

FINANCE ADVISORY COMMITTEE

AGENDA

March 1, 2018

Room 1E, Legislative Office Building – 1:00 P.M.

1. Minutes of the June 1, 2017 meeting.

2. New transactions as follows:

2018-01	Office of the State Comptroller	\$ 120,000.00
2018-02	Office of Policy and Management for the Office of Legislative Management	\$ 55,000.00
2018-03	Office of Early Childhood	\$ 20,009,108.00

MINUTES OF THE MEETING
OF THE FINANCE ADVISORY COMMITTEE
June 1, 2017

Held in Room 1E at the Legislative Office Building

PRESENT: Lieutenant Governor Nancy Wyman
Deputy Comptroller Martha Carlson
Deputy Treasurer Lawrence Wilson
Senator Catherine Osten
Senator Paul Formica
Representative Toni Walker
Representative Melissa Ziobron
Representative Ezequiel Santiago
Deputy Secretary Susan Weisselberg
Office of Policy and Management, Finance Advisory Committee Clerk

Lieutenant Governor Wyman called the meeting to order at 1:01 p.m.

The minutes of the May 4, 2017, meeting were approved with Representative Ziobron voting no.

The following new transactions were considered by the committee:

FAC 2017-16 for Department of Criminal Justice. Transfer of \$140,000 from the Cold Case, Medicaid Fraud Control Unit, and Shooting Task Force accounts to Other Expenses to cover expenses which are anticipated to exceed current appropriations.

Representative Ziobron asked about vehicle expenses for the Cold Case Unit. Deputy Chief State's Attorney John Russotto explained that the vehicles are for the agency's inspectors, who are peace officers with powers of arrest and who each, by union contract, have a state vehicle for carrying out their duties. He noted that the arrangement is similar to that of the state trooper.

Representative Ziobron then asked about the number of inspectors in the Cold Case Unit and the Shooting Taskforce. Mr. Russotto responded that there are about 8 to 10 inspectors as the agency has experienced some attrition.

Representative Walker asked about the total number of cars in the agency. Mr. Russotto estimated there to be about 90 vehicles but will provide the exact number in a followup communication. A discussion ensued about the use of vehicles for transporting juveniles.

Representative Walker then asked about IT licensing costs. Mr. Russotto responded with some background about development of the Criminal Justice Information System and noted that the system is operational, requiring ongoing maintenance and license renewals. DCJ's Financial Director Peter Zelez noted that licensing costs are about \$180,000 per year for about 600 licenses.

The item was approved with Representative Ziobron voting no.

FAC 2017-17 for Department of Banking. Transfer of \$1,200,000 from Personal Services and Fringe Benefits accounts to Other Expenses to support e-licensing costs.

Senator Formica asked about the e-licensing system and ongoing support costs, as well as about position vacancies. Commissioner Perez responded that the current licensing system is no longer supported, and the new system will improve processes and allow for full electronic licensing. He also explained that funding made available because of vacant positions was of a one-time nature, although the new licensing system may allow for some efficiencies. He further explained that the system will cost \$25,000 a year to support and can be funded within the agency's existing resources.

Representative Ziobron asked whether the contract for the licensing system was a sole source or no-bid. Commissioner Perez responded that the contract is part of the state central contract used for e-licensing by other Connecticut state agencies.

The item was unanimously approved.

FAC 2017-18 for Department of Transportation. Transfer of \$7,744,574 from Personal Services and Bus Operations to the Rail Operations and ADA Para-Transit Program accounts to cover operating requirements for the remainder of the fiscal year.

Representative Ziobron asked about fare increases for the ADA service. Commissioner Redeker responded that fares increased for ADA service as well as across the bus system. Representative Ziobron asked about the impact on the senior population. Mr. Redeker explained that the ADA system is not specifically for seniors, and that senior systems are typically private systems. He further explained that ADA routes are governed by federal regulations requiring that Connecticut must provide routes and service that parallels that of regular buses. He noted that the system is one of the most expensive to operate at \$55 per ride and the fare supports less than 10% of that. Representative Ziobron asked whether the budget increase is due to higher utilization. The commissioner responded that the cost is driven by ridership, which DOT does not control.

Senator Formica asked whether DOT has access to the Adjudicated Claims account to help address train derailment costs. The commissioner explained that Connecticut is self-insured up to \$25 million, but because Connecticut's share of the derailment claim is below this threshold, it will be paid out of the operating budget. Senator Formica then asked about the increase in operational costs to subsidize rail and Shoreline East, and the amount each contributed to the increase. The commissioner explained that the rail account is a subsidy for the service, and that there is an annual reconciliation of payments to actual costs. In some years, as in this year, Connecticut owes more money, and in others the state receives a credit. Lastly, he noted that income is reduced, reflective of lower ridership than projected.

Senator Formica asked about the relationship between the New Haven Line and Shoreline East. Commissioner Redeker answered that the FAC transaction is related to New Haven Line, and not Shoreline East. DOT's Chief of Finance and Administration, Robert Card, clarified that all rail operations, including Shoreline East, fall within the rail budget line.

The item was unanimously approved.

FAC 2017-19 for Department of Social Services. Transfer of \$6,389,000 from Other Expenses and Medicaid to various accounts to meet anticipated end of year requirements.

There was no discussion.

The item was unanimously approved.

FAC 2017-20 for the University of Connecticut Health Center. Transfer of \$820,065 from Operating Expenses to cover a shortfall in the Workers' Compensation Claims account.

Representative Walker asked about the increase in workers' compensation claims in recent years. Jeff Geoghegan, UConn Health Center's Chief Financial Officer, explained that prior to fiscal year 2016, there was no Workers' Compensation Claims account in the agency's budget. The agency has experienced a shortfall in Workers' Compensation Claims each fiscal year since the separate line-item was created. He explained that UConn's John Dempsey Hospital operations and medical services provided on behalf of the Department of Corrections were the two most significant contributors to the agency's worker's compensation costs.

The item was unanimously approved.

FAC 2017-21 for the Department of Children and Families. Transfer of \$450,000 from Juvenile Justice Outreach Services and Personal Services to cover a shortfall in the Workers' Compensation Claims account.

Representative Ziobron asked why the funding approved for transfer to the Workers' Compensation Claims account at the May FAC meeting was insufficient, and asked about projected funding needs for the remainder of the current fiscal year and for FY 2018. Deputy Commissioner Fernando Muniz explained that this agenda item is due to medical expenses associated with existing claims related to surgeries and other medical procedures. He indicated that there is no expectation that additional funding will be required this year. He also discussed the department's work with the Department of Administrative Services to put in place additional case reviews, as well as efforts to introduce additional training for staff of DCF-operated facilities in the de-escalation of potentially injurious situations.

Representative Ziobron asked whether the department is putting greater emphasis on light duty work requirements for employees who are out due to workers' compensation issues. Deputy Commissioner Muniz responded in the affirmative.

Senator Osten asked whether supervisors in DCF-operated twenty-four hour facilities are required to maintain contact with staff who are out of work on worker's compensation, and noted the efficacy of this practice which has been used by the Department of Correction. Deputy

Commissioner Muniz indicated that he was not aware whether this practice occurs within DCF-operated facilities, but will follow up.

Representative Walker asked how many children and youth are served at Solnit Center. Deputy Commissioner Muniz indicated that at any given time about 30 to 35 youth, most with behavioral health and developmental disabilities, are served at the North Campus. The children's psychiatric facility at the South Campus serves about 60 children and youth at any given time.

Representative Walker inquired whether the department had provided documents related to the Family Based Recovery pay for performance initiative, which had been requested during the May meeting. Chief Financial Officer Deborah Ennis responded in the affirmative.

The item was approved with Representative Ziobron voting no.


FAC 2017-22 for Judicial Department. Transfer of \$675,000 from Personal Services to cover a shortfall in the Workers' Compensation Claims account.

There was no discussion.

The item was unanimously approved.

The meeting was adjourned at 1:40 p.m.

Respectfully submitted,


Susan Weisselberg, Clerk

ALLOTMENT adjustment
 APPROPRIATION adjustment
 APPROPRIATION adjustment, requiring Finance Advisory Committee action

DOCUMENT NUMBER
18-04

COMPT. USE ONLY		EFFECTIVE DATE		FAC NUMBER	AGENCY ACRONYM	REQUEST NUMBER
					OSC	18-04
AGENCY NO.	AGENCY NAME					
	OFFICE OF THE STATE COMPTROLLER					

F.Y.	FUND	AGENCY	SID	BUD REF	REDUCE *	INCREASE **	ACCOUNT TITLE/PROJECT NUMBER
					UNENCUMBERED	ALLOTMENT	
2018	12001	OSC15000	12011		120,000.00		Social Security Tax - Transportation Fund
2018	12001	OSC15000	12005			120,000.00	Unemployment Compensation - Transportation Fund
		TOTALS:			120,000	120,000	

REASON FOR ADJUSTMENT

Excess funds available in the Employers Social Security Account due to lower payroll costs than were budgeted for in the FY2018 budget.
 Claims Activity in the Unemployment - Transportation Fund is running above the budgeted amount for FY2018.

Bond Commission Date:

STATUTORY AUTHORITY (for adjustments in appropriations)	REQUESTING OFFICIAL (Signature)	(Title)	DATE SIGNED
4-87		Comptroller	1-17-18

UNALLOTTED / AVAILABLE BALANCE		ACTION	
		APPROVED (Secretary, Office of Policy and Management)	DATE
REVIEWED BY (Analyst)	DATE	APPROVED (Governor)	DATE
RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.)	DATE		

* USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND
 ** USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND

Office of the State Comptroller
Financial Advisory Committee (FAC) Transfer Request for FY 2018
Transportation Fund
March 1, 2018

We are requesting to transfer funds within our Miscellaneous Fringe Benefit Accounts due to a deficiency in the Unemployment Compensation Account – Transportation Fund.

Transportation Fund:

We request to transfer from the following account:

\$120,000 Social Security: The Employers Social Security Tax account has a surplus due to lower payroll costs than budgeted for in the FY 2018 Budget.

We are requesting to transfer to the following account:

\$120,000 Unemployment Compensation Account: Claims activity in the Unemployment Account is running above the budgeted amount for FY 2018.

