Fixing Connecticut’s Radical New Budget Rules

Connecticut adopted radical budget rules that are paralyzing our ability to make necessary investments in our infrastructure, provide quality education to all of our children, and offer the support services necessary to leave no child behind.

The Problems

The revenue cap

will place nearly $250 million of our revenue off limits from spending through 2021

This is equivalent to the entire yearly budget of the Office of Early Childhood, in charge of supporting the health and development of Connecticut’s young children.

Details: The revenue cap requires lawmakers to only spend a certain percent of total revenue—down to 98% in 2026 and thereafter—even in deficit years.

The volatility cap

could CUT the state budget by over $500 million

This cut is the same size as the amount Connecticut annually spends to support our 12 community colleges.

Details: The volatility cap requires transferring revenue into the Rainy Day Fund, even when facing a $4 billion deficit.

Faced with this new reality, some legislators want to change these novel budget rules. But they are barred from making sensible changes because of something called the Bond Lock, a promise made to Wall Street investors that they will not make changes in these fiscal restrictions for at least five years.

The Solution

1. **Repeal** the Bond Lock [Conn Gen Stat 3-20(aa)(1)].
2. **Revise** the existing bond covenants in the June 2018 bond issuances.
3. **Repeal and replace** the current volatility cap.