Impact of the Governor’s, Republican, and Democrat Proposed FY 2017 Budget on Children and Families

April 2016

Introduction
Following hundreds of millions of dollars of cuts to health, human services and education to close a billion dollar budget hole in Fiscal Year 2016 (FY 16), lawmakers are once again facing tough choices as they prepare to close another billion dollar deficit for Fiscal Year 2017 (FY 17), all while staring down deficits of approximately two billion dollars in each of the following two fiscal years. Adding to the tumult, policymakers have been forced to revise the FY 16 budget multiple times since its passage nearly a year ago as revenue continues to come in below expectations. Similarly, revenue shortfalls for FY 17 persist, leaving the state with a budget hole of more than a billion dollars.1

The current budget proposals for FY 17 put forth by the Governor, the Republicans and the Democrats cut spending on crucial programs that support children and families – as defined by our Children’s Budget2 – by 5.0 percent ($301.3 million), 3.2 percent ($192.5 million) and 4 percent ($244.8 million), respectively. While children have not caused the current fiscal crisis, the budget proposals disproportionately burden the future of children as a means to address the challenges created in the past.

A myriad of factors have contributed to the current fiscal crisis, including disappointing tax revenues, slow growth in jobs and wages, rising long-term liabilities, a flawed tax structure and related social and economic inequalities. Relying solely on cuts to critical services for children and families and investments that support the high quality of life that many residents enjoy may offer a short-term solution to the budget gap, but does so at a significant cost to the state’s long-term prosperity. The commonsense approach, therefore, is one that is balanced.3

1 An abbreviated timeline of major budget changes in the past year are as follows:
(1) On June 3, 2015, the General Assembly passed PA 15-244 which contained the FY 16-17 biennial budget; (2) On June 29, 2015, the General Assembly passed PA 15-5 in a special session to implement the budget, making several revisions to PA 15-244; (3) On Sept. 8, 2015, Gov. Malloy announced rescissions to the FY 16 budget to account for lower-than-expected revenue; (4) On Dec. 1, 2015, the General Assembly passed PA 15-1 in a special session, a deficit mitigation plan for FY 16 that replaced the Governor’s September rescissions; (5) On Feb. 3, 2016, Gov. Malloy announced his proposed mid-term budget adjustments for FY 17; (6) On March 16, 2016, Gov. Malloy announced another round of rescissions to the FY 16 budget to account for continued lower-than-expected revenue; (7) On March 29, 2016 the General Assembly passed another deficit mitigation plan for FY 16 to replace the March 16, 2016 rescissions; (8) On April 6, 2016, the Appropriations Committee announced its proposed budget adjustments for FY 17, which amounted to over $300 million above projected revenue; (9) On April 12, 2016, Gov. Malloy announced his revised budget adjustments for FY 17, which took into account the growing deficit projection; (10) On April 25, 2016, Republican lawmakers in the General Assembly announced their own budget proposal for FY 17 and; (11) On April 28, 2016, Democratic lawmakers in the General Assembly announced their own budget proposal for FY 17
2 To track trends in public spending, Connecticut Voices for Children created the Children’s Budget, a compilation of all major state investments in children and families, including K-12 education, child welfare, early care and education, and family health. Analyzing changes in the Children’s Budget allows us to assess appropriations over time to determine if the state has met its responsibility for investments in children and families, and compare changes in the Children’s Budget to those in other areas. In FY 1992, Connecticut spent nearly 40 percent of its General Fund on the Children’s Budget; now, that share has decreased to barely 30 percent. See: http://www.ctvoices.org/issue-areas/budget-and-tax-fiscal-policy-center/tracking-childrens-budget
Comparing Budget Proposals
Governor Malloy, the Republicans and the Democrats have all issued FY 17 budget proposals – in that order – throughout the month of April. All three budgets fall short of the investments necessary to support children and families. A fairer, more balanced approach would seek to close tax loopholes, modernize outdated tax laws, and call upon the wealthiest to pay their fair share in order to avoid an all-cuts budget.

