

HB 6864 PRELIMINARY FISCAL NOTE

Appropriations Committee Meeting

April 22, 2025



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building

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HB 6864 - An Act Concerning the State Budget for the Biennium Ending June Thirtieth, 2027, and Making Appropriations Therefor

The Appropriations Committee budget includes appropriations in thirteen funds totaling approximately \$27.1 billion in FY 26 and \$28.4 billion in FY 27 as summarized in the table below.

Fund Summary

Fund Summary	FY 26 \$	FY 27 \$
General Fund	24,148,118,002	25,321,198,280
Special Transportation Fund	2,281,998,871	2,417,686,959
Municipal Revenue Sharing Fund	554,309,674	554,309,674
Banking Fund	35,766,083	36,027,282
Insurance Fund	125,647,912	127,409,550
Consumer Counsel and Public Utility Control Fund	36,625,366	36,909,478
Workers' Compensation Fund	27,141,368	27,437,125
Mashantucket Pequot and Mohegan Fund	52,541,796	52,541,796
Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	17,459,502	17,940,810
Cannabis Social Equity and Innovation Fund	-	-
Cannabis Prevention and Recovery Services Fund	3,365,268	3,365,268
Cannabis Regulatory Fund	9,374,453	9,374,453
Subtotal	27,295,282,383	28,607,134,763
General Fund Lapses		
Unallocated Lapse	(63,715,570)	(63,715,570)
Unallocated Lapse - Judicial	(5,000,000)	(5,000,000)
Targeted Savings	(25,518,692)	-
Subtotal	(94,234,262)	(68,715,570)
Special Transportation Fund Lapses		
Unallocated Lapse	(12,000,000)	(12,000,000)
Subtotal	(12,000,000)	(12,000,000)
Net Appropriations		
General Fund	24,053,883,740	25,252,482,710
Special Transportation Fund	2,269,998,871	2,405,686,959
Municipal Revenue Sharing Fund	554,309,674	554,309,674
Banking Fund	35,766,083	36,027,282
Insurance Fund	125,647,912	127,409,550
Consumer Counsel and Public Utility Control Fund	36,625,366	36,909,478
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Criminal Injuries Compensation Fund	2,934,088	2,934,088
Tourism Fund	17,459,502	17,940,810
Cannabis Social Equity and Innovation Fund	-	-
Cannabis Prevention and Recovery Services Fund	3,365,268	3,365,268
Cannabis Regulatory Fund	9,374,453	9,374,453
TOTAL NET APPROPRIATIONS	27,189,048,121	28,526,419,193

Spending Cap

The budget is calculated to be under the spending cap by \$0.5 million in FY 25, which assumes passage of the deficiency appropriations contained in HB 6863, AA Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2025. The budget is calculated to be over the spending cap by \$84.7 million in FY 26. If it is assumed that the FY 27 spending cap calculation base includes the amount by which the FY 26 calculation exceeds the cap, then the FY 27 budget is calculated to be \$169.2 million below the

spending cap; if it is assumed that the FY 27 calculation base does not include this amount then the FY 27 budget is calculated to be \$79.9 million below the spending cap.

Growth Rates

The FY 26 growth rate for all appropriated funds is 4.3% over FY 25 appropriations. The FY 27 growth rate is 4.9% over FY 24. See the table below for details.

FY 26 and FY 27 Budget Growth Rates (by fund – in millions)

Fund	FY 25 Approp.	FY 26 Approp.	FY 26		FY 27 Approp.	FY 27	
			Change			Change	
	\$	\$	\$	%	\$	\$	%
General	22,805.9	24,053.9	1,248.0	5.5%	25,252.5	1,198.6	5.0%
Transportation	2,286.4	2,270.0	(16.4)	-0.7%	2,405.7	135.7	6.0%
Other Appropriated	902.2	865.2	(37.0)	-4.1%	868.2	3.1	0.4%
TOTAL	25,994.4	27,189.0	1,194.6	4.6%	28,526.4	1,337.4	4.9%

Section 13(a) allows OPM to recommend reductions in executive branch expenditures to achieve budget savings in the General Fund of \$63,715,570 in FY 26 and FY 27 and additionally \$25,518,692 in targeted savings FY 26. The OPM Secretary is prohibited from reducing allotments to municipal aid, elementary and secondary education, and higher education to achieve these savings.

