

PA12-104

HB5557

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H – 1143

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2012**

**VOL.55
PART 21
6812 – 7162**

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Rule 17.)

(On motion of Representative Sharkey of the 88th District, the House recessed at 9:28 o'clock p.m., to reconvene at the Call of the Chair.)

THE CLERK:

The House of Representatives will reconvene immediately. Members, please report to the Chamber. The House will reconvene immediately. Members to the Chamber, please.

The House of Representatives will reconvene immediately. Members, please report to the Chamber. The House will reconvene immediately. Members to the Chamber, please.

(Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

The House will please come back to order.
Will the Clerk please call Emergency Certified Bill 5557.

THE CLERK:

Emergency Certified Bill Number 5557, AN ACT MAKING
ADJUSTMENTS TO STATE EXPENDITURES FOR THE FISCAL YEAR

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ENDING JUNE 30TH, 2013, LCO Number 5177.

SPEAKER DONOVAN:

5177?

I'd like to call on the House Chair of Appropriations,
Representative Toni Walker, you have the floor, madam.

REP. WALKER (93rd):

Good eve -- good evening, Mr. Speaker.

SPEAKER DONOVAN:

Good evening, madam.

REP. WALKER (93rd):

Mr. Speaker, I move passage of the Emergency
Certified Bill before you today.

SPEAKER DONOVAN:

Question's on passage of the Emergency Certified
Bill.

Will you remark?

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, let me start with a point of
clarification.

What we are presenting tonight is a bill specific to
Appropriations, not a budget bill. A year ago, we enacted
a two-year budget with the state. Since that time, needs
and priorities for a second year of that budget have

shifted. Things are changing.

Consensus revenue forecasts suggest that the state will have about a 200 million dollar deficit -- money -- monies less than predicted for FY 2013, but no changes have been considered on the revenue side.

These appropriations then address these shifting needs in the priorities with spending cuts and appropriation adjustments.

Let me say a word about that for perspective. Remember a year ago we dealt with a big shortfall, in excess of three billion dollars. Fifteen percent of our total budget. This year we're looking at a shortfall that is about one percent of the state budget. And I'd say that that one percent within the budget is about this size of complexity, but it requires an extensive amount of work because we have so little to re -- to reduce or change.

With that said, this bill must reflect spending cuts and budget adjustments, and it does. This bill needs to -- and it does. This bill has been done -- designed to be cognizant of the fact that we are in a very, very fragile state of affairs in this economic recovery. We are rebounding. We know that. But it is moving slowly and things are starting to change.

This bill also reflects the need to continue to give

our state the support that they require to continue in that direction. So let me just cite a few of the things that I can tell you that are in this bill, and we are proud of.

Jobs. We all have talked about jobs, the importance of jobs. We have talked about it over and over again. Looking at the investments and how do we do that. This bill does that. It addresses small business express program. It provides seed funding to the Connecticut-made programs to promote product -- products for home town employers. It adds more money for youth employments and job expansions. It adds more money for adult training in many of the areas around the state.

Bioscience. Picking up our decision from last fall to become the world leader in bioscience, in biotechnology, this bill provides economic development funding for Jackson Labs. It is making sure that we stay true to our commitment because we have had this opportunity so many times.

Municipal funding. We know the challenges that our cities and towns are facing and we've held true to the municipal -- municipal funding that we've had for so many years. We know that the cities are waiting for the dollars that we've had. And we want to make sure that we stay true to that commitment.

And all of us have heard from our teachers. We've heard from the retirement -- teacher's retirement community that they are scared that we are going to change those. Teachers across our state were worried about lose -- seeing an increase in their retirement costs. This budget does not do that.

Arts and Culture Fun -- Funding. Programs across our state in the arts and culture are important to our families and children, providing activities for families all summer, spring and fall. Making sure that we have people coming to visit this state because those are the things that attract people to do and have in this state. We made sure that those programs stayed intact because we heard from so many people how important that they are.

Urban Youth. We've seen the hor -- horrific toll violence has taken on many of our cities and communities, particularly our youth. This bill provides us with for an urban violence non-- nonviolence program to help our children to find work, to expand what they need in education and try and hope to give them other opportunities and alternate routes.

And finally, education reform. This bill supports the efforts to reform Connecticut's public schools in a few examples.

We know that the students in the schools need healthy communities. We continually and expanded our support for our school based health centers, something that it is known, it is a proven, evidence based activity that improves the quality of life for children.

And family resource centers, we hear so much about the fact that the families are not being engaged in the schools. And that has had a critical effect. And these -- this bill reinforces that also.

Twenty-two school based health clinics and the expansion of ten family resource centers is totally the way we need to go.

The bill acknowledges that the critical importance of early childhood education (sic). It again, is an evidence -- proven -- evidence based, proven activity. We must invest in early childhood education. And this bill does it.

The bill acknowledges the need for preparing our students in math and science. Again, we want our children to work in our bioscience communities. We want to make sure that we retain the jobs that we are developing here and it's done with the children of the State of Connecticut.

We address the needs of children in -- as they start

their education career in several initiatives that address reading. You know, one of the things that we heard over and over again, "Little Johnny needs to read." And we need to be there making sure that that happens. And that's what we do in this bill.

Mr. Speaker, this bill did not come before us with just a few people. This bill came before us through a long list of people, both in our subcommittees, in the subcommittee process that we had, but also, with support staff and people that work around us to make sure that we get all that information.

So I just quickly want to thank the Office of Fiscal Analysis, Alan Calandro and Christine Ashburn, Chris Perillo, Rod Wysock and Michael Murphy. All of them helped in this package.

And our LCO staff who sat up many hours, because we have been up all hours of the night, trying to figure out how to piece these things together. And that was Jo Roberts and Amy LaChance.

And then the people that have made Appropriations who they are and what they are and as efficient as they are. And that of course, is our administrator, Sue Keane, Brittany Kane and Christian Traney. Those are people who have made sure that these programs, this package, that

stands before you is something that we can be proud of and something that I hope all of you in this -- in the Chambers can embrace.

No, it's not a perfect budget. Yes, there are flaws. Yes, there are shortcomings. But with the things that we had before us this year, this is a good bill. And it ought to pass.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker and good evening.

SPEAKER DONOVAN:

Good evening, sir.

REP. CANDELORA (86th):

Mr. Speaker, I rise with grave concerns for this particular Appropriations bill.

A little more than a year ago, we started our debate on the budget. And Connecticut committed to taking the path least traveled. We said that we were going to change the way we did business and put Connecticut back on the track of economic prosperity.

And as part of that promise, we agreed to raise and change a significant amount of taxes in the State of Connecticut. And I would contend that the only person that's been left out of this Appropriations bill is the taxpayers of Connecticut. This bill represents gimmicks, broken promises and we have returned to the bad budgeting policies that we have seen in the past.

Today we're debating budget adjustments that I would contend are un -- unsustainable, are short term gimmicks that are only going to head us down a path of structural changes that are unsustainable. There is a crack in the dam and we are plugging that crack with chewing gum. And the biggest wad of them all is the sweeping of the economic recovery notes.

In 2009, when we were faced with a eight billion dollar budget deficit, this General Assembly agreed to borrow 748 million dollars to cover the deficit, much to the opposition of this side of the aisle.

But as part of that temporary borrowing we made a promise to the taxpayers of Connecticut. We promised to them that any surpluses we would see in the outgoing years would be used to pay down this enormous debt that we've piled onto the books. And now less than three years later we're going to break that promise.

And while that promise may not effect -- or the breaking of that promise may not effect how the credit agencies view us, it certainly will effect how the people at home view us. And what's most disturbing about the sweeping of this 220 million dollars is the fact that even if we wanted to make the payment I don't believe we have the ability to do so.

Mr. Speaker, for the last few years one of the things that I've always followed and been concerned with is the cash flow in the State of Connecticut. Because our cash flow is the window to the future fiscal health of the State of Connecticut.

In 2009, our cash pool that's used to pay our state obligations stood at 1.148 billion. In January, 2010, our cash stood at 1.190 billion. In 2011, our cash stood at 1.059 billion. And in January of 2012, ladies and gentlemen, our cash pool plummeted to 67.1 million dollars, a fraction of what we normally carry during that time.

And over the past four months, ranging from December through March of 2012, we have averaged 121 million dollars in our cash pool. 121 million dollars.

So ladies and gentlemen, we can't kid ourselves today. If we wanted to use that 220 million dollar surplus

to pay down debt, we couldn't do it without borrowing.

A number of years ago we had examined what we really needed in our cash pool in order to operate government. And there were concerns in -- in Bond Commission meetings about whether we should be temporarily borrowing and whether it was prudent. And back then the Treasurer submitted a memo and stated that based on our analysis our goal is to maintain a cash balance in the neighborhood of 700 million dollars. If variances to projections then occur as inevitably -- invariably do, we would have an adequate margin to ensure that we could continue to fund state operations without disruptions.

So the goal set by the Treasurer's office is 700 million dollars in our cash pool. And today, as of April 28th, after deducting the ECS payment that needed to go out at the end of the month, we have less than 300 million dollars in our cash pool. We don't have enough to operate one week's worth of state expenses.

And I think the reason why this is significant and the reason why we should be paying attention to this is because this budget document that we're creating today does nothing to address this issue. What's contained in this document are more account sweeps that we've seen in the past, refraining from making debt payments, sweeping

from the Special Transportation Fund and piling on additional spending. It is unsustainable what we're doing here today.

And while we may have been able to get away with it in the past, we've been able to do so because we had a rainy day fund. Overall, just a year ago, our overall cash including bonding was around two billion dollars. Today it's historically dropped to about one billion.

And so this bill comes a very short way of addressing those problems. And so I would say that certainly in this proposal we should not be going forth and attempting to sweep 220 million dollars that we don't otherwise have.

I can recall in past deliberations when we've looked at spending, we've looked at trends, we looked at revenue, one of the things that has always been said is that when trends start they don't just turn around.

And as we saw from our latest consensus revenue estimates, the income tax has trended downward and many other categories have trended downward. And I'm genuinely concerned that those trends are not going to turn around. And this bill doesn't address -- address those trends. This bill just continues to increase spending and set us on the wrong path.

And so, Mr. Speaker, unfortunately, what I see in the

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future is the train coming down the track that is filled with tax increases. And as a result, I cannot support this bill. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Miner of the 66th district.

Representative, sorry. Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I'm not sure if I was on the board first. I apologize if -- if we screwed our buttons up here. So thank you and good evening to you.

Mr. Speaker, if I may, through -- a few questions through you to the proponent of the bill, please.

SPEAKER DONOVAN:

Please proceed, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Through you to Representative Walker, Section 28 appears to, as Representative Candelora said, eliminate the prepayment of some debt that we owe to pay back our debt on economic recovery notes. And I believe that is to the tune of 220 million dollars. Am I correct?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And I thank the good gentleman for his question from Watertown.

That is correct, sir.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you.

For my clarification purposes so I understand what we're doing here. Under current law if we did not make a budget adjustment this year, where would that 222 (sic) million dollars have otherwise gone?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That -- that money would be held in an account to make the payment for the -- the -- the future year.

Through you, Mr. Speaker, to the gentleman.

SPEAKER DONOVAN:

Representative Williams.

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REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

So that 222 million dollars otherwise would have gone to pay down that debt, correct?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Again, I thank the good gentleman from Watertown for the question. Because it's important that we all understand this issue.

Yes, that payment would be made, but it would be made in the future year because we made the payment for 2012 on time.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And I thank the gentle lady for her answer.

Is there any cost associated with -- with this? I think I read in the fiscal note that there would be a cost to the state of 8.7 million dollars due to the interest we now have to pay on these bonds. Is that correct?

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Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is correct.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And I'm jumping around here a little bit. But I -- I think in Section 19, the budget adjustment speaks to sweeps to the tune of four million dollars from the Banking Fund. Is that correct?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

Could you ask the good gentleman from Watertown to please repeat the Section that he is identifying (inaudible).

SPEAKER DONOVAN:

Representative Williams.

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REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Yes. Section 19.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

Section 19?

That is -- I believe the -- the good gentleman from Watertown asked me what would happen that that money would be deposited into the General Fund.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you, it appears that in Section 29, we are using -- and I -- I think have my understanding of this correctly -- we're using 15 million dollars from the -- of the 222 million dollars to cover some lost revenue that has to do with the casino gaming compact.

And could you please explain what that is?

Through you, Mr. Speaker.

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Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And I thank the good gentleman for that question because many people have asked, what is this compact that we're talking about with the Indian -- with the casinos.

What the -- the money that we are using is going to be used by the casinos -- let me start.

What the casinos are having is a -- is a revenue loss right now. And they're struggling. And they are a major supporter in the state of Connecticut. They have been providing us with revenues for several, several years. And they are major -- and -- and a lot of it has gone to education and other areas. But it goes directly for the General Fund.

The casinos are losing money because the competition has become stiff all around. Many other states around us are drawing away from that. So what this money is going to be used is to create a marketing campaign where they provide, I guess it's like a \$50 coupon and they use it to bring people who have -- who have been using the casinos mo -- in the past to try and draw them back to use it more in the future.

What we will be doing is using that money to provide

them with the money for -- for that compact which they will in turn repay to the State of Connecticut.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

So if I'm understanding that correctly, then -- and please correct me, Representative Walker, if I'm not understanding this correctly or representing this correctly -- but the 15 million dollars that we are essentially giving of the 222 million dollars that we talked about earlier is to be used by our two casinos for a marketing campaign to lure more customers in by giving them coupons. Is that correct?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the gentleman for the question.

It is a marketing campaign that they are using to have people come and enjoy the activities of the casinos and the hotels and the spas and the communities that they have

there.

And yes, it is something that they -- they will also be adding to the, I believe, some of the spas that they have, the restaurants and movie theaters and some of the activities that they have in the -- I forgot, the -- the -- the -- you know, that big -- the big thing that they have a lot of shows.

REP. WILLIAMS (68th):

(Inaudible.)

REP. WALKER (93rd):

So it will be used to provide people an enticement. It is like a coupon that one would get in a grocery store. It is like a coupon that one would get for getting books, a car or anything else.

Yes, marketing is done in the ways now to bring people in by ask -- actually making them feel that they are getting something in -- in exchange for their participation.

It is important that we keep that participation because it's important, especially for that section of the State of Connecticut where those visitors to participate in the businesses that are right around there.

So yes, through you, Mr. Speaker, it is used to entice people to come to the state and use the facilities that we have in that neighborhood.

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Through you.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And I thank Representative Walker for that answer.

Oftentimes, with many of these economic development projects that we help to finance through the State of Connecticut we are told that we will see some type of a payback, whether it's through the First Five program which we did most recently or many of our other economic development initiatives.

Through you, Mr. Speaker, to Representative Walker, what, if any, stated economic payback will we get from this 15 million dollar investment that we will be making in the marketing efforts of our two casinos?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Again, I thank the good gentleman for that -- for that question.

I don't know exactly what the payment plan -- what the repayment is. I have not seen that contract or

agreement. That was something that I just did not get the other day. But yes, we do know that there is a plan that is being -- that has been worked out with the Administration and the two casinos.

Through you, Mr. Speaker, to the good gentleman from Watertown.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Walker.

Moving on to Section 20, it appears that we are sweeping 70 million dollars from the Special Transportation Fund broken up into a number of different accounts. It seems that there's 30 million dollars for bonding Town Road Aid, et cetera, reducing the Pay-As-You-Go program by 5 million dollars, reducing the Special Transportation Fund balance. Am I correct that that is a 70 million dollar sweep?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Yes. Thank you, Mr. Speaker. And I -- I thank the

good gentleman for -- for that question.

I think you have a lot of things mixed in there. So let me try to break it down very -- very -- very succinctly so that we understand exactly what we're doing.

They -- first of all, what the Special Transportation Fund, we continually have a balance of at least 27 million dollars every year that is being retained in there that does not get reduced very -- all the time. Those funds will be replenished. This is a one time opportunity.

Yes, we are bonding the -- the TAR, Town Aid Road, for 3-0 million dollars -- I could not remember what TAR is, so I -- I -- I apologize for that.

Yes, we are bonding and if you remember correctly, we did do this a couple of years ago. That was before I was here in this good position. But I do remember us doing that in the past.

And we've done it in other times when we have to get a bridge. It is not -- and each time, I want to remind the good gentleman from Watertown that we have been able to manage to handle through that how to make our payments back.

And -- I'm sorry. You did mention something else. Oh. Yes. I'm sorry. The -- let's see --the Pay-As-You-Go and the -- the bus fare, if I'm not mistaken.

Yes. Both of those items are still in the budget.
And we are supporting them with this budget.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Walker.

I think my last question is it appears in line T128 that there's a nondescript line item called the Revenue Maximization Initiative.

Could the good chairwoman of the Appropriations committee please explain what Revenue Maximization Initiative means?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker. Can I have a moment? I just have to make sure.

The section -- I'm sorry.

Through you, Mr. Speaker. Could the good gentleman from -- from Watertown tell me the section that he's talking about, please?

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SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

In Section 1, in line T128, which is on page 5 of the E-Cert. It's called Revenue Maximization.

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I'm going to have to get back to the -- the good gentleman from Watertown because I don't have that one thing in my notes. I am sorry.

There will probably be a few things because it's been a long, long day.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I thank Representative Walker for her answers. I would at some point like an answer during this debate as to what that is. But I certainly can appreciate the -- the

role that you have and the difficulty and complexity of all the different accounts and line items that you have to deal with.

And I appreciate your hard work on the Appropriations committee and your answers.

Ladies and gentlemen, one year ago when we were having the debate on our state budget in the horrifying economic situation that Representative Walker spoke of at the outset of her remarks, we were told that we were going to do things differently here in this state.

We were told that we weren't going to use gimmicks anymore. We were told that we were going to take the road less traveled, that we were going to have actual shared sacrifice. There was going to be a combination of spending cuts and tax increases and union concessions.

We were told that things were going to be different here in the State of Connecticut as a result of this new and -- and more enlightened way that we had found.

We were told that gimmicks would be no longer used in the State of Connecticut to balance the budget and that people would look more favorably on our state because of the new way that we were crafting our budget and treating our finances here in the State of Connecticut.

Very specifically we were told that we would not be

borrowing to pay operating expenses. That that was a horrible concept that had been used for many years by this Legislature and by previous Governors to sort of kick the can down the road and cover up all the fiscal woes that we had in the State of Connecticut.

And what we have just heard here tonight is that we are doing just that. We are bonding, borrowing to pay operating expenses. We are taking money that was supposed earmarked for debt repayment to the tune of 222 million dollars and we are using that to plug a hole in our budget deficit, as Representative Candelora pointed out in his prior remarks.

We're sweeping four million dollars from the Banking Fund. That's a one time shot. That is a gimmick. It's a one time shot. It's not that we haven't done that before. It's not the first time that we've done it. And it's certainly not the first time that a chairman of the Appropriations committee has brought that out, as Representative Walker pointed out earlier. She's new in this role for the last few years. But that's a gimmick, folks. Four million dollar sweep, taking a one shot revenue is a gimmick. It's not a sustainable path.

We're sweeping 70 million dollars out of the transportation fund. It's another gimmick. It's a one

time shot. It is what it is. We should just admit that we are using gimmicks.

And I trust that Representative Walker will get back to us on the Revenue Maximization issue as -- as well.

But as Representative Walker said earlier that -- that we were -- we have a very fragile state of the economy right now. People are not looking at Connecticut any better than they were last year. Let's make no mistake about it. We were told that Connecticut would be looked more favorably upon by outside investors, by businesses who would now relocate here and create jobs and grow our economy because we were changing the way that we're doing business here and that's not happening. That's not happening.

We're doing the same exact thing in this budget document that has been done for so many years that got us into this situation to begin with.

You know, I think about the situation that Representative Walker and I were just discussing with respect to our two casinos and using 15 million dollars of the ERN repayment to help finance a marketing program for Mohegan Sun and Foxwoods.

Some of you may have seen the movie, Dave, with Kevin Kline. It's about a guy who happens to look eerily like

the President of the United States. And when the president of the United States has a heart attack, they call in Dave, they call in this guy to take his place. And he just effortlessly moves right in and takes the place of the President of the United States and nobody seems to know the difference.

So Dave has a little fun with his job as President of the United States and he conducts a cabinet meeting and realizes he has a budget deficit and starts going line item by line item through the budget.

And as I recall from the movie, the Commerce Secretary says, "Well, you know, we have this 40 million dollar line item here we're using it to run an ad campaign to make people feel a little bit better about the fact that they bought a domestic automobile." And Dave -- I forgot his last name -- but Kevin Kline looks at the -- at the Commerce Secretary and says, "So you want us to spend 40 million dollars to make somebody feel better about their car." And the second guy says, "Well, yeah." And Dave says, "Well, you want to go tell some kid that he's got to sleep in a homeless shelter or he can't eat because we want to spend 40 million dollars to make somebody feel better about their car."

That's what we're doing here, folks. We're using

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gimmicks. We're propping this budget up. And we're giving 15 million dollars to casinos to run a marketing campaign. Things haven't changed.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker and good evening.

If I might just to try and get a clarification on some items in the budget, through you to the chairman of the Appropriations committee, please?

SPEAKER DONOVAN:

Please proceed, sir.

REP. MINER (66TH):

Thank you, Mr. Speaker.

There -- during the conversation that we had about nonprofits that provide services to the state, I think during the Appropriations committee meeting there was some anticipation that we would attempt to do that. Under the Governor's original budget of this spring, it appears that there was about eight and half million dollars allocated for that purpose.

And it appears under this current budget that that's

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been removed. But as I look through the budget document, I think it's been reallocated to the individual agencies for which those nonprofits would provide those services. Am I correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And I thank my ranking member from Appropriations, from Litchfield for that question.

Yes. What we did was we -- we broke it out so that we could actually see where the dollars were going. Again, one of the things that we have attempted in this budget is to provide us with -- even though people don't see it -- is the transparency of understanding who are we funding and to the tune of what are we funding them, so that we understand that. And that's what we did. We broke it down into those agencies so that we could see exactly how that one percent COLA was going to be distributed amongst the agencies.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

And another area that caused a fair amount of conversation had to do with the Teachers Retirement Fund. And it was my recollection that, again, under the Governor's proposal there -- there appeared to be an asset exchange where something on the order of 809 million dollars of Teachers Retirement funds was going to -- looked like it come under the control of the state Controller.

And then it appears that under this budget presentation, that does not happen. An so for all the people that were concerned about the teacher's retirement somehow being consumed by the state's retirement fund, it appears, based on whatever negotiations have occurred, that that, too, is not in this budget. Am I correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And I thank my ranking member from Litchfield for that question.

What we did this time was we took a one time payment to be dis -- to be taken out of the -- the fund itself of two -- I think it's 2.3 million if I'm not mistaken.

No. It's 7.6 million. And it's -- but the exchange or the cost to the retirees in the Teachers Retirement Fund, it will not shift or change their required amount to that fund.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

So that -- that's a little bit different than the question that I asked. But I -- that kind of leads to my next question.

So I -- if I understand it correctly, the other concern they raised during the public hearing process was that under the Governor's budget they would have to provide more of their money for this health care.

And under the current, I'll call it collective proposal, the funds instead will come out of this health care fund or retirement fund. But in any event it's not going to be something current retirees have to pay. That will be borne by one of these funds. Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker. I thank the gentleman for that question so that we can understand it.

That is correct, sir. The teachers will not have to have an increase.

It was really believed -- and I think the good gentleman from Litchfield also agreed -- that we had made a commitment to them that they were going to be contributing a certain percentage. And for us to change that would have been us going back on the word and they had already counted on that -- that income. And that expense was limited because our working on a limited budget.

So in true commitment to them we wanted to maintain that.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

I would just say that while I appreciate the kind of squeeze that we're in, this kind of a decision serves to underfund or defund at a greater rate in that pool than they had been experiencing.

So while I understand that that's the decision of the day, it's -- it's decisions like that that tend to continuously erode that fund where someone's got to make that money up.

So I -- I respect, you know, the fact that you gave some thought to how it was going to be done. I'm not sure that I agree with it, but I -- I fully do appreciate the effort you've made to try and not have that cost people that we heard from who retired on very limited pensions, not pretty significant pensions.

And, Mr. Speaker, if we could, through you, go to -- it appears that there's a 41 million dollar -- I would call it a lapse -- in the General Fund debt service. And I know that's been an area that has had surpluses in the past.

It's also an area this year where the State of Connecticut floated bonds which we do customarily, but agreed to pay a premium, and I think it's back in November, for which we received a 45 million dollar. We booked it as a lapse and if the gentlelady remembers we were having an opportunity to I guess Skype with some folks about GAAP -- Skype and GAAP. And my grandchildren aren't going to know what to think of me.

And -- and we had a conversation that day about whether or not that 45 million dollars should be booked

all in one year or whether it should be booked out a period of time that the bond issuance was for. And I think the gentlelady will remember that the recommendation for those involved was that that should be a -- it should be a -- an annual decision rather than one -- all in one year. So instead of it being 45 million this year, it should be one -- that's a 20-year note, it should be 1/20th.

So I guess what I'm asking is was there a -- a good conversation about the 41 million dollars? And was that based on the decision to try and book 45 million this year? Through you, Mr. Speaker. Or was that some decision that was arrived at based on what you could look at over history, over time?

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I -- I thank the good gentleman for -- for that question. And I do -- I -- I -- I -- it was a -- it was very interesting and informative meeting that we had with the people from Washington. And we talked about that. And the idea of the debt service, how we addressed it was something that we were trying to make a -- a strong

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determination because we have -- we want to make sure with GAAP, with the GAAP system that we do not deplete our cash flow because that is the main foundation of how we're going to do it.

This was the decision that was made at this time. We expect things to have -- to be revisited next year exactly how we will handle it in the future.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

And I thank the gentlelady for her answers.

So I guess I would -- I would say that if this was done because we needed to do it that may not be as good an idea as if we did it because, historically, it seemed as though we had enough money in that account to substantiate that kind of a lapse. And I guess most people at home would say do you really need to build in a number that -- greater than what you need only to take it out in the back. I mean, I think these are very difficult for people to -- to understand.

But I do appreciate the explanation.

If we could go on to -- it looks like it says in a

couple of the lines here, "Reduce funding to reflect anticipated savings from health care dependent audit" is about 4.9 million and "reduce active employee health, 5 million."

Are those actuarial de -- some -- decisions based on what we now know are costs associated with the current health care program to be with our current employee base?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. Thank you. And I thank -- thank the good gentleman for his question.

The independent audit is something that the -- the Comptroller's office had talked about, I believe at some of our public hearings. Because they had mentioned the fact that we had a lot of families that had dependents in their -- that were living with them that really could be considered aged out. And looking at the number of people that the state is covering in the overall costs for health care, and with an audit we would be able to identify the people who probably should be paying for their own health care or through another independent health care system.

This is done through some numbers -- this was done

through some numbers that Office of Fiscal Analysis had looked at the -- the Comptroller's office and I believe the health care advocate's office.

Through you, Mr. Speaker.

Oh. And, Mr. Speaker, at the -- I would like to try and answer the good gentleman from Watertown's question also at some point, whenever he's ready to get that answer. So when I finish with the good gentleman from Litchfield I'd like to answer the good gentleman from Watertown for that answer.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

If you'd just like to lob the answer over, I'd -- it's completely up to you, Mr. Speaker.

SPEAKER DONOVAN:

The question is actually who has the floor and it's you. But what would you like to do?

REP. MINER (66TH):

I -- I'm just trying to

SPEAKER DONOVAN:

Would you like to -

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REP. MINER (66TH):

I guess I'm trying to save the gentlelady, you know, trying to recall what -

SPEAKER DONOVAN:

So -- so you're -- you're repeating Representative Williams' question.

REP. MINER (66TH):

Exactly, Mr. Speaker.

SPEAKER DONOVAN:

Ah. Representative Walker.

REP. WALKER (93rd):

Through you, thank you, Mr. Speaker.

And I thank the honesty of my good friend from Litchfield. It's good.

The committee based Medicaid Administrative Claiming states with a file claim that the federal government for administrative costs for community based providers.

This -- this maximization will look at medication outreach -- Medicaid outreach facility -- facilitating Medicaid applications, Medicaid programming and planning and Medicaid training for their staff.

As you -- the good gentleman knows one of the things that we have heard over and over again through many of our meetings with the Department of Social Services, Medicaid

costs are -- are exploding.

One, because of the population change that we serve. Two, because of the economy. And three, because we channel people through different areas.

We need to make sure that what we are doing with our Medicaid population that we are covering the costs in the appropriate manner. But also making sure that we are not taking on expenses that we should not be incurring.

And we also need to make sure that the people who we are covering are the appropriate people and not people that should be -- that should not be covered under the State of Connecticut's Medicaid plan.

So this is a maximization program that is going to work with the staffing at the Department of Social services to look further into how we do it and what are our cost allocations in this area.

Through you, Mr. Speaker.

And I'll be glad to answer the good gentleman's question now I hope I answered the good gentleman from Watertown's question. And if not, I'm sure he'll get up and answer me -- ask me later on.

Thank you. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

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REP. MINER (66TH):

Thank you, Mr. Speaker.

During the budget deliberations we heard about the cold case unit. And, in fact, I -- I think we both sat in on a number of the subcommittee meetings. And the topic of that conversation as I recall, Mr. Speaker, had more to do with if we were to be so po -- so bold as to put money in this line item, what do we have to do to make sure it stays there.

And as I recall the conversation, money from that line item had been moved to a shooting task force account, which I think we all agreed, had some merit. If the gentlelady could just describe what assurances she's been given that within the line items as I see them there seem to be some dollars associated with ea -- each of these that the very same people we heard from this past year won't be back to see us with some other story.

And it may very well be that we can never turn those cases around. But I -- I think that was an entirely different issue than whether or not they thought they were going to get some effort from the State of Connecticut rather than what they kind of perceived in the budget.

Through you.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker. I thank the good gentleman for his question about the cold case.

Because I have -- it -- it leads on to something else that I -- I've been sort of dying to share with the Chambers (sic) tonight.

Yes, we talked to the Department of Criminal justice about those issues and trying to provide them with more -- more staffing so that they can actually do more investigations on these cold cases. Because as we found out sometimes cold cases can -- can be as current as a month ago. And it's been because of the fact that they just did not have enough staffing to actually do the investigations.

Well, because of that form of questioning and because of some suggestions from the good gentleman and his -- his members on how we address it, we not only address that in the budget, but we also took their suggestions that they made to the Appropriations committee to follow up and provide more expansion in our fraud units.

We have added seven new positions in the Department of Social Services for fraud investigations. As well as six new positions to the Department of Criminal Justice

to look at the fraud that goes on with this. These -- all of these conversations were sort of blended together about the different ways that we could save money in the state. And these were recommendations that were made from the good gentleman from Litchfield and his members in their presentation at our Appropriations committee meeting.

So when people say that we don't listen, we do listen and we put our money where our mouth is, I guess, and back them up for the suggestions that they made because they were good.

We understand that we have not looked at that. We did not look at the cold cases because they were -- so many of the cold cases also led to us addressing some of the issues and problems that we had, especially in our towns and cities that had such high numbers of violence.

So with that, I say thank you to the gentleman for their suggestions. And we were very happy to follow through and actually find some opportunities to fund their things that they had suggested to us in our Appropriations committee.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

And if -- if the gentlelady could just describe generally -- I know there was a -- there were a series of consolidations recommended in the Governor's budget. And if I remember the subcommittee reports, the Appropriations decisions -- and I think this budget -- it probably -- these representations more closely would be associated with the Appropriations budget as opposed to the Governor's budget.

