



**OPPORTUNITY & AFFORDABILITY**

# **GOVERNOR LAMONT'S BUDGET**



**Proposed Budget FY '26-'27 Biennium**

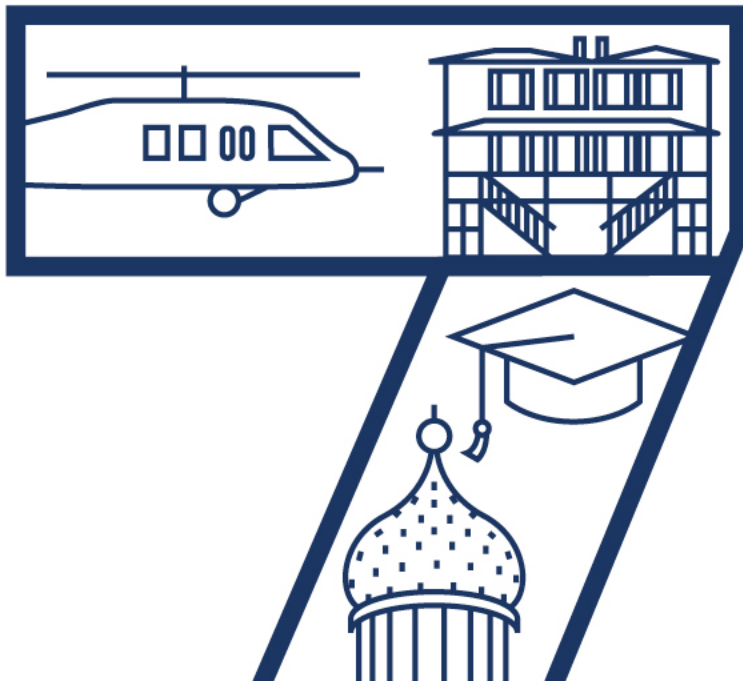
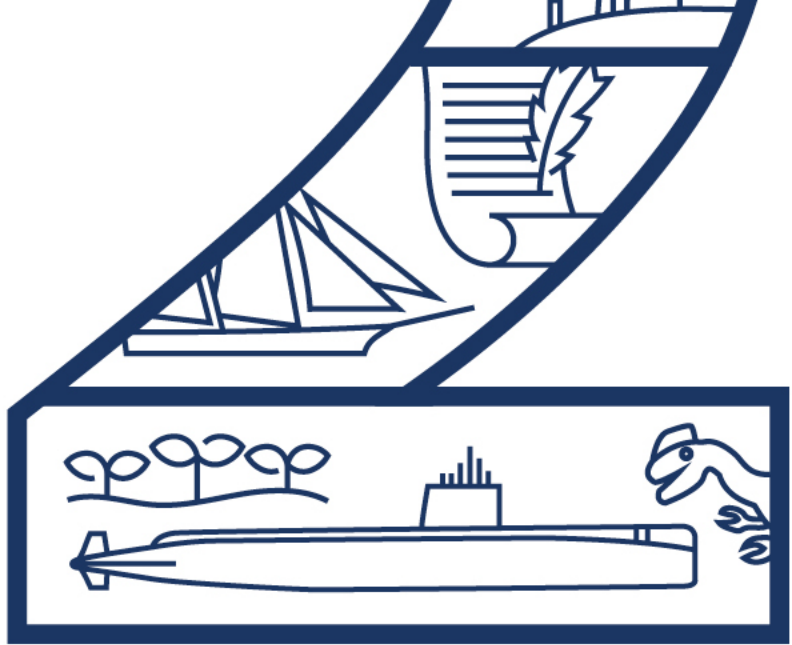
**STATE OF CONNECTICUT**



# OUR FOUNDATION – OPPORTUNITY AND AFFORDABILITY

- Prioritizing investment in our children and their families is foundational to a healthy, thriving Connecticut
- Increasing financial support for programs serving our most vulnerable residents, including private providers and Medicaid
- Providing individual and business tax relief



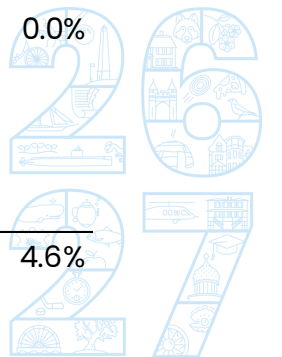


# BUDGET OVERVIEW

# PROPOSED BUDGET FOR FY 2026 AND FY 2027

## Appropriated Funds of the State (in millions)

	Appropriated FY 2025	Recommended FY 2026	Change Over Prior Year	Recommended FY 2027	Change Over Prior Year
GENERAL FUND	\$ 22,805.9	\$ 23,838.6	4.5%	\$ 24,973.9	4.8%
SPECIAL TRANSPORTATION FUND	2,286.4	2,285.2	-0.1%	2,398.8	5.0%
MUNICIPAL REVENUE SHARING FUND	568.6	554.3	-2.5%	554.3	0.0%
BANKING FUND	35.8	36.3	1.4%	36.3	0.0%
INSURANCE FUND	135.2	126.4	-6.6%	128.9	2.0%
CONSUMER COUNSEL AND PUBLIC UTILITY CONTROL FUND	37.9	36.8	-3.1%	36.8	0.0%
WORKERS' COMPENSATION FUND	29.1	27.2	-6.6%	27.2	0.0%
MASHANTUCKET PEQUOT AND MOHEGAN FUND	52.5	52.5	0.0%	52.5	0.0%
CRIMINAL INJURIES COMPENSATION FUND	2.9	2.9	0.0%	2.9	0.0%
TOURISM FUND	16.1	14.1	-12.7%	14.1	0.0%
CANNABIS SOCIAL EQUITY AND INNOVATION FUND	10.2	-		-	
CANNABIS PREVENTION AND RECOVERY SERVICES FUND	3.4	-		-	
CANNABIS REGULATORY FUND	10.2	-		-	
<b>GRAND TOTAL</b>	<b>\$ 25,994.4</b>	<b>\$ 26,974.3</b>	<b>3.8%</b>	<b>\$ 28,225.8</b>	<b>4.6%</b>
Amount Over / (Under) Spending Cap		(1.8)		(261.1)	

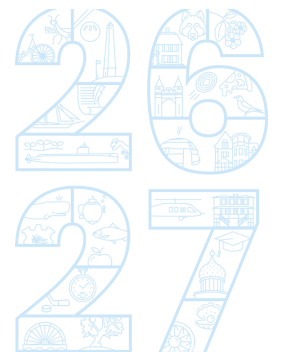
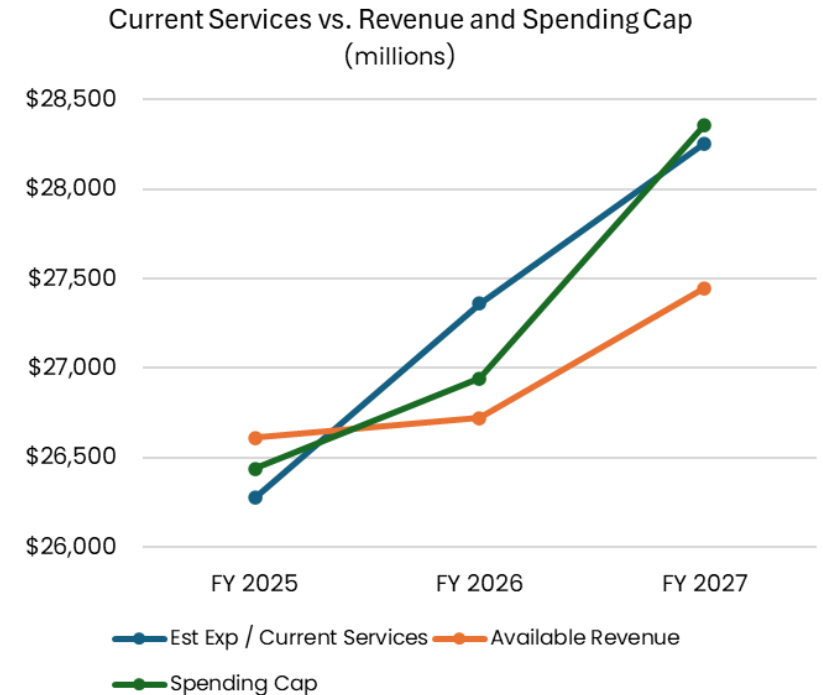


Note: Cannabis Recovery and Prevention Services Fund and Cannabis Regulatory Fund activities are transferred to the General Fund, Cannabis Social Equity and Investment Fund is transferred to the Cannabis Social Equity and Innovation Account.



# SPENDING CAP CHALLENGE IN FY 2026

- Despite a robust 5.11% growth rate for the spending cap – which results in allowable growth of approximately \$1 billion over FY 2025 appropriations – projected current services spending would have exceeded the cap
- The current services budget reflects the cost of continuing current programs and statutory requirements
  - Significant growth areas include the Medicaid program, phase-in of the statutory ECS formula, costs to support DOT bus and rail subsidies, and ongoing increases in operational costs across state government
- Significant factors in addition to the typical year-over-year cost increases between FY 2025 and FY 2026 include:
  - No budget revisions were adopted for FY 2025 – current spending projections anticipate net spending will exceed the appropriated level, excluding debt service, by over \$450 million
  - In addition, the current budget included over \$100 million in ongoing costs that were supported with one-time funds in FY 2025 but require appropriation in FY 2026



# GENERAL FUND

	FY 2025		FY 2026				FY 2027		
	Adopted Budget	Estimated Year-End	Baseline Growth	Baseline Estimate	Policy Changes	Proposed Budget	Baseline Estimate	Policy Changes	Proposed Budget
Revenues	\$ 23,103.7	\$ 23,678.3	\$ 835.4	\$ 23,939.1	\$ 203.5	\$ 24,142.6	\$ 24,604.1	\$ 687.6	\$ 25,291.7
Expenditures	22,805.9	23,235.3	\$ 1,107.8	23,913.7	(75.1)	23,838.6	24,690.1	283.8	24,973.9
Surplus / (Deficit)	\$ 297.8	\$ 443.0	\$ (272.4)	\$ 25.4	\$ 278.6	\$ 304.0	\$ (86.0)	\$ 403.8	\$ 317.8
Revenue Cap						98.75%			98.75%
Balance After Revenue Cap						\$ 2.2			\$ 1.7



# SPECIAL TRANSPORTATION FUND

## Special Transportation Fund (In Millions)

	<b>Fiscal 2025</b>	<b>Fiscal 2026</b>	<b>Fiscal 2027</b>
<b><u>Revenues</u></b>			
January 15, 2025 Consensus Revenue	\$ 2,353.4	\$ 2,355.0	\$ 2,387.4
<u>Policy Changes</u>			
Transfer FY 2025 Resources to FY 2026	(5.0)	5.0	-
Transfer FY 2026 Resources to FY 2027	-	(43.0)	43.0
Revised STF Revenues	\$ 2,348.4	\$ 2,317.0	\$ 2,430.4
Revenue Cap Deduction	-	(29.0)	(30.4)
Total Available STF Revenues	\$ 2,348.4	\$ 2,288.0	\$ 2,400.0
<b><u>Expenditures</u></b>			
Current Services	\$ 2,194.4	\$ 2,355.7	\$ 2,489.2
<u>Policy Changes</u>			
Town Aid Road - Capital Budget	-	(60.0)	(60.0)
Rail Operations - Fare/Rate Increases	-	(11.6)	(22.6)
Bus Operations - Fare/Rate Increases	-	-	(6.2)
All Other	-	1.1	(1.6)
Revised STF Expenditures	\$ 2,194.4	\$ 2,285.2	\$ 2,398.8
<b>Special Transportation Fund Balance</b>	<b>\$ 154.0</b>	<b>\$ 2.8</b>	<b>\$ 1.2</b>
<b>STF Cumulative Balance</b>	<b>\$ 565.6</b>	<b>\$ 568.4</b>	<b>\$ 569.6</b>



# ADDRESSING THE VOLATILITY CAP – PROPOSED CHANGES

## ANALYSIS OF THE EXISTING VOLATILITY CAP

- At the inception of the volatility cap (VC), the VC was based on a single fiscal year of volatile revenues – FY 2017
- Had a 5-year average of such revenue been utilized instead (i.e., FY 2012–FY 2016), it would have resulted in a VC that was \$220.3 million higher
- If that \$220.3 million had grown with personal income by 31.1% (the same growth that the VC threshold has grown since inception), it would result in the VC being \$288.9M higher in FY 2026

**History of Volatile Revenues**  
(In Millions)

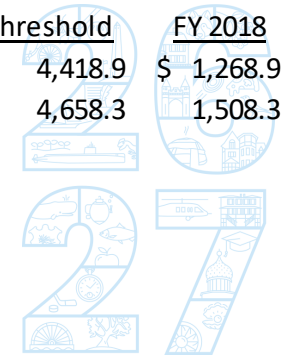
Fiscal Year	Estimates & Finals	5-Year Average
2007	\$ 2,616.6	
2008	3,134.9	
2009	2,230.4	
2010	2,308.8	
2011	2,685.0	
2012	3,041.0	
2013	3,498.2	
2014	3,294.4	
2015	3,588.0	
2016	3,430.1	\$ 3,370.3
2017	3,164.1	

1. 5-Year Average Starting Point: \$3,370.3
2. Adopted Starting Point for FY 2018 VC: 3,150.0
3. Difference: \$ 220.3
4. VC Growth From FY 2018 to FY 2026: 31.1%
5. FY 2026 VC Would Have Been Higher By: **\$ 288.9**

