
SAVING CONNECTICUT JOBS

HOW TO:

**Restore Business Confidence
and Economic Growth**

CBIA's 2010 Government Affairs Agenda

Introduction

We face enormous challenges in Connecticut: reviving our economy, restoring the more than 80,000 jobs we've lost and creating the sustainable new jobs we will need over the next decade. Behind the numbers that have defined these challenges—from unemployment figures to lost revenues—are the lives of our friends and neighbors and the very future of our state.

We know that free enterprise has lifted this state out of tough times before, and it can do it again. Free enterprise is the lifeblood of our economy, capable of producing a tide of sustainable jobs and opening new paths to opportunity. It can also inspire renewed consumer confidence and greater business investment. And a strong employer base will generate the tax revenue state government needs to deliver important public services and programs.

Because jobs are critical to economic recovery, state lawmakers must do all they can to help employers succeed and grow here in Connecticut. Legislative proposals should be held up to the piercing light of whether they will help or hurt our economy. Proposals that can't stand up to that very basic scrutiny should be discarded.

Much of this will mean restoring trust between the private and public sectors. Businesses must be able to trust that state government will enable employers to invest and grow here. Government must trust that employers will respond by doing what they can to keep and create good jobs in Connecticut.

Lawmakers can renew trust by voting in favor of policies to improve Connecticut's economic competitiveness, making it easier for businesses to grow and to create jobs.

In its 2010 Government Affairs Agenda, CBIA outlines dozens of actions policymakers can take to create a healthy business climate and promote economic revival. Our lists of "dos" include proven strategies for encouraging business and consumer confidence and economic revival as well as new initiatives to drive long-term, private-sector job creation.

Our lists of "don'ts" are shorter but just as important. Policies that discourage business investment, hamper economic growth, increase state government beyond our affordability and ignore our long-term debt crisis will make a difficult situation worse.

We should agree that growing Connecticut's economy is a "win-win" proposition in which we create opportunities for everyone; and that economic growth is not a zero-sum game. We cannot afford to waste efforts in chasing myriad special-interest agendas, because all the people of Connecticut—employers, employees and their families—want positive action and proven methods.

Free enterprise, job growth and a healthy economy are the ways to get Connecticut back on the right track and keep us there.

Priorities

Our state government has a historic opportunity to demonstrate that it will do the right thing to give employers the confidence to invest and create jobs here. Restoring trust in Connecticut as a good place in which to do business is essential to the achievement of the state's economic recovery.

While state government can help create a healthier climate for businesses, it should not try to compete with or micromanage them. Expanding state government into private-sector markets or overregulating businesses, for example, will not encourage economic growth but in fact will hinder it.

Economic recovery and a new era of sustained growth for Connecticut are both attainable if we address the most important factors that shape a strong economy: the costs of doing business, a skilled workforce, and dependable infrastructures.

PRIORITIES

COMPETITIVE BUSINESS COSTS

State fiscal policy

- Examine every aspect of state government to reduce wasteful spending and modify or eliminate underperforming programs.
- Make better use of taxpayers' dollars through alternative programs that can provide high-quality services and better results at lower costs.
- Implement more effective state fiscal planning to reduce long-term state and municipal unfunded liabilities and shortfalls in federal aid.
- Avoid any tax increases that would stifle economic recovery; promote predictable, consistent and fair tax policy that encourages employers to invest more in Connecticut and create more jobs here.

Health care

- Strengthen Connecticut's private-sector health insurance marketplace through commonsense, affordable reforms that reduce health care costs, improve quality and increase access.

Labor

- Recognize that Connecticut employers provide good wages, benefits and safe workplaces; avoid imposing mandates that would increase costs and make it more difficult to create and retain jobs here.

Energy

- Help Connecticut consumers better manage their energy costs and increase energy reliability by upgrading infrastructures, diversifying fuel sources and promoting innovation and competition.

EDUCATION AND A SKILLED WORKFORCE

- Build a highly skilled workforce for Connecticut and give our young people their best opportunity for success by adopting the State Department of Education's high school reform plan to improve students' performance and close the achievement gap.

TRANSPORTATION

- Meet the increasing demands of a global marketplace by maximizing Connecticut's state and federal transportation resources and making sure those dollars are focused on priority, economy-boosting projects.

CBIA's Government Affairs Agenda is a plan for getting Connecticut's economy moving again with sustainable growth well beyond our immediate crisis. It clearly describes how to create a healthier business climate in which employers can be more competitive and provide our economy with more jobs, greater investment in the state and better opportunities for the people of Connecticut.

State Budget: Spending & Taxes

State government now has no choice. Last session, attempts were made to deal with record budget deficits without making comprehensive, systemic and fundamental changes to the structure of state government. The fact that the new state budget is already out of balance shows that this path doesn't work. Our current economic situation, combined with the state's long-term unfunded liabilities, makes it imperative for policymakers to begin the hard task of reforming state government.

