

## PUBLIC HEARING

CHAIRPERSON: Senator Catherine A. Osten

SENATORS: Formica, Hartley, Kushner,  
Lesser

REPRESENTATIVES: Walker, Lavielle, Baker,  
Currey, Dathan,  
Dauphinais, Dillon,  
DiMassa, Haddad,  
Mastrofrancesco, Perone,  
Reyes, Rotella, Simms,  
Zawistowski

SENATOR OSTEN (19TH): Good morning, everybody. I'm gonna start right away. We have with us Martha Carlson, Deputy State Comptroller or Southern State Comptroller up first. Good morning. Go ahead and start after you introduce yourself.

DEPUTY CARLSON: Good morning, Senator Osten and Representative Walker. For the recorder, my name is Martha Carlson. I'm the deputy comptroller. Thank you for having us here to testify today. I am -- you have the written testimony on behalf of Comptroller Lembo. I'm sitting -- I sit here with Josh Wojcik, who's our assistant comptroller and policy director. And behind me is the leadership team of the Comptroller's Office to answer any questions you may have.

We're confident that given any unforeseen events the adjustments in both our agency budget and the miscellaneous accounts as proposed will be sufficient. As a side note, I would just like to say that, along with the other constitutional officers; we've completed our move to 165 Capitol

## PUBLIC HEARING

Avenue. It was three years in the planning, and in an effort to reduce paper, we digitized 1,300 banker's boxes files and over 6 million documents. I'd like to extend a special thanks to the Department of Administrative Services, led by Doug Moore and Carol O'Shea, in that the move was especially transparent and seamless for us.

Our office is in the process of planning for 2022 for the large sum -- large number of retirements. It's a particular challenge to our own team, because as you know, we centrally handle all payroll and pension payments and health benefits for all state employees and dependants. (Clears Throat) Excuse me. We're on track to make the necessary technological advancements for a move to the cloud. We continue to improve our Core-CT self-service functionality and plan to implement E-benefits and E-payroll in the next several months. We're also on track to have a fully self-service calc -- self-service pension calculator available to us when we have the surgeon retirements.

Regarding health care and our continued efforts to improve prevention, outcomes and cost, our office is in the process of implementing a Centers of Excellence Network that will identify the highest quality and most efficient providers for certain procedures of care and provide cash incentives to state municipal employees and their dependents to seek care with these Centers of Excellence providers. We're working directly with hospitals to identify the areas where they excel and our office has a seat at the table in the effort to drive quality care while also saving the state money. The members of the partnership plan, now at 60,000 municipal and nonstate employees, will also benefit

## PUBLIC HEARING

from these innovations. And thank you for your time. If you have any questions, we're more than happy to answer.

SENATOR OSTEN (19TH): Thank you very much. Could you go a little bit into the partnership plan? How many municipalities are involved in it now?

DEPUTY CARLSON: Hmm.

SENATOR OSTEN (19TH): And you said --

DEPUTY CARSON: Well, there's just under 60,000 members. I think we're at 220 -- 125. And those aren't --

SENATOR OSTEN (19TH): One-hundred-twenty-five municipalities?

DEPUTY CARSON: Right, right.

SENATOR OSTEN (19TH): So, you're at 125 municipalities. Is this -- it says -- in your write-up it says "and other nonstate public employees and their dependents." Who does that cover?

DEPUTY CARSON: Go ahead, Josh.

MR. WOJCIK: So, any nonstate public employer is eligible.

SENATOR OSTEN (19TH): She wants you to announce yourself.

MR. WOJCIK: Yeah, I'm sorry. I'm Josh Wojcik, assistant comptroller, State Comptroller's Office. So, any nonstate public employer is eligible. So, what that means is employees of COGS, of boards of education, of housing authorities. So, all of those

## PUBLIC HEARING

entities are eligible to participate and we have you know, a cross section of all of them.

SENATOR OSTEN (19TH): Bus drivers?

MR. WOJCIK: Bus drivers if they're public employees. Right. Not if they're private employees.

SENATOR OSTEN (19TH): But if they --

MR. WOJCIK: It depends on if they're --

SENATOR OSTEN (19TH): If they are doing --

MR. WOJCIK: -- if they're contracted or if they're employed directly by the municipality or the board of education.

SENATOR OSTEN (19TH): Contracted like -- so, a bus company that contracts with a board of ed could cover their employees?

DEPUTY CARSON: No.

MR. WOJCIK: They couldn't, no. They would be considered private employees and not public employees.

SENATOR OSTEN (19TH): Okay. But a bus company -- a bus service that is under a board of ed without contracting would be able to do that.

MR. WOJCIK: That's right.

SENATOR OSTEN (19TH): So, I consistently hear that you're in -- that the partnership plan is not meeting its obligations, that it's underwater, so to speak. Can you let us know where we stand on that?

MR. WOJCIK: Yes, I can. So, a couple of things. Number one; the partnership fund, which is a separate, nonlasting fund, is positive. I think the

## PUBLIC HEARING

end-of-month balance is projected to be somewhere in the vicinity \$20 million dollars this month. It has consistently had a positive balance throughout the history of the program. I think, Senator, what you're referring to is some analysis that showed, particularly last year, a medical loss ratio greater than a hundred percent, meaning that if we continued on that track over the long term, eventually that account would go negative.

We made some changes to the program last year that allowed us to adjust the premiums based upon underlying regional costs. So, we now have a specific premium for each county in the state that reflects that cost of care in each county of the state, so. What was happening is the majority of participants in the partnership plan are currently from Fairfield County.

SENATOR OSTEN (19TH): Mm-hmm.

MR. WOJCIK: The rates were set a statewide level and just the cost of care, the actual charges from providers in Fairfield County, is above the statewide average. And so as a result, we were having total costs that were greater than the premium for collecting, and so we are in a two-year transition period which will start this year where municipalities will go from, you know, the standard premium to an adjusted premium that reflects their cost of care in their county. So for some counties, that will mean a reduction. For other counties, that will mean a slight increase. But it will happen over the course of two years and we don't anticipate it to be, you know, overly burdensome for those participants.

## PUBLIC HEARING

SENATOR OSTEN (19TH): Thank you. Because I happen to like the partnership plan, but I wanted to make sure that we are meeting the financial requirements of that.

MR. WOJCIK: Yeah. And --

SENATOR OSTEN (19TH): You had in your write-up you wanted \$75,000 dollars for one position, for the Retirement Security Authority. Is the Retirement Security Authority considered a quasi?

DEPUTY CARSON: Is it a quasi?

MR. WOJCIK: So, it currently is. As in its current construction, it's a quasi.

SENATOR OSTEN (19TH): So, are --

DEPUTY CARSON: I'm sorry. I didn't mean to interrupt. The \$75,000 dollars would be an OSC, a Comptroller's Office employee that would help us stand the program up.

SENATOR OSTEN (19TH): I understand what -- that's what I got from here. But is this person designed to stay within the umbrella of that organization to provide oversight to that organization once you stand it up? What is the goal? Is the comptroller going to take on the duties of overseeing the organization of the retirement authority?

DEPUTY CARSON: That's our understanding, that there's - of the concept, that it will come under the umbrella of the Comptroller's Office and the comptroller will serve on that board to stand the program up, and as it evolves, make decisions on staffing and how it goes forward.

## PUBLIC HEARING

SENATOR OSTEN (19TH): Does the comptroller have a position on quasi publics, saying that there should be an administrative person either from the Comptroller's Office or the executive branch that would oversee each one of those quasi? Do you have a position on the Lottery Corporation and the Connecticut Port Authority? Does he believe -- as someone who has spoken out a lot on finances across the board, beyond the Comptroller's Office, does he believe that quasias should have an oversight person on them from the executive branch?

DEPUTY CARSON: I honestly don't know the answer to that. Do you?

MR. WOJCIK: So, in the absence of the comptroller being present, I don't think I could endorse a specific policy on his behalf. But as you stated, Senator, the comptroller is broadly interested in looking at opportunities to kind of rethink the oversight of quasias and would be, you know, more than happy to participate in any process that looked to establish that.

SENATOR OSTEN (19TH): Thank you. Thank you. I asked you two hard questions, so. Just wanted to get the answers out there and just -- is there anybody else that would like to ask questions this morning? Representative Walker, followed by Representative Lavielle.

REP. WALKER (93RD): Good morning. Good morning. And thank you for coming before us today. You stated in your statement your concern about the \$11.4 million dollars for the Connecticut Core improvement. Can you tell us what do you know about the status of the funding for this now?

## PUBLIC HEARING

DEPUTY CARSON: I have a commitment from the Secretary of OPM that that money will be made available to us. Generally, historically, we have had our bonds sort of by agency and they put it in our budget, but the decision was made at OPM to include it in the Capital Investment Fund. I hope I - I hope I'm calling that correctly, the Capital Investment Fund. But I have -- we do have a commitment from Secretary McCaw that that money will be available to us.

REP. WALKER (93RD): The Capital Investment Fund?

DEPUTY CARSON: Yeah. Oh, Capital IT Fund. I'm sorry. The Capital IT Fund.

REP. WALKER (93RD): Okay. So there's such an animal that is created now, the Capital IT Fund.

DEPUTY CARSON: Right, right, right.

REP. WALKER (93RD): Okay.

DEPUTY CARSON: They fund it every year. I think it used to be \$50 million dollars and it was designed to think up agencies who were trying to do IT and get them to be more in tune with each other so everyone would not be buying their own software. Generally, for Core-CT, we're such an independent body. We're the largest enterprise system in the state for the big bonds, you know, the pension implementation and Core-CT itself, we had a separate bond. But OPM has made the decision that for this \$11.4 million dollars they would rather run it through that fund.

REP. WALKER (93RD): Okay. Also, as you know, through the budget, there are various RSA adjustments in the budget. Have you taken a look at

## PUBLIC HEARING

the RSA adjustments that have been proposed by the governor in his budget?

DEPUTY CARSON: For just our agency you mean?

REP. WALKER (93RD): No, no, no, no. For -- I mean the ones that are coming out of the RSA account. There's a varying -- there's a variety of adjustments that are made in the budget. And I wondered if your agency had looked at those adjustments at all.

DEPUTY CARSON: We have not.

REP. WALKER (93RD): Not yet.

DEPUTY CARSON: We have not focused on that yet.

REP. WALKER (93RD): Okay. All right. Okay. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Representative Lavielle, followed by Senator Lesser.

REP. LAVIELLE (143RD): Thank you. Good morning.

DEPUTY CARSON: Good morning.

REP. LAVIELLE (143RD): I just have a question for you regarding the Retirement Security Authority.

DEPUTY CARSON: Mm-hmm.

REP. LAVIELLE (143RD): I know that it was in the process of being set up and then there were some issues and the -- I believe you let the executive director go. I'm saying you, I -- whoever --

DEPUTY CARSON: Right. I understand.

REP. LAVIELLE (143RD): You know what I mean. And the board is still intact, but now there's another person being hired. Can you kind of give us an

## PUBLIC HEARING

overview of what the status is and how the organization is set up and what's different?

DEPUTY CARSON: Well, as you know, we think that is -- we believe that CRSA had a rocky start. The board decided to go in a different direction and -- which is why it no longer has an executive director. The comptroller has met with the governor and OPM on the CRSA concept and we will be taking a lead role by hiring an OSC employee to help re -- sort of refocus the CRSA into something that is more easily manageable.

I can't -- I don't think we can tell you what it'll look like in a year or two, but right now the comptroller is concerned because he utterly believes in the concept of retirement security for those who don't have it. Our goal right now is to get somebody onboard who can begin to start -- to begin to stand it up and get the appropriate elements in place to have it be up and running and then move on from there.

REP. LAVIELLE (143RD): It says here a position to provide administrative support, which sounds kind of more -- what should I say; more clerical than it does managerial, but that may not be what you mean.

DEPUTY CARSON: I think it's beyond -- it's beyond clerical, but it's certainly a several \$100,000 dollar executive director at the moment. Right now, that position will help the board and the comptroller work through the elements of a successful implementation of the CRSA, and again, just get it standed up and then determine in what direction. There are many ways to make a concept like that work and the comptroller, I think, would

like a broader look at what those opportunities may be. Do you have anything to add?

REP. LAVIELLE (143RD): Would you be able to just go into any more detail about the -- you know, you said the board wanted to go in a different direction. What was the direction that -- what part of the directions did they change or want to change?

DEPUTY CARSON: I guess I would say a different direction in terms of the management of the current program and reel it back and determine how to move forward.

REP. LAVIELLE (143RD): So, it never did actually go into effect, right? So, what's the -- what are you looking at in terms of a timetable? Is there a, you know, a deadline by which the controller would like to see it in operation or?

MR. WOJCIK: Sure. So, I think we're still sort of at the point -- it only happened a few weeks ago, right, where the executive director was let go and that in part, Representative Lavielle, was a result of, you know, the board running out of its initial seed money. And so the plan is then to sort of move that back over to the Comptroller's Office so that we can provide sort of wraparound support for the board through out office and develop a plan to launch the program. That plan has not been developed yet and it's something that we are working on. And I think when it's available it certainly would be able to be shared at that point.

REP. LAVIELLE (143RD): So, is it reasonable to imagine that that would imply at some point further seed money; possibly not in 2021, but further seed money?

## PUBLIC HEARING

MR. WOJCIK: I think that's sort of unknown. I think there's a few different options in terms of how to launch the program, whether that has to be sort of state money, dollars accessed from an outside foundation or from -- or, you know, a vendor putting dollars up front. But again, all of that needs to kind of be determined. And, you know, if it was required to be state money, certain I would have to come forward and present that to the legislature.

REP. LAVIELLE (143RD): So, I guess I can interpret this that it's not thought at this time that that would happen -- that the need for that money would occur in 2021.

DEPUTY CARSON: Right.

REP. LAVIELLE (143RD): All right. Thank you very much.

SENATOR OSTEN (19TH): Thank you. Senator Lesser, followed by Representative Zawistowski.

SENATOR LESSER (9TH): All right. Thank you so much, Madam Chairman. Thank you to the deputy comptroller. I heard in your initial testimony some discussion of cost trends on the health care accounts and just wanted to know if you could go into more detail about where trends are, how they're lining up. I know that there is a new PBM contract and a new ASO and just wanted to get an update on that and if there's specific cost drivers that we should be aware of that we might be able to assist with.

DEPUTY CARSON: Sure. I'm gonna turn that over to Josh, as he led that project.

MR. WOJCIK: So, a couple of things on trends. You know, I think we had reported last year that we're in the process of finalizing a new PBM contract. That was finalized. It went into place July 1st of this year. And we have seen great results. You know, we haven't changed benefits at all and we are seeing a negative ten-percent trend on the pharmacy side, which is really helping out overall trend. And so, currently, on the active side, we are projecting premiums for next year -- the premium increase to be somewhere between two and three percent, but that's -- those are very preliminary and we'll have, you know, finalized rates the end of March-ish.

SENATOR LESSER (9TH): And any trends on the retiree side --

MR. WOJCIK: So, on the retiree side we're looking at negative trends.

SENATOR LESSER (9TH): Thank you very much.

SENATOR OSTEN (19TH): Representative Zawistowski, followed by Representative Haddad.

REP. ZAWISTOWSKI (61ST): Thank you, Madam Chair. A quick follow-up question on CRSA. Was the board going to stay in its current composition? Do you anticipate any changes in the board?

DEPUTY CARSON: I believe the board has been appointed -- each member of the board has been appointed for some term. I don't know what that -- I honestly don't know what that is, if it's a two or three-year term, but we're not hearing any discussion about board changes.

REP. ZAWISTOWSKI (61ST): Okay. Because I'd -- it's hard to figure out where the difficulties originated when there a difference in opinion from the board from the original thought of putting this together or whether it was with the executive director or -- I'm just trying to figure out, you know, what went wrong. But you're probably trying to do the same thing.

DEPUTY CARSON: Yeah, we're trying to do the same thing, and it's probably all of that.

REP. ZAWISTOWSKI (61ST): Mm-hmm.

DEPUTY CARSON: It just -- as I stated before, it was -- it got off to a really rocky start and then due to the seed money becoming so low they had to make a significant change, so the comptroller started having discussions with OPM and the governor about it.

REP. ZAWISTOWSKI (61ST): Yeah, I do hope that you are seriously looking at maybe dealing with some outside vendors for this service. I think it might be a better option, but. A follow-up -- I have another question also on the Connecticut Partnership Plan. That is maintained as a separate fund from the state plan. That's correct?

