

APPROPRIATIONS
COMMITTEE PUBLIC HEARING

June 15, 2020
3:00 p.m.

CHAIRPERSON: Senator Catherine Osten
Representative Toni Walker

SENATORS: Formica, Hartley

REPRESENTATIVES: Abercrombie, Bolinsky,
Datham, Dillon, Gonzales,
Kokoruda, Lavielle,
McCarty, Nolan, Porter,
Ryan,

SENATOR OSTEN (19TH): So Good Afternoon, everybody. We're gonna start the Appropriations Committee Informational Hearing with the Department of Economic and Community Development. This is gonna be our first time doing a Zoom meeting. There is a section if you would go into the participants on the bottom part, you can raise your hand. You will be called on as you raise your hands just the same as we would do with a regular meeting. So this will be our first time doing it this way, so you would go to the bottom of the screen on participants and click "Raise your hand" and then we will call on people. So first we're gonna have Commissioner, he had sent an eight page document and an Excel Sheet based on some of the questions that Representative Walker and I send over to him and you have all received those in your inbox so, Commissioner, I thought you weren't gonna join us by Zoom, Commissioner. Didn't you say you were calling in on your phone?

COMMISSIONER LEHMAN. Senator, I wouldn't miss this for the world. I can't wait to do this with you guys, so.

SENATOR OSTEN (19TH): I think you're lying to me, but [Laughs].

COMMISSIONER LEHMAN: We're doing virtual here. I was going to be but I'm good.

SENATOR OSTEN (19TH): So, if you want to start with some of the questions that we asked and go through the documents that you sent to us so that people can hear what you had to say, so this is. You may get asked a few other questions from members but please go on.

COMMISSIONER LEHMAN: Yep, absolutely. First off, thank you very much for taking the time and having the team here today so we've got the full team as well and they will be jumping to help answer some questions. But the document that we put together there, what I thought was I thought I would hit some of the high points on this. There is a lot of data in there in terms of Covid responses in particular, so I'm not gonna read it but at the same time I do think it is important to go through a number of things.

You know, first off in terms of our Covid Relief efforts and I'm looking at my left here, I have another computer with documents is why. But the Connecticut Recover Bridge Program, we thought it was important to get an update in terms of where we are on that, where we expect to end up. So rewind to the end of March, early part of April we received a total of \$300 million demand from 5,000 applications in the course of 48 hours. So what we did at that time is we quickly pivoted to working with a company call SoFi which is a financial technology company based in San Francisco. They graciously agreed to provide their services to us,

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their technology interface pro bono. We also talked to numerous other companies but they were the most experienced and there was no cost to the State to using them. And then what we did, we did an update onto the application process to onboard to their systems and with that update a number of duplicate applications as well, we had a total of 33,022 applications in the final process, totaling \$195 million dollars. Ultimately we approved 85 percent of those applications or roughly 2,800 applications and at this point in time we have funded just under 1,900 of those applications. We have had a number of applications be withdrawn by certain borrowers because as they got PPP Loans or they ultimately didn't decide to proceed but we still have, what we expect to be another 400 applications that we want to process and ultimately fund. So that would put the total funding in terms of number of loans around 2,300 and the average loan size is around \$2,000 dollars. So as of now we anticipate the full funding for this program to be around \$44 million dollars but that can change depending on if certain applicants to do not take the loan or more applicants take the loan than we expect. The constraint here in terms of why all of these loans haven't been funded has been various issues whether it is with a Social Security number or a bank account, we are trying to do this with technology but, you know, there have been a number of applications where we're chasing down an applicant or vice versa so roughly 1,900 are funded and we anticipate funding another 400.

On the sheet we did provide and we were able because we went back to SoFi, we get very good data in terms of who these loans are going to, so you can see the

breakdown and that is all additive important to get to that 100 percent so 61 percent of the loans are going to nonminority, nonwomen and nonveteran own businesses and then you can add up the balance. So if you look at just women, whether it is white women or minority women, 28 percent of the loans are going to women owned businesses, 15, one-five, percent of the loans are going to minority owned businesses both male and female and that's approximately 300 loans and then three percent of the loans are going to Veteran businesses. Those numbers can and will change as we fund the remaining 400 approximately loans but, you know, overall I would say we are happy with the diversity that we've gotten. One of the things that we did that we will talk more about is with the HEDCO Program where there is an additional \$5 million dollars just for women and minority owned businesses that was a way to further augment these numbers and make sure that we're getting to those communities that were hardest hit by Covid.

So, you know, Senator Osten and Representative Walker, if you want I can keep going or do we want to stop there for questions or should I go through everything?

SENATOR OSTEN (19TH): No, I think, you need to go through the whole thing, David, that way we can just go through that and then people can go and ask questions. I think it makes more sense for you to do your entire presentation, okay.

COMMISSIONER LEHMAN: From my keenness perspective do you want me to go quicker, slower?

SENATOR OSTEN (19TH): No, I think you're doing great.

COMMISSIONER LEHMAN: Okay.

SENATOR OSTEN (19TH): You know, people need to hear what you're saying and I don't want to go too fast, I think that it is going just fine, so.

COMMISSIONER LEHMAN: Okay. So chipping to the HEDCO Programs, so Deputy Commissioner Beams and others had the idea to use some of the Minority Business Initiative Funding that we had to really focus on in particular small businesses, so you know PPP Loans and even the Connecticut Recovery Line those were up to 500 employees and 100 employees. The HEDCO Program goes up to 20 employees. It just targets women and minority owned businesses and is really our smallest business in the State and those are some of the ones that we think are hardest hit. So we initially allocated \$2 million dollars to this program and that program will provide loans up to \$20,000 dollars and those would importantly be grants ultimately if funds were utilized in a certain way for Covid relief. Ultimately we added another \$3 million dollars for a total of \$5 million dollars of funding and in this program we anticipate because the average loan size here is approximately \$11,000 dollars, we are giving almost \$500 dollars more to minority businesses in addition to the \$300 in Connecticut Recovery Bridge are going to get these grants, these loans which will become grants and all of that saved for roughly 28 of the 470 loans has been funded already. So this program is coming to a conclusion. You know, we have used up the full funding, we did think that there could be more demand in this area but generally I would say that we have been quite pleased by the demand, the process HEDCO has done an excellent job and we really are happy that we are really targeting the

business we think we need to support the most given the impact from Covid.

One of the things that we did really early and one of the things that Connecticut did a lot earlier than a lot of other states is our Forbearance Programs. So I think it was March 12th, if I'm not mistaken, one of the first weeks of Covid we announced a loan forbearance program for our small business express portfolio. And what that did is that afforded a three month payment holiday. Effectively we took three months and we tacked it on the end of a loan whether that was in two years, or three years or five years and we said if you have a small business loan with the State of Connecticut we understand what is happening to the economy, you're not going to make a payment until July, again the time was three months. You know, we're likely to extend that for one more month as the economy reopens here to give a total of four months of relief.

So the numbers you see here on the Word document \$4.4 million dollars for Small Business Express, \$7.2 million dollars for MAA and MAA was not gonna cross the board, Small Business Express affected all 800 of our borrowers in the program totaling \$100 million dollars of loans. MAA we were doing that on a case-by-case basis given some of those large companies didn't need the supports. But this is really a three month delay of payments right, in a zero interest rate environment there would be no cost to the State and given the State loans money at roughly two percent there is some cost because we are pushing payments into the future but it is a fraction of the cost you see there. We just thought it was important to let you know the payments that

are being delayed but we view this as a very efficient way to provide relief effectively with this low interest low of three months of payments here. So we made the decision early in March and we put that in motion.

The other two things that call out on the loan forbearance front is for our partners in particular HEDCO and Sector in southeastern Connecticut for them to run consistent programs with DCD to have that loan deferred for three months because of the way they operate, the interest funded some of their expenses to run a similar program to what the State did. They needed some grand funding so we had a grant for SECTOR and for HEDCO for them but the same program for their borrowers to make sure there was consistency across the board. So again we thought that was a very efficient and relatively low cost way to ease the burden on our smallest businesses in particular.

Moving on, the Manufacturing Innovation Fund and Colin Cooper is on the line to answer some questions on this. This is a fund that has been around for years and one of the things that Colin did through the Crisis is he was working with Administrative Services and the procurement team and our manufacturing industry really talking about how to figure out ways where we can retool and help our businesses retool to make PPE and other goods to respond to the Covid crisis. So this was a pretty innovative way to use \$1.3 million dollars of the existing funding that was in the program to basically pivot and there is a matching grant program here and ultimately we had 39 applications and we gave 24 grants just over \$50,000 dollars and there were for companies that were pivoting to make

whether it is face shields, ventilators, ventilator components, masks, surgical gloves, etc. this was something we thought was really important and it was very well received, all of that funding was completed by the middle of May or the end of May, the full lump of \$3 million dollars.

Moving on there were several programs most notably from the Coronavirus Relief Funds to support our arts community so there is the Artist Relief Grant which was a total of \$70,000 dollars in funding between COA funding and donations from the New England Foundation. There was an Artist Respond Grant which was \$88,000 dollars and then the Coronavirus Relief Funds which were \$446,000 dollars. The last thing I just mentioned, you know, that application process is still going but we're gonna be able to give, you know, roughly \$400,000 dollars. There is some money being held in reserve which we understand is what is needed to be done but we're gonna be able to get well over 100 applicants grants in the art community and we received over 135 for that largest pot of money \$445,000 dollars to date. And Ms. Shapiro is on the line to answer any questions about as well as the Ship of the Store Relief Grant Program which is in place \$200,000 dollars of funding that we're gonna be using and we are going to be reviewing this as we go through the late spring and early summer in terms of deploying that.

Again, I'm, gonna keep going and we will jump to questions here at the end. So one of the other things that Minority Business Initiative is pursuing is \$150,000 dollar program for personal protective equipment and one of the things that we learned is the PPP Program and the Federal Government how very

significant, almost 60,000 companies in Connecticut have gotten PPP total of \$6.7 billion dollars but that money cannot be used for the purchase of PPE personal protective equipment. So one of the constraints especially for our small businesses given, you know, were phased to be reopening businesses at roughly 50 percent capacity. We know the consumer is not coming back right away and there is this incremental cost in terms of plexiglass, masks, etc. hand sanitizer so the thought from the Minority Business Initiative is let's help our smallest businesses in our hardest hit communities defray some of those costs in terms of expense to get back up and running given the economic headwinds that are there. So that was just initiated roughly a week-and-a-half ago, it's something that we felt high conviction on it on the MBI Board level.

There were some questions, I think, Senator Osten and Representative Walker, you guys had in terms of, you know, how the staff has been working, where that funding has been coming from. You know, we spent a lot of time back in March in particular on the essential versus the nonessential designations, we received roughly 1,000 requests for exemptions. There were 3,000 phone calls and emails looking for clarification and potentially an exemption in terms of the nonessential versus the essential designation. More recently as we're focused on reopening, there is a self-certification process that's in place and we've had over 15,000 applications to date, to [background cough] rather to reopen. We anticipate somewhere between 30,000 and 40,000 small businesses have been closed by executive order as we go through this crisis. My expectation is you will see that number increase

especially as we get to the Phase 2 start date, here of this upcoming Wednesday.

Thirdly, you know, Commissioner Payne, Lisa Tupper-Bates and really broad crew worked on a small business reopening guide talking about how to embrace the cleaning, the PE and where to procure some of that. That was really important as we are reopening the economy and we got positive feedback and that's up on the DEC Website as well.

In terms of the funding that we've received, roughly \$105,000 dollars of Federal funding has been approved at the DCE for primarily overtime and expenses for staff as they are going about all of the stuff that we talked about, the essential versus nonessential, reopening rule and protocols, the small business relief hotline which we still run and gets many questions. We want to make sure that we are being responsive. We've heard the feedback loud and clear and we've seen it at other agencies, you know, the importance of being able to pick up the phone and talk to a person in these high anxiety times is important so we're committed to making sure that small business hotline is up and running and that you're getting the phone call back from the ECD as quickly as possible. You know, in addition we've gotten 4,000 calls in addition to the 3,000 I'd mentioned related to the essential versus nonessential. We got 4,000 calls just general business questions about PPR, Direct Recovery Bridge, where are we as it relates to a certain regulation or executive order. So there has been significant flow through that and as I mentioned we are very much committed to that. You know, I mentioned the staff position, save for roughly \$36,000 dollars in nonunion overtime costs incurred

by our managers everything else is going to be covered by the Coronavirus Relief Funds and the direct costs that the Federal Government will help us defray.

Last two things here and then I will stop, in terms of tourism, you know, one of the things and I'm sure we'll have a more wholesome discussion on this. You know, we spent a lot of time recently on tourism especially as we approach Phase 2 here and we are gonna reopen lodging and we're gonna be encouraging tourism in the State. I actually think there is a great opportunity this year especially as more folks may drive to their summer vacation as opposed to fly and maybe more folks don't go this far from home. So getting more than our fair share ideally of would it be in-state or in-region tourism market is important and our idea is embarking on a campaign here in earnest roughly \$1.2 million dollars in total spend. But at this point in time, you know, we're not aware of any prorated plan as it relates to the tourism fund going forward but we certainly are happy to work and want to work with this group as well as OPM in terms of navigating some of that as we understand the significant uncertainty about lodging tax dollars going forward given hotels are generally operating at 90 percent vacancy these days which obviously is paramour. Hopefully that changes but I think that realistically that is going to come back slowly.

