

February 22, 2022

Esteemed Chairs Currey and Hartley,  
Members of the Commerce Committee:

The Western Connecticut Council of Governments (WestCOG) appreciates the opportunity to comment on House Bill No. 5124, *An Act Concerning Revisions to Certain Economic and Community Development-Related Statutes*.

Under section 2, paragraphs b and c (lines 24-32 and lines 33-48, respectively, of page 2) of the bill, the Department of Economic and Community Development (DECD) is to establish an application and selection process, including eligibility and evaluation criteria, for the Innovation Corridor and Connecticut Communities Challenge programs.

WestCOG asks that your Committee amend this section to direct DECD to consider applications for projects in the following areas as meeting the following areas as serving a distressed community and to accord them the same priority as those serving a DECD-designated distressed municipality:

- Census tracts meeting U.S. Economic Development (EDA) administration distress criteria ([13 CFR § 301.3](#)). A map of these, as of December 2021, is attached on page 4.
- Areas of Persistent Poverty and Historically Disadvantaged Communities, as defined by the 2021 Consolidated Appropriations Act and the U.S. Office of Management and Budget's interim Guidance for the Justice40 Initiative, respectively. [An interactive map of these is available.](#)

Aligning state grant programs with the definitions used by federal ones will facilitate matching of state funds with federal grants as well as address fairness, equity, and validity concerns regarding the use of the DECD distressed municipality formula as a sole determinant of distress and, thus, prioritization for state aid. These include:

- The formula used to identify distressed municipalities does not, and was not intended to, capture inequity. The use of municipal averages means that where inequity is the greatest – municipalities with high levels of internal economic disparity – do not qualify as distressed. The need of a low-income community is not any less because only distance and not a historical boundary separates it from better off neighborhoods.

A consequence of this focus on municipal averages, regardless of the size of a municipality, is the exclusion of many of the state's largest low-income communities from prioritization. (In fact, fewer than half of the state's residents who fall below the federal poverty level live in DECD-designated distressed municipalities.) The tables on page 3 show this inequity, where municipalities with under 200 residents below the federal poverty level are accorded "distressed" status and thus prioritization, while those with tens of thousands are not. It is not clear how such a decision is compatible with principles of equity or equal protection.

- In some cases, the formula creates perverse outcomes. For instance, under the formula, higher property values reduce a municipality's distress. This arrangement, however, fails to consider that a) incomes vary less statewide than property values and b) housing costs generally make up a household's largest expense. As a consequence, the formula has the effect of steering aid *away* from low- and moderate-income households in high rent areas – precisely where the gap between household means and needs is the greatest. This is an economically regressive and inequitable policy.
- To the best of our knowledge, the formula has not been statistically tested. Our analysis indicates that the formula suffers from statistical defects such as multicollinearity and a lack of standardization.

Longer-term, these concerns may point to a need to revisit the “distressed municipality” formula to reflect modern understandings of equity. In the meantime, WestCOG asks that you adjust the bill so that no areas that are federally recognized as distressed or disadvantaged – whether DECD designated or not – are treated commensurately and are not deprioritized under DECD programs.

Should you have questions, please do not hesitate to contact me.

Thank you for your consideration.

A handwritten signature in black ink that reads "Francis Pickering". The signature is written in a cursive, flowing style with a long horizontal line extending from the end of the name.

Francis R. Pickering  
Executive Director

## DECD-designated distressed municipalities

<i>Municipality</i>	<i>Residents below federal poverty line</i>	<i>% of such residents that identify as white only</i>
Chaplin	163	74%
Voluntown	196	85%
Sterling	292	59%
Sprague	327	73%
Griswold	717	79%
Putnam	851	81%
Plainfield	1,318	83%
Montville	1,484	74%
Derby	1,592	74%
Winchester	1,623	90%
East Haven	2,546	84%
Ansonia	2,574	43%
Torrington	3,494	81%
Groton	3,522	62%
Stratford	4,070	50%
Norwich	5,085	57%
Windham	5,219	64%
New London	5,681	34%
West Haven	6,091	57%
Meriden	6,156	68%
East Hartford	7,443	59%
New Britain	15,210	70%
Waterbury	24,877	57%
Bridgeport	30,848	40%
Hartford	32,801	32%
<b>Total</b>	<b>164,180</b>	<b>52%</b>

## Other municipalities with large\* poor communities

<i>Municipality</i>	<i>Residents below federal poverty line</i>	<i>% of such residents that identify as white only</i>
Hamden	4,866	46%
Middletown	5,099	56%
Manchester	5,471	45%
Bristol	6,047	65%
Norwalk	8,893	67%
Danbury	9,329	47%
Stamford	11,767	45%
New Haven	32,305	37%
<b>Total</b>	<b>83,777</b>	<b>47%</b>

\* Large defined as at least 4,000 residents. Data source for tables: 2019 American Community Survey, 5-year estimates.