

Finance, Revenue, and Bonding Committee – General Obligation Bonding Subcommittee

Department of Economic and Community Development

March 11, 2022

Please see DECD's responses to the subcommittee's questions in red.

*Brownfield Remediation and Revitalization Program*

| Program   | Unallocated<br>1/1/22 | FY 23 (Current) | Gov. Proposed FY<br>23 Revision | Gov. Net Revised<br>FY 23 |
|---|-----------------------|-----------------|---------------------------------|---------------------------|
| Brownfield<br>remediation and<br>revitalization<br>program projects | -                     | 25,000,000      | -                               | 25,000,000                |

1. Do you need the unallocated balance? **N/A**
  - a. If so, for what purpose? **N/A**
  - b. Within what time frame? **N/A**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **N/A**
  - a. If attached to projects, please provide information on the projects. **N/A**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **December 21, 2021**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **The final \$25 million for FY 22 was allocated to DECD on December 21, 2021.**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **Statutorily, DECD is expected to conduct at least two competitive rounds in any year. DECD conducted two rounds of the Brownfield Remediation and Revitalization Program in FY 22, and plans to conduct at least two more rounds in FY 23, with the first round occurring in July/August of 2022. DECD is targeting to request for allocation of the FY 23 funds (\$25m) in Q1 to fund the next round (Round 16).**
6. Discuss expenditures from any bond-related revolving funds within your agency. **N/A**

### *Cannabis Establishment Loans*

| Program                         | Unallocated<br>1/1/22 | FY 23 (Current) | Gov. Proposed<br>FY 23 Revision | Gov. Net<br>Revised FY 23 |
|---------------------------------|-----------------------|-----------------|---------------------------------|---------------------------|
| Cannabis<br>Establishment Loans | 50,000,000            | -               | -                               | -                         |

1. Do you need the unallocated balance? **Yes.**
  - a. If so, for what purpose? **PA 21-1 Sec (§ 134) Authorizes 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 in the following specified areas:**
    - low-interest loans to social equity applicants, municipalities, or nonprofits to rehabilitate, renovate, or develop unused or underused real property for use as a cannabis establishment;
    - capital to social equity applicants seeking to start or maintain a cannabis establishment;
    - development funds or ongoing expenses for the cannabis business accelerator program; and
    - development funds or ongoing expenses for the workforce training programs developed by the Social Equity Council.
  - b. Within what time frame? **DECD and the Social Equity Council expect to stand up a low-interest loan program for social equity applications seeking to start or maintain a cannabis establishment by July 1, 2022, and portions of this funding will go towards providing capital to this program. The remaining unallocated balance is expected to be drawn down for various other programs by July 1, 2023.**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **Yes, per the above, the unallocated balance will be used to fund the programs outlines in PA 21-1.**
  - a. If attached to projects, please provide information on the projects. **The Social Equity Council is still in the process of developing these programs, but we should have more information in the coming months. The entire \$50 million will be needed to operationalize these programs.**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **N/A**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **DECD and the SEC have requested \$10 million for the next State Bond Commission meeting to stand up a low-interest loan program for social equity applicants seeking to start or maintain a cannabis establishment.**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A.**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **N/A**
6. Discuss expenditures from any bond-related revolving funds within your agency. **N/A**

### *Community Investment Fund 2030*

| Program                           | Unallocated<br>1/1/22 | FY 23 (Current) | Gov. Proposed<br>FY 23 Revision | Gov. Net<br>Revised FY 23 |
|-----------------------------------|-----------------------|-----------------|---------------------------------|---------------------------|
| Community Investment<br>Fund 2030 | -                     | 175,000,000     | -                               | 175,000,000               |

