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and in concurrence with the Senate.

Total Number Voting	150
Necessary for Passage	76
Those voting Yea	149
Those voting Nay	1
Those absent and not voting	1

SPEAKER DONOVAN:

The bill as amended is passed.

Will the Clerk please call Emergency Certified Bill 494.

THE CLERK:

Senate Bill Number 494, AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 2011, LCO Number 563, introduced by Senator Williams and Representative Donovan.

SPEAKER DONOVAN:

The only working chair in the Appropriations Committee, Representative Geragosian, you have the floor, sir.

REP. GERAGOSIAN (25th):

Good evening, Mr. Speaker.

SPEAKER DONOVAN:

Good evening.

REP. GERAGOSIAN (25th):

Mr. Speaker, I move acceptance and passage of the Emergency Certified Bill in concurrence with the Senate.

SPEAKER DONOVAN:

Motion is accepted to pass the Emergency Certified Bill in concurrence with the Senate.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker. Before I start about the bill, I want to just thank quickly the folks that have helped along the way. Since I stood here 15 months ago, we were facing a ten billion dollar deficit over three years. Senator Harp, my co-chair; our ranking members, Senator Debicella and Representative Miner; our committee members and our vice chairs, Representative Heinrich, Roldan, and Bartlett. Our Office of Fiscal Analysis who have been invaluable in this process as we've gone through many budgets and deficit mitigation plans. Our LCO, Joe Roberts over at the Legislator's Commissioner Office. OPM, Secretary Bob Genuario and his crew there; Jeff Beckham, Dan Foley and Mike Cicchetti in helping to make this product a cooperative venture.

And last, but not least, the Governor for her leadership in bringing this to fruition today, and for her service to the state throughout the years. As I said, I stood here before you the first time as Appropriations Chair, facing a ten billion dollar deficit. And as of today, we'll have a balanced budget through the year 11. We did in a balanced -- using a balanced approach with over three billion dollars in cuts --

REP. CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Mr. Speaker, I would respectfully request you call the Chamber to order, I can't hear a thing.

SPEAKER DONOVAN:

All right. Thank you, Representative.

Thank you, everyone. I know it's the last evening, but we're having debate and it's very important, it's the budget. Members, please take your seats. Representative Geragosian.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker. As I said, we approached this budget crisis using a balanced approach. We cut over three billion dollars of our budget. We got the help of President Obama and the Congress and the economic stimulus package, which has been an invaluable aid to us. We've had some revenue and we've borrowed a bit, but less than any other crisis in times.

We do this this year with no new taxes on middle income families. We've protected vital services in health care, libraries, job training, schools and aid for cities and towns. We protected jobs in the private sector, the folks that depend on the state in the non profit community and others. This particular budget adds and fixed the home care cost sharing changes we made last year, helping some seniors and their families, bringing the cost sharing down from 15 percent to 6 percent. It opens up our domestic violence shelters 24 hours, 24/7. And we did this all with a revenue picture that's looking much brighter. Over the next three years, the deficit is reduced by 1.6 billion dollars.

So I urge the members of the Chamber to support this tonight. And thankfully, this portion will be over for a while.

Now, Mr. Speaker, the Clerk has an amendment, LCO 5717, previously designated Senate A and I ask that he please call and I be given leave to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 5717, previously designated Senate "A."

THE CLERK:

LCO Number 5717, Senate A offered by Senator Williams, et al.

SPEAKER DONOVAN:

Representative seeks leave of the chair to summarize the amendment. Any objection to summarization? Hearing none, Representative Geragosian, you may proceed.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker. This amendment is mostly technical in nature, dealing with issues in the underlying bill and I move adoption.

SPEAKER DONOVAN:

Question is on adoption. Will you remark? Will you remark?

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. If I might question the proponent of the amendment, through you.

SPEAKER DONOVAN:

Please proceed, sir.

REP. MINER (66th):

Thank you, Mr. Speaker. In Section 501 there appears to be some new language with regard to how the Appropriations budget and how the budget in general will be dealt with with regard to the Judicial branch. If the gentleman could help me with this new proposal. Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker. This is part of the language, a change to the underlying bill, but generally, the Judicial branch is a separate branch of government, will be treated as legislative branch is as it relates to presentation in its budget in that the administration cannot alter it upon its presentation. It has to be passed through as the chief court administrator had wished. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And so the current policy is, as I understand it, is that the budget is under the review of the Governor's office and OPM, just like the other budgets of the state of Connecticut. The most significant change in this is that the budget would pass through to the Appropriations Committee with recommendations from the Governor's office and not actual changes? Is that correct? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

That's true. Through you, Mr. Speaker, as I said to Representative Miner, the legislative branch enjoys such a position in budgeting processes as well. Some of our watchdog agencies, the Ethics Commission and others. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

And through you, Mr. Speaker, in terms of changes that might occur to the Judicial Branch's budget, is that going to be solely a Appropriations Committee decision or does the Judiciary Committee make a recommendation as well? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I believe it's the purview of the Appropriations Committee solely, however, I'd say the Executive Branch and the Judiciary Committee has the power to weigh in on their feelings on the budget. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker, and I thank the gentleman for his answers.

Ladies and gentlemen, this is no small step. For those of you that are on the Appropriations Committee, I think you're well aware. In fact, folks that are on the Judiciary Committee are as well. With regard to some of the changes that have occurred over the years in all the budgets, many of them were getting squeezed to a point where it's difficult for them to function. Some of the tough decisions that have to be made are being bumped up against. And in this case, I think the Judicial Branch has certainly worked very hard to let their voice be heard, that they would like to have what I would call a pass through the Appropriations Committee.

So by adopting this amendment, this is a big change in the way we do things right now.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Miner, would you care to remark on the amendment? Would you care to remark on the amendment?

If not, let me try your minds. All those in favor of the amendment, please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

Those opposed, nay. The ayes have it. The amendment is adopted.

Remark further on the bill?

REP. MINER (66th):

Yes, Mr. Speaker. The Clerk has an amendment, LCO 5735, previously designated Senate "B." May he please call the amendment and I be given leave to summarize?

SPEAKER DONOVAN:

Will the Clerk please call LCO 5735, previously designated Senate "B."

THE CLERK:

LCO Number 5735, Senate B offered by Senator Williams, et al.

SPEAKER DONOVAN:

The gentleman seeks leave of the Chamber to summarize. And objection, hearing none, Representative Geragosian, you may proceed.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker. This amendment simply removes sections 143 and 144 in their entirety. And I move adoption.

SPEAKER DONOVAN:

Question is on adoption. Remark further? Remark further?

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. If the gentleman could outline for the Chamber what those sections were with regard to those bond amounts, please, through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

With your permission, Mr. Speaker, I'd like Representative Staples to answer that question, if it's all right with Representative Miner.

SPEAKER DONOVAN:

Representative, would you like your question redirected to Representative Staples?

REP. MINER (66th):

Be glad to, thank you.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Through you, the sections that are being removed relate to a PILOT post employment benefit plan deficit funding bonds proposal that was for a community in this state that was looking to have an opportunity to try out a different mechanism for covering their post employment benefits. At this time, that community has requested that this proposal be withdrawn. And so to that purpose, we're striking the actions of the underlying amendment.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. I support the amendment.

SPEAKER DONOVAN:

Would you care to remark further on the amendment? Would you care to remark further on the amendment?

If not, let me try your minds. All those in favor of the amendment, please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

Those opposed, nay. The ayes have it. The amendment is adopted.

Remark further on the bill as amended? Remark further on the bill as amended?

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Mr. Speaker, the Clerk has an amendment designated Senate Amendment C and I would -- it's LCO 5719. I would ask that it be called and I be permitted to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 5719, which is previously designated Senate "C."

THE CLERK:

LCO Number 5719, Senate C offered by Senator

Daily and Representative Staples.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. IS there objection to summarization? Hearing none, Representative Staples, you may proceed.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Mr. Speaker, Senate Amendment C includes the revenue estimates adopted by the Finance, Revenue and Bonding Committee earlier today, which reflect the current estimates by the Office of Fiscal Analysis of our revenues, including policy changes that are reflected in the document before us, and I move its adoption.

SPEAKER DONOVAN:

Question is on adoption. Will you remark? Will you remark? Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Mr. Speaker, if I may, a question to the proponent of the amendment?

SPEAKER DONOVAN:

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. These revenue estimates -- are these the estimates that we took up in the

Finance Committee not long ago and approved? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker. Yes, these were adopted by the Finance Committee this afternoon.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And there were no subsequent changes? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker, no. These are exactly as adopted by the committee.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker, no further questions.

SPEAKER DONOVAN:

Would you care to remark further, care to remark further?

If not, let me try your minds. All those in favor of the amendment, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

Those opposed, nay. The ayes have it. The amendment is adopted.

Remark further on the bill? Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Mr. Speaker, at this time, after we've adopted these amendments, I'd like to just make a few comments about the finance provisions of the bill before us.

As Representative Geragosian explained, this is obviously the closing chapter of a two year budget, which involved some revenues that we adopted last year. I think it's a great accomplishment that we stand before you today without any significant new tax components of this bill before us.

There is a substantial portion of the bill, however, relating to economic recovery revenue bonds, which is the portion of the bill that last year's budget established at a 1.3 billion dollar amount.

But the bill before us today, because of the improving economy and because of some cuts that have been made, is significantly smaller and comes in at under a billion dollars -- at approximately 955 million dollars that we have now, in economic recovery revenue bonds to cover.

And, Mr. Speaker, I just want to make a couple comments about those bonds. That, obviously, many of us would prefer not to have any borrowing in addressing the state budget. But to put this in perspective, we had a deficit a year ago of 8.7 billion dollars over two years. And every single recession budget that we've adopted in recent memory, they have included budget reductions, tax increases and some borrowing.

Along with the borrowing we did to the close out of the last fiscal year, our borrowing is under 25 percent, coming closer to 20 percent of the resolution of that 8.7 billion dollar budget. And I think that's a very reasonable portion, given the magnitude of the deficit that we're facing.

A couple of elements of the revenue bonds that we're putting forth today. One is they are at an extremely low interest rate because of their triple A rating. By developing a secure funding stream, we have very highly rated set of bonds that will be issues. We have about the most favorable interest rate we could get, which lowers the cost of debt service for the state in a very favorable way.

By creating them as revenue bonds, it won't impact the bond rating of the state, the bonded cap, and they also have a higher rating and will give us a more favorable outlook from the rating agencies.

And finally, I think perhaps the best component of these revenue bonds is that we're not authorizing them for issuance in the next couple of months. In other words, some proposals offered up this year suggested that we close out Fiscal 10 with borrowing. We're not doing that. We're closing out Fiscal 11. And the benefit of that is, with the improving economy, it's very likely that we will see a reduction in the amount of borrowing that will be necessary to close out the Fiscal 11 year. It could be as late as next February or March when the Treasurer's Office feels the necessity to issue the bonds, and by that time, the revenue estimates may permit us to borrow significantly less.

Now, for those who think that's just wishful thinking, that's actually what's occurred with just about every prior recession. As we come out of a recession, our revenues come in very substantially. And this will allow us next year, we hope, to borrow as little as possible to cover the balance of the Fiscal 11 deficit.

So, Mr. Speaker, although borrowing is never our first choice, it's a responsible and reasonable portion of our effort to close the gap from two years ago and I think it makes sense to do it today. And I urge support of the bill before us.

SPEAKER DONOVAN:

Thank you, Representative. Would you care to remark further?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. If I may, a few questions to the chairman of the Finance Committee.

SPEAKER DONOVAN:

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And just to further elaborate on these -- I guess the economic recovery revenue bonds, what is the total amount that we anticipate bonding? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker, we anticipate borrowing 955 million dollars to cover -- that is the amount that we will be covering. That does not include the interest costs. Interest costs would bring it up a little over a billion dollars over the life of the eight year borrowing. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And if I heard correctly then, that 956 million dollars, those proceeds would be used to -- in Fiscal year 2011? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker, the bonds will have to be issued in Fiscal 11 to pay off the Fiscal 11 deficit and then the payments will be stretched out over an eight year period thereafter.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And is there a deadline for which we need to -- or a timetable for which we need to issue these bonds? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker, I believe we have to have them issued by the close of Fiscal 2011.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And I guess my question specifically for this is that I know when we were discussing the options of securitization, we heard discussions that we would need to issue that securitization package by December of this year. Is that the same time table that we're looking under as to when we need to issue bond? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker, no, we don't need to issue them until a time sufficient to have the revenue by the close of Fiscal 11. And the Treasurer's office has indicated that could be after the beginning of 2011.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And if the gentleman could just explain the sources of the revenue that are going to pay these revenue bonds, the different categories? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Yes, there are two sources of revenue. For those people in the Chamber who were here when the deregulation of the energy industry occurred, there is a concept called stranded costs where, essentially, we required on the utility bills the payment of costs over the -- over several years to cover the stranded costs involved in that decon -- rather, that deregulation. What we are doing is we are maintaining about one-third of those stranded costs on the bills for CL&P and UI customers over the next eight years. And we're also establishing a similar charge on the municipal rate payers for the final two years of the eight year period of time. And those form the primary source of funding.

There's also some funding from one of the energy funds that we'd established that also has a revenue stream on the utility bills and that source of funding will go, as well, towards covering the costs of the bonds. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And the municipal charges that were just referred to, are those new charges that the municipal utility companies will need to generate or is that stream that's already being charged to customers? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. The municipal companies also have a stranded cost component to their charges which will lapse in about the sixth year of the eight year period of time that we are financing the bonds. And similar to the charges that we are continuing for the CL&P and UI customers, we will be continuing a portion of those charges of the last two years of the eight years at a time when those stranded costs expire.

SPEAKER DONOVAN:

Representative Staples.

Representative Candelora. Sorry.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And when we're making payments on this debt that we're incurring, are those payments, do they fall under the spending cap? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker, these are not covered under the spending cap. These are revenue bonds that are also not covered under the bonding cap. The payments will come in to pay off our debt, but the charges will be outside our spending since they're not state spending. They are charges on the utility bills.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And, Mr. Speaker, if I may -- I'm not sure -- this might be more appropriate for the chairman of the Appropriations Committee, but I had a question. Through you, does this bill address any of the sales of assets that we contemplated when we passed the original budget in September? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

Representative Geragosian, sorry.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it does not.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And also in our budget in September, the Commission of Agency Outcomes was established. We set forth some goals in addition to the sales of assets. We set some goals for agency consolidations. Does this budget contain any of those types of agency consolidations like consolidating the DECD? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it does not. Although the agency on enhanced -- Commission on Enhancing Agency Outcomes is still working and still in force and we're expecting recommendations from them some time toward the end of the year. So I hope that will be able to reduce the amount of borrowing that has to take place. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I appreciate those answers. I don't have any further questions.

Mr. Speaker, I have grave concerns about this proposal. As we did hear recently, we've struggled throughout this session, I think, to come up with a proposal. We saw the Appropriations Committee come out with a budget that actually proposed increases in spending and we also saw many, many proposals coming through this Chamber seeking to increase taxes.

And suddenly the log jam seemed to break, all because of our revenue consensus estimates. And while I appreciate the fact that certainly we have seen a little bit of better improvement in April, I think we need to be reminded that up until April, we have underperformed in all of our revenue indicators. So even when we adopted that budget in September, which this side of the aisle certainly opposed, we adopted revenue estimates, increased taxes and said we're going to be able to fill the gap for 10 and 11 based on these new taxes that we've proposed.

Well, what happened was we didn't reach any of those goals. Not only did we not achieve those goals, we saw that the market was under performing. And so areas where we increased things like fees and permitting for businesses to operate in Connecticut, we saw all of those revenues go into decline.

And last week when we saw these revenue estimates come out, if you go through the changes, the only column that seemed to change was personal income tax. So the taxes that people earned in 2009 that they paid, we saw a little bump up. But the revenue estimates that we're adopting here today -- all the other categories are in decline. So we're sort of talking about a recovery, but every area that might indicate economic recovery doesn't show that. We're seeing the decline continue in our real estate conveyance taxes, in all of our permitting and all of our fees. We're seeing under performance in our corporate tax, and our sales tax has remained stagnant.

We're also seeing a decline in the Indian Gaming payments. And Mr. Speaker, I'm concerned because I don't need to just read these numbers and understand that we're in tough times and to be skeptical of an actual economic recovery because I still go back home to the district, and I don't hear there's an economic recovery.

And when I signed up for this job as ranking member of the Finance Committee, I had an energy, I had a willingness to roll up our sleeves and try to get things done. And two years ago, when I took on this position, I took it on with some reservation because I knew, and the Republicans knew, that we had a cloudy storm coming. And we wanted to address it two years ago.

Back then, we called for an early retirement program. We called for consolidations. And we were told, "You're crazy, you don't need to worry." And what have we seen over the past two years?

We've tried to come together. This side of the aisle certainly has supported some of these efforts at mitigation packages that we've seen in the past. And we've felt we'll support them and hopefully, we'll continue to work towards these consolidations, towards privatizing, towards getting the appropriate concessions from more employees in order to balance the budget.

And time and again, when we are given a decision, we punt it. We didn't make the tough decisions. And so I thought, as we're getting towards the end, we're going to start making those tough decisions. But what happened?

We saw a bump in our tax returns on April 15 and rather than saying, "We still need to continue on," on that road of consolidating, on that road of trying to reduce government, we grabbed that money. And we threw that money into this plan in order to make it work. And not only did we grab those tax dollars, but we also decided to borrow almost an additional billion dollars on top of the billion dollars that we borrowed a year ago in order to cover our deficit in 2009 because we failed to make the tough decisions back then.

And so ladies and gentlemen, I'm very concerned about the pattern of behavior that we're seeing here today. Because the problem is that while this may balance 2011 by borrowing a billion dollars, I need to remind everybody that we're facing still a seven billion dollar deficit in the next biennium, even if we take these new revenue numbers into consideration. Even if we say "There is going to be a turnaround."

And Mr. Speaker, I'm concerned about this turnaround, because it very well could have been a few people in the stock market had a real good year in 09 and so they were able to pay those extra taxes out of Fairfield County. But we didn't see that broad based recovery in these numbers to justify what we're doing here today. I'm concerned that we don't see any movement towards sales of assets or towards consolidations. I'm concerned that the Commission on Agency Outcomes continues to under perform and not produce the results that we need.

I think what we need here today is better solutions. And I think that the public understands that and the public wants it. And so while we may have moved numbers around, shifted things around, shafted some people, and even imposed some additional taxes that people are going to have to pay to recur our debts, I don't think the public is going to get it. So again, I think what we've done again here today is we've punted. We've delayed it again.

Maybe if we continue to see these estimates perform at this level we won't have to be back here in August when we review them again. If we do see a decline, we may be here. But we might make it into the fall and push it off to another Legislature and another Governor. And I find this disappointing. So unfortunately, I cannot today support this plan. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker. A couple of questions to the proponent of the bill?

SPEAKER DONOVAN:

Please proceed, sir.

REP. TERCYAK (26th):

Thank you very much. Congratulations on this bill, Representative Geragosian. I think it's great in these tough times.

First --

REP. GERAGOSIAN (25th):

Could you speak up? Mr. Speaker, I can't hear the gentleman.

REP. TERCYAK (26th):

Thank you very much.

I often hear that. It's hard to hear me and I don't talk enough.

On page 75, Section 20, starting on line 267, there's talk of changing from managed care organization health plans to an administrative services organization.

The last time the state moved from MCO health plans to an ASO there was a considerable disruption in services provided to the clients. Is it the intent of this change to limit this disruption by maintaining -- concurrent -- excuse me -- by maintaining current providers contracts within an established networks so that the disruption will be minimized?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that was our intention. And as we put together this legislation to maintain the managed care networks, to achieve savings by lowering the rate per member per month. And there's a one time savings also associated with affiliate payment.

SPEAKER DONOVAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you. Thank you for my two month savings delaying in paying claims.

Therefore, any new contract should maintain the current level of reimbursement rates as the current negotiated reimbursement rates?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, the managed care organization negotiate rates with the providers and those rates -- it's our intention that those rates stay in place. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much. And in addition the ASOs will maintain the rates that they have already negotiated, like our own New Britain General Hospital?

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, yes.

REP. TERCYAK (26th):

Thank you very much.

SPEAKER DONOVAN:

Representative Tercyak.

REP. TERCYAK (26th):

I'm sorry, Mr. Speaker, thank you.

Turning to the certificate of need changes in Sections 82 through 96, page 147, line 2454, it starts there are changes to the certificate of need requirement, just for legislative intent "to close modify or change the Connecticut state facility in institutions a certificate of need." As I read it here, it seems clear it's still needed, correct?

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, yes.

REP. TERCYAK (26th):

Great --

SPEAKER DONOVAN:

Representative Tercyak.

REP. TERCYAK (26th):

Geez, I'll get it, sir.

Thank you. And this will include state run mental health agencies, for example, River Valley Services in Middletown, where I still have friends. Capital Region Mental Health Center here in Hartford where I used to be a nurse supervisor, Connecticut Mental Health Center in New Haven, Western Connecticut Mental Health Authority, Southwest Mental Health Authority, Southeast Mental Health Authority. And also places like Connecticut Children's Place in Riverview Hospital and all state facilities and institutions, please?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that's my understanding.

SPEAKER DONOVAN:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you, Mr. Speaker, through you, I couldn't be more grateful.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further?

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker and good evening, I, too, have a few questions, if I could --

SPEAKER DONOVAN:

Please proceed, sir.

REP. MINER (66th):

-- for the chairman of the Appropriations Committee, if I might, through you.

SPEAKER DONOVAN:

Please proceed.

REP. MINER (66th):

Thank you.

I think it was a couple of weeks ago when we got together and started talking about what process would be used in developing this 2011 -- I'll call it a deficit mitigation package -- where we were going to attempt to achieve some sense of balancing that gap that you've talked about and others have talked about.

And my question to you is that embedded with in the current budget that we're operating under and the current services budget, there are a series of lapses that have been budgeted. And I know one of the questions that I think the chairman and I actually share the same opinion on was whether or not this budget would reflect some resolution to all of those lapses that I'll say heretofore have been in question. So, through you, is the good gentleman satisfied that there will be no more question about the back of the budget assignments of the lapse numbers that were predicted as part of the 2010-2011 budget? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker. It's my understanding that the Administration has achieved all the lapses, the 473 million dollar target for the 10 fiscal year, and obviously, we'll wait to see in 11. But I would note that within this budget -- I don't know exactly where at this point -- but the lapses are actually highlighted in the budget for the first time ever. And I think that's a productive thing. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. I would agree with the gentleman that having them highlighted would go a long way, I think, to try to clarify everyone's position in this budget process.

And if I could, through you, it was my understanding that there was still an opportunity or at least a discussion about underfunding the state's pension by a hundred million dollars. And I know the CBAC agreement had provided an opportunity for the legislature to do that. The Governor had a place in that process, so through you, does this resolution include that underfunding for both 10 and 11 as the gentleman knows it?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it is accounted in this budget for 11. The Governor's already done it in 10 as far as I know. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker, and I thank the gentleman for that answer.

