

MINUTES OF THE MEETING OF THE FINANCE ADVISORY COMMITTEE  
April 6, 2023

PRESENT: Lieutenant Governor Susan Bysiewicz  
Deputy Comptroller Tara Downes  
Deputy Treasurer Sarah Sanders  
Senator Catherine Osten  
Senator Eric Berthel  
Representative Toni Walker  
Representative Tammy Nuccio  
Representative Jeff Currey  
Representative Corey Paris (Alternate)  
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 June 9, 2022, meeting were adopted.

The following new transactions were considered by the committee:

2023-1 for the Office of the State Comptroller. Transfer of \$4,000,000 from the Personal Service account to the Premium Pay account to cover final costs for private sector pandemic pay.

Senator Osten asked how much will be left in the Personal Services account after the transfer. Carol Salwen, Budget and Financial Analysis Division Director, responded that there currently is approximately \$1 million lapsing in Personal Services, \$1.2 million available for salary adjustments and a deficiency of \$1.8 million. Sen. Osten asked whether the \$4 million will pay all the pandemic claims and whether any claims had not been reviewed, as well as if the agency anticipated a need for more money. Ms. Salwen replied that this will enable payments for the final 5,119 workers and that this would be the final payment for premium pay.

Representative Walker asked about the agency's positions. Ms. Salwen responded that there are 246 filled positions, 37 vacancies, 20 of which are in the process of being filled, and 283 authorized positions. Rep. Walker asked how many positions are funded. Ms. Salwen answered 266. Rep. Walker asked if this \$4 million will leave a deficiency in June. Ms. Salwen replied that a deficiency of approximately \$1.8 million would remain. Rep. Walker requested that OSC provide information on the number of funded positions after this transfer.

Representative Nuccio asked to clarify the nature of the transaction. Ms. Salwen noted that this transaction is for pandemic pay for the private sector. Rep. Nuccio asked for clarification of the amount to be paid for this issue. Ms. Salwen explained that approximately \$107 million has been paid out and that approval of this transaction will bring the total to \$111 million. Rep. Nuccio asked about the resulting Personal Services shortfall if the transaction is approved. Deputy Secretary Potamianos explained that a deficiency bill is being discussed next week and this will be a part of that bill.

The item was unanimously approved.

2023-2 for the Department of Administrative Services. Transfer of \$2,500,000 from the Personal Services account to cover anticipated claims payment requirements in the State Insurance and Risk Management Operation account through the end of the fiscal year.

Senator Osten asked about the agency's vacant positions. Chief Fiscal Officer Jolita Lazauskas responded that the department has 102 vacancies in recruitment, and 49 vacancies that are unfunded for a total of 151. Sen. Osten noted that if positions were unfunded then they are not vacancies because those positions could not be filled. Sen. Osten asked about the recruitment status of the 102 positions. Theresa Judge, Director of the DAS SMART unit, responded that of the 102 approved vacancies, 86 are in various stages of recruitment as follows: 4 with offers pending response, 7 offered in pre-hire selection, 19 posted, 3 in approval process, 15 recruitments closed for review, 11 approved ready to be posted, 15 interviews scheduled, and 2 offers declined. Currently, 16 have no action as the focus is on the other 86 at this time. Sen. Osten noted concerns about the 102 vacancies.

Representative Walker asked about the remaining Personal Services lapse after the proposed transfer. Ms. Lazauskas replied that \$2.5 million would lapse. Rep. Walker asked if there would be any other deficiencies and Ms. Lazauskas responded that there would not be any other General Fund deficiencies. Rep. Walker asked about the duration of position vacancies, and Ms. Judge replied that they have all been in the recruitment process for less than 6 months. Rep. Walker noted concerns about the impact on government services due to transfer of funds from Personal Services and asked how long it takes to fill a position in state government. Ms. Judge responded that for the DAS SMART unit, it takes typically 4 to 6 months.

