Equality of opportunity is one of America’s cornerstone values. The Declaration of Independence establishes that all people have certain ‘unalienable Rights’ that include the pursuit of happiness. We want Connecticut to be a place where all children, regardless of family income, wealth, race, or ZIP code, can pursue their dreams and reach their full potential. Achieving this goal is both a moral and an economic imperative.

Connecticut’s economy, by any measure, has underperformed in recovering from the last recession as compared to that of neighboring states. Slow job growth, no GDP growth, stagnant and unequal wage growth, and increasing pressure on the state budget from decades of poor policy choices have combined to create strong headwinds to fostering broad-based economic growth. Racial and ethnic disparities have widened, making education, health care, and economic opportunity less accessible to large segments of the population contributing to lack of economic growth. The slow recovery, paired with persistent budget deficits at the state and municipal levels, have created a sense of resignation, with some observers skeptical that Connecticut can reverse these trends.

We believe that there is a path forward. Although we face significant challenges, Connecticut can reverse course. Our state remains one of the wealthiest in the nation. We have a well-educated, highly productive workforce, excellent schools and universities, beautiful public parks and beaches, historic cities, and an overall high quality of life. Moving ahead, however, will require understanding the causes of our current economic and budgetary woes, a commitment to equity and opportunity as guiding principles, and the political will to adopt evidence-based and long-term policy solutions.

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Current Crossroads:

Connecticut is facing three interdependent crises: a fiscal crisis, marked by years of persistent deficits in the state budget and several municipalities teetering on the brink of bankruptcy, economic stagnation, marked by a slow recovery since the Great Recession, and growing inequality, marked by the gradual hollowing out of middle-class jobs and widening disparities in opportunity based on race and ethnicity.

Connecticut’s policymakers allowed long-term obligations to grow. For decades, the General Assembly did not set aside money required to fund state employee or teachers’ pensions. Once the state started funding the pensions in the eighties, it did so haphazardly, relying on unrealistic assumptions, adopting methods that postponed payments, and offering early retirement incentives that cost tens of millions of dollars to the state employee pension system.

The state, to its credit, is finally responding to these problems, and in recent years has made the full payments owed to the state and teachers’ pensions. Agreements with public employee unions in 2017 save the state billions of dollars and reduce the risk to the state’s budget of potential unaffordable spikes in annual required payments. Despite these efforts, projected increases pension costs of the teachers’ retirement system, absent reforms, will put enormous pressure on the rest of the budget.

Connecticut’s tax system is out-of-date and highly inefficient. As a result, state and local governments are deprived of revenue to invest in those areas that are known engines of broad-based economic growth while disproportionately relying more on those who can least afford it. Overreliance on property taxes, the largest tax paid by most residents of Connecticut, depresses economic growth. Our sales tax system has not adapted as our economy has transitioned from a manufacturing-based economy to a service-based economy. Yet, services are exempt from the sales tax unless specifically listed in statute, so the economic shift has resulted in a progressive erosion of sales tax revenue. Corporate taxes have also eroded over time and have not kept up with business growth. Connecticut has the lowest effective corporate tax rate in the country, according to Ernst and Young’s 2016 survey. Connecticut has an opportunity to evaluate and adopt the most effective and competitive rates to tax corporations who just received a tax reduction to the federal corporate tax rate from 35 to 21 percent.

Further, Connecticut’s tax system is upside-down: low-income families pay a higher share of their income in taxes than any other group, while the wealthiest pay the lowest rate. In 2014, households in the bottom 20 percent of income in Connecticut paid 10.5 percent of their income in state and local taxes, while the top one percent paid 5.3 percent. Connecticut’s heavy reliance on local property taxes to fund essential services like education, police, and fire service, is the primary driver of this inequity. Reducing reliance on property taxes to pay for essential public services is key to addressing the inequity of our overall tax system.

Growing racial disparities in income and wealth fit with a broader trend of disparities in other areas in our state, from education to access to health care. Connecticut’s opportunity gap, the distinct, systemic differences in access to education, jobs, and services between White children and adults and children and adults of color, has long-term implications on our economy. Our failure to address these disparities has a significant impact on the broader economy and on the lives of the individual children we leave behind.

Connecticut’s economy is smaller than it was before the recession, with state economic output shrinking since 2008. From 2009 to 2015 income inequality grew: the income of the top 1 percent in Connecticut went up by 22.9 percent while incomes for everybody else dropped...
by 1.8 percent. Connecticut is the third most unequal state in the country.

Connecticut’s economy, like many other states, has experienced a “jobs swap”—an increase of the share of low wage jobs paired with a loss of medium- and high-wage ones. This trend, already in place before the recession and accelerating since then, lead to the share of low-wage jobs in Connecticut increasing by 9 percent from 2011 to 2016. Over the past five years, people of color have become increasingly overrepresented in low-wage jobs and underrepresented in high-wage jobs. These trends translate into weaker consumer demand, stagnant economic growth, growing disparities in opportunity and, of course, less tax revenue.

All three issues reinforce each other. Stagnant economic growth lowers state and local tax revenue. Persistent budget shortfalls curtail the state’s ability to make the long-term investments in infrastructure, workforce development, and education needed to spur economic growth. Lack of strategic investments widens disparities and prevents many children and families from having access to economic opportunity.

Far from responding to each of these issues directly, Connecticut policymakers have followed the failed austerity path of budget cuts to higher education, social services, transportation, and workforce development. Lack of economic growth, persistent fiscal troubles, and growing economic and racial disparities are exacerbated by poor political decisions by state decision makers. Demographic changes play an important role, but those demographic changes are occurring in many states that are experiencing better outcomes and stronger economic growth than Connecticut.

