



OPPORTUNITY & AFFORDABILITY

GOVERNOR LAMONT'S BUDGET

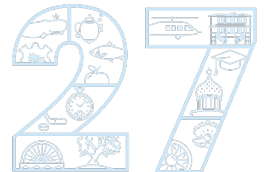
February 4, 2026

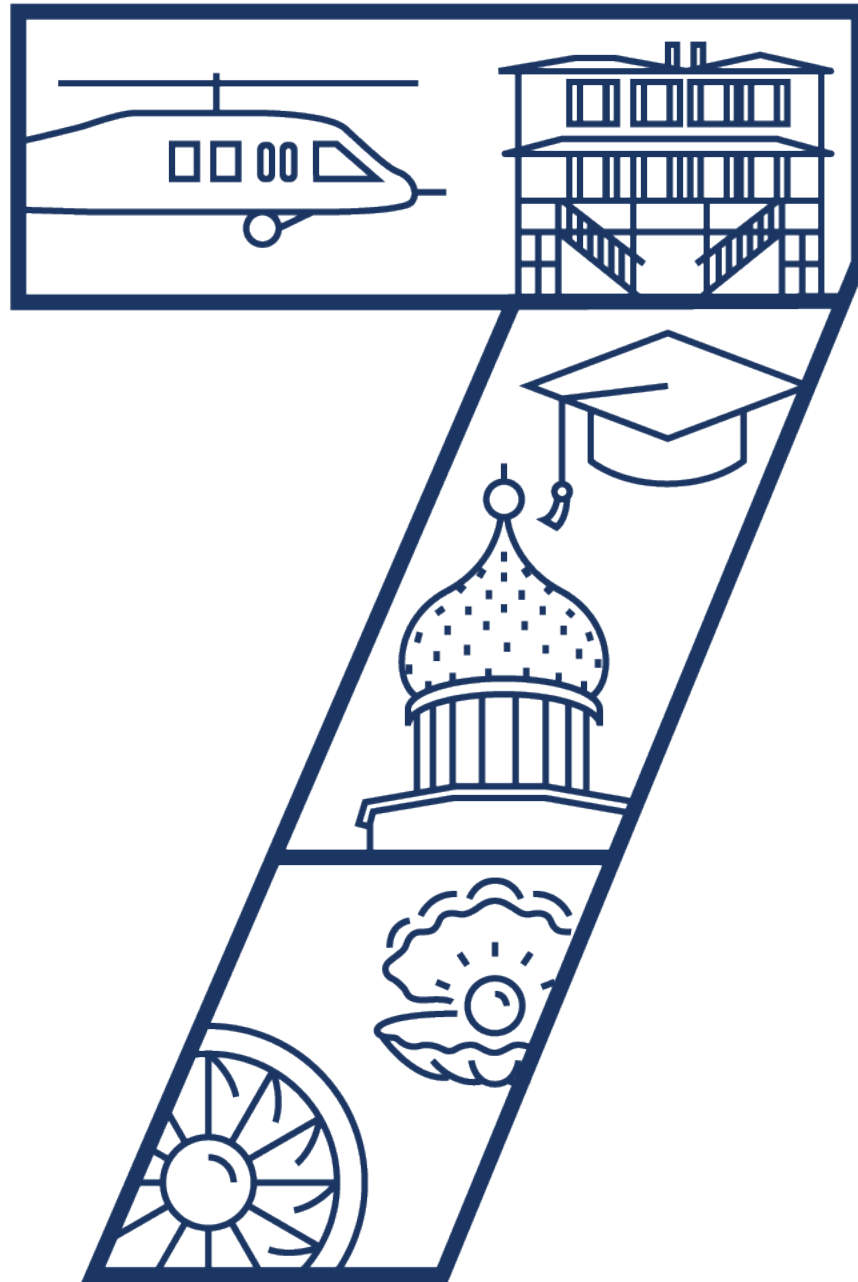
STATE OF CONNECTICUT



ADVANCING AFFORDABILITY, ECONOMIC GROWTH, AND ESSENTIAL SERVICES

- Governor Lamont is proposing a series of strategic investments focused on education, workforce development, and cost-of-living relief
 - These proposals aim to strengthen the programs that matter most to residents, ensure continued fiscal responsibility, and position Connecticut for sustained growth in a rapidly changing economy
- The Governor's proposals
 - Build on historic investments in healthcare, education, housing and workforce development
 - Continue the state's commitment to affordability, opportunity, and long-term economic resilience
- Proposed budget adjustments maintain fiscal discipline while making targeted, meaningful improvements, ensuring that Connecticut remains a place where families thrive and businesses grow





BUDGET OVERVIEW

PROPOSED BUDGET REVISIONS FOR FY 2027

	(in Millions)			
	Enacted ¹	Net	Recommended	% Growth
	Appropriation	Adjustments	Appropriation	Over
	FY 2027	FY 2027	FY 2027	Enacted
General Fund	\$ 25,361.9	\$ 107.7	\$ 25,469.6	0.4%
Special Transportation Fund	2,405.2	(12.2)	2,393.0	-0.5%
Municipal Revenue Sharing Fund	559.4	(7.6)	551.8	-1.4%
Banking Fund	36.6	(3.2)	33.4	-8.7%
Insurance Fund	120.1	(1.6)	118.5	-1.3%
Consumer Counsel and Public Utility Control Fund	37.5	0.8	38.4	2.3%
Workers' Compensation Fund	27.4	(0.5)	27.0	-1.6%
Mashantucket Pequot and Mohegan Fund	52.5	1.6	54.1	3.0%
Criminal Injuries Compensation Fund	2.9	-	2.9	0.0%
Tourism Fund	18.7	-	18.7	0.0%
Cannabis Prevention and Recovery Services Fund	3.4	-	3.4	0.0%
Cannabis Regulatory Fund	9.4	-	9.4	0.0%
TOTAL - ALL APPROPRIATIONS	\$ 28,635.1	\$ 85.1	\$ 28,720.2	0.3%

¹ Enacted FY 2027 appropriations per Public Act 25-168

- Proposed budget for FY 2027 is \$1.1 million under the spending cap
- The enacted FY 2027 budget is 5.4% above FY 2026 and the Governor's proposed adjustments bring that increase to 5.7% above FY 2026

REVENUE INITIATIVES



GENERAL FUND REVENUE

(in Millions)	
FY 2027 Revenue - Adopted Budget	\$ 25,913.7
Consensus Revenue Update - 11/10/2025 & 1/15/2026	124.7
Estimated FY 2027 Revenue - Current Law	\$ 26,038.4
Proposed Revenue Changes:	
Increase FY 2026 Volatility Cap Threshold by \$500M & Transfer Such Amount to FY 2027	\$ 500.0
Tax Rebate - One Time \$200/\$400 Rebate for AGI Under \$200K/\$400K	(500.0)
Conform to Federal P.L. 119-21 Research & Experimentation (R&E) Rules (FY 2026 & After)	66.8
Reduce Hospital Provider Tax	(275.0)
Reduce FY 2026 Transfer to FY 2027	(30.0)
Eliminate Certain Occupational License Application & Renewal Fees	(15.9)
All Other Changes (Net)	11.5
Total Changes	\$ (242.6)
Total Resources - FY 2027	\$ 25,795.8
Revenue Cap	(322.4)
Available Revenue - FY 2027	\$ 25,473.4



ENACTED TAX RELIEF UNDER THE LAMONT ADMINISTRATION

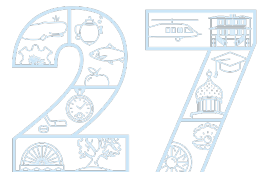
Summary of Major Tax Relief Under the Lamont Administration

(In Millions)

