



State of Connecticut

SENATE DEMOCRATS

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Testimony of

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Commerce Committee

S.B. 1 AN ACT CONCERNING CONNECTICUT JOBS AND THE ECONOMY

S.B. 75 AN ACT CONCERNING A "CONNECTICUT-MADE" MARKETING CAMPAIGN

S.B. 76 AN ACT CONCERNING THE ESTABLISHMENT OF THE CONNECTICUT TREASURES PROGRAM

S.B. 77 AN ACT CONCERNING AN UNEMPLOYED ARMED FORCES MEMBERS SUBSIDIZED TRAINING AND EMPLOYMENT PROGRAM

S.B. 79 AN ACT CONCERNING UNEMPLOYED INDIVIDUALS AND DISCRIMINATORY HIRING PRACTICES

Senator LeBeau, Representative Berger, members of the Commerce Committee, thank you for allowing us to testify today on S.B. 1 An Act Concerning Connecticut Jobs and the Economy and other related bills.

During the 2011 regular session, and during the special session of October, 2011 we made significant progress in improving the business climate and putting Connecticut on the right path for job growth. This work has proven fruitful as Governor Malloy and Commissioner Smith have worked hard with the tools we provided them to attract companies to Connecticut and encourage others to expand. But now is not the time to rest on our laurels. We must continue to work hard to rebuild our economy and continue Connecticut on the path to job growth.

Expanding the Reach of the Small Business Express and Step-Up Programs

First, S.B. 1 proposes to make more Connecticut businesses eligible to participate in the groundbreaking Small Business Express and Step-Up programs that we enacted on an overwhelming, bi-partisan basis during our jobs special session in October.

The intent of the Small Business Express Program is to support the retention and growth of small businesses in Connecticut, through a combination of loans and grants. Together we adopted a smart, streamlined process, providing financial assistance to small businesses in the form of revolving loan funds, job creation incentives and matching grants.

The Step-Up program, on the other hand, was created not only to assist small businesses, but also to help incentivize the hiring of Connecticut residents who are unemployed. Through Step-Up, administered by our Department of Labor, small businesses and manufacturers are eligible to receive, as a grant, a portion of a new employee's salary for up to 6 months. For many of the eligible businesses, such new employees must be unemployed prior to being hired, reside in either one of our larger cities or a town with an unemployment rate higher than the state average, and have a family income of less than 250% of the federal poverty level.

In S.B. 1, we are proposing to expand the definition of "small business" in the Business Express and Step-Up programs, from its current cutoff of 50 or fewer employees, up to a new cutoff of 100 or fewer employees. Simply put, we believe that businesses with between 50 and 100 employees are still among the type of "small" businesses that are best suited to be the real engines of job growth in our state. Indeed, these businesses of 100 or fewer employees have for some time been the strongest job creators in Connecticut, employing over 60% of our state's total workforce.

Expanding eligibility for the Small Business Express and Step-Up programs in this manner would make more than 3,600 additional small Connecticut businesses eligible. These small businesses would qualify for the business loans and grants in Business Express, and for the generous hiring incentives in Step-Up. Allowing them to participate would be of benefit not only to them, but to the economic growth and well being of our entire state.

Also with regard to the Step-Up program, S.B. 1 proposes an additional expansion of business eligibility for the existing program, as well as the creation of a critically important new section of the program, designed specifically to incentivize the hiring of Connecticut Veterans who have served overseas in Iraq and Afghanistan. First, with regard to business eligibility for the existing program, we propose to make it more available to small retailers. Whereas retailers currently are not eligible for the program, we are proposing to exempt new hires by retailers only when they are for seasonal or temporary jobs.

This brings us to the issue of helping our veterans, who have served in combat theatres in Iraq and Afghanistan. We are deeply troubled by the unemployment problem that plagues many of our veterans, both in Connecticut and nationally. While Connecticut figures sorted by veterans' age are not available, the national unemployment statistics for returning soldiers between the ages of 18 and 34 are both staggering and shameful. As of this past December, it was widely reported that Bureau of Labor Statistics data showed that, throughout the country, *over 30% of returning Iraq and Afghanistan veterans between the ages of 18 and 24 were unemployed*. The unemployment figures for those aged 25-34 were better, but still well above the national average.

