

MINUTES OF THE MEETING OF THE FINANCE ADVISORY COMMITTEE
August 13, 2020

NOTE: Due to the State's declaration of a public health emergency, out of an abundance of caution and in compliance with the State's social distancing measures and consistent with Executive Order 7B, the August Finance Advisory Committee meeting was conducted via teleconference. Executive Order 7B provides for procedures for public meetings in lieu of the provisions of chapter 14 of the general statutes for the duration of the declared public health emergency.

The executive order provides for public meetings to be held by conference call, video conference or other technology as long as:

1. the public has the ability to view or listen to each meeting or proceeding in real time, by telephone, video, or other technology;
2. any such meeting or proceeding is recorded or transcribed, and such recording or transcript shall be posted on the agency's website within seven (7) days of the meeting or proceeding, and made available within a reasonable time in the agency's office;
3. the required notice and agenda for each meeting or proceeding is posted on the agency's website and shall include information about how the meeting will be conducted and how the public can access it;
4. any materials relevant to matters on the agenda, including but not limited to materials related to specific applications, if applicable, shall be submitted to the agency a minimum of twenty four (24) hours prior and posted to the agency's website for public inspection prior to, during, and after the meeting, and any exhibits to be submitted by members of the public shall, to the extent feasible, also be submitted to the agency a minimum of twenty-four (24) hours prior to the meeting and posted to the agency's website for public inspection prior to, during, and after the meeting; and
5. all speakers taking part in any such meeting or proceeding shall clearly state their name and title, if applicable, before speaking on each occasion that they speak." (Ex. Order 7B, March 14, 2020).

The Lieutenant Governor and the Secretary of the Office of Policy and Management convened at the Capitol, adhering to the social distancing requirements. CT-N live-broadcast the meeting, including audio of the teleconference participants. The remaining Finance Advisory Committee members and state agency representatives participated remotely by telephone.

PRESENT: Lieutenant Governor Susan Bysiewicz
Deputy Comptroller Martha Carlson
Deputy Treasurer Darrell Hill
Senator Catherine Osten
Senator Paul Formica
Representative Toni Walker
Representative Gail Lavielle
Representative Michael DiMassa
Secretary Melissa McCaw
Office of Policy and Management, Finance Advisory Committee Clerk

Lieutenant Governor Bysiewicz called the meeting to order at 2:00 p.m.

The minutes of the June 4, 2020, meeting were adopted.

The following new transactions were considered by the committee:

2021-01 for the Office of Early Childhood. Transfer of \$1,339,231 from the Early Care and Education account to Early Head Start – Child Care Partnership account to cover projected Early Head Start program expenses through the end of FY 2021.

This item was unanimously approved without discussion.

2021-02 for the Office of Policy and Management. Transfer of \$707,000 from the Personal Services account to the Other Expenses account to support an intense, year-long contractual support effort to address continuity of state government, evaluating opportunities for restructure, maximizing use of technology, and leveraging lean process efficiencies.

Senator Osten asked about the reasons for the availability of Personal Services funds. Secretary McCaw answered that the \$707,000 was the result of unspent funds in FY 2020 that were that carried forward into FY 2021, and that OPM has a number of vacant positions across the agency that contributed to the lapse.

Senator Osten asked several questions about the numbers and percentages employees who were anticipated to retire in 2022, not including higher education. Secretary McCaw responded that approximately 27% of employees would be eligible to retire by the end of 2022, 8,700 would be eligible to retire, and as of 2023, 9,300 were eligible. Of these, an estimated 45-50% would likely elect to retire due to changes in retirement benefits slated to take effect in 2022.

Senator Osten also asked whether the consultant would be from out-of-state and whether \$2,000,000 is sufficient to fund the consultancy. Secretary McCaw responded that details about the vendor could not be released pursuant to completion of the procurement process, but that she was confident that the contract cost could be supported within the available \$2,000,000.

