

# Connecticut General Assembly

OFFICE OF FISCAL ANALYSIS



## Synopsis of the Governor's FY 07 Midterm Budget Adjustments

February 10, 2006

# Synopsis of the Governor's FY 07 Midterm Budget Adjustments

---

The FY 2006-07 Midterm Budget Adjustments were introduced by the Governor on February 8, 2006 at a joint meeting of the Connecticut General Assembly. To facilitate the discussion with the Secretary of the Office of Policy and Management on February 9th at the Appropriations Committee, the Office of Fiscal Analysis has prepared the following brief summary of major budget policy changes.

The Governor recommends an increase in the FY 07 all funds appropriation by \$113.7 million for a total appropriation of \$16.05 billion. The Governor's recommended increase is .7 percent over the appropriation in current law.

The Governor estimates the FY 06 surplus to be \$511.8 million. (The Office of Fiscal Analysis current projected estimate is \$661.5 million.) The Governor proposes to use \$335.3 million for the Budget Reserve Fund, \$85.5 million for the payment of deficit economic recovery notes, and transfers unspent appropriations from FY 06 to fund FY 07 appropriations. Based upon the Governor's recommendation, the Budget Reserve Fund is estimated to total \$937.5 million by the end of FY 06.

The Governor's all funds proposed appropriation for FY 07 of \$16.052 billion is \$12.2 million under the allowed appropriation based upon the state's spending cap limitation.

The **significant program changes** are outlined in this next section. The program changes are followed by a section on **significant revenue changes and the disposition of surplus**.

---

## Significant Program Expenditures Changes

---

### *Health and Human Services*

#### **Private Provider Cost of Living Adjustment**

The governor recommends \$17.1 million in FY 07 for a 2% cost of living adjustment (COLA) for private providers effective October 1, 2006. The total \$17.1 million reflects a 2% COLA effective October 1, 2006. This adjustment will be limited to certain private providers under contract with the Departments of Mental Retardation, Mental Health and Addiction Services, Children and Families and Correction; the Judicial Department; and the Council to Administer

the Children's Trust Fund. This includes \$9.1 million in new appropriation and \$8 million in contingency needs funding that had been appropriated from the FY 05 surplus. Section 9 of HB 5007 (the Governor's budget bill) implements the \$8 million transfer.

## **Department of Public Health**

**Newborn Screening.** The Connecticut Statewide Newborn Screening Program has experienced a significant growth in caseload since 1/1/05 in response to an expansion of the genetic and metabolic disorders for which the State Laboratory tests. The Governor recommends \$124,000 to meet an associated increase in demand for services provided by the two regional genetic treatment centers in the state.

Also recommended is an increase in the amount dedicated from Newborn Screening Testing fee receipts to support costs incurred to conduct the testing. Current law requires that \$345,000 from the receipts (\$1.2 million annually) be available to the department for this purpose. The Governor recommends increasing this amount to \$500,000 (an increase of \$155,000). A corresponding General Fund revenue loss will occur.

**Vaccinations.** The Governor recommends \$346,950 to support the costs of expanding Connecticut's childhood immunization program to include pertussis (whooping cough) for adolescents aged 11-18 years. An estimated 27,000 doses will be provided to adolescents ineligible for Medicaid.

Also recommended is \$1,598,000 to ensure that all children aged 11 years and older receive the meningococcal conjugate vaccine. This includes providing vaccine for all college entrants living in dormitories – currently paid for with expiring private funds.

## **Department of Social Services**

- 2% rate increase for nursing homes, residential care homes, MCOs, and ICF/MR's (\$31.6 million);
- Enhanced dental services for HUSKY children (\$2.95 million);
- Allow ABI and PCA waiver clients with the option to remain in waiver group after the age of 65;
- Establish a premium assistance program for clients in HUSKY A ; and
- The Governor recommends a \$4.3 million reduction in funding to reflect an updated estimate of costs and caseloads under the Connecticut Pharmaceutical Assistance Contract to the Elderly and the Disabled Program. No policy revisions from current law, which integrates ConnPACE with the new Medicare Part D benefit, are recommended.

