ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Thursday, July 21, 2011

Room 10, State House

9:30 a.m. Call to Order and approve minutes of February 9, 2011 meeting

9:35 a.m. A. Special Briefing on Health Care Reform
Robin Lunge, Director, Health Care Reform, BISHCA
Anya Raider Wallack, Special Assistant to the Governor on Health Care

10:05 a.m. B. Fiscal Office's Updates/Issues
1. Fiscal Officer's Report - Stephen A. Klein, Chief Fiscal Officer
   a. Contracts – Education Finance
   b. Other
2. Updates:
   a. Education Fund - Mark Perrault
   b. Medicaid - Stephanie Barrett

10:30 a.m. C. Administration Update/Issues
1. Financials
   a. Banking, Insurance, Securities and Health Care Administration - Transfer of Unencumbered Balances [Act 3, Sec. 44(a)(2) of 2011]
      James Reardon, Commissioner, Department of Finance & Management, and Sandra Barton, Business Manager, BISHCA
   b. Update on Surplus Lines Compact
      Susan L. Donegan, Deputy Commissioner of Insurance, BISHCA
   c. Base Reductions: FY 2012 Status Report [Act 63, Sec. B.1101(a) of 2011]
      Commissioner, Reardon
   d. Preliminary closeout report and preliminary budget adjustment pressures
2. Other
   a. VT Employment Growth Incentive Cost-Benefit Model Data Update [32 V.S.A. § 5930a(d)] **[Approved]**
      Fred Kenney, Executive Director, VT Economic Progress Council
   b. Historic Property Stabilization and Rehabilitation Program [Act 40, Sec. 31(a) of 2011] **[Approved]**
      Michael J. Obuchowski, Commissioner, Department of Buildings & General Services and Giovanna Peebles, State Historic Preservation Officer, Agency of Commerce & Community Development

Informational Reports:

I. Quarterly Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [30 V.S.A. § 20**(b)(9)**] [Department and Board – Public Service] [2 quarters - enclosures]

II. Annual Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [30 V.S.A. § 20**(a)(2)(C)**: amended Sec. F25 of Act 146 of 2010] [Agency of Natural Resources]

III. Quarterly Report on excess receipts. [32 V.S.A. § 511] [Agency of Administration] [enclosure]

IV. Health Access quarterly progress report on purchasing agreements for pharmacy best practices and cost control program. [33 V.S.A. § 1998(c)(6)] [Agency of Human Services and DVHA] [Handout]

V. Joint Annual Report on Economic Advancement Tax Incentives (EATI) [32 V.S.A. § 5930a.(j)] [Department of Taxes and VT Economic Progress Council] http://thinkvermont.com/Programs/VEPC/EIRBReports/tabid/354/Default.aspx

VI. Joint Annual Report on Vermont Economic Growth Incentives (VEGI) [32 V.S.A. § 5930b(e)] [Department of Taxes and VT Economic Progress Council]

VII. Small Grants Quarterly Report [32 V.S.A. § 5(a)(3)] [Joint Fiscal Office] [2 quarters - enclosures]

VIII. Burlington Tax Increment Financing (TIF) Annual Report [Act 45, Sec. 16(b)(3) of 2011] [City of Burlington] [enclosure]

IX. VT fire service training council reporting on status of training programs and expenditures. [32 V.S.A. § 8557(b)] [Fire Council] [enclosure]

X. Health Care Information Technology Reinvestment Fee [8 V.S.A. § 4089k(e) amended by Act 63, Sec. G.100 of 2011] [Agency of Administration] [enclosure]

XI. VT State Hospital; Secure Residential Recovery Program Quarterly Update [Act 43, Sec. 31 (f)(3) of 2009] [Department of Mental Health] [2 quarters - enclosures]

XII. Report on Measures and Milestones of Challenges for Change. [Act. 146, Sec. H4(a) of 2010] [Agency of Administration] [http://finance.vermont.gov/state_budget/rec/c4c]

XIII. Revised Work Plan, adjusted budget, and preliminary audit list for FY 2012 of Auditor's Office. [Act 63, Sec. E. 130(b) of 2011] [Auditor's Office] [enclosure]

XIV. Report on transfer from the Correctional Services Appropriation to Correctional Services—Out-of-state-beds Appropriation [Act 3, Sec. 68 of 2011 as amended by Act 156, Sec. E.338(b) of the Acts of the 2009 Adj. Sess.(2010)] [Administration] [enclosure]

XV. Update on State Hospital Canteen. [Department of Mental Health and Buildings & General Services] [Committee Request] [Handout]

XVI. Update on DLC Online Training Grant. [Committee Request—See Grant #2448] [Department of Liquor Control] [enclosure]

XVII. Feasibility Study for Electronic Collection of Education Property Tax [Act 160, Sec. 45 of 2009 Adj. Sess. (2010) amended by Act 45, Sec. 6 of 2011] [Handout]

<u>Joint Transportation Oversight Committee Reports</u>

1. Report from Agency of Transportation [19 V.S.A. Sec. 12b(d)(1) and (2)] [enclosures]
2. Transportation – Supplemental Paving Spending [Act 62, Sec. 7a of 2011] [enclosure]

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Thursday, July 21, 2011

Minutes

Members present: Representatives Ancel, Branagan, Heath, and Larson, and Senators Cummings, Kitchel, and Sears.

Other Attendees: Tom Salmon, Auditor of Accounts, Senator Sally Fox, Representative Sarah Copeland-Hanzas, Administration, Joint Fiscal Office, and Legislative Council staff, and various media, lobbyists, advocacy groups, and members of the public.

Conference Phone: Senator Hinda Miller, Representative Dakin from Chester and others.

The Chair, Senator Ann Cummings, called the meeting to order at 9:36 a.m. Senator Kitchel made a motion to approve the February 9, 2011 meeting minutes and Representative Heath seconded the motion. The Committee adopted the minutes.

A. Special Briefing on Health Care Reform:

Robin Lunge handed out four documents, and gave highlights that included the Green Mountain Care Board's (the board) focus and work as it pertained to Act 48 of 2011. In responding to Senator Kitchel's question on a planning grant application, Ms. Lunge explained that the board was planning to apply for a one-year, million dollar federal grant, and that the grant could be reapplied for in future years (see handout). Nationally, Vermont is either in line or ahead in applying for the grant. The board anticipated the application to be submitted in September with a 45-day turn around, planning for a response in November. If Vermont receives the grant, the funds would assist in a gap analysis of information technology health care planning.

Ms. Lunge passed out a document listing the Act 48 Implementation Teams with the lead person/s who are responsible for reports due. Representative Ancel queried what the board role was on financing and how it related to the core teams. Ms. Lunge responded that the Secretary of Administration was responsible for coming to the Legislature with a plan in January 2013. When the plan is approved, the board would then have a role in following the plan but not for the creation or approval process. Anya Rader Wallack, Special Assistant to the Governor, offered that the board may have a role in a couple of areas of the financing plan in the benefit area and quantifying available federal funds, such as Medicare and Medicaid.

Ms. Lunge continued with the overview, explaining the current summer's work focus. She touched on the future timeline of the Blueprint for Health (Blueprint), and Ms. Rader Wallack noted that the administration anticipated that by the end of 2011, 50% of the state would be served by a Blueprint-participating primary care practice.

Ms. Lunge explained that the administration's public engagement strategy is based on existing boards where practical. State agencies, departments, and other organizations are encouraged to list all meetings on the Public Meetings Website, on the Department of Libraries site. Ms. Lunge added that the Blueprint for Health met its milestone this summer by engaging health care providers and Vermonters concerning the new health care model. There are now 53 recognized Blueprint primary care practices in Vermont, 250,000 people covered, and at least one primary care practice in every hospital in Vermont. A current proposal to further engage providers was to include incentives that included bringing specialists into the medical home model.

Ms. Lunge's enclosure explained that Act 48 required an RFP for a full assessment of the Health Information Technology (HIT), of which BISHCA has received several bids. Senator Fox inquired whether the new federal health care regulations specifically impacted this process. Ms. Lunge answered that the proposed 150-page regulations establishing the exchanges were just released the previous week and allowed for a 75-day response timeline for comments. She further added that the proposed regulations appeared to have nothing particularly alarming on preliminary read. The administration may submit comments on smaller issues, such as the medical homes criteria flexibility. Ms. Rader-Wallack added that the administration did submit comments on another set of regulations released on Medicaid waivers this past spring but have not received the final regulations yet. In answering Senator Kitchel's questions, Ms. Lunge explained that the federal government was due to release regulations around the health insurance market and expects those by November or December of 2011. Senator Sears inquired of the timing for the implementation of the board, and Ms. Lunge stated the administration was anticipating its first meeting October 1.

In response to a question from Tom Salmon, State Auditor, in the audience, Ms. Lunge explained that the RFP for the new MMIS was a new Medicaid claims process system that will be reissued as a result of Act 48 requirements and new federal IT guidelines. Ms. Wallack Radar added that the RFP was written prior to the health care policy was established by the new administration. Representative Heath asked what the new timeline was for the RFP, and Ms. Lunge replied that additional technical expertise had been hired to do a reassessment of information technology and give comments on the RFP before sending it out.

Senator Kitchel stated that the legislature had discussions of the board description and compensation during the session, and she queried why the hours are described in the notice of hiring. Representative Larson (also member of nominating committee for the board) explained that the nominating committee added the specific hours of work to provide clarity to candidates applying for the positions. He also announced that his resignation to the legislature would be on August 16, in light of his new position as Commissioner of DVHA.

B.1. – Fiscal Office's Update/Issues - Fiscal Officers' Report

Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, highlighted areas of the fiscal officers' report. The Lawrence O. Picus and Associates contract was in the process of signature. Picus' Team was scheduled to meet with the special [education finance] Committee on August 3, at 3:00 p.m. for introductions. A list of references for Picus and Associates was available upon request. The references were positive. In Washington State, Mr. Picus had a policy-based difference of opinion with another education finance expert on whether education funding was important to educational outcomes. Mr. Picus holds the belief that funding does impact education quality.

A performance evaluation of Tom Kavet (Legislative Economist) was sent out to members and staff. A new evaluation of forecast numbers versus actual numbers will be sent along with the final annual performance evaluation on Kavet in a few weeks. JFC is scheduled to meet the last week of September (date to be determined) and November 8. There may be a Legislative Briefing on November 10 to all members.

B.2.a. – Education Fund Update

Mark Perrault of the Joint Fiscal Office gave an update of the status of the education fund. At the end of the session, the operating statement was $600k short of a full education fund reserve (4.9%). Due to stronger a than anticipated revenue increase, the reserve fund will be full (5%) with a surplus of slightly more than $3 million. The revenues responsible are the purchase and use tax, the lottery, and the sales tax. Final numbers for FY 2011 have not been calculated so are subject to change.

B.2.b. – Medicaid Update

Stephanie Barrett of the Joint Fiscal Office handed out and summarized the contents of the report on Medicaid for Fiscal Year 2011 (year-end). The most important areas were explained to the committee. Fiscal Year 2011 Medicaid enrollments were below estimates, causing expenditures in Global Commitment and long-term care to come in lower than anticipated. In total, expenditures were lower than expected, about $80 million of funds were unexpended Global Commitment, but the FY 2012 budget estimate anticipated around $48 million of this already. The unallocated amount for Global Commitment was $31 million, of which about $10 million is state funds.

The State Health Care Resource Fund and the Catamount Fund for FY 2011 and FY 2012 are anticipated to have modest positive balances. This is primarily due to cigarette tax coming in slightly above estimates, and the employer assessment up $1 million above estimates. JFO and administration staff suggest combining the two funds, while still tracking expenditures by program, on a monthly basis.

Senator Campbell inquired whether there would be an economic impact to Vermont from New Hampshire's action to defund Planned Parenthood. Ms. Barrett responded that no impact was included in the FY12 budget as passed, and if there is an impact to Vermont, the budget adjustment process would be where this type of issue would be presented. Commissioner Reardon offered to make an inquiry to the Agency of Human Services to track possible issues from New Hampshire's action.

C.1.a. – Administration – Financials – BISHCA Transfer of Unencumbered Balances

James Reardon, Commissioner, Department of Finance & Management, and Sandra Barton, Business Manager, Department of Banking, Insurance, Securities, & Health Care Administration (BISHCA), explained that information sent previously to the committee showed an excess of $53k over forecasted amounts in FY 2011, which was transferred to the General Fund.

C.1.b. – Update on Surplus Lines Compact

Susan Donegan, Deputy Commissioner of Insurance, BISHCA, handed out a summary sheet and gave background information on Act 49 of 2011 and a status report of the surplus lines multi-state compact. The New England Insurance Compact (NEIC) agreement was created after the Dodd Frank Wall Street Reform and Consumer Protection Act (H. R. 4173). There has been no fiscal impact to Vermont from the compact so far, but once the compact is fully operational, the fiscal impact will need to be reassessed. BISHCA will continue to collect surplus line tax until the compact is up and running.

Ms. Donegan further explained that surplus lines include non-admitted and non-licensed insurance policies outside Vermont's borders that make up Vermont's gap of casualty insurance. The tax collected from these policies has been just under $1 million, and when the compact is operational, Vermont would lose about $200k a year.

C.1.c. – Base Reductions: FY 2012 Status Report

Commissioner Reardon gave the committee a handout and explained that $5 million was allocated to departments, and that amount should be returned through labor savings. Five million gross ($2 million General Funds) of the labor savings would be achieved through the Vermont State Employees Association's contract that allows the state to increase the employees' portion of retirement savings. An estimated $2 million in savings are anticipated in health insurance and about $250,000 in voluntary reduction of work hours.

Representative Ancel inquired whether there was an issue of supervisors making it difficult for employees to take the voluntary reduction of hours. Commissioner Reardon stated that around 100 employees were approved, but he did not have a count of how many applied. He offered to forward the question to the Commissioner of Human Resources for a response.

Commissioner Reardon stated that it was unlikely that the state would achieve the $12 million in savings, but would be ready to give another update at the September JFC meeting. The administration will continue to try and find as much base savings as possible.

C.1.d. - Preliminary Closeout Report and Budget Adjustment Pressures

Commissioner Reardon, using the same handout as previously, explained that the FY 2011 revenue was $40 million above the January 2011 consensus forecast that was approved by the Emergency Board. Revenues have gone up a total of about 11% over the past year, but are still below the FY08 level.

Commissioner Reardon explained that $10 million was allocated and the remaining funds are placed in the human services caseload reserve in Act 63 of 2011. The Commissioner also explained that the UI interest payment estimate is now $2.5 million lower than the previous estimate of $3.6 million. Representative Heath inquired whether the federal government was still considering excluding states from paying back UI benefits. Commissioner Reardon said it was unknown but unlikely.

The administration has advised that all state agencies and departments draw-down any federal funds owed to the state by next week in case the federal government were to shut down for a time from stalled congressional talks on the debt ceiling.

Commissioner Reardon continued the summary of the FY 2011 preliminary closeout and added that the state's abandoned property funds may exceed estimates, but that number was not yet available. The $11 million that was promised to higher education would be transferred to the Higher Education Trust Fund. The Global Commitment fund ended with a positive balance again and review of the base levels of projected expenditures in that program will be reviewed by JFO and administration staff.

Projected FY 2012 upward pressures include the Sarcoidosis funds for claims which are funded on a pay-as-you-go basis and vary annually. The FY 2011 Renter Rebate program experienced an increase in applicants due to legislation mandating landlords' delivering rebate certificates to lessees. The program has an estimated request of $1.2 million to the General Fund to cover this influx. The Commissioner requested that language be proposed in the FY 2012 Budget Adjustment bill to identify and permit the transfer of funds to the Tax Department to cover checks sent at the end of the fiscal year.

Commissioner Reardon admitted that placeholders for Spring flood relief to municipalities and individuals, and state litigation costs were only broad estimates. The litigation estimate could include court costs from the data mining case, the Entergy case, or others. The Commissioner updated the committee on the State Hospital recertification status, noting that the state would be reapplying for recertification in September. Because of the timeline for the post-application period for surveys and the period of assurances, Commissioner Reardon doubted the state would see recertification by January 1, 2012.

The Commissioner pointed out that the estimated revenues of $1.9 million from federal prison bed rentals could not be fully achieved; therefore, the BAA amount of $500,000 was added to the list of projected budget adjustment needs. Senator Sears complemented the commissioner of the department of corrections and others for the savings they have produced. There may also be an additional $2 million upward pressure in the department but the commissioner of corrections was confident that an internal solution would resolve the issue.

The Commissioner concluded with a list of possible areas for one-time funding needs, including increasing the Budget Stabilization Reserve.

C.2.a. – VT Employment Growth Incentive Cost-Benefit Model Data Update

Fred Kenney, Executive Director, VT Economic Progress Council, referred to a previously sent packet and summarized the proposed methodology change in the discount rate used after the modeling by the council.

Senator Campbell moved that, pursuant to 32 V.S.A. § 5930a (d), the committee approve the model modifications outlined in the June 7, 2011 memorandum to the committee. Senator Kitchel seconded the motion and the committee approved it.

C.2.b. – Historic Property Stabilization and Rehabilitation Program

Michael J. Obuchowski, Commissioner, Department of Buildings & General Services, and Giovanna Peebles, State Historic Preservation Officer, Agency of Commerce & Community Development, handed out information. A pilot program has been established by legislation where the proceeds from the sale of state properties provide the seed funding for improving other properties. There are 19 potential sale properties with a total value of $1 to $2 million. There currently are 14 properties approved for improvement by the legislature. Mr. Obuchowski claimed that the greatest benefit of the program was for the state to gain a better stewardship of its state-owned historic properties. Commissioner Obuchowski explained that in the initial legislation some properties were approved initially, but additional properties would need further legislative approval. Representative Branagan inquired where funds would be drawn for the $100,000 Seed Fund. Ms. Peebles replied the Capital Fund of 2011-2012 had already supplied the funds.

Ms. Peebles stated that proceeds from state-owned property sales would go into the fund to continue to perpetually revitalize historic properties. Ms. Peebles gave the example of a state-owned farm in St. Albans that was currently being sold, and Commissioner Obuchowski added that the Redstone building could be a potential future site for sale. Ms. Peebles referred to the program as a real visionary concept to improve state assets, and suggested that other state agencies and departments may utilize the program if the pilot was successful.

Senator Sears moved that in accordance with Sec. 31 of Act 40 of 2011, after review of the proposal and the Institution chairs' recommendations; the committee approve the proposal as submitted. Representative Branagan seconded the motion and the committee approved it.

C.2.c. – Report on Levels of Instrumental Activities of Daily Living (IADLs) for FY 2011

Ms. Barrett, and Camille George, Deputy Commissioner, Department of Disabilities, Aging, & Independent Living, referred to a Report on Medicaid (handout B.2.b., page 8) previously handed out in the meeting. Ms. Barrett explained that in the Governor's proposed FY 2012 budget, IADLs funding was to be reduced but the legislature bought back just over half of the reduction. In Act 63 of 2011 (Big Bill), the legislature had written in a provision that if the fiscal year ended with expenses below the appropriated amount, funds should first be used to fully fund IADLs, and the amount used to buy back the 50% of unfunded IADLs should revert to the Human Services Caseload Reserve. This was the case with FY 2011 year-end expenses coming in below expectations, allowing full funding of IADLs, transfer of $1.34 million to the caseload reserve, and an additional $471k of unallocated funds available within the long-term care appropriation.

Representative Heath stated that there was a concern that some IADL case managers were submitting incorrect case plans. Ms. George responded that case managers were in need of more training, and that was something the department was working to correct. Senator Cummings raised the issue that some recipients of the program came upon the obstacle of having no definition under a Medicaid protocol, and, therefore, were lumped under an RN supervision, which just added costs. Ms. George responded she would investigate the issue within the state's designation process. Ms. Barrett added that Act 63 requested that the department should report back to the legislature on the IADL program and its effectiveness and costs.

Ms. George concluded with additional news that due to the additional carryforward funds, the other reductions within the flexible choices program that would eliminate the 10% discount and the $500 carryover would not occur. Instead, a letter to IADL clients would be sent within the next couple of weeks explaining that those reductions would not be going forward. Senator Kitchel asked whether there was still a waiting list for the program. Ms. George stated that currently, there was no waiting list for high needs, and there were people coming onto the list in the moderate needs category.

C.2.d. – Education – Adjusted Education Payment, Status of Grants

Armando Vilasecca, Commissioner, Bill Talbott, Deputy Commissioner, and Brad James, Education Finance Manager, Department of Education, distributed a handout with information on legislation history of the grants, a list of reimbursements, and effects of the grants. Mr. Talbott reviewed the legislation for the grants from the handout. If a school district consolidated into a Regional Education District (RED), then it could be reimbursed up to $150k for its efforts. Two school districts studied but failed to implement the RED plan, but a third district was currently studying its viability as a RED. The Commissioner and Mr. Talbott referred to the map within the handout showing district financial activity of studies, totaling approximately $80k if all districts approved their proposal. Mr. Talbott stated that the Windsor Southwest study was the only RED proposal at this time. Senator Kitchel stated that based on figures in the handout, amounts of possible funds owed would not be onerous for the department, and the Commissioner agreed.

Mr. Talbott explained that the current proposed plan for Windsor Southwest consolidated four districts, and also merged with to the Bennington-Rutland SU as one supervisory union to keep its school choice provision. Representative Heath asked for clarification of whether the State Board of Education could approve the merging of the two supervisory unions. Mr. Talbott and the Commissioner both responded in the affirmative.

D. – Revenue Update

Tom Kavet, Legislature's Economist, provided a handout of the revenue forecast for July 2011, showing that revenues were slightly above January 2011 projections, even though the economy in the past six months had worsened more than previously anticipated. One issue has been the spike in oil prices, causing an enormous drag on the economy. Another economic issue was the receding of the federal stimulus funds. Other economic factors include the Japanese earthquake and tsunami disaster that caused a slowdown in car sales and production, the European solvent debt crisis that has caused some economic rifts in the United States, and the national debt ceiling expenditure debacle. A re-forecast would be recommended if the national debt ceiling was not raised.

Mr. Kavet pointed out that the labor market has been sluggish, and, therefore, employment growth has stalled. Vermont's labor market has been similar to the national dilemma but in general has done slightly better. A lack of residential construction spending for second homes could have an impact on Vermont's education grand list. The education revenue estimates were done in October. Representative Branagan inquired about the disruption in the Corporate Income Tax. Mr. Kavet stated there were some one-time events that have caused the uncertainty in that market, but the overall switch to unitary taxation broadened the tax base, creating a higher floor and less volatility in corporate tax revenue. This would be a positive outcome for Vermont because corporations could no longer move money around to avoid paying taxes.

Senator Kitchel moved to adjourn the meeting at 12:21 p.m.

Respectfully Submitted,

Theresa L. Utton-Jerman

Theresa Utton-Jerman, Legislative Joint Fiscal Office

JFC July 21, 2011 Statutory Language

Item C.1.a. BISHCA – Transfer of unencumbered balances [Act 3, Sec. 44(a)(2) of 2011]

(a) Notwithstanding any other provisions of law, in fiscal year 2011:
(2) All or a portion of the unencumbered balances in the insurance regulatory and supervision fund (Fund Number 21075), the captive insurance regulatory and supervision fund (Fund Number 21085), and the securities regulatory and supervision fund (Fund Number 21080), expected to be approximately $20,389,195 shall be transferred to the general fund, provided that on or before July 1, 2011, the commissioner of banking, insurance, securities, and health care administration certifies to the joint fiscal committee that the transfer of such balances, or any smaller portion deemed proper by the commissioner, will not impair the ability of the department in fiscal year 2012 to provide thorough, competent, fair, and effective regulatory services, or maintain accreditation by the National Association of Insurance Commissioners; and that the joint fiscal committee does not reject such certification.

Item C.1.b. Base Reductions: FY 2012 Status Report [Act 63, Sec. B.1101(a) of 2011]

(a) In fiscal year 2012, the secretary of administration is authorized to reduce appropriations for labor savings due to unfilled vacant positions, voluntary reduced workweeks, modified health insurance plans for active and retired state employees, reduced state costs in supporting retirement plans, close management of personal services contracts, reduced overtime costs, and for any other management initiatives within the executive branch, excluding reductions to grants, that are necessary to realize the base reductions. The executive branch shall provide status reports to the joint fiscal committee on achievement of this base reduction at meetings in July, September and November of 2011. The commissioner of finance and management is authorized to transfer other funds saved as a result of these initiatives to the general fund in fiscal year 2012: General fund $12,000,000

Item C.2.a. Vermont Employment Growth Incentive Cost-Benefit Model Data Update [32 V.S.A. § 5930a(d)]

(d) The council shall apply the cost-benefit model in reviewing applications under subdivision (b)(1)(A) and (B) of this section to determine the net fiscal benefit to the state. The cost-benefit model shall be a uniform and comprehensive methodology for assessing and measuring the projected net fiscal benefit or cost to the state of proposed economic development activities. Any modification of the cost-benefit model shall be subject to the approval of the joint fiscal committee. The cost-benefit analysis shall include consideration of the effect of the passage of time and inflation on the value of multi-year fiscal benefits and costs.

(1) In determining the projected net fiscal benefit or cost of the incentives considered under subdivision (b)(1)(A) of this section, the council shall calculate the net present value of the enhanced or forgone statewide education tax revenues, reflecting both direct and indirect economic activity. If the council approves an incentive pursuant to this section, the net fiscal costs, if any, to the state shall be counted as if all those costs occurred in the year in which the council first approved the incentive and that cost shall reduce the amount of the annual authorization for such approvals established by the legislature for the applicable calendar year.

(2) In determining the projected net fiscal benefit or cost of the incentives considered under subdivision (b)(1)(B) of this section, the council shall calculate the net present value of the enhanced or forgone state tax revenues attributable to the incentives, reflecting both direct and indirect economic activity over the five-year award period. If the council approves an incentive, the net fiscal costs, if any,

to the state shall be counted as if all of those costs occurred in the year in which the council first approved the incentive and that cost shall reduce the amount of the council's annual authorization for approval of economic incentives as established by the legislature for the applicable calendar year.

Item C.2.b. **Historic Property Stabilization and Rehabilitation Program [Act 40, Sec. 31(a) of 2011]**

(a) On or before July 15, 2011, the department of buildings and general services and the division for historic preservation shall develop a proposal for the program required in Sec. 30, 29 V.S.A. § 155(b), of this act and shall present the proposal to the chairs of the house committee on corrections and institutions and the senate committee on institutions. The chairs shall review the proposal and recommend to the joint fiscal committee whether or not to approve the proposal. After review of the proposal and the chairs' recommendations, the joint fiscal committee shall approve the proposal, disapprove the proposal, or direct the departments to amend and resubmit the proposal to the chairs by a date certain.

Item C.2.c. **Report on levels of Instrumental Activities of Daily Living (IADLs) for FY 2011 and FY 2012 expenditures of Choices for Care [Act 63, Sec. E.300(a) of 2011]**

(a) The secretary of human services and the commissioner of disabilities, aging, and independent living are authorized to set the level for IADLs and respite/companion services within the Choices for Care program that is consistent both with the funding provided in this act and with what the commissioner determines will to the greatest extent possible minimize individuals from moving from his or her home to a nursing home, including the utilization of variances where the commissioner determines appropriate. Prior to reducing the level for these services from the current baseline, the secretary and the commissioner shall review actual fiscal year 2011 Choices for Care expenditures to determine if fiscal year 2012 funding in context with actual expenditure experience of fiscal year 2011 would require a reduction in the baseline. The secretary and the commissioner shall provide a report to the joint fiscal committee in July 2011 on the fiscal year 2012 levels for IADLs and respite/companion services as well as total actual expenditures of the Choices for Care waiver for fiscal year 2011. To the extent that fiscal year 2011 carryforward resources in the Choices for Care waiver are available to meet the determined IADL and respite needs in fiscal year 2012, the commissioner of finance and management after consultation with the secretary and commissioner of disabilities, aging, and independent living is authorized to transfer up to $1,340,000 of fiscal year 2012 state funds appropriated for the waiver to the human services caseload reserve. The secretary and the commissioner of disabilities, aging, and independent living shall provide a report to the joint fiscal committee in November 2011 on the status of the federal Money Follows the Person grant and how any state savings resulting from the grant will be used to strengthen the home and community-based services that allow eligible Vermonters to remain in their homes as well as the financial impact the grant may have on Vermont nursing homes.

Item C.2.d. **Education – Adjusted Education Payment, Status of Grants [Act 156, Sec. E.505(b) of the Acts of the 2009 Adj. Sess. (2010) as amended by Act 3, Sec. 69(b) of 2011]**

(b) $250,000 of this appropriation to the department of education from the education fund is for the reimbursement of grants authorized in Secs. 4(e) and 9a of No. 153 of the Acts of the 2009 Adj. Sess. (2010). The commissioner shall report to the joint fiscal committee at its July 2011 meeting on the status of these grants.

Reports/Information:

I. Quarterly Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [30 V.S.A. § 20(b)(9)]

(b) Proceedings, including appeals therefrom, for which additional personnel may be retained are:
(9) proceedings at the Federal Energy Regulatory Commission which involve Vermont utilities or which may affect the interests of the state of Vermont. Costs under this subdivision shall be charged to the involved electric or natural gas companies pursuant to section 21(a) of this title. In cases where the proceeding is generic in nature the costs shall be allocated to electric or natural gas companies in proportion to the benefits sought for the customers of such companies from such advocacy. The public service board and the department of public service shall report quarterly to the joint fiscal committee all costs incurred and expenditures charged under the authority of this subsection, and the purpose for which such costs were incurred and expenditures made;

II. Annual Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [30 V.S.A. § 20 (a)(2)(C) as amended by Sec. F25 of Act 146 of 2010]

(a)(1) The board or department may authorize or retain legal counsel, official stenographers, expert witnesses, advisors, temporary employees, and other research services:
(2) The agency of natural resources may authorize or retain legal counsel, official stenographers, expert witnesses, advisors, temporary employees, other research, scientific or engineering services to:
(C) assist the board or department in any proceedings described in subdivisions (b)(9) (Federal Energy Regulatory Commission) and (11) (Nuclear Regulatory Commission) of this section. Allocation of agency of natural resources costs under this subdivision (C) shall be in the same manner as provided under subdivisions (b)(9) and (11) of this section. The agency of natural resources shall report annually to the joint fiscal committee all costs incurred and expenditures charged under the authority of this subsection with respect to proceedings under subdivision (b)(9) of this section and the purpose for which such costs were incurred and expenditures made; and

III. Quarterly Report on excess receipts [32 V.S.A. § 511]

If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended on the approval of the commissioner of finance and management. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the state to the expenditure of state funds, they may only be expended upon the approval of the legislature. Excess federal receipts, whenever possible, shall be utilized to reduce the expenditure of state funds. The commissioner of finance and management shall report to the joint fiscal committee quarterly with a cumulative list and explanation of the allocation and expenditure of such excess receipts.

IV. Health Access quarterly progress report on purchasing agreements for pharmacy best practices and cost control program. [33 V.S.A. § 1998(c)(6)]

(c)(1) The commissioner may implement the pharmacy best practices and cost control program for any other health benefit plan within or outside this state that agrees to participate in the program. For entities in Vermont, the commissioner shall directly or by contract implement the program through a joint pharmaceuticals purchasing consortium. The joint pharmaceuticals purchasing consortium shall be offered on a voluntary basis no later than January 1, 2008, with mandatory participation by state or publicly funded, administered, or subsidized purchasers to the extent

practicable and consistent with the purposes of this chapter, by January 1, 2010. If necessary, the department of Vermont health access shall seek authorization from the Centers for Medicare and Medicaid to include purchases funded by Medicaid. "State or publicly funded purchasers" shall include the department of corrections, the department of mental health, Medicaid, the Vermont Health Access Program (VHAP), Dr. Dynasa
(6) The commissioners and the secretary shall report quarterly to the health access oversight committee and the joint fiscal committee on their progress in securing Vermont's participation in such joint purchasing agreements.

V. Joint Annual Report on Economic Advancement Tax Incentives [32 V.S.A. § 5930a. (j)]

By April 1 of each year, the council and the department of taxes shall file a joint report on economic advancement tax incentives with the chairs of the house committee on ways and means, the house committee on commerce, the senate committee on finance, the senate committee on economic development and commerce, housing and general affairs, the house and senate committees on appropriations, and the joint fiscal committee of the general assembly and provide notice of the report to the members of those committees. The joint report shall contain the gross and net value of incentives granted pursuant to subdivisions (b)(1), (4), and (5) of this section and pursuant to subdivisions (b)(2) and (3) of this section during the preceding year. The joint report shall include an account of each incentive granted under subsection (b) of this section, from inception of the program to the date of the report, including the date and amount of the award, the expected calendar year or years in which the award will be exercised, whether the award is currently available, the date the award will expire, and the amount and date of all incentives exercised. The joint report shall also describe the extent to which the tax credits allowed by the department of taxes in the previous calendar year supported economic activity that complied with the performance expectations in the written notification of approval under subsection (k) of this section. The joint report shall summarize all credits awarded and earned, applied for, and carried forward by entities participating in the economic advancement tax incentives program authorized by this subchapter through the end of the preceding calendar year. The joint report shall include the claims by specific type of credit, number of participating entities, and tax type against which the credit is applied. The joint report shall also include information on award recaptures. The joint report shall also include information on economic activity, benefits to the state, and recipient performance in the fiscal year in which the credit was applied. The department of taxes shall develop the capacity to report by fiscal year the amount of total credits applied by tax type against the tax liabilities for the prior fiscal year and any award recaptures. The joint report shall also address the council's conformance with the annual authorizations established in subsection (i) of this section. The council and department may use measures to protect confidential financial information, such as reporting information in an aggregate form or masking the identity of the tax award recipient.

VI. Joint Annual Report on Vermont Economic Growth Incentives [32 V.S.A. § 5930b(e)]

(e) Reporting. By May 1, 2008 and by May 1 each year thereafter, the council and the department of taxes shall file a joint report on the employment growth incentives authorized by this section with the chairs of the house committee on ways and means, the house committee on commerce, the senate committee on finance, the senate committee on economic development, housing and general affairs, the house and senate committees on appropriations, and the joint fiscal committee of the general assembly and provide notice of the report to the members of those committees. The joint report shall contain the total authorized award amount of incentives granted during the preceding year, amounts actually earned and paid from inception of the program to the date of the report, including the date and amount of the award, the expected calendar year or years in which the award will be exercised, whether the award is currently available, the date the award will expire, and the amount and date of all incentives exercised. The joint report shall also include information on recipient performance in the year in which the incentives were applied, including the number of applications for the incentive, the number of approved applicants who complied with all their requirements for the incentive, the aggregate number of new jobs created, the aggregate payroll of those jobs and the identity of businesses whose applications were approved. The council and department shall use measures to protect proprietary financial information, such as reporting information in an aggregate form.

VII. Small Grants Quarterly Report [32 V.S.A. § 5(a)(3)]

(3) This section shall not apply to the acceptance of grants, gifts, donations, loans, or other things of value with a value of $5,000.00 or less, or to the acceptance by the department of forests, parks and recreation of grants, gifts, donations, loans, or other things of value with a value of $15,000.00 or less, provided that such acceptance will not incur additional expense to the state or create an ongoing requirement for funds, services, of facilities. The secretary of administration and joint fiscal office shall be promptly notified of the source, value and purpose of any items received under this subdivision. The joint fiscal office shall report all such items to the joint fiscal committee quarterly.

VIII. Burlington Tax Increment Financing (TIF) Annual Report [Act 45, Sec. 16(b)(3) of 2011]

(3) The city of Burlington will prepare a report annually, beginning July 1, 2010, for both the joint fiscal committee and the department of taxes, which will contain:
(A) the calculation set out in subdivision (2) of this subsection;
(B) a listing of each parcel within the Waterfront TIF District and the 1996 original taxable value, 2010 extended base value, and the most recent values for all homestead and nonresidential property;
(C) a history of all of the TIF revenue and debt service payments; and
(D) details of new debt authorized, including repayment schedules.

IX. VT Fire Service Training Council reporting on status of training programs and expenditures. [32 V.S.A. § 8557(b)]

(b) The executive director of the division of fire safety shall, at the end of each fiscal quarter, prepare a comprehensive written report on the status of training programs and expenditures to date. The report shall be submitted to the commissioner of public safety, the chairperson of the legislative joint fiscal committee when the legislature is not in session, and the chairperson of the house appropriations committee when the legislature is in session. The department of public safety shall continue to provide budgeting, accounting, and administrative support to the Vermont division of fire safety as such was originally described in Sec. 98 of No. 245 of the Acts of the 1991 Adj. Sess. (1992).

X. Health Care Information Technology Reinvestment Fee [8 V.S.A. § 4089k(e) amended by Act 63, Sec. G.100 of 2011]

(e) No later than June 30, 2011, the secretary of administration, or his or her designee, shall assess the adequacy of funding and make recommendations to the commission on health care reform joint fiscal committee concerning the appropriateness of the duration of the health care information technology reinvestment fee.

XI. Vermont State Hospital – Secure Residential Recovery Program Quarterly Update [Act 43, Sec. 31(f)(3) of 2009]

(f) The agency of human services shall submit the response of CMS, if any, or the fact that CMS has not responded to the request, to the senate committee on institutions and the house committee on corrections and institutions, the senate and house committees on appropriations, the senate committee on health and welfare, the house committee on human services, the joint fiscal committee, and the mental health oversight committee.
(3) Outside the legislative session, the department of mental health shall provide quarterly updates to the joint fiscal committee and the mental health oversight committee on the progress toward completing the facility and developing the residential recovery program.

XII. Challenges for Change – Quarterly Reporting and Implementation [Act 146, Sec. H4(a) of 2010]

(a) On a quarterly basis, beginning with July 1, 2010, the administration shall report to the chairs of the house and senate committees of jurisdiction, the joint legislative government accountability committee, and the joint fiscal committee. Each report shall include a statement of the measures and milestones summarized by the government accountability committee for that Challenge, a brief summary of milestones met and progress made in that Challenge, and the data collected to measure that progress. Reports shall also include any modifications or additions proposed for the plan of implementation, and how these modifications or additions are designed to achieve the outcomes for that Challenge.

XIII. Revised Work Plan, adjusted budget, and preliminary audit list for FY 2012 of Auditor's Office. [Act 63, Sec. E.130(b) of 2011]

(b) The state auditor shall review the legislative changes made during the 2011 session and submit a revised work plan for the office of the state auditor, including an adjusted budget and preliminary audit schedule for fiscal year 2012, to the department of finance and management and the legislative joint fiscal committee on or before July 5, 2011. The work plan shall include all required audits and any plans for discretionary performance audits in place at that time. In addition the plan shall include a discussion of advance notification protocol options for single audit fund agency billings.

XIV. Report on transfer from the Correctional Services Appropriation to Correctional Services--out-of-state beds. [Sec. E.338(b) of No. 156 of the Acts of the 2009 Adj. Sess. (2010) Amended by Act 3, Sec. 68 of 2011]

(b) In fiscal year 2011, the secretary of administration may, upon recommendation of the commissioner of corrections, transfer unexpended funds between the respective appropriations for correctional services and for correctional services – out-of-state beds. At least three days prior to any such transfer being made, the secretary shall report the intended transfer to the joint fiscal office and shall report any completed transfers to the joint fiscal committee at its next scheduled meeting.

A.

Vermont Health Reform Implementation: Update for the Joint Fiscal Committee

Corrected Version

Robin Lunge

Director of Health Care Reform

July 21, 2011

Major components of Act 48

- Green Mountain Care Board
  - Cost control and payment reform
- Vermont Health Benefit Exchange (DVHA)
  - Restructuring small group insurance purchasing
- Detailed Planning for Green Mountain Care (Secretary of Admin.)
  - Single payer financing
    - Benefits
    - Costs
    - Savings
    - Revenue sources
  - Single payer operations and relationship to the Health Benefit Exchange

Continuing Implementation Work

- Blueprint for Health
  - Statewide expansion continues
  - July 2011 milestone met
  - 53 recognized primary care practices with 250,000 patients
  - Blueprint practices in every hospital service area
- Payment Reform Pilots
  - Building on Blueprint for Health
  - Working with most developed pilot projects sites
    - Burlington, St. Jay
  - Considering providing incentives for increase coordination between primary care providers and specialists using the Blueprint medical homes and community care teams
  - Working with BISHCA on hospital budget process ideas for 2013

Act 48 Implementation

- Green Mountain Care Board
  - Applications received
  - Nominating committee in progress
  - Appointments in September?
  - Cross-agency team preparing background research and data

- Vermont Health Benefit Exchange
  - Two cross-agency implementation teams: public programs and private market
  - Many work products from Exchange planning consultants
  - Sharing Exchange design proposal with stakeholders in August
  - Federal regulations released

Act 48 implementation continued

- Green Mountain Care planning
  - Integration
  - Financing
  - Federal relations
- Health Information Technology
  - Technology assessment RFP has been issued (Sec. 10 of Act 48 of 2011)
  - VIEWS RFP is coming out soon….
  - MMIS is being reissued

Act 48 New Implementation Work cont.

- Public engagement strategy
  - Using existing advisory groups, where possible
    - One example - Medicaid Advisory Board
  - Exchange Advisory Group
    - http://dvha.vermont.gov/administration/health-benefits-exchange
  - Improving agency use of public meetings website
    - http://info.libraries.vermont.gov/vtgov_meetings/meetings.htm
  - Updating AOA health care reform website (in progress)
    - http://hcr.vermont.gov/
  - Engaging groups, associations, businesses, and others
    - small group meetings – walking through impacts on particular groups or specific employers

Contact Information

- (802) 828 -3322 (Sec of Admin's office)
- Robin.lunge@state.vt.us

A.

PLANNING FOR VERMONT'S HEALTH BENEFITS EXCHANGE

The Department of Vermont Health Access (DVHA) applied for and received a $1 million Exchange planning grant from the federal Department of Health and Human Services (HHS) in October, 2010. After issuing a Request for Proposals and reviewing bids from ten vendors, DVHA contracted with Bailit Health Purchasing to assist with the Exchange planning process. The current contract extends through September 30th of 2011. Vermont will submit another application to HHS in September for additional funding for the implementation phase of Exchange development.

The contract with Bailit provides the following work products:

Roadmap for Planning: This report provides a strategic approach to answering questions and identifying key decision points in the Exchange planning process.

Study of uninsured and underinsured Vermonters: This report uses the 2009 Household Health Insurance Survey results to create a profile of the uninsured and underinsured population.

Stakeholder analysis: These reports provide feedback obtained through interviews, focus groups, and surveys from a number of stakeholder groups, including uninsured Vermonters, underinsured Vermonters, small businesses, agents and brokers, and non-profit organizations involved in health care. Bailit is also facilitating formal Exchange Advisory Group meetings.

Study of the current insurance market: This report analyzes Vermont's insurance market as it exists today, with the goal of providing Vermont officials with a better understanding of what changes may need to occur to comply with federal requirements for the Exchange.

Assessment of current programs and integration opportunities: This report will help define how various State agencies (DVHA, BISHCA, Department for Children and Families) will work together to ensure seamless eligibility determination and enrollment in Exchange plans, both public and private.

Formal assessment of "churning:" This report will evaluate the extent to which "churning" (the movement of enrollees on and off programs and among programs) is a problem in Vermont, and what steps Vermont may take to mitigate the effects on enrollees and the system.

Report on Exchange functions: This analysis will provide a description and an estimated cost for each of the functions the Exchange must perform.

Exchange sustainability options analysis: This report will provide options for Vermont's Exchange to achieve financial sustainability by 2015.

Basic Exchange design: Using the information obtained from the reports and analyses described above, Bailit will recommend an overall design for Vermont's Exchange.

Exchange implementation plan: The final product will be a detailed implementation plan containing milestones and tasks that Vermont must complete to implement an Exchange in late 2013.

Completed work products are available on DVHA's Exchange web page:
http://dvha.vermont.gov/administration/health-benefits-exchange

Act 48 – Implementation Teams

Core Teams

1. Health Benefit Exchange Operations, HIT and Administrative Simplification
    - Leads – Betsy Forrest and Hunt Blair
2. Insurance Market Planning
    - Leads – Steve Kimbell and Cliff Peterson
3. Public Programs Planning
    - Leads – Robin Lunge
4. Financing Plans
    - Leads – Jeb Spaulding and Mary Peterson
5. Payment Reform and Cost Control
    - Leads – Anya Rader Wallack and Richard Slusky

Legislative Report Teams

- Rx and single formulary
    - Lead – Nancy Hogue
    - Report due Jan 15, 2012
- Public Health & Health System Planning
    - Lead – Harry Chen
    - Report due Jan 15, 2012
- BISHCA Initiatives
    - Lead – Cliff Peterson
    - Discretionary Clause report due Jan 15, 2012
- Medical Malpractice
    - Lead –Beth Robinson
    - Proposal due Jan 15, 2012
- Workers Compensation
    - Leads –Annie Noonan and Steve Monihan
    - Proposal due in Integration Plan - Jan 15, 2012
- Transfer of Health Care Eligibility
    - Lead – Dave Yacovone
    - Report due Jan 15, 2012
- Integration Plan
    - Lead – Robin Lunge
    - Integration Plan due Jan 15, 2012
- Reorganization of health related functions of state government
    - Lead – Anya Rader Wallack
    - Report due Jan 15, 2012
- Workforce
    - Lead – Greg Voorhies and Steve Maier?
    - Report due Jan 15, 2013
- Immigration
    - Lead – GMC Board
    - Report due 2013

Vermont Health Reform Implementation: A multi-agency team approach

Robin Lunge
Director of Health Care Reform
July 21, 2011

VERMONT HEALTH REFORM

Highlights of Vermont's health reform history

- Expansion of coverage through Medicaid options and waivers
  - Dr. Dynasaur
  - VT Health Access Program
  - Catamount Health
  - Employer sponsored insurance assistance
- Small group insurance reform
- Non-group insurance reform
- Choices for Care – long-term care waiver
- Mental Health parity
- Blueprint for Health (advanced primary care medical home)
- Health Information Technology efforts

Major components of Act 48

- Green Mountain Care Board
- Vermont Health Benefit Exchange
- Detailed Planning for Green Mountain Care (single payer)

What are the steps along the way?

- 2011
  - Continued implementation of HIT
  - Implementation & Planning of Act 48
  - Green Mountain Care Board created
- 2012
  - Statewide expansion of the Blueprint for Health (redesign of primary care practices) and electronic medical records
- 2013
  - Secretary of Administration
    - Calculates cost of single payer and available federal funds
    - Recommends financing for coverage for all Vermonters

More steps along the way...

- 2014
  - Vermont Health Benefit Exchange (federal)
    - Provides new federal tax credits to cover uninsured Vermonters
    - Administrative structure for the single payer
  - Individual mandate (federal)
- Upon availability of federal waiver (2017 at latest)
  - Vermont implements single payer

Summer/Fall 2011 Implementation Work

- Cross-agency core implementation teams
  - Public Programs
  - Finance
  - HIT/Exchange Team
  - Payment Reform Evaluation and Cost Control
  - Insurance Market
- Public engagement strategy
  - Using existing advisory groups, where possible
    - One example - Medicaid Advisory Board
  - Exchange Advisory Group
    - http://dvha.vermont.gov/administration/health-benefits-exchange

Summer/Fall 2011 Implementation Work

- Cross-agency core implementation teams
  - Public Programs
  - Finance
  - HIT/Exchange Team
  - Payment Reform Evaluation and Cost Control
  - Insurance Market
- Public engagement strategy
  - Using existing advisory groups, where possible
    - One example - Medicaid Advisory Board
  - Exchange Advisory Group
    - http://dvha.vermont.gov/administration/health-benefits-exchange

Joint Fiscal Office

B.

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MEMORANDUM

To: Senator Ann Cummings, Chair, Representative Martha Heath, Vice Chair, and members of the Joint Fiscal Committee

From: Stephen Klein, Chief Fiscal Officer

Date: July 14, 2011

Subject: July 2011 – Fiscal Officers' Report

What follows is an update on post-session developments – some of which will be on the agenda for the July fiscal committee meeting.

1. **FY 2011 Revenues and Closeout**
   a. FY 2011 – Revenues - Very preliminary results indicate that Vermont closed the fiscal year with revenues exceeding the official January General Fund (GF) forecast by about $36 million. The Transportation Fund is estimated to be $200,000 below forecast and the Education Fund $600,000 over forecast for the year.
      i. The General Fund's relative strength is due largely to personal income and corporate tax revenues being substantially over target and sales tax being up about $2 million. Tom Kavet will be asked to provide more detail on this development.
      ii. In the Transportation Fund, slight shortfalls in the gasoline tax were made up by increased purchase and use tax revenues.
      iii. The Education Fund is up $600,000 with sales and use and purchase and use revenues being the key contributors to the increase.
      iv. Revenues will continue to be counted for much of July, so changes may occur as the books are closed on the fiscal year.

   b. FY 2010 - Closeout:
      i. With the General Fund FY 2011 revenue surplus, we anticipate an overall closeout of $25 to $30 million above the waterfall appropriations. The waterfall specified up to $3.6 million as a reserve for the state's unemployment interest payment and $7 million as a reserve against federal cuts. The additional revenue will be placed in the caseload reserve and provide a greater cushion against federal changes, which could occur in Federal FY 2012, including nine months of state FY 2012.
      ii. The Global Commitment/Medicaid spending was a about 2.2% below the expected level in FY 2011. If this trend continues, it

means additional savings in FY 2012 from budgeted amounts and a lower trend rate in 2013, which should help with budget formulation. Catamount expenditures are also down. Work will be done to better understand the forces that brought about these results.

iii. We are expecting a General Fund budget adjustment need of $1.0 million or so in renter rebate payments. We may also see some legal settlement obligations, which will create budget adjustment pressures.

iv. The estate tax ended the year up an estimated $35.9 million. Of this, $11 million will go to the Higher Education Trust Fund and $3.9 million to the Revenue Shortfall Reserve.

Jim Reardon will provide an update on where the closeout appears to be heading at the meeting.

2. FY 2012 and Beyond - Revenues and Budget Pressures

a. The FY 2012 revenue forecast revision will be available at the meeting. The revenues through June continued a positive trend, indicating an improvement to the FY 2012 January forecast. The loss of federal ARRA funds nationwide is a drag on the economic recovery, and we still face considerable economic uncertainty.
b. The FY 2012 budget assumed that $12 million in labor savings would be identified. Jim Reardon will report on progress toward this goal.
c. We have yet to hear of any resources for LIHEAP funding. Given the President's proposed budget reductions in LIHEAP, there appears to be more of a funding risk this year than in the past.
d. We are awaiting news on the federal debt ceiling agreement. The discussion regarding the negotiation on raising the debt ceiling may give us some sense of the federal funding changes that Vermont will experience. There is very little information on what will be in the negotiated package if one happens at this point.
e. Based on the forecast revision, the closeout in Global Commitment and Catamount, and known federal changes, we will work with the Department of Finance and Management to develop a revised gap analysis for FY 2013 in the last week of July and first week of August.

3. Education Finance Study

a. We are completing contract negotiations with Lawrence Picus and Associates. We have also finished our reference check and they were generally very positive on Picus, his associates and their work. The only identified issue arose in Washington State where an independent education finance analyst challenged Picus's work. We have on file some of the back and forth on this debate.
b. Larry Picus is holding the first week in August for a trip to Vermont with his team. Point people from other departments have been identified: They

include Bill Talbot from the Department of Education and Susan Mesner from the Department of Taxes.

4. **Health Care Reform**
   a. The Joint Fiscal Office is working with BISHCA on the November review of the health care reform finance assumptions. The report will expand on the content that was included in the April report. We will submit an outline to the committee in September.
   b. Robin Lunge is expected to make a short report to the Joint Fiscal Committee on work-to-date at the July meeting.

5. **Medicaid**
   FY 2011 Year End
      i. Enrollments in Medicaid programs appear to have leveled out in the latter part of the SFY'11 compared to the steady increases we saw in the SFY'10.
      ii. Utilization was also down in the traditional Medicaid "fee for service" populations, resulting in lower than expected spending.

6. **Catamount and ESI**
   a. Enrollments in Catamount (with premium assistance) and ESI came in under projections for SFY'11. JFO had projected that enrollments could begin leveling off in FY'11 and '12. While it may be too soon to confirm, there are only 534 more enrollees than there were one year ago (June – May), compared to the rapid growth the program saw in the first couple of years.
   b. The combination of lower-than-projected enrollments and premiums, stronger revenues than budgeted from the employer assessment, and cigarette taxes contributed to an operating surplus of approximately $2.2 million in the Catamount Fund.
   c. The new Catamount changes went into effect July 1. JFO has posted a Q & A on its website to help legislators and constituents understand the basic mechanics of the new changes.
   http://www.leg.state.vt.us/jfo/healthcare/2011_Haircut_Q&A.pdf

7. **Proposed FMAP concerns**
   As the President and Congress continue to negotiate a budget deal, the "blended rate" FMAP proposal is still on the table which would combine the mix of matching rates (traditional FMAP, CHIP, and future enhancements as part of the ACA) into a single matching rate for each state. The federal government estimates it could save $100 billion over 10 years which consequently could result in as much as a $200-million reduction in federal reimbursements for Vermont over this period. If passed, this combined with other potential reductions and policies will have serious budgetary and programmatic implications. JFO has been in contact with congressional staffers and NCSL and will continue to monitor the situation.

8. **Legislative intent**

   The legislative intent document for the budget has been circulated and is available on our web page.
   http://www.leg.state.vt.us/jfo/appropriations/fy_2012/Act%2063%20of%202011%20FY12%20Budget%20Intent%20.pdf

9. **Vermont Economic Growth Incentives (VEGI)**
   a. The changes to the Vermont Economic Growth Incentives program that will be up for action at the July Joint Fiscal Committee meeting are more administerial model changes than substantial and primarily reflect updates to economic, fiscal, and demographic data, as follows:
      i. To reflect changes in the economy that affect the calculations of the costs and benefits of an application;
      ii. To reflect changes in tax statute and rates that affect the calculations of the costs and benefits of an application; and
      iii. To reflect changes to the model to maintain compatibility with the latest version of the REMI Input/Output software.
   b. There is material in your package explaining these changes.

10. **The Transportation Agency VTRANS submissions include two reports which have been transmitted to the Joint Transportation Oversight Committee**
    a. Paving transfers. The administration took advantage of a provision which allowed the transfer of up to $2,000,000 from other budget lines to provide more funds for paving projects.
    b. AOT's report on bidding indicates that bids are still coming in below estimates for both roads and bridges which should result in increased project capacity.

11. **Legislative Budgets**
    a. The Legislature's budget will close FY 2011 with an unallocated surplus of about $138,000, although the gross surplus (before anticipated obligations) will be closer to $812,000 – This is in part due to the early adjournment other efforts to control costs and lower than anticipated expenses. The Legislature's FY 2012 budget request included a deficit of $134,000, with the understanding that we would work to achieve the necessary carryforward. Thus, the first $134,000 of carryforward is dedicated to closing the FY 2012 legislative budget deficit. Additional potential uses include $150,000 for copier replacement (a capital expense) and $125,000 for performance budgeting activity. An additional $250,000 has been reserved for balancing the FY 2013 budget. The Legislature's FY 2012 budget does not include any salary increases for employees. Those earning more than $60,000 will continue with current furloughs.
    b. The Joint Fiscal Office ended the budget year with an unallocated surplus of just under $7,000 and a gross surplus of about $276,000. Of the obligated funds, the largest share has been reserved for the Education Finance Study ($210,000). Funding has also been transferred from the

Health Care Reform Commission and obligated to support continued health care reform work ($37,000) and to offset a reduction in FY2012 base funding ($10,000). Eleven thousand dollars has also been reserved to cover one-time costs associated with hosting the Eastern States Legislative Fiscal Officers Association conference.

c. The Legislative Council, the Sergeant at Arms, and the Information Technology departments all met or exceeded their carryforward targets. Furloughs will be continued. These budgets will be managed with an awareness of FY 2013's tight budget environment.
d. Work will continue with other staff entities on legislative budget development and preparation. Nathan Lavery continues to be extremely helpful in working with all legislative departments on budget issues.

12. Joint Fiscal Office Updates

a. The Fiscal Office is hosting a meeting of the Eastern States Legislative Fiscal Officers Association on September 20—23, in Burlington. The group is likely to be small given the financial pressure that states are under.
b. Nolan Langweil will receive a Legislative Staff Achievement award at the NCSL meeting due to his work on national health policy efforts and his work with the NCSL committees in this area. Congratulations to Nolan!
c. Neil Schickner will be working with the Agency of Transportation to assess road and bridge conditions subsequent to the in-flux of ARRA monies that we have experienced. Neil Schickner and the Agency of Transportation are also working to develop a model to project the annual costs on a long term basis of maintaining the state's existing highway and bridge infrastructure in a serviceable condition on a least cost basis. Experience with the model will provide a basis for extending the concept to the state's rail infrastructure.
d. Currently AOT, in consultation with the Transportation Committees, has a prioritization system which focuses on bridges where repairs can prevent more costly work later and high traffic roads.

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STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Special Committee on Education Finance

From: Stephanie Barrett, Associate Fiscal Officer

Date: July 11, 2011

Subject: Lawrence O. Picus and Associates references

Arkansas - Jim Argue – Former State Senator and Co-Chair of the Little Rock School District Strategic Planning Commission

- Arkansas (AK) school finance system declared unconstitutional in 2002. Picus and Odden were hired to work through legislative proposals. They provided an evidence based approach on what district require to meet adequacy. AK has a wide range of districts from tiny to very large. Equity was determined by district property tax capacity per pupil. Picus and Odden did an analysis of baseline resources needed to meet adequacy and equity standards. Based on this analysis smaller districts would require higher per pupil funding to meet adequacy in comparison to larger districts. However, AK adopted a formula that limited per pupil funding to a minimum 500 student district size as they did not want to support the cost differential of small districts. They also passed a consolidation bill to get to a minimum district size of 350. The adequacy and equity principles were applied to capital funding as well.
- Mr. Argue thinks that the partnership between Picus and Odden is strong but at the same time each individual has a different style and strength, and this is what results in so much value and comprehensiveness in the analysis. After leaving the legislature, Mr. Argue was on the Little Rock school board. There, he hired Picus and Odden for help at the district level.

Beaverton, Oregon – Claire Hertz – CFO of Beaverton School District

- Picus and Odden worked years ago for the State of Oregon. The model they developed for education quality is still used and it is still a goal at the state level to meet the objectives of this effort even though funding levels have not kept pace.
- The work done at the state level was the reason for the Beaverton District (40,000 students) to seek their help. The district already had a strategic plan in place but the work of Picus and Odden helped them align their resources to support the plan. Their project was a year long and is considered successful and the basis of current resource allocation at the district. Picus and Odden are reportedly a pleasure to work with. They have different styles and personalities which produces a strong product. They are great at getting people to think differently about things. They keep up on the research as well as doing their own analysis on data specific to the project.

North Dakota – Kayla Effertz Governor's Office/Brandi Pelham Governor's Office in '09

- Picus and Odden were hired by the Education Finance Commission. The commission was the result of a negotiated agreement with several districts to avoid litigation. Picus and Odden did the adequacy and equity analysis that became the backbone of education financing reform in North Dakota. The reform has taken three legislative sessions to fully implement, and the analysis continues to guide the process. Kayla did not speak to working relationships.
- Brandi Pelham worked with Picus and Odden in 2009. The contract had been executed several years earlier. As a new person, coming on dealing with a previously established contractor, she found them very responsive and accommodating. They returned calls quickly, were very accommodating of governmental timing and financial limitations. Over all, a very good contract experience.

Washington State: Picus and Internet search

- The 2005 Legislature passed SB 5441, creating the Washington Learns Steering Committee, co-chaired by Governor Gregoire, and advisory committees in early learning, K-12 and higher education. After over a year of intensive study, the advisory committees and the steering committee developed a final report with comprehensive, long-term recommendations for creating a world-class, learner-focused, seamless education system for Washington. Picus served as a consultant to this effort. His work became controversial when another education finance specialist [Hanushek] took issue with Picus' work in a peer review. We have on file several documents relating to this debate.

Wyoming - Dave Nelson School Finance Manager, Washington Legislative Service Office

- Picus and Odden were good for Wyoming. They came into a situation where the paradigm for Wyoming was shifting. Mr. Nelson reports they worked very well with the legislature. Their work began in 2005 and continues to the present, weathering a fiscal storm during that period but remaining in high esteem by the legislature. He is still on contract on a fee-for-service basis. The work had a lasting impact, in that it led to a very transparent and understandable model and provides Wyoming with a plan and philosophy which is adopted by the legislature for resource allocation

B.2.b.

July 21, 2011
Emergency Board Meeting
Report on Medicaid for Fiscal Year 2011

32 V.S.A. § 305a(c) requires a year end report on Medicaid and Medicaid related expenditures and caseload. Each January the Emergency Board is required to adopt specific caseload and expenditure estimates for Medicaid and Medicaid-related programs. Action is not required at the July meeting of the Board unless the Board determines a new forecast is needed as result of the year-end report. While FY11 caseload and expenditures both came in below expectations, staff does not recommend a new forecast at this time. Year end information along with the most current experience will be analyzed this Summer and Fall and incorporated into the new forecasts for the budget adjustment and new budget year in January.

This report contains the following:

Year End Summaries:

- Summary of Enrollment
- Summary of Total Expenditures
- Global Commitment Fund Summary and Long Term Care GF Summary
- Catamount Fund Detail
- State Health Care Resources Fund Detail

Key Issues
The data in this report reflects current estimates to date. There may be changes as the financial close out for the fiscal year is completed and finalized. If necessary, significant changes will be included in a subsequent revised report.

Enrollment: Actual FY11 enrollment is slightly below the level that was estimated and adopted in January. Both Catamount and VHAP were 1,000 people below the estimated levels of enrollment. Catamount as a program seems to be leveling off. VHAP remains the most volatile group as this is the enrollment group that is most impacted by recent economic conditions.

Expenditures: Total expenditures were below the budgeted level for FY11. In the Global Commitment (GC) program, $48 million of carry forward was anticipated and relied upon in building the FY12 budget. The GC ended FY11 with an addition $31 million beyond the anticipated amount. GC funds are gross, combined state and federal funds, so the state share of this amount based upon the FMAP rate is approximately $10 million.

In the Choices for Care/Long Term Care (LTC) program gross total expenditures were below expectations by $11 million. The state share of the LTC total is $4.4 million, however much of the unexpended amount was anticipated when building the FY12 budget and most of these state funds were allocated. The unallocated total of in LTC is $471,222.

Global Commitment: Midway through FY11 the extension of the GC waiver was granted by the Center for Medicare/Medicaid Services. The waiver extension contained one significant financial change in regard to the matching event for federal funds. Under the initial waiver terms, per member per month (PMPM) rates were set prospectively on a Federal fiscal year (FFY) basis, and once selected, could not change. If the actual program expenditures were less than the PMPM payments, the State was allowed to carry forward the surplus and use them on the four allowed purposes[1]. If the actual program expenditures were greater than the PMPM payments the State would have had to utilize prior year GC surplus dollars or State-only funding to cover the costs.

Accordingly, there was a great deal of risk in selecting the PMPM rate requiring a variety of analysis to project underlying expenditures, available State funding, and actual caseload. Setting the PMPM rate required a recommendation from the Agency of Human Services (AHS) and Dept. of Vermont Health Access (DVHA) along with consensus from the Administration, and the Legislature. The process needed completion by September 1 for submission to CMS.

Effective with the January 1, 2011 Global Commitment Waiver Renewal, the Standard Terms and Conditions (STCs) now required the State's Medicaid claim to reflect actual expenditures incurred (inclusive of GC Administration, Program, and Investments). The STCs still require an actuarial vendor to construct PMPM rate ranges. The high end of the PMPM range serves as the spending limit for the State. If actual expenditures are less than the PMPM high rate, the State will carry forward a "virtual surplus" that creates additional spending authority for subsequent years. If actual expenditures are greater than the PMPM high rate, Federal matching dollars would still be available but the State would have a "virtual deficit" that would need to be addressed by the end of the demonstration.

PMPM rates are still required to be selected prospectively on an FFY basis, and cannot be changed once set. The GC waiver renewal STCs allow the State to set PMPMs at the highest level within the actuarially certified rate ranges, while making the monthly capitation payments to DVHA at a percentage of the PMPM limit. This allows the State to continue an initial FFP claim on the 1st of the month, but maintaining compliance with the Cash Management Improvement Act (CMIA) pertaining to drawing down of Federal funds. Setting the PMPM rates at the highest end of the ranges creates the opportunity to create a "virtual surplus" and will create spending authority under the GC Waiver cap for waiver closeout activities (i.e. claims incurred during the waiver period but paid subsequent to the end of the demonstration, the "claims tail".)

One other major fiscal impact of the waiver renewal was a change in the how we could count certified expenditures as state match. Under the initial waiver, the entire certified expenditure was counted as state funds for matching purposes. Counting the entire certified expenditure as state match provided a fiscal benefit to the state. Under the renewal the certified expenditures

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[1] (1) Reduce the rate of uninsured and underinsured; (2) Increase access to quality health care for the uninsured, underinsured, and Medicaid beneficiaries; (3) Fund public health programs that improve outcome and quality of life for Medicaid beneficiaries; (4) Support public-private partnerships in health care.

remain as allowed expenditures but the match is limited to the state share. In the FY12 budget state funding was needed to make up the benefit which is no longer available as result of this change, the amount was equal to the federal share of the certified expenditures.

The GC fund has a balance at the close of FY11 of $80 million. Of this amount, $48 million was anticipated and incorporated in the FY12 budget. There is $31 million in unallocated fund balance which will be available to be carried forward for the FY13 budget. The state share of this unallocated balance is approximately $10 million.

Catamount Program and Catamount Fund: There were several changes made to the Catamount program in FY12. In January 2011, the lowest cost premium for FY12 under Catamount was projected to increase to $452/month, on average. At that time the program was projected to be $8 million in deficit without any other changes in the program. As a result of the projected deficit, the administration initially proposed collapsing Catamount into VHAP this would have significantly reduced payments to providers. They also proposed increasing the deductible to $1,500 further impacting subscribers.

As an alternative to the Governor's proposal, the Legislature and the Administration worked to find a solution that would be less disruptive to subscribers and less detrimental to providers. The acceptance of a less drastic reduction in reimbursement on the part of providers and the insurance carriers combined with maintaining the monthly cost of the program at the projected level allows the program to remain fiscally sustainable for FY12 with no increase in deductibles or conversion of the program to the VHAP program. As part of these changes all anniversary dates were reset to July 1, 2011. Currently, beneficiary premiums are tied to the anniversary date of their enrollment in the program. As a result, many beneficiaries saw changes in their premium earlier than they would have otherwise. An 11% adjustment is now applied to the premium. However, since the underlying premium decreased as a result of reimbursement changes, beneficiaries are not paying anymore than they would have in the absence of these policy changes. The FY12 actual monthly rate including the adjustment for the lowest cost plan is $434 this is lower than the initially expected rate.

The FY11 balance in the Catamount fund is projected to be $2.2 million. In FY12 the fund revenues reflect the 11% premium adjustment and a portion of the $0.38 cigarette tax increase. Based on the budget as passed and projected revenue, the Catamount fund has a projected $4 million balance in FY12.

<u>RECOMENDATION:</u> This report presents information on the Catamount program and fund in a new format. Both the legislative and the administration fiscal staff are recommending that the Catamount Fund be collapsed into the State Health Care Resources Fund (SHCRF). The Catamount Program enrollment and cost <u>will continue</u> to be reported separately and tracked on a monthly basis. The Catamount revenues would be identified and tracked in the SHCRF. There are several reasons for this recommendation:

1) For several years the Catamount Fund expenditure has not been the same as the actual Catamount Program expenditure and the difference has lodged in the General Fund. This has lead to some confusion.

2) The Catamount program is now entirely matched under the global commitment waiver.
3) Blueprint and Immunization expenses are now matched in the GC waiver and only a portion of the funding is reflected in Catamount. The Health Department will continue to provide the information on the Blueprint and our Immunization programs in their entirety.
4) Finally, this will allow greater administration efficiency and will still provide the detailed programmatic and revenue data that both the legislature and the administration require.

State Health Care Resources Fund: The FY11 balance is estimated to be $5.1 million which is inline with the amount expected in the budget adjustment and FY 12 budget process. The revenue from the change in the base of year of provider tax and the rate are reflected in the fund in FY12. Most of the change in the rate on the cigarette tax is reflected in this fund. Currently the fund in FY12 is projected to have a positive balance.

Federal Medical Assistance Percentage (FMAP): During the 2010 legislative session, the FY11 budget assumed an extension to the enhanced FMAP until the end of state fiscal year 2011. At that time the total estimated value of the enhancement was $62.26 million but this estimate was revised to $37.7 million in August 2010 after the impact of the congressional action was clear which extended the enhancement at a lesser rate. These funds were removed from the budget and placed into the human services caseload reserve and allocated from the reserve for a variety of purposes in FY11. The estimate of Vermont's FY11 enhanced match rate (eFMAP) changed again for the final two quarters of the year. Vermont was not notified of a negative change in our FMAP rate by CMS that was assumed based on our unemployment rate. So a total of $3.6m in the 3rd quarter was available to be used to balance the FY12 budget, and $3.6 million was available for deposit in the human services caseload reserve as a result of the 4th quarter rate not changing. The final quarter of funds will be available to use in FY13.

The FY12 budget anticipates an average state share rate of 42.14%. Based on information from CMS this is projected to go to 43.00% in FY13 placing $12-13 million of pressure on the budget.

PROGRAM ENROLLMENT						
Adults	FY08 Actual	FY09 Actual	FY10 Actual	FY11 *Jan 2011 Ebrd*	FY11 Actual	FY12 *Jan 2011 Ebrd*
Aged, Blind, or Disabled (ABD)/Medically Needy	11,804	12,547	13,337	14,081	13,744	14,772
Dual Eligibles	14,197	14,779	15,192	15,806	15,948	16,270
General	9,258	9,858	10,358	10,852	10,844	11,127
VHAP	24,763	28,214	33,249	37,678	36,678	41,240
VHAP ESI	274	329	949	935	903	866
Catamount	2,296	6,353	8,985	10,922	9,933	10,751
ESIA	176	476	677	808	750	817
Subtotal Adults	62,767	72,556	82,746	91,082	88,800	95,843
Children						
Blind or Disabled (BD)/Medically Needy	3,491	3,608	3,610	3,688	3,678	3,707
General	50,674	52,242	54,232	55,427	54,887	55,985
Underinsured	1,147	1,212	1,176	1,223	1,124	1,236
SCHIP (Uninsured)	3,280	3,414	3,510	3,703	3,672	3,710
Subtotal Children	58,591	60,476	62,528	64,041	63,361	64,638
Pharmacy Only Programs	12,727	12,453	12,550	13,088	12,780	13,113
Choices for Care	4,062	4,016	3,929	4,010	4,010	4,010
Nursing Home, Home & Community Based, ERC						
Total Direct Services	**138,147**	**149,501**	**161,754**	**172,221**	**168,951**	**177,604**

Summary of Total Expenditures

	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Budget/Adj Est	FY11 Final Est	FY12 Budgeted
Non Capitated Administration	5,764,748	6,116,390	5,698,974	6,033,133	6,268,275	5,756,453
Global Commitment Waiver						
GC - Administration	70,078,963	74,349,470	75,955,385	82,244,844	79,803,374	88,004,079
GC - Program	688,768,873	779,104,938	850,692,110	917,200,088	893,789,172	985,636,186
GC - Investments (CNOM)	50,961,849	53,463,741	46,598,068	54,712,118	48,958,781	53,989,853
GC - Certified (non -cash program & cnom)	23,989,739	28,079,069	29,600,582	25,674,647	24,782,283	35,813,553
	833,799,424	934,997,218	1,002,846,145	1,079,831,697	1,047,333,610	1,163,443,671
Choices For Care Waiver (LTC)	189,742,595	197,954,288	194,618,136	203,158,019	191,968,507	205,289,676
Pharmacy - State Only	7,055,010	6,534,312	1,718,090	2,067,869	1,812,342	1,989,408
Catamount - State Only >200% -Administration	1,270,333	905,626	314,476	* 100% incl in GC	* 100% incl in GC	* 100% incl in GC
Catamount - State Only >200% -Program	3,981,434	8,682,014	7,752,108	* 100% incl in GC	* 100% incl in GC	* 100% incl in GC
DSH	49,003,898	35,648,781	37,448,781	37,448,781	37,448,782	37,448,781
Clawback	20,339,254	20,779,093	13,332,383	17,614,748	17,684,471	23,892,185
SCHIP	6,193,009	7,231,315	6,972,994	8,452,339	7,664,905	8,475,152
Total	1,117,149,705	1,218,849,037	1,270,702,087	1,354,606,586	1,310,180,892	1,446,295,326

* FY10 >200% Catamount is 1/2 year - these expenses are moved into GC after Jan 1, 2010.
Most of the Buy-In program is included in the GC waiver and a small portion is in the CFC waiver

Global Commitment - Cash Balance Sheet - FY09 to FY11 (Estimated)

(these are gross combined federal and state funds)

	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Estimated Final (4)
Cash Carryforward from Prior Year	**38,913,512**	**42,285,554**	**25,026,759**	**61,860,279**
Revenues - Cash Capitated Payments (5)	**813,181,969**	**889,659,354**	**1,010,079,082**	**1,047,364,321**
Expenses - Cash Capitated				
Administration	70,078,963	74,349,470	75,955,385	79,803,374
Program	688,768,873	779,104,938	850,692,110	893,789,172
Investment	50,961,849	53,463,741	46,598,068	48,958,781
Total Cash Expenses	**809,809,685**	**906,918,149**	**973,245,562**	**1,022,551,326**
End-of-Year Cash Balance	**42,285,798**	**25,026,759**	**61,860,279**	**86,673,273**
Less encumbrances				(6,579,184)
Available End-of-Year Cash Balance				80,094,089
Carryforward from SFY11 Already Booked in FY12 Budget				48,488,366
Unallocated FY11 Carryforward				**31,605,723**
Non-capitated administrative expenses (1)	5,764,748	6,116,390	5,698,974	6,268,275
Non-cash expenses (2)	23,989,739	28,079,069	29,600,582	24,782,283
Non-cash revenues (3)	32,448,537	31,170,027	30,722,883	24,782,283

Notes:

(1) Non-capitated expenses are cash expenses but are paid outside of capitation pmt and do not affect fund balance.

(2) Non-cash expenses include 3 certified programs in which non-federal expenses are not State cash expenses.

(3) Non-cash revenues include 4 certified programs in which non-federal revenues are not State cash revenues.

(4) FY11 revenues and expenses are **ESTIMATED ONLY** - actual revenues and expenses may be different based on final closeout, and may vary between administration, program, and MCO investment.

(5) FY10 cash capitated payments reflect the full current-year per-member per-month payment obligation. As a result, the FY11 capitation payments do not assume any payments for prior years other than technical adjustments associated with retroactive enrollment. FY09 and FY10 capitation payments included payments for prior-year shortfalls of $21,379,986 and $25,972,014.

11-Jul-11

Long Term Care Appropriation - SFY11 General Fund

Total	NH & Homebased	Acute	
$ 68,238,682	$ 58,057,471	$ 10,181,211	GF Available in LTC
$ 63,784,041	$ 53,958,775	$ 9,825,266	GF Expended in LTC
$ 4,454,641	$ 4,098,696	$ 355,945	GF not expended in FY11
Allocation of Unexpended Funds			
Booked in Budget			
$ 559,556	$ 485,372	$ 74,184	QE0311 increased ARRA value - built into GC at 3.6M
$ 632,100	$ 632,100		$1.5M LTC Portion - GF booked in SFY12
$ 1,191,656	$ 1,117,472	$ 74,184	
FMAP Contigent items Sec. C.104			
$ 574,041	$ 492,208	$ 81,833	Estimated - QE0611 increased ARRA value Act 63 C.104
Spending Contingent Items Sec.300 (a)			
$ 444,998	$ 444,998		IADL GF booked in SFY12 - fully funds IADLs
$ 432,724	$ 432,724		Respite GF booked in SFY12 - fully fund respite
$ 1,340,000	$ 1,140,072	$ 199,928	SFY12 Act 63 Sec.E.300(a) - savings deposited in reserve
$ 2,217,722	$ 2,017,794	$ 199,928	FY11 GF "savings" need to fund contingent in FY12 LTC
$ 3,983,419	$ 3,627,474	$ 355,945	Total GF need in FY12 for booked & contingent commitments
$ 4,454,641	$ 4,098,696	$ 355,945	Unspent LTC at blended FMAP
$ 471,222	**$ 471,222**	**$ -**	**Unallocated Carryforward**

8.

State Health Care Resources Fund

	FY08 Actual	FY09 Actual	FY10 Actuals	FY11 BAA	07/18/11 FY11 Actuals (projected)	FY12 As Passed
State Health Care Resources Fund						
Beg. Balance	8,766,595	(582,703)	(1,432,526)	3,904,842	3,904,454	5,093,684
Onetime '06 GF Waterfall		-	-	-	-	
	8,766,595	(582,703)	(1,432,526)	3,904,842	3,904,454	5,093,684
Revenue						
Cig Tax @ 84.5% *('07 was 91.1%)*	47,350,202	51,036,337	54,476,275	55,770,000	56,159,300	59,251,500
Tobacco Products Tax - 100%	3,180,785	3,398,280	5,244,840	6,200,000	6,511,841	6,300,000
Claims Assessment						11,970,000
Dental Claims Assessment						610,000
Prov Tax - Hospital	62,563,216	67,299,073	73,163,741	94,997,944	94,739,392	109,850,882
Prov Tax - NH	14,559,205	13,004,774	13,445,884	13,060,927	12,862,549	15,875,054
Prov Tax - HH	4,426,736	3,864,347	3,994,644	4,088,575	3,936,881	4,325,879
Prov Tax - ICF-MR	61,104	62,059	66,002	66,002	70,236	70,961
Pharmacy $0.10/script	603,986	835,186	802,905	800,000	790,315	800,000
Bene Prems - VHAP (mgd care)	2,005,226	1,883,041	1,935,145	2,931,829	2,205,367	4,018,500
Bene Prems - Dr. D (medicaid)	189,559	170,189	147,920	409,855	155,259	282,444
Bene Prems - SCHIP	291,108	442,231	459,898	838,979	478,300	495,675
Bene Prems - VPH1	1,259,642	1,391,274	1,231,353	1,129,756	1,261,425	1,365,407
Bene Prems - VPH2	614,967	680,716	613,706	536,336	614,515	669,887
Enhanced ARRA FMAP extension				(545,451)		
Bene Prems - VPH3	1,306,084	1,512,963	1,518,711	1,470,781	1,415,144	1,536,000
Bene Prems -VHAP Rx	704	230	255		75	-
Bene Prems -Vscript	4,935	434	20	-	180	-
Bene Prems -Vscript Exp	11,385	2,340	200	-	870	-
Premium Fees - future	99,762	45,900	129,352	-	(340,151)	-
Abandoned Property	(4,091)	1,287	(177)	-	969	-
Recoveries	204,092	1,251,168	979,964	-	771,362	-
Interest Income	247,506	(53,337)	(22,196)	-	(3,007)	-
Total Fund Revenue	138,976,113	146,828,492	158,188,442	181,755,533	181,630,822	217,422,189
Total Available	147,742,708	146,245,789	156,755,916	185,660,375	185,535,276	222,515,873
Expenditures						
AHS GC appropriation	148,325,411	147,678,315	152,851,462	181,036,510	180,441,592	221,579,040
Rescission						
BAA Estimate						
BAA Estimate						
	148,325,411	147,678,315	152,851,462	181,036,510	180,441,592	221,579,040
End. Balance	(582,703)	(1,432,526)	3,904,454	4,623,865	5,093,684	936,833

Catamount Program Expenses	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Budget '01/11	FY2011 Est. Final	FY2012 Budgeted
Catamount Health						
Members <200%	3,593,323	21,965,784	31,258,773	41,787,258	36,315,217	37,583,124
Members >200%	3,845,009	8,327,448	13,951,713	15,432,576	17,286,247	14,894,418
Catamount ESI						
Members <200%	121,883	720,889	866,035	1,557,244	1,128,644	1,549,861
Members >200%	136,425	354,566	476,220	802,257	500,744	1,093,183
Catamount Health Admin						
Members <200%	1,688,833	1,278,217	1,254,021	1,554,749	1,554,749	2,171,888
Members >200%	1,270,333	905,626	921,509	1,142,276	1,142,276	887,315
Catamount Program	10,655,805	33,552,530	48,728,271	62,276,360	57,927,877	58,179,789
Other						
Immunizations Program	4,000,000	2,254,334	2,510,319	2,500,000	2,510,319	2,500,000
VDOL - employer assess	258,466	384,046	374,677	394,072	374,677	401,993
Marketing and Outreach	1,316,167	500,000	500,000	500,000	500,000	500,000
Blueprint	1,846,713	2,092,381	2,866,366	1,846,713	2,866,366	1,846,713
	7,421,346	5,230,761	6,251,362	5,240,785	6,251,362	5,248,706
Total Expenses	18,077,152	38,783,291	54,979,633	67,517,145	64,179,239	63,428,495
State Share of Expenses	14,111,558	22,680,501	25,219,433	28,309,890	24,392,495	26,963,029

Catamount Fund	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Budget	FY2011 Est. Final	FY2012 Budgeted
Revenues						
Catamount Health						
Members <200%	399,085	3,533,837	4,773,771	5,775,190	5,311,846	5,118,571
Members >200%	1,028,066	2,556,838	3,939,864	4,653,264	4,773,426	4,933,526
Catamount ESI						
Members <200%	30,864	225,965	305,240	411,090	345,284	356,157
Members >200%	67,134	160,898	252,161	355,978	270,294	441,156
Less Federal Share	(253,713)	(2,474,701)	(4,950,975)	(6,906,593)	(6,788,257)	(6,277,130)
Member Premiums- State share	1,271,436	4,002,836	4,320,061	4,288,929	3,912,593	4,572,280
Cigarette Tax - % of total	8,686,425	9,361,695	9,995,005	10,230,000	10,289,455	10,048,500
Floor Stock	29,329	348,117	341,858	-	-	600,000
Employer Assessment	5,421,491	6,378,000	7,233,000	7,600,000	9,316,000	9,800,000
Interest	333,887	125,951	17,785	-	2,843	-
General Fund Transfer	3,500,000	-	-	-	-	-
11% Adjustment (>200%)	-	-	-	-	-	1,277,100
Other Revenue	17,971,132	16,213,764	17,587,648	17,830,000	19,608,298	21,725,600
Total Fund Revenue	19,242,568	20,216,600	21,907,709	22,118,929	23,520,891	26,297,880
Carryforward balances	4,644,780	9,775,791	7,311,891	793,641	793,641	2,211,889
Total Available Resources	23,887,349	29,992,391	29,219,599	22,912,570	24,314,532	28,509,769
Uses						
Total Approps/Uses	14,111,558	22,680,501	28,425,958	21,961,191	21,961,191	24,350,693
Other/Adjustment to Vision					141,452	
Fund Balance	**9,775,791**	**7,311,891**	**793,641**	**951,379**	**2,211,889**	**4,159,076**
GF Support of Catamount	*3,500,000*	*-*	*(3,206,525)*	*6,348,699*	*2,431,304*	*2,612,336*

C.1.a.

State of Vermont
Department of Banking, Insurance,
Securities and Health Care Administration
89 Main Street
Montpelier, VT 05620-3101
www.bishca.state.vt.us

Consumer Assistance Only:
Insurance: 1-800-964-1784
Health Care Admin.: 1-800-631-7788
Securities: 1-877-550-3907

July 21, 2011

Honorable Ann Cummings, Chair
Joint Fiscal Committee
1 Baldwin Street
Montpelier, Vt 05602

Dear Senator Cummings:

Below are the final figures for Fiscal Year 2011 receipts available to the General Fund from the Insurance, Captive Insurance and Securities Regulatory and Supervision Funds.

Pursuant to Section 44 (a) (2) of No. 3 of the Acts of 2011, I hereby certify that the transfer of the below will not impair the ability of this Department in Fiscal Year 2012 to provide thorough, competent, fair, and effective regulation of insurance companies, banking and other financial services companies, and securities companies or impair the ability of the Department to maintain accreditation by the National Association of Insurance Commissioners.

Fund	Amount
Insurance Regulatory and Supervision Fund	$15,115,558.20
Securities Regulatory and Supervision Fund	$ 4,749,807.02
Captive Insurance Regulatory and Supervision Fund	$ 577,216.81
Total	$20,442,582.03

Sincerely,

S.W. Kimbell

Stephen W. Kimbell
Commissioner

SK/svb

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C1b

State of Vermont
Department of Banking, Insurance,
Securities and Health Care Administration
89 Main Street
Montpelier, VT 05620-3101
www.bishca.state.vt.us

For consumer assistance:
[Banking] 888-568-4547
[Insurance] 800-964-1784
[Securities] 877-550-3907
[Health Care Administration] 800-631-7788

REPORT TO THE JOINT FISCAL COMMITTEE BY DIVISION OF INSURANCE JULY 21, 2011

IMPLEMENTATION OF S. 36 – An Act relating to the surplus lines multi-state compact

1. Implementation date of the Dodd Frank Wall Street Reform and Consumer Protection Act signed into law July 21, 2010.
2. Non-Admitted and Reinsurance Reform Act of 2010 (NRRA) effective July 21, 2011. Placement of non-admitted insurance subject to jurisdiction of insured's Home State including collection and allocation of premium taxes.
3. NRRA intends that states will enter into a compact or other arrangement to establish procedures to collect and allocate premium taxes among the states for multi-state risks.
4. Vermont adopted the Surplus Lines Insurance Multi-State Compliance Compact (SlimPact), 8 V.S.A. chapter 138A, during the last session to be in compliance with NRRA. The compact is not operational until 10 states become members. Nine states have joined.
5. Until the compact is operational, Vermont will follow a single state tax system by collecting gross amount of surplus lines premium tax as the Home State. No allocation will be made in multi-state risks.
6. Not all states are considering joining the compact. Many states are entering into the NAIC's NIMA scheme and many other states are either undecided or will elect to remain as a single state system.
7. It is not know at this time what the revenue impact will be to Vermont, if any, for circumstances where Vermont would be due a portion of the premium tax from an insured located outside the state.
8. A Bulletin has been issued by the Insurance Division informing the surplus lines industry as to the status of premium taxes due in this interim period.

VERMONT

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C.1.c.

State of Vermont
Department of Finance & Management
109 State Street, Pavilion Building
Montpelier, VT 05620-0401

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[fax] 802-828-2428

Agency of Administration

PRELIMINARY RESULTS

Joint Fiscal Committee
July 21, 2011
Jim Reardon, Commission of Finance & Management

FY 2011 Preliminary Revenue vs. Target				
Major Fund ($ millions)	**FY 2011 Preliminary**	**FY 2011 Target (Jan 2011)**	**FY 2011 Prelim. vs. Target Amount**	**Percent**
General Fund	**$1,157.40**	**$1,117.50**	**+$39.9**	**+3.57%**
	FY 2011 GF WATERFALL:			
	Unemployment Insurance		**-$ 3.60**	2011 Act 63 § C.110(b)
	To Sec. Admin. for Fed Cuts		**-$ 7.00**	2011 Act 63 § C.110(c)
	To Revenue Shortfall reserve		**-$3.88**	2011 Act 3 § E.600(1)
	Bal. Rev. Exceeds Target - Reserved to Human Services Caseload		**-$25.42**	2011 Act 63 § C.110(d)
	Unreserved Undesignated GF Balance		**$ 0.00**	
Transportation Fund	**$ 217.80**	**$ 217.83**	**+$0.03**	**+0.01%**
Education Fund	**$ 154.40**	**$ 153.83**	**+$0.57**	**+0.37%**

FY 2011 Preliminary Close-out – Direct Apps/Reversions			
General Fund ($ millions)	**Preliminary FY 2011 Closeout**	**Assumed FY 2011 BAA**	**Amount +Change-**
Direct Applications & Reversions	**$38.66**	**$34.98**	**+$3.65**

FY 2011 Reserves & Designated Items		
General Fund ($ millions)	**Preliminary FY 2011 Closeout**	**Explanation**
Trans. To Higher Ed Trust Fund	**$11.00**	1st $11 m from 125%+ Estate Tax – 20121 – 2011 Act 3 § E.600(1)
To Dept. Labor	**$ 3.60**	For UI – 2011 Act 63 § C.110(b)
To Sec Admin.	**$ 7.00**	Federal cuts – 2011 Act 63 § C.110 (c)
Revenue Shortfall Reserve	**$ 3.88**	Transferred to GF from H. Ed Trust Fund and then reserved for federal cuts - 2011 Act 3 § E.600(1)
Budget Stabilization Reserve	**$54.37**	Full Statutory 5%
HS Caseload Reserve	**$61.06**	**+$29.54** Act 63 § C.110 (already appropriated in FY 12 Budget) **+$25.42** Rev excess GF balance – 2011 Act 63 § C.110 (d) **+$ 3.60** Brought in as Reversion from GC & LTC then to HS Caseload +$2.50 Undesignated Balance to HS Caseload Act 63 § C.110(d) (direct apps, PTT, ect.)

PRELIMINARY ESTIMATES

Joint Fiscal Committee
July 21, 2011
Jim Reardon, Commissioner of Finance & Management

$ Amount (millions)	Explanation
FY 2012 GF AVAILABLE FROM FY 2011 LESS UPWARD PRESSURE	
FY 2011 PRELIMINARY CLOSE-OUT - AVAILABLE FOR FY 2012	
+$3.60	To Labor for UI
+$7.00	Held for carryforward in Sec. Admin for federal cuts
+$3.88	Reserved in Shortfall Reserve for Federal Cuts
+$61.06	6/30/11 Human Services Caseload Reserve Balance
+$75.54	Total Reserved or Set Aside for FY 2012

PROJECTED FY 2012 UPWARD PRESSURE	
A. PREVIOUSLY APPROPRIATED AND KNOWN	
$29.540	Appropriated in FY 2012 As Passed from HS Caseload
$10.880	Set Aside and reserved for federal cuts
$ 2.000	BAA correction - $2m of $12m savings target not achieved FY 2011
$ 1.637	BAA Correction for computer server savings not achieved FY 2011
$44.057	Sub-Total Appropriated and Known
B. FY 2012 PROJECTED BUDGET ADJUSTMENT NEEDS	
$ 0.627	Sarcoidosis Fund
$ 1.209	Renter Rebate FY 2011 Claims Needs
$ 2.000	FEMA – Municipalities
$ 2.000	FEMA – Individual Assistance Residential
$ 3.000	Litigation Costs
$ 1.000	Flood damage – VEDA Business Assistance Loan Program
$ 2.500	UI Repayment
$ 3.300	Vermont State Hospital Recertification
$ 0.575	Vermont Troopers' Contract
$ 0.526	Reduction to assumed revenue for federal DOC bed rental
$ 0.530	Budget Stabilization – 5% of FY 2011 Waterfall Appropriations
$17.267	Sub-Total Projected BAA Needs
C. OTHER POLICY CONSIDERATIONS (not official proposals)	
$ 3.000	Teachers' Retirement Health Insurance
$?	Vermont State Hospital Replacement
$10.000	Information Technology (Correction case mgmt, MMIS, etc.)
$ 2.910	Increase Budget Stabilization Reserve by .25% (ultimate goal 8%)
$15.910	Sub-Total Other Policy Considerations (ex. VSH replacement)
$77.234	Total Estimated Pressures (ex. VSH replacement)
($1.694)	Estimated Unassigned and Undesignated Gap for FY 2012 before July 21, 2011 E-Board Action

2.a.

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

TO: Joint Fiscal Committee Members

FROM: Stephen Klein and Sara Teachout

DATE: June 28, 2011

RE: VEGI Cost Benefit Model Update

Attached is a memo from Fred Kenney describing in detail the updates to the VEPC cost benefit model. The Joint Fiscal Committee is required to approve all changes to the model according to the statue below:

32 V.S.A. 5930a (d):

(d) The council shall apply the cost-benefit model in reviewing applications under subdivision (b)(1)(A) and (B) of this section to determine the net fiscal benefit to the state. The cost-benefit model shall be a uniform and comprehensive methodology for assessing and measuring the projected net fiscal benefit or cost to the state of proposed economic development activities. Any modification of the cost-benefit model shall be subject to the approval of the joint fiscal committee. The cost-benefit analysis shall include consideration of the effect of the passage of time and inflation on the value of multi-year fiscal benefits and costs.

As described in the attached memo, these are not modifications to the model but economic, fiscal and demographic updates. The VEPC Working Group, consisting of Tom Kavet, Susan Mesner and Jeff Carr, are considering other more substantial changes which may be proposed at a later date.

MEMORANDUM

To: Members, Joint Fiscal Committee
From: Fred Kenney, Executive Director, VEPC FK
CC: Steve Klein, Joint Fiscal Office
Date: June 7, 2011
RE: Vermont Employment Growth Incentive Cost-Benefit Model Update

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The Vermont Economic Progress Council is responsible for implementing the application and authorization portion of the Vermont Employment Growth Incentive program. As part of the application review process, the Council applies a cost-benefit model to determine how a project will economically and fiscally impact the State of Vermont. The model was developed by and is currently implemented by Economic & Policy Resources, Inc. (EPRI), through a State of Vermont contract agreement. The initial development and utilization of, subsequent annual updates to, and any modifications to, the cost-benefit model have been presented to and approved by the Joint Fiscal Committee, as required by statute.

Recently, EPRI prepared and submitted to VEPC a memo outlining the annual model updates that were performed to ensure appropriate consideration of VEGI applications in calendar 2011. In accordance with 32 V.S.A. §5930a(d), VEPC hereby provides notice to the Joint Fiscal Committee of the annual updates to the model that were completed for calendar 2011. No modifications were made to existing model elements. Only updates to economic, fiscal and demographic data, as follows:

- To reflect changes in the economy that affect the calculations of the costs and benefits of an application;
- To reflect changes in tax statute and rates that affect the calculations of the costs and benefits of an application; and
- To reflect changes to the model to maintain compatibility with the latest version of the REMI Input/Output software.

One change was made to the process used to determine the discount rate that is utilized to provide a present value of the fiscal costs and benefits. A separate memo is attached to the update memo explaining why a new process was required and describing the consensus methodology reached by the VEGI Technical Working Group.

The attached memo from EPRI to VEPC contains details on the updates that were completed. No changes were made to the way VEGI applications are treated by the model, nor were modifications made to the model operation. The primary change to the 2010 model was the annual update of key fiscal and demographic data used in the model. This is done annually to keep the cost-benefit model as close to reflecting the current economic conditions as possible.

EPR Economic & Policy Resources
Economists, Policy and Financial Analysts
Reply to: PO Box 1660
Williston, VT 05495-1660

Memo

To:	Fred Kenney, Executive Director, Vermont Economic Progress Council
From:	Jeffrey B. Carr
Date:	March 10, 2011
Re:	Annual Update: Fiscal Cost-Benefit Model

I. Background

As has been noted in previous cost-benefit model updates, the completion of another calendar year (in this case calendar year 2010) marks another year of operations in the post- Economic Advancement Tax Incentive (EATI) program history. Calendar year 2010 represented the fourth full year of operations for the Vermont Employment Growth Incentive (VEGI). VEGI is overseen by the Vermont Economic Progress Council (VEPC) which has provided oversight for the state's economic development incentive programs since 1999 when the forerunner EATI program was passed by the Vermont General Assembly. The EATI program was replaced by the 2006 General Assembly with the current VEGI program. As part of the new program, a VEGI Technical Working Group – including representation from VEPC, the Legislature, and the Vermont Department of Taxes – was formulated to monitor, assess, and evaluate the implementation of the VEGI program. Since then, periodic issues regarding the scorekeeping and administration of the VEGI program have been handled by this Working Group through periodic meetings and other means (e.g. email polls).

II. Purpose of Memorandum

This memo aims to describe changes to the VEGI fiscal cost benefit model resulting from the 2011 yearly update. The model is fundamentally unchanged from previous iterations. That is, the basic algorithms. input-output assessment processes, and the structure of net fiscal impact estimation remained unchanged in this cost-benefit model update. That said, we have improved the model beyond simply updating the relevant dates and data. The main focus of this year's modifications is to give a cleaner and more automated tool for estimating the fiscal impacts of potential VEGI projects. This generally consisted of removing unnecessary workbook sheets by consolidating the exogenous model inputs and making greater use of excel functions. An effort was also made to simplify the model by relying more on defined variables for frequently used figures rather than linking to undefined cells, which should make understanding the inner workings of the model easier.

III: Standard Annual Model Updates

a. Firm Data Page

The first sheet of the excel workbook contains color coded input cells were the basic information for the firm in question is entered. Most of these inputs are "defined" variables, as they are used for each application in various calculations. The 'row look up" entry previously used in a lookup function to pick out the correct background growth rate was deleted as a more effective lookup function is now used for this purpose.

The second section which was reviewed for the current year as usual was the regional differentials. A comprehensive regional analysis was performed, consistent with prior year's methods as part of the annual update to identify any changes in the past classification scheme based on economic vitality for each of the 14 counties in Vermont. This analysis was performed consistent with previous year's methodology and data sources. This analysis indicated that the regional differentials remained adequate and were kept the same as the previous year. Since this is a relative assessment, no change was indicated even though the overall waterline for unemployment and payroll jobs had changed (which was a slight improvement in overall employment and unemployment). In other words, the relative differences remained largely unchanged between the subject counties for this component of the fiscal cost benefit model.

The last part updated on this page was the additional binary variable to track if the applicant (as determined by the project location) was eligible for an "enhanced" incentive amount under statutory regulations. As with last year's memo, the update is discussed in more detail in section IV of this memorandum.

b. Project Data and Modular Settings Pages:

The Project Data Page is where the specifics of the applicant's proposed project are entered. This page also contains several statistics used in the various calculations of costs and benefits found throughout the model. The Modular Settings Page is a support calculation table for some of the data which flows through to the Project Data Page. They were updated in tandem. The following is a list of the specific items updated on these pages which are consistent with all previous annual updates.

1. Property Value Inflator: The property value inflator is used in the calculation of an applicant's benefits, specifically in the calculation of Education Fund revenues. It is used as a growth measure of property values of an applicant's project in order to calculate the expected difference in education fund revenues between the growth in property values with and without the

applicant's project. This figure is obtained from the most recent Consensus Forecast for Education Fund concepts (completed in October/November of 2010) of the Legislative Joint Fiscal Office and the Administration (completed last Fall). The prior model's figures are updated with the new forecasted figures. This figure is used in conjunction with the Projected Statewide Grand List Growth Rate. This figure is used as a projected measure of growth of the statewide grand list and used in the calculations of changes in property values as a background rate of growth.

2. Statewide School Tax Rate for Residential and Nonresidential Property: These metrics are used in the calculation of the revenue generated from the proposed project which will be contributed to the Education Fund based on both residential and nonresidential property improvements. The original data source for this update was the Vermont Department of Taxes (for fiscal year 2010 as the base year).

3. State & Local Government Price Deflator: This figure is used in the calculation of various costs and benefits associated with an applicant's project. It is used to project the growth of the various funds' costs and revenues forward in time. This figure was obtained from the same Consensus Forecast of the Legislative Joint Fiscal Office and the Administration referred to in #1 above.

4. Estimated Per Student Grant, Estimated Special Education Per Equalized Pupil: These figures are used in the calculation of changes in education costs associated with an applicant's project. The figures are on a "per equalized pupil" basis and used in conjunction with the changes associated in school age population related to the applicant's proposed project. The data source for the near-term per pupil payment is the Vermont Department of Taxes with longer run forecast calculated exactly the same way as the Vermont Department of Taxes does for the near-term numbers using the consensus State & Local Government Price Deflator forecast by the Legislative Joint Fiscal Office and the Administration for the forecasted years as presented in #3 above.

5. Vermont Estimated Population: As this update took place prior to the release of the Census population numbers in an inter-censual year, the figure used in this update of the cost/benefit model is the population estimates for the state of Vermont embedded in the REMI model. This figure is used when converting any of the data in the cost-benefit model into per capita figures.

6. FY General Fund Expenditures, FY Expenditures Fund Appropriations: These figures are used to calculate the changes in General Fund and

Transportation Fund costs associated with the change in population related to an applicant's project in the most recent fiscal year. The figures are converted to a per capita basis and used in conjunction with the change in population associated with each applicant's project. The updated figures are obtained from the Vermont Department of Finance and Management and the Legislative Joint Fiscal Office.

7. Corporate Revenue/Nonfarm Supervisory Job: This figure is also used to estimate revenues associated with a change in employment from an applicant's project. It relates levels of corporate income tax to a per job basis. This can then be used to estimate the incremental corporate income tax associated with a change in employment related to an applicant's project. This figure is obtained from the most recent total corporate tax revenue divided by the BEA's concept of employment data (and includes both full-time and part-time jobs). The BEA employment series data is used as a predictor of future revenues in the model and is used since it is the most inclusive data on employment (e.g. including a count of the state's self-employed workers) that exists for a state where self-employed workers comprise a significant share of the state work force.

8. Per Capita Other General Fund Revenues, Per Capita Other Transportation Fund Revenues: These figures are used to capture the 'Other' category of revenues found in the General and Transportation Funds. They are converted to a per capita basis and used in conjunction with the change in population associated with an applicant's project. The updated figure is obtained from the most recent fiscal year tax revenues divided by the population.

9. State Personal Income Tax Rate, State Sales & Use Tax Rate, State Gas Tax Rate, State MVP&U Tax Rate, Background Statewide Education Property Tax Rate: These figures are used to determine part of the forecasted revenues over the forecast impact period from the new demand from an applicant's proposed project. They are applied to the changes in consumption associated with an applicant's project to yield projected incremental tax revenues. These figures are obtained from the most recent fiscal year data available on total taxes received. These data are then applied to various REMI consumption items to complete the bridge between REMI economic output data and the state's fiscal cost-benefit concepts.

c. REMI Economic Output Page

In additional to being the recipient of the output of the REMI input/output model, there are several embedded REMI control variables which are updated as part of the annual model update. Consistent with previous year's updates, the equilibrium data from the REMI control is updated for the year of application. These variables include several consumption related variables such as overall consumption, general price indices, as well as specific price indices by consumption category.

d. Qualifying and Non-Qualifying Jobs & Wages Pages

As a result of the change in the model's base year from calendar year 2010 to calendar year 2011, the lookup function which finds the REMI input-output anticipated level of compensation by industry needed to be updated and tested to ensure accuracy accounting for the change in model years.

e. Present Value Calculations Page

This page calculates the present value of the total benefits and costs associated with a project. The updated present value discount rate was obtained from the Vermont Treasurer's Office for the state's most recent interest rate associated with the most recent sale of Vermont full-faith-and-credit General Obligation Bonds—which in this case was 3.4% corresponding to the latest state General Obligation Bond offering.

f. Background Growth Rate Lookup Page

As described above, a comprehensive evaluation of industry growth is performed by 3-digit NAICS code. Due to new information of the state of the United States business cycle as published by the National Bureau of Economic Research, it was determined by the VEGI Technical Working Group through a December 2009 email poll to maintain the same industry background growth rates as used in the 2009 model because the time period of study 1990-2007 represents two full business cycles. This was left unchanged again this year. By using two full business cycles from trough to trough, the approach to calculating background growth by industry has been standardized and desensitized to intermediate and intermittent fluctuations in the economy attributable to comparisons of data absent consideration of time and the nature of the business cycle.

g. Discount Rate Update

This year, the discount rate was updated according to a consensus process that developed after it became evident that the past years' procedures would be inadequate for this year's update. A copy of the consensus memo is attached to this memo regarding the discount rate update for this year.

IV: Update of Last Year's Addition to the Model

a. Enhanced Present Value Calculations Page

The last part of the VEGI fiscal cost-benefit model update pertained to any changes in the labor market areas that are eligible for 'subsection 5 enhanced' incentives. Last year, only the Burlington-South Burlington and Hartford labor market areas (LMAs) were ineligible "subsection 5 enhanced incentives." Looking at the data for 2010, a request has been made of the Vermont Department of Labor as to whether or not the eligibility status of any other LMAs in Vermont under 32 VSA §5930b(c)(5) had changed according to Department of Labor eligibility criteria. This request has typically been made during the Spring by the VEPC Executive Director at about this time of year. While the eligibility does not specifically impact the fiscal impact model directly, it does have an impact on what parts of the model get employed in a fiscal impact run based on subsection 5 enhanced incentives eligibility. Please advise EPR when the Vermont Department of Labor changes the eligibility of any Vermont LMAs based on the annual request.

Please feel free to call us at 878-0346 with any questions or comments about these updates.

Memo

To: VEGI Technical Working Group (Susan Mesner, Tom Kavet)
From: Jeffrey B. Carr, E.P.R.
Date: March 5, 2011
Re: Discount Rate Determination Consensus—Annual Update: Fiscal Cost-Benefit Model

I. The Issue

Over the 13 year history of the EATI-VEGI programs, the Discount Rate employed in the model is updated each year as part of an annual update of the underlying data in the fiscal cost-benefit model. The model's Discount Rate factor—which has been employed to convert the 7 year dollar flow of fiscal costs and benefits into a present dollar value as of the date of the application—has typically used the actual interest rate received in the most recent State of Vermont general obligation debt offering/sale.

Up until the fiscal cost-benefit model update this year, this process worked well. This year, the state went to market for its general obligation debt in mid-November and received a very favorable rate of 3.4% on its 20 year general obligation debt. That rate, which would translate to a 3.4% discount rate—would be a full 1.2 percentage points below last year's discount rate used in the cost-benefit model and would be 1.7 percentage points below the published rate for long-term general obligation debt as published in the Wall Street Journal.

The discount rate within the fiscal cost-benefit model is intended to measure as accurately as possible the opportunity cost of forgone revenues to the state under the program. The choice of the proper discount rate is therefore important. Too high a discount rate will reduce the cost of forgone revenues in the out years of the incentive period. Too low a discount rate will increase the estimated cost of those forgone revenues in the out-years of the incentive period. In this annual cost-benefit forecast model update, the second condition is of concern. This is particularly so, since the state's general obligation interest rate on its most recent offering appears to be so exceptionally positive—given the recent deterioration in the municipal and state bond market over the period since the State went to market and the resulting sharp increase in rates on most general obligation bond offerings since the state went to market.

The current methodological approach to the annual debt rate update has worked well for the EATI/VEGI program as the debt markets have been relatively stable over this period. Even against the backdrop of the harsh 2007-09 recession, year to year changes in the discount rate have been relatively stable.

II. A New Approach

Because of this year's market volatility for state general obligation debt offerings, the usual approach for updating the model's discount rate simply did not seem credible. As a result, members of the VEGI Technical Working Group—including Thomas Kavet of Kavet, Rockler & Associates and Susan Mesner of the Vermont Department of Taxes—were contacted to discuss this issue and to discuss possible alternatives.

After several discussions with individual members on this subject, the VEGI Technical Working Group arrived at a consensus recommendation to use a moving three year mean (average) of the Moody's Analytics **Bond Buyer Index: General Obligation 20-Years to Maturity, (%, NSA)—attached.** The moving three year mean will be constructed each year at the time of the fiscal impact model update using the forecasted average for the calendar year of the model (in this case calendar year 2011) and the annual average of the immediate preceding two calendar years (in this case calendar year 2009 and calendar year 2010). For this year, the discount rate calculated by this approach is 4.5%--up 0.2 percentage points from last year.

The use of the rolling three year average was preferred by the members of the VEGI Technical Group for a number of reasons. First, it is straight-forward and simple. Second, this approach is expected to provide greater year-to-year stability, which will reduce volatility in the valuations of applications. Third, this approach uses a series that is routinely published by Moody's Analytics. Although the index is not specific to the state of Vermont, the VEGI Technical Group felt the stability and continuity of using a national index average would more than offset the lack of specificity to Vermont.

III. Implementation:

With the transmittal of the annual cost benefit model updates (expected on Monday, February 28, 2011), VEGI applications processed on and after that date will include this discount rate. This discount rate will remain in effect until the next fiscal cost-benefit model update expected during the January-February 2012 time frame.

