

Analysis of Finance Advisory Committee Meeting Items

June 4, 2020 Agenda



OFFICE OF FISCAL ANALYSIS

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FAC 2020-20 State Comptroller - Fringe Benefits

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Retired State Employees Health Service Cost	776,021,000	-	(18,230,000)	-	757,791,000
Insurance - Group Life	8,514,800	-	-	230,000	8,744,800
Employers Social Security Tax	208,540,754	-	-	4,500,000	213,040,754
State Employees Health Service Cost	678,375,327	-	-	12,000,000	690,375,327
SERS Defined Contribution Match	2,150,171	-	-	1,500,000	3,650,171
TOTAL - General Fund			(18,230,000)	18,230,000	
Employers Social Security Tax	16,471,765	-	(735,000)	-	15,736,765
Insurance - Group Life	282,900	-	-	20,000	302,900
State Employees Health Service Cost	51,210,045	-	-	700,000	51,910,045
SERS Defined Contribution Match	236,758	-	-	15,000	251,758
TOTAL - Special Transportation Fund			(735,000)	735,000	

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

- **Employers Social Security Tax** - Payroll trends within the Special Transportation Fund are approximately 7.6% less than was assumed in the budget, largely due to (1) the mild winter weather and (2) personnel expenditures are approximately 2% less than FY 19, year to date.
- **Retired State Employees Health Service Cost** - Funding is available due to expenditures being 3% less than was assumed in the budget largely the result of (1) the number of retirees being less than was assumed in the budget and (2) Medicare premiums being less than was assumed in the budget.

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

- **Insurance - Group Life** - An overall premium increase of 6 cents per \$1,000 in coverage hit after the enactment of the budget resulting in a deficiency in the account within both the General and Special Transportation Funds.
- **Employers Social Security Tax** - Expenditures are 2.2% higher than was anticipated in the budget due to salary trends across state agencies. In addition, the FY 20 appropriation was less than FY 19 actual expenditures by approximately \$550,000.
- **State Employees Health Service Cost** - Expenditures in the General Fund are 1.8% higher than was anticipated in the budget and 1.4% in the Special Transportation Fund due to (1) the number of employees transitioning to retiree health being less than was anticipated in the budget, and (2) the actual premium rate increases for FY 20 being charged against the appropriation are higher than initially projected due to higher claims experience toward the end of FY 19 which were not reflected in the enacted budget.
- **SERS Defined Contribution Match** - The SERS Tier IV employer match account within both the General and Special Transportation Funds has a deficiency due to increased enrollment in Tier IV of new employees above what was assumed in the actuarial projection used as a basis for the budget.

Holdbacks and lapses:

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

The holdbacks in the State Employee's Active Health account within both the General Fund and Special Transportation fund of approximately \$33.2 million and \$2.6 million respectively have been released to mitigate the deficiencies in these accounts. The balance of the shortfall in those accounts is eliminated by the transfers summarized above. The unallotted holdback in the Retiree Health account is being transferred as summarized above to address shortfalls in other accounts. The remainder of the accounts impacted above did not have holdbacks applied.

FAC 2020-21 Agricultural Experiment Station

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Personal Services	5,755,367	-	(100,000)	-	5,655,367
Mosquito and Tick Disease Prevention	512,276	-	-	100,000	612,276
TOTAL - General Fund			(100,000)	100,000	

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

- **Personal Services** - retirements of the Director and Scientist I positions.

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

- **Mosquito and Tick Disease Prevention** - to establish and maintain fifteen additional mosquito trapping and surveillance sites at various locations based on actual activity during the 2019 season. Samples will be collected and tested for viruses and diseases including Eastern Equine Encephalitis (EEE).

Holdbacks and lapses: This transfer will not affect the agency's ability to achieve the Personal Services holdback of \$110,118.

