

Capital Investment program

Thursday, February 24, 2022 – 10:30 am

Joined by Doug Hoffer – Vermont State Auditor

Joined by David Hall – Legislative Legal Council

Joined by Tom Kavet – Legislature’s Economist of Kavet, Rockler & Associates

Joined by Brett Long – Deputy Commission for Dept. Economic Development

Joined by Joan Goldstein – Commissioner of Economic Development

- Chairman Sirotkin reconvenes meeting by asking what kind of guardrails do we want to put on this program or are we going to accept the proposal from the administration?
- Hall begins on section 2 of the proposed strike to
 - Passed last year – the bill had a \$10.5 M appropriation and there’s a request to increase it more, currently the there is a question
 - Chairman Sirotkin mentions the \$30 M Grand List program that is like this program
 - Most of the draft is existing law
 - Eligibility – proposed addition that there’s compliance with rule implementing recovery funds – harmless and unnecessary language
 - Criteria – must be in state, ownership requirement, non-profit or profit
 - The way it’s currently written – a reward shall not exceed lesser than \$1.5 M or estimated net fiscal impact on state based on agency modeling
 - Proposal to change models or change limitation of net fiscal impact
 - As proposed, Secretary of Commerce has departments and agencies that recommend projects for funding based on net fiscal impact on state and other qualitative impacts – workforce opportunities, project readiness, etc.
 - Quantitative net fiscal impact and qualitative factors
 - Project report, then given to Secretary of Commerce who has final say about what gets funded
- Chairman Sirotkin asks if this was an alternative proposal and Hall states this was a concept proposal for modifying the grant program
 - Hall goes on to state that this program would work in tandem with the accepted changes to C.I. program
- Sen. Clarkson wanted to clarify that regardless of net fiscal impact model, the Secretary of ACCD, given NFI, criteria and ARPA information, she is still able to make decision and judgement
 - The law now enables her to consider all pieces and still make her recommendation
 - Hall states – yes, this is correct
 - Sen. Clarkson voices concern from committee that the model put constraints on decision-making and undermine it
 - Chairman Sirotkin states that having all this information may influence the decision that she makes
- Bret Long, of the Department of Economic Development, finds that the fundamental issue is the net fiscal impact requirements conflict with the ARPA eligibility guidelines
 - The fours general objectives for ARPA funds – replace loss, public sector revenue, COVID response, pay for essential workers, investment in water, sewer, and broadband

- Including NFI requirement is confusing loss public sector goal with providing economic response of COVID
 - Didn't read language the same way Hall read it
 - Maybe the situation can be remedied with clarity. But fundamentally, need to address those impacted by COVID, or are they trying to maximize investment for the state
 - Chairman Sirotkin asks if the Dept.'s position that the ARPA guidelines are sufficient and there shouldn't be other state imposed directions. Long states the Dept. finds that ARPA does address different categories. Chairman Sirotkin responds that he would have to be convinced that these guidelines were tight enough – they're talking about \$80 M – the committee has an issue with how different the scale is and how it was sold to them at first.
 - Chairman Sirotkin is skeptical over how the program is changes and why the program needs \$80 M. Long states there is not enough money to do projects that are transformational without the big-ticket price.
 - Chairman Sirotkin states that given new rules working under, the legislators are at liberty to change their minds
 - Sen. Clarkson appreciates the tension – she thinks that once the Treasury rules came out, the degree of how transformational this bill was going to be changed
 - Must rethink the project
- Doug Hoffer is concerned over the design of the program and whether the rules meet the requirements
 - Eligibility – intention was supposed to respond to the pandemic impact
 - Wanting to expand as a business is not intended use of the program
 - ACCD notice of funding opportunity state the objective is to focus on greatest demographic decline – Hoffer states that this is not an economic harm of the pandemic
- Doug Hoffer concerned over design of the program – the eligibility – entities must have experienced “harm” related to the pandemic and entities defined are not specifically related
 - Exception if you're in a qualified census track – not many exceptions
 - Bias for services and not capital
 - Larger projects are less likely to be proportional to the harm identified in rules
- Hoffer is concerned about current structure of program – if state believes that childcare is a substantial problem – give households money instead of childcare businesses
 - Sen. Clarkson thanks Hoffer and states there is a proposal to do in the House
- Chairman Sirotkin asks Commissioner Goldstein if she pivoted and applied new guidelines to the applicant pool – Comm. Goldstein states that these are final clear guidelines, and everything asked for from applicants was covered – only 38 will be accepted – those most industry impacted by COVID
 - Comm. Goldstein reiterates that this is “recovery money” – utilizing final list to explain project away
- Tom Kavet from General Fund perspective
 - Understanding of Comm. Goldstein's perspective
 - Argues federal programs have been vastly ineffective and untargeted
 - Is weary of money flowing out without scrutiny

- Chairman Sirotkin asks Kavet why he thinks changing the law would provide safe scrutiny
 - Kavet says representative from ACCD group states to increase amount of scrutiny
 - Comm. Goldstein “chomping at the bit” and has clarifying questions
 - She states that the secretary does not discretion over the dollar amount of the award – gov is constrained by NFI
 - NFI model is driven by payroll – capital investment projects – it’s not that we don’t like the model, we think its misplaced in economic recovery of federal money with stringent constraints
 - Chairman Sirotkin intervenes and states that refers to what Hall said and Goldstein states that in section C1 - \$1.5M parameter or NFI limitation
 - Kavet states that these awards have not been changed – he sees it as a big deal to her discretion
 - Sen. Clarkson states that it would be helpful for Comm. Goldstein and Brett Long to illustrate the work they’ve done already and what the challenges are
- Kavet and Comm. Goldstein debate
- Sen. Brock states that it’s clear to him that this is not working, and he wants examples
- Hoffer states he is not sure if application asks for real verifiable data – its asks for self-attestation
 - Comm. Goldstein states there is information from each applicant, and they meet with each applicant in consideration
- Comm. Goldstein is stern and states that they are not being frivolous
 - Hoffer asks where language says its determinative
- Chairman Sirotkin ends tense debate and states that the committee is going to add for more discretion
- Sen. Brock is left confused – asks what happens if federal funds go away and would appreciate how we deal with childcare centers
- Chairman Sirotkin states his goal to get this bill out by crossover