And then lastly CERTA the deficiency, I had a couple calls with Mike Freemeth [Phonetic] and Costa and Melissa last week and spent a lot of time on some of the issues that CERTA is dealing with. Unfortunately I don't believe and I am not aware of any alternative funds to kind of deal with the

deficiencies that are gonna happen. The reality is even outside the public health issue, one of the last things I think is gonna come back are large indoor events like what happened to the Xcel Center. You know, maybe more Rentschler Field you'll see a bit more happening there because outside it is clearly a preference than indoors. But the conventions business to, it's highly uncertain and Mike and I talked about it. I'm hopeful that we'll start to see that come back at maybe a reduced occupancy but you will see it in the fall. But my worry is that a lot of business in particular industry associations are going to defer those decisions especially is there is risk of losing money until there is a vaccine. So when we do navigate it, but I'm not aware of any other dollars so I think we just need to mitigate the cost as best we can as it relates to the CERTA facilities.

So with that, I'll stop but before I turn it over, anything I missed you want to either correct, or underscore, or add on?

SENATOR OSTEN (19TH): No, I'm all set. Happy to take any questions. So well, thank you very much. That was comprehensive to the questions that we asked and so I'm gonna start with the Chairs. We do have the Chairs of Commerce with us to but I'll start with the Chairs and Ranking Members of Appropriations and I'll save my questions to the end. I do have three or four specific ones but I'd like to start with Representative Walker.

REP. WALKER (93RD): Thank you and thank you, David for you're, Commissioner, I'm sorry. We're all casual. [Laughter]

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COMMISSIONER LEHMAN: I don't know, I'm wearing a short sleeved shirt.

REP. WALKER (93RD): I think I'd better put a shirt on because I look like I was in the gym, so that's like we look like were down to brass tacks. Thank you so much for what you presented to us. It gives us a lot of detail and a lot of food for through. So I am going to ask two questions and I'm gonna ask that we try to get everybody to two questions on the first go round and then after that we can come back, but that allows as many members to have an opportunity.

So, my first question on the Connecticut Recovery Bridge Loan, you had 32-33 let's see 3,300 people that applied. How many of those were women?

COMMISSIONER LEHMAN: Bear with me one second. I want to get you the exact data. SO total women that have applied 979.

REP. WALKER (93RD): Nine hundred seventy-nine. Okay and they, just continue on that one for a second. They were all part also of the HEDCO Funding so they were allowed to apply for the HEDCO Funding also?

COMMISSIONER LEHMAN: Correct, they were not excluded from that, so you know, ultimately I'm not sure if there was overlap but the 979 is just for the Connecticut Recovery Bridge.

REP. WALKER (93RD): Okay, all right. Then going on to some of the other grants you listed for us, right in front, were all of these funds from the Covid funding or were these part of us and part from the Covid funding?

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COMMISSIONER LEHMAN: So all the bonding money, the Connecticut Recovery Bridge as well as the HEDCO \$5 million dollars that was preexisting authorizations for either small business express or business additions. So that was bonding authority that we have standing that we elected to utilize given the Covid crisis. The other monies, you know, that this is spelled out in a document more preciously but the significant monies were preexisting bonding. The other monies in terms of grants were either through the CARE's Act or overtime that was covered through the CARE's Act. As I mentioned there was that incremental \$40,000 dollars that will hit our budget from nonunion overtime but otherwise it is preexisting bonding money across the board or.

REP. WALKER (93RD): I'm sorry, you said that you trailed off because, you said it was something for, was that nonunion you said?

COMMISSIONER LEHMAN: Nonunion, roughly \$40,000 dollars of nonunion overtime that we've incurred, our managers have incurred, that's not being covered at this point in time. The agency is taking that hit ourselves but the other overtime is being covered through the CARE's Act or through bonding capacity for the programs that we were running.

REP. WALKER (93RD): Okay. All right. I have many more questions, so I will let someone else come in and then I'll come back. Thank you. Thank you, Cath, as Senator.

SENATOR OSTEN (19TH): Cathy is fine. [Both laugh]. I'm sitting out on my porch so I locked the dogs inside cause they started to bark, so he's gonna be right at the window behind me trying to bark. Next up is Representative Lavielle.

REP. LAVIELLE (143RD): Can you hear me?

SENATOR OSTEN (19TH): Yes.

REP. LAVIELLE (143RD): Thank you, Madam Chair. Good Afternoon everybody. Commissioner thank you for the comprehensive report. I have a couple of specific question, I just want to refer as well to some general things that might be interesting for us all to receive. You've given us a good overview of how money that you have has been spent. I would like to more ultimately, I won't ask it right now about monitoring, what has happened with the money that you've spent, how much of it for example when you have delayed loan payments, when you have sent money to new companies, how much of it are you expecting to get back and how much are you expecting might default? What would be the eventual impact on our revenue, I think that is very important to know. We probably can't get it today but I'd like for us to see it in the near future, at least an estimate.

Also an umbrella figure for just exactly how much of the available Federal funds have been allocated to DECD? Total. Not broken down by program but total and how much of that has been used and how much of it do you still have? And I think the quicker we know that the better because we have a global deficit of that information crossing all state agencies and we really need to know where it is.

And finally what your requirements are as you perceive them for reporting to us regularly or globally on these efforts that are tied to Covid and the Federal money whether you have been encouraged to report to us regularly, you've been very forthcoming when you've been asked but I just

wondered what the requirements were as you perceive them. So with that I've got two quick questions.

One specifically the Manufacturing Innovation Fund because we had great either real or perceived concerns at the outset of this whole situation about PPE and other medical equipment and sanitizers and so on in the State, you provided \$1.3 million dollars to companies in funding so they could pivot. Could you tell us anything about how many of them did pivot and what they've produced to date?

COMMISSIONER LEHMAN: Colin Cooper, I believe you're still on, if you are, Colin is gonna take it away.

COLIN COOPER: Yes. Good Afternoon, thank you. [Coughs] Excuse me. Through the Manufacturing Innovation Fund, we, there was a tremendous amount of interest in this initiative. I think there were over 29,000 inquiries into it. We had just about 40 applications and it ended up awarding about 24 grants, just over \$50,000 dollars each. Each of those companies did pivot. Some of them had already begun the process and then funds were there to help them underwrite either the cost of procuring the material that they needed to make the products or to add equipment to either capabilities they didn't have or to expand the capabilities that they did have. But I think probably two-thirds of them were already in the process of producing by the time the funding go to them and the other third or maybe only about a quarter were still in the process of pivoting. So I think overall it was well received and money well spent. This was all critical items and it was really interesting to see sort of the initiative that some of the entrepreneurship take over at the time of a public crisis. Certainly, I

think these folks filled a very valuable public service need.

REP. LAVIELLE (143RD): Do we have any quantification of what they did provide and what areas. I mean can we find that someplace?

COLIN COOPER: I Sure. Sure, I mean I can, you know, in terms of, I mean they are still providing a lot of this. I mean I would say of the awardees probably about a third of them were ventilator related either a company like Biomed who was looking to expand the output of whole ventilators plus a lot of supplies who were looking to expand the capacity to make critical components of ventilators. But we have companies like distilleries pivot to make hand sanitizers. We had a football equipment company pivot to make surgical and isolation gowns. So we had people, a lot of people moving into making masks and the like. I would say that in terms of units when you get into things like the surgical gowns and the masks you're talking tens of thousands. On face shields we got to the point where we had the capacity to produce 200,00 face shields a day in the State. So the numbers were significant. Again a lot of those people are obviously still doing that now, so, you know, whatever data you'd like, let us know and we look to get to 'ya but the output was significant.

COMMISSIONER LEHMAN: Yeah I was gonna say, Representative Lavielle we can provide the data and obviously we're gonna track this ongoing to in terms of what the output is and what these companies are doing so we can do that as a follow up.

REP. LAVIELLE (143RD): Thank you, I think it is important because these things can be also sources

of input to Connecticut's ongoing economy because its' possible some of these companies might continue to supplement their regular production with these things and so I'd be interested in hearing that. And the other question is what is your, what are your plans for continuing to report to us in the near future on a regular basis about how money is being used and what you are finding through monitor?

COMMISSIONER LEHMAN: Yeah and I've been, Senator Osten and I have talked regularly I would say over the crisis and we will take your cue in terms of the cadence. We are happy to have this communication as frequently or as regularly as you feel appropriate. Certainly, we want to work with you guys and collaborate so we will take your cadence there.

REP. LAVIELLE (143RD): Thank you and I'd be very grateful for some of those things I'd mentioned at the beginning. I'm sure if the Committee were under the control, if the Committee could receive some of that information I mentioned at the beginning I think it would be very useful. Thank you.

SENATOR OSTEN (19TH): So just to be really clear, the Administrator Susan Keane will get any information that any of the members ask for and we will be distributing it out to the, everybody at large, the whole Appropriations Committee. I see Senator Formica is online. Senator Formica do you have any questions? Can you hear me, Paul. There you go.

SENATOR FORMICA (20TH): I just needed to "un" you. Thank you. Good Afternoon or Good Morning, whatever it is. I don't have any questions right at the time. Are we getting into budget coming up, is that

part of this conversation or are we just talking about, what are we doing?

SENATOR OSTEN (19TH): We're talking about anything, Paul that you would like to talk about. He did touch a little bit about on tourism if you wanted to talk a little bit about tourism, we've both been on calls for the tourism and as the Chair of the Tourism Caucus you may have specific question revolving around that. But we're talking about anything, upcoming budget, what Covid will have and anything that you would like to talk about with the ECD. We're probably gonna have to step up the pace of these if we can figure it out to get every agency on but as the economy is one of those areas hardest hit, I figured the ECD was one of the first ones we should do.

SENATOR FORMICA (20TH): Yep, I agree. And my question was pretty unclear. I didn't know if the Commissioner had started off with the Budget and as I was late, I didn't want to make everybody sit through a redo.

SENATOR OSTEN (19TH): You've got two questions, two questions, Paul, right now.

SENATOR FORMICA (20TH): So the Tourism Funds are obviously generating 50 percent or so of what it is going to be and then we talked about a Hospitality Relief Fund which would include \$20 million dollars roughly bailing out a portion of that would go to bailing out the Aquarium and then we put aside for some other folks and I think Commission you and I spoke about that at some point. Is that gonna get any serious consideration?

COMMISSIONER LEHMAN: So yeah. And Senator Formica, so at the onset I mentioned as of right now we are not aware of a change in terms of the tourism funds for the upcoming fiscal year. We're obviously very aware of the economic issues that are out there in terms of what is going to impact the tax that has funded that. So we very much want to work with you guys and OPM as it relates to tourism to make sure we're being, you know, smart in terms of the overall funding and collaborating with you guys. On the ask as it relates to the Aquarium and potentially other institutions, you know, I've been in the team actually on the phone has been a regular dialogue with Steve Coan and his team at Mystic and you know, we need to go back to them, I figured it if it is in our court right or their court, but we need to go back in terms of their latest proposal because they are working with their banks and others. That is on our list right now, we don't have a firm answer but I think we're coming to grips with kind of the specific financial issues they have and what that dollar figure is, you know, in terms of ultimately finding out, moving forward and making sure that, you know, we appropriate the monies for them in a way that it is responsible.

SENATOR FORMICA (20TH): Okay. So that's not off the table. The other, the rest of it, which would go to support likeminded organization like the Aquarium, we haven't moved anywhere on that. And as far as the Tourism Fund, you know, we know the hotels have been closed for however long they have been closed, three months.

COMMISSIONER LEHMAN: That's correct.

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SENATOR FORMICA (20TH): So they get a percentage of that, revenue goes to the Tourism Fund so is there gonna be, do we think there's gonna be any stipulation for some kind of prorated or switched, you have to go through OPM for that or does that come out of your department, or?

COMMISSIONER LEHMAN: As of now we are not aware of any proration or change to that other than the fact that we understand the world has changed so that's something that we're gonna work with. Our goal is to work with this group and OPM to figure out what the right number is and how to figure out how to fund it because ultimately there is real risk to the lodging tax in particular in the next two quarters.

SENATOR FORMICA (20TH): And we have an opportunity because people are gonna be traveling closer I think.

COMMISSIONER LEHMAN: Agreed.

SENATOR FORMICA (20TH): So statewide marketing that, you know, talks to Albany and Providence and Boston and New York could generate some good tax revenue for us if we, because I think the number is three or four times whatever we invest in tourism on statewide marketing comes back to us, so.

COMMISSIONER LEHMAN: Yeah, and I think, Senator, I mentioned this maybe before you got on, Randy and his team were starting a \$1.2 million dollar campaign to market the State because I am a firm believe that there is a real opportunity this summer as people are gonna be doing drive-to vacations as opposed to getting on an airplane.

SENATOR FORMICA (20TH): Yea. And this is the time to be aggressive I think, you know, when other

people are not, right because we are going to take advantage of getting 'em here.

COMMISSIONER LEHMAN: Agreed and our hotels are going to be open, you know, hopefully this Wednesday, most of them will and that will be, you know, hopefully an advantage to get them ready for the Fourth of July and the full season which July and August are the most important months for them. So my fingers are crossed but we realize it's gonna be a bit of a challenge given the consumer and their behavior right now with the virus.

SENATOR FORMICA (20TH): Yeah. Confidence is gonna be the key driver, you know, to no matter what we do. And then the last question and I don't know if you have the answer to it but there has been no hint or indication what Phase 3 might look like?