## **Department of Children and Families**

**Juvenile Justice.** The Governor makes the following recommendations:

- Fund enhanced programming to comply with Emily J. Settlement Agreement, at a cost of \$3,510,000;
- Open new 4-bed secure state-operated facility for girls, at a half-year cost of \$464,000 for fifteen positions and associated other expenses. A bonding authorization of \$1 million is recommended to support capital costs associated with this facility;
- Open 3 additional group homes to serve 4-6 girls each, at a three-quarter year cost of \$2 million (\$3 million in FY 08);
- Fund 3 additional Multi-Dimensional Treatment Foster Care programs, at a half-year cost of \$375,000 (\$750,000 in FY 08);
- Achieve savings from downsizing residential treatment programs for girls, at \$4,609,339;
- Fund an Educational Re-entry and Support Program, to serve high schools within two urban cities, at a cost of \$1,027,500;
- Fund a School-Based Juvenile Delinquency Program, at a cost of \$225,000;
- Fully fund one existing Community Diversion Board in Hartford, and establish two new Boards in Bridgeport and New Haven, at a cost of \$500,000;
- Provide 100 additional Family Functional Therapy (FFT) slots for juvenile justice clients, at a cost of \$1 million; and
- Authorize \$5 million in bonding to support planning and development of new Treatment, Reintegration and Education Centers which will replace the Connecticut Juvenile Training School.

**Behavioral Health/Child Protective Services.** The Governor makes the following recommendations:

- Expand Intensive Home-Based Services to allow for the diversion of children and youth from out-of-home care and/or bring them back to their homes and communities, at a cost of \$500,000;
- Delay implementation of a new Medication Management System until October 2006, for a savings of \$418,750;
- Support costs of transitioning from the present DCF-funded Emergency Shelter System for adolescents needing emergency care to a new system of Short Term Assessment Centers, at a cost of \$1,550,000;
- Create a new Intensive Reunification Program for families experiencing the initial removal of a child for protective services reasons, at a cost of \$1,125,000;
- Delay until October 2006 a budgeted enhancement of services provided by Traditional Group Homes, for a savings of \$301,950;
- Annualize the cost of Therapeutic Group Homes developed in response to an agreement of the Juan F. Transition Task Force, at a cost of \$12.3 million;
- Update costs estimates associated with development of Treatment Foster Care Homes, for a savings of \$3.05 million;
- Restore excessive budgeted reductions associated with limiting administrative and general costs of private provider contracts, for a cost of \$3.6 million.

**Other Changes.** The Governor recommends:

- Transferring \$3.6 million to the Department of Mental Retardation to more accurately reflect its caseloads and costs of serving mentally retarded Voluntary Services children; and
- Providing \$313,000 to support higher than anticipated lease costs and \$1,060,500 to support one-time moving costs associated with the agency's area offices.

## **Council to Administer the Children's Trust Fund**

**Maximize Federal Funds/Initiate Medicaid Claiming for Nurturing Families Network Program.** The Governor recommends the establishment of Medicaid claiming for Nurturing Families Network (NFN) services. This will result in projected General Fund revenues of approximately \$2.6 million in FY 07 (\$3.5 million in FY 08).

Recommended funding of \$225,000 (\$300,000 in FY 08) will replace federal grant-in-aid dollars that will cease to be available to the Council once Medicaid claiming begins. The NFN program currently operates in twenty-five of the twenty-nine birthing hospitals in Connecticut. Four additional programs will become operational in FY 07.

## **Department of Mental Health and Addiction Services**

- Eliminate funding for partial hospitalization (-\$510,000); and
- Eliminate General Assistance enhanced care clinic services (-\$600,000).

