



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

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MEMORANDUM

To: Rep. Kitty Toll, Chair, House Committee on Appropriations
From: Rep. Bill Botzow, Chair, House Committee on Commerce and Economic Development
Date: March 1, 2017
Subject: Review of Provisions in the Governor's Proposed FY 2018 Budget

On behalf of the Committee on Commerce and Economic Development, I sincerely thank you and the Committee on Appropriations for the opportunity to review the provisions of the Governor's proposed FY 2018 Budget that fall under the policy jurisdiction of this Committee. Each of us fully appreciates the difficult fiscal position Vermont faces this year, and the many difficult decisions your Committee faces as it prepares a budget.

The Committee on Commerce and Economic Development is in a unique position among other committees in that it has jurisdiction over multiple government agencies, departments, and programs whose primary purpose is to support the businesses and employees who generate much of the revenue of the State. In its deliberations, this Committee has been guided by a core principle: to grow the Vermont economy, we must invest adequate resources in **that economy**. As a State government, we have the duty to provide leadership, targeted resources, and effective public policy.

We have a duty to ensure that employees receive necessary education and training, and employers have the skilled workforce they need to thrive. We have a duty to sustain our established industries, such as captive insurance, and to cultivate new industries by supporting broadband and the innovative businesses that rely on modern technological infrastructure. We have a duty to support an innovative economy and the entrepreneurs who represent the future of Vermont business. And we have a duty to market our State effectively—regionally, nationally, and internationally—both through tourism marketing aimed at prospective travelers who import significant revenue into Vermont, and through economic development marketing aimed at prospective employers, employees, and students.

Accordingly, in response to your request to review the following provisions of the budget and provide recommendations, we respectfully submit the following:

Process

Last year the Committee undertook a program review process to examine 34 programs and activities within its jurisdiction, based on Vermont's Population-Level Quality of Life Outcomes and Indicators, as codified in 3 V.S.A. § 2311. The Committee heard directly from the Secretaries, Commissioners, and other program administrators on what they do, how well they do it, and if anyone is better off. Based on its review, the Committee classified each State program or activity as: (1) Most Critical; (2) Very Important; (3) Good to Do, and determined whether each program or activity should continue as currently structured, or whether—and why—it should be designated as Rethink. The Committee memorialized the results of this process in a memorandum to the Committee on Appropriations dated February 18, 2016.

Using last year's process and memorandum as a foundation, and based on additional testimony from program administrators, the Committee has reviewed the classification of each program and activity as Most Critical, Very Important, or Good to Do, and Rethink. This memorandum includes an updated list and classification of the programs and activities, as well as an explanation for applicable changes. Additionally, in view of the updated classification of these priorities, the Committee also includes its findings and recommendations on those portions of the Governor's budget language that fall under the Committee's jurisdiction.

(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. Regional Development Corporations
 - F. Regional Planning Commissions
3. Next Generation Fund - Education Programs
 - A. Dual Enrollment
 - B. Adult Technical Education
 - C. Vermont Student Assistance Corporation – Nondegree Grant Program
4. Career and Technical Education
5. Office of the Attorney General – **Public Protection** Division

Most Critical – Changes in 2017

1. The Committee removes “Division of Connectivity – Department of Public Service,” as that program now falls under the jurisdiction of the House Committee on Energy and Technology.
2. The Committee adds “Career and Technical Education.” This year, workforce development is included in the Committee’s jurisdiction and through extensive testimony the Committee has repeatedly heard the critical importance that career and technical education has for the development of an appropriately-skilled Vermont workforce. As discussed further below, the Committee supports additional language and funding to enable Vermont students to have exposure and access to CTE programs at an earlier age.
3. The Committee adds “Vermont Student Assistance Corporation – Nondegree Grant Program,” which was classified last year as “**Very** Important – Rethink” because the Committee found that more data was necessary to evaluate the efficacy of the program. Having received the necessary data, the Committee finds that grants through this program effectively achieve their outcomes and provide critical access for adults seeking nondegree workforce education and training.
4. The Committee adds “**Public Protection** Division” as a Most Critical activity, **which through enforcement of the Vermont Consumer Protection Act provides important legal protections for Vermont consumers and recovers monies and penalties on behalf of consumers and the State.**
5. The Committee re-classifies “Vermont Economic Progress Council” as Rethink, as further addressed below.

