

GEORGE C. JEPSEN
ATTORNEY GENERAL



55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut

*TESTIMONY OF
ATTORNEY GENERAL GEORGE JEPSEN
BEFORE THE APPROPRIATIONS COMMITTEE
FEBRUARY 21, 2013*

Senator Harp, Representative Walker, honorable members of the Appropriations Committee, thank you for the opportunity to provide this testimony concerning the Administration's proposed budget for the Office of the Attorney General.

As you know, the Attorney General is the chief 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. Whether we're investigating unfair trade practice claims on behalf of consumers or working to protect Connecticut's natural resources, we strive to provide high-level legal services to our client agencies and the State.

In Fiscal Year 2011-2012, my office completed more than 17,000 cases and 105 appeals, with another 163 appeals pending; participated in 2,684 administrative proceedings; and examined more than 14,800 legal documents. In the past fiscal year, my office generated more than \$456 million in revenue to the General Fund, to Special Funds and for Connecticut consumers.

Compared to prior years, our workload has not diminished. If anything, with the wave of hospital mergers, the flood of consumer mortgage foreclosure matters and other complex litigation that has come before us, the demand for complex legal services has only grown.

Approximately 98 percent of the cases we handle are not discretionary; my office has a responsibility to represent its client agencies, and it is a responsibility we take seriously. Among those cases that are nominally discretionary, virtually all begin when a commissioner asks us to bring an action to court.

That leaves very few cases are purely discretionary. Those that are purely discretionary, however, tend to be significantly higher profile and offer the capacity for greater monetary recovery to the State. Over the past few years, my office has defined Connecticut as a national leader in investigating fraud and securing recovery on behalf of the State and consumers. Our role as a leader in some of these affirmative cases has meant greater recoveries for the state.

For example, Connecticut was a lead state on the National Mortgage Foreclosure Settlement, and I served on the multistate group's executive committee. Connecticut's lead role in that settlement led to an additional million dollars in recovery to the General Fund.

Further, when we announced the National Mortgage Settlement in February 2012, we estimated that Connecticut borrowers would receive approximately \$155 million in benefits through first and second-lien principal reductions, refinancing, short sales, deficiency waivers and other forms of relief.

Today, based on data released just this morning, I'm pleased to announce that Connecticut is far exceeding those estimates. This new data shows that over 5,040 Connecticut borrowers received approximately \$345 million in debt relief between March 1, 2012, and December 31, 2012. The total does not include approved refinancing in process for approximately 1,900 homeowners as well as an additional \$112 million in first lien loan modifications that will help approximately 1,000 additional Connecticut homeowners.

In addition to the Mortgage Foreclosure Settlement, my office took a leadership role in the eBooks multistate antitrust investigations and settlements, which have thus far secured nearly a million dollars for Connecticut consumers. My office also is now leading a group of 15 states and the District of Columbia that have partnered with the Department of Justice in filing suit against the credit rating agency Standard & Poor's.

In order to maintain Connecticut's role as a national leader in these matters as well as our high level of service across the board, we simply must have the resources.

I recognize the difficult financial situation before this committee, and my office is prepared to continue to be part of the solution. Over the last two years, we've operated in a lean manner, and have maximized efficiencies to do more with less. We've been operating well below our peak level of staff attorneys for some time. In 2008, the Office of the Attorney General had 225 attorneys on staff; now, we have 210.

When I first took office, in meetings with the office's department heads and attorneys, the main issue repeatedly noted as an impediment to our ability to provide high-quality and effective legal services was the lack of adequate legal staff. As I mentioned earlier, virtually all of our work is non-discretionary or at the request of the executive branch. While we can live within our proposed budget, candidly, we cannot live with less.

Further efforts to reduce the state's deficit cannot and should not adversely affect the delivery of effective and adequate legal services to the state. My office must have the resources necessary to conduct thorough discovery, evaluate the merits of a case and make a legal determination whether to resolve a case or take it to trial.

Should the \$300,000 personal services rescission included in the 2013 deficit mitigation package be annualized in the biennial budget, it will impact our ability to fill future vacancies and to adequately dedicate attorney resources to important cases.

In closing, I look forward to working with the committee to ensure that the Office of the Attorney General continues to provide efficient and effective legal representation to the State. I am happy to answer any questions from members of the committee.

Office of the Attorney General

REVENUE GENERATED

Fiscal Year	General Fund ¹	Special Funds ²	For Consumers	Tobacco Settlement	Total	% Increase
07/08	\$76,660,654	\$19,219,697	\$447,373,547	\$141,347,315	\$684,601,213	35.82%
08/09	\$84,067,460	\$3,581,530	\$327,032,696	\$153,818,653	\$568,500,339	-16.96%
09/10	\$125,629,036	\$1,190,382	\$253,080,837	\$129,977,357	\$509,877,612	-10.31%
10/11	\$116,406,515	\$3,321,031	\$235,763,935	\$121,421,995	\$476,913,476	-6.47%
11/12	\$99,538,341	\$4,418,390	\$229,178,465	\$123,798,921	\$456,934,117	-4.19%

EXPENDITURES

Fiscal Year	Personal Services	Other Expenses	Total	% Increase	Revenue collected per dollar spent
07/08	\$29,451,634	\$1,505,738	\$30,957,372	5.55%	\$22.11
08/09	\$29,420,359	\$1,450,041	\$30,870,400	-0.28%	\$18.42
09/10	\$26,705,050	\$1,163,443	\$27,868,493	-9.72%	\$18.30
10/11	\$26,706,479	\$1,073,064	\$27,779,543	-0.32%	\$17.17
11/12	\$27,401,249	\$1,013,378	\$28,414,627	2.29%	\$16.08

Revenue collected per dollar spent in FY 2012: \$16.08

- ¹ General Fund Revenue Sources
- Child Support Collections
 - Tax Collections
 - Health Care Fraud Recoveries
 - Environmental Violation Recoveries
 - Consumer Protection Penalties, Costs and Forfeitures
 - Annuity Restitution
 - Dept of Social Services Collections
 - Dept of Insurance Collections
 - Dept of Administrative Services Collections
 - Annuity Fees, Costs and Civil Penalties
 - Miscellaneous Collections

- ² Special Funds Revenue Sources
- John Dempsey Hospital
 - Second Injury Fund
 - Dept. of Consumer Protection
 - Worker's Compensation RE: State Employees
 - Unpaid Wage and Unemployment Tax

Office of the Attorney General

Revenue Collected FY 2008 to FY 2012

