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HOUSE COMMITTEE ON  
APPROPRIATIONS

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**MEMORANDUM**

To: Rep. Botzow, Chair, House Committee on Commerce and Economic Development

From: Rep. Johnson, Chair, House Committee on Appropriations

Date: February 12, 2015

Subject: Review of Provisions in the Governor's Proposed FY 2016 Budget

The House Appropriations Committee is in the process of taking testimony on the Governor's fiscal year 2016 budget proposal. There are several provisions that fall under the jurisdiction of the House Committee on Commerce. Some provisions are included for informational purposes; however, you are welcome to comment on any of them. It would be helpful if your committee could review the provisions and provide recommendations by March 11th.

Please find below the items that I would like your committee to review. Thank you very much for your consideration.

**Sec. B.1100** NEXT GENERATION; APPROPRIATIONS AND TRANSFERS

(a) In fiscal year 2016, \$3,293,000 is appropriated or transferred from the Next Generation Initiative Fund created in 16 V.S.A. § 2887 as prescribed:

(1) Workforce education and training. The amount of \$1,577,500 as follows:

(A) Workforce Education and Training Fund (WETF). The amount of \$1,017,500 is transferred to the Vermont Workforce Education and Training Fund created in 10 V.S.A. § 543 and subsequently appropriated to the Department of Labor for workforce education and training. Up to seven percent of the funds may be used for administration of the program. Of this amount, \$350,000 shall be allocated for competitive grants for internships through the Vermont Career Internship Program pursuant to 10 V.S.A. § 544.

(B) Adult Technical Education Programs. The amount of \$360,000 is appropriated to the Department of Labor in consultation with the State Workforce Investment Board. This appropriation is for the purpose of awarding competitive grants to regional technical centers and high schools to provide adult technical education, as that term is defined in 16 V.S.A. § 1522, to unemployed and underemployed Vermont adults.

(C) The amount of \$200,000 is appropriated to the Agency of Commerce and Community Development to issue performance grants to the University of Vermont and the Vermont Center

for Emerging Technologies for patent development and commercialization of technology and to enhance the development of high technology businesses and Next Generation employment opportunities throughout Vermont.

(2) Loan repayment. The amount of \$471,000 as follows:

(A) Health care loan repayment. The amount of \$300,000 is appropriated to the Agency of Human Services – Global Commitment for the Department of Health to use for health care loan repayment. The Department shall use these funds for a grant to the Area Health Education Centers (AHEC) for repayment of commercial or governmental loans for postsecondary health-care-related education or training owed by persons living and working in Vermont in the health care field.

(B) Large animal veterinarians' loan forgiveness. The amount of \$30,000 is appropriated to the Agency of Agriculture, Food and Markets for a loan forgiveness program for large animal veterinarians pursuant to 6 V.S.A. § 20.

(C) Science Technology Engineering and Math (STEM) incentive. The amount of \$141,000 is appropriated to the Agency of Commerce and Community Development for an incentive payment pursuant to 2011 Acts and Resolves No. 52, Sec. 6.

(3) Scholarships and grants. The amount of \$1,244,500 as follows:

(A) Nondegree VSAC grants. The amount of \$494,500 is appropriated to the Vermont Student Assistance Corporation. These funds shall be for the purpose of providing nondegree grants to Vermonters to improve job skills and increase overall employability, enabling them to enroll in a postsecondary education or training program, including adult technical education that is not part of a degree or accredited certificate program. A portion of these funds shall be used for grants for indirect educational expenses to students enrolled in training programs. The grants shall not exceed \$3,000 per student. None of these funds shall be used for administrative overhead.

(B) National Guard Educational Assistance. The amount of \$150,000 is appropriated to Military – administration to be transferred to the Vermont Student Assistance Corporation for the National Guard Educational Assistance Program established in 16 V.S.A. § 2856.