Among the three proposals, the Governor’s budget proposal represents the deepest cuts to the Children’s Budget, reducing it by 5 percent ($301.3 million) in part by reducing income eligibility for parents and caretaker relatives on HUSKY A; reducing pediatric Medicaid dental fees that could jeopardize access to dental care; reducing K-12 spending by over $147 million; consolidating early care and education funding; cutting $41.2 million from the Department of Children and Families (DCF) and; cutting $48.7 million from higher education.

The Governor’s proposal also makes two significant changes to the way we budget. First, as it has in the past, the proposal no longer includes the “current services” estimate. Current services reflect the cost of providing the same level of services for each line item given routine changes such as inflation and caseload growth. In other words, it may very well be the case that the cuts described in this brief are an underestimate since they do not take into account annual changes like inflation. To illustrate, while the Governor’s revised budget recommends approximately $911 million in cuts from the budget that was enacted last year, this actually represents a cut of $1,063.6 million from a current services budget.

The second important change in the Governor's proposal was made to appropriations within each agency. In order to provide agency commissioners with a greater degree of flexibility, many of the line items within each agency were consolidated into a fund called Agency Operations, which was then cut by 5.75 percent in most agencies. This decision reduces transparency and accountability in the budget by masking the impact on individual line items. Under this change, an agency head could cut a program entirely without any legislative oversight, a worrisome precedent to set.

The Republican’s budget proposal, meanwhile, shields the Children’s Budget from cuts as deep as the other two proposals – a reduction of 3.2 percent ($192.5 million). The proposal closes the $911 million deficit with large changes to other parts of our state’s finances, such as a large 12 percent cut to non-service accounts, drastically reduced bonding levels, ending Connecticut’s clean elections program, and scaling back other large-scale initiatives like the Governor’s transportation plan and the Democrats’ municipal revenue sharing account. Most notable to the Children’s Budget, their proposal reduces K-12 spending by $41 million; zeroes out several other education initiatives; cuts higher education by $67 million; and cuts funding to DCF by $37.7 million reduction.

Finally, the Democrat’s budget proposal cuts the Children’s Budget by 4 percent ($244.8 million) by cutting funding for Medicaid dental rates and reducing funding to School-Based Health Centers. The proposal reduces spending on K-12 education by $93 million and cuts to higher education by $38.2 million as well as cuts to a number of early care programs. Finally, the proposal cuts $40.7 million from the Department of Children and Families.

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The Children’s Budget

The following table (Table 1) depicts the largest programs and agencies of the Children’s Budget, their original appropriation for FY 17, and how they fared in each of the three proposals. As illustrated, funding is largely cut across the board under all three budget proposals. In total, the Governor’s proposal cuts it by $301.3 million (5.0 percent), Republicans cut it by $192.5 million (3.2 percent) and the Democrats cut it by $244.8 million (4.0 percent).

<table>
<thead>
<tr>
<th>Table 1: Largest Cuts to the Children’s Budget in Governor’s, Republican, and Democrat Proposed FY 2017 Budget Proposals</th>
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<td><strong>Program</strong></td>
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<td>State Department of Education</td>
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<td>Office of Early Childhood</td>
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<td>Department of Children and Families</td>
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<td>DSS Medicaid (HUSKY A)</td>
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<td>DSS TANF</td>
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<td>DSS CT Children’s Medical Center</td>
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<td>DDS Behavioral Services</td>
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<td>DOL Jobs First</td>
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<td>DPH School-Based Health Clinics</td>
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<td>Board of Regents</td>
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<td>University of Connecticut</td>
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<td>Office of Higher Education</td>
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<tr>
<td>DOL Workforce Investment Act</td>
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<td>DMHAS Young Adult Services</td>
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<td>JUD Juvenile Alternative Incarceration</td>
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<td>JUD Youthful Offender Services</td>
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<td>Total Children's Budget</td>
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<td>Non-Children's Budget</td>
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<td>General Fund</td>
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This table does not take into account current services estimates, meaning it may underestimate the effect of cuts on public services. In addition, due to the uncertainty posed by the Agency Operations consolidation, in which all line items were presumed to face a 5.75 percent cut, the Governor’s column represents estimates of certain appropriations.

