With a strong foundation of high-tech industries such as aerospace, bioscience, medical technology and defense, Connecticut is well positioned to compete in the 21st century economy. The state has been heralded as a research and development hub, and a leader in emerging fuel cell technologies, alternative energy and nanotechnology. Connecticut is home to many of the leading insurance companies, earning it the nickname “Insurance Capital of the World,” and the state's financial services sector is often recognized for its workforce talent and innovation.

**State Priorities—Jobs, Making Government More Efficient**

Governor Dannel Malloy has proposed cutting state spending, while at the same time working to create new jobs and retain and grow existing businesses to increase revenue coming into the state. Governor Malloy’s administration is making key cuts in spending to address budget concerns and to get its fiscal house in order, making state government less costly and more efficient. There is a concerted effort to restructure state government to provide services to Connecticut residents at a substantially lower cost to taxpayers.

Alongside these efforts to rein in spending, the state has proposed increasing income tax rates for many filers, expanding the sales tax base to include more services, increasing the sales tax rate, eliminating select property tax credits, and instituting a rule that would make it harder for corporations to avoid income taxes.

Connecticut is projecting $2 billion in personnel-related savings over the biennium to be negotiated with the state’s public employee unions. Savings will be achieved by freezing state employee wages, moving state employees to a health plan similar to that provided to federal workers, extending furloughs of three days a year until the end of the biennium, and raising the retirement age.

Governor Malloy has also identified an additional $1.5 billion in new revenue, 81 percent of which is to be paid for by individuals, and 19 percent of which is to be paid for by businesses. For filers who qualify for the federal Earned Income Tax Credit (EITC), a new state EITC at 30 percent of the federal level will help reduce the overall tax burden incurred through other state taxes.

To help repair and refurbish the state’s aging transportation infrastructure, Governor Malloy is proposing over $1 billion in capital investments, as well as an additional $130 million for affordable housing and $15 million for tourism marketing to help attract visitors to the state.

The governor is proposing an additional $758 million in spending reductions, including the elimination of the
government unit that regulates charitable gaming and
the elimination of outside management contracts for CT
Transit. In addition, risk reduction credits for inmates will
help save the state $3.8 million.

Jump-Starting the Economy

To help attract business relocations and new business start-
ups, the state has implemented the First Five Program.
Governor Malloy has proposed significant expansions
of the Reinvestment Tax Credit, the Manufacturing
Assistance Act and the Job Creation Tax Credit; removed
caps on credits for companies meeting job creation
targets and allowed the credit programs to be combined
in order to increase the benefits to businesses. These
programs are structured to reward the “first five” new or
existing companies adding 200 new full-time jobs within
Connecticut in the next two years. Businesses adding 200
jobs over five years are required to make a $25 million
investment in the state to access the incentives.

To make the case for Connecticut to expanding companies,
state leaders emphasize that employee productivity is at
an all-time high, with output per worker more than 33
percent above the national average. In addition, a highly
trained and educated workforce is a major selling point for
business attraction and retention efforts. Thirty-six percent
of the state’s population aged 25 and older has a college
degree. Connecticut is ranked 10th in our Enterprising
States workforce rankings and third in employee
productivity. The state boasts over 45 colleges and
universities, ranging from Ivy League research institutions
to community colleges offering two-year degrees and job
training programs. Connecticut is a top 25 state for college
affordability and for the number of degrees produced.

The state also has a wide array of incentives aimed at
helping businesses to strengthen their competitive edge.
Whether the area of need is equity investment, fixed-asset
purchases of land, working capital, or buildings, machinery
and equipment, financing programs are available to
support both large and small businesses. State programs
include direct funding from the Department of Economic
and Community Development (DECD), Connecticut
Development Authority, and Connecticut Innovations,
a program offering assistance and funding to high-tech
entrepreneurs. In addition, the state maintains a network of
local and regional revolving loan funds to assist businesses
with their financing needs.

Industry Cluster Initiative

Connecticut’s cluster-based economic development
initiative is built around the idea that nurturing the state’s
key industries improves the competitiveness of businesses
within those industries, in turn boosting the state’s
economy as a whole.

The state is focusing on several key clusters, including
biosciences, aerospace and information technology. The
bioscience cluster is overseen by Connecticut United
for Research Excellence (CURE), which was initially
launched with $300,000 in state seed money and $700,000
from industry contributions. The cluster has since received
more than $370,000 in additional funds from DECD and
$61.5 million in public funds. Currently, more than 110
Connecticut organizations are members of CURE.

The aerospace cluster operates under the direction of
Aerospace Components Manufacturers (ACM). The
state’s investment of $769,000 was leveraged by $2.3
million in industry funds and $140,000 in other public
funds. ACM is made up of more than 40 manufacturers
from the aerospace industry and is at work in areas
such as progressive and lean manufacturing, workforce
development, consolidated purchasing, multi-company
teaming, and new business identification in the worldwide
aerospace market.

The software or information technology cluster, also
known as eBizCT, is an affiliate of the Connecticut
Technology Council (CTC). This cluster has worked to
identify and address obstacles in areas such as workforce
development and the state’s regulatory environment. To
date, the group has received more than $1 million in state
and industry dollars. The CTC continues to develop a
strategic plan to strengthen the IT industry, to promote
growth, visibility and competitiveness, and to support
e-business strategies for all Connecticut companies.

Clusters in Connecticut

Largest Cluster: Business & Financial Services, 345,465 jobs

Largest Growth Cluster: Business & Financial Services, 47,348 new jobs since 2002

Most Competitive Cluster: Transportation Equipment Manufacturing, 9,270 new or retained jobs due to state competitive advantage

Most Concentrated Cluster: Transportation Equipment Manufacturing, 2.53 times the national concentration level