Fiscal Year	Current Volatility Cap Threshold	Proposed Change	Proposed Volatility Cap Threshold	Change From FY 2018
2026 proj.	\$ 4,130.0	\$ 288.9	\$ 4,418.9	\$ 1,268.9
2027 proj.	4,353.8	304.5	4,658.3	1,508.3

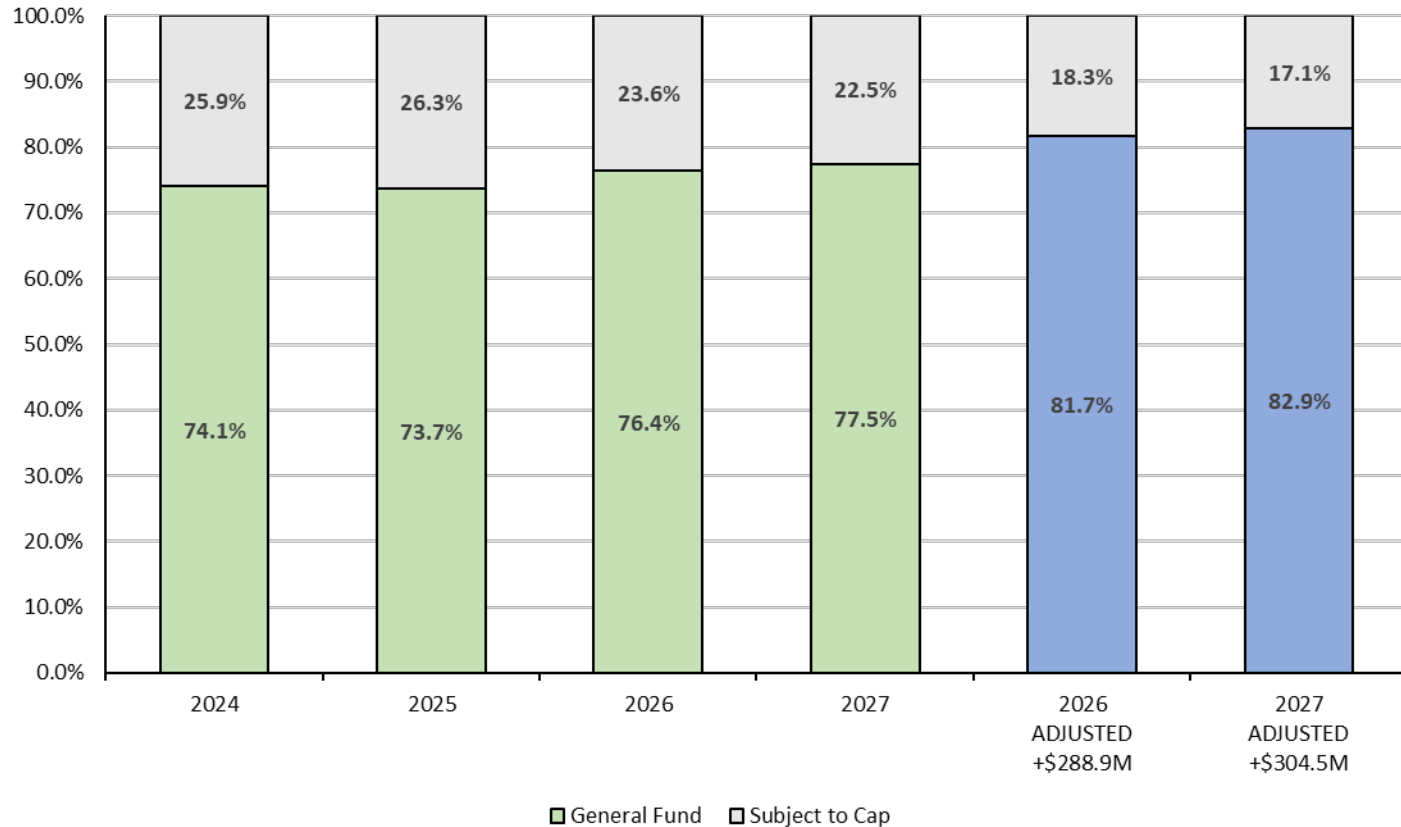
## THE GOVERNOR’S BUDGET WOULD INCREASE THE VOLATILITY CAP AS FOLLOWS:

- For FY 2026: increase the cap by \$288.9 million
- For FY 2027: increase would grow with personal income to \$304.5 million

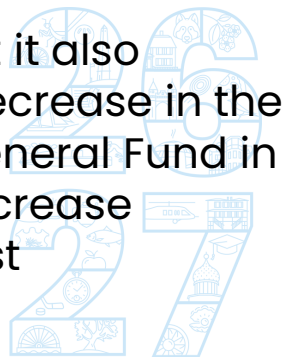


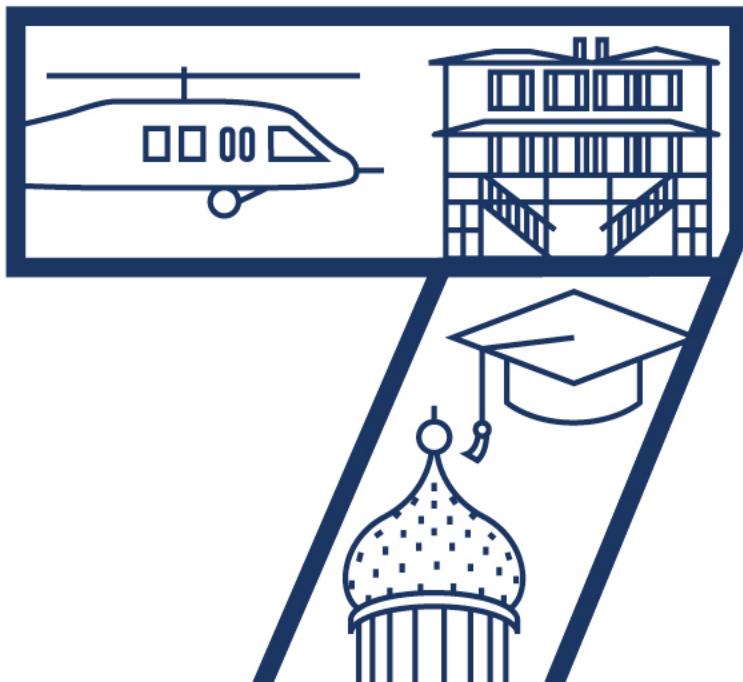
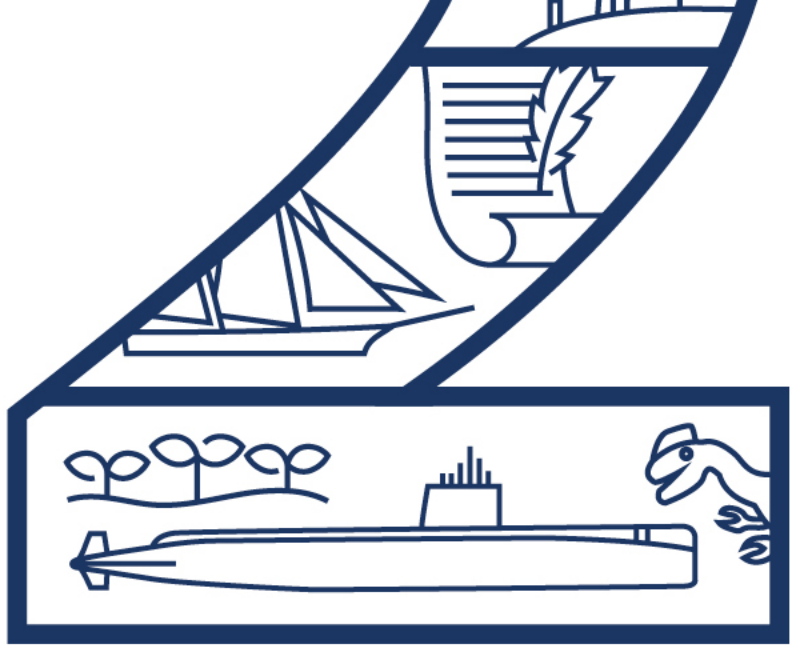


# ADJUSTMENT TO THE VOLATILITY CAP



- Under the current volatility cap calculation 76.4% of volatile revenues are available to the General Fund in FY 2026, increasing to 77.5% in FY 2027
- An updated starting point for the volatility cap as proposed by the Governor, 81.7% of volatile revenues will be available to the General Fund in FY 2026, increasing to 82.9% in FY 2027
- This represents an increase of \$288.9 million in FY 2026 and \$304.5 million in FY 2027 in revenue available to the General Fund
- However, it is worth noting that it also represents a corresponding decrease in the “buffer” that will protect the General Fund in the event volatile revenues decrease relative to their current forecast





**CREATING  
OPPORTUNITY:**

**INVESTING IN  
CHILDREN AND  
THEIR FAMILIES**

# UNIVERSAL PRE-SCHOOL ENDOWMENT (UPE) - OVERVIEW

- UPE will allow for a sustainable, planful expansion of pre-school access:
  - 12,000 new spaces and approx. 7,500 extended day preschool spaces by 2032
  - A reduction in the cost of approximately 19,000 existing spaces by 2032
- UPE will subsidize the cost of offering school-day, school-year preschool spaces:
  - No cost for families making up to \$100,000/year
  - Limits the cost share for families earning between \$100,000 and \$150,000/year
- The UPE expansion will be driven by a local needs assessment that addresses the need and capacity at the community level with input from the families



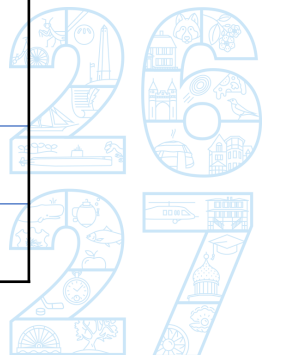
# UNIVERSAL PRE-SCHOOL ENDOWMENT, CONT'D. – FUNDING

- To fund the UPE, \$300 million of the unappropriated surplus for FY 2025 would be transferred to the UPE
- Annually thereafter, the unappropriated surplus in the General Fund for such fiscal year, if any, would be transferred to the UPE
- The Treasurer will manage and invest the funds
- The Commissioner of the Office of Early Childhood (OEC), in consultation with the Commissioner of the State Department of Education, may expend up to 10 percent of the balance of the endowment in any fiscal year



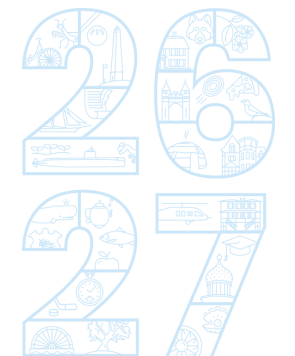
# GENERAL FUND INVESTMENTS IN CHILDREN AND THEIR FAMILIES

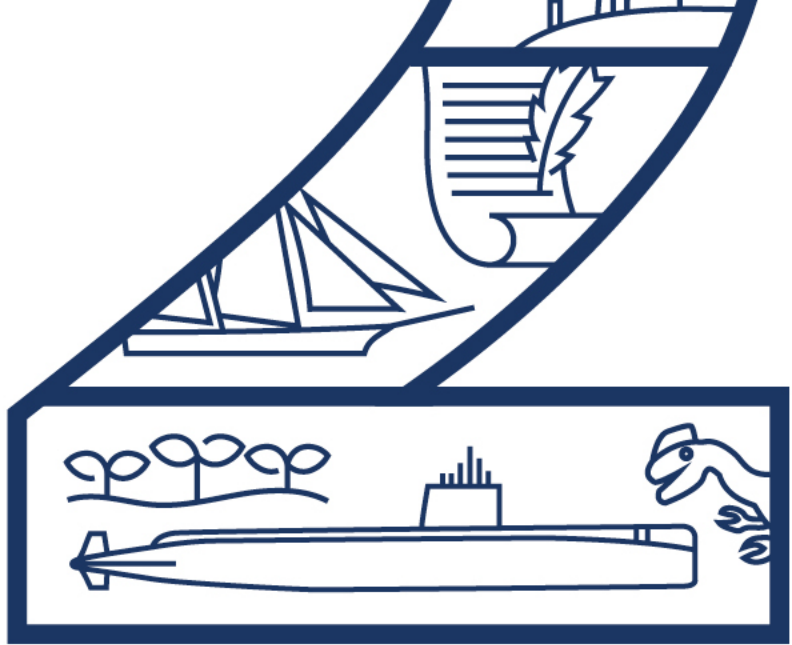
General Fund Investment	FY 2027
<b>Office of Early Childhood</b>	
- Increase Early Start CT Rates	\$8,000,000
- Maintain and Expand Smart Start	\$3,000,000
- Universal Nurse Home Visiting	\$1,800,000
- Fund Sparkler Child Development App	\$2,000,000
- Birth-to-Three Tiered Rates (Net Investment in OEC)	\$5,000,000
- Fund Continuation of Tri-Share Program	\$1,600,000
<b>Department of Housing</b>	
- Fund Additional Rental Assistance Vouchers for HeadStart to Housing Program	\$4,500,000
<b>Department of Social Services</b>	
- Medicaid State Share of Birth-to-Three Tiered Rates	\$4,500,000



