

Analysis of Finance Advisory Committee
Meeting Items
June 2, 2011 Agenda

OFFICE OF FISCAL ANALYSIS

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FAC 2011-32 State Comptroller - Fringe Benefits

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Employers Social Security Tax	232,281,222	-	(1,300,000)	-	230,981,222
Unemployment Compensation	6,323,979	-	-	1,300,000	7,623,979
TOTAL			(1,300,000)	1,300,000	

Funding is available for transfer from these accounts due to the following:

- Employers Social Security Tax - A lower state employee salary base than anticipated due to the effects of a hard hiring freeze.

Funding is needed in these accounts due to the following:

- Unemployment Compensation - An increase in the length of the average claim period from approximately 15.5 weeks to 22 weeks as well as the impact of federally mandated extended benefits periods due to the current high unemployment rate. As of March 2011, there were more than 1,000 former state employees receiving regular benefits, and less than 200 additional former employees receiving extended benefits.

Holdback and Lapses

There are no holdbacks or budgeted lapses in either of these accounts.

¹ Prior policy actions may include holdbacks (forced lapses), rescissions, de-appropriations, and transfers.

FAC 2011-33 Department of Administrative Services

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
State Insurance and Risk Mgmt Operations	13,954,489	(1,587,012)	(600,000)	-	11,767,477
W. C. Administrator	5,250,000	(645,000)	-	600,000	5,205,000
TOTAL			(600,000)	600,000	

Funding is available for transfer from these accounts due to the following:

- State Insurance and Risk Management - Due to lower claims than anticipated. The State Insurance and Risk Management Board serves to minimize all non-employment related risk management and insurance matters affecting the State which are not precluded by sovereign immunity.

Funding is needed in these accounts due to the following:

- Workers' Compensation Administrator - In order to meet the annual contract cost of the third party administrator. The contract provides administration and medical case management for workers' compensation claims.

Holdback and Lapses

The shortfall in the Workers' Compensation Administrator account is a result of the holdback of \$1.35 million on the account. The transfer of \$600,000 will enable the Department of Administrative Services to meet the holdback and still fulfill its contractual obligation.

FAC 2011-34 Department of Information Technology

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	7,295,800	(58,527)	(543,933)	-	6,693,340
Other Expenses	6,581,680	(1,539,918)	-	543,933	5,585,695
TOTAL			(543,933)	543,933	

Funding is available for transfer from these accounts due to the following:

- Personal Services (PS) - Funds totaling \$543,932 are available in the Personal Services account due to holding positions vacant during FY 11. As of 4/30/11 there were 101 vacant positions in the Department of Information Technology.

Funding is needed in these accounts due to the following:

- Other Expenses (OE) - Funds totaling \$543,932 are required in the Other Expenses account to satisfy back taxes obligations (\$370,901) and interest (\$173,031) from October 2003 to October 2006. This follows the decision of the Superior Court J.D. of Hartford on October 20, 2010 Docket No. HHD-CV-08-5024457 S. Freemont Riverview, LLC v. State of Connecticut. The Department of Public Works disagrees with the decision and is pursuing an appeal through the Office of the Attorney General.

Holdback and Lapses

The proposed transfers will not affect the holdbacks of approximately \$58,000 in Personal Services or \$1.5 million in Other Expenses.

FAC 2011-35 Department of Public Safety

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Workers' Compensation Claims	5,138,787	-	(600,000)	-	4,538,787
COLLECT	48,925	(5,527)	(43,398)	-	-
Personal Services	118,322,792	5,467,786	-	643,398	124,433,976
TOTAL			(643,398)	643,398	

Funding is available for transfer from these accounts due to the following:

- Workers' Compensation Claims- Claims payments fell below the budgeted level for this fiscal year. As a result, a surplus of approximately \$600,000 is anticipated.
- COLLECT- The account provides funding for the operations of new COLLECT terminals as new law enforcement agencies join the system. No new law enforcement entities were added this year, and so the full appropriation of \$43,398 remains unexpended.

Funding is needed in these accounts due to the following:

- Personal Services- There is an outstanding balance in reimbursements owed to the agency, mainly attributable to Troop W and the Casino Unit. As a result, the account is limited in available funding. This transfer will allow the agency to meet payroll expenses in the 4th quarter.