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Revenue\(^6\)

None of the three budget proposals includes any meaningful new revenue. Instead, all three budgets rely on significant cuts to health and human services and to education. While such cuts may offer a short-term solution to the budget gap, they do so at a significant cost to the long-term economic and social structure of the state.

There are, however, options available to maintain investments in critical public services, such as closing tax loopholes, modernizing outdated tax laws, and calling upon the wealthiest to pay a fair share. For example, an increase in the tax on personal income and capital gains – 84 percent of which would fall on the top 1 percent of taxpayers – would result in an estimated $283.1 million in new state revenue, a third of which would be offset by the larger deductions on federal income taxes. As a matter of perspective, the increase is equal to asking an income group that has experienced 63 percent of all income growth from 2009 to 2012 to share in addressing just approximately 20 percent of the FY 17 budget shortfall.

In addition to much needed revenue, lawmakers could add fairness to the state tax system. Currently, the bottom 95 percent of households pay an effective tax rate of 11.3 percent while the top 5 percent pay a rate of 8.5 percent. This lopsidedness results in a loss of more than $2 billion annually.

![Table 3: Revenue Foregone as a Result of Unequal Effective Tax Rates (state and local taxes)](image)

Likewise, to make our public budgeting system more accountable and transparent, we must hold the $7.24 billion (equal to 40 percent of General Fund revenue) lost annually to tax expenditures to the same standard as spending on education, health, and social safety net programs by performing regular review and holding public hearings. Expenditures have grown by more than 70 percent since 2000, when they were equal to $4.2 billion, but are not evaluated and subject to routine public scrutiny.\(^7\)

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\(^6\) See our brief, Revenue Options are Crucial to Maintaining Public Investments that Promote Prosperity: [http://www.ctvoices.org/publications/revenue-options-are-crucial-maintaining-public-investments-promote-prosperity](http://www.ctvoices.org/publications/revenue-options-are-crucial-maintaining-public-investments-promote-prosperity)

Fringe Benefits, Debt Service, and Rainy Day Fund

Connecticut’s budget is struggling under the burden of commitments that in some cases were made decades ago and will take additional decades to address. Unlike changes to the Children’s Budget, the proposals maintain commitments to addressing the state’s contractual obligations, including making increased payments to employee pensions, health care, and debt service. All three budgets maintain the state’s contribution to the State Employee Retirement System (SERS) at $1.1 billion in FY 17, an increase of $28 million from FY 16. They also fund the healthcare costs of current and retired employees for a total of $1.5 billion in the upcoming fiscal year, representing growth of $98 million from the previous year. Payments owed on Connecticut’s debt are set to grow $302 million to a total of $2.47 billion. Altogether, fringe benefits and debt service account for a total cost of $5.1 billion, or 28.4 percent of projected General Fund revenue.

The Governor’s proposal projects a deposit of $3.9 million into the Budget Reserve Fund – commonly known as the Rainy Day Fund – bringing the total up to $409.9 million. Neither the Democrats’ nor the Republican proposal includes a deposit into the fund. A Rainy Day Fund that is fully funded, and thus ready to weather future fiscal challenges, should equal 15 percent of General Fund Revenue, or about $2.7 billion.

Conclusion

The state has an obligation to close its deficit and pay down its debts, but Connecticut also has an obligation to its children and families – an obligation to ensure that every child has their basic needs met, can access comprehensive healthcare, and receives a high-quality education. If we do not fulfill this promise to our children, we put them at risk for a lifetime of poverty, illness, and economic hardship, endangering our state’s long-term prosperity. To address our state’s long-term challenges while maintaining investments in the next generation, we recommend taking the following actions:

- **Protect human investments.** Investments in health care, human services and education to support the next generation are critical to ensuring our children grow up ready to meet their full potential. Already, less than one-third of Connecticut’s General Fund spending supports programs that benefit children and families – down from 40 percent in the early 1990s.⁸

- **Adopt a balanced approach to the State’s budget.** In confronting the fiscal crisis looming over state budget decisions, the common sense choice for Connecticut should be a balanced approach that includes revenue, rather than a cuts-only approach that threatens an already fragile economic recovery. A balanced approach to addressing the deficit would not center on cutting services for struggling families and their children. On the revenue side, there are opportunities to invest in Connecticut’s future by closing tax loopholes, modernizing outdated tax laws, and calling upon the wealthiest to pay a fair share.