And also, I remember when the Appropriations Committee talked about the budget increase from 10 to 11 and I think the Governor had a proposal sometime ago. I think the estimate -- and I may not be exactly right here -- but it's about 183 million dollars in wage increases from the current services budget of 2010 and the current services budget of 2011. If the gentleman could tell me whether or not the budget proposed tonight includes that increase in wages? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker. I'm not sure about the exact amount, Representative Miner. I believe it was -- I'm going to guess -- it was more like 150- or 160 million, but I'll take your word on the number. And I would just say that whatever that number is, is the number that was in our original budget as it passed back in September/October. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And Mr. Speaker, I think I've got the right section here. Section 17 of the budget proposal, I think, deals with an issue that was part of the conversation we had with regard to the 2010 budget deficit mitigation having to do with -- I'll use the term, "most favored nation." And if the gentleman could tell me whether the language as he understands it in the current budget being discussed this evening -- that's the 2011 language, that the language that is in the budget would not allow DSS or the state of Connecticut to retroactively -- retroactively reestablish values of medications? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that is my understanding, Representative Miner. You and I were involved in a meeting with many providers on this issue. I'll just say this is the most favored nation -- so called most favored nation section and -- if you -- the limit -- the language is similar to the language passed in the deficit mitigation plan.

REP. MINER (66th):

Thank you, Mr. Speaker. And Mr. Speaker, I think I've got the right section here. Section 17 of the budget proposal, I think, deals with an issue that was part of the conversation we had with regard to the 2010 budget deficit mitigation having to do with -- I'll use the term, "most favored nation." And if the gentleman could tell me whether the language as he understands it in the current budget being discussed this evening -- that's the 2011 language, that the language that is in the budget would not allow DSS or the state of Connecticut to retroactively -- retroactively reestablish values of medications? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that is my understanding, Representative Miner. You and I were involved in a meeting with many providers on this issue. I'll just say this is the most favored nation -- so called most favored nation section and -- if you -- the limit -- the language is similar to the language passed in the deficit mitigation plan.

However, it limits it to just the pharmacy and just the certain discount plans that they offer. So it's not -- the language that was passed in the deficit mitigation plan was potentially retroactive, but also applied to every single provider. And was much broader than we ever intended and we ever agreed to. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

Ladies and gentlemen of the Chamber, I'm happy to hear that. Because like most of you, when I voted in favor of the deficit mitigation package for 2010, I did so with certain understandings and assumptions. And the meeting that Representative Geragosian speaks of, I think it became very clear to he and I that the intent of that language was far broader and the implications of that language were far more troubling and should have been troubling for everybody in this Chamber.

I was led to believe it was a very simple clarification of language. And the net effect, as I understand it, would have been that some of the pharmacies, the larger chain pharmacies that provide cards, small cards that you join as a member and get a discount, would have forced them to pull those cards off the market because they could not afford to supply the drugs to the state of Connecticut at the same level in the small quantities they do to people who don't have another insurance opportunity.

Now, those are my constituents and your constituents. And I found it very troubling after that meeting to learn that the intent of that very simple section was far broader than we as a Chamber ever intended it to be. So I'm happy that that's taken care of here.

Mr. Speaker, if I could, through you, if the gentleman could tell me where in this document I might find an early retirement incentive plan? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker. There is not one in this plan. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. It's my understanding that that was an initiative of the Governor's as part of her proposal. So that's not in this document? Through you.

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, no, it's not.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker, and if I might, consolidations of agencies. If he could point me to where in the document I might find consolidations of agencies in this document.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, there is some language dealing with the consolidation we achieved part of our budget dealing with the significant need process. That was a consolidation of the Office of Health Care's access into the Department of Public Health and there's significant sections -- amount of sections that deal with that transfer and what the policy changes are moving forward to achieve the savings that were in our budget. And that savings was approximately a million dollars or so. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And so out of a 735 million dollar deficit, we've achieved a million dollars in savings through this effort.

If the gentleman would tell me -- thank you, Mr. Speaker. If the gentleman could tell me -- my recollection is that when the Appropriations Committee voted its budget out, there were a number of movements within the budget where we took certain areas of the budget and moved them off line into things like the Insurance Fund. Through you, could the gentleman tell me if any of the previously paid for through the General Fund line items have been moved into the Insurance Fund? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I believe there's a small item that was proposed by the Administration that went into the Insurance Fund. It would be approximately a million dollars that was moved into the Insurance Fund, and I'm going to try to find it for you.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

So the gentleman is -- if I'm understanding him correctly, the total amount of movement of other line times into the Insurance Fund would be no more than a million dollars? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

That was my recollection. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, I thank the gentleman for his answers.

Mr. Speaker, the Clerk has an amendment, LCO

5742. I ask that he call it and I be allowed to summarize.

SPEAKER DONOVAN:

Chamber will stand at ease.

(Chamber at ease.)

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 5742, which is designated House Amendment Schedule "A."

THE CLERK:

LCO Number 5742, House "A," offered by Representative Cafero, Hamzy and Klarides.

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize. Is there objection to summarization? Hearing none, Representative Miner, you may proceed.

REP. MINER (66th):

Thank you, Mr. Speaker. I think we went through that last night, so I will make it very brief.

Ladies and gentlemen of the Chamber, this is about 162 pages that includes our ideas on how to balance the deficit for 2011 and I move adoption.

SPEAKER DONOVAN:

The question is on adoption, will you remark further?

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, ladies and gentlemen of the Chamber, there's no doubt in my mind, and I think probably in the minds of many in the state of Connecticut that our view on how to balance the deficits of the past and our view on how to balance the deficits of the future are very different. I understand the implications of making very difficult decisions. There's no doubt in my mind that looking out into the future cuts that we have both proposed have been difficult for people.

The bottom line, Mr. Speaker, is we are facing unprecedented deficits. If you look beyond 2011 into 2012, 2013 and 2014, it won't matter how much people make. That 127 million dollar blip in our income tax will not cover those deficits.

So what does our budget do? Our budget reduces appropriations by approximately 340 million dollars throughout that budget, generally from rolling back expenditures from what is projected to be 2011 expenditures to expenditures in some cases at the 09 level, some at 10 and some at 08.

Unlike the budget before you, our amendment calls for an early retirement incentive plan. Why do we do that, ladies and gentlemen? Why would we want to offer an early retirement incentive plan? We want to offer it because we believe there are employees of the state of Connecticut that would retire if they could take advantage of some opportunity. It's a very modest proposal. It allows people that would have been to retire at 55 to do so at 52. What does that do? It creates gaps within our agencies. 55,000 state employees, give or take a thousand or two. We think we need to reduce the size of government in the state of Connecticut. Provide good service to the state of Connecticut, but reduce spending and do so by consolidations.

There are a number of ideas in our budget with regard to consolidations. On various pages throughout the document -- and I can list them for you -- in Sections 33 through 43, you will find numerous consolidations. Some of them are new, some of them are not. Some of them you may not like, but some of them you may find have merit.

We believe that instead of passing a budget that deals strictly with the numbers, we should be adopting a budget that sets us off in a course to the future. We think we should be having conversations about whether we need two agencies like Motor Vehicles and DOT, or the Department of Agriculture and DEP.

I don't know what all the right answers are. I don't think anyone here does. But I can assure you of one thing, ladies and gentlemen, if we continue to do this process the way the budget before us does, not the amendment, we will have this conversation about consolidation in January. And there'll be no savings in 2011, there'll be no savings in 2012.

We also call for reductions in spending -- like simple things, reducing drivers, reducing the number of Deputy Commissioners, reducing the reimbursement for mileage, eliminating some of the ranking privileges. I can go on and on, ladies and gentlemen, I think there are probably 107 -- 124 sections of this bill.

We don't stand here tonight saying they're all the right ideas, but we stand here this evening saying that they're heading us in the right direction. And if we go home tonight and don't come back until January, this situation is only going to get worse.

Mr. Speaker, I would like to yield at this point.

Who's next?

SPEAKER DONOVAN:

Representative Candelora.

Representative, you don't have to leave, I'll just call on Representative Candelora.

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I rise in support of this amendment.

Mr. Speaker, what this amendment does is it attempts to make the structural changes that we need to have in government in order to right the direction.

Because I think that without this amendment, the light that we're seeing when we leave here is a 7 billion dollar deficit that is going to be felt in every household in Connecticut. And so what this amendment seeks to do is to reduce spending now, today, so that in the out years that deficit will be reduced.

This amendment does incorporate the very same revenue consensus estimates that were adopted today in the Finance Committee. Additionally, we do include the federal -- additional federal dollars, but I do have to note that it's not certain whether or not we will be receiving those funds -- to the tune of about 350 million dollars. And so these are the uncertainties that I think we all need to be taking into consideration.

In addition, we have made several funds transfers. We continue to seek to transfer the 44 million dollars from the citizen election fund, because we believe, in these economic times, we should not be using state dollars to pay for elections. Rather we should try to help close the gap in our operational budgets.

And also, Mr. Speaker, it seeks to implement the reforms that Connecticut needs in the way it bonds and spends money. What it does is it sets up new criteria for future bond projects where projects are prioritized based on job growth and economic development, based on the impact on critical state services and areas of public safety, based on transportation and technology. We also looked at the impact that our bonding would have on alternative energy, including fuel cell technology and how it contributes to the efficiencies of government and how it also relates to other bond projects.

It also has a provision that would create a process by which the Finance Committees, with the consultation of both OPM and the Treasurer could cancel bond projects if they haven't been acted on in five years.

We've gone through great strides and tribulations trying to reduce our bond indebtedness this year and it makes sense to have automatic triggers where certain projects would be reviewed for retirement if they haven't been acted on.

And then finally, it eliminates the automatic bonding that occurs with some of our higher education institutions. We get ourselves into trouble when we keep putting in these automatic triggers into our laws that allow for bonding with our higher education. It's not saying we should eliminate funding, it's just saying they shouldn't be automatically approved, they should have to go through the same scrutiny with our state bond commission that every project has.

So with that, Mr. Speaker, I strongly support this amendment. I think it goes a long way in trying to fix our structural troubles and, Mr. Speaker, I ask that when the vote is taken, it be taken by roll.

SPEAKER DONOVAN:

The question is on a roll call vote. All those in favor of a roll call vote, please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

In the chair's opinion, 20 percent has been met, a roll will be taken. The vote will be taken by roll.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. At this time I'd like to yield to Representative Klarides.

SPEAKER DONOVAN:

Representative, you don't have to yield, I will call on Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. You'd think that my own people could get it right, you know?

Thank you, Mr. Speaker. Mr. Speaker, I rise to talk about something that each and every one of us has in common. It doesn't matter if we're from the suburbs, from the inner city or from rural parts of the state of Connecticut. We all have one thing in common. We have mayors, first selectmen, town managers, whoever is leading our municipality and all those people come up to us and say the same thing, "Help us. Give us relief, don't cut our funds, don't cut our ability to run our towns." We've had forums. We have them up in our offices all of the time and each and every one of them says the same thing.

That's why, Mr. Speaker, in this amendment, our passage of municipal mandate relief includes a couple things. And each and every one of those things has the same common denominator. Helping our towns run your town in the best possible way.

We have two programs we are recommending delaying implementation, that's Raise The Age and in school suspension. Programs we've talked about before and programs that are valid and legitimate programs, but programs that cost money, money that they may not have at this point in time. The municipal purchasing agreements and reverse auctions, two things that we are expanding to allow towns more ability to save money and purchase items in a more efficient way.

We're also recommended municipal website hostings to eliminate the requirement to give the towns more flexibility and finally, a super majority from this Chamber instead of a simple majority to pass municipal mandates.

Mr. Speaker, all these things as I mentioned before have one thing in common. Giving relief to each and every one of our towns to allow them to make decisions in the best way and in a way that is best for their individual needs. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker, I, too, rise in strong support of the amendment and I do urge my colleagues to support this amendment.

There is a major difference in this amendment and the underlying bill. Essentially the underlying bill relies on borrowing. Call it what you will, it's a matter of borrowing. What we're proposing here to go forward is the sale of Bradley International Airport. One of the things that we have listened to and talked about and voted upon earlier in this session is to figure out ways to make Bradley more competitive. We all recognize, we all desire to have Bradley International Airport be a more vibrant, driving facility with which to serve as an engine for growth in the state.

One of the critical elements in terms of our analysis was looking at a sister airport, Midway Airport in Chicago and we looked at a number of different characteristics in terms of traffic. We looked in terms of previous dollars amount of what a previous offer for Midway Airport had been and we concluded that a fair value for Bradley Airport and Brainard Airport was one billion dollars. After 200 million dollars of notes that retired, that nets 800 million dollars.

Mr. Speaker, the time for us to act is now and we have a very viable assets here that basically provides an alternative solution to the challenge that our state faces. Rather than borrow money, let us take advantage of an opportunity to create a quasi public Airport Authority which will have independent bonding authority and management and ownership control of all the assets it purchases.

Once that's established, the state of Connecticut would sell both Bradley International Airport and Brainard Field to the Airport Authority for the fair market value.

In lieu of borrowing, use the asset that we have that's under utilized. We as a state are woefully unprepared to fully take advantage of Bradley

International Airport. Historically, only a very small percentage of states even have control of airports, it's approximately seven percent. This is a vital asset, let's make the most of it, let's do things in a more constructive manner. Mr. Speaker, at this time, I would like to yield to Representative Miner of the 66th district.

SPEAKER DONOVAN:

Thank you, Representative, and again, you don't have to yield, I will call on Representative Miner. Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. Mr. Speaker, I just -- I did neglect to mention two things. Many months ago, in an effort to try and deal with asset sales, the Office of Policy and Management came out with a report. And there was a series of legislative fixes that needed to be accomplished if we were going to meet our goal of selling assets as the budget that we currently exist under presupposed.

Our budget proposal takes care of those legislative fixes. In addition it also includes and amount of about 150 million dollars as what we view as concessions, employee concessions. You can pick from a whole list of things; salary freezes, furlough days, defined contribution plans, longevity payments. Mr. Speaker, we have many options in here that we believe that we could choose from. We believe that we should share in that effort and so we have not left the Legislature out of this proposal.

Mr. Speaker, this is about vision. It's not about playing funeral music at a wedding as was quoted recently, this is about vision. And without vision, Mr. Speaker, I suggest to the members of this Chamber, a three and half billion dollar deficit, which is what we're facing right after this year, it will be like a funeral around here. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative Miner. Remark further on the amendment? Remark further on the amendment?

If not, staff and guests please 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 a roll call. Members to the Chamber. The House is voting by a roll call. Members to the Chamber, please.

The House is voting House Amendment Schedule "A" by roll call.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board and make sure your vote has been properly cast.

If all the members have voted, the machine will be locked and the Clerk will please take a tally.

Will the Clerk please announce the tally?

THE CLERK:

On House Amendment Schedule "A" for Senate Bill 494.

Total Number Voting	150
Necessary for Adoption	76
Those voting Yea	37
Those voting Nay	113
Those absent and not voting	1

SPEAKER DONOVAN:

The amendment fails.

Remark further? Remark further?

Representative Shawn Johnston.

REP. JOHNSTON (51st):

Thank you, Mr. Speaker. `Mr. Speaker, quick question, through you, to the proponent of the bill.

SPEAKER DONOVAN:

Please proceed, sir.

REP. JOHNSTON (51st):

As we look at the adjustments we've made in fiscal year 11, Mr. Speaker, is this a balanced budget that's before us and did the revenues meet the appropriations contained therein?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, through all the adjustments this budget is balanced. Actually, there is a surplus in 2010 that's rolled over into 2011 and has a surplus of approximately $200,000.

SPEAKER DONOVAN:

Representative Johnston.

REP. JOHNSTON (51st):

I thank the gentleman for his answer. And the reason I ask is that it appears that we've already made a decision in fiscal year 11 that we're going to reduce out pension payment to the state employee's retirement pension fund by a hundred million dollars. Do we have written permission or do we have correspondence from CBAC with their approval to do this? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, the Governor, through her negotiations with the state employee bargaining association -- coalition -- had the power to do that -- within her powers. I would add it doesn't have to be done until quite a ways into fiscal year 11, just like the borrowing. So if the revenue potentials turn around, the underfunding of the pension may be unnecessary. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Johnston.

REP. JOHNSTON (51st):

Thank you. And through you, Mr. Speaker, as I read the CBA language, Mr. Speaker, it specifically says and I'll read it directly, "If the projected revenue from all sources to the General Fund and Special Transportation fund is 300 million or more below that in the final adopted budget, and the Governor exercises rescission authority," then three things can happen. She can meet with CBAC, try to come up with some further agreements and at that point she can reduce funding by a hundred million dollars.

So if in the final budget for fiscal 11, Mr. Speaker, through you to the proponent of the amendment, if it's balanced then we never end up 300 million below projected revenue estimates then I'm not sure that the CBAC agreement would allow us to underfund it by a hundred million dollars. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, well -- through you, Mr. Speaker, the issue whether it's technically a surplus or a deficit is not declared until -- in fiscal year 11, it's not declared until the end of 11. But as I said, this is a great potential this won't be done with the acceleration in revenues. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Johnston.

REP. JOHNSTON (51st):

I thank the gentleman for his answer. I'm not sure we've got legal authority to do it, Mr. Speaker, and I make the case that if we don't end up 300 million short, then we're knowingly adopting a budget that's not balanced.

In review of the budget as it is, Mr. Speaker, we heard talk about all the cutting, but in essence, the bill before us is an increase in spending, it's not a reduction in spending. The bill before us increases spending from fiscal year 10 to 11 by just under one percent, about 177 million dollars. And the reason that there's an awful lot of cutting in there at the same time we're increasing spending is because we're paying so darn much money in debt services, Mr. Speaker. Technically, we may have a balanced budget. Technically we may not be borrowing money to run our operating fund. But call it securitization, call it revenue bonds, call it economic recovery notes, whichever scheme we're doing here, Mr. Speaker -- we don't know what we're doing -- we're borrowing money to operate our government.

If you think about your own town, if you looked at the wealthiest person in that town, the richest person in your home town and you discovered that this person only had a checking account with enough money in that checking account for monthly expenses and did not even have a penny in the bank, Mr. Speaker, that's not -- the State of Connecticut today.

We're moving forward with a budget that basically has money in our checking account. Our rainy day account, which is our bank account, by most standards, the wealthiest state in the country does not have a penny in the bank by the time we're into this budget, Mr. Speaker.

We know the fiscal crisis that's coming down the road. We know that when the economic recovery comes, it does not come to our state like other states. We know when we've wiped out every specific fund that we have and a one time use of revenue to fund this budget that we're in big trouble.

We had an opportunity to start to make some structural changes, Mr. Speaker. This is the deal, apparently. And it's been accepted and it looks like it's going to move forward, but in all honesty to the people of Connecticut, this budget doesn't help us in the next two years. This budget allows us to pause for a brief moment and say we have a balanced budget.

I'm disappointed that this is our final product, Mr. Speaker. I think we could have done better. I think we could have been more honest with the people of our state. And I think we could have put ourselves on a path to better recovery and to better able to handle the battering that we're going to receive as our revenue falls off precipitously over the next two years. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Tallarita.

REP. TALLARITA (58th):

Thank you, Mr. Speaker. I just want to briefly comment on the budget that's before us. I have an amendment filed, but I'm not going to call it in essence of time tonight. But I do need to say something about it.

It's a revenue generator for the state of Connecticut and I've been fighting the fight all year. It would raise at least eight million dollars in revenues by being permissive and allowing package stores in the state of Connecticut to open on Sundays. Program Review and Investigations did a report. These numbers are real numbers. They're not fake numbers. We are one of the last of three states that do not allow package stores and grocery stores to sell liquor on Sundays. This is unconstitutional, we need to take a serious look at this. I hope that the next Legislature, because we are now going to be finished, will take a serious look at this. Again, it's a ' revenue generator by being permissive, allowing people to do business on Sunday. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker. Ladies and gentlemen of the Chamber, what you have seen here tonight, what the people at home have seen tonight, is a tale of two missions. Two plans, two directions. A few moments ago this Chamber voted on an amendment put forth by my side of the aisle. An alternative budget, another way. No, I think we're realistic enough to know that it did not have a chance to pass, but it was important for us to put it forth because the people who we represent deserve to know they have a choice, we had a choice.

In the several budget debates that I have participated in over the last year, in those debates where we have all heard the sobering news of our economy and our fiscal state and our deficit, of our unemployment rate that has climbed to 9.2 percent and the business closures. I've often heard it's not our fault. It is not our fault that this is a worldwide economic crisis.

Well, ladies and gentlemen, I'm not so sure about that. Because there's certain decisions that we can make in this room that can produce a different result. You see, the people that we represent, they're counting on us, they're counting on us and they expect us to do our job. And they listen to what we say. After all, by God, they voted for us. They heard us recognize the economic crisis. They heard us recognize that we needed to do business differently. We could not do business as usual. We had to change. We had to reform. We had to tighten our belts. We had to sacrifice. We said that we would do what they did at their homes, around the kitchen table and the conference table. We said that we would exercise common sense.

And they didn't expect too much of us. When they thought of common sense, they thought of what we all think when we hear that phrase. The kind of stuff that we heard around the kitchen table. Don't spend more than you make. Don't borrow more than you can afford to pay back. That the more government tries to do, the less it does well. That we should have all the government we need, but only the government that we need. And that's what we said, but what did we do?

Well, remember, we're here tonight voting on this document before us -- it is not a budget. It is a budget adjustment. We needed to adjust our budget because when it was passed in August it didn't work out so well.

You see, in August we raised taxes by 1.2 billion dollars. We borrowed money, almost a billion dollars, based on this budget. We took all the money we could from the federal government, every nickel of it, in fact we changed our policies to get even more. And we completely emptied out our rainy day fund. But did we change the way we do business? I don't think so.

Did we do what people did at home and consolidate, try to make efficiencies? Oh, we talked a good game, but we didn't do a one. Did we say to ourselves there's certain things that government shouldn't be doing because we don't do it so well and maybe we should privatize those services? We didn't do a one. In fact, we weren't even able to pay our bills unless we borrow. And once we borrowed it, we said we're going to pay it back by extending a little fee on your electric bill for the next several years, a fee that you could have expected to drop. And then we wonder why people are a little disappointed in those who they send up here.

No, there is a better way. It might not be the way that we put forth, but it's a change. It's a recognition that we cannot afford the government we have. We're a little bit too big. We've done things in a little bit too big of a way. Yes, we're very generous with the people who work for us and they are hard working people, but we've got to rethink that a little bit because it's getting to the point where we can't afford it.

We had an opportunity to make those changes, to reform, to do results based accounting, to make efficiencies, to reinvent government. And yet, in 15 minutes, we're going to hit that gavel, we're going to go "sine die." We're all going to applaud and we're going to home and have to tell our people, "We let you down." It didn't have to be this way, folks. It didn't have to be this way.

Ladies and gentlemen, I appreciate all the hard work that was done and I don't for a moment suggest that the people on the other side of the aisle or who put together this budget did not do so with the best interests of the state they live in and love in mind. But if we are going to return to greatness, if we are going to as I said on my opening day remember these days as the recession that made us great and not the Great Recession, we have to change. The people we represent expect nothing less.

