



**GENERAL ASSEMBLY**  
**STATE OF VERMONT**  
LEGISLATIVE JOINT FISCAL COMMITTEE

Monday, April 20, 2020

Minutes

Video Conference

Members present: Representatives Ancel, Fagan, Hooper, Lippert, and Toll, and Senators Cummings, Kitchel, Sears, and Westman.

Other Attendees: Joint Fiscal Staff and various viewers on live stream.

Senator Cummings, Chair, called the meeting to order at 2:33 p.m. Representative Hooper moved to approve the minutes of the April 14, 2020 meeting, the Committee passed the motion and approved the minutes on a unanimous voice vote.

A. Unemployment Insurance - Response to Letter Sent to the Governor

Susanne Young, Secretary, Agency of Administration, and Brittney Wilson, Secretary of Civil and Military Affairs, Office of the Governor, responded to a letter sent by the Chair of the Joint Fiscal Committee to the Governor regarding Unemployment Insurance (UI) claims processing issues. Secretary Wilson referred to a press release from the Vermont Department of Labor on UI payments, dated April 19, 2020, and explained most of the backlog had been cleared. Secretary Young added there were about 8,400 individual claims unresolved. Checks of \$1200 to each of the applicants were mailed to cover two weeks' worth of benefits. Secretary Young explained that the total amount for the 8,400 checks was offset in the UI fund by \$10 million. Secretary Young stated that the Department was planning to implement a quality control process to avoid accumulating another backlog of claims and to maintain program integrity. In addition, the Department planned to audit all claims activity to ensure a full accounting of COVID-19-related expenditures.

Secretary Young reviewed the Department's next phase of claims for the Pandemic Unemployment Assistance (PUA) program of self-employed individuals. The Department in partnership with the Agency of Digital Services created a new system to administer the PUA program with a secondary software vendor for back up. The Department had contracted MAXIMUS to add 70 additional call takers for claims of the new system with an anticipated 30k to 40k applicants. There were 7,500 applicants originally denied in the general benefit process that were included in new PUA system for consideration. Secretary Wilson provided the following information in response to Committee questions: there was a separate hotline for the PUA system from the general applicant claims line; the Department was confident with the PUA system's integrity and its ability to receive high call volumes; the System was more intuitive for

users, and there should be less questions from claimants but a soft launch was planned for the 10k known individuals anticipated to apply for UI self-employment benefits; if individuals were unsure if they were eligible, they should apply, and the system would determine their eligibility; self-employed individuals who are returning to work now with the Governor's ease of the Stay at Home Executive Order are still eligible for the previous weeks they were unable to work due to the COVID-19 emergency.

Secretary Young, responding to a question, explained that the Department would take steps in the future to recoup funds from any checks sent incorrectly during the COVID-19 response, which would include notice on the Department's website and follow-up letters explaining the additional benefit as well as relevant tax information. The Committee requested the Administration return to the Committee's next meeting for an update on the UI and PUA claims process, and that the Administration send a basic FAQ sheet on applying for benefits as well as an update on the current status of UI claims that could be provided to all legislators. Senator Kitchel suggested the Administration provide regular updates to the General Assembly to relieve it and the policy committees from the time used for testimony on the UI issues. Secretary Young agreed to provide follow-up information that was requested by Senator Kitchel on whether there was a standard policy for Departments on hiring limited service staff versus temporary staff, and if there was a rationale between the different hiring practices amongst departments.

#### B. Update on Revenues

Tom Kavet, Legislature's Economist, Kavet, Rockler & Associates, explained that he and the Governor's Economist, Jeff Carr, had been generating data on an almost daily basis since mid-March. The latest update released on April 17 showed an estimated aggregate deficit amount of \$170 million across the General, Education, and Transportation Funds. The economists were aiming to release a consensus revenue estimate for FY 2021 by the end of April. Data used for forecast models was driven by epidemiology information. This information has been sporadic and depends on input of data from all U.S. states. Over time, the information has improved and in return the modeling had progressed with more reliable information.

Representative Toll asked what the economic impact would be to the State with the closure of three campuses of the Vermont State Colleges, as proposed by the Chancellor. Mr. Kavet responded that public and private education had an important role in the State's economy, and it was important for the State to understand the significance of private education as a significant contributor to the economy. He added that Vermont had the highest population of 18–20-year-old individuals in any state in the nation due to the influx of college students.

Senator Sears asked Mr. Kavet about the impacts of the Vermont League of Cities and Towns' proposal for the State to borrow funds to pay the towns property taxes. Mr. Kavet responded it would be better for the federal government to respond to such a need because individual towns and the State may not have the capacity to take on the amount of debt involved with the current pandemic. He stated he would follow-up with the Joint Fiscal Office to better understand the issue and derive possible scenarios for addressing such deficits.

C. COVID-19 Recovery Fund Update: Guidance, Receipts, and Process

Stephen Klein, Chief Fiscal Officer, Legislative Joint Fiscal Office, gave an update on the COVID-19 Recovery Funds (CRF). Half of the CRF \$1.25 billion to the State arrived and was deposited in the People's Bank on Saturday, and the remaining amount arrived today, April 20. The guidelines for the use of the funds had not been sent yet from the federal government. The procedure for accepting receipt of the funds was through the State's grant process. The Administration was likely to submit an AA1 grant form to the Committee for acceptance of the funds but could include conditions, and the Committee could also include its own conditions. The first important initiative was to meet the current needs of the pandemic. There could be three possible levels for the use of the funds. The first level may be a certain amount of funds with spending authority to the Administration for use to cover current COVID-19 expenditures with just a reporting function to the Committee to allow for flexibility to address the current crisis. Mr. Klein noted that there was about \$23 million in excess receipts plus additional funds from the Agency of Human Services Bluebook spent in the anticipation of replacement. A second level of grant funding could be set aside for other time-sensitive response needs through approval of the Committee, and the final amount of funds may proceed through the full appropriations process within three bills: a short form FY21 Big Bill, an FY20 budget adjustment, and an FY21 Big Bill in the fall.

The Committee discussed possible scenarios for the acceptance of the CRF \$1.25 billion grant and proposed the three levels of conditions with the acceptance of the grant: \$75 million for the immediate response to current COVID-19 expenditures that included already expended State funds for the emergency; \$150 million for time-sensitive needs upon the approval of the Committee; and the remaining funds through the full appropriations process.

The Committee requested the Administration be present at its next meeting to explain its proposal for acceptance of the grant as a base to negotiate terms of the process. The Committee agreed its expedited grant approval process would be conducted through its regular meetings, and framework of the process would be adopted at its next meeting. The Committee requested the JFO formalize the discussion and actions of the Committee for review before its next meeting. Senator Cummings would notify Senate Secretary Bloomer and the Joint Rules Committee of the Committee's request for virtual voting privileges of its to-be-determined CRF grant disbursement process.

The Committee agreed to next meet on Monday, April 27, 2020 at 9:00 a.m., and adjourned at 4:07 p.m.

Respectfully Submitted,

Theresa Utton-Jerman  
Legislative Joint Fiscal Office