Representative Nuccio asked how many vacancies DAS had at the end of last fiscal year. Ms. Lazauskas responded that they provided this information to the subcommittee and will forward the information again. Rep. Nuccio observed that the number of funded position vacancies resulted in a budget that over-funds staffing. She then inquired about the insurance and Risk Management transaction. Melissa Frank, Director of State Insurance and Risk Management, responded that the \$2.5 million in shortfall is driven by a post-pandemic increase in fleet claims for State of Connecticut vehicles. Rep. Nuccio asked what steps were being taken to mitigate accidents. Ms. Frank replied that accidents are not increasing; instead, the claim settlement bottleneck has opened as court activity has resumed post-pandemic. Rep. Nuccio asked about the current backlog, and Ms. Frank responded that she would follow up with that information.

Lieutenant Governor Bysiewicz summarized that the shortfall is driven by the courts resuming normal operations and that there were three times the number of cases settled for more than \$50,000 in FY 2023 compared to FY 2022.

Rep. Nuccio asked if the agency tracks the types of accidents and who is driving and whether more training is necessary. Ms. Frank responded yes, and that is a goal of their board to track trends and what might need to be done to adjust driving behaviors.

The item was unanimously approved.

2023-3 DAS – Worker's Compensation Claims. Transfer of \$4,850,000 among various Workers' Compensation Claims accounts to cover anticipated requirements through the end of the fiscal year.

The item was unanimously approved without discussion.

2023-4 for the Department of Motor Vehicles. Transfer of \$5,000,000 from the Personal Services account to the DMV Modernization account to support the agency's ongoing modernization efforts.

Senator Osten inquired about the delay in filling vacant positions, and noted that 120 full-time positions represented 15 percent of the workforce. Commissioner Tony Guerrero replied that the workforce consists of 570 positions, and that the vacant positions represent 2-3 percent of the workforce. Sen. Osten asked how long it takes to fill a vacant position. Commissioner Guerrero responded that it takes about 3-6 months to onboard a new employee. Sen. Osten asked about the agency's modernization efforts, and Commissioner Guerrero discussed progress. Sen. Osten expressed support for those efforts but noted her desire that positions be filled.

Representative Walker asked if more funding is needed for modernization. Commissioner Guerrero responded that they may need to make a request in the future.

Representative Nuccio asked about the average rate of staff turnover. Commissioner Guerrero agreed to follow up with this information. Rep. Nuccio asked if the department will need fewer staff or will save on costs due to modernization. Commissioner Guerrero explained that staff reductions would impact service times.

Senator Berthel expressed his gratitude to the department and asked if the items identified for modernization were included in the budget and strategic plan. Commissioner Guerrero responded that some were included, and some were not. Senator Berthel asked if Commissioner sees this as an opportunity to move ahead with some of these initiatives with this transfer to which Commissioner Guerrero agreed.

The item was unanimously approved.

2023-5 for the Department of Consumer Protection. Transfer of \$694,500 from the Personal Services account to the Other Expenses account to support the maintenance costs of the Gateway Prescription Monitoring System.

Senator Osten inquired about the delay in refilling vacancies and asked how many are not filled and not funded. Commissioner Cafferelli responded that there are 20 vacancies in the General Fund. Sen. Osten inquired about the Prescription Monitoring Program. Commissioner Cafferelli explained that this is an ongoing program and has been in existence for eight years. The system is the gateway which allows one-click access for ease of use and benefits patients health. Sen. Osten asked if the transaction is for annual software maintenance costs. The Commissioner confirmed yes and noted that the cost is typically funded through a grant but the agency was unable to secure a grant this year. Sen. Osten asked if this is designed to track consumers obtaining pain pills or doctor shopping or doctor overprescribing. Rod Marriot, Drug Control Division Director, explained that the system provides clinical information to the prescriber, and also provides information on misuse of prescription drugs.

Representative Walker commented that the department fills positions quickly. She asked about the positions for this program. Mr. Marriot replied that this is for the maintenance of the existing program and not expansion of the program.

