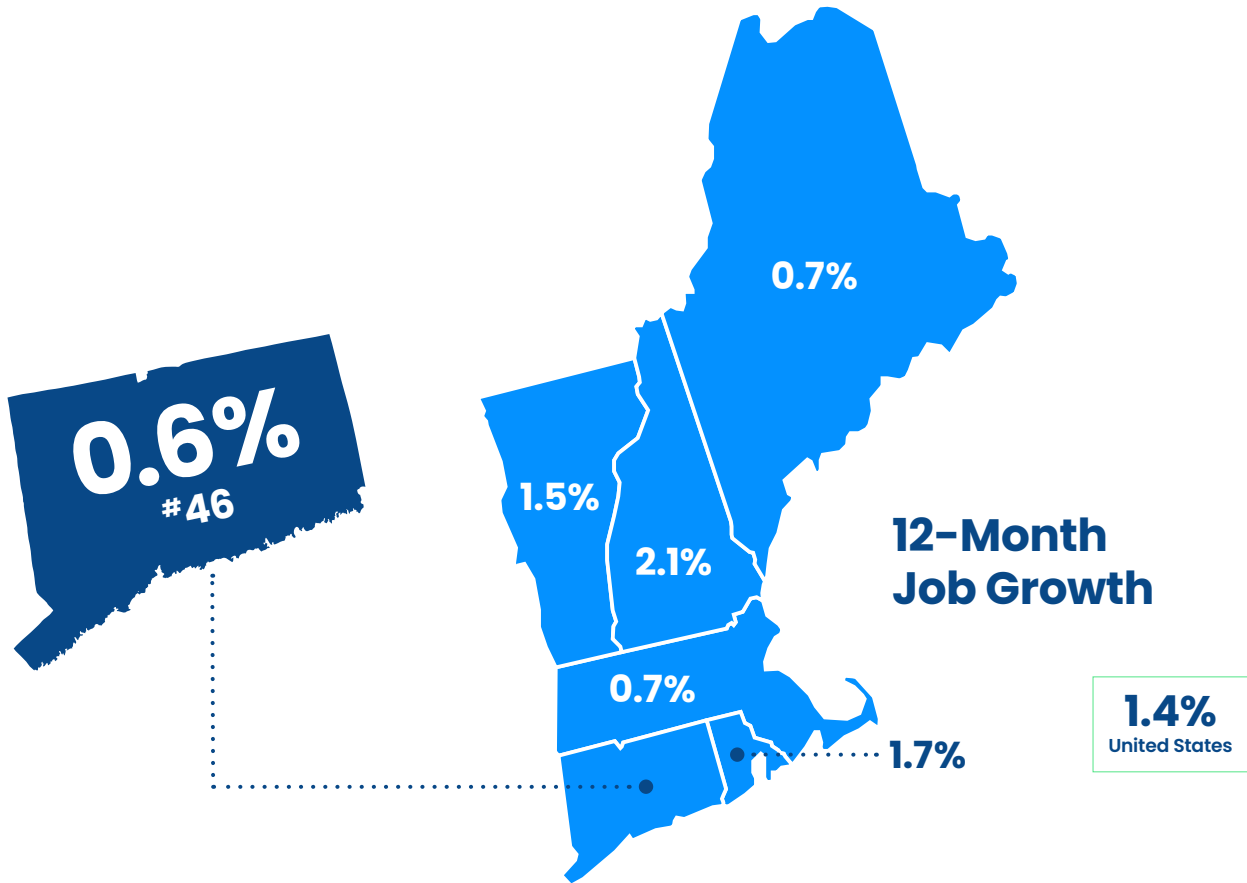


2025 POLICY
SOLUTIONS

Reimagine Connecticut





Source: U.S. Bureau of Labor Statistics

BY THE NUMBERS

Tracking Connecticut's Economy

12-MONTH

Job Growth
0.6%

U.S. Rank #46

NOVEMBER 2024

Unemployment
3%

U.S. Rank #8

OCTOBER 2024

Job Openings
73,000

Post-Pandemic +5.8%

NOVEMBER 2024

Labor Force
1,903,000

Yearly Change 0.2%

NOVEMBER 2024

COVID
Recovery
104%

U.S. 132%

NOVEMBER 2024

Labor
Participation
64.1%

U.S. Rank #20

Q3 2024

Cost of
Living
111.7

U.S. Rank #40

Q3 2024

GDP
3%
U.S. Rank #26

Q3 2024

Personal
Income
2.9%

U.S. Rank #32

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Letter From the Chair & President

Connecticut businesses have many reasons for optimism leading into the 2025 General Assembly session, primarily because of our top priority—protecting the fiscal guardrails implemented as part of the 2017 bipartisan budget reforms that are largely responsible for the state’s current fiscal health.

With six straight years of budget surpluses, businesses are optimistic about continued economic growth given the predictability and stability created by Connecticut’s fiscal guardrails.

