

Theresa Utton-Jerman

Subject: Joint meeting of House & Senate Appropriations Committees re Budget
Attachments: RDC Legislative Priorities-1-31-2022.pdf; RDCs-What Are-with map 1-19-2022.pdf

From: Fred Kenney
Sent: Tuesday, February 8, 2022 12:27 PM
Subject: Joint meeting of House & Senate Appropriations Committees re Budget

Members of the House & Senate Appropriations Committees:

Thank you for taking testimony and comments regarding the Governor's FY23 budget request.

Below are some points submitted on behalf of the Regional Development Corporations of Vermont regarding the FY23 budget request.

We have also attached our 2022 Legislative Priorities and a document that provides a description of the RDCs and a map of our service areas, for your information.

Comments on FY23 Budget:

- Sec. B800: **New and Remote Worker Grant Programs** The RDCs of Vermont support making this program permanent and adding \$1 million per year to the DED base budget.
- Sec.B1100(a)(11)(A): **Brownfields Funding:** The RDCs of Vermont strongly support additional state funding for assessment and mitigation of brownfields. The need is great and state funding provides flexible resources to prepare sites for economic development. We respectfully request that you consider an appropriation of \$10 million for this purpose in FY23 (vs \$6 million as requested by the Governor).
- Sec.B1100(a)(11)(B): **Regional Recruitment and Relocation Network:** The RDCs of Vermont strongly support this request to provide \$8.46 million over three years to improve the brand awareness of Vermont as a place to work and live and build capacity at the regional level to support recruitment, relocation, and retention of new Vermonters.
- Sec.B1100(a)(11)(D): **EDA State Match for Good Jobs Challenge:** The RDCs of Vermont will be involved in the ACCD application to the EDA for the Good Jobs Challenge, providing a key element to improve the workforce development system and increase participation in the labor force. We are proposing funding for the RDCs to create Regional Workforce Network Coordinator positions. Therefore, the RDCs strongly support the request to provide state match funds for the EDA GJC application.
- Sec. XX ARPA Appropriations: Economy, Workforce, and Communities:
 - o (a)(1): **Grand List Enhancement Program:** The RDCs of VT support the request to create and fund, at \$30 million, a program to facilitate development and redevelopment of commercial, or multi-unit residential sites in disadvantaged communities.
 - o (a)(2): **Capital Investment Grant Program:** The RDCs of VT support the request for additional funding for transformation capital investments b the private sector. The program was very oversubscribed in FY22.
 - o (a)(3): **Recovery Forgivable Loan Program:** The RDCs of VT support the creation of a forgivable loan program to support businesses impacted by COVID.
 - o (a)(1-4) **Housing:** The RDCs of VT support these requests to fund housing programs, especially \$10 million to establish a Missing Middle Income Home Ownership Development pilot.
 - o (a) **Broadband:** The RDCs strongly support additional state funding to advance the buildout of high-speed broadband to underserved areas.

Thank you for your great work on the annual budget and continued support of Vermont and Vermonters!

Best,

Fred

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2022 LEGISLATIVE SESSION RDCs of VT Priorities

The Regional Development Corporations of Vermont have been at the forefront supporting businesses navigating these unprecedented times. A clear lesson is that businesses will innovate and adapt to survive. The degree to which we support their efforts, by providing the tools they need and avoiding additional burdens, will largely determine how our economy recovers in the coming years. The RDC's have identified specific areas where we feel the State and their partners can effectively provide support that will accelerate growth and drive innovation.

1. Funding Priorities for a Recovering Economy:

Workforce Recruitment and Development: The availability of a robust and skilled workforce to fill existing and future employment vacancies remains a challenge and an ongoing impediment to economic resiliency and growth in Vermont. Training alone will not make the difference. We need to bring more potential workers to Vermont and develop creative solutions to re-engage those who have chosen to, or are forced to, disengage from the workforce. The RDCs encourage state investment in a regionally managed workforce system through an increase in the RDC annual grants to fund workforce coordinators in each region to coordinate employer needs with training and wrap-around service providers and lead regional relocation efforts, immigration and refugee resettlement, Pipeline & Pathways programs, and Stay-to-Stay and Welcome Wagon programs.

RDC Base Funding: The RDCs of Vermont are extremely grateful to the General Assembly and the Administration for the state grants that partially support our operations. We also appreciate the NBRC funding added to our grants in FY22 to support creation of regional priority project lists. However, the base state grants to RDCs have remained level for almost 10 years while demand for services at the regional level has substantially increased and we are being asked to take on additional responsibilities. The RDCs respectfully request that the base funding for the RDC grants be increased from \$108,508 to \$200,000 per RDC per year by FY25. The proposal would increase total funding to the RDCs, through the ACCD budget, from \$1,302,096 in FY22 to \$2,400,000 in FY25.

