

Testimony of
Benjamin Barnes, Secretary
Office of Policy and Management
Before the Appropriations Committee
February 16, 2016

Good morning Senator Bye, Representative Walker and members of the Appropriations Committee. My name is Benjamin Barnes and I am here today to discuss the Governor's recommended FY 2017 adjusted budget for the Office of Policy and Management (OPM).

Reflecting the new economic reality, the budget will be a challenge for all agencies, including OPM, as it sharply reduces spending to ensure budget growth is aligned with available resources. The Governor has proposed reducing OPM's FY 2017 General Fund and Mashantucket Pequot and Mohegan Fund budgets by \$31.4 million and \$3.6 million, respectively. There is no change to the Insurance Fund budget of \$.5 million.

At OPM, the proposed \$31.4 million reduction in the General Fund includes the following:

- \$14,797,244 annualization of MORE lapse in PILOT for state property and PILOT for private tax-exempt property.
- \$427,204 annualization of allotment holdbacks in Personal Services, Other Expenses, Automated Budget System, Justice Assistance Match, and Criminal Justice Information System.
- \$177,796 annualization of deficit mitigation plan in Personal Services, Other Expenses, and the Automated Budget System.
- \$15,995,118 across-the-board reduction of 5.75%, of which \$12.9 million relates to municipal aid.

The proposed \$3.6 million reduction in the Mashantucket Pequot and Mohegan Fund reflects an across-the-board reduction of 5.75% in municipal aid.

As you have seen with other agencies which have come before you, the proposed budget also reflects a wholly new approach. The budget includes a consolidation of various accounts for agency operations in order to provide increased flexibility in achieving OPM's core services.

Statewide municipal aid will be \$151.6 million higher in FY 2017 despite proposed reductions of \$27.7 million and \$3.6 million in OPM's General and Mashantucket Pequot and Mohegan Funds, respectively. Under the Governor's proposal, statewide municipal aid will be higher due to:

- new Municipal Revenue Sharing grants supported by a dedicated stream of receipts from the sales and use tax,
- sustained municipal bond funds, and
- increased support for Teachers' Retirement contributions, retiree health and debt service.

Funding is also available to municipalities seeking to reduce costs by working together on regional projects through the Regional Performance Incentive Program (RPIP) and the Inter-town Capital Equipment Purchasing Incentive Program (ICE).

OPM has identified its priorities as follows:

- Support the Governor in developing, analyzing and implementing policies and the executive budget,
- Administer municipal grant programs,
- Conclude collective bargaining negotiations with state employees and provide labor relations services, and
- Strengthen state agency management policies and practices.

OPM will utilize the following strategies to develop new ways to operate within a severely constrained budget:

- Increase use of technology and Business Intelligence (BI) to oversee agency budgets and operations,
- Increase use of data-informed decision making,
- Limit hiring to refills of critical positions aligning with agency priorities,
- Redeploy existing staff and expand cross training, and
- LEAN OPM's grants management process.

Thank you for the opportunity to testify before you today. This is a challenging time and OPM looks forward to working with the General Assembly to find ways for the State of Connecticut to live within its means. OPM staff and I would be happy to answer any questions that you might have.