



State Representative  
**Joe Aresimowicz**

## > Current Budget Forecast

Our projected revenue for the next two and a half years is down significantly due to the economic problems on Wall Street, leaving us a 22% to 24% gap to fill. That translates into a deficit approaching \$10 billion.

*There are two main factors causing this gap:*

### 1. State revenues are falling.

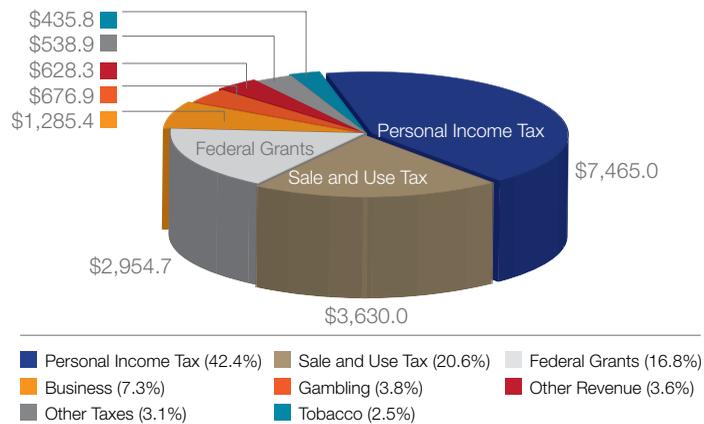
- Our income taxes are rapidly falling. As people are laid off they owe fewer income taxes and since 40% of Connecticut's income taxes are from capital gains, the decline in the stock market also contributes to the reduction.
- Business profits are down, so corporate taxes are down.
- As people buy less, sales tax revenues fall.
- Gasoline consumption and prices are down, so gas tax revenues are down.

### 2. We have structural deficits.

- The state paid some ongoing operating expenses in past years with one-time revenue sources and surpluses that have now dried up, but the operating expenses continue without a funding source.

Total Revenue: \$17.62 Billion

Revenue to the General Fund (in millions)



(Based on Current Fiscal Year Estimates)

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**Joe Aresimowicz**  
Assistant Majority Leader

State Representative serving Berlin and Southington | 30<sup>th</sup> House District



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State Representative

**Joe Aresimowicz**



*Dear Neighbor,*

Thank you for giving me the honor of continuing to serve you, our town, and the state of Connecticut. During the last two years I fought hard in Hartford to make our community a better place.

We face difficult challenges ahead; I look forward to being your advocate this legislative session. I hope to provide leadership on issues that are important to you through my assignments on the Finance, Revenue and Bonding Committee, Commerce Committee, and as Vice-Chair of the Government Administrations and Elections Committee.

I know the state's budget crisis is a major concern. Inside are some basic facts about Connecticut's budget and our current economic forecast that I hope will help you understand the issues. We'll need to work together if we are to find the right solutions to our current challenges.

I will make sure you have input, and that your concerns are heard at the capitol. Let me know your thoughts and ideas about the budget, ways to make government work better, or anything at all. Please feel free to e-mail me at [joe.aresimowicz@cga.ct.gov](mailto:joe.aresimowicz@cga.ct.gov) or call me at 860.240.8500.

Sincerely,

Joe Aresimowicz



## > The Budget Process

The budget is an enormous document that lays out how the state's money will be spent. The legislature's Appropriations Committee produces a budget after a series of public hearings. The Governor also submits a budget for consideration. The majority of these proposals are usually very similar, but there are always points of contention that must be negotiated. The final product of those negotiations is presented to the House and Senate for an "up or down" vote.

## > Historical Budget Trends in CT

Connecticut's state budget typically has tracked the national economy over the years. In the last 20 years, we had budget deficits in the early 1990s when the economy slowed, and we had deficits in the two years after the 9-11 terrorist attacks threw our national economy into a tail-spin. We have had budget surpluses in the past 5 years.

## > Options for Filling the Gap

We must consider a combination of difficult options, given the magnitude of our problem, *which include:*

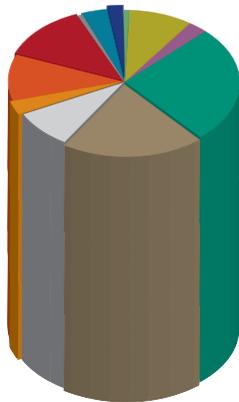
- **Cutting spending:** We must reduce spending by suspending or eliminating inefficient or non-essential programs while preserving critical services.

We cannot make cuts that jeopardize public safety, public health, or environmental protection. We cannot cut funding to towns that will hurt children's educational options. We must continue to spend on investments that provide jobs such as transportation and emerging technologies.

- **Seeking federal funds:** The federal economic stimulus package will help our state by providing federal funds that will have a direct impact on our budget and a significant impact on our economy. We anticipate receiving more money from Washington D.C. for health care, education, transportation, and infrastructure projects.

- **The Rainy Day Fund:** This fund currently has \$1.4 billion because we have followed a fiscally responsible path and saved during the good times.
- **Working with state employees to reduce costs:** State employees have always stepped up to the plate and helped in difficult years. The Governor is currently meeting with employees to negotiate their contribution in the upcoming years. During past budget shortfalls, agreements between the state and state employees have significantly helped mitigate budget problems.
- **Tax Fairness:** At a time when many families and businesses are already struggling to make ends meet, increasing most types of taxes would have negative consequences. We should be committed to a fair tax structure that doesn't overburden families, seniors and small business. However, there are some businesses that do not pay their fair share of corporate taxes and we will be looking to close these loopholes.

### Total Budget: \$18.49 Billion



<b>Regulation and Protection</b> (DPS, Banking, Insurance, and others)	<b>\$438.7</b>	<b>2.4%</b>	<b>Pensions/Benefits</b>	<b>\$1,871.2</b>	<b>10.1%</b>
<b>Conservation and Development</b> (DEP, DECD, Tourism, and others)	<b>\$108.7</b>	<b>0.6%</b>	<b>Debt Service</b>	<b>\$1,966.9</b>	<b>10.6%</b>
<b>Health and Hospitals</b> (DPH, DDS, DMHAS, and others)	<b>\$1,686.5</b>	<b>9.1%</b>	<b>Judicial</b>	<b>\$553.1</b>	<b>3.0%</b>
<b>Transportation</b>	<b>\$506.4</b>	<b>2.7%</b>	<b>Corrections &amp; DCF</b>	<b>\$1,599.0</b>	<b>8.7%</b>
<b>Human Services</b> (Medicaid, SAGA, Families Assistance)	<b>\$4,950.4</b>	<b>26.8%</b>	<b>Legislative</b>	<b>\$76.0</b>	<b>0.4%</b>
<b>Education</b> (K-12, Higher Ed.)	<b>\$3,810.0</b>	<b>20.6%</b>	<b>General Govt.</b>	<b>\$607.7</b>	<b>3.3%</b>

(Based on Current Fiscal Year Estimates)

### Expenditures

This pie chart shows our expenditures by major category. Categorizing the expenditures another way, 6 large budget items that account for 70% of the budget are:

- Medicaid expenditures: 20% (40% of this is for nursing home care)
- Aid to towns, including education, & roads: 16%
- Services to the mentally ill & developmentally disabled, and children in DCF: 13%
- Debt service: 11%
- Law enforcement, criminal courts, and prisons: 7%
- Transportation infrastructure: 2.7%

The remaining part of the budget covers such things as environmental protection, motor vehicle licensing, public health protection, banking & insurance regulation, UConn, employee, and veterans' services.

Cash assistance "welfare" to needy families and adults constitutes less than one percent of the budget.