

# State of Connecticut

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**Comments submitted on Proposed Areas of Focus for  
Commission on Enhancing Agency Outcomes  
State Comptroller Nancy Wyman  
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Senator Slossberg, Representative Spallone and the members of the Commission on Enhancing Agency Outcomes. I would like to offer comments on some of the items listed in the preliminary Proposed Areas of Focus for the Commission on Enhancing Agency Outcomes.

My comments on each item that I am addressing will be brief and I would be happy to make myself or my staff available to any member of the Commission who would like to explore the issue further.

Item number 2 addresses consolidating state data centers. In order to address the need for providing back-up processing capability and disaster recovery the State should maintain 2 or 3 data centers. As an example, CORE-CT maintains a back-up hardware infrastructure at the University of Connecticut in Storrs for disaster recovery purposes. Data processed in CORE-CT is transmitted to UConn with a delay of less than one (1) minute. In the event of a disaster, the State's essential financial, human resource and payroll system can up and operational in less than a day with no data loss. I would like to note that the State has already consolidated many of its agency data centers in the Department of Information Technology's State Data Center. To the extent that there are still independent data centers in state government that exceed the 2 or 3 noted above, I would recommend that they be merged into the State Data Center.

I would also like to offer comment on the IBM presentation on Infrastructure, Cost Savings and Efficiency that I understand is the basis for some of these preliminary areas of focus. IBM recommends the use of Enterprise Resource Planning (ERP) and they provide a chart indicating that Connecticut is not shown as utilizing the applications that IBM is recommending. I want to correct what appears to be an error – CORE-CT is an ERP system and has been in production since 2003.

IBM as part of its presentation addresses "Potential Cost Savings Areas of Interest" and lists server consolidation and virtualization as one of the areas that can generate potential cost savings. I am happy to report that the CORE-CT's server infrastructure is completely virtualized. The number of servers utilized by CORE-CT has been reduced from 45 to 7 while the number of virtual servers in use is currently at 66. These changes

implemented by OSC have delivered significant savings in hardware and maintenance costs as well as energy savings in both power and cooling requirements.

The CORE-CT experience could and should serve as a model for the rest of the State on how to implement virtualization.

Item number 11 states "Join Multistate Contracting Alliance for Pharmacy Purchases." I would note that legislation was adopted during the 2009 session to require my office, the Department of Social Services, the Department of Administrative Services and the University of Connecticut Health Center to explore the possibility of bulk purchasing of pharmaceuticals within Connecticut. The agencies have been meeting and have not reached any final recommendations at this time. The bill requires DSS to submit the plan to the Public Health, Human Services, and Appropriations committees by December 31, 2009.

The General Assembly has also looked at various times at joining with other New England States in cooperative purchasing arrangements. There are several issues that need to be addressed with respect to bulk or cooperative purchasing arrangements and these include; differences in pricing for programs that receive federal funds, the handling of drug manufacturing rebates and drug formularies available to different types of plans. I would also like to note that the state employee and retiree pharmacy benefit plan has benefitted from the cooperative purchasing contractually agreed to with the Municipal Employees Health Insurance Plan (MEHIP). The Teachers Retirement Board has recently voted to join the pharmacy benefit plan through MEHIP.

Item number 14 proposes to force the use of p-cards and cites to audit findings from the auditors of public accounts. The Office of the State Comptroller does set forth rules and guidelines for the use of the P-Card. The State Comptroller's Office reviews agency spending through the P-Card program and has in certain instances revoked an agency's ability to use the P-Card when it has not adhered to the rules. The use of the P-Card saves the State money and greater use of the P-Card, for appropriate transactions, should be encouraged. The Office of the State Comptroller is considering requiring agencies to utilize the P-Card from transactions below certain dollar amounts as a cost saving measure.

Item number 22 addressing requiring "direct deposit" of all state payroll checks, unemployment compensation checks and workers' compensation checks to address cost savings associated with printing and mailing costs. It should be noted that mandating direct deposit for active employees would require bargaining with the state employee unions.

My comments address both the feasibility and the costs/benefits of requiring direct deposit of payroll checks and making the confirming information available online through Core-CT. In addition, it should be noted the costs/benefits of direct deposit are different for employees and retirees who will continually received payroll or pension

payments than they are for unemployment or workers' compensation where you have a continually changing population of eligible people.

My office has looked at this issue with regard to vendors that the State pays and encouraging electronic funds transfers (EFT) versus a physical check. It is more difficult to administer and the cost savings are small for individuals who may be receiving a one time payment.

Currently direct deposit for state employees and retirees is voluntary and 75% of employees use direct deposit and 77 % of retirees. Core-CT has an ebusiness module named ePay. It can be used to make available pay check information online to state employees who have access to the system. However, there are some issues surrounding rolling out ePay to all State agencies. One of the primary concerns being that each employee would need to have his/her own email address, his/her own PC or access to a PC (perhaps through a kiosk) to view the advice, and access to a printer should the employee desire to print the advice.

The cost savings associated with implementing ePay are estimated to save the State approximately \$100,000 a year in paper, envelopes, printing and postage costs. These savings are estimated on an annual basis. However, the initial level of effort to implement ePay is quite high. The implementation effort would include:

- Designing, coding and testing a significant number of system modifications
- Setting up appropriate system access, including IDs and passwords, for all state employees
- Thorough payroll testing to insure the ePay functionality is working – 3 pay cycles at a minimum.
- System performance testing to ensure the servers can handle the additional online transactions that would be associated with 60,000 users viewing their advices of deposit every two weeks
- Possible purchase of additional server capacity to handle the anticipated spike in online usage every two weeks.
- Delivering some form of training to all state employees

The current agenda for FY 10 and 11 for the Core-CT Human Resources Management Systems (HRMS) Team, include migrating the Probate Court Administration and all Probate Court employees into Core-CT as a part of the Probate Court consolidation and implementation of the initiative to track retiree health coverage through Core-CT. These two projects are estimated to save \$250,000 to \$300,000 annually. These projects given our current resources and the level of effort required would preclude, in the short term, the implementation of ePay.

Thank you for providing the opportunity to comment on the preliminary Proposed Areas of Focus for the Commission. Again, if I or my staff can be of assistance to the Commission please contact me.