

Testimony of the Vermont League of Cities and Towns
Katie Buckley, Director, Federal Funding Assistance Program
House Committee on Ways and Means
Regarding: Climate Resiliency Funds
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Madam Chair and members of the Committee, thank you for the opportunity to speak with you about municipal capacity as it relates to climate resiliency. My name is Katie Buckley, and I am the Director of the [Federal Funding Assistance Program](#) with Vermont League of Cities and Towns, which represents all 247 cities and towns in Vermont.

I like to think of myself as a voice for Vermont's small municipalities, having worked for one for almost a decade. Much of what I will say, you likely already know, but to me it is worth repeating.

Most small towns in Vermont are run with no paid administrative staff. Legislative bodies – selectboards – have general supervision and control over the affairs of the town which is a multi-million-dollar enterprise when considering the collection of municipal and education tax revenue. Selectboard members are essentially part-time volunteers. Most collect stipends for their service that range from \$200-\$3,100/year with a vast majority at less than \$1,500/year (VLCT's 2023 Compensation & Benefits Survey). Most of those who choose to serve have other jobs, sometimes more than one, to make ends meet. Many have families – kids and aging parents – and all the responsibilities that go along with them. For the most part, they are not professional politicians, nor do they have degrees in public administration – they are very part-time leaders, meeting twice, sometimes once, each month to carry out the business of the town and sign orders.

Selectboards with no paid administrative staff lean heavily on Town Clerks and Treasurers. Unlike legislative body members, these are paid roles (elected or appointed), although most are barely paid VT's Livable Wage ([2022-Basic-Needs-Budget-and-Livable-Wage-report-FINAL-1-17-2023](#)) for their work. Clerks and Treasurers are often relied upon to carry the load of complicated work outside the scope of their statutory responsibilities. Why do they do it? Because they are in the town office regularly and in the public eye but mainly because they are committed members of their community. I often hear "well, if I don't do it then who will?"

Over time, the complexity of municipal operations has grown exponentially. Since property tax is the main source of revenue for towns, local officials have limited resources to maintain and repair critical and costly capital assets. Often, due to a lack of capital planning or a commitment to it, maintenance is deferred to ease taxpayer burden. "If it ain't broke, don't fix it." This leaves municipalities in a constant reactive position of only acting when something breaks or fails. Unfortunately, when this happens, the cost to correct, improve or replace is far beyond the municipality's fiscal means. Out of necessity, municipalities have turned to more complicated funding sources like state and federal grants to help keep their assets in operation.

For the most part, only those towns with paid, professional staff can operate from a proactive position which prevents asset failure and allows the municipality to build and strengthen its asset base. They have the ability and capacity to not only chase grants to fund their capital needs, but they have established capital programs and plans already in place to make them more competitive for limited program dollars.

What does all this mean relative to the deluge of COVID era federal funding ([ARPA](#), [BIL](#) & [IRA](#)) that has poured out of DC? Vermont's small rural towns weren't ready to enter the race to access this money. Like many rural towns across the US, they were miles away from the starting line when the gun went off.

In March 2021, the American Rescue Plan Act was signed into law. It created the State and Local Fiscal Recovery Fund (SLFRF) which brought \$1.25B to Vermont. Over \$200M of those funds, which we simply have come to call ARPA, went directly to 275 of Vermont's towns, cities and villages – cash up front. Thanks to the legislature and the Governor, VLCT received grant funding to stand up the [ARPA Assistance and Coordination Program](#) (which has since evolved into the [Federal Funding Assistance Program](#)) to assist municipalities in understanding the rules of ARPA and navigating the compliance and reporting requirements that accompany it. We've had a front row seat to observe how this funding, along with BIL and IRA, have unfolded in Vermont. Since ARPA was being built while it was deployed, its rules were constantly changing and evolving. As Vermont municipalities waited for the final rule, they largely sat on their ARPA awards partially paralyzed in fear of the federal regulations and making a mistake to trigger clawback but mainly because they did not have projects prioritized, planned and ready, just waiting for funding like larger municipalities would. And why would they? They are used to being cash-strapped and operating from a reactive position. At just about the 3-year mark of ARPA, many towns have used their ARPA awards to plug growing holes in budgets that have resulted from inflation, supply chain issues and ballooning project costs. They are also using their awards to pay for things that aren't typically or easily funded by grants, like highway garages, vehicles and equipment, fire stations, vehicles and equipment for their firefighters, etc. And, of course, to bridge expenses related to July 2023 flooding while waiting for FEMA reimbursements.

