

BUDGET CONNECTIONS

A Connecticut Voices for Children
Research Brief

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Addressing Deficits: A Summary of CT's Spending Cuts to Date
Part 1: Overview & Cuts in OPM, Education, DMHAS, DSS, DPH, & Judicial¹
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I. Deficit-Mitigation To Date: Spending Cuts, One-Time Revenues, and Borrowing, Rather than Restoring On-Going Revenues

To date, the Governor and General Assembly have addressed a cumulative gross deficit of \$2.25 billion -- \$1.23 billion in SFY 02 and another \$1.02 billion so far in SFY 03.² Only 14% of the “solution” has involved restoring some of the \$2 billion in revenues lost annually through tax cuts

¹ Data for this report are drawn from the following sources: OPM, *Deficit Mitigation Plan* (December 6, 2002); OPM, *FY 2003 Allotment Rescissions* (November 26, 2002); Secretary Marc Ryan's PowerPoint presentation to the Governor's Council on Economic Competitiveness and Technology, *Challenges Facing the State* (September 26, 2002); Office of Fiscal Analysis, *FY 03 General Fund Budget Projection Update* (December 17, 2002); Office of Fiscal Analysis, *Connecticut State Budget 2001-2003 Revisions*; Office of Fiscal Analysis, *Connecticut State Budget 2001-2003* (October 2001).

² For more detail on the SFY 03 revised budget, see S.Geballe, *SFY 03 Budget Revised: Part I, Addressing the SFY 02 Deficit & Adjusting SFY 03 Revenues*; S. Geballe, *SFY 03 Budget Revised: Part 2, Adjusting SFY 03 Expenditures*. Both are available at www.ctkidslink.org.

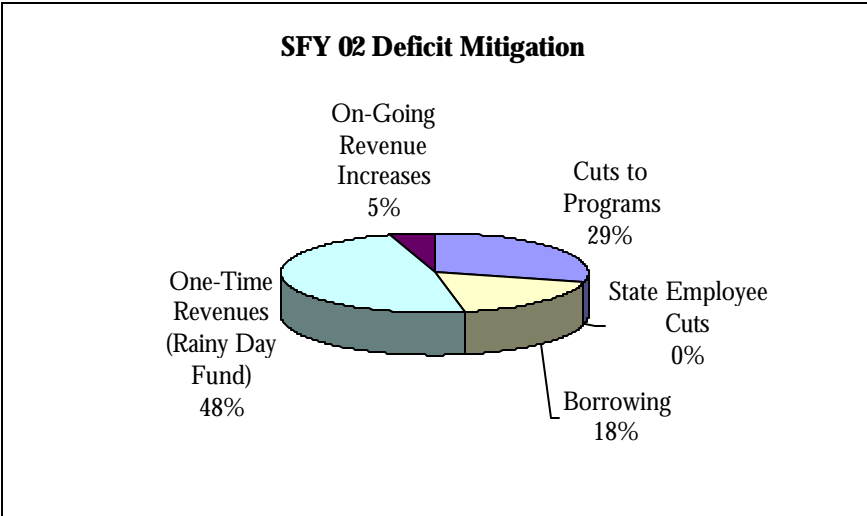
enacted in the late 1990s when the state was flush with temporarily high tax revenues. Rather, Connecticut has relied primarily on spending cuts, borrowing, and the use of one-times revenues (many of which also should be characterized as spending cuts, since funds transferred to the General Fund cannot be used for their intended purposes).

This report describes deficit mitigation to date, then examines some of the spending cuts already made. It argues that a “balanced” approach to the \$500 million deficit remaining in SFY 03 and the projected \$1.5 billion deficit in SFY 04 *must* take into account what actions already have been taken. That is, since deficit-reduction to date has been heavy on spending cuts and light on revenue increases, a “balanced” approach dictates far greater emphasis on revenue increases from this point forward, with proportionately fewer cuts in spending on programs and services.

A. The SFY 02 Deficit

The SFY 02 gross General Fund deficit of \$1,226.7 million was addressed as follows:

- **Spending cuts.** \$353.1 million (28.6% of the gross deficit)
- **One-time revenues.** \$595 million, by draining the Rainy Day Fund (48.5%)
- **Borrowing.** \$222.4 million, through Economic Recovery Notes (18.1%)
- **On-going revenue increases.** \$56.5 million in on-going revenue increases³ (4.6%, if include the repeal of the credit for managed care companies).



SFY 02 spending cuts, in brief. The \$351.1 million in spending cuts to mitigate the SFY 02 deficit resulted from:

- \$57.6 million in rescissions made by the Governor (\$29.5 million in September 2001 and \$28.1 million in December 2001)

³ This includes \$42.5 million from an increase in the cigarette tax and \$14.0 million from repeal of the tax credits for managed care plans providing care to persons on HUSKY (though the revenues gained by the repeal were more than more than offset by an increase in fees to these managed care plans). There was also an \$18 million one-time revenue loss in FY 02 resulting from a change in when a sales tax exemption on hospital patient services applies.

- \$42.3 million in other cuts made in the November 2001 Special Session (\$35.5 million in reductions to appropriations and \$7.0 million in reductions to carry-forwards)
- \$253.2 million cut from accounts that had received some SFY 01 surplus funds (\$128.8 million in the November 2001 Special Session, \$28.4 million in the May Special Session, and \$96.0 million of “unappropriated” SFY 01 surplus re-characterized as SFY 02 revenues).

A more detailed summary of *where* these cuts were made follows in Section II.D.

B. The SFY 03 Deficit (to date)

A SFY 03 gross deficit of \$1,022 million was addressed in the 2002 General Assembly Session and May Special Session as follows:

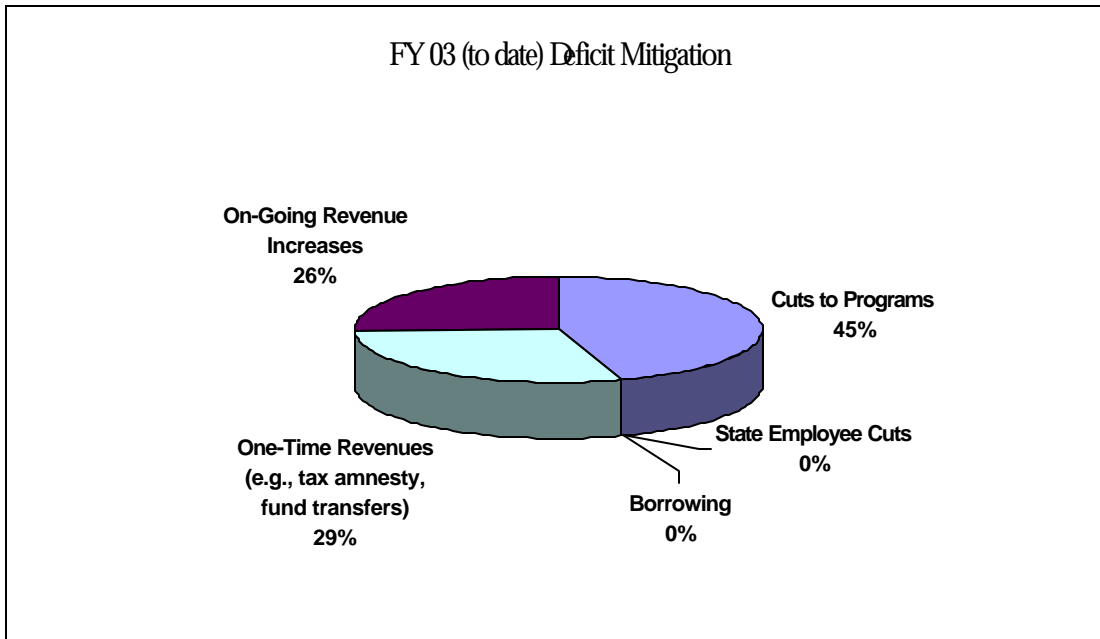
- **Spending cuts.** \$340 million (33.3%)
- **One-time revenues.** \$421 million (as originally projected), including \$190 million through various fund transfers,⁴ \$22 million anticipated from the tax amnesty program,⁵ \$127 million from the sale of Anthem stock after demutualization, \$46 million from a retroactive payment for home care and the balance in net other revenues (41.2%)
- **On-going revenue increases.** A total of \$262 million: \$225.3 million in on-going revenue increases,⁶ \$35.6 million in delays of planned revenue reductions,⁷ and \$1.5 million in new fees (25.6%).

⁴ \$100 million from the cash reserves of quasi-public agencies (including \$85 million from the CT Housing Finance Authority for affordable housing), \$69 million from the Tobacco Settlement (current cash reserves of the Tobacco Health Trust Fund and Biomedical Research Trust Fund, and moneys that were to be added to these reserves), and \$21 million in transfers from various other funds (e.g. Probate Court Fund).

⁵ The tax amnesty program was projected to bring about \$22 million, but actually brought in \$109 million.

