



STATE OF VERMONT
GENERAL ASSEMBLY
LEGISLATIVE JOINT FISCAL COMMITTEE

Tuesday, June 22, 2021

Minutes

Videoconference

Members present: Representatives Ancel, Briglin, Fagan, Hooper, and Kornheiser and Senators Balint, Cummings, Kitchel, Sears, and Westman.

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

The Chair called the meeting to order at 9:02 a.m., and Senator Westman moved to adopt the minutes of April 14, 2021. Representative Fagan seconded the motion, and the Committee approved the motion and adopted the minutes.

A. Grant – JFO #3052 –\$50,000,000.00 to the Agency of Commerce and Community Development and the Department of Housing and Community Development from the U.S. Department of the Treasury.

Josh Hanford, Commissioner, Department of Housing and Community Development, referred to the Department's memorandum explaining the grant request. The original deadline for submitting a plan for how Vermont would administer its Homeowner Assistance Fund (HAF) program was June 30, 2021. However, there was also an opportunity to request an extension to submit the plan. Ten percent of the funds for the program had been released to the Department by the federal government to initiate the program startup, and the Vermont Housing Finance Agency would disburse the remaining grant funds to recipients of the program. There was one limited-service position request within the grant to monitor and maintain federal auditing requirements for two years of the grant funding. The Commissioner added that there would be coordination with the Public Service Department for the utility assistance component of the grant funding.

Maura Collins, Executive Director, Vermont Housing Finance Agency (VHFA), explained that the HAF grant funding from the American Rescue Plan Act (ARPA) had less flexibility for income eligibility than the CARES Act funding toward homeowner mortgage arrearages, which served an estimated 1,200 Vermont households. The qualifying income for the HAF grant is \$3,000 a month or less. For context, Ms. Collins added that 60% of those households owed more than six months of arrearages in mortgage/property taxes. She explained that VHFAs plan was to close the Coronavirus Relief Fund (CRF) funded program first, as a reset, and then market the ARPA funded HAF program.

In responding to Representative Fagan's questions, Ms. Collins explained that the HAF program guidelines were more restrictive on who was eligible, but there was a broader list of things that were eligible for payment assistance. The guidelines for household income eligibility was 100% of county median income or the greater of county median or a national number. VHFA estimated eligibility income at about 120% of federal median income, with a slightly different calculation for Chittenden County. An exception was for households within communities defined as *socially disadvantaged* that could qualify for up to 150% of median income. The HAF grant allowed states to determine if and which communities were defined as *socially disadvantaged* through its guidelines that included qualified minorities. George Demas, General Counsel, VHFA, added that the HAF grant program required the State to include household size in its eligibility standards. Ms. Collins stated the list of eligible expenses for the HAF program included mortgage arrearages, property taxes, homeowner insurance, Homeowners Association (HOA) fees, broadband usage through its utility assistance component, homeowner financial counseling and education, and home repairs, if those repairs prevented the homeowner from being displaced from their home. The HAF payments would go directly to the servicers as it did for the program under the CARES Act funding.

Senator Balint requested information showing the geographic distribution of the funds for the CARES Act funding to assist homeowners. Ms. Collins responded she would provide a link of VHFA's webpage, which was updated weekly with federal funding distribution by area in the State, to the Committee. Senator Balint queried if the federal guidelines for the HAF grant allowed the funds to be used to assist homeowners with submitting paperwork for the grant application. Ms. Collins explained that funding under the administrative portion of the grant could be used toward assisting homeowners with paperwork, and that VHFA was partnering with community organizations, such as the Center for Independent Living and two chapters of the National Association for the Advancement of Colored People, for this purpose.

Senator Kitchel asked how VHFA planned to administer the home repair component of the HAF grant and who would service it. Ms. Collins explained that VHFA had reached out to the Center for Independent Living's Home Access Program for its waiting list and the Homeownership Centers with their existing revolving loan programs for home repair as possible partnerships. VHFA planned to also connect with the Community Action programs and was open to additional suggestions of possible regional partners it had overlooked. Senator Westman offered that the Community Action Councils were currently hiring a statewide coordinator and additional resources to assist homeowners with accessing federal grant funding. The Senator then asked for the timeline of VHFA's ability to disburse funding to homeowners. Ms. Collins explained that the U.S. Treasury had a deadline for state plans by June 30, with anticipated grant approval in August. VHFA estimated a program launch in September and release of funding within a couple of months but those estimates were all subject to federal timelines or delays. Ms. Collins added that all late fees from mortgage and property tax arrearages were covered through the grant funding.

