



*“Fiscal freedom means a future where Connecticut governs by choice, not by crisis — never forced to choose between tax hikes and service cuts. The Fiscal Compact is how we get there and stay there.”*

## PILLAR 1

# Fiscal Compact

*A Promise Worth Keeping*

### KEY STATS TO KNOW

**44th**

Fiscal Health Ranking  
(Mercatus Center)

**\$35B**

Unfunded Pension Liabilities

**\$4.1B**

Budget Reserve Fund Balance  
at Constitutional Cap

## WHAT WE BELIEVE

### Restore The Caps - Then Close the Loopholes That Broke Them

The spending, volatility, and bonding caps have been undermined through off-budget tricks and redefinition. Restoring what they were meant to do — and closing the workarounds — is the first obligation of the Compact.

### Keep The Rainy-Day Fund at Its Constitutional Maximum

A full reserve is the difference between a manageable downturn and a fiscal crisis. It must be rebuilt after emergencies — not raided for recurring expenses or used as a piggy bank to fund new projects.

### Require Full Pension Contributions at the Actuarially Defined Percentage Every Year

Required contributions are a legal and moral obligation. Deferrals and accounting maneuvers that hide actual costs are hidden borrowing from future taxpayers and future retirees. No exceptions.

### If It Spends Public Money, It Belongs in the Budget

When state agencies, special funds, and bonding authorities operate outside the normal budget process, public money is spent without public scrutiny — and the Compact gets broken quietly. Full transparency is non-negotiable.

### Honor Our Existing Promises Before Making New Ones

Connecticut has \$35B+ in unfunded obligations already owed. We support investment in Connecticut's future — but new investments should be built on a foundation that's been paid for. That's how you build to last.

## POLICY PRIORITIES

### The Compact Improved CT's Finances, But We Rank 44th

The tools work when used as intended. They don't when elected officials bend the rules and erode them through loopholes.

### The Rainy-Day Fund Hit Its Constitutional Cap

A hard-won milestone — and a target. Proposals to use it as a piggy bank for new spending, must be stopped.

### Spending Cap Pressure Was Resisted In 2026 — But Not the Workarounds

The direct attack on the cap was stopped. But off-budget spending and quiet redefinition continued. Stopping one without the other is not winning.

### \$35B+ In Unfunded Obligations

The real fiscal risk: new spending gets the headlines while what Connecticut owes in pension and retiree benefits grows quietly. YI keeps both in view.

### Tax Proposals Narrowed In 2026 - Structural Pressure Remains

Tax increase proposals were scaled back, not stopped. The spending pressure driving them is unresolved.

## LOOPHOLES TO CLOSE

### Off-Budget Maneuvers

Shifting spending to state agencies and special funds that operate outside the normal budget process — public money spent without public scrutiny.

### Redefining the Cap

Changing what counts toward the spending cap to create room for new spending: following the letter of the law while breaking its spirit.

### Rainy-Day Fund Raids

Using reserve funds for recurring expenses or new projects — treating a one-time emergency cushion like a piggy bank.

### WHY THIS MATTERS

Connecticut's fiscal recovery didn't happen by accident. It happened because policymakers made a promise — a compact with taxpayers — to budget honestly, cap spending, and fund obligations. That compact has already been tested, and in places it has already bent. The loopholes are real: off-budget spending that evades the caps, redefinitions that comply in letter while breaking its spirit, and deferrals that push today's obligations onto tomorrow's taxpayers. A Connecticut that honors the Compact has the fiscal freedom to govern by choice: to invest in its future, withstand uncertainty, and never be forced to choose between tax hikes and service cuts. That's the Connecticut Yankee Institute is building toward.



*“Connecticut’s communities should reflect the choices of the people who live in them — not mandates handed down from Hartford. Local control isn’t a privilege to be granted. It’s a right worth safeguarding.”*

## PILLAR 2

# Local Control & Home Rule

*Protecting Local Control*

### KEY STATS TO KNOW

**169**

CT municipalities — each with distinct needs

**#47**

CT ranked 47th for housing affordability (CNBC)

**30%+**

Increase in CT home prices since 2020

## WHAT WE STAND FOR

### Protect Home Rule

Municipal authority over land use, zoning, and local governance is protected in state statute — but eroded session through mandates, state overrides, and top-down requirements. Connecticut’s towns shouldn’t have to fight to keep what’s already theirs.

