



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE SELECT COMMITTEE ON CHILDREN
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Testimony Opposing House Bill No. 5360

AN ACT CONCERNING CHILDREN IN THE RECESSION

Senator Musto, Representative Urban and distinguished members of the Select Committee on Children, thank you for the opportunity to offer testimony on House Bill No. 5360, An Act Concerning Children in the Recession.

This bill is a well-meaning statement of concern about the effects of the current economic downturn on children in this state. We cannot argue with the need for government, along with families, friends, neighborhoods, communities and charitable organizations, to make extraordinary effort to help those populations that are most vulnerable and are least able to help themselves, including children whose families have fallen on hard times.

However, this proposed legislation is not an effective response. In general, it is unnecessary and may have any number of undesirable consequences for the state and its taxpayers, not the least of which is providing potential fodder for litigation. Our major concerns with the bill fall into the following categories:

- It is duplicative of existing efforts. There are multiple public agencies, federal, state and local, and a panoply of programs on the books already, that carry out the purposes of this bill.
- The bill largely consists of vague statements of goals or outcomes which are non-specific as to what is required.
- Most provisions of the bill are "within available appropriations". We strongly oppose enactment of requirements that are unfunded in an adopted state budget. None of these provisions are funded in the existing state budget for FY 11 nor in the Governor's proposed budget. If the agencies are not provided funding in an enacted state budget, they will either not implement the provisions or will shift resources away from critical programs and services to do so. Neither approach is acceptable or ultimately helpful to the children of the state.

- Specifically with regard to Section 10, which requires OPM to establish a loan guarantee program, a minimum of 2 full-time staff persons would be required to administer this program, resulting in an administrative cost of approximately \$206,000 (assuming the two individuals each earn \$65,000 annually with the current fringe benefit rate of 58%). In addition to the administrative costs, for every 1,000 students for whom the state guarantees loans, assuming a loan guarantee of \$4,000 (this assumes that students will receive a loan of \$10,000 annually for the two year period), and a default rate of 8.5%, the cost to the state would be \$340,000. According to this bill, the program would be eligible to any student enrolled in a CT institution of higher education as well as any CT resident attending any other institution of higher education, while we cannot speculate on how many students would take advantage of this program, if we look at just CT enrollment in the fall of 2008 (which was 184,544), if only a quarter of CT students took a loan guaranteed by this program, the cost to the state would be \$15.6 million. Furthermore, the program does not appear to have any dollar figure cap on the aggregate exposure of the state or the dollar figure amount per year that is to be allocated for the program. Such an open-ended commitment of state funds cannot be recommended, even in good economic times.
- Most troubling is that, since the bill provides no appropriate detail as to what agencies are supposed to actually do but appears to make a number of state agencies statutorily responsible for the well being of children, the potential is for any given plaintiff to come along and make a demand for services and bring suit to make it happen. The sweeping pronouncements made by some of these sections appear to make it the policy of the state to assure the well-being of all children. Making these statements in statute may support a claim of entitlement to specific services that implement the statement. This is hard to predict but the state has been the defendant of many lawsuits over the years in which plaintiffs have asserted that the state is legally responsible for provision of some service. These sorts of legislative pronouncements may well support new claims of that nature.

We support the goals of this legislation but firmly believe that the approach in this legislation is not effective, and potentially harmful. This legislation should not be acted upon further for the reasons stated.

Thank you again for the opportunity to submit this testimony.