Workforce Housing: Housing continues to be a critical need for Vermont's workforce, imposing another barrier to the recruitment of families and workers to Vermont. Workforce housing development for our teachers, manufacturing, healthcare, and other workers continues to lag behind demand. Funding should be increased for the development of affordable workforce housing (in addition to subsidized housing) and for innovative programs such as Financial Institution-Business partnerships that provide down payment assistance to workers. Also, Act 250 requirements should be relaxed or waived for workforce housing planned for state designated areas through changes such as the municipal pre-approval provisions suggested in H.278.

Childcare/Early Childhood Education: Safe, reliable childcare and education must continue to be a priority for policy makers. The ability of business to maintain a workforce relies on available, accessible, and affordable early childhood education and childcare programs. This is also a key investment in the future generation of Vermonters and economic growth. The RDCs of Vermont support the [2022 Let's Grow Kids policy agenda](#).

2. Priorities for Business Resilience and Growth:

Extend and Increase the New Relocating Worker Program: The Relocating Worker Program is the only program Vermont offers to attract new workers to Vermont. The RDCs of Vermont support extending this program and adding funds to it in the next budget. Also, make the program more flexible by eliminating the use of a static occupational list to determine eligibility.

Enact Changes to Direct lending Program Requested BY VEDA: VEDA has suggested several productive changes to the Subchapter 5 lending program, including increasing the maximum loan size and expanding the eligibility criteria. These changes will assist with COVID-19 recovery and rebuilding and contribute to overall economic growth. The RDCs strongly recommend approval of these changes that will expand our economic development toolbox.

Remove the Tax on Military Pensions: The RDCs support the termination of the tax on military pensions. This measure would assist businesses to retain and recruit the critical military retiree demographic in the workforce.

Reduce Tax Complexity for Manufacturing Inputs: The RDCs support expanding the sales and use tax exemption for manufacturing machinery and equipment to exempt equipment that is part of an integrated production process, as proposed by H.437.

Add funding to and Amend the Capital Investment Program: The RDCs were pleased that the General Assembly funded one round of the CIP at \$10.5 million. The first round was very oversubscribed, and some great projects will not get funded. We request that another \$30 million be allocated in FY23 and that the cost-benefit modeling be converted to one of the factors in the grant decision process instead of the net revenue benefit being used as the grant amount determinant.

Extend the Energy Savings Account program: The program expires at the end of fiscal 2022. The RDCs of VT recommend that this program be extended or made permanent. This pilot has proven to be highly effective, reducing the cost of energy efficiency projects for major employers. The businesses involved see a quicker payback on energy investments through this program and the State experiences accelerated carbon reduction. The pilot pointed out some adjustments that need to be made including more flexible deadline (primarily due to supply chain disruptions) and the possibility of developing a “credit” account so that investments can be made ahead of the accumulation of power charges.

Project-based TIF: Many smaller municipalities have single development/redevelopment projects that could benefit from the Tax Increment Financing model, but they do not have the staff capacity, nor do they need to establish a TIF District that encompasses an entire state designated area. Project-based TIF allows smaller communities to accomplish important, transitional economic and community development projects that add incremental property tax revenue and new jobs. The RDCs encourage the enactment of the Project-based TIF concept.

Vermont Employment Growth Incentive (VEGI): The VEGI program is one of the few business and employment growth incentive programs Vermont offers. The RDC's of Vermont encourage thoughtful consideration of statutory changes to improve program transparency and appropriate access to program data and information, while protecting the integrity of the program and proprietary business information. This could include incorporating information into the VEPC Annual Report that provides detail on the incentive amounts paid to a company that met program targets. The RDCs also recommend decoupling the VEGI Wage Threshold from the state's Minimum Wage and choosing a different metric for the program wage requirement, such as the wage requirement used for the Vermont Training Program.



WHAT ARE RDCS AND WHAT DO THEY DO?

