

MINUTES OF THE MEETING OF THE FINANCE ADVISORY COMMITTEE  
June 6, 2024

PRESENT: Lieutenant Governor Susan Bysiewicz  
Deputy Comptroller Tara Downes  
Deputy Treasurer Sarah Sanders  
Senator Catherine Osten  
Representative Toni Walker  
Senator Eric Berthel  
Representative Tammy Nuccio  
Representative Jeff Currey  
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 12, 2024, meeting were adopted.

The following new transactions were considered by the committee:

2024-7 for the Office of the State Comptroller. Transfer of \$3,000,000 among various accounts to meet end of year requirements in the State Employees Health Services and Social Security Tax Employer accounts.

Senator Osten asked about the funding available in the SERS Defined Contribution Match account. Carolyn Mercier, Assistant Director of the Budget & Financial Analysis Division, replied that the current surplus is \$350,000 before the FAC transfer and confirmed there would be a balance of \$100,000 after the transfer. Senator Osten asked about the Higher Education Alternate Retirement Plan account. Ms. Mercier indicated there is currently a lapse of \$1.6 million. Senator Osten inquired about the health accounts for active and retired employees. Rae-Ellen Roy, Assistant Director of the Health Policy & Benefits Division, indicated that after the FAC transfer, lapses of \$845,000 in the active health account and \$977,000 in the retiree health account are anticipated. Senator Osten noted that while \$2.75 million was being added to the state employee health account, the account still did not have sufficient funds. Ms. Mercier explained that the deficiency bill removed \$8 million from the active health account, resulting in insufficient funds to transfer to UConn Health Center to support the statutory \$4.5 million fringe subsidy. Senator Osten inquired about the balance in the Other Post Employment Benefits account. The agency responded that after transferring \$150,000 out of the account, the lapse would be approximately \$125,000.

Representative Walker asked how many people are currently enrolled in the Higher Education Alternate Retirement Plan. Ms. Roy indicated that they would obtain that information from their Retirement Services Division and provide it to the committee.

The item was unanimously approved.

2024-8 for the Department of Transportation. Transfer of \$822,790 from the Personal Services account to the Equipment account to support the replacement of information technology equipment.

Senator Osten referred to previous transfers out of the Personal Services account and asked about amounts remaining at the end of the year. Bureau Chief of Finance and Administration Gary Pescosolido responded that approximately \$1.18 million is available before FAC and \$300,000 will remain afterwards. Senator Osten asked about the number of vacancies and how many of those positions have been filled. Deputy Commissioner Laoise King responded that the agency has 353 vacancies after recently filling 10 positions. Senator Osten noted a concern that DOT is understaffed, impacting the ability to complete projects, and asked about plans to fill those positions. Ms. King responded that hiring has been a focus and that the agency has been able to fill over 800 positions, but after factoring in retirements, the agency's net gain was 410 positions. Lieutenant Governor Bysiewicz asked about the retirement rate. Ms. King replied that as quickly as positions are filled, about half of that number leaves. Senator Osten questioned why people are leaving and whether it's due to pay, benefits, or the nature of the job. Ms. King responded that while the vast majority are retirements, the agency loses many staff to the private sector where pay is higher. Ms. King stated DOT will forward information regarding those separations. Senator Osten asked if separating employees provided reasons for leaving via exit interviews. Mr. Pescosolido noted that in the past DOT did not have parity with municipal maintainer and CDL driver compensation, leading many people to leave, but that has been corrected through new NP-2 (maintainer) contracts, which should have a positive impact going forward. He also noted that private sector engineers are paid more. Senator Osten asked about the average pay in the public and the private sector. Mr. Pescosolido responded that DOT has salary data but is not sure how to compare fringe benefits. Senator Osten noted that the hybrid 401(k) for those in Tier 4 of state service may be comparable to the private sector. Ms. King stated that the agency will provide the market rate for engineers. Senator Osten noted funding was provided in DOT's budget for over 300 positions, but if, at the end of the year, a total of almost \$28 million is being moved out of Personal Services, that funding should have been used to fill positions, not for other areas of DOT's budget. Mr. Pescosolido mentioned that of that \$26 million, \$19.85 million was utilized in the deficiency bill to address other Special Transportation Fund needs. Senator Osten stated that she wants agencies to spend what they're provided and would rather a deficiency appropriation come from fund balance. Lieutenant Governor Bysiewicz added she and Governor Lamont want the agency fully staffed so as to not lose federal funding for important projects.

