February 26, 2019

REGULATORY AND PROTECTION  4:00 p.m.

SUBCOMMITTEE PUBLIC HEARING

CHAIRPERSON: Representative Toni Walker

SENATORS: Formica, Abrams, Kushner, Miner, Winfield

REPRESENTATIVES: Lavielle, Baker, Case, Dathan, DiMassa, Gilchrest, Hall, Horn, Johnson, Mastrofrancesco, Pavlock-D'Amato, Perone, Reyes, Ryan, Santiago, Wilson, Zupkus

REP. WALKER (93RD): Good afternoon, everybody. I want to reconvene the Appropriations Regulation, where am I? Regulation and Protection public hearing. Continuing on, we have --

UNKNOWN: The Appropriations Committee --

REP. WALKER (93RD): Hold on a second.

UNKNOWN: -- Regulation and Protection Subcommittee presentations will reconvene immediately in hearing room 2C.

REP. WALKER (93RD): Continuing on, we have presentation from the insurance company, I believe. Good afternoon, sir. Please make sure if anybody comes up with you that they give their name and make sure we -- you also state your name and click that red button on, okay? Thank you, go right ahead sir.

MR. LOMBARDO: Thank you. Hi, I'm Paul Lombardo, the Acting Commissioner of the Connecticut Insurance Department. Committee Chairs, Vice Chairs, Ranking Members and members of the Appropriations Committee, the Insurance Department appreciates the opportunity
to submit written testimony on Governor Lamont's recommended budget for the Department for fiscal year 2020 and fiscal year 2021 biennium. The Insurance Department's budget represents appropriations from the state's insurance fund which is funded through assessments on Connecticut's domestic insurance industry.

The Department's recommended budget reflects increases in both years of the biennium for state employee wage adjustments. Approximately $800,000 in fiscal 2020 and approximately $1.59 million in fiscal year 2021. These increases are being implemented across all agencies and are not specific to the Insurance Department. The Department also has an increase in both years of the biennium to reflect an adjustment to fringe benefits to reflect actual rates. $2.1 million in fiscal year 2020 and $2.86 million in fiscal year 2021.

The passage of Public Act 18-41 AN ACT CONCERNING PRESCRIPTION DRUG COSTS has taxed the Department with creating a new program, one which the Department does not currently have the expertise to execute. Provisions of the Public Act which become effective January 1, 2020, require generally that the Insurance Department collect, analyze and report on certain health carrier and pharmacy benefit manager information and data submitted to the Department. While the Department has the expertise and personnel to regulation the business of insurance, the Department does not have the same for the business of pharmacy benefits managers.

To that end, this budget provides the Department with the personnel and financial resources to effectively and efficiently implement the law. In fiscal year 2020, the Department will be able to
hire a consultant to create the program and hire one full-time employee to implement the program. In fiscal year 2021 and subsequent out years, the Department will maintain the full-time employee. The total budgeted cost is $225,000 in fiscal year 2020 and approximately $200,000 in fiscal year 2021. This grows the Department's authorized positions from 150 to 151.

Additionally, the Department will have small decreases in two other areas. First, there will be a decrease in the line item that funds indirect overhead at the Comptroller's projected amount of approximately $238,000 and each year in the biennium. Second, the Department will achieve a small savings of approximately $1900 and each year the biennium through the Department of Administrative Services transition tool less expensive cellular provider, a savings realized across agencies.

The Insurance Department has full confidence that we will be able to continue to fulfill our core mission and objectives of protecting consumers and properly regulating the industry within these appropriations. Over the years, the Department has effectively managed to reduce head count through proper stewardship of staffing changes realized through attrition and by deferring new hiring of open positions. All the while, continuing to promote consumer protection and be viewed as having a best in class regulatory environment for insurers while promoting efficiency and innovation.

We've provided some additional statistics for you. I'm not going to go through them in detail. We've provided our mission statement. Thank you for the opportunity to provide testimony in support of the
Governor's proposed budget. And I would just add one last comment. I've been the Acting Commissioner for 8 weeks. My permanent job is the Director of the Life and Health Division at the Insurance Department. I do not have an in-depth working knowledge of our budget process but I did bring a colleague from the Insurance Department. So, if I can't answer your questions and if she introduces herself and she can't answer them, we will get them to you as soon as we can. Thank you.

