

MINUTES OF THE MEETING OF THE FINANCE ADVISORY COMMITTEE
June 9, 2022

PRESENT: Lieutenant Governor Susan Bysiewicz
Deputy Comptroller Martha Carlson
Deputy Treasurer Darrell Hill
Senator Catherine Osten
Senator Craig Miner
Representative Toni Walker
Representative Jeff Currey
Representative Tammy Zawistowski (alternate for Rep. Mike France)
Representative Lucy Dathan (alternate – non-voting capacity)
Deputy Secretary Paul Potamianos
Office of Policy and Management, Finance Advisory Committee Clerk

Lieutenant Governor Bysiewicz called the meeting to order at 1:00 p.m.

The minutes of the May 12, 2022, meeting were adopted.

The following new transactions were considered by the committee:

2022-15 for the Office of the State Comptroller. Transfer of \$3,640,000 from the State Employees Health Service Cost accounts in both the General Fund and the Special Transportation Fund to cover various fringe benefit-related requirements in those funds.

Senator Osten asked how many state employees have accepted retirement to date. Tara Downes, Assistant State Comptroller, responded that as of June 8, 2022, the number of intents to retire from January to July was 4,119, and the number of retirement applications received was 3,031. For July 1, 293 intents to retire had been received as of June 8, 2022.

Representative Walker asked if this is in line with predictions. Assistant Comptroller Downes indicated the worst-case scenario of estimated retirements was 8,000 in the Executive branch and 12,000 across all branches of government. The 4,000 intents to retire is about half that, but employees can file for retirement up to the day before July 1, 2022, so the number of actual retirements could increase.

Deputy Comptroller Marti Carlson clarified that the number of retirements stated are system wide and not just the Executive branch. Rep. Walker asked whether that included the Board of Regents (BOR). Ms. Downes answered affirmatively and committed to providing the number of retirements for BOR.

The item was unanimously approved.

2022-16 for the Department of Administrative Services. Transfer of \$475,000 among various Workers' Compensation Claims accounts to cover anticipated requirements through the end of the fiscal year.

The item was unanimously approved without discussion.

2022-17 for the Department of Criminal Justice. Transfer of \$387,000 from the Personal Services account to various accounts to cover projected requirements through the end of the fiscal year.

Senator Osten asked about the number of vacant and authorized positions. Deputy Chief State's Attorney John Russotto responded that the number of vacancies is 75 and that the agency is actively recruiting for 61 of those, and the balance of 15 will be recruited after July. The agency has 501 authorized positions.

Representative Walker asked about the software licenses related to the Other Expenses component of the transaction and whether the need is related to the IT Optimization initiative. Attorney Russotto noted that this item is attributable to the licenses used by DCJ, so it will still be a cost of the agency and not part of the optimization initiative.

The item was unanimously approved.

2022-18 for the Department of Public Health. Transfer of \$495,452 from the Personal Services account to the Other Expenses and Local and District Departments of Health accounts to meet anticipated year-end funding requirements.

Senator Osten asked how many vacancies and authorized positions the agency currently has. Commissioner Juthani identified 481 authorized positions and 129 vacancies, of which 60 are posted and 69 are in various stages of the hiring process. Senator Osten asked for clarification about the positions in various stages of recruitment, and the Commissioner explained that the posting is complete for those positions and candidates could be undergoing screening or being interviewed.

Representative Walker asked how many positions the \$495,000 transfer from Personal Services represents. Michelle Schott, Chief Operating Officer, responded that DPH calculates about \$70,000 per position.

Representative Dathan asked whether the Other Expenses costs for implementing a cannabis public health information program and addition of conditions to the state's newborn screening panel were one-time or ongoing costs. Commissioner Juthani responded that inflationary pressures on laboratory costs were the main driver of increased costs. Representative Dathan asked whether DPH's FY 2023 budget was sufficiently funded. Mrs. Schott confirmed that inflation has had an impact on DPH's laboratory supply costs, and that the state of the agency's budget in FY 2023 will depend in part on what happens with the economy. Representative Dathan stated that this was likely true for all agencies, and Mrs. Schott agreed. Representative Dathan asked whether the cannabis public health information program was a one-time or ongoing program. Commissioner Juthani provided background on DPH's responsibilities regarding data collection on cannabis use and confirmed that this program would be ongoing.