1. Do you need the unallocated balance? **N/A**
  - a. If so, for what purpose? **N/A**
  - b. Within what time frame? **N/A**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **N/A**
  - a. If attached to projects, please provide information on the projects. **N/A**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **N/A**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **N/A**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **The enabling legislation for the Community Investment Fund (CIF) 2030 is Sec. 475 of June Sp. Sess., Public Act No. 21-2. DECD is currently interviewing for the administrator position who will develop and oversee the application process for the new Community Investment Fund 2030 Board, which is within DECD for administrative purposes only. The CIF 2030 Board will oversee \$175m in bonding funds each year for various economic development programs beginning on July 1, 2022.**

#### *Structure of CIF Board*

- 21 members in total: 10 who are members or appointees of the legislature, and 11 who are members or appointees of the executive branch or other statewide elected officials (e.g., the state Attorney General)
- DECD acts as the administrator of the CIF

#### *Powers and Duties of CIF Board*

- The chief responsibility of the CIF Board is to recommend for the governor's approval two types of "eligible projects" which must "further consistent and systemic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved and marginalized communities...":
  - Any project providing economic or community development in a municipality, including Brownfield, affordable housing, infrastructure improvement, pedestrian safety or traffic improvements, clean energy or resiliency, and home and public facility rehabilitation (and all related costs)
    - Priority goes to municipalities that have implemented local hiring preferences or will leverage other funds; and to applicants that employ ex-

- offenders or individuals with disabilities; and to municipalities that have a letter of support from GA representative(s)
- Any grant providing a revolving loan program or start-up funds to establish or small business
  - Interest rate may not vary from prevailing interest rate
  - Board must consider risk of default; impact on job creation or retention; impact on blighted properties; overall community impact

#### *Process*

- Board submits list of recommended eligible projects →
- Governor reviews and may recommend changes (in writing) →
- if approved, Governor presents allocation of bond funds at State Bond Commission hearing no more than 2 months after Board submission

#### *Statutory Deadlines*

- August 30, 2021 – all initial appointments made to CIF board
- January 1, 2022 – first meeting of CIF board
- July 1, 2022 – first funds for CIF become available (\$175M for FY 23)

You can watch the first meeting of the CIF Board, which was held on October 27, 2021, [here](#).

6. Discuss expenditures from any bond-related revolving funds within your agency. *N/A*

#### *Connecticut Manufacturing Fund*

| Program   | Unallocated 1/1/22 | FY 23 (Current) | Gov. Proposed FY 23 Revision | Gov. Net Revised FY 23 |
|---|--------------------|-----------------|------------------------------|------------------------|
| Connecticut Manufacturing Fund established by section 32-70 of the general statutes | -                  | 10,000,000      | -                            | 10,000,000             |

1. Do you need the unallocated balance? *N/A*
  - a. If so, for what purpose? *N/A*
  - b. Within what time frame? *N/A*
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? *N/A*
  - a. If attached to projects, please provide information on the projects. *N/A*
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? *July 23, 2021*
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? *Yes, the FY 22 authorization of \$10m was requested and approved by the State Bond Commission at the July 23, 2021 meeting.*
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? *N/A*

5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed?

The biennial budget for 2022 and 2023 provided \$20 million support legacy MIF programs as well as resources to implement several new initiatives designed to help expand our manufacturing workforce, support our innovators, and speed the adoption of the new digital technologies revolutionizing manufacturing. The Governor's proposed midterm adjustments maintained this critical funding. We expect to pursue the FY 23 allotment soon after July 1, 2022. Your support for Connecticut manufacturing helps ensure that our manufacturers remain competitive in global markets while providing great career opportunities for our citizens here in the state.

For more information, attached please find the 2021 MIF Annual Report for Fiscal Year Ended June 30, 2021. The report focuses on the cumulative benefit that the fund has provided to Connecticut manufacturers, their employees, and Connecticut students since its inception in 2014. You will see that over 2,000 companies have been assisted, over 28,000 employees have been trained, over 20,000 Connecticut jobs have been created or retained and over 18,000 students have been engaged. On balance, this has been achieved with the MIF acting as a catalyst to spur significant private sector funding for manufacturing initiatives. On average, each dollar of MIF funding has acted as a catalyst for \$1.70 of third-party funding.

