

Appropriations Committee Conservation and Development Subcommittee

Department of Economic and Community Development Work Session #1

February 28, 2022

- 1. Innovation Corridor. Breakout of the existing funds for the program? (OPM has noted that existing bond funds are being utilized to support this \$100M initiative – how much from each program) Have any projects been selected yet. How many projects are anticipated in the program? Up to 3?**

Please see the following breakout of the current funding sources for the [Innovation Corridor](#) program and the Governor's proposed funding sources, which includes replacing \$20m in state bonding with federal Coronavirus State Fiscal Recovery Funds (CSFRF):

<b>Current Funding Sources for Innovation Corridor</b>	<b>Total</b>	<b>FY 22</b>	<b>FY 23</b>
MAA Revolving Fund	\$ 50.0	\$ 25.0	\$ 25.0
State Bonding	50.0	25.0	25.0
<b>Total</b>	<b>\$ 100.0</b>	<b>\$ 50.0</b>	<b>\$ 50.0</b>

<b>Proposed Funding Sources for Innovation Corridor</b>	<b>Total</b>	<b>FY 22</b>	<b>FY 23</b>
MAA Revolving Fund	\$ 50.0	\$ 25.0	\$ 25.0
State Bonding	30.0	5.0	25.0
Federal CSFRF	20.0	20.0	-
<b>Total</b>	<b>\$ 100.0</b>	<b>\$ 50.0</b>	<b>\$ 50.0</b>

In terms of the schedule for this program, the deadline for application is March 4, 2022. DECD anticipates awarding up to two projects, up to \$50m each.

- 2. CareerConneCT. Have any funds been expended from the \$70 million available to this program? Note: Per OPM, CareerConneCT is supported by a \$70 million allocation of ARPA funds to the "Governor's Workforce Initiatives" under PA 21-2 JSS.**

DECD transferred these funds via MOU to the Office of Workforce Strategy (OWS), who is administering the CareerConneCT program. This question should be directed to OWS.

- 3. Minority Business Revolving Loan Fund. Provide update on the program. How much has been expended from the program and how much remains? How many loans have been approved under the program to date?**

HEDCO is currently administering the Minority Business Revolving Loan Fund on behalf of DECD using \$25m in Small Business Express bond funding. Please see the chart below, which is an update on how much has been expended from the program, how much remains, and how many loans have been approved under the program to date:

Loans	Amount	Item
485	4,986,984.00	Forgivable loan Program (COVID-19 HEDCO/DECD)
115	6,308,230.00	MBRLF Loans (SAMA and HEDCO)
600	<b>\$11,295,214.00</b>	<b>Total Loans \$ Disbursed</b>
	200,000.00	Loans Funds Allocated to NH
	<b>6,704,786.00</b>	<b>Available for New Loans</b>
	<u>4,500,000.00</u>	Still at DECD (Not Released Yet)
	<b>11,004,786.00</b>	<b>Total Available to lend.</b>

Please note \$2.5m (10%) is reserved for administration, as is customary.

**4. Welcome Centers. Status update on the welcome centers. How many are currently open?  
Provide details on the current expenditures associated with the welcome centers.**

All Welcome Centers are open on a seasonal basis and staffed with DECD's Office of Tourism personnel from mid-May through mid-November. In FY 22, this is expected to cost approximately \$128,885 for 11 temporary staff positions. Additionally, DECD pays for housekeeping and maintenance at the Westbrook Welcome Center (dumpsters, trash removal, porto-lets, and janitorial housekeeping), at a cost of approximately \$62,000 for 6-7 months of operation. Please see this broken out below:

\$5,000 for trash removal

\$6,118 for portable toilets

\$50,000 for housekeeping

Moreover, DECD is in the process of reaching out to design consultants to provide recommendations and cost on how to maximize/re-design each welcome center to improve visitor flow, marketing and promotional reach, and dissemination of Connecticut tourism information. DECD has been in talks with 5 different digital technology companies to learn more about available digital services that would enhance the visitor experience at the Welcome Centers. DECD collected product specifications, and costs for internet connectivity to operate the equipment, digital non-touch video wall displays, digital wall kiosks, and stand-alone digital informational kiosks. DECD also obtained cost estimates on light pole banners to brand each center—creating a sense of place.

To date, DECD estimates the approximate cost is \$633,680 to make these upgrades. This project has been informally broken down into a few phases.

We are just about completing phase 1 – gathering information and related costs – including consultant services.

Phase 2 is to work with consultant to assess each welcome center space.

Phase 3 is to receive approval to solicit bids/proposals for digital services – best product and cost for service.

Phase 4 install digital technology and visitor service enhancements.

**5. Staffing. How many vacancies/open positions do you currently have? How many retirements are you expecting? How many applications are out for positions? How long does it take from start to finish on applications?**

*Vacancies*

There's a total of 24 positions that are fully approved and are currently in the recruitment process, but please note that this position summary is not broken out by funding source and reflects "all funds":

- Summer Workers (Museum Guides) – 8 positions
- Administrative Assistant – 1 position
- National Reg. Spec – 1 position
- ITA 1 – 1 position
- Staff Attorney 2 (SEC) – 1 position
- Communication & Legislative Program Manager (SEC)- 1 position
- Associate Accountant (SEC) – 1 position
- Paralegal – 1 position
- State Program Manager (Director of CIF ) – 1 position
- Associate Accounts Examiner – 1 position
- FAO, Associate Accountant, & Associate Fiscal Administrative Officer – 3 positions
- 2 ECD Agents, State Program Manager, & CD Assistant Administrator – 4 positions

*Retirements*

DECD has 29 employees eligible for retirement (last report net everyone who has already retired) as of 12/31/22, and 5 of the 29 have submitted paperwork, but please note that this position summary is not broken out by funding source and reflects "all funds."

