



Testimony of Commissioner Michelle Gilman

Commissioner of Administrative Services

Appropriations Committee

February 11, 2026

Good afternoon, Senator Osten, Representative Walker, Senator Somers, Representative Nuccio, and distinguished members of the Committee. I am Michelle Gilman, the Commissioner of the Department of Administrative Services (“DAS”). I would like to give you a brief overview of DAS and some significant elements of the governor’s proposed FY 2027 Mid-Term Budget Adjustments. I welcome any questions you may have.

DAS is organized into nine functional areas that report to the Commissioner: Human Resources, Equal Employment Opportunity, Real Estate and Construction, Information Technology, Internal Audit, Procurement Services, Business Office, Communications, and Legal & Legislative. Within these functional areas, DAS houses a number of distinct programs that comprise the business functions of state government, including workforce development, technology deployment, small and minority business outreach, statewide security, leasing, facility, and construction services management, fire and building code administration, state fleet and workers' compensation oversight, school building project grant management, and more. Our divisions are united in a common mission:

- **Support Connecticut's Growth**—To serve our residents, businesses, state agencies, and other branches of government by providing the highest quality services at the lowest possible cost.
- **Drive Continuous Innovation**—Using best practices from the public and private sectors, increase the efficiency and effectiveness of state government.
- **Provide Rewarding Careers**—To attract and retain a workforce of talented, dedicated public servants committed to leading our great state forward.

FY 2027 Proposed Mid-Term Budget Adjustments Highlights and Baseline Adjustments

The Governor’s proposed budget adjustments include an “all funds” appropriation of \$266,602,611 in FY 2027, an increase of \$6,845,690 from the FY 2027 appropriated amount. This

increase includes a \$3,500,000 base-line adjustment for the State Insurance Risk Management Board to provide required rail coverage due to federal tort cap limit increases and newly required insurance coverage upon the award of a Shore Line East rail operations contract.

A baseline adjustment of \$1,540,858 in IT services funding is also included, which reflects contractual increases. This increase includes \$500,000 for technology to assist agencies in meeting the DOJ mandate for Accessibility. The remaining funds cover contractual cost increases largely driven by Broadcom usage. Technology expenditures, such as this one, continue to grow, and are multiplied by increasing technology use in our state agencies. To reduce the impact of these rising costs, DAS uses shared resources, leverages large, enterprise-wide contract negotiations, and builds technology skills for our state employees.

DAS's Bureau of Information Technology Solutions (BITS) team also prepares the state to safely harness technology in areas that improve efficiency, protect our data, and keep state employees in the decision-making process. DAS protects executive branch agencies and municipalities from existing and emerging cyber threats by, for example, guiding the State and Local Cybersecurity Grant program, which provided federal grant funds to help municipalities and schools reduce their cybersecurity risk. DAS/BITS has worked closely with the Office of Policy and Management to drive Artificial Intelligence (AI) uses within state agencies and made public sector-specific AI training available to state employees. Finally, DAS/BITS worked collaboratively with the Department of Social Services to deploy a new resident facing phone system and with the Department of Children and Families to launch a brand new Child Welfare application.

FY 2027 Proposed Mid-Term Budget Expansions

The Governor's proposed midterm budget adjustment also includes funding of \$941,462 for various operating expenses and facilities costs, including costs for state police exams, additional security guards at various state office locations, and operating expenses of the Morgan Street Garage.

Workers Compensation SID Change

The Governor's proposed budget adjustment consolidates the workers' compensation allocation for all agencies into a single SID. Currently, the Workers' Compensation funds, drawn from the General Fund, are distributed quarterly to the DAS based on specific SIDs for several entities, including UConn, UConn Health Center, CSCU, DCF, DMHAS, DESPP, DDS, DOC, and General Government (GG), which encompasses the remaining state agencies. These quarterly allotments

are determined by an approved percentage for each quarter, with the first quarter typically containing the largest portion of the annual allocation.

The Workers Compensation program is intended to compensate individuals who are injured on the job. Although we can look at historical trends to inform future budgeting, the nature of the program and of the dollar amounts the state anticipates to pay out is highly unpredictable. The existing budgeting and accounting processes are quite rigid and lack the flexibility needed for such a volatile program. Allocations are based on the agencies' past expenditures and are fixed within each SID. As a result, if one of the lower-spending agencies has an unusual year that requires additional funds, there is no capacity within Core-CT – the state's financial system - to reallocate resources to address these costs. Instead, we must wait to request a Finance Advisory Committee (FAC) transfer or wait for the deficiency hearing. This delay increases the workload for both the workers' compensation team and our business office and could jeopardize required timelines to pay out claims to employees.

By consolidating the allotment for all agencies into a single SID, the workers' compensation program will gain the flexibility to request transfers of budget funds between agencies to cover the costs of incoming claims. These transfers can be processed through a budget journal and will include detailed reasoning for their necessity. Importantly, this change will not impact the ability of DAS to share information with our legislative stakeholders and others about different claims, as DAS can still categorize the budget using department codes, preserving transparency. This adjustment will alleviate concerns about insufficient funds for any one agency and ensure that workers' compensation can meet payment deadlines effectively.

I would be happy to answer any questions you may have.