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Susanne R. Young, Secretary

TO: Representative Kitty Toll, Chair, House Appropriations Committee
FROM: Susanne Young, Secretary of Administration
DATE: Monday, September 21, 2020
RE: Policy Observations on H.969, *An act relating to making appropriations for the support of government* – as passed by the Senate

The Administration has reviewed the Senate’s work on H.969, *An act relating to making appropriations for the support of government*. The Administration appreciates and supports the several amendments in the Senate proposal, particularly the funding of public safety mental health workers through the Department of Public Safety and the supplemental Unemployment Insurance benefit as requested at the Joint Fiscal Committee on August 24, 2020. This latter initiative directs \$17 million to supplement the income of up to 40,000 unemployed Vermonters.

The Administration recognizes the challenges of constructing a full fiscal year budget in a compressed time frame, especially given the Legislature’s responsibility to appropriate Coronavirus Relief Funds while facing ongoing uncertainty about both the course of the pandemic and also whether there will be future Congressional action. The following recommendations are offered in the spirit of making a good bill even better.

Economic Development

Supporting our businesses during this economic downturn is of paramount importance. The Governor’s budget added \$73 million to the grant programs that are directed at those businesses and organizations most affected by the pandemic. The House increased this amount to \$88 million but the Senate reduced it to \$61.7 million with an additional \$15 million in funding contingent on whether future Joint Fiscal Committee-approved spending is either unexpended or reimbursed. This money is needed now, and the contingent funding creates an on-again, off again granting mechanism that is confusing for recipients and challenging for our agencies to manage.

The Governor also requested to increase the downtown and village center tax credit by \$1.3 million. The House increased the credit by \$400,000 to bring the total annual credit up to \$3 million. The Senate budget removed this increase. This July, even during COVID-19, the Downtown Board received a record breaking 52 applications (up 21% from last year) requesting over \$5 million in funding. The board was able to fund 30 requests supporting \$160 million in investments in the long-term vitality of our downtowns and village centers. Unfortunately, \$2 million in requests went unfunded. The types of projects funded range from village stores to



small scale rental housing rehabs to multi-million-dollar downtown redevelopments. This is a vital component of the state's economic development strategy and the Administration urges the Legislature to provide more funding.

Australian Ballots

The Governor believes the decision should be made now to mail ballots to ensure all eligible voters can safely vote on local matters. He included \$2 million to cover the cost of mailed ballots should Congress provide additional flexibility to spend Coronavirus Relief Fund (CRF) money after December. The House passed language does not require the mailing, but instead leaves the decision to apply the Australian ballot system in the hands of local school boards. The Senate moved the language to another bill (S.354, section 8) with no appropriation. Vermont experienced the benefit of many citizens receiving mailed ballots during Vermont's primary and achieved record turnout. There is still great uncertainty around the COVID-19 virus and the availability of a vaccine in the near term.

Committee Room Space

The Administration has worked closely with the Sergeant at Arms and the Joint Fiscal Office to identify meeting space in the capitol complex and elsewhere large enough to accommodate in-person legislative committee work with physical distancing for the first year of the 2021/22 legislative biennium. The Senate language clarifies the intent of these provisions is to provide safe meeting spaces during the pandemic, but the language still extends exclusive use of the space beyond the first half of the biennium. The Administration requests a return to the collaborative framework that was in progress through late summer and, if advisable, a deadline for a plan to be presented to legislative leaders that allows for further definition of the specific needs of the Legislature and better estimates the fit-up costs and the fee for space – the latter for the assigned space is estimated at approximately \$590,000 from September 18, 2020 through June 30, 2021.

Joint Fiscal Committee Priorities for Allocation of Unexpendable or Unencumbered CRF Money

When evaluating proposals from the Commissioner of Finance and Management regarding CRF money, the budget language instructs the Joint Fiscal Committee to consider federal guidelines, timeliness and proposed uses, which include the greatest need at the time of the proposal. However, if Congress broadens CRF allowable uses, the Joint Fiscal Committee is required to prioritize revenue replacement for State and local government and ongoing state liabilities. There is no direct mention of economic recovery and we request Section B. 1108(b)(3)(C)(ii) be amended to include economic recovery as a prioritized use should Congress expand eligible CRF uses to include revenue replacement.

Mental Health Crisis; Data Collection

The Senate amended section E.314.2 and assigned the Director of Racial Equity the primary responsibility to examine data collection strategies by the Departments of Mental Health and Public Safety and to develop subsequent recommendations and reporting. Because the Director



has a statewide responsibility to work to identify systemic racism and to guide and consult with all agencies and departments in their work, the Director's role in this section should be more in keeping with that role and be "in consultation" with the departments and the Mental Health Crisis Response Committee with primary responsibility for the research and reporting with the departments.

Woodside and the Department of Corrections

The Agency of Human Services agrees with the direction of the Senate-passed version of H.969 as it relates to Woodside. However, additional language is required to allow the facility's site to be repurposed and to clarify that the Woodside facility will no longer operate after October 2020. This is consistent with discussions with House Corrections and Institutions and Senate Institutions about future use of the Woodside site as the preferred location for the Middlesex Physically Secure Residential Recovery Facility replacement authorized in Act 49 of 2019. Additionally, AHS requests the reporting dates to the committees of jurisdiction about the long-term plan be moved up to November 1 to expedite the anticipated work with an outside provider. AHS has shared amended language with committee members and is available to work with the Legislature to plot a course forward for Woodside and its current site.

AHS is also concerned the language in section E.335.1 (Justice Reinvestment of End of Year Funds) prohibits the transfer of unspent funds in the Out-Of-State appropriation that may be needed at year-end to offset deficits in the Correctional Services appropriation. This language has historically been included to allow AHS and DOC the flexibility to facilitate the year-end closeout process. In addition, if these one-time funds are used for ongoing base community services programs, it will create an ongoing funding need.

Conclusion

The Administration looks forward to working with both Appropriations Committees in the final days of the 2019-2020 biennium to meet the challenge of the COVID pandemic in a fiscally responsible manner that provides for the needs of Vermonters and anticipates the fiscal difficulties that await us in FY 2022.

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CC: Senator Tim Ashe, Senate President Pro Tempore
Senator Ann Cummings, Chair, Senate Committee on Finance
Senator Jane Kitchel, Chair, Senate Committee on Appropriations
Representative Mitzi Johnson, Speaker, House of Representatives
Representative Janet Ancel, Chair, House Committee on Ways and Means
Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office
Stephanie Barrett, Joint Fiscal Office
Adam Greshin, Commissioner, Department of Finance and Management
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