



STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON ENERGY AND
TECHNOLOGY

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MEMORANDUM

To: Representative Mary Hooper, Chair, House Appropriations Committee
From: Representative Tim Briglin, Chair, House Energy & Technology Committee
Date: February 19, 2021
Subject: Provision in the Governor's Proposed FY'22 State Budget

The House Energy & Technology Committee has reviewed four specific areas of the Governor's proposed FY'22 State Budget. Given the scale of the funding requests and the time available, we focused our efforts on the most significant budget requests in this area. Our recommendations are as follows:

Sec. B.1100 FISCAL YEAR 2022 ONE-TIME GENERAL FUND APPROPRIATIONS

(a) In fiscal year 2022, funds are appropriated from the General Fund for new and ongoing initiatives as follows:

(2)(C) \$16,000,000 to the Agency of Administration to distribute to the Vermont Housing Financing Agency (VHFA) for its Vermont Weatherization Agency for Rapid Mobilization and Savings (VtWARMS).

Committee recommendation:

This new \$16 million program is for promoting, incentivizing, and financing home weatherization for Vermonters at incomes above the eligibility for the low-income weatherization program.

The Committee supports greater incentives and participation in home weatherization. These funds would provide seed funding to the VHFA to develop more effective weatherization financing options, though this program would need to be developed before funding home weatherization. Historically, providing loans to encourage weatherization has had little positive effect.

The Committee also took testimony from EfficiencyVT which the legislature enabled two years ago in Act 62 to develop weatherization programs. With those programs now developed, EfficiencyVT could play a leading role with this program.

The VT Senate is working on weatherization legislation aiming to direct more resources into home weatherization. There is total of \$25 million of one-time funding proposed for weatherization in the Administration's requests, to be appropriated to three entities for different programs. The Committee also wishes to express our strong support for the two other proposals: funding available to municipalities for energy efficiency measures and additional funding for the existing low-income weatherization program.

Sec. B.1101 FISCAL YEAR 2022 ONE-TIME SPECIAL FUND APPROPRIATIONS

(a) The following appropriations are made from the funds specified:

(3) \$10,000,000 from the Clean Energy Development Fund (21991) to the Public Service Department to create an Affordable Community Clean Energy Program.

Committee recommendation:

There is a \$10 million appropriation to the Department of Public Service to be transferred to the Clean Energy Development Fund for the purpose of assisting consumers to share in renewable energy projects, including battery storage of energy.

The Committee supports this appropriation, but given that the program will reach only around 1500 households, we believe the plan needs to be better refined, including a plan for how to equitably decide which lower to middle income Vermonters will benefit.

The program would assist Vermont households, with income of up to 150% of median household income, in buying shares in renewable energy projects or enter into "pay-as-you-go" agreements with renewable energy developers. These shareholders would benefit from the sale of the energy generated with a credit on their electric bills. This would allow Vermonters without the ability to host renewable energy generation facilities to participate in renewable energy generation regardless of the location of the project or the consumer. This would allow Vermonters of low and moderate income, without the ability to host renewable energy generation facilities, to participate in the program.

This is not a net-metering program but would require developers to bid for participation with the lowest cost per kilowatt-hour winning the bid, similar to the Standard Offer program. The power would be allocated to the electric distribution utility (DU) which serves the consumer, and the DU would credit the consumer for their share of the power generated.

Sec. D.101 FUND TRANSFERS, REVERSIONS, AND RESERVES

(a) Notwithstanding any other provision of law, the following amounts are transferred from the funds indicated:

(8) From the General Fund to the Technology Modernization Special Fund established pursuant to Section E.105 of this act: **\$52,755,000**

EXPLANATION: Transfer of general funds to the Technology Modernization Special Fund administered by the Agency of Digital Services to fund statewide information technology initiatives identified for FY2022.

Committee recommendation:

Please also see attached spreadsheet.

