

FINANCE ADVISORY COMMITTEE

AGENDA

February 11, 2016

Room 1E, Legislative Office Building – 1:00 P.M.

1. Minutes of the June 11, 2015 meeting.
2. New transactions as follows:

2016-01	Department of Education	\$ 90,250.00
2016-02	Office of Early Childhood	\$ 432,012.00

MINUTES OF THE MEETING
OF THE FINANCE ADVISORY COMMITTEE

Held in Room 1E at the Legislative Office Building, on June 11, 2015

PRESENT: Lieutenant Governor Nancy Wyman
Deputy Comptroller Martha Carlson
Deputy Treasurer Christine Shaw
Senator Beth Bye
Senator Robert Kane
Representative Toni Walker
Representative Melissa Ziobron
Representative Robyn Porter
Deputy Secretary Susan Weisselberg
Office of Policy and Management, Finance Advisory Committee Clerk

Lieutenant Governor Wyman called the meeting to order at 1:00 p.m.

The minutes of the May 7, 2015 meeting were adopted.

The following new transactions were considered by the committee:

FAC 2015-15 for the Office of the State Comptroller. Transfer of \$13,000,000 from various fringe benefit accounts to the Retiree Healthcare Account due to an increase in retirees and in prescription drug and other costs.

Senator Kane asked about the deficiency given testimony earlier in the year from Comptroller Lembo that funding was sufficient. Deputy Comptroller Martha Carlson clarified that the Comptroller was referring to the budget for the upcoming biennium and not the budget for FY 2015. Senator Kane asked whether the shortfall is related to retirements of Department of Correction employees. Deputy Comptroller Carlson noted the shortfall is due to three issues: 1) increased retirements, 2) lower than anticipated Employer Group Waiver Program (EGWP) reimbursement, and 3) higher prescription drug costs. Senator Kane asked whether the shortfall is only for retiree health or for active health as well. Deputy Comptroller Carlson noted that the shortfall was only for retiree health and that funding for the active health account is sufficient.

Representative Ziobron asked about the increase in retirees. Rae-Ellen Roy, Retirement and Benefits System Coordinator at the Office of the State Comptroller, explained that the number of retirees has increased from the levels experienced in prior years. Rep. Ziobron asked about prescription drug costs. Ms. Roy stated that drug costs were \$18.1 million higher than anticipated and there was a \$25 million reduction in EGWP subsidies.

Representative Walker asked whether the higher education Alternative Retirement Plan (ARP) was over-budgeted in the biennial budget, and requested information about the number of participants switching to the SERS Hybrid Plan. Deputy Comptroller Carlson noted that the health care costs were the same for ARP and SERS participants.

The item unanimously approved.

FAC 2015-16 for the Office of the State Comptroller. Transfer of \$660,000 in the Special Transportation Fund from the Group Life Insurance and Social Security Tax accounts to the State Employees Health Services Cost account to cover fringe benefit costs.

The item was unanimously approved.

FAC 2015-17 for the Department of Emergency Services and Public Protection. Request for approval of vendor fees for processing background checks for prospective long term care employees.

Representative Ziobron asked why FAC approval was necessary given that Public Act 12-2 of the June 2012 Special Session allows the Secretary of OPM to authorize any state agency to enter into agreements with private and nonprofit entities to facilitate the public's utilization of government services and programs electronically. OPM Deputy Secretary Weisselberg responded that statute requires FAC approval of fees associated with those services.

The item was unanimously approved.

FAC 2015-18 for the Department of Labor. Transfer of \$66,000 from the Veterans' Opportunity Pilot account to the Other Expenses account to board member fees for the Board of Mediation and Arbitration and the Board of Labor Relations.

Representative Ziobron asked why implementation of the Veterans' Opportunity Pilot was delayed. Robert Merola, Chief Fiscal Officer for the agency, responded that the program was new and that implementation was affected by delays in hiring staff. He noted that the program is now fully operational and the agency expects to fully expend funding appropriated for the biennium.

The item was unanimously approved.

FAC 2015-19 for the Department of Developmental Services. Transfer of \$7,882,000 from various accounts to the Early Intervention and Community Residential Service accounts to meet end of year requirements.

