CONNECTICUT VOICES FOR CHILDREN

NEWS RELEASE

33 Whitney Avenue
New Haven, CT 06510
Voice: 203-498-4240
Fax: 203-498-4242
www.ctkidslink.org

FOR IMMEDIATE RELEASE
Friday, February 4, 2011

Contact: Joachim Hero, Research Analyst, (203) 498-4240

Reality Check: Connecticut's Public Revenues and Spending Have Remained Lean and Stable for Decades

New Report Compares CT Revenues & Spending to Other States, Examines Growth Trends

As Connecticut faces an historic state budget deficit, a new report by Connecticut Voices for Children suggests that the state faces a budget crisis caused by a declining economy and short-sighted fiscal choices, rather than a problem of overspending. The study by the research-based policy think tank finds that Connecticut's state and local government is relatively lean compared to other states and that state spending has remained fairly stable over recent decades.

"We need to be clear-eyed about our real economic and state budget problems," said Joachim Hero, author of the report and Research Analyst at Connecticut Voices for Children. "Given that Connecticut's state and local government is already relatively lean, relying too heavily on budget cuts to close the deficit would damage basic services, such as education, health care, transportation, and public safety."

Among the findings of the study, which primarily analyzed data from the Census Bureau and the Bureau for Economic Analysis:

- Connecticut's state and local government has not grown as a share of the economy since 1970. Connecticut's state and local government is the 5th smallest in the country, relative to the size of its economy.

- State and local taxes and fees in Connecticut have declined as a share of the state's total personal income since 1997. The proportion of total income paid towards state and local government in Connecticut has fallen from a high of 14.7% in 1997 down to 13.9% in 2008. Connecticut's decline occurred over a period that the 50-state average increased from 15.6% to 15.9%.

- As a proportion of total state income, Connecticut ranks among the bottom 10 states in its spending on education, social services, transportation, public safety, and environment and housing.

-- MORE --

- The wealthiest 1% of taxpayers pay less than half the share of their income on state and local taxes (4.9%) that middle-income (10%) and lower-income (12%) taxpayers pay. The report points out that while the "bottom" 95% of New Jersey residents pay a smaller share of their income in state and local taxes than the bottom 95% of Connecticut taxpayers, New Jersey still raises more revenues as a proportion of total personal income because of its more progressive tax structure.

To address the state's budget gap, Connecticut Voices recommends that state policymakers enact several revenue reforms, including a progressive income tax, closing corporate tax loopholes, and scaling back on some of the state's $5.3 billion in tax expenditures (e.g., tax credits, exemptions, deductions, and rate reductions). In addition, the organization calls for exploring smarter spending reforms that could save the state money, including long term care reform, regionalization of municipal services, and energy conservation.

"Connecticut needs revenue solutions for its revenue problems," said Jamey Bell, executive director of Connecticut Voices for Children. "If we are going to avoid further damage to our economy, we need a balanced approach to the state deficit that takes a careful look at all our revenue options."

The report, "Reality Check: Connecticut's Public Revenues and Spending Have Remained Lean and Stable for Decades," can be found on the Connecticut Voices website at www.ctkidslink.org. Connecticut Voices for Children is a statewide, research and policy organization that works to advance strategic public investment and wise public policies to benefit our state's children, youth and families.

-END-