COMMISSIONER LEHMAN: Well that, yes, I hope we can help on this one. So Phase 3, you know, that right now the main aspects of Phase 3 are really bars and nightclubs and then large indoor events and we're working right now on, you know, better signaling with that timing is going to be. We said at least four weeks, so I would anticipate in or around July 15th for that. Obviously, that can change the numbers in Connecticut continue to be very good, notwithstanding what you are seeing in some Southern and Western states that have opened up in advance of us so we need to be really vigilant on hygiene, distancing, and monitoring the numbers. But we're spending a lot of time now in particular focused on events, outdoor events, and indoor events to give the industry more guidance there as we understand that is a business that requires real lead time.

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SENATOR FORMICA (20TH): Thank you very much for that and I'm sure you'll put something out as soon as that is available. But I think everybody in Connecticut needs bars right about now. [Laughter] So thank you very much for your good work. Thank you, Senator.

SENATOR OSTEN (19TH): Well thanks for that, Paul. Senator Hartley you're the Chair of Commerce, so if you'd like to go next. I can't hear you Joan, you're still muted. There you go.

SENATOR HARTLEY (15TH): Okay. And I particularly enjoy the birds in the background, Senator Osten. So thanks for the added ambiance here. [Laughter]. It's nice to see everyone, virtually, this is like drinking from a firehose, everything has just been, you know, coming at everybody but I want to first of all, you know, tip my hat to all the folks at DECD. You have been available and accessible to all of us and we are very grateful in addition to being available to our constituents and that's been a heavy load. So that has helped us to feel a bit of confidence, of course on the Legislative side, Commissioner I know you appreciate the fact that, you know, we feel like, you know, we've got blinders on, operating under, you know, an executive order and it makes it very hard for us to 1)keep our finger on the pulse and 2)you know, answer the questions that we have, you know, everyday working with constituents and the like. And so Representative Lavielle mentioned about trying to put together other, some kind of a run. And if I might just a footnote to that, David, what I think would be very helpful for all of us is to be able to identify existing money used. And I want to compliment you on this because going into this I

know that you were using, looking to repurpose our funds and use them expeditiously recognizing fiscally where we all are and so the Connecticut Bridge Loan and I think HEDCO Program, and so forth were all funded out of existing DECD resources. So I think from my perspective what I'd love to see if the existing money used and then how it is used, by line item, by Connecticut Bridge Loan, by HEDCO, you know, any of those other uses. And by the way, once again, my hat is off to you bringing in an entity a third party vendor like SoFi who on a pro bono basis helped us do that process thing was very, very important, I think really helped deliver those monies and do it, I mean because we were just totally no bandwidth on that.

And then the second piece of that would be was there any new bonding money? To my knowledge, I mean there wasn't, was there?

COMMISSIONER LEHMAN: No. So we used either preexisting authorizations in the case of MIF or revolving funds so that's really what drove the amounts on the Connecticut Recovery Bridge and then we used preexisting authorizations for MBI as well. So there is no new authorizations required. It's a combination of existing authorizations and our revolving funds.

SENATOR HARTLEY (15TH): And so then on the new reupping of the \$5 million dollars on the MVP Program, that is existing bond money?

COMMISSIONER LEHMAN: So, if on that, Colin and Glen can jump in here to, what we would use is the Revolving MMA Fund if we are unable to get new authorizations for that and this is what we've intended to do to date, Senator is repurpose MAA

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Revolver for the MIF for that \$5 million dollars, that is a bit of a square peg in a round hole because there are rules related to MAA which make sense but that is not typically what MIF has had to do in the past but that is what we intended to do there barring the change or a new authorization.

SENATOR HARTLEY (15TH): Do you need language change to do that, or how, I mean MAA is very broad over time?

COMMISSIONER LEHMAN: It is so we don't, if we were, we could get language changed that is one route and Senator all this comes down to timing. I think our view it is perfect enough, it would work and be well-received but again there are a few bells and whistles that are just make it different. Like for example the ten year residency requirement, the fact that we typically, we can't subgrant to a [Inaudible-00:54:05] another entity to basically identify and make the final grants to the manufacturing companies. So things like that are going to make it a little bit more work but it all comes down to timing. I mean if we could change the language in earnest then we would love to do that but realistically we realize everyone has a very full plate and we're just kinda working with the tools we have right now.

SENATOR HARTLEY (15TH): Okay, yeah that makes sense.

COMMISSIONER LEHMAN: We could take that up more offline but that's how I think about it.

SENATOR HARTLEY (15TH): Yeah. And then the last piece of that run would be Federal Stimulus Money that has come in and in what tranches, virtue by

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date or whatever and then what has been allocated from those Federal Funds. So we have a, you know, complete spreadsheet that we can kind of trace, you know, these programs and these dollars over time. So thank you. And cause I've got two questions here, I guess I'm wondering is there anything that we're able to do to get our arms around the number of businesses that are failing. Now I mean I've been driving around and, you know, this part of the State we've got a lot of, particularly restaurants, that are dark. Now they've been trying as we know to do curbside and that has worked thankfully for some but a significant number it has not worked and I am wondering, you know, do we have any sense now at this point, I mean it may be premature but it might also be instructive to, you know, where we're going.

COMMISSIONER LEHMAN: Yeah it is a, so my mind it is premature at least in terms of the date, Senator Hartley and there are anecdotes where you hear of, you know, a handful of restaurants, caterers, etc. and we understand that people haven't been able to do business for three months by-in-large and typically takeout or curbside is 10, 20 maybe its 30 percent of a specific restaurants business, save for a few exceptions. My expectation is it's gonna be six months until we really understand the impact in terms of business that just fold up shop, whether it is five percent, 10 percent, 20 percent, I just don't know cause right now we just have anecdotes and it's tough to see the data. I do think with PPP that has been very, very significant and the carnage would be a lot worse had the Federal Government not put that program in place. We will need to see especially after we get into this second phase here, you know, how many employees are going to be

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rehired, where our employment rate, unemployment rate truly is and then we will have a better sense probably by September if I had to guess in terms of the business that aren't going to make it out of this in terms of recovery.

SENATOR HARTLEY (15TH): Yeah, I know. We're just all anxious. Thank you. Thank you, Cathy for this round.

SENATOR OSTEN (19TH): Okay, thanks, Joan. Up next is Representative Simmons who is the Co-Chair of the Commerce Committee who has joined us today.

REP. SIMMONS (144TH): Thank you, Senator and good to see you all virtually. Commissioner Lehman and Deputy Commissioner Thames and I think we have Tommy on and the whole DCD team for this informative update today and also for all your work throughout the Covid crisis, just echoing Senator Hartley's sentiment. You've been so helpful with constituent questions and business questions and we really appreciate all of your hard work. So I have two questions. One is related to the zero interest line of credit through HEDCO for women and minority owned business, the \$20,000 dollar loan program. I know that was a program that had a huge demand. I heard from a number of business that wanted to apply and didn't make it in time. My understanding is it is at capacity now. I know, particular for women and minority owned businesses that struggled to access the Federal PPP loans, I think it would be great if we could expand this and I'm wondering if there is any plans to expand this program or add additional funding to this line of credit?

COMMISSIONER LEHMAN: So I'll start and then Glen should jump in here. I think the short answer is

yes. You know, I think that is a program which I think has gone very well but there was more demand than there was supply. And by the way so of this is not just money it's capacity in terms of processing the applications and turning it around very expeditiously, that's what we learned on the Recovery Bridge too, but that is a program especially because it is so targeted at our smallest businesses in our hardest hit areas, you know, we are thinking about ways to expand it if we can expand it, something we would love talk, work with this group on so I certainly think that is time and money well spent. Glen, anything you want to add there?

DEPUTY COMM THAMES: No, I mean I think you summed it up well. So, you know, we again with all these programs with the Connecticut Recovery Bridge Program, with the HEDCO Program, the demand far exceeded the supply and so now as we begin to move into recovery, or reopen and recovery, we are assessing what else is required particularly to those mom and pop smaller Main Street businesses and industries that were most impacted. So that remains on the table.

REP. SIMMONS (144TH): Great, thank you. Thank you both for those answers. And yes, please definitely keep us posted if we can help as a group there. And then my second question is related to Small Business Express Fund and the status of those. I know that some of them it sounds like repurpose for some other programs and wondering if there's any left in Small Business Express funding and just kind of how we're thinking about that funding given that, you know, the new Covid climate, you know, whether we are

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still giving grants out or whether we are still halting those in favor of the loan program.

COMMISSIONER LEHMAN: So we really stopped doing small conventional Small Business Express Loan, we were doing a handful. Maybe there was five or ten in the pipeline pre-Covid and I think we've seen some of those through and we will continue to do that but we basically because we really utilize, Representative Simmons the existing capacity through the Rover or the Recovery Bridge Program so there really isn't funding or there is a de minimis amount of funding as I am aware remaining in the Small Business Express Program. So I think one of the questions we will need to discuss with this Committee and Bonding and Finance and certainly Commerce going forward is, you know, is there going to be a State supported in any ways a small business program as we enter the recovery phase, pass the reopen phase here, you know, my preference would still be to change it, you know, away from grants utilizing the private sector a lot more to lead the charge but that's something that we certainly will be giving more thought to as we get more focused on recovery and I think we need to do a real, you know, measurement of how open is the banking market for, you know, borrowers now versus the financial crisis. I'm still very hopeful it's going to be different but, you know, I've heard for example for construction loans and development projects it's basically nonexistent now which is concerning. So, we need to understand how financial conditions are coming out of this new recovery phase and make a judgement, do we need more capacity here or not because right now we just don't have it.

REP. SIMMONS (144TH): Okay, great.

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COMMISSIONER LEHMAN: But it's early. If I felt like we needed it right now I'd tell you. I don't think we need it with what the Federal Government's been going.

REP. SIMMONS (144TH): Great, thank you for that answer. And then just a final question if I may, Madam Chair? Just thinking about the industries that have been hardest hit and how we're thinking about the childcare industry in particular which, I, you know, has just been devastated by this and many of them are small businesses, many of them are women owned businesses whether we're thinking about helping as part of our, you know, reopening phase whether we're thinking about targeted grants or loans for that industry or if you know how many of those have received DEC loans cause I think that is just critical for ensuring our workforce can go back to work and of course providing, you know, quality child care for families.

COMMISSIONER LEHMAN: We can check. I don't know the number offhand and if the team knows they can jump in terms of how many of the Recovery Bridge or the HEDCO Program went to childcare facilities or, you know, educational facilities something similar to that. You know, I have a regular dialogue Beth Biadem (Phonetic). I am well aware of the issues in terms of them not dissimilar from other businesses other than it's clearly a huge enabler in terms of facilitating the economy. But a lot of business, like childcare, when you're operating at 25 or 50 percent capacity by mandate then it's hard to make the margins working in the space that you have and that is a challenge that, you know, we're gonna keep grappling with. So we will continue to remain close. We cannot let our childcare capacity decline

and it's just too critical for the rest of the economy.

REP. SIMMONS (144TH): Absolutely. Well thank you for those answers and thank you Madam Chair.

SENATOR OSTEN (19TH): [Laugh] Thank you, Caroline. Senator Martin I believe you are the Ranking Member on Commerce in the Senate.

SENATOR MARTIN (31ST): Thank you, Cathy.

SENATOR OSTEN (19TH): You're welcome.

SENATOR MARTIN (31ST): Thank you, so much for doing this today. So I guess my question is regards, I guess specifically to the budget. And, you know, with the Covid here it's really having a sweeping impact on our economy in particular the small businesses. I think we are all experiencing that in our communities. So I guess my question is, what can we, what type of impact can we be expecting here in this current budget and as well as going forward, what can we expect in biennium budget as well?

COMMISSIONER LEHMAN: And so, just broadly, I mean obviously we've seen, you know, what OPMS projections are in terms of this year and then into the \$2 or \$2 plus billion dollars in out years the potential deficit. You're talking about DECD in particular or certain programs in DECD?

SENATOR MARTIN (31ST): Yeah, I guess, you know, we're experiencing obviously a downturn in the economy as to what extent do you see with your past experiences as to what type of impact in general is this Covid having on our economy and how is it going to impact our current budget that we have as well as in the out years. Does, you know, I know we're

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doing our best to help bridge, you know, the gap in some of the revenues that some of these businesses have had but it is, that small gap, is there, we're there to help for a little bit but, you know, their sales are still not to what they were. Some of that is I guess, you know, I guess some of that we are going to lose regardless because you're doing your best to bridge what, you know, to bridge that gap and revenue loss but some of 'em aren't gonna make it and some of them aren't gonna make it this year, and some of 'em aren't gonna make it next year, so what type of impact, I guess can we expect, what kind of adjustments are we gonna need to make on a State level with our budgets?

COMMISSIONER LEHMAN: Yeah, yeah, so that's a good question. I will try to be concise here. I mean, I think there is so much uncertainty in terms of the economy. There was a time in March when I thought this would be a one to two quarter type of event but it's clear that is not gonna be the case and it will take, in my opinion, certainly through the middle and likely through the end of next year until we reach, you know, if we get to "full employment" or where we were, I just think the reality is it very hard. Any other structural issues with certain businesses especially if a vaccine doesn't become present until a year from now, which I think some people, some very respected people think that's when it's gonna be the case. So I think you have real issues with respect to sales, how people do business, you know, stuff like Zoom where, you know, we're not gonna know and I think from the government's perspective especially when we talk about, you know, the term bailout or supporting businesses we need to make sure that we are really

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focusing our limited resources because there is going to be a strain on resources, you know, in areas that are absolutely critical and there is a significant multiplier effect towards our economy. So from my perspective, and that's why I really bifurcate between reopen and what I think about recovery when you talk about incentivizing investment and job creating, you know, right now I'm not sure, you know, what the new economy, or the reopened economy looks like but I know it looks very different. So in terms of DECD is doing right now, I think people want to remain, you know, but we want to be very judicious about asking for new resources especially given some of the constraints of this \$2 billion dollar deficits that are being projected at the State level we want to be judicious and be sure that we are really focusing on areas that have been really hit the hardest, you know, asymmetric in terms of the impact of certain areas of the State and we've seen that and that's why I think HEDCO Program in doing more for our smallest business, our minority businesses, I think that is really important. But beyond that in terms of how the economy comes out and where Connecticut comes out vis a vie our peer states, there is so much uncertainty because I think there is a real chance you have either negative, single digit negative GDP growth for the full year especially if the trend continues right now.

