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**Notes from editor (not for publication):**

Nice work, Joyce.

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**HEADLINE ELEMENTS:**

#####BEGIN HED#####

1 House faces grim financial challenges, a key committee  
2 chair says

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#####BEGIN SUBHED#####

3 Kornheiser: State legislators will face thorny issues this  
4 year and a significant loss of revenue from a slowing economy  
5 and 'tremendous instability' in relationship with the federal  
6 government

#####END SUBHED#####

7 TEXT BODY:

#####BEGIN TEXT#####

8 This year, the Legislature will be concerned with  
9 economics, more economics and then, yes, even more  
10 economics. As the second half of the Vermont Legislature's 2025-

11 26 biennium began on Jan. 6, this refrain was one everyone's lips:  
12 "This will be a hard season."

13 It certainly was on the lips of Rep. Emilie Kornheiser (D-  
14 Windham-7), and she should know. As chair of the House Ways  
15 and Means Committee and chair of the Joint Fiscal Committee,  
16 she has her pulse on the economics of government.

17 Or, as she put it while speaking to a legislators' forum at  
18 Brooks Memorial Library a few weeks ago, "I'm able to get a  
19 bird's-eye view of everything we do. And these are really hard  
20 times for government. They're really hard times for Vermonters  
21 and for Americans."

22 Economics is at the heart of the problems.

23 "As someone who loves our community deeply, my focus  
24 this session is stability," Kornheiser said. "Keeping each of us safe.  
25 Keeping the lights on. Making sure we can pay our bills."

26 Can Vermont pay its bills? Going back a few years,  
27 Kornheiser told the Brooks' audience, the U.S. was seeing an  
28 economic expansion.

29 "Across the country and in Vermont, we have seen really  
30 record economic growth in a lot of ways," Kornheiser said. "That  
31 is starting to slow. That's related to the aftermath of the pandemic,  
32 responses to inflation, all of those things."

33 Meanwhile, "we had record revenue growth for the state  
34 of Vermont, which gave us record opportunities to do things, to  
35 make a difference, for Vermonters, to try to fix some of our really  
36 long-standing structural problems," she said.

37 That economic growth was not universal.

38 "Economists describe that particular type of economic  
39 growth as 'an alligator chart,'" she said. "Some people  
40 experience high economic growth, like the top jaw of an  
41 alligator. And the rest of us experience low economic growth,  
42 like the alligator's bottom jaw."

43 For Vermonters, "things were pretty hard here, even  
44 before the current political moment that we're in," Kornheiser  
45 continued.

46            “We had a lot of long-standing demographic, structural,  
47    cultural problems, and we were really at the breaking point of  
48    needing to grapple with them,” she said. “We were starting to  
49    grapple with all the revenue that we had available to us.”

50            For many years, Vermont did well in attracting federal  
51    dollars, but that was because now-retired U.S. Sen. Patrick Leahy  
52    had the political seniority and clout to funnel federal money  
53    toward his home state.

54            “We were building programs for the future,” Kornheiser  
55    said. “We were building structural change.”

56            The state is looking at potential loss of revenue from the  
57    economic slowdown and “because of our connection to federal  
58    tax law,” she said. With Vermont income taxes based on federal  
59    taxable income, changes in federal income tax policy affect the  
60    state’s coffers.

61            Now Vermont is seeing enormous cuts coming from the  
62    federal government, and the state is dependent on federal dollars  
63    at a time of “tremendous instability in our relationship with the  
64    federal government,” she said.

65            “We receive much more money in federal dollars than  
66    we send in our federal taxes as a state,” Kornheiser said. “With  
67    the Trump administration, particularly, with the budget legislation  
68    that passed in the beginning of the summer, there is significantly  
69    reduced revenue coming to the state of Vermont.”

70            Drastic changes in Medicaid — the consequences of the  
71    One Big Beautiful Bill Act enacted last summer — are going to  
72    impact us soon, Kornheiser said.

