The Alliance
Voice of Community Nonprofits

DATE: April 20, 2021
TO: Finance, Revenue, and Bonding Committee
FROM: Jeff Shaw, Senior Director of Public Policy & Advocacy, The Alliance
RE: S.B. 1101 An Act Establishing CT Renaissance and Concerning Investments in Renaissance Zones.

Good morning Senator Fonfara, Representative Scanlon, Senator Martin, Representative Cheeseman and distinguished members of the Finance, Revenue and Bonding Committee:

My name is Jeff Shaw, Senior Director of Public Policy and Advocacy at the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is the statewide association of community nonprofits. Community nonprofits deliver essential services to more than half a million people each year and employ almost 12% of Connecticut's workforce.

Community nonprofits provide essential services in every city and town in Connecticut. They support people in need, enrich our quality of life, and employ tens of thousands. They are what make Connecticut a great place to live and work.

Thank you for the opportunity to provide testimony on **Senate Bill 1101 An Act Establishing CT Renaissance and Concerning Investments in Renaissance Zones.**

The Alliance applauds the intention of this proposal to reverse persistent poverty, unemployment and unmet needs that lead to racial and economic inequities in Connecticut's low-income communities. Many community nonprofits – their staff, Board members, volunteers, funders and family advocates – work tirelessly to improve the health and well-being of the people in the communities that they serve.

Senate Bill 1101 would establish the CT Renaissance Authority, a quasi-public state agency to make financial investments in communities with persistent poverty. Local or regional community development corporations would identify "renaissance zones" which would be designated by CT Renaissance following the submission of a detailed investment (project) plan. Local community banks and community credit unions located within the renaissance zones would manage finances as well as offer low interest rate loans to businesses and residents within the renaissance zone. Those opportunities would promote economic development, job creation, neighborhood revitalization and generational wealth creation.

While we appreciate the intent of giving local leaders authority to weigh-in on how state funding is spent in their community, The Alliance is concerned with two provisions of the proposal.

First, Section 5, would require all State contractors, including nonprofit providers who provide essential services on behalf of the State, to invest into these funds for the duration of their contract(s) period. Many do not have excess dollars to invest into a new fund. Community nonprofits have been underfunded for more than a decade, with demand for services increasingly significantly over the years.

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The COVID-19 pandemic exacerbated the operational and financial challenges of many nonprofits with new costs, some of which have not been reimbursed by state or federal funding. Many community nonprofits have had to access cash reserves or lines of credit to safely serve their communities.

Additionally, Section 5 states that the investment into the new fund shall be determined by the state agency in which an organization contracts. It is unclear how the amount would be determined and if contracted funds would be affected. Similarly, many nonprofits have contracts with multiple state agencies, in multiple communities, which could cause significant financial disruptions and shortfalls. Diverting funds already contracted (budgeted) for service provision could actually lead to program cuts intended to address poverty, unemployment and unmet basic needs.

Finally, community nonprofits exist to meet the needs of the communities they serve. These organizations provide food, housing rehabilitation, behavioral health supports, job training, education, re-entry support and other essential services. Further, community nonprofits have been on the frontlines of the response to the COVID-19 pandemic, some having never closed their doors even at the worst of the crisis. But mandating an unknown investment, for some organizations over multiple years, would create significant financial uncertainty for nonprofits already in the business of reducing poverty and improving the well-being of the communities they serve.

Community nonprofits are committed to ending poverty, increasing employment opportunities and meeting the basic needs of all Connecticut residents. We look forward to working with the Committee to do so in a way which does not jeopardize current programs and services provided by community nonprofits.

Thank you for the opportunity to provide testimony on this proposal.