Reversing the previous decade’s boom and bust budget cycles that saw massive tax increases and budget

shortfalls, the state’s fiscal guardrails not only provided historic payments to Connecticut’s underfunded pensions, but freed up more than \$700 million in the annual operating budget.

That’s allowed historic investments in workforce development programs, additional housing units across the state, and expanded access to childcare to help residents return to the workforce.

The fiscal guardrails are working as intended, allowing for investments to grow our economy in a sustainable fashion while affording tax cuts and much needed reductions of our state’s long-term debt that have saved state taxpayers billions of dollars.

This positive state budget sustainability, however, will face challenges in 2025 with hundreds of millions of dollars of supplemental federal ARPA funding expiring and cost overruns squeezing much of the allowable spending growth available under the spending cap.

Coupled with the continued and concerning decline in the state's labor force and the ever-increasing costs of energy, employee healthcare, and workplace mandates, policymakers must stay focused on policy solutions that reimagine Connecticut's workforce, economy, and quality of life in a fiscally responsible manner.

The 2017 fiscal reforms are paying off—providing a long-term, sustainable foundation for building an opportunity economy that emphasizes affordability, meaningful careers, and a positive business climate.

This General Assembly session, we urge lawmakers to look at every legislative proposal through this lens: "How will this bill make Connecticut more affordable?"

CBIA's Reimagine Connecticut policy solutions will drive economic growth, tackling the worker shortage by addressing the high costs of living and running a business, expanding career pathways, and fostering innovation to unlock Connecticut's economic potential.

Working together to adopt these policy solutions, we can retain and attract a growing labor force, enhance innovation and productivity, and promote a regulatory environment that encourages growth and sustainability for years to come.

Sincerely,



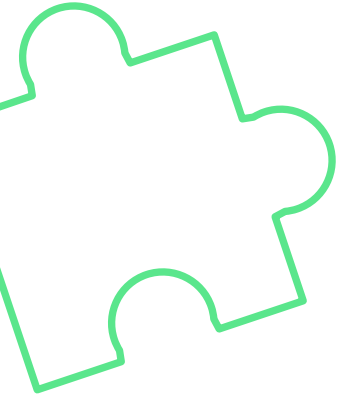
Marietta Lee

Chair, CBIA Board of Directors



Chris DiPentima

President & CEO, CBIA



FISCAL GUARDRAILS

Driving Stability, Growth, Opportunity

The 2017 bipartisan fiscal reforms triggered a remarkable transformation in Connecticut's fiscal health, reversing a decade-plus, corrosive cycle of budget deficits followed by tax hikes followed by more deficits.

The impact—over just a short period of time—of the fiscal guardrails is significant.

Consider:

- ▶ From 2020–2023, an **additional \$7.7 billion** was paid into the state employee retirement system, with funding ratios now at a two-decade high
- ▶ Those pension payments will save taxpayers a projected **\$18.4 billion over the next 20 years**

- ▶ Created the conditions that allowed for the **historic 2023 income tax cuts**
- ▶ Led to the state’s **first credit rating upgrades in 20 years**, significantly lowering borrowing costs
- ▶ Paved the way for six years of **consistent spending increases** for key social programs
- ▶ **Freed up \$738 million** in spending in the fiscal 2025 state budget
- ▶ Without the guardrails, state spending likely **increases by \$10 billion-plus** between 2021–2025

There’s still much work left to fully strengthen and stabilize our fiscal position: Connecticut’s **\$22,957 per capita debt burden** is the second highest of any state.

As Gov. Ned Lamont said recently, “we’ve gone from being the third-worst-funded pension in the country to the sixth-worst. We have a long way to go, and the rest of the country is watching.”

