



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

May 11, 2022

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### **S.11 – An act relating to economic and workforce development**

#### **Committee of Conference Report**

##### **URL to the bill**

[https://legislature.vermont.gov/Documents/2022/WorkGroups/House Commerce/Bills/S.11/Committee of Conference/S.11~David Hall~Report of Committee of Conference, Draft 4.1, 5-10-2022~5-10-2022.pdf](https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Commerce/Bills/S.11/Committee%20of%20Conference/S.11~David%20Hall~Report%20of%20Committee%20of%20Conference,%20Draft%204.1,%205-10-2022~5-10-2022.pdf)

#### **Bill Summary**

This bill addresses the negative economic impacts of COVID-19 on Vermont's economy, employers, workers, and families and establishes opportunities to grow Vermont's economy. It establishes several workforce and economic development programs and updates the scope and funding for existing programs.

The bill creates or enhances programs with the goals of increasing workforce participation rates as well as training and retaining workers in nursing, mental health care, and the trades. It includes scholarships and student loan repayment; networking, learning and up-skilling campaigns; and support for internship programs. The bill also includes appropriations for new and existing economic development programs that are aimed at supporting businesses and municipalities, reimbursing leave related to COVID-19, expanding tax credits, and assisting specific sectors including Arts and Culture.

#### **Fiscal Summary**

The bill appropriates an overall total of \$99.5 million. This includes:

- \$19.0 million in General Fund appropriations,
- \$15.0 million in Education Fund appropriations, and
- \$65.5 million in American Rescue Plan Act State Fiscal Recovery (ARPA SFR) appropriations.

Table 1 in the appendix provides a more detailed summary of the bill's appropriations.

#### **Background and Details**

The bill appropriates \$99.5 million overall. The appropriations are from three different sources. \$19.0 million are sourced from the General Fund, \$15.0 million are sourced from the Education Fund, and \$65.5 million are in ARPA SFR funds.

The bill reverts \$25.5 million in unspent ARPA SFR dollars appropriated to the Agency of Commerce and

Economic Development for the Economic Recovery Grant Program in FY 2021 in Act 74 Sec. G. 300(a)(13) back to ARPA SFR for the purpose of funding Economic and Workforce Development programs.

### **Overview of Appropriations**

The following programs have fiscal impacts and are described briefly here:

#### **Immediate Strategies and Funding for Expanding the Labor Force, Increasing the Number of Participants and Raising Participation Rates**

Section 2 appropriates \$2.5 million in FY 2023 in General Fund dollars to the UVM Office of Engagement in consultation with the Vermont Student Assistance Corporation to administer a statewide forgivable loan program of \$5,000 per graduate who commits to work in Vermont for two years after graduation. It appropriates \$387,000 in General Fund dollars in FY 2023 to Vermont Technical College to develop a skilled meat cutter training and apprenticeship facility. Finally, it appropriates \$500,000 in FY 2023 in ARPA SFR funds to the State Refugee Office to administer grants to refugee or New-American focused programs to support increased in-migration or retention of recent arrivals.

#### **Investing in the Upskilling of Private Sector Employers to Support the Evolution of Business and Organizational Models**

Section 4 appropriates \$250,000 in ARPA SFR dollars to the Agency of Commerce and Community Development (ACCD) in FY2023 to regrant a performance-based contract to the Vermont Professionals of Color Network for business coaching and other training for BIPOC business owners; networking; and career fairs, workshops and paid internships.

#### **Workforce Expansion and Development**

Section 5 appropriates \$250,000 in General Fund dollars to the Agency of Administration in FY 2023 to direct the Special Oversight Committee on Workforce Expansion and Development. The funds may be used to engage the services of one or more experts in the fields of workforce development or organization management to assist the Committee. Members of the Committee may receive compensation for not more than six meetings.

#### **Regional Workforce Expansion System**

Section 5a appropriates \$1.5 million in General Fund dollars to the Department of Labor in FY 2023 for a two-year pilot program to create a coordinated regional system, beginning in three regions of the State, to increase local labor participation rates; decrease the number of open positions; increase worker wages as they transition to new jobs; and collect, organize, develop, and share information related to local career pathways with workforce development partners. The bill authorizes the Department to hire four classified, two-year limited-service positions to perform the work described above and report to the Workforce Expansion Division.

#### **Incarcerated Individuals Development Pilot Program**

Section 6 appropriates \$420,000 in General Fund dollars to the Department of Corrections in FY 2023 to address vocational enhancement needs. It also appropriates \$300,000 in General Fund dollars in FY 2023 to the Department of Corrections allocated over not more than three years to establish a community-based pilot reentry program at Chittenden Correctional Facility to provide continuity of services for justice-involved individuals.