⁶ Of which \$122 million was from the earlier-adopted cigarette tax increase, \$72 million from changes in the corporation business tax, \$1 million from net increases in the sales/use tax, \$15.6 million from the repeal (earlier, in PA 02-3) of the tax credit for managed care plans providing HUSKY care (though this revenue gain was off-set by a rate increase for these plans). There also was a gain in revenues in the Special Transportation Fund of \$25 million from an increase in the diesel fuel tax, and – as a result – a cut in like amount in the amount of revenues from taxes on petroleum gross earnings that are to be transferred from the General Fund to the Special Transportation Fund, resulting in additional funds in the General Fund.

⁷ \$12 million from a one-year delay in the enacted increase in the exemption/credit to the personal income tax for single filers, \$10 million from a two-year delay in the phase-out of the sales tax on computer & data processing services, \$11 million from a one-year delay in the phase-out of the inheritance tax, and \$2.6 million from a two-year delay in partial phase-out of the gift tax (until 1/1/04).



SFY 03 spending cuts, in brief. Included in the \$340 million in spending cuts were:

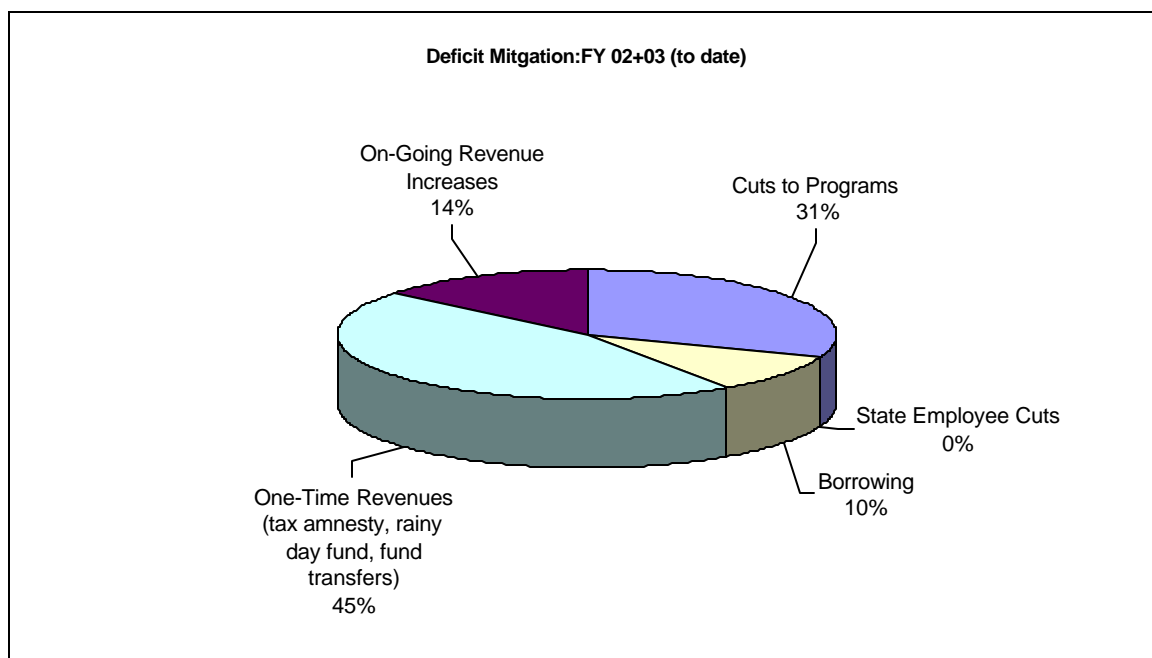
- \$191 million of cuts to funding appropriated in the original SFY 03 budget for various programs and services (discussed in more detail below)
- \$94 million in unallocated lapses
- \$35 million in new “extraordinary” rescission authority given to the Governor (in addition to existing statutory rescission authority)
- \$32 million in a reduced contribution to the teachers’ retirement fund
- \$21 million in other cuts to education
- \$35 million through the transfer (to the Transportation Fund) and reduction (to \$25 million) of town aid for roads
- \$37 million in projected savings in debt service.

Importantly, however, some of the “one-time revenues” in the revised FY 03 budget should be viewed as spending cuts. For example, \$100 million was transferred to the General Fund from the cash reserves of three quasi-public agencies: \$85 million from the Connecticut Housing Finance Authority, \$7.5 million from the Connecticut Development Authority, and \$7.5 million from Connecticut Innovations. Since these funds are no longer available for their intended purposes (i.e., developing affordable housing, promoting economic development) these fund transfers also should properly be characterized as spending cuts. Similarly, the \$90 million in transfers to the General Fund that reduced available resources in other funds (e.g., Probate Administration Fund, Underground Storage Tank Fund, Conservation Fund, Biomedical Research Trust Fund, Tobacco Health Trust Fund) can be called “cuts” since these funds are no longer available for their intended purposes. If these “one-time” revenues are also considered spending cuts, then the revised SFY 03 budget included \$530 million in spending reductions.

C. Cumulative SFY 02-03 Deficit Mitigation: Little Reliance on Restoring Revenues

Taken together, the deficit that the Governor and General Assembly have addressed thus far totals \$2.25 billion: \$1.23 billion in SFY 02 and \$1.02 billion in SFY 03. The following chart *how* this cumulative deficit has been addressed. It does *not* include spending cuts attributed to the laying off of state employees, but *does* include the Governor's November 2002 rescissions (since the revised SFY 03 budget assumed that these recessions would be made).

As illustrated in the chart below, only 14% of Connecticut's cumulative deficit mitigation has involved *on-going* revenue increases ("going back to work"), i.e. actions to restore some portion of the revenues Connecticut loses annually because of the more than \$2 billion in tax cuts made in the late 1990s when times were prosperous. By comparison, 31% of our deficit mitigation came from cuts in spending on programs and services ("pulling in our belts"), 45% from one-time revenues ("raiding the piggy-bank"), and 10% from borrowing ("passing the buck to our kids").



If one counts fund transfers as spending cuts, nearly \$900 million of deficit-mitigation to date has involved cuts in spending.

II. Spending Cuts: Who Has Borne the Burden of Deficit Reduction?

A. A Bit of Context.

Spending cuts disproportionately hurt those left behind in the 1990's "new" economy. Prior research reports by CT Voices demonstrate that the very prosperous 1990s did not lift all boats equally.⁸ Rather, despite

⁸ See, e.g., *Connecticut Family Assets: Asset Outcomes, 2002*; *The State of Working Connecticut 2002*; *Child and Family Poverty in Connecticut, 1990 and 2000*; *Pulling Apart in Connecticut: An Analysis of Trends in Family Income*. All are available at www.ctkidslink.org in "Reports & Publications."

working longer hours, Connecticut's lower-income families lost significant economic ground and its middle-income families just kept pace, while Connecticut's highest income families gained significant wealth. Connecticut made no progress in reducing the proportion of children living in poverty – more than one in ten Connecticut children still live in poverty in this, the nation's wealthiest state.

Yet, it was the programs and services designed to help Connecticut's middle and lower-income families and other residents who are most at risk that were among the first targeted for cuts when the economy began to decline and the state's deficit grew. Important advances Connecticut began to make in the late 1990s – in addressing the crisis in its mental health system for adults and children, in narrowing the educational attainment gap, in bolstering its economic competitiveness through industry clusters – began to be eroded. That is, rather than turning to those who benefited most in the late 1990s to help Connecticut weather its “perfect” budget storm – Connecticut's higher income families and its largest corporations – the Governor and General Assembly cut spending for programs targeted to those who *lost* economic ground in the 1990s.

Spending cuts began even when there were surpluses. Significantly, even when times were good and Connecticut was enjoying multi-million dollar budget surpluses, state spending growth was limited by the state spending cap. Indeed, in SFY 01, when Connecticut was enjoying a budget surplus of nearly \$600 million, the Governor implemented allotment reductions totaling \$48.5 million to various programs and services to keep state spending under the spending cap. In addition, the original SFY 01-03 budget, adopted when Connecticut was still enjoying budget surpluses, implemented seven statewide budget reductions that reduced the General Fund appropriations of most state agencies by a total of more than \$100 million, again to stay under the spending cap.⁹ It is no accident that Connecticut was recently ranked the second most frugal state in the nation in state and local government spending (by *The Connecticut Economy*, using five separate measures).¹⁰

B. When Were Cuts Made?

When were cuts made? Cuts in General Fund spending were not made all at once. Rather, they were made at each of the following times, in the following amounts:

- Governor's September, 2001 recessions (\$29.5 million)
- November 2001 Special Session
 - \$128.8 million in cuts to accounts relying on SFY 01 surplus funds
 - \$35.3 million in reductions in appropriations
 - \$7.0 million in reductions to carry-forwards[SA 01-1, NSS]
- Governor's December, 2001 rescissions (\$28.1 million)
- May 2002 Special Session
 - \$155.1 million in additional net cuts to accounts relying on SFY 01 surplus, including \$96 million transferred to cover SFY 02 agency deficiencies, \$29.1 million transferred to other programs for use in SFY 02 and 03, and \$26.5 million cut and simply credited as SFY 02 “resources”
 - \$339.6 million in cuts made to the original SFY 03 budget[PA 02-4; PA 02-1, MSS; PA 02-7, MSS]
 - Some of the SFY 02 allotment rescissions, forced lapses and cuts annualized.

