



News Release

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Governor's Budget Reduces Children's Budget to New Historic Low *Budget proposal raises taxes on low- and middle-income families*

NEW HAVEN – The state budget is a reflection of Connecticut's priorities. For decades, the state has built communities with high quality of life and a world-class education system, and has promoted opportunity for all children and families. In their new budget analysis, however, Connecticut Voices for Children found that the Governor's budget proposal continues to depart from these long-standing commitments. According to the report, the Governor's budget proposal would reduce the share of the state budget devoted to children to a new low of 29 percent of overall spending in fiscal year 2018 (FY 2018), with a further reduction to 28.6 percent for FY 2019.

Faced with a deficit of \$3.6 billion over the next two fiscal years (FY 2018 and 2019), the Governor balances the budget by relying on \$1.36 billion in cuts, \$1.56 billion in anticipated public sector pay and benefit concessions, and offloading one-third of teachers' pension costs to municipalities.

The budget proposal also includes \$607 million of new revenue, forty percent of which comes from the elimination of tax credits for low- to middle-income families. The Governor cuts the earned income tax credit (EITC), a credit that helps Connecticut's low-income working families afford basic necessities, and eliminates the property tax credit, which helps offset the high cost of Connecticut's property taxes for nearly 800,000 taxpayers. Together, the report found that these cuts would result in tax increases of \$100 or more for those who can least afford it: low- to middle-income families.

The budget makes notable cuts in key programs that support children and families:

1. Reduces spending in early care and education by 12.3 percent, or \$37.8 million. This cut will negatively impact low-income children's school achievement, as they will enter kindergarten further behind their peers, and their parents' ability to seek full-time work.
2. Reduces higher education funding by 7.3 percent (\$40 million), hurting the ability of the state to provide a high quality and accessible post-secondary education for all students in Connecticut.
3. Reduces parent eligibility for HUSKY health coverage and cuts funding for school based health centers. These changes will limit access to health care to many low-income families. The health and human services budget sees a 7.7 percent increase, but the additional funding is due to increased Medicaid reimbursements.
4. Reduces net K-12 education funding by 0.4 percent. The proposal cuts funding to family resource centers and after school programs in half, and makes deep cuts to vocational education, teacher training,

school integration, and other programs resulting in FY 2018 cuts of over \$38 million. The Governor's proposal also increases spending in K-12 education in three areas: special education funding by \$24 million, charter schools by \$2 million, and school nutrition programs.

"The state budget is a reflection of our priorities – what we think it is important as a state, and what we want to accomplish," says Daniel Long, Research Director at Connecticut Voices for Children. "The Governor's proposal shifts our focus away from creating opportunity for children. Many of the budget cuts will have long-term negative effects both for children and families, and the state as a whole."

Acknowledging that current challenges are a result of decisions made more than a half-century ago, Connecticut Voices for Children does commend the Governor for proposing to take on broad structural imbalances in the state budget, especially regarding growing pension costs. The report, however, encourages lawmakers to further capitalize on the opportunities the current challenges present by enacting bold reforms that modernize our tax system and promote equitable growth.

"Cuts to the earned income tax credit would hurt nearly 200,000 Connecticut families by making it harder to put food on the table and meet the needs of their children," says Derek Thomas, Fiscal Policy Fellow at Connecticut Voices for Children. "A balanced approach would seek new revenue by modernizing the sales tax system, requiring greater scrutiny of business tax breaks, and reforming the weakened corporate tax structure. In so doing, the state can raise critically needed revenue and ensure stability to the revenue system to support future investments."

About Connecticut Voices for Children:

Connecticut Voices for Children is a research-based policy think tank based in New Haven, Connecticut. Our mission is to promote the well-being of all of Connecticut's young people and their families by advocating for strategic public investments and wise public policies. To achieve these objectives, Connecticut Voices for Children produces high-quality research and analysis, promotes citizen education, advocates for policy change at the state and local level, and works to develop the next generation of leaders.