

Analysis of Finance Advisory Committee Meeting Items

June 24, 2021 Agenda



OFFICE OF FISCAL ANALYSIS

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FAC 2021-21 State Comptroller - Fringe Benefits

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Higher Education Alternative Retirement System	24,034,700	-	(7,171,353)	-	16,863,347
Judges and Compensation Commissioners Retirement	28,522,111	-	-	3,371,353	31,893,464
Employers Social Security Tax	218,208,651	1,181,768	-	1,800,000	221,190,419
SERS Defined Contribution Match	3,257,268	-	-	2,000,000	5,257,268
TOTAL - General Fund			(7,171,353)	7,171,353	
State Employees Health Service Cost	54,613,417	-	(500,000)	-	54,113,417
Insurance - Group Life	288,600	-	-	30,000	318,600
Other Post Employment Benefits	5,235,623	-	-	425,000	5,660,623
SERS Defined Contribution Match	354,879	-	-	45,000	399,879
TOTAL - Special Transportation Fund			(500,000)	500,000	

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

- Higher Education Alternative Retirement System - A change in accounting method from net budgeting to gross budgeting in FY 20 has led to a surplus in the account.
- State Employees Health Service Cost - Lower than anticipated costs due to vacancies within the Department of Transportation. Health service costs are expended on a per employee basis.

Funding is needed for transfer to these accounts due to the following:

- Judges and Compensation Commissioners Retirement - The June 30, 2020 actuarial valuation of the system increased the state's required employer contribution for FY 21. As there was no midterm adjustment, a deficiency of \$3.37 million was created in the account.
- Insurance - Group Life - An unexpected rate increase for group life insurance that was not reflected in the biennial budget.
- Employers Social Security Tax - No midterm adjustment was made to reflect increased costs over FY 20 actuals.
- Other Post Employment Benefits - FY 21 costs were higher than FY 20 actuals; no midterm adjustment was made to reflect expenditure requirements.
- SERS Defined Contribution Match - Newly hired employees are placed into Tier IV and receive a defined contribution match. As more employees enter the state workforce, the cost of matching contributions steadily increases. FY 21 costs were higher than FY 20 actuals as vacancies are filled with Tier IV employees throughout the fiscal year.

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

FAC 2021-22 Department of Motor Vehicles

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	54,672,496	84,880	(5,000,000)	-	49,757,376
DMV Modernization	-	-	-	5,000,000	5,000,000
TOTAL - Special Transportation Fund			(5,000,000)	5,000,000	

Funding is available for transfer from this account due to the following:

- Personal Services - A delay in refilling vacant positions (139 positions vacant out of 927 authorized, including both full and part-time).

Funding is needed for transfer to this account due to the following:

- DMV Modernization - To proceed with additional modernization projects, including new online service options, as determined by the department's evaluation and prioritization process. The department has engaged with a contractor to support this effort.

Holdbacks and lapses:

The transfer eliminates the \$5 million in Personal Services funds previously available to lapse. There are no holdbacks associated with these accounts.

FAC 2021-23 Insurance Department

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Fringe Benefits	13,898,634	(355,238)	(141,000)	-	13,402,396
Other Expenses	1,725,916	170,000	-	141,000	2,036,916
TOTAL - Insurance Fund			(141,000)	141,000	

Funding is available for transfer from this account due to the following:

- Fringe Benefits - Expenditures are lower than budgeted due to a combination of retirements and the actual fringe rate being lower than budgeted. The fringe rate was budgeted at 89.7% of Personal Services but the actual rate year-to-date is about 87.3%. The requested transfer reflects 1.0% of the Fringe Benefits appropriation.

Funding is needed for transfer to this account due to the following:

- Other Expenses - The information technology equipment for video conferencing in the agency's main conference room needs to be replaced and the agency requires additional teleworking equipment (laptops, security devices, other peripherals) for staff.

Holdbacks and lapses: There are no holdbacks for this agency.

FAC 2021-24 Department of Mental Health and Addiction Services

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	213,878,173	(17,396,762)	(2,200,000)	-	194,281,411
Workers' Compensation Claims	15,021,165	1,300,000	-	2,200,000	18,521,165
TOTAL - General Fund			(2,200,000)	2,200,000	

Funding is available for transfer from this account due to the following:

- Personal Services - Delays in hiring and a reduction in overtime. There are currently approximately 368 vacancies within the agency.

Funding is needed for transfer to this account due to the following:

- Workers' Compensation Claims - Claims carried forward from FY 20 in addition to higher than budgeted costs.

