



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE GENERAL BONDING SUBCOMMITTEE MARCH 11, 2022

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Testimony on Governor Lamont's Capital Budget Adjustments

Senator Moore, Representative Borer, Senator Hwang, Representative Piscopo, and distinguished members of the General Bonding Subcommittee, thank you for the opportunity to discuss the Office of Policy and Management's capital programs.

The Governor's proposed mid-term adjustments make two changes to the biennial capital budget. These include an increase of the Capital Equipment Purchase Fund authorization by \$15 million and a new \$75 million authorization to provide matching funds for the Federal Infrastructure Investment and Jobs Act (IIJA).

As the committee is likely aware, the Capital Equipment Purchase Fund is authorized by CGS Sec. 4a-9 and is used for the purchase of state agency equipment with a useful life of at least 5 years. The existing unallocated balance of \$6.1 million combined with the authorized \$10 million for FY 2023 will be insufficient to address the most critical equipment needs of state agencies. State agencies have recently experienced increased IT capital equipment needs as a result of new work-from-home policies which have diminished current unallotted balances. An additional \$15 million in FY 2023 will help in ensuring state agencies will have the necessary funds available to finance near-term equipment needs.

The \$75 million in matching funds is the first step in providing the state nearly \$3.0 billion in federal assistance from the IIJA. The IIJA has provided the state with an opportunity to address many infrastructure goals, including resiliency, improvements to clean drinking water, transportation support and increased access to broadband. It is envisioned that the funds will be used as follows:

- \$50 million will be used at the Department of Energy and Environmental Protection for various resiliency and water programs. Formula based programs would represent \$30 million of the total with the remaining \$20 million to be used for federal competitive grants¹.
- \$10 million for the Department of Public Health for programmatic matching requirements.
- \$15 million as a contingency for either additional competitive funds in FY 2023 or for use in future years.

¹ Competitive numbers are estimates based on prior experience with competitive funds. These are estimates, as matching requirements vary by grant and have yet to be promulgated by relevant federal agencies.

The Office of Policy and Management unallocated balances are as follows:

Office of Policy and Management
Unallocated Balance Report with FY 2022 Authorizations
As of December 21, 2021

	<u>Unallocated</u>
1. Small Town Economic Assistance (STEAP)	\$ 45,000,000
2. Responsible Growth Incentive Fund	2,000,000
3. Non-Profit Grant Program	60,000,000
4. Distressed Municipalities	3,500,000
5. Body Worn Cameras	6,120,300
6. Community Engagement Training	500,000
7. Grant for a Sandy Hook Memorial	2,600,000
8. Grants for regional and local improvements	35,000,000
9. Grants to Municipalities under 13a-175a	91,000,000
10. Grant to the Commission on Gun Violence Prevention and Intervention	5,000,000
11. Higher Ed Consolidation into CORE	3,000,000
12. Results Based Accountability	1,200,000
13. Transit-Oriented Development	6,000,000
14. Information Technology Investment Program	89,456,553
15. Local Capital Improvement Program (LOCIP)	90,000,000
16. Capital Equipment Purchase Fund	6,131,625
17. Urban Act	<u>178,347,893</u>
18. Total Office of Policy and Management	\$ 624,856,371

At the end of FY 2021 the Office of Policy and Management's unallocated balances totaled \$463 million. The 2021 Legislative Session approved an additional \$458.6 million of new authorizations which brought the total unallocated balance to \$921.6 million. Fiscal year-to-date the Office of Policy and Management has allocated \$296.7 million through the State Bond Commission, leaving \$624.9 million in unallocated balance. Allocations this year represent approximately 32.2% of the Office of Policy and Managements' available unallocated balance from the start of the fiscal year.

Attachment A provides a brief overview of each of the programs at the Office of Policy and Management.

I would like to again thank the committee for the opportunity to present this testimony, and I am happy to answer any questions you may have.

Attachment A

1. **Small Town Economic Assistance Program (STEAP)** – Existing STEAP funds would be utilized along with PA 21-111 Section 52 which authorizes an additional \$15 million for a potential STEAP round in Fiscal Year 23. Under CGS 4- STEAP funds economic development, community conservation and quality of life projects for municipalities that are ineligible to receive Urban Action bonds. Current unallocated funds will be used in the next wave of STEAP grants. Currently anticipated to be in the fall of Fiscal Year 23.

The last time STEAP was allocated was for the FY 20 STEAP round for \$15 million. 96 towns were provided grants in that round.

Projects eligible for STEAP funds include:

- Economic development projects such as (a) constructing or rehabilitating commercial, industrial, or mixed-use structures and (b) constructing, reconstructing, or repairing roads, access ways, and other site improvements;
- Recreation and solid waste disposal projects;
- Social service-related projects, including day care centers, elderly centers, domestic violence and emergency homeless shelters, multi-purpose human resource centers, and food distribution facilities;
- Housing projects;
- Pilot historic preservation and redevelopment programs that leverage private funds; and
- Other kinds of development projects involving economic and community development, transportation, environmental protection, public safety, children and families and social service programs.