Mr. Speaker, I thank all those involved in this very long session, all the hard work we did. In a few moments we're going to take this vote, I wish it was a different vote. I remain ever hopeful and optimistic for this beautiful state I have lived in all my life and the people I represent. We will see brighter days. But in order to realize that dream, we're going to have to change the way we do business. And unfortunately folks, this is no change. It is business as usual. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Denise Merrill.

REP. MERRILL (54th):

Thank you, Mr. Speaker. And this is a bit of a bittersweet moment for me, because this probably will be the last speech I ever make about a budget, having been chair of Appropriations and now Majority Leader for over five years. And sometimes I think that the speech I just heard and some of the others, it sounds like last year's speech and probably the year before speech.

Things were very different, though, a year ago. One year ago, we had a ten billion dollar deficit. Today, we stand before you with an agreement that eliminates the 2011 deficit and one week ago we eliminated the 2010 deficit.

That's a long way from where we were a year ago. This agreement balances the budget. And I think every year that I've made this speech -- and that's about five or six years as well -- I've said, it's not perfect. It's never perfect. There are always different things you could have done, would have done if you had your way. But none of us gets our way in this Chamber, not individually, and sometimes not collectively.

But this does the job. We have made painful cuts. We have made many changes because we had to, not just because we wanted to. This has been a period -- we talked about bad times are going to be here, no, bad times have been here. It's been a very terrible period of time for the state of Connecticut and for the nation. But we're starting to come through it. We're starting to see the revenues come back.

But during this period of time I am most proud of the fact that we didn't let people down during this time. Because there are times like this when if government doesn't step in to help people with mortgage insurance, unemployment, the kinds of things they needed when they were losing their jobs and losing their health care -- and it's still happening to some people, but we didn't abandon them.

And we kept up what I believe is the proper role of government, to make sure that we maintain services, particularly when people need them. And now here we are today, still struggling to make the ends meet, but we've done it in this budget. And we've done it with the Governor. And we've done it collaboratively, listening to everyone's ideas and trying somehow to make our way through this maze of decisions that we are forced to make.

This agreement includes 170 million dollars in spending cuts across a host of agencies. Don't believe that we haven't made those cuts, we have. And that's not necessarily a good thing, by the way. Some of the agencies are having a lot of trouble buying supplies. That's what we've had to do during this time. We've reduced. Because we've had more revenue coming in, starting to come in, we've been able to reduce the amount we thought we would have to borrow in order to make this budget work.

So in the end, this budget does three things. It balances the budget with no tax increases, no cuts in municipal aid, which we all agreed was a huge issue for every one of us because we know that when we cut municipal aid it puts more pressure on the property tax. We've done that in this budget.

And the worst thing that happened is that we have a decrease in resident's electric bills by an average of $60 a year. So after a ten billion dollar budget and a 700 million dollar deficit, that's about the worst thing you can say that happened in this budget.

So I would submit, once again, with this last of my budget speeches, I will say, no, it's not perfect. But we've done a darn good job with the residents of this state. And I think we can hold our heads up and say we have saved people, we have stepped in when they needed us. And here's hoping that happy days will be here again. And while they're not here yet, I think we're on the road. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Remark further?

If not, staff and guests, please 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 a roll call. Members to the Chamber. The House is voting by a roll call. Members to the Chamber, please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board to make sure your vote has been properly cast. If all the members have voted, the machine will be locked. The Clerk will please take a tally.

Will the Clerk please announce the tally?

THE CLERK:

Senate Bill 494 as amended by Senate Amendment Schedules "A," "B" and "C" in concurrence with the Senate.

Total Number Voting	150
Necessary for Adoption	76
Those voting Yea	93

Those voting Nay 57

Those absent and not voting 1

DEPUTY SPEAKER GODFREY:

The bill as amended passes.

Will the Clerk please call Emergency Certified Senate Joint Resolution Number 48?

THE CLERK:

Senate Joint Resolution Number 48, Resolution convening the General Assembly in special session, LCO Number 5752, introduced by Senators Williams and Looney, Representatives Donovan and Merrill.

SPEAKER DONOVAN:

Representative Merrill.

REP. MERRILL (54th):

Yes, Mr. Speaker. Thank you, Mr. Speaker, I move adoption of the Senate Joint Resolution Number 48.

SPEAKER DONOVAN:

The question is on adoption, will you remark?

REP. MERRILL (54th):

Yes, Mr. Speaker. This resolution will convene the General Assembly in special session not earlier than 12:01 a.m. on May 6th, 2010 and adjourn, sine die, not later than 12:00 a.m. on November 3rd, 2010. And the call of the session will be solely for the

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Number 494. Would move for suspension to take up that item at this time.

THE CHAIR:

There's a motion on the floor to suspend rules to take up Emergency Certified Bill 434.

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Mr. President.

If the Clerk might call that item.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calling from Senate Agenda Number 2, Emergency Certified Bill 494, AN ACT MAKING ADJUSTMENTS TO THE STATE EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 2011. The bill is accompanied by Emergency Certification signed Donald E. Williams, Jr., President Pro Tempore of the Senate; Christopher G. Donovan, Speaker of the House of Representatives.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Mr. President.

I move the Emergency Certified Bill.

THE CHAIR:

Acting on acceptance and adoption, ma'am. Would you like to remark further?

SENATOR HARP:

Yes, I would. Thank --

THE CHAIR:

Please proceed.

SENATOR HARP:

-- you so much, sir.

First of all, I want to thank my co-chair, Representative Geragosian and the 12 subcommittees that work on substantive parts of the budget. I'd also like to thank the staff of the Appropriations Committee, which is lead by Susan Keane, our administrator. And I want to thank the Office of Fiscal Analysis, which is lead by Alan Calandro; and our very special and hard working lead LCO, Joelle Roberts. And I want to thank her, one, because she has worked through the night and through the day to complete this bill.

As you know, we are faced with a severe deficit in both of the years, Fiscal Year '10 and '11. And yet, we've all worked together to provide for a balanced budget on behalf of our state. This session started with the Office of Policy and Management projecting a $503.9

million deficit in Fiscal Year '10, the current budget year, and a deficit of more than $700 million for Fiscal Year '11. The deficit mitigation package that passed on April 13th, in combination with an unexpected increase in state revenues, has turned the projected deficit of more than 500 million in Fiscal Year '10 into a projected surplus of $140 million. Despite increased revenue projections of $499.1 million, a deficit of $371.7 million remains in Fiscal Year '11.

The proposed biennial budget before you today eliminates the projected Fiscal Year '11 budget deficits through a mix of spending cuts, fund transfers, new federal revenue sources and a carry forward surplus from Fiscal Year '10.

The proposed budget adjustments include reduced appropriations by $171.6 million, reduced amount of the re -- originally proposed securitization by over $301 million, a carry forward of $140 million in Fiscal Year '10 surplus, and a sweep of various funds that we'll hear from the Finance chair about and it will result, oddly enough, in a projected small surplus in Fiscal Year '11.

The bill's revised appropriation level is under the spending cap by $336.4 million on an all-fund basis. And the bill's growth rate for all appropriated funds is less than 1 percent at .9 percent in Fiscal Year '11. But for the General Fund, it is a growth rate of .6 percent, so that it's almost a half of a percent growth, just a little more.

Basically, what the bill does, even though there were many cuts, the bill protects state aid to cities and towns. It rejects cuts to health care for children and families, and it increases funding to the home care program for elders and reduces the burdensome 15 percent co-pays to 6 percent.

I want to thank Senator Prague for her advocacy on this issue.

We've also had an agreement from the Governor, and she's done it already, thankfully, to reopen the Alzheimer's Respite Program. And they're funds in the budget to keep it open in the next fiscal year.

This budget, as well, has a criminal justice initiative that was worked on with the Judicial Committee on a bipartisan basis.

With that, I will, with your permission, sir, yield for the finance portion of this budget to the Finance chair, Senator Daily.

THE CHAIR:

Senator Daily, do you accept the yield, ma'am.

SENATOR DAILY:

Thank you, Mr. President.

THE CHAIR:

Please proceed.

SENATOR DAILY:

Yes, I will accept the yield.

In this, we will -- it will allows for the inappropriate surplus in FY 10 to be credited to the resources of '11. So, we'll move that over into the next year. We will issue, then, revenue bonds to cover the deficit. This is the amount that was previously securitized in the budget that we adopted. That was securitized at 1.3 billion, and we've been able to reduce that to under a billion.

With this new plan of borrowing, we'll be able to achieve, we estimate, a rate of 3 percent on the bonds. And we issue a guarantee of payment, and that guarantee is a mixture of the CTA charges, those are the stranded costs on your electric bills and raiding the Energy Conservation and Efficiency Fund of $28.7 million.

We're very hopeful as the economy improves and as our revenues continue to improve that we will be able to further reduce the amount that we're borrowing. That borrowing won't occur until later in the year, so we're -- we're hopeful for that.

Altogether this is a very, very, very good piece of legislation. I thank all the staff on both the Appropriations and Finance Committee that have worked so very, very hard, and, in particular, of course, I thank Toni Harp.

Thank you, Senator.

THE CHAIR:

Thank you, ma'am.

Will you remark?

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

Mr. President, I'm going to have a series of questions and comments on this rather large piece of legislation.

In looking at this, there seems to be four different pieces to this legislation. There's the FY 11 budget. There's the securitization package. There are other bills that have gone through this process that are wrapped in here. And then just for fun, a couple of -- in the colloquial term, "rats" that are in here. And I think I'd like to talk about each one of those in order.

And, Mr. President, starting first on the budget itself, through you, a few questions to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR DEBICELLA:

Through you, Mr. President, from my understanding of the description of what Senator Harp just said, is there are essentially four things that have brought FY 11 into balance from where we stood almost a month ago when we had a $700 million deficit. One was about $400 million in increased revenue estimates; second, was about $360 million of assumed increase federal revenue; third, is $100 million of pension payments we're putting off; and, fourth, is some number that I didn't hear in total of funds that we are sweeping. Is that -- is that an accurate description of what we're -- the changes we are making to get from that $700 million budget deficit down to zero. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, yes.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

So out of those four things, how many are one-time revenues or one-time sweeps versus ongoing things that will actually help us in FY 12, FY 13 and beyond? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Mr. President.

I'm going to say that, perhaps, the majority of those things are -- are one time.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And, Mr. President, I actually think in looking at this I -- I believe they're actually all one time. So it would possibly -- if the economy continues to recover, the exception of the increased revenue estimates, the additional federal revenue is coming from ARRA would be one time; putting off $100 million in pension payments, one time; sweeps from various funds, one time. And so my worry, Mr. President, and a question, through you, is although this does close our FY 11 deficit, what does this do to actually help the much larger problem we have of an $8 billion deficit over the course of the next biennium. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, basically, this -- this budget is pretty much as the biennial budget was that we passed. And it really doesn't address the deficit that we have -- that we're projecting for Fiscal Years '12 and '13. So that we're hoping that there'll be an immediate and abrupt turnaround in our economy that will actually begin to address that over the next year. And we've been -- I think we felt really good about the turnaround that we've seen so far, and we hope that it continues and rapidly.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And I thank the Senator for the answer to that question. I believe she -- she's correct. There is very little, if anything, in this budget that actually addresses the structural deficit that we have for 2012 and 2013. And I also worry a little bit that I do think the strategy Senator Harp laid out is the strategy of this budget. It's one of hope, hope the economy turns around, hope that eliminates the deficit.

We actually here do not make any structural changes, at all, to how government operates. We actually are not making any of the fundamental reforms that we've been talking about to actually save money, shrink the size of government and make government smarter.

You know, one of the things that was created in the last year's budget was the Commission on Enhancing Agency Outcomes. And the commission, which many of us serve on, has come out with a report with literally dozens of ideas of how to actually reinvent government, make government smarter and cheaper. This doesn't contain those. This doesn't contain those recommendations.

Again, Mr. President, my worry is that in football terms, we're punting. We are punting this problem of the deficit, the structural deficit we have, to the next governor. We are punting it to the next legislature. This is not a budget that actually addresses the problems we have. And the answers are there. And we have talked, from the Republican side of the aisle, ad nauseam with deficit mitigation package after deficit mitigation package presenting our own budget of ideas that would shrink the size of government, resetting programmatic spending to 2007 levels, actually shifting much of our social services to private providers, nonprofit institutions that do a phenomenal job for the state, agency consolidation, and actually eliminating overhead and bureaucracy, shrinking the number of layers in different areas of government, like DCF, and shrinking -- or increasing the span of control. The ideas are there. What's lacking, Mr. President, is the political will to implement them.

So, Mr. President, on the first part of this bill, the budget itself, I believe that this is not a good budget for the state of Connecticut because it -- although it cures our deficit for this year, it does it with one-time gimmicks and leaves us the problem of government.

Now, Mr. President, I'd like to just continue on to the three other sections of the bill if I may, and a question, through you, to Senator Daily on securitization. Through you, Mr. President.

THE CHAIR:

Senator Daily.

Please proceed, Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

through you, if the good senator could actually explain to us the -- in a little more detail the revenue sources for securitization that are used in this deficit mitigation package.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Mr. President.

Senator, we are not going to securitize. That was a plan in an earlier plan. We are now going to have Economic Re -- Recovery Revenue Bonds. The way we intend to pay for those bonds is by taking part of the stranded costs from utility bills and by taking Energy Conservation and Efficiency Fund money. It'll be 35 percent of the Energy Fund money which would be $28.7 million being used for debt service. And it would be 33 percent of the stranded costs that amounts to $77.2 million for CL&P, 28.1 for UI and 2.3 for the municipals.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And although this is not what one would technically call securitization, I think we've just put a different sweater on securitization or are calling it ERNs because we're still using dedicated future streams of revenue to actually pay back those notes. And so would my understanding, through you, Mr. President, then be that the streams of revenue that Senator Daily laid out, are those streams of revenue that were due otherwise to expire, specifically those for ratepayers? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

If I may, these are not ERNs. We have ERNs. These are ERRBs.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President. I thank --

SENATOR DAILY:

As the question is still the same, I presume. Through you, Mr. President.

SENATOR DEBICELLA:

Question is still the same. I thank you for correcting my acronyms. Through you, Mr. President.

SENATOR DAILY:

These are stranded costs that were due to expire. Ratepayers from CL&P have paid these for 10 years, and they would -- they are due to expire in July. We propose to take 33 percent of those and then the ratepayer is guaranteed that the other 64 percent is shown in a reduction of their bill.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And with those stranded costs, what is the average monthly bill that a ratepayer currently sees? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Mr. President, the average is $7.50. And I will tell you that the reduction, the 66 percent reduction will be a $5 -- $5.03. And the part that we will be taking to pay for the ERRBs will be $2.50.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

I thank Senator Daily for the answers to those questions. Mr. President, I think many of us had issues with securitization when it was in the original budget that passed last year. And I think the streams that we are taking now, Senator Daily has accurately laid out the numbers that we will be facing. And what the bill does is it says these stranded costs were going to expire but instead we're going to keep $2.50 a month for the average consumer. The other $5 is going away but all $7.50 was supposed to go away.

So, essentially, what this bill does is it increases by about $30 a year the electricity cost of people in the state of Connecticut then what we would otherwise have if we do not pass this bill. So, again, Mr. President, we've come back to taking more money. We've come back to instead of making the changes to government that we should be making, we are increasing electricity rates through taxes on the people of the state of Connecticut.

Now, Mr. President, I -- I want to move on to the third kind of area in this bill and that is there are an awful lot of bills in here that aren't budget bills or securitization bills but are other bills that have a -- that have been put in here. And, through you, Mr. President, I just want to ask a few questions on a couple of them, and I will address them to Senator Harp, although, I'm not sure as the proponent of the bill, I'm not sure if she's the proper person to address these to.

First, Mr. President, in sections 31 and 32 of the bill, actually, make changes to the way the Judicial Branch is funded. Through you, to Senator Harp, could she explain a little bit about what are in those sections and what the -- the impact will be? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, I'll give it my best shot. I'm just trying to see -- basically, my understanding is that the judicial department because it is actually another branch of government, in the case of a rescission or a holdback, if it disagrees with the rescission that the governor has made on the department, can appeal to the Appropriations Committee and then with a two-thirds vote, does not have to undergo that rescission.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

So just to be clear, so right now sections 31 and 32 only deal with rescissions the governor may make, not with prospective budgeting but rather the governor coming in under her authority and saying we are going to reduce your spending amounts? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, no.

As a matter of fact, the Judicial Branch will be treated as the Legislative Branch is today. And I think the State Department of Ethics and our State Election Enforcement Commission, the way their budgets are handled is that they send their budget recommendation to OPM. OPM, basically, may make some changes but those are reflected in lapses, but the budget that they submit is the budget that we, as a legislature, see, although, we understand the differences based upon the lapses that exist in those budgets. So that the Judicial Branch, prior to the implementation of this language should it pass, the Executive Branch could actually make changes to their budget. And so they will be handled in the same way that the Legislative Branch is now so that the Executive Branch will not be actually changing the budget recommendations of the Judicial Branch because it is a separate branch of government.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And I thank the good senator for the answers and clarifications to those sections.

Mr. President, also through you, sections 34 of the bill creates a new performance-based payment system for the Department of Children and Families for child care services. Through you, Mr. President, if Senator Harp could just address, I wasn't familiar with this before seeing this today, what this is and what the intention is behind it. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

The language in this bill is permissive and the chairs of the -- at least one of the chairs of the Human Services Committee and the Appropriations Committee had a concerned over time about the inability of residential treatment facilities in our state to treat certain types of children. For example, we send out of state children that have aggressive behaviors because our treatment facilities don't treat them here. We send out of state children who are sexually inappropriate and aggressive. We send out of state children who are fire starters. So we have over 320 children in facilities across this nation because our residential treatment facilities here in state do not treat those kinds of problems that -- that some children in our state have.

So, basically, what this provision does is provide the authority for the Department of Children and Families to come up with a performance-based payment system that will encourage our state regional -- residential treatment centers to develop capacity to address the needs of those children that we currently send out of state. It is permissive. It ultimately will, at least, provide the comfort for the parents and the support --

the supports that these kids have to have treatments here in our state as opposed to having them out of state.

We have children out of state as far away as Texas, some in California. We have some that are closer, but there have been complaints among members of the General Assembly for all of the years that I've been here about the degree to which we send children out of the state and the lack of capacity that exists here in state. And this is an effort to begin to try to develop capacity in state to service these children. And it is permissive and will occur within the context of our current budgetary expenditures.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

So just to make sure I understand so the commissioner may establish additional payments, if I'm reading this correctly, for salaries and program -- salary increases and program enhancements if -- because that's what I was wondering what "performance" meant. That performance means being able to treat some of these special cases that we are currently sending out of state; is that correct? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, that's correct.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, and I thank Senator Harp for the answer to that -- those questions.

Another section of this bill which was a stand-alone bill before -- moving back a little bit are sections 28 through 30, which have to do with homeless youth. And I believe this is a bill that we passed through the Appropriations Committee, but I wanted to see if this was the amended version or the original version. We amended this in Appropriations to actually take a million dollars away in discretionary funding from the commissioner to dedicate it to homeless youth. Is that still in these sections? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I believe that it is. It is the amended version.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

Those sections I actually do stand and support, and that is good bill and a good idea to help a real problem we have in our society with homeless youth, so I'm glad to see the amended version is in there.

Mr. President, another stand-alone bill that's been wrapped into our 245-page bill here is in section 38, which are flexible spending accounts in the State Comptroller's Office. And, Mr. President, through you, to Senator Harp, these when we had talked about them, I know it is permissive, but my impression of this is we are essentially establishing a new program for state workers that is taking money from our Social Security Tax account. Through you, Mr. President, what's the fiscal impact of section 38 and how are we going to ensure that this doesn't become just another entitlement to our state employees? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I believe that this was a policy initiative that was passed over two years ago. Basically, what this bill does is set up a mechanism to actually come up with an account that can -- what I would call "hold the funds" so that people can use their employer's social security tax allocation. The reduction that would occur, it's available under federal law to pay for medical bills that would be deducted normally on our income tax, if you had enough, for certain kinds of things that are not provided by your health care plan.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

So when those funds are deducted and go to the worker's individual account, are -- is the State still on the hook to the federal government for those social security taxes? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I don't believe that they are because I think this is done under federal law, and it's common, particularly, in smaller companies.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

I thank, Senator Harp for the answers to the questions in that section.

And, Mr. President, before I go on to some of the individual ones that seem to be -- "special items," we'll call them.

Just a quick question on the repealers at the end of the budget, sections 152 through 155. These are four repealers that are repealing something, but it's not evident in the bill. They just list the statute number. What four things are being repealed in those sections? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, in section 152, the correctional ombudsman provisions in our statutes is repealed as we eliminated that contract through deficit mitigation bill that we passed.

Section 153 repeals the requirement the Department of Environmental Protection extend from 20 to 30 years the repayment period for the Clean Water Fund, Revenue Bond, borrowed by Ansonia for a sewage treatment plant.

And then, section 154 removes the various provisions related to HUSKY managed care since we are now moving into an ASO model instead of a managed-care model. Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President. I thank her for the answers to those questions. Those all seem like common sense things that are in line with the budget that we have before us.

So, Mr. President, now we've talked about the budget itself, securitization, some of the other bills we've wrapped in here. Now for some of the quirky things that stand out to me in this budget. One I would ask about, through you, to Senator Harp is section 85 of the bill which appears to give an additional $3 million to

Hartford and the Hispanic Health Council for renovation and repairs. Through you, Mr. President, if Senator Harp could just describe this section to us.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, I believe that these are bonding sections. And I would yield to Senator Daily for response or Senator DeFronzo.

THE CHAIR:

Senator DeFronzo, do you want to accept that yield? You're not sure, huh?

SENATOR DEFRONZO:

I guess -- I guess I don't have much of a choice.

THE CHAIR:

There you go.

SENATOR DEFRONZO:

Through you, Mr. President, as I understood the question, through you, Mr. President, you want to know what the purpose of those funds are for? Through you, Mr. President.

THE CHAIR:

Yes, sir. I believe that was the question from Senator Debicella.

SENATOR DEFRONZO:

There -- there is -- there is created in the existing bond act a -- a pool of funds, $6 million pool of authorizations, I should say, for the support of health-related institutions or facilities, including community health centers. And there was a request from the Hartford delegation at some point during the session to include -- there are three -- I don't have the language in front of me but I re -- as I recall there are three -- three identified organizations. I think the Charter Oak Community Health Center, the Hispanic Health Council and there was one other. And each of them were being -- there was a request from the Hartford delegation for $1 million for each of them. And I recall the authorization of those existing funds -- those are not new funds -- they are existing authorizations were requested and determination was made that the best place to include those authorizations are in this -- this act that's now before us. Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Through you, Mr. President. It seems like the pool, which is $6 million, if I'm looking at line 2433. So we're basically taking half of that pool of money that's a grant in aid and designating it for specific projects. Otherwise, without this, would it simply be up to DPH to determine what -- what is the best projects to actually spend this money on if this language were not here? Through you, Mr. President.

THE CHAIR:

Senator DeFronzo.

