



STATE OF CONNECTICUT
GOVERNOR DANIEL P. MALLOY

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FY 2016/2017 BIENNIAL BUDGET ADDRESS

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Mr. Speaker, Mr. President, Senator Fasano, Representative Klarides, distinguished members of the General Assembly, thank you for inviting me once again into this chamber to address you.

I want to recognize and thank my trusted friend and advisor, the best Lt. Governor in the United States, Nancy Wyman.

I'd like to thank my wife Cathy and my son Daniel for being here today, and for their love and support.

And as always, let us thank and honor the brave men and women of Connecticut serving in our Armed Forces around the globe.

Introduction

For a small state, Connecticut is a place of stark contrast and unique diversity.

We are home to historic and vibrant urban centers, but also to scenic small towns, parks, and forests that are the envy of our nation.

Our economy relies on a backbone of large employers that have sustained us over generations. And yet that same economy would crumble if not for a network of small businesses that showcase the ingenuity and spirit of Connecticut workers.

Our industrial centers are helping make global advances in aerospace, bioscience, and precision manufacturing.

At the same time, some 400,000 acres of local farmland support more than 27,000 Connecticut jobs.

These contrasts are found throughout our great state. They demonstrate our rich history and our distinct character. They make us who we are.

And working together in recent years, we've crafted budgets that capitalize on these unique Connecticut assets.

We protected state aid for cities and towns, at the same time we created a new state park and preserved nearly 11,000 acres of additional open space.

We worked to attract and retain large employers, at the same time we created the state's first program to help small businesses.

We made targeted investments in burgeoning, high-tech industries, at the same time we began to restore over one thousand acres of overgrown farmland.

The budget I present to you today continues to build on Connecticut's diversity and its unique strengths. It also turns our attention to some other areas of contrast. Some things that we need to address together.

As we begin this legislative session – as we look ahead to the difficult work of negotiating a budget – we should do so with these contrasts in mind.

Together we should focus on our strengths, and also shore up our weaknesses.

We should plan for long-term prosperity, while also addressing short-term problems.

We should continue to build a better tomorrow, by making smart choices today.

Budget Framework

Of course, making smart choices usually means making tough choices. The budget I present to you is filled with tough choices.

All told, my proposal contains more than 590 million dollars in cuts to the current services budget.

The vast majority of these cuts are choices that, under ideal circumstances, Connecticut would not have to make. But as our economy continues to recover, tough choices are needed if we want to achieve the following simple goals:

First, we must balance our budget by living within our means and living within our spending cap. This budget does that, with a total increase of just 3.1 percent from the prior fiscal year. This increase is in line with the responsible growth seen over the last four years. And, it's far below the five years prior to that, when spending grew an average of 4.2 percent.

Second, we must maintain our commitment to funding public education. While other states may choose to balance their budgets on the backs of public schools, Connecticut will not. My proposal supports schools by maintaining current ECS funding.

Third, Connecticut must keep its promise to cities and towns. This budget continues to fund municipal aid so that we can hold down local property taxes, and so that no teacher, no policeman, and no fireman will be laid off because state government failed to do its part.

Fourth and finally, even in this time of difficult choices, we must not ask any more of our middle class. Today I am proposing that we overhaul Connecticut's sales tax, moving it to under 6 percent for the first time since 1971.

We can pay for it by simplifying our tax code, removing some exemptions, and by reigning in loopholes and corporate tax credits.

The hard-working members of our middle class have helped turn our economy around. They've pitched in and shared in the sacrifice. Let's give them something back.

These four goals represent the framework of the budget I submit to you today. As we negotiate in the months ahead, I look forward to hearing your ideas on how we can improve upon it.

But there are a few things I will not do.

I will not support any effort to exceed our spending cap by emergency declaration.

I will not support an early retirement incentive – an idea that may save money now, but costs us much more in the long run.

And I will not sign a budget that is balanced on the backs of our towns or our public schools.

Within this framework, I will listen to anyone who has serious ideas on how we can make this budget better.

If you're willing to offer detailed proposals for saving money and growing our economy, you will be heard. But if it's just about partisan gamesmanship, I'm not interested – and I don't think Connecticut families are interested either.

