

Federal Government Shutdown Implications

With the potential shut down of the federal government, the Department of Economic and Community Development has reviewed and assessed its federal funded programs.

Office of Business Development

1. **STEP** - an international business development program that helps small companies' access foreign markets for exports.

The funding to this program is not expected to be affected by a potential federal shutdown as CT received official confirmation (on 9/30/13) that its application for budget modification, allowing to move the balance of the \$339,319 awarded in Year Two to the new fiscal year ending on 9/29/14 was accepted. We don't anticipate cash flow impact to the program as the funds have been allocated by Congress and are disbursed after expenses are incurred.

Any potential issues could be in the processing area on STEP's side, but these disbursements are processed on a quarterly basis thus the impact may be minimal due to timing.

We have one durational full time employee funded from this program.

2. **Regional Aerospace and Defense Exchange Program** - DECD in partnership with CCAT, were awarded \$1.25 Million for a planning grant to develop a model to strengthen the aerospace and defense sector in the state and New England to prepare for defense spending downturn.

Status: We are currently in the contract phase and are in the early stages of the program. If there is a cut in the federal spending this program would cease and the planning program would not occur. There is no salary of current staff attached to the grant. There would be no affect to the staff. The businesses that would have benefitted from the outcome of the planning will negatively impact.

3. **OBD Technical Assistance Programs** - OBD provides general and MAA funded match to the federal funds. These programs include:

- o **CONNSTEP** - The state's manufacturing extension program, CONNSTEP is funded by DECD and the National Institute of Science and Technology (NIST). DECD provides general and manufacturing assistance act funding totaling \$985,853. This funding provides administrative support so that the organization can provide technical assistance to the manufacturing industry.

Status: We currently have funded FY 2013 program and are in negotiations with the 2014 program. If this program was not fully funded and matched by all parties, the manufacturing industry would be negatively impacted because the organization would not have the resources to staff and not be able to provide technical assistance.

- o **Small Business Development Centers (SBDC)** - The Connecticut Small Business Development Center (CT SBDC) is a statewide program that provides expert management and technical assistance to startup and existing businesses throughout the State of Connecticut. The CT SBDC is hosted by the University of Connecticut (UConn) and operates in partnership with the U.S. Small Business Administration, the CT Department of Economic and Community Development, the Metro Hartford Chambers of Commerce and hundreds of service providers, lenders, and business partners across the State of Connecticut.

Status: The agency is currently under contract with UConn for \$\$1,104,903. The FY 2014, \$1.2 Million, funding has been requested. If the federal funds are fully cut, the program would cease to exist because the state funds are not sufficient to run the program and it is a one to one matching program. SBDC staff would be let go and there would be no resources to continue the program. We will work with UConn on a contingency plan if a shutdown persists.

- **Procurement Technical Assistance Programs (CT PTAP's)** - Its mission is to provide marketing and procurement assistance to Connecticut businesses interested in selling their goods or services to federal, state, or local governments. CT PTAP is a statewide program serving all cities and towns in Connecticut. It is funded in part through a cooperative agreement from the Department of Defense (DOD) through a program that is administered by the Defense Logistics Agency (DLA). CT PTAP is also funded by a grant by DECD and administered by [SouthEastern Connecticut Enterprise Region \(SECTER\)](#).

Status: DECD has provided a \$300,000 matching grant for program year 2014. The program will be able to run for another 12 months.

State Historic Preservation and Office of the Arts

Both the State Historic Preservation Office (SHPO) and the Connecticut Office of the Arts (COA) rely on federal funds for staff salaries and operations. COA has been awarded \$690,100 for the funding period of July 1, 2013 to June 30, 2014. No draw down of these funds is possible during the shutdown period. We have an existing allocation available for our use that provides sufficient funding for our grants programs and single staff salary funded through the NEA grant for the full State Fiscal Year 2014; however reimbursement of our expenditures from the NEA grant will be delayed until the shutdown is resolved. COA has applied for NEA grants covering the period of July 1, 2014 to June 30, 2015. That application will not be reviewed or otherwise evaluated during the shutdown. Notice of award for applications submitted by October 1 are not typically received by COA until the following June. Unless the shutdown is protracted, COA does not anticipate a significant delay in the award of our FFY 2014 NEA grant.

There is no immediate fiscal impact to SHPO programs. Five SHPO staff members are funded through the Historic Preservation Fund (HPF) Grant administered by the National Park Service. All awarded grant funds remain available for drawdown during the shutdown period, including the balance of our remaining Federal Fiscal Year 2013 HPF grant. We have sufficient allocated funds to cover the five federally funded positions through current FFY ending September 30, 2014. Federal Fiscal Year 2014 funding for HPF has not been determined as of this date. SHPO typically receives notice of our HPF apportionment in the 3rd quarter of the FFY. Awarded funds cover the period of the preceding October 1 to September 30 of the current FFY.

In regards to non-fiscal impacts, SHPO will have no access to NPS technical assistance during the shutdown. No processing of historic preservation tax credit applications, no advancement of nominations of properties to the National Register of Historic Places, and partial suspension of federal involvement in the review of impacts from federally funded projects to historic properties under Section 106 of the National Historic Preservation Act will occur. There are between eight and ten tax credit applications that are currently awaiting review at NPS and up to 12 additional applications that SHPO anticipates submitting to NPS before the end of October 2013. All of these projects are on hold until the shutdown ends.

HUD and EPA Programs:

Name of Program: U.S. HUD Community Challenge Planning Grant
Grant Amount: \$2,000,000
Balance Outstanding: \$1,329,238.80 as of 9/26/2013
Effect of shutdown: DECD will not be able to make payments to its funding recipients

- City of New Haven (for Transit-oriented Development (TOD) Planning and Zoning Work);
- City of Meriden (for Transit-oriented Development (TOD) Planning/Zoning Work and land acquisition);
- The University of Connecticut's Center for Land Use Education and Research (Training and Research work) ; and
- The Partnership for Strong Communities (training and workshops);

- DECD will not be able to reimburse itself for administrative and travel functions (small amount – less than 2% of grant).

Name of Program: EPA Statewide Grant and EPA Hartford Revolving Loan Fund

Funding Amounts: \$750,0000 Grant and \$855,000 Loan

Balance Outstanding: \$1,224,447

Effect of Shutdown: DECD will not be able to make payments to the following recipients

- City of Middletown (remediation of former Remington Rand property)
- Town of Montville (remediation of 14 Bridge Street)
- Town of Madison (investigations and remediation of former Griswold Airport)
- Willimantic Whitewater Partnership (tank removal and closure)
- North Star Center for Human Development (remediation of Main Street properties)
- Colt Gateway LLC (remediation at former Colt Manuf. facility)