- **Preserve transparency and accountability in budgeting.** The consolidation of many programs into one line item will make it more difficult to track how our state is investing in children and families, while the lack of current services estimates may underestimate the true cost of cuts to public services. Reversing both of these changes while still working towards the goal of more accurate estimates of spending growth and budget flexibility is important to understanding how our next generation fares in the budget.

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⁸ See our 2016 Advocacy Priorities: [http://www.ctvoices.org/advocacy/policy-agenda16](http://www.ctvoices.org/advocacy/policy-agenda16)
APPENDIX – Detailed Analysis of Children’s Budget Issue Areas

Health
All proposals to revise the FY 17 state budget would reduce support for health services, including reductions in Medicaid funding, community and school-based health centers, mental health and substance abuse services, although the reductions vary across the three proposals. Taken together these proposed reductions in funding seriously jeopardize the progress Connecticut has made in reducing the number of uninsured residents in recent years, in addressing the gaps in the service array for children and adults with mental health and substance abuse challenges, and in ensuring that racial and ethnic minorities and other underserved populations have equitable access to health care.

The Governor’s budget reduces income eligibility\(^9\) for parents and caretaker relatives on HUSKY A (Medicaid for children, parents and pregnant women) from 155 percent of Federal Poverty Level (e.g., $37,665 for a family of four) to 138 percent FPL (e.g., $33,534 for a family of four), affecting an estimated 8,700 low-income working families. The savings projected for FY 17 is only $900,000 due to a federal Medicaid law (Transitional Medical Assistance) that requires families with earnings to receive an additional year of Medicaid when their income would otherwise cause them to lose eligibility. The Governor’s proposal comes on the heels of 2015 legislation that reduced eligibility for parents and caretaker relatives from 201 percent FPL to 155 percent FPL, the full effect of which will not be known until this coming summer when almost 18,000 HUSKY A low-income working parents may lose coverage.

The Governor’s budget proposal also reduces pediatric Medicaid dental fees by 10 percent ($5.3 million), which could lead to a reduction in access to dental care for children on HUSKY. As a result of a federal lawsuit settlement a decade ago and important administrative changes to the Medicaid dental program\(^10\), Connecticut has improved access to the basic dental care for children and families and reduced more costly care in emergency rooms and dental offices. Connecticut now leads the nation in providing dental care for children in the HUSKY Program.\(^11\) This proposal risks reversal of that progress.

The Governor’s proposal eliminates funding for independent HUSKY performance monitoring.\(^12\) The proposal also eliminates $775,000 in supplemental funding for the Federally Qualified Health Centers,

\(^9\) See our brief, HUSKY Program Coverage for Parents: Most Families Will Feel the Full Impact of Income Eligibility Cut Later in 2016: http://www.ctvoices.org/publications/husky-program-coverage-parents-most-families-will-feel-full-impact-income-eligibility-

\(^10\) The changes came about as part of the settlement agreement in the case of Carr v. Wilson –Coker , No. 3:00CV1050 (D.Conn., Aug. 26, 2008). This case was brought in 1999 by Greater Hartford Legal Assistance on behalf of children in the Medicaid program who were unable to obtain the preventive dental services and treatment guaranteed to them under federal law in Medicaid’s Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program [42 U.S.C. §§ 1396D(r)(3)]. The settlement agreement expired in August 2012, but the program changes are still in effect. In addition, in 2012, Connecticut ended its risk-based HUSKY Program and entered into a contract with Benecare Dental Plans to run the Connecticut Dental Health Partnership.