## **Department of Mental Retardation**

- \$3.6 million transferred from DCF to continue the initiative which transfers individuals from DCF's Voluntary Services Program to DMR; and
- \$2 million to fund residential and day services to newly identified FY 07 ageouts.

## ***Education***

### **Department of Education**

Funds totaling \$4,018,750 are provided to fund five new districts under the Early Childhood Competitive Grant Program (\$535,000) and provide for 500 new slots for ERG I towns under the Priority School District Grants. (\$3,483,750).

### **Department of Higher Education**

The Governor recommends establishing a loan forgiveness program in the amount of \$3.0 million. The loan forgiveness program is designed for students who agree to work in a Connecticut High Needs Field. Half of the funding is specifically designated for students who become math or science teachers.

## ***Justice***

### **Department of Correction**

The Governor recommends:

- \$500,000 to continue the Collaborative Mental Health Alternative Incarceration Project. The additional funding will pickup expiring federal funds for the Department of Correction's contribution to the project;
- \$564,032 to pickup other expiring federal funds for four positions and residential beds for substance abuse programming;
- \$217,365 for three positions to audit and monitor the UCONN health center's contract to provide health services to inmates; and
- \$197,153 for two additional parole officers and 30 passive global positional system (GPS) devices to monitor sex offenders.

### **Division of Criminal Justice**

The Governor recommends additional funding, in the amount of \$400,000, to provide for six additional staff members (three prosecutors and three inspectors) to focus on the prosecution of urban violent crime.

### **Judicial Department**

The Governor recommends a funding increase of about \$3.4 million for various juvenile justice programs that the Judicial Department's Court Support Services Division (CSSD) administers. Roughly one-half will be used to pick up expiring federal grants that currently support programs of court diversion, therapy or intensive supervision of juveniles at risk of continued court involvement or recidivism. The rest of the increase is designed to improve medical, mental health and nursing services for juveniles in state-run detention facilities and community-based alternatives to detention in compliance with the Emily J consent judgment.

The Governor recommends expanding the Geographic Positioning System (GPS) pilot program of supervision that the CSSD administers from 8 to 250 sexual offenders. Fifteen additional adult probation officers, contractual and other expenses are included in the Governor's recommended funding level of approximately \$1.3 million.

The Governor recommends the elimination of funding for the Justice Education Center, which yields a savings of \$220,371. The Justice Education Center performs various services for the Judicial Department, such as grant writing and program evaluation.

## ***General Government***

### **Governor's Office**

**Establish Office of Economic Development Policy** - The Governor's budget recommends \$535,000 in FY 07 for three positions, equipment and other expenses to establish the Office of Economic Development Policy within the Governor's Office. Included is \$250,000 for an economic development study to determine what structural and programmatic changes are needed to insure that economic development policy retains and creates jobs in the state and to improve program coordination and provide more comprehensive services in an effort to attract businesses to Connecticut.

### **Office of Policy and Management**

The Governor recommends new funding, in the amount of \$4,250,000, to establish a grant program for municipalities focused on preventing urban violent crime involving young people.

The Governor recommends an appropriation of \$452,000 to provide on-going application support and system maintenance for the Offender Based Tracking System (OBTS), which is designed to track an individual's progress through the criminal justice system in order to facilitate the apprehension of offenders and the disposition of their cases. More than \$25 million in bond funds have been spent since 1993 to develop the OBTS.

The Governor also recommends that the Office of Policy and Management:

- Provide an additional \$3.1 million to Capital City Economic Development Authority (CCEDA) for operating and marketing costs of the Connecticut Convention Center and Greater Hartford Convention and Visitors Bureau;
- Eliminate funding of \$850,000 for Leadership, Education, Athletics in Partnership Program (LEAP);
- For FY 07, eliminate \$8 million previously appropriated and carried forward for Contingency Needs and transfer it to various agencies for a private provider cost of living adjustment;

### **Energy Issues**

- Establish a Department of Energy with 8 staff and an FY 07 appropriation of \$850,000, of which, three general fund positions and \$235,000 is transferred from OPM's Energy Management Division.
- Provide an additional \$40 million statewide (\$34 million General Fund and \$6 million Transportation Fund) for increasing energy costs in agencies.