### One Size Doesn’t Fit 169 Towns

Connecticut’s 169 towns have distinct fiscal capacity, infrastructure, geography, and character. A policy built for Bridgeport doesn’t work for Bozrah. Statewide mandates override local knowledge and local accountability.

### Housing Solutions Belong to the Communities That Live with Them

Affordability is a real problem — but the answer is community-driven solutions that reflect local needs, not Hartford-designed mandates that bypass the residents who bear the consequences.

### Give Municipalities Tools — Not Mandates

Towns need flexibility and resources to solve local problems on local terms. The state’s role is to enable, not override. Empowerment looks like funding and real choices, not new requirements.

## KEY FACTS & CONTEXT

### 2026 Was A Preview — Not an Isolated Incident

The attempt to limit local Board of Education authority in 2026 is part of a pattern of centralization pressure from Hartford that grows more aggressive each session.

### State Housing Mandates Have Repeatedly Bypassed Local Input

Density, zoning, and infrastructure decisions made in Hartford — without local input — undermine the community-driven solutions that actually work and stick.

### One-Size Mandates Fail Because CT's Towns Are Not One Size

169 towns. Distinct of fiscal capacity, geography, demographics, and infrastructure. Blanket mandates don't account for any of it — and residents pay the price.

### Municipal Independence Is Protected — But Threatened

Home rule is in state statute. But statutes can be rewritten. Legislative pressure to override local authority is a permanent and growing feature of each session.

## THREATS TO WATCH

### State Zoning Overrides

State mandates that override local zoning decisions on density, unit types, and land use without municipal consent.

### Stripping Local Board Authority

Legislation that takes decision-making away from local Boards of Education and other municipal bodies and hands it to state agencies.

### Unfunded State Requirements

State mandates that impose new obligations on municipalities without providing the funding to meet them — leaving local taxpayers to absorb the cost.

## WHY THIS MATTERS

Connecticut's 169 communities each have distinct housing needs, infrastructure capacities, economic conditions, and local character. Local control isn't just a political principle: it's a practical one. When residents and elected officials shape development and housing, better outcomes result because decisions reflect real local knowledge and real accountability. Good policy enables communities to meet state objectives in ways that reflect their own conditions and character. That's the vision YI is working for: 169 communities empowered to be themselves and shaped by the people who live there. It's how Connecticut builds housing solutions that last.



*“Affordable energy is about more than struggling to keep the lights on: it’s about giving Connecticut families and businesses the power to thrive. Good energy policy delivers three things equally: affordability for ratepayers, transparency about what they’re paying for, and a grid reliable enough to power Connecticut’s economy.”*

## PILLAR 3

# Energy Affordability & Reliability

*CT Families and Businesses Deserve Energy That Is Affordable, Transparent, And Dependable.*

### KEY STATS TO KNOW

- #2** Highest residential electricity rates in the continental US
- ~30%** Of CT electric bill is non-energy charges & mandates
- \$700+** Annual premium CT households pay vs. national average

## WHAT WE STAND FOR

### Full Transparency on Every Charge

Ratepayers should have a clear, itemized understanding of every charge on their electricity bill — including the Public Benefits Charge and other non-energy surcharges — so they can make informed decisions and hold policymakers accountable.

### Evaluate Mandates on Cost and Performance

Energy mandates and surcharges should be reviewed regularly against clear standards: Do they deliver the intended outcome? At what cost to ratepayers? Connecticut deserves an honest account of what each program costs and what it achieves.

### Count All Carbon-Free Sources — Including Nuclear

Nuclear power produces zero carbon emissions and runs around the clock, but Connecticut’s energy rules still exclude it. A modern energy policy should count every zero-carbon sources, not just the ones that were politically popular when the rules were written.

### Reliability And Affordability Are Climate Goals Too

A clean energy transition that leaves families with unaffordable bills, or an unreliable grid undermines its own goals. Affordability and reliability should be built into energy policy from the start — not treated as trade-offs.

## KEY FACTS & CONTEXT

### CT Has The 2nd Highest Residential Rates in the Continental US

Only Hawaii is higher. The gap between Connecticut and the national average has widened as non-energy charges have grown (EIA, 2024).

### Two Bills Adding Cost Pressure

Climate Superfund and renewable subsidy expansion both continue to make it's way into the legislative agenda annually, adding to the cost pressures Connecticut ratepayers already face.

### The Public Benefits Charge Is Poorly Understood

The charge is rarely scrutinized in the legislative process and poorly disclosed on bills. Most ratepayers are unaware it exists, let alone what it funds.

### Nuclear Produces Zero Emissions and Is Excluded from CT's Clean Energy Standards

Connecticut's clean energy mandates do not credit nuclear power's zero-emission output, despite its reliability and its role in keeping the regional grid stable.

## NON-ENERGY CHARGES ON THE CT ELECTRIC BILL

### Public Benefits Charge

Funds state energy programs but is poorly disclosed on bills and rarely reviewed by the legislature for whether it's actually delivering results.

### Renewable Mandate Subsidies

HB 5340 expanded renewable subsidies in 2026. Ratepayers fund these incentives through their bills, with limited visibility into what they're paying and what they're getting.

### Climate Superfund Pass-Through

HB 5156 creates a new liability for energy companies. How much of that cost gets passed to ratepayers and businesses is not yet fully disclosed.

## WHY THIS MATTERS

Connecticut families and businesses are paying some of the highest electricity bills in the country, but much of that cost has nothing to do with the energy itself. Hidden charges, poorly scrutinized mandates, and policies that exclude proven clean sources drive up costs without delivering better outcomes. That's a drag on every family budget, every business decision, and Connecticut's ability to compete. YI believes Connecticut can pursue its energy and climate goals while keeping costs manageable and the grid dependable — but that requires transparency, reliability, and letting the best solutions win. That's how we get from struggling to keep the lights on to an economy with the power to thrive.



*“Connecticut invests more per student than in almost any state in the country. Our goal is to make sure that investment reaches every child — and that every family has the information and access they need to find the right fit for their child.”*

## PILLAR 4

# Educational Access & Opportunity

*Every CT Child Deserves Access to a Quality Education — Regardless of Circumstance.*

### KEY STATS TO KNOW

**\$22K+**

CT per-pupil spending — among highest in the nation

**~40K**

Students on CT interdistrict magnet & choice waitlists

## WHAT WE STAND FOR

### Every Child Deserves a School That Works for Them

Children learn differently. Families have different needs, values, and circumstances. A quality education system makes room for that — with enough flexibility that every child has a good option.

### Opt Connecticut Into The Federal Tax-Credit Scholarship Program

The federal tax-credit scholarship program, created as part of HR1, is available to Connecticut families right now. Connecticut simply needs to opt in, at no direct cost to the state, to offer families access to new educational options.

### Make Sure Every Family Knows What Options Exist

Options help only if families know about them. Clear, accessible information about schools, programs, magnet opportunities, and pathways should reach every Connecticut family, not just those with time and resources to find it on their own.

### Respect The Choices Families Are Already Making

Homeschool enrollment has grown significantly since the pandemic. Families who choose this path for academic, personal, or values-based reasons should be supported, not burdened with new regulatory requirements.

## KEY FACTS & CONTEXT

### Connecticut Just Needs to Opt In: No Legislation Required

HR1 created the federal framework. Connecticut families gain access the moment the state opts in — making this one of the most straightforward steps CT can take to expand educational options.

### Connecticut Came Close In 2026 — The Work Continues

Scholarship tax-credit efforts narrowly fell short in 2026. Momentum is growing as more schools, families, and community organizations get involved ahead of 2027.

### ~40,000 Students Are Already Waiting For More Options

The waitlist for Connecticut's interdistrict magnet and choice programs shows that demand for educational options is real, broad, and growing — across communities and income levels.

### CT Invests More Per Student Than Almost Any State

At \$22,000+ per pupil, Connecticut's commitment to education is significant. The goal is to ensure that investment translates into strong outcomes and real access for every family.

## WHERE CONNECTICUT FAMILIES ARE TODAY — AND WHERE THEY WANT TO BE

### Families With Options

Households who can relocate or afford private tuition already have access to a wider range of educational environments for their children.

### Families On Waitlists

~40,000 students are waiting for a spot in Connecticut's magnet and choice programs — families who want more options and are actively seeking them.