Holdbacks and Lapses

The transfer from Personal Services will not affect the agency's ability to achieve a \$300,000 holdback to the account.

FAC 2021-25 Department of Social Services

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Medicaid	2,826,174,660	55,627,000	(7,500,000)	-	2,874,301,660
Old Age Assistance	43,569,500	-	(300,000)	-	43,269,500
Aid To The Blind	523,900	-	(20,000)	-	503,900
Aid To The Disabled	59,683,700	-	(1,600,000)	-	58,083,700
Community Residential Services	638,014,602	-	-	1,920,000	639,934,602
Connecticut Children's Medical Center	10,125,737	-	-	7,500,000	17,625,737
TOTAL - General Fund			(9,420,000)	9,420,000	

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

- Medicaid - The Families First Coronavirus Response Act (PL 116-127) provided states with a 6.2% increase in the Medicaid federal medical assistance percentage (FMAP). This reduces the state's share of Medicaid expenditures, contributing to the lapse in this account. In addition, overall service utilization is below budgeted levels.
- Aid to the Disabled - Funding is available in this account due to (1) shifting the cost of provider room and board payments for Community Companion Homes (CCH) from the State Supplement to the Aged, Blind, or Disabled to the Community Residential Services line item, and (2) average monthly expenditures being below budgeted levels.
- Old Age Assistance - see description above
- Aid to the Blind - see description above

Funding is needed for transfer to these accounts due to the following:

- Community Residential Services - Shifting the cost of provider room and board payments for Community Companion Homes (CCH) from the State Supplement to the Aged, Blind, or Disabled to the Community Residential Services line item, as noted above. This shift addresses an IRS audit which indicated that State Supplement payments to CCHs should be considered income for federal tax purposes whereas they have traditionally been treated as exempt. Therefore, the payment mechanism was restructured to remove CCHs from the room and board payment process under DSS, effective January 1, 2020.
- Connecticut Children's Medical Center - The Connecticut Children's Medical Center (CCMC) will receive a disproportionate share hospital (DSH) payment to offset financial losses. This payment will be subject to the 6.2% enhanced FMAP.

Holdbacks and Lapses

There are no holdbacks or lapses associated with these accounts.

FAC 2021-27 Judicial Department

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	353,827,190	(8,229,478)	(1,149,202)	-	344,448,510
Workers' Compensation Claims	6,042,106	-	-	1,149,202	7,191,308
TOTAL - General Fund			(1,149,202)	1,149,202	

Funding is available for transfer from this account due to the following:

- Personal Services - Delays in hiring new staff to replace turnover. There are currently 735 vacancies at the agency.

Funding is needed for transfer to this account due to the following:

- Workers' Compensation Claims - The transfer of responsibility for all juvenile justice delinquency matters in 2018 has resulted in population more complex behavioral and mental health needs. This population often experiences a longer period of secure confinement, which has led to increased workers' compensation claims and longer standing cases.

Holdbacks and lapses:

This transfer will not affect the agency's ability to achieve the Personal Services holdback of \$3,342,768.

FAC 2021-28 Department of Emergency Services and Public Protection

The Department of Emergency Services and Public Protection (DESPP) is requesting FAC approval per section 4-60u to charge vendor fees for payment processing. The vendor will charge a 3% administrative fee to individuals, state and local agencies, and other organizations that pay for DESPP services via credit card or ACH payments. Currently, most DESPP services are paid for with cash, checks, or money orders.

