Report: Reducing Federal Deficits Without a Significant Revenue Increase Would Cost Connecticut Billions

Ryan Budget Cuts Would Be Three Times Larger Than Automatic Cuts Scheduled for January

[New Haven, CT] – Unless significant new revenue is included, efforts to reduce federal deficits would almost certainly damage Connecticut’s economic recovery and future economic growth by drastically cutting federal investments in schools, roads and bridges, safe communities, and disaster relief.

The House-passed budget from Congressman Paul Ryan is an example of the kind of approach Congress would take if it rejects deficit reduction that includes revenues. Under Ryan’s plan, Connecticut would lose an estimated 22% or $347 million in federal funding for education, clean water, law enforcement, and other state and local services in 2014 alone, according to a report released today by the Center on Budget and Policy Priorities, a non-partisan policy research organization based in Washington, D.C. Ryan’s plan also would shift other very large costs to states by reducing sharply federal funding for Medicaid (in addition to repealing the health reform law), and likely by cutting deeply funding for highway construction and other transportation projects.

“Deficit reduction shouldn’t come at the expense of Connecticut’s economic future,” said Sharon Langer, Senior Policy Fellow at Connecticut Voices for Children, a research-based think tank. “If Congress fails to take a balanced approach that includes revenues as well as spending cuts, it will damage our ability to educate our children, build roads and bridges, and have clean water and safe communities – all key elements of a strong future economy.”

Federal funding for states, counties, and cities very likely would be decimated by an unbalanced approach to deficit reduction in the next decade. That is because there is broad bipartisan agreement that significant deficit reduction is needed, but federal policy makers also agree in broad terms that deficit-reduction savings from other major parts of the budget – defense, Medicare and Social Security – should be limited during that period. Federal funding for states and local communities would thus be one of the few remaining sources of large potential savings.
These cuts likely would bring federal aid to state and local governments to historic lows. By 2021, under the Ryan budget, federal grant programs for states, counties, and cities likely would be less than half the average of the last 35 years.

These cuts would add to deep cuts Congress already made to state and local aid last year and deep cuts that Connecticut has made as a result of the recession to public services vital to economic growth.

**Ryan Budget Cuts to Federal Funding for Connecticut Far Worse Than “Sequestration”**

The funding cuts to states, counties, and cities under the Ryan budget proposal would far exceed the automatic cuts scheduled to begin in January, often referred to by the term sequestration. In 2014, the Ryan budget cuts would be three times as deep, inflicting far more damage than sequestration. In later years, as the sequestration cuts diminish but the Ryan cuts remain as deep, the difference would be even larger.

Specifically, the Ryan budget proposal likely would reduce federal funding in these areas in Connecticut:

- **Education.** Head Start, teacher quality programs, special education, and schools in high-poverty areas likely would face deep cuts.
- **Transportation.** Likely cuts would hurt Connecticut’s ability to build and repair roads, bridges, airports, and public transportation systems.
- **Public safety.** The state would likely have less funding for disaster assistance and grants programs that help local police departments hire, train, and equip officers.
- **Community development.** Funds that help improve water and sewer systems and revitalize deteriorating neighborhoods likely would face cuts.
- **Housing.** Connecticut likely would be less able to provide rental assistance and heating and cooling assistance for low-income people, many of them elderly.
- **Workforce.** Connecticut would have fewer resources for workforce training and placement services and childcare assistance for low-income working parents.
- **Health.** Funding cuts would hinder the state’s ability to keep community health centers open, provide mental health and substance abuse services, and give nutrition support to low-income mothers and young children.

“Congress should pass a balanced deficit reduction plan that includes new revenue and replaces the automatic budget cuts scheduled for January,” said Sharon Langer. “However, it should avoid any unbalanced plans that would make even more damaging cuts in federal aid to states and undermine supports for Connecticut’s children and families.”

The Center’s full report can be found at: [http://www.cbpp.org/cms/index.cfm?fa=view&id=3816](http://www.cbpp.org/cms/index.cfm?fa=view&id=3816)

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