



House and Senate Democrats' Budget Proposal

FY 2017

April 28, 2016

House Speaker Brendan Sharkey and Senate President Pro Tem Martin Looney today announced a budget plan that closed the \$920M FY 2017 budget deficit while rejecting new taxes, borrowing or raiding the Rainy Day Fund. It makes deep cuts in agency payrolls, reduces education aid to wealthier communities, preserves an initiative to share sales tax receipts with municipalities, and establishes a tax credit deferral plan that would allow businesses to voluntarily pay more taxes next year — in exchange for a larger return from the state two years down the road. It also claims more than \$110 million from fund sweeps and other one-time sources and adds \$41 million to already aggressive savings targets to be achieved after the next fiscal year is underway.

Governor Malloy has said he would veto the plan if passed in its current form and pledged to veto any budget that he did not help craft. He did agree to begin negotiations, however, with House and Senate leaders. Meetings were expected to begin later today.

Update May 1, 2016: The latest revenue projections released April 29 indicate a further loss of approximately \$40M, pushing the FY 2016 deficit up to \$256M and the FY 2017 deficit up to \$960M. Since Democrats issued this budget proposal, they learned they do not have enough votes in their own caucuses to pass the proposal so they began negotiation with Governor Malloy and the administration. Later on April 29, Malloy claimed negotiations had "hit a wall" and refused to attend a budget negotiations session with House & Senate Democratic leaders on April 30. It is increasingly unlikely that this proposal will advance in its entirety and that a special session will be needed to adopt a FY 2017 budget.

Below are the key highlights of the House & Senate Democrats' budget proposal that impact AFT Connecticut members. As more details become available, we will share them with you.

The House & Senate Democrats' budget plan:

- Does away with the Governor's proposal to fund all agencies by block grant
- Rejects the Governor's proposal to move fringe costs from the Comptroller's budget to individual agencies.
 - Approximately \$800 million in overall cuts, including \$40M in personal services cuts across multiple agencies
- Moves school transportation expenses from SDE to Transportation Department budget

PreK-12/PSRP

- Reduced ECS by \$26.5M to reflect 100% cap of what towns should receive according to ECS formula
- Further cuts ECS by 1% except for Priority School Districts, which are cut .5% (\$15.2M)
- Maintain \$7.4M for ECS grants to various towns per Public Act 15-244
- Creates a separate line item for charter schools and cuts them \$1.727M to limit enrollment growth (previously appeared in ECS line item).

- \$881K cut from Mastery Exam development
- \$779K cut from Commissioner's Network
- \$303K cut for American School for the Deaf
- \$20K cut from RESCs
- \$244K cut from Family Resource Centers
- \$200.7K cut from Bilingual Education
- \$569K cut from Common Core
- \$9.3M cut for Magnet Schools
- \$5.8M cut (3%) and \$670K lapse for CTHSS
- \$350K maintained for CommPACT Schools
- Provides \$500K for Winchester Public Schools to be in the Commissioner's Network
- \$113K cut for TRB
- \$47K cut to Minority Teacher Incentive Program

State Employees

- Reduces personal services lines in numerous agencies
- Caps nonunion state employee pensions at \$125K
- Increases legislator and nonunion employee health care premiums to 17%
- Increases legislator and nonunion employee copays 20%
- Establishes a nonunion employee wage freeze
- Cuts \$62M from Reserve for Salary Adjustments Account
- Restores the Contracting Standards Board and funds it at \$275K
- Centralizes and reduces legal staff, agency spokespeople, and legislative commissions staff
- Cuts \$28M in Judicial Department personal services
- Cuts numerous other Judicial Department line items

Higher Ed

- University of Connecticut
 - UConn Storrs block grant cut \$14.1M
- University of Connecticut Health Center
 - UConn Health Center block grant cut \$8.5M
- Board of Regents
 - Cuts \$700K from the Community Tech College System

Healthcare

- Eliminates the Health Equity Commission in OHCA
- Funds the Hospital Roundtable at \$117K
- Maintains funding for School Based Health Centers
- \$46M cut to hospital supplemental Medicaid payments
- Creates separate line items for \$54.2M in supplemental payments that go to hospitals and community health centers to maintain more legislative control over those items
- Cuts funding for small hospitals \$1M

- Cuts funding for federally qualified health centers \$775K