

# State of Connecticut



DENISE L. NAPIER  
TREASURER

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Hartford

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Dear Editor:

In response to the January 10, 2012 opinion column entitled *Borrowing for Operating Expenses Again*, it is clear that the Connecticut House Republicans authoring the piece have confused temporary transfers of money among State accounts with borrowing money to fill a budget gap.

The fact of the matter is the State's budget for the 2012/2013 biennium, which is based on aggregate annual revenues and expenditures, is in balance. Yet even with a balanced budget, differences in the timing of receipts and disbursements are commonplace. Temporary transfers between State accounts may be necessary due to variations in cash balances, and are not the type of borrowing that merited caution on the part of Fitch and other credit rating agencies in 2010.

The suggestion that I "dismissed" the change by Fitch to the State's GO credit rating is inaccurate at best. In mid-2010, Fitch Ratings upgraded Connecticut's GO credit as part of a recalibration of all state and local government credit ratings, and eight weeks later downgraded our credit to a level that was comparable to where it had been since 1997. The one notch decrease in the Fitch rating brought Connecticut to a level comparable to the credit ratings from two other major credit rating agencies, Moody's Investors Service and Standard & Poor's. Even though this ratings change did not have measurable effect on the pricing of Connecticut bonds, at the time I went on record in my June 4, 2010 press release that the "announcement by Fitch is a veritable caution sign about the perils of relying too heavily on debt to balance the budget."

In some ways, we still are mending our ways – both in terms of our overall economy and our budget practices. Governor Dannel Malloy has made tangible progress toward improving the State's fiscal stability. ***The current budget has no one-shot revenue gimmicks and no borrowing to cover operating expenses.***

With that said, despite the factual misstatements in the opinion piece, I wholeheartedly agree with the authors on this important point: the fiscal challenges facing the State are complex and significant, and demand a robust, bipartisan, forthright discussion of how taxpayers' resources can be directed to their highest and best use. The people of Connecticut deserve our most earnest efforts here. I remain committed to working with Governor Malloy and lawmakers to give them just that.

Sincerely,

Denise L. Nappier  
State Treasurer