During the pandemic Connecticut manufacturers distinguished themselves by rapidly developing and implementing safe workplace procedures to keep their employees healthy and productive. As a result, all our manufacturers were able to continue to operate through the pandemic and many were able to pivot to produce critically needed medical equipment and supplies as international supply chains broke down. More recently, our manufactures have transitioned from managing short term risk to capitalizing on longer term opportunities. To do so, our manufacturers need to invest in new capabilities and capacity, and they need access to a skilled workforce. The MIF programs were developed to help address these priorities.

Our Chief Manufacturing Officer, Paul Lavoie, welcomes the opportunity to engage you in a discussion of the merits of the Manufacturing Innovation Fund or answer any questions you may have.

6. Discuss expenditures from any bond-related revolving funds within your agency. **N/A**

*CT Strategic Defense Investment Act*

| <b>Program</b>   | <b>Unallocated<br/>1/1/22</b> | <b>FY 23<br/>(Current)</b> | <b>Gov.<br/>Proposed FY<br/>23 Revision</b> | <b>Gov. Net<br/>Revised FY 23</b> |
|--|-------------------------------|----------------------------|---|-----------------------------------|
| CT Strategic Defense Investment Act - Sikorsky - PRIOR | -                             | 9,796,428                  | -   | 9,796,428                         |

1. Do you need the unallocated balance? **N/A**
  - a. If so, for what purpose? **N/A**
  - b. Within what time frame? **N/A**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **N/A**
  - a. If attached to projects, please provide information on the projects. **N/A**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **November 15, 2016**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **This funding is part of an agreement between the State of Connecticut and Lockheed Martin, and the allotments were approved when the agreement was signed in 2016.**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **The FY 23 authorization of \$9,796,428 is part of the 2016 agreement between the State of Connecticut and Lockheed Martin (previously "Sikorsky"), which was enacted by September 2016 SS Public Act No. 16-1. Lockheed Martin and the State of Connecticut entered into this agreement to maintain their headquarters in Connecticut and produce nearly 200 CH-53K (King Stallion) heavy lift helicopters in the state through at least June 2032. Sikorsky will have the opportunity to earn up to \$220 million over the term of the agreement if it meets targets for employment, increased in-state supply chain spending and capital expenditures.**
6. Discuss expenditures from any bond-related revolving funds within your agency. **N/A**

*CareerConneCT*

| Program   | Unallocated<br>1/1/22 | FY 23 (Current) | Gov. Proposed FY<br>23 Revision | Gov. Net Revised<br>FY 23 |
|---|-----------------------|-----------------|---------------------------------|---------------------------|
| For CareerConneCT<br>workforce training<br>programs | 15,000,000            | 20,000,000      | -                               | 20,000,000                |

1. Do you need the unallocated balance? **Yes.**
  - a. If so, for what purpose? **Through the biennial budget, OWS, via the Department of Economic and Community Development (DECD), is using these funds to develop innovative programs that are not permissible expenditures under our \$70M ARPA allocation.**
  - b. Within what time frame? **DECD and OWS are requesting the unallocated balance be allotted at the next State Bond Commission meeting.**

2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **These funds are designated to the OWS and their CareerConneCT program.**
  - a. If attached to projects, please provide information on the projects. **Please see the CareerConneCT [website](#) for more information.**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **The initial \$5M bonding allotment was allocated to the OWS on December 21, 2021.**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **An initial request for allocation was made for \$5M for the Special Meeting of the State Bond Commission in December and have made a subsequent request for the \$15M allocation at the next meeting.**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **N/A**
6. Discuss expenditures from any bond-related revolving funds within your agency. **N/A**

