

# Connecticut General Assembly



## OFFICE OF FISCAL ANALYSIS

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To: Legislative Members of the Finance Advisory Committee

From: Geary Maher, Director

Subject: Items for the Finance Advisory Committee Meeting for June 8, 2009

Items numbered 2009-34 through 2009-44 have been reviewed by this office and the following additional information is provided to more fully understand the items:

### **2009-34 Office of the State Comptroller**

The Office of the State Comptroller (OSC) requests two General Fund transfers from the Higher Education Alternative Retirement Fund account totaling 1) \$2.2 million to the Active State Employee Health Service account and 2) \$550,000 to the Unemployment Compensation account. Additional funds are necessary in the Active State Employee Health Service account due to two previous rounds of Governor rescissions totaling approximately \$14.8 million, and in the Unemployment Compensation account due to higher than anticipated claims activity. Funds are available in the Higher Education Alternative Retirement Fund account due to an unanticipated surplus.

The Office of the State Comptroller additionally requests a Special Transportation Fund transfer of \$20,000 from the Employer's Social Security Tax account to the Unemployment Compensation account. Additional funds are also necessary in this Unemployment Compensation account due to higher than anticipated claims activity. Funds are available in the Employer's Social Security Tax account due to effects of the hiring freeze.

### **2009-35 Department of Public Safety**

The Department of Public Safety (DPS) requests a transfer of \$2.9 million from the Personal Services account to the Other Expenses (\$1.7 million) and Workers'

Compensation Claims (\$1.2 million) accounts. Additional funds are necessary in the Other Expenses account due to various unbudgeted expenses including IT costs, litigation settlement costs, and the clean-up costs of an oil spill at Troop G in Bridgeport. Additional funds are also necessary in the Workers' Compensation Claims account due to an unanticipated increase in the number and severity of claims. Funds are available in the Personal Services account due to the impact of the hiring freeze and efforts of the Department to reduce overtime costs.

### **2009-36 Department of Banking**

The Department of Banking (DOB) requests a transfer of \$522,831 from the Personal Services (\$348,513) and Fringe Benefits (\$174,318) accounts to the Indirect Expense (\$497,831) and Other Expenses (\$25,000) accounts. Funds are available in the Personal Services and Fringe Benefits accounts due to delays in filling vacancies during the current fiscal year.

### **2009-37 Department of Public Health**

The Department of Public Health (DPH) requests a transfer of \$82,400 from the Community Health Services account to the Local & District Departments of Health account. Additional funds are necessary in the Local & District Departments of Health account to fulfill statutory requirements to pay the city of Hartford (\$61,202) and town of Wilton (\$21,198) per capita payments for 2009. Funds are available in the Community Health Services account due to the cancellation of an unfulfilled contract.

### **2009-38 Department of Developmental Services**

The Department of Developmental Services (DDS) requests a transfer of \$800,000 from the Personal Services account to the Early Intervention account (\$400,000) and to the Workers' Compensation account (\$400,000). The funds available in Personal Services are the result of turnover in non-direct care staff whose positions are not being refilled because of the hiring freeze and the reduction in agency overtime.

The transfer of \$400,000 is required in the Early Intervention account due to higher than anticipated direct service units and lower than projected revenues from insurance companies. The transfer of \$400,000 is required in the Workers Compensation account due to unanticipated indemnity expenses related to several long-term claims and unanticipated expenses from stipulated benefits payments that have arisen from the contested claims hearing process.

### **2009-39 Department of Mental Health and Addiction Services**

The Department of Mental Health and Addiction Services (DMHAS) requests a transfer of \$1.134 million from various accounts including General Assistance Managed Care (\$750,000), Prison Overcrowding (\$250,000), and Persistent Violent Felony Offenders Act (\$134,000) to the Personal Services account.

Additional funding is necessary in Personal Services to cover increased overtime costs at several DMHAS inpatient facilities due to a large number of admissions that require constant observation by the nursing staff. This transfer will cover \$1.134 million of the projected \$2.26 million deficiency in Personal Services. The remaining \$1.126 million deficiency will be covered in an anticipated deficiency appropriation.

Funding is available in: 1) the General Assistance Managed Care account due to lower than anticipated claims; 2) the Prison Overcrowding account due to lower than projected salary expenses attributable the hiring freeze; and 3) the Persistent Violent Felony Offenders Act account due to housing assistance program delays.

