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Honorable Jane Kitchel  
Chair, Senate Committee on Appropriations

Vermont State House  
109 State Street  
Montpelier, VT 05602

Dear Senator Kitchel:

I write concerning H.315 - *An act relating to COVID-19 relief* – which passed your committee yesterday. H.315 began as a relatively small, targeted COVID relief bill, meant as a timely response to pressing needs where the Administration and the Legislature were largely in agreement, such as providing more immediate relief to struggling businesses as we emerge from a one-year pandemic. It came to your committee with \$62 million of appropriations, \$23 million of which the Governor had proposed in his FY22 budget. We were pleased the House chose to accelerate passage of a few of the Governor’s proposed initiatives that would help our state emerge stronger from the pandemic, and we thought the other initiatives in the bill were worth consideration.

As previously discussed, the Administration’s primary concern with the bill was that it took no action to address the totality of our pension liabilities, instead deferring action to late May. We are disappointed to see the Senate did not further address this issue and has left the language unchanged.

The appropriation of anticipated funds from the *American Rescue Plan Act* signed into law less than a week ago, without the detailed guidance we know to expect from administering federal agencies, and before we have even received the appropriation, was unexpected. The Senate’s appropriation of almost \$70 million of American Rescue Plan funds, \$62.8 million of which is



from the state's only known discretionary fund found in the section relating to state and local fiscal recovery effective upon passage, is premature.

The American Rescue Plan is expected to provide \$2.7 billion dollars in state aid. This is the third major piece of federal legislation that provides emergency, individual and economic relief to the State and local governments, businesses and institutions, nonprofits and individual Vermonters. The Rescue Plan brings the total federal relief to Vermont to approximately \$7.5 billion since the first month of the pandemic. Much like the CARES Act from 2020, the American Rescue Plan is a package of aid—some of it is appropriated to federal agencies to administer and some of it to State and local governments to administer. There are many details we do not yet have with respect to implementation of many initiatives in the bill. We await additional plan details and federal guidance and rules that will apply to a number of the programs funded in the Plan.

What we do know is that there is great opportunity for continued and far-reaching economic recovery contained in the section of the Plan that appropriates \$1.36 billion directly to state and local governments for eligible uses. This subsection of the American Rescue Plan, subtitle M entitled “Coronavirus State and Local Fiscal Recovery Funds” is similar in some respects to the relief provided in the CARES Act last year that created the \$1.25 billion dollar Coronavirus Relief Fund (CRF). There are some significant differences, however, between this bill and the CRF that compel the writing of this letter.

First, the appropriation includes a carve-out of direct aid for cities, towns and villages. The State will also receive over one billion dollars to spend on eligible uses. The eligible uses in the American Rescue Plan, while including the familiar uses allowed by the CRF, added additional eligible uses including revenue replacement for losses due to Covid and “necessary investments in water, sewer or broadband infrastructure.” Both the State and the local governments will operate under the same guidelines, which could provide for future partnerships and coordination in the future. The expectation is that all but \$113 million of the State aid will be delivered to the State in either one or two tranches. The Secretary of the U.S. Treasury has the discretion to send the State its share either all at once, or with some amount held back for at least a year. We do not know yet what the decision will be for Vermont or when it will be made.

Another key difference from the CRF money is that we have *nearly 4 years* from March 3, 2021 to expend the State fiscal recovery funds – we have until December 31, 2024. This means that, with the exception for emergency and immediate needs to respond to the pandemic and its economic impacts, there is time for state and local governments to thoughtfully plan around the best uses of what we hope will be the bulk of this money... pandemic permitting. Other funding sources are available, however, right now – General Fund and Coronavirus Relief Fund.

The Administration was not privy to a comprehensive draft of the Senate Appropriations Committee version of H. 315 until yesterday although we are aware individual pieces were discussed informally with various agencies and departments. We continue to examine the bill's details and will correspond with the House in greater detail upon Senate passage.



I believe there is wide agreement that the American Rescue Plan offers a unique opportunity to make transformative investments in our state. The Administration looks forward to developing a recovery strategy with the Legislature, in concert with local governments and the input of Vermonters, but unfortunately that thoughtful and comprehensive work will not fall neatly within the normal legislative session. We believe, however, that we can work together on a framework in the weeks ahead to achieve our many shared goals, such as broadband investments, community revitalization, and clean water infrastructure.

Thank you to the Committee for its ongoing work in support of Vermonters during the pandemic.

Sincerely,

Susanne Young  
Secretary

**Cc:** Senator Rebecca Balint, Senate President Pro Tempore  
Representative Jill Krowinski, Speaker, House of Representatives  
Senator Ann Cummings, Chair, Senate Committee on Finance  
Representative Mary Hooper, Chair, House Committee on Appropriations  
Representative Janet Ancel, Chair, House Committee on Ways and Means  
Beth Pearce, State Treasurer  
Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office  
Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office  
Adam Greshin, Commissioner, Department of Finance and Management  
Governor's Cabinet