

MINUTES OF THE MEETING
OF THE FINANCE ADVISORY COMMITTEE

Held in Room 1A at the Legislative Office Building on May 13, 2010.

PRESENT: Lieutenant Governor Michael Fedele
Deputy State Comptroller Mark Ojakian
Senator Toni Harp
Senator Robert Kane
Representative John Geragosian
Representative Joan Lewis
Deputy Secretary Michael Cicchetti
Office of Policy & Management, Finance Advisory Committee Clerk

ABSENT: Governor M. Jodi Rell
State Treasurer Denise Nappier
Representative Craig Miner

Lieutenant Governor Fedele called the meeting to order at 1:08 P.M.

1. It was voted to approve the minutes of the meeting of April 1, 2010.
2. The following new transactions were approved by the Committee:

FAC 2010-26 – Commission on Aging – A transfer of \$3,986 from Other Expenses to Personal Services due to budget reductions.

This item was unanimously approved by the Committee.

FAC 2010-27 – Permanent Commission on the Status of Women – A transfer of \$10,000 from Other Expenses to Personal Services due to budget reductions.

This item was unanimously approved by the Committee.

FAC 2010-28 – Office of the State Comptroller – A total transfer of \$50,090,000. \$46,000,000 from State Employees Health Services, \$4,000,000 from Higher Education Alternate Retirement and \$90,000 from Employers Social Security to Retired State Employees Health Services and Unemployment Compensation due to the effects of the 2009 Retirement Incentive Program and a higher than anticipated rate of claims.

Senator Kane asked for further explanation of the transfer. Deputy Secretary Cicchetti explained that the general fund transfer is due to the Retirement Incentive Program (RIP) that took place. There is money in the Active Health account because approximately 3,900 employees retired and the health costs for those retirees have shifted to the retired health account. The \$90,000 transfer to the Unemployment Compensation account is necessary due to higher than anticipated unemployment claims activity.

This item was unanimously approved by the Committee.

FAC 2010-29 – Division of Special Revenue – A transfer of \$330,000 from Personal Services to Other Expenses to meet funding requirements for the remainder of the year.

This item was unanimously approved by the Committee.

FAC 2010-30 – Department of Public Works – A total transfer of \$850,000. \$300,000 from Personal Services and \$550,000 from Other Expenses to the Property Management, Capitol Day Care and Facilities Design and Construction accounts to meet funding requirements for the remainder of the year.

This item was approved by the Committee. Representative Geragosian abstained from voting on this item.

FAC 2010-31 – Department of Public Safety – A transfer of \$1,113,136 from Personal Services to Worker's Compensation Claims to meet funding requirements for the remainder of the year.

This item was unanimously approved by the Committee.

FAC 2010-32 – Department of Motor Vehicles – A transfer of \$1,200,000 from Personal Services to Other Expenses to meet funding requirements for the remainder of the year.

This item was unanimously approved by the Committee.

FAC 2010-33 – Connecticut Insurance Department – A total transfer of \$360,230. \$235,230 from Personal Services and \$125,000 from Fringe Benefits to Other Expenses to meet funding requirements for the remainder of the year.

Senator Harp offered positive comments regarding the agreement between DOI and UConn to modify software, which is expected to result in savings.

This item was unanimously approved by the Committee.

FAC 2010-34 – Department of Public Health – A transfer of \$683,082 from Personal Services to Community Health Services to allow the payment of contractual services.

Senator Harp requested clarification regarding the proposed transfer. Deputy Secretary Cicchetti reminded the committee of an approved January FAC transaction to transfer available funds from the Community Health Services (CHS) account to the X-Ray Screening/Tuberculosis account to meet cash flow needs. Deputy Secretary Cicchetti explained that although the agency was able to achieve some savings in the CHS line item, the previously approved transfer created a shortfall in the CHS account that would be addressed by Item 2010-34.

This item was unanimously approved by the Committee.

FAC 2010-35 – Department of Education – A total transfer of \$27,459,280 from various accounts. \$3,200,000 to Personal Services \$4,700,000 to Other Expenses, \$200,000 to Equipment and \$19,359,280 to Excess Cost-Student Based accounts to meet funding requirements for the remainder of the year.

Representative Geragosian asked if the transfer of \$4.7 million from ECS would affect the MOE requirement for ARRA. Deputy Secretary Cicchetti replied that there would be no impact on ARRA compliance.

Senator Harp asked why funds were available in School Readiness, Charter Schools and the Mastery Exams account. Deputy Secretary Cicchetti replied that for School Readiness there were surplus funds because of the normal delay in filling preschool slots and budget uncertainty. For Charter Schools, the appropriation could have accommodated 5,226 students but only 5,170 students were actually enrolled, leading to a surplus in the grant. Mr. Cicchetti deferred to Brian Mahoney at SDE to reply on the Mastery Exams account. Mr. Mahoney stated that savings were achieved because three positions remained vacant and contracts had been renegotiated lowering contracting costs.

This item was unanimously approved by the Committee.

FAC 2010-36 – Department of Correction – A total transfer of \$7,500,000 from Personal Services to Workers Compensation Claims to meet funding requirements for the remainder of the year.

Senator Harp asked whether the 55% increase in medical expenses was due to an increased cost per claim or to an increase in the number of claims.

Deputy Commissioner Carol Salsbury of the Department of Correction answered that the cost increases were the result of increased medical expenses per claim and that the actual number of claims were down. She further said the Department is working with the Department of Administrative Services Workers' Compensation unit to determine what factors are causing the increased costs per claim.

This item was unanimously approved by the Committee.

FAC 2010-37 – Public Defender Services Commission – A total transfer of \$832,352 from Personal Services to Special Public Defender Non-Contractual and Expert Witnesses accounts to meet funding requirements for the remainder of the year.

This item was unanimously approved by the Committee.

3. The meeting was then adjourned at 1:27 P.M.

Michael Cicchetti
Clerk