

# **BUDGET SUMMARY**

## **FY 16 – FY 17 Budget**

June 3, 2015



### **OFFICE OF FISCAL ANALYSIS**

Room 5200, Legislative Office Building  
Hartford, CT 06106 • (860) 240-0200

E-Mail: [ofa@cga.ct.gov](mailto:ofa@cga.ct.gov)  
[www.cga.ct.gov/ofa](http://www.cga.ct.gov/ofa)

## TABLE OF CONTENTS

<b>I. OVERVIEW .....</b>	<b>2</b>
Comparison of FY 16 and FY 17 Appropriations to Revenue Estimates.....	2
Fund Summary of FY 16 and FY 17 Appropriations.....	2
Spending Cap .....	3
Growth Rate .....	4
Budgeted Lapses.....	5
Significant Changes by Account.....	6
<b>II. REVENUE IMPACT .....</b>	<b>7</b>
<b>Appendix A - Appropriations by Type of Expenditure .....</b>	<b>18</b>
<b>Appendix B - Revenue by Item.....</b>	<b>20</b>
<b>Appendix C - General Fund and Special Transportation Fund Revenue Estimates....</b>	<b>22</b>
<b>Appendix D - Municipal Formula Grants and Other Major Aid.....</b>	<b>24</b>

This document is intended to provide a summary of the FY 16 and FY 17 Budget. It is not intended to be all inclusive. OFA will be publishing a detailed final budget document that will include a compilation of agency budget changes and financial schedules.

## I. OVERVIEW

The budget<sup>1</sup> appropriates \$19,821.2 million in FY 16 and \$20,465.3 million in FY 17. The appropriations are supported by estimated revenues of \$19,892.7 million in FY 16 and \$20,598.8 million in FY 17.

### Comparison of FY 16 and FY 17 Appropriations to Revenue Estimates

Fund	FY 16 \$			FY 17 \$		
	Approp.	Revenue	Surplus/ (Deficit)	Approp.	Revenue	Surplus/ (Deficit)
General	18,175.6	18,181.8	6.2	18,738.2	18,740.2	2.1
Special Transportation	1,416.1	1,468.1	52.0	1,496.1	1,613.2	117.1
Other Appropriated	229.6	242.8	13.2	231.0	245.4	14.4
<b>TOTAL</b>	<b>19,821.2</b>	<b>19,892.7</b>	<b>71.4</b>	<b>20,465.3</b>	<b>20,598.8</b>	<b>133.6</b>

The budget includes appropriations totaling \$19,821.2 million in FY 16 and \$20,465.3 million in FY 17.

### Fund Summary of FY 16 and FY 17 Appropriations

Gross Appropriations by Fund	Legislative	
	FY 16 \$	FY 17 \$
General Fund	18,363,669,386	18,931,380,389
Special Transportation Fund	1,428,073,382	1,508,138,933
Banking Fund	29,636,246	29,889,297
Insurance Fund	79,933,789	81,351,940
Consumer Counsel and Public Utility Control Fund	26,990,146	26,953,593
Workers' Compensation Fund	27,312,126	26,982,874
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907
Regional Market Operation Fund	1,061,237	1,067,306
Criminal Injuries Compensation Fund	2,851,675	2,934,088
<b>Total Gross Appropriations</b>	<b>20,021,307,894</b>	<b>20,670,478,327</b>
<b>General Fund Lapses:</b>		
Unallocated Lapse	(93,076,192)	(94,476,192)
Unallocated Lapse - Legislative	(5,028,105)	(3,028,105)

<sup>1</sup>HB 7061, the State Budget for the Biennium Ending June 30, 2017, and Making Appropriations Therefor, and Other Provisions Related to Revenue, Deficiency Appropriations and Tax Fairness and Economic Developments passed by the House and Senate.

Gross Appropriations by Fund	Legislative	
	FY 16 \$	FY 17 \$
Unallocated Lapse - Judicial	(7,400,672)	(7,400,672)
General Employee Lapse	(7,110,616)	(12,816,745)
General Lapse - Legislative	(39,492)	(39,492)
General Lapse - Judicial	(282,192)	(282,192)
General Lapse - Executive	(9,678,316)	(9,678,316)
Municipal Opportunities and Regional Efficiencies Program	(20,000,000)	(20,000,000)
Overtime Savings	(10,500,000)	(10,500,000)
Statewide Hiring Reduction - Executive	(30,920,000)	(30,920,000)
Statewide Hiring Reduction - Judicial	(3,310,000)	(3,310,000)
Statewide Hiring Reduction - Legislative	(770,000)	(770,000)
<b>TOTAL</b>	<b>(188,115,585)</b>	<b>(193,221,714)</b>
<b>Transportation Fund Lapses:</b>		
Unallocated Lapse	(12,000,000)	(12,000,000)
<b>TOTAL</b>	<b>(12,000,000)</b>	<b>(12,000,000)</b>
General Fund	18,175,553,801	18,738,158,675
Special Transportation Fund	1,416,073,382	1,496,138,933
Banking Fund	29,636,246	29,889,297
Insurance Fund	79,933,789	81,351,940
Consumer Counsel and Public Utility Control Fund	26,990,146	26,953,593
Workers' Compensation Fund	27,312,126	26,982,874
Mashantucket Pequot and Mohegan Fund	61,779,907	61,779,907
Regional Market Operation Fund	1,061,237	1,067,306
Criminal Injuries Compensation Fund	2,851,675	2,934,088
<b>Total Net Appropriations</b>	<b>19,821,192,309</b>	<b>20,465,256,613</b>

### Spending Cap

The budget is under the spending cap by \$8.1 million in FY 15, \$9.0 million in FY 16 and \$93.7 million in FY 17. Pursuant to Section 35 HB 7061, these calculations reflect a five-year personal income growth rate calculated on a calendar year rather than a fiscal year basis, and assume that appropriations for the unfunded liabilities of the State Employees' Retirement System, Judges, Family Support Magistrates and Compensation Commissioners Retirement System, and Teachers' Retirement System are exempt from being counted as general budget expenditures under the spending cap.

## Growth Rate

The FY 16 growth rate for the General Fund is 3.98% over FY 15 estimated expenditures.<sup>1</sup> The FY 17 General Fund growth rate is 3.10% over FY 16. See the table below for details on other funds.

### FY 16 and FY 17 Budget Growth Rates (by fund - in millions)

Fund	FY 15 Est.	FY 16	FY 16		FY 17	FY 17	
	Expnd.	Approp.	Change		Approp.	Change	
	\$	\$	\$	%	\$	\$	%
General	17,480.5	18,175.6	695.1	3.98%	18,738.2	562.6	3.10%
Transportation	1,341.8	1,416.1	74.3	5.54%	1,496.1	80.1	5.65%
Other Appropriated	214.5	229.6	15.1	7.03%	231.0	1.4	0.61%
<b>TOTAL</b>	<b>19,036.7</b>	<b>19,821.2</b>	<b>784.5</b>	<b>4.12%</b>	<b>20,465.3</b>	<b>644.1</b>	<b>3.25%</b>

The budget reflects a net increase in appropriations of \$862.3 million in FY 16 and \$1,553.5 million in FY 17. In particular, this increase reflects current services updates of \$1,464.2 million in FY 16 and \$2,225.0 million in FY 17, which are partially offset by policy decisions to reduce appropriations by \$598.1 million in FY 16 and \$704.9 million in FY 17.<sup>2</sup> On a net basis, policy decisions reduce appropriations by \$449.88 million in FY 16 and \$510.86 million in FY 17.

