

Commission on Fiscal Stability and Economic Growth
Finance, Revenue, and Bonding Committee
Legislative Office Building, Hartford, CT 06106

February 12, 2018

Dear Commission Members:

My name is Supriyo B. Chatterjee and I work with Healthcare & Technology in the Hartford area. Since 1999, I have been a coach/mentor for small business startups in the state. I evaluate business plans for the Entrepreneurship Foundation's state-wide College Business Plan Competitions. I coach and mentor in Startup Weekend & Hackathon events held at UConn, Wesleyan & Yale universities and a judge at the annual Yale SOM Healthcare Case Competitions (2016, 2017 & 2018). I was also a judge in the 2014-2015 City of Hartford's SC2 Business Challenge Contest. I am a co-founder of CTDOTNET – a group of Microsoft Professional Developers that grew from 300 to 2300 during my 6-year tenure. For your consideration, I would like to submit my testimonial below regarding Hartford – the state's capital city.

Thank you,

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Few words on Hartford's economic growth

Hartford's fiscal situation is dire – Hartford Mayor Bronin's recent presentation to the State's oversight panel showed how "Hartford's annual debt is expected to skyrocket in the coming years, climbing as high as \$61 million in 2021, up from \$32 million in 2017."¹ A detailed 5-year plan is forthcoming.

There is much written about Hartford's debt and expenditures but little about Hartford's economic growth which significantly trails behind the accumulating debt. In a 2017 Brookings study² of the economic growth of metropolitan areas - the Hartford region ranked 91 out of 100. It showed low job hiring numbers (-6.8%) by new firms (< 5 years old) and the GMP of the Hartford region was 1.1%. There cannot be a 'Connecticut growth' without addressing Hartford's growth - the Hartford MSA region is ~1.2m, i.e., one-third of CT's population³.

¹ State Leaders: Hartford Bailout Deal Imminent (via Hartford Courant)
<http://www.courant.com/community/hartford/hc-news-hartford-oversight-board-20180208-story.html>

² Metro Monitor - 2017 (via Brookings)
<https://www.brookings.edu/research/metro-monitor-2017/>

³ List of metropolitan statistical areas in the US
https://en.wikipedia.org/wiki/List_of_metropolitan_statistical_areas

Raleigh NC (MSA #43) is close to Hartford's rank (MSA #47) and is an Amazon HQ2 finalist. Not on the Amazon HQ2 list can also be a lesson-learned for Hartford⁴.

In the past decade, the Hartford region has endured a series of state economic programs: the 'Innovation Clusters' (2008)⁵ was an initiative of which little is known. The 2012 'Innovation Hubs' initiative⁶ is still fresh in many minds. From the State Auditor's Feb 2017 Report on the economic program during 2013-2014 - *"Deficiencies in internal controls, Apparent noncompliance with legal provisions; and Need for improvement in management practices and procedures that we deemed to be reportable."*⁷

Currently, a new initiative – 'Innovation Places Hartford' (2017) is underway⁸. Not much is known about how the constituents of the 'Places' teams were put together – the nature of outreach, clarity in fiduciary responsibilities, and an equitable selection of business partners without conflict of interests. The November 2017 loss of CliniFlow med-tech company affects Hartford's future⁹. The 'CliniFlow' loss is a loss of 195 high-value jobs in the Hartford area. 'CliniFlow' is mentioned in the 'Innovation Places Hartford' program plan but not with clarity, perhaps because the plan lacks public input as required by state's statutes governing the 'Innovation Places' program¹⁰.

⁴ Amazon HQ2
<https://www.amazon.com/gp/browse.html/?node=17044620011>

⁵ Connecticut's Industry Cluster Initiative – CERC (Sept 2008).
<https://www.cerc.com/case-studies/connecticut39s-industry-cluster-initiative/>

⁶ The Hartford Innovation Hub - October 2012
http://www.governor.ct.gov/malloy/lib/malloy/cie_hartford_hub_fact_sheet_25oct12_final.pdf

⁷ AUDITORS' REPORT DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2014
https://www.cga.ct.gov/apa/reports/Economic%20and%20Community%20Development,%20Department%20of_20170216_FY2013,2014.pdf

⁸ Innovation Places Hartford/East Hartford 2016-2017
<https://ctnext.com/wp-content/uploads/2016/06/Hartford.EHartford-summary-plan.pdf>

