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HOUSE OF REPRESENTATIVES
HARTFORD, CONNECTICUT 06106-1591

Testimony of House Majority Leader Denise Merrill

In support of HB 5435, An Act Concerning the Recommendations of the Majority Leaders' Job Growth Roundtable

Thank you Chairman Berger, Chairman LeBeau and members of the Commerce Committee. I am here today to testify in support of HB 5435, AAC Recommendations of the Majority Leaders' Job Growth Roundtable.

Here at the legislature, we have struggled over the last year with massive budget shortfalls. But make no mistake about it Connecticut's budget woes are the symptom of the real problem---job loss.

Connecticut has lost 94,000 jobs since this recession began.

As you know, I and Senate Majority Leader Martin Looney jointly convened a group this fall which we called the Majority Leaders' Job Growth Roundtable. Members of the Senate and the House were included in the Roundtable, and it also included leaders in the business community, labor, educators, entrepreneurs and venture capitalists. Attached to my written testimony is a copy of the report.

The mission of this roundtable was to evaluate strategies to facilitate job growth and strengthen our economy. This is a time when the state has no resources to spare. But, I would also say that this is not a time to be passive, sit back and do nothing. The consequences of that are far worse.

So, we --- the state's elected leadership --- need to be strategic to be effective with limited resources. We need to be confident that our policies will be effective. And, so, the Roundtable asked: "What does Connecticut want to be?" And the answer is: we want Connecticut to be a center of innovation and entrepreneurship -- a place where Yankee ingenuity can flourish.

This is a major departure from the very traditional --"old school" -- model for economic development, which our state and many others still use. By that I mean the strategy of landing "one big deal" at a time. Our economy is in the worst recession since the Great Depression. There are quite frankly very few of these "one big deals" to be had right now -- big corporations that are household names -- like General Motors -- are fighting for survival. And Connecticut --- despite all the wonderful things our state offers -- has not been nearly aggressive enough.

In these times, with scarce resources, the best action our state can take is to make it possible for talented people, and great ideas to take root. This new strategy of “innovation economics” can transform Connecticut into a center of innovation that can be a magnet for entrepreneurs across the region. There are many people already in our state that want to launch new businesses and within an hour’s drive there are is one of the largest concentrations of entrepreneurs who operate outside of the Silicon Valley.

The Job Growth Roundtable’s recommendations that are reflected in bill HB 5435 include:

- Investing in all stages of business growth
- Exporting assistance
- Innovation in Government
- Realignment of tax credits
- Support for industry clusters

Investing at all stages of business growth:

Today, one of the greatest challenges to our businesses is the lack of risk investment capital. It’s a need that is “across the board” at all stages of business development...

HB 5435 creates a series of funds that will grow private sector investors by leveraging state resources. Pre-seed, early stage and later stage funding are all outlines in this support. It’s important to note that funding and matching funds at these different stages are linked because it’s the most effective system design. If we do not support all stages of businesses development, those entrepreneurs will face a dead-end --- or a “cliff”— that undermines their success. If we, for instance, only support businesses at the early stage and not at later stages then that business, which is when jobs are created, then that business may find that support in another state in leave, which means Connecticut will have no return on its investment.

HB 5435 creates an Angel Investor Tax Credits program. Currently, Connecticut has a small number of angel investors. The bill proposes tax credit equal to 25% of their investment up to \$125,000. This will make investor dollars go further and attract other investors from the greater region to Connecticut deals.

Funding for these items will come from the redirection of the Insurance Reinvestment Fund tax credits, which are valued at \$200 million. There are also parameters as to what kind of investment will qualify.

For instance:

- it must be a Connecticut business,
- owned primarily by the management of the business and their families,
- have operating in the state less than ten consecutive years,
- has annual gross revenues less than \$5 million, and
- received less than \$4 million in cash investment eligible for these tax credits

The value of the credits will be capped at \$6 million in the first two years, capped at \$3 million in the following years, and sunset on July 1, 2020.

Supporting Industry Clusters:

As supported in the PRI committee's recent report, The State's Economic Competitiveness in Certain Areas, the industry cluster model has shown to be effective. Unfortunately in recent years, support for these clusters has decreased significantly. We need to reinvigorate the industry clusters and evaluate any new cluster designations that should be added, like green jobs or health care.

HB 5435 includes the need to support clusters with the appropriate amount of support. One of the often heard criticisms of the DECD is that they are not proactive. Industry clusters are the antidote. Perhaps the most important thing about clusters is that they are an effective way for the state to give ongoing support to existing businesses.

This bill is part of a series of proposals related to the Roundtable's recommendations, so it's important that I also mention how important it is for communication and cooperation to make the industry clusters succeed. There is another bill that would reinstate the Competitiveness Council. Unfortunately, like the clusters, the commitment to the Competitiveness Council diminished in recent years and Governor dissolved it last February. It should be reinstated so that we can all come together and work as a team to support industry in our state.

