MINUTES OF THE MEETING
OF THE FINANCE ADVISORY COMMITTEE

Held in Room 1E at the Legislative Office Building, on May 2, 2013.

PRESENT: Lieutenant Governor Nancy Wyman
Deputy Comptroller Martha Carlson
Deputy Treasurer Christine Shaw
Senator Robert Kane
Representative Mae Flexer
Representative Craig Miner
Representative Toni Walker
Representative Elaine O'Brien (Alternate)
Deputy Secretary Karen Buffkin
Office of Policy and Management, Finance Advisory Committee Clerk

Lieutenant Governor Wyman called the meeting to order at 1:02 P.M.

The minutes of the April 4, 2013 meeting were adopted unanimously.

The following new transactions were considered by the committee:

FAC 2013-13 – Division of Criminal Justice. Transfer of $435,300 from the Personal Services, Medicaid Fraud Control Unit, Cold Case Unit and Shooting Task Force accounts to the Other Expenses, Training and Education, Expert Witnesses and Witness Protection accounts to cover expenses, which are anticipated to exceed current appropriations.

Representative Walker noted that the accounts from which the funding is being proposed for transfer were accounts where positions were added at the agency's request. Kevin Kane, Chief State's Attorney, replied that the positions are needed, but had been left unfilled in compliance with the hiring cap. Representative Miner expressed concern about endorsing a decision to not fill positions the legislature thought were important to achieving budgetary savings.

Senator Kane asked whether the Medicaid fraud savings would be achieved. Deputy Secretary Buffkin noted that a deficiency would have resulted even if the agency had been able to fill all of its positions.

This item was approved by majority vote, with Senator Kane and Representative Miner voting against the item.

FAC 2013-14 – Department of Emergency Services and Public Protection. Transfer of $3,000,000 from the Personal Services and Fleet Purchase accounts to the Other Expenses account to enable payment of bills for the operational expenses of the agency.

Representative Walker asked why money was being transferred from Personal Services given that the account has a deficiency. Deputy Secretary Buffkin replied that it was a timing issue as the agency had depleted its Other Expenses funding.

Representative Miner commented that he believes the issue of personal use of state trooper vehicles contributes to the fuel costs to be covered by this action.

In response to a question by Representative Flexer, Deputy Secretary Buffkin noted that this item covers costs associated with declared disasters in FY 2013, with the agency contributing 25% and the federal government covering the remaining 75%.

In response to a question by Representative Flexer and Senator Kane, RoseMarie Peshka, the Chief Fiscal Officer for the agency, responded that the Personal Services shortfall was attributable to overtime costs resulting from storms and other emergencies.

This item was approved by majority vote, with Representative Miner voting against the item.

FAC 2013-15 – Department of Developmental Services. Transfer of $1,912,000 from the Personal Services and Employment Opportunities and Day Services accounts to the Other Expenses, Early Intervention, Workers' Compensation and Rent Subsidy accounts to meet end of year requirements. This item was unanimously approved by the committee.

In response to questions from Senator Kane, Deputy Commissioner Drexler noted that the Workers' Compensation shortfall is mostly due to a backlog of unsettled older claims and medical claims payments which exceed budgeted levels.

In response to questions from Representative Walker, Mr. Drexler noted that, with the closing of group homes, staff are being redeployed reducing the need for temporary staff or overtime to cover shifts. Additionally, the issue of a shortfall in Early Intervention is structural in nature (less insurance revenue than was projected) and will be rectified based on the anticipated budget for the upcoming biennium.

FAC 2013-16 – Department of Social Services. Transfer of $2,860,000 from the HUSKY B program, Temporary Assistance to Families and Child Care Services accounts to the Charter Oak Health Plan, Refunds of Collections and State Administered General Assistance accounts to meet anticipated end of year requirements.

Representative Walker noted that Care4Kids and TANF are federally funded programs and asked why there are surpluses in these accounts. Lee Voghel, DSS Chief Fiscal Officer, responded that the surpluses are due to lower-than-projected costs and caseloads, and that sufficient expenditures are expected statewide to ensure that the full amount of federal funding would be received.

In response to a question from Senator Kane, Mr. Voghel explained that the premiums for the Charter Oak program were increased to reflect actuarial costs, which resulted in healthier individuals leaving the program. Those remaining on the program had greater health needs, resulting in higher program costs.

This item was unanimously approved by the committee.

FAC 2013-17 – Department of Correction. Transfer of $2,000,000 from the Personal Services account to the Other Expenses account to meet operational needs of the agency.

Acting Commissioner for the Department of Correction, James Dzurenda, discussed a variety of factors that have lead to a somewhat increased prison population. Additionally, the Other Expenses shortfall is

a result of increased food costs, maintenance costs, and telecommunication costs for electronic monitoring.

This item was unanimously approved by the committee.

FAC 2013-18 - Department of Children and Families. Transfer of $700,000 from the Personal Services account to the Workers' Compensation account to cover increased costs for the medical portion of claims.

Representative Miner noted that Workers' Compensation has been targeted for reduction over the last three or four years as part of budget balancing efforts only to have agencies come back to FAC to replenish funding, and suggested a re-evaluation of baseline funding requirements. Deputy Secretary Buffkin responded that because costs have been trending higher, estimated expenditures have been adjusted going forward.

This item was unanimously approved by the committee.

The meeting was adjourned at 1:51 P.M.

Respectfully submitted,

Karen Buffkin
Clerk