



GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Monday, November 9, 2020

Minutes

Videoconference

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

Other attendees: Joint Fiscal Office and Administration staff and various viewers on live stream.

Senator Cummings, Chair, called the meeting to order at 9:02 a.m., and asked for the first witness.

A. Unemployment Insurance

Michael Harrington, Commissioner; Cameron Wood, Director of Unemployment Insurance Division; and Matthew Barewicz, Chief Economist and Labor Market Information Director, Department of Labor, reviewed a document, *Unemployment Insurance Fund Scenarios*, and responded to questions. The conditions of the Unemployment Insurance (UI) fund are healthy overall depending on whether Vermont will have a resurgence of the pandemic and how many apply for benefits. There was concern from the Department that the current claimants, as they neared the maximum 52 weeks of benefit cliff, are at risk of exhausting benefits and may not be able to reestablish another benefit year through return to work with accrued wages before the possibility of another resurgence of the virus.

Representative Toll inquired whether there was a range of projected expenditures needed to ensure claimants were covered through the fiscal year and suggested the Legislature's economist, Tom Kavet, submit an estimate to the Committee.

The Commissioner explained that any remaining unspent CRF funds at the end of the year will transfer to the UI fund. He explained that the chart on page 3 of the document referred to earlier shows that if Vermont has a doubling of regular UI payments, the fund balance could go close to zero. If a resurgence causes an increase of over that, the fund would be depleted and need more resources.

The Commissioner stated that the Department recently estimated that it could include a 5th week from the \$17 million CRF appropriated from Act 154 (Sec. B.1102.1) of 2020, and it would be issuing those payments soon. The Committee asked for the balance of the appropriation fund and the Commissioner responded an estimated \$500,000 was remaining to be used for business grants as instructed in the legislation.

B. Request for Adjustment from the Department of Public Service for Communication Union District (CUD) grants.

June Tierney, Commissioner, Department of Public Service, explained the request to the Committee. Senator Kitchel made a motion to approve the request, and Representative Fagan seconded the motion, but then Senator Kitchel subsequently tabled the motion after discussion with the Committee and a request for the Administration to revise the motion to reflect what the Committee had the authority to approve.

Senator Ashe returned to subject A and requested that the Department of Labor in assessing the risks of the UI fund include whether the federal government was considering waving penalties to states in the future as they did during the Great recession.

C. Other Requests — (see agenda addendum)

The Committee discussed and referred to the agenda addendum of other requests.

D. Administrations Reallocation Requests – 1. Higher Education

Senator Kitchel raised the question of the Administration's proposal to reallocate \$13 million from the Vermont State Colleges (VSC) CRF appropriation toward VSAC funding, and suggested the Committee consider another avenue to ensure the VSC be funded going into this next year with its expected budget shortfall and to avoid using General Fund to fill that gap. The Committee discussed this and then asked the Vermont Student Assistance Corporation to review its current budget situation with the Committee.

a. VSAC Funding Proposal

Scott Giles, President, Vermont Student Assistance Corporation, explained that VSAC anticipated spending between \$2.4 and \$2.5 CRF by the end of the 2020 calendar year. The organization created a new technology stipend program for students to transition to remote learning that was estimated to expend about \$1.5 million. In addition, VSAC estimated it would expend \$100,000 on Adult Advancement Grants and \$30,000 for Emergency Micro Grants.

Mr. Giles then reviewed the Administration proposal for reallocation of CRF to VSAC for borrowers relief and referred to an [updated request letter](#) submitted to the Committee. Tom Little, Vice President, General Counsel, Vermont Student Assistance Corporation, assisted Mr. Giles with responding to questions from the Committee.

2. Agency of Human Services – a. Total Amount Requested: \$700,000.

Sarah Clark, Chief Financial Officer, Agency of Human Services, reviewed the Agency's request for the creation of a financial support program for Vermonters have tested positive for COVID-19 or have been asked by the Department of Health to quarantine. The request for funding is through December 30, 2020. The Agency would reach out to employers to validate the need of employees who were eligible for a stipend, but programmatic details would need developed if the request were approved.

b. Total Amount Requested: \$931,880.

Cory Gustafson, Commissioner, Department of Vermont Health Access, reviewed the CRF request for expenditures resulting from the use of the Vermont Health Information Exchange (VHIE)

to meet the State's needs for real-time exchange of health information as part of its public health response to COVID-19.

3. Economic Development – a. Needs and Update

Tom Kavet, Legislature's Economist, Kavet, Rockler & Associates, reviewed a memorandum [Economic Priorities: Remaining CARES Act Allocation Issues](#).

b. Joint Fiscal Office - Presentation

Joyce Manchester, Senior Economist, Joint Fiscal Office, reviewed a memorandum [Information Regarding Economic Recovery Grants](#) that questioned the definition of unmet need. Mr. Kavet and Ms. Manchester responded to questions on both memos from the Committee.

c. Administrations Requests - 1. Total Amount Requested: \$75,000,000.

Joan Goldstein, Commissioner, Department of Economic Development, reviewed the methodology behind the Department's request for an increase in funding to fund Expanded Economic Development Grants unmet need requests closer to the business and nonprofits unmet need figures. Secretary Young commented on the CRF reallocation process for this request and thanked the Committee for its consideration of the requests. Committee members questioned the prioritization of the proposed funding. The needs of the hospitality sector were a major concern.

4. Other Requests – a. Total Amount Requested: \$2,410,000.

Anson Tebbetts, Secretary, Agency of Agriculture, Food and Markets, reviewed two requests for CRF reallocation: The Buy Local Campaign for a total \$335,000 and for expanded meat processing capacity of \$2,075,000.

b. Total Amount Requested: \$750,000.

Ted Brady, Secretary, Agency of Commerce and Community Development, reviewed the Agency's request for additional funding to enable the State's small business technical assistance network to provide additional services to COVID-19 impacted businesses.

Commissioner Tierney submitted a [revised CUD supplemental grants requests](#) on behalf of the Administration and explained the changes. Senator Kitchel moved to approve the revised request, and Representative Fagan seconded the motion. The Committee approved the motion and request with a 10-0 roll call.

The Committee discussed the process for delaying action on the requests, and agreed to meet on Saturday, November 14, 2020, at 10:00 a.m. to continue its deliberations on the Administration CRF reallocation requests. Senator Ashe requested the Joint Fiscal Office reach out to eligible providers, along with the Vermont Association of Hospitals and Health Systems (VAHHS), for advocating the use of \$81 million from the Health Care Stabilization Fund for other purposes. Senator Kitchel requested information in advance of the next meeting from either the Administration or the Joint Fiscal Office regarding the 3SquaresVT household's supplemental payment. She asked for information on the eligible recipients and time constraints involved in funding recipients that will be useful in considering the proposal. Representative Hooper and Senator Sears requested that the Administration provide additional information on the analysis of the need vs the revenue for the \$75

million request for business grants as well as how the Administration would target the hospitality industry.

The Committee adjourned at 12:35 p.m.

Respectfully Submitted,

Theresa Utton-Jerman, Senior Staff Associate,

Legislative Joint Fiscal Office

Link to recording: <https://www.youtube.com/watch?v=x1hYsKfXoQY>