

Glossary of Budget Book Terms

Account/Major Object

Agency funds are appropriated by “account.” “Major objects” are categories of expenditures within accounts. For example, “Other Expenses” is an account and “Utilities-Fuel” is a major object within the Other Expenses account. An agency generally has discretion to make expenditures within a major object as it sees fit unless it has been instructed to spend funds in a specific manner.

Agency Program

An activity or group of activities that have a common element or theme. The program either:

1. Achieves the same goal or serves the same purpose,
2. Serves slightly different purposes but is performed by the same type of employees, or
3. Provides similar services to the same target population.

For example, the Department of Agriculture administers the Connecticut Grown Product Promotion Program, which provides funding for the state’s locally grown products through several marketing venues.

Allotment

A portion of an “appropriation” (description below) that is made available to pay an agency’s encumbrances (description below) and expenditures (description below) for a certain period or purpose. The Office of Policy and Management (description below) usually allots appropriated funds to agencies on a quarterly basis or, in other words, every three months.

Annualization of Partial Year Costs/Funding

Partial year funding occurs in the first year of implementation of a program, when resources are provided for less than a 12-month period. Annualization of partial year costs or funding refers to providing the amount of resources necessary to fund a full 12-month period of the operation in the second year of the program.

Appropriation

An authorization by the General Assembly to spend and incur liabilities for a specific purpose. The General Assembly appropriates the following ten funds: the General Fund; the Special Transportation Fund; the Mashantucket Pequot and Mohegan Fund; the Soldiers, Sailors and Marines’ Fund; the Regional Market Fund; the Banking Fund; the Insurance Fund; the Consumer Counsel and Public Utility Control Fund; the Workers’ Compensation Fund; and the Criminal Injuries Compensation Fund.

Appropriations Committee

A legislative committee that is currently composed of fifty-six members of either the Senate or the House of Representatives. It is responsible for: (a) reviewing all expenditure-related matters and (b) producing a final committee budget to be voted on by both chambers and ultimately submitted to the Governor. It also deals with state employees' salaries, benefits and retirement, teachers' retirement, collective bargaining agreements and arbitration awards for all state employees. The committee is divided into 13 subcommittees that review individual agency budgets and make recommendations. The Appropriations subcommittees are:

1. Legislative,
2. General Government A,
3. General Government B,
4. Regulation and Protection,
5. Conservation and Development,
6. Health and Hospitals,
7. Transportation,
8. Human Services,
9. Higher Education,
10. Elementary and Secondary Education,
11. Judicial and Corrections,
12. Collective Bargaining and
13. Results Based Accountability.

Banking Fund

The Banking Fund is supported by assessments, fees and fines paid by depository institutions supervised by the Department of Banking. Funds are used primarily for the ongoing operation of the Department of Banking.

Bond Allocation

After bond authorizations are passed by the legislature, the State Bond Commission (description below) must allocate the bond funds to actually commit them to a specific capital project or financial assistance program. This means that: (1) the funds are now available for expenditure by the agency, town or organization that received the allocation and (2) the state is prepared to issue bonds to support the allocation.

Bond Authorization

The amount approved by the General Assembly in a bond bill for a specific project or program. Authorizations can be thought of as enabling legislation. A bond authorization must be allocated through the State Bond Commission before an agency can actually expend funds for a specific project or program.

Bond Bill

A type of enabling legislation enacted by the General Assembly based on recommendations from the Finance, Revenue and Bonding Committee. The bill contains new bond authorizations for capital projects and financial assistance programs and revisions to authorizations from prior years.

Bond Commission

See the "State Bond Commission (SBC)" description below.