Representative Lavielle asked a number of questions about the consultant effort, including whether efforts were made to hire a Connecticut based firm, contractual time period and milestones, when recommendations would be finalized, and funding source. Secretary McCaw described the scoring factors for RFP respondents, and noted that the work is expected to begin in August and is expected to be completed within a year, with the potential to extend for one additional year. She noted that any recommendations requiring legislative action are anticipated to be available prior to the end of next session. She further noted that once the contract is executed, it is a public document and will be provided to the committee.

Representative DiMassa asked several questions about the RFP to retain a consultant. Secretary McCaw noted that responses to the RFP were due back in December 2019, with presentations by bidders in January, and that the contract has been delayed due to both the public health emergency as well as lack of adjustments to the budget to provide funding to engage a consultant. Secretary McCaw noted that the selection committee did not include members of legislature. Representative DiMassa asked whether a delay in this FAC transfer would impact the timeline, and Secretary McCaw responded that if delayed, there would be only about \$1 million available to engage the consultant, resulting in insufficient resources and time to complete and implement any work prior to the expected wave of retirements.

Representative Walker asked whether deliverables would be available before the end of the 2021 legislative session as well as the timing of various contract milestones. Secretary McCaw described milestones throughout the contract which will allow for conversations with legislature before the end of session. Representative Walker asked how many respondents there were to the RFP, and Secretary McCaw noted there were eight. Representative Walker inquired about legislative involvement, and Secretary McCaw noted that OPM and DAS will engage the General Assembly.

Senator Formica asked if the RFP included review of other management and efficiency studies conducted over the years and whether the contractor will apply any of the unimplemented recommendations from those efforts. OPM Undersecretary Mike Walsh noted that those studies have been provided to the bidders. Senator Formica expressed concern about spending \$2 million on this effort at a time when the Unemployment Insurance Trust Fund was running low. Secretary McCaw noted that there are federal loan mechanisms for ensuring fund solvency, and existing federal and state laws regarding repayment of those loans. Sen. Formica asked about the expiration of the current SEBAC agreement, and Secretary McCaw described the expiration date of the agreement regarding pensions and benefits, with individual bargaining unit contracts governing wages. She further noted that the no-layoff provision expires in 2021.

Senator Osten asked if other states have used Coronavirus Relief Funds to bolster their Unemployment Insurance trust funds. Secretary McCaw responded that the Administration is reviewing options to help businesses, and this is one option. Senator Osten opined that this FAC item should be delayed until a contractor is identified and hired, and Secretary McCaw asked that the item be voted upon without delay since the timeline is condensed and could impact implementation. Department of Administrative Services Commissioner Josh Geballe added that the timeline is already very compressed and the work needs to be done before the retirements occur to prevent service interruptions.

Representative Walker reiterated a desire for engagement of the Administration with the General Assembly to obtain input. Commissioner Geballe noted that OPM and DAS were committed to meeting with the legislature to obtain insight and input.

Senator Osten concluded the discussion by requesting an assurance that the General Assembly would be briefed well before being asked to vote on items. Lieutenant Governor Bysiewicz assured her of the Administration's commitment to do so.

The item was approved by majority vote, with Senator Formica and Representative Lavielle voting against.

2021-03 for the Department of Administrative Services. Transfer of \$300,000 from the Personal Services account to the Other Expenses account to cover costs for the retirement cliff consultant contract.

Representative Lavielle explained her reasoning for voting against the previous item. While supportive of the exercise of engaging an outside expertise to offer recommendations to make government cost less and be more efficient in the wake of expected retirements, she noted the General Assembly's role in oversight and need for involvement earlier in the process. Rep. Lavielle asked for confirmation that this item, in combination with \$800,000 in funds carried forward from fiscal year 2020, is part of a total \$1.1 million commitment from DAS for the contract. Secretary McCaw responded affirmatively.

Senator Formica expressed concerns about the expenditure. He noted that performance-informed budget review contemplated in past budgets has not occurred and that some ideas that have been brought to

the table in prior years should be considered again. He also expressed a desire for more inclusivity and involvement in reviewing government operations.

The item was approved by majority vote, with Senator Formica and Representative Lavielle voting against.

The meeting was adjourned at 3:07 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Melissa McCaw". The signature is written in a cursive, flowing style.

Melissa McCaw, Clerk