⁹ *Connecticut State Budget 2001-2003*, pp. 36-37.

¹⁰ See, S. Geballe, *Where Really Does Connecticut Stand?* (CT Voices for Children, January 2003).

- Governor’s November 2002 Allotment Rescissions (\$56.2 million, of which \$27.9 million were made through the Governor’s statutory authority under Conn. Gen. Stat.§4-85 and \$28.3 million under the “extraordinary” authority granted him in the May 2002 special session).

In addition, the Governor’s proposed layoffs of approximately 2,800 state employees, beginning January 3, 2003, will result in reductions in agency personnel costs, but are *not* discussed in this report.

The importance of looking at cuts cumulatively. Importantly, some programs and services have been “hit” repeatedly by these sequenced spending cuts. Although each individual cut in funding may appear not too serious, the *cumulative* impact of these cuts can become crippling.

A good example of this are the youth development programs funded through OPM. The following table shows the *total* proportion of their funding that has been cut since September 2001 (*including* the Governor’s November 2002 rescissions), as well as the Governor’s proposal to mitigate the remaining \$500 million SFY 03 deficit.

OPM-Funded Youth Development Programs: Funding Cuts’ Impact		
Program	% of Funding Cut (9/01 rescissions through 11/02 rescissions)	Governor’s proposed plan to mitigate SFY 03 \$500M deficit
Leadership, Education, Athletics in Partnership	23% cut (of SFY 01 funding of \$2.33 million)	Eliminate all funding
Truancy Prevention	100% (of SFY 01 funding of \$0.56 million)	Funding already eliminated
Child and Youth Program Development	66% cut (of FY 01 funding of \$1.35 million)	Eliminate all funding
Neighborhood Youth Centers	37% cut (of FY 01 funding of \$1.87 million)	Eliminate all funding
Boys and Girls Clubs	29% cut (of FY 01 funding of \$0.35 million)	Eliminate all funding
Drugs Don’t Work	50% cut (of FY 01 funding of \$0.48 million)	Eliminate all funding

While the impact *this year* of some of the cuts to budget accounts described herein is being mitigated by the re-allocation of remaining SFY 01 “surplus” funds, these funds are one-time in nature.¹¹ In years after this one, there is *no* on-going funding provided to pick up when these one-time funds are used.

¹¹ See, *SFY 03 Budget Revised, Part 1, Addressing the SFY 02 Deficit and Adjusting SFY 03 Revenues and SFY 03 Budget Revised, Part 2, Adjusting SFY 03 Expenditures* (CT Voices for Children, 2002) available on www.ctkidslink.org.

C. What Happened to the \$608 Million in SFY 01 Surplus Funds?

SFY 01 closed with a projected \$608 million surplus, after distributing \$6 million to the Emergency Spill Response Fund. Funds were allocated originally as shown in the table in Appendix I. Budget accounts that each received more than \$15 million were:

- SDE school construction grants (\$125 million)
- DHE higher ed state matching grant fund (\$20 million)
- OPM energy contingency (\$35 million), private provider infrastructure/debt fund (\$18 million), municipal revenue sharing/impact aid (\$31 million)
- DEP residential underground storage tank cleanup (\$17 million) and open space purchase (\$30 million)
- DMHAS supportive housing (\$15 million) and Community Mental Health Strategic Investment Fund (\$25 million)
- DOT Transportation Strategy board (\$50 million)
- DSS Medicaid excess cost (\$25 million) and hospital finance re-structuring funding (\$29 million)
- DAS transfer of workers' compensation claims (\$30 million)
- Pequot/Mohegan Fund grants to towns (\$15 million).

Deficit mitigation to address the SFY 02 and SFY 03 deficits resulted in \$316 million (more than 50%) of these funds being cut.¹² Virtually all the other funds were spent in SFY 02.

Appendix I provides a listing of the budget accounts fully or partially funded with SFY 01 surplus that lost \$500,000 *or more*. Some, but certainly not all, of these accounts had some of these funds replaced by bond funds (e.g. some of the cuts to the Transportation Strategy Board). Importantly, no on-going funding was provided for programs and services funded temporarily with SFY 01 surplus funds, though the funds were known to be one-time only. Thus, even the programs that were *not* cut in this set of budget cuts are at risk after this current year. Appendix II provides a listing of budget accounts that are relying in the current fiscal year on re-allocated SFY 01 surplus funds that will be *short* funds next year unless additional, on-going funds are appropriated.

D. What Programs and Services Have Been Particularly Hard Hit by Cuts?

The following section highlights some of the areas of the General Fund budget hit particularly hard by spending cuts. For each agency, the analysis focuses first on the more recent cuts (cuts made in the revised SFY 03 budget and the recent November 2002 rescissions). It then looks at the

¹² See, PA 01-1 (JSS)(section 47(w))(\$32 million cut through a 5.91% across-the-board reduction in almost all accounts because the actual SFY 01 surplus was less than projected. Accounts exempted from this reduction included town aid, arts and culture grants, and the Pequot & Mohegan Fund grants to towns); November 2001 Special Session (\$129 million more cut, with cuts falling more heavily on some accounts than others); 2002 Cuts (\$155 million more cut, again with cuts falling disproportionately on some accounts. Of this \$155 million, \$96 million was used to pay for agency deficiencies in FY 02. An additional \$56 million was credited to the General Fund as "resources" for FY 02 and of this, \$29 million was then credited to *other* programs and allowed to be carried forward for use in SFY 03).

cumulative impact of cuts (using SFY 01 spending as a baseline for comparison). It considers next the Governor’s proposed December 2002 “balanced budget plan” and its proposed cuts.

As noted earlier, this report does *not* does not include a comprehensive analysis of the impact on services of the laying off of nearly 2,800 state employees, or the state hiring freeze.

a. OPM

i. Recent Cuts. In addition to the deep cuts already made to youth development programs discussed above, the following major cuts were made to the original SFY 03 budget:

- *Grants to towns for drug enforcement* \$2.77 million in cuts in the revised SFY 03 budget and \$325,000 in additional cuts in the November 2003 rescissions. Programs funded through these grants include drug education, summer youth recreation, local drug enforcement task forces, and safe neighborhood programs. The Governor’s “balanced budget plan” to mitigate the remaining FY 03 budget would *eliminate* all funding for these programs.
- *Payment in Lieu of Taxes (PILOT) for new manufacturing machinery and equipment* \$3.78 million in cuts in the revised SFY 03 budget and \$3.59 million in additional cuts in the November 2002 rescissions. The Governor’s “balanced budget plan” to mitigate the remaining FY 03 budget would cut this by an additional \$20 million (annualized to double this).

ii. Current funding compared to SFY 01. Using its SFY 01 budget as a baseline, OPM’s budget is now *30% less* than it was in SFY 01 --\$151.6 million now (after all cuts made to date excluding state employee layoffs), compared to \$216.8 million in SFY 01. Programs funded through OPM that have suffered deep cuts include:

Program/Service	SFY 01 Budget (in millions)	SFY 03 budget (after 11/ 02 rescissions) (in millions)	% of SFY 01 budget cut	Gov’s Proposed Cuts (12/02) (2x for full-year impact)¹³
Drugs Don’t Work	\$0.47	\$0.24	-50%	Eliminate
Leadership, Education, Athletics in Partnership	\$2.33	\$1.80	-23%	Eliminate
Children & Youth Program Development	\$1.35	\$0.47	-66%	Eliminate
Justice Assistance Grants	\$0	\$1.70	N/a	Eliminate
Truancy Prevention Programs	\$0.56	0	-100%	
Neighborhood Youth Centers	\$1.85	\$1.17	-37%	Eliminate
Boys and Girls Clubs	\$0.35	\$0.25	-30%	Eliminate
Drug Enforcement Program Grants	\$1.41	\$1.13	-20%	Eliminate
Arts Grants	\$8.45	\$0	-100%	

¹³ The Governor’s December 6, 2002 “balanced budget plan” proposes \$201 million in additional cuts in SFY 03. *Annualized* these cuts would result in cuts in SFY 04 and beyond of about double this amount (since the cuts as included in the plan are made more than half-way through the state fiscal year.