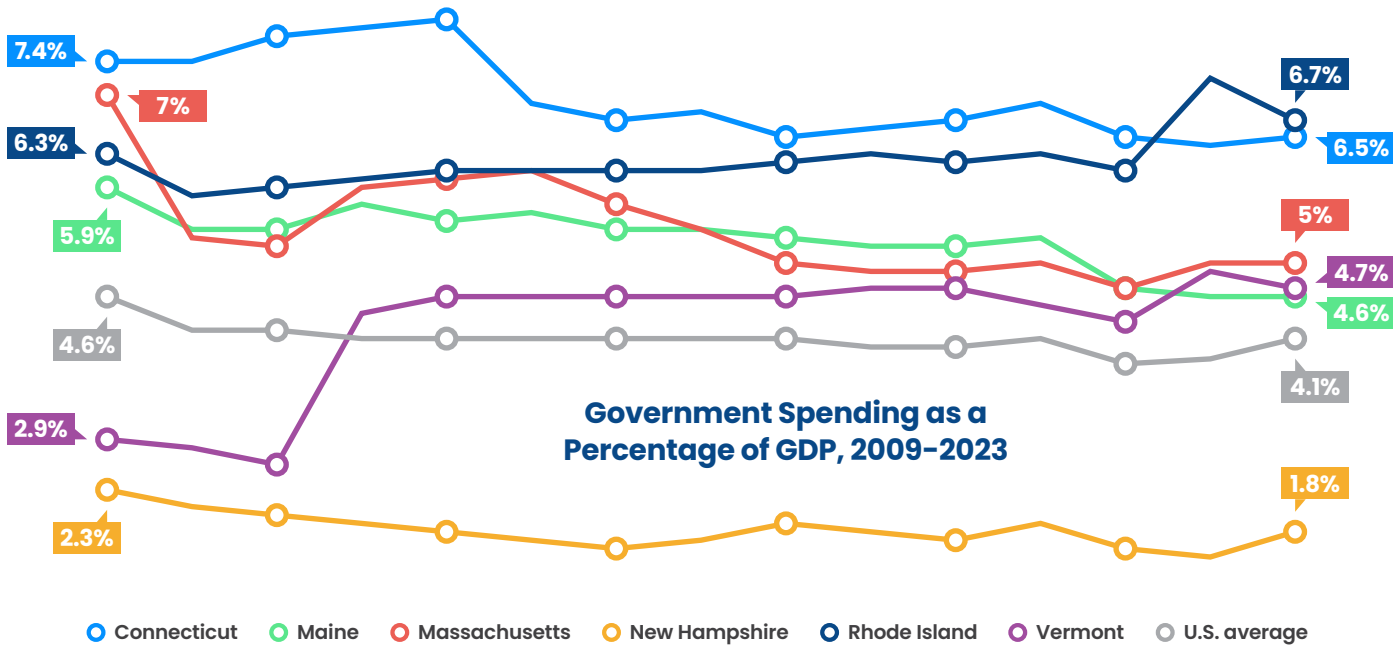
Advocates for weakening the guardrails—who argue that they constrain spending—should consider that since 1997, state government spending has soared 143%, far outpacing growth in household income (110%), inflation (87%), and population (11%).

Fixed cost obligations—dominated by state employee pension and retiree healthcare requirements—consume the greatest share of the state budget, shortchanging essential services and programs.

The fiscal guardrails play an essential role in reducing that burden.

Policymakers also have an existing, taxpayer-friendly blueprint for freeing up additional revenue. The 2021 CREATES Report identified over 200 opportunities to reform state government operations, realizing between \$600 million and \$900 million in annual savings.

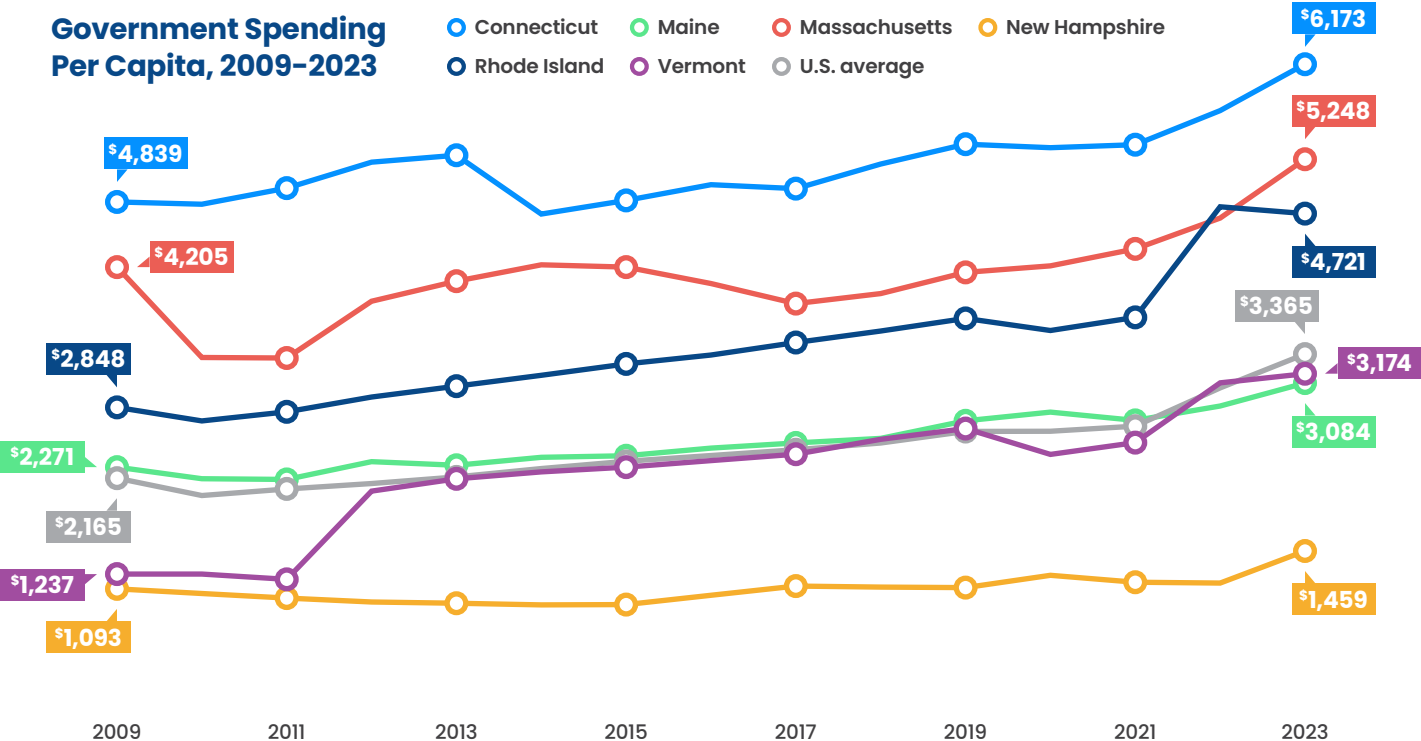
The fiscal guardrails are positioning Connecticut to best address its biggest challenges, laying the foundation for growth and prosperity while ensuring future generations are not saddled with the mistakes of the past.



