THE CONNECTICUT BUDGET:
WHAT IS AT STAKE

With projected budget deficits over $1 billion each year, Connecticut lawmakers need to make tough choices. There is much at stake: Governor Malloy’s budget proposal includes more than half a billion dollars in budget cuts, most of them falling on programs that affect children, families and other disadvantaged populations.

AT RISK: PROGRAMS THAT SERVE CHILDREN

The Governor’s proposed budget includes $316 million in cuts for programs that serve children, including:

- $158 million in cuts to K-12 education.
- $61 million in cuts to higher education, including crucial remedial education programs for low-performing students.
- $45 million in cuts to HUSKY, leaving 30,000 parents without health insurance, including pregnant women.
- $51 million in cuts to hospitals, clinics and ambulance services serving low income families.

Many essential programs face large cuts or might be eliminated completely:

- Local Early Childhood Councils
- Healthy Start
- STRIVE job readiness training
- Help Me Grow, connecting young children to services
- Family School Connecticut
- Steep cuts in Human Service Infrastructure funding
NEW REVENUE OPTIONS

To stave off these painful budget cuts, Connecticut needs new revenue — Better Choices for Connecticut and CT Voices for Children have presented a list of options to close the gap and protect those that are most vulnerable. These options include:

- **Raising the top marginal income tax rates for households making more than $500,000 a year**: Connecticut’s top marginal rates are well below New York and New Jersey; a modest increase (to 7% for incomes $500,000-1,000,000 and 7.5% for incomes above $1,000,000) would only affect 2% of households and potentially raise $300 million in new revenue.

- **Eliminating outdated tax expenditures**: Connecticut’s tax code includes many tax breaks and incentives to support specific industries or promote economic activity. Many of the exemptions and deductions are outdated, and have a strong financial impact on the budget. Eliminating many of these expenditures and including a sunset clause would generate $476 million in revenue.

- **Broaden the base on the sales tax**: the sales tax currently does not cover many services, including accountants or attorneys. Broadening the base to cover currently exempt services could potentially raise enough revenue to lower the overall rate, or preserve exemptions for low-income families.

- **Taxes on soda and sugar sweetened beverages**: a tax on sugary drinks would improve health; depending on how it is structured it could raise $160 million.

Sources:

- Office of Fiscal Analysis, tax expenditure report 2014

Contact Roger Senserrich at CAHS for more information:
860.951.2212 ext. 247
rsenserrich@cahs.org