

MINUTES OF THE MEETING OF THE FINANCE ADVISORY COMMITTEE
May 12, 2022

PRESENT: Lieutenant Governor Susan Bysiewicz
Deputy Comptroller Martha Carlson
Deputy Treasurer Darrell Hill
Senator Catherine Osten
Representative Toni Walker
Representative Jeff Currey
Representative 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 April 14th, 2022, meeting were adopted.

The following new transactions were considered by the committee:

2022-09 for the Department of Motor Vehicles. Transfer of \$1,500,000 from the Personal Services account to the Other Expenses account to cover licensing and other costs related to the dashboard camera purchases. This is a revised agenda item.

Senator Osten asked whether this amount would outfit all inspectors with necessary body and dashboard cameras and associated expenses. Deputy Commissioner Tony Guerrero responded affirmatively, noting that roughly 60 vehicles for Motor Vehicle Inspectors would need the cameras.

Representative France asked why, since the police accountability act was passed in 2020, this cost was not part of the adopted budget. Deputy Commissioner Guerrero explained that it was not initially anticipated that DMV would be subject to the provisions of the bill, but that it has been determined that the cameras are necessary, and they are being funded in the recently enacted budget for FY 2023. Representative France asked about the reasons for increased IT licensing costs, and Deputy Commissioner Guerrero explained that with the pandemic, system modernization occurred at a much quicker pace than originally planned.

Representative Dathan asked if the Office of Fiscal Analysis (OFA) sheet was correct in stating that the agency had 162 vacant positions, which Deputy Commissioner Guerrero confirmed.

The item was unanimously approved.

2022-10 for the Department of Developmental Services. Transfer of \$10,273,000 among various accounts to support required reinvestments for the ARPA Home and Community Based Services (HCBS) initiative.

Senator Osten asked if the agency could provide details about what is needed to support the HCBS funding transfer. Scott McWilliams, Chief Fiscal Officer, stated that \$10.2 million was paid out at the end of March, mostly for employment and day programs, for implementation of the ARPA HCBS initiative. Senator Osten asked for further clarification regarding whether the funding was for administrative support or

programming. Mr. McWilliams explained that the funds would support three major initiatives: temporary provider stabilization funds to cover pandemic related overtime and temporary staff, workforce stability initiative funds for hiring and retention bonuses, and stability infrastructure and improvements through technology funds to improve technology infrastructure. Paul Potamianos, Deputy Secretary of OPM, provided additional clarification that these costs were not administrative costs and were programmatic expenditures in support of the HCBS effort.

Representative Walker asked why there had been lower than anticipated expenditures in the Behavioral Services program (BSP). Mr. McWilliams explained that the participant level is declining over time as individuals age out of the program and that the current census is down to 244.

Representative Walker asked if DDS has an interagency agreement with the Judicial Department for juveniles in state facilities and if those individuals would qualify for the BSP program. Deputy Commissioner Elisa Velardo responded that individuals in the BSP could also have a diagnosis of autism or mental illness so they may qualify depending on needs, but that there is currently no MOU. Representative Walker noted the prevalence of juveniles in custody and detention who have not been diagnosed but may have service needs, and asked that the agency look into approaches to address this.

Representative Walker asked about the agency's vacant positions and whether that number has remained constant or increased over the last couple months. Mr. McWilliams confirmed that 634 positions were vacant and that many were actively being refilled. He further explained that historically direct care staff experience a high degree of turnover, and that hiring is an on-going process. He also noted that the volume of vacancies has increased due to retirements this spring, creating challenges for DDS in maintaining the direct care workforce.

Senator Miner inquired further about the ARPA funding and the relationship to programming for young individuals dealing with mental health issues and crises and whether there was a linkage to COVID. Mr. McWilliams explained ARPA HCBS funding in more detail and stated that funding is provided through the Centers for Medicare and Medicaid Services (CMS) which allows the state to transform its systems to become more community-based. Funding will primarily provide services for adults with intellectual disability and some with co-occurring disorders.

