



Department of Administrative Services

Appropriations Committee General Government B Subcommittee

Workgroup Session

February 25, 2026

Representative Toni Walker- Would like more information on the Broadcom contract – how much it was under the other company vs now.

DAS Response:

What Broadcom VMware Does:

Broadcom is a large technology company that makes chips and software for data centers and networks. In late 2023 Broadcom bought VMware, a major provider of software that lets companies run many virtual computers and applications on physical servers. VMware's products help the state manage applications and infrastructure both on-premises and in the cloud, including things like virtual machines, private clouds, and networking services. The state runs over 2,600 virtual machines in our datacenters, including applications for all agencies.

Recent Price Increases:

Since the Broadcom acquisition, VMware has completely shifted its pricing and licensing model. Perpetual licenses (one-time purchases) were ended and replaced with subscription bundles with new rules like minimum core counts and bundled product requirements. Many customers have seen their costs jump dramatically, with increases widely reported in the range of 150% to several hundred percent, and isolated cases even seeing 800%–1500% hikes on renewal compared to previous pricing.

CT agreement:

CT entered into a 5-year agreement for the VMware support in 2025. By entering into this contract, and negotiating this for all agencies, we avoided an additional \$2M per year in these costs. Stated another way, it would cost the Executive Branch \$4M per year if this had not been consolidated.



	BITS (Operating Budget) (covers 22 agencies)		Decentralized Agencies (direct coding or transfer invoice) (covers 15 agencies)		Total Contract
FY26	\$734,060.28		\$421,814.49		\$1,155,874.77
FY27	\$1,306,110.87		\$955,998.66		\$2,262,109.53
FY28	\$1,306,110.87		\$955,998.66		\$2,262,109.53
FY29	\$1,306,110.87		\$955,998.66		\$2,262,109.53
FY30	\$1,306,110.87		\$955,998.66		\$2,262,109.53

Alternative Products:

There are a limited number of less capable competitors than to VMware. At this time, those products will take significant effort and risk for the state to be able to migrate to a new platform. Given the volume of servers that we have in the state and the technical operations we have built into the VMware platform, moving off this platform in the short term is not possible.

Representative Andre Baker- Would like a breakdown of OE, rents and moving expenses in the proposed budget.

DAS Response:

Please see Attachment A, sheets labeled “FY 2027 OE” and “FY 2027 Rents and Moving.”

Representative Andrew Baker - Any information on the number of retirements anticipated?

DAS Response:

Currently, 5 individuals have submitted their intent to retire during the next fiscal year. We have also included the number of employees eligible to retire as of 7/1/26, out of our appropriated positions below:

Normal Retirement Eligibility:119

Early Retirement Eligibility:183

Senator Cathy Osten- Would like to know what the cost would be to cover claims that are 30 plus years old.

DAS Response:



While we recognize that settlements can reduce long-term financial risk involved with workers' compensation claims, estimating the cost to settle all claims over 30 years old is highly complex and resource-intensive. It would require individualized reviews of claims, actuarial forecasting of future medical and indemnity costs, and compliance analysis for Medicare-eligible claimants. Even after undertaking that effort, settlements remain voluntary, and some claimants may decline or seek higher settlement values.

Claim age, alone, is not a reliable indicator of financial exposure. Many older claims are medically stable, low-cost, and require minimal ongoing treatment. In such cases, continued administration may be more cost-effective than negotiating and funding a full and final settlement. Conversely, settlements tend to be more fiscally advantageous earlier in a claim's lifecycle, when long-term medical and indemnity exposure is uncertain and potentially significant. At that stage, converting long-term indemnity and medical risk into a full and final settlement can prevent decades of financial liability for the State. After 30 years, the majority of the exposure has already materialized.

A claim-age based settlement approach also presents operational risk. A blanket approach focused solely on claim age could unintentionally prompt dormant claimants to reengage, increasing administrative costs and potentially expanding liability. For these reasons, a targeted strategy driven by projected exposure and actuarial risk – not claim age alone- would be more fiscally prudent.

We appreciate the Appropriation Committee's recognition that strategic settlements can reduce long-term liability and welcome further discussion on approach.

Representative Tammy Nuccio- Would like more details on the \$200,000 OE.

DAS Response:

Please see Attachment A, sheet labeled "OE \$200k."

Representative Tammy Nuccio - Would like descriptions of all the line items in our budget.

DAS Response:

Please see Attachment A, sheet labeled "SID-explanations."

Representative Tammy Nuccio – Questions about the rail coverage increase, any additional supporting information on these costs.