### **2009-40 Department of Transportation**

The Department of Transportation (DOT) requests a transfer of \$3.2 million from the Rail Operation account to Personal Services account. The projected deficiency to the Special Transportation Fund of \$3.2 million in Personal Services is due to the February and April Finance Advisory Committee actions (FAC 2009-8 and 2009-21) to offset a shortfall in the snow and ice removal account. The shortfall was a result of: (1) higher than anticipated prices for materials such as salt, fuel, utilities and repair parts for trucks and (2) replenishment of DOT's reserves of these materials, which were depleted by the severity of recent winter storms. At the time, it was anticipated that the transfer from Personal Services to Other Expense would be replenished through a deficiency appropriation in order for DOT to meet its Personal Service obligations. In lieu of a deficiency appropriation, this FAC transfer will meet the Personal Service obligations for DOT.

Funding is available in the Rail Operations account due to 1) increased ridership during the first half of the year resulting in higher revenue; and 2) lower than budgeted expenditures on the New Haven Line.

### **2009-41 Department of Social Services**

The Department of Social Services (DSS) transfers a total of \$6.31 million from 14 accounts in DSS to meet anticipated end of year requirements for the HUSKY, Aid to the Blind, Temporary Family Assistance, Connecticut Home Care, State Administered General Assistance and Medicare Part D Supplemental Needs programs. These programs have experienced higher than anticipated caseloads than were originally projected when the FY 09 budget was adopted in 2007. These cost and caseload changes are detailed in the OPM request.

### **2009-42 Teachers' Retirement Board**

The Teachers' Retirement Board (TRB) requests a transfer of \$20,000 from the Other Expenses account to the Personal Services account. Additional funding is necessary in Personal Services to cover remaining payroll expenses. Funding is available in the

Other Expenses account due to the elimination of all non-essential expenditures by the Board.

The Board also requests a transfer of \$182,000 from the Other Expenses account and \$535,000 from the Municipal Retiree Health Insurance Cost account to the Retiree Health Service Cost account. Additional funding of \$717,000 is necessary in the Retiree Health Service Cost account due to higher than anticipated participation in the TRB health plan. Funding is available in the Other Expenses account due to the elimination of all non-essential expenditures by the Board, and in the Municipal Retiree Health Insurance Cost account as a result of lower than anticipated participation in the municipal health plans.

### **2009-43 Public Defender Services Commission**

The Public Defender Services Commission (PDSC) requests a transfer of \$325,000 from its Special Public Defender Non-Contractual line item to Other Expenses, in the amount of \$100,000, and Expert Witnesses, in the amount of \$225,000.

Additional funds are necessary in Other Expenses due to increased energy and telecommunications costs in addition to an upgrading of systems software. Additional funds are required in the Expert Witness line item due to the payment of expert witnesses required in 17 pending capital cases and experts required in a number of homicide and serious felony cases.

Funds are available in the Special Public Defender Non-Contractual line item due to a reduction in the number of multiple, successive special public defender appointments in individual client cases.

These transfers will help the agency meet its holdback requirement, in the amount of \$35,678, in Personal Services.

### **2009-44 Department of Correction**

The Department of Correction requests a transfer of \$2.0 million from the Personal Services account to the Workers' Compensation account.

Additional funding is required in this account due to certain increased workers compensation claims which are 12%-13% higher than last year.

The agency is currently experiencing an estimated operating deficit of \$15.0 million, which is down from an estimated \$26.0 million deficit in the Fall of 2008. The deficiency has diminished due to a reduction in the inmate population from a high of over 19,800 a year ago to about 18,750 today.

Funding is available in the Personal Services account due to a transfer of \$10.0 million from the central "Reserve for Salary Adjustment" account to cover non-funded

bargaining unit increases, and lower than expected retroactive payments for NP-4 members. In addition, overtime costs have been declining by approximately 20%.

However, this transfer would increase the deficiency in the Personal Services account in order to provide necessary cash availability to the end of the year. Amounts included in sHB 6364, the deficiency bill of the 2009 regular session, as favorably reported by the Appropriations Committee, would need to be adjusted to accommodate this transfer.