

Analysis of Finance Advisory Committee Meeting Items

March 1, 2018 Agenda



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building

Hartford, CT 06106 • (860) 240-0200

E-Mail: ofa@cga.ct.gov

www.cga.ct.gov/ofa

OFA STAFF

Neil Ayers, Director

Michael Murphy, Section Chief

Anne Bordieri, Associate Analyst	Transportation Fund, Transportation Bonding, Motor Vehicles, Dept. of Transportation, Soldiers, Sailors & Marines'
Eric Michael Gray, Principal Analyst	Attorney General, Treasurer, Debt Service, Dept. of Labor, Bonding, School Construction
William Lederman, Principal Analyst	Budget Information System, Income Tax Modeling & Projections, State Personnel Data
Chris Wetzel, Principal Analyst	Dept. of Labor, Tax Policy & Revenue Analysis, Dept. of Revenue Services, Spending Cap
Evelyn Wisnieski, Principal Analyst	Economic Development, Culture and Tourism, Sales Tax, Health Provider Tax

Chris Perillo, Section Chief

Don Chaffee, Principal Analyst	Legislative Management, Comm. on Women, Children & Seniors, Comm. on Equity and Opportunity, Auditors, Dept. of Administrative Services, State Personnel
Rachel Della Pietra, Principal Analyst	Children and Families, Public Health, Medical Examiner
Christina Gellman, Principal Analyst	Banking, Dept. of Developmental Services, Teachers' Retirement, Dept. of Rehabilitation Services
Meghan Green, Analyst I	Office of Governmental Accountability, Secretary of the State, Comm. on Human Rights & Opportunities
Marcy Ritsick, Principal Analyst	Environment, Energy Funds, Agriculture, Agriculture Experiment Station, Council on Environmental Quality, Consumer Counsel

Alan Shepard, Section Chief

Sarah Bourne, Principal Analyst	Elementary Education, Office of Higher Education, Town Education Grants, ECS
Dan Dilworth, Associate Analyst	Office of Policy & Management, Municipal Grants, ECS
Anthony Naples, Analyst I	Emergency Services & Public Protection, Municipal Grants, Town Education Grants, ECS
Janelle Stevens, Principal Analyst	Board of Regents for Higher Education, UConn, UConn Health Center, ECS

Rob Wysock, Section Chief

Mike Ericson, Analyst II	Dept. of Consumer Protection, Dept. of Veterans' Affairs, Military, Corrections
Michelle Parlos, Analyst II	Budget Information System, Dept. of Insurance, Dept. of Healthcare Advocate, Housing
Phoenix Ronan, Principal Analyst	Criminal Justice, Judicial, Public Defender, Probate
Emily Shepard, Principal Analyst	Dept. of Social Services, Mental Health and Addiction Services, Psychiatric Security Review Board, Office of Early Childhood
Holly Williams, Principal Analyst	State Comptroller, Dept. of Social Services, State Employee Fringe Benefits, Workers' Compensation

Administrative Staff

Theresa Kelly, Administrative Assistant II
Kelly Callahan, Staff Assistant/Fiscal Note Coordinator

Legislative Office Building, Room 5200, Hartford, CT 06106

Phone: (860) 240-0200

E-Mail: ofa@cga.ct.gov; Web: www.cga.ct.gov/ofa

FAC 2018-01 State Comptroller - Fringe Benefits

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Employers Social Security Tax	15,655,534	-	(120,000)	-	15,535,534
Unemployment Compensation	203,548	-	-	120,000	323,548
TOTAL - Special Transportation Fund			(120,000)	120,000	

Funding is available for transfer from this account due to the following:

- **Employers Social Security Tax**- Payroll trends are approximately 1% less than anticipated in the FY 18 budget for the Transportation Fund resulting in a projected lapse in the Employers' Social Security Tax account.

Funding is needed in this account due to the following:

- **Unemployment Compensation**- Average monthly unemployment compensation benefit payments are trending 58% (or approximately \$10,000) higher than anticipated in the FY 18 budget and therefore a deficiency is being projected in the account. The projected deficiency will be eliminated by the transfer of funds from the Employers' Social Security Tax account.

¹ Prior policy actions may include holdbacks (forced lapses), rescissions, and transfers.

FAC 2018-02
Legislative Management to Office of Policy and Management

Legislative Management

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Other Expenses	13,364,982	(668,249)	(55,000)		12,641,733
TOTAL - General Fund			(55,000)		

Funding is available for transfer from this account due to the following:

- **Other Expenses** - PA 17-2, JSS, Sec. 59(a)(3) requires a transfer of funds from the Office of Legislative Management (OLM) to the Office of Policy and Management (OPM) to enter into a contract to work with the Teachers' Retirement System Viability Commission to develop a plan to maintain the financial viability of the Connecticut teachers' retirement system. OPM has contracted with the consulting firm Cavanaugh MacDonald to assist in developing a plan.

Holdbacks and lapses:

- PA 17-2, the budget, included a bottom line lapse of \$1 million for the legislative branch. Based on current projections, the legislative branch is not on track to meet this target. This transfer increases the projected deficit in the legislative branch.

Office of Policy and Management

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Other Expenses	1,098,084	(54,904)	-	55,000	1,098,180
TOTAL - General Fund				55,000	

Funding is needed in this account due to the following:

- **Other Expenses** - Pursuant to Sec. 59(a)(1) of PA 17-2, JSS, the Office of Policy and Management has entered into a \$55,000 contract with the consulting firm Cavanaugh MacDonald to handle the responsibilities of the contract.