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	Cumulative Total
1. Previously Enacted Tax Relief ('19-'25 Legislative Sessions)	\$ (216.6)	\$ (828.7)	\$ (573.0)	\$ (845.2)	\$ (881.0)	\$ (948.8)	\$ (4,293.3)

Tax Relief Recommended in Governor's FY 2027 Midterm Adjustment Budget (2026 Legislative Session)

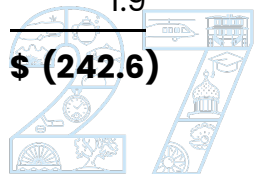
<u>Policy</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	Cumulative Total
2. Tax Rebate - One Time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (500.0)	\$ (500.0)
3. Allow Pass-through Entities to Earn R&D Tax Credit	-	-	-	-	-	(25.0)	(25.0)
4. Establish Indiv. Cov. Health Reimb. Arr. (ICHRA) Tax Credit	-	-	-	-	-	(5.0)	(5.0)
5. Elim. Certain Occ. Lic. App. & Renew. Fees	-	-	-	-	-	(15.9)	(15.9)
6. Total Recommended FY 2027 Midterm Adjustment Budget	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (545.9)	\$ (545.9)
7. Grand Total Tax Relief	<u>\$ (216.6)</u>	<u>\$ (828.7)</u>	<u>\$ (573.0)</u>	<u>\$ (845.2)</u>	<u>\$ (881.0)</u>	<u>\$ (1,494.7)</u>	<u>\$ (4,839.2)</u>



RECOMMENDED REVENUE POLICY INITIATIVES

General Fund (In Millions)

<u>Tax Type</u>	<u>Policy Initiative</u>	<u>FY 2026</u>	<u>FY 2027</u>
1. Corporation Tax	Conform to Federal P.L. 119-21 Research & Experimentation (R&E) Rules (1Y 2026 & After)	\$ -	\$ 66.8
2. Corporation Tax	Decouple From Federal P.L. 119-21 Bonus Depreciation Provisions (FY 2028 Impact)	-	-
3. Health Provider Tax	Reduce Hospital Provider Tax	-	(275.0)
4. Licenses, Permits, Fees	Eliminate Certain Occupational License Application & Renewal Fees	-	(15.9)
5. R&D Credit Exchange	Allow Pass-through Entities to Earn Research & Development (R&D) Tax Credit	-	(5.0)
6. Refunds of Taxes	Establish Indiv. Cov. Health Reimb. Arr. (ICHRA) Tax Credit For Employers	-	(5.0)
7. Refunds of Taxes	Tax Rebate - One Time \$200/\$400 Rebate for AGI Under \$200K/\$400K	-	(500.0)
8. Volatility Cap Adj.	Adjust Volatility Cap Threshold in FY 2026 Only	500.0	-
9. Transfers	Transfer \$500M from FY 2026 to FY 2027 for Rebate Program	(500.0)	500.0
10. Transfers	Reduce the FY 2026 Transfer to FY 2027	30.0	(30.0)
11. Transfers	Update MRSF Subsidy Requirements	13.1	21.4
12. Transfers	Increase Transfer to Mashantucket Pequot and Mohegan Fund	-	(1.6)
13. Transfers	Home Improvement Guaranty Fund to Retain Additional Funds	-	(0.2)
14. Federal Grants	Revenue Attributable to Expenditure Changes	-	1.9
15. Total Governor's Recommended Revenue Policy Changes		\$ 43.1	\$ (242.6)

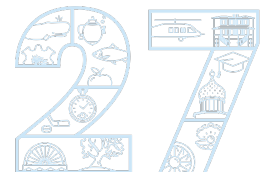


TAX REBATE

ADDRESSING AFFORDABILITY

- To address affordability, the Governor proposes providing a one-time \$200-\$400 rebate to full-year CT residents who filed a personal income tax return for tax year 2024
- This will help address persistent inflation, rising utility costs, and the on-again, off-again impacts of tariffs that have caused Connecticut residents to pay ever increasing prices for goods and services
- Will benefit an estimated 1.6 million taxpayers (2.2 million individuals) and cost approximately \$500 million
- Funded by a one-time \$500 million increase to the volatility cap threshold in FY 2026 only, generating \$500 million of resources and transferring the \$500 million to FY 2027
 - Increasing the threshold would require a 3/5ths vote in each chamber of the General Assembly
- Rebates would be sent by DRS to qualifying taxpayers before October 31, 2026
- Eligibility for the rebate and the amount of the rebate would be based on the following requirements:

Filing Status	Income Limit	Rebate Amount
Single	\$200,000	\$200
Married Filing Jointly	\$400,000	\$400
Head of Household	\$320,000	\$320
Married Filing Separately	\$200,000	\$200



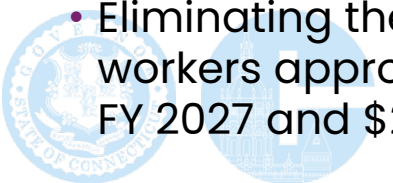
ELIMINATING PROFESSIONAL LICENSE FEES FOR CERTAIN PROFESSIONS

ELIMINATING FINANCIAL BARRIERS TO CERTAIN PROFESSIONAL CAREERS

- The Governor is proposing to further eliminate application and renewal fees for select professions
- Fees can range in cost from \$65 to \$375 per year, depending on the license
- This proposal will benefit over 160,000 workers
- The Governor hopes to alleviate another costly and unnecessary burden on working families by eliminating these costs
- Eliminating these fees will save workers approximately \$15.9 million in FY 2027 and \$21.2 million in FY 2028

	Professional Category	No. of Payers: Application Fees	No. of Payers: Renewal Fees	Total No. of Payers
1.	Nurse	Already Exempted	86,363	86,363
2.	Dental Hygienist	Already Exempted	3,655	3,655
3.	Mental Health Clinician	Already Exempted	16,408	16,408
4.	Occupational Therapist	Already Exempted	2,654	2,654
5.	Paramedic	Already Exempted	2,741	2,741
6.	Physical Therapist	Already Exempted	6,374	6,374
7.	Physician Assistant	Already Exempted	3,456	3,456
8.	Teacher*	6,864	N/A	6,864
9.	Electrician	1,085	13,157	14,243
10.	Plumber	427	6,984	7,411
11.	HVAC	931	10,378	11,308
12.	Sheet Metal	40	1,509	1,549
13. Total		9,347	153,680	163,026

* Exempting Application Fees for Professional Educators and Additional Certificates;
There are currently no renewal fees associated with these licenses



REDUCING THE HOSPITAL PROVIDER TAX

ADDITIONAL SUPPORT FOR THE STATE'S HOSPITAL INDUSTRY

- The Governor proposes decreasing the currently adopted tax due from CT's hospitals in FY 2027 by \$275 million with no change to supplemental payments
- During the 2025 legislative session, in conjunction with the hospital industry and ahead of federal policy changes, the state increased the tax due from hospitals by \$375 million over FY 2026 levels *without* a corresponding \$375 million increase to hospital supplemental payments
 - Increase in supplemental payments to hospitals was only \$140 million
- With this proposal:
 - The hospital industry gains a net positive \$40 million impact
 - The state nets a positive \$53.8 million after federal reimbursement
 - Complies with Public Law 119-21



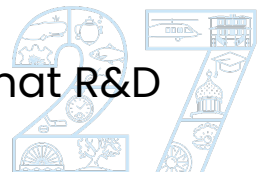
Changes to Hospital Provider Tax & Payment to Hospitals Relative to FY 2026 - \$ in Millions				
	Adopted FY 2027	Change	Governor's Proposed FY 2027	
Hospital Provider Tax	\$ 375.0	\$ (275.0)	\$ 100.0	
Supplemental Payments to Hospitals	140.0	-	140.0	
Federal Medicaid Revenue Impact ⁽¹⁾	93.8	(1.4)	92.4	
⁽¹⁾ Technical change that was assumed in the January 15, 2026 consensus revenue forecast				
Impact (in millions of \$)	Hospital Impact	State Impact GF	Federal Impact	Total
Increase Hospital Supplemental Payments	+140.0	-140.0	0	0
Federal Medicaid Revenue Impact	0	+93.8	-93.8	0
Increase Hospital Provider Tax	-100.0	+100.0	0	0
Net Impact	+40.0	+53.8	-93.8	0