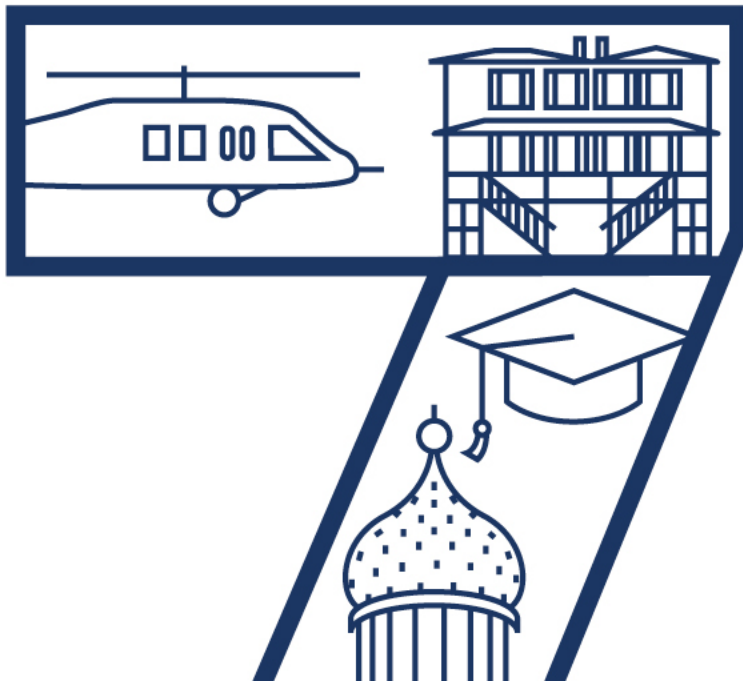
# ADDITIONAL INVESTMENTS IN CHILDREN AND THEIR FAMILIES

General Fund Investment	FY 2027
<b>Department of Education</b>	
- Special Education – Excess Cost	\$40,000,000
- Grants for High-Quality Special Education Programs	\$10,000,000
- Learner Engagement and Attendance Program	\$9,900,000
- High Dosage Tutoring Matching Grant	\$5,000,000
- Eliminate Fees for Reduced-Price School Breakfast & Lunch (Effective FY 2026 with \$700,000 investment)	\$700,000
- Provide Universal Free School Breakfast	\$12,400,000
- Provide Funding for Science of Reading Master Class	\$400,000
<b>TOTAL - All Agencies</b>	<b>\$108,800,000</b>



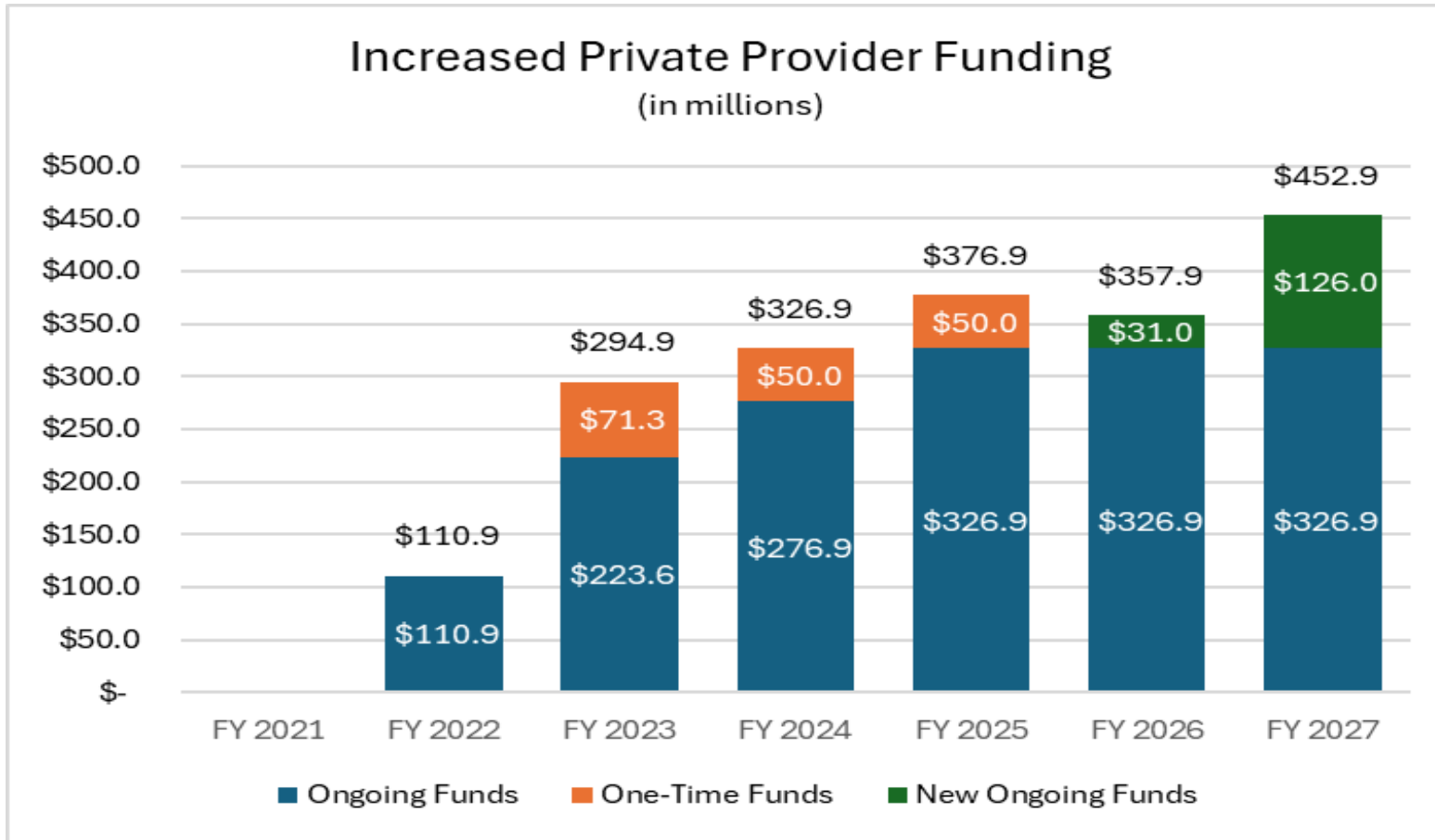


**PRIORITIZING  
HEALTH AND  
WELLNESS:**

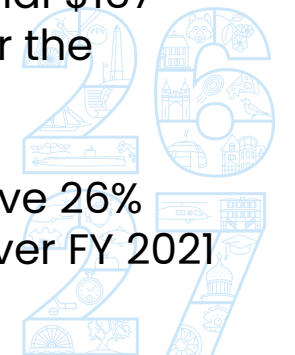


**ADDRESSING  
ACCESS AND  
AFFORDABILITY**

# STRENGTHEN THE PRIVATE PROVIDER NETWORK



- **FY 2026** – \$31 million to provide an additional 3% increase effective January 1, 2026
- **FY 2027** – \$126 million to provide an additional 3% increase effective July 1, 2026
- An additional \$157 million over the biennium
- A cumulative 26% increase over FY 2021

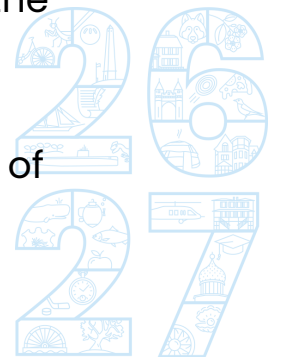




# MEDICAID – IMPROVE ACCESS THROUGH INCREASED RATES

## DEPARTMENT OF SOCIAL SERVICES

- Increase provider rates – At least \$20.8 million in FY 2026 and \$50 million in FY 2027 including the federal share (\$10.4 million in FY 2026 and \$25.0 million in FY 2027 State share) – targeted to:
  - Certain physician fees to ensure a strong foundation and provider base for core services
  - Behavioral health services to achieve parity and remove benefit cliffs
  - Better managing the complex care needs of dually eligible population to promote independence and reduce costs
- Address workforce challenges by increasing certain home health and waiver rates for direct care services – \$7.8 million in FY 2026 and \$18.6 million in FY 2027 including the federal share (State share: \$4.2 million in FY 2026 and \$10.0 million in FY 2027)
- Increase rates for early intervention treatment services under Birth to Three – \$9.0 million including the federal share (State share: \$4.5 million in FY 2027)
- Maintain support for urgent crisis centers – annualized Medicaid funding of \$7.7 million in each year of the biennium (State share: \$3.8 million in FY 2026 and FY 2027) to promote sustainability



# HUMAN SERVICES CASELOAD GROWTH

## DEPARTMENT OF DEVELOPMENTAL SERVICES

- \$20.2 million over the biennium will support:
  - Day programming for over 940 individuals graduating from high school, aging out of DCF or district placements, or leaving institutional settings or Southbury Training School under Money Follows the Person
  - Residential supports for over 150 individuals aging out of DCF or district placements, or leaving institutional settings or Southbury Training School under Money Follows the Person

## DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

- \$1.1 million over the biennium to support 30 additional community placements via the Mental Health waiver



# OTHER HUMAN SERVICES INITIATIVES

## DEPARTMENT OF SOCIAL SERVICES

- Improve care coordination and promote independence in the community based on Medicaid landscape analysis findings – \$2.0 million in FY 2026 and \$4.0 million in FY 2027 including the federal share (state share: \$1.0 million in FY 2026 and \$2.0 million in FY 2027)
- Restructure assistance for victims of domestic violence – \$1.5 million to Connecticut Coalition Against Domestic Violence in both years of the biennium; offsetting savings of \$4.0 million under the State Administered General Assistance account
- Expand Opportunity Center pilot– \$1.1 million in FY 2027
- Double funding for Connecticut Foodshare – \$900,000 in FY 2027



# REDUCING HEALTHCARE COSTS

## REDUCE PRESCRIPTION DRUG COSTS

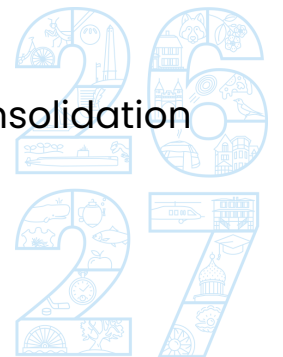
- Ensure patients receive credit towards insurance deductibles when making cash purchases for cheaper drugs through a discount card (ArrayRX or GoodRX) or at independent pharmacies
- Provide \$314,000 to DCP to assess and establish a pathway for safe Canadian drug importation
- Provide \$32,990 in FY 2026, annualized to \$131,958 in FY 2027 to DRS for two Revenue Agent positions to support Governor's initiative to limit price increases for generic and off-patent drugs to the annual rate of inflation

## REDUCE HOSPITAL COSTS AND INSURANCE PREMIUMS

- To promote access and reduce cost of care, \$1.1 million in OHS to implement Medicare reference pricing for out-of-network hospital services to encourage in-network participation
- Increase Insurance Commissioner's authority to reduce unaffordable health insurance rate increases
- Incentivize insurance carriers to actively negotiate lower costs rather than simply passing along premium increases

## NOTICE OF MATERIAL CHANGE

\$350,000 and 3 positions to OHS and \$230,873 and 3 positions to OAG to coordinate oversight of health care consolidation and private equity transactions that may negatively impact healthcare quality, access, or affordability



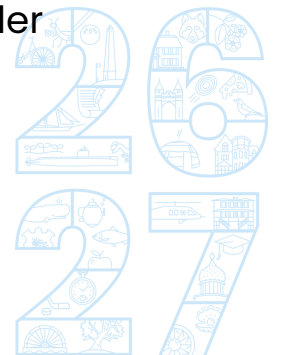
# UPDATE HOSPITAL PROVIDER TAX & REDUCE STATE HEALTH PLAN COSTS

- The current hospital settlement expires 6/30/2026
- For SFY 2027, update the base year for which hospitals are taxed from FFY 2016 to FFY 2024, generating \$140 million in tax revenue
- This tax revenue would be paid to the state's hospitals via \$140 million in additional hospital supplemental payments
- The state would receive approximately \$93.8 million in federal reimbursement from the additional payments

<b>FY 2027 Impact</b> <i>(in millions)</i>	Hospital Impact	State Impact GF / STF	State Impact Other	Federal Impact	Total
<b><u>Rebase Provider Tax</u></b>					
Increase Hospital Medicaid Payments	+140.0	-140.0	0	0	0
Federal Medicaid Revenue Impact	0	+93.8	0	-93.8	0
Increase Hospital Provider Tax	-140.0	+140.0	0	0	0
<b>Net Impact</b>	<b>0</b>	<b>+93.8</b>	<b>0</b>	<b>-93.8</b>	<b>0</b>
<b><u>Reduce State Health Plan Charges</u></b>					
Increase Hospital Medicaid Payments	+110.0	-110.0	0	0	0
Federal Medicaid Revenue Impact	0	+73.7	0	-73.7	0
Decrease OSC Rates to Hospitals	-100.0	+72.3	+27.7	0	0
<b>Net Impact</b>	<b>+10.0</b>	<b>+36.0</b>	<b>+27.7</b>	<b>-73.7</b>	<b>0</b>

- The Comptroller will explore measures to reduce hospital costs under the state employee and non-Medicare retiree plans by \$100 million
- If the anticipated savings are achieved, in SFY 2027 the state will increase hospital supplemental payments under Medicaid by \$110 million, a net gain to the hospitals of \$10 million
- The state would receive approximately \$73.7 million in federal reimbursement from the additional payments

