

Analysis of Finance Advisory Committee Meeting Items

April 6, 2017 Agenda



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building
Hartford, CT 06106 • (860) 240-0200

E-Mail: ofa@cga.ct.gov
www.cga.ct.gov/ofa

OFA STAFF

Neil Ayers, Director

Michael Murphy, Section Chief

Anne Bordieri, Associate Analyst	Transportation Fund, Transportation Bonding, Motor Vehicles, Dept. of Transportation, Soldiers, Sailors & Marines'
Eric Michael Gray, Principal Analyst	Attorney General, Treasurer, Debt Service, Dept. of Labor, Bonding, School Construction
William Lederman, Principal Analyst	Budget Information System, Income Tax Modeling & Projections, State Personnel Data
Chris Wetzel, Principal Analyst	Dept. of Labor, Tax Policy & Revenue Analysis, Dept. of Revenue Services, Spending Cap
Evelyn Wisnieski, Principal Analyst	Economic Development, Housing, Culture and Tourism, Sales Tax, Health Provider Tax

Chris Perillo, Section Chief

Don Chaffee, Principal Analyst	Legislative Management, Comm. on Women, Children & Seniors, Comm. on Equity and Opportunity, Auditors, Dept. of Administrative Services, State Personnel
Rachel Della Pietra, Principal Analyst	Children and Families, Public Health, Medical Examiner
Christina Gellman, Principal Analyst	Banking, Dept. of Developmental Services, Teachers' Retirement, Dept. of Rehabilitation Services
Meghan Green, Analyst I	Office of Governmental Accountability, Secretary of the State, Comm. on Human Rights & Opportunities
Marcy Ritsick, Principal Analyst	Environment, Energy Funds, Agriculture, Agriculture Experiment Station, Council on Environmental Quality, Consumer Counsel

Alan Shepard, Section Chief

Sarah Bourne, Principal Analyst	Elementary Education, Office of Higher Education, Town Education Grants, ECS
Dan Dilworth, Associate Analyst	Office of Policy & Management, Municipal Grants, ECS
Anthony Naples, Analyst I	Emergency Services & Public Protection, Municipal Grants, Town Education Grants, ECS
Janelle Stevens, Principal Analyst	Board of Regents for Higher Education, UConn, UConn Health Center, Consumer Protection, ECS

Rob Wysock, Section Chief

Mike Ericson, Analyst II	Dept. of Insurance, Office of Health Care Advocate, Dept. of Veterans' Affairs, Corrections
Jonathan Palmer, Associate Analyst	Military, Budget Information System
Phoenix Ronan, Principal Analyst	Criminal Justice, Judicial, Public Defender, Probate
Emily Shepard, Principal Analyst	Dept. of Social Services, Mental Health and Addiction Services, Psychiatric Security Review Board, Office of Early Childhood
Holly Williams, Principal Analyst	State Comptroller, Dept. of Social Services, State Employee Fringe Benefits, Workers' Compensation

Administrative Staff

Laurie L. Wysock, Administrative Assistant IV
Theresa Kelly, Administrative Assistant II
Kelly Callahan, Staff Assistant/Fiscal Note Coordinator

Legislative Office Building, Room 5200, Hartford, CT 06106

Phone: (860) 240-0200

E-Mail: ofa@cga.ct.gov; Web: www.cga.ct.gov/ofa

FAC 2017-04 Auditors of Public Accounts

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	10,641,720	(448,994)	(80,000)	-	10,112,726
Other Expenses	342,143	-	-	80,000	422,143
TOTAL - General Fund			(80,000)	80,000	

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

- Personal Services - Employee turnover with six retirements and three separations in FY 17 has resulted in \$80,000 being available to transfer.

Funding is needed in this account due to the following:

- Other Expenses - The Auditors have been leasing computers as part of Legislative Management's contract. The Auditors are planning to purchase new computers independently. The \$80,000 will be used towards the \$128,000 estimated new computer cost.

Holdback and Lapses:

The transfer from Personal Services will not affect the agency's ability to meet the \$448,924 in holdbacks and budgeted lapses in this account.

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

FAC 2017-05 Debt Service - State Treasurer

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
UConn 2000 - Debt Service	172,057,219	-	(6,000,000)	-	166,057,219
Debt Service	1,765,932,976	-	-	6,000,000	1,771,932,976
TOTAL - General Fund			(6,000,000)	6,000,000	

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

- UConn 2000 - Debt Service - FY 17 principal and interest payments on new debt issued since April 2016 are \$6.2 million less than anticipated; and FY 17 savings from refunding bonds is \$2 million more than anticipated. These improvements balance against the \$2.2 million lapse expectation included in the budget to produce an estimated FY 17 lapse of \$6.0 million in the UConn 2000 Debt Service account.