Act 3 (H.145) of 2023, created the Municipal Technical Assistance Program (MTAP). Its goal is to provide expanded technical assistance ("TA") and administrative support ("admin") to municipalities with high need that may be eligible for State or federal funding. Unlike typical grant programs, MTAP brings TA and admin capacity (external) to municipalities; it does not build capacity (internal) in them. The program launched on July 3, 2023, for the first round of preapproved municipalities. We all know what happened on July 7th – it essentially sidelined MTAP until October when both municipalities and MTAP service providers could pick their heads up from flood recovery work to restart the program. MTAP uptake has been slow as we again see that small towns do not have projects identified and prioritized. Just getting legislative bodies to say "yes" to accepting MTAP assistance has taken a lot of time and effort. Towns are not used to having targeted TA and admin delivered to their doorstep to support their work and the eligible project types are limited in scope, so it has taken time to germinate.

As municipalities contemplate taking on big, expensive projects, they are challenged by knowing how to do them correctly or how to fund them. Grants can be the most difficult piece and many municipalities refuse to use them because of the hassle they present. Below, in no particular order, are some of the impediments VLCT has witnessed in its work with Vermont's small towns accessing grant funds:

- Raising the local match. If/whenever possible grant programs should eliminate the local match. It is an equity issue and if access for all is priority, then local match should be eliminated.
- Governmental finance/accounting skills gap. The only requirement for an elected Treasurer is that they be a registered voter in the municipality they serve; there is no requirement that they have education, training or experience in any form of accounting. In addition, legislative body members generally do not have a deep understanding of governmental accounting, financial reporting or financial management. Furthermore, there is no requirement in Vermont law for a municipality to follow any accounting standards; there is no uniform chart of accounts; there is no requirement to have a professional audit. As a result, every town is different in how they organize and manage their money, which makes it incredibly difficult and time-consuming to offer technical assistance.
- Finding grant opportunities on State of Vermont webpages. Having all State agencies/departments post their funding opportunities as a tab on their homepage – same layout, same place on each page – would help everybody, not just municipalities.
- Municipal “workforce”/leadership needs more ongoing role-specific training/education, it should be a requirement and it should be free. After the March 2023 elections, more than 1/3 of elected officials were new to local government. We are expecting to see the same amount of churn in 2024 as tenured local officials are either being voted out or choosing not to run due to burnout from the pandemic, the 2023 floods and an increase in the lack of civility from the public.
- Municipal office communication, coordination, organization and collaboration needs skill building. Local officials need a better understanding of their roles and responsibilities, as well as others, and how to work together to advance municipal goals.
- Community engagement is a lot of work and takes skill, but it is necessary in 21st century government. There is a knack to successful community engagement and many local officials don't have the training, experience and tools necessary to do it right and well and within the context of Vermont law (OML). If it is a requirement of the funding source or an element of an application that will make it more competitive, then skill building should be offered.
- There are too many grant programs. Each week there are multiple new grant opportunities from different agencies (state and federal). It is impossible for towns to learn about each new program and know which one is right for their project(s). It also makes it difficult to prioritize projects when opportunities have different timelines that might not line up. Even seasoned, professional project developers, like VLCT's Federal Funding Assistance Program team, can barely keep up with the non-stop flow of new federal grants – most of which are not applicable to Vermont municipalities, or they would not be competitive on the national stage. It would be a welcome change if the state and the federal government would stop creating new programs and instead add more money to existing programs and expand their scope.

- Create a Common Application that can be used across all state programs as an entry point.
- Simplify and streamline applications. Applications should ask for more data, less narratives and provide more dropdown boxes for easy answers. Data evens the playing field. Narratives give the advantage to those who have a skilled grant writer on their team.
- Increase the percentage of grant funds that can be used for grant administration so a small municipality can hire a grant administrator. Or use funds at the state level to hire a staff person to do mass grant administration support on behalf of municipalities awarded funds.
- Make grant awards larger to reduce the number of funding sources in a project. Larger projects require complex capital stacks (with multiple funding sources) that small municipalities cannot successfully manage themselves. Multiple grants in a single project means multiple regulations and compliance requirements, sometimes duplicating, sometimes conflicting, sometimes additive. It is a lot easier to manage 2-3 grants in a project than 9 or 10.
- Funders could offer tiered applications. A pre-application could provide an easy entry point for a potential applicant to get their feet wet with the funding. If the pre-application round is favorable then the applicant would be invited to submit a full application, which would be more labor intensive but would have a better chance at an award.
- Funders could offer grant application office hours when potential applicants can either drop in or prebook a time to receive one-on-one help with their application.
- Funders could consider a “cohort” model, if applicable, in which those who received awards progress together as a group, learn from each other (successes and hurdles), mentor and support each other.
- Funders could offer more representative projects of prior successful awards as examples to applicants to show them “what right looks like” – both full applications and case studies that show the full project development, with the application being a small part of it.

I would like to close with a quote from a Selectboard member who I think sums up the current plight of municipal leaders very well:

“We are overwhelmed and underqualified; we are a tiny town; our volunteers are exhausted; we have no expertise; who are the consultants we can hire to help us get this work done?”

Again, thank you, Madam Chair, and Committee members, for this opportunity to share VLCT’s thoughts and perspectives on municipal capacity and our suggestions for making funding for climate resiliency more accessible for all municipalities.