



Testimony of Pete Gioia, Economic Advisor to CBIA
and
Brian Corvo, Assistant Counsel for Government Affairs to CBIA
Before the Appropriations Committee
Hartford, Connecticut
February 13, 2020

**Testifying on
THE GOVERNOR'S PROPOSED FISCAL YEAR 2021 BUDGET ADJUSTMENTS**

Our names are Pete Gioia, Economic Advisor to CBIA and Brian Corvo, Assistant Counsel for Government Affairs for CBIA, the Connecticut Business and Industry Association. CBIA is Connecticut's largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies are small businesses, with less than 100 employees.

CBIA recognizes that although Connecticut has not enjoyed the economic growth of our neighboring states, it has experienced modest economic growth and has improved its financial position compared to recent years. While the short-term fiscal position of the state has improved, however, the state's long term position remains uncertain and there are still opportunities for the state to significantly improve its economy for the benefit of all of its citizens. Connecticut's legislature can and should take action on such opportunities to make the kinds of foundational changes necessary to improve the state's fiscal future. Connecticut's legislature can and should promote policies that responsibly and sustainably manage the state's fiscal operations and encourage private sector job growth and investment. Demonstrating a continued commitment to following a fiscally prudent government trajectory will help restore the confidence of Connecticut's business community in the state and more broadly expand sustainable economic and job opportunities for Connecticut's people.

THE OPPORTUNITY FOR CONTINUED, ACCELERATED AND SUSTAINED FISCAL STABILITY

While the drivers behind Connecticut's recent economic growth are varied and complex and independent of government, Connecticut's government has taken positive actions which have contributed to the state's economic recovery. The Governor and legislature have taken steps to increase efficiencies in government operations and recently enacted bipartisan spending and borrowing reforms which have demonstrated a more disciplined approach to state finances. To the extent such actions have contributed to positive economic results, CBIA commends the Governor and legislature for doing so and makes the following recommendations:

1. REDUCE COST OF GOVERNMENT OPERATIONS THROUGH GREATER EFFICIENCIES AND OUTSOURCING

It is estimated that the state is facing the retirement of one quarter of its workforce in the next two years. Nearly 15,000 state employees will be eligible to retire by the end of 2022. This demographic change in the state employee population presents an opportunity to make the kinds of fundamental changes that will allow Connecticut to take charge of its economic future while improving how the state provides services. Accordingly and in furtherance of the goal of continued fiscal stability and long-term sustainability and accelerated economic growth CBIA recommends the legislature and Governor to further explore and pursue the following:

- Continue to streamline and modernize bureaucratic and administrative government functions and services by implementing technological solutions and more digital and online interfaces where possible;
- Expand the use of cost-effective private sector businesses to provide and deliver services;
- Expand use of and support to non-profit providers to deliver more social services in the communities they serve;
- Continue to consolidate operations to achieve greater efficiencies; and
- Reduce state employee overtime costs, even if it means hiring more workers to do so .

2. CRIMINAL / CORRECTIONS REFORMS

- Accelerate prison reform initiatives, especially for nonviolent offenders, to reduce the prison population and recidivism; and
- Increase effective reentry programs so people reentering the community have more chances for success.

3. HOME CARE v. NURSING HOME PLACEMENTS

- Accelerate the pace of home care in lieu of nursing home placements to meet or exceed the legislature's target of 75% home care clients.

While much has been accomplished in prison reform and use of home care as an alternative to long-term care, more can be done. CBIA welcomes discussion on other thoughtful strategies that will result in further savings and efficiencies to further promote a fiscally strong and stable state economy.

CONCLUSION

The diverse constituency of CBIA's members is demonstrative of the economic potential Connecticut has to be competitive across a broad range of industries for businesses and employers of all sizes. That potential, however, can only be realized when business leaders and employers have confidence in the fiscal stability and sustainability of the state government and a comfort in the overall business climate. When that confidence is

improved, investment and job growth follow. Therefore, a fiscally strong, efficient and sustainable government is necessary to the kind of accelerated economic expansion and robust job growth Connecticut and its citizens deserve. To that end, CBIA encourages the legislature to use the state's recent, modest economic as a starting point from which to seize upon further opportunities for enhanced economic stability and growth.