Representative Nuccio asked if the bill to expand will make this item irrelevant. Mr. Marriot responded this item is to cover costs to the end of the year. This has nothing to do with the expanding program. The gateway funding is built into the Governor's budget.

Senator Berthel extended his congratulations to the new Commissioner.

The item was unanimously approved.

2023-6 for the Department of Housing. Transfer of \$225,000 from the Subsidized Assisted Living Demonstration account to the Congregate Facilities Operations Cost account to support expenditure requirements through the end of the year.

The Item was unanimously approved without discussion.

2023-7 for the Department of Mental Health and Addiction Services. Transfer of \$18,000,000 from the Personal Services account to the Other Expenses, Professional Services, and Behavioral Health Medications accounts to meet the operational needs of the agency for the remainder of the fiscal year.

Senator Osten asked the Commissioner how many staff could have been funded with the \$18 million they are proposing to transfer to support other accounts. Commissioner Navarretta responded that the funding would support the cost of their existing 501 vacancies. Senator Osten followed up with a question about whether DMHAS would ever be able to hire all the positions that the legislature has funded for the agency and why 500 vacant positions should continue to be funded if they cannot be filled. The Commissioner noted that last calendar year the agency lost 427 positions and brought on 417 and that the most recent hiring trajectory was improving; in the first months of this year, they have only had 20 announced retirements and have been able to hire 100 staff. Sen. Osten inquired about the anticipated shortfall in Professional Services, asking whether the state pays more for staff via contract than they would with a refill. The Commissioner explained that the per diem rate is higher because the state doesn't pay fringes and offered to provide additional information as to how much the average difference per position filled through staffing contract.

Representative Walker asked whether the Commissioner is concerned about the use of temporary worker retirees to support critical staffing vacancies. The Commissioner noted her support for that approach in tandem with the contracted staff to fill vacancies, as those positions provide a level of consistency while hiring is underway.

Representative Nuccio asked about the rate of turnover being experienced by the agency. The Commissioner responded that it is currently about 15 percent. Rep. Nuccio asked for additional detail about the causes of the shortfall in Other Expenses. The Commissioner noted that the shortfall was due largely to the shuttle service while a new parking garage is built in Bridgeport and higher costs of electricity, and noted that the Governor's proposed budget included adjustments for these. Rep. Nuccio asked whether medications purchased by the agency on behalf of patients are reimbursed through private insurance or under Medicaid where possible. The Commissioner said Medicaid covers such costs in outpatient settings and Deputy Secretary Potamianos assured her that the process used for Medicaid claiming in various DMHAS settings would recover costs where possible.

The Lieutenant Governor noted the positive hiring projections by DMHAS.

The item was unanimously approved.

2023-8 for the Department of Transportation. Transfer of \$8,398,000 from the Personal Services account to the Other Expenses, Minor Capital Projects, and Bus Operations accounts to address year-end operational and safety-related needs.

Senator Osten asked about the \$8,398,000 being transferred out of Personal Services and the number of vacant positions. Bureau Chief of Finance and Administration Gary Pescosolido responded 527. Sen. Osten asked about applicants for vacant jobs. Mr. Pescosolido noted the agency's efforts including targeting engineering candidates through college fairs and university engineering programs. Sen. Osten asked whether applications go through the DAS process. Mr. Pescosolido responded affirmatively. Sen. Osten asked how long it takes to get a position filled. Mr. Pescosolido responded that he didn't have the answer available, but that it does take some time and also depends on the type of position. He explained that the number of vacancies decreased from about 750 at the beginning of the fiscal year to 527. The process is further complicated by the higher classifications that retired, necessitating various backfills, which take time to fill. Sen. Osten asked about the Other Expenses transfer, noting that this is the third year in a row that the DOT has had to transfer funding to this account. With regard to the highway electrical commodities need, Sen. Osten asked whether it is related to roadway poles. Bureau Chief of Highway Operations Paul Rizzo responded that many of the expenses are highway illumination, guideway attenuators, wood pole fence line, electrical cabinets, traffic signals, lighting supplies, and plow blades. Sen. Osten asked whether the agency is replacing or installing new lighting due to accidents on the highway, and whether, if related to accidents, the repairs are covered by either the local public utility or the driver's insurance. Mr. Rizzo responded that DOT is responsible for the repair and that DOT could recoup some of the costs from insurance companies, though many of the drivers causing the damages are unknown. Due to supply issues, it has taken 6-8 months to obtain materials for the repairs. Sen. Osten asked if the funding received from the insurance companies is deposited in the General Fund or Special Transportation Fund. Mr. Pescosolido responded the funding is deposited into the Transportation Fund, typically the year after as revenue to the fund as it is a reimbursement of prior year expenditures.