Please feel free to call with any questions or comments.

Source: Moody's Analytics, December 2010 Baseline (or "Most Likely") Forecast

FRBB20Q **Bond Buyer Index: General Obligation 20-Years to Maturity, (%, NSA)**

UNITED STATES - ANNUAL

1975	7.1
1976	6.6
1977	5.7
1978	6.0
1979	6.5
1980	8.6
1981	11.3
1982	11.7
1983	9.5
1984	10.1
1985	9.1
1986	7.3
1987	7.6
1988	7.7
1989	7.2
1990	7.3
1991	6.9
1992	6.4
1993	5.6
1994	6.2
1995	6.0
1996	5.8
1997	5.5
1998	5.1
1999	5.4
2000	5.7
2001	5.2
2002	5.0
2003	4.7
2004	4.7
2005	4.4
2006	4.4
2007	4.4
2008	4.9
2009	4.6
2010	4.2
2011	4.6
2012	5.4

3-Year Average CY 2009-2011F
4.5%

VERMONT

C.2.b.

Department of Buildings & General Services
Office of the Commissioner
2 Governor Aiken Ave.
Montpelier, VT 05633

[phone] 802-828-3519
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Agency of Administration

Memorandum

To: Joint Fiscal Committee

From: Mike 'Obie' Obuchowski, Commissioner MVO

Date: July 14, 2011

Subject: Historic Property Stabilization and Rehabilitation Special Fund Proposal

CC: Jeb Spaulding, Secretary of Administration

As required in Sec. 30, (29 VSA § 155(b)) of Act 40 of 2011 (the Capital Bill) BGS & Historic Preservation deliver the attached proposal for your review and hopefully your approval. The proposal has been approved by the Chairs of the Senate Institutions and House Corrections and Institutions Committees required by the statute. We appreciate the cooperation and collaboration of the parties that resulted in the proposal.

1 BALDWIN STREET,
MONTPELIER, VT 05633-5701

PHONE: (802) 828-2295
FAX: (802) 828-2483

C.2.b.

STATE OF VERMONT
LEGISLATURE

MEMORANDUM

To: Joint Fiscal Committee

From: Senator Robert Hartwell, Chair, Senate Committee on Institutions

Representative Alice Emmons, Chair, House Committee on Corrections and Institutions

Date: July 14, 2011

Subject: Historic Property Stabilization and Rehabilitation Special Fund Proposal

In Sec. 30 of Act 40 of 2011 (the Capital Bill) the legislature established a special fund related to historic property. A proposal for this program has been developed and you have received a copy of this proposal.

As required by Sec. 31 of this Act, we have reviewed the proposal. We approve of the July 7 proposal for the Historic Property Stabilization and Rehabilitation Special Fund and recommend that the Joint Fiscal Committee approve this proposal.

Act 40 Sec. 31. TRANSITION; FUNDING
(a) On or before July 15, 2011, the department of buildings and general services and the division for historic preservation shall develop a proposal for the program required in Sec. 30, 29 V.S.A. § 155(b), of this act and shall present the proposal to the chairs of the house committee on corrections and institutions and the senate committee on institutions. The chairs shall review the proposal and recommend to the joint fiscal committee whether or not to approve the proposal. After review of the proposal and the chairs' recommendations, the joint fiscal committee shall approve the proposal, disapprove the proposal, or direct the departments to amend and resubmit the proposal to the chairs by a date certain.

Approved 7/14/2011 by e-mail

July 7, 2011

Historic Property Stabilization and Rehabilitation Special Fund Proposal
("Stabilization Fund Proposal")

1. Purpose

The purpose of the Fund is to fund stabilization and rehabilitation of BGS-owned and DHP-owned historic properties from the net proceeds realized from the sale and/or lease of vacant, underutilized, or out-of-mission historic properties. This Proposal describes how the Fund program will be implemented.

2. Summary

All state agencies own and manage historic properties and there are not enough monies to maintain and manage all of them. The Department of Buildings and General Services (BGS) owns and/or administers over 150 buildings that have been identified as historic. Most are actively used for state programs and services and are very well preserved. Some, however, are vacant or underutilized, with little prospect for productive use. In times of tight budgets, they often lack maintenance and are edging toward "demolition by neglect." The establishment of the Historic Property Stabilization and Rehabilitation Special Fund ("Fund") and program is an innovative response to this problem, one that prioritizes underutilized properties for stabilization and rehabilitation, provides a revenue stream to help fund needed repairs, and fosters the lease or sale of properties that would better serve non-state purposes. Included in the list of properties for possible lease or sale are some owned by the Division for Historic Preservation ("DHP") that are not related to the mission of the DHP's State-owned Historic Sites program and are not open to the public.

The Fund is not meant as a substitute for capital budget support for the State-owned Historic Sites that are maintained by the DHP and open to the public. The State-owned Historic Sites that are open to the public will continue to be funded in the capital budget. However, three properties that are currently not officially open to the public, Kent Tavern, the Theron Boyd House, and Forestdale Iron Furnace may use monies from the Fund to supplement capital budget appropriations for work necessary to stabilize and maintain them.

It is the intention of the State that historic properties that have received investments from the Historic Property Stabilization and Rehabilitation Special Fund will be kept by the State in its portfolio. However, if the Commissioner of BGS determines, based upon a recommendation from the Advisory Group, that an investment from the Fund is necessary to secure a building from further deterioration, or to conduct an archeological study, or for any other necessary purpose PRIOR to sale, then use of the Fund is appropriate, and the historic property can be removed from the State's portfolio.

3. Background

Vermont statute (22 VSA 14) directs State agencies to preserve the historic buildings and archeological resources in their portfolio, while avoiding unreasonable economic burden to the public.

The Vermont Advisory Council on Historic Preservation first conceptualized the idea of the Fund in response to reviewing requests from state agencies to demolish unused historic buildings in their ownership. In 2010, the House Committee on Institutions and Corrections expressed interest in finding better ways for dealing with under-utilized state-owned properties, many of them historic. Responding to this, BGS Commissioner Gerry Myer worked with SHPO Giovanna Peebles and DHP staff, the Council, and the more broadly charged Governor's Study Committee on Heritage Stewardship to propose such a program to the General Assembly in 2011. BGS and DHP developed details about how the program could work and inventoried their own buildings to identify ones for possible participation in the program and presented the information to the General Assembly in 2011. The Fund was established in the FY2012-13 Capital Bill, and included a requirement that BGS and DHP develop a proposal by July 15, 2011 to present to the Institutions committees and the Joint Fiscal Committee. This report is meant to fulfill that requirement.

This is a pilot project for vacant, underutilized, and out-of-mission historic properties owned by BGS and DHP. It may be expanded in the future to include vacant, underutilized, and out-of-mission historic properties owned by other state agencies.

Full statutory references are included in Appendix I and relevant Capital Bill excerpts are included in Appendix II.

4. Management of the Fund

The Fund will be managed by and under the authority and control of the BGS Commissioner.

The BGS Commissioner will manage the program associated with the Fund with a dedicated Advisory Group consisting of: a BGS Commissioner designee; the State Curator and Assistant State Curator; the State Historic Preservation Officer or designee and Historic Sites Chief or designee; and the Commissioner of the Department of Economic, Housing and Community Development or designee. The Advisory Group will make recommendations to the BGS Commissioner on the operations of the Fund.

The BGS Commissioner, working with the Advisory Group, will submit a Report to the Legislature by January 15 of each year, developed on the following timetable and outline:

- Annual Review meeting between BGS and DHP held by November 1 of each year
- Draft of Report circulated to DHP and Advisory Council on Historic Preservation by December 1 of each year
- The Report will include information on deposits, disbursements, properties sold and stabilized or rehabilitated, and BGS's and DHP's plans for future property transfers, leases and stabilization or rehabilitation of state-owned properties, and recommendations for changes and improvements in the program.

The Advisory Group will meet and request disbursements from the Fund as needed. Requests will be presented to the BGS Commissioner for his/her review and final approval.

July 7, 2011

5. Deposits Into the Fund

The Fund was capitalized with $100,000 seed money in the FY 2012 capital bill.

The FY 2012 capital bill authorized the deposit of net revenues from the sale of the 3469 Lower Newton Road in St. Albans, from the sale or lease of the Fuller Farmhouse at the Hubbardton Battlefield, from the donation of the Hyde Log Cabin in Grand Isle, from the sale or lease of the Bishop Cabin at Mount Independence, from the donation of the Bradley Law Office, and from the donation or sale of the Eureka Schoolhouse in Springfield.

BGS Commissioner will deposit net revenues from the sale of underutilized state-owned historic properties into the Fund. BGS and DHP request that the General Assembly provide further clarification whether its intent is to require specific authorization on a building by building basis for net proceeds to be deposited in the Fund.

The Fund balance on November 15 of any year is capped at $250,000. Unobligated monies in excess of that amount will be reallocated by the General Assembly for other purposes in the next enacted capital appropriations bill. The BGS Commissioner may seek additional appropriations for the Fund through the Capital Budget.

Historic properties transferred out of state ownership will be protected with a covenant and/or historic preservation easement that protects the exterior of the building, interior features if there are outstanding interior features, and if warranted, associated property and landscape features, and/or archeological sites on the property. Covenants are recorded with the deed of a property and rely on voluntary compliance by the owner. They may include consultation with DHP. Easements are also recorded with the deed and are held by an organization that regularly monitors compliance. The Preservation Trust of Vermont runs Vermont's historic preservation easement program and will hold the easements generated through activities of the Fund. The DHP will recommend historic features that should be protected in each easement.

6. Disbursements From the Fund

The Fund can be used for: 1) rehabilitation or stabilization of state-owned historic properties; 2) payment of costs of historic resource evaluations, archeological investigations, and/or building assessments related to potential sale or lease; 3) easement stewardship fees; and 4) other related expenses.

The Fund will be available for payment of easement stewardship fees which cover baseline documentation and annual stewardship monitoring.

7. Selection of Buildings for the Program

BGS and DHP have completed inventories of vacant, underutilized, and/or out-of-mission historic properties for potential stabilization, rehabilitation, lease, transfer, or removal. Associated cost estimates are included in the assessments. The list may be modified and expanded in the future.

It is recommended that participating agencies consider use of vacant and underutilized buildings and historic properties for agency purposes before concluding that they should be transferred or leased.

De-accessioning historic buildings should be based on the following Criteria:

- a building is not suited to serve a mission-related purpose;
- it will better serve the public in non-state ownership and/or use; and,
- it will have a better opportunity for long-term preservation than if it remained in state ownership.

By November 1 of each year, BGS and DHP will hold an Annual Review meeting to review activities and accomplishments of the program during the previous year, select the priority projects that will be funded in the following calendar year, and ensure that no funds above $250,000 remain unobligated.

If in the future, the program is expanded to include other state agencies and departments, a prerequisite for participation will be a completed inventory of the historic status of the properties that the agency or department administers, and a recommended list of properties for potential stabilization, rehabilitation, lease, transfer, or removal, along with associated cost estimates.[1]

8. Legislative Clarifications Requested in 2012

a) The current authorization requires that the fund be comprise "*net revenue from the sale of underutilized state-owned historic property*." This authorization does not specify that net proceeds from the <u>lease</u> of historic properties may be deposited in the Fund. **Recommend that the General Assembly amend 29 V.S.A. 155 Section 30 to include lease revenues.**

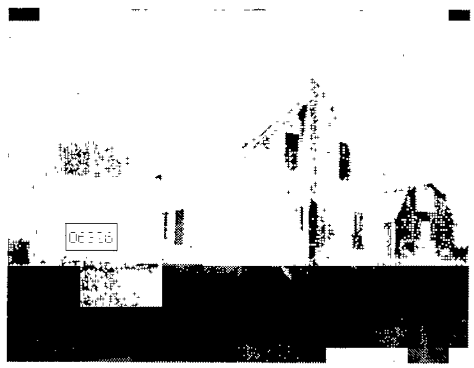
b) The current authorization requires that "*if the fund balance exceeds $250,000.00 as of November 15 in any year, then the general assembly shall reallocate the excess funds for other purposes in the next enacted capital appropriations bill.*" **Recommend that the General Assembly (1) clarify its intent on whether the funds can be "obligated" rather than "spent," and (2) clarify at what point the "obligation" occurs (i.e. after the Commissioner of BGS has approved the use of the fund for a certain project? Or, after a bid proposal has been accepted? Or, at another point in the process? Recommend that obligating the funds is sufficient to retain them in the Fund.**

c) The $250,000 cap may be too low. **Recommend that the General Assembly review the current cap of $ 250,000 during budget adjustment.**

[1] In fact, Sections 40 and 44 of Act No. 40 (H. 446) require that the Agency of Natural Resources and VTrans, respectively, compile an inventory of unused and under-used buildings to assess efficiency of operations, energy usage, and potential sale and consolidation. The General Assembly may want to consider these inventories in de-accessioning historic properties in accordance with this Proposal.

Some Examples of Historic Properties in this Program:

Example of a BGS historic property that will sold. Net revenue from sale will be deposited in the Fund.



3469 Lower Newton Road, St. Albans

Example of a DHP historic property that will sold or leased. Net revenue from sale (or lease) will be deposited in the Fund.

441 Frog Hollow Rd, Hubbardton

Example of a BGS historic property that will be stabilized and rehabilitated with the Fund.

July 7, 2011

Vermont Sanitorium, Pittsford

Appendix I

Title 22: Libraries, History, and Information Technology

Chapter 14: HISTORIC PRESERVATION

22 V.S.A. § 701. Definitions

(6) "Historic property" or "resource" means any building, structure, object, district, area or site that is significant in the history, architecture, archeology or culture of this state, its communities or the nation.

22 V.S.A. § 743. Cooperation of agencies

An agency, department, division or commission shall:

(1) Consult the Vermont advisory council on historic preservation before demolishing, altering or transferring any property that is potentially of historical, architectural, archeological or cultural significance, including any property listed on the state register. An agency, department, division or commission shall submit its annual capital improvement plan to the council.

(2) Initiate measures and procedures to provide for the maintenance, through preservation, rehabilitation or restoration, of properties under its ownership that are listed on the state or National Register; the measures and procedures shall comply with applicable standards prescribed by the state historic preservation division.

(3) Develop plans for the maintenance, through preservation, rehabilitation or restoration, of historic properties under their ownership in a manner compatible with preservation objectives and which does not result in an unreasonable economic burden to public interest.

(4) Institute procedures to assure that its plans, programs, codes and regulations contribute to the preservation and enhancement of sites, structures and objects of historical, architectural, archeological or cultural significance. (Added 1975, No. 109, § 4.)

22 V.S.A. § 742. Duties and powers of the council

(7) Provide an advisory and coordinative mechanism by which state undertakings of every kind which are potentially deleterious to historic preservation may be discussed, and, where possible, resolved, giving due consideration to the competing public interests which may be involved. The head of any state agency or department having direct or indirect jurisdiction over a proposed state or state-assisted undertaking, or independent agency having authority to build, construct, license, permit, authorize or approve any undertaking, shall prior to the approval of the state funds for the undertaking, or prior to any approval, license, permit or authorization as the case may be, take into account the effect of the undertaking on any historic property that is included in the state register of historic places. Where, in the judgment of the council such undertaking will have an adverse effect upon any listed district, area, site, building, structure or object, the head of the state agency or department shall afford the council reasonable opportunity to comment with regard to the undertaking.

(8) Advise on any participation in the review of federal, federally assisted, and federally licensed undertakings that may affect historic properties and sites and approve any participation in the review of nonfederal undertakings, including, but not limited to proceedings under the state land use and development act (10 V.S.A. chapter 151).

22 V.S.A. § 765. Transfer of state property

When transferring real property under its jurisdiction that contains significant archeological, aboriginal or other anthropological resources, the state, may, upon the recommendation of the state historic preservation officer, with the advice of the state archeologist, condition the transfer upon such covenants, deed restrictions or other contractual arrangements as will limit the future use of the property in such a way as will protect those resources. (Added 1975, No. 109, § 4; amended 1995, No. 46, § 47.)

22 V.S.A. § 766. Reservation of lands to be sold

Upon written notice to the head of a state agency administering state lands, given by the state historic preservation officer, with the advice of the state archeologist, the agency head shall reserve from sale any state lands, including lands forfeited to the state for nonpayment of taxes, on which sites or artifacts are located or may be found, as designated by the state archeologist under section 763 of this title, provided, however, that the reservation of the lands from sale may be confined to the actual location of the site or artifacts. When the sites or artifacts have been explored, excavated or otherwise examined to the extent desired by the state archeologist, he or she shall then file with the agency head a statement releasing the lands and permitting their sale. (Added 1975, No. 109, § 4; amended 1995, No. 46, § 48.)

22 V.S.A. § 767. Cooperation between agencies

All state agencies, departments, institutions and commissions, as well as all municipalities, shall cooperate fully with the state archeologist in the preservation, protection, excavation, and evaluation of specimens and sites; and to that end:

(1) When any state, regional or municipal agency finds or is made aware by an appropriate historical or archeological authority that its operation in connection with any state, state assisted, state licensed, or contracted project, activity, or program adversely affects or may adversely affect scientific, historical, or archeological data, the agency shall notify the state archeologist and shall provide him or her with information concerning the project, program, or activity. The provisions of this chapter shall be made known to contractors by the state agencies doing the contracting.

(2) The state archeologist, upon notification or determination that scientific, historical, or archeological data including specimens, is or may be adversely affected, shall, after reasonable notice to the responsible agency, conduct or cause to be conducted a survey and other investigations to recover and preserve or otherwise protect such data, including analysis and publication, which in its opinion should be recovered in the public interest.

(3) The division shall initiate actions within 60 days of notification under subdivision (1) of this subsection and within such time as agreed upon in other cases. The responsible agency is authorized and directed to expend agency funds for the purpose of recovering the data, including analysis and publications, and the costs shall be included as part of the contractor's costs if the adverse effect is caused by work being done under contract to a state agency. (Added 1975, No. 109, § 4.)

July 7, 2011

Appendix II

No. 40. An act relating to capital construction and state bonding. (H.446)

Sec. 25. PROPERTY TRANSACTIONS; MISCELLANEOUS

(f) Following consultation with the state advisory council on historic preservation as required by 22 V.S.A. § 742(7) and pursuant to 29 V.S.A. § 166, the commissioner of buildings and general services is authorized to
subdivide and sell the house, barn, and up to 10 acres of land at 3469 Lower Newton Road in St. Albans. Net proceeds of the sale shall be deposited in the historic property stabilization and rehabilitation fund established in Sec. 30 of this act.

Sec. 26. PROPERTY TRANSACTIONS; MISCELLANEOUS

(b) The commissioner of buildings and general services on behalf of the division for historic preservation is authorized to enter into the agreements specified for the following properties, the proceeds of which shall be dedicated to the fund created by Sec. 30 of this act:

(1) Fuller farmhouse at the Hubbardton Battlefield state historic site, authority to sell or enter into a long-term lease with covenants.
(2) Hyde log cabin in Grand Isle, authority to donate property free of covenants to Grand Isle or, in the alternative, to donate the building to Hyde Park, or in the alternative to sell the property.
(3) Bishop Cabin at Mount Independence State Historic Site in Orwell, authority to sell or enter into a long-term lease with covenants on the land.
(4) Eureka Schoolhouse in Springfield, authority to transfer with covenants to a local organization or, in the alternative, to sell the property.
(5) Bradley Law Office in Westminster, authority to transfer with covenants to a local organization.

Sec. 30. 29 V.S.A. § 155 is added to read:

§ 155. HISTORIC PROPERTY STABILIZATION AND REHABILITATION SPECIAL FUND
(a) There is established a special fund managed by and under the authority and control of the commissioner, comprising net revenue from the sale of underutilized state-owned historic property to be used for the purposes set forth in this section. Any remaining balance at the end of the fiscal year shall be carried forward in the fund; provided, however, that if the fund balance exceeds $250,000.00 as of November 15 in any year, then the general assembly shall reallocate the excess funds for other purposes in the next

enacted capital appropriations bill.
(b) Monies in the fund shall be available to the department for the stabilization or rehabilitation of state-owned historic property pursuant to a program created jointly by the department of buildings and general services and the division for historic preservation of the agency of commerce and community development.
(c) On or before January 15 of each year, the department shall report to the house committee on corrections and institutions and the senate committee on institutions concerning deposits into and disbursements from the fund occurring in the previous calendar year, the properties sold and stabilized or rehabilitated during that period, and the department's plans for future stabilization or rehabilitation of state-owned historic properties.
(d) Annually, the list presented to the general assembly of state-owned property the commissioner seeks approval to sell pursuant to section 166 of this title shall identify those properties the commissioner has identified as underutilized state-owned historic property pursuant to subsection (b) of this section.
(e) For purposes of this section, "historic property" has the same meaning as defined in 22 V.S.A. § 701.

Sec. 31. TRANSITION; FUNDING

(a) On or before July 15, 2011, the department of buildings and general services and the division for historic preservation shall develop a proposal for the program required in Sec. 30, 29 V.S.A. § 155(b), of this act and shall present the proposal to the chairs of the house committee on corrections and institutions and the senate committee on institutions. The chairs shall review the proposal and recommend to the joint fiscal committee whether or not to approve the proposal. After review of the proposal and the chairs' recommendations, the joint fiscal committee shall approve the proposal, disapprove the proposal, or direct the departments to amend and resubmit the proposal to the chairs by a date certain.

(b) Of the funds appropriated in Sec. 6(a)(3) of this act, the sum of $100,000 is allocated in fiscal year 2012 to the historic property stabilization and rehabilitation special fund created in Sec. 30 of this act.

1 BALDWIN STREET,
MONTPELIER, VT 05633-5701

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C.2.b.

STATE OF VERMONT
LEGISLATURE

MEMORANDUM

To: Joint Fiscal Committee

From: Senator Robert Hartwell, Chair, Senate Committee on Institutions

Representative Alice Emmons, Chair, House Committee on Corrections and Institutions

Date: July 14, 2011

Subject: Historic Property Stabilization and Rehabilitation Special Fund Proposal

In Sec. 30 of Act 40 of 2011 (the Capital Bill) the legislature established a special fund related to historic property. A proposal for this program has been developed and you have received a copy of this proposal.

As required by Sec. 31 of this Act, we have reviewed the proposal. We approve of the July 7 proposal for the Historic Property Stabilization and Rehabilitation Special Fund and recommend that the Joint Fiscal Committee approve this proposal.

Act 40 Sec. 31. TRANSITION; FUNDING
(a) On or before July 15, 2011, the department of buildings and general services and the division for historic preservation shall develop a proposal for the program required in Sec. 30, 29 V.S.A. § 155(b), of this act and shall present the proposal to the chairs of the house committee on corrections and institutions and the senate committee on institutions. The chairs shall review the proposal and recommend to the joint fiscal committee whether or not to approve the proposal. After review of the proposal and the chairs' recommendations, the joint fiscal committee shall approve the proposal, disapprove the proposal, or direct the departments to amend and resubmit the proposal to the chairs by a date certain.

Approved 7/14/2011 by e-mail

HISTORIC PROPERTY STABILIZATION AND REHABILITATION FUND PROPOSAL

Purpose: The purpose of the Fund is to fund historic property stabilization and rehabilitation from the net proceeds realized from the sale and/or lease of other underutilized historic properties. This proposal describes how the Fund program will be implemented. This is a pilot program - - only including at this time historic properties owned by BGS and the Division for Historic Preservation as designated by the General Assembly.

Consensus proposal: The chairs of HCI and SI committees (Required), the Vermont Advisory Council on Historic Preservation, the Division for Historic Preservation, James Reardon, Department of Finance and Management, the Joint Fiscal Office, and Department of Buildings and General Services participated in the development and favorable review of the proposal.

This proposal is required to be submitted by ACT 40 of 2011 on or before July 15, 2011 to the JFC for the stabilization and rehabilitation fund program.

Nineteen (19) properties are potentially eligible with the General Assembly's approval to be leased and/or sold at an estimated value of between $1 to 2 million.

Fourteen (14) properties are eligible for stabilization and rehabilitation fund dollars at cost of $670,000.

Estimated sale or lease proceeds in FY 12 are $ 100,000 (St. Albans Farm and Barn).

Proposal fills a funding gap and provides a higher level of stewardship of State-owned historic resources.

Allows state to comply with 22 VSA 14 which directs state agencies to develop plans for maintaining historic properties under their ownership and to institute procedures to assure that its plans and programs contribute to the preservation of historic properties in their portfolio, while avoiding unreasonable economic burden to the state.

Through the use of historic preservation easements and covenants, properties sold or leased will retain historical integrity.

Allows state to form private sector partnerships in order to stabilize and rehabilitate underutilized properties.

Fund seeded with $100,000 FY12 appropriation and possible net proceeds from the sale or lease of properties approved in ACT 40 of 2011. November 15 balance limited to $250,000. Any overage to General Fund for reallocation.

A self contained, funded program revenue to expenditures.

Whether to sell and/or lease a property is a decision the General Assembly will make each year based on Administration recommendations.

Important dates include:
7/15/11 HP and BGS submit proposal to JFC
11/1/11 HP and BGS annual review meeting
11/ 15 Fund balance this date limited to $250,000
12/ 1 Draft report to HP-Advisory Council
1/15 Advisory group submits report to General Assembly

Like all new endeavors there is room for improvement in this program, so legislative recommendations can be found at the end of the proposal. An annual report will be provided to the Institution Committees with information about the program's successes, challenges, and opportunities for improvement.

mjo 7/18/2011

C.2.d.

Act 3 of 2011

Sec. 69. Sec. E.505(b) of No. 156 of the Acts of the 2009 Adj. Sess. (2010) is added to read: (b) $250,000 of this appropriation to the department of education from the education fund is for the reimbursement of grants authorized in Secs. 4(e) and 9a of No. 153 of the Acts of the 2009 Adj. Sess. (2010). The commissioner shall report to the joint fiscal committee at its July 2011 meeting on the status of these grants.

Act 153 of 2010

Sec. 4(e) Consulting services reimbursement grant. From the education fund, the commissioner of education shall pay up to $20,000.00 to the merger study committee established under 16 V.S.A. § 706 to reimburse the participating districts for legal and other consulting fees necessary for the analysis and report required by 16 V.S.A. § 706b. The study committee shall forward invoices to the commissioner on a quarterly basis. The commissioner shall reimburse one-half of the total amount reflected in each set of invoices and the remaining one-half upon completion of the final report, provided that no payment shall cause the total amount paid to exceed the $20,00.00 limit. In addition, any facilitation grant funds paid to the RED pursuant to Sec. 5 of this act shall be reduced by the total amount of funds provided under this subsection (e).

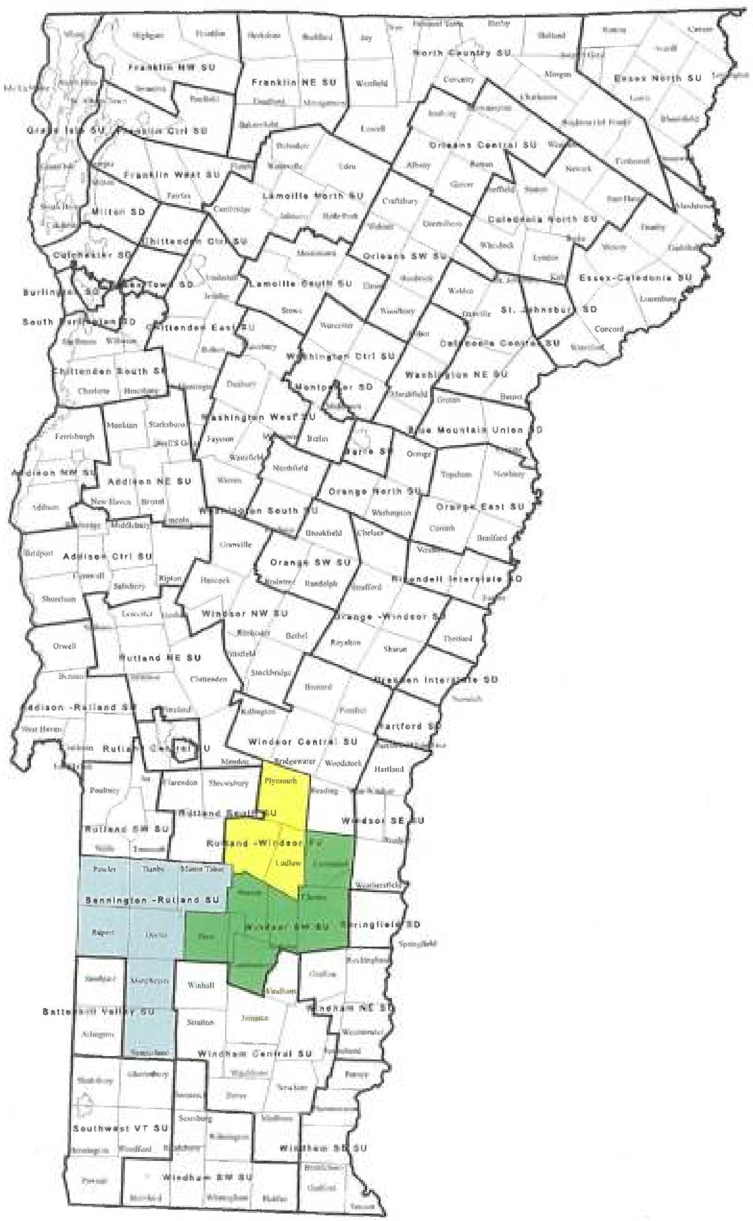
Sec. 9a. AGREEMENTS BETWEEN SUPERVISORY UNIONS; REIMBURSEMENT From the education fund, the commissioner of education shall pay up to $10,000.00 to supervisory unions to reimburse the transitional costs, including legal and other consulting fees, necessary for the supervisory unions to enter into agreements to provide services or perform duties jointly pursuant to the provisions of 16 V.S.A. §§ 261a(b) and 267.

Summary of 16 VSA § 706 RED Study Committee Reimbursements
(Sec. 4e of Act 153 of 2010)

SU #	SU Name	No. of Members	Paid to Date	Owed	Total
002	Addison Northwest	5	10,002		10,002
003	Addison Central	7	2,425	2,425	4,850
005	Southwest Vermont	7			
012	Chittenden East	7	12,553		12,553
014	Chittenden South	5	4,349	4,349	8,698
022	Franklin West	2			
023	Franklin Central	2			
024	Grand Isle	Pending			
026	Lamoille South	Pending	765	765	1,530
035	Orleans Southwest	4			
046	Windham Central	Pending			
053	Windsor Southwest	4	2,250	2,250	4,500
	Totals		32,344	9,789	42,133

Summary of Supervisory Union Agreements Reimbursement
(Sec. 9a of Act 153 of 2010)

SU #	Supervisory Unions	Shared Services	Amount Paid
023 022 013	Franklin Central Franklin West Chittenden Central	Information technology services	Pending
060 005	Battenkill Valley Southwest Vermont	Business manager services	Pending
039 053	Rutland Windsor Windsor Southwest	Professional development	Pending



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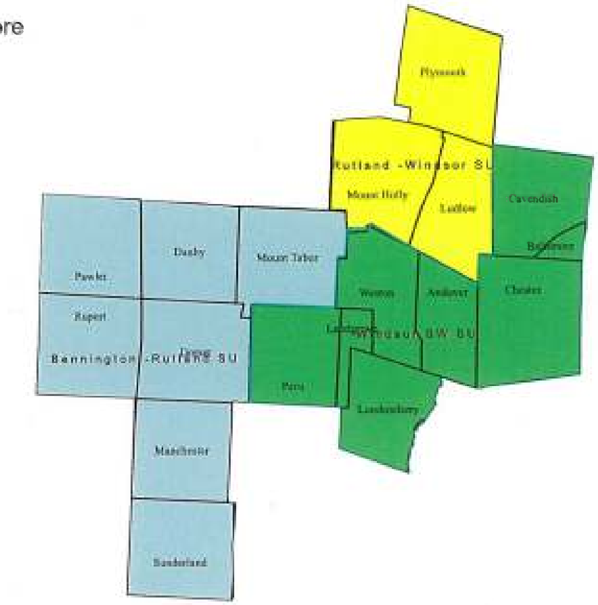

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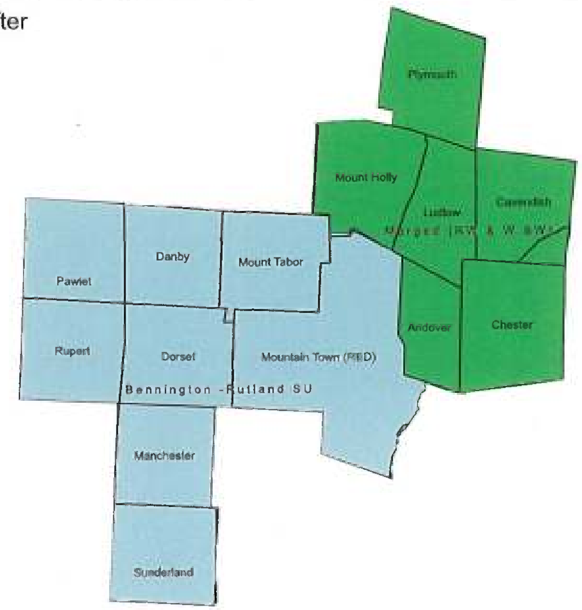

D.

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July 2011 Economic Review and Revenue Forecast Update

Prepared for the
State of Vermont
Emergency Board and
Legislative Joint Fiscal Committee

July 21, 2011

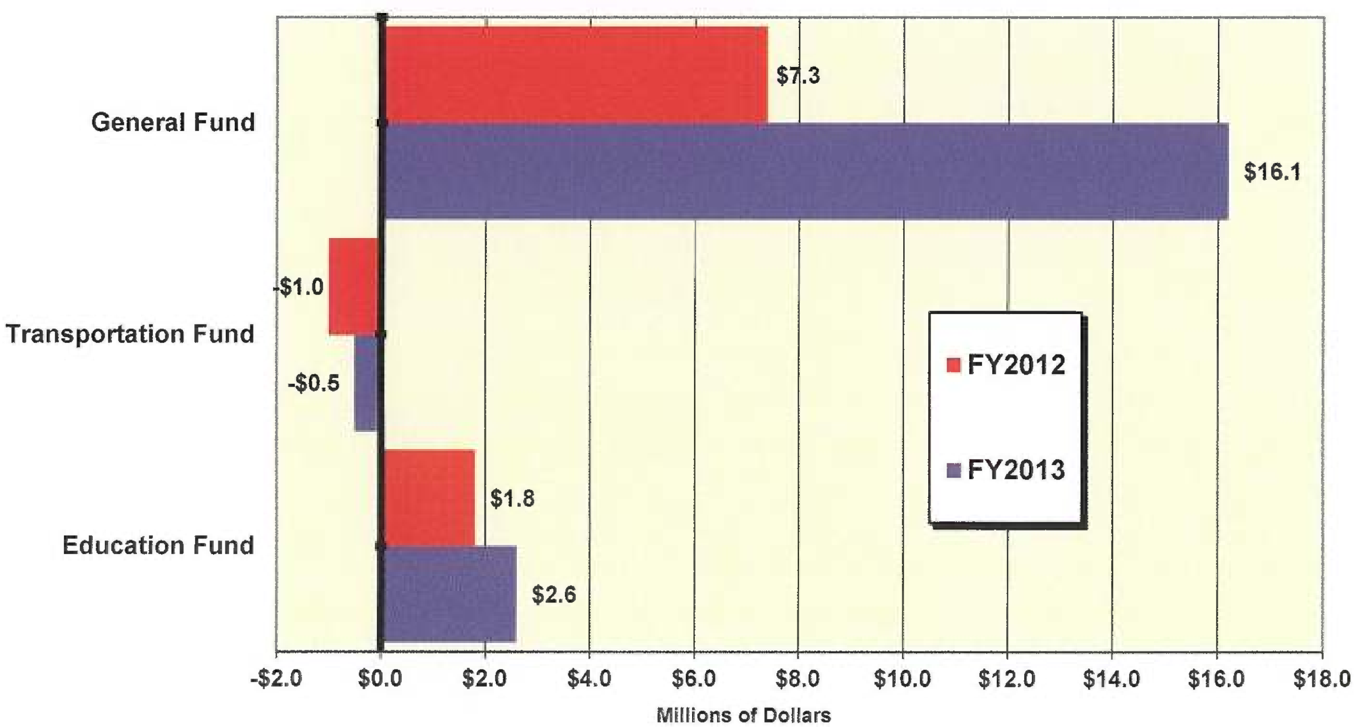
Economic Review and Revenue Forecast Update
July 2011

Overview

Mounting headwinds from higher oil prices, receding federal fiscal stimulus, manufacturing losses associated with the Japanese earthquake and tsunami, festering European sovereign debt crises, and political gridlock in Washington that threatens the nation's financial integrity, have all conspired to stall the emerging recovery, bringing job growth to a virtual standstill and lowering projections of economic activity in FY12. Despite all this, the Vermont economy has generally outperformed the U.S. as a whole, and closed FY11 with tax revenues slightly above (+2.5%) January projections.

Virtually all of the FY11 revenue surpluses were in personal and corporate income taxes, which collectively added nearly $30 million in above-target receipts. The estate tax logged its highest single year ever, netting more than $35 million, about 70% of which went to the General Fund and the remainder to the Higher Ed Trust Fund. However, the one-time nature of many of these FY11 revenue events and lower projected economic growth in FY12 will limit G-Fund upgrades to about $7 million in FY12 and $16 million in FY13. Transportation Fund revenues closed FY11 less than one-tenth of one percent (0.1%) below prior estimates and received a slight downgrade in the upcoming two fiscal years, due primarily to higher oil price assumptions.

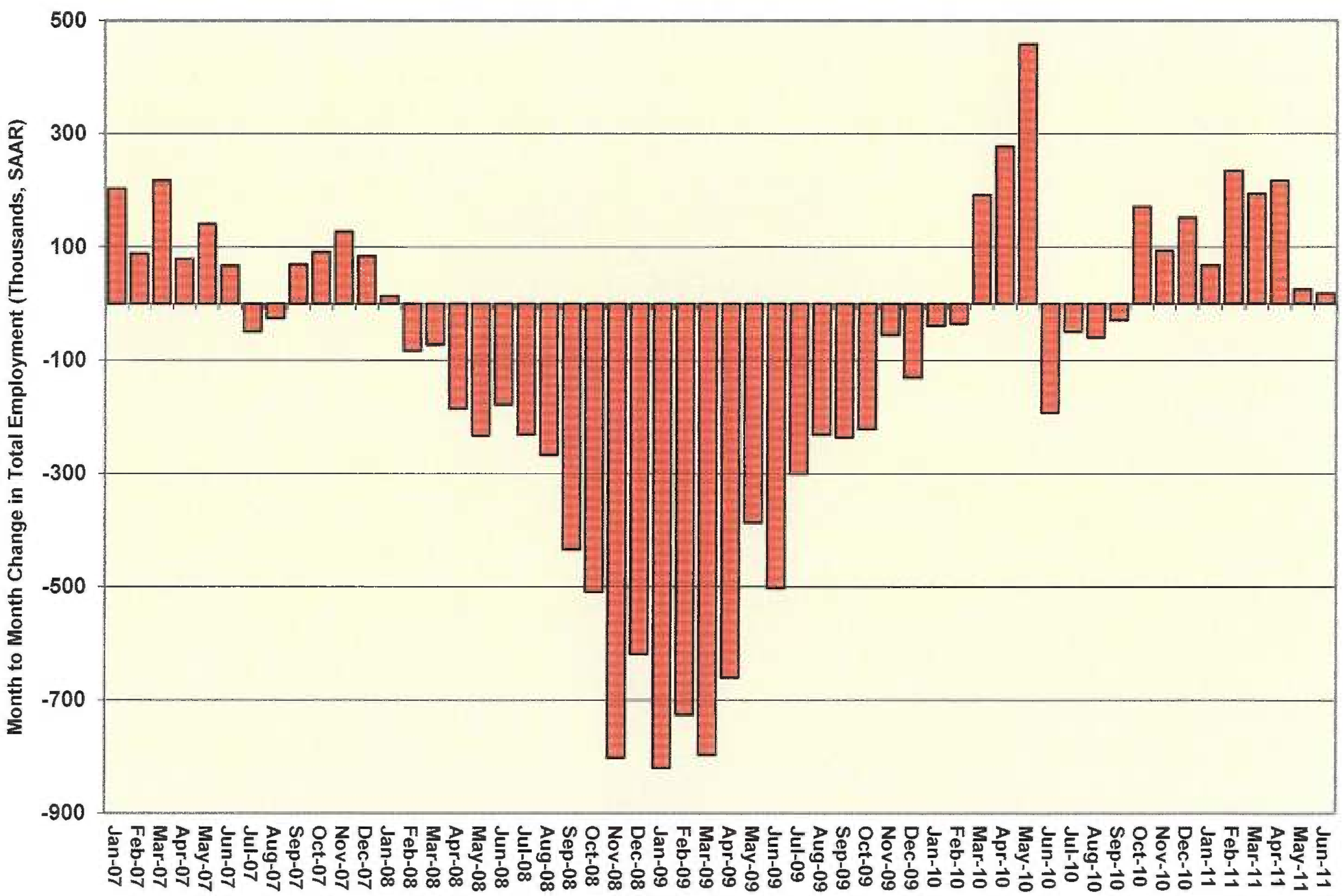
Recommended Net Revenue Changes from January 2011 Forecast



July 2011 Economic and Revenue Forecast Commentary

- Although the multiple headwinds the U.S. economy has encountered have been stiff, it has managed to eke out continued growth throughout the past six months. Real U.S. GDP, however, slowed to less than 2% in the first and second quarters of 2011, while job gains dropped precariously close to zero in both May and June, as public sector job losses associated with reduced stimulus spending negated most private sector gains (see below chart). While expected to improve over the next year as some of these headwinds ease, real FY12 growth in both the U.S. and Vermont have been downgraded (see Tables A and B), with a stronger recovery delayed until FY13.

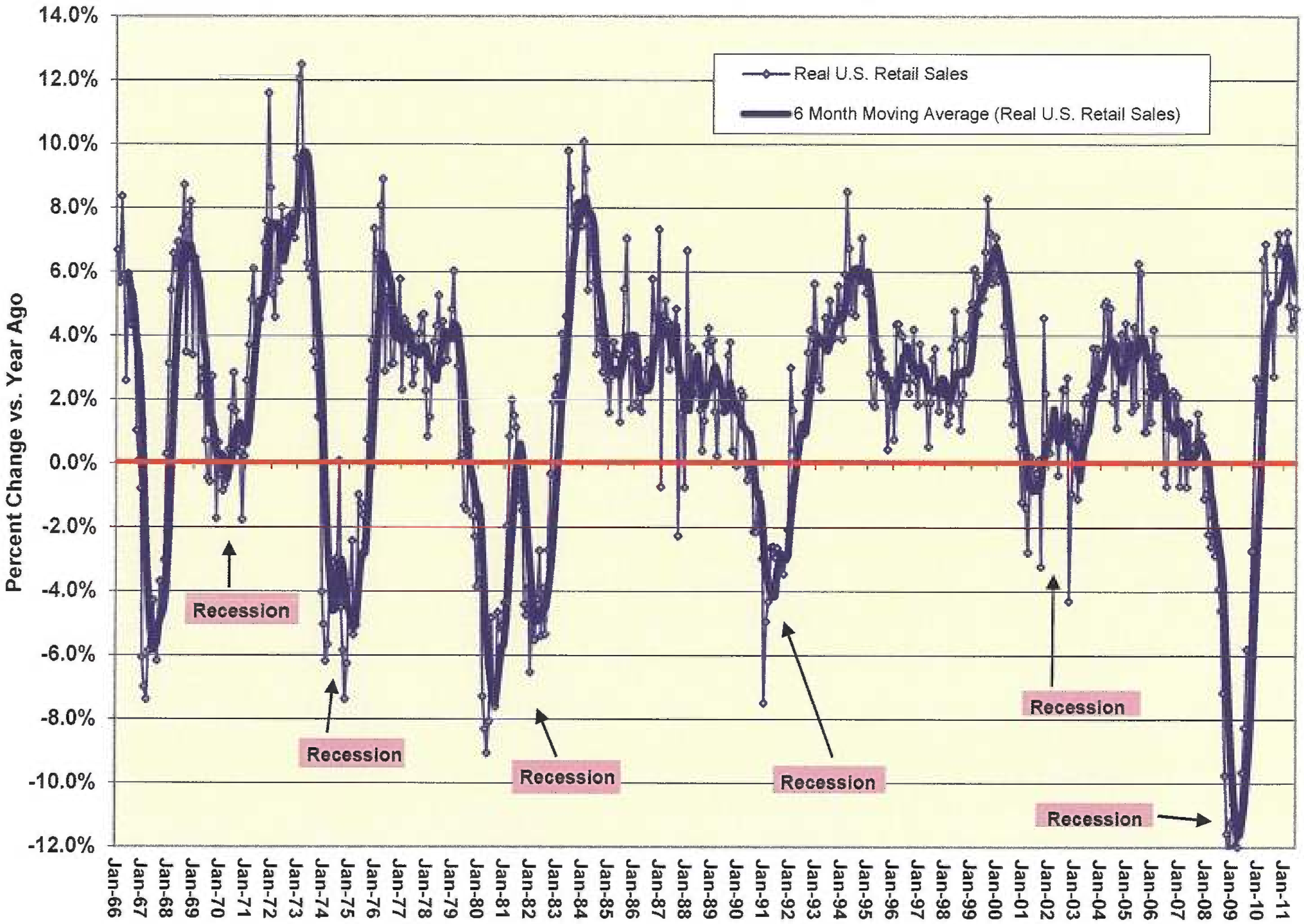
U.S. Job Growth Stalls Amidst Higher Oil Prices and Receding Stimulus
(Monthly Change in Total Payroll Employment, Seasonally-Adjusted, Source: U.S. Bureau of Labor Statistics)



- Real U.S. and Vermont GDP growth is expected to accelerate in the second half of 2011 to more than 3%, as oil prices retreat from their April high of $110/Bbl to about $100 over the balance of 2011, Japanese auto and parts manufacturing supply chains resume production and the weak U.S. dollar drives improved export demand. Although consumer confidence remains fragile and wary, consumer spending has continued to underpin the recovery (see below chart). The primary downside risks to the macro-economic forecast are related to potential economic policy errors in Washington, Brussels and Beijing.

Consumer Confidence is Fragile, But Spending Still Supports Recovery

Total Constant Dollar U.S. Retail Sales - Percent Change from Year Ago, Source: U.S. Census Bureau



- As this review went to press, there was still no political agreement in Washington on raising the U.S. debt ceiling. Although the forecasts herein assume some provision will be enacted that does not result in a default on U.S. debt or financial obligations to its citizenry, this is by no means a foregone conclusion. The economic consequences of such a default could be severe and would probably necessitate an interim State revenue forecast revision if this occurs. Aside from higher debt servicing costs and related interest rate increases, the direct expenditure reductions that would be required of the federal government from such a self-inflicted wound could hardly come at a worse time for the economy.

- Related to this political folly, any decision to further reduce near-term federal fiscal support for the economy could also have counter-productive economic consequences. Although there is no question that longer-term debt reduction is essential, an immediate contraction in fiscal policy could end the recovery in much the way that premature fiscal constraint did so after the Great Depression in 1937-38. Federal Reserve Chairman, Ben Bernanke, alluded to this in recent Congressional testimony, in which he stated that persistent economic weakness would necessitate additional "policy support." With virtually no political prospect for additional fiscal policy support, monetary policy remains the only mechanism for near-term federal intervention.

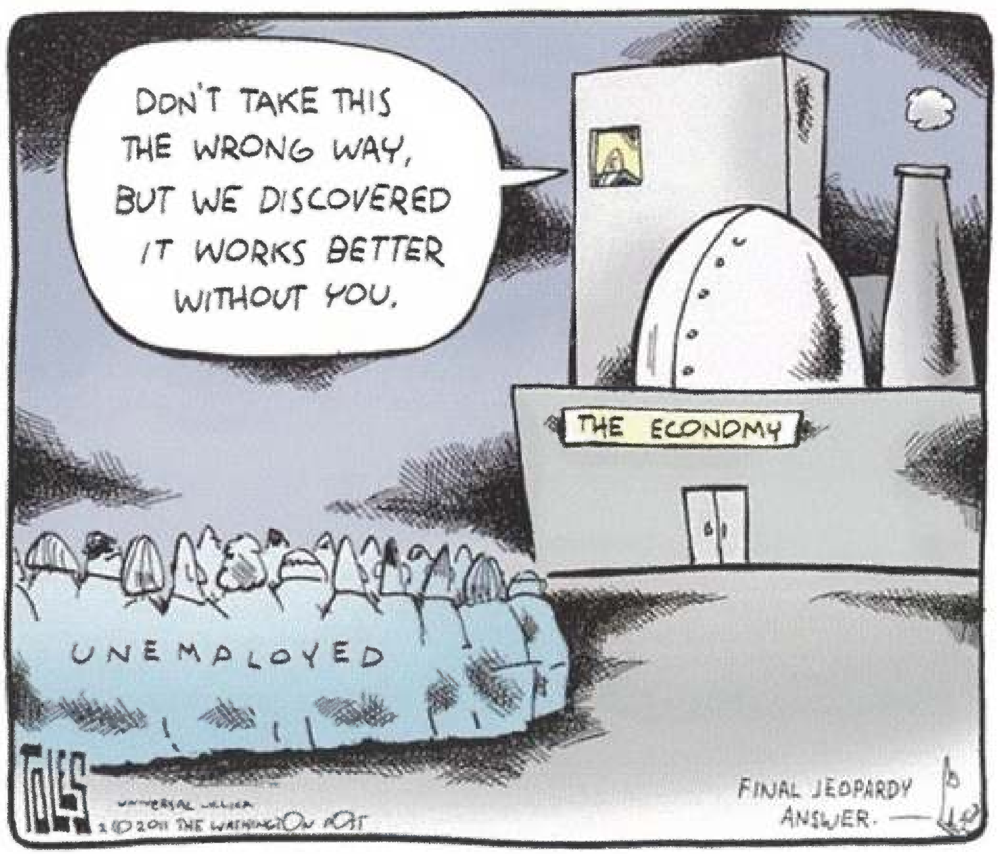
Real Oil Price Spike Takes a Toll on Economic Growth
(West Texas Intermediate Crude Oil, PPB in June 2011 Constant Dollars)

Sources: Wall Street Journal, Economy.com

- European Union policy decisions affecting sovereign nation debt have also remained behind the curve and failed to resolve pressing financial issues. As a result, there has been endless speculation about how the most extreme EU debtor nation balance sheets may be resolved and an expanding list of potential "next Greece" economies that could undergo the same gauntlet of uncertainty, investor panic and fiscal pain. Whether such hard decisions can be made within the loose political framework of the EU is an open question, but the risks associated with continued irresolution and the potential unraveling of the EU currency could have widespread negative impacts that extend across the Atlantic.

- Unlike Europe and the U.S., in Beijing, the relevant policy issues have to do with how to slow their economy, not accelerate it. With risks of rampant inflation looming, especially in real estate markets, China has raised interest rates, transaction taxes and tightened lending standards, but is still contending with reported inflation rates of more than 6%. It is under pressure to revalue the yuan, but to also protect its huge exporting sector and the millions of jobs connected to it. U.S. dollar reserves in China now top $3 trillion, making it both a critical lender and end-market for U.S. products. Of note, China is now Vermont's second largest export destination, after Canada, with its share of Vermont exports rising from only 3% in the first quarter of 2007 to more than 15% in the first quarter of 2011.

- Labor markets remain extraordinarily weak at this phase of the recovery, with employers enjoying record profits (up 73% over the past 2 years, per the chart on page 6) and extraordinary productivity gains, but remaining cautious about future demand growth and reluctant to hire. Temporary help employment, which is usually a good indicator of future full-time hiring, is up nearly 28% since its recessionary low, whereas total employment is up a mere 1.4% since its low in February of 2010. This disconnect could imply an imminent acceleration of job growth or a new labor market dynamic that relies ever more heavily on out-sourced, part-time and temporary workers.



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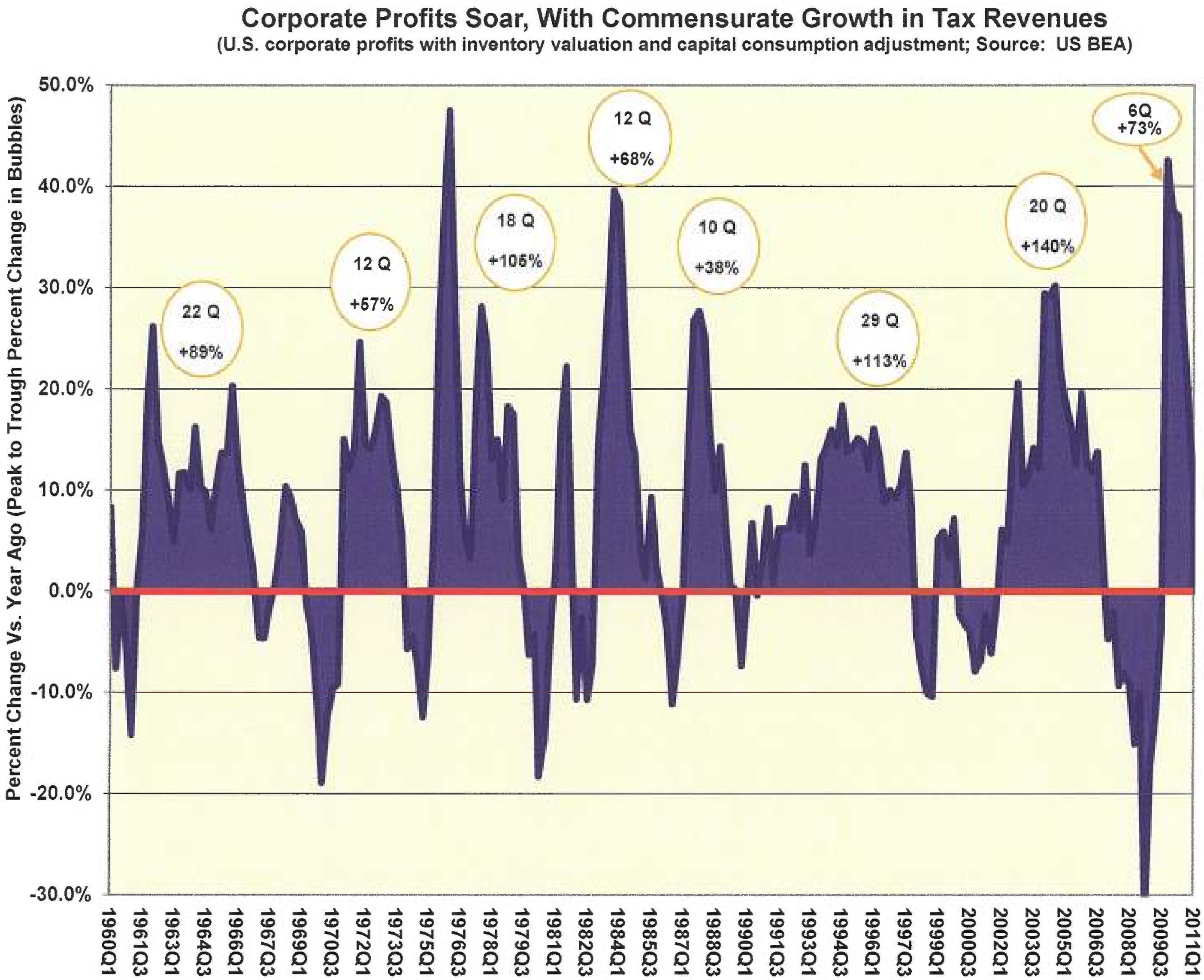


- As illustrated in the charts on the next page, Vermont labor markets have continued to outpace the U.S. average, with the 6th lowest unemployment rate in the nation in May at 5.4%, vs. 9.1% for the U.S. in the same month, and erratic, but positive, employment growth.

- Initial claims for unemployment insurance in Vermont, a good leading indicator of employment growth, have declined more than 30% from their peak levels in February of 2009, but remain at historically elevated levels.

- Slack labor markets have also taken a toll on wages. The BLS reports that real average hourly earnings actually declined about 1% between June 2009 when the recovery began and the first quarter of 2011. As a result of this, virtually all of the growth in real U.S. aggregate income since the recovery began in June of 2009 has accrued to corporate income (92%) and for the first time on record, none can be attributed to wage and salary growth.

Sluggish Vermont Labor Market Still Outpaces U.S. in Recovery...

(Seasonally adjusted data, Source: Bureau of Labor Statistics, U.S. Department of Labor)

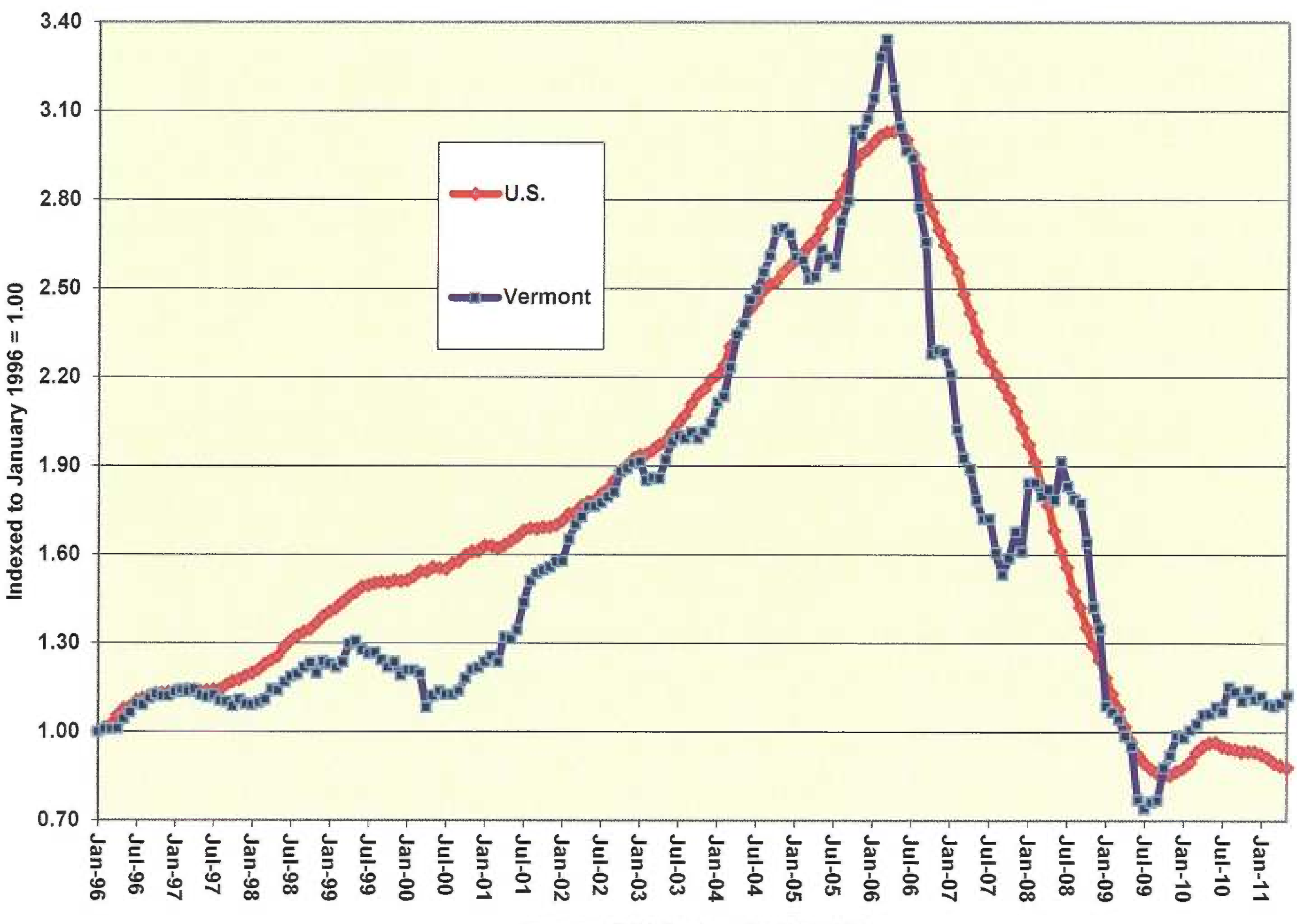
...While Employment Growth Slows but Remains Positive

(Total Nonagricultural Employment, Percent Change vs. Year Ago, Seasonally Adjusted Data)

Source: Bureau of Labor Statistics, U.S. Department of Labor

- Construction and real estate markets in Vermont and the nation continue to struggle. Although new construction has bottomed out, the recovery has stalled amidst further housing price declines, stricter lending standards and other financing restrictions, and a massive inventory of foreclosed properties clogging the market. As shown in the below chart, new residential construction investment in both Vermont and the nation remains stagnant at about *one-third* of their peak levels reached in the second quarter of 2006. For Vermont, this represents an investment reduction of *nearly $500 million per year*, in addition to the loss of substantial downstream spending on furniture, appliances, landscaping, etc., that often follows new home construction.

Residential Construction Spending Struggles as Price Declines Continue
(Indexed Value of Residential Construction Starts, January 1996=1.00)

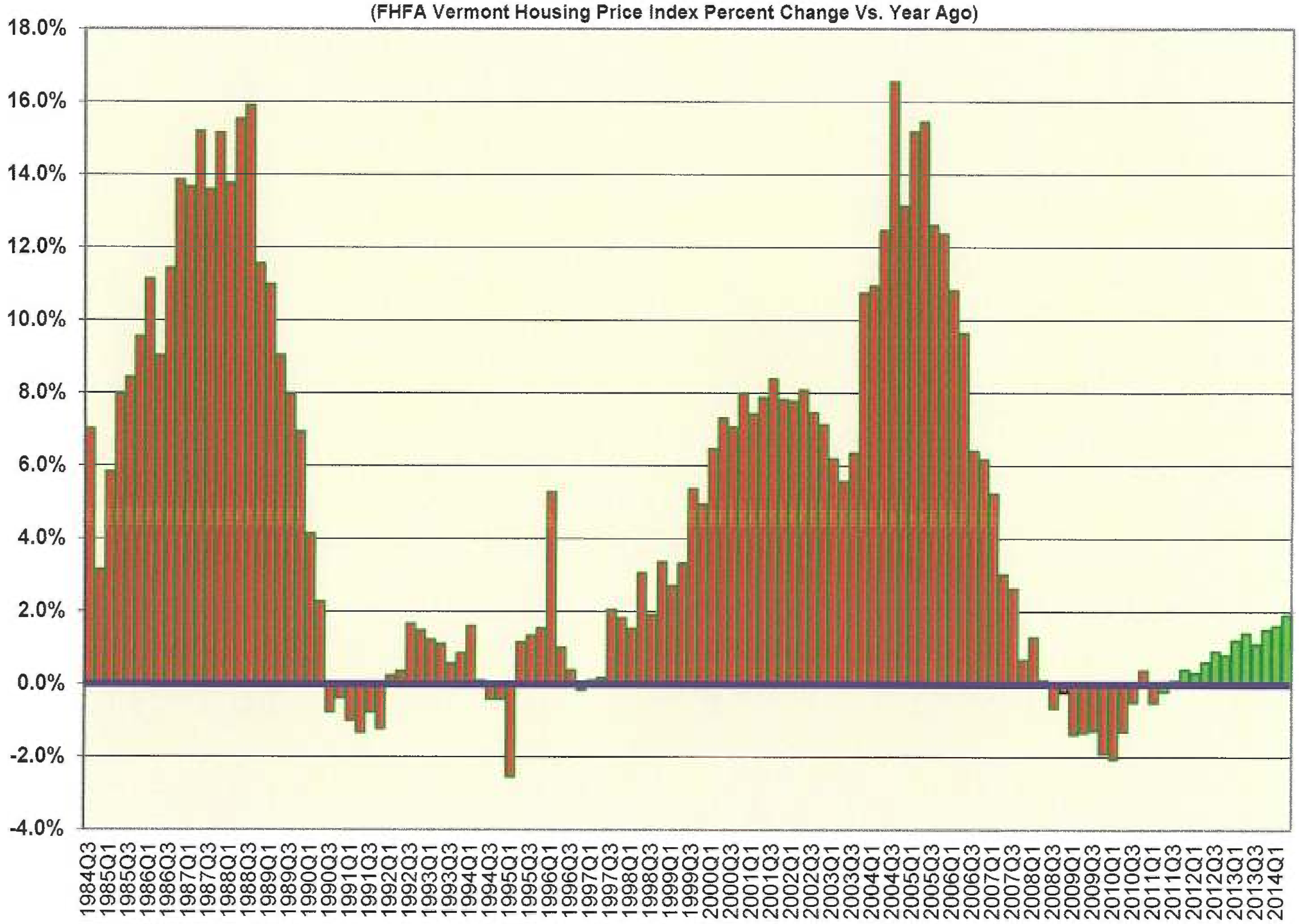


Source: F.W. Dodge, McGraw-Hill

- Housing prices continued to decline in most states in the first quarter of 2011 and became more widespread for the first time in several quarters. There were only five states reporting price appreciation in the first quarter of 2011 versus 15 in the third quarter of 2010. As expected, Vermont was among those experiencing continued minor price declines, however, with a decline of only 0.5%, it ranked among the "least bad" in the country (9th). Vermont residential real estate prices will likely decline for about one more quarter in 2011 before bottoming out and beginning an extended period of very low price appreciation.

VT Real Estate Prices Will Decline Further in 2011, but Remain Stronger Than Most U.S. Markets

(FHFA Vermont Housing Price Index Percent Change Vs. Year Ago)

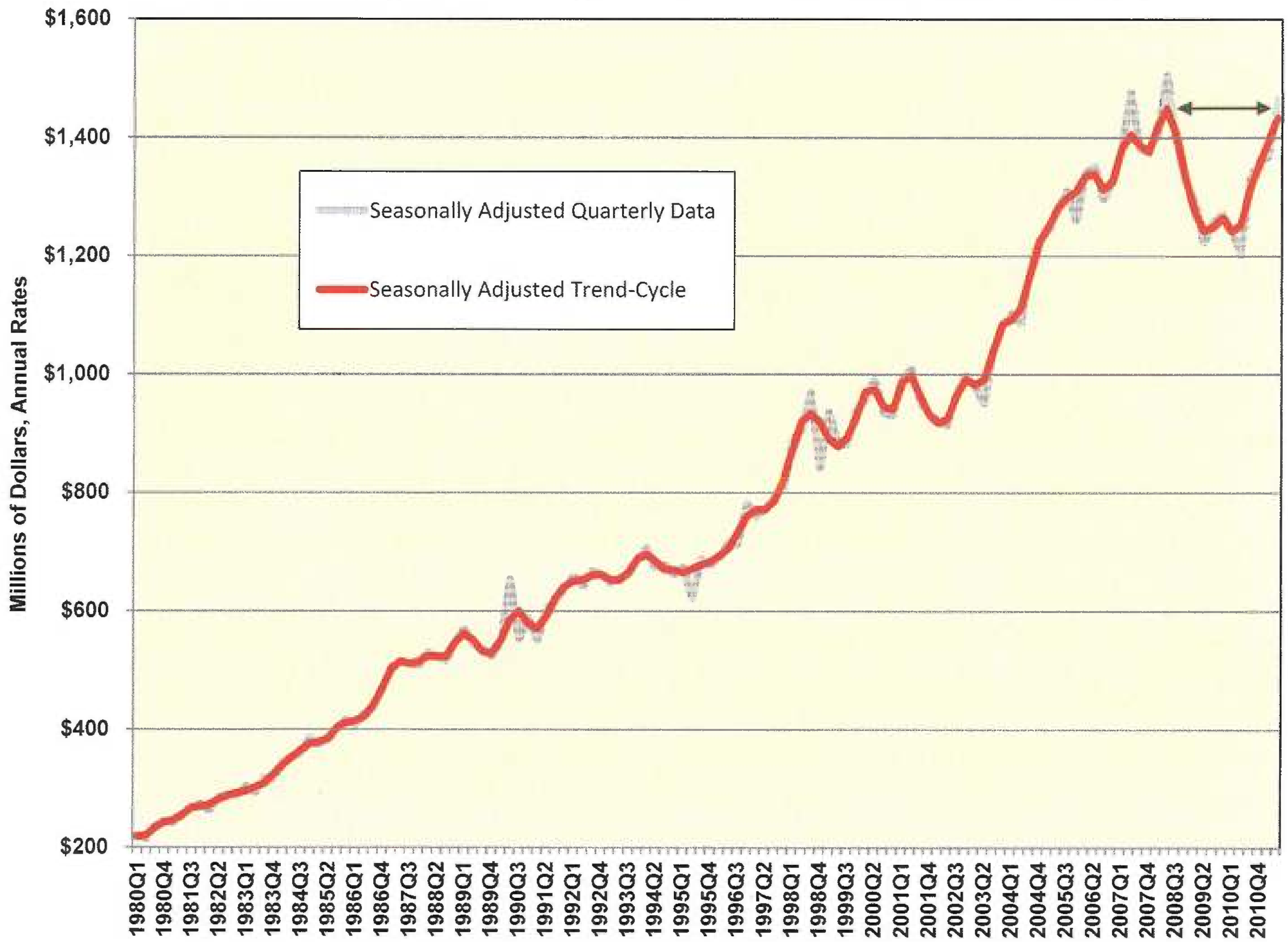


- As the primary tax base for the Education Fund property tax (which is forecast in October and not included in the portion of the E-Fund projected herein), declining or weak real estate price growth will present significant policy challenges, as almost any expenditure growth connected to this resource will have to be funded with either rate increases, transfers from other funds or new revenue sources.

- Aggregate Vermont revenues closed FY11 very close to expectations, with exceptional strength in personal income, corporate income and estate taxes pushing total receipts about 2.5% above targets. Unfortunately, much of this strength was concentrated in one-time events, which are unlikely to recur in

FY12 or beyond. Accordingly, lower expected economic growth in FY12 will almost entirely offset remaining gains. Underscoring the severity of the "Great Recession," on a seasonally adjusted basis, total "Source" General Fund revenues (before transfers to other funds and including taxes such as cigarettes and tobacco products, per Table 1A) in the second quarter of 2011 finally approached previous peak revenue levels reached in the second quarter of 2008 (see below chart), a full three years hence.

Total Source General Fund Revenues Finally Approach Prior 2008 Peak
(Seasonally Adjusted Annual Rates, Sources: Vermont Department of Taxes, JFO, KRA Analysis)



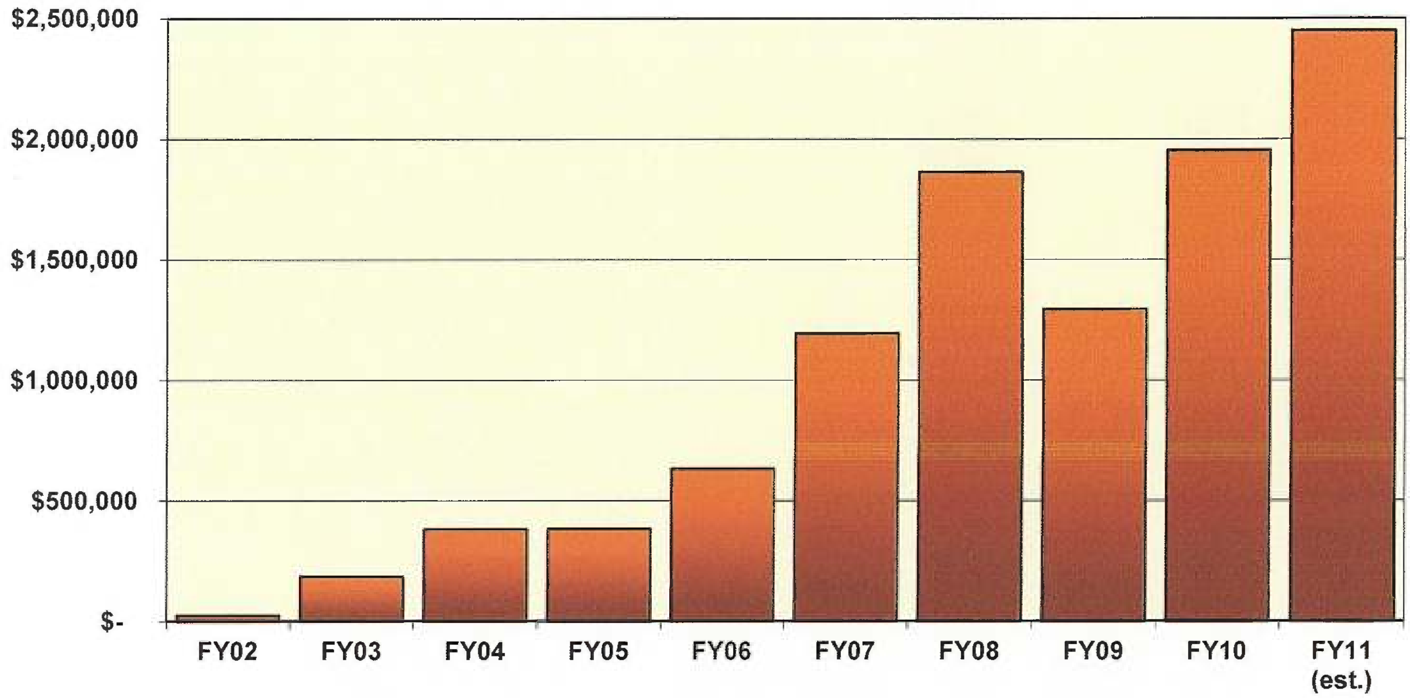
- The large consumption taxes (S&U, MVP&U and M&R) ended FY11 about 1% above targets, with all three categories posting year over year gains in excess of 4%. Although FY12 growth may be slightly more subdued, as consumers are limited by higher energy prices, limited employment gains and dismal wage and salary growth, FY13 could yield substantial growth in all of these categories as the external economy improves.

- Corporate income tax revenues hit record levels in FY11, closing the year at almost $90 million, however, a substantial portion of this income was episodic and is not expected to recur in FY12. As a result of this, FY12 will show declines in corporate income, with a resumption of growth in FY13 and beyond.

- Bank revenues in FY11 also included one-time revenues that inflated year-end results. In FY12, bank franchise tax receipts will drop to about $10.8 million and show very little growth over the forecast horizon in large part because of an ever-growing list of credits taken against bank revenues before they are reported. This illustrates the way in which seemingly "poor revenue growth" can actually be the result of tax expenditures such as these.

Tax Expenditures Sap Bank Revenues

Development Subsidy Tax Credits Applied Against Bank Revenues, Source: VT Tax Dept., BISHCA and JFO



- In their first full year of collection, Transportation Infrastructure Bond (TIB) revenues, which are essentially additional gasoline and diesel taxes with a price-based component, performed very close to projections, closing the fiscal year about six tenths of one percent (0.6%) above January forecasts. This should reinforce the very high debt ratings awarded to these bonds, since these dedicated revenues are the source of bond interest payments.

- The U.S. and Vermont macro-economic forecasts upon which the revenue forecasts in this Update are based are summarized in the below Tables A and B, and represent a consensus JFO and Administration macro-economic forecast developed using internal JFO and Administration State economic models with input from Moody's Analytics June 2011 projections and New England Economic Partnership (NEEP) May 2011 forecasts. These forecasts assume a U.S. federal debt limit extension without incident and no significant near-term fiscal or monetary policy contraction.

TABLE A
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
November 2009 Through June 2011, Selected Variables, Calendar Year Basis

	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP Growth								
November-09	*2.7*	*2.1*	*0.4*	*-2.6*	*1.8*	*3.9*	*5.4*	*3.6*
June-10	*2.7*	*2.1*	*0.4*	*-2.4*	*3.1*	*3.9*	*5.0*	*3.4*
December-10	*2.7*	*1.9*	*0.0*	*-2.6*	*2.9*	*3.9*	*4.5*	*4.4*
June-11	*2.7*	*1.9*	*0.0*	*-2.6*	*2.9*	*2.7*	*4.2*	*4.1*
S&P 500 Growth (Annual Avg.)								
November-09	*8.6*	*12.7*	*-17.3*	*-23.9*	*24.6*	*8.0*	*7.4*	*5.0*
June-10	*8.6*	*12.7*	*-17.3*	*-22.5*	*21.2*	*5.8*	*4.2*	*5.9*
December-10	*8.6*	*12.7*	*-17.3*	*-22.5*	*20.5*	*12.4*	*6.8*	*5.8*
June-11	*8.6*	*12.7*	*-17.3*	*-22.5*	*20.5*	*18.4*	*1.2*	*-2.4*
Employment Growth (Non-Ag)								
November-09	*1.8*	*1.1*	*-0.4*	*-3.7*	*-1.0*	*2.2*	*3.5*	*3.3*
June-10	*1.8*	*1.1*	*-0.6*	*-4.3*	*-0.4*	*1.5*	*2.9*	*3.2*
December-10	*1.8*	*1.1*	*-0.6*	*-4.3*	*-0.5*	*1.7*	*2.3*	*3.3*
June-11	*1.8*	*1.1*	*-0.6*	*-4.4*	*-0.7*	*1.2*	*2.0*	*2.6*
Unemployment Rate								
November-09	*4.6*	*4.6*	*5.8*	*9.2*	*10.0*	*8.9*	*7.0*	*5.8*
June-10	*4.6*	*4.6*	*5.8*	*9.3*	*9.9*	*9.5*	*7.5*	*6.1*
December-10	*4.6*	*4.6*	*5.8*	*9.3*	*9.6*	*9.5*	*8.0*	*6.4*
June-11	*4.6*	*4.6*	*5.8*	*9.3*	*9.6*	*9.0*	*8.4*	*7.3*
West Texas Int. Crude Oil $/Bbl								
November-09	*66.1*	*72.4*	*100.8*	*60.6*	*75.9*	*87.5*	*89.4*	*90.2*
June-10	*66.1*	*72.4*	*99.6*	*61.7*	*79.5*	*87.3*	*89.4*	*90.2*
December-10	*66.1*	*72.4*	*99.6*	*61.7*	*79.4*	*93.0*	*96.4*	*97.9*
June-11	*66.1*	*72.4*	*99.6*	*61.7*	*79.4*	*101.2*	*99.4*	*100.5*
Prime Rate								
November-09	*7.96*	*8.05*	*5.09*	*3.22*	*3.35*	*5.15*	*7.01*	*7.50*
June-10	*7.96*	*8.05*	*5.09*	*3.25*	*3.20*	*4.60*	*6.78*	*7.07*
December-10	*7.96*	*8.05*	*5.09*	*3.25*	*3.23*	*3.21*	*4.43*	*6.55*
June-11	*7.96*	*8.05*	*5.09*	*3.25*	*3.25*	*3.24*	*3.63*	*5.05*
Consumer Price Index Growth								
November-09	*3.2*	*2.9*	*3.8*	*-0.5*	*1.7*	*1.9*	*2.1*	*2.0*
June-10	*3.2*	*2.9*	*3.8*	*-0.3*	*1.8*	*2.1*	*3.1*	*2.8*
December-10	*3.2*	*2.9*	*3.8*	*-0.3*	*1.6*	*1.5*	*2.6*	*3.0*
June-11	*3.2*	*2.9*	*3.8*	*-0.3*	*1.6*	*3.0*	*1.9*	*2.5*
Avg. Home Price Growth								
November-09	*7.4*	*2.0*	*-2.6*	*-5.0*	*-10.4*	*-1.5*	*4.2*	*5.7*
June-10	*7.2*	*2.0*	*-3.0*	*-4.0*	*-4.6*	*-0.7*	*0.4*	*1.5*
December-10	*7.2*	*2.0*	*-3.0*	*-4.0*	*-3.7*	*-1.1*	*0.3*	*1.4*
June-11	*7.2*	*1.7*	*-3.1*	*-4.0*	*-3.7*	*-1.1*	*0.3*	*1.4*

TABLE B
Comparison of Consensus Administration and JFO Vermont State Forecasts December 2008 Through June 2011, Selected Variables, Calendar Year Basis

	2006	2007	2008	2009	2010	2011	2012	2013
Real GSP Growth								
December-08	*1.2*	*1.5*	*1.2*	*-0.8*	*1.8*	*3.9*	*4.5*	
June-09	*1.3*	*1.7*	*1.7*	*-3.3*	*0.5*	*3.4*	*5.1*	
November-09	*1.3*	*1.7*	*1.7*	*-3.1*	*-0.5*	*4.5*	*5.3*	*4.3*
June-10	*1.3*	*1.7*	*1.7*	*-0.3*	*3.5*	*4.0*	*5.1*	*3.2*
December-10	*1.2*	*0.1*	*2.0*	*-0.7*	*3.4*	*4.1*	*5.3*	*3.8*
June-11	*1.2*	*-0.7*	*0.4*	*-2.3*	*3.2*	*3.5*	*4.0*	*3.9*
Population Growth								
December-08	*0.2*	*0.1*	*0.2*	*0.3*	*0.3*	*0.3*	*0.3*	
June-09	*0.1*	*0.1*	*0.1*	*0.0*	*0.1*	*0.3*	*0.3*	
November-09	*0.1*	*0.1*	*0.1*	*0.0*	*0.2*	*0.3*	*0.3*	*0.3*
June-10	*0.2*	*0.1*	*0.1*	*0.1*	*0.1*	*0.3*	*0.3*	*0.3*
December-10	*0.2*	*0.1*	*0.1*	*0.1*	*0.1*	*0.3*	*0.4*	*0.5*
June-11	*0.2*	*0.2*	*0.2*	*0.1*	*0.2*	*0.3*	*0.3*	*0.3*
Employment Growth								
December-08	*0.7*	*0.0*	*-0.2*	*-1.3*	*0.2*	*1.6*	*1.6*	
June-09	*0.7*	*0.2*	*-0.7*	*-4.6*	*-1.7*	*1.4*	*2.9*	
November-09	*0.7*	*0.2*	*-0.7*	*-3.8*	*-1.1*	*1.3*	*2.3*	*2.9*
June-10	*0.7*	*0.2*	*-0.4*	*-3.3*	*-0.4*	*0.8*	*2.2*	*1.9*
December-10	*0.7*	*0.2*	*-0.4*	*-3.3*	*-0.9*	*0.5*	*1.8*	*2.7*
June-11	*0.8*	*0.2*	*-0.4*	*-3.2*	*0.1*	*2.6*	*1.0*	*1.9*
Unemployment Rate								
December-08	*3.7*	*3.9*	*4.9*	*6.6*	*7.2*	*6.3*	*5.1*	
June-09	*3.7*	*4.0*	*4.8*	*8.0*	*8.9*	*7.7*	*6.1*	
November-09	*3.7*	*4.0*	*4.8*	*7.2*	*8.1*	*7.4*	*6.0*	*5.1*
June-10	*3.7*	*3.9*	*4.5*	*6.9*	*6.7*	*6.6*	*5.4*	*4.5*
December-10	*3.7*	*3.9*	*4.5*	*6.9*	*6.2*	*6.1*	*5.2*	*4.1*
June-11	*3.7*	*3.9*	*4.5*	*6.9*	*6.2*	*5.7*	*5.5*	*4.6*
Personal Income Growth								
December-08	*7.6*	*6.6*	*3.9*	*1.3*	*2.5*	*3.6*	*4.5*	
June-09	*7.6*	*6.7*	*3.8*	*0.1*	*0.7*	*2.4*	*4.4*	
November-09	*7.6*	*6.7*	*4.3*	*1.4*	*1.1*	*2.4*	*3.5*	*5.1*
June-10	*8.0*	*4.8*	*2.7*	*-0.3*	*2.8*	*3.4*	*5.5*	*6.0*
December-10	*8.0*	*4.8*	*2.7*	*0.2*	*2.5*	*2.8*	*5.8*	*6.5*
June-11	*7.9*	*5.5*	*3.7*	*-0.3*	*3.4*	*5.5*	*4.8*	*6.8*
Home Price Growth (JFO*)								
December-08*	*9.1*	*3.9*	*0.7*	*-1.3*	*0.1*	*1.1*	*1.5*	
June-09*	*8.9*	*3.4*	*0.9*	*-1.7*	*-1.6*	*0.5*	*1.1*	
November-09*	*8.5*	*3.2*	*0.8*	*-1.8*	*-1.9*	*0.4*	*1.1*	*2.1*
June-10	*8.4*	*3.1*	*0.4*	*-1.5*	*-2.1*	*0.1*	*1.1*	*2.1*
December-10	*8.3*	*3.0*	*0.3*	*-1.5*	*-1.3*	*-0.1*	*0.7*	*1.3*
June-11	*8.2*	*2.9*	*0.1*	*-1.5*	*-0.9*	*0.0*	*0.7*	*1.3*

Methodological Notes and Other Comments

- This analysis has benefited significantly from the input and support of Tax Department and Joint Fiscal Office personnel. In the Joint Fiscal Office, Sara Teachout, Stephanie Barrett, Catherine Benham, Neil Schickner and Mark Perrault have contributed to numerous policy and revenue impact analyses and coordinated JFO forecast production and related legislative committee support functions. Theresa Utton-Jerman has diligently organized and maintained large tax and other databases in support of JFO revenue forecasting activities. In the Tax Department, Susan Mesner, Tax Department Economist, has made invaluable analytic contributions to many tax and revenue forecasts, including tax law change analyses and Rachel Stanger, Tax Research and Statistics Analyst, has provided custom research and statistical and related background information from the detailed tax databases she maintains. Our thanks to all of the above for their many contributions to this analysis.

- The analysis in support of JFO economic and revenue projections are based on statistical and econometric models, and professional analytic judgment. All models are based on 35 years of data for each of the 25 General Fund categories (three aggregates), 31 years of data for each of the Transportation Fund categories (one aggregate), and 13 to 35 years for each of the Education Fund categories. The analyses employed includes seasonal adjustment using the X-11 and X-12 Census methods, various moving average techniques (such as Henderson Curves, etc.), Box-Jenkins ARIMA type models, pressure curve analysis, comparable-pattern analysis of monthly, quarterly and half year trends for current year estimation, and behavioral econometric forecasting models.

- Because the State does not currently fund an internal State or U.S. macro-economic model, this analysis relies primarily on macro-economic models from Moody's/Economy.com and the New England Economic Partnership (NEEP). The NEEP forecast for Vermont is managed by Jeff Carr, of Economic & Policy Resources, Inc., who is also the current Administration economist. Since October of 2001, input and review of initial Vermont NEEP model design and output prior to its release has been provided by the JFO Consulting Economist. Dynamic and other input/output-based models for the State of Vermont, including those from Regional Economic Models, Inc. (REMI), Regional Dynamics, Inc. (REDYN), and IMPLAN are also maintained and managed by the JFO for use in selected economic impact and simulation analyses used herein.

- The Consensus JFO and Administration forecasts are developed following discussion, analysis and synthesis of independent revenue projections produced by Administration and Joint Fiscal Office economic advisors.

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2011

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	**FY 2007** *(Actual)*	**%** Change	**FY 2008** *(Actual)*	**%** Change	**FY 2009** *(Actual)*	**%** Change	**FY 2010** *(Actual)*	**%** Change	**FY 2011** *(Preliminary)*	**%** Change	**FY 2012** *(Forecast)*	**%** Change	**FY 2013** *(Forecast)*	**%** Change
REVENUE SOURCE														
Personal Income	$581.2	7.2%	$622.3	7.1%	$530.3	-14.8%	$498.0	-6.1%	$553.3	11.1%	$596.0	7.7%	$650.2	9.1%
Sales & Use*	$333.7	2.5%	$338.4	1.4%	$321.2	-5.1%	$311.1	-3.1%	$326.3	4.9%	$338.6	3.8%	$352.8	4.2%
Corporate	$72.8	-4.1%	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$77.9	-13.1%	$81.7	4.9%
Meals and Rooms	$114.9	2.8%	$121.1	5.4%	$117.1	-3.3%	$118.0	0.8%	$122.8	4.1%	$126.9	3.3%	$131.5	3.6%
Cigarette and Tobacco**	$64.3	31.4%	$59.2	-7.9%	$64.1	8.3%	$70.1	9.2%	$72.9	4.0%	$76.2	4.5%	$73.9	-3.0%
Liquor	$13.7	4.0%	$14.2	3.7%	$15.0	6.0%	$14.9	-1.0%	$15.4	3.1%	$15.8	2.9%	$16.3	3.2%
Insurance	$52.9	0.8%	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.5	2.7%	$57.8	2.3%
Telephone	$10.0	-4.0%	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.3	-18.1%	$9.2	-1.1%
Beverage	$5.5	1.3%	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$5.9	2.0%	$6.0	1.7%
Electric	$2.6	1.2%	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$1.4	-50.7%	$0.0	-100.0%
Estate	$17.8	-32.1%	$15.7	-11.9%	$23.4	49.1%	$14.2	-39.5%	$35.9	153.3%	$20.8	-42.0%	$21.6	3.8%
Property	$39.3	-10.0%	$34.0	-13.5%	$25.9	-23.7%	$23.8	-8.2%	$25.6	7.7%	$27.0	5.3%	$29.1	7.8%
Bank	$10.5	3.6%	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.8	-30.0%	$11.0	1.9%
Other Tax	$6.5	-10.2%	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$3.8	2.2%	$4.0	5.3%
Total Tax Revenue	$1325.7	3.9%	$1365.5	3.0%	$1257.9	-7.9%	$1196.5	-4.9%	$1336.0	11.7%	$1366.9	2.3%	$1445.1	5.7%
Business Licenses	$2.8	-1.0%	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	1.8%	$3.1	3.3%
Fees	$14.2	7.4%	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$21.1	3.1%	$21.8	3.3%
Services	$1.5	17.1%	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$1.2	6.0%	$1.3	8.3%
Fines	$3.2	-2.1%	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$5.4	-5.6%	$5.6	3.7%
Interest	$3.6	33.5%	$3.9	10.1%	$1.4	-63.9%	$0.6	-57.0%	$0.3	-46.0%	$0.4	21.3%	$1.0	150.0%
Lottery	$23.3	6.5%	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.8%	$21.9	2.3%	$22.4	2.3%
All Other	$1.1	365.2%	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.5	-33.1%	$0.6	20.0%
Total Other Revenue	$49.6	9.5%	$50.9	2.5%	$56.0	10.0%	$53.3	-4.7%	$52.7	-1.1%	$53.5	1.4%	$55.8	4.3%
TOTAL GENERAL FUND	**$1375.4**	**4.1%**	**$1416.4**	**3.0%**	**$1313.9**	**-7.2%**	**$1249.9**	**-4.9%**	**$1388.8**	**11.1%**	**$1420.4**	**2.3%**	**$1500.9**	**5.7%**
OTHER														
Fuel Gross Receipts Tax	$6.8	9.0%	$7.3	6.3%	$7.5	3.7%	$6.7	-10.6%	$7.3	8.3%	$7.6	4.0%	$8.0	5.3%

* Includes Telecommunications Tax; includes $3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error

** Includes Cigarette, Tobacco Products and Floor Stock tax revenues

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2011

CURRENT LAW BASIS including all Education Fund allocations and other out-transfers	FY 2007 (Actual)	% Change	FY 2008 (Actual)	% Change	FY 2009 (Actual)	% Change	FY 2010 (Actual)	% Change	FY 2011 (Preliminary)	% Change	FY 2012 (Forecast)	% Change	FY 2013 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$581.2	7.2%	$622.3	7.1%	$530.3	-14.8%	$498.0	-6.1%	$553.3	11.1%	$596.0	7.7%	$650.2	9.1%
Sales and Use*	$222.5	2.6%	$225.6	1.4%	$214.1	-5.1%	$207.4	-3.1%	$217.6	4.9%	$225.7	3.8%	$235.2	4.2%
Corporate	$72.8	-4.1%	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$77.9	-13.1%	$81.7	4.9%
Meals and Rooms	$114.9	2.8%	$121.1	5.4%	$117.1	-3.3%	$118.0	0.8%	$122.8	4.1%	$126.9	3.3%	$131.5	3.6%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$13.7	4.0%	$14.2	3.7%	$15.0	6.0%	$14.9	-1.0%	$15.4	3.1%	$15.8	2.9%	$16.3	3.2%
Insurance	$52.9	0.8%	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.5	2.7%	$57.8	2.3%
Telephone	$10.0	-4.0%	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.3	-18.1%	$9.2	-1.1%
Beverage	$5.5	1.3%	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$5.9	2.0%	$6.0	1.7%
Electric	$2.6	1.2%	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$1.4	-50.7%	$0.0	-100.0%
Estate**	$17.8	-32.1%	$15.7	-11.9%	$21.9	39.4%	$14.2	-35.2%	$24.9	75.6%	$20.8	-16.4%	$21.6	3.8%
Property	$12.8	-4.5%	$10.7	-16.3%	$8.5	-21.1%	$7.8	-8.2%	$8.4	7.7%	$8.7	4.2%	$9.4	7.8%
Bank	$10.5	3.6%	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.8	-30.0%	$11.0	1.9%
Other Tax	$6.5	-10.2%	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$3.8	2.2%	$4.0	5.3%
Total Tax Revenue	$1123.7	3.3%	$1170.3	4.1%	$1067.7	-8.8%	$1006.7	-5.7%	$1126.1	11.9%	$1159.6	3.0%	$1233.9	6.4%
Business Licenses	$2.8	-1.0%	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	1.8%	$3.1	3.3%
Fees	$14.2	7.4%	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$21.1	3.1%	$21.8	3.3%
Services	$1.5	17.1%	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$1.2	6.0%	$1.3	8.3%
Fines	$3.2	-2.1%	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$5.4	-5.6%	$5.6	3.7%
Interest	$4.9	43.9%	$5.3	7.2%	$1.2	-77.8%	$0.5	-56.3%	$0.3	-43.9%	$0.4	39.9%	$0.9	125.0%
All Other	$1.1	365.2%	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.5	-33.1%	$0.6	20.0%
Total Other Revenue	$27.7	14.3%	$29.5	6.5%	$34.8	18.0%	$31.7	-8.9%	$31.3	-1.2%	$31.6	1.0%	$33.3	5.4%
TOTAL GENERAL FUND	**$1151.4**	**3.5%**	**$1199.7**	**4.2%**	**$1102.5**	**-8.1%**	**$1038.4**	**-5.8%**	**$1157.4**	**11.5%**	**$1191.2**	**2.9%**	**$1267.2**	**6.4%**

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors

** Excludes transfer to the Higher Education Trust Fund of $2.4M in FY05, $5.2M in FY06 and $11.0M in FY11

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2011

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	FY 2007 (Actual)	% Change	FY 2008 (Actual)	% Change	FY 2009 (Actual)	% Change	FY 2010 (Actual)	% Change	FY 2011 (Preliminary)	% Change	FY 2012 (Forecast)	% Change	FY 2013 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$63.6	-0.3%	$62.6	-1.6%	$60.6	-3.1%	$61.0	0.6%	$60.6	-0.6%	$61.1	0.8%	$62.2	1.8%
Diesel	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$15.8	2.6%	$16.3	3.2%
Purchase and Use*	$80.6	0.4%	$79.0	-2.0%	$65.9	-16.6%	$69.7	5.7%	$77.1	10.5%	$83.4	8.2%	$87.9	5.4%
Motor Vehicle Fees	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$74.7	3.3%	$75.9	1.6%
Other Revenue**	$20.2	11.1%	$23.7	17.2%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.3%	$18.9	3.3%
TOTAL TRANS. FUND	**$247.8**	**4.4%**	**$249.4**	**0.6%**	**$225.6**	**-9.6%**	**$236.6**	**4.9%**	**$243.3**	**2.8%**	**$253.3**	**4.1%**	**$261.2**	**3.1%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2011

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2007 (Actual)	% Change	FY 2008 (Actual)	% Change	FY 2009 (Actual)	% Change	FY 2010 (Actual)	% Change	FY 2011 (Preliminary)	% Change	FY 2012 (Forecast)	% Change	FY 2013 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$63.6	-0.3%	$62.6	-1.6%	$60.6	-3.1%	$61.0	0.6%	$60.6	-0.6%	$61.1	0.8%	$62.2	1.8%
Diesel	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$15.8	2.6%	$16.3	3.2%
Purchase and Use*	$53.7	-0.3%	$52.7	-2.0%	$44.0	-16.6%	$46.5	5.7%	$51.4	10.5%	$55.6	8.2%	$58.6	5.4%
Motor Vehicle Fees	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$74.7	3.3%	$75.9	1.6%
Other Revenue**	$19.2	11.9%	$23.7	23.5%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.3%	$18.9	3.3%
TOTAL TRANS. FUND	**$219.9**	**4.8%**	**$223.1**	**1.4%**	**$203.6**	**-8.7%**	**$213.3**	**4.8%**	**$217.6**	**2.0%**	**$225.5**	**3.6%**	**$231.9**	**2.8%**
OTHER														
TIB Gasoline							$13.4	NM	$16.5	23.6%	$18.6	12.8%	$19.8	6.3%
TIB Diesel							$1.5	NM	$2.0	31.7%	$1.9	-3.2%	$2.0	3.2%
Total TIB							$14.9	NM	$18.5	24.4%	$20.5	11.1%	$21.8	6.0%

* As of FY04, includes Motor Vehicle Rental tax revenue

** Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes $3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2011

CURRENT LAW BASIS

* Source General and Transportation Fund taxes allocated to or associated with the Education Fund only.	FY 2007 (Actual)	% Change	FY 2008 (Actual)	% Change	FY 2009 (Actual)	% Change	FY 2010 (Actual)	% Change	FY 2011 (Preliminary)	% Change	FY 2012 (Forecast)	% Change	FY 2013 (Forecast)	% Change
GENERAL FUND														
Meals and Rooms	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Sales & Use**	$111.2	2.5%	$112.8	1.4%	$107.1	-5.1%	$103.7	-3.1%	$108.8	4.9%	$112.9	3.8%	$117.6	4.2%
Bank	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Security Registration Fees	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Interest	($1.3)	82.5%	($1.3)	-0.8%	$0.3	NM	$0.1	-60.2%	$0.0	-56.8%	$0.0	NM	$0.1	NM
Lottery	$23.3	6.5%	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.8%	$21.9	2.3%	$22.4	2.3%
TRANSPORTATION FUND														
Purchase and Use***	$26.9	1.8%	$26.3	-2.0%	$22.0	-16.6%	$23.2	5.7%	$25.7	10.5%	$27.8	8.2%	$29.3	5.4%
TOTAL	**$160.1**	**2.6%**	**$160.5**	**0.3%**	**$150.2**	**-6.4%**	**$148.6**	**-1.1%**	**$155.9**	**4.9%**	**$162.6**	**4.3%**	**$169.4**	**4.2%**

** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors

*** Includes Motor Vehicle Rental revenues, restated

From: "Lunge, Robin" <Robin.Lunge@state.vt.us>
To: "'hinda@deforestconcepts.com'" <hinda@deforestconcepts.com>, AnthonyPoll...
CC: Agatha Kessler <AKessler@leg.state.vt.us>, Jennifer Carbee <JCarbee@leg....
Date: 7/21/2011 10:53 AM
Subject: RE: Health care reform update July 21

Thanks Hinda!
1) Secretary Spaulding is in the process [illegible]ng plan, which will include employers and who will be kept up to dat[illegible]ormation when he's a bit further along. Also, Secretary Lawrence Miller fr[illegible]loyer advisory group, which we will keep up to date with health reform inf[illegible]also in the early stages, but I can check with him on that. Also, the Boa[illegible] groups, but that of course won't be until this fall/early winter after they are [illegible]

After meeting questions on health care.

2) I'm not using a precise definition of size [illegible] met with have been mixed. For example, yesterday at Lake Champlain, there were 2 businesses under 25, a handful between 25-50, and IBM. I've been asking folks about size at the 25, 50, and 100 employee numbers, so that I can tailor the presentation to what is of most concern to that group. So, for example, for businesses under 25 - I have been asking about whether they know about the small business tax credit that is available now (most don't), because that might be a helpful credit for those businesses.

3) The feds define financial sustainability - the jist is that it must become operationally sustainable without federal funds, through some other sort of funding mechanisms. the proposed regs are broad allowing user fees, other fees, state funds, etc.

Hope that helps!-

Robin J. Lunge
Director of Health Care Reform,
Agency of Administration
(802) 828 0566
(802) 505 0626 (cell)

-----Original Message-----
From: hinda@deforestconcepts.com [mailto:hinda@deforestconcepts.com]
Sent: Thursday, July 21, 2011 9:58 AM
To: Lunge, Robin; Anthony Pollina; Claire Ayer; Catherine Benham; Christopher Pearson; George Till; James Eckhardt; Kevin Mullin; Kristy Spengler; Leigh Dakin; Michael Fisher; Mark Larson; Mary Morrissey; Paul Poirier; Sarah CopelandHanzas; Sally Fox; Vicki Strong
Cc: Agatha Kessler; Jennifer Carbee; Loring Starr; Nolan Langweil; Steve Klein; Utton, Theresa L.; Wallack, Anya; Miller, Lawrence
Subject: Re: Health care reform update July 21

Robin et al,

Great work. I love the cross-silo teams for the various efforts. Bravo. I was on the call but did not feel able to ask questions since I was on conference call.

Questions:

1] can you remind me what stakeholder groups will be established with employers,; small, medium + large? How will we find out key concerns in those meetings with Anya, Lawrence + others?

2] I noticed in your stake holder analysis efforts, you mention small business. Can you let me know how you are defining small, medium + large businesses? Are you including medium + large as well in your stakeholder anaysis?

No rush for these answers. Thanks for all your intense efforts to get this going. I salute your commitment + dedication.

Surrounding you with love, peace and light,

Hinda

Hinda Miller

VT. State Senator
Entrepreneur, Yogi
"I am that I am"

On 7/20/11 9:46 PM, "Robin Lunge" <Robin.Lunge@state.vt.us> wrote:

>Hi all -
>Attached are my 3 handouts for the Joint Fiscal Committee meeting
>tomorrow.
>
>Theresa - I'm bringing 50 copies of each, fyi.
>
>
>Robin Lunge
>Director of Health Care Reform
>Agency of Administration
>(802) 828 3322
>
>____
>From: Catherine Benham [cbenham@leg.state.vt.us]
>Sent: Tuesday, July 19, 2011 1:08 PM
>To: Anthony Pollina; Claire Ayer; Christopher Pearson; George Till; Hinda
>Miller; James Eckhardt; Kevin Mullin; Kristy Spengler; Leigh Dakin;
>Michael Fisher; Mark Larson; Mary Morrissey; Paul Poirier; Sarah
>CopelandHanzas; Sally Fox; Vicki Strong
>Cc: Agatha Kessler; Jennifer Carbee; Loring Starr; Nolan Langweil; Steve
>Klein; Utton, Theresa L.; Wallack, Anya; Lunge, Robin
>Subject: Re: Health care reform update July 21
>
>Dear House Health Care and Senate Health & Welfare Committees,
>This is a reminder that Robin Lunge will be providing a brief update to
>the Joint Fiscal Committee (JFC) on health care reform. Please see the
>email below that was sent in late May. And here is a link to the JFC
>agenda
>http://www.leg.state.vt.us/jfo/jfc/2011/2011-7-21/2011_July_21_JFC_Agenda.
>pdf
>
>Quick summary:
>update on health care reform by Robin Lunge to JFC

>Thursday July 21
>9:35 for 30 minutes
>
>You are welcome to join JFC in person or via phone.
>To call in, here is the information:
>877-278-8686
>code: 985-621
>
>If you have any questions, please feel free to contact either of us.
>
>Catherine Benham (828-0111) and Nolan Langweil (828-1043)
>
>
>
>
>
>Catherine Benham
>Vermont Joint Fiscal Office
>802-828-0111
>802-828-2483 fax>>> On 5/20/2011 at 1:03 PM, Catherine Benham
><cbenham@leg.state.vt.us> wrote:
>Sent on behalf of Rep. Mark Larson and Senator Claire Ayer
>
>Dear House Health Care and Senate Health & Welfare Care Committees,
>
>The first Joint Fiscal Committee (JFC) meeting will be Thursday July
>21<x-apple-data-detectors://0> and they will have a brief update on
>health care reform. The health care committees are welcome to join JFC
>and listen to the briefing - either in person or via phone. The briefing
>will probably be 30-45 minutes and the exact start time is still being
>figured out. Catherine Benham will send the agenda as soon as it is
>determined.
>
>We are also considering having official committee meetings in the fall.
>In H.202, Sec. 14 (c) states: "The house committee on health care and the
>senate committee on health and welfare may meet while the legislature is
>not in session to receive updates on reports and work in progress related
>to the provisions of this act. To the extent practicable, such meetings
>shall coincide with scheduled meetings of the joint fiscal committee."
>
>JFC will meet again sometime in September and November/December. We
>will try to have our committee meetings on the same days as JFC and will
>let you know those dates as soon as we know them.
>
>If you have any questions, please contact us or Catherine Benham in JFO.
>
>Thank you.
>
>Representative Mark Larson and Senator Claire Ayer
>
>
>

I
[1st Fiscal]

VERMONT

State of Vermont
Department of Public Service
112 State Street
Drawer 20
Montpelier, VT 05620-2601
TEL: 802-828-2811

FAX: 802-828-2342
TTY VT: 800-734-8390
email: vtdps@state.vt.us
http://publicservice.vermont.gov/

April 15, 2011

STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE
ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

To: The Legislative Joint Fiscal Committee
Sen. Ann Cummings, Chair
Rep. Martha Heath, Vice-Chair
Rep. Carolyn Branagan, Clerk
Rep. Janet Ancel
Sen. Diane Snelling
Sen. John Campbell
Rep. Mitzi Johnson
Sen. Jane Kitchel
Rep. Mark Larson
Sen. Richard Sears

Enclosed is the Quarterly Report of expenditures paid for representation at the proceedings of the Federal Energy Regulatory Commission [*30 V. S. A. § 20 (b)(9)*] during the period from January 1, 2011 through March 31, 2011.

Respectfully Submitted,
Vermont Department of Public Service

Elizabeth Miller
Commissioner

Enclosure

Public Service Department Expenditures
Related to Proceedings
At the
Federal Energy Regulatory Commission
During the period
January 1, 2011 through March 31, 2011

General Description of Activity

The Department takes action at FERC to protect the interest of Vermont ratepayers in many different proceedings. We have FERC counsel on contract to monitor general FERC actions and proceedings and to also represent Vermont's interests in particular proceedings. For example, the Department has been active at FERC in ensuring fairness in cost allocations for utility projects and in ensuring Vermont's interests are represented in New England transmission projects. The issues vary from quarter to quarter but it is crucial to Vermont consumers that the Public Service Department have representation at FERC and when necessary intervenes to ensure that the costs flowing back to Vermont ratepayers as a result of FERC activity and proceedings are true, accurate, just and reasonable. The expenditures reported below are consistent with prior periods and are in line with expectations.

Expenditures

For FERC related activity affecting Vermont[1]	$ 16,133.00
Indirect Expenditures[2]	0
Total Expenditures[3] for the Quarter	$ 16,133.00

[1]In accordance with Title 30, § 20 (b) (9) the department of public service provides the following quarterly report for expenditures related to FERC proceedings affecting the State of Vermont Utilities during the period January 1, 2011 through March 31, 2011.

§20. Particular proceedings; personnel

(b) Proceedings, including appeals therefrom, for which additional personnel may be retained are:

(9) proceedings in the Federal Energy Regulatory Commission which involve Vermont utilities or which may affect the interests of the state of Vermont. Costs under this subdivision shall be charged to the involved electric or natural gas companies pursuant to section 21(a) of this title. In cases where the proceeding is generic in nature the costs shall be allocated to electric or natural gas companies in proportion to the benefits sought for the customers of such companies from such advocacy. The public service board and the department of public service shall report quarterly to the joint fiscal committee all costs incurred and expenditures charged under the authority of this subsection, and the purpose for which such costs were incurred and expenditures made;

[2]Indirect expenditures include telephone, postage and copying expense.
[3] Expenditures include amounts actually paid for the quarter.