Economic Development

The reason we need to work together is simple: Connecticut's economy is headed in the right direction, and the best way to keep our momentum is a collective effort.

We know we're on the right path. We know our strategy for economic development is working. This is not partisan spin. The facts tell us that Connecticut's economy is finally back on track.

Since 2011 our unemployment rate has dropped from a high of 9.1 percent down to 6.4 percent today.

In 2014 we created more than 26,000 new jobs – our best job growth since 1998.

All told, our private sector has grown more than 75,000 jobs over the last four years – regaining 94 percent of the jobs lost during the Great Recession.

We need to keep this momentum going. We can do it by supporting the good programs and policies that have brought us this far.

This budget continues to help small businesses grow jobs by fully-funding our successful Small Business Express Program.

And, it focuses on growing jobs in higher unemployment areas by assisting more businesses in urban centers.

We don't have to stop there.

Just as we are helping middle class families, we can help small businesses as well. By restructuring our business tax code and bringing it more in line with other states, we can do away with the Business Entity Tax, which unfairly impacts small employers.

My budget eliminates that tax this year.

Education

As we continue to create jobs, we also need to make sure we're growing the next generation of Connecticut workers. And in recent years, we've done great work to bolster our public schools.

Together we've made year-over-year increases to school funding, and we've done it while other states have slashed their education budgets. Our schools are better for our efforts.

Graduation rates have increased by 3.7 percent in the last four years.

Connecticut students are leading nationally in reading and math.

And we're finally making real progress on closing our achievement gap.

The support we've offered schools is the right thing to do for our kids and for their future. But it also helps prepare more kids to one day build our workforce and our economy.

We can continue our good work by filling in some of the small cracks that too many students can still slip through. To that end, I want to offer a few relatively *small* changes that can have a *big* impact.

Let's start with our youngest kids. I'm proud that last year we began the important work of moving Connecticut toward universal pre-kindergarten. But ironically, even when our kids get a full-day pre-k experience, some of them are still graduating into a Kindergarten program that only teaches them for half the day.

It just doesn't make sense. The bill I submit to you today ensures that by the fall of 2017, every child in Connecticut will receive a full-day kindergarten experience.

Over the next two years, we'll work with towns that don't yet offer full day Kindergarten. We'll make sure all our youngsters receive the time they need to learn and reach their full potential – right from the moment they enter elementary school.

Moving from one end of the education spectrum to the other, we also need to make sure that when Connecticut students graduate from our colleges, they can afford to pay off their loans. For too many students, loan debt is an anchor that drags them down – hindering their choices and putting the American Dream out of reach.

We can help by enabling Connecticut's Higher Education Student Loan Authority to refinance the loans of state residents. Together we can help Connecticut students become productive members of our economy and our workforce.

The bill I submit to you today makes student loans more affordable, and I urge you to support it.

Second Chance Society

Now, let's talk about another way we can help our economy continue to grow.

A way to give more people a chance at finding gainful employment.

A way to address a systemic wrong that has plagued our country, our state, and our economy for generations.

Throughout American history, one of the unifying themes that has bound us together is that of a second chance. But somewhere along the way, we lost sight of this simple principle. Too often we became a society that sought permanent punishment, instead of permanent reform.

We built modern prisons, when we should have been building modern schools; from 1985 to 2008, our prison population tripled in size.

We created a generation of offenders who had no chance at a better life when they got out of prison. No chance at a higher education. No chance at a good paying job or affordable housing.

Connecticut can do better. And over the past four years, we've started to change:

We implemented reforms to our juvenile justice system.

We decriminalized marijuana resulting in 6,000 fewer arrests every year.

We refocused on community policing, bolstering confidence in our big city police departments.

We targeted violent offenders in our communities, putting them away for longer stretches.

And thanks to the bi-partisan efforts of this General Assembly, we took dangerous guns and ammunition off our streets with the strongest gun violence prevention laws in the country.

Today we can say with confidence that these reforms are working:

Crime is at a 48 year low.

Violent crime is down 36 percent.

Homicides in urban centers like New Haven, Bridgeport, and Hartford have dropped by 48 percent since 2011.