REP. WALKER (93RD): Thank you and thank you for that presentation and thank you for that honesty and welcome. Eight years, I mean, eight years, eight weeks. Not, not a long time to, to understand the budget. Are there any questions? Yes, Representative Hall.

REP. HALL (59TH): Thank you, Madam Chair, and welcome, hi. It's such a long big area today. Not many of us here. So, just a couple of quick questions. How many of your -- how many are authorized vacancies that you have in your 150 employees, how many positions are vacant right now?

MR. LOMBARDO: Right now, we stand at 147. We have three vacancies that are authorized. One is an executive secretary pending DAS and OPM approval. One is Communications Director. She just retired last week so that's pending approval from DAS and OPM. And Connecticut Career's trainee which has been approved and is open for recruitment.

REP. HALL (59TH): Okay, all right, so that's only three, that's really good. The next question is the Governor has proposed a consultant to come in, in 2020 along with a permanent position following -- in the following year just to look at the prescription
drug cost. This is something that you didn't request as a Department, is that correct?

MR. LOMBARDO: Yeah, that was part of the Public Act that was passed last year, 18-41 which required us to analyze information directly from PBM's, Pharmacy Benefit Managers. And we don't have the expertise in analyzing that type of data. So, what we had suggested is, is that we need a consultant to set this up first, someone that has an extensive knowledge base in Pharmacy Benefit Managers and then we would need annually to have someone full-time to be able to manage and handle that part. Our primary responsibilities obviously are insurance regulators and we don't have that PBM expertise currently in the Department.

REP. HALL (59TH): Okay, so you don't feel that there would be anybody in your Insurance Department that could handle the permanent position after the consultant's come back with his recommendations. You don't think it could be handled within your positions that you have right now.

MR. LOMBARDO: Correct.

REP. HALL (59TH): Okay, all right, thank you. Thank you, Madam Chair.

MR. LOMBARDO: Thank you.

REP. WALKER (93RD): Thank you. Representative Reyes.

REP. REYES (75TH): Good afternoon, Mr. Lombardo, good afternoon. Welcome to the -- welcome to the team.

MR. LOMBARDO: Thank you.
REP. REYES (75TH): I have a few general comments and I don't expect you to be fully versed and maybe you can dig into it for me. And it might be out of the scope of this particular hearing. But I'm just very, very tuned in and curious of, of what, if anything, on the insurance side from the Appropriations side if anything at all, have we been able to -- how do we tie this in with public foundations and have you given that any thought?

MR. LOMBARDO: I'm going to ask someone to come up to introduce themselves, thank you. Thank you for the question.

MS. GRACE: Good afternoon.

REP. REYES (75TH): Good afternoon, ma'am.

MS. GRACE: I'm Janet Grace. I'm Janet Grace and I am -- I really serve two roles in the Insurance Department at this time. I am acting as the Business Office Manager and Procurement Officer as well as I actually manage the Captive Insurance Division, that's my primary function.

The Crumbling Foundations Captive Insurance Company that was established under statute is regulated by the Insurance Department. And to the extent that that's true, we oversee its, its financial stability. You probably are well aware that there is established in the initial statute, $100 million to be bonded over five years at $20 million apiece. The first bonding has been funded and the company has that money in its books and records today. They are waiting the opportunity to get on their next bonding and hopefully get their next allotment of funds and are dependent on that funding as the base funding.
So, that is essentially what we oversee. They also will get funding through the policy holder surcharge that was passed which will arrive sometime in 2020, just in terms of the timing of the way that surcharge is working. And, at this point, that's really all the funding they have and what we oversee. If that's inadequate as it's projected to be, at some point the company would be insistence in our dissolution under our authority because it's our objective to keep the company solvent.

