

As of May 25, 2019, the Office of Fiscal Analysis (OFA) is currently projecting \$128.6 million in General Fund state agency funding shortfalls. The following table reflects the projected level of funding that is needed by various agencies this fiscal year.

Figure I. FY 19 General Fund Estimated Deficiency Needs (in millions)

| Agency | Deficiency \$ |
|---|----------------------|
| State Comptroller - Adjudicated Claims | 63.0 |
| Department of Correction | 44.8 |
| Office of Early Childhood | 12.7 |
| Dept. of Children and Families | 3.5 |
| Dept. of Mental Health and Addiction Services | 3.9 |
| Board of Regents | 0.4 |
| University of Connecticut | 0.3 |
| TOTAL - General Fund | 128.6 |

Detail on the Net Deficiencies/Additional Funding Requirements

Office of State Comptroller - Miscellaneous - \$63.0 million

The projected shortfall in the Adjudicated Claims account is \$63 million. The FY 19 Revised Budget did not include an appropriation for the account. Approximately \$56.5 million has been expended to date. Approximately \$6.5 million of the projected shortfall is for payment of a settlement reached at the end of FY 18 and the balance is related to the SEBAC v. Rowland settlement and projected payments for other claims.

Department of Correction - \$44.8 million

The Department of Correction (DOC) is projected to have a year-end deficiency of \$44.8 million in the Personal Services account (PS). This is due to the Finance Advisory Committee (FAC) appropriation transfer on 5/2/19 out of the PS account to cover deficiencies in other accounts and the PS account not meeting its appropriation.

Before the FAC transfer the PS account was in deficit \$14.4 million. DOC's FY 19 available PS resources are 1% less than its FY 18 expenditures. The deficit is primarily the result of the FY 19 Revised Budget not including deficiency funding for this account and the DOC was required to take on 80 additional unanticipated staff from the Department of Children and Families due to the closure of the Connecticut Juvenile Training School (CJTS).

The FAC transfer out of PS covered the deficiency in the Other Expenses (OE) and the Inmate Medical Services accounts. Prior to the FAC transfer the OE account had a deficiency of \$4.7 million and the Inmate Medical Services account had a deficiency of \$20.8 million.

Office of Early Childhood - \$12.7 million

A net General Fund deficiency of \$12.7 million is projected in the Office of Early Childhood (OEC). A \$14.3 million projected shortfall in the Care4Kids account (13.9% of the total FY 19 available appropriation), is related to increased Child Care Development Fund (CCDF) receipts. In FY 18, OEC's CCDF allotment increased by \$14.3 million. Traditionally, changes to CCDF funding levels are reflected in the line item appropriation and federal grants revenue. Due to the timing of OEC's receipt of the increased federal funds, the Care4Kids line item appropriation did not reflect an associated increase. This is necessary in order for OEC to meet federal CCDF expenditure requirements.

This shortfall is partially offset by \$1.6 million lapsing funds from the following accounts: \$375,000 in Personal Services and \$1.2 million in Early Care and Education. The lapse in the Personal Services account is due to a delay in hiring. The lapse in the Early Care and Education account reflects actual enrollment in the Child Care Services and School Readiness programs (while most seats are budgeted for a full year, not all were filled in the fall resulting in surplus funding).

Department of Children and Families - \$3.5 million

A net General Fund deficiency of approximately \$3.5 million (approximately 0.5% of available agency funding) is projected across a variety of Department of Children and Families accounts. This is primarily due to the following factors: (1) net support of approximately \$1 million is needed for the 2017 Revised Juan F. Exit Plan, which requires adequate social worker staffing to oversee abused and neglected children, as well as community-based programming to address service needs to achieve outcome measures; (2) approximately \$2 million is needed for clinical interventions and other services for non-delinquent youth at risk for involvement in the juvenile justice system; and (3) unanticipated expenses of approximately \$500,000 were incurred to implement corrective actions at the Albert J. Solnit Psychiatric Center - South Campus (formerly known as Riverview Hospital). The April 4, 2019 Finance Advisory Committee meeting approved the transfer of a total of \$6,475,119 between DCF accounts.

Department of Mental Health and Addiction Services - \$3.9 million

The agency's projected FY 19 budget shortfall is comprised of: \$5 million in the Personal Services account, \$2.7 million in the Other Expenses account, \$2 million in the Professional Services account, and \$2.4 million in the Workers' Compensation Claims account. This shortfall is partially offset by \$8 million lapsing funds from the following accounts: \$2.1 million in the General Assistance Managed Care (GA) account, \$500,000 in the TBI Community Services account, and \$4 million in the Home and Community Based Services (HCBS) account, \$550,000 in Grants for Substance Abuse Services, \$850,000 in Grants for Mental Health Services, and \$200,000 in Employment

Opportunities.

The \$5 million projected shortfall in the Personal Services account (2.7% of the total FY 19 available appropriation), is primarily due to (1) higher than budgeted overtime costs of approximately \$3.6 million, primarily at Connecticut Valley Hospital (CVH), and (2) increased staffing and associated costs of \$1.4 million, primarily at CVH and Whiting Forensic Hospital.

The Other Expenses account shortfall of \$2.7 million (11.6% of the total FY 19 available appropriation) is due to increased expenditures to support security and safety upgrades at CVH. In addition, the available appropriation is approximately \$1.7 million below FY 18 total expenditures of \$24.9 million.

The \$2 million shortfall in the Professional Services account is primarily associated with contracted medical services. This represents 17.9% of the total FY 19 available appropriation. The available appropriation is approximately \$2 million below FY 18 total expenditures of \$13.2 million.

The \$2.4 million shortfall in the Workers' Compensation Claims account represents 21% of the total FY 19 available appropriation. The available appropriation is approximately \$2.4 million below FY 18 total expenditures of \$13.8 million.

Lastly, lower than budgeted expenditures are leading to an estimated lapse of approximately \$2.1 million in the General Assistance Managed Care account, \$500,000 in the TBI Community Services account and \$4 million in the Home and Community Based Services account. This represents 5.1%, 5.8%, and 16.8% of the total FY 19 available appropriations, respectively. In addition, the Grants for Substance and Mental Health Services, as well as the Employment Opportunities accounts are anticipated to lapse a combined total of approximately \$1.6 million.

Board of Regents - \$400,000

The Board of Regents is projected to have a deficiency of \$400,000 in its Workers' Compensation Claims account due to higher than budgeted claims. Account expenditures are projected to increase over FY 18 by 5% (approximately \$176,000). The account appropriation was held constant from FY 18 to FY 19, despite an FY 18 shortfall of approximately \$224,000 that was resolved through a deficiency appropriation. A large settlement paid out at the end of FY 18 and beginning of FY 19 has contributed to deficits in both years but does not fully account for them. Expenditures also increased (up 5%) from FY 17 to FY 18. The Board of Regents' other state appropriations will be entirely expended on personnel costs.

University of Connecticut - \$250,000

The University of Connecticut is projected to have a deficiency of \$250,000 in its

Workers' Compensation Claims account due to higher than budgeted claims. The Workers' Compensation Claims account appropriation was reduced 1% (approximately \$28,000) from FY 18 to FY 19, while account expenditures currently are projected to increase 10% (approximately \$229,000). Expenditures also rose (up 24%) from FY 17 to FY 18. UConn's other state appropriations will be entirely expended on personnel costs.