I [2nd Fiscal]

VERMONT

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June 24, 2011

STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE
ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

To: The Legislative Joint Fiscal Committee
Sen. Ann Cummings, Chair
Rep. Martha Heath, Vice-Chair
Rep. Carolyn Branagan, Clerk
Rep. Janet Ancel
Sen. Diane Snelling
Sen. John Campbell
Rep. Mitzi Johnson
Sen. Jane Kitchel
Rep. Mark Larson
Sen. Richard Sears

Enclosed is the Quarterly Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [*30 V. S. A. § 20 (b)(9)*] covering the period from April 1, 2011 through June 30, 2011.

Respectfully Submitted,
Vermont Department of Public Service

Elizabeth Miller /SH

Elizabeth Miller
Commissioner

Enclosure

Public Service Department Expenditures
Related to Proceedings
At the
Federal Energy Regulatory Commission
For the period
April 1, 2011 through June 30, 2011

General Description of Activity

The Department takes action at FERC to protect the interest of Vermont ratepayers in many different proceedings. We have FERC counsel on contract to monitor general FERC actions and proceedings and to also represent Vermont's interests in particular proceedings. For example, the Department has been active at FERC in ensuring fairness in cost allocations for utility projects and in ensuring Vermont's interests are represented in New England transmission projects. The issues vary from quarter to quarter but it is crucial to Vermont consumers that the Public Service Department intervenes at FERC when necessary to ensure that the costs flowing back to Vermont ratepayers as a result of FERC activity and proceedings are true, accurate, just and reasonable. The expenditures reported below are consistent with prior periods and are in line with expectations.

Expenditures

For FERC related activity affecting Vermont[1]	$ 32,357.25
Indirect Expenditures[2]	$ 16.40
Total Expenditures[3] for the Quarter	$ 32,373.65

[1]In accordance with Title 30, § 20 (b) (9) the department of public service provides the following quarterly report for expenditures related to FERC proceedings affecting the State of Vermont Utilities for the period April 1, 2011 through June 30, 2011.

§20. Particular proceedings; personnel

(b) Proceedings, including appeals therefrom, for which additional personnel may be retained are:

(9) proceedings in the Federal Energy Regulatory Commission which involve Vermont utilities or which may affect the interests of the state of Vermont. Costs under this subdivision shall be charged to the involved electric or natural gas companies pursuant to section 21(a) of this title. In cases where the proceeding is generic in nature the costs shall be allocated to electric or natural gas companies in proportion to the benefits sought for the customers of such companies from such advocacy. The public service board and the department of public service shall report quarterly to the joint fiscal committee all costs incurred and expenditures charged under the authority of this subsection, and the purpose for which such costs were incurred and expenditures made;

[2]Indirect expenditures include telephone, postage and copying expense.
[3] Expenditures include amounts actually paid for the quarter.

VERMONT

III

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Jim Reardon, Commissioner

MEMORANDUM

TO:	Joint Fiscal Committee
FROM:	Jim Reardon, Commissioner of Finance & Management
DATE:	July 7, 2011
RE:	Excess Receipts Report – 32 VSA Sec 511

In accordance with 32 VSA Sec 511, please find attached the report on Excess Receipts approved for FY 2011.

Attachment

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
			Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)				
Buildings & Gen Serv-Capital	VT Veteran's Home	0705200190	8/27/2010	22005	Federal Revenue Fund	4,799.20	Re-establish spending authority as of 6/30/10
Buildings & Gen Serv-Capital	Vet's Home-HVAC Renovations	0820000200	8/27/2010	22005	Federal Revenue Fund	3,157,000.00	BGS adminstering granted Fed Funds from Dept of Veterans Affaris on behalf of VVH to provide for construction of Geothermal HVAC renovations phase III at the home.
Buildings & Gen Serv-Capital	Public Safety-Various Projects	0904300110	2/17/2011	22005	Federal Revenue Fund	1,000,000.00	Acts of 2008, Sec 30 (a) (5). DPS is receiving a grant to design and retrofit a new EM facility and emergency operations center. State matching funds are iin Acts of 2009, No 043, Sec 11 (2).
Buildings & Gen Serv-Capital	Public Safety-Various Projects	0904300110	6/29/2011	21500	Inter-Unit Transfers Fund	385,585.59	Acts of 2008 Sec 30 (a) (5).
Buildings & Gen Serv-Capital	BGS-Various Property Sales	0904300250	2/11/2011	21613	BGS-Sale of State Land	10,000.00	Anticipated sale of property: Newport, Westminster, Essex Tree Farm, Middlesex Playcare, Weeks School, Dummerston Library, Bldg 617, Redstone Bldg, Father Logue Camp, 62 Pierpoint Ave, house/barn/land NW State Correctional facility, Thayer School
Buildings & Gen Serv-Capital	State Buildings-Various Proj	1016100010	4/25/2011	21502	ARRA Inter-Unit Subaward Fund	500,000.00	Bennington Geothermal Project was part of the Clean Energy Development Fund. Per Sec 24 Acts of 2010 (b), transferred funds from CEDF to BGS funding statewide energy efficiencies per Sec 1 (19) of this act. Exp under Sec 1 (19) transferred to Public Ser.
Agency of Admin Sec Office	Secretary of Administration	1100020000	11/12/2010	22040	ARRA Federal Fund	3,409,654.39	ARRA - Funds provided by the federal govt as par of the American Recovery & Reinvestment Act of 2009 to stabalize state and local govt.
Finance & Management	Dept of Finance and Management	1110000000	7/1/2010	21160	Vermont Campaign Fund	5,000.00	Act 160 of 2010 sec 56 - legislative intent was to appropriate - language will be fixed in BAA and then ER will need to be reversed
Finance & Management	Dept of Finance and Management	1110000000	9/17/2010	21975	Armed Services Scholarship Fnd	12,975.00	Some of the money is transferred in from Military and the rest is transferred from VSAC's Next Generation approp.
Finance & Management	Dept of Finance and Management	1110000000	3/31/2011	21160	Vermont Campaign Fund	(5,000.00)	reverses er-1849 - amt was appropriated in act 2 of 2011 sec 76
Finance & Management	Financial Operations	1110002000	9/29/2010	22005	Federal Revenue Fund	1,868.00	CMIA Interest Earned in FY10. To reimburse the VISION fund for Karen Jaquish's time spent preparing CMIA in FY10.
Finance & Management	Budget & Management	1110003000	9/29/2010	21500	Inter-Unit Transfers Fund	35,975.00	Act 68 Section 9(d) - Challenges for Change
Finance & Management	Budget Development System	1110003500	6/7/2011	21005	FMS System Development Fund	200,000.00	Act 3 of 2011 Section B 1103(a) - Budget Development System
F&M - Financial Management Sys	Finance & Mgmnt - FinOps	1115001000	6/6/2011	59300	Financial Management Fund	100,000.00	Receipts come from billing for services to customers.
Personnel-Governmental	PERSONNEL OPERATIONS	1120010000	8/4/2010	21500	Inter-Unit Transfers Fund	2,500,000.00	Consolidation of HR under DHR for payroll/expense in FY11 will be billed back to Dept. Depts were budgeted to pay DHR but DHR was not given adequate spending authority to pay employees. This establishes spending authority for FY11.
Personnel-Governmental	PERSONNEL OPERATIONS	1120010000	4/25/2011	21585	Pers-Human Resourc Development	35,000.00	Workforce Development fees include an admin fee which has not been charges off in past years. This has allowed a build of cash in the program.
Personnel-Proprietary	Employee Benefits & Wellness	1125000000	4/27/2011	55200	Dental Insurance Fund	20,000.00	Premiums received from departments and employees have exceeded expenses and claims.
Personnel-Proprietary	Employee Benefits & Wellness	1125000000	4/27/2011	55300	Life Insurance Fund	10,000.00	Premiums received from departments and employees have exceeded expenses and claims.
Libraries	Department of Libraries	1130030000	2/16/2011	21920	VOL Membership/Dues	8,731.23	Receipts come from billing for VT Online Library services.
Libraries	Department of Libraries	1130030000	3/24/2011	21883	Gates Foundation Grants	275,000.00	Opportunity Broadband Grant from the Bill & Melinda Gates Foundation.
Tax	Administration/Collection	1140010000	10/5/2010	21500	Inter-Unit Transfers Fund	5,434.00	Challenge for Change - 2010 Act 68 Tax Charter Unit
Tax	Administration/Collection	1140010000	5/11/2011	21500	Inter-Unit Transfers Fund	108,701.28	Transfers in from Act 1 of 2009 SS Sec e.141 (B) having to do with Hydro electric dam appraisals
Tax	Administration/Collection	1140010000	5/11/2011	21591	Tax-Local Option Process Fees	185,000.00	This fund contains the revenue recieved from local option tax fees which flucuates quarterly.
Tax	Administration/Collection	1140010000	5/11/2011	21594	Tax-Current Use Admin	10,166.00	This fund contains the revenue received from a monthly transfer of Education Fund revenue per Act 68 sec 36 of 2003.
Tax	Administration/Collection	1140010000	5/11/2011	21590	Tax-Miscellaneous Fees	284,103.00	This fund contains all of the tax dept's misc collections including CAPTAP and Lister Ed. Collections have been higher than anticipated.
Tax	Tax-Phase 3 Comp Modernization	1140890803	7/21/2010	21909	Tax Computer Sys Modernization	890,336.41	Savings from computer modernization are deposited into this fund. Total funds deposited exceed expenditures for the program.
Tax	Tax-Phase 3 Comp Modernization	1140890803	9/21/2010	21909	Tax Computer Sys Modernization	1,343,240.35	Total amt of funding has not been received. Anticipated savings from computer modernization are deposited into this fund. Receipts of this amt will be anticpated during this FY.
Buildings & Gen Serv-Gov'tal	BGS- BTS Marketing Costs	1150050000	7/7/2010	21599	BGS-BTS Marketing Costs	80,065.15	Funds are received through the ongoing sale of units of the Brandon Training School. Funds are from the recent sale of unique parcels.
Buildings & Gen Serv-Gov'tal	BGS- Recycling Efforts	1150060000	7/7/2010	21604	BGS-Recycling Efforts	42,027.59	Funds are collected from the disposition of recycling materials. The proceeds are deposited into the fund and can only be used for recycling efforts statewide.

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
			Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)				
Buildings & Gen Serv-Gov'tal	BGS-Administrative Services	1150100000	7/7/2010	22005	Federal Revenue Fund	161,252.00	Federal grant from the federal agency for Housing and Urban Deveolopment for war memorials in various VT communities. This grant is a continuation from FY10.
Buildings & Gen Serv-Gov'tal	BGS-Administrative Services	1150100000	5/12/2011	21500	Inter-Unit Transfers Fund	125,000.00	Funds are received from various programs within AOA to suppor the Admin Services division of BGS. Programs are charged to cover actual expenditures incurred or anticipated to be incurred by AOA approp.
Buildings & Gen Serv-Gov'tal	BGS-Sarcoidosis Claims	1150110000	7/7/2010	21911	Sarcoidosis Benefit Trust Fund	298,579.91	The fund was established by the General Assembly to handle special payments to claimants of Sarcoidosis attributed to the Bennington State Office Building. Funding will be from future general fund appropriations.
Buildings & Gen Serv-Gov'tal	BGS-Sarcoidosis Claims	1150110000	3/24/2011	21911	Sarcoidosis Benefit Trust Fund	400,000.00	The GF does transfers to this fund to cover Act 53 claims.
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	7/7/2010	21603	Motorist Aid Refreshment Prog	79,727.00	Funds are paid by motorists at the Information Centers by donation for coffee. Funds authorized for use to both offset the cost of the coffee mess as well as for the costs associated with running the Information Centers.
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	7/7/2010	21822	ACCD\Tourism & Marketing Broch	166,284.00	Vendors pay BGS to store and display their business brochures at the State Information Centers. The amount charged is now part of the annual Fee bill request.
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	7/7/2010	21822	ACCD\Tourism & Marketing Broch	(166,284.00)	Vendors pay BGS to store and display their business brochures at the State Information Centers. The amount charged is now part of the annual Fee bill request.
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	7/9/2010	21822	ACCD\Tourism & Marketing Broch	166,284.00	BROCHURE REVENUE
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	5/12/2011	21822	ACCD\Tourism & Marketing Broch	40,000.00	Vendors pay BGS to store and display their business brochures at the State Information Centers. The amount charged is now part of hte annual Fee bill request.
Buildings & Gen Serv-Prop	BGS-Fleet Management	1160150000	5/12/2011	58200	Fleet Management	60,000.00	This is an internal service fund - our revenues have exceeded our expenditures. ER to cover the 27th payroll.
Buildings & Gen Serv-Prop	BGS-Fleet Management	1160150000	6/17/2011	58200	Fleet Management	10,000.00	This is an ISF - revenues have exceeded our expenditures.
Buildings & Gen Serv-Prop	BGS-State Surplus Property	1160250000	5/12/2011	58500	State Surplus Property Fund	5,000.00	This is an internal service fund - revenues have exceeded our expenditures. ER to cover the 27th payroll.
Buildings & Gen Serv-Prop	BGS-Insurance-Workers' Comp	1160450000	5/12/2011	56100	Workers' Compensation Fund	58,000.00	This is an internal service fund - revenues have exceeded our expenditures. ER to cover the 27th payroll.
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	6/2/2011	58800	Facilities Operations Fund	475,000.00	ER required to cover the 27th payroll. Expenditures will be recovered in the next round of fee for space rate development in FY13.
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	6/2/2011	58800	Facilities Operations Fund	800,173.19	To pay vendor invoices as received for Fee for Space
Legislative Council	Legislature	1210002000	9/21/2010	21908	Misc Grants Fund	13,461.37	CF from 2010 Approp
Legislative Council	Legislature	1210002000	5/11/2011	21908	Misc Grants Fund	8,753.63	Grant fund approved FY10 JFO2388/Previous request did not request the balance.
Joint Fiscal Office	Joint Fiscal Committee/Office	1220000000	9/29/2010	21500	Inter-Unit Transfers Fund	412,424.01	Sec 5012.2 of Act 192 of 2008 JFC - Nuclear Energy Analysis - See Subsection (c)
State Treasurer-Gov'tal	Office of the Treasurer	1260010000	8/4/2010	21001	Financial Literacy Trust Fund	20,000.00	Previous years contributions not yet expended
State Treasurer-Gov'tal	Office of the Treasurer	1260010000	8/25/2010	21884	Emerg Pers Survivor Benefit Fd	50,000.00	Available as cash in fund balances
State Treasurer-Gov'tal	Office of the Treasurer	1260010000	9/16/2010	21884	Emerg Pers Survivor Benefit Fd	50,000.00	Funds are currently available as cash balance in fund balances or by approval of the JFC
State Treasurer-Gov'tal	Office of the Treasurer	1260010000	3/2/2011	21980	Indemnification Fund	50,000.00	Pursuant to 10 VSA Chapter 1 Subchapter 8 Vermont Financial Access Program
State Treasurer-Gov'tal	Office of the Treasurer	1260010000	5/24/2011	21520	Treas Retirement Admin Cost	275,000.00	Unbudgeted Allocation Costs
State Treasurer-Gov'tal	US Forest Sales to Towns	1260110000	2/2/2011	22005	Federal Revenue Fund	357,208.00	Federal Money
State Treasurer-Gov'tal	Bond Issuance Costs	1260120000	9/8/2010	32101	TIB Proceeds Fund	118,968.30	Sale of Transportation Infrastructure Bonds, bond issuance costs
State Treasurer-Gov'tal	Debt Service	1260980000	8/3/2010	20191	TR Infrastructure Bond Fund	335,814.17	Previous years collections
State Labor Relations Board	State Labor Relations Board	1270000000	6/21/2011	21500	Inter-Unit Transfers Fund	1,774.80	Additional receipts from reimb from VOSHA Review Board for Clerks benefits
Office of the Attorney General	Attorney General's Office	2100001000	8/27/2010	21908	Misc Grants Fund	9,500.00	Funds are available from Sears, Roebuck and Co Grant to be used for promoting consumer education and protection.
Office of the Attorney General	Attorney General's Office	2100001000	8/27/2010	21908	Misc Grants Fund	(9,500.00)	Funds are available from Sears, Roebuck and Co Grant to be used for promoting consumer education and protection.
Office of the Attorney General	Attorney General's Office	2100001000	8/30/2010	21908	Misc Grants Fund	9,500.00	Funds are available from Sears, Roebuck and Co Grant to be used for promoting consumer education and protection.
Office of the Attorney General	Attorney General's Office	2100001000	9/2/2010	21908	Misc Grants Fund	(3,894.83)	Adjustment to ER0001938B dated 8/30/10. Sears, Roebuck and Co Grant - American Bar Assoc Janet D Steiger Fellowship Project to be used for a law student summer intern for the consumer protection program.
Office of the Attorney General	Attorney General's Office	2100001000	5/11/2011	21500	Inter-Unit Transfers Fund	198,400.00	Excess current and prior year interdepartmental legal billings above approp amounts due to higher than anticipated receipts.
Office of the Attorney General	Attorney General's Office	2100001000	5/11/2011	21372	AG-Tobacco Settlement	25,500.00	Attorney fees collected pursuant to the original Tobacco Settlement and are used for one time infrastructure needs of the office.

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
			Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)				
Office of the Attorney General	Attorney General's Office	2100001000	6/27/2011	21908	Misc Grants Fund	3,900.00	Grant from the American Bar Association - Janet D Steiger Fellowship Poject to be used for a 2011 law student summer intern for the consumer protection agency.
Office of the Attorney General	Court Diversion	2100002000	6/6/2011	21639	AG-Court Diversion	90,556.18	Funds are receipts from the Court Diversion program client fees collected by Court Diversion organizations. Fees received are higher than budgeted due to elevated caseloads.
Office of the Defender General	Public Defense	2110000100	12/15/2010	21500	Inter-Unit Transfers Fund	3,590.00	ODG obtained approval for Children's Justice Act Funding through DCF to provide etraining to attorneys who provide services in juvenile cases.
Office of the Defender General	Public Defense	2110000100	6/8/2011	21500	Inter-Unit Transfers Fund	4,943.00	Children's Justice Act Funding through the DCF to provide training to attorneys who provide services in juvenile cases in June 2011.
Judiciary	Judiciary Appropriation	2120000000	7/19/2010	21908	Misc Grants Fund	55,000.00	This is a reimbursable grant award to the Judiciary to help support the guardian ad litem program.
Judiciary	Judiciary Appropriation	2120000000	7/19/2010	21908	Misc Grants Fund	33,866.22	This is a reimbursable grant award to the Judiciary to help support the guardian ad litem program.
Judiciary	Judiciary Appropriation	2120000000	7/19/2010	21908	Misc Grants Fund	21,000.00	This is a reimbursable grant award to the Judiciary to implement the action plan developed to strengthen foreign language services in the courts.
Judiciary	Judiciary Appropriation	2120000000	7/19/2010	21908	Misc Grants Fund	8,973.89	This is a reimbursable grant that will help make it easier for low income people to represent themselves effectively; the first part of a strategy to create pro se service centers in the courts.
Judiciary	Judiciary Appropriation	2120000000	7/19/2010	21942	Municipal Tkt Repay Revolving	97,687.48	Public Acts 2009 Session Title 4 VSA Sec 126
Judiciary	Judiciary Appropriation	2120000000	4/25/2011	21941	Court Technology Fund	750,000.00	Court Technology Fund has a balance of more than $1.6 million which is sufficient to cover this ER request. In addition the balance in this fund will continue to increase due to a constant revenue stream from paid fees.
Judiciary	Judiciary Appropriation	2120000000	5/24/2011	22005	Federal Revenue Fund	125,000.00	Grant $ from US Dept of Justice - VT Case Management and Electronic Filing System
State's Attorneys and Sheriffs	State's Attorneys	2130100000	8/27/2010	21502	ARRA Inter-Unit Subaward Fund	84,590.00	ARRA funds were made available for FY11 to CCVS.
State's Attorneys and Sheriffs	State's Attorneys	2130100000	8/27/2010	21502	ARRA Inter-Unit Subaward Fund	20,000.00	ARRA funds were made available for FY11 to CCVS.
State's Attorneys and Sheriffs	State's Attorneys	2130100000	9/1/2010	21500	Inter-Unit Transfers Fund	100,000.00	DOC entered into a grant agreement with TJ Donovan, Chittenden County State's Attorney to create a community coordinator to divert youth and young adults at risk of incarceration.
State's Attorneys and Sheriffs	State's Attorneys	2130100000	11/29/2010	21891	State's Att & Sheriff-Misc	25,836.65	Extension of Grant from WomenSafe - October 1, 2010 - June 30, 2011
State's Attorneys and Sheriffs	State's Attorneys	2130100000	4/6/2011	21502	ARRA Inter-Unit Subaward Fund	119,960.00	ARRA - Additional ARRA funds were made available for FY11 to CCVS.
State's Attorneys and Sheriffs	State's Attorneys	2130100000	4/6/2011	21502	ARRA Inter-Unit Subaward Fund	16,618.00	ARRA - Additional ARRA funds were made available for FY11 to CCVS.
State's Attorneys and Sheriffs	State's Attorneys	2130100000	4/25/2011	21502	ARRA Inter-Unit Subaward Fund	15,000.00	ARRA - Funds were made available for FY11 for the Windham County Law Enforcement Investigator to CCVS.
State's Attorneys and Sheriffs	State's Attorneys	2130100000	5/11/2011	21500	Inter-Unit Transfers Fund	20,000.00	Amendment to the Subgrant agreement between SAS and DPS, CJS, GHSP division.
State's Attorneys and Sheriffs	SIUS Parent Account	2130400000	2/2/2011	22005	Federal Revenue Fund	67,766.00	Second year of a three year grant.
Public Safety	DPS-State Police	2140010000	12/2/2010	21584	Surplus Property	293,000.00	Surplus Property came in at a higher rate than expected.
Public Safety	DPS-State Police	2140010000	2/23/2011	22040	ARRA Federal Fund	603,000.00	ARRA - 2009 ARRA Justice Assistance Grant from the Dept of Justice
Public Safety	DPS-State Police	2140010000	4/27/2011	21852	PS-VAST	14,858.00	The amount of the VAST grant was unknown at the time of budgeting.
Public Safety	DPS-State Police	2140010000	5/11/2011	21908	Misc Grants Fund	8,509.00	VSP received grant from Commonwealth of Massachusetts.
Public Safety	DPS-State Police	2140010000	5/24/2011	21500	Inter-Unit Transfers Fund	107,000.00	GHSP grant to VSP for DUI Mobilization, Equipment, Community Education, Public Education and the CARE program.
Public Safety	DPS-State Police	2140010000	6/17/2011	22005	Federal Revenue Fund	300,000.00	Federal awards came in higher than expected at the time of budgeting.
Public Safety	DPS-State Police	2140010000	6/17/2011	21500	Inter-Unit Transfers Fund	45,100.00	GHSP grants funds to VSP for DUI Mobilization, Equipment, Community Education, Public Education and the CARE program. These grants have increased in scope and amount.
Public Safety	DPS-Criminal Justice Services	2140020000	10/5/2010	21970	Registration Fees Fund	16,800.00	MarijuanaRegistry applicants is increasing
Public Safety	DPS-Criminal Justice Services	2140020000	12/2/2010	21870	Misc Special Revenue	5,700.00	KISS (Kids in Safety Seats) revenue came in at a higher rate than expected.
Public Safety	DPS-Criminal Justice Services	2140020000	3/23/2011	21130	Criminal History Records Check	4,315.39	This is the cash that was available at the end of FY08, prior to statue being passed that instituted the $179,000 cap.
Public Safety	DPS-Emergency Management	2140030000	10/5/2010	21584	Surplus Property	11,100.00	Sale of surplus property
Public Safety	DPS-Emergency Management	2140030000	12/15/2010	21125	Haz Chem & Subst Emerg Resp	121,500.00	Level of receipts was not fully known at the time of budgeting.
Public Safety	DPS-Fire Safety	2140040000	12/15/2010	21125	Haz Chem & Subst Emerg Resp	216,500.00	Level of receipts was not fully known at the time of budgeting.
Public Safety	DPS-Fire Safety	2140040000	1/10/2011	22005	Federal Revenue Fund	118,700.00	Federal receipts was not known at the time of budgeting.
Public Safety	DPS-Fire Safety	2140040000	4/27/2011	21120	Fire Service Training Council	89,240.00	Carry forward cash for SFY10
Public Safety	DPS-Fire Safety	2140040000	6/17/2011	21120	Fire Service Training Council	31,000.00	CF Cash from SFY10

			Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)				
Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Public Safety	DPS-Administration	2140060000	5/19/2011	22005	Federal Revenue Fund	30,000.00	A new Deputy Commissioner position has been created.
Public Safety	DPS-Homeland Security	2140070000	4/27/2011	22040	ARRA Federal Fund	15,000.00	ARRA - 2009 ARRA Port Security Grant and 2009 ARRA Rural Law Enforcement Grant.
Public Safety	DPS-Homeland Security	2140070000	6/1/2011	22005	Federal Revenue Fund	1,395,000.00	Homeland Security Sub-Grants.
Public Safety	DPS-Homeland Security	2140070000	6/17/2011	22005	Federal Revenue Fund	874,000.00	PSIC & Stonegarden Grant programs
Public Safety	DPS-Radiological Emer Resp Pro	2140080000	6/17/2011	21025	Radiological Emerg Response	269,000.00	Agreement with VT Yankee that they would pay for hte Tritium investigation.
Military Department	BUILDING MAINTENANCE	2150040000	5/11/2011	21584	Surplus Property	4,310.20	Sale of military property through Surplus Property
Center of Crime Victims' Serv	Victims Compensation	2160010000	3/23/2011	22040	ARRA Federal Fund	137,744.00	ARRA - Spending for the Recovery Act funds were slower than expected.
Center of Crime Victims' Serv	Victims Compensation	2160010000	6/8/2011	21500	Inter-Unit Transfers Fund	5,500.00	Courts had funds available for study.
Agriculture, Food & Markets	Administration Division	2200010000	8/27/2010	21668	AF&M-Feed Seeds & Fertilizer	174,775.00	CF special funds from FY10. Appropriated in FY08 for the water quality computer software program under contract with Symbiosys Solution Inc.
Agriculture, Food & Markets	Administration Division	2200010000	8/27/2010	21669	AF&M-Pesticide Monitoring	170,765.00	CF special funds from FY10. Appropriated in FY08 for the water quality computer software program under contract with Symbiosys Solution Inc.
Agriculture, Food & Markets	Food Safety/Consumer Assurance	2200020000	2/7/2011	22005	Federal Revenue Fund	250,000.00	Cross utilization where State Inspectors help at Federal meat plants - this covers these expenses.
Agriculture, Food & Markets	Food Safety/Consumer Assurance	2200020000	4/25/2011	21965	Animal Spay/Neutering Fund	50,000.00	Spay/Neauter program (20 VSA 3815). Revenues are derived from a surcharge on dog and wolf-hybrid licensing fees. There is a cash balance in this fund.
Agriculture, Food & Markets	Food Safety/Consumer Assurance	2200020000	6/10/2011	21060	Vt Dairy Promotion Fund	200,000.00	Funds are received from milk processors. Promotional expenses are paid from this fund and some is kept by AGR for operational expenses. Balance is passed through to VT Dairy Promotion Council.
Agriculture, Food & Markets	Food Safety/Consumer Assurance	2200020000	6/10/2011	21500	Inter-Unit Transfers Fund	21,000.00	Introduction and implementation within VT of a bilingual audio-visual train the trainer program focusing on the humane handling of poultry and livestock species.
Agriculture, Food & Markets	Ag Development Division	2200030000	8/27/2010	21889	Risk Manage Ag Producers	50,230.00	CF special funds from FY10. Risk Management Education programs. (JFO 2295, 2384, 2383, 2387, 2440 plus donations)
Agriculture, Food & Markets	Ag Development Division	2200030000	11/12/2010	21671	AF&M-Agricultural Fees	50,000.00	CF special funds from FY10. Act 78 of 2010 Sec 6a(c), $1,000,000 was awarded to VEDA. $50,000 was to be transferred to AGR to develop & implement a 3rd party verification to enable the VT Seal of Quality program.
Agriculture, Food & Markets	Ag Development Division	2200030000	6/17/2011	21680	AF&M-Housing & Conservation Bd	51,000.00	An amendment to the agreement between AGR and VHCB increased the award to the agency for Act 250 Mitigation 9(B) expenses.
Agriculture, Food & Markets	Plant Industry, Labs & CA Div	2200040000	2/11/2011	21500	Inter-Unit Transfers Fund	47,000.00	Transfer of funds from DEC for engineered water quality project planning, design and construction for VT farmers throughout the Lake Champlain basin.
Agriculture, Food & Markets	Plant Industry, Labs & CA Div	2200040000	4/6/2011	21500	Inter-Unit Transfers Fund	30,000.00	Money is for West Nile Virus work, from VDH.
Agriculture, Food & Markets	Plant Industry, Labs & CA Div	2200040000	5/11/2011	22005	Federal Revenue Fund	35,000.00	Additional funds were awarded for the Forest Pest Outreach and Survey Project
Agriculture, Food & Markets	Apple Marketing Board	2200090000	2/23/2011	21670	AF&M-Apple Marketing Board	7,000.00	There is currently $12,928.03 in the fund.
Banking Ins Sec Hlth Care Adm	Banking Division	2210001000	5/26/2011	21065	Financial Institut Supervision	50,000.00	Banks were assessed charges based on 27 paydates but budget was based on 26.
Banking Ins Sec Hlth Care Adm	Captive Insurance Division	2210020000	3/10/2011	63100	Vendor and Other Deposits Fund	1,500,000.00	Letter of Credit from Bank for Second Street Insurance Corp
Banking Ins Sec Hlth Care Adm	BISHCA-Docket Fund	2210070000	3/10/2011	21690	BISHCA-Docket	3,209.00	Restitution payment per Default Judgment and Order
Secretary of State	Secretary of State	2230010000	5/11/2011	21150	Prof Regulatory Fee Fund	550,000.00	OPR fees from applicants/licensees in order to pay for the cost of doing business: A new Licensing Board Field Investigator position, temp help, annual maint. agreement on the eLicense licensing system and other necessary expenses.
Secretary of State	Secretary of State	2230010000	6/14/2011	21150	Prof Regulatory Fee Fund,	200,000.00	OPR fees collected from applicants/licensees in order to pay for it's cost of doing business.
Secretary of State	Secretary of State	2230010000	6/17/2011	21584	Surplus Property	1,000.00	Sale of an adjustable desk from OPR and plywood from VSARA
Secretary of State	Secretary of State	2230010000	6/17/2011	21500	Inter-Unit Transfers Fund	2,000.00	ORP's investigation services for VDH/ADAP
Public Service Department	Regulation & Energy Efficiency	2240000000	2/2/2011	21020	Lw-lvl Radioactive Waste Cmpct	103,000.00	Texas Low Level Radioactive Waste Disposal Compact. Title 10 Chapter 162 7064(b) 7067(b)(3) 7067(c)
Public Service Department	Regulation & Energy Efficiency	2240000000	3/10/2011	21698	PSD-Regulation/Energy Efficien	1,117,451.00	Higher than expected contractual and P/S costs related to the Entergy/VT Yankee and the Fairpoint dockets.
Public Service Department	Regulation & Energy Efficiency	2240000000	6/10/2011	21698	PSD-Regulation/Energy Efficien	259,702.00	Higher than expected contractual and personal services costs related to the Entergy/VT Yankee and the Fairpoint dockets plus a new billback related to EEU.
Public Service Board	Public Service Board	2250000000	12/9/2010	21709	PSB-Special Fds	190,000.00	Balance in special fund receipt account from previous FY's
Liquor Control	DLC - Enforcement & Licensing	2300002000	9/7/2010	21500	Inter-Unit Transfers Fund	35,286.38	Public Safety reimb grant for Enforcement overtime and mileage when working border control details on days off.
Liquor Control	DLC - Enforcement & Licensing	2300002000	10/20/2010	21500	Inter-Unit Transfers Fund	35,000.00	Spending authority requested for MOU with VDH for Compliance cheks and START efforts.

Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)

Agency/Dept Name	Appropriation Name	Appropriation	Date	Fund	Fund Name	Amount	Comments
Liquor Control	DLC - Enforcement & Licensing	2300002000	5/11/2011	21500	Inter-Unit Transfers Fund	60,000.00	Homeland Security Equipment Grant from DPS which allowed for DLC to purchase and install 2 complete mobile security units as well as software and mounting hardware to use with current laptop configurations.
Liquor Control	DLC - Enforcement & Licensing	2300002000	6/2/2011	21870	Misc Special Revenue	1,910.37	Refund for Enforcement services in FY10
Liquor Control	DLC - Enforcement & Licensing	2300002000	6/6/2011	21870	Misc Special Revenue	19,110.93	Reimbursements from towns for FY11 County START programs.
Liquor Control	DLC - Administration	2300003000	8/27/2010	21500	Inter-Unit Transfers Fund	5,000.00	Two additional grants - VTLSP-SADD.
Liquor Control	DLC - Administration	2300003000	8/27/2010	21500	Inter-Unit Transfers Fund	5,000.00	Two additional grants - VTLSP-SADD.
Liquor Control	DLC - Administration	2300003000	10/27/2010	21525	Conference Fees & Donations	6,752.58	Donations/Fees collected from schools/participants.
Liquor Control	DLC - Administration	2300003000	12/28/2010	21525	Conference Fees & Donations	8,616.00	Donations and conference fees were collected from schools and participants to help defray cost of activies between 10/1/10 & 12/20/10
Liquor Control	DLC - Administration	2300003000	5/13/2011	21525	Conference Fees & Donations	12,414.00	Member schools pay annual dues as well as make donations to defray cost of student participation at various conferences and training during the school year.
Liquor Control	DLC - Administration	2300003000	6/17/2011	50300	Liquor Control Fund	180,000.00	FY ends on Thursday June 30. Normal receipts/deposits are made on Friday which falls on July 1.
Liquor Control	DLC - Administration	2300003000	6/17/2011	21500	Inter-Unit Transfers Fund	19,600.00	Grant is tracked by Fed Fiscal period. 3 quarters of FFY11 fall in SFY11, there are still funds available to spend for this grant.
Liquor Control	DLC - Administration	2300003000	6/17/2011	21525	Conference Fees & Donations	22,808.00	Number of member schools can vary as can cost of conferences depending on location.
Department of Mental Health	Mental Health	3150070000	6/8/2011	21525	Conference Fees & Donations	5,000.00	DMH holds conferences for which registrationfees are charged.
Vermont Veterans' Home	VERMONT VETERANS' HOME	3300010000	10/22/2010	21782	Vermont Medicaid	250,000.00	Retroactive rate adjustments and timing of projects
Vermont Veterans' Home	VERMONT VETERANS' HOME	3300010000	10/22/2010	21782	Vermont Medicaid	120,000.00	Retroactive rate adjustments and timing of projects
Vermont Veterans' Home	VERMONT VETERANS' HOME	3300010000	10/22/2010	21782	Vermont Medicaid	60,000.00	Retroactive rate adjustments and timing of projects
Vermont Veterans' Home	VERMONT VETERANS' HOME	3300010000	10/22/2010	21782	Vermont Medicaid	80,000.00	Retroactive rate adjustments and timing of projects
Human Services Central Office	Secretary's Office Admin Costs	3400001000	7/26/2010	22005	Federal Revenue Fund	62,500.00	Federal grant award increased above the anticipated amount.
Human Services Central Office	Secretary's Office Admin Costs	3400001000	7/26/2010	22040	ARRA Federal Fund	101,069.25	ARRA - Funds obligated with grant agreements in FY10
Human Services Central Office	Secretary's Office Admin Costs	3400001000	5/20/2011	22005	Federal Revenue Fund	2,400,000.00	Earned federal funds from indirect rates DOE CHIP earnings.
Human Services Central Office	Global Commitment	3400004000	10/5/2010	21215	Robert Wood Johnson Fund	29,500.00	Residual $ incl accrued interest from fully expended RW Johnson grants from 1990's
Human Services Central Office	Global Commitment	3400004000	11/18/2010	21916	Vermont Health IT Fund	1,451,313.00	Funds appropriated to DVHA must be moved to the AHS Global Commitment Approp in order to be matched with Medicaid Admin funds in part of the monthly GC Capitation payment.
Human Services Central Office	Administrative Management Fund	3400020000	7/26/2010	21435	AHS Administrative Fund	7,329.25	Prior to SFY10 the Admin Fund was not budgeted and was managed with this fund code. In FY10 we move to budgeting this approp and now use fund code 21500
Department of VT Health Access	DVHA	3410010000	10/29/2010	22040	ARRA Federal Fund	802,748.00	ARRA - Award for HIE/HIT activites funded by ONC 3013 and CMS 4201 grants
Department of VT Health Access	DVHA	3410010000	3/15/2011	21500	Inter-Unit Transfers Fund	700,000.00	Capital funds appropriated to DII for match for MMIS/VIEWS projects
Department of VT Health Access	DVHA-Medicaid-Nonwaiver Prog	3410018000	3/23/2011	22005	Federal Revenue Fund	3,000,000.00	Increase in 100% federal Buy-In and refugee utilization, and less ACA rebates
Health	Administration	3420010000	8/27/2010	22040	ARRA Federal Fund	16,190.00	ARRA - grant from National Health Services Corp
Health	Administration	3420010000	8/27/2010	22040	ARRA Federal Fund	203,819.00	ARRA - Grant from USDA Food and Nutrition Service
Health	Administration	3420010000	8/27/2010	22040	ARRA Federal Fund	64,352.00	ARRA - Grant from US Centers for Disease Control and Prevention
Health	Administration	3420010000	10/5/2010	21470	Medical Practice	55,000.00	Funds are available due to indirect earnings associated with the Medical Practice Board
Health	Administration	3420010000	3/10/2011	21902	Health Department-Special Fund	60,000.00	18 VSA Chapter 43A "Patient Safety & Surveillance Improvement System" which authorizes assesments to hospitals to administer the program.
Health	Administration	3420010000	3/10/2011	21238	VT Healthcare Ed Loan Repaymnt	75,000.00	Educational Loan Repayment fund balance.
Health	Public Health Appropriation	3420021000	8/27/2010	22040	ARRA Federal Fund	99,166.00	ARRA - Grant from USDA Food and Nutrition Service
Health	Public Health Appropriation	3420021000	8/27/2010	22040	ARRA Federal Fund	538,497.00	ARRA - Grant from US Centers for Disease Control and Prevention
Health	Public Health Appropriation	3420021000	8/30/2010	22040	ARRA Federal Fund	804,817.00	ARRA - Grant from Centers for Desease Control & Prevention
Health	Public Health Appropriation	3420021000	5/11/2011	21500	Inter-Unit Transfers Fund	455,586.00	Funds are available due to 2 MOU's with DPS
Health	Public Health Appropriation	3420021000	5/18/2011	22005	Federal Revenue Fund	1,900,000.00	Several federal agencies either increased VDH funding for existing grants or approved "no-cost extensions" for PY grant fund balances.
Health	Alcohol & Drug Abuse	3420060000	10/22/2010	21500	Inter-Unit Transfers Fund	510,000.00	Funds are available as a result of an MOU with the Dept of Corrections.
Health	Alcohol & Drug Abuse	3420060000	5/18/2011	22005	Federal Revenue Fund	1,000,000.00	Several federal agencies either increased VDH funding for existing grants or approved "no-cost extensions" for PY grant fund balances.
Children and Family Services	DCFS Admin & Support Services	3440010000	6/8/2011	22005	Federal Revenue Fund	2,000,000.00	Funding shifts based on caseload, reduced GC and more Food Stamp earnings. More LIHEAP admin available due to increase in award. Additional Food Stamp ARRA earnings.

Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Children and Family Services	DCFS Admin & Support Services	3440010000	6/8/2011	22040	ARRA Federal Fund	20,000.00	Funding shifts based on caseload, reduced GC and more Food Stamp earnings. More LIHEAP admin available due to increase in award. Additional Food Stamp ARRA earnings.
Children and Family Services	DCFS - Child Development	3440030000	5/11/2011	22040	ARRA Federal Fund	1,050,000.00	ARRA - Part C ARRA funds that were not used in SFY10, but must be spent before 9/30/11.
Children and Family Services	DCFS - Child Support Services	3440040000	6/8/2011	22040	ARRA Federal Fund	50,000.00	ARRA - OCS/IVD based on incentive award that was higher than anticipated. GA/HPRP appropriated amount for SFY10 not fully spent.
Children and Family Services	DCFS - General Assistance	3440060000	6/8/2011	22040	ARRA Federal Fund	30,000.00	ARRA - OCS/IVD based on incentive award that was higher than anticipated. GA/HPRP appropriated amount for SFY10 not fully spent.
Children and Family Services	3SquaresVT Cashout	3440070000	5/17/2011	22040	ARRA Federal Fund	4,000,000.00	ARRA- extended
Children and Family Services	DCFS - Reach Up	3440080000	9/15/2010	22040	ARRA Federal Fund	4,000,000.00	ARRA - TANF funds available.
Children and Family Services	DCFS - Reach Up	3440080000	6/8/2011	21903	PATH-Misc Fund	3,500,000.00	Increased Earned Income Tax Credit claims.
Children and Family Services	DCFS - LIHEAP	3440090000	11/12/2010	22005	Federal Revenue Fund	5,000,000.00	Federal release of LIHEAP Block Grant.
Children and Family Services	DCFS - LIHEAP	3440090000	1/31/2011	22005	Federal Revenue Fund	10,780,195.00	Federal release of LIHEAP block grant
Children and Family Services	DCFS - LIHEAP	3440090000	5/17/2011	22005	Federal Revenue Fund	1,250,000.00	Additional Crisis Fuel benefits were released.
Children and Family Services	DCFS - OEO Ofc of Economic Opp	3440100000	6/27/2011	22005	Federal Revenue Fund	315,308.00	ARRA- FFY11 annual award.
Children and Family Services	DCFS - OEO Ofc of Economic Opp	3440100000	6/27/2011	22040	ARRA Federal Fund	35,000.00	ARRA- FFY11 annual award.
Aging and Independent Living	Administration & Support	3460010000	9/7/2010	22040	ARRA Federal Fund	5,728.00	ARRA - funds for DBVI's Independent Living Program / Part B
Aging and Independent Living	Administration & Support	3460010000	9/7/2010	22040	ARRA Federal Fund	8,483.00	ARRA - funds for DBVI's Section 110 Program
Aging and Independent Living	Administration & Support	3460010000	9/7/2010	22040	ARRA Federal Fund	500.00	ARRA - award
Aging and Independent Living	Administration & Support	3460010000	9/7/2010	22040	ARRA Federal Fund	48,000.00	ARRA - Dept of Education - Federal Stimulus Money for Independent Living Services
Aging and Independent Living	Administration & Support	3460010000	11/4/2010	21213	PATH-Civil Monetary Fund	29,000.00	Proprietary fund with limited use. Dept's share - Nursing Home fines paid.
Aging and Independent Living	Administration & Support	3460010000	3/2/2011	22040	ARRA Federal Fund	37,500.00	ARRA - Did not spend as much in FY10 VR110 ARRA as anticipated - more funds carried in to FY11 for expenditure.
Aging and Independent Living	Administration & Support	3460010000	3/2/2011	21813	VR Fees	450,000.00	Higher than anticipated receipts from the EAP due to new companies enrolled in the program.
Aging and Independent Living	Administration & Support	3460010000	4/8/2011	21500	Inter-Unit Transfers Fund	105,500.00	VDH Federal Autism Grant. Dail has agreed to hlep iwth oversight and management of the grant. MOU between VDH & DAIL stating that VDH will transfer funds to DAIL quarterly for expenditures.
Aging and Independent Living	Administration & Support	3460010000	6/2/2011	22005	Federal Revenue Fund	550,000.00	Higher than planned earned federal receipts
Aging and Independent Living	Advocacy & Indep Living Grants	3460020000	11/4/2010	21213	PATH-Civil Monetary Fund	177,000.00	Proprietary fund with limited use. Dept's share - Nursing Home fines paid.
Aging and Independent Living	DBVI Grants	3460030000	9/7/2010	22040	ARRA Federal Fund	44,187.00	ARRA - funds for DBVI's Independent Living Program / Part B
Aging and Independent Living	DBVI Grants	3460030000	9/7/2010	22040	ARRA Federal Fund	78,336.00	ARRA - funds for DBVI's Section 110 Program
Aging and Independent Living	DBVI Grants	3460030000	4/27/2011	22040	ARRA Federal Fund	23,100.00	ARRA - DBVI did not spend as much ARRA funds in the final quarter of FY10 as expected.
Aging and Independent Living	DBVI Grants	3460030000	6/2/2011	22005	Federal Revenue Fund	50,000.00	Higher than planned DBVI Section 110 receipts due to supplemental awards
Aging and Independent Living	DBVI Grants	3460030000	6/27/2011	22005	Federal Revenue Fund	38,000.00	Higher than planned DBVI Section 110 receipts due to supplemental awards.
Aging and Independent Living	Vocational Rehab Grants	3460040000	3/3/2011	21500	Inter-Unit Transfers Fund	3,000,000.00	Increased dollar amount of agreements with DCF TANF dollars
Aging and Independent Living	Vocational Rehab Grants	3460040000	3/10/2011	22005	Federal Revenue Fund	1,500,000.00	VR Received a reallotment of Section 110 funds on 8/31/10 of $3,000,000. The usual reallotment for VR is approx $500,000.
Aging and Independent Living	Developmental Services Grants	3460050000	4/8/2011	21500	Inter-Unit Transfers Fund	65,005.00	VDH Federal Autism Grant. Dail has agreed to hlep iwth oversight and management of the grant. MOU between VDH & DAIL stating that VDH will transfer funds to DAIL quarterly for expenditures.
Corrections	Correc-Correctional Services	3480004000	6/2/2011	21843	CORR-Supervision Fees	400,000.00	Cash CF from FY10 and collections exceeding spending authority
Corrections	Correc-Correctional Services	3480004000	6/2/2011	21500	Inter-Unit Transfers Fund	90,350.00	Grant funding from Public Safety was greater than previously appropriated.
Corrections	Correc-Correctional Services	3480004000	6/2/2011	21500	Inter-Unit Transfers Fund	17,800.00	Grant funding from Public Safety was greater than previously appropriated.
VT Department of Labor	VT Department of Labor	4100500000	9/21/2010	21105	Worker's Comp Admin Fund	60,000.00	Revenue were increased by raising the assessment rate in the Fee Bill.
VT Department of Labor	VT Department of Labor	4100500000	12/20/2010	21500	Inter-Unit Transfers Fund	35,000.00	Funds were made available through the Charter Unit segment of the challenges for change incentive.
VT Department of Labor	VT Workforce Educ & Training	4100890701	5/19/2011	21913	Workforce Ed & Training Fund	260,000.00	Funds were appropriated so late in FY07 that there was no time to obligate them to subgrantees that year.
VT Department of Labor	Youth at Risk	4100890702	7/7/2010	21992	Next Generation Initiative Fnd	26,513.00	Funds appropriated in FY08 were not fully expended.
VT Department of Labor	Grants for Adult Technical Edu	4100890703	5/19/2011	21992	Next Generation Initiative Fnd	90,000.00	Funds were appropriated so late in FY07 that there was no time to obligate them to subgrantees that year.
VT Department of Labor	WETF Transfer	4100891001	12/2/2010	21992	Next Generation Initiative Fnd	1,415,500.00	Expenditures were charged against Fund 21913 instead of Fund 21992.

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
			Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)				
Education	Administration	5100010000	2/2/2011	22005	Federal Revenue Fund	400,000.00	Carryover of new Federal Energy award that was not known at time of budgeting.
Education	Administration	5100010000	4/21/2011	21500	Inter-Unit Transfers Fund	6,700.00	Medicaid Special Fund
Education	Administration	5100010000	6/21/2011	20205	Education Fund	306,811.00	Education Fund
Education	Education Services	5100070000	6/30/2011	21500	Inter-Unit Transfers Fund	169.00	Grant from VDH
Education	Small School Grant	5100110000	5/24/2011	20205	Education Fund	50,000.00	Education Fund
Education	Education Jobs Fund	5100891101	4/21/2011	21500	Inter-Unit Transfers Fund	19,304,177.00	Education Jobs Fund
Education	Education-Various Projects	5100990901	6/30/2011	31400	Education Projects Fund	36,798.03	Return of grant funds
Fish & Wildlife	FW Support & Field Services	6120000000	6/10/2011	21500	Inter-Unit Transfers Fund	83,218.00	Reimbursement for expenses related to Homeland Security work.
Fish & Wildlife	FW Support & Field Services	6120000000	6/17/2011	20320	Duck Stamp Fund	75,000.00	The Duck Stamp fund has a balance of $2.6 million.
Fish & Wildlife	FW Support & Field Services	6120000000	6/20/2011	21584	Surplus Property	36,545.17	Surplus Property from FY10 & FY11.
Fish & Wildlife	FW Support & Field Services	6120000000	6/20/2011	20315	Fish & Wildlife Trust Fund	150,000.00	Interest earned in this fund.
Forest, Parks & Recreation	Administration	6130010000	7/26/2010	21550	Lands and Facilities Trust Fd	50,000.00	21550 - Unexpended project balances from PY 21525 - Donation from the National Project Learning Tree organization & Grant from the Wildlife Management Institute
Forest, Parks & Recreation	Administration	6130010000	7/26/2010	21525	Conference Fees & Donations	10,000.00	21550 - Unexpended project balances from PY 21525 - Donation from the National Project Learning Tree organization & Grant from the Wildlife Management Institute
Forest, Parks & Recreation	Administration	6130010000	10/27/2010	22005	Federal Revenue Fund	500,000.00	Funds from National Recreation Trails and Land & Water Conservation programs. Projects included are: Woodford toilet building, Button Bay pool/playground/toilet building and Elmore Beach House.
Forest, Parks & Recreation	Administration	6130010000	3/2/2011	21440	All Terrain Vehicles	145,000.00	21440 - Generated from ATV fines and registrations 21495 - Generated from snowmobile fines and registrations 21550 - Lands & Facilites Trust Fund receipts for Admin are available from unepnded project balances
Forest, Parks & Recreation	Administration	6130010000	3/2/2011	21495	Snowmobile Trails	283,000.00	21440 - Generated from ATV fines and registrations 21495 - Generated from snowmobile fines and registrations 21550 - Lands & Facilites Trust Fund receipts for Admin are available from unepnded project balances
Forest, Parks & Recreation	Administration	6130010000	3/2/2011	21550	Lands and Facilities Trust Fd	50,000.00	21440 - Generated from ATV fines and registrations 21495 - Generated from snowmobile fines and registrations 21550 - Lands & Facilites Trust Fund receipts for Admin are available from unepnded project balances
Forest, Parks & Recreation	Administration	6130010000	6/2/2011	21455	Vt Recreational Trails Fund	100,000.00	21455 - VT Recreation Trail program 21500 - FW & AGR 21270 - Revenues higher than anticipated 21502 - Parks Conservation Corps
Forest, Parks & Recreation	Administration	6130010000	6/2/2011	22005	Federal Revenue Fund	200,000.00	National Recreation Trails program & Water Conservation fund program.
Forest, Parks & Recreation	Forestry	6130020000	7/26/2010	21525	Conference Fees & Donations	20,000.00	21550 - Unexpended project balances from PY 21525 - Donation from the National Project Learning Tree organization & Grant from the Wildlife Management Institute
Forest, Parks & Recreation	Forestry	6130020000	9/23/2010	21781	FPR-Earth People's Park	2,384.00	21781 - From a settlement related to Earth People's Park 21584 - Sale of surplus property
Forest, Parks & Recreation	Forestry	6130020000	3/2/2011	21550	Lands and Facilities Trust Fd	64,000.00	21440 - Generated from ATV fines and registrations 21495 - Generated from snowmobile fines and registrations 21550 - Lands & Facilites Trust Fund receipts for Admin are available from unepnded project balances
Forest, Parks & Recreation	Forestry	6130020000	6/2/2011	21500	Inter-Unit Transfers Fund	20,000.00	21455 - VT Recreation Trail program 21500 - FW & AGR 21270 - Revenues higher than anticipated 21502 - Parks Conservation Corps
Forest, Parks & Recreation	Parks	6130030000	9/23/2010	21584	Surplus Property	42,601.00	21781 - From a settlement related to Earth People's Park 21584 - Sale of surplus property
Forest, Parks & Recreation	Parks	6130030000	9/23/2010	21500	Inter-Unit Transfers Fund	25,000.00	C4C - Funds are available as a charter unit investment in a targeted online marketing campaign for VT State Parks. Per Act 68 Sec 9 (d) - $4 million approp in the Secretary of Admin office in section 3a.

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
			Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)				
Forest, Parks & Recreation	Parks	6130030000	6/2/2011	21270	State Forest Parks Fund	900,000.00	21455 - VT Recreation Trail program 21500 - FW & AGR 21270 - Revenues higher than anticipated 21502 - Parks Conservation Corps
Forest, Parks & Recreation	Parks	6130030000	6/2/2011	21502	ARRA Inter-Unit Subaward Fund	19,000.00	21455 - VT Recreation Trail program 21500 - FW & AGR 21270 - Revenues higher than anticipated 21502 - Parks Conservation Corps
Forest, Parks & Recreation	Parks	6130030000	6/27/2011	21270	State Forest Parks Fund	100,000.00	Higher than anticipated revenues into the Parks special fund.
Forest, Parks & Recreation	Lands Administration	6130040000	7/21/2010	22005	Federal Revenue Fund	7,000,000.00	Funds from USFS for Forest Legacy acquisitions (land/easement acquisitions will occur by the close of FY11)
Forest, Parks & Recreation	Vt Youth Conservation Corps	6130080000	8/4/2010	21779	FPR-Youth Conservation Corps	220,000.00	VYCC donations fund to cover payroll costs of corp members. FPR will be reimbursed at the end of the year to cover these costs by VYCC.
Forest, Parks & Recreation	Vt Youth Conservation Corps	6130080000	3/18/2011	21270	State Forest Parks Fund	11,000.00	Spending authority needed within the VT Youth Conservation Corps approp to cover payments to VYCC for operating three state parks during the 2010 operating season.
Forest, Parks & Recreation	Vt Youth Conservation Corps	6130080000	6/2/2011	22005	Federal Revenue Fund	4,700.00	National Recreation Trails program & Water Conservation fund program.
Environmental Conservation	Environmental Assistance Div	6140020000	8/9/2010	22005	Federal Revenue Fund	106,186.00	Geology program funds.
Environmental Conservation	Environmental Assistance Div	6140020000	8/9/2010	21500	Inter-Unit Transfers Fund	27,500.00	Geology program funds.
Environmental Conservation	Environmental Assistance Div	6140020000	8/9/2010	21787	EC-Geological Publications	12,500.00	Geology program funds.
Environmental Conservation	Environmental Assistance Div	6140020000	12/23/2010	21475	Natural Resources Mgmnt	11,500.00	Funds came from NE Interstate Water Pollution Control Commission from the Great Lakes Fisheries for several water projects that ANR/DEC are best suited to perform.
Environmental Conservation	Environmental Assistance Div	6140020000	4/28/2011	21020	Lw-lvl Radioactive Waste Cmpct	13,000.00	21500 - DEC Members of the Public Safety Haz Mat Response Team. 21020 - Low Level Radioactive Waste fund - State Geologist
Environmental Conservation	Air & Waste Management Approp	6140030000	3/23/2011	22040	ARRA Federal Fund	886,069.00	ARRA - Funds available from 2009 ARRA award. ARRA Diesel Emissions Reduction Act (DERA) and ARRA Leaking Underground Storage Tank (LUST).
Environmental Conservation	Air & Waste Management Approp	6140030000	4/28/2011	21500	Inter-Unit Transfers Fund	43,000.00	21500 - DEC Members of the Public Safety Haz Mat Response Team. 21020 - Low Level Radioactive Waste fund - State Geologist
Environmental Conservation	Water Programs Appropriaion	6140040000	12/23/2010	21475	Natural Resources Mgmnt	705,750.00	Funds came from NE Interstate Water Pollution Control Commission from the Great Lakes Fisheries for several water projects that ANR/DEC are best suited to perform.
Environmental Conservation	Water Programs Appropriaion	6140040000	5/11/2011	21500	Inter-Unit Transfers Fund	100,000.00	DEC has entered into a MOU with FW for the purpose of delivering watershed grants to various subrecipients utilizing the Watershed Grant funds that reside in FW. DEC has a MOU with FPR concerning implementation of a corrdinated green infrastructure prog.
Environmental Conservation	Water Programs Appropriaion	6140040000	6/21/2011	22005	Federal Revenue Fund	100,000.00	ARRA - $50,000 To cover payroll of the 27th FF - $100,000 To cover payroll for the 27th
Environmental Conservation	Water Programs Appropriaion	6140040000	6/21/2011	22040	ARRA Federal Fund	50,000.00	ARRA - $50,000 To cover payroll of the 27th FF - $100,000 To cover payroll for the 27th
Environmental Conservation	Petroleum Cleanup Fund	6140060000	8/9/2010	22040	ARRA Federal Fund	17,306,557.00	ARRA - Clean Water and Drinking Water State Revolvoing Loan Program
Housing & Comm Affairs	Housing & Community Affairs	7110010000	7/21/2010	21502	ARRA Inter-Unit Subaward Fund	108,688.84	ARRA - State Fiscal Stabilization Fund
Housing & Comm Affairs	Housing & Community Affairs	7110010000	6/2/2011	21325	Historic Sites Special Fund	58,000.00	FY10 CF - Historic Sites admission fees and giftshop sales were higher than expected in FY10 & FY11.
Housing & Comm Affairs	Housing & Community Affairs	7110010000	6/17/2011	21325	Historic Sites Special Fund	25,000.00	Earned receipts from Historic Sites admission fees and gift shop sales were higher than expected in FY11.
Housing & Comm Affairs	Downtown Transp. & Capital Imp	7110080000	7/19/2010	21575	Downtown Trans & Capital Impro	17,677.74	FY10 unexpended balances to be used for project and admin costs.
Housing & Comm Affairs	Downtown Transp. & Capital Imp	7110080000	7/19/2010	21575	Downtown Trans & Capital Impro	436.00	FY10 unexpended balances to be used for project and admin costs.
Housing & Comm Affairs	Downtown Transp. & Capital Imp	7110080000	7/19/2010	21575	Downtown Trans & Capital Impro	27,715.00	FY10 unexpended balances to be used for project and admin costs.
Housing & Comm Affairs	VT Training Prog - 7120890902	7110890901	7/19/2010	21992	Next Generation Initiative Fnd	173,391.82	All PO's in BU 07120 were liquidated at the end of the FY.
Tourism & Marketing	Dept. of Tourism & Marketing	7130000000	7/21/2010	21502	ARRA Inter-Unit Subaward Fund	187,153.31	ARRA - State Fiscal Stabilization Fund
Tourism & Marketing	Dept. of Tourism & Marketing	7130000000	11/1/2010	21500	Inter-Unit Transfers Fund	65,000.00	Vermont Dairy Promotion
Agency of Transportation	Aviation	8100000200	12/20/2010	20181	ARRA FAA-Fund	1,434,065.00	ARRA - Burlington Airport grants.
Agency of Transportation	Aviation	8100000200	12/23/2010	20140	Transportation FAA Fund	15,000,000.00	Burlington Airport Grants
Agency of Transportation	Program Development	8100001100	8/4/2010	20160	Transportation Local Fund	8,644,835.00	NY State (Local) reimb to VT for costs of Lake Champlain Bridge project temporary ferry service.
Agency of Transportation	Program Development	8100001100	9/1/2010	20191	TR Infrastructure Bond Fund	715,171.54	Funds are the unexpended TIB fund balances at he end of FY10 in the Town Highway Bridge, Program Development and Bridge Maintenance appropriations.

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
			Approved Excess Receipt Requests - FY2011 (7/1/10 to 6/30/11)				
Agency of Transportation	Program Development	8100001100	3/10/2011	20160	Transportation Local Fund	3,556,777.00	NY State (Local) share of infrastructure costs of the ferry docks on the VT Side of the Lake Champlain Bridge project.
Agency of Transportation	Maintenance	8100002000	4/8/2011	20135	Transportation FHWA Fund	100,000.00	Funds are available for project FITS(503)
Agency of Transportation	Maintenance	8100002000	5/17/2011	20135	Transportation FHWA Fund	750,000.00	Project FITS(503)
Agency of Transportation	Maintenance	8100002000	6/17/2011	20135	Transportation FHWA Fund	350,000.00	Funds are available for project FITS(503)
Agency of Transportation	Department of Motor Vehicles	8100002100	12/23/2010	21500	Inter-Unit Transfers Fund	13,565.73	Grant agreement with Public Safety - Governor's Highway Safety Program.
Agency of Transportation	Department of Motor Vehicles	8100002100	4/6/2011	20165	Transportation Other Fed Funds	350,000.00	Funds are available from a grant agreement with the Dept of Homeland Security/FEMA. #2009-ID-MX-0024
Agency of Transportation	Policy and Planning	8100002200	4/6/2011	20170	Transportation-NHTSA Fund	100,000.00	Funds are available for the Fatality Analysis and Reporting Systems (FARS) project which was previously overseen by the Dept of Public Safety. This task is 100% NHTSA funded.
Agency of Transportation	Town Highway Bridge	8100002800	9/1/2010	20191	TR Infrastructure Bond Fund	47,361.40	Funds are the unexpended TIB fund balances at he end of FY10 in the Town Highway Bridge, Program Development and Bridge Maintenance appropriations.
Agency of Transportation	Town Highway Bridge	8100002800	12/23/2010	20180	ARRA FHWA Fund	1,600,000.00	ARRA - Town Highway Bridge projects
Agency of Transportation	Public Assistance Program	8100005500	7/19/2010	21555	Emergency Relief & Assist Fd	27,656.02	ERAF funds provide state match for FEMA funds. Request is for the remaining ERAF fund balance.
Agency of Transportation	Public Assistance Program	8100005500	3/10/2011	21555	Emergency Relief & Assist Fd	82,875.00	FEMA disaster declaration FEMA 1951-DR-VT. ERAF funds provide state match for the FEMA funds.
Agency of Transportation	Public Assistance Program	8100005500	5/26/2011	20150	Transportation FEMA Fund	100,000.00	FEMA disaster declaration FEMA 1951-DR-VT
Agency of Transportation	Public Transit	8100005700	6/7/2011	20182	ARRA FTA Fund	254,403.00	ARRA - Transit Capital Assistance Grant
AOT Proprietary Funds	Central Garage	8110000200	8/4/2010	57100	Highway Garage Fund	2,255,129.75	Equipment purchases per Title 19, Sec 13 (c)
Buildings & Gen Serv-Capital	Duxbury/Moretown Land Sale	9610200000	8/4/2010	21600	BGS-Duxbury/Moretown	960.58	Re-establish spending authority as of 6/30/10
Buildings & Gen Serv-Capital	Duxbury/Moretown Land Sale	9610200000	12/29/2010	21600	BGS-Duxbury/Moretown	30,000.00	Additional spending authority requested for advertising, appraisals, recording fees in anticipation of selling the property.

VERMONT

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Agency of Human Services

IV

MEMORANDUM

TO: Joint Fiscal Committee

CC: Douglas Racine, Secretary, Agency of Human Services

FROM: Victoria Loner, Deputy Commissioner, Health Services & Managed Care Vrew Loner

DATE: July 20, 2011

RE: Report requirement, per 33 VSA § 1998

The report requirement contained in 33 VSA § 199, "Pharmacy best practices and cost control program established" will not be produced this quarter.

It is an obsolete report requirement based on program operations that no longer are relevant. There is a new report on the Single Prescription Drug Formulary Recommendation due 1/15/12 that will speak to cost effective purchasing, per Act 48 Sec. 18 of the 2011 legislative session.

Please do not hesitate to contact me with any questions.

V

Economic Advancement Tax Incentive Program

2011 Annual Report

VERMONT

VERMONT ECONOMIC PROGRESS COUNCIL

VERMONT DEPARTMENT OF TAXES

VERMONT

Department of Economic Development
Vermont Economic Progress Council
One National Life Drive
Montpelier, VT 05620-0501
www.economicdevelopment.vermont.gov/programs/VEPC

Agency of Commerce and Community Development

[phone] 802-828-5765
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LETTER OF TRANSMITTAL

April 1, 2011

Senator Jane Kitchel, Chair, Senate Appropriations Committee

Senator Ann Cummings, Chair, Senate Finance Committee

Senator Vincent Illuzzi, Chair, Senate Economic Development Committee

Representative Martha Heath, Chair, House Appropriations Committee

Representative Bill Botzow, Chair, House Commerce Committee

Representative Janet Ancel, Chair, House Ways & Means Committee

Dear Committee Chairpersons:

In compliance with the reporting requirement contained in 32 VSA Chapter 151, § 5930a(j), we are submitting herewith the 2011 Annual Report on the Economic Advancement Tax Incentive program for authorizations through the end of the program in December 2006 and the resulting economic activity through December 2009.

Respectfully,

Fred Kenney, Executive Director, VEPC

Chris Keyser, Chair, VEPC

Mary N. Peterson, Commissioner

Vermont Department of Taxes

EATI Program Summary

ECONOMIC IMPACT TO DATE (1998 - 2009)		
Net New Jobs Created		2090
Average Compensation		$ 48,609
Total New Investment		$ 745,682,914
New Payroll		$ 187,136,508
Capital Investment		$ 462,051,990
Research & Development		$ 85,468,921
Workforce Development		$ 954,749
High Tech Investment		$ 10,070,746
INCENTIVES AUTHORIZED (Available to Earn Between 1998 and 2010)		
	#	Dollar Value
Total Applications Considered	237	$ 154,870,593
Denied Applications	25	$ 5,230,027
Total Applications Authorized	212	$ 149,640,566
Rescinded, Terminated Authorizations (No Incentives Earned)	94	$ 57,856,418
Total Net Incentives Authorized	118	$ 91,784,148
Active Authorizations (as of Dec 2010)	3	$ 592,391
Completed Authorizations (as of Dec 2010)	115	$ 91,191,757

EATI Program Summary Continued

INCENTIVES UTILIZED TO DATE		
Net Incentives Authorized (1998-2010)	$	91,784,148
Incentives Disallowed	$	36,173,155
Net Incentives Available to Earn (1998-2010)	$	55,610,993
INCOME TAX CREDITS:		
Credits Earned (1998 - 2009)	$	49,767,648
Credits Applied (1998-2009)	$	29,449,510
Credits in Recapture	$	2,942,754
Net Credits Applied	$	26,506,756
Credits in Carry-forward	$	20,318,138
Credit Carry-forward Disallowed	$	14,843,262
Net Credits in Carry-forward	$	5,474,876
SALES & USE TAX EXEMPTIONS UTILIZED	$	2,597,424
PROPERTY TAX INCENTIVES UTILIZED	$	6,599,975
TOTAL INCENTIVES UTILIZED	$	35,704,155
INCENTIVES REMAINING		
Tax Credits Available to Be Earned (2009-2010)	$	3,713,851
Net Tax Credits in Carry-forward (Available until 2015)	$	5,474,876
Sales & Use Tax Exemptions	$	-
Property Tax Exemptions	$	265,536
TOTAL	$	9,454,263

Table of Contents

Introduction

In 1998, the Vermont Legislature enacted a package of tax incentives designed to achieve three goals: creation of quality jobs, closing the gap between Vermont wages and the national average wage, and maintaining and enhancing the quality of life in Vermont. The Economic Advancement Tax Incentives (EATI) program used income tax credits, sales tax exemptions, and property tax reductions and reallocations to help recruit businesses to Vermont and to encourage growth and job creation by Vermont companies.

Through an application process, the Vermont Economic Progress Council (VEPC) authorized tax incentives for a business or municipality in three categories:

1. Income tax credits based on payroll increases, research and development expenditures, workforce development expenditures, or capital expenditures in facilities and machinery or equipment, and sales of product shipped outside the state.

2. Property tax reductions for businesses including stabilization agreements, construction-in-progress exemptions, and brownfields redevelopment exemptions, Tax Increment Financing (TIF) Districts and Education Tax Reallocations for municipalities.

3. Sales Tax Exemptions including exemptions for computers used in high-tech companies, exemption for building materials in excess of $250,000 used to construct manufacturing facilities, and, until 1999, exemptions for certain equipment, fuel and electricity.

VEPC reviewed applications for these incentives, approving or denying them based on:

1. Whether the proposed project would not occur, or would occur in a significantly different and less desirable manner, without the incentive (the "but-for" test);

2. The net impact of a project on Vermont's economy and state tax revenues, calculated through the measurement of the costs and revenue benefits of the project; and

3. Conformity of the applicant and the proposed activity with nine guidelines.

EATI income tax incentives were authorized for periods of up to five years and property tax incentives for up to ten years. Therefore, although authorization of any new incentives under the EATI program ended December 31, 2006, administration of the program continues until all authorized incentives expire or are terminated. A new incentive program, the Vermont Employment Growth Incentive (VEGI) program started January 1, 2007.

Further information on VEPC, the Economic Advancement Tax Incentive Program, and the Vermont Employment Growth Incentive Program is available at: www.thinkvermont.com/vepc. Further information on the Department of Taxes is available at: www.state.vt.us/tax.

KEY TO ABBREVIATIONS

CIP:	Construction-in-Progress
DBA:	Doing Business As
EATI:	Economic Advancement Tax Incentive program
FKA:	Formerly Known As
HT:	High Tech
M&E:	Machinery and Equipment
R&D:	Research and Development
S&U:	Sales and Use Tax Exemption
TIF:	Tax Increment Financing
VEPC:	Vermont Economic Progress Council
WFD:	Workforce Development

PART I: Economic Advancement Tax Incentive Authorization Activity

The Authorization Activity section of this report includes data regarding application activity through **December 2006, when the program ended,** and economic activity through **December 2009.** The information on pages 2—3 and in Appendix I provides the reader with an overview of authorizations made by the Vermont Economic Progress Council (VEPC) under the Economic Advancement Tax Incentive program pursuant to 32 VSA, Chapter 151, § 5930a(b) for the period October 1998 through the end of the program in December 2006. The economic activity that has resulted from those applications for the period October 1998 to December 2009 is shown on page 4.

Table 1-A summarizes all application activity. From the beginning of the program in October 1998 through December 2006, VEPC considered 237 applications: 199 from businesses and 38 from municipalities. Of the 237 applications, 212 were authorized (approved) and 25 were denied. VEPC staff worked very closely with the regional development corporation directors and others who counseled potential applicants regarding whether this program was appropriate for the project and the project's likelihood of approval given the program's statutory limitations. This "weeding out" process resulted in an undetermined number of applications that were never considered by the VEPC Board that might have been denied.

Of the 212 applications authorized, 3 remain active, 94 are inactive[1], and 115 are completed[3]. Appendix I shows every application to the program chronologically, including the name of the applicant, the date the application was considered, the status of the application, the total amount of incentives authorized or denied, the years the incentives are or were expected to be utilized, and the location of the project.

As indicated in Table 1-A, as of December 2006, VEPC has authorized incentives valued at $149,640,566. However, for various reasons in accordance with statute, the Council and/ or Tax Department have taken action to rescind or terminate 94 authorizations valued at $57,856,418, which renders the incentives unavailable, the authorization changed to "inactive," and the removal of the project data from tracking.

Therefore, as of December 31, 2006, the universe of incentives authorized, which were or are available to be earned between 1998 and 2010 (and utilized between 1998 and 2016), were **$91,784,148.** Not all incentives authorized will be earned or utilized. Please see Part II for details on credits that have been earned and applied through 2009.

TABLE 1-A
INCENTIVE APPLICATION ACTIVITY SUMMARY
ALL APPLICATIONS (1998 - Dec 2006)

	#	Dollar Value
Total Applications Considered	237	**$154,870,593**
Denied Applications	25	$5,230,027
Total Applications Authorized	212	**$149,640,566**
Inactive Authorizations[1]	94	$57,856,418
Total Net Authorized Applications[2]	118	**$91,784,148**
Active Authorizations (as of Dec 2010)	3	$592,391
Completed Authorizations[3] (as of Dec 2010)	115	$91,191,757

[1]An application is considered "inactive" if it has been rescinded, replaced, cancelled or some other action by the applicant or VEPC that renders the authorized credits unavailable.

[2]This is the amount of incentives that have been authorized by applications approved through December 31, 2006. These incentives are or were authorized for utilization, if earned, for various five and ten year periods between 1998-2016.

[3] Completed means that the authorization period has expired. Company may have credits remaining in carry-forward.

The Council had the authority to approve individual projects that result in a net negative revenue impact and therefore represent a cost to the state. That is, the projected net new revenues to the state generated by the project are less than the cost of the foregone revenue (the credits authorized). Use of this authority was limited through an annual cap of $1 million for general fund (income tax credits) and $300,000 for education fund impact (property tax incentives). Table 1-B shows that the Council was very judicious in its use of this authority, utilizing a fraction of the annual net negative cap during only three fiscal years.

TABLE 1-B
COSTS AS APPLIED TO THE NET NEGATIVE CAP

Fiscal Year:	General Fund	Education Fund
1998	$0.00	$0.00
1999	$438,200.00	$0.00
2000	$0.00	$0.00
2001	$0.00	$0.00
2002	$0.00	$0.00
2003	$0.00	$0.00
2004	$144,700.00	$0.00
2005	$0.00	$0.00
2006	$0.00	$0.00
2007	$333,500.00	$0.00

Table 1-C shows the theoretical schedule for claiming incentives based on the five or ten year authorization periods authorized by the Vermont Economic Progress Council. The schedule estimates the credits that would be claimed if all applicants make the investments as projected in their applications and have a tax liability sufficient to apply to the earned credits during their five year earning period.

TABLE 1-C
THEORETICAL SCHEDULE FOR CLAIMING INCENTIVES (1998 - 2016) ACTIVE & COMPLETED

Year	Payroll	Capital Invest	R&D	WFD	Export	HT	Municipal	S&U	Total
1998	$1,205,898	$3,014,521	$514,592		$464,481			$2,781,845	$7,981,337
1999	$1,564,140	$4,243,603	$1,457,743	$10,142	$579,975			$2,757,256	$10,612,859
2000	$2,610,867	$6,185,417	$1,829,506	$26,291	$616,614		$379,475	$2,701,361	$14,349,532
2001	$2,438,825	$4,487,139	$2,445,295	$13,978	$645,001		$411,016	$57,500	$10,498,754
2002	$2,757,716	$4,374,792	$1,853,002	$14,882	$764,926		$678,326	$5,650	$10,449,295
2003	$1,356,277	$3,591,115	$1,147,820	$15,789	$526,482	$222,998	$675,755	$80,800	$7,617,036
2004	$1,200,548	$2,321,275	$434,996	$0	$349,096	$278,758	$1,147,977	$43,300	$5,775,950
2005	$1,330,132	$3,948,177	$536,257	$5,325	$687,624	$256,720	$1,132,144	$43,300	$7,939,679
2006	$671,493	$3,449,682	$625,931	$14,880	$279,017	$263,922	$1,231,057	$54,020	$6,590,002
2007	$683,565	$2,049,342	$677,389	$19,528	$226,749	$287,243	$1,202,046	$144,020	$5,289,882
2008	$420,244	$1,050,810	$223,049	$27,224	$34,367	$4,341	$1,182,596	$10,720	$2,953,351
2009	$210,404	$536,144	$57,581	$31,629		$5,412	$83,729	$0	$924,899
2010	$166,086	$310,718	$50,787	$2,015		$6,428	$81,502	$0	$617,536
2011							$79,117	$0	$79,117
2012							$79,163	$0	$79,163
2013							$25,754	$0	$25,754
2014								$0	$0
2015								$0	$0
2016								$0	$0
Totals	$16,616,194	$39,562,736	$11,853,948	$181,683	$5,174,332	$1,325,822	$8,389,661	$8,679,772	$91,784,148

Table 1-D provides information on the economic activity and actual investments made and jobs created that actually occurred as a result of the incentives actually earned through 2009, the latest year for which activity information is available.

TABLE 1-D INVESTMENTS & JOBS SUMMARY (1998 - 2009)	
	Totals
Employees Retained	8414
Net New Employees Added	2090
Average Annual Wage of All Employees	$39,783
Average Annual Benefits as % of Payroll	22%
Average Annual Compensation Level	$48,609
New Payroll	$187,136,508
Capital Investment	$462,051,990
Research & Development	$85,468,921
Workforce Development	$954,749
High Tech Investment	$10,070,746
TOTAL NEW INVESTMENT	$745,682,914

Table 1-D shows the total net number of jobs created and the investments made in new payroll, research and development, workforce training and education, capital expenditures, including new and renovated facilities and machinery and equipment and high-tech investments for the companies that earned credits during the period 1998 to 2009.

The jobs at companies utilizing EATI credits have an average wage of $39,783. All applicants to the program offer standard benefits packages that include medical insurance, life insurance, short and long-term disability insurance, a retirement package and paid holidays, sick days and vacation days.

Many offer bonuses, dental and eye care, and profit sharing. The level of medical insurance premiums covered by the employer varies widely, but in most cases is above 50%. Overall, the benefits packages at these companies averaged 22% of payroll. Therefore, the jobs at the companies that earned credits have an average compensation level of $48,609.

The creation of 2090 net new full-time jobs brought $187 million in new payroll to Vermont. Also, the projects that occurred because of the incentives invested $462 million in new facilities, renovations to their own existing facilities or acquired idle facilities, and machinery and equipment that strengthen the competitive positions of the companies involved and the Vermonters they employ. The companies also invested $85 million in research and development, $10 million in high-tech investments, and $955,000 in workforce training and education. Most companies made further investments, but these figures represent only the investments made that are directly tied to the credits earned. Also, some companies made investments and created jobs but did not claim any credits.

PART II: Economic Advancement Tax Incentive Earning & Application Activity

The following data is the most recent summary of information about the Economic Advancement Tax Incentive program. It is based on Tax Department administration of the EATI program through May 1, 2011. At that point in time, review of the 2008 tax year (fiscal years beginning anytime in 2008) was partly complete, and review of the 2009 year was underway.

All references to the Sustainable Technology Research & Development Credit and the Sustainable Technology Export Credit have been removed from the report because no company ever applied for or was authorized to earn them.

Credits Earned and Applied

Table 2-A summarizes all credits that have been earned by companies and applied to offset income tax liability over the life of the program.

Note that the total amount of tax credits applied to offset income tax over the 12 years of the program that have been accounted for is $29,449,510.

Table 2A EATI Credits Earned and Applied 1998-2009

Adjusted credits for annual report stats for 2008

	Payroll		R & D		Capital Investment		Export		Workforce Development		High-Tech		Total	
	Earned	Applied	Earned	Applied	Earned	Applied	Earned	Applied	Earned	Applied	Earned	Applied	Earned	Applied
1998	$1,880,164	$748,079	$1,299,956	$359,599	$4,916,097	$1,485,096	$253,128	$135,232	$15,193	$10,843	n/a	n/a	$8,364,538	$2,738,849
1999	$1,996,433	$663,914	$1,413,090	$993,296	$3,759,386	$1,515,629	$105,143	$48,295	$9,923	$8,215	n/a	n/a	$7,283,975	$3,229,349
2000	$1,486,335	$968,072	$1,474,593	$577,451	$3,132,783	$1,734,850	$96,976	$65,903	$7,194	$7	n/a	n/a	$6,197,881	$3,346,283
2001	$509,740	$553,982	$1,632,717	$457,041	$1,366,634	$1,538,491	$81,841	$59,064	$3,033	$0	n/a	n/a	$3,593,965	$2,608,578
2002	$757,208	$412,786	$679,477	$455,277	$2,828,240	$1,044,462	$118,105	$86,688	$57,499	$54,652	$0	$0	$4,440,529	$2,053,865
2003	$1,182,154	$695,813	$384,718	$134,241	$2,476,832	$856,192	$286,435	$310,222	$360	$0	$251,458	$251,458	$4,581,957	$2,247,934
2004	$892,983	$578,383	$499,496	$635,829	$3,130,851	$2,003,564	$288,076	$256,867	$0	$0	$300,636	$300,636	$5,112,042	$3,775,279
2005	$823,970	$653,392	$133,221	$247,058	$4,031,512	$3,002,034	$252,771	$159,970	$0	$0	$0	$0	$5,241,474	$4,062,454
2006	$344,820	$219,784	$107,255	$89,854	$1,942,627	$1,336,476	$3,187	$31,526	$0	$802	$2,058	$23	$2,399,947	$1,678,465
2007	$480,684	$282,284	$70,543	$138,499	$1,365,436	$1,378,251	$0	$82,805	$0	$656	$7,519	$3,382	$1,924,182	$1,885,877
2008	$61,969	$191,883	$82,948	$87,445	$181,692	$1,060,435	$0	$40,081	$0	$0	$0	$2,522	$326,609	$1,382,366
2009	$11,864	$119,237	$93,845	$43,946	$194,840	$264,094	$0	$9,284	$0	$0	$0	$3,650	$300,549	$440,211
Total	$10,428,324	$6,087,609	$7,871,859	$4,219,536	$29,326,930	$17,219,574	$1,485,662	$1,285,937	$93,202	$75,175	$561,671	$561,671	$49,767,648	$29,449,510

The annual average for earned and applied credits is:

$4,147,304 Annual average of Earned credits over twelve years

$2,454,126 Annual average of Applied credits over twelve years

For the tax years 2008 and 2009, the amount of credits applied to offset tax for corporate income and individual income tax types are as follows:

	2008	2009
Corporate Income Tax	$520,801	$226,237
Individual Income Tax	$861,565	$213,974

*Note: Statistics are based on completed reviews.

Basis Expenditures

With the exception of the Export Credits, all credits are based on a percentage of investments in the Vermont economy, including incremental payroll, capital investments, and investments in research and development made by authorized companies because of the incentive. The following table summarizes the $745.7 million in basis expenditures by approved companies for the income tax credits earned from 1998 to 2009.

Table 2-B : Basis Investments 1998-2009

	Total	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Payroll	$187,136,508	$33,679,648	$36,042,973	$26,882,022	$7,376,066	$11,678,702	$23,982,732	$14,791,695	$16,111,074	$8,082,094	$6,683,558	$1,677,639	$148,305
R & D	$85,468,921	$13,035,856	$14,207,814	$14,745,934	$16,412,607	$7,067,716	$7,603,733	$4,877,322	$1,729,857	$2,159,612	$1,860,550	$829,475	$938,445
Capital Investment Total	$462,051,990	$85,001,891	$63,078,675	$52,782,954	$22,898,240	$49,765,816	$53,053,563	$46,408,187	$47,053,614	$17,713,210	$19,700,382	$2,264,782	$2,330,676
M & E	$145,256,318						$46,159,026	$35,952,935	$34,258,310	$8,890,522	$16,566,496	$1,608,019	$1,821,010
P & F	$42,842,096						$6,894,537	$10,345,252	$12,795,304	$8,506,688	$3,133,886	$656,763	$509,666
Land	$426,000						$0	$110,000	$0	$316,000	$0	$0	$0
Export	Export Credit is not calculated using a base expenditure or investment												
Workforce Development	$954,749	$151,928	$99,231	$71,936	$30,325	$586,762	$14,568	$0	$0	$0	$0	$0	$0
High Tech Total	$10,070,746	n/a	n/a	n/a	n/a	$0	$2,524,092	$7,385,135	$0	$34,306	$127,213	$0	$0
Totals Expenditures	$745,682,914	$131,869,323	$113,428,693	$94,482,845	$46,717,238	$69,098,996	$87,178,688	$73,462,339	$64,894,545	$27,989,222	$28,371,703	$4,771,896	$3,417,426

Credits Available to Carry-Forward

Credits that are earned, but not yet applied to offset tax in a given year are available for a company to carry-forward for up to five years after the earning period. The confirmed amount of income tax credits available for carry-forward at present is $5,474,876, held by 20 companies. This amount is net of credits that have been earned but subsequently disallowed.

It is certain that some of the carry-forward credits will expire without being used. Expiration would result from a company not incurring sufficient tax liability to apply the credits. It is also reasonable to assume, based on experience, that some credits will be disallowed due to failure to maintain required employment levels. It is possible that half or more of the credits currently held in carry-forward will never be applied to offset tax liability.

Credits Available to Earn

Though no new EATI authorizations will be issued (the program was repealed at the end of 2006), all credits authorized through December 2006 remain available to be earned by the taxpayer until 2010, unless disallowed or recaptured. The total amount of credits that remain available to be earned is $3,713,851.

Similar to carry-forward credits, it is unlikely that all available credits will be earned. A reasonable estimate based on program history is that about half the available credits (just over three million dollars) will be earned in the program's remaining years.

Potential Tax Expenditures:

The sum of the credits currently earned and available to carry-forward and credits that remain available to be earned represents the total potential gross income tax expenditure to the state (not accounting for the offsetting tax revenues gained due to the jobs and investments that occurred because of the incentives). This expenditure would be incurred between now and 2016, when the remaining credits in carry-forward status will expire.

The maximum possible remaining income tax expenditure is $9,188,727. It is very likely that the actual expenditure will be substantially less than that amount.

Disallowances & Recaptures:

VEPC and the Department have diligently upheld statutes 32 V.S.A. §§5930a(m) and 5930h, which guide disallowance and recapture of credits due to failure to meet performance expectations or substantial curtailment of employment, respectively.

The Department also assesses companies and individuals that have improperly applied credits to a current tax return. These assessments are classified as disallowances rather than recaptures. The disallowances most often result from Department and VEPC review of a current year claim pursuant to 32 V.S.A. §5930a(*l*) &(m). Statistics on disallowances are not readily available.

Sales & Use Tax Exemptions:

At the inception of the EATI program, statute allowed four different exemptions from Sales and Use Tax. The fiscal impact of these exemptions is detailed in Table 2-C.

Please note that the exemption for building materials is available to any manufacturing company for purchases greater than $1,000,000. An EATI authorization reduces that threshold to $250,000. Only the additional impact created by the EATI authorization is included in the total.

TABLE 2-C
EATI SALES & USE EXEMPTIONS
1998 - 2008

Exemption and Statute	# Entities Authorized	Estimated Value at Authorization	# Entities that Utilized the Exemption	Actual Revenue Impact to Date	Remaining Exemptions to be Exercised
High Tech Exemption for Personal Computers	3	$248,660	1	$32,705	$0
Sec. 9741(47) - enacted in 2001					
Electricity and Fuels	5	$26,519	2	$395	$0
Sec. 9741(34) - repealed in 1999					
Machinery and Equipment	7	$7,883,900	6	$2,240,685	$0
Sec. 9741(40) - repealed in 1999					
Building Materials (threshhold Reduction)	19	$529,693	11	$323,639	$0
Sec. 9741(39)					
Totals		**$8,688,772**		**$2,597,424**	**$0**

Property Tax Incentives

Table 2-D shows actual forgone Education Fund revenues resulting from stabilization agreements, brownfield exemptions, construction-in-progress exemptions, Tax Increment Financing Districts and property tax allocations. The report calculates actual forgone revenues on grand list values immediately preceding the fiscal year in question.

TABLE 2-D

EATI PROPERTY TAX INCENTIVES
FISCAL YEAR 2000 - FISCAL YEAR 2010

Property Tax Stabilization	$1,397,996
Tax Increment Financing	$5,201,980
Property Tax Allocation	$0
Construction-in-Progress Exemption	$0
Brownfields Exemption	$0
Net Total	$6,599,976

ALL APPLICATIONS AS OF December 31, 2006 - IN CHRONOLOGICAL ORDER

Entity[1]	Month Year Authorized	Total Authorized[2] or Denied	Income Tax Credits	Sales & Use Exemption (Est. value)	Property Tax Incentives (Est. Value)	Years Authorization Expected to be Exercised[3]	Status	County
Glenbrook Manufacturing Company/Glenbrook Realty Partnership dba Hubbardton Forge	Oct-98	$243,150	$232,000	$11,150		1998-2002	Completed	Rutland
Town of Castleton - Hubbarton Forge	Oct-98	$47,400			$47,400	1999-2003	Completed	Rutland
City of South Burlington - IDX	Nov-98	$2,693,000			$2,693,000	1998-2008	Replaced	Chittenden
IDX Systems Corporation and Subsidiaries	Nov-98	$7,587,670	$7,200,170	$387,500		1998-2002	Completed	Chittenden
Stratton Corporation	Nov-98	$0	$0			N/A	Rescinded	Windham
Town of Milton - Husky	Nov-98	$6,808,500			$6,808,500	2000-2009	Completed	Chittenden
Town of Randolph - Quickpull	Nov-98	$25,600			$25,600	1999-2004	Completed	Orange
Business Air, Inc.	Dec-98	$585,700	$375,700	$210,000		1998-2002	Completed	Bennington
Husky Injection Molding Systems, Inc.	Dec-98	$17,919,950	$10,598,100	$7,321,850		August 1998-July 2003	Completed	Chittenden
Mack Molding Company, Inc.	Dec-98	$6,455,600	$6,418,100	$37,500		July 1998 - June 2003	Completed	Bennington
Plastic Technologies of Vermont, Inc./Tab Realty	Dec-98	$168,000	$168,000			1998-2001	Completed	Chittenden
Speciality Filaments, Inc.	Dec-98	$518,200	$518,200			1998-2002	Rescinded	Addison
Tri-Tech USA, Inc.	Dec-98	$301,400	$263,900	$37,500		1998-2002	Completed	Chittenden
Vermont Furniture Designs/AW Rental Properties, LLC	Dec-98	$119,390	$119,390			1998-2002	Completed	Chittenden
Vertek Corporation	Dec-98	$949,200	$949,200			1998-2002	Completed	Chittenden
Subtotal 1998 Authorizations		**$44,422,760**	**$26,842,760**	**$8,005,500**	**$9,574,500**			
Clifford of Vermont, Inc. / Quickpull	Jan-99	$259,200	$259,200			1998-2002	Completed	Windsor
Earth Brothers Ltd. dba Black River Produce	Jan-99	$194,100	$194,100			1998-2002	Completed	Windsor
G.W. Plastics, Inc.	Jan-99	$627,800	$627,800			1998-2002	Completed	Windsor
Kalow Technologies, Inc.	Jan-99	$187,800	$187,700	$100		1998-2002	Completed	Rutland
Leahy Press, Inc.	Jan-99	$139,400	$139,400			1998-2002	Completed	Washington
MacDermid Equipment Inc	Jan-99	$121,000	$121,000			N/A	Rescinded	Windsor
New England Precision, Inc.	Jan-99	$196,700	$196,700			1998-2002	Completed	Orange
Town of Cavendish - Black River Produce	Jan-99	$120,000			$120,000	2000-2009	Rescinded	Windsor
Twincraft, Inc.	Jan-99	$544,300	$544,300			1998-2002	Completed	Chittenden
Abacus Automation/DADZ Realty	Feb-99	$192,679	$155,679	$37,000		1998-2002	Completed	Bennington
Champlain Chocolate Company	Feb-99	$65,952	$65,952			July 1998 - June 2003	Completed	Chittenden
Concepts ETI, Inc.	Feb-99	$507,758	$507,183	$575		1998-2002	Completed	Windsor
Controlled Energy Corporation	Feb-99	$135,285	$135,285			1999-2003	Completed	Washington
K-2 Construction dba North Woods Joinery/Little Grey Rabbit, LLC	Feb-99	$129,928	$129,928			July 1998 - June 2003	Completed	Lamoille
Oak Knoll Assisted Living, LLP	Feb-99	$355,406	$355,406			N/A	Rescinded	Bennington
Town of Bennington - Abacus Automation	Feb-99	$77,963			$77,963	1999-2003	Completed	Bennington
Town of West Rutland - Juvenile Furniture	Feb-99	$23,000			$23,000	N/A	Denied	Rutland
Vermont Precision Woodworks dba MJ Wood Products, Inc.	Feb-99	$186,389	$186,389			1998-2002	Completed	Lamoille
WICOR Americas dba EHV Weidmann	Feb-99	$233,173	$233,173			1999-2003	Completed	Caledonia
CHEMFAB Corporation	Mar-99	$239,021	$239,021			N/A	Rescinded	Bennington
Country Home Products, Inc.	Mar-99	$700,512	$629,624	$70,888		1998-2002	Completed	Addison
IVEK Corporation/Marko Enterprises, LLC	Mar-99	$245,988	$194,075	$51,913		July 1998 - June 2003	Completed	Windsor
Precision Valley Communications Corporation/Sub River Holdings, Inc.	Mar-99	$271,009	$256,503	$14,506		1998-2002	Completed	Windsor
Rhino Foods, Inc.	Mar-99	$92,067	$92,067			1998-2002	Completed	Chittenden
Vermont Fastener Sales Corporation	Mar-99	$157,009	$157,009			1998-2002	Rescinded	Franklin
Stoweflake	Mar-99	$619,600	$619,600			N/A	Denied	Lamoille
Advanced Illumination, Inc.	Apr-99	$49,362	$49,362			1999-2003	Completed	Windsor
Burton Corporation dba Burton Snowboards	Apr-99	$1,870,742	$1,870,742			1999-2003	Completed	Chittenden
Charles E. Tuttle Company, Inc.	Apr-99	$208,651	$208,651			1999-2003	Completed	Rutland
Competitive Computing, Inc.	Apr-99	$576,428	$576,428			1998-2002	Completed	Chittenden

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Entity[1]	Month Year Authorized	Total Authorized[2] or Denied	Income Tax Credits	Sales & Use Exemption (Est. value)	Property Tax Incentives (Est. Value)	Years Authorization Expected to be Exercised[3]	Status	County
H.A. Manosh, Inc.	Apr-99	$190,251	$190,251			1999-2003	Completed	Lamoille
Sands, Taylor & Wood dba King Arthur Flour Company/Sandsland Holding Ltd.	Apr-99	$481,500	$481,500			1998-2002	Completed	Windsor
Northeast Cooperatives	Apr-99	$848,412	$804,135	$44,277		1999-2003	Terminated	Windham
Northern Lights Cable, Inc.	Apr-99	$94,118	$94,118			1998-2002	Rescinded	Bennington
PKC Corporation	Apr-99	$440,938	$440,938			1999-2003	Completed	Chittenden
Village of Essex Junction - Stewart Construction	Apr-99	$16,926			$16,926	N/A	Rescinded	Chittenden
Knight Industries	May-99	$238,852	$238,852			N/A	Rescinded	Rutland
Mylan Technologies, Inc.	May-99	$576,729	$539,229	$37,500		1999-2003	Completed	Franklin
RSD Transportation, Inc.	May-99	$124,940	$124,940			1998-2002	Rescinded	Windsor
Wild Apple Graphics, Ltd.	May-99	$74,308	$74,308			1999-2003	Completed	Windsor
Sugarbush Resort	May-99	$0	$0			N/A	Denied	Washington
Killington Resort	May-99	$0	$0			N/A	Denied	Rutland
Mount Snow Resort	May-99	$0	$0			N/A	Denied	Windham
Okemo Mountain Resort	May-99	$1,282,600	$1,282,600			N/A	Denied	Windsor
Town of Arlington - Keelan Company	May-99	$58,700			$58,700	N/A	Denied	Bennington
Agri-Mark, Inc.	Jun-99	$213,915	$213,915			1999-2003	Completed	Addison
Barry Callebaut USA, Inc.	Jun-99	$180,251	$180,251			1999-2003	Terminated	Franklin
C & S Wholesale Grocers, Inc.	Jun-99	$1,945,642	$1,863,142		$82,500	1999-2003	Completed	Windham
Eveready Battery Company, Inc.	Jun-99	$542,718	$542,718			1999-2003	Completed	Franklin
WCFR Polaris	Jun-99	$72,200	$72,200			N/A	Denied	Windsor
Fab-Tech, Inc.	Jul-99	$311,558	$311,558			1999-2003	Completed	Chittenden
Simonds Precision Products, Inc. dba B.F. Goodrich Aerospace	Aug-99	$2,006,991	$2,006,991			1999-2003	Rescinded	Addison
Bennington Iron Works, Inc.	Aug-99	$58,251	$53,921	$4,330		1999-2003	Completed	Bennington
CRMI, Inc.	Aug-99	$485,810	$485,810			1999-2003	Rescinded	Orleans
Lydall Westex	Aug-99	$119,251	$119,251			1999-2003	Completed	Caledonia
Resolution, Inc.	Aug-99	$1,325,177	$1,325,177			1999-2003	Completed	Chittenden
Town of Bennington - Bennington Iron Works	Aug-99	$15,657			$15,657	2000-2004	Completed	Bennington
Town of St. Johnsbury - Lydall Westex	Aug-99	$301,490			$301,490	2000-2009	Completed	Caledonia
Bond Auto Parts, Inc.	Sep-99	$185,364	$185,364			N/A	Denied	Washington
City of Barre-Bond Auto Parts	Sep-99	$0	$0			N/A	Denied	Washington
First Fiber Corporation	Sep-99	$1,604,248	$1,604,248			N/A	Rescinded	Essex
Madhouse Munchies	Sep-99	$93,675	$93,675			N/A	Rescinded	Windsor
MED Associates, Inc.	Sep-99	$158,524	$121,024	$37,500		1999-2003	Rescinded	Franklin
Town of Randolph - Vermont Pure	Sep-99	$54,400			$54,400	2000-2006	Completed	Orange
Vermont Pure Holdings, Ltd.	Sep-99	$99,199	$99,199			1999-2003	Terminated	Orange
Barry T. Chouinard, Inc.	Oct-99	$107,853	$107,853			1999-2000	Completed	Washington
America's Gardening Resource, Inc. fka Gardener's Supply Company/Gardener's Intervale Partnership	Oct-99	$1,268,818	$1,268,818			1999-2003	Completed	Chittenden
Murphy Realty	Oct-99	$0	$0			N/A	Denied	Caledonia
Northern Power Systems, Inc.	Oct-99	$623,003	$623,003			1999-2003	Terminated	Washington
Superior Technical Ceramics, Inc.	Oct-99	$55,228	$55,228			N/A	Rescinded	Franklin
Food Science Corporation	Nov-99	$553,100	$553,100			N/A	Denied	Chittenden
Sam's Department Store	Nov-99	$0	$0			N/A	Denied	Windham
American Tissue	Dec-99	$1,730,483	$1,730,483			N/A	Rescinded	Essex
Autumn Harp, Inc.	Dec-99	$336,480	$336,480			2000-2004	Completed	Addison
Blodgett Corporation	Dec-99	$3,066,923	$3,066,923			N/A	Replaced	Chittenden
Select Design/Two Wills, LLC	Dec-99	$424,996	$387,496	$37,500		2000-2004	Completed	Chittenden
Subtotal 1999 Authorizations		**$31,697,701**	**$30,610,976**	**$336,089**	**$750,636**			
Asten Johnson Filaments	Jan-00	$362,189	$362,189			2000-2004	Completed	Chittenden
Cornell Trading, Inc.	Jan-00	$581,642	$581,642			2000-2004	Terminated	Chittenden
Sheftex U.S.A., Inc.	Jan-00	$275,336	$275,336			N/A	Terminated	Caledonia
Tansitor Electronics, Inc.	Jan-00	$679,515	$679,515			2000-2004	Completed	Bennington
Town of St. Johnsbury - Sheftex	Jan-00	$0			$0	N/A	Denied	Caledonia
U.S. Tsubaki, Inc.	Jan-00	$146,815	$146,815			1999-2003	Completed	Bennington
Vermont Fasteners Manufacturing Corporation	Feb-00	$364,128	$364,128			2000-2004	Rescinded	Franklin
Tuttle Law Print, Inc.	Mar-00	$157,721	$157,071	$650		2000-2004	Completed	Rutland

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Entity[1]	Month Year Authorized	Total Authorized[2] or Denied	Income Tax Credits	Sales & Use Exemption (Est. value)	Property Tax Incentives (Est. Value)	Years Authorization Expected to be Exercised[3]	Status	County
City of Montpelier - Cabot Creamery, Inc.(Admin Blg.)	Apr-00	$43,700			$43,700	2001-2006	Completed	Washington
City of Newport - Newport Pediatrics and Adolescent Medicine	Apr-00	$15,158			$15,158	2001-2007	Completed	Orleans
Vermont Precision Tools, Inc.	Apr-00	$471,500	$434,000	$37,500		2000-2004	Completed	Franklin
National Hanger Company	May-00	$271,215	$271,215			2000-2004	Completed	Bennington
Town of Hartford - Madhouse Munchies	May-00	$0			$0	N/A	Denied	Windsor
Mass Bay Brewing Company dba Harpoon Brewery/Windsor Vermont Properties, LLC	Jun-00	$170,942	$170,942			2000-2004	Completed	Windsor
Riser Management Systems, LLP	Jun-00	$1,293,490	$1,293,490			2000-2004	Rescinded	Chittenden
Northeast Cooperatives	Jul-00	$353,652	$311,602	$42,050		2000-2004	Rescinded	Windham
Allan's Vending Company	Aug-00	$14,906	$14,906			N/A	Denied	Windsor
Huber & Suhner Corporation	Aug-00	$2,479,102	$2,441,602	$37,500		2000-2004	Rescinded	Chittenden
T. Copeland & Sons/Copeland Properties, LLC	Aug-00	$372,453	$372,453			2000-2004	Completed	Orange
Town of Hartford - Allan's Vending	Aug-00	$14,906			$14,906	2001-2005	Completed	Windsor
Hanover Capital Management/Aldrich House Associates, LLC	Sep-00	$1,339,220	$1,339,220			2000-2004	Completed	Windsor
North East Precision	Sep-00	$324,345	$324,345			2000-2004	Rescinded	Caledonia
Town of Hartford - Hanover Capital Management	Sep-00	$91,700			$91,700	2001-2005	Completed	Windsor
Northern Lights Cable, Inc. (Subsequently Krone Optical; ADC Optical)	Oct-00	$1,820,243	$1,820,243			2000-2004	Completed	Bennington
H. Hirschmann, LTD	Nov-00	$83,774	$83,774			2001-2005	Completed	Rutland
Preci Manufacturing, Inc.	Nov-00	$1,420,500	$1,420,500			N/A	Denied	Chittenden
City of Burlington - Gilbane	Dec-00	$1,461,700		$0	$1,461,700	N/A	Replaced	Chittenden
Stratford Publishing, Inc.	Dec-00	$336,601	$314,101	$22,500		2001-2005	Rescinded	Windham
Subtotal 2000 Authorizations		**$14,946,453**	**$13,179,089**	**$140,200**	**$1,627,164**			
Town of Stowe - Stoweflake	Jan-01	$0			$0	N/A	Denied	Lamoille
Blodgett Corporation	Apr-01	$1,069,093	$1,069,093			N/A	Rescinded	Chittenden
City of Burlington - Gilbane	Apr-01	$1,551,709			$1,551,709	2002-2011	Rescinded	Chittenden
Global Z International, Inc.	Apr-01	$50,266	$50,266			2001-2005	Completed	Bennington
Integrated Vision, Inc.	Apr-01	$973,411	$973,411			2001-2005	Rescinded	Caledonia
Town of Bennington - Global Z Intl	Apr-01	$19,520			$19,520	2002-2005	Completed	Bennington
Vermont Slate and Copper Services, Inc.	Apr-01	$28,900	$28,900			2001-2005	Completed	Lamoille
American Flatbread Company	Jun-01	$67,367	$67,367			N/A	Rescinded	Washington
Mobile Medical International Corporation	Jun-01	$1,103,466	$1,103,466			2001-2005	Completed	Caledonia
New England Precision, Inc.	Jun-01	$82,148	$82,148			2001-2005	Completed	Orange
Town of Northfield - Paine Consulting	Jun-01	$1,900			$1,900	N/A	Denied	Washington
Hancor, Inc.	Nov-01	$44,354	$44,354			2002-2006	Completed	Windsor
Subtotal 2001 Authorizations		**$4,992,134**	**$3,419,005**	**$0**	**$1,573,129**			
Ascension Technology Corporation	Jan-02	$367,848	$367,848			2002-2006	Terminated	Chittenden
Homebound Mortgage, Inc.	Jan-02	$1,860,261	$1,860,261			2002-2006	Terminated	Chittenden
Vermont Composites, Inc.	Mar-02	$457,970	$452,320	$5,650		2002-2006	Completed	Bennington
GSP Coatings, Inc.	Mar-02	$96,600	$96,600			N/A	Denied	Windham
GSP Coatings, Inc.	Apr-02	$108,435	$108,435			2002-2006	Terminated	Windham
Town of Berlin - Connor Group	Apr-02	$93,300			$93,300	2003-2012	Replaced	Washington
BF Acquisitions, LLC	May-02	$967,427	$967,427			2002-2006	Rescinded	Windsor
Dubois & King, Inc.	May-02	$268,046	$268,046			2002-2006	Replaced	Orange
Town of Randolph - Dubois & King	May-02	$108,700			$108,700	2004-2013	Replaced	Orange

ALL APPLICATIONS AS OF December 31, 2006 - IN CHRONOLOGICAL ORDER

Entity[1]	Month Year Authorized	Total Authorized[2] or Denied	Income Tax Credits	Sales & Use Exemption (Est. value)	Property Tax Incentives (Est. Value)	Years Authorization Expected to be Exercised[3]	Status	County
Vermont Machine Tool Corporation	May-02	$1,461,282	$1,461,282			N/A	Rescinded	Windsor
NASTECH, Inc.	Jun-02	$811,588	$811,588			2002-2006	Completed	Bennington
Vermont Machine Tool Corporation	Jun-02	$316,408	$316,408			2002-2006	Terminated	Windsor
Bourne & Koch, Inc.	Jul-02	$118,643	$118,643			2002-2006	Completed	Windsor
Mary Meyer Corporation/ Mary Grace, LLC	Jul-02	$73,857	$73,857			2002-2006	Terminated	Windham
Preci Manufacturing, Inc.	Jul-02	$223,080	$223,080			2002-2006	Completed	Windsor
Speciality Filaments, Inc.	Jul-02	$806,956	$752,956	$37,500	$16,500	2002-2006	Rescinded	Addison
Tivoly, Inc.	Aug-02	$465,918	$465,918			2002-2006	Terminated	Orleans
Town of Waterbury - Green Mountain Coffee Roasters	Sep-02	$200,127			$200,127	2003-2012	Rescinded	Washington
Town of Waitsfield - Northern Power Systems, Inc.	Sep-02	$151,876			$151,876	2003-2012	Completed	Washington
North Hartland LLC	Nov-02	$192,177	$192,177			N/A	Denied	Windsor
Sonnax Industries, Inc./Neil Joseph, LLC	Nov-02	$725,332	$725,332			2002-2006	Completed	Windham
Ellsworth Ice Cream, Inc./Ellsworth Ice Cream of Vermont, LLC	Dec-02	$408,550	$408,550			2003-2007	Terminated	Windsor
Hampton Direct, Inc.	Dec-02	$365,508	$365,508			2003-2007	Completed	Chittenden
Subtotal 2002 Authorizations		**$10,649,889**	**$10,036,236**	**$43,150**	**$570,503**			
Cornell Trading, Inc./Pike River, Inc/Cornell Campus, LLC	Jan-03	$1,786,498	$1,786,498			2003-2007	Replaced	Chittenden
Energizer Battery Manufacturing, Inc.	Jan-03	$526,232	$526,232			2003-2005	Completed	Franklin
MicroData GIS, Inc.	Feb-03	$374,587	$374,587			2003-2007	Completed	Caledonia
Vermont Quality Wood Products, Inc.	Feb-03	$712,680	$712,680			2003-2007	Replaced	Rutland
Dirigo Paper Company	Mar-03	$517,835	$517,835			2003-2007	Replaced	Essex
Evergreen Paper Company/Phoenix Paper Company	Mar-03	$592,452	$592,452			2003-2007	Rescinded	Caledonia
Town of Berlin - Connor Group	Mar-03	$142,428			$142,428	2004-2012	Active	Washington
Hubbardton Forge Corporation/Glenbrook Realty Partnership	May-03	$579,621	$579,621			2003-2007	Completed	Rutland
Mylan Technologies, Inc.	May-03	$2,426,152	$2,388,652	$37,500		April 2003-March 2008	Completed	Franklin
Moore Wallace, Inc.	May-03	$162,167	$162,167			2003-2007	Replaced	Bennington
Vermont Quality Wood Products, Inc.	May-03	$687,455	$687,455			2003-2007	Terminated	Rutland
Town of St. Johnsbury - Caledonia Kiln	May-03	$9,308			$9,308	N/A	Denied	Caledonia
R.J. Wright Dolls, Inc./Nisus, LLC	May-03	$284,614	$284,614			2003-2007	Completed	Bennington
Husky Injection Molding Systems, Inc.	Jun-03	$505,556	$505,556			Aug 2003 - July 2008	Terminated	Chittenden
Verilux, Inc.	Jun-03	$293,879	$293,879			2003-2007	Completed	Washington
General Dynamics Armaments and Technical Products, Inc.	Jul-03	$3,634,587	$3,418,087	$216,500		2003 - 2007	Completed	Chittenden
Hummel America, Inc.	Jul-03	$163,488	$163,488			2003 - 2007	Rescinded	Chittenden
Vermont Plywood, LLC	Jul-03	$150,775	$150,775			2003 - 2007	Terminated	Addison
Vermont Soapstone, LLC	Jul-03	$41,391	$41,391			2003 - 2007	Terminated	Windham
Bromley Brook School, Inc.	Aug-03	$567,230	$567,230			2003-2007	Terminated	Bennington
New England Dairy Processing Coop	Aug-03	$87,218	$87,218			2003-2007	Rescinded	Windsor
Twincraft, Inc./Asch Enterprises, LLC	Aug-03	$884,573	$884,573			2003-2007	Terminated	Chittenden
Vermont Telephone Company	Sep-03	$182,940	$182,940			N/A	Denied	Windsor
EHM Production, Inc.	Nov-03	$166,756	$166,756			2004-2007	Completed	Orleans
City of Montpelier - Cabot Creamery (Dist Ctr)	Nov-03	$259,760			$259,760	2004-2013	Active	Washington
Subtotal 2003 Authorizations		**$15,740,182**	**$15,074,686**	**$254,000**	**$411,496**			
Cornel Trading, Inc./Pike River, Inc./Cornel Main Street, LLP	Jan-04	$1,272,420	$1,272,420			2004-2008	Rescinded	Chittenden
Dubois & King, Inc.	Jan-04	$36,300	$36,300			Nov 2003-Oct 2008	Completed	Orange

ALL APPLICATIONS AS OF December 31, 2006 - IN CHRONOLOGICAL ORDER

Entity[1]	Month Year Authorized	Total Authorized[2] or Denied	Income Tax Credits	Sales & Use Exemption (Est. value)	Property Tax Incentives (Est. Value)	Years Authorization Expected to be Exercised[3]	Status	County
Green Mountain Coffee Roasters, Inc.	Jan-04	$2,090,500	$2,090,500			Jan 2004 - Sept 2008	Completed	Washington
High Pond Woodworking, LLC	Jan-04	$127,827	$127,827			2004-2008	Terminated	Rutland
Town of Randolph - Dubois & King	Jan-04	$190,203			$190,203	April 2004 - April 2013	Active	Orange
Dirigo Paper Company, Inc.	Feb-04	$517,835	$517,835			Feb 2004-Dec 2008	Terminated	Essex
Moore/Wallace Computers, Inc.	Feb-04	$162,167	$162,167			May 2003-Dec 2007	Terminated	Bennington
Stedfast, Inc.	Feb-04	$330,035	$330,035			Feb 2004-Dec 2008	Replaced	Franklin
IDX Systems Corporation and Subsidiaries	Mar-04	$3,759,522	$3,434,622	$324,900		Mar 2004-Dec 2008	Rescinded	Chittenden
City of South Burlington - IDX	Mar-04	$1,241,661			$1,241,661	Mar 2004-Dec 2013	Rescinded	Chittenden
CIC Corporation	Apr-04	$19,915	$19,915			April 2004-Dec 2008	Rescinded	Windham
Lydall Thermal Acoustical, Inc.	Apr-04	$243,329	$243,329			April 2004-Dec 2008	Rescinded	Caledonia
Town of St. Johnsbury - Lydall	Apr-04	$140,000			$140,000	April 2005 - April 2015	Rescinded	Caledonia
Vermont Cheesecake Company	Apr-04	$194,085	$194,085			April 2004-Dec 2008	Rescinded	Windsor
General Abrasives, Inc.	May-04	$110,256	$110,256			May 2004-Jun 2008	Completed	Windsor
Nexus Custom Electronics, Inc.	May-04	$258,231	$258,231			May 2004-Jun 2008	Rescinded	Rutland
Ringmaster Software Corporation	May-04	$418,568	$418,568			May 2004-Dec 2008	Completed	Chittenden
Visual Learning Company	Jun-04	$85,205	$85,205			June 2004-Dec 2008	Completed	Rutland
Town of Randolph - Micropack	Jun-04	$46,900			$46,900	Apr 2004-Mar 2008	Completed	Orange
Autumn Harp Inc.	Jul-04	$768,061	$768,061			July 2004-Dec 2008	Completed	Addison
Barry Callebaut USA, LLC	Jul-04	$801,306	$801,306			July 2004-Aug 2008	Rescinded	Franklin
Sunhill Foods of Vermont, Inc.	Jul-04	$365,388	$365,388			N/A	Denied	Franklin
96 degrees, Inc. dba Drew's All Natural	Aug-04	$99,209	$99,209			Aug 2004-Dec 2008	Rescinded	Windsor
Ellison Surface Technologies, Inc.	Aug-04	$440,029	$440,029			Aug 2004-Dec 2008	Terminated	Rutland
TCC, LCC dba American Traders	Sep-04	$73,981	$73,981			Sep 2004-Dec 2008	Terminated	Windham
Leo D. Bernstein and Sons, Inc. dba Bernstein Display/TFB Realty	Sep-04	$400,707	$400,707			Sep 2004-Dec 2008	Replaced	Bennington
VERMED, Inc.	Sep-04	$543,012	$543,012			Sep 2004-Nov 2008	Completed	Windham
Leo D. Bernstein and Sons, Inc. dba Bernstein Display/TFB Realty	Oct-04	$517,982	$517,982			Oct 2004-Dec 2008	Completed	Bennington
FiberTip, LLC	Oct-04	$93,252	$93,252			Oct 2004-Dec 2008	Completed	Bennington
PBM Nutrionals, LLC	Oct-04	$2,755,595	$2,755,595			Oct 2004-Dec 2008	Completed	Franklin
Mass Bay Brewing Company, LLC dba Harpoon Brewery	Nov-04	$83,395	$83,395			Jan 2005-Dec 2009	Rescinded	Windsor
Pratt & Whitney Engine Services, Inc.	Nov-04	$548,022	$548,022			Jan 2005-Dec 2009	Rescinded	Chittenden
City of South Burlington - Pratt & Whitney	Nov-04	$549,000			$549,000	Jan 2005-Dec 2014	Rescinded	Chittenden
Simport Plastics, LTD	Dec-04	$1,286,407	$1,286,407			Jan 2005-Dec 2009	Rescinded	Franklin
Stedfast, Inc.	Dec-04	$540,006	$540,006			Jan 2005-Dec 2009	Rescinded	Franklin
Subtotal 2004 Authorizations		**$21,110,311**	**$18,617,647**	**$324,900**	**$2,167,764**			
Clinical Neuroscience Research Associates, Inc.	Jan-05	$98,446	$98,446			Jan 2005-Dec 2009	Completed	Bennington
Energizer Battery Manufacturing, Inc.	Jan-05	$2,523,192	$2,523,192			Jan 2005-Dec 2009	Completed	Franklin
Vermont Tissue, LLC	Mar-05	$548,643	$548,643			March 2005-Dec 2009	Rescinded	Bennington
Sonic Circus, Inc.	Apr-05	$67,373	$67,373			April 2005-Dec 2009	Completed	Windham
Flex-A-Seal, Inc.	Sep-05	$163,437	$163,437			Sept 2005-Dec 2009	Terminated	Chittenden
Acrylic Designs, Inc.	Oct-05	$84,749	$84,749			Jan 2006 - Dec 2010	Completed	Windsor
TSL USA, LLC	Oct-05	$214,925	$214,925			Jan 2006 - Dec 2010	Completed	Chittenden
Vermont Culinary Islands, Inc.	Dec-05	$87,461	$87,461			Jan 2006 - Dec 2010	Completed	Windham
Rhino Foods, Inc./Zoo Holdings, LLC	Dec-05	$1,140,132	$1,095,132	$45,000		Jan 2006 - Dec 2010	Completed	Chittenden
Champlain Chocolate Company dba Lake Champlain Chocolates/James Edward Company, LLC	Dec-05	$980,824	$935,824	$45,000		Jan 2006 - Dec 2010	Completed	Chittenden
Subtotal 2005 Authorizations		**$5,909,182**	**$5,819,182**	**$90,000**	**$0**			

ALL APPLICATIONS AS OF December 31, 2006 - IN CHRONOLOGICAL ORDER

Entity[1]	Month Year Authorized	Total Authorized[2] or Denied	Income Tax Credits	Sales & Use Exemption (Est. value)	Property Tax Incentives (Est. Value)	Years Authorization Expected to be Exercised[3]	Status	County
Champlain Cable Corporation	Feb-06	$972,296	$927,296	$45,000		Feb 2006 - Dec 2010	Rescinded	Chittenden
Town of Colchester -Champlain Cable Corporation	Feb-06	$41,047			$41,047	April 2007 - March 2011	Rescinded	Chittenden
Dealer Dot Com, Inc.	Feb-06	$208,489	$197,329	$11,160		Feb 2006 - Dec 2010	Completed	Chittenden
West Mountain Animal Hospital, Inc./Fauna Development, LLC	Mar-06	$151,744	$151,744			N/A	Denied	Bennington
Sentient Corporation	Mar-06	$182,475	$161,475	$21,000		March 2006 - Dec 2010	Completed	Chittenden
Via Cheese, LLC fka L.F. Acquisition, LLC	May-06	$772,862	$763,862	$9,000		May 2006 - Dec 2010	Rescinded	Franklin
Town of Swanton - via Cheese, LLC fka L.F. Acquisition, LLC	May-06	$116,557			$116,557	April 2007 - March 2011	Rescinded	Franklin
J.S. Burgess, Inc. dba Lucas Industries/ABW Partnership	May-06	$184,509	$184,509			May 2006 - Dec 2010	Completed	Windsor
Dale of Norway, Inc.	May-06	$56,748	$56,748			May 2006 - Dec 2010	Completed	Chittenden
Plasan USA, Inc.	Jul-06	$1,064,461	$1,064,461			July 2006 - Dec 2010	Completed	Bennington
Biocardel Vermont, LLC.	Sep-06	$534,522	$534,522			Sept 2006 - Dec 2010	Terminated	Franklin
Autumn Harp, Inc.	Sep-06	$627,534	$627,534			Sept 2006 - Dec 2010	Completed	Chittenden
Jeld-Wen, Inc.	Dec-06	$488,737	$488,737			Dec 2006 - Dec 2010	Terminated	Windsor
Subtotal 2006 Authorizations		**$5,401,981**	**$5,158,217**	**$86,160**	**$157,604**			

TOTALS	Total Authorized or Denied	Income Tax Credits	Sales & Use Exemption (Est.	Property Tax Incentives (Est.	Number of Applications
ALL APPLICATIONS CONSIDERED					
OCTOBER 1998 - December, 2006:	**$154,870,593**	**$128,757,798**	**$9,279,999**	**$16,832,796**	237
LESS - TOTAL DENIED	$5,230,027	$5,137,119	$0	$92,908	25
LESS - TOTAL REPLACED	$11,601,591	$7,244,891	$0	$4,356,700	12
Subtotal	**$16,831,618**	**$12,382,010**	**$0**	**$4,449,608**	37
EQUALS = TOTAL AUTHORIZED	**$138,038,975**	**$116,375,788**	**$9,279,999**	**$12,383,188**	173
LESS- TOTAL RESCINDED	$34,700,192	$30,150,715	$555,950	$3,993,527	55
LESS - TOTAL TERMINATED	$11,554,635	$11,510,358	$44,277	$0	27
EQUALS =TOTAL NET INCENTIVES AUTHORIZED FOR Oct 1998 through Dec 2016	**$91,784,148**	**$74,714,715**	**$8,679,772**	**$8,389,661**	**118**
TOTAL COMPLETED INCENTIVES AS OF DECEMBER 2010	$91,191,757	$74,714,715	$8,679,772	$7,797,270	115
TOTAL ACTIVE INCENTIVES AS OF DECEMBER 2010	$592,391	$0	$0	$592,391	3

FOOTNOTES AND STATUS EXPLANATION:

(1) Entity name at time of authorization

(2) Property tax stabilization, Allocation and TIF awards are estimates

(3) Unless otherwise noted, award period begins the first day of the month incentives are authorized and expires December 31 of the fifth year.