REP. REYES (75TH): Thank you very much for that information, Ms. Grace, I appreciate the feedback. And my last question, as far as the Insurance Department expenses and this could be also dealt with at an earlier time in the breakout boost if we can explain the $2 million, $2.007 million on actual or other expenses, if we can break into the detail. You have been appropriated $1.7 so there is a good delta there that maybe we can break out the explanation.

MR. LOMBARDO: And we can certainly get that to you as soon as possible. Thank you for the question.

REP. REYES (75TH): Thank you very -- thank you both for testifying. Thank you, Madam Chair.

REP. WALKER (93RD): Thank you. Representative Zupkus.

REP. ZUPKUS (89TH): I'm all set.

REP. WALKER (93RD): You're all set.

REP. ZUPKUS (89TH): Yup.

REP. WALKER (93RD): Representative Lavielle, she's all set. Representative Johnson.
REP. JOHNSON (49TH): Thank you so much, Madam Chair, I'm good.

REP. WALKER (93RD): You're good. That was, that was easy. [laughter] That was fantastic.

MR. LOMBARDO: Thank you very much.

REP. WALKER (93RD): Thank you and I guess we're all being kind.

MR. LOMBARDO: And it's much appreciated.

REP. WALKER (93RD): Thank you and we look forward to working with you in the Subcommittee. If we have any other questions, we'll, we'll send them to you, I would assume to you or Ms. Grace, whichever one.

MR. LOMBARDO: Yes, okay thank you.

REP. WALKER (93RD): Okay, thank you. Okay moving on, we have the Workmen's Compensation Commission.

MR. MORELLI: Good afternoon, Representative Walker --

REP. WALKER (93RD): Do you want do me a favor and press that button right in front of you. Thank you.

MR. MORELLI: All right, good afternoon, Representative Walker, Representative Lavielle and members of the Appropriations Committee. My name is Stephen Morelli and I'm the Chairman of the Workers' Compensation Commission. I'm here today together with my Fiscal Administrative Manager, Virginia Alling, who is sitting behind me in the event there are questions that I can't handle. Although I can't say that I've been on the job for 8 weeks, I have been Chairman only since May of this year.

Anyway, I thank you for the opportunity to offer testimony regarding the Commission's budget for
fiscal years 2020 and 2021. The Workers' Compensation Commission is a quasi-judicial state agency which administers the workers compensation laws of the State of Connecticut. The Commission strives to ensure that workers injured on the job receive prompt payment of lost income benefits and attendant medical expenses with the ultimate goal of returning injured workers to productive jobs.

There are 16 Workers' Compensation Commissioners who are appointed by the Governor and confirmed by legislative approval. Commissioners use their adjudicative power to ensure injured employees and employers rights are fully protected and that employees and employers fully carry out their legal responsibilities.

As Chairman, I am responsible for the administration of the Commission in consultation with the statutorily appointed Workers' Compensation Advisory Board. I also serve as the presiding Commissioner of the Compensation Review Board, CRB, along with two other commissioners appointed for one-year terms. The CRB hears appeals of the formal hearing decisions of the 15 commissioners who function as trial commissioners in the Agency's eight district offices.

Additionally, the Agency oversees the approval of all employer applications seeking to be certified as self-insured pursuant to CGS 31-284 in the approval and regulation of medical care plans pursuant to CGS 31-279. During fiscal year 2018, over 52,000 injuries and illnesses were reported to the Commission. District offices held over 38,000 informal and pre-formal hearings and nearly 600 formal hearings. Commissioners approved over 10,000 voluntary agreements, over 6,000 stipulations and
wrote almost 1400 formal decisions. 1985 employer sites were visited by safety program officers who worked cooperatively with employers to devise and implement safety programs resulting in reduced accidents, injuries, medical costs and lost work days.

Governor Lamont's recommended biennial budget appropriates $24,307,115 in fiscal year 2020 and $24,850,151 in fiscal year 2021. This funding comes through the Workers' Compensation Administrative Fund which is administered by the State Treasurers Office and financed by an annual assessment of employers in Connecticut. The budget recommends adjustments that will reflect fringe benefit rates, employee wages and indirect overhead of the Comptroller's projected amount.