Representative Briglin asked for the scale of mortgage arrearages in Vermont that would be eligible for the HAF program. Ms. Collins responded that VHFA was gathering data from sources and currently did not have complete information to share. However, there would be more

conclusive data in the proposed plan to the U.S. Treasury on June 30. Representative Briglin inquired about the utility arrearage component of the program and how that would be administered. Carol Flint, Division Director of Consumer Affairs, Public Information and Administrative Services for the Public Service Department, explained that the Department had anticipated disbursing the \$15 million CRF allocated by the Legislature for utility arrearage within the next few weeks. The deadline for expending funds is the end of September 2021, and the Department hoped to have HAF program funding in place at that time to continue its utility arrearage assistance to meet the demands of the winter months.

The Chair asked for more information on the counseling and education services to homeowners and who would be servicing them. Ms. Collins responded that VHFA had been communicating with regional organizations such as, Vermont Legal Aid and the Home Ownership Centers to better understand the scale of the program to be offered and who would be best to service it, because VHFA did not feel it had the experience or expertise in this area. There was Community Development Block Grant (CDBG) funding available now for counseling and education to homeowners, and the expectation was to expend that funding first and then the HAF program funding in succession.

Senator Kitchel moved approval of acceptance of Grant JFO #3052, and Senator Westman seconded the motion. Representative Ancel requested that the Committee be sent the draft plan prior to its delivery to the U.S. Treasury for review. Senator Kitchel confirmed with Ms. Collins that there would be public hearings regarding the draft plan, and Representative Hooper requested an update at the Committee's July 30 meeting on the plan and how efforts were proceeding with the HAF grant funding. The motion and the grant were approved with a 9–0–1 roll call.

[B. Coronavirus Relief Fund Report](#)

Adam Greshin, Commissioner, and Candace Elmquist, Senior Budget Analyst, Department of Finance and Management, reviewed a report on where CRF had been deployed. The report that was submitted had been updated since May to reflect the most current information. Ms. Elmquist referred to exhibit E of the report and explained that within the reversions, and expended and available balance, the largest reallocation of funds was from the Departments of Corrections (DOC) at \$14.75 million, and Public Safety (DPS), at \$17.6 million, within payroll. The CRF reallocations to DPS and DOC for CRF-eligible payroll in Exhibit B will yield \$26.75 million General Fund and \$5.6 million in Transportation Fund and may be proposed for reversion in the FY 2022 Budget Adjustment to address one-time Medicaid caseload pressures.

[C. Limited Service Positions Request – 1. Administration's Request](#)

Commissioner Greshin reviewed the Administration's request for 17.5 limited-service positions to support the State's investments for ARPA funds. The Chair asked for clarity on the legal position request for the Economic Recovery Grants in the Agency of Commerce and Community Development (ACCD). Joan Goldstein, Commissioner, Department of Economic Development (DED), responded that in the previous COVID-19 federal funding, there were data validation requirements for grant applications submitted. ACCD had one legal counsel for the

entire Agency to validate 400 applications. It proved difficult for the Agency to complete these post award requests from the U.S. Treasury in a timely manner.

Chair Hooper asked whether the Department of Labor (VDOL) reviewed its plan with the Joint Information Technology Oversight Committee (JITOC) for its request of the limited service positions for the Unemployment Insurance (UI) Modernization Project. Michael Harrington, Commissioner, VDOL, responded that he was unsure if the plan had been reviewed by the JITOC, but he would ensure the Committee was involved with the overall plan for the Modernization Project and he would coordinate with Agency of Digital Services (ADS) on its resource needs for the Project.

Representative Ancel inquired if the post audit results for ACCD's use of CRF had changed the amount of funding released and whether any of the funds had been clawed back by the U.S. Treasury. Commissioner Goldstein explained the Agency was currently within the post-audit process and had grant funds that would be clawed back due to applicants receiving funds from a second source. Representative Ancel inquired if there would be a report regarding the post-audit process, and the Commissioner responded the Agency would provide a report once the audit was completed. The Commissioner added that the State Auditor's office was working on its own audit and reporting to the Legislature independently of the Agency, which could result in additional actions for compliance by the Agency.

Representative Fagan moved to approve the Administration's request for 17.5 limited services positions, as presented. Senator Cummings seconded the motion, and the Committee unanimously approved the request on a voice vote.