Active = Application was approved. Project activity is ongoing and still within period authorized to earn incenitive.

Completed = Application was approved. Authorization period is completed. Company may still have credits in carryforward. Credits may have been disallowed and/or recaptured, but some credits were utilized.

Denied = VEPC did not approve application for reason given in "Explanation" column.

Replaced = Company filed and VEPC approved an application that replaced the original application. The original authorization is null and void.

Rescinded = Application was approved, but subsequently rescinded after economic activity had begun but before any credits were claimed.

Terminated = Application was approved, but subsequently terminated and **all** credits were disallowed and/or recaptured. No credits were utilized

Produced in-house by the staff of the

Vermont Economic Progress Council

and Vermont Department of Taxes

1 BALDWIN STREET,
MONTPELIER, VT 05633-5701

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VII

STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members

From: Nathan Lavery, Fiscal Analyst

Date: July 1, 2011

Subject: Small Grant & Gift Quarterly Report

In accordance with the provisions of 32 V.S.A. § 5(a)(3), the Joint Fiscal Office is required to submit quarterly reports for small grant and gift requests with a value of $5,000 or less.* For the quarter ending June 30, 2011, the Joint Fiscal Office received notification of the following items:

1. $3,000.00 grant from the American Association of Motor Vehicle Administrators (AAMVA) to the Agency of Transportation. This funding will support participation in the North American Driver Licensing Comparative Data for AAMVA Knowledge Bank.
   [JFO received 1/21/2011]

32 V.S.A. § 5(a)(3):
(3) This section shall not apply to the acceptance of grants, gifts, donations, loans, or other things of value with a value of $5,000.00 or less, or to the acceptance by the department of forests, parks and recreation of grants, gifts, donations, loans, or other things of value with a value of $15,000.00 or less, provided that such acceptance will not incur additional expense to the state or create an ongoing requirement for funds, services, or facilities. The secretary of administration and joint fiscal office shall be promptly notified of the source, value, and purpose of any items received under this subdivision. The joint fiscal office shall report all such items to the joint fiscal committee quarterly.

* Act 146 of the Acts of 2009 Adj. Session (2010), Sec. B.15 amended 32 V.S.A. § 5(a)(3) to permit the Department of Forests, Parks and recreation to accept grants with a value of up to $15,000 under the "small grants" procedure. This change was part of the "Challenges for Change" initiative.

1 BALDWIN STREET,
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STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members

From: Nathan Lavery, Fiscal Analyst

Date: April 1, 2011

Subject: Small Grant & Gift Quarterly Report

In accordance with the provisions of 32 V.S.A. § 5(a)(3), the Joint Fiscal Office is required to submit quarterly reports for small grant and gift requests with a value of $5,000 or less.* For the quarter ending March 31, 2011, the Joint Fiscal Office received notification of the following items:

1. $400.00 grant from Washington Electric Co-Op to the Agency of Agriculture, Food & Markets. This funding will support the Farm First program's efforts to provide Vermont dairy producers support and resources for a range of issues, including legal, financial, and family issues.
   [JFO received 1/21/2011]

2. $1,000.00 grant from Yankee Farm Credit to the Agency of Agriculture, Food & Markets. This funding will support the Farm First program's efforts to provide Vermont dairy producers support and resources for a range of issues, including legal, financial, and family issues.
   [JFO received 3/8/2011]

3. $1,000.00 grant from St. Albans Cooperative Creamery to the Agency of Agriculture, Food & Markets. This funding will support the Farm First program's efforts to provide Vermont dairy producers support and resources for a range of issues, including legal, financial, and family issues.
   [JFO received 3/8/2011]

4. $3,500.00 grant from Agency of Human Services to the Office of the Attorney General. This funding will be used to train first responders on best practices for responding to and investigating incidents of child abuse.
   [JFO received 3/21/2011]

32 V.S.A. § 5(a)(3):
(3) This section shall not apply to the acceptance of grants, gifts, donations, loans, or other things of value with a value of $5,000.00 or less, or to the acceptance by the department of forests, parks and recreation of grants, gifts, donations, loans, or other things of value with a value of $15,000.00 or

* Act 146 of the Acts of 2009 Adj. Session (2010), Sec. B.15 amended 32 V.S.A. § 5(a)(3) to permit the Department of Forests, Parks and recreation to accept grants with a value of up to $15,000 under the "small grants" procedure. This change was part of the "Challenges for Change" initiative.

less, provided that such acceptance will not incur additional expense to the state or create an ongoing requirement for funds, services, or facilities. The secretary of administration and joint fiscal office shall be promptly notified of the source, value, and purpose of any items received under this subdivision. The joint fiscal office shall report all such items to the joint fiscal committee quarterly.

VIII

City of Burlington
Vermont

OFFICE OF THE CLERK/TREASURER

City of Burlington

City Hall, Room 20, 149 Church Street, Burlington, VT 05401 Voice (802) 865-7000
Fax (802) 865-7014
TTY (802) 865-7142

June 30, 2011

Senator Ann Cummings
Chair Joint Fiscal Committee
The Legislative Joint Fiscal Committee
One Baldwin Street
Montpelier, VT 05633-5701

To Senator Cummings:

The City of Burlington is filing their 2nd annual Tax Increment District (TIF) report in accordance with the Joint Fiscal Committee approved requirements. There are four requirements. This letter addresses each of them.

a) City annual payment to Education Fund: 25% times the new tax increment is due the State. April 1, 2010 is the baseline. There is no tax increment using the April 1, 2011 grand list for properties used to calculate the new increment. There were changes in the Marriot properties. Increment on the Marriot properties are excluded from the annual payment calculation. The annual payment due December 10, 2011 is zero.
b) A listing of each parcel within the Waterfront TIF District and the 1996 original taxable value, the 2010 extended base value, and the most recent values for all homestead and nonresidential property. This listing is attached as Exhibit A. This listing also specifies which properties are exempt from the new calculation.
c) A history of all of the TIF revenue and debt service payments. This listing is attached as Exhibit B.
d) Details of new debt authorized including repayment schedules. No new debt was issued in the TIF district during Fiscal Year 2011.

Sincerely,

Marie J. Friedman

Marie J. Friedman, CPA

EXHIBIT A

CITY OF BURLINGTON, VERMONT					April 1, 2011			
Tax Increment Financing District Listing			1996	April 1, 2010	GRAND LIST		April 1, 2011	
	LOCATION AND		ORIGINAL	WATERFRONT TIF	EXEMPT	OLD FORMULA	WATERFRONT TIF	NEW
Account #	DESCRIPTION	Property Owner	BASE VALUE	BASE VALUE	PROPERTIES	INCREMENT	GRAND LIST	INCREMENT
HOMESTEAD PROPERTIES								
043-4-009-001	216 Lake St Unit 101	CARPENTER ANN	76,000	178,300		102,300	178,300	-
043-4-009-003	216 Lake St - Unit 103	WEISS GAYLE	75,000	178,300		103,300	178,300	-
043-4-009-004	216 Lake St Unit 104	GLASER Adam T	75,000	178,300		103,300	178,300	-
043-4-009-007	216 Lake St - Unit 107	SANTACROCE KRISTINE	75,000	178,300		103,300	178,300	-
043-4-009-013	216 Lake St - Unit 303	CLOSE TERRY	75,000	178,300		103,300	178,300	-
043-4-009-014	216 Lake St - Unit 304	Eichhorn WILLIAM	75,000	178,300		103,300	178,300	-
043-4-009-015	216 Lake St - Unit 305	DRINKWINE USCHI	90,000	207,300		117,300	207,300	-
043-4-010-004	200 Lake St UNIT4	HILL John	-	570,400		570,400	570,400	-
043-4-010-005	200 Lake St UNIT5	HOROWITZ NORMAN	-	561,100		561,100	561,100	-
043-4-010-006	200 Lake St UNIT6	URBANOWSKI FRANK	191,800	565,900		374,100	565,900	-
043-4-010-007	200 Lake St UNIT7	MCGLENN THOMAS D	191,800	560,100		368,300	560,100	-
043-4-010-010	200 Lake St UNIT10	VAN WEES JOHANNES	191,800	576,900		385,100	576,900	-
043-4-010-012	200 Lake St UNIT12	GREENBERD DAVID	-	617,400		617,400	617,400	-
043-4-010-013	200 Lake St UNIT13	DACYSHYN GREGORY ANNE MARIE	-	610,600		610,600	610,600	-
049-1-080-003	1 Steele St #3 RES CONDO	PIPER ADAM D	-	167,000		167,000	167,000	-
049-1-080-004	1 Steele St #4 RES CONDO	STEWART CARYL J	-	265,000		265,000	265,000	-
049-1-080-006	3 Main Street Apt. #2	DAVIS J STAIGE	-	466,600		466,600	466,600	-
049-1-080-007	1 Main Street Unit 2	WALLMAN ELIZABETH ROSALIE &	-	459,800		459,800	459,800	-
		Subtotal Homestead Value	**1,116,400**	**6,697,900**		**5,581,500**	**6,697,900**	-
Properties exempt from April 1, 2010 TIF baseline								
044-2-145-201	35 Cherry ST 201	WORKMAN, PATRICK R	-	450,700	427,500	427,500	427,500	N/A
044-2-145-303	35 Cherry ST 303	DUCKMAN, SHARON	-	473,500	442,600	442,600	442,600	N/A
044-2-145-304	35 Cherry ST 304	Patterson, John and Melinda	-	519,100	498,100	498,100	498,100	N/A
044-2-145-401	35 Cherry ST 401	Brown, Margaret	-	542,100	531,600	531,600	531,600	N/A
044-2-145-403	35 Cherry ST 403	Milne John and Catherine	-	546,800	536,300	536,300	536,300	N/A
044-2-145-601	35 Cherry ST 601	Church, NED	-	619,300	619,300	619,300	619,300	N/A
044-2-145-603	35 Cherry ST 603	BEILSTEIN, THOMAS AND LISA	-	602,700	602,700	602,700	602,700	N/A
044-2-145-604	35 Cherry ST 604	Bolanis Andrew and Anne	-	681,900	674,800	674,800	674,800	N/A
044-2-145-701	35 Cherry ST 701	Wertheimer Allan and Susan	-	652,200	652,200	652,200	652,200	N/A
044-2-145-702	35 Cherry ST 702	HYDE, MERCY R	-	618,900	629,000	629,000	629,000	N/A
044-2-145-703	35 Cherry ST 703	COUCH II EDWARD W	-	427,100	629,100	629,100	629,100	N/A
044-2-145-804	35 Cherry ST 804	Lawrence, BRADLEY	-	732,600	700,800	700,800	700,800	N/A
044-2-145-901	35 Cherry ST 901	RUSSELL JUDITH T	-	829,600	743,100	743,100	743,100	N/A
044-2-145-902	35 Cherry ST 902	Glen Don and Mira	-	1,170,100	972,500	972,500	972,500	N/A
	Subtotal Homestead Exempt Properties Value		-	**8,866,600**	**8,659,600**	**8,659,600**	**8,659,600**	-
		Total Homestead Value	**1,116,400**	**15,564,500**	**8,659,600**	**14,241,100**	**15,357,500**	-

EXHIBIT A

CITY OF BURLINGTON, VERMONT					April 1, 2011			
Tax Increment Financing District Listing			1996	April 1, 2010	GRAND LIST		April 1, 2011	
	LOCATION AND		ORIGINAL	WATERFRONT TIF	EXEMPT	OLD FORMULA	WATERFRONT TIF	NEW
Account #	DESCRIPTION	Property Owner	BASE VALUE	BASE VALUE	PROPERTIES	INCREMENT	GRAND LIST	INCREMENT
NON-RESIDENTIAL PROPERTIES								
043-3-208-001	300 Lake St - Apts 40 units	Waterfront Housing Limited	-	2,259,800		2,259,800	2,259,800	-
043-4-009-002	216 Lake St - Unit 102	Mowery Danielle	75,000	178,300		103,300	178,300	-
043-4-009-005	216 Lake St - Unit 105	Peter Pryor	80,000	178,300		98,300	178,300	-
043-4-009-006	216 Lake St Unit 106	CARR DEBRA	80,000	178,300		98,300	178,300	-
043-4-009-008	216 Lake St - Unit 108	CHARKALIS JAMES VINCENT	75,000	178,300		103,300	178,300	-
043-4-009-009	216 Lake St Unit 109	BRODMAN VERA	75,000	178,300		103,300	178,300	-
043-4-009-010	216 Lake St - Unit 110	STANESCU CATHERINE	80,000	178,300		98,300	178,300	-
043-4-009-011	216 Lake St - Unit 301	RIMASH Tamare	80,000	178,300		98,300	178,300	-
043-4-009-012	216 Lake St - Unit 302	BRODMAN DOROTHY	75,000	178,300		103,300	178,300	-
043-4-010-000	Initial value before being subdivided	HARBOR INVESTMENTS (Mossman)	490,000	-		(490,000)	-	-
043-4-010-001	200 Lake St UNIT1	Grant MELVIN	-	570,400		570,400	570,400	-
043-4-010-002	200 Lake St UNIT2	LOCKWOOD JR WILLIAM	-	568,600		568,600	568,600	-
043-4-010-003	200 Lake St UNIT3	Mcnally John & Christine	-	570,400		570,400	570,400	-
043-4-010-008	200 Lake St UNIT8	DEVEREUX ANDREA	191,800	561,100		369,300	561,100	-
043-4-010-009	200 Lake St UNIT9	ROTH CHARLES D	191,800	561,100		369,300	561,100	-
043-4-010-011	200 Lake St UNIT11	PLANTER BEVERLY	-	609,600		609,600	609,600	-
043-4-010-014	200 Lake St UNIT14	HALPERIN MICHAEL ARLENE	-	695,800		695,800	695,800	-
043-4-010-015	200 Lake St UNIT15	DAY JOHN JANE	-	665,000		665,000	665,000	-
043-4-010-016	200 Lake St UNIT16	SLANINA AND JAECKLE	-	698,000		698,000	698,000	-
044-2-001-000	102 Lake Street	Lake & College LLC	805,700	1,575,300		769,600	1,575,300	-
044-2-002-000	112 Lake Street	Haigh Mill Associates	1,765,900	2,014,100		248,200	2,014,100	-
044-2-003-000	86 Lake Street	Lake Street Assoiciates	1,743,800	1,712,400		(31,400)	1,712,400	-
044-2-014-001	67 Burlington Square - MACY'S	The May Department Stores Co	3,100,000	11,123,400		8,023,400	11,123,400	-
044-2-145-000	35 Cherry Street Exempt (common Land)	Westlake Residential Partnership	-	-		-	-	-
044-4-004-000	49 Church Street - MALL	The Burlington Town Center LLC	18,244,300	20,837,900		2,593,600	20,837,900	-
044-4-004-001	5 Burlington Square - Office BLDG	DK Burlington Town Center LTD	2,800,000	4,117,100		1,317,100	4,117,100	-
044-4-005-000	37 Church ST - Old Navy Clothing Store	Pomerleau Antonio	1,600,800	3,437,200		1,836,400	3,437,200	-
049-1-075-000	197-209 Battery Street	Stone Store Holdings LLC	2,525,400	3,138,100		612,700	3,138,100	-
049-1-076-000	181 Battery Street (Restaurant)	Spillane Llowell & Susan G	396,700	851,300		454,600	851,300	-
049-1-078-000	0 King ST - Ferry dock	Lake Champlain Transportation	1,782,500	3,816,400		2,033,900	3,816,400	-
049-1-079-000	171 - 177 Battery ST - Office Building	Tarwood NV	866,400	1,555,600		689,200	1,555,600	-
049-1-080-000	1 Main Street - Commercial Office Bldg	Main Street Landing Company	2,300,200	5,858,200		3,558,000	5,858,200	-
049-1-080-001	1 Steele St - 1 RES CONDO	Hart Richard	-	270,000		270,000	270,000	-
049-1-080-002	1 Steele St #2 RES CONDO	LAWRENCE JOHANNA & EMILY	-	167,000		167,000	167,000	-
049-1-080-005	1 Main Street - Commercial Office Bldg	Main Street Landing Company	-	471,500		471,500	471,500	-
049-1-080-008	1 Main Street - Commercial Office Bldg	Main Street Landing Company	-	474,000		474,000	474,000	-
049-1-081-000	Cornell Trading Upgrade	Cornell Main Street LP	845,400	1,080,800		235,400	1,080,800	-
049-1-082-000	117 Battery ST - conv store	Spillane Llowell & Susan G	422,300	923,400		501,100	923,400	-
049-1-086-000	60 Lake ST	Lake and College LLC	603,500	7,754,500		7,151,000	7,754,500	-
		Subtotal Non-Homestead Value	**41,296,500**	**80,364,400**	-	**39,067,900**	**80,364,400**	-
044-2-145-001	35 Cherry Street Parking condo	Westlake Residential Partners LLC	-	129,700	129,700	129,700	129,700	N/A
044-2-145-202	35 Cherry ST 202	CONNOR WATSON M	-	439,100	416,500	416,500	416,500	N/A
044-2-145-203	35 cherry ST 203	Stonehenge Investment Corporation INC	-	499,300	467,600	467,600	467,600	N/A
044-2-145-204	35 Cherry ST 204	Mossman, Barry	-	573,300	511,000	511,000	511,000	N/A
044-2-145-301	35 Cherry ST 301	KATZ HENRY	-	568,800	479,900	479,900	479,900	N/A
044-2-145-302	35 Cherry ST 302	Stonehenge Investment Corporation INC	-	554,900	463,200	463,200	463,200	N/A
044-2-145-402	35 Cherry ST 402	PODESTA, CAROLE L	-	527,800	517,700	517,700	517,700	N/A
044-2-145-404	35 Cherry ST 404	Krinsky, Terry and Laquer Brenda	-	557,600	552,700	552,700	552,700	N/A
044-2-145-501	35 Cherry ST 501	Greenberg Norman and Selma	-	598,500	566,400	566,400	566,400	N/A

EXHIBIT A

CITY OF BURLINGTON, VERMONT					April 1, 2011			
Tax Increment Financing District Listing			1996	April 1, 2010	GRAND LIST		April 1, 2011	
	LOCATION AND		ORIGINAL	WATERFRONT TIF	EXEMPT	OLD FORMULA	WATERFRONT TIF	NEW
Account #	DESCRIPTION	Property Owner	BASE VALUE	BASE VALUE	PROPERTIES	INCREMENT	GRAND LIST	INCREMENT
044-2-145-502	35 Cherry ST 502	MCNAMARA MICHAEL	-	386,500	537,900	537,900	537,900	N/A
044-2-145-503	35 Cherry ST 503	ROBINSON OLIN	-	568,300	537,900	537,900	537,900	N/A
044-2-145-504	35 Cherry ST 504	Hubbell, Richard and Dale, Rosemary	-	637,900	609,500	609,500	609,500	N/A
044-2-145-602	35 Cherry ST 602	KESSEL KERRY R	-	415,900	610,500	610,500	610,500	N/A
044-2-145-704	35 Cherry ST 704	Carolyn A Chandler Revocable Trust	-	714,900	696,600	696,600	696,600	N/A
044-2-145-801	35 Cherry ST 801	Marier Robert and Joanne	-	694,800	684,000	684,000	684,000	N/A
044-2-145-802	35 Cherry ST 802	McDonnell James and Marion	-	683,100	665,700	665,700	665,700	N/A
044-2-145-803	35 Cherry ST 803	Westlake Residential Partners LLC	-	468,200	665,700	665,700	665,700	N/A
044-2-145-904	35 Cherry ST 904	Dousecvicz Carol	-	1,092,200	1,092,200	1,092,200	1,092,200	N/A
044-2-146-000	25 Cherry Street	BURLINGTON HARBOR HOTEL	-	16,268,700	16,833,400	16,833,400	16,833,400	N/A
	Subtotal Non-Homestead Exempt Properties Value		-	**26,379,500**	**27,038,100**	**27,038,100**	**27,038,100**	-
		Total Homestead Value	**41,296,500**	**106,743,900**	**27,038,100**	**66,106,000**	**107,402,500**	-
		Total Non-Residential Value	**41,296,500**	**106,743,900**		**66,106,000**	**107,402,500**	-
		Total Homestead Value	**1,116,400**	**15,564,500**		**14,241,100**	**15,357,500**	-
		GRAND TOTAL	**42,412,900**	**122,308,400**		**80,347,100**	**122,760,000**	-

Note: The Waterfront TIF new TIF increment, created by Act 54, has no new properties. The properties that increased were were related to the Marriot which is one of two properties that is exempt from the formula for payment to the education fund in lieu of tax increment.

EXHIBIT B

urlington Tax Increment Financing (TIF) District

of TIF Revenues and TIF Debt Service payments

								Unaudited	
003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
,294	**618,581**	**821,877**	**614,141**	**905,051**	**1,221,466**	**1,369,839**	**1,488,197**	**1,547,093**	**9,515,173**
				(163,177)					(163,177)
-		750,000	250,000	250,000	250,000				2,500,000
,845									229,498
	144,037								144,037
,139	762,618	1,571,877	864,141	991,874	1,471,466	1,369,839	1,488,197	1,547,093	12,225,531
),167	116,518	107,893	108,847	100,049	163,304	14,692	72,694	71,741	1,166,141
	12,765	26,410	26,446	26,411	26,411	26,411	26,411	26,411	197,676
,855	102,980	105,957	106,470	106,470	104,026	106,447	108,604	105,591	1,291,694
,559	535,131	535,884	545,816	540,031	548,529	551,104	298,067	299,640	5,694,432
,250	34,040	33,802	33,537	33,247	32,930	34,035	33,585	33,590	359,269
				330,194	635,194	632,994	635,393	632,193	2,865,968
					3,195		3,125	2,875	9,195
								8,448	8,448
,831	801,434	809,946	821,116	1,136,402	1,513,589	1,365,683	1,177,879	1,180,489	11,592,823
,692)	**(38,816)**	**761,931**	**43,025**	**(144,528)**	**(42,123)**	**4,156**	**310,318**	**366,604**	**632,708**
,859)	**(666,675)**	**95,256**	**138,281**	**(6,247)**	**(48,370)**	**(44,214)**	**266,104**	**632,708**	

s of Participation debt service in TIF District

IX

Division of Fire Safety
Vermont Fire Academy
317 Academy Road, East Cottage
Pittsford, VT 05763-9358
www.vtfiresafety.org
(phone) (802) 483-2755
(fax) (802) 483-2464

Department of Public Safety

FY 11 Training Report
July 7, 2011

Firefighter I programs:

County:	Host FD:	Course Name:	Students Started	Students Certified
Addison	Middlebury	Firefighter I	27	15
Bennington	Bennington	Firefighter I	14	7
Chittenden	Essex Town	Firefighter I	24	22
Chittenden	Hinesburg	Firefighter I	17	10
Franklin/Lamoille	Sheldon	Firefighter I	14	13
Orange	VTC **	Firefighter I	17	11
Orleans/Essex	Newport City	Firefighter I	23	19
Rutland	Pittsford	Firefighter I – On Line	23	12
Washington	Northfield	Firefighter I	26	16
Windsor	Teago	Firefighter I	22	17
			194	142
Firefighter II programs:				
Addison	Vergennes	Firefighter II	25	20
Chittenden	Williston**	Firefighter II	23	20
Lamoille	Stowe**	Firefighter II	13	10
Washington	Barre City	Firefighter II	25	21
Windsor	Springfield	Firefighter II	20	17
** for compiling student numbers only, locally supported			128	88
Firefighter I/II program:				
Essex County	Concord FD	Firefighter I / II	22	15
Fire Instructor I: (2 programs – Arlington, VFA)			20	14
Fire Officer I: Brattleboro FD			17	17
Advanced Fire Behavior: (9 programs)		Flashover	148	139
Hazardous Materials Programs:				
Awareness – 4 programs			108	93
Operations – 15 programs			345	309
Flammable Gas Emergencies - 2 programs			43	32
			496	434
Technical Rescue:				
Water Rescue Awareness (x 2, Brattleboro, Montpelier)			57	57
2 Interior Shoring @ VFA - VT USAR Team			69	69
2 Exterior Shoring @ VFA – VT USAR Team			66	66
1 Trench Rescue Operations @ VFA – VT USAR			18	18
1 Trench Operations – Train the Trainer @ VFA VT USAR Team			11	6
1 Rope Rescue Operations – St. Johnsbury			25	25
			246	241
National Fire Academy Programs:				N/A
Juvenile Firesetter Intervention			10	
Incident Safety Officer (2 programs)			56	
Training Operations for Small Departments			18	
Decision Making for Initial Company Officers - TTT			20	
Leadership I			37	
Leadership II			36	
Leadership III			18	
			195	

Respectfully Submitted
James Litevich, Chief Fire Service Training Officer

IX

State of Vermont
Schedule of ACTUALS Ledger Appropriation Expenditures
Summarized by Budget Line and Fund
For the fiscal year to June 30, 2011

Includes period 998*

Business Unit: 02140
Business Unit Name: Public Safety
Dept ID: 2140043100
Appropriation: DPS-FS-FST-Administration

Account	Account Description	Total	10000 General Fund	21120 Fire Service Training Council	21125 Haz Chem & Subst Emerg Resp	21500 Inter-Unit Transfers Fund	22005 Federal Revenue Fund	By Fund Total
500000	Classified Employees	328,724.90	261,107.47	47,090.53	-	-	20,526.90	328,724.90
500010	Exempt	71,172.00	60,628.00	10,544.00	-	-	-	71,172.00
500040	Temporary Employees	272,621.27	-	178,917.12	-	-	93,704.15	272,621.27
500060	Overtime	70,000.65	13,638.59	33,214.79	-	-	23,147.27	70,000.65
500070	Shift Differential	4.30	-	2.78	-	-	1.52	4.30
Salaries & Wages		742,523.12	335,374.06	269,769.22	-	-	137,379.84	742,523.12
501000	FICA - Classified Employees	26,788.26	20,711.56	3,878.55	-	-	2,198.15	26,788.26
501010	FICA - Exempt	5,481.99	4,668.14	813.85	-	-	-	5,481.99
501040	FICA - Temporaries	23,713.67	-	15,410.56	-	-	8,303.11	23,713.67
501500	Health Ins - Classified Empl	54,528.62	48,116.30	6,412.32	-	-	-	54,528.62
502000	Retirement - Classified Empl	55,195.27	42,778.78	7,986.11	-	-	4,430.38	55,195.27
502010	Retirement - Exempt	10,858.13	9,237.53	1,620.60	-	-	-	10,858.13
502500	Dental - Classified Employees	2,897.86	2,340.31	403.46	-	-	154.09	2,897.86
502510	Dental - Exempt	481.02	414.90	66.12	-	-	-	481.02
503000	Life Ins - Classified Empl	1,286.84	978.42	132.17	-	-	176.25	1,286.84
503010	Life Ins - Exempt	295.62	261.51	34.11	-	-	-	295.62
503510	LTD - Exempt	94.08	94.08	-	-	-	-	94.08
504000	EAP - Classified Empl	219.76	169.77	23.85	-	-	26.14	219.76
504010	EAP - Exempt	28.54	25.15	3.39	-	-	-	28.54
505200	Workers Comp - Ins Premium	49,255.98	6,363.13	38,184.64	-	-	4,708.21	49,255.98
Fringe Benefits		231,125.64	136,159.58	74,969.73	-	-	19,996.33	231,125.64
506200	Other Pers Serv	10,435.00	-	-	-	-	10,435.00	10,435.00
Per Diem & Other Personal Services		10,435.00	-	-	-	-	10,435.00	10,435.00
507500	Contr&3rd Pty-Physical Health	1,275.00	-	1,275.00	-	-	-	1,275.00
507550	Contract & 3rd Party-Info Tech	4,640.00	-	4,640.00	-	-	-	4,640.00
507600	Other Contr and 3rd Pty Serv	2,026.76	-	2,026.76	-	-	-	2,026.76
Contracted & 3rd Party Services		7,941.76	-	7,941.76	-	-	-	7,941.76
510000	Water/Sewer	209.40	-	84.40	-	-	125.00	209.40
510200	Disposal	135.00	-	135.00	-	-	-	135.00
510220	Recycling	7.00	-	7.00	-	-	-	7.00
Property Mangement Services		351.40	-	226.40	-	-	125.00	351.40
512300	Rep & Maint - Motor Vehicles	35,142.51	-	33,990.95	-	-	1,151.56	35,142.51
512400	Rep&Maint-Grds & Constr Equip	567.35	-	567.35	-	-	-	567.35
513000	Rep&Maint-Info Tech Hardware	776.72	-	531.72	-	-	245.00	776.72
513200	Other Repair & Maint Serv	624.80	-	1,012.37	(387.57)	-	-	624.80
Repair & Maintenance Services		37,111.38	-	36,102.39	(387.57)	-	1,396.56	37,111.38
514500	Rental of Equipment & Vehicles	4,527.16	-	4,527.16	-	-	-	4,527.16
514650	Rental - Office Equipment	2,499.73	-	2,499.73	-	-	-	2,499.73
515000	Rental - Other	1,052.40	-	1,052.40	-	-	-	1,052.40
515010	Fee For Space Charge	293,268.24	-	293,268.24	-	-	-	293,268.24
Rentals		301,347.53	-	301,347.53	-	-	-	301,347.53
516000	Insurance other than Empl Bene	1,227.22	-	1,215.64	-	-	11.58	1,227.22
516010	Insurance - General Liability	6,664.13	-	6,268.90	-	-	395.23	6,664.13
516020	Insurance - Auto	4,202.49	-	4,202.49	-	-	-	4,202.49
516500	Dues	5,774.00	-	5,774.00	-	-	-	5,774.00
516600	Communications	3,014.20	-	3,014.20	-	-	-	3,014.20
516651	Telecom-Data Telecom Services	(300.98)	-	(300.98)	-	-	-	(300.98)
516652	Telecom-Telephone Service	1,466.84	-	1,466.84	-	-	-	1,466.84
516670	IT Inter Svc Cost DII Other	2,997.66	-	2,943.63	-	-	54.03	2,997.66
516671	IT Inter Svc Cost-VISION/ISD	4,652.36	-	4,067.53	-	-	584.83	4,652.36

516672	IT Inter Svc Cost DII Telephon	7,204.00	-	8,484.46	(1,280.46)	-	-	7,204.00
517000	Printing and Binding	1,810.73	-	511.58	-	-	1,299.15	1,810.73
517005	Printing & Binding-BGS Copy Ct	5,710.75	-	-	-	-	5,710.75	5,710.75
517100	Registration for Meetings&Conf	3,305.75	-	2,367.00	-	-	938.75	3,305.75
517200	Postage	4,437.06	-	3,137.06	-	-	1,300.00	4,437.06
517300	Freight & Express Mail	422.05	6.33	415.72	-	-	-	422.05
518000	Travel-Inst-Auto Mileage-Emp	51,119.96	221.40	34,308.37	-	-	16,590.19	51,119.96
518020	Travel-Inst-Meals-Emp	284.05	-	119.84	-	-	164.21	284.05
518030	Travel-Inst-Lodging-Emp	251.20	-	142.20	-	-	109.00	251.20
518320	Travel-Inst-Meals-Nonemp	2,808.00	-	288.00	-	-	2,520.00	2,808.00
518330	Travel-Inst-Lodging-Nonemp	4,176.00	-	-	-	-	4,176.00	4,176.00
518530	Travel-Outst-Lodging-Emp	109.00	-	-	-	-	109.00	109.00
518540	Travel-Outst-Incidentals-Emp	143.50	11.50	132.00	-	-	-	143.50
519000	Other Purchased Services	15,518.69	-	2,158.69	-	-	13,360.00	15,518.69
Purchased Services		126,998.66	239.23	80,717.17	(1,280.46)	-	47,322.72	126,998.66
520000	Office Supplies	22,660.78	-	17,512.58	-	-	5,148.20	22,660.78
520100	Vehicle & Equipment Supplies	919.83	-	919.83	-	-	-	919.83
520105	Tires	304.70	-	304.70	-	-	-	304.70
520110	Gasoline	11,547.70	2,293.65	9,254.05	-	-	-	11,547.70
520120	Diesel	6,767.09	-	6,767.09	-	-	-	6,767.09
520200	Building Maintenance Supplies	839.82	-	211.38	-	-	628.44	839.82
520500	Other General Supplies	9,511.68	-	3,063.26	-	-	6,448.42	9,511.68
520520	Cloth & Clothing	2,488.47	-	2,488.47	-	-	-	2,488.47
520540	Educational Supplies	24,412.25	-	12,069.10	-	-	12,343.15	24,412.25
520550	Electronic	475.75	-	475.75	-	-	-	475.75
520590	Fire, Protection & Safety	24,657.05	-	10,764.54	-	-	13,892.51	24,657.05
520700	Food	3,418.74	-	189.75	-	-	3,228.99	3,418.74
521100	Electricity	632.74	-	632.74	-	-	-	632.74
521500	Books&Periodicals-Library/Educ	49,951.98	-	25,494.58	-	-	24,457.40	49,951.98
521800	Household, Facility&Lab Suppl	806.69	-	806.69	-	-	-	806.69
521810	Medical and Lab Supplies	48.80	-	48.80	-	-	-	48.80
Supplies		159,444.07	2,293.65	91,003.31	-	-	66,147.11	159,444.07
522200	Hardware-Other Info Technology	10,867.89	9,832.62	1,035.27	-	-	-	10,867.89
522216	Hardware-Desktop & Laptop PCs	933.80	-	933.80	-	-	-	933.80
522400	Other Equipment	17,654.36	-	334.31	-	-	17,320.05	17,654.36
522410	Office Equipment	711.00	-	711.00	-	-	-	711.00
522420	Educational Equipment	5,645.00	-	-	-	-	5,645.00	5,645.00
522440	Safety Supplies & Equipment	(3,176.25)	-	-	-	-	(3,176.25)	(3,176.25)
522600	Vehicles	44,394.00	-	34,896.00	-	-	9,498.00	44,394.00
522700	Furniture & Fixtures	6,147.14	-	6,147.14	-	-	-	6,147.14
Equipment		83,176.94	9,832.62	44,057.52	-	-	29,286.80	83,176.94
523620	Single Audit Allocation	638.04	-	519.52	-	14.61	103.91	638.04
523640	Registration & Identification	2,158.31	-	2,158.31	-	-	-	2,158.31
Other Operating Expenses		2,796.35	-	2,677.83	-	14.61	103.91	2,796.35
Interest Expense		-	-	-	-	-	-	-
551060	Late Interest Charge	89.12	-	89.12	-	-	-	89.12
Late Interest Charge		89.12	-	89.12	-	-	-	89.12
Property		-	-	-	-	-	-	-
Infrastructure Assets		-	-	-	-	-	-	-
550500	Other Grants	55,000.00	55,000.00	-	-	-	-	55,000.00
Grants		55,000.00	55,000.00	-	-	-	-	55,000.00
Non-Operating		-	-	-	-	-	-	-
Debt Service		-	-	-	-	-	-	-
Agency Fund Payments		-	-	-	-	-	-	-
Other Financing Uses		-	-	-	-	-	-	-
Expense Total		1,758,340.97	538,899.14	908,901.98	(1,668.03)	14.61	312,193.27	1,758,340.97

X

VERMONT

Agency of Human Services

VERMONT Blueprint for Health

Smart choices. Powerful tools.

Department of Vermont Health Access
Division of Health Care Reform
312 Hurricane Lane, Suite 201
Williston, VT 05495
hcr.vermont.gov
[phone] 802-879-5901

MEMORANDUM

TO: Senator Ann Cummings, Chair,
Representative Martha Heath, Vice Chair, and
Members of the Legislative Joint Fiscal Committee

CC: Jeb Spaulding, Secretary, Agency of Administration
Doug Racine, Secretary, Agency of Human Services
Susan Besio, Commissioner, Department of Vermont Health Access
Robin Lunge, Director of Health Care Reform

FROM: Hunt Blair, Director, Division of Health Reform & State HIT Coordinator

DATE: June 30, 2011

RE: Act 63, Sec. G.100: Report on the Health Care Information Technology Reinvestment Fee

On behalf of Secretary Spaulding, I am pleased to provide the Joint Fiscal Committee with this brief Report on the status of the Health Information Technology (HIT) Fund.

The digitization and exchange of clinical health information is fundamental to improved health care quality, safety, efficiency, and effectiveness. The HIT Fund, originally enacted in 2008 as 8 V.S.A. § 4089k, was established in recognition of the critical need to support development of the HIT infrastructure required to support Vermont's health reform initiatives.

The Fund collects "0.199 of one percent of all health insurance claims paid by the health insurer for its Vermont members in the previous fiscal year." As enacted, the Fund sunsets on July 1, 2015. Section 4089k(e), as amended by Act 63 of 2011, requires the Secretary of Administration to "assess the adequacy of funding and make recommendations to the Joint Fiscal Committee concerning the appropriateness of the duration of the health care information technology reinvestment fee" in a Report due June 30, 2011.

The activity of the Fund is detailed below, but the recommendations can be easily summarized. The Vermont HIT Fund represents the best state policy in the nation for fairly supporting the distributed costs of Health Information Technology (HIT) and Health Information Exchange (HIE) and should be continued at least through 2015. It is seen as a model for the nation, with other states actively considering legislation to establish similar assessments.

Enactment of the Vermont Health IT Fund happily anticipated (albeit inadvertently) the direction of federal HIT policy. Less than a year after passage of the Vermont's HIT Fund, the American Recovery &

Reinvestment Act and its HITECH Act subsection created unprecedented federal funding for the support of HIT and HIE, including substantial incentives for the adoption and meaningful use of Electronic Health Record (EHR) systems.

The new ARRA funding resources are critically important and valuable; however, those federal investments contain requirements for state matches for grants, cooperative agreements, and other HIT-HIE funding opportunities. Vermont is currently unique among the 50 states in having access to non-General Fund resources to supply those matches, thanks to the Health IT Fund.

As importantly, the federal HIT resources limit funding of EHR systems to support for hospitals, physicians, and certain other eligible professionals. Excluded are: mental health and substance abuse providers, long term care providers, home health, and many other non-physician / non-hospital professionals. Here too, Vermont is uniquely well positioned to utilize the Fund to support HIT and HIE for the full continuum of health care providers, all of whom are essential to our delivery system transformation.

HIT is a critical enabler of this transformation; the State seeks to wire the "neural network" of its health care system to provide real time, and close-to-real time, clinical and financial information for the management of the health care system *as a system.* The goal is to create a fully integrated digital infrastructure for a learning health system to improve care, improve health, and reduce costs. Without HIT, health reform will not succeed.

Health IT Fund Income & Expenses to date:

SFY	Income	Expenditures	Balance
SFY 09*	1,725,506	1,404,447	321,059
SFY 10	2,462,828	127,389	2,656,498
SFY 11**	2,872,581	549,723	4,979,356

* - Q2-Q3-Q4 only

** - as of 6/28/11

Why so few expenditures to date? Primarily because the federal grant resources for support of HIE have been so generous (but time limited), the State has conserved HIT Fund resources that would otherwise have gone to support VITL (Vermont Information Technology Leaders, Inc.), operator of the statewide Vermont Health Information Exchange (VHIE) network, banking current HIT Fund revenue for future years when federal HIE grants end.

In addition, DVHA did not provide significant grant funding to other organizations and providers in SFY11 because they have not been ready to utilize HIT funding effectively. Non-hospital and non-physician providers and organizations are still developing their HIT deployment and implementation strategies. In addition, the non-medical EHR market is still maturing.

Many of the EHR systems designed for mental health, home health, long term care, and other "full spectrum providers" do not yet meet federal standards for certification and interoperability (e.g., the capacity to "talk" to other EHR systems). Rather than "spend money for the sake of spending money," as State HIT Coordinator, I have worked closely with a broad group of stakeholders to cultivate readiness in anticipation of providing HIT Fund grants when those expenditures could be fully justified and executed in a timely fashion. Because of the work over the past year with Vermont's providers, the time for those expenditures is imminent, as the table of projected SFY12 expenditures shown on the next page details.

Projected SFY 12 Health IT Fund Income & Expenses:

SFY	Income	Expenditures		Balance
SFY 12	3,000,000			7,979,356
		EHR Incentive Program Operations / Staffing Match	250,000	
		Provider Directory, Other AHS HIT-HIE Infrastructure	250,000	
		HIT & Health Reform Portfolio Planning & Management	200,000	
		Match for GC to support Blueprint IT and VITL	1,585,659	
		Match for federal ONC grant to VITL	157,865	
		Match for Health Center Controlled Network HRSA grant to Bi-State	452,143	
		SASH HIT Staff	97,980	
		Council of Developmental & Mental Health Services Planning grant	100,000	
			3,093,647	
		Full Spectrum Provider EHR grant program, other health reform IT	4,000,000	
		Total SFY12 *Projected* Expenses	7,093,647	885,709

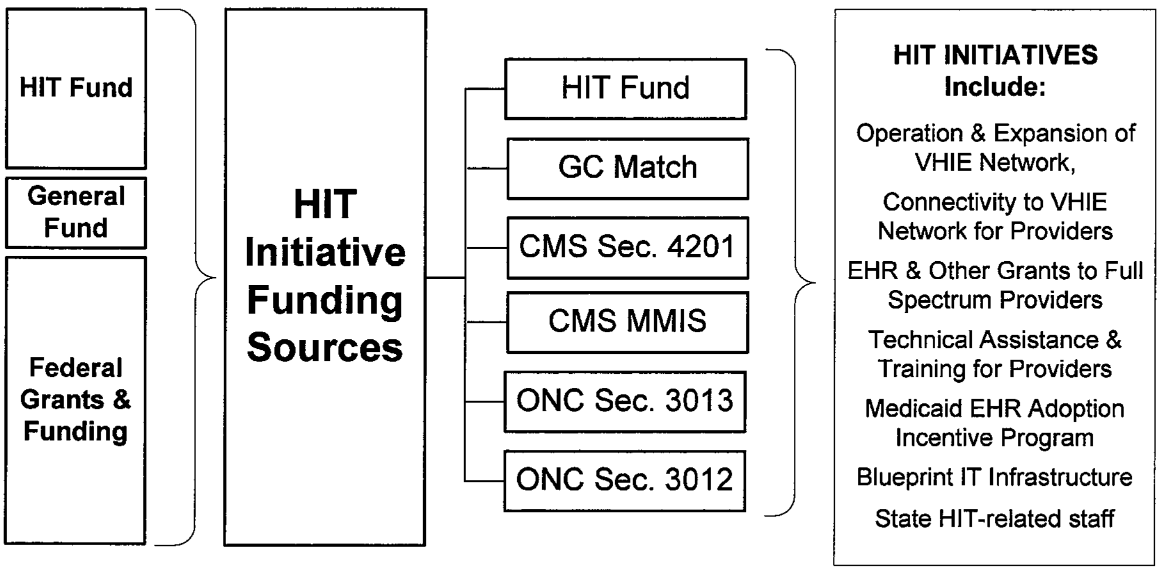
As shown above, HIT expenditures will ramp up significantly in the upcoming State Fiscal Year:

- $250,000 to support the Medicaid EHR Incentive Program (which has 100% federal funds for the Incentive payments themselves) but which has 90/10 funding for administration of the Program, including staffing, processing of payments, audits and other compliance / program integrity functions.
- $250,000 to support HIT-HIE related development of the AHS Enterprise infrastructure, including development and implementation of a State Provider Directory that will be utilized by VITL for the HIE, as well as by DVHA for both the Health Benefit Exchange and the Medicaid Enterprise.
- $200,000 for Health Reform IT-related planning and development efforts in support of Section 10 of Act 48.
- $1.5M not otherwise federally matched HIT funds which can be leveraged to $3.5M through the GC MCO investment mechanism. These funds then support the Blueprint IT infrastructure (the Covisint / DocSite clinical registry and data repository) and funding to VITL to support interface development between Blueprint site EHR systems and Covisint / DocSite and other services, significantly extending the impact of HIT Fund resources.
- $157,865 to VITL as state match for their federal grant from the Office of the National Coordinator of HIT (ONC) to operate the Regional Extension Center, which provides technical assistance to physicians and Critical Access Hospitals to implement and meaningfully use EHR systems.
- $452,143 to Bi-State Primary Care Association as state match for their federal grant from the Health Resources & Services Administration (HRSA) which funds interfaces to VITL and Blueprint connectivity for Vermont's network of Community Health Centers.
- $97,980 to Cathedral Square Corporation to support HIT staffing for the SASH (Support & Services at Home) program, extending the Blueprint for Health to serve Vermonters at and nearby non-profit and public housing sites.
- $100,000 for an HIT planning grant for the development of EHR connectivity for the Designated Agencies that is expected to result in a proposal for an additional funding request.

In addition, as noted above, the State is poised to fund significant investments in EHR and other HIT-HIE connectivity projects for the "full spectrum providers" not eligible for the federal EHR Incentive Program. This funding will support new EHR systems, EHR upgrades, HIE interfaces for connectivity and interoperability with other HIT systems, such as the Blueprint IT infrastructure. The Designated Agencies, as well as private mental health & substance abuse providers, nursing homes, residential care homes, adult day care, the Area Agencies on Aging, home health, and other community-based partners in health care provision and the care management and care coordination efforts of the Blueprint will be targeted for these grant opportunities. This resource will also be available to provide small grants to Blueprint communities to assist with HIT implementation not paid through other sources.

It should also be noted that the federal funding leveraged through the HIT Fund matches includes just over $11 million dollars (over four years) from the ONC for the State HIE Cooperative Agreement and the Regional Extension Center Cooperative Agreement, and an anticipated $7,000,000 from CMS in SFY 12 alone.

In conclusion, as this diagram illustrates, the HIT Fund is a lynch-pin to leveraging substantial HIT resources in support of Vermont's health reform initiatives to improve quality and reduce costs, should be continued at least through 2015, and should potentially be extended beyond its current sunset date.



8 V.S.A. § 4089k. Health care information technology reinvestment fee

(a)(1) Beginning October 1, 2009 and annually thereafter, each health insurer shall pay a fee into the health IT fund established in 32 V.S.A. § 10301 in the amount of 0.199 of one percent of all health insurance claims paid by the health insurer for its Vermont members in the previous fiscal year ending June 30. The annual fee shall be paid in quarterly installments on October 1, January 1, April 1, and July 1.

(2) On or before September 1, 2009 and annually thereafter, the secretary of administration, in consultation with the commissioner of banking, insurance, securities, and health care administration, shall publish a list of health insurers subject to the fee imposed by this section, together with the paid claims amounts attributable to each health insurer for the previous fiscal year. The costs of the department of banking, insurance, securities, and health care administration in calculating the annual claims data shall be paid from the Vermont health IT fund.

(b) It is the intent of the general assembly that all health insurers shall contribute equitably to the health IT fund established in 32 V.S.A. § 10301. In the event that the fee established in subsection (a) of this section is found not to be enforceable as applied to third party administrators or other entities, the fee amounts owed by all other health insurers shall remain at existing levels and the general assembly shall consider alternative funding mechanisms that would be enforceable as to all health insurers.

(c) As used in this section:

(1) "Health insurance" means any group or individual health care benefit policy, contract, or other health benefit plan offered, issued, renewed, or administered by any health insurer, including any health care benefit plan offered, issued, renewed, or administered by any health insurance company, any nonprofit hospital and medical service corporation, or any managed care organization as defined in 18 V.S.A. § 9402. The term includes comprehensive major medical policies, contracts, or plans and Medicare supplemental policies, contracts, or plans, but does not include Medicaid, VHAP, or any other state health care assistance program financed in whole or in part through a federal program, unless authorized by federal law and approved by the general assembly. The term does not include policies issued for specified disease, accident, injury, hospital indemnity, dental care, long-term care, disability income, or other limited benefit health insurance policies.

(2) "Health insurer" means any person who offers, issues, renews or administers a health insurance policy, contract, or other health benefit plan in this state, and includes third party administrators or pharmacy benefit managers who provide administrative services only for a health benefit plan offering coverage in this state. The term does not include a third party administrator or pharmacy benefit manager to the extent that a health insurer has paid the fee which would otherwise be imposed in connection with health care claims administered by the third party administrator or pharmacy benefit manager. The term also does not include a health insurer with a monthly average of fewer than 200 Vermont insured lives.

(d)(1) The secretary of administration may adopt such rules and issue such orders as are necessary to carry out the purposes of this section and 32 V.S.A. § 10301, including those related to administration of the health IT-fund and collection of the fee established in subsection (a) of this section.

(2) If any health insurer fails to pay the fee established in subsection (a) of this section within 45 days after notice from the secretary of administration of the amount due, the secretary of administration, or his or her designee, shall notify the commissioner of banking, insurance, securities, and health care administration of

the failure to pay. In addition to any other remedy or sanction provided for by law, if the commissioner finds, after notice and an opportunity to be heard, that the health insurer has violated this section or any rule or order adopted or issued pursuant to this section, the commissioner may take any one or more of the following actions:

(A) Assess an administrative penalty on the health insurer of not more than $1,000.00 for each violation and not more than $10,000.00 for each willful violation;

(B) Order the health insurer to cease and desist in further violations; or

(C) Order the health insurer to remediate the violation, including the payment of fees in arrears and payment of interest on fees in arrears at the rate of 12 percent per annum.

(e) No later than June 30, 2011, the secretary of administration, or his or her designee, shall assess the adequacy of funding and make recommendations to the commission joint fiscal committee concerning the appropriateness of the duration of the health care information technology reinvestment fee. (Added 2007, No. 192 (Adj. Sess.), § 7.005; amended 2009, No. 61, § 18; 2009, No. 137 (Adj. Sess.), § 27, eff. May 29, 2010.)

XI

MEMORANDUM

TO: Joint Fiscal Committee
Mental Health Oversight Committee

FROM: Christine M. Oliver, Commissioner
Department of Mental Health

DATE: July 13, 2011 (THIS IS THE FIRST QUARTER REPORT FOR JFC THAT HAS NOT BEEN LOCATED IN THE JFC FILE. IT IS BEING SUBMITTED IN JULY TO COMPLETE THE RECORD.)

RE: **Act 43 of 2009 Required Updates on the Secure Recovery Residence**

The Department of Mental Health (DMH) provides this quarterly update on progress toward developing a secure residential facility to replace 15 Vermont State Hospital beds. On January 5, 2011, the Commissioner of BISHCA issued a Certificate of Need to DMH subject to the project description, a construction start date within two years of the CON, and full implementation within five years. Please find the Final Statement of Decision at http://www.bishca.state.vt.us/sites/default/files/10-001-HFinalSOD.pdf and Certificate of Need at http://www.bishca.state.vt.us/sites/default/files/10-001-HFinalCON.pdf.

As the Governor indicated in his budget address, development of a secure residential program has been suspended. Replacement of the existing Vermont State Hospital with a state-of-the-art health care facility appropriate to its clinical mission, expansion of acute inpatient capacity at the Brattleboro Retreat, and partnerships with community hospitals are being explored. This assessment is required prior to moving forward with a single component of an overall plan for VSH replacement.

Accordingly, DMH has initiated planning for a VSH replacement facility while seeking to determine the interest in and viability of partnerships with the Brattleboro Retreat and community hospitals.

MEMORANDUM

TO: Joint Fiscal Committee
Mental Health Oversight Committee

FROM: Christine M. Oliver, Commissioner
Department of Mental Health

DATE: July 13, 2011

RE: **Act 43 of 2009 Required Updates on the Secure Recovery Residence**

This quarterly update advises the Joint Fiscal and Mental Health Oversight committees on the status of the secure residential recovery program for which the Department of Mental Health was issued a Certificate of Need on January 5, 2011. Reference documents are at http://www.bishca.state.vt.us/sites/default/files/10-001-HFinalSOD.pdf and http://www.bishca.state.vt.us/sites/default/files/10-001-HFinalCON.pdf.

The proposed facility was designed to serve a target population of Vermont State Hospital patients. This target population for whom a 15-bed secure recovery residence (SRR) was intended had decreased in size to the point that the need was insufficient to justify building the facility. In addition, moving forward with the SRR would not address the overall need to replace the Vermont State Hospital. The Department of Mental Health suspended the project in January 2011 and has spent no money on developing the plans authorized by the CON. Replacement of the existing Vermont State Hospital with a state-of-the-art health care facility, development of acute, VSH-level inpatient psychiatric capacity at the Brattleboro Retreat, and potential partnerships with community hospitals and mental health agencies are being assessed.

The acute inpatient capacity needs at Vermont State Hospital is under continuing review; however, determinations of bed capacity for VSH-replacement programs and facilities have not been made. An integrated care model for VSH replacement, locating acute inpatient psychiatric treatment as closely aligned with general medicine as possible, is a goal. The SRR planning process in which DMH and its stakeholders were engaged to develop a therapeutic environment of care incorporating the principles of recovery will be a valuable resource in our formulation of plans to meet the care needs of VSH patients.

XII

CHALLENGES FOR CHANGE

QUARTERLY PROGRESS REPORT

PREPARED FOR:
GOVERNMENT ACCOUNTABILITY
COMMITTEE

July 1, 2011

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NEW, REVISED OR UPDATED THIS QUARTER:

The list below shows those items which were added, changed, or updated since the prior report.

Look for the items tagged with the "NEW" icon shown above, throughout this report.

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SUMMARY OF NET SPENDING REDUCTIONS

Challenges For Change Fiscal Summary				
Fiscal Year 2011	Net GF Savings and/or Increased Revenue		Investment	
Challenge Name	FY 2011 C4C Target	Appropriation Redux & Direct Applications FY 2011	FY 2011 C4C Target	Spent or Committed To Date
Charter Units Challenge				
All Charter Units	(2,000,000)	-	1,000,000	-
Dept. of Taxes	-	(36,000)	-	5,434
BGS - Fleet Program	-	(247,790)	-	-
BGS - Postal	-	(262,434)	-	-
Dept. of Liquor Control	-	-	-	53,000
Dept. of Labor	-	-	-	-
Forest, Parks & Recreation	-	(348,000)	-	25,000
Direct Applications: SF to GF	-	(13,285)	-	
Total Charter Units	**$ (2,000,000)**	**$ (907,509)**	**$ 1,000,000**	**$ 83,434**
% of target		45.4%		8.3%
Performance Contracting & Grant Making Challenge				
Contracting & Grant Making	**(2,600,000)**	**(2,347,000)**	**500,000**	**125,854**
Direct Applications: SF to GF	-	**(206,200)**	-	-
Total Perf. Contracting & Grant	**$ (2,600,000)**	**$ (2,553,200)**	**$ 500,000**	**$ 125,854**
		98.2%		25.2%
Human Services Challenge				
Human Services	(23,816,000)	(23,816,000)	7,000,000	-
Total Human Services	**$ (23,816,000)**	**$ (23,816,000)**	**$ 7,000,000**	**$ -**
% of target		100.0%		0.0%
Corrections Challenge				
Corrections	-		-	
Total Corrections	**$ -**	**$ -**	**$ -**	**$ -**
% of target		n/d		n/d
Regulatory Challenge				
Regulatory	**(360,000)**	**(360,000)**	**400,000**	
Total Regulatory	**$ (360,000)**	**$ (360,000)**	**$ 400,000**	**$ -**
% of target		100.0%		0.0%

[Chart continues on next page]

Challenges For Change Fiscal Summary				
Fiscal Year 2011	Net GF Savings and/or Increased Revenue		Investment	
Challenge Name	FY 2011 C4C Target	Appropriation Redux & Direct Applications FY 2011	FY 2011 C4C Target	Spent or Committed To Date
Economic Development Challenge				
Economic Development	**(965,600)**	**-**	**-**	
ACCD -Admin	-	**(78,820)**	**400,000**	
EHCD	-	**(435,486)**		
Downtown & Cap Improvement	-	**(16,034)**		
VDTM	-	**(210,222)**		
Agriculture	-	**(54,818)**		
AHS - DCF - OEO	-	**(15,691)**		
Labor Programs	-	**(66,241)**		
Next Gen - WET Fund	-	**(65,025)**		
Adult Tech Ed	-	**(20,525)**		
DII	-	**(2,738)**		
Direct Applications: SF to GF	-	**(235,923)**		
Total Economic Development	**$ (965,600)**	**$ (1,201,523)**	**$ 400,000**	**$ -**
% of target		124.4%		0.0%
Education Challenge				
Education #1	(3,966,375)	(6,066,375)	3,000,000	
Education #2	(2,100,000)			
Total Education	**$ (6,066,375)**	**$ (6,066,375)**	**$ 3,000,000**	**$ -**
% of target		100.0%		0.0%
Secretary of Administration Other Challenges				
SOA Reductions & Direct Applications to GF	(2,064,400)	-	-	
Adjustment for Investment spent FY10	(14,879)	-	-	-
Total SOA Reductions	**$ (2,079,279)**	**$ -**	**$ -**	**$ -**
% of target		0.0%		0.0%
Reductions	**$ (37,887,254)**	**$ (34,449,199)**		
SF to GF	**$ -**	**$ (455,408)**		
GRAND TOTAL	**$ (37,887,254)**	**$ (34,904,607)**	**$ 12,300,000**	**$ 209,288**
% of target		**92.1%**		**1.7%**
Remaining Unallocted/Unidentified		**(2,982,647)**		**12,090,712**

CHARTER UNITS CHALLENGE

CHARTER UNITS – TAX

CHALLENGE LEAD:

Ellen Tofferi, Deputy Commissioner

NARRATIVE

The Tax Department is on schedule to meet both of the Challenge targets - Compliance and Collections, and Electronic Filing of Tax Returns. The Department reported in more detail in the January 15, 2011 reports to the House Committee on Ways and Means, and the Senate Finance Committee.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$0	$5,434	Encrypted e-mail software licenses
FY 2012	$0	$0	Net determined.

OUTCOMES & MEASURES

Outcome 1

Meet challenge target of reducing spending or generating entrepreneurial revenue $0.036 million in general funds in fiscal year 2011.

Measure 1a

General Fund Spending

Measure 1b

Entrepreneurial Revenue

Measure 1(a): The Department achieved its goal of reducing its postage expenditures by $25,000 through the use of encrypted e-mail. It saved an additional $10,000 due to the mandated electronic filing of W-2s by businesses with 25 or more employees. The electronic filing of over 301,000 W-2s and almost 73,000 1099s meant the Department could forego the hiring of a temporary employee whose previous role had been to deal with the overwhelming volume of paper W-2s and 1099s.

Measure 1(b): The Tax Department does not have entrepreneurial revenue, but it believes that the implementation of a data warehouse will allow for more sophisticated uses of its current databases resulting in enhanced compliance revenue (FY 2012).

The Department signed a sole-source, benefits based contract with Revenue Solutions, Inc. (RSI) in the spring of 2011. The contractor will be paid only from the revenues attributable to the data warehouse project. The project has begun and is on schedule.

Outcome 2
Increase employees' engagement in their work.

Measure 2
Level of employee engagement.

Outcome 3
Produce outcomes for Vermonters that are the same as or better than outcomes delivered prior to redesign.

Measures 3
i. Taxpayer satisfaction
ii. Personal income tax revenue owed that is collected, as measured by the amount of income tax revenues above the amount currently estimated. – measures compliance

Measure 3(i): The Department has created several surveys to measure taxpayer satisfaction for its customer groups and is currently involved in planning how best to make those surveys available to customers and to most efficiently utilize and respond to survey results. Specifically, the Commissioner convened a working group composed of people from every division to focus on the Department's many customer service and outreach challenges and opportunities. A new website will serve as the cornerstone of improved efforts to connect with taxpayers. In the coming months, we will improve functionality, content and design for the website and create a strategy to integrate all our business practices seamlessly onto the web. Customer service surveys and other feedback tools will be integrated into the web site and play an important role in this effort. Also, the Department seeks to improve customer knowledge and satisfaction by creating a public outreach campaign beginning in the Fall of 2011 and continuing into 2012. These events will feature opportunities for feedback as well.

Measure 3(ii): Measurement of compliance is tied to Outcome 1 above – enhanced revenue. Personal income tax revenue owed that is collected, as measured by the amount of income tax revenues above the amount currently estimated will measure compliance.

*** END ***

CHARTER UNITS – BGS FLEET

CHALLENGE LEAD:

Michael Obuchowski, Commissioner - BGS

NARRATIVE

Customer Surveys for both motor pool and lease customers are drafted and under review prior to being approved and distributed. The database for both customer pools are being updated to include all past motor pool users in the previous 12 months, all state employees assigned a fleet vehicle, business managers and department heads.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$0	$0	
FY 2012	$0	$0	

OUTCOMES & MEASURES

Outcome 1

Meet challenge target of reducing spending or generating entrepreneurial revenue of $2 million in general funds in fiscal year 2011 and $4.5 million in general funds in fiscal year 2012.

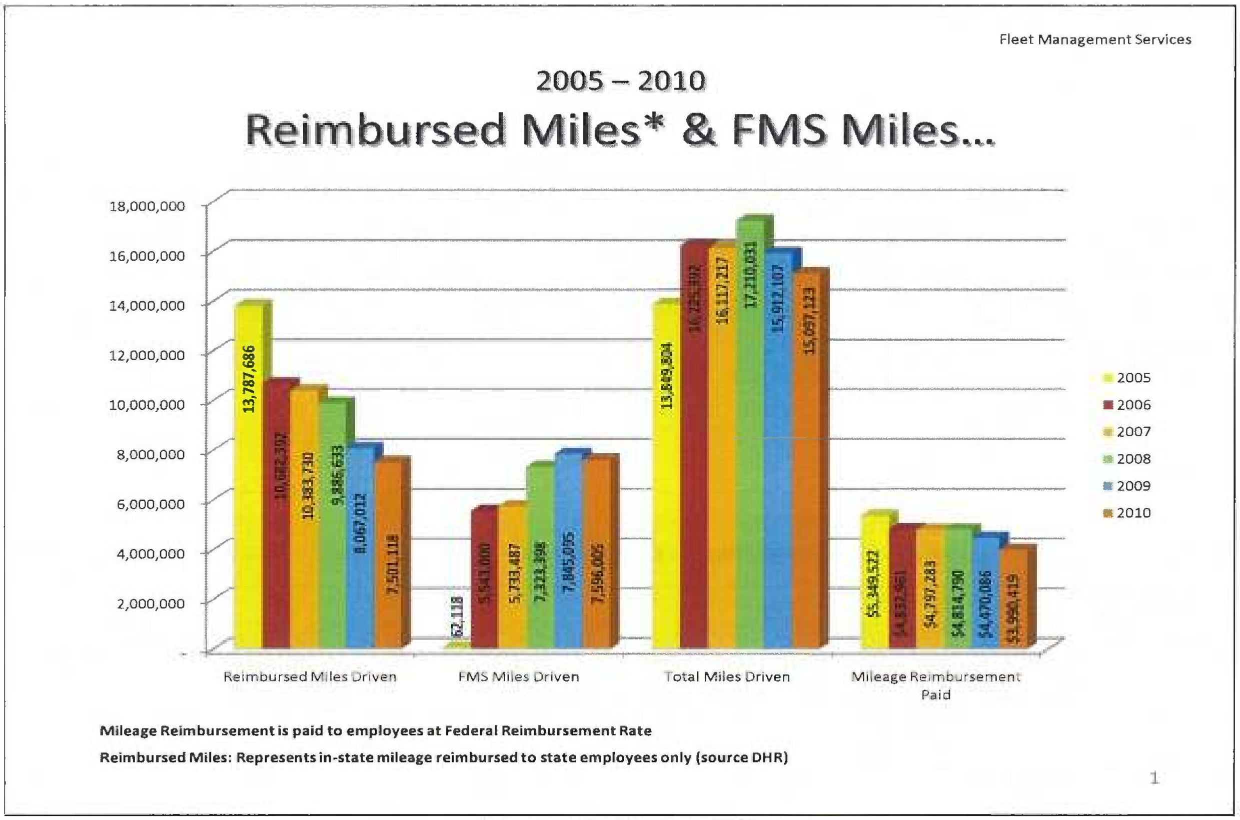
Measure 1a

General Fund Spending/Expenditure Reduction

Measure 1b

Entrepreneurial Revenue/Expenditure Reduction

[Continues next page]



Measure 1(b) Baseline & History

Department	# Employees over 13000 miles	Total # of Employees	Ave Miles Each Drove	Total Miles	Total Cost	Potential Savings /w Lease Vehicle for Each Driver
DCF	5	655	14,421	72,107	$ 38,508.15	$ 7,788.92
VTrans	32	710	21,871	699,874	$ 376,409.30	$ 123,867.81
Agriculture	6	59	20,459	122,751	$ 65,450.85	$ 16,790.11
BISHCA	9	73	16,535	148,815	$ 79,089.45	$ 20,147.50
DOC	1	389	13,311	13,311	$ 7,064.05	$ 1,076.19
DAIL	18	285	16,531	297,549	$ 158,540.75	$ 39,552.17
Health	1	343	15,051	15,051	$ 7,941.25	$ 1,766.96
Labor	6	174	19,514	117,081	$ 62,396.75	$ 22,482.27
TOTALS	78	2688		1,486,539	$ 795,400.55	$ 233,471.93
DWF/2010-07-02						

Measure 1(a) & (b)

Outcome 2
Increase employees' engagement in their work.

Measure 2
Level of employee engagement (see Survey Results page X of X)

Outcome 3
Produce outcomes for Vermonters that are the same as or better than outcomes delivered prior to redesign.

Measure 3
Customer satisfaction: Can employees still do their job serving VTers?

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* * * END * * *

CHARTER UNITS – BGS POSTAL SERVICES

CHALLENGE LEAD:

Michael Obuchowski, Commissioner – BGS

Deb Ferrell - BGS

NARRATIVE

The Postal Center's on-going effort (previously reported in the FY 2011 3rd Quarter Report) has proceeded with the Agency of Human Services - Economic Services Division (AHS-ESD) district offices utilizing the Green Mountain Messenger courier service to transport district mail to the Postal Center for posting. The Postal Center continues to monitor and educate staff in those district offices regarding proper mail processing.

The business partner arrangements with the AHS-ADPC and Department of Labor have remained intact with no appreciable highs or lows concerning volumes.

4th Quarter Events

Jury Management System: BGS Postal again partners with the co-located Print Shop as the transition of the Judicial County Operations print and mail functions were consolidated to BGS's central printing and mailing service. The Print work is submitted electronically as part of the transactional printing service; completed printed is seamlessly transferred to the Postal Center for mailing. Print and Postal have begun to go "live" in the last two weeks of this quarter.

Outreach/Education Efforts: On the Friday prior to the beginning of the 4th quarter, the Secretary of Administration sent an email to all agencies and departments to encourage the use of the BGS postal system and detail the cost avoidance savings achieved with only 39% usage of the in-house services.

On the Friday prior to the beginning of the 4th quarter, the Secretary of Administration sent an email to all agencies and departments to encourage the use of the BGS postal system and detail the cost avoidance savings achieved with only 39% usage of the in-house services. This message from the Secretary generated multiple inquiries from potential customers which provided Postal staff opportunities to explain the services available from both Print/Postal.

Postal and Print provided an in-house tour of the Middlesex location to Health Department representatives and subsequently traveled to the Health Department at 108 Cherry Street in Burlington for a presentation at a staff meeting. Postal staff will follow up to help Health Department understand efficiencies we can provide for their operation.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$0	$0	
FY 2012	$0	$0	

OUTCOMES & MEASURES

Outcome 1

Meet challenge target of reducing spending or generating entrepreneurial revenue of $0.262 million in general funds in fiscal year 2011.

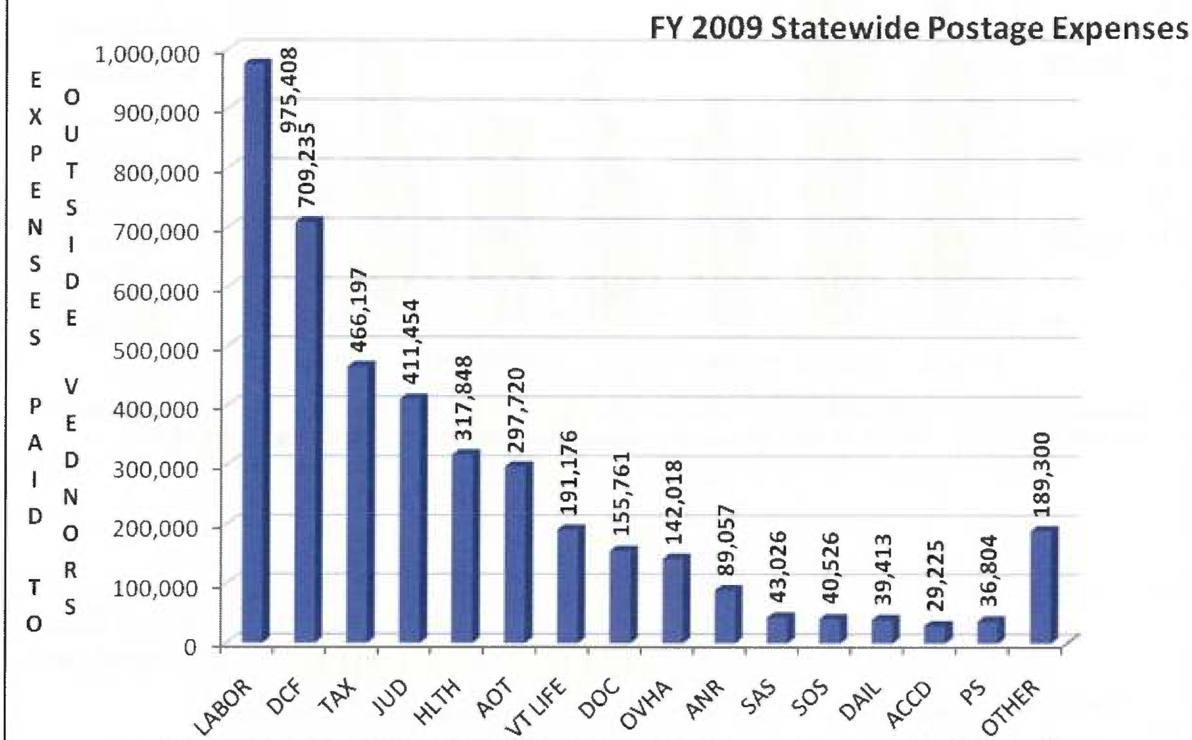
Measure 1a

General Fund Spending

Comment: A document detailing **Types of Mail Rates** is attached as **Appendix I**

Measure 1b

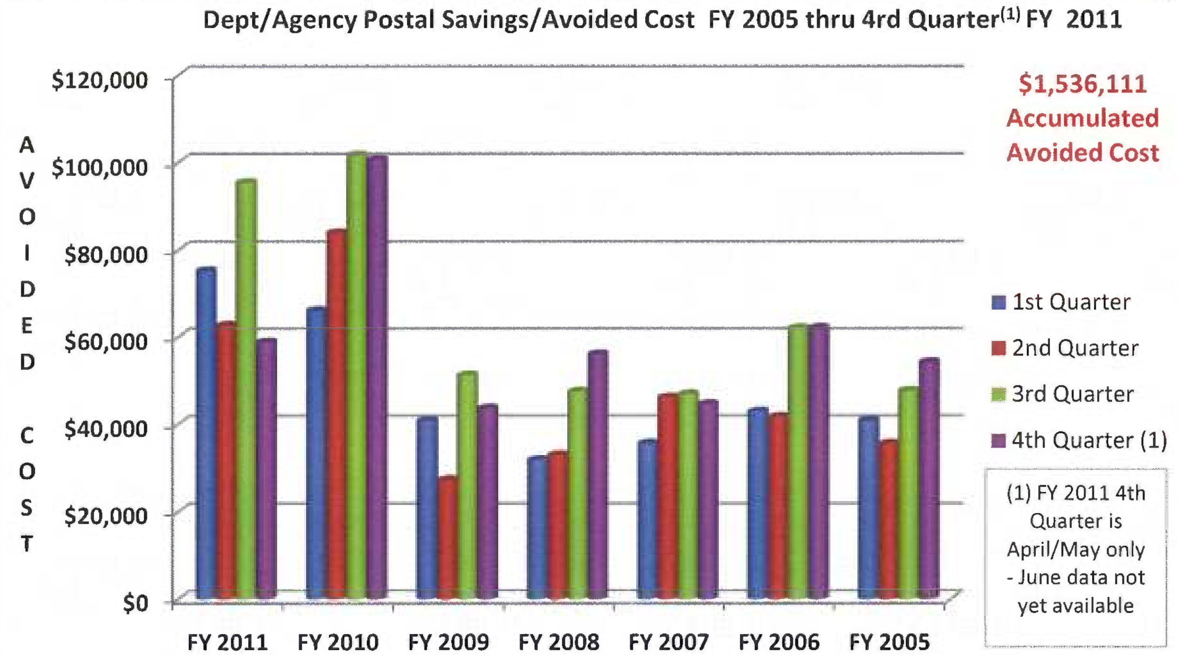
Entrepreneurial Revenue



1. These FY 2009 expenses, incurred by departments/agencies and paid to outside vendors, total $4,134,169
2. There were additional expenses of $3,078,240 paid by departments/agencies to the BGS Postal Center
3. Total Statewide FY 2009 Postal Costs were $7,212,409

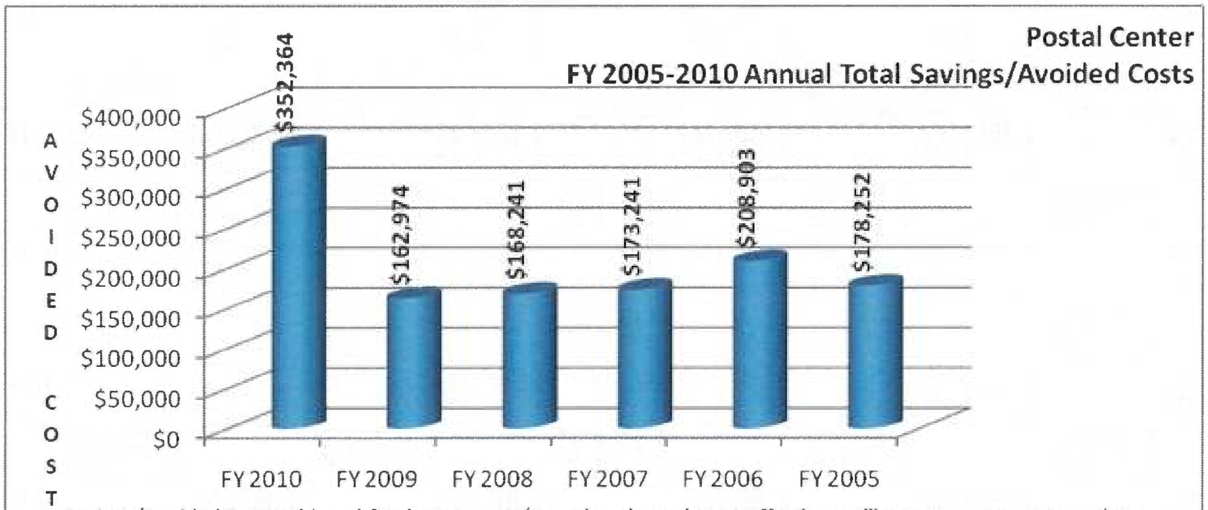
Measure 1(a) & (b) Baseline

[Continues next page]



Savings/Avoided Costs achieved for departments/agencies through cost-effective mailing processes -- automation and mail piece design. **NOTE: FY 2011 4th quarter includes only available April and May data. (6-27-11)**

Measure 1(a) & (b)



Savings/Avoided Costs achieved for departments/agencies through cost-effective mailing processes -- automation and mail piece design.
TOTAL SAVINGS /AVOIDED COSTS FY 2005 thru FY 2010: $1,243,977

Measure 1(a) & (b)

Outcome 2

Increase employees' engagement in their work.

Ensuring that employees are nurtured and engaged in the work required to help the BGS Postal Center succeed in this Challenges initiative will be critical to its success. All Postal Center employees are aware of the challenge goal to increase the Postal Center services where appropriate and feasible in order provide State departments and/or agencies savings realized through avoided postage cost. All Postal Center employees are aware of the current postal packaging practices that impact postal costs. All Postal Center employees recognize, during processing, when a mailing might be done in a more cost effective manner and bring that to the attention of supervisors. All Postal Center employees recognize errors in outgoing mail that should be brought to the attention of the associated department and/or agency.

Staff members routinely participate in education and outreach efforts intended to assist agencies and departments to decide whether migrating their mail needs to the BGS Postal Center by eliminating redundant and duplicative internal mail services are programmatically and fiscally appropriate for their mission. Staff members continuously scrutinize mail to educate the customer regarding the most cost-effective method of sending their mail through automated mail and designing the mail piece to economize on postal rates.

Measure 2

Level of employee engagement (see Survey Results page X of X)

Comment: Chronology of internal meetings attached as Appendix II

Outcome 3

Produce outcomes for Vermonters that are the same as or better than outcomes delivered prior to redesign.

Measure 3

Customer satisfaction: Can employees still do their job serving VTers?

Comment: Chronology of external meetings, education and outreach attached as Appendix III.

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* * * END * * *

Charter Units – Liquor Control

Challenge Lead

Mike Hogan – Commissioner Liquor Control

Narrative

Initiative: To implement a gift card sales program in our liquor agencies. Customers will be able to purchase and recharge gift cards which can be redeemed for purchases of liquor at any State Liquor Agency.

Note: As no other state entities offer gift cards, there are no existing templates for the project's design. Therefore, DLC has had to create its own project design from the ground up.

Background: After the legislative approval of Act 146 relating to the Challenges for Change, DLC:

- Identified and contacted potential gift card providers
- Defined the resources necessary to implement the program
- Created and refined the design of the project

Early in the project, it became clear that there would essentially be two distinct components of the program:

1. Identifying and contracting with a program provider or processor
2. Finding a programmer who could write the code necessary to connect the DLC's in-house POS system with the provider's system

DLC worked with the Office of Purchasing & Contracting on an RFP for a provider, outlining the specifications of work to be done, which was issued in August. Simultaneously, an SOW (Statement of Work) for a programmer was issued to all appropriate businesses already under contract with the State (following the advice of the Department of Information and Innovation). The RFP for a gift card program provider received just one respondent - TD Bank - with other potential providers declining to respond, after realizing the relatively small size of the proposed program. The Statement of Work for the necessary programming received no respondents, though repeated requests were issued to potential suppliers. With the aim of opening up the bid process to a broader market, an RFP for a temporary, contracted programmer was issued in October. Only one company – ten7ten – responded. A contract with ten7ten has been completed and the company has started work with DLC.

Current Status of the Project: At this time, the Attorney General's office will not approve the terms and conditions of the contract as it is currently proposed and has communicated their concerns to TD Bank. TD Bank has responded, and as of June 15, 2011, the contract was waiting for approval by the Attorney General's Office.

DLC has paid the sum of $26,750.00 (out of the contract total of $53,000) to the programming consultant ***ten7ten*** to begin the initial programming work necessary to link TD Bank's gift card processing system with our point of purchase system

Investment

Investment	Target	Spent/ Committed	Comments
FY 2011	Revenue Neutral	$26,750	This is the first payment made to ***ten7ten***, as per our contract, for programming services rendered to connect DLC's point of sale (cash registers) system with that of the gift card processor.
FY 2012	$0	$0	

OUTCOMES & MEASURES

Outcome 1

Meet challenge target of reducing spending or generating entrepreneurial revenue of $0 million in general funds in fiscal year 2011.

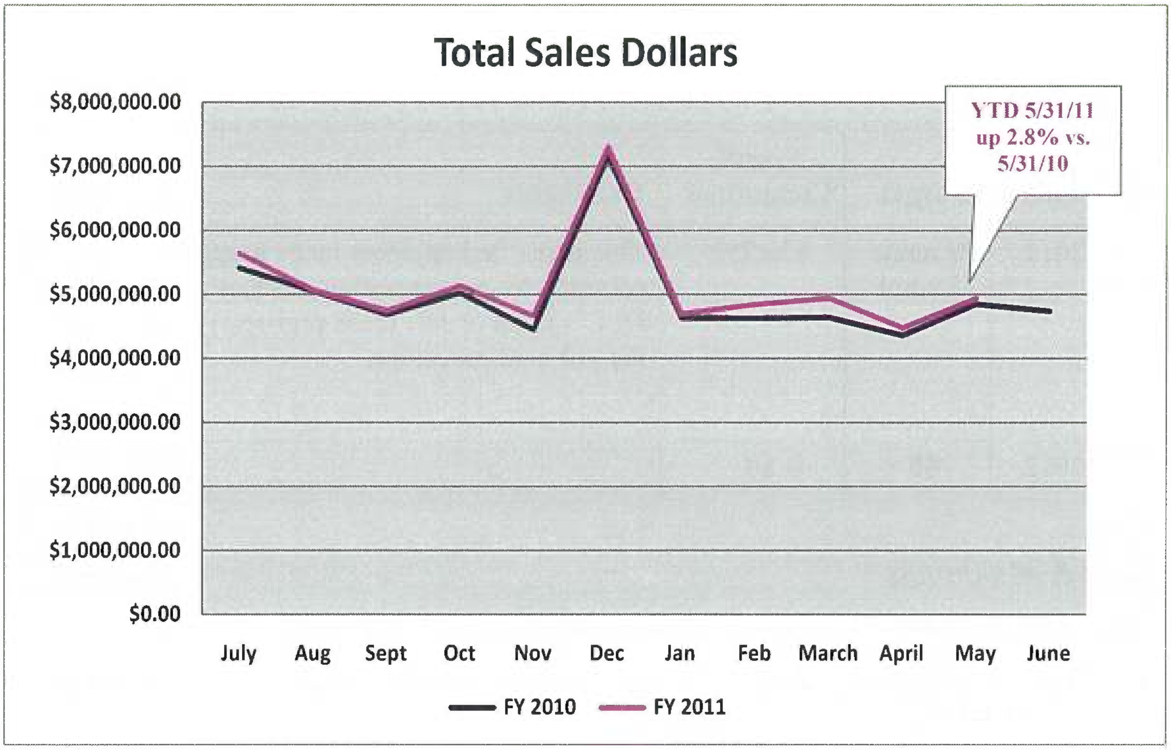
Measure 1a

General Fund Spending

Measure 1b

Entrepreneurial Revenue

[Continues next page]



Measure 1(b)

Outcome 2

Increase employees' engagement in their work.

Measure 2

Level of employee engagement (see Survey Results page X of X)

Outcome 3

Produce outcomes for Vermonters that are the same as or better than outcomes delivered prior to redesign.

Measures 3

i. Sales figures (quantity and price data);

ii. Profit-to-cost ratio.

Note: Measure 3i Chart shows quantity data as this is a truer indicator of sales volume than sales dollars as dollars include price increases.

Measure 3i – Baseline & Current to Date

Performance Measure 3b - Profit to Cost Ratio (Cost of Gift Card Program Versus Revenues Generated)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Gift Card Sales	-	-	-	-	-	-	-	-	-	-	-	-
Total												
Costs Associated with Program	-	-	-	-	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	-	-	-	-	-	-
Hosting	-	-	-	-	-	-	-	-	-	-	-	-
Transaction	-	-	-	-	-	-	-	-	-	-	-	-
Annual	-	-	-	-	-	-	-	-	-	-	-	-
Cards	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-
Shipping	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Profit/Loss	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Measure 3(ii)

Comment: The above chart will be completed as data becomes available.

* * * END * * *

Charter Units – Department of Labor

Challenge Lead:

Anne Noonan - Commissioner VDOL;
Steve Monahan , Director Worker's Compensation & Safety Division

Narrative

The department has signed a performance based contract with a business process consultant – Biscaye Consultants Ltd. On December 10, 2010 W.C. program staff had the initial meeting with the consultant. A work plan was developed:

Tentative Business Process Work Plan		
11-Jan-11		mapping team meets with consultant to map existing processes
12-Jan-11		
13-Jan-11		Consultant interviews with outside participants in the W.C. system
25-Jan-11		mapping team meets with consultant to map existing processes
26-Jan-11		
27-Jan-11		Consultant interviews with outside participants in the W.C. system
8-Feb-11		mapping team meets with consultant to develop streamlined processes
9-Feb-11		
22-Feb-11		mapping team meets with consultant to develop streamlined processes
23-Feb-11		
8-Mar-11		mapping team meets with consultant to develop streamlined processes
9-Mar-11		
22-Mar-11		mapping team meets with consultant outside input obtained
23-Mar-11		

[Continues next page]

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$35,000	$31,000	Business process consultant. Expect contract, if approved to cost about $31,000
FY 2012	$225,000	$0	This is the estimated cost of developing the new w.c. database; requested but not yet approved.

OUTCOMES & MEASURES

Outcome 1

Meet challenge target of reducing spending or generating entrepreneurial revenue of $0 million in general funds in fiscal year 2011.

Comment: The Workers' compensation program is primarily a special fund. An assessment on employer's workers' compensation premiums provides revenue to the funds. The last few years, because of the economic downturn, these revenues have dropped dramatically requiring a sharp increase in the assessment. The long-term goal is to stabilize the fund and cushion against sharp increases or decreases in the assessment.

Measure 1a

General Fund Spending

Comment: The legislature appropriated $308,212 to the Workers' Compensation program to cover the cost of hiring 4 limited service fraud/misclassification/compliance investigators. A goal of the charter unit is to develop opportunities to move the cost of these investigator positions to the special fund and return $308,212 to the general fund, while maintaining a stable assessment

Insurers report the total amount of workers' compensation premium written to BISHCA and VDOL each year. The assessment is then established assuming level funding. The assessment must be approved by the Legislature annually.

Measure 1b

Entrepreneurial Revenue

Comment: No entrepreneurial revenue is anticipated. It is expected that there will be penalties issued for fraud/misclassification/non-compliance that will be paid to the general fund.

Outcome 2

Increase employees' engagement in their work. (see

Measure 2

Level of employee engagement (see Survey Results page X of X)

Comment: All workers' compensation employees have been told about the charter unit plan and the desired outcomes. The plan itself is based at least in part on staff suggestions provided over the last few years.

Five employees attended training on value mapping processes to better prepare them for work with the business process consultant.

Workers compensation staff had the initial meeting with the consultant. A work plan was developed. A process team has been established to work directly with the consultant to map existing processes, analyze problem areas, and develop solutions that eliminate waste.

Outcome 3

Produce outcomes for Vermonters that are the same as or better than outcomes delivered prior to redesign.

Measures 3

i. Average time for resolution of disputed workers' compensation claims;
ii. Accuracy and timeliness of indemnity payments;
iii. Accuracy and timeliness of medical bill payments.

i. Average time for resolution of disputed workers' compensation claims:

The resolution time of all claims has not been tracked in the past. Only the time period between referral to the formal hearing docket and the final decision has been tracked, and not consistently. The ultimate result of this project will allow tracking of all claims from first report of injury to resolution. The length of time will be calculated using the database ultimately developed.

ii. Accuracy and timeliness of indemnity payments:

If we are able to develop a system that will allow electronic filing of information by insurers we will be able to track this. The length of time will be calculated using the database ultimately developed.

iii. Accuracy and timeliness of medical bill payments:

This information was not reported to the department in the past, but recent legislative changes establishing specific time frames in which to accept or reject a medical claim, and requiring notice to the department when it does so will permit the department to begin tracking this.

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* * * END * * *

CHARTER UNITS – FOREST, PARKS & RECREATION

CHALLENGE LEAD:

Michael C. Snyder, Commissioner FPR

NARRATIVE

The Department of Forests, Parks and Recreation continues to negotiate charter unit flexibilities with the Administration and plans to meet with the Secretary of Administration in the near future. Revenue through May 31st, 2011 is tracking on target to meet the revenue goals laid out in the charter unit legislation. Utilization for the start of the 2011 park season is down from previous years but the Department remains optimistic for a successful overall season. The Department continues to define its charter unit program.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$25,000	$25,000	Targeted on-line marketing program for State Parks.
FY 2012	$0	$0	Not determined.

OUTCOMES & MEASURES

Outcome 1

Meet challenge target of reducing spending or generating entrepreneurial revenue of $2 million in general funds in fiscal year 2011 and $4.5 million in general funds in fiscal year 2012.

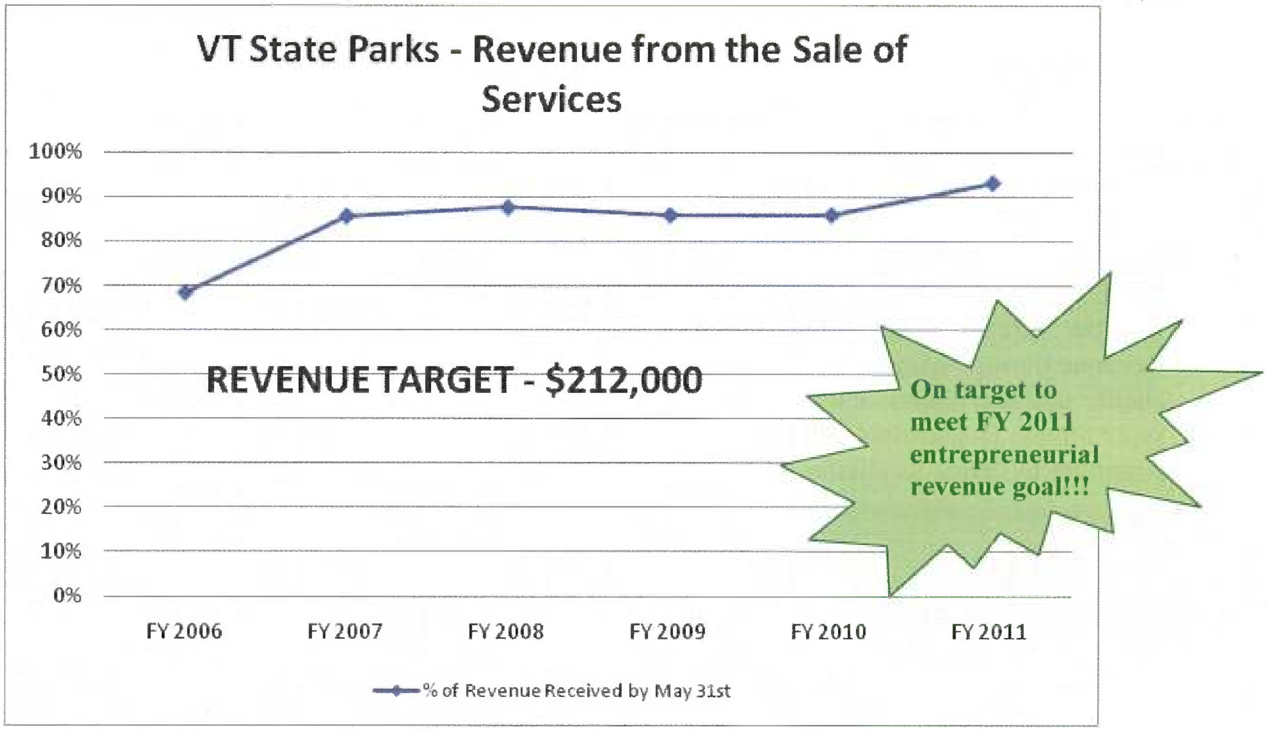
Measure 1a

General Fund Spending

Measure 1b

Entrepreneurial Revenue

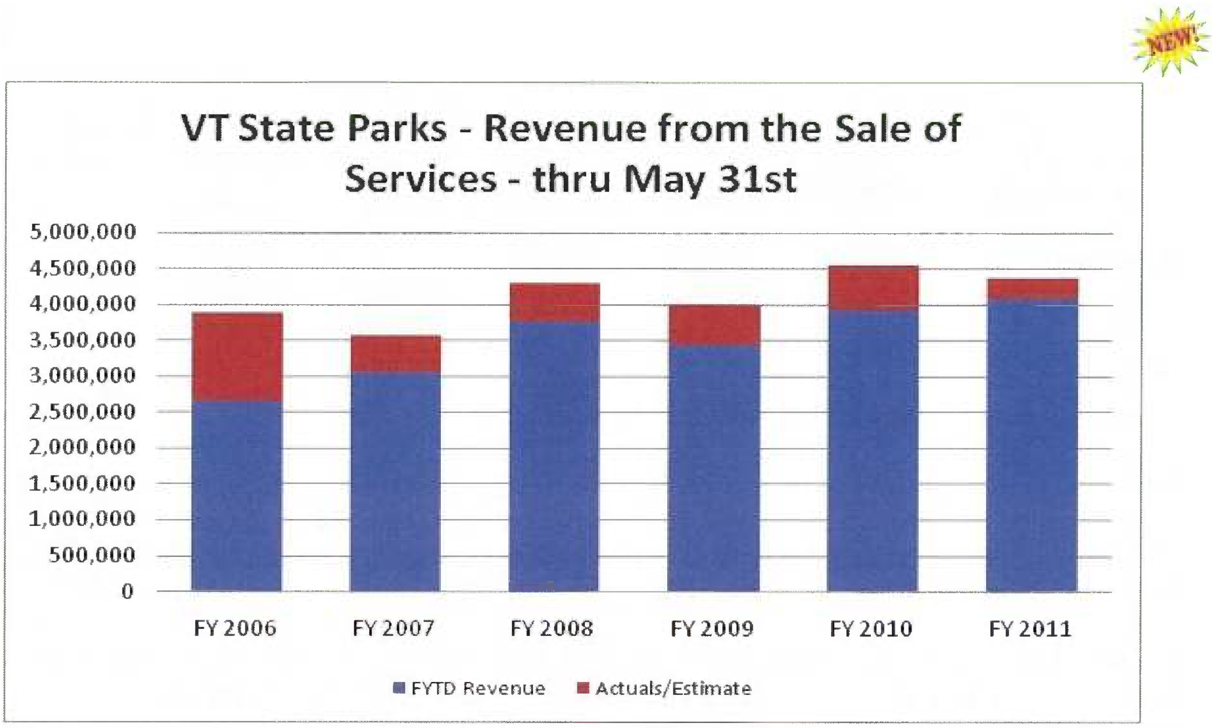
[Continues next page]



Measure 1b History & Current to Date

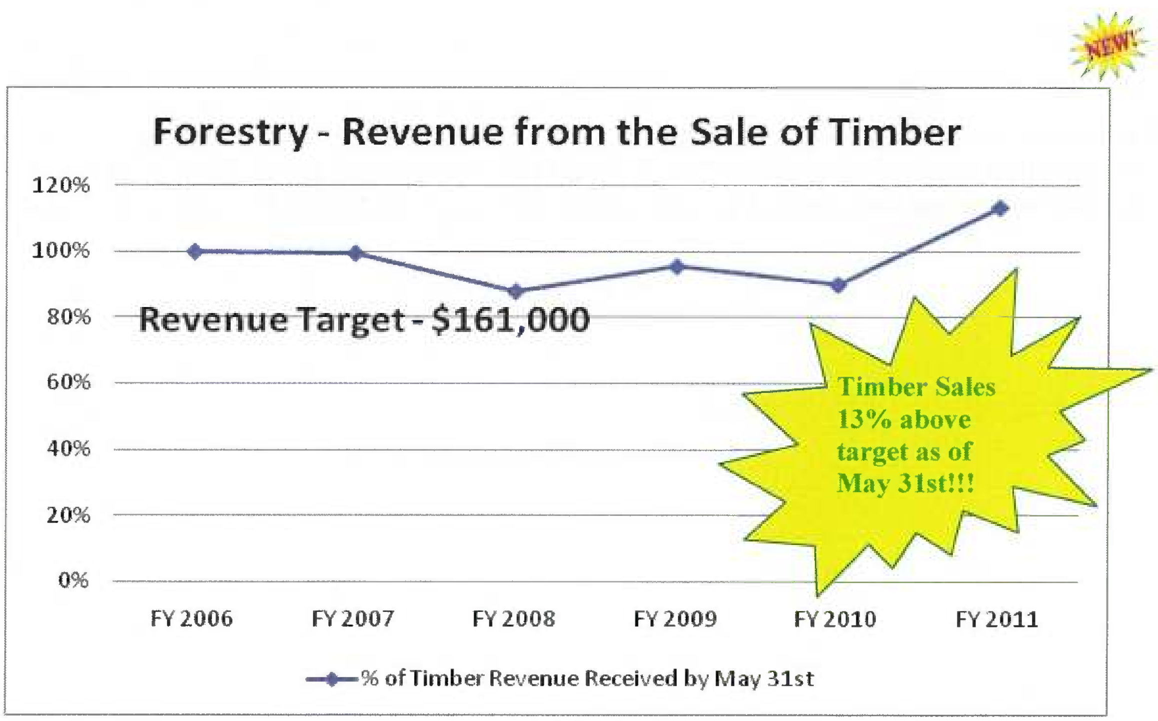
Comment: The chart above shows that Vermont State Parks has collected 93% of budgeted revenue as of May 31st, 2011. This compares to an average collected by May 31st of the previous five years of 83%. As of May 31st, the parks system is on target to meet its entrepreneurial revenue goal of $212,000.