Representative Nuccio asked if 15 percent vacancy rate is standard for the DOT. Mr. Pescosolido responded that the vacancy rate is high, but that DOT is recovering from retirements in 2022. The agency has had difficulty refilling engineering positions and highway operations as DOT is competing with municipalities for maintainers. Some of that challenge was corrected last year with union contract changes, but maintainers may earn higher wages in a municipality. Rep. Nuccio asked what the hire rate typically is and if DOT is also rehiring retirees. Mr. Pescosolido responded that he is confident DOT can chip away at the vacancy rate and that there typically is a normal level of attrition that occurs within an agency of 3,500 positions; he further noted the agency's ongoing efforts to refill positions. Rep. Nuccio asked a series of questions about the \$100 million lapse budgeted for the agency. Mr. Pescosolido responded that the current year budget includes \$50 million in each of the Bus Operations and Rail Operations accounts that would be subsidized by federal funds. OPM Deputy Secretary Paul Potamianos noted that the lapse reflected an extraordinary amount of federal aid that was received to offset some of the pandemic-related bus and rail revenue losses.

The item was unanimously approved.

2023-9 for the Department of Social Services. Transfer of \$40,900,000 from the Medicaid account to a variety of public assistance accounts to meet expenditure requirements through the remainder of the fiscal year.

Senator Osten asked about the \$40 million transfer from Medicaid. Nick Venditto, Chief Fiscal Officer, indicated that the funds are available due to the additional three quarters of pandemic-related enhanced federal match, which reduced the state's funding requirements under Medicaid.

In response to questions from Senator Osten, Representative Walker, and Representative Nuccio regarding additional needs that may not be recognized, Mr. Venditto confirmed that funding is provided in the Governor's budget to meet anticipated requirements for FY 2024 and FY 2025.

In response to questions from Senator Osten, Mr. Venditto explained that the enacted budget shifted some of the funding for residential care homes (RCHs) from the Old Age Assistance and Aid to the Disabled accounts to Medicaid to allow certain services to be billed under Medicaid but, after further research and analysis, the department decided not to move forward due to the potential that some members would be negatively impacted, losing benefits. Since expenses are being incurred under the Old Age Assistance and Aid to the Disabled accounts and not Medicaid, additional funding is required in those accounts to cover program requirements; expenditures under those two accounts are not eligible for federal reimbursement. Mr. Venditto also clarified that the savings from not funding the statutory rate increases in the Governor's budget results from holding rates flat – it is not a reduction in existing rates. He also noted that the Governor's budget includes \$5.2 million in General Fund support to rebase RCH rates, which would result in a net increase in rates, and builds on \$3.7 million in ARPA funding that was provided in FY 2023 to help stabilize RCHs.

Representative Walker asked about the higher than budgeted costs per case under HUSKY B. Mr. Venditto explained that the requested funding reflects the higher enrollment and costs in the programs for undocumented pregnant women and children.

Representative Nuccio asked if the shortfalls in the Old Age Assistance, Aid to the Blind and Aid to the Disabled accounts are comparable to what was anticipated when dollars were moved to Medicaid. Mr. Venditto responded that the requirements for Aid to the Blind are not driven by the Medicaid shift but rather reflect increased costs per case in the program. For the other two accounts, the numbers are in line with the original estimates, though Old Age Assistance is also experiencing higher utilization, which is expected to level off in future years.