*Applications*

According to DAS, for the time period from February 19, 2021, to February 18, 2022:

Job Openings	Apps Received	Positions Filled	Approved Vacancies	Total Employee Count
26	3021	31	18	104

#### *Length of Time to Hire*

Looking at the time the position was entered into CORE for approval through the start date of the employee, from 2/18/21 to 2/18/22, the average time to fill a position was 2.55 months.

6. **Distressed Municipality formula (New Haven). Provide a written explanation of the adjustment to New Haven and why the city has been taken off the list. What resources are available (Comm. Lehman mentioned a 5 year grace period for municipalities scoring off the list).**

Regarding New Haven's latest ranking on the [Distressed Municipalities](#) list, please see the attached spreadsheet, "[2020 and 2021 New Haven DM list.](#)" As you can see, when comparing New Haven's 2020 indicators with 2021, the City improved significantly in its ranking in terms of changes in population (2020 = 92<sup>nd</sup>, 2021 = 23<sup>rd</sup>), and performed relatively well in terms of changes in employment (2020 = 1<sup>st</sup>, 2021 = 7<sup>th</sup>) and per capita income (2020 = 65<sup>th</sup>, 2021 = 91<sup>st</sup>). All other indicators remained relatively stable for New Haven, resulting in New Haven's total DM Score improving from 1180 in 2020, down to 1131 in 2021, and moving the City outside of the top 25. However, please note that New Haven will still be eligible for benefits associated with being a Distressed Municipality for the next five years.

7. **Summary of all new programs (e.g. Community Investment Fund). What are the funding sources? What has been expended to date on these program?**

#### [Connecticut Communities Challenge Grant](#)

DECD is undertaking a \$100 million competitive grant application process to fund multiple projects under the CT Communities Challenge Grant Program that will improve livability, vibrancy, convenience and appeal of communities throughout the state. The program is intended to potentially create approximately 3,000 new jobs. **It is DECD's goal to allocate up to 50% of the funds to eligible and competitive projects in distressed municipalities.**

#### [Innovation Corridor Grant](#)

DECD is undertaking a \$100 million competitive grant application process for two or more transformational, place-making projects in major urban areas or regional economic centers. The projects are designed to facilitate the creation of at least 15,000 new jobs in data science, advanced manufacturing, insurance technology ("insure-tech"), or other high-growth industries. **Approved projects may include those that support diversity, equity, and inclusion efforts and projects that ensure local improvements through community benefit agreements.**

## Small Business Express 2.0

DECD's Small Business Express (EXP) program is currently being restructured pursuant to new legislation passed during the 2021 legislative session. Under the improved program, DECD will partner with organizations on programs designed to spur private investment, maximize private-sector expertise, and share credit risk. **Priorities for the new program include targeting investments to support women, minority, veteran, and business owners with disabilities, and businesses located in distressed municipalities, as well as creating sustainable sources of funding to stimulate small businesses formation and growth and help higher risk credit profiles overcome barriers to traditional financing.**

## Community Investment Fund 2030

**New legislation established a five-year, \$875 million bonding program to fund qualifying projects and grants in eligible municipalities that are designated as public investment communities (PIC) or alliance districts.** The legislation established a 21-member board, the Community Investment Fund 2030 board, within DECD, to accept applications for funding under the program from municipalities, community development corporations, and nonprofits undertaking eligible projects.

## Social Equity Council

In 2021, the State of Connecticut legalized the recreational use of cannabis. The legislation made numerous changes related to criminal justice, licensing, employment, tax, traffic enforcement, and other laws to establish legal adult recreational use of cannabis. **The bill also established a 15-member Social Equity Council within DECD (for administrative purposes only) and authorized up to \$50 million in state general obligation bonds for DECD and the Social Equity Council to use for specified financial assistance and workforce training programs.**

- 8. Minority Business Loan Program. Provide breakout of minority-owned vs women-owned. What are the metrics for success vs failures? What is done to help the businesses that fail? How do loans qualify for forgiveness?**

For a breakdown of minority vs. women owned, please see attached, "**MBRLF Report – Feb 2022.**"

### *Metrics for Success*

- Staying current on their loan.
- Stays in communications with HEDCO if they encounter a problem.
- Spends the funds in accordance with their budget.

### *Metrics for Failure*

- HEDCO reaches out to loan recipients on a monthly basis to do a check-in in hopes of getting in front of any problems, to make sure funding was spent appropriately, and to review financials.
- If a business is having a difficult time paying, HEDCO will meet with them and discuss different payment options (such as Interest-only for 6 months or a forbearance for 6 months).
- At times, businesses are referred to CTSBDC for more advance technical assistance. CTSBDC has 12 business advisors statewide and access to UConn Business Students.

### *Loan Forgiveness*

As a part of the HEDCO/DECD COVID-19 Response award, the borrower is required to provide evidence that the funds disbursed were spent as outlined in the "Use of Source of Funds" Form and "Commitment Letter," which covers a specified period.

Documents that are accepted as evidence:

- Copies of cancelled checks.
- Bank statement showing debt (payments) with name of beneficiary and amount.
- Utility statement evidencing payment.
- Receipts that show name of beneficiary and the amount paid.
- Copies of paid invoices or paid statements.
- Payroll register (documentation).
- Any other requested documentation.

Upon satisfying the above requirements, the borrower will receive a letter (via email) stating that the loan is forgiven along with a copy of the Promissory Note marked "Forgiven" or "Paid." The deadline to apply for loan forgiveness is one year from the closing date. If documents are not received within that one-year period, the Note will convert into a term loan with an interest rate of 4%.