\(^12\) Connecticut Voices for Children conducts independent performance monitoring in HUSKY A (Medicaid managed care) at the direction of the Connecticut General Assembly and under a contract between the Connecticut Department of Social Services and the Connecticut Health Foundation (previously DSS contracted with the Hartford Foundation for Public Giving), with a grant to
eliminates the balance of hospital supplemental funding of $49.6 million, and consolidates every line item in
the Department of Mental Health and Addiction Services (DMHAS) under Agency Operations except for
General Assistance Managed Care, among other changes. These cuts to DMHAS come at a time when the
state is reeling from an acknowledged opioid crisis that local communities and the health care sector are
scrambling to solve.

When the state reduces funding for HUSKY services (Medicaid and Children’s Health Insurance Program)
it translates into a loss of federal revenue to the state. The federal government reimburses the state between
50 cents to 100 cents on the dollar in the Medicaid program.

The Republican budget proposal restores funding for many health programs, but also makes deeper cuts
to some line items affecting health services. For example, unlike the Governor’s budget, the Republican
proposal maintains Medicaid eligibility (HUSKY A) at 155 percent FPL for low-income parents. It would
restore the supplemental funding for hospitals ($53.4 million) and supplemental funding for Federally
Qualified Health Centers ($775,000). The Governor’s February mid-year adjustments had proposed cutting
$49.6 million of the $53.4 million allocated for the hospitals supplemental payments and eliminating the
supplemental funding for the FQHCs. The loss of this funding translates into a much bigger loss of revenue
to the hospitals because they lose the federal matching dollars. It maintains the original FY 17 appropriation
of $11.89 million for School-Based Health Centers. The Republican budget restores the grant funding for
substance abuse and mental health treatment to the original appropriation of FY 17, $22.6 million and $73.7
million, respectively. On the other hand the proposed cut to the Connecticut Children’s Medical Center is
about 12.5 percent, a reduction of $2.7 million from the originally appropriated amount of $14.8 million,
and larger than the cut proposed by the Governor (5.75 percent). In addition, the Republican proposal, like
the Governor’s proposal, zeroes out the funding for HUSKY independent performance monitoring, a cut
of $178,143.

The Democrats’ budget proposal restores or reduces many of the health services cuts proposed by the
Governor in his February mid-term budget adjustments, and rejects the Governor’s proposal to consolidate
many programs within a given department into Agency Operations before cutting that line item by 5.75
percent. It also assumes $26 million in savings from unspent (lapsed) Medicaid funds. The Democratic
budget rejects the Governor’s proposal to reduce HUSKY A eligibility for parents and other relative
caretakers to 138% FPL. Instead, the Democratic proposal restores, for example, orthodontia coverage for
children (adding back $3.2 million). Like the Governor, the Democratic budget cuts funding for Medicaid
dental rates but by five percent instead of ten percent. It reduces funding to School-Based Health Centers
by less than one percent and cuts funding for the Connecticut Children’s Medical Center by eight percent.
The Democratic proposal would reduce the hospital supplemental funding by fifteen percent to $46 million
(the Governor had proposed eliminating the funding) and like the Republican proposal restores $775,000 in
supplemental funding to the FQHCs. The Governor’s mid-term adjustments cut mental health and
substance abuse treatment grants by a combined $15.8 million. The Democratic budget cuts the grants in
total $3.9 million. The Democratic budget restores some of the funding for asthma programs by allocating
$400,000 from the Insurance Fund (for which the Governor’s mid-term adjustments had eliminated the
funding all together). The Governor also eliminated funding for HUSKY Independent Performance

Connecticut Voices for Children. See for example, Behavioral Health Care in HUSKY A Before and After Implementation of the
Behavioral Health Partnership: Children and Adults with Diagnosed Mental Conditions, (February 2016), available at
http://www.ctvoices.org/sites/default/files/h16behavioralhealthcarefull.pdf
Monitoring, while the Democratic proposal instead reduced the funding from $178,143 to $158,148, a 24 percent reduction from the FY14-15 appropriation.

