

2015 MIDTERM ADJUSTMENT SUMMARY

DAS23000 - Department of Administrative Services
11000 - General Fund

| Priority | Adjustment Title | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|----------|--|-------------|-----------------|--------------|------------------------------|
| | REDUCTION | | | | |
| 1.00 | Unified Communications | 0 | 0 | 0 | 0 |
| 2.00 | Eliminate the Appropriation for the Refunds of Collections Account. | 25,723 | -25,723 | 0 | 0 |
| 3.00 | Reduce the Loss Control Account | 114,854 | -5,743 | 109,111 | 0 |
| 4.00 | Reduce the Employees' Review Board Account. | 22,210 | -1,111 | 21,099 | 0 |
| 5.00 | Achieve savings by combining IT contracts | 13,849,251 | -182,712 | 13,666,539 | 0 |
| 6.00 | Reduce FY15 Vehicle Purchase by 20%. | 0 | 0 | 0 | 0 |
| 7.00 | Charge time for inspection and administrative staff to capital projects. | 51,845,696 | -772,879 | 51,072,817 | 0 |
| 8.00 | Reduce Personal Services | 51,845,696 | -300,000 | 51,545,696 | 0 |
| | REALLOCATION | | | | |
| 1.00 | Reallocation of Payments for Rent and Taxes | 50,508,793 | 0 | 50,508,793 | 0 |
| 2.00 | Centralized Workers' Compensation and FMLA Service Center | 0 | 0 | 0 | 0 |
| | ADJUSTMENT TOTAL | 168,212,223 | -1,288,168 | 166,924,055 | 0 |

Head of Budgeted Agency (Signature)

Donald DeFazio
 Donald DeFazio, Commissioner
 11/6/13
 September-05-2013
 Date submitted

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Unified Communications

V. Jean Michael
860-713-5116

Priority: 1
Creation Date: 10/30/2013

Description and Reason/Measure of Impact

DAS/BEST, working in concert with many state agencies, has started a program to consolidate agency telephone systems into a new, Voice over IP capability. This is expected to generate \$1.8M in telecommunication savings to the state agencies in FY15 and an additional \$5m in hard dollar savings in FY16. We also anticipate an additional \$2M per year cost avoidance savings related to the additional productivity of the new solution.

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Financials

| | | | | | | |
|---------------|---|---|---|---|---|---|
| NO Financials | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Eliminate the Appropriation for the Refunds of Collections Account.

V. Jean Michael
860-713-5115

Priority: 2
Creation Date: 10/11/2013

Description and Reason/Measure of Impact

The account was established to provide a mechanism to refund overpayments in collections activity performed by Collections Services. The funds are used to make reimbursements when recovery units discover an overpayment has been made for state services.

Any overpayments that exceed the appropriation would need to be paid from revenue collected. A payment from a prior year overpayment would negatively impact the dollar value of collections activity reported during the current year.

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Financials

| Account | 2013 Actual | 2014 Estimated | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|--------------------------------|----------------|-------------------|--------------|--------------------|-----------------|------------------------------------|
| 12176 - Refunds of Collections | 20,615 | 25,723 | 25,723 | -25,723 | 0 | 0 |
| Total | 20,615 | 25,723 | 25,723 | -25,723 | 0 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Reduce the Loss Control Account

V. Jean Michael
860-713-5115

Priority: 3
Creation Date: 10/22/2013

Description and Reason/Measure of Impact

This option would reduce the Loss Control Account by 5%.

Part of the DAS Workers' Compensation Unit's mission is to promote a culture of workplace safety. DAS Workers' Compensation works with state agencies and their respective safety staff (if applicable) to develop and implement safety programs to reduce the frequency and severity of work related injury and illness. Our ability to fund these programs rests solely within this line item. Areas that this line item funds include the following:

1. General Safety Communication Program: To promote safety in work place
2. Safety and Health Committee Funding: To support committee initiatives in state agencies
3. Ergonomics: WC Program Coordinators to develop ergonomic programs to reduce frequency and severity of claims, both for manual labor and office environments.
4. Specific safety projects, i.e. Safe Patient Handling UCHC, Push Bumper State Police, Client handling equipment DDS.

The funding is invaluable because it supports management and labor. It assists in creating a common goal on issues for both sides because of the subject matter expertise and funding DAS (a third party) brings to the table.