Section 13(b) allows OPM to recommend reductions in judicial branch expenditures to achieve budget savings of \$5 million in FY 26 and FY 27. Such reductions shall be achieved as determined by the Chief Justice and Chief Public Defender.

Section 14(a) authorizes OPM to transfer amounts appropriated for Personal Services from agencies to the Reserve for Salary Adjustment (RSA) account to reflect a more accurate impact of collective bargaining related costs.

Section 14(b) authorizes OPM to transfer funds from the RSA account to any agency in any appropriated fund for salary increases, accrual payments or any other personal services adjustment necessary.

Section 15(a) allows for the unexpended funds for collective bargaining costs (RSA) to be carried forward from FY 25 into FY 26 and FY 27.

Section 15(b) allows for the unexpended funds for collective bargaining costs (RSA) to be carried forward from FY 26 into FY 27.

Section 16 allows for the transfer of funds between agencies via the use of FAC to maximize federal matching funds. This allows any appropriation to be transferred between agencies to maximize federal funding with FAC approval. Funds generated through transfer may be used to reimburse appropriated expenditures or expand programs as determined by Governor and with FAC approval.

Section 17 allows for the adjustments to appropriations, with the approval of FAC, to maximize federal funding available to the state. This allows any appropriation to be adjusted by the Governor with FAC approval to maximize federal funding. The Governor shall present a plan for any such transfer.

Section 18 allows the Department of Social Services (DSS) and Department of Children and Families (DCF) to establish an account to allow for the receipt of reimbursement anticipated from the federal government. This allows the state to receive revenue as anticipated in the budget.

Section 19 allows any of the University of Connecticut Health Center's appropriation in FY 26 and FY 27 to be transferred to the Medicaid account within the Department of Social Services to maximize federal reimbursement.

Section 20 directs DSS to make Disproportionate Share (DSH) payments to hospitals in the Department of Mental Health and Addiction Services (DMHAS) for operating expense and related fringes. This allows the state to receive revenue as anticipated in the budget.

Section 21 exempts appropriations authorized for purposes of complying with Generally Accepted Accounting Principles (GAAP) from the quarterly allotment process pursuant to Section 4-85 of the Connecticut General Statutes (CGS). This provision has no fiscal impact since these funds are non-programmatic and are only used in conjunction to close out the end of the fiscal year in accordance with GAAP.

Section 22 transfers \$1 million in both FY 26 and FY 27 of Part B IDEA (federal funds) from SDE to the Office of Early Childhood for the Birth-to-Three Program.

Section 23(a) & (b) specifies funding of \$37.2 million in both FY 26 and FY 27 for three grant programs administered by the State Department of Education: (1) Priority School Districts (\$30,818,778), (2) Extended School Hours (\$2,919,883) and (3) School Accountability (\$3,412,207).

Section 24 suspends the Department of Children and Families' Single Cost Accounting System (SCAS) in FY 26 and FY 27, which results in the elimination of costs to the agency of \$592,298 in each fiscal year for SCAS' room and board rate increases for private, in-state residential treatment center facilities. SCAS room and board rate increases have been suspended in every biennial budget since FY 04. Under the SCAS, increases in the allowable cost components over the previous year's rates are limited to the increase in the consumer price index plus 2 percent or the actual increase in allowable costs, whichever is less.

Section 25 provides a distribution of the grants paid to municipalities/tribes from Mashantucket Pequot Mohegan Fund for FY 26 and FY 27. In total, \$52.5 million is distributed for each year of the biennium.