Additional funding adjustments are also requested for various facility expenses including the potential of relocating a district office. The Governor's budget recommends funding to relocate the Middletown office. I'd be happy to answer any questions you may have and again, I thank you for your time.

REP. WALKER (93RD): Thank you, sir. Thank you for your testimony. My first question is, haven't we gone through moving the Middletown office almost every year?

MR. MORELLI: Yes and, in fact, the Middletown office was not an office that -- the Middletown office was, as you know, we work through DAS when we're dealing with relocating an office. They negotiate, they find the location. So, a location was actually identified and negotiations were actually fairly well along. It involved working together with the Department of Labor and funding
seems to have not been available that they thought they would have available. So, at this point, we are continuing to look for an alternative site. The site we've been in, as you're aware by the virtue of your question, for many years has been deemed to be inadequate, particularly when compared to the other facilities that we have for our district offices. So, the search continues and we are unfortunately, as we sit here, no closer than we've been in past years and were quite close a few months ago or at least that's what --

REP. WALKER (93RD): If I remember correctly, part of the objection was they set some of the sites they were looking at were outside of the immediate access road for people, some of the locations.

MR. MORELLI: Yeah. I've, I've looked at some sites that have been recommended by DAS and although I don't look for the sites, I go look at them once they've been identified to me. The one thing that I will not compromise on is I want them to be accessible to public transport. Because as my experience as a sitting Commissioner has told me, more and more claimants are using public transportation.

REP. WALKER (93RD): Absolutely.

MR. MORELLI: As we go forward.

REP. WALKER (93RD): That's why, I think, because I think some of my colleagues from the Middletown area have been working on this for quite some time and I think they've called many of us over the time. My question for you is looking at the trends over the last, let's say four years, do you see the trends in workman's compensation costs going up, especially over the last couple of years?
MR. MORELLI: Well, I could say that over the last five years, there has been cumulatively almost a 50 percent reduction in the insurance rates. This year it was, I believe 16.8 percent, the reduction in insurance rates. So, the costs have been going down, obviously fairly drastically. Do I think that will continue, most likely not. I there is the potential for some drivers out there that could result in more, not necessarily more claims but more contested claims. One of those drivers would be the fact that there are more and more employers who are deciding that it is not worth the expense of the physical location which then results in more workers working out of their homes. And when you're working out of your home, there is a greater possibility that an injury might be questioned because it's --

REP. WALKER (93RD): It's your home.

MR. MORELLI: It's most likely not going to be witnessed. Were you working, were you taking care of your child, were you walking your dog. That's one of the things that, I think, might drive it. That and more and more, in the home healthcare.

REP. WALKER (93RD): Right. And, I think that -- so as far as the claims are concerned, you have not seen any uptake in claims, in the number of claims. Not the payouts but the number of claims.

MR. MORELLI: No, it's been, it's been steady, you know, it's been pretty flat.

REP. WALKER (93RD): Okay.

MR. MORELLI: If anything, they've been reduced because I would, I would attribute it to increased training and also somewhat of an aging workforce so that the more experienced workers are less likely to
get hurt in ways that a less experienced worker might miss a safety step, for instance, if that makes sense.

REP. WALKER (93RD): Yeah. Okay, thank you. Question. Yes, Representative Zupkus.

REP. ZUPKUS (89TH): Thank you. Thank you for coming today.

MR. MORELLI: Thank you.

REP. ZUPKUS (89TH): Just, I'm new to the Committee and so my thinking was along moving the office and I heard Representative Walker say it's been a while. How long have you all been in the process of trying to move or find locations?

MR. MORELLI: I've been a Workers' Compensation Commissioner since 2012. I've been Chairman since May of 2018. The entire time that I've been a Commissioner, the Middletown office has been in play.

REP. ZUPKUS (89TH): So, that's since '18?

MR. MORELLI: Since 2012.

REP. ZUPKUS (89TH): 2012. And I always hear of all of this real estate and buildings the state owns and I understand wanting to be near public transportation. There's nothing out there with everything the state owns?

