



THE HISTORIC 2023 SESSION

After five months of hard work in Montpelier, the 2023 legislative session has come to a close. We're writing with an update on a few high-profile bills. While this letter is lengthy, we feel it's very important for us to reach out — directly to the people we serve — to talk about how we're voting and why. We've also posted a more detailed report on our websites and will leave copies in the Arlington, Manchester, Sandgate and Sunderland town halls.

It's nice to be home for the summer and fall. The legislature won't reconvene until early January, but we'll continue to hold constituent coffee hours. Please contact us any time with questions: We love hearing from you!

When we ran for re-election in 2022, we highlighted the need for a permanent solution to the childcare crisis and the need to make real progress on the housing crisis. We delivered on those promises. As ranking member of the House Environment and Energy Committee, Seth was lead author of the housing bill that passed in the final days of the session. As assistant majority leader, Kath helped ensure that the childcare bill would put the system on stable long-term financial footing. Just as the legislature took significant steps to fix the pension system in 2021, we've now secured the future of childcare in Vermont and taken crucial steps toward alleviating the housing crisis.

HOUSING: SLOW AND STEADY PROGRESS

Since March 2020, Vermont has invested \$908 million — mostly federal stimulus funding — into expanding our housing supply and providing housing services. Even with these investments, it will take time to solve our housing shortage. As in many states, it's the result of years of underbuilding, now exacerbated by the pandemic.

Last year, we were lead sponsors on a successful bill that makes it easier build housing in Vermont's designated downtowns and neighborhood development areas (NDAs), while allowing rural communities to qualify for these beneficial housing programs. This year, Seth took the lead in the passage of **S.100, a comprehensive housing bill that updates our land-use policies to encourage development where we want it — in vibrant, livable and walkable downtowns — while discouraging sprawl.**

These updates include zoning changes to enable more housing density, like allowing duplexes wherever single-family homes are allowed and at least five housing units per acre in areas served by water and sewer. We also made time-limited changes to Act 250 to make it easier to build housing in designated growth centers, downtowns, village centers and NDAs. Importantly, we also made it harder to appeal much-needed housing projects.

In all, we're **investing \$211 million in housing** in the upcoming fiscal year, which begins on July 1. This includes \$109 million to acquire, build or renovate affordable housing, plus funding to rehab apartments and create accessory dwelling units, house and support homeless Vermonters, and help mobile-home residents with repairs. We continue to push for funding that helps the so-called "missing middle," Vermonters of moderate income who do not qualify for assistance yet struggle to find housing they can afford.

DOWNLOAD OUR 2023 END OF SESSION REPORT @ [KATHJAMESFORSTATERE.COM](https://kathjamesforstaterrep.com) OR [SETH4HOUSE.COM](https://seth4house.com)

Sometimes, failure to make controversial decisions keeps us from fixing problems we know we need to fix. Seth's housing bill places requirements on municipalities to make it easier to build dense housing in downtowns. Provisions he proposed and defended were resisted by those who like the status quo. But the status quo is a serious impediment to getting housing built in the right places. We made these hard choices and as a result, we will see more housing in Vermont's downtowns.

CHILDCARE: ESSENTIAL ECONOMIC INFRASTRUCTURE

The legislature passed a landmark childcare bill this year, one of our top priorities. H.217 accomplishes what families, childcare providers and employers have been asking lawmakers to do for years: **It creates a sustainable revenue source to fix our state's broken childcare system.**

Time and again, we've heard that the system is in crisis. Families can't afford high tuition, so providers can't charge a rate that covers their true costs. Struggling to stay afloat, they raise rates as much as they can, offer fewer slots, and pay their staff low salaries.

Childcare is essential infrastructure. When parents can't find or afford childcare, they drop out of the workplace. They lose wages and businesses suffer. And when childcare centers close their doors — when they can't survive in a highly regulated but perpetually underfunded industry — communities and our economy suffer. We have a responsibility to fix this problem.