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 consider further the structure or implementation of the program or activity:

1. Agency of Commerce and Community Development – Tourism Marketing, Economic Development Marketing, and Chief Marketing Officer

The Committee continues to designate “marketing” generally as Rethink because tourism marketing, economic development marketing, and Vermont’s brand identity are, and will continue to be, critically important to the State.

The Department of Tourism and Marketing has historically focused on tourism marketing, and the Committee emphasizes the continued importance and necessity for providing adequate funding for this activity. However, the Committee also finds that the State should seek to achieve parity between tourism marketing and economic development marketing by providing more resources and support to effectively promote Vermont as a place to live, work, and do business.

As stated in last year's memorandum, Vermont remains the only state without an economic development marketing 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 with respect to economic development marketing. The Agency of Commerce and Community Development, with funding from last year's economic development bill, has taken encouraging steps to begin implementing an economic development marketing plan and building a marketing system that will increase in sophistication and performance over time. The Committee finds that the State must provide adequate resources to the Department to ensure effective implementation of this plan.

With respect to the Chief Marketing Officer, the Committee continues to designate this position and its duties, mission, and authority as Rethink. The State must consider whether the Chief Marketing Officer position is adequately resourced, how the position fits into the overall marketing activities of the State, and whether it 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.

Ultimately, the Committee finds that the State should conduct a holistic assessment of its marketing strategy and expenditures to ensure resources are deployed most efficiently and effectively.

2. Workforce Education and Training System

- A. Workforce Education and Training Fund Grants - Department of Labor
- B. Vermont Training Program - Agency of Commerce and Community Development
- C. Apprenticeships – Department of Labor and Career and Technical Education

The Committee continues to broadly designate programs and activities related to workforce education and training as Rethink. The State, through the Commissioner of Labor, working in collaboration with stakeholders within and outside government as contemplated in 10 V.S.A. chapter 22A, must continue developing an integrated workforce education and training system that efficiently and effectively meets the needs of students, employees, prospective employees, and employers using limited resources. This year the Committee adds apprenticeship programs to this classification, having heard extensive testimony that identified apprenticeships in trades as critically important to securing career opportunities now and in the future.

3. Vermont Economic Progress Council; Delivery of Economic Development Services

The Committee newly classifies the Vermont Economic Progress Council as Rethink in conjunction with questions members of the Committee have concerning the delivery of economic development services in this State.

Within VEPC, the Committee recognizes the Vermont Employment Growth Incentive Program as an economic development tool with the potential to spur new business growth and improve

employee salaries and benefits. However, questions remain concerning the extent to which the program is effectively communicated and understood by businesses, the public, and even within government, and whether the program effectively reaches smaller businesses that would benefit from State support. Furthermore, questions remain whether the “but for” test is adequate to ensure that the State does not expend limited resources to reward business growth that would have occurred even in the absence of the Program.

Also within VEPC, and as discussed further below, the Committee recognizes the importance of tax increment financing districts as one potential tool that municipalities may use to develop infrastructure that benefits public and private sector development. However, questions remain concerning the benefits, costs, and outcomes of the program, which the Committee wishes to examine with the benefit of data and further testimony.

Taken together, the Committee finds that the Vermont Economic Progress Council and its VEGI and TIF programs would benefit from testimony and examination to ensure that these programs are targeted to the appropriate audience, that they operate to achieve the appropriate outcomes, and that they are adequately reviewed using appropriate data and metrics.

The VEGI and TIF programs are just two of many economic development programs offered by the State. In a broader sense, the Committee designates as Rethink the delivery system of economic development programs and services, which is generally dispersed across many agencies and departments of State government, across regional service providers, and to a lesser extent, within individual municipalities. The sheer number of programs, providers, and acronyms can lead some members to question whether the system is operating efficiently and its actors are communicating and collaborating effectively. The Committee therefore intends to undertake a holistic review of the economic development delivery system in this State.