ALLOTMENT OR APPROPRIATION
ADJUSTMENT REQUEST
B-107 REV 5/2008

TO: STATE OF CONNECTICUT
BUDGET AND FINANCIAL MANAGEMENT
OFFICE OF POLICY AND MANAGEMENT

ALLOTMENT adjustment
 APPROPRIATION adjustment
 APPROPRIATION adjustment, requiring Finance Advisory Committee action

DOCUMENT NUMBER
OPM0671

COMPT. USE ONLY		EFFECTIVE DATE		FAC NUMBER	AGENCY ACRONYM	REQUEST NUMBER
				2018-	OPM	2018-24B

AGENCY NO.	AGENCY NAME
OPM20000	Office of Policy and Management for the Office of Legislative Management

F.Y.	FUND	AGENCY	SID	BUD REF	REDUCE *	INCREASE **	ACCOUNT TITLE/PROJECT NUMBER
					UNALLOTTED	ALLOTMENT	
2018	11000	OLM10000	10020	2018	\$55,000		Other Expenses
2018	11000	OPM20000	10020	2018		\$55,000	Other Expenses
		TOTALS:			\$55,000	\$55,000	

REASON FOR ADJUSTMENT

To transfer funding for services provided by the global consultant for the TRS Viability Commission in accordance with subdivision (3) of subsection (a) of section 59 of Public Act 17-2, June Special Session, which reads in part:

"If the Secretary of the Office of Policy and Management contracts with a consulting firm pursuant to this section, the Governor, with the Approval of the Finance Advisory Committee, shall transfer any funds appropriated to the Office of Legislative Management for the purpose of contracting with such consulting firm to the Office of Policy and Management."

Bond Commission Date: N/A

STATUTORY AUTHORITY (for adjustments in appropriations)	REQUESTING OFFICIAL (Signature)	(Title)	DATE SIGNED
PA 17-2, JSS, Sec. 59	<i>[Signature]</i>	EBO	3/24/18

UNALLOTTED / AVAILABLE BALANCE		APPROVED (Secretary, Office of Policy and Management)	DATE
REVIEWED BY (Analyst)	DATE	APPROVED (Governor)	DATE
RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.)	DATE		

* USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND
** USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND

Transfer of \$55,000 from the Office of Legislative Management to the Office of Policy and Management to fund the services provided by the consultant for the TRS Viability Commission.

Senate Bill No. 1502

June Special Session, Public Act No. 17-2

Sec. 59. (*Effective from passage*) (a) There is established the Teachers' Retirement System Viability Commission, which shall consist of the members of the Teachers' Retirement Board, as established pursuant to section 10-1831 of the general statutes, and a global consulting firm with significant experience and expertise in human resources, talent development and health and retirement benefits and investments, contracted in accordance with the following:

(1) Not later than sixty days after the effective date of this section, the Secretary of the Office of Policy and Management shall, within available appropriations, contract with a global consulting firm with significant experience and expertise in human resources, talent development and health and retirement benefits and investments. If, not later than sixty days after the effective date of this section, the secretary has not contracted with such a consulting firm pursuant to this section, the Office of Legislative Management shall contract with such a consulting firm.

(2) The Secretary of the Office of Policy and Management or the executive director of the Office of Legislative Management, as the case may be, shall identify candidates with significant experience to perform the duties of the global consulting firm pursuant to this section through the solicitation of qualifications and any other factor that may bear on the ability to perform such duties. The secretary or the executive director, as the case may be, shall select and contract with the consulting firm through the solicitation of bids for the performance of such duties from not less than four of the candidates so identified. Each solicitation and any response to any such solicitation shall be made in writing. Notwithstanding any provision of the general statutes, any such contract shall not be deemed a personal

Senate Bill No. 1502

service agreement for purposes of chapter 55a of the general statutes and shall not be subject to the provisions of chapter 58 or 62 of the general statutes.

(3) If the Secretary of the Office of Policy and Management contracts with a consulting firm pursuant to this section, the Governor, with the approval of the Finance Advisory Committee, shall transfer any funds appropriated to the Office of Legislative Management for the purpose of contracting with such consulting firm to the Office of Policy and Management. If the Office of Legislative Management contracts with a consulting firm pursuant to this section, the funds appropriated to the Office of Legislative Management for the purpose of contracting with such consulting firm shall be retained by the Office of Legislative Management.

(4) The state may accept gifts, grants and donations designated for the purposes of contracting with the consulting firm pursuant to this section, provided the state shall not accept any such gift, grant or donation from any candidate identified pursuant to subdivision (2) of this subsection.

(b) The commission shall develop and implement a plan to maintain the financial viability of the Connecticut teachers' retirement system, established under section 10-183c of the general statutes. In developing such plan, the commission shall give significance to the financial capability of the state, which shall include: (1) The fiscal health of the state; (2) the balance in the Budget Reserve Fund, established under section 4-30a of the general statutes; (3) the short and long-term liabilities of the state, including, but not limited to, the state's ability to meet minimum funding levels required by law, contract or court order; (4) the state's initial budgeted revenue for the state for the previous five fiscal years as compared to the actual revenue received by the state for such fiscal years; (5) state revenue projections for the fiscal years during the period in which the proposed plan is to be in operation; (6)

Senate Bill No. 1502

the economic outlook for the state; and (7) the state's access to capital markets. The financial capability of the state shall not include the state's ability to raise revenue through new or increased taxes. The commission shall hold at least one public hearing and solicit the input of members, as defined in section 10-183b of the general statutes, of the teachers' retirement system in developing such plan.

(c) Not later than ninety days after a contract is entered into with such consulting firm, the commission shall submit such plan, and any proposed legislation necessary for the further implementation of such plan, to the joint standing committees of the General Assembly having cognizance of matters relating to education and appropriations and the budgets of state agencies, in accordance with the provisions of section 11-4a of the general statutes. The commission shall terminate not later than one year after the date it submits such report.



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

January 3, 2018

James Tracy, Executive Director
Office of Legislative Management
300 Capitol Avenue, Room 5100
Hartford, Connecticut 06106

Dear Mr. Tracy:

Section 59 of the enacted budget (Public Act 17-2, June Special Session) charges the Office of Policy and Management with the responsibility for contracting with a consulting firm as part of the effort to establish a Teachers' Retirement System Viability Commission. My November 14th letter to you (attached) requested information about the amount of funding available for this purpose. While no response was provided, OPM has nevertheless completed the procedural steps required by the law and has selected and entered into a contractual arrangement with a consultant.

Public Act 17-2 specifies that:

"If the Secretary of the Office of Policy and Management contracts with a consulting firm pursuant to this section, the Governor, with the approval of the Finance Advisory Committee, shall transfer any funds appropriated to the Office of Legislative Management for the purpose of contracting with such consulting firm to the Office of Policy and Management."

As an alternative to Finance Advisory Committee action to transfer funds, it may be preferable to enter into a Memorandum of Understanding, which would enable the transfer of funding via administrative means. Please let me know by Friday, January 12th, whether you would prefer to enter into an MOU this month rather than utilize the FAC process laid out in the law. In the absence of a response, we will include an item on the February agenda for consideration by the Finance Advisory Committee.

Thank you for your attention to this matter.

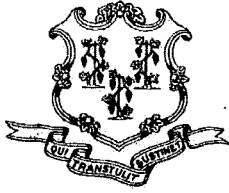
Sincerely,

A handwritten signature in black ink, appearing to read "Ben Barnes".

Ben Barnes
Secretary

Attachment

c: Senator Martin Looney, President Pro Tempore
Representative Joseph Aresimowicz, Speaker of the House
Senator Bob Duff, Senate Majority Leader
Representative Matt Ritter, House Majority Leader
Senator Leonard Fasano, Senate Republican President Pro Tempore
Representative Themis Klarides, House Minority Leader



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

November 14, 2017

James Tracy
Office of Legislative Management
300 Capitol Avenue, Rm. 5100
Hartford, CT 06106

Dear Mr. Tracy:

Pursuant to the Section 59 of the recently passed budget (Public Act 17-2, June Special Session), OPM is charged with the responsibility for contracting with a global consulting firm as part of the effort to establish a Teachers' Retirement System Viability Commission. Under the law, OPM must solicit bids for these consulting services and finalize a contract within sixty days.

Given the short time frame to carry out this legislative mandate, OPM needs to act expeditiously. To do so, however, OPM needs to know the amount of money that is available for this purpose. Under Subsection 59(a)(3) of this public act, if OPM contracts with a consulting firm, the Governor, with the approval of the Finance Advisory Committee, shall transfer any funds appropriated to your office to OPM for the purpose of contracting with such consulting firm. Given this arrangement, prior to taking any further steps to implement this section of the budget, I need to know how much money is available to OPM to pay for this consulting firm. Once OPM knows that amount, we can proceed with our efforts to implement this requirement.

Thanks in advance for your timely response. If you have any questions or need further information, please contact Gregory Messner of OPM at gregory.messner@ct.gov or (860) 418-6225.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Barnes".

Ben Barnes

PERSONAL SERVICE AGREEMENT
CO.872A REV. 2/08

STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER

1. PREPARE IN QUADRUPPLICATE
2. THE STATE BUSINESS UNIT AND THE CONTRACTOR AS LISTED BELOW HEREBY ENTER INTO AN AGREEMENT SUBJECT TO THE TERMS AND CONDITIONS STATED HEREIN AND/OR ATTACHED HERETO AND SUBJECT TO THE PROVISIONS OF SECTION 4-96 OF THE CONNECTICUT GENERAL STATUTES AS APPLICABLE
3. ACCEPTANCE OF THIS CONTRACT IMPLIES CONFORMANCE WITH TERMS AND CONDITIONS SET FORTH BY THE OFFICE OF POLICY AND MANAGEMENT PERSONAL SERVICE AGREEMENT STANDARDS AND PROCEDURES.

(1) ORIGINAL AMENDMENT (2) IDENTIFICATION NO. P.S. 170PMD226AA

CONTRACTOR	(3) CONTRACTOR NAME Cavanaugh Macdonald Consulting LLC		(4) ARE YOU PRESENTLY A STATE EMPLOYEE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
	CONTRACTOR ADDRESS 3550 Busbee PKY STE 250 Kennesaw, GA 30144		CONTRACTOR PHONE(S) - SUFFIX 61-1489078
STATE AGENCY	(5) AGENCY NAME AND ADDRESS Office of Policy and Management 450 Capitol Avenue, Hartford, CT 06106		
CONTRACT PERIOD	(6) DATE (FROM) upon execution	THROUGH (TO) March 22, 2018	(7) INDICATE <input type="checkbox"/> MASTER AGREEMENT <input type="checkbox"/> CONTRACT AWARD NO. _____ <input type="checkbox"/> NEITHER
CANCELLATION CLAUSE	THIS AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT FOR THE ENTIRE TERM OF THE CONTRACT PERIOD STATED ABOVE UNLESS CANCELED BY THE STATE BUSINESS UNIT, BY GIVING THE CONTRACTOR WRITTEN NOTICE OF SUCH INTENTION (REQUIRED DAYS NOTICE SPECIFIED AT RIGHT)		(8) REQUIRED NO. OF DAYS WRITTEN NOTICE 30
COMPLETE DESCRIPTION OF SERVICE	(9) CONTRACTOR AGREES TO: (Include special provisions - Attach additional blank sheets if necessary.) The Contract shall provide services in accordance with Attachment A, Section 5, Specification of Services and in accordance with the guidelines in Attachment B and C.		
COST AND SCHEDULE OF PAYMENTS	(10) PAYMENT TO BE MADE UNDER THE FOLLOWING SCHEDULE UPON RECEIPT OF PROPERLY EXECUTED AND APPROVED INVOICES. Payments shall be made in accordance with Attachment A, Section 6, Cost and Schedule of Payments. Total Contract value shall not exceed \$55,000.00.		

