



News Release

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PRESS RELEASE

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Share of State Budget Dedicated to Children Reaches a Record Low as Lawmakers Leave Structural Deficits Unaddressed, Report Finds

For the First Time, the Share of the Budget Covering Fixed Costs Surpasses Spending on Children

NEW HAVEN – The Children’s Budget, the share of state spending in children and families, reached a record low in the latest state budget. According to the analysis by Connecticut Voices for Children, state spending in key priorities like K-12 education, child welfare, early care and education, and family health in the recent bipartisan budget agreement declined to 27.8 percent of the budget down from 29.5 percent in fiscal year 2017. For the first time, state spending in fixed costs (debt service, retiree health care, pensions, and bonding) took a larger share of the budget (29.5 percent) than what the state spends in children and families.

In addition to the budget cuts, the General Assembly also approved sweeping changes to the state’s constitutional spending cap, expanding the categories of spending covered by the cap and making it more likely that the state’s growing fixed costs will crowd out other essential programs, services, and investments. In addition, changes in bonding rules and restrictions on how the General Assembly can use money raised through the income tax have the potential of dramatically reducing its ability to shape the budget or reach strategic goals.

According to the report, despite some encouraging steps to rein in fixed costs, the budget agreement largely relies on short- term gimmicks and short-sighted spending cuts to close the deficit. “The decrease in the Children’s Budget represents a break with Connecticut’s commitment to children and families, and will have serious negatives consequences, both in the short term and the long term,” says Ray Noonan, Associate Policy Fellow at Connecticut Voices for Children. “Cuts to education, social services, or early childhood not only reduce opportunity for those that are the most vulnerable, but also harm the state’s economic prosperity in the long run due to a less educated workforce.”

The approved budget has little in the way of new taxes; 80 percent of the new revenue comes from a tax on hospitals designed to increase federal Medicaid funding. The only significant tax changes reflect upside-down priorities: reducing the Earned Income and Property Tax Credits that benefit lower-earning working families, while increasing protections for intergenerational wealth transfer through modifications to the estate tax .

“By refusing to consider more equitable approaches to revenue raising or resource distribution, the state has failed to make the kinds of structural changes necessary to increase opportunity across Connecticut,” says Ellen Shemitz, Executive Director at Connecticut Voices for Children. “Indeed, the only structural changes made through this budget will tie the hands of future legislators and hamstring the state’s ability to make the kinds of strategic investments that Connecticut urgently needs.”

In the report, Connecticut Voices for Children urges state policymakers to adopt a balanced budget approach in the coming session, relying on a broad range of policy options that include systemic tax and structural reforms. This will require addressing the potential pitfalls of the recent changes to the spending and bonding cap to ensure that Connecticut can adapt their budgetary policies to changing economic conditions.

About Connecticut Voices for Children: Connecticut Voices for Children is a research-based child advocacy organization working to ensure that all Connecticut children have an equitable opportunity to achieve their full potential. In furtherance of its mission, 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.