As of March 25, 2020, the Office of Fiscal Analysis is projecting $106.8 million in state agency General Fund shortfalls. The following table reflects the level of funding that is anticipated to be needed by various agencies from the General Fund this fiscal year.

FY 20 General Fund Estimated Deficiency Needs
In Millions of Dollars

Agency	Deficiency
State Comptroller – Adjudicated Claims	50.0
Office of the State Comptroller – Fringe Benefits	26.1
Department of Correction	18.6
Department of Mental Health and Addiction Services	6.4
Department of Emergency Services and Public Protection	4.8
Department of Administrative Services – Workers' Compensation Claims	0.9
TOTAL	**106.8**

Numbers may not add due to rounding.

A description of each of these deficiencies is provided below.

Office of State Comptroller – Miscellaneous – $50 million

The agency's projected FY 20 shortfall of $50 million is in the Adjudicated Claims account. The FY 20 – FY 21 Budget did not include an appropriation for the account. Approximately $45.4 million has been expended to date. Approximately $6.5 million of the projected shortfall is for payment of a settlement reached at the end of FY 18 and whose payment terms were finalized in FY 20. The balance is related to projected payments for other claims.

Office of the State Comptroller- Fringe Benefits - $26.1 million

The agency's FY 20 projected shortfall of approximately $26.1 million is the result of the following: $1.4 million in the SERS Defined Contribution Match account, $4 million in the Employers' Social Security Tax account, and $44.6 million in the State Employees' Health Service Cost account. The shortfall in these accounts is partially offset by lapses in the following accounts: $2.8 million in the Other Post-Employment Benefits account, $2.5 million in the Unemployment Compensation account, $7.7 million in the Retired State Employee Health Service Cost account, and $11 million in the Higher Education Alternate Retirement Program account.

The shortfall in the SERS Defined Contribution Match account is due to expenditures being 47% greater per pay period than assumed in the budget. The shortfall in the Employers' Social Security Tax account is due to payroll trends running 2% higher than assumed in the budget.

The shortfall in the State Employees' Health Service Cost account is predominately due to the allocation of a $33.3 million holdback to the account, which results in available funding being only 1.7% greater than FY 19 expenditures (growth in the prior biennium was 4%).

The agency's shortfall is largely offset by available funding in the Higher Education Alternate Retirement System (ARP) account due to projected General Fund expenditures for the ARP program being $11 million less than anticipated in the budget. The FY 20 projected ARP expenditures of $11 million are anticipated to be covered by FY 19 carryforward and not FY 20 appropriated funds. Expenditures are less than assumed in the budget predominately due the finalization of ARP transfers effective January 18, 2019 to the State Employees' Retirement System (SERS) pursuant to the 2010 State Employees' Bargaining Agent Coalition (SEBAC) ARP Grievance Award (SAG Award). A total of 1,600 ARP participants transferred to SERS.

Department of Correction - $18.6 million

The Department of Correction (DOC) is projected to have a deficiency of $18.6 million, resulting from shortfalls of $2.4 million in the Other Expenses account (OE) and $16.2 million in Inmate Medical Services account (IMS). FY 20 available OE resources are 3.5% less than FY 19 OE expenditures. DOC is also experiencing an increase in various utility related accounts (natural gas, water, and sewage), food, beverage, and clothing along with an increase in premise repairs and maintenance supplies that are used to maintain and repair the aging infrastructure at its facilities.

The IMS account is projected to have a $16.2 million deficiency primarily due to staffing and pharmaceutical costs. The agency is trying to fill over 100 medical positions. It is covering for these unfilled positions with overtime and temporary staff. The cost of pharmaceuticals continues to increase at the same time as the inmate population is aging, requiring more and costlier care.

Department of Mental Health and Addiction Services - $6.4 million

The projected deficiency in the Department of Mental Health and Addiction Services (DMHAS) is due to shortfalls in several accounts. The shortfall in Other Expenses ($1,500,000) is due to unbudgeted contract costs and anticipated expenditures to support attorney services for pending litigation, as well as facility maintenance costs. In addition, FY 20 available funding is approximately 5.6% below FY 19 expenditures. The Professional Services shortfall ($3,100,000) reflects costs for contracted doctors while the agency recruits for full-time staff (primarily Psychiatrists), and the cost to meet the medical needs of patients. The shortfall in Workers' Compensation Claims ($1,500,000) is primarily due to FY 19 expenses that will be paid in FY 20, as well as increased FY 20 costs. The Discharge and Diversion shortfall ($500,000) reflects the needs of clients placed in the community. The deficiency is partially offset by a $200,000 lapse in the Home and Community Based Services line item.

Department of Emergency Services and Public Protection - $4.8 million

The agency's projected shortfall is comprised of a $4.8 million deficiency in the Personal Services account. Overtime expenses within the agency continue to rise as the department experiences above-average retirements. There were 100 retirements within Department of Emergency Services and Public Protection (DESPP) in FY 19, and there have been approximately 70 as of February 1st of this year. With more vacancies, existing troopers are required to fill existing shifts. Compared to the first two quarters of FY 19, overtime expenses are up $2.4 million (14.5%) in FY 20 over the same period. The retirements have also cost DESPP $1.5 million in vacation and sick time payouts this fiscal year.

Dept. of Administrative Services – Workers' Compensation Claims – $900,000

The agency's projected FY 20 deficiency of $900,000 is predominately the result of medical trends being higher than anticipated in the budget. Average monthly medical expenditures are approximately 44% higher than experienced in FY 19 while average monthly indemnity benefits are only 1% higher than the prior year. Total FY 20 estimated expenditures are 11% higher than anticipated in the budget.