FAC 2018-03 Office of Early Childhood

Account	Original Appropriation	Prior Policy Actions ¹	Proposed FAC Transfer		Available Funding Post FAC Action
			FROM (Decrease)	TO (Increase)	
Care4Kids TANF/CCDF	124,981,059	-	(20,009,108)	-	104,971,951
Personal Services	7,791,962	(306,039)	-	500,093	7,986,016
Early Care and Education	104,086,354	-	-	19,509,015	123,595,369
TOTAL - General Fund			(20,009,108)	20,009,108	

Funding is available for transfer from this account due to the following:

- **Care4Kids TANF/CCDF** - PA 17-2 JSS, the biennial budget act, realigned General Fund and federal block grant resources across several agencies to simplify administrative activities related to the provision of block grant funded services. This included transferring a portion (10%) of the Temporary Assistance to Needy Families (TANF) block grant to the federal Child Care Development Fund (CCDF). In OEC, the General Fund appropriation for the Early Care and Education line item was reduced while CCDF support for the program was increased. This transfer allows Child Care Development Funds (CCDF) to support the Care4Kids program, which already follows CCDF rules, in lieu of Early Care and Education (child care centers) and licensing staff which do not follow CCDF guidelines and would require extensive changes for compliance purposes.

Funding is needed in the these accounts due to the following:

- **Personal Services** - Licensing staff previously supported by federal Child Care Development Funds (CCDF) will now be supported with General Fund dollars.
- **Early Care and Education** - Child day care centers previously supported by Child Care Development Funds (CCDF) will now be supported with General Fund dollars.

Holdbacks and Lapses

The transfer to Personal Services will not affect the agency's ability to meet the \$306,039 holdback in this account.

Appendix A: Projected Account Balances for Agencies on this Agenda (After Proposed FAC Transfer(s))

State Comptroller - Fringe Benefits				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Unemployment Compensation	203,548	323,548	323,548	-
State Employees Retirement Contributions	132,842,942	116,442,942	116,442,942	-
Insurance - Group Life	273,357	273,357	273,357	-
Employers Social Security Tax	15,655,534	15,535,534	15,535,534	-
State Employees Health Service Cost	46,110,687	43,310,687	47,056,314	(3,745,627)
Other Post Employment Benefits	6,000,000	6,000,000	5,650,000	350,000
TOTAL - Special Transportation Fund	201,086,068	181,886,068	185,281,695	(3,395,627)

Legislative Management				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	43,542,854	42,329,559	42,329,559	-
Other Expenses	13,364,982	12,641,733	12,641,733	-
Equipment	100,000	-	-	-
Interim Salary/Caucus Offices	452,875	-	-	-
Redistricting	100,000	-	-	-
Old State House	500,000	-	-	-
Interstate Conference Fund	377,944	-	-	-
New England Board of Higher Education	183,750	-	-	-
TOTAL - General Fund	58,622,405	55,081,292	55,081,292	-

Office of Policy and Management				
	Original Appropriation ²	Available Funding ³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	10,006,964	9,699,404	9,699,404	-
Other Expenses	1,098,084	1,098,180	1,098,180	-
Automated Budget System and Data Base Link	39,668	26,776	26,776	-
Justice Assistance Grants	910,489	818,828	818,828	-
Project Longevity	850,000	573,750	573,750	-
Council of Governments	2,750,000	1,856,250	1,856,250	-
Tax Relief For Elderly Renters	25,020,226	24,394,720	24,394,720	-
Reimbursement to Towns for Loss of Taxes on State Property	51,596,345	50,306,436	50,306,436	-
Reimbursements to Towns for Private Tax-Exempt Property	100,900,058	98,377,557	98,377,557	-
Reimbursement Property Tax - Disability Exemption	374,065	364,713	364,713	-
Property Tax Relief Elderly Freeze Program	65,000	65,000	65,000	-
Property Tax Relief for Veterans	2,777,546	2,708,107	2,708,107	-
Municipal Revenue Sharing	35,221,814	35,221,814	35,221,814	-
Municipal Transition	36,000,000	36,000,000	31,000,000	5,000,000
Municipal Stabilization Grant	56,903,954	55,481,355	55,481,355	-
Municipal Restructuring	28,000,000	27,300,000	27,300,000	-
TOTAL - General Fund	352,514,213	344,292,890	339,292,890	5,000,000

² Includes appropriated accounts from all appropriated funds.

³ Includes all anticipated and enacted holdbacks (forced lapses), rescissions, and transfers.

Office of Early Childhood

	Original Appropriation²	Available Funding³	Estimated Expenditures	Estimated Surplus/(Deficiency)
Personal Services	7,791,962	7,986,016	7,986,016	-
Other Expenses	411,727	391,141	391,141	-
Birth to Three	21,446,804	21,446,804	21,446,804	-
Evenstart	437,713	295,456	295,456	-
2Gen - TANF	750,000	412,500	412,500	-
Nurturing Families Network	10,230,303	10,230,303	10,230,303	-
Head Start Services	5,186,978	5,083,238	5,083,238	-
Care4Kids TANF/CCDF	124,981,059	104,971,951	95,971,951	9,000,000
Child Care Quality Enhancements	6,855,033	6,855,033	6,855,033	-
Early Head Start-Child Care Partnership	1,130,750	1,130,750	1,130,750	-
Early Care and Education	104,086,354	123,595,369	123,595,369	-
Total - General Fund	283,308,683	282,398,561	273,398,561	9,000,000