Representative Nuccio asked what the vacancy rate has been over the last few years at DOT. Mr. Pescosolido responded that, notwithstanding the additional Infrastructure Investment and Jobs Act positions and other added positions, the vacancy rate is about 8-10 percent, but has trended higher in recent years due to retirements. Representative Nuccio asked what DOT's projection is for retirement related attrition. Ms. King responded probably about the same, hence why recruitment and retention has increased. Highway operations and maintenance are making progress moving from 37.5 to 40 hours to increase competitiveness with municipalities. In addition, DOT is also working with the state's higher education institutions to have DOT be the first place that civil engineers come to in their career and has also increased its summer worker program opportunities. Lieutenant Governor Bysiewicz added that she attended the University of Connecticut job fair and would like to know how many DOT staff were recruited from the fair. Representative Nuccio asked about projected retirements among the 3,500 employees. Ms. King noted that the agency will provide that information to the committee. Representative Nuccio asked if towns have less than a 40-hour work week. Ms. King responded she has found that most municipalities are at 40 hours, and that is why DOT moved certain classes of positions to 40 hours.

Representative Walker noted that she has spoken to two schools about their engineers, and those institutions are trying to figure out who to contact at DOT to get an exchange going. Ms. King responded that the contact at DOT is Carlo Leone, who is running the agency's workforce initiatives and is the lead

contact with higher education institutions. Representative Walker commented that she and Senator Osten have met with nurses in state service who are not happy with the hybrid 401(k) benefit plan for new employees and are looking elsewhere for jobs. Ms. King responded she has not received feedback on the benefit plan and that it is comparable to those in the private sector. Representative Walker asked for information about this topic from employee exit interviews.

Representative Currey asked if all vacancies are currently approved by OPM and posted. Mr. Pescosolido noted most are in the approval pipeline for review and provided a breakdown of where they stand; of 353 vacancies, 25 or 30 were inactive.

The item was unanimously approved.

2024-9 for the Department of Labor. Transfer of \$280,000 from the Jobs First Employment Services account to the Other Expenses account to support a security upgrade to the child support collection system.

Senator Osten asked whether Jobs First Employment Services (JFES) is the account from which the American Jobs Centers are funded. Commissioner Danté Bartolomeo answered that JFES is one of the programs implemented through the American Jobs Centers. JFES is related to the Department of Social Services' Temporary Family Assistance (TFA) program, funded from the Temporary Assistance to Needy Families (TANF) block grant, under which folks receive DSS cash assistance. There is a program requirement that recipients of cash assistance participate in this workforce program. Senator Osten asked how much of the budgeted \$13 million in the workforce program is expected to lapse. Commissioner Bartolomeo indicated the current projection is around \$287,880, and that the agency is confident in the \$280,880 being available to transfer to Other Expenses.

Representative Walker noted that the Department of Social Services has experienced lower than anticipated caseload levels in the TANF program and asked if this is directly related to the JFES population. Commissioner Bartolomeo noted that DOL has seen a decline over the last couple of years in participation, but that trend is reversing and caseloads are beginning to increase. In 2020, Executive Order 7B put a temporary hold on some of the cash assistance program requirements, and as a result people were not required to participate in JFES, resulting in a lower participation rate. Recent legislation is expected to increase expenses due to longer and larger caseloads, and over time increased utilization of the program will likely eliminate lapses in the JFES account. Representative Walker asked if DOL anticipates the \$280,000 will lapse annually or just this year. Commissioner Bartolomeo responded that the agency anticipates the need for this program will increase and all of the appropriated funds will be used. The recently increased earnings disregard means that participants will be on a caseload longer, and the time limit has increased as well, so expenses are anticipated to go up in this line item.

Representative Currey asked how large the JFES staff is currently. Commissioner Bartolomeo indicated that they are down to four employees and are currently trying to fill two vacancies. The case managers are hired by the workforce board.