DEPUTY CARSON: Yes.

REP. ZAWISTOWSKI (61ST): And a short -- this is a self-sustaining fund. Shortfalls would be handled by this fund? The state taxpayers wouldn't be on the hook for any shortfalls?

MR. WOJCIK: No. That's not necessarily true. The way the legislation was written and the partnership plan was passed, it was written as -- where it's a

pooled risk program, which means that in the end, if that fund were to go negative, the way the law is currently structured, the state would be responsible for eventually, you know, covering those debts if over time the premiums of the program were unable to recover those debts. But our current projections, once we have the regional rates full implemented, show that we should be hitting our target medial loss ratio, and therefore we don't anticipate this to be a significant challenge moving forward.

REP. ZAWISTOWSKI (61ST): Okay. Because I was a little concerned about the negative reports from last year and the -- I think that's all I have for now. Thank you.

SENATOR OSTEN (19TH): Representative Haddad.

REP. HADDAD (54TH): Thank you. Thank you for being here and answering questions for us. I'm looking at state comptroller fringe benefits' service spreadsheet. And I wanted to ask a question about the higher education alternative retirement system where there's a pretty substantial reduction in the anticipated-- and a pretty -- a half -- I mean, you're cutting the line item in half. I just wanted to know if you could bring me up to speed on that. There was a grievance a couple of years ago. There were a number of employees who were given the opportunity to switch from the alternative retirement system, which is a defined contribution plan, to the defined benefit plan. I guess this is reflective of those switches?

MR. GRIBBON: Yes. Hi. This is Bob Gribbon from the Budget and Financial Analysis Division of the Comptroller's Office. That is actually correct. Sixteen-hundred employees transferred from the

alternative retirement program to the State Employee Retirement System, SERS. And so this reduction is reflecting that transfer. So, fewer -- you know, less cost is coming against the general fund appropriation. So, that's largely the case and we're actually seeing some of that this year. That account has been the surplus. So this is really just adjusting that account to be in line with the trends we're seeing now.

REP. HADDAD (54TH): Right. And so I imagine there's a commensurate increase some place in expenditures for the SERS -- for the defined benefit program?

MR. GRIBBON: Right. If you -- I don't know if it's dollar for dollar, but there is an increase in the contribution for the State Employee Retirement System based on the most recent actuarial evaluation.

REP. HADDAD (54TH): Right.

MR. GRIBBON: So, that's correct.

REP. HADDAD (54TH): Is -- are these dollar numbers reflective of the whole cost or the state's obligations to the alternative retirement system or are there other -- or does some of this money also come straight from the university systems that isn't reflected here?

MR. GRIBBON: That's also correct. So, this is the share of the alternative retirement program that is paid by the general fund.

REP. HADDAD (54TH): Okay.

MR. GRIBBON: There are also employees that work directly for university operating funds and those

are charged to those universities directly. So, this is part of the cost, but not the full cost.

REP. HADDAD (54TH): Right. And so I guess -- so the 1,600 people who switched -- well less so, but the people who are left, I guess. The people who are left, this is the reflective of the number of block grant funded personnel in the higher education system that are signed up for the alternative retirement system.

MR. GRIBBON: Yes, partly. But there are also people that work for the UConn Health Center or work for the community colleges that are charged directly to the general fund because salaries -- there's appropriations in the general fund that pay those salaries. So, it is partly the block grant population and partly community college employees and university health center employees who are charged directly to the general fund appropriations.

REP. HADDAD (54TH): Right. So, -- I'm using block grant fund, I guess, as a proxy for stated funded --

MR. GRIBBON: That's correct.

REP. HADDAD (54TH): General fund appropriated dollars that go to anywhere in the higher education system. If they're on the alternate system, this is the dollar amount that is the state's contribution. And if they're on the defined benefit program, those benefits would be paid for out of the comptroller's contribution for the defined benefit program. If they're a non-block granted funded employee in higher education and they're in the defined benefit program, they have -- those expenditures are also recovered from the higher education institutions.

MR. GRIBBON: They are [Crosstalk] rate, yes.

## PUBLIC HEARING

REP. HADDAD (54TH): Right, at the defined benefit rate. Okay. And then just the last I just wanted to ask if you could help clarify. Last --

SENATOR OSTEN (19TH): Representative Haddad, could you point out those specific line items that you were talking about so everybody's on the same page on those?

REP. HADDAD (54TH): You know what? I'm not exactly sure where they are on the page. --

SENATOR OSTEN (19TH): Oh, okay.

REP. HADDAD (54TH): This is -- I understand --

SENATOR OSTEN (19TH): All right. I was trying to find the numbers that you were actually looking at.

REP. HADDAD (54TH): So, the higher education alternative retirement system is clearly outlined here, right, and that's where the fifty-percent reduction from \$24 million dollars to \$23 million dollars is. It might be -- maybe somebody from OFA could point out where the benefits are -- where the increase would appear in the defined benefit program.

MR. GRIBBON: That would be in the State Employee Retirement System contribution line.

REP. HADDAD (54TH): State Employee Retirement System contribution line.

MR. GRIBBON: Yes, the employee retirement contributions.

REP. HADDAD (54TH): Yeah. Right.

MR. GRIBBON: There's two normal costs and unfunded.

REP. HADDAD (54TH): Yeah.

## PUBLIC HEARING

MR. GRIBBON: So, it would be in those two lines.

REP. HADDAD (54TH): And of course -- and it's not -- it's also not a one-for-one transfer because it's clear that those folks are block granted in every instance. Correct?

MR. GRIBBON: True. The universities select the roster of employees that are charged to the general fund block grant versus the employees that are changed to the universities' operating funds. So, there is some selection there.

REP. HADDAD (54TH): Right. Okay. And then -- and just to complicate things more.

(Laughter)

DEPUTY CARSON: Thank you.

REP. HADDAD (54TH): Last year, we provided some additional funding both to the UConn Health Center and also to the community college system to help them with the fringe -- with the legacy class; really, I think is our intention, the legacy class, for employees who are on their block grants -- or not on their block grants.

MR. GRIBBON: Not on their block grants.

REP. HADDAD (54TH): What lines do those subsidies appear in this budget, those additional subsidies?

MR. GRIBBON: So, for the most part they would be in the State Employee Retirement contribution unfunded liability line.

REP. HADDAD (54TH): Okay.

MR. GRIBBON: Because these are largely --

## PUBLIC HEARING

REP. HADDAD (54TH): And then in the governor's proposal --

MR. GRIBBON: These are largely subsidies to take a portion of the unfunded liability to help with the unfunded liability portion of the fringe rate.

REP. HADDAD (54TH): Okay. Great. Moving forward, I mean, I'll do my best as the chair of the Higher Education Committee, which is a little different than this general GGB, to sort of consolidate and at least be able to provide members with a memo on where all of these line items sort of come together. Because it's hard to follow the money, I guess, at this point.

MR. GRIBBON: There are a lot of moving parts.

REP. HADDAD (54TH): But I appreciate your answers.

MR. GRIBBON: Thank you.

SENATOR OSTEN (19TH): Are there any other comments or questions? Senator Formica.

SENATOR FORMICA (20TH): Thank you, Madam Chair. Good morning.

DEPUTY CARSON: Good morning.

SENATOR FORMICA (20TH): With regard to the CRSA program, your write-up calls for handling payroll deductions by the end of 2020. The cost to the state shall be reimbursed by revenue. How is revenue generated from that? How is that gonna happen and is this a taxpayer-funded position that we're gonna have here to oversee -- assume operational control?

MR. WOJCIK: So, the -- I think it's, as you just mentioned, the ongoing cost of the CRSA are

## PUBLIC HEARING

envisioned to be funded through, you know, administrative fees placed upon the participants of the program, just as you would -- just as you have in a 401K or a 457 plan. There's some administrative fees in order to pay for the administration of the program. So, it would operate very similar and that's where the ongoing funding is anticipated to come from. But I think in terms of this \$75,000 dollar position, I think we're seeing it there in the budget because that would be anticipated to be, you know, a general fund covered position under the state comptroller.

SENATOR FORMICA (20TH): Thank you very much. Am I mistaken in my understanding is that no taxpayer dollars were to be used for that? And so consequently, if that's the case, would you reimburse out of those funds that you're collecting for administrative costs?

MR. WOJCIK: For the \$75,000 dollar position. We haven't sort of discussed that.

DEPUTY CARSON: No, I don't think we've - you know, we haven't discussed that. Is that what you're -- just to clarify. Are you asking if the \$75,000 dollar appropriation that's in the budget for the administrative help to the comptroller to stand the program up will be reimbursed by the fund once it's up and running?

SENATOR FORMICA (20TH): I'm sorry. My question might be a little even broader than that. But it says the state comptroller would assume operational control with the goal of handling payroll deductions. And this \$75,000 dollar position, is it gonna stand up the program and manage all of the payroll deductions or is that gonna be done with

## PUBLIC HEARING

another agency, another -- someone within the payroll department or -- and my question really is is the -- and I'm sorry to interrupt --

MR. GRIBBON: Yeah.

DEPUTY CARSON: It won't be operated --

SENATOR FORMICA (20TH): But my question really is is taxpayer funding being used for this? Because my understanding was it's not -- it wasn't set up to be that. And then I'll have a follow-up question after that.

MR. WOJCIK: So, that position, sort of as described, would sort of, you know, help manage the board, help manage -- establish the plan for implementation, that type of thing. So, it would not be involved in actually, you know, setting up the payroll deduction, etcetera. That would be a contractor. Right?

DEPUTY CARSON: It would be a vendor. Right.

SENATOR FORMICA (20TH): So the contractor would be paid for by the retirees that are participating in this program through a variety of fees. And are those fees competitive with local banks and financial service providers that may be able to do this -- offer this service to retirees for -- in the private sector?

MR. WOJCIK: So, right now, there is no contract employees with a vendor, so we don't know what the fees are. But when we initially did the analysis on this program, that analysis showed that given the anticipated participation and the anticipated fund balances, it would be possible to have very competitive administrative fees for the program.

## PUBLIC HEARING

SENATOR FORMICA (20TH): Competing with the private sector that offers that service --

MR. WOJCIK: Competing with the lower end of administrative costs in the private sector.

SENATOR FORMICA (20TH): Okay. Perhaps for the focus groups we could talk a little bit more in-depth about how you anticipate sending that RFP out or how that contract is gonna look, what the costs might be, and who's gonna -- you know, is the payroll deduction coming completely separate outside of state government through this contractor that's going to bid on it and all that and get those details. And also for the, if I may, Madam Chair, the adjudicated claims. Always -- I ask this question all the time. We budget zero for those. We always end up with more for the focus group. Perhaps you could bring a number of years of actual adjudicated claims and where we see those heading.

DEPUTY CARSON: The -- yeah, the adjudicated claims issue always comes up. I thought you were talking, actually, about the amount of years that I've been in the Comptroller's Office. But it used to be -- in the old days, there was a \$4 million dollar, that I remember, appropriation and it always went over. At some point during the last administration, they determined that there's really no way to guess what number is. These are claims, they could be won off. It could be SEBAC v. Rowland. We had a claim last year with that horrific accident on the Merritt, where the tree came down and killed the parents. That was settled this year.

We can - you know, we can certainly, and I think we have in the past, supplied you with a matrix of what the costs had been over the years. This year is a

## PUBLIC HEARING

particularly significant one, I think, because of SEBAC v. Rowland. But, you know, we just -- you know, we -- it's an appropriated account that we get notification from the AG to pay x amount of dollars to x person, and that's what we do.

SENATOR FORMICA (20TH): And I understand the nature of -- you know, the line item is difficult. And I remember in my old days as being a first selectman, you're trying to budget a snow account and there's no real way you can budget a snow account. Right?

DEPUTY CARSON: Right, right, right.

SENATOR FORMICA (20TH): You know how much it cost to mow lawns because you can set a schedule, but you can't do that with snow. So, what we used to do was take a rolling average over a number of years and put some money in there, because we knew there was some funding.

DEPUTY CARSON: Right.

SENATOR FORMICA (20TH): So, I've mentioned that in the past.

DEPUTY CARSON: Right.

SENATOR FORMICA (20TH): But if you could get some, you know, background and then a vision of what '21 might look like in the adjudicated funds so we could look at it in the focus group. And then my last question would be the lapse in the pension and health care. You have \$256 million dollars and \$19 million dollars for the special transportation fund deducted. Those now are allocated. How are we achieving that savings?

MR. WOJCIK: So the lapse in SERS, right, was primarily achieved through the change in -- you

know, in expanding out the timeframe in which we will be paying back the unfunded liability on a component of the SERS payment. There was one chunk of SERS unfunded liability that was supposed to be paid back by, I think, 2032, and there was an agreement between and labor and management to expand that out a number of years that I believe will be coming before the legislature for approval. But that is the primary savings mechanism for the SERS unfunded liability contribution. And then in the other components of it you can see in the state employees health service accounts for retiree and active, and we are seeking to achieve those savings through a variety of means and I would highlight a couple of things.

Number one; the lapse were applicable in the existing budget. The governor's current budget I think pulls it out of the lapse and actually reduces the appropriation for 2021 rather than have it in the lapse. But regardless, we're trying to achieve that through a variety of means including introducing a new narrow network product of which would be lower costs and an option for state employees through the introduction of a Center of Excellence program in which we will have new bundled payment contracts with hospitals that should be lower costs than what we're paying in the fee for service model right now. We're also hoping to direct more utilization to those Centers of Excellence, thereby reducing our costs by directing folks to higher-quality institutions and therefore having fewer avoidable complications and other things like hospital readmissions, that type of thing, to bring down our costs.

And then finally, we are also seeking to improve our contracts with vendors. So, right now, we are out to bid with our dental RFP for the administration of our dental program. We're also out to bid -- or we're about to go out to bid for our Medicare retirees in the Medicare Advantage Plan. And we hope to get more aggressive bids on the administrative costs of those programs to achieve some portion of the savings that is accounted for in the 2021 budget.

SENATOR FORMICA (20TH): Thank you. Thank you very much. And just -- if we could bring a summary of that savings to the focus group that would be helpful. And just one final question. Thank you, Madam Chair, for your -- I know you want to get out of here because we have people waiting. You said the savings in the pension, I thought I heard you say it was -- when we refinanced a couple of years ago and then for the -- to take care of that fiscal cliff and then move it out fifteen years. You're taking that savings?

MR. WOJCIK: So, when we -- yeah. When we refinanced a couple of years ago, we broke it into two sections. We had the portion of unfunded liability that was applicable prior to 1984, when we started tier 2. We left that on the 2032 schedule, essentially attempting to pay off that unfunded liability by 2032. The other two-thirds or so of the unfunded liability that was applicable to everything since 1984 was moved out, you know, to -- I think it was 2044 or somewhere in that -- and don't quote me on that, but right around there. And so what we did with the additional savings is to move out that portion that was -- that remained on the 2032 schedule, out to that 2044 or 2045 date.

SENATOR FORMICA (20TH): Okay. Thank you very much. Maybe a quick one-pager on what that looks like on paper, how you did it and what the changes. And thank you very much for your answers. I appreciate you coming this morning. And thank you, Madam Chair, for your flexibility.

SENATOR OSTEN (19TH): Thank you. Are there any other comments or questions? Seeing none. Thank you very much. Have a nice day. Next up is Kostas Diamantis, deputy secretary, Office of Policy and Management. Good morning. Deputy Secretary, please go ahead. And you can probably just give us the highlights of what you have. We don't need you to read it for us, because I know we have a lot of questions for you.

DEPUTY DIAMANTIS: Certainly. I guess the highlights would be, of course, good morning to you all, Senator Osten, Representative Walker, Senator Formica, and Representative Lavielle and members of the Appropriation Committee. I'm here to discuss with you the 20 -- the fiscal year '20-'21 budget adjustment. We have an increase in the OPM budget from \$330.4 million dollars to \$331.9 million dollars. And the governor's adjustments add a new OPM -- OPM's budget is a special transportation fund in the amount of \$434,823 dollars.

Increases to OPM's general and special transportation fund budget primarily reflect the governor's priorities of achieving operational efficiencies and strengthening Connecticut's workforce. I am -- since we are pressed for time, I'm going -- you have my testimony. It is submitted to you. I'll merely suggest that we go right to questions then.

## PUBLIC HEARING

SENATOR OSTEN (19TH): Thank you very much. And I'm gonna start off with a couple of questions that I think are very relevant. We have noticed in many of the agencies that you are transferring funding to Human Resources -- from other agency Human Resources to a centralized Human Resources. Are those folks going to sit at the -- is everybody here from OPM?

