

MINUTES OF THE MEETING
OF THE
FINANCE ADVISORY COMMITTEE

Held in Room 1E of the Legislative Office Building on June 13, 2006.

PRESENT: Lieutenant Governor Kevin Sullivan
Mark Ojakian, Deputy Comptroller
Howard Rifkin, Deputy Treasurer
Senator Joan Hartley
Senator David Capiello
Representative Denise Merrill
Representative Arthur O'Neill
Robert L. Genuario, Secretary and Clerk,
Office of Policy & Management
John Bacewicz, Executive Budget Officer, Office of
Policy & Management, Budget and Financial Management Division

ABSENT: Governor M. Jodi Rell
Senator Toni Harp
Representative Peter Tercyak

Lieutenant Governor Sullivan called the meeting to order at 10:05 A.M.

1. It was voted to approve the minutes of the meeting of May 5, 2006 with the correction that Item 2006-25 was not approved by the Committee and that no action will be taken on this item until the investigation conducted by the Legislature has been completed.
2. The following new transactions were approved by the Committee:

FAC 2006-35 – Department of Public Works – A total transfer of \$1,000,000; \$700,000 from Rents, Taxes and Moving and \$300,000 from Facilities Design Expenses to Other Expenses to finance higher than anticipated expenses in janitorial services, contract security services and snow removal services.

Lieutenant Governor Sullivan posed the general question as to why some items before the June FAC were not addressed as budget adjustments while the legislature was in session.

Secretary Genuario indicated that the adjustments were negotiated in April and were focused on the FY 07 budget. Between April and June of FY 06 as surpluses and shortfalls became more certain, the consensus was that there was sufficient funding in the agencies' budgets to cover last minute transfers.

It was also noted that the item for the Department of Public Works reduced the amount to be carried forward to FY 07 for its Rents and Moving account.

This item was unanimously approved by the Committee.

FAC 2006-36 – Division of Criminal Justice – A transfer of \$35,000 from Personal Services to Other Expenses to meet energy and fuel expenditures.

There was no discussion on this item. This item was unanimously approved by the Committee.

FAC 2006-37 – Department of Public Safety – A transfer of \$142,000 from Personal Services to Other Expenses and Workers Compensation to cover original and deficiency appropriations.

There was discussion on the transfer of funds from Personal Services in relation to the Department's ability to reach the 1,248 statutory minimum. In response, Commissioner Boyle explained that the January 2006 class began with 89 recruits. At the time, the Department's sworn filled count was approximately 1,260, thereby exceeding the 1,248 statutory minimum. Because of retirements and general attrition from January to June, the sworn count decreased to 1,240, including recruits in the academy. Commissioner Boyle also indicated that the January 2006 trooper class experienced a lower attrition rate than in past practice. The class started with 80 recruits and 9 reserves and was at 74 in June.

Representative Merrill expressed concern that the Department was transferring funds out of the Personal Services account when the statutory minimum had not been attained. Commissioner Boyle explained that the Department was able to achieve savings in overtime in FY2007 and that the next trooper class is tentatively scheduled for January of 2007. In addition, Section 28 of PA 06-186 includes a statutory trigger to commence a trooper class if the number of sworn personnel is fewer than 1,220. Lieutenant Governor Sullivan suggested two classes per year to counter the attrition loss. Commissioner Boyle responded that the training academy professionals have considered staggering classes but the academy faces physical space limitations of 80 recruits per class.

This item was unanimously approved by the Committee.

FAC 2006-38 – Office of Consumer Counsel – A transfer of \$25,000 from Fringe Benefits to Indirect Overhead to cover higher than anticipated expenses.

There was no discussion on this item. This item was unanimously approved by the Committee.

FAC 2006-39 – Department of Transportation – A transfer of \$3,600,000 from Personal Services to Highway & Bridge Renewal Equipment to purchase equipment for liquid calcium chloride snow and ice control.

Representative O'Neill noted a difference in roads during storms entering the state from Massachusetts and hoped that usage of the calcium chloride mixture on CT roads would make a difference. Deputy Commissioner Carl Bard stated there would be a positive difference in Connecticut.

This item was unanimously approved by the Committee.

FAC 2006-40 – Department of Social Services – A transfer of \$1,950,000 from Medicaid to various accounts to meet anticipated end of year requirements in various accounts.

Lieutenant Governor Sullivan questioned the additional dollars needed for the MCO's under HUSKY B due to rate increases provided by the department. Secretary Genuario responded that while the negotiated rate increase was more than the amount earmarked, it is based on consultants' review of medical costs, which have significantly outpaced inflation and are above the 2% increase budgeted. He noted that, ultimately, the providers are essential and sometimes we are not able to achieve the rates originally projected.

Lieutenant Governor Sullivan asked if the annualization of the 4.4% rate increase is reflected in the FY 07 adjusted budget. Secretary Genuario confirmed that it was annualized and indicated that under the existing contract with the MCO's, they are entitled to another adjustment 7/1/06, subject to negotiations. He also noted that while the rate increase for the MCO's is budgeted at 2% in FY 07, a 2% increase for straight medical expenses is optimistic.

Rep. Merrill asked if other providers have similar issues. Secretary Genuario replied that other providers generally get what was negotiated during the session. With the MCO's, the department is at risk of the carriers walking away from the program and so the MCO's do have a better negotiating position.

Lieutenant Governor Sullivan questioned whether the \$200,000 requested for the Housing/Homeless Services account would be enough based on the narrative provided for the transfer. Secretary Genuario confirmed that it would be sufficient.

This item was unanimously approved by the Committee.

FAC 2006-41 – Department of Education – A transfer of \$830,000 from Personal Services; \$130,000 to Open Choice Program to cover transportation expenditures and \$700,000 to Other Expenses to cover energy expenditures.

Lieutenant Governor Sullivan inquired about the transportation grant for Magnet School transportation and Choice School transportation. Brian Mahoney of the Department of Education responded by explaining the transportation grant and how they fund the transportation costs for the Magnet and Choice School transportation costs. Representative O'Neill commented on the low enrollment of Choice School versus the enrollment in Magnet Schools.

This item was unanimously approved by the Committee.

FAC 2006-42 – Public Defender Services Commission – A transfer of \$408,000 from Personal Services; \$76,000 to Other Expenses to cover increased energy costs; \$259,000 to Special Public Defenders Non-Contractual and \$73,000 to Expert Witnesses to meet current year expenditures.

There was no discussion on this item. This item was unanimously approved by the Committee.

FAC 2006-43 – Public Defender Services Commission – A transfer of \$75,000 from Personal Services for the Child Protection Commission in accordance with Section 93 of Public Act 06-186.

There was no discussion on this item. This item was unanimously approved by the Committee.

3. The meeting was then adjourned at 10:40 A.M.

A handwritten signature in black ink, appearing to read 'Robert L. Genuario', with a long horizontal flourish extending to the right.

Robert L. Genuario
Clerk