Representative Nuccio asked if this program is no longer voluntary. Commissioner Bartolomeo confirmed that this is correct, it was only voluntary during the pandemic while Executive Order 7B was in effect.

The item was unanimously approved.

2024-10 for the Office of the Consumer Counsel. Transfer of \$240,000 from the Personal Services and Fringe Benefits accounts to the Other Expenses account to cover requirements through the end of the fiscal year.

Senator Osten asked about the lapse amounts in Personal Services and Fringe Benefits accounts before this transfer. Andrew Hoskins, Chief of Staff at the Department of Energy and Environmental Protection, which handles fiscal functions for the Office of the Consumer Counsel, answered that it's in the range of \$600,000 between Personal Services and Fringe, but they are still finalizing figures. Senator Osten asked if this FAC transfer would reduce the lapse by \$240,000. Mr. Hoskin confirmed this is correct.

Representative Nuccio asked what the ongoing vacancy rate is for the agency. Chief of Staff Hoskins answered that this is a twenty-person agency, and they are currently recruiting for three vacancies. Representative Nuccio asked whether the three vacancies have been long-term and what the typical vacancy rate is. Mr. Hoskins responded that he believes these are recent positions that were added to the headcount.

Lieutenant Governor Bysiewicz asked if these vacancies are commissioner level positions to which Mr. Hoskins responded that these are all staff positions.

Representative Walker asked for clarification of the acronym "ISO." Mr. Hoskins explained that ISO New England is the electrical grid operator for New England.

The item was unanimously approved.

2024-11 for the Department of Energy and Environmental Protection. Transfer of 750,000 from the Personal Services and Fringe Benefit accounts to the Other Expenses account to support building-related improvements.

Senator Osten asked if the Bureau of Energy and Technology Policy (BETP) and Public Utilities Regulatory Authority (PURA), are both groups funded totally by the Public Utility Control (PUC) Funds. Chief of Staff Hoskins responded yes, and that BETP also has one or two positions funded in the General Fund and one or two funded with Federal monies.

Senator Osten asked if DEEP has 23 open positions. Mr. Hoskins responded that both BETP and PURA have grown through budgetary adds, with 21 positions added across BETP and PURA since FY 2023. Senator Osten asked if the expenses and lapses can be provided for the Personal Services and Fringe Benefits accounts. Mr. Hoskins responded that after the FAC transfer, a lapse in the \$500,000 to \$700,000 range is anticipated in each of Personal Services and Fringe, for a total lapse of \$1 million to \$1.4 million.

Representative Nuccio asked about the ongoing vacancy rate and the projection for continued attrition. Mr. Hoskins responded DEEP has seen some growth, so some of the vacancies are new positions that have not yet been filled. DEEP has seen 16 resignations and retirements over the last two years. Representative Nuccio asked what the total headcount is. Mr. Hoskins answered that PURA has 73 filled positions and 12 vacancies; BETP has 25 filled positions with 13 vacancies.

Representative Walker asked whether some of the items noted in the Other Expenses transfer request could be bonded. Mr. Hoskins explained that they typically use Other Expenses for smaller scale office

reconfiguration costs, like paint, and carpet. The HVAC work is smaller scale, for example moving mechanical systems.

The item was unanimously approved.

2024-12 for the Department of Housing. Transfer of \$575,000 from the Project Longevity Housing account to the Housing and Homeless Services account to cover increased rental assistance costs.

Representative Walker asked how long the Department of Housing has been in receipt of the Project Longevity housing fund. Steve DiLella, Director of Individual and Family Support Programs, responded that Project Longevity has been funded through appropriations for the last two years. The first year was supported with Community Investment Act funds, and last year was funded via a General Fund appropriation that also expanded the program. The expansion added a Norwich and New London site. Representative Walker asked if Project Longevity accessed any of these funds for housing. Director DeLella responded affirmatively and noted that Hartford, through the Community Renewal Team, has housed many folks. Mr. DeLella clarified that the lapse is due to the timing of starting up the new site. Representative Walker asked whether there are concerns for next year. Mr. DiLella responded no. Representative Walker asked for more information on the numbers of individuals served by site. Director DeLella responded they will provide that information to the committee.

Representative Nuccio noted that the transfer request indicates that certain vendors were not using funding and asked which vendors are not using funding and if they are just strictly the vendors at the new site due to a delay in operations. Mr. DeLella responded there are two vendors: the Justice Education Center (JEC) serves as DOH's fiduciary for service providers, and Advance CT Together pays the landlords and makes rental assistance payments. Representative Nuccio asked if this lapse is related to the new sites and not because vendors aren't using the money. Mr. DiLella confirmed this is correct. Representative Nuccio asked for statistics on Project Longevity showing how money is being spent and program outcomes. Mr. DiLella responded they will provide information on basic demographics as this is a new program still in the first cohort of households being served.

Senator Osten asked for clarification on the number of new sites. Mr. DiLella confirmed there are two new sites: Norwich and New London. He also stated that Project Longevity is not new, only the housing component of Project Longevity is new.

The item was unanimously approved.

2024-13 for the Department of Social Services. Transfer of \$1,040,000 from the Connecticut Home Care Program and the Temporary Family Assistance accounts to meet anticipated year end requirements in Medicaid and other entitlement accounts.

Senator Osten asked if DSS is seeing an increase in the number of people using Medicaid and public assistance services or if there is an increase in the dollars being spent per person. Commissioner Barton Reeves answered that it's a bit of both.

Representative Nuccio asked for more information on what is driving the higher costs. Commissioner Barton Reeves noted that about \$50 million of the Medicaid spend is a result of the decision in *Carr v. Becerra* and that higher costs are also linked to the expansions in coverage for undocumented individuals.

Representative Nuccio requested a breakdown of the public assistance accounts and trends in caseload. Commissioner Barton Reeves confirmed that the department will provide that information.

Representative Walker asked about the services that may have been affected due to a delay in amending the ARPA contracts with community action agencies and the mechanisms the state has for identifying populations coming in from other countries. Commissioner Barton Reeves noted that the department works closely with the agencies that support migrants and that DSS' projections are based on data from those agencies.

Senator Osten asked whether the department has a data collection system with a breakdown of the immigrants coming into Connecticut and from which countries. Commissioner Barton Reeves answered that the department has a federally funded staff person who gathers that data from the organizations that support migrant families.

The item was unanimously approved.

2024-14 for the Department of Education. Transfer of \$759,000 from the Aspiring Educators Diversity Scholarship Program account to the Vocational Agriculture account to cover payment requirements through the remainder of the fiscal year.

Senator Osten asked why Aspiring Educators funding is lapsing. Commissioner Charlene Russell-Tucker responded that a newer program passed in 2023 for diverse students' priority schools. The commissioner also added that 29 recipients were funded in the first round, and 60 more in the spring, totaling 89 recipients being funded. SDE is launching the newest application round on June 7. This program is expanding to Alliance Districts, and SDE is working hard on outreach to raise awareness about the program. For the June 7th launch, funding will come out of the FY 2025 appropriation. Senator Osten asked if the goal is to eventually expand the program to all schools. Commissioner Russell-Tucker responded that the goal is to diversify the profession across the state. The Department of Education will closely watch program performance among Alliance Districts to make a recommendation on future expansions.

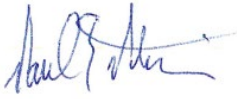
Senator Berthel inquired about the value of each scholarship in the program. Commissioner Russell-Tucker answered that each scholarship is valued at \$10,000 annually. Senator Berthel noted the original appropriation would be sufficient for 400 people.

Representative Currey asked if SDE anticipates a deficiency in Vo-Ag moving forward. Roger Persson, Chief of Fiscal and Administrative Services, responded they do not have the numbers but will provide that information to the committee. Representative Currey asked if the program will be fully funded, given that capping language was removed. Mr. Persson confirmed that this is correct. Representative Currey asked for an update on filling the SDE Chief Fiscal Officer position. Commissioner Russell-Tucker indicated they are working on re-posting this position very shortly.

The item was unanimously approved.

The meeting was adjourned at 2:30 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul E. Potamianos", with a stylized flourish at the end.

Paul E. Potamianos, Deputy Secretary, Office of Policy and Management  
Finance Advisory Committee Clerk