Regional Planning Agencies	\$0.62	\$0	-100%	
Property Tax Relief-Elderly Freeze Program	\$3.53	\$2.7	-26%	
PILOT –New Manufacturing Machinery	\$76.14	\$68.14	-11%	\$20.0 (\$40M FY)
Justice Assistance Grants to Towns	\$3.47	\$0	-100%	
Waste Water Treatment Town Grant	\$0.25	\$0.24	-5%	Eliminate
TOTAL OPM BUDGET	\$216.75	\$151.6	-30%	

iii. *Governor’s 12/02 “balanced budget plan.”* The Governor’s proposed “balanced” budget plan would cut an additional \$26.2 million from OPM’s budget. He proposes to *eliminate* or cut funding for a number of programs (noted in the table above) that already have suffered deep cuts since SFY 01. In addition to these, he proposes to eliminate funding for the Drug Enforcement Program Grants to Towns. This program currently is funded at \$6.18 million (up 47%, or \$1.97 million from FY 01). As noted in the table above, the Governor also proposes to cut an additional \$20 million (annualized to twice this, or \$40 million) to grants to towns for Payments in Lieu of Taxes for New Manufacturing and Equipment. In addition, other cuts might be made as a part of the \$27.9 million in additional allotment rescissions included as a part of this plan.

The *only* OPM budget accounts that remain above SFY 01 funding levels after the November 2002 rescissions are personal expenses (up \$1.3 million, or 10%), Tax Relief for Elderly Renters (up \$78,000, or 6%), Property Tax Reimbursement – Disability Exemption (up \$3,000 or 7.6%), and Distressed Municipalities (up \$2.7 million, or 52%).

iv. *In sum.* After the November 2002 rescissions, OPM’s budget is \$65.2 million less than it was in SFY 01 – a 30% cut (from \$216.8 million in SFY 01 to \$151.6 million). The Governor’s December 2002 budget plan would cut OPM’s budget by an additional \$26 million (and more than double this amount, when annualized).

b. Elementary and Secondary Education

i. *Recent cuts.* Cuts made to the original SFY 03 budget through the revised SFY 03 budget and the November 2002 rescissions will pass more of the responsibility of funding K-12 education onto towns and the local property tax. These recent cuts in the State Department of Education’s budget include:

- *School Transportation:* \$5.4 million cut in revised SFY 03 budget and an additional \$2.5 million cut in November 2002 rescissions.
- *Adult education.* Net reduction of \$1.7 million in revised SFY 03 budget.
- *Special education.* Elimination of special education equity grant (\$7.5 million) and delay in planned reduction of catastrophic loss threshold (\$9.0 million) in revised SFY 03 budget and an additional \$3.3 million cut in excess cost-student based grant in November 2002 rescissions.
- *Priority and transitional school districts.* Elimination of all funding for transitional school districts in the revised SFY 03 budget and \$4.1 million cut to priority school districts in November 2002 rescissions.

- *Magnet & charter schools.* \$400,000 cut to magnet schools in revised SFY 03 budget, and \$500,000 cut to charter schools in November 2002 rescissions.
- *Early care and education.* \$275,000 cut to early childhood program, \$300,000 to Head Start, \$200,000 to Head Start enhancement, and \$107,000 in early reading success in November 2002 rescissions.
- *Teachers' retirement.* Reduced contribution to retirement fund (\$32 million) in revised SFY 03 budget.

Importantly, these cuts are *in addition to* cuts already made in many education accounts prior to the revised SFY 03 budget.

ii. *Current funding compared to funding in SFY 01.* General Fund appropriations to the State Department of Education have *fallen* by \$179 million (or more than 8%) –from \$2.17 billion in SFY 01 to \$1.99 billion currently. Budget accounts that have been cut more severely than others (from the September 2001 rescissions through the November 2002 rescissions, but not including the impact of state employee layoffs) include:

Program/Service	SFY 01 Budget (in millions)	SFY 03 budget (after November 02 rescissions) (in millions)	% of SFY 01 budget cut
Institutes for Educators	\$0.31	\$0.14	-55%
Teachers' Standards Implementation Program	\$3.52	\$3.01	-14%
Early Childhood Program ¹⁴	\$38.05	\$2.50	-93%
Education Technology-Training	\$2.50	\$0	-100%
Early Reading Success –Administration	\$1.64	\$0	-100%
Adult Basic Education	\$0.90	\$0	-100%
Vocational-Technical School Textbooks	\$0.79	\$0.5	-37%
CT Pre-Engineering Program	\$0.40	\$0.34	-16%
Jobs for CT Graduates Program	\$0.28	\$0.20	-27%
Regional Education Service Center leases	\$1.48	\$1.07	-27%
Head Start Services	\$3.10	\$2.75	-11%
Head Start Enhancement	\$1.95	\$1.77	-9%
Family Resource Centers	\$6.05	\$5.26	-13%
Vocational Agriculture programs	\$2.82	\$2.29	-19%
School Wiring	\$9.89	\$0	-100%
Transportation of School Children	\$45.94	\$43.14	-6%
Transportation for Non-Public School Children	\$4.54	\$4.25	-6%
Bilingual Education	\$2.25	\$2.13	-5%
Young Parents Program	\$0.26	\$0.22	-15%
Inter-district Cooperation	\$17.77	\$12.96	-27%
School Breakfast program	\$1.56	\$1.48	-5%
Special Education-Excess cost equity funding	\$11.50	\$0	-100%

¹⁴ NOTE: Some (but not all) of the funding for this and other programs targeted at children at educational risk was moved into the priority school district grants which increased from \$20 million in SFY 01 to \$81.8 million in FY 02 and \$81.6 million in the revised SFY 03 budget. The November 2002 rescissions cut \$4.1 million from the priority school district grants.

Student Achievement Grant	\$1.5	\$0	-100%
School-to-Work	\$0.25	\$0.21	-14%
Extended School Hours and Support Programs	\$3.11	\$0	-100%
Transitional School Districts	\$2.5	\$0	-100%
Early Reading Success program	\$20.57	\$2.13	-90%
TOTAL STATE DEPARTMENT OF EDUCATION	\$2169.78	\$1991.20	-8%

Notably, there *were* some areas of SDE’s budget that enjoyed growth over this period since SFY 01, including: a) development of mastery exams (\$5.5 million to \$6.4 million), b) special education excess cost-student based (\$58 million to \$63 million), c) charter schools (\$13.7 million to \$15.8 million), d) adult education (\$15.3 million to \$16.9 million), e) education cost sharing (ECS) grants (\$1.38 billion to \$1.52 billion), f) priority school districts (\$20 million to \$77.5 million, in part because funding from other accounts was shifted into this grant).

iii. Governor’s “balanced budget plan.” The Governor’s “balanced budget plan” for the remaining SFY 03 budget proposes an additional \$94 million in cuts to the ECS grants if no union concessions are achieved. In addition, the Governor proposes \$400 million in reductions in bond authorizations for school construction projects approved for 2002 and 2003. Specifically, he proposes to postpone until July 1, 2004 certain school construction projects approved in 2002 and requested for 2003, to cap new school construction project authorizations at \$600 million (rather than \$1 billion) per year for 2004 through 2006, and to reduce state school construction grant reimbursements for 2004-2006 projects by 10 percentage points.¹⁵ In addition, other cuts might be made to the SDE budget as a part of the \$27.9 million in additional allotment rescissions included as a part of the Governor’s plan.

iv. In sum. Despite the increases (and re-allocations) noted above, the SDE budget is now 8% (\$179 million) *less than* it was in SFY 01 (though there are more children in our public schools than there were in SFY 01).

c. Higher education

i. Recent cuts. State funding for higher education has had significant cuts from what had been included in the original SFY 03 budget, including:

- *University of CT.* Cut \$10.2 million through revised SFY 03 budget, about 5% (prompting tuition increase)
- *Connecticut State University.* Cut \$7.3 million through revised SFY 03 budget, about 5%.
- *Regional Community-Technical Colleges.* Cut block grant by \$6.1 million through revised SFY 03 budget, about 4.6%.
- *Department of Higher Education.* Cut \$5 million in need-based scholarship aid through revised SFY 03 budget and an additional \$1.2 million in November 2002 rescissions, leaving about \$32.5 million remaining. Cut \$171,000 in minority advancement program in revised SFY 03 budget and additional \$124,000 cut in November 2002 rescission.

