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**Testimony of  
Kevin Lembo  
State Comptroller**

**Concerning  
SB 1059 AA Implementing the Recommendations of the  
Commission on Enhancing Agency Outcomes  
Sections 249-251; 252-255; 280-281  
March 2, 2011**

Senator Slossberg, Representative Morin, Senator McLachlan, Representative Hwang and members of the Committee:

I am State Comptroller Kevin Lembo and I am here to testify on Sections 249-251, 252-255 and 280-281 of Senate Bill 1059 An Act Implementing the Recommendations of the Commission on Enhancing Agency Outcomes (CEAO).

As you may already know, the Office of the State Comptroller (OSC) worked closely with the CEAO to provide data for the final report. As cost savings and efficiency-related initiatives were identified, the OSC immediately began to work on how to best implement them. For those items related to CORE-CT, we are pleased to report that we are already implementing many of your recommendations.

Today I would like to focus on sections of the bill relating to electronic time and attendance, paperless payroll, Automated Clearing House (ACH) payments and also to speak briefly about the backlog of retiree applications.

There are also several recommendations in the bill to consolidate state agencies, some of which are included in the Governor's budget proposal. I would like to assure you that OSC stands ready to implement those consolidations as they become law.

Regarding mandatory direct deposit for employees and retirees, current data shows that 83% of active employees and 77% of retirees participate in direct deposit. The active employees who do not receive direct deposit are primarily seasonal workers and students. We continually monitor our direct deposit participation with particular emphasis on the disparity among agencies. We will provide suggestions to agencies on

how to increase participation levels. We will also evaluate the concept of pay cards as we work toward a totally paperless payroll function.

In an effort to implement electronic pay advices, we have launched a pilot ePay program in conjunction with the Department of Administrative Services (DAS). As soon as we are confident this new approach works smoothly, we plan on expanding it to all agencies.

One of the requirements for implementing ePay is that employees need to be on electronic time and attendance, which is also known as self-service time entry. We currently have over 7,000 employees from 24 agencies in self-service, and another 8,000 in the process of implementation as well. This initiative poses challenges in three areas:

- Each employee has to have access to a computer to enter time. There are hundreds of state employees who do not have their own computers, and we are working on solutions that would provide them access. A possible resolution is to have employees enter their time remotely from a home computer, but there are security and confidentiality concerns that must be resolved.
- Each employee must have a unique, secure password in order to record his/her time in the system. These passwords are assigned by our CORE-CT security team, which also handles all day-to-day security issues. The increased volume would present a challenge to quickly move everyone onto self-service. We will examine the possibility of automating the password assignments for self-service, which would drastically reduce the amount of time it would take to dispense them.
- As your report identifies, the self-service module for our product brand has been implemented at Ohio State University system. It is our understanding that Ohio State University had capacity problems at the outset by having so many users on the system just one or two days a pay cycle. As we move toward full implementation of self service, we must carefully examine our technological architecture needs.

Should mandatory direct deposit become law, the deployment of ePay can coincide with the statewide implementation of self-service functionality. I would like to note however that the bill proposes self service implementation for state agencies by July 1, but that date is not achievable for the reasons referenced above.

OSC is also aggressively pursuing electronic or ACH payments to vendors. ACH payments eliminate the need for paper checks and allow the vendor to see the payment online even before it hits their bank account. Although there is resistance from some vendors who are used to the paper checks, our Accounts Payable staff is working diligently to convert our vendors to ACH. Of the top 100 vendors who receive the highest incidence of state payments, only 46 receive ACH payments. We are focusing on transferring high-postage vendors to ACH payments. In the past 22 months, we have saved over \$87,000 with our ACH initiatives.

Finally, as you know there is a significant backlog in the auditing of retiree applications, mostly due to the influx of applications during the early retirement program. Those retirees are receiving pension checks in amounts very close to their final numbers, but we could save several million dollars in interest if we draw down the backlog. I am committed to begin resolving this issue.

Thank you for your consideration. I am happy to answer any questions.