



805 Brook Street, Building 4, Rocky Hill, CT 06067-3405  
p: 860.571.7136 f: 860.571.7150 www.cerc.com

Date: March 2, 2010

To: Commerce Committee

Re: Commerce Committee proposals to reorganize or consolidate state economic development activities.

Over the past few years the Connecticut Economic Resource Center, Inc. has appeared often before the Commerce Committee to discuss a variety of issues facing Connecticut's economy. While we have addressed macro economic issues, we have not recently spoken of CERC's important role in the state's economic development efforts. As you consider legislation to reorganize or consolidate economic development programs and agencies, I want to make sure you have a clear view of CERC's contributions.

CERC is a private nonprofit corporation established to partner with the State of Connecticut to serve the interests of Connecticut businesses and attract new business investment to the state. Born during the 1989-1992 recession, CERC was able to maintain important economic development functions at a time when the state government did not have the resources to fund them directly. **Since 1993 the CERC contribution to state economic development, funded by Connecticut's utilities, telecommunications and other private sector partners, has exceeded \$42 million.** At present, CERC and these partners contribute approximately \$1.5 million annually to leverage and support the economic development activities of the state departments, agencies and quasi-state agencies. **These are dollars that would have to be replaced with state dollars if CERC were no longer to perform these functions, resulting in immediate increased costs to the state.**

What follows is an overview of CERC's contribution to Connecticut's existing businesses, business attraction efforts and the state's overall economic climate. It is also my intent to illustrate that the dissolution of CERC, whether by merging it into a public or quasi-public agency **would not** create efficiencies and **would not** be a more effective way of delivering these important services to the public/business community.

CERC provides unique economic development services to the state that are not duplicated elsewhere, go well beyond state and quasi-state programs, and would be very difficult for the public sector to replicate while maintaining the extraordinary high level of service and customer satisfaction ratings. Should CERC's services be terminated or rolled into a consolidated agency, the state would lose the \$1.5 million in contributed services, and still have to provide these services at a cost that, we believe, would be well above current levels.

There has been a great deal of attention to the "alphabet soup" of economic development agencies over the past few years. But, everyone's goal is to make sure the business clients get the information and services they need. Regardless of how you consolidate agencies, the first

Board Members and Utility Funding Partners

▶ The Connecticut Light and Power Company ▶ The United Illuminating Company ▶ Yankee Gas Services Company ▶ Connecticut Natural Gas ▶ The Southern Connecticut Gas Company  
▶ AT&T ▶ Aquarion Water Company ▶ The Connecticut Water Company ▶ Verizon ▶ Connecticut Municipal Electric Energy Cooperative ▶ Webster Bank ▶ Wiggan & Dana  
▶ Dept. of Economic and Community Development ▶ Dept. of Public Utility Control ▶ Office of Consumer Counsel ▶ University of Connecticut

contact point for businesses is the critical one. The clients need a clear pathway to the services that can best fill their needs. That is what CERC currently provides for the state's businesses -- a one stop shop where they can learn about all programs (not just state programs) for business, and be referred to the appropriate organization and resources.

The services CERC offers for the state to constituents and stakeholders include:

- Our national award-winning call center, **Connecticut's Business Response Center (BRC)**, has received **130,000 contacts** since its inception in 1993. The BRC acts as the "fulfillment center" for Connecticut businesses that want to know what services are available from the state and other program providers. In turn, we refer and track business clients to DECD for follow-up in about five percent of the total cases. Our customer approval rating for the BRC has been 100 percent over the past four years and has never been lower than 95 percent.
- Our trained staff in the BRC also maintains ProgramFinder®, a database developed by CERC that contains information on approximately 500 federal, state, regional, local and private business programs available to Connecticut businesses. We promote these services in business publications and through more than 75 business expos and other trade shows across the state each year.
- Our **Smart Start program** and **Connecticut Licensing and Information Center** has **assisted more than 57,000 customers**, of which approximately 36,000 are new and expanding businesses, since CERC developed the program in 1997.
- Connecticut **SiteFinder®**, also developed and maintained by CERC, is the state's most comprehensive and only Connecticut exclusive online database of available commercial properties. Brokers, economic developers and end users can post and search for retail, office, industrial, investment and specialty real estate. Over the past 12 years SiteFinder has been a key tool for hundreds of daily users in the transaction process, resulting in successful deals that help to grow businesses and jobs in Connecticut. SiteFinder has contributed to **602 success stories**, with approximately **21 million square feet of space leased, purchased or constructed**.

The table attached to this letter illustrates the contribution of CERC-assisted success stories on jobs and earnings in Connecticut calculated using IMPLAN Social Accounting Matrix (SAM) Multipliers between 2000 and 2009. Details of these new investments are compiled on an annual basis, and provided to DECD and our other partners.

CERC staff also represents Connecticut at nearly a dozen out of state conferences and trade shows annually to promote Connecticut's business case to site selection consultants, corporate real estate executives and the real estate brokerage community. CERC's budget for these activities ranges from \$30,000 to \$40,000 annually. Given the important relationships that the staff has developed with these groups, this division also plays a key role in planning and implementing the numerous regional site selector familiarization tours held over the past few years. During 2007, 2008, and 2009 CERC's direct support and in-kind contributions totaled approximately \$80,000. These activities are especially vital during the times that travel bans are in effect for state employees, which has been the case for approximately five of the past seven years.