Connecticut is proving that smart criminal justice reforms can lead to safer communities, fewer victims, and more opportunity for success. The bill I submit to you today offers a second chance to non-violent offenders:

It reduces penalties for simple drug possession to a misdemeanor.

It unties the hands of our judges by eliminating mandatory minimums.

It streamlines our pardon and paroles process for non-violent offenders.

And it offers ex-offenders new opportunities in finding both a job, and a home.

Together we can give non-violent offenders a second chance to be productive members of our community and our economy.

Now, I know some will be critical of these proposals. But the truth is, these aren't Democratic ideas or Republican ideas. These ideas are part of a growing national conversation on how to end a generational cycle of poverty, addiction, and crime. The kind of reforms I'm proposing are already happening – from Texas to California, and from Mississippi to Washington D.C.

Connecticut should be a leader in this national debate. Together, let's help more of our neighbors rejoin their families, rejoin their communities, and rejoin Connecticut's growing economy.

Let's give them a second chance.

Transportation

I want to finish today by continuing a conversation we began a little over a month ago, when I joined you in this chamber and spoke about our transportation infrastructure. About how Connecticut's economic future and our ability to grow jobs are tied directly to the condition of our roads, bridges, ports, buses, and rails... even to our walkways and bikeways.

In the intervening weeks since then, the Department of Transportation, the Office of Policy and Management, and staff in my office have been hard at work developing a new transportation vision for the next 30 years. It's based on the input of hundreds of state residents, business groups, and stakeholders.

That document is available to you as part of this budget. It is designed to give you a better understanding of what a best-in-class transportation system looks like – of what it could mean for Connecticut, both in terms of economic development and a better quality of life.

It includes a complete overview of the projects Connecticut could undertake over the next three decades.

That's a long time. So the question is, 'where do we start?'

Included in the capital budget I propose today is a plan for ramping up our efforts over the next five years. Last month, I promised I would return to you with more details.

Well, here they are.

Roadways

We can begin with our roads. There are 12 million individual trips taken on Connecticut's roads each and every day.

Our roads are relied on by companies to ship their goods, and transport their employees to work. Right now, those commuters are each spending an extra 40 hours a year in traffic due to unnecessary congestion. That's an extra full-time week of work, every year, sitting in traffic.

And for our economy, these delays cost us 4.2 billion dollars every year. That's a hidden tax on Connecticut citizens.

Even as we invest in alternative modes of transportation, making our highways work better has to be part of our strategy.

Just a few hundred feet from here, Hartford's I-84 Viaduct has reached the end of its useful life. It routinely demands significant investment to stay in good repair, and the repairs usually cause additional traffic problems.

Fixing the Viaduct will reduce congestion on I-84 at the same time it reshapes Hartford neighborhoods – communities that were devastated by the construction of the original interstate so many years ago.

My capital budget moves this project forward.

Also in the Capitol region, we need to fix the Charter Oak Bridge over the Connecticut River. Because of its deficiencies, cars and trucks routinely back up into travel lanes, posing a safety concern and causing more than 85 accidents every year.

Fixing this bridge will not only eliminate delays, it will generate 860 million dollars in new economic activity. My plan will expedite this project, and make these changes a reality.

Heading south of Hartford, the City of Middletown was cut off from its historic waterway nearly 60 years ago with the construction of Route 9. This corridor has long been a congestion point and source of frustration for drivers.

Providing a safer, less congested highway – as well as easier access to the riverfront – can dramatically reshape Middletown. My proposal gets these changes started with design and engineering work.

Heading west to Waterbury, studies have shown that we need to replace the aging interchange of Route 8 and I-84 known as the 'mixmaster.'

Getting it done will mean positive change for entire neighborhoods near the Naugatuck River, as well as a safer and less stressful commute through one of the most notorious interchanges in New England. This proposal gets us started on a complete replacement of the mixmaster.

Continuing further west to Danbury, there is a 5-mile stretch of I-84 between exits 3 and 8 that continues to experience significant and unacceptable congestion.