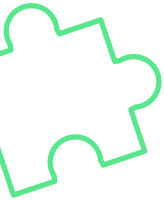
Sources: National Association of State Budget Officers; U.S. Census Bureau; U.S. Bureau of Economic Analysis

Government Spending Per Capita, 2009-2023

- Connecticut
- Maine
- Massachusetts
- New Hampshire
- Rhode Island
- Vermont
- U.S. average



Source: State government general fund expenditures as tracked by the National Association of State Budget Officers



Policy Solutions

WORKFORCE

While Connecticut businesses are experiencing record demand for products and services in the wake of the pandemic, most are struggling to meet that demand, with the state's labor shortage the greatest growth challenge.

As of October 2024, Connecticut has 73,000 job openings—1.3 positions for every unemployed person. And while job openings are 4% above pre-pandemic levels, the labor force—the number of employed

residents plus those actively looking for work—declined by 29,700 people (-1.5%) over the same period of time.

Many of the issues driving labor force trends pre-date the pandemic. For instance, while Connecticut's population saw some postpandemic momentum after a decade-plus of stagnation, the high cost of living remains a major issue.

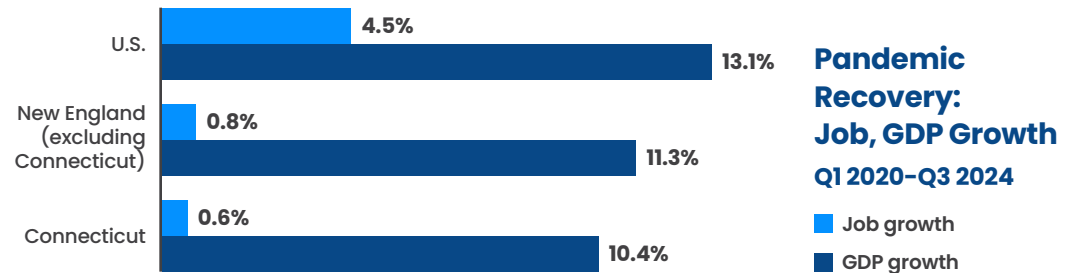
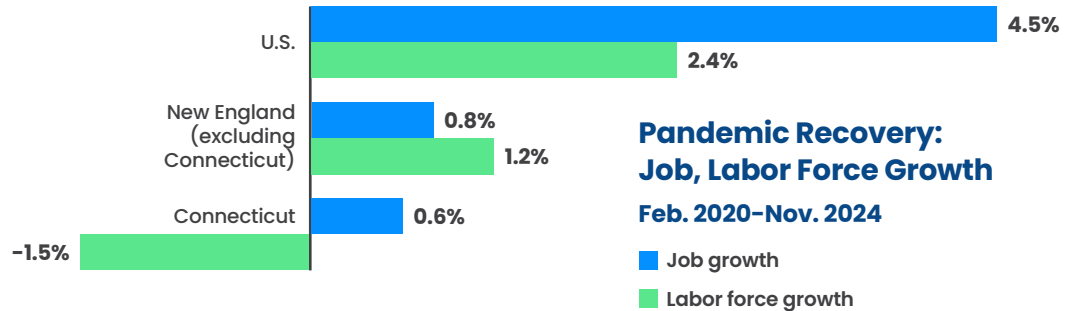
The state's aging workforce also represents a significant threat, with over 27% of the existing workforce aged 55 and older,

the third largest proportion of older workers in the country.

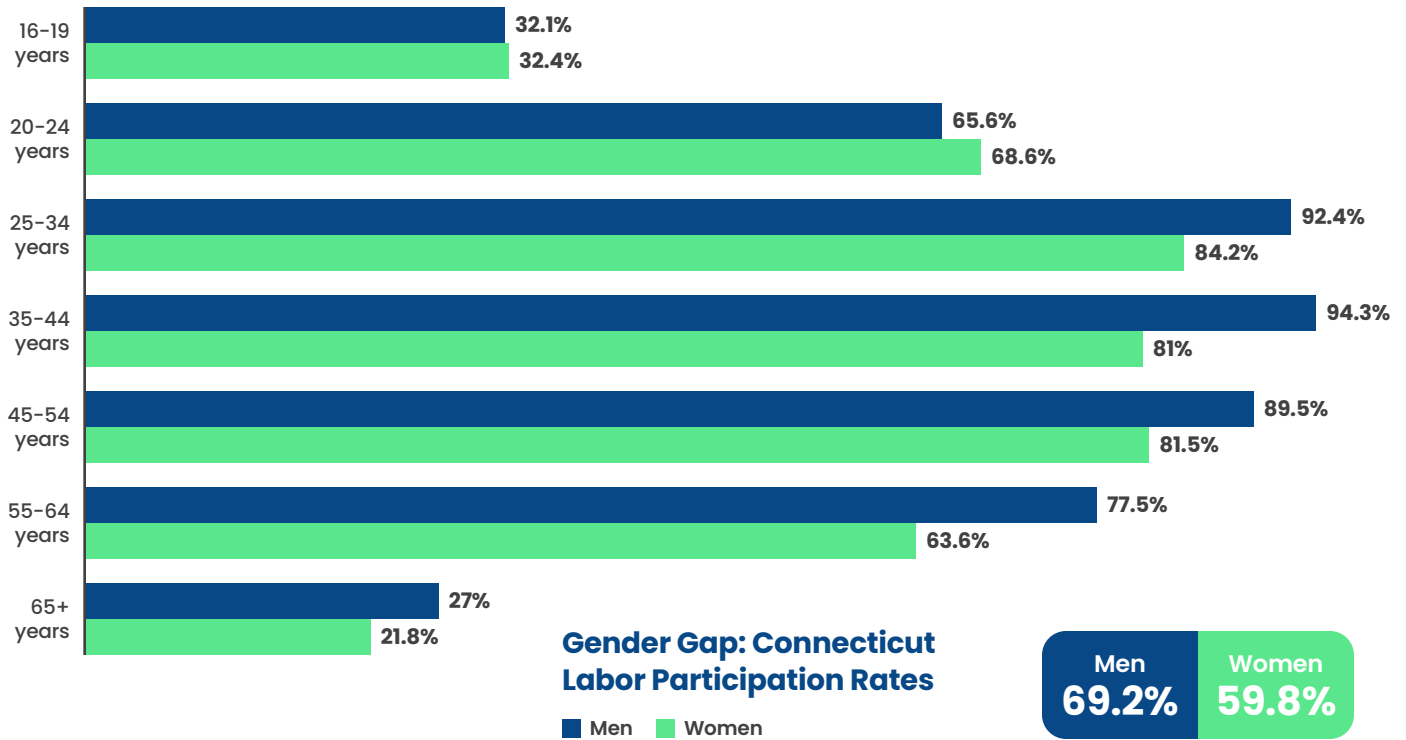
Connecticut needs creative policymaking and programs to attract younger, skilled workers to grow our talent base, scale and better align career pathways, and expand opportunities for underserved populations.

- ▶ Overhaul workforce apprenticeship hiring ratios to **boost manufacturing and trades job growth**

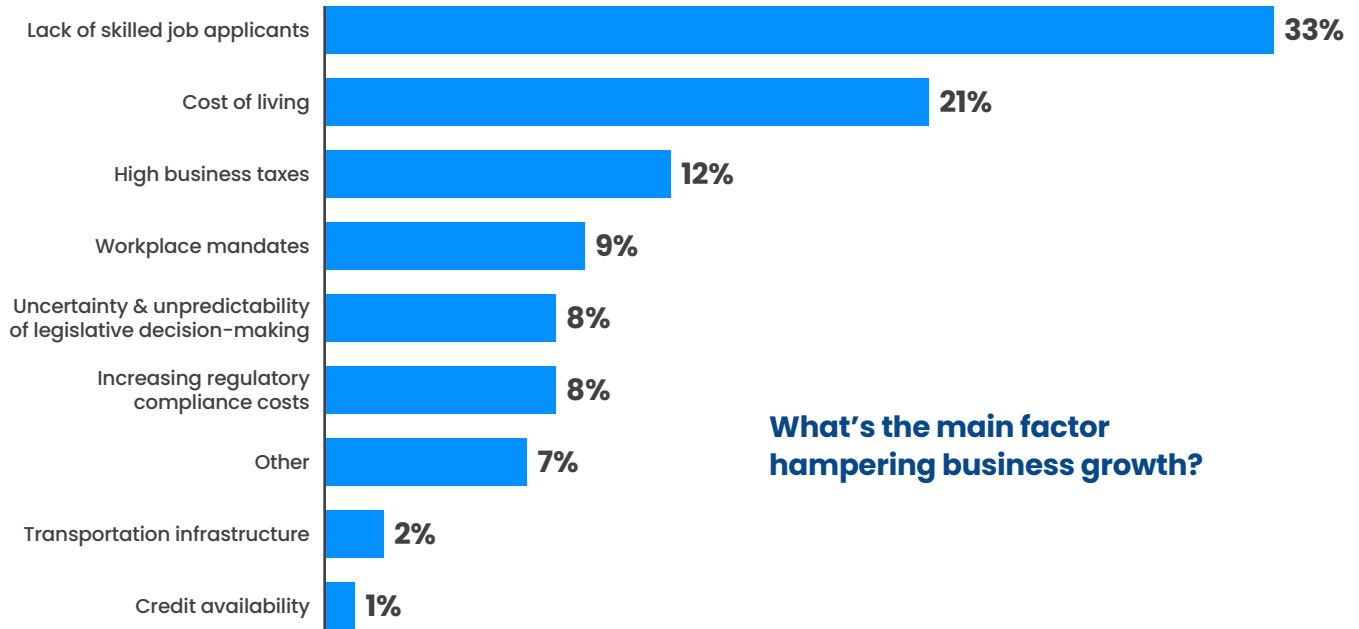
- ▶ Align graduation and school accountability index requirements to **focus on career readiness** and provide new paid internship opportunities
- ▶ Allow small businesses access to **affordable, high-quality health insurance** options for employees

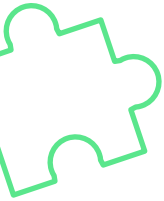


Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis



Source: U.S. Bureau of Labor Statistics





Policy Solutions

ECONOMY

After contracting 6.2% in 2020 in the midst of the pandemic, Connecticut's economy expanded in each of the next three years, with GDP growing 3% in the third quarter of 2024—26th best of all states.

While the labor shortage is among the major factors limiting GDP growth, the state's overall business climate—including taxation, licensing, insurance, and permitting—also remains a persistent challenge.

Education and quality of life are

Connecticut's greatest assets, although those strengths are undermined by the high cost of doing business—86% of employers who responded to CBIA's 2024 business survey said costs were increasing, largely driven by regulatory compliance and state and local taxes.

Connecticut's economy competes regionally, nationally, and globally—across rapidly changing landscapes driven by a range of competitiveness factors that are critical to long-term growth.

Policymaking that promotes smart, pragmatic regulatory environments, public sector efficiencies, coordinated economic development activities, and innovation fuels growth and builds vibrant, healthy economies.

Regulatory reform and more careful nurturing of the state's business retention, recruitment, and attraction strategy, will greatly improve the ease of doing business and increase much-needed investment in the state.

- ▶ Restore the pass-through entity tax credit to its original level, **reducing costs for 123,000 small businesses**
- ▶ Encourage **research and development growth** by increasing the tax credit value rate to 100%
- ▶ **Streamline state and local permitting** by automating processes, enforcing permit review timelines, and providing online status tracking
- ▶ Increase **civil justice transparency** through third-party litigation funding reform



2024
 AMERICA'S **TOP STATES** FOR BUSINESS

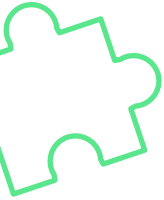
CONNECTICUT



RANK	CATEGORY	GRADE
4	Education	A
9	Quality of Life	B
20	Workforce	D+
22	Access to Capital	C+
25	Technology & Innovation	C

RANK	CATEGORY	GRADE
29	Infrastructure	C+
34	Cost of Living	C-
39	Business Friendliness	C-
39	Economy	D
43	Cost of Doing Business	D

Source: CNBC's America's Top States for Business 2024



Policy Solutions

QUALITY OF LIFE

Connecticut's quality of life is regularly cited as the reason residents and employers chose to relocate or remain in the state, with ready access to a range of services and features and proximity to major markets.

That competitive strength is being eroded amid rising energy costs, a shortage of workforce housing, the lack of affordable, quality childcare, and the dearth of small business employee healthcare options.