(12) AMOUNT	(13) FUND	(14) DEPARTMENT	(15) SID	(16) PROGRAM	(17) ACCOUNT	(18) PROJECT/ GRANT	(19) CHARTFIELD 1	(20) CHARTFIELD 2	(21) BUDGET REFERENCE

An individual entering into a Personal Service Agreement with the State of Connecticut is contracting under a "work-for-hire" arrangement. As such, the individual is an independent contractor, and does not satisfy the characteristics of an employee under the common law rules for determining the employer/employee relationship of Internal Revenue Code Section 3121 (a) (2). Individuals performing services as independent contractors are not employees of the State of Connecticut and are responsible themselves for payment of all state and local income taxes, federal income taxes and Federal Insurance Contribution Act (FICA) taxes.

ACCEPTANCES AND APPROVALS		(22) STATUTORY AUTHORITY CGS §§ 4-8, 4-65a, 4-66, PA 17-2 Sec 59	
(23) CONTRACTOR (OWNER OR AUTHORIZED SIGNATURE) <i>John G...</i>	TITLE Member	DATE 12/27/17	
(24) AGENCY (AUTHORIZED OFFICIAL) <i>...</i>	TITLE Secretary	DATE 12/27/17	
(25) OFFICE OF POLICY & MANAGEMENT, DEPARTMENT OF ADMINISTRATIVE SERVICES <i>...</i>	TITLE Secretary	DATE 12/27/17	
(26) ATTORNEY GENERAL (APPROVED AS TO FORM) <i>Robert W. Clark</i>	TITLE Special Counsel	DATE 12/28/17	

DISTRIBUTION: ORIGINAL CONTRACTOR PHOTOCOPY-OP/MDAS PHOTOCOPY-ATTORNEY GENERAL PHOTOCOPY-AGENCY

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ATTACHMENT A

SECTION 1

This Agreement (hereinafter referred to as "Agreement") is entered into between the State of Connecticut (hereinafter "State") acting through the Office of Policy and Management (hereinafter "OPM") pursuant to Connecticut General Statutes §§ 4-8, 4-65a and 4-66, and section 59 of Public Act 17-2 of the June Special Session, and Cavanaugh Macdonald Consulting, LLC, an actuarial consulting company specializing in pension, GASB & OPEB, and health benefits, having its principal offices at 3550 Busbee parkway, Suite 250, Kennesaw, GA 30144 (hereinafter "Contractor"). The parties agree that the services specified below shall be provided by Contractor in strict compliance with the provisions of this Agreement.

SECTION 2

CONTRACT PERIOD AND DEFINITIONS

This Agreement shall commence as of the date this Agreement is fully executed by the parties hereto and the duties of the Contractor as set forth in Section 5 of this Agreement shall be completed by the Contractor no later than ninety days after said date of execution (hereinafter "end date").

Whenever the following terms or phrases are used in this Agreement, they shall have the following meaning unless the context clearly requires otherwise:

State - Wherever the term 'State' is used in this Agreement, it shall include the Secretary of OPM, or his authorized agents, employees or designees.

In writing - Whenever a notice or approval needs to be made in writing, an electronic correspondence from OPM shall satisfy this requirement.

SECTION 3

CANCELLATION PROVISION

This Agreement may be canceled at will by either party upon 30 days written notice delivered by certified mail.

SECTION 4

NOTICE

Unless otherwise expressly provided to the contrary, any other notice provided under this Agreement shall be in writing and may be delivered personally or by certified mail in the manner set forth in this section. All notices shall be effective if delivered personally or by certified mail to the following addresses:

State: State of Connecticut
Office of Policy and Management
450 Capitol Ave. - MS# 53BUD
Hartford, CT 06106-1379
Attention: Karen Nolen

Contractor: Cavanaugh Macdonald Consulting, LLC
3550 Busbee Parkway, Suite 250
Kennesaw, GA 30144
Attention: John Garrett

The parties may change their respective addresses for notices under this paragraph upon prior written notification to the other.

SECTION 5 SPECIFICATION OF SERVICES

The Contractor shall provide the following services with respect to the Teachers' Retirement System Viability Commission:

- The Contractor shall work with the Office of Policy and Management and the Teachers' Retirement Board as a member of the Teachers' Retirement System Viability Commission ("Commission") in the development of a plan, in accordance with Section 59 of Public Act 17-2 of the June Special Session, to maintain the financial viability of the Connecticut Teachers' Retirement System.
- In the development of the plan, the Contractor shall give significance to the financial capability of the state which includes:
 1. the fiscal health of the state;
 2. the balance in the Budget Reserve Fund, established under section 4-30a of the general statutes;
 3. the short and long-term liabilities of the state, including, but not limited to, the state's ability to meet minimum funding levels required by law, contract or court order;
 4. the state's initial budgeted revenue for the state for the previous five fiscal years as compared to the actual revenue received by the state for such fiscal years;
 5. state revenue projections for the fiscal years during the period in which the proposed plan is to be in operation;
 6. the economic outlook for the state; and
 7. the state's access to capital markets.
- The Contractor shall not include the state's ability to raise revenue through new or increased taxes in the development of the plan.
- The Contractor shall provide research or other findings concerning the methods of other state teacher retirement plans that have achieved short and long-term sustainability.
- The Contractor shall make recommendations for the state to achieve short and long-term sustainability of the teachers' retirement plan.
- The Contractor shall work with the Commission to develop any proposed legislation necessary for the implementation of said plan.
- The Contractor shall attend at least two (2) Commission meetings within the 90 day contract period.
- The Contractor shall attend any public hearings concerning the plan.

SECTION 6 COST AND SCHEDULE OF PAYMENTS

The State shall pay the Contractor a total sum not to exceed \$55,000, contingent on the availability of funds transferred to OPM pursuant to subdivision 3 of subsection (a) of section 59 of Public Act 17-2 of the 2017 June Special Session, for services performed under this Agreement. The Contractor shall not be compensated for any services performed prior to receiving notice in writing from OPM that funds are available for this purpose.

The Contractor shall be compensated for fees based upon work performed, documented, and accepted by the State.

The Contractor shall submit invoices on a periodic basis, not less often than monthly. Invoices shall, at a minimum, include the Contractor name, the Contract Number, the Contractor's Federal Employer Identification Number, the billing period, and an itemization of expenses by line item.

Invoices for services billed by the hour shall include the name and title of the individual providing the services, the dates worked, the number of hours worked each day with a brief synopsis of the work performed, the rate being charged for the individual, and the total cost for that person's work during the billing period. The invoices will be based on the following hourly rates:

Title	Name	Hourly Rate	Estimated Travel Expenses
Principal & Consulting Actuary	John Garrett	\$396	\$1,800*
Principal & Consulting Actuary	Larry Langer	\$396	\$1,800*
Chief Actuary	Brent Banister	\$396	
Consulting Actuary	Jonathan Craven	\$396	
Principal & Consulting Actuary	Pat Beckham	\$396	
President	Ed Macdonald	\$396	
CT TRS	Various	\$280	

*Travel expenses related to services provided under any other contract shall not be charged under this contract.

Invoices for expenses, if allowed, shall include a detailed account of expenses specifying the day when and purpose for which they were incurred as well as all receipts, invoices, bills and other available documentation or if no documentation is available, a detailed accounting of the computation used to determine the reimbursable cost, as evidence of the actual cost of such expenses. Such expenses may include, but are not limited to: mileage at current State approved reimbursement rate; costs of travel including coach airfare and hotels; and office expenses such as, phone calls, copying, postage and package delivery incurred in connection with the service pertaining to this Agreement. All expenses will be reimbursed at cost. All expenses for travel must be preapproved by OPM in writing prior to the cost being incurred.

The State shall assume no liability for payment for services under the terms of this Agreement until the Contractor is notified that the Agreement has been accepted by the contracting agency, and if applicable, approved by OPM, the Department of Administrative Services and/or by the Attorney General of the State.

SECTION 7 OTHER CONDITIONS

A. Entire Agreement

This Agreement embodies the entire agreement between the State and Contractor on the matters specifically addressed herein. The parties shall not be bound by or be liable for any statement, representation, promise, inducement, or understanding of any kind or nature not set forth herein. This Agreement shall supersede all prior written agreements between the parties and their predecessors. No changes, amendments, or modifications of any of the terms or conditions of the Agreement shall be

valid unless reduced to writing, signed by both parties, and approved by the Attorney General or his Deputy. This Agreement shall inure to the benefit of each party's heirs, successors, and assigns.

B. Changes in Service

When changes in the services are required or requested by the State, Contractor shall promptly estimate their monetary effect and so notify the State. No change shall be implemented by Contractor unless it is approved by the State in writing; and, unless otherwise agreed to in writing, the provisions of this Agreement shall apply to all changes in the services. If the State determines that any change materially affects the cost or time of performance of this Agreement as a whole, Contractor and the State will mutually agree in writing to an equitable adjustment.

C. Independent Contractor

Contractor represents that it is fully experienced and properly qualified to perform the services provided for herein, and that it is properly licensed, equipped, organized, and financed to perform such services. Contractor shall act as an independent Contractor in performing this Agreement, maintaining complete control over its employees and all of its subcontractors. Contractor shall furnish fully qualified personnel to perform the services under this Agreement. Contractor shall perform all services in accordance with its methods, subject to compliance with this Agreement and all applicable laws and regulations. It is acknowledged that services rendered by the Contractor to the State hereunder do not in any way conflict with other contractual commitments with or by the Contractor.