Budget Act

A budget bill that is approved by both houses of the General Assembly. It usually contains three sections: the front of the budget, the estimated revenues for the period covered by the budget act and the back of the budget language. Descriptions of these sections are as follows:

1. The front of the budget lists appropriations to finance state agency operations over a specific period of time.
2. The revenue estimates indicate the amount of financial resources that are estimated to be available to pay for the state's appropriations. By law, the legislature must pass a balanced budget in which appropriations are equal to estimated revenue. The estimates included in the budget act must first be adopted by the Finance, Revenue and Bonding Committee.
3. Back of the budget language authorizes a variety of expenditure-related provisions that are necessary to carry on state operations. These include the redirection of previously appropriated funds, transfers between funds, carry forwards of funds from one fiscal year to another, changes to statutory language for spending programs like grant payments to towns, and any technical and conforming changes needed to enact the spending plan in the front of the budget.

Budget Options

Funding requests that would result in increases or decreases to the current services level of spending for specific programs. Agencies are required to submit budget options to the Office of Policy and Management when they submit their biennial or revised budget request, usually in the fall of each year.

Budget Request

An agency's itemized plan of required funding to carry out the specific functions assigned to it in state statutes. Each agency's budget request includes: (1) a current services funding level that reflects the resources that would be needed to maintain its current operations and (2) a list of budget options for expenditure changes above or below the current services level.

Budget Reserve Fund (BRF – also, Rainy Day Fund)

A contingency fund in which surplus money is set aside to be drawn upon in case of a future budget deficit. Connecticut's BRF contains unappropriated General Fund dollars designated to be surplus by the Comptroller after the close of the fiscal year. The maximum level of the BRF is 10% of net General Fund appropriations for the fiscal year in progress. The BRF is authorized under CGS Sec. 4-30a.

Capital Budget

The portion of the state budget that: (a) is separate from the operating budget, (b) usually uses borrowed funding, and (c) deals with proposed long-term expenditures and financial assistance programs. Long-term expenditures include:

1. The purchase of land,
2. Construction of new state-owned facilities,
3. Improvements, repairs and additions to existing state-owned facilities,
4. Major equipment purchases and
5. Transportation-related projects.

Financial assistance programs are administered by state agencies and provide funds to municipal and non-government entities through grants and/or loans. Capital budget expenditures are normally covered with bond funds, which are paid off over a 20-year period.

Capital Projects Funds

Funds established to account for grants and bond issue proceeds that are used to acquire or construct major capital facilities for state agencies, fund improvements to transportation infrastructure such as highways and bridges, and provide grants to towns.

Carry Forward

Appropriated dollars that agencies did not spend during the fiscal year and are permitted to "carry forward" for expenditure into the next fiscal year. The specific amount and use of the funds is referenced in statute (e.g., CGS Sec. 4-89), or in other legislation.

Comptroller's Office (also, Office of the State Comptroller)

The Office of the State Comptroller is the state's official bookkeeper. The financial activities of state agencies are recorded centrally in the records of the Comptroller. Among other duties, the Comptroller's Office is responsible for producing and distributing monthly financial reports and an annual report on the state's revenue, expenditures and other related financial information.

Consumer Counsel & Public Utility Control Fund

The Consumer Counsel & Public Utility Control Fund supports the operations of the Office of the Consumer Counsel, the Connecticut Siting Council, the energy branch at the Department of Energy and Environmental Protection including the Public Utilities Regulatory Authority. Each agency assesses the regulated public utility entities (electric, gas, water and cable) to cover the agencies' costs. Each regulated entity is responsible for their portion of the total needs of the agencies, based on their percentage of the public service companies' tax.

Criminal Injuries Compensation Fund

The Criminal Injuries Compensation Fund is administered by the Office of Victim Services within the Judicial Department. The Office of Victim Services compensates eligible crime victims or their immediate families for actual and reasonable expenses, lost wages, and pecuniary and other losses resulting from injury or death. Maximum awards are \$15,000 for personal injuries and \$25,000 for death. The Criminal Injuries Compensation Fund receives funding from three major sources: 1) General Fund Appropriation (which comes primarily from costs imposed in criminal prosecutions), 2) Federal Funding, and 3) Money from the person directly responsible for a victim's criminal injuries or death.