¹⁵ OLR, *Analysis of SB 802* (2002-R-1022, December 24, 2002).

ii. *Current funding compared to funding in SFY 01.* Areas of DHE’s budget cut most severely (from the September 2001 rescissions through the November 2002 rescissions) are as follows:

- Capitol Scholarship Program (6%)
- CT Independent College Student Grant (15%)
- CT Aid for Public College Students (11%)

Program/Service	SFY 01 Budget (in millions)	SFY 03 budget (after November 02 rescissions) (in millions)	% of SFY 01 budget cut	Gov’s Proposed Cuts (12/02) (2x for FY impact)¹⁶
Statewide Digital Library	\$1.0	\$0	-100%	0
Minority Advancement Program	\$2.37	\$2.36	-1%	-\$0.124
National Service	\$0.33	\$0.45	+35%	-\$0.1
Higher education matching grant fund	\$6.39	\$0	-100%	0
Loan reimbursement/scholarship pilot	\$0.68	\$0	-100%	0
Connecticut Independent College Student Grant	\$18.78	\$15.89	-15%	0
Connecticut Aid for Public College Students	\$19.76	\$17.54	-11%	0

iii. *Governor’s “balanced budget plan.”* The plan does not include additional cuts, except as might be made as a part of the \$27.9 million in additional allotment rescissions incorporated in the plan.

iv. *In sum.* General Fund appropriations to the Department of Higher Education have *fallen* by \$13.7 million (or more than 23%) in the last two years – from \$58.14 million in SFY 01 to \$44.4 million in SFY 03 (revised).

d. Department of Mental Health and Addiction Services

i. *Recent cuts.* In response to the recommendations of the Governor’s Blue Ribbon Commission on Mental Health, funding for adult mental health services was significantly increased in the last several years -- from \$355.16 million in SFY 01, to \$425.34 million in SFY 02, and \$457.5 million in the original SFY 03 budget.

The *revised* SFY 03 budget, however, began to cut back on these important new investments in adult mental health services. Accounts taking particularly significant cuts in the revised SFY 03 budget (compared to the SFY 03 budget as originally adopted) include:

¹⁶ The Governor’s December 6, 2002 “balanced budget plan” proposes \$201 million in additional cuts in SFY 03. *Annualized* these cuts would result in cuts in SFY 04 and beyond of about double this amount (since the cuts as included in the plan are made more than half-way through the state fiscal year.

- CT Mental Health Center: \$1 million (12%) cut.
- Housing supports and services: \$900,000 (15%) cut
- General Assistance managed care: \$8.9 million (12%) cut
- Special populations: \$1.9 million (9%) cut
- Grants for substance abuse services: \$1.3 million (6%) cut
- Grants for mental health services: \$3.7 million (5%) cut
- Jail diversion: \$119,000 (6%) cut.

ii. *Current funding compared to funding in SFY 01.* Because there were such significant *new* funds appropriated to DMHAS in the SFY 02 and the original SFY 03 budgets, the impact of recent cuts – as compared to SFY 01 funding levels (not adjusted for inflation) – may appear a little less severe than in some other agency budgets. Yet, because the Blue Ribbon Commission had found the adult mental health system to be in a “state of crisis” two years ago, *any* cuts to DMHAS budget should be understood to have severe impacts.

Program/Service	SFY 01 Budget (in millions)	SFY 03 budget (after 11/ 02 rescissions) (in millions)	% of SFY 01 budget cut	Gov’s Proposed Cuts (12/02) (2x for full-year impact)¹⁷
Legal services	\$0.4	\$0.39	-1.5%	
CT Mental Health Center	\$7.79	\$7.24	-7%	
Capitol Regional Mental Health Center	\$0.35	\$0.34	-1.5%	
Professional services	\$4.65	\$4.51	-3%	
Regional Action Councils	\$0.99	0.47	-53%	Eliminate
General Assistance managed care	\$72.06	\$67.61	-6%	\$10.0 (\$20M FY)
Workers’ compensation	\$7.14	\$5.08	-29%	
Pretrial drug education	\$0.80	\$0	-100%	
Pretrial alcohol education	\$1.43	\$0	-100%	
Governor’s Partnership to Protect CT’s Workforce	\$0.47	\$0.40	-15%	Eliminate
Grants for mental health services	\$73.91	\$73.75	-0.2%	

DMHAS budget accounts maintaining significant funding increases compared to SFY 01 (not adjusted for inflation) include the following: Personal Services (+\$47M, 42%); Operating Expenses (+\$8.6M, 50%); Housing Supports and Services (+\$4M, 380%), Managed Service Systems (+\$14M, 150%); Special Populations (+\$7.66M, 68%); TBI Community Services (+\$3.8M, 670%); Transitional Youth (+\$1.2M, 53%), Grants for Substance Abuse Services (+0.17M, 1%); Employment Opportunities (+\$0.39M, 4%).

iii. *Governor’s “balanced budget plan.”* The Governor’s proposed layoffs and “balanced budget plan” will accelerate a decline in mental health services, eroding hard-won advances. The plan proposes to cut an additional \$10.355M from DMHAS’ budget (annualized to double this in FY 04). As noted

¹⁷ The Governor’s December 6, 2002 “balanced budget plan” proposes \$201 million in additional cuts in SFY 03. *Annualized* these cuts would result in cuts in SFY 04 and beyond of about double this amount (since the cuts as included in the plan are made more than half-way through the state fiscal year.

on the table above, the cut to General Assistance Managed Care is the largest of the cuts (\$10.0M in SFY 03). In addition, other cuts might be made as a part of the \$27.9 million in additional allotment rescissions included as a part of the Governor's plan. The Governor's proposals include the following:

- **Lay-offs.** 228 DMHAS staff will lose their jobs, impacting 74 programs.
- **River Valley Services.** The Governor originally proposed to close this facility that provides acute-level care to 525 persons in a model treatment program. Understanding that dismantling the program would cause life-threatening crises for these fragile, vulnerable patients and also adversely impact jail diversion program (resulting in more persons being incarcerated) and have a disproportionately harmful impact in the Middletown region, the Governor decide to rescind many of these layoffs (allowing the facility to remain open) and, instead, spread the lay-offs across the various Regional Mental Health Authorities.
- **Treatment beds.** Close 40 alcohol and substance-abuse treatment beds at CT Valley Hospital that accommodate more than 400 patients each year. Detox unit was closed mid-December 2002. Persons transferred to Hartford and Bridgeport programs. Three-week waiting list created.
- **Regional Action Councils.** Eliminate the RACs, which are responsible for needs assessment and planning for substance abuse programming. (Funding for the RACs already has been cut by more than 50% since the September 2001 rescissions.) Will destroy the "front line" in treatment for alcoholism treatment and drug prevention for Connecticut youths.
- **Rehabilitation programs.** Eliminate the Life Skills program in Stamford and drastically reduce the Capitol Region Mental Health Center's vocational program in Hartford. Both of these programs have been recognized nationally for their effectiveness in vocational and social rehabilitation of persons with mental illness and substance abuse problems.
- **SAGA behavioral health.** Cuts \$10 million from the SAGA budget half-way through the fiscal year; effectively one-third of total budget. Currently SAGA behavioral health serves 1,900 persons/month. Plan to switch from fee-for-service to grants, but cannot implement until February. Governor's plan proposes to eliminate State Administered General Assistance (SAGA) totally.
- **Tobacco unit.** Eliminate all but 2 staff (cutting 32 staff). If fail to meet goals, risk losing 40% of federal funding.

iv. In sum. Despite recent cuts, DMHAS' budget is nearly \$83 million more now than it was in SFY 01 (an increase of more than 23%). However, further cuts will jeopardize the past year's very fragile gains in repairing Connecticut's adult mental health system.

e. Department of Social Services

i. Recent cuts. The November 2002 rescissions, coupled with cuts to the SFY 03 budget made last session, further undermine the capacity of DSS-funded programs to help our most at-risk individuals and families meet their essential needs and attain economic self-sufficiency. Among the cuts made in the revised SFY 03 budget and recent rescissions are the following:

- *Child care subsidy program.* Cut \$2.6 million. Intake closed effective July 1, 2002.

- *Other child care programs.* Cut \$0.24 million from child day care centers and \$0.3 million from school readiness programs (though \$0.2 million of SFY 01 surplus was set aside for school readiness for this year only). November 2002 rescissions cut school readiness funding by additional \$0.36 million and child day care by an additional \$0.4 million.
- *Temporary Rental Assistance (T-RAP).* Cut \$2.1 million and in November 2002 rescissions by another \$64,000.
- *Fuel assistance.* Eliminate all funding (more than \$2 million).
- *Transportation for Employment Independence.* Cut \$0.14 million.
- *Housing & homelessness services.* Cut \$1.9 million (despite transfers of \$0.2 million in funds from anti-hunger program account), including elimination of all funding for the security deposit program. November 2002 rescissions cut an additional \$0.4 million.
- *Safety net services.* Cut \$0.6 million (13% of program). November rescissions cut additional \$0.2 million.
- *Elderly care.* Cut \$1.7 million from Old Age Assistance and \$0.7 million from services to the elderly. November 2002 rescissions cut additional \$0.2 million in elderly services
- *Disabled.* Cut \$1.8 million from Aid to the Disabled and \$1.4 million from services to persons with disabilities. November 2002 rescissions cut additional \$0.3 million.
- *HUSKY.* Cut HUSKY outreach and data collection by \$5.2 million (but create separate account for Children's Health Council and fund it at \$1.5 million). November 2002 rescissions cut additional \$157,000 from Children's Health Council and \$1.3 million from the HUSKY program.
- *Nursing home rate increase.* Cut \$12.6 million by delaying increase.
- *Pharmacy services.* Cut total of \$16.8 million with savings to come from restructuring pharmacy services (including \$10.6 million in savings in ConnPACE).
- *Medicaid "optional" services.* Cut \$11.3 million to reflect "re-structuring" of Medicaid benefit, i.e. elimination of coverage effective January 1, 2003 for the following services for persons over the age of 21 – psychologists, physical therapists, licensed audiologists, speech pathologists, podiatrists, chiropractors and naturopaths.
- *State Administered General Assistance (SAGA) Medical benefits.* Cut \$7.6 million by eliminating coverage effective January 1, 2003 for a variety of previously-covered medical services -- optometrists, opticians, home health care providers, psychologists, physical therapists, licensed audiologists, speech pathologists, podiatrists, chiropractors and naturopaths.