⁹ [CliniFlow] CT-backed med-tech investor faces fraud allegations (via Hartford Business Journal)
<http://www.hartfordbusiness.com/article/20171106/PRINTEDITION/311039956/ct-backed-med-tech-investor-faces-fraud-allegations>

¹⁰ Connecticut Public Act No. 16-3 Section 7
<https://www.cga.ct.gov/2016/act/pa/pdf/2016PA-00003-R00SB-00502SS1-PA.pdf>

Hartford's strengths include an educated & skilled labor force¹¹. Hartford was designated by the Brookings Institution as one of the global 'knowledge capitals'¹² and is "No. 4 U.S. Tech City"¹³ in the country. Hartford is an "Insurance Capital of the World" but the InsurTech startup accelerator in the 'Innovation Places' program¹⁴ is run by a London-based company and none of the eleven startup candidates in the accelerator program are from Hartford¹⁵.

Good economic development should put Hartford's economy on a long-run growth (*growth*) by improving standards of living (*prosperity*) for all people (*inclusion*)¹⁶. Hartford's ranking (out of 100) in the three categories – *growth, prosperity, and inclusion are 91, 68, and 49 respectively*. This puts Hartford below the average in the three development categories for metropolitan areas¹⁷. There is an apparent dichotomy between Hartford's strengths and its economic growth and it points to systemic issues which would be worthwhile examining. The consulting company that's helping Detroit's turnaround with small businesses is 'JumpStart Inc.'¹⁸ - the same company that did an assessment of Hartford a few years ago. Metro Hartford Alliance had sponsored that 2014 study but it is not known what became of JumpStart's recommendations¹⁹.

¹¹ Connecticut Maintains High Technology, Innovation Ranking, and Highly Educated Workforce
<https://www.cbja.com/news/economy/connecticut-high-technology-innovation-ranking/>

¹² Brookings report: Hartford designated a 'knowledge capital' (Hartford Business Journal)
<http://www.hartfordbusiness.com/article/20160929/NEWS01/160929901/brookings-report-hartford-designated-a-knowledge-capital>

¹³ Believe It: Hartford No. 4 U.S. Tech City (via Hartford Courant)
<http://www.courant.com/opinion/insight/hc-op-insight-zygmunt-hartford-no-4-tech-city-0128-20180126-story.html>

¹⁴ Innovation Places Hartford/East Hartford 2016-2017
<https://ctnext.com/wp-content/uploads/2016/06/Hartford.EHartford-summary-plan.pdf>

¹⁵ 11 global startups picked for new Hartford InsurTech accelerator (via Hartford Business Journal)
<http://www.hartfordbusiness.com/article/20171201/NEWS01/171209998/11-global-startups-picked-for-new-hartford-insurtech-accelerator>

¹⁶ The surprisingly short list of US metro areas achieving inclusive economic growth (via Brookings)
<https://www.brookings.edu/blog/the-avenue/2017/04/27/the-surprisingly-short-list-of-u-s-metro-areas-achieving-inclusive-economic-growth/>

¹⁷ Metro Monitor - 2017 (via Brookings)
<https://www.brookings.edu/research/metro-monitor-2017/>

¹⁸ Detroit's big bet on small business (via Brookings)
<https://www.brookings.edu/blog/the-avenue/2017/05/23/detroits-big-bet-on-small-business/>

¹⁹ How JumpStart Helped North Central Connecticut Align Around A Cohesive Strategy
<https://www.jumpstartinc.org/testimonial/hartford-ct/>

Repeated failures in economic initiatives coupled with a lack of transparency, results in a lack of trust. Trust can be achieved by planning and implementation that is open with well-defined goals that are specific, measurable, attainable, relevant and time-bound. Raleigh NC has a nationally-recognized strategic planning & performance-management tool and procedures which helps in achieving its economic goals²⁰. Salt Lake City UT (MSA #48) is another competitor that performs well – albeit it didn't make the Amazon HQ2 short list, Moody's Analytics ranked it as a top 10 contender²¹. Hartford is a capital city in an area that represents a third of the state's population. With an anemic economic growth, it faces a bleak fiscal future – one that requires diligent attention. It is of paramount importance that Hartford's plight is included in the Commission's report.

²⁰ Raleigh NC - Strategic Plan
<http://strategicplan.raleighnc.gov/>

²¹ Where Amazon's Next Headquarters Should Go (via Moody's Analytics)
<https://www.economy.com/dismal/analysis/commentary/298321/Where-Amazons-Next-Headquarters-Should-Go/>