Senator Miner asked whether there are provisions in DPH's vendor contracts that allow for inflation-related surcharges and for an explanation of the types of surcharges DPH is subject to. Mrs. Schott explained that the contracts are through the Department of Administrative Services. While she couldn't speak to the provisions in each contract, she noted that purchasing staff review contracts before paying to determine whether surcharges are legitimate and allowable within the scope of a contract. Senator Miner then expressed a concern that all state agencies could be experiencing increased costs due to surcharges.

Representative Zawistowski asked whether a community with a health department that joins a health district gets per capita funding, and if so, how much that funding is. Commissioner Juthani explained that full-time health departments receive \$1.93 per capita, and health districts receive \$2.60 per capita. She

provided detail on the statutory requirements for qualifying as a health district, as well as clarifying which health departments merged into existing districts this year. Representative Zawistowski asked for a breakdown of health districts compared to towns with their own health departments. Commissioner Juthani identified 20 health districts and 15 full-time health departments.

Senator Osten asked for the commissioner to share with the committee a map, which the Commissioner had presented, demonstrating the statewide coverage of health districts compared to full-time health departments.

The item was unanimously approved.

2022-19 for the Office of Higher Education. Transfer of \$115,000 from the Personal Services account to the Other Expenses account to cover projected requirements through the end of the fiscal year.

Senator Osten requested the total number of authorized positions and the number of vacant positions at the agency. Ram Aberasturia, Division Director for Finance and Human Resources, from the Office of Higher Education responded that 27 positions are authorized, including about 10 vacant positions of which 2 are sufficiently funded.

Senator Miner requested more details about the expenditures that were funded through Other Expenses rather than the Private Occupational School Student Protection Account, including details about certain categories of spending and the agency's process to select a vendor.

Representative Zawistowski asked for background information about the Private Occupational School Student Protection Account and the process that led to the item before the Committee.

Senator Miner requested further clarification about the materials provided by the Office of Higher Education. Extensive discussion followed among Office of Higher Education Executive Director Timothy Larson, Senator Miner, Representative Walker, Representative Currey, Senator Osten and Deputy Secretary Paul Potamianos regarding the CareerConn event and other expenditures related to the item before the committee.

The item was approved by majority roll-call vote, with Senator Miner and Representative Zawistowski voting against.

2022-20 for the Teachers' Retirement Board. Transfer of \$1,000,000 from the Retiree Health Service Cost account to the Municipal Retiree Health Insurance account to address the timing of required state contributions for the increased subsidy required by Public Act 22-118, the enacted budget for Fiscal Year 2023.

The Item was unanimously approved without discussion.

2022-21 for the Department of Correction. Transfer of \$8,756,293 from the Personal Services, Board of Pardons and Parole, and Parole and Community Services accounts to meet the operational needs of the agency for the remainder of the fiscal year.

Senator Osten asked about the agency position counts and whether most of the funding being transferred from Personal Services was related to correction officers. Commissioner Quiros noted that the agency has

397 vacant correction officers. Senator Osten asked about the positions in Inmate Medical Services. Commissioner Quiros gave a breakdown of the types of positions funded under Inmate Medical and the vacancies for each type.

Senator Osten asked whether the funds transferring from the Board of Pardons and Paroles account were related to payroll costs. Rich Sparaco, Executive Director of the Board of Pardons and Paroles, responded that 95% of the Board of Pardons and Paroles account is payroll-related. He said the board has 17 vacant positions, 5 pending, and the remainder are appointed positions over which the agency has no control.

