

PA10-173

HB5393

Appropriations	3528-3529, 3538, 3541, 3680, 3684-3685, 3703	8
House	2228-2230	3
Senate	4113, 4125-4127	5
		16

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2010**

**VOL.53
PART 8
2220 – 2570**

pat/gbr
HOUSE OF REPRESENTATIVES

April 28, 2010

REP. NAFIS: (27th)

Thank you, Mr. Speaker. I would like to ask that this Bill be passed temporarily.

DEPUTY SPEAKER O'ROURKE:

Motion is to pass this Bill temporarily. Hearing no objection, this item is passed temporarily.

Mr. Clerk please return to the Call of the Calendar.
Call Calendar 294.

THE CLERK:

On Page 13, Calendar 294, House Bill Number 5393 AN ACT CONCERNING THE ESTABLISHMENT OF AN ACCOUNT TO FUND THE TWENTY SEVENTH STATE PAYROLL PERIOD. Favorable Report by the Committee on Appropriations.

DEPUTY SPEAKER O'ROURKE:

The Chair recognizes Representative Fawcett.

REP. FAWCETT: (133rd)

Thank you, Mr. Speaker. Mr. Speaker, I move for acceptance of the Joint Committee's Favorable Report and passage of the Bill.

DEPUTY SPEAKER O'ROURKE:

Motion is on acceptance and passage. Will you remark?

REP. FAWCETT: (133rd)

Yes, Mr. Speaker. This Bill would create a gap salary reserve account and allow the Comptroller to institute a

pat/gbr
HOUSE OF REPRESENTATIVES

April 28, 2010

long-term funding approach to address the 27th extra payroll that occurs every 11 years.

The objective is to pre-fund a portion of this known long-term liability by placing one-tenth of the 27th payroll liability each year into the account for ten years. While setting aside the funds each year to meet this obligation, the creation of this account would also assist the state in the bond market with the rating agencies because it would demonstrate fiscal management of known liabilities and for the first time establish a long-term mechanism for a long-term liability.

Mr. Speaker, this Bill is fiscal responsibility, good government in action, and I urge passage.

DEPUTY SPEAKER O'ROURKE:

Thank you. The motion is on acceptance and passage. Will you remark on the Bill? Will you remark on the Bill?

If not, staff and guests come to the well of the House. Members take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call.

Members to the Chamber.

The House is taking a Roll Call Vote. Members to the Chamber, please.

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HOUSE OF REPRESENTATIVES

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DEPUTY SPEAKER O'ROURKE:

Have all Members voted? Have all Members voted?

Please check the board and make sure your vote is properly recorded.

If all Members have voted, the machine will be locked. The Clerk will take the tally. Mr. Clerk, please announce the tally.

THE CLERK:

House Bill 5393.

Total Number Voting	144
Necessary for Passage	73
Those voting Yea	144
Those voting Nay	0
Those absent and not voting	7

DEPUTY SPEAKER O'ROURKE:

The Bill is passed.

Mr. Clerk, please call Calendar 258.

THE CLERK:

On Page 12, Calendar 258, Substitute for House Bill Number 5426 AN ACT CONCERNING INDIVIDUALIZED EDUCATIONAL PROGRAMS. Favorable Report by the Committee on Education.

DEPUTY SPEAKER O'ROURKE:

Representative Michelle Cook.

REP. COOK: (65th)

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2010**

**VOL. 53
PART 13
3842 - 4128**

cd
SENATE

559
May 5, 2010

Calendar page 14, Calendar 511, House Bill 5527,
move to place the item on the consent calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Continuing calendar page 14, Calendar 516, House
Bill 5393, move to place the item on the consent
calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Calendar page 15, Calendar 520 --

THE CHAIR:

Senator Looney, one second please.

SENATOR LOONEY:

Yes, Mr. President.

THE CHAIR:

Please proceed, Senator Looney.

SENATOR LOONEY:

Yes, thank you, Mr. President.

Calendar page 15, Calendar 520, House Bill 5336,
move to place the item on the consent calendar.

cd
SENATE

571
May 5, 2010

Calendar page 10, Calendar 461, House Bill 5207;
Calendar 483, House Bill 5244.

Calendar 484, on page 11, House Bill 5383; Calendar
487, House Bill 5220; Calendar 488, House Bill 5297;
Calendar 490, 5425 -- House; Calendar 496, House Bill
5497; Calendar 509, House Bill 5126.