CERC constantly measures our performance with all of our clients and stakeholders, and receives consistently high customer satisfaction ratings. CERC is able to provide this exceptional array and level of services with a highly skilled staff of only 18 full time employees. Of these, 75 percent have provided these dedicated services to businesses, the state and its agencies for 10 years or more.

We also offer objective research, marketing and strategic planning services to our state, municipal and nonprofit partners and clients to support their efforts to improve Connecticut's competitiveness. We work with clients like the One Coast towns of Fairfield County to develop economic development strategies and with many Connecticut towns to evaluate the fiscal and economic impacts of development projects, and were a key member of the BRAC team, providing the economic research and analysis to support the preservation of the Groton submarine base. All of these client efforts are consistent with our underlying nonprofit mission of improving the competitiveness of Connecticut's economy. More recently we produced an annual series of benchmark reports that compares Connecticut's technology growth and strengths relative to all states.

The state's budgeted financial contribution to CERC for these efforts in fiscal 2010 is merely \$225,000.

In conclusion, Connecticut has a long history of using nonprofit providers to provide many services to the state's residents. Some government services can be delivered more effectively and efficiently by contracting with private nonprofits. CERC exemplifies a nonprofit that also leverages the financial contribution of the state's major utilities, telecommunications companies and in some cases private businesses.

Based on the information we have provided, it is clear that CERC's continued partnerships with the state, regardless of the internal reorganizations that may occur, have and will continue to save the state millions of dollars each year, and provide a level of services to Connecticut's businesses that is consistently rated superior. In these difficult economic times when job creation has to be our top priority, continuing CERC's programs is critical to Connecticut's future economic growth.

CERC's Business Response Center continues to serve as the one portal for businesses to access government and other programs. With appropriate marketing and some reconfiguration, and with the cooperation of the state economic development agencies, we can maintain a world class client service operation, at a cost that could not be matched by state government.

We appreciate your support for the future of Connecticut's economy. Should you have any questions, or if you would like receive more detailed information or return on investment calculations for any of the activities described above, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert W. Santy".

Robert W. Santy  
President and CEO



**2000 through 2009 CERC-Assisted Success Stories**  
**Estimated Effect of Success Stories on Jobs and Earnings in Connecticut Using IMPLAN**  
**Multipliers\***

Success stories are companies that plan to increase employment or square footage in Connecticut. Multipliers, based on the industries of the companies, are used to calculate the additional jobs, since the initial jobs create additional demand in other industries. The total job increase is the sum of the initial and additional jobs. Similarly, initial earnings are calculated by multiplying the jobs announced in the success stories by the average wages of the industries. Additional earnings, or the earnings caused by demand from the initial jobs, are calculated with multipliers. The total is the sum of the initial and additional earnings in the economy.

Year	Initial Jobs Added to Economy	Additional Jobs in Economy	Total Job Increase in Economy	Initial Earnings^ Added to Economy	Additional Earnings^ in Economy	Total Earnings^ Increase in Economy
2000	6,366	7,843	14,209	\$396,427,215	\$318,609,940	\$715,037,155
2001	3,961	3,711	7,672	\$177,092,235	\$123,978,485	\$301,070,721
2002	3,693	3,971	7,664	\$189,815,045	\$178,175,438	\$367,990,483
2003	4,490	8,751	13,241	\$334,529,030	\$435,990,910	\$770,519,940
2004	1,561	1,669	3,230	\$89,069,330	\$79,004,611	\$168,073,941
2005	1,544	1,551	3,095	\$75,209,881	\$65,954,754	\$141,164,635
2006	4,668	5,448	10,116	\$273,223,358	\$262,593,065	\$535,816,423
2007	1,447	1,176	2,623	\$80,188,857	\$60,902,948	\$141,091,804
2008	857	686	1,543	\$49,923,369	\$34,047,443	\$83,970,812
2009	1,028	815	1,843	\$58,372,635	\$43,712,184	\$102,084,819
<b>Total:</b>	29,615	35,621	65,236	\$1,723,850,955	\$1,602,969,778	\$3,326,820,733

Between January 1, 2000 and December 31, 2009:

>>> CERC-assisted success stories may add as many as 29,615 jobs to the Connecticut economy.

>>> The additional jobs to be created to meet the demands of the initial companies and jobs total 35,621.

>>> The total jobs to be created in the Connecticut economy by CERC-assisted success stories may be as many as 65,236.

\*IMPLAN Social Accounting Matrix (SAM) multipliers are used in the analysis. Companies included have known SIC codes and estimates of projected increased employment.

^2008 dollars

**2000 through 2009 CERC-Assisted Success Stories**  
**Estimated Effect of Success Stories on Jobs and Earnings in Connecticut Using IMPLAN**  
**Multipliers\***

>>> CERC-assisted success stories may add as much as \$1,723,850,955 in earnings to the Connecticut economy in their respective industries.

>>> The earnings associated with the additional jobs (as noted above) total \$1,602,969,778.

>>> The total earnings to be created in the Connecticut economy by CERC-assisted success stories may be as much as \$3,326,820,733.

*Assisting companies like these success stories is an important part of CERC's mission performed in partnership with DECD, major utility companies and other organizations in the economic development field.*

\*IMPLAN Social Accounting Matrix (SAM) multipliers are used in the analysis. Companies included have known SIC codes and estimates of projected increased employment.

^2008 dollars