

## Judicial Branch Assessment of the Potential Impact of the Federal Government Shutdown

October 1, 2013

The Judicial Branch, Administrative Services Division, Budget and Planning Unit, with assistance from various other units, has assembled the information below to describe the potential impact of federal government shut down on the Judicial Branch budget and operations. We examined three primary areas and concluded that: (1) Judicial Branch pickup of direct grant funded personal services would be modest, (2) uninterrupted general grant activity would be dependent upon the Comptroller's Office continuing to operate the standard receivable process, and (3) Title IV-D reimbursement would impact the State general fund, not the Judicial Branch budget directly.

### Personal Services

There are currently three Judicial Branch Victim Services Advocates charged to the Crime Victim Assistance grant. Pick up of these three positions on the Judicial Branch's general fund would cost \$8,484 per pay period and a total of \$152,712 for the period 10/1/13 – 6/30/14. Fringe benefits for these three staff would normally be assumed by the Comptroller's Office revolving fund in the amount of \$7,080 biweekly, and total of \$127,438 for the period 10/1/13 – 6/30/14.

*Mitigation Strategy: Assuming the Comptroller's Office continues the standard grant receivable process that allows expenditures before funds are drawn down from the federal government, no change will be necessary. If, however, the Comptroller halts use of advance state funding, then it is would be necessary to move the three staff to the Judicial Branch's general fund. The total projected cost per pay period is \$15,564 and \$280,150 (\$152,712 for salary and \$127,438 for fringe benefits) for the period 10/1/13 through 6/30/13.*

### Grants

The Branch currently manages 35 grants totaling \$30,261,294. All grants awarded directly from the federal government to the Judicial Branch are placed in a receivable letter of credit account by the State Comptroller. This type of account allows expenditures to occur before funds are drawn down from the federal government. The Judicial Branch makes expenditures against the receivable appropriation and at the close of each month a reimbursement request is submitted electronically to the federal funding source and transferred to the Comptroller's account to replenish the receivable letter of credit. In simple language, the Branch uses temporary funding provided by the Comptroller's office that is subsequently reimbursed by the federal grantor.

*Mitigation Strategy: Assuming the Comptroller's Office continues the standard grant receivable process no change will be necessary. The current receivable balance of \$7.7M could be used to meet immediate needs. The average monthly reimbursement request to the federal government is approximately \$500K, thus providing over 15 months of support, depending upon the grant end dates.*

A few grants are of particular concern if the Comptroller's Office interrupts or halts the standard grant receivable process. The Office of Victim Services (OVS) maintains contracts with twenty agencies for services to crime victims in Connecticut. The contracts are funded with a combination of Judicial Branch general funds, the Criminal Injuries Compensation Fund (CICF), and federal Victims of Crime Act Victim Assistance Grant funds (VOCA-VA). If federal funds are not available to pay providers due to a federal shutdown, CT Coalition against Domestic Violence (CCADV) and CT Sexual Assault Crisis Shelters (CONNSACS) (and their 23 member agencies) would feel the impact first because the Branch processes a payment to them at the beginning of each month. All

remaining OVS subgrantees are reimbursed at the end of the month or quarterly for expenses occurring in that period. They would not feel an immediate impact but would over time experience fiscal pressure if the federal government shuts down. This would impact subcontractor staffing, which includes an estimated 134 FTEs. Additionally, some of the contractors receiving federal grant funds are heavily dependent upon these resources; others have a more diversified mix of revenue.

*Mitigation Strategy: No alternate funding is available to support these programs. Services may be curtailed. If the receivable letter of credit continues to operate, we would prioritize funding to direct service grants.*

#### Social Security Title IV-D reimbursements

The Connecticut Department of Social Services (DSS) is identified in state statute as the agency responsible for administering a number of federal programs, including those authorized by the Social Security Act. Each quarter the Judicial Branch submits to DSS a claim for reimbursement under Title IV-D of the Social Security Act. Under this program the state is eligible to receive federal reimbursement up to 66% for select Child Support Enforcement Program expenditures, Support Enforcement Service Unit expenditures, and Magistrate Division operating expenses attributable to the Child Support Enforcement Program. The reimbursements are deposited to the state General Fund.

The table below lists the reimbursements requests, Branch expenditures and percent applied to salary for the last three calendar quarters.

	9/30/12		12/31/12		3/31/13		6/30/13	
	Fed. Reimbursement (66%)	Branch Expenditure (34%)	Fed. Reimbursement (66%)	Branch Expenditure (34%)	Fed. Reimbursement (66%)	Branch Expenditure (34%)	Fed. Reimbursement (66%)	Branch Expenditure (34%)
<b>Child Support Enforcement Program</b>	\$845,964	\$435,799	\$961,013	\$495,068	\$825,145	\$425,074	\$933,137	\$480,707
<b>Support Enforcement Unit &amp; Magistrate Division</b>	\$5,285,614	\$2,722,892	\$6,337,564	\$3,264,806	\$5,312,902	\$2,736,949	\$6,237,483	\$3,213,249
<b>SubTotal</b>	\$6,131,578	\$3,159,691	\$7,298,577	\$3,759,874	\$6,138,047	\$3,162,023	\$7,170,620	\$3,693,956
<b>Less Indirect</b>	\$1,396,851	\$719,590	\$1,688,741	\$869,957	1,407,741	725,200	1,645.198	847,526
<b>Total</b>	\$4,734,727	\$2,440,101	\$5,609,836	\$2,889,917	4,730,306	2,436,823	5,525,422	2,846,430
<b>% of total charged to salary</b>	55.89%		57.45%		56.67%		56.59%	

*Mitigation Strategy: The State general fund is at greatest risk if federal funding is restricted. Based on the four quarters above fully \$20.6M would be needed to offset reimbursements. The State of Connecticut would suffer a loss of approximately \$5M per quarter.*