

Appropriations Committee JOINT FAVORABLE REPORT

Bill No.: SB-398

AN ACT CONCERNING ACCOUNTABILITY FOR THE EXPENDITURE OF

Title: FUNDS RECEIVED BY THE STATE.

Vote Date: 4/7/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/25/2022

File No.:

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SPONSORS OF BILL:

Appropriations Committee

REASONS FOR BILL:

The bill creates a framework to ensure that the federal funds received by the state through the COVID-19 relief programs and the Infrastructure Investment Act are spent appropriately and that there is an accurate accounting of the funds. The framework will provide accountability and transparency regarding the management of these federal funds.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Jeffrey Beckham, Acting Secretary Office of Policy and Management](#) – Secretary Beckham submitted testimony in opposition to the bill. He asked that the Committee consider whether information already required as part of the federal reporting process would satisfy the state reporting requirement without the administrative burden required to develop and present duplicative reports. Otherwise, significant resources would need to be provided to satisfy the reporting requirements envisioned by this bill. Secretary Beckham stated that implementation of the bill would require significant budgetary resources and would introduce costly, duplicative reporting on federal expenditures and additional and unnecessary procedural requirements on municipal governments. He offered to work with the Committee to develop language that improves transparency with regard to the new pools of federal funding, while addressing OPM's concerns about the bill.

Nancy Navarretta, Commissioner Department of Mental Health and Addiction Services:

Commissioner Navarretta testified in regard to Section 4 of the bill, which establishes a task force to review model law developed by the Office of National Drug Control Policy concerning the safeguarding and use of opioid litigation proceeds. She shared that the Governor has submitted H.B. 5044 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS REGARDING THE USE OF OPIOID LITIGATION PROCEEDS for legislative action. As HB 5044 was drafted in consultation with the Office of the Attorney General using the model law reference in Section 4, Commissioner Navarretta believes that Section 4 is not necessary.

NATURE AND SOURCES OF SUPPORT:

Senator Kevin Kelly – Senator Kelly submitted testimony in support of the bill. He offered that as Connecticut receives a historic amount of federal funding intended to provide relief and investment in the state, the legislature must work to establish proper safeguards, openness, and accountability. Sen. Kelly expressed his belief that the bill will establish greater transparency and accountability of COVID-19 relief funds, federal infrastructure dollars, and opioid settlement funds. Further, he expressed his frustration that relief funds meant to help those who were sick, hungry, and in need were allegedly misdirected. He wrote, "These allegations raise serious questions about the need to strengthen safeguards to ensure all funds are helping the most people during these difficult times. To move forward, Connecticut must take strong action to restore public trust and enhance accountability across the board".

Gian-Carl Casa, President & CEO, The Alliance – Mr. Casa testified in support of the bill. He stated that The Alliance supports legislative oversight of federal funding to promote transparency and ensure the dollars received are used for its intended purposes. He cited as an example the federal matching funds for the Federal Medical Assistance Percentage (FMAP), which included a 10% increase for Home and Community Based Services. He shared that many nonprofit providers viewed that funding as a "once-in-a-lifetime opportunity for Connecticut to finally establish Medicaid rates that actually pay the cost of care". Not all of that money was used to increase rates or otherwise compensate providers, which was the intended purpose of the funding. He added that federal funding represents a critical resource to strengthen the human services delivery system, and not applying the full FAMP increase to these essential services will make an already bad situation worse.

With regard to Section 4, which establishes a task force to study the use of opioid litigation settlement funds to address addiction and support recovery, Mr. Casa commented that input be sought from the people doing the addiction and recovery work as well as those who have lived experience with addiction. He urged the Committee to adopt language in similarly intended legislation, HB-5435, Section 1, that designates the composition of the task force to include behavioral health providers, counselors, people in recovery, representatives of groups supporting people with substance use disorders, family advocates and other recovery support staff.

