

Good News and Bad News
Rep. Cynthia Browning

The good news is that the Legislature has allocated hundreds of millions of Federal dollars to help Vermonters deal with the COVID19 crisis. The bad news is that it may not be enough. Other good news is that the Legislature has passed a first quarter budget for the state and adjourned. Other bad news is that we must come back into session in August to put in place a budget for the rest of the fiscal year, and there is reason to believe that spending cuts and borrowing will be needed to finance the spending that Vermonters will need due to shortfalls in tax revenue.

The most recent allocations of Federal dollars provide grants to hospitals, health care providers, businesses, farms, housing, food assistance, child care providers, broadband service, and more. This will provide essential support to Vermonters. Go to the Agency of Commerce and Community Development website at accd.vermont.gov/covid-19 for information about applications and about which agencies are administering different grant programs. The main criterion for eligibility is losses due the pandemic lockdown and recession.

The First Quarter Vermont Budget for Fiscal Year 2021, which began July 1, essentially continues the spending levels from Fiscal Year 2020. Exceptions were made for agencies that need more of their budget sooner due to seasonal work, like the Agency of Transportation which has their summer road projects to do.

This was a prudent approach because based on the June forecasts there may be a shortfall of over \$300 million in state tax revenue compared to what we expected in January. The magnitude of this shortfall may change when we get the August forecast. It is possible that Federal funding may become available to fill the gap. But Vermont will likely need to borrow, to cut spending for programs, or to layoff state workers or to do all three to balance the FY21 budget.

Despite this dire situation the Legislature voted to increase the compensation of state employees immediately at a cost of \$30 million. This was not prudent. The Administration and the Vermont State Employees Association had negotiated compensation increases before the COVID19 crisis hit. State employees deserve the negotiated increases. But the first year's increases alone will cost \$30 million that the state does not know if it will have.

It would have been better to delay this increase until the new revenue update is available, and to reduce the raises for the more highly paid workers. The average state employee earns around \$62,000 a year plus benefits worth perhaps \$20,000. We might have given increases to workers at that level and below, and reduced raises for employees earning more than that. I have voted to increase the pay of state employees in the past, but I do not believe that we can afford to give raises to the higher paid state workers at a time when Vermonters are losing their jobs or taking pay cuts to keep them, unemployment is around 12 %, and Vermont businesses and farms are threatened with insolvency.

My position on this was unpopular with many state employees. But as a legislator my responsibility is to do what is best for all Vermonters not just state employees. It will not benefit Vermonters if essential services are cut because \$30 million was allocated to raises. Spending cuts will likely include layoffs of state employees, so the raises for all state employees may lead to loss of jobs for some. Job losses and cuts in services are not what any Vermonters need at this time.

As we go forward I hope that we will have more good news than bad news, but we must get ready for whatever may come.