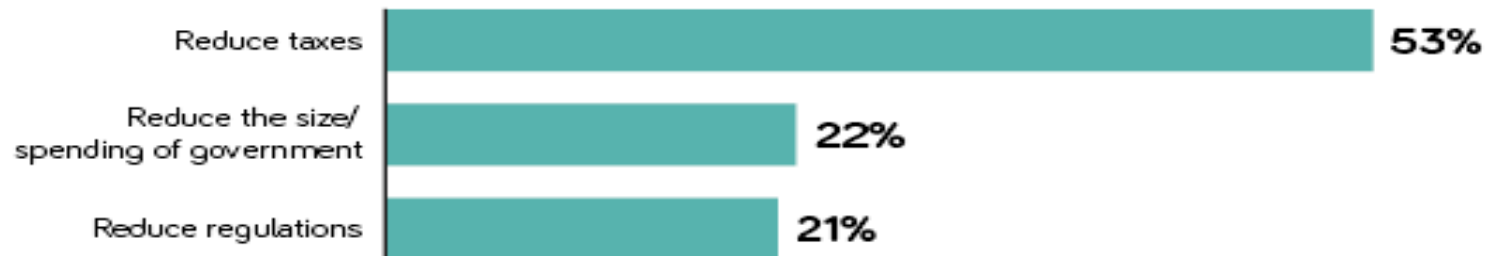


# Working for a Better Connecticut

The Connecticut Business & Industry Association (CBIA) is the largest, more representative business organization in the state. Our members include businesses of all sizes from nearly all industries in Connecticut. We are the leading voice at the State Capitol and before regulatory agencies for policies that promote economic growth, a fiscally responsible state government, and a dynamic business climate.

What can policymakers do differently to enhance business competitiveness by 2017?