MR. MORELLI: I can tell you that we were very close to a property that the state, that the Department of Labor rents and it doesn't -- didn't feel it was making full use of. So, there was a potential for us to make a deal that worked for both of us. As I said, the funding on their end fell apart. The other location they had me look at that is state
owned property is way down on, and I don’t know how familiar you are with the area. But way down Route 17 almost Durham and that's not conducive to what our needs are as a workers' compensation office given the fact that we are there to serve the general public. And more and more, the general public are arriving by public transportation.

REP. ZUPKUS (89TH): And do you, you need space, I think, of 117 employees, is that the number? I closed my book.

MR. MORELLI: Say that again.

REP. ZUPKUS (89TH): So, all of your staff, 117 people have to be in this one location?

MR. MORELLI: No. We have a location at 21 Oak Street which is our main office that has ballpark 40 and 8 district offices around the state which have 8 to 10, 7 to 10 employees.

REP. ZUPKUS (89TH): So, you're looking for space for how many people?

MR. MORELLI: So, fundamentally, what you have to understand about a district office is it has to have what you would look at and say, well that's a court room. Although, you know, you wouldn’t necessarily associate that with workers' compensation. We have hearings. So, we have two commissioners per district typically, each of them has a hearing room. That hearing room has to function for informal hearings, pre-formal hearings and formal hearings. Formal hearings are akin to what you would recognize as a trial and civil court. We have a bench and tables and witness stand et cetera. So, the space we need for the staff isn't the biggest driver here. The space we need to adjudicate the hearings that we
have to do and the space we need to accommodate the number of claimants and their representatives that come through the building during the course of the day because each day you do a lot of hearings. And the parking that's associated with the amount of people that come in and out of the office over the day. That's what drives the need for a particular space.

REP. ZUPKUS (89TH): So, do you foresee that happening? It hasn't happened in seven years. Do you see it happening?

MR. MORELLI: I can't particularly speak to the misses and near misses prior to my tenure as the Chairman. I can tell you that candidly, we're more likely to move the New Britain office, not to open up a can of worms at this hearing, but we're more likely as we sit here to relocate the New Britain office than we are to relocate the Middletown office.

REP. ZUPKUS (89TH): Okay thank you.

MR. MORELLI: You're welcome.

REP. WALKER (93RD): Thank you. Representative Lavielle.

REP. LAVIELLE (143RD): Thank you, Madam Chair. Good afternoon. Just a brief matter of information here. What's the status of a quasi-judicial agency? Is that something like a quasi-public agency? What does this exactly mean?

MR. MORELLI: Quasi-judicial means that although we are not under the -- in the judiciary, we're not part of the judicial wing of our government, state government, that we function as an agency which has commissioners. It's really a misnomer what they
are, essentially are administrative law judges. We apply and administer and adjudicate the laws of Workers' Comp each and every day at our district offices. So, each and every day, there are informal, pre-formal and formal hearings at our district offices where injured workers claims when contested by an employer are either resolved or go to trial.

REP. LAVIELLE (143RD): Are they attorneys?

MR. MORELLI: Sorry?

REP. LAVIELLE (143RD): Are they attorneys?

MR. MORELLI: Yes. To become a workers' compensation commissioner, you have to have been an attorney for five years. And we go through the same process through judiciary approval that the judges go through. The difference being our terms are five years and theirs are eight.

REP. LAVIELLE (143RD): And they are -- your folks are under the CBAC contract?

MR. MORELLI: Yes. Not the commissioners but the balance of the staff, yes.

REP. LAVIELLE (143RD): Okay, thank you very much.

MR. MORELLI: You're welcome.

REP. WALKER (93RD): Representative Johnson.

REP. JOHNSON (49TH): Thank you, Madam Chair, and thank you for your work and congratulations on your appointment.

MR. MORELLI: Thank you.

REP. JOHNSON (49TH): So, I just wanted to ask you. The one thing that I received from the Department of
Public Health is that in comparison of the injuries in the State of Connecticut to other states and we seem to be on the higher side. And I thought maybe I could give that information to you and then when we come and have our meeting, we can discuss why that might be. If you have any ideas on it now certainly, I'd be glad to hear them but I don't want to put you on the spot.