Exporting Assistance:

With the downturn in the economy many businesses are looking to find new markets elsewhere for their products. And, in fact, surveys show that there has been a rapid increase in the number of companies that have begun exporting since the economy went sour. They also show that businesses that haven't begun to export have a strong interest in doing so, but they lack information about how to where to start. Sadly, few of them know that the state can assist them.

We have to help these businesses begin exporting --- we must keep these jobs. Right now, at the DECD there is only one person who does exporting assistance, and it's not even a full time job. That's not acceptable.

The bill requires the assignment of adequate staff to provide technical assistance to businesses in the state in exporting, manufacturing and cluster-based initiatives and to provide guidance and advice on regulatory matters.

Realignment of Tax Credits

The Roundtable recommends the realignment of selected tax credits – at no new net cost – to provide incentives to job growth that are in line with the priorities that the Roundtable has set. For instance, as I mentioned earlier, the Insurance Reinvestment Fund tax credit will be

redirected to support pre-seed, early stage and later stage companies and will help to leverage private investment funding.

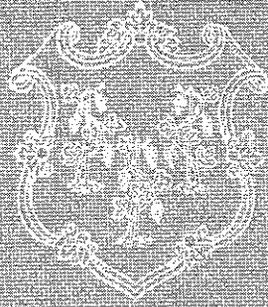
Also included in HB 5435 is a job growth tax credit. The criteria for this tax credit are:

- The employee hired must be a Connecticut resident
- The job they are hired for must pay at least 80% of the median income and include health insurance.
- And the company must sufficiently demonstrate that it has added jobs.
- The value of the tax credit is 15% of the new employee's wages, capped at \$4,000 for 3 years.

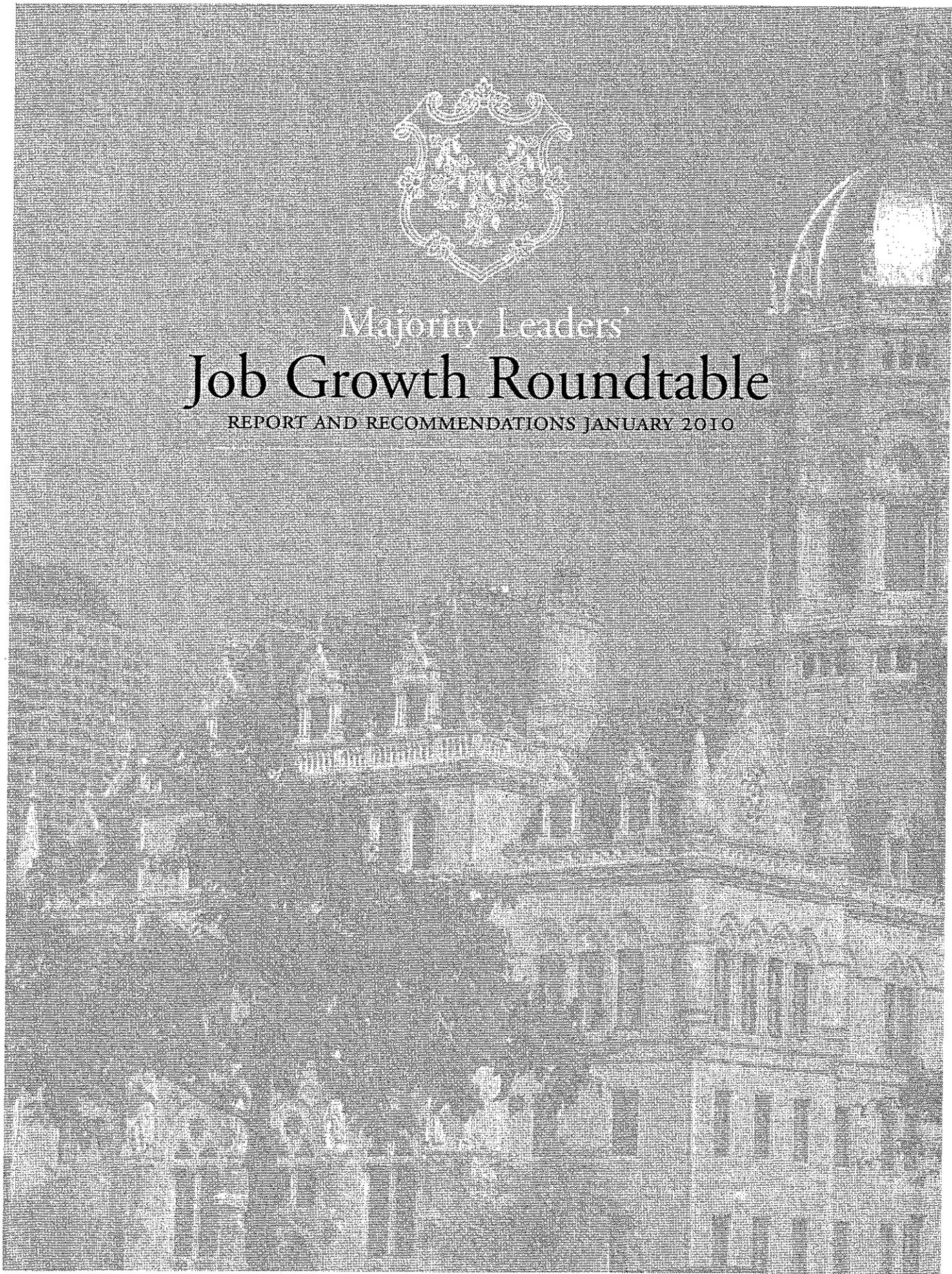
To manage the cost of this new credit to the state, we recommend that the total value of the credit be capped, that it sunset in 2013, and that the legislature eliminate some of the other existing tax credits that are more specialized or underutilized.