Holdback and Lapses

The transfer from COLLECT to Personal Services will not affect the agency's ability to meet the \$5,527 in a budgeted lapse in this account.

FAC 2011-36 Department of Banking

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	11,072,611	-	(105,000)	-	10,967,611
Fringe Benefits	6,137,321	-	-	105,000	6,242,321
TOTAL			(105,000)	105,000	

Funding is available for transfer from these accounts due to the following:

- Personal Services (PS) - Funds totaling \$105,000 are available in Personal Services due to keeping positions vacant during FY 11. As of 4/30/11 there were four vacant positions in the Department of Banking.

Funding is needed in these accounts due to the following:

- Fringe Benefits - Funds totaling \$105,000 are required in the Fringe Benefits account as the original need was calculated at a fringe rate of 55.43% while the actual rate is 62.36%. The original rate was based on Health/Life rates from FY 10.

FAC 2011-37 Insurance Department

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	13,460,483	(300,000)	(367,427)	-	12,793,056
Fringe Benefits	8,029,516	-	(86,938)	-	7,942,578
Other Expenses	1,920,280	-	-	454,365	2,374,645
TOTAL			(454,365)	454,365	

Funding is available for transfer from these accounts due to the following:

- Personal Services - Fewer filled positions than budgeted, increased turnover, and lower vacation and sick time payouts than anticipated.
- Fringe Benefits - Actual fringe benefit costs are trending lower than budgeted as there are fewer filled positions, as noted above.

Funding is needed in these accounts due to the following:

- Other Expenses - Costs related to a memorandum of understanding (MOU) with the University of Connecticut. The department now utilizes UConn graduate students to develop all of its web based applications. Additional funds of \$86,938 are needed in Other Expenses to pay hosting fees from the Department of Information Technology for the first four months of the fiscal year, prior to the implementation of the UConn MOU.

An additional \$188,427 is needed in Other Expenses to cover increased lease costs paid to the Department of Public Works for 960 Main Street, Hartford. The increased costs are related to increased tax payments for the owner of the building.

Holdback and Lapses

The department is still anticipated to meet its Personal Services holdback of \$300,000.

FAC 2011-38 Office of the Healthcare Advocate

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	757,235	-	(15,000)	-	742,235
Fringe Benefits	380,821	-	-	15,000	395,821
TOTAL			(15,000)	15,000	

Funding is available for transfer from these accounts due to the following:

- Personal Services - Due to turnover and the hiring freeze.

Funding is needed in these accounts due to the following:

- Fringe Benefits - Fringe benefits for the new position of executive Director for the Commission on Health Equity. Full fringe funding was not provided when the position was established.

Holdback and Lapses

The Office of the Healthcare Advocate does not have any budgeted holdbacks.

FAC 2011-39 Workers' Compensation Commission

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Fringe Benefits	5,805,640	-	(350,000)	-	5,455,640
Rehabilitative Services	1,275,913	-	-	350,000	1,625,913
TOTAL			(350,000)	350,000	

Funding is available for transfer from these accounts due to the following:

- Fringe Benefits – As a result of decreased fringe benefit costs from delays in filling vacancies. As of April 30, 2011, the Commission had six vacant positions.

Funding is needed in these accounts due to the following:

- Rehabilitative Services – As a result of an increase in program participation as well as shortened turn-around for the submission of invoices and billing by vendors.

Holdback and Lapses

There are no holdbacks or budgeted lapses in either of the two accounts.

FAC 2011-40 Public Defender Services Commission

Account	Original Appropriation	Prior Policy Actions	Proposed FAC Transfer		Available Funding Post-FAC Action
			FROM (Decrease)	TO (Increase)	
Special Public Defenders - Contractual	3,094,467	-	(375,000)	-	2,719,467
Personal Services	36,364,561	575,190	(135,000)	-	36,804,751
Expert Witnesses	1,535,646	300,000	-	60,000	1,895,646
Other Expenses	1,466,812	70,000	-	200,000	1,736,812
Special Public Defenders - Non-Contractual	5,000,000	-	-	250,000	5,250,000
TOTAL			(510,000)	510,000	

Funding is available for transfer from these accounts due to the following:

- Special Public Defender - Contractual - The implementation of new payment procedures that eliminate 'lump sum' installation payments. The elimination of these installation payments have resulted in fewer special public defender assignments, which has led to savings in this account.
- Personal Services - Savings realized from temporary leaves of absences, and delays in refilling positions. Funds are also available due to the collection of client reimbursements totaling approximately \$135,000.