Current Services

The amount required to provide the same level of services in the succeeding fiscal year as in the current fiscal year plus any scheduled or required changes. Scheduled changes include annualization of partial year costs and increases based on current law. Required changes include an adjustment for: (a) inflation and (b) caseload increases.

Debt Service Funds

Funds established to account for the accumulation of resources for the payment of general long-term principal and interest on bonds, including General Obligation (GO) bonds, Special Tax Obligation (STO) bonds, and self-liquidating bonds used to fund rental housing and university dormitories.

Deficiency Appropriation

A supplemental appropriation made for an agency based on a need for increased funding during a fiscal year.

Deficit

A budget deficit occurs when more money is projected to be spent than is projected to be taken in. The opposite of a budget deficit is a budget surplus. The term deficiency is used to describe a shortfall in a specific account/agency.

Disbursements

Payments in cash or check regardless of the purpose.

Equipment

One of the three major categories of accounts (i.e., Personal Services, Other Expenses, etc.). Equipment includes machinery, tools, furniture, vehicles, apparatus, etc., with a value greater than \$1,000 and a useful life of more than one year. Also included are all books, regardless of cost, purchased for the State Library and other agency libraries where the library is a separate operating division or unit.

Employee Fringe Benefits

Certain non-salary benefits for employees. These include: pensions, unemployment compensation, health and life insurance, social security. For the General Fund and the Special Transportation Fund, fringe benefits are not part of an agency's budget but are appropriated to the fringe benefit accounts and administered by the Comptroller. For other appropriated funds, fringe benefit costs are budgeted to the specific accounts within the agency budget and recovered by the Comptroller based on an actual costs basis.

Enabling Legislation

See the "Implementer Bills" description below.

Encumbrances

Funds from requisitions and purchase orders that have been committed for an account, but have not yet been invoiced.

Expenditure

Funds committed to be paid for a particular service or goods rendered.

Federal Grants

Funds made available to the state by the federal government in order to reimburse the state for specific expenditures or to encourage specific programs or projects.

Fiduciary Funds

Assets held when the state serves as an agent for individuals or government units. In the future, assets within these funds will be transferred to other state funds or to sources outside the state (e.g., various retirement funds).

Finance Advisory Committee (FAC)

A joint legislative-executive body; composed of the Governor, Lieutenant Governor, Treasurer, Comptroller, two Senate members and three House members of the Appropriations Committee. The committee's main task involves approving the transfer of funds between accounts within an agency. The committee meets on the first Thursday of every month, or as needed during the legislative session.

Finance, Revenue and Bonding Committee

This committee has cognizance over matters relating to finance, revenue, capital bonding and taxation and all bills on such matters favorably reported by any other committee. Also, all matters relating to the Department of Revenue Services and revenue aspects of the Division of Special Revenue are referred to this committee.

Fiscal Note

A brief statement of costs/savings or the revenue impact of a favorably reported bill and or any amendments to said bill.

Fiscal Year (FY)

For state government, this is the twelve month period from July 1st through June 30th, at the end of which books are closed in order to determine the state's financial condition and the net results of its operations. The federal government's fiscal year begins on October 1st and runs through September 30th.

Fixed Charge or Grant

Payments to institutions, agencies, individuals or undertakings that do or do not function directly under state control. Fixed charges are divided into either Payments to Other Than Local Governments (Grants - Other) and Payments to Local Governments (Grants - Local or Town Grants).

Function of Government

The budget document is separated into eleven categories: Legislative; General Government; Regulation and Protection; Conservation and Development, Health and Hospitals; Transportation; Human Services; Education, Museums and Libraries; Corrections; Judicial; and Non-Functional. Non-Functional includes those accounts that do not easily fit into one of the other categories of government such as Debt Service, the central Workers' Compensation account, and Fringe Benefits Administered by the Comptroller.

Fund

An independent financial and accounting entity. It has a self-balancing set of accounts and records, cash and other financial resources. Monies within the fund share a common purpose or objective in accordance with special regulations, restrictions, or limitations.