(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. Agency of Commerce and Community Development
 - A. Vermont Center for Geographic Information
 - B. Vermont Procurement Technical Assistance Center
 - C. Vermont Global Trade Partnership
 - D. Brownfields Initiative
2. Next Generation Fund - Vermont National Guard Educational Assistance

Very Important – Changes in 2017

The Committee moves “Consumer Assistance Program – Office of the Attorney General” and “Agency of Commerce and Community Development - Vermont Life Magazine,” to Rethink, as explained further below.

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 consider further the structure or implementation of the program or activity:

1. Department of Labor

A. Workers' Compensation and Unemployment Insurance

The Committee continues to designate these activities as Rethink because the State needs to refine its approach to independent contractors. The Committee continues its work on this subject.

B. Vermont Occupational Safety and Health Administration

The Committee continues to designate this program as Rethink because certain conforming statutory changes required by federal law remain necessary to ensure Vermont has the continuing legal authority to administer the program. The Committee currently has a bill in **its possession** that addresses these issues, on which it will act before crossover.

2. Agency of Commerce and Community Development –

A. Department of Housing and Community Development; Act 250; Land Use; Housing; Development

The Committee continues to broadly designate as Rethink programs and activities related to land use and business growth because the Committee continues to find, 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), that the State must address further the persistent tension between new development and historic development patterns. The Committee also recognizes the importance of creating new and rehabilitated affordable and workforce housing as a critical workforce development issue.

B. Vermont Life Magazine

The Committee newly classifies Vermont Life Magazine as Rethink, consistent with the findings and concerns expressed above relating to the State's overall approach to marketing. The Committee finds that the magazine should cross-promote tourism, economic development, and the Vermont brand whenever possible to maximize efficiency, and should leverage its personnel and expertise to add value throughout State government whenever possible.

3. Next Generation Fund

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 continues to designate this activity as Rethink, specifically with respect to the direct UVM transfer, because the Committee wishes to continue compiling data on the program and monitor its performance.

4. Consumer Assistance Program – Office of the Attorney General

The Committee newly classifies this program as Rethink because it finds that consumer assistance is generally dispersed across many locations within State government, and the Committee wishes to further explore the best delivery mechanism for this activity and receive more information and testimony concerning its efficacy.

(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, but that the issues raised by TIF districts are important to many communities. The Committee recognizes the important State role in facilitating the development of municipal infrastructure and supports exploring alternative mechanisms to achieving this end to mitigate adverse impacts on the education fund.

Rethink (otherwise without classification)

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

The Committee continues to designate this program as Rethink because the Committee recognizes the need for the program, but finds no evidence of private sector participation in providing supplemental or match funding, considering the Committee’s recommendation last year.

Recommendations: Governor's Proposed Budget Language

In view of the foregoing discussion of programs and activities, and in response to your request to review provisions of the budget within the Committee's jurisdiction, we respectfully submit the recommendations that follow below, with an important caveat. While the Committee generally supports increased funding for economic development activities that will provide jobs, support businesses, and grow the revenues of the State, the Committee also recognizes the budget reality for the coming fiscal year. The Governor's recommended budget requests **multiple infusions of** one-time monies, and the Committee is not fully informed of the source or sources of that funding. Consequently, the Committee cannot support these new one-time expenditures to the extent they would require the State to divert funding from existing economic development or workforce education and training programs.

The Committee on Commerce and Economic Development would like request that the Committee on Appropriations consider whether it would be advisable to allow the Agency of Commerce and Community Development to carry forward, by default, funds that remain unspent by the Agency at the end of the fiscal year, rather than those funds reverting to the general fund.

The Committee learned in testimony from the Secretary of Commerce and the Commissioner of Economic Development that the prospect of losing funds at the end of a fiscal year can spur the Agency into marketing, training, and other economic development activities that yield *some* benefit, but not necessarily the highest value benefit. Allowing the Agency to carry forward its unspent funds would give it the flexibility necessary to act when business, employee, or marketing needs are greatest or most spending would be most effective.

