

STATEMENT OF

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BEFORE THE

COMMITTEE ON EDUCATION AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES

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Chairman Kline, Ranking Member Miller, and Members of the Committee, thank you for inviting me to testify about what we in Connecticut are doing to accelerate economic recovery and foster job creation.

When I took office last January, Connecticut had the largest per capita deficit of any state in the nation and we'd had no net job growth over the last 22 years, an unwanted distinction that my state shares only with Gov. Snyder's state of Michigan. Over the last thirteen months, we've made tough decisions to get our fiscal house in order. We passed a budget that bridged a \$3.5 billion deficit, implemented Generally Accepted Accounting Principles, and reached an agreement with our state's public employees that will save taxpayers twenty one and a half billion dollars over the next 20 years. We cut spending by \$1.7 billion dollars and raised revenue. Just last week, we announced a commitment to increase the size of our pension payments, a move that will avoid a balloon payment of \$4.5 billion dollars in just 20 years, and one that will save taxpayers nearly six billion dollars over the next twenty years.

We've set our state on the road to recovery, and while I know we still have a long way to go, we are seeing signs of improvement. Our unemployment rate has fallen to 8.2% – the lowest point

in two and a half years – and last year we experienced job growth – 9,000 new jobs – for the first time since 2008.

In Connecticut, as is the case across our nation, the issue of the day is and remains job creation.

One of the first actions we took on the jobs front was an initiative called “First Five,” a package of tax incentives intended to spur job creation. First Five is designed to attract large-scale business development projects by augmenting and combining the state’s best incentive and tax credit programs for the first five companies that create 200 new jobs within two years, or invest \$25 million and create 200 new jobs within five years.

But First Five was just one part of what needed to be a wholesale change in the way we approached job creation. Working with our partners in the legislature, we took the extraordinary step of convening a special session on jobs, the result of which was a bipartisan bill that we believe will make Connecticut more competitive in the global marketplace. That bill passed in one day legislative session, with just one no vote in each chamber of our General Assembly.

Our jobs bill includes the Small Business Express Program. We’re investing \$50 million per year to help Connecticut’s small businesses access much-needed capital. The investment is already paying dividends, with the first company to access the credit planning to double its workforce as a result of the funding.

We enacted a Job Expansion Tax Credit program, which provides a \$500 tax credit to employers for each new employee, or a \$900 credit for new hires if that employee is disabled, unemployed, or a veteran. I’m particularly focused on helping our returning veterans, particularly our disabled veterans, find good jobs upon their return. For their service, we are all in their debt, and we should do everything we can to help their transition to civilian life.

And we expanded the capacity of the Manufacturing Reinvestment Account program, which allows small manufacturing companies to deposit domestic gross receipts into interest-bearing accounts to use for business expenses.

These initiatives encourage the private sector to create jobs and make Connecticut a more attractive place to grow or start a business.

But when it comes to job creation, we didn't stop there.

Early on, I announced a plan to develop Connecticut's version of a research triangle. By utilizing the world-class resources we have in two of our state's most iconic institutions – the University of Connecticut and Yale University – that research triangle is coming to life more quickly than any of us thought possible.

Shortly after my Bioscience Connecticut initiative was announced, we began to have conversations with Jackson Laboratories, a world-renowned, Maine-based research institute that does pioneering work in the field of personalized medicine. Just two days ago, in fact, our Bond Commission authorized \$291 million in state funding for Jackson Laboratory's new billion dollar personalized medicine project on the campus of the University of Connecticut Health Center. A collaborative effort between Jackson Laboratory, the State of Connecticut, the University of Connecticut and Yale University, the Jackson Laboratory for Genomic Medicine will accelerate the development of new medical treatments tailored to each patient's unique genetic makeup. Permanent jobs associated with the facility are projected to total more than 6,800 over 20 years, including thousands of new construction jobs.

During the 2012 legislative session, we'll tackle the next component of our economic development strategy – education reform. In the next few days, I will announce a set of proposals that will put my state at the forefront of this debate. From reforming tenure to addressing how we help students in low performing districts, everything is on the table. If our

kids are going to compete in the 21<sup>st</sup> Century marketplace, we can't put these reforms off for another day.

I am encouraged and optimistic about the progress we've made in Connecticut and the prospects for future growth. We still have much work to do and I will be tireless in pursuing pro-growth economic strategies while responsibly managing the State's budget.

The federal government is and should continue to be a partner with States in this effort.

As your committee considers legislation to reauthorize the Workforce Investment Act and the Elementary & Secondary Education Act, I encourage Members of both parties to work together and with your counterparts in the Senate to reach consensus so that legislation can be signed into law this year.

Regarding WIA, don't consolidate programs or cut funding for programs simply to meet a deficit reduction target. Consolidation of programs may allow states more flexibility to deploy resources to meet the needs of our workforce, but not if you cut overall funding. For the long-term unemployed, in particular, the need for current job skills is paramount. And as I said before, I'm particularly concerned that we do everything we can to assist our returning veterans. The unemployment rate among these heroes is unacceptably high. We should not scrimp on retraining our unemployed and underemployed workers to fill jobs in high-growth industries. And those jobs are out there waiting to be filled. I hear that all the time from Connecticut employers. But they need a highly-trained workforce. Only then will we achieve sustainable economic growth that benefits all Americans.

In his most recent State of the Union address, President Obama outlined sensible, pro-growth policies that dovetail with what we're striving to achieve in Connecticut: Returning our primary and secondary education system to preeminence; Ensuring that our community colleges, technical schools, and job training programs work hand-in-hand with business and industry to

train workers for the jobs that our employers need to fill right now; Encouraging businesses, particularly manufacturers, to continue their operations in the United States or return their operations to our shores; Addressing the high cost of energy by diversifying our portfolio and investing in new, alternative energy technologies; and strategically Investing in research and development.

As a nation, our economy is growing and jobs are being created. Congress can help accelerate this process. Business profits are back to their highest point since the Great Recession started. But national unemployment remains high and is depressing domestic demand for the goods and services our nation's businesses are producing. Stimulate that demand. Congress can extend the Payroll Tax cut and federal Unemployment Insurance benefits through the end of this year and keep money in the hands of people who will spend it now. In addition, I urge Congress to pass legislation that incentivizes companies sheltering profits overseas to repatriate those profits if they translate into more jobs. Given the economic and fiscal turmoil in Europe, and the lingering effects of the tsunami in Japan, the United States is a safe haven economy among the developed nations of the world and we should take advantage of that. In addition, to accelerate job growth in construction trades and to help clear the stock of homes on the market, the first time homeowner tax credit should be restored and extended.

Finally, I recognize that the overarching debate in the Halls of Congress is the budget deficit. This problem wasn't created overnight, and fixing it will be a long-term process. This must be a bipartisan process that recognizes that neither side can get everything it wants; else deficit reduction and long-term economic growth will not be sustainable. That is the course I pursued when I set out to close the largest per-capita state budget deficit in the nation. But the political fights over the past year that have driven the federal government both to the brink of shutdown and default do not serve our country well. The uncertainty stemming from those tumultuous fights reverberated among State and local governments, in financial markets, and around the kitchen tables of our citizens. It is not too late to proceed in a sensible, strategic, and bipartisan fashion. I urge both sides to do so.

Chairman Kline, Ranking Member Miller, members of the Committee, thank you for the opportunity to testify. I look forward to addressing your questions.