

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 May 7, 2009

Items numbered 2009-26 through 2009-33 have been reviewed by this office and the following additional information is provided to more fully understand the items:

2009-26 Department of Public Works

The Department of Public Works (DPW) requests a transfer of \$450,000 from the Personal Services (\$100,000) and Rents and Moving (\$350,000) accounts to the Property Management Services (\$440,000) and Capitol Day Care (\$10,000) accounts. Additional funds are necessary in the Property Management Services account due to higher than anticipated costs for providing security at the former Norwich Hospital property, and in the Capitol Day Care account due to higher than budgeted rental payments of the Capitol Day Care Development Center facility. Funds are available in the Personal Services account due to a higher than budgeted vacancy rate, and in the Rents and Moving account due to a delay in moving the Commission on Human Rights and Opportunities to new leased space.

2009-27 Office of the Claims Commissioner

The Office of the Claims Commissioner (OCC) requests a transfer of \$55,000 from the Personal Services account to the Adjudicated Claims account. Additional funding is necessary to cover adjudicated claims in excess of projections. Funds are available in the Personal Services account due to the impact of the hiring freeze.

2009-28 Department of Insurance

The Department of Insurance (DOI) requests a transfer of \$784,000 from the Personal Services (\$415,000), Fringe Benefits (\$225,000), and Equipment (\$114,000) accounts to the Indirect Overhead (\$349,350) and Other Expenses (\$434,650). Additional funding is necessary in the Indirect Overhead account due to higher than projected required payments to the Comptroller's Office for 2008 DOI Statewide Cost Allocation Plan items, and in the Other Expenses account due to the Department of Information Technology's recalculation of charges to DOI for technology support services. Funds are available in, 1) the Personal Services account due to factors including turnover, lower accumulated leave payouts to retirees and a hiring freeze; 2) the Fringe Benefits account due to expenses for employee benefits trending lower than had been forecasted; and 3) the Equipment account due to a budget freeze on the purchase of new equipment.

2009-29 Department of Agriculture

The Department of Agriculture (DOAg) requests a transfer of \$46,000 from the WIC Program for Fresh Produce for Seniors account to the WIC Coupon Program for Fresh Produce account. Additional funding is necessary to cover a shortfall of \$46,000 in the WIC Coupon Program for Fresh Produce, and would allow the WIC Coupon Program for Fresh Produce to serve all eligible clients. There is a shortfall of federal funding in the WIC Coupon Program for Fresh Produce in the amount of \$72,477 during the most recent federal program year. In the absence of this transfer, DOAg proposes to cut three of the four WIC categories including pregnant women, breastfeeding women, and post-partum women, leaving children as a remaining category of eligible clients.

As of 5/1/09, the WIC Program for Fresh Produce for Seniors has served about 29,500 clients and the WIC Coupon Program for Fresh Produce has served about 56,500 clients. During the 2008 program year (June – October) farmers redeemed \$731,000 in vouchers, representing a 91% redemption rate of coupons. Funding in sHB 6365, the budget bill as favorably reported by the Appropriations Committee, maintains the WIC Program for Fresh Produce for Seniors at FY 09 levels (\$104,500 in FY 10 and FY 11) and increases the WIC Coupon Program for Fresh Produce by \$100,000 in both years of the biennium (to a level of \$184,090).

2009-30 Department of Mental Health and Addiction Services

The Department of Mental Health and Addiction Services (DMHAS) requests a transfer of \$3.0 million from the Community Mental Health Strategy Board (\$2,370,000), Persistent Violent Felony Offenders Act (\$280,000), Grants for Substance Abuse Services (\$250,000) and Home and Community Based Services (\$100,000) accounts to the Other Expenses (\$2,000,000), Professional Services (\$700,000) and Workers' Compensation (\$300,000) accounts.