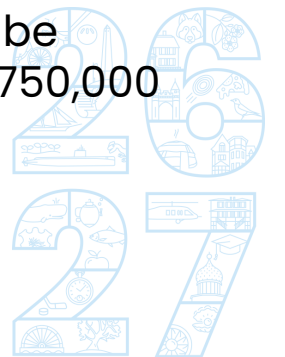
- Budget provides \$1 million to DSS to explore opportunities to leverage more federal dollars in the future by restructuring hospital payments, including the potential development of an 1115 demonstration waiver



# CONTROLLING MEDICAID GROWTH

## DEPARTMENT OF SOCIAL SERVICES

- Eliminate coverage of certain weight loss drugs when prescribed for obesity only – savings of \$28.8 million in FY 2026 and \$16.9 million in FY 2027 (\$72.0 million in FY 2026 and \$42.1 million in FY 2027 after factoring in the federal share); FY 2026 savings are higher due to six-month lag in receipt of federal rebates
- Return ambulance rates to FY 2024 levels – savings of \$4.2 million in FY 2026 and \$4.5 million in FY 2027 (\$13.0 million in FY 2026 and \$14.2 million in FY 2027 after factoring in the federal share)
- Maintain Medicaid for Employees with Disabilities Program (MED-Connect) income and asset limits at April 2025 levels – savings of \$1.0 million in FY 2027 (\$2.1 million after factoring in the federal share) and \$5.0 million when fully annualized in FY 2030 (\$10.0 million after factoring in the federal share)
- Increase cost share for state-funded home care program from 3% to 5% but institute a monthly cap of \$175 – savings of \$400,000 in FY 2026 and \$500,000 in FY 2027
- Reduce long-term care pharmacy dispensing fees under Medicaid by requiring 30-day supply be dispensed for drugs taken routinely – savings of \$290,000 in FY 2026 and \$300,000 in FY 2027 (\$750,000 in FY 2026 and \$800,000 in FY 2027 after factoring in the federal share)

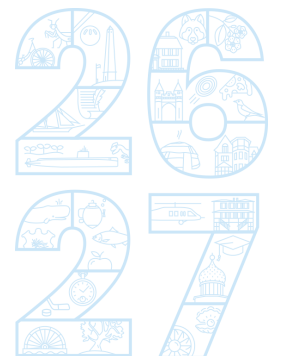


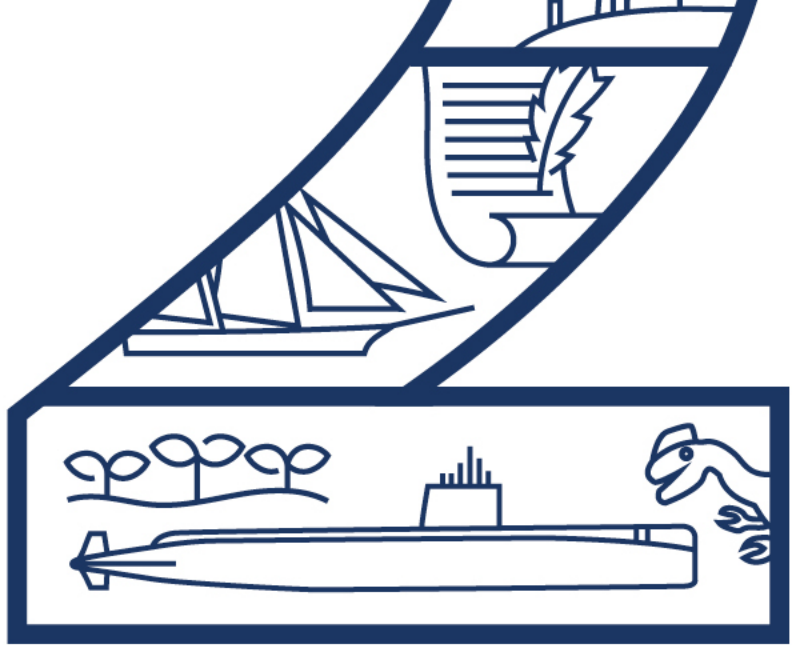
# OTHER HUMAN SERVICES INITIATIVES

- Direct the Opioid Settlement Advisory Committee to fund the following programs using Opioid Settlement Funds

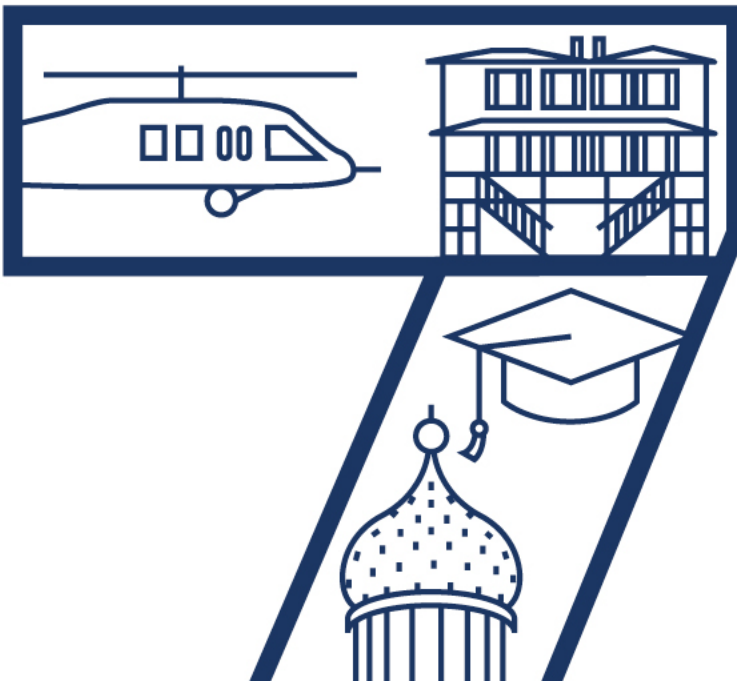
<b>Opioid Settlement</b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>
DMHAS - Sustain ARPA <b>Private Provider Mobile Crisis Services</b> - privately provided 24/7 mobile crisis programs for adults	1,750,000	3,000,000
DMHAS - Sustain ARPA <b>Housing Supports</b> - ARPA-funded wrap-around services for 125 individuals in supportive housing	562,500	1,125,000
DOH - Provide Funding to Maintain <b>Cold Weather Response</b>	4,500,000	4,500,000
DCF - Sustain ARPA funded <b>Mobile Crisis Services</b> to continue 24/7 mobile crisis services for children	8,600,000	8,600,000
DPH – Funding for <b>HAVEN</b>	725,000	725,000
<b>TOTAL</b>	<b>16,137,500</b>	<b>17,950,000</b>

- The administration will work with the Social Equity Council to utilize resources in the Social Equity and Innovation Account to address persistent issues of housing instability and homelessness





## OTHER INITIATIVES





# INCREASING HOUSING SUPPORTS

## DEPARTMENT OF HOUSING – RENTAL ASSISTANCE PROGRAM (RAP) VOUCHERS

- \$8.7 million in FY 2027 to support new RAP vouchers
  - \$4.5 million to grow the HeadStart on Housing (HSOH) program which will provide more than 275 new RAPs
    - This program identifies young children who are enrolled in Head Start or Early HeadStart and whose families are experiencing homelessness and connects them with permanent housing support
  - \$4.2 million for elderly and disabled which will provide for more than 425 new elderly and disabled RAPs
    - Targeted RAPs will support individuals whose fixed incomes are being out surpassed by rising housing costs leading them to be one of the populations most at risk for homelessness



# INCREASING HOUSING SUPPORTS, CONT'D.

## PROVIDES SUPPORT FOR EVICTION PREVENTION AND HUBS

- \$10 million (\$5 million in each year of the biennium) for DOH to support eviction prevention efforts and to support the HUBs
  - Eviction prevention efforts include providing rental assistance to cover arrearages for eligible households
  - HUBs seek to decrease the number of people newly experiencing homelessness by quickly offering accessible, flexible, person-centered supports to allow households facing a housing crisis to maintain or quickly reconnect with housing. Hubs provide on-site housing support and allows for walk-in services

## COLD WEATHER EMERGENCY RESPONSE

- The Governor's budget recommends an allocation of \$4.5 million in both FY 2026 and FY 2027 from the Opioid Settlement Fund to the Department of Housing to support cold weather emergency response for the homeless



# MAINTAINING TRANSPORTATION SERVICES

## RAIL

- **\$96.5 million in additional state funding over the biennium**
- Fare increase in FY 2026 – 5%
- Fare increase in FY 2027 – 5%
- Increased revenue – \$31.8 million over the biennium

## PARKING AT RAIL STATIONS

- 25% parking fee increases for locations where rates have remained unchanged since opening in 2000-2018

## BUS

- **\$67.4 million in additional state funding over the biennium**
- Fare increase in FY 2027 only of \$0.25
- Last adjusted in 2016
- Increased revenue FY 2027 – \$3.7 million

## UPass

- Student fee increases from \$40 to \$50 per semester in FY 2027
- \$1.36 million FY 2027 in new revenue

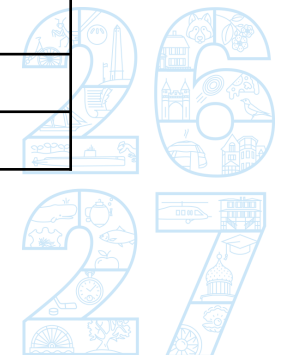


## Rail Fare History

Effective Date	Increase
January 1, 2016	1%
January 1, 2017	1%
January 1, 2018	1%
November 1, 2023	4%
July 1, 2025 (Proposed)	5%
July 1, 2026 (Proposed)	5%

## Bus Fare History

Effective Date	Rate
January 1, 2012	\$1.30
January 1, 2014	\$1.50
December 1, 2016	\$1.75
July 1, 2026 (Proposed)	\$2.00



# CRIMINAL JUSTICE INITIATIVES

## DEPARTMENT OF CORRECTION

- \$31.1 million in additional annual funding to annualize FY 2025 deficiencies:
  - \$5.1 million in Personal Services
  - \$15 million in Other Expenses
  - \$11 million in Inmate Medical Services
- \$1.5 million in each fiscal year – Implement Utilization Management Review for DOC healthcare. Will examine hospital and emergency care usage to identify ways to improve health outcomes
- \$3.5 million reduction – Eliminate free inmate messaging services. **Continues** General Fund support for voice phone communications by incarcerated individuals at no cost to the inmates or their families
- Implement a comprehensive plan for **post-secondary and higher education** access across the DOC, greatly expanding the draw-down of federal Pell funds to support people in and returning to the community from DOC facilities. Supporting this effort are investments in **broadband internet and digital literacy curricula** for the entire corrections system

## CORRECTION OMBUDS

- Create a distinct appropriation for the Office of Correction Ombuds within OGA



# CRIMINAL JUSTICE AND JUDICIAL

## JUDICIAL BRANCH

- \$2.6 million in both fiscal years – Funding for 13 newly appointed judges
- \$5.63 million over biennium for 120 additional Judicial Marshals over the biennium
- Increased Support for Victims of Sexual Violence and Child Abuse
  - \$1.25 million in FY 2027 – CT Alliance to End Sexual Violence
  - \$1.25 million in FY 2027 – Connecticut Children’s Alliance

## OFFICE OF THE PUBLIC DEFENDER

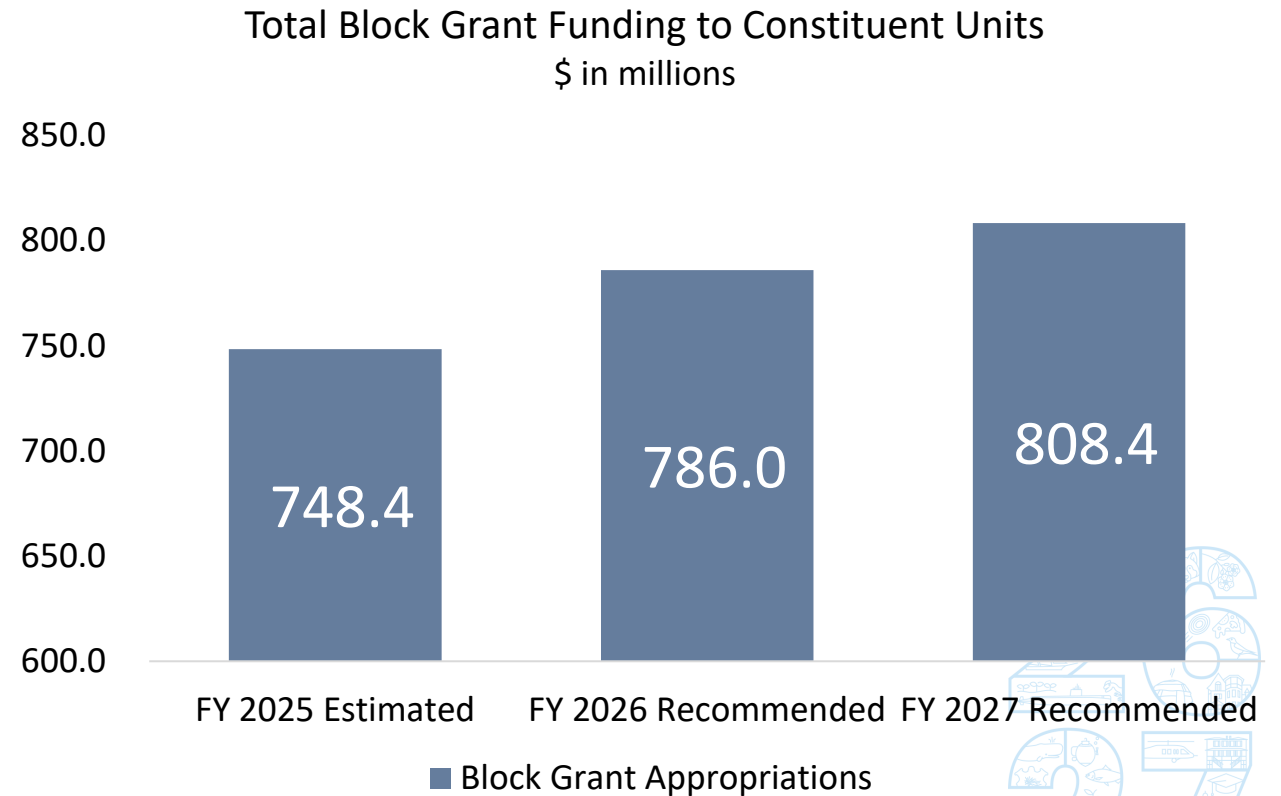
- \$805,516 identified in each year of the biennium to fund 13 translator positions
- \$6.3 million in savings achieved by returning the eligibility threshold for assigned counsel to 200% of FPL from 250%, which began in January 2025. Representation will continue for current cases



# INCREASING STATE SUPPORT FOR HIGHER EDUCATION

## INCREASES GENERAL FUND SUPPORT FOR UCONN, UCONN HEALTH, AND CSCU BLOCK GRANTS

- Funding provided in FY 2025 is annualized in the higher education block grants for the FY 2026–2027 biennium
- Holdbacks applied to the block grants in FY 2025 are not annualized as reductions in the biennium
- An additional increase of approximately 3% in each year for potential growth in operating costs, including any future wage increases negotiated by higher education institutions



Note: Chart excludes one-time allocations of state surplus in FY 2025.