DEPUTY DIAMANTIS: The staff is here.

SENATOR OSTEN (19TH): That they're all here from OPM? You guys got a lot of staff over at OPM now. I can tell you, when Ben Barnes was here he'd come with, like, three people. Now, you've got, like, three rows of people, so.

DEPUTY DIAMANTIS: Probably just some of that is because they feel that, you know, the rookie on the block and they wanted to make there's plenty of backup.

SENATOR OSTEN (19TH): I just don't think you're a rookie, but that would far be it for me to say that, but. Where are those people gonna sit, those Human Resources people gonna sit?

DEPUTY DIAMANTIS: Well, the -- I think the centralization of it is -- the idea is bring everyone together and I think the primary areas is going to be with DAS. And fifty-four positions from HR and Labor Relations are coming to us, sixteen, of course, from the Office of School Construction Grants and Review are coming to us. There's an additional MARB position that we're looking for, and of course one position in LEAN. All the others is a centralized area. And I think the entire area is gonna be centralized with DAS, who is Josh Geballe, who is with us here today.

## PUBLIC HEARING

SENATOR OSTEN (19TH): He's next.

DEPUTY DIAMANTIS: Yeah.

SENATOR OSTEN (19TH): We got questions for him too, so. So, having -- so, you had 54, one from our -- sixteen, was it for --

DEPUTY DIAMANTIS: School Construction Grants Review and Audit are sixteen people.

SENATOR OSTEN (19TH): All right. So, that's sixty -- seventy-one positions moving.

DEPUTY DIAMANTIS: Seventy-two.

SENATOR OSTEN (19TH): So, are gonna move into the Office of Policy and Management building?

DEPUTY DIAMANTIS: Correct.

SENATOR OSTEN (19TH): Okay. So, on the Human Resources, are there gonna be Human Resources -- any Human Resources, Labor Relation folks sitting in the specific agencies? I know Fae.

DEPUTY DIAMANTIS: I have with us -- you know Fae?

SENATOR OSTEN (19TH): I do know Fae.

MS. BROWN-BREWTON: Hi. Fae Brown-Brewton. The fifty-four Labor Relations staff will remain physically in their agency settings.

SENATOR OSTEN (19TH): Okay.

MS. BROWN-BREWTON: Boots on the ground where we need them.

SENATOR OSTEN (19TH): Okay. But they'll be responsive to an umbrella group of people at the Office of Policy and Management.

## PUBLIC HEARING

MS. BROWN-BREWTON: Correct.

SENATOR OSTEN (19TH): So, if you have Human Resources people sitting, for example, in the Department of Energy and Environmental Protection right now, those physical bodies will not move to the Office of Policy and Management. They'll stay where they are.

MS. BROWN-BREWTON: Those dedicated to Labor Relations functions will stay physically in the agency settings. Those related to general Human Resources, I'll leave that to Commissioner Geballe to speak to.

SENATOR OSTEN (19TH): Okay. The umbrella piece, so if there is a problem with a Labor Relations person that is not showing up for work, for example, how -- who is going to be the person responsible for overseeing that particular kind of management function? Is the director of that particular agency going to watch them? Who is watching that or are we just saying that we trust them to be there? Just a question.

MS. BROWN-BREWTON: They are professionals. We do trust them, but however, there is the agency business partner who currently sits as the Human Resources administrator day to day, working with our staff. And there is a manager who oversees groups of employees assigned from my office.

SENATOR OSTEN (19TH): Right. So, how do we save money by doing this? And so why are we doing this? Because the ultimate goal would be to save money. Is this in anticipation of 2022 or what is this role about?

DEPUTY DIAMANTIS: It is in fact part of that role. It is in anticipation of 20 -- the retirement cliff that's going to occur, centralizing more efficiencies and preparing for fewer bodies.

SENATOR OSTEN (19TH): So, how do we save money?

DEPUTY DIAMANTIS: If we're streamlining a process and we're leaning processes as well, the idea is not to have to replace where we don't need to replace staffing and not having duplication.

SENATOR OSTEN (19TH): So, I could understand that if they were coming together in a centralized location, but I don't see it by them being -- staying where they are. It doesn't seem to me to provide a modicum of reduction and expenses. So, for the working committee for the sub-committee, if you could give me a five-year expansion on dollars, on what -- how do you see this saving us money? What is the goal here? And so are you saying -- how many of those Human Resources are scheduled to retire in 2022? Are they a younger workforce or not? And are there going to be layoffs as a result of this in 2022? I'd like to understand what the trajectory is and exactly what we're gonna say.

In addition to that, you have talked about -- in every agency's budget that is coming has talked about software and moving the -- and consolidating the software. So, again, my same question is how is that designed to save us real dollars? Why are we doing this?

DEPUTY DIAMANTIS: That one I have a personal experience with.

SENATOR OSTEN (19TH): Okay.

DEPUTY DIAMANTIS: And one of the things that I found most frustrating was, for instance, in the Office of School Construction Grants and Review, and of course John Vittner is here to assist us on that in further explaining, is we had a system that was based in Wang, actually. That's how far old it was. And we were probably spending the second-most amount of money besides the Department of Transportation. One of the questions I had asked then was do we have an idea of what are the various softwares and programs that we have throughout the state so that we could piggyback one that already exists, rather than looking to procure another or building a new system. Lo and behold, we did not.

We had no idea what all the systems were across the State of Connecticut and we later found out that there were multiple programs and systems throughout the State of Connecticut, each of them requiring licenses, each of them requiring additional funding. And then idea was then to centralize those programs so that folks like us, who are not IT experts, can sit there and say here's what we need for our various systems throughout the state. If we had one or two or three, minimizing the amount, fewer licenses, fewer expenditures, to reduce those costs. And that's the avenue we're pursuing.

SENATOR OSTEN (19TH): So in addition to the previous information I asked for, I'd like to know how many systems we have throughout state government, where we're going with this, and how we're going to get to a single, one, two or three systems, what they are, and what that exactly entails. Do we have to get more hardware? Is it just a software issue? I'd just like to understand that a little bit better.

## PUBLIC HEARING

DEPUTY DIAMANTIS: Certainly.

SENATOR OSTEN (19TH): And before Fae disappears, if I ask a question where she disappears. Fae, how many contracts are we expecting this year?

MS. BROWN-BREWTON: Certainly there will be two. We have a group of employees in the Department of Insurance, who have accreted into the A&R bargaining unit.

SENATOR OSTEN: Yeah.

MS. BROWN-BREWTON: And so we are currently trying to finalize the agreement on that. And so --

SENATOR OSTEN (19TH): I don't know. Is your microphone on, Fae? I'm sorry. Thank you.

MS. BROWN-BREWTON: Okay. We have for certain two agreements that will be submitted to --

SENATOR OSTEN (19TH): Where are they from?

MS. BROWN-BREWTON: One of them is a group of thirteen employees, formerly known as managers, who accreted into the administrative and residual bargaining unit. And we are finalizing the agreement with those folks and also the post-doctorate fellows with the University of Connecticut. They are finalizing their agreement as well.

SENATOR OSTEN (19TH): Do you know how many are in that one?

MS. BROWN-BREWTON: No, I don't.

SENATOR OSTEN (19TH): And you said the third one that you're working on is in Department of Insurance?

## PUBLIC HEARING

MS. BROWN-BREWTON: That is the group that accreted into the A&R bargaining unit.

SENATOR OSTEN (19TH): Okay.

MS. BROWN-BREWTON: Is employees from the Department of Insurance.

SENATOR OSTEN (19TH): So, are there any others besides those two that we might see?

MS. BROWN-BREWTON: There are seven groups of former managers that have petitioned to accrete into bargaining units that are pending determination by the State Labor Board.

SENATOR OSTEN (19TH): Okay.

MS. BROWN-BREWTON: So -- but we have not received those decisions. And there are a few more that have petitioned, but not board activity. Well, two of them have had hearings.

SENATOR OSTEN (19TH): Do you know if there is contracts pending through Judicial?

MS. BROWN-BREWTON: No, I do not.

SENATOR OSTEN (19TH): Okay. Thanks, Fae. I just wanted to know where -- how many I was going to have to stand next to Mr. For-- Senator Formica and discuss. I wanted to prepare myself early for stamina. So, just saying. (Laughter) So then the Office of Workforce Competitiveness, what are we doing here now? This looks like a lot of dollars moving in, moving out. How are we handling this one? And we missed the secretary today. Where is she?

## PUBLIC HEARING

DEPUTY DIAMANTIS: The secretary is being -- is prepared to -- is preparing for another function. She --

SENATOR OSTEN (19TH): Oh, is she on pace to fax?

DEPUTY DIAMANTIS: Yes.

SENATOR OSTEN (19TH): Oh.

DEPUTY DIAMANTIS: It was either that or the fax.

SENATOR OSTEN (19TH): It is. Senator Formica says this is kind of like a fax.

DEPUTY DIAMANTIS: It certainly is. It certainly is.

SENATOR OSTEN (19TH): But that is only eight minutes. This might be an hour or so.

DEPUTY DIAMANTIS: That's fine. The staff is here. I'm just losing my voice. So, the idea is to -- in the workforce, there's funds coming in to prepare the body and coordinate the various functions that are necessary to increase workforce development. And specifically, a position -- there is a position asked for, as I'm looking -- flipping through my notes to prepare myself.

SENATOR OSTEN (19TH): So, I can tell you that it's on page 17 of the budget discussion, and it talks about moving a position from the Department of Labor for \$313,112 dollars, but that includes one position and its associated funding of \$115,000 dollars. So, that's one.

DEPUTY DIAMANTIS: The idea is to create a coordination between the agencies to promote a workforce development to include education, K-12, university systems, employer's Department of Labor,

## PUBLIC HEARING

to enhance the needs for job placement. So, they felt that this was the best form and we felt working in conjunction with the governor's workforce development to do that.

SENATOR OSTEN (19TH): So, I understand that, but my under -- my concern about this is that we're moving all Human Resources, all Labor Relations, now we're moving Workforce Competitiveness. We've moved School Construction. Are we just coming up with one state agency, the Office of Policy and Management? Because it -- so, sort of not joking aside, it's very concerning to me that we're moving anything in there.

And there were a lot of things that we had in the budget there that we had made decisions to move certain things, like workforce issues -- I know. Like workforce issues from the Department of Labor to the Department of Economic and Community Development, which we think is a better place for this organization, not at the Office of Policy and Management, which we think you oversee the issues. But we would like to make sure that we're effectively using the departments that have been created to oversee job development, which is the DECD function.

And so we're concerned that we're moving money out of a function for that. I mean, I have my own problems with the Workforce Development Board that the governor has created when he excludes some of our top employers from being involved in that. So, I am concerned about this and so I'd like a better explanation than what is here.

DEPUTY DIAMANTIS: The idea was, in fact, to do administration through the Office of Policy and

Management. It was not to create a new agency. It was not to put it under the oversight, to create an executive director with an office with administrative duties and responsibilities that in OPM as opposed to a new agency. That's really what the intent was. And as far as this umbrella, I know there's always been, for years, a concern about OPM overstepping whatever boundaries it may have had or we thought it would have. The idea was not to create a larger agency of OPM.

It is creating the efficiencies of what OPM, the Office of Policy and Management, does with its resources that it has to in fact make more effective those things that are being established to produce an outcome. And in some cases, OPM is better suited in an agency that provides services of the nature that we're looking to do and oversight.

SENATOR OSTEN (19TH): So, I guess we're going to agree to disagree on that particular issue. So, unless you can provide a better explanation at the subcommittee level for what you're actually trying to do here. And then the School Construction unit, so, I was -- I haven't been here forever and you've done this work for a lot of years, and I appreciate the work that you do on School Construction. I think you provided a lot of value in streamlining that system. I'm concerned that it's over in OPM, because I think it makes it a political organization, not a business decision that you were making at DAS. Because not only did you have School Construction, but you also had Construction Services at large in DAS. And it seems to me to be a better fit there.

## PUBLIC HEARING

So that we were -- OPM, by the very nature that it's an arm -- a direct arm of the governor's office, makes it appear to be more of a political organization. And I am very concerned that we have moved School Construction without any knowledge by the people that are running the budget or any of us included in the discussion to point some of this out. So, I'm gonna need some more information on what we're doing with construction at DAS that's still left there. Is there intent to move that over to OPM also? And, you know, I know that -- I would strongly suggest that as many as you have here today that they target in on those particular issues for the subcommittee in, you know, hoping that the secretary will be available for Representative Walker and I to go through some of these concerns that we have. So, if you wouldn't mind telling her that we'd appreciate time with her to really delve into some of these issues. Representative Walker.

REP. WALKER (93RD): Thank you and thank you, sir, for your testimony for today. I'm gonna pick up where my colleague started. My first concern is School Construction. I want to understand how do you move a whole agency and department from one to another without having it approved by the General Assembly, considering we were the ones that established it?

DEPUTY DIAMANTIS: The Office of School Construction Grants and Review and Audit still sits with DAS. It's under the purview of DAS. The staff is still DAS staff. The responsibilities -- the statutory responsibilities are still with the commissioner of DAS. The placement of the group is in the Office of Policy and Management building at 450 Capitol, versus Columbus. One of the reasons was I was

## PUBLIC HEARING

willing to wear two hats at moving over to the Office of Policy and Management and continue to function with the Office of School Constructions Grants and Review and continue the work.

I would suggest based on some of the conversation that just was had that the Office of School Construction Grants and Review has probably been the most apolitical entity, at least in my twenty-eight/thirty years in this building and walking around these hallways. It continues to be so. I understand that at DAS it was a certain fit, but as you all know, before DAS, it was in the State Department of Education. And some folks thought that that was the perfect fit at that particular time.

I will suggest to you regardless of where Construction Services ends up one day, I would say to this body and to others that there is a model that suggests that we can do things better than the way we used to do things and maybe at some point in time School Construction, Construction Services and all construction including those in other agencies, where we have other project managers, based on statutory authority, as you know, and whether it's in Judicial, in DEEP, in the university system each have their own project managers, each have their own project teams.

We also know that -- I'm not so sure how efficient that is, but one that I know is efficient, and that is we have various buildings in the State of Connecticut. We have school buildings. We have state university buildings, state office buildings, etcetera, that all require attention and care. And it would be a wonderful thing to be able to have a

## PUBLIC HEARING

capital improvement plan that we can rely on over the course of a five-year, ten-year capital improvement plan, doing existing conditions of buildings and understand where they are, and be able to coordinate with the Office of Policy and Management to determine bonding needs in the course of one, two, three, four and five years.

I could suggest to you that in School Construction, I can probably give you our budget over the next four or five years because of that type of efficiency that we created.

REP. WALKER (93RD): Okay. So, I'm guess -- what I'm hearing from you is that the efficiency comes from the geographic location, because none of the things that you have outlined are going to stop because of the fact that they would be housed in DAS. It's just a matter of you're moving the bodies over to OPM. And part of the concern that I think we have about that is the fact that it had to be done through the General Assembly, because it is in statute. But yet the operation of it -- and you're saying that they have -- we have been told they have moved already over to OPM.

DEPUTY DIAMANTIS: They have.

REP. WALKER (93RD): Wait, wait, wait, it's my turn.

DEPUTY DIAMANTIS: Mm-hmm.

REP. WALKER (93RD): And the other part of it is that the operation of the School Construction now, if we want to get information about School Construction, we have to go through OPM to get that information, from what I was told. Because we were looking at some details and we informed that Office of Fiscal Analysis, which is the arm of the General

## PUBLIC HEARING

Assembly, has to now go to OPM to get that information instead of going directly to the School Construction Division.

So, the concern that I have is the Office of Policy and Management, and you guys are great and you do a great job for the Executive Office, are attached to the Executive Office. So, it is important that we, as one of the other arms of government in Connecticut, have the same access when we want to go through the details. And that is what we are concerned about with this whole change, number one, and number two, before we even have approved it, it has already been transacted. So that in itself is not a good message for the General Assembly here, because we haven't had a chance to talk about it. We haven't had a chance to hear any of these things and you have already executed that entity. And that is a problem. So, we'll leave that alone. We're gonna move on to the next thing.

On the Office of Workforce Competitiveness, you were talking to my colleague about this. First of all, the Office of Workforce Competitiveness, I believe, is a requirement, and I may be wrong, from the Department of Labor because of we owe a Workforce Investment Act. So, my first question on that is, by moving -- eliminating Office of Workforce Competitiveness, does that jeopardize any of our federal funding with the federal government? Do you know?