Now the one counterpoint and then I'll stop is you have never seen the Federal Government have a stimulus program that's, you know, in excess of 15 percent of GDP before and you've never seen the Federal Reserve basically ease monetary conditions by buying \$5 billion, excuse me trillion dollars of

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assets. So the Federal response in terms of, you know, incremental debt and stimulus and just putting money in people's hands is unprecedented and I think that is some of what you're seeing, you know, in the stock market and parts of the economy, so I think there is some hope that there is a more, a more rosier picture especially if a vaccine comes sooner but there is just way too much uncertainty right now to really speculate.

SENATOR MARTIN (31ST): Thank you, Dave. Colin, just one question for you. How's the manufacturing sector doing currently and be seen as big impact to them as well, you know, compared to the smaller businesses, how are the manufacturing sectors doing?

COLIN COOPER: Well first off, manufacturing businesses are generally smaller businesses to as you know, so there are a lot of small manufactures. The, I would say they are holding up relatively well. I mean it's different depending on what sector you're in. You know, clearly if you're in the right medical sector or certain chemicals related to cleaning you're booming right now. If you're in commercial aerospace or automotive you're struggling right now. So it's a mix but I think generally, and again this is just anecdotal data and information I have, generally the conversations I'm having with people right now so we're through the shock and awe phase, people stabilized their businesses and people are focused on trying to come out of this so it's generally held up pretty well. Now when the PPP money runs its course it will be interesting to see. You know, clearly there have been headcount reductions in manufacturing but not that I've seen is not quite as large as I would have anticipated. So it's again certain pockets are

having a really tough time of it but overall, you know, it's down but people seem to be stabilizing and looking forward at this point.

SENATOR MARTIN (31ST): Thank you, Colin. Thank you, Cathy.

SENATOR OSTEN (19TH): Thank you very much, Henry. Representative Cummings are you on the line today? So Representative Cummings comes online and someone else knows here phone number, just let me know. So we have some people who have their hands up and first up is Representative Porter.

REP. PORTER (94TH): Thank you, Senator Osten and thank you Commissioner and your team for the great work you guys are doing. I just want to go back to when you were talking about minority women and loans that were given out, could you or do you have a breakdown available when you say minority women and how many were white and nonwhite?

COMMISSIONER LEHMAN: Yeah, so we actually do Representative Porter, I'm not sure if you've seen it yet, but this is in our response. So we were actually able to get minority owned and then minority and women owned and then we have white women who own businesses as well. So for women and minority owned businesses there are 133 of them that were funded in the Connecticut Recovery Bridge which was roughly seven percent of the overall program for \$2 million dollars of the \$37 million dollars that has been put out to date.

REP. PORTER (94TH): Okay, I'm sorry.

COMMISSIONER LEHMAN: And then just to give you a sense of the women owned, white women owner, nonminority women owned was 391 businesses for \$6.3

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million dollars and that is, that's exclusive of HEDCO which was another 400 odd business or close to 500 odd businesses between women and minority owned and we can, you know, we can get you that data as well.

REP. PORTER (94TH): Okay.

DEPUTY COMM THAMES: Just to jump in here. I'm sorry. Can you hear me okay?

COMMISSIONER LEHMAN: Loud and clear, Glen.

DEPUTY COMM THAMES: So just on the HEDCO Program the last numbers we saw were, there was about 300 minority businesses that were funded and about close to 170 white owned businesses which were white women.

REP. PORTER (94TH): Okay, so a little over half on the HEDCO and then on the initial one that you have was seven, was how much was that for black and then, or nonwhite and then what was the pre, I didn't get the percentage on the white.

COMMISSIONER LEHMAN: Yeah so for the Connecticut Recovery Bridge 15, one five, percent were minority owned and that breaks down roughly 50/50 male minority owned businesses and female minority owned businesses.

REP. PORTER (94TH): Okay.

COMMISSIONER LEHMAN: Fifteen percent, a total of 300 businesses approximately.

REP. PORTER (94TH): Okay and I'll ask the other questions offline, I don't want to tie it up but that's really what I'm trying to drill down, so I'll talk to you on offline.

COMMISSIONER LEHMAN: No problem, yeah we have a lot of really good data that Deputy Commissioner Thames especially with these programs where we track exactly who is getting this money and understanding acceptance rate by these universes and we're comparing these universes to the amount in Connecticut to make sure that the money is going to the places that they need.

REP. PORTER (94TH): Yeah, and I appreciate that and I know that there was another \$5 million that came out and as you know, a lot of the businesses in my district did not get that money, a few did, but not many or as many as was expected. So that's the interest on that part and if you can just speak to the \$5 million dollars then that will be my last question.

COMMISSIONER LEHMAN: Yeah, so the \$5 million dollars is the HEDCO Program that Glen was just referencing. So that is just under 500 business to get loans of roughly \$10,000 dollars and those are grants. Representative Porter we mentioned before that is a program that we feel strongly about and we're thinking about if there is a way we can expand that and put resources towards that program.

REP. PORTER (94TH): Okay, so you were headed in the direction that I was headed in, so thank you for that and I'll talk to you guys offline. Thank you, Senator Osten.

SENATOR OSTEN (19TH): Thank you. Representative Bolinsky, you're up next.

REP. BOLINSKY (106TH): Thank you, Madam Chair. You know, Representative Porter was asking questions that sort of that I was curious about as well but

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mine is more of a 30,000 foot level. Commissioner Lehman quick question for you as far as, you know, how does the breakdown that we see on Page 1 correlate to the overall State aggregate of the different business ownerships segments?

COMMISSIONER LEHMAN: So we should get you a breakdown comparing kind of what we believe in and we've had a tough, I've had a tough time finding great data, you know, at the State level, you know, what's truly a minority owned business and sometimes that means different things than white women, etc. But in general I would say at a 30,000 foot level, you know, certainly as it relates to certain subsets, I think we saw more demand from, you know, nonwhite businesses that relative to their size and the overall population so I was pleasantly surprised. We should get you what we think the breakdown is at the State level and then what our funding was relative to that to compare and contrast.

REP. BOLINSKY (106TH): Thank you for that cause, you know, I think that, I think being able to look at it on that level what will actually be able to help us understand the level of equity, you know, that we're exercising and then also, you know, paint ourselves with goals for the future. So, thank you for that. I appreciate that. And then I have one other question, and this one is, I'm not sure it's a question or it's a concern, but, you know, there have been great considerations that have been completely and totally in line with the needs of our folks that can't pay their rent, whether they be small businesses or whether they be, you know, residential real estate renters but, you know, we also have a really huge industry in Connecticut that

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constitutes small property owners and landlords and, you know, while forbearance on, you know, getting them paid rent is the right thing to do for the affected tenants. You know, I'm not sure that we are doing everything we need to do to address particularly with the small guys, not the guys that have, you know, millions of dollars tucked away in the bank and has big, huge commercial real estate people but for the small guys that own a couple of properties. Have we considered what might need to be done to, you know, provide some relief for them because many of these people actually a lot of these people are not receiving revenue right now because of rent forbearance and that's gonna become problematic especially, you know, if, you know, we don't get to the point where, you know, forbearance actually does sunset itself as quickly as these folks would like?

COMMISSIONER LEHMAN: Yeah, so just a couple of things on that any maybe this is something we can talk more about online as well, offline. You know, all the forbearance has been done and the State has been consensual so that the lender as well as the borrower and basically agreed on that. Obviously, the Department of Banking and the Federal Government has tried to help reach agreements but where there was an executive order where the grace period for rent which you may be referring to really focused on individuals not commercial tenants. Other states did it with commercial tenants to. We did not mandate anything as it relates to commercial tenants for a couple of reasons and I've had people tell me they disagree with that. I think that was right not to get in the middle of that relationship, that commercial relationship because, you know, in

particular the PPP Loans was an eligible expense under PPP. We want that money coming into our State to our tenants and then to our landlords, our small landlords in particular and I didn't feel a public health emergency, you know, again the landlord/tenant relationship on the commercial side was something that we needed to issue an EO on but I realize that other states did that.

On the residential side I think we had a different view and obviously this is a little bit away from DCD but we certainly felt that it was important not to kick folks out of their you know, apartments and given the anxiety and the issues public health wise but taking that a step further what you're asking is have we thought about compensating landlords for those rents. You know, we hadn't primarily because we assume that the economy is gonna get back going and those tenants will be able to then pay those rents in the future that there is a bit of a time value impact to the landlord but ultimately if this is, if the economy comes back in the way we hope it will, the landlord should be receiving those monies. But I realize that when you have one in five approximately without a job, you know, there are folks that aren't going to be able to pay rent and you are gonna see that hit the landlords down the chain. So I don't think there is a simple answer unless we want to start appropriating more money to basically directly compensate the landlords, I don't think we should be doing that right now but we will need to monitor it from a health perspective.

REP. BOLINSKY (106TH): I completely agree with you. I just want to be sure that we are paying attention to it. You know, when forbearance does go away we're gonna, we're also going to be looking at

something that is going to hit, you know, a lot of renters, residential renters especially, you know, like a 2x4, it's gonna hit 'em in the forehead because they are gonna be backed up four months' worth of rent, you know, then they're gonna find themselves with a secondary problem. So, I appreciate, I appreciate the honesty of the answer and I appreciate sort of putting my foot in the door so we can talk offline a little bit. I've been contacted by a lot of these, you know, smaller landlords that are struggling like heck so. Thank you, Commissioner and thank you, Madam Chair. I'm finished!

SENATOR OSTEN (19TH): Thank you very much, Representative. Up next, is Representative Nolan.

REP. NOLAN (39TH): Good Afternoon, everyone. Thank you for all this great information that you're given. It is appreciated and through you, Madam Chair, I want to ask about the \$150,000 dollar minority business, the PPE Grant that you talked about. Could you just give a little bit more information about that?

COMMISSIONER LEHMAN: Sure, Glen to you want to field that one?

DEPUTY COMM THAMES: Sure. So the Minority Business Initiative Advisory Committee which was stood up and I want to say about 2016 by the Legislature, you know, they have been focused on all things related to improving the conditions and the environment for minority owned businesses and so part of that is this Minority Business Revolving Fund that we were able to pivot some of those resources to support the Covid response with the line of credit. And in addition they have resources to support a wide

variety of initiatives that again are in line with minority businesses. And so this Advisory Committee that the Commissioner Co-Chairs and Senator McCrory is a part of really kind of, did a scan of the environment and really looking at what the gaps were relative to business costs, that businesses were going to be incurring when trying to reopen. So in their small way with the limited resources that they have they worked in partnership with HEDCO to put forth \$150,000 dollars for kind of start-up kits for PPE. So essentially recognizing that this is gonna be probably an ongoing expense for businesses, but to enable them to quickly open and open responsibly and helpful, healthy rather, giving them kind of this PPE starter kit. So these were funds that were approved. They have not been expended yet, we are still working with HEDCO on the details relative to distribution so this is a program that will be coming online soon, hopefully.

REP. NOLAN (39TH): Is there some kind of literature you have or someplace that we can go and find something so that we can put out there?

DEPUTY COMM THAMES: Not at this point. It was approved by the Committee and we're working with HEDCO on those details of the design.

REP. NOLAN (39TH): Okay, thank you. And in regards to the HEDCO \$5 million dollars that was give out knowing that, my understand that you're, there is some discussion in regards to expansion of it. Because of the priorities and because of the importance of people needing this funding as in like "now" what is the outlook? I mean is there something that we're not gonna see for three months or is this something that gonna come out in the next

month? I'm just concerned because of the people that are hurting right now might need that money, how would they go about getting assistance before they get deeper in stuff.

COMMISSIONER LEHMAN: Yeah, it's a, we understand the urgency and the hurt that is happening out there even as we are obviously trying to reopen to alleviate some of that. But, you know, from our perspective these are decisions that are probably going to be made in the next week to two weeks in terms of the framework of trying to figure out ways to move this forward and if for some reason that's not gonna work or that timeline gets push, we should have a conversation with this group if there's things we can do further expedite that. But we're moving as fast as we can and that is from, you know, my perspective and Deputy Commission Thames is that is a top priority to figure out how to direct more funds into those areas that need it the most as quickly as possible.

REP. NOLAN (39TH): Okay. That's fine. I got a lot of questions but I gotta follow the rules [Laughing]. I thank you so much for all the information that you've given in this very important matter and I thank the Chair for allowing us to question. Thank you.

SENATOR OSTEN (19TH): Thanks, Anthony. Next up is Representative Kokoruda.

