

Connecticut faces budget challenges ahead...

One of the interesting storylines to this year's state of Connecticut budget deliberations has been the question of what comes next: Limited revenue growth and rapidly increasing fixed costs — most tied to retirement benefits and bonded debt — continue to push budgets into the red. Earlier this spring, nonpartisan finance experts predicted that the 2017-2018 budget deficit could climb to \$2.1 billion. Which means that lawmakers could be facing a deficit more than twice the size of this year's budget hole upon their return to the Capitol next January.

Those same experts reported this week that the final version of this year's budget deal will make a big dent in next year's deficit due to the fact a large portion of the savings will continue forward. Even so, if their projections are correct, the winners of this fall's legislative elections will come back to work in January with a \$1.27 billion budget deficit to close.

The main budget bill passed along party lines includes \$866 million in spending reductions and tens of millions of dollars in savings from layoffs. Over \$300 million will come from cuts in state agencies. That includes a cut of \$35.1 million from salary costs in the Judicial Department, \$45.8 million in the Department of Correction, and \$50.4 million in the Department of Developmental Services. The Malloy administration is already in the midst of layoffs, and anticipates the state will shed about 2,500 jobs through layoffs, retirements and attrition.

The budget also includes cuts to a wide range of social service programs, including grants for mental health and substance abuse treatment, cash assistance for poor state residents, independent living centers for people with disabilities, and school-based health centers. Many of those cuts are not as steep as they might have been under other proposals floated during the budget process.

The new plan also reduce funds dedicated to transportation infrastructure projects, a major initiative of the Governors second term. The budget cuts \$50 million of the \$130 million in new revenues earmarked for transportation. Though the administration says most of this will be reflected in reduced services, the budget also cuts \$15 million for highway and rail projects paid for out of the budget rather than financed long-term with bonding.

Supporters of the budget deal, reached by state Democrats in the legislature and Gov. Malloy, touted it for making cuts that will lead to structural change while avoiding tax increases. Some critics question whether it's really balanced and say it doesn't make the kind of changes needed to avert deeper fiscal problems in the future. Connecticut's Republican lawmakers warn that the state is likely to face tax increases after the November election. It is no wonder that almost 30 of 168 elected state officials have decided to not seek reelection and retire as this 2016 session ends.