#### **Work-based Learning and Training Program**

Section 12 appropriates \$1.5 million in General Fund dollars in FY 2023 to the Department of Labor to implement the Vermont Work-Based Learning and Training Program created in the bill. The Program will be developed statewide by the Department of Labor to serve transitioning secondary and postsecondary

students and Vermonters seeking work-based experience as part of a career experience or change.

#### **Vermont Trades Scholarship Program**

Section 14 appropriates \$3.0 million in FY 2023 in General Fund dollars to the Vermont Student Assistance Corporation (VSAC) for scholarships under the Vermont Trades Scholarship Program for trades students who demonstrate financial need. It creates a scholarship program to be administered by VSAC to disburse initial licensing fees, exam fees and tuition payments on behalf of eligible individuals. Any funds left over at the end of the year will be rolled over and available to VSAC the following year for scholarships.

#### **Career Technical Education Construction and Rehabilitation Experiential Learning Program; Revolving Loan Fund**

Section 16 appropriates \$15.0 million in Education Fund dollars in FY 2023 to the Vermont Housing Conservation Board to create and administer a CTE Construction and Rehabilitation Learning Program and Revolving Loan Fund. The board may use not more than 5 percent of the Fund for the costs of administration. Absent any other changes in policy, the base homestead property yield and/or base non-homestead property tax rate would need to be adjusted to account for this appropriation from the Education Fund.

#### **Emergency Grants to Support Nurse Educators**

Section 20 appropriates \$2.0 million in ARPA SFR dollars to the Department of Health in FY 2023 to provide emergency interim grants to Vermont nursing schools. This is a three-year appropriation that allocates \$1 million in FY 2023, and \$1 million in FY 2024.

#### **Nurse Preceptor Incentive Grants; Hospitals; Working Group; Report**

Section 21 appropriates \$0.4 million in General Fund dollars to the Agency of Human Services in FY 2023 to provide incentive grants to hospital-employed nurses in Vermont to serve as preceptors for students enrolled in Vermont nursing school programs. The Agency will distribute the funds to hospitals employing nurses who provide student preceptor supervision based on the number of preceptor hours to be provided, at a rate of \$5.00 per preceptor hour, or a lesser hourly rate if the need exceeds the available funds. The Director of Health Care Reform will convene a working group to identify ways to increase placement opportunities and provide a report based on those findings.

#### **Health Care Employer Nursing Pipeline and Apprenticeship Program**

Section 22 appropriates \$2.5 million in ARPA SFR dollars to VSAC in FY 2023 to provide grants to health care employers to establish or expand partnerships with Vermont nursing schools to create nursing pipeline or apprenticeship programs.

#### **Vermont Nursing Forgivable Loan Incentive Program**

Section 25 appropriates \$100,000 to the Department of Health in FY 2023 to establish a Vermont Nursing Forgivable Loan Program, which provides scholarships for nursing students. Recipients agree to work as a nurse in Vermont for a minimum of one year. Scholarships are to be calculated based on financial need.

#### **Vermont Nursing and Physician Assistant Loan Repayment Program**

Section 27 appropriates \$2.5 million in General Fund dollars to the Department of Health in FY 2023 to establish and administer a loan repayment program for nurses and physician assistants in coordination with VSAC. The amount is one year of loans for every year of service as a nurse or physician assistant in the state.

#### **Nurse Faculty Forgivable Loan Program**

Section 29 appropriates \$500,000 in ARPA SFR dollars to the Department of Health in FY 2023 to create and administer a program to offer forgivable loans to nurse faculty members at a nursing school in Vermont. For each year of service as a nurse faculty member at a nursing school in Vermont, an eligible

individual receives a full academic year of forgivable loan benefit.

#### **Nurse Faculty Loan Repayment Program**

Section 29b appropriates \$500,000 in ARPA SFR dollars to the Department of Health in FY 2023 to provide loan repayment on behalf of eligible nurse faculty members. The amount recipients can receive is equal to the value of one academic year of loans for every year of service as a member of the nurse faculty at a nursing school in Vermont.

#### **Vermont Mental Health Professional Forgivable Loan Incentive Program**

Section 29d appropriates \$1.5 million in ARPA SFR dollars to the Department of Health in FY 2023 to provide forgivable loans to eligible mental health professionals. Students enrolled in a master's program at an eligible school who commit to working as a mental health professional in Vermont. If the individual fails to serve as a mental health professional in the State in compliance with the Program, they will receive only partial loan forgiveness at a pro-rated amount. Procedures and guidelines will be developed to determine the maximum forgivable loan amounts.