## **Office of State Ethics**

**Expand the Office of State Ethics.** The new office has expanded to include a total of 19 positions, increasing the agency's staff by 3 positions. To assist in the agency's expanded responsibilities of public education and ethical enforcement, new Other Current Expense accounts are established: Judge Trial Referee Fees, Reserve for Attorney Fees, and Information Technology Initiatives. The Governor recommends an increase of \$341,834 in FY 07 to accommodate the additional staff and its' responsibilities.

## **State Elections Enforcement Commission**

**Reorganize the SEEC to implement the provisions of P.A. 05-5 An Act Concerning Comprehensive Campaign Finance Reform for State-Wide Constitutional and General Assembly Offices.** The legislation imposes a number of significant mandates on the agency, such as the redesign and implementation of the electronic filing system for campaign reporting, and the creation of a large database and infrastructure to identify all the principals of state contractors subject to the ban on contributions to campaigns. The legislation does provide for funding to hire the additional 15 staff positions and computer equipment required to satisfy the many mandates, and such funding is derived from the Citizen Election Fund account (CEF) within the General Fund. There are day-to-day recurring operational costs such as postage, supplies, printing, mileage reimbursements necessary to support the increase in staff and areas of responsibility, which is not included in the CEF, therefore the Governor's budget recommends an increase of \$136,457 in FY 07 to ensure that the provisions of P.A. 05-5 can be satisfied.

## **Department of Administrative Services**

**Centralize Business Operations.** Sec. 60 (c) and (d) of PA 05-251, the original budget act for FY 06 and FY 07, authorized DAS to provide personnel, payroll, affirmative action, and business office functions for certain executive branch agencies. Funding and positions were transferred by an October 2005 FAC to DAS to comply with this small agency business office consolidation. FY 07 funding of \$2.3 million and 37 positions are transferred to DAS from the affected agencies.

PA 05-251 also included a budgeted lapse (savings) of \$1 million in each of FY 06 and FY 07 for centralized business operations. The FY 07 \$1 million budgeted lapse (savings) is eliminated and is achieved by reducing the Personal Services accounts within affected agencies.

**Workers' Compensation Claims.** The original appropriation for the DAS workers' compensation claims account is reduced by \$2.2 million; from \$20.5 million to a revised appropriation of \$18.3 million. However, \$1.2 million of this reduction will be covered by a FY 06 lapse carry forward.

## **Reserve for Salary Adjustments**

- Funding of \$61.5 million in the Reserve for Salary Adjustments account is transferred to agency budgets for settled collective bargaining contract costs; and
- Funding of \$57.1 million is added to the original FY 07 budget to provide for unsettled collective bargaining contracts and other related costs.

## ***Regulation and Protection***

### **Department of Consumer Protection**

- \$191,230 for four positions to establish a Homemaker-Companion Registration Program; and
- \$100,000 to establish a Child Protection Registry.

### **Department of Energy**

- Establish a New Department of Energy - \$615,000 and five positions are provided for 5 planning and energy specialist positions. \$235,000 and three General Fund positions from the Office of Policy and Management Energy Division be transferred to the new Department of Energy.

### **Office of Consumer Counsel**

- Provide Funding for Provisions for the Energy Independence Act - It is recommended to provide funding for 4 new positions to handle the increase in workload created by PA 05-12 JSS.

### **Department of Public Safety**

The Governor recommends:

- \$520,000 to pay overtime stipends to municipal police officers to establish a taskforce to combat urban violent crime. The task force would be comprised of both municipal police and state troopers, and would target “hotspots” of crime in urban areas;
- \$321,100 to pickup four expiring federal positions and add one new position to help mitigate the current backlog of samples for the DNA databank. This includes funds (\$62,250) to purchase additional DNA kits;
- \$238,800 to continue providing municipalities with \$1,200 monthly stipends to police departments who work with the State Narcotics Taskforce and federal law enforcement agencies;

- \$150,000 for a vendor to scan the existing backlog of 142,500 criminal fingerprints cards;
- \$85,000 for two additional staff to conduct criminal history records checks for current or prospective employees of a homemaker companion agencies;
- \$65,645 to add a Quality Control Manager to the Toxicology Lab;
- \$60,926 for an Information Technology position to aid in the maintenance, application support, and system administration of the Connecticut Online Law Enforcement Communications Teleprocessing (COLLECT) system; and
- \$45,305 for a Fire and Life Safety Specialist position to perform plans review and code inspections for compliance with the State Fire Safety Code and to assist in the implementation of the provisions of PA 05-3, Section 110 (which required inspections of residential buildings of more than 25 occupancies).

## ***Economic Development and Environment***

### **Department of Business and Employment**

#### **Job's Initiative**

- Create Planning and Community Development Planning Office, incorporating housing planning into economic development strategy (\$125,000);
- Establish Connecticut Research Institute to collect statewide data and develop economic development policy initiatives (\$500,000);
- Create the Office of National and International Commerce to market CT as business friendly (\$125,000); and
- Fund CONNSTEP through the General Fund instead of bond funds. CONNSTEP is the state's manufacturing resource center offering assistance to CT manufacturers. (\$1,000,000).

### **Labor Department**

**Create the 21<sup>st</sup> Century Jobs Program.** The Governor recommends \$1.5 million to create the Twenty-First Century Jobs Program. This matching program would require employers to pay for 50 percent of the training. The program would provide financial incentives and technical assistance to small businesses that cannot afford employee training programs. The program would help employers sustain high growth and economically vital industries in Connecticut by supporting training for incumbent workers. Employees would benefit by obtaining skills to start or move up in their careers.

**Expand Apprenticeship Opportunities.** The Governor recommends \$250,000 in FY 07 to expand the program to create new and additional apprenticeships as well as provide direct

services to apprenticeship sponsors (employers, labor-management organizations) and apprentices. The 21st Century Apprenticeship System is expanded in the development and installation of new apprenticeship initiatives in occupations such as childcare development specialists and youth development practitioners, and in the fields of healthcare, information technology, and advanced manufacturing.

**Fund the Connecticut Career Resource Network.** The Connecticut Career Resource Network (CCRN) is the primary source of Connecticut-specific career information used by the education community: teachers, guidance counselors, students and their parents, as well as by the workforce investment system. It has provided the information needed to help learners, from youth to adults, make informed decisions about their career choice and preparation. This information is provided through publications, workshops and conferences, Internet-based information systems, training, and marketing of career-related materials. The CCRN has been funded for many years by the federal government and has been reduced significantly over the years, this funding has not been included in federal FY 07 appropriations. As a result, the Governor recommends \$150,000 in FY 07 to fund this program.

## ***Transportation***

### **Governor's Transportation Initiatives**

The Governor recommends \$344 million in bonding which will be used to leverage over \$300 million in federal funds and provide for the following:

- New Britain Bus Way: New Britain ↔ Hartford
  - \$50 million capital investment plus \$33 million previously provided will meet the state's share.
  - \$253 million federal share
  - \$6 million operating subsidy beginning in FY 10
- Service and Maintenance Building Improvements: NH Lines at Danbury, New Canaan and Waterbury
  - \$45 million capital investment to improve facilities
    - \$7 million is earmarked for train controls and signals
  - \$1 million annual operating subsidy beginning FY 10
- Commuter Train Service: New Haven ↔ Hartford ↔ Springfield, MA
  - Initial capital investment \$146 million and annual operation subsidy \$8.5 million beginning in FY 11. \$16 million in federal funds will be used in this project.
  - Will provide for 8 trains a day in each direction.
  - 8 existing stations and 3 new stations (North Haven, Newington & Enfield)
  - Shuttle Bus Service: Bradley Airport ↔ 11 Train Station Stops
- Rail Station and Parking Lot Improvements: New Haven and Shore Line East
  - \$40 million in capital investment
- Rehabilitation of up to 40 rail cars for use in commuter lines
  - \$25 million in capital investment
- Improve transit connections between rail stations and select employment centers