### Budget Adjustments to General Fund (in millions)

	Governor FY 16 \$	Governor FY 17 \$	Legislative FY 16 \$	Legislative FY 17 \$	Legislative - Governor FY 16 \$	Legislative - Governor FY 17 \$
<b>Budget Expansions</b>						
Technical	1,397.9	2,130.2	1,404.1	2,116.7	6.2	(13.6)
Policy	21.6	26.5	199.8	227.7	178.2	201.1
<b>Subtotal</b>	<b>1,419.5</b>	<b>2,156.7</b>	<b>1,603.8</b>	<b>2,344.3</b>	<b>184.4</b>	<b>187.6</b>
<b>Budget Reductions</b>						
Technical	(134.5)	(136.7)	(199.0)	(187.6)	(64.4)	(50.9)
Policy	(751.6)	(914.9)	(694.2)	(861.3)	57.3	53.6
<b>Subtotal</b>	<b>(886.1)</b>	<b>(1,051.6)</b>	<b>(893.2)</b>	<b>(1,048.9)</b>	<b>(7.1)</b>	<b>2.7</b>
<b>Net Expansions</b>	<b>533.4</b>	<b>1,105.2</b>	<b>710.6</b>	<b>1,295.4</b>	<b>177.3</b>	<b>190.3</b>
<b>Transfers</b>	<b>(12.0)</b>	<b>(34.5)</b>	<b>(15.5)</b>	<b>(37.8)</b>	<b>(3.5)</b>	<b>(3.3)</b>

Updated 6/22/2015

<sup>1</sup>Based on the FY 15 estimated expenditure level contained in the Governor's FY 16 - FY 17 Budget document.

<sup>2</sup>Current services adjustments are made to provide in succeeding fiscal years, the same services as the current fiscal year plus any scheduled or required changes. For example, current services adjustments include: 1) inflation; 2) annualization of partial year costs; 3) projected caseload; 4) completion of projects; 5) collective bargaining increases; 6) costs mandated by statute or court order; and 7) the scheduled opening of new buildings.

## Budgeted Lapses

The FY 16 and FY 17 budget includes lapses of \$200.1 million in FY 16 and \$205.2 million in FY 17. The lapses are identified below with a brief explanation.

Lapse	FY 16 \$	FY 17 \$	Explanation
<b>General Fund Lapses</b>			
General Lapse <sup>1</sup>	(10,000,000)	(10,000,000)	This reduction reflects savings in a manner to be determined by OPM. All General Fund agency accounts could be subject to this reduction.
Unallocated Lapse <sup>1</sup>	(105,504,969)	(104,904,969)	This reduction reflects an adjustment to gross appropriations due to an anticipated level of under spending across all General Fund agencies and accounts.
Overtime Savings <sup>1</sup>	(10,500,000)	(10,500,000)	OPM shall recommend reductions in overtime expenditures in the General Fund by \$10,500,000 in both FY 16 and FY 17.
Municipal Opportunities & Regional Efficiencies	(20,000,000)	(20,000,000)	Savings to be achieved in FY 16 and FY 16 with a reduction in municipal aid as a result of various municipal saving initiatives and efficiencies.
General Employee Lapse <sup>1</sup>	(7,110,616)	(12,816,745)	OPM shall recommend reductions in an appropriate and proportionate manner among branches and agencies to facilitate a reduction in General Fund expenditures of \$7,110,616 in FY 16 and \$12,816,745 in FY 17. This shall apply to state employees.
Statewide Hiring Reduction <sup>1</sup>	(35,000,000)	(35,000,000)	Savings anticipated to be achieved by hiring reductions and other savings initiatives in a manner to be determined by OPM. All General Fund agency Personal Services accounts could be subject to this reduction.
<b>Total GF Lapse</b>	<b>(188,115,585)</b>	<b>(193,221,714)</b>	
<b>Transportation Fund Lapses</b>			
Unallocated Lapse	(12,000,000)	(12,000,000)	This reduction reflects an adjustment to gross appropriations due to an anticipated level of under spending across all Transportation Fund agencies and accounts.
<b>Total TF Lapse</b>	<b>(12,000,000)</b>	<b>(12,000,000)</b>	
<b>TOTAL LAPSES</b>	<b>(200,115,585)</b>	<b>(205,221,714)</b>	

<sup>1</sup>The amounts shown are totals by category but the budget act contains a distribution of each by branch of government.

## Significant Changes by Account

Identified in the table below are the General Fund accounts having the most significant changes in FY 16 and FY 17, as compared to the FY 15 base (Governor's FY 15 estimated expenditures).

Agency	Account	FY 16 \$	FY 17 \$
OTT - Debt Service	Debt Service <sup>1</sup>	153.39	268.90
OSC - Fringe Benefits	State Employees Retirement Contributions	125.94	153.80
OSC - Fringe Benefits	Retired State Employees Health Service Cost	97.76	162.47
Various	Personal Services	93.53	123.56
DSS	Medicaid	70.65	145.02
OSC - Fringe Benefits	State Employees Health Service Cost	35.08	83.28
SDE	Magnet Schools	34.67	31.20
DDS	Community Residential Services	25.24	43.97
SDE	Education Equalization Grants	25.19	41.81
OEC	Early Intervention	24.69	24.69
UOC	Next Generation Connecticut	19.14	20.39
OSC - Miscellaneous	Adjudicated Claims	18.70	2.72
MHA	Grants for Mental Health Services	13.37	14.87
SDE	Sheff Settlement	(9.09)	(8.76)
UHC	Operating Expenses	(10.54)	(9.37)
JUD	Probate Court	(10.75)	(10.75)
DCF	Board and Care for Children - Short Term and Residential	(17.54)	(18.28)
DSS	HUSKY B Program <sup>2</sup>	(21.49)	(23.69)
<sup>1</sup> Includes Debt Service, UConn 2000, and Pension Obligation Bonds - TRB. <sup>2</sup> Reflects net appropriation.			

## II. REVENUE IMPACT

The budget includes various policy changes that yield net General Fund revenue increases of \$821.5 million in FY 16 and \$691 million in FY 17 identified in the table below.

### Summary of General Fund Revenue Changes by Revenue Source (in millions)

Revenue Source	FY 16 \$	FY 17 \$	FY 18 \$	FY 19 \$	FY 20 \$
Personal Income	208.3	233.9	242.3	252.5	265.1
Sales and Use	(98.6)	(258.9)	(427.9)	(443.7)	(460.6)
Corporations	281.8	222.8	200.3	162.8	147.8
Insurance Companies	22.7	22.7	-	-	-
Inheritance and Estate	(4.0)	(8.0)	(8.0)	(8.0)	(8.0)
Cigarettes	24.5	42.8	37.6	35.3	33.2
Oil Companies	-	-	(7.1)	(41.0)	(58.1)
Alcoholic Beverages	0.5	0.5	0.5	0.5	0.5
Health Provider	224.8	229.8	229.9	230.0	230.1
Admissions and Dues	(0.4)	(0.4)	-	-	-
Miscellaneous Taxes	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Earned Income Tax Credit	11.0	11.0	-	-	-
<b>Total Taxes</b>	<b>670.5</b>	<b>496.1</b>	<b>267.5</b>	<b>188.4</b>	<b>150.0</b>
Licenses, Permits and Fees	2.7	2.3	2.3	2.3	2.3
Miscellaneous	2.5	2.5	2.5	2.5	2.5
Transfer Special Revenue	13.6	30.0	30.0	30.0	30.0
<b>Total Other Revenue</b>	<b>18.8</b>	<b>34.8</b>	<b>34.8</b>	<b>34.8</b>	<b>34.8</b>
Federal Grants	(40.4)	(45.9)	(48.3)	(50.9)	(46.2)
Transfer from Tobacco Settlement	17.0	17.0	6.0	6.0	6.0
Transfers From/To Other Funds	155.6	189.1	118.2	118.2	118.2
<b>Total Other Sources</b>	<b>132.2</b>	<b>160.2</b>	<b>75.9</b>	<b>73.3</b>	<b>78.0</b>
<b>TOTAL GENERAL FUND</b>	<b>821.5</b>	<b>691.0</b>	<b>378.2</b>	<b>296.4</b>	<b>262.8</b>



The budget yields an estimated, net tax revenue gain of \$1 billion each year. This revenue gain is distributed between the General Fund, Special Transportation Fund and the Municipal Revenue Sharing Account (MRSA), which provides grants to municipalities. Over three fiscal years, the budget diverts up to 1.0% of the state's Sales and Use Tax from the General Fund equally to the Special Transportation Fund and MRSA. These diversions erode General Fund tax revenue in the out years, as illustrated in the table below.