Funding is needed in these accounts due to the following:

- Special Public Defender - Non-Contractual - Costs of FY 10 bills carried over into FY 11 (approximately \$546,000) and an increased number of capital cases that required additional non-contractual public defenders.
- Other Expenses - Costs associated with increased telecommunications expenses, storage costs of legal documents and upgrades for systems software have exceeded available funding. Funding is also needed to cover the cost of FY 10 bills carried over into FY 11 (approximately \$11,350).
- Expert Witnesses - Payment of expert witnesses required in pending capital cases and experts required in a number of homicide and serious felony cases have increased due to numerous high profile cases.

Holdback and Lapses

The agency has had its Personal Services holdback of \$209,395 released and \$230,917 in Reserve for Salary Adjustment funds transferred by the Office of Policy and Management in order to eliminate a projected \$251,469 Personal Services deficiency and create a \$188,843 Personal Services surplus (\$135,000 of this surplus is included in this FAC adjustment).

The agency has also had its Other Expenses holdback of \$127,447 released by the Office of Policy and Management in order to reduce the deficiency in the account.

Deficiency Issues

We previously identified the Special Public Defender - Non-Contractual account as having a projected deficiency of \$1.15 million. The proposed transfer of \$250,000 to the Special Public Defender - Non-Contractual account is anticipated to reduce the deficiency to \$900,000. We have also previously identified the Expert Witnesses account as having a projected deficiency of \$560,000. The proposed transfer of \$60,000 to the Expert Witnesses account is anticipated to reduce the deficiency to \$500,000. We also have previously identified the Other Expenses account as having a projected deficiency of approximately \$200,000. The proposed transfer of \$200,000 to the Other Expenses account will eliminate the deficiency in this account.

Questions

1. Why was only \$135,000 of the projected \$188,843 Personal Services surplus included in this FAC?

Appendix A: Projected Account Balances for Agencies on This Agenda (After Proposed FAC Transfer(s))

State Comptroller - Fringe Benefits				
	Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Unemployment Compensation	6,323,979	7,623,979	7,523,979	100,000
State Employees Retirement Contributions	563,329,057	563,329,057	563,329,057	-
Higher Education Alternative Retirement System	31,152,201	31,152,201	25,552,201	5,600,000
Pensions and Retirements - Other Statutory	1,965,000	1,965,000	1,965,000	-
Insurance - Group Life	8,254,668	8,254,668	8,254,668	-
Employers Social Security Tax	232,281,222	230,981,222	221,781,222	9,200,000
State Employees Health Service Cost	490,632,020	490,632,020	490,632,020	-
Retired State Employees Health Service Cost	595,252,100	595,252,100	495,252,100	100,000,000
Tuition Reimbursement - Training and Travel	900,000	3,412,500	3,412,500	-
Death Benefits for State Employees	-	-	-	-
General Fund TOTAL	1,930,090,247	1,932,602,747	1,817,702,747	114,900,000
Unemployment Compensation	345,000	345,000	345,000	-
State Employees Retirement Contributions	82,437,000	82,437,000	82,437,000	-
Insurance - Group Life	324,000	324,000	324,000	-
Employers Social Security Tax	19,611,180	19,611,180	16,111,180	3,500,000
State Employees Health Service Cost	34,032,200	34,032,200	34,032,200	-
Special Transportation Fund TOTAL	136,749,380	136,749,380	133,249,380	3,500,000
TOTAL	2,066,839,627	2,069,352,127	1,950,952,127	118,400,000

Department of Administrative Services				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	20,629,529	19,754,355	19,754,355	-
Other Expenses	647,081	647,081	647,081	-
Equipment	1	1	1	-
Tuition Reimbursement - Training and Travel	-	375,000	375,000	-

² Includes appropriated accounts from all appropriated funds.

³ Includes all anticipated and enacted holdbacks (forced lapses), rescissions, de-appropriations, and transfers.