If applicable, Contractor shall deliver copies of any and all current license(s) and registration(s) relating to the services to be performed under this Agreement to the State, at the time of the execution of this Agreement, as evidence that such are in full force and effect.

D. Laws and Regulations

This Agreement shall be interpreted under and governed by the laws of the State of Connecticut.

Contractor, its employees and representatives shall at all times comply with all applicable laws, ordinances, statutes, rules, regulations, and orders of governmental authorities, including those having jurisdiction over its registration and licensing to perform services under this Agreement.

E. Labor and Personnel

At all times, Contractor shall utilize approved, qualified personnel and any State approved subcontractors necessary to perform the services under this Agreement. Contractor shall advise the State promptly, in writing, of any labor dispute or anticipated labor dispute or other labor related occurrence known to Contractor involving Contractor's employees or subcontractors which may reasonably be expected to affect Contractor's performance of services under this Agreement. The State may then, at its option, ask Contractor to arrange for a temporary employee(s) or subcontractor(s) satisfactory to the State to provide the services otherwise performable by Contractor hereunder. The Contractor will be responsible to the State for any economic detriment caused the State by such subcontract arrangement.

Contractor shall, if requested to do so by the State, reassign from the State's account any employee or authorized representatives whom the State, in its sole discretion, determines is incompetent, dishonest, or uncooperative. In requesting the reassignment of an employee under this paragraph, the State shall give ten (10) days notice to Contractor of the State's desire for such reassignment. Contractor will then have five (5) days to investigate the situation and attempt, if it so desires, to satisfy the State that the employee should not be reassigned; however, the State's decision in its sole discretion after such five (5) day period shall be final. Should the State still desire reassignment, then five (5) days thereafter, or ten (10) days from the date of the notice of reassignment, the employee shall be reassigned from the State's account.

F. Conflicts, Errors, Omissions, and Discrepancies

In the event of any conflict between the provision of this Agreement and the provisions of Form CO-802A to which this Agreement is attached, the provisions of this Agreement shall control.

In case of conflicts, discrepancies, errors, or omissions among the various parts of this Agreement, any such matter shall be submitted immediately by Contractor to the State for clarification. The State shall issue such clarification within a reasonable period of time. Any services affected by such conflicts,

discrepancies, errors, or omissions which are performed by Contractor prior to clarification by the State shall be at Contractor's risk.

G. Indemnity

Contractor hereby indemnifies and shall defend and hold harmless the State, its officers, and its employees from and against any and all suits, actions, legal or administrative proceedings, claims, demands, damages, liabilities, monetary loss, interest, attorney's fees, costs and expenses of whatsoever kind or nature arising out of the performance of this Agreement, including those arising out of injury to or death of Contractor's employees or subcontractors, whether arising before, during, or after completion of the services hereunder and in any manner directly or indirectly caused, occasioned or contributed to in whole or in part, by reason of any act, omission, fault or negligence of Contractor or its employees, agents or subcontractors.

H. Nondisclosure

Contractor shall not release any information concerning the services provided pursuant to the Agreement or any part thereof to any member of the public, press, business entity or any official body unless prior written consent is obtained from the State.

I. Intentionally Omitted.

J. Intentionally Omitted

K. Non-Waiver

None of the conditions of this Agreement shall be considered waived by the State or the Contractor unless given in writing. No such waiver shall be a waiver of any past or future default, breach, or modification of any of the conditions of this Agreement unless expressly stipulated in such waiver.

L. Promotion

Unless specifically authorized in writing by the Secretary of OPM, on a case by case basis, Contractor shall have no right to use, and shall not use, the name of the State of Connecticut, its officials, agencies, or employees or the seal of the State of Connecticut or its agencies:

- (1) in any advertising, publicity, promotion; or
- (2) to express or to imply any endorsement of Contractor's products or services; or
- (3) to use the name of the State of Connecticut, its officials, agencies, or employees or the seal of the State of Connecticut or its agencies in any other manner (whether or not similar to uses prohibited by subparagraphs (1) and (2) above), except only to manufacture and deliver in accordance with this Agreement such items as are hereby contracted for by the State. In no event may the Contractor use the State Seal in any way without the express written consent of the Secretary of State.

M. Confidentiality

All data provided to Contractor by the State or developed internally by Contractor with regard to the State will be treated as proprietary to the State and confidential unless the State agrees in writing to the contrary. Contractor agrees to forever hold in confidence all files, records, documents, or other information as designated, whether prepared by the State or others, which may come into Contractor's possession during the term of this Agreement, except where disclosure of such information by Contractor is required by other governmental authority to ensure compliance with laws, rules, or regulations, and such disclosure will be limited to that actually so required. Where such disclosure is required, Contractor will provide advance notice to the State of the need for the disclosure and will not disclose absent consent from the State.

N. Subpoenas

In the event the Contractor's records are subpoenaed pursuant to Connecticut General Statutes § 36a-43, the Contractor shall, within twenty-four (24) hours of service of the subpoena, notify the person designated for the State in Section 4 of this Agreement of such subpoena. Within thirty-six (36) hours of

service, the Contractor shall send a written notice of the subpoena together with a copy of the same to the person designated for the State in Section 4 of this Agreement.

O. Survival

The rights and obligations of the parties which by their nature survive termination or completion of the Agreement, including but not limited to those set forth herein in sections relating to Indemnity, Nondisclosure, Promotion, and Confidentiality of this Agreement, shall remain in full force and effect.

P. Americans with Disabilities Act

This clause applies to those Contractors which are or will become responsible for compliance with the terms of the Americans with Disabilities Act of 1990 during the term of this Agreement. Contractor represents that it is familiar with the terms of this Act and that it is in compliance with the law. Failure of the Contractor to satisfy this standard either now or during the term of this Agreement as it may be amended will render the contract voidable at the option of the State upon notice to the Contractor. Contractor warrants that it will hold the State harmless from any liability which may be imposed upon the State as a result of any failure of the Contractor to be in compliance with this Act.

Q. Intentionally Omitted.

R. Executive Orders

This Agreement is subject to the provisions of Executive Order No. Three of Governor Thomas J. Meskill promulgated June 16, 1971, concerning labor employment practices and, as such, this Agreement may be canceled, terminated or suspended by the State Labor Commissioner for violation of or noncompliance with said Executive Order No. Three, or any State or federal law concerning nondiscrimination, notwithstanding that the Labor Commissioner is not a party to this Agreement. The parties to this Agreement, as part of the consideration hereof, agree that said Executive Order No. Three is incorporated herein by reference and made a part hereof. The parties agree to abide by said Executive Order and agree that the State Labor Commissioner shall have continuing jurisdiction in respect to contract performance in regard to nondiscrimination until the Agreement is completed or terminated prior to completion.

The Contractor agrees, as part consideration hereof, that this Agreement is subject to the Guidelines and Rules issued by the State Labor Commissioner to implement Executive Order No. Three, and that it will not discriminate in its employment practices or policies, will file all reports as required, and will fully cooperate with the State of Connecticut and the State Labor Commissioner.

This Agreement is subject to the provisions of Executive Order No. Seventeen of Governor Thomas J. Meskill promulgated February 15, 1973, concerning the listing of employment openings and, as such, this Agreement may be canceled, terminated or suspended by the contracting agency or the State Labor Commissioner for violation of or noncompliance with said Executive Order No. Seventeen, notwithstanding that the Labor Commissioner may not be party to this Agreement. The parties to this Agreement, as part of the consideration hereof, agree that Executive Order No. Seventeen is incorporated herein by reference and made a part hereof. The parties agree to abide by said Executive Order and agree that the contracting agency and the State Labor Commissioner shall have joint and several continuing jurisdiction in respect to contract performance in regard to listing all employment openings with the Connecticut State Employment Service.

This Agreement is subject to the provisions of Executive Order No. 16 of Governor John G. Rowland promulgated August 4, 1999, concerning violence in the workplace and, as such, the contract may be canceled, terminated or suspended by the State for violation of or noncompliance with said Executive Order No. 16. The parties to this contract, as part of the consideration hereof, agree that said Executive Order No. 16 is incorporated herein by reference and made a part hereof. The parties agree to abide by such Executive Order.

Pursuant to Governor Dannel P. Malloy's Executive Order No. 49 promulgated May 22, 2015 concerning fairness and transparency in the contracting process, Contractor shall comply with the certification requirements of Connecticut General Statutes §§ 4-250 and 4-252, for all personal service agreement contracts with a value of \$50,000 or more in a calendar or fiscal year by executing and filing the respective certifications with OPM. The Contract may also be subject to Executive Order No. 14 of Governor M. Jodi Rell, promulgated April 17, 2006, concerning procurement of cleaning products and

services, in accordance with their respective terms and conditions. If Executive Orders 49 and 14 are applicable, they are deemed to be incorporated into and are made a part of the Contract as if they had been fully set forth in it.

S. Sovereign Immunity

Notwithstanding any provisions to the contrary contained in this Agreement, it is agreed and understood that the State of Connecticut shall not be construed to have waived any rights or defenses of sovereign immunity which it may have with respect to all matters arising out of this Agreement.

T. Assignment

This Agreement shall not be assigned by either party without the express prior written consent of the other.

U. Severability

If any part or parts of this Agreement shall be held to be void or unenforceable, such part or parts shall be treated as severable, leaving valid the remainder of this Agreement notwithstanding the part or parts found to be void or unenforceable.

V. Headings

The titles of the several sections, subsections, and paragraphs set forth in this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this Agreement.

W. Third Parties

The State shall not be obligated or liable hereunder to any party other than the Contractor.

X. Non Waiver

In no event shall the making by the State of any payment to the Contractor constitute or be construed as a waiver by the State of any breach of covenant, or any default which may then exist, on the part of the Contractor and the making of any such payment by the State while any such breach or default exists shall in no way impair or prejudice any right or remedy available to the State in respect to such breach or default.

Y. Contractor Certification

The Contractor certifies that the Contractor has not been convicted of bribery or attempting to bribe an officer or employee of the State, nor has the Contractor made an admission of guilt of such conduct which is a matter of record.

Z. Intentionally Omitted

AA. Intentionally Omitted.

BB. Intentionally Omitted

CC. Intentionally Omitted.

DD. Intentionally Omitted

EE. Campaign Contribution and Solicitation Prohibitions

For all State contracts as defined in Connecticut General Statutes § 9-612(f)(1)(2) having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this Agreement expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See Attachment C.

FF. Intentionally Omitted.

