



State Representative  
Elizabeth "Betty" Boukus

## > Current Budget Forecast

Our projected revenue for the next two and a half years is down significantly and with the economic problems on Wall Street, we are left with a gap to fill. That translates into a deficit approaching \$8 to \$10 billion.

*There are two main factors causing this gap:*

### 1. State revenues are falling.

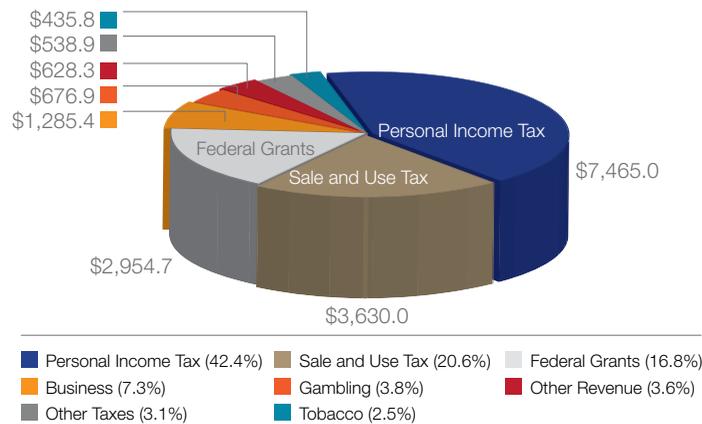
- Our income taxes are rapidly falling. As people are laid off they owe fewer income taxes and since 40% of Connecticut's income taxes are from capital gains, the decline in the stock market also contributes to the reduction.
- Business profits are down, so corporate taxes are down.
- As people buy less, 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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State Representative  
Elizabeth "Betty" Boukus



*Dear Neighbor,*

Thank you for giving me the honor of continuing to serve you in the district and the state of Connecticut. During the last two years I worked hard in the House of Representatives to make our community and state a better place in which to live.

We face difficult challenges ahead, I look forward to being your advocate this legislative session. My committee assignments are the Finance, Revenue, and Bonding Committee, and as House Chair of the Finance Committees Transportation's Bonding Sub Committee. I am also on the Public Safety and Security Committee, the Internship Committee, and the Transportation Committee, where I hope to provide leadership on issues that are important to you.

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

Be assured that I will make your concerns heard. I want to keep you informed and solicit your ideas and input. I welcome your thoughts about budget priorities and ways to make government work better, e-mail me at [Betty.Boukus@cga.ct.gov](mailto:Betty.Boukus@cga.ct.gov) or call me at 860.240.8585.

Sincerely,

*Betty Boukus*  
Elizabeth "Betty" Boukus



## > The Budget Process

The budget is a document that lays out how the state's money will be spent. The Governor submits a budget for consideration. The legislature's Appropriations Committee also produces a budget after a series of public hearings. The majority of these proposals are usually very similar, but there are always points of disagreement 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, and now we are in a recession.

## > Options for Filling the Gap

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

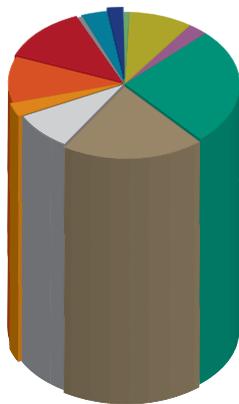
- **Cutting spending:** We must reduce spending by suspending or eliminating inefficient or non-essential programs while preserving critical services.

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 businesses. 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, the state colleges, employees, and veterans' services.

Assistance to needy families and adults constitutes less than one percent of the budget.