Although we are only in the first year of a two-year budget, government must begin to cut the size of the bureaucracy and change the way it delivers services. Recipients of state services expect and deserve the most efficient delivery of services, and taxpayers expect and demand that those services be as cost-effective as possible. Just as businesses and individuals have had to cut their budgets, so too must state government do more with less. Controlling state spending is the only way we can avoid the harmful tax increases that will hurt families, businesses and the state's economy.

Mindful of the state's difficult fiscal situation, we also know that addressing some specific state tax policies now, in a fiscally responsible manner, could produce much-needed economic dividends as Connecticut seeks to recover.



Reduce state spending and improve state government.

- Examine every aspect of state government to reduce wasteful spending and modify or eliminate underperforming programs (starting with the biggest and most complex agencies and programs).
- Work with the Appropriations Committee to identify more areas of state government for results-based accountability.
- During contract negotiations, bring state employee wages and benefits in line with those of the private sector.
- Use Lean processes to streamline state agency operations.
- Create incentives to encourage state employees, contractors and citizens to identify wasteful spending.

Make better use of taxpayers' dollars.

- Expand the use of nonprofit agencies that can provide high-quality community services at a lower cost than the state can.
- Promote the use of long-term, in-home health care (versus more expensive alternatives) for our older citizens.
- Cut the rate of prison recidivism in Connecticut by using:
 - character-based prison models
 - alternatives to incarceration for nonviolent offenders

State Budget: Spending & Taxes *(continued)*

- effective services for treatment, job training and reintroduction into communities
- Develop incentives and programs to help people reduce their dependence on state services.

Plan more effectively.

- Develop a plan to reduce Connecticut's long-term state and municipal unfunded liabilities.
- Create a blue-ribbon commission to plan for future shortfalls in federal aid.

Promote fair tax policy.

- Encourage business investment in technology, innovation and productivity by:
 - Making tax policy predictable, consistent and fair
 - Eliminating the 70% cap on corporate income tax credits
 - Allowing all business entities to claim and/or pass through tax credits
 - Supporting greater entrepreneurial investments, such as those made by angel investors
- Continue working with the state Department of Revenue Services to:
 - Set parameters for determining which companies have economic nexus for the purpose of taxation.
 - Develop guidelines regarding withholding standards for nonresidents.
 - Revise standards for nonresident contractors.

- Encourage manufacturers to reinvest in their Connecticut facilities by creating tax-exempt investment savings accounts.
- Clarify that the standard of proof in tax cases where there is no allegation of fraud is a "preponderance of the evidence."



- Don't ignore the need to conduct a careful analysis of every part of state government to eliminate wasteful spending and redundant activities.
- Don't approve any increases in state spending without first having made state government as cost-effective as possible.
- Don't approve any tax increases that would harm Connecticut's economy or prolong the current downturn.
- Don't continue to overlook the impending crisis of Connecticut's long-term state and municipal unfunded liabilities.
- Don't create inconsistency or unpredictability in tax policy that would discourage investment and job growth.

Health Care Reform

We have to reform health care in Connecticut in a way that will be affordable and encourage healthier lifestyles and won't damage our economy or interfere with federal actions. When the General Assembly created the SustiNet Board last year to determine the long-term future of Connecticut's health care system, it directed the board to focus mainly on expanding state government control. But it's clear that such a move would increase—not reduce—health care costs, and it would fail to cover everyone with health insurance.

Lawmakers should refocus SustiNet on strengthening the private-sector health insurance system through commonsense, affordable reforms that reduce costs, improve quality and increase access.

DO:

Strengthen Connecticut's employer-based health care system through the following commonsense, affordable reforms that will help reduce costs, improve the quality of care and enable more people to obtain insurance:

- Expand the use of technology in order to make health care information more accessible to consumers and providers.
- Use value-based health plans (that measure actual results and encourage more efficient care) in all state-offered programs.
- Create public-private partnerships for wellness and chronic-disease management programs to improve the health of our citizens.

- Stop the practice of shifting costs to the private sector, and encourage the participation of health care providers in Medicaid programs, by requiring the state to close the gap to its fair share for these programs.
- Require all Connecticut citizens to maintain health insurance coverage, and enact individual insurance market reforms such as banning the practice of denying coverage based on preexisting conditions.
- Advance initiatives to stabilize Connecticut's medical malpractice system so doctors' malpractice insurance premiums are reduced and the practice of defensive medicine is curbed.
- Better promote HUSKY and other existing state-offered health care programs.
- Work with the private sector to ensure better coordination of patient care services (such as through the "medical home" concept) to improve quality and chronic-disease management.

DON'T:

- Don't approve proposals that would needlessly expand state government into the private sector; instead, refocus SustiNet on improving Connecticut's employer-based health insurance marketplace.
- Don't approve any more costly health care mandates (in order to allow employers to purchase more-flexible health plans).
- Don't continue to underfund the state's Medicaid programs.

Education & Workforce Development

One of Connecticut's greatest advantages has been a highly educated and technically skilled workforce. But we're now at risk of losing that advantage for a variety of reasons—including the fact that employers can develop talent anywhere in the world.

Connecticut's economy needs a highly skilled workforce—people who will enable businesses to compete in an increasingly knowledge-based, technological and global economy.

We also need to give our young people the skills and knowledge they'll need to succeed in whatever path they choose—into the workforce, postsecondary education or as entrepreneurs. Achieving this goal means Connecticut must reform its schools (including technical schools) in a fiscally responsible way.



Adopt the State Department of Education's high school reform plan to improve students' performance and close the achievement gap.

- Require schools to place a strong focus on science, technology, engineering and math (STEM) curricula in order to support the demands of our future workforce.
- Provide students with the support and resources they need to achieve the reform plan's new graduation standards.

- Reallocate funding as required to achieve these goals.
- Expand Advanced Placement (AP) courses into more public schools, as through programs such as Project Opening Doors.

Adopt legislation that best positions Connecticut to win federal Race to the Top stimulus grants that will help fund innovative, effective educational programs.

- Incorporate internationally benchmarked standards and assessments, increase teachers' effectiveness, improve data collection and use, and turn around struggling schools.

Reassess the funding formula used to support students who attend charter schools.

Continue to incorporate national industry standards into the technical high school curriculum.



- Don't accept the status quo in public education; the futures of our young people and the continued viability of Connecticut's economy are at stake.

Labor & Employment

Connecticut's lack of job creation is a serious problem. We need to make a pro-growth business climate a top public policy goal so that employers are encouraged to create and keep good jobs in the state. Employers and organized labor also must work together to help make the state a more attractive place for business.

Businesses can't grow and create more jobs if the legislature continually increases their costs. Last year, the legislature considered several proposals that would have led to major increases in labor and workplace costs. Many were nearly approved. Even when harmful proposals are ultimately rejected, the fact that the legislature considers them is damaging to Connecticut's business climate and economy. CBIA will continue working with legislators to help them understand how their proposals affect employers' ability to survive and drive Connecticut's economic recovery.

DO:

- Improve the state's unemployment compensation eligibility standards so that they are clear and balanced and compensate only those claimants who have lost work through no fault of their own.
- Review the definition of suitability for work to ensure that it reflects the intent of the unemployment compensation system and the realities of the modern economy and encourages individuals to return to work as soon as possible.
- Strengthen the unemployment compensation system's audit functions to make sure that people receiving

benefits are actively seeking meaningful work and therefore safeguard the Unemployment Compensation Trust Fund from being unnecessarily depleted.

- Make state and federal labor laws more consistent to facilitate employers' understanding of and compliance with workplace standards.

DON'T:

- Don't mandate minimum paid time off work policies that ignore employers' existing policies, business needs or financial condition.
- Don't approve captive audience legislation that limits workplace communications and prevents employees from hearing directly from their employers about issues that affect their jobs, benefits or workplace.
- Don't approve "card check" proposals that take away the democratic, secret-ballot process in labor union elections and deny workers the right to hear all sides and make their decisions without pressure.
- Don't invent new categories for workplace claims that hold employers liable for employee actions beyond their control.
- Don't change Connecticut's workers' compensation system—which is balanced, efficient, fair, and one of the most generous in the U.S.
- Don't increase unemployment compensation taxes, thereby preventing employers from hiring, investing, and growing the state's economy.

Transportation

To meet the increasing demands of a global marketplace, businesses must be able to move people, products and services more easily and cost-effectively. Connecticut faces enormous transportation challenges and must strategically marshal its transportation resources in a way that will fully support a growing economy. With the state still facing significant fiscal challenges, however, policymakers will have to maximize limited funding resources and be sure those dollars are focused on our highest-priority projects.

DON'T:

- Don't raise taxes, increase fees, or institute highway tolls for transportation funding without making sure that the money raised will be solely dedicated to capital expenditures for high-priority transportation projects.

DO:

- Maximize Connecticut's share of federal transportation dollars and work with the state Department of Transportation and Transportation Strategy Board to make sure transportation dollars are used for capital improvements in priority, economy-boosting projects.
- Acknowledging a diminishing pool of federal dollars, recommend ways to increase state funding for transportation capital improvements and make sure these dollars are put into a dedicated fund to be used solely for that purpose.
- Make Bradley International Airport a bigger economic engine in the region by giving its board of directors greater autonomy in the business operations of the airport.
- Make it easier to travel along the I-95 corridor by expanding capacity and providing more customer-focused mass-transit options.