# OTHER HIGHER EDUCATION RELATED INITIATIVES

## FUND AMERICORPS PROGRAM

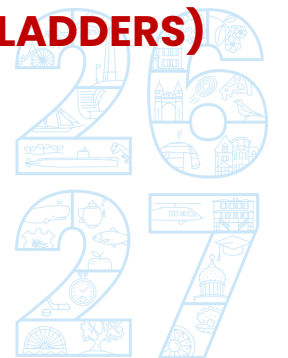
- \$1.4 million in FY 2026 and \$2.8 million in FY 2027 is provided to the Office of Higher Education to support AmeriCorps programming and leverage approx. \$12 million over two years in federal AmeriCorps funding
- This funding will support providing paid public service opportunities for up to 500 young Connecticut residents by FY 2027

## INVESTS IN DUAL CREDIT GRANT PROGRAM

- \$7.5 million in FY 2027 in the Department of Education for a dual credit expansion grant program to support the facilitation of programs between districts and institutions of higher education, exam fees for high-need students, and to support enrollment of additional high-need students – Approximately 40,000 students are estimated to be served annually

## SUPPORTS LEVERAGING ACADEMIC DEGREES TO DRIVE EMPLOYMENT READINESS AND SUCCESS (LADDERS) PROGRAM

- \$200,000 in FY 2026 and FY 2027 is provided for the LADDERS program initiative at Charter Oak State College which will enable CT State Community College students who are enrolled fully online to seamlessly transfer to Charter Oak State College to continue their online education in a bachelor's degree program



# IMPROVING THE DELIVERY OF GOVERNMENT SERVICES

## CENTRALIZING INFORMATION TECHNOLOGY

- Realigns \$19.7 million in staffing costs, 158 staff, and \$44.4 million in operating expenses from agencies not previously centralized
- Consolidates IT for the Departments of Children and Families, Developmental Services, Mental Health and Addiction Services, and Social Services, and the Office of Health Strategy

## SUPPORTING DIGITAL GOVERNMENT AND IT INVESTMENTS

- \$1 million for ongoing support of digital government initiatives
  - 5 positions for DAS BITS to support digital government steady state transitioning from bonds and consultants
  - 5 positions at Judicial Branch to support digitization and digital workflows (e.g., search warrants)
- Reallocates \$3 million annually for DMV modernization, of which \$1.39 million in FY 2026 and \$2.3 million in FY 2027 will support the implementation of digital mobile identification and licensing





# OTHER INITIATIVES

## DEPARTMENT OF BANKING

- \$423,000 for 2 positions in the Financial Institutions Division beginning in FY 2026
  - Focus on the areas of money laundering, IT, and cybersecurity, to address challenges and opportunities stemming use of new technologies and evolving business models in the financial services industry

## JUNK FEES/CLICK-TO-CANCEL ACT

- \$172,328 is provided in FY 2027 to the Department of Consumer Protection (DCP) for a special investigator and a staff attorney to investigate and enforce violations of the Connecticut Unfair Trade Practices Act that clarify total fees and consumer rights to cancel services

## HOMEMAKER COMPANION AGENCY OVERSIGHT

- Homemaker companion agencies operating in the state now exceeds over 1,000 agencies, a 176% increase since 2012
- \$72,758 is provided in FY 2027 to DCP for a special investigator to conduct inspections and enforcement of existing regulations of homemaker companion agencies

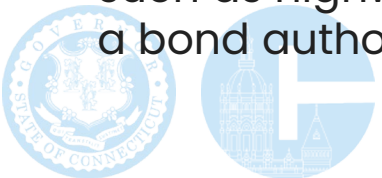


# MUNICIPAL AID

**The Governor's Budget fully funds appropriated general government municipal aid formula grants.**

## **ADJUSTMENTS TO MUNICIPAL AID PROGRAMS**

- Simplifies Tiered PILOT funding and adjusts Supplemental Revenue Sharing program to ensure no impact to any municipalities' funding
- Municipal Revenue Sharing Fund is amended to carry forward any accrued balance of sales tax revenue for subsequent appropriation
- Enforcement of the existing cap on municipal spending revised to apply to the Supplemental Revenue Sharing grant
- Local Capital Improvement Program (LoCIP) and Small-Town Economic Assistance Program (STEAP) grants are modified to require utilization of prior allocations before further disbursements to municipalities
- Funding for Town Aid Road, which provides \$60 million in grants to municipalities for capital expenses such as highway construction and maintenance, is reallocated from the Special Transportation Fund to a bond authorization

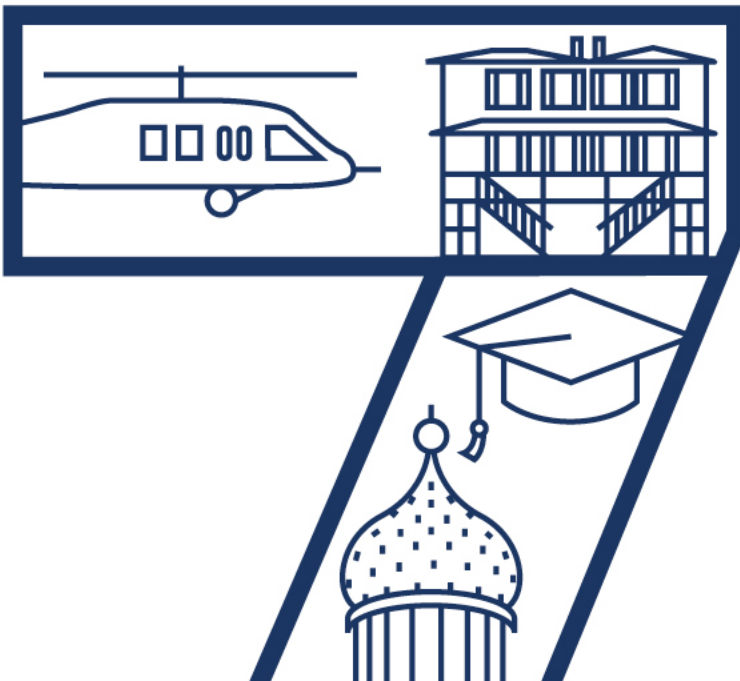
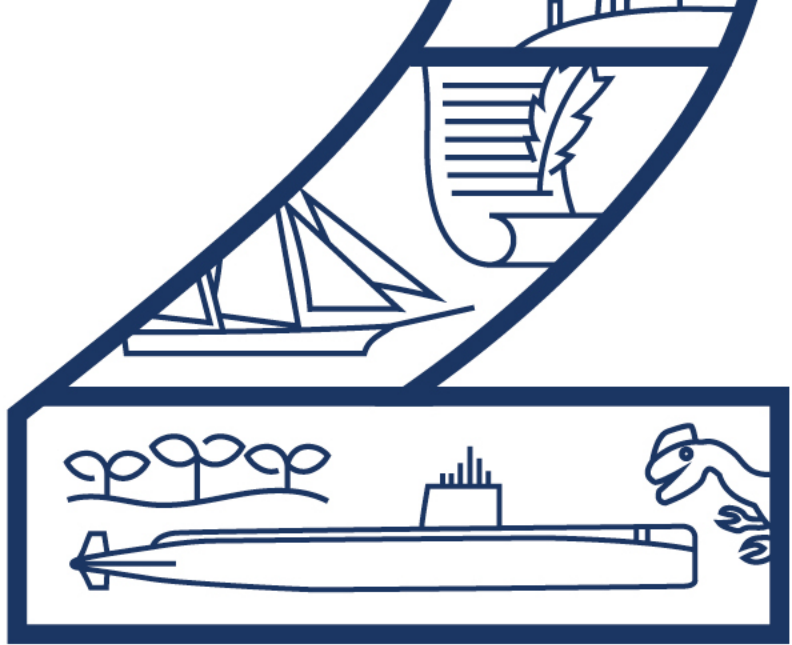


# EXPANDED SUPPORT FOR REGIONAL SHARED SERVICES

## EXPANDED SUPPORT FOR REGIONAL SHARED SERVICES

- Support from the Regional Planning Incentive Account (RPIA) will boost coordination among local governments to reduce costs through shared services
- \$250,000 from the RPIA will be provided to each of the nine regional councils of government to hire two regional coordinators per region - \$2.25 million in total
- Regional coordinators will assist municipalities with:
  - Stormwater management and flood mitigation, and
  - Municipal solid waste and recycling efforts
- Support for regional services will improve efficiency among local governments and provide budget relief to local governments and taxpayers whose property taxes currently support these services at the local level



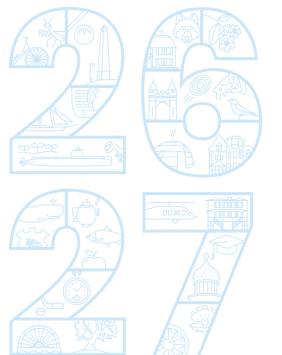


# REVENUE INITIATIVES

# ENACTED TAX RELIEF UNDER THE LAMONT ADMINISTRATION

(In Millions)

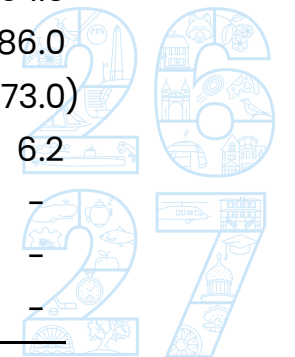
<b>Previously Enacted Tax Relief</b>						
<u>Policy</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
1. 2019 Legislative Session - Enacted Tax Relief	\$ (11.0)	\$ (44.0)	\$ (11.0)	\$ (44.0)	\$ (11.0)	\$ (44.0)
2. 2021 Legislative Session - Enacted Tax Relief	(40.6)	(51.3)	(61.3)	(70.8)	(79.7)	(88.2)
3. 2022 Legislative Session - Enacted Tax Relief	<u>(165.0)</u>	<u>(733.4)</u>	<u>(213.6)</u>	<u>(240.9)</u>	<u>(226.3)</u>	<u>(227.3)</u>
<b>4. Total Previously Enacted Tax Relief</b>	<b>\$ (216.6)</b>	<b>\$ (828.7)</b>	<b>\$ (285.9)</b>	<b>\$ (355.7)</b>	<b>\$ (317.0)</b>	<b>\$ (359.5)</b>
<b>Tax Relief Adopted in FY 2024 - FY 2025 Biennial Budget (2023 Legislative Session)</b>						
<u>Policy</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
5. Personal Income Tax Rates - Reduce 5% to 4.5% & 3% to 2%	\$ -	\$ -	\$ (166.8)	\$ (370.4)	\$ (384.8)	\$ (402.3)
6. Retirement Income - Establish Phase-Out for P&A and IRA Exemption	-	-	(21.1)	(45.3)	(51.8)	(55.9)
7. Earned Income Tax Credit - Increase From 30.5% to 40%	-	-	(44.6)	(44.6)	(44.6)	(44.6)
8. Freeze the Diesel Tax Rate for One Fiscal Year at \$0.492 per gallon	-	-	(37.2)	-	-	-
9. Cannabis Firms - Allow Expense Deductions Beyond Costs of Goods Sold	-	-	(4.7)	(6.2)	(9.6)	(11.4)
10. Pass-through Entity Tax - Make Filing Optional	-	-	(2.7)	(6.0)	(6.0)	(6.0)
11. Exempt Aviation Fuel From Petroleum Gross Receipts Tax	-	-	(3.2)	(3.1)	(3.1)	(3.1)
12. Film Production Tax Credit - Inc. Applicability to Sales Tax from 78% to 92%	-	-	(2.2)	(4.3)	-	-
13. Human Capital Tax Credit - Increase From 5% to 10%; 25% for Child Care	-	-	(2.1)	(3.5)	(3.5)	(3.5)
14. Establish 30% Pre- & Post-Broadway Theater Production Tax Credit	-	-	(2.5)	(2.5)	(2.5)	(2.5)
<b>15. Total 2023 Legislative Session Enacted Tax Relief</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (287.1)</b>	<b>\$ (485.9)</b>	<b>\$ (505.9)</b>	<b>\$ (529.3)</b>
<b>16. Grand Total Tax Relief</b>	<b><u>\$ (216.6)</u></b>	<b><u>\$ (828.7)</u></b>	<b><u>\$ (573.0)</u></b>	<b><u>\$ (841.6)</u></b>	<b><u>\$ (822.9)</u></b>	<b><u>\$ (888.8)</u></b>