To reverse each of these persistent issues, we need to think strategically about our budget, aligning our long-term priorities to respond to each of these challenges. Cutting funding in early care, education, community colleges, or behavioral health might help balance the state budget in the short term, but over time these cuts erode the capacity and effectiveness of critical public systems. Modernizing our tax system might be politically unpopular, but it is necessary to fund the investments the state needs to grow its economy in the long term.

**A Path Forward:**

For Connecticut to overcome its current malaise, policymakers must look beyond piecemeal solutions and adopt a long-term fiscal and economic strategy grounded in opportunity and equitable economic growth. This means addressing each of the three issues faced by the state (no economic growth, budget deficits, and a widening opportunity gap) in an integrated manner. Tackling them in isolation is not enough: stronger economic growth without fiscal reform would not be enough to close the deficits; economic growth without equitable opportunity will be short-lived; fiscal reforms and balanced budgets, by themselves, will not generate economic growth or expand access to opportunity; and, policies that promote equity, in isolation, will not bring enough new revenue and will have a limited impact on the broader economy without meaningful fiscal reform.
In This Report:

This report is a roadmap of what is ahead for Connecticut in the 2019 legislative session and beyond. We look at the main challenges that our state currently faces, providing a clear assessment of their causes. Most importantly, we provide a path forward with specific sets of policy proposals to move Connecticut towards equitable, broad-based economic growth.

The first chapter, “Thriving Families,” focuses on the systems that support opportunity for children and families. When well structured, these systems have great potential to promote equity and reduce racial disparities. We describe the impact that health care access has in keeping parents healthy and participating in the workforce and bolstering healthy child development. Similarly, we describe the necessity for all parents to be able to access and afford high-quality early childcare so that their children can learn, grow, and develop while parents work. We discuss how an outcomes-based, adequately resourced child welfare system can lead to better outcomes for youth and families while reducing costs in the long term; finally, we discuss how a juvenile justice system with robust diversion efforts can help youth and young adults learn from risk-taking behaviors and become productive citizens.

The second chapter, “Education Excellence,” focuses on the strategies that can help Connecticut reduce its education disparities and open new avenues for opportunity. We look at reforms that can improve educational achievement for students of color, from best practices in school discipline or teacher recruitment to a better allocation of resources among school districts. We consider the broader impact of residential segregation and possible strategies to mitigate the disparities it produces. We evaluate how Connecticut can better connect its education system to its workforce needs.

Finally, our third chapter, “Inclusive Economic Growth,” focuses on strategies for closing persistent budget deficits and moving the state towards broad-based economic growth. We analyze how fixed costs constrain current fiscal policy, and how lawmakers can address them. We look at our revenue system, providing a framework to make it more equitable, efficient and effective. We offer clear guidelines for pro-growth fiscal reforms, from property tax reform to economic development strategies.

We believe that Connecticut’s future will be determined by the public investments and decisions we make now. The challenges we face are significant, but they are not insurmountable. Connecticut needs a long-term, comprehensive strategy to make opportunity and equitable economic growth its priority, and strong leadership to push it forward. We hope that you, as a candidate and policymaker, will be willing to lead this effort.
1. Thriving Families

Thriving families are defined by health, safety, and stability. They have the community support that enables parents to work and care for their children and for children to learn and grow to their full potential.

Many parents in Connecticut, however, must navigate systemic barriers that are caused by poverty and institutional racism. These families deserve the opportunity to thrive through adequate supports and systems, including:

- Affordable, high-quality early care and education,
- an integrated system of health care that enables parents to get and stay healthy, and frees children from preventable disability and disease,
- a robust child welfare system that mitigates trauma and helps parents provide for their children, and
- a juvenile justice system that prioritizes prevention efforts, addresses racial disparities, and promotes evidence-based diversion and supports for families at risk of further involvement with the justice system.

Both Connecticut's economic security and the wellbeing of our state's families will benefit from continuing to integrate the systems that provide critical family supports and provide parents with tools to promote children's development. An inclusive economy and systems that provide equitable opportunities for all children to succeed, however, also require innovations that work to eliminate the inordinate disparities faced by Connecticut's families of color.

Connecticut's children and families of color face dramatic differences in access to early care and education, health insurance coverage, health outcomes, and involvement.
in the state’s child welfare and juvenile justice systems. Such gaps are not explained by differences in income or education alone. Converging research across several disciplines (see appendix for key sources) suggests that a combination of barriers created by historical and systemic racism (e.g. laws determining where people live and work and how well they are paid), implicit bias (e.g. who is referred for which services or diagnosed with which conditions), and the stress of experiencing racism (e.g. biological and social adaptations) lead to poorer health and increased involvement with the state’s punitive systems. Efforts to address racial disparities must work across services and systems to address the social conditions that disproportionately expose families of color in our state to adverse events.

The experience of adverse events or traumas—such as exposure to violence in one’s community or home, bullying, housing instability, or discrimination—are all too common for children of color in Connecticut. Trauma in childhood can have a lifelong impact, including increased risk of obesity, depression, and suicide. Such outcomes are more likely when traumas are prolonged or repeated and significantly hinder a family’s ability to thrive. As Connecticut continues to integrate its state systems, any and all improvements must employ a trauma-informed approach to appropriately respond to the effects of all types of trauma.

**Thriving families need access to affordable child care:**

The first years of life are the most important to a child’s development. High-quality child care provides strong supports for a child’s health and development and provides an opportunity to support caregivers in parenting while being able to work or study. Without access to affordable high-quality child care, parents of children under age five struggle to make ends meet while raising a child.