For example, the UCHC Safe Patient Handling project realized a reduction in both claim frequency and severity within the area of claims being generated through the handling of patients. Not all initiatives have such a quantifiable result but when management and labor work cooperatively on safety the intangible on moral is invaluable.

Reducing this line item would reduce our ability to effectively work with state agencies and labor to cooperatively strive to reduce the exposures that give rise to work related injuries.

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Financials

| Account | 2013 Actual | 2014 Estimated | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|--------------------------------------|-------------|----------------|-----------|-----------------|--------------|------------------------------|
| 12115 - Loss Control Risk Management | 98,662 | 114,854 | 114,854 | -5,743 | 109,111 | 0 |
| Total | 98,662 | 114,854 | 114,854 | -5,743 | 109,111 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Reduce the Employees' Review Board Account.

V. Jean Michael
860-713-5115

Priority: 4
Creation Date: 10/22/2013

Description and Reason/Measure of Impact

This option would reduce the Employee's' Review Board Account by 5%.

Expenditures for the Employees' Review Board are, for the most part, driven by the number of grievance appeals filed and the complexity of the cases.

If case load and complexity remain relatively consistent with last year then the Board should be able to absorb a 5% reduction in appropriations without negatively impacting its operation or the services it provides to the State and grievants. However, if either of the two variables (case load and complexity) significantly changes then we would either have to request a supplemental appropriation or delay hearing cases. The latter option would not be fiscally prudent for the State if, for example, the Board were to sustain a grievance and order backpay.

The Employees' Review Board has no control over the cost of postage or the appearance fee of court reporters. Therefore, if these fees significantly increase it may impact our operating expenditures.

This Board has been fiscally prudent during its tenure and will continue to follow that path.

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Financials

| Account | 2013 Actual | 2014 Estimated | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|---------------------------------|----------------|-------------------|--------------|--------------------|-----------------|------------------------------------|
| 12123 - Employees' Review Board | 19,401 | 22,210 | 22,210 | -1,111 | 21,099 | 0 |
| Total | 19,401 | 22,210 | 22,210 | -1,111 | 21,099 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Achieve savings by combining IT contracts

V. Jean Michael
860-713-5116

Priority: 5
Creation Date: 10/30/2013

Description and Reason/Measure of Impact

With the mergers of the Department of Construction Services (DCS) and BEST (formerly the Department of Information Technology) into the Department of Administrative Services (DAS) the agency is able to achieve savings by combining and renegotiating licensing agreements. This option would remove the savings from the IT Services account rather than allow the funding to be used for required updates or changes to existing systems.

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Financials

| Account | 2013 Actual | 2014 Estimated | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|---------------------|----------------|-------------------|--------------|--------------------|-----------------|------------------------------------|
| 12511 - IT Services | 12,973,552 | 13,783,670 | 13,849,251 | -182,712 | 13,666,539 | 0 |
| Total | 12,973,552 | 13,783,670 | 13,849,251 | -182,712 | 13,666,539 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Reduce FY15 Vehicle Purchase by 20%.

V. Jean Michael
860-713-5116

Priority: 6
Creation Date: 10/30/2013

Description and Reason/Measure of Impact

Fleet vehicles are depreciated on a six year cycle; approximately one sixth of the 3600 vehicle fleet is replaced each year. This option would reduce the FY15 vehicle purchase by 20% for a savings of approximately \$2,400,000. Savings would be somewhat offset by an increase in maintenance costs for the older vehicles remaining in the Fleet as well as a loss in revenue from vehicle sales.

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Financials

| | | | | | | |
|---------------|---|---|---|---|---|---|
| NO Financials | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Charge time for inspection and administrative staff to capital projects.

V. Jean Michael
860-713-5116

Priority: 7
Creation Date: 10/31/2013

Description and Reason/Measure of Impact

This option would allow the agency to charge time for inspection staff, senior management and clerical support to capital projects. This would apply to costs for a percentage of time spent by 11 inspection staff, 3 senior managers and 5 administrative/clerical staff and decrease the General Fund obligation by approximately \$772,879.

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Positions / Financials

| | 2013 Actual | 2014 Estimated | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|-------------------------------|----------------|-------------------|--------------|--------------------|-----------------|------------------------------------|
| Number of Full Time Positions | 538 | 650 | 650 | 0 | 650 | 0 |
| SID Code / Title | | | | | | |
| 10010 - Personal Services | 36,369,520 | 48,648,673 | 51,845,696 | -772,879 | 51,072,817 | 0 |
| Total | 36,369,520 | 48,648,673 | 51,845,696 | -772,879 | 51,072,817 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reduction Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Reduce Personal Services

V. Jean Michael
860-713-5116

Priority: 8
Creation Date: 10/30/2013

Description and Reason/Measure of Impact

This option would reduce our Personal Services budget by \$300,000 and would result in the delay in filling newly vacated positions.

Positions / Financials

| | 2013 Actual | 2014 Estimated | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|-------------------------------|----------------|-------------------|--------------|--------------------|-----------------|------------------------------------|
| Number of Full Time Positions | 538 | 650 | 650 | 4 | 654 | 0 |
| SID Code / Title | | | | | | |
| 10010 - Personal Services | 36,369,520 | 48,648,673 | 51,845,696 | -300,000 | 51,545,696 | 0 |
| Total | 36,369,520 | 48,648,673 | 51,845,696 | -300,000 | 51,545,696 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reallocation Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Reallocation of Payments for Rent and Taxes

V. Jean Michael
860-713-5115

Priority: 1
Creation Date: 10/28/2013

Description and Reason/Measure of Impact

This option transfers funding for rent and taxes from 10020 - Other Expenses to 12179 - Rents, Moving and Taxes. The reallocation of funds is a result of the merger of BEST into DAS.

Financials

| Account | 2013 Actual | 2014 Estimated | 2015 Base | 2015 Adjustment | 2015 Revised | 2016 Adjustment - Annualized |
|--------------------------|----------------|-------------------|--------------|--------------------|-----------------|------------------------------------|
| 10020 - Other Expenses | 29,843,365 | 35,422,632 | 38,408,346 | -4,640,614 | 33,767,732 | 0 |
| 12179 - Rents and Moving | 10,332,341 | 12,183,335 | 12,100,447 | 4,640,614 | 16,741,061 | 0 |
| Total | 40,175,706 | 47,605,967 | 50,508,793 | 0 | 50,508,793 | 0 |

Midterm Adjustments to the FY 2015 Budget - Reallocation Adjustment

DAS23000 - Department of Administrative Services 11000 - General Fund

Centralized Workers' Compensation and FMLA Service Center

V. Jean Michael
860-713-5116

Priority: 2
Creation Date: 10/30/2013

Description and Reason/Measure of Impact

The Department of Administrative Services is proposing the creation of a "Workers' Compensation and FMLA Service Center" for Connecticut executive branch agencies using a "shared service center" model of delivery. This Service Center would be responsible for the administration of state and federal family and medical leave ("FMLA") and Workers' Compensation.

The Service Center can improve the administration of FMLA and Workers' Compensation by:

- "Enabling employees to easily access needed services using one phone number and a common web portal launching point;
- Having technical experts in FMLA and Workers' Compensation using standardized policies and procedures to ensure consistency, confidentiality, and adherence to the federal timeframes and other legal requirements;
- Removing the burden of managing FMLA and Workers' Compensation from agency human resources and managers/supervisors and allowing agencies to redirect agency human resources to agency business needs;
- "Serving as a repository of information for training, general information, and a resource for ADA;
- Reducing risks of litigation and/or federal penalties associated with failure to comply with mandatory timeframes, as well as other errors caused by having generalists, rather than specialists, manage FMLA and Workers' Compensation; and
- Mitigating employees' concerns that medical information provided for FMLA and Workers' Compensation will be used by agencies for other, impermissible, purposes.

Centralizing FMLA and Workers' Compensation administration does not alter or impair the authority or discretion of the executive heads of agencies.

The Service Center will require approximately 25-27 employees. We envision that the majority of the staffing can be accomplished by transferring Human Resources professionals from agencies that have already centralized FMLA/Workers' Compensation functions to DAS. As a result of centralizing the functions, other agencies will be able to re-deploy their Human Resources staff to perform other functions, and, in some circumstances, will be able to reduce staff through attrition.

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Financials

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|---------------|---|---|---|---|---|---|
| NO Financials | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |