



State of Connecticut

CONNECTICUT GENERAL ASSEMBLY

STATE CAPITOL

HARTFORD, CONNECTICUT 06106-1591

May 7, 2024

William Tong
Office of the Attorney General
165 Capitol Avenue
Hartford, CT 06106

Dear Attorney General Tong,

The filing early yesterday morning of Emergency Certified Bill 5523, *AN ACT CONCERNING ALLOCATIONS OF FEDERAL AMERICAN RESCUE PLAN ACT FUNDS AND PROVISIONS RELATED TO GENERAL GOVERNMENT, HUMAN SERVICES, EDUCATION AND THE BIENNIUM ENDING JUNE 30, 2025* (E-Cert), raises serious questions regarding our constitutional and statutory obligations to maintain a balanced budget.

We fear that passage of this bill would not only violate the fiscal guardrails we have all credited with putting and keeping our fiscal house in order, but will also inevitably set us up for tax increases in the next biennium. Consequently, I am writing to ask your opinion regarding whether this bill constitutes a budget adjustment under our constitution and statutes.

As you know, we are obligated pursuant to Article III, Sec. 18 to maintain a balanced budget. "The amount of general budget expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year." We are also obligated to stay within fiscal guardrails which consist of a spending cap, revenue cap, volatility cap, and debt limits (see, CGS 2-33a, CGS 2-33c, CGS 4-30a, and CGS 3-21).

Recognizing this obligation, on the first day of our legislative session, the Governor proposed an adjusted budget requiring reductions in spending to account for the spending cap. Remarkably, this legislature failed to adjust the budget or adopt consensus revenue estimates pursuant to its statutory obligation under CGS 2-35 and, considering the actions of this body over the next two days, we do not believe it will do so prior to the end of the fiscal year on June 30th.

Notwithstanding these obligations, the E-Cert makes a number of adjustments to the current biennial budget outside our normal process. For example, it:

- Reduces Executive Branch expenditures not strictly limited to personal service line items only, in the General Fund in order to reduce expenditures by \$129 million (sec. 5);
- Contemplates more Full Time Equivalent employees to obtain SEBAC raises than what was contemplated in the earlier fiscal note from the legislature's Office of Fiscal Analysis and may impact the Reserve for Salary Adjustments account (sec. 12);
- Allows the Probate Court Administration Fund to keep \$12 million, causing a loss of \$2.3 million in revenue in FY 25 (sec. 13);
- Directs new funding in Other Expenditures within OPM's budget of \$143,800 for Durational Project Manager (sec. 18);
- Changes the recovery of funds from the Department of Administrative Services to recover estate charges from deceased persons, resulting in a loss of revenue of \$225,000 (secs. 25-30);
- Allocates \$5.6 million in additional costs for debt free community college (sec. 75);
- Creates savings of \$14.3 million from re-amortizing the Judicial Retirement System (sec. 80);
- Eliminates the Tobacco Settlement Fund transfer to fund cessation programs and deposits \$12 million into the General Fund as additional revenue (sec. 92);
- Transfers remaining balance from Biomedical Research of \$750,000 to the General Fund, increasing available revenue (sec. 95);
- Makes the state Department of Education financially responsible for the portion of the cost to local and regional boards of education of reduced priced meals under the National School Lunch Program and School Breakfast Program for those students not enrolled in a school that qualifies for the maximum federal reimbursement for all school meals served under the federal Community Eligibility Provision (sec. 503); and
- Adjusts the budget by allocating \$250,000 to the Capital Workforce Partners (sec. 2).

The foregoing examples are only a sampling of the number of adjustments to the state budget included in the E-Cert. Finally, it appears that sections 4 through 6 are this legislature's attempt to adjust the current budget via the Finance Advisory Committee, rather than actually fulfilling its duty to adjust the budget itself. In fact, as stated earlier, this bill is presented to us without our committee on Finance, Revenue and Bonding adopting revenue adjustments as required pursuant to CGS 2-35.

Saying that this E-Cert is not a budget adjustment does not make it so, but it does raise the question of whether – in fact – this document attempts to adjust the budget outside the normal process outlined in our state's constitution and its statutes.

We are very concerned with the precedent this bill may be establishing and, pursuant to your charge under CGS 3-125, we would appreciate your evaluation of these issues and your timely response.

Sincerely,



Representative Vincent Candelora
House Republican Leader



Senator Stephen Harding
Senate Republican Leader

CC: Governor Ned Lamont