EXPAND RESEARCH & DEVELOPMENT TAX CREDIT PROGRAM

ALLOW PASS-THROUGH ENTITIES TO EARN THE RESEARCH & DEVELOPMENT (R&D) TAX CREDIT

- The Governor proposes allowing pass-through entities to earn R&D tax credits, currently only available to corporate entities, and allowing their owners/shareholders to claim the tax credit against their Personal Income Tax liability
- Pass-through entities must have less than \$70 million of sales
- R&D tax credits would be worth 6% of R&D expenditures incurred during any income year
- Pass-throughs would be required to apply to the Commissioner of DECD to reserve a tax credit allocation
- For pass-through entities only, R&D tax credits would be:
 - Capped at \$25 million per income year
 - Capped at \$1.5 million per firm per income year
 - Refundable if exceeds tax liability – 90% for biotech firms and 65% for all other firms
- Minimal fiscal impact to General Fund revenues:
 - \$20 million reduction in estimated & final payments under the Personal Income Tax would be offset by the volatility cap (no change to operating revenues)
 - \$5 million revenue loss as a result of increased personal income tax refunds to the extent that R&D credits exceeds tax liability (operating budget revenue loss)

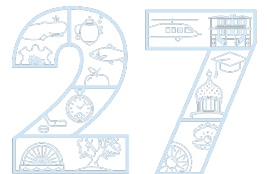


BUSINESS TAX CHANGES

FEDERAL CHANGES TO CERTAIN TAX DEDUCTIONS

- P.L. 119-21 made two corporate accounting changes impacting CT's corporate tax:
 - Research and Experimentation (R&E) expenditures – Allow immediate expensing for domestic R&E expenditures instead of 5-year amortization
 - Bonus Depreciation – Allow immediate expensing of certain depreciable qualified production property (QPP) instead of up to 39 years
- The Governor proposes to:
 - R&E expenditures
 - Continue 5-year amortization through IY 2005, however, we would conform to immediate expensing beginning in IY 2026 and thereafter
 - Bonus Depreciation
 - Disallow immediate expensing of QPP consistent with current CT treatment
- Both items affect the timing of tax payments, not the overall tax burden
- This would have the following fiscal impact:

	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal
Policy Proposal (\$ in Millions)	2026	2027	2028	2029	2030
Conform with Federal P.L. 119-21	\$ -	\$ 66.8	\$ (33.4)	\$ (25.7)	\$ (8.1)
R&E Provisions For IY 2026 & After					
Decouple From Federal P.L. 119-21	\$ -	\$ -	\$ 103.6	\$ 100.9	\$ 98.4
Bonus Depreciation Provisions					



OTHER REVENUE CHANGES

REVENUE PROPOSALS

- Reduce the transfer of resources in the General Fund from FY 2026 to FY 2027 by \$30 million
 - The transfer adopted in PA 25-168 was \$244 million and would now be \$214 million, providing \$30 million of additional resources in FY 2026
- Reduce the revenue transfer from the General Fund to the Municipal Revenue Sharing Fund:
 - By \$13.1 million in FY 2026
 - By \$21.4 million in FY 2027
- Increase transfer from the General Fund to the Mashantucket Pequot and Mohegan Fund by \$1.6 million in FY 2027
- Allow the Home Improvement Guaranty Fund to retain an additional \$0.2 million annually due to an increase in renovation and construction costs
- Offer a new tax credit for small businesses to encourage employers to offer ICHRA through Access Health CT's BusinessPlus platform—a credit is offered to match employer contributions in the first two years, up to \$1,000 per year capped at \$5 million annually



PROPOSED EXPENDITURES



GENERAL AND SPECIAL TRANSPORTATION FUND APPROPRIATIONS

(in Millions)

GENERAL FUND

	<u>FY 2027</u>
Adopted Budget - FY 2027	\$ 25,361.9
Technical Changes	73.2
Expansion Proposals	67.7
Reduction Proposals	<u>(33.3)</u>
Revised Budget - FY 2027	\$ 25,469.5
Balance after Rev. Cap	\$ 3.8

SPECIAL TRANSPORTATION FUND

	<u>FY 2027</u>
Adopted Budget - FY 2027	\$ 2,405.2
Technical Changes	(14.7)
Expansion Proposals	2.5
Reduction Proposals	<u>-</u>
Revised Budget - FY 2027	\$ 2,393.0
Balance after Rev. Cap	\$ 7.2



EDUCATION AND EARLY CHILDHOOD



ELEMENTARY AND SECONDARY EDUCATION

Department of Education (SDE) Expansions in the Adopted Budget

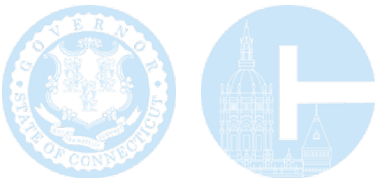
- \$80.0 million – New and expanded special education funding, including:
 - \$40.0 million for Excess Cost
 - \$30.0 million for the Special Education Expansion and Development grant
 - \$10.0 million for a new program designed to encourage high quality, innovative, in-district approaches to special education, helping to reduce reliance on costly outplacement services
- \$7.0 million – To fund the Learner Engagement and Attendance Program, a home visiting program operating in high need districts designed to reconnect students with the educational process and combat chronic absenteeism
 - Anticipated to serve approximately 35 to 40 districts
- \$6.0 million – To fund additional opportunities for high school students to take college credit bearing courses before graduation
 - Anticipated to serve approximately 35,000 students
- \$5.0 million – To establish a matching grant program to provide high dosage tutoring at the district level
 - Anticipated to serve approximately 10,000 – 12,000 students