Representative France asked about emergency placements and whether delaying the step up/down unit will create any gaps in service. Deputy Commissioner Velardo said that although the provider partnership was delayed, the unit is expected to open in the coming months. For the time being, individuals who would benefit from this unit are receiving services through other available resources, but that there is need for this unit and it will be utilized. She further explained that the program is designed to minimize the time an individual would spend in an emergency room setting, and that it is for people who are ready for discharge and will result in shorter lengths of stay in emergency departments and provide the necessary time to plan for placement into the community.

Representative France asked why ARPA and implementation of HCBS initiatives would cause an increase in General Fund costs. Mr. McWilliams explained that DDS expenses are initially paid with General Fund appropriations, and then DDS works with the Department of Social Services to certify the expenditures and make claims which are submitted to the federal government to receive federal Medicaid reimbursement.

Representative Currey asked about the number of agency vacancies and the status of refilling those positions. Mr. McWilliams did not have the specific information available but stated that overall, there is always a tremendous amount of turnover related to direct care staff and DDS could actively be filling hundreds of positions at any one time.

Senator Osten aligned herself with the remarks from Representative Walker regarding BSP and asked whether it was normal practice for DDS to work with the Department of Correction (DOC) or Judicial to determine if youth would qualify for services if they had not been previously diagnosed. Deputy Commissioner Velardo clarified that BSP serves individuals with an intellectual disability diagnosis and said that the agency does work with DOC and if an individual is presumed to qualify for DDS services, they would utilize the eligibility process.

Representative Dathan asked if the FY 2023 budget of \$308 million in day programs, adjusted to \$328 million to include the stabilization payments, was adequate to maintain these programs into the next biennium. Mr. McWilliams responded affirmatively.

The item was unanimously approved.

2022-11 for the Department of Social Services. Transfer of \$26,600,168 from the Personal Services and Medicaid accounts to various accounts to cover anticipated requirements through the end of the year.

Representative Walker asked about the funding to be transferred from Personal Services and the number of vacant positions. Nick Venditto, Chief Financial Officer of the Department of Social Services, responded that DSS is looking to refill 375 vacancies, and clarified that the \$219 million shown in OPM's May letter to the Comptroller reflected the agency's overall lapse. He committed to providing additional information on the average number of vacancies over the year and the length of time positions have been vacant.

Senator Osten asked if the Medicaid transfer would impact the ability to carry forward dollars as detailed in the budget. Paul Potamianos, Deputy Secretary of the Office of Policy and Management, confirmed the transfers, based on current estimates, should not impact planned transfers contained in the budget.

Representative France asked about the enhanced federal reimbursement and when it is slated to end. Mr. Venditto explained that, except for services for the expansion population, Medicaid expenditures receive an additional 6.2% for every quarter the public health emergency (PHE) is in effect. The 6.2% equates to approximately \$105 million on average in additional reimbursement each quarter: \$75 million to DSS' Medicaid account with the balance of \$30 million being drawn into General Fund revenue. Mr. Venditto indicated that the current estimate is that the PHE will run through the quarter ending 9/30/22. Representative France asked how ARPA HCBS results in additional General Fund costs. Mr. Venditto explained there is an additional 10% match on four quarters of HCBS and that the 10% is then required to be reinvested, but the reinvestment was not part of the enacted General Fund budget. DSS is moving dollars from Medicaid to the Community Residential Services account to cover provider payments – for temporary provider stabilization, workforce stability and provider improvements through technology – issued through the Department of Developmental Services and funded by the enhanced 10% reimbursement.

