Office of Fiscal Analysis

PRELIMINARY FISCAL NOTES

Introduction

Below is a summary of preliminary fiscal notes on today's agenda. These estimates were prepared under a short time frame and could be revised after further analysis. For bills on the agenda with proposed substitutes, the fiscal impact is based on the substitute language.

1. **HB 5049 – An Act Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2024**

   The bill appropriates $231,222,727 in deficiency appropriation to four agencies in the General Fund and $3.5 million to one agency in the Special Transportation Fund. In addition, the bill de-appropriates $178,222,727 across six appropriated funds.

   Of the total $56.5 million net increase in appropriations, $46.5 million is related to the *Carr vs. Becerra* court order which is exempt from the spending cap in FY 24. Consequently, the bill results in a net reduction in spending cap room of $10 million (from $10.4 million to $0.4 million under the cap).

2. **HB 5431 – An Act Concerning Expenditures of the General Fund –** *proposed substitute language*

   The substitute bill establishes a Stabilization Support and ARPA Replacement Fund. The Fund's purpose is to provide resources to: (1) the state system of higher education, (2) stabilization grants for provide providers, and (3) children's mental health initiatives. The fiscal impact is unknown because the substitute bill does not specify the source and amount of funds that will be transferred to the newly established fund.

3. **HB 5428 – An Act Requiring the Department of Children and Families to Report on Program Utilization**

   There is no anticipated fiscal impact to the Department of Children and Families to study program utilization, as it has necessary expertise.

4. **HB 5429 – An Act Concerning the Commissary Implementation Plan for Youth in Department of Correction Facilities**

   The bill makes various reporting requirements for the Department of Correction (DOC) regarding the commissary implementation plan resulting in no fiscal impact to the state because the DOC has the expertise to meet the requirements of the bill.

5. **HB 5430 – An Act Concerning a Study of Migraine Treatment for Women and Veterans** – *proposed substitute language*

   The substitute bill requires the University of Connecticut Health Center's Department of Neurology to conduct a study, by July 1, 2026, on migraine treatment for women and veterans. This has no fiscal impact, as it is anticipated that the health center can complete the requirement with existing resources.

6. **HB 5511 – An Act Expanding the Membership of the Opioid Settlement Advisory Committee and Making the Legislative Commissioners' Office Recommended Technical Revisions** – *proposed substitute language*

   The substitute bill, which adjusts the membership of the Opioid Settlement Advisory Committee and the Transforming Children's Behavioral Health Policy and Planning Committee and makes changes to reporting dates, has no fiscal impact.

7. **SB 372 – An Act Concerning Payments by Insurance Companies for Deposit into the Insurance Fund**

   The bill modifies the assessments paid by individual insurers and other private entities for the Insurance Fund general assessment, but does not change the total state assessment revenue being collected each fiscal year. The bill requires that only insurers and HMOs writing health insurance be assessed to fund the Office of the Healthcare Advocate (OHA) and the Office of Health Strategy (OHS) budget portions, equaling approximately $17.8 million in FY 25. Currently, all domestic insurers pay a share of the assessment based on their tax liability. To the extent the increased assessment cost for health carriers (anticipated to be approximately $4 million per year) is passed on in the form of increased premiums in the fully-insured market, the bill results in potential costs to fully-insured municipalities beginning as early as FY 25.

8. **SB 373 – An Act Concerning Parks Included in the Passport to the Parks Program**

   The bill newly funds Batterson Park and the Thames River Heritage Park out of the Passport to the Parks account. This results in an anticipated cost to the Passport to the Parks account of at least $460,000 in FY 25 and at least $710,000 annually beginning in FY 26.

   The Thames River Heritage Park's annual costs to the Passport to the Parks account are expected to total approximately $210,000 ($70,000 for each of three boats) beginning in FY 25. Batterson Park's annual operating costs are anticipated to be at least $250,000 in FY 25 and at least $500,000 annually beginning in FY 26. This estimate assumes basic park amenities at Batterson Park. Costs may be higher depending on the outcome of current discussions between the city of Hartford (the park's owner) and Riverfront Recapture (a nonprofit which may operate the park).

   The FY 24 and FY 25 Budget provided $200,000 in General Fund funding within the Department of Energy and Environmental Protection in both FY 24 and FY 25 for the Thames River Heritage Park. There is a previous carryforward allocation for Batterson Park with approximately $9 million unspent; however, the available funding is expected to be used for capital improvements to the park.

9. **SB 374 – An Act Concerning Equalizing Rates of Pay for Nonprofit Provider Workers**

   The bill is anticipated to result in a cost to the Department of Mental Health and Addiction Services (DMHAS) associated with requiring private providers contracting with DMHAS to pay employees at the same rate paid to their employees providing DDS contracted services. This is estimated to impact contracts with 14 providers with a total value of $31.1 million. Assuming 90% of the contracts support the provision of direct care services, a 5% increase would cost approximately $1.4 million. The actual cost is dependent on the difference between applicable direct care wages supported by DMHAS and DDS for these providers. If increased funding is not provided via DMHAS, providers may reduce services in order to support increased wages within the funding available.

10. SB 375 – An Act Concerning the Mashantucket Pequot and Mohegan Fund

The bill results in: (1) a revenue gain to various municipalities beginning in FY 26 as the Mashantucket Pequot and Mohegan Grants to Towns will increase by approximately $86.9 million, to a total of $139.38 million (in FY 26 and annually thereafter) and (2) a revenue gain of $600,000 to both Ledyard and Montville beginning in FY 25 if the state revokes taxation of certain non-Indian property on reservation land. There will be a corresponding revenue loss to the General Fund in FY 25 and FY 26 to provide the funds necessary for this grant increase.

11. SB 376 – An Act Concerning Expenditures of Appropriated Funds Other than the General Fund

The bill requires the Office to Fiscal Analysis (OFA) to conduct a review of other appropriated funds other than the General Fund appropriations for FY 25 and identify major cost increases from the previous fiscal year. OFA must report their findings to the Appropriations Committee by February 1, 2025. There is no fiscal impact from the bill since the office has expertise and staff to conduct the review.

12. SB 377 – An Act Concerning the Teachers' Retirement Board's Recommendations for Changes to the Teachers' Retirement System Statutes

The bill realigns election dates resulting in savings of approximately $50,000 quadrennially.

The bill also makes various technical changes to the statutes governing the Teachers' Retirement System that serve to clarify the administration of benefits and do not result in a fiscal impact.

These changes include: (1) sunset Teachers' Retirement System (TRS) membership for the Children's Center and the State Education Resource Center, (2) finalize retirement applications on the date of retirement, (3) allow death benefits to be collected by surviving spouse or children, and (4) remove TRS eligibility for the executive director of the Commission for Educational Technology.

13. HB 5047 – An Act Implementing the Governor's Recommendations for General Government – *proposed substitute language*

Section 3 results in a potential revenue gain beginning in FY 25 to municipalities that qualify for the STEAP grant to the extent they are awarded grants higher than $500,000 from this program. To the extent the change increases or speeds up award amounts, state debt service would be incurred or would be incurred sooner.

Section 5 has no impact in FY 25, potential minimal impact in the out years beginning in FY 26 to the extent the state increases the number of paid vacation days in the first year of state employment.

Section 7 changes the amortization method for the Judges pension system to a 15-year layered approach resulting in savings of $14 million in FY 25 ($127 million over 8 years) but costing the state a net $82 million for the remainder of the 15-year amortization period.

Section 8 requires the State Employees Retirement Commission to prepare and submit a revised actuarial valuation resulting in a cost of approximately $20,000 for consulting and actuarial services.

Section 10 results in a potential cost to the Office of Policy and Management in FY 25 for a consultant.

Section 11 establishes the Higher Education Financial Oversight Committee to review and evaluate the financial status of all public universities and colleges in the state resulting in a potential cost to the Office of Legislative Management (OLM) for possible staff.

14. **HB 5051 – An Act Establishing Early Start CT –** *proposed substitute language*

Section 2 results in a cost to the Office of Early Childhood (OEC) beginning in FY 27 of approximately $3.8 million to administer and operate the Early Start CT program, including hiring three additional staff.

Section 8 results in a cost to municipalities beginning in FY 27 associated with establishing local governance partners to assist in the provision of early care and education. The bill requires each local governance partner to conduct a data-driven needs assessment and to hire a staff liaison to assist in implementing the provisions of this section.

Section 10 could result in a potential cost to OEC beginning in FY 27 to the extent they allocate funds to regional educational service centers, which results in a corresponding revenue gain to towns. This funding can be used for the provision of professional development services, technical assistance, and evaluation and program planning and implementation activities as well as boards of education and child care centers and homes.

The substitute bill makes other technical and conforming changes that have no fiscal impact.

15. **sHB 5053 – An Act Concerning the Governor's Budget Recommendations for Health and Human Services**

The bill requires the Department of Administrative Services (DAS) to transition certain emergency medical services coordinator positions to classified service, expands reporting requirements for the Department of Developmental Services (DDS) and Department of Social Services (DSS) related to wait lists for waiver programs, and adjusts program and reporting requirements for the Human Services Career Pipeline program under the Office of Workforce Strategy (OWS). This is not anticipated to result in a fiscal impact as the agencies have the expertise necessary to meet the requirements of the bill.

16. sHB 5212- An Act Concerning Education Funding – *proposed substitute language*

The substitute bill results in significant annual costs by substantially overhauling four major education grants. The overhaul is partially phased in in FY 25 and fully implemented in FY 26. The impacted grants are: Magnet Schools, Charter Schools, Vocational Agriculture and Open Choice.