[Continues next page]



Measure 1(b) History & Current to Date

Comment The chart above portrays fiscal year-to-date revenue collection relative to total annual revenue collected over the past six years.



Measure 1(b) Baseline

Comment: The previous chart shows that the Forestry division has collected 113% of budgeted revenue from timber sales as of May 31st, 2011. However, variability in this data, due to timber markets and harvesting conditions, makes it hard to determine a future pattern.

Outcome 2

Increase employees' engagement in their work.

Measure 2

Level of employee engagement (See survey results page X of X)

Traditionally, the Department of Forests, Parks & Recreation has engaged employees in fostering an entrepreneurial approach to some of the Department's programs. From the inception of the Charter Unit concept, employees have helped set priorities related to meeting these financial targets. FPR management continues to update staff on the status of the Charter Unit initiative.

In addition, a seasonal incentive program proposed as part of the FPR Charter Unit initiative is still under development with Agency of Administration. This program will provide modest financial incentives that directly link the performance of the Parks seasonal workforce, who operates Vermont's 52 state parks, to achieving ambitious visitation targets.

Outcome 3

Produce outcomes for Vermonters that are the same as or better than outcomes delivered prior to redesign.

Measure 3

Total Park utilization.

Please note, for the Department of Forests, Parks & Recreation this represents total Park utilization. The visitation pattern will tend to follow behind visitor satisfaction and reflect the degree of satisfaction over the long-term. Data for satisfaction will be compiled at the end of calendar year.

[Continues next page]

Measure 3 – Baseline & Current to Date

NOTE: The chart above shows that State Park utilization is down 17.5% from CY 2010. This is due to a variety of weather related factors as we have experienced a rainy early Parks season. In addition, flood damage has resulted in a few continued parks closures. This includes Sand Bar and Burton Island State Parks. However, FPR remains optimistic for a successful season as the key busy time is from the 4th of July onwards through September. The department will continue to carefully monitor attendance.

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Charter Units – Employee Engagement Survey

With the assistance of the Department of Human Resources (DHR), an employee engagement survey was developed. The Gallup Q-12 poll was not used as this is a proprietary survey. DHR advised that any survey used would have to be voluntary and anonymous or would be subject to labor contract negotiations. In order to maintain anonymity, protect respondents, and assure that Charter Units would be at "arms length" throughout this process, DHR handled distribution of the survey, as well as receipt of the responses, and tabulated the results. Following is a summary of the survey questions, scoring, and distribution. The actual survey results by Charter Unit are shown on the next page.

Charter Unit Satisfaction Survey

(1) I enjoy performing the day-to-day activities of my job.

(2) I have a clear understanding of my job duties.

(3) My supervisor clearly communicates to me my job performance standards and expectations.

(4) My supervisor provides to me regular feedback on my job performance.

(5) My supervisor provides to me the help, training, and guidance I need to improve my job performance.

(6) I have the materials, tools and equipment I need to perform my job effectively.

(7) I have a clear understanding of my department's mission and goals.

(8) I have a clear understanding of how my goals are linked to my department's overall goals.

(9) I am satisfied with the overall communication within my department.

(10) Employees in my department are encouraged to share and exchange ideas on how to improve the delivery of services and/or create efficiencies in work processes.

(11) My fellow employees are committed to doing quality work.

(12) My department's mission/goals make me feel my job is important.

(13) In general, I am very satisfied with my job.

(14) Department?

(15) What is your supervisory status?

Department	# Sent	# Returned	Response Rate
BGS – Fleet	8	5	62.5%
BGS – Postal	11	5	45.5%
Tax	160	90	56.3%
Liquor Control	50	25	50.0%
Labor: Workers Compensation & Safety Division	17	13	76.5%
Forests & Parks	98	72	73.5%
Fish & Wildlife	120	81	67.5%
Total	464	291	62.7%

Charter Unit Survey Report

Scoring: 5 = Strongly Agree; 4 = Agree; 3 = Neither Agree nor Disagree; 2 = Disagree; and 1 = Strongly Disagree.

Department		Question 1: I enjoy performing the day-to-day activities of my job.	Question 2: I have a clear understanding of my job duties.	Question 3: My supervisor clearly communicates to me my job performance standards and expectations.	Question 4: My supervisor provides to me regular feedback on my job performance.	Question 5: My supervisor provides to me the help, training, and guidance I need to improve my job performance.	Question 6: I have the materials, tools and equipment I need to perform my job effectively.	Question 7: I have a clear understanding of my department's mission and goals.	Question 8: I have a clear understanding of how my goals are linked to my department's overall goals.	Question 9: I am satisfied with the overall communication within my department.	Question 10: Employees in my department are encouraged to share and exchange ideas on how to improve the delivery of services and/or create efficiencies in work processes.	Question 11: My fellow employees are committed to doing quality work.	Question 12: My department's mission/goals make me feel my job is important.	Question 13: In general, I am very satisfied with my job.	Grand Mean by Charter Unit
BGS-Fleet	Mean	4.00	3.60	3.80	3.40	3.20	3.60	4.20	3.80	3.20	3.00	3.60	3.80	3.60	3.60
	# Responses	5	5	5	5	5	5	5	5	5	5	5	5	5	
BGS-Postal	Mean	4.00	4.20	4.40	4.00	4.00	3.20	3.80	3.80	3.40	3.60	3.20	3.60	3.80	3.77
	# Responses	5	5	5	5	5	5	5	5	5	5	5	5	5	
Fish & Wildlife	Mean	4.12	3.91	3.40	3.26	3.32	3.32	3.78	3.49	2.43	2.59	4.04	3.95	3.65	3.48
	# Responses	81	81	81	81	81	81	81	81	79	80	80	79	81	
Forests and Parks	Mean	3.99	4.28	3.75	3.38	3.46	3.50	3.90	3.71	2.86	3.31	4.08	3.81	3.72	3.67
	# Responses	72	72	72	72	71	72	72	72	72	72	72	72	72	
Labor: Workers Comp & Safety Division	Mean	4.08	4.46	3.62	3.38	3.38	3.23	3.92	3.85	3.31	3.62	3.92	4.15	4.08	3.77
	# Responses	13	13	13	13	13	13	13	13	13	13	13	13	13	
Liquor Control	Mean	3.96	4.20	3.44	3.21	3.36	3.60	4.16	4.04	2.75	3.42	3.71	3.96	3.67	3.65
	# Responses	25	25	25	24	25	25	25	25	24	24	24	24	24	
Tax	Mean	4.10	4.09	3.56	3.39	3.49	3.63	4.02	3.80	2.91	3.27	3.64	3.73	3.82	3.65
	# Responses	90	90	90	90	90	87	90	90	90	90	90	90	88	
Total	Mean	4.06	4.11	3.57	3.34	3.42	3.48	3.93	3.71	2.78	3.12	3.87	3.85	3.74	3.62
	# Responses	291	291	291	290	290	288	291	291	288	289	289	288	288	

Performance Contracting & Grant Making

Challenge Lead:

Susan A. Zeller, Deputy Commissioner - Finance & Management
Deb Damore, Manager of Purchasing & Contracting - BGS

Narrative

The four two-day workshops concluded on March 4, 2011; a total of 88 contract and grant staff from across agencies and departments completed the training. Attendance picked up as each session was concluded and the good reports went out. Of the total 88 attendees, 45 took the time to return their voluntary surveys. From a maximum mean score of 5.0, the sessions were rated from 3.73 to 4.34 for an overall average of 3.97 (survey detail below). Once final payment to the consultant hired to develop and teach the workshops is made, the State will own the training material. We will then be able to use the materials as the basis for an annual performance contract/grants training course at The Summit: Center for State Employee Development.

NEW!

In addition to the initial training explained in the first paragraph, DCF contracted directly with the training consultant for a more in-depth and department specific training; DCF trained a total of 30 managers and staff in two separate sessions of 1 ½ days each. DCF has shared their documentation with other departments upon request.

There is also news to report concerning Performance Grants. The VISION system has been modified to expand the federal subrecipient grant module to be used not only for the required reporting the federal dollars in subrecipient grants, but also to allow for the collection of data about all grants – both federally funded and/or state funded, and track whether performance measures are included or not (as we currently do for contracts). Go-live has been delayed slightly to July 15th due to some final testing and documentation. The VISION modification and the data recorded will enable us to print a list of all grants by grantee and funding for the first time, assuming departments do as required and record each grant after go-live.

Performance Contracting Training Survey Results

Scoring: 5 = Strongly Agree; 4 = Agree; 3 = Uncertain; 2 = Disagree; and 1 = Strongly Disagree.

Session by Dates		I have a better understanding or mastery of the subject area.	I know at least one way to apply the course content to my work or my personal/professional development.	I met one or more of my personal learning goals for this course.	I am satisfied with the overall learning experience.	Grand Mean by Session
Session 1 (Jan. 24 - Jan. 25, 2011)	Mean	3.667	4.000	4.000	4.000	3.920
	# Responses	3	3	3	3	
Session 2 (Jan. 31 - Feb. 1, 2011)	Mean	4.000	4.222	3.778	3.556	3.890
	# Responses	9	9	9	9	
Session 3 (Feb. 29 - Mar. 1, 2011)	Mean	3.818	4.000	3.545	3.545	3.730
	# Responses	11	11	11	11	
Session 4 (Mar. 3 - Mar. 4, 2011)	Mean	4.364	4.500	4.227	4.273	4.340
	# Responses	22	22	22	22	
All Sessions	Mean	4.111	4.289	3.956	3.933	3.970
	# Responses	45	45	45	45	45
	# Attendees	88	88	88	88	88

Investment

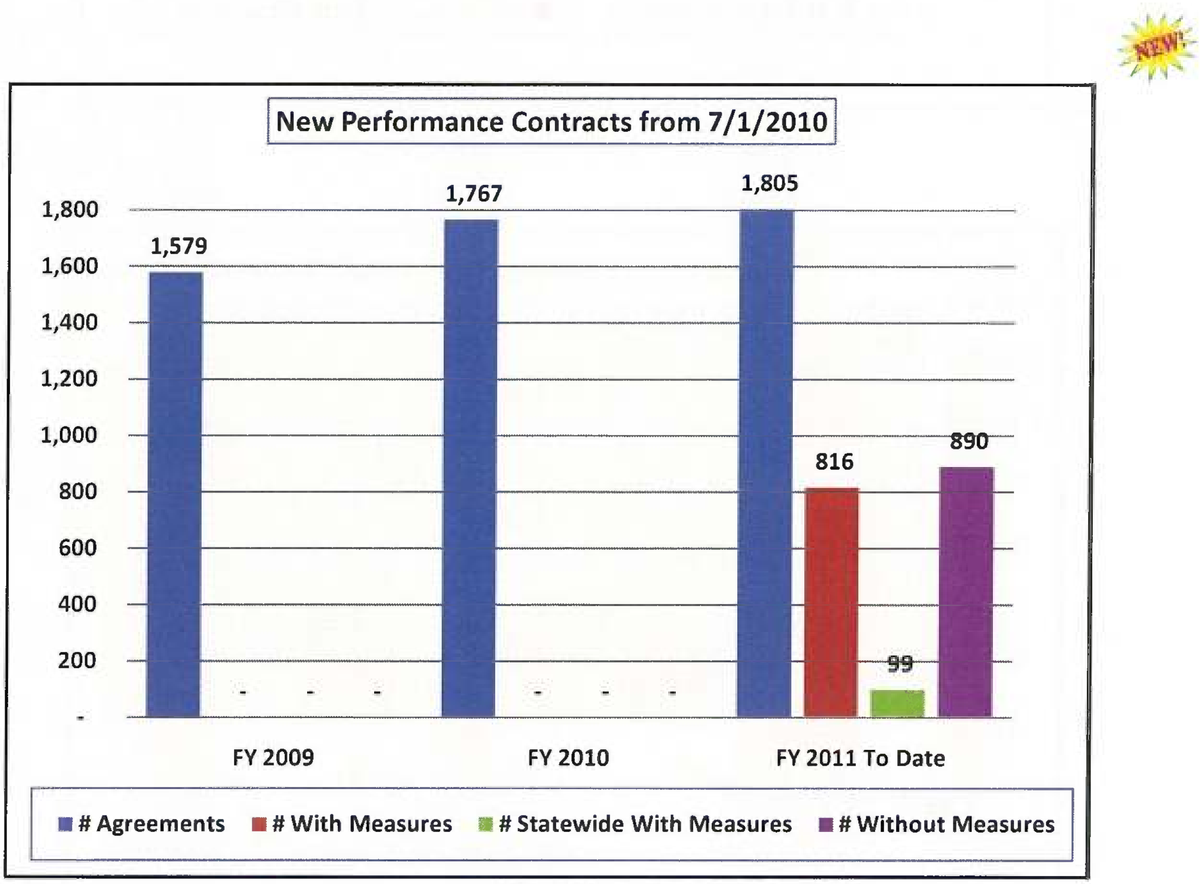
Investment	Target	Spent/ Committed	Comments
FY 2011	$500,000	$125,854	$14,879 initial training; $35,975 for PIEmatrix® process management software which will be used to create a management tool/training system for all the steps needed to do a performance contract and/or grant; and $75,000 contract for 4 workshops & course development (1/2011 – 3/2011).
FY 2012	$500,000	$0	

Outcome 1

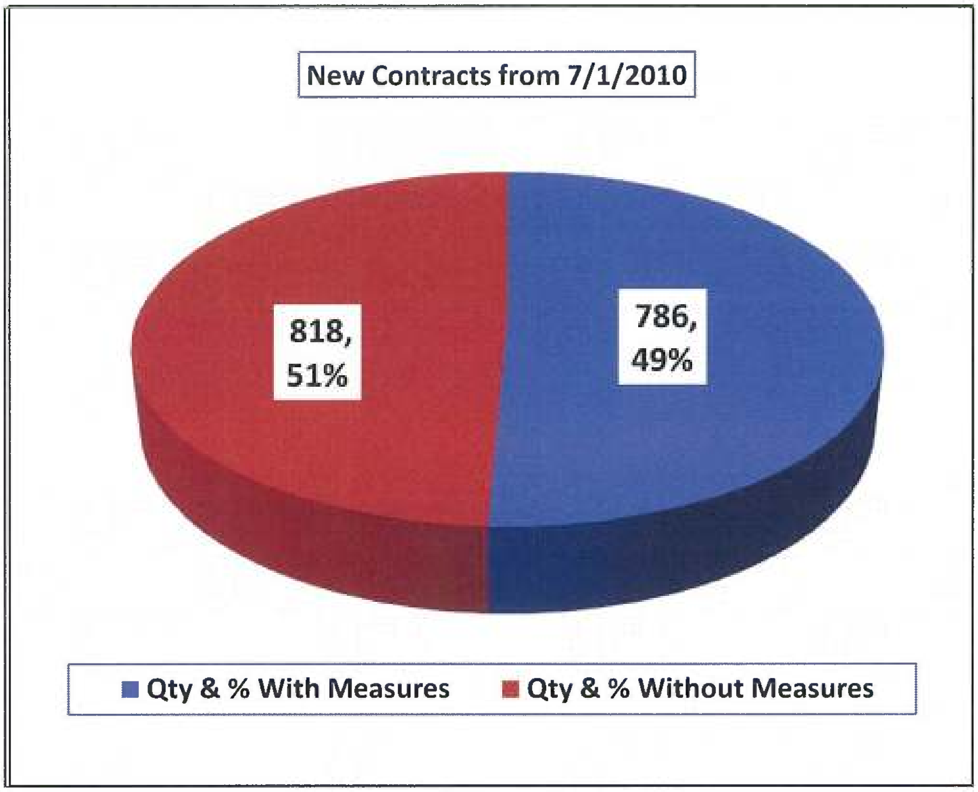
Increase use of performance contracts with the goal of converting $70 million of contracts to performance contracts.

Measure 1

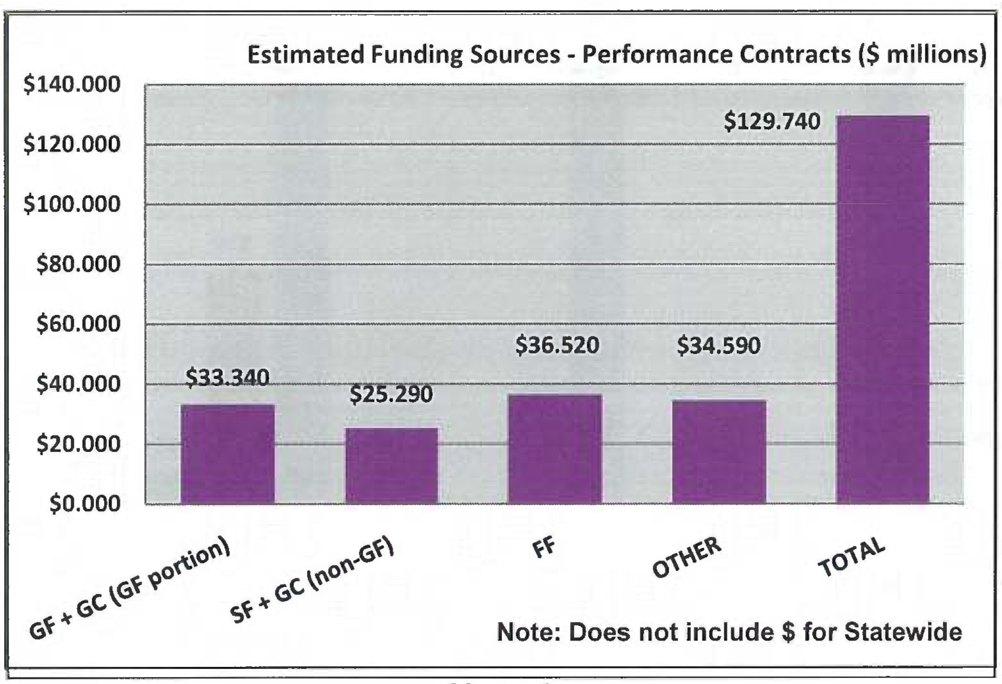
Percentage of contracts with payment tied to performance measures.



Measure 1



Measure 1



Measure 1

Outcome 2

Contractors and grantees meet performance targets specified in contracts.

Measure 2

The Rate of performance targets met by contractors/grantees.

Comment: The VISION system has been modified to "tag" each contract as including Performance Measures or not. After the end of the fiscal year, each department with Performance Measure Contracts, based on this list from VISION, will receive a survey and be required to report as to each contractor's performance: 1) Fully met measure(s); 2) Partially met measure(s); or 3) Measure(s) not met. The plan is for all departments to report in time to allow for the consolidation and analysis of the data necessary to include the results in the next quarterly report.

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* * * END * * *

HUMAN SERVICES CHALLENGES

CHALLENGE LEAD:

Patrick Flood, Deputy Secretary Agency of Human Services

NARRATIVE

AHS Secretary's Office

Challenges for Change Community Initiative Proposals:
Twenty (20) proposals were submitted, 11 were forwarded to the Secretary by the Challenges for Change Board. AHS began discussions with bidders about performance based contracts with one bidder subsequently withdrawing their proposal. All contracts have been written and are in the approval process. They all have a starting date of April 1, 2011.

Designated Agencies and the Seriously Functionally Impaired population:
Substantial developmental work has been done with the Designated Agencies (DA's) in partnership with Corrections (DOC). Each DA has a list of anyone identified as SFI likely to be released to their catchment area. Contacts are being made with facilities to begin reentry planning and several individuals have been successfully released. Progress is also being made diverting likely SFI individuals from incarceration.

Department of Mental Health (DMH)

Initiative: DA – Adult Outpatient (AOP) Restructuring:
A series of 10 public forums with multi-stakeholder representation occurred between July 2010 and January 2011. A report was presented to the Vermont Legislature February 15, 2011. The report describes seven key design elements for a re-designed system of care, which would move the Adult Outpatient, Substance Abuse and CRT programs forward into a more responsive, flexible service array. The seven consensus design elements are: 1) welcome entry – no wrong door, 2) everyone gets something, 3) common intake and assessment processes, 3) peer supports and services are a core capacity, 4) case management is available to people who need it, 6) state-wide care management system, and 7) a state-level quality improvement team will review how well we achieve these goals and suggest QI initiatives.

There has been progress on achieving some of the design elements. Inclusion of Adult Service Planning and Coordination service as a billable Fee-For-Service (FFS) Medicaid activity through the Designated Agencies has expanded access to case management services to individuals served in Adult Outpatient Programs (design element #5). Also, federal funding via the Substance Abuse and Mental Health Services Administration (SAMHSA) Mental Health Transformation Grant is supporting enhancement/expansion of peer services to young adults in the community (design element #4). Planning and development work with a core team of DMH and peer provider representatives has put forward expectations for peer support services since the previous quarter report.

Initiative: DA – Allow Deemed Status to Accredited DA's:
Allocation of the $50,000 savings target was identified to DA s and accepted in late September. In early October, no future changes were anticipated. Other work groups exploring paperwork efficiencies and simplification continued; but there were no additional savings linked to this initiative.

Initiative: DA – Continue Implementation of Dartmouth Supportive Employment (SE) Model:
Vermont DMH continues to work on the Employment Demonstration Initiative (EDI). The goal of this grant is to work with all local mental health agencies around strengthening their level of integration between mental health treatment and employment services and to increase the non-employment staffs' knowledge of how to address consumers' concerns regarding employment, such as the loss of social security benefits. The expected outcome is an increase in referrals to SE, increased access to SE and ultimately an increase in the number of people obtaining employment. The other main priorities are the Family Supported Employment initiative, the Johnson & Johnson-Dartmouth Community Mental Health Program initiative, and providing training and technical assistance to the employment programs.

In addition, the following activities have been completed during April-June 2011:

- DMH finalized new employment outcome and performance measures for CRT.
- DMH finalized incentive and disincentives for employment outcomes for CRT.
- DMH SE Coordinator and VR SE Director met with the CRT Directors to discuss employment outcomes and performance measures prior to final master grant draft.
- DMH in collaboration with VocRehab hosted the successful Johnson & Johnson -Dartmouth Community Mental Health Initiative national meeting held in Burlington, VT on May 9-10, 2011. CRT Directors, NAMI-VT executive director, VAMH executive director, and DMH leadership all participated at the meeting.
- DMH contributed to the Creative Workforce Solutions (CWS) governance meeting on two occasions.
- DMH participated in the VR employment program review meetings at HCRS, LCC, NCSS, & NKHS.
- DMH & HC's SE program hosted a mental health program director from the Netherlands who was here to learn more about Evidence-Based SE.
- DMH assisted VR with developing a report from the focus group on employment that met at VSH.
- DMH and VR facilitated a quarterly statewide meeting with the SE coordinators on June 22 which included a focus on how to engage younger individuals.
- Designated Agencies' case management staff, identified as the SE champion, attended a video conference consultation call to learn about evidence-based supported employment as part of the EDI grant. All ten agencies participated.
- DMH has organized a full-day, statewide training on motivation and employment for the SE champions (case managers). DMH has designed and will present the material at the training with a staff member from DAIL on June 23.
- DMH participated in 3 conference calls with NASMHPD and with multiple states to discuss EDI grant activities.

- DMH facilitated 4 meetings with NAMI-VT under the SE Family Initiative and participated in 2 national conference calls.
- DMH participated in 2 national conference calls regarding the national SE learning collaborative with J&J-Dartmouth.
- DMH assisted with the SE cost study activities being directed by Dartmouth, including planning the studies next steps and collecting data.
- DMH participated in a research seminar on Evidence-Based Supported Employment Fidelity.
- 35% of CRT consumers received employment services during FY10 and of those who received 6+ services, 40% were employed.
- The four J&J-Dartmouth sites in Vermont had an average employment rate for their employment program of 33% and provided employment services to 257 consumers.

Initiative: DA – Substance Abuse and Mental Health Services:
Discussions between ADAP and DMH staff about substance abuse and mental health integration naturally flowed into the multi-stakeholder forums regarding adult outpatient program redesign. Therefore, this integration initiative became part of the Adult Services Redesign workgroup which held 10 public forums from July 2010 to January 2011. Recommendations in this area are incorporated into the Adult Services Redesign Report to the Legislature: *Re-Design of Adult Mental Health Services System: Planning for Implementation of Challenges for Change*, February 15, 2011.

Initiative: DA – Mental Health – 2% Reduction:
This $1.3 million initiative was achieved through DA allocation reduction in the FY '11 budget.

Initiative: DA – Reduce documentation and paperwork per PHPG:
The new workgroup convened in mid-December has not met since the change in Administration and Departmental leadership. The AHS led group is expected to re-convene in the next quarter with departmental leadership appointed by AHS to organize a working process with the Designated Agencies to identify best practices and areas for reform.

NEW!

Initiative: DA – Reducing psychiatric length of stay:
In the absence of new funding to address reductions in psychiatric length of stay for a broader Medicaid population, DMH incorporated into the DA FY 12 Master Grant agreements for each DA an incentive and penalty provision for lower than expected and over-utilization of psychiatric inpatient bed days based on a three-year trend history for its enrolled CRT Program population. This population is already an intensive service population for the DA's and funding for both outpatient and inpatient mental health services is within the scope of the Department and the scope of work of the master grant agreement. For FY 12, incentives are established for DA's that are below their target utilization during FY 12, as well as, those that show incremental improvements in lower utilization in FY 12. Likewise, DA's that exceed their target utilization may see incremental payment penalties for over-utilization of psychiatric inpatient bed days in the fiscal year. Plans of correction, approved by DMH, are allowed to mitigate penalties for DA's exceeding their target utilization.

Initiative: DA – Bulk Purchasing Options for DA's and SSA's:
This $25,000 savings was agreed to by DA's and taken in the FY '11 budget.

Initiative: DA – Integrate DA Psychiatry & Behavioral Health Services into FQHC's:
There are no major advancements to report in this initiative area. Collaborative efforts in either sharing personnel or physical co-location for services between DA's and FQHC's continue to evolve regionally. The process for integration of physical and mental health care remains a priority for both Department of Vermont Health Access and DMH.

NEW!

Initiative: DMH – Forensic Evaluation:
The Legislative Work Group addressing Statute Amendment to Inpatient Competency/Sanity Evaluations (13 VSA §4815(g)), continues to review the impact of this legislation on admissions, discharges, and the court process. We are hoping to hear from a judge familiar with the impact of the statute at our July meeting. Thus far, 13 defendants have not been admitted to VSH after being referred by the court for an inpatient forensic evaluation. All 13 were returned to DOC under a bail mittimus. Fletcher Allen Healthcare has informed the Department that, because of fiscal concerns related to forensic patients, they are unable at this time to accept any forensic inpatient referrals.

Initiative: IFS – Reductions in Psychotropic Medication Use:
The Challenges for Change report on child and adult psychotropic medications was sent to the Legislature as required in January 2011. It outlined the child psychotropic medication use statewide and identified one project to study, namely the use of a stimulant with one or more other psychotropic medications. The prescription monitoring project at the Department of Health was found inadequate to monitor child psychotropic medication usage because its intent is quite different. In order to address this identified area for study, the Drug Utilization Review (DUR) Board and Department of Vermont Health Access are moving ahead with implementing a prior authorization process for low dose Seroquel as ways of both monitoring current prescribing patterns and pharmaceutical costs.

The adult psychotropic medications findings recommended the use of academic detailing to implement the medication guidelines developed by the Clinical Practices Advisory Panel throughout the state. We will need to pursue potential funding sources to implement this in its entirety. In the meantime DMH is educating the psychiatrists in the public sector about the medication guidelines and working with them to develop an implementation plan.

Department of Vermont Health Access (DVHA)

NEW!

Direct Care Coordination (CC):
In SFY 2011, the Department of Vermont Health Access (DVHA) expanded its direct care coordination capacity in Franklin and Rutland counties to improve health care and medical outcomes for beneficiaries with significant medical needs while reducing health care costs. Rutland and Franklin counties were selected using the geographic distribution of the Medicaid population and the *Blueprint's* financial modeling.

All six of the new care coordination staff (three in each county) have been hired to expand upon the work of the existing regional care coordination teams. The new staff members are collocated in high volume primary care offices, specialty practices, and hospitals to assure DVHA achieves its *Challenges* goal of increasing the number of Medicaid beneficiaries it serves by 3.8%. The providers and hospitals are highly supportive of the initiative and have indicated they value the additional assistance and data the care coordinators provide to them.

DVHA care coordinators continue to use the APS case management system as their primary resource for documentation and data mining. Enhancements to this system have been implemented to support the care coordinators' timely and efficient identification and engagement of the highest cost/highest risk beneficiaries. Although care coordinators also have the ability to access and chart their interventions in DocSite, some technical and contracting issues delayed refinements that ultimately will enable the DocSite system to more fully meet the expanded care coordination pilot's needs. A plan of action is underway to assure these needs are addressed in an expedited manner.

UVM has completed the initial three month evaluation of the pilot using hospital admissions and emergency department visits during that period to estimate annual utilization under the enhanced initiative (the initial evaluation period covered 11/1/10-1/31/11 due to staff hiring and training during July-October). For the initial evaluation, the pilot had not been operational long enough for care coordinators to develop and impact large caseloads, making it difficult to draw definitive conclusions. However, a comparison of first year annual hospital utilization estimates with the year prior to the initiative's implementation, as well as with two comparison counties (Bennington and Orleans), suggests the enhanced program is having a positive effect on utilization patterns. The impact appears to be especially true among beneficiaries who have successfully completed care coordination services. Another evaluation of the pilot by UVM will occur at the end of July. Lastly, beginning late summer, DVHA will conduct a consumer experience of care survey to obtain feedback directly from beneficiaries who received care coordination services during SFY 2011.

340B Pharmacy C4C Initiative:
The initiative charged DVHA with encouraging Vermont's eight Critical Access and three Sole Community Hospitals (who are newly eligible to participate in the federal 340B discount pharmacy program) to enroll with the federal Office of Pharmacy Affairs (OPA) as eligible Covered Entities and then to "carve in" Medicaid to ensure the state benefits from lower drug pricing. In addition, DVHA is working with already enrolled Covered Entities (Federally Qualified Health Centers and Fletcher Allen Health Care) to increase their 340B utilization and pass through the savings to Medicaid. DMH has a C4C initiative focused on alignment between Covered Entities and the Designated Agencies to achieve the same end: increased utilization of 340B for Medicaid beneficiaries who are clients of the DA's.

Seven of the eleven Vermont hospitals newly eligible for participation in 340B are enrolled as of 1/1/11. After troubleshooting a number of technical challenges, DVHA is in the final stages of designing a workable system for 340B providers to "carve in" Medicaid to pass through the 340B discounts to the State. An initial proposed State Plan Amendment (SPA) was withdrawn in early December in response to feedback from providers, but a revised SPA will be posted early in the New Year so that the State can begin sharing in the savings obtained through 340B.

CURB Initiative:
The Clinical Utilization Review Board (CURB) was created to examine existing medical services, and emerging technologies, and relevant evidence-based clinical practice guidelines and make recommendations to the Department of Vermont Health Access (DVHA) regarding coverage, unit limitations, place of service, and appropriate medical necessity of services for the Vermont Medicaid program. The board is comprised of 10 members with diverse medical expertise appointed by the governor upon the recommendation of the commissioner of DVHA. Input to selection was provided

by the Vermont Medical Society, the University of Vermont Office of the Dean, and other state and public stakeholders. The medical director of DVHA serves as state liaison and moderator for the CURB.

The CURB convened for its first meeting on October 20, 2010 and has met monthly for a total of three meetings through 2010. The CURB duties and responsibilities include identifying opportunities to improve quality, efficiency, and adherence to evidence-based clinical practice guidelines, and making recommendations to the commissioner of DVHA regarding the most appropriate mechanism to implement the recommended utilization controls for provision of evidence-based clinical practice guidelines. DVHA provides CURB members per diem compensation for each meeting and food service for dinner before the meeting. DVHA filled one full time position to provide data support to the CURB to start in January, 2011. DVHA has responded to the CURB requests for data in the interim through currently employed data analysts.

Over the past three meetings, the DVHA medical director presented the CURB an overview of the guiding principles of Medicaid coverage, a review of utilization controls, and a review of program costs for medical services. The Clinical Unit director presented the steps for evaluation of prior authorization requests, exception requests, appeals, requests for non-covered services, and pharmacy authorizations and DVHA use of proprietary sources for medical criteria and coding manuals. The CURB members have provided suggestions regarding transportation services, emergency room services, services provided by geographic area, use of case management, reduction of administration barriers, provider incentives to increase participation, ambulance services, and personal care services.

The CURB members also requested data regarding out-of-state services. Currently DVHA only requires prior authorization for inpatient services out-of-state. The CURB was presented data on total number of outpatient services provided out-of-state, services provided and reimbursed to each state, the composite list of services provided to beneficiaries by specific coded service, and the specific providers for each state. The board members provided suggestions to ensure appropriate use of out-of-state services which will be summarized and presented for implementation by DVHA at the January 19, 2011 meeting. The CURB began discussions on the use of the negative pressure wound closure system for Vermont Medicaid beneficiaries and mechanisms to ensure that evidence-based clinical practice guidelines are followed by providers. Given the delay in the start of the CURB meetings until October, DVHA is still assessing whether the projected $4 million in net gross savings can be achieved for FY11.

Department of Children and Families (DCF)

Reach Up Intensive Family Engagement:
The Challenges for Change initiative associated with Reach Up was a directive to create a specialized case management program for Reach Up families on sanction. Although no savings were associated with this item, the goal was to achieve savings that would equal the cost of the program ($420,000) by reducing the Reach Up caseload as people exited the program through employment.

The procurement process began with a Request for Proposal that went out in June, 2010. A consortium of Community Mental Health Agencies had the winning bid proposal. After discussion the consortium decided that it could not enter into the performance based contract that was outlined by DCF. Considering this and the difficulty in recouping the savings to pay for this program it was decided to revisit this initiative in the next legislative session.

DCF discussed the lack of funding with the House and Human Services Committee in January, 2011. It was decided that DCF and the legislature would need to further explore and decide upon the ability to run this program without additional funding. There was not a timeline set for this.

Office of Child Support - New Hire Reporting:
State law requires that employers report newly hired staff in a timely fashion to the Department of Labor (DOL). Recently, the Legislature reduced the required employer reporting period from twenty days to ten days in hopes of creating more accurate information and compliance with the law. Employers submit reports directly to the Department of Labor. The Office of Child Support has proposed a technology interface with DOL in order to monitor compliance with this newly changed law in order to ensure that child support wage withholding is done in a timely fashion. Our expectation is that this will enhance our ability to recoup court ordered child support payments and to stabilize income for many Vermont families dependent on child support.

Currently, OCS has identified a vendor who will work to develop the interface with DOL and implement a data matching system. One step in that process is the development of necessary fields in our ACCESS system which will allow us to monitor the effectiveness of the DOL interface once implemented. Those fields are actively being added to the OCS data warehouse now. Once complete, the new system will allow us to see the information that DOL currently inputs into ACCESS and to ensure that we can cross match employment and employer reporting and enhance child support collections.

Office of Child Support - License Suspension:

The Legislature gave the Office of Child Support (OCS) concurrent jurisdiction with the Family Courts to suspend driver's licenses administratively for non-compliance with child support orders.

Currently, a group of OCS staff is working to implement the timely and accurate suspension of licenses beginning July 1, 2011. The group is working to develop new forms, policies and procedures, staff training, and data reporting capabilities.

Office of Child Support - Collaboration with County Sheriffs for Child Support Collection:
The Challenges for Change initiative associated with child support was a directive to work with county sheriffs to improve child support enforcement. Although no savings were associated with this initiative, we are expecting that enhanced enforcement will result in additional child support collections for families in excess of the costs associated with contracting with county sheriffs. To date, we have finished the procurement process and have a signed contract with the Chittenden County Sheriff which outlines a process for statewide referrals for delinquent support payments through a single point of contact. We have begun to implement this process and have submitted over 125 cases in which we have been unable to locate the responsible individuals or in which warrants need to be served. From December 22, 2010 to March 15, 2011, deputies from around the state have located or developed leads on a number of those submitted cases and have picked 25 individuals on warrants, of which 8 surrendered voluntarily. Recoupment costs from those three individuals have already totaled over $17,000. The Office of Child Support is tracking outcomes for this initiative specific to the activities performed by sheriffs and to the total child support collections for cases that have been referred. Future activities for sheriffs will include sending notices to noncompliant

individuals. We will continue to track the outcomes for this initiative and to refine our collaboration with county sheriffs.

Child Development Division - Automation of the Child Care Financial Assistance Program

Eligibility Determination:
The purpose of this initiative is to transfer the financial eligibility determination function from individual community providers to the Economic Services Division using elements of processes that are being modernized under the auspices of the STEER project, or ESD Modernization. To date the project charter, business requirements document, and project implementation plan are completed.

An RFP for the IT work necessary to create an interface between two existing data systems within the Department to allow for the centralization of eligibility determination closed with only one bid received. The amount of the bid was not realistic or fiscally manageable. A newly written RFP will be ready to post by January 15, 2011. Stakeholder meetings were held in every region to assist in the development of transition plans. The positions required to transfer the work into DCF have been recruited and five conditional offers of employment were made with an anticipated start date of 1/10/11.
The current budget for this project is $400,000 for the IT work. Some of the work will be done in house. The savings committed for this fiscal year was $26,000. With full implementation the projected savings for FY 2012 is $600,000. The current administration is aware that the incoming administration may require a review and re-evaluation of the pace of this project. Decisions must be made by January 7, 2011 as any change in the initiative will require contract extensions and 30 day notification to parents and providers.

The proposed centralization of Child Care Financial Assistance Program (CC FAP) eligibility determination was postponed until July 2011 to allow a small group of DCF staff and community service providers to analyze alternative models. The analysis group will deliver a report to Secretary Racine and Commissioner Yacovone in April and they have committed to making a decision about how to proceed for SFY12 by May 1. Two regions (St. Johnsbury and Lamoille) have transferred responsibility for caseloads to the Child Development Division (CDD) in Waterbury. The CDD is providing funds to support families navigating the system in those communities and piloting a centralized model with community supports. One BPS is assigned to eligibility determination for those two regions at CDD. The original proposal to centralize eligibility determination in the Economic Services Division has been modified to a transition plan centralizing eligibility determination in the CDD. This postpones the need for an IT bridge investment – a significantly reduced IT RFP for enhancements to the Bright Futures Information System (BFIS) in CDD will be competed using DCF IT resources and will enhance any model selected. Savings of $600,000 related to changes in eligibility determination remains in the proposed SFY 2012 budget.

On May 9, Commissioner Yacovone issued the decision to continue to support CC FAP eligibility determination and navigation support through 12 Community Child Care Support Agencies located in AHS regions. The 12 agencies agreed to deliver these services for 20% less than they are currently allocated ($222, 821 annual savings). They also agreed to work with DCF to develop capacity to assist families applying for CC FAP by helping to navigate applications for other DCF/AHS benefit programs such as health care insurance, heating assistance, 3 Squares VT and Reach Up. This additional outreach and support work, will allow the department to capture some federal match for eligibility determination in community agencies and help to reach some of the original savings targeted for centralization. The two regional caseloads currently being determined centrally, will transition back to community agencies over the summer months. The analysis group agreed that the planned technology enhancements for the Bright Futures Information System (BFIS) were important in increasing efficiency and customer service in the CC FAP. The final RFP for those enhancements is under review and will be released soon with work being completed on the BFIS during SFY12, using funding that is part of the DCF IT budget for SFY12.

Child Development Division - Children's Integrated Services:
The work of the three stakeholder groups convened in September 2010 [Group I: Regional Integration of CDD Services; Group II: Child Care Referral and Financial Assistance System; and Group III: Early Childhood and Afterschool Program Consultation, Quality Improvement & Professional Development] has been completed. Groups I & III met 4 times each and Group II met 5 times. 70 – 75 participants took part in the discussions, including 23 registered or licensed CC providers. Each group discussed, clarified, defined and refined the original charge to the group.

They identified key questions and gathered information from a variety of sources. There was an agreement that consensus was not possible in a short time frame– the goal was to unearth issues and identify areas of agreement and differences of opinion/perspective. Information about the discussions was available on the CDD website throughout the process. Each group examined many sides of each issue and produced recommendations for the future. The work of the three groups was presented in an open state-wide meeting via Vermont Interactive Television (VIT) on December 15, 2010. Many positive comments regarding the process and products of the groups were received from VIT meeting participants.

As part of the information gathering effort, CDD worked with partners to create and disseminate two surveys. One survey was for parents asking about where they get information about child care and how they select providers. Over 1000 parents responded in a three week period. A preliminary report on their responses is available on the CDD website and a more detailed final report is being finalized. A significant number of parents identified themselves and said they were willing to continue the conversation about Child Care. CDD and Kids Are Priority 1 plan to work together throughout the winter and spring to convene focus groups of parents to better understand their needs, constraints and priorities related to child care and child development services. The second survey was developed using information from Group II. It was developed to ask child care practitioners about their professional development needs, challenges, preferences and priorities. It will be disseminated to a broad array of providers in the first week of January and results will be posted on the CDD website in February. Final reports and data from both surveys will be used to inform ongoing discussions about CC Resource & Referral recommended by the Stakeholder Groups. Eight products in all were produced by the three groups. These include reports, plans and recommendations. Final drafts are available on the CDD website. All products are being reviewed and formatted and will be available in final form on the CDD website by the first week in January. An evaluation of the process will also be distributed to all participants. CDD staff will present materials to the DCF Commissioner and AHS Secretary in preparation for a report due to the legislature on January 15, 2011.

The final CDD Stakeholders Groups report will be delivered to Secretary Racine, Commissioner Yacovone and the legislature next week. The survey on the professional development needs of early childhood and afterschool professionals has been developed and will be disseminated to providers shortly. Stakeholders advising the CDD on parent input advised CDD staff to wait on convening parent focus groups and work through Building Bright Futures Regional Councils and other community groups in the spring to attend local events to meet and talk with parents.

Children's Integrated Services (CIS) Phase I Implementation:
On November 1, 2010 full integration of CIS through a single fiscal agent was successfully implemented in 3 AHS regions: Lamoille, Franklin/Grand-Isle, and Rutland. The three pilot regions are working closely with the CIS State Team from CDD to identify and resolve any issues that arise. A fourth region, Brattleboro, was added to CIS pilots in July, 2011. Regional meetings with IFS/CIS staff continue as does work to fully integrate and align ongoing CIS integration efforts with IFS work across AHS departments. Addison County has proposed a birth – 22 integrated service delivery model that IFS/CIS staff will review and help to refine and implement over the coming months as an alternative pilot. Other regions may step forward to fully implement using the single fiscal agent model adopted by the pilots or alternatives developed or accepted by AHS/DCF as they assess their respective situations. Meanwhile, the CIS state team continues to work on training and technical assistance around integrating service delivery practices across all regions.

IFS Initiatives

Initiative: IFS – Reductions in Inpatient Psychiatric Hospitalization:
DVHA has been authorized to hire a position to assist in this effort. As of the end of December that position is under recruitment. Additionally, all departments have begun to explore additional rate tiers for inpatient care in order to support children in inpatient care who do not meet the highest level of acute care, but who require a higher level of care to remain stable while waiting for a home and community based or step down residential care placement. Finally, through the enhanced family service initiative, communities have been engaged to determine what is needed locally to appropriately divert children from inpatient hospitalization.

Initiative: IFS – Reduction in Admin. Requirements:
A memo regarding changes to documentation requirements for all AHS funded children services delivered in the designated agency system was finalized in October and retro-actively effective to July 1st 2010. These changes representing 60% of the IFS funded services and a streamlined a significant amount of redundancy in the children's MH system. For example, DCF and DMH have agreed to mutually accept each others requirements for home and community based Medicaid services, eliminating the need for providers to keep 2 files or switch requirements if the child moves in and out of custody. AHS continues to fine tune requirements related to several programs using a new bundled rate finance model. These models are being used to streamline billing for a package of services to specific target populations. In addition to these changes AHS has completed an inventory of the elements currently required across all departments for intake and assessment. The goal is to create a core common set of elements and definitions to reduce conflicts and redundancy across departments. We are also mapping the process from intake to service completion for Children's Integrated Services, Children's Health and Support Services and Enhanced Family Services to create a uniform process and reduce confusion for families. Lastly we will continue to look at reporting, documentation and auditing requirements related to PNMI funded services in order to align those requirements with the new licensing regulations and further streamline those requirements. The

ultimate goal is to get away from work processes that take time away from measuring outcomes and responding to technical assistance needs and quality improvement activities.

Initiative: IFS – Reduce Out of Home Placement:
We were fortunate to receive all expense paid assistance from Casey Family Programs in facilitating a 2 day community planning event that was very successful. All 12 regions participated with equal representations from parents and professionals. Regions presented redesign options for key child and family programming with the goals of engaging the full family needs in much earlier and more holistic fashion. Additionally, a separate family meeting was held to continue to engage family members in all pieces of the design and implementation. Three regions have volunteered to become early adopters of a new integrated model of service delivery (Lamoille, Brattleboro, and Addison). Early adopters will begin implementation work with the state staff in early 2011 with a target of re-designs in place for the last quarter of FY 2010.

Initiative: IFS – Repurpose Woodside as Secure Residential:
Data analysis of the admissions for the last year indicates that it is still viable to re-purpose Woodside into a treatment focused facility. A study outlining the current and proposed status along with necessary legislative changes will be distributed by January 15th to the legislative committees of jurisdiction. Final approval and decisions will be made by the legislature.

Initiative: IFS – Reductions in Psychotropic Medication Use:
Members of the Psychotropic Medications Workgroup met several times this quarter. They reviewed Medicaid claims data from DVHA on mental health medication prescribing (single and multiple agents) for children ages 0-6, 7-12, and 13-17 for six months of calendar year (CY) 2007 compared to the same six months of CY2010. (Medication classes included antidepressants, antipsychotics, and ADHD medications but did *not* include anticonvulsants, anxiolytics or sedatives/hypnotics.). Final recommendations will focus on the off label use of the drug Serequol. Recommendations have been sent to the DVHA Drug Utilization Board to disallow all off label uses. It is projected that annualized savings will be at least 10% of the total drug spend or about 300K annually. Workgroup members will continue to meet to develop best practice protocols for ADHD and Anxiety/Depression medication protocols for children.

Initiative: IFS – Integrated Intake and Program Operation Between DAIL and VDH Programs for Children:
We have eliminated the 6 months review requirement for families receiving children's personal care services. Any family that feels there situation has changed may request a review to determine if more hours are needed at any time. This one change has resulted in 140,000 in FY11 savings. While this suspension of review is in place, the AHS is working with the VT Family Network to host a series of regional Family Focus Groups to discuss strengths and challenges of current CHASS programs. Families have been universally supportive of the core CHASS initiatives. In addition, families offered constructive suggestions for our work as we go forward. The CHASS Team is also drafting a new CPCS Assessment tool that will provide more integrated information to the AHS and be used for multiple program eligibility determinations.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$0	$0	
FY 2012	$0	$0	

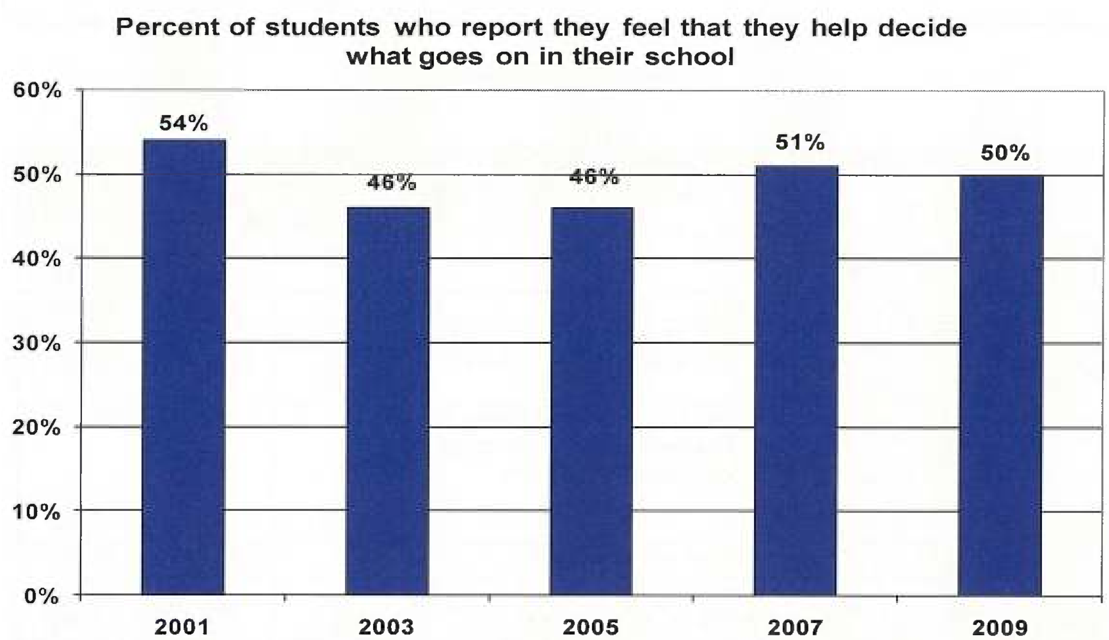
OUTCOMES & MEASURES

Outcome 1

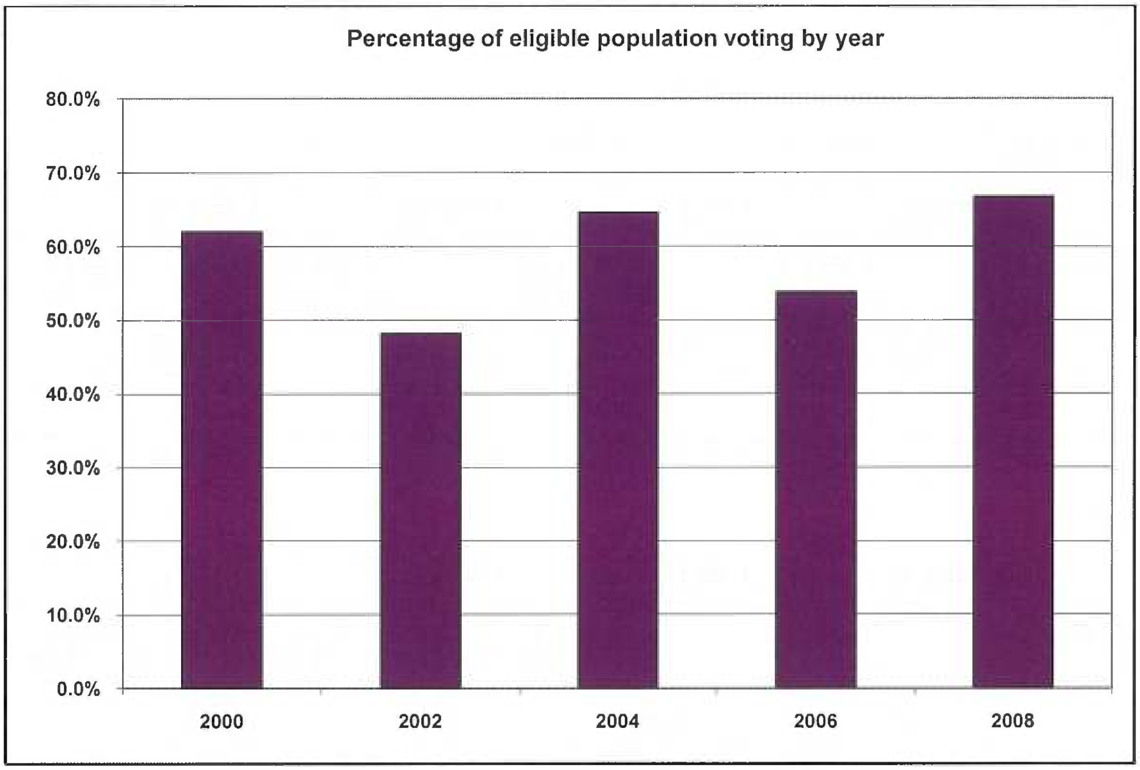
Children, families, and individuals are engaged in and contribute to their community's decisions and activities.

Measures 1

i. Percent of students who report they feel that students help decide what goes on in their school;
ii. Percentage of eligible population voting in general and local elections;
iii. Percent of towns/districts/regions with reparative boards;
iv. Number of clients serving on AHS policy boards.



Measure 1(i) Baseline & History

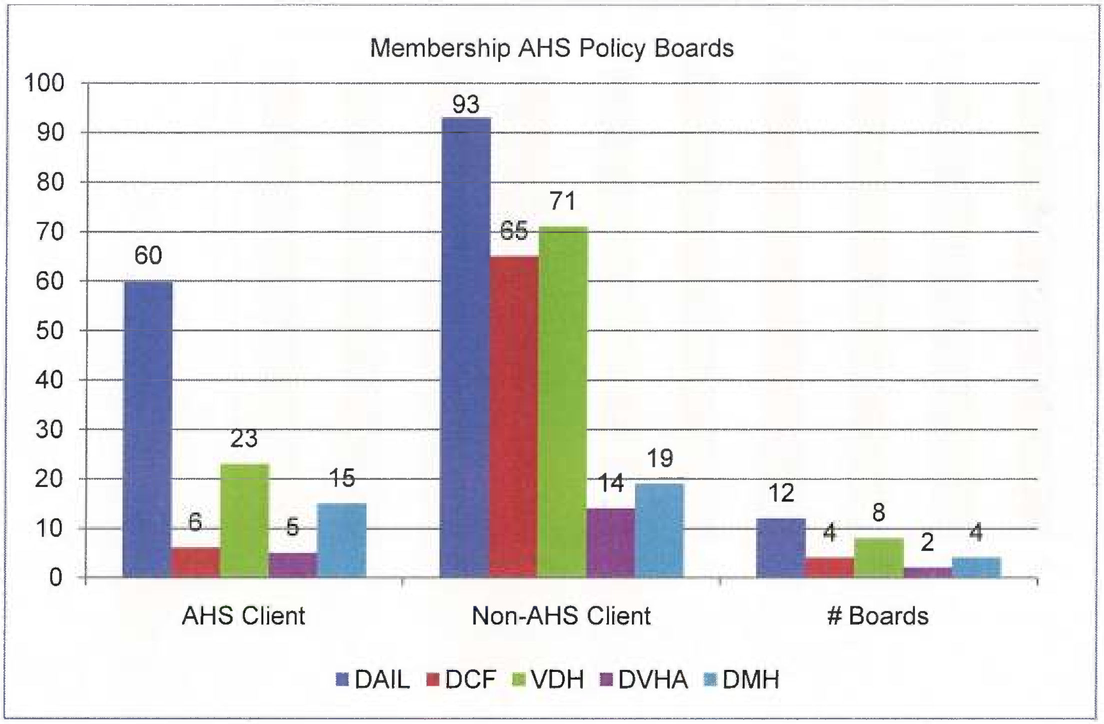


Measure 1(ii) History

Reparative Boards by County		# Towns		% per County w/Bds.
County	Town Name	With Boards	By County	
Addison	n/a	0	23	0.0%
Essex	n/a	0	19	0.0%
Grand Isle	Grand Isle	1	5	20.0%
Franklin	St. Albans*; Highgate; Richford	3	15	20.0%
Lamoille	Morrisville; Cambridge; Johnson; Stowe	4	10	40.0%
Chittenden	Burlington*; Colchester; Essex*; Milton: Shelburne; Hinesburg*; So. Burlington*; Willistin*; Winooski*	9	18	50.0%
Rutland	Rutland*	1	28	3.6%
Bennington	Bennington' Manchester	2	17	11.8%
Orleans	Newport*	1	19	5.3%
Caledonia	Hardwick*; St. Johnsbury*	2	17	11.8%
Washington	Barre*; Montpelier*; Northfield; Waterbury	4	20	20.0%
Orange	Randolph*	1	17	5.9%
Windsor	Windsor; Chester; Hartford*; Springfield*; White Rover Jct.	5	24	20.8%
Windham	Bellows Falls*; Brattleboro	2	23	8.7%
	Total	35	255	13.7%

*DOC-funded Community Justice Center or Program; All other Board locations administered directly by the county P&P office.

Measure 1(iii)



Measure 1 (iv)

Outcome 2

Pregnant women and children thrive

Measures 2

i. Percent of women receiving prenatal and natal care.
ii. Percent of well-child visits in the first 15 months of life in the care in the Global Commitment to Health Medicaid Waiver Population.
iii. Percent of low birth weight babies
iv. Percent of women who report smoking during pregnancy

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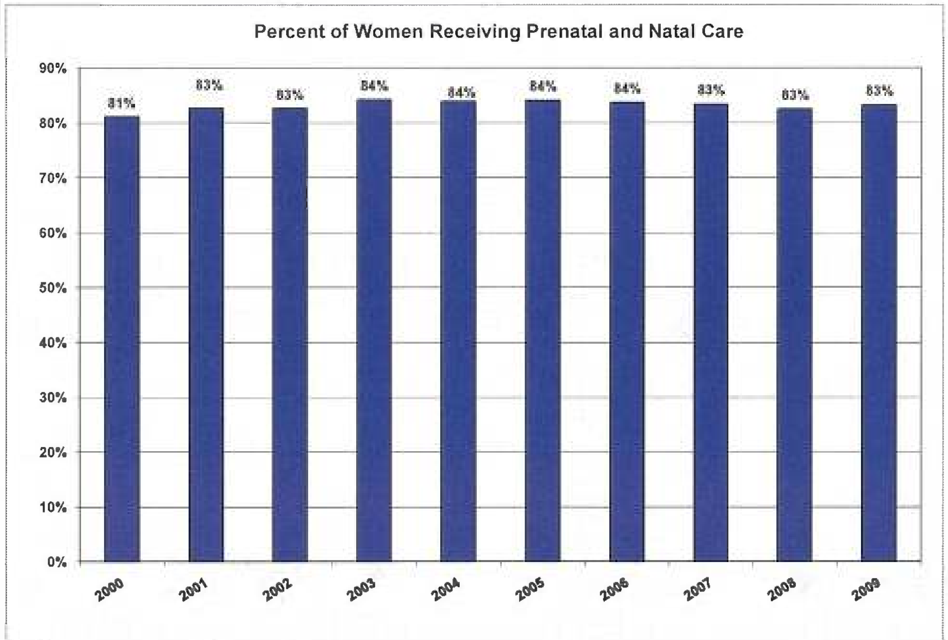
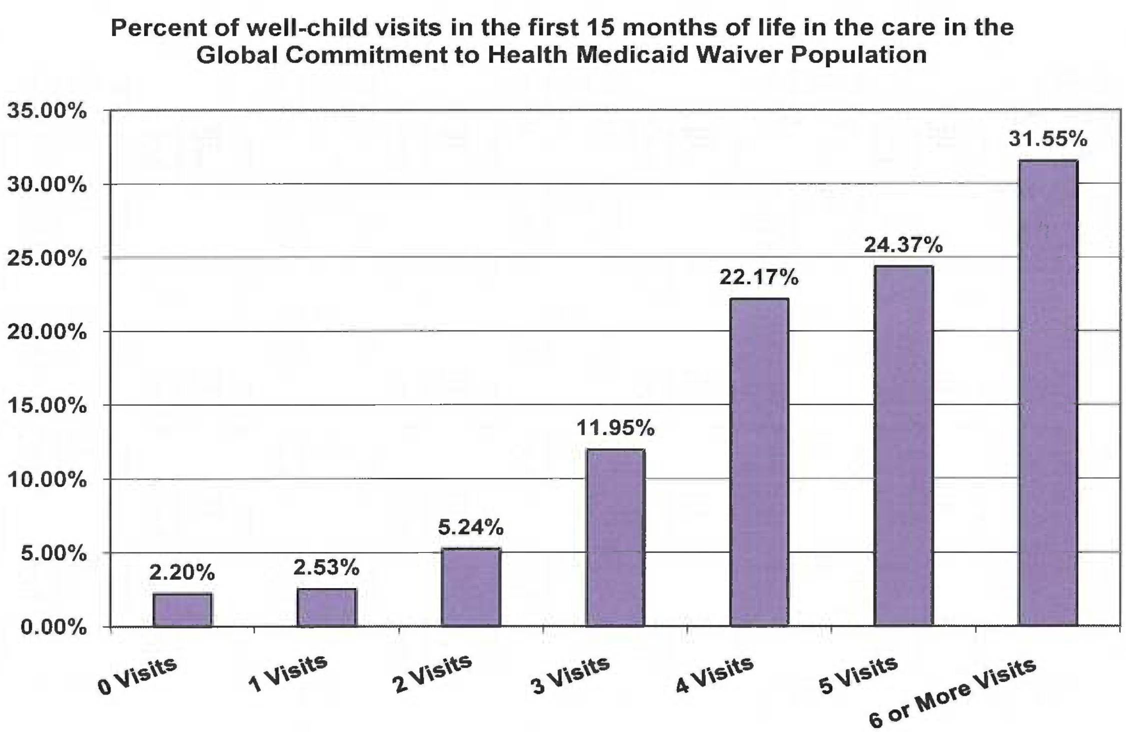
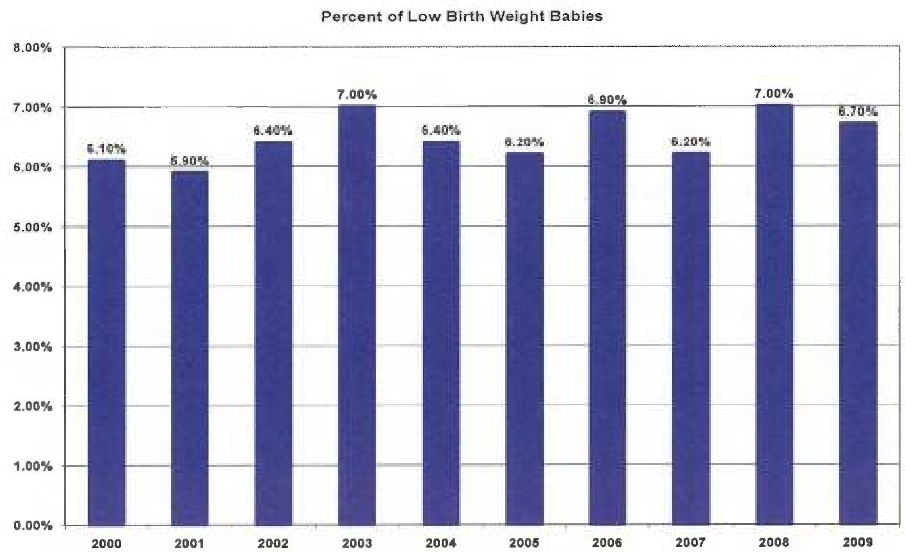


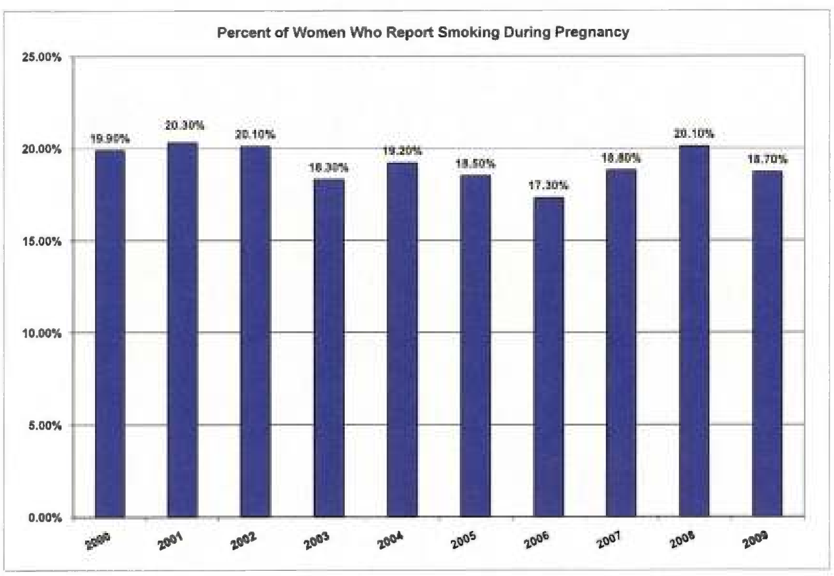
i. Measure 2(i)



Measure 2(ii)



Measure 2(iii)



Measure 2(iv)

Outcome 3

Children are ready for school

Measures 3

i. Percent of Early Essential Education students meeting IEP goals
ii. Percent of infant/toddlers meeting IFSP goals

Measure 3(i): These data are not collected pr DOE. **Measure 3(ii):** IFSP is a new program; Data not yet available

Outcome 4

Children succeed in school

Measures 4

i. Reading proficiency gap between students eligible for Free and Reduced Lunch assistance and all students;
ii. Math proficiency gap between students eligible for Free and Reduced Lunch assistance and all students;
iii. Graduation rate gap between students eligible for Free and Reduced Lunch assistance and all students.

[DOE has not provided and/or collect this data]

Outcome 5

Children live in safe, nurturing, stable, supported families

Measures 5

i. Number of assessments of child abuse and neglect and percent of reports substantiated;
ii. Rates of re-abuse of children who have opened cases with DCF;
iii. Average number of moves within the child substitute care system;
iv. Percentage of children at or below 200% of federal poverty level.

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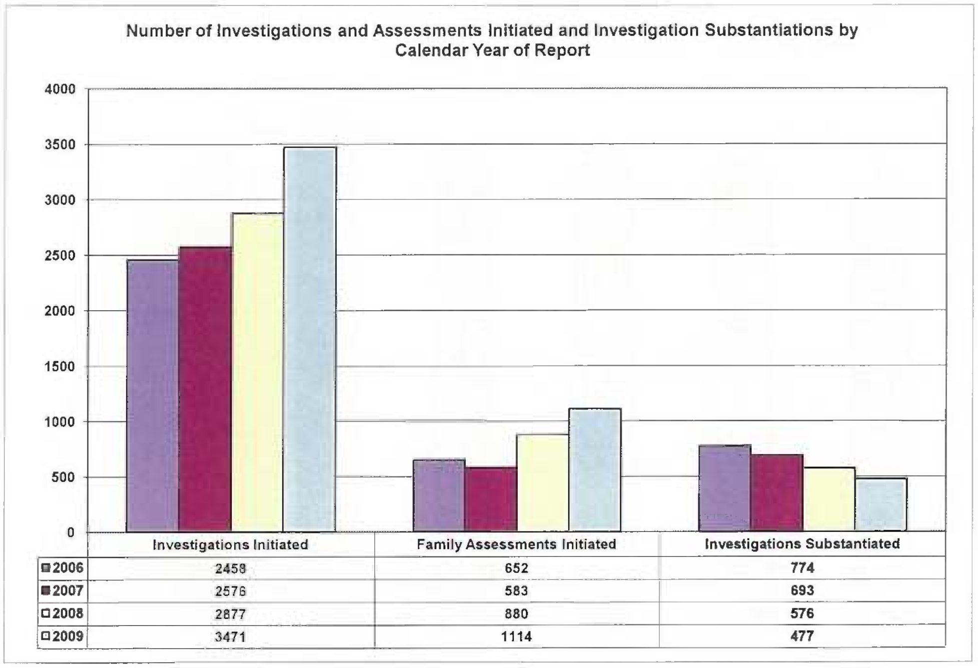
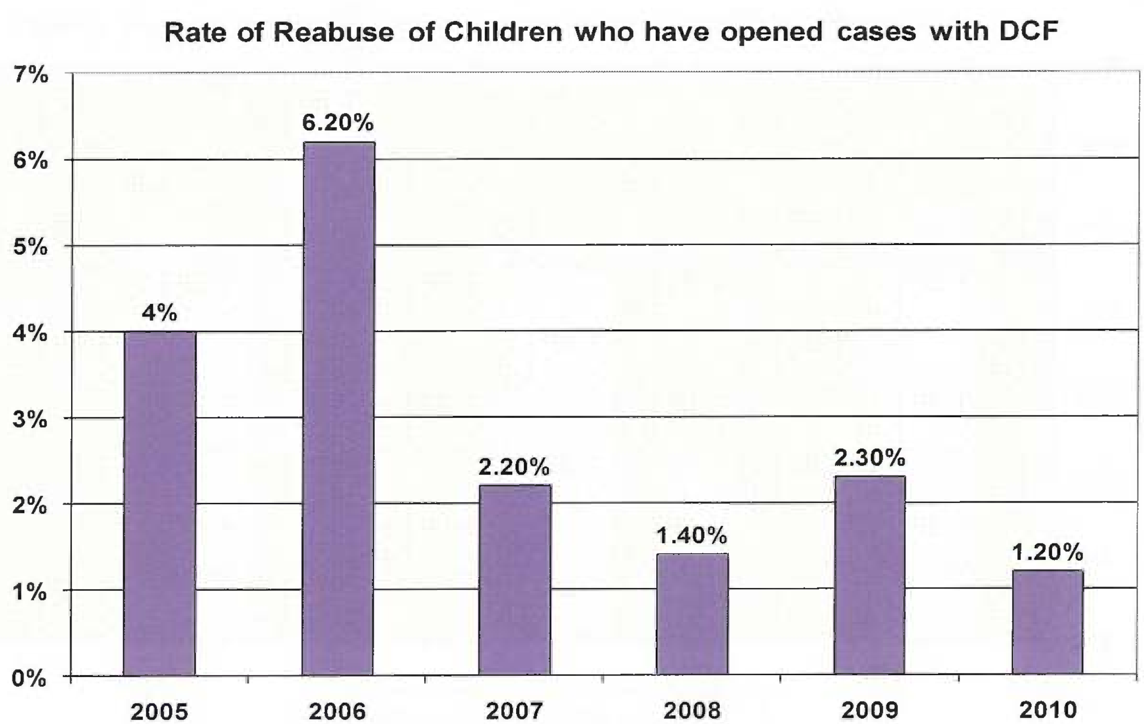
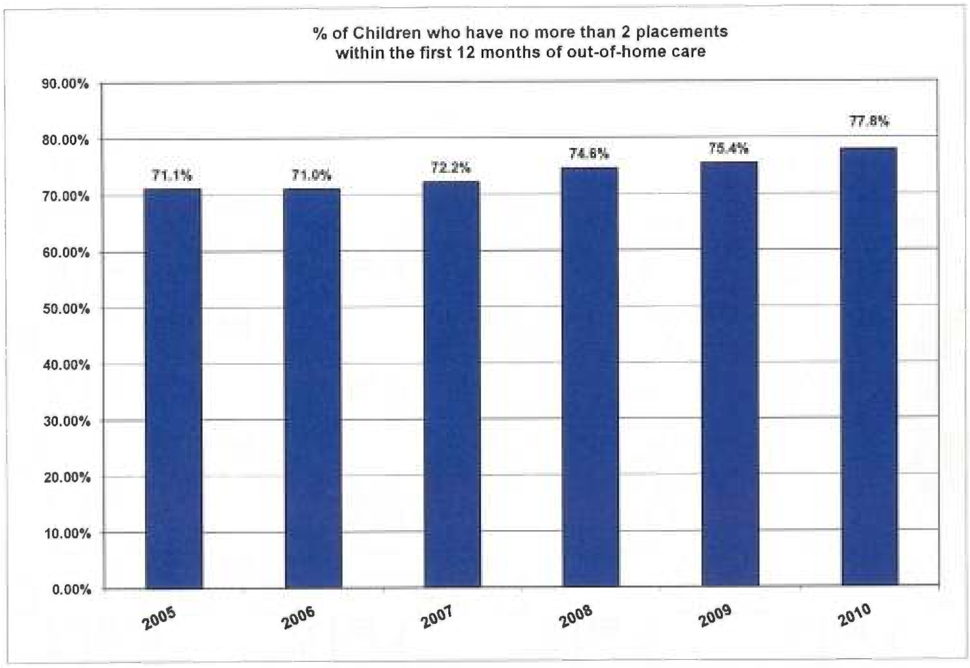


	Investigations Initiated	Family Assessments Initiated	Investigations Substantiated
2006	2458	652	774
2007	2576	583	693
2008	2877	880	576
2009	3471	1114	477

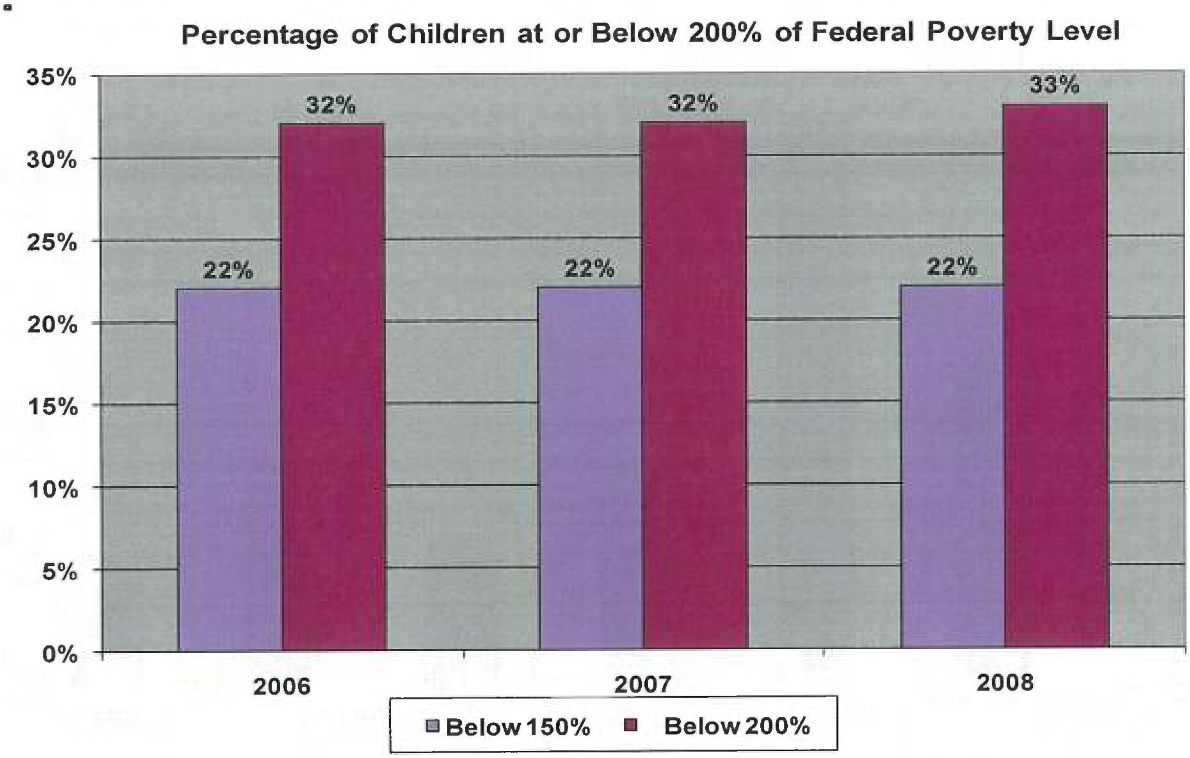
Measure 5(i)



Measure 5(ii)



Measure 5(iii)



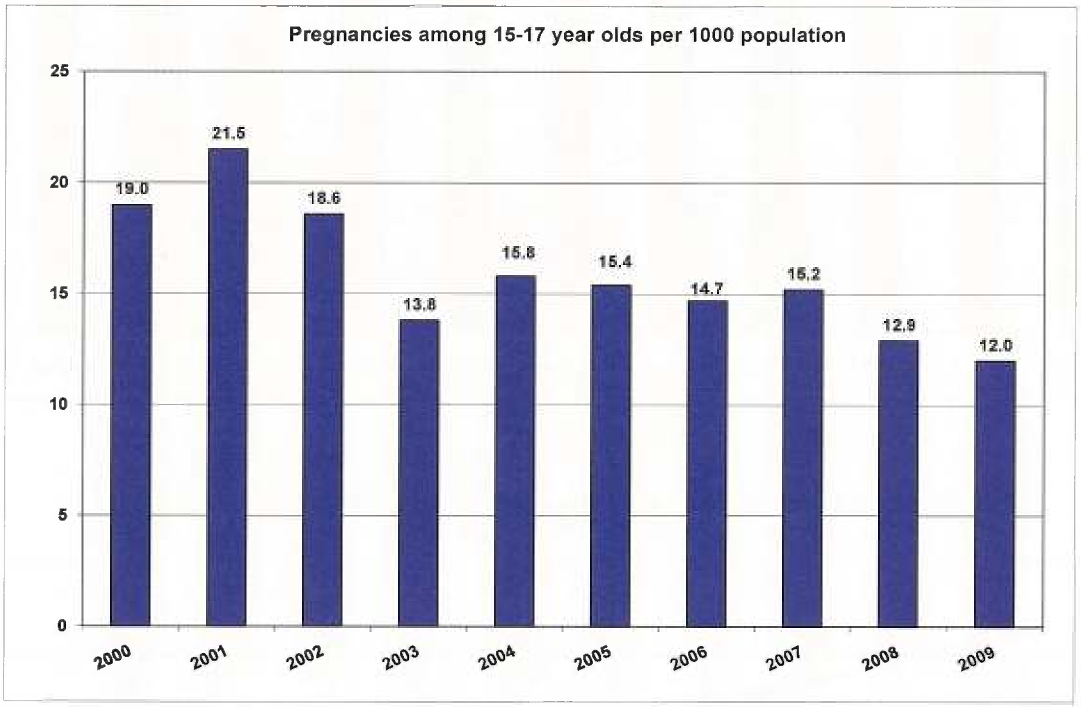
Measure 5(iv)

Outcome 6

Youth choose healthy behaviors

Measures 6

i. Young teen pregnancy rate (<18);
ii. Rate of teen sexually transmitted infections;
iii. Percent of students who report using alcohol, tobacco, and/or other drugs within the last 30 days;
iv. Number of students who report spending at least one hour per week volunteering in order to make their community a better place for people to live.



Measure 6(i)

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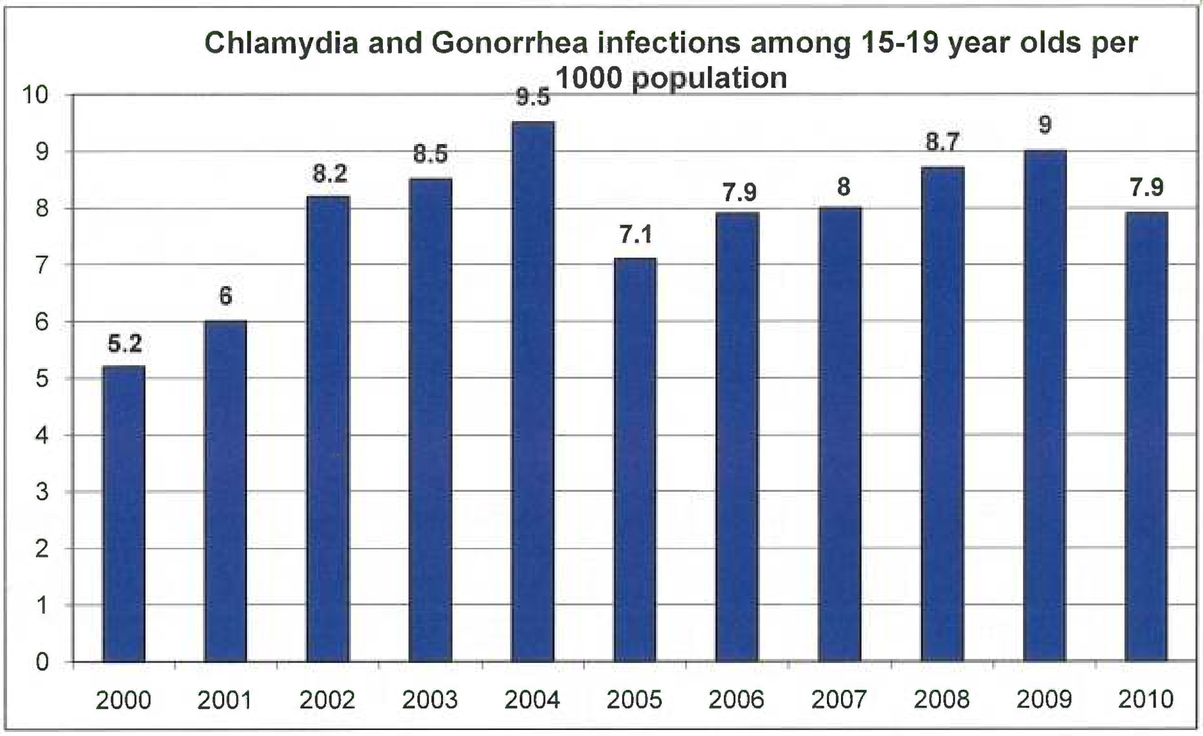
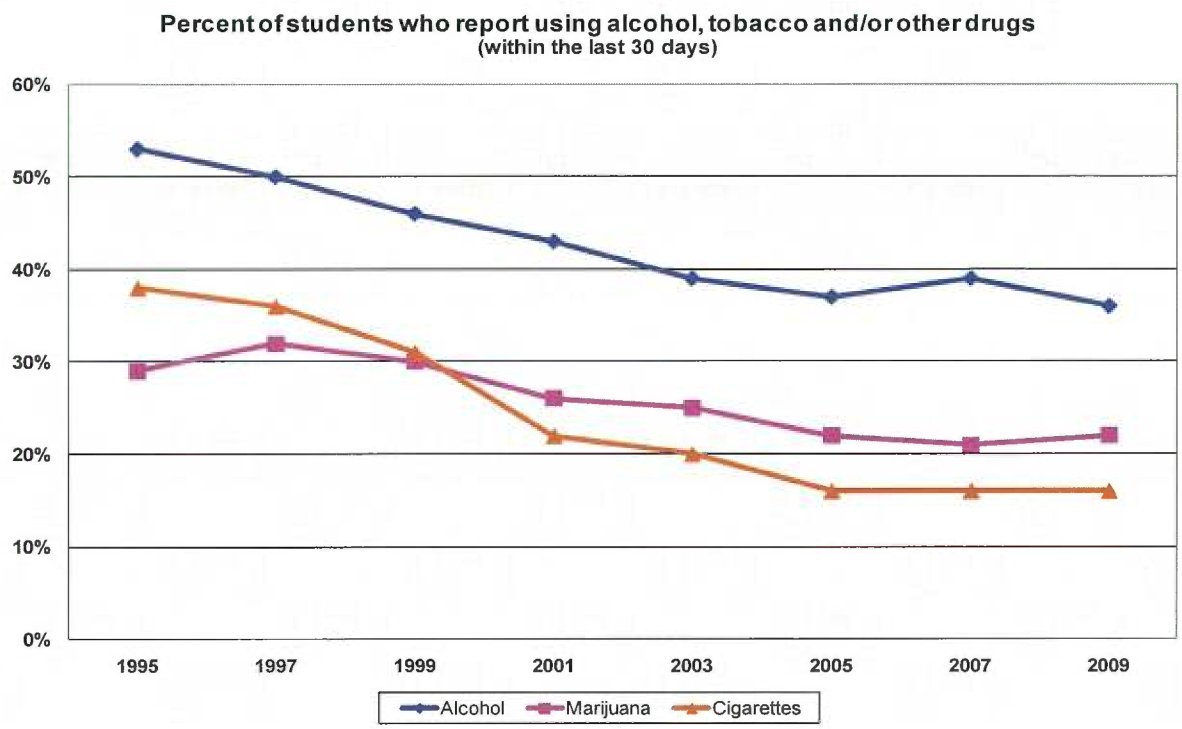
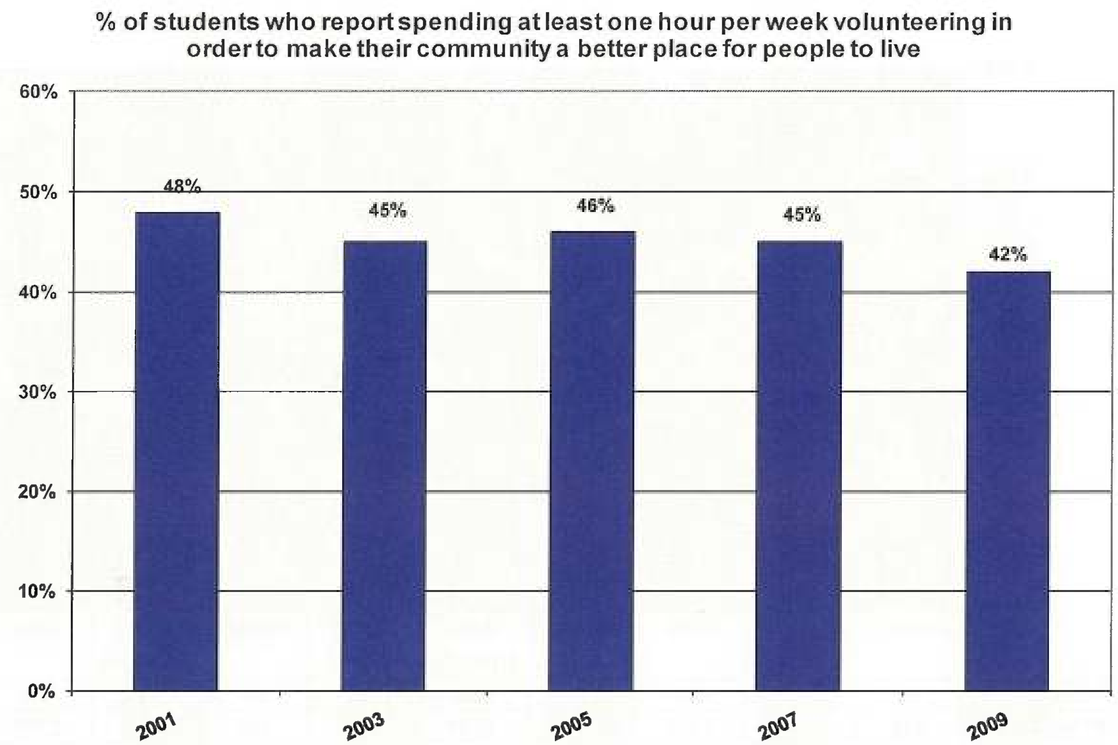


Measure 6(ii)



Measure 6(iii)



Measure 6(iv)

Outcome 7

Youths successfully transition to adulthood

Measures 7

i. Number of youths under the supervision of Corrections (ages 18-24);
ii. Percent of youths who are employed or attending school/vocational training;
iii. Rate of homelessness among youths;
iv. Number of Reach Up, Reach Ahead, and Post Secondary Education program participants who become employed or enrolled in education or training (ages 18-24).

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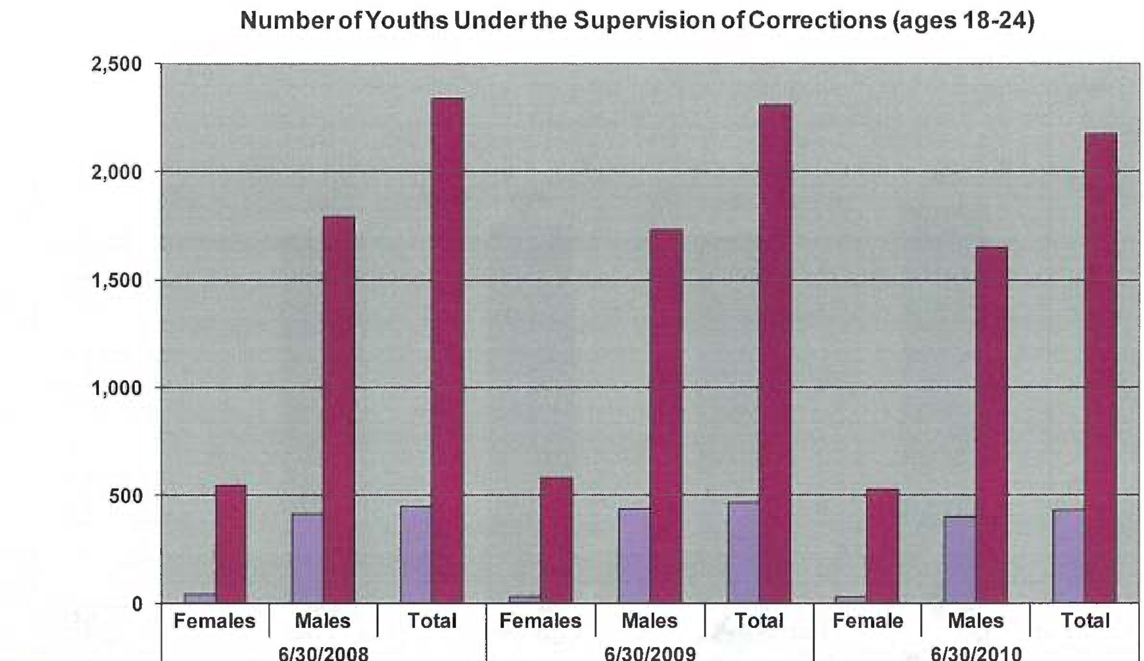
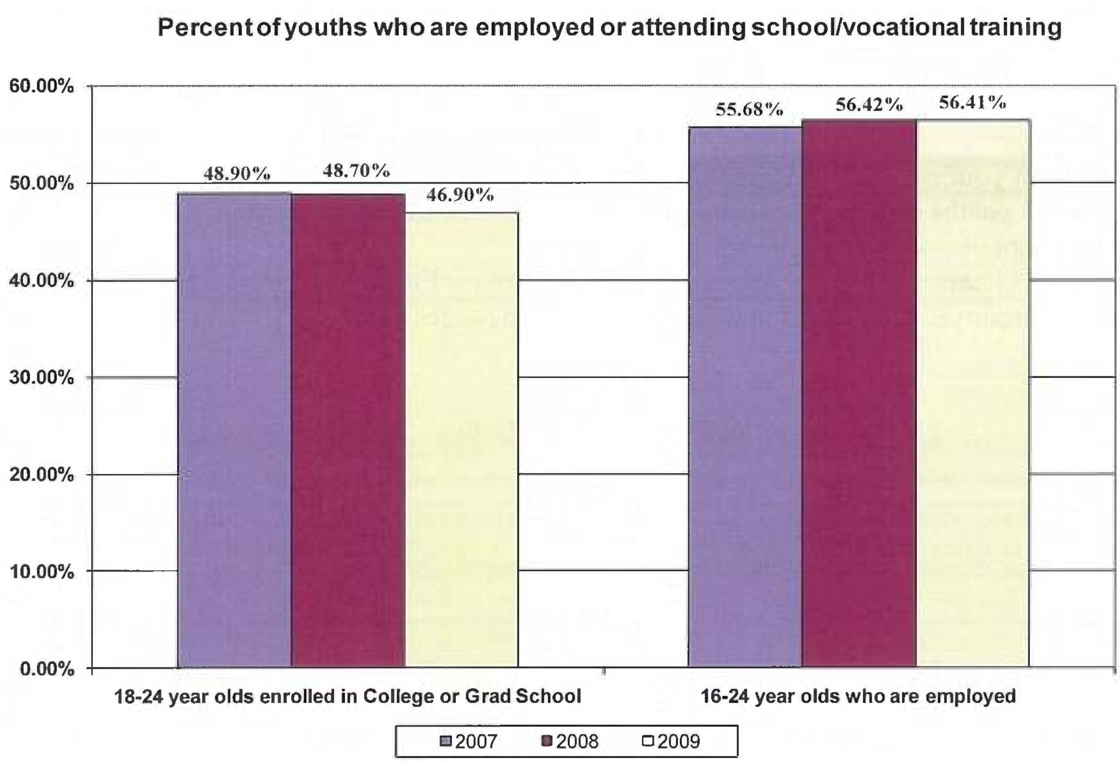
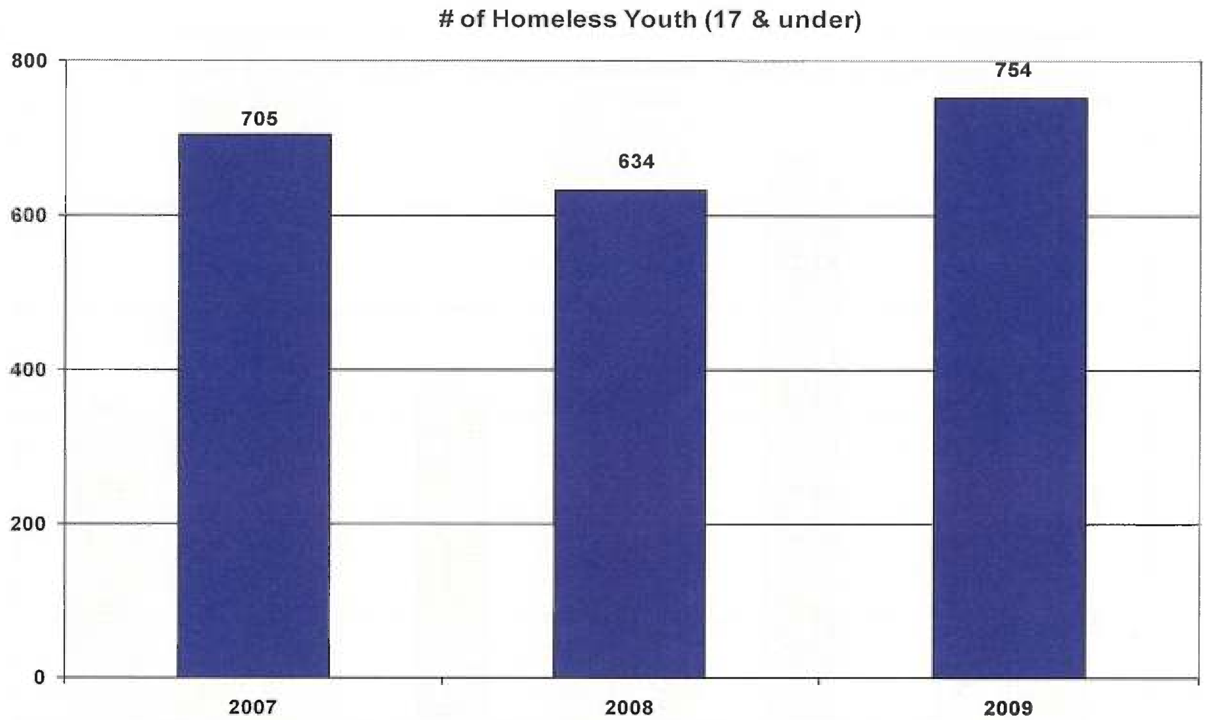


	Females	Males	Total	Females	Males	Total	Female	Males	Total
	6/30/2008			6/30/2009			6/30/2010		
Incarcerated	38	412	450	28	435	463	28	401	429
Field Supv.	544	1,792	2,336	577	1,730	2,307	528	1,649	2,177

Measure 7(i)



Measure 7(ii)



Measure 7(iii)

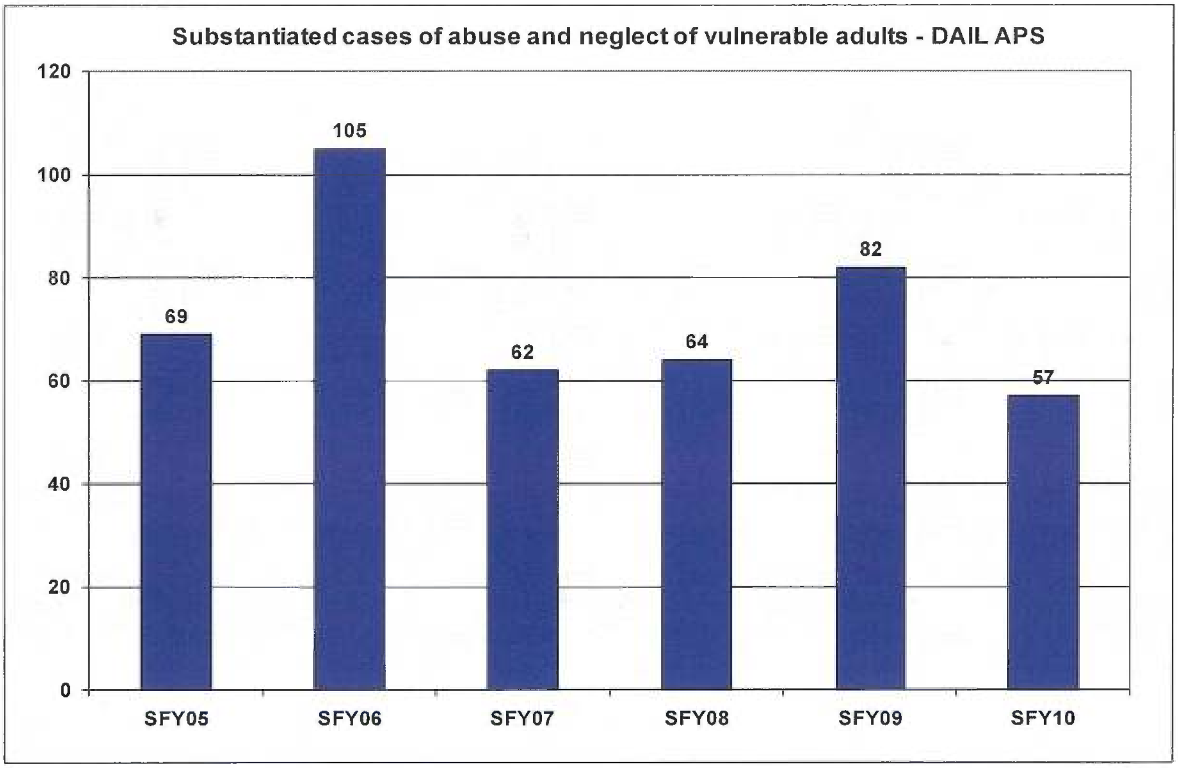
Outcome 8

Elders, people with disabilities, and individuals with mental health conditions live with dignity and independence in settings they prefer.

Measures 8

i. Percent successful job placements among consumers of Creative Workforce Solutions;
ii. Rate of abuse and neglect of vulnerable adults;
iii. Number of nursing home bed days and number of persons enrolled in Choices for Care in home and community based settings;
iv. Percentage of individuals with mental health conditions receiving involuntary hospitalization;
v. Percentage of individuals who report receiving the services in settings they prefer.

Measure 8(1): CWS consumers are defined as those receiving job search and placement services from CWS partner employment staff. Successful placement is defined as 90+ days. In the period from CWS inception on 7/1/2010 to 12/31/2010, CWS partner staff was directly involved in at least 350 successful placements. It should be noted that this is an undercount as data collection systems were not in place during the period reported for all partners in CWS, most notably those serving the Corrections and ReachUp populations. These programs had staff in place serving CWS consumers, but the data systems to collect individualized data on placements are still being implemented. In addition, some programs are being phased in incrementally with staff hired late in the reporting period or afterwards.



Measure 8(ii) and 9(iii)

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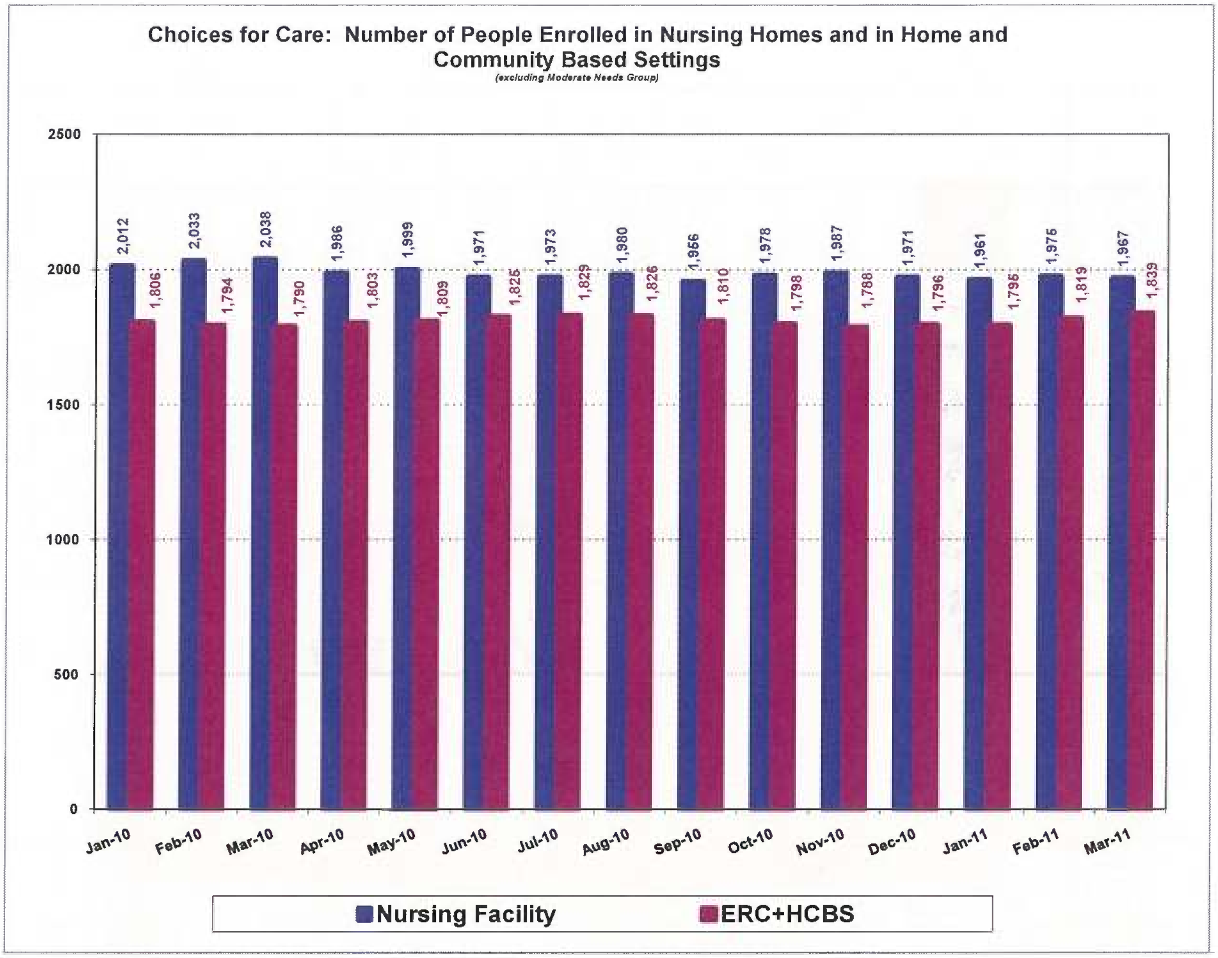

	Number of Enrollees		Percent of Enrollees		+Increase+/-Decrease- (15 months)
	Month 1	Month 15	Month 1	Month 15	
Nursing Facility	2,012	1,967	53%	52%	-45
ERC + HCBS	1,806	1,839	47%	48%	+33

Measure 8(iii)

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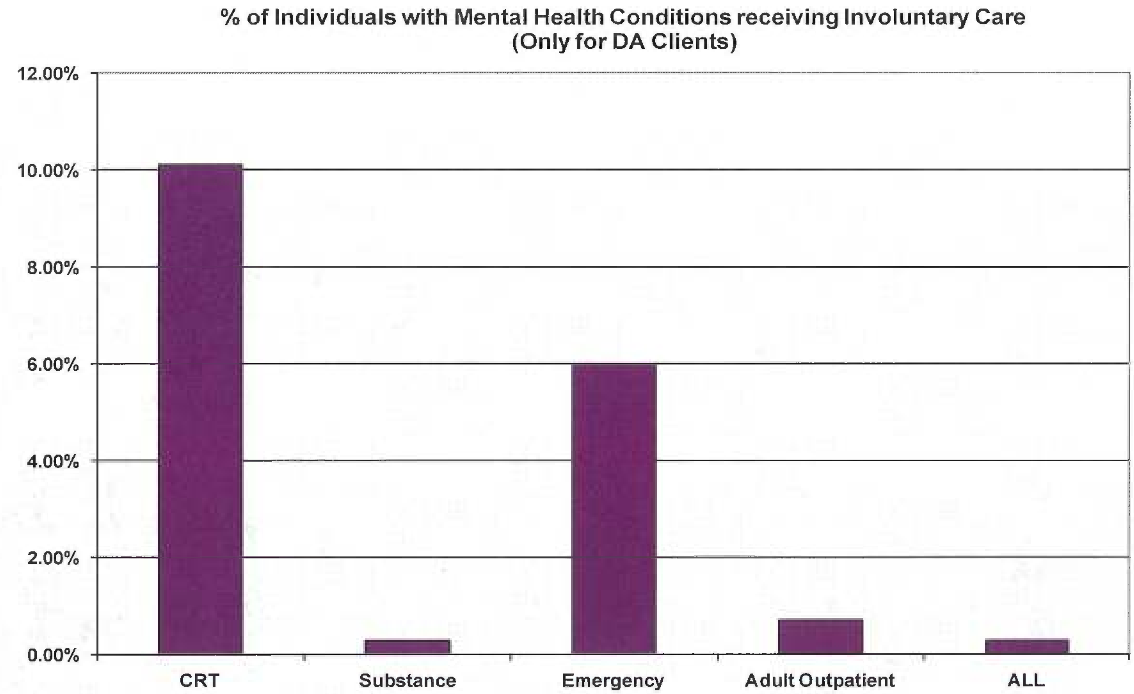
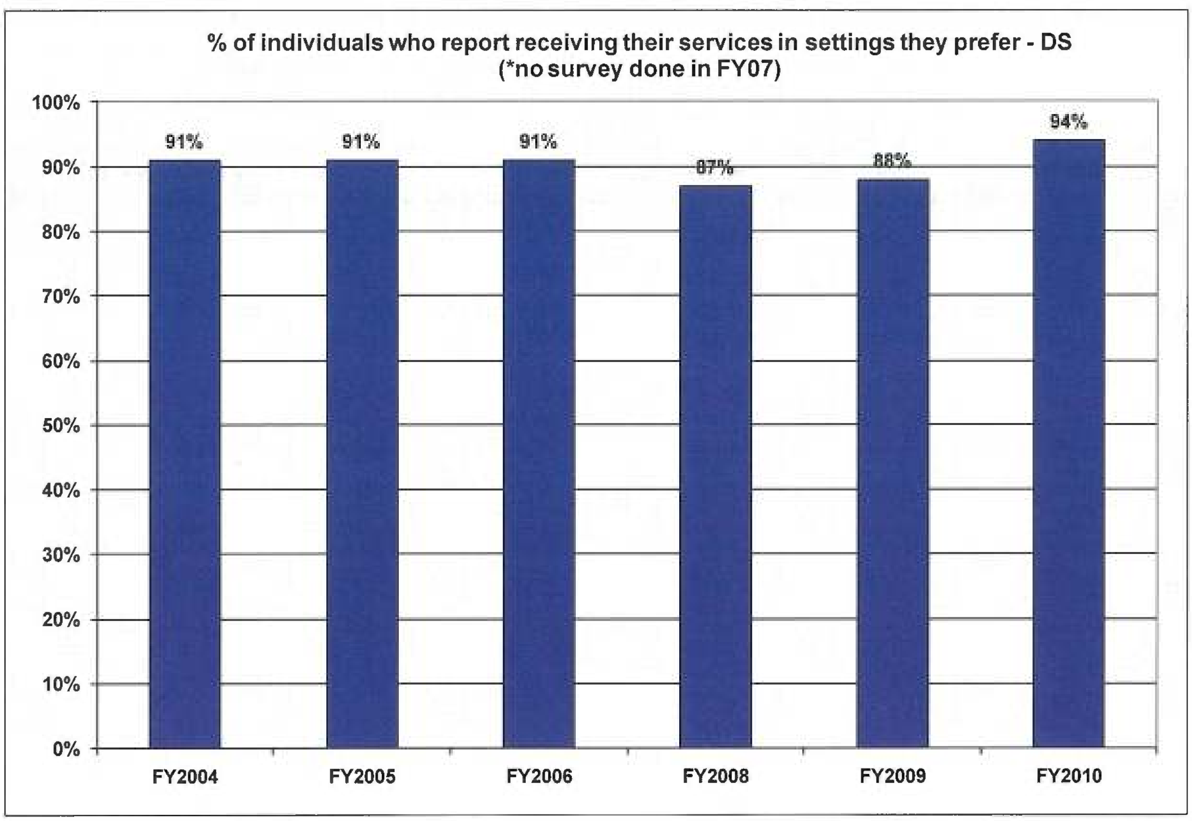


Measure 8(iv)



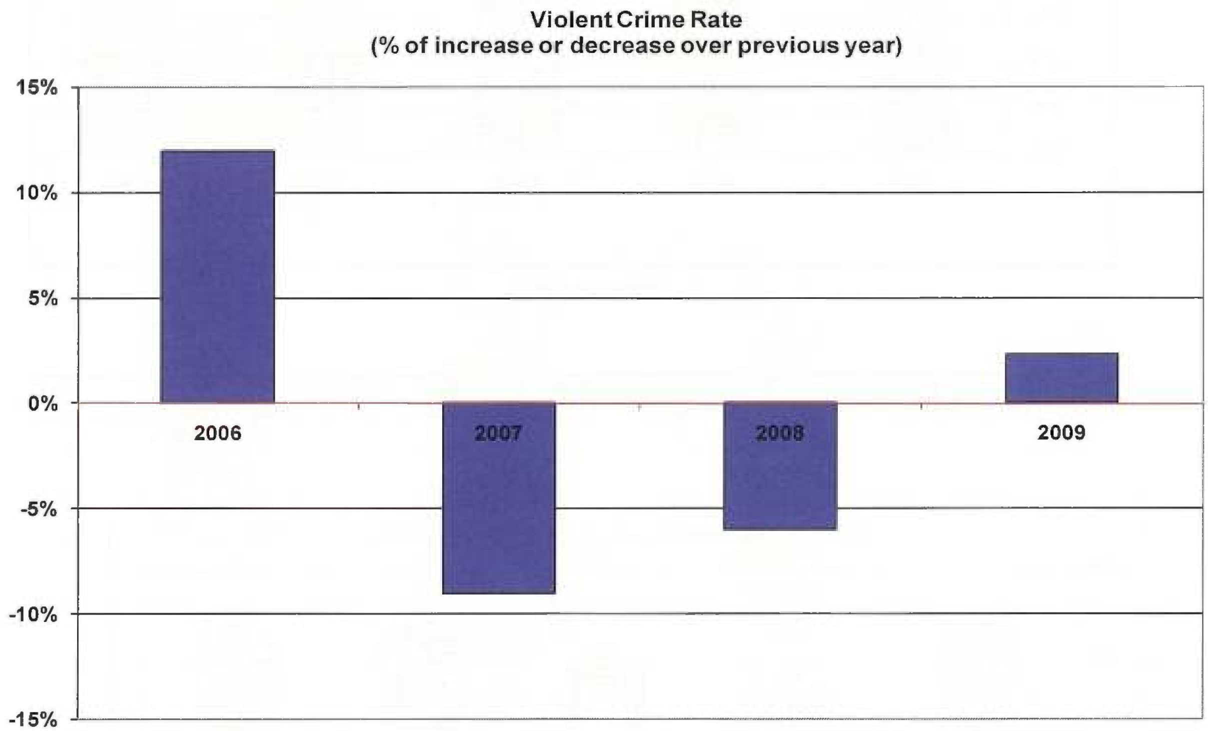
Measure 8(v)

Outcome 9

Families and individuals live in safe and supportive communities.

