

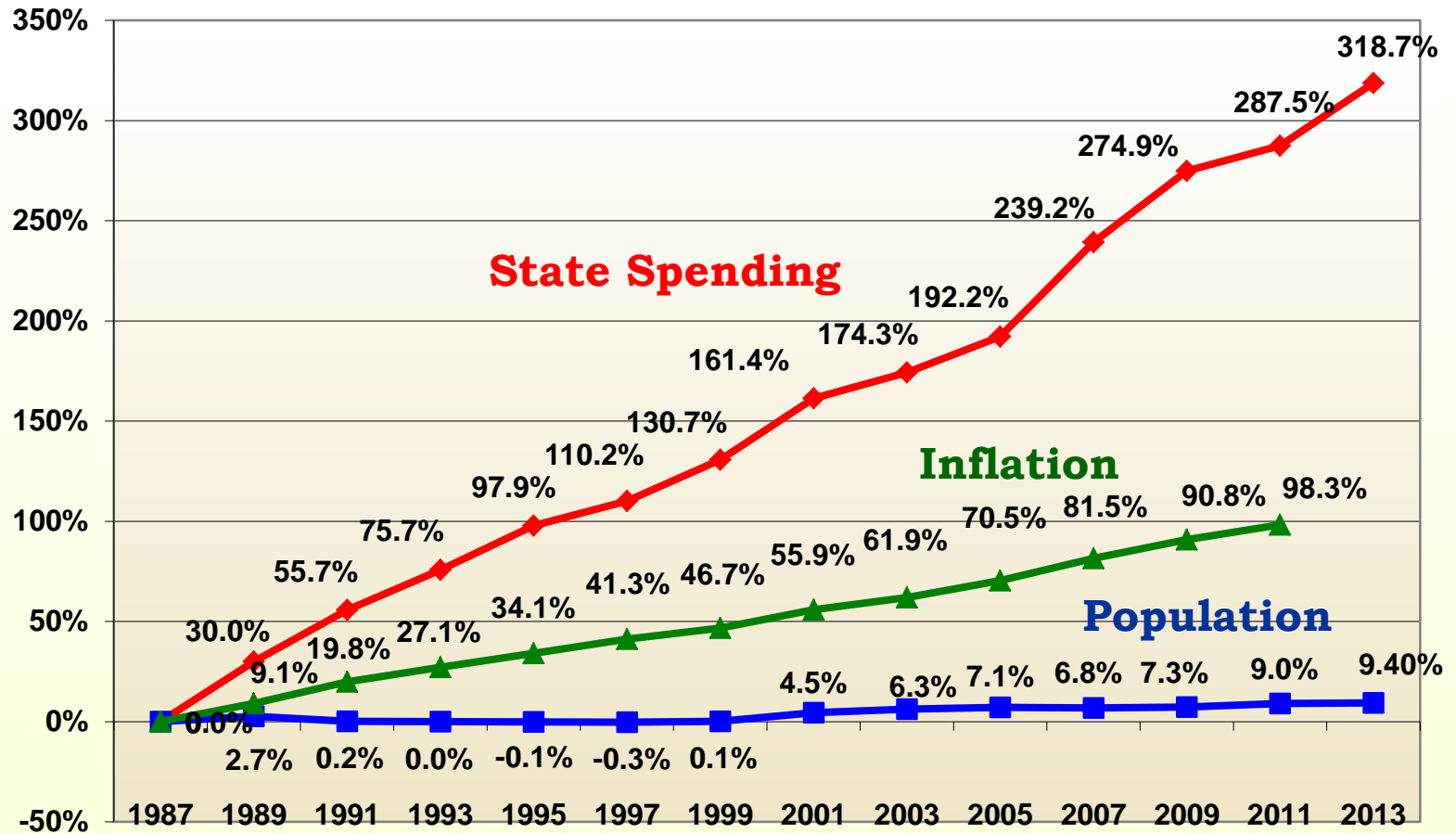
STATE OF CONNECTICUT

A Budget Presentation

State Representative Whit Betts
State Senator Jason Welch
February 26, 2013



