Yankee Institute’s Destructive Policy Track Record

RECOVERY FOR ALL OR RECOVERY FOR THE FEW?
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CONNECTICUT’S TAX SYSTEM IS ALREADY HUGELY REGRESSIVE

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Connecticut’s working families are struggling with threats of eviction, hunger, high unemployment, and skyrocketing racial and economic inequality. The COVID-19 pandemic has resulted in an unprecedented economic crisis for the state’s most vulnerable communities, especially communities of color. Connecticut legislators are currently considering a set of progressive proposals that would repair the regressive tax structure, invest in local communities, and reduce the state’s extreme inequities.

These policies, while very popular with the public, are facing opposition from a vocal minority focused on protecting the interests of Connecticut’s corporations and the ultra wealthy. This vocal minority is advocating for a set of counter-proposals, designed to enrich the state’s most rich and powerful, at the expense of working families.

The Yankee Institute for Public Policy (YIPP) is a right-wing think tank in Hartford, Connecticut that is leading the charge on these regressive policies. YIPP is part of the conservative Koch brother-funded State Policy Network, which pushes policies that benefit the rich. Since 1984, YIPP has called for sizable tax cuts for the wealthy and corporations while proposing the state slash or privatize vital public services that working families depend on. This brief outlines the Yankee Institute’s most harmful policy recommendations while explaining what’s at stake for our communities if these policies are adopted.

The Yankee Institute wants to slash the taxes paid by the state’s wealthiest individuals and corporations, while cutting services for working people.

According to the Yankee Institute, “A top priority for policymakers should be elimination of personal-and corporate-income taxes.” YIPP has gone so far as to call taxing corporations a “death penalty for Connecticut’s economy.”

Across the board, the Yankee Institute has called to eliminate:

- **Corporate taxes**, including “combined reporting” which requires corporations to give a full accounting of their profits across state lines to prevent them from dodging their tax responsibilities.
- **The corporate tax surcharge**, which ensures corporations with over $100 million in gross income pay their fair share of taxes.
- **The estate and gift tax**, which in 2021 applies only to estates over $7.1 million.
One of the Yankee Institute’s favorite talking points is that the state’s wealthiest residents will leave Connecticut en masse if the current level of taxes is maintained or new ones are introduced. In the Yankee Institute’s words: “The poor may always be with us, but will the rich? Wealthy people can – and do – move from higher-tax states to lower-tax places.”

However, there is zero evidence that taxes on the wealthy prompt people to move. In fact, a 2014 Stanford study looking at states with “millionaire taxes” found no evidence the taxes led to departures of wealthy residents. But the stone-cold facts haven’t stopped YIPP from repeating the myth.

In 2020, a Yankee Institute article claimed that “Connecticut lost $1.1 billion in wealth to other states in 2018.” The same article went on to note that Connecticut also gained $1 billion in wealth from wealthy New Yorkers who moved to Connecticut, debunking their own argument in the process.

Connecticut’s tax system is already hugely regressive

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The Yankee Institute also backs a hugely regressive and unfair income tax rate:

- The Yankee Institute “proposes moving toward two effective brackets: a zero-percent bracket (no state income tax owed) for the first $25,000 in federally taxable income earned ($50,000 for couples), with a five percent income tax rate for all income above that level.”

In effect, the marginal income for a couple earning just $55,000 a year would be taxed at the same income tax rate as the state’s billionaires.
Whether in the wake of the Great Recession or amidst the COVID-19 economic crisis, the Yankee Institute consistently pushes for extreme austerity, calling for deep cuts to the programs and services that working families need to survive and prosper:

- Despite Connecticut facing record joblessness and families struggling to make ends meet during the COVID-19 pandemic, the Yankee Institute is staunchly opposed to the tax increases needed to rebuild a more equitable state economy and keep families afloat during this crisis, and beyond. In a recent Wall Street Journal op-ed, Yankee Institute President Carol Platt Liebau herself admitted that “state tax and fee revenues are projected to get back to pre-Covid levels no earlier than 2023.” Instead of supporting solutions that would raise revenue for local communities and reduce the state’s extreme inequities, they propose balancing the budget on the backs of retirees and working people by cutting pension benefits and state employees’ wages.