By alleviating this congestion, we can reduce air pollution, decrease traffic, and make the Danbury region more attractive for commerce. My budget begins the necessary work for fixing this corridor, including additional lanes and reconfigured access points.

In Fairfield County, it would be an understatement to say that the stretch of I-95 between Bridgeport and Greenwich experiences significant traffic congestion. Every day during rush hour, commuters spend between 20 and 40 minutes in un-needed delays on this stretch of highway.

Additional lanes and new access points are needed to open up this vital accessway to New York and beyond. This budget gets that work started.

In the same region, my proposal also includes funding to fix the Merritt Parkway interchange at Route 7 in Norwalk. Currently, too many drivers are forced to get off the highway in order to navigate between these two roads, leading to unnecessary traffic and accidents.

Together we can free-up capacity on both state and local roads. My budget includes funding to begin that important work.

And finally, we have road work to do in Eastern Connecticut as well.

The stretch of I-95 from Old Saybrook to New London is in need of congestion mitigation and safety improvements. Our state has talked about this problem for decades, but we've never started the long process of actually fixing it. My proposal gets us started.

As part of upgrading the highways in this part of the state, we also need to begin the necessary work to widen I-95 and fix the interchange connecting it to I-395. Here again, we have a major bottleneck and safety hazard that should have been fixed years ago.

Under my plan, we'll get started. This change is also a critical piece of extending Route 11 – another project that continues to move forward under this proposal.

We can also begin much-needed improvements to the Gold Star Bridge. It was built in the 1940s and now requires substantial investment to align it with modern standards.

With this budget, we can fix this critical piece of our economy in Southeastern Connecticut.

Railways

Next, Connecticut's railways have helped shape the history of our state. But for generations we've paid them lip service, without committing to the kind of improvements they need to remain not just usable, but a dynamic part of our economy.

A recommitment to rail can help invigorate communities throughout the state, encouraging transit-oriented development that includes new housing, new retail, and new office space.

The 5-year ramp up in my capital budget includes funding to finish design and construction for train stations up and down the New Haven-Hartford-Springfield Line.

We can finally bring commuter rail service to Enfield, West Hartford, Newington, North Haven, and Hamden. And we can reconstruct stations in Windsor and Windsor Locks.

We've also included funding to finish what we started several years ago: double-tracking the entire rail line from New Haven to Springfield.

Federal funds have only gotten us to Windsor. Now the state needs to step up and close the gap. Double-tracking will allow more frequent and faster service, and open up the possibility of new routes to Boston and Montreal.

On the New Haven Line – the busiest commuter rail line in the country – we'll build the Barnum station in Bridgeport, reconstruct the Merritt 7 station in Norwalk, and begin a new station in Orange.

Over time, we'll turn the New Haven Line into a modern rail service – with reliable and frequent stops, as well as express regional service riders can count on.

In the City of New Haven, we've included funding to complete a new parking garage, along with a pedestrian bridge connecting it to station platforms. The new garage will mean expanded ridership and further development in the area surrounding Union Station.

We've spoken about this garage for years – now we're going to get it done.

We'll also continue our commitment to replacing the Walk Bridge in order to prevent future disruptions to the New Haven Line and the Northeast Corridor.

While carrying out that massive project, we can simultaneously invest in repairs to the SAGA and Cos Cob moveable bridges in order to keep commuters moving, and to prevent our economy from being hurt by travel disruptions.

And finally on rail, we've taken steps over the past year to make improvements to the 27-mile-long Waterbury Branch. We'll continue this work with additional design funds and 70 million dollars for a complete build-out of a new signal system.

This project will allow for increased capacity and more frequent service. The additional ridership will help communities throughout the Naugatuck Valley revitalize their downtowns.

Buses

Let's talk about buses.

Public buses in Connecticut provide our residents with more than 40 million individual trips each year. By offering expanded service and a better experience, we can increase ridership even further, resulting in fewer cars on our highways and less pollution in our air.

My budget includes funding for a study of new and alternative routes that will benefit parts of our state that don't yet have sufficient service. This expansion will help connect more residents to employment centers, opening up new job opportunities.

But we can't just study the problem – we need to start fixing it.