DEPUTY DIAMANTIS: The answer to that question, to my knowledge, is no. It doesn't.

REP. WALKER (93RD): No. All right. So then when you went to describe the functions that were gonna happen with Office of Workforce Competitiveness,

## PUBLIC HEARING

being eliminated and merged into the governor's workforce -- I can never get the whole title. Commission, organization, whatever they -- the -- because I'm a member of it. You're saying that this -- it's necessary to recreate another entity to do those options. Because the Department of Economic and Community Development I thought was supposed to be doing that. And if we read the definition of it in the -- on the website; that is what you described, was what I thought was DECD. And the Office of Workforce Competitiveness was, like, the bridge between DECD and the Workforce Investment Boards, etcetera. So, I'm trying to understand how we're moving the deck chairs around here as opposed to are we really going for the efficiency or we're changing just names and geography again, but still having the same definition of what we need to do, which is what we have already in statute.

DEPUTY DIAMANTIS: From our perspective, the Office of Workforce Competitiveness will be elevated from an effort within the Department of Labor to its own independent office housed, of course for administrative purposes only, within the Office of Policy and Management. The idea is -- and it would be led by an executive director, and initially supported by three staff from the Office of Workforce Competitiveness and will be responsible for formulating state workforce policy, coordinating and convening state workforce stakeholders, and using performance management systems to hold participants accountable for meeting agreed upon goals that are important to us.

The office will be established as a LEAN but empowered operation responsible for primarily for formulating unified state strategy.

## PUBLIC HEARING

REP. WALKER (93RD): Okay. We can talk about it. But do you understand from the perspective outside of this building that what they're seeing is that we're just moving from one title to another, but we still haven't really gotten to the issue, which is making sure that our workforce is really communicating with each other and with the needs of the people. So, we need to talk about that whole structure once we get to the workgroup, so I will leave that alone.

And my final question is there was \$6 million dollars that we put in the budget for private providers and there was a decision to take that out because of the fact that according to OPM that we only needed \$2.7 million dollars. My question I would like brought to the committee -- I'd like to know how did you come up those figures. And when we calculated and got the \$6 million dollars, we need to know how we overstepped that, where was the over expansion, or did we have other entities that we just did not account for that really are going to be affected by that, and why that money has not been paid out. We put it in the budget for a main purpose. So, it's really important that they get the money that we had planned.

We also have it in the Office of Early Childhood. We had given money out to the providers there, a hundred-dollar increment for each student, but it was never paid out again. So, we need to have a conversation about those two. Okay?

DEPUTY DIAMANTIS: Very well.

REP. WALKER (93RD): Thank you.

## PUBLIC HEARING

SENATOR OSTEN (19TH): Thank you. Representative Lavielle, followed by Representative Baker.

REP. LAVIELLE (143RD): Thank you, Madam Chair. Good morning.

DEPUTY DIAMANTIS: Good morning.

REP. LAVIELLE (143RD): So, Representative Walker, actually, her last question was one of mine, so I don't have to do that. What does your actual job at OPM now consist of? I know you're deputy secretary, but what do you do?

DEPUTY DIAMANTIS: Exactly responsible for the bonding issues, responsible for whatever JJ Pock [phonetic] and chair those, part of the budget process. I am -- wherever the secretary is, I usually am as well, the same functions, the same responsibilities.

REP. LAVIELLE (143RD): And including managing the School Construction.

DEPUTY DIAMANTIS: Correct. I still have the responsibility of School Construction and the legislative folks, senator, representatives, continue to call me on School Construction on a regular basis.

REP. LAVIELLE (143RD): So, as you explained just now and as you and Commissioner Geballe explained to us in the School Construction Committee.

DEPUTY DIAMANTIS: Yes.

REP. LAVIELLE (143RD): DAS still has some of the administrative responsibility, but you do everything. That was essentially the way that -- I think the exact words were -- I said something like

## PUBLIC HEARING

DAS still has over all administrative responsibility for School Construction approvals, but all of the execution happens with your team at OPM. And you said correct.

DEPUTY DIAMANTIS: That is correct. The MOU can do everything but transfer delegable -- non-delegable responsibilities that are statutory.

REP. LAVIELLE (143RD): Yes. Yes. And that's -- well, that's one of the issues here. I will say that when I used to be the ranking member of Education and worked with you very often and through very long hours on School Construction matters, things went very well. I mean, the process was excellent. There wasn't much except sometimes the stuff you got late from the various districts, you know, notwithstanding and whatever, there wasn't much that could be improved. It was pretty good. So --

DEPUTY DIAMANTIS: It still is.

REP. LAVIELLE (143RD): So, it's -- well, it's difficult, of course, from that point of view to understand why anything would change at all, why it would move into OPM and so on. But it is a -- you described a little while ago that you would hope that after the various retirements there would be a move to centralize more of some of these functions, more of the -- more construction, for example, in one place. That there would be -- that that could be possibly more efficient and more effective, you know, all of which is understandable. But I think what is troubling for us -- and I'll interrupt myself midsentence here and I will say with a smile that what I'm about to say will not always be the case. But my colleagues who have just spoken about

## PUBLIC HEARING

these matters, our co-chairs, and I are absolutely one-hundred percent on the same page about this. We have all the same concerns.

And so, from that point of view, what we would expect if that were the goal, to have more the activities like Construction centralized in one place with the same goals and procedures and systems, then I think what we are much accustomed to, and I believe entitled to as the General Assembly, would be a plan for that, a bill for that, discussion for that and approval to do it gradually. But instead, it's sort of like a slow creep, where we don't actually see the goal articulated and we wake up one morning and half of it would be somewhere we never expected it all to be.

There's a process that we go through in this legislature to ensure that the government functions. We're not always very good at that, but this is one that is -- would seem to be pretty obvious. So, I think we're all concerned about that same thing. We'd like to see the whole thing laid out and I'm sure we'd be happy to evaluate it, seeing it all laid out. The question of -- I think somehow it is easier, since we have talked to some extent about the Human Resources functions being in DAS partly with the smart designations and just a kind of a clear vision of how that would go, that's a little easier to envisage than all the Labor Relations picking up and going to OPM.

Again, with some of the political concerns, you can have the political concerns for any of these other activities as well, the Office of Workforce Competitiveness, for School Construction, for anything. And that is a shared concern that we

## PUBLIC HEARING

have. With School Construction, out of curiosity, since, as you explained, you were asked to move. You moved and you said I'll take two hats, so School Construction came with you. What would happen if tomorrow morning you get a call from an enormous defense contractor to go and head up one of their operations and you leave? Does School Construction stay where it is or does it go back to DAS?

DEPUTY DIAMANTIS: It's still under DAS, so it would stay in DAS.

REP. LAVIELLE (143RD): But there's no --

DEPUTY DIAMANTIS: Because it hasn't changed yet by statute. I guess the only way is to respond, if I can, at some of that, if I can remember everything you've just indicated.

REP. LAVIELLE (143RD): I did talk a lot.

DEPUTY DIAMANTIS: And that is that even prior to it going to DAS, when it moved from SDE to DAS, it went under an MOU. And it's not unusual for that to occur. And eventually the statute was passed in which it stayed at DAS. And if you may recall, it was a lengthy process for the move to occur, for us finally to implement it all for quite a few reasons. And so it's not unusual for MOUs to be used for that purpose, to begin a process.

I guess I was a little concerned to hear that some folks thought that in order School Construction information you would have to go through OPM. I'm not aware of that since I know many of you have contacted me. Some of you in this room have contacted me directly on School Construction. Nothing has changed. The secretary of OPM is appointed by the governor and the commissioner of

DAS is appointed by the governor. We happen to sit in DAS. I would suggest to you DAS was probably not the right fit and the original place that people thought School Construction was gonna go to was DLT. DLT didn't want School Construction because they built horizontally, not vertically. As you all may recall, it was -- at one point in time people thought it should be in the Public Works Agency, but we know what happened to that and why that went away by wayside and probably maybe one should be created again.

School Construction is still School Construction as you knew it in November or October of last year as it is today. I am still responsible for it. I report to Commissioner Geballe as it relates to School Construction. If there are requests that require his signature by the commissioner, it is Commissioner Geballe who signs anything, such as an emergency request for a particular district. It is not the OPM secretary until legislation is passed. It is housed in a different place. School Construction does answer to me. The communities answer to me. The folks from the boards of ed and the superintendants answer to me. There is few -- not withstanding language because of the process in which we have, that does not change. The process continues the way it is and it is still a DAS function as of this day. Yes, it sits in a building that also houses OPM.

Is there a request and I'll tell you why? There is one because OPM also does other things that are for municipalities, as we're well aware. Many of the grants go through and operated through Martin Heft, who is the undersecretary of the municipal -- and he loves the work that he does there and grants that

## PUBLIC HEARING

are going out in various order. We also -- OPM works with MARB, as we're very well aware of. And it deals with communities that are in difficulties. They also handle the bond agenda, of which I, in School Construction, rely on heavily, and there's a great coordination that occurs there.

The other function that School Construction brings, because I have an outstanding staff in School Construction with some architects there who when various requests come in to OPM for bonding in various towns, whether it be East Hartford or Manchester or Hartford or Bridgeport, Norwalk, all places across the state, OPM now has a little bit of assistance too in reviewing some of those and looking at cost estimates and the reality of those bonding requests. There's a lot of synergies that occur in OPM that associate with School Construction and construction in general because of the bonding requirements. And by the way, the debt service that appropriations deals with in paying for based on those bonding requests that are made.

So, there are synergies that exist. Whether or not School Construction becomes political, that depends on the body, the legislative branch and the executive branch if that occurs, because either branch can make it political. We're smart enough not to, obviously, because it's the right thing to do and we have a finite amount of money. When I took it over there was a billion dollars between priority lists and notwithstanding language; \$950 million dollars to be exact. We've whittled it down to roughly \$450 million dollars we're at now and probably under \$400 million dollars, because we tell towns no.

## PUBLIC HEARING

REP. LAVIELLE (143RD): I'm sorry. I thought we were at \$209 million dollars.

DEPUTY DIAMANTIS: Well, that's the priority list this year. We're talking about what we're paying in progress payments over the course of the year. It's because there are still older projects that we're still paying for. We just finished on in New Haven as a matter of fact, and we've got a few others.

SENATOR OSTEN (19TH): So, I'm just gonna interrupt for one minute. I understand what you're saying, Deputy Secretary. I really do. And we appreciate the work that has been done. But the legislature was deliberately and feels on both sides of the aisle and in a bicameral way that we were cut out of the conversation. And we have asked for meetings, repeatedly asked for meetings. The two chairs have written letters and asked for meetings, and have not been accorded those meetings. The only place we were left to call and ask questions of is in this public forum.

If you didn't want to answer the public forum questions, then I strongly suggest when the two co-chairs of Appropriations write a letter on more than one occasion, made phone calls, asking for meetings, with the top person at the Office of Policy and Management and are told there is no time to meet, that perhaps time should be made. That leads us to asking these questions in a public forum. You have left us no choice. We had no choice. So, while I understand that you don't like to be asked the questions from both sides of the aisle and in both chambers of the General Assembly, we have a fiduciary responsibility. We respond directly to constituents and we have not been given those

## PUBLIC HEARING

answers. We can't ask more than what we have asked. It's not fair. And it sends a wrong message to our constituents that we have not been able to get those answers.

And when we see more and more people come with you; that does not give us a feeling that we're going in the right direction. So, I agree with Representative Lavielle. I'm sorry that this is happening right there today. But we asked for a conversation on more than one time and we got nowhere. Nowhere. So, we need answers. So, we have -- I have at least another ten people here today that are going to ask probably the similar questions. It's not gonna happen. So, Representative Lavielle.

REP. LAVIELLE (143RD): Thank you. I think that pretty much sums up how I would end that discussion as well. I do have an unrelated question. There is a disparity study in the budget book and I wanted to ask you what does the disparity study cover? What is it, \$750,000 dollars?

DEPUTY DIAMANTIS: It is, in fact, to create a study, that it was a request made by members of -- or a member of the senate, to deal with construction disparity workforce based on diversity. And usually the costs of being able to do that is approximately \$750,000 dollar to begin that disparity study, to ensure that the workforce across the State of Connecticut, based on the amount of funding we are spending, whether it be in transportation or in construction in general with the us of state dollars have a diverse workforce and ensure that people are available to enter that workforce.

## PUBLIC HEARING

REP. LAVIELLE (143RD): So, it's to study the construction industry?

DEPUTY DIAMANTIS: It is to study the workforce -- the dollars that we're spending on construction and the makeup of the workforce in state dollars of the ethnicity, the racial diversity of the workforce and if it's in fact appropriately diverse.

REP. LAVIELLE (143RD): The goal being for -- and this is only firms that the states hires or who works for the state?

DEPUTY DIAMANTIS: No. In construction -- in the workforce in general. For instance, as you're aware, we have requirements in the State of Connecticut through CHRO. There are municipalities who have additional requirements of the racial makeup of the workforce. This is a study to ensure that the workforce is at the percentage that it should be based on population.

REP. LAVIELLE (143RD): With the goal being to take measures by the state if it's not?

DEPUTY DIAMANTIS: Yes, if necessary.

REP. LAVIELLE (143RD): Would you mind giving us a copy of the brief for the study or the outline of the study or whatever? For example --

DEPUTY DIAMANTIS: Scope? Certainly.

REP. LAVIELLE (143RD): Sure. Yeah. Method as well. Thank you. I think that's all, but I certainly would like in the subcommittee as well or in some other context if that's appropriate, to have a far more detailed outline of what is really going on with all the measures being taken at OPM. Thank you.

## PUBLIC HEARING

SENATOR OSTEN (19TH): Thank you. Representative Baker, followed by Senator Lesser, followed by Representative Zawistowski.

REP. BAKER (124th): Thank you, Madam Chair. I was looking in your testimony. You talked about project longevity and that you were going to do a reduction. And it talks about Waterbury having those statutory authority. Now, was that reduction was based on removing Waterbury?

DEPUTY DIAMANTIS: Yes.

REP. BAKER (124th): Okay. So, in terms of the dollar amount, was there any consideration to allocate that dollar amount to the project longevities, because that's gonna -- originally, that's gonna bring down their funding.

DEPUTY DIAMANTIS: I think theirs -- if I remember the math that I done, there was an increase in the others by some thirty-one percent. So, I think in the amount of funding went across the board, but there wasn't any thought -- obviously, we're looking to balance the budget, and whenever there was a dollar amount that wasn't utilized, it was brought forward to balance the budget in other areas and -- or provide funding for needs in other areas.

REP. BAKER (124th): So, if there's at some point in the future if Waterbury does institute a project longevity, will that money be restored or?

DEPUTY DIAMANTIS: Based on discussions that have occurred with Waterbury, they have another program that they're instituting that they seem to prefer at this juncture. But I'm certain that if that changes that discussion could occur.

## PUBLIC HEARING

REP. BAKER (124th): Okay. So, is there currently funding provided for that other program?

DEPUTY DIAMANTIS: I don't have an answer for that.

REP. BAKER (124th): Do you know the name of the program?

DEPUTY DIAMANTIS: I believe it's called Safe Neighborhoods.

REP. BAKER (124th): Safe -- excuse me?

DEPUTY DIAMANTIS: Neighborhoods.

REP. BAKER (124th): Safe Neighborhoods? Oh, okay.

DEPUTY DIAMANTIS: It's a federal DoJ program.

REP. BAKER (124th): So, it's strictly federal money that they're receiving.

DEPUTY DIAMANTIS: Yes.

REP. BAKER (124th): Okay. Thank you. And then one more question. All right. I know you talked about also that you're going to -- property tax I believe is being reduced. Now, what are you basing that on? Because there is no new enrollment and it's just people that are weeded off the program it itself?

DEPUTY DIAMANTIS: Need. It's based on the numbers of people that are using are diminishing.

REP. BAKER (124th): Is that statewide?

DEPUTY DIAMANTIS: Yes.

REP. BAKER (124th): Okay. Is there any current type of -- well, what I'm trying to get at, I know of this is in my district, there are more and more people are going to rentals? And I know a lot of people are struggling in terms of with their rentals

## PUBLIC HEARING

assistance. Was there any discussion in terms of maybe sliding their money to a rental assistance?