SENATOR DEFRONZO:

Through you, Mr. President. Typically, there'd be an application process and community health cen -- well, let me -- that would be the typical process. There'd be an application process. Community health centers from around the state could apply for the money. You'll see if you -- if you actually went to the -- to the bond act, you would see that there's another authorization in that section, and we would -- I think we'd call it an "identified project." I believe the New London Community Health Center specified is an authorized project in that section, as well, although it may not be in this -- in this actual bill. But it was prior authorization. So monies can be authorized and, ultimately, allocated two ways: Either the specified projects which is not uncommon, or they can be applied for in the case of a determination being made that the department will take applications. Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Oh, thank you, Mr. President. I thank Senator DeFronzo for the answer to those questions.

Mr. President, my issue with this is, I think Senator DeFronzo laid it out quite correctly. There's typically two ways to allocate these money. On is through a competitive grant process. The other is -- through lack of a better word, an "earmark." Something we normally don't talk about here. It's more of a federal term. But this is designating funds for a particular project that has not necessarily been through a competitive grant process. And I know very little about these, you know, not being from the Hartford area, these specific needs. But I can tell you there are very similar needs in Bridgeport, and Stamford and all around our state. And so my worry is by putting these earmarks here and not allowing the competitive grant process to go forward, we might be sub-optimizing health in the state for the sake of a couple of projects that may or may not be at the top of the priority list, but we put them in line 2432 of the bill so I have concerns about that section.

Mr. President, through you, again, I believe probably to Senator DeFronzo, sections 143 and 144, if he could explain those to *ours. It seems to have to do with the Hartford OPEB bonds. And I'm -- I was unfamiliar with those. So, through you, Mr. President, if he could just explain -- if the correct person to ask is Senator DeFronzo, what those sections are about.

THE CHAIR:

Senator Debicella, I believe Senator Daily would probably be in a better position to -- would you like to direct that question to --

SENATOR DEBICELLA:

Please. Thank you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

First, I would like to tell you there's been agreement with OPM that that section will be removed. But to let you know the answer to your question, the City of Hartford had proposed to sell bonds to cover their OPED obligations, which is now allowed by the federal government. And very basically, what they would do is be able to keep the arbitrage and then from that fund pay their annual payment.

THE CHAIR:

Senator Debicella.

SENATOR DAILY:

But we're not doing it.

SENATOR DEBICELLA:

Thank you, Mr. President, thank you for the explanation to that -- those sections.

Mr. President, that -- that I'll do it with -- for my questions. I thank Senator Harp, Senator DeFronzo, and Senator Daily for indulging me. It is a large bill with much in it that I wanted to make sure the circle was aware of some of the details that were in it. But, Mr. President, today I stand opposed to this bill and to this budget deficit reduction package. And I think each of the four areas we've talked about have serious concerns with them. First, the budget itself relies on one-time gimmicks and revenue estimates from the last three days to balance the budget, fails to make any structural changes that we've talked about, fails to reduce spending, reduce the size of government, and leaves the state in a dangerous fiscal position with $8 billion of deficits for the next two years with our only plan right now being hope. Hope the economy recovers.

We have the ideas of how to reinvent government. We just need the political will to implement them. They're not in this bill.

Second, on the securitization, I have serious concerns that this is going to continue to charge the citizens of the State of Connecticut artificially high amounts for our energy. We talked a lot just the other day about how do we reduce energy costs in Connecticut. Well, this bill increases it by $30 for every family above and beyond what is going to happen with this charge going away in the next year or so.

Third, Mr. President, the other bills we have in here, I think are a mixed bag as they are when you put a lot of bills into one bill. I think the -- the youth homelessness section of the bill is a good bill. I worry a little bit about the judicial branch funding process change. I worry we are carving out different areas of government that are going to be more and more immune from spending cuts that we so desperately need to make. I think the flexible spending of the accounts seems like a decent idea. It seems like it's been thought through well.

But my worry, Mr. President, is that we have so many bills in here some of which just for the sake of time I haven't addressed that are all in this one bill buried there.

And, finally, Mr. President, I'm concerned about some of the rats that are in here. I'm concerned about the earmarks that we've made for specific projects rather than letting the competitive process go through to allow the most important needs of the state to be met. It is always a bad idea, in my opinion, to do things for certain projects, especially, in the back of the budget where we could have, in the light of day, a better competitive grant process to ensure the money is used in its most effective.

So, Mr. President, I stand in opposition to this bill today. I thank the chamber for their indulgence, and I urge a no vote on this bill.

THE CHAIR:

Senator Meyer.

SENATOR MEYER:

Thanks, Mr. President.

I heard when somebody once say that a good budget bill is like a good root canal. And I somehow -- humorous but somehow it seemed to -- to be right.

The bill before us, I think, does some good things. It -- it's -- it has sensitivity in the spending cuts. It preserves aid to the schools. It preserves aid to our towns. It makes a very good use of federal stimulus. There's a lot of hard work been put into it, as we all know, by our leaders and our committee chairs. And what this bill also does and we have to be mindful of that is that it gives us relief from having to come into a special session this summer to try to get the budget done.

The problem I'm having with it -- and it's a serious problem -- is the raiding of the Energy Conservation and Efficiency Fund. And I -- the problem I have is that raiding that fund appears to be a reversal and contradiction of what we're trying to do in Connecticut in three ways, and let me outline those to you very briefly. The first is we've identified one of our major structural economic problems in Connecticut as our energy costs, and it's something that we have to deal with. From my reading of this bill and the raiding of the Energy Efficiency Fund, there is going to be an increase, a necessary increase in energy costs. And that's for this reason, currently our ratepayers are charged three-tenths of a cent on every kilowatt hour and that raises about $82 million a year which goes into conservation measures. It leads to relighting. It leads to energy audits in our homes and businesses. It leads to rebates on appliances. It leads to motor upgrades. It leads to tax credits and other incentives, to insulation and really good weatherization projects.

Those are going to be cut, substantially cut, because we've hit the Energy Efficiency Fund. There's going to be cut by about 35 percent and the effect of that will obviously be to increase our energy costs. And when you combine that necessary increase in energy cost with a continuation of the surcharge on our ratepayers, it becomes a double whammy with respect to energy. And so I feel that that part of this -- of the bill is going directly against what we're trying to do for Connecticut in redu -- reducing energy costs.

Secondly, jobs. Jobs are such a priority for us, and we're all working on it. We've done some good job le -- legislation this session. But there's been a projection here as to what this bill will do in cutting the Energy Efficiency Fund on jobs. Jessie Stratton -- you know Jessie Stratton -- former state representative, chair of the Environment Committee when she was here, and now a person who runs Environment Northeast -- has projected that the raiding of the Energy Efficiency Fund will actually result in 1,120 Connecticut residents losing jobs, 1,120 loss of jobs in Connecticut from the raiding of this fund.

She has done a study that's very interesting I recommend to you. It's called -- the study's called "Energy Efficiency in Connecticut, The Engine of Economic Growth." And that study brings a conclusion that for every million dollars that's -- that's invested in the -- in the Energy Efficiency Fund that it creates -- it creates 40 jobs. For every million dollars invested, it creates 40 jobs. And we are reducing the Energy Efficiency Fund by this bill by about $28 million a year for seven years. That's a substantial effect on jobs in Connecticut, very substantial effect and so we're raising energy costs, reducing jobs.

And then, third -- third factor after -- after energy costs and jobs, is the environment. We have been advocating -- all of us have been advocating and approving bills this year here in the chamber for green jobs and a reduction of carbon dioxide emissions. We believed it. We've read the science on it. We're headed in that direction. We've been advocates of green jobs.

Unfortunately, because of the programs that would be cut by raiding this fund, the programs, like weatherization, motor upgrades, home energy audits, relighting, insulation, all those things will be cut. We're taking a major step back with respect to the environment. We're taking a major step back in promoting carbon dioxide emissions, not reductions but a -- but emissions.

So I -- I am discouraged by that part of this bill. The Energy Efficiency Fund represents something that is really working for Connecticut, really working well for Connecticut. It's -- it's creating jobs. It's cleaning up the environment. It's reducing energy costs. And my fear, as I've tried to express, is that the bill will actually reverse us in -- in those good directions.

I liked -- I like what Massachusetts has done. Massachusetts recently tripled, tripled -- this year, it tripled its Energy Efficiency Fund. That's the direction we should be taking. And I regret that we are not doing -- going in that direction this year through this bill.

Thanks, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

I stand with great concern for the future of the State of Connecticut when I saw the final version of the bill before us today. It evoked a couple of different reactions on my part, and I'm sure there are many state citizens out there watching this deliberation today who would share the same concerns. And I hope that all of you whether you're going to vote for this or not share these concerns.

I'm -- I'm worried that government in Connecticut is beginning to price itself or has already started the process of pricing itself out of a job that is so important, which is the job of providing goods and services to the people of Connecticut. That's why we exist in the first place. We're here to set rules. We're here to set guidelines, but we're here to help other people. And when our cost structure gets to the size that it is today versus what our tax base, what our economy is able to pay for, that's when it becomes of great concern to me.

A couple of points as to what the backdrop looks like in the state of Connecticut today, there exists as of today, and this is a moving target that will inevitably grow rapidly over the course of time. We're looking at unfunded pension and other than pension fund liability, pension benefit liabilities of between 50 and 80 billion dollars, billion dollars. If we can't balance a budget in -- in an intelligent fashion and start to create surpluses, how are we ever going to start to chew away at 50 to 80 billion dollars in pension and nonpension liabilities, unfunded pension liabilities?

We're looking at a $700-plus million deficit for Fiscal Year '11, that's the reason why we're here speaking about this today. And if we can't, in an intelligent fashion, without borrowing funds, without borrowing from a Budget Reserve Fund in the future, one that's dwindling here very, very quickly. If we can't balance that, how are we ever going to start to pay for those unfunded liabilities. How are we going to keep up with the ever-escalating costs of government, particularly, on the -- on the personal services side. The budget states, I believe towards the top, that the appropriations growth is .9 percent. Under ordinary circumstances, bravo, terrific, that's great. We shouldn't be spending more money then we have, and we shouldn't be spending much more money than we had last year. The only problem is that everybody else has recognized what the effect is of this great recession that we're still very much in the middle of right here even though we think we've hit the inflection point with respect to Connecticut's economy and tax revenues to the state. But .9 percent versus what we should be doing, what every other businesses, just about every other business in the state of Connecticut -- I know all of you individually, your families and your partnerships have all made cutbacks.

In every company that I'm involved in, we've had a minimum cutback over the last 18 months of 15 percent per year on the cost end and that has allowed us to survive these very difficult times. We're forgetting one thing amongst others that is so pare -- of paramount importance, and that is the rating agencies have once again shot a warning shot across our bow. They've unequivocally stated that we are in trouble and we are likely to have our ratings downgraded. This is not something that's good for the state of Connecticut or any other state out there for that matter because it increases the cost of our borrowing. It also depresses the demand for Connecticut General Obligation Bonds and other bonds that would benefit the state of Connecticut.

So if Moody's and S&P are out there saying that the State of Connecticut is relying far too much on one-time budget gimmicks, on federal revenues to the State of Connecticut, which will not be there in 2012, and not addressing the all important issue of our cost structure here. If we're not making meaningful cuts to our structural costs, then we've got a problem in the minds of the rating agencies.

I am concerned that because, sequentially, for however many years now, we always have a bigger budget every year. And in the worst of times, this is undoubtedly, relatively speaking, worse than what it was, like back in the 1930s during the Great Depression. Our budget, of course, back then was much smaller than it is today and easier to manage. But relatively speaking, it's worse if you look at the numbers objectively. So I have, through you, Mr. President, I have a couple of questions -- and then I'll get back into making a few more statements -- of Senator Harp.

(Senator Gaffey of the 13th in the Chair.)

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you.

Through you, Mr. President, Senator Harp, the $100 million pension deferral, is there an interest rate associated with that deferral?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Not to my knowledge.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Okay. My understanding is that there is a cost whenever there's a deferral. And I would like to -- if I can't get the answer from Senator Harp, although maybe she is correct -- if there's a differing opinion, I would like to get that at -- at some point either, through you, Mr. President, or in the hallways out there.

My understanding is that there are -- there would be an interest rate. The last deferral, I believe, was at an 8 percent interest rate, which we all know today is a pretty spectacular guaranteed return. Risk adjusted that's more than double that number so call it 16 percent. And that is of particular concern.

Another question, through you, Mr. President, for Senator Harp.

THE CHAIR:

Please proceed, sir.

Senator Harp, prepare yourself.

SENATOR FRANTZ:

Thank you.

Through you, Mr. President, the funds that we will be receiving from Washington, ARRA funds, Medicaid funds, what's the level or the probability of receiving those dollars as indicated in this budget here?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I believe that we have all agreed that our expectation is that we will receive these funds. Many other states have built them into their budgets, but, for clarity sake, they have not been passed by Congress, yet.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Okay. And once again, through you, Mr. President, in your estimation being the person who knows the most about this budget, what is your estimated -- estimate of the probability?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you --

THE CHAIR:

-- estimated probability.

SENATOR HARP:

You know, I believe that we will receive the funds. You know, I've -- I'm -- I believe that we will so I don't know whether or not I can give an estimate of -- is it 75 percent that we'll receive it or 50 percent, but I believe that we will. Over 50 percent of the states in the United States have budgeted receiving these dollars. And in the same way that we assure that we hold our towns harmless, I believe Congress will do the same for states in this country.

THE CHAIR:

Senator Frantz, you have the floor, sir.

SENATOR FRANTZ:

Thank you.

I share your optimism and -- and I hope you are right about this. It is essential to our State's solvency and ability to continue on as -- as we know it today. So I'm optimistic about that, but one thing I would like to point out is that we have to be extra careful about this funding coming in from the outside. S&P and Moody has indicated to us that we are relying on it too much.

We don't know what the future streams of revenue from or grants or funding or whatever you want to call it coming from the federal government will be. So, therefore, we have to be very careful and not become complacent that we're receiving these funds. And also be very, very careful about how we look at this Budget Reserve Fund or rainy-day fund. It has that name "rainy-day fund" for a very specific reason and that is when you get into trouble, fiscal trouble, this is the fund that's there to help you out. And that's exactly what we're doing.

But, I would als -- I would caution that we need to do it in a much more reasonable fashion so that we're not going through it so quickly. In essence, what it does is it numbs the body, numbs the mind to the intellectual ability to realize that we have a serious fiscal problem in the state of Connecticut. If we could just put another bandaid on the wound and get through another few months, we don't really address the problem that we have underneath that bandaid and so I would caution everybody in thinking about how they're going to vote on this proposed budget to think about that, as well, because we do utilize a huge portion of the Budget Reserve Fund. And once again, we don't know what our economy is going to be like in two years' time and three and four and five years' time. Wouldn't it be prudent because we know we're not going to be generating surpluses, wouldn't it be prudent to have a little more money left in that Budget Reserve Fund to use under circumstances that could be even more extreme?

One statement I heard today, which was particularly alarming to me, is -- and this goes hand and hand with the Budget Reserve Fund discussion we just had, which is that when you feel that you've hit the inflection point and when you feel that revenues are on the rise again, I would caution everybody to avoid thinking that we're out of the woods here yet. Recessions are ugly things. And it's always difficult to figure out when you're really coming out of a recession.

Connecticut typically lags by about 18 months to the rest of the national economy. Yes, you can make arguments that the national economy is, in fact, out of the recession on the whole. There are so many different components to the economic data that we see. We may see GDP growth in a positive -- in the positive column. Well, that doesn't necessarily mean that all of the economy is out of the recession. So I would urge everybody to be very careful about that. When I heard that there was an immediate bump up in the economy and the level of revenues to the state of Connecticut, I would take that with a great deal of caution.

The other area I'd like to spend a little bit of time on is -- and let's call it what is -- it really is -- it really is securitization. When you take a current -- either fund or a current stream of revenue and you sell notes in the open market that is securitization by anybody's definition. So the economic recovery notes -- this is a question, through you, Mr. President, to Senator Daily -- through you, Mr. President -- through you, Mr. President, to Senator Daily --

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

-- is -- is what is the -- what's the interest rate on the notes for the ERNs, as best you understand it, as of today?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

I'm not certain what the ERNs are. We're not acting on those today. We did before. But I think in conversations, they were in the neighborhood of 4 percent.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Four percent, 4 percent. Thank you for that answer. Do we know, given the duration of this issuance, at let's assume an interest rate of 4 percent, what extra money would that cost the taxpayers of Connecticut? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you.

But I'd like to ask you for some clarification. Are you talking about the borrowing that's in the bill that we're acting on today?

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Correct. Yes, through you, Mr. President, that's correct.

SENATOR DAILY:

The Governor has said that that's not securitization. Those are Economic Recovery Revenue Bonds. And if the Governor says that, that's good enough for me.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Fair enough.

SENATOR DAILY:

And you could pose your question again. I'm very ready to answer.

SENATOR FRANTZ:

Thank you. So the question is do we have any idea, through you, Mr. President, of what the extra cost would be by engaging in -- in the ERNs?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I have to go back to a question you asked before. The interest rate we anticipate on these is 3 percent. These are triple-A rated. We will be paying 136.4 million for eight years. And I don't have right here the total cost to the State of Connecticut, but it is significant, as we both know, any time you borrow that kind of money.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Okay. Thank you.

We may not have a choice but to engage in this borrowing. However, I think over the long haul it's very important for everybody to remember that we should try to avoid getting into a situation like this so we don't have to go to -- on a short notice go to the bond market and look for funding for the State of Connecticut, particularly, as it goes into -- or, particularly, because it goes into our operating -- paying for our operating expenses. I think it's just a bad practice. I would love to see over the course of time more cushion built into the system so, in fact, we don't have to go to the bond market when we get into a tough period such as this one.

The other concern, Mr. President, I have is that if, in fact, we're using the -- and Senator Meyer's right here -- we're using money that's in the Clean Energy -- sorry -- the Energy Efficiency Fund to support this borrowing.

If, in fact, we're doing that, what it -- what it is in essence is it's -- it's a bad tax. It really is a tax at the end of the day, and it's a -- it's a worse than normal tax because you're not only tacking on to utility bills this extra charge. You're also borrowing money, which ultimately the taxpayer, the ratepayer, has to pay so we have to be aware of that double whammy. It's as if the credit card company called you up and said, Mr. President, said, you know, We're going to put this extra charge on your credit card, and we're going to go out and borrow money on the open market, and we're going to charge you the interest for borrowing that money, and we're going to just stick that automatically on your credit card. You have no choice, you have to pay it.

The transfer are of -- of interests -- fund transfers, $4 million from the Workers' Comp Fund to the -- to the General Fund. May I ask a question, another question of Senator Harp, if it's okay with you, Mr. President?

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you.

Through you, Mr. President, Senator Harp, are you concerned about any significant negative implications of the $4 million transfer to the General Fund from the Workers' Comp Fund?

I'm not exactly sure how that works, but if we take $4 million out of it, are we harming anybody irreparably?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I don't believe that we are, sir. And I believe that if -- if there would be a need for those funds, I believe they're surplus funds now. And that's typically an amount of surplus that we have year after year. But if something happens that is an aberration next budget year, then we would have to address it through some sort of mitigation.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

Thank you, Senator Harp, for that question.

There's another transfer of $5 million from the Community Investment Act to the General Fund. Through you, Mr. President, to Senator Harp, is -- is there a chance of ever being able to fund that again if you -- if we, in fact, take the $5 million out, and -- and how big is that account currently?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I believe that this fund is replenished every year. And it comes from filing fees for various types of land records in our court.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

I'll end by thanking both Senator Harp and Senator Daily for putting all of the time that they put into creating budgets and creating revenues for the State of Connecticut, doing all the right things to make sure that we have a steady stream of revenue to the State of

Connecticut to pay for the delivery of -- of goods and services to the people of Connecticut. Again, that's our primary function here as legislators and part of Connecticut's state government.

I will just end on this note. If we do not have our fiscal house in order, it makes life difficult for everybody, not only the recipients of these goods and services we're talking about but every citizen throughout the state of Connecticut who pays taxes is constantly going to be looking at higher tax rates, higher utility rates because of these different charges that are put on the bills every month, looking at a whole slew of other costs that go up because the cost of state government is too big.

We need to at some points get our hands around this. We need to understand much better fundamentally how big our tax base is. What is our full capacity? And if we assume it's X and you take a certain level of tax threshold and you say that's X percent of X, have we gone beyond that? Are we spending beyond our means? I think the answer is, yes. And what I'm particularly concerned about is that if we don't get a rein here on spending and control it much better going forward that we will not have quite the tax base that we have enjoyed over 100 to

150 years since Connecticut started taxing companies and individuals or trade. Thank you very much, Mr. President.

THE CHAIR:

Thank you, Senator Frantz.

Will you remark further on this Emergency Certified Bill?

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President, good evening.

THE CHAIR:

Good evening, sir.

SENATOR RORABACK:

Mr. President, I'd like to ask a couple of questions to Senator Daily, if she's in the mood for answering questions.

THE CHAIR:

That's questionable and please proceed.

SENATOR RORABACK:

Through you, Mr. President, to Senator Daily, I think it might be helpful for anyone who is watching on TV or reads the transcript that when they say what's going on in Hartford? What are you guys up to? Through you to Senator Daily, would it be fair to say, we're trying to fix our budget for Fiscal Year 2011, which is going to begin on July 1, 2010, and end on June 30 2011? Through you, Mr. President, to Senator Daily, is that fair to say to the man on the street what we're trying to do?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

That is exactly what we're trying to do.

SENATOR RORABACK:

Okay. And, through you, Mr. President --

THE CHAIR:

Senator Roraback. Let's go through the Chair, please.

SENATOR RORABACK:

Through you, Mr. President -- I apologize -- to Senator Daily. Could we say to the man on the street, what we have found out is that after all of our best efforts when we get to June 30, 2011, the end of Fiscal Year 2011, we are $955 million shy of what we need to do what we want to do here in the state of Connecticut? Through you, Mr. President, to Senator Daily.

THE CHAIR:

Thank you. Thank you, Senator Roraback.

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

Yes, if we took no action, that's exactly what would happen at the end of that fiscal year, we'd be shy that much money.

SENATOR RORABACK:

So here --

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

through you, Mr. President, here we are before the beginning of the fiscal year, trying to figure out what to do with next fiscal year, and we say, geez, if we do everything we want to do, we get to the end of the day, we're $955 million shy of what we need. So kind of speaking, generally, to the man on the street, we've got two choices or actually kind of three choices, I guess. We could either find $955 million in spending reductions. We could increase taxes by $955 million or we could borrow $955 million. And when I go home to my district tomorrow, Mr. President, through you, to Senator Daily, does she have any advice on what I should tell the man or woman on the street we're doing to solve that $955 million problem? Or, through you, Mr. President, to Senator Daily, what will she tell her constituents when she goes home tomorrow how we solved that problem? Through you, to Senator Daily

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Mr. President, perhaps, we should go to each other's districts.

Let me not minimize what -- what this is. First, we are trying to repair what we passed last September. So this decision -- decision to securitize was voted on then. We also voted on a requirement that the Treasurer and the OPM Secretary give us their best recommendations about how to solve that securitization problem. From that day until this, our condition has improved because revenues are up slightly. We are not going to securitize. We are going to have Economic Recovery Revenue Bonds and at a lesser amount than what we had thought when we passed this budget.