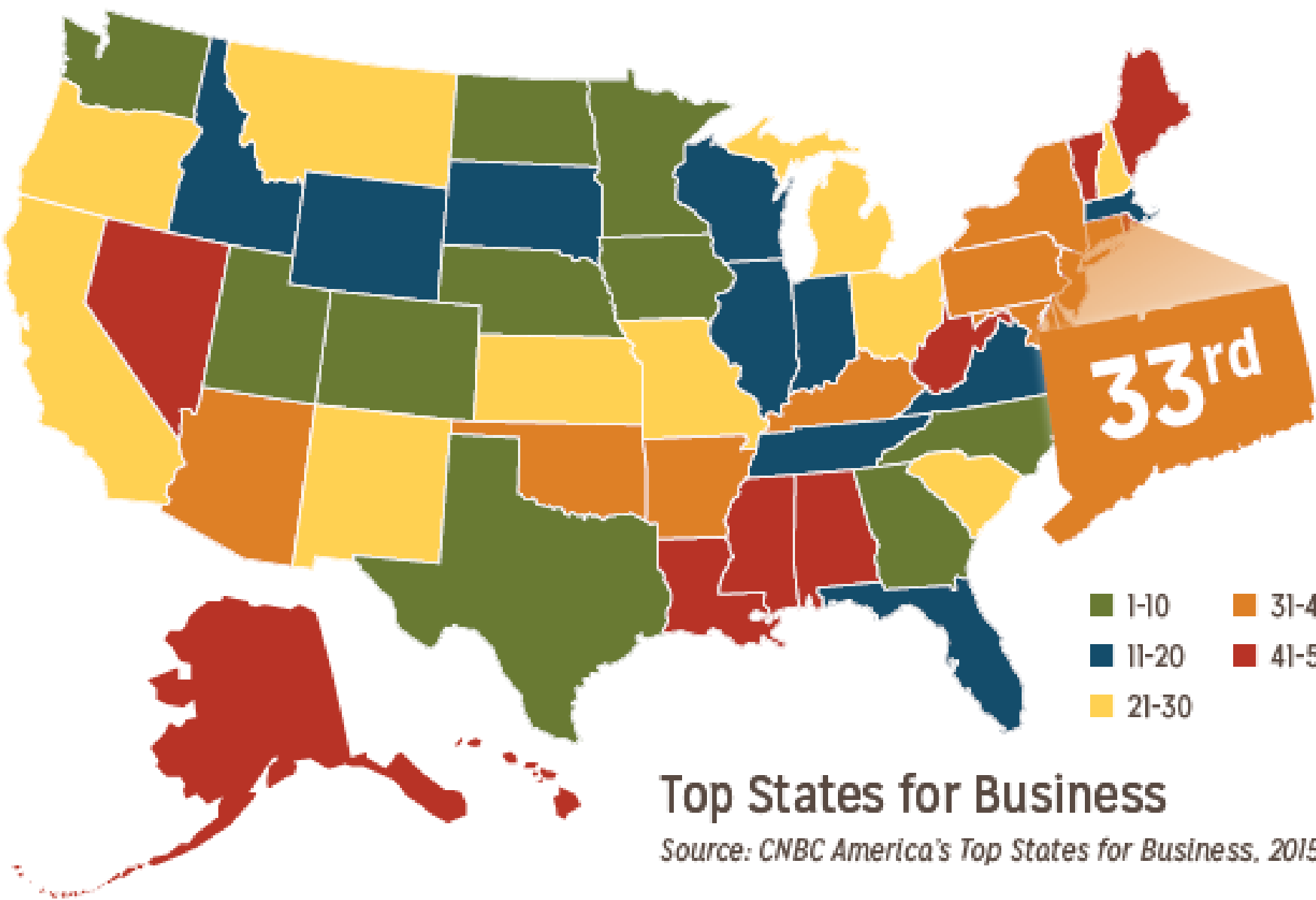


Source: 2015 Survey of Connecticut Businesses

## Economy?

Based on [the 2015 survey of connecticut businesses](#), the tax package included in the budget approved by the general assembly in June cast a shadow across the state's economic outlook.

2015 survey of Connecticut businesses was recently released at the Connecticut economy conference in Hartford by CBIA and the accounting, tax, and consulting firm BlumShapiro



## Top States for Business

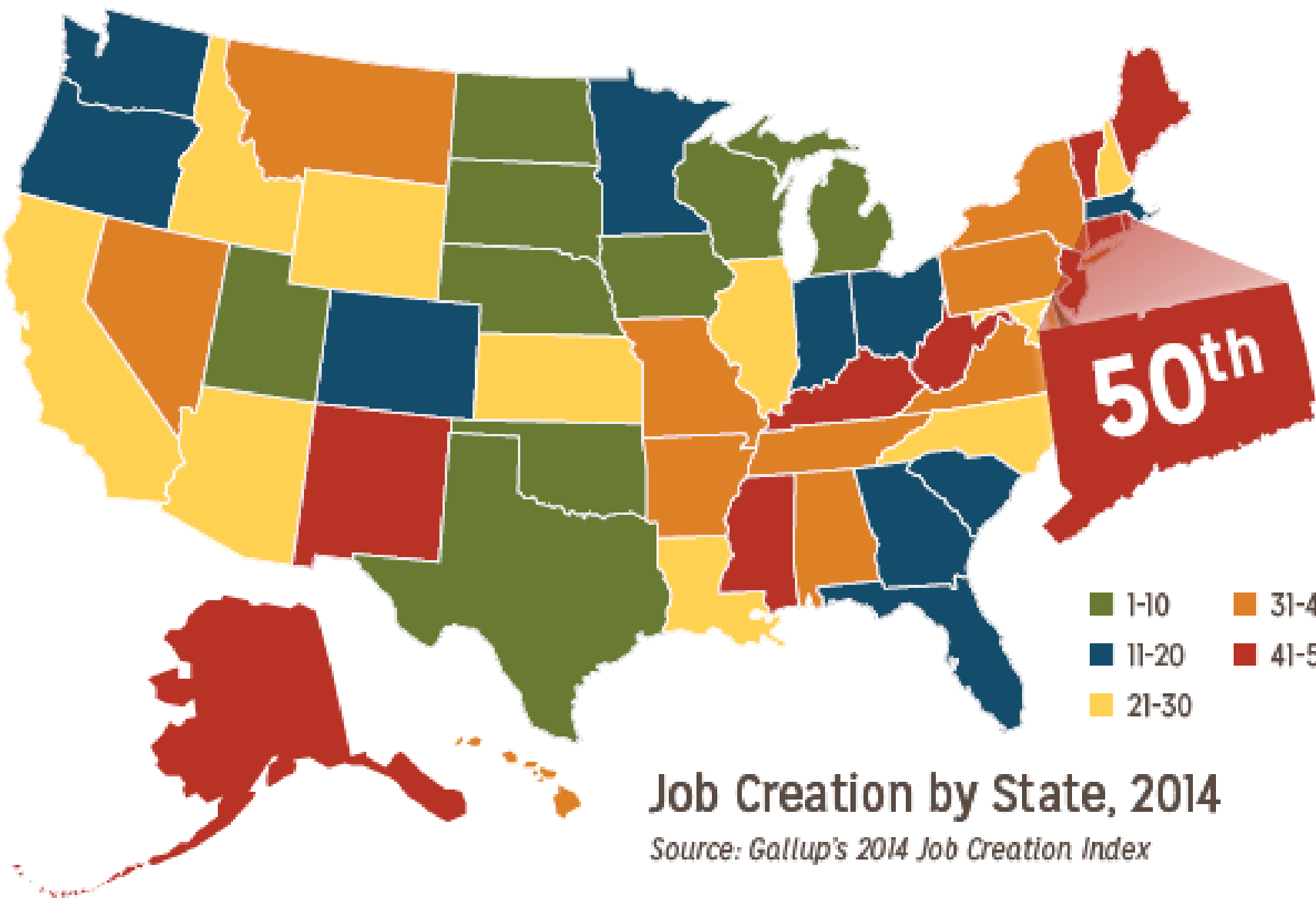
Source: CNBC America's Top States for Business, 2015