Representative Walker asked whether funding for the Birth to Three program was sufficient in the biennium given this year's shortfall. She also asked about the transition of the program to the Office of Early Childhood (OEC) and implementation of billing services under Medicaid. Commissioner Murray responded that the shortfall this year was based on increased services for individuals with autism spectrum disorder and an increase in the number of Medicaid-eligible children which resulted in a reduction of commercial insurance receipts. She noted that the transition to OEC and billing issues are still being worked out. Alice Ridgeway from DDS stated that changes in billing will not take effect on July, 2015. Representative Walker asked that DSS

and OEC work together to address Medicaid billing transition issues. Representative Ziobron also expressed interest in ensuring the transition and billing process were implemented smoothly. Senator Bye asked whether OEC, given its much smaller budget than DDS, would have the capacity to absorb any future Birth to Three program shortfalls. OPM Deputy Secretary Weisselberg, committed to working with all involved parties to address and resolve any concerns that the legislators have about the transition.

Senator Kane asked about the ramp-up period for the Early Childhood Autism Waiver. Commissioner Murray explained that the lapse was because the program started in November and did not reach capacity until the third quarter. Senator Kane asked why funding was lapsing in the Employment Opportunities and Day Services account and how it relates to attendance. Commissioner Murray explained that providers cannot bill for client services if the service is not utilized.

Representative Ziobron asked whether the lapse in the Employment Opportunities and Day Services account affected employment services. Commissioner Murray responded that the majority of the lapse is a result of day services not being utilized.

The item was unanimously approved.

FAC 2015-20 for the Department of Transportation. Transfer of \$2,153,300 from the Bus Operations account to the ADA Para-transit Program account to cover operating requirements for the remainder of the fiscal year.

The item was unanimously approved.

FAC 2015-21 for the Department of Transportation. Request to provide assurance of indemnification of the U.S. Army Corps of Engineers for dredging and maintenance of the Mianus River at Cos Cob Harbor.

The item was unanimously approved.

FAC 2015-22 for the Department of Transportation. Request to provide assurance of indemnification of the U.S. Army Corps of Engineers for dredging and maintenance of the North Cove anchorage and channel.

The item was unanimously approved.

FAC 2015-23 for the Department of Social Services. Transfer of \$6,100,000 from various accounts to the Other Expenses and HUSKY B accounts to meet anticipated end of year requirements.

Representative Walker asked about the Other Expenses shortfall. Michael Gilbert, DSS' Chief Fiscal Officer, responded that the additional expenditures are due to the agency paying a greater proportion of expenses shared with the Health Insurance Exchange than originally budgeted,

based on caseload. He also noted that call center costs are trending higher than expected. Representative Walker asked whether the transition of HUSKY A clients to the exchange will impact the ratio of DSS to exchange costs. Mr. Gilbert responded that it may change the ratio.

Senator Kane asked about no-bid contracts. Mr. Gilbert noted that one of the most significant Exchange operating costs is for the call center, and that this contract had been competitively bid. The Lieutenant Governor noted that all exchange contracts are competitively bid. Senator Kane asked why costs per enrollee in the CT Home Care program are declining. Mr. Gilbert responded cost trends were trending lower than the appropriation had assumed, especially in home health care.

The item was unanimously approved.

FAC 2015-24 for the Department of Education. Transfer of \$13,985,000 from various accounts to the Special Education Excess Costs and Magnet Schools accounts to support special education and magnet school transportation costs.

Representative Walker asked whether the Magnet Schools issue was addressed in the budget for the biennium. Commissioner Wentzell noted that there is some variability in the numbers of children requiring transportation to magnet schools. Kathy Demsey, the agency's Chief Fiscal Officer, noted that the budget accounts for the number of children but that the per pupil reimbursement rate would need to be addressed at some point. She noted that the transportation contract expires next year, offering an opportunity to address the issue. Representative Walker asked about the number of schools supported through the Commissioner's Network. Commissioner Wentzell noted that the agency was employing lessons learned to help expand the number of schools within the level of funding appropriated for that purpose.

Senator Bye noted that the magnet school shortfall is not sustainable and expressed interest in budgeting for charter schools separately from the Education Cost Sharing grant in the future.