### Budget Impacts on Tax Revenue

Description	FY 16 \$	FY 17 \$	FY 18 \$	FY 19 \$	FY 20 \$
<b>General Fund</b>					
<b>Taxes</b>					
Personal Income	208.3	233.9	242.3	252.5	265.1
Sales and Use	(98.6)	(258.9)	(427.9)	(443.7)	(460.6)
Corporations	281.8	222.8	200.3	162.8	147.8
Health Provider	224.8	229.8	229.9	230.0	230.1
Insurance Companies	22.7	22.7	-	-	-
Admissions and Dues	(0.4)	(0.4)	-	-	-
Alcoholic Beverages	0.5	0.5	0.5	0.5	0.5
Cigarettes	24.5	42.8	37.6	35.3	33.2
Inheritance and Estate	(4.0)	(8.0)	(8.0)	(8.0)	(8.0)
Miscellaneous Taxes	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Oil Companies	-	-	(7.1)	(41.0)	(58.1)
Earned Income Tax Credit	11.0	11.0	-	-	-
<b>General Fund Total</b>	<b>670.5</b>	<b>496.1</b>	<b>267.5</b>	<b>188.4</b>	<b>150.0</b>
<b>Special Transportation Fund</b>					
<b>Taxes</b>					
Oil Companies Tax	-	-	7.1	41.0	58.1
Sales and Use	158.6	276.9	361.7	375.1	389.0
<b>Special Transportation Fund Total</b>	<b>158.6</b>	<b>276.9</b>	<b>368.8</b>	<b>416.1</b>	<b>447.1</b>
<b>MRSA</b>					
<b>Taxes</b>					
Sales and Use	158.6	276.9	361.7	375.1	389.0
<b>MRSA Total</b>	<b>158.6</b>	<b>276.9</b>	<b>361.7</b>	<b>375.1</b>	<b>389.0</b>
<b>TOTAL TAXES</b>	<b>987.7</b>	<b>1,049.9</b>	<b>998.0</b>	<b>979.5</b>	<b>986.0</b>

Updated 6/22/2015

## Revenue Impact – General Fund (in millions)

Enacting Policy	Revenue Source	Policy	FY 16 \$	FY 17 \$
HB 7061	Personal Income	Increase, from 50% to 100%, the Income Tax exemption for military retirement pay.	(6.0)	(4.0)
HB 7061	Personal Income	Establish a new top marginal rate of 6.99% in the Income Tax for those tax filers with CT Adjusted Gross Incomes over certain thresholds. Increases the current Top Marginal Rate to 6.9%.	151.5	137.9
HB 7061	Personal Income	Reduce Property Tax Credit phase out thresholds for the credit in FY 16. Reduce the credit from \$300 to \$200 in FY 17.	52.0	100.0
HB 7061	Personal Income	Delay the scheduled increase in the personal exemption for Single Filers of the Income Tax from \$14,500 to \$15,000.	10.8	-
HB 7061	Sales and Use	Reduce, from \$300 to \$100, the per-item exemption from the Sales and Use Tax during the “Sales Tax Free Week.”	1.0	1.0
HB 7061	Sales and Use	Eliminate the Sales and Use Tax exemption for clothing and footwear costing less than \$50.	136.8	142.6
HB 7061	Sales and Use	Increase the Luxury Sales and Use tax from 7.0% to 7.75%.	6.2	6.4
HB 7061	Sales and Use	Increase Rate for Computer and Data Processing Services 2.0% in FY 16 and 3.0% in FY 17.	39.9	83.1
HB 7061	Sales and Use	Extend Sales and Use tax to World Wide Web Services at 2.0% in FY 16 and 3.0% in FY 17.	15.5	32.4
HB 7061	Sales and Use	Authorize certain entities to sell sealed containers of draught beer i.e. “growlers”, which is anticipated to increase the volume of beer consumed.	1.6	1.6
HB 7061	Sales and Use	Increase the number of allowable alcoholic beverage retail permits. Extends permissible sale hours for alcoholic beverage retail permittees.	0.5	0.5
HB 7061	Sales and Use	Establish a municipal share of the Sales and Use Tax. The rates for both are 0.3% in FY 16, effective 10/1/15, 0.4% effective 7/1/16, and 0.5% effective 7/1/17 and thereafter.	(158.6)	(276.9)
HB 7061	Sales and Use	Establish a transportation share of the Sales and Use Tax. The rate is 0.3% in FY 16, effective 10/1/15, 0.4% effective 7/1/16, and 0.5% effective 7/1/17 and thereafter.	(158.6)	(276.9)
HB 7061	Sales and Use	Repeal the Sales Tax Exemption for Water Companies.	4.0	4.0
HB 7061	Sales and Use	Extend the Sales and Use tax to car wash services.	6.8	6.8
HB 7061	Sales and Use	Eliminate FY 17 Regional Performance Incentive Account Diversion.	0.0	10.0
HB 7061	Sales and Use	Increase the tax on cigarettes by \$0.25 in FY 16 and \$0.50 in FY 17. Implements a floor tax on cigarettes.	0.2	0.4
HB 7061	Sales and Use	Repeal Sales Tax Exemption for Motor Vehicle Parking.	6.1	6.1
HB 7061	Corporations	Establish Mandatory Combined Reporting.	38.6	23.7
HB 7061	Corporations	Extend the 20% surcharge on the Corporate Income Tax for certain filers and phases out the surcharge after the FY 16 and FY 17 Biennium.	44.4	75.0

Enacting Policy	Revenue Source	Policy	FY 16 \$	FY 17 \$
HB 7061	Corporations	Lower, from 70% to 50.01%, the maximum percentage to which tax credits may be used against the total liability under the Corporate Income Tax.	42.5	34.0
HB 7061	Corporations	Limit the use of loss carryforwards against the Corporate Income Tax to 50% of net income in any income year when computing the amount of tax due.	156.3	90.1
HB 7061	Inheritance and Estate	Create a \$20 million lifetime cap on total Unified Gift and Estate tax liability.	(4.0)	(8.0)
HB 7061	Insurance Companies	Delay the scheduled expiration of the two lower tiers of caps on credit utilization against the Insurance Premiums Tax.	18.7	18.7
HB 7061	Insurance Companies	Delay the scheduled expiration of the moratorium on the issuance of new film tax credits, which may be applied to the Insurance Premiums Tax.	4.0	4.0
HB 7061	Cigarettes	Increase the tax on cigarettes by \$0.25 in FY 16 and \$0.50 in FY 17.	21.7	40.0
HB 7061	Cigarettes	Implement a floor tax on cigarettes.	2.8	2.8
HB 7061	Alcoholic Beverages	Authorize certain entities to sell sealed containers of draught beer i.e. "growlers", which is anticipated to increase the volume of beer consumed.	0.2	0.2
HB 7061	Alcoholic Beverages	Increase the number of allowable alcoholic beverage retail permits. Extends permissible sale hours for alcoholic beverage retail permittees.	0.3	0.3
HB 7061	Admissions and Dues	Exempts Harbor Yard in Bridgeport from the Admissions and Dues tax.	(0.4)	(0.4)
HB 7061	Health Provider	Limit the use of tax credits against a liability under the Hospital Tax to 50.01% of the total.	2.8	2.8
No legislation required	Health Provider	Increase Hospital Tax Rate to 6% and update the base to FFY 13 Revenues.	207.0	207.0
HB 7061	Health Provider	Establish a provider tax of 6% on ambulatory surgical centers.	15.0	20.0
HB 7061	Miscellaneous Taxes	Limit the applicability of the rental surcharge to people or businesses generating at least 51% of their total annual revenue from rentals.	(0.1)	(0.1)
HB 7061	Earned Income Tax Credit	Delay the scheduled restoration of the state's Earned Income Tax Credit (EITC) rate to 30% from 27.5% of the federal EITC.	11.0	11.0
<b>Total Taxes</b>			<b>670.5</b>	<b>496.1</b>
HB 7061	Transfer Special Revenue	Authorize Keno Gaming.	13.6	30.0
HB 7061	Licenses, Permits and Fees	Require manufacturers and sellers of electronic nicotine delivery devices to register with the Department of Consumer Protection and annually renew their registration accompanied by fees.	2.0	1.6
HB 7061	Licenses, Permits and Fees	Transfer Palliative Use of Marijuana to General Fund.	0.6	0.6
HB 7061	Licenses, Permits and Fees	Create a swimming pool installer license.	0.1	0.1
HB 7061	Miscellaneous	Adjust reimbursement rates for resident state trooper costs to 85%.	2.5	2.5