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

State Comptroller - Fringe Benefits				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Unemployment Compensation	4,974,400	4,974,400	4,724,400	250,000
Higher Education Alternative Retirement System	24,034,700	16,863,347	17,706,053	(842,706)
Pensions and Retirements - Other Statutory	2,029,134	2,029,134	1,879,134	150,000
Judges and Compensation Commissioners Retirement	28,522,111	31,893,464	28,522,111	3,371,353
Insurance - Group Life	8,770,200	8,770,200	8,770,200	-
Employers Social Security Tax	218,208,651	221,190,419	218,208,651	2,981,768
State Employees Health Service Cost	715,320,807	660,310,807	686,510,807	(26,200,000)
Retired State Employees Health Service Cost	847,309,000	767,319,000	758,919,000	8,400,000
Tuition Reimbursement - Training and Travel	3,508,500	3,623,500	3,508,500	115,000
Other Post Employment Benefits	83,648,639	83,648,639	82,023,639	1,625,000
SERS Defined Contribution Match	3,257,268	5,257,268	3,257,268	2,000,000
State Employees Retirement Contributions - Normal Cost	149,045,118	149,045,118	149,045,118	-
State Employees Retirement Contributions - UAL	1,246,717,529	1,125,517,529	1,166,549,213	(41,031,684)
Total - General Fund	3,335,346,057	3,080,442,825	3,129,624,094	(49,181,269)
Unemployment Compensation	203,548	203,548	171,548	32,000
Insurance - Group Life	288,600	318,600	288,600	30,000
Employers Social Security Tax	17,222,866	17,254,222	16,597,866	656,356
State Employees Health Service Cost	54,613,417	54,113,417	53,713,417	400,000
Other Post Employment Benefits	5,235,623	5,660,623	5,235,623	425,000
SERS Defined Contribution Match	354,879	399,879	354,879	45,000
State Employees Retirement Contributions - Normal Cost	19,091,316	19,091,316	19,091,316	-
State Employees Retirement Contributions - UAL	156,836,684	137,112,684	137,112,684	-
TOTAL - Special Transportation Fund	253,846,933	234,154,289	232,565,933	1,588,356

Department of Motor Vehicles				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	54,672,496	49,757,376	49,257,376	500,000
Other Expenses	15,405,556	15,405,556	15,405,556	-
Equipment	468,756	468,756	468,756	-
DMV Modernization	-	5,000,000	5,000,000	-
Commercial Vehicle Information Systems and Networks Project	324,676	324,676	324,676	-
TOTAL - Special Transportation Fund	70,871,484	70,956,364	70,456,364	500,000

² Includes appropriated accounts from all appropriated funds.

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

Insurance Department				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	15,496,303	15,496,303	14,972,531	523,772
Other Expenses	1,725,916	2,036,916	2,036,916	-
Equipment	52,500	52,500	52,500	-
Fringe Benefits	13,898,634	13,402,396	13,071,271	331,125
Indirect Overhead	228,468	413,706	413,706	-
TOTAL - Insurance Fund	31,401,821	31,401,821	30,546,924	854,897

Department of Mental Health and Addiction Services				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	213,878,173	194,281,411	193,981,411	300,000
Other Expenses	25,171,554	30,582,767	30,582,767	-
Housing Supports and Services	22,966,163	22,885,781	22,885,781	-
Managed Service System	56,333,880	56,138,146	56,138,146	-
Legal Services	706,179	706,179	706,179	-
Connecticut Mental Health Center	7,848,323	7,848,323	7,848,323	-
Professional Services	12,900,697	18,703,942	18,703,942	-
General Assistance Managed Care	40,722,054	40,580,733	40,480,733	100,000
Workers' Compensation Claims	15,021,165	18,521,165	18,521,165	-
Nursing Home Screening	652,784	652,784	652,784	-
Young Adult Services	77,970,521	77,702,158	77,602,158	100,000
TBI Community Services	8,452,441	8,423,093	8,423,093	-
Behavioral Health Medications	6,720,754	6,720,754	6,720,754	-
Medicaid Adult Rehabilitation Option	4,184,260	4,169,615	4,169,615	-
Discharge and Diversion Services	24,216,478	27,131,720	27,131,720	-
Home and Community Based Services	22,220,669	21,347,239	20,647,239	700,000
Nursing Home Contract	409,594	409,594	409,594	-
Katie Blair House	15,150	15,150	15,150	-
Forensic Services	10,275,522	10,240,014	10,240,014	-
Grants for Substance Abuse Services	17,913,225	17,850,529	17,850,529	-
Grants for Mental Health Services	66,316,598	66,084,490	66,084,490	-
Employment Opportunities	8,791,514	8,760,744	8,760,744	-
TOTAL - General Fund	643,687,698	639,756,331	638,556,331	1,200,000

Department of Social Services				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	139,336,819	128,385,658	127,485,658	900,000
Other Expenses	147,663,485	145,398,635	145,398,635	-
Genetic Tests in Paternity Actions	81,906	81,906	81,906	-
HUSKY B Program	14,830,000	14,830,000	11,830,000	3,000,000
Medicaid	2,826,174,660	2,874,301,660	2,411,174,660	463,127,000
Old Age Assistance	43,569,500	43,269,500	39,169,500	4,100,000
Aid To The Blind	523,900	503,900	473,900	30,000
Aid To The Disabled	59,683,700	58,083,700	51,983,700	6,100,000
Temporary Family Assistance - TANF	58,374,200	58,374,200	43,374,200	15,000,000
Emergency Assistance	1	1	1	-
Food Stamp Training Expenses	9,832	9,341	9,341	-
DMHAS-Disproportionate Share	108,935,000	108,935,000	108,935,000	-
Connecticut Home Care Program	37,830,000	37,830,000	32,430,000	5,400,000

