

Spending Cap Commission
Wednesday, March 30, 2016
Minutes

Attendees

Members:

Commission Co-Chairperson William Cibes, Commission Co-Chairperson Patricia Widlitz, Senator Beth Bye, Representative Toni Walker, Senator Rob Kane, Representative Melissa Ziobron, Senator John Fonfara, Representative Jeffrey Berger, Senator Scott Frantz, Representative Christopher Davis, Senator Steve Cassano, Representative Johnathan Steinberg, Senator Michael McLachlan, Representative Richard Smith, Tom Fiore, Roberto Hunter, Richard Porth, Ron Van Winkle, Richard Benham (Sitting in for Lori Pelletier), Senator Joan Hartley, Suzanne Bates, Robert Frankel, Ellen Shemitz, Bart Shuldman

Staff:

Susan Keane, Committee Administrator, Appropriations Committee
Amanda Zabel, Committee Clerk, Appropriations Committee
Sarah Schnitman, Assistant Clerk, Appropriations Committee

Opening Remarks

Chairperson Cibes called the meeting to order promptly at 10:00 A.M. He introduced his Co-Chair and welcomed Commission members to the first meeting of the Spending Cap Commission.

Introduction of Members

Chairperson Cibes asked that Commission members introduce themselves. After members had provided introductory remarks, Chairperson Cibes asked Appropriations Committee Administrator, Susan Keane, to explain where relevant Commission documents and information could be accessed online.

Susan Keane indicated where Spending Cap Commission information could be found on the Appropriations Committee website, which is accessible on the website of the Connecticut General Assembly via the first link under "Task Forces"

([http://cgalites/app/taskforce.asp?TF=20160330_Spending Cap Commission](http://cgalites/app/taskforce.asp?TF=20160330_Spending%20Cap%20Commission)).

She indicated that materials would be posted by meeting date, including agendas, and additional documents sent by the Chairs of the Commission. Susan Keane also informed members that the agenda would be emailed to members, as well as posted online. She expressed that information requests could be forwarded to the Appropriations Committee, and contact information is accessible online on the Appropriations Committee website.

Chairperson Cibes asked Susan Keane to facilitate solicitation of contact information for all Commission members.

Distribution of Documents

Chairperson Cibes gave members an overview of documents provided during the meeting including language establishing the Spending Cap Commission, constitutional spending cap language, statutory spending cap language, various letters from Attorney Generals Jepsen and Blumenthal regarding the spending cap, and a report on state tax and expenditure limits created by the National Conference of State Legislatures.

Chairperson Cibes briefly mentioned that members would discuss scheduling preferences for future meetings over the next several weeks. Chairperson Cibes asked his Co-Chair if she had additional comments to provide.

Chairperson Widlitz welcomed members to the Commission's first meeting and expressed looking forward to working with members on issues relating to the spending cap. She stated that the Commission is charged with defining the cap and reminded members that public hearings will need to be held in each congressional district pursuant to the General Statutes. She remarked that the Commission has the opportunity to provide valuable recommendations to the legislature. She also indicated that the Chairs would like to provide members with background on the spending cap, including history, past and present issues, and what the issues are concerning the spending cap.

Viewing of CT-N Video of the MetroHartford Alliance Constitutional Budget Amendment Forum

The Chairs asked members to view a video of the MetroHartford Alliance Public Policy Forum, which took place at the University of Connecticut Law School in Hartford. The video would be followed by a discussion to identify areas of concern relating to the spending cap. The video included commentary by Wesley Horton, Constitutional Law Attorney with Horton, Shields, and Knox, Attorney General George Jepsen, Former Speaker of the House Richard Balducci, Spencer Cain, President of Cain Associates and former staff members with the Office of Fiscal Analysis, and Keith Phaneuf, State Budget Reporter for the CT Mirror. The panel discussion was moderated by President and CEO of the MetroHartford Alliance, R. Nelson "Oz" Griebel.

Preliminary Discussion on the Identification of Spending Cap Issues

Chairperson Cibes indicated that members or members as representatives of organizations may want to submit or discuss existing reports on the spending cap. He asked Commission members for their comments.

Senator McLachlan stated his belief that the intent of the spending cap, when written, was to limit all spending and urged that all exceptions to the cap be eliminated. He asked the Commission to look at the big picture of spending and state government.

Bart Shuldman said the Commission needs to do something in terms of controlling spending in the face of the coming deficits in order to build back confidence with the public and businesses.

Representative Smith indicated the Commission needs to take a strong stance on the spending cap and define it in concrete terms in order for the public to feel more confident in the state. He said the Commission has an opportunity to make its mark on the state of Connecticut.

Ellen Shemitz expressed concerns with the impact of removing exceptions such as court orders and pensions, which she stated would leave resources for children and families vulnerable to cuts. She stated that downward pressure on spending and investing in children, families, and the state's future would worsen if this divide is not acknowledged.

Senator Kane remarked on the importance of having the private sector present in the Commission's meetings and thanked Bart Shuldman for his prior comments. Senator Kane said that bad budget years are the new normal and quoted Attorney General Jepsen, in agreement with the Attorney General's view that the task before members is challenging and previous attempts to mitigate the situation have been tried. The Senator indicated the Commission needs to get a handle on spending and put forth real ideas in relation to the spending cap.

