



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

REP. MICHAEL MARCOTTE, CHAIR  
REP. JEAN O'SULLIVAN, VICE CHAIR  
REP. CHARLES KIMBELL, RANKING MEMBER  
REP. EMILIE KORNHEISER, CLERK  
REP. ROBERT BANCROFT  
REP. JAMES CARROLL  
REP. EILEEN DICKINSON  
REP. MATTHEW HILL  
REP. STEPHANIE JEROME  
REP. ZACHARIAH RALPH  
REP. TRISTAN TOLENO

**MEMORANDUM**

To: Rep. Kitty Toll, Chair, House Committee on Appropriations

From: Rep. Michael Marcotte, Chair, House Committee on Commerce and Economic Development

Date: February 26, 2019

Subject: Review of Governor's Proposed FY 2020 State 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 2020 Budget that fall under the policy jurisdiction of this Committee. In response to your request, the Committee reviewed the administration's proposals and ranked each as high, medium, or low priority. In some cases the Committee also crafted further comments or recommendations concerning the funding proposal or the associated program.

The Committee respectfully submits the following concerning the relevant sections:

***Sec. B.1100. NEXT GENERATION; APPROPRIATIONS AND TRANSFERS***  
***Sec. D.101. FUND TRANSFERS, REVERSIONS, AND RESERVES***

In general the Committee supports the proposed appropriation from the General Fund to the Next Generation Initiative Fund in Sec. D.101<sup>1</sup> and the subsequent appropriations from the Next Generation Initiative Fund. The Committee notes that it is working on a workforce development bill that will not necessarily impact proposed NextGen funding allocations, but will further develop, refine, and complement the programs and services relating to workforce development.

---

<sup>1</sup> The Committee notes a \$90.00 discrepancy between the amounts transferred in Sec. D.101 and Sec. B.1100.

***(a)(1)(A). Workforce Education and Training Fund; Vermont Internship Program (\$350,000) – High Priority***

The Committee supports the proposal in the amount specified and ranks it as a high priority.

***(a)(1)(B). Adult Career Technical Education Programs (\$400,000) – High Priority***

The Committee supports the proposal in the amount specified and ranks it as a high priority.

***(a)(1)(C). Vermont Returnship Program (\$100,000) – Low Priority***

The Committee supports the proposal when reduced to \$87,000. However, the Committee ranks funding for returnships as a low priority because the Committee did not receive sufficient information to assess the results achieved with funds appropriated in fiscal year 2019.

As specified below, the Committee recommends re-allocating \$13,000 of this proposed funding to the Vermont Student Assistance Corporation to provide additional need-based stipends to students in dual enrollment or early college pursuant to Sec. E.605.1<sup>2</sup>.

***(a)(1)(D). Workforce Education and Training; Inmates (\$75,000) – Medium Priority***

The Committee supports the proposal in the amount specified, but a majority of the Committee rank this proposal as a medium priority. If these funds are appropriated, the Committee expects to receive specific performance data on program outcomes, as well as evidence of how the programs funded fit within the workforce development system.

***(a)(1)(E). Demand-Driven Training Programs (\$277,310) – High Priority***

The Committee supports the proposal in the amount specified and ranks funding for demand-driven training as a high priority.

The Committee offers two comments on this provision. First, among the potential recipients for funding, priority should be given to training providers who can use the funding to build capacity for future training. Second, all training should enhance trainee skills and wages and should lead to an industry-recognized credential whenever possible.

---

<sup>2</sup> The proposed language appears to include two sections that are E.605.1.

***(a)(2)(A). Large animal veterinarians' loan repayment (\$30,000) – Medium Priority***

The Committee supports the proposal in the amount specified and ranks funding for loan repayment program as a medium priority.

