

FINANCE ADVISORY COMMITTEE

AGENDA

February 2, 2017

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

1. Minutes of the June 2, 2016 meeting.

2. New transactions as follows:

2017-01	Office of the State Comptroller	\$ 4,000,000.00
2017-02	Military Department	\$ 130,000.00
2017-03	Office of Early Childhood	\$ 2,050,000.00

MINUTES OF THE MEETING
OF THE FINANCE ADVISORY COMMITTEE

7/13
approved
-JDE

Held in Room 1E at the Legislative Office Building, on June 2, 2016

PRESENT: Lieutenant Governor Nancy Wyman
Deputy Comptroller Martha Carlson
Deputy Treasurer Richard Gray
Senator Robert Kane
Representative Melissa Ziobron
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 February 11, 2016, meeting were adopted.

The following new transactions were considered by the committee:

FAC 2016-03 for the Division of Criminal Justice. Transfer of \$205,000 from various accounts to cover overages in the Other Expenses and Witness Protection accounts.

The item was unanimously approved without discussion.

FAC 2016-04 for the Military Department. Transfer of \$65,000 from Personal Services to the Honor Guard and Veterans' Service Bonuses accounts to cover projected shortfalls.

The item was unanimously approved without discussion.

FAC 2016-05 for the Insurance Department. Transfer of \$280,000 from Personal Services to Other Expenses to cover expenses through the end of the fiscal year.

Senator Kane asked for an explanation of the increase in expenses, particularly those related to travel. Deputy Insurance Commissioner Timothy Curry did not have the detail with him, but promised to provide it to the committee. (Note: This information was e-mailed to committee members on June 27, 2016, and is also attached to these minutes.)

This item was unanimously approved.

FAC 2016-06 for the Department of Developmental Services. Transfer of \$1,700,000 from Personal Services to the Behavioral Services Program account to meet end-of-year requirements.

The item was unanimously approved without discussion.

FAC 2016-07 for the Department of Mental Health and Addiction Services. Transfer of \$2,965,000 from the TBI Community Services and the Home and Community Based Services accounts to the Behavioral Health Medications, Professional Services, and Other Expenses accounts to cover projected shortfalls.

Representative Ziobron asked for information concerning caseload and funding levels for the TBI Community Services account. Paul DiLeo, the agency's Chief Operating Officer, explained that the account is adequately funded and that the surplus was attributable to lower than anticipated placement costs. Representative Ziobron asked whether there was a waitlist for this program. Mr. DiLeo replied that he was not aware of one.

Representative Ziobron also asked for information about increased security costs. Mr. DiLeo explained that in response to various occurrences around the country, the agency has increased security measures in its facilities to ensure staff and patient safety. These measures include use of metal detectors, and equipping the agency police force. Representative Ziobron requested a complete breakdown of security costs and a more detailed explanation of the agency's division of police.

Representative Ziobron inquired about the Professional Services account and contracted vs. staff-provided medical care. Mr. DiLeo responded that the account funds specialty services, such as kidney dialysis.

Representative Ziobron further asked about Behavioral Health Medications costs. Mr. DiLeo explained that new and expensive medications, especially for treatment of Hepatitis C, contributed to a shortfall in the account.

The item passed, with Representative Ziobron voting no.

FAC 2016-08 for the Department of Transportation. Transfer of \$8,100,000 from Personal Services to the Bus Operations and ADA Para-transit Program accounts to cover projected shortfalls.

Senator Kane asked whether the Bus Operations account funds *CTfastrak*, and whether *CTfastrak* caused the shortfall. Commissioner Redeker responded that the account funds bus operations generally, including those of *CTfastrak*, but that *CTfastrak* did not cause the deficiency. Commissioner Redeker explained that there are four components to the Bus Operations shortfall: (1) the Municipal Grant Program, which is a mandated matching program which was budgeted based on prior year costs, but the number of applications has grown; (2) *CTfastrak* station maintenance shortfalls resulting from the budget being constructed before a maintenance contract was in place and because DOT underestimated the bids that came in for maintenance and snow removal; (3) Waterbury and New Britain bus service where there were significant service gaps in the evenings and on weekends, impacting critical connections to hospitals and education; and (4) Miscellaneous, including (a) covering the operating costs of bus service in Waterbury no longer covered by Federal Congestion Mitigation and Air Quality Improvement

(CMAQ) funding, (b) Federally-required Capital Grant Matching Program for transit districts and operations for projects, and (c) increased insurance costs.