Here in Connecticut, while exact figures by age are not available, our younger veterans certainly face an unacceptably high level of unemployment. The Department of Labor believes the unemployment levels in Connecticut for these younger returning veterans are *likely almost double the state unemployment rate of 8.2%*, and possibly even higher than that. The department feels the problem is likely to get worse going forward, as over the next 6 months more than 6000 combat veterans are due to return back from Iraq to their homes in Connecticut.

To help ameliorate this unacceptable situation, S.B. 1 proposes a new Step-Up program to operate alongside the others in the Department of Labor. In this **“Step-Up for Veterans” initiative**, we are proposing that *any Connecticut-based business, that hires an unemployed combat Veteran who has returned from Iraq or Afghanistan and resides in Connecticut, is eligible to receive a grant of up to 6 months of that Veteran's salary and training costs, up to a limit of \$12,000 per soldier*. We are also proposing an additional \$10 million of bonding to fund these critical efforts. In October, each of the two existing segments of the Step-Up program, one for small manufacturers and the other for small non-manufacturing businesses, each received that same level of bond funds for its hiring incentive grants and program administration.

Protection for the Unemployed

The federal Labor Department reports that 14 million people are unemployed and almost half of those individuals are classified as long-term unemployed, having been out of work for 27 weeks or more. Some employers have taken advantage of the high jobless rate by discriminating against the unemployed, going as far as to include in job postings that the “unemployed need not apply”. S.B. 1 would prohibit such practices, thereby providing greater opportunities for the unemployed. We can strike a balance between giving the unemployed, especially the long-term unemployed, equal consideration in the job market and enabling employers to hire those individuals best suited to fill their positions.

CT Made

In 1986 the CT Grown campaign was born. In the past 25 years, the logo has become a familiar sight at grocery stores, road side stands and farmers' markets throughout Connecticut. This brand has brought a sense of pride and quality in the products produced by our farmers here in Connecticut.

In recent years, farmers' markets have grown exponentially throughout Connecticut. Consumers want products that are fresh and produced locally. Consumers also like being able to interact with the farmers who grow the fruits and vegetables and to also know from where their food is coming.

We believe that consumers have a similar hunger for locally manufactured items. Using CT Grown as a model, we believe CT Made can become a symbol of quality and pride for Connecticut products. Consumers will look for that CT Made logo and demand it in the stores where they shop. In turn, this will encourage purchases at small local businesses, which further boost our economy.

Several recent studies have shown that purchases made at locally owned and operated retailers produces significantly greater benefits to our economy than buying from a national chain store. In fact, one study recently conducted in Portland, Maine found that for every \$100 spent at a local store, an additional \$58 was contributed to the local economy, compared to only \$38 produced by shopping at a national chain.

CT Made will be a boost for our local manufacturers and artisans. It will also help locally owned businesses to market and sell products in a unified way throughout our state. Maine and New Hampshire have successful programs that promote products in their state. Maine Made has over 2,000 member companies and craftsmen.

CT Made will complement the Governor's plan to re-brand our state. It will give people one more reason to be proud of the great State of Connecticut.

CT Treasures

Connecticut is home to many cultural and historic treasures. From Mystic Seaport and Mystic Aquarium to the Prudence Crandall Museum, to the Connecticut Science Center to Stepping Stones Museum for Children and the Maritime Aquarium in Norwalk, Connecticut is rich in treasures. We think these treasures are underutilized, both in attendance and in their ability to help educate and ignite a passion for learning in our children.

The CT Treasures program will give children better access and better appreciation for what Connecticut has to offer. The State Department of Education will develop a model curriculum that will include these treasures as a way to teach Connecticut's contribution

to history as well as culture. Places like Mystic Aquarium and the CT Science Center also play a vital role in promoting interest in STEM education.

CT Treasures will further promote a sense of pride in Connecticut and the wonderful destinations we have to offer.

Insourcing

President Obama has energized our country about the importance of bringing jobs back to America. The response has been immediate and the campaign has started to produce results. To build on this momentum, S.B. 1 contains language to encourage the Commissioner of the Department of Economic and Community Development to consider companies looking to relocate jobs from another country to Connecticut under the "First Five" program. We think it is very important for DECD to look outside of our nation's borders to bring jobs back.

Furthermore, we would suggest that this bill include language to set aside bond funds under the Manufacturers' Assistance Act for companies that insource jobs to Connecticut. These funds could be used to attract companies that will find that Connecticut is a great place to find great workers.

Thank you for drafting S.B. 1. We urge you to support this legislation. Let's keep rebuilding our economy and creating jobs!