***(a)(3)(A). Non-degree VSAC grants (\$564,000);  
Sec. E.605.1. VSAC NON-DEGREE PROGRAM (\$1,000,000) – High Priority***

The Committee supports funding for the VSAC non-degree grants specified in Sec. B.1100(a)(3)(A) and in Sec. E.605.1, and ranks this funding as a high priority, subject to the following:

- The Committee recommends maintaining the FY 2019 base funding amount of \$494,000 and re-allocating the increase of \$70,000 to the Department of Labor for an apprenticeship program targeting incarcerated women. The Committee will refine the operative program language in its workforce development bill.
- The Committee recommends increasing the proposed maximum amount of a grant from \$2,500 to \$3,000, per VSAC's request.
- The Committee is exploring a change to the name of the nondegree grant program in another bill.
- The Committee recommends that VSAC focus its awards when possible on workforce sectors with high demand based on relevant labor market information.
- The Committee requests that VSAC collect and report data on the unmet demand for grant funding and the sectors in which demand exists.

***(a)(3)(B). National Guard Educational Assistance (\$150,000);  
Sec. E.215. MILITARY – ADMINISTRATION (\$1,276,718) – High Priority***

The Committee supports total funding of \$1,426,718 for the National Guard Tuition Benefit Program as specified in Secs. B.1100(a)(3)(B) and E.215 and ranks this funding as a high priority. The Committee notes that the data and testimony presented by the National Guard were very helpful and demonstrated clearly the results of the investment made in fiscal year 2019.

***(a)(3)(C). Dual enrollment programs and need-based stipends (\$36,000);  
Sec. E.605.1. NEED-BASED STIPEND FOR DUAL ENROLLMENT AND EARLY COLLEGE STUDENTS (\$72,000 total; \$36,000 from NextGen Fund and \$36,000 from flexible pathways fund) – High Priority***

The Committee supports the proposed total funding of \$72,000 for need-based stipends and ranks this funding as a high priority. Additionally, as specified above, the Committee recommends that \$13,000 of Next Generation Initiative Funds be re-allocated from the Vermont Returnship Program to VSAC to provide additional funding for need-based stipends.

***(a)(3)(D). Entrepreneur Grants (\$200,000) – High Priority***

The Committee supports the proposed funding of \$100,000 for the UVM Innovations Program and ranks this funding as a high priority. The Committee notes its appreciation for the additional information offered concerning outcomes from the FY 2019 funding and requests that going forward the proponents submit data from a five-year period to demonstrate the performance and outcomes of the program.

The Committee also supports the proposed funding of \$100,000 for the Vermont Center for Emerging Technologies to support entrepreneurs and ranks this funding as a high priority. The Committee notes its appreciation for the information offered concerning outcomes from the FY 2019 funding and requests information for next year to help better understand the benefits of this funding for areas outside of Chittenden County.

***Sec. B.1100.1. DEPARTMENT OF LABOR RECOMMENDATION FOR FY 2021 NEXT GENERATION FUND DISTRIBUTION***

The Committee supports the consensus mechanism for recommending the distribution of Next Generation funds. However, the Committee recommends that the Board be engaged, and the recommendation be developed, not later than November 1, 2019. This timeline will ensure meaningful opportunity for the Board to engage with the administration in advance of the budgeting process and provide applicants with sufficient time to respond to requests for funding proposals.

***Sec. B.1101. FISCAL YEAR 2020 ONE-TIME AND NEW GENERAL FUND APPROPRIATIONS***

***(c)–(d) Recruitment and Relocation; ACCD (\$2,000,000); DOL (\$500,000)***

The Committee generally supports the proposal to provide the Agency of Commerce and Community Development with continued funding for economic development marketing (\$250,000) and ranks this funding as a high priority. However, the Committee has not received sufficient testimony to vet the administration's recruitment and relocation services proposals and takes no position on these provisions at this time. The Committee anticipates receiving an economic development bill from the Senate and will assess the administration and Senate proposals concerning recruitment after crossover.

