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CT Voices for Children Calls for Balanced Approach To Addressing Impact of Recession on State Budget

Proposes Revenue Alternatives to Governor's Damaging Cuts

Connecticut Voices for Children, a research-based policy think tank, today responded to a news release from Governor Jodi Rell criticizing the organization's call for a balanced approach to solving the state's budget problems that does not rely entirely on budget cuts to health care, education, child care and other services on which children rely. During Connecticut's recession, the needs of our families have grown at the same time the state has fewer resources to help them, according to Connecticut Voices. The group said that relying on budget cuts alone would result in long-term damage to children's development and the state's economy.

"This problem is too big to rely on cuts alone," said Jamey Bell. "We need a balanced approach to meeting the growing needs of Connecticut's children and families who are struggling to stay afloat in this difficult economy."

Overall, 36% of the Governor's budget cuts directly target children, according to an analysis by Connecticut Voices. Among the cuts proposed by the Governor that would harm Connecticut's children are:

- Cuts to early care services that would make affordable child care more difficult to obtain for working parents.
- Large reductions in aid to cities and towns that would likely result in cuts to K-12 schools.
- Increased premiums for children enrolled in the HUSKY health insurance program that would result in thousands of children losing health coverage.

"Nothing is more important to the future of our economy than the health and development of our children," said Jamey Bell. "If we don't maintain our supports for children and families in the short term during this recession, the long-term damage will affect all of us."

In response, the group suggested a menu of several options for increasing revenues as part of a balanced approach to meeting the needs of state residents in the economic downturn. These options include closing corporate tax loopholes, delaying or canceling a reduction in the estate

tax that would benefit only very wealthy persons, evaluating the state's "hidden budget" of tax breaks, and raising income taxes for high-income earners.

Connecticut Voices cited additional evidence supporting a balanced approach. An analysis by the Washington DC-based Center on Budget and Policy Priorities found that most states have taken a balanced approach that includes revenues and not just cuts. In 2009, 30 states have raised taxes while also cutting spending considerably. Most states have also chosen this path during previous recessions. In the 1990-91 recession, 44 states increased taxes significantly, and in the 2001 recession, 30 states raised taxes. The Center's analysis found that states that raised taxes during the 2001 recession were just as fast to rebound from the recession as states that did not, even though the states that raised taxes were typically climbing out of a deeper budget hole.

Connecticut Voices' budget briefs can be found on the CT Voices Web site:

Connecticut Needs a More Balanced Approach to Resolving the Budget Deficit
http://www.ctkidslink.org/pub_detail_490.html

Governor's Proposed Budget Cuts Target Services for Children
http://www.ctkidslink.org/pub_detail_489.html

For the Center on Budget & Policy Priorities analysis, see:
Tax Measures Help Balance State Budgets: A Common and Reasonable Response to Shortfalls
<http://www.cbpp.org/cms/index.cfm?fa=view&id=2815>

Connecticut Voices for Children is a statewide, research and policy organization that works at the state and federal levels to advance public policies that benefit the state's children, youth and families. For more information on Connecticut Voices, see www.ctkidslink.org.

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