So just the big ones, if you could describe for the Chamber, which we don't do. I'm remembering that worker's comp was supposed to go to Labor and I think Housing to DECD and a couple of others. So if you could, please.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And again, I thank the good gentleman for allowing us to talk more about the depth of the budget before us, the bill before us, sorry, the bill before us, Appropriations bill.

Yes, there were several recommended or suggested or requested mergers that were put before us. And the good gentleman also was part of many of our discussions that we had.

And one of them that we did not -- we did not acknowledge was the Department of Construction Services merging into the Department of Administrative Services. I think the good gentleman remembers that we had a lot of people coming and testifying saying that it just was not working just yet.

They were still having difficulty because most of the agencies especially merged into Department of Administrative Services were merged in under what was called a SMART umbrella. And a SMART umbrella meant that all of the back room operations would be handled by the Department of Administrative Services. And we heard that it just had not happened. Plus we also found out that the executive position had not been filled.

So we decided that this is not yet ready -- that the Department of Administrative Services and the Department of Correct -- Construction Services should not be merged.

There was also a request to merge the -- the workmen's -- Workmen's Compensation Board into -- into the Department of Labor. We did do that because we found that many of the offices of the Department of Labor actually house some of their -- their satellite offices. And it was something that with good -- good work and talking, it would be in the Department of Labor but only through APO,

only through as an independent agency.

The other that we merged into the Department of Labor would be the CHRO. But again, it's an APO. It is not going to be part of the agency. It's going to only share those back room operational things.

I believe the -- oh, what is that -- the -- the -- the Office of Health Care -- chief -- chief medical examiner. The wonderful Dr. Carver. He is -- he is going to be merged into U -- to the UCONN Medical Center Hospital because that was something that because of costs and restraints on the budget we were able to do that.

I'm trying to think. Oh, the Department of Housing into Department of Economic and Community Development. That one we did not -- we did not put in the budget this year. Because if you remember, again, through some of our comments and conversations with people, if you remember the conversations that we had with the -- with the people that came before us, the concern was the fact that most of the things that were being merged into the Department of Economic and Community development were services.

Department of Children and Families had some funding that was being merged in there, Department of Social Services had some funding that was being merged in there. And I believe Department of Mental Health and Addiction

Services.

We felt that it was just too fast. That we needed to see the structure of how this was going to happen. Because moving a social services agency into an economic development agency somehow in many people's minds was a square peg in a round hole. We needed to see how that was going to be done. So what we did do is we put the two positions in the Department of Economic and Community Development agency to develop the housing agency that will arise, hopefully, in the next year. But the -- the -- all of the dollars that went along from DDS and DCF and DMHAS are still remaining in the agencies that -- that were suggested to be merged in there.

We want to see a plan, the plan is supposed to come before the Appropriations committee and the committees of cognizance that would be related to it later on in the fall or in the early part of the next biennium.

And at that point in time I'm sure that -- that our side and your side will be talking about it and having a -- a long conversation about the things that -- what we feel is supposed to happen with our Department of Housing and Economic Development, as well as the Department of Housing.

So, through you, Mr. Speaker, I hope I got all of them.

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I can't remember. I'm getting old.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

And you're hardly getting old. I think you got more than I thought you were going to get.

You did mention that the Department of Housing -- and I wanted to be clear. Do we currently have a Department of Housing that's staffed?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, to the good gentleman from Litchfield, we do not have a Department of Housing.

We should, but we -- we will.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank -- thank you, Mr. Speaker. And I -- I thank

the gentlelady for clearing that up. Because I didn't think we had one either and it appears in the budget that we now will have one.

There's a pretty small, I think it's a \$180,000 appropriation in there for staffing. Nonetheless, it does become a department, gone from none to a department.

One of the larger items in the Appropriations budget has to do with the restructuring of Medicaid for what we refer to as LIA, Low Income Adults. And under the Governor's proposal there was about a 17 million dollar, 16.9 million dollar reduction, because of that activity. And under this initiative it appears that there's about a 15 million dollar reduction in that line item.

And if the gentlelady could help us, through you, understand how the number grew.

Through you, please, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker. I thank the good gentleman for the question.

Yes, as we started going through -- if the good gentleman recalls -- there was a request for a waiver. And there were some items that were going to go into this waiver

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that we were going to present to CMS from the Department of Social Services. And the waiver was going to have a -- a variety of different things that we needed.

And if the good gentleman remembers we are also talking about changing a system from the SAGA, State -- Assisted General Assistance program to a -- a popu -- a different population that would also incorporate that.

We are -- we did this -- and we made this change from the ASO -- from the MCO -- MCO, the Managed Care Organization, I'm sorry, sir. I'm using the alphabet and I'm trying to remember not to do that because a lot of people don't sit and listen to all of our conversations in Approps.

The Managed Care Organization, we shifted from the Managed Care Organization to the Administrative Services Organization. We had different filters that were supposed to transition with it. We didn't have all those filters transitioning with it.

We have to establish a -- an asset test. We also have to establish a limit to the number of people being covered under these services, making sure that anybody that is of age that can be -- maintain their own insurance company -- insurance position will do that.

And there was one other aspect. It was the asset test, the -- the age and there was one other item that -- oh, and they -- the limit to nursing home stays of 90 days.

Those were the three things that we are hoping to get a waiver so that we can do this.

In conversations with the Department of Social Services and the Office of Policy Management, they seem to feel that our estimations that we had originally in our budget were extremely low. They seemed to feel that with these changes we would be shifting a variety of people to independent coverage and then also finding people that seem to have a lot of assets in their accounts that should not be on state assistance if they have such enormous amounts of money in their savings account.

And we looked at that. And quite honestly, when we looked at it, many of us looked at the fact that, you know, the asset levels were either going to be \$25,000 or -- or so -- or \$10,000, we were -- we were ranging. And many of us said, you know, that wasn't a large amount of money for somebody to have if they're on state assistance.

So we felt that those were some of the good filters that we're going to probably have to implement once we get the waiver from CMS. And we have indications from them, in Boston, that they would be willing to accept those

waiver guidelines.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

And I'm -- I'm down to two more.

One has to do with the 1F Exit plan. And I know that we've been dealing with a number of these issues for a number of years.

And through you, Mr. Speaker, there appears in the budget about 16 million dollars for that plan. And if the gentlelady knows, are -- are we at a point of describing what that is or is that something that will be developed between now and the end of this next fiscal year?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker. I thank the good gentleman for that question because Department of Children and Families is something that I try to really focus on and look at because of the fact that it is our children. And it is important that we make sure that what we do in that

agency is not going to be a -- a hindrance or a -- a handicap for the children that we are responsible for.

What we have been doing, under the new commissioner of Department of Children and Families, she's been making some shifts in the way we cover and we care for children. Many of the kids were kept in institutions or in, I guess, 90-day safe homes, things like that. She's -- she has been shifting those to families, to foster families, expanding the number of foster families we have in coverage. And also, reducing our dependency on institutional care, which if the good gentleman remembers that was one of the issues that 1F consent decrees seems to be a barrier that we could just never seem to get over.

And she is doing that in some of the things that she is -- she is creating. She is putting more money into community services, which do cost less, but that's because the children are based in their homes and their families. And they -- they're not based in institutional care, which is extremely expensive and extremely detrimental to the children.

Many of those things that she has been trying to implement over the last year are the things that we are actually able to see as we start to reduce it. We made sure that we -- we worked with the court monitor in making

those adjustments in those shifts so that we did not violate our agreement under the 1F consent decree, but also making sure that we reduced the cost for the state in areas where we know we should be doing it.

We have a lot contracts in the Department of Children and Families that probably have been there since probably many of us -- for years. And many of those contracts have never been adjusted or changed or what I would call modernized. That is what the commissioner from Department of Children and Families is doing in this process. And that's how we came to some of the savings that you see before you.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker. And I do thank the gentlelady for that description.

And the last question has to do with the GAAP reserve adjustment. And I recall during the last four months or so -- and I guess it goes back to when the Governor was inaugurated. There was a conversation about us getting onto this accounting process referred to as GAAP. And I think the gentlelady and I and a number of others on the

Appropriations committee, you know, began this conversation about what does that mean to our budget. And what is it that we may not be able to do as a result of trying to play catch up to those things that we may have chosen to do in terms of our -- the way we account for our revenues and our expenditures.

I think if I recall, Secretary Barnes' statement that probably is an oversimplification, but I think the gist of it is that we've pretty much gotten our bookkeeping a little sideways. And that we've drawn revenue in from a future year and booked expenditures in some cases or pushed them into the next year. And so, you know, we need to get our books in order, so to speak.

And so if the gentlelady knows where in the budget we may have accounted for a GAAP reserve payment?

Through you, please, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

I -- I -- I thank the good gentleman from Litchfield for this question because this is something that we have been talking about, especially in Appropriations. Because when we put in the statute addressing funding for GAAP, I think the good gentleman remembers that we

specified that if we had a surplus in the budget that we would be able to make those payments.

And unfortunately, as he and his colleagues have been pointing out to us for about the last 45 minutes, that we don't have a surplus. So therefore, that is not part of the budget. But I do remember the conversations that we had. And we talked about the importance of addressing our cash flow, which is what the main principle of GAAP is, is to make sure that we look at where is our cash and are we keeping enough cash on hand to keep us current with all of our obligations and things going in the future.

We will be working on that with a -- a -- Secretary Barnes and his staff at OPM. But unfortunately because of the budgetary restraints that we have this year, that is not going to happen. And we all are very sad about that because we did make that commitment. But this is a time where we all struggle. And I don't see how we can make any of that right now because of the way it's defined in the statute.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66TH):

Thank you, Mr. Speaker.

And I want to thank the gentlelady for all her explanations, and also for all the consideration that goes into crafting a document. Most people at home assume that we sit in some room and sit down and pour through numbers day after day after day. But it's -- as much of what we do is listening to people and trying to determine in our own minds what we can afford and what we can't afford.

I personally may not develop the list that has been presented to us in exactly the same way. And I -- I think the gentlelady knows that I -- I have the same concerns about people who need as she does. We've had long conversations about, perhaps, differences between our constituencies. But in many cases, we have the same interests.

And I know somewhere in the middle of all this, I think Representative Walker would confide in many of us that she's become more keenly aware of the revenue side of our budget over the last couple of years than perhaps she may have been prior to that.

My fear, Mr. Speaker, is that while these are, in many cases, important initiatives, we still have left the same questions unanswered. We still to some degree have created this dynamic where even though we know the revenue -- the revenue based on the projections of our

revenue estimates, which are an agreement between the Office of Fiscal Analysis and the Office of Policy and Management, fall short and certainly fall short of this list.

I'm not sure how this is going to get balanced over the next year. My fear is that to some degree this is going to be left to the same decision making process as it has been left to not only during the last year but the year prior. And what happens to my mind is that it kinds of takes the Appropriations committee out of the equation.

So Representative Walker and many others sit through this process of a public hearing and make these decisions based on what they believe we should be appropriating our money for. And I -- and I'm fearful that even within this there are gaps. And that those gaps are going to have to get resolved somewhere.

And I know a year ago when the budget was produced, I certainly got a sense from the administration that they were hopeful, hopeful that the revenues would increase, hopeful that that unemployment would decrease. Hopeful that we would begin to see better paying jobs and that the tax collection, the growth in tax collection would help us with this -- this problem.

But the reality, Mr. Speaker, is we're still not there

yet. And while I would agree with a number of these initiatives, I think to go down the road again of presenting another a budget -- and I know this is referred to as an Appropriations decision. But in reality, nobody else lives this way. Businesses don't do it this way. Our constituents don't run their home checkbook this way. You have to build your budget on what you know you can put your hands on.

And I know to some degree we all have ideas of where we might be able to find revenue. And what initiatives we may put in place with regard to fraud or what else and I -- I'm -- I think there's a lot of common ground here that we could find. But these numbers are vastly different probably from what our current revenues are projected to be.

And for that reason I am concerned about the budget. I am not concerned about the interest that people have put into it. I know it was for all the right reasons that they have chosen what they've chosen the way they've chosen it.

But I -- I do get deeply concerned, Mr. Speaker, that if these numbers don't match -- and they haven't matched for years -- this GAAP situation which maybe hard to pin down is really only going to get much, much worse.

And Representative Candelora talked about our cash

position at the onset. And if you don't have money in the checkbook to make a payment, I can guarantee you somebody that provides a service for the State of Connecticut is waiting for a check. And I'm not sure that's how we want to balance our budget either. And I'm afraid that's where we've gotten ourself (sic).

Thank you, Mr. Speaker.

(Deputy Speaker Godfrey in the Chair.)

DEPUTY SPEAKER GODFREY:

Thank you, sir.

The gentleman from West Haven, Representative Dargan.

REP. DARGAN (115th):

Thank you very much, Mr. Speaker.

There is a question that was asked earlier to Representative Walker and I guess this is a good reason why I don't serve on Appropriations. But I know that Representative Williams asked it. And I just want to clarify it and it deals with the -- the 15 million to the two Native American casinos. And just a -- a quick background on it.

As you're well aware, the two tribes give the state

25 percent of the slot revenue. And the 15 million that we're talking about tonight deals with free play. If any of you have been to the casinos, been at fund raisers on bus trips and they give you a ten dollar coupon or \$20 coupon to play table game. This was the issue that was in question from our prior Attorney General Blumenthal at that time on how the state taxes that free play.

The two tribes' position was that this was an enticement in order to get a lot of nonprofit groups that run bus trips to come there. And the State stated if that was used towards VLTs or slot machines, that it would still have to be taxed at that 25 percent.

So where we are today is that underneath the current law, free play is five and a half percent per month of slot play. And that's how the State has the wording in place right now.

And basically with the down turn of the two tribes and competition around us from other states, that five and a half percent free play will now go to 11 percent. And that's where we come up with the 15 million.

Through you, Mr. Speaker. Thank you.

DEPUTY SPEAKER GODFREY:

Thank you, sir.

Representative Lavielle.

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REP. LAVIELLE (143RD):

Thank you very much, Mr. Speaker, good evening.

I'm about to do something that I find odd. And I think it's only right for anyone who is listening and also for everyone in the Chamber that I explain why it's odd.

Many of you know I serve on the Education committee. And I'm going to ask some questions about the education budget in this bill. I have to do so however, without having seen the legislation to which that budget refers. And this is somewhat difficult.

As many of you know, this session was meant to be the education session. We were meant to spend a great deal of time working on all sorts of ways to close the achievement gap in Connecticut, usher in education reform, et cetera.

And we were given a bill from the Governor on February 8th that we all read with great interest. Some liked it, some didn't. But there was a lot in it to think about. And my goodness, we thought about it a long time.

This bill's had a checkered history. We thought about it until March 26th, just before the JF deadline in the Education committee. And during that time, my goodness, how many times I read that bill and how many times all the other members of the committee read the bill and

asked questions and met with every single person in our districts that had anything to do with education at all to find out what they thought.

And we were ready and we wanted to discuss and we knew what we liked and what we didn't. And we walked in on the 26th of March and it was a brand new bill that no one had ever seen except the committee chairs and a couple of folks they met with over the weekend.

That was a bill that had been literally eviscerated of most of what it had in it. What it had in it before wasn't perfect, but we could have talked about. Anyway, we had to rush the vote on that.

And then a lot more time went by. That was March 26th. What's today? May 7th, I believe. And there's just been a press conference to announce what the new agreement for an education bill will be.

I have not seen even the draft of that bill. And I'm here as a member of the Appropriations committee to ask questions for the benefit of my constituents and the constituents of everyone in this room so that they understand the education portion of the budget as well as possible.

I think that's backwards. And I'm not suggesting I'm the only one in that situation, by the way. I know that

the committee members in Education on both sides of the aisle were all in the dark that day in March. And a lot of people are today, still. But I'm going to have to conduct the questions in that way. And it's very disappointing and, I think, disrespectful to all of our constituents.

And in fact if you look around we don't have a lot of windows in here, but there's a few and there's some stained glass and you can tell it's dark outside. And I have to say that I can't help but observe that we are here literally, quite literally, making laws in the dark in both sense -- senses of the term.

So with that, Mr. Speaker, I have a few questions for the proponent of the bill, the good chair of the Appropriations committee.

DEPUTY SPEAKER GODFREY:

Proceed.

REP. LAVIELLE (143RD):

Thank you.

Through you, Mr. Speaker.

I'd like to begin just by asking in the bill that we have received how much represents the budget for the new -- for lack of a better word -- I'll call them reforms, the new education reforms that we will be looking at in

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the new education bill?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And I thank the good gentle lady from Wilton for the question.

First I want to -- I want to start -- preface the answer by I -- we are all learning these process and these are all new process.

And one of the things that I know happens and there's something that I had learned is that most bills that cost money have to come after the -- the budget or the allocations of Appropriations. Then that bill comes out afterwards.

What we do is we try and establish the foundations of what those bills are but the completed bill does not come before us until after we -- we pass the -- the Appropriations that you see before us.

So what we put in this bill was somewhat what came out of your committee in the Education committee. And we identified many of the things that were held as the important factors in your budget. But what we had to do was also take into account the fact that we had such a -- we

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had a 200 million dollar deficiency. We had other issues that were directly related to what the economic times were.

So in this bill, the 123 million dollars that was suggested by the Governor in his bill that he presented to us in February, we are at 93 million dollars in Appropriations.

So I -- I understand the good -- the gentlelady's concern about not having all of the items for the education bill. But I believe that this is just the shell and the real content will come. Probably -- maybe later on this morning.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you, Mr. Speaker.

I thank the -- the good gentlelady for that answer.

And I am aware that we do often have the full outlines of a bill after -- after we have decided on the Appropriations.

In this case however -- and I have to go on hearsay. I hope that the good lady -- gentlelady will forgive me. I have to go on hearsay with this one. But from what I understand the bill that we will be presented with is quite

substantially different, quite substantially different from the bill that we voted on in committee on March 26th and also, at Appropriations later in the month of April.

So I think it's -- it's something of a different case. And by the way, I don't want to lay that at the feet of the -- of the good Representative. I -- I -- this is a circumstance that we are facing that is, I'm sure, due to many factors.

But with that, I'll -- I'll plunge right in to the -- to the separate line items that I kind of know in a shadowy way from their past incarnations in past versions of the bill.

And the first I would like to ask about is labeled T593, in the table of the bill and it is the early childhood program. I'm presuming that that refers to the new slots for early education. And again, I have heard that in the -- in the new bill this is to be phased in.

There was talk of 500 in the first version and then 750 then a thousand then back to 750. So if the good Representative could tell me how many slots -- this new slots -- this actually represents in the coming year, I'd be grateful.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

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Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And again, I thank the good -- the -- the gentle lady from Wilton for this question.

Yes, we -- when talking with the commissioner at some of our subcommittee hearings under the Appropriations bill -- as we talked through with some of the -- the initiatives that he brought forth to our committee, it was acknowledged that it was not going to be -- they would not be able to get the thousand immediately.

And taking into account the fact that this budget has got to be tight, and taking into account that we cannot lapse any more monies when we need them because we don't have any monies really that we should be lapsing.

That was a suggestion that was discussed and also made by the commissioner of education, that we phase them in. Because as they roll out into the priority school districts and to the -- the alliance schools and in some cases, some of the schools that are within the commissioner's network, it was going to be part of their audit as they go into the schools to find out what the capacities are. And it's also part of the package that will be used in turnaround schools in designing a complete system that is going to work for

that school.

So therefore, with the slots he is well aware of the fact that he has a thousand in his -- in his line item. But he said he would not be using them, doing all of them in the very beginning. So for us to save money, we did a phase in in this process.

So through you to the gentlelady from Wilton, the numbers are still a thousand. But I'm sure, as all of us know that we don't want to keep money in an account that is not being used if we don't expect to utilize all of those slots right away. So we could use those funds in other areas. So we phased it in over a time period.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you and I appreciate that answer.

Through you, Mr. Speaker.

I would like to ask about the regional vocational technical schools where we have a -- a drop from the previous budget here of about nine million dollars. And I just wondered what would not be done as a result of that nine million dollars less?

Through you, Mr. Speaker.

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DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

We all remember how important the -- the vo-tech schools -- and I think all of us were passionate when they came in such a beautiful form. And they came to speak and advocate for themselves. And we -- we also saw other schools coming in. And there were so many people that really needed and deserved having the -- the increases. But what we found was that we could not do all of them. So we had to give some to everybody.

And in this regard, we -- we doubled the amount and then we had to cut it back to three-quarters. Hopefully, next year, we'll be able to give them more of an increase.

But we did hold true to the -- to the other issue which was the teachers. We gave them the teachers because if the good gentle lady remembers they really needed the teachers.

And in some regards they said the teachers were more important right now than anything because they had such a waiting list in so many of the other -- in many of the -- the locations. So they said that was first and foremost.

And then the increases for the supplies and things that they had they would -- they were so sweet.

They -- they said we will take anything that you give us. And so what we did is we had to cut it back just a bit.

But we do hold fast to the commitment both -- on both sides of the aisle. We all understand that offering kids alternative programs is key because every child does not learn in the same way. And every child should not focus in the same career.

So through you, Mr. Speaker. I thank the good gentlelady from Wilton for that question.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you. And I thank the good Representative from New Haven for that answer.

I'd like to ask next about the Commissioner's network. And here we have 7.5 million dollars.

The figure for the number of schools that are to be dealt with through the Commissioner's network has fluctuated through the various versions of the bill.

We -- we started out at 25 or 30, dipped down to ten with the version that came out of the Education committee. And I have heard -- and again, here I rely on hearsay -- that

in the version that we are potentially looking at perhaps later this morning, we are around 25.

So I wondered if the good Representative could enlighten me on that number and -- and what we envisaged to do with the 7.5 million?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And good morning.

I thank the good gentlelady from Wilton for that question.

Yes. You remember through, again, through the subcommittee process and then continuing on, it -- we had lofty goals on how we were going to do a lot of the things that were proposed in the school reform.

And as the Commissioner started to see the magnitude, I believe, in what he was trying to do and as we all know, the state Department of Education is a very large vessel to change and turn. And that's what the Commissioner has committed to do.

He, himself, as he spoke to us and we started to craft the actual amounts. We didn't -- again we don't get into

the real details. We get into the -- the general expectations that the Governor -- I mean, that the Commissioner is proposing for his education budget.

And he said that it's going to take him awhile to even start with any of the Commissioner schools because one, we know that they -- the schools have to be audited, which they're supposed to do over the summer. And two, they are also to develop a -- sort of a compact between the teachers, the administration, the parents and the kids. And that has to be created. And the -- the comp -- the composition of how the school's going to look has to be done. So the Commissioner said to roll out five schools in September was something that he did not think he was going to be able to do.

He's still looking for his staff that he -- that he has to have to help him do these -- these goals. So he suggested that he cut them down to five for the year. And that he use the monies in other areas to try and develop the talent, to do the research to get the course staff that he needed. So he said this was going to be a good start and he expected next year for his start to expand.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

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REP. LAVIELLE (143RD):

Thank you and through you, Mr. Speaker.

The year would be the next fiscal year? Or that would be the remainder of this year?

Through you.

REP. WALKER (93rd):

The next one.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you. Through you, Mr. Speaker.

The -- the following year.

Through you, Mr. Speaker.

REP. LAVIELLE (143RD):

Thank you.

And something else where again I -- I fear I must have to go through -- you didn't say "Representative Lavielle," I think. I'm so sorry. Did -- did I speak out of turn? I'm -- I'm sorry.

The -- something else where I have to go on hearsay. I have understood, I may be wrong, that the way of operating the Commissioner's network or managing it has changed in the new bill where it is not just the Commissioner, but an entire sort of board or council. And I -- I'm completely

open to be corrected if I'm wrong on this. This is what I had heard and I wondered if that entailed compensation or not?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you and I thank the good gentlelady from Wilton's question.

As you know, we are the Appropriations committee, so I only know what the dollar parameters are. And those are the things that we are reporting out of here. I think that when you get the education budget or -- if you haven't gotten it, it probably is coming -- you will be able to get those details and you'll be able to get that information. But we are only focused on what sort of the -- the -- I guess, the overlay of what will happen with the education reform.

I am so sure that once you get that you will have lots of questions for the chair of the Education committee from West Hartford.

But we are sort of structured only to address the dollars in this thing. And I am so glad that I only have to do the dollars.

Through you, Madam Speak -- Mr. Speaker. Sorry.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you, Mr. Speaker.

And I --

DEPUTY SPEAKER GODFREY:

If I could -- if I could just have a line of sight between myself and Representative Lavielle, I'd appreciate it. Thank you.

REP. LAVIELLE (143RD):

As do I.

DEPUTY SPEAKER GODFREY:

(Inaudible.)

REP. LAVIELLE (143RD):

I -- I appreciate the answer and I -- I apologize for having to dance around these a bit if I -- if I -- I had the luxury of being a little more familiar it would be -- it would be easier.

I do have one specific question for about something that I have never seen before. It's probably my fault.

But there's an item here for the science program for education reform districts, \$455,000 and I -- I don't recall seeing that in any of the bills. So that may just

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be a discrete line item and I was curious what it refer to.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And I thank the -- the gentlelady for the question.

I believe that we heard about it and maybe it wasn't -- I know, probably -- I think when we did education we were divided into two rooms, I thin because we had so many eager people to testify before us in the Appropriations committee about the specific issues of education. It -- it truly was a -- a hot topic during the budget negotiations and -- and discussions.

And I believe we had someone come before, at least the people that I was listening to, they came and talked to us about the K8 science program. And it -- and I -- I will -- I'm very honest. I don't remember exactly where they were doing it. There were two locations and it was a proven program. And I believe is was connected maybe to Wesleyan.

One of the -- one of the other colleges had been supporting this. And this was the funding that was to

create a -- sort of a support pilot for some of the -- the commissioner's network schools.

But we all knew and we heard and we understand not only from the testimonies that we had, but also looking at the careers and the deficiencies that many of the employers in the State of Connecticut have said about the -- the -- the kids coming from our programs and schools in meeting the job requirements that are out there. Especially with the -- the desire to make Connecticut a bioscience center.

In order for us to do that we have to make science as important as everything else, if not more so. And we have not engaged enough students in that process. So this program, the K8 science program, is a program that is focused on providing kids with a desire and -- and -- and a learning environment that is going to help them in engaging in this process.

It is not a lot of money, unfortunately, but again, we had a 200 million dollar deficiency that we had to cover. So because of all of those things, we wanted to give the schools, at least a couple of schools the opportunity to -- to participate in those programs.

I mean, it's also with the reading and there was another program that was in there too -- I forgot which

one -- that -- that we felt that was necessary to have as a part of the package that the -- that the commissioner could utilize in working with the different turnaround schools.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you. And I appreciate that answer.

Looking at the -- this is just for confirmation here -- the K to 3 reading assessment pilot and the talent development, I believe those -- those have -- and it indicates here -- those have not changed since we voted in Appropriations. And those refer to the programs in the Early Literacy bill, which I believe are going to be incorporated into this new bill we're getting?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And I thank the lady for the question.

I'm not sure. Because, again, I'm just doing the budget.

So I'm not exactly sure how the reading assessment program, the K3 reading program is going to be rolled out. Whether it's going to be incorporated in the education reform bill or whether it's going to be in the standalone bill that was also passed out of Education committee.

We have, I guess, two vehicles, and within those two vehicles, I am sure that we will have complete definition that will be addressing the figure that we have in that line item.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you.

And through you, Mr. Speaker, my next question is about the amount for the Education Equalization grants. And I wanted to inquire here. I believe this is -- this looks to me as though it would be the total ECS funding including -- it -- it goes from 1.8 billion to a little over two billion.

And I believe -- I guess what I'm interested in knowing here is that increase from 1.88 to two billion, does that take into account the previous 50 million dollar increase? Does it also take the 59 million from charter

schools? I'm trying to figure out what that increase is composed of.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And I thank the lady for the question because that has been something -- both on this side of the aisle and everybody seems to be -- it's kind of confusing. Because it is kind of lumped in there. And I guess that's probably because we're -- maybe we're trying to save paper. I'm -- I'm not sure.

But the ECS funding that you received, that -- that cities received last year is in there. The 39 million dollars in special funding that the Governor suggested in his budget is in there. The 59 million dollars for the charter schools was transferred into there. And the increase for the charter school funding from the 90 -- 9,400 student to 10,500 is in there. So all of those things are incorporated into that line item. And I do not know exactly the -- the exact dollar breakdown.

I -- I -- I do apologize to the gentle lady from Wilton for not having the specifics. But those are the -- the

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contents that you have in that line item.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

I thank the lady from New Haven for that answer. And that's -- so I -- it -- it's very helpful. Because looking at that I -- I can see that these are -- these are the numbers that we had before. They may not necessarily correspond to what we're going to see in terms of charter school funding and so on. So that may be a place where, if I understand properly, where we might be seeing some adjustments.

I'd like to ask through you, Mr. Speaker, about the priority school districts where we're seeing an increase from a 116 million to 121 million. That's a -- that's an -- an additional five million. And these -- these terms in this bill are always confusing. So I -- I just wanted to be sure I -- we were clear on what that refers to.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And I thank the gentlelady for that question.

The priority school district funding is also incorporating, again, some of the suggestions that we received through the Governor's bill that he presented to us in the beginning of February.

There were some increases in that he had specific grants that he incorporated in there that he wanted the Commissioner to have access to to provide to some of the -- the turnaround schools that he would be working with, incentives and things that they would be using in the priority school district areas.

And going back to -- just really quickly, going back to the -- the question before. The charter school -- I forgot. There was one other thing that I didn't put in there and that was the new seats, the additional seats that -- that the funding allotted for in our ECS for the charter schools.

So that's in there, but the -- the actual amount of 10,500 is the amount that is for the charter schools. But the additional seats was one of the items that I forgot to -- to convey to the good gentlelady from Wilton when I was explaining what was in that big dollar amount.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you, Mr. Speaker. I -- I appreciate the answer.

And I have one more education question. Regarding the School Readiness Quality and Enhancement, which has gone from one million to 4.1 million. Does that refer to the -- the rating system for early education and other related things or is that something else? And why did we -- why did we increase it by about 300 percent?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That item carries a lot of things from what I was told. And again, I'm going with numbers.

But I believe some of the things that were incorporated in that line item was training. I believe that Senator Bye has been talking about this also in higher ed was the training that was necessary for the early reading -- early -- early education programs. And the -- some of the programming that they were going to be incorporating with this to address the -- the school

readiness enhancement would be also different types of curriculum and some other things.

I cannot remember all the things that the Commissioner talked to us about. But all of the things for professional development, et cetera, were all included in that item as -- along with, I think, expansion of teachers, if I'm not mistaken.

But I'm sure that we look forward to reading that wonderful education bill so that we know exactly what those dollar amounts represent.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you and I -- I thank the good gentlelady from New Haven for all of her answers about education. I have only one question on another subject. And then I'll just make a -- a couple of remarks, if I may.

It's a completely unrelated subject to all of that, but it's something that I've spent a lot of time on in the past several months. And I wanted to seek a clarification.

Because again, it's -- it's not clear to me in the bill as it's presented. And -- and also I -- I saw some

press which indicated something different than what I had understood.

This relates to the commuter rail fares. And as the good gentlelady probably remembers, we had some rail and bus fare increases planned for January 1st, 2013 and 2014, four percent.

And those had -- those had been imposed. And then as a result instead of leaving the - the subsidy from the DOT in the budget to increase what was available for rail and bus, the subsidy -- the equivalent monies and subsidy were removed.

And those fares were canceled. Those increases were canceled subsequently. And the subsidies were returned. And I can't tell in the bill whether the subsidies are coming out again and the fares are being increased or whether everything is as it was and there will be no fare increases.

So if the gentlelady could confirm that to me, I'd appreciate it.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker, and through you to the

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gentlelady from Wilton.