Funded Positions

The number of full-time positions that could be filled by an agency during the fiscal year without incurring a deficit: (1) after turnover is taken into account, and (2) provided that all other personal services items were expended as budgeted.

General Fund (GF)

The main operating fund of the state government that is used to finance the majority of the operations of the state. The fund receives income from taxes, federal aid, licenses, permits and fees and is operated according to a budget plan adopted by the General Assembly.

General Obligation (GO) Bonds

Nontaxable or taxable bonds issued by the state that pledge the revenue stream from the state's General Fund to pay debt service. They are used to finance: (1) the construction of state buildings, (2) capital improvements to state buildings and parks, (3) school construction grants-in-aid to towns, and (4) grants and loans for housing, economic development, community care facilities, and open space. The General Assembly has also authorized the issuance of two specialized forms of GO bonds, UConn 2000 Infrastructure Improvement Bonds and Tax Incremental Financing (TIF) Bonds.

Governor's Recommended Biennial Budget

The financial recommendations of the Governor that are contained in a budget document and presented for action by the legislature each February in odd-numbered years. The State of Connecticut uses a biennial budget process. In the first year the Governor's budget covers a two year period.

Governor's Recommended Budget Revisions

Midterm (mid-biennial) adjustments made to the second year of the biennium budget, as proposed by the Governor for action by the legislature each February in even-numbered years.

Grant Payments to Towns

Payments to Connecticut's towns and cities for a specified purpose or reimbursements for expenses already incurred. Education grants make up the largest portion of these payments. These payments are made to the towns, not to the Boards of Education or other local subsidiary bodies.

Grant Payments Other Than to Towns

State obligations that are not part of an agency's direct operating budget (e.g., Temporary Assistance to Needy Families, Medicaid, and payments to the Teachers' Retirement Fund).

Holdback

The amount retained (i.e., "held back") by the Office of Policy and Management to an agency to achieve the amount of overall General Fund savings assumed in the budget adopted by the General Assembly. A holdback is also referred to as a "budgeted lapse" or an allotment reduction.

Implementer Bills (also, Enabling Legislation)

A series of bills that describe how budgeted funding is to be spent and how cuts are to be made. Many times the budget will contain the necessary funding for a program but it will not contain the necessary statutory changes that are needed to enable the program to function as intended.

Insurance Fund

The Insurance Fund supports the operation of the Department of Insurance and the Office of the Healthcare Advocate. The Department assesses domestic insurance companies and entities to cover the cost of these agencies. The assessment is built around the total amount of premium taxes paid to the Department of Revenue Services by domestic insurance companies and entities for the preceding year.

Internal Service Funds

Funds used for the financing of goods or services provided by one department or agency to other departments or agencies of the state, or to other governmental units, on a cost-reimbursed basis (e.g., Data Processing). The Internal Service Funds are: (1) the Correction Industries Fund, (2) the Technical Services Fund, (3) the General Services Fund, and (4) the Capital Equipment Data Processing Fund.

Lapse

Appropriated funds that (1) an agency does not or cannot spend by the end of the fiscal year and (2) are not carried forward into the next fiscal year. A lapse may be naturally occurring (the funding available is more than is needed), or may be a “budgeted” lapse, which is programmed in the budget adopted by the General Assembly specifically in order to achieve savings (see “holdback” above).

Line Item

A single account listed in the appropriations bill that provides funding for a specific type of expenditure. Examples include Personal Services, Other Expenses and Equipment.

Mashantucket Pequot and Mohegan Fund

The Mashantucket Pequot and Mohegan Fund is an appropriation that reduces the amount of slot machine revenues that are otherwise deposited into the General Fund. The appropriation provides grants to towns.

New or Expanded Services

Changes which represent policy decisions that have been made to expand current services or provide new services. Increases in revenue may or may not be associated with these changes.

