

***TESTIMONY PRESENTED TO THE FINANCE, REVENUE AND  
BONDING COMMITTEE***

*Friday, April 9, 2021*

*David Lehman, Commissioner and Governor's Senior Economic Advisor  
Department of Economic and Community Development*

*Senate Bill 887 An Act Authorizing and Adjusting Bonds of the State for  
Capital Improvements, Transportation and Other Purposes*

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Good afternoon Senator Fonfara, Representative Scanlon, Senator Martin, Representative Cheeseman and members of the Finance, Revenue and Bonding Committee. My name is David Lehman, and I am commissioner of the Department of Economic and Community Development (DECD). I appreciate this opportunity submit testimony in support of Senate Bill 887 An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation and Other Purposes.

Our mission at DECD is to develop and implement strategies to increase the state's economic competitiveness. This is done through attracting and retaining businesses and jobs, revitalizing neighborhoods, and communities, and preserving and promoting Connecticut's arts, cultural, and tourism assets. Governor Lamont's FY 2022-2023 budget include key investments in our economic development toolkit, including support for small businesses, manufacturers, brownfields, and workforce training initiatives.

**CAPITAL PROGRAM**

<b>Department of Economic and Community Development</b>	<b>FY 22 Recommended</b>	<b>FY 23 Recommended</b>
Small Business Express Program	\$25,000,000	\$25,000,000
Connecticut Manufacturing Innovation Fund	\$10,000,000	\$10,000,000
Brownfield Remediation and Revitalization Program	\$25,000,000	\$25,000,000
CareerConneCT Workforce Training Programs	\$20,000,000	\$20,000,000
<b>Total – Department of Economic and Community Development</b>	<b>\$80,000,000</b>	<b>\$80,000,000</b>

Whereas DECD's proposed operating budget provides us with sufficient funds to carry out our mission and to make important investments in preserving and promoting Connecticut's arts, cultural, and tourism assets, our capital budget contains the bond authorizations necessary to fund some of DECD's most important programs. Importantly, the Governor's budget maintains \$50 million in bonding to fund the Small Business Express Program (EXP), as we shift this program to "EXP 2.0." EXP was created to help stimulate the economy after the great recession—a time when bank lending had slowed. EXP was never meant to be a long-term program, rather a bridge until the banking sector regained its footing. After many conversations with the banking community, we believe now is the time to pull back from direct lending and competing with banks, and to instead partner with them with a focus on supporting minority- and women-owned businesses.

The budget's proposed funding for the Connecticut Manufacturing Innovation Fund (CMIF) further demonstrate the Governor's commitment to growing jobs and strengthening the state's economy. In 2020, the CMIF funded two new programs to facilitate the adoption of digital technologies. As the pandemic spread, they also shifted \$1.3 million to a new program that helped manufacturers pivot to meet critical public health needs. The CMIF has assisted 2,003 businesses, created or maintained 17,784 jobs, trained 25,329 employees, and engaged 17,726 students. Together with its partner organizations, the CMIF has served as powerful catalysts for other investments as well. In fact, for every dollar of state-supported CMIF funds deployed through these programs, private and third-party investors have invested \$1.70. Not only will these investments keep Connecticut's manufacturing sector globally competitive, but they will also continue to generate significant returns for our many advanced manufacturers and our state's overall economy. The \$20 million for the CMIF will allow us to continue to assist manufacturers throughout the state with equipment, research and development, and training.

Similarly, the \$50 million in bond funding for the Brownfield Remediation and Revitalizations program will continue the state's unprecedented commitment to remediating contaminated sites and restoring them to productive use. Since FY 2011, the State of Connecticut has allocated substantial resources to reactivating brownfields, with over \$230 million of funded or committed projects under way. These investments have leveraged significant non-DECD funding as well; for every dollar contributed by DECD, non-DECD partners have or will invest an impressive \$14.52.

Lastly, and perhaps most notably, the Governor's budget includes \$40 million for CareerConneCT, which will be run by the Office of Workforce Strategy (OWS). CareerConneCT will be focused on expanding and developing short-term training programs so that residents can earn credentials that allow them to either return to work or progress within their current career path. OWS currently supports the Governor's Workforce Council (GWC), which is responsible for setting workforce strategy and policy across the state. The GWC released its strategic plan in October 2020 and one of the key pillars of the plan was increasing the number of sector-based training programs.

As Connecticut recovers from the job losses incurred from the pandemic, there is a significant opportunity for individuals to earn high-quality credentials that allow them to pivot into new, higher-skill, higher-wage jobs. Led by the Chief Workforce Officer, OWS will partner with the workforce development boards, community colleges, state agencies, industry partners, community organizations, and other key stakeholders to develop and expand short-term training programs focused on high-demand industries.

We are confident that the Governor's capital budget proposal will provide us with the necessary funding to continue our efforts to improve the state's economic competitiveness. As a result, I respectfully request the committee's support. Thank you for your time and consideration.