



State of Connecticut

HOUSE OF REPRESENTATIVES STATE CAPITOL

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Testimony

Spending Cap Commission

October 5, 2016

Good afternoon. Thank you for your work on this critical subject. I am pleased that you have made progress on developing the definitions for two of the terms that are necessary for implementing the state's constitutional spending cap.

I testified before you at your hearing last April, and I have returned because of the importance I attach to the integrity and rigor of the spending cap. I have a question about one of the two definitions you are offering for consideration, and comments about the third.

Increase in inflation

Your proposed definition includes the phrase "increase in the consumer price index for urban consumers". Perhaps limiting the CPI index to urban residents needs further explanation.

General budget expenditures

As I did when I testified before you last, I want to recall the original purpose of the constitutional spending cap, which was to protect taxpayers by preventing them from being required to spend more than they can reasonably afford. This is a principle that I believe should guide the work of both this commission and the General Assembly. It aligns spending with a criterion several of you have spoken of as "ability to pay".

To it, I would add another criterion that we might call "willingness to pay". This is crucial to consider, when the disparities among states in terms of their tax environments are significant. It is naïve to believe that people who have the resources to move elsewhere or merely to change their domiciles will not do so if their financial obligations to Connecticut become overly onerous. It happens in Fairfield County all the time. This is a loss, because the state needs people who pay the taxes that fund infrastructure, education, and services for the neediest. Denying the existence of the phenomenon achieves nothing but depletion of the state's financial resources. We can't, of course, quantify willingness, but its importance underscores the necessity of implementing the cap and doing it honestly.

By that, I mean that an honest accounting of what is really being spent is necessary. Budget items that do not fall under the cap are still money, they are still being spent, and they are still funded by taxpayers. Excluding non-emergency items like pension contributions, debt service, expenses related to federal mandates, supplemental educational aid, one-time programs, and Medicaid costs destroys the integrity and usefulness of the cap. All of these cost money. All are funded by taxpayers.

Together they are subject to taxpayers' ability and, yes, their willingness to pay for them.

I urge you to recognize this, and to respect Connecticut's taxpayers by implementing a spending cap that does not distort reality and that requires our state government to live within the means of the people who fund it.