

TESTIMONY TO THE COMMITTEE ON COMMERCE
 IN SUPPORT OF HB 5460 AN ACT ESTABLISHING A MODEL PLAN FOR EMERGING BIOSCIENCE AND
 PHARMACEUTICAL BUSINESSES IN SOUTHEASTERN CONNECTICUT
 March 12, 2013

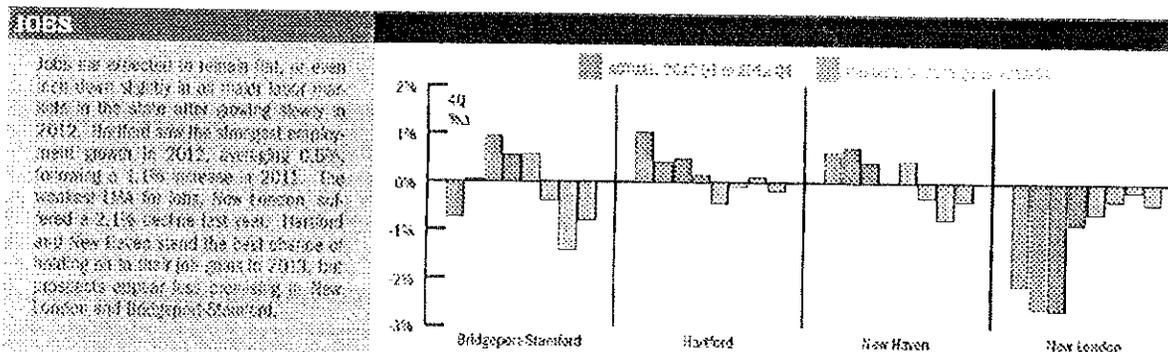
Senator LeBeau, Representative Perone, and members of the Commerce Committee, I am William K. Smith, residing at 255 Neptune Dr. in Groton CT, and this provides my written testimony in support of HB 5460 AN ACT ESTABLISHING A MODEL PLAN FOR EMERGING BIOSCIENCE AND PHARMACEUTICAL BUSINESSES IN SOUTHEASTERN CONNECTICUT.

I am a retired senior executive from the Hewlett-Packard Co., serve on the Board of Directors for four local organizations and am a member of the Town of Groton's Economic Development Commission as well as the Plan of Conservation & Development.

I returned to my home town of Groton in 2011. My wife and I quickly re-connected with old friends and became reacquainted with the great people and lifestyle of southeastern Connecticut. We were also made fully aware of the faltering economy in this region. It seemed that nearly every day we would hear of job cuts at Pfizer, reduction in hours at Foxwoods, store vacancies in downtown Mystic, and companies moving out of the region.

While the anecdotal information was discouraging, the hard facts detailing the declining economy of southeastern CT are depressing and underscore the need for Proposed Bill No. 5460.

As reported in Spring 2013 issue of The Connecticut Economy, a University of Connecticut publication, non-farm jobs across the state dropped for the third straight quarter during the most recent period ending Q4 2012. While this is discouraging news, the Norwich-New London LMA (Labor Market Area) was hardest hit, down each of the last 4 quarters. In the most recent quarter southeastern CT had the distinction of being the only LMA in the state to experience job losses during the quarter, down roughly 1,300 jobs versus last year. As noted in the following chart, Norwich-New London was the weakest LMA for jobs, off 2.1% for the full year. An improvement in the Connecticut jobs picture is unlikely as the forecast calls for a continuing job reductions across the major LMA's, including the long-suffering southeastern CT region.