The Committee does not support the growth of large reserves of unspent funds within any agency or program, and strongly endorses the continued oversight of how and when funds are used. Rather than changing the system of checks and balances, the Committee simply recommends shifting the default rule for economic development and marketing funds from reversion to carry forward so that the Agency has the flexibility it requires to make timely, targeted, and cost-effective investments of limited resources.

FY 2018 Provisions

Sec. B.1100 NEXT GENERATION; APPROPRIATIONS AND TRANSFERS

(a) In fiscal year 2018, \$3,409,900 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 \$1,605,400 as follows:

(A) Workforce Education and Training Fund (WETF). The amount of \$1,045,400 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 Strong Internship Program pursuant to 10 V.S.A. § 544.

(B) Adult Career 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 career 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 \$30,000 as follows:

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

(3) Scholarships and grants. The amount of \$1,774,500 as follows:

(A) Non-degree 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 \$650,000 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 and need-based stipend. The amount of \$600,000 is appropriated to the Agency of Education for dual enrollment programs consistent with 16 V.S.A. § 944(f)(2) and \$30,000 is appropriated to the Agency of Education to be transferred to the Vermont Student Assistance Corporation for need based stipends pursuant to Sec. E.605.1 of this act.

Commerce Response: Sec. B.1100

The Committee generally supports the proposed appropriations in Sec. B.1100.

With respect to subdivision (a)(3) concerning the VSAC Non-Degree Grant Program, the Committee supports by a vote of 5-4-2 the proposed additional funding to the extent it is feasible within the confines of the current general fund budget, and would not support the proposal if paid from the education fund. A minority of members support the Program, but not necessarily at this amount. As a whole, the Committee would view favorably the use of funding through the Program to encourage participation in certificate programs, in addition to degree programs, and would encourage VSAC to recruit eligible participants from career and technical education programs. Finally, the Committee endorses the policy, espoused in testimony, that grant funds be used as a last resort after Pell grants and other funding sources are exhausted.

Sec. B.1101 FISCAL YEAR 2018 ONE-TIME GENERAL FUND APPROPRIATIONS

(a) The sum of \$750,000 is appropriated to the Secretary of Commerce and Community Development for developing and launching a marketing campaign.

(1) The funds in appropriated in the section shall be used to:

(A) build on Vermont's successful branding and marketing efforts surrounding tourism, recreation, and the working lands;

(B) expand the Vermont brand to attract entrepreneurs and would-be entrepreneurs to Vermont;

(C) advance attributes of innovation, tech and digital economy, and energy leadership in Vermont; and

(D) connect entrepreneurs with the career aspirations of young Vermonters.

(2) The funds appropriated in this section may be matched with federal funds, special funds, grants, donations, and private funds.

(3) The Secretary shall establish performance measures that support the strategic priority of strengthening the state economy before disbursing these funds.

(b) The sum of \$200,000 is appropriated to the Secretary of Commerce and Community Development for the Vermont Training Program. These funds shall be targeted to support training in the trades including, but not limited to, electricians, carpenters, plumbers, pipefitters, welders, heavy equipment operators, automotive service technicians, aviation technicians, fuel/electrical systems technicians, tool and die makers, industrial mechanics, precision metal fabricators, and horticulturalists. These funds shall be administered by the Vermont Training Program.

Commerce Response to Sec. B.1101

The Committee generally supports the proposed appropriations in Sec. B.1101.

With respect to subsection (a), the Committee cautiously endorses the expenditure of one-time monies for the purpose of economic development marketing. However, that support is qualified because the administration has not provided sufficient detail concerning the execution of the proposed economic development marketing plan, nor has it identified the performance measures

it will use to assess the effectiveness of this expenditure. After testimony from the Secretary of Commerce, the Committee endorses the following substitute language for the economic development marketing proposal:

(a) The sum of \$750,000 is appropriated to the Agency of Commerce and Community Development for developing and launching an economic development marketing program.