The recommendation -- there were six recommendations contained in the information that we requested. The first was to take some of the stranded costs that were due to expire. Anybody can try to dodge it but that is a tax, and we have an obligation to pay that money. That is considered to be the least painful because that is coming out of everybody's pocket right now each and every week. When this goes into effect, they'll be getting more money in their pocket than they do now but not as much as they would have absent our action.

The part that was not a primary choice or a first choice, particularly not a first choice of mine, is to use any of those Energy Conservation and Efficiency Funds. I'd say the only person in this building that it pains more than it pains me is for my good friend, Jessie Stratton. We wrote that together in 1998. We first tried to do it in 1997, when we were looking at deregulation. The Energy Committee wouldn't accept it. Deregulation didn't go forward and the next year, it did go forward with this as part of it.

I know firsthand all the things that Senator Meyer was describing about the job losses, the loss in the -- that sort of business model going forward. We took money from those funds in 2002 to our detriment. And it wasn't our choice to do this again, but we are doing it again.

The other thing that we're doing in this effort to borrow is changing a passed appropriation of bond issuance of $5 million every year for the last three years. That was for energy as well. And only $2 million of that has been spent. So we are establishing a new Green Connecticut Loan Fund through CHEFA, which has a good history of moving these kinds of dollars out. And that will be $18 million, which we hope to leverage in the private sector for $40 million. So those are the kinds of things that we can tell our constituents we're trying to do to make things better for us at the end of this fiscal year and all the fiscal years going forward.

THE CHAIR:

Thank you, Senator Daily.

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I appreciate Senator Daily's answer such as it was, but what I was trying to ascertain, Mr. President, when I see someone on the street corner in Torrington tomorrow, we're not going to have that kind of time. They're going to say, you had a $955 million problem. How did you deal with it? Did you cut spending? I think we can say, no, because at the end of the day that's the size of the problem that we have. Did you borrow? I think I'd have to say, yes, because whether you call it securitization or ERRNs or ERNs, sounds like notes, sounds like someone's going to give us $955 million cash on the barrel head. Now, borrowing isn't enough because we have to pay back that borrowing. So I think I'm going to say, listen, we borrowed $955 million, and we raised taxes to service the cost of that borrowing. Through you, Mr. President, to Senator Daily, would I be misleading my constituents if I were to explain what we're doing in that way? Through you, Mr. President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, Mr. President, no, I don't consider that you're misleading anybody. And my answer would be the same.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And I appreciate Senator Daily's answers. I -- I'm troubled because I think that at some point in time Connecticut has to have a reality check. And the reality check is that it's not healthy, either in the short or the long term, for us to borrow our way out of a deficit.

No family has that option or families that have those -- that option once they use that option, sadly find themselves in bankruptcy court when their credit cards are maxed out and they realize, oh, my gosh, I've tried to borrow my way out of my problems and now I'm under water so deep I can't get out.

But, Mr. President, it's not bad enough that we're borrowing our way out of the problem. The money that we're using -- the taxes that we're increasing to pay the borrowing, we are misappropriating funds and using them for purposes for which they were not intended. Mr. President, by my calculations -- well, let me ask Senator Daily, because the fiscal note's a little confusing. Through you, Mr. President, we're going to pay these Economic Recovery notes off over a term of eight years, is that correct, Mr. President, through you --

THE CHAIR:

Senator Daily.

SENATOR RORABACK:

-- to Senator Daily.

SENATOR DAILY:

Through you, Mr. President, yes, eight years.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you.

And through you, Mr. President, is the first payment going on these notes going to be made in Fiscal Year '11 or in Fiscal Year '12 or in Fiscal Year '13 or when's the first payment? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I think that will be done in Fiscal Year '12.

SENATOR RORABACK:

Thank you, Mr. President.

So by my calculation, Mr. President, we're paying $112 million dollars a year in, quote, stranded cost charges, times eight is $900 million, roughly, in increased charges to the electric bills of residents and businesses in Connecticut. So, through you, Mr. President, to Senator Daily, would she agree that essentially, we're raising electric rates by $900 million in order to service the debt to get out from under the hole that we face at the end of Fiscal Year '11? Through you, Mr. President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I wouldn't agree with that at all. The electric bill that every CL&P customer will get when this goes into effect will be reduced by two-thirds. So we'd like -- many would like to claim that that difference is other than a tax, that's not a correct claim. But the bills will be reduced. And the language in -- in this bill requires that it be reduced.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

And I guess, Mr. President, Senator Daily may be looking at the glass as half full, and I appreciate that. But, where I come from, this charge is scheduled to disappear. If we do nothing, this charge would disappear. Instead, we're going to keep this charge and not use it to pay off stranded costs but to use it to balance the state budget. So for each of the next eight years, we're going to be collecting $112 million from electric ratepayers that they would not otherwise be paying if we didn't do what we're doing tonight. So the way I look at it, Mr. President, is we're increasing electric charges on Connecticut residents and consumers and businesses to the tune of $900 million. And I'm not going to try to convince Senator Daily to see it my way, but I think that a cogent argument can be made that that's what we're doing.

But even more distressing to me, is we're taking nearly $30 million a year for each of the next eight years from money which people in my district are hungry to use to install solar panels, clean energy solutions, energy efficiency opportunities. We're oversubscribed today with the money that we bring in now. It's not enough to satisfy the demand. So what are we doing? We're reducing the supply of funds to set -- to satisfy this demand by $35 million.

Mr. President, if you take $30 million for each of the next eight years, that's $240 million that we told the people of Connecticut would be available for our energy future to promote energy conservation efficiency, to encourage people to convert to clean, green power, and we're taking that money. And the funny thing is I'll bet on the bill it's still going to say this is a wonderful charge for alternative energy. Through you, Mr. President, to Senator Daily, do you know is our electric bill going to say in small print, "and by the way, this money is really going to be used to pay off the borrowing that got the State out of the problem it was in in Fiscal Year '11"? Through you, Mr. President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

I don't know what the electric companies are going to do and how they're going to show that. But the other points that you make are 100 percent correct.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you -- you know, we -- last year we -- we tried to pass a bill or we did pass a bill -- and I see people from the Judicial Branch up in the -- in the gallery.

We passed a bill that said there's a fund that was established to reimburse people when their lawyers steal from them. Right, there was a fund that we created that lawyers pay into that when -- when there are -- when a client is stolen from, they get paid back money from that fund. And we stole that money to balance our state budget. And happily, the people in the Judicial Branch and elsewhere, Legal Services said, wait, that's not right. You can't use money that's earmarked to make people whole when their lawyers steal from them and use it to balance the state budget. And they were right, and we actually -- we backed off. The Governor backed off. We said, Okay, you're right, we won't steal that money because that's not what it was intended for.

But it seems like we're slow to learn the lesson, Mr. President, because the money for the Clean Energy Fund and the Energy Efficiency Fund, we've told the people of Connecticut you're paying something extra on your electric bill for these good purposes. And now we're stealing if for a wholly unrelated purpose, and that's not -- I just think that that's not being honest with the people of Connecticut.

And the other thing that upsets me is when we passed the Community Investment Act, a lot of skeptics said when the state gets into bad times, they're going to steal that money for other purposes. And I, as a proponent of that bill, said, no, no, no. I want to put in the bill if the State tries to use that money for other purposes, you won't have to shell out 53 bucks every time you record a deed in the land records or a release. And I wish we had put that language in the bill, Mr. President, because the skeptics have proven right. We're taking --

the dairy farmers in my district are going to suffer because we are taking money from a program which when people say, you know, I don't mind paying that $53 when I record my deed if I know it's going to help the dairy farmers; I know it's going to help affordable housing; I know it's going to help restore the restore the historic building or church in my community. But now, Mr. President, we've seen fit to say, continue to collect that money, but instead of using if for the purposes for which it was intended, let it solve our budget hole.

Mr. President, no doubt we're up against a really tough challenge here in the State of Connecticut, but I think we could do a lot better, by ourselves, and by the people of Connecticut by starting to bite the bullet because it's not going away. And we can -- we can dig the hole a little deeper, but we're going to regret it, Mr. President, in my opinion.

Our failure to take -- to make hard decisions today is going to make for even harder decisions tomorrow. I urge rejection.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Roraback.

Senator Daily, you have the floor, ma'am.

SENATOR DAILY:

Thank you very much, Mr. President.

Senator Roraback, the challenges that you pose and the example you give of other judicial money, we know to be correct. And there was also an issue with collecting money for Long Island Sound and then diverting it. That was challenged, and the Attorney General said, as I recall, no legislature, you cannot do that. But, as far as, I know this has not been formally challenged.

THE CHAIR:

Thank you, Senator Daily.

Will you remark further on the Emergency Certified Bill? Will you remark further?

Senator DeFronzo.

SENATOR DEFRONZO:

Thank you, Mr. President.

Mr. President, I have a question for Senator Harp, if I might, through you.

THE CHAIR:

Please proceed, Senator.

Senator Harp, prepare yourself.

SENATOR RORABACK:

A couple ques -- thank you, Mr. President.

These are a couple questions just to clarify an item or two in the -- in the bill. Through you, Mr. President, it's my understanding that the State will be moving from a MCO to and ASO program for its HUSKY and Charter Oak plan in this bill; is that correct? Mr. President, through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President, it is true that this bill moves the HUSKY program from a managed-care program or capitated program to an ASO model. That's administrative support organization model.

THE CHAIR:

Senator DeFronzo.

SENATOR DEFRONZO:

Thank you, Mr. President.

And through you, Mr. President, there's been some concern expressed that the last time this -- this happened there had been some dislocation in the -- in the process in the processing of claims and the administration of the program. And I just wanted to inquire, through you, Mr. President, what steps are there in the -- or what provisions are there in the bill to minimize the potential for these disruptions in the future? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

With -- with the approval of CMS, which is our federal center for medic -- Medicare and Medicaid services, the ASO model that we contemplate in this bill will have the MCOs, which will be managing this population, continue to manage their networks and continue to pay the bills.

THE CHAIR:

Senator DeFronzo.

SENATOR DEFRONZO:

Thank you, Mr. President.

And, additionally, the -- the existing contracts that have been negotiated by hospitals, is it the intent of this bill, through you, Mr. President, that those contracts be maintained at the current reimbursement rates should be retained in place? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President, I believe that the -- that's what I contemplate, sir.

THE CHAIR:

Senator DeFronzo.

SENATOR DEFRONZO:

Okay. So, through you, Mr. President, so it's my understanding then that any savings that are assumed to be generated through this administrative change would be coming from administrative changes in the program rather than adjustments in rates that have been negotiate previously? Through you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Harp.

SENATOR HARP:

Thank you very much.

My -- I believe that the savings that are indicated in the budget are based upon actually paying the administrative rate and not asking them to capitate and to function within that whole system of capitation. So that we will be paying the bills -- we will be asking them to pay the bills, but it's not -- they will not be assuming the risk that they assume under the current program. So, ultimately, what we will be paying them for is their administrative services.

THE CHAIR:

Senator DeFronzo.

SENATOR DEFRONZO:

All right.

Through you, Mr. President, you know this much better than I do, so maybe you could put it in -- in -- in simple terms for me. I guess the que -- the basic question is that some hospitals have negotiated rates with -- with their current carriers under the MCO plan. And the concern is that the rates will be subject to modification when the tran -- when the transition goes to the ASO system. And that -- I think that's the -- the concern and the question that I'd like to try and get answered. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

You know, I think that rates constantly change between MCOs and hospitals today. What this does not contemplate, which was contemplated in early versions of ASO, is going to the fee for service Medicaid rates. So that within the context of what MCOs and hospitals do all the time, I don't believe that their relationship will change. And I -- we are not requesting that the rates the hospitals are paid go back to the Medicaid fee-for-service rate.

THE CHAIR:

Senator DeFronzo.

SENATOR DEFRONZO:

Thank you, Mr. President.

With that, I want to thank Senator Harp for her answers.

And thank you, Mr. President, for your indulgence.

THE CHAIR:

Thank you, Senator DeFronzo.

Will you remark further on the Emergency Certified Bill?

Senator Doyle.

SENATOR DOYLE:

Thank you, Mr. President.

I have -- I just have a particular area that I wanted to discuss briefly with Senator Daily, regarding for -- for purpose of legislative intent in connection with the Economic Recovery Revenue Bonds.

Earlier in the year I was concerned about the allocation of the responsibility to pay the Economic Recovery Revenue Bonds, specifically, in connection with the utilities. And today, I've done some -- I spoke to an official at the Treasurer's Office. I'm comfortable how they're allocated between CL&P, UI and the municipal utilities. And really my main concern in lay language is that each household basically in the state is equally responsible for the payback figures. And that being said, I've looked in the -- in the bill on page 212 of it. There is language there that -- that comforts me. And I'll just kind of recite it. And I just want to confirm this is the understanding of Chairman Daily. But in this or on line 4492, it details the departments to allocate the responsibility of the funding for these equitably between the electric distribution companies -- being the three companies I just previously mentioned -- and further language states that such allocation, you know, may commence of different dates and may vary over term provided -- and this is that language that I -- that I'm concerned about or I should say I'm comfortable about now -- such charges are equitably to be allocated to the customers of each electric distribution company. And they all have this -- the substantially the same present value after consultation.

So in normal language, I'm just trying to get -- get -- get across for legislative intent, do -- over the three electric companies, is it fair to say that the electric consumer, statewide, will have the same proportionate allocation or burden under the bill? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And, through you, Mr. President, yes, Senator Doyle, that is the intention. It is the direction in this language to the Department to set this up so it's equitably allocated and so that every household has basically the same responsibility.

THE CHAIR:

Senator Doyle, you have the floor, sir.

SENATOR DOYLE:

Yes, and I thank Senator Daily for her response, and I thank Senator Daily for her patience.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator McLachlan, you've been seeking the floor. You have the floor, sir.

SENATOR MCLACHLAN:

Thank you, Mr. President.

I have some concerns about this document, primarily, because the length of time that we've had to review it I think is unacceptable. It's my understanding that this process has been ongoing for some time and, yet, myself and staff members in the Senate Republican Caucus probably only had about 90 minutes before we began debate to really get a good look at this 245-page document. So I'm always uncomfortable when we have to consider hundreds of millions of dollars in decisions and -- and we're -- we just don't seem to be having enough time to really vet the document. So that's my first concern.

My second concern is the absence of government reforms that have been talked about in this building for a long time. Most recently, this legislature created the Commission on Enhancing Agency Outcomes, which I had the distinct pleasure of serving on with the chairs of the Government Administration and Elections Committee and the chair of Appropriations. And so, through you, Mr.

President, I'd like to ask a question to Senator Harp, please.

THE CHAIR:

Please proceed, sir.

SENATOR MCLACHLAN:

Thank you, Mr. President.

Through you, Senator Harp, the Commission on Enhancing Agency Outcomes, of course, was just one of, perhaps, dozens of government efficiency reports, task forces that have been conducted in state government over many years. This is really seems to be one of the most recent ones, as the work began in February of 2009, and we filed our report with the General Assembly, I think it was February 1st of this year. Does this budget document that we are considering today, incorporate any of the recommendations of the Commission on Enhancing Agency Outcomes --

THE CHAIR:

Senator Harp?

SENATOR MCLACHLAN:

-- through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I believe that section 57 includes some of the recomen -- is it section 57? It's the section having to do with the changes for the Department of Motor Vehicles. And I'm just going to see if I can find that section.

SENATOR MCLACHLAN:

Mr. President.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

In the interest of time, if I may interrupt Senator Harp.

Senator Harp, perhaps, we could step back to that question at a later time and --

SENATOR HARP:

Oh, excuse me, sir. If you don't mind, I did find it.

SENATOR MCLACHLAN:

Sure.

SENATOR HARP:

It was section --

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, sir, section 25 and 26 reflects some of the work that was done in conjunction with the Enhancing Agency Outcomes and the subcommittee relative to finding savings by changing the manner in which some of our business is done in the State, certainly, not as much as was contemplated by the committee.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you.

And thank you for that answer, Senator Harp. So the -- the budget document does include some of the suggestions. Do we have an idea of what the value of those budget savings are that are incorporated in this document?

THE CHAIR:

Senator Harp.

SENATOR HARP:

As I recall from discussions from the subcommittee, I be -- I believe it's about $8 million that it ultimately saves. And it was built into the line item that we have in our budget on Enhancing Agency Outcomes.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

The section 25 talks about license plates. And so if there's a way to save millions on license plates, I guess that's a good idea, but I'm not seeing -- I'm not seeing anything that represents $80 million. I know that the -- the whole idea was to have some pretty substantial recommendations to the legislature to save money, but I'm -- through you, Mr. President, I'm just not seeing anything that would come close to $80 million in savings as recommended by the CEAO.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, those savings are going to -- are things that can be done without legislation and are done in agreement with the Department of Motor Vehicle. I believe that the one thing that did require legislation was enabling them to allow the AAAs to renew nondriver's license ident -- and identification cards and motor vehicle registrations. I also believe that the legislation allows us to -- it allows but doesn't require the removal of the sticker for registration that we have which will save dollars. And I -- I don't know that that fiscal note actually gives the exact amount of that, but there are other efficiencies that the Department has agreed to work towards that are reflected in the Enhancing Agency Outcomes' work.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank -- thank you, Mr. President.

And thank you, Senator Harp for your answer. I -- I'm glad to see that -- that there is at least some of the suggestions used. I -- I guess I, respectfully, disagree with the value as those things you've just mentioned I don't think are valued at anywhere near $80 million, but we're headed in the right direction. And I think that's what's important is that that these reports that were created by the -- the task force, the Commission on Enhancing Agency Outcomes, took a lot of suggestions from across state government and the private sector in trying to help this legislature deal with our -- our budget crisis. But I -- I think that we have a long way to go. And I sense that your response sort of acknowledged that this budget document does not come close to what the Commission on Enhancing Agency Outcomes was hopeful we could accomplish in budget savings. In fact, if it's anywhere near $80 million, I'll -- I'll talk to our budget analyst to see where that money is. That would be great news, although, I'm not sure it's there.

So, my -- my point is that if we're going to have a crisis budget that we need to adopt now, we really need to be adopting the consideration of CEAO and other task forces that have been working hard over the last five years, frankly. And I'm -- I'm fearing that we're really not taking those tough suggestions to -- to transform government in the State of Connecticut during this economic crisis.

Through you, Mr. President, I have a question to Senator Daily regarding the funding mechanism.

THE CHAIR:

Please proceed, sir.

SENATOR MCLACHLAN:

Thank you, Mr. President.

And, through you, Senator Daily, the Economic Recovery Revenue Bonds, could you clarify for us a bit? How did we get to that vehicle of financing? It's, you know, the traditional way, of course, is state bonds. Securitization was another way that we talked about and, in fact, approved in the last -- last year. And now we've come up with this new idea of Economic Recovery Revenue Bonds. And I wonder if you could just clarify how we got there and why we're using that vehicle? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And, through you, Mr. President, when we passed a budget, a two-year budget, last September, we securitized $134 million. And we instructed the Treasurer's Office, in conjunction with OPM, to come up with a recommendations of how to satisfy that securitization responsibility. On February 3rd, we received a letter that outlined six possibilities. The first of which was securitizing stranded rates. Subsequently, the Finance Committee voted to do that and sent that recommendation to the floor. Then budget negotiations began. The Governor said she would veto any bill that required securitization. There were discussions. The Governor wanted to use other funds. Then the Governor, in another round, agreed to use some securitization and 50 percent of each of the Energy Funds -- the Efficiency Fund we've talked about today and the Clean Energy Fund. We argued against using those other funds and argued in favor of using all of the stranded costs to satisfy that obligation that we had incurred.

The Governor then returned to us with a proposal, fairly final proposal, that we do it this way, that we take 35 percent of the Efficiency Funds and zero percent of the Energy Funds, 33 percent of the stranded costs. And that's the proposal that's in this bill and what we bring to you today.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

And thank you, Senator Daily. I appreciate that little history on how we got to ERRB. I guess, now my question is what is ERRB, the vehicle, itself, because when I tried to do a little research on Economic Recovery Revenue Bonds, which apparently the Connecticut State Treasurer Denise Nappier, has said we can do. I can't find anything about them. It's like, California is the only other place they've ever existed. So could help me understand better what that vehicle really is? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

And, through you, Mr. President, it is really exactly what it appears to be and what it seems to be.

It's a vehicle for borrowing the bonding money of our state and a way then to prepay those bonds.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

Thank you, Senator Daily, for that answer. How -- how is -- I understand that there's this constitutional question about borrowing authority, and so forth, came into play and that ERRB was a new opportunity to -- to stay within our guidelines. How do the bond rating agencies treat Economic Recovery Revenue Bonds in their analysis of Connecticut's state debt? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

And, through you, Mr. President, it's our information that they rate them triple A.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank -- thank you, Mr. President.

That's -- that's one good answer, and I appreciate that, Senator Daily. More specifically, it's good to know that they're triple A, but how do the -- the rating agencies, the bond rating agencies, analyze ERRBs in the big picture of Connecticut state debt? How do they treat that? Do they treat it like normal debt that we have? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Mr. President. Would you ask the Senator or let me ask the Senator to ask that question again?

SENATOR MCLACHLAN:

Sure.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

And, through you, Mr. President, you gave me an answer of triple-A rating and I appreciate that that's the rating that determines what the interest rate is essentially on the bond. My question is how do the -- the bond rating agencies analyze Economic Recovery Revenue Bonds in the big picture of analyzing Connecticut's state debt? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, I've never worked in a bond rating agency so the exact mechanics of analyzing I wouldn't even begin to try to pretend I knew. But how they look at us, as far as we know, is favorably. And this would be outside our -- our regular cap and be rated triple-A. That's what we expect when we bring these to market.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

And thank you, Senator Daily. I think you've answered by question. So, essentially, the bond rating agencies will rate the debt like they normally do, the rest of the state debt. But the State of Connecticut treats the debt differently because we don't really count it as debt. Is that -- do I have that right? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

Through you, Mr. President, the reason that we are naming a source of revenue to pay this is because we know through experience that that's what the rating agencies look at very favorably.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Mr. President.

And thank you, Senator Daily. I appreciate your -- your assistance with trying to understand Economic Recovery Revenue Bonds a little more. But I -- I guess I still have some homework to do, and I'm going to do that after I sit down. I'll continue to try to better understand the -- the process.

And here's my concern. I guess that the rating agencies rate state debt and determine what our interest rate will be in the big picture. And we're concerned with a constitutional spending cap that we are approaching our limits. And I think we got even closer to our limit when we talked about building a $200 million hospital tower yesterday. So if we're getting closer to our limits, the way to get around that is to create a new kind of debt that's outside our limits. And I -- I guess I'm just uncomfortable with that.

Even though the rating agencies look at it one way, it seems somewhat disingenuous to me that we're treating it differently. And I guess that if I look at my own debt picture, I suppose I have different buckets of debt that I owe. I have a new car loan. I think I have a MasterCard in my pocket that probably has a few thousand dollars debt on it. And I -- I have other obligations out there, and they're all in different buckets. But it's still my debt and it's all my debt. And when I try to do a financial statement, a personal financial statement, I have my assets and my liabilities, but they're all still my liabilities.

