

Testimony of Tom Lasersohn  
Spending Cap Commission  
10/19/2016

Commissioners:

My name is Tom Lasersohn, and I am a resident of Westport.

I urge you to recommend a definition of “general budget expenditures” that is as broad as possible and specifically includes all expenditures for pensions and other post retirement employee benefits.

The citizens of Connecticut were promised an effective spending cap when we approved the income tax in 1992. Excluding items of employment related expenses, which are clearly operating expenses, would gut the spending cap and is a bad faith end run around that promise. To claim that unfunded pension and other expense from prior periods is a “bond or other evidence of indebtedness” and not subject to the spending cap would mean that an expenditure could be removed from under the spending cap simply by paying it late. That is absurd. It is important to remember that the spending cap is a measure to force spending discipline by requiring hard choices, but it is not absolute if the legislature by a supermajority vote agrees with the Governor’s declaration of an emergency or extraordinary circumstance. It is appropriate that there be broad supermajority agreement if spending growth exceeds the cap, and this was the protection Connecticut voters insisted on in 1992 as a condition to amending the Constitution to permit an income tax.

In business you learn that for every one customer that complains, there are many you have already lost as customers. For every citizen who gives testimony to this Commission, there are many who are so disgusted with the State’s fiscal mismanagement and chicanery that they will leave at the earliest convenient opportunity. Many outside the State peer in and resolve “no, not for me until the State gets its fiscal act together.” A responsible definition for “general fund expenditures” will communicate to both current and prospective residents and businesses that we are serious about fixing our problems.

Attorney General Blumenthal opined in 1993 that the statutory definition of “general budget expenditures” applied until the legislature implemented the Constitutional definitions by the requisite majority vote. That opinion states: “[t]o continue to amend the statutory provision by less than a three-fifths majority would render the constitutional amendment a nullity. The statute was to be a temporary measure.” Attorney General Jepsen conveniently reached the opposite conclusion, but I ask you to consider the outcry if a private corporation tried to break such a promise to its stakeholders. The Attorney General and the legislature would immediately cry “fraud.” And they would be right. A spending cap definition that guts the promise made in 1992 is nothing short of fraud upon the citizens of Connecticut.

Thank you.