## 33. Connecticut

The constitution of the workforce is solid in the Constitution State. But costs are very high and the infrastructure is poor.

Category †	Score †	2015 Rank †	2014 Rank †
Workforce	271	4	32
Cost of Doing Business	90	47	47
Infrastructure	103	46	42
Economy	178	26 (Tie)	49
Quality of Life	222	11	14
Technology & Innovation	148	19	21
Education	129	11	5
Business Friendliness	57	32 (Tie)	24
Cost of Living	3	49	48
Access to Capital	21	30	7
Overall	1222	33	46

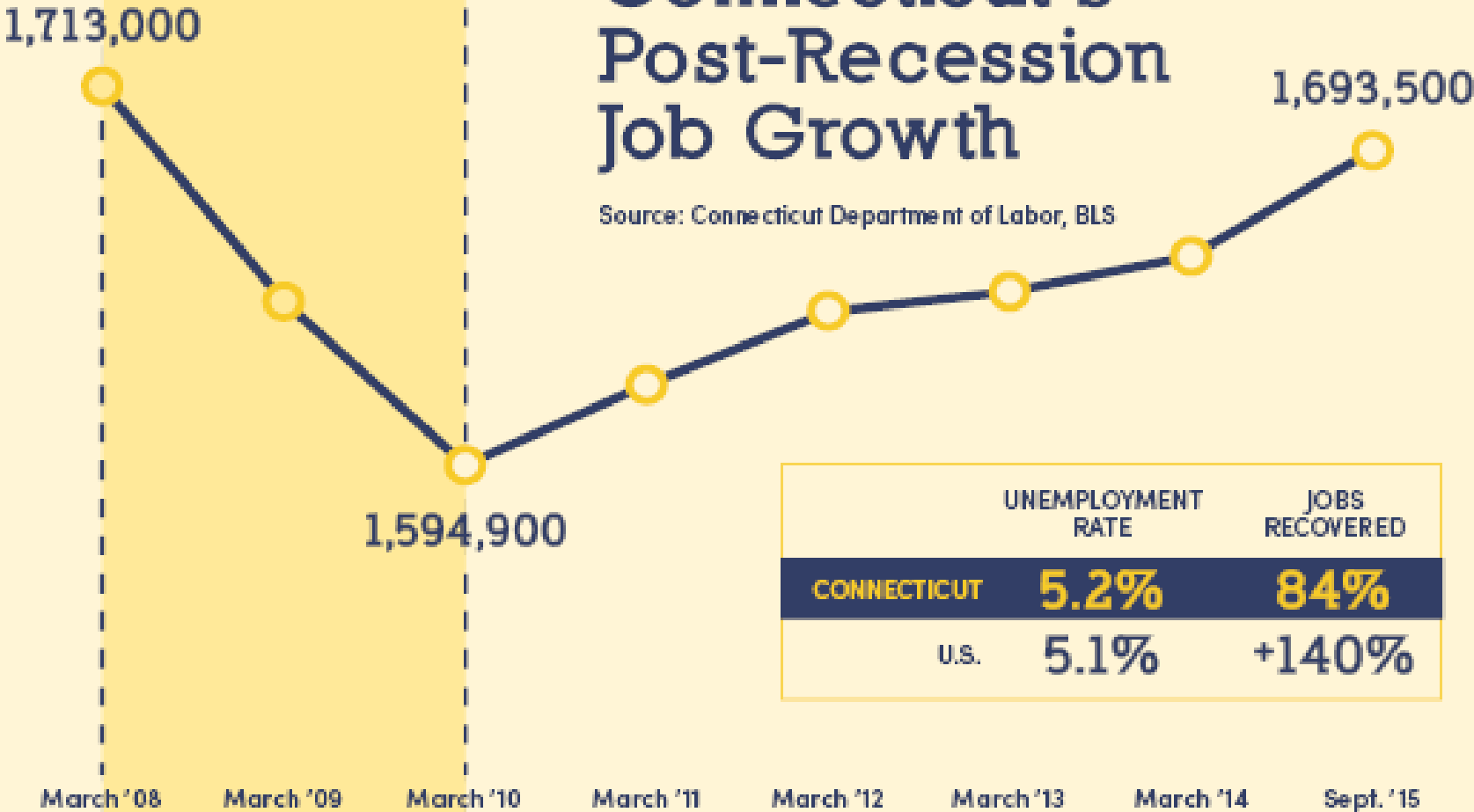


## Job Creation by State, 2014

Source: Gallup's 2014 Job Creation Index

# Connecticut's Post-Recession Job Growth

Source: Connecticut Department of Labor, BLS



	UNEMPLOYMENT RATE	JOBS RECOVERED
<b>CONNECTICUT</b>	<b>5.2%</b>	<b>84%</b>
