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Office of The Attorney General  
**State of Connecticut**

*TESTIMONY OF  
ATTORNEY GENERAL RICHARD BLUMENTHAL  
BEFORE THE APPROPRIATIONS COMMITTEE  
FEBRUARY 10, 2009*

Thank you for the opportunity to provide this testimony concerning the Administration's proposed budget for the Office of the Attorney General.

As Connecticut faces a staggering budget deficit, my office stands ready to be part of the solution. Already, many of us have voluntarily taken a day without pay. However, the Governor's proposed budget continues a multi-year trend of reductions in Attorney General employees that will likely reduce the amount of revenue generated by my office for the General Fund and adversely impact the delivery of legal services to the state.

In fiscal year 2001-2002, my office had 330 full-time general fund employees. As of June, 2008, we were down to 316 employees. Under the Governor's budget, the General Fund employees will decline to 310 but the proposed budget does not provide any funding for 7 additional vacancies, effectively reducing staff to 303 -- a reduction of 27 employees in the past 7 years.

Further, there will be another 3 attorney vacancies because the Governor nominated three assistant attorneys general for judgeships and the Governor's office has informed me that they will not grant authority to fill those positions. This new development will leave my office with 10 attorney vacancies -- 3 in the critical area of Child Protection. I am also very concerned with the potential impact of proposed retirement incentives which may result in the loss of an additional substantial number of employees.

The Governor's proposed budget consolidates the Office of the Child Advocate into the Office of the Attorney General, transferring all the functions of that office but only 1 of the 10 employees. The Office of the Child Advocate has been a strong independent and effective watchdog over the Department of Children and Families, and should be restored. However, if consolidation must take place, there should be sufficient resources dedicated to this critical responsibility -- including the investigators and child welfare specialists currently in that office.

The Governor's proposed budget also transfers all the statutory responsibilities of the Office of Consumer Counsel to my office, yet does not transfer any of that Office's 17 funded positions, nor any of the funding for critical consultants knowledgeable in utility industry finances and ratemaking. To my knowledge, none of the Consumer Counsel's expenses are paid from the General Fund.

Effectively, the Governor's budget provides funding for 300 employees in my office to do the work of 356 employees (330 full funded Attorney General positions, 9 Office of the Child Advocate positions and 17 Office of Consumer Counsel positions). Clearly, after such drastic reductions, we cannot meet all the demands for critically important legal services to the state and its agencies.

As you know, the Attorney General is the chief civil legal officer of the State of Connecticut, charged with representing and protecting the interests of the State and its citizens in all legal matters affecting the State. Unlike most agencies, we have just one program -- legal services. My attorneys are in courtrooms around the state every day, protecting children who have been abused or neglected, obtaining child support money for single parents, protecting the environment, recovering money for consumers who have been victims of fraud, and ensuring that charities live up to their responsibilities to operate in accordance with their mandates. We also defend the state and its interests in the multitude of cases in which the state is sued, and have the critical function of investigating whistleblower complaints of corrupt government practices.

We also devote a substantial amount of our time and resources to recovering money for the state and its citizens -- in collections of debt owed to the state, in health care fraud actions and in lawsuits against polluters and con artists. The Office of the Attorney General returns more than \$22 for every dollar spent on our budget. In the last fiscal year alone, we generated over \$218 million dollars for the General Fund and another \$19 million for the Transportation and other special state funds. In addition, we recovered more than \$447 million in restitution for consumers, charities and the environment. See attached chart.

As examples of the positive budget impact of my office, just last week, Countrywide agreed to pay \$350,000 into the General Fund as part of a settlement of litigation involving a data breach. Dell will pay another \$200,000 into the General Fund as settlement of a multi-state effort concerning the company's failure to properly disclose to consumers financing terms and warranties. Finally, Connecticut will avoid paying \$1.2 million to Klewin Northeast because my office successfully defended the state against the company's claims of cost overruns.

Overall, my office handled more than 45,000 court cases, appeared in over 5,000 administrative proceedings, argued over 350 appeals, and examined thousands of legal documents in the last fiscal year alone.

I urge the committee to favorably consider enacting a false claims act that allows the state to recover treble damages from those who commit fraud against the state taxpayers. The committee should also ensure that my office has sufficient resources to investigate and bring civil actions to recover taxpayer funds lost to fraud. Passage of a false claims act such as House Bill 6299, currently pending in the Government Administration and Elections Committee, would automatically increase state revenues by \$1 million since the federal government rewards states that pass a false claims act by allowing them to retain an extra 20% of any Medicaid fraud recoveries brought under the federal false claims act. Last fiscal year, Connecticut recovered \$5 million from Medicaid fraud litigation. That amount would have been \$6 million had the General Assembly approved a false claims act.

I am willing to work with the committee to provide greater revenue to the state of Connecticut, ensuring our limited tax dollars are wisely spent while recognizing that all state agencies must agree to do more with less.

## Office of the Attorney General

### REVENUE GENERATED

Fiscal Year	General Fund	Special Funds	For Consumers	Tobacco Settlement	Total	% Increase
97/98	\$87,319,463	\$2,787,903	\$6,701,058		\$96,808,424	12.33%
98/99	\$79,639,409	\$2,724,949	\$69,430,656		\$151,795,014	56.80%
99/00	\$79,055,266	\$2,682,839	\$4,244,477	\$150,111,648	\$236,094,230	55.53%
00/01	\$85,978,255	\$2,932,290	\$25,746,527	\$109,800,000	\$224,457,072	-4.93%
01/02	\$193,975,207	\$3,236,327	\$16,506,769	\$139,968,181	\$353,686,484	57.57%
02/03	\$83,393,997	\$1,808,167	\$40,452,433	\$134,686,539	\$260,341,136	-26.39%
03/04	\$63,007,470	\$1,557,233	\$102,679,748	\$116,600,000	\$283,844,451	9.03%
04/05	\$76,248,848	\$2,075,504	\$156,036,783	\$113,000,000	\$347,361,135	22.38%
05/06	\$93,937,426	\$3,186,536	\$211,364,060	\$89,400,000	\$397,888,022	14.55%
06/07	\$79,068,678	\$1,887,002	\$325,281,634	\$97,803,485	\$504,040,799	26.68%
07/08	\$76,660,654	\$19,219,697	\$447,373,547	\$141,347,315	\$684,601,213	35.82%

### EXPENDITURES

Fiscal Year	Personal Services	Other Expenses	Total	% Increase	Revenue collected per dollar spent
97/98	\$18,335,482	\$1,009,585	\$19,345,067	7.38%	\$5.00
98/99	\$20,199,588	\$1,138,317	\$21,337,905	10.30%	\$7.11
99/00	\$22,681,324	\$1,495,492	\$24,176,816	13.30%	\$9.77
00/01	\$23,501,098	\$1,905,359	\$25,406,457	5.09%	\$8.83
01/02	\$24,865,822	\$1,524,733	\$26,390,555	3.87%	\$13.40
02/03	\$24,718,196	\$1,545,375	\$26,263,571	-0.48%	\$9.91
03/04	\$23,210,906	\$1,396,933	\$24,607,839	-6.30%	\$11.53
04/05	\$24,618,323	\$1,444,436	\$26,062,759	5.91%	\$13.33
05/06	\$26,487,822	\$1,433,669	\$27,921,491	7.13%	\$14.25
06/07	\$27,856,425	\$1,472,816	\$29,329,241	5.04%	\$17.19
07/08	\$29,451,634	\$1,505,738	\$30,957,372	5.55%	\$22.11

**Revenue collected per dollar spent in FY 2008: \$22.11**

Office of the Attorney General

Revenue Collected FY 1998 to FY 2008