Senator Kane asked about the budget for the Health Foods Initiative. Ms. Demsey responded with the amount and Commissioner Wentzell noted that towns have an opportunity and option to participate, leading to some budget uncertainty.

Representative Ziobron asked how many districts participate in the Health Foods program. Ms. Demsey responded that the agency would provide that information.

This item was approved with Senator Kane and Representative Ziobron voting no.

FAC 2015-25 for the Department of Children and Families. Transfer of \$10,278,996 from various accounts to the Other Expenses and Board & Care for Children – Foster Care accounts to cover anticipated end of year requirements.

Senator Kane inquired about the Other Expenses shortfall. DCF Fiscal Officer Cindy Butterfield explained that following adoption of the FY 2014-2015 budget the state entered into new contracts for security guard services at state buildings. The agency has been able to accommodate approximately \$1.2 million of the \$1.5 million in additional costs that resulted. She further explained that the ongoing costs have been accounted for in the adopted FY 2016 budget. Senator Kane also inquired about the \$7.1 million in available funds under the Board and Care for Children – Residential account. Commissioner Katz responded that it reflects an overall reduction in the number of children in privately operated facilities in response to changing agency practice.

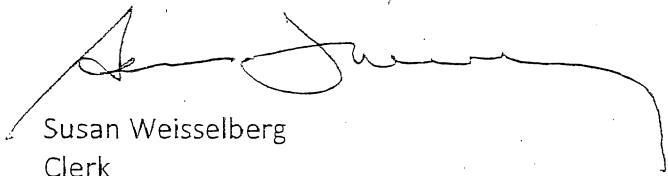
Senator Kane and Representative Walker each expressed interest in knowing how the FY 2016 budget for foster care and residential services compares to current year expenditures. Ms. Butterfield answered that the residential appropriation approximates what is being spent this year, and that the appropriation for foster care is adequately funded for the upcoming year in light of a significant budgeted expansion in housing vouchers that will allow the agency to reunify additional children with their families.

Representative Walker asked whether this was the third year in which moneys were transferred via FAC action into the Foster account. Ms. Butterfield responded in the affirmative, and explained that the agency has expanded the utilization of higher cost foster care options for children with more intensive needs.

This item was approved with Senator Kane voting no.

The meeting was adjourned at 2:15 p.m.

Respectfully submitted,



Susan Weisselberg
Clerk

ALLOTMENT adjustment APPROPRIATION adjustment APPROPRIATION adjustment, requiring Finance Advisory Committee action

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DOCUMENT NUMBER
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COMPT. USE ONLY		EFFECTIVE DATE		FAC NUMBER	AGENCY ACRONYM	REQUEST NUMBER
						2016-14

AGENCY NO.	AGENCY NAME
SDE64000	Department of Education

F.Y.	FUND	AGENCY	SID	BUD REF	REDUCE *	INCREASE **	ACCOUNT TITLE/PROJECT NUMBER
2016	11000	SDE64000	16201	2016	<u>Allotment</u> 90,250.00	<u>Allotment</u>	Youth Service Bureau Enhancement
2016	11000	SDE64000	10020	2016		90,250.00	Other Expenses

REASON FOR ADJUSTMENT

Request funds transfer in accordance with FAC requirements set forth in Section 4-87 and Section 10a-8(b) of the General Statutes, which require Finance Advisory Committee approval for transfers to or from any specific appropriation of a sum or sums in any one fiscal year of over \$50,000 or ten percent of any specific appropriation, whichever is less. This adjustment is required in order to process funding for the Bridge Family Center for early childhood services, East Hartford Adventure Plus, and Virtuosi Orchestra in New Britain, in amounts identified in the biennial budget notes totaling \$95,000 and rescinded by five percent by the legislature.