#### **Agency of Human Services; Designated and Specialized Service Agencies; Workforce Development**

Section 29e appropriates \$1.25 million in ARPA SFR dollars to the Agency of Human Services in FY 2023 to be distributed to the designated and specialized services agencies. The agencies will use these funds for loan repayment and tuition assistance to for recruitment and retention of high-quality mental health and substance use disorder treatment professionals.

#### **Agency of Human Services; Health Care Workforce Data Center**

Section 32 appropriates \$750,000 in ARPA SFR dollars to the Office of Health Care Reform in the Agency of Human Services in FY 2023 to establish and operate the statewide Health Care Workforce Data Center. This program is established to enhance the State's public health data systems, respond to the COVID-19 public health emergency, and improve COVID-19 mitigation and prevention efforts.

#### **Agency of Human Services; Position**

Section 34 appropriates \$170,000 in General Fund dollars in FY 2023 to the Agency of Human Services, Office of Health Care Reform for one classified, three-year limited-service position as Health Care Workforce Coordinator at AHS. The coordinator will focus on building educational, clinical, and housing partnerships and support structures to increase and improve health care workforce training, recruitment, and retention. \$120,000 is for personal services and \$50,000 is for operating expenses.

#### **Credential of Value Goal; Public Private Partnership**

Section 39 appropriates \$150,000 in General Fund dollars to VSAC in FY 2023 to fund the work of Advance Vermont to increase awareness of postsecondary education and training and promote a broad understanding of the public good and value in achieving the State's goal for 70 percent of working-age Vermonters to hold a credential of value by 2025.

#### **Vermont Serve, Learn, and Earn Program**

Section 40 appropriates \$1.8 million in FY 2023 in General Fund dollars to the Department of Forests, Parks and Recreation for capital and operating needs of groups participating in the Vermont Serve, Learn and Earn Program. The Program creates meaningful paid service and learning opportunities for young adults.

#### **Vermont Forest Future Strategic Roadmap**

Section 45 appropriates \$250,000 in General Fund dollars to the Department of Forests, Parks and Recreation in FY 2023 to establish a two-year contract for the development of the Vermont Forest Future Strategic Roadmap. The roadmap is meant to strengthen, modernize, promote, and protect the forest products sector in the State.

### COVID-19 Related Paid Leave Grant Program

Section 51a of the bill appropriates \$15.18 million in ARPA SFR funds to the Department of Financial Regulation in FY 2023 to operate the COVID-19 Related Paid Leave Grant Program. Not more than seven percent of that appropriation may be used for expenses related to program administration and outreach. The Department will administer and award grants to employers to reimburse the cost of providing COVID-19-related paid leave provided to employees during fiscal year 2023. Grants also may be used to reimburse employers for unpaid leave for COVID-19-related reasons. Reimbursement of COVID-19-related paid leave or unpaid leave is equal to 100 percent of the greater of minimum wage or the employee's regular hourly wage times number of hours reimbursed. The number of hours reimbursed cannot exceed the lesser of 40 hours or the employee's average weekly hours. The maximum hourly reimbursement for an employee cannot exceed \$21.25, and the aggregate maximum per employee is \$850.

### Unemployment Insurance Benefits

Section 52b raises the maximum weekly Unemployment Insurance benefit amount to \$60 plus 57 percent of the State annual average weekly wage beginning the first day of the first calendar week in July 2022. The funds will come from the Unemployment Insurance Trust Fund. The extra \$60 will sunset on June 30, 2025 unless one of two events happens first: additional benefits paid out in aggregate reaches \$8 million or the Commissioner of Labor determines that the modernized information technology system is able to pay out an extra \$25 in weekly benefits prior to July 1, 2025. If either of those events occur, the extra \$60 in maximum weekly benefits will sunset at that time. Beginning July 1, 2025, or if the modernized IT system can make the extra \$25 payment before July 1, 2025, all weekly Unemployment Insurance benefits will increase by \$25, including the maximum weekly benefit. The additional \$25 weekly payment will sunset when approximately \$92 million has been paid out in additional benefits.

### VEDA Short-term Forgivable Loan Program

Section 53b of the bill appropriates \$19.0 million in ARPA SFR funds to the Vermont Economic Development Authority in FY 2022 to operate the VEDA Short-Term Forgivable Loan Program. Eligible borrowers must have fewer than 500 employees located in Vermont and must identify economic harm caused by the COVID-19 pandemic. Economic harm will be measured by a material decline in annual adjusted net operating income from before the COVID-19 pandemic to after it.