DEPUTY DIAMANTIS: We provided funding in reviewing the various agency requests in those areas that were required. So, there were discussion across the board of all agencies of where there were needs, and we thought we met those needs based on where we appropriated the funds as the budget was presented to you.

REP. BAKER (124th): Oh, okay. Thank you. No more questions.

REP. WALKER (93RD): Thank you. Before I go to the next person, I just have a question. Are there any other MOUs in this budget that we need to be aware of that are changing things? I know there's one for School Construction. I know there's one for Workforce Competitiveness. I think -- no, not Workforce, it's -- there's one for --

DEPUTY DIAMANTIS: Part of Agriculture and CRDA.

REP. WALKER (93RD): CRDA.

DEPUTY DIAMANTIS: Right.

REP. WALKER (93RD): Okay. Are there any others?

DEPUTY DIAMANTIS: None that I know of.

REP. WALKER (93RD): Okay. All right.  
Representative Zawistowski.

REP. ZAWISTOWSKI (61ST): Thank you, Madam Chair. While you're speaking about CMRA, I had some questions on that. I noticed that there's a reduction of \$250,000 dollars in startup costs. Can you tell me the status of this? It's the newest quasi public and given some of the rocky situations

## PUBLIC HEARING

we've had with quasis in the past year or so, I wanted to find out where we are status-wise on this, whether or not the board appointments have been made and if this cost is removed, where the startup costs might be coming from?

DEPUTY DIAMANTIS: Sure. I'm gonna --

MR. BECKHAM: The legislation has set the new Municipal Redevelopment Authority and put them within CRDA for administrative purposes at least at the outset, until they get stood up. As yet, a board hasn't been established or an executive director hired. That matter is under review with CRDA.

REP. ZAWISTOWSKI (61ST): Okay. Because I was involved with -- this came through Planning and Development last year. And I understand the board appointments were supposed to be made by December 1st under statute.

MR. BECKHAM: They have not all been made. We are still working with CRDA to properly stand up that new agency.

REP. ZAWISTOWSKI (61ST): Okay. Is this -- is the -- I know the governor had proposed \$45 million dollars in bonding for the agency, or for the quasi public. Is that for some method of startup costs? And I do know that the organization does have the ability to do its own bonding. Could you just give me some background on that?

MR. BECKHAM: Well, until we stand up the board and get it going forward, we're not really in a position to answer questions like that, particularly in terms of what bonding might be made available. To have a bond bill we have to do the biennium yet, a lot of

## PUBLIC HEARING

discussions that have to happen before I can give you any kind of a detail on that.

REP. ZAWISTOWSKI (61ST): So, when do you anticipate the board to be set up? I'm sure there must be some projections for that if the governor is talking about \$45 million dollars --

REP. WALKER (93RD): Excuse me. I'm just gonna jump in. Would you like to identify yourself, please?

MR. BECKHAM: I'm Jeffery Beckham, Under Secretary of Legislative Affairs, Office Policy and Management.

REP. ZAWISTOWSKI (61ST): So, should I repeat my question? Could you please tell, you know, when you expect to have the board to be set up? I mean, if the governor is talking about \$45 million dollars in bonding, there's got to be some anticipation of this starting at some point or another.

MR. BECKHAM: I would anticipate sometime this fiscal year we would move to finalize that new authority. We have to work that out with CRDA and there's a lot of discussions underway still.

REP. ZAWISTOWSKI (61ST): Okay. And so I know that the authority has -- it being a quasi, it does have the ability to do bonding by itself. You have no sense of what some of the startup costs may be that may have to come out of OPM budget?

MR. BECKHAM: Well, they wouldn't come out of the OPM budget per se. I think the model for this --

REP. ZAWISTOWSKI (61ST): Well, it actually started out in the OPM budget. You're showing a reduction here of \$250,000 dollars. That's why I'm asking that question.

## PUBLIC HEARING

MR. BECKHAM: Okay. The model for that authority is the existing CRDA. We are working with CRDA to see how the best way forward for MRDA and that's all I have for you at this time.

REP. ZAWISTOWSKI (61ST): Okay. Well, there's an awful lot of questions that remain open on this and I'm hoping you'll be able to update this committee as we go forward on it. Thank you.

REP. WALKER (93RD): Thank you. And I hope that we can get the details of this at the subcommittee, because it's very hard for us to support something that we don't understand. So, I think it's important that the committee understands. Okay. There's nothing to repeat. (Laughter) That's okay. Senator Lesser.

SENATOR LESSER (9TH): I thank you so much, Madam Chair. And thank you for your testimony. I just want to drill into a couple of areas. I heard questions earlier from Representative Walker and I just wanted to get some clarity on the answers. So, with regard to the Office of Workforce Competiveness transfer, it appears through -- although I'm not clear on this. That only part of the office is being transferred to OPM. Is that accurate? Are all the employees at the Department of Labor being transferred or only some of them?

DEPUTY DIAMANTIS: No. The office itself will be coming to OPM for administrative purposes. So, it will be housed there.

SENATOR LESSER (9TH): But in looking at the budget figures available to us and the information that's available on the Department of Labor website, there's sort of an incongruity in terms of the

## PUBLIC HEARING

number of employees listed at that office at DoL versus the number of people being -- positions being transferred to OPM. And I guess I'm curious, are -- I think there are five members of that office or five listed at DoL. Are all of those positions being transferred to OPM?

MR. BECKHAM: No. Only some are being transferred to OPM. I think the commissioner of Labor would be in a better position to answer this question, but I think the short answer is their entire -- the entirety of what those folks do is not Workforce Competitiveness all day. That's part of what they do. So, enough are being transferred over to the new office to carry out those functions exclusively. That who remain at DoL would be -- obviously have other functions.

SENATOR LESSER (9TH): And so the existing to represent -- I think that may shed some light on the question I heard earlier from Representative Walker. So, to the extent that that office does receive federal pass-through funding, that function would remain with the workers who are left at DoL. Is that accurate?

DEPUTY DIAMANTIS: That is correct.

SENATOR LESSER (9TH): Okay. And at the risk of beating a dead horse on the School Construction transfer, does OPM have current expertise in reviewing bid contracts? Is that something that OPM has done previously? Because obvious -- you mentioned -- you spoke to OPM's experience with dealing with municipalities. But I wanted to understand their experience sort of reviewing, you know, bid documents of the construction side of the operation.

## PUBLIC HEARING

DEPUTY DIAMANTIS: No, they do not. That rests with the Office of School Construction. Our plan review is our licensed architects in our office, in the Office of School Construction.

SENATOR LESSER (9TH): And then I wanted to just get some more clarity on the savings achieved with regard to the private providers, the \$6 million dollar reduction that we see here. In your written testimony, you indicate that that is not in fact a cut, that the reallocation of \$6 million dollars in the private provider's account is not a reduction, but rather reflects the transfer of the funds to other agency budgets for implementation of increases to the minimum wage. And that's obviously heartening. That's not the information that we received in terms of the analysis that we got from the Office of Fiscal Analysis. They didn't indicate that that was the case. And in fact, according to their analysis, there is a cut achieved by, you know, the unspecified savings of a lot. Let me find the exact number, but it was several -- you've got \$3,747,555 million dollars. So, can you please shed some light? Where the \$6 million dollars going?

DEPUTY DIAMANTIS: I'm not sure what their analysis was, so I'm gonna -- I would certainly look to review what their analysis and make a comparison, and provide it to you. So, I can't speak for them. So, when I see what they have. But for us, that difference, it was approximately \$4 million dollars that was moved to -- for the implementation of increases in the minimum wage. I believe that was the closer number. It was approximately \$4 million dollars.

## PUBLIC HEARING

SENATOR LESSER (9TH): Well, we have a \$6 million dollar reflected in your budget proposal. That is -

-

DEPUTY DIAMANTIS: It's not really a cut. It was a transfer of funds that went over to --

SENATOR LESSER (9TH): Other agencies. But I only see -- I guess what I'm saying is OFA only seems to know about \$2.252 million dollars in transfers and you're saying there's a \$6 million dollar -- is there a \$6 -- maybe I'm missing something here. But they're saying there's only about \$2.252 million dollars and you're saying there's \$6 million dollars.

DEPUTY DIAMANTIS: So, depending on which -- the analysis that's done by our office versus OFA seems to be at a difference. Based on what the providers required, were the \$2 million dollars. The other \$4 million dollars was transferred, again, for the implementation of increases. So, we have a difference of opinion. Based on what the providers requested, we provided, and then the difference was transferred over for the implementation of increases in the minimum wage. So, we'll have to analyze their numbers and provide you --

SENATOR LESSER (9TH): But just so I understand OPM's position. Because I -- we know where the 2 -- I think we're in agreement about where the \$2.252 million dollars went, to transfers to other agencies to pay for the providers to pay for the --

DEPUTY DIAMANTIS: That's correct.

SENATOR LESSER (9TH): As was provided for in the budget.

## PUBLIC HEARING

DEPUTY DIAMANTIS: Correct.

SENATOR LESSER (9TH): And so the question for the \$4 million dollars outstanding, where does OPM believe that funding is --

DEPUTY DIAMANTIS: Across other -- across other agencies to implement the increases of minimum wage.

SENATOR LESSER (9TH): And you'll get us the details about where --

DEPUTY DIAMANTIS: Sure.

SENATOR LESSER (9TH): Okay. That would be wonderful. Thank you. And then, I know that, you know, in general there's some reticence about talking about ongoing labor relations issues, but can you speak a little bit to the RSA, to projected needs of the RSA account in terms of what terms of what contracts are outstanding over the FY '21?

DEPUTY DIAMANTIS: I'll have to get you that information because I'm not quite sure about it. I can't provide you that. I'll provide you the information. I don't have an answer to your question.

SENATOR LESSER (9TH): Okay. Thank you very much.

SENATOR OSTEN (19TH): Thank you. Next up is Senator Formica, followed by Representative Dathan, followed by Representative Walker.

SENATOR FORMICA (20TH): Thank you, Madam Chair. Good afternoon, almost.

DEPUTY DIAMANTIS: Senator.

SENATOR FORMICA (20TH): Good late morning. Thank you for answering the questions. I have basically

## PUBLIC HEARING

two requests. One is a follow up on Senator Lesser's conversation with regard to the \$6 million dollars. You seem to indicate the \$4 million dollars was distributed to pick up minimum wage in other agencies. That's what I thought I heard you say, but the write-up speaks to the opposite of that. It says -- so, that's okay. I don't need the answer now. The write-up seems to speak to the \$2.2 million dollars that's being distributed to a number of agencies and eliminates simply the \$3.7 million dollars. So, for the focus group I would like to find out where that \$3.7 million dollars went and how that \$6 million dollars was specifically handled.

And then with regard to two other line items, personnel services has gone from \$9.7 million dollars actual in '19 to \$18 million dollars revised by the governor. So, if you could get kind of a synopsis of what that looked like in 2019 and also the revised and what added personnel made up that doubling of costs, and the same with other expenses. Other expenses were 876 in actual '19, but now are \$2 million dollars as governor's revisions. So, if you could kind of give a synopsis of what the previous and what the current is so that we can have a comparison for the workgroup.

DEPUTY DIAMANTIS: Thank you.

SENATOR FORMICA (20TH): That'll be great. Thank you very much and thank you for your hard work for the agency. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Thank you. Representative Dathan, followed by Representative Rotella and then Representative Walker.

## PUBLIC HEARING

REP. DATHAN (142ND): Thank you very much, Madam Chair. And thank you so much for your work and all of your support in school construction for all of our communities, particularly for me; I'm really looking forward to our Norwalk High School. So, I really wanted to dive in and kind of talk about how OPM is working to ensure that contracts across agencies are competitively bid and that we are getting the most efficient service. Particularly in light, if, you know, we're looking at doing a study of different contracts of about -- for racial diversity, which I totally support, but concerned that that's costing \$750,000 dollars. When I see that in discussion with the State Contracting Agency, they believe that with a staff of about 500,000 recurring per year, they could oversee purchasing, ensuring that things are competitively bid, looking at how we can make things more efficient, that they could actually work on ensuring that we do have our racial diversity within the contracts that we do for our state.

And again, you know, we are looking at having someone within LEAN CT adding a head count there. Again, I see that this could possibly leverage the work that's done in the State Contracting Board and really do that. So, if you could maybe talk about that and how OPM looks that they can do this? Because from my understanding, OPM purchases services through PS agreements totally of about \$3 billion dollars as well as for goods. And they're indicating that sixty-eight percent of these items are not competitively bid. Understandably, there are things that come out of emergency situations, but would love to hear just a quick discussion about

## PUBLIC HEARING

how you see we could make things more efficient in the long term.

DEPUTY DIAMANTIS: Let me start off by suggesting where we started with respect to this and then I'm gonna ask Kim, who's sitting next to me, who's been overseeing this and bringing it to fruition. Secretary McCaw, back in August 2019, regarding heightened expectations for competitive procurements and outcomes-based contracts, emailed agency heads to be aware of this. OPM updated its data collection and reporting processes from competitive contracting to better reflect the service models of state agencies. This included creating two categories to capture the nuances of Human Services procurement, both exempt and, of course, qualified. And OPM worked with Exensor Core-CT to develop a contract regulation system to replace the OPM database. This new system went into effect October 1, 2019. OPM also updated previous requisition waiver codes to provide better clarity and transparency.

Their purchase of service workgroup collaboration resigned procurement plan templates to collect and post publicly a three-year, forward-looking POS and PSA procurement plans. These plans may be used to help agencies prepare in advance for competitive and procurement. OPM developed a new waiver reporting, starting on January 1, 2020, published monthly on the OPM website in conjunction with DAS standardized transaction report. It's a DAS master contract waiver report. This provides details on all OPM-approved waivers and their justification. So, that's where it is and then I'll let Kim Kennison introduce herself.

## PUBLIC HEARING

MS. KENNISON: Hi, I'm Kimberly Kennison.

REP. WALKER (93RD): Turn on your mic.

MS. KENNISON: Yeah, sorry. I'm Kimberly Kennison. I'm the new executive financial officer for OPM. I started there last May. And so this particular initiative came into effect last year and a lot of hard work has happened in a very short period of time. I headed up all of those initiatives that Deputy Kostas just let everybody know about. This heightened awareness that has come forward for competitive bidding and contracts, what I want to make you aware of is the reporting that we were getting out of the system was very misleading and did not help the record out that you heard from the State Contracting Standards Board yesterday. So, all of the enhancements that the deputy just brought to your attention transpired last year under my direction to be able to make sure that the system has changed to be able to report and reflect what the real agencies are doing for their book of business.

So, the data was flawed is what I will tell you, and because of the way the data comes out of the system. The data comes out compiling the numbers as a multiyear contract, so the numbers look quite larger than what they actually are, and rather than looking at them cut up as an annual number. We have to do that work right now manually behind the scenes. And so we are now really trying hard to make sure that the systems are changed so they're automated that way, rather than looking at a multiyear contract, the way they're being entered into the system, because the fields aren't there.

So, in addition to that, you heard yesterday as well that the standards need to be updated, that there is some confusion, people have changed within agencies. So, those particular standards that are out there and the template that is used for an RFP process are very dated. Since 2014, they have not been updated. The procurement RFP process forms are 2009, so we've just continued to replicate. Rather than put in -- it really needs a facelift, so -- as well as training. So, after we get the back office, the infrastructure built, then the back office can be done. And then we have worked very actively creating a training session. The -- we have a fellow who is behind me right now from the Harvard Government Performance Lab who has built a set of workshops for us and agencies, and we're going in and training them on how to do procurement and procurement bidding and putting out RFPs that are not, like, sixty-five pages long and then you have people that can't respond or those that are only have done that book of business in the past.

We're trying to streamline them to also make sure that they can be opened up for others and reduce the amount of time and be able to get those RFPs out in a much faster fashion. It was very enlightening, I have to tell you, and I think you'll see -- if you hear from other agencies, you're going to hear that they're very excited about this initiative. I participated in it this week on Tuesday. And in doing that, that's -- when we are able to collect this data that we're looking for, we're also building three-year procurement plans. You heard that as well yesterday. We then need, as we've asked for in the positioning, is to be able to have somebody to analyze this data. Because we are

## PUBLIC HEARING

seeing that folks are using the same vendors across different agencies, well why can't we combine those procurements and then do better bidding, and then also a little bit more competitiveness, rather than them seeming to daunting as they already are.

REP. DATHAN (142ND): That's great. If you could just provide a list of the initiatives and maybe a view of where we can achieve cost savings, and in sort of what areas as a part of this process.

