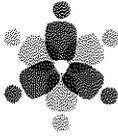


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**Testimony Regarding S.B. 1135:
An Act Establishing a Sustainable Path for Maintaining the Budget Reserve
Fund and Reducing the Effect of Revenue Volatility on the State Budget**

Finance, Revenue, and Bonding Committee
April 23, 2015

Senator Fonfara, Representative Berger, and distinguished members of the Committee:

Thank you for the opportunity to testify. My name is Merrill Gay and I am the Executive Director of the Connecticut Early Childhood Alliance, a statewide membership organization committed to ensuring that all children in Connecticut are healthy, safe and ready for lifelong success.

The purpose of S.B. 1135 is to reduce the effect of revenue volatility on our state's budget. The Connecticut Early Childhood Alliance supports this effort as we have seen the impact on programs when revenue shortfalls result in mid-year cuts. Additionally, we urge you to support more revenue in the upcoming fiscal year to avoid harmful cuts to crucial public services.

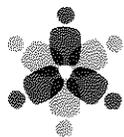
The cuts are deep. The Governor's budget cuts nearly \$600 million from programs critical to families across the state, including:

- \$11.3 million from the Office of Early Childhood.
- \$49.3 million from the HUSKY health insurance program for children, families, and pregnant women;
- \$65.9 million from higher education; and
- \$158.0 million from the State Department of Education;

These cuts are short sighted because failing to invest in children means we will pay more in the future. These cuts are also unfair. Programs that serve children and families account for about a third of the state budget, but they make up half of the cuts.

In order to avoid the harmful effect of these cuts, we ask the committee to raise revenue.

We support the revenue ideas of groups like Connecticut Voices for Children, including a more progressive income tax, the elimination of certain tax breaks, and raising the cigarette tax, among others. The Alliance also supports SB-1044 that would impose a fee on large, for profit, low wage employers to reimburse the state for the costs of Husky, Care4Kids and other safety net programs that the employees of those large business have to use in order to make ends meet. If we enact SB-1044, we can bring in new revenue (\$138.2 million in the first year, \$285.9 million



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in year two) to address early childhood issues like low wages. With this new revenue we could pay early childhood teachers in state-funded programs wages comparable to similarly degreed teachers in public school programs (\$90 million) and still have some leftover to address low wages of non-state-funded early childhood teachers.

As a state we need to make better choices. Every cut we make is a choice, and we must make better choices. For example:

- If we choose to end a 1997 tax break for Internet services (\$62.2 million), we can maintain health insurance coverage for low-income parents and pregnant women (\$49.3 million) *and* restore the EITC (\$11.0 million);
- If we choose to make our personal income tax more progressive (\$300 million), we can prevent significant cuts to K-12 and higher education (\$223.9 million), restore cuts to the Office of Early Childhood (\$11.3 million), and much more;
- If we choose to eliminate a 1993 tax break for amusement and recreation services (\$70.0 million), we can maintain state support for developmentally disabled children (\$20.0 million), the Department of Children and Families (\$15.7 million), youth mental health and addiction services (\$2.7 million) and more.

Thank you for your time. I would be happy to answer any questions.