

MINUTES OF THE 4/16/10 SPECIAL MEETING OF THE
SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
AT SCCOG OFFICE, NORWICH, CT

PRESENT: Council Representatives: Gregg Schuster, Colchester; Paul Formica, East Lyme; Richard Matters, Franklin; James Streeter, Town of Groton; Fred Allyn, Ledyard; Thomas Sparkman, Lisbon; Joseph Jaskiewicz, Montville; Robert Congdon, Preston; Cathy Osten, Sprague; Donald Maranell, Borough of Stonington; Daniel Steward, Waterford. Council Alternates: Alan Bergren, Norwich. Staff: James Butler. Other: Robert Genuario, David LeVasseur, OPM; Jeff Nelson, Governor's Eastern Office office; Merrill Gerber, one unnamed citizen; one reporter.

1. Call to Order: Chairman Matters called the meeting to order at 10:02 a.m.
2. Roll Call: A quorum was present.
3. Guest Speaker: Secretary Robert Genuario, OPM

Chairman Matters thanked Secretary Genuario for coming to meet with the SCCOG.

Secretary Genuario said that he guessed he was here because of some comments he made regarding the State's fiscal issues. He said he understood that those comments were questioned at a previous meeting of the SCCOG. He then explained the projected FY 2010 budget deficit and the requirement that a budget reduction package be prepared to address what was originally projected to be a \$700 Million deficit. In March, a \$500 Million deficit was forecast, requiring the preparation of a budget deficit reduction plan, a plan that included some modest reductions in municipal aid. The plan reduced municipal aid by \$20 Million. Secretary Genuario said that the comment he made that upset municipal officials was that municipalities around the state had fund balances in place, and these funds could be used to make up for the reduction in aid from the State. The State will completely exhaust its Rainy Day fund, while municipalities will still have their reserve. He said he understands it is difficult to balance municipal budgets and he does not presume to tell municipal officials how to balance their local budgets.

Secretary Genuario then reported on the agreement just reached on the deficit mitigation package for the FY 2010 budget, and said that this agreement included no reductions in municipal aid. The State still does not know what its revenue picture will be in FY 2011, but projections should be available in the next 5-6 days. The Governor has called for the leadership of the General Assembly and the administration to begin work on reducing the projected deficit for FY 2011 without any increase in taxes and reductions in municipal aid. The State is still waiting for funding proposals from the federal government.

The Secretary said all this assumes the State borrows or "securitizes" \$1.3 Billion. He said the Governor and General Assembly are agreeing to borrow this funding in an effort to avoid cuts to municipal aid. The State has sought concessions from the unions, reduced social

services, reduced funding to other outside agencies, and shed 4,000 State employees in the last 8-9 months for this purpose. And he said, all of this is a prelude to addressing the projected FY 2011 budget shortfall.

Secretary Genuario said that he does think there is sensitivity at the State government to reducing mandates on municipalities. He said that it is likely there will be a reduction of mandates included in the FY 2011 budget deficit reduction package.

A question and answer session ensued. During discussion, the Secretary noted the following. He said the State's bond rating had not gone down, but that they are on a "negative outlook" by two of the bond rating agencies. In response to a question about mid-year reductions in municipal aid, the Secretary said no one in State government has proposed any mid-year cuts to municipal aid; the Governor has suggested cuts in FY 2011. He commented on the contractual rights of State employees regarding wage increases and health care. He said that last year State employees agreed to concessions in these two areas, but that we will probably not see major give backs during the life of the contracts which expire in 2017. In response to another question, the Secretary confirmed that the deficit this year was \$500 Million this year, \$700 Million in FY 2011, and possibly \$3 Billion in 2012. In response to another question concerning the State Grant In Aid to regional planning organizations, he said that the recently agreed upon deficit reduction plan for 2010 included a figure of \$199,000 statewide for this grant down from the original \$1 Million, and that he expected the FY 2011 budget would also contain \$199,00 for this purpose.

Mr. Mullane thanked Mr. Genuario and called today a direct and constructive meeting between a State official and municipal leaders. He said that it was the most civil, honest, and sincere discussion of issues that he has participated in his 25 years in municipal government.

The meeting adjourned at 11:38 a.m.

Respectfully Submitted,
Paul Formica, Secretary