MS. KENNISON: Yes.

REP. DATHAN (142ND): Also, in looking at [INAUDIBLE-01:52:29] construction, but also within DOT, what sort of ability does our state have in order to ensure that contracts come in at the price agreed to and we don't have significant overruns, and what happens with an overrun and how do we manage that.

MS. KENNISON: I can't comment on construction. I apologize. That is not my area of expertise. That I would have to pass to the deputy.

DEPUTY DIAMANTIS: The idea of procurement from a School Construction, if you'll recall, is on a local level and the statutory requirements are the lowest responsible bidder and qualified bidder. So, those are the things that we review on a local level. With respect to the state, in fact, we do similar, by statutory requirement, who the person and its qualification, whether you do an RFP or an RFQ process, and that is reviewed. Sole source is also an option, but that's used rarely. And School Construction we have a sole source committee that we sit with and review what that is. We take it very seriously what that sole source is and use very

## PUBLIC HEARING

limitedly, as it is used very limitedly in Construction Services as well for the state purposes.

REP. DATHAN (142ND): So that would include DOT?

DEPUTY DIAMANTIS: Yes.

REP. DATHAN (142ND): Okay.

DEPUTY DIAMANTIS: DOT has a little more maneuverability than Construction Services for school construction. They are their own animal. So, statutorily, they have a little more leeway than we do in Construction Services or School Construction.

REP. DATHAN (142ND): Okay. That's really helpful. I have other questions, but I'm gonna leave it for now. But I do want to echo my chairs, my ranking members' comments on the transfer of bodies. I really think it's important that our government -- we're spending taxpayer dollars and we need to ensure that we are accountable to the people that have hired us to do this job and they see where their money is going so that they feel good about paying their taxes. Thank you very much for your presentation. Thank you, Madam Chair.

DEPUTY DIAMANTIS: Agreed.

SENATOR OSTEN (19TH): Thank you very much. Representative Rotella, followed by Representative Walker, followed by Senator Formica.

REP. ROTELLA (43RD): Thank you. Thank you, Madam Chairs. Thanks for coming today. A couple of questions. So -- and I echo the concerns I've heard from everybody here in regards to the move. I don't understand how that's gonna contribute to cost

## PUBLIC HEARING

savings. If DAS -- and you're saying they are still working, correct, School Construction under DAS. Is that correct?

DEPUTY DIAMANTIS: That is correct.

REP. ROTELLA (43RD): But they're located in OPM.

DEPUTY DIAMANTIS: The building in OPM. That's correct.

REP. ROTELLA (43RD): I have some major concerns about that. And one was pointed out, I believe, by both chairs, and that is that OPM is the executive branch and DAS falls under the legislative branch and -- you're shaking your head no. But we talked about competitive bidding being done through DAS and I just heard testimony, right, that people are being trained currently in OPM. Are you saying nobody was ever trained to do RFPs or bidding in OPM?

MS. KENNISON: No. Right now, we only have one FTE for procurement at OPM. It might look like we have a lot of people here, but we do not. So, in that area, there isn't function to and that is one of the initiatives for training from -- through OPM. The agencies have their own, but we're trying to. And it's been asked from the State Contracting Standard Board, through their audit findings, that we did implement a training session. So, we are looking to train on operations.

REP. ROTELLA (43RD): And are you using the National Institute of Governmental Purchasers for that training?

MS. KENNISON: No. We are going to have somebody in-house on operations.

## PUBLIC HEARING

REP. ROTELLA (43RD): And are they certified through the National Institute?

MS. KENNISON: They will be. My position is vacant right now.

REP. ROTELLA (43RD): The NIGP, the National Institute of Governmental Purchasers.

MS. KENNISON: I don't know if it's exactly that certification. I'm going to say that we're looking for a certification in procurement, governmental.

REP. ROTELLA (43RD): Government procurement?

MS. KENNISON: Yes, yes, yes.

REP. ROTELLA (43RD): Okay. And I think probably, back to the disparity study, that is gonna be under OPM? Am I correct in that?

DEPUTY DIAMANTIS: That is correct.

REP. ROTELLA (43RD): And not under DAS. So, that CHRO requirement is required by municipalities, over \$50,000 dollars in state dollars. In addition, it's required by the state agencies as dollar one. So, you're gonna fund that study for \$750,000 dollars in OPM. Is there a reason OPM was chosen to do that and not DAS or CHRO?

DEPUTY DIAMANTIS: It was a legislative request actually, from a senator who thought that it would work best and in agreement with that senator in trying to accommodate the need of diversity in the workforce. So, we thought it was an important thing to continue working towards a diverse workforce and just seeing, in fact, what the diverse -- the disparity study, if in fact there is disparity, would conclude.

## PUBLIC HEARING

REP. ROTELLA (43RD): And is --

DEPUTY DIAMANTIS: Usually those studies can be up to \$3 million dollars.

REP. ROTELLA (43RD): And is the goal to register more vendors within our system so that the municipalities and the state agencies have more vendors to choose from?

DEPUTY DIAMANTIS: Yes.

REP. ROTELLA (43RD): And to draw from.

DEPUTY DIAMANTIS: Qualified.

REP. ROTELLA (43RD): To fulfill -- right, qualified, to fulfill that requirement.

DEPUTY DIAMANTIS: That is correct.

REP. ROTELLA (43RD): And is part of how we qualify a diversity vendor going to be part of that study; what the systems we make the small businesses go through to actually be qualified?

DEPUTY DIAMANTIS: We're gonna do two things. We're gonna ensure that the qualify vendors exist, first of all, and then if there aren't enough quality investor -- vendors out there, then to ensure that we create a workforce that can create vendors of a diverse nature so that they can provide the required services that are necessary out there in the construction industry and other industries, because as of right now, there are limited.

REP. ROTELLA (43RD): Yeah, they are, absolutely. That's all for now. I will -- I want to review the study that you send us that the chairs had asked for.

## PUBLIC HEARING

DEPUTY DIAMANTIS: Once we do it, yeah.

SENATOR OSTEN (19TH): Thank you. Representative Walker, followed by Senator Formica.

REP. WALKER (93RD): Thank you. I just want to sort of wrap up and sort of connect where we need. I just want to follow up with the representative's questions about the diversity study. And I think, I don't know, but, I mean, you have the ability to decide who's going to do the study. Correct? That's why it's in OPM?

DEPUTY DIAMANTIS: We're gonna do an RFP.

REP. WALKER (93RD): Right. So, it's gonna be under your control to make sure. Okay. When you talked about the fact that this whole thing is directed to find qualified vendors, I think that was what we had also charged DECD to do, to find qualified vendors in their capacity before, because we've been going through this whole idea for quite some time and it never seems to come to fruition. It just always seems to be moved down the road. And I hope that we actually get those in this process.

DEPUTY DIAMANTIS: Yeah, absolutely.

REP. WALKER (93RD): Another thing, I want to ask for documentation on the Dalio Fund.

DEPUTY DIAMANTIS: Mm-hmm.

REP. WALKER (93RD): We want to know what has been done with the \$20 million dollars that we've already contributed to this process, what has been established, what have been paid out for these things, and what is our bottom line right now.

## PUBLIC HEARING

DEPUTY DIAMANTIS: I can suggest to you at this point in time that our portion has not been transferred out. It's there. Four-hundred-twenty-five of the Dalio funds have been expended to this point to begin the process of organizing the partnership that has existed. To date, the partnership has received one grant payment from Dalio in the amount of \$425,000 dollars. It's in the process of depositing the remainder of the \$20 million dollars into an interest-bearing account for the partnership in Connecticut youths. As soon as that happens, our 20 will also be, at that point in time, provided. And of course the possibility of an additional \$20 million dollars from another philanthropist, for instance, that could also participate.

On October 18th, the governing board approved the organization's initial expense, management, and signing authority policy as well as the initial operating budget. The governing board intends to develop and adopt a comprehensive set of financial and accounting policies, procedures, once is hires a president and CEO, and the goal is, of course, in the spring.

REP. WALKER (93RD): Okay. So, what you're saying is \$425,000 dollars has already been expended and that was --

DEPUTY DIAMANTIS: That's right, not from the state.

REP. WALKER (93RD): That was for -- that was from the \$20 million dollars that Dalio.

DEPUTY DIAMANTIS: Dalio. That's correct.

REP. WALKER (93RD): So, I guess I'm hearing from you is that we have \$19 million dollars from Dalio

## PUBLIC HEARING

still in the account, because you've -- okay, less than that, \$19.5 million dollars, whatever.

DEPUTY DIAMANTIS: That's gonna be coming into the account. They haven't deposited it. We're waiting for them to deposit it at any point now.

REP. WALKER (93RD): So, no money has been deposited as of yet?

DEPUTY DIAMANTIS: Other than the \$425,000 dollars.

REP. WALKER (93RD): They deposited the \$425,000 dollars.

DEPUTY DIAMANTIS: That's correct.

REP. WALKER (93RD): And they have not deposited any more?

DEPUTY DIAMANTIS: We're waiting for that at any point. We needed to have that set up --

REP. WALKER (93RD): And we have not paid out the \$20 million dollars that we committed to already either?

DEPUTY DIAMANTIS: We have not. Until they -- as soon as theirs is in, ours will follow.

REP. WALKER (93RD): So then I'm trying to understand, if that's the case, then why do we have to put another \$20 million dollars in now when we already have \$40 million dollars and we still haven't utilized it?

DEPUTY DIAMANTIS: Well, the understanding is that that \$20 million dollars will be at any point now of being deposited and the applications processes will begin. And once that occurs, the first -- our \$20 million dollars goes in. The assumption is in the

next fiscal year the other \$20 million dollars will be right behind it with our \$20 million dollars, which is allocated as well in the next portion of the budget, and we're anticipating that the communities are gonna be reacting and applying for those funds very quickly and we need to have the funds in place for them.

REP. WALKER (93RD): I don't know if you watched -- we had hearings last night about education funding. And many people expressed the concern about the fact that their cities and their funds have not -- have been underfunded. And a couple of people raised the question, why are we making deposits into the Dalió Fund when they are not getting adequate funding for their ECS funding or any of the other programs. So, the importance of having transparency and understanding of this fund is critical for -- especially for our constituents out in Connecticut. They want to understand why anything is not being televised or explained on what is going on with the \$40 million dollars that we've already been committing.

So, I would request that we have real detail that we can share with our public so that they can hear about what's going on and what items are being done, because right now people are still struggling for whether they have books in their classrooms or food for their kids or social workers or counselors or teachers. So, therefore, in order for us to understand it, we have to have it in contract.

I also want to get documentation on the renter's freeze -- the freeze on the tax relief for seniors, what are the numbers, make sure that we understand how that it is diminishing and how does someone get

## PUBLIC HEARING

onto that fund in their cities. Because this was made for people and I know there was a fixed amount. We want to know are they opened up now, can people apply, and how do they do that.

And then the conversation about the Contract Standards Board was a little concerning to me because -- and the data was flawed, but not -- I mean, the comment was that the data was flawed that was given to the members of the Contract Standards Board. So, because of the fact that the data was flawed and they weren't given enough information in order for them to obtain it, I still don't understand why they cannot be -- if given the appropriate information, that we have access to in OPM, why they still cannot be the operating entity that manages the contracts.

It was not their fault that they did not get the correct data. It was someone else. And we've had those circumstances these last couple of times with ECS numbers and things like that, where data was flawed, or in the nursing homes where data was flawed. So, when we blame the data and then make a geographic change, it doesn't resolve the problem. It just moves it to another agency. So, it's really important that we get the data and have it available for the members of the Contract Standards Board until we make a decision as to which way this is going to handle. So, it would be helpful in that. Okay?

MS. KENNISON: May I explain?

REP. WALKER (93RD): Yeah, sure.

MS. KENNISON: Actually, the data as not my data. I mean, the data --

## PUBLIC HEARING

REP. WALKER (93RD): Oh, I wasn't blaming you.

MS. KENNISON: No. I just wanted to explain.

REP. WALKER (93RD): Oh, okay.

MS. KENNISON: They created a report and the report that they created, based on the data that they used, okay, I did not provide them with the guidance or any -- they did the report on their own. We then reviewed their report and analyzed their findings and had to bring to their attention that their analysis was not accurate.

REP. WALKER (93RD): Okay. Well, I just feel that it --

MS. KENNISON: I wanted it to be clear.

REP. WALKER (93RD): That's fine and I understand that. But the important thing is we are all working, hopefully, in the same direction.

MS. KENNISON: Yes.

REP. WALKER (93RD): And we all need to be part. When you only have a limited amount of people looking at things, you end up having one thought, and sometimes we need more than one thought. So, it's important that we open these up to the people of Connecticut so that they can have an opportunity to review it. So, that's why I really want to make sure that we understand exactly how this is going to go forward and how we make sure that people who are not involved in some of the errors don't get the blame, but that they get the opportunity to make a correct evaluation.

The next thing that I want to ask is, when you say that the Safe Neighborhoods are going to be doing --

## PUBLIC HEARING

Waterbury is looking at Safe Neighborhoods. I'd like to have a conversation about project longevity and why it had not worked in Waterbury, because it was -- Waterbury was supposed to be part of the project longevity program. Why it did not get rolled out and how we can make sure that it happens going forward. I understand Safe Neighborhoods is something out of DoJ that's really good, but if we have other cities using the entity, then I think that we should try and have some sort of uniformity so we can evaluate the data coming through. And I think that's important. And I'm sure Waterbury would probably agree with us on that.

I would ask -- also in the budget there are a lot of times where I've seen achieved savings behind every -- behind items. I thought it was a new agency at one point. So, what I'd like to know is how much achieved savings is in this budget that you have before us. Where is the savings necessary? What is the deficit? Because we tried to figure where the deficit really is by looking at some of the things that we were aware of and yet we keep seeing a need for more achievement in savings and a reduction in staffing in the agencies, which critically need people, critically. So, we would like to know where your analysis has started on why we need to reduce more people in the agencies, which agencies do you feel need to be reduced more and why, because we are not able to get information from any of those. And when the General Assembly is closed out then that is closing out the people of Connecticut. So it's important that no matter where, we get access to information.

And with that, I also want to echo my colleagues -- my co-chair's sentiment. It is very disturbing when

## PUBLIC HEARING

we're trying to understand what's going on in the budget to work on them when we don't have the opportunity to talk to the secretary, and it's important that she be able to understand that it's a collaboration that goes on between the three branches of government. And that's something that we feel has not been happening right now. So, therefore, I think we need to get this direction going again, that all of us are working in a collaborative way for the benefit of the people of Connecticut and make sure that their elected officials are being given the information that is necessary for their life to be better addressed.

So, I thank you, sir, and I look forward to our meeting. And I hope that the secretary will have time to come and meet with us at that time. Thank you.

SENATOR OSTEN (19TH): Senator Formica.

SENATOR FORMICA (20TH): Thank you very much. I just had one comment that I failed to make and after listening to the undersecretary, and I don't see him here. I probably should have said this when he was here. I find it a little disconcerting that he would talk about a \$45 million dollar creation of an agency and have no details to give to that, and almost seemed like it -- we were kind of intruding by asking that question.

So, I mean, if we're gonna have a creation of that kind of dollar agency, we should have detail about what that agency is going to do and how it's gonna happen. And my understanding from what he said -- and I'll go back and look at the tape and see if I misunderstood him. But it seemed like that there was no information either ready to be shared,

## PUBLIC HEARING

willing to be shared or able to be shared about that agency. So, I just express my concern and it's -- we're late in the hour and I just wanted to get that on the record, which is why I'm saying it now. But thank you for the good work that you're doing.

SENATOR OSTEN (19TH): So, and I'll just wrap it up with there were many memorandum of understandings that happened on areas where the legislature put monies in certain agencies that were then immediately returned to the previous agency that they had been in. And there were many different times when fifty percent of the funding on certain line items were taken away. So those are something that I'd like to understand a little bit better on where we are on those. So, I'd like a copy of the memorandum of understandings that happened moving monies from one agency to the other agency, in particular a legislative direction. I would use SAMA as an example that was put in by the legislature to DECD and then immediately MOUed back to the Department of Labor. We feel that -- strongly that it fits better in DECD.

And I'm also concerned about Dalio. It has taken over -- almost a full year to hire an executive director. I don't see how -- I don't know if policies and procedures have been put in place. I'm not certain where we are with it. I don't see us putting another \$20 million dollars in when we then have to wait for policies and procedures to be done and an executive director to be formally hired at some dollar amount that is far higher than \$300,000 dollars. And then we're gonna do policies and procedures and then we're gonna come up with a mechanism for schools to put in for dollars. I'm certain that the school would like the dollars, but

## PUBLIC HEARING

I don't see you finishing that work until halfway through next year, to start putting out the first \$40 million dollars, never mind the second \$40 million dollars.

