



Connecticut Business & Industry Association

TESTIMONY OF
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CONNECTICUT BUSINESS AND INDUSTRY ASSOCIATION
SUBMITTED TO THE
APPROPRIATIONS COMMITTEE
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LEGISLATIVE OFFICE BUILDING
STATE CAPITOL
HARTFORD, CONNECTICUT

Good day. My name is Pete Gioia. I am the economist for the Connecticut Business and Industry Association (CBIA). CBIA represents about 10,000 firms, which employ about 700,000 women and men in Connecticut. Our membership includes firms of all sizes and types, the vast majority of which are small businesses with fewer than 50 people.

CBIA would like to comment upon the following bills: SB 49, SB 156, SB 157, SB 172, HB 5098, HB 5303, and HB 5305.

SB 49

The state is weak in its long term fiscal planning. Any comparably sized private organization routinely does such long term planning. It would be wise to think in longer horizons given cyclical economic changes such as we are facing today. We support such efforts.

HB 5303

It would be prudent that any budget bill, including both the Governor's Recommended Budget and any Appropriations Budget Bill sent to the Governor, include such information as a matter for greater disclosure and transparency in the budget making process. However, we would

like to see this include the median and average cost comparisons of private social service provider contracts and similar work provided by state employees. DSS research shows the state employee cost of such services to be about double the cost of our not for profit provider network. A light needs to be shined upon this.

Spending Cap Bills

CBIA welcomes efforts to better define and codify existing OPM-OFA use of inflation and personal income statistics so that these are consistently adhered to from administration to administration

CBIA reminds the committee that spending reforms passed in 1991, including both the spending cap and biennial budgeting were part of a compromise that included adoption of a broad-based state personal income tax. In our minds and in the minds of our members the two items –spending reforms and tax changes – are unequivocally linked. Eighty-one percent of the electorate in 1992 voted for the state spending cap, an unprecedented call for prudent state spending. Our business membership overwhelmingly supported this spending cap. Businesses trust in state government is closely linked to the state government promise to keep spending in check to the growth in personal income. This is substantiated by several surveys of the business community.

CBIA asks the General Assembly to heed these wishes well as it debates modifications to the cap. CBIA notes that the spending cap has served the state well. The bulk of our state surpluses has been actually used in one-time spending projects or has retired or avoided state debt. Other surplus funds now comprise our “Rainy Day Fund” reserve.

CBIA recognizes that no cap is foolproof. Policy makers determined to ignore or circumvent a limitation can and will do so. But, we will be vigilant in holding policy makers accountable regarding how and for what reasons they modify the cap.

Thank you for the opportunity to present this testimony.