State Government Has Grown Too Large



Connecticut's Population vs. Real State Government Expenditures

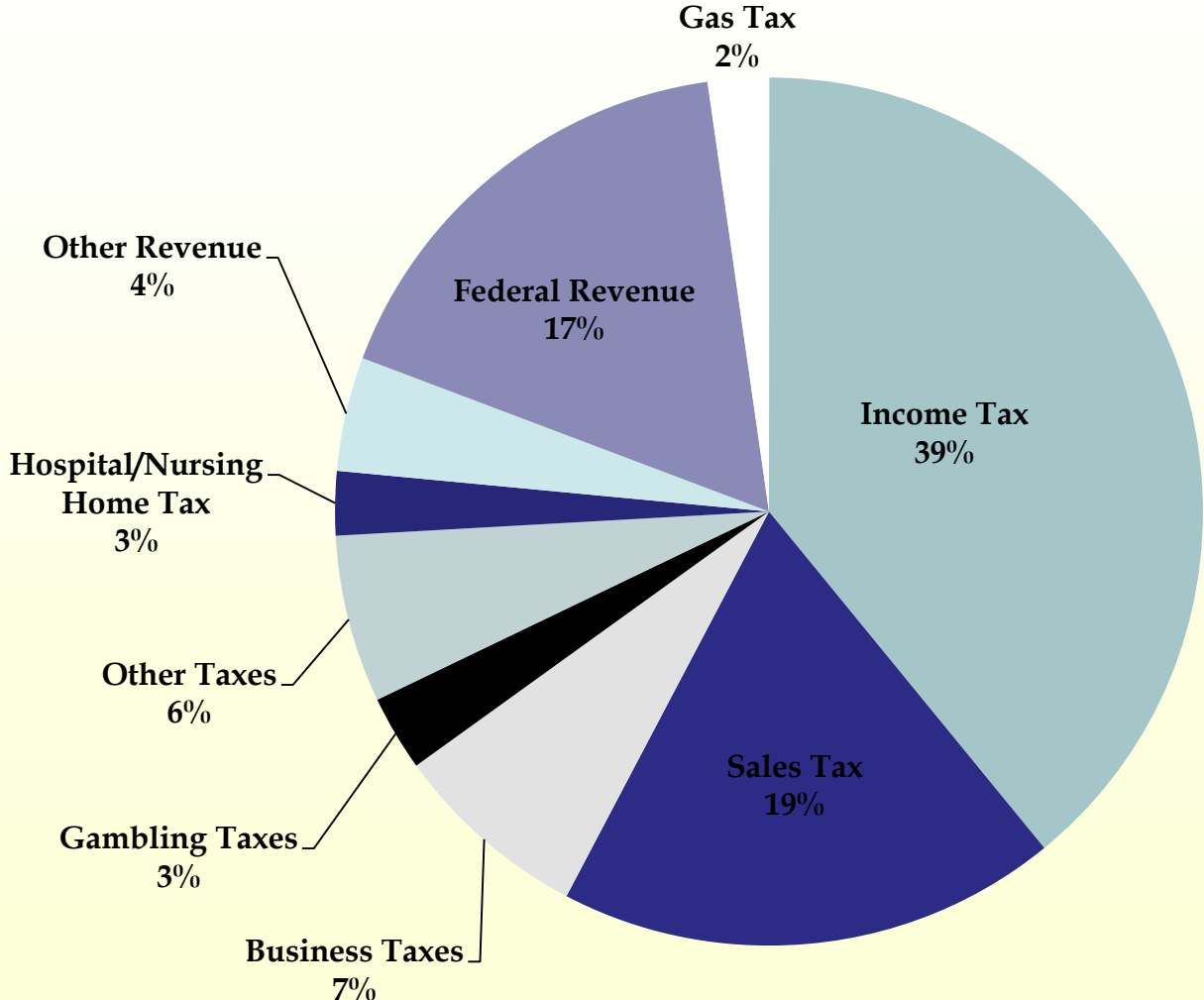
(Source OFA & Census)



Where Does The Money Come From?