State Insurance and Risk Management Board Response:

The CT Rail Hartford Line rail lines are owned by Amtrak. CT Department of Transportation (CT DOT) has an access agreement with Amtrak that requires CT DOT and the Operator, TransitAmerica Services (TASI), a subsidiary of Herzog Transit Services, to have rail liability limits equal to the Rail Passenger Transportation Liability Cap. The Liability Cap is currently \$323M and was last adjusted in 2021. This limit was scheduled to be adjusted in the first quarter of 2026, although that timetable is a bit delayed, and the limit is anticipated to be “significant” – potentially to \$400M or more. Under the terms of the CT DOT agreement with the operator, TASI procures and pays for the first \$25M, and CT DOT procures and pays for insurance up to the tort cap limit (currently \$323M).

The rail liability insurance market continues to be strained by a reduction in capacity. Some carriers have exited the market completely, while the remaining carriers either reducing the limits they are offering or electing to deploy their capacity higher up in towers. This tightening is particularly pronounced in the lower layers. There have been a few new entrants to the market, but not enough to replace the capacity that has been lost. This dynamic, along with continued pressure on profitability as a result of the legal environment, has led to an ongoing trend of increasing rates.

The \$3.5M request is comprised of two components:

1. Anticipated (and estimated) new rail liability coverage for Shoreline East.
2. Estimated premium increase to address an increase in Federal Tort Cap limits for existing Hartford Line and new Shoreline East.

Representative Tammy Nuccio- Any additional information on the \$450,000 related to the Morgan Street Garage.

DAS Response:

In 2015, the State purchased the Morgan Street Garage from the City of Hartford as part of the state’s acquisition of 450 Columbus Boulevard, Hartford. 450 Columbus Boulevard was being designed to house 2200 state workers from various facilities in the Hartford area. The garage within 450 Columbus Boulevard contains 700 parking spots, so Morgan Street Garage, with over 2290 parking spots, was acquired to support the additional parking needs of the state.

At the time of the acquisition, the Morgan Street Garage was profitable with corporate customers, City of Hartford employees (including the Hartford Board of Education), Capitol Community

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College, State leases for the Banking and Insurance Departments, and daily parkers. Given that this asset was profitable, DAS did not need to seek general funds to operate the garage. DAS, OPM, and the Capitol Region Development Authority (CRDA) entered into a Memorandum of Understanding with the CRDA to provide parking management services for the garage. Under CRDA, an operating account for the garage was established and maintained. The operating account received and deposited revenue and paid expenditures for the garage.

The garage continued to make a profit from the state's ownership until approximately 2021, when revenues began to decline with the City of Hartford and the Hartford Board of Education moving to new offices, Capitol Community College reducing their parking needs from 850 parking spots per month to 650, and significant corporate client reductions post-COVID. More recently, the Banking and Insurance Departments (industry-funded state agencies) moved to new leases in Hartford. Shortfalls in the operating account have persisted from 2021 to the present:

Operating Shortall

FY 21 \$494,561

FY 22 \$ 48,990

FY 23 \$313,002

FY 24 \$566,998

FY 25 \$461,110

Since the operating account had a surplus, the yearly shortfall in expenditures was covered by the surplus in the garage operating account. However, the garage reserve funds are limited.

FY 2026 projections indicate the Morgan Street Garage fund will be down to \$100,000, which will be insufficient for FY27 operating expenses. Therefore, the \$450,000 request in the Governor's budget is to cover those expenses. This is the first time DAS has requested funding from the General Fund to support the operations of the garage.

To see the most recent financial report on the Morgan Street Garage, please see Attachment B, and the MOU between DAS and CRDA on Morgan Street Garage, please see Attachment C.

Representative Tina Courpas- How many people are receiving workers' comp benefits?

DAS Response:



We reviewed the period of 2/1/26–2/11/26 and issued indemnity payments to 1,054 claimants. This number fluctuates and includes employees receiving wage replacement benefits, as well as survivor benefits, permanency payments, and other statutory obligations. Some of these individuals may also be receiving a service-connected disability retirement; however, to determine that or calculate the percentage of retirees receiving service-connected disability benefits, we need to partner with the Office of the State Comptroller, which maintains retirement records.

For background, when an injured worker reaches the point where they can no longer perform their original job duties, several options are available—one of which is applying for disability retirement. This process requires medical documentation and approval by the Medical Examining Board (MEB). The MEB determines whether the employee qualifies for a service-connected disability retirement or, alternatively, a non-service-connected disability retirement. In either scenario, approved individuals are subject to periodic re-examinations, and after 24 months, they must also apply for Social Security Disability Insurance (SSDI), which may offset their retirement benefit. Their pension may also be offset by certain types of workers' compensation payments they may be entitled to.

Importantly, when an employee transitions to disability retirement, medical costs associated with an accepted workers' compensation claim remain the responsibility of the workers' compensation program unless a full and final settlement has been approved, closing future medical rights. Retiree group health coverage is secondary to workers' compensation for accepted work-related conditions, ensuring that those expenses remain attributable to the workers' compensation program.