(b) The funds appropriated in the section shall be used to:

(1) implement the Department of Economic Development's economic development marketing plan to attract and retain residents and businesses to Vermont, highlighting the many positive features that make Vermont a great place to live, work, and do business; and

(2) prioritize marketing tactics with the potential to most efficiently and effectively shift perceptions about Vermont as a place to live and work, and that will form a set of marketing assets and strategic framework to sustain Department of Economic Development's activities beyond initial implementation.

(c) The funds appropriated in this section may be matched with federal funds, special funds, grants, donations, and private funds. To increase the amount and effectiveness of marketing activities conducted, the Agency shall collaborate with private sector partners to maximize State marketing resources and to enable Vermont businesses to align their own brand identities with the Vermont brand, enhancing the reputations of both the business and the State.

(d) The Secretary shall establish performance measures that support strategic priorities, including strengthening the State economy, before disbursing these funds.

With respect to subsection (b), the Committee finds that additional training dollars for the trades, appropriately targeted to small businesses, will yield a more skilled workforce that meets the needs of Vermont employers. After considerable discussion concerning the most appropriate venue within State government for this training to occur, the Committee recommends the following substitute language:

A

(b) The sum of \$200,000 is appropriated to the Agency of Commerce and Community Development to provide workforce education and training through the Vermont Training Program pursuant to 10 V.S.A. § 531:

(1) for businesses with 50 or fewer employees; and

(2) targeted to support training in the trades including, electricians, carpenters, plumbers, pipefitters, welders, heavy equipment operators, automotive service technicians, aviation technicians, fuel/electrical systems technicians, tool and die makers, industrial mechanics, precision metal fabricators, and horticulturalists.

B

(b) The sum of \$200,000 is appropriated to the Department of Labor to provide workforce education and training through the Workforce Education and Training Fund pursuant to 10 V.S.A. § 543:

(1) for businesses with 50 or fewer employees; and

(2) targeted to support training in the trades including, electricians, carpenters, plumbers, pipefitters, welders, heavy equipment operators, automotive service technicians, aviation technicians, fuel/electrical systems technicians, tool and die makers, industrial mechanics, precision metal fabricators, and horticulturalists.

Sec. E.517 Innovation Grants

(a) Of this appropriation, \$1,600,000 from the Education Fund shall be to support education innovation grants. Notwithstanding 16 V.S.A. § 4025(b), of this Education Fund appropriation, the amount of:

(1) \$500,000 is appropriated to the Secretary of Education to establish annual classroom innovation grants for educators teaching students from pre-kindergarten through high school. The Secretary shall establish criteria for these competitive grants to award and promote innovative thinking in the classroom. These funds may be matched to federal funds, special funds, grants, donations, and private funds.

(2) \$500,000 is appropriated to the Secretary of Education to establish annual management and modernization grants to assist school boards and school management with training opportunities, technology upgrades, and expertise in school efficiency and consolidation, plus assistance with instituting best practices in special education. The Secretary shall establish criteria for these grants to assist districts with expert consulting services, like those currently provided by District Management Council, which have already identified successful strategies for doing better with less. These funds may be matched to federal funds, special funds, grants, donations, and private funds.

(3) \$250,000 is appropriated to the Secretary of Education to establish school technology and connectivity grants funding to help schools advance a vision for technology-supported education. Resources can support either the cost of upgrading to higher speed internet access or funding plans to use technology to support better operations or transformational practices.

(A) The Secretary shall establish criteria for these competitive grants, which shall include, but not limited to:

- (i) school participation in the FCC’s E-Rate program; and
- (ii) school internet speeds less than 25 mbps,

(B) These funds may be matched to federal funds, special funds, grants, donations, and private funds.

(d) \$200,000 is appropriated to the Secretary of Education to establish code camp grants for elementary and middle school students to encourage science, technology, engineering, and mathematics (STEM) education at an early age. The Secretary shall establish criteria for these grants. These funds may be matched to federal funds, special funds, grants, donations, and private funds.

(e) \$150,000 shall be used to fund Agency of Education efforts to boost Career and Technical Education.

EXPLANATION: Allocation of innovation grant funds.

