

# CAHS

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**Testimony before the Appropriations Committee  
Re: Governor's FY10 Deficit Mitigation Plan  
Submitted by Maggie Adair, Deputy Director  
Connecticut Association for Human Services  
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Good afternoon, Senator Harp, Representative Geragosian, and members of the Appropriations Committee. I am Maggie Adair, Deputy Director of the Connecticut Association for Human Services (CAHS). CAHS is a 100-year-old statewide nonprofit organization that works to end poverty and engage, equip, and empower all families in Connecticut to build a secure future.

I am testifying in opposition to the Governor's proposed FY10 Deficit Mitigation Plan. CAHS recognizes the severity of the state budget situation and the economic situation overall in Connecticut. We acknowledge the difficult decisions policy makers are faced with as the deficit continues to grow, small businesses struggle, more workers lose their jobs, and more and more families fall into poverty.

However, cutting the very services that low-income families rely on to survive is not the right decision. In a recession as deep as this one, government needs to invest in its citizens who are hitting extremely hard times. We have heard from families who have never asked for support now finding themselves unemployed, going on HUSKY, going to food pantries to feed their children and asking for heating assistance to keep their children warm. The numbers of people enrolled SNAP increased by 32 percent in 2009. Now is not the time for Connecticut to abandon people – more than ever, it is time to ensure that Connecticut's residents have access to safe housing, food, health care, child care, and job training so they will have the capacity to rebound when the economy recovers.

I will not go into detail about the nature of the proposed cuts – many others testifying will talk about specific cuts and how they personally impact their lives. I would like to make a few points:

- The Deficit Mitigation Plan reduces spending by \$81.8 million, the majority of which requires legislative approval. By cutting \$81.8 million, Connecticut is leaving \$58.6 million in matched federal funds back in DC. The real loss in services to people in need does not total \$81.8 million but \$140.5 million – a significant difference in impact. The total funds Connecticut is cutting and leaving on the table should be more transparent.
- Many of the proposed cuts will result in jobs losses, which will result in reduced consumer spending in our communities, put a further drain on the state's unemployment compensation fund, and force families to seek state services. Instead of cutting jobs, Connecticut needs to invest in maintaining and creating new jobs.

- The proposed Deficit Mitigation Plan disproportionately cuts social services, many of which are lifelines to low-income individuals. Meanwhile, very wealthy families are getting a tax break with the changes in the estate tax passed last year. Social services programs, the people served by those programs, and the nonprofit delivering those programs, are bearing the brunt of the cuts while Connecticut's wealthiest households are not part of the solution. This is not equitable.
- In light of the \$66 million in new-found federal money coming to Connecticut under the Medicare Part D "clawback," specifically so states can maintain Medicaid, Connecticut should not be making cuts to Medicaid and drug benefits under state medical assistance programs.
- According to OPM Secretary Robert Genuario, DSS is experiencing a significant deficiency under Medicaid due to the increase in caseloads - \$13 million in FY10 and \$42 million in FY11. Caseloads are going up because more people in Connecticut are falling from the middle class into poverty as a result of this recession. Cutting Medicaid services when caseloads are rising is not a sound solution.
- The OPM Secretary, at Thursday's briefing before the Appropriations Committee, commented on the Connecticut's Medicaid provider rates compared to rates in neighboring New England states. One legislator commented that, for sake of consistency, Connecticut should also compare our income tax rates compared with other New England states. As we know, Connecticut income tax rates fall below those of our neighbors. Connecticut's income tax could be far more equitable and, unlike some states, Connecticut has ample wealth to support a more progressive income tax.
- One legislator at yesterday's briefing asked why the state is cutting services, such as the homelessness line item, when more families than ever are in need of safety net services and when homeless shelters are exploding beyond capacity. Instead of slashing safety net services that are increasingly serving middle-class families who have lost employment, Connecticut should take a hard look at the nearly \$5 billion in tax expenditures. Tax expenditures – foregone revenue – are a form of spending. Of the hundreds of tax expenditures on the books, some may be useful while others may be huge giveaways with no economic benefit to the state. Tax expenditures can exist forever; once enacted, there is no annual review of their cost-effectiveness. If Connecticut examined tax expenditures and eliminated those that do not work as intended, we could use foregone revenues to invest in our families, health care, education, transportation, environment, etc.

Thank you for giving CAHS the opportunity to testify about our concerns with the Governor's attempt to close the FY10 budget deficit, much too largely on the backs of vulnerable citizens and the working poor.

We cannot only rely on further spending cuts. We need a balanced approach that addresses the state's structural revenue problem with a revenue solution. Specifically, we urge you to support the revenue options proposed by the **Better Choices for Connecticut** coalition, including closing corporate tax loopholes, evaluating corporate tax breaks to see whether CT is actually getting an economic return on its investment, delaying reductions in the estate tax that would benefit only very wealthy persons, and increasing income taxes on households most able to pay.

We urge you to consider revenue options as you craft a budget solution, keeping in mind the need to avoid hurting the state's most vulnerable people and the state's economy through unwise spending cuts.