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# THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis  
of the issues in Montpelier



## **PART ONE**

The Vermont Legislature recessed late in the evening on Friday, June 26. They will reconvene on August 25 to start the process of developing and passing a budget for the remainder of FY21. The state is facing a revenue shortfall of well over \$300 million between the General, Education and Transportation funds for FY21 which combined with the continued uncertainty around the COVID-19 pandemic creates a daunting task when lawmakers return.

Before they recessed, the legislature passed a budget that funds the first quarter of FY21 and several other bills that [allocate](#) hundreds of millions of dollars in federal relief funding. Governor Phil Scott is expected to sign the bills. His administration is working around the clock to develop guidance and the application processes for

allocating the relief funds. Businesses, nonprofits, healthcare providers and all others who are eligible for relief will be able to apply in July and August when the administration will work to get funding out the door.

While the administration and legislature worked collaboratively and found disagreement in the face of the unprecedented challenges created by the COVID-19 crisis, there are signs the fall session could be more contentious. Governor Scott has already indicated that he feels the legislature didn't appropriate enough relief funding to businesses. On Friday he issued a [directive](#) to state agencies and departments instructing them to develop budget proposals that reduce spending by five percent under the FY21 General Fund totals proposed by the administration in January. The governor indicated that he plans to use a variety of other tools, including statewide policy changes, one-time revenue sources and other savings opportunities, to make up the projected shortfall. The governor is going to recommend that his upcoming FY21 budget proposal should retroactively replace the first-quarter budget that was just approved by the legislature.

The health crisis and ensuing economic stress is likely to further highlight philosophical differences between the Republican governor and Democrats in the legislature, creating the potential for a more contentious session in August and September. These challenges are further compounded by the fact that the fall session will take place in the middle of an election season. At the state level at least, the fact that it is an election year seems to remain an afterthought, which is a stunning example of the unprecedented times we live in.

Leonine Public Affairs will take a break from our weekly newsletter while the legislature is recessed. We very much appreciate our readers and look forward to reconnecting in August. We wish everyone a safe and resilient summer.