2. Judiciary Request for 18 Limited-Service Positions and Transfer of 38 Limited-Service Positions to ARPA Funding.

Patricia Gabel, Court Administrator, Vermont Supreme Court, explained the Courts first request entailed ensuring 8 full-time permanent positions that were approved and funded in Act 74 of 2021. The Chair explained that the Committee's jurisdiction for positions was directly related to limited-service positions that had a direct relationship to grants. However, the budget intent letter would reflect the Appropriations Committee's allocation of those positions within existing resources. Senator Kitchel confirmed the intention of the Senate Appropriations Committee to allocate those positions to the Judiciary and reaffirmed Chair Hooper's comments that the budget intent letter would request that the Administration assist the Judiciary in locating those 8 positions within current resources.

Ms. Gabel explained the Judiciary's second request for approval of 18 limited-service positions and the transfer of 38 limited-service positions to ARPA funding. The Chair noted that the position plan was presented to the Appropriations Committees and the relevant policy committees previously, with the intent of creating those positions, but they were overlooked in the final act. Representative Kornheiser asked for clarification on how the Access and Resource Center would serve communities outside of Chittenden County. Ms. Gabel responded that the center is designed to be both in-person and remote. Representative Fagan asked what the balance

of CRF was for reversion from the Judiciary. Ms. Gabel replied that her understanding was that the Judiciary had used all the CRF allocated to it.

Senator Cummings moved to approve the 18 limited-service positions and transfer of 38 limited-service positions to ARPA funding. Senator Balint seconded the motion and the Committee approved the motion and the request unanimously on a voice vote.

D. Fiscal Office Updates – 1. Positions

Stephen A. Klein, Chief Fiscal Officer, Joint Fiscal Office (JFO), reported that the JFO was searching for the two positions approved under Act 74 of 2021. One position was an additional revenue analyst, and the second was a person or firm to replace Dan Smith, who was contracted for reviewing State IT plans. The goal was to have both staff in place sometime in September.

2. Update on Revenues

Graham Campbell, Senior Fiscal Analyst, JFO, explained that final State revenue data through the end of May 2021 was positive. General funds were at \$164 million or 10% above target from increased Personal Income Tax, at \$111 million above target, and Corporate Income Tax, at \$38 million above target. Other State revenues that were positive included the Property Transfer Tax and the Estate Tax. The State's Transportation Fund was 6% above target and driven by strong Purchase and Use Tax revenue, primarily due to Vermonters spending federal stimulus checks. The Education Fund was currently \$6.7 million or 5% above target, and predominantly from consumption-based areas. It was predicted that all three funds would close well above estimates.

3. Counties' Funding

Mr. Klein explained that the federal funding to State counties was unknown, but the Office was tracking it and would send an update as information became available. In addition, an issue brief and a FAQ sheet were available on the JFO website on this topic.

E. Fiscal Officer Transition

The Chair explained that Mr. Klein submitted his intent to retire in August 2021, and that the Committee was statutorily responsible for hiring a new Chief Fiscal Officer (CFO). The Committee discussed a plan for reviewing candidates to fill the position of the CFO. Each of the four fiscal chairs noted that their interviews with JFO staff revealed there was a common preference to search internally for a candidate, and not hire anyone unfamiliar with the Office's procedures or had worked previously in a partisan job.

Representative Fagan moved to proceed with an internal search process, and, if needed, a broader search later, and Representative Ancel seconded the motion. Representative Kornheiser requested to review and give informal feedback on candidates. The Committee requested that the Legislature's Human Resource Director, Arlene Donovan, join them to answer questions. Ms. Donovan joined the meeting, and Representative Briglin commented that it was important for the Legislature to keep a focus on diversity when hiring staff. Ms. Donovan confirmed that when

reviewing internal candidates for the CFO position, diversity, equity, and inclusion would be part of the hiring process. Representative Briglin inquired if the term “internal” meant just within the JFO or expanded to State government staff. Ms. Donovan explained that the search would begin within the JFO and if needed would expand from there.

The Committee approved Representative Fagan’s motion to proceed with posting the CFO position internally within the JFO, unanimously on a voice vote.

Representative Ancel moved to create a five-member subcommittee to include the four statutory committee members and its clerk to develop a recommendation to the full committee. Senator Kitchel seconded the motion.

Senator Westman commented that there should be consideration within the hiring process for the CFO or from the internal staff movement to fill the CFO position to include a greater focus in other policy areas important to the budget process.

The Committee approved the motion unanimously by a voice vote and adjourned at 11:04 a.m.

Respectfully submitted,

Theresa Utton-Jerman, Senior Staff Associate
Legislative Joint Fiscal Office

Link to recording: https://www.youtube.com/watch?v=w_O3-gFpwyo