

As of April 30, 2020, the Office of Fiscal Analysis is projecting \$112.2 million in state agency General Fund shortfalls. The following table reflects the level of funding that is anticipated to be needed by various agencies from the General Fund this fiscal year.

FY 20 General Fund Estimated Deficiency Needs

In Millions of Dollars

Agency	Deficiency
Office of the State Comptroller - Adjudicated Claims	50.0
Office of the State Comptroller - Fringe Benefits	26.1
Department of Correction	18.7
Department of Mental Health and Addiction Services	8.9
Department of Emergency Services and Public Protection	4.8
Department of Economic and Community Development	3.8
TOTAL	112.2

Numbers may not add due to rounding.

A description of each of these deficiencies is provided below.

Office of State Comptroller - Miscellaneous - \$50 million

The agency’s projected FY 20 shortfall of \$50 million is in the Adjudicated Claims account. The FY 20 - FY 21 Budget did not include an appropriation for the account. Approximately \$45.4 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 whose payment terms were finalized in FY 20. The balance is related to projected payments for other claims.

Office of the State Comptroller- Fringe Benefits - \$26.1 million

The agency’s FY 20 projected shortfall of approximately \$26.1 million is the result of the following: \$1.4 million in the SERS Defined Contribution Match account, \$4 million in the Employers’ Social Security Tax account, and \$42.6 million in the State Employees’ Health Service Cost account. The shortfall in these accounts is partially offset by lapses in the following accounts: \$2.8 million in the Other Post-Employment Benefits account, \$2.5 million in the Unemployment Compensation account, \$5.7 million in the Retired State Employee Health Service Cost account, and \$11 million in the Higher Education Alternate Retirement Program account.

The shortfall in the SERS Defined Contribution Match account is due to expenditures being 47% greater per pay period than assumed in the budget. The shortfall in the Employers’ Social Security Tax account is due to payroll trends running 2% higher than assumed in the budget.

The shortfall in the State Employees’ Health Service Cost account is predominately due to the allocation of a \$33.3 million holdback to the account, which results in available funding being

only 1.7% greater than FY 19 expenditures (growth in the prior biennium was 4%).

The agency's shortfall is largely offset by available funding in the Higher Education Alternate Retirement System (ARP) account due to projected General Fund expenditures for the ARP program being \$11 million less than anticipated in the budget. The FY 20 projected ARP expenditures of \$11 million are anticipated to be covered by FY 19 carryforward and not FY 20 appropriated funds. Expenditures are less than assumed in the budget predominately due the finalization of ARP transfers effective January 18, 2019 to the State Employees' Retirement System (SERS) pursuant to the 2010 State Employees' Bargaining Agent Coalition (SEBAC) ARP Grievance Award (SAG Award). A total of 1,600 ARP participants transferred to SERS.

Department of Correction - \$18.7 million

The Department of Correction is projected to have a year-end deficiency of \$18.7 million in the Personal Services account (PS). This is due to the Finance Advisory Committee (FAC) appropriation transfer on 4/24/20 out of the PS account to cover deficiencies in the Other Expenses (\$3.9 million), Inmate Medical Services (15.1 million), and Workers Compensation (\$1 million) accounts. Prior to the FAC transfer the PS account was projected to use its entire appropriation.

Department of Mental Health and Addiction Services - \$8.9 million

The projected deficiency of \$8.9 million in the Department of Mental Health and Addiction Services (DMHAS) is due to shortfalls in several accounts. The shortfall in Other Expenses (\$3,200,000) is due to unbudgeted contract costs and anticipated expenditures to support attorney services for pending litigation, as well as facility maintenance costs. In addition, FY 20 available funding is approximately 5.6% below FY 19 expenditures. The Professional Services shortfall (\$3,500,000) reflects costs for contracted doctors while the agency recruits for full-time staff (primarily Psychiatrists), and the cost to meet the medical needs of patients. The shortfall in Workers' Compensation Claims (\$1,800,000) is primarily due to FY 19 expenses that will be paid in FY 20, as well as increased FY 20 costs. The Behavioral Health Medications shortfall (\$350,000) reflects higher than anticipated cost trends in this account.

Department of Emergency Services and Public Protection - \$4.8 million

The agency's projected shortfall is comprised of a \$4.8 million deficiency in the Personal Services account. Overtime expenses within the agency continue to rise as the department experiences above-average retirements. There were 100 retirements within DESPP in FY 19, and the agency is on pace to exceed those figures in FY 20. With more vacancies, existing troopers are required to fill existing shifts. Compared to the first three quarters of FY 19, overtime expenses are up \$3.3 million (15.6%) in FY 20 over the same period. The retirements have also cost DESPP at least \$1.5 million in vacation and sick time payouts this fiscal year.

Department of Economic and Community Development - \$3.8 million

The agency's projected net FY 20 deficiency of \$3.8 million is the result of a shortfall to Capital Region Development Authority account from the COVID-19 pandemic and the stay-at-home response. Event cancellations have impacted attendance and associated revenues at the Pratt and Whitney Stadium at Rentschler Field (\$830,948), the XL Center (\$1,842,301) and the CT Convention Center (\$1,314,825). The overall shortfall is partially mitigated by lapses under the Personal Services, Office of Military Affairs, and the Manufacturing Growth Initiative accounts.