



State of Connecticut  
Department of Economic and  
Community Development

**TESTIMONY PRESENTED BEFORE THE APPROPRIATIONS, COMMERCE AND  
PLANNING AND DEVELOPMENT COMMITTEES  
June 7, 2011**

Ronald Angelo, Deputy Commissioner  
Department of Economic and Community Development

**SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
ALLOCATION PLAN FOR FEDERAL FISCAL YEAR 2011**

Good morning Senator Harp, Representative Walker, Senator LeBeau, Representative Berger, Senator Cassano, Representative Gentile and distinguished committee members. My name is Ronald Angelo and I am the Deputy Commissioner for the Department of Economic and Community Development (DECD). With me is Veronica Hunter, the program manager for the Small Cities Community Development Block Grant (CDBG) Program.

In accordance with Section 4-28b of the Connecticut General Statutes, we are pleased to submit for your consideration the state's Small Cities CDBG Allocation Plan. The Allocation Plan outlines the strategies, goals, and objectives the state will utilize to meet the goals of the federal program under which these block grant funds are issued and the methodology and criteria by which these funds will be awarded and administered. The Allocation Plan was developed in accordance with federal regulations and Connecticut's 2010-15 Consolidated Plan for Housing and Community Development.

The Allocation Plan, that was submitted on May 26, 2011, included an estimated allocation amount because the Department of Housing and Urban Development (HUD) had not yet finalized its allocations. HUD set the final allocation amounts May 27, 2011, and the amount is a 16.4% decrease from the previous year. DECD's 2011 Small Cities CDBG allocation will be \$12,319,018, which is \$35,717 more than DECD estimated in the Allocation Plan. Therefore, DECD is requesting an amendment to the Allocation Plan. These proposed changes have been attached for your review.

CDBG is administered by HUD with DECD designated as the principal state agency for the allocation and administration within Connecticut for "non-entitlement areas." Entitlement communities receive annual grants directly from HUD as part of the CDBG entitlement program. Non-entitlement areas include those units of general local government that do not receive CDBG funds directly from HUD as part of the entitlement program. Non-entitlement areas in Connecticut are generally cities and towns with populations of less than 50,000 or unless designated a central city of an area.

All communities are eligible for state-administered Small Cities CDBG funds except Bridgeport, Bristol, Danbury, East Hartford, Fairfield, Greenwich, Hamden, Hartford, Manchester, Meriden, Middletown, Milford, New Britain, New Haven, New London, Norwalk, Norwich, Stamford, Stratford, Waterbury, West Hartford, and West Haven, which are direct recipients of CDBG funds.

Because there are no substantial changes with regard to DECD's administration of the program proposed for the 2011 fiscal year, I would like to update the program's activity.

DECD continues to administer the Small Cities CDBG program under a competitive application process with positive results including an increase in project timeliness and expenditure rate. These improvements to our program directly address the Small Cities CDBG program requirement for complete expenditure of our allocation within a two-year timeframe.

The 2010 funding allocation request for proposals (RFP) resulted in the receipt of 42 applications totaling \$18,785,105 in funding requests. All applications are reviewed for overall quality, compliance with threshold requirements, and rated and ranked based on established evaluation criteria. Funding awards are made based on application scores. There were 50 applications totaling \$23,021,000 that were funded from the 2010 funding allocation. Because readiness to proceed is a critical factor in the evaluation of an application, all Small Cities CDBG program applications that received 2010 grant awards are under contract and are in the process of implementation.

DECD conducted its annual 2011 funding allocation application workshop February 16, 2011. Sixty-nine municipalities attended the workshop. The RFP was released Feb 16, 2011 and DECD has received 61 letters of intent totaling \$28,895,000. The application deadline for this round was June 3, 2011.

In closing, I encourage the committees to take favorable action on the Allocation Plan because the CDBG program continues to be an extremely effective community development tool in Connecticut's small communities. Projects are improving infrastructure, rehabilitating homes, creating jobs, building community facilities, and addressing health and welfare issues. DECD continues to commit its entire allocation each year. Our goal is to assist as many communities with their critical community development needs as the federal funding allows.

If you have any questions on either my testimony or the Allocation Plan, I would be more than happy to answer them now. Thank you.

DECD is requesting an amendment to the Allocation Plan as follows:

**Subsection D, Anticipated Federal Funding, appearing on pages 5 and 6 of the "Small Cities Community Development Block Grant Program Allocation Plan - Federal Fiscal Year 2011 is amended as follows:**

HUD funding for Connecticut's non-entitlement Small Cities CDBG Program for Federal Fiscal Year (FFY) 2011 State Fiscal Year (SFY) 2012 is "anticipated" to be [~~\$12,283,301~~] \$12,319,018. Funding levels are subject to congressional action, which could affect an increase, reduction or elimination of funding in the amount noted. For example, HUD's budget had continued to be reduced over the past several years, however last year it increased.

Connecticut's allocation for FFY10 (SFY11) was \$14,692,943 which was \$1,160,625 more than FFY 09 (SFY 10) of \$13,532,318. [Although Connecticut's allocation amount for FFY 11 SFY 10 has not been released, the CDBG Program nationally has been reduced by 16.4%. So the "anticipated" FFY11 SFY 12 funding amount of \$12,283,301 was calculated by reducing FFY 10 SFY 11 allocation of 14,692,943 by 16.4%] This year the CDBG Program has been reduced nationally by 16.4%. Connecticut's allocation amount for FFY11 (SFY 12) is \$12,319,018 which is \$2,373,925 less than FFY10 (SFY11).