The childcare bill we passed this year, by multi-partisan votes of 118-27 in the House and 24-6 in the Senate, offers a long-term solution. The bill increases the Child Care Financial Assistance Program, so more families will qualify for assistance on an income-based sliding scale. Across the state, roughly 7,450 additional children will now qualify for subsidies, more than doubling the number of children covered and making childcare more affordable for many more families. The bill also increases the rates we pay childcare providers, so they can stabilize their finances and raise wages for early childhood educators and staff. They are a vital sector of our workforce yet remain among the most underpaid workers in the country.

Starting July 1, 2024, the childcare bill puts a payroll tax in place to pay for this. Not all Vermonters will be impacted — it's paid by employers and employees, the folks who most need and benefit from a thriving childcare system. The contribution rate will be 0.44 percent, with employers paying 0.33 percent and employees paying 0.11 percent. For someone earning \$50,000, for example, the employer would pay \$165 and the employee \$55 for the year, for a total contribution of \$220. (Self-employed Vermonters will pay only the employee share of 0.11 percent.)

Meanwhile, H.217 will save Vermont families millions. Here's an example, based on statewide average scenarios provided by our nonpartisan Joint Fiscal Office:

Right now, a four-person family with an infant and toddler receiving full-time care at a center-based childcare program — and an income of \$105,300 — is not eligible for subsidy. They're spending approximately \$35,204 a year out-of-pocket for childcare, approximately \$677 per week.

With the passage of H.217, this family would become eligible for subsidies with an estimated co-pay of \$225 per week, saving more than \$23,500 a year on childcare. Starting on July 1, 2024, this same family would pay an additional \$115 for the year through the new payroll tax.

Sometimes, failure to spend money to fix systemic problems is financially irresponsible. Allowing our childcare system to collapse would cost us far more than we have dedicated to keeping it solvent.

DOWNLOAD OUR 2023 END OF SESSION REPORT @ [KATHJAMESFORSTATER.COM](https://www.kathjamesforstater.com) OR [SETH4HOUSE.COM](https://www.seth4house.com)

AFFORDABLE HEAT ACT: SAVING MONEY AND REDUCING POLLUTION

S.5, the Affordable Heat Act, targets how we heat our buildings. The goal is to help Vermonters save money and reduce pollution by transitioning away from fossil fuels to cleaner, more sustainable heat. We'd accomplish this not by taxes or mandates, but by requiring fossil-fuel dealers to earn credits. Dealers would earn these credits by helping interested Vermonters — and especially those with fixed, low or moderate incomes — do things like weatherize, install heat pumps, or switch to advanced wood heat at a lower price through financial incentives.

In May, the legislature gave final approval to S.5. With that step, **the legislature did not put this proposed program into place, but instead set in motion an intensive two-year public process of design and study.** This will include reports that analyze the cost of the program (including any impact on fuel prices), estimated savings for Vermonters, and drafting the rules that would govern the program. The first report is due in February 2024.

In 2025, this detailed information will return to the legislature for consideration. Legislators can then vote to approve the draft program, reject it, or revise it in any way they believe will be in the interests of Vermonters. Any of these options will require public testimony, an affirmative vote by both the House and the Senate, and the signature of the Governor. The program can't move forward until and unless it passes these future steps.

The Affordable Heat Act is controversial — in part because it's complicated; in part because of wildly inaccurate information injected by opponents; and in part because fundamental change is, in fact, difficult. In the Affordable Heat Act, we see an opportunity for Vermonters to save billions in the next few decades (and beyond) by switching from fossil fuels. The admittedly tricky part will be the transition. **Voting “yes” in 2023 was a vote only to gain the information that Vermonters need — and deserve — to make a thoughtful decision in 2025.**

In the meantime, nothing in S.5 will raise the cost of heating our homes, nor impose any mandates on Vermonters. Any increase in this cost next winter will be due to the same forces that all of us— including the local businesses that deliver fuel to our homes — have been experiencing for years: price fluctuations of a volatile world oil market.

We're happy to discuss this bill with constituents. Please reach out with questions and check out our dedicated webpage, which includes an explanation of the bill, links to testimony and resources, and a timeline of the public process ahead: <https://kathjamesforstaterep.com/get-the-facts-affordable-heat-act-s-5/>

INVESTING IN VERMONT: A BALANCED FY24 BUDGET

On May 12 the House and Senate gave final approval to a balanced \$8.5 billion budget that funds our state government, state employees, community partners, programs and services for the 2024 fiscal year. H.494 is a fiscally responsible, values-based budget. It makes one-time and ongoing investments in critical infrastructure and services that we all rely on.