FAC 2020-22 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)	
Home and Community Based Services	20,980,076	(73,430)	(200,000)	-	20,706,646
Other Expenses	25,171,554	(188,787)	-	200,000	25,182,767
TOTAL - General Fund			(200,000)	200,000	

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

- **Home and Community Based Services** - Lower than budgeted expenditures. This represents approximately 1.3% of the original appropriation.

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

- **Other Expenses** - Increased expenditures totaling approximately \$3.2 million associated with facility maintenance and repairs, IT licensing and consulting, as well as increased temporary services related to the public health emergency. In addition, the original FY 20 appropriation is approximately \$1.2 million lower than FY 19 actual expenditures of \$26.4 million.

Holdbacks and Lapses

The Other Expenses line item is subject to a \$188,787 holdback. After this transfer, the remaining shortfall is estimated at approximately \$3 million. The transfer from the Home and Community Based Services line item is not anticipated to impact the agency's ability to achieve the associated holdback of \$73,430.

FAC 2020-23 Department of Social Services

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Medicaid	2,691,610,660	9,178,165	(7,500,000)	-	2,693,288,825
Aid To The Disabled	59,713,700	-	(768,000)	-	58,945,700
Aid To The Blind	529,100	-	-	25,000	554,100
Community Residential Services	622,412,127	-	-	743,000	623,155,127
Connecticut Children's Medical Center	10,125,737	-	-	7,500,000	17,625,737
TOTAL - General Fund			(8,268,000)	8,268,000	

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, expenditure trends reflect a general reduction in service utilization.
- **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 approximately 7% below budgeted levels.

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

- **Aid to the Blind** - Average monthly expenditures have been slightly higher (2%) than budgeted at approximately \$45,000 rather than \$44,000 per month.
- **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:

Holdbacks were not applied to these accounts in FY 20. The transfers decrease the Medicaid and Aid to the Disabled funds available to lapse at the end of the fiscal year from approximately \$78.3 million to \$70 million.

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	6,132,100	6,132,100	3,632,100	2,500,000
Higher Education Alternative Retirement System	11,034,700	11,034,700	-	11,034,700
Pensions and Retirements - Other Statutory	1,974,003	1,974,003	1,946,503	27,500
Judges and Compensation Commissioners Retirement	27,010,989	27,010,989	27,010,989	-
Insurance - Group Life	8,514,800	8,744,800	8,744,800	-
Employers Social Security Tax	208,540,754	213,040,754	213,040,754	-
State Employees Health Service Cost	678,375,327	690,375,327	690,375,327	-
Retired State Employees Health Service Cost	776,021,000	757,791,000	751,881,000	5,910,000
Tuition Reimbursement - Training and Travel	3,475,000	3,705,000	3,705,000	-
Other Post Employment Benefits	95,764,285	95,764,285	92,971,285	2,793,000
SERS Defined Contribution Match	2,150,171	3,650,171	3,650,171	-
State Employees Retirement Contributions - Normal Cost	168,330,352	168,330,352	168,330,352	-
State Employees Retirement Contributions - UAL	1,143,138,185	1,027,358,185	1,027,358,185	-
Total - General Fund	3,130,461,666	3,014,911,666	2,992,646,466	22,265,200
Unemployment Compensation	203,548	203,548	175,548	28,000
Insurance - Group Life	282,900	302,900	302,900	-
Employers Social Security Tax	16,471,765	15,736,765	15,217,765	519,000
State Employees Health Service Cost	51,210,045	51,910,045	51,910,045	-
Other Post Employment Benefits	6,099,123	6,099,123	6,074,123	25,000
SERS Defined Contribution Match	236,758	251,758	251,758	-
State Employees Retirement Contributions - Normal Cost	21,610,640	21,610,640	21,610,640	-
State Employees Retirement Contributions - UAL	141,193,360	125,473,360	125,473,360	-
TOTAL - Special Transportation Fund	237,308,139	221,588,139	221,016,139	572,000