Section 26 requires the appropriation for the Connecticut Municipal Redevelopment Authority (MRDA), a quasi-public state agency, under section 1 of the bill to be used for personal services and fringe benefit expenses.

Section 27 precludes a revenue gain to the General Fund of approximately \$12 million by suspending the Probate Court Administration Fund (PCAF) sweep in FY 25.

Section 28 precludes a revenue gain to the General Fund in FY 26 and annually thereafter by increasing, from 15% to 20% of the next fiscal year's projected expenses, the amount of funds exempted from the PCAF sweep; the amount precluded depends upon the projected expenses of the PCAF and the actual revenue.

Section 29 clarifies the disbursement of Willis Scholarship funds for FY 26 and FY 27 and does not result in a fiscal impact as it is not anticipated to change the amount of funding available for awards in either year.

Section 30 allows the Comptroller to negotiate reimbursement rates with nongovernmental licensed short-term general hospitals for the active and retiree state employee health plans which may result in savings to the plans beginning in FY 27. These savings are offset by increases to hospital supplemental payments associated with the negotiated rates. Any additional funds expended under the hospital

supplemental payments line item in the Department of Social Services also results in increased General Fund revenue associated with recognizing the federal share of such payments.

Section 31 – specifies Stamford Big Picture and TAINO Co-Labs New Haven as the recipients of \$2.5 million in Charter School funding in both FY 26 and FY 27.

Section 32 – allows for the unexpended funds in Youth Services Prevention and Youth Violence Initiative accounts in the Judicial Department to be carried forward from FY 26 and FY 27 to FY 27 and FY 28 for use in the juvenile justice system. In FY 24, approximately \$1.8 million was carried forward to FY 25 from these accounts.

Section 33 – carries forward previous carry forward funds of \$2 million to the Department of Energy and Environmental Protection to provide grants to the three state recognized tribes for work on their reservations.

Section 34 – provides up to \$100,000 in carryforward funding to the Office of Legislative Management to support the removal of the John Mason statute from the Capitol building, to-date these funds have not been expended.

Section 35 – carries forward previous carry forward funds of \$2 million to the Department of Energy and Environmental Protection to provide grants to the three state recognized tribes for work on their reservations.

Section 36 – provides any amount appropriated for FY 25, and made available to be awarded as an earmarked grant-in-aid shall continue and be available in FY 26 and FY 27. This precludes any unspent funds for these purposes from lapsing in FY 25.

Section 37 – has no state or municipal fiscal impact by requiring the First Selectman of Sprague to report monthly to the Department of Economic and Community Development on the expenditures and status of streetscape improvement projects.

Section 38 – requires the Adjutant General to submit a report for any proposed changes in funding for the Governor's Foot and Horse Guards and requires the Veterans' and Military Affairs Committee, the Appropriations Committee, and the General Assembly to approve the changes resulting in no fiscal impact to the state.

Section 39 – results in savings of \$43,598 in FY 27 by removing the salary increases of the six constitutional officers (Governor, Lt. Governor, Treasurer, Secretary of the State, Comptroller, and Attorney General). The salaries of these offices are directly linked to judges', who are receiving a 3.5% increase in salary in FY 27.

Sections 40 & 41 – allow the unexpended funds for the removal of PFAS from fire apparatus to be carried forward from FY 25 to FY 26, while also expanding eligibility to include independent fire companies and state agencies and allowing reimbursement for any PFAS removal that occurred prior to July 1, 2023. Of the original \$3 million appropriation, about \$1.7 million remains unspent as of April 9, 2025.

Section 42 – requires the Department of Developmental Services (DDS) to report to the legislature quarterly, starting January 1, 2026, on the staff census and job classifications of those employees working at Southbury Training School. This has no fiscal impact to DDS as the agency has the resources and expertise to do so.

Sections 43 & 44 -have no fiscal impact. They make procedural changes regarding reporting on the CT Loan Forgiveness and Health Care Adjunct Grant programs.