



May 5, 2011

Representative Linda Schofield  
Legislative Office Building Room - 1004  
Hartford, CT 06106-1591

*Thanks for your  
courageous leadership*

Dear Representative Schofield:

We write today on behalf of our thousands of members across the state to urge an intense focus on the long-term financial implications of structural deficits on our state's economy. Despite passage of the FY'12 and '13 budget this week, much work remains to be done.

Earlier in the legislative session, we wrote to urge the adoption by the end of April of a truly balanced budget for FY'12 and '13 that attacks both biennial and structural deficits and restores private sector confidence in Connecticut's economic future. Recently, we followed up to underscore our continuing support for spending reductions, structural State employee benefit and pension reform, and minimal tax increases that do not undermine job retention and growth. In the intervening months, we underscored these goals with print ads and discussions with numerous employee groups. After considerable effort by the Governor and both chambers, the Legislature has passed a budget that takes important steps but that does not reduce ongoing structural deficits or stimulate private investment and that includes tax increases, the largest in history, that will particularly hit small and midsize businesses that employ the vast majority of Connecticut residents.

We understand that, notwithstanding its adoption by the Legislature, the budget requires additional legislative approval of the specific components of the Governor's negotiations of \$1 billion in State employee concessions in each of the next two fiscal years. Given that requirement, we write again with a simple message that is consistent with the Governor's executive order to conform the State's budget to Generally Accepted Accounting Principles: reduce the debt load and eliminate unfunded liabilities to rescind the tax increases.

To be specific, the increases in taxes will produce theoretical "surpluses" of \$369 million in FY '12 and \$660 million in FY '13, estimates that may ultimately increase. These projections augment the \$460 million "surplus" projected for FY'11 which is mandated to reduce the securitization used to balance the FY'10 budget. Of course, given our level of debt and unfunded liabilities, these projections are not genuine surpluses. We therefore urge that the \$1 billion plus combined "surplus" in FY '12 and '13 be similarly

dedicated to reducing the State's bonded indebtedness and associated annual debt service. By making that specific commitment now, we will demonstrate to the private sector that we have a plan to stay within the Constitutional spending cap, to rescind the tax increases no later than June 30, 2013, and to put Connecticut's fiscal house in order for the long term.

Such a demonstration is critical given the harsh reality that the U.S. and Connecticut economic recoveries are essentially jobless, as evidenced by the 6,000 jobs lost in March and the unemployment rate continuing above 9%. While the budget is the single most important component of the private sector confidence needed to retain and grow jobs and to invest in equipment, plant, and technology, we also urge you to take other steps to reduce the cost of living and doing business in Connecticut, such as by placing a moratorium on unfunded municipal mandates, and to defeat bills that poison a positive business climate, such as those mandating paid sick leave and restrictions on free and open employer-employee communications.

Much good work has been accomplished by the Governor and the Legislature over the past several months, but much more constructive action must be taken over the remaining five weeks of the session to restore opportunity for jobs and prosperity for all Connecticut citizens.

Sincerely,



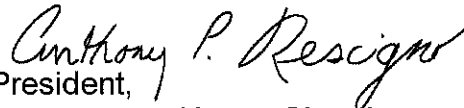
President and CEO,  
MetroHartford Alliance



President,  
Middlesex County Chamber of  
Commerce



President and CEO,  
Central Connecticut Chambers of  
Commerce



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Greater New Haven Chamber  
of Commerce



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Waterbury Regional Chamber