What we did was we maintained the -- we eliminated the bus increase and the dollars that were to go towards -- I -- I wish I had Representative Fawcett here to -- to exactly specifically state but -- but the -- the four percent increase that is supposed to go into effect for the rail is still in the budget. It was still incorporated.

And part of the reasoning that we had behind that was because of some expected expenses that are going to be handed to the State of Connecticut from the MBTA, that are going to go into effect in January. So this increase is going to help us offset the expenses that we will have that will be levied on the State of Connecticut from the MBTA.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you.

And so given that the increases for rail will be maintained, will the subsidies to the DOT for its rail budget also be maintained or will they be withdrawn as before?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And through you, they will be maintained.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Lavielle.

REP. LAVIELLE (143RD):

Thank you.

Well, that is -- that is at least something.

And I know that my commuter constituents will be disappointed about the increases, but if they can get better services, at least, out of this I know they'll be pleased.

Well, I -- I thank Representative Walker for her indulgence and her kind answers.

We heard a lot about the plans for education just now. We know that the need to do something to improve the situation in our schools, with our drop out rates and our achievement gap and our need for remediation when people go on to higher education and all of these things, we know it's urgent. We know we have to do something. We have to do it fast. We need to get a No Child Left Behind

waiver. We have all sorts of things on our docket that we have to accomplish.

And these things cost money. And I would submit that there really isn't anything more important that we need to do and do now. Because this is our future and this is our -- these are people we know. These are our youth. And this is our economy and this is the future quality of life and population of our state.

But Representative Candelora and Representative Miner a few minutes ago highlighted the difficulties that we have really in predicting what is going to be available to us in the coming year, given our deficit situation, given the borrowing that we're going to have to do and given the lack of flexibility that has been dealt to us through the -- through the union agreements with state employees.

And therefore, I am concerned about our ability to do these things in the education area. And we need to do them so badly.

So I -- I just -- I -- I hope we'll be able to do something, but we can't have everything. And I look forward to seeing what we'll -- what we'll have to work with, and hope for the sake of all of our young people that we will be able to move forward. And that we will be able to make meaningful improvement to education in our state.

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Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, madam.

The gentleman from New Milford, Representative
Chapin.

REP. CHAPIN (67th):

Good morning, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Good morning, sir.

REP. CHAPIN (67th):

Some questions to the proponent of the bill, through
you, please?

DEPUTY SPEAKER GODFREY:

Proceed, sir.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

I believe in your summary of the bill when you brought
it out, you mentioned that we were holding true to
municipal funding that we've had for years. Is that
correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And I thank the good gentleman from New Milford for his question.

I believe I did say that. I -- it was a few hours ago so I'm -- can't remember, but thank you.

DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

And again, through you.

The previous speaker spoke a little about the bottom line ECS number in the budget before us. As I recall, the budget that we had adopted last year had a slight increase in ECS payments to towns from Fiscal Year 12 to Fiscal Year 13. Is it the gentlelady's understanding that those would be maintained if this budget were to pass?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I'm not exactly sure. But the -- I think the -- the lines that are in the budget sort -- are the same that were in the adopted budget from last year. And if that is what

the good gentleman from New Milford is -- is referring to,
then yes.

DEPUTY SPEAKER GODFREY:

Rep -- Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker, and again, through you.

So to the best of your knowledge there's no change
to the ECS formula. So if the bottom line is the same as
what was adopted last year, municipalities should be able
to expect whatever those runs showed last year when we
adopted the budget.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And I thank the good
gentleman for his question.

I believe that there might be a slight increase, but
not a -- not a major increase. But it should be
approximately the same amount.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

And again, through you, in -- in looking at Section 10, which deals with Manufacturing Transition grants. It -- it would appear that we're holding towns harmless in this budget as we did last -- last year when we adopted last year's budgets. Is my understanding correct on that?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

If you give me a moment. I just wanted to -- through you, Mr. Speaker, to the gentleman from New Milford, that is correct.

DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

And again, through you, as I recall last year the Governor had proposed eliminating that particular grant. But after meeting with legislators, and I assume, members of the Appropriations committee, he decided to -- and we did, collectively as a legislature -- decided to restore that and -- and if I'm remembering correctly, and perhaps

you could confirm this for me. We're paying for those Manufacturing Transition grants through the Municipal Revenue Sharing account?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker. Let me just check to make sure on that, please.

Through you, Mr. Speaker, that is correct.

DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

And -- and again, through you, if I -- again, if I'm remembering correctly, the money that goes into that account -- I think was one tenth of one percent of the 6.35 percent sales tax, as well as, perhaps, one percent of the seven percent in the luxury tax and some state conveyance tax on real estate transfers.

And as I recall the Governor's budget proposal this past February, I -- I believe he indicated that there was a balance in this year's fund of 43 million dollars that was supposed to be distributed to the municipalities. Can

the chairman of the Appropriations committee tell me whether that has taken place?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I cannot -- I cannot say that I know that for a fact, through you.

I -- I -- I do remember the conversations that we had last year. I remember the conversations that we had going forward. But much of this was talked about in Finance more than it was in the Appropriations committee. So I'm not familiar with that and I'm -- I unfortunately cannot answer to that.

I can get that information for you like I did for the good gentleman from Watertown. And I will try and get it to you before we have the -- finish this discussion so that I can answer your question, if that would be acceptable to you.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

Maybe a better question to ask would be are we appropriating any money to the municipalities from that Municipal Revenue Sharing account outside of the Manufacturing Transition grants?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I do not believe so. But again, that -- I have to get that information for you. I apologize for not having that immediate answer, but I'll be very glad to get that for you as -- as soon as we -- as soon as I can.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Mr. Speaker.

And I certainly thank the chairlady for her answer on that.

I -- I guess my concern is in lines 55 through 60, where we're saying that the amount of the grant payable shall be reduced proportionately in the event that the

total of such grants exceed the amount available in the Municipal Revenue Sharing account.

And my questions were specifically to determine whether or not we have already done that in the current fiscal year and whether we anticipated doing that in Fiscal Year 13.

Again, the -- the Governor had projected when he gave us his budget adjustment address in February that there would be 43 million in Fiscal Year 12, which gets divided up two ways, a 50 percent per capita basis. And if I did the quick math, that was about \$6 a person. So my own municipality would be losing \$168,000 if that money was not actually in that account, if revenues didn't meet our expectations.

And in the Fiscal Year 13, it's a -- about six million dollars more at 49 million. So I do have a concern that even the -- the Manufacturing Transition grants are not going to be funded at the level that municipalities have relied on.

If you recall, those particular grants were to replace what we commonly re -- refer to as the MM&E grant program, Manufacturing, Machinery and Equipment grants.

And years ago the state made a policy decision to say

bring your business here, expand your business here. We won't tax you on this new machinery and this new equipment, but we'll reimburse the towns for the -- for the taxes that they do lose.

Now we made a policy change last year or over the -- the course of the last few years where we've actually funded that particular line at a certain level and put in similar language that said but if the applications exceed that much, that whatever that line was that they would be prorated.

This is slightly different. It's saying we're just going to prorate it if this unknown number in the municipal -- Municipal Revenue Sharing account isn't there. If the money's not there, we're just going to reduce it what we have to.

Now, I think last year in the numbers for this particular grant and the numbers that are before us, we're based at about 65 percent of what the towns originally should have gotten and what the towns expected to get. I think the language here in lines 55 through 60 would indicate to me that the towns may not even get that. And that concerns me greatly.

For these reasons, I certainly have some concerns about supporting this budget.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir.

The gentleman from New Fairfield, Representative Smith.

REP. SMITH (108th):

Thank you, Mr. Speaker, and good morning to you.

DEPUTY SPEAKER GODFREY:

Good morning.

REP. SMITH (108th):

Just a few questions to the proponent.

DEPUTY SPEAKER GODFREY:

Proceed, sir.

REP. SMITH (108th):

You know, there's been some recent press releases where the Governor had been quoted as saying that Connecticut has a revenue problem, not a spending problem. Some of us might agree with that in this Chamber and some of us might disagree with that statement, I being one of them.

But thinking about the so-called revenue problem that we supposedly have here in Connecticut brings to mind the union concessions that are entwined in our budget from last

year. And if I recall correctly, the unions were charged with coming up with savings.

And my question to the proponent is do you recall that?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Thank you and I want to thank the -- the good gentleman from New Fairfield for that question.

Yes, we all heard that discussion for about two months. So yes, I do remember that -- that conversation.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And I'm wondering if you recall how much those savings were projected to be as part of our budget?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I think - I believe it was close to 648 million dollars that I see in the -- in the line items.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

Thank you for that answer.

And out of the 648 million dollars, if the good Representative could tell me how that is broken down in terms of savings?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That's a good question. I thank the good gentleman from New Fairfield for that -- for that question.

What we did was in the budget we moved -- there were a lot of lapses that were established in some of the agencies. It was spread throughout the agencies. And what we did is we moved the lapses that were below the line to above the line and worked them within -- into the budgets of the agencies that we had.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

Well, I -- I appreciate that answer. I'm not sure if it answered the question.

I -- I was looking for the breakdown and the good Representative may not have it. But one suggestion from last year that I do recall was that there was supposed to be a certain amount of savings as a result of suggestions by the union as to how they could save the state money through either better practices or procedures or something along those lines.

And I'm wondering if the good Representative realizes or recalls what that amount would be?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I want to first correct myself. I -- the savings that we moved above the line was 241 million dollars. It wasn't 648. It was 648 that was done through different changes and I don't have the breakdowns because -- I don't have the breakdowns, period.

There were several times, part of it was health care, et cetera, et cetera.

The 241 was what we moved from below the line above to the agencies in the begin -- at the top of the budget.

Yes, there was a -- a -- what was -- many called the suggestion box savings. And there were a lot of different initiatives that were going to come from the suggestion box savings.

And one of them was the item that I talked about. The -- the audit and that was going to be done by the -- the Comptroller's office to look at the people that were -- the dependents that we were covering in our health care. And there were others that were attributed to that.

I don't know all of the savings and I don't know all of the suggestions that came through. But that was one that I do remember because I asked where this -- foundation of this came from. And it was from the suggestion box.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And -- and thank you for that answer. It kind of confirms what I had thought the number was -- was. I thought it was in the 200 million dollar range and hearing

648 was surprising to me. But budget items are not my expertise by a long stretch. So I -- I -- I'm glad you were able to recall that figure as well.

And out of the 241 million dollars in projected savings through the suggestion box, do we know or do you know how much we actually received in savings as part of this budget?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the good gentleman for that question.

I think maybe the -- the -- I don't know what exactly the amount was that's attributing (sic) into the budget. But the audit that we were talking about, that's one of the items in the savings.

The 241 dollars (sic) in savings that I talked about that was moved to the top of the budget were lapses. And they were worked into the budget from the very beginning when we started the budget process in the subcommittees. So there -- we're talking about two different items. The 241 was -- was a separate item that was actually built into the budget.

There were -- there are lapses that were put at the back of the -- at the end of each agency that were -- that the agencies would have to achieve had we just not addressed them later on once the budget was passed.

We decided when we talked about this in our committee that, again, we were trying to maintain the concept of transparency. And many of us talked about this. And so we said we would bring it above the line and work it in there so that we actually saw the reductions that were going to be made. And they were made in the very beginning when we first rolled out the budget from the subcommittees.

I don't know what the -- what the audit is supposed to bring. I believe in the budget it -- I -- I -- I don't remember. But I can get it -- get it for you in a few minutes and tell you once I go through it. But someone, I believe it was the good gentleman from Watertown who talked about the audit. That -- that -- that we mentioned that was from the box, from the suggestion box that -- that you talked about.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And any time we talk about budgets, I -- you know,

I do get easily confused so above the line and below the line I -- you know, I'm not sure exactly what you're talking about.

So I'm just trying to break it down to my level, if we can. The 241 million dollars of money in savings from the union -- unions that were projected for the budget, was some of that -- let me rephrase that. What part of that 241 million dollars was the suggestion box?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker. Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I'm sorry. Could the good gentleman from New Milford please restate the question? I was -- I was trying to find the -- the line items but I don't read that quickly.

So I was trying to find the line items to answer your first -- the other question before that.

So through you, Mr. Speaker, could you rephrase that question so I could hear that, please?

DEPUTY SPEAKER GODFREY:

Representa -- Representative Smith, could you rephrase the question, please?.

REP. SMITH (108th):

Yes, Mr. Speaker. I'll be happy to do that and -- and please take all the time you need. It looks like we have plenty of it here this evening,

So for the 241 million dollars, what part of that number was the suggestion box savings? Was it the total 241 million or was there some component of that that made up the suggestion box?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I do not know what that number is.

I apologize but that is not the -- that type of detail we did not get.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And as part of the suggestion box savings, was there a charge to the union to meet with the Administration to determine how that was going to be accomplished?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I do not know if there was a charge to the unions.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And do you know whether or not the unions actually met with the Administration to discuss the suggestion box savings and how they were coming along throughout the year?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

No, I do not -- the -- the negotiations or the talks between the Administration and the unions, I'm not privy to. That's -- that's between them. So I do not know what they talked about.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

Is it fair to say that the suggestion box savings were not met?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the gentleman for that question.

I don't know if the -- the -- what the items were that were suggested. I just know that they were using some of the suggestions there to make different adjustments in different areas.

Specifically I do not know, sir. I'm only -- basically addressing the lapses and the things that are directly in the line items that are before me.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

Well-- well, thank you. And I was just trying to get to the bottom of that.

I know there's 241 million dollars in -- in projected savings. And I understand that you might not be aware of the fact of what the actual suggestions were and -- but

my real question goes to if they were projected to save the State of Connecticut X amount of dollars, whether it's 241 million dollars or whether it's 100 million dollars, whatever the number might have been as part of our budget, I'm wondering whether those savings, whatever the number may have been, were actually met?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

Right now, what we're working on is the budget going before us. I do not -- the savings and everything will be either received or achieved in the budget that is before us now. Where they are specifically, I do not know. But how -- whether we achieve them, we will find out at the end of this fiscal year.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And that's fair.

And the reason I'm asking the question along this line is because I'm wondering based on the budget that's

presented here this evening, or now, this morning, whether we had to lay off any employees or whether any programs had to be cut as a result of the lack of savings through the concessions as part of the budget last year?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

What they -- what we do know is that we did have to make some shifts in some of the monies that we had in the budget earlier. But whether it's directly related to the union not the -- us not achieving the savings in the budget or whether it was because of the deficiencies or whether it was because of the Medicaid deficiencies also, I cannot tell you exactly where they are from. I can only tell you what we had to do as far as adjusting the budget to meet the bottom line that we had for this year.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And thank you, Mr. Speaker.

And -- and -- you know, that's a very fair answer and

I appreciate the answer. And obviously within it, a budget, there are a lot of factors that go into it and why we may or may not have met have met the -- the targeted goal.

And I guess the only question I would ask, is it fair to say that assuming that the projected savings were not met, would that in fact be one of the reasons why we have some sweeps from one account to the other or some programs that now are being eliminated?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the gentleman for that question because that's one of the things that -- that many people have asked us over and over, especially through our Appropriations process.

And I suppose you could say that it did happen. I suppose we could say that the -- the number of people that we had in LIA and that also overlapped it. But being able to isolate each one specifically, I cannot do that.

I'm -- I'm -- I'm not capable of identifying it to that detail. I only have the information that sort of was -- is presented to us as the Appropriations committee

and what the limitations are are what we are given.

So through that end, I can only answer what we have in front of us today.

So I assume we could. But, you know, that detail I do not have.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

And I can appreciate the -- the answer.

And it baffles me just, you know, just to come up with a budget of this nature and this size and -- and itemized line by line and how we actually get to a final figure.

So I do appreciate and applaud your efforts along those lines. So I -- I know it's a difficult task.

I guess the question going forward is as part of this budget that we're looking tonight and, you know, it's extensive. I didn't have a chance to go line by line. And I'm wondering if the good Representative could tell me, are there any similar type concessions in this budget that we're looking at tonight from the unions projecting forward for any type of savings?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

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Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. And I thank the good gentleman for that question.

Not that I have -- that I had in -- in any of my notes that as we went through the different items.

The -- no.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Smith.

REP. SMITH (108th):

What -- again, I thank the -- the chairwoman from Appropriations. She's as always very informative and helpful with her answers.

And, you know, when -- when the suggestion box was put forward last year as an idea to save the state hundreds of millions of dollars, you know, I was -- to say I was skeptical is a minor understatement.

I wondered out loud then whether, in fact, we would actually see those savings. I wondered or not whether the unions would actually make good on their deal that they struck with the state. And apparently, my skepticism has come unfortunately into fruition.

Because here we are a year later and the -- the savings

have not been met. Nonetheless, the concessions were given. And the state is now whatever the latest numbers are, 284 million -- pick a number -- under budget. We're in the red.

And I think had we not played the suggestion box game last year, we might not be in this -- in the position that we're in tonight. So it's concerning. I think we have to deal with a real budget, real numbers in order for us to operate as a state.

As one of the other Representatives said here this evening, you wouldn't do that with your own budget, nor with any business. I can't imagine why we would do it for the State of Connecticut.

So, thank you, Mr. Speaker, for the opportunity to speak. And thank the good gentlelady over there for her fine answers.

DEPUTY SPEAKER GODFREY:

Thank you, sir.

The gentleman from Farmington, Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you, Mr. Speaker.

Through you, some questions to the proponent of the bill.

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DEPUTY SPEAKER GODFREY:

Proceed, sir.

REP. WADSWORTH (21st):

Through you, Mr. Speaker.

I've noticed throughout the budget, personnel services and other expenses have been reduced almost through every account. And I was just wondering -- and some percentages are -- seem rather large, anywhere from 20 percent in that area. I'm just trying to get some idea of the methodology that got us to the point where we could reduce personnel services and other expenses to that extent?

Through you, Mr. Chair -- Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the good gentleman for the questions.

What happened at one point as we started the process of negotiations, I remember, last year, there were many positions that were left unfilled. They are full time positions. And they were held in many of the accounts.

And as we move forward through the budget process to try to reduce some of the expenses and the cost, we reduced

some of the full time positions that were held by many of the agencies to achieve those savings. And that's what the personnel services reductions.

And I believe I have -- let's see if I have all of the numbers here.

The -- excuse me just one second.

The reduction number was approximately 1,200 positions that were reduced in this budget.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you for that answer.

And through you, Mr. Speaker, that is 1,200 in the unfilled category for the year 2013?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is correct.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

And thank you for that. And again, through you, Mr. Speaker.

Just for dialogue here I was just wondering if the good lady remembers how many were unfilled in 2012, the current year?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

No, I -- my book doesn't -- only gives me 13.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you for that Mr. Speaker. Again, through you.

Are these unfilled positions that are -- that sound like they're unfunded, have ever -- have any of them been eliminated so that they would never be filled until they were recreated again?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

Yes, that is how we achieved some of the savings in different agencies. We -- we eliminated many of the positions that were unfunded or had -- had not been filled because of the retirements and the people that have left the state.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you for that. And again, through you, Mr. Speaker/

Could you give a value of the salary and benefits of those 1,200 positions that are now unfilled or eliminated?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Excuse, Mr. Speaker, I have to adjust my book the other way.

Through you, Mr. Speaker.

I -- I'm sorry, I cannot give you an exact dollar amount. I don't have -- seem to have that in front of me at this moment.

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DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you for that.

And again, just looking through the budget itself, I just have a few, I think, relatively minor issues, just like to get some response on, through you, Mr. Speaker.

And one of them has to do with the reduction in the commercial recording line item for the Secretary of State's office. Is that due to reduction in service or is that due to a reduction in requests for service?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I think that is really a contract issue, if I'm not mistaken. I believe that that contract is -- has not been completed, if I remember what the Secretary of State was talking about to us. Because we were make -- she was making some changes in her contract. And I believe that's what that number reflects.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you for that. And again, through you, Mr. Speaker.

I also notice that the Citizen Election Fund Administration increased in Appropriations while the Election Enforcement Commission decreased in Appropriations. Could you give the methodology of that -- that process, please?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

Could the good gentleman identify where he's talking about in the budget, please?

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

I'll have to -- I'll have to look for that, Mr. Speaker.

But moving on, the Elderly Tax Relief, I noticed, decreased -- looks like four million dollars. And is that program actually diminishing in these times or is there

something else that happened there?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And again, could the gentle -- the good gentleman just identify where he is in the budget so that I could see exactly what it is?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

And I will look for that one also, Mr. Speaker. Thank you.

And along those same lines on the fleet purchase, the -- it looks like the Appropriation went from seven million to 4.3 million. Is that because of some new type of approach to handling the fleet?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I know that one.

Through you, Mr. Speaker, the reason why I know that is because we tried to reduce it even further. But that request -- that request was overturned by the Administration because they said that those are -- that that number is used for police cars, et cetera. So therefore they need that money available for them.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

And thank you for that answer. Again, through you, Mr. Speaker.

Also notice that the Office of the Chief Medical Examiner was decreased by a million dollars. And I heard you speak to that earlier this evening. Certainly Dr. Carver gave some of the most compelling and I think entertained -- entertaining testimony throughout the process, specifically dealing with the issue of being affiliated with a hospital that he may have to pass judgment on at some point in time in the future. And just wondering how that got resolved?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

What we -- the decision was made because part of the problem was that many people felt -- and -- and I do agree, Dr. Carver is a very colorful person. And he -- he is -- he's very focused and dedicated to what he does.

What the decision was made by the -- the -- making him part of the UCONN medical -- UCONN Health Center, we would hope that we would be able to acquire more positions that would be directly incorporated into his office.

That was one of the problems, if I remember, in some of the discussions.

As far as the savings, it's part of the overall operational procedures that are going to be changed as they move -- merge into the agency, into the UCONN Health Center.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you for that.

And again, through you, Mr. Speaker, just to reinforce that, not actually a reduction in this budget, those responsibilities that we perform by others so that

he can still maintain the level of service, equal or better than the one he has today?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is -- that is exactly correct.

And I thank the -- the gentleman for helping to paraphrase what I really should have been saying in the first place.

So through you, Mr. Speaker, thank you and he is correct.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

And just to get an idea of -- certainly there's reductions that we can go through line by line. I don't think that's completely necessary at this point in time, but I believe that our original General Fund budget for this year was \$18,952,000.

And just would like to get some idea of the total number of reductions in that budget that were -- that were made to obtain where we are today, including all the issues

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we just talked about plus the ones we haven't talked about?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I -- I thank the gentleman for his question.

When we started the Appropriations budget before us, when it came out of committee, it was \$19,250,000,000 -- 555 -- 250,555,518.

The budget before you is 18 million, 200 -- no, I'm sorry. Yeah, \$18,275,500 and -- eight -- 551 dollars in front of you.

So there is a reduction in front of us. I'm sorry. Oh, I'm sorry. Billion. A little small, about three decimals, yeah, okay. I'm sorry. Billion dollars.

So there is a -- a -- a -- a definite shift in the actual monies that we have before us.

Through you, Mr. Speaker.

In fact, I believe there is a -- there -- well, it's kind of hard to say because there's reductions and then there's revenue, but it's about 65 million difference between the two.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Thank you for that. And through you, Mr. Speaker, just trying to clarify my question.

I was looking for just the separating out the reductions alone off the original number to the tune of 200 million, 300 million dollars worth of the total reductions in the budget, adjustments for this year?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

There's a movie, It's Complicated, okay.

We have -- we have approximately 163 million in this budget that are current services. No matter what we do, their our current services.

We also have several items in here that we had to account for which would end up causing the budget to be reduced. And we had a pension payment of about 85 million dollars that we had to make. We had a education budget that's about 84 million, 85 million. And we have about a 97 million dollar Medicaid deficiency that is in here.

There are several items in here that we have moved over. And as many people talked about and they said that we used other funding resources in there to balance it off.

So for me to be able to just identify those specific ones, I have several of them in front of me, but what -- what -- the way we worked out the budget, we did revenues and defic -- and -- and reductions as a combination.

For example, adjusting the Medicaid deficiency and using several of the items that were talked about in changing the way we addressed LIA was about 10,950,000.

We have -- we have other reductions in there such as -- let me see -- some of these that are -- I'm trying to see -- improvements to the childhood support enforcement system, shifting people, that's about a million dollars.

Reducing the costs for PCAs waiver, eliminating and reducing the number of people moving into those line items. Then we have a variety of other different reductions that we made in the budget.

So I -- for me to identify all of them in exactly the way you're (inaudible) I don't have it in the -- that type of document form.

Through you, Mr. Speaker.

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DEPUTY SPEAKER GODFREY:

Representative Wadsworth.

REP. WADSWORTH (21st):

Yes. Thank you for that, Mr. Speaker.

Again, just to -- just to clarify, basically, through you. And I think you answered my question. Because my second question would have been after the total amount of reductions in the budget, then -- then -- then obviously, things were added to get it up to where it is today proposed at 19,141,000,000 for our General Fund net.

That would be my next question for the (inaudible) but I believe you just gave me the most significant ones and I -- I appreciate those answers.

And also appreciate all the answers from the chair of Appropriations. It has been a wonderful experience working with her throughout the past two sessions. And I look forward to further discussions on this issue.

Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir.

The gentlewoman from Madison, Representative Kokoruda.

REP. KOKORUDA (101st):

Good morning, Mr. Speaker.

I have good news for Representative Walker. I have no questions. You can -- can take a little time.

You know, this is my first budget and -- and I -- I don't -- there's several freshman here, a matter of fact, quite a few of us. And -- and though I've done 14 municipal budgets, this is first -- certainly my first time being involved and voting for a state budget. And boy, it's been an eye opener. And -- and listening to this debate tonight, I have to say there was a lot of surprises.

We heard that this sweeping of the accounts and borrowing money is all caused by shifting needs and things have shifted. Well, I think most of the people in Connecticut realize what really caused this was poor planning and poor budgeting and being shortsighted.

You know, we have an opportunity with education this year for reform. And it's a great opportunity. But good fiscal planning brings about the opportunities. And that's not what we did here this year.

We promised our constituents shared sacrifice. We promised them no borrowing. Well, we didn't keep our promise.

Last year, our tax payers and many of the people in this Chamber asked for our state to streamline our budget, to cut our spending. And it was ignored. And again and

again, when recommendations and amendments were made the vote was no.

So here we are, here we are today in this position, borrowing, which we promised we wouldn't and moving money around and not being able to take fully -- full opportunity for the citizens of this state.

You know, all over this state businesses are looking line item by line item. Families are doing the same thing. And certainly, towns and cities are doing the same thing. They're not spending more than they have and they're living within their means.

For some reason, here in the state we don't think we have to be like everyone else. And for someone who's new here, and there's a lot of us, it's pretty shocking.

The Governor's budget didn't do any of the things we're asking our businesses, our towns and our families to do. We all know we had the largest tax increase in history. And we have an ever growing bottom line even though we talk about cuts. And we also guaranteed no layoffs for four years to thousands of state employees.

I think we have to admit tonight our budget has failed. The needs might be -- might have changed, but we would be able to meet those needs if we just listened to our constituents. If we just listened to the taxpayer.

They asked us not to borrow. They asked us to cut. And we didn't listen.

So I think tonight it's a disappointment to me, Mr. Speaker, that I think we've let our constituents down. I think we've let the state down. And I think everyone in this Chamber feels that way. And I'm going to vote no on this bill.

And hopefully next time we can actually -- actually put a bill together, a budget together that listens to this tax -- the taxpayers and takes the time to really take -- take the opportunities we have by better fiscal planning.

Thank you.

DEPUTY SPEAKER GODFREY:

Thank you, madam.

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

A few questions through you to --

DEPUTY SPEAKER GODFREY:

Proceed.

REP. HOYDICK (120th):

- the proponent of the bill. Thank you.

Representative Walker, I'm going to specifically ask

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questions on Section 13, which are lines 98 through 102 and it's about the Systems Benefit Charge and Operation Fuel.

In this section it transfers two million dollars from the Systems Benefit Charge into DEP for Operation Fuel.

And if you could help me understand this, not being on the Appropriations committee, on page ten of the bill, one the line that says T315, it shows removing a million one from Operation Fuel, is -- is -- am I reading that correctly?

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I see the -- the -- the items for the one million transitioned out of the account and I see the monies that are talked about in Sections 13.

Through you, Mr. Speaker -- oh, Ms. -- Ms. Speaker.

(Deputy Speaker Orange in the Chair.)

DEPUTY SPEAKER ORANGE:

Good morning.

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REP. WALKER (93rd):

Good morning, ma'am. How are you?

DEPUTY SPEAKER ORANGE:

I'm fine. And you?

REP. WALKER (93rd):

You look very sunny today.

Through you, Madam Speaker.

I'm trying to understand what exactly the -- the -- the gentlelady is asking. Is there a two million dollar transfer into DEP? If that's what the gentlelady is asking?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker. Good morning to you, as well.

I am asking if there is, in essence, \$900,000 more added to this line item. It would be 200 -- 2 -- excuse me. It's early. Two million to the DEP appropriation less the million one from Operation Fuel.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

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REP. WALKER (93rd):

Through you, Madam Speaker.

I -- I -- I thank the good gentlelady and that is exactly what I see before us also.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hoydick.

REP. HOYDICK (120th):

And I thank the kind gentlewoman for her answer.

As I understand it -- because I was able to do a little research -- that Operation Fuel currently funds people in need of energy assistance to about \$500 per season.

So as I can equate this, I would imagine this is 4,000 households for this payment. And I just wanted to know if that -- if -- if the kind gentlewoman understood this was the legislative intent of this, to fund approximately 4,000 households through Operation Fuel?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I -- I realize -- I -- I finally realized what this was because it -- again, there are a lot of different things

in this budget. And I -- I apologize to the gentlelady from Stratford.

But we had a LIHEAP account that we did not expend the total amount. And what we did was we passed legislation out of Appropriations where we used it to address more of the people that were -- were dependent upon the LIHEAP funding. We used that -- the remainder of it to go to households that were heated by -- by electricity and other items. Because we put more of the money in the beginning for households with oil. And the reason why we did that was because for the oil distributors they had to do it in -- in larger quantities for it to be beneficial.

So therefore, there was funding that was left over from the LIHEAP distribution. And this is the money that is now being distributed out to the -- to the -- to the consumers.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Representative Walker, for that answer.

So if I -- bear with me, too -- because I -- I -- I'm new at this, as well, as Representative Kokoruda.

But if I understand this even though the million one

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was deducted to fund LIHEAP, there was only a million one
in this operating account to fund Operation Fuel.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

The reason why the difference and I'm -- I'm just
going back because the -- I want to make sure that I have
exactly the information.

We are giving more money to Operation Fuel. And I
apologize. This is not answering your other question
because I have to answer -- I have to get the exact answer
for the one that you asked previously.

And yes, we had some monies that were left over.
Those were combined together into that line item.

So the question that you asked -- I apologize to the
gentlelady from Stratford. So please indulge me and give
me the question again so I can go to the second question.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Representative Walker. And Madam

Speaker, through you.

In the budget this year there -- or this upcoming year -- we have allocated two million dollars from the systems benefit charge to DEP to fund Operation Fuel. And in the -- the budget we adopted last year for this year we only had a million one for Operation Fuel and I wondered what the differential, the \$900,000, is for?

And if it is for Operation Fuel, is it legislative intent that we are going to fund approximately 4,000 households at \$500 apiece with the two million dollars?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank you, Madam Speaker. And I thank the gentle lady for -- for her question.

We got a higher amount from the federal government which is where our LIHEAP dollars come from. Those dollars are the ones that we -- when we had some left over, we didn't -- we decided to distribute them because we knew that people that did not use oil heat, they -- oil heat -- they had others that were using electricity.

Those monies -- many of them had -- the electric companies and the gas companies, had a no shutoff clause

that was going into effect -- I mean, that would -- that would expire in May. So what we tried to do is distribute it to those people that were going to possibly have a shutoff clause because of the fact that their expenses were so high.

The money that we had here is money that we had left over. We shifted some to Operation Fuel and the others to the households.

Does this change the number of people that we're going to be able to serve next year? Possibly. It could mean that we'll have more people. Do we have more money for the Operation Fuel? Yes, because they do give out -- they do work so well and they work so hard in distributing and working with the people that need it, especially in the northern sections of Connecticut.

I do not know if this means that we're going to have more or less for next year. And how many people we're actually going to be reaching through these funds, because each year the amount of money we get from the federal government is subject to change and budget, like we are doing here, coming out to the states later on. So how much we will have I cannot tell you right at this point.

Through you, Madam Speaker.

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Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker. And I thank the kind gentlewoman from New Haven for her answers.

I am -- I will tell you, though, I am a little concerned -- and I -- I hope unjustly so, but I'm a little concerned that we are assessing additional taxes through the Systems Benefit Charge for this two million dollars.

Because as I understand it from the kind woman from New Haven, the LIHEAP money and the money that we already have for Operations Fuel will stay the same and we are adding additional money to it, to this account.

And we are assessing the rate payers, the electric rate payers higher money to balance the budget. And I'm not really sure how this is truly a benefit to those rate payers.

And with the Systems Benefit Charge on the Energy and Technology committee and on PURA and OCC, we're very, very conscious not to charge excess taxes to the rate payers, as we already pay one of the highest rates for electricity in the nation.

So that's my initial concern, Representative Walker.

And if I could ask a few more questions, through you, Madam Speaker?

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DEPUTY SPEAKER ORANGE:

Please proceed.

REP. HOYDICK (120th):

Thank you so much.

As I understand currently the SBC, the -- the way the account operates is sometimes there's a surplus and a deficit. It's collected by the local utili -- electrical distribution companies or UI or CLMP.

And these accounts have a surplus or a deficit depending on the -- the time of the year and what programs are run out of it. Because there are very -- there are many programs that we currently run. There's the fuel banks, there's weatherization, there's low income conservation. There's a good number of projects that we run.

And currently, I know that UI is anticipating over an \$800,000 deficit. So my question to the -- to the kind woman from New Haven is in addition to the two million dollars that we're going to assess from the Systems Benefit Charge through taxes on electricity, we'll have to add another at least \$800,000 from UI and possibly more from CLMP. And am I understanding the -- the -- this correctly that there will be additional taxes on electricity if -- if we go this route and have this two million dollars taken

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from the Systems Benefit Charge?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank you, Madam Speaker. And I thank the -- the gentlelady from Stratford for her question.

First of all, the -- the fact that we have a surplus in the account that you referred to, it's been -- we've had a surplus in there since 2011. And it was projected that we were going to have a surplus again.

As far as the monies that we moved in there from the LIHEAP, this was a surplus at this current time. But it is not our understanding that these -- that these dollars would cause an increase for the UI or the taxes would be higher. It is our understanding that this is an automatic transition -- transfer into this account as a result of some other items that we did in the -- in the statutes a couple of years ago.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Madam Speaker.

I -- I do think that we're talking about two different things. I think the LIHEAP funding is one thing and the Systems Benefit Charge is another.

The Systems Benefit Charge is a tax that is assessed on your electric bill. For every kilowatt hour you use, you are taxed at a certain rate. And the surplus, I'm not -- I -- I know there's a surplus for LIHEAP. I -- I understand that part.

But I don't believe there's a surplus in the Systems Benefit Charge account. And I'm asking you, through you, Madam Speaker, if the kind gentlewoman from New Haven believes that there is a surplus in the Systems Benefit or there's an expected surplus in the Systems Benefit account?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank -- thank -- thank you, Madam Speaker.

I -- I believe there is a surplus in the account and it's been there since 2011.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hoydick.

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REP. HOYDICK (120th):

Thank you, Representative Walker and thank you, Madam Speaker.

I -- I guess we'll have to talk to some experts in the industry and find out exactly where we are with those surplus or the deficit.

My concern is, again, and -- and excuse me for being a little redundant -- we're using rate payer money, it seems, to balance the budget. I -- I'm unsure if all of this additional dollars are going to go towards Operation Fuel to benefit more families who -- who are low income and -- and need the assistance.

And I caution the General Assembly in adopting this additional tax because it already raises our electric -- our electric rates which are high enough to begin with. And I -- I think it's a deterrent for us economically, through manufacturing and production, when we increase costs of doing business.

And I think the great thing -- one of the great things about Operation Fuel is that people voluntarily donate to this. And then the local electric companies match it dollar for dollar or up to a certain amount.

And so again, I'm wondering if it's prudent to increase this amount through -- and add it to DEP for

Operation Fuel and balance this additional tax on the electric rate payers in Connecticut.

So I thank you for your time, Madam Speaker. And I thank the kind gentlewoman for answering my questions.

DEPUTY SPEAKER ORANGE:

Thank you, madam.

Will you care to remark?

Representative Yaccarino.

REP. YACCARINO (87th):

Thank you, Madam Speaker, and good morning.

DEPUTY SPEAKER ORANGE:

Good morning.

REP. YACCARINO (87th):

I just -- I just have some comments, no questions to the good Representative from New Haven.

Unfortunately, we're at -- we're in a bad place in the State of Connecticut. I don't think we learned from last year's mistakes.

Last year we had the largest tax increase in the history of this state, 1.8 billion dollars, with excessive spending.

This year is different, we have -- we're working on gimmicks, money -- moving money around. It's different than last year, but probably with the same results.

Neither has worked. None of this solves the long term problems. We'll never solve the state's long term problems that affect all of us, especially the poor and the middle class citizens, until we face the truth. We have a taxing and spending problem.

Basic ec -- economics proves that when you tax too much and when you expend too much excessively, it's hard to balance the budget. We must look at long term problems, long term results.

If you look at the 1920s, we -- we didn't know better then as -- as econom -- as economic majors or people in this country. But when you tax so much, you don't -- you don't get the -- the revenue gains.

We know better now. We should learn from those mistakes. It's a difficult task, I know, to -- to balance a budget or come up with a budget, but we must work together.

We worked together so great with the bipartisan jobs bill last fall. We should do the same with this -- with this budget and every budget. When we work together we have great results.

And I know we could do it. I believe we could do it, but we have to, we have to put our sometimes we have to put certain political beliefs aside and listen to the other

side. That's the only way to get true positive results.

It's important to all the citizens of Connecticut. They've -- they depend on us, like we depend on one another. And until we do that we're going to be here next year and the year after and the year after.

So I appeal to everybody to -- in the future to work together for the betterment of the state of Connecticut, the better -- betterment of the ci -- betterment of the citizens of Connecticut.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark?

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker.

Through you, I have a few questions for the gentlelady from New Haven.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. DAVIS (57th):

Thank you, Madam Speaker.

And just to -- to understand, because I was not a member of the Legislature when, perhaps, this took place,

I'd like to draw attention to Section 28 of the Emergency Certification Bill.

Through you, Madam Speaker.

I see that we have \$222,393,607 reserve from surplus from emergency revenue notes that were issued. Through you, Madam Speaker, were those issued in Fiscal Year 2009?

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct.

REP. DAVIS (57th):

Thank you.

DEPUTY SPEAKER ORANGE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker.

And those -- those emergency revenue notes are seven year bonds in comparison to, say, our general obligation, which are 20 year bonds?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

I apologize, Madam. Could the good gentleman from

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Broad Brook please give me back that question? I did not hear it because -- I couldn't hear from the noise.

DEPUTY SPEAKER ORANGE:

Representative Davis.

REP. DAVIS (57th):

Not a problem, Madam Speaker.

These emergency revenue notes are seven year obligations?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker.

And under Section 4-30(b) of the General Statutes, this surplus was supposed to be used in Fiscal Year 10 to pay down part of these revenue notes?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker. I thank the gentleman for his question and I apologize for not being polite in the earlier. It is getting later and I'm trying to be polite.

No, this -- this -- the -- these funds -- the 2011 payment was made -- I mean, 2011 payment and the 2000 -- yeah. 2011 payment was already paid.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker.

And was that simply the debt service on that emergency revenue note in 2011?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

I -- through -- through you, Madam Speaker.

I misspoke. I apologize.

The unappropriated surplus shall be utilized to -- from these economic recovery notes -- the 4011 (sic) unappropriated surplus of 2000 -- 222 million was reserved in the notes. And that is what we are using.

He was correct. The transfer of the 2011 surplus of the reserve balance of 222 is what we are using today.

Through you, Mr. -- Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker.

And does the kind lady know why that amount of money was carried over from the previous fiscal year?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I believe that we were ahead of our payments from what I was told. And therefore the payments will continue but we are -- we are going to be paying off the note if we continue in a different time frame.

So through you, Madam Speaker, that is the reason why it was available.

DEPUTY SPEAKER ORANGE:

Representative -

REP. DAVIS (57th):

Thank you, Madam Speaker -

DEPUTY SPEAKER ORANGE:

Representative Davis.

REP. DAVIS (57th):

-- and I -- and I thank the kind lady from New Haven for her answers.

And it's -- it's my understanding that these revenue bonds were from the -- where use -- or the surplus was being used because the Comptroller did not close their books for that fiscal year. And they didn't close the books because we had an implementor in 2011 that said, "You don't have to close those books."

So carrying over that money year after year, we've built up this surplus now. Money that was supposed to be used to pay the revenue bonds, but instead, we keep -- keep carrying it over, carrying it over. And now we're using it to fill the budget. Exactly what we were told was not going to happen and exactly against what was written in statute and what was agreed upon by the will of the people here by this Legislature in the past.

So, through you, Madam Speaker, I thank you for the opportunity to speak. It just -- it just seems rather odd to me that we'd be using this money that was supposed to be dedicated to debt service to -- to save future generations. Instead we're using it to fill holes that

we created ourselves by spending too much money.

So thank you, Madam Speaker for the opportunity to speak this evening.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Davis.

Will you care to remark further?

Representative Miner of the 66th.

REP. MINER (66TH):

Thank you, Madam Speaker.

Madam Speaker, the Clerk has LCO Number 5240. If he would call it and I be allowed to summarize, please?

DEPUTY SPEAKER ORANGE:

Will the Clerk please call LCO Number 5240, which will be designated as House Amendment Schedule "A."

THE CLERK:

LCO 5240, House "A," offered by Representative Cafero and Senator McKinney.

DEPUTY SPEAKER ORANGE:

The Representative seeks leave of the Chamber to summarize.

Seeing or hearing no objection, please proceed, Representative Miner.

REP. MINER (66TH):

Thank you, Madam Speaker.

Madam Speaker, for the last couple of hours we've been talking about one way to provide services to those who live in the State of Connecticut.

And based on what I think we have heard, that proposal clearly expends more money than we have anticipated coming in. There have been a number of runs between last fall and today that show our revenues have not increased to the extent that I think the Administration would like to have seen them. Frankly, not to the extent that we all would have liked to have seen them.

Madam Speaker, I move adoption of the bill.

DEPUTY SPEAKER ORANGE:

The question before the Chamber is on adoption.

Representative Miner.

REP. MINER (66TH):

Thank you, Madam Speaker.

Madam Speaker, much like the underlying bill that this legislation seeks to amend, this is our message as to how we believe we can best provide, as I said, the services to the people of the State of Connecticut for the dollars that we anticipate receiving in the upcoming budget year.

Madam Speaker, under Section 12, we have once again some ideas on how to provide services to the prison system.

We recommend bidding out the mental health services to prisoners as well as privatizing serv -- food service.

Under Section 13 of our proposal, we have mandate relief -- municipal mandate relief, Madam Speaker. That mandate relief would come in the form of a two-thirds vote on the part of the members of each Chamber before we could put in place any future municipal mandates. And it also calls for annual audits of municipalities with populations greater than 30,000 that exceed town aid from the State of Connecticut in excess of 35 percent of their operating budget.

Madam Speaker, we, too, have consolidations. We consolidate six legislative commissions into one single commission that we would anticipate being called the Commission on Protected Class Citizens.

Each of these initiatives that I have outlined already do, Madam Speaker, reduce the expenditures of the State of Connecticut and reduce our costs.

Beyond that in Section 15, we call for a longevity freeze, withholding longevity payments for nonunion employees. 16 would be a salary cut for elected officials, commissioners and executive directors. Both of those initiatives would save approximately 12.3 million dollars.

Much like the underlying bill, Madam Speaker, in Section 20, we also call for a one percent cost of living increase for nonprofit providers. Much like the underlying bill, we believe that's an important initiative.

Unlike the underlying bill, Madam Speaker, on item number 23, we anticipate setting aside 50 million dollars to be used for the GAAP reserve. I think you heard us talk about how we believe we need to get our books aligned. We think it's an important measure that the Governor outlined, better than a year ago. And for that reason we've included it in our budget.

In item number 25, we recommend OPM and OFA provide budget information in electronic form. I can't tell you how many times members of the public, members of this Chamber have asked me questions about the budget. I suspect they've probably asked the chairman of the Appropriations committee questions about the budget. More often than not, I think, Madam Speaker, people would be able to follow along with the process. I think knowledge is important and I think doing it electronically would save people time and money.

In Sections 27 through 28, we have initiatives for fraud. Initiatives much like the underlying bill, Madam

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Speaker. We, too, think it's important to try and be sure that as we spend those precious dollars of the State of Connecticut and, in fact, the federal government's precious dollars that we assign more employees to the issues of Medicaid fraud and the like. And so that initiative we anticipate netting the State of Connecticut something on the order of 102 million.

If we go a little farther, Madam Speaker, we did hear some conversation earlier about the SEBAC agreement. And I do believe that employees of the State of Connecticut have the capacity to make recommendations. Clearly, they've not come yet. We are hopeful that they will come. We're also hopeful that contracted savings for the technology initiative will be coming as well. And so our budget anticipates about 140 million dollar lapse for those two initiatives combined. Once again, we believe those are initiatives that can be achieved and we look forward to that day.

There are some areas of the budget that I would want to, I guess, pass off to our finance ranking member. But before I do that I want to make sure that I have -- I've outlined everything that we have in the budget on the Appropriations side.

Madam Speaker, in Area 51 and 52, for the members of

the Chamber, they know that about a year and a half ago, when the Office of Fiscal Analysis and the Office of Policy and Management more often than not came up with very different numbers, this Chamber recommended consensus revenue items. We thought it was important for us to reach consensus on revenue. We thought it was important for our understanding of how much money we have to spend. And therefore within this budget, Madam Speaker, under 51 and 52 we're also recommending consensus expenditure estimates. That way, no one has to wonder what this budget entails in terms of spending in each of its areas.

Much like the underlying bill, in item number 53, we also call for an increasing in dispensing fees for our smallest of pharmacies. I can tell you that I've sat in on a number of meetings, conversations and public hearings with members of the appropriations committee. And we very clearly understand that the SEBAC agreement and other decisions that have been made over the last year have made it very difficult for the smallest of the pharmacies in the State of Connecticut. And we believe this is the kind of helping hand for small business, just as the underlying bill does. We think it's important.

And if I could, Madam Speaker, at this time, I'd like to yield to the ranking member of the finance committee.

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Through you, please.

DEPUTY SPEAKER ORANGE:

Representative Sean Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker and good morning.

It is -- it is almost 2 a.m. And so many of us are -- are weary and -- and tired from a -- almost 15 hour day that, thus far, we've put in here as we approach the end of the legislative session on -- on Wednesday.

But this is an important bill. In fact, this is the most important bill, the most important issue that we as a Legislature will take up this year, despite all of our own individual priorities. Dealing with the budget is our constitutional obligation, the only thing we're supposed to be here to do, frankly, every year. It's a big deal.

As Representative Miner said, we're offering this Amendment as sort of our vision for where the state should go. More importantly, the dose of medicine that this state needs in order to get the economy back on track. It makes some tough decisions, there's no doubt about that. It makes some tough decisions.

But we all know that -- that revenues are down in the State of Connecticut since our January revenue estimates of last year. They're down 234 and a half million dollars.

And it's actually down almost 330 million dollars since the budget was first adopted last year. It seems like so long ago. But the basis for this budget is -- is the April revenue consensus estimates that were put out that we haven't really even adopted here as a Legislature. We know that revenues are down. And this budget Amendment makes tough decisions within the framework that we have to live within. We know that we have to live within our means. And this budget does -- Amendment does that.

So Madam Speaker, just to summarize a little bit further on what this Amendment does. Section 8, it requires a review of large capital projects. Too often the Legislature is asked to vote on large capital projects that we don't know a whole lot about. The Legislature will approve a one item -- a one line budget item that makes its way on to the Bond Commission agenda that we have some nebulous information on, but we don't really know a whole about.

This section would require a -- a non governmental entity to review not only the project, but the possible future outcomes of the project from a revenue perspective and a -- and a cost benefit prospective. And it would require a mandatory public hearing on any project over 50 million dollars.

Sections 9 through 11 would require regular updates on economic development projects and annual reporting on projects that we get involved with as a state that are valued at higher than ten million dollars, including information like the projected number of jobs to be created and the net economic benefit to the State of Connecticut.

Section 17 eliminates the funding portion of the campaign finance law that created the Citizen's Election Fund, and transfers that existing funding from the Citizen's Election Fund into the General Fund, and also, eliminates grants for political campaigns on an ongoing basis. The net gain to the General Fund is 18.5 million dollars this year and ten and a half million dollars that's scheduled to be transferred in the future.

As the underlying budget amend -- bill does, this Amendment blocks the four percent fare increase for buses, rail and ADA services that are scheduled to occur on January 1st of 2013.

It prohibits future busway funding and spending and reallocates that funding to the most critical bridge and road infrastructure projects that we have in the State of Connecticut. And I think as we all know, there are hundreds of bridges that are in dire need of repair that on a daily basis, millions of people drive over,

potentially putting themselves at risk. This doesn't just end the busway funding, it reallocates that funding towards those critical public safety needs.

Section 46 restores the sales tax exemption on clothing and footwear under \$50, and also, on nonprescription drugs. As many of you know, last year the budget that we adopted, we removed that exemption so people who went to buy clothing and footwear for themselves or their children previously did not pay taxes on that clothing and footwear, today they do. People who went and bought nonprescription drugs previously did not pay sales tax on -- on those nonprescription drugs and currently, they do. This section of the Amendment restores that sales tax exemption.

Section 47 caps the diesel fuel tax and makes the cap on diesel fuel permanent.

Sections 48 and 49 repeal the scheduled gross receipts tax increase, which is scheduled to go into effect on January 1st of 2013.

Perhaps the most subtle section, but maybe the most important section of this Amendment requires the Legislature to adopt the revenue estimates that are -- the revenue estimates that are contained within this document.

We have not done that. We should not be voting on

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a budget tonight without knowing the revenue that we have at our disposal. And this Amendment does that.

And lastly, Madam Speaker, this Amendment repeals the Earned Income Tax Credit as many of us know, the federal Earned Income Tax Credit is closely tied with the Connecticut Earned Income Tax Credit. And the federal program is wrought with fraud and abuse and at huge cost to the State of Connecticut. This will present a savings if adopted to the taxpayers of about 110 million dollars this year.

Madam Speaker, Representative Yaccarino talked earlier about the relationship between increasing taxes and declining revenues. And we saw that happen this year. We saw the largest tax increase in the state of Connecticut's history, almost 1.8 billion dollars last year, and we're still in a budget hole. It proves that you can't tax your way back into prosperity. You can't tax your way back into economic growth. You can't do it. We tried it last year. We've tried it in the past. Time and time and time again, we've proven it doesn't work.

There is what is known as a Laffer curve. The more you increase taxes, the less revenue you get. The less -- the less you tax people, the more economic growth you have, the more jobs you have, the more activity you

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have. We can't keep going down this road. We can't keep doing the same thing over and over and over and over again. Because we're getting the same results. And we all know what that produces.

So Madam Speaker, ladies and gentlemen, I would urge adoption of the Amendment.

Thank you.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark further on the Amendment before us? Will you care to remark further on the Amendment before us?

Representative Williams for the second time or?

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Briefly, I forgot because it is so late. We've been here for so long and we're so weary, I forgot.

I intended to ask that when this Amendment is voted on it be voted on by roll call.

DEPUTY SPEAKER ORANGE:

The question before the Chamber is when the vote is taken, it be taken by roll call.

All those in favor, please signify by saying "Aye."

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ORANGE:

Wow. The threshold has been met.

When the vote is taken it will be taken by roll.

Will you care to remark further on the Amendment before us? Will you care to remark further on the Amendment before us? Will you care to remark?

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House Amendment Schedule "A," by roll call. Members to the Chamber, please.

(Speaker Donovan in the Chair.)

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

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locked. Clerk will please take a tally.

Representative -- Representative Larson, how would you like to -- try it again, vote in the negative.

Representative Larson in the negative.

Will the Clerk please announce the tally.

THE CLERK:

Emergency Certified Bill 5557, House Amendment "A."

Total Number Voting	143
Necessary for Passage	72
Those voting Yea	49
Those voting Nay	94
Those absent and not voting	8

SPEAKER DONOVAN:

Amendment fails.

Remark further on the bill. Remark further on the bill.

House Minority Lead -- Leader Larry Cafero, you have the floor, sir.

REP. CAFERO (142nd):

Thank you.

Mr. -- Sorry, guys, it keeps going -- hello?

Here we are. Good.

Thank you, Mr. Speaker.

A few weeks ago there was a poll out and it measured

a lot of things in public opinion. But one of them was do you approve or disapprove of your State Legislature?

And all of us who have devoted so many years and hours to our public service, our constituents, were somewhat disheartened to see that only 32 percent of those who participated in the poll approved of what we do, and 49 percent disapproved. And a lot of us who work so hard say, "Why do you think that is? What are we doing wrong?"

Ladies and gentlemen, I'll submit to you, well meaning or not, what we are doing wrong is that we say one thing, but we do another.

Little more than a year ago we found ourselves as a state in very dire financial straits. As a matter of fact, it wasn't new news to us. Year after year for about four or five, we kept talking about deficits, deficits medication plans. The days of surpluses were long gone. We went to our Chambers of Commerce and our PTOs and our mayors and first selectmen and said, "I'm sorry. We don't have enough money. We'd love to do more for you, but we can't."

We elected a new Legislature, our -- this Legislature and a brand new Governor. And we told the world that we were on a new path. That we were all business, that we recognized our mistakes of the past and we're moving

forward.

That we were taking a road less traveled, as our Governor said. That we had to suck it up with shared sacrifice. That, yes, we were going to have to increase taxes, but we would be cutting spending and exacting savings out of our state employees to put this crisis behind us. And we had a contentious session. We had differing philosophies during that session. You all remember because it was so recent.

There are many of us who said, "You cannot balance the budget solely on revenues." Because revenues, as we have learned year after year after year, are too volatile. You cannot predict them.

What you could do, however, what is predictable is a dollar not spent. That's a dollar in the bank. But we chose to do it a different way. And at the end of that process there were many in the administration who hailed what we did and when we passed our budget. They said that the enacted budget and I quote, "returns the state to structural balance for the foreseeable future, with operating surpluses projected in each year of the biennium."

We stood in this Chamber and bragged about the fact that we had righted the ship, we had turned the corner.

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That we didn't use any financial gimmicks. No more borrowing to pay operating expenses. And that for the first time in our history we were going towards the path of Generally Accepted Accounting Principles. That's what we said, right here in this Chamber, not too long ago.

And here we are on May 7th or May 8th, I should say, at ten minutes after 2 a.m., about to pass a budget. A budget that tells the story. It tells a story of where we've been and where we're going. And ladies and gentlemen, I will submit to you that the budget we're about to vote on, the story we're about to tell is not a pretty one. It is not a pretty one.

First and foremost, we have in our laws what we call consensus revenue. That's when OPM and OFA get together and decide how much revenue are we really raising. They did that just a few days ago, a week ago, as a matter of fact. And we learned that from that budget that we heralded less than a year ago, our revenues are down by close to 300 million dollars. We also learned that the amount that we hoped to save from various things, consolidations and most importantly, an agreement with our state employees union, we were not able to achieve. In fact, we were not able to achieve a considerable portion thereof.

We learned that this spending that we had adopted in that budget that was in balance with the revenue we were supposed to get, unfortunately, we were not able to control. We spent more than we said we would spend. And when you combine spending more than you said you would spend and taking in less than you said you would take in and not saving as much as you said you would save, it turns into a deficit.

So you see, the proclamation that we made less than a year ago that the budget that we enacted at that time puts the state in structural balance and gives us surpluses for the foreseeable future, and complies with -- or goes toward compliance with GAAP, it wasn't true, ladies and gentlemen. Because we find ourselves here today, trying to fill the holes. We find ourselves here today looking and saying to those same people, the same Legislature, "We got it wrong. We didn't do what we said we would do."

And as a matter of fact instead of owning up to it, what are we doing? We had told them last year, in fact, we told people and the world as late as a month ago that we were so fiscally responsible we were going to take a surplus that we earned in 2009 and pay off the borrowing that we had to do to balance the budget in 2009.

And yet today, we're saying we can't do that. We're

going to take that money, not pay off the debt, and use it to balance our budget. That's what we're saying today.

We're saying today that we have to sweep some funds. Remember those gimmicks we used to rail against, sweeping funds, smoke and mirrors, taking funds from one account and putting it in another to say we had a balanced budget? That's what we're doing again, folks. We're taking over 70 million dollars out of the Special Transportation Fund and bringing it into our operating budget to balance.

We're taking four million dollars from our Banking fund and bringing it in to our Operating fund to balance. And we're not even, as we adopt this budget, saying to the world that the revenue that we thought we would get back less than a year ago isn't coming in. Yes, the consensus revenue figures came out, but the document we are adjusting right now with this bill is our official budget. And it still has the revenue figures there that we all know are not true. We all know they're not true.

And at the same time when we realize we have this situation, when the revenues didn't come in, when the spending was more than we thought, when the savings was less than we hoped to achieve, we are forced to balance the budget. We do some of it by the gimmicks that I just called for, the sweeping of funds, the not paying of debt.

But in some cases, we're actually cutting services, direct services to the public. Maybe you're going to have to wait a little longer in a DMV line or -- or go without here or there. That's not what we signed up for.

Even those of us who voted no a year ago never expected this to happen. We were told if we swallowed the tough medicine that things would be good. We were told that it would bring in a new day in Connecticut. That people would realize that we got our fiscal house in order, that businesses would realize, they got their act together. And yet it's just the opposite of that.

Oftentimes, a year ago we hailed the -- the turning of a corner. And I want to suggest to you something, folks. If you start in one place and you turn a corner four times in the same direction, you end up in the same place.

Many of us have been here for several years and we've been in this place before. We've been in a place where we've ignored GAAP. We've been in a place where we've swept funds. We've been in a place where we borrowed money to pay operating expenses. We've been in a place where we had to look to those we represent and say, "We're still in deficit." We have been in a place where we've had to look to those who we represent and say "What we said nary

a year ago is no longer true."

Ladies and gentlemen, the people who put together the budget before us, our colleagues, are good and decent and wonderful people. They worked so very hard to put this document together. They play the cards they're dealt. But in many cases, we are dealing those cards by the actions that we take.

At some point, at some point we have to stop. Because the people we're representing, they're not buying this. I reference back to that poll. They're saying "For God's sake if you say you're going to do something, do it. We can't take it anymore. We cast our faith and our vote in you to come up to Hartford and represent us. And yet we hear this same thing over and over and over and over again." They've had it. Enough, they're saying to us.

How can we continue to do that? How can we go home after the vote today and say, "Be proud of us. We put the state back again. We're on great fiscal ground." When all of us know and our OFA and OPM even admit that next year and the year after and the year after that, we're facing deficits.

And our people say, "How could that be? You increased our taxes 1.8 billion dollars. How could it be, for God's sakes? Stop it. Please, stop it." And we

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don't.

We have an opportunity to start over again. We have an opportunity to truly turn a corner, to truly take a path less taken. But ladies and gentlemen, I will submit to you, this is not the way.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

House Majority Leader, Brandon Sharkey, you have the floor, sir.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

Mr. Speaker, I'll be brief in summation, but I do think it's critically important before we take this vote that we put a couple of things into perspective.

One of the things I'd like to put in perspective, and -- and I mean no disrespect to our friends on the other side of the aisle or to the Minority Leader. But there has been tonight a -- a fairly liberal use of the word, the pronoun, "we," in describing the actions that were taken a year ago this time to close a three and a half billion dollar deficit.

There were those who made those tough choices. There were those who decided that we needed to right our fiscal

ship, yes, by raising taxes, yes, by making cuts, yes, by making tough, tough choices that we knew we had to answer to our constituents about. And there were those who did not choose that.

We are here a year later in much better, remarkably better fiscal condition than we were a year ago. And it's thanks to the people who took that decision and made that decision and made that tough choice a year ago.

For those who suggest that the public and the business community are not looking as favorably on us this year as they were last year, they're not looking on us more favorably than last year, that we've broken a promise, that we have not righted the ship, that we have failed in the promises -- to deliver on the promises that we made a year ago, I say, that's simply not true.

We are in -- we are in a balanced situation. Keep in mind -- this is the other point we need to keep in perspective. We're talking about a year ago a three and a half billion dollar deficit. Whereas, this year we're talking about roughly 200 million. Less than one percent of the overall budget. This is not a significant, it's not a large deficit problem that we are facing both this year and next.

We are making budget adjustments tonight in this bill

that fixes that relatively small deficit that we are looking at. We are doing it without raising any new taxes. We are, in fact, increasing in some ways money to our towns and cities in terms of education aid. We are protecting the safety net that we -- we -- we feel we need to maintain to keep our state whole.

We're funding jobs and we're funding a major education reform initiative in this budget, in this budget adjustment that we have before us today.

We have not broken any promises. We haven't -- we are in sound financial shape. This deficit that we're looking at is relatively small, it's a minor adjustment.

In other years, if we had a rainy day fund, we would be able to just utilize that to cover this. This is a relatively small amount of money and in the context of a 20 billion dollar budget. Let's please keep that in perspective.

Those of us who made the tough decision, the tough call a year ago, I think, can go to -- to the people of Connecticut, proudly, and tell them that the state of our financial condition in Connecticut is sound, remains sound. We have been subject to the vagaries of the financial crisis that continues to affect our entire country, which has caused the revenues that we expected

to receive this year to be less than what we expected.
That is a problem.

But the fundamental, the basics of our financial condition in this state are sound. Thanks to the decision that a majority of those of us in this Chamber made a year ago. This is a reasonable approach to deal with a relatively small problem. We have turned the corner.
-Lët's continue on that track.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Staff and guest, please come to the well of the House.
Members, take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is taking a roll call vote. Members to the Chamber, please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted?

Please check the roll call board to make sure your vote is properly cast.

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

Clerk, please announce the tally.

THE CLERK:

Emergency Certified House Bill 5557.

Total Number Voting	144
Necessary for Passage	73
Those voting Yea	95
Those voting Nay	49
Those absent and not voting	7

SPEAKER DONOVAN:

Emergency Certified Bill passes.

Representative Sharkey.

REP. SHARKEY (88th):

Mr. Speaker, I move that -- I move that all the action items today that require further action in the Senate be transmitted immediately to the Senate pursuant to House Rule 112(G).

SPEAKER DONOVAN:

The motion is to immediately transmit all items acted upon today requiring further action of the Senate. Is -- is there any objection? Any objection? Hearing none, so ordered.

Any business on the Clerk's desk?

THE CLERK:

Yes, Mr. Speaker, a list of favorable reports, Senate

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Emergency Certified House Bill 5557.

THE CHAIR:

Mr. Clerk.

THE CLERK:

House Bill 5557, AN ACT MAKING ADJUSTMENTS TO STATE
EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 2013, LCO
NUMBER 5177.

THE CHAIR:

Our wonderful Senate President -- Chairman of
Appropriations, Senator Harp. Good evening.

SENATOR HARP:

Thank -- good evening, madam. Thank you so much.

I move acceptance and passage of the Emergency Certified
Bill in concurrence with the House.

THE CHAIR:

Acting in concurrence and approval of the bill, will you
remark, ma'am?

SENATOR HARP:

Thank you very much, Madam President. I will.

I first wanted to thank the members -- the support staff
that we have on the Appropriations Committee. Our
Administrator, Susan King, administrator extraordinaire;
our clerk, Brittany Kane; Phyllis Silverman, who is my
aide; Andrew Larson, Vanessa Burns, Hilda Kilpatrick, Liz
Gillette and Bobby Kask.

I also want to thank the leadership of the office of Fiscal
Analysis, the director, Alan Calandro; Don Chaffee who
puts together our budget; physically, Chris Ashburn;
division head, Michael Murphy; Chris Perillo, Rob Wysock.
And I also want to thank our LCOs, Jo Roberts and Amy
LaChance. I want to thank as well our Senate democratic
staff, Ellen Scalettar and Kelly Sinko.

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All of these people as well as the nearly, I believe it's 58 members of the Appropriations Committee, worked to put these budgets together. You know, the Appropriations Committee is a very special committee, and it is unusual because it is comprised of 13 subcommittees, and 11 of those subcommittees are specific to the budget. And so for those of us who work on it, Representative Walker, who I want to thank as well; Senator Kane, who is our Ranking Member in the Senate; and Representative Craig Miner.

Coordinating these eleven specific budget subcommittees is a -- is a big job. Senate Democrats has four chairs -- five chairs -- six chairs of the subcommittees. Senator Prague, who does an awesome job. Senator Bye, Senator Duff, Senator Gomes, Senator Hartley and Senator Maynard, and all of them contributed to developing the budget and the budget adjustments that we'll be talking about today. But as well we work with the Secretary of the Office of Policy and Management, Benjamin Barnes and his staff, and I want to thank them as well for the work that they do.

You know, the budget -- we often hear that the budget is like our -- our budgets at home, but the reality is the state budget is not like a household budget. The state budget is a budget that looks at the public's good and takes care of the overall public good. It takes care of our roads, our bridges. It takes care of public safety. It takes care of education. It helps to develop the economy so that people can prosper in our state, and it also takes care of vulnerable populations. And the state does all those things to help the people of the state live basically in a supported way, and in a way that makes life meaningful to the people of the state.

This budget, or this appropriations proposal is an adjustment to the budget. It is not the budget bill. We passed a biennial budget last year. And this proposal represents shifting needs and priorities on the spending side of the budget that we enacted last year. There were no changes considered and there are no changes included with regard -- with regard to the state's revenue portfolio.

Therefore, by definition, this bill calls for reduced appropriations because consensus revenue forecast at the

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state will have some 182 plus million less to spend during Fiscal Year 2013 which begins July 1. This represents approximately 1 percent of the state's budget.

Quite honestly, to deliver a budget of this size and complexity within 1 percent is terrific, particularly with the consideration of the deficit forecast just one year ago. At that time the state's shortfall was projected to be some \$3 billion, about 15 percent, and while revenues have increased, they have not yet rebounded to the full extent anticipated, yet they are growing slowly and steadily, and the economy is expanding.

So this appropriations bill reflects spending cuts and appropriations adjustments without cutting or short changing the state's opportunity for continuing recovery. More specifically, these revisions provide three over-arching priorities in our state: Recovery, renewal, and growth.

Our state is working to recover from a serious and heartbreaking outburst of street violence in its cities. So this bill includes a focused deterrence initiative for Hartford, Bridgeport, New Britain and New Haven. Along these lines, the bill provides for an urban youth violence program to help teenagers learn alternatives to lashing out.

Renewal. Perhaps nothing illustrates a commitment to renewal in Connecticut than the provisions in this bill to help veterans of the United States Armed Forces. In this bill there is funding for an expanded, pre-trial diversion program for veterans who commit non-violent crimes, and expanded step-up process for unemployed veterans that is a subsidized training and employment program for those who have served.

To nurture continuing growth, this bill provides funding for economic expansion through a Small Business Express program, and provides seed funding for a Connecticut-made program to highlight and promote homemade products from hometown employers.

There is a prospect for growth built into the provisions of this bill for agricultural and science high schools, for a pilot evening employment and training program at A.I. Tech, Prince Tech High School in Hartford, and for other

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youth employment programs.

This appropriations bill also capitalizes on a decision made last fall, and promotes growth in bioscience and biotechnology with economic development funding for Jackson Laboratories.

Reform, most specifically educational reform. Concurrent with the need to foster recovery, renewal, and growth, this bill embraces comprehensive reform of Connecticut's public education system. There is consensus about how the role of public schools has evolved over time. The resulting reformation and funding to administer them are also built into this budget bill. Some examples of this include funding for 22 school-based health clinics, expansion of the number and capacity of family resource centers, renewed emphasis on science for kindergarten through eighth grade to prepare students for the 21st century economy.

The bill underwrites 1000 school readiness slots with full knowledge that some students in Connecticut simply aren't prepared for kindergarten, and a complete commitment to the notion that all students must be ready to learn by five.

Reformation of public education as outlined by the provisions of this bill include increased opportunities for family support, involvement and empowerment in public education through school governance counsels and in the Commissioner's network of underperforming schools.

So this budget stabilizes Connecticut and is balanced. I urge your adoption.

THE CHAIR:

Will you remark? Will you remark?

Senator Kane. Good evening.

SENATOR KANE:

Good evening, Madam President.

Listen, Madam President, all ready we agree on something. We do have a wonderful chair of the Appropriations Committee, and I want to thank Senator Harp for all her

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work, and as she mentioned, all the staff that work so diligently in the Appropriations Committee. We may not agree on many things, but we certainly get along rather well, and it is quite a family.

But, through you, Madam President, I do have a -- a number of questions for the Appropriations Chair, if I may.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Madam President.

Thank you, Senator Harp, for that introduction and your remarks to the mid-term adjustment for our state's two-year budget. I just want to go into some particulars, if I may, and try to understand the scope of the expenditures and where we see ourselves in relation to our bottom line.

First, if I may, can you speak to if there is any surplus indicated in the recommended Fiscal Year 2013, through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

There may be, through you, Madam President, a surplus of about \$15.6 million.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Maybe -- thank you, Madam President. When you say there may be a surplus of \$50 million, can you just elaborate on that if you may?

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Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

If you look at 2012, the consensus revenue is approximately 18.5 million. The estimated expenditures are approximately 18.8 million. There will be a reserve for salary adjustment carried forward of \$77.8 million, and a earn payment of \$222.4 million, and that will ultimately leave us with a surplus of \$15.6 million.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I'm sorry. You said 15 as in one-five. I thought you first said five-o, so if you could just clarify that for me?

Through you.

THE CHAIR:

That would be nice.

Senator Harp.

SENATOR HARP:

Thank you. Thank you. I'm sorry about my articulation, but it's 15.6, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

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Thank you, Madam President.

And that's General Fund?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

It is General Fund, once we pass this bill.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And if you could speak to the -- well, first let me ask. Is there a gap transfer made as was promoted in -- in the Governor's address back in February that we would be in gap compliance.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Madam President, through you.

In the biennial budget, we indicated as a Legislature, that there would be a gap payment if there was a surplus. And there is a 1.56 surplus, but this budget bill actually will allow that 1.6 -- the first -- it sort of ratchets down. If there's more than 15 million, then it could go to gap, or I think next it goes to the rainy -- rainy day fund, quite frankly, and then it could go from the rainy day fund to -- to gap.

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THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Because I -- I believe the suggested surplus needed to fund the gap would be 50 million. Is that where the 50 came from?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. I -- I said 15.6, not 50. So -- but there is a projected gap deficit of \$50 million.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And in your remarks, you -- you spoke that we reduced or made cuts to expenses, but I believe that's in comparison to the Appropriation Committee proposal, what came out of the Appropriations Committee, but over the two year budget, has the -- hasn't the expenditures actually increased.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

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Thank you very much.

There are current services -- current services automatically increase because of the increase in the overall economy. So there is an increase, but actually this budget does cut current services, so that we cut beyond the increases that are in the Appropriations budget.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And through you to Senator Harp.

You mentioned also in your opening remarks about our revenue estimates in decline. So, you know, through you to Senator Harp, is it -- is it in your opinion good policy for us to be increasing expenditures although revenues are on the decline.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Revenues are on the decline and we have actually reduced expenditures. There are current services built into the budget, and if you look at the budget, the only department that actually has an increase beyond last year is Education.

THE CHAIR:

Senator Kane.

SENATOR KANE:

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Thank you, Madam President.

If I could move from that -- I was looking for general policy direction, as you know, and certainly we're seeing an increase in expenditures compared to the overall two-year budget. But I -- I want to dig a little deeper if I may and peel away some layers of the onion if you will, and get into some of the particular line items that I'm concerned about or have questions in regard to. And I was wondering if you can speak to the \$2.3 million surplus in the Probate Court Administrator's Fund.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Madam President.

Could the -- could Senator Kane be a little more specific as to the question? I don't know what he means regarding speak to.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Yes, Madam President.

In Section 17, there is a Probate Court Administrator's Fund, and basically what is happening, we are using the surplus from that fund to put into certain specific projects, if I dare say earmarks for certain things such as the African-Caribbean-American Parents of Children with Disabilities, the Education for Neighborhood Youth Centers, Arts of New Haven, Department of Economic and Community Development, City of Norwich, Department of Education, Boys' and Girl's Club of Southeastern Connecticut, and so on and so forth.

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There's a whole host of expenditures, line items that were created by taking the surplus from the Probate Court Administrator's Fund.

Through you, is that correct?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Madam President.

Yes, during the two weeks of Public Hearings that occurred during our budget process, we heard from persons from the Hartford Mill Leadership Program. We heard from folks from the Justice Education Center, from folks that came and testified about the good that they do, and their need for resources.

And while we didn't have money that could carry forward into the base of the budget for those items, given their testimony and the concerns that they had for their community, and the good that they believed that they would do, we recognized that there would be a surplus of nearly \$8 million in the probate fund, and funded in a very transparent way, based upon that testimony and that information, and actually some of the bills that came before appropriations of those items through the probate surplus fund.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

So, what you're saying is there's -- God bless you -- \$8 million in the Probate Court Administrator Fund and we are taking, if you will, using, whatever term you'd like to use, \$2.3 million of that for these particular projects or entities.

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Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

There is a surplus in that fund, and typically, in our discussions with the folks from the Probate area, they like to carry forward about four million of those dollars which we believe they still have to carry forward to begin the year for probate courts, and then through the various fees that are assessed in probate courts, they operate their overall operation, and so there was the two point, nearly 2.3 -- I think it was 2.271 million that we utilized and for these programs that were brought to our attention through our public process.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Typically, that fund is used for what? I would assume the administration of the probate courts. I know we consolidated many of those courts two years ago, I believe. So, I'm curious. That would be, I guess, a two-part question, how the funds are typically used, for example, the administration of the probate court system possibly, and then is that good fiscal policy to be taking those funds from this Probate Court Administrator Fund and using it for specific projects as we are mentioned in Section 17.

Through you, Madam President.

THE CHAIR:

Senator Harp.

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SENATOR HARP:

Through you, Madam President.

We discussed with the probate operation what they needed to carry forward in order to start their statewide operation, and it was \$4 million. We were assured that if we took anything beyond the \$4 million that it would not hurt their operation. And so since that money was available and was not needed by the probate courts, we took the 2.271 to fund areas that came to our attention through the budget process.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I'll move from that line item, but very curious how we're able to take monies from the probate course administration for these specific line items.

But there are also appropriations for Town Aid Road to the capital budget once again.

Through you, what is the rationale for a move like that, Madam President?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

As you know, when we passed our budget, the consensus revenue was about a hundred -- when we passed our budget, we did it based upon revenue estimates in January. By the time we came to this month, the revenue estimates were not adequate to support the budget that we passed on the

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Appropriations Committee. So we had to find \$182.8 million, and so as a result, we had to cut those dollars because we knew that we would not be able to raise revenue in this economic climate. And so we did what we've done in the past when we want to find room in the General Fund budget, and we recommended and removed the Town Aid Road and asked that it be funded through the bonding package.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I know also in here there's some differences in the rail increases -- the rail increases. We -- we've increased the fees on the rail, but not the A.D.A. or bus fare increases. Maybe you can speak to that, how that was chosen in -- in relation to the bus fare increases.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

In our initial budget -- I think it's really important for us to understand that the Commissioner of the Department of Public Transportation has the ability to increase both rail and bus and A.D.A. without legislative approval. We've given him that authority. So there were some increases that the Commissioner had instituted for both rail and bus and A.D.A. for the coming year.

And so in our committee budget, we decided, when we had more resources, that we would not institute either the rail increase, or the bus, or the A.D.A. increase. So what has happened in the interim, because the rail increase is connected to not just Connecticut Rail, but to New York Rail, we discovered that if we were to keep the rail -- the rail ticket price low, increase low at the

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level that we had it in our budget, we would have to come up with another \$1.8 million that we would have to pay to Metro Transit Administration in New York to -- because whenever we become considerably lower in our rail rate than New York, then we have to pay MTA the difference, and the difference would have been about a little less than \$2 million.

So what we decided to do, since we recognized that we had a problem -- that it was about 182.8, as I mentioned before was that -- and since New York had a problem with our reducing the rates, and we would have to subsidize the rates even more, we decided not to reduce those rates.

But even in spite of the fact that we didn't reduce that rate increase, we still, because our rates are a hair less than New York, still had to come up with another \$500,000 to offset the cost that MTA thinks that we should be spending in Connecticut.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I appreciate that answer. I'm just going to continue to move along to some of the other functions in the budget, if I may.

Last year's budget and subsequent CBAC agreement put forth by the administration really did some harm to our independent pharmacies and, you know, they have -- I'm sure you have as well, and many of us who are on the Circle got emails and calls and letters from -- from the independent pharmacies that really do so much in the local communities.

I see some Boy Scouts up in the gallery here tonight and I -- I -- I would imagine that, you know, small businesses like the independent pharmacies tend to support these organizations. I'm seeing a thumbs up, so I would have guessed that's true.

And we really need to support our small, independent pharmacies, and we had a public hearing, as you

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know -- well, a meeting anyway, with these small, independent pharmacies, and I guess we were looking for a fix. The problem is, we were looking for a fix because we really did hurt them a year ago in the overall two-year budget. So I see that you have an increase for reimbursements to Connecticut independent pharmacies, and I believe the figure is \$975,000.

So, through you, Madam President to Senator Harp, can you speak to what that will do for the independent pharmacies? Is this enough of a support that we're going to offer these -- these small businesses?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

There is a committee that is working on developing a dual rate structure for independent pharmacists. The amount that you see in the budget is four three-fourths of a year, I believe, and will relate to the policy that is achieved by the group that is working on this issue. It is a placeholder amount.

I'm not altogether clear as to how the dual rate structure will operate, but I know there are certain states that have been able to have a rate that is reimbursed from Medicaid for independent pharmacies that is different than the big-box pharmacies.

So there is a group working on this to see whether or not Connecticut can as well come up with -- implement a dual rate system.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

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I'm -- I'm glad you mentioned that, because I remember in the Appropriations Committee when our side of the aisle, if you will, for lack of a better term, proposed an alternative mid-term budget adjustment, and part of that proposal was this, as a matter of fact. But we -- and I'll get to that later in a possible amendment that we have -- speak to that, and how the centers for -- centers for Medicare and Medicaid services have indicated, they could support something like to this effect because the costs of independent pharmacies are greater than those of chain pharmacies.

So it would be acceptable and I remember in the Appropriations Committee, the question had come up whether it would be or not, so I am glad to see that you've subscribed to this as well.

There is also in the underlying bill, Senator Harp, an asset test change to the LIA population, the low-income adult population, and that is also something very interesting to me. The Governor, I know, had proposed a -- a stringent asset test of \$25,000 and -- and we, too, on our side of the aisle have proposed that very thing.

And I know in your -- in the -- in the Appropriations budget -- not your budget -- I shouldn't say that -- in the Appropriations budget, there is an implementation of a \$10,000 asset test for low-income adult population. But, it's assumed a \$50 million savings, and our numbers, and I don't believe the Governor's numbers would show to that effect. So if you could speak to that, that number, that figure, how that was attained, I'd greatly appreciate it.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

The figure came from the Office of Fiscal Analysis. The Governor's asset test was \$25,000. The -- which is a

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greater amount, which would mean that there would be more people eligible for the program and receiving services under the low-income adult program.

Going down, as I understand it, to \$10,000 would limit the number of -- of folks who are eligible and would require those that are higher income to spend down if they are to receive Medicaid services, so sort of using that principle, the \$10,000 would reduce the number of people who are eligible and that would basically relate to the \$50 million savings that we have in the budget, and that was the information that we received from the Office of Fiscal Analysis working with the Office of Policy and Management.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Thank you, Senator Harp, for that answer.

One caveat, or one additional question to that issue: Would the income of the parents of these low-income adults be computed as well?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

For young people up to the age of 26, the parents' income would be taken into consideration for eligibility -- for eligibility for the low-income adult population.

SENATOR KANE:

Thank you, Madam President.

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THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I'll just move away from there and talk about scholarship monies for students attending our -- our public institutions of higher education. Was there a reduction in those scholarship monies?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, there was not a reduction from our committee's bill, but there was a reallocation.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Okay. Thank you, Madam President.

I mentioned earlier in regards to the Probate Administrator Fund and talked about a number of specific line items that were offered in that. There is also a couple of new -- I believe they're new -- art-related earmarks that are included in this budget: \$500,000 for a new theater grant, \$25,000 for the Nutmeg Games, \$250,000 for the Bushnell. Can you speak to those, if you may?

Through you, Madam President.

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THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

Through you.

During the public hearing process, we heard from a number of theaters for the Bushnell and the \$500,000 for the -- the operating theaters. We had had theaters, the Schubert, the -- I believe it's the Stamford or the Rich, the Guard, in the -- the line items, and during the public hearing, there was discussion about whether or not the Bushnell, as our largest theater, which was experiencing some instability, should not be a part of the line items, and that our performing theaters like the Long Wharf, the Good -- I believe it's called Goodwin. There are about six or seven of them who actually produce their own plays, should not as well have a subsidy, and we believed that they should.

We did it within the Governor's overall proposal for that area of the budget so that we felt that we could actually provide support to these areas within the existing budget line item, and we did it because they made a compelling case during the public hearing that they, too, were worthy.

We think that -- I know that folks like to call them earmarks, but they really are designated funding that people in the state come to the Legislature to have reflected in the overall budget.

So a decision was made to reflect those needs as they were discussed with us through our budget process and through our hearing process.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

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Thank you, Madam President.

I appreciate Senator Harp for that answer. I just have a few more questions, if I may.

THE CHAIR:

Proceed, sir.

SENATOR KANE:

Thank you, Madam President.

It's well known that the administration plans on delaying or not repaying some economic recovery notes in order to make up for the deficit that we will be facing on June 30th, and I believe it's \$222 million, I believe, if my numbers are correct.

Can you just speak to the costs associated with the interest that we, as the state will incur, due to the delaying, or not -- not making these payments?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

My understanding is -- and I'm -- I'm just going to read into the record what we've gotten from our staff, because I don't believe that there is any real interest that we will owe, because the -- the bonds themselves can't be paid off until 2016, and so that that amount would remain in the state's overall cash account until we could -- can pay them off, because these are what they call, non-call -- callable bonds, and so rather than reading all of that into the record, I'll just say that I don't believe that it's costing us any more money because the \$222.4 million would have to sit in our cash account until we can, by law, pay off the economic recovery notes.

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Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I appreciate that answer. I do believe these notes were callable in Fiscal Year 2013, and by making this -- not making the payment and delaying this payment, putting it off until 2016, our estimate from OFA was \$8.7 million through 2016 for those interest costs. Is that not the same number that you had entertained? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Frankly, I don't have that number.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

That's fair. Thank you, Madam President.

That's -- that's okay. A couple -- just a few more questions if I may, through you, to Senator Harp.

There's a debt service line item reduced by \$4 million to funds taken from the National Mortgage Settlement. Can you please explain to me if we're removing monies from this account, and isn't that monies that would go to struggling homeowner's.

Through you, Mr. President.

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(Lieutenant Governor in the Chair.)

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

There is a portion of the dollars for the settlement that will go to homeowners. There is also a portion that can be used based upon the overall administrative costs that we have had, and I believe that it is appropriate for us to utilize those dollars.

SENATOR KANE:

Okay. Just, if I may follow up on that question. So what you're saying is we are still using some of those dollars for what they were intended for, but others may not. So are -- are we then reducing the number of homeowners who would be able to take advantage of this program, or not giving them the same dollar figure. Are -- are we in danger of affecting some of these struggling homeowners.

Through you, if I may, Mr. President.

SENATOR HARP:

Through you --

THE CHAIR:

Senator Harp.

SENATOR HARP:

-- Mr. President. Certainly the \$4 million would not be used for the homeowners, but there are also other funds that we use for mortgage and foreclosure issues, and those dollars come out of our banking fund, and -- and we've been doing it for years. So I think that the thought is that some of those dollars offset the costs that the state has

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actually all ready paid to deal with some of the problems that were addressed through this settlement of this case.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. I do believe that the administration of -- of those funds was -- would go through CHFA, so I'm curious why this would be coming in from the General Fund. But I'll move on to a couple of other items, and I'll let the Lieutenant Governor take control -- a musical dais there.

(The President in the Chair.)

THE CHAIR:

Excuse me. I'm right here, sir.

SENATOR KANE:

Thank you, Madam President.

My next question, if I may, through you, to Senator Harp, is in regards to the state employee health costs, titled "Reduced Active Employee Health." I believe there's a \$5 million savings. If you could speak to that?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

If we could hold on. I just wanted to check it just a second.

THE CHAIR:

Absolutely. The Senate will stand at ease.

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(Chamber at ease.)

The Senate will come back to order. Senator Harp.

SENATOR HARP:

Thank you very much. Yes, basically this is a -- a savings that is due to enhanced management and reduced claims for the costs of state employee health care.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I -- I just have two -- two more questions and -- if I may. There is also a -- a \$500,000 savings under OE, other expenses appropriation for Department of Energy and Environmental Protection administrative contract savings.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Basically, one of the things that we did in our budget was to roll out rescissions that were made in January and so this is a rescission that was rolled out and will be carried forward into Fiscal Year 13.

THE CHAIR:

Senator Kane.

SENATOR KANE:

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Thank you, Madam President.

I'm just curious in regards to these savings, especially in the, of course, the health care of -- our employee health care packages, and then in -- in these administrative line items. And then, in your opening remarks, you mentioned this bioscience Connecticut recruitment, and it's a \$500,000 appropriation. What exactly is that appropriation?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

I believe that this is to hire the scientists who will work -- some of the scientists, who will work at Jackson Laboratories.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I appreciate Senator Harp for taking my questions. Obviously she is well versed in the Appropriation's budget, being the Chair and having served for that Chair for a number of years, and certainly has an in-depth knowledge inside and out of the budget line by line.

The thing, though, that I do appreciate Senator Harp's knowledge, but I -- I don't know if I subscribe to the same policies, and -- and I think that's where we tend to disagree in our way of looking at this budget proposal.

Senator Harp, in her opening remarks, said that the state

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budget is not like a household budget, but that's where I tend to disagree. I think the constituents are citizens of the State of Connecticut, all 3.5, 3.6 million of them have certainly tightened their belts in their own budgets. I think everyone around this room has done that. I think small businesses have done that. I think everyone has done that over the last couple of years except for state government.

And we're the only ones who are separate from the rest of the world, if you will, living in a fishbowl, if I may, because you and I have done this in our own homes, yet, and we hear this from our constituents daily, why can't we reduce spending? Why do we continue to -- to go down this path?

And we're seeing the fruits of it now because we have a potential deficit coming at the end of June 30 because revenues are declining and we are not getting in those -- we're continuing to use expenditures, but not getting in the revenues for to offset.

So with that, Madam President, if I may, I would like to propose an amendment to the underlying bill and I'd ask that the Clerk call LCO 5383, and I'd be allowed to summarize.

THE CHAIR:

Mr. Clerk, will you call LCO 5383, please?

THE CLERK:

LCO Number 5383, Senate Amendment Schedule "A" offered by Senator McKinney and Representative Cafero.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I move adoption.

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The motion is on adoption.

Will you remark, sir?

SENATOR KANE:

I will.

Thank you, Madam President. I ask that when the vote be taken, it be taken by roll call.

THE CHAIR:

There -- there will be a roll call vote, sir.

SENATOR KANE:

Thank you, Madam President.

It has been suggested that this state has a revenue problem. I don't believe so. I believe we have a spending problem and I believe members around this Circle have even called it an addiction to spending, and I -- and I think that's the case. This budget, Fiscal Year 11 and 2012, enacted by the General Assembly, increased spending by \$972 million, Madam President, which is a 5 percent increase, \$260 million in Fiscal Year 2013. The cumulative increase over the last two years has been over 6 percent, 6.4 percent. The last thing state government should be doing is obligating our citizens with more money to pay.

Let's -- let's face it, ladies and gentlemen, this is not our money. This is the citizens of the state of Connecticut. This is their money and we are only using it for the policies that we put forward. We need to make wiser, more strategic choices for our expenditures, and that's what this alternative budget, or I should say mid-term adjustment proposes.

If I can speak to some specifics to the proposal, Madam President? The General Fund expenditures of this alternative are \$18.9 billion which is \$21 million less than the enacted appropriations of Fiscal Year 2013.

The level of expenditures coupled with our suggested

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revenue policy changes result in a pre-gap surplus of 60.5, that six zero point five million dollars, if you include a \$50 million to gap. That would still leave us with a \$10.5 million surplus.

So I know that the Appropriations Committee worked diligently and very hard on the underlying bill, which Senator Harp mentioned there was a \$15 million potential surplus maybe. We, in our budget, propose a \$10 million surplus after gap. We are \$240 million under the spending cap which is constitutionally placed upon us.

This proposed budget recommends General Fund appropriations of \$208 million less than what's contained in House Bill 5557 which we are debating here this evening. With the enacted 2013 budget increase, we are only looking at a 1 percent growth rate between Fiscal Year 2012 and 2013.

The budget accomplishes pension and education reform within below enacted appropriations. The pension reform is in line with the Governor's proposal, Madam President, and the General Fund includes \$85 million to support this initiative. There is \$124 million in new education spending as outlined in basically what we saw yesterday in the education bill with the Commissioner's Network, \$85 million for the Commissioner's Network and educational cost sharing, \$6 million recommended for additional school readiness slots that even Senator Harp mentioned in the underlying bill, which would fund 750 new preschool slots. So we are steadily looking at the reform of our education system.

Also, Madam President, a recommended \$5 million increase to VoAG, Vocational Agricultural, doubling the amount of monies available to support this program. Many of us have these programs in our district. I know I certainly do. You've seen the -- the kids that attend Ag Day, Madam President. They come up here. They are great students. They are going off to wonderful colleges, and we should be supporting their efforts.

In the revenue -- in the way of social services, this budget, Madam President, fully funds caseload growth as recommended by the Governor and we have a fund -- and we also fund the projected 2012 Medicaid deficiency. We fully fund all community placements as recommended by the

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Governor as well, and include \$3.4 million to double the dispensing fee paid to independent pharmacies.

Now, I mentioned earlier in my questioning to Senator Harp about the 975,000 that was included in the underlying bill. Well we believe that the Senators for Medicaid and Medicare services have indicated that they would support these different independent pharmacies versus chain pharmacies if we can show that the independent pharmacies have greater costs, and I'm undoubtedly sure that we'll be able to prove that.

We increased funding, Madam President, for elderly nutrition by 20 percent, 498,000 -- 499,188, a 20 percent increase to elderly nutrition. I know in the Greater Waterbury area we have a New Opportunities that does a fantastic job with the Meals on Wheels program and elderly nutrition.

This budget also speaks to Medicaid fraud, and we had this discussion in the Appropriations Committee and we still believe that we can do a great deal more in this realm.

Madam President, if I just may for briefly, the United States Government Accountability Office, GAO as it is known, has designated Medicare and Medicaid as high-risk programs because they are particularly vulnerable to fraud, waste, abuse, and improper payments, payments that should not have been made, or were made in incorrect amounts. What we've done, Madam President, is gone to the Federal centers for Medicaid and Medicare services, and we know that the national average for Medicaid fraud is 8 percent, basically 8.1 percent to be exact.

In our conversations, Representative Cafaro, Senator McKinney, our leaders and the Appropriations Committee as well, have spoken to the head of the Medicaid Fraud Unit in the Division of Criminal Justice, and he says that the Medicaid error rate in the state of Connecticut is 15 percent. That's double the national average. We believe we can do better.

This budget provides approximately \$2.7 million to hire 34 new positions in the Medicaid Fraud Unit. These new positions for the Medicaid Fraud Unit as well as social service fraud operations pursuant to Section 27 of our bill will be consolidated into the Division of Criminal

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Justice. Total gross savings built into this budget, Madam President, is \$102 million. This represents a savings of \$3 million per new employee hired. The new employees will be hired at the beginning of Fiscal Year 2013.

So we know we can do better. The government accountability office says there is so much fraud across the United States, we know it's basically 8 percent throughout the national average. Connecticut has a rate of 15 percent. We believe we can do better. \$102 million savings by these 34 new hires.

Staying on social services if I may, Madam President, we increase the personal needs allowance from \$60 to \$69 a month, associated with a cost of \$2 million, but improving the life of nursing home residents. We provide that necessary 1 percent COLA to private providers effective January 1, 2013 for a cost of \$8.5 million.

I know the Governor has proposed this, and I know this is a very important step for protecting and helping our private, nonprofit providers. We believe that these nonprofit providers do it better at lower cost and get greater outcomes.

We also contained \$1 million to fund the recommendations of the Autism Feasibility Study. Public Act 11-6 required this study for issues of autism spectrum disorders.

We include the Governor's proposed modifications to the Medicaid program, the restructuring of reimbursement rates for composite restorations and dentures, also the dental benefits shifting from a client-centered benefit model. There is a total savings of \$20 million associated with these Medicaid administrations.

And we also -- with the restructuring of the Medicaid for low-income adults under a waiver, savings of \$16.9 million, basically the asset test of \$25,000 that I asked Senator Harp about earlier.

We also implement a hard generic drug requirement under this Medicaid program. A 5 percent increase in the utilization of generic drugs would save us \$12.5 million associated with this program. Connecticut's utilization rate is 67 percent. You may think that's somewhat high.

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In Massachusetts, it's 10 percent higher.

Nationally, the average is 75 percent. Every 1 percent increase in generic utilizations results in a savings of \$5 million to the State of Connecticut. We believe we can do better. We also include 1.5 million for the funding of 300 new rental assistant programs, RAP certificates as we know in the Appropriations Committee, and we also fund \$245,000 made to the breast and cervical cancer screening that was cut in last year's budget.

If I can speak to public safety, Madam President? This alternative mid-term adjustment will provide funding for the hiring of 168 state troopers, getting us to the statutory level of 1248 sworn officers. The OFA, the Office of Fiscal Analysis, has stated that \$8 million in new expenditures in Fiscal Year 2013 will result in a net savings of \$4.9 million in Fiscal Year 2014 and a reduction of state overtime -- of state trooper overtime.

This proposal also eliminates the Risk Reduction Credits for violent offenders and weapon offenses. Spending associated with this would be \$10.3 million.

One of the big things that I have been talking about, Madam President, and others as well, in fact there have been people on the other side of the aisle who have asked these questions as well, is the contract between UConn and our Department of Corrections. This budget proposal -- this mid-term adjustment, requires a bid for the Department of Corrections with their Correctional Managed Care Healthcare Contract.

We know that this contract, this memorandum of understanding, has been in place since 1997, so it's going on 15 years and there has -- never been put out to bid in that time. Yet, the expenditure for this program continues to grow, and I believe it's just under \$100 million right now. However, our inmate population is on the decline.

Having said that, we also believe we can do better there as well. Why not put it out to bid? Why not see what else is out there? You know, we don't do that in our -- as you know, we stated earlier, in our own homes we shop around for a few prices. We put -- we do that in everything.

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With the State of Connecticut we -- we do that with all -- typically all our proposals. We put them out to bid. Other states are doing this: Massachusetts, New Hampshire. Potential savings on mental health costs are \$12 to \$15 million a year, Madam President. Competition is pricely -- precisely what we need to control costs. Only Connecticut and Rhode Island, the only two states in the entire Northeast, do not outsource their mental health for their inmate population.

Last year, June 1, 2011, I have the transcript, Senate transcript with a conversation between myself and Senator Bye, and if I may, through your, Madam President, Senator Bye said through you to Madam President, which is yourself, my understanding is that it's been the willingness of the health center to open up that contract to a bid. They do not make any money on the corrections contract, and if others wanted to bid on that, as I understand it, the hospital is open to being in an open bidding process through you. UConn is certainly, according to the transcription of 2011, willing to put this out to bid.

We know that other states are doing it. Massachusetts and New Hampshire as I already mentioned, and throughout the northeast, and yet we don't do it.

Food service. Well, let me -- in fact, before I leave that, if I may, Madam President. Built into our budget is a savings of \$9.5 million, a very conservative savings estimated at 20 percent in 2014, 10 percent in 2013. By putting this contract out to bid, we will be able to save the state \$10 million -- \$9.5 million in 2013 and 20 percent in 2014. Also included with that would be the privatization of food service for correctional inmates.

This budget reflects an estimated savings of 15 percent in 2013. That's a savings of \$4.2 million. The savings anticipated in 2014 would be 30 percent. We have examples that in Connecticut for food service, we spend \$4.43 per day per inmate. Yet, in Indiana it's \$3.45 per day, and in Kentucky \$2.63 per day.

By putting this out to bid, by having a private contractor come in, we could be saving the taxpayers of the State of Connecticut millions of dollars, possibly doing other programs that really are more important, and could really benefit the people of the State of Connecticut.

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In addition to the prison and the public safety that I mentioned with the state troopers, we also provide \$500,000 for real-time emergency training and \$2 million for tree trimming. We recommend the elimination of longevity for non-union employees. We recommend a reduction of 10 percent pay for commissioners, constitutional officers, executive directors and legislators. We un-do some of the consolidations built into this budget by the administration, for example, the Office of Government Accountability.

Under this proposal, the State Elections Enforcement Commission, Office of State Ethics and Freedom of Information Commission would restore their independence. We also create a Commission of Protected Classes, which is a consolidation of all the legislative commissions that we have right now. The new Commission of Protected Classes is funded with \$1 million in Fiscal Year 2013.

We also do not recommend the Governor-initiated transfers of the Teachers' Retirement Board and to the State Controllers' Office, the UCHC and Office of Chief Medical Examiner to UConn, and the housing programs and to DECD. That was certainly one thing that came up greatly in the appropriations process.

As Senator Harp mentioned earlier, she talked about revenue -- consensus revenue estimates. This proposal also speaks to consensus expenditure estimates. You know one of the things before I got here to the State Senate, Madam President, I served locally in my hometown of Watertown on the Town Council.

In fact, I chaired the Town Council for two years. But every year I served for the six I was there, I served on the Finance Committee, and the Finance Committee spoke or addressed both sides of the math equation, the spending side and the revenue side.

Here in the State of Connecticut we have an Appropriations Committee and a Finance Committee, and not always are they on the same page, but certainly they will come together at the end of the process. We also have OF -- I'm sorry, OFA, Office of Fiscal Analysis, and OPM, Office of Policy and Management. Well why not, at the same time, jointly have consensus revenue estimates and consensus

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expenditure estimates. This proposal would do that, giving the -- the legislature a better starting point when contemplating our biannual and mid-term adjustments.

This budget also creates a Privatization Planning Committee. The PRI Committee, the Program Review Committee, Madam President, presented a finding to the Legislature which confirmed what Republicans have been saying for years. Instances where there is a dual system of delivery, the private sector can provide the service for not only less money, but also can provide better service.

We are one of very few states that still does this, Madam President, provide state-run agencies with private, nonprofit providers. Most states are doing one or the other. Section 54 of the bill establishes this private -- privatization planning committee and will consist of the Commissioners of Developmental Services, Children and Families, Mental Health and Addiction, and representatives from various stakeholders including, but not limited to individuals and families who are served by these departments. The committee is tasked to develop a plan to initiate privatized, direct care services in instances where they can be provided by the private sector at a lower cost without diminishing the quality of service.

I'm just going to give you a little bit on the background on the PRI report. The PRI report, Madam President, said that the current dual delivery system is costly. DDS receives about half of the total funding providing public 24-hour residential care, yet it serves only 25 percent of the clients in that -- in that care. And despite the full-time employee head count at DDS, there is significant use of overtime.

While DDS is taking the opportunity to move clients into private settings, their ability to do so is severely constrained by collective bargaining agreements. And lastly, not only is the private sector less expensive, but also provides a higher level of care than public settings. This is right in the PRI report, Madam President. Not only is the private sector less expensive, but also provides a higher level of care than in public settings.

Just a few more provisions in our -- our budget, Madam -- Madam President, or the mid-term adjustment I -- I

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should say. For capital projects that cost \$50 million or more, the Legislature needs to review and approve a detailed plan for analysis.

For First Five projects, for any project that commits to create 200 jobs, that job commitment must be maintained for at least a year. We suspend the 4 percent fare increase for buses, rails and ADA services which would go into effect January 1, 2013. I know Senator Harp mentioned it was only in the rail, but we suspend all of those.

Madam President, this budget, or this mid-term adjustment as I should say, is fair. It is balanced. It is well thought out, and is more in line with household budgets that Senator Harp talked about in her first remarks.

The people of Connecticut have reduced their spending. They have -- they don't have it. They don't have the ability to spend any more. Businesses don't have it. If you don't have the income, you cannot spend. Similarly in your own home. But the State of Connecticut, we just continue to spend. We continue to go down this road, Madam President, that is going to get us into deeper and deeper trouble.

We already know we have a projected deficit for this fiscal year, yet we continue to increase spending.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

I urge rejection of this amendment, and I think it really points to the fact that state budgets are not like family budgets. There are things that we are obligated to do.

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For example, in this budget, it reduces the Department of Children and Families' budget by \$82 million. \$82 million, and you would say well, gee, we should just tighten the -- the belt a little bit. But one of the reasons that the amount is so high in the Department of Children and Families is because we operate under a consent decree, so the courts basically order the way in which we spend our dollars.

So \$82 million of this budget all ready doesn't work, because it doesn't impact the consent decree that we've entered into with the courts. School for the Deaf was cut by a million dollars. Our vocational and technical schools were cut by \$10 million. And, you know, as I said before, you know, our budgets have to consider the public good, so we take care of vulnerable populations.

The families themselves can't afford to take care of. And if you think about DCF, that's one area. If you think about DMHAS, that is another area. This budget cuts \$58 million out of DMHAS so that families who have vulnerable members who may have mental illness, may be afflicted with that, can't get any help from Connecticut, and one of the ways in which we keep our tax collections up is by the number of people that we have doing that work in the Department of Revenue Services, but this budget makes it almost impossible for us to do that work, and to keep our collections high by cutting \$7 million out of Department of Revenue Services.

I saw the Commissioner on the escalator today and he was devastated that we cut \$250,000. I don't know what he would think about a \$7 million cut. So this budget is an interesting idea that absolutely doesn't work, doesn't take into consideration our CBAC obligations, doesn't take into consideration our court-mandated obligations, and doesn't take into consideration what we do as a state which is to enhance the public good.

I would urge rejection of this amendment and when the vote is taken, I ask that it be taken by roll.

THE CHAIR:

A roll call vote will be ordered.

Will you remark?

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Oh, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Just quickly. I apologize, but the cuts that Senator Harp mentions, DCF, the technical schools, DRS, those are all recommendations by the Governor in his mid-term budget adjustment.

Through you, Madam President.

THE CHAIR:

Will you remark? Will you remark?

If not, oh, Senator Frantz.

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SENATOR FRANTZ:

Thank you, Madam President. I would first like to say thank you to Senator Harp and her entire team and the appropriations committee for working as hard as they do. I used to sit on that committee.

I know exactly how hard it is to go through all of those issues and come up with a budget at the end of the day that makes sense or comes close to making sense. And I'd also like to thank Senator Kane who I will ask some questions through you, in just a moment, for his hard work as well along with the others that have supported him in trying to come up with a budget that makes even more sense for the longer term health -- fiscal health of the State of Connecticut.

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So Madam President, I do have a few questions for Senator Kane, through you.

THE CHAIR:

Please proceed, Sir.

SENATOR FRANTZ:

Thank you. Through you, Madam President. Senator Kane, do we in this budget -- do we pay off the economic recovery notes that we used to cover a previous deficit? In your comments you mentioned that there was a call provision in those notes. As part of that budget, do we pay those off?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. This midterm adjustment, Senator Frantz, is not a deficit mitigation plan for the current year.

SENATOR FRANTZ:

Fair enough.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Fair enough. Thank you. And there was a message in that answer as well. Thank you. Through you, Madam President, the increase in the budget over 2012 is how much percentagewise? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I'm sorry if -- through you, Madam President, if Senator

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Frantz could repeat the question.

THE CHAIR:

Senator Frantz, will you repeat your question, please?

SENATOR FRANTZ:

Absolutely. Thank you, Madam President. And through you, I'm curious what the percentage increase is of this recommended budget for 2013 over 2012, approximately. Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And I appreciate Senator Frantz, for that question. It's actually a decrease of .1 percent.

THE CHAIR:

Thank you. And through you, Madam President, is Senator Kane aware of what the inflation rate has been during this last 12 month period, assuming it's not going to change too much for the fiscal year 2013 period? Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. You know I just went through this argument with my landlord at my business because we were talking about what the rent should be. And we were, you know, haggling if you will about that number and I believe it's over two percent. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

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Thank you, Madam President. And if I understand it correctly we're talking about an inflation rate of approximately two percent which checks with my research and we're talking about a budget here that is less than last year's -- than this year's expenditures fiscal year 2012. Now we're talking. Additional questions, through you, Madam President.

THE CHAIR:

Please proceed, Sir.

SENATOR FRANTZ:

Does this budget produce a surplus bigger than House Bill 5557?

SENATOR KANE:

Thank you, Madam.

THE CHAIR:

I apologize, Madam President. Thank you, but I got little excited answering that question. Yes, it does, Senator Frantz. In Senator Harp's opening remarks about the underlying bill it would have a -- may have a 15 million dollar surplus. Ours provides for a 60 million dollar surplus 50 of which would go to a gap payment. Thank you. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Now you're talking. Thank you. Through you, Madam President, another question. Does the proposed budget -- your proposed budget ask that the retired teachers increase their healthcare premium contributions from 33 to 42 percent?

THE CHAIR:

Senator Kane.

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SENATOR KANE:

Thank you, Madam President, and no it does not. We do know that the underlying bill will use that fund for the difference so it -- they will be very similar in that regard but no we did not propose that. We keep the rate -- the -- at 33 percent. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. I like that provision as well, Madam President. And through you, Madam President could you -- you touched upon some of the tax relief in your -- your very good description of this budget. Can you run over just the top two or three different sources of tax relief for the taxpayers of Connecticut who have and are currently facing the largest tax increases in the history of this State?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Yes. Certainly. Very important we reinstitute the sales tax redemption for clothing and footwear under 50 dollars resulting in a reduction of the sales tax revenue. We reinstitute the sales tax exemption for nonprescription drugs. And those are two of the -- two of the -- two of the larger ones quite honestly that affect the populations, the citizenry that we all represent. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. I'm liking this more and more, Madam President. Through you, Madam President. Senator Kane,

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do we fund the underground storage tank fund and if we do does it fund it to a larger degree than 5557?

THE CHAIR:

Senator Kane.

SENATOR KANE:

We do, Madam President. We fund the underground storage tank program 12 million dollars actually. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you very much, Madam President. Through you, the earned income tax credit, I scanned this. I believe it eliminates the program but the question is is that program oversubscribed and are there any -- is there any evidence of fraud?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. That's actually a very good question. Because I am on the appropriations committee I didn't really get into the revenue changes but mostly just the expenditure side. But I appreciate you bringing it up. Yes, the earned income tax credit program was anticipated to be a cost to the State of Connecticut of 112 million dollars.

It's now known that it's 132 million dollars so it's been greatly taken advantage of even more so than what the administration has expected. And yes, historically there is a great deal of fraud in that program. And just myself a week ago I spoke to someone who works at DRS directly who said that very same thing. So -- so you're right.

You hit the nail on the head, there are a great number of

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people who are taking advantage of the program who quite honestly shouldn't be and we're finding that it's costing us a great deal more. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. I appreciate that answer too and it's a shame that we have that kind of activity occurring in the State of Connecticut and it is unfortunately not the first time we've seen it. On the issue, Madam President, of the citizen's election fund in this proposed budget, Senator Kane, do you eliminate the entire funding for the program or is it just a portion of it? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

We do, Madam President. Thank you. Through you, eliminate the citizen's election fund. I believe there's 29 million dollars that we would make transfer of. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. Thank you, Madam President. Thank you, Senator Kane. On the issue of education funding is there more funding for education generically speaking in your proposal than 5557?

SENATOR KANE:

Through you -- I'm sorry.

THE CHAIR:

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Senator Kane.

SENATOR KANE:

I'm anticipating the --

THE CHAIR:

It's the excitement.

SENATOR KANE:

You know. Thank you, Madam President, yes there is.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And through you, Madam President, can you give us an approximate number of the -- the delta involved in that funding number?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I did wait for you this time.

THE CHAIR:

Thank you.

SENATOR KANE:

A hundred and 24 million dollars is in our proposal, Senator Frantz, which is basically a lot of the proposals that came through our caucus of course, through the administration, through the education committee in relation to charter schools, vo-ag schools, magnet schools and the Commissioner's network. Through you.

THE CHAIR:

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Senator Frantz.

SENATOR FRANTZ:

Okay. Thank you, Madam President, Senator Kane, for that answer as well. And those are some wonderful programs that this additional incremental funding over 5557 go into. On the issue, Madam President, of Medicaid fraud, is Senator Kane confident that after his conversations with those who have witnessed programs of have been involved in programs of mitigating Medicaid fraud, is the Senator confident that we could achieve those kinds of savings?

THE CHAIR:

Senator Kane.

SENATOR KANE.

Yes, Madam President. Through you, to Senator Frantz, I appreciate that question. As I stated in my remarks typically the national average is about eight percent yet in Connecticut we understand that it's 15 percent. It's almost double what is taking place throughout the United States.

So we believe that yes, we could save a great deal of money. Thirty-four new hires would be a great deal of savings in that regard and each hire would save three million dollars in savings for each new hire which is a total of 102 million dollars, Senator Frantz. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And through you, Madam President, a final question for you which is the line item having to do with the State troopers I believe it's 168 -- you've allocated sufficient money for the hiring of those 168 State police troopers. Through you, Madam President.

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Senator Kane.

SENATOR KANE:

Yeah. Madam President, thank you. To Senator Frantz, that is something that certainly you've seen in the papers and on the headlines and what has taken place here up in the legislature but by funding this State trooper class and adding to the statutory level that is required we would save money in overtime, Senator Frantz, because four million dollars actually in -- 4.9 actually almost five in 2014 based on the hiring of the new class. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. And thank you, Senator Kane for that answer. Can I ask one final, final question? Through you, Madam President.

THE CHAIR:

Please proceed, Sir.

SENATOR FRANTZ:

Thank you so much. Senator Kane, the final question is in this proposed budget do you -- do you allocate as much money as 5557 for transportation spending? In other words are there any cuts -- sorry.

THE CHAIR:

I apologize.

SENATOR FRANTZ:

Are there any cuts to transportation spending relatively speaking? Through you, Madam President.

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Senator Kane.

SENATOR KANE:

Thank you, Madam President. No, there are no cuts to transpiration. Thank you. Through you.

THE CHAIR:

Thank you. Senator Kane -- Senator Frantz, Sir.

SENATOR FRANTZ:

Thank you. Thank you so much, Madam President. And I appreciate that. I'm done with my questions and my comment on this alternative budget is this, is that we're doing exactly what government should be doing.

We are providing for public safety. We're providing for transportation infrastructure. We're providing for the basic needs for the safety net for the people of Connecticut. And yes we are -- we are providing ample funding for education and in fact we're going beyond the underlying bill -- bill's proposal for education funding here. We care. Those of us who support this alternative budget really care.

We care about not only people today and tomorrow but we care about people five and ten and 100 years down the road. And it was -- started the conversation tonight by saying that a budget is not like a household budget. Well there are some similarities but there is no question that a household budget is exactly like a State budget when it comes to a time of crisis.

If you don't have money in the bank you simply can't provide for your family, you simply can't provide for the people who so desperately need it. A budget is a barometer of a State, a country or any entity's fiscal health. We go to the doctor once a year. We get a checkup. The prognosis for any kind of changes we have to make is our own quote unquote budget. It's marching orders. What do you need to do?

After spending two weeks in the last part of session here if I were to go to the doctor I'm sure he'd tell me you need to get out and run about eight miles every day.

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You've been overeating. You've been not sleeping enough, et cetera, et cetera. You're not looking exactly as good as you should be right now.

This State has headwinds to say the least. And our barometer is not going the direction that it should be. Our pension fund is 46 percent funded. And we've tried to desperately come up with measures to try to shore that up. This is a fund that represents one of the highest promises that we as a legislature can make to our State employees and that is if you work for the State, if you engage in that public service for 15, 20, 30, 35 years, you are going to have a retirement fund that is capable for providing you with a good living after you retire.

We're not even halfway there yet and if you look at the simple mathematics on how that all works, the obligations continue to grow on a curve, an exponential curve whereas the ability to fund it is elusive, particularly these days. The cost of government continues to go up. We're looking at a biennium budget that we're living under right now -- not the alternative but the existing biennium budget which is approximately seven to eight percent higher than the previous biennium. And yet is our population growing by that amount? Answer, no.

Is personal income growing at that amount? No. Is inflation growing at anywhere near that amount? No. The average has been under three percent for the last three years and even less than that if you look back at the -- the last five years on an annual basis. The personal income growth, it's been shrinking for the last three years.

Yes we're faced with, you know, buyer -- economic and fiscal circumstances throughout the land, throughout the world and our personal incomes are shrinking yet our budget and our obligations continue to increase. We also heard that a budget -- a State budget is there to help make life meaningful. I think I understand what that means.

We do need to provide a safety net. Making one's life meaningful means yes, we're going to help you get out of the gutter. We're going to help you if you're really sick and you can't take care of yourself. We're going to help you if you just don't have the support to get to a place of a really good education. We're going to help you. We're going to help you get there.

But what we shouldn't be in the business of is taking it too far because when we start thinking about what human nature is all about if we make life too easy and circumstances too easy here and there we're all interested -- we're all human beings, we're all interested in taking shortcuts and relying on programs -- expensive programs that don't necessarily do us good at the end of the day.

Because I think we'd all argue that the wonderful culture, the wonderful American spirit is all about hard work, devotion, community service, doing things for the greater good, doing things for this country, doing things for this State. That's why we're all here in the first place. Yes we do have differences in the way we approach these challenges but we're here to make everybody's life better and not just for tomorrow but for ten, and 50 and 100 years down the road.

We as human beings, Mr. President, we need a sense of purpose in life. We need a challenge every day. We need to have a reason to wake up at six o'clock in the morning and get ourselves on a bus, get ourselves in a car to a place of work where we're challenged or raise the kids or -- or tend to a sick person either in the home or in the hospital.

We need those challenges. We need a sense of self reliance. And we need to have that every day even on the weekends, even on vacation. We need to at the end of the day -- like we all have been for the last week or so, going home or going to a hotel not far from the Capital and falling asleep absolutely exhausted and knowing that we made at least a little bit of a difference.

This is the greatest country in the world. And it's the most selfless and the most altruistic in all senses of the word and that's because we've had this incredible work ethic and incredible American culture which allows all of us as individuals -- most of us to be able to take care of ourselves and do what we need to do in life to create a greater good and to make ourselves happy and our families happy. And those who can't because of a disability or because of whatever reason there are those in the family of 309 million people in this country who will help. That's within our nature. It's within our DNA.

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The safety net is there and it's there for a very good reason but we cannot make more of it because it's too expensive and I would argue that it's cruel to take it to the point where it is unaffordable. We're at that point now. The math just doesn't work going forward and we are putting our people in harm's way in the not too distant future.

If you just take the pension fund which I spoke about for example. That is darn near insolvent. Many actuarials and accountants would tell you that it is insolvent right now. And if we can't produce a surplus -- we were supposed to have a surplus this year. We have a deficit this year.

And the swing is somewhere between 500 million and six or 700 million dollars from the profit to the deficit. And if we can't -- if we can't produce a surplus to save our lives here how are we ever going to be able to start nicking away at the obligations that we have and the growth of State government.

And by the way, Mr. President, the current number for -- for liabilities and long term debt and liabilities is 100 billion dollars. It's hard to imagine. It's 100 billion and how are we going to get there so that we can keep our promises to people who have worked for the State of Connecticut, keep our promises to the people who need the safety net, genuinely need the safety net in our country.

We have indeed taken a different road and it's a road that feels bump. It feels bumpy. We weren't supposed to have -- we weren't supposed to have a deficit. We're doing it for gentlemen like this person right here. He's going to have -- by the time you graduate from high school you're going to have a bill that you're going to be -- that's going to be placed in your pocket that's going to be about 24 or 25,000 dollars. It's a lot. It's a lot. And that will grow every year.

And thank you for showing up because it's nice to have a face in front of us to show you who we're working for. You know for us we'll be okay probably but it's the next generation that really needs this in a big way. We have a deficit. We know that for a fact right now. OFA -- all the different independent organizations have told us that and it looks as though we're using borrowed money to shore

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up that hole.

Yes we're going through the budget reserve fund, the rainy day fund and it'll eventually end up shoring up the budget. That's what the rating agencies don't like. The rating agencies can see through that like glass. And they say, you know what, there goes Connecticut again. They're borrowing money to pay for their General Fund and their deficit. And that's simply something that is unsustainable. The math is really simple on this. We have an expense structure that continues to grow.

We have a population growth that is relatively flat. And we know that personal income is not going up. Hopefully, knock on wood, it does in the not too distant future because we need that desperately in the State of Connecticut. In the meantime we need to be getting more aggressive. This amendment here I think is a step in the right direction.

It's an inflection point in the way we do business here fiscally in Connecticut here under the dome because what we're saying is enough to the growth of government. What we need to do is we need to get that under control, stop the growth, shore up the programs, figure out more efficient ways to deliver the services and the goods that the people of Connecticut desperately need but don't do much more than that.

There are so many examples in the world over the course of history. There are current examples right now. Greece is burning. It will probably not be a member of the European Union by the time whoever gets reelected comes back to the circle. When they go off on their own they will be forced to reinstitute their own currency, the drachma.

The drachma will be under such severe pressure that I don't know whether they can survive as the country we've known Greece to be for such a long time as a member of the EU. It's not pretty. There are numerous other countries in Europe and numerous other countries throughout the world and throughout the course of history that show us that if you don't have a solid fiscal house you're doing your people a great disservice.

And again, it's one of the cruelest things you can do to your population on the whole is run a poor fiscal house. We've been doing that for far too long. This amendment

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addresses that and puts us into a slow down the growth mode and starts to get us to a point where we can probably catch up with it.

Please I urge all of you not for us but for the next generation, for the generation after them, for the future of Connecticut, please consider what you're doing when you're voting for an amendment such as this one that's been very, very articulately described and -- and generated. The staff who put this together are just second to none. This is the right thing to do and I urge all of you to support it so that Connecticut has a very, very bright future. Thank you, Mr. President.

(Senator Duff in the Chair.)

THE CHAIR:

Thank you, Senator.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. Mr. President, I rise to support this amendment and align my comments very closely to those of our distinguished Senator from Greenwich, Scott Frantz, and thank Senator Kane for bringing forward what many of us feel on our side of the aisle is a budget proposal that is a better way, a better direction to take our State of Connecticut in, a direction away from being the worst place for business, the worst place to retire, the worst place for the taxpayer.

Our residents in the State of Connecticut have suffered mightily during this last few years. They've paid their fair share. They've seen their home's values drop. They've seen their salaries drop. They've seen jobs drop. I have at least four or five old historic restaurants, the Silver Mine Tavern, Cobb's Mill Inn, the Spinning Wheel, I can go on and on, that have been there for nearly a century that have all closed their doors. And others are struggling just to stay afloat.

Even our small diners, they're the least expensive options in some of our most affluent communities have not recovered from the decline. And if you've watched the stock market

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in the last couple of days you'll see again we're dipping back again as Europe seems to be unraveling. And how that's going to impact our already struggling pension fund returns that our employees and our pensioners are so dependent upon.

Through you, Mr. President, I have a question for the introducer of this amendment and I would like to ask him unlike this--

THE CHAIR: .

Please proceed, Madam.

SENATOR BOUCHER:

Thank you, Mr. President. Through you, the State of New York during this historic time has reduced their spending by nearly two percent and during that period of time we've seen a rate of increase and can you elaborate somewhat because as you first brought this bill up you talked a great deal about the fact that Connecticut seems to have a spending problem not a revenue problem and I would have to say that almost all of my residents no matter what political aisle they are on seem to agree with you. Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President, and I thank Senator Boucher for that question. Actually it's a very good one and if I could speak more globally I just saw an article the other day I think it was the Huffington Post if I remember correctly that said 29 states are seeing surpluses across the United States.

It's pretty incredible whereas we as you know are facing a budget deficit of over 200 million dollars as of June 30. So -- so your question is correct. By reducing spending, reducing taxes you'll see growth and that's why 29 states are seeing that type of growth. What we've seen over the last year as you know 1.8 billion dollars in new taxes which only fed the spending appetite that we have

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as a legislature. So that is the big difference between us and the other major states. Through you, Madam President -- Mr. President. Sorry.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. Mr. President, another question if I could through you. As a ranking member of education and transportation I always have an eye out for those particular budgets and was concerned that when both budgets were presented what the impact would be to our education reform package which I so strongly supported just -- it seems like it was just yesterday and I guess it was yesterday.

But also my concern about various things in -- that have been put in place as a policy matter on our transportation systems such as our mass transit that are seeing a precipitous rise in rates of pay for those systems that by the way I don't know if you know this, Mr. President but Connecticut does not contribute to the same degree or percentage to their rail riders as the State of New York does.

Many don't realize that actually each state contributes somewhat to that rail fare to make it more affordable but in fact New York contributes a great deal more to their allotment of the rail riders yet we've had a very high increase of four percent and I wondered what it would do to that as well as to issues such as our petroleum gross receipts tax that again these are two consumer challenges to our taxpayers of the State of Connecticut. Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. And first it was today. It wasn't even yesterday. It was today that we ended up with the debate on the education bill as you know, Senator

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Boucher. But the difference between our amendment and the underlying bill is we do not have the rate increase in our midterm adjustment as the underlying bill does.

So I think that's very important especially to your constituents in Fairfield County, nor do we raise the rates, the fares for buses or AD so we've accomplished that. Certainly we cap the gross receipts tax. That's something we've proposed throughout the budget process.

Through you, Mr. President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. Well it's very good to hear. It makes me feel even more proud that we're able to present an alternative that both does not do what the public now fears. They're quite afraid of the activity here up in the legislature because they've been hit so hard by this historic tax increase on every single level and retroactive to boot.

I think that's the thing that stings the most and continued to bother them. So they're very concerned about what happens with this budget mitigation. And I might add that if I could compel the proponent of this amendment to stand one more time, through you, Mr. President, there's been much discussion prior to my standing up about the impact of eliminating a program, the earned income tax credit, which by the way I understand is the only State in the union that doubles up and adds this to already a program at the federal level.

But again Connecticut distinguished itself to being the only nation -- the only State for many reasons but this is one of them and apparently there's been an oversubscription to some degree and there have been some concerns that if we did not have this, Mr. President, that somehow we would be hurting those most vulnerable.

And I would like the proponent to respond to -- do we have other things in the budget pertaining to the tax on clothing or over the counter drugs or gasoline tax that

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might help to mitigate those concerns? Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Thank you, Senator Boucher for the question. We do eliminate the policy of the earned income tax credit in our budget. And certainly that's -- that is -- you're right is a policy matter that should be taken up and we don't believe that it was one that the states should incur. There is a federal program of course but unlike the federal government we don't have the ability to print money.

We have to balance it off of somewhere else. There has to be a savings on the other side. So we have removed that earned income tax credit program which costs the State 132 million dollars as we stated.

Certainly there are many more individuals who have taken advantage of the program and there's a great deal of fraud involved with it so it's been a cost to the State of 132 million dollars. Through you, Mr. President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. And I thank the proponent for his answers. I feel that this is a good trade off. Trading off the income tax credit program and by reinstituting a tax exemption for clothing, for over the counter drugs and gasoline would hit not only those very individuals and would offset any loss they may have incurred but it also affects those others -- other -- those that make less than 50,000 dollars a year or slightly more such as my administrative assistant in my other profession who are being squeezed very much and this would benefit I believe -- these exemptions have greater value to the larger percentage of our population. So I thank him for that.

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And in conclusion I again support this budget alternative. I think that it is often the response of the minority party to oppose a budget or tax policy that a majority might bring out because they don't necessarily align with each other's value system. But often the minority does not present a good alternative and I have to say that I'm very proud to be a part of a caucus that not only has proposed a two year budget but another budget in the second year that not only proposes alternatives but they balance, they're detailed, they're line by line and implementable.

We can't revisit the original budget two years ago that would have provided a no tax increase in any of those categories and reduced spending as we probably should have but we at least can do something now. And not exacerbate the problem going forward. And I hope that you will all take a good look at this very detailed, implementable alternative and find that there are things in there if you won't at least put it in place but you might want to consider some of the ideas and I think you have in the past that it might have some value. And for that I strongly support the amendment, Mr. President. And I thank you.

THE CHAIR:

Thank you, Senator. Senator Welch.

SENATOR WELCH:

Thank you, Mr. President. First let me thank Senator Kane, I believe Representative Miner and people like Miss Hamersley who've worked so hard to put this alternative together. Everywhere I go in the district, all the businesses that I talk to I hear a lot and I'm sure we all hear a lot.

One common thing that I think is important for tonight's discussion is I hear the phrase get your fiscal house in order because the uncertainty that this building creates by continuing to increase spending is frightening businesses. It's preventing them from expanding here among other things but it's a big part of it here in the State of Connecticut. So I commend the efforts as reflected within -- in this bill -- or within this proposed amendment. And a lot of thanks goes to the other side of the aisle. Because everything in this amendment isn't a

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Republican idea.

In fact there's a number of Democrat initiatives that you find here as well. But this gets us going in the right direction which I think is one of the clear distinctions. We have a 60.5 million dollar pregap surplus. Thank you. And we're 240 million dollars under the spending cap. And we're 21 million dollars below the enacted appropriations for fiscal year 2013. This is moving in the right direction.

Some might say we're not moving far enough but we need to consider where we are right now. And we're doing this and yet still as I think Senator Kane aptly pointed out working to preserve the safety net, working to preserve public safety.

We have this one percent COLA for private providers. That's fantastic. They haven't gotten a raise in years. And yet with this amendment we're moving the fiscal numbers in the right direction and yet still providing for things like that.

I remember the budget debate last year listening to Senator Kelly talk about the personal needs allowance and cutting it from 69 to 60 dollars. Mr. President, this proposal restores it. The nine dollars that he so eloquently talked about last year, the haircuts for the elderly, et cetera, we're putting it back. And we're fully funding the statutory trooper requirement of 1,248. And I know Senator Kane didn't put that in there just because every night behind him is a State trooper but it's the right thing to do. It's for public safety. We're reinstating the sales tax exemption for clothing and footwear under 50 dollars. I hear about the taxes on clothing a lot in the 31st district.

I actually feel it a lot with seven children many of which -- four of which are boys no longer of the age where you can just pass it down without a hole in the knees or the elbows. We're reinstating the sales tax exemption for prescription drugs. These are good policies, Mr. President. Good policies that are again -- are going to move this State in the right direction. I do have a few questions for the proponent of this amendment if I may, through you, Mr. President.

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THE CHAIR:

Please proceed, sir.

SENATOR WELCH:

I believe I heard Senator Frantz talk about this but I just wanted to be sure that -- that I was correct in my understanding. We are not transferring 70 million dollars unlike the underlying bill from the STF. Is that correct? Through you, Mr. President.

THE CHAIR:

Senator Kane.SENATOR KANE:

Thank you, Mr. President. Yes, that is true.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

And I think that's -- that's vital. That's vital for a number of reasons. We just had a vote on a 600 million dollar bus lag and yet we've got roads and bridges that are decaying. I think it was a 2010 report that identified 383 structurally deficient bridges. We need to use this money to put people to work to repair our roads and bridges.

So I think it's good policy that we leave it there. In fact OFA did a projection that by moving this money, by moving the 70 million dollars transferring to the General Fund the transportation fund is going to have a deficit of nine million dollars by fiscal year 16. Mr. President, that's not what we want to do with our infrastructure here in the State of Connecticut. Senator Kane referenced -- referenced a report, he said the Huffington Post.

I also saw it printed in Bloomberg News May 3 saying that half of the states have budget surpluses. Twenty nine have more money on hand than forecasted when they put their budgets together including New Jersey, Indiana, Arizona. We don't have that luxury with the budget we passed a year ago. Again, through you, Mr. President, a question with

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respect to the probate courts. Am I to understand --

THE CHAIR:

Please proceed.

SENATOR WELCH:

Thank you, Mr. President. Am I to understand that unlike the underlying bill this amendment does not transfer money from the probate court? Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. That's correct. The probate court administration fund which in my -- speaking with Senator Harp earlier before we proposed the amendment four -- I'm sorry, 2.3 million dollars was used for 17 specific projects throughout the State of Connecticut and we just didn't feel that we should have those type of earmarks in our budget so we did not touch that fund. Through you, Mr. President.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President. And I appreciate that. I appreciate that especially because we just increased the fees in the probate court system. So it doesn't seem appropriate to me now to be transferring them out and to use them for something unrelated to the probate court system.

Actually there's a good bill that hopefully will be before us shortly, 5338 which will take fees from the judicial system but will use it for legal aid and will use it to improve the technology with respect to the judicial system. One more question, through you if I may, Mr. President.

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THE CHAIR:

Please proceed.

SENATOR WELCH:

And that is this, in the last budget was built in part upon the concession package and that had an idea suggestion box which was to account for a certain amount of savings and I don't believe those savings were realized and I'm not sure if Senator Kane knows. But do we know how many ideas came -- came out of that suggestion box and what kind of savings were realized? Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Basically parts of our budget do use the Governor's underlying two year biennium budget and we feel that if he is willing to make these type of claims if you will or projections or policy matters there are certain policies that we believe that are enacted in the underlying budget that we -- the legislature approved last year that would not affect the midterm adjustment and are in the underlying bill. Through you.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President. And if I may just to sum it up, Senator Boucher touched upon it, Senator Frantz touched upon it, this is a difficult State to do business in. It's a difficult State to live in. It's a difficult State to retire in. And a big part of that is the spending that's going on in this State which has resulted in the highest per capita debt, the highest capita unfunded liabilities in the country.

And these are matters we need to address today not tomorrow. And this budget isn't the end all, it isn't the be all but it is a step in moving the right direction and

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getting our costs under control. And with that I'll be supporting this amendment. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator. Senator Stillman.

SENATOR STILLMAN: .

Thank you, Mr. President. I'd like to pose a couple of questions to Senator Kane, please.

THE CHAIR:

Please proceed, Madam.

SENATOR STILLMAN:

Thank you. In reading through the fiscal note on the amendment in section 54 you're looking to establish a privatization planning committee to develop a plan to privatize direct care services by certain agencies. Can you fill us in on some details on that please, sir?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Certainly. I would love to. Basically, Senator Stillman, the PRI committee did a study that in presenting its finding to the legislature kind of confirmed what people on our side of the aisle have been saying for a long time which is when you have a dual system of delivery of services it gets very costly. And the -- we believe that creating this committee we would be able to find -- the privatization planning committee would be made up of the commissioner's of developmental service, children and families, mental health and addiction services, various stakeholders and also families served by these departments.

What they would do is come up with a system that would complete a report that would actually lower costs because we believe that the services we get for private, nonprofit providers are -- quite honestly get better outcomes at a

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lower cost. And the PRI report also said that as I stated the current system is very costly. Although we have high FTE count, full time employee count in DDS there is significant use of overtime.

DDS is taking the opportunity to move clients to a private setting but their restrained by collective bargaining agreements and although we fund for publicly 24 hour residential care we only serve 25 percent of those clients in that 24 residential care. So yes, it was a PRI study. They came up with these conclusions, something that we have been saying all along that when you have this duality of services and not many states do any longer, you can really save money by moving some of these functions into the private sector. Through you, Mr. President.

THE CHAIR:

Senator Stillman.

SENATOR STILLMAN:

Thank you, Mr. President. Through you, do you have any idea how much money that could save? Does the report have -- give you any details on that and the number of State employee -- the reduction in the number of State employees. I mean where are the savings coming from to make us -- to entice us to embrace this idea? Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. And that's a very good question, Senator Stillman. The bill requires a completed report by the committee to the appropriations committee by January 1, 2013. Through you.

THE CHAIR:

Senator Stillman.

SENATOR STILLMAN:

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Thank you. Through you, Mr. President. So you don't have any projection in terms of cost savings to the State?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Again, the PRI study as I stated in my first answer was that overall we can certainly see a savings by doing more with the private nonprofit providers. This study would take place through the committee based on the commissioners that I have mentioned as well as stakeholders and would come up with that figure by January of 2013. So the dollars are not in this budget but the policy is. Through you.

THE CHAIR:

Senator Stillman.

SENATOR STILLMAN:

Thank you, Mr. President. Okay. So at this point we have no idea what any projected savings are so we can't really count on something going forward if -- if we haven't obviously seen the study.

The other question I have for you, sir, is that as I continue to look at this fiscal note I must say I'm not familiar in section 35 with a risk reduction earned credit. It limits eligibility for this program and it -- limiting the eligibility will cost the Department of Correction 10.3 million dollars in FY '13. Would you kindly fill us in on some details on that? Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Yes. And if I may -- if I can just bounce back to Senator Stillman's earlier question. We're not relying on any of those dollars in our budget. There's no employee

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suggestion box in this proposal. This is something that the committee would come up with in a report. But to answer your question about section 35, you're correct. We would be repealing what we enacted a year ago which is those risk reduction credits but only for violent offenders and offenders with -- who use a weapon in their crime. Through you, Mr. President.

THE CHAIR:

Senator Stillman.

SENATOR STILLMAN:

Thank you. So I don't understand. How does that equate to over 10 million dollars? I'm lost on that one. Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. That's actually an expenditure not a savings. Through you.

THE CHAIR:

Senator Stillman.

SENATOR STILLMAN:

Okay. Thank you. I appreciate that correction to what I had thought was a savings. And I also noted that actually the very last item on this -- on the fiscal note is a repealing of the earned income tax credit which we know is a very successful way of helping people who need that helping hand to -- to lift themselves to a better -- a better life so I'm disappointed to see that. I think that was a great concept for us to adopt in this State. And by repealing it I'm concerned that we might need to expand more money on some services.

So I don't know what the cost benefit is of repealing something such as that which is 116 million dollars in one year without knowing on the other hand what any

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savings -- what cost would be. Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. And that's a very good question. There are certainly members in our caucus who feel the same way but overall we made a policy decision that we would not implement this policy that was created a year ago as you know. A couple reasons, in my understanding is that the cost to the State of Connecticut is far more than 116 million. It's actually up to 132 million dollars and that's because we have a greater number of people taking advantage of the program than what was expected in the Governor's biennium budget a year ago. There acknowledged by the IRS 25 percent fraud rate.

So it's a policy difference I guess between some individuals, even again in our own caucus. But we felt that as a federal program certainly it was something that Ronald Reagan proposed many years ago, probably one of our greatest Republicans. So we can argue and debate the merits of that program but we felt as a State we cannot do it because we don't have that ability to print more money unlike the federal government.

We need to find a way to offset that cost somewhere else. So it would have to be at the expense of something else. And as I stated we have a great number of people more than what we expected and there's a great deal of fraud so it was a policy difference and we don't subscribe to it I guess. Through you, Mr. President.

THE CHAIR:

Senator Stillman.

SENATOR STILLMAN:

Thank you, Mr. President. I just I want to thank Senator Kane for his answers to just a few questions that I've posed. The fact that I really don't know what kind of savings down the road there could be with the

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privatization planning committee.

I am concerned about the offset of losing the earned income tax credit because I don't think it's been in place long enough to truly analyze it. And as I've looked through the fiscal note I'm a little startled by some of the items I see here. I mean there's no doubt we -- we have to keep spending in check but we also know that this isn't quite the same thing as Senator Harp mentioned earlier about running our household budget. I know many of us would like to view a State budget that way but the needs of the people that we serve I believe are ones that we have to respect. And for those reasons I urge rejection of the amendment.

Thank you, sir.

THE CHAIR:

Thank you. Senator -- Senator Markley.

SENATOR MARKLEY:

Thank you, Mr. President. Let me rise briefly to support this amendment. An excellent job done by the appropriations committee. I've said before, I think the chairs were diligent and attentive and open minded. They come from perspective which is different from mine but I appreciate the work that they put in on it.

I want to say that I think that Senator Kane with the help of our wonderful staff here in the Senate and Craig Miner and the House Republicans as well have -- has put together a magnificent alternative budget, really an excellent document which both reduces expenditures in a way that I feel is critically important and yet addresses need after need that came up in discussion, really has managed to tick off a list of things that I thought needed to be increased.

And let me just say quickly it's delightful for me to see the -- a proposal to again reinstitute the sales tax exemption on clothing under 50 dollars. I was here in 1985 when that exemption was first put into place. We were trying specifically to think of something which would have the broadest possible impact on the average family and that was our solution. The capping of the gross receipts tax which has been such a concern of my friend, Senator Suzio, is included in this budget.

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The vocational -- the increase in the vocational agricultural funding which I think is very important and very worthwhile initiative of the government, the dispensing fee increase to the independent pharmacies, subject of great concern in my district, the increase in the elderly nutrition program.

I think one of the social services programs most in need of a shot in the arm. Also the restoration of the cut that was made to the cancer screening program. Another thing that I think a very good case was made for the importance of that money. This budget also takes a look at the expenses of the correctional institutions and the possibility of privatizing some of those services.

I think that people on both parties realize that that's long overdue. It's been politically difficult to take up. This amendment will start that process. I want to mention too the decision to restore the independence of State agencies that have oversight over ethics and campaign finance. I think something that has been much talked about not only within this building but in the press as well.

And finally I can't help but mention that we have even included the prohibition of further spending on the bus way and further reallocation the need of bridge and road repairs throughout this State. It's a job -- I think a job of real expertise by Senator Kane. I've thoroughly enjoyed serving with him on the appropriations committee and look forward to many more years together. And I strongly urge adoption of this amendment and I am proud to associate myself with it.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN.

Thank you, Mr. President. I rise in strong support of this amendment. I'd like to thank Senator Kane and Lisa Hamersley and all who worked so diligently on this alternative proposal to the budget. I'd also like to acknowledge Senator Harp and her team who obviously worked very hard on crafting a budget in this cycle. Always a

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challenge when the dollars are few and the needs are many.

And we clearly have by comparison this alternative budget a different direction that we believe as the Republican Caucus in the State Senate, we strongly believe that this government, this State government should be more responsible similar to that that someone in their home budget is required to do. And incidentally as someone who operates a business must also do.

This alternative budget I think is responsible with staying 240 million dollars under the State spending cap. I do to this day wish that we would fully implement the State spending cap demanded by the voters nearly 20 years ago. I think this budget is also very responsible by assuring that we have available to us the full complement of State troopers on our roadways. Our State statutes say that we require 1,240 officers and that apparently is the number that is appropriate for the size of our State. And we have -- proposing a way to implement hiring of those officers without a dramatic increase in the budget because there's a corresponding decrease in overtime. And so it's amazing what the net cost is by making this implementation and this investment in law enforcement that the net cost is truly so low. I also like that we are focusing on fraud prevention in many areas of State government but certainly Medicaid fraud is a national problem and certainly is present in Connecticut that needs to be addressed in a far greater way. And last but not least I think that we are addressing in this proposal giving the State flexibility as a result of some difficult and unachievable proposals in last year's budget. When we consider that the suggestion box idea of 240 million dollar evaporated and that we have fallen far short on the SEBAC savings that were anticipated we have to be very creative but do so without diverting appropriate dollars for debt reduction. So, Mr. President, I stand in firm support of this. Once again, thank you, Senator Kane and your staff for all the hard work you've done. Thank you.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President. I rise in support of the

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amendment. I believe that it does a good job at representing what we want to do here in the State of Connecticut. When we go out and talk to our constituents and our neighbors, the one thing that always comes back to me is that your our representative and if we have to live with a balanced budget then why can't you as a representative and an extension of us run the government on the same principles.

And I think that's what this budget does. It lives within its means. It doesn't have to be fancy. It just has to be simple and direct. Now there are a few things in this budget that I'm really heartened by.

It really keeps the safety net intact. We've restored the cut for Alzheimer's respite, we increase elderly nutrition and we restore the personal needs allowance cut that occurred last year to the poorest of poor who reside in nursing homes. These are issues that I think people want to make sure remain in place. But we don't break the bank to do it. Now I did hear that the State budget takes into consideration other things.

I heard about court orders and things with regards to DCF and DMHAS but one thing our budget doesn't do is to take the probate court diversion funds. And that's something that the legislature in the last I'm going to say two years ago fixed or we thought it fixed. Because the reality in probate court is that with the disintegration of family there's been a greater emphasis placed on the court system for children's issues whether it's conservatorships, guardians. It's people who are in need.

And so we created a system to help those children and families in need. But here we are once we've created that system to guarantee that those services are provided to them and we're taking the purported surplus and rather than investing it back into those individuals we're diverting it to other purposes. Our budget doesn't do that. So I'm very, very supportive of this budget because of that.

I'm also supportive because it doesn't ask the trail -- the train riders on Metro North to come up with another four percent which is a very important component to people who work in my district and commute back and forth not only to New York but to Stamford, Norwalk, and New Haven. So I'm very happy to support this. I commend Senator Kane

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for his hard work in regard to the budget and I would urge its adoption. Thank you very much.

THE CHAIR:

Thank you, Senator. Senator Harp.

SENATOR HARP:

Thank you for the second time. I'm going to urge rejection. I think the savings that occurs through Medicaid fraud doesn't actually exist. We met with Attorney Kane and asked him if he thought they could raise more dollars through having more personnel in their department and he said that in his discussions with CMS that typically a State our size would have 16 people not 34 and that he thought that perhaps they could do that. So when we asked him how many he would actually like to have in his department and he said at this particular time he thought they could accommodate four. And we asked him well would there be a savings with four. And he said that he thought conservatively -- a conservative number would be a million dollar or perhaps as much as three. So he can accommodate four.

We put four in our budget and we want to thank the ranking member of our committee because they gave us that idea. We met with them to see what could be done about it. It certainly isn't 100 million dollars but the two million dollars that we thought was conservative and real is in our budget as a revenue item.

The 100 million dollars that is the underpinning for this budget is something that our Chief State's Attorney says is an interesting idea but he doesn't know where it comes from and actually believes it's unachievable at least that's what he said to us and that something that is more within the realm of achievability is between two and three million dollars.

So unfortunately this budget doesn't work. I think there are a lot of great ideas that if we had more money we could all do and would like to do but unfortunately we are charged with making a real budget proposal that has operable proposals in it. Many of the proposals in this budget simply don't work. I urge rejection.

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Thank you, Senator.

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President. I rise in support of the amendment before us. Mr. President, before concluding our discussion of the Republican alternative budget let me just, with your indulgence thank a few people. First and foremost I want to thank Senator Kane who has done a fantastic job on behalf of our caucus not only on the appropriations committee but in bringing the budget together and bringing it out tonight.

I want to thank Lisa Hamersley from our staff who is in my opinion and I am biased but the best budget person we have in the building, Mr. President. I also want to thank Representative Miner as the ranking member in the House and the appropriations committee. Jared Schmidt who works for the House of Republicans. I want to thank Senator Harp and Representative Walker.

My first year as having the great privilege of being the Senate Minority Leader we spent some time in the Governor's Mansion with former Governor Rell in a room when we -- we were all in a room working on budgets. And you know, one of the very first discussions I had with Representative Cafero who was a new leader in the House Republican caucus was that Republicans had been branded and to some degree that brand was justified as a caucus or a party of no.

And we realized then that instead of rejecting or voting against Democrat budgets that we didn't like we would offer our own budgets and our own ideas and propose a better way. We've seen one snippet of our way with respect to four additional employees in a Medicaid fraud unit that hopefully that's a sign of things to come, Senator Harp. But we have done that.

And whether we were working together, that time in the Governor's Mansion or working separately, I think when you try to put a State budget together you can have nothing but enormous respect for all of those who engage in the process. You may not have complete agreements on policy but Senator Harp, thank you for all of your work. I know how hard it is. I know how hard you work. And you and

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Representative Walker have been more than fair to the ranking members on the appropriations committee. Lastly I want to thank Representative Cafero.

Not only is it hard putting a budget together and then getting your caucus to agree on it, it's even harder getting two caucuses to agree on it, even minority caucuses that are smaller than the ones the majority's agree with. And I am proud to be partner with Larry Cafero on bringing together a Republican alterative budget.

I'll quickly apologize to whoever I forgot to thank, Mr. President. But also OFA, our nonpartisan staffs, they're probably the ones who least liked our shift to doing our own budgets rather than saying no because now they have to run the majority's budgets and our budgets as well but they do a great job.

Mr. President, we have said and we will continue to say and believe that in very tough economic times you can't tax your way out of the problem and that if government is going to change, if government is going to help the people of the State of Connecticut to get back on their feet and for our economy to be restored to what we all want it to be, for unemployment rates to come down, for people to have more money in their pockets, that we need to be about the difficult business of cutting spending.

One of the things that fascinates many of my constituents is that in certain public forums it could be Senator Harp or anyone on the Democratic side who could stand up with the exact same budget numbers and say we cut and I could stand there and look at the exact same budget numbers and say we increased. I think oftentimes we fight over that. I believe a cut is when you spend less money one year than you did the year prior not spending less -- less of an increase. And I think that's one of the fundamental differences between the Republican budget and the Democrat budget.

The Democrat budget and Governor Malloy's budget is an increase in overall State funding, not line by line and every single agency in every single department but at the end of the day you spend more money in 2013 than you did in 2012. The Republican alternative budget actually spends 21 million dollars below the enacted appropriations for 2013, by being fiscally conservative, by making tough

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choices.

By spending less money, our budget is in balance, our budget has a surplus, our budget is under the spending cap and our budget allows for us to make a gap transfer something that we all believe and agree is very important for us to do. Mr. President, we also believe that on the heels of the largest tax increase in our State's history people of the State of Connecticut needed some relief and we wanted to provide that relief not as much as we would have hoped but still very important.

That's why we restored the sales tax exemption on clothing and foot -- and footwear under 50 dollars. Obviously the sales taxes is a more regressive tax that's why we wanted to target it so people who are at lower and middle incomes will benefit the most from the restoration of that sales tax exemption. We also restore the sales tax exemption for nonprescription drugs. Not a lot of money, about 17.2 million dollars according to the nonpartisan office of fiscal analysis. But 17.2 that for the most part is targeted at our elderly population, again very important.

The Republican budget transfers 12 million dollars into the underground storage tank program. That is critically important that we make sure that that program is funded as well. Madam President, nice to see you. The rumor was my budget close was so scintillating you had to come back into the chamber. I don't know if that's true.

(President in the Chair.)

THE CHAIR:

That's exactly what happened, sir. I was listening in my office.

SENATOR MCKINNEY:

Madam President, with respect to pension and education reform our Republican budget from -- from the very first time we sat down to craft a budget said that we are going to fully fund all of the education reforms that had been proposed in terms of dollars by Governor Malloy and anything that this legislature would do and our Republican budget keeps that commitment.

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With respect to social services perhaps the most difficult part of the budget no doubt but also a part of the budget that spends so much of the money. We make sure in our Republican budget that we fully fund all caseload growth as recommended by the Governor. We make fund -- make sure that we fully fund all community placements as recommended by the Governor.

We also want to correct some of the wrongs that we believe occurred in the adoption of the initial budget. Specifically we add 3.4 million dollars to double the dispensing fees to help those struggling independent pharmacies. We also provide a one percent COLA to private providers effective January 1, 2013. Those private providers do wonderful work in our communities across the State. They have never gotten the funding that they deserve.

And what I tell my constituents is that because of our dual delivery system when our private providers, our nonprofit agencies in effect compete with State government they come out losers. They always have and they always will but this one percent COLA gives them a little help.

Madam President, we also made difficult decisions in our budget, some of the same difficult decisions that the Governor made and that's why we include the modifications to the Medicaid program as recommended by Governor Malloy. We also believe that there are things we're not doing that we should be doing that can save money, specific example, a hard, generic drug requirement under the Medicaid program.

Obviously there are exceptions but we know that for every percent in utilization rates you increase you save probably two plus million dollars. Looking at what Massachusetts has done we anticipate in a year we can increase the utilization rates by five percent for a savings of 12.5 million dollars.

We also include 1.5 million dollars for 300 new WRAP program vouchers for supportive housing, a very important program that should be included in all budgets in this legislature. With respect to public safety, storm response, we do fund the additional 168 troopers. Should the legislature study that? Should we determine whether or not 1,248 is the right level? Absolutely.

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But we should get to 1,248, conduct the study and then see where we go. We know we have attrition and retirements every year. If the study brings us below that number we can work our way down. But when you look at the cost of those 168 you would think that cost was going to add millions and millions to our budget.

Because there's so much overtime adding the additional 168 troopers and reduction of the overtime does not cost the State as much money and it's the right thing to do. Senator Kane also mentioned something that he has been talking about for a long time in looking at rebidding the correctional managed healthcare contracts.

It hasn't been done in a long time. I've had people for years tell me, if you put those out to bid you will be shocked at how many people will bid. There's a lot of money there and we can save money by bidding out those contracts. We do other steps in our budget that we've talked about for a long time such as eliminating longevity payment for nonunion employees.

We ask legislators, constitutional officers, Madam President, and others to take a pay cut in recognition of the dire financial consequences so many of our constituents have faced over the last years, the sacrifices that they have made. We do undo some of the consolidations that happened in the adopted budget specifically we remove the State Elections Enforcement Commission, the Office of State Ethics and the Freedom of Information Commission away from the Office of Government Accountability and restore their independence.

That is absolutely critical to our government and how we operate in the future. Transportation, Madam President, obviously is a very important issue for all of us especially for my constituents. I think Senator Boucher and myself -- I might be missing a Senator or two but are two of the few people in this circle who have constituents that struggle along the clogged artery called I-95 who struggle to get up and get to a train station at five a.m. in the morning so they can get to places like Stamford or Greenwich or Manhattan to work but we also represent constituents who know some of the traffic problems along I-84 corridor and coming from the Danbury area as well, Newtown, Redding, Ridgefield.

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We do not allow the rail increase of four percent to go forward. Those people have paid enough. They've waited 30 years to get their new cars. They've actually helped pay for those new cars. That rail increase is in many ways a slap in the face. Let me just suggest, Madam President, the discussion that Senator Harp had with respect to the -- the Medicaid fraud.

And I appreciate the fact that Senator Harp and your caucus met with Mr. Kane, State's Attorney Kane. He's an excellent man. We met with Len Boyle who I'm sure you know as well who is the head of the Medicaid Fraud Unit. He's very comfortable in the Medicaid fraud that exists in Connecticut, in fact nationally the average is 8.1 percent. Mr. Boyle believes in Connecticut it's as much as 15 percent.

And I would suggest to you without getting to acerbic that to call this Medicaid fraud savings of 102 million dollars as the lynch pin of our almost 20 billion dollar budget it is not. And I would further suggest to you, with all due respect that to suggest that to rely on this 102 million dollars fatally flaws our budget when the budget that you passed and adopted relied on 180 million dollars in an employee suggestion box, relied on 205 million dollars in employee SEBAC healthcare savings none of which existed, relied on 90 million dollars on better utilization of technology which hasn't happened, relied on 70 million dollars in better use of medicine from SEBAC that hasn't happened, is a little inconsistent.

Maybe those numbers won't come true but I would rely on the 102 million dollars in savings in Medicaid fraud which Len Boyle says may exist than 180 million dollars in an employee suggestion box. Madam President, this is a good budget. There are differences. There are differences no doubt. We do cut more.

We do have a disagreement with the earned income tax credit as passed. I stand here as one who does not oppose your income tax credit. I supported it. In fact that budget negotiations of 2009 I want to say it was with Senator Harp, at one point the distinguished Majority Leader and I thought we had an agreement to actually institute one and it was Governor Rell who didn't want to do it at the time and she had justifications and reasons for doing that.

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But the difference between what we did at 30 percent, extraordinarily high level, and piggybacking off of the federal level is that if you get it under the federal government, you get it in Connecticut without any oversight and accountability in Connecticut. And that's one of the continuing frustrations I have with -- with government.

I don't even know if this year I put in my bill to create an office for inspector general because for eight years I tried to do it and for eight years no one supported me. The federal government has an office of inspector general in every single agency of the federal government and the last reports from 2008, 2009 I believe were -- showed that they saved taxpayers of our nation over ten billion dollars.

We know there is waste in our government. We know there is fraud regrettably in some of our programs. Yet we do nothing in terms of sufficient oversight to try to find that and stop it from happening and save taxpayer dollars. That is one of our big differences.

And as Senator Stillman and Senator Kane had a colloquy with respect to a study on a privatization committee I have no doubt that this would be something that would be of significant difference philosophically perhaps between our Republican alternative budget and the majority budget. It would be something that would be significantly difficult to overcome politically.

But here's the reality. The reality is our nonprofit, private providers provide services within our communities to people who are sick, who are the elderly, people who are disabled and they do it for pennies of what it costs us as a State. And the Program Review and Investigations study proved that fact.

And because we as a State engage in a dual delivery system and because we as a State compete with those private, nonprofit providers we never fully fund them. They often end up being the training grounds for the State because they're paying their employees maybe 14 dollars an hour with mixed benefits while the State's paying 25 dollars an hour with fantastic healthcare and benefit package. They can't compete.

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But I believe they do a job that is absolutely every bit as good if not better. They do it for less and they do it more compassionately. And I think in a future Connecticut, ten, 20 years down the road, we can fully fund and service all of our people with needs, not taking services away from anybody but all of them through private, nonprofit providers. It's not taking services away from people.

It's a different delivery model that saves hundreds of millions of dollars. That's a Republican vision for a more efficient spending of State dollars. That's a Republican version of a budget that actually reduces expenditures from what was appropriated, that gives people tax relief and roots out fraud, waste, and abuse in State government. Thank you, Madam President.

THE CHAIR.

Thank you. Will you remark? Will you remark? If not, Mr. Clerk, will you call for a roll call vote and the machine will be opened.

THE CLERK: .

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call has been ordered in the Senate.

THE CHAIR:

If all members have voted. Have all members voted? The machine will be closed. Mr. Clerk, will you call the tally.

THE CLERK:

On Senate Amendment Schedule A.
Total Number voting 35
Necessary for adoption 18
Those voting Yea 14
Those voting Nay 21
Those absent and not voting 1

THE CHAIR:

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The amendment fails. Will you remark?

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President and good evening to you.

THE CHAIR: Almost good morning, sir.

Good evening, sir.

SENATOR SUZIO:

Not yet. Madam President, the Clerk has an amendment LCO number 5399. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk, will you please call LCO 5399.

THE CLERK:

LCO number 5399, Senate B offered by Senator Suzio.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Madam President. Madam President, I move adoption of the amendment and move to waive the reading. I would seek your leave to summarize.

THE CHAIR:

The motion's on adoption. Will you remark, sir?

SENATOR SUZIO:

Thank you and by the way, Madam, I would request a roll call vote.

THE CHAIR:

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I suppose. A roll call vote will be had.

SENATOR SUZIO: .

The amendment before you, ladies and gentlemen is -- represents the concept I've been discussing in the public for about a month and a half now. I call it two for two. Put quite simply it's a proposal to reduce the petroleum gross receipts tax from its current rate of 7 and a half percent to two percent for two months, the months of July and August when Connecticut families are using their cars more than ever and need a break at the pump so hence the phrase two for two.

The goal of this proposal is -- there's actually three goals. One is to give Connecticut families significant tax relief when they go buy gas this summer. Two is to stimulate some economic activity in Connecticut. And three I offer as a friendly challenge if you will, a test a difference of theory about how taxes and lower taxes affect economic activity.

We Republicans believe that lower taxes will stimulate more economic activity and offset at least partially if not completely the lost revenues. Now let me just go through how this would affect tax prices in Connecticut because I know some people have questioned, how do you come to the savings. The savings, by the way are the equivalent of about 17 cents a gallon. And it's computed this way.

If we assume that gas prices stay the way they are right now, 2 on the three dollar so called rack price is only six cents a gallon. The maximum petroleum gross receipts tax that's charged is 22.6 cents per gallon. Therefore the savings would be about just under 17 cents a gallon. Now that would reduce our gas taxes in Connecticut temporarily to 31 cents a gallon roughly. Now let's look at it in the context in which we live and work right now.

Massachusetts which we all used to laughingly call taxachusetts has gas taxes that amount to 23 cents a gallon, and Rhode Island are 33 cents a gallon. Today without this two for two amendment Connecticut gas taxes are 47.6 cents a gallon. We're more than double the taxes per gallon paid in Massachusetts and 50 percent more than the taxes paid per gallon in Rhode Island, our two closest New England states.

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But that comparison is consistent almost everywhere you go. Connecticut gas taxes accumulate to about the third or fourth highest in the country and magnify the problem of increasing gas prices. So clearly Connecticut taxpayers are paying far more than their fair share certainly again in comparison to our immediate neighbors.

Now the Office of Fiscal Analysis has looked at this proposal and I'm certain many of you if not all of you have looked at their opinion and they should that this would result in an estimated revenue loss of about 47 million -- 43 million dollars to the State predicated on about 280 million gallons of gasoline sold in those two months.