Department of Administrative Services				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Labor - Management Fund	-	-	-	-
Loss Control Risk Management	143,051	136,505	136,505	-
Employees' Review Board	25,135	24,452	24,452	-
Placement and Training Fund	-	-	-	-
Surety Bonds for State Officials and Employees	74,400	74,400	74,400	-
Quality of Work-Life	-	18,000	18,000	-
Refunds of Collections	28,500	28,500	28,500	-
W. C. Administrator	5,250,000	5,205,000	5,205,000	-
Hospital Billing System	114,950	85,598	85,598	-
Claims Commissioner Operations	326,208	326,208	326,208	-
State Insurance and Risk Mgmt Operations	13,954,489	11,767,477	11,767,477	-
General Fund TOTAL	41,193,344	38,441,577	38,442,577	-
State Insurance and Risk Mgmt Operations	2,717,500	2,717,500	2,717,500	-
Special Transportation Fund TOTAL	2,717,500	2,717,500	2,717,500	-
TOTAL	43,910,844	41,160,077	41,160,077	-

Department of Information Technology				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	7,295,800	6,693,340	6,693,340	-
Other Expenses	6,581,680	5,585,695	5,585,695	-
Equipment	1	1	1	-
Connecticut Education Network	4,003,401	3,511,654	3,511,654	-
Internet and E-Mail Services	4,995,784	4,546,242	4,546,242	-
Statewide Information Technology Services	20,116,483	20,116,483	20,116,483	-
General Fund TOTAL	42,993,149	40,453,415	40,453,415	-

Department of Public Safety				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	118,322,792	124,433,976	124,713,588	(279,612)
Other Expenses	28,311,853	22,296,561	28,198,277	(5,901,716)
Equipment	1	1	1	-

Department of Public Safety				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Stress Reduction	23,354	23,354	23,354	-
Fleet Purchase	7,035,596	3,624,275	5,528,509	(1,904,234)
Workers' Compensation Claims	5,138,787	4,538,787	4,538,787	-
COLLECT	48,925	-	-	-
General Fund TOTAL	158,881,308	154,916,954	163,002,516	(8,085,562)

Department of Banking				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	11,072,611	10,967,611	10,967,611	-
Other Expenses	1,885,735	1,985,735	1,885,735	100,000
Equipment	21,708	36,708	21,708	15,000
Fringe Benefits	6,137,321	6,242,321	6,242,321	-
Indirect Overhead	1,052,326	1,052,326	1,052,326	-
Banking Fund TOTAL	20,169,701	20,284,701	20,169,701	115,000

Insurance Department				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	13,460,483	12,793,056	12,793,056	-
Other Expenses	1,920,280	2,374,645	2,374,645	-
Equipment	51,256	51,256	51,256	-
Fringe Benefits	8,029,516	7,942,578	7,942,578	-
Indirect Overhead	701,396	701,396	701,396	-
Insurance Fund TOTAL	24,162,931	23,862,931	23,862,931	-

Office of the Healthcare Advocate				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	757,235	742,235	742,235	-
Other Expenses	136,373	136,373	136,373	-
Equipment	2,280	2,280	2,280	-
Fringe Benefits	380,821	395,821	395,821	-
Indirect Overhead	1	1	1	-
Insurance Fund TOTAL	1,276,710	1,276,710	1,276,710	-

Workers' Compensation Commission				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	10,040,000	9,401,469	8,931,428	470,041
Other Expenses	2,558,530	2,558,530	2,558,530	-
Equipment	87,150	87,150	43,575	43,575
Rehabilitative Services	1,275,913	1,625,913	1,625,913	-
Fringe Benefits	5,805,640	5,455,640	5,455,640	-
Indirect Overhead	1,202,971	1,202,971	1,202,971	-
Workers' Compensation Fund TOTAL	20,970,204	20,331,673	19,818,057	513,616

Public Defender Services Commission				
	Appropriation	Available Funding	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	36,364,561	36,804,751	36,750,908	53,843
Other Expenses	1,466,812	1,736,812	1,736,812	-
Equipment	6	6	6	-
Special Public Defenders - Contractual	3,094,467	2,719,467	2,719,467	-
Special Public Defenders - Non-Contractual	5,000,000	5,250,000	6,150,149	(900,149)
Expert Witnesses	1,535,646	1,895,646	2,400,612	(504,966)
Training and Education	81,000	81,000	81,000	-
General Fund TOTAL	47,542,492	48,487,682	49,838,954	(1,351,272)