Measures 9

i. Violent crime rate
ii. Percent of youth who feel valued by their community
iii. Rate of abuse and neglect of vulnerable adults
iv. Number of relief from abuse petitions filed
v. Percentage of cost-burdened homeowners and renters



Measure 9(i)

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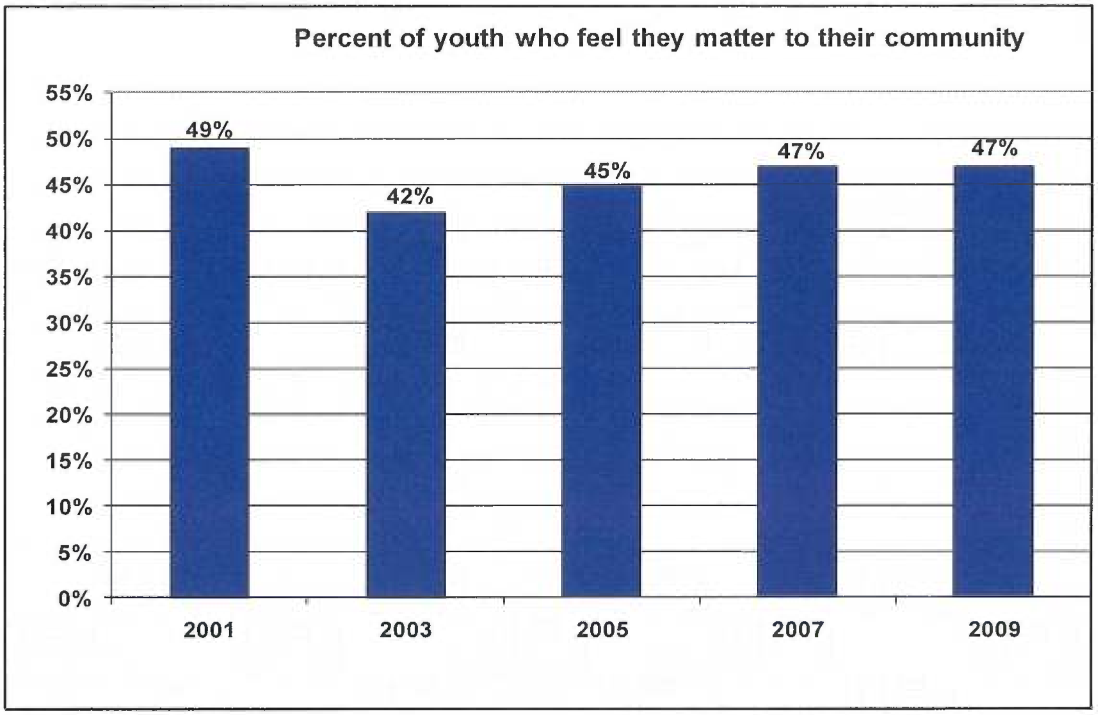
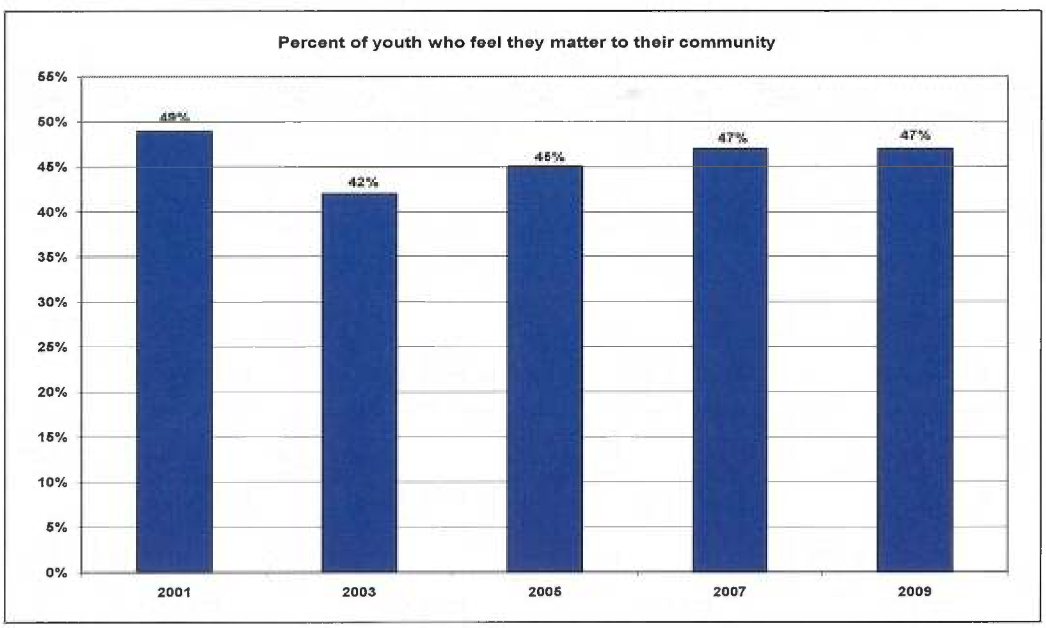
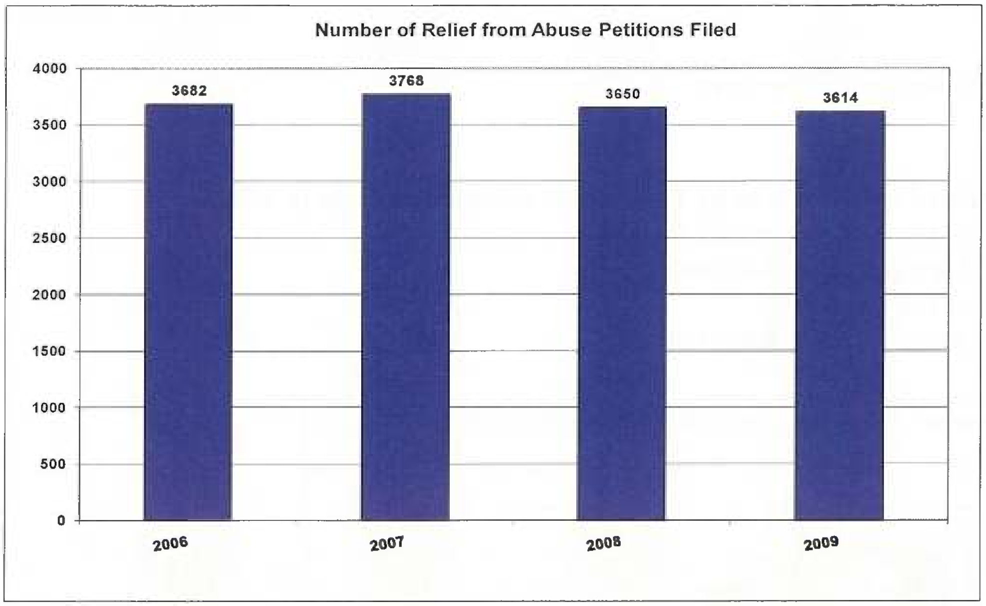


Measure 9(ii)

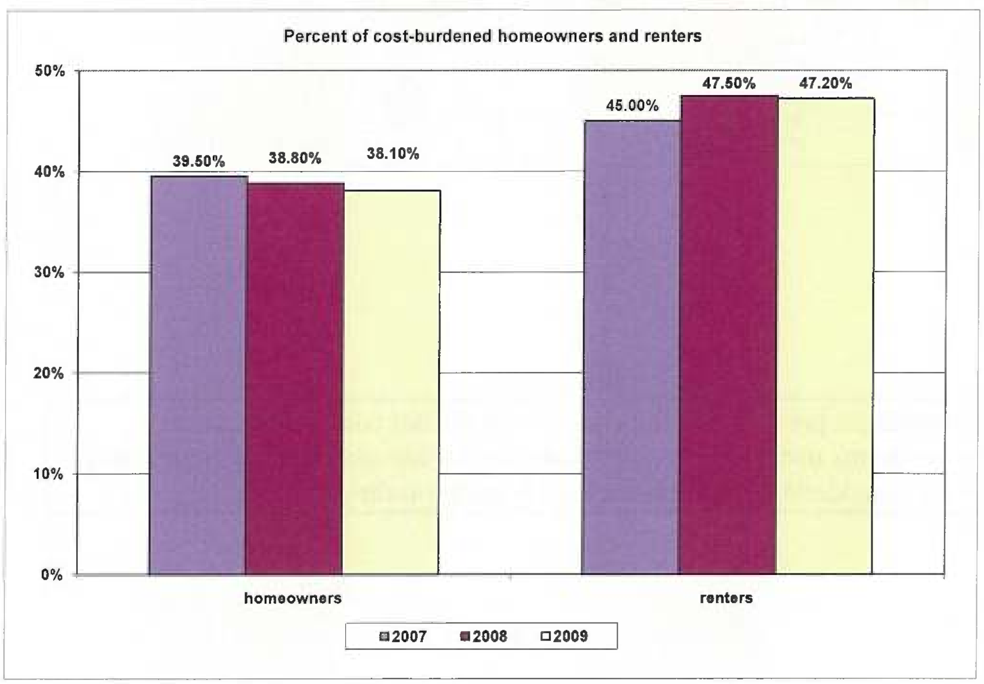
NOTE: For Measure 9(iii) chart - see Measure 8(ii)



Measure 9(iii)



Measure 9(iv)



Measure 9(v)

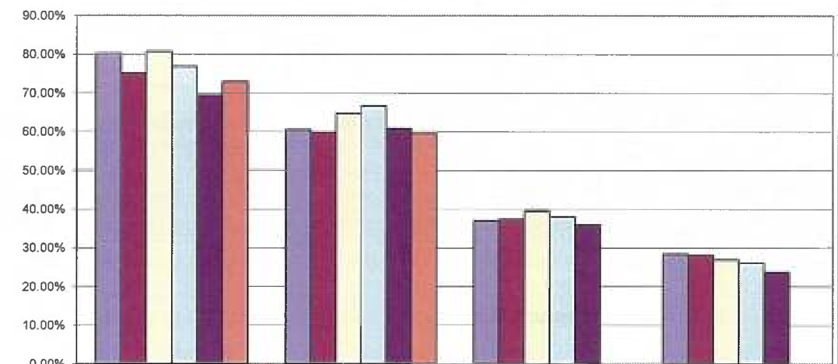
Outcome 10

Adults lead healthy and productive lives.

Measures 10

i. Employment rate of clients served by Creative Workforce Solutions (CWS);
ii. Percent of adults who exceed healthy weight;
iii. Suicide rate and attempted suicide rate;
iv. Rate of heart disease diagnoses;
v. Rate of serious mental illness diagnoses.

Employment Rate of Clients served by Creative Workforce Solutions (CWS)



	DBVI	DVR	DDS	CRT
FFY2005	80.20%	60.50%	37%	28.40%
FFY2006	75%	59.90%	37.40%	28.10%
FFY2007	80.70%	64.70%	39.40%	27%
FFY2008	76.80%	66.70%	38%	26.20%
FFY2009	69.40%	60.80%	36%	23.80%
FFY2010	72.97%	59.62%		

Measure 10(i)

NOTE: The percentages presented in the chart above are not comparable across programs. The programs use different methodologies for calculating the employment rate and also vary considerably in the size of the population they serve.

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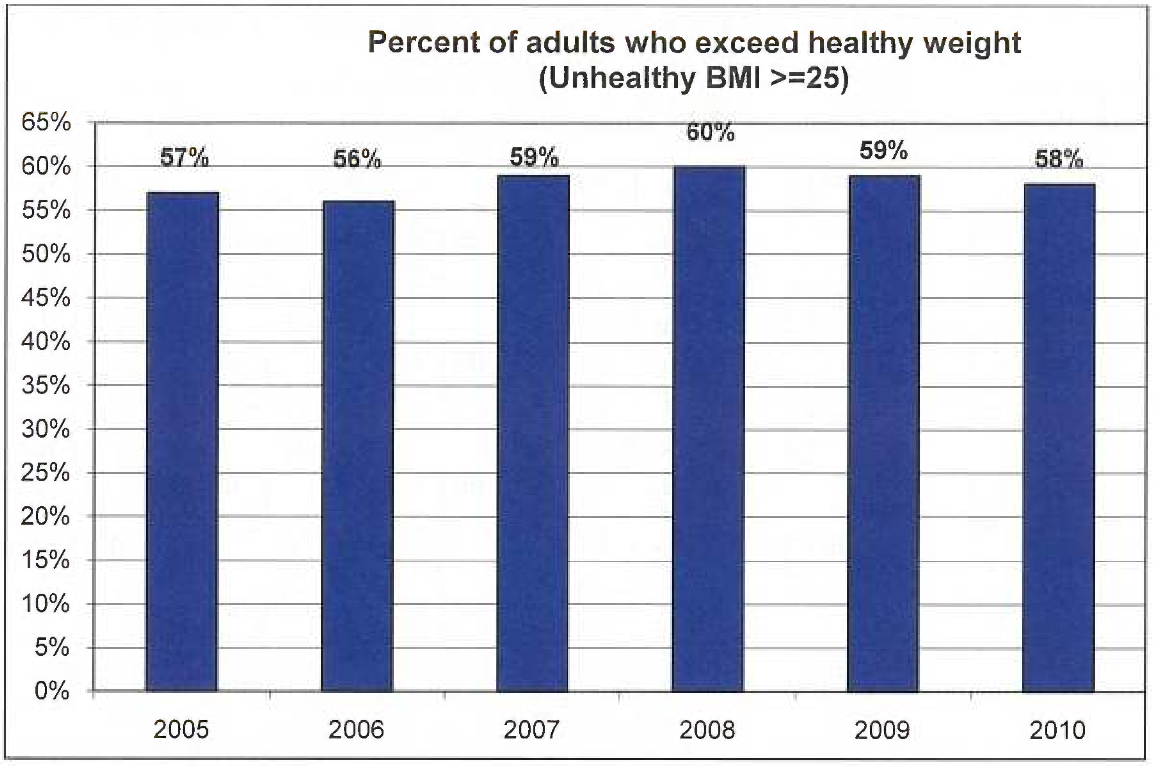
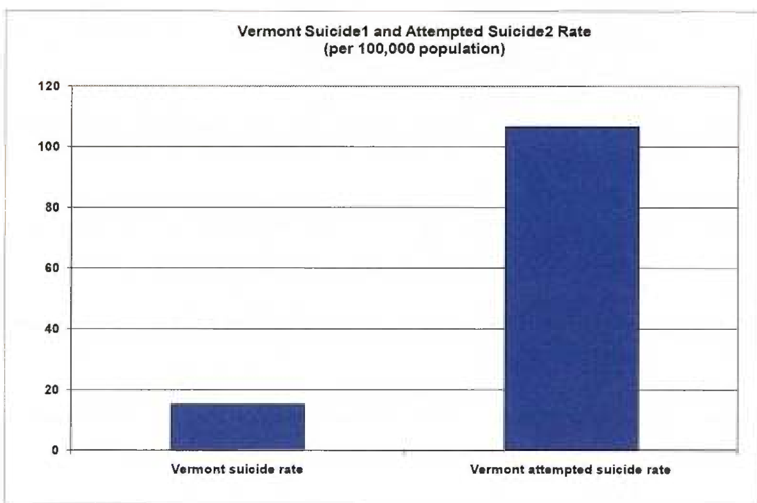
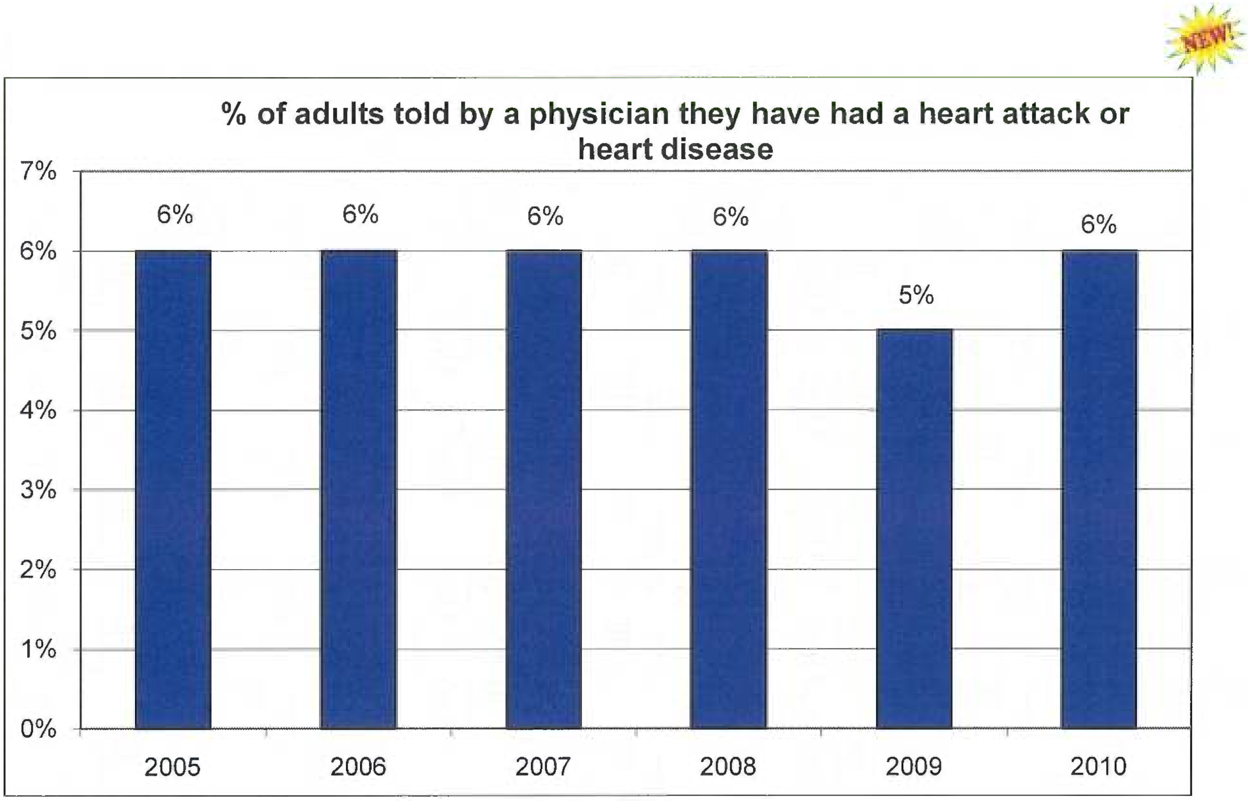


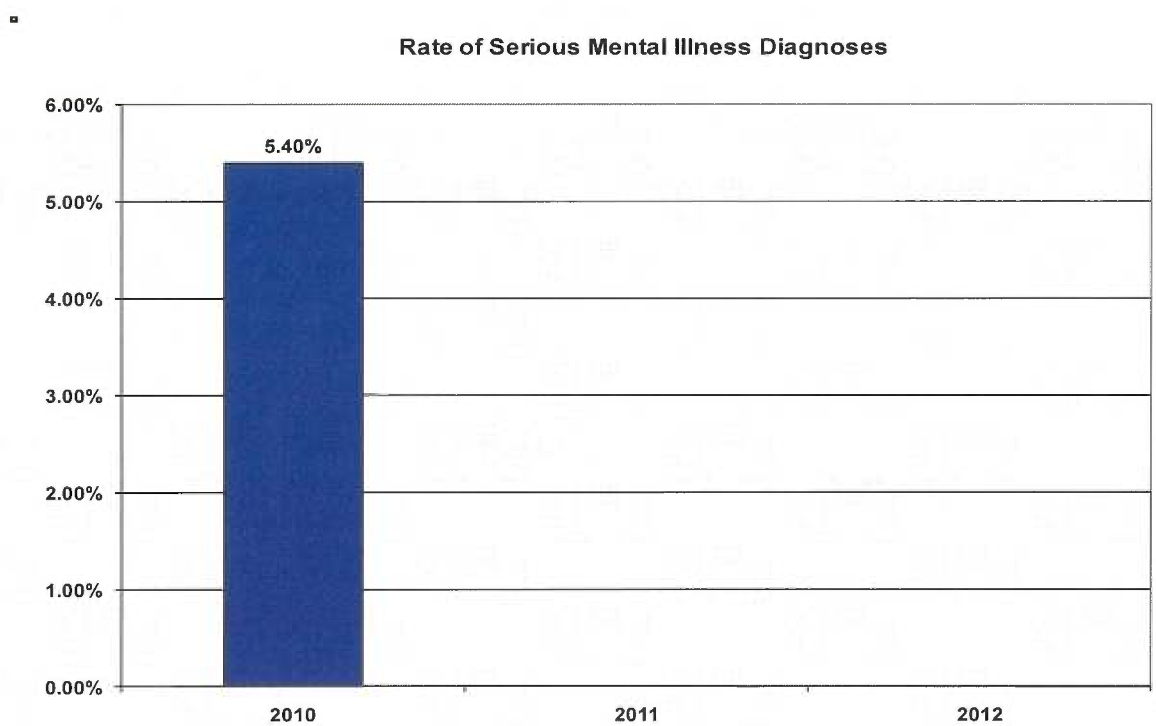
Measure 10(ii)



Measure 10(iii)



Measure 10(iv)



Measure 10(v)

Outcome 11

Vermonters receive affordable and appropriate health care at the appropriate time, and health care costs are contained over time.

Measures 11

i. Patient satisfaction with their experience during hospital inpatient stays;
ii. Rate of potentially avoidable emergency department visits;
iii. Percent of adults who receive recommended preventative screenings and immunization;
iv. Average private health insurance premium increase.

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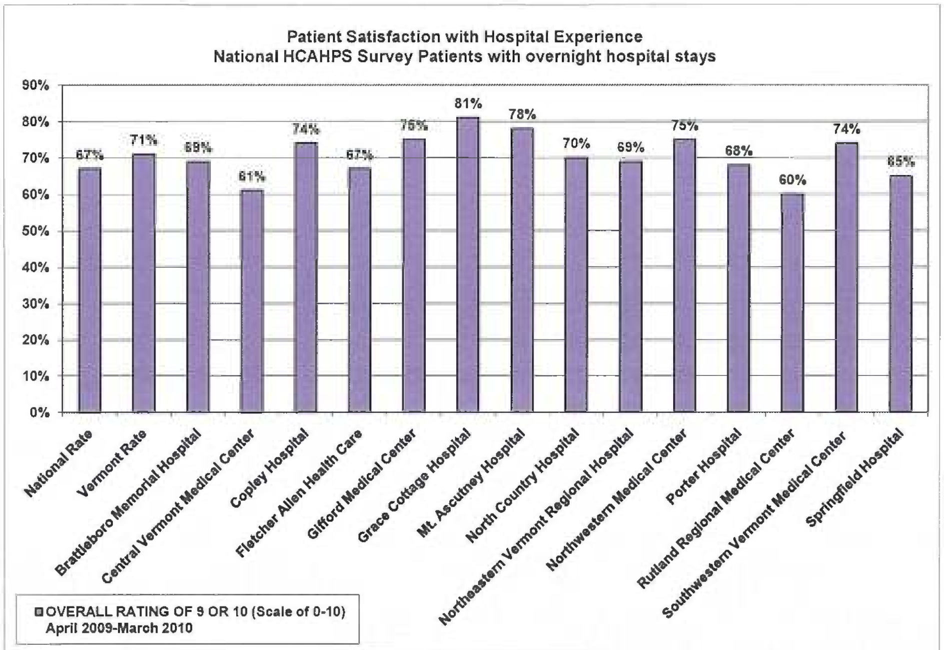
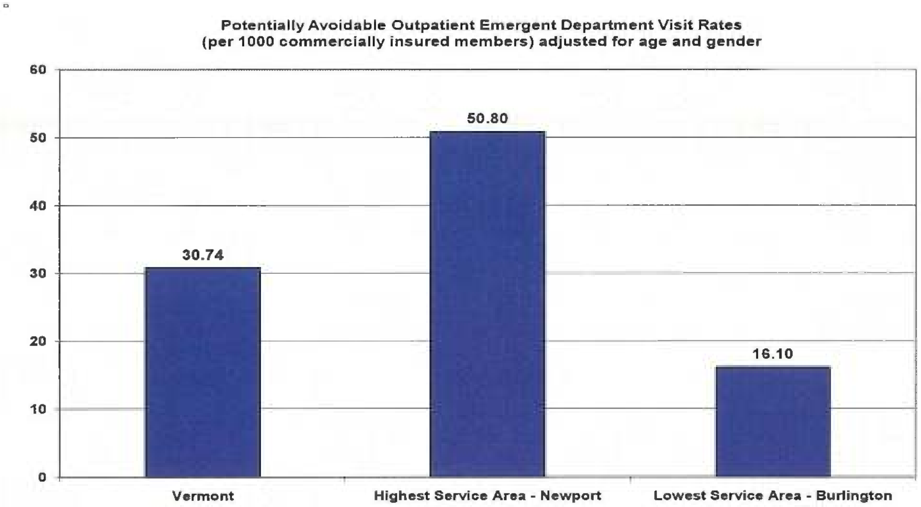


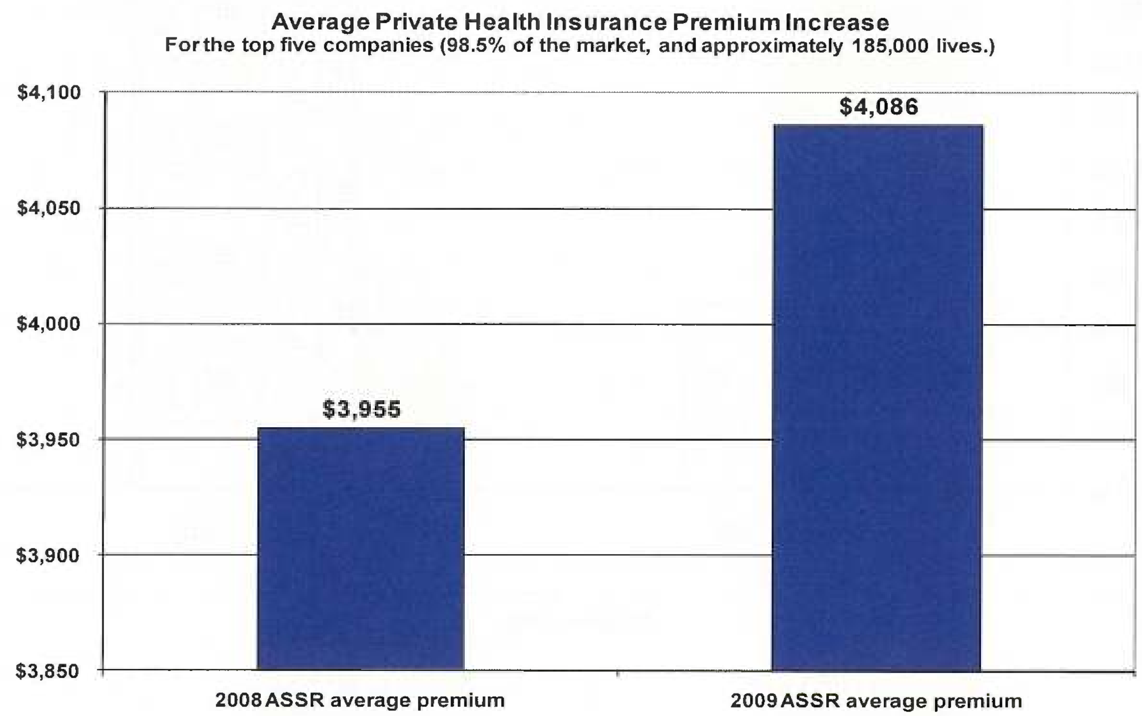
Measure 11(i)



Measure 11(ii)

Percent of adults who receive recommended preventative screenings and immunization					
	2006	2007	2008	2009	2010
% 65+ ever receiving a pneumonia shot	67%	70%	70%	72%	72%
% 65+ who received an annual flu shot	73%	75%	73%	72%	71%
% who have had cholesterol screening in last 5 years	--	74%	--	75%	--
% of women (40+) who have had a mammogram past two years	79%	--	80%	--	78%
% of women 18+ who have had a PAP in three years	83%	--	86%	--	82%
% of 50+ adults who have had FOBT (fecal) in two years	27%	--	21%	--	16%
% of adults 50+ who have had a sigmoid or colonoscopy	66%	--	70%	--	73%
% Men 50+ who have had a PSA test in last 2 years	64%	--	68%	--	63%
Source: Behavioral Risk Factor Survey					

Measure 11(iii)



Measure 11(iv)

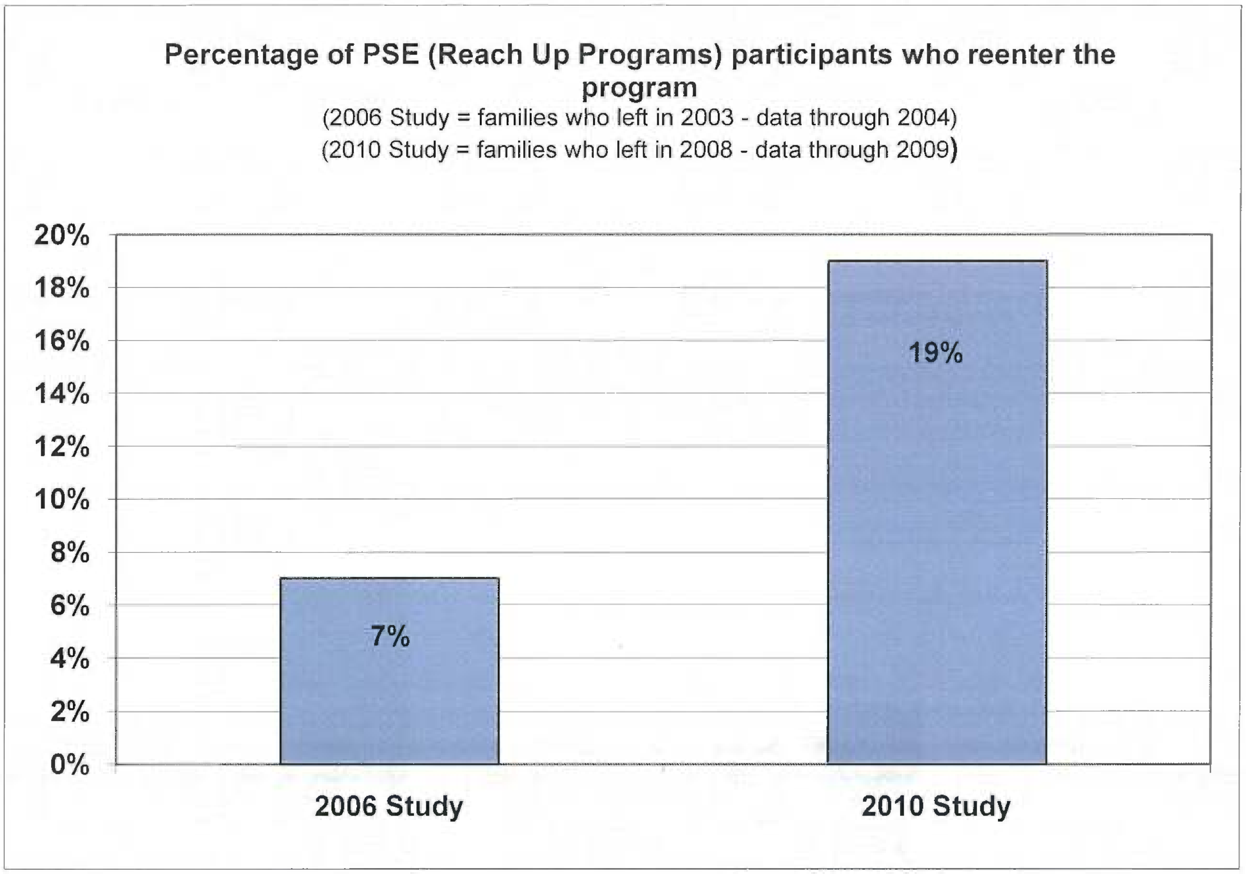
Outcome 12

Families and individuals move out of poverty through education and advancement in employment.

Measures 12

i. Employment rate for AHS clients
ii. Number of PSE (Reach Up programs) participants who reenter the program
iii. Percentage of individuals and families living at different poverty levels

Measure 12(i): No data currently available. VR is currently working with AHS staff to develop a data sharing agreement with the Vermont Department of Labor to allow AHS to use Unemployment Insurance Wage Data matched to AHS client data in the CSME Data Warehouse to allow analysis of employment measures for AHS clients across programs. VR will continue to work with CSME staff to develop functional definitions of an employment rate for AHS clients and a consistent method for deriving and reporting this measure.



Measure 12(ii)

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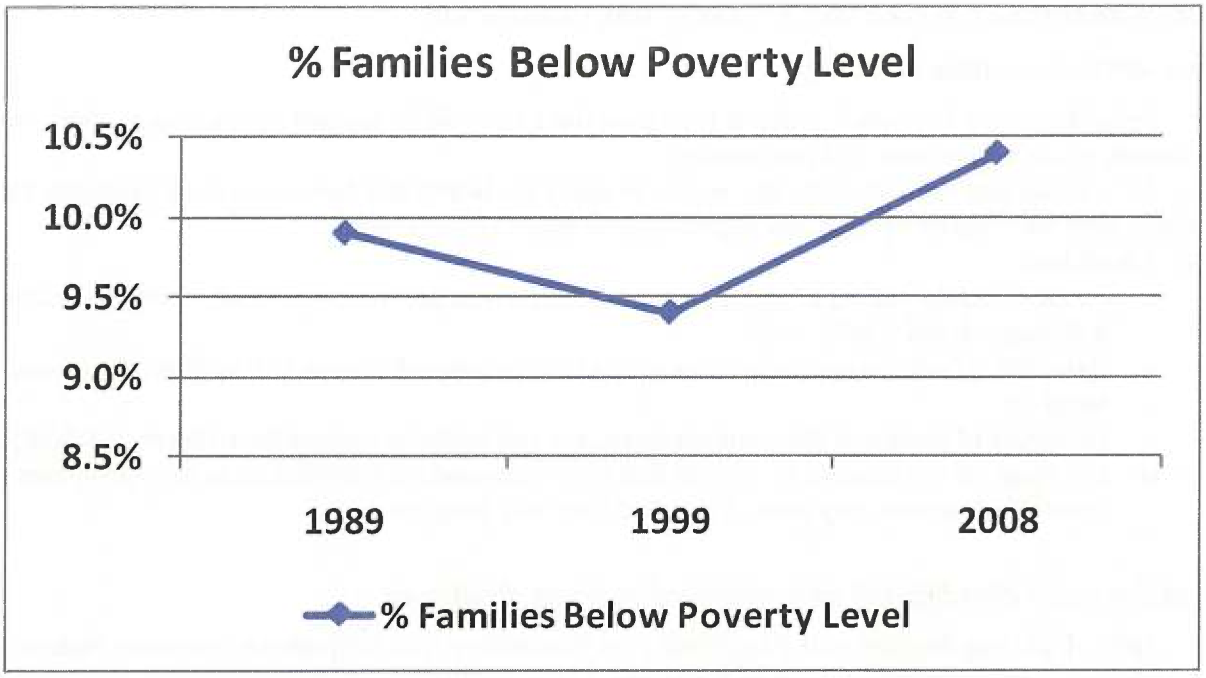

Measure 12(iii): Per AHS, data are available to show what % of families live below the poverty level, and children below poverty level. The data do not show how many families are living at different poverty levels. The chart presented above is overall % families living below poverty level.

* * * END * * *

HUMAN SERVICES CHALLENGE SPECIFIC REQUIREMENTS

Client-centered intake challenge

i. Individuals and families will direct their own lives and will be supported in pursuing their own choices, goals, aspirations, and preferences;

ii. Individuals and families will have access to apply for health and human services programs for which they are eligible through any department or office of the agency;

iii. Checklist:

a. Positive family reports of experience of care (did you get what you need, were you treated with respect, did it help, etc);
b. Existence of written agreements on how AHS programs/divisions will help people access benefits;
c. Existence of protocols for common screening and intake processes for children and families;
d. Existence of modernized IT system that allows consumers flexible access to applications and benefit information any time of day and from any location.

Client-centered coordinated and managed services challenge

i. Individuals and families will direct their own lives and will be supported in pursuing their own choices, goals, aspirations, and preferences;
ii. The individual will be at the core of all plans and services and will be treated with dignity and respect;
iii. Individuals and families with multiple needs will have coordinated services with a single point of accountability to manage the services;
iv. The agency and service providers will work across departments and organizations to interweave funding sources to ensure efficient and effective use of available funds to meet individuals' and families' needs in order to promote the outcomes in this subsection;
iv. The agency and service providers will involve employees and consumers of services in developing the strategies to meet these outcomes;
v. Checklist:

a. Increase in positive family reports of experience of care and involvement (did you get what you need, where you treated with respect, did it help, etc);
b. Consumer satisfaction;
c. Consumer satisfaction;
d. Provider reports of participation in redesign of integrated family services;
e. Number of strategies developed that include employee and consumer input.

Expand the policy of using payment methods based on outcome measures challenge

i. The administrative and reporting burden for nongovernmental service providers will be reduced;
ii. Each nongovernmental service provider will have performance measures or indicators based on the outcomes provided for in this subsection;
iii. Nongovernmental service providers will report performance measures or indicators of outcomes once for all grants or contracts with the agency to ensure efficient and simple administration;
iv. Checklist:

a. Inventory of areas in which the state has reduced requirements on the DA's;
b. Percent of grants and contracts that include performance indicators;
c. Percent of non-governmental providers reporting to more than one unit of government.

Outcome-based contracts with the designated agencies challenge

i. The administrative and reporting burden for the designated agencies will be reduced;
ii. The designated agencies will have performance measures or indicators based on the outcomes provided for in this subsection;
iii. The designated agencies will report performance measures or indicators of outcomes once for all grants or contracts with the agency to ensure efficient and simple administration;
iv. Checklist:
   a. Inventory of areas in which the state has reduced requirements on the DA's;
   b. Presence of performance indicators in DA master grant.

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* * * END * * *

CORRECTIONS CHALLENGE

CHALLENGE LEAD:

Patrick Flood, Deputy Secretary Agency of Human Services

NARRATIVE

NEW!

The primary challenge for the DOC was the reduction of the incarcerated population. Legislation was passed that would attempt to address the reduction in the population form multiple angles. The legislation included internal policy changes for the DOC, the authority to release offender's early, expanded transitional housing, changes to probation, expanded use of electronic monitoring and new legal status for the court to use at sentencing. Overall this legislation succeeded. The Departments population has dropped in the last year. On July 1, 2010 the incarcerated population was 2160 inmates of which 612 were housed in out of state facilities. On December 30, 2010 the population was 2081 with 562 where housed out of state, for an overall reduction of 79 inmates.

Classification and program services to review program terminations:
Have reduced time for program terminations from 1 year to 6 months; two additional INDAP groups and one CSS group have been implemented; and increased CSC group capacity by one person as interim measure (August 2010)

Implementation of Home Detention (HD) and Home Confinement (HC):
Written procedures completed and distributed to staff; IT support completed; and as of December17, 2010, three offenders on HD and four on HC status.

As of March 16, 2011, there were three offenders on HD and seven on HC status. These numbers has been consistent since January 2011.

Release of non-violent offenders incarcerated due to lack of housing:
Case staffing process completed on October 6, 2010; of the seventy-four eligible offenders, twenty-four were deemed inappropriate for release; and the department is in compliance with the new statueV.S.A. Title 28 § 808 (h)

Implementation of expanded Reintegration Furlough:
Granting Reintegration Furlough Rule has been adopted; and as of December 17, 2010, fifty-eight offenders released on RF status.

As of March 16, 2011, sixty-three offenders were released on RF status.

Pilot Project for Ignition interlock with DMV (S. 103 sections 11-13):
Meetings with DMV December 2010; list of ISAP participants provided to the DMV; and consulting with Parole Board on offenders in ISAP transitioning to parole and on interlock.

As of March 16, 2011, six participants were involved in the ignition interlock pilot project with one additional offender who is still in the application process. DOC staff has received access to the monitoring website to review data and records of offenders participating in the pilot project.

To provide a continuum of services which aims to prevent people from entering the criminal justice system: 95% of grants are operational.

As of February 2011, all grants have been issued.

Additional transitional housing beds, services, and Housing Search and Retention staff:
DOC has added 68 transitional beds, with an additional 98 beds in various stages of exploration and development; incremental opening of twenty-one beds in Burlington on October 18, 2010; ten bed site acquisition approved in Hartford, VT; ongoing negotiations in Rutland County; site located in Washington County for 20 substance abuse beds; completing purchase agreement for 10 beds in Windsor County; and ongoing development in other sites

The process remains ongoing.

Expanded use of electronic monitoring. Add additional field staff to monitor a significant increase in community offenders on Home Confinement and Home Detention and increased numbers of offenders on reintegration furlough:
All required RFRs have been sent to personnel (7 positions); and two hundred offenders are already on electronic devices.

As of March 14, 2011, the department had 201 offenders on electronic monitoring. This includes GPS, SCRAM, and voice monitoring technologies. There are also approximately 1,450 offenders on telephone supervision on response supervision caseloads. The department recently signed a contract with Pro-Tech monitoring after an RFP process to replace our current GPS provider. Staff training and transition to new equipment will start statewide the week of March 28, 2011.

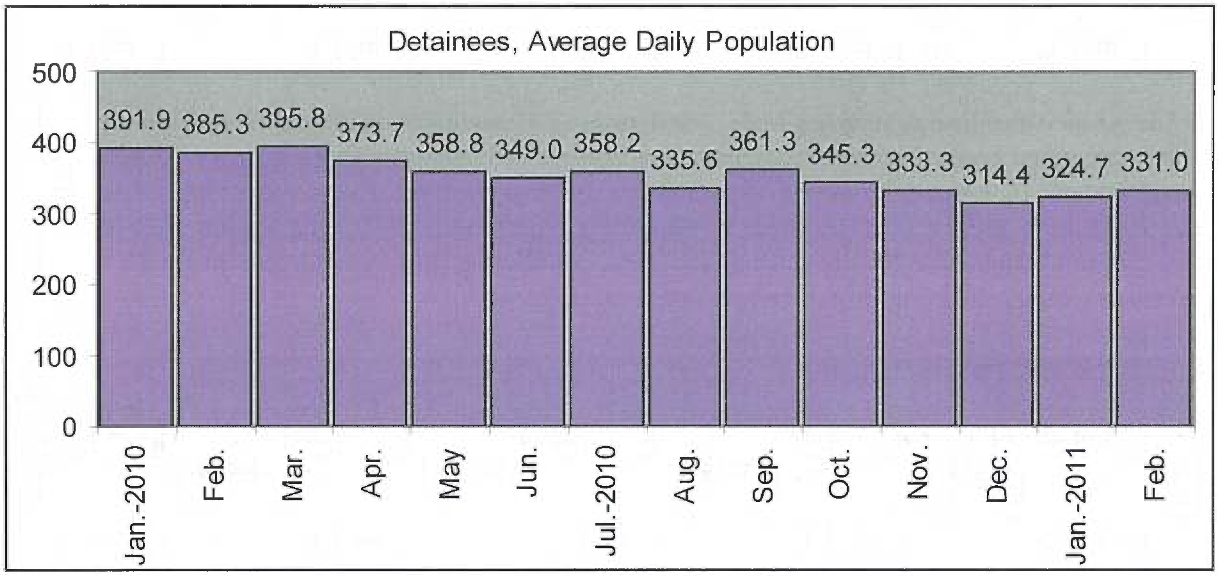
Term Probation: Specific term for misdemeanors not to exceed two years, unless the court determines that justice will be served by a longer or indefinite period of probation; Term for non-violent felonies not to exceed four years or the statutory maximum term whichever is less unless the court decides that justice requires a longer term:
DOC is beginning the process of review to determine whether current probation sentences reflect the intent of this legislation.

Write emergency rule and complete rule making process:
Graduated Sanctions for Technical Probation Violations Rule was adopted; the Department is using an alternative sanctions continuum in addressing technical probation violations; and staff is utilizing graduated sanctions for probationers in increased umbers.

To date, there have been 156 graduated sanctions issued to probationers for technical violations. This serves as an alternative to incarceration.

Reduce the number of Persons Detained

Initial meeting with key partners on July 8, 2010; our commitment, from DOC's perspective, is to discuss bail guidelines; and as of December 15, 2010, detention numbers were 307 - very low compared with numbers over the last six years.



INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$	$3,164,500	2010 Act 156 Sec. D.106 (c)(4) appropriated to lower long-term expenses within the correctional system consistent with Sec. D.9 of H.792 of 2010.
FY 2012	$0	$0	

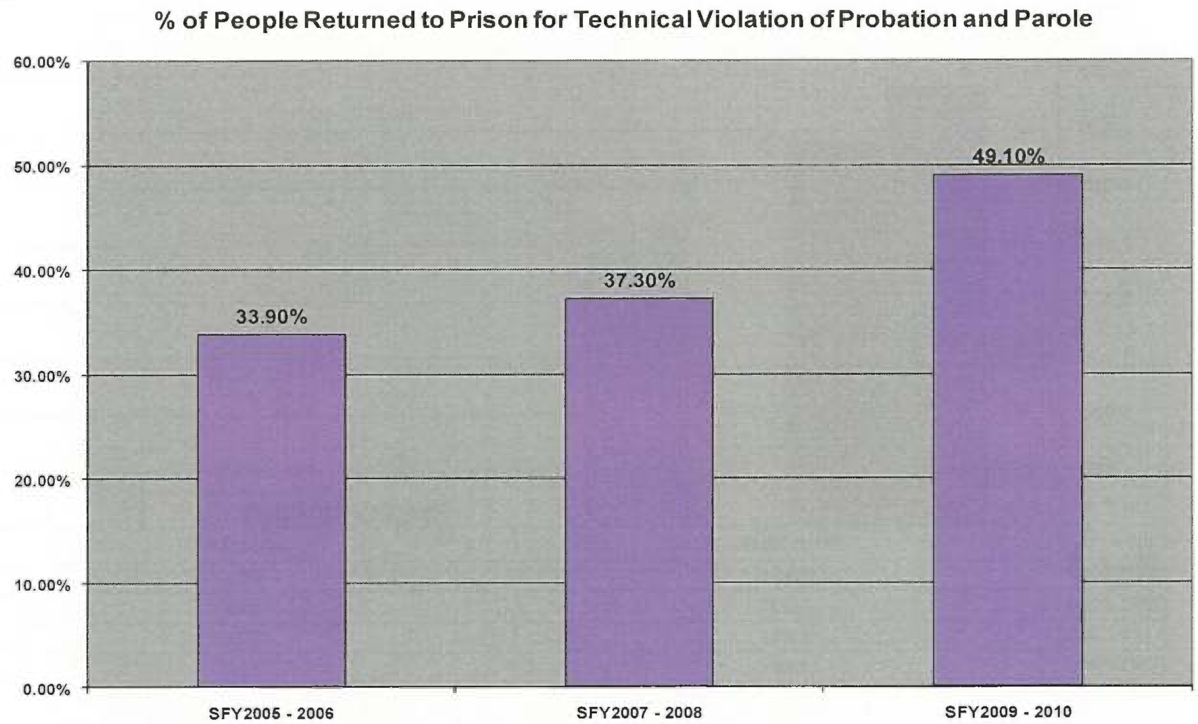
OUTCOMES & MEASURES

Outcome 1

The number of people returned to prison for technical violation of probation and parole, while ensuring public safety, shall decrease.

Measures 1

i. Percent of people returned to prison for technical violation of probation and parole;
ii. Crime rate among probationers/parolees.



Measure 1(i)

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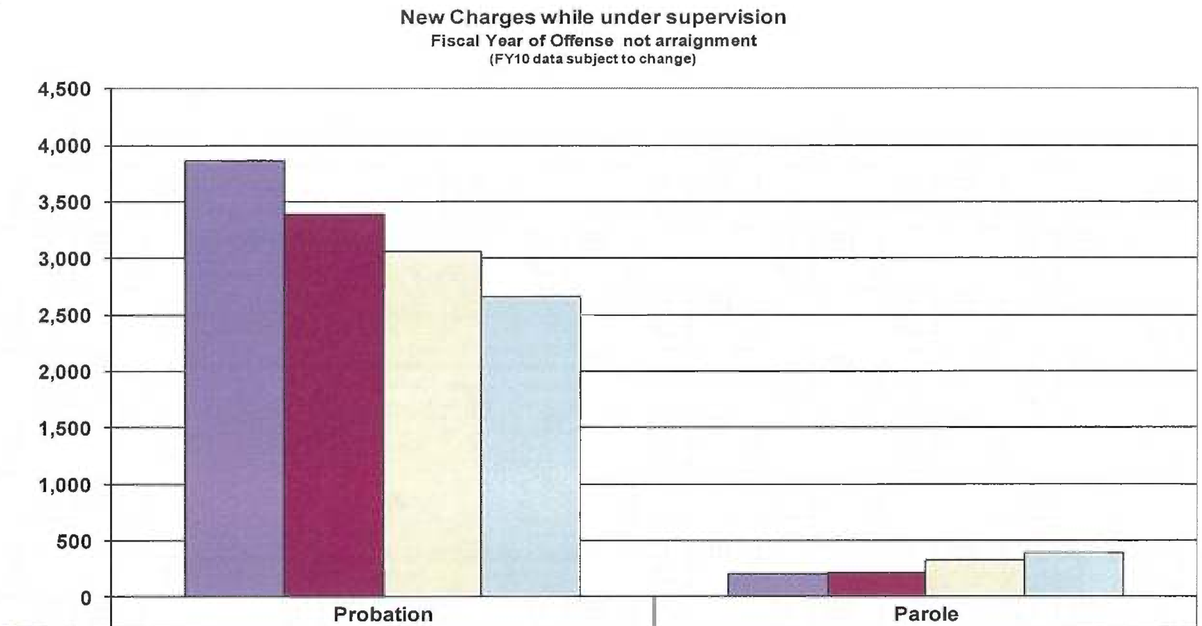


	Probation	Parole
FY2007	3,863	203
FY2008	3,391	220
FY2009	3,063	325
FY2010	2,667	386

Measure 1(ii)

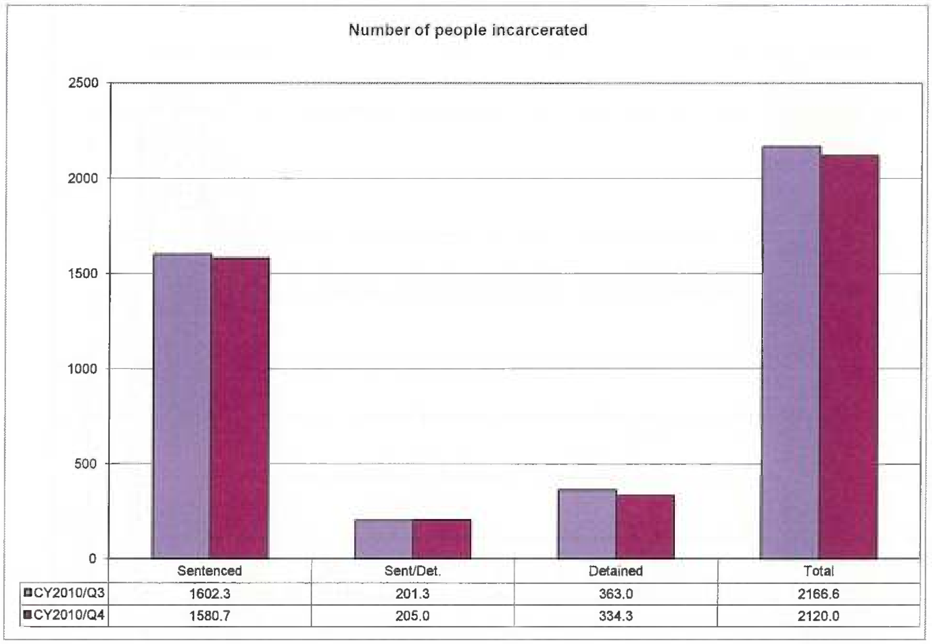
Outcome 2

The number of people coming into the corrections system shall decrease.

Measures 2

i. Number of people incarcerated.

[Continues next page]



Measure 3

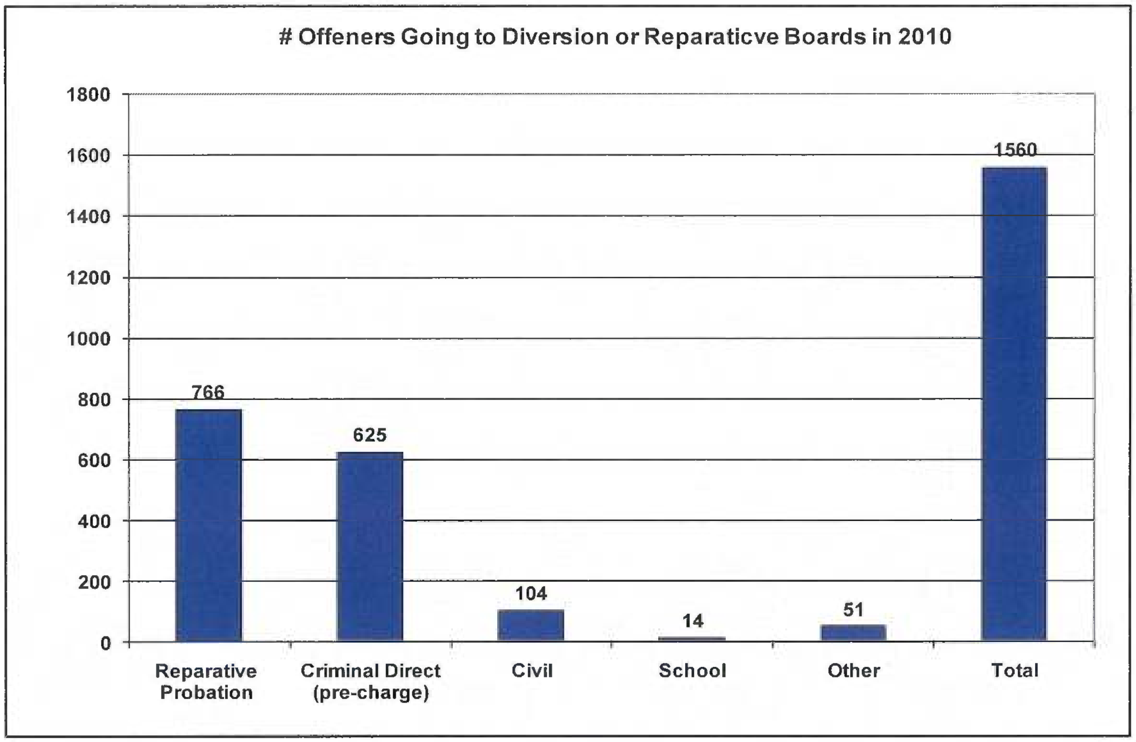
Outcome 3

The number of nonviolent offenders diverted from prison into the community while ensuring public safety and providing effective consequences for criminal behavior shall increase.

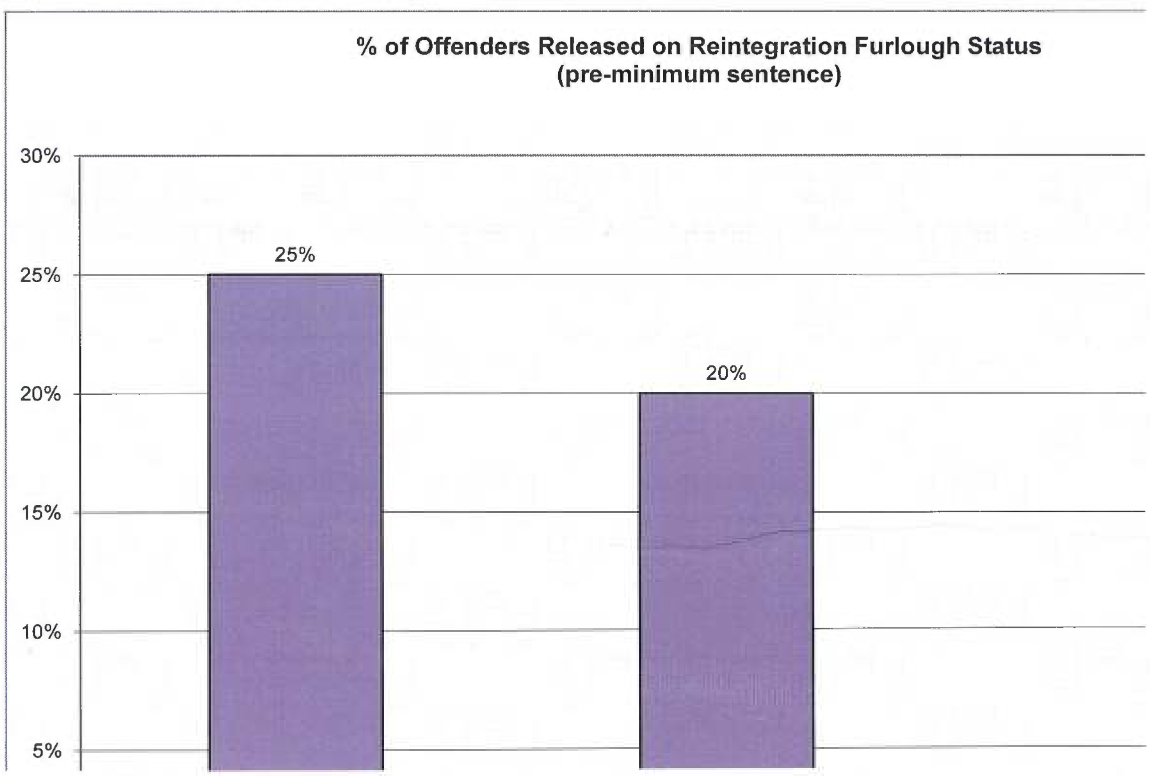
Measures 3

i. Number of offenders going to diversion or reparative boards;
ii. Offenders incarcerated pre-minimum and eligible for release decreases.

[Continues next page]



Measure 3 (i)



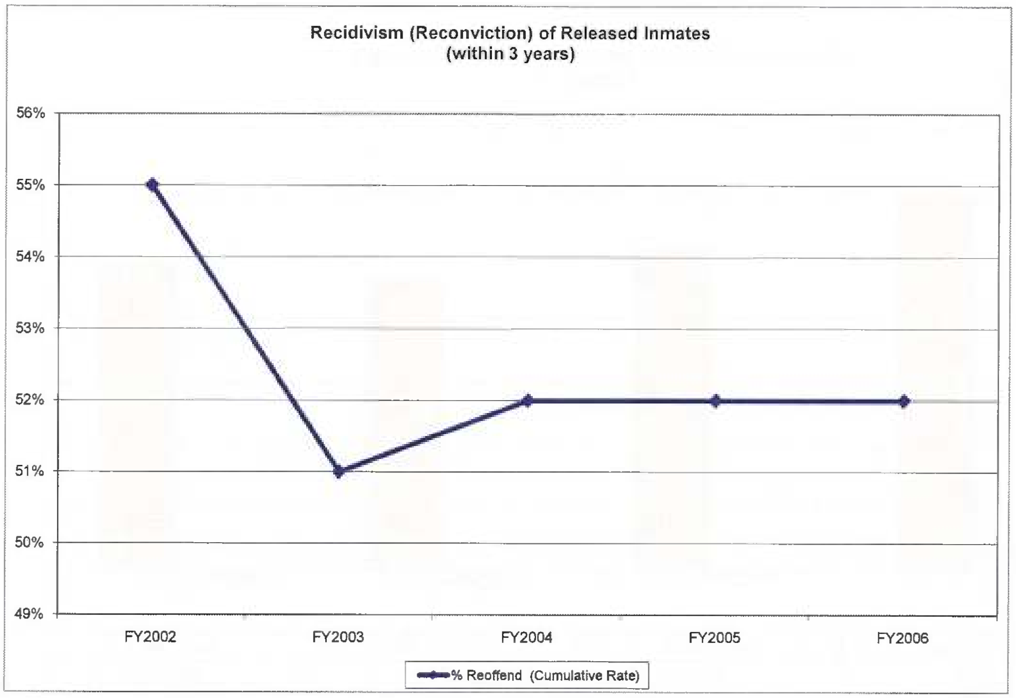
Measure 3(ii)

Outcome 4

Recidivism shall decrease.

Measures 4

i. Recidivism rate.



Measure 4

Outcome 5

Unified crime prevention and justice system shall be established.

Measures 5

i. Complete mapping of current system by state and county/AHS district against the sequential intercept model;
ii. Counties/AHS districts shall be prioritized for implementation. In the selected areas implementation plans will be developed recommending evidence-based programming to fill gaps;
iii. Two trainings on risks and needs and evidence-based practices will be conducted;
iv. Stakeholders have agreed upon a risk and needs assessment tool;
v. Percentage of RFPs that identify which intercept point is being addressed.

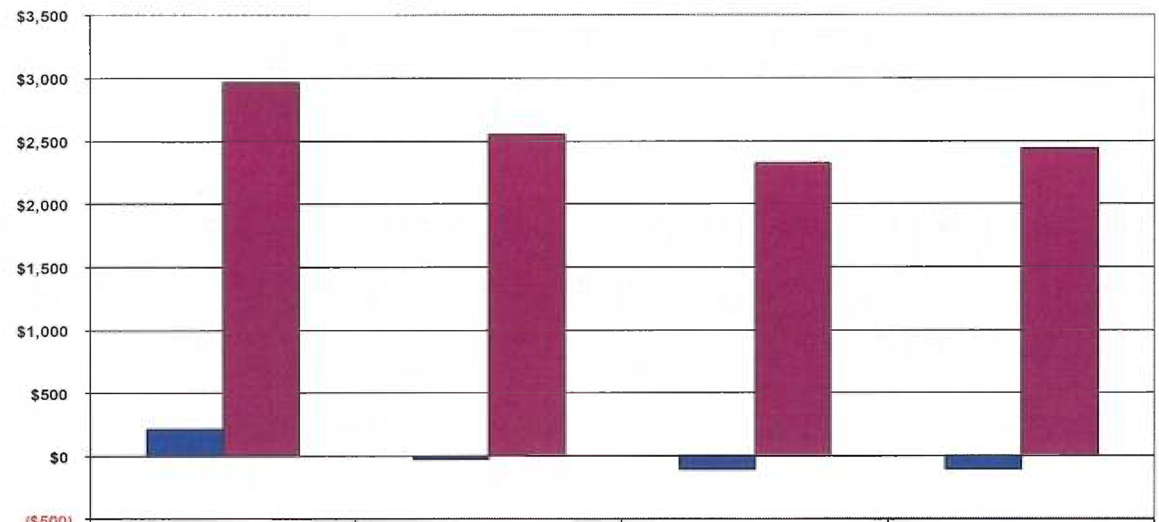
Outcome 6

Revenues realized within the corrections system from programs designed to develop skills of offenders shall increase.

Measure 6

i. Vermont Offender Work Program revenue;

Vermont Offender Work Program Revenue ($000)



	2003 - 2004	2005 - 2006	2007 - 2008	2009 - 2010
Earnings	$212	($30)	($110)	($111)
Sales	$2,962	$2,554	$2,329	$2,443

Measure 6

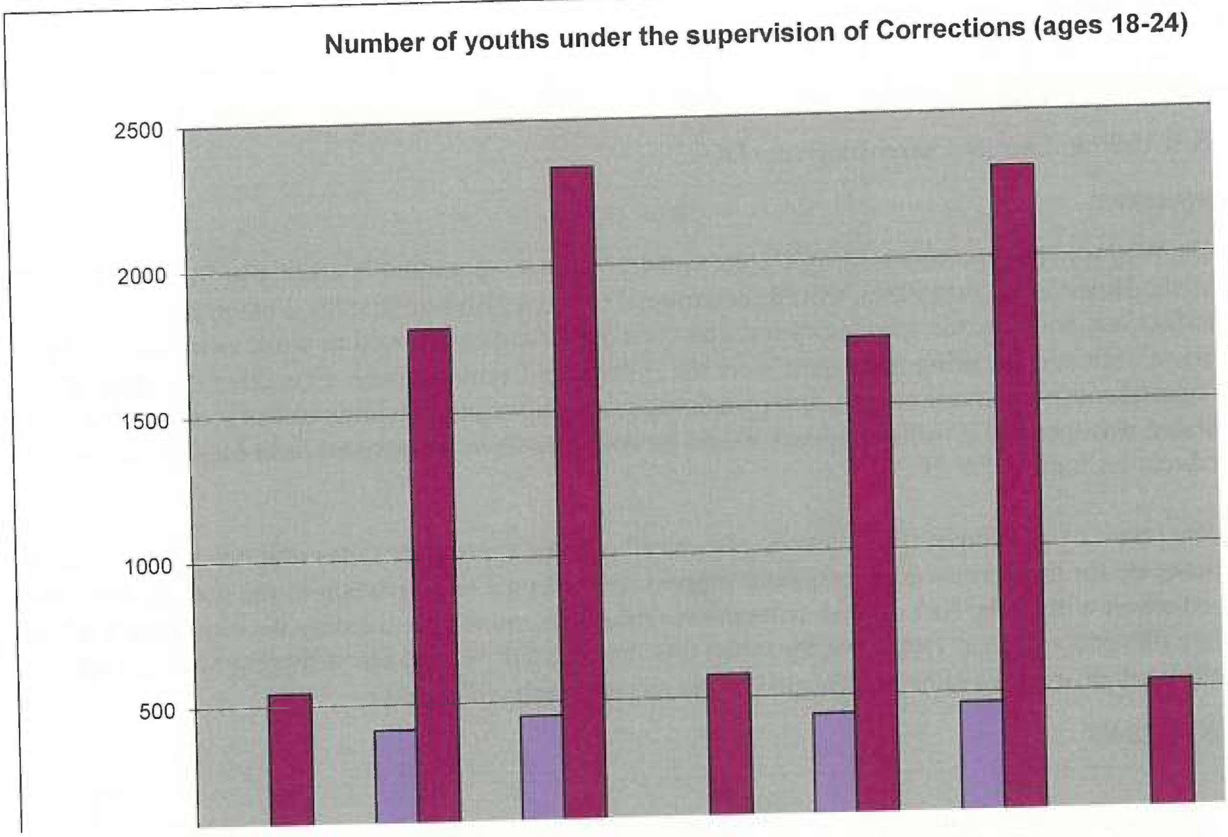
Outcome 7

Short-term lodgings in department of corrections facilities shall decrease.

Measure 7

i. Number of short term lodgings.

[Continues next page]



Persons Released from Interrupt Weekend Sentenced Incarceration

% Persons	Fiscal Year										
Episodes	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
1-5	79.1%	71.80%	73.10%	62.70%	60.70%	55.00%	55.80%	63.20%	77.50%	76.50%	66.40%
6-10	13.20%	15.50%	12.50%	25.50%	23.80%	28.80%	31.00%	28.10%	18.00%	16.20%	22.00%
11-15	4.40%	8.50%	4.80%	6.90%	8.20%	5.40%	4.40%	3.50%	4.50%	2.90%	5.40%
16-20	2.20%	1.40%	5.80%	1.00%	4.90%	3.60%	4.40%	5.30%	0.00%	2.90%	3.40%
21-25	0.00%	0.00%	1.90%	2.00%	0.00%	1.80%	2.70%	0.00%	0.00%	0.00%	0.90%
26-30	0.00%	2.80%	0.00%	1.00%	1.60%	0.90%	0.90%	0.00%	0.00%	0.00%	0.70%
31-35	1.10%	0.00%	1.00%	0.00%	0.00%	2.70%	0.00%	0.00%	0.00%	0.00%	0.50%
36-40	0.00%	0.00%	0.00%	1.00%	0.00%	0.90%	0.00%	0.00%	0.00%	1.50%	0.30%
41-45	0.00%	0.00%	0.00%	0.00%	0.00%	0.90%	0.90%	0.00%	0.00%	0.00%	0.20%
46-50	0.00%	0.00%	1.00%	0.00%	0.80%	0.00%	0.00%	0.00%	0.00%	0.00%	0.20%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* * * END * * *

EDUCATION CHALLENGE

CHALLENGE LEAD:

Bill Talbott, Deputy Commissioner - DOE

NARRATIVE

On Wednesday, December 22, 2010, the Governor Elect, appointed Secretary of State, and Speaker of the House announced they would recommend to the legislature that the challenges target reductions not be made mandatory but that "Act 68 should be allowed to work as intended." In attendance and speaking in support were the Education Commissioner, Executive directors of the superintendents, school boards, and principals association, and president of the Vermont NEA. Also stated was that $23.2 million dollars would be deducted from the general fund transfer to the education fund in FY 2012.

The result of this is that if districts do not curtail spending, property taxes will need to be raised to make up for the deceased general fund support. Offsetting a large portion of the general fund transfer reduction will be the $19 million federal education jobs money received by the Governor's office late this past summer. Details of the when this funding will be sent are still being worked out although districts have been informed of the amount each will receive.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$	$0.00	
FY 2012	$0	$0	

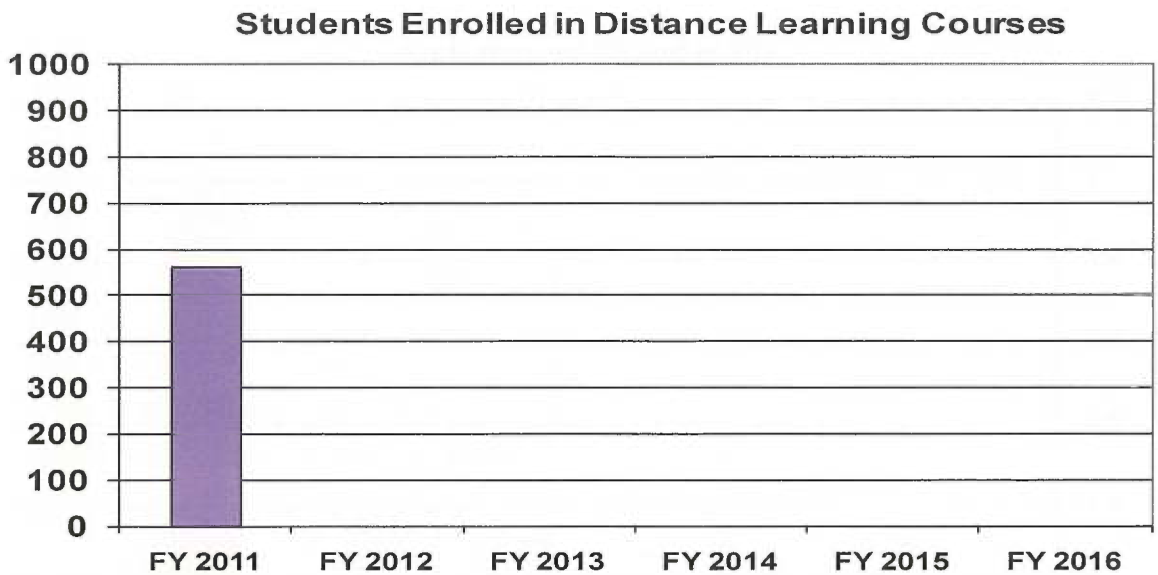
OUTCOMES & MEASURES

Outcome 1

Increase electronic and distance learning opportunities that enhance learning, increase productivity, and promote creativity.

Measures 1

Number of students enrolled in distance learning.



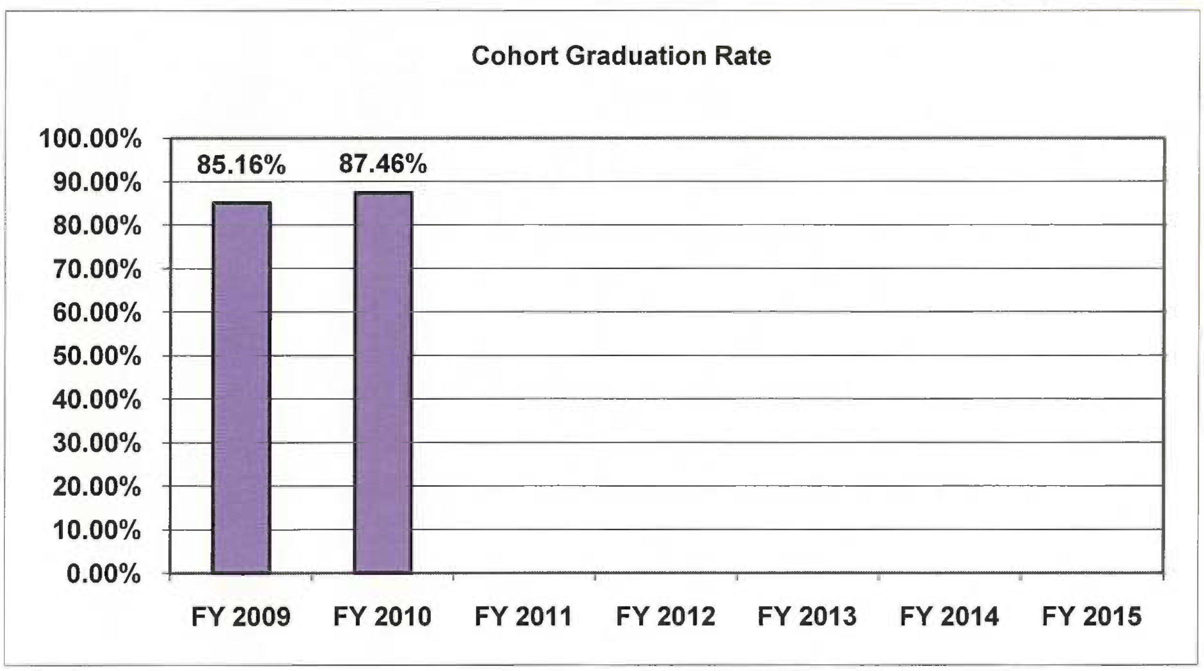
Measure 1

Outcome 2

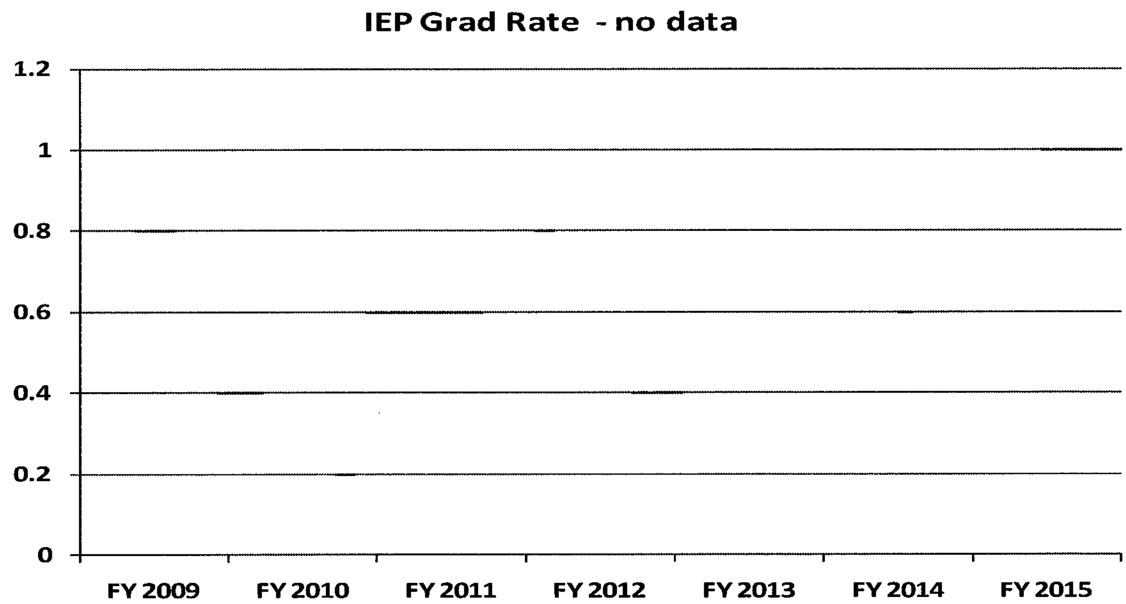
Increase the secondary school graduation rates for all students.

Measures 2

i. Graduation rate;
ii. Graduation rate for special education students.



Measure 2(i)



Measure 2(ii)

Outcome 3

Increase the aspiration, continuation, and completion rates for all students in connection with postsecondary education and training.

Measures 3

Percent participation in post secondary education.

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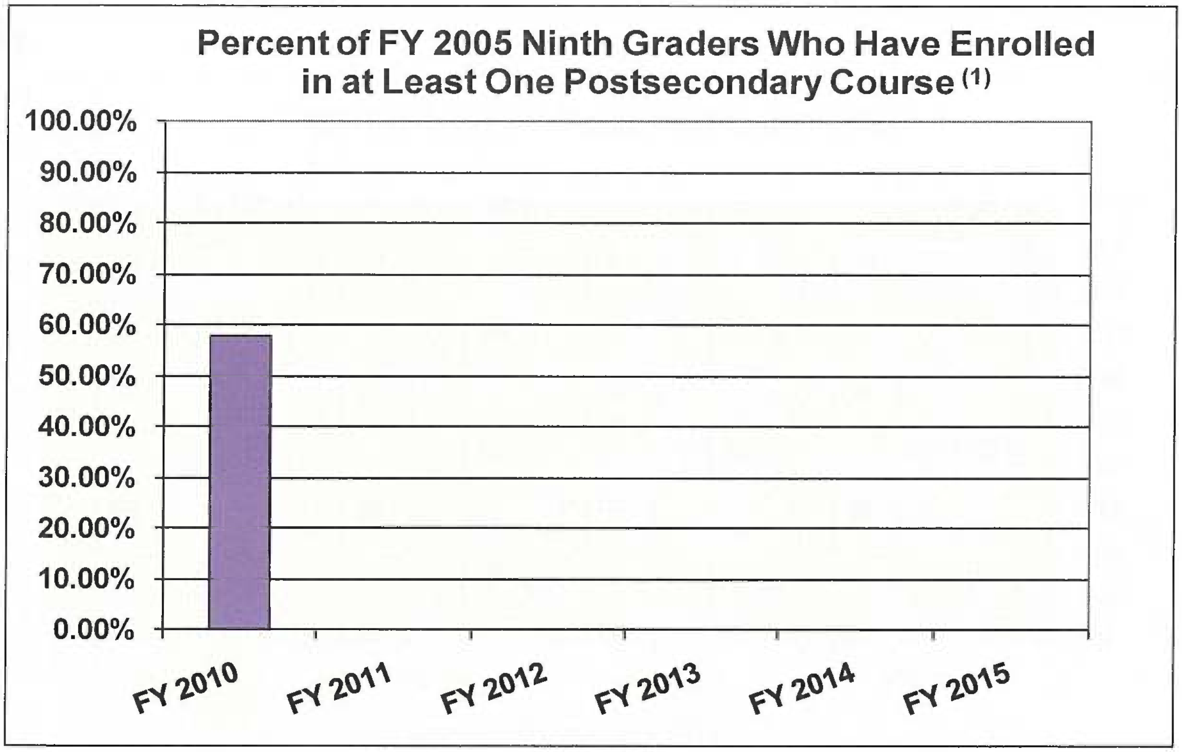


Measure 3(i)

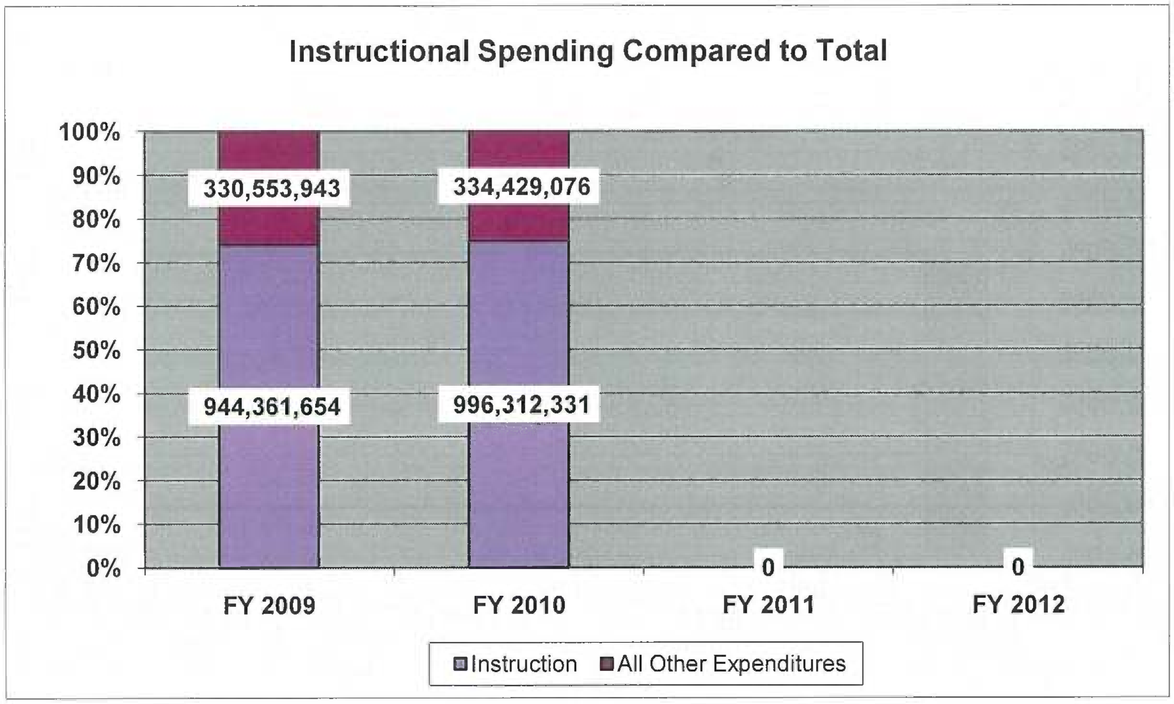
(1) This reflects the number of students who were ninth graders in FY 2005 who have enrolled in at least one post secondary course.

Outcome 4

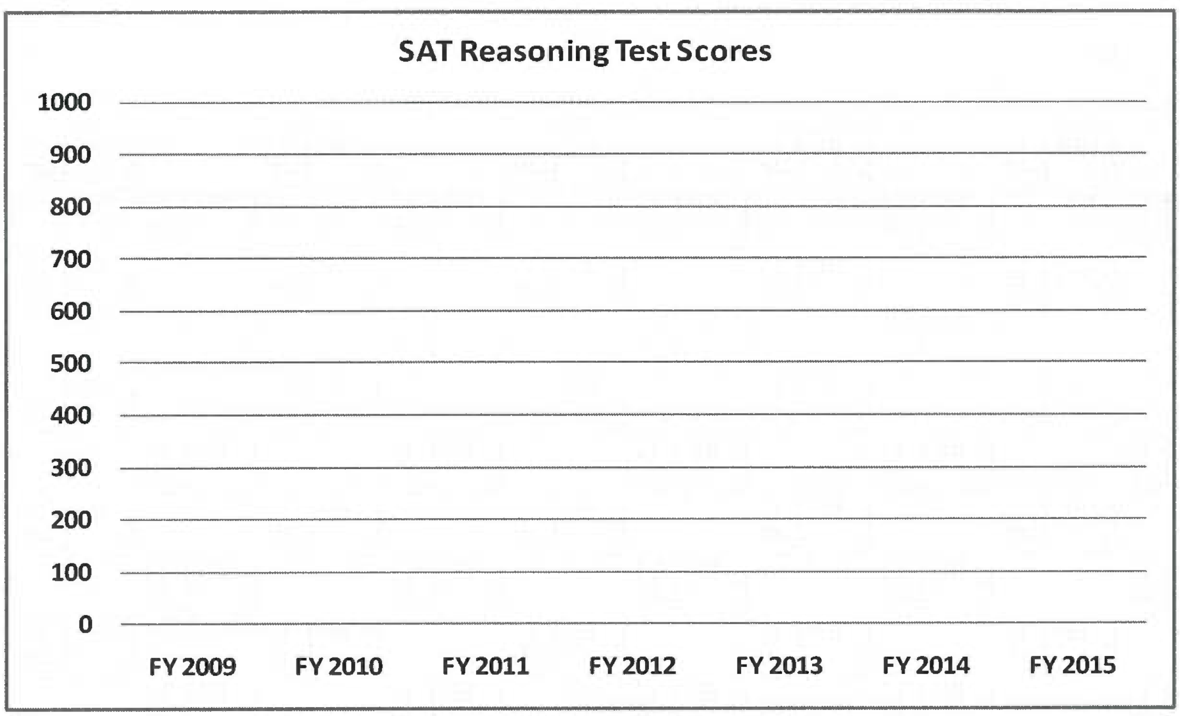
Increase administrative efficiencies within education governance in a manner that promotes student achievement.

Measures 4

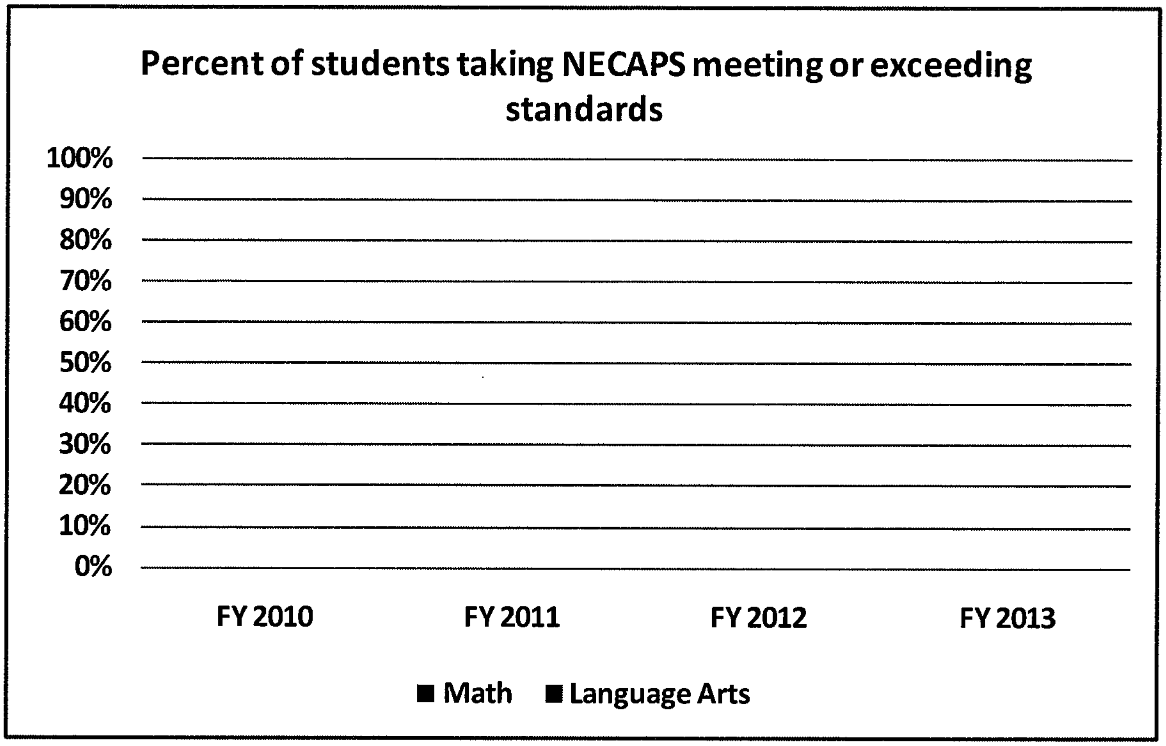
i. Percent of education funds going to direct instruction;
ii. SAT Reasoning Test scores;
iii. NECAP test scores.



Measure 4(i)



Measure 2(ii)



Measure 4(iii)

Outcome 5

Increase cost-effectiveness in delivery of support services for students with individualized education plans.

Measures 5

i. Special Education student test scores per dollar spent;
ii. Percentage of students in special education that continue education or become employed;
iii. Percentage of students meeting IEP goals per dollar spent.

Comment: Measure 5(i)-(iii) -These data not collected, per DOE.

Outcome 6

Increase the use of early intervention strategies that enable students to be successful in the general education environment and help avoid the later need for more expensive interventions.

Measures 6

i. Percent of Early Essential Education students meeting IEP goals
ii. Percent of infant/toddlers meeting IFSP goals.

Comment: Measure 6(i)-(ii) -These data not collected, per DOE.

* * * END * * *

REGULATORY CHALLENGE

CHALLENGE LEAD:

Deborah Markowitz - Secretary ANR
Lou Borie & Nancy Manley

NARRATIVE

The regulatory reform challenge is to the state's environmental and energy regulatory systems to achieve the current standards, goals, and requirements of federal and state law and regulation through improved administrative, application review, and compliance processes while spending three percent less in the agency of natural resources' and agency of agriculture, food and markets' budgets in each fiscal year 2011 and 2012 than in fiscal year 2010.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$400,000	$0.00	
FY 2012	$0	$0	

OUTCOMES & MEASURES

Outcome 1

The permitting and licensing processes achieve environmental standards, and are clear, timely, predictable, and coordinated between agencies and municipalities.

Measures 1

i. Processing time for permit applications and renewals;
ii. Percentage of solid waste facilities complying with post-closure requirements;

NEW

Measure 1(i):
Baseline information for NRB and ANR metrics is extracted from previous NRB and ANR annual performance (PEP) reports. For the quarter ending 5/31/11 median processing time for Act 250 applications was 40 days compared to a baseline (Calendar year 2010) of 42 days.

For the quarter ending 5/31/11, ANR/DEC permit processing data reflects about 40% of the programs with performance standards. However, the reported program actions represent 73% of the total DEC actions processed in an average 2010 quarter. Ninety-three percent of these quarterly DEC permit actions met their associated performance standards. In comparison, 90% of all the 2010 permit actions met their respective performance standards.

Measure 1(ii):
DEC Solid Waste program staff has been evaluating the status of the closed landfills with respect to groundwater and surface water quality. Staff has also been defining requirements that closed landfills should meet to qualify to discontinue water quality monitoring and graduate to "custodial care". Once these requirements have been defined, rule making will be initiated. After the rules are adopted, a program will be developed to track compliance of the requirements.

Outcome 2

The permitting process enables applicants to readily determine what permits and licenses are needed and what information must be submitted to apply for those permits and licenses.

Measures 2

i. Total number of applications received and the number of incomplete applications (initial submittals) received are reported;
ii. Survey of applicants regarding quality of information received from regulators.

Measure 2 (i):
Data on incomplete applications has not historically been collected across all NRB and ANR/DEC permitting programs. Consequently, there is no baseline data for this metric. NRB reports that 116 applications were received and 23% of these applications were determined to be incomplete. For the quarter ending 5/31/11, the reporting DEC programs providing data received 728 applications and 38% of these applications were determined to be incomplete.

Measure 2 (ii): The Permit and Compliance Portal, launched in October 2010, includes a *Contact* link on all pages, enabling users to ask a question or provide feedback on the content or design of the portal. A User Survey was added to the Permit and Compliance Portal in June 2011. To date, no responses to the survey have been received. When responses are received, they will be forwarded to the appropriate agency for review and action.

Outcome 3

The permit and enforcement processes enable citizens and visitors to the state of Vermont to understand and comply with the laws protecting our natural and agricultural resources.

Measure 3

Number of enforcement cases that involve the defense of lack of understanding of state permit requirements.

Measure 3: Enforcement cases involve businesses, corporations and municipalities as well as Vermont citizens. ANR and NRB have not historically collected this data on a quarterly basis; therefore baseline data will be developed over time. For the quarter ending 5/31/11 NRB reports that 8 enforcement cases commenced; in 2 cases the defense of lack of understanding of state permit requirements was raised. For this same timeframe, ANR reports that 24 enforcement cases commenced and in no case was the defense of lack of understanding of state permit requirements raised.

Outcome 4

Permitting, licensing, and environmental protective services are cost-effective and user friendly.

Measures 4

i. Applicant satisfaction with application process;
ii. Number of permit applications submitted electronically;
iii. Number of technical certifications submitted, number accepted, number spot-checked, and the number resulting in violations are reported.

Measure 4 (i):
The Permit and Compliance Portal, launched in October 2010, includes a *Contact* link on all pages, enabling users to ask a question or provide feedback on the content or design of the portal. A User Survey was added to the Permit and Compliance Portal in June 2011. To date, no responses to the survey have been received. When responses are received, they will be forwarded to the appropriate agency for review and action.

Measure 4 (ii):
Currently NRB applications cannot be submitted electronically. ANR/DEC has a web based application submittal system, eDEC, servicing three permit programs. For the quarter ending 5/31/11, DEC reports that Wastewater Regional Office program received 68 applications through eDEC or about 13% of the total received applications. The previous 12 month average receipt rate is 9.2%. DEC is working with staff and system users to significantly increase the percentage of eDEC submittals over the next 6 months.

Measure 4 (iii):
The DEC's Wastewater on-site program currently accepts technical certifications. For the quarter ending 5/31/11, 189 certifications were received and 188 were accepted. The facilities associated with these certifications were not spot checked.

As an initial step in expanding the number of programs that have the authority to use technical certifications, ANR reported to the legislature regarding programs where technical certifications would be suitable. This report included draft language for potential legislation. The legislature considered but did not take further action on this matter.

Outcome 5

The decision-making process is transparent, and citizens understand and participate in the process.

Measures 5

i. Applicant satisfaction with the transparency of the process;
ii. Total number of comments received on draft permits & proposed rules;
iii. Number of unique visits to web portal to review notices and draft permits, read rules, check hearing times, and make comments.

NEW!

Measure 5(i):
The Permit and Compliance Portal, launched in October 2010, includes a *Contact* link on all pages, enabling users to ask a question or provide feedback on the content or design of the portal. A User Survey was added to the Permit and Compliance Portal in June 2011. To date, no responses to the survey have been received. When responses are received, they will be forwarded to the appropriate agency for review and action.

NEW!

Measure 5 (ii):
ANR and NRB have not historically collected this data on a quarterly basis; therefore baseline data will be developed over time. For the quarter ending 5/31/11, NRB and ANR/DEC rulemaking activities were very limited. The DEC Stormwater Program completed the public participation part of rulemaking related to an amendment to the Chapter 18 Stormwater Rule. No comments were received.

NEW!

Measure 5 (iii):
The Permit and Compliance and Rulemaking portals have been deployed. For the quarter ending 5/31/11 Google Analytics has been applied to the Permit and Compliance web portal. These statistics show that there were 1062 unique visitors to the Permit portal with 83% arriving at the portal through referring sites such as the main Vermont web page; and NRB and ANR's home pages.

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* * * END * * *

ECONOMIC DEVELOPMENT CHALLENGE

CHALLENGE LEAD:

Lawrence Miller, Secretary of ACCD

NARRATIVE

There have been no changes reported for this Challenge.

INVESTMENT

Investment	Target	Spent/ Committed	Comments
FY 2011	$	$0.00	
FY 2012	$0	$0	

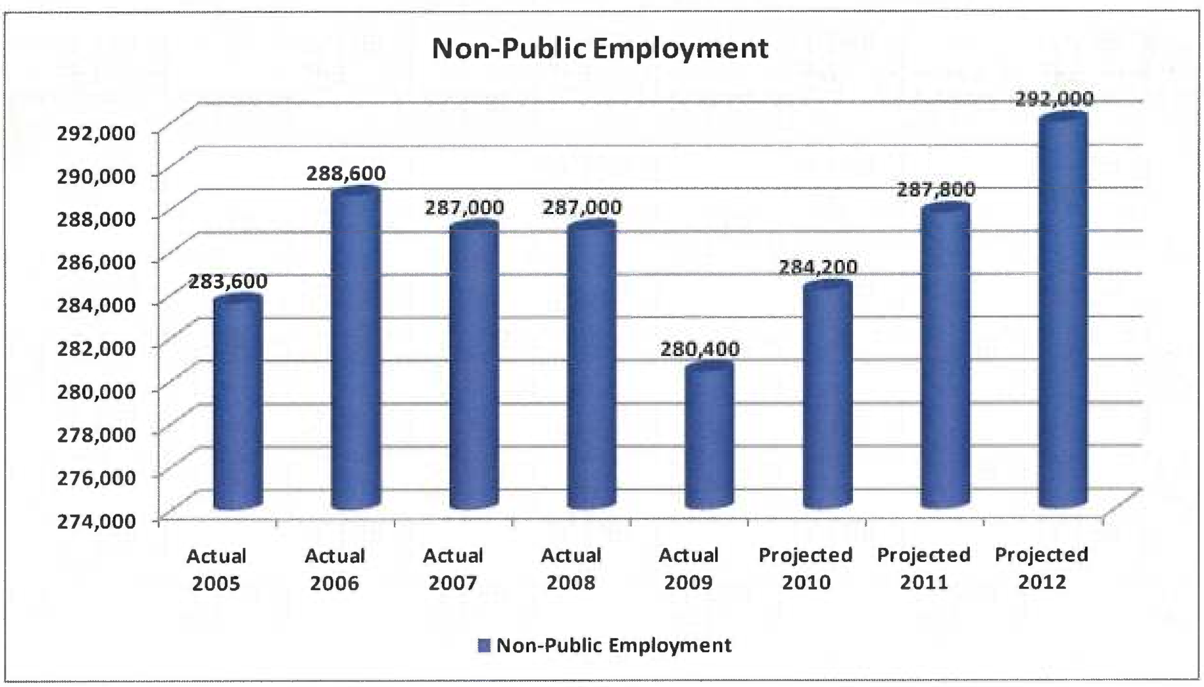
OUTCOMES & MEASURES

Outcome 1

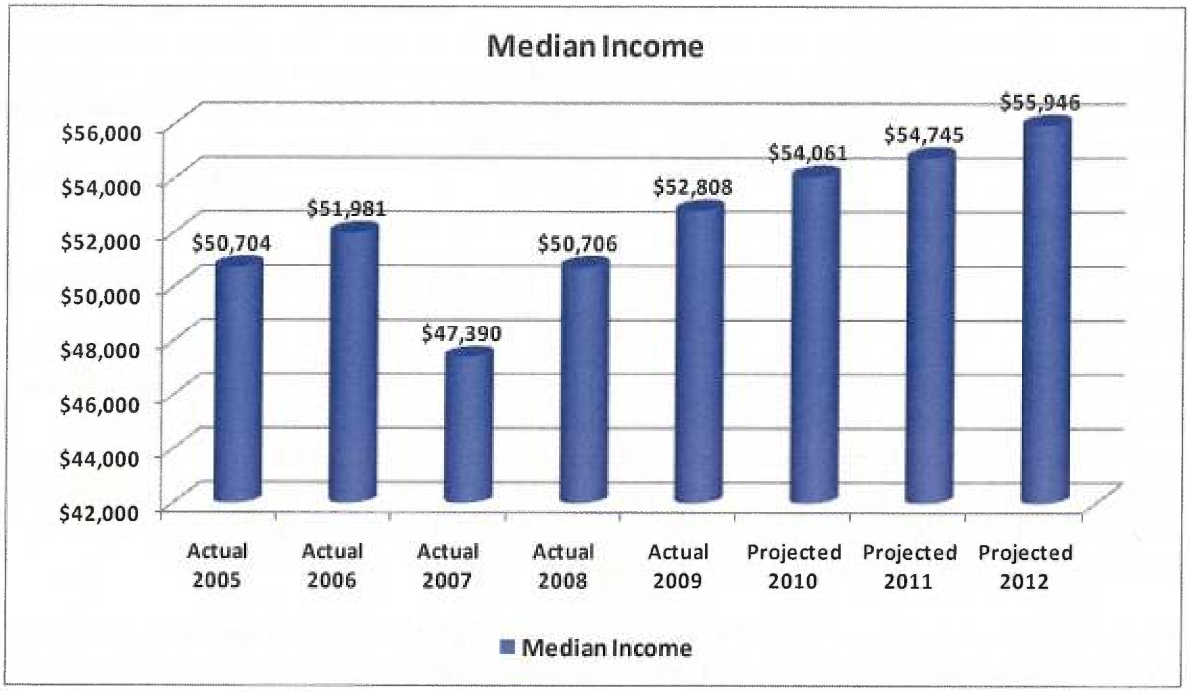
Vermont achieves a sustainable annual increase in nonpublic sector employment and in median household income.

Measures 1

i. Nonpublic sector employment (absolute and versus projections);
ii. Median household income (absolute and versus projections).



Measure 1(i)



Measure 1(ii)

Outcome 2

Vermont attains a statewide, state-of-the-art telecommunications infrastructure.

Measures 2

i. Percentage of residences and businesses with broadband access, using the current Vermont definition of broadband;
ii. Percentage of cellular coverage on major roads
iii. Percentage of cellular coverage on minor roads
iv. Percent of state where public safety radios work.

(i) Percentage of residences and businesses with broadband access, using the current Vermont definition of broadband		See Update below
(ii) Percentage of cellular coverage on major roads (1)	87%	
(iii) Percentage of cellular coverage on minor roads (1)	76%	
(iv) Percent of state where public safety radios work (2)	85%	On average

Measure 2

Broadband update – Measure 2(i):
The VTA does not independently develop information about broadband availability in Vermont. Instead, we rely on information from other publicly-available sources. The most recently available state-wide broadband availability statistics were published by the Vermont Department of Public Service in its Telecommunications Almanac in February 2009. The PSD estimated broadband access to Vermonters increased from 75.3% in 2003 to 91% in December, 2007 (http://publicservice.vermont.gov/telecom/TelecomAlmanacFinal030909.pdf). This information was calculated based on data collected from broadband service providers.

More recently in April 2010, the PSD published the results of a survey conducted in December 2009 pursuant to the development of the Vermont Telecommunications Plan (http://publicservice.vermont.gov/telecom/2009DPSTelecomSurveyReport.pdf). This survey found that 81% of residents surveyed believed that they had access to broadband. At least some of the difference between this number and the higher number reported earlier may be explained by residents who do not subscribe to broadband and are unaware that it is available at their location. It does not mean that broadband availability declined between December 2007 and December 2009. The telephone survey and the collection of data from providers are two different data collection methods, and the results are not directly comparable.

Current efforts to map and analyze the availability of broadband information are being conducted by the Vermont Broadband Mapping Initiative pursuant to a federal grant received by the Vermont Center for Geographic Information (VCGI) under the U.S. Department of Commerce's State Broadband Data and Development Program. On August 12, 2009, Governor Douglas designated VCGI as the single eligible entity in Vermont eligible for funding under this program. PSD provides data collection, verification and analysis under contract to VCGI as part of this Initiative. VCGI has published maps of statewide broadband availability by census block as of June 2009, based on PSD's data collection from broadband service providers. These maps are available at www.vcgi.org/broadband. As of this date, VTA does not believe a statewide broadband availability number has been calculated from this data, although availability data by census block has been published and is available on the VCGI website. The Vermont Broadband Mapping Initiative is also in the middle of developing a website, www.broadbandvt.org, where interactive information about broadband availability in Vermont will be published and available to the general public. This site is expected to be operational prior to the end of this year.

Footnotes – Measure 2(ii)(iii)(iv):

(1) Based on 2010 drive-test data collected through the Vermont Broadband Mapping Initiative, the VT Telecommunications Authority would estimate that 87% of major roads and 76% of minor roads ("roads" here being roads that are part of the federal aid highway system, not every last city street or residential neighborhood). We examined the coverage for the two major air interfaces for cellular phones, GSM (used by AT&T and T-Mobile) and CDMA (used by Verizon Wireless, Sprint, and US Cellular). The reported numbers reflect the coverage for GSM phones, which was more extensive (the CDMA estimate is 55% of major roads and 44% of minor roads.).

(2) This is with the current analog radio system. Public Safety is undergoing the transition to narrow banding, which is federally mandated, and this change will result in less radio coverage.

* * * END * * *

XIII

THOMAS M. SALMON, CPA
STATE AUDITOR

STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

TO: Members of the Joint Fiscal Committee

FROM: Thomas M. Salmon, CPA
Vermont State Auditor TMS

DATE: June 29, 2011

RE: Revised FY 2012 Budget and Preliminary Audit Schedule

In response to the requirements in Section E.130 of the Appropriations Act, we reviewed the legislative changes made during the 2011 session relative to our office and have reflected these changes in a revised budget and a preliminary audit schedule for fiscal year 2012. Please find attached an adjusted budget and an audit schedule for fiscal year 2012. In addition, per Section E. 130(b), we have attached a proposed advance notification protocol for single audit fund agency billings. See below for an overview of the changes reflected in our budget and the fiscal year 2012 audit schedule.