Funding is necessary in: 1) Other Expenses to cover repair expenses related to patient safety at various state facilities and continuing increases in utility costs; 2) Professional Services to cover ongoing training costs resulting from a survey at Connecticut Valley Hospital by the Judicial Department; and 3) Workers' Compensation to cover higher than projected surgery claims.

Funds are available due to delays in three initiatives: 1) implementation of the Home and Community Based Services waiver, which will enable persons living in nursing homes to move out into the community; 2) implementation of the Assertive Community Treatment and Community Support Programs under the Medicaid Rehabilitation Option; and 3) housing assistance delays in the Persistent Violent Felony Offenders Act account. Additionally, funding is available in the Grants for Substance Abuse Services account due to lower than anticipated program costs.

Questions:

1. Why has the implementation of these three initiatives (Home and Community Based Services waiver, Assertive Community Treatment and Community Support Programs under the Medicaid Rehabilitation Option and housing assistance initiatives) continued to be delayed?

2009-31 State Department of Education

The State Department of Education (SDE) requests a transfer of \$5.6 million from Education Equalization Grants and \$7.7 million from Priority School Districts. The \$13.3 million will cover FY 09 deficiencies in the following areas: Personal Services (\$1.2 million), Other Expenses (\$350,000), Basic Skills Exam Teachers in Training (\$60,000), Teachers' Standards Implementation Program (\$150,000), Development of Mastery Exams Grades 4, 6, and 8 (\$1.2 million), Excess Cost- Student Based (\$6.3 million), OPEN Choice Program (\$301,000), and Magnet Schools (\$3.7 million).

The shortfall in Personal Services is a result of honoring the statewide holdback imposed in July 2008, as well as other-than-full-time obligations such as athletics, and plan and maintenance services in the Connecticut Technical High School System (CTHSS). The shortfall in Other Expenses is due to increased expenditures related to necessary student instructional supplies and maintenance activities stemming from new construction projects. The shortfall in the Teacher Certification accounts (Basic Skills and Teachers' Standards) is due to higher than anticipated costs associated with operating the teacher certification program, while honoring rescissions. The shortfall in the Mastery Program is due to costs related to developing and implementing a new science assessment in Grades 5 and 8. The shortfall in Excess Cost is related to an increase in high-cost special education placements of approximately 4.7 percent over the prior year's expenditure. The shortfall in OPEN Choice is related to additional supplemental transportation grants. The shortfall in Magnet Schools is related to anticipated supplemental grants that will be paid to CREC, ACES, and EASTCONN.

The surplus in Education Equalization Grants is based on a recalculation of prior year adjustments. The surplus in Priority School Districts is related to a reduced number spaces filled in FY 09 as well as start-up delays in filling new spaces.

2009-32 Department of Correction

The Department of Correction (DOC) requests a transfer of \$12,570,000 from the Personal Services account to the Other Expenses account.

The agency is currently experiencing an estimated operating deficit of \$16.0 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 18,800 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 decrease the deficiency in the Other Expenses account and 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 as favorably reported by the Appropriations Committee, would need to be changed to accommodate this transfer.

2009-33 Judicial Department

The Judicial Department requests a transfer of \$1.0 million to its Personal Services account from the following line items: (1) \$500,000 from Equipment; (2) \$250,000 from the Alternative Incarceration Program; (3) \$175,000 from Juvenile Alternative Incarceration; and (4) \$75,000 from the Victim Security Account.

Additional funding is necessary in Personal Services to cover anticipated payroll expenditures over the remainder of the fiscal year. The amount of funds available in Personal Services during FY 09 has been reduced by approximately \$9.0 million in total due to the following: an allotment holdback (\$2.3 million); recisions (\$5.9 million); and a de-appropriation (\$700,000).

Funding is available in the Judicial Department's Equipment line item due to the postponement of various criminal justice initiatives funded under PA 08-51. Funding is available in the Alternative Incarceration Program and Juvenile Alternative Incarceration line items because spending reductions have been made to meet lapse targets. Funding is available in the Victim Security Account because the anticipated spending level is less than budgeted.