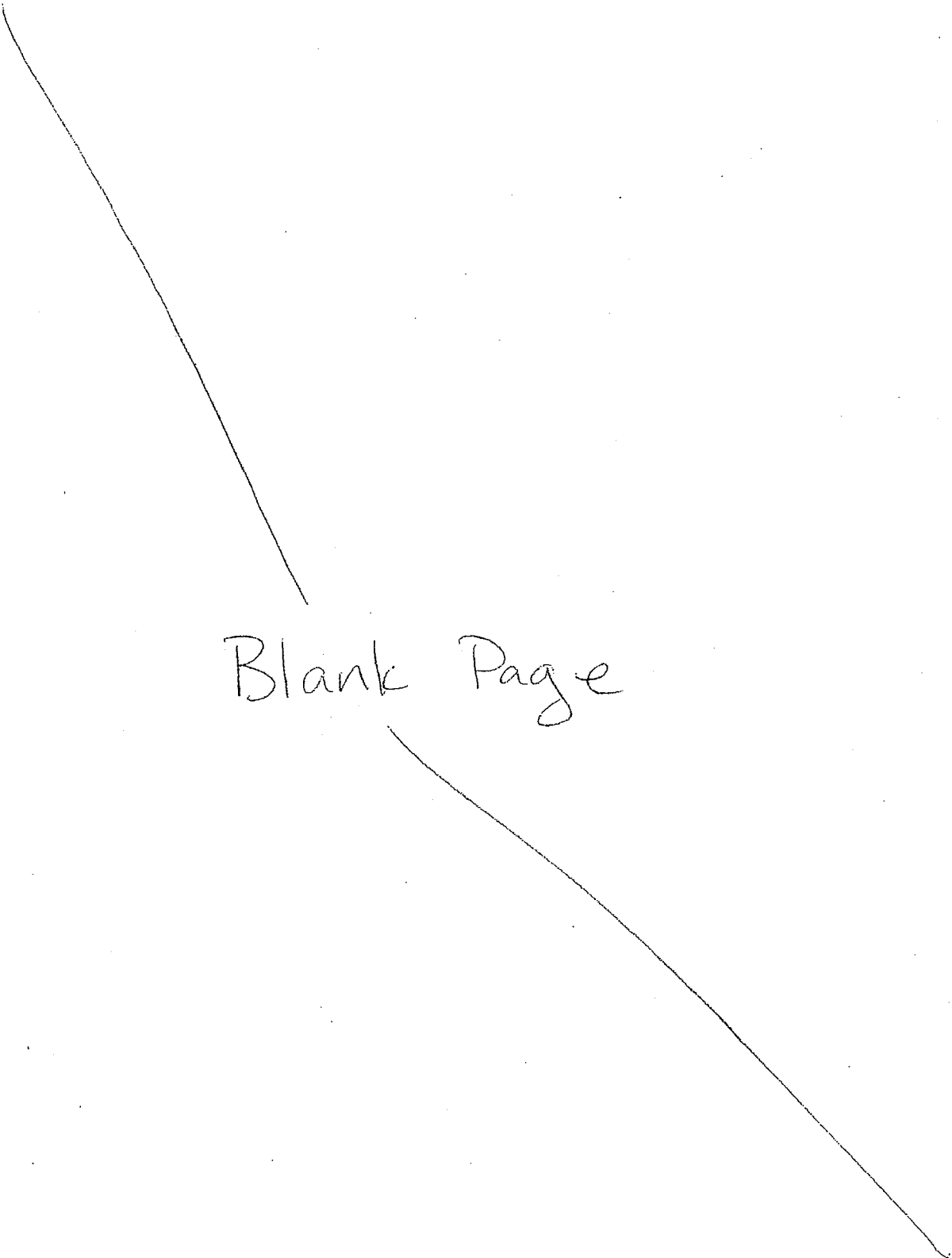
GG. Intentionally Omitted.

HH. Forum and Choice of Law

The parties deem the Contract to have been made in the City of Hartford, State of Connecticut. Both parties agree that it is fair and reasonable for the validity and construction of the Contract to be, and it shall be, governed by the laws and court decisions of the State of Connecticut, without giving effect to its principles of conflicts of laws. To the extent that any immunities provided by Federal law or the laws of the State of Connecticut do not bar an action against the State, and to the extent that these courts are courts of competent jurisdiction, for the purpose of venue, the complaint shall be made returnable to the Judicial District of Hartford only or shall be brought in the United States District Court for the District of Connecticut only, and shall not be transferred to any other court, provided, however, that nothing here constitutes a waiver or compromise of the sovereign immunity of the State of Connecticut. The Contractor waives any objection which it may now have or will have to the laying of venue of any Claims in any forum and further irrevocably submits to such jurisdiction in any suit, action or proceeding.

ATTACHMENT B

State Contractors Guide to the Code of Ethics



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State Contractors Guide to the Code of Ethics



Office of State Ethics
Carol Carson, Executive Director

State Contractors Guide to the Code of Ethics

Contact Us



Agency Address: Connecticut Office of State Ethics
18-20 Trinity Street
Suite 205
Hartford, CT 06106

Telephone: 860-263-2400

Facsimile: 860-263-2402

Website: www.ct.gov/ethics

Business Hours: 8:00 am to 5:00 pm

**Visitors must enter the building through the door next
to the Bushnell Memorial Theater.**

Specific E-mail Contacts: For the timeliest responses, please be sure to direct your questions to the appropriate e-mail address; for example, with a question such as, "Can I accept this outside position with a vendor?" please be sure to send your query to ethics.code@ct.gov

- | | |
|--|--|
| ➤ Legal Advice Regarding Code of Ethics | ethics.code@ct.gov |
| ➤ Lobbyist Filing/Reporting Questions | lobbyist.ose@ct.gov |
| ➤ Public Official Filing/Reporting Questions | sfi.ose@ct.gov |
| ➤ Enforcement/Filing a Complaint | ethics.enforcement@ct.gov |
| ➤ All Other Inquiries | ose@ct.gov |

Staff Phone Number Listing

State Contractors Guide to the Code of Ethics

TABLE OF CONTENTS

Office of State Ethics	2
The Big Picture	3
Conflicts	3
General Statutes § 1-86e	3
General Statutes § 1-101nn	4
One More Conflict Rule (of limited applicability)	5
Are You Required to Register as a Lobbyist?	5
Exceptions to Administrative Lobbying	6
Gifts	7
Giving Gifts	7
Gift Exceptions	7
Gift Reporting	8
Accepting Gifts	9
Necessary Expenses	9
Hiring Current or Former State Employees and Officials	10
Former State Employees and Officials	10
Current State Employees and Officials	10
Other Outside Employment Considerations	12
Other Considerations	12
Written Affirmation Concerning State Ethics Laws Summary	12
Ethics Affidavits & Certifications for State Contracts	13
Ethics Enforcement	13

State Contractors Guide to the Code of Ethics

OFFICE OF STATE ETHICS

Created on July 1, 2005, under Public Act 05-183, the Office of State Ethics ("OSE") is an independent regulatory division of the Office of Governmental Accountability charged with administering and enforcing the Connecticut Codes of Ethics ("Ethics Codes"), which are found in Chapter 10 of the Connecticut General Statutes.

The OSE's duties include educating all those covered by the Ethics Codes; interpreting and applying the Ethics Codes; investigating violations of, and otherwise enforcing, the Ethics Codes; and providing information to the public.

The OSE's jurisdiction:

- | | |
|----------|---|
| Part I | Code of Ethics for Public Officials
General Statutes §§ <u>1-79</u> to <u>1-90a</u> |
| Part II | Code of Ethics for Lobbyists
General Statutes §§ <u>1-91</u> to <u>1-101a</u> |
| Part III | Lobbying: Miscellaneous Provisions
General Statutes §§ <u>1-101aa</u> and <u>1-101bb</u> |
| Part IV | Ethical Considerations Concerning Bidding and State Contracts
General Statutes §§ <u>1-101mm</u> to <u>1-101rr</u> |

The OSE Executive Director has overall responsibility for the welfare and effectiveness of the OSE; which has three divisions, the legal division, the enforcement division, and the administrative division.

The OSE's governing body is the Citizen's Ethics Advisory Board ("CEAB"), which has nine members appointed by the Governor and legislative leadership. The CEAB holds monthly meetings that are open to the public. A schedule of CEAB meeting dates, times, and locations is available at www.ct.gov/ethics.

CEAB Members:

- Attend monthly CEAB meetings
- Appoint and evaluate the Executive Director of the OSE
- Issue advisory opinions to persons subject to the Ethics Codes
- Serve as a Hearing Officer for non-confidential hearings held under the Uniform Administrative Procedures Act, General Statutes § 4-166 et. seq.
- Attend hearings to determine if violations occurred and, if so, assess penalties
- Attend special meetings if necessary
- Oversee legislative agenda

State Contractors Guide to the Code of Ethics

THE BIG PICTURE

Like state employees and officials, state contractors are subject to the Ethics Codes, but in a more limited manner. That is, they are not, as Advisory Opinion No. 99-26 puts it, "subject to the far more restrictive provisions . . . that apply to state employees and public officials," but they are subject to certain "narrow constraints."

As you read through this guide, be aware that these restraints, and those that apply to state employees and officials, were enacted to prevent persons from using their public position or authority for their own financial benefit, or for the financial benefit of certain others (for example, family members).

Also be aware that each state agency has its own ethics policy, which may be more restrictive than what follows, particularly concerning the types of benefits a state employee or official may accept from state contractors (and others).

CONFLICTS

The Ethics Codes contain two primary conflict statutes that apply specifically to state contractors: General Statutes §§ 1-86e and 1-101nn.

GENERAL STATUTES § 1-86e

Section 1-86e applies to any "person hired by the state as a consultant or independent contractor." Such persons may not do as follows:

- (1) Use the authority, or confidential information, provided under the contract to financially benefit the person, an employee, or an immediate family member;
- (2) Accept another state contract that would impair the person's independence of judgment in performing the existing contract; or
- (3) Accept a bribe (that is, accept anything of value based on an understanding that the person's actions on the state's behalf would be influenced).

Key points from Advisory Opinion No. 99-26 concerning § 1-86e:

- Section 1-86e is not intended to interfere with a contractor's business, but to prevent a private entity from using state money to, for example, hire immediate family members without appropriate state oversight.
- A conflict of interest exists only if there is a connection between the facts in question and the state money and authority granted to the independent contractor or consultant by contract.

State Contractors Guide to the Code of Ethics

- The term "independent contractor" does not apply just to individuals, but also to private agencies that contract with the state.
- If a state contractor wants to hire a family member to work under a state contract, the following procedure must be followed:
 1. The contractor must notify the contracting state agency in writing and demonstrate why the individual is appropriate for the job.
 2. The state agency must determine if the person is qualified for the job and whether the compensation is market rate; and if necessary, it may require the contractor to document a job search.