INVESTMENTS IN ELEMENTARY AND SECONDARY EDUCATION

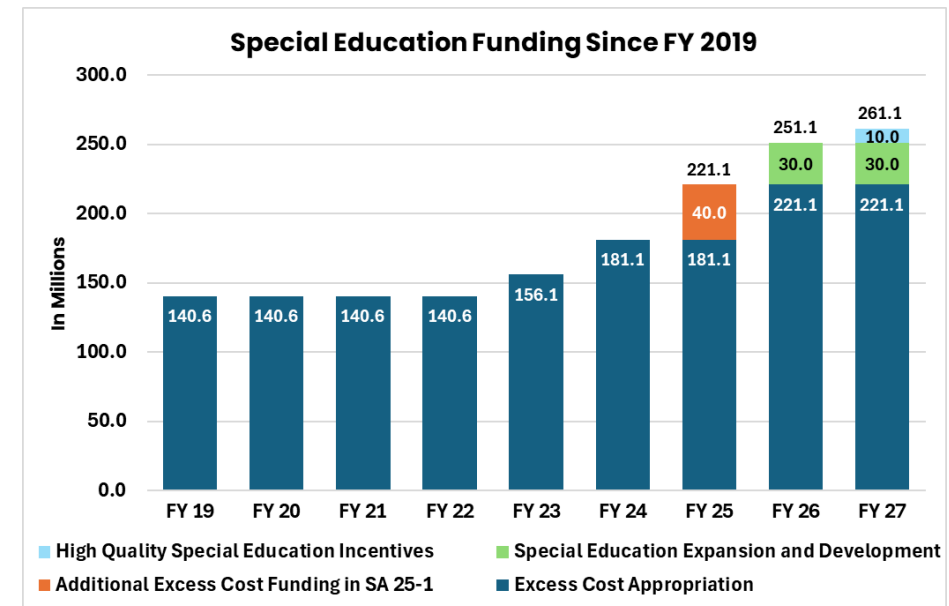
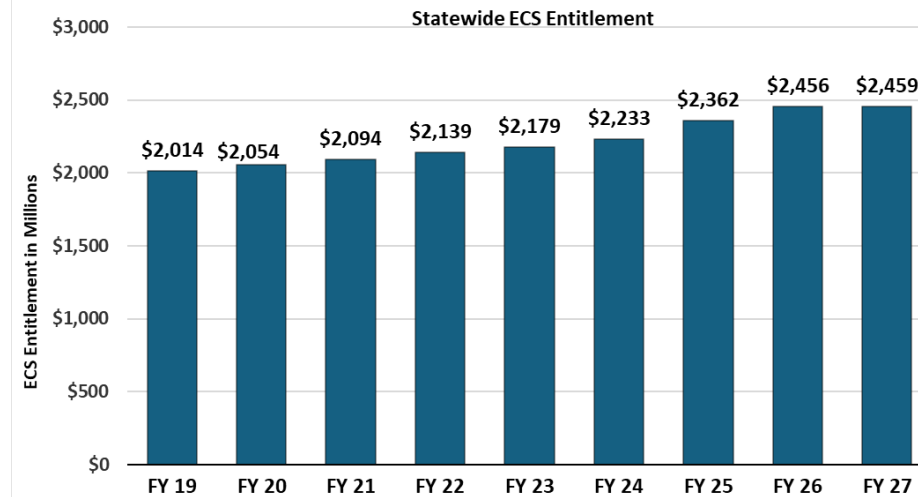
SDE Proposed Adjustments

- \$12.5 million – Fund free school breakfast and eliminate reduced price lunch charges, ensuring enhanced meal access for Connecticut students
- \$5.0 million – To continue and expand upon a successful COVID-era program providing mental and behavioral health supports in approximately 20 districts across the state
- \$4.5 million – To establish a statewide network of literacy coaches
 - Based on successful programming in other states, this investment will insert literacy coaches into 50 districts across 5 regions of the state serving an estimated 16,000, students in grades K-3
- \$2.0 million – To continue a successful COVID-era program for teacher apprentices
 - SDE anticipates supporting 75 teacher apprenticeships annually through this program
 - This will help alleviate teacher shortages and secure a consistent talent pipeline
- \$500,000 is provided to continue the work of the Center for Connecticut Education Research Collaborative
 - This will ensure that the state can evaluate education programming and investments informing future funding decisions at the state and district level



EXECUTIVE ORDER ESTABLISHING BLUE RIBBON PANEL ON K-12 EDUCATION

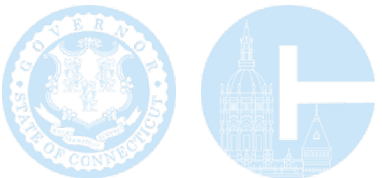
- The EO will set in motion collaboration across stakeholders to evaluate the Education Cost Sharing formula as well as the state's other formula driven K-12 grant programs to ensure future investments in education are data driven, evidence based, and outcome oriented. This will ensure that funding is agile enough to meet the needs of the modern student, supply a rapidly changing workforce, and maintain the talented teaching workforce responsible for ensuring all children have access to quality education
- The panel will tap into the expertise of state and municipal leaders, legislative leaders and partners across the education system - including superintendents and teachers
- The panel will also be charged with evaluating the recommendations made by the department for the Alliance District program



CAREER AND TECHNICAL EDUCATION

Connecticut Technical Education and Career System (CTECs) Proposed Adjustments

- \$1.2 million – To support an additional 36 paraeducator positions to address special education needs
- \$1.5 million – For various initiatives related to Adult Education
 - \$1 million across other expenses and personal services to increase adult education classes
 - \$500,000 for a landscape analysis to inform planning and expansion for adult learners at CTECs and to evaluate workforce development programs in alignment with Workforce Pell program
- \$5.0 million – To support increased utility expenses and special education services



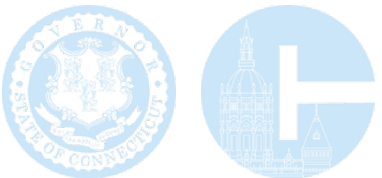
EARLY CHILDHOOD INVESTMENTS

Additional General Fund Support in the Adopted Budget

- \$38.4 million – To fund the third year of negotiated Care 4 Kids rate increases
- \$5.0 million – To fund final phase of the Start Early–Early Childhood Developmental Initiative
- \$8.0 million – For Early Start CT increases of up to 4%
- \$3.0 million – To both maintain and expand the Smart Start Program
- \$1.8 million – To support the final year of Universal Home Visiting program
- \$1.6 million – To continue Tri-Share program
- \$3.8 million – To increase Birth-to-Three (B23) rates. This was matched with \$2.9 million in the DSS Medicaid account

OEC Proposed Adjustments

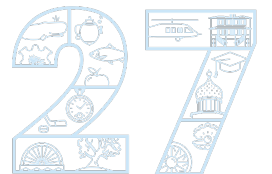
- \$2.4 million – Matched with \$1.9 million in DSS for rate increases in the (B23) program



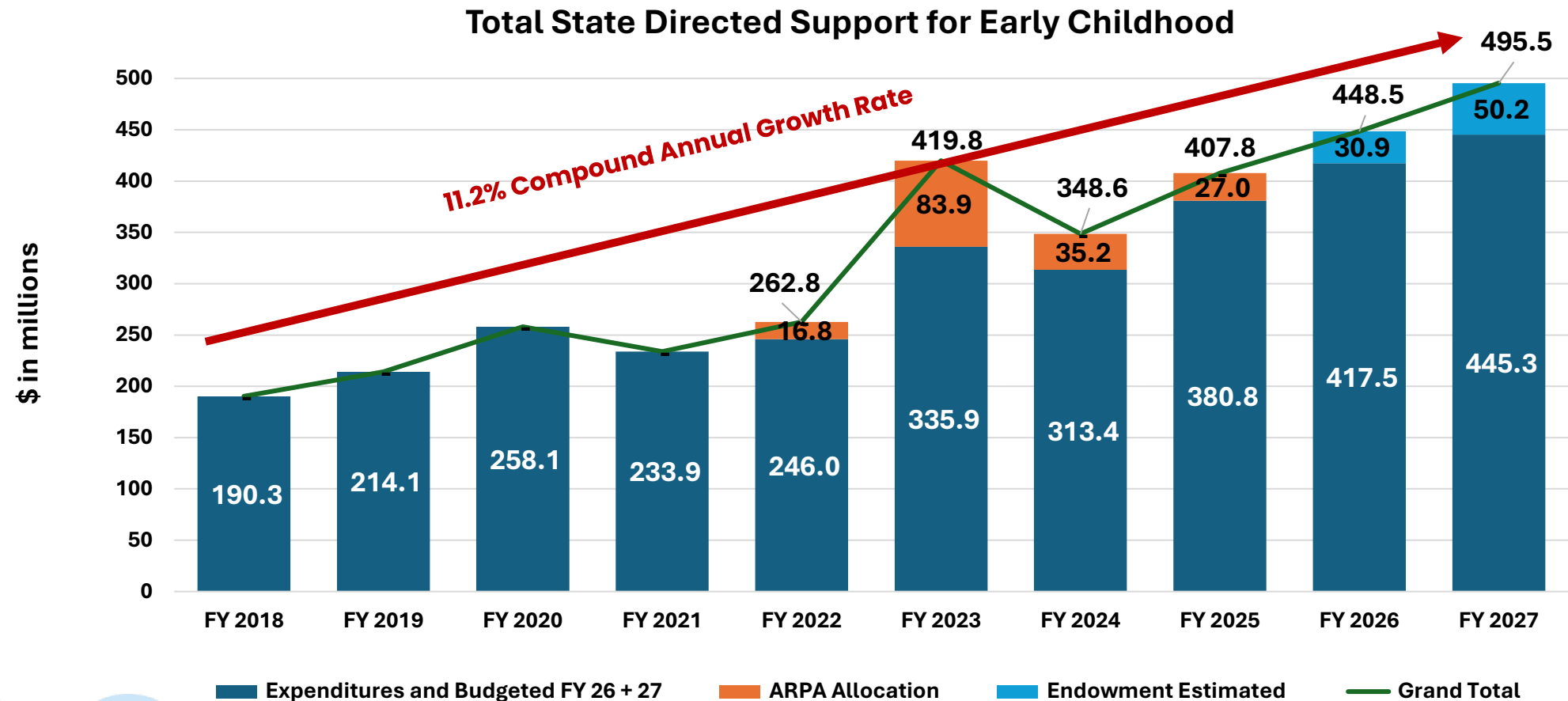
EARLY CHILDHOOD EDUCATION ENDOWMENT (ECEE)

