



STATE OF CONNECTICUT
GOVERNOR NED LAMONT

A Path Forward

Proposed Budget

FY 2020 – 2021

What are the central tenets of Governor Lamont's budget?

- Anchored by honesty, data, and stakeholder input, Governor Lamont's pro-growth budget proposes the structural changes necessary to address the state's crushing fixed costs, while also investing in transportation, education and workforce/economic development.
- It's a budget that makes tough choices, strategic investments and ensures that we put Connecticut on a path to growth for all its citizens.

What structural changes are proposed?

- Gov. Lamont's proposed changes include:
 - Refinancing the Teachers' Retirement System payments
 - Refinancing the State Employee Pension System payments
 - Reimbursing providers, including hospitals, up to a maximum rate for state employees and retirees
 - Asking municipalities and districts to make a small contribution towards normal costs of teachers pensions, gently phasing in over 3 years
 - Taking an honest look at automatic COLAs for future state retirees

What is Gov. Lamont's "Debt Diet?"

- The Governor is seeking to reduce long-term debt service payments and potentially save the state as much as \$2 billion over the next decade.
- Between 2012 and 2019, the state averaged approximately \$1.59 billion worth of bond authorizations per year. Governor Lamont's proposed budget will significantly scale that back, bringing annual bond authorizations to \$960 million – a reduction of nearly 40%.

How will the "Debt Diet" impact the Special Transportation Fund projects?

- Gov. Lamont's budget does not continue to divert the car sales tax to the Special Transportation Fund beyond current levels, as that would take money from one leaky bucket and put it into another.
- The Governor's budget supports a long-term, sustainable solution to invest in our infrastructure.
- We will continue with existing transportation projects.
- With new revenue and savings, we can continue these projects until tolling or another revenue source comes online in four years.

Why is Governor Lamont modernizing the sales tax?

- Gov. Lamont's proposal will bring our tax code into the 21st century – and make it fairer – by capturing consumer oriented services, a growing segment of our economy, and equalizing the tax treatment on digital expenditures.

- Groceries will not be taxed.

Why isn't Governor Lamont raising the income tax?

- Gov. Lamont is keeping an eye toward long-term growth, to give consumers and businesses alike the confidence necessary to attract new investments.
- Managing the volatility of the income tax in a state like Connecticut is critical.

What does Gov. Lamont's budget do for working families?

- Paid Family Medical Leave program
- \$15 minimum wage
- Restores the Property Tax Credit to all eligible filers

What does Gov. Lamont's budget do for businesses?

- Eliminates the Business Entity Tax
- Streamlines and digitizes state government to create a "Digital Front Door" and enhance business services

What does Gov. Lamont's budget do for education?

- Honors the Education Cost Sharing (ECS) formula to bring underfunded districts closer to full funding, while accelerating phase-down
- Funds minority teacher recruitment

How will Gov. Lamont's budget streamline government and make it more efficient?

- Gov. Lamont has proposed a significant investment in technology and IT personnel to modernize and digitize state government.
- Moving transactions from manual to online can reduce costs by 75%.
- Today we have over 2,000 different forms and less than 5% of them can be completed online.
- As we digitize these interactions, we will achieve cost savings, a better customer experience and greater productivity.

Does Gov. Lamont's budget support tolling?

- Because we need to bring the state's transportation system into the 21st century, and understanding that we'll need a reliable, sustainable source of revenue to do so, Gov. Lamont's budget models out two tolling scenarios – truck-only and cars and trucks.
- Gov. Lamont does not support raising the gas tax or using priority bonding.
- Any tolling proposal would need to maximize the discount for Connecticut EZ-Pass users and frequent drivers.
- It's estimated that out-of-state drivers could provide over 40% of tolling revenue for Connecticut. That's money we're leaving on the table.
- Gov. Lamont's budget is the beginning – not the end – of this honest conversation that we need to have.

What is the funding breakdown in Gov. Lamont's budget?

- Funding for ALL funds in budget is up 1.7% year one (well below inflation), and 3.4% year two.
 - General Fund is held to 2.4% in each year in the biennium, which is consistent with the 8-year period.