NOTE: In an enforcement action, a former state contractor was alleged to have violated § 1-86e (a) (1) by using confidential information gained under its contract with a state agency in its subsequent representation of clients before that agency. The contractor entered into a Consent Order with the OSE, agreeing to pay a \$10,000 penalty.

GENERAL STATUTES § 1-101nn

Subsection (a) of § 1-101nn applies to persons who are, or are seeking to be:

- (1) Prequalified under General Statutes § 4a-100;
- (2) A party to a large state construction or procurement contract, as defined in General Statutes § 1-101mm (3), with a state or quasi-public agency; or
- (3) A party to a consultant services contract with a state or quasi-public agency.

Such persons may not do as follows:

- (A) Solicit information from state officials or employees that is not available to other bidders;
- (B) Defraud the state (that is, charge a state or quasi-public agency for work not performed or goods not provided);
- (C) Attempt to circumvent state competitive bidding and ethics laws; or
- (D) Provide information about the person's donation of goods and services to state or quasi-public agencies in order to influence the award of a state contract.

Subsection (b) of § 1-101nn applies to a more limited group: Any consultant that is hired by the state to help plan a state contract, and any "associated" businesses, as defined in General Statutes § 1-101mm (1).

State Contractors Guide to the Code of Ethics

Under § 1-101nn (b) neither the consultant nor any "associated" businesses may serve in the following roles with respect to the contract the consultant helped to plan:

- Consultant to any person seeking to obtain the contract,
- Contractor for the contract, or
- Consultant or subcontractor to the person awarded the contract.

NOTE: If you are unsure whether § 1-101nn applies to you, please contact the OSB, because any person found to have violated this section may be deemed a "nonresponsible bidder" by a state or quasi-public agency. General Statutes § 1-101nn (c).

ONE MORE CONFLICT RULE (of limited applicability)

General Statutes § 1-84 (n) bars the State Treasurer from doing business with an investment services firm whose political committee or principals have contributed to, or solicited contributions for, her exploratory or candidate campaign committee.

The prohibition applies during the term of office for which the candidate is campaigning, as well as for the remainder of an incumbent treasurer's term.

The prohibition applies only to contributions to the incumbent or victorious candidate for the office. Advisory Opinion No. 2003-1.

ARE YOU REQUIRED TO REGISTER AS A LOBBYIST?

With certain exceptions, efforts to obtain a state contract can be considered administrative lobbying, requiring registration as a client lobbyist.

Some Key Terms

Client lobbyist: Generally, an individual or entity that, on its own behalf, expends or agrees to expend \$3,000 or more in a calendar year for *administrative* and/or legislative lobbying and activities in furtherance of lobbying. General Statutes § 1-91 (12).

Lobbying: Generally, communicating directly, or soliciting others to communicate, with any public official or his or her staff in the legislative or executive branch, or in a quasi-public agency, in an effort to influence legislative or *administrative action*. General Statutes § 1-91 (11).

Administrative action: Any matter within a state or quasi-public agency's jurisdiction—such as any action or nonaction concerning a contract. General Statutes § 1-91 (1).

State Contractors Guide to the Code of Ethics

Exceptions to Administrative Lobbying

The following activities are not considered administrative lobbying:

- Preparation of responses to an agency's request for proposals ("RFP"). OSE Regs. § 1-92-42a (e) (1).
- Communications strictly for informational purposes (e.g., to determine what agency contract proposals will be forthcoming). OSE Regs. § 1-92-42a (e) (3).
- Communications by a vendor's representative who acts as a *salesperson* and does not otherwise engage in administrative lobbying. General Statutes § 1-91 (11) (B).
 - "Salespersons": Generally, individuals who have a set territory they routinely cover, and who are not part of a company's executive management. See Advisory Opinion No. 95-11.

Thus, if your contact with state or quasi-public agencies is limited to responding to RFPs, or otherwise pursuing a contract through the normal agency process, then you are not required to register as a "client lobbyist."

But you are "lobbying" if you go outside the agency process in trying to obtain a state contract. For example:

- Entertaining state employees and officials.
- Communicating with officials outside the agency (such as the Governor or legislators).
- Communicating with officials within the agency but outside the normal process (such as the agency head).

If \$3,000 or more is spent on such lobbying activities, "lobbyist" registration is required. See General Statutes § 1-94.

Hypothetical from Advisory Opinion No. 2003-6:

In responding to a state agency's RFP, a business entity spends \$3,500 in printing and personnel costs in taking a number of steps within the agency's normal contracting process. But in an effort to secure the contract, the entity contacts the Governor, thus taking action outside the normal agency process and, in doing so, expends an additional \$500 in personnel costs. Must it register as a lobbyist?

No. The \$3,500 spent in following the normal process to respond to the RFP is exempted from consideration as a lobbying expense. Therefore this entity would not have to register as a client lobbyist, because it has spent only \$500 towards its lobbying effort.

NOTE: If you are unsure whether you must register as a lobbyist, please contact the OSE and/or review the Client Lobbyist Guide to the Code of Ethics.

State Contractors Guide to the Code of Ethics

GIFTS

GIVING GIFTS

General Statutes § 1-84 (m) contains the "gift"-giving bans for state contractors and potential state contractors:

- An individual or entity doing or seeking to do business with a state agency may not give a "gift" to any of that agency's employees or officials.
 - This is an *agency-specific ban*, meaning: If an entity is doing or seeking to do business with State Agency X—but not with any other state agency—then it is prohibited from giving "gifts" only to employees and officials of State Agency X.
- A person prequalified under § 4a-100 may not knowingly give a "gift" to any state employee or official.
 - This ban is *not agency specific*, meaning it applies to all state employees and officials, even if the person is not doing or seeking to do business with an employee's or official's agency. (Registered lobbyists are subject to a similar ban. See General Statutes § 1-97 (a).)

What is a "gift"?

General Statutes § 1-79 (5) defines "gift" in three parts:

1. "anything of value" (for example, money, tickets to a sporting event, meals, services, etc.),
2. "which is directly and personally received" (that is, the state employee or official accepts the opportunity to partake of it),
3. "unless consideration of equal or greater value is given in return" (that is, unless the state employee or official pays fair market value for it).

Gift exceptions

There are many benefits that are not deemed "gifts," some of which may be used by state contractors, including these:

- Token Items: Items valued less than \$10 (such as a pen or mug), provided the annual aggregate of such items from a single source is \$50 or less. General Statutes § 1-79 (5) (P).

State Contractors Guide to the Code of Ethics

- **Food/Beverage:** Up to \$50 in food/beverage annually, provided the donor or a representative is in attendance when it is being consumed. General Statutes § 1-79 (5) (I).
- **Training:** Training provided by a vendor for a product purchased by a state entity, provided it is offered to all of the vendor's customers. General Statutes § 1-79 (5) (O).
- **Ceremonial awards:** A certificate, plaque or other ceremonial award valued at less than \$100. General Statutes § 1-79 (5) (F).
- **Gifts to the State:** Goods or services given to a state entity. The gift must facilitate state action, and must (1) be for use on state property (e.g., a computer), (2) support a state event (e.g., funds to support an agency event), or (3) support the participation by a state employee or official at an event (e.g., funds for an agency employee to attend an educational conference relevant to his state duties). General Statutes § 1-79 (5) (e).

NOTE: There is a "gift" exception in § 1-79 (5) (L) for "major life events" (a term defined by regulation), but state contractors and potential state contractors may not use it.

Gift Reporting

If a person doing or seeking to do business with a state agency gives an agency employee or official any of the benefits found in the "gift" exceptions, the person may have a reporting obligation. See General Statutes § 1-84 (o).

Generally, if the benefit is valued over \$10, the person (or a representative) must do as follows: Give *both* the recipient *and* the executive head of the recipient's department or agency a written report stating:

- The donor's name;
- A description of the item or items given,
- The value of such items, and
- The cumulative value of all items given to such recipient in the calendar year.

NOTE: This helps both the donor and the state employee or official keep track of the "gift" exceptions noted above, so that permissible limits are not exceeded.

State Contractors Guide to the Code of Ethics

ACCEPTING GIFTS

In Advisory Opinion No. 99-17, the conflict language in § 1-86e (a) (1) (see above) was interpreted as creating the following rule:

- If, as a state contractor or an employee thereof, you are offered benefits from a person by virtue of your authority under the state contract (for example, clients of the contracting state agency), you may accept no more than \$100 annually from that person.

NOTE: In an enforcement action, a former employee of a state contractor was found to have violated § 1-86e (a) (1)—and ordered to pay a \$10,000 penalty—for using his authority over a subcontractor to solicit free or discounted gifts, services and other items of value (e.g., meals and tickets to sporting events and concerts).

NECESSARY EXPENSES

General Statutes § 1-84 (k)—the “necessary expenses” provision—prohibits a state employee or official from accepting a fee or honorarium for participating at an event in his or her official capacity.

However, a state employee or official may receive payment or reimbursement for “necessary expenses” if—in his or her official capacity—the employee or official *actively participates* in the event (for example, gives a speech or runs a workshop).

“Necessary expenses” are not considered gifts and may include the cost of:

- Travel (coach),
- Lodging (standard room for the nights before, of, and immediately following the event),
- Meals (non-lavish), and
- Conference or seminar registration fees.

“Necessary expenses” do not include the cost of entertainment (tickets to sporting events, golf outings, etc.), or payment of expenses for family members or other guests.

A state contractor has *no reporting obligations* when it pays for, or reimburses, a state employee's or official's “necessary expenses.”

Example:

A state contractor is hosting an out-of-state conference and would like the Governor to come and give a speech in his official capacity. The contractor has offered to pay the Governor's

State Contractors Guide to the Code of Ethics

travel and lodging expenses, to waive his conference registration fee, and to give him a \$500 honorarium. Permissible?

The Governor may not accept the \$500 honorarium (because he is participating in his official capacity), but may accept payment or reimbursement for "necessary expenses," which include coach-class travel, standard lodging for the nights before, of, and after the speech, and waiver of the conference registration fee.

HIRING CURRENT OR FORMER STATE EMPLOYEES AND OFFICIALS

Former State Employees and Officials

A state contractor wanting to hire a *former* state employee or official should be aware of the Code's post-state employment prohibitions. See General Statutes §§ 1-84a and 1-84b.