Budget Reference 2016

Bond Commission Date:

STATUTORY AUTHORITY (for adjustments in appropriations)	REQUESTING OFFICIAL (Signature)	(Title)	DATE SIGNED
CGS 4-87, 10a-8(b) and Section 257 of PA 15-5 JSS	<i>Kathleen Demsey</i>	Chief Financial Officer	2-13-16

UNALLOTTED / AVAILABLE BALANCE	ACTION	APPROVED (Secretary, Office of Policy and Management)	DATE
REVIEWED BY (Analyst)	DATE	APPROVED (Governor)	DATE
RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.)	DATE		

* USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND
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ALLOTMENT adjustment APPROPRIATION adjustment APPROPRIATION adjustment, requiring Finance Advisory Committee action

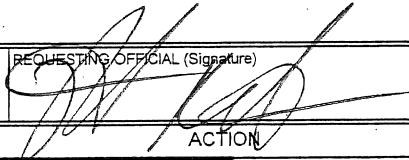
COMPT. USE ONLY		EFFECTIVE DATE		FAC NUMBER	AGENCY ACRONYM	REQUEST NUMBER
					OECM1	2016-12
AGENCY NO.	AGENCY NAME					
OEC64800	Office of Early Childhood					


F.Y.	FUND	AGENCY	SID	BUD REF	REDUCE *	INCREASE **	ACCOUNT TITLE/PROJECT NUMBER
					<u>Allotment</u>	<u>Allotment</u>	
2016	11000	OEC64800	10010	2016	\$291,000.00		Personal Services
2016	11000	OEC64800	10020	2016		\$236,000.00	Other Expenses
2016	11000	OEC64800	16158	2016		\$55,000.00	CCDF Quality Enhancement
2016	11000	OEC64800	12113	2016	\$141,012.00		School Readiness - Competitive
2016	11000	OEC64800	17101	2016		\$141,012.00	School Readiness - Priority

REASON FOR ADJUSTMENT

Transfer funds from Personal Services to Other Expenses ^{and} CCDF Quality Enhancement to meet current year fiscal obligations. Transfer funds between School Readiness accounts to support the change in the status of the Town of Derby that occurred after the budget was created.

Bond Commission Date:

STATUTORY AUTHORITY (for adjustments in appropriations) **CGS 4-87** REQUESTING OFFICIAL (Signature)  (Title) **Chief Financial Officer** DATE SIGNED **12-9-15**

UNALLOTTED / AVAILABLE BALANCE [Redacted] APPROVED (Secretary, Office of Policy and Management) DATE
 REVIEWED BY (Analyst)  DATE **12/11/15** APPROVED (Governor) DATE
 RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.) DATE

* USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND
** USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND



STATE OF CONNECTICUT
OFFICE OF EARLY CHILDHOOD



Connecticut Office of
Early Childhood

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Myra Jones-Taylor, Ph.D.
Commissioner

**Financial Advisory Committee (FAC)
Transfer Request for Fiscal Year 2016
General Fund, January 2016**

The Office of Early Childhood requests the transfer of \$298,000 from Personal Services to cover shortfalls in its Other Expenses and CCDF Quality Enhancement accounts.

Personal Services (10010) - \$291,000 is available in the Personal Services account due to delays in hiring and refilling of positions. The transfer amount is exclusive of the Personal Services holdback of \$180,035 and rescissions of \$100,000.

The amount is being transferred to cover the following needs:

Other Expenses (10020) - \$236,000 is necessary to address shortfalls in the Other Expenses account which resulted from an increase in staffing that attributed to an increase in motor vehicle rental, associated fuel costs, and cellular communication costs. In addition, this transfer will ensure other costs have been assumed by the agency, such as indirect rate services by MAXIMUS and Children Trust Fund mandatory memberships, are covered.

Child Care Quality Enhancement (16158) - \$55,000 is necessary to address a one-time shortfall created in this account due to a payment that was not processed in FY15. The total amount of the obligation has been reduced by managing and eliminating other costs in this account.

The Office of Early Childhood requests the transfer of \$141,012 from the School Readiness Competitive to the School Readiness Priority account to cover the change in the Town of Derby's categorization.

Early Childhood Program (12113) - \$141,012 is available to be transferred to the School Readiness Priority account to support the change in status of the town of Derby from a Competitive to a Priority district which was decided after the budget was created.

The amount is being transferred to cover the following need:

School Readiness – Priority (17101) - \$141,012 is necessary to cover the change in status of the town of Derby from a Competitive to a Priority district which was decided after the budget was created.

Phone: (860) 713-6410 • Fax: (860) 713-7037
165 Capitol Avenue
Hartford, Connecticut 06106
www.ct.gov/oec

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