By investing in Vermont, we support our economy, our communities, and our families. We build the budget in a way that steps up to solve problems, rather than kicking the can down the road. This is a responsible approach to good governance — one that carefully weighs costs and benefits, makes tough choices, and then delivers sufficient dollars to meet the needs of today while setting up a stronger future.

Key investments include \$211 million for housing, \$76 million for childcare, \$74 million to boost and support our workforce (including teachers), and \$29 million to permanently fund the popular universal school meals program that provides no-cost, no-stigma meals to all Vermont school children. Across the state, teachers have been clear: This program is a game-changer for children's health and behavior.

We also raised our inadequate Medicaid provider reimbursement rates for critical healthcare and human services providers. With more doctors, dentists and mental health professionals accepting Medicaid, Vermonters will have

DOWNLOAD OUR 2023 END OF SESSION REPORT @ [KATHJAMESFORSTATERE.COM](https://kathjamesforstaterep.com) OR [SETH4HOUSE.COM](https://seth4house.com)

easier access to the care they need. Totalling \$99.7 million, these long-overdue rate increases will support dentists, primary and specialty care providers, adult day care, home health, nursing homes and residential care, substance use and mental health, and ambulance services.

In January, the Governor presented an FY24 budget to the legislature that represented a 10.3 percent increase, total, over the FY23 General Fund. The budget that the legislature subsequently created, debated and passed represents a 13.3 percent increase. That's a difference of three percent, with most of that additional funding flowing to mental health, adult day care and other critical service providers. All told, our budget totals about \$62 million over what the Governor proposed, across an \$8.5 billion budget.

This \$62 million includes \$18 million in pension obligations. Until 2038, this is a fixed annual expense — a commitment we've made to our retired educators and state employees — and so we believe it should be built into the base budget. Important ongoing expenses shouldn't be paid with one-time money. Another major driver of our \$62 million increase are the Medicaid rates mentioned above.

We also raised fees at the Department of Motor Vehicles, something that hasn't happened since 2016. This has contributed to a \$14 million deficit in our Transportation Fund, which pays for things like paving roads, building bridges, public transportation, plowing and rail. For most Vermonters, this will mean a \$6 increase for a driver's license and a \$15 increase in car registration fees. Raising fees to keep pace with inflation is good governance, plain and simple, and we need to catch up.

We wrote an op-ed on the budget that was published in the *Bennington Banner*, *Manchester Journal* and *VT Digger*. You can read it here: <https://kathjamesforstaterep.com/news-events/articles-and-op-eds/>

Dozens of other important bills were passed this year, includes measures to address substance misuse treatment and recovery; suicide and gun violence prevention; conserving Vermont's landscape; and protecting medical providers who offer reproductive care, a right Vermonters voted overwhelmingly last year to enshrine as a constitutional right. You can read more at the 2023 end-of-session report we've posted on our websites.

We are proud to have had the opportunity to improve the lives of the people we serve. We know that the childcare and housing bills will do so. We suspect the Affordable Heat Act will do so, and maybe quite dramatically. But a few more years of work are required before we will know for sure.

Here's our approach to fiscal responsibility and good governance: We're making real, lasting changes that will make life more affordable and secure for Vermonters now and in the future. We're building stronger families, stronger businesses, and stronger communities. Failure to do so would be a mistake.

Reach out anytime with questions.

Rep. Kathleen James

Ranking Member: House General and Housing
Assistant Majority Leader

802.733.1435
KJames@leg.state.vt.us
kathjamesforstaterep.com

Rep. Seth Bongartz

Ranking Member: House Environment and Energy
Legislative Committee on Administrative Rules

802.598.3477
SBongartz@leg.state.vt.us
seth4house.com

Please sign up for our newsletter — join our shared mailing list at Kath's website! We send occasional updates over the summer and fall, including dates for constituent coffee hours, and regular updates during each year's five-month legislative session.

DOWNLOAD OUR 2023 END OF SESSION REPORT @ KATHJAMESFORSTATERE.COM OR SETH4HOUSE.COM