73            “That has an impact on Vermonters directly,” she said.  
74    “They are going to lose their health insurance because they’re not  
75    going to be able to fill out their paperwork.”

76            The state also faces “a really significant reduction in  
77    revenue,” Kornheiser added. “A large portion of our budget  
78    comes from Medicaid dollars that we spend all over the state —  
79    to our schools, to community partners, to all those things.”

80 Vermont is also going to see a big reduction in funding  
81 for SNAP (Supplemental Nutrition Assistance Program, known in  
82 Vermont as 3SquaresVT and still commonly called “food  
83 stamps”).

84 The state also anticipates losing federal money for  
85 climate solutions, "and climate solutions save Vermonters money  
86 in addition to helping the wider world," Kornheiser said.

87 Right now, she said, "all attributable growth in the  
88 economy is coming from a single sector: artificial intelligence."

89 AI's labor growth, revenue growth, and stock market  
90 growth will have an impact on only a small subset of the  
91 population.

92 "This makes it a really, really fragile economy,"  
93 Kornheiser said. "And that's important to know, because with so  
94 much of what we do in the state, we need to rely on regular  
95 revenue, not just one-time revenue, to get stuff done."

96 Vermont is now entering a period of scarce economic  
97 resources, Kornheiser said.

98  
99 Some of the things Kornheiser said she will be fighting  
100 for this year: separating Vermont's corporate tax code from the  
101 federal code; closing loopholes that federal changes opened up;  
102 and "doing my darnedest to prevent our state from becoming  
103 even more unfair."

104 Also needing to be done, she said: stabilizing systems  
105 that Vermonters rely on every day, like food stamps. Making the  
106 bureaucracy easier to navigate. Protecting our schools and  
107 hospitals. Continuing to work on education reform.

108 "We owe it to each other to understand what is  
109 changing, where the risks are, and how we truly want our state to  
110 show up for people," Kornheiser said.

111 "Change is coming whether we want it or not," she  
112 added.

113 Kornheiser called on her constituents “to protest and  
114 collaborate, to imagine what’s possible and to push back against  
115 what’s unacceptable.”

116 “Too many folks in our state are struggling to afford or  
117 access health care,” she said. “Immigrants and older Vermonters  
118 are scared of what comes next. I’m committed to doing the work  
119 with clear eyes and a focus on what’s next.”

120 Every committee in the Legislature will be working in this  
121 new environment of economic instability, Kornheiser said. This is  
122 why legislators have been calling this new session a hard one.

123 “Each committee is going to be grappling with both this  
124 sort of economic instability, reduced economic opportunities,  
125 and an obligation — a responsibility for us to do absolutely  
126 everything we can to make sure we’re protecting Vermonters,  
127 protecting Vermonters’ basic human rights, protecting  
128 Vermonters’ economic well being, and making sure that, if the  
129 federal government’s coming for us, the state’s doing absolutely  
130 everything it can to protect us,” she said.

131 Very few legislators ran for office to “hold the line or  
132 keep the status quo,” she said.

133 “They mostly ran because they wanted to make Vermont  
134 better,” Kornheiser said. “But most of them now — Republicans,  
135 Democrats and independents — need to work to protect the  
136 advances Vermont has already made.”

137 She believes that the Windham County state legislative  
138 delegation “is deeply committed to that, and I also know that the  
139 vast majority of my legislative colleagues are,” she said. “And I  
140 would even say that’s mostly true across party lines.”

141 She said that much of this session’s activity will be  
142 “fighting to hold the line.”

143 “None of us is willing or interested in going back on the  
144 work we’ve done on climate change, on protections for trans  
145 folks and queer folk in our community, for basic health,”  
146 Kornheiser said. “That’s what we’re all going to be up there

147 fighting for, and we're going to be doing it under some pretty wild  
148 circumstances."

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LOGLINE (SOCIAL MEDIA):

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