MR. MORELLI: Right. Well, I can tell you, I, I haven't spent a lot of time comparing Connecticut to other states. I've been concentrating on learning my new role and I've had a quite a bit on my plate since May. But I'd be happy to have that conversation with you.

REP. JOHNSON (49TH): Thank you so much. Thank you, Madam Chair.

REP. WALKER (93RD): Thank you. We can have it at the follow up committee meeting. That's the most important part. Just one second. Senator Formica.

SENATOR FORMICA (20TH): Good afternoon, welcome. Thank you. My question -- personal services line item increase from '18 to '20 and '21 along with OE seemed to be the big drivers, fringe benefits. Can you share a little bit about that and what you think the cost is on that?

MR. MORELLI: The, when you look at the budget and compare it to the prior year and you see what equates to just under a $3 million increase, is that what you're discussing? Our prior budget, there hasn't been a dramatic increase in the percentage of fringe. But the numbers that we were given from OPM didn't accommodate the amount of fringe that we had in that particular year. So essentially, I believe fringe in that year was like 94 percent whereas
fringe in the current year is 97 percent. So, the gap, so to speak, between the $21 million roughly and the $24 million is the amount that we were, I guess, I would call underfunded by OPM based on their estimates.

SENATOR FORMICA (20TH): Okay, thank you very much. I think we're going to meet in Committee for follow up on that and maybe have some specific information with regard to fringe numbers and personal services number when we get in there. I understand where you're going, thanks. Appreciate your time and your hard work.

MR. MORELLI: Thank you very much.

REP. WALKER (93RD): I don't understand. It went from 94 to 97?

MR. MORELLI: 94 percent of the -- why don't I have Virginia Alling come up. She can actually probably explain it much more effectively than I can.

MS. ALLING: I'm not so sure about that.

MR. MORELLI: Well, you do have a little bit more experience with this than I do.

MS. ALLING: A little bit.

REP. WALKER (93RD): And who are you, young lady?

MS. ALLING: I am Virginia Alling and I am the Fiscal Administrative Manager for Workers' Compensation.

REP. WALKER (93RD): Do me a favor. Press that button in front of you and then repeat what you just said to me.

MS. ALLING: Okay. I am Virginia Alling and I am the Fiscal Administrative Manager for the Workers' Compensation Commission.
REP. WALKER (93RD): Awesome, okay.

MS. ALLING: Okay. Last year, the percentage rate of fringe benefits was running 94 percent. 94 percent of personal services was our fringe benefit total. We were supposed to -- at the end of the session last year, we were supposed to get an additional $1 million for fringe benefits and also additional funding for indirect overhead. That didn't happen at the end of the session last year. It's potentially possible that we will go to a deficiency, you know, we will have deficiency money given to us this year because the fringe benefit rate is up from 94 percent to 97 percent. But we have excess funds in personal services that we may just be able, with a little luck, keep your fingers crossed, we may be able to FAC it to fringe benefits and also indirect overhead.

REP. WALKER (93RD): Okay.

MS. ALLING: Did that help or no?

REP. WALKER (93RD): Yes, that helped, that helped. So, I guess my question probably is not to you, it would probably be to OFA but I'll get it later. 94 percent and 97 percent seems high and so that's why I'm trying to understand why.

MS. ALLING: Part of the, part of the higher percentage is that we have 16 commissioners and their fringe benefit rate is higher than regular employees. So, that accounts for some of the increase, although, every agency's fringe benefit rate is up.

REP. WALKER (93RD): Okay so, so the administrative or the executive group of your employees are at a different fringe rate. Okay, I got that. Okay,
thank you very much. Don't go anywhere because you may have another question.

MS. ALLING: Okay.

REP. WALKER (93RD): Yes, Representative Reyes.

REP. REYES (75TH): Thank you, Madam Chair and welcome to give testimony here. And I may very well be in the weeds here but someone would have to explain to me the refurbishment of $40,000 for these chairs that's in the budget. Can somebody explain that to me?

