



STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON COMMERCE
AND ECONOMIC DEVELOPMENT

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MEMORANDUM

To: Rep. Mitzi Johnson, Chair
House Committee on Appropriations

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

Date: February 18, 2016

Subject: FY 2017 Program Review – Commerce and Economic Development Programs

Thank you for the opportunity to provide comments and guidance concerning State programs within the subject matter jurisdiction of the Committee on Commerce and Economic Development.

Process

The Committee began its program review process with an introduction to Vermont's Population-Level Quality of Life Outcomes and Indicators, as codified in 3 V.S.A. § 2311 and as proposed to be amended by S.198, and a review of Speaker Smith's letter to committee chairs, in which the Speaker presented his request and guidance to undertake a review of State programs and activities.

Based on the Speaker's guidance, the Committee resolved to hear directly from the Secretaries, Commissioners, and other program administrators on what they do, how well they do it, and if anyone is better off. Over the first several weeks of the 2016 legislative session the Committee took testimony from: the Agency of Commerce and Community Development; the Department of Public Service; the Department of Financial Regulation; the Department of Labor; the Office of the Attorney General; the Vermont Economic Progress Council; Regional Planning Commissions; Regional Development Corporations; the Vermont Economic Development Authority; the Vermont Sustainable Jobs Fund; the Public Service Board; the University of Vermont; and the Vermont Captive Insurance Association.

Considering this testimony and the Population-Level Quality of Life Outcomes and Indicators, the Committee initially identified four categories in which to classify each State program or activity: (1) Most Critical; (2) Very Important; (3) Good to Do; and (4) Not Do. Additionally, the Committee determined whether each program or activity should continue as currently structured, or whether—and why—it should be designated as Rethink.

Results

The Committee wishes to stress the organizational and educational value of this exercise. The results of this process are not conclusions on the merits of funding these programs and activities. Rather, the results of this process are to afford the Committee a better understanding of the programs and activities our State government provides, to prioritize them, and to lay a foundation for a long-range work plan to further improve them.

The Committee classified each of 35 programs and activities within its jurisdiction as Most Critical, Very Important, or Good to Do. The Committee did not classify any program or activity as Not Do. The Committee also designated 12 programs and activities as Rethink. The results of the Committee's review and classification follow.

Programs and activities are organized first by classification and grouped by State administrator. Within each classification, programs and activities designated as Rethink are grouped together and the Committee includes its rationale for the designation.

(1) Most Critical

The Committee finds that it is most critical for State government to continue to fund and to provide the services available to Vermonters through the following programs and activities:

1. Department of Financial Regulation
2. Agency of Commerce and Community Development
 - A. Mobile Home Parks Program
 - B. Vermont Community Development Program (CDBG)
 - C. Municipal Planning Grants Program
 - D. Captive Insurance Marketing and Services
 - E. Vermont Economic Progress Council
 - F. Regional Development Corporations
 - G. Regional Planning Commissions

3. Next Generation Fund - Education Programs
 - A. Dual Enrollment
 - B. Adult Technical Education
4. Division of Connectivity - Department of Public Service

Most Critical - Rethink

The Committee finds that it is most critical for State government to continue to fund and to provide the services available to Vermonters through the following programs and activities, but for the reasons and to the extent provided, the State needs to further consider the structure or implementation of the program or activity:

1. Agency of Commerce and Community Development

- A. Department of Tourism and Marketing

The Committee designates this Department as Rethink because both tourism marketing and economic development are, and will continue to be, critically important to the State. As the only state without an Economic Development Specialist, and in light of Vermont's need to compete effectively with other states for both employers and employees, the Committee finds that the Department is under-resourced.

- B. Chief Marketing Officer, Agency of Commerce and Community Development

The Committee designates this position and its duties, mission, and authority as Rethink because the Committee finds the State should consider whether the Chief Marketing Officer has sufficient authority within State government and with other marketing partners to ensure consistent use of the Vermont brand and safeguard the brand identity of Vermont. The Committee questions whether the position is properly housed within the Agency of Commerce and Community Development, or should be placed elsewhere, potentially within the Agency of Administration.