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* * * HIGHER EDUCATION * * *

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Sec. E.602 Vermont state colleges

(a) The Commissioner of Finance and Management shall issue warrants to pay one-twelfth of this appropriation to the Vermont State Colleges on or about the 15th day of each calendar month of the year.

(b) Funding for the Vermont State Colleges shall be provided from the Education Fund notwithstanding 16 V.S.A. § 4025(b).

(1) Of this appropriation, \$427,898 shall be transferred to the Vermont Manufacturing Extension Center for the purpose of complying with State matching fund requirements necessary for the receipt of available federal or private funds, or both.

(2) Of this appropriation, \$4,000,000 shall be used to make access to college more affordable for Vermonter and to continue building Vermont's workforce.

EXPLANATION: Mostly standard language for the Vermont State Colleges. Part (b) – new – allows VSC to receive funding from the education fund and part (b)(1) – new – adds an additional \$4M VSC.

Sec. E.602.0.1 ANNUAL APPROPRIATION INCREASE FOR THE VERMONT STATE COLLEGES; REPORT

(a) Beginning in fiscal year 2019, the General Assembly shall annually increase the appropriation for the Vermont State Colleges by the mean of the prior six years of nominal average wage growth in Vermont.

(b) In order to receive this annual increase the Vermont State Colleges shall:

(1) hold student tuition increase at or below the mean of the prior six years of nominal average wage growth in Vermont in fiscal years, 2019, 2020 and 2021;

(2) establish the following performance indicators throughout the Vermont State College System:

(A) increase the number of Vermonters earning credentials of value;

(B) improve on-time degree completion; and

(C) increase the number of first generation Vermont college graduates.

(D) The Vermont State Colleges shall distribute these funds to each state college using a formula based on the performance indicators lists above.

(3) continue to drive efficiency efforts to reduce operating expenses and grow its student population.

(c) The Chancellor of the Vermont State Colleges shall provide report to the General Assembly on or before January 15th of each year. The report shall include:

(1) the current financial performance and outlook for the Colleges;

(2) details on how degree and nondegree programs that align with high-wage, high-growth jobs in Vermont for the decade ahead.

EXPLANATION: This language outlines the annual increase for the Vermont State Colleges and the reporting requirements to continue receiving the appropriation.

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Sec. E.605 Vermont student assistance corporation

(a) Funding for the Vermont student assistance corporation shall be provided from the Education fund notwithstanding 16 V.S.A. § 4025(b).

(b) Of this appropriation, \$25,000 is appropriated from the Education Fund to the Vermont Student Assistance Corporation to be deposited into the Trust Fund established in 16 V.S.A. § 2845.

(c) Of this appropriation, \$1,000,000 shall be used to fund the Vermont Student Assistance Corporation non-degree program.

(d) Of the appropriated amount remaining after accounting for subsections (b), (c) and (f) of this section, not less than 93 percent of this appropriation shall be used for direct student aid.

(e) Funds available to the Vermont Student Assistance Corporation pursuant to Sec. E.215(a) of this act shall be used for the purposes of 16 V.S.A. § 2856. Any unexpended funds from this allocation shall carry forward for this purpose.

(f) Of this appropriation, not more than \$200,000 may be used by the Vermont Student Assistance Corporation for a student aspirational pilot initiative to serve one or more high schools.

(g) The Vermont Student Assistance Corporation shall conduct a review of the Non-Degree Grant program utilizing the Results Based Accountability approach. This review shall be submitted to the House and Senate Committees on Appropriations as part of the Vermont Student Assistance Corporation fiscal year 2019 budget submission.

EXPLANATION: Standard language for VSAC. (a) allows VSAC to use education funds; (b) of this section is an appropriation to a trust fund that provides annual grant support to students attending VSC, UVM or a VT independent college that do not have parental support. (c) directs additional \$1M appropriation to the non-degree grant program.

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* * * COMMERCE AND COMMUNITY DEVELOPMENT * * *

Sec. E.804 Community development block grants

(a) Community Development Block Grants shall carry forward until expended.

EXPLANATION: This language allows grant funds received in FY 2018 to be carried forward until grants are fully expended. Same as 2016 Act 172 Sec. E.804.