Calendar page 14, Calendar 511, House Bill 5527;
Calendar 514, House Bill 5426; Calendar 516, House Bill
5393.

Calendar page 15, Calendar 520, House Bill 5336;
Calendar 521, House Bill 5424; Calendar 523, House Bill
5223; Calendar 525, House Bill 5255.

Calendar page 16, Calendar 531, House Bill 5004.

Calendar page 17, Calendar 533, House Bill 5436;
Calendar 540, House Bill 5494; Calendar 543, House Bill
5399.

Calendar page 18, Calendar 544, House Bill 5434;
Calendar 547, House Bill 5196; Calendar 548, House Bill
5533; Calendar 549, House Bill 5387; Calendar 550, House
Bill 5471; Calendar 551, House Bill 5413; Calendar 552,
House Bill 5163; Calendar 553, House Bill 5159.

Calendar page 19, Calendar 554, House Bill 5164.

cd
SENATE

572
May 5, 2010

Calendar page 20, Calendar 556, House Bill 5498;
Calendar 557, House Bill 5270; 559, House Bill 5407; 562,
House Bill 5253; and House Bill -- Calendar 563, House
Bill 5340; Calendar 567, House Bill 5371; and Calendar
573, House Bill 5371.

Mr. President, I believe that completes the items

THE CHAIR:

Mr. Clerk, could you please give me on Calendar 567,
do you have 5516, sir?

THE CLERK:

What -- what calendar?

THE CHAIR:

567 on page 22.

THE CLERK:

It's 5516.

THE CHAIR:

Yes, sir. Okay.

Machine's open.

THE CLERK:

An immediate roll call vote has been ordered in the
Senate on the consent calendar. Will all Senators please
return to the chamber. Immediate roll call has been ordered in the Senate on the
consent calendar. Will all Senators please return to the chamber.

cd
SENATE

573
May 5, 2010

THE CHAIR:

Have all Senators voted? Please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is on adoption of Consent
Calendar Number 2.

Total number voting	35
Necessary for Adoption	18
Those voting Yea	35
Those voting Nay	0
Those absent and not voting	1

THE CHAIR:

Consent Calendar Number 2 passes.

Senator Looney.

SENATOR LOONEY:

Yes, Mr. President.

Mr. President -- Mr. President, before moving to adjourn, I would like to ensure the entire chamber will wish Laura Stefon, Senator McDonald's aide, my former intern, a happy birthday.

And with that -- and with that, Mr. President, I would move the Senate stand adjourn

**JOINT
STANDING
COMMITTEE
HEARINGS**

**APPROPRIATIONS
PART 10
3366 – 3711C**

2010

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mhr/gbr

APPROPRIATIONS COMMITTEE

March 5, 2010
1:00 P.M.

I don't know that we'll ever be able to take politics out of what you choose to measure. You don't even know that you have a bias until you've already done it and somebody else looks at it. But -- but I think it's a really interesting idea and -- and we should certainly look at it.

So we thank you very much.

REP. GIANNAROS: Well, thank you.

REP. GERAGOSIAN: Thank you, Representative, and have a good day.

REP. GIANNAROS: Thank you, Mr. Chairman. I appreciate it.

REP. GERAGOSIAN: Next is Comptroller Nancy Wyman.

STATE COMPTROLLER NANCY WYMAN: Good afternoon. Thank you, so much, Senator Harp, Representative Geragosian, and Representative Miner, and the distinguished members of the Appropriations Committee. It is really good to be with you today.

For the record, I am State Comptroller Nancy Wyman, and I'd like to -- I have submitted my testimony, but I'd like to quickly go through some of the bills that are on your agenda today.

The first group is the House Bills 5393 and 5105. I want to thank Representative Reynolds for putting in House Bill 5105 and ask that when you do consider the proposal that you would incorporate and you -- you would pass

HB 5394
SB 360
SB 359
HB 5104
SB 3
HB 5073

5105 and that my bill, House Bill 5393, which is already part of that, could go to wherever it goes to.

But I've submitted these proposals for the last couple of years, increasing the Rainy Day Fund from 10 percent to 15 percent. And as we know, what you're going through right now, wouldn't it be nice to have that extra 5 percent in the Rainy Day Fund to help you out? I really believe that that would have extended and helped us in -- in the normal downturn a lot more.

