



C O N N E C T I C U T

GENERAL ASSEMBLY

Fiscal Years 2018/2019 Biennial Bipartisan State Budget Summary

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 implements a new formula to ensure education aid is directed proportionally to towns based on need. 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 will 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, a hiring freeze on non-24-hour non-union positions, and reduces the number of legislative committees. Reductions to higher education institutions were scaled back to a \$134 million reduction to UConn and UConn health, while aid for scholarships for needy students was preserved.

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 allowing new participants. It also increases funding for Senior Meals and non ADA dial a ride. It does not reduce 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 without implementing new taxes or tolls.

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. *Structural Changes Include:*

- Spending Cap
- Bonding Cap on \$1.9 billion on authorization, allocation, issuance and expenditure
- Stabilizes the Special Transportation Fund to protect transportation funding (directs car-related sales tax revenue to the fund. Prevents the fund from becoming insolvent as is projected for 2021 if nothing changes.)
- Labor related changes:
 - Required Vote on Union Contracts
 - Hiring freeze
 - Requires comptroller analysis of the SEBAC deal
 - Limits future SEBAC deals to no more than 4 years
 - Creates a pension legacy debt commission
 - Judges pension contributions increase from 5% to 6% for new judges nominated after Jan 1, 2018
 - Codifies impairment of contract case law
 - Does not contain \$13.1 million in raises for PCA unionized employees
- Municipal Mandate Relief:
 - Prevailing Wage increase for new construction to \$1 million
 - Boards of Education to consult with towns
 - Allows municipalities to reopen labor contracts to allow for regionalization
 - Allows 15% of municipality's budget reserve fund to not be available for determining ability to pay
- A 90 day turnaround time for various permits
- Includes a comptroller's analysis of monthly budget statements from the governor's office
- Required public hearings on audits

Tax Changes

This budget scales back prior tax proposals. It does NOT increase income taxes. It does NOT increase the sales tax. It does NOT implement dramatic new motor vehicle fees. It does NOT impose new taxes such as a cell phone tax or tax on second homes. It does include a cigarette tax increase, a fee of \$0.25 on ride sharing services, and the scaling back of certain tax credits. It also includes hospital changes as agreed to by Connecticut hospitals to leverage more federal funding.

This budget also reduces taxes. It phases out the tax on pension income and social security income for middle income retirees and it phases in the federal levels for the inheritance and estate tax.

Crumbling Foundations

This budget provides aid to help homeowners impacted by crumbling foundations in Northwest 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. It provides aid to help homeowners with \$20 million in bonding every year for 5 years. It does not include a new tax or fee as other budget proposals included.

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.