ii. *Current funding compared to funding in SFY 01.* Using SFY 01 funding as a baseline, a number of DSS accounts have been deeply cut (through and including the November 2002 rescissions, but not including state employee layoffs). They include:

Program/Service	SFY 01 Budget (in millions)	SFY 03 budget (after 11/ 02 rescissions) (in millions)	% of SFY 01 budget cut	Gov's Proposed Cuts (12/02) (2x for full-year impact)¹⁸
HUSKY outreach & data collection	\$5.47	\$0.32	-94%	
Anti-Hunger programs	\$0.23	\$0	-100%	
State food stamp supplement	\$1.82	\$1.74	-4%	Eliminate
School-age child care	\$0.49	\$0.44	-11%	
Commission on Aging	\$0.24	\$0.21	-13%	
Aid to the disabled	\$58.43	\$57.54	-2%	
Temporary Assistance to Needy Families	\$147.70	\$132.12	-11%	-\$0.77 (limit extensions to 2)
DMHAS-Medicaid Disproportionate Share	\$151.00	\$105.94	-30%	
Human Resource Development/Hispanic programs	\$0.11	\$0.09	-20%	Cut by half
Services to the elderly	\$5.87	\$5.55	-5%	
Safety Net services	\$4.71	\$3.53	-25%	-\$1.67 (cut by half)
Employment transportation	\$2.81	\$2.6	-7%	
Opportunity industrial centers	\$0.31	\$0	-100%	
Transitory Rental Assistance	\$2.36	\$1.22	-48%	-\$0.57 (cut by half)
Energy Assistance	\$1.75		100%	
Services to Persons with Disabilities	\$6.59	\$5.22	-21%	
Residences for persons with AIDS	\$3.02	\$0	-100%	
Employment opportunities	\$0.87	\$0.82	-6%	
Human Resource Development grants	\$3.83	\$3.05	-20%	Cut by half
Child day care center grants	\$5.96	\$3.27	-45%	
Independent Living Centers	\$0.73	\$0.61	-16%	
Disproportionate Share / Emergency Medical Assistance ¹⁹	\$205.49	\$76.73	-63%	
School readiness grants	\$5.61	\$3.2	-43%	
Child day care centers-grants to towns	\$4.88	\$3.45	-29%	

iii. Governor's proposed "balanced budget plan." The Governor's SFY 03 "balanced budget plan" proposes to cut an additional \$60.524 million from various accounts in DSS' budget (annualized to more than \$120 million). In addition, other cuts might be made as a part of the \$27.9 million in additional allotment rescissions included as a part of the Governor's plan. The plan also proposes to add \$12.9 million in funding for Disproportionate Share payments to urban hospitals (presumably to

¹⁸ The Governor's December 6, 2002 "balanced budget plan" proposes \$201 million in additional cuts in SFY 03. Annualized these cuts would result in cuts in SFY 04 and beyond of about double this amount (since the cuts as included in the plan are made more than half-way through the state fiscal year.

¹⁹ Partially offsetting this cut is a \$26.55 million new appropriation for DSH- Urban Hospitals in Distressed Municipalities.

help offset the increased demand for emergency room services that would result when State Administered General Assistance and its health benefits are eliminated, as he proposes).

A number of these proposed cuts were noted in the table above. The others follow. Note that the amounts reported are part-year cuts. Annualized, these cuts will be about double what is noted here:

- *Children’s Health Council.* Eliminate funding for this entity essential to assuring that insured children and parents receive the health care benefits to which they are entitled.
- *HUSKY.* Cut \$0.5 million by freezing enrollment in HUSKY B (Connecticut’s SCHIP program)
- *Medicaid.* Cut \$25.25 million by: a) eliminating coverage for some of the parents of children currently enrolled in HUSKY A (i.e. those with incomes over 100% of the federal poverty level)(\$12 million), b) eliminating presumptive, continuous, and guaranteed eligibility and eliminating self-declaration provisions at application and re-determination (\$3.4 million); c). instituting \$1 prescription co-pay for Medicaid fee-for-service (\$1.1 million), d) instituting \$1 service co-pay for Medicaid fee-for-service for certain services (\$1.7 million); e) reducing the dispensing fee (\$1.2 million cut), f) reduce reimbursement (\$2.9 million)
- *Aid to the Aged, Blind and Disabled.* Cut \$0.473 million by eliminating pass-through of federal SSA cost of living adjustment.
- *ConnPACE.* Cut total of \$4.45 million by limiting ConnPACE prescriptions to 30 day supply (\$2.1 million), increasing co-pay for all ConnPACE enrollees (\$1.8 million), and instituting asset test for ConnPACE (\$0.6 million).
- *Child care subsidy program.* Cut an additional \$0.6 million by reducing eligibility for transitional child care from 75% of state median income (SMI) to 50% of SMI.
- *State Administered General Assistance.* Eliminate program (\$23.36 million cut). SAGA cash and medical assistance benefits would be ended effective February 1, 2003. As noted above, \$12.9 million of additional funds would be provided in disproportionate share payments to urban hospitals to help offset the expected increased demand for medical services in hospital emergency rooms.

In addition, state employee layoffs will make it more difficult for recipients to access needed services. For example, layoffs are resulting in the closing of six DSS offices (including Willimantic, Meriden) in areas of the state with little public transportation.

iv. In sum. Despite the cuts listed above, the DSS’ revised SFY 03 budget is nearly \$144 million *more than* DSS’ SFY 01 budget – a 4% increase. As in the private sector, huge increases in health care costs fueled much of this increase. Areas of greatest *increase* (that more than offset the multiple spending cuts outlined above) were:

Program/Service	SFY 01 Budget (in millions)	SFY 03 budget (after November 02 rescissions) (in millions)	% Increase over SFY 01 budget
Personal services	\$104.49	\$121.31	16%
Other expenses	\$47.15	\$88.39	87%
HUSKY program	\$10.94	\$24.10	120%
Medicaid	\$1,272.99	\$2,629.57	11%
ConnPACE	\$37.86	\$63.91	69%

CT Home Care program	\$21.41	\$27.19	27%
Housing/homeless services	\$18.14	\$23.72	31%
SAGA	\$94.07	\$105.05	12%
TOTAL DSS BUDGET			
	\$3,537.46	\$3,681.28	4%

f. Department of Public Health

i. *Recent cuts.* The November 2002 rescissions, coupled with last session's cuts to the original SFY 03 budget, further undermine the capacity of DPH to effectively protect the public health. As compared to the SFY 03 budget as originally enacted, DPH's budget has been cut by more than \$5 million (more than 6%) including through the November 2002 rescissions. Accounts cut include:

- *Young parents program* (cut 35%)
- *Pregnancy healthline* (cut 29%)
- *Needle and syringe exchange* (cut 21%)
- *Community services for persons with AIDS* (cut 13%)
- *Children's health initiatives* (cut 25%)
- *Tobacco education* (cut 12%)
- *CT immunization registry* (cut 13%)
- *Newborn hearing screening* (cut 12%)
- *Childhood lead poisoning* (cut 13%)
- *AIDS services* (cut 11%)
- *Breast & cervical cancer detection and treatment* (cut 19%)
- *Services for children affected by AIDS* (cut 13%)
- *Medicaid administration* (cut 14%)
- *Community health services* (cut 20%)
- *Emergency medical services training* (cut 12%)
- *Emergency medical services regional offices* (cut 9%)
- *Rape crisis services* (cut 13%)
- *Genetic diseases program* (cut 36%)
- *Loan repayment program* (cut 19%)
- *Local & district departments of health* (cut 11%)
- *Venereal disease control* (cut 12%)
- *School-based health clinics* (cut 7%).