Agricultural Experiment Station				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	5,755,367	5,655,367	5,655,367	-
Other Expenses	865,032	865,032	865,032	-
Mosquito and Tick Disease Prevention	512,276	612,276	612,276	-
Wildlife Disease Prevention	95,809	95,809	95,809	-
TOTAL - General Fund	7,228,484	7,228,484	7,228,484	-

Department of Mental Health and Addiction Services				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	197,451,035	195,970,512	195,970,512	-
Other Expenses	25,171,554	25,182,767	28,182,767	(3,000,000)
Housing Supports and Services	22,966,163	22,885,781	22,885,781	-
Managed Service System	55,924,095	55,728,361	55,728,361	-
Legal Services	706,179	706,179	706,179	-
Connecticut Mental Health Center	7,848,323	7,848,323	7,848,323	-

² Includes appropriated accounts from all appropriated funds.

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

Department of Mental Health and Addiction Services				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Professional Services	12,900,697	12,803,942	16,303,942	(3,500,000)
General Assistance Managed Care	40,377,409	41,486,088	41,486,088	-
Workers' Compensation Claims	14,493,430	14,493,430	16,293,430	(1,800,000)
Nursing Home Screening	652,784	652,784	652,784	-
Young Adult Services	76,675,067	76,406,704	76,406,704	-
TBI Community Services	8,385,284	8,355,936	8,355,936	-
Behavioral Health Medications	6,720,754	6,720,754	7,070,754	(350,000)
Medicaid Adult Rehabilitation Option	4,184,260	4,169,615	4,169,615	-
Discharge and Diversion Services	24,216,478	24,381,720	24,381,720	-
Home and Community Based Services	20,980,076	20,706,646	20,706,646	-
Nursing Home Contract	409,594	409,594	409,594	-
Katie Blair House	15,150	15,150	15,150	-
Forensic Services	10,145,246	10,109,738	10,109,738	-
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	623,244,915	621,729,787	630,379,787	(8,650,000)

Department of Social Services				
	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	132,339,071	128,158,544	120,658,544	7,500,000
Other Expenses	154,204,427	153,047,894	149,047,894	4,000,000
Genetic Tests in Paternity Actions	81,906	81,906	81,906	-
HUSKY B Program	8,870,000	9,870,000	8,870,000	1,000,000
Medicaid	2,691,610,660	2,693,288,825	2,625,588,825	67,700,000
Old Age Assistance	42,619,500	42,619,500	41,119,500	1,500,000
Aid To The Blind	529,100	554,100	554,100	-
Aid To The Disabled	59,713,700	58,945,700	56,613,700	2,332,000
Temporary Family Assistance - TANF	59,734,200	58,534,200	57,234,200	1,300,000
Emergency Assistance	1	1	1	-
Food Stamp Training Expenses	9,832	9,832	9,832	-
DMHAS-Disproportionate Share	108,935,000	108,935,000	108,935,000	-
Connecticut Home Care Program	37,040,000	36,040,000	35,040,000	1,000,000
Human Resource Development-Hispanic Programs	1,546,885	1,546,885	1,296,885	250,000
Community Residential Services	622,412,127	623,155,127	623,155,127	-
Safety Net Services	1,334,544	1,329,873	1,329,873	-
Refunds Of Collections	94,699	94,699	94,699	-
Services for Persons With Disabilities	276,362	276,362	276,362	-
Nutrition Assistance	749,040	749,040	749,040	-
State Administered General Assistance	18,062,600	19,262,600	19,262,600	-
Connecticut Children's Medical Center	10,125,737	17,625,737	17,625,737	-
Community Services	1,775,376	1,275,376	1,275,376	-
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	453,331,102	548,331,102	548,300,000	31,102
Teen Pregnancy Prevention - Municipality	98,281	98,281	98,281	-
Total - General Fund	4,415,331,458	4,513,651,973	4,427,038,871	86,613,102