And so I'm not certain and I'm not yet onboard for committing another \$20 million dollars in state dollars when we're not yet ready to roll that out. And so I'd like to understand where you are with Dalio and we'll be moving forward to provide far more transparency in this mechanism than what is currently available.

Are there any more questions? Seeing none --

DEPUTY DIAMANTIS: May I -- just a couple of things I would like to point out because I think I'd be remiss if I didn't say it. One of the things said -- there were a couple of comments being made and then assumptions being made that the Office of Policy and Management didn't reach out to some -- either -- whether it was a community or other agencies to discuss with them in detail the respective needs that were going on from charter schools to whatever -- for instance, Waterbury. It was Waterbury's choice not to participate. So, the presumption that Waterbury would participate would be inaccurate based on the information we've received that they didn't want to participate in that particular program.

SENATOR OSTEN (19TH): For project longevity.

DEPUTY DIAMANTIS: For project longevity.

SENATOR OSTEN (19TH): Yeah.

DEPUTY DIAMANTIS: They did not want it. But in SAMA, we understand that there was an issue going

## PUBLIC HEARING

back, and it wasn't so much us as it was within the legislature itself. There were some who felt it should be in place and others who felt it should be in another. We're trying to coordinate that. As far as information and being given information or trying to participate in this massive umbrella that -- or OPM is supposedly looked for grabbing, I brought with me, just to be clear, 785 statutes that OPM is responsible to in answering questions from. More than any other state agency; 785 sitting right here, where the legislature has asked OPM to do one thing or another, that it attempts to do so with a staff of about 100.

And maybe Ben Barnes has come here with three people, and I really thank the staff that's behind me now, because while I've been here a long time, I haven't been in this role a long time, only since November, and trying to keep up with everybody. And I've noticed, with all due respect to everyone, that when I walked into that agency the secretary of OPM was running between negotiations on a hospital settlement which could've cost the State of Connecticut millions of dollars, a DOT bill that required day and night of reworking it and language and funding to go along with it, pension reconfigurations to try to save some cost to the State of Connecticut, that absorbed a ton of her time to try to deal with on behalf of the State of Connecticut and to offer those savings to the State of Connecticut and to the taxpayers in reducing costs.

There is by no means that Secretary McCaw would ever want to slight anyone from not being able to have a meeting and meet with her. And oh, by the way, when they were trying to do DOT and Hartford negotiations

## PUBLIC HEARING

and other things that were going on, there was still a budget to be prepared that she has a financial obligation to prepare and deal with including trying to work out the revenues with the bonding commissions and the revenue and revenue and bonding, all of which attempted to do by one person. And I will say this; that I've never seen anyone work more than eighty hours a week as I've seen her work in order to meet every obligation that was there.

SENATOR OSTEN (19TH): So, Kostas --

DEPUTY DIAMANTIS: I just hate --

SENATOR OSTEN (19TH): Kostas -- no, I know. I understand what you're saying.

DEPUTY DIAMANTIS: She's just --

SENATOR OSTEN (19TH): But you need to understand something. You need to understand something. That all of us up here are working seventy and eighty hours a week to do exactly the same thing.

DEPUTY DIAMANTIS: Right.

SENATOR OSTEN (19TH): And if you have a plan that you would like to streamline some of those statutes, we'd be more than happy to talk about it. But when we're left out of the loop, no matter how hard any one person is working, and we have been left out of the loop and we have asked questions, then we are going to ask the questions in public.

DEPUTY DIAMANTIS: That's okay.

SENATOR OSTEN (19TH): I am -- we are not saying that the secretary's not working hard. We are not saying that at all. But as Representative Walker said, this is a collaboration. This is -- we are as

## PUBLIC HEARING

responsible as you are and you have three rows of seats of people working for it. I have one person that handles every single call and email I get in and I get over a thousand emails every week. And so I don't have three rows of people to help sort those out and neither does anybody else here. So, you know, we get it. But we're telling you that we are not getting the information that we need and we're asking you to carry that back, because it's important that we right this ship.

It is not that we're saying she's not working hard. We're absolutely well aware. But whatever you put on the table is voted on by elected people and we have to understand it too. So, we can't have you doing the work in a silo. We're trying to tell you that this is a collaboration. This is not something that can be worked on in a silo.

DEPUTY DIAMANTIS: Agree.

SENATOR OSTEN (19TH): We get it. We understand it. But we cannot hear about it the last day. And we cannot hear it any longer that we want someone that is not getting -- is not under the umbrella of the Freedom of Information. That has created a huge problem for all of us on Dalio and some of the other things that we put in the budget that has not been carried out. And so, we're trying to tell you and we would've had this conversation in -- with anybody had we met, had we met. And it can't be said enough that we have been asking for meetings for more than two months now, the two of us, to go over some of these issues. We would've been able to answer it.

Many of the people here today did not have to be here today. They can work out of the agency. You can call them over if you need them. But most of

## PUBLIC HEARING

these people have jobs that they could be doing at OPM. We don't need them here. You have two or three people come. There's no need to have three rows of people here. It's unnecessary. We're gonna call up Josh Geballe now. Thank you very much. We appreciate the work you do, but we're telling you we need more oversight. Thank you.

I think it's good afternoon.

COMMISSIONER GEBALLE: Good afternoon. Happy Valentine's Day.

SENATOR OSTEN (19TH): How are you? Please go ahead.

COMMISSIONER GEBALLE: Okay. Senator Osten, Representative Walker, Senator Formica, members of the committee. I may take your suggestion for a prior speaker and kind of skip the prepared remarks. You have those.

SENATOR OSTEN (19TH): Thank you.

COMMISSIONER GEBALLE: What we'd like to do is maybe pick up and help clarify some of the questions you had for my colleagues from OPM with regards to the HR centralization initiative and our software purchasing programs that I think might help fill in some of the blanks.

So, with regards to the HR centralization, I think some of the questions were with regards to, like, to save money, what are the benefits, to paraphrase, if that's okay. So, the way the executive branch HR has been organized up until this point is every agency essentially has its own HR department and the effort of this initiative is to recognize that we don't need to reinvent the wheel in every agency

## PUBLIC HEARING

with policies and procedures. In fact, in many cases doing that differently in each agency and separately actually creates risks for the state because we interpret things differently or we apply rules differently, and then that results in problems.

Equally, it makes it very hard for us to drive process excellence and to use technology to streamline operations. And so, by bringing functions together and organizing them in specialized, what we're calling pods, or essentially groups that focus on the same types of work, we can do a number of good things. We can standardize those processes and streamline them. We can more easily introduce technology to take care of a lot of the very basic, repetitive tasks that, you know, our staff doesn't want to work on and, you know, they can be used for higher-value purposes. It helps reduce the risk of those kind of misinterpretations.

It provides better career paths for our employees, where they can see the career ladder within their kind of specialized area. And in so doing it does help us also reduce costs. And the way that it's happening in this initiative is we have, as everyone is, I think, well aware, a significant amount of retirements coming. When we centralize and specialize like this, we're able to not have to refill all those roles as they retire. So specifically for this initiative, we have -- of the 350-ish people who are in scope, about 120 of those people will be retirement eligible by the magic date in 2022.

And by reorganizing in this way and introducing some new technology, the plan is that we will only have

## PUBLIC HEARING

to rehire half of those people, so about 60 out of the 120. So, the net of that, with a little bit of an offset for some software investments, is savings to the state and helps us avoid having to make other tough choices about cutting services or raising taxes or any of the other kind of less attractive or palatable options. And so hopefully that's helpful in illustrating this.

And it's important to clarify that because having been here for a year now, I actually think there are a number of other similar opportunities where we can, without sacrificing services that we provide and without raising taxes, can actually do a lot of good on behalf of the taxpayers in a way that in some cases, like HR centralization, I think will actually enhance the services that we can provide in that case to our commissioners and our managers across the state. So hopefully that's helpful.

The software questions are of a similar vein. So, the adjustments that you're seeing in the budget primarily relate to our new Microsoft contract. Previously, we had over a dozen different contracts with Microsoft across the executive branch that, again, because people were kind of -- agencies were kind of rolling their own. And we recognized that as a huge inefficiency both in terms of leveraging the purchasing power of the State of Connecticut to get the best possible deals from our vendors as well as the inconsistency that results from different agencies deploying different versions of the operating systems or introducing new capabilities at a different rate and pace.

And so, under the leadership of Mark Raymond, our CIO, who's here today, went out and basically got

## PUBLIC HEARING

Microsoft to the table and said we're not gonna have twelve contracts anymore. We're gonna have one contract with the executive branch. Renegotiated all of those deals. And so the financial flows you're seeing in the budget are essentially recognizing that we're now basically paying that one Microsoft out of DAS. And so where there had been budget in some of the agencies where they had been paying for their own Microsoft agreements; they no longer have to do that. So, we've consolidated that.

There's a financial benefit of that. There's also a significant technology benefit of that. We're giving our employees more modern tools for collaboration. There's security benefits of this too. Cybersecurity is a major issue for us, like it is every other large organization, and by centralizing in this way we have much tighter control over the surface area that we have to protect and when issues occur we can much more quickly kind of intervene to rectify the situation. So, hopefully that's helpful in terms of clarifying some of your questions in the prior segment.

SENATOR OSTEN (19TH): Do you want to take out -- take on some of the other concerns we had too? That's exactly what we're looking for.

COMMISSIONER GEBALLE: Yeah. So, to that end, you know, there's a lot of discussion about the School Construction Program as well.

SENATOR OSTEN (19TH): Yes.

COMMISSIONER GEBALLE: You know, School Construction within DAS was really a one-off. You know, it's a municipal grant program fundamentally at its core.

## PUBLIC HEARING

We don't have in DAS any other municipal grant programs that we administer. OPM has many of them. And so Secretary McCaw and I were -- identified this as an opportunity to bring similar functions together, again, for the same reasons, where you can leverage the expertise and skill of people who are used to interacting with our municipalities on our other grant programs and over time be able to realize efficiencies from that. So, it is actually in a very similar vein.

SENATOR OSTEN (19TH): So, one difference with School Construction to the grants that are handled through OPM is that the legislature decides on a formulate basis what is going to be paid out. So that is not true on School Construction. School Construction is individual buildings being built. And I think that the work that was being done in DAS under Kosta was going in the right direction. It was streamlining school construction so we were not paying for someone who wanted to have a room for their grand piano.

This actually changed it and we liked the way it was going that way. We're all about efficiencies. But now it's not. School Construction is so different than the other municipal grants that are handled and handed out because they are decided by a formula that is in statute. And that is not true on School Construction. That is the one main difference on that. And so --

COMMISSIONER GEBALLE: And that's fair. And, you know, this is not -- the design point is more from an operation of how we administer the program as opposed to what you're describing as how the funds are determined and authorized.

## PUBLIC HEARING

SENATOR OSTEN (19TH): Right.

COMMISSIONER GEBALLE: You know, we were really focused primarily on the administrative kind of operational efficiencies that we're trying to achieve.

SENATOR OSTEN (19TH): Right. And some of those answers would've been better if both your office and OPM had said we're considering moving School Construction over for the following reasons and we believe that it will provide efficiencies. And if we had a meeting ahead of time and not had decided something in statute and saw it reversed without a conversation, then that creates the concerns that we have. So, a simple hour meeting.

I know that you're as busy as anybody else, but those meetings are held prior to session, when none of us are supposed to even be up here, and we'd be more than willing to have those kinds of meetings to understand those issues right then. So, do you have an idea on when Sigourney Street is gonna be sold, because we're taking the funding out? Is there a firm contract already?

COMMISSIONER GEBALLE: I hesitate to say it out loud for risk of jinxing ourselves.

SENATOR OSTEN (19TH): Okay.

COMMISSIONER GEBALLE: But there is a closing scheduled in the very immediate future.

SENATOR OSTEN (19TH): Okay. That's good. And then the 55 Elm Street, that contract has ended?

COMMISSIONER GEBALLE: We have terminated the contract. We will officially -- we have exited the

## PUBLIC HEARING

building and the lease officially ends on March 31st.

SENATOR OSTEN (19TH): And you had some changes for state marshal expenses.

COMMISSIONER GEBALLE: Yes. We're looking to create a more streamlined process there, where marshals have to -- oftentimes have to locate the address of certain individuals. For example, be able to serve legal notices. Today, they have to call in and we have to route them manually, kind of through the DMV records base to find addresses for them. And we're creating functionality in the CEGIS system where they'll be able to essentially self-service that functionality.

SENATOR OSTEN (19TH): Perfect. (Side conversation) We work off each other all the time. I don't know if you guys noticed that back there while you were watching us. So, you have talked a lot about the timeframe where we are going to lose a significant number of staff. And you said just now that there are other areas where you're looking towards centralizing, in a way, functions. What other areas are you looking at to ultimately save us real dollars?

COMMISSIONER GEBALLE: Sure. I can tell you about a couple that are in the pipeline that we're collaborating on with the agencies right now. One is around payroll. So, the comptroller has statutory responsibility for payrolls. You probably are aware. And we are working on a cross-agency initiative, kind of sponsored by the comptroller, to see if there's opportunities for additional efficiency there, which we're investigating. We're looking at technology and how we deploy a lot of our

## PUBLIC HEARING

technology solutions and infrastructure capabilities. But those are still very much in the study phase, if you will. And areas that -- you know, similar to HR centralization, you know, opportunities we believe within existing statutory responsibility.

Although I would point out, Senator Osten, as you may recall, before we announced HR centralization last summer with Executive Order #2, we did hold a legislative briefing that you, I recall, attended and provided very kind remarks. So, thank you for that and we will endeavor to do that for, you know, all other such initiatives as well.

SENATOR OSTEN (19TH): And while you had that that was gonna roll out, then I think there needs to be a follow up on exact detail so that we understand when we're moving things out of agencies that -- where it's gonna be, where the people are gonna be, how many people do you think. We're down to the 1950's level of state employees right now.

We're looking at -- that is according to the FAR report. And the secretary of the Office of Policy and Management at the roll out of the FAR report said we are now down to the 1950's level of state employment. If we see a third of our workforce leave, how are we going to cover the functions of the jobs that we all count on? There are some jobs that cannot be handled other than by a person; like a sworn trooper or a correctional officer, unless we downsize the number of inmates that are in our prison system.

So, those are things that we want to understand on where we're going and how we're gonna roll that out. That's important for us to understand. None of us

## PUBLIC HEARING

are unused to cutting state expenses. By our calculations, we're down forty-five percent on pension costs right now. Over a decade ago, we're down twenty percent on salary costs. You know, we're down a lot. And so we're okay with that, but we want to make sure that we can still function at the end of the day, so.

COMMISSIONER GEBALLE: Understood. And I would completely agree from the perspective that there are job -- you know, it's dangerous always in the State of Connecticut with the diversity of the services we provide to paint with a very broad brush, right.

SENATOR OSTEN (19TH): Right.

COMMISSIONER GEBALLE: There are certainly services we provide that can only be done by a person, you know, and there are many of them. I would submit there are, despite -- independent of the history of where we've been or how we've gotten here, as we sit here today and having looked at this for a year now, I'm equally convinced that there are still significant areas where we can become more efficient.

There is still an enormous number of very manual, paper-based processes that we rely on. We have very antiquated technology. We're not taking advantage of, you know, decades of innovation that's gone on in the software industry or in the private sector for things that we do that are fundamentally similar in terms of the process itself. Not the mission, per se, but the business process of how we get the work done. There's enormous opportunity for that.

So, you know, if I'm doing my job and I'm working very closely with Secretary McCaw and her team on

## PUBLIC HEARING

studying this and working across, you know, our group of commissioners. I saw our chief operating officer is here. This group of commissioners is incredibly collaborative and very eager to look at ways that we can work together in ways that, you know, my understanding is maybe agencies have not done in the past on similar types of work in a way that we can meet the risks of this retirement wave and embrace it in a way that actually enables us to help, you know, reduce the cost structure of the state without having to sacrifice the quality of the critically important services that we provide.

SENATOR OSTEN (19TH): And we'd be very interested in sitting down and looking at that long-term and come up with a five-year plan that would show us exactly where those are going. We knew Paul was here too. We know why he's here too. So, does anybody have any questions? Okay. Representative Walker, followed by Senator Formica.