Accordingly, in the last decade, Connecticut has prioritized expanding access to early care programs and supports. Yet, due to rising costs and falling wages, an abundance of families with young children in our state struggle to afford child care. Both the federal and state government defines affordable child care as ten percent of a household’s income. In 2016, only one in four Connecticut households with children under five could afford the average cost of center-based infant care. Infant care is both costly and in limited supply; available care serves roughly a quarter of all infants and toddlers in the state. Additionally, the state’s subsidy program, Care 4 Kids, faces ongoing threats to its budget. Funding of this program must be preserved to maintain the progress our state has made in expanding access to early care.

Whether looking for work, working long hours, studying to improve career prospects, or struggling to return to work after an illness, parents need reliable high-quality child care, parenting support, and comprehensive community services (also known as “wrap-around services”) that meet their individual and family needs. When such supports and services are not available, families may be forced to choose between paying for food or child care. In some cases, parents risk losing work if the person watching their child becomes unexpectedly unavailable. These challenges can perpetuate intergenerational cycles of poverty or involvement in punitive state systems. To support family’s needs, home visiting programs and other interventions focused on providing parents with tools to care for their children and themselves play a crucial role. These whole-family supports also offer an opportunity for preventive care including screening and early intervention for developmental and behavioral health concerns in the early years.
Thriving families need access to health care:

Access to quality health services promotes economic security by enabling families to treat both chronic and unexpected illnesses and by preventing catastrophic medical debts. Robust health insurance coverage means that families can access services as soon as a concern arises rather than waiting for a crisis. An integrated system of community-based supports means that all families can access the information and evidence-based preventive services they need when they need them. Such supports can help mitigate economic insecurity and other stressors that contribute to children being removed from their families or arrested.

Connecticut now has among the nation’s lowest rates of uninsured children—2.8 percent in 2016 compared to 4.8 percent nationwide. While just six percent of the state’s residents lack health insurance (compared to over eight percent nationwide), Black and Latino residents of the state are far more likely than White residents to lack health insurance. Further, Connecticut’s HUSKY (Medicaid and Children’s Health Insurance Program or CHIP) programs face threats to this remarkable progress at both the federal and state levels. If families are to have the opportunity to be healthy, we must maintain both eligibility limits and the quality of coverage in our state’s HUSKY programs. Public health insurance offers a unique set of opportunities for reducing disparities because Medicaid is inherently flexible enough to adopt innovations and because it reaches children of color, who are exposed to disproportionately high rates of social and economic barriers.

In part, because of the disparities in these social and economic barriers, disparities persist in health outcomes, with Black and Latino infant mortality more than double the rate for White infants in Connecticut. Addressing these disparities requires investment in the social services and supports across state agencies that help families stay healthy and prevent disease and disability by seeking social supports, evaluation, and health care early in a child’s life, including for behavioral health needs.

Feasible paths to integration of key services and supports are already being considered. For example, community health workers can connect families with social services, help them seek housing support, enroll them in insurance, and help them to manage chronic conditions. These workers, however, are not funded in a sustainable manner. Connecticut must continue to integrate its health and social service systems and connect traditional health systems with community-based services if we are to decrease racial disparities in health for Connecticut’s children.
**Children do better in safe, supportive, and stable homes:**

Key among the opportunities children need to thrive is being able to grow up in a home free from abuse or neglect. The rate of unique children found to be abused or neglected in Connecticut hit a significant low in 2015, but that trend has not continued. The increase in child maltreatment may be a result of Connecticut’s opioid epidemic; opioid-related fatalities in the state have tripled since 2012.

Additionally, low-income families and families of color in Connecticut are disproportionately reported to and investigated by the state’s child welfare system. This overrepresentation is two-fold: low-income families and families of color often face heightened level of scrutiny that is likely a result of implicit bias and stereotyping. This is also in part because the risk factors that often influence child welfare involvement are also experienced by low-income families and families of color at a higher rate. Vulnerable families continue to grapple with increasingly complex and intertwined issues such as substance use, interpersonal violence, mental and behavioral health struggles, and the harmful effects of systemic poverty and a sluggish economic recovery. In fiscal year 2017, more than one third of all accepted reports of abuse or neglect primarily involved substance use, intimate partner violence, or both. Moreover, while Connecticut’s child welfare system has improved in the last several years, racial disparities persist at every level of this system. In 2017, 54 percent of the Connecticut foster care population was Black and Latino, despite making up just 31 percent of the general child population.

When the Department of Children and Families removes children from their homes due to abuse or neglect, the state assumes responsibility to ensure that these children can reach their full social, emotional, and intellectual potentials despite facing complex challenges. In alignment with recent federal changes, Connecticut has made significant progress towards ensuring that all children can grow up in a safe, stable, permanent home by reducing the use of congregate care settings such as residential care or group homes, increasing the placement of children of with relatives (kinship care), and increasing adoptions.

Yet, foster youth who do not end up in a permanent home remain in the foster care system until they become a certain age and are often left without the necessary emotional, financial, and social support that a family normally would provide during the transition to adulthood. Despite an increase in supports to youth who age out of foster care, disparate outcomes remain for these youth. For these youth to thrive into emerging adulthood, Connecticut must continue taking steps to better support these youths.

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<tr>
<td>Both</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>10029</strong></td>
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Finally, thriving families have support to help children learn from risk-taking behaviors. Families that have the supports to make ends meet and address the intergenerational impact of trauma, as well as the educational, emotional, and social needs of their children are better able to navigate adolescent development without children’s risk-taking behaviors resulting in incarceration. While Connecticut has made strides in promoting restorative justice, rehabilitative services, and community-based diversion and supports, the juvenile justice and behavioral health systems continue to struggle to fund these programs adequately so that families in all parts of the state can access services. Further, racial disparities are especially prevalent in this system; in Connecticut, Black children are four times more likely than their White peers to be arrested in school, almost five times more likely to be referred to the courts as delinquent, and 18 times more likely to experience incarceration as juveniles.