2. **Responsible Growth & Transit Oriented Development (RGTO) Grant Program** -The Responsible Growth and Transit-Oriented Development (RGTO) Grant Program provides funding opportunities to eligible applicants for projects that foster transit-oriented development, as defined in [Section 13b-79o](#) of the Connecticut General Statutes, and/or projects that demonstrate responsible growth through their consistency with the [Conservation & Development Policies: The Plan for Connecticut 2013-2018](#) (State C&D Plan).

Unallocated balance for both the Responsible Growth Incentive Fund and Transit-Oriented Development is expected to be used in Fall of FY 23.

3. **Grants-in-aid to Private, Non-profit Health and Human Service Organizations** – The funds are used for competitive grants to private, non-profit health and human service providers to expedite service delivery and to address health, safety and accessibility issues with respect to health and human services provided by nonprofit providers.

Eligible projects include:

- Facility alterations, renovations, improvement, additions, new construction and land purchase associated with new construction or additions;
- Health, safety and compliance with Americans with Disabilities Act;
- Energy conservation, improvements or projects;
- Information technology projects, including encryption or client confidentiality systems;
- Technology that promotes client independence;

- Purchase of vehicles;
- Acquisition and upgrades to electronic health or medical records and other health information technology systems; and
- Converting use of property to address mutually agreed to state agency service needs.

4. **Grants-in Aid to Distressed Municipalities** - Provides an annual state reimbursement of a portion of the property tax loss that municipalities sustain as a result of property tax exemptions granted to qualified manufacturing/service facilities and companies located in certain municipalities designated by the Commissioner of the Department of Economic and Community Development (DECD) as distressed, containing an Enterprise Zone or a zone that is eligible for Enterprise Zone level benefits. The Commissioner of the DECD must certify which manufacturing/service facilities and companies are eligible for these exemptions. OPM reimburses eligible municipalities for up to 50% of the tax revenue lost due to these exemptions.

Reimbursement to municipalities is required per CGS Section 32-9s. Exemptions are granted to qualified manufacturing/service facilities and companies per CGS Sections 12-81(59), 12-81(60) and 12-81(70). Municipalities must certify that any bond funds received through this grant will be used only for capital projects. December 21, 2021 Bond Commission provided awards in time for the FY 2022 payment.

5. **Body worn camera/dashboard camera reimbursement program under the Police Accountability bill-** Pursuant to section 45 of Public Act 20-1, the Office of Policy and Management is to administer a grant program to provide a grant-in-aid to any municipality approved for such a grant-in-aid by the office, for the costs associated with (1) the purchase of body-worn recording equipment for use by the sworn members of such municipality's police department or for use by constables, police officers or other persons who perform criminal law enforcement duties under the supervision of a resident state trooper serving such municipality, and digital data storage devices or services, provided such equipment, device or service conforms to the minimal technical specifications approved pursuant to subsection (b) of section 29-6d of the general statutes, and (2) a first-time purchase by such municipality of one or more dashboard cameras with a remote recorder or the replacement by such municipality of one or more dashboard cameras purchased prior to December 31, 2010, with one or more dashboard cameras with a remote recorder, provided such dashboard cameras with a remote recorder conform to the minimal technical specifications approved pursuant to subsection (b) of section 29-6d of the general statutes.

Unallocated balances will be used for future reimbursements. Funds are available for new application submissions and a very small portion is obligated for pending approved applications. The December 21, 2021 State Bond Commission meeting provided additional \$379,700 towards the program. Remaining unallocated balances are expected to be used as towns request reimbursement to the Office of Policy and Management .

6. **Community Engagement Training** - To engage a project manager and technical assistance providers to deliver community engagement training to eligible municipalities. The Office of Policy and Management expects that trainings will begin in calendar year 2022 and continue into 2023. Under the original \$3.0 million Community Engagement Training bond authorization, OPM allocated \$76,039.58 in 2021 to contract with the Institute for Municipal and Regional Policy (IMRP), which reviewed existing community engagement training literature and programs to provide

recommendations for establishing a program in Connecticut. Timing on allocating the current unallocated balance in this program has not yet been determined.