Enacting Policy	Revenue Source	Policy	FY 16 \$	FY 17 \$
<b>Total Other Revenue</b>			<b>18.8</b>	<b>34.8</b>
HB 7061	Federal Grants	Revenue loss resulting from expenditure changes.	(13.2)	(14.0)
HB 7061	Federal Grants	Net Appropriate HUSKY B.	(27.1)	(31.9)
HB 7061	Transfer from Tobacco Settlement	Divert Tobacco Settlement Funds from Preschool Expansion.	5.0	5.0
HB 7061	Transfer from Tobacco Settlement	Divert the scheduled transfers from the Tobacco Settlement Fund to the Tobacco Health Trust Fund during the FY 16 and FY 17 Biennium.	12.0	12.0
HB 7061	Transfers From/To Other Funds	Permanently diverts 3/5 revenue from the Municipal Video Competition Account.	3.0	3.0
No legislation required	Transfers From/To Other Funds	Amortize the Accumulative GAAP Deficit	(47.6)	(47.6)
HB 7061	Transfers From/To Other Funds	Divert Revenue from the Community Investment Act Account.	6.8	13.5
HB 7061	Transfers From/To Other Funds	Transfer funds from the Public, Educational and Governmental Programming and Education Technology Investment Account(PEGPETIA).	4.2	4.3
HB 7061	Transfers From/To Other Funds	Reduce Scheduled Transfer from GF to STF.	152.8	162.8
HB 7061	Transfers From/To Other Funds	Divert revenue from the Connecticut Health and Educational Facilities Authority.	3.5	3.5
HB 7061	Transfers From/To Other Funds	Transfer Resources from the General Fund from FY 16 to FY 17.	(25.0)	25.0
HB 7061	Transfers From/To Other Funds	Transfer the Municipal Revenue Sharing Account balance to the Resources of the General Fund.	12.7	-
HB 7061	Transfers From/To Other Funds	Transfer funds from the resources of the Banking Fund.	7.0	7.0
HB 7061	Transfers to the Resources of the Special Transportation Fund	Deposit the Oil Companies tax into the Special Transportation Fund (STF) and eliminates the provision that requires the resources of the General Fund to cover any shortfall in revenue below the STF transfer as of July 1, 2015.	38.2	17.6
<b>Total Other Sources</b>			<b>132.2</b>	<b>160.2</b>
<b>GRAND TOTAL</b>			<b>821.5</b>	<b>691.0</b>

## Special Transportation Fund

Enacting Policy	Revenue Source	Policy	FY 16 \$	FY 17 \$
HB 7061	Sales Tax DMV	Establish a transportation share of the Sales and Use Tax. The rate is 0.3% in FY 16, effective 10/1/15, 0.4% effective 7/1/16, and 0.5% effective 7/1/17 and thereafter.	158.6	276.9
HB 7061	Transfers From/To Other Funds	Deposit the Oil Companies tax into the Special Transportation Fund (STF) and eliminates the provision that requires the resources of the General Fund to cover any shortfall in revenue below the STF transfer as of July 1, 2015.	(38.2)	(17.6)
HB 7061	Transfers From/To Other Funds	Reduce Scheduled Transfer from GF to STF.	(152.8)	(162.8)
<b>GRAND TOTAL</b>			<b>(32.4)</b>	<b>96.5</b>

In addition to the appropriated fund revenue changes listed above Sections 112-137 increase license renewal fees by \$5 for various professionals licensed by the Department of Public Health (DPH). Revenue collected from the increase is to be transferred to the newly established professional assistance program account for DPH to provide grants-in-aid to program providers and medical review committees under the assistance program of health care professionals. The effective date of the fee increase is January 1, 2016. The FY 16 revenue gain is estimated to be \$350,000 with an annualized revenue gain of \$700,000 in FY 17.

In order to administer the tax provisions of the bill, the Department of Revenue Services (DRS) would need nine additional staff members and associated expenses. The annualized cost of these new positions, including expenses and fringe benefits, is approximately \$810,187 (included in section 1). In addition, one-time costs to update the online Taxpayer Service Center and internal Integrated Tax Administration System as well as tax form alteration and printing costs of approximately \$420,000 would be incurred in FY 16 (included in Section 1).

HB 7061 makes several policy adjustments not reflected in the revenue schedule adopted by the Finance, Revenue, and Bonding Committee on June 1, 2015. The table below provides the policy adjustments and the updated General Fund balance for the FY 16 - FY 17 biennium:

### Policy Revisions Post FRB Revenue Adoption (in millions)

	FY 16 \$	FY 17 \$
<b>Starting Balance - FRB</b>	<b>2.4</b>	<b>0.9</b>
<b>Policy Revisions</b>		
Reduce the property tax credit from \$300 to \$200 in FY 17.	(48.0)	-
Reduce Sales and Use Tax rate from 3.0% to 2% in FY 16 for services related to web sites that are part of the World Wide Web.	(19.9)	-
Reduce the Sales and Use Tax rate for computer and data processing services from 3% to 2% in FY 16.	(7.8)	-
Increase the tax on cigarettes by \$0.25 in FY 16 and \$0.50 in FY 17. Implements a floor tax on cigarettes.	24.7	43.2
Transfers the Municipal Revenue Sharing Account balance to the Resources of the General Fund.	12.7	-
Adjust the transfer of FY 16 Resources to FY 17.	42.1	(42.1)
<b>Ending Balance</b>	<b>6.2</b>	<b>2.1</b>

#### Further information on the Budget Reserve Fund Provisions

Beginning in FY 19, the bill establishes a transfer of General Fund (GF) revenue to the Budget Reserve Fund (BRF) and the State Employees Retirement Fund (SERF), which is determined by a statutory formula. This results in a potentially significant diversion of revenue from the GF to the BRF and SERF in FY 19 and annually thereafter.<sup>4</sup>

In order for a revenue transfer to be triggered, total “combined revenue”<sup>5</sup> must be in excess of a calculated threshold based on the average difference (as a percentage) between actual revenue and the ten year average. The bill allows for the threshold to be adjusted for changes in tax policy that impact the corporation business tax or the personal income tax.

Based on historical data, the transfer of GF revenue to the BRF and SERF may exceed \$800 million in a fiscal year. The table below compares actual deposits into the BRF to deposits that would have occurred under the provisions of the bill.

<sup>3</sup>Per the bill, BRF revenue can be accessed in the event of a decrease in GF revenue greater than 2% over the prior year (for example, during a recession).

<sup>4</sup>For the purposes of the bill “combined revenue” is equal to the sum of: 1) the corporation business tax, and 2) the estimated & final payments portion of the personal income tax.

## Comparison of Historical BRF Transfers to Formula

FY	Actual Deposit into BRF \$	Transfers as Calculated Under the Bill \$
04	302,200,000	24,557,248
05	363,900,000	433,646,700
06	446,500,000	697,097,504
07	269,200,000	815,841,033
08	-	818,479,382
09	-	-
10	(1,278,500,000)	-
11	(103,200,000)	-
12	93,500,000	74,994,072
13	177,200,000	200,364,682
14	248,500,000	-

The breakout of the transfer from the GF to the BRF or SERF varies based on the amount of funds currently in the BRF relative to total GF appropriations, which is illustrated in the table below.

### BRF and SERF Diversions Calculation

BRF Balance / Appropriations	Budget Reserve Fund	State Employees Retirement Fund
0 to 5%	95%	5%
5 to 10%	90%	10%
10 to 15%	85%	15%
Greater than 15%	0%	100%

The ongoing fiscal impact identified above would continue into the future subject to the degree in which actual revenues exceed the threshold calculated by the formula. The bill also increases the maximum amount allowed to be in the BRF from 10% to 15% of appropriations. This allows for additional funds to be transferred from the GF to the BRF.

### Property Tax Initiative

**Sections 183 - 215 of HB 7061:** 1) change the reimbursement rates, and the basis for determining those rates, for the State Property PILOT and College & Hospital PILOT grant programs; 2) cap the motor vehicle mill rate at 32 in FY 17 and 29.36 in FY 18 and annually thereafter; 3) distribute a portion of sales tax revenue to municipalities; and 4) establish an optional commercial property tax revenue sharing system for regional councils of government. Below is a description of the fiscal impact of each section:

### **Changes to PILOT Grants**

The revenue gain to municipalities associated with this portion of the bill will vary based on grand list and mill rate data that municipalities have not yet finalized. For FY 17, the first year the bill takes effect, the bill specifies the distribution of \$46.4 million to municipalities. This funding is equal to the increased funding towns would have received if the bill was in effect in FY 15.