Connecticut must strategically marshal its transportation resources in a way that will fully support a growing economy.

Energy & Technology

Unfortunately, energy costs in Connecticut are among the highest in the United States, and there is no one thing that the General Assembly can do to significantly reduce them. It's a reality that weakens the long-term health of our economy and our ability to keep businesses competitive. Increasing the role of state government in the energy arena will not reduce costs. Instead, lawmakers should continue to give businesses and residential consumers the tools to help manage their energy use and costs.



Help Connecticut consumers manage their energy costs and increase energy reliability.

- Upgrade energy infrastructures in Connecticut and in the region (including natural gas pipelines and electricity transmission lines).

Increasing the role of state government in the energy arena will not reduce costs.

- Diversify the fuel sources for Connecticut's power supply.
- Promote innovation and competition to better manage energy costs.

Increase Connecticut's renewable resources.

- Consider expanding the definition of renewable energy sources to include additional, non-carbon-emitting sources.

Increase Connecticut's connectivity.

- Promote the expansion of Internet use in Connecticut by supporting policies that encourage residents and businesses to harness Connecticut's robust telecommunications network to realize the untapped educational, workforce, and economic benefits currently available.



- Don't approve efforts to expand the role of state government into the energy and telecommunications markets.
- Don't usurp energy efficiency or Connecticut Clean Energy Fund ratepayer dollars for purposes other than for which the funds were created.
- Don't adopt policies that create new regulations on the Internet or the fast-growing broadband industry that could restrict technology investments and consumer choices in Connecticut.

Environment & Land Use

Growing our economy and protecting our environment are both necessary—and compatible—goals. The best way to protect Connecticut's environment and help our economy grow is through a state regulatory climate that is reasonable and competitive with other states'. Lawmakers should encourage state agencies to work alongside employers to achieve environmental goals in a sensible, balanced way. Through clarity, consistency and fairness, the state Department of Environmental Protection (DEP) can help employers comply with the vast array of complex environmental regulations and encourage them to operate and grow in Connecticut.

DO:

Improve Connecticut's regulatory environment.

- Make sure any new regulations on the reporting of spills or limiting the use of water are necessary based on a demonstrated environmental benefit and do not significantly increase business costs or burdens.
- Due to the complexity of environmental rules, ensure that the DEP does not enforce compliance through procedures that have not been formally adopted as regulations.

Improve the permitting process.

- Amend Public Act 09-190, which established a 60-day time limit for DEP to determine whether a permit application by a municipality is "acceptable for filing," to include applications from businesses as well.
- Clarify that DEP's general permits are regulations and therefore, going forward, must be adopted in a manner consistent with the Uniform Administrative Procedures Act.

Regulate more fairly.

- Require the DEP, using funds from the agency's Supplemental Environmental Project (SEP) enforcement program, to work with the Connecticut Academy of Science and Engineering to compile data identifying those activities, both within and outside Connecticut, that significantly contribute to the pollution of our air, water and land.
- Increase efforts to reduce air pollution coming from other states and ensure that our strategies and regulations to improve Connecticut's air quality reflect reasonably anticipated reductions from those states based on the adoption of measures comparable to our own by those states or the federal government.
- Incorporate new economic impact modeling tools into Connecticut's planning for improving air quality.

DON'T:

- Don't bind Connecticut to regional environmental agreements without first, at a minimum, thoroughly reviewing the proposed agreement with the State Implementation Plan Regulatory Advisory Committee (SIPRAC) and providing a 30-day opportunity for public comment.
- Don't pull back on DEP's long-standing and effective commitment to emissions trading and involving stakeholders in the development of regulatory proposals.
- Don't weaken Public Act 09-19, which requires agencies to assess the impact of proposed regulations on small businesses.

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Because the General Assembly works on many issues that impact business and Connecticut's economy, employers and lawmakers need to keep the channels of dialogue open. Here's how CBIA helps lawmakers and employers stay connected:

Government Affairs Report
Weekly Capitol updates with a business perspective

Legislative Breakfast Meetings
Informal get-togethers throughout the state

Adopt-a-Legislator
Employers as 'eyes and ears' of the business community

Connecticut Business Day • Feb. 24
The most important pro-business event of the year at the Capitol

Legislative E-Alerts/Action Center
For quick responses to key issues

CBIA.com/gov
Businesses' home on the Web

Contact Us
CBIA staff is ready to help with any questions or activities.

These members of the Government Affairs team are responsible for business and legislative outreach and grassroots lobbying, including facilitating business meetings with legislators and public officials, and communicating and collaborating with other business groups at the state and federal levels.

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