- There are 12 regional development corporations (RDCs) throughout VT, each covering regions that approximate a county or more (See map on reverse).
- The RDCs are independent non-profit corporations. They were started by local individuals for different reasons at different times and developed organically to address unique economic development circumstances in each region.
- In 2017, the RDCs became eligible to receive State performance grants through the Agency of Commerce (24 VSA, Chapter 76, Sections 2781-2787). Under the grant agreements, the RDCs serve as the coordinators of economic and community development in each region – sort of the eyes and ears, hands and feet on the ground to implement state and regional economic and community development goals.
- Each RDC delivers basic business, economic and community development services including:
 - Business development and recruitment;
 - Direct one-on-one assistance to businesses of all types and sizes;
 - Project development, including relocation and expansion resources;
 - Business education and training;
 - Business and project consulting, mentoring, and referrals to programs and services;
 - Collaboration and coordination with local, regional, state, and federal partners to advance broad economic and community development goals such as workforce development, workforce housing, childcare, and broadband.
- Some RDCs also offer other services such as property ownership/management and operation of revolving loan funds.
- The RDCs are regional one-stop shops for economic development and business services. In addition to RDC staff, other business services such as the Small Business Development Ctr, Vt Manufacturing Extension Ctr, and Procurement Technical Assistance Ctr are often co-located with the RDCs.
- As an association, the RDCs of Vermont often collaborate to implement state policy or deliver state services at the regional level. Recent examples include the 2018 and 2019 regional workforce development summits and the delivery of technical assistance to over 400 small businesses through the RDC's Restart Vermont Technical Assistance program.

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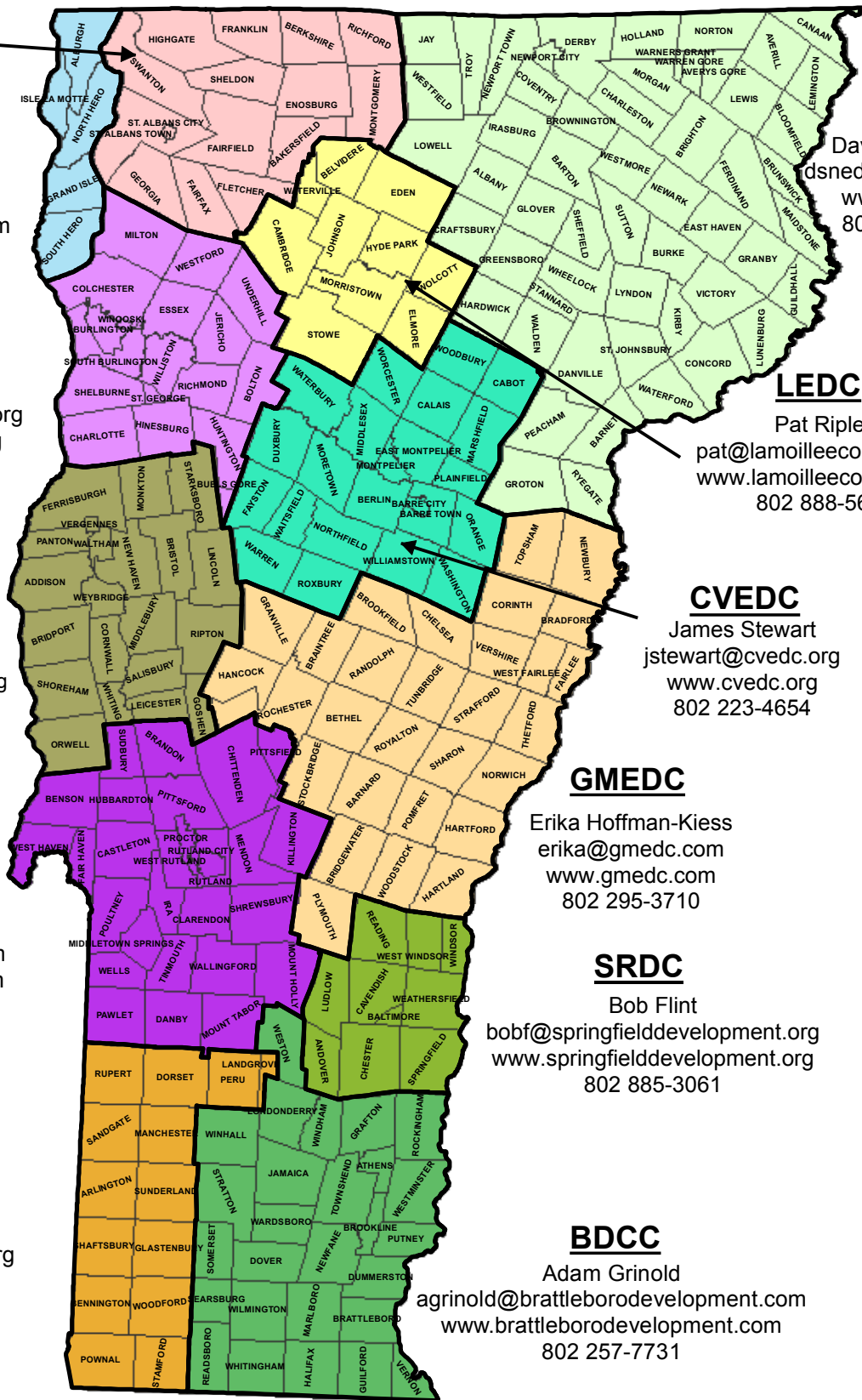
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