ECEE created by PA 25-93 represents a significant long-term commitment by the state to stabilizing and expanding education and care opportunities for children ages birth to 5. Highlights in this first year include:

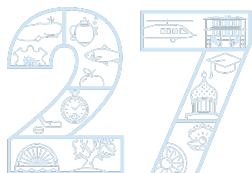
- Implementation of up to an 8% increase in the per-space reimbursement rates paid to Early Start CT providers
- Funding 11 new Smart Start classrooms, creating spaces for approximately 165 additional preschool children
- Funding to support an estimated 1,039 childcare spaces. Of the new spaces, an estimated:
 - 385 will be infant/toddler spaces
 - 467 will be preschool spaces
 - 187 will be school age spaces



STATE DIRECTED EARLY CHILDHOOD SUPPORT



FY 2027 Endowment expenditures assume: 1) the reported fund balance as of 11/2025 per the Treasurer's Office, 2) the full \$30.9 million in FY 2026 being expended, and 3) projected deposits of \$129.4 million.



HIGHER EDUCATION

MAINTAINING BUDGETED SUPPORT TO UNIVERSITIES AND THEIR STUDENTS

- Governor's budget adjustments maintain block grant support to UConn, UConn Health, and Connecticut State Colleges and Universities at the levels enacted in the biennial budget, including over \$200 million in additional block grant appropriations over the biennium
- Enacted budget also includes historic increases to financial aid for students:
 - \$15 million increase to the appropriation for Roberta Willis Scholarships, and
 - New Finish Line Scholars program at CT State Universities, allowing eligible community college graduates to earn a bachelors degree tuition-free
- Capital budget includes a new \$10 million bond authorization in FY 2027 to help the Connecticut Higher Education Supplemental Loan Authority (CHESLA) launch a new loan program for graduate students after the federal elimination of Grad PLUS loans effective 7/1/2026

HEALTH AND HUMAN SERVICES



HEALTH & HUMAN SERVICES INVESTMENTS

Department of Social Services (DSS) Expansions In the Adopted Budget

- \$45.0 million (state share) – Increase Medicaid rates for certain providers to help with both provider retention and access issues
- \$46.7 million (state share) – Fund rate increases pursuant to the nursing home and group home agreements
- \$5.0 million – Additional funding for Connecticut Foodshare
- \$1.3 million (state share) – Make applied behavior analysis services available under HUSKY B

DSS Proposed Adjustments

- \$13.1 million (state share) – Phase-in impact of nursing home Patient Driven Payment Model (PDPM) over three years and establish pool for nursing homes with higher Medicaid utilization, promoting more choices for Medicaid members
- \$1.6 million (state share) – Increase Birth to Three rates under Medicaid to align with the increases under the Office of Early Childhood
- \$3.3 million – Fund 50 new positions to address increased eligibility requirements due to federal changes
- \$1.1 million (state share) – Extend general rate increases under the group home agreement to intermediate care facilities – increased support is \$2.1 million with federal share



HEALTH & HUMAN SERVICES INVESTMENTS

Department of Developmental Services Expansions in the Adopted Budget

- \$66.1 million – Increase in funding for group home providers serving individuals with intellectual and developmental disability pursuant to group home agreement

Department of Mental Health and Addiction Services (DMHAS) Expansions in the Adopted Budget

- \$4.1 million – Continue wraparound services for 125 individuals in supportive housing and 24/7 mobile crisis services for adults
- \$850,000 – Support funding requirements for the federal 988 suicide hotline

DMHAS Proposed Adjustments

- \$3.5 million – Partial year funding to expand community resources allowing for timely discharge from Whiting Forensic Hospital for those deemed ready to transition to the community

ADS Proposed Adjustments

- \$730,000 – Increase funding for Strengthening Professional Advancement in Rehabilitation Knowledge via Certified Training (SPARK-CT) to improve competitive employment outcomes for individuals with disabilities



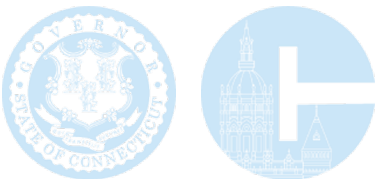
STRENGTHENING CONNECTICUT'S PUBLIC HEALTH INFRASTRUCTURE

Department of Public Health (DPH) Expansions in the Adopted Budget

- \$2.6 million – Provide additional funding for certain school-based health center operations

DPH Proposed Adjustments

- \$892,000 – Fund an adult influenza vaccine pilot program – providing up to 52,000 doses of the vaccine at no cost for uninsured and underinsured adults
- \$128,000 – Fully fund statutory increases in per capita grants for local health districts to maintain and strengthen the provision of essential local health services
- \$500,000 – Support increased costs of state laboratory, including newborn screenings for approximately 35,000 births a year



STRENGTHENING NONPROFITS & PROMOTING VOLUNTEERISM

Maintain \$156 million in private provider funding in enacted budget

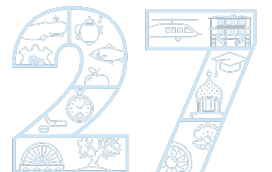
- ~8.2% increase to all non-DDS human services providers

Establish the Nonprofit Provider Advisory Board

- Board will strengthen partnerships, plan for volunteer engagement, and identify policy solutions that reduce financial strain and promote effective delivery of services through nonprofits
- \$146,000 – Fund a nonprofit policy coordinator within OPM

Strengthen Nonprofits Through Proposed Legislative Changes

- Protect volunteer drivers by prohibiting insurers from cancelling drivers' policies or levying surcharges based on their providing these *pro bono* services in their communities
- Update the insurance statutes to protect healthcare providers, including nonprofits from arbitrary or untimely payment clawbacks



ADDRESSING UNAFFORDABLE HEALTHCARE COSTS

Explore a Connecticut Option

- \$1.0 million to design and develop affordable health insurance coverage options on Access Health CT's exchange

Individual Coverage Health Reimbursement Arrangements (ICHRA)

- Offer a new tax credit for small businesses to encourage employers to offer ICHRA through Access Health CT's BusinessPlus platform
- A credit is proposed to match employer contributions in the first two years, up to \$1,000 per employee, per year capped at \$5 million annually

Legislative Proposals

- Create portable healthcare benefits accounts that are tied to workers and can follow individuals across jobs and contracts
- Make prescription drugs more affordable by making it easier for consumers to access lower cost generic drugs on their insurance plans without delay