Based on OFA's analysis from 2023, there is an estimated annual cost beginning in FY 26 of $112.6 million over FY 25 current law levels to fully implement the bill's formula changes to all four grants.[1] The original FY 25 budget includes funding of $150 million for Education Finance Reform that was calculated last year to cover the estimated cost of the FY 25 phase in.[2]

As the phase-in and full funding amounts are based on student demographics and other factors that change annually, the actual cost of the bill will vary from estimates.

The substitute bill additionally results in annual cost growth for inflation-based increases to grants made to charter schools and non-board of education magnet operators, beginning in FY 27.

The substitute bill eliminates tuition, beginning in FY 26, to operators of vocational agriculture programs and magnet schools, resulting in savings to towns that send students to those programs. Under current law, tuition in FY 25 and beyond is capped at 58% of FY 24 levels.

17. sHB 5416 – An Act Concerning Various Revisions to the Education Statutes – *proposed substitute language*

Section 2 makes a technical change regarding teachers at Goodwin University magnet schools and has no fiscal impact.

Section 5 expands first aid training required of school nurses. This results in a potential, minimal cost to local and regional school districts for any costs associated with coverage for nurses taking the training.

Section 6 has no fiscal impact. It prohibits districts from requiring parents to participate in school activities as a condition of enrolling their child.

Section 7 requires community colleges to establish collaborative partnerships with districts in their region. Any impact would depend on the provisions of such partnerships.

Section 8 allows child care providers that are exempt from licensure to administer epinephrine, which results in no fiscal impact to the state.

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[1]This estimate excludes the ECS increase in FY 26 under current law.
[2]The $150 million included funding for three additional changes in FY 25 not included in sHB 5212: (1) a larger ECS increase for overfunded towns, which was enacted under PA 23-204; (2) an FY 25 increase for charter schools, which was additionally enacted under PA 23-204; and (3) a phase-in increase in FY 25 for Open Choice.

Section 9 requires the State Department of Education, in December of each fiscal year, to provide projections of ECS grants by town in the following fiscal year. This has no fiscal impact.
Sections 10 and 11 require districts to notify parents when certain incidents occur on the day that the incident occurs, rather than 24 hours following the incident. This has no fiscal impact.

18. HB 5437 – An Act Concerning Mandate Relief – *proposed substitute language*

Section 1 establishes the Educator Professional Development Mandate Review Advisory Council. This has no fiscal impact.

Sections 4 and 5 allow professional development and evaluation committees within local and regional school districts to determine the schedule of professional development requirements in their districts. This has no fiscal impact as it does not expand or eliminate any professional development requirements.

Sections 6 and 7 eliminate certain training requirements for school resource officers. This has no fiscal impact.

Section 8 limits the number of school and higher education facilities required to separate organic (i.e., food scraps) and nonorganic waste and ensure that organic waste is disposed of properly. It limits the requirement to those facilities located within 20 miles of a composting facility.

The section additionally delays implementation of the requirement from January 1, 2025 to July 1, 2025. The section results in: (1) a delay, from FY 25 to FY 26, of any fiscal impacts associated with these provisions, and (2) an elimination of fiscal impacts to those facilities that generate a high volume of food scraps and are more than 20 miles away from a composting facility.

Section 11 has no fiscal impact. It makes several changes to high school graduation requirements that are not expected to increase the cost of curriculum administration or development.

Section 12 exempts students enrolled in endowed academies who are not from Connecticut from the requirement to fill out a Free Application for Student Financial Aid (FAFSA), which has no fiscal impact to school districts.

Sections 13 and 14 make technical changes and have no fiscal impact.

19. HB 5454 – An Act Concerning Mental Health Services for Young Children and their Caregivers

The bill requires the Department of Social Services (DSS), in consultation with the Office of Early Childhood and Departments of Children and Families and Mental Health and Addiction Services, to develop a strategic plan to maximize resources for mental health services for children aged six and younger, their caregivers and pregnant individuals. This is not anticipated to result in a fiscal impact as the agencies have the expertise necessary to meet the requirements of the bill.

20. sSB 14 – An Act Assisting School Districts in Improving Educational Outcomes – *proposed substitute language*

The substitute bill makes changes regarding the duties of the Office of Dyslexia and Reading Disabilities and the Center for Literacy Research and Reading Success. These changes have no fiscal impact.

21. sSB 153 – An Act Implementing the Recommendations of the Technical Education and Career System – *proposed substitute language*

The substitute bill makes various technical changes that have no fiscal impact.

22. sSB 381 – An Act Concerning the Teaching profession and Revisions to the Mandated Reporter Requirements – *proposed substitute language*

The substitute bill makes a variety of changes to mandated reporter laws. These changes are not expected to have a fiscal impact.

23. sSB 396 – An Act Implementing Task Force Recommendations for the Elderly Nutrition Program – proposed substitute language – *proposed substitute language*

The substitute bill makes changes to how the Department of Aging and Disability Services (ADS) administers its elderly nutrition program, and requires the agency to develop a plan to streamline contracting and reporting requirements in concert with the various area agencies on aging. It is anticipated that the ADS will be able to accomplish the provisions of the bill within existing resources.