Although significant racial and ethnic disparities persist in Connecticut’s treatment of at-risk children, through bipartisan and cross-agency coordination, Connecticut leads the country in juvenile justice reform with an eye toward eliminating these disparities. Recent reforms include providing schools with intervention models for decreasing truancy, reducing youth incarceration to the point of closing our juvenile training school in favor of smaller secure facilities, and narrowing the school-to-prison pipeline through reducing exclusionary discipline and expanding restorative justice practices.

As Connecticut successfully reduces court-involvement when youth engage in risk-taking behaviors, it needs a plan for how families, schools, and communities can support youth with complex needs. Lawmakers will need to consider how to provide an education for at-risk youth and youth who are already involved in the juvenile justice system. Such education must help youth learn critical skills even if they are years behind in school, be relevant and accessible to help these youth build prospects for successful careers, and be flexible to account for youth living in a variety of arrangements. Lawmakers must also consider how to reinvest dollars saved from reducing incarceration to increase the coordination and effectiveness of diversionary efforts, so that Connecticut can continue its progress toward ending youth incarceration.

Investment in services that support children’s growth and families’ success, and that limit the involvement of families with state’s child welfare and juvenile justice systems are the path towards equity in opportunity for our state. Such interventions encourage economic security and promote overall wellbeing for families, and promote economic growth for the state, ensuring each child’s opportunity to learn and grow into a healthy, successful adult.
Solutions:

1. **Prioritize and expand access to high-quality early care and education services**, particularly infant and toddler care. Our state must further commit to preserving and fully funding Care 4 Kids to help low-income families access child care when they need it most.

2. **Invest in family supports, such as home visiting and developmental screens in early childhood**, and efforts to ensure that children and families have access to the emotional, social, developmental, health, nutritional, and educational services they need to thrive throughout childhood. Such supports can identify issues early enough to prevent lifelong struggles with learning, social interaction, obesity, and a wide range of other challenges that begin in early childhood.

3. **Maintain the robust protections provided by HUSKY (Connecticut’s CHIP and Medicaid programs) to promote health**, economic security, and parents’ ability to work and stay healthy, and reduce the economic and social costs of preventable disease. This includes defending against state and federal threats to the quality of and access to HUSKY coverage.

4. **Integrate traditional office- and hospital-based services with social and community-based services.** For example, community health workers can connect families with food, housing, and social support through their local communities and with physical, oral, and behavioral health providers. This model improves access, reduces stigma, and increases the likelihood that children will get the care they need. Such services require adequate, sustainable funding and wider uptake.

5. **Integrate data, services, and systems.** Connecticut can coordinate government supports across state agencies and levels of government with private sector and nonprofit services to improve the wellbeing of whole families, increase efficiency, and illuminate racial disparities in ways that allow for the creation of effective, nuanced solutions to ameliorate disparities.

6. **Fully fund the continuum of services that support families and prevent crises.** We must invest in evidence-based preventive services that help children do better. At the same time, a continuum of services that reach families, schools, and communities—from social/emotional learning in preschool to secure residential care—must be available to those who need them.

7. **Continue to create policies that support young adults’ emotional, social, educational, and financial needs when transitioning out of state care into adulthood.**

8. **Reinvest dollars saved from closing the juvenile training school and reducing deep-end justice involvement to fund the community-based diversion system created by the Juvenile Justice Policy and Oversight Committee.** This system will help coordinate diversion efforts across the state in a way that more uniformly identifies families’ needs, connects families to appropriate services, and tracks the successes and remaining needs of at-risk youth.

9. **Continue to monitor and address disparities** in the channels through which children of color enter the state’s child welfare and juvenile justice systems. Advance early efforts to evaluate disparities in children’s health and access to health services.
Questions for Candidates:

1. Racial disparities continue to persist throughout the state’s systems. How can Connecticut reduce these racial disparities in health outcomes, access to care, and involvement in the juvenile justice and child welfare systems?

2. How can Connecticut partner with the business community to improve access to quality, affordable child care, especially for the state’s middle- and low-income families?

3. How can Connecticut support families battling opioid use so that children can stay safe and remain in their homes?

4. How can Connecticut work to improve supports for young adults who age out of foster care without a permanent family and transition into adulthood?

5. Children and families with complex needs may require supports from multiple systems and services to thrive. How can Connecticut better integrate the child welfare, juvenile justice, social services, and behavioral health systems to improve fiscal efficiency and ensure that systems serving at-risk children and families more effectively support children’s long-term success?

6. What are some ways Connecticut can improve its education systems to support at-risk youth and to help justice-involved youth re-engage with education?

7. What is your vision for a comprehensive Connecticut health system that promotes equity and provides access to quality care for the state’s children?

8. Connecticut has made great strides in reducing the number of incarcerated and court-involved youth. What ideas do you have to continue this work so that as few children as possible experience incarceration? What ideas do you have to support justice-involved youth to reduce recidivism and help youth access successful lives and careers as adults?
2. Equitable Education

A High-Quality Education for All of Connecticut’s Students: An Essential Part of Statewide Growth

Investing in Connecticut’s schools is an essential component of both ensuring the economic growth of our state and ensuring the positive intellectual, social and emotional development of Connecticut’s future voters, workers and leaders. The evidence is clear. When we provide children with access to high quality education they grow into successful and productive citizens.

In Connecticut, students of color, students with disabilities and low-income students experience significant barriers to the educational avenue for success. These disparities have long-term impacts on the lives of those students. According to the 2017 Nation’s Report Card, performance between White and Latino students, and White and Black students on eight grade reading assessments continue to exhibit some of the worst gaps in the country. Closing these gaps can have a very positive impact on the economy. Nationwide, eliminating these differences in achievement would increase the U.S Gross Domestic Product by $525 billion.