Paperwork Reduction:

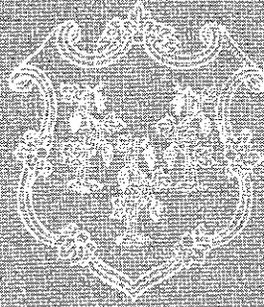
The way that businesses interface with the state has a lot to do with how they perceive the state: as an ally or an adversary. If the state routinely asks for duplicative information, fails to use modern systems like web based processes and isn't able to give clear expectations about when approval (or denial) will occur then we fuel the perception that Connecticut is not business friendly. HB 5435 establishes a paperwork reduction commission that will streamline and modernize the state's information system.



Majority Leaders'
Job Growth Roundtable
REPORT AND RECOMMENDATIONS JANUARY 2010







Majority Leaders' Job Growth Roundtable

REPORT AND RECOMMENDATIONS JANUARY 2010

Special thanks to all of the members of the Majority Leaders' Job Growth Roundtable for their hard work on behalf of the citizens of Connecticut.

MEMBERS:

Representative Denise Merrill, *House Majority Leader*
Senator Martin Looney, *Senate Majority Leader*

Senator Gary LeBeau
Representative Chris Perone
Representative Brendan Sharkey
Representative Jeffrey Berger
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Richard Cole, *CT Academy for Education in Mathematics, Science & Technology*
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Table of Contents

Introduction	3
Innovation and Entrepreneurship	4
Infrastructure	7
Education	9
Recommendations for Sustained Excellence for Policy Research & Implementation	11

AGENDA FOR JOB CREATION AND PROSPERITY

Reaching for the future, not retreating to the past

Connecticut is a state whose future can be as successful as its past. With our talented citizens, and a world class quality of life we still have tremendous promise to look forward to.

As one of the most productive and technologically advanced economies in the world, it is no surprise that when growth slows and global markets are in decline, Connecticut feels it much worse than most.

It is important to think both systematically and strategically about the best ways to compete for high quality jobs, create more of them, and to understand the complex factors that will make Connecticut competitive. And so, the Majority Leaders of the General Assembly decided last fall to look beyond current economic conditions and create a plan.

The Majority Leaders reached out to a cross section of legislators, academics, economists, labor and business leaders, and venture capitalists. The aim of this diverse group was to create a "Roundtable" to engage in a dialogue between all sectors and parts of the Connecticut economy about best practices, common experiences and real world based solutions that work and are affordable in the current budget climate.

The members of the Roundtable agreed on a few basic elements of a strategy:

- 1) Promote innovation and entrepreneurship
- 2) Educate, attract and retain young workers
- 3) Put people to work immediately in green jobs.

They also emphasized that such immediate steps must be placed in the context of a long-range plan of common purpose, with a commitment to a positive direction for economic growth and an approach that reduces uncertainty for the creators of jobs.

The agenda, created by the Roundtable, establishes a framework for actions that can be taken during the 2010 legislative session to facilitate both short and long term job growth in Connecticut.

The Vision and the Plan¹

We believe that all of Connecticut's residents would readily subscribe to the vision for the future of Connecticut outlined in Governor Rell's Economic Strategic Plan: "Connecticut will have a vibrant, diversified and resilient economy that provides the highest possible quality of life and access to opportunity for all."² Others would refer to this overall vision as attaining *prosperity* for the state and its residents.³ It echoes the call for "security and prosperity for all" envisioned by FDR as the nation prepared for peace after World War II.⁴

In the Information Age, David Osborne and Peter Hutchinson say, the keys to economic success in every state are "*education* levels, *quality of life*, and connectivity (the need to reliably move information, goods, and people)."⁵ The Brookings Institution refers to the last factor as *infrastructure*, and to Osborne's list of needed assets, adds *innovation*.⁶

Accordingly, the Majority Leaders' Job Growth Roundtable recommends the following plan to jump-start job creation in Connecticut while also laying a foundation for long-term prosperity. The priority initiatives are grouped under the major headings of:

- 1) Innovation and Entrepreneurship
- 2) Infrastructure
- 3) Education

The members of the Majority Leaders' Roundtable believe that the adoption of the initiatives recommended in their agenda is the surest path toward providing a positive climate for economic development, creating quality jobs that can be sustained in a competitive world and ensuring that there will be skilled workers available to fill those jobs. We also believe that this agenda can be the foundation for a non-partisan, collaborative approach for attaining the security and prosperity that all of Connecticut's residents seek to achieve.