About \$336,000 of these cuts reflect reduced support for public service announcement campaigns (e.g. for teen parents, breast and cervical cancer detection). An equivalent amount was *added* to DPH's budget for the children with special health care needs program. The budget did *not* include the \$500,000 in funding included in the Governor's proposed revisions to enhance bioterrorism preparedness.

ii. *Current funding compared to funding in SFY 01.* Using SFY 01 as a baseline, the vast majority of DPH's program and service accounts have been cut. In inflation-adjusted dollars these cuts would

be even greater. For example, the following accounts have been cut by the following proportions (including through the November 2002 rescissions):

Program/Service	SFY 01 Budget (in millions)	SFY 03 budget (after 11/ 02 rescissions) (in millions)	% of SFY 01 budget cut	Gov's Proposed Cuts (12/02) (2x for full-year impact)²⁰
Young parents program	\$0.2	\$0.13	-35%	
Pregnancy healthline	\$0.11	\$0.08	-29%	
Needle and syringe exchange	\$0.4	\$0.32	-21%	
Community services support for persons with AIDS	\$0.22	\$0.19	-13%	
Children's health initiatives	\$1.55	\$1.22	-21%	-\$0.22
CT immunization registry	\$0.22	\$0.19	-12%	Eliminate
Newborn hearing screening	\$0.11	\$0.06	-46%	
Childhood lead poisoning	\$0.26	\$0.23	-12%	
Breast & cervical cancer detection/treatment	\$1.92	\$1.59	-17%	
Services for children affected by AIDS	\$0.28	\$0.25	-11%	
Community health services	\$7.42	\$5.55	-25%	-\$2.60
Emergency medical services training	\$0.04	0.03	-12%	
Rape crisis services	\$0.46	\$0.40	-13%	
TB screening and care	\$0.72	\$0.59	-18%	
Genetic diseases program	\$0.80	\$0.52	-35%	-\$0.03
Loan repayment program	\$0.22	\$0.16	-28%	
Grants to local health departments	\$4.32	\$3.95	-9%	
Grants for venereal disease control	\$0.23	\$0.20	-12%	
Grants to school-based health clinics	\$5.64	\$5.62	-1%	-\$0.59
TOTAL DPH GENERAL FUND	\$74.15	\$74.21	0.1%	-3.69

The DPH program-related budget accounts with *increased* funding in SFY 03 as compared to SFY 01 were tobacco education, children with special health care needs, AIDS services, Medicaid administration, immunization services, and emergency medical services regional office.

However, the *total* increase in funding for all these programs and services, however, was a little more than \$1 million (not adjusted for inflation). Nearly all of this increase was in funding for children with special health care needs (with a funding increase of \$0.98 million or 35%).

iii. Governor's proposed "balanced budget plan." The Governor's proposed "balanced budget plan" to address the remaining SFY 03 deficit would cut an additional \$2.6 million from community health services, \$0.6 million from school-based health centers, \$0.22 million from children's health initiatives, and eliminate funding for the immunization registry (as noted above). It also would

²⁰ The Governor's December 6, 2002 "balanced budget plan" proposes \$201 million in additional cuts in SFY 03. *Annualized* these cuts would result in cuts in SFY 04 and beyond of about double this amount (since the cuts as included in the plan are made more than half-way through the state fiscal year).

“eliminate” funding for tobacco education (-\$0.08), cut funding for children with special health care needs (-\$0.05), and reducing funding for Emergency Medical Services regional offices (-\$0.03). In addition, other cuts might be made as a part of the \$27.9 million in additional allotment rescissions incorporated in the plan.

iv. In sum. Despite the need to maintain a state of public health readiness for “homeland security” the General Fund budget for DPH has been reduced by more than \$5 million compared to the original SFY 03 budget. Compared to the SFY 01 budget, DPH’s current budget has not kept pace with inflation, much less increased need. Since this summary focuses on General Fund spending, it does not include the impacts, if any, of changes in federal funding for this agency’s work.

g. Judicial Department

i. Recent cuts. The Judicial Department’s current SFY 03 budget (after the November 2002 rescissions) is \$10.4 million (3%) less than the original SFY 03 budget (\$364.5 million originally compared to \$354.1 million now). Budget accounts that had the greatest cuts were:

- *Alternative incarceration programs* (cut of 12%)
- *Justice Education Center* (cut of 15%)
- *Juvenile Alternative Incarceration* (cut of 9%)
- *Juvenile Justice Centers* (cut of 9%)
- *Probate Court* (cut of 100%)
- *Truancy Services* (cut of 68%) (represents elimination of funding for Youth in Crisis).

ii. Current funding compared to funding in SFY 01. Using SFY 01 as a baseline, nearly all the Judicial Department’s program and service accounts have been cut. For example, the following accounts have been cut by the following proportions (including November 2002 rescissions):

- *Juvenile Justice Centers* (cut 6%)
- *Juvenile Alternative Incarceration* (cut 6%)
- *Truancy Services* (cut 11%).

iii. Governor’s proposed “balanced budget plan.” The plan includes no additional cuts to Judicial Department accounts, however, cuts might be made as a part of the \$27.9 million in additional allotment rescissions included as a part of this plan.

Part 2 of this report will report on the other primary state agencies supporting Connecticut’s children, youth, families, communities and businesses.

Appendix I: What Happened to the SFY 01 Surplus?

Proposed Use of SFY 01 Surplus (in millions) (table includes only allocations > \$0.5M each)						
Expenditure	FY 01-02	FY02-03	Total 01-03	Total Remaining After Cuts	Am't Cut	% Cut
Legislative Management						
-Minor capital improvements	0.785	0	0.785	0.386	-0.4	-51%
-Redistricting	0.6	0	0.6	0.565	-0.4	-58%
-CT Television Network	1.75	0	1.75	1.515	-0.2	-13%
OPM						
-Energy contingency	17.5	17.5	35.0	11.847	-23.2	-66%
-Lease option buy-out for Hartford Times Building (for Adrian's Landing)	8.0	0	8.0	7.527	-0.5	-6%
-Relocate Hartford City Offices from Htfd Times Building	6.5	0	6.5	6.116	-0.4	-6%
-Litigation/Settlement	0	2.0	2.0	1.132	-0.9	-43%
-Private provider infrastructure/debt fund	18.0	0	18.0	0	-18.0	-100%
-Extend phase-out of Safe Neighborhoods (Drug Enforcement) program	1.53	0	1.53	1.44	-0.1	-6%
-Arts, recreation & culture grants	10.0	0	10.0	9.0	-1.0	-10%
-Boundless playgrounds	1.0	0	1.0	0.941	-0.1	-6%
-Municipal revenue sharing/impact aid ²¹	31.0	0	31.0	31.0	0	0%
-Miscellaneous grants	6.0	0	6.0	3.0	-3.0	-50%
Office for Workforce Competitiveness						
-Jobs Funnel Projects	2.5	0	2.5	1.0	-1.5	-60%
-School to Work	2.0	0	2.0	1.0	-1.0	-50%
-Workforce Development Boards	1.25	1.25	2.5	0	-2.5	-100%
Dept of Information Technology (DoIT)						
-CT technology initiatives ²²	7.0	0	7.0	2.086	-4.9	-70%
-Health insurance portability & accountability planning (HIPAA)	0	2.5	2.5	1.5	-1.0	-40%
Dept of Public Works						
-Minor capital improvements (inc. \$250,000 for 24-hour security hub for state buildings) ²³	2.0	0	2.0	0.682	-1.3	-66%

²¹ The budget act specifies how this aid is to be distributed. Grants range in size ranged from a low of \$31,131 to Bridgewater to a high of \$2.16 million to New Haven.

²² \$4.5 million of funds cut have been replaced by an equal amount of newly-authorized bond funds. Had included \$750,000 to develop an academy of information technology with Norwalk Community-Technical College, \$180,000 for a grant to the Hartford College for Women for the After-school Computer Learning Academy, \$260,000 for expenditures by the Commission on Education Technology and \$240,000 for technical assistance provided to the Commission, \$100,000 to the Board of Education & Services for the Blind for equipment and software for an Adaptive Technology Center and \$600,000 for expansion of digital classrooms in the Regional Vocational-Technical Schools.

²³ \$2 million of General Obligation bonds were added to the agency's FY 02 authorization for infrastructure repair and improvements to state-owned buildings and grounds.

-Capital projects revolving fund	5.6	0	5.6	5.269	-0.3	-6%
Dept of Public Safety						
-Trooper training class	.75	1.7	2.45	0.215	-2.2	-91%
Dept of Labor						
-Project SOAR	1.0	0	1.0	0.94	-0.1	-6%
-CEIP phase-out	1.5	1.5	3.0	1.411	-1.6	-53%
-Workforce Investment Act business system	0	2.0	2.0	1.0	-1.0	-50%
Dept of Environmental Protection						
-Mosquito control	1.2	0	1.2	1.129	-0.1	-6%
-Residential underground storage tank cleanup ²⁴	16.5	0	16.5	0	-16.5	-100%
-Open Space Acquisition (Kelda Lands) ²⁵	30.0	0	30.0	0	-30.0	-100%
Dept of Economic & Community Development						
-Housing Authorities	0	1.0	1.0	0.941	-0.1	-6%
-Cluster Initiative	0	4.1	4.1	1.358	-2.7	-67%
Dept of Mental Health & Addiction Services						
-Medicaid rehabilitation option & specialty health care plan	0	0.75	0.75	0.553	-0.2	-26%
-Supportive housing ²⁶	0	15.0	15.0	3.0	-12.0	-80%
-Community Mental Health Strategic Investment Fund ²⁷	0	25.0	25.0	15.522	-9.5	-38%
-APT relocation	0.5	0.5	1.0	0	-1.0	-100%
-Parking for CT Mental Health Center	0.4	0.662	1.062	0	-1.1	-100%
-Clinical work stations	1.5	0	1.5	1.411	-0.1	-6%
-Capitalize pre-trial account	0.6	0	0.6	0.6	0	0%
Dept. of Transportation						
-Transportation Strategy Board ²⁸	0	50.0	50.0	16.28	-33.7	-67%
-Jobs Transportation (for job access programs to Southeast CT and Dial-A-Ride)	0	2.0	2.0	0	-2.0	-100%
Dept. of Social Services						
-Other expenses	0	2.5	2.5	2.352		
-Work performance bonus related to TANF-eligible clients	2.6	0	2.6	2.6	0	0%
-Medicaid Excess Cost	25.0	0	25.0	23.522	-1.5	-6%
-TFA supportive employment	0.5	0.5	1.0	0	-1.0	-100%

²⁴ Funds for the RUST program (\$13.6 million) are being provided through General Obligation bonds.