Costs in the out years will vary based on continued changes in municipal grand lists and mill rates. As municipal mill rates and grand lists tend to increase over time, costs in the out years could be significantly higher than the cost in FY 15.

The bill freezes at FY 15 levels the portion of each town's Pequot grant that is dependent on its State Property PILOT and College & Hospital PILOT payments. This precludes any changes in a town's Pequot grant that would result from changes to either of its PILOT grant payments.

### **Motor Vehicle Tax Cap**

The bill caps each town's motor vehicle mill rate at 32 in FY 17, and 29.36 in FY 18 and annually thereafter. If these caps had been in place in FY 14, it is anticipated that, at a cap of 32, 33 municipalities would have lost \$59.1 million and, at a cap of 29.36 mills, 57 municipalities would have lost approximately \$82.6 million in revenue.

The bill also requires special taxing districts to reduce their mill rates such that, when their mill rates are combined with their host municipality's mill rate, the total mill rate for the town, plus the taxing district is below the mill rate cap.

It is estimated that, in FY 14, at least nine taxing districts would have lost \$1.3 million as a result of a mill rate cap of 32. It is estimated that at least 15 special taxing districts would have lost \$2.7 million, with a FY 14 mill rate cap of 29.36.

### **Sales Tax Distribution**

The bill diverts a portion of sales tax revenue (\$158.6 million in FY 16 and \$276.9 million in FY 17) to the Municipal Revenue Sharing Account.

Due to the timing of payments, this results in a FY 17 revenue gain of \$224.4 million to municipalities and \$3.0 million to regional councils of government. In FY 18, it is estimated that municipalities will receive \$285.7 million and regional councils of government will receive \$7 million.

This funding will be provided to: 1) ensure that municipalities are held harmless that experience a revenue loss as a result of the motor vehicle mill rate cap established by the bill; 2) fund the additional cost of the State Property PILOT and College & Hospital PILOT, beyond appropriated amounts; 3) provide funding of \$10 million in each of FY 16 and FY 17 for supplemental Education Cost Sharing grants; and 4) provide additional funding to municipalities, distributed according to a formula established by the bill (the additional FY 17 funding is specified by the bill, however).

Beginning in FY 18, the bill requires that a portion of the grant a municipality receives under this provision of the bill be reduced in the event that municipal spending growth



exceeds 2.5%, or inflation (whichever is greater) based on the two prior years. The portions of the grant intended to: 1) provide additional PILOT funds; 2) offset the revenue loss from the motor vehicle mill rate cap; and 3) provide supplemental ECS funding are not subject to this reduction.

### **Grand List Growth Sharing**

The bill allows each regional council of government (COG) to establish a property tax base sharing program under which its member municipalities share property tax revenues generated by the growth in their commercial and industrial property tax bases.

Under the bill's provisions, towns would remit a payment to their COGs equal to 20% (or less) of net commercial and industrial grand list growth, divided by 1,000, and multiplied by the regional mill rate. For example, if a participating town's commercial and industrial grand list grew by \$1 million, it could remit a payment of up to \$6,000 to its COG (assuming a regional mill rate of 30).

The bill then establishes a formula for calculating the municipal commercial and industrial mill rate (for any participating municipality). The mill rate is intended to raise enough revenue to offset the payment to the COG.

### **Impact of Various Other Sections**

**Sections 108 to 111** create a new regulatory system for electronic nicotine delivery system dealers and manufacturers. This results in a cost to the state of \$351,093 in FY 16 and FY 17. The Department of Consumer Protection (DCP) would require a Drug Control Agent (liquid nicotine is classified as a drug), a License and Applications Analyst, a Processing Technician and a Staff Attorney to perform background checks, process applications, and investigate and act upon complaints. The costs include \$248,174 in salaries, \$95,919 in fringe benefits and \$7,000 in other expenses and equipment. These costs are not included in Section 1 of the bill.

**Section 217** results in a state cost of \$139,658 (included in section 1) in each of FY 16 and FY 17 and a revenue gain to the state of \$112,500 in FY 16 and \$75,000 (as identified in the above revenue table) in FY 17 by creating an above ground swimming pool installer license along with regulatory responsibility for such licensees within DCP.

It is estimated that as many as 2,500 above ground pools are installed in Connecticut each year. This section would result in an estimated issuance of 750 licenses. The initial license fee is \$150 with a \$100 yearly renewal fee.

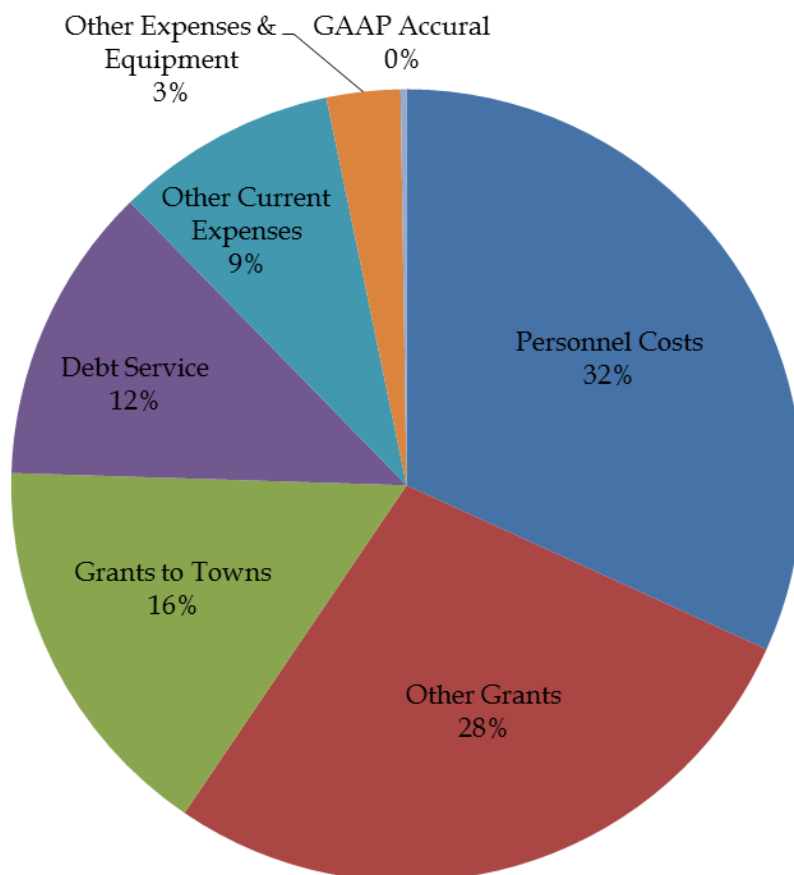
The volume of licensees and anticipated consumer complaints for faulty workmanship require a DCP Inspector (\$59,737) and a DCP Inspection Aide (\$37,384) along with associated Other Expenses/Equipment (\$5,000) and fringe benefits (\$37,537).

**Section 218 of HB 7061** repeals the Palliative marijuana administration account and requires the transfer of \$425,563 in FY 16 and \$445,341 in FY 17 and five corresponding positions from the Palliative Marijuana Administration account to the General Fund. Fees associated with palliative marijuana would be deposited in the General Fund rather than Palliative Marijuana Administration account.

