

MINUTES OF THE MEETING OF THE FINANCE ADVISORY COMMITTEE  
March 7, 2024

PRESENT: Lieutenant Governor Susan Bysiewicz  
Deputy Comptroller, Tara Downes  
Deputy Treasurer Sarah Sanders  
Senator Catherine Osten  
Representative Toni Walker  
Senator Eric Berthel  
Representative Lucy Dathan  
Representative Tami Zawistowski  
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 5, 2023, meeting were adopted.

The following new transactions were considered by the committee:

2024-1 for the Department of Administrative Services. Transfer of \$900,000 from the Personal Services account to Insurance and Risk Management Operations account in the Special Transportation Fund to support anticipated claims payment requirements.

Senator Osten asked for clarification about the Personal Services appropriation in the Special Transportation Fund (STF) for the Department of Administrative Services. Office of Policy and Management Deputy Secretary Paul Potamianos noted that the enacted budget includes funding for the department's human resources staff who support agencies funded from the STF, and Commissioner Gilman further elaborated on that point.

Representative Zawistowski asked about the need for funding in the Insurance and Risk Management account. Melissa Frank, Director for Insurance and Risk Management, explained that it was largely related to one claim that exceeded the \$4 million self-insured retention.

Senator Berthel asked about the transfer of funds from the Personal Services account. Deputy Secretary Potamianos stated that the transfer is related to the need to pay insurance claims in a timely manner and that the Personal Services funds would have to be restored through revisions to the bill making deficiency appropriations for FY 2024.

Representative Dathan asked about the sufficiency of the FY 2025 budget for Insurance and Risk Management, given that the enacted appropriation is less than projected expenditures in FY 2024. Commissioner Gilman explained that the agency hopes the budgeted amount is adequate, and Ms. Frank added that while the Insurance and Risk Management Board relies on actuarial reports to project the costs in any given fiscal year, actual expenditures may vary, particularly if there are large, extraordinary claims.

Representative Walker asked about the human resources staffing arrangement. Commissioner Gilman explained that while human resources staff are DAS employees, the human resources personnel have two

lines of reporting: one to their supervisor at the Department of Administrative Services, and one to the commissioner of the agency they support.

The item was unanimously approved.

2024-2 for the Division of Criminal Justice. Transfer of \$160,000 from the Personal Services account to the Witness Protection account to support programmatic costs through the remainder of the fiscal year.

Senator Osten noted shortfalls in the Witness Protection account in the last several years and asked how much would be needed for the line to be sufficiently funded. Director of Financial Services Valerie Clark responded that \$160,000 to \$175,000 would be needed, and OPM Deputy Secretary Paul Potamianos concurred. Deputy Chief State's Attorney John Russotto cautioned that the Witness Protection account fluctuates each year and is driven by cases in trial. Senator Osten asked if this transfer will be sufficient for the remainder of the current fiscal year. Deputy Chief State's Attorney Russotto responded affirmatively.

Representative Zawistowski asked whether the additional need is driven by cost or by the number of individuals in witness protection. Attorney Russotto responded that the need is related to both inflationary pressures and that more case are going to trial. Representative Zawistowski asked how many people are in witness protection at any given time. Attorney Russotto committed to providing that information.

The item was unanimously approved.

2024-3 for the Department of Motor Vehicles. Transfer of \$13,000,000 from the Personal Services account to the DMV Modernization account to support the agency's ongoing technology modernization efforts.

Senator Osten asked whether this transaction was intended to cover anticipated or actual costs. Deputy Secretary Potamianos noted that this transaction would enable the agency to take advantage of funds that would otherwise go unspent to advance its ongoing technology upgrade efforts. Commissioner Tony Guerrero provided additional context about the agency's modernization efforts.

Senator Berthel noted the significant transfer from the Personal Services account, asking whether it was related to difficulty in filling positions and if so, how many vacant positions. Commissioner Guerrero responded that the \$13 million represented about 79 positions plus an additional \$4 million in funds carried forward from prior years into FY 2024. Senator Berthel asked whether the 79 positions were needed and if not, whether the Personal Services account was overfunded. Commissioner Guerrero responded that the agency is actively filling positions. Senator Berthel asked if funding for technology enhancements was budgeted, and the commissioner responded that no funds were explicitly budgeted, but the agency was permitted to carry funds forward to help support the system enhancements.

Representative Zawistowski asked whether the modernization effort would reduce staffing needs. Commissioner Guerrero answered that there will continue to be a need for staff to handle transactions, though the work may become less customer-facing as the public has more flexibility to complete transactions online.

Representative Dathan asked for clarification of the amount needed in In FY 2024. Chief Financial Officer David Johnson and Commissioner Guerrero provided information about the budget and anticipated

expenditures. Representative Dathan asked about the agency's efforts to hire staff. Commissioner Guerrero noted that the agency hoped to fill as many positions as possible as soon as possible. Representative Dathan asked whether the FY 2025 budget included funding for further technology updates. Deputy Secretary Potamianos noted that the Governor's proposed budget adjustments for FY 2025 include \$3 million for modernization efforts.

The item was unanimously approved.

2024-4 for the Department of Transportation. Transfer of \$7,100,000 from the Personal Services account to the Other Expenses account to cover anticipated requirements through the end of the fiscal year.

Senator Osten asked how many full-time equivalent workers the amount being transferred from Personal Services equates to. Bureau Chief of Finance and Administration Gary Pescosolido estimated about 71 positions if using an average salary of \$100,000. Senator Osten asked about the nature of higher costs in the Other Expenses account. Mr. Pescosolido noted higher costs in several areas, including steel, lighting fixtures, railings, and for maintenance and operations of highways. He further noted that the Other Expenses account is tightly budgeted.

The item was unanimously approved.

2024-5 for the Department of Correction. Transfer of \$27,000,000 from the Personal Services, Community Support Services and the Board of Pardons and Parole accounts to the Other Expenses and the Inmate Medical Services accounts due to increased food, pharmaceutical, and other costs in support of the inmate population.

Senator Osten asked how many people the \$23.2 million to be transferred from Personal Services represented. Michael Regan, Fiscal Director for the Department of Correction, responded that the Personal Services account is projected to experience a deficiency, and that this transfer would enable the agency to pay for food, clothing, utilities, and other costs, but the Personal Services funding would need to be restored through revisions to the bill making deficiency appropriations for FY 2024. Senator Osten asked about the drivers of the shortfall in the Other Expenses account. Mr. Regan noted that agency's costs for utilities, inmate food, inmate clothing, and staff uniforms. Senator Osten asked if the shortfall in Inmate Medical Services was related to consultant costs. Mr. Regan explained that the Inmate Medical Services account covers all the expenses for inmate health services, including labor costs, other expenses, medications, medical supplies and outpatient and other inpatient services. Senator Osten referenced the report submitted by the Department of Correction last year pursuant to Public Act 22-133 and the resource needs associated with the recommendations in that report, and noted legislative interest in discussing funding for Inmate Medical Services. Commissioner Quiros acknowledged the report and added that the shortfall this year is the result of a sicker population.

Representative Walker asked about projected expenditures in the Inmate Medical Services account. Mr. Regan explained the estimated cost through the end of the fiscal year, and noted that the account funds salaries for medical staff as well as other expenses related to inmate health services. Representative Walker asked about the reasoning for transfer of funds from Community Support Services account. Commissioner Quiros explained that transfer is related to one-time savings in that account.

Representative Dathan asked whether the proposed FY 2025 budget for Inmate Medical Services included savings from the proposed Medicaid 1115 waiver. Mr. Regan responded that savings from this initiative could be a year or so in the future.

Representative Zawistowski asked about the agency's overtime costs. Mr. Regan responded that overtime is projected to be about \$90 million this year. He noted that there has been some decline in recent pay periods, and that upcoming Correction Officer classes could help reduce overtime. Representative Zawistowski asked whether the agency was past the recent retirement wave. Commissioner Quiros offered his belief that the agency may be past the high point, though a proportion of current staff remain retirement-eligible. Representative Zawistowski asked whether outside hospital and transport costs were paid from the Inmate Medical Services account. Commissioner Quiros responded affirmatively.

The item was unanimously approved.

The meeting was adjourned at 1:59 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