Representative Nuccio asked about the growth in the HUSKY B account in the Governor's budget. Mr. Venditto explained that the coverage for undocumented children is resulting in additional costs over the biennium as the program rolls out. The unwinding of the public health emergency will also result in increased enrollment as those with income between 201% and 323% of the federal poverty level will shift from Medicaid to HUSKY B due to the lifting of the suspension of Medicaid discontinuances.

The item was unanimously approved.

2023-10 for the Department of Education. Transfer of \$2,022,220 from the Magnet Schools and Charter Schools accounts to the Other Expenses, Adult Education, and Excess Cost-Student Based accounts to support required payments and to ensure compliance with federal maintenance of effort requirements. Senator Osten commented that we uncapped Adult Education and asked if this is spending above what we uncapped. Commissioner Charlene Russell-Tucker confirmed that this is correct. Sen. Osten also asked

if excess cost will be paid at 100 percent. Kathy Demsey, Chief Fiscal Officer, explained that it will not be paid out at 100 percent. The September excess cost payment is in some cases too large, and an adjustment is made in March, so timing does not always align. To make sure everyone is paid out fully and on time, funds need to be moved.

Senator Osten asked if this had anything to do with students who stopped attending schools and who then moved to Adult Education due to the pandemic. Ms. Demsey indicated that she does not have an answer to that exact question, but enrollment did increase more than expected.

Representative Walker commented that Adult Education is capped, and we go through this every year. Rep. Walker asked what percentage this has gone up. Commissioner Russell-Tucker responded that she does not have that information at hand and the department will follow up.

Representative Currey inquired about the \$1.6 million transfer to districts and asked which districts are receiving funds and how much per district. Ms. Demsey replied that there are five districts and will provide detail on how much.

Representative Nuccio asked what rate of Excess Cost is being funded. Ms. Demsey responded about 80 percent. Representative Nuccio also asked why we are not using the Magnet School Lapse to fully fund Excess Cost. Ms. Demsey explained that Excess Cost is capped to the appropriation, and this would require a statutory amendment.

Representative Nuccio responded that her town does not receive the full grant and asked whether the Magnet School lapse could be used to pay more Excess Cost. Ms. Demsey explained that it is a statutorily capped program. After applying the tiers from the new language, the grants are then pro-rated to the appropriation; language would be need to pay above this level.

The item was unanimously approved.

2023-11 for the Department of Correction. Transfer of \$15,000,000 from the Personal Services and Board of Pardons and Parole accounts to the Other Expenses account to cover operational costs through the end of the fiscal year.

Representative Walker asked about the number of funded positions. Commissioner Quiros responded that the agency has 5,962 authorized positions that are funded, 5,759 filled, and 203 vacant positions. Rep. Walker asked if this will be the only fiscal action to remedy any possible deficiencies. Deputy Secretary Potamianos noted that the agency will be included as part of the deficiency bill that will be discussed at the April 13<sup>th</sup> public hearing. Michael Regan, Chief Fiscal Officer, concurred. Rep. Walker asked where the resulting deficiency will be. Mr. Regan replied that the department will have a \$29 million shortfall in Personal Services after this action. Rep. Walker inquired about the cause of the deficiency. Mr. Regan cited the structural deficit due to the delay in closing the third correctional facility and the fact that the facility chosen was smaller. Rep. Walker asked what the cost is per year per inmate. Mr. Regan responded that the cost is \$90,000 per inmate.

The item was unanimously approved.

2023-12 for the Judicial Department. Transfer of \$750,000 from the Alternative Incarceration account to the Juvenile Alternative Incarceration account to align funding with the programmatic initiatives in Public

Act 22-115, An Act Concerning Juvenile Justice and Services, Firearms Background Checks, and Larceny of a Motor Vehicle.

The Item was unanimously approved without discussion.

The meeting was adjourned at 3:00 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