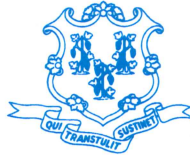


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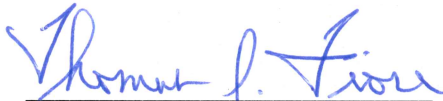
June 20, 2016

Susan Keane
Committee Administrator
Appropriations Committee
300 Capitol Avenue
Hartford, CT 06105

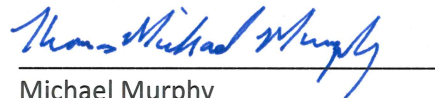
Dear Ms. Keane:

At the May 25th meeting of the Spending Cap Commission a request was made to provide a five year history of enacted revenue intercepts. The Office of Fiscal Analysis (OFA) and the Office of Policy and Management (OPM) have prepared the attached exhibit in response. The attached list summarizes enacted revenue intercepts which could be interpreted as having an impact on appropriations. However, in regards to the spending cap, items #1-4 on the attached list were for new expenditures that were not previously appropriated and therefore did not necessitate a rebasing of the expenditure cap. In regards to item #5, the net funding of Medicaid, this did include expenditures that had been previously appropriated and would now be funded with a revenue intercept. In this particular case a rebasing of the spending cap was undertaken as directed in section 69 of Public Act 13-184.

Our offices are available to answer any additional questions the Commission may have.



Thomas J. Fiore
Section Director
Office of Policy and Management



Michael Murphy
Section Chief
Office of Fiscal Analysis

attachment

State of Connecticut
 Enacted Revenue Intercepts Which Could Be Interpreted to Impact Appropriations
 Five Year History

<u>Item</u>	<u>Source</u>	<u>Commenced</u>	<u>FY 2016 Amount</u>	<u>Cap Rebased</u>	<u>Public Act</u>	<u>Section</u>	<u>Purpose</u>
1. GAAP Amortization	General Fund	7/1/2015	\$ 47,600,000	No, new program	Adopted Rev. Sched.		Amortize Remaining GAAP Deficit
2. Municipal Revenue Sharing Acct.	Sales Tax	7/1/2015	\$ 33,800,000	No, new program	2015-5 JSS	132	Grants to Towns
3. Smart Start Competitive Grant	Tobacco Settlement	7/1/2015	\$ 5,000,000	No, new program	2014-217	138	Expands preschool statewide in public school settings
4. Regional Performance Incentive	Sales Tax	7/1/2011	\$ 10,000,000	No, new program	2011-6	93, 95, 97	Town grants to encourage regionalization
5. Medicaid - Net Appropriate	Federal Grants	7/1/2013	\$ 3,662,000,000	Yes - see note	2013-184	67-69	Health care for those with low income

Note - Section 69 of Public Act 13-184 directed the partial (described below) rebasing of the spending cap for the net-budgeting of Medicaid.

PA 13-184, the FY 14 and FY 15 Budget as adjusted by PA 13-147, the general government implementer, enacted a change in funding for the Medicaid program within the Department of Social Services (DSS) from a gross basis to a net basis; thus, the appropriations contained in the FY 14-FY 15 budget reflected only the state's portion of DSS costs for Medicaid (rather than including the federal share). This change removed \$2.8 billion in FY 14 and \$3.2 billion in FY 15 appropriations. It should be noted that, in accordance with Sections 67-69 of PA 13-184, the base upon which the spending cap was calculated was adjusted downward by approximately \$2.3 billion due to the implementation of net funding of Medicaid (thus removing much of the "room" the shift to net funding would have created under the spending cap absent this treatment). The \$2.3 billion does not include approximately \$450 million in 100% federally reimbursable expenditures associated with the Medicaid expansion population, Medicaid Coverage for the Lowest Income Populations (formerly LIA). Sections 67- 69 of PA 13-184 established MCLIP as a new program not subject to rebasing.