The second part of the bill talks about what I have brought forward to you before, that every time I issue the letter of the first, every month, that if we had 1 percent higher than our certain surplus monies than the budget is, that we would automatically take the money that's above that 1 percent and put it into the Rainy Day Fund. That would quicken the way we can fund the Rainy Day Fund and allow us to begin paying off some of our unfunded liabilities, and it, in my opinion, would also demonstrate a greater commitment to the savings -- the savings for the people of the state.

The second one is House Bill 5394, and that's AN ACT CONCERNING THE ESTABLISHMENT OF THE ACCOUNT TO FUND THE TWENTY-SEVENTH STATE PAYROLL PERIOD. We have a 27th payroll that occurs every 11 years; in 2002 it will be occurring. We will -- we will be paying out about \$120 million that will add us to a -- add to our deficit. I'm not requesting any money going into any accounts this year but I am asking that in 2012 we start to save for that payroll by taking one-tenth of the money, \$12

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mhr/gbr

APPROPRIATIONS COMMITTEE

March 5, 2010
1:00 P.M.

Next is Secretary Robert Genuario from the Office of Policy and Management.

ROBERT GENUARIO: Good afternoon. My name is Robert Genuario. I am the Secretary of the State of Connecticut Office of Policy and Management.

And Senator Harp, Representative Geragosian, Representative Miner, and distinguished members of the Appropriations Committee, it's a pleasure to be here today. I'm almost tempted to call this "wonk day." A lot of nuances as opposed to a lot of programmatic -- programmatic discussions, but I do think the ideas behind some of these bills are important, past due. And indeed, I agree with Representative Reynolds that if we get our fiscal processes in order, it can help us in the long run.

There are two Governor's bills on your agenda for today and a variety of other bills. I've submitted written testimony on the majority of them. The good news is I won't be speaking about all of them but I will be speaking about a number of them.

With regard to the two Governor's bills, the first one deals with the Governor's rescissionary authority. I went over this in some detail during the budget roll-out day, but we are proposing that the Governor's rescission authority be enhanced, and I might add that enhanced only in financial circumstances that are even more dire than we see today. The current projected deficits do not exceed -- do not exceed the 3 percent trigger point that would trigger the enhanced precision authority.

HB 5017

SB 360

SB 357

HB 5070

HB 5019

SB 3

HB 5044

HB 5393

SB 356

SB 359

SB 358

HB 5394

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mhr/gbr

APPROPRIATIONS COMMITTEE

March 5, 2010
1:00 P.M.

growth is less than the growth of inflation or CPI, that the balance of the difference can be spent by virtue of additional state dollars. So there are things like that that need to be considered to make sure the intent of the framers of the constitutional amendment is carried out.

With regard to Generally Accepted Accounting Principles, we are supportive of the process, supportive of the concept. We would suggest two changes to the bill before you; we think they're necessary. One, the bill before you requires the Governor to submit a GAAP-based budget but does not bar the Legislature to adopt a GAAP-based budget. That obviously would cause significant problems, putting aside the fact that it does not require the GAAP-based budget ultimately to be adopted, but it would create confusion. How would you compare the Governor's budget with the Legislature's budget as we move forward? So if we're going to do it, if we're going to adopt this, then it needs to be adopted with regard to all branches of government. And it needs to be adopted consistent with a plan that amortizes the existing GAAP deficit.

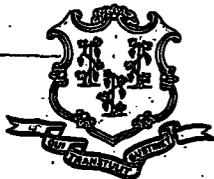
HB 5044

We concur with the Controller about the 27th payroll. We think that would be an appropriate fiscal tool. I would observe that 2012 does not promise to be an easy fiscal year in which to find \$12 million, but -- but nonetheless, we think it's a good idea.

HB 5393

There are a series of -- of bills that deal with additional reporting requirements and RBA benchmarking, and let me just kind of give you a -- a couple of global comments with regard to

SB 356
SB 359



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

Leg. 11-1
#2
Page 7
11-28

TESTIMONY PRESENTED TO THE APPROPRIATIONS COMMITTEE
March 5, 2010

Robert L. Genuario
Secretary
Office of Policy and Management

Testimony Regarding
House Bill No. 5017, AN ACT CONCERNING THE GOVERNOR'S RESCISSION AUTHORITY,
and

House Bill No. 5019, AN ACT CONCERNING THE BUDGET RESERVE FUND

SB356 SB359 SB358 AND OTHER BILLS HB5107 HB5393 HB5044

Senator Harp, Representative Geragosian, Senator Debicella, Representative Miner, and distinguished members of the Appropriations Committee, thank you for the opportunity to offer testimony in support of two Governor's bills: House Bill 5017, AN ACT CONCERNING THE GOVERNOR'S RESCISSION AUTHORITY, and House Bill 5019, AN ACT CONCERNING THE BUDGET RESERVE FUND.

