

What Lamont's budget recommendations say about business and workforce development

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In the realm of economic and workforce development, Gov. Ned Lamont's proposed budget adjustments include expanding the Office of Workforce Competitiveness and offering tax credits to businesses that create at least 25 good-paying jobs.

Lamont on Wednesday recommended a **\$22.29 billion budget**

(https://portal.ct.gov/-/media/OPM/Budget/2021_Midterm/Budget_PDF_Files/MidtermBudget2021.pdf?la=en) for the fiscal year starting July 1, a 0.6% increase from what was appropriated in 2019 for the upcoming fiscal year.

It involves the extension of more than \$28 million of taxes that were set to expire. This includes the permanent extension of the corporate surcharge at the current rate of 10%, allowing the state to generate \$22.5 million next fiscal year. The governor also expects to get \$5.7 million from the capital base tax next year and proposes eliminating the tax from 2026 onward.

One of Lamont's recommendations is the establishment of the Jobs CT Tax Credit as an incentive for businesses to expand or relocate to Connecticut. Employers who create at least 25 full-time jobs that are at least 85% of the median household income in the company's municipality will be eligible for a credit.

The credit for employers in a "focus area" will be 25% of taxes withheld from the new employees for seven years, from roughly two to nine years after the jobs are created. Focus areas include manufacturing, aerospace/defense, clean energy/renewables, entertainment and digital media, and financial services.

The credit in opportunity zones or distressed municipalities will be 50% of the withholding taxes, also for a seven-year period.

This aligns with the push from Lamont and Department of Economic and Community Development Commissioner David Lehman toward "earn as you go" incentives and away from up-front incentives to lure businesses.

DECD Deputy Commissioner Glendowlyn Thames said Thursday this is about incentivizing job creation not by picking winners and losers but by utilizing a program that is "simple, transparent and targeted to industries that are within our strengths."

In some parts of the budget, what may appear as a cut to a certain program or staffing level is actually a reorganization or reallocation to another department.

For example, the budget transfers one position each — and associated funding — from the Department of Labor and DECD to the Office of Workforce Competitiveness. In addition, the office would get a new investment of \$310,000, for a total of \$693,112. It currently is part of the Department of Labor but the governor would like to see it as an independent office. The budget says the three-person staff will be responsible for "formulating a unified state strategy," supporting sector partnerships and providing data on the skills employers need.

For the Department of Labor, the proposal includes cutting \$500,000 from the Youth Employment Program and adding \$100,000 for the New Haven Jobs Funnel. The budget says the latter "represents a joint public-private partnership to create career opportunities in construction and other technical trades for Connecticut residents."

The governor also is proposing to pivot the Small Business Express program from direct lending to a public-private partnership, and he would have DECD partner with CT Innovations, the state's venture capital arm.

Thames said DECD wants to focus its limited resources on market gaps. This would involve targeting underserved populations that face barriers to capital, such as businesses that are owned by women, a minority or veteran.

She noted that both the Jobs CT Tax Credit and the changes to the Small Business Express program are contingent on legislative approval.

Lamont also would reduce the Performing Theaters Grant in DECD by \$19,153 to reflect the dissolution of a theater.

Wendy Bury, executive director of the Southeastern Connecticut Cultural Coalition, was pleased to see that the only impact on arts, culture and tourism was "a very, very tiny adjustment of \$19,000 from one line item because it dissolved."

She is pleased to see Lamont understands the importance of the sector in workforce development, in terms of attracting and retaining employers and employees.


"If they have a good job and they have a good home but they're not happy when they're not working, they're not going to stay," Bury said.

Mark Hill, chief operating officer of the Eastern Connecticut Workforce Investment Board, thinks the restructured Office of Workforce Competitiveness will help identify best practices from other states. He also stressed that support for workforce development and job skills training in Connecticut is bipartisan.

"A lot of the people with a lot of advanced skills are employed already, so the people we need to help are the people who need an upgrade in skills," he said.

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As a business reporter, I write about small businesses opening and closing, manufacturing, food and drink, labor issues and economic data. I particularly love writing about the impact of state and federal policy on local businesses. I also do some education reporting, covering colleges in southeastern Connecticut and regional K-12 issues.

What questions - or story ideas - do you have about workforce issues in New London County, small businesses, or business-related legislation and taxes?

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