# RECOMMENDED REVENUE POLICY INITIATIVES

(In Millions)

<u>Tax Type</u>	<u>Policy Initiative</u>	<u>Fiscal 2026</u>	<u>Fiscal 2027</u>
1. Personal Income Tax	Increase Property Tax Credit From \$300 to \$350 & Up Income Limits	\$ (85.0)	\$ (85.0)
2. Licenses, Permits, Fees	Eliminate Certain Occupational License Application & Renewal Fees	(18.8)	(25.0)
3. Corporation Tax	Eliminate \$2.5M Combined Unitary Reporting Cap	133.1	83.2
4. Corporation Tax	Eliminate 100% Net Operating Loss Provision for Cumulative Losses >\$6B	8.3	8.3
5. Corporation Tax	Reduce Top Film Production Tax Credit Rate From 30% to 25%	9.2	17.1
6. Corporation Tax	Extend 10% Corporation Tax Surcharge For 3 IYs Thru IY 2028	48.0	80.0
7. Corporation Tax	Accelerate Elimination of Capital Base Tax by 2 Years	(15.3)	(20.4)
8. R&D Credit Exchange	Increase R&D Credit Exch. Rate From 65% to 90% for Biotech Firms	(1.8)	(1.8)
9. Health Provider	Rebase Hospital User Fee	-	140.0
10. Federal Grants	Federal Match on Add'l Hospital Supplemental Payments	-	167.5
11. Volatility Cap Adj.	Adjust Volatility Cap Threshold	288.9	304.5
12. Transfers	Transfer FY 2026 Resources to FY 2027	(86.0)	86.0
13. Transfers	General Fund Subsidy to Municipal Revenue Sharing Fund	(85.0)	(73.0)
14. Transfers	Move Cannabis Prevention & Recovery Services Fund to GF	5.9	6.2
15. Cigarettes	Accrue Tobacco Products Tax Beginning in FY 2026	1.0	-
16. Real Estate Conveyance	Accrue Controlling Interest Tax Beginning in FY 2026	0.5	-
17. Federal Grants	Revenue Attributable to Expenditure Changes	0.5	-
<b>18. Total Governor's Recommended Revenue Policy Changes</b>		<b>\$ 203.5</b>	<b>\$ 687.6</b>

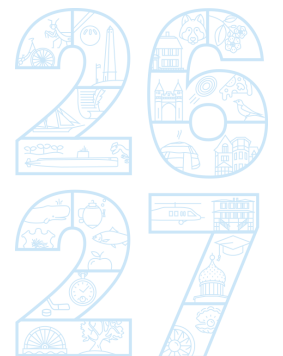


# ENHANCING THE PROPERTY TAX CREDIT

- The maximum credit would be increased from \$300 to \$350
- This budget would also expand eligibility for the credit based on Adjusted Gross Income (AGI). Under the Governor’s proposal, single filers earning up to \$70,000 and joint filers earning up to \$100,000 will qualify for the full \$350 credit, with a phase-out schedule for higher incomes. This is anticipated to benefit approximately 800,000 filers and result in \$85 million in tax relief

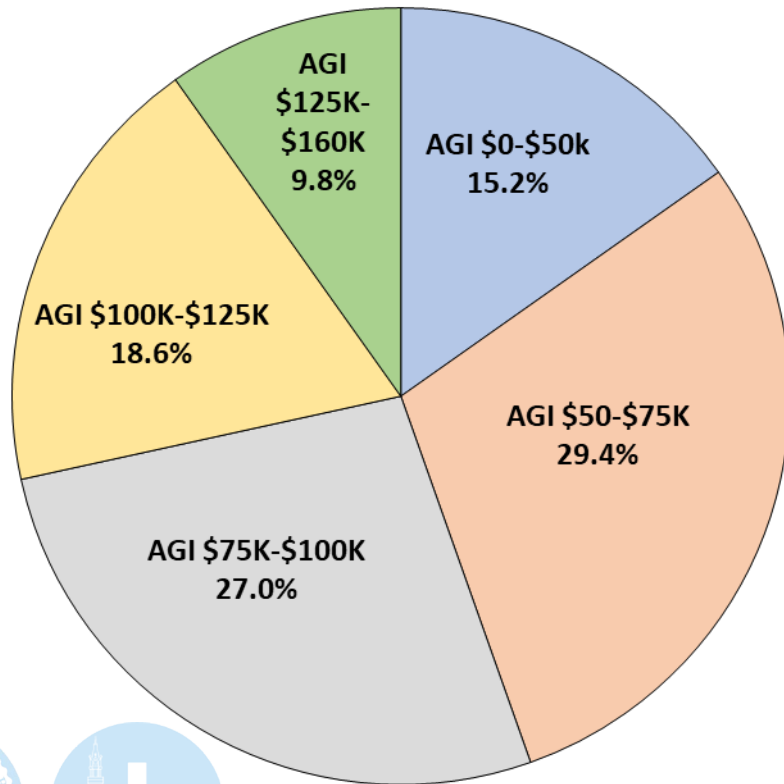
## Changes to Property Tax Phase-Out Schedule

Married Filing Jointly				Singles			
\$300		\$350		\$300		\$350	
Current AGI Up to	Current Maximum Credit	Proposed AGI Up to	Proposed Maximum Credit	Current AGI Up to	Current Maximum Credit	Proposed AGI Up to	Proposed Maximum Credit
\$70,500	\$300	\$100,000	\$350	\$49,500	\$300	\$70,000	\$350
80,500	255	110,000	298	59,500	255	80,000	298
90,500	210	120,000	245	69,500	210	90,000	245
100,500	165	130,000	193	79,500	165	100,000	193
110,500	120	140,000	140	89,500	120	110,000	140
120,500	75	150,000	88	99,500	75	120,000	88
130,500	30	160,000	35	109,500	30	130,000	35



# TARGETED PROPERTY TAX CREDIT ENHANCEMENT

**Tax Relief from Property Tax Credit by AGI, All Filers**



- The Governor is proposing to cut taxes through an enhancement of the existing Property Tax Credit
- We anticipate this change will result in \$85 million in tax relief
- Of that \$85 million, \$60.8 million or 71.6% of all relief will go to filers with adjust gross incomes (AGI) of \$100,000 or less
- \$76.7 million or 90.2% of all relief will go to filers with an AGI of \$125,000 or less
- All relief will go towards filers with an AGI of \$160,000 or less



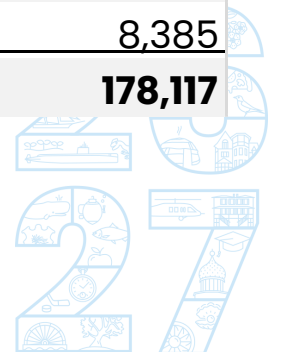


# ELIMINATING PROFESSIONAL LICENSE FEES FOR CERTAIN PROFESSIONS

## CUTTING COSTS FOR CONNECTICUT WORKERS

- The Governor is proposing to eliminate application and renewal fees for select professions
- Fees can range in cost from \$50 to \$375 a year, depend upon the license
- This proposal will benefit nearly 180,000 workers
- By removing these costs, the Governor hopes to encourage people to pursue careers in healthcare, education, and skilled-labor
- Eliminating these fees will save workers approximately \$18.8 million in FY 2026 and \$25.0 million in FY 2027

Professional Category	Fee Range	# of Payers
Nursing	\$70-\$200	99,452
Dental Hygienist	\$105-\$150	3,715
Mental Health Clinician	\$50-\$320	19,655
Occupational Therapist	\$50-\$200	2,814
Paramedic	\$150	2,783
Physical Therapist	\$65-\$285	6,771
Electrician	\$90-\$150	14,259
HVAC	\$90-\$150	11,311
Plumber	\$90-\$150	7,424
Sheet Metal	\$90-\$150	1,549
Teaching	\$100-\$375	8,385
<b>Total</b>		<b>178,117</b>



# BUSINESS TAX REFORM

**Lowering the tax burden for approximately 6,500 companies while addressing inequities within the Corporation Business Tax that benefit fewer than 50 companies**

#	Policy Proposal	Eff. Date	FY 2026 (millions)	FY 2027 (millions)
1.	Eliminate \$2.5 Million Cap on Impact of Combined Unitary Reporting	1/1/25	\$133.1	\$83.2
2.	Close Net Operating Loss (NOL) Provision That Applies Only to Firms With Cumulative NOL in Excess of \$6 billion	1/1/25	8.3	8.3
3.	Reduce the Top Film Production Tax Credit Rate from 30% to 25%	1/1/25	9.2	17.1
4.	Extend the 10% Corporation Tax Surcharge for 3 Income Years	1/1/26	48.0	80.0
5.	Accelerate the Elimination of the Capital Base Tax method of the Corporation Tax by 2 Years (Currently Scheduled to Phase-Out By Tax Year 2028)	1/1/26	(15.3)	(20.4)
6.	Increase the R&D Tax Credit Exchange Rate from 65% to 90% for Biotech Firms Only	1/1/25	<u>(1.8)</u>	<u>(1.8)</u>
<b>7.</b>	<b>Total</b>		<b>\$181.5</b>	<b>\$166.4</b>



# BUSINESS TAX REFORM: COMBINED UNITARY REPORTING CAP

## PROPOSAL

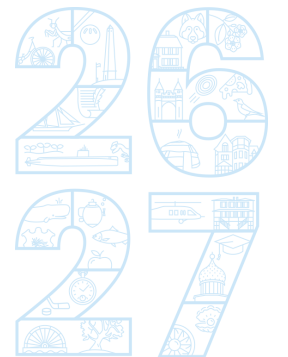
- Eliminate the \$2.5 million cap on Combined Unitary Reporting for income years commencing on/after 1/1/2025
- This would result in a revenue gain of approximately \$133.1 million in FY 2026 and \$83.2 million in FY 2027

## WHAT IS THE COMBINED UNITARY REPORTING CAP?

- CT converted to Combined Unitary Reporting in 2016
  - Prior to this, CT was a “Separate State,” and Unitary Combined Reporting was optional
- However, when enacted, a unique feature was added such that the new unitary tax could not increase a company’s liability by more than \$2.5 million over the prior system – Commonly referred to as the aggregate maximum tax – This proposal would eliminate the \$2.5 million cap
  - 28 states follow a unitary basis of taxation
  - **Connecticut is the only state that has this cap feature**
  - Fewer than 20 firms benefit from this cap
  - Based on income year 2022 data, the savings to those firms totaled \$83.2 million



Note: Combined Unitary Reporting is when commonly owned corporations that are engaged in a unitary business, where at least one corporation is subject to the Corporation Business Tax, are required to file their Corporation Business Tax returns on a combined unitary basis. Unitary Business: A unitary business is a group of related persons whose business activities or operations are interdependent.



