



Summary

- 1) Closes the deficit without tax increases
- 2) Increases education funding and includes a new ECS formula.
- 3) Reformulates municipal aid, eliminates MRSA, and holds towns harmless in FY2018 to overall municipal cuts.
- 4) Maintains tax exempt status for hospitals to protect them from a new local hospital tax.
- 5) Preserves core government services by restoring funding for social services and protecting funds for services and programs that benefit people most in need.
- 6) Prioritizes transportation needs and stabilizes funding without tolls or new taxes
- 7) Lowers taxes for retirees and helps seniors age in place
- 8) Enhances funding for state parks and tourism
- 9) Streamlines government
- 10) Provides for structural changes

New Education Cost Sharing Formula

- Fully functioning formula that counts current enrollment
 - Contains foundation grant of \$9,638 based on academic research on the cost of educating a child in CT
 - Provides a weight of 30% for students that receive free and reduced priced lunch. Contains an additional weight of 5% for those communities that have more than 75% of its population eligible for free and reduced priced lunch
 - Provides a weight of 15% for English language learners
 - Provides an additional 3%-6% for communities that have a *Public Investment Community Index* (PIC) over 300 which costs \$9.4 million (For the top 5 towns, we provide an additional 6%, for the next 5 towns, we provide an additional 5%, for the following 5 towns, we provide an additional 4%, and for the last 4, we provide an additional 3%)
 - The PIC index measures the relative wealth and need of Connecticut town's by ranking them in descending order by their cumulative point allocations for (a) per capita income, (b) adjusted equalized net grand list per capita, (c) equalized mill rate, (d) per capita aid to children receiving Temporary Family Assistance benefits, (e) unemployment rate
 - The proposal weights net equalized grand list at 70% and median household income at 30%
 - When the proposed ECS formula is completely implemented, the state will be spending \$678.7 million more on the ECS grant
 - This proposal recommends flat funding municipalities that would have received a reduction in ECS funding as a result of the formula (primary driver, enrollment declines) in FY 2018. It then would phase in reductions to municipalities over a 10 year period beginning in FY 2019.
 - For a municipality that is due to receive an increase due to the formula, this proposal recommends phasing in the increase over a 10 year period beginning in FY 2018 with towns seeing 5% of their new full funding under the formula in FY 2018 and 15% of their full funding in FY 2019. Thereafter towns would receive 10% increases annually until 2028 at which point they would be fully funded under the new formula.
- The budget provides an increase of funding of \$33.6 million in FY 2018 and \$136.6 million in FY 2019

Special Education

- Similar to the Governor, this proposal seeks to transfer the portion of the ECS grant that is attributed to special education (approximately 22%) and combines the \$447 million with the current excess cost account and an additional \$10 million creating a combined pool of \$597.6 million
- The distribution of these funds will range from 2.5% to 52% and will be distributed based on the equalized net grand list of municipalities similar to the Governor
- Unlike excess cost, the distribution of these monies will be based on previous years' expenditures rather than a town waiting until the expenditure of a child hits 4.5 times of their per pupil average.



Budget Summary

General Reductions

In general, recommends rolling forward the FY 2017 holdbacks except for core services that this budget seeks to protect such as grants for mental health and substance abuse, early childhood programs for low income citizens, and youth service bureau funding. Also implements 10% reductions to certain agency accounts.

Labor

Assumes the Governor's proposed labor savings targets of \$700 million in 2018 and \$892.4 million in 2019 (\$24.8 million more than governor's in FY 2019 based on annualized medical inflation – same as realized in SEBAC 2011).

Municipal Aid

- Does not require municipalities to assume any costs associated with teachers' retirement.
- Recommends a full elimination of the Municipal Revenue Sharing Account (0.5% of the sales tax going to municipalities). This allows \$340.1 million in FY 2018 and \$349 million to remain in the General Fund in the upcoming biennium.
- Almost all municipalities fare significantly better than under the governor's proposal. No town receives less state funding in FY 2018 than enacted in FY 2017. Specified losses are phased in over time. A Transition Grant is also provided to eliminate losses in FY 2018 and reduce municipal losses in FY 2019 by half.
- Recommends mandate relief to help towns manage their budgets and identify savings for local taxpayers.

Transportation

Contains multiple policy changes to make the Special Transportation Fund solvent and prevent it from entering deficiency. Will move transportation related revenue into the STF to make solvent through 2022 and beyond. Implements "Prioritize Progress" to provide \$62 billion to transportation over 30 years without new taxes or tolls. Policy changes eliminate the need for the 0.5% sales tax revenue transfer to the STF established in 2015.

Hospitals

Does not allow municipalities to tax local hospitals and preserves the small hospital pool. This budget rejects the governor's proposal to tax hospitals for these reasons: uncertainty that the federal funds will actually be there, opposition to making hospitals responsible for supporting towns' fiscal health, no faith that the state will uphold its agreement to reimburse the hospitals, the fact that assessed value is an unknown factor and can be off by hundreds of millions of dollars resulting in a deficit to hospitals based upon fixed reimbursement costs.

Tax Reductions

- Exempts all Social Security as of January 1, 2017 for single income tax filers with an Adjusted Gross Income (AGI) below \$75,000 and for joint filers with an AGI below \$100,000.
- Enacts a seven-year phase in all pension and annuity income as of January 1, 2017 for single income tax filers with an Adjusted Gross Income (AGI) below \$75,000 and for joint filers with an AGI below \$100,000.
- Phases in federal exemption of estate tax over 3 years (same as governor)
- Lowers lifetime cap on gift and estate tax beginning in 2019 (same as governor)

Changes to Other Proposals

- Does not include cigarette tax increase
- Rejects proposed pistol permit fee increase
- Restores the \$200 property tax credit for those with dependents and the elderly
- Does not include increase to carbonated bottle deposit fee



Social Services

- Provides required funding to reopen programs under Care4Kids
- Medicaid - Preserves the 150% eligibility and enacts a \$27 per month copay for nonpregnant individuals on HUSKY A between 133-150% of the federal poverty level.
- Restores Funding for core social services, including but not limited to:
 - Meals on Wheels
 - mental health and substance abuse treatment
 - Provides day and employment services for individuals with Intellectual and Developmental Disabilities
 - Restores funding to school based health clinics, rape crisis, community health services, nutrition assistance, family resource centers
 - Does not annualize holdbacks for domestic violence shelters and services for those with disabilities, employment opportunities for blind and deaf
 - Restores funding for regional mental health boards and restores mental health services
 - Does not reduce burial benefits

Seniors

- Rejects cuts to the CT Home Care Program
- Restores the personal needs allowance
- Provides retiree tax breaks as detailed above
- Restores full Meals on Wheels funding
- Restores funding for non ADA dial a ride and adds more funding

Veterans

Restores funding for veterans' headstones and burial expenses

Energy

A plan to reduce rates for ratepayers immediately. A plan to further support LIHEAP.

Parks

In an effort to stabilize the state's protection and administration of our natural resources, this budget recommends the establishment of a new Environmental Conservation Account funded with a \$5 annual State Parks Pass. This fee will be assessed on motor vehicle registrations. In return, all cars with a Connecticut license plate will be allowed access to state parks and forests without a parking fee. The revenue generated by this fee will be utilized to support personal service expenses associated with state parks and allow DEEP to operate in a more business-like fashion.

Tourism

Acknowledging the multiplier effect that tourism has on our economy, the budget proposes to transfer 1.5% of the current hotel occupancy tax to a new Marketing, Culture and Tourism account. All current appropriations made from the General Fund are eliminated and all future funding will be made from the new account on a competitive basis. This results in a tourism funding increase and more stability.

Funding is also provided to maintain Connecticut's rest stops making our state more attractive to visitors.

Streamlining Government

- Recognizing that the state desperately needs to think about the current size and shape of state government, this budget recommends streamlining human resources, legal, communications and information technology functions. In addition, this budget adopts two new policies. First, that agencies shall have no more than one



deputy commissioner and second, that agencies shall have no more than one executive secretary.

- Privatizes Local Mental Health Authorities - Requires that therapeutic, addiction and crisis intervention services be offered in the same communities where there is currently a LMHA
- Continues privatization of developmental disability community living arrangements with additional 21 facilities.
- Attains legislative savings by eliminating legislative franking, reduces legislative committees, and reduces sessional staff.

Public Safety

- Increases funding for Fire Training Schools
- Provides funding for resident troopers at 85% where the governor completely eliminates funding
- Preserves funding for Cold Case and Shooting Taskforce
- Provides additional funds to the Chief Medical Examiner beyond the governor's proposed funding levels

Higher Education

Reduces the central office of the Board of Regents. Beginning in fiscal year 2019 UConn will be responsible for some benefit costs at a certain dollar level. Other cost cutting measures included.

Public Campaign Financing

This budget eliminates grants for public financing of campaigns under the state's Citizens Election Program. This program in its current form is not effective in keeping special interest money out of politics and is unsustainable. Attempts to reform the program in recent years have consistently been rejected by the majority. Without reforms, the system today is not a clean system. The program is also unsustainable. It is anticipated that before the next election the fund will need an additional \$10 million above the \$35 million already provided. The state will need to spend almost \$50 million on political campaigns if this program remains.

Additional Long Term Structural Changes *(Not an exhaustive list)*

- Requires a Legislative Vote on all State Union Contracts
- Enacts a Constitutional Spending Cap
- Enacts a Constitutional Transportation Lockbox
- Enacts a \$2 billion Cap on Bond allocations and issuances (phase in the cap on issuances over a two year period)
- Closes CJTS and transfers services to judicial/community placements
- Encourages Urban Economic Growth with implementation of the 7/7 Brownfield Redevelopment Program
- Removes Barriers to Regionalization
- Medicaid Oversight
- Apply "Results First" to all Grant Programs
- Creates a "Citizens in Need" Account
- Requires UConn Health Center to Seek Private Partnerships
- Competitively bids the Correctional Managed Healthcare Contract