Furthermore, an educated workforce is essential as the demand for high-skilled jobs grows that require a diverse set of skills for success. “Content-specific” skills are not the only skills Connecticut’s young people will have to learn. Recent shifts in our economy have made the “soft-skills” taught in schools like perseverance, tenacity, and social skills increasingly essential. Reducing the barriers to success that exist for many students ensure that they are able to pursue their chosen dreams and goals, enriching our state in turn. If half of the students who dropped out of New Haven public schools in 2014 had completed their education, it would have resulted in a $17-million-dollar increase in our state product.

Public education in Connecticut is funded by a range of federal, state and local sources. While state contributions via Education Cost Sharing, Excess Cost and other grants funds about 40 percent of a school districts budget, the overwhelming majority of funding comes from towns and cities property taxes (56 percent). A system that is funded mostly by property taxes is one that perpetuates inequalities in school district funding, leaving low-income communities (where there tend to be higher rates of high need students). State contributions like the ECS grants provide high need districts with some funds to balance out the difference and recent change to the grant formula consider factors like high numbers of English Learners and school districts where there is concentrated poverty. Unfortunately, this funding does not even the scales for many school districts, because the communities in which they are located have less valuable property or less taxable land and therefore less to spend on schools and their students.
Challenges:

An Opportunity and Achievement Gap for students of color, special education and low-income students that persists from cradle to career.

All children in Connecticut deserve the opportunity to access high-quality education that begins with preschool and forges a path toward college and career readiness. Educational equity not only means the opportunity for all our state’s children to reach their full potential, but it helps reduce poverty and fuels economic growth.

Connecticut’s public schools play an integral role for our state’s future. Some of our schools are among the best in the entire country; indeed, Connecticut is a state with one of the most educated workforces. Yet, while some students are succeeding and are deemed college and career ready, others are being left behind. As a result, a drastic opportunity gap exists for students of color, students with disabilities, and students of lower socioeconomic status. For Connecticut’s workforce to thrive, children from all backgrounds must have access to a fair, inclusive, and high-quality education.

The opportunity gap begins with the preschool experience and persists at all points of the education system in Connecticut. Our state has made progress in advancing access to early education: more than three out of four (78 percent) of all children in Connecticut attended preschool during the 2016-2017 year. Yet, when examined by district, racial and economic factors determine children’s pre-kindergarten experiences. While preschool enrollment is a choice, our historical analysis shows that fewer children living in our cities attend high-quality programs and fewer children in lower-income districts attend preschool. Furthermore, for children to be emotionally, socially, and developmentally prepared to enter the classroom, they must have access to enriching preschool experiences and supports to meet the needs of the whole child and their family. Not only does this adequately prepare children to transition to kindergarten, but research has shown that there are significant long-term, cost-effective benefits for academic and life success.

The disparities in access to high-quality education persists into the K-12 system. In Connecticut, the compounding impacts of low-quality education for certain students can be seen in the extreme disparities in third grade Smarter Balanced English Language Test Scores. In 2017, Connecticut’s third graders met or exceeded English Language grade standards around 51 percent of the time. However, when the data is disaggregated by race, ethnicity, and family income, we learn that not all of Connecticut’s students are achieving at these rates. Only 30 percent of Black students, 31 percent of Latino students and 31 percent of students receiving free or reduced-priced lunch met or exceeded English Language standards. For comparison, in the same school year, 65 percent White students as well as students who had not received free or reduced-price lunch met or exceeded the standards. There is strong evidence that levels of reading achievement in third grade have a strong relationship with high school graduation and lifelong success. The clear gap that exists at third grade between students of color and White students, as well as students from low-income and high-income families, will impact students far into their future.

By the time students graduate from high school, they should possess the skills and knowledge to transition to college or enter the workforce ready to flourish in a rapidly evolving economy. A thriving economy will require individuals to have work competencies along with the ability and desire to continue learning. A college and career ready students have options to follow any number of pathways based on their cradle to career education and experiences. Statewide, about seven out of ten students are taking courses to prepare them for college and career readiness, but less than half (44 percent) are reaching the college and career readiness benchmark on exams, such as the Smarter Balanced test or SAT, with even fewer Black and Latino students meeting that benchmark. Connecticut’s jobs are increasingly demanding of workers that possess 21st century skills including creative thinking and information literacy, and our education system must meet this demand by preparing all its students to thrive.
School discipline policies and practices biased against non-white, non-disabled students.

The way in which schools react to a student’s disruptive classroom behaviors has a large impact on the future success of that student and the safety of the school community. The exclusionary discipline policies and practices most commonly used in Connecticut’s schools show significant disparities in who is punished and how severely they are punished, leading to negative impacts – not only for that student and their family, but also for other students and the state.

Statewide, Black and Latino students and students with disabilities are significantly more likely to be suspended from school than their White or non-disabled counterparts. In the last school year, Black students were four times more likely than White students to be suspended from school and Latino students were nearly twice as likely, even though national research suggests no difference in misbehavior between different racial groups of students. While the average statewide suspension rate is just under seven percent, the rates for students who are Black and Latino and students receiving special education services are higher at 15, 9 and 12 percent, respectively.

Exclusionary discipline in all its forms increases the likelihood of juvenile justice involvement, grade retention, and decreases the likelihood of college graduation. While there is little evidence that harsh discipline policies lead to improved student behaviors, research suggests that Disparities in discipline should receive special attention because of the clear impacts that unfair discipline policies have on the future success of students.

School funding that does not adequately support school districts with high-needs students

Ensuring that schools are funded properly to meet the needs of their students is an essential step in assuring that all students are successful. Funding levels have an impact on class size, the ability to attract high-quality teachers and the amount and availability of educational opportunities for students in that district.

In Connecticut, many school districts are not funded at levels to adequately meet the needs of their students. Much of this problem originates from Connecticut’s approach to school funding. Currently, around 57 percent of Connecticut’s school funding comes from local town revenue, overwhelmingly funded by property taxes. Because the property value of Connecticut’s towns varies so widely, a funding gap is created where wealthier towns are able to raise more money per pupil than towns with lower property values. Furthermore, because of the legacy of residential segregation in Connecticut by income and race, the same towns that have some of the lowest property values are also the towns where there are the highest concentrations of people of color. This means that many children in Connecticut, a significant number of whom are of color, are receiving unequally funded educations solely based on where they live.

This problem is compounded by the fact that the towns
paying the highest property tax rates are the ones that are frequently those that receive inadequate school funding. For example, the City of Bridgeport, which pays one of the highest property tax rates in the state (by equalized mill rate or the taxes levied per $1,000 of the property’s assessed value) at 33.94 mils had a per pupil expenditure of $14,164 in the last school year, more than $2,000 less than the statewide average. On the other hand, the Town of Greenwich, whose equalized mill rate is the lowest in the state, at 6.99 mills, had a per-pupil expenditure of $21,203.

This occurs because the towns with the highest mill rates (Hartford, Bridgeport, New Haven) have larger proportions of untaxable land– universities, government buildings and hospitals – leading to a loss of property tax revenue. Furthermore, while Connecticut does subsidize towns who have untaxable land via the Payment in Lieu of Taxes (PILOT) program, in 2016 the state only reimbursed towns for 22 percent of their losses due to private-colleges and hospitals and 30 percent of losses due to state-owned land, leaving many towns still underfunded. Finally, the towns discussed above with high property tax, low property value, and an underfunded PILOT program, all have higher-than-average levels of students determined to be “high-needs” by the State Department of Education. For example, while the statewide average for English Learners (EL) is 7 percent, the city of Hartford has almost three times that number, Waterbury has nearly twice as many, and Bridgeport has more than two times as many EL students. Similar disparities occur for the proportion of students receiving special education and are low-income. As a result, in many of the school districts where student need is higher, the funding mechanisms currently in place do not provide those districts with the funds necessary to meet the full needs of their students and ensure their success.

<table>
<thead>
<tr>
<th>Statewide Average</th>
<th>City of Bridgeport</th>
<th>Town of Greenwich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mill Rate</td>
<td>18.98</td>
<td>33.94</td>
</tr>
<tr>
<td>Per Pupil Funding</td>
<td>$16,564</td>
<td>$14,164</td>
</tr>
<tr>
<td>English Learners</td>
<td>7%</td>
<td>15%</td>
</tr>
<tr>
<td>Special Education</td>
<td>14%</td>
<td>16%</td>
</tr>
<tr>
<td>FRPL Eligible</td>
<td>37%</td>
<td>51%</td>
</tr>
</tbody>
</table>

Solutions:

Connecticut as a state is becoming increasingly more diverse. Since 2010, the number of zero to four-year-olds in Connecticut who identified as a race or ethnicity other than White has risen from 44 percent to 48 percent. Still, despite this reality – children of color still show low rates of access to essential educational experiences like fair discipline policies and teachers who look like them leading to reduced academic success.

If Connecticut is to thrive, we must take the time and have the courage to address the structures that continue to promote these disparities. Employers want to hire a skilled and knowledgeable staff and communities want to house an engaged citizenry. It is essential that we pay special attention to reducing the disparities in school funding, school discipline, chronic absenteeism, and student achievement. Connecticut’s future as a desirable place to live and work depends on the decisions that we make today.

Connecticut must work towards closing the opportunity gaps that exist for our state’s children from cradle to career. Many of the solutions to reduce the disparities will require intentionally supporting students who have not always received the resources that they need to thrive. This ranges from ensuring that all low-income students have access to the benefits that high-quality, culturally responsive; and rigorous education provides to schools implementing policies and practices related to problem behavior that keep more Black and Latino students in schools.
• Expand access to high-quality preschool in all school districts and work towards a long-term vision of universal high-quality preschool for three and four-year-olds. A universal approach to preschool ensures that all children, regardless of where they live or their parents’ income get full access to an enriching preschool experience. Children who have access to a high-quality preschool experience are far less likely to repeat a grade or be placed in special education and are more likely to graduate from college. High-quality preschool is essential, and all of our children should have access to it.

• Reduce the use of exclusionary discipline and instead, commit to increasing behavioral health services and wraparound supports in schools and in school districts where these options are already available. Training schools on using these services instead of expelling students or referring them to law enforcement ensures that students get the help they need and that problem behaviors in school are reduced. The state should increase its commitment to programs like the Connecticut School Based Diversion Initiative (SBDI), which seeks to help schools divert students who display problematic behaviors in school away from punitive responses and towards necessary behavioral health and community supports. In one year, schools that participated in the SBDI saw an average drop in juvenile court referrals of 45 percent and an increase in referrals to behavioral health services of 94 percent. All children deserve to go to a school where students are given the support and tools they need to succeed in their learning environment, instead of being pushed out of school for anti-social behavior.

• Make education equity a priority by fully funding all schools and staffing them with a diverse workforce equipped with the tools necessary to help our students thrive. In 2017, Connecticut Voices for Children proposed adopting a property tax model like that of our neighbor Vermont, which has a similar history to our state of “local control” over public schools. Models suggest that implementation of such a system in the state would fully fund PILOT and reduce the disparities in property tax rates - allowing school districts which are currently underfunded to receive more financial support.
Questions for Candidates:

1. In what ways can Connecticut ensure that every child attends a high-quality preschool, regardless of race or income?

2. What strategic action steps can Connecticut make toward investing in universal preschool?

3. How can the state better identify interventions in K-12 education to prepare students for college and career readiness?

4. Students of color and students with disabilities are significantly more likely to be suspended or expelled from school than their White, non-disabled peers. How do you plan to address the disproportionality seen in the use of suspensions and expulsions in Connecticut?

5. Currently, towns with the most “high-need” students are not receiving adequate funding to meet those students’ needs, how do you propose to equalize school funding to ensure that the highest funding goes to the schools with the most needs?

6. Black and Latino students do significantly worse than White students on the SAT, what is your plan to reduce the disparities in college preparedness between White students and students of color?
Budgets are a reflection of our State’s values and priorities. For all children in Connecticut to get the support they need to thrive, our state budget must prioritize child well-being, high-quality education, family economic security, and equitable economic growth. To adequately fund these priorities into the future, we must act in a fiscally responsible manner, which necessarily requires raising enough revenue to invest in our infrastructure and social supports in the long term.

Connecticut’s economic strengths are numerous. Connecticut is among the richest states in the country based on per capita income, it is strategically located between Boston and New York, and ranks highly on national measures of education quality, productivity of workforce, and health access.

Because of poor past policy choices and economic trends, however, economic growth is stalling while income and racial inequality are growing. Since the recession, Connecticut’s job growth and GDP growth have been slower than neighboring states, contributing to lagging revenue and undermining the state’s ability to invest in its children, families, and communities. With the top 1 percent of earners in Connecticut make a whopping 37 times more than the bottom 99 percent, Connecticut is...
These challenges are reflected in Connecticut’s forecasted budget deficits. According to the Office of Fiscal Analysis, without policy changes, the general fund budget is $2 billion in deficit in the 2019-20 fiscal year and the potential shortfall will rise to $2.58 billion in FY 2020-21. Compounding the problem is sharply increased spending on fixed costs (including these budgetary line items: Debt Service – State Treasurer (agency total), State Comptroller – Fringe Benefits (agency total), and Teachers’ Retirement Board agency total) that, without increased revenue, mean painful cuts to services for children and families.

Connecticut Voices for Children’s budget analysis makes plain the long-term trend of a declining share of our state budget that supports children and families. It also demonstrates cuts not only to the proportional share, but also to the actual dollars spent on the Children’s Budget including K-12 education, child welfare, early care, and family health.

As inequality has increased so too has the regressive nature of our tax system, meaning low-income people are increasingly paying proportionally more of their income than high-income people. As it stands now, Connecticut’s overall tax system (including income, property, and sales and excise taxes, (minus federal deductions) allows the wealthy to pay a much lower percentage of their income than middle-class or low-income taxpayers. For example, a

Racial Disparities in Connecticut’s Property Tax System.

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Source: Connecticut Data Collaborative and OPM, Municipal Fiscal Indicators. Average equalized mill rate is the mean of all towns’ equalized mill rates weighted by the population of each race in each town. Equalized mill rate is property tax levy expressed as percentage of market value. For example, a town with an equalized mill rate of 10 mills would tax 1 percent (10/1000) of the aggregate market value of its property.
family making less than $25,000 per year pays 11 percent in state and local taxes, a family making between $46,000 and $76,000 pays 10.9 percent, and a family making over $1,331,000 – the top 1 percent – pays 5.5 percent. Property taxes and sales taxes are the main culprits of the state's unfair tax system.

Our tax system also exacerbates racial inequality. Due to structural racism and decades of discriminatory lending and zoning policies, residents of color tend to live in towns with higher mill rates. As a result, Black and Latino residents pay a higher tax rate on their homes and cars than White residents do.

Recent federal tax reform will only worsen these trends, as the tax cuts benefit the wealthy at the expense of everyone else. In Connecticut, most of the tax cut will go to those with incomes above $250,000.

Solutions:

Fixing the budget and addressing racial and economic inequality must go hand in hand because both are crucial for broad-based economic growth. As discussed in previous chapters, a variety of policies can foster opportunity. Early childhood education has an oversized impact on life outcomes for all children and so we should invest in high-quality, affordable childcare, and universal pre-kindergarten. Children must be healthy to go to school and parents must be healthy to participate in the economy. To make health insurance available to low-income families, we should raise the income eligibility limit for parents and caregivers enrolled in HUSKY A (Connecticut’s Medicaid program for children and their relative caretakers) to 201% of the federal poverty level, where it was in 2015. The Earned Income Tax Credit is the most effective poverty-fighting program for children in the U.S, and it encourages families to work more because it rewards additional earnings. We should raise the Earned Income Tax Credit income eligibility limit to 30% of the federal poverty level, where it was in 2011. We have a long way to go before all children in Connecticut, regardless of race or ZIP code, have the opportunity to reach their full potential, but these reforms would be a step in the right direction.

Economic growth also requires economic development policies that work for everyone. We should invest in broad-based economic growth through proven, evidence-based economic development policies, effective workforce development programming, and strategic investments in infrastructure. Connecticut must invest in not only the transport of goods and people but also in high-speed broadband that can make our state more competitive and the internet more accessible to low-income communities.

We should also demand data on, and analysis of, state spending on economic development programs and incentives whether administered by Connecticut Innovations, the Departments of Economic and Community Development, Labor, and Revenue Services, or any other state entity. We have little evidence that our current economic development incentives and policies achieve their desired impact. If these policies aren’t working, we should adjust them so that they demonstrably incentivize economic growth and job creation, particularly in the communities that would benefit most from their implementation.
Raising Revenue:

Investments in opportunity require revenue, but our tax system burdens most of those who can least afford it. To increase revenue and promote equity, new tax policies should decrease the regressivity of our tax system, while modernizing our tax system to reflect how people interact with the modern economy. To accomplish these goals, we recommend the following priorities:

**Reform the regressive property tax system.** Low-income residents and residents of color pay proportionally more property taxes than their high-income and White counterparts. Adding insult to injury, because property taxes help to fund local education, high-income communities generally have more funding for schools, despite paying a lower rate overall. We recommend the following:

- Fully funding PILOT, which would provide much needed funding to many of our urban municipalities with the highest residential property tax burdens
- Addressing the need-capacity gap through the municipal aid formula
- Instituting a less regressive, low-rate, state-wide property tax. Revenue from this tax could be used to decrease the opportunity gap between poor and rich communities by funding education equally, fully funding PILOT, or paying down the budget deficit to free up the General Fund to pay for services. We encourage study to determine the tax incidence of a state property tax, the most efficient administrative structure, the rate, and the most effective use of the revenue in reducing the regressivity and barriers to economic growth of the existing property tax system.
- Prioritize the study and analysis of alternative tax policies that would reduce the horizontal and vertical inequities due to our current overreliance on property tax.

**Study and, when justified, eliminate the tax expenditures and other public subsidies to businesses,** including grants, loans, tax exemptions, deductions, and credits that offset taxes owed by business and individuals. Eliminate expenditures that do not achieve their intended purpose and/or are not worth the cost.

**Develop policy to collect sales tax from internet retailers.** Following the South Dakota v. Wayfair decision, states can now tax online sales. By doing so, Connecticut can expect increased revenue of $128-$194 million. The state should develop a robust policy to collect this sales tax revenue that gives businesses clear direction and minimizes the administrative burden on interstate sellers.

**Respond to the erosion of state revenues caused by the federal tax law changes passed in 2017.** Because of the interplay between our state and federal tax systems, state revenues will be lost if no action is taken. Examples of steps that the state may take are:

- Remove references to the federal estate tax exemption from Connecticut’s estate tax statute
- Decouple Connecticut’s depreciation of certain business equipment over several years from the new federal system that allows for an immediate deduction
of the full cost of certain equipment in one year. OPM Secretary Barnes testified that failure to decouple would cost the state $50 million to $100 million.

- Consider whether Connecticut should follow the lead of the federal tax system and allow expenditure of tax-sheltered college savings for private K-12 education. Not only will this change reduce state revenues, depending on how many families take advantage of the tax subsidies for private secondary education, but it will also affect the public school system, state and local school budgets, and increase reliance on the property tax.

- The legislature responded to the federal tax law’s cap on the deduction of state and local taxes (SALT) in the 2018 session. The benefits of these state efforts to mitigate the impact on Connecticut taxpayers will primarily inure to the wealthiest taxpayers by decreasing their federal taxes. We urge the legislature to pair its actions to ensure Connecticut’s economic competitiveness with policies to support working families and children by restoring the Earned Income Tax Credit to 30 percent of the federal credit.

- Because the federal tax cuts provide large cuts to the wealthiest taxpayers, Connecticut should consider increasing the state personal income tax rate one-half of one percent on the Top 2 Income Groups from 6.9% to 7.4% and 6.99% to 7.49%. In total, the taxpayers in these top 2 income groups will pay less in federal and state personal income taxes and the change will raise $227.4 million in new state revenue.

**Modernize our sales tax system.** An additional $730 million in sales tax revenue would be generated by broadening the base on which sales tax is paid AND reducing the sales tax rate to 5.5%. Eliminating many of the current exemptions on services and taxing certain digital downloads together with lowering the rate will also help to address the regressive nature of our sales tax system. It is worth evaluating a tax credit for low income taxpayers to offset broadening the base of the sales tax.
Questions for Candidates:

1. Connecticut’s budget deficits are projected to increase in the future. What steps would you take to modernize our revenue system to ensure adequate funding for programs that support vulnerable children and families?

2. If you are unwilling to take steps to increase revenue, what programs would you cut?

3. Would you vote to restore the EITC to 30% of the federal level?

4. Would you vote to restore HUSKY A to 201% of federal poverty level?

5. Would you vote for a state-wide property tax dedicated to a specific purpose? Which purpose?

6. Are you committed to fully funding PILOT? How?

7. What steps would you take to ensure that economic development dollars are going to improve local communities?

8. Paid family medical leave allows for vital bonding with new babies, eases the burden on low-income families, and increases the health and productivity of the work force overall. Would you champion paid family medical leave in Connecticut?
Appendix: To Learn More...

Thriving Families

Early Care and Education

For more on wraparound services: National Education Association (2013). *Wraparound services.*


Health


Systemic Racism and Complex Trauma


For more on complex trauma and Adverse Childhood Experiences (ACEs):

Child Welfare and Foster Care


Juvenile Justice


For more information on providing an adequate education to justice involved youth: Tow Youth Justice Institute. (2017). Transforming the education system for youth in Connecticut's justice system [White paper].


Cross-System Collaboration

For more on cross-system collaboration amongst state agencies:

Equitable Education


For more information on the relationship between economic success and high quality education:


For more information on the educational and economic impacts of high quality preschool programs:


For more information on the importance of 3rd Grade reading skills: Annie E Casey Foundation. (2010). Early warning! Why reading by the end of third grade matters [White paper].


For more information on the impacts of exclusionary discipline on student outcomes:


For more information on school funding:


Connecticut Voices for Children
33 Whitney Avenue • New Haven, CT 06510 • 203.498.4240 • www.ctvoices.org
Inclusive Economic Growth

For more information on Connecticut and our fiscal challenges:


For more information on Tax policy:


For more information on collecting sales tax from internet retailers: