

JUNE 2021

# A Recovery For All: the Case for Robust Public Investment in Connecticut

**As the COVID-19 pandemic is laying bare, there are extreme racial and economic inequalities in Connecticut that must be dismantled.** We need to make dramatic investments in our struggling communities in order to provide quality education, health care, housing, and so much more for ALL residents in Connecticut, not just the wealthy few.

While communities across the state desperately need major public investment in order to survive and prosper, some elected officials are pushing the same kind of harmful austerity policies that have long contributed to pain and suffering throughout the state. The impact of these policies has only been exacerbated over the last year, through the crushing impact of the pandemic and resulting economic crisis. If we want to rebuild a better state and reduce Connecticut's long-standing racial and economic disparities, we can't afford to continue the status quo approach.

**The case against austerity is clear...**

**HEDGE  
CLIPPERS**

**THE  
CENTER  
FOR  
POPULAR  
DEMOCRACY**

**RECOVERY  
FOR ALL**

# Austerity hurts Black and Brown communities, reinforcing structural racism

**Connecticut is one of the richest states in the country, but also one of the most inequitable.<sup>1</sup>**  
Austerity policies further exacerbate inequalities faced by communities of color.



Connecticut's government has **slashed its staff and payroll by at least 21%** in the last decade.<sup>2</sup>

- **Black workers**, who disproportionately work in the public sector, **and women**, who make up half the state's workforce, are heavily impacted.<sup>3</sup>

Connecticut's state government is **critically understaffed.**

- This **disinvestment in public services** has led to fewer healthcare staff for vulnerable patients, more barriers to timely unemployment payments for people out of work, and fewer educators for the state's schools, colleges, and universities.<sup>4</sup>



**More austerity cuts will be disastrous for Connecticut's Black and Brown communities** as they grapple with the continued health and economic fall-out of the COVID-19 pandemic:

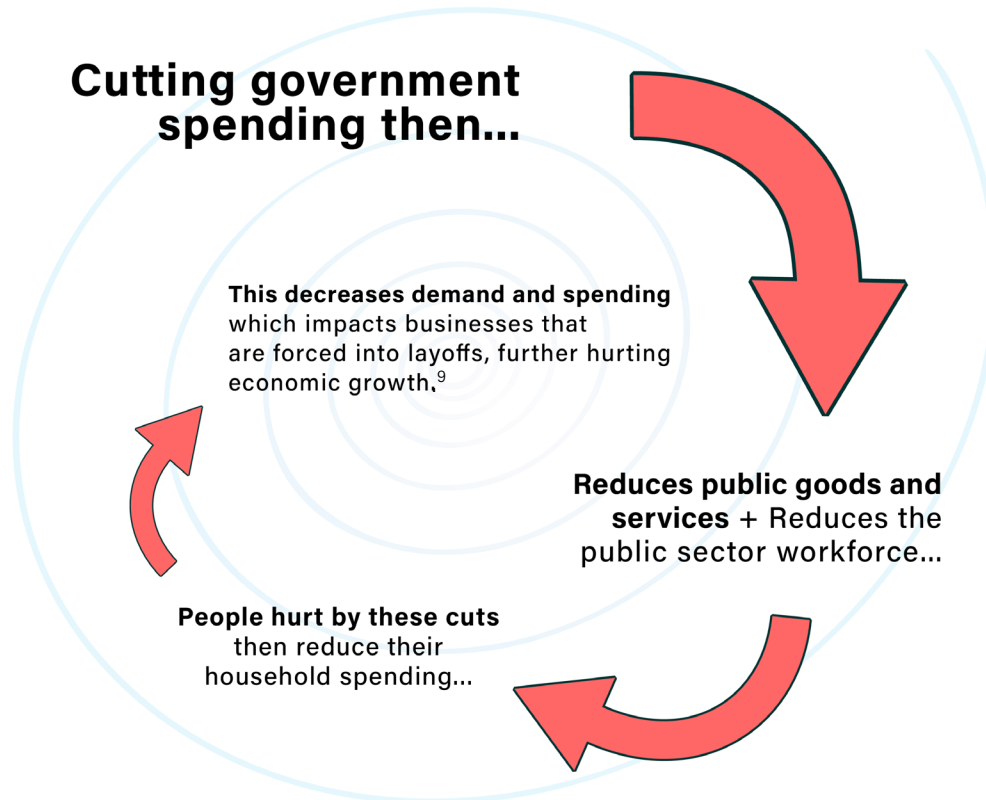
- **Black residents** were more than 2.5 times more likely to die from COVID-19 than whites in 2020, adjusting for age.<sup>5</sup>
- **Latino residents** were nearly 2 times more likely to die from COVID-19 than whites, adjusting for age.<sup>6</sup>
- **Black unemployment** has skyrocketed and people of color are facing enormous housing and food insecurity.<sup>7</sup>

**Acknowledgements** This brief draws heavily on the research featured in the March 2021 report "[Austerity Versus Reinvestment: A roadmap for a broad-based Connecticut economic recovery](#)" by Shahrzad Habibi, In the Public Interest, and Professor Jennifer Klein, Yale University.

# Austerity is often used as an excuse to cut vital public services for working people—and only slows economic growth in the process

Taking money out of the economy through austerity is not the solution to an economic downturn.<sup>8</sup>

**Why? Because austerity sets off a downward spiral.**



**The research is clear:**

## **Austerity prolongs recessions and weakens job growth**

After the Great Recession, states pushing austerity saw slower economic growth and worse outcomes than states that increased public investments.<sup>10</sup>



**States that imposed spending cuts saw more people put out of work, faster.**

- According to the Economic Policy Institute, austerity also delayed a recovery to pre-recession unemployment rates by over four years.<sup>11</sup>



**On the other hand, states that increased spending on public services and investments helped private employment stabilize during the recession.**

- Public investments also help people who have lost jobs, or had their hours cut, rejoin the economy more quickly.<sup>12</sup>

# A Recovery For All: Why Connecticut needs robust public investment

In order for Connecticut to advance an equitable Recovery For All, public investment must be increased, especially for services and programs that help the most vulnerable.

## Why robust public investment is the smart path to economic growth in Connecticut:



One dollar invested in preventive care can **save an estimated \$5.60** in future health spending.<sup>13</sup>



Public investments in green infrastructure can have a **benefit-to-cost ratio of over 2-to-1**.<sup>14</sup>



Every dollar invested in K-12 public education yields an **average of three dollars in future economic benefits**.<sup>15</sup>



Public investment also boosts private sector productivity, with an **estimated 30% rate of return**.<sup>16</sup>

## Policy Recommendations

Connecticut must rebuild and recover based on principles of equity and justice. Essential workers, working families, and communities of color can't afford to pay to close the budget gap.

**It's time for Connecticut to adopt an equitable state budget that lays the foundation for a real Recovery For All. This means:**

- Repairing our regressive tax structure by relieving the burden on working families and requiring the wealthy few to contribute more to the common good of all.
- Investing in all the programs and services our struggling communities need.
- Taking a major step toward eliminating the extreme racial and economic disparities that have divided us for decades.

# A Recovery For All: The Case for Robust Public Investment in Connecticut

## Contributors



**Recovery For All CT** is a statewide coalition of labor, community, and faith organizations representing more than half a million residents—Black, Brown, and white. We are united in a long-term mission to eliminate the extreme inequalities in this state and build a more just, democratic, and egalitarian Connecticut.

<https://www.recoveryforallct.com/>



**The Center for Popular Democracy** is a nonprofit organization that promotes equity, opportunity, and a dynamic democracy in partnership with innovative base-building organizations, organizing networks and alliances, and progressive unions across the country.

[www.populardemocracy.org](http://www.populardemocracy.org)



**The Hedge Clippers** are working to expose the mechanisms hedge funds and billionaires use to influence government and politics in order to expand their wealth, influence and power. We're exposing the collateral damage billionaire-driven politics inflicts on our communities, our climate, our economy and our democracy. We're calling out the politicians that do the dirty work billionaires demand, and we're calling on all Americans to stand up for a government and an economy that works for all of us, not just the wealthy and well-connected. <https://hedgeclippers.org/about>

## Acknowledgements

This brief draws heavily on the research featured in the March 2021 report "[Austerity Versus Reinvestment: A roadmap for a broad-based Connecticut economic recovery](#)," by Shahrzad Habibi, In the Public Interest, and Professor Jennifer Klein, Yale University.

# Endnotes

- 1 "Gini Index of Income Inequality," Population Reference Bureau, Accessed May 26, 2021, <https://www.prb.org/usdata/indicator/gini/table/>; US Department of Commerce, Bureau of Economic Analysis, "News Release," March 24, 2021, [https://www.bea.gov/sites/default/files/2021-03/spi0321\\_3.pdf](https://www.bea.gov/sites/default/files/2021-03/spi0321_3.pdf), 7.
- 2 "Austerity Versus Reinvestment: A roadmap for a broad-based Connecticut economic recovery," by Shahrzad Habibi at In the Public Interest, and Jennifer Klein, Professor of History, Yale University, March 2021, [https://www.ctstateemployees.org/system/files/ct\\_austerity\\_report\\_final.pdf](https://www.ctstateemployees.org/system/files/ct_austerity_report_final.pdf), 3.
- 3 David Cooper and Julia Wolfe, "Cuts to the state and local public sector will disproportionately harm women and Black workers," Economic Policy Institute, July 9, 2020, <https://www.epi.org/blog/cuts-to-the-state-and-local-public-sector-will-disproportionately-harm-women-and-black-workers/>; Jennifer Proto, "Racial and Ethnic Representation in the State Workforce and Management," Connecticut Office of Legislative Research, February 15, 2019, <https://www.cga.ct.gov/2019/rpt/pdf/2019-R-0028.pdf>, 4-5; "Tara Downes, Mohamad G. Alkadry, and Michelle Gilman, "The Connecticut State Workforce: An Analysis of Representation and Compensation Equity Across Gender and Race-Ethnicity," Governor's Council on Women and Girls, July 2019, <https://www.osc.ct.gov/reports/womenandgirls/GenderRacialEquityAnalysisObservations.pdf>, 8, 10.
- 4 "Austerity Versus Reinvestment: A roadmap for a broad-based Connecticut economic recovery," by Shahrzad Habibi at In the Public Interest, and Jennifer Klein, Professor of History, Yale University, March 2021, [https://www.ctstateemployees.org/system/files/ct\\_austerity\\_report\\_final.pdf](https://www.ctstateemployees.org/system/files/ct_austerity_report_final.pdf), 3.
- 5 Alex Putterman, "Racial disparities persist in Connecticut's COVID-19 outbreak, prompting concern about effects of potential second wave," Hartford Courant, July 13, 2020, <http://www.courant.com/coronavirus/hc-news-coronavirus-covid-racial-disparities-20200713-y722eyl3erekvn7qlwvl6a6akm-story.html>; Connecticut Open Data, "Connecticut Daily COVID-19 Daily Update for 05/26/21," May 2021, <https://data.ct.gov/stories/s/q5as-kyim>.
- 6 Alex Putterman, "Racial disparities persist in Connecticut's COVID-19 outbreak, prompting concern about effects of potential second wave," Hartford Courant, July 13, 2020, <http://www.courant.com/coronavirus/hc-news-coronavirus-covid-racial-disparities-20200713-y722eyl3erekvn7qlwvl6a6akm-story.html>; Connecticut Open Data, "Connecticut Daily COVID-19 Daily Update for 05/26/21," May 2021, <https://data.ct.gov/stories/s/q5as-kyim>.
- 7 "Tracking the COVID-19 Recession's Effects on Food, Housing, and Employment Hardships," Center on Budget and Policy Priorities, May 7, 2021, <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>; Patrick R. O'Brien, "The State of Working Connecticut," Connecticut Voices for Children, September 2020, <https://ctvoices.org/wp-content/uploads/2020/09/SOWC-2020-Report-Final.pdf>, 4-5.
- 8 Michael Madowitz, "What Have We Learned About Austerity Since the Great Recession?" Center for American Progress, May 30, 2014, [https://cdn.americanprogress.org/wp-content/uploads/2014/05/Austerity-FINAL.pdf?\\_ga=2.202595409.1553037.1622037400-1621122047.1622037400](https://cdn.americanprogress.org/wp-content/uploads/2014/05/Austerity-FINAL.pdf?_ga=2.202595409.1553037.1622037400-1621122047.1622037400), 2."
- 9 "Austerity Versus Reinvestment: A roadmap for a broad-based Connecticut economic recovery," by Shahrzad Habibi at In the Public Interest, and Jennifer Klein, Professor of History, Yale University, March 2021, [https://www.ctstateemployees.org/system/files/ct\\_austerity\\_report\\_final.pdf](https://www.ctstateemployees.org/system/files/ct_austerity_report_final.pdf), 7-8.
- 10 Adam S. Hersh, "Austerity Is Hammering State Economies," Center for American Progress, June 21, 2012, <https://www.americanprogress.org/issues/economy/reports/2012/06/21/11672/austerity-is-hammering-state-economies/>, 1.
- 11 Josh Bivens, "A prolonged depression is guaranteed without significant federal aid to state and local governments," Economic Policy Institute, May 19, 2020, <https://www.epi.org/blog/a-prolonged-depression-is-guaranteed-without-significant-federal-aid-to-state-and-local-governments/>.
- 12 Groundwork Collaborative, "Resisting Fear-Mongering Over The Deficit," May 2020, [https://groundworkcollaborative.org/wp-content/uploads/2020/05/GWC2031\\_Debt\\_Deficit-Toolkit.pdf](https://groundworkcollaborative.org/wp-content/uploads/2020/05/GWC2031_Debt_Deficit-Toolkit.pdf), 2.
- 13 American Public Health Association, "Funding public health protects our communities and kids, saves lives...and saves money," Accessed May 26, 2021, <https://apha.org/news-and-media/multimedia/infographics/funding-public-health-protects-our-lives-and-saves-money-text-version>.
- 14 Josh Bivens, "More extraordinary returns: Public investments outside of 'core' infrastructure," Economic Policy Institute, November 1, 2012, <https://www.epi.org/publication/bp348-public-investments-outside-core-infrastructure/>; Granade et al., "Unlocking Energy Efficiency in the U.S. Economy," McKinsey & Company, 2009, [https://www.mckinsey.com/~media/mckinsey/dotcom/client\\_service/epng/pdfs/unlocking%20energy%20efficiency/us\\_energy\\_efficiency\\_exc\\_summary.ashx](https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/epng/pdfs/unlocking%20energy%20efficiency/us_energy_efficiency_exc_summary.ashx).
- 15 Ben Ritz and Brendan McDermott, "Ending America's Public Investment Drought," Progressive Policy Institute, December 2018, [https://www.progressivepolicy.org/wp-content/uploads/2018/12/PPI\\_Public-Investment-Drought\\_2018.pdf](https://www.progressivepolicy.org/wp-content/uploads/2018/12/PPI_Public-Investment-Drought_2018.pdf), P-18; C. Kirabo Jackson, Rucker C. Johnson, and Claudia Persico, "The Effects of School Spending on educational and Economic Outcomes: Evidence from School Finance Reforms," The Quarterly Journal of Economics 131(1), February 2016, <https://academic.oup.com/qje/article/131/1/157/2461148>.
- 16 Josh Bivens, "Public investment: The next 'new thing' for powering economic growth," Economic Policy Institute, April 18, 2012, <https://www.epi.org/publication/bp338-public-investments/>.