CONTROLLING MEDICAID GROWTH

Department of Social Services

- Transition Community First Choice (CFC) participants to waiver programs
 - Address uncapped program growth, higher administrative costs, and operational challenges
 - Provide an option for consumers who do not want to self-direct their services
 - Costs in FY 2027 due to loss of 6% enhanced reimbursement, but state share savings of over \$100 million in FY 2030
- Maintain 2025 Income and Asset Increase in Medicaid for Employees with Disabilities (MED-Connect)
 - State savings of \$1.0 million in FY 2027 and \$5.0 million when fully annualized in FY 2030
- Add antiretroviral drugs to the preferred drug list
 - Promote alignment with clinical criteria and best practices
 - Generate supplemental rebates for state savings of \$950,000



HEALTHCARE INVESTMENTS FOR JUSTICE INVOLVED POPULATIONS

Department of Correction (DOC) Proposed Adjustments

- \$1.0 million – for DOC, DSS, and OPM to continue current cross-sectional efforts to examine inpatient hospitalizations and outpatient visits with the aim of improving healthcare quality and outcomes for incarcerated populations at DOC
- New DOC Deputy Commissioner will focus on health care strategy and transformative efforts to address the needs of the incarcerated population under the care and custody of the department

System-Wide Proposed Adjustments

- \$6.87 million in DSS, \$1.25 million in DOC, and \$1.03 million in the Judicial Branch for costs to comply with section 5121 of the federal Consolidated Appropriations Act of 2023 (CAA)
 - CAA mandates coverage of case management and appropriate services for youth in the care and custody of DOC and Judicial Branch
- Continue planning activities for the Substance Use Disorder waiver to expand Medicaid coverage to justice-involved individuals 90 days prior to their release



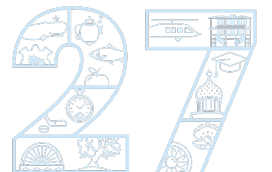
OTHER INITIATIVES



ADDING TRANSPARENCY TO LEGISLATIVELY DIRECTED FUNDS

Adjustments to Legislatively Directed Funds Across Multiple Agencies

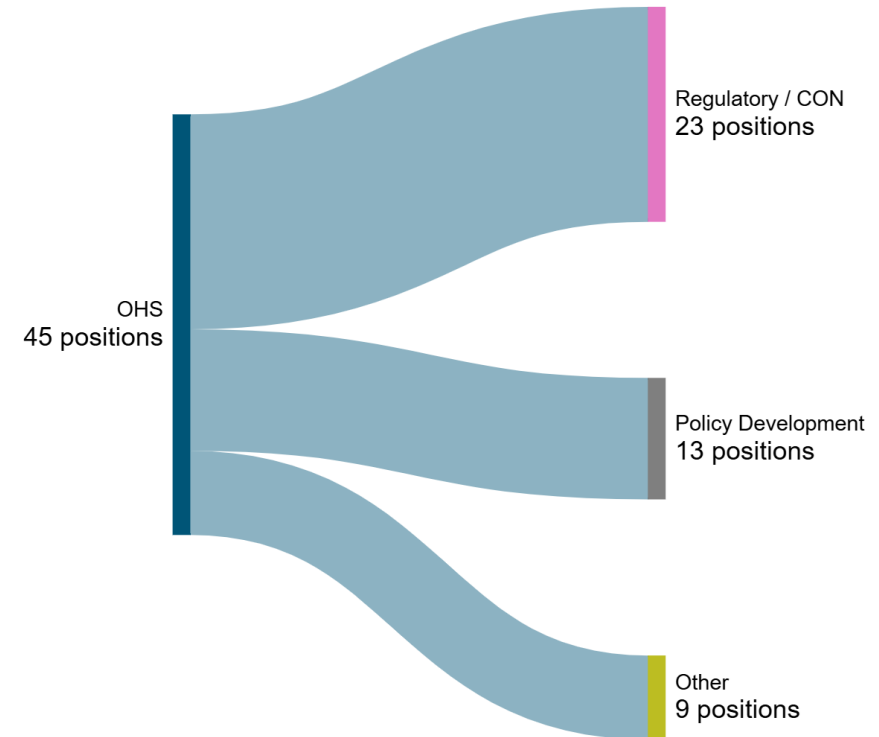
- Funding for legislatively directed funds is aggregated in new stand-alone appropriations titled “Various Grants”
 - Many are currently budgeted in Other Expenses accounts, commingled with funding for agency operations
 - Realignment will increase transparency and improve accountability
- Aggregated funding is reduced 20% across-the-board, with exceptions:
 - FQHCs
 - Housing
 - Juvenile justice
- Total savings of \$15.7 million



PROPOSED REORGANIZATION

Realign Functions of the Office of Health Strategy

- To better align programmatic activities with agencies that share similar functions and clarify responsibilities to ensure a comprehensive and cohesive vision for healthcare. Changes include:
 - Transfer Certificate of Need (CON), data collection and analysis activities that support CON decision making to DPH
 - Transfer affordability activities, including the cost growth benchmark, and health information exchange work, including Connie and the All-Payer Claims Database, and the rural health initiatives involving IT, to OPM



HOUSING INVESTMENTS

DOH Expansions in the Adopted Budget

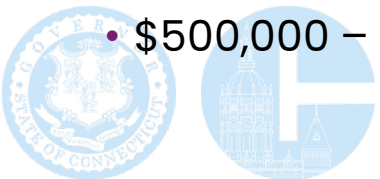
- \$5 million – To support eviction prevention efforts and the homeless outreach activities of the HUBs
- \$5 million – To support cold weather costs
- \$610,000 – To support shelters

Rental Assistance Program (RAP) Vouchers

- \$10 million – To maintain state RAP vouchers (currently 6,373 RAPs) due to rise in housing costs
- This complements \$10.5 million in the adopted across various accounts which was added to address rising housing costs and \$6.7 million, to support up to 250 elderly/disabled RAPs and up to 250 Headstart on Housing RAPs
 - Elderly and disabled RAPs are targeted to those with fixed incomes who are most at first for housing instability

Other Investments at Department of Housing (DOH)

- \$500,000 – To housing solutions for homeless youth to reduce chronic absenteeism and improve academic outcomes
- \$500,000 – To support six positions to implement P.A. 25-1, November Special Session



OTHER INVESTMENTS

Department of Labor (DOL) Expansions in the Adopted Budget

- \$407,318 – Seven additional positions to support the UI contact center
- \$875,000 – 13 additional Wage and Hour Inspectors

DOL Proposed Adjustments

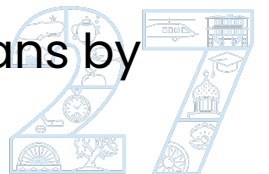
- \$2 million – To maintain Unemployment Insurance (UI) staff at risk due to declining federal revenue
- \$500,000 – To explore technology solutions to modernize UI systems

Commission on Human Rights and Opportunities

- \$282,680 – To establish an independent in-house business office for the Commission, including three staff positions to support agency business operations and ensure compliance with equal employment opportunity requirements

Bus Fares

- \$3.5 million – Including \$2.5 million in DOT to reduce bus fares for students and veterans by up to 50% and \$1.0 million in DVA to provide free bus passes for veterans



MODERNIZING GOVERNMENT OPERATIONS

Department of Emergency Services and Public Protection

- \$9.86 million – To support annual cost of Connecticut State Police next generation technology and equipment
 - Integrated software and technology package that will speed reporting and enable improved video preparation for FOIA/public release
 - Includes replacement cycles and support for body worn cameras, in vehicle cameras, interview room recording, conducted energy weapons (TASER), and drone replacements
- New Deputy Commissioner position to support the Commissioner in managing agency-wide operations

