

# Committee declines budget vote

## Lawmakers will focus on policy priorities in talks with Lamont

BY CHRISTOPHER KEATING HARTFORD COURANT

In a rare move, a key legislative committee has refused to vote as lawmakers are leaving the state budget largely intact as they head toward final negotiations with Gov. Ned Lamont in the coming month.

The legislature traditionally makes a series of changes — large and small — in the package that the governor unveils in early February.

But this year, lawmakers will instead focus on a more narrow list of top Democratic policy priorities that include public higher education, nonprofit organizations that provide state services, and mental health care for children by boosting Medicaid rates for doctors and other providers. The fiscal baseline will be the recommendations that the legislature had already approved for the second year of the two-year budget.

State Rep. Toni Walker, D-New Haven, the longtime co-chairwoman of the budget committee, said lawmakers adopted their approach after hundreds of hours of public hearings and meetings during the past two months on the \$26 billion state budget for the fiscal year that starts on July 1. One of the key issues is that lawmakers have little wiggle room as the proposed budget is about \$1 million below the mandated spending cap, a tiny percentage of the overall budget.

“We hear the public every year in our public hearings, and this year it was just as loud,” Walker said. “Education, education, education. Nonprofits, nonprofits, nonprofits. Those were the things we heard almost every single night. We have to listen to the people. That’s why we have the public hearings. ... It was decided that we would use the underlying budget as our platform because it’s a good budget. It was a bipartisan budget. ... We all came together on 97%, maybe 98% of the things there. We have a commitment to keeping our state moving forward, not backward.”

But House Republican leader Vincent Candelora of North Branford said it is an unusual year for both the spending and taxing committees.

“The finance committee ended their work and did no revenue package,” Candelora said in an interview. “I think we are in uncharted waters, where we are seeing committees not doing the work that they’re obligated to do.”

Other than a few exceptions, Candelora said, “I don’t think this has ever happened.”

Lawmakers now move into direct negotiations with Lamont’s budget team as they seek to craft the final compromise before the regular legislative session adjourns on May 8.

### Federal funding and guardrails

Another major issue facing Lamont and lawmakers is they want to craft the budget within the spending and bonding caps that are known as the fiscal “guardrails” that were enacted on a bipartisan basis in 2017 and recently renewed by the legislature. Lamont and Republicans have repeatedly stated that they do not want to violate the guardrails, which helped the state accumulate billions in surpluses that were used to pay down nearly \$8 billion in pension debt.

Senate President Pro Tem Martin Looney, D-New Haven, a key player as the highest-ranking senator, said Democrats will move forward with the best ways to use unspent federal money from the coronavirus pandemic relief fund under the American Rescue Plan Act, known in the common parlance as ARPA.

Lawmakers will create a new “Stabilization Support and ARPA Replacement Fund” that would be held by the state treasurer, separate from other funds, and provide money for public higher education, including UConn and its health center, Looney said.

“It would not be seen as a violation of the guardrails,” Looney told The Courant in an interview. “That is, in effect, a parallel bill instead of a budget-adjustment bill. We think this is the best way to go forward in a short session.”

Looney added, “We want to make sure that we do honor the guardrails, but we don’t want to be strangled by those guardrails because we have needs that need to be met. The Republicans are trying to say that we’re looking to blow up the guardrails and all that, but that certainly is not true.”

But Sen. Eric Berthel, the budget committee’s ranking Senate Republican, said he will be watching the numbers closely as the final deal is crafted.

“My only concern and the caution flag that I would raise is that I will remain not leary, but skeptical, of opportunities, if you will, or attempts to work around our very important guardrails that have put Connecticut in the best position it’s been in financially in the 10 years that I have sat in this building,” Berthel told his budget colleagues. “Those fiscal constraints have demonstrated very clearly that they work.”

## Accounting 101 and ARPA

A problem facing budget-writers for weeks has been trying to determine how much federal money the state has that remains unspent in the ARPA category.

The cash is spread around in multiple state agencies, and lawmakers have been surprised that they have been unable to obtain the exact number, despite asking fiscal officials numerous times. Republicans said they are flabbergasted that the state fiscal analysts would not know the exact amount of money available when they are hired in well-paid, full-time jobs to calculate the totals.

State Rep. Tammy Nuccio of Tolland, the committee’s ranking House Republican who has spent more than 30 years in finance, says the exercise should be simple.

“Where is the money?” Nuccio asked. “This is accounting 101.”

With millions of dollars involved and state officials saying repeatedly that they do not have a total, Nuccio said, “That’s scary.”

Asked by The Courant why it has been difficult to calculate the federal funds, Lamont responded, “It’s not like it’s cash sitting in a shoe box. These are dollars that have been allocated somewhere, in many cases committed somewhere, but not yet spent. So it’s an opportunity for the legislature to say, ‘These were my priorities a year ago. Now, I have new priorities,’ and they can move some of that money around. The exact dollar amount, I’ll have to get back to you on that.”

When Lamont was questioned if the total was \$100 million, his spokeswoman, Julia Bergman, immediately interrupted, and said, “We have no idea. We’re asking the agencies right now to get us that information.”

Lamont added that the federal money will eventually run out. While the ARPA money must be earmarked and allocated by the end of this year, it does not need to be actually spent until December 2026.

“By the way, that ARPA money is one-time money, so don’t use it for ongoing expenses,” Lamont said. “Use it to give somebody a bonus up front.”

Besides Lamont, other top officials also said they do not know the total. During the final appropriations meeting Thursday before its deadline, lawmakers said they still did not know.

“Maybe we will know by Monday,” Sen. Cathy Osten, the committee’s co-chairwoman, told colleagues. “I don’t think that that’s going to happen.”

Looney had a similar view.

“We still don’t have a specific number,” he said in an interview. “I can’t really put a number on it yet.”

## History

The lack of a vote by the appropriations committee was a relative rarity in recent decades.

The last time that happened was in March 2020 — when the legislature left the state Capitol at the peak of the coronavirus pandemic and never came back to finish the session. Before that, the previous time was in 2008 under then-Gov. M. Jodi Rell when she battled sharply against large majorities of Democrats in both chambers as they could not agree on spending and taxing.

One of the wild cards in the budget talks is the exact amount of money that the state will have to spend, which depends largely on the final tally of tax collections. While those seeking refunds often file early, many taxpayers who owe money wait longer in the process and do not make their payments until the traditional postmark date of April 15. By the time that those checks arrive, the top fiscal analysts will craft the consensus revenue estimates by April 30.

The latest projections released by state Comptroller Sean Scanlon for the current fiscal year is that the state will have a surplus of nearly \$109 million in the general fund and nearly \$230 million in the once-troubled Special Transportation Fund.

“I think it’s going to be tight,” Lamont told reporters. “My neighboring states are all under water, as you know. We’re still above water, so take that as a positive. But as you know, our operating surplus went from healthy to above water, but not as healthy. We’re still above water. That’s the main message. We’re steady as she goes. We’ll be in good shape for this fiscal year and the next fiscal year. But I worry that if we layer on a lot of new spending, we’re going to be in trouble next year.”

In the short-term, Lamont notes that an important factor is the state remains in the black.

“We have a pretty good budget. We signed off on it last year,” Lamont said. “We’re really shaking the pin cushions to see how much ARPA money we have to provide some additional support and some real priorities that are out there. ... I think we’re making progress.”

Despite problems and disagreements that normally crop up in the budget process, Lamont says he expects a deal will be struck before the legislature adjourns on May 8.

“I think we’re going to get there,” Lamont said. “I really do.”

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