FY 2013 Revenue

\$20.670 Billion



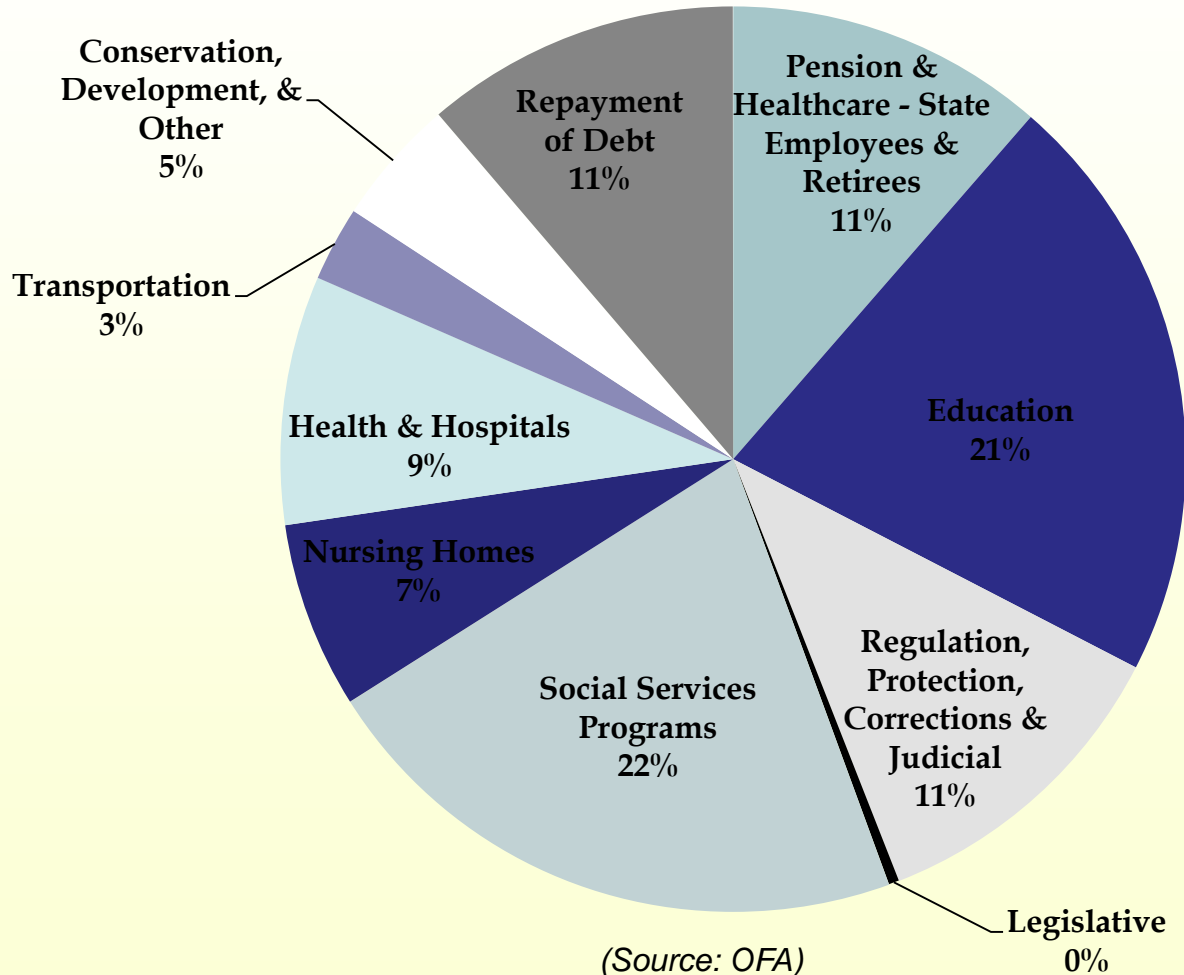
(Source: OFA)



Where Does Your Money Go?

Major Spending Components for FY 2013

\$20.670 Billion
(All Appropriated Funds)



State Finances

	FY 11	FY 13
Spending	\$19.169 Billion	\$20.279 billion
Revenue	\$19.200 Billion	\$20.278 Billion
Bonding	\$2.000 Billion	\$2.262 Billion



Budget Problem Facing Connecticut

	FY 13	FY 14	FY 15
Estimated Expenditures	\$19,118.1	\$20,850.7	\$22,077.8
Estimated Revenue	\$18,979.5	\$19,655.3	\$20,773.6
Surplus/(Deficit)	(\$128.0)	(\$1,195.4)	(\$1,304.2)
Percent of Estimated Expenditures	-0.70%	-5.70%	-5.90%

Source: OFA



Governor Malloy's Budget

Governor Malloy proposed a biennial budget of \$43.8 billion which increases General Fund spending by \$1.8 billion or 9.6% over two years.

