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Testimony Supporting

H.B. 6555: AAC Legislative oversight and Approval of COVID-19 Relief Funds

March 8, 2021

Senator Osten, Representative Walker, Representative France, Senator Minor, and esteemed members of the Appropriations Committee:

My name is Emily Byrne, and I am testifying today on behalf of Connecticut Voices for Children, a research-based child advocacy organization working to ensure that someday Connecticut is a thriving and equitable state where all children achieve their full potential.

Connecticut Voices for Children supports H.B. 6555: An Act Concerning Legislative Oversight and Approval of COVID-19 Relief Funds.

This Committee has and will continue to hear from an array of advocates and stakeholders about how they believe these funds should be used. While we urge the Committee to prioritize people and prioritize equity,¹ my testimony will not focus on specific examples of how the funds should be distributed. Instead, my hope is to underscore the legislature’s needed stewardship over these funds as well as highlight language within the *American Rescue Plan* that provides the legislature an opportunity to fund equitable policies that previously might not have been considered.

The state of Connecticut is slated to see its share of \$350 billion in flexible grants as a result of the *American Rescue Plan*. Of the money that comes to Connecticut, some will be for the State and some will be for localities.² The State’s share will come from the \$219.8 billion funding pool and localities will share from the \$120.2 billion funding pool.³ The money for the State will come in one tranche; the money for localities will come in two tranches. Our best guess estimate, from the “Coronavirus State and Local Fiscal Recovery Funds,” is that the State will have the opportunity to receive over \$2.5 billion and localities will have the opportunity to receive over \$1.3 billion.

State Provisions: While we’re still working to determine the precise amount Connecticut could receive, we know the State, within 60 days of certifying that it will use these funds as well as the funds from the CARES Act for the allowed purposes, will automatically receive \$500 million plus a share of the funding pool that’s based on the percentage of Connecticut’s unemployment

¹ For an array of policy options, please see [Connecticut Voices for Children’s 2020-2022 Issue Briefing Book](#), which was published in July of 2020; a sampling are included at the end of this testimony.

² Tribal nations will also receive funds but I am not including language or the amounts of their distribution in this testimony.

³ There is also an opportunity for the State to apply to the \$10 billion “Coronavirus Capital Projects Fund.” I have included some language on this later in the testimony.

population.⁴ ⁵ Costs covered can be incurred by the State through December 31, 2024. However, the State must:

- Respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;⁶
- Provide government services to the extent of the reduction in revenue of such State, territory, or Tribal government due to such emergency; and/or
- Cover costs for necessary investments in water, sewer, or broadband infrastructure.

Additionally, there are restrictions on these funds; below are the most pertinent:

- Funds from this bill or transferred from the CARES Act shall not be used “to either directly or indirectly offset a reduction in the net tax revenue of such State or territory resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax (by providing for a reduction in a rate, a rebate, a deduction, a credit, or otherwise) or delays the imposition of any tax or tax increase.”
- Funds from this bill may not be distributed into any pension fund.

Should the State fail to comply with these terms, it shall be required to repay the grant “an amount equal to the amount of funds used in violation” provided that it is lesser than either “the amount of the applicable reduction to net tax revenue attributable to such violation” or “the amount of funds received by such State or territory pursuant to a payment made under this section or a transfer made under the CARES Act.”

Local Provisions: Connecticut cities and towns will receive funds based on the CDBG formula. The State will have no later than 30 days to disburse 50 percent of these funds to localities from the date it receives this “First Tranche Amount.”⁷ The “Second Tranche Amount” shall be paid “not earlier than 12 months after the date on which the First Tranche Amount is paid to the city, State, or county.” [NOTE: This means that the State, too, will receive these funds “not earlier than 12 months after the date on which the First Tranche Amount is paid to the city, State, or county.”]

Similarly to the State, costs covered by localities can be incurred through December 31, 2024. Localities must also adhere to the same permissible uses and restrictions as the State (as enumerated above in the five bullet points). However, the State’s stewardship and administration

⁴ This amount will be based on the proportion of Connecticut’s “average estimated number of seasonally-adjusted unemployed individuals (as measured by the Bureau of Labor Statistics Local Area Unemployment Statistics program) in the State or District of Columbia over the 3-month period ending with December 2020” to the other 50 states plus DC.

⁵ The total funding pool is \$195.3 billion; the State will receive a share of this.