Changes in Connecticut's non-entitlement Small Cities CDBG Program funding allocations are a direct result of funding modifications to the program nationally.

**The seventh bullet appearing under subsection E, Estimated Committed Funds and Proposed Allocations, on page 7 of the "Small Cities Community Development Block Grant Program Allocation Plan - Federal Fiscal Year 2011" is amended as follows:**

- The amount to be carried forward to FFY 11 (SFY 12) is estimated to be \$415,238 (total funds available to fund projects of \$14,167,238 minus estimated committed funds of \$13,752,000). Since \$415,238 would be carried forward from FFY 10 (SFY 11) to FFY 11 (SFY 12), approximately [~~\$12,230,040~~] \$12,264,686 of next year's federal allocation would be available to fund projects.

**The bullets appearing under subsection E, Estimated Committed Funds and Proposed Allocations, FFY 11 (SFY 12) Refer to Table A, Column 3, on page 7 of the "Small Cities Community Development Block Grant Program Allocation Plan - Federal Fiscal Year 2011 are amended as follows:**

- The federal Small Cities CDBG allocation for FFY 11 (SFY 12) is anticipated to be [~~\$12,283,301~~] \$12,319,018;
- Proposed administrative costs total [~~\$468,499~~] \$469,570;
- The amount of carry forward funds from FFY 10 (SFY 11) to FFY 11 (SFY 12) is anticipated to be \$ 415,238; and
- The total amount of Small Cites CDBG funds anticipated to be available to fund projects in FFY 11 (SFY 12) is [~~\$12,230,040~~] \$12,264,686, FFY 11 (SFY 12) allocation of \$12,283,301 minus administrative costs of [~~\$468,499~~] \$469,570 plus the carried forward funds from the previous year(s) of \$415,238.

**Table A appearing on page 16 of the “Small Cities Community Development Block Grant Program Allocation Plan - Federal Fiscal Year 2011” is amended as follows:**

<b>Table A - Summary of Appropriations and Committed Funds</b>			
<b>Small Cities CDBG Program</b>	<b>FFY 09 (SFY 10) Actual Funds Committed</b>	<b>FFY 10 (SFY 11) Estimated</b>	<b>FFY 11 (SFY 12) Proposed</b>
Uncommitted Balance Carried Forward from the previous year	\$-0-	\$15,082	\$415,238
Plus Recaptured Funds	+\$1,138,733	+\$-0-	+\$-0-
Reallocation Total	\$1,138,733	\$15,082	\$415,238
<b>PLUS</b>			
Annual Allocation	\$13,532,318	\$14,692,943	[\$12,283,301] \$12,319,018
Minus Admin. (see Table B)	-\$505,969	-\$540,787	[-\$468,499] -\$469,570
Net Allocation	\$13,026,349	\$14,152,156	[\$11,814,802] \$11,849,448
<b>EQUALS</b>			
Total CDBG funding available for projects	\$14,165,082	\$14,167,238	[\$12,230,040] \$12,264,686
<b>MINUS</b>			
Committed Funds	\$14,150,000 <sup>3</sup>	\$13,752,000 <sup>3</sup>	[\$12,230,040] \$12,264,686
<b>EQUALS</b>			
Uncommitted Balance to be Carried Forward to the following year	\$15,082	\$415,238 <sup>4</sup>	\$-0- <sup>5</sup>

**Table B appearing on page 20 of the “Small Cities Community Development Block Grant Program Allocation Plan - Federal Fiscal Year 2011” is amended as follows:**

<b>Table B - Program Expenditures for Administration</b>			
<b>Small Cities CDBG Program</b>	<b>FFY 09 (SFY10) Actual Expenditures</b>	<b>FFY 10 (SFY 11) Estimated Expenditures</b>	<b>FFY 11 (SFY 12) Proposed Expenditures</b>
State Admin.	\$260,496	\$237,044	\$169,566
Technical Assistance	<u>+254,337</u>	<u>+315,288</u>	<u>\$460,276</u>
Administrative Balance carried forward from the previous year	\$514,833	\$552,332	\$629,842
Annual Allocation Funding allowed for State Admin.	\$370,646	\$393,858	[\$345,666] \$346,380

General Fund Subsidy	\$270,646	\$293,858	[\$245,666] \$246,380
Technical Assistance	\$135,323	\$146,929	[\$122,833] \$123,190
Total Available for Administrative Cost	\$1,291,448	\$1,386,977	[\$1,344,007] \$1,345,792
Administrative Costs:			
Personnel	\$397,131	\$439,105	\$461,060
Personnel TA	\$43,559	\$0	\$0
Fringe Benefits	\$242,470	\$267,850	\$281,242
Fringe Benefits TA	\$27,994	\$0	\$0
Other Expenses	\$25,144	\$48,240	\$50,652
Other Expenses TA	\$2,818	\$1,940	\$2,037
Equipment	\$0	\$0	\$0
Contracts	\$0	\$0	\$0
Contracts TA	\$0	\$0	\$0
Total Administrative Cost/ Committed Funds	\$739,116	\$757,135	\$794,991
Administrative Balance to be carried forward to the following year	\$552,332	\$629,842	[\$549,016] \$550,801