REP. WALKER (93RD): Thank you, Commissioner. Thank you for coming today. When you talked about the IT that really hits with me because one of the problems that we have, number one, is obviously we have got antiquated systems throughout the government. But it stops agencies from being able to share data and to communicate. And we can never get clear data from any of our agencies because they are either redirected or not shared or they are not collected. And so I really want to know about how -- not now. But I would like to know about it in the workgroup, how are we working through those goals. Because we've got to be able to understand how we're functioning and we have to also be able to evaluate, are we doing the right thing. I understand about the relocations and everything, but you're gonna

## PUBLIC HEARING

hear from me more and more. I -- geographic location does not make it important. It's how well we do the job that we're supposed to for the State of Connecticut.

So, IT has been totally neglected. And when I look at your budget, I know that's a good start, but that's not gonna cut everybody in the state. Because just in DAS -- I mean in DSS, we spend an inordinate amount of money leasing different systems from people to operate Medicaid, Medicare, a variety of different and we keep them for a couple of years and then they're gone out the window and we spent \$5 or \$6 million dollars on it. So, those areas really have cost us a lot of money and we still have gotten no better in collecting data or sharing data. So that, I would really like to hear about going forward in our meetings.

And there was one other item that I saw in your budget that I was concerned about. The rents and moving. I understand we talked about 55 and Sigourney Street, Sigany, whatever. Are there a lot more building contracts that we have in the state and can we get the list of all of those buildings that are available for sale and options? I know there's one in New Haven that I want to talk about. But, I mean, there's some around. I've heard a couple of people who talked about a couple of buildings in Bridgeport. So, it would be really worthwhile if we could see that list.

COMMISSIONER GEBALLE: Absolutely.

REP. WALKER (93RD): Thank you.

COMMISSIONER GEBALLE: We can provide that. And, you know, this is actually touching on another area

where I think we have the opportunity to save money in the state without impacting services, and real estate is one of them. We, you know, in, I think, my opinion at least, do not make as efficient use of our office space as we could. You know, we average around 220-230 square foot per employees. The private sector is around 130-150. I mean, even if we could close half of that gap, that's, you know, tens of thousands of square feet of space of buildings that we could sell or leases we could exit. And so we're working on that as well as we go forward and consider, you know, again, the number of people that are gonna be retiring and where those -- how those needs will evolve over time.

REP. WALKER (93RD): Thank you. And one of the best things I heard during the transition team -- when the governor was transitioning into government was talking about -- we were talking to Housing. We were talk to, I guess, DAS and others about how do we coordinate building affordable housing for people in areas located close to transportation lines and things like that. And that, I hope, is going to be brought up sooner or later so that we can start to have that conversation.

The better we tap in on the train system and the bus system so that every -- because everybody doesn't have a car. And that gave me hope that maybe we would be connected with jobs too. And that, to me, I think is really important. So, I hope that that has not passed away from our thoughts in what we're trying to do for the people of Connecticut. So, thank you, sir.

COMMISSIONER GEBALLE: Thank you.

## PUBLIC HEARING

SENATOR OSTEN (19TH): Senator Formica, followed by Representative Baker.

SENATOR FORMICA (20TH): Thank you, Madam Chair. Good afternoon, sir.

COMMISSIONER GEBALLE: Senator.

SENATOR FORMICA (20TH): Thank you for all the work you do. I have told you many times I'm a big fan of what you're trying to do and how you're trying to do it and I think it's one of the great bright spots of what's happening right now in the State of Connecticut. And I understand a little better about how we're saving money, but looking at the budget on paper, it looks like a one-to-one lateral move with checkers with people and there's a whole lot of savings associated with that. So, it's very difficult to see and read through that.

So, if you could just put, like, an outline together for the work group of what you explained to us coming in that'd be great.

COMMISSIONER GEBALLE: Yeah.

SENATOR FORMICA (20TH): Because I think it's long overdue and it's the best thing that we can do for the State of Connecticut to move it forward in terms of providing service. And I know you share that.

COMMISSIONER GEBALLE: Absolutely.

SENATOR FORMICA (20TH): And I have one other piece of property that I can add to the list in Waterford that I put a bill in every year that I've been here to try to ask about where we're going with that seaside property. I understand that part of it is deed restricted to be a park and so there are other agencies that are involved. But my understanding

## PUBLIC HEARING

now is that there's being lead and asbestos being removed from that. I've written letters to both the Claims commissioner, wondering what's happening with that case, and to the commissioner of DEEP, asking what are the costs involved in moving some of that out and are we keeping track and where are we going and what are we doing with that.

So, I do have a bill, again, request pending. I don't have high hopes to having a public conversation, so I'm asking you if you could look into that, if that's part of your bailiwick in terms of dispensing or managing excess surplus property. So, I put that on your radar for your consideration.

COMMISSIONER GEBALLE: Okay. Will do. We'll follow up with you on that, Senator.

SENATOR FORMICA (20TH): Thank you very much. I appreciate that.

COMMISSIONER GEBALLE: Thank you.

SENATOR FORMICA (20TH): And thanks for your good work.

COMMISSIONER GEBALLE: Thank you.

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

REP. BAKER (124th): Thank you, Madam Chair. Thank you for coming out here and just sharing some of your viewpoints on as we begin to labor in our cut in services. I just want to echo a little bit on -- Representative Walker has talked about taking the sales of properties, state owned properties that are out there and I can envision some properties in Bridgeport we can utilize to put back on the tax rolls and stuff and, you know, I've had

## PUBLIC HEARING

conversations with my city in terms of doing that. I think that that's something that we could really, really -- I would like to see us really be able to look at in terms of that, you know, as we begin to move forward, housing and other private entities that will put properties back on the tax roll and can give us a boost. And I think that's where we could really do some innovative, creative type of ventures here.

I have a question for you. In terms of 55 Elm Street, I know that particular property. What -- who's in that building that's gonna be moving out?

COMMISSIONER GEBALLE: Who moved out? Was that your question? I'm sorry.

REP. BAKER (124th): Okay. So, that -- you're eliminating the fund for 55 Elm Street. Is that correct?

COMMISSIONER GEBALLE: Correct.

REP. BAKER (124th): And where -- okay. So, who is moving out of that building?

COMMISSIONER GEBALLE: Sorry. Yeah. So that building had previously been occupied primarily by the constitutional officers and their staff, so, the attorney general, the treasurer, the comptroller, who was the bulk of it, and they have moved into the state office building that was recently renovated at 165 Capitol Avenue.

REP. BAKER (124th): All right. So, where would I see in terms of the offset on the expenses for the current building that they're moving into?

## PUBLIC HEARING

COMMISSIONER GEBALLE: That was already baked into the biennial budget, so there's no adjustment required.

REP. BAKER (124th): Do you have the --

COMMISSIONER GEBALLE: We knew when the budget was put together this time last year, I think that, you know, that everyone was aware of when this building would essentially -- the renovation would be complete and we'd be starting to occupy it. And so that was already baked in.

REP. BAKER (124th): Oh. So you wouldn't have the dollar amount on that?

COMMISSIONER GEBALLE: I don't have the exact operational amount of 165.

REP. BAKER (124th): Okay.

COMMISSIONER GEBALLE: We can get that to you.

REP. BAKER (124th): Okay.

COMMISSIONER GEBALLE: And it also is the accompanying garage, the Buckingham Street garage, which is across the street as well as part of the project as well.

REP. BAKER (124th): But that wouldn't fall in your budget would it?

COMMISSIONER GEBALLE: To operate it, it does. We operate those buildings, yes.

REP. BAKER (124th): Okay, sir. Okay. All right. So if I could just be able to see that.

COMMISSIONER GEBALLE: Absolutely.

REP. BAKER (124th): Okay. Thank you.

## PUBLIC HEARING

COMMISSIONER GEBALLE: Sure.

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

REP. DATHAN (142ND): Thank you, Madam Chair. And thank you, Commissioner, for being here and all of your work. It's really a breath of fresh air to hear your testimony today. So, thank you so much.

COMMISSIONER GEBALLE: Thank you.

REP. DATHAN (142ND): A couple of quick questions. First, in your written testimony you said that there was 238 Human Resource personnel from their current agencies going into DAS. But just wanted to see on the permanent fulltime positions there was only seven going out. When are those going to be transferred and do we have a schedule of which agencies they're coming from and how it's gonna work out?

COMMISSIONER GEBALLE: We have everything mapped out to name, rank and serial number of all the ins and outs, and we can provide that.

REP. DATHAN (142ND): Okay. Yeah, because the budget sheets only say that there is seven going out. It doesn't account for anybody going in to the agency. Maybe I'm missing something. Apologies if I am.

COMMISSIONER GEBALLE: Yeah. I think the details of all the folks coming from the agencies into DAS for HR is in there and then, as was discussed in the previous segment, the Labor Relations piece is in the OPM budget and so there's a lot of moving parts here. There's the Special Transportation Fund. You know, so it is complex. We can give you a

## PUBLIC HEARING

spreadsheet that kind of is the Rosetta Stone that brings it all together if that's of interest.

REP. DATHAN (142ND): Yeah. Yeah, it's useful. Maybe it's the net positions going out of seven. I was just kind of confused with trying to reconcile it. Another question I had was how does DAS kind of manage the sort of cost savings and efficiencies? Do you have a dashboard or anything that you use?

COMMISSIONER GEBALLE: Yeah. So, for example, for HR centralization, you know, in the buildup to Executive Order 2 last summer, we worked with OPM very closely to put together a budget for that and to think through all the moving parts. And then once we finalize that budget that becomes our dashboards. So, now we're tracking to that over a multiyear period of time. And it's a forecast, right?

REP. DATHAN (142ND): Sure.

COMMISSIONER GEBALLE: Because to some degree a lot of the changes that occur and the savings that occur depend on when people make individual decisions to retire, right? And so we can't forecast that with perfect accuracy, but we account for variability in that with regards to then when, you know, backfills may be required and we can adjust dynamically as we go through time.

REP. DATHAN (142ND): Got it. I think I just answered my question. So, the 236 positions are just moving around within DAS. They're not coming from other agencies.

COMMISSIONER GEBALLE: Most of those are coming from other agencies. So, when you go through the other agencies, you will, I think, in all of them see, you

## PUBLIC HEARING

know, an offsetting kind of reduction that represents the people coming from that agency to DAS, or in some cases from that agency to OPM for the Labor Relations piece.

REP. DATHAN (142ND): Okay. Because the sheets say that there's only a net change of seven heads.

COMMISSIONER GEBALLE: Net in total for the --

REP. DATHAN (142ND): Net total. I don't know if there's pluses and minuses that I'm not aware of. So, if you look at the top line on the sheets from OFA, they say that in fiscal year '20 there was 627 headcount and the revised for '21 is 620. So, I was just trying to see how the heads were moving because in your notes you say there's 238 coming from other agencies into DAS, but as I said, the -- and I don't know if it's an OFA question more. I'm just trying to reconcile the headcount line. Maybe we can take it offline and ask that question.

COMMISSIONER GEBALLE: Yeah, I think we may need to because we don't have that OFA sheet, but we can reconcile that with you.

REP. DATHAN (142ND): Okay. That would be great.

COMMISSIONER GEBALLE: Sure.

REP. DATHAN (142ND): The last question I had is someone in another presentation mentioned that DAS is working to move our hardware contracts to Motorola. Our hardware, like --

COMMISSIONER GEBALLE: To Motorola?

REP. DATHAN (142ND): -- mobile, contracts that we're buying when we buy mobile devices, to Motorola.

## PUBLIC HEARING

COMMISSIONER GEBALLE: Yeah, I was gonna suggest the same thing. So, there's a lot of different types of mobile devices, obviously; cell phones, but that would not be the case.

REP. DATHAN (142ND): Yeah.

COMMISSIONER GEBALLE: It could be for certain use case in a certain agency for mobile phones for, you know -- I'm guessing. But we can look into that --

REP. DATHAN (142ND): Okay. That's fine. It wasn't specifically about that specific contract. It was more in principle.

COMMISSIONER GEBALLE: Okay.

REP. DATHAN (142ND): When we have contracts like that in place, purchasing contract, and we choose -- you know, we're streamlining our services we choose a single vendor.

COMMISSIONER GEBALLE: Yeah.

REP. DATHAN (142ND): What implications and do we examine within DAS what implications there are in municipalities that might leverage off of our contracts? So, if they are -- you say, hey, I'm using this. Like you and I talked about over the summer, we have this contract in place and we're letting our municipalities leverage off the contract.

COMMISSIONER GEBALLE: Yeah.

REP. DATHAN (142ND): How are we working with them so that we're not eliminating one of their preferred providers, if you will?

COMMISSIONER GEBALLE: Sure. Well, this is an important area when we think about opportunities for

## PUBLIC HEARING

efficiency, not just in the state, but at the municipal level too, which we're all obviously interested in, all working together for similar goals here. As you know, we do enable municipalities to buy off of the bulk contracts that we negotiate at the state, and many of them do to a great extent. So, that's an area of success and collaboration between the state and the municipal level, but it's still, I think, an area with a lot of untapped potential where we can do much more. Usually when we're doing a procurement it's to, you know, leverage our buying power to create an additional option.

It's somewhat uncommon that we would, you know, put a municipality in a position where they'd no longer have access to a vendor that they've used before. But if there's a specific case that you've come across, you know, please let me know.

REP. DATHAN (142ND): It was more a general is that part of your decision-making process when you are deciding your preferred vendor, if you will.

COMMISSIONER GEBALLE: Yeah.

REP. DATHAN (142ND): Like -- I mean, in industry we would do that. We look at different departments within an organization to ensure we're not eliminating preferred vendors and their buying power.

COMMISSIONER GEBALLE: Yeah. It depends a lot too on the type of procurement. If it's a commodity product, where we're really just looking for the lowest possible price we can get, you know, we may switch a vendor and someone might be a little bit unhappy about that because, you know, they have been

## PUBLIC HEARING

working with one and now it's there. But at the end of the day, we're doing that because it is a commodity product and, you know, we made the determination that they'll be okay with what the alternative is. As opposed to some more complex things, where, you know, you take more of total value approach, and price is obviously an important consideration, but additional factors could be waived, like, you know, potential stranded [INAUDIBLE-02:51:48], a technology change that renders other investments, you know, useless at that point, for example.

REP. DATHAN (142ND): Great. Thank you so much, and really looking forward to seeing your metric report that you're working on and sort of an update on how we're saving our taxpayer's money. Thank you so much. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Thank you. Are there any other further questions? Yes, Representative.

REP. DIMASSA (116TH): Thank you, Madam Chair. Just two quick questions for you and somewhat aligned with some of the movement of positions. I know that you're working on -- and I think I read an article a few weeks back on some of the ideas around flexible classification and to working review. Can you just speak briefly on those briefly on those two items?

COMMISSIONER GEBALLE: Sure. So, with regards to teleworking, in SEBAC 2017 there was a provision included to provide opportunities for our collectively bargained employees to telework under certain circumstances and then piloting that over the last year or so. Actually, further back than that even within our IT organization, we had started

## PUBLIC HEARING

even before that. And so that is working its way through. I'm personally a big supporter of that.

You know, having spent my whole career in the technology industry, this has been a kind of standard tool in the toolkit to attract great talent, to give them the opportunity to get the job done, you know, at the right place at the right time. And so we've embraced that, you know, certainly within DAS and, you know, expect to enjoy the benefits of that. It's also another contributor to the prior discussion about our ability to save money on real estate costs. You know, if you have a certain percentage of your workforce telecommuting on any given day, you don't need as much real estate for them to come into every day. So, that's a benefit we'll realize over time there.

And then with regards to a classification system, it's an area where once we have completed -- this is another area where once you have completed the centralization initiatives like we're doing in HR, it gives us, you know, more capacity to tackle areas like that where we know there's room for improvement and room for simplification and improved career paths for our employees, but it's such a beast that, you know, you kind of struggle to find time to take it on. And I think we'll have more time to do that as a result of this initiative.

REP. DIMASSA (116TH): Thank you. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Are there any other comments or questions? Seeing none. Thank you very much. The next time we'll have you come up first. And we're gonna start -- just anybody here that's on the Transportation Subcommittee, we're no gonna start

## PUBLIC HEARING

until 1:20. We're gonna take a little bit of time. So, we're not starting until 1:20. So, if you're here for Transportation Subcommittee, we're not starting for -- we're not starting at one. We're starting at 1:20.