U.S.	5.1%	+140%

# State Budget/Spending Reforms

## BUDGET: 2015 Legislative Session

- Another massive tax increase (1.3 billion over the next two years & 2<sup>nd</sup> largest tax increase in Connecticut's history) to close a huge deficit (\$3 billion) and cover a sizable jump in government spending (\$1.28 billion).
- Budget did little to improve Connecticut's economic competitiveness, failed to address long-term fiscal concerns, and continues the self-defeating cycle of spending increases followed by tax hikes, followed by more spending increases and tax hikes.
- CBIA and its partners were able to “rollback” some of the tax increases during the 2015 Special Session

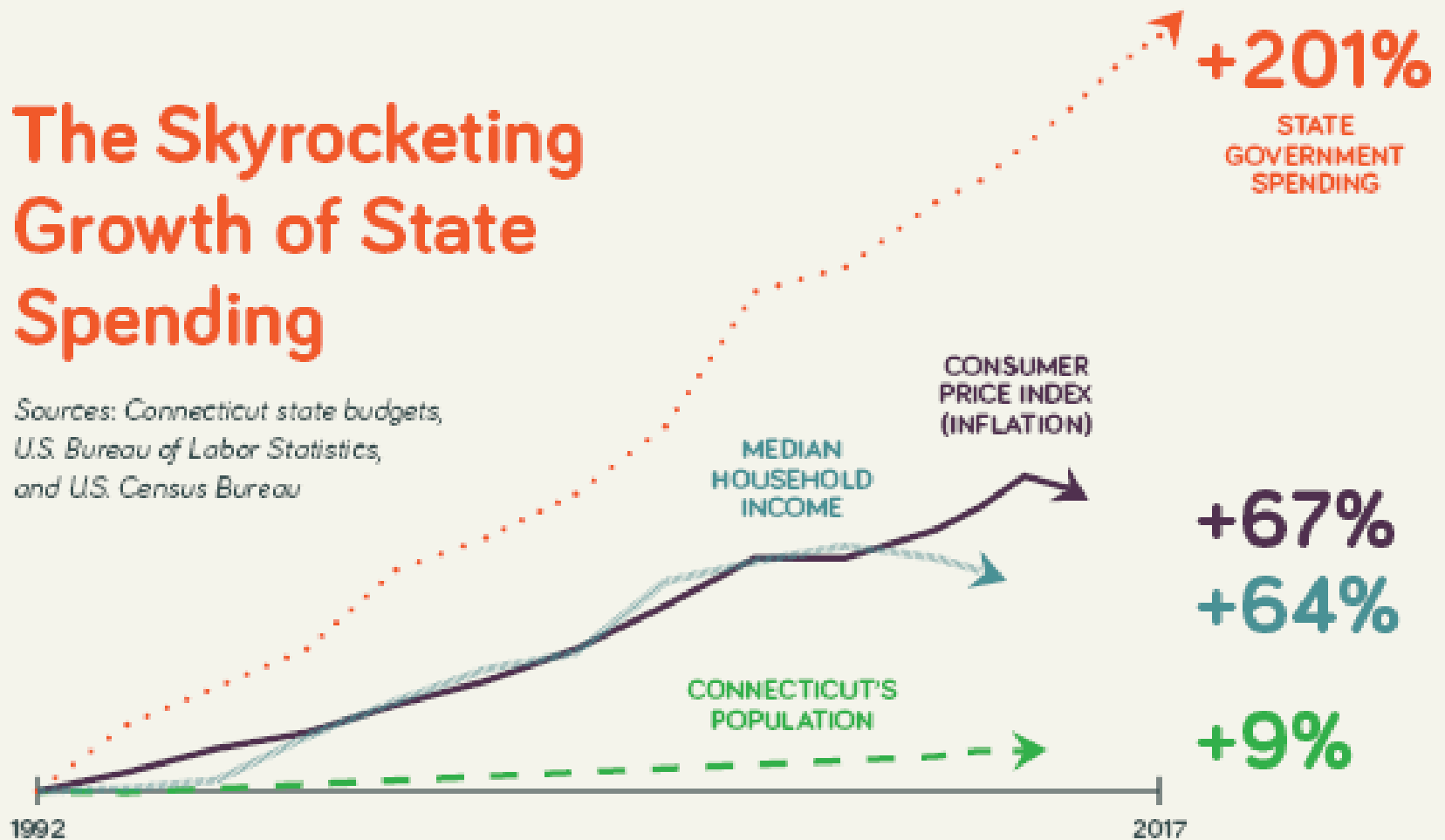
# Current Budget Situation:

- As of June 30, OFA was projecting a \$927 million budget gap for FY 2018, the first year after the current biennial budget. (Deficits of \$831 million and \$898 million are projected for 2019 and 2020 respectively.)
- Future tax increases are a very real possibility if the latest budget projections from the nonpartisan state Office of Fiscal Analysis hold true.
- Good news: We have had modest job growth, and we need keep that going. Additional tax increases can put this growth at risk.



# The Skyrocketing Growth of State Spending

Sources: Connecticut state budgets, U.S. Bureau of Labor Statistics, and U.S. Census Bureau



Spending 1992-2015: Adjusted for \$2.8 and \$3.2 billion removed from cap in 2014 and 2015; Spending 1992-2017: Adjusted for \$2.8 and \$3.2 billion removed from cap in 2014 & 2015 with appropriations percentage increases applied to all; CPI: CPI (U) Northeast applied; Population: U.S. census

# Spending Reforms:

- We can and have begun addressing Connecticut's budget situation through adoption of sustainable spending reforms
- Recommendations based upon research of the Connecticut Institute for the 21<sup>st</sup> Century. (CT21). CT21 is a think tank that researches and recommends long-term strategies for keeping the state economically competitive and making state government more efficient and less costly while maintaining essential services
- If implemented, the proposals would have positive short and long term effects on the state budget and there is a series of six reports outlining the proposals entitled a "*Framework for Connecticut's Fiscal Future*"

- A section in the 2015 budget implementer bill directs the state Office of Policy and Management to review this report.
- OPM is required to submit any recommendations that come out of that review to the governor and legislature by Feb. 1, 2016.

- On another positive note, the 2015 General Assembly established two new working groups: the Commission on Economic Competitiveness and the Connecticut Competitiveness Council.
- **Commission on Economic Competitiveness** : established during the late-June special session in reaction to the strong opposition voiced by CBIA and the business community to the legislature's original budget.
- The panel "is intended to be a working, permanent, ongoing commission that the legislature is going to look to for advice on policy to promote competitiveness in the state
- The legislation establishing the commission stipulates that a CBIA representative be appointed to the group; Joe Brennan is filling that role.
- The commission must submit its first report to the governor and other policymakers no later than Jan. 1, 2016.

**Connecticut Competitiveness Council:** established during the regular legislative session (Public Act 15-212), is charged with several tasks, including:

- Encouraging and assisting private-sector business growth
- Evaluating Connecticut's economic competitiveness compared to other jurisdictions
- Developing an annual Connecticut Competitiveness Scorecard to provide a statistical assessment of the state's performance

Beginning Jan. 31, 2017, the group is required to submit an annual report to the governor and other policymakers identifying challenges and recommending policy changes and amendments to laws necessary to promote economic competitiveness.