Senator Kane inquired about the ADA Para-transit Grant Program. Commissioner Redeker explained that state statute lays out a formula by which, if towns apply, the state must match local funding dollar-for-dollar. He further explained that it is the town's choice to apply, the formula is based on population and land use, and it is only for operating costs.

Senator Kane asked if the ADA Para-transit shortfall was for new service or new ridership. Commissioner Redeker answered that it was for new services, and DOT Transit Administrator Michael Sanders explained that the program was a Municipal Grant program under CGS sec. 13b-38b(d), enacted by the legislature to supplement Dial-A-Ride and to incentivize expansion on the service. He noted that if towns wanted to expand, they'd have to put in their own money for the match.

Senator Kane then asked if the Waterbury and New Britain service funding included resources for buses for Naugatuck Community College. Commissioner Redeker answered yes, that it was established in partnership with the school and voted by students, but also related to declining CMAQ funding.

Representative Ziobron asked Mr. Sanders whether the 9-town program was an example of the Municipal Grant Program. Mr. Sanders explained that the program is based on population and land use.

Representative Ziobron then asked if any of the Bus Operations shortfall was for expansion of CTfastrak service to UConn. Commissioner Redeker responded in the negative.

Representative Ziobron asked for an explanation of the lapse in Personal Services. Commissioner Redeker answered that it was attributable to delays in hiring as well as reduced overtime due to a mild winter.

This item was unanimously approved.

FAC 2016-09 for the Department of Social Services. Transfer of \$11,556,000 from Personal Services and Temporary Family Assistance to the Other Expenses, State-Funded SNAP, Old Age Assistance and Connecticut Home Care Program accounts to meet anticipated end-of-year requirements.

Representative Ziobron asked about the increased administrative costs in the Other Expenses account. Michael Gilbert, DSS' Chief Fiscal Officer, responded that they were attributable to higher-than planned shared expenses between the Department of Social Services and Access Health CT (AHCT). Costs for the call center as well as other costs were higher than expected and some payments were delayed in FY 2015 and were issued in FY 2016, adding to the increased expenditures. Mr. Gilbert also noted that there are efforts underway to rebid the call center which will help control costs in the future.

Representative Ziobron asked whether DSS pays a share of AHCT's marketing costs. Mr. Gilbert responded that AHCT has its own marketing budget and that DSS funding does not support AHCT marketing activities.

Representative Ziobron asked about the apparent incongruence between the lower caseload for Temporary Family Assistance (TFA) and the higher caseload for State-Funded-SNAP. Mr. Gilbert explained that the TFA caseload has been decreasing over the past several years while the trend for State-Funded SNAP is more in line with the caseload growth in most other DSS programs, which have seen either steady or increasing caseloads.

Senator Kane asked how DSS will achieve the one percent cut to the Connecticut Home Care Program in the FY 2017 budget. Mr. Gilbert explained that there were no programmatic reductions to the Connecticut Home Care Program and that DSS is looking at trends to determine whether the program can live within its appropriation.

This item was unanimously approved.

FAC 2016-10 for the Department of Education. Transfer of \$172,563 from the Commissioner's Network account to the Excess Cost-Student Based account to cover a projected shortfall.

Senator Kane asked what the district-by-district impact of next year's reduction to Excess Cost – Student Based account would be. Kathy Demsey, the agency's Chief Fiscal Officer, answered that at this time the impact by district is not known as reimbursement is based on current year expenditures, which will not be available until December.

This item was unanimously approved.

FAC 2016-11 for the Office of Early Childhood. Transfer of \$3,012,067 from the Child Care Services, Early Head Start-Child Care Partnership, School Readiness and Personal Services accounts to cover contractual obligations and rate increases in the Child Care Services – TANF (Care4Kids) and Children's Trust Fund accounts.

Representative Ziobron asked when the SEIU collective bargaining agreement became effective and whether it came before the Appropriations Committee for a vote. Commissioner Myra Jones-Taylor answered that the contract is currently nearing the end of the third year of the four-year agreement and that the Appropriations Committee did vote on the contract.