To be eligible for a loan, a business needs to have experienced a 25 percent reduction in its adjusted net operating income in 2020 and 2021 combined when compared to 2019. Further, at least 50 percent of the reduction in net operating income must have occurred in 2021.

The Agency will consider previous State or federal assistance in connection with the pandemic, reasonable owner's compensation, noncash expenses, and other adjustments deemed appropriate. Loaned amounts will be used for eligible fixed or operating expenses, and the loan is not to exceed the lesser of \$200,000, six months of eligible cost, or the amount of cumulative decline in adjusted net operating income in 2020 and 2021. VEDA will consult with the Joint Fiscal Office to establish guidelines.

### Creative Economy Grants

Section 53b also appropriates \$9.0 million in ARPA SFR in FY 2022 to the Vermont Arts Council to provide grants for monthly operating costs, including rent, mortgage, utilities, and insurance to creative economy businesses and nonprofits. The grants are meant to help those businesses recover from financial losses incurred due to the COVID-19 pandemic.

### Community Recovery and Revitalization Grant Program

Section 53c appropriates \$10.0 million in ARPA SFR dollars in FY 2023 to the Agency of Commerce and Community Development for the Community Recovery and Revitalization Grant Program. As described in

the bill, this program builds on and replaces the Capital Investment Grant Program created in Act 74 of 2021. The Agency will award grants to make investments to retain and expand existing businesses and nonprofit organizations, attract new businesses and nonprofit organizations, and support job creation. Projects in regions and communities that have experienced stagnant or declining grand lists will be given preference.

To be eligible for the program, applicants must be located within the state and can be for-profit, nonprofit, or municipal entities. The applicant must demonstrate that the project has community and regional support; that grant funding is needed to complete the project; that they are leveraging additional sources of funding from local, State or federal economic development programs; and an ability to manage the project. State and locally government operated businesses, businesses with 20 or more locations, and publicly traded companies are ineligible for grants. Grants cannot exceed the lesser of \$1.0 million or 20 percent of the total project cost.

The bill removes the net fiscal impact data model from the program established in Act 74 for the Capital Investment Program and instead requires that the Agency of Commerce and Community Development develop guidelines in coordination with the Joint Fiscal Office and reviewed by the Joint Fiscal Committee. The Agency may also designate one or more sectors for priority consideration in the application process including arts and culture, travel, lodging, tourism, agriculture, and childcare.

#### New Relocating Employee Incentives

Section 53d appropriates \$3.093 million in General Fund dollars in FY 2023 to the Agency of Commerce and Community Development for the Relocated and Remote Worker Program. A relocating employee may receive a base grant that does not exceed \$5,000. For a relocating employee who moves to a labor market area with above-average unemployment or below-average annual wage, an enhanced grant cannot exceed \$7,500. The Program no longer requires that relocating workers must work in an occupation on the Vermont Department of Labor's list of "Occupations with the Most Openings" in its "Short Term Employment Projections 2020-2022."

#### Restaurants and Farmers Feeding the Hungry Program

Section 53e appropriates \$1.3 million in General Fund dollars in FY 2023 to the Agency of Commerce and Community Development to grant to Southeastern Vermont Community Action for the Restaurants and Farmers Feeding the Hungry Program, known as Everyone Eats. The grant will provide State funds to match Federal Emergency Management Agency (FEMA) funds available for the program.

#### Downtown and Village Center Tax Credit Program

Section 54 appropriates \$2.45 million in General Fund dollars to the Vermont Downtown and Village Center Tax Credit Program to be used in FY 2023 and FY 2024. The funds will be used to increase the amount of tax credits that may be awarded to qualified projects. Up to \$2.0 million of the appropriated amount may be awarded to qualified projects located in designated neighborhood development areas.

#### COVID-19-Related Paid Leave Grant Program

Section 54a establishes the COVID-19-Related Paid Leave Grant Program in the Department of Financial Regulation. The Department will administer and award grants to employers to reimburse part of the cost of providing COVID-19-related paid leave provided to employees during calendar year 2022. Grants also may be used to reimburse employers for unpaid leave for COVID-19-related reasons.

\$16.5 million is appropriated from ARPA SFR funds to the Department of Financial Regulation in FY 2023; not more than seven percent of that appropriation may be used for expenses related to program administration and outreach. Reimbursement of COVID-19-related paid leave or unpaid leave is equal to 67 percent of the greater of minimum wage or the employee's regular hourly wage times the number of

hours reimbursed. The number of hours reimbursed cannot exceed the lesser of 80 hours or two times the employee's average weekly hours. The maximum hourly reimbursement for an employee cannot exceed \$27.50.