I would point out to you that states give no benefit whatsoever to a nickel's worth of economic activity which is totally unrealistic but that's not their job. But I can tell you anecdotally I've talked to people who own gas stations on the border with Rhode Island and they told me -- one gas station owner in particular told me that last year they were doing 24,000 gallons a week of transactions and it's down to 16,000 gallons a week. So they've lost 8,000 gallons a week of transactions and all the taxes associated with those 8,000 gallons are gone. They're over in Rhode Island or in Massachusetts right now.

In addition they told me those 8,000 gallons are the equivalent of 800 fill ups and they told me that 75 percent of the people that go in to buy gas at their gas station typically will go in and buy cigarettes, coffee, the knick knacks and things that are sold at these gas stations. So we -- they lost the economic activity associated with those incidental purchases and of course we lost the sales tax associated with that.

So there is a significant loss of tax revenue when people start buying their gasoline across state lines simply because our taxes are much higher than our neighbors. I believe that the real cost to the State of Connecticut if you want to be very conservative about it would be in the ballpark more of about 30 million dollars and if anyone wants me to explain that I'd be happy to do so if anyone questions me on it.

So basically I want to say to you this, the question always

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is put forward how do we pay for a tax cut. And I submit to you that's the wrong question. It's the wrong question because we are on -- on track to collect over 60 million dollars above what we originally budgeted for this year in gross receipts tax and it's built into next year's budget as well.

So the question is we've collected money. It's not a question of how you -- what you pay for. It's a question of how you spend it. Again, if you look at the actual tax revenues year to year for the first nine months of the current fiscal year we collected over 43 million dollars compared to last year at the same time. That's the equivalent of a 28 percent increase in gross receipts tax collections.

And ironically at the same time we've collected lower gas excise taxes which are fixed at 25 cents a gallon. So that tells you that we are actually selling a little -- less gas and we're charging more for it in the way of our taxes because every nickel and dime of those windfall gas collections that we've been collecting on the gross receipts tax has been driven not by increased volume of activity, ironically it's been driven by an increase in gas prices and less activity.

So the real question again is how do we spend the money that we've been collecting in the form of windfall taxes on the petroleum gross receipts tax. And the choice is simple. We have a choice. The choice is to give it back to the Connecticut families that we took it from in the first place or to allow the Office of Policy and Management to take the extra collections and make up for the mistakes that they made in the budget.

OPM has proposed taking the extra PGR -- petroleum gross receipts taxes and offsetting or using it to partly offset the shortcomings that they had in other areas. We propose giving it back to the Connecticut families who it was taken from in the first place. You know a few weeks -- only a week or so ago we heard talk about price gouging and speculation. Well as I've said to others if price gouging and price speculation so is tax gouging and tax speculation. And when you build a budget predicated on high gas prices you're doing the same thing that you accused the speculators of doing.

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You're making your budget balance and betting that gas prices are going to be high. That's what speculation is. It's assuming and taking a chance that gas prices or commodities prices will be higher and profiting from it. Connecticut has been in effect the biggest speculator in the gasoline market and worse of all, we're speculating and betting against our own people. So we have a choice. It's not how do we pay for this.

It's now do we take the money that we are collecting above what we originally expected? Do we give it back to the people it was taken from in the first place, Connecticut's families that are hard oppressed and pay the highest gas taxes in all of New England and the fourth highest in the country or do we let the Office of Policy and Management take all the windfall gross receipts taxes that we've collected and use it to compensate for their mistakes in the budget.

I think the choice should be hands down very clear. We shouldn't penalize Connecticut taxpayers for the mistakes made in the budget by gouging extra taxes from them and refusing to give it back to them. That's rewarding poor budgeting and it's penalizing Connecticut families and Connecticut taxpayers.

So I ask all of you to approve this amendment I'm introducing tonight which will give the money back to the people who paid for it in the first place, Connecticut families who are hard pressed in a very slow economy. Let's take up the challenge. Let's cut the gas taxes for two months. Let's have a gas tax holiday in Connecticut and I challenge you my friends across the aisle to let's see what happens.

Let's see what happens when we cut gas taxes significantly enough that we are competitive with our surrounding states. I'm not afraid to take up the challenge. If you believe in where you're coming from then you shouldn't be either. But let's see if a significant reduction in gas taxes on Connecticut will stimulate more economic activity here in Connecticut. Let's put the theory to the test. Madam President, I urge adoption of the amendment.

THE CHAIR:

Thank you. Senator Harp.

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SENATOR HARP:

Thank you, Madam President. I urge rejection of this amendment. A couple of times I've been here and we've reduced the gas prices and it hasn't been passed on to the consumers. So that I -- I think it's a nice idea to think it would happen but I've actually seen when it really hasn't happened. We can't assure that it happens and so for that reason I would not jeopardize our overall budget for an experiment that we've seen before fails.

THE CHAIR: .

Thank you. Will you remark? Will you remark?
Senator -- Senator Harp.

SENATOR HARP:

When the vote is taken --

THE CHAIR:

It has been called for, Ma'am.

SENATOR HARP:

Thank you.

THE CHAIR: .

Thank you. It will be a roll call vote.

Senator Suzio for the second time. Oh, sorry. Senator Fasano.

SENATOR FASANO:

Thank you, Madam president. I stand in support of the amendment two for two and I thank Senator Suzio for not only bringing it out but coming up with this idea for Connecticut residents. You know all of us know how high the gas prices are. All of us know that during the summer we do use the care more often than any other year -- any other part of the year.

And we all know that our constituents have been plagued

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with the highest gas prices around in the country and over the last couple of months they've come down a little now but nevertheless some of the highest gas prices for an extended period of time.

We have taken advantage of the excise tax to take extra money out of our constituents pockets not to be used for bridges or road repair but to be used for balancing the budget. I kind of look at this idea in two folds, a two for two for two. A twofold. One is the fact that we're kind of paying back the money we shouldn't have taken back when the excise tax was put on without a cap and that money went to the General Fund. And secondly I look at it as just giving our constituents a break.

You know the philosophy that we heard about if we raise our taxes a billion three, a billion four a year ago we'd be in a surplus and we'd have money and we'd be in good shape. But what actually happened? What actually happened is we raised the taxes and we drained the money out of the economy so although maybe personal income tax has gone up a little bit because our rates have gone up and maybe the income's gone up a little bit but our sales tax has gone down and that's because we siphoned the disposable income right out of the economy. That's what really happened. And that just proves -- you know people always argue if you tax you're more benefited than if you don't tax.

How do you get the economy going? And if anything the high tax rate showed us it hurts the economy. Well using that philosophy going for the two for two what we're saying is give us two months, let us pump some money back into the economy when people are going to go to Mystic, are going to go to the various parks that we have around. Let them travel. Let them spend less on gas and let them spend more money at the parks, more money at the restaurants, more money at the entertainment places that we have around this State.

That may actually work. It's certainly worth giving a try. It's certainly worth at least hitching the idea to the fact that we haven't capped the excise tax and therefore we got this windfall profit. Let's give it back to people. Let's do something the State has not done in a long time which is reduce taxes and put money back in the hands of our constituents so they can pay.

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I don't think that's asking too much of this legislature. I don't think that's asking too much after 1.4 billion dollars in new taxes. I don't think that's asking so much in light of the fact that the budget that's the underlying the bill out here is raising expenses yet again for the State. I don't think it's asking too much. Madam President, for those reasons I support this amendment. Thank you.

THE CHAIR:

Thank you. Senator Welch.

SENATOR WELCH:

Thank you, Madam President. I too rise in support of -- of this amendment. I guess I come at it from a number of perspectives and one is a personal one and that is regrettably we drive a large vehicle, not by choice but by the necessity of putting nine people and a dog in it. And so when we pull into the gas station it hurts. It hurts a lot.

And I know it doesn't just hurt me and my family but many of the people in the 31st district where gas prices are high and I appreciate the initiative of this body and the capping of the tax but I think we have a unique opportunity here to go one step further.

And I wouldn't necessarily say it's an experiment because it's something that's been done or it's something we've seen the results of a number of times. I can just think recently to the 20 percent increase in the excise tax on alcohol and what that's done to liquor sales here in the State of Connecticut and the consequences of that.

So I think the policy of--of a period of time of lower tax on gasoline would go a long way to help stimulate our economy, would go a long way to help people who need help especially this summer as gas prices might and usually do go up. I also look at it from the perspective of one who for his day job is often on the road traveling to different states throughout this country and seeing the gas prices reflected there.

I mean you don't have to go too far to the neighboring State

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of New Jersey where not only is gas less expensive, they pump it for you, the Midwest as well much less in cost. And so to me that says a number of things. And I understand regional pricing. And I understand supply and demand but I also understand taxation and what that does to price, what that does to consumption and the chilling effect that has on economy. So I too rise in support of this amendment and I thank the Chamber for its time. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark?

For the second time, Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President. Just quickly Senator Harp expressed objections to the proposal because she's concerned about whether it will work or not. I would suggest that we've got a budget that's predicated on a very risky proposition.

It's predicated on gas pricing staying high and there's only one way our gas taxes can go. Our gas tax collections will go down if the prices of gas go down. We've left ourselves with a hole in the budget to which we're very vulnerable. I suggest that is a very risky thing to do.

We all know that Connecticut families are paying the highest gas taxes in New England bar none and by far more than Massachusetts or Rhode Island. They are crying out for relief at the pump right now. We owe it to them to make our gas prices at least competitive. Even this proposal doesn't lower our gas taxes down as far as Massachusetts or Rhode Island but it gets us very, very close competitively at least and it could help out all those businesses along the border of the State that are losing business in droves to Rhode Island and Massachusetts.

Finally I just want to say this contemplate this, sometime this fall you're going to be talking to your constituents, Connecticut families who can ask you and say to you why wouldn't you give me two months worth of some kind of a break at the pump? Something that would be at least

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comparable to what we used to call taxachusetts. We -- the families of Connecticut need this break now so I strongly recommend that my friends across the aisle reconsider this. It is risky not to lower our taxes.

It is risky to have the highest gas taxes in all of New England and it hurts Connecticut families. They need a break. This is only a two month break. It's not going to break the budget but it will give Connecticut families badly needed tax relief at the pump this summer, July and August. Thank you, Madam President.

THE CHAIR: .

Thank you. Will you remark? Will you remark?

If not, Mr. Clerk, you can call for a roll call vote and the machine will be opened.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call has been ordered in the Senate.

THE CHAIR:

Have all -- have all members voted? If all members have voted the machine will be closed. Mr. Clerk, will you call the tally please.

THE CLERK:

Senate Amendment Schedule B.		
Total Number voting		35
Necessary for adoption		18
Those voting Yea		14
Those voting Nay		21
Those absent and not voting		1

THE CHAIR:

The amendment fails. Will you remark? Will you remark?

Senator Roraback.

SENATOR RORABACK:

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Thank you, Madam President. If I may through you, a couple of questions to the proponent of the underlying bill.

THE CHAIR:

Please proceed, sir.

SENATOR RORABACK:

Thank you, Madam President. My specific interest is in better understanding the economic recovery notes and the 222 millions which when the budget was passed last year was anticipated to be spent to retire economic recovery notes which I believe, through you, Madam President, were issued when the State faced a deficit not too long ago.

And through you to Senator Harp, Madam President would she mind refreshing my recollection on when the economic recovery notes were issued that were to have been paid down according to last year's budget?

Through you, Madam President to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR HARP: .

Thank you very much. I believe they were issued in fiscal year nine.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. And my recollection through you to Senator Harp is that when we issued those economic recovery notes in the face of a rather large deficit in 2009 the legislature I don't believe that my party was enthusiastic about this approach but my recollection was that we deferred beginning payment to retire those notes for two years. Through you, Madam President to Senator Harp, does she recall how those notes

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were structured -- how they were structured?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. The note that I have here -- because through you, Madam President, I honestly don't remember this. It says in fiscal year ten the State began retiring this debt via annual appropriations to the debt service line item of the Office of the State Treasurer through fiscal year 12.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. And what I'm trying to understand is that I believe when the budget passed a year ago we were planning in fiscal year 12 to pay down these economic recovery notes to the tune of 222.4 million dollars and that because we are now facing a deficit of larger than that amount we are deferring the debt payment and continuing to carry that debt. Through you, Madam President, to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Through you, Madam President.

I believe that in fiscal year ten the State began retiring the debt via annual appropriations to the debt service line item of the Office of the State Treasurer through fiscal year '12. The State is scheduled to have paid off 252.2 million of the debt. The balance of the debt in the amount of 833.7 million is scheduled to be paid off in fiscal year '16 provided that none of it is redeemed early.

My understanding is that the debt itself is noncallable.

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And so for the amount that is in the surplus that was reserved for the economic recovery notes, the 222.4 million it couldn't be paid at least this year. I think that it could possibly be paid in fiscal year '13 but it must be paid off by fiscal year '16.

Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. And when Senator Harp says it couldn't be paid this year, through you, Madam President, does she mean it couldn't be paid this year because we don't have the money or that it couldn't be paid this year because as a matter of policy there's a prohibition against paying down that indebtedness.

Through you, Madam President to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Through you, Madam President.

And I honestly don't understand these things that well but my understanding is it's noncallable until fiscal year '13 and at that point we can pay something. But this is -- so we're going in fiscal year -- I think in January of fiscal year '13. So when I said this year I meant now it's in our cash account now and available.

And the recommendation is that we use it for the problem that we have currently in our budget. It's not available for the economic recovery notes until they're callable which I believe the first part of that from my understanding is fiscal year '13 around January.

THE CHAIR:

Senator Roraback.

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SENATOR RORABACK:

Thank you, Madam President. And I'm asking these questions because the fiscal year '12 budget that we passed over the objections of the members of my party but the budget that passed last year contained an embedded surplus as I recall. Through you, Madam President there was an anticipated surplus that was built into the budget last year and we're now running a deficit.

So through you, Madam President, to Senator Harp, would she agree that what was passed last year contemplated a surplus if all went according to plan and that -- I'm sorry. Through you, Madam President, does Senator Harp agree that the budget that was passed last year contemplated a surplus for fiscal year if all went according to plan but that all has not gone according to plan and because of that we're not confronting a deficit rather than the surplus that was originally anticipated? Through you, Madam President to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, the budget that we passed last year contemplated and projected a surplus. The surplus that was contemplated did not materialize and as well we have a deficiencies in spending particularly in our Medicaid account and as a result we have a reduction in revenues as well as deficiency issues that require that we address problems in fiscal year '12 that amount to about 206 million dollars. Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. And my understanding is that what we planned to do last year was to set aside 222 million dollars of revenue from fiscal year '12 and make it available to pay down our economic recovery notes, our

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indebtedness that Senator Harp says is callable in 2013.

And because economic conditions have not improved to the extent it was anticipated they would we're going to be forgoing that debt payment and using those dollars instead to address the deficit we have in the current fiscal year. Through you, Madam President, does Senator Harp think I have my head screwed on relatively right or not so much? Through you, Madam President.

SENATOR HARP:

Thank you, Madam President. Through you, Madam President. I think we're saying the same thing. We didn't anticipate when we passed the budget last year that we would have an over 200 million dollar problem and so as a result we do have that problem and we have a number of remedies.

One of the remedies is that we could borrow again for the current problem that we have. We could raise taxes or we could cut spending. But we discovered it very late in this quarter that we have the problem that we have in fiscal year 12. And so because our cash account has the extra 222.4 million dollars in it and it is available rather than borrowing money or raising taxes to satisfy the fiscal year 12 deficiency we are basically utilizing the money in the cash account that represents the economic recovery notes to satisfy our deficit in this year as required by constitution. Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. I appreciate Senator Harp's answers. What -- and I don't have any further questions at this time. The -- last year the theme that I think was sounded in this General Assembly was that we as a State could essentially tax our way to prosperity, that if we had the political courage to enact the largest tax increase in this State's history it would build a foundation upon which an economic recovery would grow.

Madam President, I was skeptical of that theory then and

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I'm skeptical of that theory now. And many of us voted against that tax increase because we feared rather than serving as the foundation for economic growth and prosperity for our State that it would inhibit and impede the kind of economic activity which will benefit all the citizens of the State of Connecticut. So taxing our way to prosperity doesn't appear to have worked.

Now, Madam President, to solve the budget deficit that we have despite the largest tax increase ever we're going to borrow our way to prosperity.

And we're borrowing our way to prosperity because instead of making the difficult and I would concede painful decisions to reduce spending in an amount which would enable us to balance the budget without incurring additional indebtedness we're choosing instead to borrow our way out of the problem. But just like when we thought we could tax our way out of a problem I'm fearful that the decision to borrow our way out of a problem will lead to yet another problem in the next fiscal year.

Madam President, no one would maintain that reducing spending is fun or that it's easy but all of us should recognize that it's necessary if Connecticut is going to remain competitive in a global economy and if Connecticut citizens are going to have the greatest promise of economic prosperity. Madam President, in my judgment the budget before us fails to address the needs of Connecticut citizens in the most responsible way and for that reason I urge rejection. Thank you.

THE CHAIR: .
Thank you. Will you remark?

Senator Suzio.

SENATOR SUZIO:

Good evening again, Madam President.

THE CHAIR:

Again.

SENATOR SUZIO:

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I just would like to ask a question to the proponent if I may through you, Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO:

Through you, Madam President, section 21 of the proposed budget if I read it properly it's almost mind boggling to me what I think it does. Section 21 pertains to the teachers' retirement board healthcare service cost account and it looks to me like we're going to take money out of the retirement fund to pay premiums back into the retirement fund in order to avoid the Governor's proposed increase of taxes -- or I'm sorry a premium sharing on retired teachers. Is that an accurate understanding of what's going on in that section of this budget?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, yes.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Well thank you. So we're robbing Peter to pay Peter. I thought this administration swore off gimmicks. I've never seen a more blatant gimmick in my life. And what we're doing is we're jeopardizing the solvency of the fund by paying the fund with its own money. If we keep doing that we'll be out of money pretty soon.

It's only one small item in a huge budget of course but I think it betrays the commitment that the administration made to the people of Connecticut not to employ budget gimmicks. And I've never seen a more blatant gimmick in my life. I urge rejection of the proposed budget. Thank you, Madam President.

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THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President. I'm not really asking the administration to take responsibility for this. This is something that came about in our budget and was not proposed by the administration in their budget.

THE CHAIR:

Thank you, Senator Harp. Senator Kane

SENATOR KANE:

Thank you, Madam President. I will be brief. First, I failed to thank Jared Smith and Lisa Hamersley from our staff for putting together our alternative midterm adjustment plan and certainly Representative Craig Miner, my counterpart and ranking member on the House side.

Madam President, as has been stated many times in the circle tonight there are many differences between House Bill five -- 557 I believe it is and the proposal that we put forth in midterm adjustments. And the reason for that is we have two different ways of thinking on how to establish policy for the State of Connecticut. Certainly we agreed on some pretty big issues like education reform and pension reform. I was glad to hear Senator Harp mention that they used some of ideas as well like Medicaid fraud and supporting independent pharmacies.

But the major difference, Madam President, is whether you're going to spend your way out of this situation or reduce spending from a difficult situation. Twenty nine states as we've already stated have surpluses. We are not one of them obviously. We're looking at a very large deficit yet we continue to spend. We promote more and more spending. We certainly have an appetite for it that needs to be quelled. You and I are doing it in our own homes, Madam President, certainly eth business community is doing it.

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Yet the State of Connecticut won't answer that same call and wishes to increase spending more and more. It just doesn't work. We're digging ourselves into a deeper hole and this is where you see the differences between the two underlying philosophies. So I too will be voting in the negative, Madam President. Sooner or later we really need to stop and we really need to look at the mirror and say we cannot go down this road any longer. Thank you.

THE CHAIR:

Thank you. Will you remark? Will you remark?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. I rise in opposition to the budget before us. No surprise. Disappointed last year that our budget process was a one party process to the exclusion of our side of the aisle as representatives of over a million people in the State of Connecticut.

I think it's fair to say that while we may have certain disagreements on philosophies and directions for the State I think as we learned in the jobs package there are things that we can add and there's things that we can learn from each other.

You know when I talk to people in everyday life whether it's personal friends, parents that at my kids' soccer games, people at Stop and Shop; that seems to be one of the places where people always will stop you is at the grocery store. A five minute trip usually takes about an hour and a half. But -- and you talk about this State's fiscal troubles and you say to them that in our fiscal year that begins July 1, the Governor and the majority have proposed to increase spending, an additional 143 million dollars over the enacted budget which also increased spending so that our expenditures in the year ahead are 365 million dollars than the year we're in right now.

And yet we have a budget deficit in the year right now and we're not doing anything to deal with it. People get angry, they get frustrated and they don't understand why it is we continue to increase spending at levels that they cannot afford.

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When we first convened this two year session of the legislature to deal with some very difficult problems I think it's fair to say that Governor Malloy brought a very tough minded, straight forward attitude towards the problems we had. An attitude I respect. It's also fair to say that the three point plus billion dollar budget deficit we had was not of his making.

But I think it's fair to say that the solutions brought forward have not all worked. And the tough mindedness he showed when we said that he was going to fundamentally change the way we account and fund for things like transportation by making sure that all of the money we collect from gasoline and diesel taxes goes to fund our transportation is completely eroded in this budget where we divert 70 million dollars from our transportation fund.

So when people across Connecticut are struggling with the highest gasoline prices in the country and their elected representatives. Some of us try to cut those gas prices and give some relief we're told we don't have enough money. We can't take care of our roads and our bridges yet for years we've stolen money from the transportation fund.

This Governor said those days were over and one year later he's gone back on that promise. He talked about fundamentally reforming the way we account by doing generally accepted accounting principles and I'll never forget it when he said it our side of the aisle jumped up because we've had record votes in this circle where Republicans were the only ones to vote for it. And less than two years into that administration where we were making fundamental change to revert to generally accepted accounting principles we do not have the money to convert to GAP in 2013 under this budget. Another failed promise so quickly.

This Governor has criticized all of us, Republicans, Democrats and prior Governors for the constant years of shell gain with our budgets. This coming from a Governor who steals four million dollars, figuratively not literally from the banking fund and deposits in the General Fund. Sounds like those old shell games that we always played that he was so critical of. And the most disappointing and egregious breach of his promise was that we're taking over 200 million dollars that we set aside

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to pay off our bonds early to protect the people of the State of Connecticut to do things in a better way.

We're now borrowing that money to cover operating expenses. And it's not like this budget deficit came as a surprise. In January we wrote to the Governor and said Governor please prepare a deficit mitigation package, a deficit is heading our way. And our pleas went ignored in January and February and March and April. There was hope that a deficit wouldn't occur.

Hope for the best, plan for the worst. That's what we're told. That's not what this Governor did. So we borrow. I remember borrowing hundreds of millions of dollars to cover operating expenses that this legislature did. We call borrowing economic recovery notes as if our constituents might somehow be fooled by that. Beyond the stupidity of that borrowing we actually borrowed more money so we could use more borrowing to pay off the interest because we didn't have the money to pay it off.

So putting those bonds to rest early is good fiscal planning and we're not doing it because in January we wouldn't make the tough decisions to cut our spending to balance our budget. The Governor's right, in past years this legislature did spend every penny in the cookie jar. I want to correct him on one thing, I voted against those budgets Governor. I wrote letters, made phone calls, made personal visits to our former Governor and begged her not to allow that bad budget passed by the Democrats to become law and sadly she did without her signature. So if we're going to be critical let's understand the facts and place the criticism where it is due even if it is on your own party. That's leadership. That's accountability.

After the largest tax increase in our history, after all of the tough talk about making tough decisions we continue to increase spending and we fail to get the savings promised under the SEBAC deal. No 180 million dollars from the employee suggestion box. Not one penny from the employee suggestion box. No 205 million dollars from the healthcare and the list goes on and on and on.

It is not a revenue problem, ladies and gentlemen. It's a spending addiction that we have in this State and we need to kick the habit. We need to stop increasing spending year after year after year after year. We have on our side

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of the aisle talked about how our constituents, families, small business owners have learned to live with less.

They've cut spending because they have to. They don't buy things for their kids so they can pay their bills and their mortgage. Businesses have laid off employees so they can keep the lights on and the doors open. And I hear people in this circle say you can't run government like a business.

No and you probably can't run government like a family budget either. But you can learn to make the tough decisions that those hard working people across the State of Connecticut have been making every single day during this economic recession, the worst in all of our lifetimes. And when we look at public opinion polls and people say we have about 25 percent faith in our government it's because they look at us and they say why can't you do what we do every single day? We don't want to do it.

We don't like to do it. But we do it because we have to. And because too many people in our government think it's not the taxpayers' money, it's not our constituents' money, that the money belongs to government we don't think we have to make those tough decisions. And that is a fundamental, philosophical divide between the two budgets we have here.

One makes tough decisions. One does not. One believes the money belongs to the hard working people of the State of Connecticut, the other belongs -- believes it belongs to government. One provides some tax relief, the other does not. One engages in the same old patterns and practices of past years despite the promise not to ever again. Madam President, this is a midterm budget adjustment.

My hope is that when the legislature next elected convenes in January 2013 and works on a budget for the 2014 and 15 year it will not be a partisan, one party budget but will be a collaborative effort between all of the members elected to this circle and in the House of Representatives because I truly believe that will yield a better result. Thank you.

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Will you remark? Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, speaking in support of the budget adjustment bill. First wanted to commend Senator Harp for doing this year what she has done throughout her tenure as appropriations committee Chair. A masterful effort to balance competing concerns all of which in many ways present imperatives that have to be evaluated and placed in harmony with each other.

This is a great skill and we're blessed that we have her in our midst to do that along with her counterpart Representative Walker. Anyone who knows the appropriations committee process and the painstaking work of the 13 subcommittees and all of the hearings and all of the other work and then the submission of the subcommittee reports to the Chairs and they're going through that entire highly responsible and painstaking process ultimately to come to the night like this when we vote on the budget.

We certainly owe Senator Harp and Representative Walker a debt of thanks. And it does indeed balance the concerns of the State. We see in this budget adjustment bill in many ways it is a result of the more painful choices that we made last year when we grappled with a three and a half billion dollar deficit at that time and now having to make a relatively minor adjustment at this time.

But at the same time there are needs that have to be met in good times and in bad and this budget adjustment does in fact meet those needs as the imperatives of the education reform bill that we passed last night are also reflected in this budget. The funding for the 22 school based clinics and expansion of family resource centers and renewed emphasis upon science and reading in kindergarten through eighth grade to prepare students for the 21st century economy, all of that has a cost to it and that is met in this budget.

The underwriting of 1,000 school readiness slots and we all know that there is nothing that we can do to help address the performance gap and achievement gap in our society more effectively than address it at its earliest stages when that gap is beginning to grow in early

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childhood and the preparation of school readiness and the funding that we put in this budget for that initiative will reap dividends for years and years to come in closing that gap at its earlier stages when it's not so pronounced and so intractable that it becomes more difficult to do as children age and become aware of their deficiencies in school and see school as a place of failure rather than of success.

This budget deals with that. So there are many things I think in this that we really should be extraordinarily pleased about that the needs are met, they are addressed responsibly. We have addressing of our housing concerns. As we all know lack of appropriate housing is a -- is a terrible crisis and a blight in our society. We have 300 new WRAP vouchers.

In this budget provision of summer employment funding for youth and that of course is always one of the things that we're concerned about, idle youth getting into trouble and the lack of -- and lack of activities, lack of summer jobs is a crisis every year in urban areas in particular. The provision for Shoreline expansions. Shoreline East expansion, night bus service in Waterbury, bus service from the New Haven rail station to Southern Connecticut State University, ways in which we need -- we often pay lip service to ways of enhancing mass transit but we have to find ways to actually pay for that to make the service more convenient, to make it more accessible and therefore build up ridership and usage.

So there are so many good policies of this kind in this budget adjustment that reflects what we think our consensus priorities of the kinds of things the people do want to see the State invest in. And therefore I urge support of the budget. Thank you, Madam President.

THE CHAIR: .

Thank you. Will you remark? Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President. I rise to support the budget adjustments before us here, to thank very much my colleague, Majority Leader, Senator Looney but also very much the Chairman of the appropriations committee, Toni

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Harp, her colleague in the House, Tony Walker. Senator Harp has worked tirelessly not only this year but in particular the last three years, three of the most difficult fiscal years in our State's history and in our country's history.

We have been through and are still suffering the consequences of the worst recession in our lifetime in the United States of America. It was just three years ago that the State budget deficit as we were looking forward for two years at that point was more than eight billion dollars. As we addressed the fiscal year, the two year period beginning last year the deficit was projected to be 3.3 billion dollars.

Right now we are looking to make adjustments to compensate for shortfall of just under 200 million not billion but million dollars. As Senator Harp said earlier about one percent of our budget compared to a 15 percent shortfall at three plus billion dollars last year.

Fifteen percent down to one percent. Last month, just a month ago the Center on Budget and Policy Priorities took a survey of all 50 states and noted that 30 states had projected deficits totaling 49 billion dollars. Connecticut is far better off than many other states in the United States because Governor Malloy and this legislature made some very tough but necessary choices last year to turn our fiscal ship in a different direction and put us on a path to a balanced budget in the worst of fiscal times.

And how did we accomplish this. Did we accomplish it by following the path of some other states and savaging education with dramatic cuts or eviscerating aid to our cities and towns resulting in local property tax increases or shredding the safety net for those in the greatest need in this terrible economic downturn? No, absolutely not. Governor Malloy and this legislature did not do that.

We were able to make significant and deep cuts in State spending and yes, tax increases that were unpopular last year that have resulted in dramatically changing the budget picture for the better here in Connecticut and especially when compared to other states that did go down those other roads. They did slash spending for education. They did shred the safety net. They did cut significantly

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dollars for cities and towns resulting in property tax increases.

We did not go down that road here in Connecticut and as a result as the economy nationally they tell us is slowly recovering we are poised to recover in Connecticut and we have preserved those assets, our schools, the education of our young people and the training for our adults who need that training to find the jobs of the future. We have preserved those assets that are vital to our economic recovery.

So Madam President, we have made the tough choices. Governor Malloy has helped lead us out of this economic wilderness that the United States has suffered in the form of a recession over the last three years. And because of these tough choices we are poised to take advantage as the economy slowly recovers and as we move in other areas that we've addressed here in this legislature to shore up our economy, our companies and encourages -- and encourage those businesses, small, medium and large to grow here in Connecticut. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark?

If not, Mr. Clerk, will you call for a roll call vote and the machine will be opened.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call has been ordered in the Senate.

THE CHAIR:

If all members have voted. Have all members voted/
The machine will be closed and Mr. Clerk, will you please call a tally.

THE CLERK:

House Bill 5557.	
Total Number voting	35
Necessary for adoption	18
Those voting Yea	22

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Those voting Nay 13
Those absent and not voting 1

THE CHAIR:

The bill passed. Will you -- will you remark?
Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, we have a few additional items to mark at this time and then we hope that we'll have one other item as an order of the day and then we hope also a consent calendar this evening. But Madam President we have a few bills that we believe were passed temporarily earlier that should be ready now. First is on calendar page one, calendar 116, Senate Bill number 282.

If that could be marked go and also Madam President, calendar page 31 under matters returned, calendar 109, Senate Bill 183 also marked go. And in addition, Madam President, a matter earlier I believe, calendar page three actually which will be containing an amendment from an earlier bill, calendar page three, calendar 269, Senate Bill 254 would mark that go.

And also an item passed temporarily earlier, calendar page 30, calendar 61, Senate Bill 75 would mark those items as go at this time. And I would stand at ease for just a moment, Madam President.

THE CHAIR:

Senate will stand at ease.

(Chamber at ease.)

SENATOR LOONEY:

Madam President.

THE CHAIR:

Yes, Senator.

SENATOR LOONEY: