

**TESTIMONY PRESENTED TO THE APPROPRIATIONS COMMITTEE**  
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Testimony Supporting Senate Bill No. 21

AN ACT IMPLEMENTING THE BUDGET RECOMMENDATIONS OF THE GOVERNOR  
CONCERNING GENERAL GOVERNMENT

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Good afternoon, Senator Bye, Representative Walker and distinguished members of the Appropriations Committee. Thank you for the opportunity to offer testimony in support of the Governor's bill, Senate Bill No. 21, An Act Implementing the Budget Recommendations of the Governor Concerning General Government.

This bill proposes a number of changes required to implement the budget proposed by the Governor. A brief summary of the bill follows:

Section 1 modifies the transfer amount from the General Fund to the Mashantucket Pequot and Mohegan Fund. The transfer will now be the amount equal to the appropriation for Grants to Towns in the Mashantucket Pequot and Mohegan Fund.

Section 2 allows for up \$1.1 million for Operation Fuel to be charged to the Systems Benefit Charge on utility bills. Of this amount, \$100,000 may be used by Operation Fuel for administrative costs.

Section 3 allows for the fund balance of the Mashantucket Pequot and Mohegan Fund to be transferred to the General Fund at the end of every fiscal year. The fund balance results from the application of a penalty for non-compliance with the collection of land use fees on a municipality. The penalty results in a reduction in grants to those municipalities that were assessed a penalty.

Section 4 requires state and local law enforcement officials to receive training on responding to situations involving persons with a serious mental illness. This requirement is part of the Governor's mental health initiative.

Section 5 eliminates the transfer of funds from the dry cleaning remediation account to the dry cleaning administrative account. Under current statute, up to \$100,000 is transferred annually to the Department of Economic and Community Development's dry cleaning administrative account. Suspending the transfer will maximize the funds available for remediation grants to area dry cleaners.

Sections 6 through 12 transfer the administration of the Tax Relief for Elderly Renters' (Renters' Rebate) Program from the Department of Housing (DOH) to the Office of Policy and Management (OPM). The enacted budget for FY 2014 transferred the program from OPM to the Department of Housing, however, OPM continued to run the program through a Memorandum of Understanding with DOH. The Governor's budget transfers the program back to OPM as the agency is better positioned to administer the program.

Section 7 reopens eligibility to the Renters' Rebate Program. Section 38 of Public Act 13-234 restricted eligibility to those who had received the grant award for the 2011 calendar year. The proposed bill will reopen eligibility to all residents who meet the program's eligibility criteria. Funding to support the anticipated demand is also included in the Governor's budget.

Section 8 authorizes OPM to recover overpayments to grant recipients from future grant awards. Currently, no mechanism exists to authorize the granting agency to recoup overpayments from Renters' Rebate grant recipients.

Section 11 permits data sharing between the Department of Social Services (DSS) and OPM. Since grant awards for the Renters' Rebate Program must be reduced by the amount of cash assistance an individual receives from DSS, this provision will facilitate OPM's ability to determine whether (and by how much) a grant award should be reduced. Absent the ability to share information, the two agencies developed a labor intensive workaround that has proven inefficient.

Section 12 eliminates DOH's reporting requirements to the legislature with respect to the Renters' Rebate Program recipients. This section is no longer needed when the program transfers back to OPM.

Section 13 requires that if a military medal is presumed abandoned under the unclaimed property statute, that the State Treasurer shall transfer such medals to the Department of Veterans' Affairs. The Department of Veterans' Affairs would be required to hold such medals until the original owner or their heir is identified.

Section 14 modifies the membership of the School Building Advisory Council to add two members. One member shall have experience in school safety, and the other shall have experience in the administration of the State Building Code.

Sections 15 through 23 and section 27 address the status of the Soldiers, Sailors and Marines Fund agency.

Section 15 makes several changes to existing law regarding the funds held in trust by the Treasurer for the Soldiers, Sailors and Marines Fund (SSMF). Previously, only the interest accumulations of the fund were made available to the SSMF agency for expenditures, with that income supporting both administrative expenses as well as awards to needy veterans. Because of the conservative nature of the trust fund's investment portfolio, which emphasized the preservation of capital, and also due to the low interest rates that have characterized the market in recent years, interest accumulations have been insufficient to support the level of administrative expenses and award payments each year. Since FY 2002, it is estimated that the cumulative interest income shortfall exceeds \$7 million. As a result, legislation passed during the 2013 legislative session eliminates the SSMF agency as of July 1, 2014, with the American Legion assuming responsibility for the operations previously performed by the SSMF agency. Specifically, the proposed language:

- a.) Eliminates the language adopted in the 2013 session capping administrative costs at \$300,000. The Governor's proposed FY 2015 budget revisions include a \$635,000 appropriation under the Department of Veterans' Affairs for a grant to the American Legion for administrative expenses;
- b.) Permits fund income to be utilized only in support of needy veterans or their families, and not for administrative costs, given the proposed appropriation for this purpose;
- c.) Establishes a \$2 million floor for award payments annually, a slight increase over the amount expended for in recent years;
- d.) Enables, if interest accumulations are insufficient, the fund corpus to be tapped to support the \$2 million in award payments each year;
- e.) Directs interest accumulations in excess of the amount necessary for award payments to be deposited to the principal of the fund at year-end; and
- f.) Requires the American Legion to promptly turn over all gifts, bequests and donations to the Treasurer to be added to the principal of the fund, consistent with current practice.

Section 16 modifies language regarding the availability of the regulations and bylaws for, and applications for assistance from, the Soldiers, Sailors and Marines Fund. Through this change, it is anticipated that the American Legion will post such bylaws and regulations in an online format, and that applications for aid will continue to be available in hard copy format from locally-based Fund representatives. This change was requested by the SSMF administrator.

Section 17 allows for SSMF hearings to be documented via audio or audiovisual recording. Written transcripts are costly and broadening the means by which a hearing is recorded will result in administrative savings. This change was requested by the SSMF administrator.

Section 18 modifies the composition of the review board for appeals to fully reflect transition of SSMF fund administration and operations to the American Legion. This change was requested by the SSMF administrator.

Section 19 clarifies the types of assistance that the American Legion can provide to needy veterans and their families. This change conforms to current practice and was requested by the SSMF administrator.

Section 20 modifies the audit requirement to apply to SSMF operations rather than investment activity by the Treasurer, and makes the audit an annual rather than biennial requirement. It also delineates reporting requirements regarding award payments and administrative expenses.

Sections 21-23 address transition issues to ensure continuity of operations during the shift from state administration of the SSMF to the American Legion. This will allow the administrative staff to continue to use their current office space, supplies, and furnishings, and continue to have access to case files and documents. Core-CT access will be necessary to allow for FY 2014 year-end closing activities, payouts of accumulated vacation and sick time to retiring employees, and any other transactions necessary for the orderly transition of activities to the American Legion. These changes were requested by the SSMF administrator.

Section 24 through 26 transfer the health and welfare fee assessment from the General Fund to the Insurance Fund, and establish the state innovation model fee assessment. Those two assessments are calculated separately from the traditional Insurance Fund assessment, thereby creating three individual assessments. Those three assessments each include rebalancing calculations to ensure that overpayments and shortfalls are corrected in the following year. I respectfully request the following technical changes in order to clarify the intent of the bill:

line 1340: delete the words "appropriated in the prior fiscal year for such purposes" and replace with "of the appropriation used for the purpose of the health and welfare fee established in subparagraph (A) of subdivision (2) of subsection (b) of this section in that same year";

line 1341: delete this line;

line 1342: delete the phrase "subdivision (4) of subsection (b) of this section"

line 1357: delete the words "appropriated in the prior fiscal year for" and replace with "of the appropriation used for the purpose of the state innovation fee established in subparagraph (A) of subdivision (2) of subsection (b) of this section in that same year";

line 1358: delete this line; and

line 1359: delete the words “(B) of subdivision (4) of subsection (b) of this section”

Section 27 repeals language no longer necessary for the administration of the SSMF after transition to the American Legion.

Section 28 repeals the establishment of the Renters’ Rebate Program under DOH and that agency’s ability to establish regulations for the program. The repealed sections are no longer needed when the program transfers back to OPM.