⁶ Funds for the State can be transferred to a private nonprofit organization, “a Tribal organization, a public benefit corporation involved in the transportation of passengers or cargo, or a special purpose unit of State or local government.” Funds for localities may be transferred to a private nonprofit organization, “a benefit corporation involved in the transportation of passenger or cargo, or a special-purpose unit of State or local government.”

⁷ Extensions are permissible; however, I have not included the language in this testimony.

of these funds is important because any funds not disbursed in the allotted time frame must be returned to the U.S. Treasury.

Should localities fail to comply with the terms, they shall be required to repay the grant “an amount equal to the amount of funds used in violation of such subsection” provided that it is lesser than either “the amount of the applicable reduction to net tax revenue attributable to such violation” or “the amount of funds received by such State or territory pursuant to a payment made under this section or a transfer made under the CARES Act.”

Coronavirus Capital Projects Fund

As part of the \$350 billion share, the State could also receive (at least) an additional \$100 million for “critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19).” The application for these funds will be accessible within 60 days of enactment.

A Note on Transparency

Transparency is good government, which is why we ask the legislature to consider strengthening the bill by including language to make State and local reporting proactively publically available and easily accessible to the public, and/or it could potentially go further by instituting a bipartisan oversight and accountability committee that includes members of the public for the duration of funds distribution. While Connecticut’s share of the \$350 billion funding pool is substantial, it is important to note that these dollars do not include the billions of dollars that will come to the State for the combined and total purposes of health, housing, early care, education, UI, and more.⁸ Considering the billions of dollars the State has already received from the *CARES Act* and the *Consolidated Appropriations Act, 2021* passed in December, there must be measures in place to ensure these funds are being disbursed on time as well as spent in accordance with the law, which is why **Connecticut Voices for Children applauds the legislature for asserting its role as a co-equal branch of government at this critical juncture and urges the Committee to pass H.B. 6555: An Act Concerning Legislative Oversight and Approval of COVID-19 Relief Funds.**

Thank you for your time and consideration, and we are happy to answer any questions.

Emily Byrne
Executive Director
Connecticut Voices for Children

⁸ For example, Connecticut will receive its share of the following: \$1.135 billion for SNAP; \$125.8 billion for K-12 education; \$39.5 for higher education; \$135 million for arts; \$23.9 billion for CCDBG child care; \$1 billion for Head Start; \$250 million for child abuse prevention; \$47 billion for testing, contact tracing, and mitigation activities; \$7.6 for the public health workforce and public health departments; \$1.5 billion for mental health; \$1.5 billion for substance abuse prevention and treatment; \$21.5 billion for emergency rental assistance (in tranches); \$5 billion for emergency vouchers; \$5 billion for homelessness assistance; \$9.9 billion for homeowner assistance; \$10 billion for small businesses as well as \$3 billion for socially and economically disadvantaged individuals; \$30.4 billion for transportation; \$20 billion for the “Restaurant Revitalization Fund for FY 2021; \$6.4 billion for airports; \$7.1 billion for school and library connectivity; \$1 billion for emergency (short-term benefits) assistance to children and families.

ADDENDUM

Potential Areas for Federal Funding

We encourage the Committee to take a look at [Connecticut Voices for Children's 2020-2022 Issue Briefing Book](#) (published in July of 2020), which has an array of policies to help the state through the multiple and intersecting crises; these include:

- declaring racism a public health crisis and sustaining conversations for action;
- supporting the development of affordable housing, protecting tenants from eviction, and mitigating the harmful effects of eviction;
- furthering decarceration efforts, keeping undocumented families together by providing them more supports, and centering youth in state care and justice-involved youth;
- advancing universal access to early child care, raising the minimum wage to a living wage;
- expanding the state Earned Income Tax Credit, and creating a state Child Tax Credit.

The aforementioned policies are not the only policy solutions that advance justice; they are a sample and a start. They are borrowed from the myriad advocates we partner with and admire to showcase the ideation that permeates the state, and we lift them up in an effort to generate conversation. That said, a number of things have changed since July of 2020. As such, we'd urge the Committee to pay particular attention to those that have been largely excluded in the *American Rescue Plan*, the *Consolidated Appropriations Act, 2021*, and *CARES Act* such as undocumented residents, or under supported such as nonprofits and small businesses, particularly those led by people of color.