- The Yankee Institute also consistently argues for service cuts. In recent years YIPP has recommended millions of dollars in cuts to the Department of Housing ($3 million), UConn Health Center ($1 million), community colleges ($8 million), state universities ($4 million), and the Office of Early Childhood ($3 million).

- Well before the current economic crisis, YIPP had a long track record of calling for drastic cuts, austerity, and harmful policies. Connecticut’s economic recovery lagged behind the rest of the country, by key indicators, following the Great Recession. The austerity cuts advanced by the Yankee Institute, and adopted by the Connecticut government, have been shown to be the main culprit for the state’s slow recovery.

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As of November 2021, 183,000 adults (or 8%) reported that their household didn’t have enough to eat.  

Caregivers reported that children in their homes weren’t eating enough because they could not afford food.  

Nearly one-third of Connecticut’s residents are having difficulty covering their usual expenses as of March 2021.

At the height of the pandemic in 2020, a record number of people were out of work (19%). That number is persistently high with 6% of the state’s workforce still out of a job in November 2021. Black workers are especially hard hit.

Nearly one-third of Connecticut’s adults reported symptoms of depression and anxiety at points in the pandemic.
The Yankee Institute is one of the state's most vocal opponents of minimum wage increases, going so far as to call for a “suspension” of minimum wage increases during the pandemic:

- As the state saw record joblessness during the COVID-19 pandemic, the Yankee Institute floated a “one-year suspension of the minimum wage increase.” This was under the banner of supporting the state's business owners, but would have been disastrous for hundreds of thousands of the state’s lowest paid people, in a time of already deep economic precarity.
  - 465,000 people in Connecticut are affected by the phased increase in the minimum wage to $15 by 2023, according to the Economic Policy Institute. Women, Black, and Latinx working people are benefiting the most from these increases.
- In 2014, YIPP called to “cancel the minimum wage increases set for 2015-2017” and keep workers at poverty wages of $8.70/hour. In 2019, they advocated for the option of a minimum-wage cap for how high localities can raise the wage. YIPP even supports a policy that would allow young workers under the age of 21 to receive less than the state's minimum wage.
- YIPP has described Connecticut state minimum wage increases well-intentioned but deeply misguided and a “significant cause of unemployment,” despite no evidence to support that claim.
  - A landmark study in 2019 that reviewed minimum wage increases over the last 40 years found that there is no evidence of job loss. This was true for wage increases much higher than Connecticut and remained the case for workers without college degrees, young workers, and workers of color.

In addition to the minimum wage, the Yankee Institute is a staunch opponent of paid family leave and pay equity policies:

- As the COVID-19 economic crisis has underscored to a great degree, working people need time to care for loved ones in times of unforeseen health emergencies.
- YIPP has opposed paid family leave for over 1 million Connecticut working people. They instead advance: “free-market alternatives – suggesting that the best option would be for the state to allow individuals to establish state-tax-free accounts, enabling workers to save for their own emergencies themselves.”
- YIPP has also opposed pay equity legislation designed to protect workers because it was “repetitive, unnecessary and wasteful of lawmakers’ time.”
What else does the Yankee Institute stand for?

In addition to their current opposition to policies designed to rebuild the state economy and support working families, over the years YIPP has also proposed the following regressive policies which lower standards for working people and stymies economic prosperity and stability for all:

Limiting who can access health insurance while raising costs for people who are insured:

- The Yankee Institute asserts it’s a myth that “government should solve the ‘problem’ of people who lack healthcare insurance.” Rather, they would limit eligibility for Medicaid and “re-design state employee health insurance plans so that employees pay more.”

Privatizing critical social services:

- The Yankee Institute frequently calls on the state to privatize social services, including for services to Connecticut residents with disabilities.

- The Yankee Institute has gone so far as to argue “Connecticut’s cities and towns operate many facilities that do not provide essential services to the public, such as: [...] nursing homes.”

Disinvesting in public schools and early childhood education:

- The Yankee Institute discourages investment in public education. They argue that “funnelling more tax revenue to government schools does not improve student performance.”