Department of Social Services				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Human Resource Development-Hispanic Programs	1,546,885	1,546,885	1,046,885	500,000
Community Residential Services	638,014,602	639,934,602	639,934,602	-
Safety Net Services	1,334,544	1,329,873	1,329,873	-
Refunds Of Collections	94,699	89,965	89,965	-
Services for Persons With Disabilities	276,362	276,362	276,362	-
Nutrition Assistance	749,040	749,040	749,040	-
State Administered General Assistance	17,722,600	17,722,600	15,522,600	2,200,000
Connecticut Children's Medical Center	10,125,737	17,625,737	17,625,737	-
Community Services	1,805,376	1,305,376	1,305,376	-
Human Services Infrastructure Community Action Program	3,292,432	3,280,908	3,280,908	-
Teen Pregnancy Prevention	1,255,827	1,251,432	1,251,432	-
Domestic Violence Shelters	5,289,049	5,289,049	5,289,049	-
Hospital Supplemental Payments	548,331,102	548,331,102	548,300,000	31,102
Teen Pregnancy Prevention - Municipality	98,281	98,281	98,281	-
TOTAL - General Fund	4,666,949,539	4,708,834,713	4,208,446,611	500,388,102

Judicial Department				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	353,827,190	344,448,510	335,653,721	8,794,789
Other Expenses	60,339,025	60,339,025	60,014,025	325,000
Forensic Sex Evidence Exams	1,348,010	1,348,010	1,348,010	-
Alternative Incarceration Program	50,257,733	50,257,733	50,257,733	-
Justice Education Center, Inc.	469,714	469,714	469,714	-
Juvenile Alternative Incarceration	20,063,056	19,263,056	19,263,056	-
Probate Court	12,500,000	12,500,000	12,500,000	-
Workers' Compensation Claims	6,042,106	7,191,308	7,022,531	168,777
Youthful Offender Services	9,725,677	9,425,677	9,425,677	-
Victim Security Account	8,792	8,792	8,792	-
Children of Incarcerated Parents	493,728	493,728	493,728	-
Legal Aid	1,397,144	1,397,144	1,397,144	-
Youth Violence Initiative	1,939,758	1,939,758	1,939,758	-
Youth Services Prevention	3,311,078	3,311,078	3,311,078	-
Children's Law Center	92,445	92,445	92,445	-
Juvenile Planning	430,000	430,000	430,000	-
Juvenile Justice Outreach Services	19,455,142	19,455,142	19,455,142	-
Board and Care for Children - Short-term and Residential	7,732,474	7,732,474	7,732,474	-
TOTAL - General Fund	549,433,072	540,103,594	530,815,028	9,288,566

Department of Emergency Services and Public Protection				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	145,635,390	156,796,374	157,540,390	(744,016)
Other Expenses	28,349,417	28,242,305	28,242,305	-
Stress Reduction	25,354	25,354	25,354	-
Fleet Purchase	5,581,737	5,381,737	5,381,737	-
Workers' Compensation Claims	4,136,817	3,686,817	3,686,817	-

Department of Emergency Services and Public Protection				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Criminal Justice Information System	2,684,610	2,550,380	2,550,380	-
Fire Training School - Willimantic	150,076	150,076	150,076	-
Maintenance of County Base Fire Radio Network	19,528	19,528	19,528	-
Maintenance of State-Wide Fire Radio Network	12,997	12,997	12,997	-
Police Association of Connecticut	172,353	172,353	172,353	-
Connecticut State Firefighter's Association	176,625	176,625	176,625	-
Fire Training School - Torrington	81,367	81,367	81,367	-
Fire Training School - New Haven	48,364	48,364	48,364	-
Fire Training School - Derby	37,139	37,139	37,139	-
Fire Training School - Wolcott	100,162	100,162	100,162	-
Fire Training School - Fairfield	70,395	70,395	70,395	-
Fire Training School - Hartford	169,336	169,336	169,336	-
Fire Training School - Middletown	68,470	68,470	68,470	-
Fire Training School - Stamford	55,432	55,432	55,432	-
Total - General Fund	187,575,569	197,845,211	198,589,227	(744,016)