



# C O N N E C T I C U T

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## GENERAL ASSEMBLY

**FOR IMMEDIATE RELEASE**

**October 26, 2017**

### **State Senate Passes Bipartisan Two-Year State Budget**

*Hartford* – The Connecticut State Senate today delivered a historic, bipartisan vote on a state budget to close a projected \$3.5 billion deficit over the next two years. The budget is the result of bipartisan negotiations and includes policies from both Democrats and Republicans.

“After months of negotiations, Democrats and Republicans have worked together to produce a truly bipartisan budget that invests in our economy, maintains strong levels of education funding and protects local property taxpayers while rejecting damaging cuts to higher education and scholarship programs,” said **Senate President Pro Tempore Martin M. Looney (D-New Haven)**. “The bipartisan budget protects vital social service programs and job training programs. Above all, it makes good on our commitments to our cities and towns. I want to thank the Democratic and Republican legislative leaders for willingness to negotiate a bipartisan budget.”

“Had lawmakers not united our efforts to reach this compromise, our towns, cities, schools and core social services would be facing devastating cuts that would cause irreparable harm to our state in both the short and long term,” said **Senate Republican President Pro Tempore Len Fasano (R-North Haven)**. “To move Connecticut forward it’s clear we need to restore people’s confidence in our state. Passing a bipartisan budget that contains significant structural reforms sends an important message that we are taking the first vital step to begin strengthening our state, restoring our fiscal health, and promoting economic growth. This budget accomplishes reforms our state has not been able to achieve for decades. Had many of these structural reforms been in place years ago, we would not be facing such overwhelming budget problems today. While we cannot resolve all the state’s issues at once, this budget marks a dramatic shift for our state towards reforms, bipartisanship and solutions. I want to thank all the legislative leaders for working together to craft this budget as partners. In all my years at the Capitol, I have never seen leaders come together to have such an open and honest dialogue about so many issues.”

“As a result of this bipartisan budget, Connecticut will continue to make critical investments in innovation, manufacturing, bioscience, green energy and other emerging industries while holding the line on taxes and making substantial structural changes in order to achieve long term savings,” said **Senate Majority Leader Bob Duff (D-Norwalk)**. “Once this budget becomes law, communities and school districts across the state will have the resources they need to provide services and educate our students. I want to thank the legislative leaders from both parties for their hard work and commitment to delivering a bipartisan budget.”

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“This compromise budget restores millions of dollars to our towns and cities, our schools, and to core state services. At the same time it reduces future spending by implementing a spending cap and bonding cap among other structural changes,” said **Deputy Senate Republican President Pro Tempore Kevin Witkos (R-Canton)**. “While we cannot resolve all the state’s financial problems in one budget, this compromise plan implements many long-fought-for reforms that will set Connecticut on a new path to begin to stabilize government so that our economy can grow and flourish. I applaud all legislative leaders for working together to craft this budget and stop Gov. Malloy’s executive order.”

The bipartisan budget includes the following:

### **Restores Education Funding, Implements New Funding Formula**

This budget includes a new Education Cost Sharing Formula that takes into account factors regarding CCJEF and Meskill court decisions, enrollment, poverty, wealth and number of English Language Learners, among other factors. This budget averts the need for the devastating local education cuts contained in the governor’s executive order. It also creates a new formula to ensure education aid is directed proportionally to towns based on need. Wealthier towns with shrinking populations will see small decreases in aid and poorer towns with growing populations will see gradual increases in aid over time. For charter schools, per pupil grants are increased by \$250 and funding is provided to allow for grade growth.

### **Provides Municipal Support and Mandate Relief**

This budget provides predictable municipal aid so that towns and cities know what they can count on from the state. This plan averts the deep municipal cuts contained in the governor’s executive order, minimizes reductions in aid, and also does not shift teacher pension costs onto towns and cities thereby saving towns, cities, schools and taxpayers from shouldering another financial burden.

The budget also implements significant mandate relief for cities and towns to help municipalities achieve efficiencies, foster cooperation between school boards and local governments, and pass savings on to taxpayers.

The car tax cap is maintained but capped at 39 mills in year one and 45 mills in year two with the state reimbursing the difference for those towns with mill rates exceeding the caps.

### **Makes Targeted Spending Cuts**

This budget makes targeted spending cuts, reductions to agency accounts, and rolls forward lapses made last year excluding cuts to core services. It also implements overtime savings of 10 percent and a hiring freeze on non-24-hour non-union positions. Manageable reductions were made to higher education institutions including a \$134 million reduction to UConn and UConn health, while aid for scholarships for low- and middle-income students was preserved.

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### **Protects Core Social Services**

The bipartisan budget protects funding for core social services and programs that benefit people most in need. It fully funds day and employment services for individuals with intellectual and developmental disabilities. It also protects funding for mental health and substance abuse treatment programs.

### **Supports Seniors & Cuts Taxes on Retirees**

Aging in place initiatives are protected by restoring funding for the CT Home Care Program and opening it to new participants, increasing funding for Seniors Meals and non ADA dial a ride, and preserving the personal needs allowance. The budget also lowers taxes for retirees by eliminating the tax on social security income and pension income for single filers with an AGI below \$75,000 and joint filers below \$100,000.

### **Stabilizes the State's Transportation Fund**

Connecticut needs a safe, modern transportation system to support public safety and economic growth throughout our state. Therefore, this budget implements a plan to stabilize the Special Transportation Fund by dedicating transportation-related revenues to fund transportation needs. Without this change, the STF is projected to be insolvent by 2021, which would put all transportation projects in jeopardy. This is a needed reform to ensure the STF remains solvent.

### **Includes Structural Changes**

In addition to balancing the budget over the next two years, this budget includes policy changes that will shape the state's future and put CT on healthier financial footing. These changes include an enforceable spending cap, bonding cap of \$1.9 billion, municipal mandate relief, and additional policy changes for long term savings.

### **Tax Changes**

This budget includes a cigarette tax increase, a fee of \$0.25 on ride sharing services, and the scaling back of tax credits. It also includes hospital changes as agreed to by Connecticut hospitals to leverage more federal funding. The budget does not impose broad sales tax increases or income tax increases. It also provides tax relief by phasing out the tax on social security income and pension income for single filers with an AGI below \$75,000 and joint filers below \$100,000.

### **Supports our Capital City**

This budget seeks to provide needed support to Hartford to prevent the city from declaring bankruptcy. It will implement new oversight of Hartford, offering \$20 million in state aid through a new Municipal Accountability Review Board and \$20 million in debt payments to support the city. Along with this funding will come increased oversight and requirements to reduce city expenses.

### **Crumbling Foundations**

This budget provides critical aid to help homeowners impacted by crumbling foundations in eastern Connecticut. It establishes a special public benefit captive insurance not-for-profit company to manage funding and a transparent and open process to distribute this funding to assist homeowners.

### **Funds State Parks & Tourism**

The budget implements the bipartisan “Passport to Parks” program dedicating a \$10 biennial fee to fund parks and in exchange would allow free entrance to all state parks with a Connecticut license plate. This budget also acknowledges the multiplier effect that tourism has on our economy, and therefore creates a new Marketing, Culture and Tourism account beginning in FY 2019 funded with 1.5% of the current hotel occupancy tax, dedicating this portion of the current tax to stabilize tourism funding.

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