As you know, during difficult budget years, the law provides for the Governor to make adjustments to agency budgets to address changes in circumstances since the budget was adopted. This is commonly referred to as the Governor's "rescission" authority. Over the last two years, the Governor has utilized this power to help maintain budgetary balance—in fact, there have been seven rounds of rescissions implemented since the beginning of FY 2009, with \$178.2 million rescinded in FY 2009 and \$51 million rescinded in FY 2010.

Currently, the Governor may rescind up to 5% of any appropriation or 3% of any fund if there has been a change in circumstances since the adoption of the budget that is presenting a problem in keeping the budget in balance or the Comptroller projects a deficit that is 1% or greater than the amount of the General Fund. House Bill No. 5017, AN ACT CONCERNING THE GOVERNOR'S RESCISSION AUTHORITY, would add additional tiers of rescission authority to address deep budget shortfalls. Specifically, the bill would allow the Governor to rescind up to 10% of any appropriation or 6% of any fund if the Comptroller projects a deficit of more than 3% but less than 5% of the General Fund, and up to 15% of any appropriation or 10% of any fund if the state deficit is projected to be 5% or more of the General Fund. It's worth noting that the currently forecast deficit of approximately \$504 million would not trigger the proposed increased level of rescission authority.

Accounting Principles (GAAP) in the preparation of financial documents and the state budget. The current statutory language is permissive and allows the Comptroller and the Secretary to initiate a process for moving toward GAAP standards. However, the proposed language of these bills would require that such principles be adopted immediately.

OPM believes that GAAP-based budgeting is a sound fiscal practice. The state's weak balance sheet has been cited in the past by the credit rating agencies as an area in which Connecticut is clearly deficient. Moreover, Section 7-394a, CGS, requires towns in the state to report their finances on a GAAP basis, so the state should not use a different standard. Unfortunately, however, this bill leaves the legislature out of the requirement to adopt a budget based on GAAP principles. If this bill were adopted and the legislature was not also required to develop a budget using GAAP, budget discussions would take on an "apples versus oranges" quality.

However, while the Comptroller currently produces the Comprehensive Annual Financial Report on a GAAP basis, Connecticut's budget is based on a modified cash accounting basis: revenues are generally already on an accrual basis of accounting, whereas expenditures remain on a cash basis of accounting. Moving immediately to GAAP-based accounting would require recognition of the current GAAP shortfall, which is more than \$1.1 billion. The bill is silent as to how this accumulated GAAP deficit would be amortized, which is problematic given the reality of attempting to bring the FY 2011 budget into balance.

If the issues of the legislative adoption of the budget and the amortization of the current shortfall were appropriately addressed, the Administration would be supportive of this legislation.

A complementary measure is House Bill 5393, AN ACT CONCERNING THE ESTABLISHMENT OF AN ACCOUNT TO FUND THE TWENTY-SEVENTH STATE PAYROLL PERIOD. This bill would fund the 27th payroll which occurs every 11 years by requiring the General Assembly, beginning in FY 2013, to appropriate each year one-tenth of the amount projected to be required. The Comptroller proposed the establishment of this fund during the 2009 legislative session and this bill incorporates many of the language changes suggested by OPM. OPM is supportive of this bill as it would move the State closer to GAAP accounting principles. However, it also would require the discipline to actually set aside the required resources each year. Unfortunately, the state's history is not good on this latter point.

