



# GHIAA UPDATE FISCAL POLICY COMMUNITY INVESTMENT

## COMMUNITY INVESTMENT MATTERS

Since 2017, Connecticut's finances have been defined by the fiscal guardrails – a series of statues controlling spending. Created in a time of crisis, they were emergency measures to improve CT's financial health. They improved CT's credit rating, freed \$87.5 million from payment obligation, and record pension funding.

The Volatility Cap was designed to ensure income based on the ups and downs of the stock market, would be excluded from budget spending. Over the last seven years, volatile funds annually averaged \$1.4 billion; only once falling to \$500 million. These funds are clearly more consistent than originally anticipated, resulting in an excessive amount of money rerouted away from the budget and opportunities for community investment.

### FISCAL ROADBLOCKS PREVENTING INVESTMENT

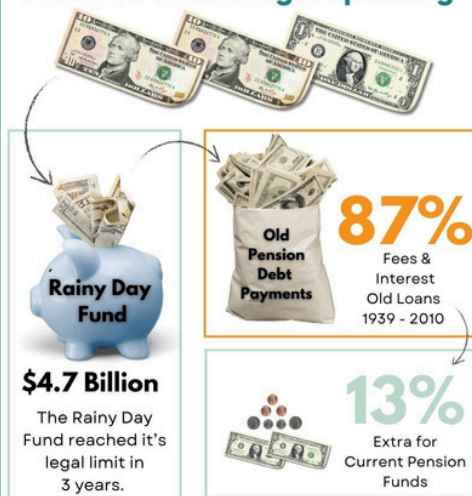
In the last 7 years, \$8 Billion have been diverted from the budget as surplus. With the Rainy Day Fund filled to it's legal limit, \$8 billion have been spent on extra payments towards old pension debt - beyond the required, budgeted payments.

Old Pension debt doesn't relate to pensions for current state employees and teachers. The payments for old pension debt go toward interest and fees for loans between 1939-2010. It has been estimated that fully paying off this debt will take over 24 years, into the 2050s.

In the meantime, communities are being forced to absorb the challenges caused by underfunded essential community services.

### Where Does Budget "Surplus" Go?

**\$21 out of every \$100 CT Dollars**  
are classified "Surplus" and  
removed from Budget Spending



In the last 7 years, CT has spent  
**\$8 Billion** on Extra Payments

Saving less than  
**\$90 Million** annually  
in payment obligation

CONNECTICUT'S  
SOCIAL SAFETY  
NET SERVICES ARE  
DANGEROUSLY  
UNDERFUNDED &  
UNDER-STAFFED



WHEN YOUR ROOF  
IS LEAKING  
YOU WOULDN'T  
MAKE EXTRA  
PAYMENTS ON  
YOUR MORTGAGE

### CT COMMUNITIES THRIVE WITH INVESTMENT

For many years, historically state-provided services have been addressed through nonprofits with significantly smaller budgets.

Mental health, workforce training, addiction support and rehab, youth services, elder care, support for disabled adults, are just a few of the services provided. What happens when funding doesn't keep pace with inflation or rising costs of living? Providers struggle to meet growing needs with shrinking resources.

Fiscal responsibility means investing in communities and people. The needs of CT residents must take priority.

The Greater Hartford Interfaith Action Alliance is made up of 52 faith communities and allied organizations diverse in religion, race, geography, and socioeconomics, organizing together to create positive, systemic change in the region. We are committed to centering the voices of impacted individuals as we pursue racial and economic justice through relational organizing.