Office of Fiscal Analysis (OFA)

A nonpartisan professional office of the Connecticut General Assembly established in 1973 that supports the legislature in both budget formulation and execution. Its primary function is to provide technical support to the Committee on Appropriations and the Committee on Finance, Revenue and Bonding, as well as the other committees and members of the legislature. OFA analyzes the Governor's budget recommendations, determines fiscal impact of legislation by completing fiscal notes on bills and amendments, and responds to fiscal requests by legislators.

Office of Policy and Management (OPM)

The executive branch budget office, established in 1977. OPM develops forms and instructions to be used by state agencies in submitting their budget requests. It works closely with the Governor in developing the budget for presentation to the legislature by implementing and monitoring execution of the budget as adopted by the General Assembly. OPM is composed of seven divisions that report to the Office of the Secretary:

1. Administration,
2. Budget and Financial Management,
3. Criminal Justice Policy and Planning Division,
4. Finance,
5. Intergovernmental Policy,
6. Labor Relations, and
7. Policy Development and Planning.

Office of the State Comptroller

See the "Comptroller's Office" description above.

Operating Budget

An itemized summary of estimated funding needs for a given period of time that will allow an agency to carry out the specific functions assigned to it in state statutes.

Other Current Expenses (OCE)

A category of expenses that can be used for PS, OE, Equipment or fixed charges directly associated with that program. Funds appropriated for a nonfunctional OCE account can be used for any category of expenditure as long as it is consistent with the purpose of the appropriation.

Other Expenses (OE)

One of the three major categories of accounts (i.e., Personal Services, Other Expenses and Equipment). OE is comprised of Contractual Services, Commodities and Sundry. Contractual Services are considered compensation for services secured by contract. Commodities refer to all supplies, materials and equipment not normally regarded as

capital items. Sundry charges include all expenditures not properly assignable to other standard accounts, for example: employee fringe benefits, lottery prizes, and student grants.

Personal Services (PS)

One of the three major categories of accounts (i.e., Personal Services, Other Expenses and Equipment). PS is used for actual direct payroll costs. For example: full-time, part-time and temporary employee salaries, overtime, payments for vacation and sick leave, longevity and shift differential. Fringe benefits are not included here.

Personal Services (PS) Reduction

A reduction in personal services that often reflects economies and efficiencies in agency operations.

Policy Changes

A shift in direction or the course of action for a program or adopted legislation, or the set of principles on which they are based.

Program Budget

An estimate of proposed expenditures expressed as major programs of sub-programs of the budgeted agencies and the means of financing them. This includes program objectives, description of program, performance measures, and an explanation of significant program changes requested and recommended.

Program and Outcome Measures

These measures quantify the key aspects of program performance such as workload, output, outcome, client/employee ratios, response times, etc.

Rainy Day Fund

See the "Budget Reserve Fund" description above.

Regional Market Operation Fund

The Regional Market Operation Fund is operated by the state as a self sustaining non-profit venture which is fully funded by fees generated from the operation of the Market. Its purpose is to provide a central location for farmers and wholesalers to sell and distribute food and other agricultural products. The Market covers 32 acres, contains 230,386 square feet of warehouse space, an active railroad spur and 144 stalls in the farmers' market.

Reimbursement

Cash or other assets received in order to repay the cost of work or services rendered, or other expenditure made on behalf of another governmental unit, fund or department.

Rescission

Cancellation of the authority to expend money previously approved by the legislature and Governor. The Governor is permitted to reduce state agency allotments by up to: (1) 3% of the total appropriation from any fund or (2) 5% of any appropriation. As part of a deficit mitigation plan to address the Comptroller's projected deficit of more than 1% of General Fund appropriations, the Governor may seek Finance Advisory Committee approval to reduce total appropriations from any fund by up to 5%. The Governor is granted rescission authority under CGS Sec. 4-85.

Results Based Accountability (RBA)

A management tool that can facilitate collaboration among various agencies, as a method of decentralizing services, and as an innovative regulatory process. The term implies that expected results (also known as goals) are clearly articulated, and that data are regularly collected and reported to address questions of whether results have been achieved.

