

# Connecticut General Assembly



## OFFICE OF FISCAL ANALYSIS

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To: Legislative Members of the Finance Advisory Committee

From: Alan Calandro, Director

Subject: Items for the Finance Advisory Committee meeting for January 14, 2010

Items 2010-2 through 2010-5 have been reviewed by this office and the following information has been provided to more fully understand this item:

### **2010-2 Auditors of Public Accounts**

The Auditors of Public Accounts (APA) requests a transfer of \$220,000 from the Personal Services (\$180,000) and Equipment (\$40,000) accounts to the Other Expenses account.

Additional funds are necessary in the Other Expenses account to cover mileage reimbursements for staff audit travel, payments for leased computer equipment, hiring costs associated with an outside firm to conduct a federally required peer review of the agency's audit quality control system, and costs associated with federally required professional education training courses for staff.

Funds are available in the Personal Services account due to savings realized by not having to make retirement accrual payments to Retirement Incentive Program (RIP) participants, as those accrual payouts are deferred until FY 13, FY 14, and FY 15 under the terms of the RIP.

### **2010-3 Department of Public Health**

The Department of Public Health (DPH) requests a transfer of \$920,500 from the Community Health Services account to the X-Ray Screening and Tuberculosis account.

The Department of Public Health is projecting a deficiency in the X-Ray Screening and Tuberculosis account of \$920,500. The agency currently has a payment backlog of more than \$300,000 for tuberculosis care, and more than \$600,000 in additional invoices are anticipated by the end of the fiscal year (per statute, DPH is the payer of last resort for persons with tuberculosis in the state). Funding for this account was reduced by \$379,900 (50%) in FY 10 in anticipation of an increase in federal reimbursement for tuberculosis payments due to enhanced information sharing between the Department of Social Services (DSS) and DPH. To date, federal reimbursements have not replaced the funding reduction in this account.

Though funds requested to be transferred from the Community Health Services account are unallocated, they are committed to fulfill contracts in the fourth quarter of this fiscal year. Transferring funds from this account will allow DPH to meet current financial requirements in the X-Ray Screening and Tuberculosis account, but will also create a deficiency in the Community Health Services account. In its November 2009 statement, the Office of Fiscal Analysis projected an overall deficiency of \$5.5 million for the Department of Public Health.

#### **2010-4 Department of Transportation**

The Department of Transportation (DOT) requests the following transfers:

- (1) A transfer of \$4.7 million from the Personal Services (\$4.5 million) and Transit Equipment (\$233,543) accounts to Other Expenses account. Additional funds are necessary in the Other Expenses account as a result of: (a) higher than anticipated prices for materials such as salt, fuel, utilities and repair parts for trucks and (b) replenishment of DOT's reserves of these materials, which were depleted by the severity of recent winter storms.

Funds are available in the Personal Services account due to delays in hiring employees.

The funding available in the Transit Equipment account is the unexpended carryforward balance remaining from a \$35.0 million FY 01 appropriation used to purchase replacement rail cars in 2001. All obligations related to this purchase have been fulfilled.

- (2) A transfer of \$1.0 million from the Bus Operations Subsidy (BOS) account to the ADA Para-Transit Program (ADAPTP) account. Additional funds are necessary in the ADAPTP account due to: (a) higher than anticipated demand and (b) increased ridership due to the expansion of bus service operations routes. ADAPTP is an unfunded federal mandate that requires that alternative transportation be provided for handicapped persons living within a specified distance of regularly-scheduled public bus routes.

Transferring funds out of the BOS account will not impact bus operations and the

expansion of current programs because an unexpended carryforward balance of \$2.3 million for bus operations is available from the 2007 General Fund surplus.

### **2010-5 Department of Social Services**

The Department of Social Services requests a transfer of \$20.2 million from the Medicaid (\$20.1 million) and Housing/Homeless Services (\$107,300) accounts to the State Food Stamp Supplement (\$150,000), Charter Oak Health Plan (\$8.5 million), ConnPACE (\$11.4 million), and Services to the Elderly (\$107,300) accounts.

Funds are necessary in the State Food Stamp Supplement and Charter Oak Health Plan accounts due to significantly higher than projected caseloads in the first half of the fiscal year. Funds are necessary in ConnPACE due to a slower than anticipated transfer of ConnPACE clients to the Medicare Savings Programs. The transfer of funds between Housing/Homeless Services and Services to the Elderly is a technical change.

It should be noted that although \$20.1 million is requested to be transferred out of the Medicaid account, the Office of Fiscal Analysis is currently projecting a year-end deficiency of \$70.0 million in this account.