In addition to these priorities for new initiatives, work should continue on other programs that have already been adopted by the General Assembly, including but not limited to, supporting the development of additional, affordable housing units near to transit and established population centers, fully funding PILOT for manufacturing machinery and equipment, and promoting policy coordination among state agencies.

The best action the state can take to assure future prosperity is to make it possible for talented people and great ideas to take root and flourish, fed by an availability of funding and support. We must start by leveraging the power of government to make it easier for private risk capital to invest in the talented, ambitious people who live here.

We believe that a new emphasis in Connecticut on "innovation economics"⁷ can transform Connecticut into a center of innovation that can be a magnet and model for entrepreneurs across the region. There are many people already in our state that want to launch new businesses, and within an hour's drive there are a huge percentage of all entrepreneurs who operate outside of the Silicon Valley tech concentration. We know that historically, firms less than five years old accounted for all net job growth in the United States from 1980 to 2005.⁸

Moreover, as national business consultants have said, "Governments, which are often viewed as most effective when they stay out of the business sector's way, actually play an important role in nurturing and protecting one of their most important engines of growth: entrepreneurs. Effective public policy stokes economic growth."⁹

The Roundtable makes recommendations to support a continuum of efforts to improve and develop our capacity to be a stronger center of innovation-based job growth. Each piece supports and enables the next piece to be more powerful and to attract more ideas, private investment and talent:

- A) Investing at all stages of business growth
- B) Supporting industry clusters
- C) Exporting assistance
- D) Innovation in government
- E) Realignment of tax credits

A. Investing At All Stages of Business Growth

Today, one of the greatest challenges to our businesses (nationally) is the lack of risk investment capital.

In this section we discuss ways in which we will position Connecticut as a place of innovation, and a magnet for entrepreneurs. Inherent is the need for capital at *all stages* of the business development process. The underlying assumption of many of these items is that the state's role is *not* to "pick a winner" in the marketplace by creating policy that is too narrow in focus, but rather to support and grow private sector investors by leveraging some state resources.

Innovation proposals ranked high among the Roundtable members. Roundtable members emphasize that the various proposals for financing are linked, in that they support industry at different phases of evolution. And, items such as angel investor tax credits and industry cluster support mechanisms help to sustain an environment of innovation.

Roundtable members recommend providing both financial and operational support for innovation at all "stages of investment" in the entrepreneurial process. Some participants refer to this concept as "investment in an innovation eco-system" or a "technology-based innovation continuum."

Regardless of the terminology used, the state should:

- 1) **Provide pre-seed funding.** Using bonding, create an annual fund in the range of \$12 million to support pre-seed/proof of concepts. Administration of this program should be separate from seed and early-stage funding sources, and administered in coordination with appropriate cluster support, which could also provide support services (technical/incubator/mentoring) to high-potential entrepreneurs with ideas in the initial stage of development.¹⁰ A full innovation support concept utilizing the enhancement of the former Innovation Pipeline Accelerator should also be created.
- 2) Create an **Angel Investor Tax Credit** program, modeled on successful programs in other states, to support start-up companies.¹¹ The value of the tax credit program would be in the range of \$7 million to \$10 million. This incentive would leverage private investments by building new angel investment networks in Connecticut, and have a major impact on the "flow of deals". The process to register as angel investors should be simple, and the eligibility to qualify should be clear.
- 3) **Create a seed/start-up co-investment fund** (sometimes referred to as "side car" funding) to leverage angel investor money.¹² The state or its agents would be a passive investor and rely heavily on approved angel investment groups.
- 4) Develop a mechanism to provide **Early to Later Stage Funding**¹³ to support growing companies that now often leave Connecticut in search of funding support, just as they are about to produce jobs and profits. Create a fund of \$150 million, using \$75 million of state pension funds. Matching funds will come from qualified private equity fund manager.

B. Supporting Industry Clusters

The old-school approach to economic development is to "land one big deal at a time". With the global economy this approach is no longer effective. A comparable amount of resources can be used more effectively by supporting the clusters of industry that are already here in Connecticut.

The recent Program Review and Investigations Committee (PRI) report, *The State's Economic Competitiveness in Certain Areas (12/09)*, demonstrated that the state's industry clusters have been a good economic development strategy. However, dwindling support from the state has decreased their effectiveness. We must make the reinvention of the clusters a major priority, and reevaluate the current cluster definitions to either identify new clusters or amend current definitions. To maximize a cluster's potential it is critical that there be inter-agency cooperation and coordination.