- Providing operating funds of \$1 million in FY 08
  - \$2 million per fiscal year beginning FY 11.
- West Haven Rail Station and Parking Facilities.
  - \$11 million in capital investments
  - Anticipated \$44 million in federal funds
  - Require congressional action to secure the \$44 million.
- Greater Hartford Area infrastructure improvements
  - \$25 million in capital investment to support economic development projects. For example: Rentschler Field development in East Hartford.

## **Revenue Sources**

Increase transfer by \$40 million from the General Fund's Oil Companies Tax beginning FY 07 through FY 10. Increase transfers from \$40 to \$60 million beginning in FY 11.

## **Department of Transportation**

- Increase subsidy by \$6.5 million for Bus Operations
  - \$3.5 million for higher fuel costs
  - \$3.0 million to offset loss of federal funds
- Additional \$4.0 million for Highway and Bridge Renewal Equipment
  - Total \$8.0 million

## **Department of Motor Vehicles**

- \$17 million additional in Bonding for the agency's computer software and hardware upgrades
  - \$10 million previously authorized
- \$400,000 for 9 additional Commercial Vehicle Safety Inspectors
- \$600,000 for upgrading and adding security measures to prevent fraud involving issuance of drivers' licenses
- \$730,000 for staffing branch offices and opening additional days.

---

## Significant Revenue Changes

---

The Governor's midterm budget proposes \$294.5 million in net tax reductions for FY 07. The list below provides a brief description of each proposal and the anticipated FY 07 General Fund revenue loss estimated by the Governor.

### *Income Tax*

- Eliminates the tax credit for property taxes paid on a taxpayer's primary residence or automobiles beginning with the 2006 income year. This is anticipated to result in a revenue gain of \$325 million in FY 06.

### *Property Tax*

- Eliminates the personal property tax on passenger motor vehicles (does not include commercial or combination registered vehicles). The Governor's plan will reimburse towns for the lost revenue by intercepting 100% of revenue the state receives from payments made by two Native American casinos plus an additional General Fund intercept. The total cost of the program is anticipated to be \$496.8 million in FY 07, which will come from intercepting \$435.6 million in casino revenue and \$61.2 million from the resources of the General Fund. The Mashantucket Pequot and Mohegan grant is renamed the Supplemental Municipal Aid Grant and is transferred to the General Fund.

### *Corporation Business Tax*

- Repeals the 15% surcharge for income year 2007, which is anticipated to result in a loss of \$32.2 million in FY 07;
- Establishes a tax credit equal to 25% to a firm's in-state production expenses including payroll costs, which is anticipated to result in a revenue loss of \$5 million in FY 07;
- Establishes a job creation tax credit for firms that create significant (at least 50 employees) new qualified jobs in Connecticut. A firm may claim a credit equal to 25% of the estimated withholding tax related to each new employee per year for up to 5 years. The credit is anticipated to result in a revenue loss of \$2 million in FY 07;
- Establishes a displaced worker for firms that hire individuals that were previously displaced (laid off). A firm can claim a credit of \$1,500 per year for 5 for each displaced worker it hires. The credit is anticipated to result in a revenue loss of \$4.5 million in FY 07;

***Unified Gift and Estate Tax***

- Gradual phase out the tax, which is anticipated to result in loss of \$34.1 million in FY 07.

The table below presents the phase-out schedule.

