



SUSTAINED FOCUS ON JOB RETENTION & GROWTH

The Alliance's mission is to ensure that the Region **competes** aggressively and successfully for jobs, capital, and talent. Accordingly, we support the Governor and Legislative leaders in continuing to drive a public policy agenda focused on job retention and growth. While several important initiatives have been implemented over the past three years, the State's unemployment rate (exacerbated by an equally serious under employment issue) remains unacceptably high at 7.6% with a recovery of 52% (63,500) of the 121,200 jobs lost since 2008. Nonetheless, Connecticut has a strong base of employers in key industries including aerospace, bioscience, defense, health care, higher education, insurance and financial services, and precision manufacturing along with a highly educated, highly productive workforce. We recognize, however, that the confidence and continued willingness of employers of all sizes to choose Connecticut continues to be influenced by two key factors that underlie our fiscal sustainability: our ability to control spending in the State's biennial budgets; and our willingness to attack our unfunded liability issues. We therefore reiterate the imperative to sustain a focus on addressing these two key challenges.

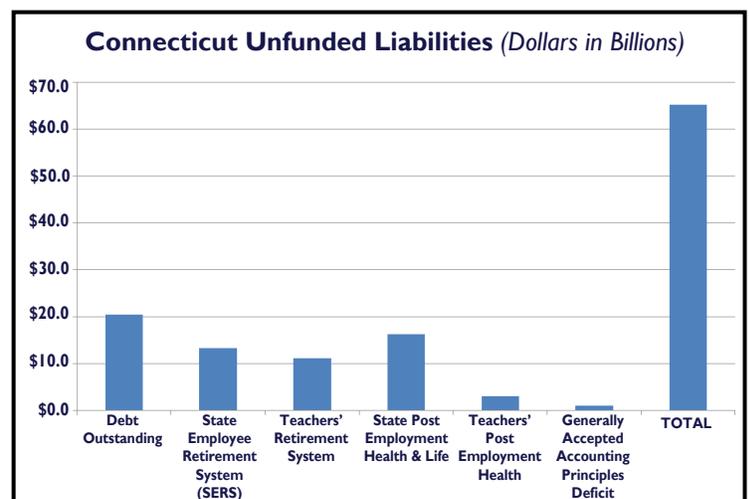
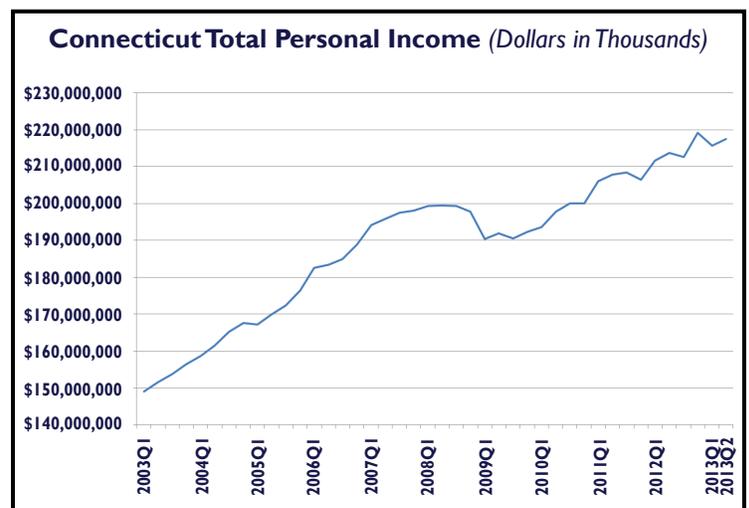
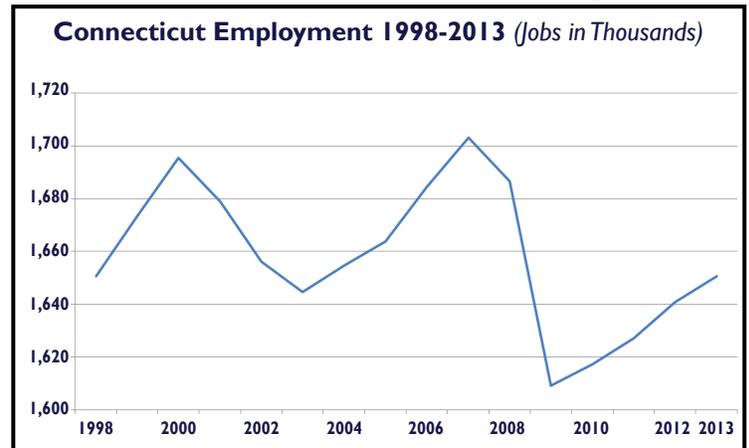
I. CONTROL SPENDING GROWTH AND THE USE OF ANY SURPLUSES

The Comptroller, the Office of Fiscal Analysis, and the Office of Policy and Management all project modest surpluses in each of FY'14 and FY'15. If such projected surpluses are realized, we must establish the discipline to use them first to address our indebtedness. The Alliance will also support the actions needed to ensure that State spending adopted in the biennial budget for FY'14 and FY'15 remains under the Constitutional spending cap that was critical to the adoption of the personal income tax in 1991.