- 1) Renew support of industry clusters with appropriate funding and evaluate whether current clusters are still appropriate, and/or if additional clusters should be developed, such as health care, green jobs, or creative industry.
- 2) Invest in a Regional Innovation Cluster Hub and Connector, using state and leveraged federal dollars to build an environment of innovation and entrepreneurship in conjunction with the administration of the pre-seed fund.¹⁴

C. Exporting Assistance

With the downturn in the economy many businesses are looking to find new markets abroad for their products. Surveys show that there has been a rapid increase in the number of companies who have begun exporting since the economy turned sour. They also show that there is very strong interest in companies that wish to begin exporting, but that they lack any information about how or where to start. They also need to know that the state provides this assistance.

- 1) Connecticut needs to expand and improve its support for international opportunities to increase business growth, using both state and federal offices.¹⁵

D. Innovation in Government

Making government more efficient and responsive to the needs of business will demonstrate in very concrete ways that we are committed to the health of the existing businesses in our state.

This section suggests actions that are transformative for the state's economic development efforts. Our goal needs to be a more seamless, easily accessed government process.

The Roundtable recommends:

- 1) Maximize web-based government services. Improvements in electronic information flow that facilitate business growth such as license renewal and permitting will have first priority.¹⁶
- 2) Provide incentives for regionalization of municipal services.
- 3) Promote the launch of a business institute that will promote and foster an ethos of information sharing. This could be a private entity with stakeholders convened by legislative leaders and the governor.
- 4) Launch a strong initiative to reduce unnecessary paperwork and redundant data collection by the state.

E. Realign Tax Credits:

The Roundtable recommends realigning selected tax credits (at no new net cost) to provide incentives to job growth in line with priority economic development for the new economy.

- 1) Redirect the existing Insurance Reinvestment Fund tax credits (currently \$200 million) for funds that will invest in emerging technologies, clean technologies and energy innovation.
- 2) Implement a new, more general tax credit system that promotes *quality* job growth to take effect in 2010 and end in 2013. Criteria for eligible jobs includes: employee must be a Connecticut resident, pay must be at least 80% of median income, and include health insurance.¹⁷ Examine recommendations included in the PRI Report, *The State's Economic Competitiveness in Selected Areas* regarding tax credits.

No Cost/Low Cost actions that might also be considered

Innovation and Entrepreneurship
Create marketing slogan emphasizing Connecticut as a place for innovation. This shall be used at the top of all agency websites, and on marketing collateral. (PRI recommendation)
Include a Connecticut angel investor on Board of CII and SBIR advisory board. (PRI recommendation)
Instruct CI to take more risk with assistance in funding (general obligation bonds or loan guarantees) or consider privatizing.
Design youth specific programs for entrepreneurs such as a Connecticut Youth Innovators award in which Connecticut youth will pitch their business ideas in a competition judged by Angel Investors, and others with professional background in entrepreneurship and/or business, including the investment staff of CI.
Supporting Industry Clusters
Reinstate the Competitiveness Council to monitor cross-agency cooperation for industry clusters.
Reorganize agency staff as needed to give proactive and one stop service for information needed by clusters.
Exporting Assistance
Work with Congressional delegation & Senators to advocate for full staffing at US Commerce Export Assistance Center in Connecticut. Launch a joint effort with the center to promote export assistance to Connecticut businesses.
Upgrade the Department of Economic and Community Development (DECD) website to give more prominence to exporting, visual design improvements, practical, highlight positive results. (PRI recommendation)

More Information about recommended actions and other possible actions

Innovation & Entrepreneurship
Provide target funding for innovative businesses through general obligation bonding, or loan guarantees for private lenders.
Consider creation of dedicated funding/incentive programs specifically for small/micro business
Invest in matching resources to successful SBIR recipients and the Connecticut Innovation Challenge Grant program which would focus on investments on the state's core competencies.
Tech Transfer at Connecticut's Predominantly Undergraduate Institutions (PUIs): While Yale and University of Connecticut have tech transfer offices and operations, Connecticut's other schools do not and therefore we are missing the opportunity to identify ideas at these schools (state and private) and also the chance to connect work at these schools with major research efforts at Yale, UConn or appropriate New York and Massachusetts schools. This stunts our ability to grow our pipeline.
Microloans: create microloans targeted to urban settings. Recipients should have some sort of training (perhaps the Small Business Administration (SBA). Design terms of repayment.
Consider whether the state should promote the use of research and development tax credits, such as selling credits back to state, or make them transferable as a strategy to free up business capital.

2 INFRASTRUCTURE

Traffic congestion and the high cost of energy are some of the largest obstacles to business growth in Connecticut. With available federal stimulus dollars and the public's focus on "green jobs" now is the time to put these projects at the forefront. Establishing such a priority would confront head-on what discourages businesses from locating or staying in Connecticut.

Investment in infrastructure provides both short-term economic stimulus and long-term competitive advantage. Infrastructure projects create a large number of jobs that generally pay well. They provide public benefits long after they are completed. If properly conceived and executed, they can benefit the environment and reduce energy usage and cost.

