



STATE OF CONNECTICUT
GOVERNOR NED LAMONT

A Path Forward

Proposed Budget

FY 2020 – 2021

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.

Structural Reform for a Sustainable Future: Connecticut will *never* achieve long-term financial stability if we don’t deal with the growing fixed costs of the Teacher Retirement System (TRS), the State Employment Retirement System (SERS) and our long-term debt obligations. Gov. Lamont’s budget includes:

- A plan, in coordination with the State Treasurer, to refinance TRS payments to allow the state the breathing room necessary to make payments and investments in the state. Gov. Lamont’s plan also reduces the investment return assumption – a smart response to recent market performance.
- A plan, in coordination with the State Comptroller, to negotiate a maximum price the state will pay for state employees/retirees at hospitals, clinics and providers, instead of paying costs that are all over the map and have nothing to do with quality care. In addition, the Governor’s proposal enhances the “Smart Shopper” program which incentivizes state employees to select medical procedures at quality facilities that offer lower costs – to both the employee and the state.
- A proposal that asks municipalities to make a small contribution towards normal costs of teachers’ pensions, gently phasing it in over 3 years. Towns that have above-average salaries would contribute an additional amount. This proposal ensures that municipalities have some skin in the game and that the pension burden is shared more fairly.
- An honest look at automatic Cost-of-Living Adjustments (COLAs) for future retirees. Gov. Lamont will ask for risk-sharing in retiree COLAs – similar to what is already in place with the Teacher’s Retirement System. When the market performs well, retirees will get a higher COLA. When it doesn’t – their COLA isn’t as generous.
- A “Debt Diet” that reduces authorizations by 40% to help us control the rise of debt service in the future.
- A proposal to 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. This proposal will put things like buying a movie DVD at the store and streaming that same movie online on par.

Key Investments: Governor Lamont's proposed investments focus on transportation, education and workforce/economic development to get Connecticut growing again.

- **Transportation**
 - Provides options for a discussion about a sustainable path for long-term investment, and solvency to upgrade Connecticut's transportation system to the 21st century
 - Prevents taxpayers from paying for out-of-state wear and tear
- **Education**
 - Honors the Education Cost Sharing (ECS) formula to bring underfunded districts closer to full funding, while accelerating phase-down
 - Funds minority teacher recruitment
- **Help for Families**
 - Paid Family Medical Leave program
 - \$15 minimum wage
 - Restores the Property Tax Credit to all eligible filers
 - Maintains funding for the Manufacturing Pipeline to help workforce demand
- **Additionally**
 - Streamlines and digitizes state government to improve the taxpayer experience and lower cost
 - Holds non-ECS municipal aid steady
 - Eliminates the Business Entity Tax and the Gift Tax
 - Supports Medication-Assisted Therapy for inmates who are addicted to opioids
 - Promotes a healthier Connecticut by:
 - Raising the age to purchase cigarettes
 - Including a tax on vaping products equal to cigarettes
 - Including a tax on sugar-sweetened beverages
 - Protects the environment by:
 - Including a tax on plastic bags
 - Expanding the bottle bill to wine, liquor bottles including 50 ml size

Connecticut is home to 17 Fortune 500 companies, thousands of small businesses and a growing start-up ecosystem. We have access to world-class talent. We are equidistant between Boston and New York without the exceptionally high cost of living. And we have vibrant cultural and educational institutions across the state. Governor Lamont's path forward understands that we can't move forward without addressing the structural issues that have held us back. At the same time, we can't afford to wait until all of our fiscal problems have resolved to make the critical investments necessary to position Connecticut for growth. Gov. Lamont understands this is the beginning of the conversation to get our state back on track – not the end – and looks forward to working with the legislature, residents and other stakeholders as we make the decisions necessary to put Connecticut back on track and ensure our state's economy works for everyone.