Representative Walker asked for some background on the ARPA HCBS program. Mr. Venditto explained that it is not a separate program but reflects the reinvestment plan approved by the federal Centers for Medicare & Medicaid Services. Mike Gilbert, Deputy Commissioner of the Department of Social Services,

explained that the reinvestments are not traditional ARPA grants but rather they are authorized under the ARPA law. The enhanced match on HBCS expenditures between 4/1/21 and 3/31/22 are reinvested, allowing the dollars to be further leveraged over a three-year period to augment HCBS programs. Representative Walker asked whether more slots were available and if there were waiting lists for services. Deputy Commissioner Gilbert explained that there are waiting lists, but additional slots were not made available because of efforts to ensure sustainability going forward, however some rate increases were included as they were within a manageable threshold for future state budgets.

In response to Representative France's follow-up question, Deputy Commissioner Gilbert confirmed that the increased reimbursement and subsequent reinvestment was not anticipated, resulting in the additional requirements.

The item was unanimously approved.

2022-12 for the Department of Education. Transfer of \$284,896 from the Open Choice Program account to the Excess Cost-Student Based account to cover final grant payments.

Representative Walker asked how many open positions the Department of Education currently had, and Commissioner Russell-Tucker explained that there were 63, with all at different phases of recruiting. Representative Walker asked why there was a lapse in Open Choice and if it had anything to do with the seats added for Danbury. Roger Persson, Chief of Fiscal and Administrative Services, explained that there was lower enrollment than budgeted. The agency will follow up with information for Representative Walker regarding how many students participated in Open Choice from Danbury, but Commissioner Russell-Tucker noted that enrollment is down across choice programs during the pandemic, leading to lapses such as this.

Senator Osten asked what the reimbursement percentage was in the Excess Cost grant currently, to which Roger Persson stated that they did not have the information at hand, but the Department would follow up.

Representative Dathan asked why the Open Choice enrollment was below the budgeted level. Commissioner Russell-Tucker explained that the belief is that it is largely families choosing not to participate due to health concerns during the pandemic. Representative Dathan requested follow up pertaining to the percentage of spaces filled per sending district. Commissioner Russell-Tucker noted that there was a significant increase in the number of Hartford resident students participating in the Open Choice program.

Representative Currey noted that Excess Cost covers a small part of costs faced by districts and that there needs to be a coordinated push at the federal level for special education funding.

The item was unanimously approved.

2022-13 for the Office of Early Childhood. Transfer of \$600,000 from the Early Care and Education account to the Child Care Quality Enhancement account to cover projected requirements through the end of the fiscal year.

Representative Walker asked about the number of vacant positions. Commissioner Bye noted approximately 60 vacancies. There are currently 118 staff members. The commissioner also noted that

the agencies funding has almost doubled since before the pandemic. Representative Walker noted the importance of the Office of Early Childhood (OEC) and how this was reflected in the recent budget. Commissioner Bye observed that the Department of Administrative Services (DAS) has been working hard to solve hiring challenges, but the issue is acute for OEC because the pandemic brought federal funds and more work.

Representative France asked when the plan was put in place to digitize the Care4Kids application, and Commissioner Bye explained that it was several years ago, but with the pandemic it became more urgent, so that the families didn't have to fax in their applications. The pandemic required the process to be expedited, leading to accelerated needs that were not included in the budget.

Senator Osten followed up on the discussion about positions and vacancies. Commissioner Bye clarified that many OEC positions are federally funded and noted that these positions are not included in the position count. Senator Osten clarified that the legislature was interested in the status of all positions, including those supported by federal funds.

Representative Currey asked if the online option was the only option available for parents applying for Care4Kids and Commissioner Bye noted that there are many options, including calling 2-1-1.

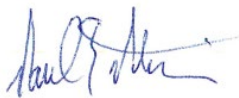
The item was unanimously approved.

2022-14 for the Office of Higher Education. Transfer of \$115,000 from the Personal Services account to the Other Expenses account to cover costs for an event aimed at growing a skilled and educated workforce in Connecticut.

After extended discussion about the reasons for the proposed transaction, the agency committed to providing additional information and clarification. The item was unanimously tabled for the next meeting of the Finance Advisory Committee in June.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul E. Potamianos", with a horizontal line extending to the right.

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