

**TESTIMONY PRESENTED TO THE APPROPRIATIONS COMMITTEE**  
**March 14, 2014**

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Testimony Regarding House Bill No. 5463

AN ACT CONCERNING PREPARATION OF THE STATE BUDGET

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Senator Bye, Representative Walker and distinguished members of the Appropriations Committee, thank you for the opportunity to offer testimony on House Bill No. 5463, An Act Concerning Preparation of the State Budget.

This bill would impose two new requirements regarding preparation of the Governor's budget. First, the bill would require provision of budget information for non-appropriated funds in the biennial budget document, and would also require provision of federal fund and non-appropriated fund information in the midterm budget adjustments offered by the Governor. (We note that the bill refers to "appropriations" for these funds, which currently are not appropriated. If the intent is to bring these funds on-budget—and we do not agree that they should be appropriated—then the Executive and Legislative branches will need to discuss the spending cap and other implications in greater detail.) Currently, the midterm budget adjustments document—which is intended to provide an update to the adopted budget for the second year of the biennium—omits the federal and other funds information. We do not believe this new requirement would yield useful information. Actual expenditure information for these funds is available in Core-CT, the state's accounting system. It is very difficult to predict how much federal and other funding might be available to the state in the future, so projections of the sort required by this bill are of limited utility for decision making. The bulk of federal funding is for the Medicaid program, and my office and the Office of Fiscal Analysis provide quite a bit of information about these dollars. Federal block grants are subject to a process that is already governed by statute. Beyond these, considerable efforts go into obtaining competitive federal grants, but the amount of such funds that might be available in future federal budgets and the degree to which the state might be successful in obtaining those dollars are uncertain. While the Governor's biennial budget document includes our best attempt to estimate such funds, you should use caution with respect to the reliability of any estimates of future funding. We are happy to work with the committee and with OFA to better define the types of

budgetary information that would be useful for decision-making, but don't we don't support the bill as currently written.

Second, the bill would require that the Governor's recommended appropriations be rounded. (While the bill's language references rounding dollar amounts to the nearest "hundredth," which is the nearest penny, we assume the intent is for appropriations to be rounded to the nearest hundred dollars.) We have no objection to the legislature adopting the practice of rounding appropriations, but we believe that this requirement is neither practical nor necessary. Computers aid both my office and OFA in producing the documents upon which we as decision-makers rely, so there is no technological benefit to rounding. From a practical standpoint, the Governor's recommended appropriations act includes 44 distinct appropriations that are less than \$100—most of which are \$1 placeholder accounts. Rounding these up to \$100 would consume resources and spending cap room that would otherwise be available for real needs. While there may be a logic to rounding very large appropriations such as Medicaid, there may also be occasions where we know the exact amount needed in the budget—for instance, for a contract. It does not make sense to budget an imprecise number if we know the exact amount that needs to be budgeted. We are happy to work with the committee and with OFA on adopting a practice whereby most major appropriations are rounded, but do not believe legislation is necessary to achieve this goal.

I respectfully request that the committee take no action on this bill. I would like to again thank the committee for the opportunity to present this testimony, and I am happy to answer any questions you may have.