2. Public Service Board – Telecommunications Siting

The Committee designates the Public Service Board as Rethink because of issues concerning municipal participation in the 248a telecommunications siting process. The Committee finds that the principle of “substantial deference” applicable to municipal siting recommendations to the Public Service Board requires more clarity and that municipalities should have clear authority to more meaningfully participate in the process.

3. Workforce Education and Training

A. Workforce Education and Training Fund Grants - Department of Labor

B. Vermont Training Program - Agency of Commerce and Community Development

The Committee broadly designates programs and activities related to workforce education and training as Rethink because the State, through the Commissioner of Labor working in collaboration with stakeholders within and outside of government as contemplated in 10 V.S.A. Chapter 22A, must provide an integrated workforce education and training system that efficiently and effectively meets the needs of students, employees, prospective employees, and employers using limited resources.

(2) Very Important

The Committee finds that it is very important for State government to continue to fund and to provide the services available to Vermonters through the following programs and activities:

1. Consumer Assistance Program - Office of the Attorney General

2. Agency of Commerce and Community Development

A. Vermont Life Magazine

B. Vermont Center for Geographic Information

C. Vermont Procurement Technical Assistance Center

D. Vermont Global Trade Partnership

E. Brownfields Initiative

3. Next Generation Fund - Vermont National Guard Educational Assistance

Very Important - Rethink

The Committee finds that it is very important for State government to continue to fund and to provide the services available to Vermonters through the following programs and activities, but for the reasons and to the extent provided, the State needs to further consider the structure or implementation of the program or activity:

1. Department of Labor

A. Workers' Compensation and Unemployment Insurance

The Committee designates these activities as Rethink because the State needs to refine its approach to independent contractors.

B. Vermont Occupational Safety and Health Administration

The Committee designates this program as Rethink because certain conforming statutory changes required by federal law are necessary to ensure Vermont has the continuing legal authority to administer the program.

2. Agency of Commerce and Community Development

A. Department of Housing and Community Development

i. Growth Center Designation Program

ii. Downtown Designation Program

The Committee broadly designates as Rethink programs and activities related to land use and business growth because the Committee finds, through testimony concerning the Growth Center Designation Program and other State Designation Programs, and the continuing issues arising from the implementation of Act 250 Criterion 9(L), the State must further address the persistent tension between new development and historic development patterns.

3. Next Generation Fund

A. Vermont Student Assistance Corporation – Non-degree Grant Program

The Committee designates this program as Rethink because it finds more data is necessary to evaluate the efficacy of the program.

B. University of Vermont – Tech Transfer

This activity involves funding in two streams: one stream through the University of Vermont to the Vermont Center for Emerging Technologies, and the second stream directly to the University of Vermont. The stated purpose of each is “for patent development and commercialization of technology and to enhance the development of high technology businesses and Next Generation

employment opportunities throughout Vermont.” The Committee designates this activity as Rethink, specifically with respect to the direct UVM transfer, because more testimony and data is necessary to evaluate the efficacy of the activity.

(3) Good to Do

The Committee finds that it is good for State government to continue to fund and to provide the services available to Vermonters through the following programs and activities:

1. Agency of Commerce and Community Development

- A. Department of Housing and Community Development - State Designation Programs
- B. Division for Historic Preservation

2. Tax Increment Financing Districts

The Committee notes that under current law no new TIF Districts are authorized.

3. Science, Technology, Engineering, and Math Employee Incentive

The Committee notes that the STEM Employee Incentive is unavailable as of 5/31/2014.

Rethink (otherwise without classification)

1. Vermont Veterinary Medicine Loan Repayment Program - Agency of Agriculture, Food and Markets

The Committee designates this program as Rethink because the Committee finds that the State should explore ways to partner with the private sector to provide supplemental or match funding for veterinary loan repayment.

2. Vocational Rehabilitation - Agency of Human Services

The Committee designates this program as Rethink because it questions whether the workers' compensation component of the program should be relocated to the Department of Labor.