## Appendix A

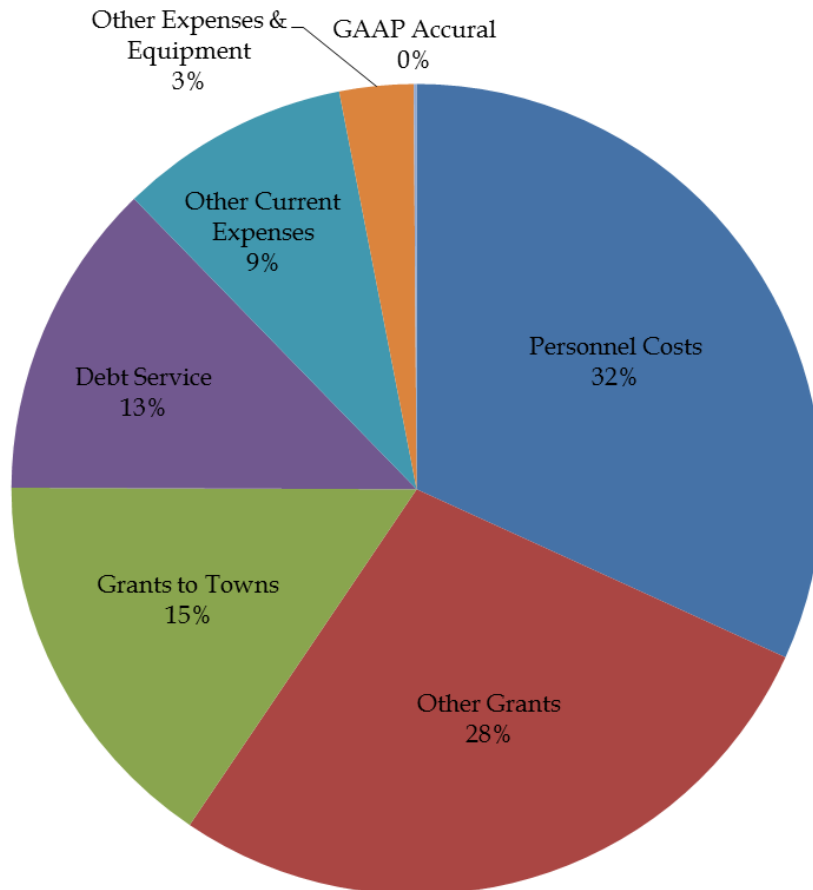
### FY 16 All Appropriated Funds (by account type - in millions)

Expenditure Type	FY 16 \$	% of Total
Personnel Costs	6,366.5	31.8%
<i>Fringe Benefits</i>	2,930.1	14.6%
Other Grants	5,544.9	27.7%
<i>Medicaid</i>	2,469.9	12.3%
<i>Teacher's Retirement: Pension &amp; Health</i>	995.7	5.0%
Grants to Towns	3,203.4	16.0%
<i>Education Equalization Grants</i>	2,155.8	10.8%
<i>Magnet Schools</i>	328.4	1.6%
<i>PILOTS - State Owned &amp; Private</i>	233.1	1.2%
Debt Service	2,439.5	12.2%
Other Current Expenses	1,814.7	9.1%
Other Expenses & Equipment	603.5	3.0%
GAAP Accrual	48.8	0.2%
<b>Gross Total</b>	<b>20,021.3</b>	<b>100.0%</b>
Lapses	(200.1)	
<b>NET TOTAL</b>	<b>19,821.2</b>	



**FY 17 All Appropriated Funds**  
(by account type - in millions)

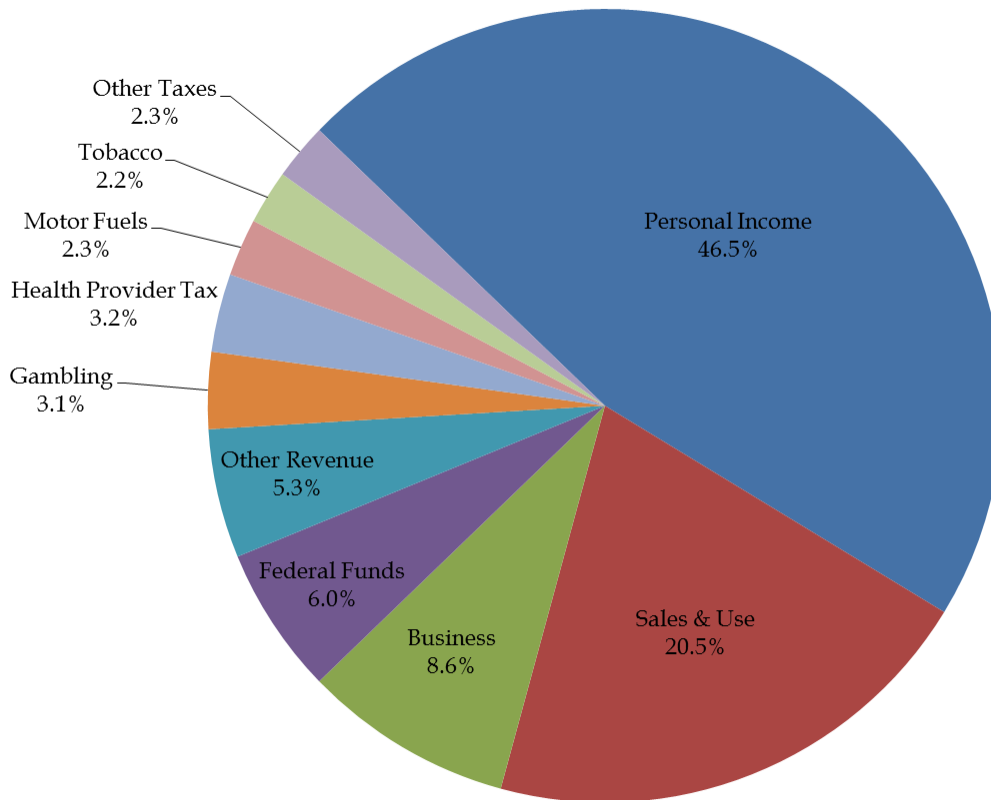
<b>Expenditure Type</b>	<b>FY 17 \$</b>	<b>% of Total</b>
Personnel Costs	6,574.6	31.8%
<i>Fringe Benefits</i>	3,092.8	15.0%
Other Grants	5,716.4	27.7%
<i>Medicaid</i>	2,544.3	12.3%
<i>Teacher's Retirement: Pension &amp; Health</i>	1,032.3	5.0%
Grants to Towns	3,224.2	15.6%
<i>Education Equalization Grants</i>	2,172.5	10.5%
<i>Magnet Schools</i>	325.0	1.6%
<i>PILOTS - State Owned &amp; Private</i>	233.1	1.1%
Debt Service	2,616.1	12.7%
Other Current Expenses	1,905.3	9.2%
Other Expenses & Equipment	609.5	2.9%
GAAP Accrual	24.4	0.1%
<b>Gross Total</b>	<b>20,670.5</b>	<b>100.0%</b>
Lapses	(205.2)	
<b>NET TOTAL</b>	<b>20,465.3</b>	



## Appendix B

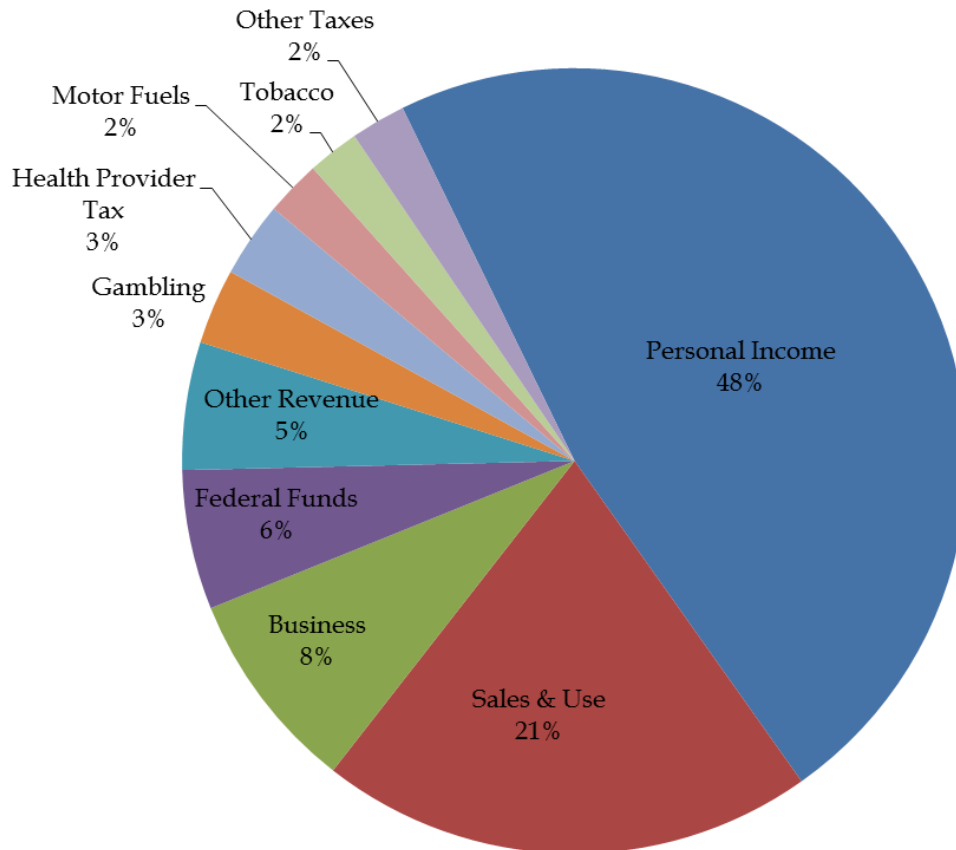
### FY 16 All Appropriated Funds Revenue (by revenue item - in millions)

Revenue Item	FY 16 \$	% of Total
Personal Income	9,873.4	46.5%
Sales & Use	4,359.4	20.5%
Business	1,816.8	8.6%
Federal Funds	1,277.3	6.0%
Other Revenue	1,118.0	5.3%
Gambling	664.0	3.1%
Health Provider Tax	676.9	3.2%
Motor Fuels	499.0	2.3%
Tobacco	467.8	2.2%
Other Taxes	488.9	2.3%
<b>Gross Total</b>	<b>21,241.5</b>	
Reductions	<b>(1,349.1)</b>	
<b>NET TOTAL</b>	<b>19,892.4</b>	



**FY 17 All Appropriated Funds Revenue**  
(by revenue item - in millions)

Revenue Item	FY 17 \$	% of Total
Personal Income	10,432.2	47.4%
Sales & Use	4,481.0	20.4%
Business	1,832.9	8.3%
Federal Funds	1,264.8	5.7%
Other Revenue	1,157.8	5.3%
Gambling	683.5	3.1%
Health Provider Tax	683.9	3.1%
Motor Fuels	502.3	2.3%
Tobacco	467.8	2.1%
Other Taxes	498.5	2.3%
<b>Gross Total</b>	<b>22,004.7</b>	
Reductions	(1,405.8)	
<b>NET TOTAL</b>	<b>20,598.9</b>	



## Appendix C

### Finance, Revenue and Bonding Committee June 1, 2015

#### FY 16 and FY 17 General Fund Estimates (in thousands)

<b>General Fund (GF)</b>		
<b>Item</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>
<b>Taxes</b>		
Personal Income Tax	9,921,400	10,432,200
Sales & Use Tax	4,144,265	4,118,665
Corporation Tax	925,900	910,700
Public Service Tax	308,000	316,500
Inheritance & Estate Tax	173,400	174,700
Insurance Companies Tax	243,800	246,000
Cigarettes Tax	336,700	320,500
Real Estate Conveyance Tax	194,700	200,800
Oil Companies Tax	-	-
Alcoholic Beverages Tax	61,700	62,100
Admissions & Dues Tax	38,300	39,600
Health Provider Tax	676,900	683,900
Miscellaneous Tax	20,800	21,300
<b>Subtotal - Taxes</b>	<b>17,045,865</b>	<b>17,526,965</b>
Less Refunds	(1,129,400)	(1,178,100)
Less Earned Income Tax Credit	(127,400)	(133,900)
Less R&D Credit Exchange	(7,100)	(7,400)
<b>Net - Taxes</b>	<b>15,781,965</b>	<b>16,207,565</b>
<b>Other Revenue</b>		
Transfers - Special Revenue	343,400	369,300
Indian Gaming Payments	258,800	252,400
Licenses, Permits and Fees	308,513	290,775
Sales of Commodities	38,000	39,100
Rents, Fines and Escheats	126,000	128,000
Investment Income	2,500	5,600
Miscellaneous	171,300	173,400
Less Refunds of Payments	(74,200)	(75,100)
<b>Net - Other Revenue</b>	<b>1,174,313</b>	<b>1,183,475</b>
<b>Other Sources</b>		
Federal Grants	1,265,230	1,252,687
Transfer From Tobacco Settlement	106,600	104,500
Transfers (To)/From Other Funds	(150,150)	(9,100)
Transfers to the Resources of the Special Transportation Fund	-	-
<b>Net - Other Sources</b>	<b>1,221,680</b>	<b>1,348,087</b>
<b>GF TOTAL</b>	<b>18,177,957</b>	<b>18,739,127</b>

<b>General Fund (GF)</b>		
<b>Item</b>	<b>FY 16 \$</b>	<b>FY 17 \$</b>
<b>Special Transportation Fund (STF)</b>		
<b>Taxes</b>		
Motor Fuels Tax	499,000	502,300
Oil Companies Tax	339,100	359,700
Sales Tax- DMV	242,600	361,900
Less Refunds	(7,300)	(7,500)
<b>Net - Taxes</b>	<b>1,073,400</b>	<b>1,216,400</b>
<b>Other Sources</b>		
Motor Vehicle Receipts	245,800	246,600
Licenses, Permits and Fees	139,300	139,900
Interest Income	7,700	8,500
Federal Grants	12,100	12,100
Transfers From/(To) Other Funds	(6,500)	(6,500)
Transfers from the Resources of the Special Transportation Fund	-	-
Refunds of Payments	(3,700)	(3,800)
<b>Net - Other Sources</b>	<b>394,700</b>	<b>396,800</b>
<b>STF TOTAL</b>	<b>1,468,100</b>	<b>1,613,200</b>
<b>Mashantucket Pequot and Mohegan Fund (MP&amp;MF)</b>		
Transfers from General Fund	61,800	61,800
<b>MP&amp;MF TOTAL</b>	<b>61,800</b>	<b>61,800</b>
<b>Regional Market Operating Fund (RMOF)</b>		
Rentals and Investment Income	1,100	1,100
<b>RMOF TOTAL</b>	<b>1,100</b>	<b>1,100</b>
<b>Banking Fund</b>		
Fees and Assessments	30,000	30,200
<b>BANKING FUND TOTAL</b>	<b>30,000</b>	<b>30,200</b>
<b>Insurance Fund</b>		
Fees and Assessments	79,950	81,400
<b>INSURANCE FUND TOTAL</b>	<b>79,950</b>	<b>81,400</b>
<b>Consumer Counsel and Public Utility Control Fund (CC&amp;PUCF)</b>		
Fees and Assessments	27,000	27,300
<b>CC&amp;PUCF TOTAL</b>	<b>27,000</b>	<b>27,300</b>
<b>Workers' Compensation Fund (WCF)</b>		
Fees and Assessments	24,867	28,122
Use of Fund Balance from Prior Years	14,960	12,516
<b>WCF TOTAL</b>	<b>39,827</b>	<b>40,638</b>
<b>Criminal Injuries Compensation Fund (CICF)</b>		
Restitutions	2,900	3,000
<b>CICF TOTAL</b>	<b>2,900</b>	<b>3,000</b>



## **Appendix D**

### **Municipal Aid**

The FY 16 and FY 17 budget includes overall net increases in municipal aid of \$31.1 million in FY 16 and \$294.3 million in FY 17. The increase in aid in FY 17 is mostly due to a major property tax policy changes which are summarized below.

#### **Property Taxes, and Property Tax-Related State Aid**

Beginning in FY 17, the bill 1) changes the reimbursement rates, and the basis for determining those rates, for the State Property PILOT and College & Hospital PILOT grant programs; 2) caps the motor vehicle mill rate at 32 mills in FY 17 and 29.36 mills in FY 18 and annually thereafter; 3) distributes a portion of sales tax revenue to municipalities; and 4) establishes an optional commercial property tax revenue sharing system for regional councils of government.

The budget establishes a new Municipal Revenue Sharing Account, and uses sales tax revenue diverted into the account to fund these initiatives. In FY 17, approximately \$214.8 million in MRSA funding will be used to provide: 1) \$46.4 million in additional funding to municipalities with high levels of tax-exempt property; 2) an estimated \$59.1 million to reimburse municipalities that lose revenue as a result of the motor vehicle mill rate cap; and 3) \$109.3 million in additional funding to municipalities for general government aid. Additionally, \$10 million in MRSA funding will be used in FY 16 and FY 17 to provide supplemental Education Cost Sharing (ECS) grants to towns.

#### **Other Significant Changes**

The budget also:

- Provides additional funding for Education Cost Sharing grants of \$13.5 million in FY 16 and \$20.8 million in FY 17 (not including the above mentioned ECS funding provided from the revenue contained in the MRSA account).
- Provides additional funding for Magnet Schools of \$34.7 million in FY 16 and \$31.2 million in FY 17.
- Provides additional funding for Grants for Municipal Projects of \$3.6 million in each of FY 16 and FY 17.
- Increases the MORE Commission Lapse from \$10 million to \$20 million in each of FY 16 and FY 17. This requires the Office of Policy and Management to make recommendations for reductions in state aid of \$20 million in each year.

- Eliminates the Department of Housing’s PILOT grant program, resulting in a revenue loss to municipalities (and a corresponding savings to the state) of \$1.9 million in each of FY 16 and FY 17.
- Eliminates a FY 15 payment to municipalities from the Municipal Revenue Sharing Account. This funding was intended to offset revenue municipalities lost inadvertently when the account closed on June 30, 2013.

### Municipal Aid Synopsis FY 15 to FY 17

Agency/Grant Name	FY 15 Est.	FY 16 Legislative	FY 17 Legislative	FY 16 Leg. - FY 15 Est.	FY 17 Leg. - FY 15 Est.
<b>Appropriated Funds</b>					
<b>Connecticut State Library (CSL)</b>					
Grants To Public Libraries	203,569	190,846	193,391	(12,723)	(10,178)
Connecticard Payments	1,000,000	900,000	900,000	(100,000)	(100,000)
Connecticut Humanities Council	2,049,752	1,921,643	1,947,265	(128,109)	(102,487)
<b>Department of Housing (DOH)</b>					
Tax Abatement	1,444,646	1,118,580	1,153,793	(326,066)	(290,853)
Payment In Lieu Of Taxes	1,873,400	-	-	(1,873,400)	(1,873,400)
Housing/Homeless Services- Municipality	640,398	640,398	640,398	-	-
<b>Department of Public Health (DPH)</b>					
Local and District Departments of Health	4,685,779	4,458,648	4,692,648	(227,131)	6,869
Venereal Disease Control	197,171	197,171	197,171	-	-
School Based Health Clinics	12,048,716	11,747,498	11,898,107	(301,218)	(150,609)
<b>Department of Social Services (DSS)</b>					
Human Resource Development- Hispanic Programs - Municipality	5,364	5,029	5,096	(335)	(268)
Teen Pregnancy Prevention - Municipality	137,826	120,598	124,044	(17,228)	(13,782)
Community Services - Municipality	83,761	78,526	79,573	(5,235)	(4,188)
<b>Office of Early Childhood (OEC)</b>					
Early Childhood Program	11,235,264	10,840,145	10,840,145	(395,119)	(395,119)
Child Care Services	19,422,345	18,701,942	19,081,942	(720,403)	(340,403)
School Readiness Quality Enhancement	5,195,645	4,111,135	4,676,081	(1,084,510)	(519,564)
School Readiness	78,203,282	83,399,834	83,399,834	5,196,552	5,196,552

Agency/Grant Name	FY 15 Est.	FY 16 Legislative	FY 17 Legislative	FY 16 Leg. - FY 15 Est.	FY 17 Leg. - FY 15 Est.
<b>Office of Policy and Management(OPM)</b>					
State Property PILOT	83,641,646	83,641,646	83,641,646	-	-
College & Hospital PILOT	125,431,737	125,431,737	125,431,737	-	-
Reimbursement Property Tax - Disability Exemption	400,000	400,000	400,000	-	-
Distressed Municipalities	5,800,000	5,800,000	5,800,000	-	-
Property Tax Relief Elderly Circuit Breaker	20,505,900	20,505,900	20,505,900	-	-
Property Tax Relief Elderly Freeze Program	171,400	120,000	120,000	(51,400)	(51,400)
Property Tax Relief for Veterans	2,970,098	2,970,098	2,970,098	-	-
Property Tax Relief	1,126,814	-	-	(1,126,814)	(1,126,814)
Focus Deterrence	475,000	-	-	(475,000)	(475,000)
Municipal Aid Adjustment	3,608,728	-	-	(3,608,728)	(3,608,728)
Pequot Grants	61,779,907	61,779,907	61,779,907	-	-
<b>Department of Education (SDE)</b>					
Vocational Agriculture	10,985,565	11,017,600	11,017,600	32,035	32,035
Transportation of School Children	24,884,748	23,329,451	23,329,451	(1,555,297)	(1,555,297)
Adult Education	21,045,036	21,035,200	21,037,392	(9,836)	(7,644)
Health and Welfare Services Pupils Private Schools	4,297,500	3,867,750	3,867,750	(429,750)	(429,750)
Education Equalization Grants <sup>1</sup>	2,038,840,614	2,052,299,985	2,059,689,238	13,459,371	20,848,624
Bilingual Education	1,916,130	2,991,130	3,491,130	1,075,000	1,575,000
Priority School Districts	47,197,022	43,747,208	44,837,171	(3,449,814)	(2,359,851)
Young Parents Program	229,330	229,330	229,330	-	-
Interdistrict Cooperation	9,242,379	7,164,885	7,164,966	(2,077,494)	(2,077,413)
School Breakfast Program	2,379,962	2,379,962	2,379,962	-	-
Excess Cost - Student Based	139,805,731	139,805,731	139,805,731	-	-
Non-Public School Transportation	3,595,500	3,451,500	3,451,500	(144,000)	(144,000)
School To Work Opportunities	213,750	-	-	(213,750)	(213,750)
Youth Service Bureaus	2,989,268	2,839,805	2,839,805	(149,463)	(149,463)
Open Choice Program	38,116,736	38,296,250	43,214,700	179,514	5,097,964
Magnet Schools	293,750,025	328,419,980	324,950,485	34,669,955	31,200,460
After School Program	5,393,286	5,363,286	5,363,286	(30,000)	(30,000)
<b>Teachers' Retirement Board (TRB)</b>					
Retirement Contributions	984,110,000	975,578,000	1,012,162,000	(8,532,000)	28,052,000
Retirees Health Service Cost	14,714,000	14,714,000	14,714,000	-	-
Municipal Retiree Health Insurance Costs	5,447,370	5,447,370	5,447,370	-	-
<b>subtotal - appropriations</b>	<b>4,093,492,100</b>	<b>4,121,059,704</b>	<b>4,169,471,643</b>	<b>27,567,604</b>	<b>75,979,543</b>

Agency/Grant Name	FY 15 Est.	FY 16 Legislative	FY 17 Legislative	FY 16 Leg. - FY 15 Est.	FY 17 Leg. - FY 15 Est.
<b>Bond Funds and Other Revenue Sources</b>					
Municipal Revenue Sharing Account- Property Tax Related Aid <sup>2</sup>	-	-	214,800,000	-	214,800,000
Municipal Revenue Sharing Account- ECS Supplement <sup>2</sup>	-	10,000,000	10,000,000	10,000,000	10,000,000
Town Aid Road	60,000,000	60,000,000	60,000,000	-	-
LoCIP	30,000,000	30,000,000	30,000,000	-	-
Grants for Municipal Projects	56,429,907	60,000,000	60,000,000	3,570,093	3,570,093
<b>subtotal- Bond Funds and Other Revenue</b>	<b>146,429,907</b>	<b>160,000,000</b>	<b>374,800,000</b>	<b>13,570,093</b>	<b>228,370,093</b>
<b>GROSS TOTAL</b>	<b>4,239,922,007</b>	<b>4,281,059,704</b>	<b>4,544,271,643</b>	<b>41,137,697</b>	<b>304,349,636</b>
MORE Commission Lapse	(10,000,000)	(20,000,000)	(20,000,000)	(10,000,000)	(10,000,000)
<b>NET TOTAL</b>	<b>4,229,922,007</b>	<b>4,261,059,704</b>	<b>4,524,271,643</b>	<b>31,137,697</b>	<b>294,349,636</b>

<sup>1</sup>These figures do not include funding for Charter Schools.

<sup>2</sup>Expenditures from the Municipal Revenue Sharing Account are based on estimated deposits into the account in FY 16 and FY 17.