

### **Appropriations Committee**

H.B. 5437: *An Act Concerning Equity and the Governor's Budget*

Public Testimony of the Connecticut Women's Education and Legal Fund (CWEALF)

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The Connecticut Women's Education and Legal Fund (CWEALF) is a statewide nonprofit that advocates for and empowers women and girls in Connecticut, especially those who are underserved or marginalized. For forty-eight years, CWEALF has been a leading advocate for policies that advance the economic security of women across our state and promote gender equity.

Through CWEALF's Legal Education Program, we provide information, education, referrals, and bilingual advocacy to the Connecticut community to ensure that all individuals in our state have access to legal justice. The majority of CWEALF's clients are low-income women with at least one dependent.

CWEALF is also a member of Recovery for All, a statewide coalition of faith, community and labor organizations united to eliminate systemic inequalities and rebuild a better Connecticut.

CWEALF urges the Committee to support H.B. 5437: *An Act Concerning Equity and the Governor's Budget*, which requires Governors to explain how their budget proposals impact efforts to ensure equity in the state.

House Bill No. 5437 is a necessary and long overdue proposal. A budget is often referred to as a moral document that reflects values and priorities; however, the way Governors have typically prepared budget proposals is to incrementally adjust the previous year's document and make room for their own priority policy proposals. The product is often one that has been developed in isolation and is more reflective of political ideology than the common good or overall need of the most under-resourced communities.

In a typical budget process, in-depth outreach with the general public typically does not begin until the Appropriations and Finance, Revenue and Bonding Committees begin their public hearings - a process in itself that is also often inaccessible to community members who are unable to take time off from work or do not have access to the technology needed to testify.

By making equity a cornerstone of the budgeting process from the beginning of the Governor's proposal, both branches of government will begin from a common place focused on prioritizing spending where it will make the most impacted communities. This in turn

will begin to repair decades of systemic racism, sexism and classism that has led to the fewest investments in areas of greatest need.

Without a transparent budgeting process that centers equity, Connecticut has the highest rates of income inequality in the country and significant disparities in tax burdens. The 2014 state tax incidence analysis by the Department of Revenue Services showed that the bottom 50% of earners contribute 23.6% of their income in taxes while the top 1% contribute only 7.5%. The 2022 report released earlier this month also indicates that low-income households have lost ground since 2014 and now pay up to 26% of their income in taxes. Middle income households are also paying as much as 15.5% of their income in taxes; however, the effective tax rate of the ultra-wealthy has remained flat.

Connecticut's tax system is even more regressive now than it was in 2014. As a state, we can - and we must - do better. An influx in federal COVID-19 relief funding and swelling revenues from investors and high-income earners during the pandemic has created the brightest financial picture Connecticut has seen in decades. With a projected FY 2022 budget surplus of more than \$1.5 billion and a Rainy Day Fund at its statutory maximum, now is the time to ensure budget decisions are centered in equity, driven by data that is disaggregated by race and gender and focused on communities that have been historically disadvantaged.

Since significant disparities continue to exist that have yet to be resolved in our state, we respectfully suggest that the Committee replace the word "ensure" with "create" on line 9. In addition, to fully realize the intent of H.B. 5437, we request the Committee include a clear definition of equity:

*As used in this section, "equity" means how the proposed policy making, service delivery, and distribution of resources intentionally meets the needs of state residents with different histories, challenges, and needs, including but not limited to those who have been systematically disadvantaged by (1) race; (2) ethnicity (3) gender; and (4) physical, mental, behavioral or developmental health.*

Without passage of H.B. 5347 and a budget process that prioritizes equity, we will allow unfair policies and practices, discriminatory treatment and inequitable opportunities and outcomes to persist in our state. We also ignore how the cumulative and compounding impacts of previous budgetary and policy decisions have systematically privileged white people and disadvantaged people of color in our state.

We thank the Committee for raising H.B. 5347, a long overdue and critical step in our state's equity journey and urge support with the language the Recovery for All coalition has suggested.