The Roundtable recommends maximizing job creation through state bonding. At this moment we can take advantage of historically low interest rates and lower construction costs which will make our dollars go further.

It is also worth mentioning that, investing in a strong energy infrastructure will also positively impact job creation and make the electric supply system stronger and more reliable, allowing access to multiple generation sources. Rather than delve into policy regarding rate structure, the group focused on energy efficiency, which is the quickest way to drive down energy costs. One recent study demonstrated that for every \$1 we invest in energy efficiency we put \$6 to \$8 back in the Gross State Product.¹⁸ That being said, the group does recognize the need to address energy costs as fundamental to the future economic health of the state, but that task was beyond its scope of expertise.

The three areas that the Roundtable suggests focus on are:

- A) Transportation
- B) Water
- C) Energy

A. Transportation

- 1) Invest capital funds in double-tracking the New Haven to Springfield rail line, and advocate for one-seat high speed rail service between the Hartford area and New York City and beyond – leveraging Connecticut's proximity to New York City's financial mega center by encouraging support service companies and workers to locate here.

- 2) Invest capital funds in multi-modal transit systems in the state's metropolitan areas, to facilitate access between housing and jobs and decrease vehicle miles traveled. Transit reduces costs to workers and companies, and has the positive side benefits of using less energy and reducing the production of carbon and greenhouse gases.

B. Water

- 1) Rebuild and enhance wastewater treatment facilities using Clean Water Fund and federal stimulus dollars. This is a highly productive way to create jobs, and has positive benefits for the environment. It is estimated that between 10 and 100 direct and indirect jobs are created for every \$1 million spent. The current level of Clean Water Fund allocations will create a minimum of 2,600 jobs. Improved water quality will grow local businesses access to sustainable fisheries and open prime state shellfish beds, and promote healthy tourism by maintaining open beaches. The Clean Water Fund can be made more flexible.
- 2) Encourage investment in green infrastructure as a water management strategy.

A. Energy

- 1) Provide incentives (using the Clean Energy Fund and other sources) to enhance energy efficiency in the initial construction and the rehabilitation of homes and businesses, and to promote distributed generation facilities that use "green" resources, including but not limited to fuel cell, solar, hydro, geothermal and wind. One of the most cost-effective ways to lower energy costs is to reduce the demand for fossil fuels. Using energy more efficiently also has a beneficial impact on the environment.¹⁹
- 2) Provide incentives for the manufacturing of green energy products.
- 3) Create competitive grant program for schools to make energy efficiency improvements and allow for energy efficiency upgrades of schools to be funded by school construction bonding.
- 4) Allow for municipalities to site renewable generation on their buildings that are owned/installed by private entities. And, design policy that would allow those municipalities to capture energy cost savings in return for doing so.

- 5) Create and support financing mechanisms for residential users to make efficiency improvements. Allowing for municipalities to do "green bonding". This concept, according to the Clean Energy Fund, will enhance potential for federal approval as they award dollars to green projects. This would allow homeowners to borrow for efficiency projects and pay back via property tax payment. Obligation for repayment transfers to a new owner. Some have suggested the payback of borrowing could be via utility bills, allowing the consumer to capture some of the energy costs, and also payback the loan via the utility bill.
- 4) To promote more efficient use of existing infrastructure, incent functional collaboration among municipalities.

No Cost/Low Cost actions that might also be considered

Infrastructure
Update rebate programs in electric and natural gas conservation and load management plan to include new technologies that are eligible for rebates.

More Information about recommended actions and other possible actions

Infrastructure
Invest in research facilities of University of Connecticut Health Center
<p>Sustainable forestry practices are projected to create over 300 jobs and add revenues of over \$1 million to state revenues within the first two years.</p> <ul style="list-style-type: none"> • Increase sustainable harvests in state forests from 3 million board feet to 9-10 million board feet per year level through: <ol style="list-style-type: none"> 1. An increase of 6 forest technicians and 2 foresters within Department of Environmental Protection Forestry (phased in over 2 years); or 2. Enabling Departmental of Environmental Protection Forestry to contract with private certified foresters to enhance state forest management planning and implementation.
Ensure that Connecticut utility companies are buying back the electricity produced and allow for renewable energy credits to be bought and sold.

3 EDUCATION

The policy directions that we take to build new markets and grow jobs will all be for naught if we aren't able to also provide the human talent for those jobs. To build high tech industries in our state, we need a workforce strong in math and science, therefore now is the time to put greater emphasis on the STEM curricula and to commit ourselves for the long term to see its success.

The Roundtable spent a considerable amount of time exploring how the community colleges intersect with secondary schools and the community, ways to decrease the need for remedial instruction of incoming students, and how to adapt curricula to keep pace with business's needs.

Of course the first priority is to get people back to work as soon as possible, but we also need to support our residents with access to education that can help them to start an alternative career.