Additional reporting requirements

Several bills would layer new reporting requirements on top of existing requirements. Senate Bill 356, AN ACT CONCERNING MONTHLY REPORTS ON PERSONNEL STATUS FOR STATE AGENCIES, is unnecessary. The substance of this bill would be to require new data to be created and provided by OPM to OFA

regarding positions, specifically requiring OPM to provide a "copy of monthly position data, which shall include for each state agency the positions vacated and the positions filled during such month". This is not something OPM creates or maintains now and represents a new task for which we would have to allocate resources. It should be noted that the intent of this bill can be fulfilled through standard CORE-CT reports in conjunction with data warehouse queries. These queries and reports are available to OFA staff and can be run for individual agencies using any effective date desired. OPM does not currently produce a report contemplated by this bill, and would not be able to provide the specified information for CORE-CT limited-scope agencies, such as higher education, the Judicial Branch, and Legislative Management.

Senate Bill 359, AN ACT CONCERNING REPORTING BY STATE AGENCIES, is unnecessary. Perhaps the committee is unaware, but currently, every expenditure, contract, project, employee and position carries a CORE-CT program coding designation - the system does not allow a null or "all programs" value. If the intent of the bill is to prescribe standards for "limited scope" agencies, then it falls a bit short of the mark. Additionally, OPM already provides "an electronic version of all data generated by the CORE-CT system that is used to prepare the budget document" to OFA, with such data being revised as necessary as we go through the recommendation process. Again, to the extent that this is requiring new data, sorted and maintained in a manner that is not currently provided for, then additional resources would have to be allocated to carry out this task. The data used by OPM is already available to OFA, so it is unclear what problem this legislation is attempting to address.

It should be noted that the Judicial Branch and the constituent units of higher education generally do not have data of this sort on the CORE-CT system; rather they maintain independent data systems not accessible outside those agencies. This requires a researcher to make inquiry of those agencies for the desired information. Any attempt by the legislative staff or the executive staff to obtain this kind of information for those agencies would not, therefore, be facilitated by this bill.

RBA/benchmarking

With respect to Senate Bill 358, AN ACT CONCERNING RESULTS-BASED ACCOUNTABILITY, we think it is unnecessary to have a statutory requirement that each agency head designate an employee as the RBA liaison. Most agencies have staff who act as liaisons with the legislature. Further, the Appropriations Committee and the Office of Fiscal Analysis should be well aware of the relevant agency staff and should know who can answer programmatic as well as financial questions. We are not aware of any situations where the legislature was unable to determine how to contact an agency regarding either a programmatic or fiscal question.

State of Connecticut

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11-8-10

Line 12

NANCY WYMAN
COMPTROLLERMARK E. OJAKIAN
DEPUTY COMPTROLLER

Hartford

Testimony Before the Appropriations Committee
State Comptroller Nancy Wyman
March 5, 2010

Good afternoon Senator Harp, Representative Geragosian, Senator Debicella, Representative Miner and distinguished members of the Appropriations Committee. I am State Comptroller Nancy Wyman and I would like to thank you for raising two of my legislative proposals and for the opportunity to testify.

Raised House Bill 5393, "An Act Increasing The Amount Of Unappropriated Surplus Deposited In The Budget Reserve Fund." & Raised House Bill 5105 "An Act Concerning Transfers Of General Fund Surplus To The Budget Reserve".

I would like to thank the Committee for these two proposals that would increase the Budget Reserve percentage from ten percent to fifteen percent. With the economic downturn of FY's 2001, 2002, and 2003, which depleted the \$595 million budget reserve fund (BRF), it became clear that Connecticut's 5% statutory reserve limit was insufficient. At that time, I advocated for increasing the budget reserve fund threshold and the fund was increased to 7.5% and ultimately to 10%.

HB5394SB360SB359SB356HB5104HB5107

In FY 09 the Budget Reserve Fund maintained a balance of \$1.4 billion (8.3% reserve). The Administration and Legislature earmarked \$1.039 billion in FY 10, and \$342 million in FY 11 to mitigate projected revenue shortfalls.

HB5044

The Governor in her March mitigation plan has recommended that \$219.2 million from the FY11 earmark amount be transferred to offset the current fiscal year deficit, currently estimated at over \$500 million.

National economic experts consistently suggest that the optimum level of funding for budget reserve funds to meet a 3-year economic downturn is 18-20% of the general fund budget. I believe that 15% brings the state closer to the optimum level for the future and provides us with an appropriate target to help weather future fiscal crises

Raised House Bill 5105 would not only increase the BRF to 15% but would also transfer projected surplus funds that exceed one percent (1%) of the general fund appropriations on a monthly basis to the budget reserve fund. This currently equates to \$176 million. I would like the Committee to note that I introduced this concept last year and again this