Representative Ziobron asked for clarification about the cost increase. Commissioner Jones-Taylor responded that it is also a result of the state providing rate parity to center based providers and due to the Infant and Toddler programs receiving a higher percentage increase because the initial rates were so low. Representative Ziobron then asked whether these rates will meet the federal requirements. Commissioner Jones-Taylor answered that the state rates are still well below the federal requirement that they be 75% of market rate, but that the state's plan has been conditionally approved by the federal government.

Representative Ziobron asked whether the federal government will recognize that some child care at a lower rate is better than no child care at a higher rate. Commissioner Jones-Taylor answered that she has been invited to testify in front of Congress on this issue.

This item was unanimously approved.

FAC 2016-12 for the UCONN Health Center. Transfer of \$1,107,888 from Operating Expenses account to cover a deficiency in the Workers Compensation Claims account.

The item was unanimously approved without discussion.

FAC 2016-13 for the Department of Correction. Transfer of \$818,380 from the Board of Pardons and Paroles account to the Workers Compensation Claims account to meet the operational needs of the agency.

The item was unanimously approved without discussion.

FAC 2016-14 for the Department of Children and Families. Transfer of \$3,852,280 from the Personal Services and Board & Care for Children-Short-term and Residential accounts to the Workers Compensation Claims and Board & Care for Children – Foster Care accounts to meet end-of-year requirements.

Senator Kane inquired about reports of mandatory triple overtime at the Connecticut Juvenile Training School (CJTS). Commissioner Katz explained that around the time of the recent layoffs, last minute scheduling challenges resulted in some workers being asked to work two shifts while others were asked to work partial third shifts. The Commissioner indicated that this is not expected to continue, as housing units and their staff have been consolidated.

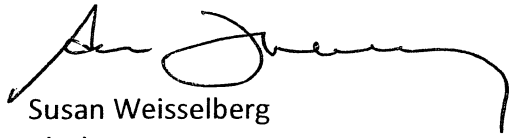
Representative Ziobron expressed interest in understanding the increase in workers' compensation expenses associated with CJTS, noting that the number of youth served is actually much lower than it once was. Commissioner Katz concurred that the census has been dramatically reduced, but noted that many of the incidents that contributed to the budget shortfall occurred while the census was decreasing. The Commissioner also explained that youth conduct has been a contributing factor to the high workers' compensation costs.

Representative Ziobron discussed the issue of restraints and seclusion, noting discussions on this issue by the Select Committee on Children and recently proposed legislation, and asked whether restricting the use of restraints is related to additional workers' compensation claims. Commissioner Katz responded in the negative, stating that it has been learned that when staff engage in restraints they are more likely to get hurt. She stated that the department has engaged in much staff training around de-escalation techniques, and that doing so has yielded positive results.

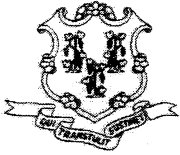
This item was unanimously approved.

The meeting was adjourned at 1:50 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Susan Weisselberg". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Susan Weisselberg
Clerk



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

June 6, 2016

Honorable Dannel P. Malloy
Honorable Nancy S. Wyman
Honorable Kevin Lembo
Honorable Denise Nappier
Representative Toni Walker
Representative Robyn Porter
Senator Beth Bye
Senator Robert Kane
Representative Melissa Ziobron

Re: The Connecticut Insurance Department Transfer, June 2, 2016 FAC Meeting

Dear Members of the Finance Advisory Committee:

The Insurance Department presented a \$280,000 transfer of funds within the agency's budget at last Thursday's meeting, from Personal Services to Other Expenses. We thank you for voting in favor of this measure. During the hearing, the Committee asked the Department for more clarification on expense factors which created the need for the transfer. As promised, I am providing that detail to you below.