	Estimated FY 13	Governor FY 14	Governor FY 15	Two-year \$ increase	Two-year % increase
General Fund	\$19,043.90	\$20,110.60	\$20,888.50	\$1,844.60	9.64%
All Funds	\$20,429.10	\$21,478.60	\$22,322.40	\$1,893.30	9.27%

Source: OPM



Increased Borrowing

FY 14 Additional Bonding - \$2.990 Billion

FY 15 Additional Bonding - \$2.998 Billion

- Finance \$750 million to fund the state's depleted available cash. The principle and interest payments won't begin until the start of **2016**;
- \$300 million for manufacturing assistance and other economic development funds;
- \$220 million for housing and supportive housing initiatives;
- Increase Town Aid Road to \$60 million and fund with bonding;
- Increase LOCIP - add \$62 million in LOCIP bonding to cover the elimination of the Pequot Fund;
- Clean Water Funds bonding \$740 million over two years



Connecticut's Unfunded Liabilities

Connecticut has the highest level of long-term liabilities in the country.

Unfunded Liabilities

in billions of dollars

Debt Outstanding	\$19.3
State Employee Pensions – Unfunded	\$13.3
Teachers' Pensions – Unfunded	\$11.1
State Post Employment Health and Life – Unfunded	\$17.9
Teachers' Post Employment Health - Unfunded	\$3.0
Generally Accepted Accounting Principles Deficit	\$1.5
TOTAL	\$66.1



Exemption of Vehicles From Local Property Taxes

Governor Malloy has proposed exempting the first \$20,000 (approximately \$28,000 market value) in assessed value of motor vehicles from the local car tax.

- This exemption would be voluntary in FY 2014 and mandatory in FY 2015.
- This exemption is estimated to cost **\$560 million** statewide annually.
- The Governor does not intend to reimburse municipalities for this loss of revenue.



Budget Impact on Bristol Hospital

Governor Malloy has proposed cutting **\$550 million** in state funding to Connecticut's community hospitals over the next two years.

Bristol Hospital is looking at a **\$3.75 million** decrease by 2015. **\$600,000** was cut last December to help balance the state's budget deficit. This year, Bristol Hospital would lose **\$1.4 million**.

The cut to Bristol Hospital's budget, one of the city's largest employers, may force hospital officials to cut various programs and services, even layoff hospital employees.



While Republicans Oppose Most of Gov. Malloy's Budget, We do Like...

- We applaud the Governor for joining Republicans in proposing to consolidate agencies, especially the consolidation of taxpayer-funded advocacy commissions. However, we believe that any consolidation should reduce the number of state employees by more than 12.
- In FY 2015 the Governor is proposing to phase in the sales tax exemption for clothing and footwear with the implementation of a \$25 exemption. Republicans fought against eliminating the sales tax exemption on clothing and footwear two years ago, and we would like to restore the exemption if there is a legitimate way to fund it.
- Fraud reduction in Medicaid is something that we have been pushing for a number of years. The Governor's plan to reduce fraud is not much different than it was two years ago, and that plan accomplished very little.



Connecticut's Poor Rankings

- Connecticut has negative job growth over the past 25 years. (Based on Department of Labor data)
- CT was ranked 45th among the Best and Worst States to Do Business (*Survey of 651 CEOs done by Chief Executive Magazine*)
- CT ranked worst state for retirement (*money-rates.com*)
- CT ranked 45th in economic competitiveness. (*American Legislative Exchange Council, "Rich States, Poor States"*)
- CT Legislature has been voted "Least Business Friendly" in the nation. (*Expansion Management Magazine*)
- State Business Tax Climate – 40th. (*The Tax Foundation*)
- Gas Tax – 4th Highest. (*American Petroleum Institute*)
- Cost of Doing Business – 5th Highest in the country. (*Milken Institute, 2007*)
- Percent Funding of State Retirement System Liabilities – 3rd worst in the country at 58.3%. (*Public Fund Survey*)
- Per Capita State and Local Tax Burden as a Percent of Income – 3rd highest in the country. (*The Tax Foundation*)
- Worst state for business property tax burden (*The Tax Foundation*)
- Ranked 7th by Forbes Magazine for the state with the highest number of residents fleeing our state.



Questions?

Please Contact Us

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