in further legislative branch savings from the General Fund in FY 2017 (in addition to the cuts listed below).
- Allows OPM to recommend \$22.5M in further judicial branch savings from the General Fund in FY 2017 (in addition to the cuts listed below).
- Exempts from 10% admissions tax on events held at Dunkin' Donuts Park in Hartford.
- Exempts from 10% admissions tax on athletic events held at New Britain Stadium.
- Allows municipalities to impose an additional 5% tax on admission fees by ordinance to fund municipal services.

PreK-12/PSRP

- Eliminates all state funding for school transportation - \$25.7M
- Cuts Technical High Schools \$7.78M
- Utilizes the ECS formula for the first time in many years and caps each municipality's grant at 140%, which equates to a cut of \$34M – Priority Districts are also cut .5% and all other districts are cut 1%.
- Changes the MBR to allow towns to reduce education spending by the amount their ECS grants are reduced.
- Cuts Alliance District grants by requiring the comptroller to withhold any ECS grant increase received in FY 17 over FY 12's amount, minus any ECS decrease received in FY 17 compared with FY 16.
- Moves funds for Winchester receivership into the Commissioner's Network line item (\$500K)
- Reduces funding for "Various Accounts" in SDE - \$22.4M
 - Commissioner's Network by \$679K
 - Bilingual Education by \$330K
 - K-3 Reading Assessment by \$302K
 - Family Resource Centers by \$265K
 - Common Core by \$1.85M
- Cuts Priority School District Grants by \$2M
- Reduces Excess Cost Special Education Grants by \$4.3M
- Cuts Magnet school funding by \$10.3M
- Cuts Open Choice by \$2.9M
- Moves Charter School funding out of the ECS line item and cuts them \$1.7M
- \$1M cut from Mastery Exam development
- \$500K cut from RESCs
- Maintains \$350K for CommPACT Schools
- \$583K cut for American School for the Deaf
- Extends the education commissioner's authority to make supplemental magnet school transportation grants, within available appropriations, to comply with the Sheff Agreement.

- Cuts to TRB:
 - \$147K to Retirees Health Service Cost
 - \$54.4K to Municipal Retiree Health Insurance Costs
- Authorizes municipalities, for one year, to amend an adopted budget if (1) state aid to the municipality is reduced below the amount projected for the adopted budget, (2) the budget amendment does not exceed the amount of the reduced state aid, and (3) the budget amendment is approved in the same manner as the original budget.

State Employees

- Reduces total personal services lines in numerous agencies by hundreds of millions of dollars, assuming between 4,000 and 5,000 state employee layoffs.
- Backs out \$10.5M in anticipated savings in overtime
- Backs out \$35M in anticipated savings from hiring reductions in all 3 branches of government
- Eliminates the General Fund employee lapse of \$12.8M
- Maintains Contracting Standards Board and funds it at \$274K, a \$28.5K cut
- Reestablishes the State Elections Enforcement Commission, the Office of State Ethics and the Freedom of Information Commission as independent agencies, but cuts them collectively by almost \$1M.
- Requires non-union state employees to pay higher health insurance premiums and co-pays, saving \$5.5M
- Caps non-union state employee pensions at \$125,000 per year, including COLA, for employees hired after July 1, 2016.
- Eliminates funding for vacant positions in the Comptroller's Office (\$224K)
- Makes significant reductions in Comptroller fringe benefit accounts to reflect anticipated layoffs - \$65M
- Cuts \$90K in Unemployment Compensation
- Cuts \$67M from Reserve for Salary Adjustments

Judicial Department

- Overall cut of \$48.74M to Judicial Department
 - Cuts \$35M in personal services
 - Provides Probate Court subsidy of \$6M
 - \$15 M in lapses
- Allows OPM to reduce allotments to the Judicial Branch in FY 2017 to achieve \$22.5M in further savings.

Higher Ed

- University of Connecticut
 - UConn Storrs block grant cut \$17.3M. Total cut to UConn is \$19M
- University of Connecticut Health Center
 - UConn Health Center block grant cut \$9.6M. Total cut to UCHC is \$10.5M
- Board of Regents
 - Cuts \$3.043M from Community Tech College System

- Cuts Minority Teacher Incentive Program by \$70K

Healthcare

- Cuts Medicaid by \$95.5M
- Narrows the circumstances in which a hospital may appeal a decision by the DSS commissioner and defines “hospital-specific rate” as a rate or other payment methodology that applies only to one hospital and was set or revised by the commissioner based on cost report information specific to that facility. It does not include any rate or payment methodology that applies (1) to more than one hospital or (2) state-wide to any category of hospitals.
- Reduces supplemental payments to hospitals by \$13.4M and rolls out the Deficit Mitigation Package cut of \$30M to hospital supplemental funding
- Reduces funding to Small Hospital Pool by \$1M to reflect the new makeup of the pool
- Maintains funding for School Based Health Centers
- Restores funding for Federal Qualified Health Centers (\$775K)