This budget includes significant funding to purchase additional equipment to be used on these new and extended routes.

Bridges, Walkways, and Bikeways

We've talked about highways, buses, and rail. But the transportation vision I offer you today goes deeper than that. It reaches down to the local level, with the potential to help every city and town in our state.

First, there is an existing backlog of routine bridge upgrades that we've let grow for too long. My five-year plan adds new funding on an ongoing basis to expedite this work, and help towns throughout Connecticut fix their bridges.

We've also heard from cyclists who say they want safe alternatives to riding with traffic, and from pedestrians who want more sidewalks and safer crosswalks in their communities.

To that end, I'm proposing the creation of a new program to help cities and towns install bike and pedestrian safety improvements in urban areas and town centers. These changes will help make our downtowns safer, more walkable, and more livable.

We can also improve on Connecticut's many great walking trails. This budget not only provides funding for repairing existing trails that have fallen into disrepair, it also funds an accelerated completion of new bike and pedestrian trails across the state.

Transportation Summary and Next Steps

All of the projects I just described – and many more – are included as part of our 5-year ramp up. We can begin moving on all of them with the capital budget I submit to you today. Of course the key word here is ‘begin.’

That’s what this budget proposal is: a *beginning*.

If we want to transform our infrastructure over the next 30 years, it will require additional decisions on how we’re going to pay for it. I want to propose to you now a 3-step plan to responsibly begin that conversation.

Step one is the five-year ramp up I’ve just laid out. It includes more than 2.8 billion dollars in new capital funding, part of a 10 billion dollar transportation plan for the next 5 years.

It allows us to get started on all the projects I’ve spoken about today – projects that reach every corner of our state, and that utilize every major mode of transportation.

Step two is something we spoke about last month. If we’re going to plan for the long-term, Connecticut needs a strong transportation lock box that ensures every dollar raised for transportation is spent on transportation.

I am glad to see that proposal has been met with bipartisan support. I look forward to signing it into law.

Step three is determining the most prudent and cost-effective way to continue funding our transportation needs beyond the initial five-year ramp-up. To that end, I will form a nonpartisan commission comprised of experts in transportation, finance, and economic development from throughout Connecticut.

They will have a single, narrow goal: offering recommendations for a sustainable structure to fund transportation over the next 30 years and beyond. I will announce the members of this new body in the weeks ahead, after consulting with leaders in your caucuses.

Taking these three critical steps is the responsible way for us to move forward together this session. It will allow us to develop a comprehensive solution for meeting our transportation needs.

We cannot take a piecemeal approach to this problem. There is no one single answer, and I won’t support proposals that only get us part of the way there.

As we have this conversation, we also need to continue making the case to our constituents for why Connecticut needs a best-in-class transportation system.

We need to explain what it can mean for them – for their quality of life, and for the economic health of their state.

Let's get to work.

Conclusion

My friends, in the weeks and months ahead, we have some big questions to answer together.

How to balance our budget and live within our means.

How to grow more good jobs with good benefits.

How to make sure all our kids have an opportunity for success.

How to reform and reintegrate those who run afoul of the law.

And how best to connect ourselves to one another, and to the world beyond our borders.

We need to decide what kind of state we want to be – not just tomorrow, but 10, 20 and 30 years from now.

Throughout this work, let's remember that our forbearers faced these very same questions. They had to decide what kind of Connecticut they were going to leave us.

It's why they founded our Capitol City, and gave us North America's first written constitution.

It's why they built great schools, libraries, and parks across 169 beautiful cities and towns.

It's why they laid down lines of rail connecting us to Boston, New York, and beyond, and why they built a parkway that's now an iconic part of Connecticut's landscape.

We inherited these things. They were passed down to us. Entrusted for safe keeping.

And now we carry a sacred obligation – to our children and our children's children. To make this state an even better place for our having lived in it.

This year, this session, let's honor that obligation.

Let's preserve local budgets, and protect public schools.

Let's support our middle class, and those seeking to become middle class.

Let's build better roads, bridges, and railways.

Let's make smart decisions today, so that together, we can build a brighter tomorrow.

Thank you. May God bless you, and may God bless the great State of Connecticut.

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