REP. KOKORUDA (101ST): Thank you, Senator, I appreciate it. Can you hear me? Great. I want to thank you Commissioner and everyone else this was very, very helpful. I just have one question, it's kind of an overview perspective. I've had constituents call me who are State employees who

would love to go back to work. But I mean their jobs right now, there is really nothing that they can do. Has there been an conversation, when you talk about making sure people you're meeting the need and with funds but also with being able to administer this incredible effort. Has there been any talk at the level when you meet with the governor, with all the different commissioners of really brining in State employees who are home who would love to help out? Surely we can do some minor training. There are so many constituents that just want somebody to answer a phone and I know it's a lot more with the Department of Labor than your department but it is there. And I know you folks are working 24/7 and I appreciate that but we've got State employees that would like to help and has there been any conversation about bringing them in and making them part of this solution to help you be more successful and to meet the need.

COMMISSIONER LEHMAN: Yeah, I can only speak directly for DECD and as I mentioned in our opening remarks we understand the importance of having someone there to answer the phone and help and I think we've mobilized, you know, our troops to basically be able to do that and be productive, and Glen can jump in if she's aware of issues where that is not the case but for the most part, we adapting to the environment and are bringing our people to work. On the Department of Labor I can mention there are, you know, there have been frequent calls where we're on the phone part of the Unified Command Process with the governor with the COO, chief of staff and the commissioner of labor and others and we're constantly talking about, you know, what the needs are and how to help out other agencies. So,

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you know, when the Department of Labor has had needs, you know, to help respond, you know, other commissioners have been volunteering some of their resources where they have them and when they have them. You know, if there is specific stuff we can pick it up offline, in terms of State employees being fully utilized to make sure they are utilized. You know, I want to make sure everyone that wants to contribute can contribute given this crisis is still very much out there and real so we're happy to take suggestions but there is absolutely regular dialogue on how to coordinate and how to make sure we're operating as a team. And we, in particular the frustrations about getting someone on the phone, I understand that.

REP. KOKORUDA (101ST): All right, thank you. Thank you very much.

SENATOR OSTEN (19TH): Thank you, Noreen. Up next is Representative Datham.

REP. DATHAN (142ND): Thank you very much everyone for pulling us together. Thank you, Commissioner and thank you Deputy Commissioner and your whole team for all of the work that you all have done throughout this pandemic. You have been super responsive so thank you so much. I have two questions, the first is really, you know, the management of the portfolio of loans. Who is doing that, what sort of reporting is happening and how will we as members of General Assembly be able to keep on top of how these companies are doing in terms of repayment?

COMMISSIONER LEHMAN: Yeah, so the HEDCO Program for all intents and purposes is a grant program. I mean we expect that to be, the monies, you know, we'll

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confirm or HEDCO rather will confirm compliance in terms of the expenditures and that loan will turn into a grant. Again that is roughly a \$10,000 dollar average size right now. So I don't expect there to be significant compliance or ongoing reporting there. On the Connecticut Recovery Bridge, what we anticipate to be approximately \$45 million dollar totally funded, you know, that's there's 12 months but there is a six month extension option so there are fairly no payments because those were no fees, zero percent interest loans, so high flexibility was our intent and as I mentioned at the onset that we approved, you know, 85 percent of those that applied approximately, so we knowingly wanted to make sure that we are capturing a good portion of the population and we tried to have very broad parameters in terms of who was approved for the program. You know, what I would recommend we do there is, you know, I'm not sure I'm gonna have a whole lot in six months or by the end of the calendar year but there probably should be regular reporting as we get to that 12 or 18 month date. My expectation, Representative Dathan there is most of those loans will repay after one year marker or at the 18 month mark unless there is significant other refi resources that come into play. So there's not, we don't anticipate a whole lot of reporting. We made credit judgements that we thought were appropriate but we purposely cast a very wide net but we should take, my suggestion would be every six month, take the Legislature through and we can add it to our Annual Report, you know, pay-offs versus loans that are in trouble that ultimately need to be written off or some portion need to be written off.

DEPUTY COMM THAMES: Yeah, I was just gonna add that this would definitely outside of whatever, you know, regular reporting that we need to do but this would absolutely be a part of our Annual Report because we did use Small Business Express funds so it would be broader kind of Small Business Express Portfolio with this as a subcategory and an new program that would be reported on.

REP. DATHAN (142ND): That's what I was hoping for cause I know you all come in and also good for that report with this Committee, so that's great. So my second question really comes from a constituent and I'm sure they've also reached out to you, Commissioner about guidelines for landlords and employers and consistent protocols for public spaces within buildings and also notification regarding maybe people within those work spaces that may test positive and so, I would love to know what DECD is planning on doing to ensure uniformity in all of our Connecticut.

COMMISSIONER LEHMAN: So Mr. Lewis and I had a call with two landlords last week so this is an issue that's come up. Representative Dathan's referencing a gentleman who runs a human resources consultancy and has hundreds of clients in Connecticut and beyond. So we're gonna likely augment our rules for office space to include some best practices on cleaning between the land and the challenge here, let me back up. So we're gonna add some guidelines to our rules as relates to best practices. The challenge with all these rules and a lot of these executive orders as folks know is enforcement. I mean it's one thing to say this is a good idea, let's do it but it's a totally different thing if no one is doing it. So we're really trying to strike a

balance. What we have strong convection in terms of mitigating the viral spread so wearing a mask, hand hygiene, physical distancing those are the three most critical things. You know, I'm not a landlord so the specificity of what should be done and how many people should be in the bathroom if it's a joint bathroom. Like we've tried to stay out of that because that's not the State's level of expertise. We realize some folks want more like David does and some folks want the State to say less. So we're trying to strike the balance here and make sure that what we're putting put, again we have very high convection on and we think that we can actually enforce it and enforce compliance.

REP. DATHAN (142ND): Great, thank you so much for your answer to that.

COMMISSIONER LEHMAN: No problems.

SENATOR OSTEN (19TH): So, um. So far that is our first time around but if anybody has any more questions please don't forget to use the chat component of Zoom so we and raise your hand so that I know that you have questions. I do have several questions. Specifically I want to start with tourism and I don't know whether you or Randy want to comment on it but you said \$1.5 million dollars was going to buy some time in the air for hoping to push our area, \$1.5 million dollars. My understanding is \$1.5 million dollars will not get us much air time in the Boston and New York market, that that will not push our area forward to where it should be and I'm not certain that the Canadian Border is yet open but I would hope that we would start pushing our message out as far as, as far north as the Canadian market so that we can bring

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people down to this area, all the way up to Canada as well within driving distance and so is there an opportunity for us to put real dollars along the \$5 to \$10 million dollar range to push our area forward in regards to what our shoreline has to represent, what the casinos have to represent which we tend to, by the way, leave out often, and you know how I feel about that and, you know, and the Aquarium and some of the other spots. So I would really like to see us spend some real dollars to promote our area for the staycations kind of thing.

COMMISSIONER LEHMAN: So Cathy, I'm gonna turn over to Randy here in a second. He can kind of comment on that but it's \$1.2 million dollar not \$1.5 million dollars so it's even a little bit less but Randy why don't you talk a little bit about the program and kind of what we view is the efficacy of that, what it's gonna get us and then we can talk about if there were more resources, you know, what we can do.

RANDALL FIVEASH: Sure, thanks. Thanks, David and thank you, Senator for the question. It's a great, great question and the \$1.2 quite frankly is the money that is, that has been appropriated for the final quarter, for the last quarter of the fiscal year we're in now and it's stretched out over the quarter now. What we had to do is really, and we've done as you heard me say, Senator and the Members of this Committee heard me say and Commerce has heard me say in several calls, we are completely researched based. Everything we do is research based and what we found is that we have to do a number of things. One is to make sure that the visitors and constituents that we have in our own State and beyond like you mention are the consumer

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confident and I can't remember which one of the Members of the Committee mentioned this earlier, but consumer confidence and visitor confidence has to be there before they come out and we know that's gonna be true. We know there is gonna be a couple of waves or levels of visitation. One is gonna be that they, that the visitor might have to be comfortable getting out of their homes, getting out of their apartments, getting out of wherever they are. They've got to feel safe. The other thing they've got to feel safe, is they got to feel safe that the protocols of the various visitor locations that they are going to be going to, whether it be a restaurant, attraction, or hotel, or wherever that may be, be ready for them. So what we've tried to do, Senator is to make sure we help as best we can to help our businesses in the tourism industry get ready for those and so along with the governor's executive orders, we've been able to help the businesses get ready and take care of the protocols, do the protocols, all the kinds of things and this campaign that we're doing is gonna be, not only for those businesses, but mainly for the visitors to let them, and when you see it you'll see that that we are doing two things. One is we are letting the visitors know they are gonna be safe, that they are going to be happy when they get there, they are gonna be safe when they get there and they are gonna be happy that they came out. That they are gonna be ready for a great time to visit. We know that people are gonna be, as many of you have mentioned, some of you have mentioned, they are gonna be traveling closer to home. They are not gonna be taking airplane trips. They are not gonna be taking those long distance trips. We are uniquely positioned being where we are in Connecticut to take those

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trips and lower distance trips. So this \$1.2 million dollars is all we have right now. I wish we had another \$5 or \$10 million dollars, we could use that.

SENATOR OSTEN (19TH): So that, excuse me, Randy. That's really what I'm trying to get to.

RANDALL FIVEASH: Yes, yes.

SENATOR OSTEN (19TH): If we had \$5 or \$10 million dollars we could maximize what we have and it would be a return on that investment.

RANDALL FIVEASH: Yes, Ma'am.

SENATOR OSTEN (19TH): I believe the data shows that there is, that there would be a return on the investment if we did do that. And that's what I would like to have the data on. What would that return be if we had the ability to put five, break it down into two tranches, one \$5 million dollars, one \$10 million dollars and break it down, what would we be able to do. The \$1.2, I thought it was \$1.5 but \$1.2 what are you able to do with that and if you could get me that data, or, you know, obviously give it, send it to Susan Keane, what would you do at \$1.2, what would you do at \$5 million dollars and what would you do at \$10 million dollars and what would we actually see as a return on that investment if we did that and without having those real dollars to put into there, what, the investment would not materialize because without actually pushing, my understanding is New York is gonna continue to push. They put some \$50 million dollars in every year into tourism related marketing of the State of New York. I know we're smaller than them so I could understand not spending that, those

kinds of dollars but I cannot understand only spending \$1.2 million when we really need to market our area and show what we have. So if you could get that for me, Randy because I know you have that data, then we could get it out to the rest of the Committee as well as the Commerce Chairs.

RANDALL FIVEASH: I can do that for ya, absolutely. I can tell ya just very briefly and then I'll get off the line, I can tell you where we would go. We would go into New York, we would go into Boston and that would cover our two major markets New York being our major feeder market and we can, we would go into those two markets and, we've already got the numbers. We already go the plans to be able to do that. Adams and Knight does a terrific job, Media Storm does a terrific job for us and we've already started looking at those, into those markets, what we would do, we would be able to get back into TV, we would be able to get back into those kind of markets where we can legitimately get back into those again making sure they feel safe, making sure they know where they are. So that's great.

COMMISSIONER LEHMAN: So we will do that as a follow up, Senator Osten.

RANDALL FIVEASH: We'll do that, you bet.

SENATOR OSTEN (19TH): Thank you and any and all to everybody that is concerned about us in our oversight duties, we will be doing oversight of every agency and we will be coming back to DECD because it's clear that how we're gonna get there, three huge problems we have right now that we have to deal with and the economy is one of those three and so we need to kind of push this agency to do what we need it to do. So I still have more

questions, but I know. I'm sorry do you want to follow up on that?

COMMISSIONER LEHMAN: I was just gonna suggest it's more of a partnership than you're pushing but keep going please.

SENATOR OSTEN (19TH): Okay, I'm okay with the partnership, David as long as [Cross-talking].

COMMISSIONER LEHMAN: Relationships at that point, there days.

SENATOR OSTEN (19TH): I'm just letting you know that we have to do a lot more for the casinos but that's just, you know

COMMISSIONER LEHMAN: You've been very clear about that with me.

SENATOR OSTEN (19TH): I think I have been. Representative Gonzales, I saw you had your hand up. Do you still have a question? I don't know if she got off the line but, Representative Gonzales?

COMMISSIONER LEHMAN: I think she may have gotten off, I don't see her.

SENATOR OSTEN (19TH): Okay, so and Representative Walker is gonna have a question but just give me one minute, Representative. I also am trying to on the tourism, in regards to hotels, my understanding is that there is a difference in the guidance between us and other states in what we're actually saying to hotel owners. Do you have that guidance readily available for hotels to respond to and if you could send that to us, that would be great.

COMMISSIONER LEHMAN: Yes. Yeah, it's on our website. And we spent a lot of time with hotel

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owners and with labor going through it, so any feedback we can respond very quickly to any issues there. To the best of my knowledge it works for the Connecticut Lodging Association and has been well-received but if there is an issue, I'll address it.

SENATOR OSTEN (19TH): Okay and then Representative Bolinsky asked a question that I found that I had been considering asking in regards to the aggregate of different sectors of business so that when we're looking at it, when you say of this certain dollar amount that a certain percentage has been for minority businesses that really gives us a piece of the information. What would be really enlightening would be how many minority owned business are there in the State. I know you say there's not good data on that but if you have that data, it would be really great, not only to put the data you gave us today but also that data on your website or on the State website revolving around transparency because that would be helpful if we put it on the open data site all of this information that you've given us today so that people can see it because it is fascinating to understand what we have but I think it would even more fascinating to understand the aggregate of the total business count. So how many Veteran owned businesses do we have in the State in comparison to how many Veteran owned businesses took advantage of it and did they not take. So then we could go to the next question, why did they not take it advantage of the these. Did they not need it? Was it not necessary that kind of thing. So I would like to find out a little more about that.

COMMISSIONER LEHMAN: I agree. The best data we get is either from the SBA, the census and sometimes the Secretary of State so that should clearly be a

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follow up of ours is trying to lay that out. This is what the State looks like as it relates to those businesses and who is applying for our programs, etc. and then we can go to that next question.

DEPUTY COMM THAMES: Yeah, and we have that data it's just again the Commissioner stated we get that from the SBA, census data and some of our own data and some of the census data and SBA data just lags so we're looking at 2017 or 2015 data just as a reference point but, you know, we have that data that we can share.

SENATOR OSTEN (19TH): So that would be good if we got that data even, even if you qualify it as this is the latest data we have which is from 2015 or 2017. I think it is important for us to get that information out to people so that it shows a really comprehensive look. I know that I have other questions, but Representative Walker has her hand up. Representative Walker.

REP. WALKER (93RD): Thank you. Thank you. Thank you, Cathy and thank you Commissioner. And yes this is a partnership and we truly appreciate that partnership, it is important for all of us and going on. I want to continue a little bit about Senator Osten's conversations about opening up the hotels and the guidelines. In some of the guidelines that I've seen, I'm concerned about the requirements for cleaning. I think that really, it's important that in order for us to get the security of the people coming into the State and staying in our hotels and everything we have to be very clear that we are providing clean facilities and we are maintaining them. So I look forward to seeing what guidelines you've got but I have seen some of the questions

that have been put to the administration about that and I wanna make sure people come to Connecticut after we spend \$5 million dollars on advertising so that we give them that security. So I want to look forward to that.

Another issue, the questions that some of our colleagues asked for, I want to make sure that we do get which was how much money the DECD has received and how much have you spent and what do we have left? You don't have to give it to me now, we would like to get that back from you. We've gotten a lot of concern about what's going on with our municipalities and we need to look at multiple ways of accessing funding. I wanted to know are you looking into the Municipal Lending Facility to offset the budget shortfalls for services for the city and I know, that's something that California and Illinois have looked into so I was wondering are we looking into that because we have such a good track record in Wall Street so therefor I know our lending, their lending rates will be pretty low so I think this is a good thought that we need to look into.

COMMISSIONER LEHMAN: Yeah, I would refer that question to Melissa in OPM. I believe there were some issues with that program in terms of what constituted a municipal area and in a county in terms of how we borrow where it wasn't clear that our localities were eligible from a size unfortunately. But Melissa was the one looking into that with Treasurer Wooden.

REP. WALKER (93RD): Okay, thank you. I'll take it back now. And the number of staff you currently have. When I was looking at your overtime and

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things in your fringe. Have you expanded your staff under this, and it's not, I'm just trying to understand do you have part-time people that you've added on to help you get through any of these things that you're going through right now?

COMMISSIONER LEHMAN: No, we've utilized our current staff and our current headcount, FTE numbers and certainly they have worked more but we have not added staff directly as a result of this. Like with SoFi and HEDCO we try to utilize resources that are available outside of government where we needed to augment our capabilities as opposed to adding staff.

REP. WALKER (93RD): Awesome, that's great. Okay. So I look forward to getting some of those questions and understanding exactly cause we're gonna have another, we're gonna have another impact and how are we gonna pay for that impact and how are we going to balance it in looking at this. Finally on the minority loans and issues I think Commissioner Thames, Deputy Commissioner Thames, I'm sorry [Laugh]has talked about.

COMMISSIONER LEHMAN: It's a brilliant slip, it's quite all right [Laughter].

REP. WALKER (93RD): But I wonder are we looking at what are we planning for the future, how to revitalize the and sort of improve the access for minority businesses and if you have some ideas, you don't have to give them all to us know, but it would be appreciative if you sort of sent it to us cause I think we all have heard the multiple questions about how are we gonna grow our minority businesses because that's a revenue opportunity for us and it's an impact for the number of people that have been laid off so that we can make sure we have an active

reengagement of that population, so thank you for that. Thanks.

COMMISSIONER LEHMAN: Will do.

SENATOR OSTEN (19TH): Thank you, will do.

REP. WALKER (93RD): Thanks, Cath, I mean Senator.

SENATOR OSTEN (19TH): Cath is fine. So Representative Dillon who has some questions or at least two.

REP. DILLON (92ND): Yes, I do, Senator thank you. I forgot about the two question rule so I should of gone on the first round. But the, I guess locally in our area there has been a lot of questions about restaurants and I'll kind of nest the questions in there. One is liability for outdoor dining, another is really kind of the randomness of who is able to use outdoor dining as a strategy and I guess the other piece of that would be is there anyone on your staff or do we have the capacity on the State level to provide technical assistance to restaurants for surviving the winter because they may be able to skate without outdoor dining but what's going forward later in terms of ventilation and so forth will be a real challenge.

COMMISSIONER LEHMAN: Sure, thank you for the questions. Let me try to take a swing here. So in terms of liability, you know, we have not, the State has not touched kind of broadly liability for a couple of reasons, but, you know, whether you think it's right or you don't think it's right, you know, I think there is real moral hazard risk with this. But anything that address this liability would need to be done by the legislature. It's the view that in a public health emergency especially when we're

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talking about getting people back to work, you know, that's not something that can be done or should be done by executive order so that's one of the reasons we've not addressed and it and obviously we see that it may be addressed at the federal level but that's something that the legislature is considering anything as it relates to liability and clarity around that. That's how it would need to be done. For outdoor only dining, so you know outdoor dining has only been in place since May 20th, this Wednesday indoor dining will open up. You know, we wanted to open indoor dining as quickly as practical but it will be done at 50 percent capacity. And we realize, I think the best data we have, so yes there are roughly a quarter of restaurants took advantage of outdoor dining. You know, either you had to have outdoor space, a patio, a parking lots, a town that was willing to let you utilize the sidewalk or can it be a town that was really willing to go that extra mile to embrace kind of an outdoor district for dining because of it happening over the summer. Some towns did that, others didn't so we realized outdoor dining was not everyone's, it did not work for everyone.

In terms of expertise that is not something I feel we have at the DECD, the Connecticut Restaurant Association and I have been on several webinars and calls with them, you know, they have spent a lot of time working with their restaurants to do it so I would direct folks to the Connecticut Restaurant Association if they are looking for real expertise on how to navigate some of these issues. But it is my hope and I realize that even at 50 percent capacity, let me back up. What we did is we enabled restaurants to have 50 percent of their total

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capacity outdoors, so if you had 100 seats inside you could have 50 outdoors. And now on June 17th, on Wednesday, you can have 50 percent indoors, you can have another 50 seats indoors. So technically a restaurant that took advantage of outdoor capacity can actually have a total of 100 percent capacity come this Wednesday between indoors and outdoors. Again we realize that didn't work for everyone but our view is that outdoors, you know, there is going to be a consumer preference, it's safer from a health prospective, it should be around to at least September and then we can talk about extending that if people agree. But outdoor is important and we wanted to provide that flexibility. I think it's gonna be challenging if there is a second wave and you get to November, December, January, you know, and there is concern about a shutdown with 50 percent capacity, you know, the margins in that, you know, represent, Senator Formica is on the line here he can talk about this more, but it is really tough to make the numbers work unless you have a really good take-out business at 50 percent capacity. So I think our best hope for our restaurants candidly is, continuing to be vigilant to get rid of this virus so we can open, you know, we can expand that capacity to 70 or 100 percent indoors soon.

REP. DILLON (92ND): Well, thank you very much. But I guess my concern as an urban legislator is that not all restaurants are the same. That the fixed costs if you're operating in a city where you have relied a lot of density and you may not have the power or isn't feasible to be closing main streets, or maybe you could do it once in a while, that the outdoor is not quite the same and yet you have a lot of, it's a major employment issue for many of, that's minimum

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wage jobs for, you know, or less for a lot of folks. It has a ripple effect all the way through the economy of some sections of the city and there is no, I don't see tax breaks on the local level for the landlords of those commercial properties in the offing but there is a major challenge for a place that's in an urban area but does not have the space. So I'm trying to think, let's say in the summer you can open the windows if you have a big window in the front. In the winter how do you get through the winter? And I know that isn't your wheelhouse, I don't know if it is the restaurant associations' wheelhouse either but it's a big sector of our economy and it would have a big impact on lower wage workers in some parts of the State.

COMMISSIONER LEHMAN: Yeah, no I know I agree. Restaurants and retail those were the two biggest unemployment sectors and those are significant to the economy, so it's in my wheelhouse so far as it impacts the economy which is clearly does. So again it's just challenging from a health prospective, Representative Dillion because when you have people in those confined spaces and certain restaurants they have five, ten, fifteen square feet per person type occupancy numbers that's what drive the epidemiologist out and gets them really concerned so I think our best bet in terms of, you know, being able to pack those restaurants in the cities in the winter and make sure we have employment is being really vigilant about getting rid of the virus.

REP. DILLON (92ND): Oh no, I totally agree, that's my training. I'm not worried about that. I just want to make sure that even something as simple as access to capital for ventilation systems, you know, if you, how do you get through the winter and I know

I'm taking over my time here and I thank the Chairs. But what capital cost is involved in this?

COMMISSIONER LEHMAN: Now that's a very interesting idea for kind of HVAC overhauls to improve ventilation whether it's a tax credit or a state lending program are the things that we can do to incentivize that that will work for taxpayers in the businesses and I think that's very interesting.

REP. DILLON (92ND): Okay and thank you very much, Madam Chair and thank you, Commissioner.

SENATOR OSTEN (19TH): Up next is Senator Hartley, she's got a couple of questions and I still have a couple of questions too. I just want to put that out there in case you thought you were gonna get away that easy, Commissioner.

COMMISSIONER LEHMAN: I will admit, I was wondering about the three hour scheduling block previously but not I got it.

SENATOR HARTLEY (15TH): Thanks, Cathy and yep, so we just, Commissioner, we have to optimize out time here because it's very precious these days. It's very unconventional workday. So I just briefly want to ask you two things. One we've got the 211 number for compliance. You talked about the fact, you know, okay can we have the guidance but we are not sending out, you know, the oversight enforcers but we do have a structure for, you know, calling in when we have a, you know, when we errant situation. So we've just gone through Phase 1 and we're about to get into Phase 2 and once again maybe it's very early but how is that working in terms of, you know, the need and are we having, you know, calls in on compliance issues?

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COMMISSIONER LEHMAN: Yes, so it's a good question. And we are, so I don't know if Alexander is still on the phone, she might have more of the updated data but basically I think we are getting between 500 and 1,000 calls or hits to the 211 Website which basically directed folks to local law enforcement or their local public health for complaints. I believe two-thirds, excuse me, roughly 80 percent of the complaints we got through Phase 1 were focused from customers as opposed to employees and it was prominently complaints around mask wearing and lack of compliance with mask wearing. So, what you'd expect. I'm not sure that number has gotten better. We can get updated data from that. Now what 211 is not getting though is someone directly calls their local town police, or local public health department. That doesn't get logged to 211, that's just going direct to the local official who's doing the enforcement. But certainly, you know, we've seen and a lot of local public health departments have been following up and making sure that compliance issues are addressed and again they are taken seriously because mask wearing I think is one of the things that we really need to enforce cause I see people getting a little more lax on it.

SENATOR HARTLEY (15TH): I absolutely agree and however we can continue to keep people targeted and focused on this is gonna be to our benefit. We all know there is a second wave and then you couple that with the flu season and, you know, we didn't go through all of this to try to go back to it and that's kind of been the position I've been taking and trying to be, you know, probably overly cautious. And so then my second question is and, you know, once again, we talked about, you know,

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everything that is coming out, it's like a firehose and, you know, we've been having to react to this point and you all have been, completely you know, bandwidth overload. So I guess rhetorically wondering is there a plan for going forward to recognize the new normal, where we are, what has happened, what has change and how it rolls out going forward? It's a very different landscape and how then Connecticut can optimize this new situation. In the past we've always talked about the fact that, you know, we were, you know, less than competitive, we have the Amazon, you know, venture and so forth because we didn't have the big city. We don't have big cities but guess what, people don't want big cities now and so we've got that second tier and third tier in terms of cities and I just heard this week for example a family who were located in Boston who decided un-un, not going back there, I'm staying in New Hampshire. And it's happening I'm hearing in a lot of other ways. So, you know, and we've just been rolling out this new relationship with Advance CT where they were going to be our marketing arm to a certain extent on trying to, you know, have our presence in the commercial market and so forth. So this is kind of a lot of different strands, but I'm wondering if we've done anything on this to date or is there a plan to kind of regroup and optimize this new normal?

COMMISSIONER LEHMAN: Yeah, there is and Advance CT is really picking that up. So the economic action plan that we were basically done with is being picked back up, dusted off and adjusted for what we think the new normal is gonna be. In addition from a marketing prospective getting back to that in terms of how we sell Connecticut, I agree what was a

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headwind that is going to be a bit of a tailwind here where you can market perhaps more to the individual than to the business in terms of remote computing and some of the flexibility that I think families and individuals are having. You know, the desirability of smaller towns and smaller cities, open spaces, good health care, etc. a lot of the stuff we have I think has become more desirable and I think we need to basically market that, again not just to companies which I think is previously I think you were focused on the company, now I think you can focus either more on the individual than the company cause I think the decision making power if you will has gone more to the individual than I think it was four or five months ago in terms of where they live, how they live and work. So stay tuned for that. We need to, from a bandwidth perspective, I wish I had more time, but we really have Advance CT playing as much offense and being proactive on that as we're trying to still get the economy reopened and a lot of addressing the current issues of our businesses, but I hope to spend more of my own time on that, you know, as we get here into late June and July.

SENATOR HARTLEY (15TH): Thank you, Commissioner and so I would just like to say, you know, from the commerce prospective I think perhaps maybe we would like to also kind of walk through with Advance CT, yes we had those preliminary plans, now they clearly need to be repurposed.

COMMISSIONER LEHMAN: Yes.

SENATOR HARTLEY (15TH): In some sense so that we can kind of be up-to-date with that venture. And was it Advance CT that did the For Connecticut Fund?

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COMMISSIONER LEHMAN: It was, so an Advance CT board member, Don Kendall, led the charge with some others of his, so there was a relation but it was directly Advance CT, it was a board member.

SENATOR HARTLEY (15TH): I see. Okay, so to be continued. Once again, thank you. I know there's just a lot of stuff getting thrown at the department these days. Yes, thanks, Madam Chair.

SENATOR OSTEN (19TH): Thank you very much. So Commissioner I have a couple of questions, they're kind of different in different areas. Most recently there was some news out of the Federal Government and posted on the Electric Boat, Facebook, and website that there have been large dollar amounts that have come in for the defense industry. Have we reached out to Electric Boat to see where we are and what is that impact, an increase in employment that would be necessary?

COMMISSIONER LEHMAN: I've not spoken to, I want to say it's probably been four weeks since I've spoken to EB's representative so I don't have anything new there. I can circle back if you haven't spoken with them.

SENATOR OSTEN (19TH): I'm just, I just want to make sure we're staying on top of that in regard to the employment numbers. I don't know if those dollars were already included in their projections for employment numbers and I would like to understand that better. I have not talked to them but I think.

COMMISSIONER LEHMAN: That can be done.

SENATOR OSTEN (19TH): Okay, great. So that's something that I'm considering. There was a little bit of talk earlier, I think you brought it up on

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the commercial airline aspect of things in Connecticut or maybe it was Colin that brought it up. Where do we stand, what, how has that impacting companies in Connecticut that deal with commercial airline industry?

COMMISSIONER LEHMAN: Colin, you want to touch on that?

COLIN COOPER: Sure. In our aerospace industry in Connecticut is pretty balanced between commercial and military markets. You know, you have some supplies that are all military and some suppliers that are all commercial. But most have a balance or combination of the two. Clearly the commercial side of things is down, both the aftermarket because there just aren't as many planes flying, you look up in the air, and you just don't see a lot of planes flying. So a lot of spare parts aren't being consumed and therefore there is not a need for them as well as the new engine production has been cut way back. So it's clearly the commercial side of things is off. I would say it's off for the balance of this year. A lot of the OEMs rebalanced their schedule in the March-April timeframe and they really cut their requirements in the commercial side back. They cut it by at least 50 percent in most cases. So the commercial side is definitely hurting. The military side is strong. The government is, those contracts are on schedule and they are trying to really pull in requirements where they can, to keep that demand flowing into the supply base and so, you know, sort of a *Tale of Two Cities*, the military side is strong, commercial side is probably unprecedented weakness on the commercial side right now. And how long that lasts, you know, it's clearly gonna last through this year and

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probably will start to rebound as we go into next year but it's gonna be a couple of years before I think at least a couple of years before it gets back to where it was on the commercial side.

COMMISSIONER LEHMAN: Yeah, I worry a lot about commercial airlines coming back especially given what I think could be some structural changes and how business gets done like what we're doing through Zoom, so I do think that's a real area of risk for the Connecticut account.

SENATOR OSTEN (19TH): So, do you have an idea, Colin on how many jobs that is in Connecticut that we could see as a loss on the commercial side?

COLIN COOPER: In aggregate numbers, no. But I can tell ya, we did a poll about a week ago through the ACM which is Aerospace Component Manufacturers and they have about 115 members. We did it on very short order. You know, solicited requests in less than a weeks' time and we got 24 of the member organizations responding which is decent amount but there is a little self-selection there. The group that responded looked to say that their employment in aggregate was gonna be down about four to five percent in the near-term which is actually better than I had anticipated, that is zero to 12 months. So one to three years out they look to hire, this is what they are anticipating, look to hire those folks back and then add some. So, you know, you rebound in years one to three. But again that's not a statistically significant sampling, but I know from companies that are out looking for people on the defense side they are having a lot easier time hiring people at higher skill levels because there are people there available that have been laid-off.

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So anecdotally we know there have been lay-offs, there have been reductions, net reductions in staff but the data I've seen, it hasn't quite been as bad as I frankly had anticipated it was gonna be.

SENATOR OSTEN (19TH): So does the Department of Labor breakout the commercial aerospace industry separately from the defense industry on aerospace at all, do you know?

COLIN COOPER: I don't think they do because it's very difficult to break it out because most aerospace suppliers have both commercial and military demand and they don't break their business out. You break your business out based on the commodity you're making not necessarily the end demand stream. So I'm not sure that information is broken out that way by DOL, it would be hard to do.

SENATOR OSTEN (19TH): Okay, so I would like to make sure that we're paying attention to those numbers because they could have an impact on our job numbers in Connecticut just based on the book of business that we do in the commercial aerospace as well as the defense industry.

David, I have another question. In regards to malls, we seem to have seen a significant decrease of the businesses coming back more anecdotally than purposeful, yeah. What is DECD looking at with mall space that is available with, how are we looking to repurpose that mall space? Is that something that you have thought of at all? I've heard that in some areas of the United States they've looked at malls and said, we're gonna break these out into assisted living places or apartments. What is the DECD's thought process on moving those entities forward. You clearly said that we're changing business right

now. We're changing the way business looks, that's one of the things that we're changing.

COMMISSIONER LEHMAN: Yeah, the mall business was in dire straits prior to Covid and I think we did, we were one of the first states to open the malls back up, but anecdotally business has not been great. Not surprisingly at the inline stress and there is concerns about being inside especially at this time of year. So broadly I think it's too early to tell, you know, how much Covid is going to impact malls but I think there is real risk. In terms of malls that were, "dead malls" what the industry calls dead malls or portions of them, you know, really our goal X-opportunity zones for a second really we'd look to the private market to basically identify what could be an alternative use and where you've seen success has been in creating more experience retail, more mixed use, i.e., you know, restaurants on the bottom and then building vertically, condos for residential. I'm fully supportive of that. There have been certain, you know, the town obviously needs to work for them and the money needs to work for the developer. But I view our role as helping the private sector identify and transform these to what works for that locality.

SENATOR OSTEN (19TH): Why I'm asking that question is because I really would like to hear from DECD, we changed through executive orders some zoning both local zoning and change the way we are doing permitting on some things through DCP and other areas.

COMMISSIONER LEHMAN: Yes.

SENATOR OSTEN (19TH): So I would like to see a report back to us because I think that we're going

to have to understand what we should be putting our dollars into when we're looking at bonded dollars to help out businesses, what those bonded dollars should be going towards. Sometimes we've helped out businesses with loans or grants to see them reimagine themselves and I think that is an area that we can reimagine themselves so if you are thinking about these things, that's one of those areas that I would like us to start looking at is in the area of how we're going to handle this retail, this retail space that is not going to be filled.

COMMISSIONER LEHMAN: Yeah, that's gonna be, happy to talk more about that. That's gonna be a pretty heavy lift. That was a heavy left pre-Covid in terms of.

SENATOR OSTEN (19TH): Right.

COMMISSIONER LEHMAN: The numbers work, the space works and I'm not sure how many of these malls again die quicker if that's what happens because of the changes in the way people shop and, you know, consumer behavior but we certainly can talk more about it and provide the data.

SENATOR OSTEN (19TH): So, Representative McCarty has a question for you and I think Representative Gonzales has joined us and if she has, she will be after Representative McCarty. Representative McCarty, you're up. You're muted still. Unmute. There you go.

REP. MC CARTY (38TH): Okay, thank you. Thank you very much. First I'd like to mention that this has been a very informative meeting and I thank Commissioner Lehman for being here today. And I think my question has been touched upon a bit, but

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I'm looking as we look at the 15,000 businesses that are coming back and are being recertified I'm wondering if it would be possible to give us some inclinations, so data as to how much, what the percentage of businesses is that are not coming back and how that will impact our recovery and if DECD has any thought or initiatives of can we recapture some of those, will there be any new funding that we could possibly look at to try to bring back some of our small businesses that are not opening or that have been shut down and what percentage of jobs could that possible entail? That's a couple in there and then I'd like to, if I may, before we go there, just to thank Representative Simmons for bringing up the childcare industry and the private providers. I think that's gonna be an enormous challenge for us and that we really need to find a way to be sure that we bring back as many of our childcare providers as we possibly can because then we can't get our business people out to work if we don't have the child for other reasons as well but that we really need to keep an eye on that. So, and of course I agree with Senator Formica and Senator Osten about the real necessity of watching our tourism dollars and doing all that we possibly can. Sorry, I threw a lot in there.

COMMISSIONER LEHMAN: No problem. No problem at all. Listen on the businesses front, so 15,000 have certified. We can certainly get the data in terms of who has certified, if there is any trend there versus the businesses coming back online. We can provide that and have that. You know, relative I think our data suggested roughly 35,000 of Connecticut's 100,000 small businesses were basically shutdown through the years, so you have

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half or less than of them recertify. Obviously some businesses are reopening and not going to the DECD site and self-certifying, we know that is happening but we don't have a sense of how many that is and I think it is going to take, as I mentioned before, to September maybe even October to get a sense of what businesses in terms of true data beyond the anecdotes are just not gonna come back. I do think it's tough to say, you know, cause my view is the PPP Program in particular, you know, there still is money available in that program. The State has gotten \$6.7 billion dollars, really any business that wanted to participate in that has been able to participate in that at this point. I'm sure that there are some that have not been able to but, you know, that program has been out for a long time and there has been a significant amount of funding so beyond that which is really providing two months of runway and what could be a three or four month issue or even longer, I'm not sure there is a program, the State needs to stand up from a funding perspective outside of the areas that we've talked about like in our hardest hit communities and our smallest businesses in our cities where they have not been able to access some of the funding. And there's other barriers in terms of some of those dollars going in there. I don't think there is another program we're thinking about right now. When we get to the recovery phase and we want to incentivize investment and job creation, I do think people want to work with, you know, Commerce and the other Committees here on what those programs should be to make sure that we have a competitive framework for folks to invest but we will lose certain businesses. I'm just not sure right now if we're supposed to, I don't think there's more stuff we

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should be doing right now based on the data we have given the programs that are out there and are already available like PPP.

REP. MC CARTY (38TH): Well, thank you for that response and then if I may just what did you say the amount that was still left in funding for those businesses that may not have applied? And I know that the period was extended out if we could encourage that anyway.

COMMISSIONER LEHMAN: Yeah, I think, so there is roughly \$100 billion dollars left. I believe the application period for PPP still ends June 30th even though the compliance period was extended out and the maturity date was extended out. But I still think that you're gonna see applications stop being taken probably sometime this week. So we sent a note out from our email to our list last week encouraging folks to take advantage of the PPE if they haven't already and we've been trying to pound the table on that because Connecticut businesses have done, we've done very well as a State per capita on the PPP Program and on the SBA Emergency Loan Program cause we just think those are low, you know, the grants are very low interest loans coming in from the Federal Government and we want to make sure we've got our share.

REP. MC CARTY (38TH): Thank you very much. Thank you, Madam Chair.

SENATOR OSTEN (19TH): Nice to see you Kathleen.

REP. MC CARTY (38TH): You too.

SENATOR OSTEN (19TH): Representative Gonzales, I think you had a question before.

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REP. GONZALES (3RD): Yes, I did. Thank you very much and thank you for putting this together because we all know that we have small businesses in our community and these merchants they do have a lot of question and we don't have all the answers. So thank you very much for putting this together, this really helps us. I got a question for David. I think in the beginning he was saying that they have, the merchants they have three months to start paying this loans and then maybe they will extend, or they will extend one more month to July. My question is I have a lot of merchants in my community, that they applied for this money and they haven't, they did receive a letter saying yes, that they were all approved, that they would receive the funding but up to now they still waiting, they haven't received that money and my question is, you know, when they gonna start getting this money and second, if you said they have three months, and probably four months, to start paying, what is gonna happen with this merchants that they will, lessen that they receive the money maybe June, July, August, what is gonna happen with this merchants if they gonna have the same amount of time that the ones that received the money at the beginning, what is gonna happen with them?

COMMISSIONER LEHMAN: So, Representative I think we may be conflating two different things. So the common error made around three versus four months, that was a function of the forbearance that we put into place, where we put in place if you already had a DCED loan we gave a three month holiday and we're likely going to make that a four month holiday. So that is separate from the other programs. On all the new loan programs we've been working as hard as

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possible to get the money out as quickly as possible so the merchants you're referencing was that for the Connecticut Recovery Bridge or the HEDCO Program or something else?

REP. GONZALES (3RD): I think HEDCO Program.

COMMISSIONER LEHMAN: So the HEDCO Program, you know, that again my understanding is and Glenn had 145 loans have been funded, 28 loans still will be funded and that will spend the \$5 million dollars, again for an average loan size of \$10.5 thousand dollars. We are talking about increasing that program but they shouldn't have gotten, if they got an approval letter, they shouldn't have gotten that unless they were one of those loans. We should probably follow up and make sure that wasn't the Connecticut Recovery Bridge. There still are roughly 400 loans that we think we may fund in that program but there, there has been dialogue back and forth with the borrower and typically the only reason that loan is not being funded is because there is a typo or something wrong with the bank account or the Social Security number and we're trying to finalize all of that stuff, so we're not waiting for months to get those things funded. We want to fund them right away. For HEDCO we need to find more dollars to expand that program.