Year	Exemption Level
2005	\$2.0m
2006	4.1m
2007	5.1m
2008	7.1m
2009	10.1m
2010	No Tax

***Public Service Companies Tax***

- Reduces the tax rates on electricity and gas by 25%, which is anticipated to result in revenue loss of \$44.9 million in FY 07.

---

## FY 06 Surplus Disposition

---

The Governor earmarks her \$511.8 million estimated FY 06 surplus in the following manner:

<b>Item</b>	<b>Amount (in millions)</b>
Budget Reserve (Rainy Day) Fund (BRF)	\$335.3
Economic Recovery Note Payments	85.5
FY 06 Carryforwards Reducing FY 07 Requirements	91.0
<b>Total Earmarkings</b>	<b>\$511.8</b>

When the \$335.3 million for the Budget Reserve Fund (BRF) is added to the estimated \$605.6 million surplus from FY 04 and FY 05, the total amount that would be deposited in the BRF would be \$940.9 million. Based upon the Governor's FY 07 net General Fund appropriations of \$14,910.5 million, the maximum that could be deposited in the BRF would be \$1,491.1 million. With the \$335.3 million deposit, the BRF would fall short of being fully funded by \$550.2 million.

OFA projected on February 1, 2006 that the FY 06 surplus would be \$661.5 million or \$149.7 million higher than the Governor's figure. If OFA's higher amount occurs and remains unearmarked, it would be deposited to the BRF.

Our preliminary analysis indicates that of the Governor's \$511.8 million surplus estimate, \$420.8 million would be earmarked for one-time purposes and \$91 million would be used for ongoing purposes.

**FY 06 Surplus Disposition**  
**Recommended by the Governor**  
**(figures in \$ millions)**

	Recommended	One-Time	Ongoing
<b>Budget Reserve (Rainy Day) Fund (BRF) [1]</b>	\$335,275,000	\$335,275,000	
<b>FY 06 Appropriation:</b>			
Economic Recovery Note Payments [2]	85,500,000	85,500,000	
<b>FY 06 Carryforwards Reducing FY 07 Requirements:</b>			
DRS - Other Expenses	\$200,000		\$ 200,000
OPM - P.I.L.O.T. New Manufacturing Machinery & Equipment	1,500,000		1,500,000
DEMHS - Personal Services	200,000		200,000
DMR - Personal Services	1,500,000		1,500,000
DSS - Medicaid	50,000,000		50,000,000
SDE - Personal Services	500,000		500,000
CTF - Children's Trust Fund	150,000		150,000
DAS - Workers' Compensation Claims	1,200,000		1,200,000
Miscellaneous Comptroller - Fringe Benefits:			-
Unemployment Compensation	500,000		500,000
Pensions and Retirement - Other Statutory	75,000		75,000
Group Life Insurance	200,000		200,000
State Employee Health Service Cost	<u>35,000,000</u>	-	<u>35,000,000</u>
Subtotal	<u>91,025,000</u>		
<b>Total FY 06 Surplus Disposition per Governor</b>	<b>511,800,000</b>	<b>\$420,775,000</b>	<b>\$91,025,000</b>
<b>Total FY 06 Surplus Projected by OFA on 2/1/06</b>	<b><u>661,500,000</u></b>		
<b>Additional Potential Surplus (if not earmarked would be deposited in BRF)</b>	<b><u>\$149,700,000</u></b>		

[1] When this amount is added to the estimated \$605.6 million surplus from FY 04 and FY 05 the total amount that would be deposited in the BRF would be \$940.9 million. Based upon the Governor's revised FY 07 net General Fund appropriations of \$14,910.5 million, the maximum that could be deposited in the BRF would be \$1,491.1 million. With the \$335.3 million deposit, the BRF would fall short of being fully funded by \$550.2 million.

[2] Prefunds the remaining Economic Recovery Note payments of \$65.2 million in FY 08 and \$20.2 million in FY 09 which resulted from the FY 02 and FY 03 deficits.