Mr. Casa commented on Section 1, which requires municipalities to submit a list of projects over \$100,000 that were funded as part of the American Rescue Plan Act (ARPA) Fiscal

Recovery Funds to the Office of Policy and Management (OPM). It also requires municipalities to post the information on their website, so project selection, funding amount and other project details are accessible to the public. Mr. Casa remarked that community nonprofits have experienced difficulty in finding information about local priorities, previous awards and how to apply for funding. He added that while ARPA rules allow each municipality the ability to design its own program, finding the information should be easier, which enactment of this bill would accomplish.

Regarding Section 3, which requires OPM to submit a report of all projects funded by the Infrastructure Investment and Jobs Act to the legislative Transportation, Environment, Government, Administration, and Elections, Appropriations, and Finance, Revenue and Bonding Committees, Mr. Casa stated that the COVID-19 pandemic has highlighted the critical need of capital and infrastructure funding for community nonprofits. He shared that the pandemic created unanticipated and unbudgeted costs and operational challenges for community nonprofits, including a backlog of capital and infrastructure projects. Capital investments under the Infrastructure Investment and Jobs Act will help community nonprofits recover while strengthening their ability to deliver services now and into the future.

[Hamish MacPhail, ConnCAN](#) – Mr. MacPhail expressed ConnCAN's support of the bill. He stated that ConnCAN believes that more should be done to ensure that federal funds are spent correctly, and that the results of the grant program (i.e. the priority goals) are publicly reported at the conclusion of the grant period. He spoke of the importance of the public fully understanding the impact, success, or limitations of the grant money provided to school districts. In addition, Mr. MacPhail stated that it is important to understand how the federal funding impacted student outcomes, and the extent to which each district successfully aligned their resources with their priorities to achieve an adequate result. He offered that ConnCAN has recommended language to include school district financial reporting, and outcome reporting. He added that the data needed to report on outcomes are already kept by the districts, and the slight increase in reporting requirements will provide significant insights on the efficacy of the ARP ESSER program in improving student outcomes.

NATURE AND SOURCES OF OPPOSITION:

[Luke A. Bronin, Mayor, City of Hartford](#) – Mayor Bronin does not support the bill because it would require towns to submit a formal request to the Office of Personnel Management (OPM) for approval of any federal COVID-19 relief monies expenditures over \$100,000. He shared that the American Rescue Plan Act of 2021, which was designed with the sole aim of giving COVID-19 relief monies directly to city governments nationally, would be squarely in conflict with both the spirit and the written wording of such a mandate. He added that all communities that receive federal COVID recovery monies are already obligated to comply with strict reporting requirements to the US Department of the Treasury. Furthermore, every municipality is expected to provide a report.

[The Connecticut Conference of Municipalities \(CCM\)](#) – CCM expressed concerns about the bill, as the organization believes it would run contrary to federal law, specifically that

ARPA indicates that states may not impose stricter limitations than permitted by statute or Treasury regulations or guidance on towns and cities. CCM wrote that the Department of Treasury regulates the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) under ARPA for states and municipalities throughout the country. CCM is concerned that the provisions in SB 398 may (a) inhibit timely economic recovery projects from being allocated under ARPA, (b) impose administrative burdens through additional reporting, and (c) be contrary to federal law which may result in the federal government penalizing the state for their actions.

With regard to the In addition, task force to study the use of opioid litigation settlement funds to address addiction and the overdose epidemic in impacted communities, CCM believes that the group needs to be equally comprised of state and municipal officials to develop recommendations for the allocation of the settlement funds. In addition, CCM expressed concern that while the task force does not appear to be contrary to the settlement, it may create confusion and impose barriers towards appropriately allocating these funds in accordance with the settlement and therefore possibly inhibit funding from being received.

[David Godbout](#) – Mr. Godbout opposed the bill on procedural and constitutional grounds.

Reported by: Taylor Williams

Date: 4/14/22