Most of these prohibitions are "personal" to the former state employees and officials, meaning they do not apply to their post-state *employers*. These include:

- **Confidential information:** A former state employee or official may *never* "disclose or use confidential information" gained in state service for anyone's financial gain. General Statutes § 1-84a.
- **Side switching:** A former state employee or official may *never* "represent anyone other than the state, concerning any particular matter (1) in which he participated personally and substantially while in state service, and (2) in which the state has a substantial interest." General Statutes § 1-84b (a).
- **Cooling off:** For *one year* after leaving state service, a former state employee or official may not "represent" anyone for compensation before their former state agency. ("Represent" means doing any activity that reveals the former state employee's or official's identity.) General Statutes § 1-84b (b).

NOTE: Certain former employees and officials of the Department of Consumer Protection and the Department of Emergency Services and Public Protection are subject to a two-year employment ban with respect to entities engaged in Indian gaming operations. General Statutes § 1-84b (d) and (e).

Prohibitions on Employer

There are two post-state employment provisions that apply not only to former state employees and officials—but also to those that hire them:

- For *one year* after leaving state service, a former state employee or official may not accept employment with a party to a state contract valued at \$50,000 or more, if:

State Contractors Guide to the Code of Ethics

- (1) He or she participated substantially in, or supervised, the negotiation or award of that contract, and
- (2) It was signed within his or her last year of state service.

Further, "[n]o party to such a contract or agreement . . . shall employ any such former public official or state employee in violation of this subsection." General Statutes § 1-84b (f).

- Individuals who held designated positions at certain state regulatory agencies may not—for one year after leaving state service—"accept employment with a business subject to regulation by that agency." Further, "[n]o business shall employ a . . . former public official or state employee in violation of this subsection." General Statutes § 1-84b (c).

Current State Employees and Officials

State contractors wanting to hire a *current* state employee or official should be aware of the Code's outside-employment rules, which bar the employee or official from:

- Accepting outside employment with an individual or entity that can benefit from the state servant's official actions (e.g., the individual in his or her state capacity has specific regulatory, contractual, or supervisory authority over the private person). OSE Regs. § 1-81-17.
- Using state time, materials, or personnel to perform their outside work. General Statutes § 1-84 (c).
- Accepting—or being a member or employee of an entity that agrees to accept—compensation for representing others before 11 statutorily designated state agencies. General Statutes § 1-84 (d). The agencies include:
 - the Department of Banking,
 - the Claims Commissioner,
 - the Office of Health Care Access division within the Department of Public Health,
 - the Insurance Department,
 - the Department of Consumer Protection,
 - the Department of Motor Vehicles,
 - the State Insurance and Risk Management Board,
 - the Department of Energy and Environmental Protection,
 - the Public Utilities Regulatory Authority,
 - the Connecticut Siting Council, and
 - the Connecticut Real Estate Commission.

***The prohibition on being a "member or employee" applies to entities that are in the business of *representing others* for compensation before the listed agencies (law firms, accounting firms, etc.).

State Contractors Guide to the Code of Ethics

OTHER OUTSIDE EMPLOYMENT CONSIDERATIONS

There are two other outside employment prohibitions, but they apply only to a limited number of state employees and officials:

- Individuals holding designated positions at certain state regulatory agencies may not—while in state service—“negotiate for, seek or accept employment with any business subject to regulation by his agency.” Also, “[n]o business shall employ a present . . . public official or state employee in violation of this subsection.” General Statutes § 1-84b (c).
- Certain present employees and officials of the Department of Consumer Protection and the Department of Emergency Services and Public Protection may not “negotiate for, seek or accept employment with” entities engaged in Indian gaming operations. General Statutes § 1-84b (d) and (e).

OTHER CONSIDERATIONS

WRITTEN AFFIRMATION CONCERNING STATE ETHICS LAWS SUMMARY

General Statutes § 1-101qq contains three requirements with respect to the OSE’s state ethics laws summary:

1. State agencies must provide large state construction or procurement contractors with the state ethics laws summary; and—before accepting their bids—must obtain written affirmation that their key employees read, understand, and agree to comply with those laws.
2. Large state construction or procurement contractors must, in turn:
 - a. provide their subcontractors and consultants with the state ethics laws summary,
 - b. obtain the same written affirmation as above from their subcontractors and consultants, and
 - c. provide the affirmations to the state agency with which they have the contract—or face termination of the contract.
3. The state ethics laws summary must be included by reference in each contract with a contractor, subcontractor or consultant.

State Contractors Guide to the Code of Ethics

ETHICS AFFIDAVITS & CERTIFICATIONS FOR STATE CONTRACTS

The Office of Policy and Management has created ethics forms to help executive branch agencies comply with the State's contracting requirements. The forms include, for example, "Affirmation of Receipt of State Ethics Laws Summary" and "Gift and Campaign Contribution Certification." Copies of these forms and other updated information regarding state contractors can be found on the websites of the Office of Policy and Management and the Department of Administrative Services.

NOTE: The OSE does not have jurisdiction over the ethics affidavits and certifications. Questions concerning them should be directed to the Office of Policy and Management.

ETHICS ENFORCEMENT

Enforcement of the Ethics Codes is initiated by a complaint, which is filed by the OSE Ethics Enforcement Officer or a member of the public. In most cases, a complaint by the Ethics Enforcement Officer is preceded by a confidential staff evaluation.

A two-stage process follows:

1. Confidential investigation and confidential probable cause hearing.
2. If probable cause is found, a public hearing to determine if a violation has occurred.

At any stage of this process, the OSE and the Respondent may negotiate a settlement.

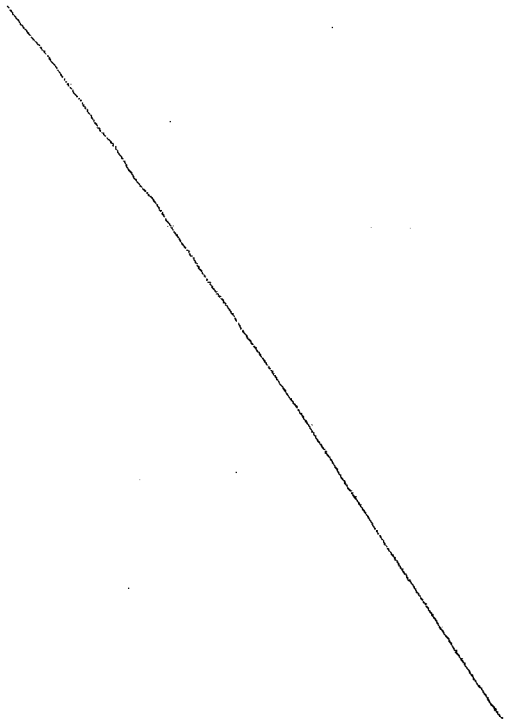
After a finding or admission of a violation, the CEAB may order the Respondent to comply with the Ethics Codes in the future, file any required report or statement, and/or pay a civil penalty.

For failure to file a report, statement, or other information required by the Ethics Codes, the CEAB may, after a hearing, impose a civil penalty of up to \$10 per day, with the aggregate penalty for any one violation being \$10,000.

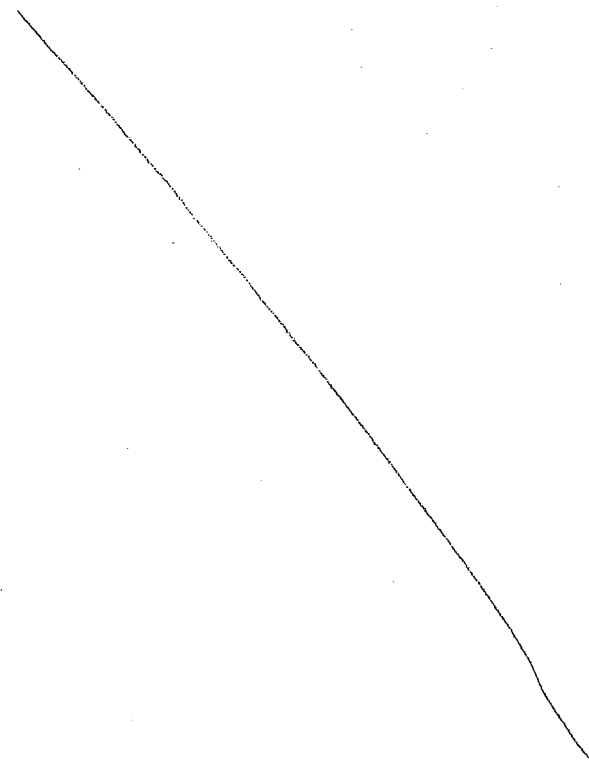
The OSE may refer matters to the Chief State's Attorney for criminal prosecution. An intentional violation of the Ethics Codes is a misdemeanor for the first violation, unless the individual has derived a financial benefit of at least \$1,000. In that case, the violation is a class D felony.

The Attorney General may sue for up to three times the economic gain received through knowingly committing or knowingly profiting from a violation of the Code.

The "*Citizen's Guide to Filing a Complaint*" which is available on the OSE's website, gives a detailed overview of the complaint process and related confidentiality rules.



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ATTACHMENT C

NOTICE TO EXECUTIVE BRANCH STATE CONTRACTORS AND PROSPECTIVE STATE CONTRACTORS OF CAMPAIGN CONTRIBUTION AND SOLICITATION LIMITATIONS

This notice is provided under the authority of Connecticut General Statutes §9-612(g)(2), as amended by P.A. 10-1, and is for the purpose of informing state contractors and prospective state contractors of the following law (italicized words are defined on the reverse side of this page).

CAMPAIGN CONTRIBUTION AND SOLICITATION LIMITATIONS

No state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee (which includes town committees).

In addition, no holder or principal of a holder of a valid prequalification certificate, shall make a contribution to (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of State senator or State representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

On and after January 1, 2011, no state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract or state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall knowingly *solicit* contributions from the state contractor's or prospective state contractor's employees or from a *subcontractor* or *principals of the subcontractor* on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee.

DUTY TO INFORM

State contractors and prospective state contractors are required to inform their principals of the above prohibitions, as applicable, and the possible penalties and other consequences of any violation thereof.

PENALTIES FOR VIOLATIONS

Contributions or solicitations of contributions made in violation of the above prohibitions may result in the following civil and criminal penalties:

Civil penalties—Up to \$2,000 or twice the amount of the prohibited contribution, whichever is greater, against a principal or a contractor. Any state contractor or prospective state contractor which fails to make reasonable efforts to comply with the provisions requiring notice to its principals of these prohibitions and the possible consequences of their violations may also be subject to civil penalties of up to \$2,000 or twice the amount of the prohibited contributions made by their principals.