Funding is needed in this account due to the following:

- Debt Service - It is anticipated that the bottom-line lapse target of approximately \$86.6 million will not be achieved completely (approximately \$6 million short). Spending on variable rate bonds has been significantly less than anticipated and savings from the refunding of bonds has been greater than anticipated. In addition, bond premiums have exceeded expectations by the Office of the State Treasurer but have not reached the budgeted level.

Holdbacks:

These accounts are not subject to holdbacks.

FAC 2017-06 Department of Revenue Services

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	57,419,820	(1,722,594)	(650,000)	-	55,047,226
Other Expenses	6,776,492	(203,294)	-	650,000	7,223,198
TOTAL - General Fund			(650,000)	650,000	

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

- Personal Services - Leaving funded positions vacant. The agency is currently averaging approximately 2-3 retirements per month; as of March 2017 approximately 570 of 660 authorized positions were filled.

Funding is needed in this account due to the following:

- Other Expenses - One-time information technology expenses related to the purchase of vendor services for the agency's data warehouse and proprietary tax software.

Holdback and Lapses

This transfer will not affect the agency's ability to achieve the Personal Services holdback of \$1,722,594 or the Other Expenses holdback of \$203,294. This transfer will reduce our projected lapse in the Personal Services account by the amount of the transfer.

FAC 2017-07 Military Department

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Other Expenses	2,242,356	47,577	(55,000)	-	2,234,933
Honor Guards	326,329	60,000	-	55,000	441,329
TOTAL - General Fund			(55,000)	55,000	

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

- Other Expenses - Through March of FY 17, expenditures in this account are approximately 18% lower than the previous year. Major expenditure drivers in this account are electricity and premise repair and maintenance services. A relatively mild winter has yielded savings in both areas.

Funding is needed in the this account due to the following:

- Honor Guards - In FY 17, the available appropriation (appropriation less holdbacks) is \$316,539, which is enough funding to provide supplemental funeral honors through approximately February. A previous FAC transfer of \$60,000 in February month allowed approximately two additional months of funding for the program. This transfer will allow the program to continue through the end of the fiscal year.

Holdbacks and Lapses

The transfer from Other Expenses will not affect the agency's ability to meet the \$22,423 holdback in this account.

FAC 2017-08 Department of Banking

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	11,025,073	-	(100,000)	-	10,925,073
Fringe Benefits	8,709,808	-	(138,400)	-	8,571,408
Other Expenses	1,468,990	-	-	63,400	1,532,390
Equipment	44,900	-	-	175,000	219,900
TOTAL - Banking Fund			(238,400)	238,400	

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

- Personal Services - The delay in refilling six vacant positions (due to retirements and separations) results in \$100,000 available to transfer in FY 17.
- Fringe Benefits - Positions supported by the Banking Fund also have their fringe benefits paid from the Fund. Thus, the delay in refilling six vacant positions results in \$138,400 available to transfer in FY 17.

Funding is needed in these accounts due to the following:

- Other Expenses - Costs of \$46,000 for electrical work for the office cubicle renovation and \$17,400 for two agency LEAN events to support organizational and process improvements exceed available funding.
- Equipment - The replacement of 20 year old office cubicles with refurbished products at a cost of \$175,000 which exceed budget levels by 12%.

Holdbacks:

These accounts are not subject to holdbacks.

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

Auditors of Public Accounts				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	10,641,720	10,112,726	9,999,930	112,796
Other Expenses	342,143	422,143	422,143	-
TOTAL - General Fund	10,983,863	10,534,869	10,422,073	112,796

Debt Service - State Treasurer				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Debt Service	1,765,932,976	1,771,932,976	1,771,932,976	-
UConn 2000 - Debt Service	172,057,219	166,057,219	165,976,414	80,805
CHEFA Day Care Security	5,500,000	5,500,000	4,234,363	1,265,637
Pension Obligation Bonds - TRB	119,597,971	119,597,971	119,597,971	-
TOTAL - General Fund	2,063,088,166	2,063,088,166	2,061,741,724	1,346,442

Department of Revenue Services				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	57,419,820	55,047,226	54,719,368	327,858
Other Expenses	6,776,492	7,223,198	7,223,198	-
TOTAL - General Fund	64,196,312	62,270,424	61,942,566	327,858

Military Department				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	2,863,407	2,691,723	2,691,723	-
Other Expenses	2,242,356	2,234,933	2,234,933	-
Honor Guards	326,329	441,329	441,329	-
Veteran's Service Bonuses	46,759	46,292	46,292	-
TOTAL - General Fund	5,478,851	5,414,277	5,414,277	-

Department of Banking				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	11,025,073	10,925,073	10,362,000	563,073
Other Expenses	1,468,990	1,532,390	1,532,390	-
Equipment	44,900	219,900	219,900	-
Fringe Benefits	8,709,808	8,571,408	8,119,000	452,408
Indirect Overhead	86,862	86,862	86,862	-
Total - Banking Fund	21,335,633	21,335,633	20,320,152	1,015,481

² Includes appropriated accounts from all appropriated funds.

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