



Catherine H. Smith
Commissioner



State of Connecticut
Department of Economic and
Community Development

TESTIMONY SUBMITTED TO THE APPROPRIATIONS COMMITTEE

April 5, 2011

Catherine H. Smith, Commissioner
Department of Economic and Community Development

SB 1125 – AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE COMMISSION ON ENHANCING AGENCY OUTCOMES

The Department of Economic and Community Development (DECD) offers the following comments concerning SB 1125 *An Act Implementing the Recommendations of the Commission on Enhancing Agency Outcomes*, with regard to the proposed reorganization of the state's economic, community and housing development functions and creation of a new Connecticut Economic Development Authority (CEDA).

DECD believes that this proposal will have a severe and negative impact on how services are delivered to clientele and businesses of the state. While we acknowledge the intent behind the Commission on Agency Outcomes (CEAO) proposal the new CEDA does not take into account the specialized services and missions that each of the current agencies perform nor does it take into account the unintended consequences of such a merger.

The department feels that the streamlining of economic, community and housing development functions are more appropriately addressed within Governor Malloy's budget proposals. As part of Governor Malloy's comprehensive approach to economic development he has proposed SB 1002, which merges the Office of Workforce Competitiveness (OWC) and the Commission on Culture and Tourism (CCT) into DECD. As stated in the Governor's budget "cultural, tourism and historical programs are important elements in the state's economic development quiver. Under HB 6384 the Governor proposes moving workforce programs under DECD so that they are part of the state's economic development portfolio because human capital is one of the state's greatest economic development tools."

The addition of CCT, OWC and the Department of Labor programs to DECD will greatly strengthen and enhance DECD's ability to bring comprehensive solutions to the state's economic problems and provide a much more complete compliment of services and assistance to Connecticut's businesses and entrepreneurs. SB 1002, along with Governor Malloy's other economic development initiatives, are critical to the state's ability to stimulate the creation of new jobs in Connecticut.

The Governor has also proposed making the Commissioner of DECD the Chairperson of Connecticut Innovations (CI) and the Connecticut Development Authority (CDA) so that there is better coordination of resources unifying the agencies with "one voice". He is also proposing one point of entry among the economic development partners through a new website.

Additionally, DECD has a strong partnership with its sister agency in housing, the Connecticut Housing Finance Authority (CHFA). Merging CHFA and DECD will erode many of the joint accomplishments and collaborations that these housing agencies have built upon over the years such as the consolidated housing development application and "shovel ready" pipeline lists. The proposed merger also does not take into consideration the impact it will have on the bond ratings for the quasi-public agencies being merged.

Because of these reasons, DECD respectfully opposes these recommendations of the CEAO.

Thank you for your time and consideration of the department's comments.