STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

Testimony of
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Before the Appropriations Committee
February 10, 2009

Good afternoon Senator Harp, Representative Geragosian and members of the Appropriations Committee. My name is Michael Cicchetti and I am here today to discuss the Governor's proposed budget for the Office of Policy and Management (OPM) for the FY 2010 – FY 2011 biennium.

The total proposed general fund budget is $143,585,265 for FY 2010 and $145,823,195 for FY 2011. Reflective of the these extraordinary times and the fiscal challenges facing the State of Connecticut, this represents a decrease of $89.1 million, or 38.3%, and $86.8 million, or 37.3%, respectively, from OPM's FY 2009 appropriation of $232,641,726.

A significant portion of the decrease in OPM's proposed budget relates to flat funding municipal aid at the FY 2009 level for the PILOT New Manufacturing Machinery and Equipment grant. Actual expenditures in FY 2009 were $47.6 million less than the appropriation of $104.9 million.

The Governor's proposed budget removes or limits inflation, rolls out FY 2009 rescissions, and reduces OPM's position count as well as funding for vacant positions. In addition, the Governor's proposed budget eliminates funding for Regional Planning Organizations, Connecticut Land Use Education and Research (CLEAR) program, the Property Tax Exemption for Hybrid Vehicles, the Office of Property Rights Ombudsman, and the Leadership, Education, Athletics in Partnership program.

OPM's budget also includes initiatives proposed by the Governor. The Governor has created an Office of Accountability, which will be within OPM for administrative purposes. The Office will be responsible for detecting and preventing fraud, waste and abuse in the management of state personnel, the use and disposition of state property, and the collection, disbursement and expenditure of state and federal funds. The Office would be overseen by a Chief Accountability Officer and assisted by Agency Accountability Officers appointed by the department head of each state agency. No new funding is needed for the Office of Accountability; the Office will be staffed with two currently vacant positions and associated funding in OPM's budget.

The Governor is also proposing a regionalization incentive plan that will provide relief to Connecticut's towns and cities. Utilizing bond funds, the Governor's plan will provide towns and cities the ability to streamline services by regionalizing existing services or expanding such services to additional towns and to cut costs through joint purchases of machinery and materials. $40 million is proposed for infrastructure projects and $10 million is proposed for the joint purchase of heavy equipment. In addition, towns and cities joining in regional initiatives would be eligible for a bonus of 10% or more in state aid from the Town Aid Road (TAR) and Local Capital Improvement (LoCIP) grant programs.

OPM's proposed biennium budget is reflective of the Governor's plan to address the mounting budgetary shortfalls facing the State of Connecticut. The budget reduces spending, downsizes state government, creates measures to eliminate waste in government and provides incentives for regionalization.

The Governor's proposed budget contains $14,677,862 in the General Fund and $2,582,210 in the Special Transportation Fund for FY 2010 in the Reserve for Salary Adjustments (RSA) account. This represents the amount of money needed to cover leave accrual payments for employees that separate during the fiscal year. No money for unsettled contracts has been built into RSA or into agency budgets for FY 2010. In FY 2011, $148,029,215 in the General Fund and $12,947,130 in the Special Transportation Fund is proposed for the RSA account. This will provide funds to cover leave accruals plus also funds to provide a moderate pay increase for unsettled units in FY 2011.

Thank you for the opportunity to testify before you today. My staff and I would be happy to answer any questions that you might have.