Revenue

Cash paid to or collected by the state. Connecticut receives revenue from a variety of sources, including: (1) state taxes, such as the sales tax and the income tax, (2) federal grants and payments, (3) licenses, permits and fees, and (4) Indian Gaming Payments from Foxwoods and the Mohegan Sun casinos.

Soldiers, Sailors and Marines' Fund

The Soldiers, Sailors and Marines' Fund provides temporary financial assistance to help meet the health and maintenance needs of eligible veterans, their dependents and survivors. The Fund currently exists as both an independent, appropriated agency and as a Trust Fund that is administered by the State Treasurer. The investment income from the Trust Fund is distributed to the Soldiers, Sailors and Marines' Special Revenue Fund to support the operations of the agency. In FY 15, the fund will no longer be an appropriated fund or administered directly by the state. Instead, it will be administered by the American Legion and the State Treasurer will maintain fiduciary oversight of the Trust Fund.

Special Revenue Fund

Any fund that can only be used only in accordance with specific regulations. Special revenue funds are created by law to finance particular activities with revenue from specific taxes or other sources. Examples of such funds include the Special Transportation Fund, the Soldiers, Sailors and Marines Fund, the Regional Market Operation Fund, and Higher Education Tuition Funds.

Special Tax Obligation (STO) Bonds

Nontaxable bonds issued by the state that pledge a dedicated revenue stream from the state's motor fuels tax, oil companies tax, sales tax collected on motor vehicle sales, and

motor vehicle registrations, licenses and fees. They are used to finance the state's portion of the cost of highway and bridge construction and maintenance. They also fund limited grants to towns for local road improvement.

Special Transportation Fund (STF)

The operating fund of the State Department of Transportation and the State Department of Motor Vehicles. The STF funds the ordinary, everyday operations of these agencies, including fringe benefits for employees and debt service costs on Special Tax Obligation (STO) bonds, which are used to fund road and bridge improvement projects.

State Bond Commission (SBC)

The State Bond Commission (SBC): (1) provides capital budget projects and programs with funding through the allocation of bond funds and (2) approves the amount and timing of bond sales requested by the State Treasurer. The SBC does this based on an agenda determined by the Governor. It is composed of 10 members, including: six executive members (the Governor, the Treasurer, the Comptroller, the Attorney General, the Secretary of the Office of Policy and Management, the Commissioner of Administrative Services) and four legislative members (the House and Senate chairs and ranking members of the Finance, Revenue and Bonding Committee). SBC meetings are scheduled in every month except November.

Surplus

A budget surplus occurs when an entity takes in more money than it spends. A projected surplus occurs before the year ends. An actual surplus occurs after the state's books are closed. The opposite of a budget surplus is a budget deficit.

Tax Expenditure

Tax credits, deductions, exclusions, exemptions, deferrals, and preferential rates that are used to implement government policies. Tax expenditures may be used to help people save for retirement, buy a home, or pay for college; others encourage companies to invest in green energy technologies or build new plants. Examples include the personal income tax deduction for contributions to the Connecticut Higher Education Trust and the sales tax exemption for residential weatherization products that meet federal Energy Star standards.

Transfers

The movement of funds from one funding category to another. This may include: (1) the redirection of resources within an agency, (2) transfers from one agency to another, and (3) transfers from one fund to another.

Turnover

A net adjustment made to the Personal Services account that reflects: (1) the natural reduction made to an agency's payroll due to the loss of employees through voluntary separation, retirements, deaths and transfers and (2) payroll increases due to the introduction of new employees.

Workers' Compensation Fund

The Workers' Compensation Fund supports the operation of the Workers' Compensation Commission. The Commission administers the Connecticut workers' compensation system according to the provisions of the Workers' Compensation Act including determining benefits for work-related disabilities and injuries. The State Treasurer assesses private insurance companies and employers to cover the Commission's annual costs. The assessment is built around the proportion of the preceding year's expenses that the state bore on behalf of each self-insured employer or private insurance carrier.