II. ATTACK THE UNFUNDED LIABILITY ALBATROSS

The Malloy administration has taken meaningful actions over the past three years to address our pension and state employee obligations. Nonetheless, the ever increasing portion of the budget absorbed by state employee compensation and benefit programs (25% in FY'14) severely restricts the State's ability to invest in education, infrastructure, and other initiatives that are critical to driving economic and employment growth. We can only reverse this trend by building on the steps taken to date by the Malloy Administration to restructure current and future programs. We must recognize the implications of having one of the nation's lowest pension fund to liability ratios for state employees at 42.3% with \$13 billion of unfunded liabilities compounded by \$16.3 billion in unfunded liabilities for state employee

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Charts Courtesy of Cain Associates (2013)

post employment health benefits and a 55% ratio for teacher pensions with \$11.1 billion in unfunded liabilities. All national and demographic trend analysis indicate that these ratios will steadily worsen with each passing year requiring all of us to work harder to attack these issues for the benefit of both current and future generations.

Connecticut did not build these liabilities over one or two budget cycles, and we will reduce them only with dedication and perseverance over the next decade or more. To educate the voting public on this set of critical fiscal issues, the Alliance will work with media outlets, the Connecticut Institute for the 21st Century, and other Metro Chambers to host a series of Public Policy Forums that focus on the State's fiscal sustainability challenges and the need for meaningful discussions by every Gubernatorial and Legislative candidate in the 2014 election on the steps necessary to address them.

POLICY FOCUS AREAS FOR 2014

HARTFORD PROPERTY TAX STRUCTURE

It is critical that the City eliminate the two-tiered assessment system in order to help control municipal spending, drive down the current mill rate of 74.29 to 45, attract private sector investment, grow the grand list, to increase tax revenues over a broader base. The Alliance will continue to work with the Mayor, the City Council, and the Hartford Delegation to achieve these critical objectives to attract private investment, with minimal or no public subsidies, in the development of City properties.

EDUCATION

We will continue to work with the Malloy administration to eliminate the achievement gap in order to ensure a larger and better prepared future workforce that includes increased college preparedness and graduation rates and that looks to Connecticut's public and private colleges and universities to align their efforts with secondary education to meet employer needs. With respect to higher education, the Alliance encourages the Legislature to provide appropriate support for the Governor's Scholarship initiative, a needs-based program for Connecticut residents who attend Connecticut colleges.

ENERGY POLICY

Connecticut must remain vigilant in its pursuit of intelligent energy policy. Our decisions have consequences, and we need to be consistent in charting an energy strategy that balances our numerous societal desires with the challenge of remaining competitive. The production and delivery of affordable, reliable and safe energy is the goal of Connecticut's recently approved comprehensive energy strategy. The Alliance will work with the legislature and administration to fine tune this promising new blueprint to ensure a more competitive Connecticut.

INSURANCE AND FINANCIAL SERVICES

As the Insurance Capital, over 131,000 Connecticut residents work in insurance and financial services, and Connecticut ranks #1 in the nation for all written life insurance premiums and #2 for total written premiums. The Connecticut Insurance and Financial Services Cluster will continue to champion legislation and regulation that strengthens the State's climate for product innovation and for retaining and creating jobs in this key sector of employment.

HEALTH CARE: COST AND QUALITY

Under the Connecticut Health Council brand, the Alliance will continue to work with others to market the State's robust inventory of health sector assets that sustain significant economic and employment growth. With respect to the Connecticut Health Insurance Exchange, we continue to support a market driven approach that leverages our existing employer-based system with its plan choices designed to address the cost and flexibility needs of employers and employees. We also support innovative provider solutions (e.g. accountable care organizations) to improve health care quality as well as the need to address the underfunding of state programs.

TRANSPORTATION AND OTHER INFRASTRUCTURE INVESTMENT

Job retention and creation is dependent upon modern communication, energy, transportation, and water infrastructure that supports the efficient and effective movement of freight, information, and people in, out, and through Connecticut. To that end, we reiterate our support for:

- the Connecticut Airport Authority's efforts to increase direct service to the West Coast and Europe out of Bradley International Airport and that leverages the Airport's overall economic development potential;
- private investment in broadband and the elimination of unnecessary and outdated regulation that impedes employer access to cutting-edge services at competitive rates;
- and transportation funding based on a dedicated revenue stream segregated from the General Fund. With respect to the latter, the Alliance will work with other organizations interested in pursuing a Constitutional amendment, comparable to 26 other states, that creates a "lock box" for such funds.

For more information on these and other important issues, visit the MetroHartford Alliance online at
www.AlliancePublicPolicy.com