Criminal penalties—Any knowing and willful violation of the prohibition is a Class D felony, which may subject the violator to imprisonment of not more than 5 years, or not more than \$5,000 in fines, or both.

CONTRACT CONSEQUENCES

In the case of a state contractor, contributions made or solicited in violation of the above prohibitions may result in the contract being voided.

In the case of a prospective state contractor, contributions made or solicited in violation of the above prohibitions shall result in the contract described in the state contract solicitation not being awarded to the prospective state contractor, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

The State shall not award any other state contract to anyone found in violation of the above prohibitions for a period of one year after the election for which such contribution is made or solicited, unless the State Elections Enforcement Commission determines that mitigating circumstances exist concerning such violation.

Additional information may be found on the website of the State Elections Enforcement Commission, www.ct.gov/seec. Click on the link to "Lobbyist/Contractor Limitations."

DEFINITIONS

"State contractor" means a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. "State contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Prospective state contractor" means a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. "Prospective state contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Principal of a state contractor or prospective state contractor" means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has *managerial or discretionary responsibilities with respect to a state contract*, (v) the spouse or a *dependent child* who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

"State contract" means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination of series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or

(vi) a grant, loan or loan guarantee. "State contract" does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

"State contract solicitation" means a request by a state agency or quasi-public agency, in whatever form issued, including, but not limited to, an invitation to bid, request for proposals, request for information or request for quotes, inviting bids, quotes or other types of submittals, through a competitive procurement process or another process authorized by law waiving competitive procurement.

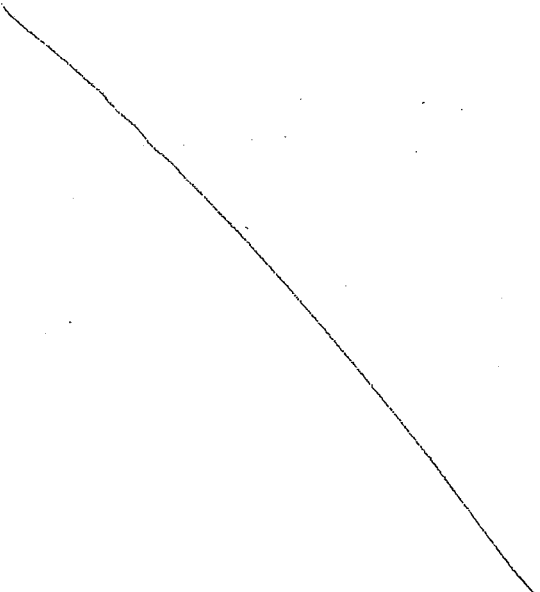
"Managerial or discretionary responsibilities with respect to a state contract" means having direct, extensive and substantive responsibilities with respect to the negotiation of the state contract and not peripheral, clerical or ministerial responsibilities.

"Dependent child" means a child residing in an individual's household who may legally be claimed as a dependent on the federal income tax of such individual.

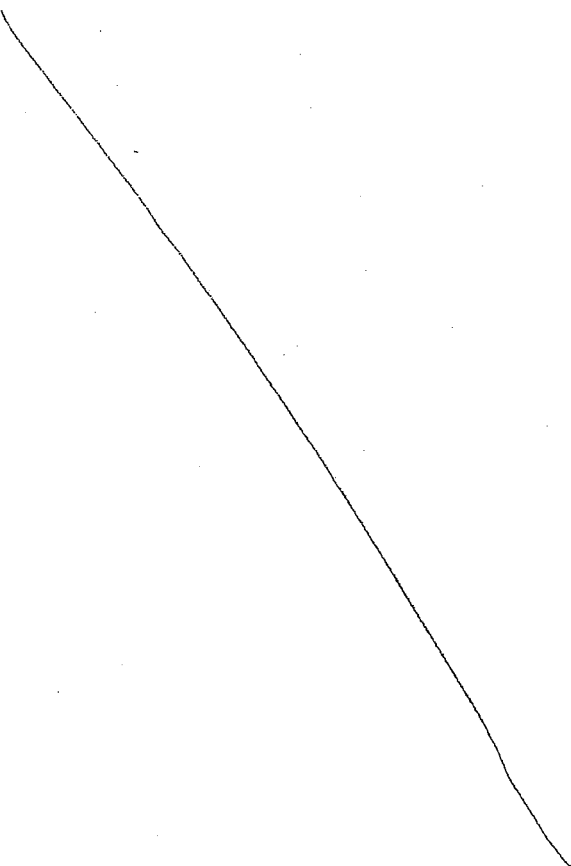
"Solicit" means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, treasurer or deputy treasurer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. Solicit does not include: (i) making a contribution that is otherwise permitted by Chapter 155 of the Connecticut General Statutes; (ii) informing any person of a position taken by a candidate for public office or a public official, (iii) notifying the person of any activities of, or contact information for, any candidate for public office; or (iv) serving as a member in any party committee or as an officer of such committee that is not otherwise prohibited in this section.

"Subcontractor" means any person, business entity or nonprofit organization that contracts to perform part or all of the obligations of a state contractor's state contract. Such person, business entity or nonprofit organization shall be deemed to be a subcontractor until December thirty first of the year in which the subcontract terminates. "Subcontractor" does not include (i) a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or (ii) an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

"Principal of a subcontractor" means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a subcontractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a subcontractor, which is a business entity, as president, treasurer or executive vice president, (iii) an individual who is the chief executive officer of a subcontractor, which is not a business entity, or if a subcontractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any subcontractor who has managerial or discretionary responsibilities with respect to a subcontract with a state contractor, (v) the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the subcontractor.



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ALLOTMENT adjustment
 APPROPRIATION adjustment
 APPROPRIATION adjustment, requiring Finance Advisory Committee action

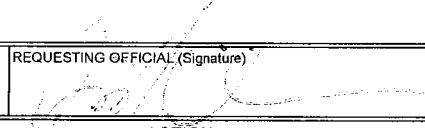
COMPT. USE ONLY							
EFFECTIVE DATE				FAC NUMBER		AGENCY ACRONYM	
						OECM1	
AGENCY NO.		AGENCY NAME					
OEC64800		OFFICE OF EARLY CHILDHOOD					

F.Y.	FUND	AGENCY	SID	BUD REF	REDUCE *	INCREASE **	ACCOUNT TITLE/PROJECT NUMBER
					<u>Unallotted Balance</u>	<u>Allotment</u>	
2018	11000	OEC64800	16147		\$20,009,108.00		Child Care Svcs - TANF/CCDF
2018	11000	OEC64800	16274			\$19,509,015.00	Early Care and Education
2018	11000	OEC64800	10010			\$500,093.00	Personal Services

REASON FOR ADJUSTMENT

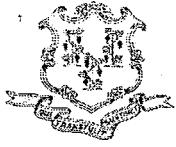
Formerly, SSBG funds were transferred from DSS to cover about 50% of the Child Day Care program. Additionally, a portion of those funds were used to recode licensing staff expenditures in Personal Services (SID 10010). However, following passage of PA 17-2 JSS, effective October 1, 2017, DSS will no longer be transferring SSBG funding, but will now be transferring CCDF funds of \$26,678,810 yearly for C4K activities instead. In order to meet federal guidelines and not impact current programming, funding within the OEC, as passed in PA 17-2 JSS, needs to be reallocated to use the new CCDF funding to support the C4K's program, which already follows federal CCDF rules, rather than supporting the Child Day Care program, which does not follow the CCDF rules and would require drastic changes in order to be in compliance with those rules. DSS will transfer \$20,009,108 in CCDF funding to support the C4K's program and to keep funding whole and programming unchanged. This FAC transfers that same amount of \$20,009,108, divided between \$19,509,015 supporting the Child Day Care program, and \$500,093 supporting licensing staff in Personal Services. The bottom line is that total funding for all programs remains unchanged.

Bond Commission Date:

STATUTORY AUTHORITY (for adjustments in appropriations) CGS 4-87, as amended by P.A. 16-2 of the May 2016 special session	REQUESTING OFFICIAL (Signature) 	(Title) Commissioner	DATE SIGNED 2/14/2018
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UNALLOTTED / AVAILABLE BALANCE		ACTION	
		APPROVED (Secretary, Office of Policy and Management)	DATE
REVIEWED BY (Analyst)	DATE		
RECOMMENDED (Undersecretary, Bud. & Fin. Mgmt.)	DATE	APPROVED (Governor)	DATE

* USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND
** USE ONLY UNALLOTTED, ALLOTMENT, RESOURCES OF FUND



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

STATE OF CONNECTICUT

OFFICE OF EARLY CHILDHOOD



Connecticut Office of
Early Childhood

David Wilkinson
Commissioner

Finance Advisory Committee

Transfer Request for Fiscal Year 2018

March 1st, 2018

Background Information

In prior fiscal years, the Department of Social Services (DSS) has transferred Social Services Block Grant (SSBG) funds to the OEC by way of a transfer invoice that covered about 50% of the Child Day Care program. A portion of those funds were also used for licensing staff expenditures in the OEC's Personal Services account. Starting at the beginning of FFY 2018 (October 1st, 2017) following the passage of PA 17-02 JSS, DSS is no longer making that transfer. However, DSS will be transferring Child Care Development Fund (CCDF) funds for Care 4 Kids activities instead. In exchange for this, the same amount of funding for the remaining second, third, and fourth quarters of SFY2018, totaling \$20,009,108 must be placed into the Early Care and Education account (SID 16274 - \$19,509,015) and the Personal Services account (SID 10010 - \$500,093) to support the activities formerly funded by the SSBG. This adjustment appropriately makes all of the accounts whole and total funding for all programs remains unchanged.

The Office of Early Childhood (OEC) respectfully requests to transfer funds from *Child Care Svcs – TANF/CCDF (16147)* to *Early Care and Education (16274)* and *Personal Services (10010)* in the following way:

From:

(\$20,009,108) – Child Care Svcs – TANF/CCDF (16147): *The amount transferred from this account is balanced by the amount of TANF funds transferred to the OEC from DSS.*

To:

\$19,509,015 – Early Care and Education (16274): *This amount is necessary to cover the Child Day Care program. These payments were previously made using SSBG funds that were transferred from DSS. However, the OEC will no longer be receiving this transfer, and the entire obligation of the contracts is now budgeted into this account.*

\$500,093 – Personal Services (10010): *This amount is necessary to cover the licensing staff expenditures that were previously recoded to SSBG funds. These funds had been transferred from DSS, however, the OEC will no longer be receiving this transfer.*