



Dear Neighbor,

People often ask me about Connecticut's budget which drives most of our state policies. While budgets may be dull, they are the blueprint of our state's values and priorities.

The state budget, more than \$15 billion for fiscal year 2005/2006, details where and how we will spend our money. The budget itself is contained in one bill, called the "budget bill." A number of other bills, called "implementers," direct how the money is to be spent and where any cuts will occur.

I hope that you find this information helpful. As always, please feel free to contact me if I can be of any help to you or your family.

Best,

### WHAT IS THE "RAINY DAY" FUND?

The Connecticut Constitution has both a spending cap amendment and a balanced budget provision. The balanced budget provision requires the legislature to pass a spending plan that equals the amount of the revenue raised by taxes, while the spending cap limits the growth in state budget to the growth in the state's personal income or rate of inflation, whichever is greater. In addition the legislature has filled the "Rainy Day" fund (the budget reserve fund) with \$600 million of surplus monies that can be used for future "rainy days."

# BUDGET PROCESS

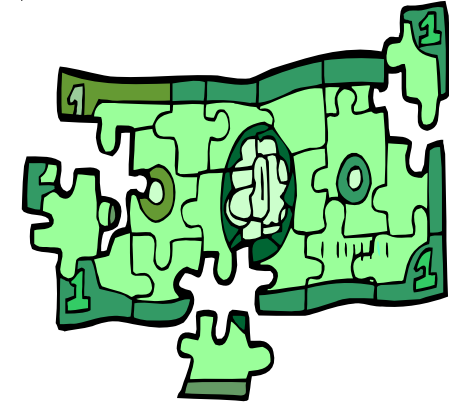
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# REPRESENTATIVE STEVE FONTANA

87TH DISTRICT - NORTH HAVEN



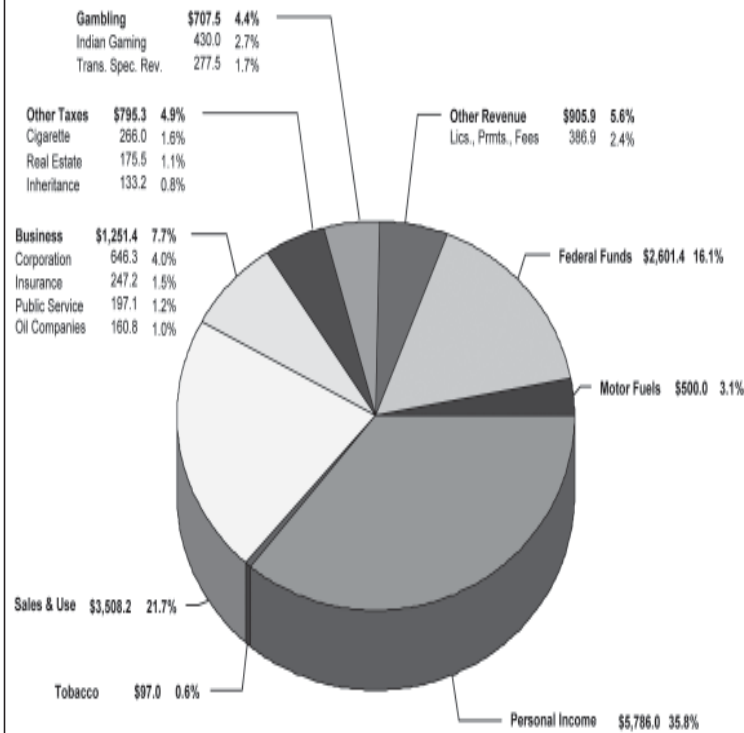
# CONNECTICUT'S BUDGET

Please Keep in Touch

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## REVENUE

FISCAL YEAR '06



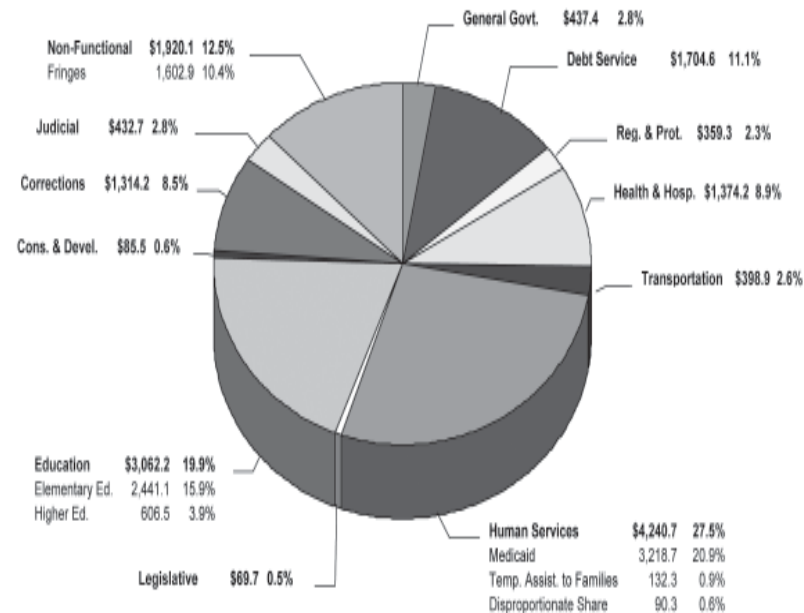
## WHAT HAPPENS IF REVENUES DON'T MEET EXPENDITURES?

During the fiscal year, if the state is facing unexpected shortfalls between revenues and expenses that cannot be accommodated through transfers, the Governor has the authority to cut individual budget line items by up to 5% (not to exceed 3% of the total General Fund) without legislative approval. The Finance Advisory Committee can approve slightly larger cuts. Significantly larger cuts need the approval of the full General Assembly. Cuts through the legislature and the Finance Advisory Committee happen in public processes; the Governor's cuts do not.

## APPROPRIATIONS

Fiscal Year' 06 \$15.4 Million

### By Function of Government\*



\*Non-functional appropriations are primarily debt services, state employee pensions and benefits, claims against the state, and governor's expenses

Of the \$15.4 billion gross appropriations, \$4.2 billion (27.5% of the total) has been designated for social service needs such as health care, cash assistance, and childcare. Education is the second highest area of expenditure, representing 20% of the budget at \$3 billion. Debt service, ongoing payments of principal and interest on state bonds account for 11% of the state budget.

## WHAT IS THE SPENDING CAP?

The 28th amendment to the Connecticut Constitution limits its growth in state spending to the greater of the five-year average increase in either Connecticut's personal income or inflation. The cap passed in November 1992.

## WHAT IS BONDING AND HOW IS IT SPENT?

Bonding is the state's borrowing that is intended for long term costs, such as land acquisition, economic development projects, building construction and repair. In 2006 Connecticut will borrow \$1.5 billion in new funds. Currently, Connecticut has bonded \$12.7 billion. In this budget \$1.7 billion will go toward interest and bond repayment.



Each year, plans for bonded projects are found in the "bonding package" of bills from the Bonding Subcommittee of the Finance Committee. The Subcommittee holds public hearings on proposed items. The bonding package is usually voted on by the full General Assembly near the end of the session. However, even if a project is in a bond bill that passes, it must still be authorized for spending by the Bond Commission. The Commission meets monthly and has both legislative and executive branch members. However, the Commission's meeting agendas are set by the Office of Policy and Management. If a project doesn't get on the agenda, it doesn't come up for a vote, and it doesn't get funded.