7. **Sandy Hook Memorial** – This authorization was added to the Office of Policy and Management in the 2021 Legislative Session. \$2.5 million of Urban Act funds was allocated towards a Sandy Hook Memorial for Newtown in the July 23, 2021 State Bond Commission meeting. This separate authorization remains available for future projects.
8. **Regional and Local Improvement Grant Program** – This program was added to the Office of Policy and Management in the 2021 Legislative Session. Authorized for \$35 million in both FY 2022 and FY 2023. The program provides grants to various municipalities for specific projects and purposes. Some of the projects explicitly cited in the authorization have been funded through the Urban Act program. The use of the current \$35 million unallocated balance for this authorization has not yet been determined. Projects listed in the authorization are as follows (but not limited to):
 - Bristol Health emergency backup power generation replacement and upgrade
 - Crestbrook Park facility upgrades
 - Thomaston Opera House
 - Squantz Engine Company elevator
 - Tolland Fire Department capital improvements
 - Plymouth Police Department
 - New facility for Operation Hope of Fairfield
 - Shelton Constitution Boulevard extension and Commerce Park
 - Track at Portland High School and Portland Middle School
 - Trumbull Veterans & First Responder Center
 - Stanley T. Williams Senior Center roof repair
 - YMCA of Wallingford, East Haven pool renovation
 - Fox Hill Memorial Tower rehabilitation
 - Connection and expansion of sewer line Bozrah
 - Fairfield landfill cleanup
 - Shakespeare Theater construction
 - Sterling House Community Center renovations
 - Regional public safety complex in Enfield
 - Bristol Hospital backup generator
 - Woodridge Lake sewer treatment plant renovations
 - Groton sidewalks
 - Griswold Senior Center
9. **Grants-in-aid to Towns for Municipal Projects and Purposes** – These funds are required to be expended for the same purposes for which Town Aid Road grants may be used. However, legislation also allows towns to apply to OPM for a waiver from this requirement, and use these funds and Town Aid Road grants for other capital purposes.

Current unallocated balance is necessary to continue the program into FY 2023. It is anticipated that the funds will be used in the second half of FY 2022 for distribution in the beginning of FY 2023. The most recent allocation was in the April 16, 2021 State Bond Commission meeting which provided \$76.0 million in grant payments to municipalities.

10. **Gun Violence Prevention and Intervention** – These funds are to be used as a grant-in-aid to the Commission on Gun Violence Prevention and Intervention. There have been no allocations of these funds. The use of the current unallocated balance for this authorization has not yet been determined.
11. **CORE Higher Education System Consolidation** – The unallocated balance may be needed for additional work by the Office of State Comptroller to complete final elements of the project to integrate more information with the CORE-CT system. The unallocated balance should be retained pending final completion of implementation.
12. **CORE Results-Based Accountability** – The funds are used to finance the implementation of business intelligence (BI) software that provides advanced analytic and reporting capabilities. The state analytical reporting system, known as STARS, is developed within CORE-CT and provides capabilities for data modeling, trend analysis and forecasting, which enhance transparency and accountability in state budgeting, spending and human capital management (HR). The goal has been for STARS to become the single, central reporting system of human resource, payroll, and financial information in CORE-CT. To that end, STARS can replace the CORE-CT EPM query tool with support from DAS and CORE-CT. The most recent allocation was \$2.65 million in the February 28, 2017 State Bond Commission. Those funds have been used to continue development work on BI. The unallocated balance should be retained pending final completion of implementation. It is expected that the work will take up to 3 more years.
13. **Information Technology Capital Investment Program** – This program is used to update and improve the state's information technology infrastructure to increase efficiency and improve the citizen experience. The December 21, 2021 State Bond Commission provided \$6.1 million in additional funds towards IT Capital projects.

The unallocated balance, \$89,456,553 along with FY23 Authorizations (\$40M), are required for planned allocations of eighteen (18) active projects approved by the Information Technology Capital Investment Program which have not received their full allocations. Additionally, the program anticipates additional project requests requiring new allocations such as Clean Slate. Project timelines can vary but generally most projects will be completed over the next 1-3 years.

14. **Local Capital Improvement Program (LoCIP)** – Pursuant to [C.G.S. § 7-535 through 7-538](#) LoCIP is a formula-based entitlement program that reimburses municipalities through General Obligation bond funds for specific capital improvements including but not limited to critical infrastructure projects, such as road, bridge, sewer or public building construction activities. Annual distributions of new funds are credited to municipal accounts administered by the Office of Policy and Management (OPM) on March 1st of each year. Towns may choose to expend the funds on a series of smaller projects or allow funds to accumulate over a period of time to fund larger projects. \$35 million was most recently allocated in the April 16, 2021 State Bond Commission.

Unallocated balance will be used to continue the program for FY 2023. It is anticipated that the next allocation will occur over the next 6 months for a grant round in early FY 2023.

15. **Urban Act** – Urban Action Grants are discretionary grants to municipalities that (1) are economically distressed as defined by statute, (2) public investment communities or (3) urban centers under the State's Plan of Conservation and Development. Eligible projects include economic development,

transit, recreation, solid waste disposal, housing, day care, elderly centers, emergency shelters, historic preservation and various urban development projects.

The December 21, 2021 State Bond Commission provided significant resources to municipalities across the state, with over \$120 million allocated in that meeting. Current unallocated balance will be used over the course of the fiscal year and into FY 2023 to provide economic assistance to municipalities across the state.