Adjusted budget
We have adjusted our budget to reflect the elimination of the 15th staff position per section E.130(a). This position had an associated cost of $83,000 that was budgeted in the single audit revolving fund (SARF). In addition, our contractor for the single audit, KPMG, revised their estimate of the number of programs required to be audited for fiscal year 2011 from 33 to 31, which we estimate will reduce their fee by $80,000. The total reduction to the SARF budget due to these changes is expected to be $163,000.

Fiscal year 2012 audit schedule
Our current audit plan for fiscal year 2012 reflects changes made during the 2011 legislative session. Specifically, in response to Sec. E.130.1, we have added a project related to Choices for Care to our work plan. In addition, we updated our understanding relative to certain legislative committees' requests for audit proposals related to job creation programs and the sexual abuse response system. Based on feedback we received, we removed the audits related to the sexual abuse response system from our fiscal year 2012 audit schedule and have provisionally scheduled two audits of job creation programs. Finally, based on updated information regarding timing of the new sex offender registry information system implementation, the follow-up audit of the sex offender registry will occur subsequent to fiscal year 2012.

We are pleased to conduct audits that are of interest to the legislature and appreciate the opportunity to provide feedback with regard to potential audits via audit strategies, as we did this

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Auditor: (802) 828-2281 • Toll-Free (in VT only): 1-877-290-1400 • Fax: (802) 828-2198
email: auditor@state.vt.us • website: www.auditor.vermont.gov

past session relative to job creation programs and the sexual abuse response system, or through discussion with legislative committees. Through such feedback, we are able to bring to the attention of the committees the implications of the proposed legislation on our office operations.

We did not have the opportunity to communicate directly with the legislature during the 2011 session with regard to the Choices for Care project required by section E.130.1. However, we have some concerns regarding the impact this project could have on the independence of the SAO and we believe there is some uncertainty regarding funding for the project.

First, given the nature of the project – collaborating with the Department of Disabilities, Aging and Independent Living to develop performance measures – it is likely it would affect future audits of Choices for Care because our independence could be impaired by performing this nonaudit service. Auditing standards require that two overarching principles be applied when assessing the impact of performing a nonaudit service for an audited program or entity. First, "audit organizations must not provide nonaudit services that involve performing management functions or making management decisions and audit organizations must not audit their own work." Further, audit standards delineate specific nonaudit services that impair independence, including "providing services that are intended to be used as management's primary basis for making decisions that are significant to the subject matter under audit." Based on these standards, it is very possible we could be precluded in the future from conducting some types of audits of Choices for Care. Given the importance of this program to the state, limitations to future audit work is of great concern.

Second, since the project is not an audit, we lack a definite funding mechanism to cover the cost of the audit staff that would be assigned to work on the project. The cost of maintaining SAO's audit staff is budgeted in the SARF which by statute[1] is limited to accumulating and billing the costs of audits conducted in accordance with governmental auditing standards. Since we are precluded from covering the costs of nonaudit services via the SARF, we would need to rely on SAO's general fund appropriation to cover the costs of the project. Currently, SAO's general fund appropriation covers the salaries of those staff involved in the general operations of the office (i.e. not the audit staff) and other general operating costs such as rent and IT support. There is limited capacity to cover the costs of nonaudit projects. As a result, we will be hampered in our ability to be responsive to section E.130.1. At this time, discussions are under way with Finance & Management to address a billing mechanism for non-audit services.

If there are specific areas you would like to discuss, please feel free to call me at 828-1629.

cc:
Jim Reardon, Commissioner, Dept. of Finance & Management
Steve Klein, Chief Legislative Fiscal Officer, Joint Fiscal Office

[1] 32 VSA §163(1) and 32 VSA §168(a)

SAO Audit Calendar FY2012

Audits, audit related projects and non-audit services	FY2012 Q1	Q2	Q3	Q4
Burlington Tax Increment Financing District	x			
Milton Tax Increment Financing Districts	x			
Winooski Tax Increment Financing District	x	x		
Vermont Employment Growth Incentive Program			x	x
Sex Offender Registry[1]				
Medicaid Provider Enrollment	x			
Job Creation Programs[2]	x	x	x	x
Federal A-133 Compliance (A-133) & Comprehensive Annual Financial Report (CAFR) audits	x	x		x
TBD Discretionary Performance Audits			x	x
Recommendation Follow-up[3]		x		
Choices for Care - nonaudit service[4]	x	x		

Notes:

[1] *This is a followup to the first audit report released in FY2010. Due to the the findings of the first audit, a second audit is required and will be conducted subsequent to the implementation of a new IT system which is estimated to be 3/31/12. We estimate this audit will commence in summer 2012.*

[2] *Act 78 (2010 Session) required SAO to prepare an audit strategy for job creation programs. Two audits are provisionally scheduled.*

3 Tracking audit recommendations and following up on their implementation at periodic intervals is a key step in maximizing the value of audits. Recommendation followup is performed on an annual basis.

[4] *Per Act No. 63 of the 2011 legislative session, SAO is to work with the Depatment of Disabilities, Aging and Independent Living to develop performance measures to evaluate the Choices for Care Medicaid waiver. SAO must report to various House and Senate committees by 1/15/2012 with recommendations on how to evaluate the success of Choices for Care.*

SAO Policy for SARF Advance Notification Protocol for Department/Agency Annual Billing

Prepared by: Tanya Morehouse, SAO Chief Auditor

Date: June 29, 2011

Objective: to describe the process for notifying departments and agencies regarding an estimate for the next fiscal year audit bill.

Description

Annually, as part of the next fiscal year's budget planning process, SAO will develop an estimated bill for audit costs for each department and agency normally billed for the costs of audits. SAO will notify each business manager or other senior financial personnel of the estimate by December 1. For example, December 1, 2011, SAO will provide agencies and departments with their estimated audit billing for fiscal year 2013.

The estimate will be based upon the costs of audits budgeted for in SAO's budget for the next fiscal year and will be allocated to departments and agencies using the same approach as the allocation of actual billing.

There are two allocation methods:

- A-133 audit costs: in proportion to the federal funds expended or disbursed by departments.[1]
- Comprehensive Annual Financial Statement Audit and performance audit costs: in proportion to the total funds expended or disbursed by departments.

SAO will use the total state and federal expenditures from the prior fiscal year to derive an estimated bill for each department or agency unless SAO becomes aware of a significant event or transaction, such as the American Recovery and Reinvestment Act, which would cause significant differences. In the event of an anticipated significant increase or decrease in state and federal expenditures, SAO will estimate the impact on allocation to the departments and agencies.

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[1] In addition, repeat audits, where a program is subject to repeat audits as a result of audit findings, are charged directly to the responsible department. The cost charged is for the standard cost of an A-133 program audit.

XIII

REVISED BUDGET REQUEST - STATE AUDITOR'S OFFICE - FY2012

	Original Request	Revised Request	Difference
State Internal Service Fund			
Base load funding	$2,728,755	$2,645,755	$83,000
One-time funding (ARRA	720,000	640,000	80,000
Total	$3,458,755	$3,285,755	$163,000
General Fund	$396,853	$396,853	$0
Special Fund	$53,099	$53,099	$0
TOTAL FUNDING	$3,908,707	$3,735,707	$163,000

Notes: 1. The base load funding request is reduced by $83,000 which is the cost in salary and benefits included in the original budget request for the 15th audit position

2. KPMG revised their estimate of A-133 audits required from 33 to 31 which reduced the request for one-time audits costs related to ARRA spending by $80,000

VERMONT

XIII

State of Vermont
Agency of Commerce and Community Development
National Life Building, Drawer 20
Montpelier, VT 05620-0501
www.dca.state.vt.us

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[fax] 802-828-3383

Letter to JFC

July 6, 2011

Senator Vincent Illuzzi, Chair
Senate Economic Development,
Housing and General Affairs Committee
State of Vermont Senate Chamber
115 State Street
Montpelier VT 05633-5201

RE: State Auditor's audit strategy for economic development programs

Dear Senator Illuzzi,

I received your letter of July 5 and greatly appreciate your observations. We are indeed in the process of building a completely new performance measurement system. The first step is conducting an Agency strategic planning process consistent with a statewide effort under the direction of the Governor, complete with specific outcomes and measures. When this top level strategy has been approved by the Governor we will release our more specific economic development strategy for comment, including comments on relevant metrics.

We intend that this economic development strategy, including target outcomes and tangible performance measures, touch all aspects of the UEDB. As an example, we are working with the Department of Labor to complete a common set of performance measures for workforce education programs.

As part of this strategic planning we are conducting our own review of all economic development efforts, not just those specifically targeted to job creation. This review includes a sweep to make sure the UEDB has identified all known programs. We also intend to assess the ongoing effectiveness and relevance of all programs in light of our forward strategy and anticipated resources. The staff who are doing this work, in addition to their regular duties, are also the people who would be involved in facilitating an external audit and that would definitely slow their progress, though we would of course cooperate fully if the Auditor chooses to undertake the proposed strategy.

I do want to emphasize that I believe it is important that we work with the Auditor as we complete our performance measurement system to ensure that we select metrics that are reliable, relevant, and readily auditable. We will also make sure to document our review such that it may in turn be easily reviewed by others.

In summary, I concur with your assessment that the proposed audit would not be tremendously useful at this time. but do have the December 30, 2010 Audit Strategy memo as well as the December 22, 2010 UEDB Review Memo from Kavet and Carr in the front of my mind as we develop our new systems and will seek the Auditor's participation in ensuring that these systems are sound.

Sincerely,

Lawrence Miller

Lawrence Miller, Secretary ACCD

cc: Governor Shumlin
Auditor Tom Salmon
Steven Klein, Director, Joint Fiscal Office
Joint Fiscal Committee
Doug Hoffer

XIV

State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.adm.state.vt.us

[phone] 802-828-3322
[fax] 802-828-3320

Jeb Spaulding, Secretary

MEMORANDUM

TO: Joint Fiscal Committee

FROM: Jeb Spaulding, Secretary of Administration

RE: Report on GF Transfer from Correctional Services to Correctional Services Out-of-State Beds

DATE: June 30, 2011

On June 11, 2011 $1,030,211 was transferred from the Correctional Services Appropriation (3480004000) to Correctional Services—Out-of-State Beds Appropriation (3480006000) as allowed in Act 3 "An Act relating to Fiscal Year 2011 Budget Adjustment", Sec. 68, which states:

> *b) In fiscal year 2011, the secretary of administration may, upon recommendation of the commissioner of corrections, transfer unexpended funds between the respective appropriations for correctional services and for correctional services—out –of-state beds. At least three days prior to any such transfer being made, the secretary shall report the intended transfer to the joint fiscal office and shall report any completed transfers to the joint fiscal committee at its next scheduled meeting.*

VERMONT

XV

State of Vermont
Department of Mental Health
Vermont State Hospital
103 South Main Street
Waterbury, VT 05671

[phone] 802-241-1000
[fax] 802-241-1559
[tty] 802-241-3199

Agency of Human Services

MEMORANDUM

TO: Joint Fiscal Committee

FROM: Christine M. Oliver, Commissioner, Department of Mental Health CMO

DATE: July 20, 2011

RE: The Canteen at Vermont State Hospital

Statutory References
Sec. E.314.1 of Act No.156 of 2009 VERMONT STATE HOSPITAL; CANTEEN
Sec. 66 of Act No.3 of 2011 VERMONT STATE HOSPITAL; CANTEEN

As directed by the General Assembly, the Department of Buildings and General Services (BGS) completed a re-construction project of the canteen. Necessary repairs and upgrades were made to enable it to operate as a café. The upgrades included new sinks, appliances, tables, and a flat screen television. An open house was held recently to show the canteen space to state employees who work in the Waterbury complex, the public, Vermont State Hospital (VSH) patients and others anticipating the opening in September.

Since renovations were completed, the canteen has been available for VSH patients and staff who have been going there to have snacks, watch TV, and enjoy time off their unit. Once the canteen opens as a food service operation, it will become more of a public space not only for patients and staff of VSH but also for other state employees on the Waterbury campus. Currently, VSH staff and patients have access to the canteen, including evenings and weekends.

The business plan for operation of the canteen has come under the purview of the Division of the Blind and Visually Impaired, a part of the Department of Disabilities, Aging and Independent Living (DAIL). They have engaged the Vermont Youth Conservation Corp to develop a model similar to The Overlook Café at the Department of Health in Burlington. Integral to the operation of the canteen will be work experience for people with visual impairment and a range of disabilities. As with any new business, the canteen will need time to become established. The plan is to give Vermont State Hospital patients the opportunity for work experience in the canteen as in the past.

Cc: Douglas Racine, Secretary, Agency of Human Services
Michael Obuchowski, Commissioner, Department of Buildings and General Services
Susan Wehry, Commissioner, Department of Disabilities, Aging and Independent Living

VERMONT

XVII

State of Vermont
Department of Liquor Control
13 Green Mountain Drive
Montpelier, VT 05620-4501
liquorcontrol.vermont.gov

[phone] 802-828-2345
[fax] 802-828-2803

Michael J. Hogan, Commissioner

July 5, 2011

Nathan Lavery, Fiscal Analyst
Joint Fiscal Committee
Vermont Statehouse
Montpelier, VT 05620
Re: JFO #2448

The Joint Fiscal Committee has requested updates on the status of this project at their January, 2011 and July, 2011 meetings. These updates should include information on revenues and expenses of the project, number of participants, adjustments to the course fee, and uses of any net revenues.

Background:

In 2010, the Education Division of the Vermont Department of Liquor Control (DLC) submitted a grant request to the National Alcohol Beverage Control Association's Education Task Force in the amount of $10,000 to create a new mode of training for cashiers who sell either alcohol or tobacco in Vermont. At the outset of the grant process, we endeavored to not use state funds in its creation and to make this a "stand-alone" product that would be revenue neutral going forward. We have succeeded in both aspects.

This grant helped create online training that is now available 24/7 to anyone wishing to become certified, as required by 7 VSA 239. The contents were created and are now monitored and maintained by employees in the DLC's Education Division, who make certain the contents remain current and cover all required benchmarks and regulatory topics. The hosting is under contract with Burlington-based Global Classroom. They charge a fee for their services and the remaining funds are then forwarded to Liquor Control to defray our costs. Each student is required to successfully complete a final exam at the end of the course and results are sent to us for documentation. The student receives a certificate and the information is entered into our database. The $25 per student fee of covers all costs.

The $10,000 from NABCA for the eLearning class covered: the online course creation software (Articulate and Camtasia), the contract with Global Classroom, as well as notification (mailings) to license holders of the learning program.

As stated above, the department maintains total control over the course contents, monitors all participants and receives reports from Global Classroom regarding the student information and demographics. There is no way to know how many cashiers will avail themselves of this eLearning product in the coming years; but, there were several requests for some kind of online training from the industry prior to our grant request. Since we began offering the program on December 1, 2010, we have seen students taking the classes at all hours of the day and night, as well as days of the week; we even had one student complete the course on Christmas Day. We know this since the program is set to immediately send an email to the three Liquor Control Educators upon each student's completion of the final exam.

In fulfillment of its "future plans" reported to the JFO in January, the DLC Education Division has created four similar web-based courses that are set to launch this summer (2011):

1. 1st class (bar/restaurant servers) at $25.00 per person
2. Bookstore/Art Gallery servers (just passed this legislative session) at $10.00 per person
3. Manufacturers at $10.00 per person
4. Solicitors (those who sell for either a wholesaler or a manufacturer) at $10.00 per person

And, a training program for tobacco sellers has already been implemented at a minimal cost of $10 to the student. Since the software had already been purchased, the cost to add these new courses was/is minimal. As the need arises, additional classes will be created and added to the on-line curriculum.

Revenue, Expenses, Number of Participants:

As of July 1st 2011, 174 people have taken the online courses – 12 took the tobacco only training and the remaining 164 took the 2nd class (store) course. This is up 154 participants, or 770%, from the 20 participants reported in January.

The total collected for the combined trainings was $4,170 - $120 for the tobacco only class and $4,050 for the 2nd class licensee course. Of this amount, 20% or $834 was paid to Global Classroom for hosting the site, with the remainder of $3,336 remitted to DLC.

Total start-up costs for the program remain the same at:

$3500 for the two-year contract with Global Classroom for hosting the site
$6500 for software, equipment and mailings to create and announce the new program

Summary:

These courses are still relatively new, having just started seven months ago, and already we are seeing the number of online participants grow exponentially. We expect these numbers to increase as the selection of courses increases and news of the online training options spreads. These web-based applications are especially useful for those who need last minute training to be certified and for those businesses that can not afford to have staff gone for the better part of a day. The Department of Liquor Control is extremely pleased with the quality of these online training courses and the subsequent participation in them. DLC plans to continue to expand these programs in order to meet the needs of our modern day, computer-oriented clientele.

Marcia Lawrence, MSA
Executive Staff Assistant, Commissioner's Office
Vermont Department of Liquor Control

VERMONT

XV

State of Vermont
Department of Mental Health
Vermont State Hospital
103 South Main Street
Waterbury, VT 05671

[phone] 802-241-1000
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[tty] 802-241-3199

Agency of Human Services

MEMORANDUM

TO: Joint Fiscal Committee

FROM: Christine M. Oliver, Commissioner, Department of Mental Health CMO

DATE: July 20, 2011

RE: The Canteen at Vermont State Hospital

Statutory References
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Cc: Douglas Racine, Secretary, Agency of Human Services
Michael Obuchowski, Commissioner, Department of Buildings and General Services
Susan Wehry, Commissioner, Department of Disabilities, Aging and Independent Living

XVII

State of Vermont
Department of Taxes
133 State Street
Montpelier, VT 05633-1401

Agency of Administration

July 15, 2011

Senator Ann Cummings, Chair
Joint Fiscal Committee
The Vermont Legislature
1 Baldwin Street
Montpelier, VT 05602

Senator Cummings,

Please accept this study completed by the Vermont Department of Taxes in accordance with its obligation under Section 45 of Act 160 of 2010 as amended by Section 6 of Act 45 of 2011. Specifically, the study assesses the feasibility of "developing an electronic system for department's administration, billing, and collection of the education property tax provided for in Chapter 135 of Title 32" and "application of the common level of appraisal separately and independently from the tax rate." The study is intended to provide Vermont's policymakers with information to better understand the decisions, resources, and timeline that will accompany a policy choice to have the State bill and collect the education property tax and reevaluate the CLA. Thank you again for the opportunity to illuminate issues of concern to all Vermonters.

Please do not hesitate to call upon me for additional assistance regarding this matter.

Sincerely,

Mary N. Peterson

Mary N. Peterson
Commissioner

VERMONT

FEASIBILITY STUDY: *Electronic Administration, Billing, and Collection of the Education Property Tax*

Vermont Department of Taxes
July 15, 2011

FEASIBILITY STUDY TABLE OF CONTENTS

EXECUTIVE SUMMARY

The Legislature required the Tax Department to examine the feasibility of State administration of the billing and collection of the education property tax. The feasibility study asks three basic questions after reviewing the background of the education finance system:

1. What is the current distribution of billing and collection functions between the State and local jurisdictions?
2. What policy changes and resources are required to implement a proposed system in which the State bills and collects education property tax?
3. What are the potential impacts of this change on the Department of Taxes and its key stakeholders?

The answers to these questions provide Vermont's policymakers with information to better understand the decisions, resources, and timeline that will accompany a policy choice to have the State bill and collect the education property tax.

Current System

The study reviews the assessment, tax, payment, and delinquency functions executed by local and State government to administer the education property tax. Appraisal, billing, collection, and delinquencies are handled by local jurisdictions. The State has an advisory role with respect to listing practices and provides towns with the data necessary to bill the tax.

Also, the study describes the current state of administering property tax adjustments and the Tax Department's technology priorities. Property tax adjustments are discussed given their status as a key contributor to the Department's education property tax workflow. Specifically, approximately ten percent of Tax Department staff services property tax adjustments. Technology priorities are described given the impact a new technology priority, such as billing and collection of the education property tax, would have on existing priorities and how existing technology priorities may affect implementation of State billing and collection of the education property tax.

Proposed System

The study sets forth the policy changes, resources, and timeline necessary to allow the State to bill and collect the education property tax. Key changes include moving the local assessment calendar forward by three months, implementation of a new software system or a new module in an existing computer system, expansion of Tax Department personnel by approximately twenty percent, start up and ongoing tax processing costs, and a change to how the State accounts for and distributes tax revenue to school districts. Also, the study reviews myriad delinquency issues that would arise from state billing and collection, including the prioritization of liens, creation of a new abatement authority, tax offsets, and making the Education Fund whole in the case of late payment or non-payment by property owners.

Overall, the Tax Department estimates that technology implementation will take three years and cost between $1.25 million and $3.25 million. Ongoing personnel and processing costs once the system goes live are estimated to be at least $2.5 million annually to start. Currently, the State allows local jurisdictions to retain approximately $2 million to administer this tax, a revenue source that could defray the cost of State billing and collection in out years. Enactment in 2012 by the Legislature would allow the Tax Department to bill the education property tax by July 2015.

Potential Impacts on Stakeholders

The study describes potential impacts on various stakeholders, including taxpayers, local jurisdictions, real estate stakeholders, the Tax Department and the State.

- **Property owners** may experience increased clarity regarding the nature of the tax and education spending. Also, the bill may be more confidential. Yet, numerous redundancies will be created in billing, collection, customer service, and abatement functions among others as many services would be duplicated at the local and State level.

- **Local jurisdictions** would lose revenue from an inability to earn interest on education tax payments, removal of the State fee retained to administer the tax, and statutorily prescribed delinquent tax penalties.
- **Real estate stakeholders** would face significant unknowns as State billing and collection would change due diligence, tax payment, and escrow functions.
- **The Department of Taxes** would face significant opportunity costs in terms of its technology priorities. Also, State billing and collection would expand departmental personnel, materials, and budget.
- **The State** would be expanding during a time when many government institutions are contracting due to scarce resources.

Overall, it is not clear that State billing and collection would create significant efficiencies for stakeholders. Any duplication of services or addition of services will ultimately be reflected in the costs of the system and passed on to taxpayers.

CLA

Per legislative directive, the study examines variants of the Common Level of Appraisal (CLA) that are not applied to the tax rates. Specifically, the feasibility study reviews four variants of the CLA either applied independently to the product of the Equalized Tax Rate (ETR) and Listed Value (LV) or that adjust listed value by municipality.

INTRODUCTION

In 1997, Vermont's Supreme Court ruled the State's education funding system unconstitutional. In response, the legislature created a statewide education property tax. While a state tax, its administration is built upon the existing municipal property tax structure.[1] The reliance upon the local tax structure is perhaps most visible in the fact that Vermont's local jurisdictions bill and collect the state tax. The study fulfills the legislative requirement to examine the feasibility of the State administration of the billing and collection of the tax, ending the current piggyback upon municipal property tax billing and collection.

The feasibility study asks three basic questions after reviewing the background of the education finance system:

1. What is the current distribution of billing and collection functions between the State and local jurisdictions?
2. What policy changes and resources are required to implement a proposed system in which the State bills and collects education property tax?
3. What are the potential impacts of this change on the Department of Taxes and its key stakeholders?

The Department of Taxes aims to provide Vermont's policymakers and the Department's stakeholders with a greater understanding of the issues raised by State billing and collection of the education property tax. The report does not make recommendations, leaving this role to the Governor and Legislature.

---

1 Act 60 of 1997, the Act that created the education property tax, as passed originally by the legislature assigned responsibility for billing and collection of the education property tax to the Vermont Department of Taxes. Myriad issues arose, including the lack of a uniform parcel number system and a lack of technology resources at the local level of government. Accordingly, before State billing and collection went into effect the responsibility was shifted to local jurisdictions 1997 (Adj. Sess.), No. 71.

1.0 BACKGROUND INFORMATION

1.1 Statutory Mandate for Study

Section 45 of Act 160 of the 2010 legislative session requires the Department of Taxes to submit a feasibility report on "developing an electronic system for department's administration, billing, and collection of the education property tax provided for in Chapter 135 of Title 32" to the Joint Fiscal Committee. The legislature amended this mandate through Section 6 of Act 45 of 2011 by requiring the department to evaluate the feasibility of "application of the common level of appraisal separately and independently from the tax rate." This feasibility report is submitted to fulfill the obligations described above.

1.2 Scope

The feasibility report sets forth the current system of education property tax administration relative to billing and collection, the changes required for State administration of the billing and collection functions, and an analysis of the impacts of that change on the Department of Taxes and other stakeholders. Also, the study explores potential changes to the application of the CLA. The study's scope is informed by a review of relevant legislative history and Tax Department testimony before the House Committee on Ways and Means.

1.3 The Education Property Tax in Vermont

Vermont's state education property tax is a recent development. The Vermont Supreme Court's *Brigham*[2] decision required the legislature to address persistent educational inequality among school districts. In 1997, Act 60 created a statewide education property tax as a mechanism to comply with *Brigham* and provide every town equal opportunity to fund its

2 *Brigham v. State*; 166 Vt. 246 (1997)

schools. The legislature has amended Act 60 during subsequent years, including significant changes in 2003 through Act 68.

Acts 60 and 68 fundamentally changed the relationship between towns, school districts, property owners and the State in regards to education finance. The law also provided an avenue for certain property owners to pay school taxes based on their income.

Changed Relationship

Local property taxes have existed for centuries in Vermont. Local jurisdictions used property tax revenue to cover municipal expenditures, including schools. Act 60 changed the status quo in two important ways. First, the State imposed a tax on property separate from local levies. Second, the statewide tax removed the ability of local jurisdictions to tax directly for education. Despite this fundamental change, the appearance of the process remains consistent with the municipal property tax.

The new statewide education property tax built upon the mechanics of the existing local property tax system. Property valuation remained a local function, as does billing and collection. Accordingly, property owners continue to receive municipal and state property tax bills from the municipality. Local jurisdictions issue the bills, and property owners remit both municipal tax and State education tax payments to municipalities. While education spending levels are voted locally, the State sets the base education tax rate for all property--homesteads and non-residential.

Property Tax Adjustment

Traditionally, a property owner's tax was based on the product of their property value multiplied by the tax rate set by the town. In 1970, the State enacted a rebate program that capped the amount of property taxes due from property owners with household income below a prescribed amount.[3] Act 60 and subsequent laws changed and expanded the income-based limit on property taxes significantly. Qualifying homestead owners may pay their statewide education property tax based on income if the tax due based on income is less than what it is based on property value. Property tax adjustments are currently available to homeowners with household income up to $97,000. For homestead owners with household income of $47,000 or below, an additional adjustment is available which includes municipal taxes in the calculation. The Department of Taxes provides information to local jurisdictions, which they use to adjust property tax bills to credit the property tax adjustment amount.

Education Funding Process

Overall, the Present Act 60/68 system features four major steps in the school funding process:

- School district voters approve a school budget, which determines the per-pupil education spending for each district.
- The State sets the base homestead tax rate, which is adjusted by local education spending, and the nonresidential tax rate; as well as the applicable income percentage for calculation of the property tax adjustment.
- Towns issue bills to all property owners for both municipal and education taxes. For qualifying residents, the bill is adjusted to reflect education tax liability based on household income.
- Money used to fund Vermont schools is transferred to each school district from local jurisdictions and the State based on the education spending approved by voters. The Department of Education guides towns through the transfer process, as local jurisdictions settle up with local school districts and the State.

The feasibility report focuses on steps three and four, the billing and collection of school taxes and transfer of education funds to Vermont's schools. The next section of the report describes the current allocation of billing and collection functions between the State and local jurisdictions.

3 The income level has varied over the years and was compared to total property taxes.

2.0 Current System

2.1 Billing and Collection of the Statewide Education Property Tax

Titles 32 and 16 of the Vermont Statutes provide a framework for state and local officials to administer the education property tax. Overall, administration of the education property tax can be grouped into four categories, assessment functions, tax functions, payment functions, and delinquency functions. Each step is listed below with the responsibility attributed to either local jurisdictions or state government.

Assessment Function

- Identification of property to be appraised as of assessment date (local)
- Appraise property (local)
- Notify owners of value/issue Change of Assessment notices (local)
- Hold grievances and notify grievants of results (local)
- Lodge grand list with town clerks (local)
- Track and maintain homestead and property tax adjustment status (local)
- Advise local assessment officials on issues of assessment and tax administration (state)

Tax Function

- CLA[4] is applied and local jurisdictions notified of education tax rates to be levied (state)
- Tax bills issued based on local grand list value and state rates for the education property tax and the local grand list and municipal tax rate for the municipal portion of the property tax (local)
- State education property tax and municipal property tax collected (local)

Payment Function

- The State Department of Education and Department of Taxes assist local jurisdictions in reconciling the revenue accounting between municipalities, school

4 Embedded within property tax rates is the CLA, Common Level of Appraisal. The CLA is the ratio of the local assessed values to the state's estimate of fair market value for that municipality. The Tax Department uses the CLA to equalize the education tax rates ensuring equal treatment across towns.

districts, and the State as some towns collect more education tax than their local districts require in education funding, while some towns collect less (state)

Delinquency Functions

- Taxes become delinquent when a taxpayer fails to pay the taxes on the due dates specified on the tax bill. That date must be at least 30 days after the tax bill has been mailed. (local)
- Within 15 days after the tax due date, or a shorter time if the municipality has so voted, the treasurer must issue a warrant and a copy of the tax bill to the delinquent tax collector against the delinquent taxpayers in the amount that remains unpaid. (local)
- The delinquent tax collector may use one of four methods available to collect delinquent taxes, Foreclosure, Distraint, Action at Law (Civil Action), and Tax Sale. The Collector of Delinquent Taxes may choose to accept a payment plan or may choose to take no action at all. The local Board of Tax Abatement may abate taxes under specific circumstances. A lien attaches to the property automatically upon the lodging of the grand list by listers. (local)
- The collector must file a certified annual report with the treasurer and auditors on or before January 15, showing all the delinquent taxpayers as of December 31st, amounts due and years in which taxes were due. (local)

The chart on the next page illustrates the division of labor, demonstrating how the operation of billing and collection remains a local matter with the State playing an advisory role.

Local Responsibility: Action Oriented

State Responsibility: Advisory Oriented

The current statutory framework and division of labor builds upon the traditional local property tax. The State has an advisory role with respect to listing practices and provides towns with the data necessary to bill the tax. Specifically, the Tax Department provides municipalities with the tax rate and property tax adjustment amount which is netted against the education tax on the tax bill. Taxes are levied and collected, and local jurisdictions, school districts, and the State settle up financially over the course of the fiscal year. In recognition of the partnership between the State and local municipalities in administering the education tax, local jurisdictions are allowed to retain a statutorily prescribed portion of the tax, valued at approximately $2.05 million in FY 2010.[5]

2.2 Present State of the Administration of Property Tax Adjustments

A description of the present system is incomplete without a review of the process used to determine eligibility for and calculation of property tax adjustments for qualifying homesteads. Administering property tax adjustments based on income requires considerable staff time from the department's Property Valuation and Review, IT, Taxpayer Services, Compliance, and Revenue Processing divisions. Currently, property tax adjustments affect 33 percent of all properties in Vermont and 65 percent of all primary residences.

Property tax adjustments and renter rebates are calculated using Household Income, a measure distinct from Federal Adjusted Gross Income or Vermont Taxable Income for individual income tax purposes. Separate income definitions and calculations require different forms and processing, distinct customer service, a separate technology module within the computer system, and dedicated compliance staff to match the free-standing income definition to federal and state return information to verify accuracy. Approximately 140,000 households file for property tax adjustments totaling about $150 million. A breakdown of responsibilities and resources by division within the Tax Department follows.

Property Valuation and Review

PVR plays two critical roles in administering the education property tax. First, PVR serves as the information liaison regarding property tax adjustments with local jurisdictions. Second, PVR calculates tax rates and tax amounts for each town annually. PVR works closely

5 An additional $3.2 million was distributed to assist local jurisdictions with property assessment in FY 2010. The study does not include a review of state appraisal of property. Therefore, the study does not contemplate redirecting this revenue stream from local jurisdictions to the State; however, this is another potential revenue stream to fund State billing and collection.

with the IT division to assist local jurisdictions. These responsibilities relevant to property tax adjustments require the equivalent of 2 full time employees.

Information Technology Division

Currently, IT plays two important roles in facilitating the property tax adjustment process. First, IT maintains the information for property tax assessments in the Department's Vermont Integrated Revenue Collections System (VIRCS) computer system. Second, IT works collaboratively with PVR , the Department of Education, and Vermont's cities and towns to ensure that local jurisdictions have the information necessary to adjust tax bills and collect the proper amounts. Specifically, IT takes the following collaborative steps to assist local jurisdictions:

1. Provides helpdesk assistance to the towns in their use of the NEMRC and CAMA systems used in the billing and appraisal process
2. Sends Vermont's municipalities an electronic file validating homestead status by SPAN[6] number
3. Loads tax rates and tax amounts calculated by PVR into computer system based on municipally approved budget and education tax rate determined by CLA
4. Runs the offset process for property tax adjustments. The Tax Department is authorized by law to offset property adjustment amounts against other liabilities owed the State, such as unpaid taxes, court restitution, and child support
5. Creates data files for each local jurisdiction with property tax adjustment listed by SPAN
6. Generates and mails letters to all property owners that file property tax adjustment claims, 139,481 total in 2010
7. Produces and sends files to local jurisdictions for traditional municipal property tax rebate program
8. Provides a spreadsheet to Finance & Management to have electronic municipal property tax rebate payments sent out in July and September
9. Produces and sends a data file to the Department of Education with the dollar amounts to be applied to tax bills by town so that they may advise local jurisdictions on the amount of tax revenue to direct to specific school districts and the Education Fund if necessary

6 The SPAN is a unique identification number assigned by the town for each parcel.

The steps listed on the previous page occur annually and require the following IT staff from the Tax Department:

- Equivalent of 1.5 FTE, analysis and systems development
- Equivalent of 1.75 FTE, Technology Help Desk

Taxpayer Services Division

The Taxpayer Services Division provides customer support within the Tax Department. Recently, the Department conducted an analysis of the customer service workflow handled by this division by tax type. The analysis is part of the Department's broader effort to better understand workflow and customer needs and use this information to provide outstanding service. From January 1, 2011 through May 6, 2011, the bulk of the tax season, the income tax section responded to:

- 40,589 Phone calls[7]
- 2,152 Emails
- 20,500 Pieces of correspondence
- 400 Walk-in taxpayers
- 203 walk-ins in the department's satellite desk at the Burlington IRS

The Tax Department estimates that the majority of inquiries handled by the Income Tax Section staff arise from property tax adjustments and rebates. Currently, the Department is keeping more detailed correspondence logs to drill down beyond correspondence volume to subject matter. The Department will likely have better data in 2012.

The Taxpayer Services division employs 13 FTEs in the income tax section. It is estimated that the equivalent of 4-5 FTEs are required to administer property tax adjustments.

Compliance Division

The Compliance Division performs the classic audit function for the Tax Department, collecting unpaid bills and ensuring the integrity of the tax laws. Currently, the equivalent of 2

7 This number does not include direct calls to individual tax examiners.

FTEs audit property tax adjustments. Specifically, staff examines the school property claims filed by taxpayers according to departmental standards and bills back inappropriate claims. Typically, inappropriate property tax adjustment claims are discovered as a result of comparing Household Income schedules to federal and state income tax returns. Corrections to the Household Income calculation change the school property adjustment amount, typically reducing that amount.[8] These efforts have yielded the following assessments (amount billed, not collected) including interest and the maximum penalty of 10%:

- **Fiscal Year Ending 2010:**
    - 1780 bill backs leading to assessments of $904,623.66
- **Fiscal Year Ending 2011**
    - 2483 bill backs resulting in assessments of $1,630,676.20[9]

These noncompliance rates are consistent with personal income tax, trust taxes, and corporate income taxes rates. Largely, the adjustments are done as post audits when the information for comparison becomes available.

Revenue Processing Division

The Tax Department's Revenue Processing Division processes all forms related to property tax adjustments, including the Homestead Declaration, Withdrawal of Homestead Declaration, the Household Income Schedule, and Property Tax Adjustment Claim. 160,000 Vermont households file some combination of these forms annually, with the exact number of forms varying each year. These forms arrive in spring, concurrent with the Personal Income Tax filing season. The seasonal aspect of this work requires the employment of temporary employees. The Department has determined that approximately 2 full time temporary

8 Compliance issues are driven by the difference between income for federal and state income tax purposes and the calculation of Household Income found on HI-144, the Household Income Schedule. Many HI-144 filers have no requirement to file an income tax return. Others misperceive the differences between income for income tax purposes and income for Household Income/Property Tax Adjustment purposes.

9 Increased numbers should not be perceived as increasing problems in the program. Rather, the Tax Department conducted a review of previous years that yielded increased assessments. The urgency to review past years arises, in part, from the three year statute of limitations on property tax adjustments.

employees are deployed to process forms and correspondence related to property tax adjustment claims.

Summary of Resources Required for Property Tax Adjustment Claims

The previous sub-sections set forth the current level of resources required to administer property tax adjustment claims. They are summarized in the table below. The study will examine ways, if any, that the responsibilities and resources required for state billing and collection would affect the current level of service required to administer property tax adjustments.

Current Staff Resources Required for Property Tax Adjustment Program

2 Revenue Processing Temporary FTEs, (Process Documents and Payments)	3.25 Information Technology FTEs, (Analyst, Developer, and Help Desk)	2 PVR FTEs
4-5 Taxpayer Services FTEs, (Customer Service)	2 Compliance FTEs, Compliance Officers (Delinquencies)	1 Legal FTE

2.3 Present State of Technology and Technology Priorities at the Department of Taxes

Increasingly, technology defines the scope and speed of public sector challenges. The Department of Taxes and this feasibility study offer a compelling example of the complex interplay between policy priorities and technology capabilities. The feasibility study must be understood in the context of the Department's current technology capabilities and future technology priorities. Present capabilities can be a limiting factor on the speed of policy implementation. Future priorities can both inform the order in which change occurs and demonstrate the opportunity cost of evolving priorities. A brief description of the Department's current and future priorities provides the background by which to understand how shifting the responsibility for billing and collection of the education property tax would impact the department.

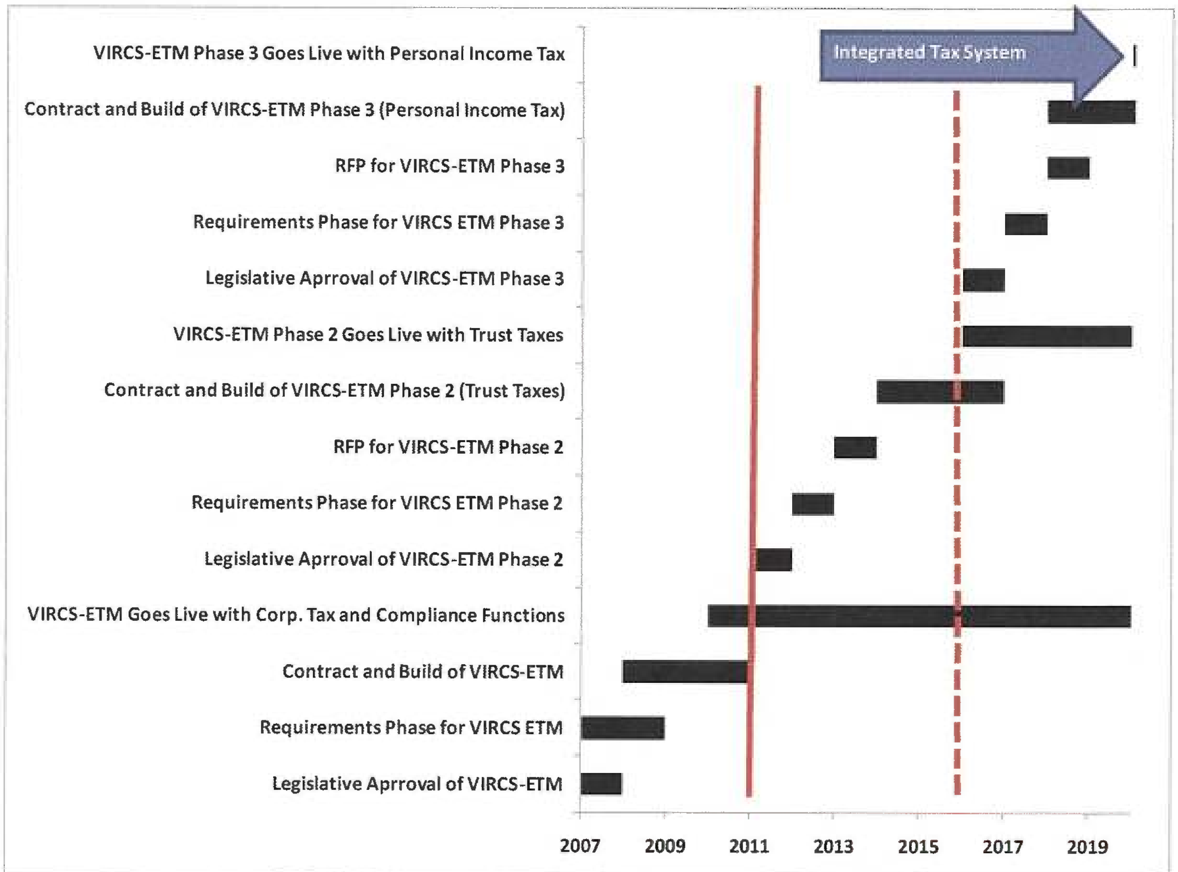
The Department of Taxes is in the midst of a profound technology transformation. Specifically, the Department, at the legislature's direction, has committed to creating an integrated tax processing platform, the Vermont Integrated Revenue Collections System-Enterprise Tax Management (VIRCS-ETM). VIRCS-ETM is designed to replace the multiple computer systems now used to administer taxes, eliminating a siloed approach that requires complex interfaces between computer systems of different generations.

The Department of Taxes is moving toward VIRCS-ETM presently. The Legislature approved the creation of VIRCS-ETM in §282 of Act 65 (the Big Bill) of 2007. The project is designed to be implemented in stages. Phase 1 was completed in October 2010. The Legislature approved the work necessary to prepare for and begin Phase 2 in §C103.1 of Act 63 (the Big Bill) of 2011. The Department has the direction and funding to make substantial progress on Phase Two under current law; however, the final cost and timeframe will not be set until after the submission and review of bids to an RFP scheduled to be released in 2013. The next figures depict the historical progression of the Department's computer systems and the proposed timeline for the VIRCS-ETM project.

Progression of Technology at the Tax Department, from Paper to Silos to Integration

Year	Computer Systems			
Prior to 1980	All Manual Processing			
1980	**Mainframe:** trust taxes, corporate income, personal income, and collection	All other taxes processed manually		
1998	**VIRCS**: Trust taxes	**Mainframe**: corporate income and personal income	**CACS-G**: Collections	All other taxes processed manually
2001	**VIRCS**: Trust taxes, personal income tax, property tax adjustments	**Mainframe**: corporate income	**CACS-G**: Collections	All other taxes processed manually
2009	**VIRCS-ETM**: Corporate Income, Collections, Several smaller taxes	**VIRCS**: Trust taxes, personal income tax, property tax adjustments	All other taxes processed manually	
Proposed Future State	All taxes in VIRCS-ETM			

Proposed VIRCS-ETM Project Timeline, Phases 1, 2, 3



The solid line indicates that the Department has completed Phase One of this project. The dotted line indicates that the Legislature has approved the steps necessary to begin Phase 2. The proposed design and implementation of future phases is subject to ongoing analysis and evaluation.

Beyond VIRCS-ETM, the Department is working on a slate of other technology projects. These projects represent the Department's current strategic priorities alongside VIRCS-ETM development, and they are a combination of department driven and legislative projects each designed to facilitate taxpayer interaction with the Tax Department and improve departmental efficiency. The timeline for these priorities extends over the next several years, with estimated start dates listed:

- **Business Registration Portal:** The Department of Taxes is engaged in a partnership with the Department of Information and Innovation, Agency of Administration, Secretary of State, and Agency of Commerce and Community Development to create a business portal that will provide Vermont's potential businesses a single web site to register with the State. This would eliminate the need for entrepreneurs to interact with multiple state agencies when forming a business. Project began June of 2011.

- **VT Pay Upgrade:** The Department is working with DII and the Vermont Information Consortium (VIC) to enhance the VT Pay web site. The project would allow taxpayers to pay their current income tax payments, estimated personal income tax payments and bills using ACH debit and ACH credit. The site currently allows payment only by credit card which significantly restricts utilization of the site as taxpayers are charged fees to pay their taxes. Also, the Department is working to expand VT Pay to allow taxpayers who owe the Department money to sign up and create payment plans on-line. Business case and requirements work submitted to DII and VIC July of 2011.

- **E- Current Use:** §§ 33-35 of Act 45 of 2011 mandated the transition of the Use Value Appraisal Program (Current Use) to electronic administration. The preferential rate for land enrolled in use value appraisal was repealed so the general rate of 1.25 percent applies. The amount of property transfer tax revenue allocated to PVR is increased from 1 to 2 percent for 5 years with the increased revenue to be used to fund the transition. Business case and requirements work submitted to DII and VIC July of 2011.

- **Web Site Upgrade:** Based on legislative input, the Department of Taxes is reevaluating its outreach to taxpayers. One major goal of this effort is a redesigned web site featuring clear content and enhanced functionality that better meets taxpayer needs and conforms to modern best practices. The Tax Department has convened a working group across divisions and partnered with the Department of Information and Innovation (DII) to address this technology challenge. Department wide project began May of 2011. Estimated completion prior to 2012.

- **W2 Enhancement:** Recently, the Department of Taxes created the ability for payroll companies and certain other qualifying employers to electronically submit W2 files, 1099 information files, and Annual Reconciliation of Withholding Tax Account (Form WH-434). Based on the excellent results of this project, the Department is working to offer enhanced electronic services pertaining to employee payrolls. For example, the Department is working with VIC to develop an online data entry W-2 system that would allow small businesses to directly enter the W-2 information for each employee online. This would offer taxpayers with smaller payrolls the ability to data enter both their Annual Reconciliations (Form WH-434) and their annual W-2s. The system offers improved functionality for taxpayers and processing efficiency for the Tax Department. Phase 1 completed in 2010. Business case and requirements work for Phase 2 submitted to DII and VIC in June of 2011.

- **Modernized E-File:** The IRS is requiring the Department of Taxes to adopt and implement a new e-file system for personal income taxes. Among other changes, Modernized E-File will transition the technology architecture to industry standard practices for identifying, storing and transmitting data rather than the proprietary data transmission formats used by older e-file programs. The Vermont Department of Taxes must adopt Modernized E-File in the next 2 years or it will lose the ability to offer taxpayers and tax practitioners electronic filing of Personal Income Tax returns. Project estimated to begin Fall of 2011.

- **Business E-Filing:** The Tax Department does not offer electronic filing of corporate tax returns. The Department of Taxes believes that this enhancement would offer benefits and efficiency for taxpayers and the Department. Project start date to be determined.

- **Data Warehouse:** The Department's data warehouse project involves leveraging multiple data streams and cutting edge software technology, software tools, and industry best compliance strategies to narrow the tax gap and maintain the integrity of the tax laws more efficiently. The project began in May of 2011, and it will continue for the next five years yielding software tools, best practices, and knowledge transfer to employees across most divisions. Also, the project is benefits based with proceeds paying for the project itself and the immediate next steps of Phase 2 of VIRCS-ETM. The remainder contributes directly to the General Fund.

The policy choice to create State responsibility for the billing and collection of the education property tax would affect the implementation of these priorities. Likewise, the Department's current state of technology capability affects its ability to assume responsibility for billing and collection. The study will examine how technology capabilities and current and future policy priorities affect the feasibility and implementation of State billing and collection.

The next section of the study examines those aspects of the system now performed by local jurisdictions that the State would administer to bill and collect the education property tax.

3.0 PROPOSED SYSTEM

3.1 Description of Proposed System

The proposed system analysis revisits the assessment function, tax function, payment function and delinquency function. Each section includes an analysis of policy changes and resources necessary to implement State billing and collection. The section concludes with a summary of requirements and resources to implement change and an estimated timeline for implementation.

Assessment Functions

State billing and collection of the education property tax would change the assessment function in three ways. First, the State would adjust the calendar of assessment activities to ensure efficient billing. Second, the State will need some incentive to ensure local jurisdictions complete their work in time for State to levy and collect taxes in timely manner. Third, local jurisdictions and the State would need to work closely to track ongoing changes due to appeals, or changes made under errors and omissions. The latter relates to such things as changes to the classification of a parcel due to the late-filing of a homestead declaration, changes made by the listers due to an obvious error they made, such as failing to add the value of a new house that was built. Such ongoing changes will require the continuing transfer of data to the State from the Town. Such changes will trigger corrected tax bills and/or credits.

Calendar of Assessment Activities

State billing and collection depends upon the lodging of the grand list. Any delay in lodging the grand list would adversely impact the State's ability to calculate and send bills and delay the timing of payments to the Education Fund. These delays would require the State to either borrow money to cover the shortfall or delay payment to school districts. Therefore, the grand list would need to be completed and in State's hands much earlier than present law provides. This would require a change of the assessment date from April 1 to January 1 and changes to the related statute sections. A comparison of current and proposed assessment activities calendars is below:

Current Assessment Calendar[10]	Proposed Assessment Calendar
April 1 Assessment Date	Jan 1 Assessment Date
June 4 Change of Appraisal Notices sent	April 1 Change of Appraisal Notices sent
June 19 Grievance hearings begin	April 15 Grievance hearings begin
July 2 Grievance hearings end	May 15 Grievance hearings end
July 9 Results of grievances mailed	May 25 Results of grievances mailed
August 15 Grand list provided to State	May 25 Grand list provided to State
July 15 First tax bills mailed	July 15 First tax bills mailed

Ensuring Timely Completion of the Grand List

Current law requires the grand list to be lodged with each town clerk on July 9. Towns are required to provide the grand list to the State by August 15. Local jurisdictions that do not provide the State with the grand list by this date may be subject to the withholding of all State payments until such time as the proper filing is completed. The Department has been reluctant to put that sanction into place, choosing to rely on the cooperation of the towns. Most file within a few weeks of the August 15 date.

Tracking Ongoing Changes

Tax bills can change during any given year due to a variety of factors, e.g. appeals, errors and omissions changes. Typically local jurisdictions make these changes to the grand list and adjust tax bills accordingly. The State would need to collect this information in a timely manner so that it may send accurate bills or amended bills where necessary. Taxpayer

10 The Assessment activity calendar is slightly different for towns depending on whether they have a population greater than 5,000.

Services would likely facilitate this relationship with local jurisdictions and work with IT staff to ensure that records, bills, and collection notices were changed accurately in a timely manner.

The legislative history of this study and subsequent testimony leads to the conclusion that statewide appraisal of property is not within the intended scope of this study. The lack of exploration of this issue should not be viewed as endorsement or opposition of the statewide appraisal concept. Specifically, state billing and collection of the education property tax does not require the statewide appraisal of property. Local listers could continue to value properties for municipal tax assessments, and the State would continue to use the grand list lodged by the listers. The State would continue to use the same analytical tools, the equalization study and CLA, to adjust the grand list values to ensure equal tax treatment across local jurisdictions.

Tax Function

State billing and collection of the property tax alters the tax function. Local jurisdictions would remove information regarding the education property tax from the municipal tax bill. Also, local jurisdictions would no longer collect, deposit, or transfer the tax revenue generated by the statewide property tax. Instead, the State would need to create the capacity to issue bills and collect the tax independent of local jurisdictions. Building this capacity requires expanding the Tax Department's computer systems, tax return and revenue processing, and customer service. This expansion generates costs in three broad categories:

1. Technology Resources: design and implementation of a computer system to bill and collect the education property tax,
2. One-Time and Ongoing Personnel Costs: the people required to perform the new functions and the space and materials they require,
3. One-Time and Ongoing Processing Costs: the resources needed to process the tax bills, returns and related notices.

Each resource is described in the following sub-sections.

Technology Resources

The threshold question, like so many others now in government, is how to build and maintain the technology architecture for this particular function. The Department could create property tax bills in one of two ways. First, the Department could contract to purchase an enterprise tax system to manage property tax billing. Second, the Department could integrate property tax billing into VIRCS-ETM, the Department's anticipated integrated tax system currently under development. [11]

Contracting for a Solution

Multiple corporations offer property tax software solutions, including computer assisted appraisal, land record management, billing, and collection modules. The State could contract with a vendor for billing services, while the Department would rely upon its own collection systems. The State would manage this relationship by providing the contractor with the grand list data created by the towns and the property tax adjustment data supplied by the Tax Department. The primary resource need in contracting for a solution would be an appropriation to fund the contract, personnel, either contract or internal, to maintain the system and its interfaces over time, and future dollars to fund technology hardware replacements and upgrades.

The State would have two likely contract partners to develop a system for state billing of the education property tax. First, the state could contract with the New England Municipal Resource Center (NEMRC). NEMRC is a Vermont based company that provides billing services for all 246 local jurisdictions, creating, printing, and mailing the approximately 320,000 local property bills. Second, the State could contract with one of several national firms that offer property tax software solutions.

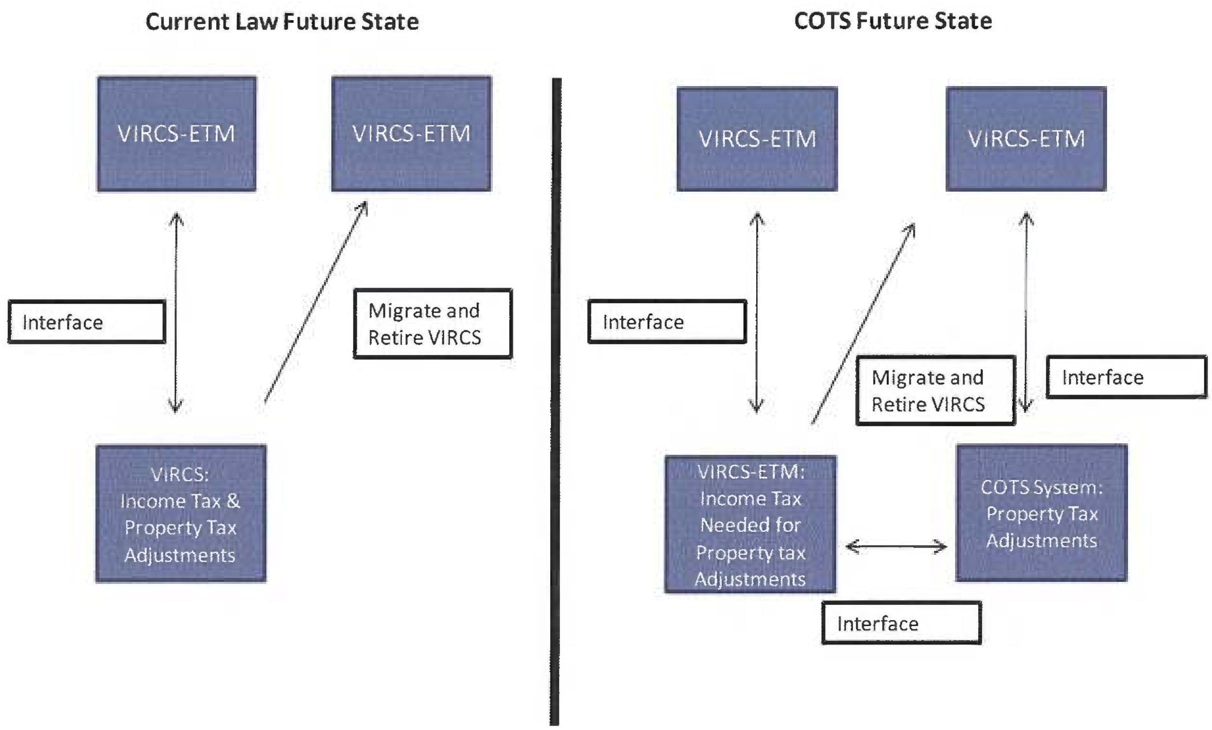
11 The Department would continue to use VIRCS-ETM for collections under either scenario.

A State contract with NEMRC would have several built in advantages. NEMRC is familiar with Vermont's education tax and has preexisting relationship with the State and local jurisdictions. Also, Department analysis indicates that NEMRC would likely offer the most cost effective alternative. The initial estimate for a NEMRC software solution to the State for billing is approximately $1 million. Ongoing costs in out years are to be determined. NEMRC billing for the State would be an increase in the scale of their operation in Vermont as the State will send as many bills as all local jurisdictions combined, and the state has 33 times the number of parcels as Burlington, the next largest jurisdiction.

An analysis of recent contracts by public agencies for property tax software solutions reveals a broad range of functionality and price. Jurisdictions are purchasing enterprise software solutions for property tax appraisal, land use management, billing, and collection or some combination thereof. These contracts provide a rough cost estimate for Vermont. The closest comparable contract for a software solution for billing would suggest an estimated minimum cost of $3,000,000. This price estimate does not include post contract costs for software and hardware service and maintenance.

Another cost, though more difficult to quantify at present, is the cost of building interfaces between a commercial off the shelf (COTS) tax software system and the Tax Department's custom tax systems. A COTS product would be a stand alone, siloed computer system. It would not be part of the integrated tax management computer system currently under construction. Therefore, the Department would be required to build a custom interface between the COTS system and the income tax computer system for the purposes of property tax adjustments. Furthermore, the process would be done twice: once for an interface between the COTS system and VIRCS and again when VIRCS is retired and the Household Income data migrates to VIRCS-ETM. Interface construction is complex, and it requires IT staff resources that cannot then be deployed to other projects. The figure on the next page illustrates the potential additional work involved in implementing a contract solution.

Technology Interfaces: Integrated System Versus a COTS System



Building Property Tax Bills into ETM, the Department's Integrated Tax Management System

The Department's current technology priority plan anticipates moving all tax types into VIRCS-ETM. Accordingly, the Department could contract to build a custom VIRCS-ETM module for billing of the property tax. Department research and analysis would set forth the following path to build a property tax module for VIRCS-ETM:

- Department of Taxes internal process to define requirements for education property tax system in order to create and facilitate the Request for Proposal (RFP) to add a property tax module to VIRCS-ETM[12]
    - Six month process with estimated cost of $250,000

12 The Department of Taxes would expect the property tax module in VIRCS-ETM to offer the same level of functionality as other taxes, including interfaces with the state VISION system to deposit money into the Education Fund, the revenue accounting system with additional capabilities to sort taxpayers for statistical purposes (e.g., homestead/nonresidential), and the current VIRCS system for income tax to net our property tax adjustments and offset liabilities with other taxes among other functions. Also, the Department would expect to offer taxpayers the same functionality. For example, real time tax information would need to be available to real estate professionals.

- Issue RFP and evaluate submissions[13]
    - Bidding and evaluation process is a three month process beginning after completion of proposal document
- Partner with contractor to build VIRCS-ETM property tax module
    - Twenty four month process
    - Estimated cost is $3,000,000. Cost estimate is based roughly on the cost of the present VIRCS-ETM system. It is assumed that the property tax module will be much less complex than the current tax systems; however, there are five times as many property tax parcels than current VIRCS-ETM tax filers. True cost would be determined during the RFP process.

Overall, the Tax Department envisions a 33 month technology process that costs approximately $3.25 million to build a custom property tax module into VIRCS-ETM.

The advantage of creating an add-on module in VIRCS-ETM is that it furthers the goal of having a single, integrated tax system. Also, there is the potential to avoid the need for custom interfaces or support of multiple systems once all taxes are migrated from VIRCS to VIRCS-ETM. This potential efficiency would only occur if the property tax model was built simultaneously with the migration of income taxes from VIRCS to VIRCS-ETM or after this migration. Otherwise, the Department would need to build and maintain a custom interface between the property tax VIRCS-ETM module and income tax system in VIRCS for property tax adjustments until such time as VIRCS is retired and its data migrated into VIRCS-ETM. Personal Income Tax migration into VIRCS-ETM is tentatively scheduled to be completed in 2016. The additional step required if the property tax is added to VIRCS-ETM prior to the income tax components is set forth in the figure on the next page.

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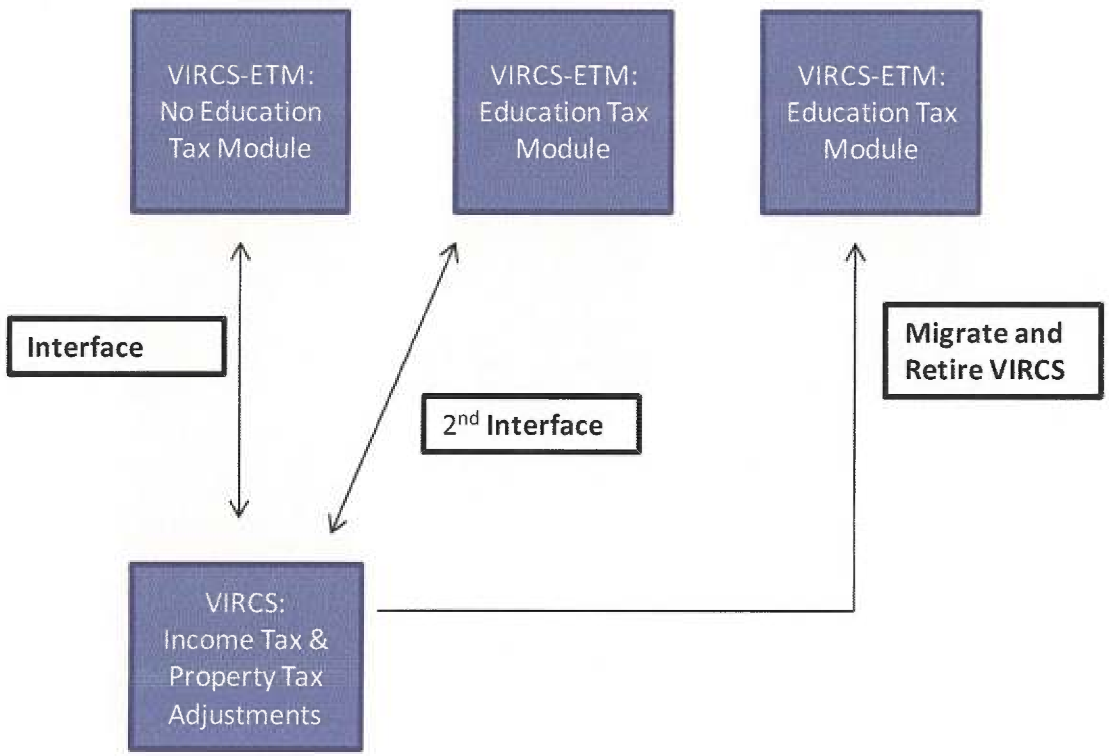
13 VIRCS-ETM is a cutting edge Oracle based product, and the Department of Taxes believes there are a very limited number of vendors with enough familiarity with the system to design an education tax billing system as an add-on.

VIRCS-ETM Module Future State: State Billing and Collection Mandated Immediately



The Department views either the use of a COTS system through a vendor or a custom property tax module built into VIRCS-ETM as feasible. The decision points are price, given the potential difference between NEMRC, another outside vendor, and an add-on module to VIRCS-ETM, and the importance of developing an integrated tax processing platform. COTS software solutions are viewed as easier to implement while a single integrated tax system would allow professionals throughout the department to conduct business seamlessly without siloed functions or expertise.

One Time and Ongoing Personnel Costs

The Department would expect to offer the same level of functionality and service for the property tax as any other tax. Accordingly, the Tax Department would need to add the additional personnel necessary to handle property tax returns, answer taxpayer questions, provide an accounting for the increased revenue, service the technology, and ensure taxpayers comply with the law. These costs are estimated by the Tax Department by comparing the volume of the education tax to other taxes and extrapolating based on the relevant ratios based on current service levels. The education tax accounts for just over $900 million dollars annually. All other taxes collected by the department total approximately $1.2 billion annually. The personnel resources and accompanying costs are set forth below by division. These employees would create both a one-time start up cost and ongoing expense for the Tax Department.

4 Revenue Processing FTEs, (Process Documents and Payments and Perform Revenue Accounting)	2 Information Technology FTEs, (Development, Quality Assurance, Business Analysis, and Support)	3 Property Valuation and Review FTEs (Service for the Towns and Real Estate Transactions)
5 Taxpayer Services FTEs, Examiners (Customer Service)	18 Compliance FTEs, Compliance Officers (Delinquencies)	2 Legal FTEs, Compliance Attorneys (Delinquencies & Legal Challenges)

The Tax Department estimates the initial annual cost at $2,428,000. This is based on a total of 34 new employees times $60,000 annual salary including benefits, totaling $2,040,000. Next, the Department adds 20 percent of each salary for annual operating support associated with 34 employees for a total of $408,000.

Space to house these employees is another potential ongoing cost. The Department could accommodate additional hires; however, it is unclear whether the Department could absorb 34 new employees in its current space. On average, employees require 81 square feet, and State office space rents for $13.82 per square foot. Accordingly, the Department may incur an additional $35,821 annually in leasing costs.

Additional onetime costs include both technology and office furniture, such as desks, chairs, files, and telephones for 34 new employees. The costs are listed on the next page.

- 34 computers workstations are estimated to cost $27,000
- Office furniture for 34 employees is estimated to cost $45,600

New employee costs would be substantial with the implementation of State billing and collection, and it is unlikely that current staff could absorb these duties given current employment levels due to recent layoffs and attrition due to the hiring freeze.

One Time and Ongoing *Processing Costs*

The Department can estimate with some accuracy the cost of processing approximately 320,000 education property tax bills. The only foreseeable one-time cost is a new scanner to ensure that property tax bills and all other tax bills be continued to be processed, and checks cashed, in a timely manner. The estimated cost of this equipment is $250,000. This cost is based on the recent purchase of two similar scanners.

Relevant ongoing costs include the printing and mailing of bills and the printing and mailing of delinquency notices. These costs are estimated below based on the current cost to the Tax Department of printing and sending similar correspondence.

- Estimated cost to print bills is $28,444 ($.08 per bill X320,000 bills)
- Estimated cost to mail bills is $99,200 ($.031 per bill X 320,000 bills)
- Estimated cost to print delinquency notices is $2,844 ($.08 per notice X32,000 notices)
- Estimated cost to mail delinquency notices is $9,920 ($.031 per bill X 32,000 bills)

The estimated first year cost of printing and mailing bills would be $390,408, with the processing costs diminishing by $250,000 in out years. The cost may diminish in out years as the Tax Department and taxpayers migrate toward electronic billing and paying options.

Payment Function

The payment function would change if the State were responsible for billing and collection of the education property tax. The Department of Education would no longer manage the flow of revenue between sending and receiving local jurisdictions, school districts, and the

State. Instead, all education tax revenue would flow directly to the Department of Taxes, and the Tax Department would transfer all tax revenue to the Education Fund. The Department of Education would send funds out to each schools district. This eliminates local jurisdictions from the collection, holding, and distribution of education tax dollars.

The major requirement for the Tax Department would be the creation of an interface between the Department's revenue processing system and the State VISION system to allow the direction of revenue into the Education Fund. The work to create and maintain this interface is undetermined; however, it is not considered an obstacle to the feasibility of State billing and collection.

Another issue arising within the payment function is the timing of education payments. Currently, municipalities set their own dates for tax bills and payments. State billing and collection would require the State to set its own property tax billing and collection cycle. These dates will not be synchronous with local jurisdictions as town billing dates are not uniform.

Delinquency Functions[14]

Currently, the State plays no role in education property tax delinquencies. State billing and collection would require the State to act when property owners fail to pay the education property tax. The introduction of State compliance activities alongside local delinquency collection efforts creates five challenges involving liens, off-sets, abatements, late payments, and cultural changes with the Tax Department's Compliance Division.

14 The one-time and ongoing personnel costs for delinquency through the Department's Compliance Division was set forth above with all other personnel costs for the sake of clarity. This delinquency section focuses on other related delinquency/compliance challenges.

State Property Tax Liens

No policy exists providing a State education property tax lien. Policymakers would need to decide whether the State should be given an automatic lien and tax sale powers. Towns currently have these powers with respect to the education property tax. If a lien arises, the legislature would need to determine whether the lien was superior or subordinate to the lien for municipal property taxes. Currently, authority to conduct tax sales for delinquent property taxes is reserved to municipalities. If the Legislature chooses not to create an automatic lien for education taxes and tax sale authority in the State, it can be expected that delinquencies would exceed their current aggregate level. At a minimum, payment of municipal taxes would be preferred over payment of education taxes.

Tax Offsets

Taxpayers with certain unpaid obligations are subject to offset. An offset applies a taxpayer's refund or payment to unpaid obligations to certain state agencies. Current law provides for a two-tiered offset process. First, the department may apply a refund to the outstanding Vermont state tax liability of a taxpayer, including a taxpayer's liability for interest, penalties, and fees before any portion of a refund is transferred into the offset process for other state agencies. Next, refund amounts are offset against liability to other specified state agencies. During this second process, state law requires that taxpayers with multiple unpaid obligations extinguish the largest obligation first. Introducing the education property tax delinquencies into this process will likely reduce the amount of revenue available for offset to other state agencies, including offsets for child support, restitution to victims of crimes, and court fees. The Legislature could choose to remove the Tax Department's superior offset position; however, the large dollar amounts of education property tax bills make it likely to exhaust many offset claims. Any legislative strategy that would promote offsets of other agencies over the Tax Department may have a deleterious effect on both the General Fund and Education Fund.

Abatement

Presently, the State does not have a property tax abatement program as the authority to abate taxes resides at the local level with boards of abatement. Currently, the Department's abatement authority for taxes within her jurisdiction resides with the Commissioner of Taxes. Accordingly, this duty would fall to the person is this position or another body would need to be created and convened. Estimating the impact of this function is difficult. Costs would depend upon the size of the board, its membership, its location in Montpelier or travelling throughout the state, and the support staff needed at the Tax Department to help the board decide abatement claims.

Late Payments

Currently, local jurisdictions must send all Education Property Tax Revenue to either school districts or the State within 20 days of the due date. An additional 120 days is allowed for delinquencies. Local jurisdictions must pay the State regardless of whether these delinquencies are collected, and local jurisdictions sometimes borrow to meet this obligation. Now, the State would be required to make up that difference.

Cultural Change

The Tax Department's Compliance Division prides itself on working toward common sense solutions that honor the taxpayer's willingness and ability to pay and the integrity of the tax code. Much of this flexibility derives from the wide latitude that current law provides the Tax Department in collecting unpaid taxes. The statutes governing delinquent property taxes are much more prescriptive. The rigidity of the law and volume of property tax filers would require the Department's compliance division to engage in a much more rigid compliance process with taxpayers.

3.2 Estimated Timeline and Decision Points

The estimated timeline and decision points for State responsibility for billing and collection of the education property tax are listed below. The timeline's primary assumption is enactment of state billing and collection during the 2012 legislative session. The timeline would be delayed by a later passage. Also, the amount of time allocated for deploying the technology is a conservative estimate based on departmental experience. The actual timeline would be based on responses to the RFP.

- Spring 2012: Enactment by the Legislature with accompanying appropriation for initial technology costs
  - Policy issues to be resolved through enactment legislation or delegation of authority to the Tax Commissioner include:
    - Changes to the assessment calendar. Specifically, whether to move the assessment date to January 1st to ensure State billing by July
    - Prioritization of liens/automatic lien
    - Prioritization of tax offsets
    - Establishment of State level abatement procedures
    - Permit Tax Department to retain a portion of the education property tax to administer the tax as is done currently by local jurisdictions

- July 2012: State billing and collection becomes law

- July 2012 – December 2012: Tax Department staff works with an outside consultant to develop the technical requirements that form the basis of the RFP

- January 2013 – March 2013: RFP published and bids submitted and reviewed

- April 2013: Vendor signs contract
  - Decision whether to contract for a commercial off the shelf product with NEMRC or different vendor. Most important considerations include cost and whether the Tax Department should build a custom software module that furthers its goal of an integrated tax processing system

- April 2013 – March 2015: Development of the education property tax software
  - Ancillary development of technology systems to allow real time property tax liability search for real estate transactions
  - Ancillary development of interfaces (if necessary) to connect software system with other Tax Department systems. Need for interfaces unnecessary if

education tax is built into VIRCS-ETM concurrently with personal income tax/property tax adjustment data

- September 2014 – March 2015: Recruitment, hiring, and on-boarding of 34 staff members to administer education property tax.
- April 2015: System goes live
- July 2015: First education property tax bills sent

The feasibility study offers a rough estimate of the initial and ongoing costs associated with assuming responsibility for state billing and collection of the education property tax. Also, the feasibility study sets forth the staff necessary to bill and collect the education property tax. The total staff and resources required are set forth the figures below.

New Staff Resources Needed for State Billing and Collection

4 Revenue Processing FTEs, (Process Documents and Payments and Perform Revenue Accounting)	2 Information Technology FTEs, (Development, Quality Assurance, Business Analysis, and Support)	3 Property Valuation and Review FTEs (Service for the Towns and Real Estate Transactions)
5 Taxpayer Services FTEs, Examiners (Customer Service)	18 Compliance FTEs, Compliance Officers (Delinquencies)	2 Legal FTEs, Compliance Attorneys (Delinquencies & Legal Challenges)

Estimated One-Time and Ongoing Costs for State Billing and Collection

Activity	First Year Cost	Minimum Out Year Cost
Technology Development	$1,250,000 - $3,250,000	Unknown [15]
One-Time and Ongoing Personnel Costs	$2,485,021	$2,448,000
One-Time and Ongoing Processing Costs	$390,408	$140,408
Total Costs	$4,125,429 - $6,125,429	$2,588,408

15 Technology systems require ongoing maintenance and hardware upgrades and replacements on a recurring basis. These costs are difficult to estimate without a specific proposal to evaluate. One recent Tax Department contract set aside 6 percent of the contract cost for ongoing maintenance and a hardware refresh after 5 years.

4.0 POTENTIAL IMPACTS

A policy choice to shift responsibility for billing and collection of the education property tax to the State would affect the Tax Department's stakeholders. This section of the report sets out the impact of State billing and collection for each major stakeholder group.

4.1 Impact on Taxpayers

Overall, state billing and collection of the property tax may increase clarity, confidentiality, and redundancies for property owners.

Clarity

Separate bills will make it clear that the education property tax is a State tax. Right now, the consolidated bill and collection led by local jurisdictions may mask the fact that the tax bill is for a State obligation to support education in Vermont. Also, separate billing and collection would raise awareness regarding how much of the tax bill is attributable to the municipal property tax and how much is attributable to education. Clearer linkages may provide voters with a better sense of, and sensitivity to, the growth rate in spending for either municipal or education taxes.

Confidentiality

Homestead property tax bills are public records. Concerns have been raised by taxpayers in the past that the property tax adjustment amount and property tax value could be used to determine the approximate Household Income of a taxpayer. Tax documents issues solely by the Department of Taxes to a taxpayer are confidential. Therefore, education property tax bills issues by the Tax Department to individual taxpayers would likely be confidential as well. This may eliminate any lingering confidentiality concerns.[16]

16 The Attorney General issued an opinion on this issue to the Tax Commissioner and Secretary of State in 2007. See http://www.state.vt.us/tax/pdf.word.excel/pvr/propertyadjattorneygenopinion.pdf.

Redundancies

State billing and collection of the education property tax would create redundancies for taxpayers. Taxpayers would transition from a consolidated local property tax bill to two separate property tax bills. These bills will not be issued or collected at the same time given the variety of billing schedules utilized by local jurisdictions across the State. Therefore, taxpayers will have multiple property tax bills and pay dates.

Property tax customer service questions will now be directed to both local jurisdictions and Montpelier. Right now, taxpayers may contact Montpelier regarding the education property tax, but these questions seem confined to property tax adjustment issues. Rather, many local jurisdictions are offering customer support for both taxes, particularly given the strong history of the municipal property tax and many actions that local jurisdictions take regarding the tax.

Abatement for taxpayers would be required to occur twice, once locally and once at the state level. It is unclear whether this process would occur in Montpelier, regionally, or locally. The additional proceeding will require additional taxpayer time, effort, and resources.

Local variability is another challenge in state billing. For example, towns can and do vote down school budgets. Local jurisdictions sometime offer taxpayers the ability to pay in one, two, or four installments. There can be a discount for early payment. State billing and collection will be different. Differences like these result in one of two general outcomes. The State can choose to harmonize these differences by statute; however, this will lead to reduced local control. Alternatively, the State will permit local variations currently chosen by voters at the local level and make accommodations. These accommodations may increase the complexity and cost of billing and collecting the tax.

Beyond specific redundancies, taxpayers may face systemic redundancies. It is not clear that state billing and collection would create significant efficiencies for the State or local jurisdictions. Any duplication of services or addition of services will ultimately be reflected in the costs of the system and passed on to taxpayers.

4.2 Impact on Local Jurisdictions

State billing and collection removes this obligation from local jurisdictions. This may be considered a matter of fairness as it is a State tax. Yet, it is unclear the extent to which state responsibility for billing and collection may reduce local workloads through increased efficiency. It is difficult to quantify incremental savings from decreased workflow across 246 local jurisdictions, particularly as the appraisal, billing, and collection of the municipal property tax will remain. While efficiency benefits are uncertain, State billing and collection will reduce local revenues. Comparison of how much the State currently pays to local jurisdictions for billing and collecting the tax ($2.05 million) and the estimated annual cost for state administration ($2.588 million) may demonstrate, in part, an underfunded mandate shouldered by local jurisdictions. Yet, no longer receiving the revenue associated with this collection, approximately $900 million, has several significant fiscal implications. Specifically, local jurisdictions may lose certain revenues or incur new costs if the State assumes responsibility for billing and collection of the Education Tax.

Removal of Float

Currently, local jurisdictions collect over $900 million dollars on behalf of the State. These jurisdictions may deposit this tax revenue in the bank until such time as the State requires a transfer to local school districts or the Education Fund. Local jurisdictions benefit from interest accrued. Also, some jurisdictions use this money to smooth over cash flow issues, eliminating the need to go to the market to borrow. The removal of these funds would reduce revenues for local jurisdictions and potentially raise costs. Conversely, the State would benefit from the float.

Removal of the Statutorily Prescribed Fee

Current law sets the fee that local jurisdiction are paid to bill and collect the Education Property Tax. Local jurisdiction keep 0.225 percent of all education property tax collected. In Fiscal Year 2010, this amounted to approximately $2.05 million. The State could redirect this revenue to the Tax Department to fund part of state billing and collection annually, depriving local jurisdictions of this revenue. At stated above, it is unclear whether a drawdown of local actions would occur equal to funds received from the education property tax bills.

Delinquent Tax Collections

The law allows local jurisdictions to designate delinquent tax collectors. These collectors are typically salaried employees of local jurisdictions, though they are not required to be. Delinquent tax collection allows local jurisdictions to keep a statutorily prescribed fee, a percentage of taxes collected. The education property tax is 75 percent of tax billed; therefore, the delinquent tax collector's revenue stream is potentially diminished without the education property tax. Any jurisdiction that counts on delinquent tax fees as part of their budget may see a decline in revenue.

4.3 Impact on Real Estate Stakeholders

State billing and collection would change several important aspects of real estate transactions. Specifically, state billing and collection would change due diligence, tax payment, and escrow functions. These changes to the status quo will likely impose new burdens on professionals involved in real estate transactions and additional costs on taxpayers.

Due Diligence & Tax Payment

Real estate closings require title searches and a clear understanding of taxes owed at the time of closing. Currently, that information is available from local jurisdictions. State billing and collection would require parties involved in real estate transactions to duplicate this effort to determine any State level property tax liabilities owed. This would take more time, and the Tax Department assumes that the cost would be passed onto to the parties at closing. Also, as stated in the previous section, the Department would be required to build into its software system the ability to provide this information to real estate professionals in real time and offer customer service to handle these transactions. Once liabilities are determined, real estate professionals would remit payment to both local and state taxing authorities.

It is important to note that this change may make Vermont an outlier regarding real estate transactions. While a handful of other states have a statewide property tax, Vermont's education property tax is the only substantial, statewide property-based tax in the country. Yet, other statewide property taxes share a common trait with Vermont's current system: billing and collection are done at the local level.[17] Vermont's potential policy choice to create a new property tax payment relationship may create uncertainty for the many real estate parcels that use escrow accounts to satisfy tax obligations through their mortgagee or loan servicer.

State billing and collection of the education property tax would require escrow accounts to pay two separate taxes. Vermont would be unique in this regard, imposing a new obligation on mortgagee's and escrow companies. The impact of changing the traditional relationship between local jurisdictions, property owners, mortgagees, and escrow companies is unclear, given the lack of experience, evidence, and best practices to guide the state in implementation of this change. It is unclear what impact, if any, this change would have on Vermont's real estate market generally and the willingness of national banks, escrow companies, and title companies to do business here.

4.4 Impact on the Tax Department

Responsibility for billing and collection of the education property tax would effect change at the Department of Taxes in three major ways. Specifically, state billing and collection would change departmental technology priorities, potentially change the Tax Department's relationship with taxpayers, and grow the organization.

17 Comparison states include Michigan, Minnesota, New Hampshire, and Washington.

Technology Priorities and Opportunity Costs

The Department of Taxes is undergoing strategic planning for its technology priorities, focusing simultaneously on creating an integrated tax processing system and modernizing our capabilities to serve taxpayers through other one-off projects. The education property tax would insert a new and complex task within that plan. The result would be a lengthening of the VIRCS-ETM project by approximately three years and increasing costs significantly. Also, the Tax Department's ability to complete other technology projects during this time would be diminished as resources flow towards the education property tax project. Any project should be evaluated by both its costs, and issue examined in the preceding section, and these opportunity costs of what projects are delayed or foregone due to new technology priorities. The same principle is true for non-technical projects. The implementation of new priorities can delay other planned and evolving innovation.

Changed Relationship with Taxpayers

The Tax Department will replace local jurisdictions in tasks that taxpayers are accustomed to seeing local jurisdictions perform. Perhaps the most striking example is the sale of homes. Local taxpayers have long accepted that local jurisdictions can sell their home for nonpayment of taxes. Also, it is unknown whether a state tax fueled by a local vote, as this would be, would strengthen the idea that local votes were the primary driver of the rate or whether local voters would further attribute State tax rates and bills to actions taken in Montpelier.

Organizational Change

The Tax Department would likely grow by 20 percent as a result of state billing and collection. This would be in contrast to the past four years of budget and personnel cuts. Also, hiring, on-boarding, training, and retaining these new employees would be a challenge for the organization.

4.5 Impact on the State

The primary impact on the State would be financial. Assumption of state responsibility for billing and collection could impact state revenue in three ways. First, personnel and technology costs driven by the expansion of the Tax Department will draw upon state revenues. This would be offset in part by no longer providing revenue to local jurisdictions for billing and collection of the tax. Instead, these revenues could be budgeted to the Tax Department. Second, state collection of the education property tax may cause the State to carry more delinquencies/billings, and this could impact Vermont's credit rating. Third, the State may be required to make the Education Fund whole for delinquencies. Currently, local jurisdictions are required to remit the tax on behalf of delinquent taxpayers to avoid a shortage in the Education Fund. The State would need to do the same through borrowing or tapping reserves. Alternatively, the State could build a cushion into education tax rates to create a specific delinquency reserve for the Education Fund.

5.0 CLA FORMULAS

5.1 CLA and Current Law

Each year, Vermonters fund education in large part through the education property tax. Fairness requires that every jurisdiction be valued the same way annually. Yet, Vermont's 246 local jurisdictions reappraise properties to their fair market value on a rolling basis over the course of six years. Annual reappraisal of all property in Vermont is impractical and expensive. Accordingly, the State uses the Common Level of Appraisal (CLA) to ensure that all taxpayers pay the education property tax based on their jurisdiction's fair market value.

The CLA affects every education property tax bill in Vermont. The CLA is the ratio of the local assessed values to the State's estimate of fair market value for that municipality. Stated another way, the Tax Department determines how close local grand list property values are to actual fair market values and uses a factor (the CLA) to adjust tax rates to ensure fairness. The mathematical formula is Equalized Tax Rate (ETR) divided by the CLA times the listed value (LV) equals the property tax. Stated mathematically, ETR/CLA*LV = Tax.

While the CLA affects every education property tax bill in Vermont, some argue that it is poorly understood. For example, current law requires the application of the CLA to the tax rate. Therefore, two towns with identical spending per pupil will likely have different tax rates. Also, the application of the CLA to tax rates may give the appearance that the CLA is driving up education property taxes in a local jurisdiction. Such a conclusion reveals a misunderstanding of the CLA's sole role as a tool to ensure that properties are taxed at fair market value annually.

This section of the study will examine the feasibility of "application of the common level of appraisal separately and independently from the tax rate" in accordance with Section 6 of Act 45 of 2011. The application of the CLA is simply an algebraic equation; therefore, it is feasible to enact any of the mathematical variants that will yield the correct tax. The next sub section of the study will introduce four algebraic variants of applying the CLA and describe briefly their potential advantages and disadvantages.

5.2 Four CLA Formulas

Overall, the CLA can be applied in one of three ways. First, the CLA can be applied to and adjust the equalized tax rate (ETR) to ensure that each town's properties reflect fair market value as it does per current law. Second, the CLA can be applied to the listed value (LV) to adjust a particular property to reflect fair market value. Third, the CLA can be applied on its own to adjust the product of the equalized tax rate (ETR) and LV. The study requires the Tax Department to set aside the application of the CLA to tax rates. Therefore, the four variants offered by this study explore CLA applications that either adjust the LV or are applied independently to the product of the ETR and LV.

CLA Variant 1: Fair Market Value Factor

The first variant of the CLA is called *The Fair Market Value Factor.* The CLA would be applied independently to the product of the ETR and LV. Mathematically, the education property tax calculation would be the equalized tax rate times the listed value times the inverse of the CLA: ETR x LV x 1/CLA = tax.

This application has the potential to create some additional clarity as the first two steps of the calculation mirror most property taxes. Specifically, steps one and two of the calculation are tax rate times listed value. Next, the formula adjusts the amount due to account for fair market value. This highlights that the CLA is not driving up tax rates. For example, towns with the same per pupil spending will have the same tax rate despite variations in assessments. Also, local listed values are left alone. Yet, this additional clarity comes with the potential for confusion as well. The Fair Market Value Factor adds a third step to the property tax calculation, currently it is a two step calculation, and explaining the use of the inverse of the CLA may be challenging and confusing.

CLA Variant 2: Fair Market Value Factor Two-Step

Variant 2 builds upon Variant 1. Specifically, the Fair Market Value Factor Two-Step divides the formula into two steps to reduce the potential confusion. Mathematically, the variant would work as set forth below:

- Step 1
    - ETR x LV = municipal value tax
- Step 2
    - Municipal value tax x 1/CLA = fair market value tax

Each taxpayer is assessed (or gets a reduction) to the tax amount, each at the same rate, to adjust for the variance between the town's education grand list and the State's equalized education grand list. In the case where a town's education grand list is less than the equalized education grand list, each taxpayer pays a prorated assessment in step 2 to make up the shortfall. Conversely, in the case where a town's education grand list is more than the equalized education grand list, each taxpayer pays a diminished assessment in step 2 to prevent overpayment.

Like the first variant, this formula has the potential to clarify the CLA by separating it from tax rates. Also, local listed values are left alone. Yet, two issues of potential confusion are added. First, there is a potential for taxpayers to confuse the municipal value tax with the traditional municipal tax. Second, there is a risk that some taxpayers may perceive that Step 1 is what taxpayers would pay but for State intervention. Step 2 is either a premium or discount offered by the State. Of course, the CLA only adjusts the tax to account for variations in the appraisal to fair market value. The State is not choosing by policy or fiat to use the CLA to drive taxes up or down.

CLA Variant 3: Direct Equalization

Rather than adjusting the tax rate or applying the CLA independently, the State could apply the CLA to listed values directly. This direct equalization would adjust each property value to reflect fair market value for education property tax purposes. Mathematically, the education property tax calculation under Direct Equalization would be the listed value divided by the CLA times the tax rate: LV/CLA x ETR = tax.

Direct Equalization has two major benefits. First, local jurisdictions with the same per pupil spending levels would have the same tax rates thus making the funding system more understandable. Also, the formula would incent property owners with listed value assessments significantly different from the town's average level of appraisal (i.e., the CLA) to appeal their valuation to attain a more equitable level of valuation.

Direct Equalization has two major drawbacks. First, the formula presents significant problems for local jurisdictions as to whether there is any due process requirements for appeal of "equalized" valuations used to set tax amounts. If there was, it would mean that either the towns or the State would have to provide a second lengthy due process system. Second, because the CLA is a town wide "average" and individual listed values typically vary significantly above and below it, the resulting taxable values would tend to vary considerably from the town's established listed values.

CLA Variant 4: Setting Local Liabilities

Alternatively, the State could return to the mechanism employed under Act 60 and modified by Act 68. In this variant, the State would set a liability for each town using a state "equalized" tax rate and the state's estimated equalized property value and then require towns to set a local tax rate sufficient to raise the required liability.

6.0 PUBLIC COMMENT

6.1 Public Comment and Future Appendices

The Tax Department is interested in stakeholder comments on the feasibility study. Accordingly, Tax Department staff will distribute the feasibility study to key stakeholders and solicit feedback. The Department will compile the options and issues identified by stakeholders and append a summary of stakeholder comments. This supplemental work will be completed prior to the 2012 legislative session.

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Agency of Transportation

July 11, 2011

Representative Patrick Brennan, Chair
Members, Joint Transportation Oversight Committee
State House
Montpelier, VT 05633-5201

Re: Report of actions under the authority granted in Section 7a of Act No. 62 of 2011

Dear Sirs and Madams:

The following reporting requirement is established in Sec. 7a of Act No. 62 of 2011 which states:

Sec. 7a. TRANSPORTATION – SUPPLEMENTAL PAVING SPENDING

(a) Notwithstanding 32 V.S.A. § 706 and the limits on program, project, or activity spending authority approved in the fiscal year 2011 and fiscal year 2012 transportation programs, the secretary, with the approval of the secretary of administration and subject to the provisions of subsection (b) of this section, may transfer up to $2,000,000.00 in transportation fund appropriations, other than appropriations for the town highway state aid, structures, and class 2 roadway programs, to program development (8100001100) – paving, for the specific purpose of improving the condition of selected state highways that have incurred the worst damage caused by the severe winter weather of 2010–2011.

(b) If a contemplated transfer of an appropriation would, by itself, have the effect of significantly delaying the planned work schedule of a project which formed the basis of the project's funding in the fiscal year of the contemplated transfer, the secretary shall submit the proposed transfer for approval by the house and senate committees on transportation when the general assembly is in session and, when the general assembly is not in session, by the joint transportation oversight committee. In all other cases, the secretary may execute the transfer, giving prompt notice thereof to the joint fiscal office and to the house and senate committees on transportation when the general assembly is in session and, when the general assembly is not in session, to the joint transportation oversight committee.

(c) This section shall expire on September 30, 2011.

VTrans Working to Get You There

The following transfers of appropriations occurred under the authority granted in Section 7a of Act No. 62 of 2011:

1. In fiscal year 2011, $545,000 of transportation fund appropriation was transferred from Public Transit (8100005700) to Program Development – Paving (8100001100). Funds are available from a "refund" from Green Mountain Transit Agency (GMTA). GMTA for several years has not expended all the transportation funds it was granted. The overpayments were refunded to VTrans in June 2011, and are thus not committed to any specific purpose so this portion of the FY2011 year-end balance is available for supplemental paving.
2. In fiscal year 2011, $455,000 of transportation fund appropriation was transferred from Rail (8100002300) to Program Development – Paving (8100001100). Several projects in Rail did not progress as quickly as anticipated during FY2011. FY2012 is sufficient to sustain all anticipated project activity during FY2012 so this portion of the FY2011 year-end balance is available for supplemental paving.
3. In fiscal year 2012, $1,000,000 of transportation fund appropriation was transferred from Maintenance (8100002000) to Program Development – Paving (8100001100). The Districts are very enthusiastic about the leveling program, and are pleased to allocate this portion of FY2012 funding to supplemental paving.

Sincerely,

Jeb Spaulding
~~Secretary of~~ Administration

Sincerely,

Brian R. Searles
Secretary of Transportation

cc: Legislative Distribution (electronic)
Neil Schickner, Joint Fiscal Office

JTOC

Vermont Agency of Transportation
All Programs
FY2012 Project Status Report
Joint Transportation Oversight Committee
Friday, July 08, 2011

	A	B	C	D	E	F	G
8	Program	Project Name And Number	Project Total	Projected FY2012 Costs	FY2012 Budget	FY2012 Over/(Under)	Non-FY2012 Budget
9	INTERSTATE BRIDGES	HARTFORD-SHARON IM MEMB(15)	$4,119,306	$0	$418,564	($418,564)	$4,119,306
10	INTERSTATE BRIDGES	LYNDON-IRASBURG IM MEMB(29)	$3,323,599	$1,770,000	$2,332,000	($562,000)	$1,553,599
11	INTERSTATE BRIDGES	MIDDLESEX IM 089-2(41)	$6,236,000	$285,000	$161,000	$124,000	$5,951,000
12	INTERSTATE BRIDGES	MILTON-HIGHGATE IM MEMB(26)	$3,201,942	$1,500,000	$2,200,000	($700,000)	$1,701,942
13	INTERSTATE BRIDGES	RICHMOND IM BPNT(6)	$1,740,295	$1,300,000	$0	$1,300,000	$440,295
14	INTERSTATE BRIDGES	SOUTH BURLINGTON-COLCHESTER IM CULV(23)	$3,150,601	$1,956,980	$5,400,000	($3,443,020)	$1,193,621
15	INTERSTATE BRIDGES	SOUTH BURLINGTON-WINOOSKI IM BPNT(5)	$4,989,629	$1,070,000	$143,989	$926,011	$3,919,629
16	INTERSTATE BRIDGES	ST. JOHNSBURY IM MEMB(27)	$2,569,230	$1,904,000	$2,422,050	($518,050)	$665,230
17	INTERSTATE BRIDGES	WATERBURY IM 089-2(43)	$3,100,000	$1,238,018	$1,026,000	$212,018	$1,861,982
18	INTERSTATE BRIDGES	WATERBURY IM 089-2(44)	$919,202	$904,202	$255,000	$649,202	$15,000
19	INTERSTATE BRIDGES	WESTMINSTER-NORWICH IM BPNT(8)	$3,483,000	$2,565,000	$2,041,000	$524,000	$918,000
20	INTERSTATE BRIDGES	WINDSOR IM 091-1(64)	$18,680,000	$725,000	$605,000	$120,000	$17,955,000
21	INTERSTATE BRIDGES TOTAL					($1,786,403)	
22	PAVING	ADDISON-NEW HAVEN STP 9632(1)	$8,341,239	$4,050,000	$5,270,000	($1,220,000)	$4,291,239
23	PAVING	BARTON-IRASBURG IM 091-3(48)	$6,007,985	$330,000	$20,000	$310,000	$5,677,985
24	PAVING	BURLINGTON STP 2721(1)	$2,143,290	$1,570,000	$1,800,000	($230,000)	$573,290
25	PAVING	BURLINGTON STP 2722(1)	$2,114,286	$200,000	$0	$200,000	$1,914,286
26	PAVING	DORSET-DANBY NH SURF(24)	$2,821,878	$2,168,042	$1,700,000	$468,042	$653,836
27	PAVING	THETFORD-FAIRLEE STP 2710(1)	$4,727,578	$4,635,023	$4,300,000	$335,023	$92,555
28	PAVING	VERSHIRE-THETFORD STP 2911(1)	$7,410,000	$875,000	$75,000	$800,000	$6,535,000
29	PAVING TOTAL					$663,065	
30	STATE HIGHWAY BRIDGES	BETHEL BRF 022-1(14)	$11,209,909	$3,805,500	$2,614,500	$1,191,000	$7,404,409
31	STATE HIGHWAY BRIDGES	BRIDGEWATER BRS 0149(4)	$2,915,682	$1,551,258	$704,000	$847,258	$1,364,424
32	STATE HIGHWAY BRIDGES	BRISTOL STP F 021-1(15)	$10,033,000	$354,600	$148,600	$206,000	$9,678,400
33	STATE HIGHWAY BRIDGES	CHESTER BRF 025-1(28)	$1,460,187	$810,000	$1,900,000	($1,090,000)	$650,187
34	STATE HIGHWAY BRIDGES	CHESTER BRF 025-1(37)	$2,620,718	$1,300,000	$2,950,000	($1,650,000)	$1,320,718
35	STATE HIGHWAY BRIDGES	CORNWALL BRS 0172(6)	$6,688,672	$380,000	$1,368,000	($988,000)	$6,308,672
36	STATE HIGHWAY BRIDGES	EAST HAVEN BRF 0269(11)	$1,520,200	$278,832	$1,439,024	($1,160,192)	$1,241,368
37	STATE HIGHWAY BRIDGES	FAIR HAVEN-RUTLAND BHF BPNT(10)	$2,370,000	$1,005,000	$2,005,000	($1,000,000)	$1,365,000
38	STATE HIGHWAY BRIDGES	HIGHGATE BHF 0285(15)	$1,285,000	$1,265,000	$1,778,000	($513,000)	$20,000
39	STATE HIGHWAY BRIDGES	HIGHGATE STP 0297(8)	$295,000	$10,674	$295,000	($284,326)	$284,326
40	STATE HIGHWAY BRIDGES	NEWBURY BHF ST 0113(64)	$830,000	$403,700	$705,000	($301,300)	$426,300
41	STATE HIGHWAY BRIDGES	RICHMOND STP RS 0284(11)	$17,220,000	$8,910,000	$7,000,000	$1,910,000	$8,310,000
42	STATE HIGHWAY BRIDGES	RYEGATE STP CULV(10)	$6,050,000	$3,135,000	$2,900,000	$235,000	$2,915,000
43	STATE HIGHWAY BRIDGES	ST. JOHNSBURY BHF MEMB(28)	$898,184	$816,916	$963,164	($146,248)	$81,266
44	STATE HIGHWAY BRIDGES	STOCKBRIDGE BRF 022-1(20)S	$5,184,499	$1,900,000	$2,100,000	($200,000)	$3,284,499
45	STATE HIGHWAY BRIDGES TOTAL					($2,943,808)	

	A	B	C	D	E	F	G
1	**Vermont Agency of Transportation**						
2	**All Programs**						
3	**FY2012 Project Status Report**						
4	**Joint Transportation Oversight Committee**						
5	**Friday, July 08, 2011**						
8	**Program**	**Project Name And Number**	**Project Total**	**Projected FY2012 Costs**	**FY2012 Budget**	**FY2012 Over/(Under)**	**Non-FY2012 Budget**
46	TOWN HIGHWAY BRIDGES	BRISTOL BRO 1445(32)	$2,350,000	$95,000	$744,732	($649,732)	$2,255,000
47	TOWN HIGHWAY BRIDGES	DUMMERSTON BHO 1442(28)	$2,538,657	$308,000	$0	$308,000	$2,230,657
48	TOWN HIGHWAY BRIDGES	HARTFORD (WILDER) STP 1444(35)	$2,826,869	$1,930,644	$1,466,000	$464,644	$896,225
49	TOWN HIGHWAY BRIDGES	HARTFORD-LEBANON, NH BRF A000(627)	$800,000	$800,000	$460,000	$340,000	$0
50	TOWN HIGHWAY BRIDGES	MIDDLEBURY-WEYBRIDGE BHO 1445(33)	$3,688,867	$2,546,217	$2,696,217	($150,000)	$1,142,650
51	TOWN HIGHWAY BRIDGES	NEWFANE BRF 0106(3)S	$2,461,000	$1,706,836	$1,405,735	$301,101	$754,164
52	TOWN HIGHWAY BRIDGES	NEWPORT CITY BRO 1449(25)	$7,164,247	$3,017,000	$1,510,000	$1,507,000	$4,147,247
53	TOWN HIGHWAY BRIDGES	RANDOLPH BHO 1444(53)	$526,870	$509,576	$309,576	$200,000	$17,294
54	TOWN HIGHWAY BRIDGES	ROCKINGHAM-WALPOLE BHF A000(687)	$0	$0	$150,000	($150,000)	$0
55	TOWN HIGHWAY BRIDGES	SPRINGFIELD BRO 1442(26)	$2,027,000	$579,467	$1,934,890	($1,355,423)	$1,447,533
56	TOWN HIGHWAY BRIDGES	THETFORD BHF 0177(9)	$2,686,109	$819,000	$587,000	$232,000	$1,867,109
57	TOWN HIGHWAY BRIDGES	WOODSTOCK BHO 1444(52)	$2,989,690	$2,100,000	$100,000	$2,000,000	$889,690
58	TOWN HIGHWAY BRIDGES TOTAL					$3,047,590	
59	TOTAL					($1,019,550)	
60							

61 **Key to Project Status Reports Columns:**

62 **ProjectTotal = Current project total cost estimate.**

63 **Projected FY2012 Costs = Revised estimated costs for current fiscal year.**

64 **FY2012 Budget = Amount included in current fiscal year budget as passed.**

65 **FY2012 Over(Under) = Estimated amount over or (under) budget in current fiscal year (column D - column E)**

66 **Non-FY2012 Budget = Estimated costs budgeted in earlier or subsequent fiscal years (mulit year projects) (column C - column D)**

67

68 **Notes:**

69 **These reports are generated using the following criteria, and thus do not include all projects - only those that meet the reporting threshold.**

70 **Criteria: Front of book projects > $500,000 budget with expected deviation from budget of + or - 20%;**

71 **and projects with no budget funds but are expected to expend > $100,000.**

72 **All amounts are total funds, state plus federal in most cases.**

73 **Deviations typically result from project slippage or acceleration - which results in costs shifting to the following or preceding fiscal years.**

VT Agency of Transportation
Contract Bid Awards as Compared to FY2012 Budget Estimates
Joint Transportation Oversight Committee
July 2011

PROGRAM	PROJECT NAME & NUMBER	DESCRIPTION	AWARD	AMOUNT BID	CONTINGENCY, ROW, PE, ETC.	TOTAL ESTIMATE REVISED FOR BID RESULTS (E + F)	TOTAL ESTIMATE AS IN FY2012 BUDGET	AMOUNT ABOVE (BELOW) ESTIMATE (G - H)	% ABOVE (BELOW) ESTIMATE
ROADWAY	BARRE CITY FEGC F 026-1 (34) C/2	RECONSTRUCTION INCLUDING SUBBASE,DRAINAGE,SEWER,WATER ON US302 **MAIN STREET**	6/28/2011	$10,615,573	$4,721,863	$15,337,436	$18,387,633	($3,050,197)	-16.6%
BRIDGE	BRIDPORT STP CULV(21)	PARTIAL REMOVAL AND FILLING OF APPROX. 56' OF 72" DIA. CULVERT ON VT 125	1/27/2011	$96,223	$109,267	$205,491	$185,500	$19,991	10.8%
ROADWAY	CABOT-DANVILLE FEGC F 028-3(26)C/1	RECONSTRUCT & WIDEN U.S. ROUTE 2 IN CABOT AND MITIGATION SITE	3/2/2011	$7,706,709	$4,399,950	$12,106,659	$12,830,578	($723,919)	-5.6%
TRAFFIC	CASTLETON-RUTLAND TOWN STPG SGNL(37)	VT3 AND VT4A NEW SIGNAL CONTROLLERS,HEADS ABD CABINETS.	4/6/2011	$38,075	$21,711	$59,786	$59,786	$0	0.0%
RAILROAD	CHESTER STP GMRC(4)	REHABILITATION OF GMRC BRIDGE NO. 114 OVER WILLIAMS RIVER	2/17/2011	$152,925	$62,939	$215,864	$185,713	$30,151	16.2%
RAILROAD	CHESTER STP GMRC(5)	REHABILITATION OF GMRC BRIDGE NO. 121 OVER WILLIAMS RIVER	2/17/2011	$191,300	$74,695	$265,995	$234,621	$31,374	13.4%
RAILROAD	CLARENDON STP GMRC(7)	REHABILITATION OF GMRC BRIDGE NO. 153 OVER COLD RIVER	3/9/2011	$288,185	$94,228	$382,413	$285,116	$97,297	34.1%
ROADWAY	DANVILLE FEGC 028-3(32)	RECONSTRUCTION OF US ROUTE 2	4/27/2011	$6,673,826	$4,354,004	$11,027,830	$12,414,892	($1,387,062)	-11.2%
PAVING	DORSET-DANBY NH SURF(24)	COLD PLANING, PRESURFACING,PATCHING & POTHOLE REPAIR, CRACK-SEALING, PVMNT MARKS ON US 7	5/25/2011	$1,783,452	$275,611	$2,059,062	$2,317,026	($257,964)	-11.1%
BRIDGE	HINESBURG STP 0199(2)	REPLACE BRIDGE 10 ON THE EXISTING ALIGNMENT ON SILVER STREET (TH 4)	5/13/2011	$848,509	$302,014	$1,150,523	$1,510,902	($360,379)	-23.9%
TRAFFIC	HINESBURG-RICHMOND STPG SGNL(38)	US2 & VT 116 VIDEO VEHICLE DETECTION AND RADAR STOP BAR	4/12/2011	$62,255	$25,338	$87,593	$87,593	$0	0.0%
TRAFFIC	HYDE PARK HES 030-2(23)	CONSTRUCTION OF A ROUNDABOUT AT INTERSECTION OF VT 100, VT 15 & TH #5	2/25/2011	$1,460,875	$348,220	$1,809,095	$2,837,397	($1,028,302)	-36.2%
BRIDGE	IRASBURG STP CULV(20)	INSTALLATION OF PIPE LINER & HEADWALLS BR.3 ON VT 58	1/19/2011	$205,378	$125,737	$331,114	$330,532	$582	0.2%
RAILROAD	LEICESTER WCRS(11)	REPLACE BEARINGS,TIMBER DECK, REHAB BEARING SEATS, SCOUR PROTECTION VTR BRIDGE 229	6/2/2011	$219,730	$38,235	$257,965	$295,803	($37,838)	-12.8%
BRIDGE	LYNDON-IRASBURG IM MEMB(29)	REMOVE & REPLACE SHEET MEMBRANE WATERPROOFING,PAVEMENT ON 8 I-91 BRIDGES	6/24/2011	$2,071,209	$377,831	$2,449,040	$3,510,600	($1,061,560)	-30.2%
ROADWAY	MILTON STP 5800(2)	INTERSECTION REALIGNMENT, FULL DEPTH ROADWAY RECONSTRUCTION US 7 & LAKE ROAD	5/13/2011	$1,326,960	$715,189	$2,042,149	$2,889,162	($847,013)	-29.3%
RAILROAD	NEW HAVEN WCRS(13)	REPLACE BEARINGS, REHAB BEARING SEATS, CONCRETE AND REINFORCEMENT OF APPROACH TRACK.	6/17/2011	$243,885	$43,583	$287,468	$175,330	$112,138	64.0%
BRIDGE	RANDOLPH BHO 1444(53)	REHABILITATE BRIDGE 34 GIFFORD COVERED BRIDGE ON TH 66	1/31/2011	$378,529	$148,342	$526,870	$796,348	($269,478)	-33.8%
TRAFFIC	READING-WOODSTOCK STPG SIGN(38)	REMOVE & INSTALL SIGNS & POSTS ON VT 106	6/23/2011	$60,386	$31,097	$91,483	$91,483	$0	0.0%
RAILROAD	ROCKINGHAM STP GMRC(1)	REMOVE EXISTING RAILROAD BRIDGE,ROADWAY RELOCATION & RECONSTRUCT TRACK PROFILE ON TH6	1/11/2011	$1,301,773	$562,643	$1,864,416	$1,975,100	($110,684)	-5.6%
RAILROAD	ROCKINGHAM STP GMRC(16)	PIER SCOUR AND SOUTH ABUTMENT EMBANKMENT STABILIZATION OF BR 107 ON THE GMR	1/26/2011	$157,818	$70,173	$227,991	$410,000	($182,009)	-44.4%
RAILROAD	RUTLAND CITY RAIL 5307(15)	REPLACE THE EXISTING RAILROAD CROSSING AND SIGNALS AT WEST AND FOREST STREETS	1/7/2011	$681,242	$203,481	$884,724	$897,000	($12,276)	-1.4%
BRIDGE	S.BURLINGTON-COLCHESTER IM CULV(23)	PREVENTATIVE MAINTENANCE TO EXISTING CULVERTS ON I-89	5/25/2011	$2,356,980	$793,621	$3,150,601	$5,710,788	($2,560,187)	-44.8%
RAILROAD	SALISBURY WCRS(15)&MIDDLEBURY WCRS(16)	REPLACE SUPERSTRUCTURE WITH A NEW PRECAST CONCRETE SUPERSTRUCTURE	5/17/2011	$859,650	$146,948	$1,006,598	$589,644	$416,954	70.7%
PAVING	WATERBURY STP 2607(1) & WATERBURY STP 2201(1)	COLD PLANING AND RESURFACING OF THE EXISTING HIGHWAY US 2 AND VT 100	4/6/2011	$1,285,963	$320,458	$1,606,422	$2,060,449	($454,027)	-22.0%
BRIDGE	WINHALL STP CULV(22)	CONCRETE INVERT REPAIR, INSTALLATION OF CRADLE WALLS,CHANNEL & EMBANKMENT STABILIZATION	4/6/2011	$242,431	$186,177	$428,608	$407,829	$20,779	5.1%
								($11,613,630)	

Notes (by column heading):

E. Amount Bid: Actual low bid

F. Contingencies, ROW, PE, Etc: Other costs associated with the project.

G. Total Estimate (Revised for bid results): Total of Amount Bid plus Contingencies, ROW, PE, Etc. (column E + column F)

H. Total Estimate as in FY2012 Budget: Estimated total project costs as it appears in the FY2012 Transportation Program.

I. Amount Above (Below) Estimate: Difference of Total Estimate Revised for Bid Results minus Project Estimate FY2012 Budget (column G - column H)

J. % Difference Above (Below) Estimate: Amount Above (Below) Estimate as percentage of Total Estimate in FY2012 Budget (column I ÷ column H)

Department of Vermont Health Access

SFY 11 Catamount Health Actual Revenue and Expense Tracking
Monday, April 18, 2011

	SFY '11 BAA			Consensus Estimates for SFY to Date			Actuals thru 3/31/11			
	<=200%	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*% of SFY to-Date*
TOTAL PROGRAM EXPENDITURES										
Catamount Health	41,787,258	15,432,576	57,219,834	30,586,678	11,282,709	41,869,386	27,062,602	12,924,688	39,987,290	95.50%
Catamount Eligible Employer-Sponsored Insurance	1,557,244	802,257	2,359,501	1,139,803	581,040	1,720,843	828,188	360,775	1,188,964	69.09%
Subtotal New Program Spending	43,344,502	16,234,833	59,579,335	31,726,480	11,863,749	43,590,229	27,890,790	13,285,464	41,176,254	94.46%
Catamount and ESI Administrative Costs	1,554,749	1,142,276	2,697,025	1,166,062	856,707	2,022,769	1,166,062	856,707	2,022,769	100.00%
TOTAL GROSS PROGRAM SPENDING	44,899,251	17,377,109	62,276,360	32,892,542	12,720,456	45,612,998	29,056,852	14,142,171	43,199,022	94.71%
TOTAL STATE PROGRAM SPENDING	17,616,897	7,316,623	24,933,521	12,703,055	5,357,468	18,060,522	11,995,589	5,837,377	17,832,966	98.74%
TOTAL OTHER EXPENDITURES										
Immunizations Program	-	2,500,000	2,500,000	-	1,875,000	1,875,000	-	1,875,000	1,875,000	100.00%
VT Dept. of Labor Admin Costs Assoc. With Employer Assess.	-	394,072	394,072	-	295,554	295,554	-	295,554	295,554	100.00%
Marketing and Outreach	500,000	-	500,000	375,000	-	375,000	375,000	-	375,000	100.00%
Blueprint	-	1,846,713	1,846,713	-	1,385,035	1,385,035	-	1,385,035	1,385,035	100.00%
TOTAL OTHER SPENDING	500,000	4,740,785	5,240,785	375,000	3,555,589	3,930,589	375,000	3,555,589	3,930,589	100.00%
TOTAL STATE OTHER SPENDING	206,350	4,740,785	4,947,135	154,763	3,555,589	3,710,351	154,763	3,555,589	3,710,351	100.00%
TOTAL ALL STATE SPENDING	17,823,247	12,057,408	29,880,656	12,857,817	8,913,057	21,770,874	12,150,351	9,392,966	21,543,317	98.95%
TOTAL REVENUES										
Catamount Health Premiums	5,775,190	4,653,264	10,428,454	4,250,109	3,436,231	7,686,341	3,924,940	3,521,530	7,446,470	96.88%
Catamount Eligible Employer-Sponsored Insurance Premiums	411,090	355,978	767,068	297,996	259,158	557,153	252,640	189,756	442,396	79.40%
Subtotal Premiums	6,186,279	5,009,242	11,195,522	4,548,105	3,695,389	8,243,494	4,177,580	3,711,286	7,888,866	95.70%
Federal Share of Premiums	(3,632,255)	(2,941,928)	(6,574,183)	(2,670,483)	(2,170,302)	(4,840,785)	(2,452,930)	(2,179,638)	(4,632,569)	95.70%
TOTAL STATE PREMIUM SHARE	2,554,024	2,067,314	4,621,339	1,877,622	1,525,087	3,402,709	1,724,650	1,531,648	3,256,297	95.70%
Cigarette Tax Increase ($.60 / $.80)			9,408,500			7,056,375			7,728,319	109.52%
Employer Assessment			7,600,000			5,700,000			6,989,000	122.61%
Interest			-			-			2,163	0.00%
TOTAL OTHER REVENUE			17,008,500			12,756,375			14,719,482	115.39%
TOTAL STATE REVENUE	2,554,024	2,067,314	21,629,839	1,877,622		16,159,084	1,724,650		17,975,780	111.24%
State-Only Balance			(8,250,817)			(5,611,789)			(3,567,537)	
Carryforward			793,641			793,641			793,641	
CATAMOUNT FUND (DEFICIT)/SURPLUS			(7,457,176)			(4,818,148)			(2,773,896)	
General Fund BAA to GC on Behalf of Catamount			7,822,019			5,866,514			5,866,514	100.00%
ALL FUNDS THAT SUPPORT CATAMOUNT (DEFICIT)/SURPLUS			364,843			1,048,366			3,092,618	

NOTE: The total program expenditures include both claims and premium costs

Green Mountain Care Enrollment Report
March 2011

TOTAL ENROLLMENT BY MONTH

	Jul-07	Nov-07	Jul-08	Nov-08	Dec 09	Mar 10	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11
Adults:																		
VHAP-ESIA	-	35	672	759	968	952	942	923	926	926	921	906	873	871	899	899	905	918
ESIA	-	21	336	499	698	749	745	759	729	702	731	729	768	760	764	783	785	801
CHAP	-	320	4,608	6,120	9,138	9,755	10,163	9,902	9,943	9,823	9,839	10,087	9,891	9,898	9,898	9,820	9,967	10,200
Catamount Health	-	120	697	932	2,088	2,267	2,277	2,307	2,349	2,463	2,474	2,491	2,483	2,552	2,498	2,545	2,718	2,810
Total	-	**496**	**6,313**	**8,310**	**12,892**	**13,723**	**14,127**	**13,891**	**13,947**	**13,914**	**13,965**	**14,213**	**14,015**	**14,081**	**14,059**	**14,047**	**14,375**	**14,729**

	Jul-07	Nov-07	Jul-08	Nov-08	Dec 09	Mar 10	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11
Adults:																		
VHAP	23,725	24,849	26,441	26,860	33,067	35,010	36,010	34,801	34,570	35,329	35,408	35,852	36,019	35,730	36,669	37,093	37,194	37,820
Other Medicaid	69,764	69,969	70,947	35,601	38,411	39,181	39,483	39,266	39,368	39,481	39,590	38,663	39,913	39,777	39,414	40,384	40,462	40,799
Children:																		
Dr Dynasaur	19,738	19,733	19,960	20,511	20,472	20,602	20,707	20,262	19,882	19,898	19,608	19,891	20,051	20,141	21,120	21,113	21,080	21,064
SCHIP	3,097	3,428	3,396	3,527	3,451	3,514	3,564	3,513	3,478	3,478	3,500	3,508	3,613	3,587	3,539	3,499	3,657	3,605
Other Medicaid*	Included	Included	Included	34,015	38,116	38,531	38,862	39,325	39,157	39,846	38,015	39,142	39,349	38,942	38,265	38,355	38,460	38,675
Total	**116,324**	**117,979**	**120,744**	**120,514**	**133,517**	**136,838**	**138,626**	**137,167**	**136,455**	**138,032**	**136,121**	**137,056**	**138,945**	**138,177**	**139,007**	**140,444**	**140,853**	**141,963**
TOTAL ALL	**116,324**	**118,355**	**127,057**	**128,824**	**146,409**	**150,561**	**152,753**	**151,058**	**150,402**	**151,946**	**150,086**	**151,269**	**152,960**	**152,258**	**153,066**	**154,491**	**155,228**	**156,692**

KEY:

* Prior to November 2008, the numbers for Other Medicaid included both children and adults enrolled in this eligibility category

VHAP-ESIA = Eligible for VHAP and enrolled in ESI with premium assistance

ESIA = Between 150% and 300% and enrolled in ESI with premium assistance

CHAP = Between 150% and 300% and enrolled in Catamount Health with premium assistance

Catamount Health = Over 300% and enrolled in Catamount Health with no premium assistance

VHAP = Enrolled in VHAP with no ESI that is cost-effective and/or approvable

Dr. Dynasaur = Enrolled in Dr. Dynasaur

SCHIP = Enrolled in SCHIP

Totals do not include programs such as Pharmacy, Choices for Care, Medicare Buy-in

Data on the range and types of ESI plans has not been included in this report, but will be included as soon as the data is available.