### Sports Betting Study Committee

Section 56 establishes the Sports Betting Study Committee to examine whether and how to regulate sports betting in Vermont. Members of the Committee may receive compensation for not more than four meetings, with payments to be made from monies appropriated to the General Assembly.

### **Allocations**

Section 13 of the bill establishes a two-year pilot program through the Department of Labor in consultation with the Agency of Education to design and implement the Secondary Student Industry-Recognized Credential Pilot Program. The program will make funding available to eligible students to take an eligible adult career technical education course. Students will be able to apply for the funding through an application process if they are a Vermont resident attending a Vermont public school or independent secondary school that is eligible for public funding, they have completed grade 11 and have not received a high school diploma, and if their secondary school and regional CTE center determine that they are prepared to succeed in the course, meet the prerequisites for the course and have exhausted other sources of funding prior to submitting their application. The bill authorizes the Department of Labor to spend up to \$100,000 of the funds appropriated to it in the FY 2023 budget if funds are not made available through other sources.

## Appendix

Section	Program	New Appropriations Amount	Current Source	Fiscal Year
1	Immediate Strategies and Funding for Expanding the Labor Force; Increasing the Number of Participants and Participation Rates	\$2,500,000	General Fund	2023
		\$387,000	General Fund	2023
4	Investment in the Up-Skilling of Private Sector Employers to Support the Evolution of Business and Organizational Models	\$250,000	ARPA SFR	2023
5	Workforce Expansion and Development	\$250,000	General Fund	2023
5a	Regional Workforce Expansion System	\$1,500,000	General Fund	2023
6	Incarcerated Individuals Workforce Development Pilot Program	\$420,000	General Fund	2023
		\$300,000	General Fund	2023
12	Work-based Learning and Training Program	\$1,500,000	General Fund	2023
14	Vermont Trades Scholarship Program	\$3,000,000	General Fund	2023
16	CTE Construction and Rehabilitation Experiential Learning Program; Revolving Loan Fund	\$15,000,000	Education Fund	2023
20	Emergency Grants to Support Nurse Educators	\$2,000,000	ARPA SFR	2023
21	Nurse Preceptor Incentive Grants; Hospitals; Working Group; Report	\$400,000	ARPA SFR	2023



22	Health Care Employer Nursing Pipeline and Apprenticeship Program	\$2,500,000	ARPA SFR	2023
25	Vermont Nursing Forgivable Loan Incentive Program	\$100,000	General Fund	2023
27	Health Care Loan Repayment Program	\$2,500,000	ARPA SFR	2023
29	Nurse Faculty Forgivable Loan Program	\$500,000	ARPA SFR	2023
29b	Nurse Faculty Loan Repayment Program	\$500,000	ARPA SFR	2023
29d	Vermont Mental Health Professional Forgivable Loan Incentive Program	\$1,500,000	ARPA SFR	2023
29e	Agency of Human Services; Designated and Specialized Service Agencies; Workforce Development	\$1,250,000	ARPA SFR	2023
32	Agency of Human Services; Health Care Workforce Data Center	\$750,000	ARPA SFR	2023
34	Agency of Human Services; Position; Appropriation	\$170,000	General Fund	2023
39	Credential of Value Goal; Public-Private Partnership	\$150,000	General Fund	2023
40	Vermont Serve, Learn and Earn Program	\$1,800,000	General Fund	2023
45	Vermont Forest Future Strategic Roadmap	\$250,000	General Fund	2023
53b	VEDA Short-Term Forgivable Loans	\$19,000,000	ARPA SFR	2022

53b	Creative Economy Grants	\$9,000,000	ARPA SFR	2022
53c	Community Recovery and Revitalization Grant Program	\$10,000,000	General Fund	2023
53d	New Relocating Worker Incentives	\$3,093,000	General Fund	2023
53e	Restaurants and Farmers Feeding the Hungry Program	\$1,300,000	General Fund	2023
54	Downtown and Village Tax Credit	\$2,450,000	General Fund	2023
54a	COVID-19 Related Paid Leave Grant Program	\$15,180,000	ARPA SFR	2023
<b>Total Appropriations</b>		<b>\$99,500,000</b>		
<b>Total General Fund &amp; ARPA SFR</b>		<b>\$84,500,000</b>		
<b>General Fund</b>		<b>\$19,000,000</b>		
<b>Education Fund</b>		<b>\$15,000,000</b>		
<b>ARPA SFR</b>		<b>\$65,500,000</b>		