To build innovative and entrepreneurial businesses, we need a workforce with the skills and knowledge in areas that are necessary for a competitive edge in the global marketplace. We must grow talent through a 21st century skills-based education system²⁰ that includes:

- 1) Enhanced early-childhood education (ready by 5, fine by 9).
- 2) Emphasis on science, technology, engineering, and mathematics (STEM) education, to include a continuum of learning expectations and student proficiencies from early-childhood through post secondary education.
- 3) STEM course-taking and graduation requirements need to be rigorous, yet flexible.
- 4) Every Connecticut high school student upon graduation should be thoroughly prepared, without need for remediation, to enter 21st century technical certification and/or apprentice programs, two- or four-year higher educational institutions, or immediate work opportunities dependent upon the student's interests, strengths and curiosity.

We also suggest:

- As Connecticut promotes a market for green jobs and incents energy efficiency programs, we will need to develop a workforce to implement these new demands as well. Therefore, issues related to professional trade licenses will need to be examined, as well as green content of school curricula.
- Consider creating a program modeled on Michigan's No Worker Left Behind legislation, which gives free tuition to community colleges for unemployed workers pursuing high demand occupations. Michigan has used federal stimulus money to fund this program.
- Maximize the federal funds available through the ARRA TANF Emergency Contingency Fund, which is only available until fall 2010 and can be used for subsidized employment and job training.

No Cost/Low Cost actions that might also be considered

Workforce Development
<p>Build relationships between higher education and business: Create policy to further relationships between higher education institutions and businesses. Community colleges need close relationships with local businesses to be able to understand their workforce needs. Four year institutions need to understand the state economic needs so that the state can maintain a well educated workforce and keep young graduates in state.</p>
<p>Integrate green curricula: Educational institutions should look for opportunities to integrate "green curriculum" into coursework, training centers' programs, certification programs, etc.</p>
<p>Target and provide appropriate training to already licensed plumbers, heating professionals or other appropriate skilled trades to earn appropriate licenses for solar installation, or other green products. Evaluate how to integrate green instruction into continuing education for licenses. Reconsider HB 09-5162.</p>

More information about recommended actions and other possible actions

<p>Workforce Development</p>
<p>No Worker Left Behind: Jobs in knowledge based industries require significant postsecondary training or bachelor's degree:</p> <ul style="list-style-type: none"> • Up to 2 yrs of free tuition at any state community college, university or other approved training program • A skills assessment administered by workforce development boards (in Michigan: "works agencies") • Must pursue a degree or occupational certificate in a high demand occupation or emerging industry or in an entrepreneurship program. Bachelor degrees are allowed if educational program meets all other core criteria (2 yrs or less needed, will lead to job in high demand, etc.) • Free tuition program is a one time offer and has a 2 year limit to sign up for the program (MI program began 8.1.07) • Tuition includes instructional costs, books, materials, fee, and academic supportive services • Tuition assistance is capped at \$5,000/yr for 2 years, or a total of \$10,000 per person • Workforce development boards will help participant identify high demand jobs in their region • Once enrolled, participants need to complete training within four years of starting • Education and training providers must be licensed/ accredited • Eligibility: person unemployed or received notice of termination/layoff; employed but family income equal/ below 40,000; at least 18 years old, must not have graduated from high school in last 2 yrs and must not be full-time college student (applies to 18-23 years old)
<p>Workforce Retraining: Enrich talent by retraining and retooling the existing workforce: 1) sector-based workforce development programs, 2) integrate adult literacy programs into the talent pipeline, 3) sector-based education and training pathways</p>
<p>Consider ways to maintain Workforce Investment Board's On-the-Job-Training program for employers hiring unemployed individuals. The OJT program offers a wage reimbursement percentage currently granted by the federal stimulus funds provided a dramatic increase in funding to match the increase in demand but as of 7/1/10 the program will return to prior funding levels. We need to work with Congressional delegation to advocate for funding. State should evaluate how it can assist in stabilizing this program.</p>

<p>Implement talent based strategy for economic growth that takes advantage of core competencies that CT has already developed: 1) advanced systems and product development, 2) advanced information systems, 3) biomedical engineering interface, 4) translational medicine</p>
<p>Evaluate proposals generated by PRI report of 12/09: Alignment of Postsecondary Education and Employment. Prioritize those recommendations that 1) decrease (or manage) the need for community colleges to provide remedial education, 2) promote cooperation or coordination between agencies or schools, 3) are responsive to emerging industry needs and create career ladders where needed in new fields, and 4) maximize resources.</p>
<p>Use ARRA TANF Emergency Contingency Fund money to provide subsidized employment for TANF-eligible families. Under ARRA, the federal government will provide a 4:1 match for any increased spending on subsidized employment programs for TANF-eligible families. This increased spending may come from the state itself or from municipalities, non-profits, or private sector employers. The TANF Emergency Contingency Fund is only available until September 2010, though Congress may extend that deadline.</p>

4 RECOMMENDATIONS FOR SUSTAINED EXCELLENCE FOR POLICY RESEARCH & IMPLEMENTATION

The members of the Roundtable are acutely aware that action steps to implement these recommendations, or other steps of a strategic plan, require up-to-date data and excellent policy analysis which considers the experience of other jurisdictions. The recommendations of this section are designed to implement a culture of best practices in policymaking.

