

TESTIMONY PRESENTED TO THE EXECUTIVE AND LEGISLATIVE NOMINATIONS
COMMITTEE

January 29, 2015

Catherine H. Smith

Nominated for:
Commissioner, Department of Economic and Community Development

Good morning Senator Duff, Representative Janowski, Senator Kane, Representative Buck-Taylor and distinguished members of the Executive Nominations Committee. I am Catherine Smith, Commissioner of the Department of Economic and Community Development (DECD). It is an honor to have served the citizens of Connecticut these past four years and to have been re-nominated by Governor Malloy to continue in that service. I appreciate the opportunity to appear before this committee today, and I look forward to answering any questions you may have.

But first let me begin by briefly sharing some of my background with you. After completing my undergraduate studies at Hampshire College in Amherst, Massachusetts and earning a Master's degree in public and private management from the Yale School of Management, I began my professional career in 1983 with Aetna where I held various management positions in investment management, corporate planning, health plans, investor relations and retirement services.

ING bought the financial services businesses of Aetna in 2000, and so I joined the firm at that point, serving in numerous leadership positions. In 2008, I was named CEO of ING U.S. Retirement Services, one of the largest defined contribution plans in the United States with more than \$280 billion in assets, including the state of Connecticut's 457b retirement plan. In this role I was responsible for more than 3,000 employees and had oversight of sales, marketing, operations, customer service, product development, risk management and finance.

That background and those experiences have served me well in my current capacity as commissioner of DECD – the agency responsible for strengthening Connecticut’s competitive position in the rapidly-changing, knowledge-based global economy. Though these past four years have been challenging for us as a state, we at DECD have worked to improve the business climate and grow the state’s economy. Under the leadership of Governor Malloy and with bipartisan support from the legislature, a series of legislative measures, most notably the Jobs Bill of 2011, were enacted. These measures have provided DECD with critical business development tools, such the Small Business Express, to help businesses create and retain jobs, expand operations, and make new capital investments in Connecticut.

And, by virtually any metric, these tools have been extremely successful. As of the end of fiscal year 2014, nearly 2,500 companies have been assisted through DECD programs, with more than 17,000 jobs created and 52,000 jobs retained. DECD’s assistance has leveraged more than \$2.6 billion in private investment – investment that has grown jobs and expanded Connecticut’s economy.

DECD’s Small Business Express Program (EXP), which was created out of that 2011 Jobs Bill, has been especially impactful. Connecticut’s economy is reliant on main street and mainstream businesses to provide fundamental services to our citizens. The great recession in 2008 made it difficult for these businesses to access capital. EXP has helped meet that need through revolving loans, job-creation forgivable loans, and matching grants to companies to grow jobs in all of Connecticut’s cities and towns. To date, more than 1,200 businesses have received assistance through the program.

Beyond our efforts to help Connecticut businesses, DECD has undertaken various initiatives to strengthen our communities. Through our Brownfield programs, DECD has invested to recover contaminated properties. This past calendar year alone, DECD awarded \$38.1 million to 55 projects across the state – projects with promising future development plans. These Brownfield clean-up dollars have leveraged substantial private capital and are helping to bring numerous properties back onto the tax rolls and into productive use.

DECD's Office of Culture & Tourism has also enhanced Connecticut's economic vitality and quality of life, by preserving and promoting the state's cultural and tourism assets. A couple of years ago, the office launched the "still revolutionary" marketing and branding campaign. Using a multitude of media and social media avenues, the campaign was the state's primary strategic activity to grow tourism - and it was highly successful. Similarly, the office has invested in numerous Connecticut artists and arts organizations and encouraged the public's participation as creators, learners, supporters and audience members - connecting people to the arts and helping to build vibrant communities across the state. After all, without great places to live, it will be hard to retain the enormous talent that helps us retain and grow business in Connecticut.

Critical to DECD's efforts has been our commitment to providing crucial services with efficiency and predictability. DECD is using "LEAN" to eliminate waste throughout all the various programs and processes the agency administers in order to deliver enhanced value to our constituents. LEAN is catalyst for the agency to create an internal culture that continuously reevaluates processes and programs for improvement opportunities. Over the past two years, DECD has conducted fourteen LEAN exercises, which have helped us cut processing times, get answers to constituents more quickly, and improve the agency's overall efficiency. I am proud that with fewer employees today than when I joined the agency, we are accomplishing much more than we did in the past.

Yet, despite the successes and efficiencies DECD has achieved over the past few years, I realize that there is still more we can accomplish. DECD remains guided by the core principle that "until every person in the state who wants a job can find one, there is more work to do." With that principle in mind, we are excited about the prospects of a couple of new initiatives that DECD is leading.

The recent creation of the Connecticut Port Authority (CPA) represents a major commitment by Governor Malloy and the legislature to invest in Connecticut's port infrastructure to create jobs and attract private investment. The CPA's primary role will be to coordinate port and maritime economic development, establish a statewide port marketing strategy, and serve as the lead

agency in seeking federal and state funding for infrastructure improvements such as dredging. In partnership with other state agencies including the Department of Transportation (ConnDOT), Department of Energy and Environmental Protection and the Office of Policy and Management, DECD is developing a business and operating plan for CPA, which will officially come into existence later this year.

Similarly, the newly established Connecticut Manufacturing Innovation Fund, administered by DECD, is targeting financial assistance to support the growth, innovation and progress of Connecticut's advanced manufacturing sector. It will assist manufacturers with equipment, research and development, and training. Among other goals, it promises to encourage company/university research efforts, provide funding for access to training and educational programs for workforce development, and help attract new manufacturers to the state.

As we move forward with these and other initiatives in the coming months and years, we at DECD realize we must continue to promote the state and serve our constituents in a productive and proactive manner in order to achieve additional successes. In my mind, that means:

- We need to continue to focus on outreach and collaboration. As a result of conversations Governor Malloy and I had with the business community, education and talent development has become a priority – and as a member of the boards of UConn, Board of Regents and the Technical High Schools, I continue to push for more alignment between our education systems and the future needs of our most promising business clusters.
- While we have tried to reach all nooks and crannies in the state, there are still many who are not aware of the programs we offer to promote economic activity. We can and will do more to reach everyone, especially those in the hardest hit communities. Our partnership with municipalities, NGOs, Chambers and many more will continue.
- We must continue to foster innovation, through initiatives like the Manufacturing Innovation Fund. By helping our companies remain competitive, we can help them keep ahead of or on pace of the ever-changing, highly competitive global market.

- We must remain focused on strengthening our existing business base. We need to work with existing businesses to ensure they are happy here, are confident that the state is a true partner, and they have a predictable environment in which to grow and invest.
- We have to continue to streamline our processes and procedures, through initiatives such as LEAN, to ensure that we are serving our constituents efficiently and effectively.
- And we need to continue to think strategically about the actions the state is taking to get our fiscal house in order and what steps are needed to further improve the Connecticut's economic climate in the medium term and the long run. That entails working with other agencies to focus on areas such as transportation, workforce development, and energy policy - all of which impact the business community. It also involves targeting our programs where they are most needed and can have the greatest impact.

Let me conclude by expressing my appreciation for all the support you and your legislative colleagues have given me and DECD over these past four years. The tools and programs you have provided have been critical to our efforts to improve the state's business climate and build stronger neighbourhoods. I have thoroughly enjoyed leading DECD, and with the support of the legislature, I look forward to continuing to serve the residents of the state and working with all of you to improve and grow our state's economy in the months and years to come.

Thank you for your time and consideration of my nomination. At this point, I welcome your questions.