- YIPP suggests “voluntary consolidation of the state’s least-efficient schools” can be an effective strategy but only if towns are given “flexibility to lay off and re-assign” public school employees. In other words, eliminating education access points in the face of disparity rather than investing in existing public school infrastructure.

- In the past, the Yankee Institute has called for school principals and administrators to be prohibited from unionizing while casting doubts on the benefits of early childhood education.

Cutting important environmental protection programs:

- YIPP has called on the state to “eliminate the Council on Environmental Quality,” which is tasked with improving the state’s environmental programs, investigating citizens’ reports of violations of environmental laws, and ensuring construction projects factor in environmental impacts.

- In 2021, they called the state’s new Transportation Climate Initiative “highly regrettable” and frequently oppose spending on climate-related initiatives.
THE YANKEE INSTITUTE IS VIRULENTLY ANTI-UNION, CONSISTENTLY OPPOSING PEOPLES’ RIGHT TO JOIN A UNION

• In the words of Yankee Institute President Carol Platt Liebau: “Everything, really, in our state that’s wrong comes back to the dominance of these government unions.”

  • Workers in our government are ending up as scapegoats; YIPP goes so far as to call them the “state’s real privileged class,” rather than the state’s millionaires and billionaires. In reality, government workers make up one of the state’s most diverse workforces, with some CT state agencies employing over 70% women and over 50% people of color.

• Although this is not widely known in the state, the Yankee Institute runs an anti-union front group called “CT Workers.” According to a Center for Media and Democracy investigation:

  • “CT Workers is operated by Yankee Institute for Public Policy, a Connecticut ‘think tank.’ CT Workers claims to be ‘a community for Connecticut public employees interested in talking about workplace rights,’ but the people seem to be missing. Instead, the site provides government union members in Connecticut with a form they can fill out so that they can receive ‘help’ in not paying union dues. The website does not disclose that it is run by the Yankee Institute.”

• YIPP advocates eliminating the use of Project Labor Agreements and the prevailing wage on both state projects and state-funded local projects. These agreements are designed to ensure high quality union jobs and fair wages for the people contributing to state projects.

• In an anti-union bid, YIPP brought a suit against Governor Malloy’s Executive Order No. 10, which helped set the stage for a union election for home care workers providing services.

• YIPP has called to eliminate a union’s ability to use binding arbitration in municipal negotiations and decrease the number of topics unions can bargain around.

• Yankee Action (the group’s political arm) has also paid for anti-union radio ads to be broadcast.
A Real Recovery For All

Two years into the global pandemic, residents across Connecticut are continuing to suffer from the biggest crisis we have ever faced in our lifetimes.

This crisis has exposed and exacerbated our state’s extreme racial, economic, and gender disparities. Since the start of the pandemic, Connecticut’s twelve billionaires have seized $15.5B in additional wealth—on average, that’s more than $1 billion each. At the same time, hundreds of thousands of working people, especially workers of color and women workers, are struggling to survive and make ends meet in the face of low wages, housing insecurity, hunger, and lack of access to basic needs.

In this moment of historic crisis, following the Yankee Institute’s vision of protecting billionaires, busting unions, and cutting services would spell disaster for the vast majority of working people across Connecticut.

Rather than perpetuating the failed austerity policies which have fueled rising inequalities over the last few decades, Connecticut must adopt state budgets that will reduce and eliminate those inequalities. This means:

- **Making dramatic public investments** in education, health care, child care, housing, and social services—all the resources our communities need to flourish.

- **Providing targeted relief** that will raise living standards for working people, in particular the workers of color and women workers who have sacrificed disproportionately during the pandemic.

- **Repairing our deeply regressive tax structure** by requiring the wealthiest residents and corporations to contribute more of what they owe to the future of our communities.

We want a state where all residents have the chance to live healthy, fulfilling, dignified lives—no matter where they live, what they look like, or how much money they make. It’s time for Connecticut to adopt state budgets that will address our unprecedented crisis of human need and lay the foundation for a real Recovery For All.
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

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

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