DEPARTMENT OF ADMINISTRATIVE SERVICES
STATE OF CONNECTICUT

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SB 839
AAC Mergers and Consolidations of Various State Agencies

HB 6376
AAC the Collection of Debts Owed to the State

Government Administration & Elections Committee
March 16, 2009

The Department of Administrative Services (DAS) **supports** SB 839 and HB 6376. We thank the Governor for submitting these proposals and for having the foresight to pursue these important initiatives.

SB 839 – AAC Mergers and Consolidations of Various State Agencies

Among other things, Senate Bill 839 proposes to merge four boards and commissions into DAS: The State Properties Review Board (§7); the State Insurance and Risk Management Board (§ 9); the Office of the Claims Commissioner (§§ 10 & 11); and the State Marshal Commission (§ 29). DAS has experience and a successful record managing a diverse array of programs and responsibilities to support state government needs, and we are confident that we will be able to seamlessly merge the duties of these boards and commissions into DAS while maintaining exceptional service.

Indeed, many of the responsibilities undertaken by these boards and commissions overlap with functions that are already performed by DAS. For example, the State Insurance and Risk Management Board is responsible for risk management and the procurement of insurance for the State of Connecticut. DAS is already in charge of statewide procurement, statewide workers' compensation, and the state fleet of vehicles. DAS has existing expertise purchasing and administering contracts for a host of insurance products for state and federally-funded local housing authorities; DAS administers statewide risk management and loss control programs for workers' compensation; and DAS already handles all claim activity and has significant interaction with insurers on matters relating to the state's passenger vehicles and light

duty trucks. There are certainly savings and operational efficiencies that will be achieved by merging these agencies into DAS.

HB 6376 - AAC the Collection of Debts Owed to the State

DAS also strongly supports HB 6376, which provides a more efficient and effective way to collect unpaid state debts. In general, individual agencies are currently responsible for collecting the fees, fines and other unpaid debts owed to their agencies. HB 6376 requires DAS to establish a Centralized Database to collect information about all unpaid agency debt, and requires DAS to work with the Department of Revenue Services to collect these debts through the State Tax Intercept Program. DAS believes that we can establish this database using existing staff and with very little cost, which will be far outweighed by the additional revenue recovered using this centralized system.

Briefly by way of background, C.G.S. § 12-742 authorizes the Department of Revenue Services to withhold the payment of any state income tax refund owed to a person or entity who owes certain debts to the state. This process – known as the State Tax Intercept process – is currently administered through a partnership between DAS and DRS: DAS receives electronic files from agencies that have outstanding debts; DAS bundles the files and ensures that they are in the proper electronic format to interface with DRS; and DAS sends a file to DRS on a monthly basis. If DRS matches debtors in the file with those who are owed a state income tax refund, then DRS offsets the refund up to the amount owed, DRS sends the offset money to DAS, DAS separates the money by agency and sends the recovered money to each agency on a weekly basis. This is an established process that has proven successful over the years – recovering approximately $8.2 million last fiscal year.

DAS currently uses the State Tax Intercept process to help the following agencies recover debt: DSS (for unpaid Child Support obligations); DOL (for unemployment compensation overpayments); Connecticut Higher Education Supplemental Loan Authority (CHESLA) and Connecticut Student Loan Foundation (CSLF); and certain debts owed to the Connecticut State Universities.

Under HB 6376, agencies would still be required to continue attempts to collect their own debts. However, while these agency collection efforts are continuing, the agencies would be required to enter information about the outstanding debts into the Centralized Database. These debts would then be sent to DRS to see if recoveries could be achieved through the State Tax Intercept process. Expanding an established and successful program such as the State Tax Intercept process and utilizing a centralized database to consolidate these outstanding amounts owed to the state makes sense and clearly will add to collection recoveries.