



Testimony of Zachary Janowski to the Spending Cap Commission
October 5, 2016 – Hartford Public Hearing

Spending Cap Commission members:

Thank you for the opportunity to testify. You have an important task in fulfilling the will of an overwhelming majority of Connecticut voters expressed more than two decades ago.

My name is Zachary Janowski and I am the director of external affairs for the Yankee Institute. We want everyone to be free to succeed in Connecticut and we advocate for policies that will make that happen.

I'd like to start by saying I support the definitions you already adopted for income and inflation. Those definitions will work well and I hope the General Assembly will adopt them as recommended.

That leaves general budget expenditures. I would encourage you to use the most inclusive definition possible, including pension contributions.

As technical matter, I don't think pension liabilities are evidences of indebtedness, which has a specific legal meaning. In particular, if pension liabilities are evidences of indebtedness, they would count toward the statutory bonding cap set at 1.6 times spending.

More generally, excluding pension costs from the cap creates bad incentives. Roger Lowenstein, the author of *While America Aged*, calls pensions "the perfect vehicle for procrastination." Excluding pension contributions from the cap will encourage even more procrastination.

If the cap excludes pension contributions other than normal cost, the strategy to increase spending would be to minimize the normal cost estimate and make up for it in later contributions that don't "count" toward spending.

Excluding pension costs suggests that past commitments don't have a real impact on the present cost of government. The reality is just the opposite. Past commitments are driving the current cost of government.

The spending cap is written to limit the growth of government without creating the brinkmanship and risk of default associated with the federal debt limit. That was prudent and wise. Excluding recurring spending, pension contributions or otherwise, would be the opposite. Thank you.