# BUSINESS TAX REFORM: NET OPERATING LOSS

## PROPOSAL

- Eliminate the provision which allows firms with greater than \$6 billion of cumulative net operating losses (NOLs) to deduct those losses equal to 100% of their Corporation Tax liability
- This would result in a revenue gain of approximately \$8.3 million in FY 2026 and \$8.3 million in FY 2027

## BACKGROUND

- Beginning in 2016, most companies are only permitted to claim an NOL deduction equal to 50% of their Corporation Tax liability
- Certain companies, with greater than \$6 billion of NOLs, are allowed to claim an NOL deduction equal to 100% of their income
- This proposal would limit all companies' NOL deductions to 50% of their Corporation Tax liability
- Under current law, only a handful of companies benefit from this special provision



# BUSINESS TAX REFORM: FILM PRODUCTION TAX CREDIT

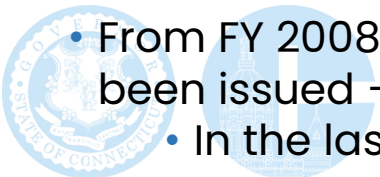
## PROPOSAL

- Reduce the top rate for the Film Production Tax Credit Program from 30% to 25% of qualifying expenses
- This would result in a revenue gain to the state of approximately \$9.2 million in FY 2026 and \$17.1 million in FY 2027

## BACKGROUND

- Current law allows for the following tax credit values for income year expenses:
  - 10% of expenses between \$100,000-\$500,000
  - 15% of expenses between \$500,000-\$1 million
  - 30% of expenses over \$1 million
- This tax credit can be applied against the following tax types:
  - Corporation Tax
  - Insurance Premiums Tax
  - Community Antenna TV Tax
  - Sales & Use Tax
- From FY 2008 – FY 2024 (17 years), over \$1.5 billion in Film Production Tax Credits have been issued – an average of \$89.7 million per year
- In the last 4 years, over half a billion dollars of these tax credits have been issued – an average of \$131.0 million per year

<u>Fiscal Year</u>	<u>Film Production Tax Credit Amount Issued</u>
2008	\$ 42,505,623
2009	75,364,047
2010	18,317,472
2011	50,920,695
2012	95,784,600
2013	33,855,445
2014	67,696,031
2015	66,366,845
2016	56,297,573
2017	79,363,126
2018	126,897,296
2019	154,111,866
2020	133,211,093
2021	119,032,784
2022	129,757,986
2023	103,934,659
2024	<u>171,170,007</u>
<b>Total</b>	<b>\$ 1,524,587,148</b>

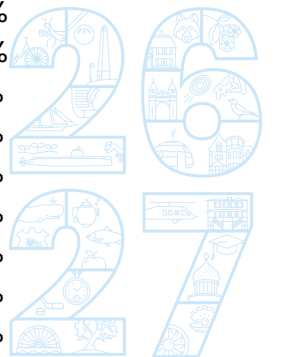


# BUSINESS TAX REFORM: CORPORATION TAX SURCHARGE

- Extend the 10% Corporation Tax Surcharge for 3 income years through income year 2028
  - This would generate revenue to the state of approximately \$48 million in FY 2026 and \$80 million in FY 2027
- Under current law, the surcharge would be eliminated beginning with income year 2026
- The corporation tax surcharge has existed since income year 2009, inclusive, varying from 10% to 20% in each year

## Corporation Tax Surcharge

<u>Income Year</u>	<u>Rate</u>
2003	20%
2004	25%
2005	0%
2006	20%
2007	0%
2008	0%
2009	10%
2010	10%
2011	10%
2012	20%
2013	20%
2014	20%
2015	20%
2016	20%
2017	20%
2018	10%
2019	10%
2020	10%
2021	10%
2022	10%
2023	10%
2024	10%
2025	10%



# BUSINESS TAX REFORM: CAPITAL BASE TAX

## Proposal

- This proposal would accelerate the elimination of the Capital Base Tax method of the Corporation Business Tax by 2 years
  - Approximately 6,500 firms file under the Capital Base Tax method
- This would result in a revenue loss to the state of approximately \$15.3 million in FY 2026 and \$20.4 million in FY 2027

## BACKGROUND

- Corporations must compute their tax under the Net Income method, Capital Base method, and the \$250 minimum tax method and remit the higher tax due result
- Capital Base method =
  - The total of:
    - Average capital stock,
    - Surplus and undivided profits, and
    - Surplus reserves
  - Less:
    - Average values of deficits
    - Average values of stockholdings in private corporations
- Under this method, a corporation is limited to a maximum tax of \$1 million
- The Capital Base method is currently scheduled to phase-out by 1/1/2028

<u>Income Year</u>	<u>Current Schedule</u>	<u>Proposed Schedule</u>
2023	3.1	3.1
2024	2.6	2.6
2025	2.1	2.1
2026	1.6	0
2027	1.1	0
2028 & Thereafter	0	0



# BUSINESS TAX REFORM: INVESTING IN BIOTECH – R&D CREDIT EXCHANGE

## THE GOVERNOR'S BUDGET WOULD AMEND THE R&D CREDIT EXCHANGE AS FOLLOWS:

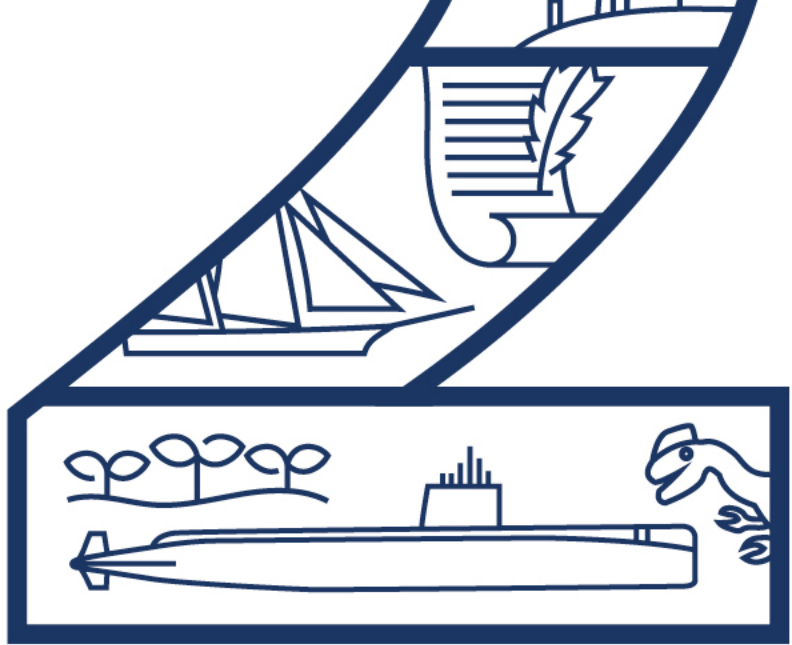
- The R&D credit exchange allows firms with less than \$70 million in sales which are not yet profitable to exchange their unused R&D tax credits with the state at 65% of their value
  - Unlike other corporation tax credits, R&D credits cannot be sold to other firms
- This proposal would increase the exchange rate for biotech firms from 65% to 90% effective January 1, 2025, with an estimated annual impact of \$1.8 million in additional refunds per year

## IMPACT OF BIOTECH IN CONNECTICUT

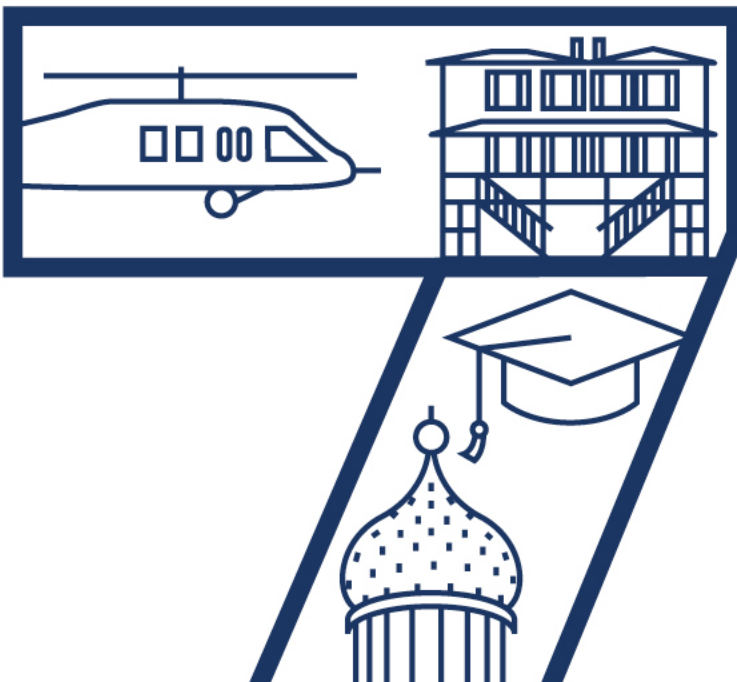
- The biotech industry is a source of innovation and economic growth for the state
- While research and development in this field has a long timeline, successful developments in this field can have a notable impact on Connecticut's economy
- The life sciences industry currently accounts for an estimated 25,000 jobs and \$6.9 billion in Gross State Product here in Connecticut







# Capital Budget



# INVESTING IN THE STATE'S CAPITAL ASSETS

## GOVERNOR'S PROPOSED CAPITAL BUDGET PRIORITIES

- Housing Affordability and Development
- Economic Development and Workforce Programs
- Climate Resiliency
- Investing in the State's Capital Assets

## GENERAL OBLIGATION

- \$2,539.2 million in FY 2026 (includes \$339.3 million in previously authorized)
- \$2,565.2 million in FY 2027 (includes \$301.3 million in previously authorized)

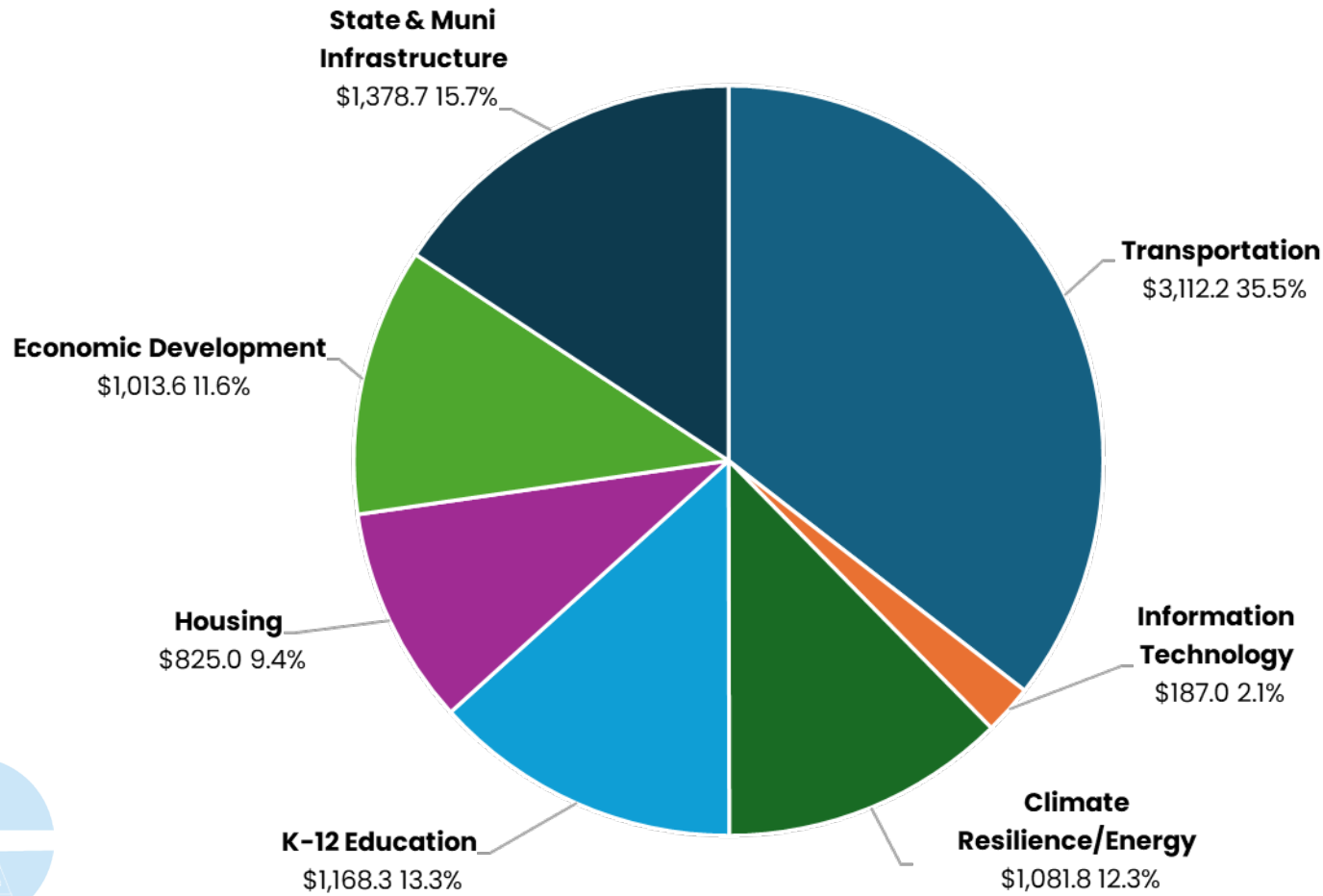
## SPECIAL TAX OBLIGATION AND REVENUE BONDS

- STO - \$1,553.0 million in FY 2026 and \$1,559.3 million in FY 2027
- Rev - \$50.0 million in FY 2026 and \$500.0 million in FY 2027



# CAPITAL BUDGET THEMES

**Proposed Capital Budget Biennial Authorization Themes**  
(in millions)



## **Recommended Total:**

FY 2026 - \$4.1 billion

FY 2027 - \$4.6 billion



# CAPITAL BUDGET HIGHLIGHTS

## HOUSING SUPPLY

- \$350.0 million each year for grants and loans to encourage housing development
- \$100.0 million over the biennium for the Time-To-Own Program
- \$25.0 million for continued support to the Crumbling Foundations program in FY 2026

## CLIMATE RESILIENCE

- \$183.0 million in FY 2026 & \$675.0 million in FY 2027 for Clean and Drinking Water Fund
- \$10.0 million each year for flood control, municipal & state dam repairs, and PFAS testing of water supply
- \$15.0 million to support municipalities, businesses and homeowners impacted by a catastrophic event

## ECONOMIC DEVELOPMENT

- \$50.0 million over the biennium for a new Greyfields Revitalization program to encourage repurposing vacant and underutilized commercial spaces
- \$35.0 million each year for brownfield remediation projects
- \$45.0 million across the biennium to support manufacturing in the state through the Manufacturing Innovation Fund



# CAPITAL BUDGET HIGHLIGHTS

## EDUCATION INFRASTRUCTURE

- \$1.1 billion in new School Construction authorizations
- \$113.7 million for a new Windham Technical High School
- \$96.0 million to support the Regional Education Service Centers and the Technical High School systems

