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Concerning H.B. 5397 AAC the Maximum Amount for Purchases Using the P Card

March 9, 2012

Senator Slossberg, Representative Morin, Senator McLachlan, Representative Hwang and Members of the Committee:

Thank you for the opportunity to express my support for *H.B. 5397 AAC the Maximum Amount for Purchases Using the P Card,* a proposal from the Department of Administrative Services.

This bill will provide my office, in partnership with the Department of Administrative Services, the flexibility to maximize credit card rebates to the state by removing the current $10,000 statutory limit on credit card purchases, also known as P-card purchases. The current administrative limit on P-card purchases is $2,500.

As we prepare to implement a financial software upgrade to Core-CT, we have recognized opportunities to enhance P-card accounting as well as generate additional state revenue through rebates associated with expanded credit card purchasing.

The software upgrade will allow P-card transactions to flow through the normal purchasing process within Core-CT, but will change the payment method from check or electronic distribution to payment through the credit card. All of the standard budget controls, vendor information and accounting detail will be retained, as will the current level of oversight and audit control procedures. Without the upgrade, it has been necessary to track much of this detail off-line, which has limited our ability to expand the use of the P-card.

The revenue potential with this legislative change is significant. The state of Georgia is currently operating the same financial software, and they have been able to increase their credit card rebate over the past decade from a few hundred thousand dollars to well over $5 million on purchases in excess of $350 million. In 2011, the P-card rebate to the State of Connecticut was $406,578.34 on $49,578,833 in purchases. Further,

there is also an administrative P-card savings through reduced processing and mailing costs.

By increasing the dollar amount of P-card purchases, the state will be in a stronger position to realize the maximum rebate from the credit card company selected to provide this service.

In a time of significant financial challenges for our state, this bill provides a creative mechanism to enhance state revenue. I urge its passage.

Thank you for your consideration.