*Westville Subsidence Grants*

| Program  | Unallocated<br>1/1/22 | FY 23<br>(Current) | Gov.<br>Proposed FY<br>23 Revision | Gov. Net<br>Revised FY<br>23 |
|--|-----------------------|--------------------|------------------------------------|------------------------------|
| Grants-in-aid to homeowners with homes located in the immediate vicinity of the West River in the Westville section of New Haven and Woodbridge for structurally damaged homes due to subsidence and to homeowners with homes abutting the Yale Golf Course in the Westville section of New Haven for damage due to subsidence | 3,000,000             | -                  | -                                  | -                            |

1. Do you need the unallocated balance? **Yes.**
  - a. If so, for what purpose? **For the third party, Capital for Change, to complete further application rounds, select homes, engineering work, and to complete the repairs to the homes in the New Haven Westville area.**
  - b. Within what time frame? **The project is currently in progress using the \$1M from PA 17-2 JSS, Sec. 389 (d)(4), and \$1M from the Healthily Homes fund (these are non-bond funds and come from a surcharge on CT residential property insurance policies).**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **These funds will allow for more homeowners to apply under the current project and will allow for more homes to be repaired in the area.**

- a. If attached to projects, please provide information on the projects. **N/A**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **April 13, 2018, the Bond Commission approved \$1M from PA 17-2 JSS. Healthy Homes funds were made available to DECD in June/July 2020.**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **No.**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **N/A**
6. Discuss expenditures from any bond-related revolving funds within your agency. **N/A**

*Children's Museums Grants*

| Program   | Unallocated<br>1/1/22 | FY 23<br>(Current) | Gov.<br>Proposed FY<br>23 Revision | Gov. Net<br>Revised FY<br>23 |
|---|-----------------------|--------------------|------------------------------------|------------------------------|
| Grants-in-aid to nonprofit organizations sponsoring children's museums, aquariums, and science-related programs, including CT Science Center in an amount not exceeding \$10.5 million, the Maritime Aquarium at Norwalk not exceeding \$6.6 million, and the Children's Museum in West Hartford not exceeding \$10 million | 12,600,000            | -                  | -                                  | -                            |

1. Do you need the unallocated balance? **DECD has not heard from the Children's Museum in West Hartford regarding the \$10m unallocated balance, but DECD is in touch with the Maritime Aquarium at Norwalk regarding their \$2.6m balance.**
  - a. If so, for what purpose? **N/A**
  - b. Within what time frame? **N/A**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **N/A**
  - a. If attached to projects, please provide information on the projects. **N/A**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **2016**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **N/A**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**



5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed?  
N/A
6. Discuss expenditures from any bond-related revolving funds within your agency. N/A

*Cultural and Historic Grants*

| Program   | Unallocated<br>1/1/22 | FY 23<br>(Current) | Gov.<br>Proposed FY<br>23 Revision | Gov. Net<br>Revised FY 23 |
|---|-----------------------|--------------------|------------------------------------|---------------------------|
| Grants-in-aid to nonprofit organizations sponsoring cultural and historic sites | 10,529,614            | 5,000,000          | -                                  | 5,000,000                 |

1. Do you need the unallocated balance? Yes.
  - a. If so, for what purpose? For reopening the Good to Great grant program applications for two funding periods, the first opening in September 2022, funds allocated in January 2023, and again in July 2023, funds allocated by December 30, 2023.
  - b. Within what time frame? For the period between January 1, 2023, and December 30, 2023.
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? The funds are available for future needs, which include reopening the Good to Great Grant program, which was put on hiatus during the pandemic.
  - a. If attached to projects, please provide information on the projects. N/A
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? Funds were last allocated on 7/25/2018.
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? A request for allotment was filed on April 5, 2019 for \$5,000,000
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? The Good to Great grant program was supposed to reopen for applications in January 2020. It was delayed due to staff assignments and was rescheduled for April 2020. The pandemic hit and it was decided to halt the application release and delay the program for an indefinite time. As the pandemic stretched into the summer month, and the non-profit "tourism attractions" that were the intended recipients of the program funds remained closed, it became impossible to think of relaunching the program with the uncertainty of the times.
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? In November, 2021, DECD began formulating a plan that involved working collaboratively with CT Humanities to initiate the application in the spring of 2022. As of now, we expect the new application to launch by September of 2022, with allocations of approximately \$5-\$6 Million awarded. We expect there may be a heightened interest in the program (which requires a 25% cash match) as many of the qualified grant applicants now have

access to funds for some projects to improve visitor services that had been delayed due to the COVID crisis.