## MUNICIPAL SUPPORT

- \$381.0 million for various municipal grant programs including, Small Town Economic Assistance Program, Local Capital Improvement Program, Municipal Grants and Aid, Town Aid Road, and Distressed Municipality grant program
- \$160.0 million for Local Transportation Capital Improvement program for transportation projects of regional significance
  - Over half a billion dollars has been committed to the program since its inception in 2013

## STATE ASSETS

- \$50.0 million for design and other pre-construction costs for a new Whiting Forensic Hospital
- \$50.0 million over the biennium for the design and planning costs for the construction of new courthouses to consolidate existing footprint
- An additional \$16 million towards the replacement of the Capital Area System heating and cooling loop



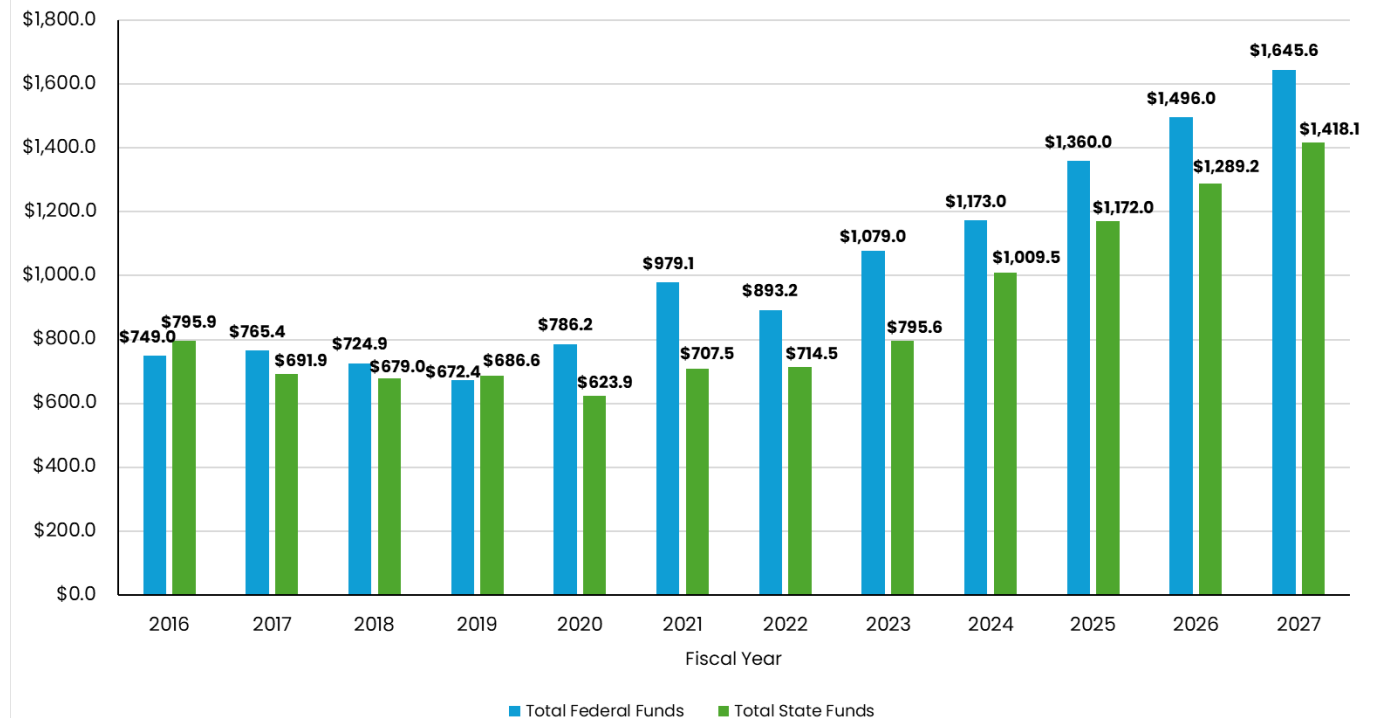
# INCREASING TRANSPORTATION INVESTMENT

## DEPARTMENT OF TRANSPORTATION CAPITAL SPENDING

- Governor's budget provides \$1.55 billion in FY 2026 and \$1.56 billion in FY 2027 for capital projects and programs
- This will be matched by over \$3 billion of federal funds over the biennium
- Since FY 2019 spending on transportation capital improvements has ramped up. CTDOT has maximized federal dollars to ensure that the state receives the maximum benefit
  - Federal spending on Connecticut transportation projects is expected to grow to \$1.65 billion by 2027, a 145% increase over 2019



Transportation Capital Spending by Fiscal Year  
(in millions)

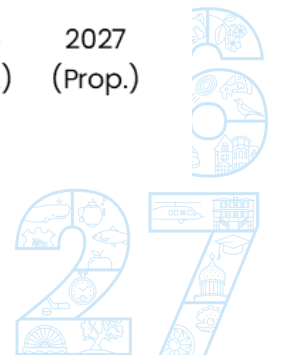
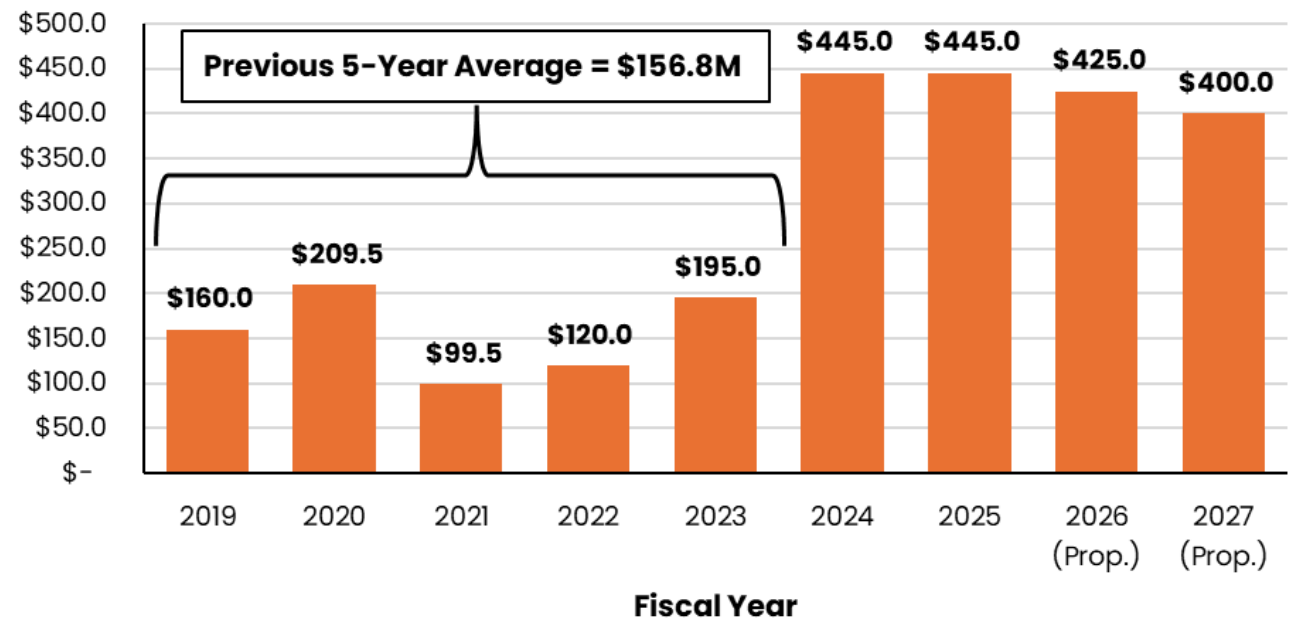


# HISTORIC COMMITMENT TO HOUSING

## ADDRESSING HOUSING NEEDS

- Housing investment has been a top priority of the Governor
- The Governor's proposed capital budget includes \$825 million for new housing initiatives, a total of over \$1.7 billion from FY 2024 through FY 2027
- Capital authorizations for housing are nearly three times the amount authorized the previous five years, combined

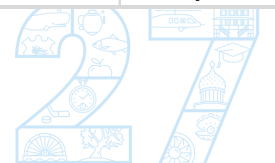
Department of Housing Authorizations  
(in millions)



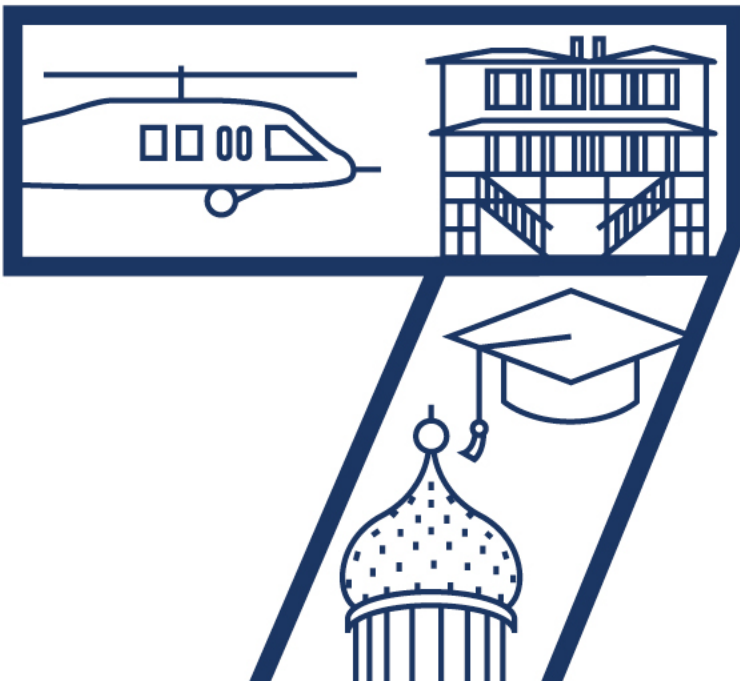
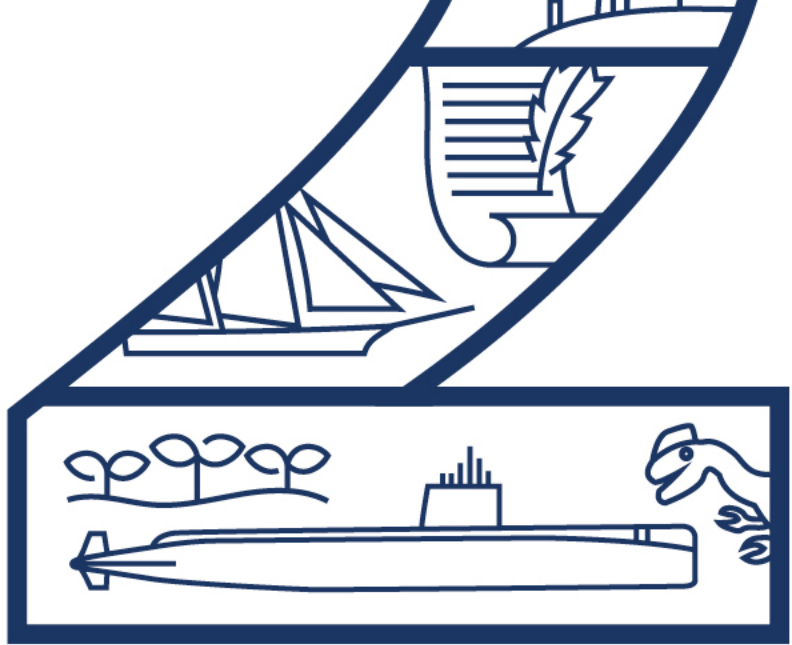
# INVESTING IN ENVIRONMENTAL INFRASTRUCTURE

- Climate resiliency is a key component of the Lamont Administration. The capital budget recommends over \$1.0 billion in new authorizations, on top of the already existing \$1.2 billion of previously authorized programs
- Nearly \$2 billion available for the State's Clean Water Program to address both waste-water management and ensuring our drinking water is clean and safe

Program	Current	FY 2026	FY 2027	Total
	Unallocated			Available
Solar Installations on State Property	\$ -	75.0	\$ -	75.0
Microgrid and Resilience Grant and Loan Pilot Program	60.0	-	25.0	85.0
Hazardous Waste/Superfund	23.0	7.6	17.0	47.6
Industrial Site Remediation (Urban Sites)	5.4	12.0	12.0	29.4
CAS System Modernization	19.0	16.0		35.0
Grants to Victims of a Catastrophic Event	-	15.0	-	15.0
Potable Water/ PFAS Program	2.0	5.0	5.0	12.0
Greener Gov	22.9	5.0	5.0	32.9
Incinerators and Landfills Program (Infrastructure Repairs)	10.8	6.8	2.9	20.5
State Dam Repairs	12.4	2.5	2.5	17.4
Flood Control, Erosion Repair & Municipal Dam Repair	15.6	2.5	2.5	20.6
Water Pollution Control Infrastructure Maintenance	-	0.5	0.5	1.0
Clean Water and Drinking Water - General Obligation Bonds	312.4	133.0	175.0	620.4
Clean Water and Drinking Water - Revenue Bonds	764.0	50.0	500.0	1,314.0
<b>Total</b>	<b>\$ 1,247.5</b>	<b>\$ 330.9</b>	<b>\$ 747.4</b>	<b>\$ 2,325.8</b>







**CONCLUSION**

# CONCLUSION

## The Governor Proposes:

- A balanced budget that maintains fiscal discipline
- Significant investments in the following areas:
  - Establishes a Universal Pre-school Endowment
  - Invests \$108 million in programs supporting children and their families, including \$50 million for special education
  - Commits \$157 million in additional funding over the biennium to private providers
  - Continued historic commitment to building more housing
- Tax relief for individuals and businesses