The reallocation from the Personal Services Account will be utilized to make up for short-falls in several line items, as well as to put the Department's expenses into alignment with the fiscal year structure. The need for the deferral arose from a combination of factors:

- As noted in the OFA commentary on Item 2016-05 in the Committee's Agenda Package, the Department's Fiscal Year 2016 appropriation was almost \$230,000 less than the Fiscal Year 2015 actual expenditure level. This placed each of our budget's line items under pressure, including: phone, postage, rent, P-Card usage (for necessary day-to-day purchase of office necessities) and travel. I note that further budgetary pressure arose from usage of FY 2016 funds for payment of deferred prior-year expense items. Our intent with the transfer you approved was to avoid expense deferral again this year and, as noted, get back into fiscal year alignment.
- Regarding travel expense, which I had mentioned at the hearing, this line item can be subject to significant variability due to structural issues affecting the Department's travel

needs. Initially, it should be noted that CID travel expense is attributable in large part to the Department's examinations function. The Department employs approximately 25 field examiners, individuals who must travel daily in order to perform necessary on-site examinations of insurers and other entities that conduct business in our State. Two factors contribute to the variability of examiners' travel costs: (a) the duration of an examination and (b) the mix of companies examined during a particular year, as to how many are annually assessed (and therefore do not pay exam costs) and how many not assessed (and therefore obliged to reimburse exam expenses). Exam duration is a function of facts and circumstances discovered during the course of the exam itself, and therefore the annual costs associated with exam-related travel can be substantially higher than estimates based on prior years' experience. Secondly, even when the entity being examined will be billed for the costs of its examination, timing differences can create budget shortfalls. The Department's field staff needs to be reimbursed for their travel costs promptly following incurrence, whereas some remittances from examined companies may not be received until weeks or months after an examination is performed. This timing differential tends to create year-end shortfalls in the travel budget, such as this year's \$15,000. This is not uncommon.

The Department's Fiscal Year 2016 budget, funded through the Insurance Fund, is about \$28.8 million. This \$280,000 reallocation from the Personal Services Account will help to ensure that the Department's expenses back into proper alignment with the fiscal year.

I thank you for your time and willingness to have a better understanding of the Department. My colleagues and I are available to answer any other questions that you may have on this matter.

Sincerely,



Timothy J. Curry
Deputy Commissioner

cc:

Jose Catalan, Office of Policy and Management
Christina Gellman, Office of Fiscal Analysis

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

PAGE _____ OF _____
DOCUMENT NUMBER
17-08

COMPT. USE ONLY		EFFECTIVE DATE		FAC NUMBER	AGENCY ACRONYM	REQUEST NUMBER
					OSC	17-08
AGENCY NO.	AGENCY NAME					
OSC15000	Office of the State Comptroller					

F.Y.	FUND	AGENCY	SID	BUD REF	REDUCE *	INCREASE **	ACCOUNT TITLE/PROJECT NUMBER
					<u>ALLOTMENT</u>	<u>ALLOTMENT</u>	
2017	11000	OSC15000	12012		\$4,000,000.00		State Employee Health Services Cost
2017	11000	OSC15000	12005			\$4,000,000.00	Unemployment Compensation

REASON FOR ADJUSTMENT

To transfer \$4,000,000.00 to the Unemployment Compensation Account.

Bond Commission Date:

STATUTORY AUTHORITY (for adjustments in appropriations) 4-87	REQUESTING OFFICIAL (Signature) <i>Ram Jones</i>	(Title) State Comptroller	DATE SIGNED 1-12-17
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D. V. Harris
1-17-17

UNALLOTTED / AVAILABLE BALANCE		ACTION	APPROVED (Secretary, Office of Policy and Management)	DATE
REVIEWED BY (Analyst) <i>M. Den</i>	DATE 1/18/17		APPROVED (Governor)	DATE
RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.)	DATE			

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

Office of the State Comptroller
Financial Advisory Committee (FAC) Transfer Request for FY 2017
General Fund
February 2, 2017

We are requesting to transfer funds within our Miscellaneous Fringe Benefit Accounts due a deficiency in the Unemployment Compensation Account for FY 2017.

General Fund:

We request to transfer from the following account:

<u>Amount</u>	<u>Explanation:</u>
\$4,000,000:	State Employee Healthcare Account: The State Employee Healthcare Account has a surplus. When the FY17 budget was initially developed, it was assumed that our active population would remain flat. As a result of layoffs and attrition the active population has decreased. Additionally, we are seeing some savings from the non-bargaining member employee share change to 18%.

We are requesting to transfer to the following account:

<u>Amount</u>	<u>Explanation:</u>
\$4,000,000:	Unemployment Compensation: The Unemployment Compensation Account has a deficit due to the amount appropriated by OPM for FY 2017 being insufficient to pay for the unemployment claims that are being processed.