6. Discuss expenditures from any bond-related revolving funds within your agency. **N/A**

*Manufacturing Assistance Act (MAA)*

| Program   | Unallocated<br>1/1/22 | FY 23<br>(Current) | Gov.<br>Proposed FY<br>23 Revision | Gov. Net<br>Revised FY 23 |
|---|-----------------------|--------------------|------------------------------------|---------------------------|
| Manufacturing Assistance Act (MAA) - Economic Development and Manufacturing Assistance Act of 1990 and the Connecticut job training finance demonstration program | 61,773,557            | -                  | -                                  | -                         |

1. Do you need the unallocated balance? **Yes.**
  - a. If so, for what purpose? **The MAA is used to offer businesses grants, loans, tax credits, and other incentives to create and retain jobs in the state.**
  - b. Within what time frame? **DECD expects to request a portion of this unallocated balance in Q4 of FY 22.**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **Funds are available for future needs as they arise, including the uses listed above.**
  - a. If attached to projects, please provide information on the projects. **N/A**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **December 21, 2021.**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **\$6,750,000 was requested and allocated by the State Bond Commission on December 21, 2021, for various small projects, programs and administrative costs under the Economic Development and Manufacturing Assistance Act.**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **N/A**
6. Discuss expenditures from any bond-related revolving funds within your agency. **As of March 3, 2022, the Manufacturing Assistance Act (MAA) Revolving Fund *available* balance is \$97,486,392.16. Please note this figure takes into account administrative costs and incentive agreements that are currently in the pipeline, but a majority of this funding will also be used to fund the Innovation Corridor and CT Communities Challenge programs.**

*Small Business Express (EXP)*

| Program                        | Unallocated<br>1/1/22 | FY 23<br>(Current) | Gov.<br>Proposed FY<br>23 Revision | Gov. Net<br>Revised FY 23 |
|--------------------------------|-----------------------|--------------------|------------------------------------|---------------------------|
| Small Business Express Program | 9,000,000             | 25,000,000         | -                                  | 25,000,000                |

1. Do you need the unallocated balance? **Yes.**
  - a. If so, for what purpose? **DECD is currently standing up a new and improved version of the Small Business Express program. The \$9,000,000 unallocated balance will be used to provide seed capital for small business lenders to**
  - b. Within what time frame? **We are requesting this unallocated balance at the next State Bond Commission meeting.**
2. Are the unallocated funds obligated, designated, or otherwise attached to projects, or are funds available for future needs as they arise? **N/A**
  - a. If attached to projects, please provide information on the projects. **N/A**
3. Allocation of Funds
  - a. When was the last time funds for the program were allocated, if ever? **December 21, 2021.**
  - b. Have the funds been requested for allocation by the bond commission? If so, how much and when? **Yes, \$21m was allocated to DECD at the December 21<sup>st</sup> bond commission meeting.**
4. What impediments, if any, have there been in accessing and using the unallocated bond funds? **N/A**
5. If new or increased bond authorizations have been proposed for FY 23, what expansion or increase of projects is expected and how quickly are the new funds anticipated to be needed? **N/A**
6. Discuss expenditures from any bond-related revolving funds within your agency. **As of March 3, 2022, the Small Business Express (EXP) Revolving Fund available balance is \$22,225,537.83, which is made up of principal and interest collected from loan recipients.**