Senator Osten asked whether funding transferring from the Community Support Services account was related to vacant positions or services in the community. Commissioner Quiros responded that it is related to services in the community.

Senator Osten asked whether DOC has looked at services for chronically mentally ill being discharged from DOC. Commissioner Quiros said he would have to get back with more specific information but that Parole and Community Services has a unit dedicated to mental health that works with state agency partners to make sure proper housing is found for these individuals. Senator Osten asked if DOC could provide list of services the department chose not to renew, and Commissioner Quiros said he would provide that information.

Representative Walker asked how many community beds are active and how many does the \$3.2 million represent. Commissioner Quiros said they have 990 active beds compared to 1,100 last year. He explained that the population declined to 9,913 and that with that population drop, 990 beds is sufficient and there is no wait list for halfway house placements.

Representative Walker asked how much the inmate population grew over the last year and whether the number of beds is sufficient. Commissioner Quiros said the population increased by about 800 and that the number of beds is still sufficient.

Representative Walker asked if the agency was placing individuals at end of sentence rather than on parole due to lack of beds. Commissioner Quiros explained that individuals must have a job and adequate housing without any violations before they can be released from parole. Rich Sparaco added that early parole discharges occur after a hearing or review assessing the risk factors. Representative Walker expressed concern whether proper vetting is occurring given the number of vacancies in BOPP. Rich Sparaco explained that BOPP is sufficiently staffed and that the DOC community support staff provides the review to BOPP for consideration.

Representative Walker asked what services were reduced to reflect the \$3.2 million lapsing in the Community Services account. Michael Regan, Chief Fiscal Officer, explained that the lapse did not reflect a reduction in services but was due instead to natural delays in contracting as well as receipt of funds for private provider COLAs in excess of the agency's need.

Representative Walker asked about the funding needed for Inmate Medical Services. Michael Regan explained that it is not related to needs for staffing, but instead to comply with a section of the budget bill requiring transfer of \$10 million from Inmate Medical Services to the State Comptroller for the premium pay program.

Representative Walker asked about the cost of filling 72 Inmate Medical vacancies. Mr. Regan explained that DOC would likely not be able to fill those in this final month of the fiscal year. Representative Walker asked how many positions are needed to run Inmate Medical Services adequately. Commissioner Quiros said the 72 vacancies would, if filled, would make the agency whole. Representative Walker asked if salaries were increased to help in hiring these types of positions, and Commissioner Quiros responded affirmatively.

Senator Osten asked about correction officer vacancies, pending retirements and the impact on overtime. Commissioner Quiros explained that he will be closing a facility that will free up staff to redeploy to other facilities, and that he has a class of correction officers in training now, with another class expected in August. Senator Osten asked whether all the various types of leave correction officers were out on was impacting overtime. Commissioner Quiros said yes. Senator Osten asked if closing the third facility would leave the department short on inmate beds. Commissioner Quiros said DOC will still have 1,600 or so beds available after closure of the facility. Senator Osten asked whether the name of the facility had been announced. Commissioner Quiros indicated that an announcement has not been made yet.

Senator Miner asked about the Other Expenses shortfall and if appropriations were sufficient in FY 2023 based on the factors causing the shortfalls this year. Mr. Regan explained that various factors have impacted supply chains, so DOC experiences delays in receiving good and needs to pre-buy in some cases. He noted that inflationary increases for general commodities and energy were factors, and noted that each facility is like a small town, so commodity increases impact the operating budget. He explained that most commodity contracts are state master contracts and any inflationary surcharges need to be allowable under the terms of those contracts. Senator Miner asked who monitors surcharges and about the review process. Mr. Regan said DAS would have the macro view, agencies and accounts payable staff review contracts and charges at the billing level for compliance with specific contract terms. Senator Miner commented about the impact of inflation on constituents.

The item was unanimously approved.

The meeting was adjourned at 2:32 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul E. Potamianos".

Paul E. Potamianos, Deputy Secretary, OPM
Finance Advisory Committee Clerk