²⁵ Funds for the open space purchase of the KELDA property (\$27 million) are being provided through GO bonds.

²⁶ The administration agreed to release an additional \$5 million in housing bond funds to offset some of the cuts.

²⁷ Up to \$100,000 of this fund must be used for a grant to Jewish Community Services of West Hartford to enhance mental health services for immigrants.

²⁸ \$12 million in Transportation Fund bonds were provided in the November 2001 Special Session to partially offset these cuts; another \$15 million in Transportation Fund bonds were provided in the May 9 Special Session to offset additional cuts.

-General Assistance managed care start-up	0.5	0	0.5	0	-0.5	-100%
-Hospital finance restructuring funding	20.52	8.608	29.126	16.815	-12.3	-42%
-Medicaid-CHN	2.0	0	2.0	1.882	-0.1	-6%
State Department of Education						
-Reading institutes	1.0	1.0	2.0	0.941	-1.1	-53%
-Teacher training (for stipends to mentors in the Best Mentoring Program)	0.6	0	0.6	0	-0.6	-100%
-RESC-based magnet schools/interdistricts ²⁹	2.8	0	2.8	2.634	-0.2	-6%
-School wiring for computers ³⁰	0	10.0	10.0	0	-10.0	-100%
-Safe Learning grants	0.5	0	0.5	0.47	-0.03	-6%
-School construction grants ³¹	75.0	50.0	125.0	50.0	-75.0	-60%
-School accountability	1.0	1.0	2.0	0.94	-1.1	-53%
-Poor performing schools	1.4	1.4	2.8	1.317	-1.5	-53%
State Library						
-Digital Library (to be allocated equally between State Library and Dept of Higher Ed)	2.0	0	2.0	1.382	-0.6	-31%
Dept of Higher Education						
-Higher ed state matching grant fund	9.276	10.6	19.876	8.728	-11.2	-56%
-Eastern CT State U Energy Studies Chair	0.5	0	0.5	0.47	-0.03	-6%
-Higher education asset protection program	0.65	0	0.65	0.44	-0.2	-32%
-Education & health initiatives ³²	1.5	0	1.5	1.279	-0.2	-15%
-CT Futures Fund (Gear-Up Grant)	2.5	0	2.5	2.352	-0.2	-6%
University of CT						
-Operating reserves	4.484	0	4.484	4.219	-0.3	-6%

²⁹ These funds are to be used to provide, by October 1, 2001, a supplemental grant to the RESCs operating full or part-time magnet schools, with \$750,000 going to each magnet school opening in SFY 02, \$300,000 to each school that first opened or expanded in FY 02, and \$100,000 for each of the other magnet schools.

³⁰ \$7.5 million in bond funds were authorized for school wiring.

³¹ OFA asserts that sufficient bond funds in existing prior authorizations are available to make payments to local and regional school districts.

³² \$1 million must be used for a grant to the pilot nursing program run by St. Joseph College with the Capital Community Technical College and \$300,000 for a grant to Gateway Community-Technical College to develop a collaborative nursing program.

University of CT Health Center						
-Operating reserves	1.857	0	1.857	1.747	-0.1	-6%
Charter Oak State College						
-Distance Learning Consortium	2.0	0	2.0	1.882	-0.1	-6%
Regional C-Tech Colleges						
-Operating reserves	3.458	0	3.458	3.253	-0.2	-6%
Connecticut State University						
-Operating reserves	3.394	0	3.394	3.193	-0.2	-6%
Dept of Correction						
-Inmate tracking system	1.8	0	1.8	1.0	-0.8	-44%
Dept of Children & Families						
-Transition costs for opening new CT Juvenile Training School	1.0	0	1.0	0.47	-0.5	-53%
-Computerized case management system for new CT Juvenile Training School	0.8	0	0.8	0	-0.8	-100%
Dept of Admin. Services, Worker's Comp						
-Transfer claims liabilities	30.0	0	30.0	27.1	-2.9	-10%
Pequot & Mohegan Fund						
-Grants to towns	0	15.0	15.0	0	-15.0	-100%
TOTAL APPROPRIATION OF SURPLUS	377.9	230.2	608.1	292.1	-316.0	-52%

Source: OFA, *Connecticut State Budget 2001-2003 Revisions*, pp.40-44.

Appendix II. Accounts Funded In Part in SFY 03 with One-Time Funds (SFY 01 Surplus Funds, re-allocated and carried-forward)

Note: On-going funding will need to be appropriated for these accounts in these amounts in SFY 04, they will be forced to cut back (or eliminate) services.

Re-Allocated SFY 01 Surplus Funds, With Unexpended Funds Carried-Forward for Use in SFY 03 (PA 02-1, MSS, section 17, as amended by HB 6004, section 114)		
Agency	Account Credited	Amount Credited
Legislative Mgmt	CTN	\$1.5M
OPM	Amistad	\$0.1M
	Adopt-A-House in Stamford	\$0.01M
	Waterbury Youth Net	\$0.2M
	Library Improvements	\$0.04M
	Arts Grants	\$1.1M
	Local Aid Adjustment	\$3.0M
Dept of Veteran Affairs	Transitional Living Services for Veterans	\$0.4M
OWC	Workforce Development Boards	\$0.4M
DOL	Opportunity Industrial Centers-Bridgeport	\$0.1M
	Individual Development Accounts (IDAs)	\$0.3M
Dept of Agriculture	CT Seafood Advisory Council	\$0.05M
	Food Council	\$0.03M
	Wine Council	\$0.03M
DEP	Recreational Fishing Programs	\$1.0M
	Grants for Water programs	\$0.08M
DECD	Women's Business Development Center	\$0.01M
	Entrepreneurial Centers	\$0.2M
	Payments to Local Gov't -Tax Abatement	\$2.2M
	Payments to Local Gov't – PILOT	\$2.9M
DPH	Tobacco Education	\$0.36M
	Biomedical Research	\$0.5M
	School-based Health Centers	\$0.15M
DMR	New Family Center	\$0.01M
DMHAS	Institute for Municipal & Regional Policy ³³	\$0.1M
	Connecticut Mental Health Center	\$0.45M
	Regional Action Councils	\$0.2M
DSS	School Readiness	\$0.2M
	Community Services	\$0.2M
	Enhanced Funding for Griffin Hospital	\$0.2M
	Hartford Hospital	\$2.5M
	Yale-New Haven Hospital	\$3.3M
	Legal Immigrants	\$1.2M
	Nursing Home Staffing	\$2M

³³ PA 02-1 (MMS) section 45 transfers these funds for the Institute to the Central Connecticut State University.

	Epilepsy Project	\$0.05M
	Elderly Health Screening	\$0.1M
	Elderly Express	\$0.08M
	Geriatric Assessment	\$0.03M
	Human Resource Development	\$0.4M
	Teen Pregnancy Prevention	\$0.03M
SDE	Jason Project	\$0.15M
	CT Writing Project	\$0.08M
	Youth Service Bureau	\$0.02M
	Magnet School	\$0.9M
	Young Parents Program- The Bridge	\$0.03M
State Library	Basic Cultural Resources Grant	\$0.13M
	Grants – Local Institutions in Humanities	\$0.21M
	Connecticut Commission on the Arts	\$0.2M
DHE	Minority Advancement Program	\$0.021
	Saturday Academy	\$0.1M
	New England Board of Higher Education	\$0.25M
U Conn	Veterinary Diagnostic Laboratory	\$0.05M
DOC	Community Residential Services	\$0.24M
Parole Board	Community Residential Services	\$0.04M
DCF	Stamford Child Guidance Clinic	\$0.01M
	Covenant to Care	\$0.15M
	Neighborhood Center	\$0.09M
Judicial Dept	Alternative Incarceration Program	\$0.4M
TOTAL		\$29,051,513