



Connecticut Innovations

TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE
February 28, 2013

Claire Leonardi, CEO

Connecticut Innovations

Governors Bill 838

AN ACT ESTABLISHING A FUND FOR BIOSCIENCE INNOVATION

Good morning Senator Lebeau, Representative Perone, Senator Frantz, Representative Lavielle and Members of the Commerce Committee. My name is Claire Leonardi and I am the Chief Executive Officer of Connecticut Innovations.

I appreciate the opportunity to testify and offer the following in **SUPPORT of SB 838 An Act Establishing a Fund for Bioscience Innovation.**

This bill proposes to fund innovation that builds our bioscience industry to create and retain jobs and improve healthcare outcomes and lowers costs.

As we all know, the status quo in healthcare in the United States is unsustainable. The costs are a tremendous burden on companies, consumers, government entities and taxpayers. Despite this high cost, our health outcomes are sub-par and disparities abound. Innovation across all components of the healthcare continuum is seen as a key to change. Innovation is also critical to the growth and vitality of our bioscience industry. The positive relationship between basic research and innovation and bioscience industry development is well documented.

In Connecticut, bioscience has long been an important driver in the state's economy. Today it directly employs almost 25,000 people, with a total impact of 84,000 jobs. These are good, high paying jobs with an average salary of \$96,000 a year, compared to the state average of \$60,000. Unfortunately, over the last 10 years, while these jobs grew 7% across the United States, employment in Connecticut dropped by 14%. 34 states gained bioscience jobs. Connecticut was obviously not one of them. Our state's job losses are largely due to declines in the pharmaceutical industry, which lost 1/3 of its employees. Notably, we also experienced a 9% decline in the highest growth segment—Research, Testing and Medical Labs—compared to a gain of 23% nationally. This is an important relationship, as large pharmaceutical companies have “out-sourced” many of their research and testing services.

Connecticut Innovations, Incorporated (successor by merger to Connecticut Development Authority)

Telephone: 860.258.7800

999 West Street, Rocky Hill, CT 06067

Fax: 860.257.7582 (Lending)

www.ctcda.com

An Affirmative Action/Equal Opportunity Employer

Fax: 860.721.9147 (Administrator)

This, along with the rise of molecular diagnostic testing, has driven the gains in the Research, Testing and Medical Lab sector. We have absorbed the losses in one segment, without being able to capture the gains in the other. Our single area of strength was Medical Devices where we grew 2% over the period while employment was flat nationally. This is considered quite an accomplishment because growth occurred during a time of advances in manufacturing productivity. We can however not take these modest gains or this industry segment for granted.

Despite these losses, Connecticut is still a “player” in bioscience. We have above average per capita employment in this sector and we rank in the top five per capita for NIH funding and bioscience-related patents. We have exceptional academic institutions at the forefront of scientific discovery across a wide range of relevant disciplines. Connecticut is home to some of the largest and most innovative health insurers in the world. We have a vast network of first class healthcare delivery. Our opportunity is to build on our core strengths in therapeutics and medical devices and capitalize on our on-going investments in the bioscience industry which include stem cell research, Bioscience CT and Jackson Laboratories as well as Connecticut Innovations investments in start-up bioscience companies.

Over the last 50 years, molecular and cellular biology and genomics have revolutionized the bioscience industry. The current cycle of discovery and implementation is very rapid. Because of the increased complexity, two important factors are driving changes today and are predicted to shape the future. These are strategic collaborations and, what is referred to as, convergence science. Convergence science is the merger of life, physical and engineering sciences to find new ways to solve problems. Convergence requires collaboration, as a single organization does not typically possess all of the skill sets in house. We in Connecticut have all of the pieces of the puzzle and we will use this fund to connect and enable those pieces to work together.

The fund will invest to promote innovation in such things as therapeutics, diagnostics, testing, medical devices, bioinformatics, and medical modeling and simulation. We will consider the novelty, scientific and technical merit and the potential transformative nature of proposed projects and investments. We will be highly focused on the viability of commercial application. Funding will require collaboration among two or more parties in the state. We will aggressively seek to leverage state dollars with private, federal and non-profit co-investment.

With continued smart and thoughtful investments, Connecticut can push to the forefront, building on core Connecticut strengths and promoting innovation. Our returns on this investment include jobs—reversing the negative trend of the last 10 years; a strengthened industry supported by innovation and a higher density of the specialized workforce; leveraging of outside dollars; investment returns, and products and processes that will improve health and lower costs.

We have the opportunity to take a leadership role in thought, practice and business development.

I respectfully request the Committee’s support for this very important bill.