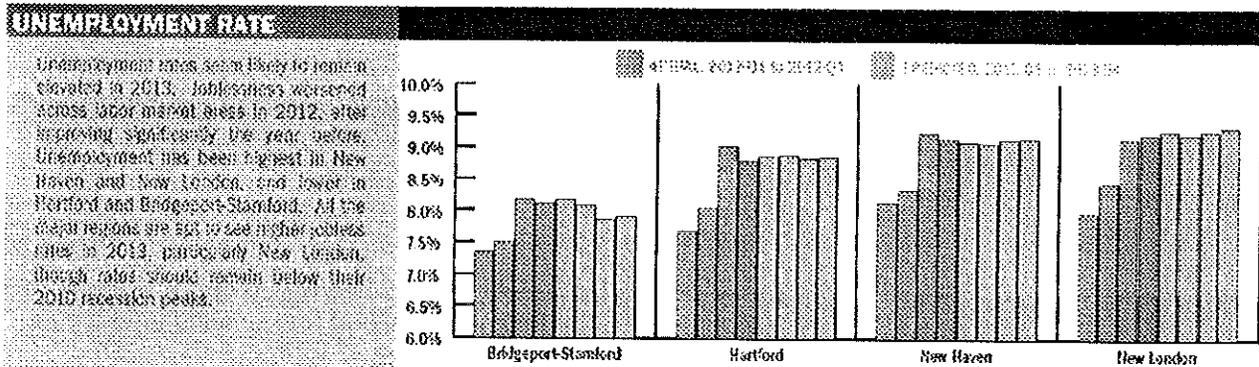
The recent reduction of jobs in the region and the forecast for continued losses is unfortunately following an all-too-familiar trend. Over the past 5 years, from the 4th quarter of 2007 to the 4th quarter of 2012, the Norwich-New London LMA experienced a sharp 7.5% reduction in jobs. This contraction is more than double the statewide drop and far outpaces the rate of job losses within the other major LMAs.

The resulting rate of unemployment is deplorable. Five years ago the unemployment rate in southeastern CT was a moderate 4.2%. Currently, the unemployment rate has more than doubled in 5 years and now stands at 8.7%, well above the statewide level.

Comparison of Key Economic Indicators
Period Beginning Q4 2007 to Period Ending Q4 2012

	Statewide	Bridgeport-Stamford	Hartford	New Haven	Norwich-New London
% Non-farm Jobs Lost	-3.5%	-4.1%	-1.7%	-3.0%	-7.5%
Unemployment Rate	8.2 (+3.7pts)	7.7 (+3.6pts)	8.2 (+3.6pts)	8.6 (+3.8pts)	8.7 (+4.5pts)

The chronic unemployment of southeastern CT is forecast to persist throughout 2014 according to Steven P. Lanza, the Executive Editor of The Connecticut Economy Quarterly Review.



According to the most recent data for the period ending the 4th quarter of 2012, those individuals who are employed in Southeast CT work an average of 32.7 hours each week, well below the state average and other major LMAs (see the following chart). Their low average hours are compounded by the low average hourly wage of \$25.80. This is the lowest wage across the major LMAs and nearly 10% below the state average. The resulting average weekly earnings of an employee in Southeast CT were \$842.40. This weekly earnings is a significant -12% below the statewide average earnings of \$960.80 and is -24% below the average earnings of an employee working in the Bridgeport-Stamford LMA.

Earnings Comparison
4th Quarter, 2012

	Statewide	Bridgeport-Stamford	Hartford	New Haven	Norwich-New London
Avg Weekly Hours	34.1	35.0	35.1	33.3	32.7
Avg Hourly Earnings	\$28.2	\$31.6	\$28.2	\$25.9	\$25.8
Avg Weekly Earnings	\$960.8	\$1,103.6	\$990.9	\$861.5	\$842.4
Avg Earnings Index	100	115	103	90	88

The need for an effective plan to support bioscience and pharmaceutical start-up in southeastern Connecticut is essential. The region has a large pharmaceutical presence but on-going layoffs at Pfizer has negatively impacted the economic vitality of the region and created a large pool of displaced employees. These individuals would like to stay in the area and would directly benefit from the proposed Bill No. 5460. It is important to stop the loss of intellectual capital from southeastern Connecticut to neighboring states. The proposed bill also compliments the state's larger STEM initiative. The recent effort within the state to accelerate STEM jobs is critical as each high-tech job can result in a 5 fold increase in service jobs. This multiplier effect is vital to reenergize the economy and jump start the job market. The bottom-line is that the economy of southeastern Connecticut is very weak and without the support from the state will continue to struggle. A reasonable starting point is to have the Department of Economic and Community Development, with the input of local experts, develop a credible and executable plan of action as detailed in proposed Bill No. 5460.

Respectively,



William K. Smith
255 Neptune Dr.
Groton, CT