And it seems to me like we're treating this newly created liability differently than we cre -- we consider normal state bond debt. It just doesn't sound right to me. So I'm -- I'm a little uncomfortable with that, and I think I'll do some more homework while this debate continues and, hopefully, be able to get some -- some more answers to my questions before the evening is over.

One more question about, if I may, Mr. President, a question to Senator Daily. How long have we used the electric ratepayers' money to pay for outstanding debt or to help balance the budget? How long have we done that? Is that a relatively new process in Connecticut state government? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And, through you, Mr. President, the answer, we did it in 2002. I was here then so I know. I'm not sure of our total history.

SENATOR MCLACHLAN:

Thank you.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

And thank you, again, Senator Daily, for your help.

I -- I'm going to continue to listen to the debate, and I'm going to continue to read the 245-page document. And I'm going to ask our -- our budget staff to help me better understand the Economic Recovery Revenue Bonds so that I hope my colleagues here will also be able to get a better understanding of it, too.

But I -- I do, at this point, have severe reservations about this proposal. I'm very uncomfortable with a lack of substantive spending cuts in state government. I have a bit of discomfort at this point with the method in which we're borrowing a lot of money. And I -- I'm not sure that we're really doing what everyone else is doing in the United States of America in this economy and that is spending less money.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator McLachlan.

Senator Harp.

SENATOR HARP:

Thank you very much, Mr. President.

There is an amendment that I'd like to have called on this bill. It's LCO 5717.

THE CHAIR:

Mr. Clerk, would you please call the amendment?

THE CLERK:

LCO 5717 it should be designated Senate Amendment Schedule "A" --

THE CHAIR:

Senator Harp.

THE CLERK:

-- offered by Senator Harp of the 10th District, et al.

SENATOR HARP:

Thank you very much. Mr. President, I move the amendment.

THE CHAIR:

Question's on adoption. Will you remark?

SENATOR HARP:

Thank you very much.

This amendment makes various technical changes to the underlying budget document. For example, it reduces the State Employer Retirement Contribution account by $1.1 million to take care of the deficiency that has occurred in the State Department of Education's magnet school account to fund the Connecticut Regional Educational Council or CREC for its magnet school transportation costs. We normally do that. I believe that it's in the budget, but we didn't indicate how to pay for it as a -- as it was added at a late date.

It also delays the contract -- contracting standards board until Fiscal Year '12. And it clarifies that up to 140 million in unappropriated surplus from Fiscal Year '10 will be credited to the resources of the General Fund in Fiscal Year '11.

It also indicates that there're certain kinds of information that will be available to the Judiciary Committee on -- about incumbent judges.

I urge adoption.

THE CHAIR:

Thank you, Senator.

Will you remark on the amendment?

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And, through you, Mr. President, a few questions on the amendment to the proponent.

THE CHAIR:

Please proceed, sir.

SENATOR DEBICELLA:

Thank you, Mr. President.

I'm looking specifically at section that says, After the last section, add the following. And I was wondering if Senator Harp could just address some of these new sections, section 501, 502, et cetera, et cetera. I believe there's five of them. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President, does the gentleman have specific questions that he cares to ask?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Oh, thank you, Mr. President, I'll narrow it.

So in section 501, this seems to say, the Appropriations recommended for the Judicial Branch shall be the estimates of the expenditure requirements tra -- transmitted to OPM. So basically, this is codifying something that I thought was in the bill before that actually said, when the government -- when OPM gets something from the Judiciary Branch. So this is just codifying something that we had discussed before?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, yes.

I think that it was understood before, but this actually spells it out in language.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Oh, thank you, Mr. President.

And, Mr. President, just going through these section by section just to make sure I understand what's going into the bill.

Section 502, the sum of about $14 million is being transferred to the State Insurance Risk Management Board account from DAS. Just question to what that is.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I think that this separates from the DAS Other Expenses line item. The amount that is available and needed for the Contracting Standards Board.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you. I thank the good senator for that clarification.

And I believe I understand 503 and 504.

Section 505, this is I believe what Senator Harp was talking about before in terms of interviewing judges. Could you just clarify what section 505 is? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I think that it -- this is saying that beginning January 15, 2011, and every year thereafter that certain kinds of statistics will be forwarded on incumbent judges. So it will be the number of candidates interviewed for appointment as new nominees, the number of incumbent judges interviewed for reappointment to the same court, the number of incumbent judges interviewed for appointment to a different court, the number of candidates who were recommended or denied recommendation to the governor as new nominees, the number of incumbent judges recommended and denied recommendation for appointment to the same court and the number of incumbent judges recommended and denied recommendation for appointment to a different court, and the statistics regarding the race, gender, national origin, religion and years of experiences -- experiences, members of the bar, for all of the candidates that were recommended -- that were interviewed, recommended and denied recommendation.

So this is just to provide generalized data, not specific, not identifiable data on those that are -- go before the Judicial Selection Committee, and the information will be provided to the Judiciary Committee of the General Assembly.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And I thank Senator Harp for those clarifications in the amendment. I just wanted to make sure I fully understood it before voting on it, seeing as I hadn't

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seen it before. I thank the good senator for her answers.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

I request a roll call vote.

THE CHAIR:

Thank you, Senator Harp.

A roll call vote will be ordered at the time we take the vote.

Senator Guglielmo.

SENATOR GUGLIELMO:

Thank you, Mr. President.

I -- I don't really have any questions. Just would like to express some concerns about the budget and the process. I've been up here 18 years. I don't think I've ever seen us in a type of situation we're in now and the type that we're headed for, both the State of Connecticut, probably 37 out of the 50 states, probably the federal government -- definitely the federal government as well. And it's a short and a long-term problem. Short-term picture just got a little brighter. We had the tax collections. They were up, I guess, about

400 million of over what was estimated. The really good new in that was the payroll taxes were up, which is really a good sign. The estimated, I guess, were a little down, but the payroll was up. Payroll taxes being paid. Being up means people are working. Means the economy is getting a little better and that's good -- that's the good news.

But what I think happens when you -- when -- when this occurs is that we take our eye off the ball. We still have the long-term problem, and we haven't addressed it. We don't have a sustainable situation in the State of Connecticut.

Our revenues do not meet our expenses. We have not done what I hoped we'd do, which is a line by line review of the budget the way most of the towns and cities have done it. And I sat in on quite a few panels in the early part of the session -- and, actually, before the session occurred with other representatives and senators, and Senator Williams was in attendance at one. And it was at the Northeast chamber. I think we had a crowd of a couple hundred people for the breakfast meeting. People are very concerned. You know, they know what the problem is. And they're -- they're a little confused, I think, by what we're doing up here.

And I know that Senator Williams said, and I agree that he hoped we would use this as an opportunity to some long-term planning, really get our house in order. Make some decisions, do some line-by-line reviews of our budget.

Actually, I don't know if he used these words, but I would use them, that we kind of regroup and redesign the way we think a government in the state of Connecticut. And that clearly hasn't happened.

What we've done here is we've kicked the can down the road for some future date. I think we've missed an opportunity to do what really needs to be done. And I think what's going to happen, lot of people are going to be fooled by this because they're going to think we've solved the problem because there are no new taxes. They didn't see any painful cuts. And I think -- but I think the illusion is going to go away pretty quick and then they're going to be really angry and disappointed in us because we haven't addressed the problem. You know, that's the current problem.

And then long term, the problem's even bigger. Most people don't even know about this. We have got, as everybody in the circle knows, we've got $50 billion in long-term, underfunded liabilities, $50 billion. That's incredible.

You know, people talk about California being in trouble. I think we're, per capita -- I think we're in as much trouble as California. California gets the more attention. There a large state. The largest in the nation, 40 million people. We're 3 and a half million, so obviously, they're going to get more attention. But per capita, I think our situation is every bit as serious as theirs.

And you look at the long term, $50 billion, we've underfunded the Teachers' Pension Plan. We've underfunded the State Employees' Pension Plan. We've underfunded the State Employee Health Insurance Plan. We've done a lot of borrowing. We don't use GAAP accounting that's generally accepted accounting principles that gives us a billion-dollar cushion which we don't really have.

So we got a short-term problem which is bad, long-term problem which is worse, and we're not doing anything about it. Thi -- this doesn't certainly doesn't do anything about it. So I think that people are going to be surprised probably in the beginning of next year, January, after the campaigns are done, and they shart --

start to see that the long-term budget for 2010 is 3 to $5 billion in the hole. I hope that -- and I know that it won't happen. I would hope that we would really reject this budget and that we'd work together all 36 of us in this room, to look over the budget, see what works, see what doesn't work.

All these programs have a constituency. None of them are bad. That's the problem, but you have to have priorities. And we don't have any. We haven't had any for a very long time. It's going to catch up to us, and when it does, it's going to be very painful. It's going to be very ugly.

In fact, I'm kind of surprised so many people are running for governor because they all know or they should know. It's not a job that I would want. But we're going to be part of the solution, and it's -- I just was hoping that we would -- actually, I was hoping last year that we would get started to address some of these long- and short-term problems. I was sure we were going to do it this year, but, unfortunately, that hasn't happened. So I'm disappointed but not surprised. Thank you.

THE CHAIR:

Thank you, Senator Guglielmo.

The question before the chamber is adoption of Senate Amendment "A." Will you remark further? Will you remark further? Seeing none, Mr. Clerk, will you please announce the pendency of a roll call vote. The machine will be opened.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

The question before the chamber is adoption of Senate Amendment Schedule "A."

Have all the members voted? If all the members have voted, please check the board to make sure you cast your vote appropriately.

Mr. Clerk, will you please announce the tally.

THE CLERK:

Motion is on adoption Senate Amendment Schedule "A."

Total Number Voting	35
Those Voting Yea	23
Those Voting Nay	12
Those absent and not voting	1

THE CHAIR:

Amendment is adopted.

Will you remark further on Emergency Certified Bill as amended.

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

I began reading the bill as soon as it was brought to my attention that it was on my desk a little over an hour and half ago now may be. I'm on page 135 out of 245, 100 pages to go, Mr. President.

This document that's before us runs state government, all aspects of state government, from our health care programs, to our colleges, to our prisons, to our transportation systems, departments of motor vehicle. You can go down through the list of alphabet soup, and they're mentioned or they're touched in this budget document. And once again, I'll complain as to how we, in the legislature, provide a document that just have numbers but it has no reference. Is it a 20-percent reduction? Is it a total wipeout, a sweeping of the fund? There's no way of knowing by looking at these documents because it's just a number attached to an agency. And I tell you next year I'm going to offer a bill that when we have something like this, you're going to be required to tell the appropriated amount, the amount spent, the amount left, and what we're looking for in the budget because that's the only way you can make informed decisions as to whether this is something good or not. I don't know if our software has that ability, but I'm going to try to pass a law to make sure that it does. Because it's frustrating when you're looking at the beginning of the budget document and you see "stream gauging, $202,355," line T-414. Well, is that the whole account? Is that a portion of it? How much is it? Is there anything left? I don't know. But I'm expected to vote yes or no on it.

Like I said, this touches every aspect of our lives, as residents in this state, from the roads that we drive on, to the offices that we visit, and the services that we depend on.

I have several questions as I began to go through the bill, and when I'm done with my questions, Mr. President, I'm going to sit back down and read the remaining 110 pages and stand back up again and ask questions on the remaining 110 pages if I have any. Because I -- I certainly want to understand what we're trying to accomplish here. I understand the underlying goal, but the devil's in the details, and we need to delve into this document and realize the impact of what we're doing.

So, through you, Mr. President, to Senator Harp, on line 159 of the bill, it speaks of the Medical Assistance Program, and we added the word "pharmacy" before "provider." So when we're moving from just a general provider to a pharmacy provider that's very specific. And since we've done that, who have we excluded through this action? Line 159. Through you, Mr. President.

THE CHAIR:

Through the Chair, please.

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, in line 159, it says, "a pharmacy provider." Are you asking me what other types of providers we have in this state? Through you, Mr. President.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Mr. President, yes.

Through you, if we didn't add the new language, it would have said "a provider enrolled in any Medical

Assistance Program administered by DSS." But now we're stating specifically "a pharmacy provider." So if there were other ones, we've excluded them. And I'm just curious, through you, Mr. President, who may be those entities that are being now excluded because of the changes to the proposed law?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, other providers are providers that are recognized by Medicaid, but -- and they're expansive but, for example, federally qualified health care clinics are providers. Doctors are providers under Medicaid. Physician assistants, I believe, are providers. Advanced practiced nurses are providers. There's certain types of social workers are providers. There are certain types of facilities that are considered providers, like detox facilities. And each of them get a different rate and operate under different rules. So this would limit "provider" to just "pharmacy provider," someone who provides pharmaceuticals to Medicaid patients.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

And, through you, Mr. President, if -- in the answer that you just gave there's doctors and other facilities that provide those assistance and it's based on different types of billing. Prior to adding the language that's being proposed here, I imagine they were all in the same group if they provided medical assistance. And it says that they had to do so at the lowest amount that was available. And since we're carving all of those other entities out, are they contained somewhere else in the bill so that we continue to make sure that the appropriate service is being delivered at the lowest appropriate level of dollars? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, I believe that that is embedded in the regulations, both the federal regulations as well as the state regulations for Medicaid. What this section is trying to get at is a concern that the Attorney General has that we have called "most favored nation." Basically what it is trying to get at are the pharmaceutical cards that are offered by Walgreens, Walmart, Target, CVS. And some of those, the Attorney General believes that we, as a state, should be offered the same low price that is offered to a member of the public who joins those discount plans.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

Could you just explain in a little bit more detail how that works? So if somebody in the public has a prescription plan and they go to Walmart, and they're able to get their medication for say $5 for -- as a cost, are you saying that the State of Connecticut should be able to get that same rate from whatever their provider is? Through you, Mr. President.

SENATOR HARP:

Thank you very much.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Walmart is a very good example, Mr. President, through you, because these are usually -- I think you've seen the signs where it says if you pay $10 you can join this club. And in Walmart's case, they provide pharmaceuticals, particularly generics, at about $5 for some generics to each individual. And, then, when they provide that same drug to a Medicaid patient, they charge the State the same $5 that they would charge the person who belongs to this club or this plan that they have. Walmart does that. But if you look at other pharmaceutical providers who have similar-type offerings, they do not. They charge us a higher price. And so what this is basically saying is that our expectation is that those savings -- that we would get the same price as the State. That if you can afford to offer it to the public as a whole, you should be able to offer it to us as well. And this is different than if you are in a pharmaceutical plan through your insurance company. These are things that they offer to the public as a whole. So you couldn't take your -- say you have another plan other than the State's plan and expect that because that's a different type of contract.

This is if you have those -- those pharmaceutical offerings that you offer to the general public. Our expectation is and we believe, at least the Attorney General believes, that it's Medi -- Medicaid regulation, that we should be offered the best price, the same price that you would offer others, the lowest.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

Through you, Mr. President, do we expect that same benefit without joining the club? Are we -- would we expect the same return or charge to us for the medication as long we're a member of the club. Because it seems to me that the benefit of joining the club is to get the medication for $5, and why -- and just because if you're a Medicaid patient and you want to go to Walmart, and they say, well, your -- your charge is $10, the State shouldn't say, well, no, you've only billed the club members $5 so you should only pay us $5. And if it's the benefit of joining the club, then once, I believe, the individual joins the club, and state pays, then they should pay the $5. Through this, you're not trying to exempt them from any of the club or shut down any of the clubs that are currently available to the general public, are you? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President. It is from my understanding the expectation based upon federal law and state law and regulation that we should be given the best price, whether or not our patients join the club, simply because of the volume that we provide. If they can do it for those who join a club, the volume that we provide certainly outstrips and outweighs that. Through you, Mr. President.

THE CHAIR:

Senator Witkos, you have the floor, sir.

SENATOR WITKOS:

Thank you, Mr. President.

I consider that a bully move from the State of Connecticut, bully move. If here's a club that offers you to join -- I don't even know what the price is to join the club, maybe $20 -- if you join our club and pay $20, every time you come to get medication, it's going to cost you $5. But, yet if the State of Connecticut's going to pay, we're telling you, we're not going to pay your membership fee and you're still going to give us the cheaper discount. It's not right. I could see if you join the club, then you should get the -- the State should be only charged the same amount. But what -- what's the -- why have the club?

Moving on to line 327, we start talking about the HUSKY Plan Part B. And currently, the language says that the commissioner shall require each managed care plan to monitor co-payments and premiums. And we've taken out the language in the draft bill before us that requires the managed care plan to do it. It's going to now require the commissioner to do it.

And, through you, Mr. President, to Senator Harp, is there anything in the bill that would offset the additional work that must be required to monitor this? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President, the act that requires the commissioner to monitor the co-payment -- co-payments and premiums and changes it from a managed care plan is that we're moving away from a capitated risk involved managed care program for our HUSKY. We're moving to an ASO. And the commissioner would be responsible for the operation of the overall ASO so that there would no longer be a requirement of each managed care plan because whatever construct exists from the managed care organizations, they would no longer be a plan but be an administrative or -- organization -- administrative services organization that would be responsible to the commissioner of the Department of Social Services. And so this language, basically, give the commissioner of Department of Social Services the responsibility to monitor coma -- co-payments and premiums. And he may elect to utilize a managed care organization to do it. But it -- it clarifies that it is the responsibility of the commissioner to do that.

THE CHAIR:

Thank you, Senator Harp.

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

So, as we're phasing out from what I understand the managed care plans and moving to the administrative service organization plans, the duty shall shift. And is there anything that -- that may monitor during the interim, since right now, the managed care plans monitor that, and we're phasing it out. But who would monitor unless it's going to be ending by the time this section becomes law, July 1, 2010. Is that the cutoff date when we moved over to the ASO plan? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, our expectation is that we'll move to the ASO plan on July 1, 2010, should this bill be passed. And -- but, typically, in all honesty, it takes a little bit of time to actually change the system that we are involved in. So I'm thinking that until we actually change it, we will probably operate as if we are in the current system.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

That makes sense to me if we're -- if we're switching plans why should we require the commissioner to do the latter if it's unnecessary when we're moving away from that?

In section 24 that deals with the establishment of the Department of Aging, and I see that we've decided to delay that for a year. And it says that the DSS adminstr -- shall administer the programs until the Commission of Aging is hire -- the commissioner is hired as well as a staff. And is there anything that is appropriated within this budget, preparing for 2011 when the Department of Aging will come to fruition? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I believe that we moved all of those -- we eliminated most all of those funds from this current budget.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

If the -- Senator Harp could advise us to how much money has been moved from the current budget. So we've moved out of the DSS to the Department of Aging in the current budget, and how much? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, we moved or eliminated $452,864 from this budget.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

Mr. President, that $462 -- or $452,800 that is for programs, or is that for commissioner administrative salary, staff? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

The dollars are basically for personnel services and other expenses.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

So it's for personnel services and that's being moved over in this current budget year, which is set to end on July -- or June 30, 2010, or this for the next year? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

It's being eliminated for -- for both years. I believe that we passed it a number of years ago. And it's been eliminated in Fiscal Year '10 and Fiscal Year '11.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

In section 25 of the bill, you all know I focus heavily on law enforcement and issues like that, and I happen to see that we've given permission or availability for agencies, similar to AAA to renew ID cards, renew licenses. Then I saw something that was new that's not done prev -- or done now, and that appears to be -- allows for registration transactions. And, through you, Mr. President, could Senator Harp desci -- describe the type of transactions dealing with registrations that would be allowed?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Mr. President, it's my understanding that it will be vehicle registrations.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

Would that entail new registrations or just renewal registrations? Will it also entail people terminating their registration when they go to turn in their -- their marker plates? Through you, sir.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President. I believe that's it limited to renewal registrations.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

If it's limited to renewal registrations, oftentimes if somebody does not go through the emissions, as required under our law, the DMV will not renew a registration and give cause to that. Will these agencies have access to Department of Vehicle records to check on those scenarios and also if an act is caused by, say, somebody not paying a parking ticket or somebody has been found guilty through the infraction bureau, their registration may be suspended. Would they have access to the information to determine whether they should renew that registration or not? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I would believe that they do -- that they will. It's just for renewals, and I believe that they would have access to the databanks that would indicate, one, if there were taxes owed on the car, if there were tickets and if there were other kinds of problems that would prohibit the renewal of that registration.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, President.

And that causes grave concern to me, ladies and gentlemen, because as you know, we've had issues in the

Department of Vehicles -- our Department of Motor Vehicles -- where members there were selling information to gangsters. They were committing crimes based on that information. People were being tracked down, stalked and harmed. And now we're moving the direction to place these machines in clubs, automobile clubs.

Is there anything in the bill, through you, Mr. Speaker, that requires a background check on the individuals that have access to this computer? Through you, sir.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, no, there isn't in the bill. And, I think, as you read the language you see that this permissive, and I would imagine that whatever needs to occur will occur through the commissioner's office. And I'm going to assume that they will take all care, if they do this at all. I don't think they're required to do it.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

And this certainly -- this issue, in particular, would have evolved through the Transportation Committee I'm pretty certain that they would have seen parts of it. And I'm just wondering, through you, Mr. President, has this been discussed in the Transportation Committee or has there been a public hearing on this portion of the bill? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, not serving on the Transportation Committee, I couldn't comment on this. I will say that during the subcommittee's work on the budget that there was a public portion of their work in which the Department provided this particular option as a way to implement the Enhancing Agency Outcomes section of the budget. So I'm assuming that it had been discussed. It was discussed publicly there. I don't know that there was a public hearing on the provision, and I'm assuming that the Appropriations Committee, as a part of its budget, wasn't the only place in which this was heard.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

And I hope if this is adopted, becomes law that Governor Rell strikes that portion -- that option out because I don't -- I think there's going to be unintended consequences here. I had the option when I renew my registration online from my computer at home directly to the DMV. And I believe that's the way to go. I don't think we should have a terminal where individuals that may not -- may or may not have to go through a criminal background check. Part-timers working in the office, they may pull your name up to see what vehicles you have registered to you because it's a data base. People have been arrested. Cops have been arrested for using this computer and this data for unlawful purposes. There's nothing in the bill that talks about and, hopefully, if regulations that require you to go to a training class and how to utilize this information, signing documents that you pledge not to release any of this information. A key-stroke error could be a disastrous effect.

I had the occasion to speak to a gentleman out in the lobby the other day. We were talking about the toll booth. And he was telling me his license plate -- which I won't repeat here -- and he got a ticket. He says, I -

- the car never comes back. How -- how could I get a ticket. And they said, well, the plate was CT and then a couple of initials. He said, well, that's not my plate. My plate is the couple of initials. Well, the way the computer program went, they put the CT in front of it. And then he had to spend thousands of dollars and go to court and get the whole thing expunged because of a key-stroke error.

Imagine having somebody working in the AAA office, and you're going to renew your registration. And they type in a number, and they put a "K" instead of "J" or a "T" instead of an "S." And that becomes a permanent record. That shows your registration becomes proof of ownership. If you car is stolen, that's what's going to be entered. It's not going to match and the police are going to run it. It's not going to match. You're going to be pulled over. It draws a large concern. I don't -- I'd like to see that out of here.

And I hope if the bill -- the budget bill passes and Governor Rell removes that portion.

There's a big portion I -- I -- the goals are very laudable, but I cannot begin to venture the costs contained within section 28 of the bill when it speaks to homeless youth. And when we move down into the Homeless

Youth section, where we're going to provide clo -- these are for folks under 21 years of age that don't really have a place to sleep at night -- permanent place. We're going to look at providing clothing and housing and jobs and anger management, drug addiction programs, all these programs. And while I think they're very laudable, can the State afford it in moving in this direction. But, of course, we put the caveat within available appropriations. Oh, whoop ti do, available appropriations, there's zero, we have none.

We have some of these programs scattered throughout the state of Connecticut in some of the programs that we're offering, maybe through DCF, DSS. But now we're creating this new -- I'm going to call it "bureaucracy of bureau" that's going to help these kids. We should focus on the parents helping these kids.

Through you, Mr. President, to Senator Harp, in lines 756, with the budget bill before us, we're talking about the Commission on Children and Families. And if they entered into contracts to provide room and board and education for a private residential treatment center, they can only get paid if the education is done on campus. So that would exclude them, I under -- from my read -- of if the private treatment center -- residential treatment center is located within the town and they want to send them to the public school. They can do that under this bill, is that not correct? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

As I understand this, currently, if it is a residential treatment center that we won't pay extra funding unless the educational services are actually provided by that treatment center. If they're not and the child attends public school in that community, then the community would pick up the costs.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

So the entity -- the private residential treatment facility, say it's for drug addiction, and they would still -- the State would still provide for the cost of the room and the board and the education if it's happening in the public school, they just wouldn't pay for that; is that not correct? Through you, Mr. Speaker.

THE CHAIR:

Senator Harp

SENATOR WITKOS:

Mr. President, I'm sorry.

SENATOR HARP:

Thank you very much.

If the educational services are provided on campus or at the residential treatment center, then the State would pay. But if the child goes to a local public school, it would be paid for through that local public school. And I believe that with DCF children, there is an obligation for the sending school district to pick up some of that cost.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

And I thank Senator Harp for that answer. Moving on to section 41, if Senator Harp could please describe for me what the Bradley Enterprise Fund is? And how that is -- it obtains its revenues? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

The Bradley Enterprise Fund is a fund that is set up that collects all of the fees that the airport receives for, I think their landing fees, their take-off fees and there are the rents that they get for the various operations that exist within Bradley International Airport, all of their rents, all of the landing fees, take-off fees and any other associated fees go into the Bradley Enterprise Fund.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

And now all the fees that come in from -- it sounds like every -- every type of fee that is generated at the airport whether it's gate fees or, as Senator Harp said, landing fees. We -- those of us that have been up to Bradley know how beautiful it is with all the merchant shops that are in there, rental fees for the space. What comes out of the fund? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

I think that one of the things that the fund is required to do is to pay for the cost of Troop W, which are our public police that man Bradley International Airport.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

Now, that's one, I would imagine, small part of the astronomical amount of money that must be in the Bradley Enterfise -- Enterprise Fund, but maybe it's not astronomical. So I guess I'll ask that question, Mr. President, through you, does Senator Harp know what the average balance is on a yearly basis to the Bradley Enterprise Fund? And also, what the cost of Department of Public Safety, Troop W operations are? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I'm going to say that I don't know. But I can get that information for you. I don't have it available right now.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

Through you, and this will be my last question on that, do you know if there's anything else that is paid out of the Bradley Enterprise Fund? Is it just for the -- the State Police, their troop up there, or do they pay for maintenance in the area? Do they pay for any consumables that are used by anybody -- I have no clue, so that's why I'm asking? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

The Bradley Enterprise Fund, I believe, pays for all the costs associated with running the airport.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

And now that makes me curious that we have to have a law -- and it's new -- that says the auditors of public accounts have to audit the Enterprise Fund to determine only the Department of Public Safety, Troop W. Why are we not, number one, auditing the entire account? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, the Transportation Fund and -- if we are inadequately reimbursed by the Bradley Enterprise Fund for the operation of Troop W, it costs our Public Safety Department excess dollars. And what has occurred over the past few years, one, it took five years to develop a memorandum of understanding between the Department of Public Safety and the Brad -- the Department of Transportation regarding the payment for Troop W. We finally have that understanding in -- through a memorandum of understanding.

And it's the belief of the Appropriations Committee that because there are still disagreements about whether or not the Department of Public Safety is adequately reimbursed for the work that is done by Troop W, it is our feeling on Appropriations that there need to be audits of that account and a third party looking at it because this -- these are disputes that are ongoing over many years, and it is our belief that an audit will solve that problem. And the lack of solving that problem means that the taxpayer of this -- payers of this State through the Department of Public Safety will foot a bill that really should be actually a bill that is paid by the Bradley Enterprise Fund.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

Sounds like we're going to flip a light switch on this because it -- from the remarks of Senator Harp, there's been some difficulties with this account for quite some time. Whether or not the amount being reimbursed is appropriate who have made -- or whether the work being performed is adequate. It's a shame that it's taking this long that we have to put into law that we're going require our auditors to look at the account in the reimbursements. You would think and hope that that would be part of our annual process of reconciling our accounts. And if there were difficulties between the Department of Public Safety and the Department of Transportation, they would be ironed out by now. Why it's an ongoing concern is a concern to me. Because when you have disgruntled employees and people pointing the finger at each other, you pay this, I pay that. Who pays what? I don't know. Off it goes, and then we don't talk about it until we present it in a bill a few hours before adjournment on a session that's been going for a couple of years.

I would hope that the commissioner of both agencies could be brought in before a respective committee and asked what's going on. Sometimes we -- I think we do things in law needlessly. And this is one example why. Why -- you ask the -- the general taxpayer in Connecticut, Do you think we should have a law that audits the reimbursement from the Bradley Enterprise own Fund to Department of Public Safety? Well, they're going to say of course. Why wouldn't you audit it? Well, because there's been disagreement, there's been arguing back and forth between the two agencies for a couple of years, so haven't quite figured it out yet, but maybe with the law that'll do it.

And I -- I find it difficult to understand because these memorandum of understandings aren't written on the back of a napkin. Those are negotiated items. And generally, they're very specific and clear as to the intent and the meaning of what's to be done within that.

And is -- if a party is aggrieved by that memorandum of understanding, then it's brought to somebody's attention so that it could be resolved. And I don't know if auditing is going to resolve the difficulties because I don't know what the difficulties are.

And, through you, Mr. President, does Senator Harp have any idea of what the difficulties are with the memorandum of understanding? Through you, sir.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

You know, I think that one of the things that I would like to say is that, you know, oftentimes both the -- the Department of Transportation and the Department of Public Safety agree that the Department of Transportation should just spend the extra dollars. I think it's in the interest of the legislature to assure that it's efficient and that they abide by the memorandum of understanding. And if after there is an audited accounts, we determine that the appropriate amounts that are paid by both parties are accurate then I think that we will know. But, having a neutral party, an auditor, audit that account on our behalf, I believe protects the taxpayers' investment in what goes on, both, in Department in Public Safety and at Bradley International Airport.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Mr. President, I couldn't agree more. I just wish that these concerns that come to our attention as soon as they are cropped up because, you know, this -- our inaction or inability to act may have -- costing the taxpayers money and needlessly.

Mr. President, through you, section or line 1035, talks about the Connecticut State University Operating Reserve account. And in the budget, before us, bill it adjusts that amount, and takes $2 million originally to be raided up to $10 million to be used in the General Fund. And I'm wondering, through you, Mr. President, do any student fees go into the Operating Reserve account? And if not, how is that account funded? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

There are some student fees that go into that account. And we took fee -- dollars out of the UConn account during deficit mitigation and we're taking dollars out of this account in this particular budget, so. I don't necessarily -- I wouldn't say that -- that we are not actually taking some of the fees that had been placed in through Student Accounts.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Mr. President, we talk about the cost of education in Connecticut. And we just heard that the fees that students pay to go into this fund are being raided, originally from $2 million to $10 million to our General Fund to pay our bills. Shame on us. That's why education's so expensive. I'm going to have to do a study over the summer and put down every little thing that we do, fees here, fees over there. And what we've raided to fund our general obligations. It's not right. These fees are for students to get a quality education. They pay that, hard-earned dollars. A lot of these students hold down a job just to pay for their tuition.

And I'm wondering, Mr. President, if we gave $10 million into that fund, would it reduce the cost of a student to get a education in Connecticut? I'm certainly not happy to see this in the bill, and we're learning that these family struggle for the cost of an education in Connecticut are now paying the General Fund.

Once again, we're taxing the taxpayers of Connecticut. When my children get to be college age, I'll be thinking, I'm almost out of debt because I'll be a few years away from paying off my mortgage but, no, here come the bills, 10,000, 20,000, 30,000 dollars a semester. By the time I'm done paying for college education for two children, I'll have paid more in college education expenses than I paid for my house. And I wouldn't mind that because it would help my kids get a better future. But I don't want to pay any more money to the State of Connecticut to pay their bills because they're not doing it -- the right thing. I have a problem with that.

In line 2038, Mr. President, we're speaking of the Behavioral Health Partnership Oversight Council. And I see that the only change in this section was the removal of an appointee by the Minority Leader of the Senate. The Speaker of the House retains four appointments, the President Pro Tempore of the Senate retains four appointments. The Majority Leader of the House retains two appointments. The Majority Leader of the Senate retains two appointments. The Minority Leader of the House retains two appointments. The Governor retains four appointments, but the Minority Leader of the Senate loses an appointment, from two to one. Could the fine Senator explain the reason behind that? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President, I really don't have an answer for that.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

I guess I have no comment on that one, Mr. President, because there is no reason why. I hope it was an oversight because it's not fair that one individual who is equal partners with the House Minority Leader has now lost an appointment to this council.

Mr. President, I do have one question for Senator Daily.

THE CHAIR:

Please proceed, sir.

SENATOR WITKOS:

Through you, Mr. President, to spread the burden of the bonds and the charges remitted to the General Fund equitably among all the Connecticut ratepayers, including those of the electric distribution companies municipal electric department; is that correct? Through you.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Mr. President, yes, sir, it is.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

And I will conclude my remarks at this time as I have 110 more pages to read, and I may be standing up later on in the debate. Thank you, sir.

THE CHAIR:

Thank you, Senator Witkos.

Will you remark further on the Emergency Certified Bill as amended by Senate Amendment A?

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President. Great to see you up there this evening at about 7:33.

THE CHAIR:

Good to see you, too.

SENATOR KISSEL:

Just a few initial questions and then probably some broad brush discussion at 30,000 feet, but, through you, Mr. President, some questions regarding the bill that affects the Department of Corrections.

THE CHAIR:

Please proceed, sir.

SENATOR KISSEL:

And I -- I -- I believe this would probably go to Senator Harp, and I'm referring to page 43 out of 245. And it's sort of the breakdown of the dollars, and I just want to sort of run through them.

The first notation at lines T-895, Personal Services, and it appears from my reading of this that we're going from 417 million, down to 900 -- 393 million. But I'm just wondering that line item, Personal Services being reduced by about $20 million, does that contemplate that there would be a reduction from the current number of correctional officers that we have in our correctional facilities? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I believe that there will be a reduction due to attrition.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much.

And at this time, I guess I'll just raise the concern that in speaking recently with the Commissioner of the Department of Corrections, Commissioner Murphy, we want to make sure that if we do proceed down that path and there is any reduction in corrections officers due to attrition that we have adequate staffing levels within all of our facilities.

I have spoken to Senator Harp and some other folks on the other side of the aisle regarding initiatives that, perhaps, could reduce the number of inmates in our correctional facilities with an eye towards not creating a laundry list of quote/unquote, nonviolent offensives but addressing it in a very nuanced and thoughtful fashion. But I do believe that as much as these reductions do reflect not filling correctional officers through attrition, we have to be very mindful and monitor this on an almost daily basis, as the Department of Corrections does, to make sure that we have adequate staffing levels at every one of our correctional facilities.

And if I may, through you, Mr. President, my recollection of the last budget that was passed in the Fall of 2009, that there was some concern that I had as to the level of savings that was anticipated in Corrections. My recollection was that it -- that it was built in be something like $40 million. But I think in actuality it's only been about $14 million. And I'm just wondering if I'm way off on that recollection and where -- sort of what was the projected savings? And where did we land? Through you, Mr. President.

SENATOR HARP:

Thank you very much.

I believe that there has been an $18 million savings in Corrections this year. And as I recall, I think our proposal in the biennium was around 23. In the Governor's proposal to her which this budget accepts, and not the Appropriations Committee, the Governor is projecting another 10 million, which I believe is reflected through T-894 and 895. So that we -- in the final document, accepted the Governor's $10 million reduction as opposed to our $23 million reduction, which would have been together a $33 million reduction. So we moved away from $33 million to 10.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President.

I want to commend Senator Harp for that aspect of this budget proposal and moving from something that was aspirational and fairly optimistic until -- and down to something that is far more realistic.

And again, as a state senator who has six correctional facilities in his district throughout three communities in North Central Connecticut, housing in excess of 8,000 inmates on any given day, making sure that we have adequate funding levels and proper staffing levels for these facilities is a fair amount of importance. Because one of the fundamental things that a state government should be about is public safety. And we don't want to go down the path of the wholesale release of quote/unquote nonviolent offenders, who in many respects may have pled down to something that could be characterized as a nonviolent offense, although their original arrest was for something that may have been far more unsavory and violent and, therefore, that individual would definitely pose a threat to society, unless he or she turned their lives around.

Another aspect that I had some concern with regarding these adjustments is in line 2 -- T-898, from the same page. And in many of respects in looking through these adjustments for various state agencies, many of the line items have gone down, but in this one the line item has gone up from 24 million to 29 million, and that's for Workers' Compensation Claims.

And my concern, through you, Mr. President, to Senator Harp is are we anticipating that there might be more attacks on corrections officers, therefore, precipitating a $5 million increase in what we can anticipate in Workers' Compensation Claims? Because I feel a lot better if our Workers' Compensation numbers were going down rather than up. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, I believe that the way in which this line is projected, it looks at existing personnel who are getting services through Workers' Compensation. And I don't believe that it projects out an increase in Workers' Compensation claims but looks at -- it looks at a trend line. And it takes into consideration the current costs that we are paying.

One of the things that we heard during testimony is that while the number of people who are on Workers' Compensation hasn't really increased that much, the cost of care has increased. So I believe that some of the increase reflects the cost in care and the type of inj -- of current injuries that are under care.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much.

And so am I to glean from that answer that I -- I -- and I bet you I know the answer to this that Senator Harp shares with me a concern that we have adequate safety for all our corrections officers and that we would never, as a state, go down any path that would put them at risk unduly in any way, shape or form. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, I absolutely agree with the gentleman. And as a matter of fact, the Appropriations Committee has worked very hard with the Department to control its Workers' Compensation costs and to come up with programs that minimize injury on the job.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much. And I -- and I really appreciate that answer. There was a period in time when we were looking at cost savings. And clearly, with the Department of Corrections having such a substantially high total operating budget that one looks to that and says, wow, there's got to be a lot of savings in there. But it's a very difficult area to manage in a responsible way. It's 24/7, 365 and a quarter days a years. You can never take your eyes off the ball when you're dealing with these folks. We want to turn their lives around. We want them to be productive citizens. And we're -- I think that our state is very much in the forefront nat --

nationally in moving down a path -- well, where we're trying to break the cycle of recidivism. But my belief is that while we're charting that course and moving in that direction, it's certainly not anything that can happen overnight.

I now would like to draw Senator's Harp's attention to page 53 out of 245. And it seems to be a recapitulation where the net change of the overall budget figures goes from $17,474,000,000, up to 17,668,000,000. And I'm wondering is that sort of the total adjustment that we're seeing year to year? And is that what I've heard in the hallways of this esteem building the 0.9 percent budget increase? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, I believe that this is the General Fund increase, and it's .6 percent.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much.

And as much as I think that in this recessionary economy and given trend lines, we should try to be a level funding because I know a lot of our municipalities are trying to get there. Certainly, 0.6 is a substantially lower number that we have seen historically as a state. And I guess in relation to that, have we moved anything outside the General Fund that might skew this figure, or is this an exact comparison year to year so that I can at least tell my constituents while I did not support this particular budget change that came before us, at least, the overall trend -- looking for some light at the end of the tunnel -- is moving in a precipitously down direction as far as state spending.

And again, the salient question -- the key question being is it -- is it apples to apples as far as what's underneath the General Fund umbrella? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, I believe that it is.

I'm -- I'm sure that the circle is aware that the Appropriations Committee moved some things into the Banking Fund and the Insurance Fund. All of those things were moved back into the General Fund. And what you see is a budget that is very similar to budgets that we've passed in the past.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President.

Just one general question through -- to Senator Harp, and then I have some general opinions on where we're going as a state.

I noticed in here and, again, it's a rather lengthy bill, and my constituents want to make sure that we do read these bills and march through them. And, you know, we -- I could -- I could go on for hours on some of the details of the bill, but there was a section that referred -- it sort of had a list of all the municipalities. And it had dollars associated there with. And it was unclear to me whether that is a dollar reduction to municipalities, a dollar addition to municipalities or what that actually was. And I'm sorry I can't reference the page exactly, but it was after -- here it is -- pages 84 -- starting on page 81, section 27.

SENATOR HARP:

Thank you very much. Through you, Mr. President.

THE CHAIR:

Senator Harp, go ahead.

SENATOR HARP:

One of the problems that we had with our biennial budget, particularly, Fiscal Year '10 and Fiscal Year '11, is that we underfunded Special Education. And what we wanted to do since all of the towns had already passed their budgets in Fiscal Year '10 and had a good idea of what they were going to do on Fiscal Year '11 is that we wanted to hold them harmless. And so, basically, what we did was -- it's approximately a little over $19 million that we underfunded Special Education. So we took those dollars out of the Transportation Fund, and we reallocated those dollars to the Special Education Fund, utilizing the Transportation Fund expectation for each town so that no town gets a reduced amount.

THE CHAIR:

Senator Kissel.

SENATOR HARP:

Through you, sir.

SENATOR KISSEL:

Thank you very much.

And so, through you, Mr. President, looking, for example, at line T-1472, Enfield -- the largest community that I serve and the town that I live in -- the number to the right is $250,062. And is that a dollar amount that the Town was shortchanged or was that a dollar amount that the Town realized it wasn't going to get? It's moved forward thinking it wasn't going to get it, but should this bill pass, the Town will actually be pleasantly surprised to realize this is an additional appropriation to them of 250,000. Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, the Town was expecting the dollars. They just thought they were going to get it through their Transportation line item. But they're going to get it through their Special Education line item instead. They weren't expecting it for Special Education, but they will be getting the dollars and be held harmless. It'll just be coming through a different line item.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much.

So will this -- through you, Mr. President, will this have a net reduction in their transportation, or that's a net reduction in our -- our Transportation line item? In other words, are my municipal leaders going to be the same tomorrow as they were -- are today, or is there going to be some shift for the better for the -- or for the worst? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, think of it this way. I'm going to give you $5, and I told you I was going to take it out of my left pocket. But I decided that I'm going to give you $5 but instead I'm taking it out of the right pocket. You were always expecting $5 from me. And that's pretty much what we're doing with our local boards of education.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much.

And, I know I've said last question, but -- okay, that addresses these pages. Is there anything in any of this, 245 pages, that affects our municipalities one way or another or are they, basically, sort of kept whole out of this whole -- within this whole process of budget adjusting? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Mr. President.

The only thing that impacts municipalities is the $5 million cut to the MM&E pilot, that's a Manufacturing Equipment pilot.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much. Well, that disconcerting. Even though it's just $5 million, that's $5 million extrapolated out to 169 municipalities so I'm going to go to my first selectmen and my boards of finance and my mayors and my town councils, and they're going to say what did you do with the budget mitigation plan or this deficit plan? And I'm going to say, well, A, I voted against it, but B, it cut $5 million going to towns. And so is there some kind of run sheet that has how this is going to play out in each municipality so at least they can get a heads up as to the reduced funds they're going to get? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

This is very different than your typical pilot, like the College and Hospital Pilot or the State Pilot where there are runs. This is based upon property tax abatement that the State does based upon the purchasing of equipment for manufacturing in a community. And it changes from year to year. So I -- we don't really have runs on that.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you.

And so this MM&E, this Municipal Manufacturing Expenditure? -- Equipment expense. My understanding is that we put that program forward to incentivize municipalities to tell manufacturers that they should go ahead and -- and purchase that new equipment. And we, as a state, would welcome that. And in this global economy where we are competing, not only with other northeastern states, but states throughout the United States and other countries, if a manufacturer had three plants, one in Ohio, one in North Carolina and one in Connecticut, all things being equal, well, if I'm going to close down one and build up another with new machinery, I'm going to go to Connecticut because I'm going to get that tax break. And it seems to me that we continue to whittle away at that. And is that sort of what the underlying program was supposed to achieve? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Mr. President.

I really -- could you be a little bit more concise in your question? I think I got lost in the middle of it.

THE CHAIR:

Senator Kissel, would you rephrase, please?

SENATOR KISSEL:

Sure, I'd be happy to, Mr. President.

This is a program that incents businesses to purchase new manufacturing equipment and locate that equipment in Connecticut municipalities. And if we continue to underfund or reduce funding to this program, are we not undermining the ultimate goal of incenting businesses to purchase and locate new manufacturing equipment in our 169 municipalities? Through you, Mr. President.

SENATOR HARP:

Through you, Mr. President, I believe that this is just one of the many tools that we have in our state to incent businesses to come to Connecticut and stay in Connecticut. We provide over $5 billion worth of tax credits to businesses that remain on our books and are utilized to help. I think this is one program that offsets the cost of local property tax. And depending upon your community, that can either be a lot as it is in my district, or it can be very little as it is in others.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much. I appreciate all those responses from Senator Harp, and I have no questions for the good senator from New Haven.

And on a lot of those issues that I was concerned with, and, in particular, the Department of Corrections, I really enjoyed working with Senator Harp over the last week to try to refine how we address those issues. And I believe that our state is taking a very good approach to public safety when it comes to anticipated savings that can be gleaned through the Department of Corrections.

Nonetheless, and I'll be brief, I want to take this plane up to 30,000 feet right now. We borrow a billion dollars. We used $360 million in federal stimulus money. And I think the only thing that we're stimulating is our current unsustainable state spending. Certainly, there's no new jobs being created, only public sector jobs being saved to some extent by using the federal stimulus money in this way.

We're underpaying our Pension Fund another $100 million. I believe that's after about a month ago Governor Rell unilaterally used her authority under the CBAC agreement to underfund the Pension Plan $100 million. And this in light of the fact that it's been admitted that our projected budget deficit for the next fiscal year that the next governor will inherit, will exceed $3 billion.

The problem that I have with this bill, with all due respect to Governor Rell, whom I admire and respect and who through her dogged efforts to negotiate with the Majority Party, has saved us over a billion dollars in the last two years, is that at this point in time, we should take the necessary actions to right the ship of state.

The analogy that I would draw is the one that we use in the medical community of the earlier you go in for a checkup and you find if there's something wrong with you, the earlier you can treat the problem, the better your chances of success. If you've got a bad cough -- if you have bad cough and you just let it go and go and go, and then finally you visit a doctor. They say, well, we're going to have to take out a lung now or this disease is inoperable and you're terminal. I don't want to believe that the State of Connecticut is at that point just yet, but the cough is really heavy right now. And I think it's driving up the blood pressure of the State. And the heart is beating at rate far too high to allow it to do all the other things that it wants it to do.

Our state is not well. And it is incorrect, in my humble opinion, to say, well, look at the rest of the country, we're in a deep recession, we're no worse than other states. Yes, we are. Yes, we are. When you extrapolate per capita indebtedness -- when you extrapolate per capita indebtedness due to our unfunded pension plans, health care plans, for legacy state employees, our borrowing, our bonding and our continuation to borrow to pay for current operating expenses, I believe if you compared California to Connecticut, Connecticut is far worse.

This is our moment to shine, and we're missing it. I went on for probably the better part of 20 minutes yesterday on the UConn plan where I indicated we have to figure out the "likes" from the "needs." And what this particular bill does is it propones that decision and it puts us in a much more difficult position next year. I know we want to move on. It's about five of eight. We have about four hours and four minutes left in this legislative session to get a lot of business done. But at the same time, I understand that in a blink of an eye if we work together on a consent calendar, we can move bills. So let me just take two more minutes.

I really know that cutting spending is hard and painful and not fun at all. But postponing and postponing and postponing these difficult decisions is going to make it that much more painful. I just can't say it enough. I can't. I don't know where all of us are going to be a year from now. But for those folks that are sitting in the 36 chairs of this circle a year from now, I think you're going to look back on these last couple of years and shake your head and say why didn't we do something sooner.

My constituents know that. They want us to act. They see it in their home budgets. They see it in their business budgets, and they want us to be responsible as well. A golden opportunity lost, Mr. President, that is why I cannot support this bill at this time. Thank you.

THE CHAIR:

Thank you, Senator Kissel.

Senator Harp.

SENATOR HARP:

Thank you, Mr. President.

There is another amendment. It is LCO 5735.

THE CHAIR:

Mr. Clerk, please call the amendment.

THE CLERK:

LCO 5735 has been designated Senate Amendment Schedule "B." It's offered by Senator Harp, the 10th District, et al.

SENATOR HARP:

Thank you very --

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. I move the amendment.

THE CHAIR:

Will you remark?

SENATOR HARP:

Thank you very much.

This amendment strikes sections 143 and 144 in their entirety and renumbers the remaining sections accordingly. And it eliminates the Post Employment Benefit Deficit Funding Pilot program that is associated with the one municipality in our state. I urge adoption.

May I have a roll call vote, please.

THE CHAIR:

Yes, you may.

Question's on Senate Amendment Schedule "B." Will you remark further? Will you remark further? See -- please call the pendency of a roll call. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

Question before the chamber is the adoption of Senate Amendment Schedule "B" that was offered by Senator Harp.

Have all the members voted? Seeing all the members have voted, the machine will be locked.

Mr. Clerk.

MR. CLERK:

Motion is on adoption of Senate Amendment Schedule "B."

Total Number Voting	35
Those voting Yea	35
Those voting Nay	0
Those absent and not voting	1

THE CHAIR:

The amendment passes.

Will you remark further?

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

I would like to ask the Clerk to call LCO 5719.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5719, which is designated Senate Amendment Schedule "C." It is offered by Senator Daily of the 33rd District.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

I move the amendment.

THE CHAIR:

Question is on adoption. Will you remark, madam?

SENATOR DAILY:

Yes, I will. These are the revenue estimates adopted by Finance, Revenue and Bonding this morning.

THE CHAIR:

Will you remark further? Will you remark further on Senate Amendment Schedule "C"? Seeing none, test your minds. All in favor indicate by saying aye.

SENATORS:

Aye.

THE CHAIR:

Opposed, nay.

Ayes have it.

The amendment's adopted.

Will you remark further on the Emergency Certified Bill as amended?

Senator McKinney?

SENATOR MCKINNEY:

Thank you, Mr. President. A brief moment of unity on those two amendments shall now be broken.

THE CHAIR:

Nice to see you.

SENATOR MCKINNEY:

Thank you.

Mr. President, I rise in opposition of the budget adjustment bill before us. And I do so with some frustration and some disappointment. Not too long ago, we stood in bipartisan unity in this circle, after much hard work, some fighting, but a lot of earnest hard work to balance our 2010 budget deficit with a deficit mitigation package that was supported by Democrats and Republicans, alike. And indeed, it was my hope that the progress we made together in balancing our 2010 budget deficit would springboard us to solving our 2011 deficit and making structural changes in our state budget.

And I would say, Mr. President, that for some time, I think, discussions in leadership meetings, budget negotiations, whatever you want to describe our conversations, I think there was some progress made. There were areas of agreement between Republicans and Democrats and the Governor's office. Unfortunately, there came a time when we could no longer agree on some fundamental principles. And it is because this budget mitigation package -- and I think we should call it a budget mitigation package. We passed a two-year budget. The first year was in deficit, 2010. We did a deficit mitigation package the second year which begins July 1, 2010, which is our Fiscal Year 2011 is also in deficit. And this purports to balance that.

There came a time when some fundamental principle changes to our budget that we, as Republicans, believed in were not included. And it is that point where, reluctantly, I knew I would rise in opposition to this budget when it came before us.

And I just want to very briefly describe what those principle disagreements were. And let me say, before I get into those comments, Mr. President, the President of the Senate, as he tried to moved us towards a deficit mitigation package in 2010 and towards this in 2011, I believe was sincere and hard working in his desire to solve our budget problems. We have some disagreements about how you do that. We have some disagreements in the process of how you get there. But at all points, even though there were disagreements, I think the intentions were to get us to this point.

And I want to say that up front because I think that's important. I think as we spent some time today -- maybe a little bit more than people wanted outside the building but not enough from my perspective -- thanking and attributing four of our colleagues who will not return to this circle. One of the themes was an ability to disagree without being disagreeable. And I think at times we've lost that.

One of the themes was, you know, partisanship in a good way, as Senator Looney has talked to me about over the years. And so I think that's where we are in this budget deficit mitigation. Some differences in principles and philosophy and process but those disagreements are not done in a disagreeable way.

So what are those disagreements? First and foremost, once this deficit mitigation package is signed into law, the State of Connecticut will actually be spending more money in 2011 than the budget that was adopted last year, in fact, some $74.2 million more. And we'll be told, and we have been told, there's reasons for that. But I think, fundamentally, when you tell the people of the State of Connecticut that the way we solved our massive budget deficit ends with the result being $74.2 million more being spent, they will be disappointed in our actions.

Fundamentally, we, as Republicans, believe that we should have done more to reduce our spending, cut some of our programs, very difficult, indeed. And there are some spending cuts in this package. I believe around $51 million. But even that number falls below the real spending cuts that were achieved in the budget that passed the Appropriations Committee so there's some disappointment that we may have even retreated from that moment of a month or two ago.

This budget, in general, does not significantly attack our structural hole of 2012 and 2013. We are projecting a $3 billion-plus budget deficit in 2012. And as I read this, there is some $216 million reduced off of that $200 and -- that 2012 budget. While I don't say that $216 million is nothing, it is not a significant chunk of that $3 billion deficit. We are still left with a massive structural hole in 2012.

Philosophically, one of the reasons why we believed we needed to cut more was not only to attack that 212 deficit, but because this budget and, candidly, our

Republican proposal relied upon the hopes of $366 million from the federal government. And I will say that there were groups, I guess, NCSL and others were advising states not to count on that money because it hasn't passed in Washington. They haven't extended the American Recovery Act. But I think it was the hope and belief that our members of Congress and our Congressional delegation, just as 49 other states, would say we need to do this because our states are struggling. And I hope that message is heard loud and clear down in Washington, DC. They don't have the responsibility to balance their budget. And we have seen both Democrat and Republican administrations willingly use that ability not to balance the budget, to spend more in Washington. And so I, for one, hope that we get this federal money, but we believed we needed to hedge against not getting it, and one of the ways we should have done that was to spend more money.

Fundamentally, we believe this budget deficit mitigation package borrows too much money. When we closed the 2009 fiscal year with close to $900 million in debt, we borrowed that money. We were able to balance 2010, but here we are in 2011 borrowing close to $1 billion. And, Mr. President, with all due respect, I don't think it matters whether you call it securitization or economic recovery notes, it's borrowing.

We've had these discussions before in this circle. We've use economic recovery notes in times of trouble in the past but not to the tune of a billion dollars, less than 18 months after we borrowed our first billion dollars. So securitization was a loss of revenue stream for ten years. These economic recovery notes are eight years that makes it a little bit better, but it's still borrowing another $900-plus million, which the people of the state of Connecticut will be paying over the next eight years. And we've also, as we have done repeatedly in the past, taken the fast way out and exempted that borrowing from our statutory bond cap.

Now I understand these are 8-year notes versus 20- or 30-year which are more traditional, but the reason this time, I would submit, that we had to exempt these ERNs from the statutory bond cap is because if we didn't, we'd be over that cap.

We had a debate on the UConn Health Center just the other night, and I warned about 237 million new dollars being bonded. And in the span of less than 36 hours, we're now over a billion dollars of new borrowing in the State of Connecticut at a time when I think we've already borrowed too much. And it was my hope that as we face these very difficult economic times, we, as a state, would not borrow for operating expenses. We, as a state, would say, although difficult, we must only borrow for those things which are of the highest priority, our public safety, our roads and bridges and our education system. Many other things that we do, although worthwhile, we can no longer afford in these bad times.

When we talk about borrowing, as we did last night, with UConn Health Center and we do tonight, we cannot forget, we cannot forget that that borrowing has a significant impact on our General Fund as well. And we, again, will spend well over a hundred million dollars of our General Fund to pay for that borrowing. That's real money out of the pockets of the people of the State of Connecticut.

Now, again, we didn't just oppose all of this borrowing because we borrowed too much and we incurred too much debt, we have. And as I've said before, if you look at the study from the Pew Center and you add bonded indebtedness and unfunded pension liability, Connecticut has the highest per capita debt in the nation. New Jersey is a relatively close second. California, New York, Massachusetts, places that we, in Connecticut, like to say, oh, we're not as bad as them. Well, guess what? When it comes to our long-term bonded indebtedness, we are far worse, far worse than California and New York, more than twice as bad. And that is a problem that is going to hit on the backs of our taxpayers in the state of Connecticut hard in the years to come.

In addition to too much borrowing because our debt is too high, we didn't like the way we were going to pay for this borrowing. Yes, it's true that on top of the $1.2 billion tax increase put on the people of the State of Connecticut in Fiscal Year 2011, there are no additional tax increases as we tend to describe tax increases in this circle. I would argue that 1.2 billion was quite enough.

But we are increasing costs to ratepayers on their electric bills through the stranded cost that will have an increase on every ratepayer in the state Connecticut over years to come. And we can say it's not a tax increase, but when people go to pay their electric bills, they're going to think it's a tax increase.

There are some other minor pieces to this and I don't want to spend too much time on it, but I do have continued concerns about stopping transfers to our Special Transportation Fund. I do have continued concerns about how we, in this circle, in an attempt to do good, create things like the Energy and Conservation Load Management Fund, create things likes the Community Investment Act. Ask people to pay for those funds whether it's in higher recording fees or electric rates, we don't call them tax increases, but then when we run into budget troubles, we go to those funds and take the money away. And I know the Majority doesn't like to do that. I'm not suggesting you do that with great joy. But I am suggesting that the people of the State of Connecticut when we create these funds, when we say, please, pay more in your recording fees because we're going to use that money for farmland preservation and open space and historic properties and affordable housing, they say, right, just like you told us the money from the two casinos was going to be dedicated all to education. Now I wasn't around here when that was said, and I don't even know if it was true, but all of my constituents believe that to be the case. And they do have a point that we tend to make promises and then break them when we have tough difficult times and sweep these funds to cover our unwillingness to make more difficult and admittedly more difficult decisions.

And I think at the end of the day what is most disappointing for us, as Republicans, is that this is not a change in the way we do business. It is in many ways business as usual. Some of the structural reforms, some of the out-of-the-box thinking and changes to our government structure and how we spend our money, none of those ideas are incorporated in this budget. We had all talked about consolidating state agencies, taking our Economic Development Agencies and creating one agency to make that agency more efficient, smaller and save money. None of that is in here.

We have talked about the ability to privatize some state services that the private sector, specifically, the nonprofit private sector, can do more efficiently and more -- and better, just better, than the State of Connecticut can. And none of that is in here. Whether it's looking at closing Riverview Hospital or anywhere in between, we make no real attempt to streamline government and outsource those things that the nonprofit sector and the private sector can do for less money. It's not a cut in services to the people who need it. It's providing services through a different provider. One that saves us money. Why would we not think about doing that?

We also believe -- we also believe that we needed to ask our state employees to do a little bit more, whether it's in an early retirement incentive plan or other concessions. And they did give a lot in the first round of concessions. Our state employees are good hard working people. But we, as Republicans, thought that we should have gone to state employees and said, we are not -- and in our budget, we did not underfund the pension plan. We made the $200 contributions that we are now deferring because we believe if you ask the average state employee are you willing to spend a couple of more dollars on your co-pays for your prescription medication or your doctor visit to guarantee that your pension will be there and the promise will be kept for your pension and your health care, I think the overwhelming majority would say, yes.

And why do I think they would say that? Because if you talk to someone who works in the private sector who has a good health care plan -- I'm not talking about the people who have expensive health care plans, people who don't have health care -- I'm talking about people who have gold-plated, private sector, Fortune 500 company job health care plans. They will tell you when they go see a specialist, they pay $100 co-pay. We pay 5. When they want to buy their prescription drugs, they may pay 30 or 50 or 100 dollars for 30 days. We pay 5 for 90 days. They will tell you that if they go to a walk-in clinic because they're sick and they can't see their doctor, they will pay $100 or $75. We pay 5. And they will say that's not fair. You're not special.

And I think if you made the promise of protecting the pension and health care benefits for retirees by fully funding the health care pension, which we should have done, they would be more than willing to be partners with helping us resolve our budget deficit problems, just as they were in the first round of concessions. But none of that is in this deficit mitigation package.

There were, no doubt, difficult decisions made and I respect those who made them. We made difficult decisions together in the 2010 deficit mitigation package. But if we are going to truly get our State's fiscal house in order, if we are truly going to attack those big budget deficits in the future, we should have taken some of these more bold steps through agency consolidations, privatization, union concessions, a reduction in our workforce through early retirement. All of those steps would have structurally shrunk our budget and put us in a better fiscal place for the years to come.

The time has come, Mr. President, to stop putting off our problems to the future. This budget will pass, this deficit mitigation package -- excuse me -- will pass. It will be signed into law. And those of us who are fortunate enough to stand here in January, 2011, and the person who raises their hand and is sworn in as our next governor are going to have huge problems to deal with, huge problems to deal.

There may be a little uptick in our economy, but all of the economists have said it will not nearly be enough to solve your problems, all of them. Getting ten economists to agree on anything is pretty hard, but they all agree that the rate of recovery in Connecticut will not be as it was in the past. And we will not, even if we move in the right direction, recover enough to get out of our fiscal deficits. And even worse, any recovery will in all likelihood be a jobless one. And most of those 100,000 jobs that we've lost are lost forever.

So we believed that rather than say to that next legislature and the next governor, here you go, you got a big mess, deal with it, we could have taken and done a better job of dealing with tomorrow's mess today. And those are the reasons, Mr. President, why we, as Republicans, are disappointed that while we were able to stand united to solve our 2010 deficit miti -- deficit, we're unable to do so in 2011. And I would urge rejection for those reasons.

THE CHAIR:

Thank you, Senator McKinney.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, in speaking in support of the bill as amended, first, would like to begin by complimenting Senator Harp and Senator Daily for their extraordinary hard work and lengthy, lengthy painstaking work in the difficult process that has brought us to this budget resolution bill tonight, and their House counterparts as well, Representative Staples and Geragosian.

Senator McKinney graciously mentioned Senator Williams' role, and I would like to add to that. Once again, our President Pro Temp has kept us moving forward and has provided the momentum that has been necessary in order to -- to get this done. There is often an inertia process, as we know, in difficult decision making, but he has always been clear-eyed in keeping moving forward and that has been a significant mark of his -- of his leadership.

The content of the bill, Mr. President, we must note that it is part of a process that goes back to February of 2009, when the original deficit estimate that we had as a General Assembly was an 8 and a half billion dollar deficit for the Fiscal Years '10 and '11. Part of our difficulty in our -- in coming to a resolution with that was that even that basic number could not be agreed to. We had a difficulty with the administration that was not resolved until the passage over the Governor's veto of the consensus budgeting bill that finally then lead to an agreement on the nature and scope of the deficit finally leading to the resolution that became law in September when the General Assembly passed the budget that that then became law.

Again, the recession continued so that we continue to have a shortfall projected for '10 -- Fiscal '10 and for '11. Last -- in April -- or we began the -- this year's session in February of 2010, looking at a projected $504 million deficit for Fiscal '10 and a deficit of more than 700 million for Fiscal '11. And the deficit mitigation package in April addressed that deficit for Fiscal 2010. And now we try to close the -- the pieces for Fiscal '11 with what we propose to do here this evening.

Again, there were painful cuts in this budget. They -- a reduction of about 300 million in proposed borrowing from the level that was projected nec -- as necessary earlier, a reduction in the term of that borrowing from ten years to eight. We've been assisted by an uptick in anticipated revenue and by continuing expectation of federal stimulus funds. So it has -- the pieces have come together in this painful process involving difficult decisions of -- of scaling back commitments and expenditures that we -- in many cases, believed and continued to be -- believe are very important, but it is necessary to -- to close this issue by passing this bill this evening.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Looney.

Senator Williams.

SENATOR WILLIAMS:

Thank you, Mr. President.

I rise to support this bill. First and foremost, to thank Toni Harp, the chair of Appropriations, Eileen Daily, the chair of Finance, for their extremely hard work and dedication to getting us out of the fiscal crisis the State of Connecticut has faced for the past two years. Also to our Majority Leader, Senator Marty Looney, who has been there at the leadership meetings, fighting, again, to get us out of the fiscal morass and move this State forward.

It's never easy to solve these problems in tough times. In the good times when we have surpluses, we can fund programs, education, take care of the needs of children and seniors, not increase taxes, not cut critical services in programs. That's possible in the good times. In the hard times, the times that we face in Connecticut and all across this country with the economic downturn that we are in right now, we have to step up and make tough choices, and that's what we've done over the last two years.

You wonder why we are where we are right now in the second year of the biennial budget with this deficit? Just want to remind folks, last year, we did pass as a legislature a democratic budget. It did have significant cuts. It also was balanced in terms of taxes and revenue. It was not a popular concept with my good friends on the other side of the aisle or the Governor. However, it was an approach that was followed in the previous two economic downturns, 2002 and 1991. And in those two downturns, a Republican governor, John Rowland, signed a budget that did take a balanced approach in terms of revenue and budget cuts. And a Republican Independent governor, Lowell Weicker, in 1991, did the same thing.

If that democratic budget that we passed last year had been signed into law, there would have been pain on the cut side, make no mistake about that. There would have been equity on the revenue side in terms of bolstering the resources of the state. There would be no deficit for 2011, no deficit. There would have been no securitization of $1.3 billion, none. There would be no borrowing, no borrowing for the State of Connecticut if the democratic budget last year had become law. The reason we are here is because we could not make that budget become law. And the reason we are here is because our good colleagues on the other side of the aisle, rather than have a more equitable approach in terms of revenue and cuts, said, you know what, let's borrow more because borrowing, frankly, was part of the equation in 2002 and 1991, the previous downturns, but we did less borrowing back then because it was a more balanced approach in terms of cuts and revenue.

But we were told let's do more this time around, and that's what had to happen in order for an agreement to come together where you had disagreeing sides, a Democratic legislature and a Republican governor. And I respect that, that's our process.

So now here we are trying to make the best of a bad situation. And what we've done is taking -- we've taken that commitment to bon -- to securitize $1.3 billion, and we've, first of all, eliminated the securitization. At the Governor's request -- suggestion, she put forth a plan that said, let's not securitize, let's have economic recovery notes. And working with the Governor, we were able to eliminate $300 million of that borrowing. That was important. We were able to cut the term of the borrowing from ten years to eight years. That's important. That saves money.

For example, in 2002, we borrowed as well. As a matter of fact, the legislature and the Governor at that time approved taking far more from the Energy Funds than we're proposing today of about 35 percent. But what happened back then was that, as the economy approved -- improved, we did not take from those funds as planned. We paid off those notes early, and that's certainly going be the intention I suspect with bipartisan support as we go forward in the future.

So we are making the best of a bad economic situation here in Connecticut and other folks in other legislatures across the country. I think it's important to remember, as I have described, how we got here and the choices that were made on both sides of the aisle in terms of our current fiscal position.

So just to stress in terms of the other aspects of this budget package, there are no cuts in municipal or aid to cities and towns that would increase the property taxes at the local level, very important to our struggling cities and towns. There are no tax increases, important to our businesses and to our families. There are cuts in spending, absolutely right. And they will be felt around this state, but wherever possible, we have tried to make sure that we have not shredded the safety net, that we have maintained the critical programs necessary for the State to function, for folks to be able to do their jobs across the State of Connecticut and to preserve our ability to rebound economically in this state as we move forward. So it's not pretty.

States across the country are grappling with the same problems. The pundits at the beginning of this session predicted we would be able to do nothing, that there would be partisan gridlock in Hartford, the 2010 deficit would not be resolved, let alone the 2011 deficit. Folks were saying Hartford's broken. What happened? We came together in a bipartisan way, not only with the Governor but my good Republican colleagues in this chamber and downstairs also joined with the Democrats, and we had a bipartisan solution that eliminated the 2010 deficit.

What's happening today is by reaching out and working with our good friend Republican Governor Rell, we have put together a solution that eliminates the deficit for 2011. Again, proving the pundits wrong, rolling up our sleeves in these tough times and making very tough choices, knowing that in the future our work is not done. Senator McKinney's right. There's more to do, and we're prepared to do it. But today we got the job -- the job done for 2011. And when this passes in the House and is signed by the Governor, we'll be able to leave this legislature having met the challenge of the biennial budget. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Williams.

Mr. Clerk, will you please announce the pendency of roll call vote in the bill. The machine will be opened.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

If all the members voted? If all the members voted, if so, the machine will be locked.

Mr. Clerk, please call the tally.

THE CLERK:

Motion is on passage of Emergency Certified Bill 494.

Total Number Voting	35
Those Voting Yea	19
Those Voting Nay	16
Those absent and not voting	1

THE CHAIR:

Bill, as amended, passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, I move for immediate transmittal to the House of Representatives of the Emergency Certified Senate Bill 494.

THE CHAIR:

Seeing no objection, so order.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, for a point of personal privilege.

THE CHAIR:

Please proceed, sir.

SENATOR LOONEY:

Yes, thank you, Mr. President.

THE CHAIR:

Just a minute, Senator Looney.

If the chamber will please come to order. Give Senator Looney the courtesy of your attention.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, last week a distinguished resident of -- of Norwalk, Dr. Joseph Makovich, a constituent of Senator Duff's passed away. He had been a dentist practicing in Wilton, living in Norwalk, lived in Norwalk all his life, had a 40-year practice in the Town of