REP. GONZALES (3RD): And they will get the same amount of time to pay, like four months, three months?

COMMISSIONER LEHMAN: There shouldn't be any inconsistencies. If it's the same program, there should be any inconsistencies with each borrower. So we can take that offline. I want to make sure

that's the case but we're looking at having a level playing field for everyone.

REP. GONZALES (3RD): Okay, thank you for that answer. Thank you very much.

COMMISSIONER LEHMAN: No problem.

SENATOR OSTEN (19TH): Hi, I'm sorry, I was kicked off. Not certain. Did Representative Gonzales finish her question?

REP. WALKER (93RD): Yes, she did.

SENATOR OSTEN (19TH): All right, thanks Toni. I have a couple of questions that I did not get a chance to ask yet and one of them revolves around personnel in DECD and Commission you and I had been talking about the personnel and so I checked out the DECD ledger and I notice that you have \$255,000 dollars in the personnel line item that has not been used yet. And you have many people that are working out of class, or maybe not many, may be nine to twelve, and I would like to have a better understanding why we're not putting people in the class that they're working in especially since we're gonna need to count on DECD to do the work that they're doing. So I would like to make sure that that is on the record that I really believe that we need to get people at the job they are doing and to move that along because we have some very good staff that we're going to need to bring our economy back, roaring back and I would not like to see us put them down to back to the 35 hours, I'd like to see them working fulltime, so.

COMMISSIONER LEHMAN: We, for the benefit of the whole group, Senator Osten and I have discussed some of this and we're happy to work with you and Susan

Chilerton [Phonetic] I think she may have reached out. We are happy to do a full accounting of the monies that we have and we will want to make sure that we're fair but we need to make sure we're fair across all of the DECD's approximately 100 or 100 plus employees.

SENATOR OSTEN (19TH): Correct.

COMMISSIONER LEHMAN: In terms of number of hours making sure the request, and the one other thing that I have real concerns about that this group should be aware of is, you know, some of the funding not all of which but some of DCED's personnel is funded through bonding, through MAA or Small Business Express and I don't view that as appropriate so, you know, I think when we think about the monies that we have to pay our staff, you know, my view is that should really be General Fund money as opposed to bonded money, maybe there are a few exceptions to that and I think that we need to focus on, you know, ideally focus from a clean slate and try to make sure we can pay people from the General Fund as opposed to relying on that financing. But we're happy to do that, you know, name by name, process with the Labor Management Committee to address these issues and.

SENATOR OSTEN (19TH): Right. So I just want to make sure that we're paying people at the job classification that they should be paid at and that we're having your department staffed at the level it needs to be staffed at and I don't disagree with us not paying for personnel expenses with General Fund versus bonded funds. I think that's what we should be doing but I just wanted to put that out on the record and I'd be happy to meet with you and Susan

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and she and I kept missing each other. And so then the next thing I'd like to talk a little bit about is in Eastern Connecticut. Eastern Connecticut has seen a significant increase in unemployment. Norwich since the Covid started based on not just the casino employment which will start to pick-up I believe that the casino employment won't get to where it was in February for at least another year, maybe a year-and-a-half or two years. But we went up 41 percent of the working population in Norwich is now unemployed based on DOLs numbers. So not only do we have the casinos we also have just in Norwich itself 164 vendors that are reliant upon the work that they have with the casinos and they are not seeing a rebound either and one of those is Atlantic City Linen in Norwich which is a second chance laundry facility, unionized workforce. I've been working with them making sure that we're getting them back up and running but they have taken advantage of many of the DECDs programs. And lastly I would just point out that I've been talking with both of the gaming institutions in seeing where they are in regards to bringing employees back, what have they seen in regards to turning customers away or patrons away for either high temperatures or refusing to wear masks and the numbers are extremely low and I was wondering have you and the two other commissioners who spent some time down there going back down there to see how things are going, to see what the numbers look like? Are you planning on doing that, it seems to me with two of our largest employers you might want to know?

COMMISSIONER LEHMAN: Yeah, I have not gone back there, but I've been and I've had. I'm trying to think it's been phone or text, or just text, but

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I've had dialogue with both of them to kind of get a sense of the compliance and I heard what you just said which is compliance has been great and everyone seems to be adhering to the protocols they have in place which is really phenomenal. So we're rooting for them and it's great to hear that. And I'm not sure I'll make it back down there, business or personal, but I certainly will remain in close contact with them and if I can make it back down there I will but we're rooting for them and for the compliance to be.

SENATOR OSTEN (19TH): So as two of the largest employers in the State I would encourage you and the people who went down there to make sure that they were actually doing what they said they were doing, that they go down there and have that conversation. I think that any other large business, you've been to a lot of the large businesses in the State, I'd like to see you go back down there and I think that it would just be a matter of real interest to put that data out, the numbers for mask wearing is that they've even asked high-rollers to leave and it's less than three a day and they have between the two of them about 14,000 visitors and in regards to temperatures it's even lower than that. So I just think that those are the kinds of data that we should put out and I would wonder when is the administration and I would think that this would come as a recommendation from DECD going to remove the offensive signs that are around there now that Rhode Island has also opened its casino cause I don't see them at the borders of Connecticut for the casino in Twin Rivers or whatever the name of it is?

COMMISSIONER LEHMAN: Yes, I actually didn't put that sign up but you and I can talk about that and the timing of its removal.

SENATOR OSTEN (19TH): Right. It seems to me that if other states are opening up their casinos as they are we should remove the signs, it's just unnecessary, it's an unnecessary thing. And, you know, lastly that I have, is in Eastern Connecticut, so dependent on the Hospitality Industry, so dependent on tourism where are we gonna go, what is the plan of DECD to bring those businesses back into focus? It's the high number of unemployment cases on our neck of the woods dramatic, particularly based on the fact that, thank goodness, we did not have the Covid experience but I just want to make sure that we're thinking about something in regards to that. I've had this conversation with you before. We were the ninth worst labor market in the country. After 2008 we remained there, Eastern Connecticut remained the ninth worst labor market in the country for about eight years and so I think that for us to slip back into era is devastating. So what are the plans of DECD to look at what is going on in Eastern Connecticut, that's why I asked the question on the defense industry, that's why I'm asking the questions on the hospitality industry, the tourism, and the casinos?

COMMISSIONER LEHMAN: Yes, and the hospitality and casinos again, you're not spending a lot of time on that and we will continue to stay close on it. I understand the importance of the casinos to the economy and the multiplier affects to your point in terms of Norwich and beyond. In terms of hospitality I think that the take way in terms of if there was more money to be appropriated for

marketing spend, the Eastern Connecticut and the tourist attractions I think would be the main beneficiaries of that and we should figure out what that return looks like, if it makes sense to appropriate more money to do that. You know, broadly when we start getting into manufacturing, Cathy and kind of other supply chains right, in my mind those whether it's Eastern Connecticut, Central really there is no state line if you will in terms of that economy in terms of where we're going, so I think more broadly that in my mind is going to be looped into, you know, what we're doing at the State level in terms of core businesses. And I think this gets into what going to be our recovery plan. You know, first I think we want to make it where we get things reopened, we want to make sure it's safe and there is consumer confidence that is really, really critical. Cause what I worry about now is June 17th, that's our big reopening, right, Phase 2 that is the vast majority of remaining employment. I worry that you're going, you're just not gonna see the demand. And, you know, then okay, it's open what more can we do especially, you know, let's assume we have two to three percent testing positivity it's still 100-200 cases a day. You know, are we ever really gonna get rid of this virus or are people ever gonna get confident enough that they can go out, they can, you know, take that four day weekend in Mystic or whatever it is. I think we really need to get things open and then figure out how do we incent that type of economic activity and that's for Eastern Connecticut and beyond.

SENATOR OSTEN (19TH): So it looks to me like Representative Lavielle has a question but I have one more question, I'm sorry. My question is this,

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is we talked about Covid and we talked about the economy but it's clear that we have a real issue in disparity. And so if we really want to market our urban areas for people to move out of New York or move out of Boston and back into Connecticut where Senator Hartley was going and Senator Walker what is the plan, do you also have also that plan that I'm talking about for Eastern Connecticut do we have those plans that look at developing full neighborhoods that incorporate grocery stores or incorporate more small businesses or incorporate a living space that is usable, that will attract more people into those areas, what are we doing so that we're not, we don't have the name of one of the most segregated areas in the country when we talk about Connecticut, the fact that our schools are different, our grocery stores are not in our urban areas, what, does DECD have a plan not just for rural Connecticut but also for the urban areas? Do you have that outlined plan?

COMMISSIONER LEHMAN: No. There is not an off the shelf plan on that, Cathy right. There is an economic plan broadly that we're doing for the State that had a lot of, you know, community outreach and try to identify and recognize the inequities that are out there and try to figure out ways to address that. But this crisis has basically thrown everything off. So we can spend time doing that but the reality is there is a bandwidth issue that I want to make sure the Committee is aware of for the record. We're spending all of our capacity right now in terms of reopening, how to do that safely. I do think that, you know, there is arguably in terms of just the expertise that we have in terms of doing that, that's gonna require a lot of private sector

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involvement in my opinion to do that right from an investment perspective. So we can work on it, but it's gonna take some time and I think we're gonna need more bandwidth to do it than what we have now.

SENATOR OSTEN (19TH): So my Co-Chair is telling me it's time for me to start moving this along, so Representative Lavielle who has a couple of questions if you could ask your questions and then we will figure out if we can wrap it up.

REP. LAVIELLE (143RD): Thank you very much and I have only one and I'm just surprised I didn't think of it earlier. In our part of the State, in Fairfield County where we have had the Covid experience and still to some extent are having it, we had a kind of surprise development which is for the first time in a longtime people are buying houses sight unseen, literally off the internet. First they were renting but now they are buying and this has been a wonderful thing for the real estate market but it also demonstrates for us that there is an openness and receptivity to what Connecticut has to offer that we haven't seen in a long time. A lot of executives moving out here just to get out of New York. There are at the same time a lot of firms like law firms that have decided that after this experience that they really don't need to have offices for their people they can have a partner's room and they can have a couple of workrooms in case people need to be there to meet clients. So I wondered if we are doing anything proactively to take advantage of this sudden exodus from New York and to make sure people come here as opposed to going to New Jersey or where else do they go, Long Island, I don't know. But something to make sure they come here and that we make it very, very

attractive for them particularly the small service firms that don't really have anything to move?

COMMISSIONER LEHMAN: Yeah, so we, it's a good question, it's similar to what Senator Osten was asking me before. We, a lot of it we have Advance CT doing, Peter, actually Denious is actually taken the main lead on this, now is you know, the marketing of Connecticut broadly again, not just to the corporation but to the individual level for what we think is more valuable now than was pre-Covid as relates to open space, the ability to utilize some of our broadband, etc., schools the stuff that we have so there is work going on, on a campaign at that level and needs to be finalized and then we need to figure out what the dollars are going to be and how we're gonna pay for it if we really want to dial it up. I do recognize the urgency of some of these decisions are being made right now so we are trying to work around that as best we can. I do think what I've seen candidly on the small service firms, especially those that live in Fairfield County now and have commuted to the City, a lot of them are making the decision to not commute anymore and are looking for small blocks of office space in Fairfield County and I think that will continue. The question is for, and I think what you're asking, those that are migrating out of New York City how do we make sure we get our fair share relative to West Chester and New Hampshire and Long Island and that's what Peter and Advance CT are really digging into right now and that will be coupled with engagement of trying to lower, I mentioned most of it is to be focused on individuals but also we need to address the businesses to in some of the decision makers in those businesses.

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REP. LAVIELLE (143RD): Thank you, David. I think it could be actually a pretty good source of getting some revenue back.

COMMISSIONER LEHMAN: I hope so. Yeah, stay tuned on that. That and kinda these broader again, so much focus has been on reopen, the recovery and how do we make sure we are optimizing the recovery. You know, I think we're gonna start pivoting to spending especially after this Wednesday a lot of our time on that and what do we think are the right policies and plans that we need to have in place to do that.

REP. LAVIELLE (143RD): Thanks a lot.

SENATOR OSTEN (19TH): Commissioner I want to thank you for coming today and I didn't know you had a few last words that you wanted to say in closing.

COMMISSIONER LEHMAN: No, this is great. I'm glad we're doing this and I really appreciate download. I know I chatted with many of you over the past three months but, again we're happy to have this conversation as often as you feel appropriate and we welcome the partnership with the Legislature and we certainly want to keep having these conversations cause this is critically important for our State.

SENATOR OSTEN (19TH): Again, thank you very much. I think you gave us a lot of information to ponder about and I think that, you know, we'll have more questions as we move along. We look forward to getting the data that we asked for throughout this two-and-a-half hours and I want to thank everybody for participating and for the Appropriations Committee people don't forget we have another Zoom meeting on Friday with State Department of Ed and I think this went really well. Thanks to Susan Kean

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and our IT specialist from OFA, Cheryl Smith and so I want to thank everybody for participating. We look forward to seeing you all on Friday. Thanks, David.

COMMISSIONER LEHMAN: Thank you, take care everyone.

SENATOR OSTEN (19TH): Bye.