Department of Energy and Environmental Protection

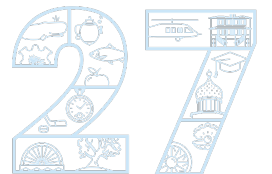
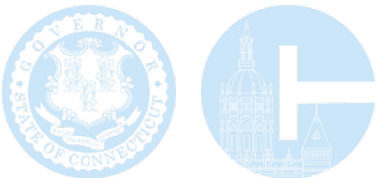
- \$222,613 to support three new positions in DEEP for implementation of the release-based clean up program and spill cost recovery
- \$200,000 to DEEP for the Bear Aware campaign promoting best practices to prevent bear encounters, focusing on areas where bears have recently established populations to curb habituation before it begins



MUNICIPAL AID

MAJOR FORMULA GRANTS AND PAYMENT LISTS ARE FUNDED AT THEIR STATUTORY LEVELS

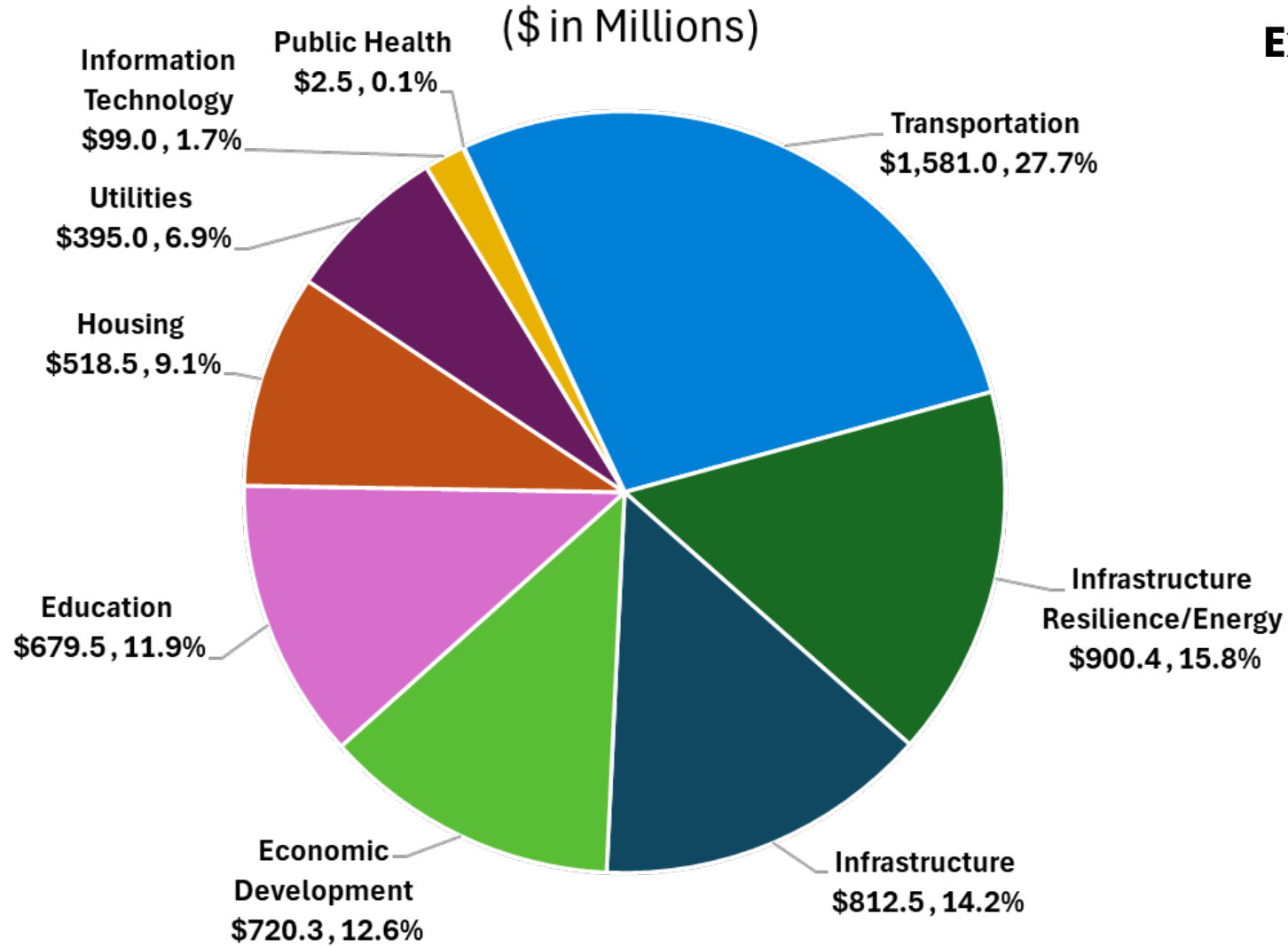
- Over \$600 million in grants each year from the Municipal Revenue Sharing and Mashantucket Pequot & Mohegan Funds
- Over \$300 million per year in bond-funded formula grants, including over \$100 million in new bond funding for each year of the biennial budget
- Over \$2.5 billion in education grants, including Education Cost Sharing, Adult Education, and the newly-enacted \$30 million Special Education and Expansion Development (SEED) grant program



CAPITAL BUDGET



ADOPTED FY 2027 BOND AUTHORIZATIONS



Existing Authorized Total for FY 2027:

GO: \$3,627.7
STO: \$1,581.0
REV: \$500.0
TOTAL: \$5,708.7

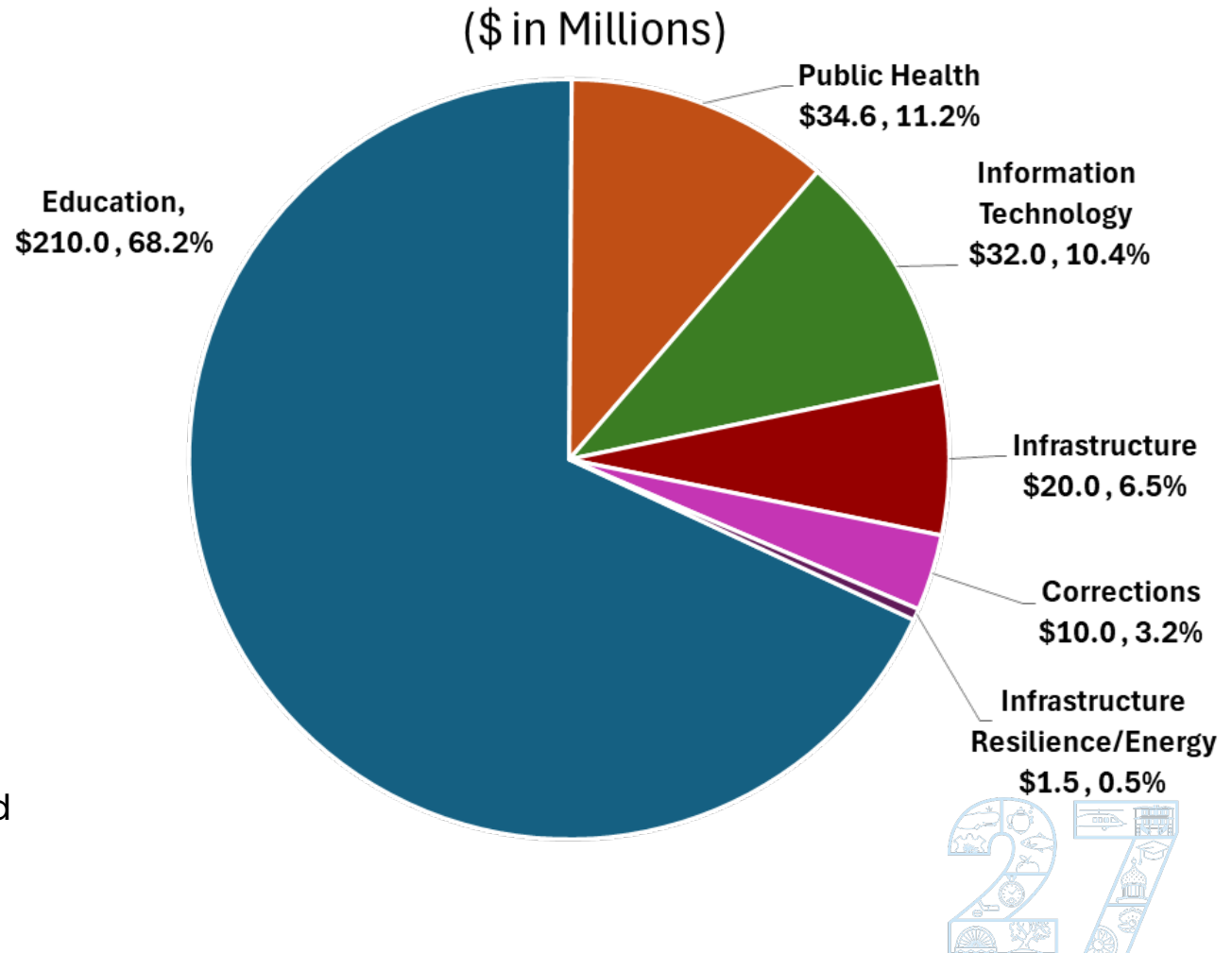


CONTINUING COMMITMENT TO STATE'S CAPITAL ASSETS

ADJUSTMENTS TO FY 2027 AUTHORIZATIONS

\$308.1 million in additional authorizations

- \$150 million – Additional funds for new Windham Technical High School
- \$50 million – Additional funds for School Construction
- \$34.6 million – Additional funds for the expansion and renovation of the Office of the Chief Medical Examiner's facility in Farmington
- \$32 million – Additional funds to relocate and replace the state's current leased data center in Groton
- \$20 million – To replace the state's current fleet garage in Wethersfield
- \$10 million – For security upgrades at state correctional facilities
- \$10 million – As a substitute for the Grad PLUS subsidized loan program for graduate students in Connecticut
- \$1.5 million – To enhance the state's ability to monitor extreme weather through the Mesonet system



ADOPTED FY 2027 AUTHORIZATIONS IMPROVING AFFORDABILITY

AFFORDABILITY OF HOUSING

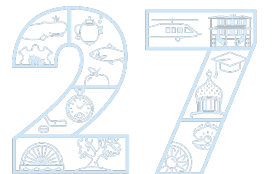
- \$60 million – For Time-to-Own to help residents afford their first home
- \$50 million – To build middle housing in small towns
- \$350 million – In Flex Housing and Housing Trust Fund to spur development of new housing

AFFORDABILITY OF ELECTRICITY

- \$145 million – To alleviate the Systems Benefits Charge on ratepayers' bills
- \$100 million – For grants to retrofit multifamily residences to reduce demand

AFFORDABILITY OF LOCAL SERVICES

- \$150 million – For grants to municipalities
- \$30 million – For grants to municipalities for capital improvements to schools
- \$80 million – For Town Aid Road



ADOPTED FY 2027 INVESTMENTS IN OTHER AREAS

INFRASTRUCTURE AND RESILIENCE

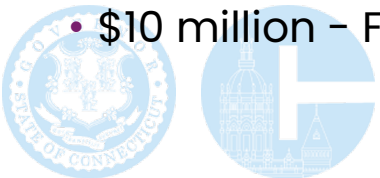
- \$675 million – For the Clean and Drinking Water Fund
- \$20 million – For industrial site remediation
- \$25 million – For the Microgrid and Resilience Grant and Loan Program

ECONOMIC DEVELOPMENT

- \$30 million – For the Greyfield Revitalization Program
- \$40 million – For Brownfield Remediation
- \$121 million – For Community Investment Fund grants

EDUCATION AND CHILDCARE

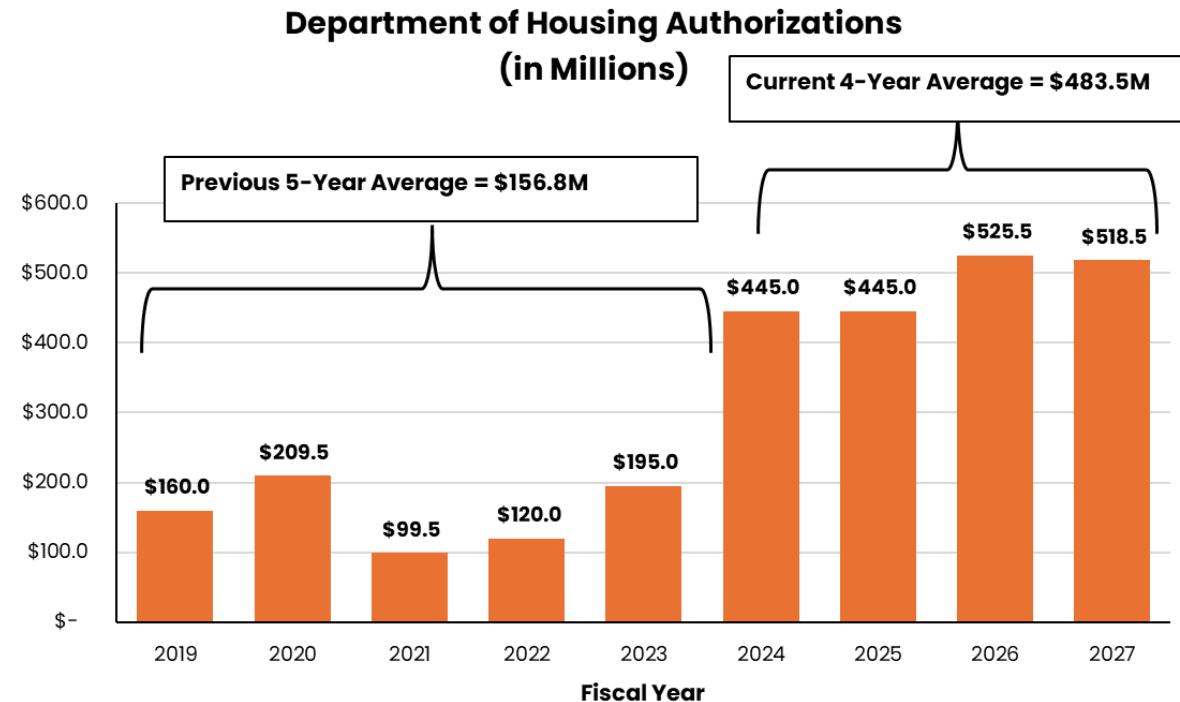
- \$11.5 million – For capital improvements and expansions of daycare facilities
- \$550 million – For School Construction plus \$50 million additional proposed
- \$10 million – For graduate student loans no longer offered by the federal government



HISTORIC COMMITMENT TO HOUSING

ADDRESSING HOUSING NEEDS

- Housing investment has been a top priority of the Governor
- Nearly \$800 million has been spent by the state on renovations of existing housing, supplementing the production of new housing, and aiding residents in purchasing their first home since FY 2023, creating nearly 4,000 new units across the state
- Capital authorizations for housing are more than three times the amount authorized the previous five years



CONCLUSION



CONCLUSION

- This budget proposal is balanced and complies with all constitutional and statutory fiscal guardrails and requirements
- As a result of the state's commitment to fiscal responsibility, the state is positioned to respond to actions at the federal level, while still providing meaningful tax rebates
- Significant affordability initiatives are proposed, including investments in K-12 education, early childhood, housing, healthcare, and our social services safety net
- The Governor's budget continues the progress toward making Connecticut a more desirable place to live and work