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

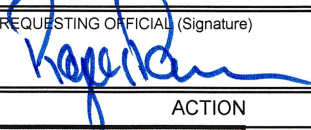
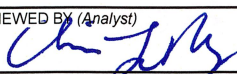
PAGE _____ OF _____
DOCUMENT NUMBER
MIL0026

COMPT. USE ONLY		EFFECTIVE DATE		FAC NUMBER	AGENCY ACRONYM	REQUEST NUMBER	
					MIL	17-06	
AGENCY NO.	AGENCY NAME						
MIL36000	Military Department						
F.Y.	FUND	AGENCY	SID	BUD REF	REDUCE *	INCREASE **	ACCOUNT TITLE/PROJECT NUMBER
					<u>ALLOTTED</u>	<u>ALLOTTED</u>	
2017	11000	MIL36000	10010		\$130,000.00		Personal Services
2017	11000	MIL36000	10020			\$70,000.00	Other Expenses
2017	11000	MIL36000	12144			\$60,000.00	Honor Guards

REASON FOR ADJUSTMENT

To transfer funds from Personal Services to Other Expenses (originally allotted to PS from the Community Investment Account in support of horse care), and Honor Guards in order to extend the program beyond February 2017.

Bond Commission Date:

STATUTORY AUTHORITY (for adjustments in appropriations)	REQUESTING OFFICIAL (Signature) 	(Title) Fiscal Administrative Manager	DATE SIGNED 25-Jan-17
ACTION			
UNALLOTTED / AVAILABLE BALANCE		APPROVED (Secretary, Office of Policy and Management)	DATE
REVIEWED BY (Analyst) 	DATE 1/25/17	APPROVED (Governor)	DATE
RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.)	DATE		

* USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND

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ORIGINAL

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

PAGE 6 OF

DOCUMENT NUMBER
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COMPT. USE ONLY		EFFECTIVE DATE		FAC NUMBER	AGENCY ACRONYM	REQUEST NUMBER	
					OECM1	2017-06	
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>	
2017	11000	OEC64800	10010		\$300,000.00		Personal Services
2017	11000	OEC64800	16274		\$1,750,000.00		Early Care and Education
2017	11000	OEC64800	10020			\$200,000.00	Other Expenses
2017	11000	OEC64800	16147			\$1,850,000.00	Child Care Services - TANF (C4K)

REASON FOR ADJUSTMENT

Transfer funds from Personal Services to Other Expenses to cover annualized operating, IT , and move obligations. Transfer \$1,850,000 to the Child Care Services-TANF (C4K) (SID 16147) from various accounts to cover rate increases and change in redetermination from 8 to 12 months.

Bond Commission Date:

STATUTORY AUTHORITY (for adjustments in appropriations) CGS 4-87	REQUESTING OFFICIAL (Signature) 	(Title) Chief Financial Officer	DATE SIGNED 1/25/2017
UNALLOTTED / AVAILABLE BALANCE	ACTION 26017	APPROVED (Secretary, Office of Policy and Management)	DATE
REVIEWED BY (Analyst) 	DATE 1/26/17	APPROVED (Governor)	DATE
RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.)	DATE 1/26/17		

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

ORIGINAL - OPM



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

Finance Advisory Committee (FAC)
Transfer Request for Fiscal Year 2017
General Fund, February 2017

Funding is available for transfer in the following accounts:

Personal Services (10010) - \$300,000 is available in the Personal Services account due to vacancies and delays in refilling positions. The transfer amount is exclusive of the Personal Services holdback of \$497,359.

Early Care and Education (16274) - \$1,750,000 is available due to typical enrollment patterns in the Child Day Care and School Readiness programs which are lower in the fall than the spring of each fiscal year.

Funding is needed in the following accounts:

Other Expenses (10020) - \$200,000 is necessary to address increased motor vehicle rental, associated fuel costs, office supplies, and cellular communication costs due to an increase in licensing staffing. The transfer will also cover costs related to software licenses previously covered by the Department of Education.

Care 4 Kids (16147) - \$1,850,000 will partially address the shortfall created in this account due to changes in federal regulations that resulted in increased caseloads. A deficiency appropriation will likely be needed to address the remaining shortfall in this account.

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