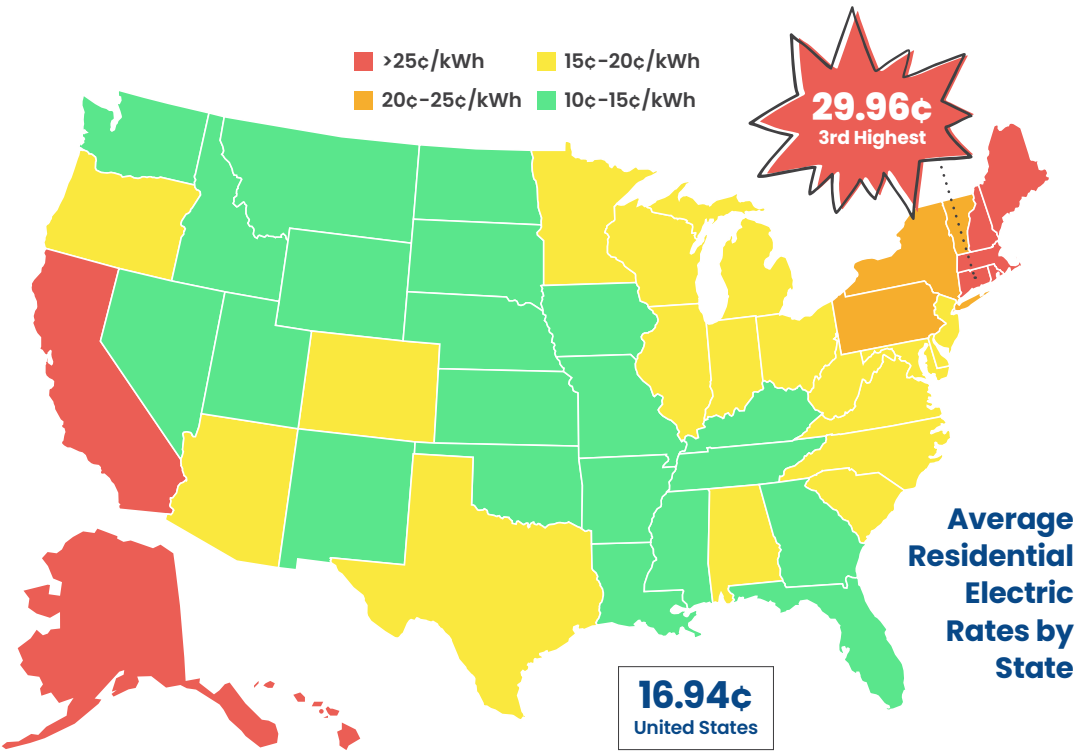
U.S. Energy Information Administration data shows overall Connecticut energy costs jumped 54.6% over the last decade, one of the highest increases in the country, highlighting the need to improve collaboration between regulators, utilities, and the private sector.

Connecticut saw the 11th highest increase in housing prices of any state since the start of the pandemic, with efforts to address supply often hampered by costs, local zoning and control issues, and infrastructure challenges.

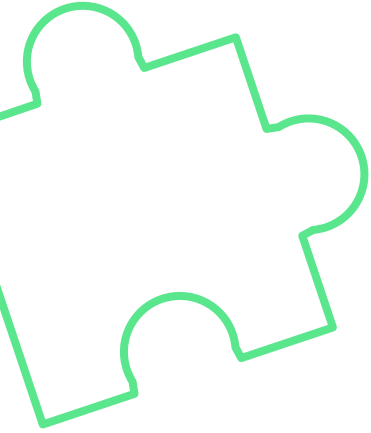
Childcare issues often disproportionately affect women, reflected by the differences in the labor participation rate for women—10 percentage points lower than men, with participation for women falling markedly after age 25.

With the average homeowner's bill exceeding \$8,000 annually, property taxes in Connecticut are among the highest in the country—ranked third after New Jersey and Illinois—further impacting the overall cost of living in the state.

- ▶ Create an **energy affordability** commission charged with identifying long-term policies to lower costs and improve our energy infrastructure
- ▶ Continue to support childcare initiatives to **expand access and affordable options** for working parents
- ▶ Implement first-time **homebuyer tax incentives**
- ▶ Leverage councils of governments to share services and take advantage of federal grant opportunities to **reduce property taxes**



Source: U.S. Energy Information Administration



reimaginect

**POLICY
PLEDGES**

The following members of the General Assembly—a bipartisan group of 70 lawmakers representing both major political parties—signed the Reimagine Connecticut pledge.

In signing the pledge, they support policy solutions that address the state’s high cost of living and running a business, expand career pathways, foster innovation, and grow a vibrant economy.

STATE SENATE

State Senator

Towns Represented

Eric Berthel (R-Watertown)

Bethel, Bethlehem, Bridgewater, Brookfield, Middlebury, Oxford, Roxbury, Seymour, Southbury, Washington, Watertown, Woodbury

Paul Cicarella (R-North Haven)

Durham, East Haven, North Branford, North Haven, Wallingford

Christine Cohen (D-Guilford)

Branford, Durham, East Haven, Guilford, Killingworth, Madison, Middlefield, North Branford

Jeff Gordon (R-Woodstock)

Ashford, Chaplin, Coventry, Eastford, Ellington, Hampton, Stafford, Thompson, Tolland, Union, Vernon, Willington, Woodstock

Stephen Harding (R-Brookfield)

Bethlehem, Brookfield, Canaan, Cornwall, Goshen, Kent, Litchfield, Morris, New Fairfield, New Milford, North Canaan, Salisbury, Sharon, Sherman, Torrington, Warren, Washington, Winchester

Joan Hartley (D-Waterbury)

Middlebury, Naugatuck, Waterbury

Tony Hwang (R-Fairfield)

Bethel, Easton, Fairfield, Newtown, Weston

John Kissel (R-Enfield)

East Granby, Ellington, Enfield, Granby, Somers, Suffield, Windsor, Windsor Locks

Henri Martin (R-Bristol)

Bristol, Harwinton, Plainville, Plymouth, Thomaston

Cathy Osten (D-Baltic)

Columbia, Franklin, Hebron, Lebanon, Ledyard, Lisbon, Marlborough, Montville, Norwich, Sprague

STATE HOUSE

State Representative	Towns Represented
Tim Ackert (R-Coventry)	Bolton, Coventry, Columbia, Lebanon, Tolland
Raghib Allie-Brennan (D-Bethel)	Bethel, Danbury
Mark Anderson (R-Granby)	Barkhamsted, Granby, Hartland, New Hartford
Hector Arzeno (D-Cos Cob)	Greenwich
Jill Barry (D-Glastonbury)	Glastonbury
Mitch Bolinsky (R-Newtown)	Newtown
Pat Boyd (D-Pomfret)	Brooklyn, Eastford, Hampton, Mansfield, Pomfret, Woodstock
Seth Bronko (R-Naugatuck)	Naugatuck
Patrick Callahan (R-New Fairfield)	Danbury, New Fairfield, New Milford, Sherman

State Representative

Towns Represented

Vincent Candelora (R-North Branford)	Durham, East Haven, Guilford, North Branford
Joe Canino (R-Torrington)	Torrington
Devin Carney (R-Old Saybrook)	Lyme, Old Lyme, Old Saybrook, Westbrook
Jay Case (R-Winsted)	Colebrook, Torrington, Winchester
Robin Comey (D-Branford)	Branford
Savet Constantine (D-Wilton)	New Canaan, Ridgefield, Wilton
Lucy Dathan (D-New Canaan)	New Canaan, Norwalk
Mark DeCaprio (R-Lebanon)	Bozrah, Colchester, Franklin, Lebanon
Tom Delnicki (R-South Windsor)	South Windsor
Michael DiGiovancarlo (D-Waterbury)	Waterbury

State Representative	Towns Represented
Jason Doucette (D-Manchester)	Glastonbury, Manchester
Marty Focello (R-Brookfield)	Bethel, Brookfield, Newtown
Jaime Foster (D-Ellington)	East Windsor, Ellington, Vernon
Jane Garibay (D-Windsor)	Windsor, Windsor Locks
Kenneth Gucker (D-Danbury)	Danbury
Joe Gresko (D-Stratford)	Stratford
Irene Haines (R-East Haddam)	Durham, East Haddam, East Hampton, North Branford, Salem
Carol Hall (R-Enfield)	East Windsor, Enfield
Greg Howard (R-Pawcatuck)	Ledyard, North Stonington, Stonington
Arnold Jensen (R-Oxford)	Naugatuck, Oxford, Southbury

State Representative	Towns Represented
Eleni Kavros DeGraw (D-Avon)	Avon, Canton
Kathy Kennedy (R-Milford)	Milford, Orange
Nicole Klarides-Ditria (R-Seymour)	Beacon Falls, Derby, Seymour
Tracy Marra (R-Darien)	Darien, Norwalk
Cristin McCarthy Vahey (D-Fairfield)	Bridgeport, Fairfield
Ben McGorty (R-Shelton)	Shelton, Stratford, Trumbull
Nick Menapace (D-Niantic)	East Lyme, Montville, Salem
Stephen Meskers (D-Old Greenwich)	Greenwich
Mary Mushinsky (D-Wallingford)	Wallingford
Ron Napoli (D-Waterbury)	Waterbury
Tammy Nuccio (R-Tolland)	Ashford, Tolland, Vernon, Willington

State Representative	Towns Represented
Tom O’Dea (R-New Canaan)	Darien, New Canaan, Stamford
Melissa Osborne (D-Weatogue)	Simsbury
Cara Pavalock-D’Amato (R-Bristol)	Bristol
John Piscopo (R-Thomaston)	Burlington, Harwinton, Litchfield, Thomaston
Bill Pizzuto (R-Middlebury)	Middlebury, Waterbury
Joe Polletta (R-Watertown)	Waterbury, Watertown
Chris Poulos (D-Plantsville)	Southington
Michael Quinn (D-Meriden)	Meriden
Moira Rader (D-Guilford)	Branford, Guilford
Karen Reddington-Hughes (R-Woodbury)	Bethlehem, Litchfield, Morris, Warren, Woodbury

State Representative	Towns Represented
Kevin Ryan (D-Oakdale)	Ledyard, Montville, Norwich
James Sanchez (D-Hartford)	Hartford, West Hartford
Farley Santos (D-Danbury)	Danbury
Tony Scott (R-Monroe)	Easton, Monroe, Trumbull
MJ Shannon (D-Milford)	Milford, Orange, West Haven
Jonathan Steinberg (D-Westport)	Westport
Steve Weir (R-Hebron)	Andover, Bolton, Glastonbury, Hebron, Marlborough
Kerry Wood (D-Rocky Hill)	Rocky Hill, Wethersfield
David Yaccarino (R-North Haven)	North Haven
Tami Zawistowski (R-East Granby)	East Granby, Suffield, Windsor Locks

Contact Us

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**Aging, Appropriations,
Children, Education,
Higher Education,
Special Education**



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Bioscience