### Families The Opt-In Reaches

HR1's scholarship program is designed for families who haven't had access to either — giving every Connecticut child a real path to a school that fits.

### WHY THIS MATTERS

Almost every Connecticut family wants the same thing: a quality education that prepares their children for lives of security and dignity. Connecticut already invests more per student than almost any state in the country; YI's goal is to make sure that investment reaches every child. Every family deserves the information, access, and options they need to find the right fit. Opting into HR1's scholarship program costs the state nothing and opens real pathways for the ~40,000 students already on waitlists. It's time for the innovative, responsive, and accountable education system that gives every child a real shot at the future they deserve.



*“The agreements governing Connecticut’s public workforce shape the services residents receive and the costs they carry for decades. Good agreements are built on honest accounting, negotiated openly, and structured to hold up over time—not to create problems for the next administration, everyone who funds them, the workers who depend on them, and the next generation who will be bound by them.”*

## PILLAR 5

# Government Labor-Management

*Government Labor Agreements Should Be Built To Last  
— For Communities And The People Who Serve Them.*

### KEY STATS TO KNOW

- Top 5** CT government compensation vs. private sector nationally
- 2027** SEBAC expiration — an opportunity to get this right
- 169** Municipalities whose residents carry labor costs in property taxes

## WHAT WE STAND FOR

### Agreements Built to Last

Labor agreements that commit to more than communities can sustain over time create long-term risk for services, for future budgets, and for the commitments made within those agreements themselves.

### Open Negotiations Communities Can Follow

When labor agreements are negotiated behind closed doors and announced after the fact, communities lose the ability to weigh in on decisions that directly affect their tax bills and service levels. No secret deals, no last minute surprises: taxpayers have a right to know what’s being promised in their name.

### Arbitration That Reflects What Communities Can Afford

Connecticut’s binding arbitration process can produce awards with no requirement to weigh municipal fiscal capacity, leaving communities to absorb costs that were never anticipated in their budgets or planning.

### Honest Accounting of What Agreements Actually Cost

When compensation practices inflate pension calculations beyond their intended scope, the resulting long-term costs reduce future resources for services, infrastructure, and the agreements that follow.

### Service Delivery Communities Can Count On

Residents depend on consistent, accessible, and accountable government services. Workplace arrangements at every level of government should support the reliable delivery of those services and the public trust that comes with them.

## KEY FACTS & CONTEXT

### CT Ranks Top 5 For Government Vs. Private Sector Compensation

Connecticut government compensation is among the highest relative to the private sector nationally. That context matters as negotiations for SEBAC, the state employee bargaining agreement, approach in 2027.

### SEBAC Expires In 2027

SEBAC 2027 is an opportunity to get this right. A transparent, well-structured negotiation can produce an agreement built to hold up — one that both sides can stand behind and the public can trust.

### Binding Arbitration Carries No Fiscal Constraint

Under Connecticut law, arbitrators are not required to consider what a municipality can afford, which can result in extreme outcomes that communities and their budgets may neither have anticipated nor planned for.

### Pension Calculation Practices Carry Long-Term Costs

Practices that artificially inflate employees' final-year earnings to affect their pension calculations create compounding long-term budget pressures, thereby reducing future resources for services and the next generation of agreements.

## FOUR PRINCIPLES FOR LABOR AGREEMENTS THAT HOLD UP OVER TIME

### Transparent

Open enough for communities to understand and evaluate what is being agreed to on their behalf, not concluded behind closed doors and announced after the fact.

### Fair

Honestly accounted for across generations. Balanced between the parties at the table and the people who will live with the result, without shifting burdens onto future budgets, workers, and residents.

### Accountable

Supported by a process communities can follow and outcomes they can evaluate over time.

### Sustainable

Built to be honored over the long term: protecting communities and the commitments made within them.

### WHY THIS MATTERS

The agreements governing Connecticut's public workforce shapes the services residents receive and the costs communities carry for decades. A gap between what's promised and what's funded poses real threats for workers, residents, and future budgets. But when those agreements are built on honest accounting, negotiated openly, and structured to hold up over time, they serve everyone better. The commitments within them are more likely to be kept, the services they support are more reliably delivered, and the communities that fund them are able to plan accordingly. Yankee Institute is committed to making sure Connecticut meets that standard: at the state level and in all 169 municipalities.