Representative Ziobron thanked members for their comments and echoed Senator Kane's thoughts about having members from the private sector present. She said she would send Susan Keane an itemized list prepared by the Office of Fiscal Analysis of what items have already been taken off the budget for distribution to members for reference. She stated she looks forward to working to come up with solutions to the spending cap issues with the Commission.

Suzanne Bates introduced herself and summarized two reports the Yankee Institute has created on the spending cap. She shared her concern with the movement of debt service out from under the spending cap and expressed a desire for the Commission to look at what is and is not working in other state spending cap models.

Roberto Hunter requested that Commission members be fully briefed on the current and future budget situation and asked if there are any active proposals already detailed for defining the spending cap and the calculation process. He also requested information on what has been done to date to calculate the spending cap, including evolutions in carve outs and exceptions over time.

Tom Fiore stated the Commission should revisit why certain items were excluded, such as debt service and federal grants, and examine the rationale for these exclusions.

Senator Hartley detailed her involvement in the spending cap drafting process and described the intent of the cap. She stated that people need to know what methods have worked in other states and see how those models have yielded their results, necessitating analyzing a variety of factors.

Senator Cassano expressed his concern with the Commission's duties based on the kinds of legislative majorities necessary for support of the cap. He shared his views on the elimination of exceptions not included under the cap and discussed the roles of the legislature and courts as they relate to the cap. He additionally emphasized the need for the Commission to be flexible in its approach given the makeup of each chamber of the General Assembly.

Ron Van Winkle shared his view as an economist that defining the spending cap is an easy feat, as it has been defined in other states already, and additionally emphasized that defining expenditures a much bigger issue than defining growth. He also stated the legislature set a spending cap for municipalities last year and dictates to municipalities how they spend their money. Both municipalities and the state wrestle with the same issues with spending restrictions.

Representative Steinberg acknowledged state budget reporter, Keith Phaneuf who had spoken on the panel from the CT-N video which members had previously watched. He said the Commission needs to address how to avoid politics in going around the spending cap, and develop a mechanism that will be effective in the long term.

Representative Davis shared his perspective that the legislature could make its mark on the state of Connecticut in coming up with solutions to issues with the spending cap in a timely manner. He indicated he looked forward to the Commission's work in developing a solution to curb state spending.

Rick Porth stated the Commission's charge is straightforward but the bigger picture of the spending cap must be kept in mind in the context of the current fiscal environment. He said the Commission must rethink how the spending cap impacts spending priorities and people across the state, and the potential effects on property taxes and safety net services.

Bart Shuldman emphasized that the Commission needs to know the full scope of what the state faces in terms of revenues, expenditures, pensions, and effects of the spending cap on the budget in order to take appropriate action to address issues.

Closing Comments by the Co-Chairpersons

Chairperson Cibes identified areas the Commission will need to address, such as the implications of putting off-budget line items back on the budget, the definition of personal income, and the impact of growth rates on the calculation of the spending cap. In addition, he recommended the Commission consider identifying who calculates the cap, when it is calculated and how disagreements over the cap calculation are resolved. He spoke of the impact that an inflexible spending cap could have on limiting the state's ability to invest in initiatives that address current needs and demands. Further, he reminded members of Spencer Cain's remarks concerning the challenges that other states have faced in adhering to their tax and expenditure limitations and that some states have taken significant portions of their expenditures off budget. Chairperson Cibes enumerated several decisions made by the state in order to adhere to the spending cap that he has found to be counterproductive, such as shifting operating costs to bonding; bonding for information technology software; bonding grants to towns and economic development grants, all of which carry interest payments; shifting spending to tax credits; using revenue intercepts to fund services. He identified other areas for discussion, including general budget expenditures, grants to municipalities, mandates, court orders, and the rebasing of the spending cap occasionally. He emphasized the Commission's need to make realistic decisions based in fact, the economy and what can actually be done.

Chairperson Pat Widlitz stated the Commission has a narrow and complicated charge, and that it needs to receive the feedback of varied perspectives to build its knowledge base. She urged the

Commission to seek public input quickly, She expressed her concern that federal dollars need to come back to the state. Further, she emphasized that it is not the Commission's job to re-do the state budget or direct the legislature in its deliberations. She indicated that the Commission's work could have a huge impact on decisions made by the next General Assembly on this topic. Chairperson Widlitz pledged to keep an open mind as the Commission conducts its business.

Future Commission Meeting Dates

Chairperson Cibes proposed scheduling upcoming Commission meetings and a public hearing for citizen input. Commission members discussed various dates, times, and meeting frequency. It was decided that the Commission would hold a public hearing during the afternoon of Monday, April 18, preceded by a meeting. Additionally, the Commission will hold a meeting during the morning of Monday, May 9.

Adjournment

With no additional business to discuss, Chairperson Cibes closed the meeting at 12:40 PM.

Respectfully submitted,

Sarah Schnitman
Assistant Clerk, Appropriations Committee