We recommend that FY '22 one-time funding spent on IT modernization also be utilized to create a long-term funding mechanism within state government to budget for IT projects. This recommendation is made regardless of whether the Administration identifies a new revenue source. A payback mechanism over time – for all IT projects – should be developed to fund future IT needs. With the increasing prevalence of technology in running all aspects of state government, IT spending must be factored into annual budgets as a required cost of providing services to Vermonters. As we are investing in IT infrastructure, we need to ensure all Vermonters can get online to access these programs.

We believe all these IT projects need to be completed. We have segmented the list into three tiers. In Tier 1, listed projects are urgent in terms of data protection and privacy. Because these projects also have less clarity on their future funding streams, they have been elevated to Tier 1. These projects require a first-year appropriation of **\$11,005,000.**

In Tier 2, we have projects that are a priority and either have an existing funding path, have first year funding in hand, or are slightly less urgent in nature. These projects require a first-year appropriation of **\$14,000,000.**

In Tier 3, we have phase one of the DMV IT project. This project is urgent for many reasons, most notably because of its age and the approximately 40 state workers employed to keep it operational. This project should be required to project savings upon implementation and establish a payback mechanism from within the DMV budget prior to funding. Project cost is estimated at \$79 million over 8 years, though no ongoing savings have been identified from the elimination of the workforce now needed to keep the antiquated system running. ADS is requesting **\$15,000,000** for this tier 3 project.

The Human Capital Management (ERP and budget) systems serve all of state government and is **not recommended** for funding using one-time funds. The project might most appropriately be funded utilizing a billback funding mechanism.

Sec. B.1100 FISCAL YEAR 2022 ONE-TIME GENERAL FUND APPROPRIATIONS

(a) In fiscal year 2022, funds are appropriated from the General Fund for new and ongoing initiatives as follows:

- (10) \$19,900,000 to the Department of Public Service for the following:**
(A) \$2,500,000 for the Line Extension Consumer Assistance Program
(B) \$1,500,000 for a pole data harvesting study
(C) \$15,900,000 to establish the Broadband Facilities Deployment Program, which would make grants and administer a revolving loan fund to make loans to facilities-based providers.

Committee recommendation:

The Energy & Technology Committee is currently working on legislation to expand investment in and support for universal broadband service in Vermont. The Committee's focus is on supporting coordinated efforts among communications union districts, private providers, distribution utilities, and the state and federal government to provide accountable, dependable broadband service to all Vermonters.

While we are pleased the Administration has proposed nearly \$20 million of one-time funds to expand internet connections, our Committee proposes to increase investment by expanding state lending programs supporting the development of fiber networks and focusing investment in areas that will accelerate the pace at which communications union districts can move from organization to network construction.

These appropriations recommendations will be included in our Committee's forthcoming broadband bill:

1. \$500,000 to support the start-up costs of the Vermont Community Broadband Authority (VCBA). The Committee's bill would task an independent government entity, outside of the Department of Public Service with supporting, coordinating, and promoting the development of broadband networks, particularly with CUDs, across the state. The VCBA will be supported on an ongoing basis by a dedicated funding source established in Act 79 (2019) and will pay back this initial General Fund appropriation within one year of start-up.
2. \$24,000,000 to the Vermont Community Broadband Authority for the subordinated loan program. This is a revolving loan fund created in our committee bill to leverage funds lent through VEDA's Broadband Expansion Loan Program created in Act 79 (2019).
3. \$6,300,000 to the Vermont Community Broadband Authority for the Community Broadband Preconstruction Grant Program. The most challenging funding for communications union districts to raise is for preconstruction activities. While loans are sufficient to finance a CUD's building activities, our bill recommends a grant program for preconstruction activities such as network design and engineering, pole data harvesting, pole makeready work, and the administrative costs of establishing a CUD's network.

4. \$1,260,000 to the Vermont Economic Development Authority for loan loss reserves for the Broadband Expansion Loan Program established in Act 79 (2019). This appropriation is to support the increased VEDA lending authority for broadband expansion outlined in the Committee's bill.
5. \$150,000 to the Department of Labor for the Broadband Installer Apprenticeship Program established in the Committee's bill. The lack of line workers to install fiber is a major impediment to accelerating broadband deployment. This appropriation will support an apprentice program and a training program currently being set up at VT Technical College.

