

Treasurer's Office Testimony – H.738 - Senate Finance Committee

April 19, 2022

Vermont Children's Trust Foundation Checkoff

Sections 8-11 in house-passed version of H.738.

Sec. X1. 32 V.S.A. § 5862b- Amended

Background

The Vermont Children's Trust Fund is a public fund established by the legislature in 1986. Each state has a Children's Trust Fund. The purpose of the fund is to provide funds for community-based prevention programs that have been shown to be effective for juveniles. The fund is maintained by the Agency of Human Services.

The Vermont Children's Trust Foundation was established in 1991 as a 501 (c)(3) organization to raise private funds for community based prevention programs that promote the health and well-being of Vermont children and families. Since its inception, and according to its by-laws, funds raised by the Foundation are contributed to Vermont Children's Trust Fund. In 2022, the Foundation contributed \$275,000 to the Children's Trust Fund.

In addition to the Foundation's contribution, the Fund receives money through a state allocation (\$106,000 annually) and 100% of the money donated through the CTF Tax Check-off (approximately \$60,000 annually) of the Vermont State Income Tax forms.

In 2009, the Foundation entered into an agreement with the State of Vermont to manage the Children's Trust Fund on the State's behalf. The Foundation is currently under contract to manage these funds.

Management of the FUND entails:

- Developing grant applications
- Grant reading
- Selecting programs to fund
- Site visits of all programs
- Reporting

Purpose of Amendment

The purpose of this amendment is to direct the dollars raised through the tax check-off directly to the Foundation. Due to the administrative steps, there are occasions when disbursements to this essential service are delayed. This bill would not change services, it only streamlines the process to expedite payment to the Children's Trust Fund. The Tax Department and Agency of Human Services have both agreed in writing to streamlining this process. 100% of the tax check-off dollars are used to fund programs. The Foundation has been working with representatives from the Tax Department, AHS, and the Treasurer's Office since 2020 on this language.

Local Investment Advisory Committee/10% in Vermont

Background

Pursuant to Act 199 of 2014, Act 51 of 2015, and Act 157 of 2016, the Local Investment Advisory Committee (LIAC), chaired by the State Treasurer, is tasked with increasing economic development in Vermont and creating jobs by committing up to 10 percent of the state's average available cash balance to local investments. These financing projects redirect funds that were invested primarily in out-of-state government agency securities and money market accounts at large financial institutions, to local investments. To date, the State Treasurer has overseen the commitment of over \$39.7 million for local investment projects in energy improvements in residential housing, commercial energy projects, higher education, and the rehabilitation of State office buildings for energy efficiencies.

In addition to the State Treasurer, the membership of the committee currently includes: Maura Collins, Executive Director, Vermont Housing Finance Agency; Dave Corliss, Efficiency Vermont Designee; Cassie Polhemus, Chief Executive Officer, Vermont Economic Development Authority; Michael Gaughan, Executive Director, Vermont Bond Bank; Tom Little, Vice President and General Counsel, Vermont Student Assistance Corporation Designee.

The Treasurer's Office requests that the legislature expand the membership of the committee to bring diversity in perspective and proposals for this financing. At the same time the committee moved this year to do an analysis as to the market conditions associated with LIAC dollars.

Proposal

Add to LIAC membership representatives from the following:

- 1) Vermont Bankers Association
- 2) Association of Vermont Credit Unions
- 3) Agency of Commerce and Community Development