



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE APPROPRIATIONS COMMITTEE
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Good morning Senator Osten, Representative Walker, Senator Formica, Representative Lavielle and members of the Appropriations Committee. My name is Kosta Diamantis and I am here today to discuss the Governor's recommended FY 2021 budget adjustments for the Office of Policy and Management (OPM).

The Governor has proposed increasing OPM's General Fund budget by \$1.5 million from \$330.4 to \$331.9 million. There are no recommended changes to the Insurance and Mashantucket Pequot and Funds, which remain at \$606,389 and \$51.5 million, respectively. The Governor's adjustments add a new fund to OPM's budget – the Special Transportation Fund in the amount of \$434,823.

Increases to OPM's General and Special Transportation Fund budgets primarily reflect the Governor's priorities of achieving operational efficiencies and strengthening Connecticut's workforce.

Operational Efficiencies

Over the past six months, an effort to centralize the human resources and labor relations functions for the state has been underway. This initiative, which is directed in Executive Order No. 2, is part of Governor Lamont's top priorities to implement a centralized and modernized delivery of human resources and labor relations programs focused on providing the highest quality services at the lowest possible cost, delivering services more effectively while saving taxpayer dollars. The centralization of agency labor relations functions to OPM will allow for the standardization of practices in agencies and to establish a system of training and development of labor relations professionals. The centralization will also give the Office of Labor Relations an opportunity to be involved in labor issues at an earlier point, reducing the need for costly and lengthy appeals. Agency labor relations personnel will have a specific and direct reporting relationship with an OPM Office of Labor Relations manager to ensure they obtain timely and accurate guidance and advice with a goal of reducing the number of grievances state-wide. A

total of 54 positions and \$5.2 million has been reallocated to OPM's budget, of which \$4.7 million is in the General Fund and \$434,823 is in the Special Transportation Fund.

Creating a Pipeline of Talent in CT and Growing Jobs

The budget proposes the establishment of the Office of Workforce Competitiveness in OPM for administrative purposes. This elevates the Office of Workforce Competitiveness and invests in a system that strategically aligns education, training and the workforce into a pipeline which fosters economic growth. As the State focuses its efforts on economic growth and vitality which is linked to job creation and retention, it has become critically important that we ensure our K-12 and college systems are producing the programs and talent to meet the job demands of Connecticut's employers. The proposed Office of Workforce Competitiveness will work directly with the Governor's Workforce Council to develop the strategic vision for workforce development in Connecticut and convene stakeholders throughout the state's workforce ecosystem to foster cross-system collaboration, communication, partnership and alignment. This includes businesses, educators and trainers, state agencies, workforce development boards, and non-profits. The total budget is \$693,112, which reflects the reallocation of one position each from the Departments of Labor and Economic and Community Development (\$383,112) and funding for two new positions (\$310,000).

Other proposed changes to OPM's budget include:

- The reallocation of the School Construction Unit from the Department of Administrative Services (DAS) to OPM in the amount of \$1.6 million, which includes \$1.5 million for 16 existing positions.
- The Governor's budget proposes the reallocation of \$100,000 from DAS to expand OPM's staff resources by one position for business process analysis. With the probable wave of retirements linked to the June 30, 2022 COLA changes associated with the 2017 SEBAC agreement, the State has nearly 10,000 Executive agency employees who can elect retirement. The impact on agencies given the number of long-time, uniquely skilled workers will be destabilizing. Accordingly, OPM in partnership with DAS is beginning a proactive process of agency outreach to be sure a plan to address continuity agency by agency is in place as these workers retire. OPM and DAS are also working to identify a skilled consultant that will work closely with each agency and the retiring employees to be sure continuity of government occurs while at the same time the LeanCT process of continuous improvement is undertaken. Due to the sheer number of potential retirements, additional resources are necessary to ramp up the LEAN efforts across state agencies.
- Funding in the amount of \$79,347 for a new position to support the Municipal Accountability Review Board (MARB). Staffing has decreased from 1.5 positions to 1.0 positions dedicated to the MARB since the beginning of 2019 while the number of municipalities under MARB oversight has increased. In early 2019, a third municipality (Sprague) was added to the two original municipalities (Hartford and West Haven)

designated for MARB oversight. For each municipality overseen by the MARB, a monthly full board meeting is held and a monthly subcommittee structure and schedule has been established, both of which are staffed by OPM. Consistent with statute and bylaws, OPM staff monitor monthly financial reporting, cash projections, annual audit reports and findings, detailed review of recovery plan submittals and progress reports, municipal compliance with restructuring fund requirements, contracts to be executed over specific dollar values, issuances of debt, restructuring or efficiency projects and other requirements. The work is extensive and the staff support the municipalities week in and week out on meeting deliverables to achieve fiscal sustainability and comply with the MARB statutes. With the third municipality, the workload is daunting and can barely be met with one staff person. This new position is critical to comply with the MARB statutes and responsibilities in OPM as the Secretary chairs the board;

- Funding in the amount of \$750,000 for a third-party analysis of state contracts with small contractors and minority business enterprises.

Proposed reductions to OPM's budget include:

- The reallocation of \$6 million in the Private Providers account is not a reduction but rather reflects the transfer of the funds to other agency budgets for implementation of increases to the minimum wage;
- The reduction of \$250,213 for Project Longevity, which aligns funding at the FY 2020 expenditure level for the cities of Bridgeport, Hartford and New Haven. The reduction removes funding added to the FY 2020 budget for creation of a new Project Longevity site in Waterbury for which there was no statutory authority. The City of Waterbury is currently focused on the Project Safe Neighborhood model for gun violence reduction; and
- The reduction of \$250,000 for the Connecticut Municipal Redevelopment Authority based on anticipated funding needs in FY21.

Regarding municipal funding, \$22,000 was reduced from the Property Tax Relief Elderly Freeze account due to the continued decline in the eligible population. The balance of statutory and formula aid to municipalities totaling \$335.6 million in the General and Mashantucket Pequot and Mohegan Funds remained unadjusted at the FY 2020 funding levels consistent with the biennial budget passed by the General Assembly. And there is no change to the Tax Relief for Elderly Renters budget of \$25 million, which provides direct funding to over 48,000 eligible elderly and permanently disabled persons who rent real residential property.

Thank you for the opportunity to testify before you today. OPM looks forward to working with the General Assembly to continue the progress achieved over the last year and to move the state forward with responsible policies and sustainable resources. OPM staff and I would be happy to answer any questions that you might have.