



# News Release

33 Whitney Avenue  
New Haven, CT 06510  
203.498.4240  
203.498.4242  
[www.ctvoices.org](http://www.ctvoices.org)

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Contact: Michael Sullivan  
Interim Communications Director  
203-498-4240 x117  
[msullivan@ctvoices.org](mailto:msullivan@ctvoices.org)

## **Governor's Budget Avoids Major Cuts for Children's Programs, But Revenue Increases Fall Most Heavily on Low-Income Residents**

While Governor Lamont's state budget proposal avoids major cuts to programs that benefit Connecticut children, it is based on revenue increases that fall most heavily on low-income taxpayers, according to a new analysis by Connecticut Voices for Children. The report finds that the Governor's major proposed revenue changes in sales, beverage, and personal income taxes fall on the lowest 20 percent of income earners at 10 times the share of income asked from the top 5 percent of income earners. It asks little of the highest income taxpayers, who received a substantial tax cut in the 2017 federal tax bill. In fact, the Governor's proposal would cut state taxes further for the wealthy by eliminating the gift tax and continuing plans to reduce estate taxes.

The Governor would slightly increase spending on the Children's Budget – funding for programs that directly benefit children. The report identified this as a welcome change from recent austerity budgets, but noted that these increases fail to keep pace with inflation. Among the aspects of the budget proposal praised by Connecticut Voices are the preservation of HUSKY eligibility for parents and an increase in state funding for the Care 4 Kids child care subsidy program. However, the organization faults the proposal for falling short of adequate funding for community-based services to youth involved in the juvenile justice system, which is likely to result in more children in detention, increasing the long-term harm to children and costs for the state.

The report also criticizes the series of rigid budget rules enacted in the 2017 and 2018 budget bills, including the appropriations cap, the volatility cap, the spending cap, and the Bond Lock. As a result of these rules, nearly \$800 million of state revenue will be swept into the Rainy Day Fund, even though the state is facing a deficit. Due to these budget caps, revenue that could otherwise support programs for children and families is instead barred from appropriation.

"The Governor's budget offers a positive start in protecting many programs that support children and families," said Sharon Langer, Interim Executive Director of Connecticut Voices for Children. "Now the legislature has the opportunity to fix the previously enacted, radical budget rules that will tie the state's hands and lock us into a downward spiral of deeper cuts in the coming years."

The report recommends that state policymakers:

- Repeal the state's Bond Lock and revise the volatility cap.
- Implement tax reforms that begin to correct the state's regressive revenue system by asking more of the state's wealthiest residents.
- Protect Connecticut families by restoring the Earned Income Tax Credit, fully funding Care 4 Kids, and maintaining HUSKY health coverage for working families.

*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.*

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