**K-12 and Higher Education**

*K-12 Spending*

The overall budgeting approach, whether we examine the proposals from the Governor, the Republicans or the Democrats, compromises the quality of the public education we offer to students across the state. The disinvestment in state funding to towns represents a disturbing trend where towns have been asked to do more with less, at the same time that the local programs like Neighborhood Youth Centers or Bridges to Success are also zeroed out. The imposition of these cuts will undoubtedly lead to an increase in local property taxes as local districts scramble to plug holes in their operating budgets beginning in a few short weeks.

**The Governor’s budget** proposal reduces K-12 spending by $147.3 million (approximately 4.8 percent of all K-12 spending). The Governor’s revised budget adopts the same strategy as the budget recommended in February, combining over thirty programs into one line item, Agency Operations, to grant greater discretion to the State Department of Education (SDE). The Governor extends proposed cuts to major programs in the Agency Operations line item in the proposed budget released in February, including the CT Technical High School System, the Vocational Agriculture Program, and the Commissioner’s Network. The Governor takes his rescissions further, however, by reducing spending for after school programming and extended school hours programs in priority school districts across the state (over $6.6 million). The programs that the Governor eliminated in his February budget proposal, including Neighborhood Youth Centers, the Connecticut Pre-Engineering Program, and Wraparound Services, remain zeroed out in this revised proposal. In addition, budgets for charter schools, special education costs and transportation costs are subjects to cuts. The most contentious piece of the Governor’s proposed budget for K-12 education is the $56 million cuts to the Education Cost Sharing (ECS) grant line item. In an unprecedented move, the Governor cut funding to the 28 wealthiest districts to avoid making any reductions to our neediest towns.

**The Republican budget** proposal reduces K-12 spending by $41.1 million (approximately 1.3 percent of all K-12 spending). The Republican proposal applies rescissions to each line item, zeroing out several programs including the Neighborhood Youth Centers, CommPACT Schools, the Connecticut Pre-Engineering Program, and Bridges to Success. The Republicans maintain funding for the Commissioner’s Network and for the Excess Cost grant and make marginal cuts to the ECS grant. They apply deep rescissions to several programs including the Regional Education Services (cut by 68 percent), the Interdistrict Cooperation program (cut by 47 percent), the K-3 Reading Assessment Pilot (cut by 20 percent), and Bilingual Education (cut by 12 percent).

**The Democrats’ budget** proposal reduces spending on K-12 education by $92.7 million (approximately 3.0 percent of all K-12 spending). The Democrats’ budget spread the impact of budget rescissions out over the line items in the SDE budget. The Democrats preserved funding for the Excess Cost grant that funds exceptional special education costs and makes a marginal cut to the Commissioner’s Network (2.4 percent) that supports our lowest performing schools across the state. In order to prevent total elimination of several local programs, the Democrats cut several line items by up to 10 percent, including the CT Pre-Engineering Program, the CT Writing Project, and Neighborhood Youth Centers. The deepest program cuts impact Talent Development (34 percent) and to Regional Education Services (36 percent). The Democratic budget proposal cuts $14 million (7 percent) of the ECS grant line item, spreading these cuts over cities and towns.
across the state. The Democrats also proposed the transfer of transportation costs (both Transportation of School Children and Non-Public School Transportation) to the Special Transportation Fund. Finally, the Democrats have also established a separate line item for Charter School Funding to increase transparency regarding state spending on charter schools.

**Higher Education**

**The Governor’s budget** proposal maintains funding for the Office of Higher Education, the Board of Regents and the University of Connecticut at the levels he proposed in February — which still represent a total cut of $48.7 million, or 7.5 percent of state spending on higher education.

**The Republican budget** proposal, however, recommends a total of $67 million in rescissions across these three departments, equal to a cut of 10.3 percent to public investment in higher education. They achieve these rescissions with a 10 percent cut to the Community Technical College System and 10 percent cut to the Connecticut State University system. The Republican proposal cuts the Governor’s scholarship by 12 percent ($4.9 million) and the Minority Advancement Program by 16 percent ($0.36 million). The remainder of the savings is achieved by cutting 11 percent from University of Connecticut’s Operating Expenses. The total rescission represents a true blow to the Connecticut state-funded higher education system.

**The Democrats’ budget** proposal cuts $19 million from the Board of Regents (5 percent), $3 million from the Office of Higher Education (6 percent) and $15 million from the University of Connecticut (6 percent). In total, they cut higher education by $38.2 million – 5.9 percent of Connecticut’s spending on higher education, and the smallest cut of the three budgets. In the Office of Higher Education budget, the cuts impact the Governor’s Scholarship program, the Minority Advancement Program (a college preparatory program for low-income youth), and the Minority Teacher Incentive Program (a scholarship program for undergraduates of color pursuing careers in education).

**Early Care and Education**

Research shows that the first few years of a child’s life are the most critical for brain development and future life outcomes. Without sustained quality, and maintenance of funding for slots, our youngest children will not reap the multiple long-term benefits of early care and education. It is in Connecticut’s best long-term interest to invest in our youngest children, building on the strides we have already made in building a high-quality and comprehensive early childhood system. The Governor’s April budget revision proposes to serve fewer children in early childhood settings, and to eliminate funding for two-generation programs that support children as they grow and move through all stages of development. The Republican and Democrats’ proposed budgets protect critical investments in early childhood education, albeit by making small cuts to programs that improve the quality of early care and education.

**The Governor’s budget** proposal consolidates funding for School Readiness in Priority and Competitive School Districts, state-funded centers, and Care 4 Kids into one Early Care and Education line item. Consolidation may allow for greater flexibility in appropriating funding across programs in order to maximize the number of early childhood program slots. His proposal maintains funding for Care 4 Kids, Connecticut’s largest child care subsidy program. However, his proposal cuts funding for School Readiness in Priority and Competitive School Districts. The Governor’s proposal cuts $1.73 million (2.1 percent) from Priority School Districts by converting 1,151 part day School Readiness slots to 575 school day slots. Likewise, the proposal would cut $621,000 (5.7 percent) from Competitive School Districts by converting 414 part day School Readiness slots to 207 school days slots. Further, the Governor proposes to eliminate funding for after school, before school, and summer care for school age children in state-funded centers.
investments worth $767,953. The Governor’s budget would maintain the $1.5 million lapse in funding for state-funded centers in FY 17.

The Governor also proposes to consolidate a number of programs across the state’s early care and education network into one Agency Operation line item, making across-the-board reductions of 5.75 percent to these programs. The Governor proposes to make additional cuts on top of the 5.75 percent, including eliminating funding for the ABCD Total Learning Initiative and state-funded enhancements to the Head Start program in five communities ($720,000). The Governor’s proposal also eliminates Even Start ($451,250) and Improving Early Literacy ($142,500), two important two-generational programs.

The Republican budget proposal maintains funding for early childhood slots in School Readiness in Priority and Competitive School Districts, state-funded centers, and Care 4 Kids. The Republican budget does not propose any consolidation of programs, and maintains funding for Even Start and Improving Early Literacy. However, the Republican’s budget does propose cuts to specific programs, including the Children’s Trust Fund by $365,689 (3.3 percent) and Community Plans for Early Childhood by $91,687 (12.9 percent). The Republican budget would maintain the $1.5 million lapse in funding for state-funded centers in FY 17.

The Democrats’ budget proposes to consolidate funding for School Readiness in Priority and Competitive School Districts and state-funded centers into one Early Care and Education line item, leaving Care 4 Kids as a standalone line item. The Democrat budget maintains funding for early childhood slots in School Readiness in Priority and Competitive School Districts, state-funded centers, and Care 4 Kids, and maintains funding for Even Start and Improving Early Literacy. The Democrat budget rejects the Governor’s Agency Operations consolidation, and does not make an across-the-board cut to early childhood programs. However, the Democrat’s budget does propose to cut specific programs, including School Readiness Quality Enhancements by $280,300 (6.0 percent), Child Care Quality Enhancements by $188,714 (6.0 percent) and Community Plans for Early Childhood by $49,319 (6.9 percent). The Democrat budget would maintain the $1.5 million lapse in funding for state-funded centers in FY 17.

Child Welfare and Juvenile Justice
The Governor’s, Republican, and Democrats’ proposed budgets will each profoundly disrupt the Department of Children and Families’ (DCF) ability to provide adequate support for the children in its care. Though it is difficult to compare the impact of cuts to individual line items in each budget, the broad implication is clear. These budget proposals cut deeply from both preventative and responsive programs and services, impeding DCF’s ability to keep families together whenever possible and work toward reunification or adoption for all children in state care.

The Governor’s budget proposal includes a $41.2 million reduction from what was appropriated to the DCF for FY 2017, which represents a 5.0 percent cut to the existing budget. The majority of this budget reduction is due to across-the-board cuts to the block Agency Operations grant ($27.8 million), and making permanent the budget lapses of the June 2015 special session ($7.7 million) and December 2015 deficit mitigation plan ($0.7 million). Compared to the Governor’s preliminary February proposed budget, his revised April proposal, which requires over $300 million in additional reductions across all agencies, eliminates only an additional $142,500 in funding for the DCF VETTS (Veterans Empowering Teens through Support) program.
The Republican budget proposal includes a smaller $37.7 million reduction from what was appropriated to DCF for FY 2017, or a 4.5 percent cut to existing funds. The majority of this reduction results from a $24.6 million cut to the Personal Services account (largely staffing expenses), and a $5.3 million cut to the Other Expenses account. Other significant cuts include a $4.0 million reduction in funding for residential placements for children, and a $1.2 million reduction in individualized family supports (which includes time-limited services to support family preservation and reunification).

The Democrats’ budget proposal includes a $40.7 million reduction from DCF appropriations for FY 2017 (4.9 percent).13 The majority of this budget reduction is due to a $22.3 million cut to the Personal Services account, a $10.4 million reduction in funding for residential and congregate care placements for foster children (part of which reflects a decrease in demand for these placements), and a $5.1 million cut to the Community Kidcare account, which funds behavioral health services and supports for children and youth.

Connecticut’s child welfare system remains under federal oversight after it was ruled incapable of meeting the needs of the children in its care; as of this year, this oversight has continued for a quarter of a century. Over the past 25 years, DCF has made significant progress in meeting the exit requirements of the settlement; however, the most recent Court Monitor’s report identifies increased funding and capacity as essential in fulfilling the remaining unmet requirements. Because home visits, service provision, sibling visitation, assessments, planning, and coordination efforts all depend on DCF staff, proposed cuts to staff-related expenses will limit these efforts.14 Cuts to community-based prevention and therapeutic services (like those included in the Governor’s Agency Operations account), will further impact DCF’s ability to reunite children with their families when appropriate. In 2004, the Office of Legislative Research estimated that the state could meet federal exit requirements by 2006. These budget proposals make additional progress toward meeting those requirements unlikely, and risk undoing much of the progress of the last quarter century.

Moreover, these budget proposals are dangerous for Connecticut’s youth. By simultaneously decreasing capacity in the state’s secure and locked juvenile justice facilities, while cutting funding for community-based preventative and rehabilitative programs for youth and families, the state will be unable to meet the needs of its at-risk and juvenile justice-involved youth. Through its continued reduction of the DCF budget, the state jeopardizes the Department’s work to ensure the wellbeing of all youth in state care and custody, who remain among our most vulnerable young people.

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13 The Democrat budget proposes transferring all juvenile justice services from DCF to the Judicial Department’s Court Support Services Division. Due to this major transfer, the Democrat budget proposal’s cut to DCF looks substantially larger on paper. In their April proposed budget, the Appropriations Committee listed the total transfer amount for juvenile justice (including transfers from Personal Services and Juvenile Justice Outreach Services, among other relevant accounts) to be $23.1 million. Since this transfer would impact multiple accounts, and the Democrat budget proposal did not include a breakdown of what would be included in the transfer, we used the Committee transfer figure to determine the total amount cut from DCF.