MR. MORELLI: I can explain it to you. The estimate -- Workers’ Compensation and again, my experience goes back to May. But it's my understanding that it hasn't been given increases in years. So, the Chairs were talking about our quite old chairs, however, structurally they are still sound chairs. To replace them new would be about $425. To have them refurbished it's about $125. If you went into a workers' comp district office, you'd notice there's lots of chairs. Because each hearing room has anywhere from 12 to 14 chairs at least, waiting room has probably 20 to 25 chairs. There's lots of chairs in workers' compensation district office. To me, it's a bargain to pay $125 to refurbish a perfectly good chair structurally than to buy a new one at $425.

REP. REYES (75TH): That's reasonable. No other department has such an allowance and I was wondering what that was about but I appreciate your candid answer. Thank you, Madam Chair.

REP. WALKER (93RD): Thank you. Senator Formica.
SENATOR FORMICA (20TH): Thank you. Maybe we can gauge the cost of standup desks and see if it's cheaper than $125 chairs.

MR. MORELLI: Well, it might be in terms of reduced healthcare costs.

SENATOR FORMICA (20TH): I was concerned about a comment that you made with regard to different fringe rates. So, if you could bring to the Committee why there is different fringe rates. I understand an increase of fringe rates but I think I understood you to say that different employees have different fringe rates.

MR. MORELLI: Well, Senator Formica, the Workers' Compensation Commissioners are essentially in the same retirement fund as the judges. So, I would imagine based on their salary and their retirement plan and et cetera that their fringe benefits, I think that's what Ms. Alling is referring to. That their fringe benefits are different than the CBAC employees and management employees.

SENATOR FORMICA (20TH): So, it's a multiple of payroll that's higher because the payroll is higher, it's not the --

MR. MORELLI: Payroll is higher.

SENATOR FORMICA (20TH): But there's more items in the fringe as well, that's what I thought. Is that what you're saying? So, it could be the retirement component? Maybe we could get that when we -- I saw Holly writing it down the back there. Thank you very much.

MR. MORELLI: All right, thank you.

REP. WALKER (93RD): Representative Perone.
REP. PERONE (137TH): Thank you very much, Madam Chair. Not to belabor the point, it's just my own curiosity about the chairs, getting back to the chairs. How many did you say total that were being replaced?

MR. MORELLI: I don't have the total amount of chairs being replaced. Do you?

MS. ALLING: No, but it's for eight district offices and we haven't really replaced chairs in at least --

REP. PERONE (137TH): Yeah, I totally get that. But I was also going to ask, what's the expense again, what's the budget item? How much is going to cost to replace them?

MR. MORELLI: $125 to refurbish each chair that gets refurbished.

REP. PERONE (137TH): To refurbish them.

MR. MORELLI: Refurbish them.

MS. ALLING: Recover them.

MR. MORELLI: Reupholster, if you will. They're wooden, they're all wooden based chairs with a back cushion and a seat cushion.

REP. PERONE (137TH): Okay. I guess I was wondering, is this something that can be done over two years? Because I'm just thinking about are there ways to free up money say like in this fiscal year, you know, you do half the chairs but then you use money for other things. I was just trying to get a sense of the scope of the project, that's all. I'm not really making a suggestion.

MR. MORELLI: I can tell you that, you know, to your question that certainly anything can be done over
multiple years. I think if you went to the district office and looked at the chairs, you might think that maybe they couldn't wait two years.

MR. PERONE (137TH): Okay. Well, thank you very much.

REP. WALKER (93RD): I think that's it. So, I thank you sir and thank you for your testimony and I look forward to seeing you in the workgroups. Thank you.

MR. MORELLI: And I look forward to the same, thank you very much.

REP. WALKER (93RD): At this time, we will recess until 5 o'clock and I don't believe, I don't know but I'll be back. I have not heard that any people have signed up for public testimony. I will check at 5 o'clock. So, everybody take a break. Thank you, Senator. We're recessing.