Suggestions to achieve this include:

1. Use available information from national sources such as the National Governor's Association Center for Best Practices, the Council of State Governments, the National Conference of State Legislatures, the Brookings Institute, and the Pew Center on the States. The capacity to review research findings and evaluate their relevance for Connecticut must be enhanced in order to fully inform state policy-making and legislation.
2. Strengthen the planning and policy analysis capacity at OPM.
3. Enhance the research and policy analysis capacity of the General Assembly's nonpartisan staff in the Office of Fiscal Analysis, the Office of Legislative Research, and the Program Review and Investigations Committee.
4. Create and commit fiscal support for an independent policy research institute in the state, with a focus specifically on Connecticut.
5. Create a body that includes legislative, executive, and private sector representation to work cooperatively in addressing job growth and economic development strategy.



FOOTNOTES

- ¹ To paraphrase Saint-Exupery, "A vision without a plan is just a wish."
- ² Connecticut Economic Strategic Plan, (Department of Economic and Community Development, September 2009), p. 4.
- ³ Blueprint for American Prosperity (Brookings Institution, 2007), located at http://www.brookings.edu/-/media/Files/Projects/blueprint/prospectus_bp.pdf
- ⁴ In his State of the Union message in 1944, President Roosevelt articulated a "Second Bill of Rights" aimed at attaining "security and prosperity... for all regardless of station, race, or creed," including the rights "to a useful and remunerative job... to earn enough to provide adequate food and clothing and recreation... to a decent home... to adequate medical care... to adequate protection from the economic fears of old age, sickness, accident and unemployment... and to a good education."
- ⁵ Osborne and Hutchinson, *The Price of Government* (New York: Basic Books, 2004), p. 58.
- ⁶ Brookings, *Blueprint for American Prosperity*, pp. 6-8.
- ⁷ A helpful discussion of the "Innovation Economics" model is at Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Briefing, October 6, 2009), pp. 6-10.
- ⁸ See the presentation by Liddy Karter to the Roundtable.
- ⁹ Ernst and Young, "Entrepreneurship and innovation: The keys to global economic recovery" (2009), p. 1. (See also pp. 16-18.) This report is located at [http://www.cy.com/Publication/vwLUAssets/Entrepreneurship_and_innovation:_the_keys_to_global_economic_recovery/\\$FILE/Entrepreneurship_and_innovation_the_keys_to_global_economic_recovery.pdf](http://www.cy.com/Publication/vwLUAssets/Entrepreneurship_and_innovation:_the_keys_to_global_economic_recovery/$FILE/Entrepreneurship_and_innovation_the_keys_to_global_economic_recovery.pdf)
- ¹⁰ Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Findings and Recommendations, December 17, 2009), pp. 31-34.
- ¹¹ Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Findings and Recommendations, December 17, 2009), pp. 35-38. For other states, see National Governors Association Center for Best Practices, "Issue Brief: State Strategies to Promote Angel Investment for Economic Growth" (NGA, February 14, 2008) located at <http://www.nga.org/Files/pdf/0802ANGELINVESTMENT.PDF>.
- ¹² Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Findings and Recommendations, December 17, 2009), pp. 38-39.
- ¹³ "The venture capital community is moving more toward only wanting to invest in companies that have some customer traction and developed products," after angel investors have brought them to that point. Quoted in National Governors Association Center for Best Practices, "Issue Brief: State Strategies to Promote Angel Investment for Economic Growth" (NGA, February 14, 2008), p. 4.
- ¹⁴ Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Findings and Recommendations, December 17, 2009), pp. 34-37.
- ¹⁵ Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Findings and Recommendations, December 17, 2009), pp. 41-47.
- ¹⁶ Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Findings and Recommendations, December 17, 2009), pp. 20-21.
- ¹⁷ Program Review and Investigations Committee, "Connecticut's Economic Competitiveness in Selected Areas" (Staff Findings and Recommendations, December 17, 2009) pp. 55-57.
- ¹⁸ Environment Northeast, "Energy Efficiency: Engine of Economic Growth, A Macroeconomic Modeling Assessment," pp. 29-30.
- ¹⁹ Direct state investment in clean energy enterprises also supports innovation and job creation. See, especially, "The CleanEnergy Economy: Repowering Jobs, Businesses and Investments Across America" (Pew Charitable Trusts, 2009), located at http://www.pewcenteronthestates.org/uploadedFiles/Clean_Economy_Report_Web.pdf
- ²⁰ "Growing, Using and Enriching Connecticut's Talent Pipeline" (Office of Workforce Competitiveness, February 2007). See also the presentation by the Office of Workforce Competitiveness to the Roundtable on November 16, 2009.