The Committee further recommends that Unexpended Coronavirus Relief Funds appropriated to the Department of Public Service be prioritized for expenditure in the following manner:

1. \$762,162 to the Connected Community Resilience Planning Program established by Act 137, Sec. 14a (2020) and the CUD Broadband Infrastructure program.
2. \$1,000,000 to the Line Extension Customer Assistance Program established by Act 137, Sec. 13 (2020).

In addition to the one-time Fiscal Year 2022 General Fund dollars appropriated for these purposes, our Committee recommends the Appropriations Committee look to the following sources to support these appropriations:

1. \$3,300,000 of Unexpended Coronavirus Relief Funds appropriated to the Department of Public Service.
2. \$898,000 of Unexpended funds appropriated to the Department of Public Service in 2017 Acts and Resolves No. 84, Sec. 16c, as amended by 2018 Acts and Resolves No. 190, Sec. 14 (the capital bill).
3. Funds remaining in the Broadband Innovation Grant Program established by 2019 Acts and Resolves No. 79, Sec. 10. (approximately \$60,000)

	Project Budget	Project Name	Project Description	total cost	notes	planned	R
	\$1,500,000	ADS Cybersecurity	Core Infrastructure and router replacements	\$1,485,000	re-architect the data center core and firewalls, upgrade the oversubscribed internet edge firewalls, and replace the municipal routers with firewalls.		1
	\$3,500,000	VDOL UI Modernization	Begin Phase 1 of customer portal	\$6,635,775	Implementation of Phase I is \$3.5M with the remainder being anticipated operating costs for the following 5 years.		1
	\$430,000	States Attorneys Case Management System	Upgrade to SAS case management software	\$2,702,380	The \$430k earmarked for implementation along with \$300K of SAS carry forward will cover the first phase of implementation.		1
	\$4,500,000	Bright Futures IT System (BFIS)	Replace BFIS system	\$6,755,200	\$2,200,00 phase 1 in hand. Projects is modular and is planned to be built in phases		1
	\$1,075,000	Phase 2 – DEC Permit Navigator	Citizen facing permit portal	\$2,595,160	total includes 5 years of operation		1
Total 1	\$11,005,000						
	\$9,500,000	AHS Integrated Eligibility	IE replaces Access	\$9,500,000	This funding request is for two State Fiscal Years - \$3,200,000 for SFY 2022 and \$6,300,000 for SFY 2023. The IE&E program is expected to run through the end of SFY 2025 and will require additional funding for SFY 2024 and SFY 2025.	capital	2
	\$500,000	Phase 2 – NRB Permit Application	Move Act 250 online	\$500,000	2 districts only, will take 5 years		2
	\$1,000,000	Salesforce grant management system	Transitions ACCD from a hard to manage grants program to a centralized grants system	\$1,360,040	Project costs reflect \$1M in implementation and \$.4M in 5 year operating costs.		2
	\$2,000,000	VDOL transition to VISION	Move VDOL to state enterprise finance system	\$3,293,680	Implementation costs of \$2M with following 5 years of operating costs included in total.		2
	\$1,000,000	VDOL Joblink Replacement	Coordination between ACCD and VDOL	\$3,393,500	Implementation costs are \$1,000,000 remainder are the operating costs for the next 5 fiscal years		2
Total 2	\$14,000,000						
	\$15,000,000	Phase 1 - DMV IT System	Replacement of the 40-year-old mainframe applications	\$47,000,000	Up to 50 employees needed because of lack of efficiency. Total project 47 million over 4 year implimentation		3
Total 3	\$15,000,000						

Not recommended for one time funds

	\$12,750,000	Human Capital Management – ERP	Replace HR system that tracks employee information, time sheets, and contracts.	\$24,725,000	total includes both HRM and Budget and 5 years of operating (Implementation Estimate: Core HCM & Payroll = \$9,000,000.00 Budget = \$600,000.00) HRM is the priority	ISF	3
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