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More Action Needed to Cover State Deficit By Mike Alberts



The Connecticut state legislature has trimmed about \$300 million, amounting to less than two percent, from the annual \$18 billion state operating budget. Clearly, this is a step in the right direction but not nearly enough to cover the budget gap that seems to grow almost weekly.

The current national and state economic recession has slowed state tax receipts dramatically below expectations, including the state income tax, sales tax, corporate taxes, casino revenues and even the cigarette taxes.

Initially projected at \$300 million, the state deficit is expected to reach nearly twice that amount before the current fiscal year comes to an end on June 30, 2009. The deficit reduction plan offered by Gov. M. Jodi Rell was approved, but erased only \$300 million of the deficit. Since her plan was developed, the deficit has grown by an estimated \$250 million more.

Looking to the next two years, the state anticipates a combined \$6 billion gap between revenues and expenses for the fiscal years ending in June 2010 and June 2011. These are estimates of nonpartisan analysts from both the legislature and the governor's administration.

To solve this enormous problem, there is no magic bullet or quick fix. State government needs to change the way it operates fundamentally. That state cannot rely on \$1.4 billion in its Rainy Day Fund, as that would be wiped out in matter of months.

The choices are unpleasant, either to increase taxes or slow the growth in state spending.

People in each of our communities are facing tough times. As a concerned legislator and member of the Revenue, Bonding and Finance Committee, I am unwilling to ask citizens to pay more for state government in these tough times.

What can be done?

Bolder steps are necessary to close a spending gap greater than any other in recent state history. We need state agencies to come to the table and discuss ways to change the way they do business.

At a recent conference hosted by the nonprofit Connecticut Economic Resource Center, David Osborne, author of *The Price of Government* and *Reinventing Government*, said, “Connecticut needs to reprioritize: get rid of low-value spending and invest in high-value spending. Connecticut needs to reinvent its public institutions so they can deliver better results with less money.”

First step, according to Osborne, is to change the way state government prepares its budgets—that is to take last year’s budget, add “autopilot” increases and then negotiate the final 5 percent to 10 percent of the budget.

Rather, Osborne says budgeting should ask four basic questions:

How much revenue will we have?

What outcomes matter most to citizens?

How much should we spend to achieve each outcome?

How can we best deliver each outcome that citizens expect?

We need to reinvent public institutions so they provide better results with less money. That can be done by focusing on core purposes, creating consequences for performance, demanding accountability to customers and creating continuous improvement.

Other states have done this, according to Osborne, notably the state of Washington. Connecticut can do likewise if leaders and citizens demand a sense of urgency.

This time, the problems in Connecticut and other states cannot be solved by tinkering around the edges and hoping to muddle through year by year.

It will take creative, innovative leadership.

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