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**State Policy Think Tank Responds to Tea Party Rallies; Challenges
Myths About Public Revenues and Spending in Connecticut**

*Says Cuts-Only Budget Approach Would Damage Economy,
Balanced Approach Needed That Includes Revenues*

Calls at Tea Party rallies and elsewhere for huge public service cuts and concerns about the impact of potential tax increases on wealthy residents are based on misconceptions, according to Connecticut Voices for Children, a research-based think tank. The organization questioned calls made by some at Tea Party rallies and elsewhere for major cuts to public services and for dramatically scaling back the role of the public sector, even as families are struggling through difficult economic times.

"How do huge, damaging cuts for families make sense now? Are our children too well-educated? Are our streets too safe? Is our economy doing too well?" said Jamey Bell, Executive Director of Connecticut Voices for Children "Public investments like education, public safety, and job training give us the infrastructure that makes economic prosperity and a good quality of life possible in our state."

Rather than a cuts-only budget approach, the organization instead called for several state 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).

"Any proposal that would try to close Connecticut's budget deficit through cuts alone is not a serious solution," said Joachim Hero, Senior Policy Fellow at Connecticut Voices for Children. "Relying only on cuts would hurt families just as their needs are rising and undermine our prospects for economic recovery. We need a balanced approach that includes revenues."

Connecticut Voices summarized research findings challenging myths about government revenues and spending, arguing that the state faces a budget crisis caused by a declining

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economy and short-sighted fiscal choices, rather than a problem of overspending. The research findings suggest 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.

- 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.
- Connecticut is a relatively low tax state for businesses. Connecticut ranks 5th lowest among states in total state and local business tax revenues as a share of the state's private sector economy.

The report, "Tax Day Reality Check," 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 public policies that benefit the state's children, youth and families.

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