(C) Dual enrollment programs. The amount of \$600,000 is appropriated to the Vermont State Colleges for dual enrollment programs consistent with 16 V.S.A. Sec. 944. The State Colleges shall develop a voucher program that will allow Vermont students to attend programs at a postsecondary institution other than the State College system when the student will be better served at a non-State college or when available programs are not geographically suited to student need.

**EXPLANATION:** The appropriations from the Next Generation Fund are level funded from FY 2015, except that \$200K has been moved from the dual enrollment programs, to the Workforce Education and Training Fund (WETF), and appropriated to the Department of Labor for workforce education and training; and the STEM incentive is appropriately included in the loan repayment section.

**Sec. B.1100.1 DEPARTMENT OF LABOR RECOMMENDATION FOR FISCAL YEAR 2017 NEXT GENERATION FUND DISTRIBUTION**

(a) The Department of Labor, in coordination with the Agency of Commerce and Community Development, the Agency of Human Services, and the Agency of Education, and in consultation with the State Workforce Investment Board, shall recommend to the Governor no later than December 1, 2015 how \$3,293,000 from the Next Generation Fund should be allocated or appropriated in fiscal year 2017 to provide maximum benefit to workforce education and training, participation in secondary or postsecondary education by underrepresented groups, and support for promising economic sectors in Vermont. The State Agencies and Departments listed herein shall promote actively and publicly the availability of the funds to eligible entities.

**EXPLANATION:** The same process as was successfully used for prior fiscal years, but expanding the effort at publicizing the availability of Next Generation funding.

**Sec. E.100 EXECUTIVE BRANCH POSITION AUTHORIZATIONS**

(a) The establishment of the following new permanent classified positions is authorized in fiscal year 2016 as follows:

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(5) In the Department of Financial Regulation – one (1) Captives Insurance Examiner.

**EXPLANATION:** To perform various analytical and administrative functions related to regulating Captives.

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(7) In the Department of Public Service – two (2) Telecommunications Infrastructure Project Manager and one (1) Financial Manager.

**EXPLANATION:** These positions are funded by VT Universal Service Funds, to assume the responsibilities of the former Vermont Telecommunications Authority, including increasing affordable statewide broadband services and mobile telecommunications services including voice and high-speed data.

**Sec. E.802** 3 V.S.A. Sec. 2471c is amended to read:

Sec. 2471c. Office of Creative Economy; ~~Vermont Film Commission~~

(a) The Office of Creative Economy is created within the Agency of Commerce and Community Development in order to build upon the years of work and energy around creative economy initiatives in Vermont, ~~including the work of the Vermont Film Commission~~. The Office ~~shall~~ may provide business, networking, and technical support to establish, grow, and attract enterprises involved with the creative economy, primarily focused on but not limited to such areas as film, new and emerging media, software development, and innovative commercial goods. The Office ~~shall~~ may work in collaboration with Vermont's private and public sectors, including educational institutions, to raise the profile and economic productivity of these activities.

(b) The Office ~~shall~~ may be administered by a director appointed by the Secretary pursuant to section 2454 of this title and shall be supervised by the Commissioner of ~~Housing and Community Economic~~ Development.

**EXPLANATION:** Due to budget reductions, the Office of Creative Economy will operate without an appointed Director and will conduct limited creative economy initiatives. Removes references to the Vt Film Commission (really, the VF Corporation), which was repealed in 2011 Act 52 Sec 16(a).

**Sec. E.806 TOURISM AND MARKETING INITIATIVE**

(a) Up to 15%, but not to exceed \$750,000, of the amount of meals and rooms tax revenue for fiscal year 2016 projected at the January 20, 2015 Emergency Board meeting as part of the revenue forecast pursuant to 32 V.S.A. Sec 305a, that exceeds the fiscal year 2016 projection for the meals and rooms tax at the July 24, 2014 Emergency Board meeting, shall be deposited in a special fund available to the Agency of Commerce and Community Development for purposes of tourism and marketing support and promotion. This funding is contingent on a General Fund surplus at the end of fiscal year 2016 adequate to support the deposit.

**EXPLANATION:** Makes funding available for tourism and marketing initiatives.