***Sec. C.100. FISCAL YEAR 2019 ONE-TIME GENERAL FUND APPROPRIATIONS***

***(b) Vermont State Colleges; VTC Pilot Program (\$200,000) – High Priority***

The Committee supports the proposed funding in the amount and for the purpose specified and ranks this funding as a high priority. The proposal is consistent with the Committee's vision for enhancing workforce education and training opportunities, which the Committee will address in its workforce development bill.

**Broadband Provisions – High Priority**

***Sec. C.100(c) ACCD; VEDA; Broadband Expansion Loan Program (\$540,000);  
Sec. C.104(a)(5); General Fund transfer to Connectivity Fund (\$955,000);  
Sec. C.104(a)(6); General Fund transfer to ThinkVermont Innovation Fund;  
Sec. C.104.1; Creation of ThinkVermont Innovation Fund;  
Sec. C.106-C.107; Transfer of Moral Obligation Authority from VTA to VEDA***

The Committee supports the above-referenced provisions relating to broadband expansion and ranks support for broadband expansion as a high priority.

With respect to the proposed Broadband Expansion Loan Program, the Committee notes its strong support for VEDA and the administration's efforts to creatively address the challenges arising from expanding broadband access to under-served areas of the State. The Committee notes that VEDA is appropriately cautious about the prospects of this program, and the Committee shares its caution. However, the Committee also recognizes the importance of broadband connectivity and the need for innovative approaches to the problem.

With respect to both the proposed Broadband Expansion Loan Program and the proposed funding for municipal broadband projects supported through the Connectivity Fund and the ThinkVermont Innovation Fund, the Committee wishes to stress that any projects that benefit from State funding should target the funding to adopt the best available technology and achieve the best available broadband service levels. Further, the Committee wants to ensure that the stakeholders and beneficiaries of these State investments annually report their progress to the General Assembly.

***Sec. E.224. AGRICULTURE, FOOD AND MARKETS; WORKING LANDS  
ENTERPRISE BOARD (\$594,000) – High Priority***

The Committee supports the proposed funding in the amount specified and ranks this funding as a high priority.

***Sec. E.602.1. VERMONT STATE COLLEGES TUITION (\$3,000,000)***

The Committee supports the proposed funding in the amount specified.

The Committee recognizes the importance of State funding for the Vermont State Colleges and also recognizes the significant role the Colleges play in educating Vermonters and serving as a major pipeline of the workforce. The Committee heard testimony concerning the Colleges' request to increase State support over a period of years to increase the share of funding from the current 17 percent.

With respect to that request, the Committee recommends the creation of a working group comprising the State Colleges and the House Committees on Commerce and Economic Development, Education, and Appropriations to develop specific performance measures and outcomes for increased funding.

**Other Funding Proposals**

***VOREC (\$100,000) – High Priority***

The Committee supports funding for this program in the amount specified and ranks it as a high priority. The Committee notes that the program does not yet have sufficient operating history for performance data but anticipates receiving such data after FY 2019 grants are awarded in the coming weeks. The Committee recommends that the Department of Forests, Parks and Recreation continue to assess whether to require grant recipients to secure matching funding, or at minimum, to give priority to proposals with matching funds.

***Rutland CTE Robotics Program (\$50,020) – High Priority***

The Committee supports this proposal in the amount specified and ranks it as a high priority. The Committee recommends that the Community College of Vermont take steps to ensure the portability of this training opportunity to the greatest extent possible.

**Conclusion**

Thank you again for the opportunity to review the administration's budget proposals and provide feedback to the Committee on Appropriations. The Committee on Commerce and Economic Development wishes to recognize the significant efforts of the administration and stakeholders to advance workforce development, economic development, and education and training efforts in our State. In addition to the programs and initiatives addressed in the administration's recommended budget, the Committee wishes to generally stress its strong support of any efforts that will improve access to early care and education, after school programs, and affordable housing, which represent significant barriers for Vermont's workforce. Likewise, the Committee stresses its strong support for any efforts to increase access to workforce education and training, apprenticeships, and adult career and technical education.