Green Mountain Care Enrollment Report

March 2011 Demographics

Income	VHAP-ESIA*	ESIA*	CHAP*	TOTAL
0-50%	23		550	573
50-75%	32	-	103	135
75-100%	107	3	100	210
100-150%	439	5	313	757
150-185%	301	226	3718	4,245
185-200%	6	287	2506	2,799
200-225%	2	138	1374	1,514
225-250%	3	84	919	1,006
250-275%	-	52	463	515
275-300%	5	6	154	165
Total	918	801	10,200	11,919

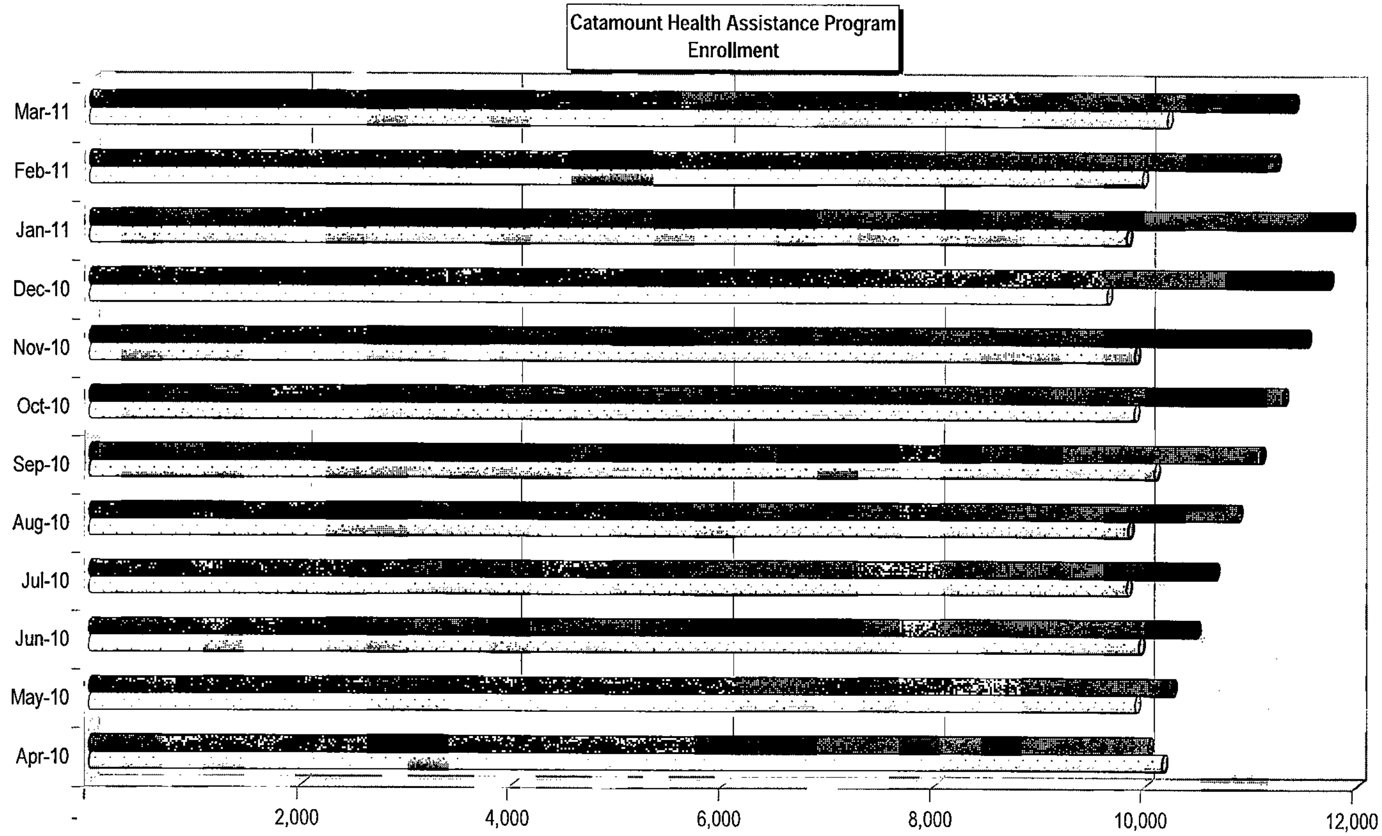
Age	VHAP-ESIA	ESIA	CHAP	TOTAL
18-24	45	72	1905	2,022
25-35	268	202	1890	2,360
36-45	319	232	1594	2,145
46-55	234	206	2126	2,566
56-64	51	89	2670	2,810
65+	1	-	15	16
Total	918	801	10,200	11,919

Green Mountain Care Enrollment Report (continued)

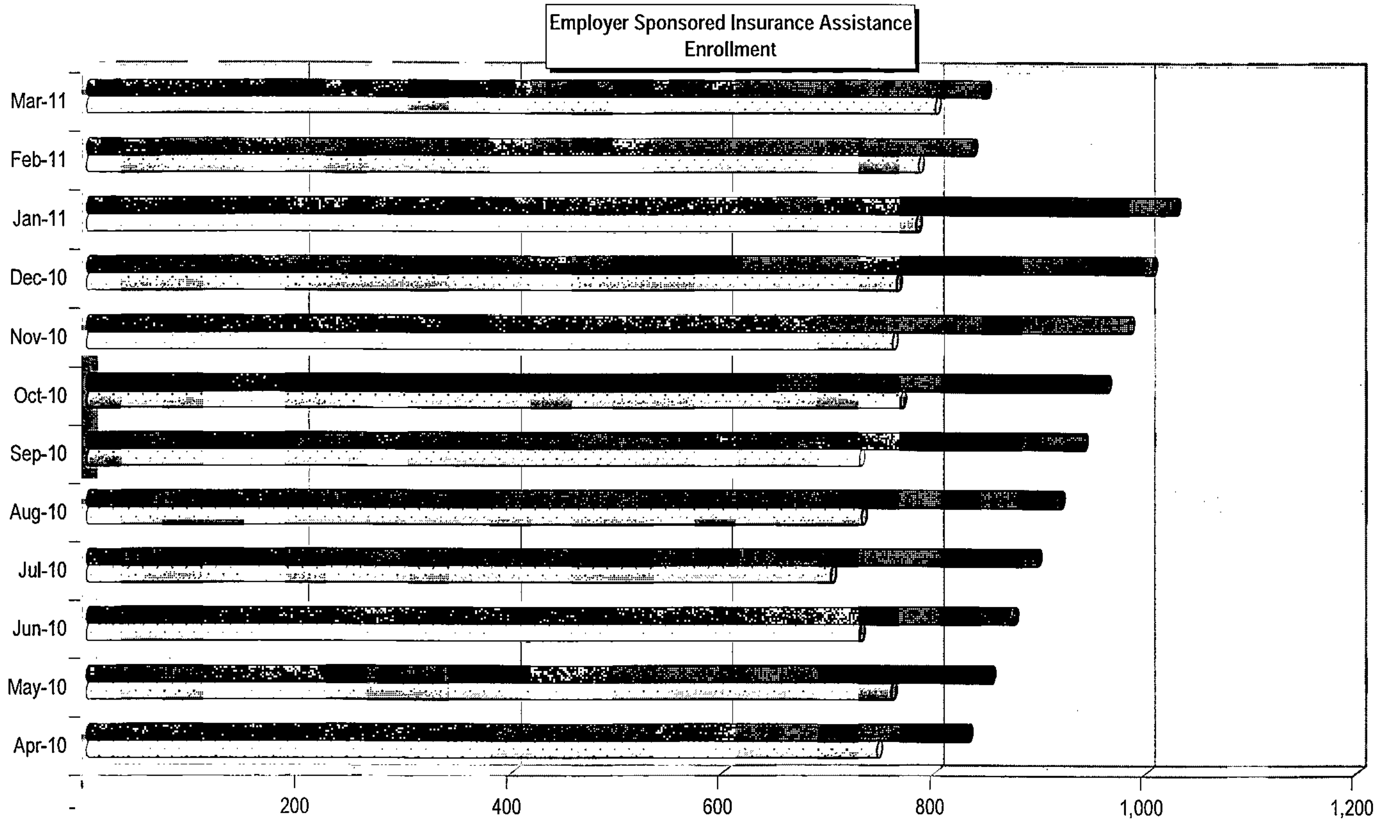
March 2011 Demographics

Gender	VHAP-ESIA	ESIA	CHAP	TOTAL
Male	335	284	4398	
Female	583	517	5802	
Total	**918**	**801**	**10,200**	**11,919**

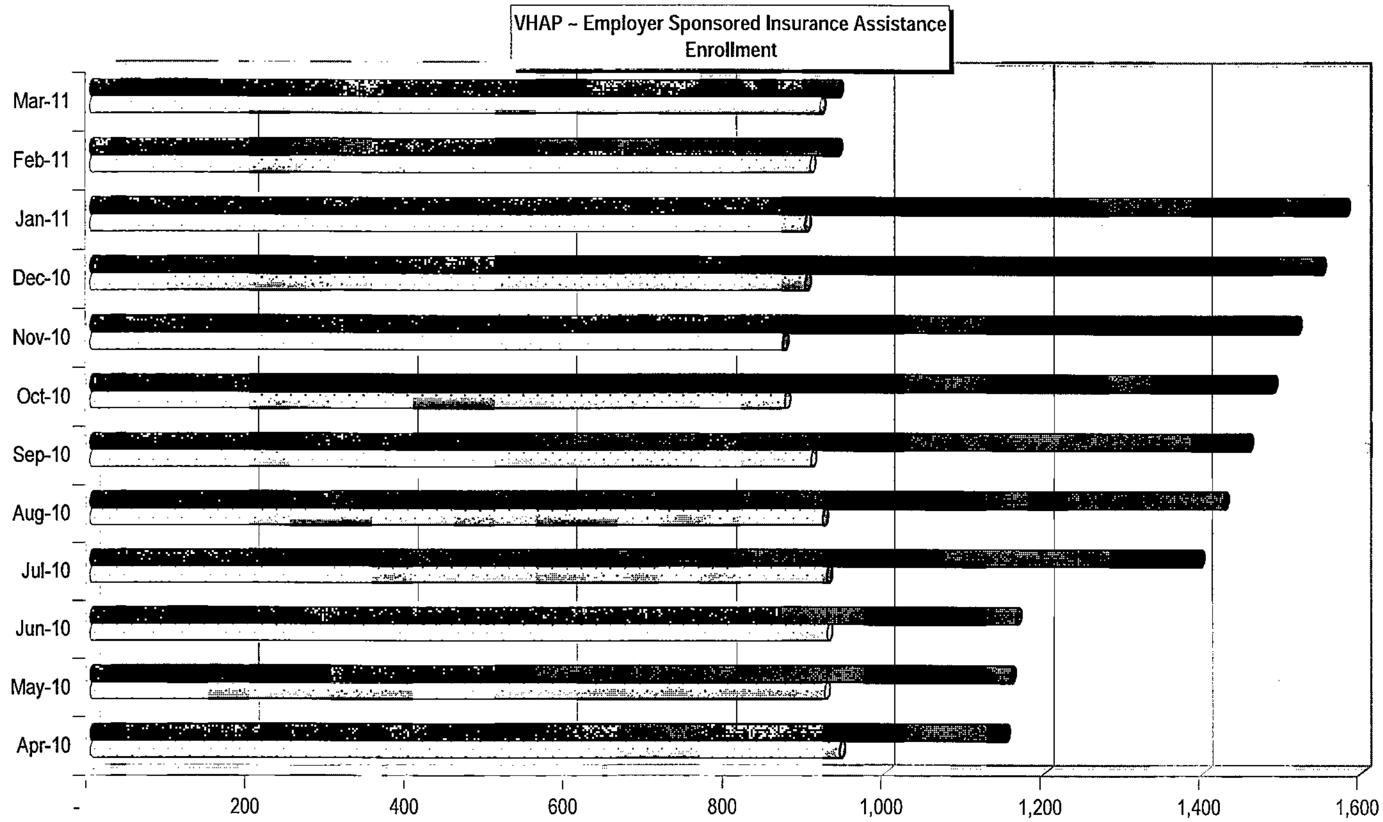
County	VHAP-ESIA	ESIA	CHAP	TOTAL
Addison	60	38	595	693
Bennington	83	85	657	825
Caledonia	26	37	634	697
Chittenden	189	188	1983	2,360
Essex	5	3	138	146
Franklin	80	53	646	779
Grand Isle	12	3	118	133
Lamoille	55	58	503	616
Orange	49	30	495	574
Orleans	60	48	551	659
Other	-	-	4	4
Rutland	106	89	1082	1,277
Washington	71	64	957	1,092
Windham	51	49	871	971
Windsor	71	56	966	1,093
Total	**918**	**801**	**10,200**	**11,919**



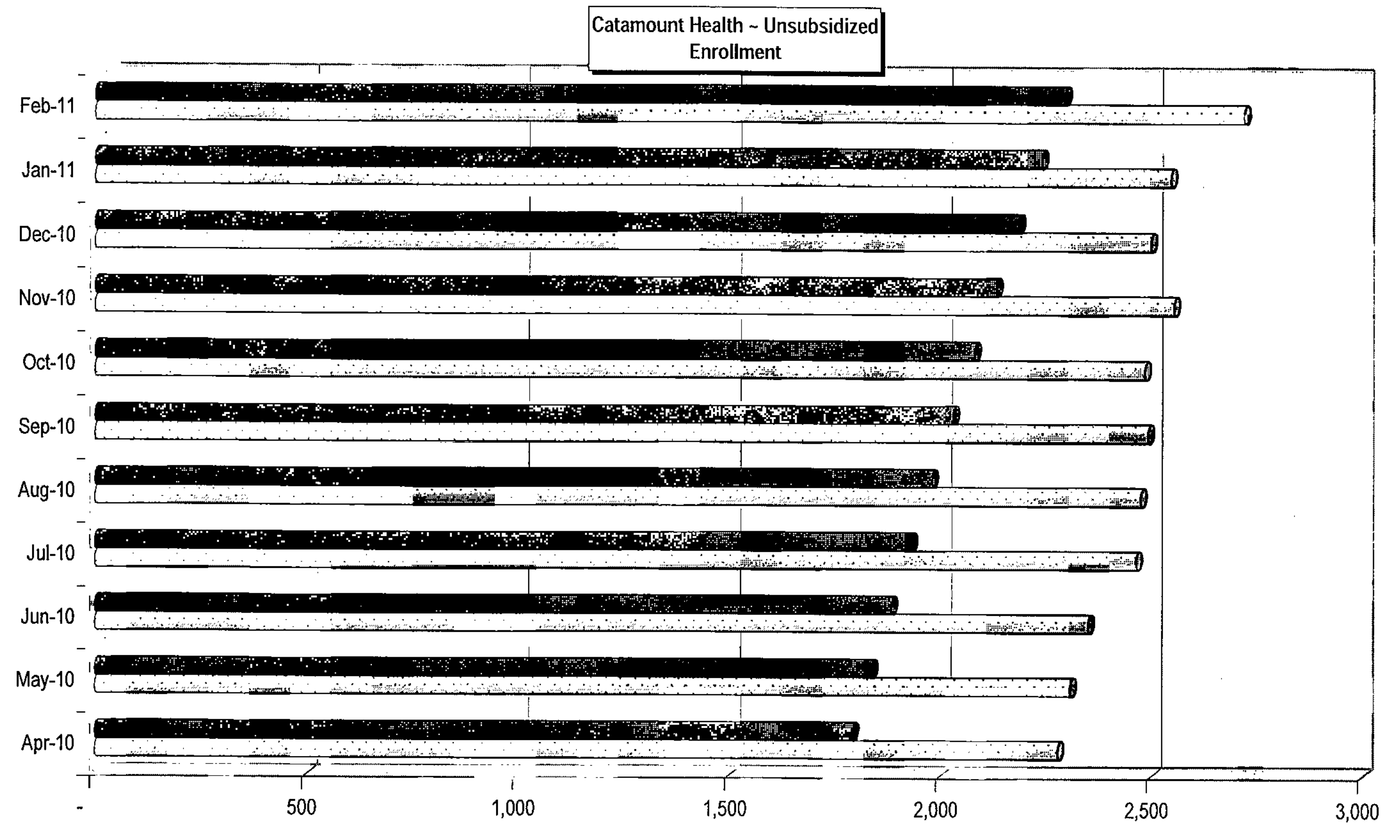
	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
■ Projected	10,028	10,250	10,472	10,649	10,867	11,083	11,297	11,510	11,722	11,932	11,224	11,389
□ Actual	10,163	9,902	9,943	9,823	9,839	10,087	9,891	9,898	9,630	9,820	9,967	10,200



	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
■ Projected	831	853	875	897	919	940	962	984	1,006	1,028	836	849
□ Actual	745	759	729	702	731	729	768	760	764	783	785	801



	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
Projected	1,150	1,157	1,164	1,395	1,426	1,456	1,487	1,518	1,549	1,579	939	940
Actual	942	923	926	926	921	906	873	871	899	899	905	918



	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11
■ Projected	1,792	1,836	1,882	1,929	1,978	2,027	2,078	2,130	2,183	2,238	2,293	2,351
□ Actual	2,277	2,307	2,349	2,463	2,474	2,491	2,483	2,552	2,498	2,545	2,718	2,810

Department of Vermont Health Access

SFY 11 Catamount Health Actual Revenue and Expense Tracking

Monday, May 16, 2011

	SFY '11 BAA			Consensus Estimates for SFY to Date			Actuals thru 4/30/11			
	<=200%	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*% of SFY to-Date*
TOTAL PROGRAM EXPENDITURES										
Catamount Health	41,787,258	15,432,576	57,219,834	34,267,197	12,646,783	46,913,980	30,111,007	14,374,906	44,485,913	94.82%
Catamount Eligible Employer-Sponsored Insurance	1,557,244	802,257	2,359,501	1,276,986	653,412	1,930,398	934,063	401,483	1,335,546	69.19%
Subtotal New Program Spending	43,344,502	16,234,833	59,579,335	35,544,183	13,300,195	48,844,378	31,045,071	14,776,388	45,821,459	93.81%
Catamount and ESI Administrative Costs	1,554,749	1,142,276	2,697,025	1,295,624	951,897	2,247,521	1,295,624	951,897	2,247,521	100.00%
TOTAL GROSS PROGRAM SPENDING	44,899,251	17,377,109	62,276,360	36,839,807	14,252,091	51,091,898	32,340,695	15,728,285	48,068,980	94.08%
TOTAL STATE PROGRAM SPENDING	17,616,897	7,316,623	24,933,521	14,318,304	6,001,739	20,320,043	13,351,488	6,492,284	19,843,771	97.66%
TOTAL OTHER EXPENDITURES										
Immunizations Program	-	2,500,000	2,500,000	-	2,083,333	2,083,333	-	2,083,333	2,083,333	100.00%
VT Dept. of Labor Admin Costs Assoc. With Employer Assess.	-	394,072	394,072	-	328,393	328,393	-	328,393	328,393	100.00%
Marketing and Outreach	500,000	-	500,000	416,667	-	416,667	416,667	-	416,667	100.00%
Blueprint	-	1,846,713	1,846,713	-	1,538,928	1,538,928	-	1,538,928	1,538,928	100.00%
TOTAL OTHER SPENDING	500,000	4,740,785	5,240,785	416,667	3,950,654	4,367,321	416,667	3,950,654	4,367,321	100.00%
TOTAL STATE OTHER SPENDING	206,350	4,740,785	4,947,135	171,958	3,950,654	4,122,613	171,967	3,950,654	4,122,621	100.00%
TOTAL ALL STATE SPENDING	17,823,247	12,057,408	29,880,656	14,490,263	9,952,393	24,442,656	13,523,454	10,442,938	23,966,392	98.05%
TOTAL REVENUES										
Catamount Health Premiums	5,775,190	4,653,264	10,428,454	4,751,905	3,836,798	8,588,703	4,363,229	3,927,195	8,290,424	96.53%
Catamount Eligible Employer-Sponsored Insurance Premiums	411,090	355,978	767,068	334,929	290,851	625,780	283,633	212,166	495,799	79.23%
Subtotal Premiums	6,186,279	5,009,242	11,195,522	5,086,834	4,127,649	9,214,483	4,646,862	4,139,361	8,786,223	95.35%
Federal Share of Premiums	(3,632,255)	(2,941,928)	(6,574,183)	(2,986,771)	(2,424,168)	(5,410,939)	(2,728,446)	(2,431,047)	(5,159,493)	95.35%
TOTAL STATE PREMIUM SHARE	2,554,024	2,067,314	4,621,339	2,100,063	1,703,481	3,803,544	1,918,416	1,708,314	3,626,730	95.35%
Cigarette Tax Increase ($.60 / $.80)			9,408,500			7,840,417			8,538,261	108.90%
Employer Assessment			7,600,000			7,600,000			7,243,000	95.30%
Interest			-			-			2,483	0.00%
TOTAL OTHER REVENUE			17,008,500			15,440,417			15,783,744	102.22%
TOTAL STATE REVENUE	2,554,024	2,067,314	21,629,839	2,100,063		19,243,961	1,918,416		19,410,474	100.87%
State-Only Balance			(8,250,817)			(5,198,695)			(4,555,918)	
Carryforward			793,641			793,641			793,641	
CATAMOUNT FUND (DEFICIT)/SURPLUS			(7,457,176)			(4,405,054)			(3,762,277)	
General Fund BAA to GC on Behalf of Catamount			7,822,019			6,518,349			6,518,349	100.00%
ALL FUNDS THAT SUPPORT CATAMOUNT (DEFICIT)/SURPLUS			364,843			2,113,295			2,756,073	

NOTE: The total program expenditures include both claims and premium costs

Green Mountain Care Enrollment Report
APRIL 2011

TOTAL ENROLLMENT BY MONTH

Adults:	Jul-07	Nov-07	Jul-08	Nov-08	Dec 09	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11
VHAP-ESIA	-	35	672	759	968	942	923	926	926	921	906	873	871	899	899	905	918	890
ESIA	-	21	336	499	698	745	759	729	702	731	729	768	760	764	783	785	801	801
CHAP	-	320	4,608	6,120	9,138	10,163	9,902	9,943	9,823	9,839	10,087	9,891	9,898	9,898	9,820	9,967	10,200	10,375
Catamount Health	-	120	697	932	2,088	2,277	2,307	2,349	2,463	2,474	2,491	2,483	2,552	2,498	2,545	2,718	2,810	2,622
Total	-	**496**	**6,313**	**8,310**	**12,892**	**14,127**	**13,891**	**13,947**	**13,914**	**13,965**	**14,213**	**14,015**	**14,081**	**14,059**	**14,047**	**14,375**	**14,729**	**14,688**

Adults:	Jul-07	Nov-07	Jul-08	Nov-08	Dec 09	Apr 10	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11
VHAP	23,725	24,849	26,441	26,860	33,067	36,010	34,801	34,570	35,329	35,408	35,852	36,019	35,730	36,669	37,093	37,194	37,820	37,383
Other Medicaid	69,764	69,969	70,947	35,601	38,411	39,483	39,266	39,368	39,481	39,590	38,663	39,913	39,777	39,414	40,384	40,462	40,799	40,794
Children:																		
Dr Dynasaur	19,738	19,733	19,960	20,511	20,472	20,707	20,262	19,882	19,898	19,608	19,891	20,051	20,141	21,120	21,113	21,080	21,064	21,171
SCHIP	3,097	3,428	3,396	3,527	3,451	3,564	3,513	3,478	3,478	3,500	3,508	3,613	3,587	3,539	3,499	3,657	3,605	3,622
Other Medicaid*	Included	Included	Included	34,015	38,116	38,862	39,325	39,157	39,846	38,015	39,142	39,349	38,942	38,265	38,355	38,460	38,675	38,523
Total	**116,324**	**117,979**	**120,744**	**120,514**	**133,517**	**138,626**	**137,167**	**136,455**	**138,032**	**136,121**	**137,056**	**138,945**	**138,177**	**139,007**	**140,444**	**140,853**	**141,963**	**141,493**
TOTAL ALL	**116,324**	**118,355**	**127,057**	**128,824**	**146,409**	**152,753**	**151,058**	**150,402**	**151,946**	**150,086**	**151,269**	**152,960**	**152,258**	**153,066**	**154,491**	**155,228**	**156,692**	**156,181**

KEY:

*** Prior to November 2008, the numbers for Other Medicaid included both children and adults enrolled in this eligibility category**

VHAP-ESIA = Eligible for VHAP and enrolled in ESI with premium assistance

ESIA = Between 150% and 300% and enrolled in ESI with premium assistance

CHAP = Between 150% and 300% and enrolled in Catamount Health with premium assistance

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Dr. Dynasaur = Enrolled in Dr. Dynasaur

SCHIP = Enrolled in SCHIP

Totals do not include programs such as Pharmacy, Choices for Care, Medicare Buy-in

Data on the range and types of ESI plans has not been included in this report, but will be included as soon as the data is available.

Green Mountain Care Enrollment Report

April 2011 Demographics

Income	VHAP-ESIA*	ESIA*	CHAP*	TOTAL
0-50%	17	[redacted]	[redacted]	572
50-75%	34	[redacted]	[redacted]	138
75-100%	103	[redacted]	[redacted]	217
100-150%	428	[redacted]	[redacted]	745
150-185%	293	235	3803	4,331
185-200%	8	275	2501	2,784
200-225%	[redacted]	133	1399	1,536
225-250%	[redacted]	91	954	1,046
250-275%	[redacted]	52	466	518
275-300%	2	10	167	179
Total	**890**	**801**	**10,375**	**12,066**

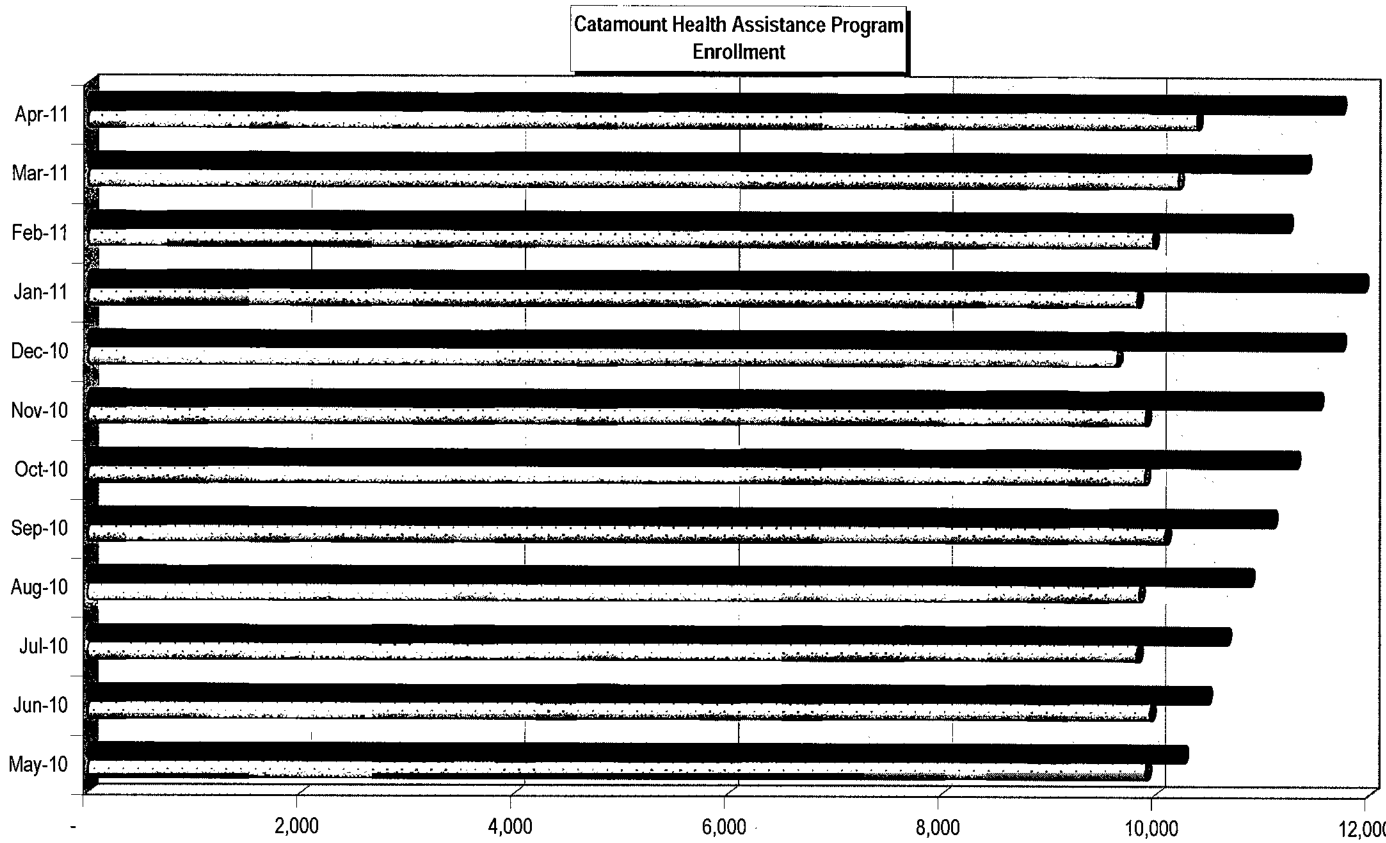
Age	VHAP-ESIA	ESIA	CHAP	TOTAL
18-24	36	70	1955	2,061
25-35	263	196	1885	2,344
36-45	312	228	1600	2,140
46-55	222	214	2184	2,620
56-64	56	93	2749	2,898
65+	1	-	2	3
Total	**890**	**801**	**10,375**	**12,066**

Green Mountain Care Enrollment Report (continued)

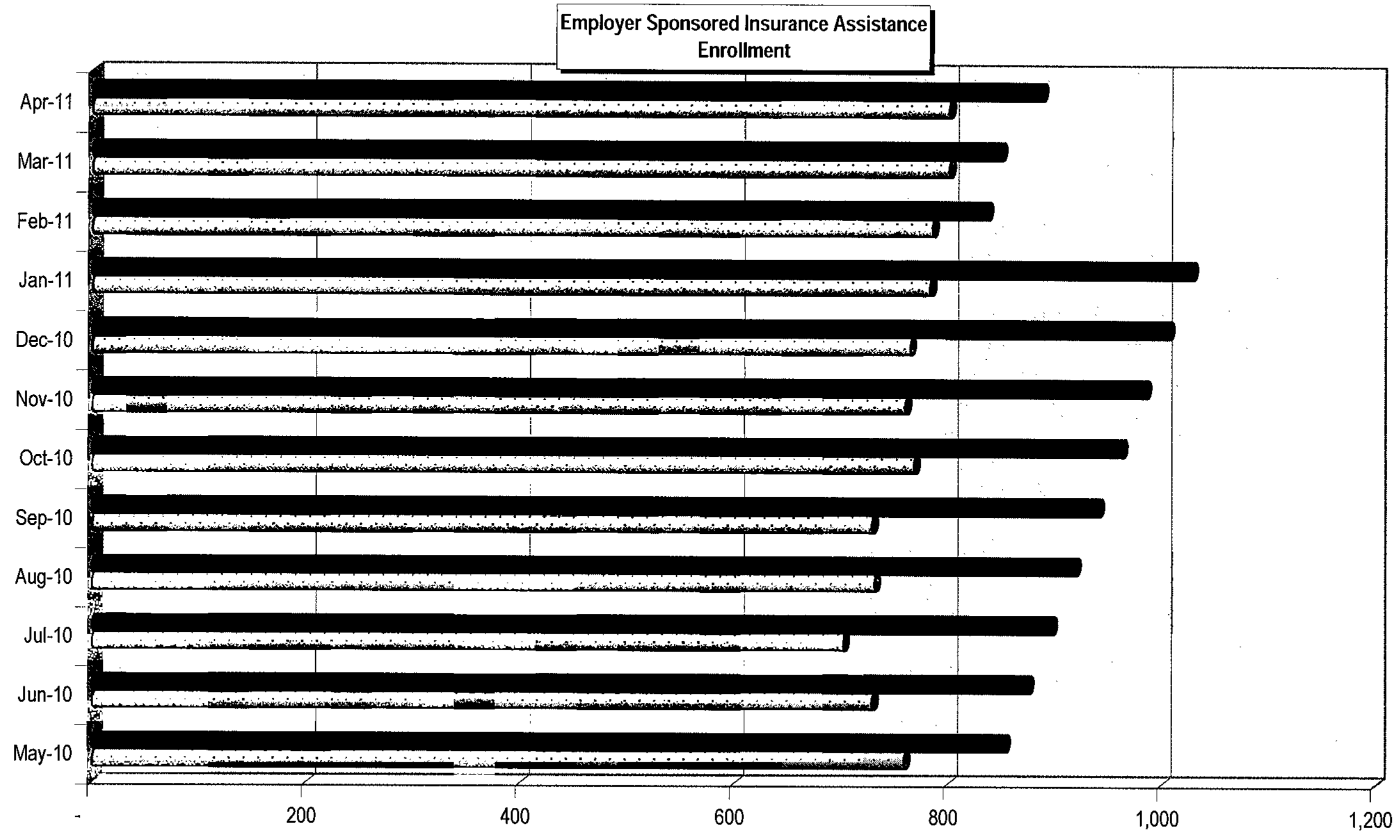
April 2011 Demographics

Gender	VHAP-ESIA	ESIA	CHAP	TOTAL
Male	319	284	4461	
Female	571	517	5914	
Total	**890**	**801**	**10,375**	**12,066**

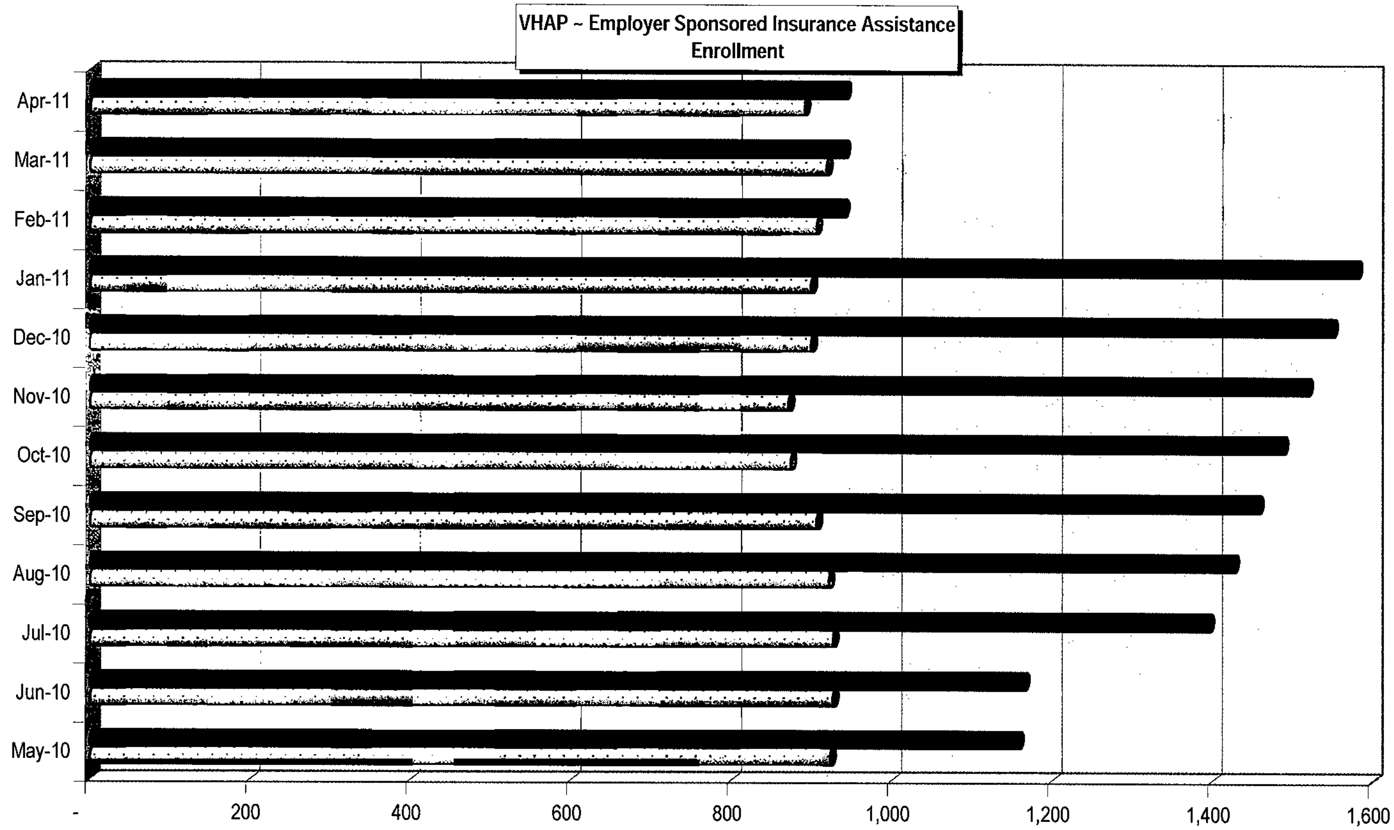
County	VHAP-ESIA	ESIA	CHAP	TOTAL
Addison	55	40	622	717
Bennington	86	77	669	832
Caledonia	28	37	648	713
Chittenden	187	186	2032	2,405
Essex	5	3	134	142
Franklin	79	50	670	799
Grand Isle	12	4	125	141
Lamoille	51	61	497	609
Orange	48	34	502	584
Orleans	53	49	573	675
Other		-	4	4
Rutland	105	89	1088	1,282
Washington	68	66	970	1,104
Windham	47	47	868	962
Windsor	66	58	973	1,097
Total	**890**	**801**	**10,375**	**12,066**



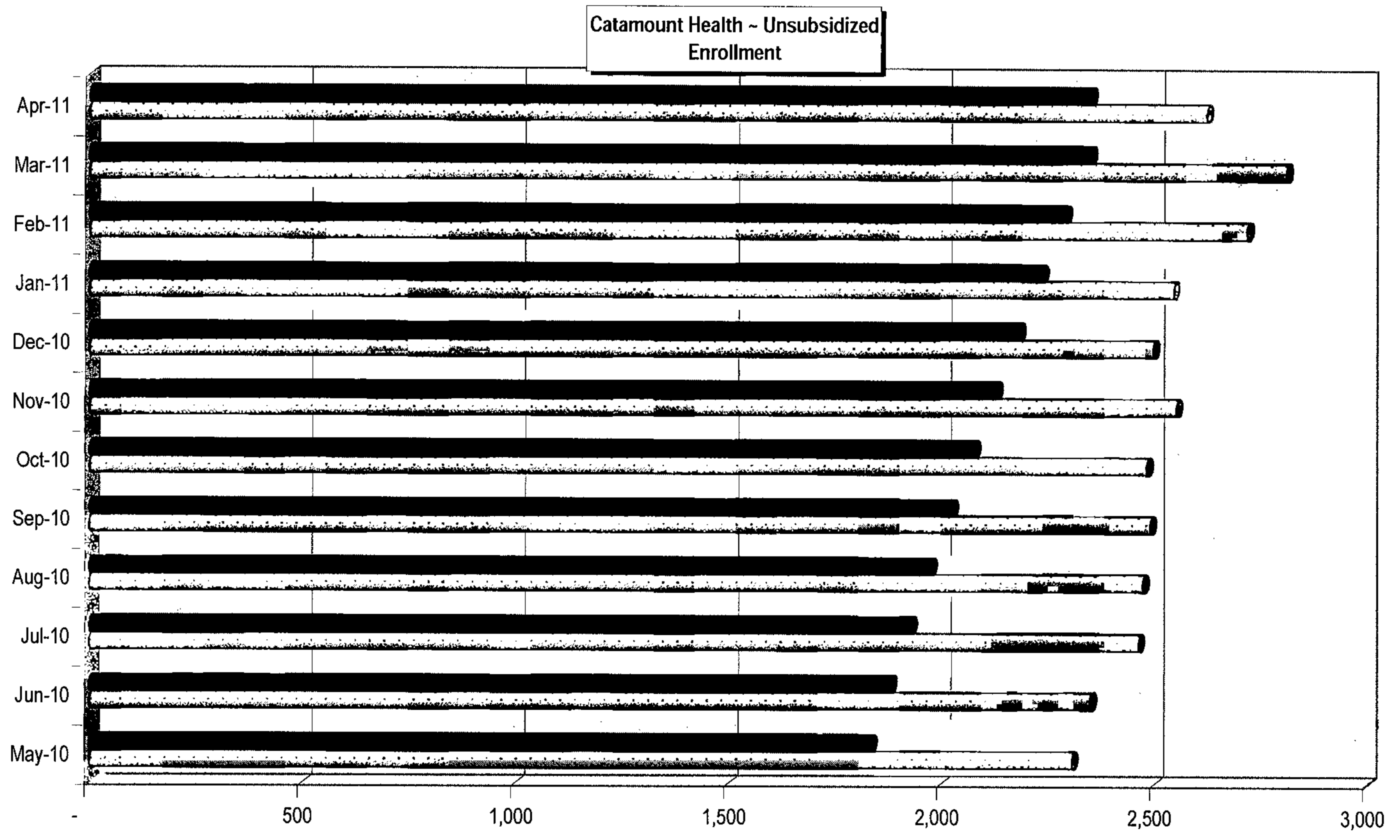
	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11
■ Projected	10,250	10,472	10,649	10,867	11,083	11,297	11,510	11,722	11,932	11,224	11,389	11,720
□ Actual	9,902	9,943	9,823	9,839	10,087	9,891	9,898	9,630	9,820	9,967	10,200	10,375



	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11
■ Projected	853	875	897	919	940	962	984	1,006	1,028	836	849	887
□ Actual	759	729	702	731	729	768	760	764	783	785	801	801



	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11
■ Projected	1,157	1,164	1,395	1,426	1,456	1,487	1,518	1,549	1,579	939	940	941
□ Actual	923	926	926	921	906	873	871	899	899	905	918	890



	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11
■ Projected	1,836	1,882	1,929	1,978	2,027	2,078	2,130	2,183	2,238	2,293	2,351	2,351
□ Actual	2,307	2,349	2,463	2,474	2,491	2,483	2,552	2,498	2,545	2,718	2,810	2,622

Department of Vermont Health Access
SFY 11 Catamount Health Actual Revenue and Expense Tracking
Thursday, June 16, 2011

	SFY '11 BAA			Consensus Estimates for SFY to Date			Actuals thru 5/31/11			
	<=200%	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*<=200%*	*>200%*	*Total*	*% of SFY to-Date*
TOTAL PROGRAM EXPENDITURES										
Catamount Health	41,787,258	15,432,576	57,219,834	38,000,724	14,030,072	52,030,796	33,197,373	15,819,691	49,017,064	94.21%
Catamount Eligible Employer-Sponsored Insurance	1,557,244	802,257	2,359,501	1,416,133	727,151	2,143,284	1,030,340	446,023	1,476,363	68.88%
Subtotal New Program Spending	43,344,502	16,234,833	59,579,335	39,416,857	14,757,223	54,174,080	34,227,713	16,265,713	50,493,427	93.21%
Catamount and ESI Administrative Costs	1,554,749	1,142,276	2,697,025	1,425,187	1,047,086	2,472,273	1,425,187	1,047,086	2,472,273	100.00%
TOTAL GROSS PROGRAM SPENDING	44,899,251	17,377,109	62,276,360	40,842,044	15,804,309	56,646,353	35,652,900	17,312,800	52,965,699	93.50%
TOTAL STATE PROGRAM SPENDING	17,616,897	7,316,623	24,933,521	15,956,252	6,654,508	22,610,760	11,367,001	7,147,484	18,514,485	81.88%
TOTAL OTHER EXPENDITURES										
Immunizations Program	-	2,500,000	2,500,000	-	2,291,667	2,291,667	-	2,291,667	2,291,667	100.00%
VT Dept. of Labor Admin Costs Assoc. With Employer Assess.	-	394,072	394,072	-	361,233	361,233	-	361,233	361,233	100.00%
Marketing and Outreach	500,000	-	500,000	458,333	-	458,333	458,333	-	458,333	100.00%
Blueprint	-	1,846,713	1,846,713	-	1,692,820	1,692,820	-	1,692,820	1,692,820	100.00%
TOTAL OTHER SPENDING	500,000	4,740,785	5,240,785	458,333	4,345,720	4,804,053	458,333	4,345,720	4,804,053	100.00%
TOTAL STATE OTHER SPENDING	206,350	4,740,785	4,947,135	189,154	4,345,720	4,534,874	146,146	4,345,720	4,491,865	99.05%
TOTAL ALL STATE SPENDING	17,823,247	12,057,408	29,880,656	16,145,406	11,000,227	27,145,634	11,513,148	11,493,204	23,006,350	84.75%
TOTAL REVENUES										
Catamount Health Premiums	5,775,190	4,653,264	10,428,454	5,260,271	4,242,480	9,502,750	4,789,047	4,305,572	9,094,619	95.71%
Catamount Eligible Employer-Sponsored Insurance Premiums	411,090	355,978	767,068	372,627	323,125	695,752	312,288	236,924	549,212	78.94%
Subtotal Premiums	6,186,279	5,009,242	11,195,522	5,632,898	4,565,605	10,198,502	5,101,335	4,542,496	9,643,831	94.56%
Federal Share of Premiums	(3,632,255)	(2,941,928)	(6,574,183)	(3,307,365)	(2,681,380)	(5,988,744)	(3,470,867)	(2,667,136)	(6,138,002)	102.49%
TOTAL STATE PREMIUM SHARE	2,554,024	2,067,314	4,621,339	2,325,533	1,884,225	4,209,758	1,630,468	1,875,360	3,505,829	83.28%
Cigarette Tax Increase ($.60 / $.80)			9,408,500			8,624,458			9,333,971	108.23%
Employer Assessment			7,600,000			7,600,000			9,182,000	120.82%
Interest			-			-			2,641	0.00%
TOTAL OTHER REVENUE			17,008,500			16,224,458			18,518,612	114.14%
TOTAL STATE REVENUE			21,629,839			20,434,217			22,024,440	107.78%
State-Only Balance			(8,250,817)			(6,711,417)			(981,910)	
Carryforward			793,641			793,641			793,641	
CATAMOUNT FUND (DEFICIT)/SURPLUS			(7,457,176)			(5,917,776)			(188,269)	
General Fund BAA to GC on Behalf of Catamount			7,822,019			7,170,184			7,170,184	100.00%
ALL FUNDS THAT SUPPORT CATAMOUNT (DEFICIT)/SURPLUS			**364,843**			**1,252,408**			**6,981,916**	

NOTE: The total program expenditures include both claims and premium costs

Green Mountain Care Enrollment Report
May 2011

TOTAL ENROLLMENT BY MONTH

	Jul-07	Nov-07	Jul-08	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11
Adults:																
VHAP-ESIA	-	35	672	923	926	926	921	906	873	871	899	899	905	918	890	876
ESIA	-	21	336	759	729	702	731	729	768	760	764	783	785	801	801	804
CHAP	-	320	4,608	9,902	9,943	9,823	9,839	10,087	9,891	9,898	9,898	9,820	9,967	10,200	10,375	10,477
Catamount Health	-	120	697	2,307	2,349	2,463	2,474	2,491	2,483	2,552	2,498	2,545	2,718	2,810	2,622	2,852
Total	-	**496**	**6,313**	**13,891**	**13,947**	**13,914**	**13,965**	**14,213**	**14,015**	**14,081**	**14,059**	**14,047**	**14,375**	**14,729**	**14,688**	**15,009**

	Jul-07	Nov-07	Jul-08	May 10	June 10	July 10	Aug 10	Sept 10	Oct 10	Nov 10	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11
Adults:																
VHAP	23,725	24,849	26,441	34,801	34,570	35,329	35,408	35,852	36,019	35,730	36,669	37,093	37,194	37,820	37,383	36,988
Other Medicaid	69,764	69,969	70,947	39,266	39,368	39,481	39,590	38,663	39,913	39,777	39,414	40,384	40,462	40,799	40,794	40,094
Children:																
Dr Dynasaur	19,738	19,733	19,960	20,262	19,882	19,898	19,608	19,891	20,051	20,141	21,120	21,113	21,080	21,064	21,171	20,821
SCHIP	3,097	3,428	3,396	3,513	3,478	3,478	3,500	3,508	3,613	3,587	3,539	3,499	3,657	3,605	3,622	3,612
Other Medicaid*	Included	Included	Included	39,325	39,157	39,846	38,015	39,142	39,349	38,942	38,265	38,355	38,460	38,675	38,523	37,666
Total	**116,324**	**117,979**	**120,744**	**137,167**	**136,455**	**138,032**	**136,121**	**137,056**	**138,945**	**138,177**	**139,007**	**140,444**	**140,853**	**141,963**	**141,493**	**139,181**
TOTAL ALL	**116,324**	**118,355**	**127,057**	**151,058**	**150,402**	**151,946**	**150,086**	**151,269**	**152,960**	**152,258**	**153,066**	**154,491**	**155,228**	**156,692**	**156,181**	**154,190**

KEY:

* **Prior to November 2008, the numbers for Other Medicaid included both children and adults enrolled in this eligibility category**

VHAP-ESIA = Eligible for VHAP and enrolled in ESI with premium assistance

ESIA = Between 150% and 300% and enrolled in ESI with premium assistance

CHAP = Between 150% and 300% and enrolled in Catamount Health with premium assistance

Catamount Health = Over 300% and enrolled in Catamount Health with no premium assistance

VHAP = Enrolled in VHAP with no ESI that is cost-effective and/or approvable

Dr. Dynasaur = Enrolled in Dr. Dynasaur

SCHIP = Enrolled in SCHIP

Totals do not include programs such as Pharmacy, Choices for Care, Medicare Buy-in

Data on the range and types of ESI plans has not been included in this report, but will be included as soon as the data is available.

Green Mountain Care Enrollment Report

May 2011 Demographics

Income	VHAP-ESIA*	ESIA*	CHAP*	TOTAL
0-50%	17	4	549	570
50-75%	37	-	103	140
75-100%	90	1	119	210
100-150%	430	9	328	767
150-185%	285	232	3812	4,329
185-200%	7	272	2574	2,853
200-225%	4	127	1420	1,551
225-250%	2	92	921	1,015
250-275%	-	60	491	551
275-300%	4	7	160	171
Total	**876**	**804**	**10,477**	**12,157**

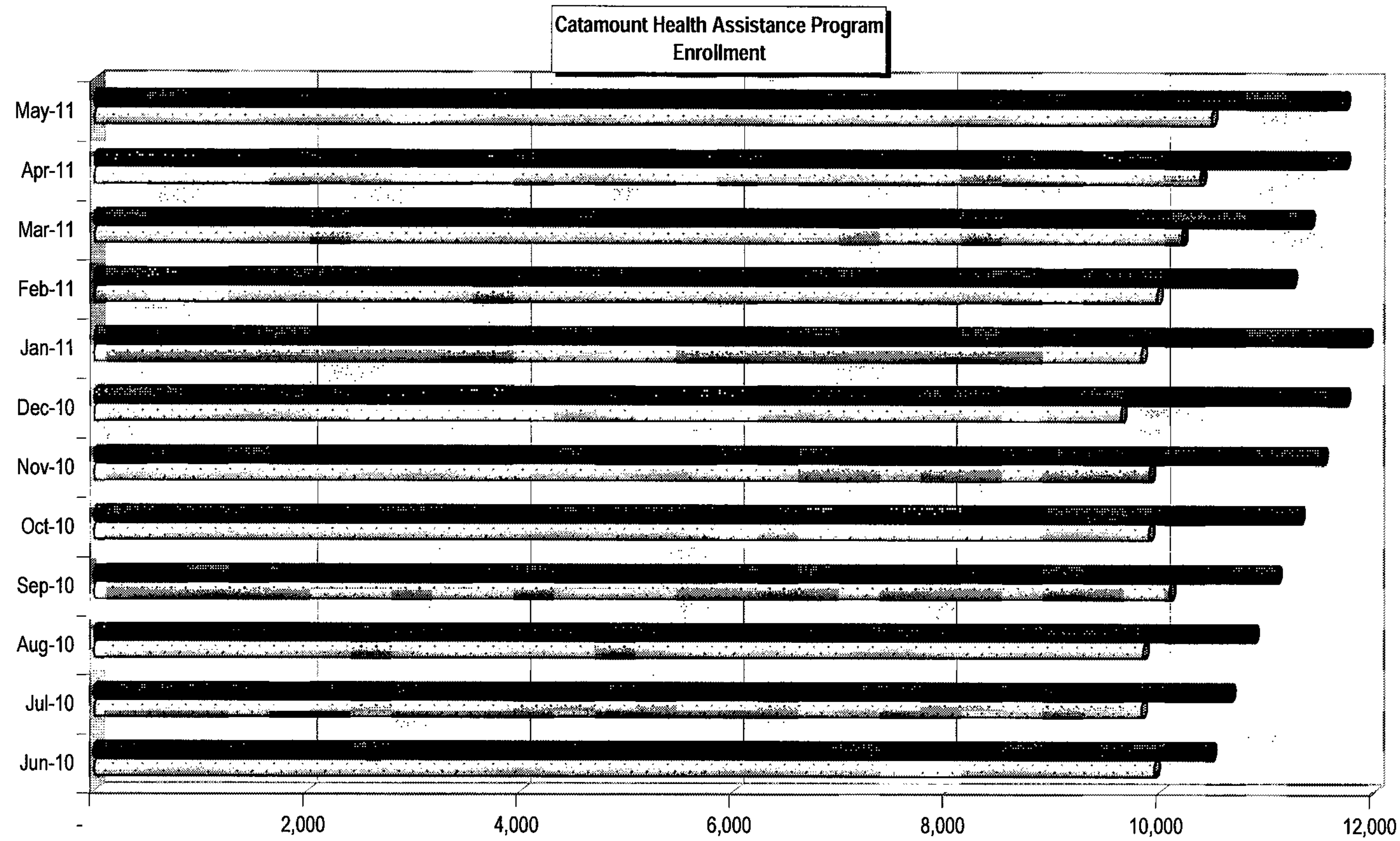
Age	VHAP-ESIA	ESIA	CHAP	TOTAL
18-24	33	68	1913	2,014
25-35	253	193	1933	2,379
36-45	308	239	1606	2,153
46-55	224	221	2213	2,658
56-64	57	83	2802	2,942
65+	1	-	10	11
Total	**876**	**804**	**10,477**	**12,157**

Green Mountain Care Enrollment Report (continued)

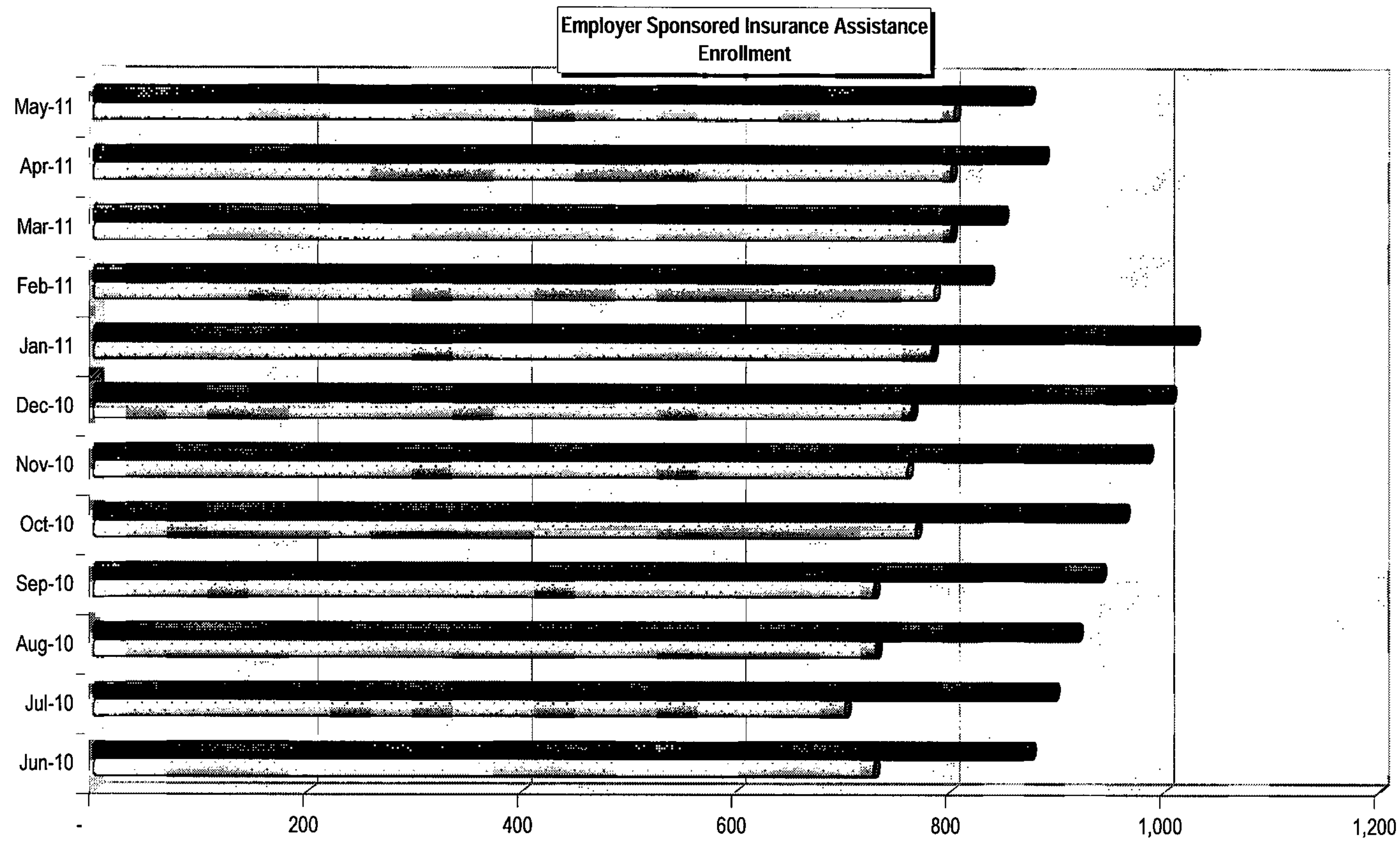
May 2011 Demographics

Gender	VHAP-ESIA	ESIA	CHAP	TOTAL
Male	302	298	4511	
Female	574	506	5966	
Total	**876**	**804**	**10,477**	**12,157**

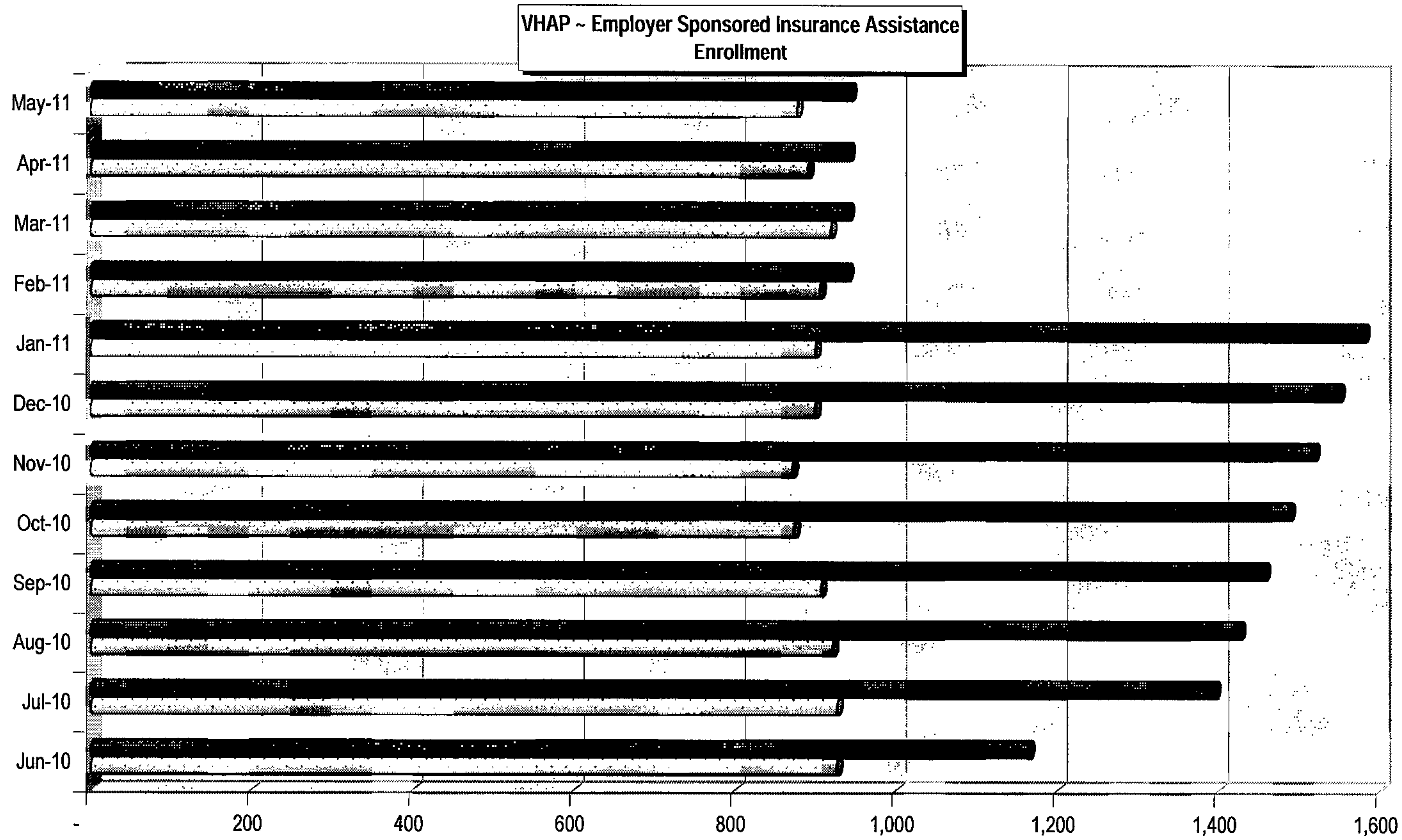
County	VHAP-ESIA	ESIA	CHAP	TOTAL
Addison	55	45	621	721
Bennington	85	81	659	825
Caledonia	31	29	633	693
Chittenden	198	182	2043	2,423
Essex	4	3	133	140
Franklin	73	52	685	810
Grand Isle	11	4	117	132
Lamoille	45	64	517	626
Orange	43	35	531	609
Orleans	55	45	577	677
Other	-	-	5	5
Rutland	100	88	1101	1,289
Washington	60	68	971	1,099
Windham	54	42	898	994
Windsor	62	66	986	1,114
Total	**876**	**804**	**10,477**	**12,157**



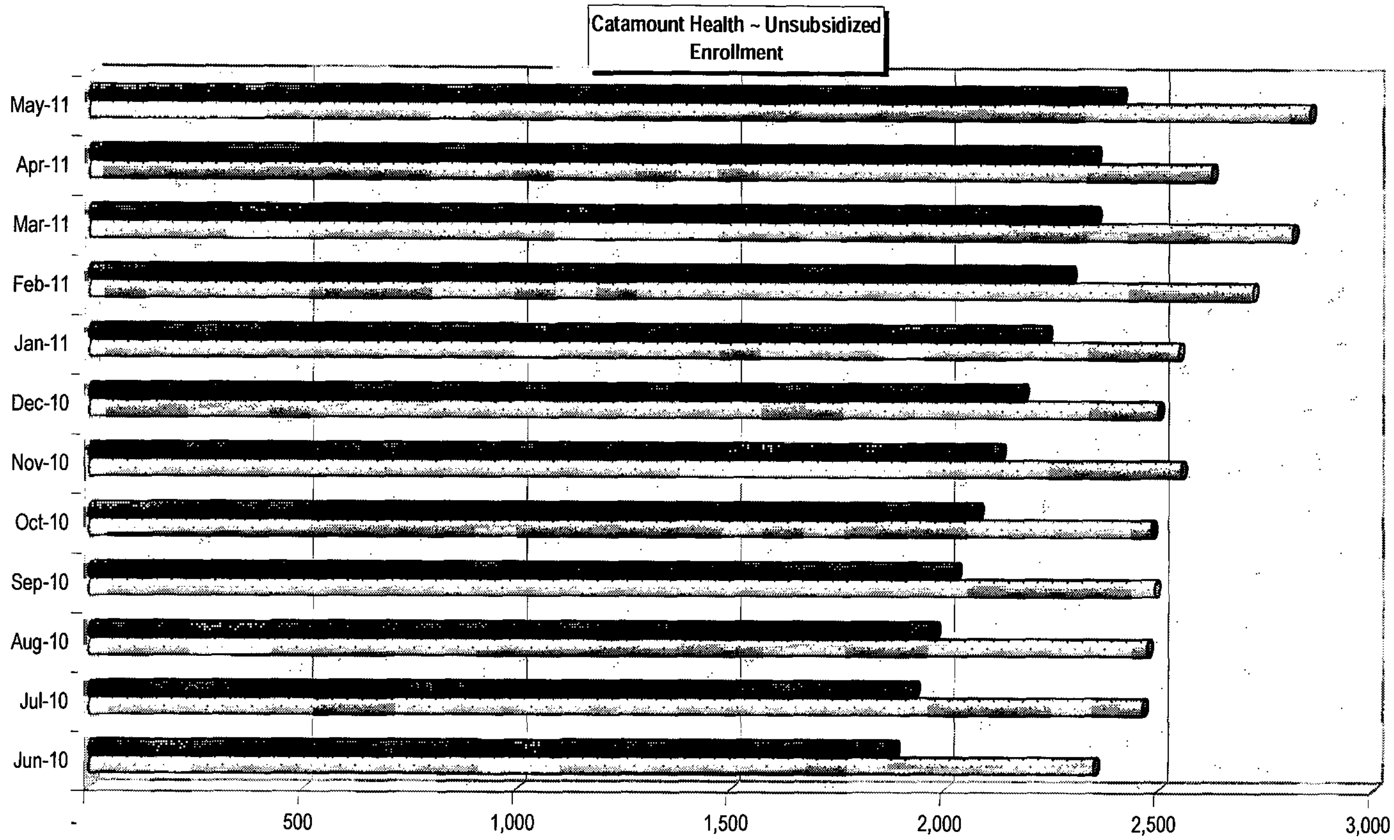
	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11
■ Projected	10,472	10,649	10,867	11,083	11,297	11,510	11,722	11,932	11,224	11,389	11,720	11,720
□ Actual	9,943	9,823	9,839	10,087	9,891	9,898	9,630	9,820	9,967	10,200	10,375	10,477



	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11
Projected	875	897	919	940	962	984	1,006	1,028	836	849	887	874
Actual	729	702	731	729	768	760	764	783	785	801	801	804



	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11
■ Projected	1,164	1,395	1,426	1,456	1,487	1,518	1,549	1,579	939	940	941	943
□ Actual	926	926	921	906	873	871	899	899	905	918	890	876



	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11
Projected	1,882	1,929	1,978	2,027	2,078	2,130	2,183	2,238	2,293	2,351	2,351	2,410
Actual	2,349	2,463	2,474	2,491	2,483	2,552	2,498	2,545	2,718	2,810	2,622	2,852

Costs of Vermont's Health Care System
Comparison of Baseline and Reformed System

Initial Draft
April 21, 2011

Prepared by

Vermont Legislative Joint Fiscal Office
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Executive Summary

This initial draft estimate was requested in Sec. 14 of H.202[1] as passed by the House. As the bill has not yet passed the Senate and been signed into law, the Legislative Joint Fiscal Office and the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) chose to treat the language as a letter of request for analysis. Given the four-week timeline, this report should be considered preliminary work.

Overall, even with more pessimistic assumptions than Dr. Hsiao used, we found that potential savings from a reformed system would exceed the costs of coverage and investments that he recommended. This would be true even if the savings attributable to medical malpractice reforms do not occur, provider administrative savings are reduced by one-half, and the full savings from reforms are realized somewhat more slowly than Dr. Hsiao projected.

This analysis:

- Updates Dr. Hsiao's original baseline estimates using more recent data from BISHCA's 2009 Expenditure Analysis that were based in part on new data from VHCURES. The data update resulted in a 5-6% reduction in both health care system costs and potential savings, as savings are calculated as a percentage of total baseline costs. These changes do not affect Dr. Hsiao's findings in any meaningful way.

- Updates Dr. Hsiao's original estimates to account for differences between his components of cost savings and those that are included in H.202, specifically to exclude savings attributable to medical malpractice reform. This change reduces savings by about 8%. If subsequent legislative actions reform the malpractice system, savings could be obtained.

- Applies a "sensitivity analysis" to the savings calculations. In lieu of a detailed reevaluation of Dr. Hsiao's work, we performed an analysis of the extent to which calculated savings changed if a key variable changed. We limited our focus to two major variables: the level of administrative savings which will be achieved by providers and the rate with which savings will be achieved. These were selected because of their relative importance and because they were the subject of the majority of questions from stakeholders.

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[1] Sec.14. COST ESTIMATES

(a) No later than April 21, 2011, the legislative joint fiscal office and the department of banking, insurance, securities, and health care administration shall provide to the house committee on health care and the senate committee on health and welfare an initial, draft estimate of the costs of Vermont's current health care system compared to the costs of a reformed health care system upon implementation of Green Mountain Care and the additional provisions of this act. To the extent possible, the estimates shall be based on the department of banking, insurance, securities, and health care administration's expenditure report and additional data available in the multi-payer database established in 18 V.S.A. § 9410.

Comparing the results of the sensitivity analysis to the savings estimates in Dr. Hsiao's report, we found that:

i. While we do not believe that the administrative savings predicted in Dr. Hsiao's report are excessive, even if the estimated provider administrative savings were reduced by one-half of what Dr. Hsiao projected, the total savings on an ongoing basis would be about 15% below the amount that Dr. Hsiao's report assumed.

ii. When the timing of achieving the savings was slowed down with a more conservative assumption, combined with the 50% reduction in provider administrative savings and no savings from malpractice reform, the total savings over the first four year were still above the amount that Dr. Hsiao proposed to spend on coverage expansions, benefit expansions, and provider investments in the first four years – in other words, using our most conservative assumptions, the estimated savings would still be sufficient to cover the costs of expanded coverage and additional system investments recommended by Dr. Hsiao.

The analysis confirms that development of a reformed system and identification of the costs and opportunities for savings will need to be a continuous activity over the next few years. It is a necessary part of the process to constantly evaluate cost projections, update the projections as key variables materialize, update timelines so that they are congruent with state and federal government policies, and identify and target savings as they are realized. In order to maximize the probability of successful implementation of reform, Executive and Legislative policy makers will need to do the following:

i. Identify savings opportunities.

ii. Develop mechanisms to capture those savings. This work will be impacted by a combination of policy choices made, technical decisions, and the capacity to implement these choices.

iii. Manage the balance between captured savings and new spending once savings are achieved. The system management structure will need to identify how savings can best be reinvested to expand coverage for Vermonters, build reserves or make other investments to ensure adequate provider capacity, health information technology, or administrative structures.

In summary, even when using the conservative assumptions noted above, we found that the savings from a reformed system continue to exceed the cost of expanded coverage and other investments recommended by Dr. Hsiao

Introduction

Sec. 14 of H.202 as passed by the Vermont house calls for development of an "initial draft estimate of the costs of Vermont's current health care system compared to the costs of a reformed health care system upon implementation of Green Mountain Care and the additional provisions of this act," due to the legislature on April 21, 2011 (about 4 weeks after this section was added).

Given the time and resource constraints under which this work must be performed, rather than developing estimates from scratch, we chose to begin our estimation process with the figures in "Act 128 – Health System Reform Design," the report prepared by Professor Hsiao and his team. While there are many different estimates in that report, we chose to focus on the most important estimates and those which have received the most comment.

When differences between the Hsiao report and H.202 are clear, this report reflects the intent of H.202. In any cases where the assumptions or intent of H.202 are not specifically indicated, this analysis follows the Hsiao report.

When we discuss costs, it is essential to understand two different views. The first is total system costs. The second is costs to a particular program or level of government– in this case, the proposed Green Mountain Care. Different factors will have different impacts, depending on which view is being used, and policy decisions may affect total spending, spending by Green Mountain Care, or both.

Of the numerous factors that influence total health care spending, a small number have the greatest impact. These include:

- Number of people with coverage
- Benefits
- Reimbursement rates
- Organization and delivery of care
- Administrative processes

Efforts to reform the health care system can produce changes in all of these factors. The analytical challenge is to estimate the impact of each change individually and further to estimate how the changes will interact.

In addition to these, there are additional factors which, while not affecting total spending, can have a strong influence on allocation of costs. For example, a choice about what to cover and not cover under Green Mountain Care will affect the state's costs, but have a minimal impact on overall system spending.

While the reforms proposed in both the report and H.202 would impact all health care spending, in both cases the state is assuming liability for a subset of that spending. Both Medicare and the Workers' Compensation system are assumed to continue. Following the Hsiao report, we assumed that certain benefits, such as long-term care, would be excluded from Green Mountain Care. There is some uncertainty about whether federal employees would be included in Green Mountain Care. If supplemental benefits are permitted, this would affect system spending, but not state liability.

This distinction is especially important because of the way savings are allocated. The report assumes that Green Mountain Care would be the beneficiary of all administrative savings, but that savings that are attributable to reductions in utilization would be retained by individual payers. For example, we follow the assumption in the Hsiao report that the savings that result from reduced utilization by Medicare patients as a result of the Blueprint or ACO development would accrue to that program, and not reduce state spending. However, there is a possibility that under a waiver granted by the federal government, the state could share in those savings.

Comparisons with figures in the Hsiao report should be made with caution for two reasons. First, figures in that report are presented in 2010 dollars. This means that they are adjusted for medical inflation. Figures in this analysis, including those derived from the Hsiao report, are not adjusted. This has no effect on savings relative to costs. For example, while a 10% savings will produce a different dollar figure in 2010 dollars than in unadjusted dollars, it is still a 10% savings.

Second, both the Hsiao report and this analysis present figures for both the system as a whole and the state program (Green Mountain Care). It is important to know which figures are being compared.

Estimates of Savings

The Hsiao report identifies and creates estimates for four major sources of savings. These are:

- Administrative savings
- Reduction of utilization as a result of changes in the organization of care
- Reduction of utilization as a result of improved identification of fraud and abuse
- Reduction of utilization as a result of medical malpractice reform

Under the proposals in the report, the benefits of changes in administrative processes accrue to both providers and payers. It is important to note that for providers, these benefits include both reductions in the cost of the claims process and improvements in productivity as a result of caregivers spending less time on administrative tasks.

Several different initiatives are focused on changing how care is organized and provided. In Vermont, the two most significant of these are the Blueprint for Health and the payment reform pilot projects.

While many believe that fraud and abuse occur less often in Vermont than national statistics would indicate, this is still an area deserving of investigation.

Table 1 below shows the detailed sources and levels of savings that were estimated in the Hsiao report. Several things are important to understand about these estimates. First, estimates were developed as percentages of total health spending, not as dollar amounts. This means that changes in baseline amounts will affect the dollar value but not the relative size of savings.

Second, Professor Hsiao and his team developed these estimates in several steps. The first was to create a "fully-implemented" estimate – how much could be saved after any necessary phase-in period. The second was to estimate how long that phase-in period would be and to allocate savings across that time.

Finally, as mentioned above, those savings that would accrue to the state program were separated from the savings that would accrue to other payers.

Savings were separated into two broad categories – administrative and volume. Administrative savings are those savings that result primarily from simplification of the claims payment process. On the payer side of the administrative process, savings come from elimination of some functions, such as underwriting and coordination of benefits, and increased efficiencies of scale in other functions, such as provider relations and claims payment.

Volume savings are savings that result from the use of less care or more efficient forms of care. For example, reduction of the use of hospital care as a result of better primary care is a volume reduction.

Table 1 – Sources of Savings in Dr. Hsiao's Report

			Percent of Total Health Spending
Administrative	Payer		3.0%
	Provider		5.3%
Subtotal			8.3%
Volume	Organization	Payment Reform	9.0%
		Blueprint	1.0%
	Fraud and Abuse		5.0%
	Malpractice Reform		2.0%
Subtotal			17.0%
Total			**25.3%**

In developing these estimates, Professor Hsiao relied on published data, combined with his experience in designing health care systems. To produce conservative estimates, in cases where there was a range of published estimates, the figures he selected were either at or below the midpoint of range.

The report explicitly discusses the issues in applying national estimates to Vermont, and recommends additional study because of the nature of Vermont's health system, especially in the area of provider administrative savings. We concur with Dr. Hsiao's recommendations.

Data Sources

The analyses in this report rely on two major data sources – the Hsiao report and BISHCA's "Expenditure Analysis" and projections. The Hsiao report itself relied heavily on VHCURES, the state's multi-payer claims database. This report used that data indirectly through its use by BISHCA.

Methodology – Specific Changes

We made two immediate changes to the figures in the report. The first change was the result of the release of a new "Expenditure Analysis" by the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA). The new report updated spending estimates and forecasts for 2008 through 2013. The second change was to eliminate any savings attributed to medical malpractice reform. While H.202 includes a study of this issue, it does not include specific changes.

Vermont is fortunate to have the annual Expenditure Analysis (EA), prepared by BISHCA. This report provides a robust set of estimates of current health care spending by type of care and source of payment. In addition, BISHCA prepares an annual three- year projection of future costs based on that year's Expenditure Analysis. In developing its baseline (no reform) spending projections, Professor Hsiao and his team relied on the 2008 Expenditure Analysis (released in March 2010) and the "Three Year Forecast of Vermont Health Expenditures, 2009-2012" (released in January 2010). The team developed projections for 2013-2024, based on BISHCA figures.

In February of 2011, BISHCA released its "Three Year Forecast of Vermont Health Expenditures, 2010-2013," and in March of 2011, it released the 2009 "Expenditure Analysis." The 2009 EA revised BISHCA's 2008 spending estimates, based in part on findings from VHCURES, reducing them by about 5 percent in that year, increasing to 6 percent in the out years. The latest three-year forecast incorporates this change. One of the first things we examined was the effect of the revision of baseline spending.

Methodology – Areas Where Hsiao Assumptions Were Followed

Two additional policy areas are addressed in H.202, but this report follows the same assumptions as those that guided the Hsiao report. These areas are:

- Benefits
- Provider Reimbursement

The development of a benefit package is a complex process. Benefits are described in two ways – scope of benefits and actuarial value (or actuarial ratio). Scope of benefits identifies what types of services are or are not covered, such as hospital care, prescription drugs, nursing home care, or dental care. Actuarial value describes, within those covered benefits, what proportion of total costs are paid by the insurer for the typical beneficiary. For example, if a benefit package has an actuarial value of 85%, the insurer will pay 85% of all costs for covered benefits and the beneficiary will be responsible for the remaining 15%, through some combination of deductibles, coinsurance, and co-payments.

Based on VHCURES data, Professor Hsiao estimated that the average Vermonter with private insurance has coverage with an actuarial value of 87%. H.202 specifies this value for Green

Mountain Care, but also discusses Catamount Health as a standard for setting scope of benefits. In this report, we made no adjustments to the 87% figure and made no specific assumptions about changes in scope of benefits.

Changing the actuarial value of a benefit package has two distinct effects. The first is simply to shift costs between the insurer and the beneficiary. At the same level of utilization, there is no effect on total spending.

The second effect is the impact on utilization. As the actuarial value decreases (and costs to the beneficiary increase), there is a reduction in utilization (and thus in total spending). Estimation of this effect is complex. In this report we maintain the 87% actuarial value and do not make any adjustments for scope of benefits.

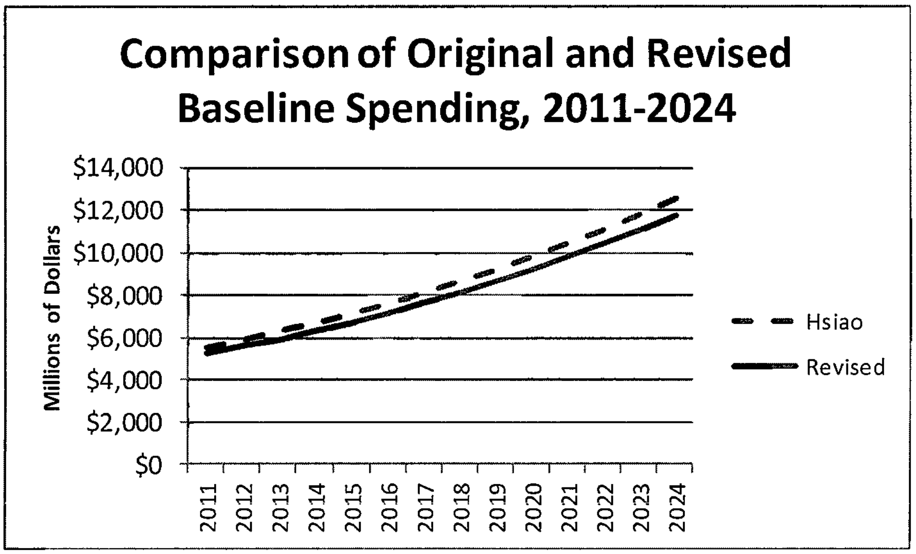
A substantial portion of H.202 addresses provider reimbursement and payment reform. While the bill creates substantial expectations, it does not establish any target amounts or levels. The Hsiao report assumed that in the first year of reform, total provider net revenue within each category of provider would not differ from the baseline but that individual providers might see a change. In the absence of any specific direction in H.202, we made the same assumption and did not make any adjustments for changes in provider net revenue.

After making the adjustments described above, we explored the savings estimates that are central to the Hsiao report. Given the complexity of developing an independent set of savings estimates and the short time frame for presenting initial estimates, we elected to perform a sensitivity analysis on the report's savings estimates. In this type of analysis, the parameters of interest (ultimate level of savings, rate at which those savings are achieved) are varied, and the financial impact of different scenarios is explored. For example, a sensitivity analysis could examine the financial consequences if actual savings were 75 percent or 125 percent of those used by Professor Hsiao in developing his recommendations. In addition to exploring overall changes, we attempted to model some specific scenarios by varying individual contributions to overall savings. For example, the report specifically addressed some differences between administrative cost estimates in the professional literature and estimates developed by Fletcher Allen Health Care. We explored the consequences of replacing the figures that the report used with the FAHC numbers.

Analyses

Rebasing to revised EA numbers
Subsequent to the release of the Hsiao report, BISHCA released revised Expenditure Analysis figures, including 2008. The effect of these revisions is to reduce baseline spending by slightly less than 6 percent from the report figures for the period 2015 to 2024. For example, in the Hsiao report, 2015 total Vermont health care spending was estimated at $7.11 billion (in current dollars). Use of the revised BISHCA figures reduces that estimate to $6.71 billion.

Note that the chart below is in current dollars. The Hsiao report used 2010 dollars.

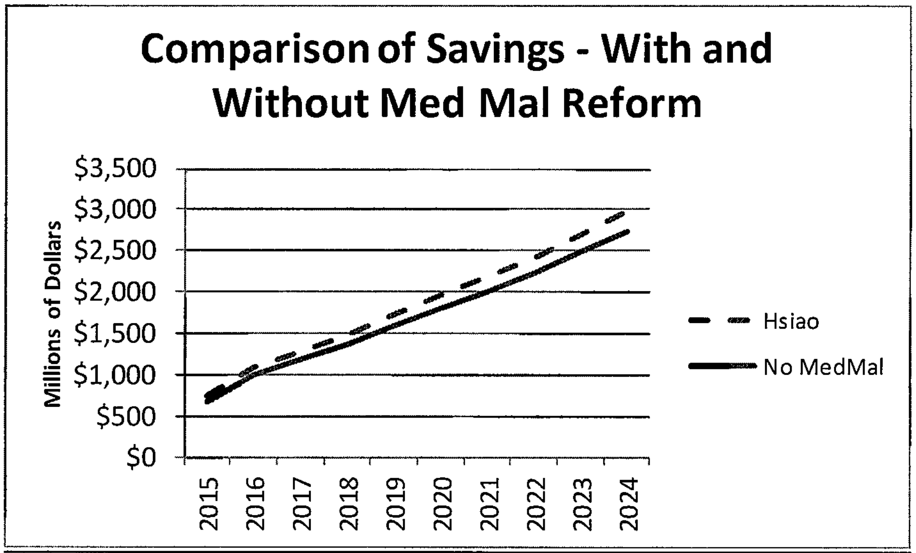


In order to develop the savings figures in the report, savings were estimated as a percent of total health care spending, and those percentages were applied to the baseline. Revising the baseline will reduce all savings figures proportionately. For example, in the Hsiao report, system-wide savings in 2015 were estimated at $786 million. Revising the underlying spending estimate reduces estimated savings to $742 million. In both cases, savings are 11 percent of spending.

Whether the cost of covering the uninsured, improving the benefits for the underinsured, and adding new benefits will also decrease proportionately will require additional study.

Removing any medical malpractice reform savings
In its current form H.202 does not reform medical malpractice. As the table above indicates, the Hsiao report estimated that 2 percent of the ultimate 25.3 percent savings would come from this reform. The chart below compares Professor Hsiao's estimated annual savings (rebased to the new BISHCA figures) with our estimate, removing any savings from medical malpractice reform. Note that these figures are in current dollars, while those in the Hsiao report are in 2010 dollars.

In all subsequent tables, the effect of removing these savings will be included in our estimates.



More Blueprint savings

In the report, savings of 1% of total health care spending were attributed to the activities of the Blueprint for Health. In the 2010 Blueprint Annual Report, savings are evaluated for 2 pilot sites, Burlington and St. Johnsbury. In Burlington, per member per month (PMPM) spending increased very slightly (0.3%) from 2008 to 2009. This is well below the 7.6% statewide growth estimated by BISHCA, meaning that the Blueprint reduced the growth trend by over 7%. Results in St. Johnsbury were even more dramatic. PMPM declined by almost 11.6% from 2008 to 2009, translating into a reduction in trend of about 19%.

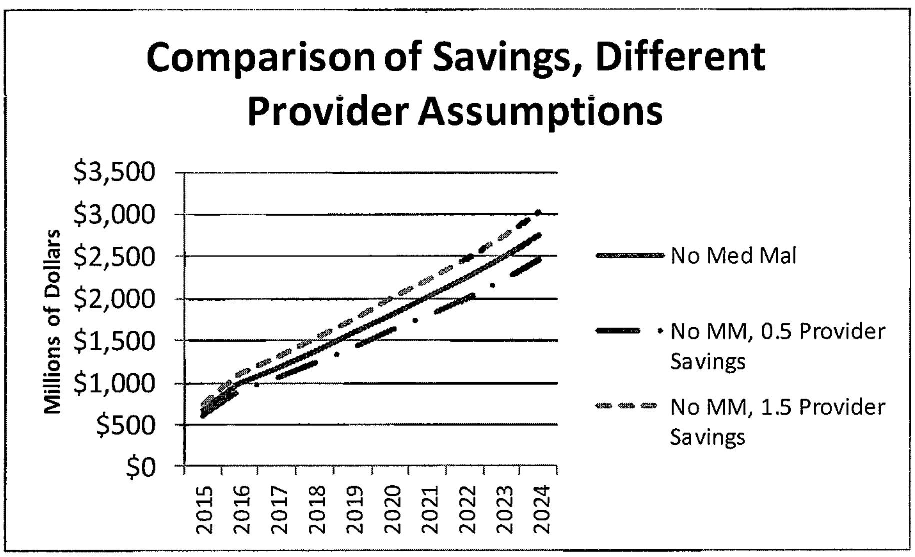
It is difficult to generalize these results to the state as a whole, and even more difficult to project them into the future. However, if Blueprint savings are 3%, rather than 1%, this would offset the loss of savings attributable to elimination of medical malpractice reform.

Different provider savings scenarios

One area of potential savings with high uncertainty is provider administrative savings. There are numerous challenges in creating estimates in this area, including the diversity of provider organizations (from solo practitioners and small community hospitals to Fletcher Allen), the definition and estimation of current administrative costs, the proportion of those costs that would truly be eliminated (as opposed to reallocated to other activities) under different reform scenarios, and how to estimate productivity increases that would result from providers being able to spend more time in clinical activities.

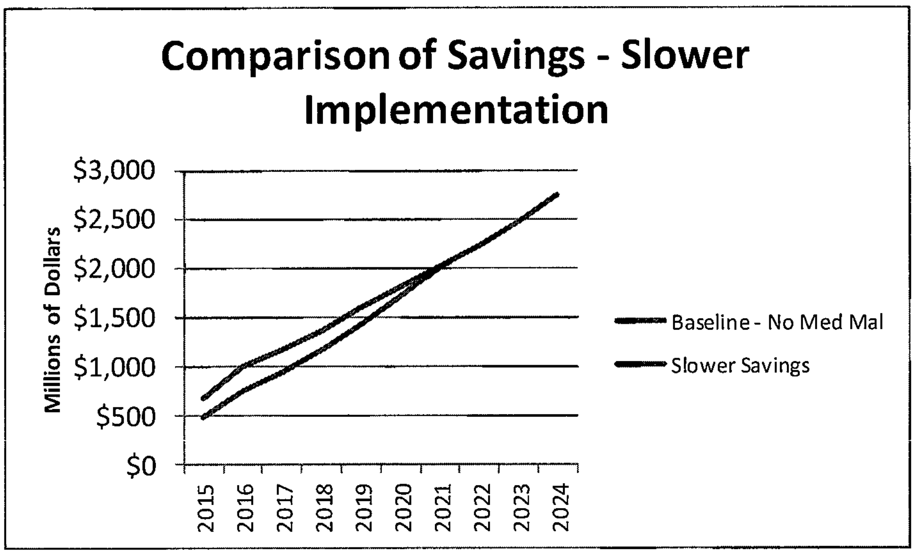
Estimates in the literature have a substantial range. The Hsiao team reports that they have received several comments in this area. Some of those comments suggested that savings from this source have been overstated, while others argued that true savings were higher than the estimates used in the report. In recognition of this uncertainty, the Hsiao report suggested additional Vermont-specific study in this area.

The chart below compares the total savings in the report to two scenarios – provider administrative savings 50% lower than estimated and provider administrative savings 50% higher. The 50% figure was chosen simply as a midpoint between the estimated savings in the Hsiao report and no savings at all. Figures provided by Fletcher Allen suggested savings somewhat lower than one-half, but because we did not have time to review their analyses fully and because of concerns that FAHC is not representative of all providers in Vermont because of its size, organizational structure, and role in medical education, we did not use their estimates for this sensitivity analysis.



Delayed savings
Another area of uncertainty is how quickly the savings would accrue. This is among the hardest parameters to estimate and, at least in the first years of implementation, the one most likely to drive the financial results of reform effort. Challenges include the lack of empirical information (unlike provider administrative savings, there is no literature on the speed with which a wholesale transition in the structure of a health care system can occur) and questions of what a slower change actually means. For example, if initial savings are delayed, should we assume that they will be "caught up" in future years, or that savings will be reduced for the foreseeable future?

The chart below compares baseline savings to what would be saved if ultimate levels were achieved, but progress is slower. This analysis assumes 70% of projected savings in the first year, 75% in the second, and so on, finally achieving the same pattern of savings in the 7th year.

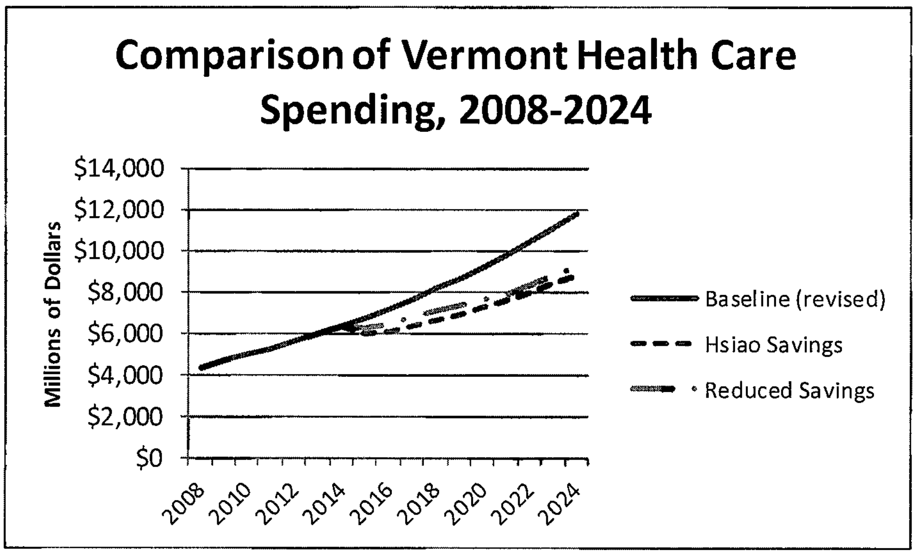


Summary

The table below shows the changes in savings under the different scenarios described above, in millions of dollars.

	Hsiao Original	Hsiao, new Baseline	No Med Mal Savings	No MM, 0.5 Provider	No MM, 1.5 Provider	Delayed Savings
2015	$786	$742	$683	$633	$730	$478
2016	$1,149	$1,086	$999	$926	$1,069	$749
2017	$1,354	$1,278	$1,176	$1,090	$1,259	$941
2018	$1,580	$1,491	$1,372	$1,272	$1,468	$1,166
2019	$1,830	$1,723	$1,585	$1,469	$1,696	$1,426
2020	$2,081	$1,958	$1,802	$1,670	$1,928	$1,712
2021	$2,319	$2,183	$2,008	$1,861	$2,149	$2,008
2022	$2,578	$2,427	$2,233	$2,070	$2,389	$2,233
2023	$2,861	$2,693	$2,477	$2,296	$2,651	$2,477
2024	$3,167	$2,981	$2,743	$2,543	$2,935	$2,743

The graph below compares baseline savings (after adjustment for the new BISHCA data), savings as estimated in the Hsiao report, and savings under the most conservative estimates in this report (no medical malpractice savings, 50% provider administrative savings, and delayed development of savings.



Conclusion

There is uncertainty in any effort to predict the future. That is especially true when the future is the consequence of a policy change as major as health care reform. In preparing this report, we had two goals – first, to update the figures in the Hsiao report to reflect more recent data and the policy decisions in H.202; and second, to identify and evaluate major areas of uncertainty.

Updating figures was a fairly straightforward exercise. In our evaluation of areas of uncertainty, we chose not to offer alternative figures (given the constraints of both time and expertise), but instead, we chose to explore the consequences of error. We did this using a series of "what-if" analyses – what if savings were less than expected? What if savings were more? From the table above, it is apparent that, especially in the early years, the most critical factor is the speed with which reforms produce savings. While provider administrative savings are important, rebasing the estimates to the new BISHCA numbers, eliminating medical malpractice reforms completely, and reducing provider administrative savings by one-half only reduce total system savings by about 20%. The combination of those reductions and the slower implementation modeled above reduce savings to about 60% of those estimated in the report.

One way to evaluate the impact of changes in savings is a comparison to proposed spending. In his report, Professor Hsiao included estimates of funding necessary to cover the uninsured, improve benefits for those with inadequate coverage, expand coverage for all Vermonters to include vision and dental care, and invest in primary care and local hospitals. Over the first four years of reform (2015-2019), those costs were about one-half of his estimated savings. Thus, even if savings are 40 percent lower than originally estimated, they should be sufficient to fund the initiatives that Dr. Hsiao recommended. The state also has flexibility in when it implements some of the initiatives. For example, if the legislature chose to defer or not include dental and vision benefits, (inclusion is recommended in the Hsiao report) savings would be increased.

However, as in any estimation process, there is still substantial uncertainty. As the report recommends, additional work should be done on the provider administrative cost estimates. Additionally, a system needs to be in place to monitor the level of savings actually achieved to guide the implementation of programs to achieve the goals of H.202.

Identification of the costs and opportunities for savings will need to be a continuous activity over the next few years. It is a necessary part of the process to constantly evaluate cost projections, update the projections as key variables materialize, update timelines so that they are congruent with state and federal government policies, and identify and target savings as they are realized.

In order to maximize the probability of successful implementation of reform, Executive and Legislative policy makers will need to:

- Identify savings opportunities.
- Develop mechanisms to capture those savings. This ability will be impacted by a combination of policy choices made, technical decisions, and the capacity to implement these choices.
- Manage the balance between captured savings and new spending once savings are achieved. The system management structure will need to identify how savings can best be reinvested in creating the new structure to add coverage for Vermonters, build reserves, or to cover the uninsured.

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Jeb Spaulding, Secretary

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jeb Spaulding, Secretary of Administration Jeb Spaulding
DATE: April 22, 2011
SUBJECT: Agency of Agriculture's Proposed Fee Structure for On-line Processing of Permits.

Attached is a request for Joint Fiscal Committee and Legislative approval of the Agency of Agriculture's proposed fee structure for on-line processing of permits.

The Agency of Agriculture has worked with the Department of Information and Innovation and the Vermont Information Consortium to develop an on-line permitting system. The current process is an extremely inefficient manual paper and resource intensive process that frequently can take several months to complete.

The new on-line service will be developed in a multiple-phase approach, with Retail Licensing and Weights and measures as the first phase to be rolled out in 2011. Each permit purchased with a credit card would incur a 2% fee for using the credit card processing system. This would only affect credit card users. Other forms of payment including electronic check, when adopted, would not incur the fee. The on-line processing system will benefit Vermonters seeking permits as well as create greater efficiencies in government operations.

The service will be built to be expansible to include all license types handled by the Agency, and each type will require independent needs gathering, system deliverables, and potentially fees, and will be handled on a case-by-case basis.

The Web Portal Board and the Governor have approved this fee.

In accordance with ***22 V.S.A. § 953 (c)(2):*** *The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration.*

Thank you for your consideration.

cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office

VERMONT

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Department of Information & Innovation
133 State Street, 5th Floor
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Agency of Administration

April 15, 2011

The Honorable Governor Peter Shumlin
Pavilion Building
Montpelier, Vermont 05602

Dear Governor Shumlin:

In 2006, the Department of Information and Innovation (DII) entered into a contract with Vermont Information Consortium (VIC), which provides development and hosting services for the Vermont.gov web portal. The web portal includes sites that are primarily informational in nature, and is financed through an assessment of fees on a growing number of sites that process certain types of transactions. An example of a transaction based site that includes fees is the Department of Motor Vehicles vehicle registration site.

When the State web portal was created in statute, a two-step process was put in place for approval of sites that include fees. The Web Portal Board, made up of a number of agency and department officials and two members of the Legislature, meet to consider proposals that are first vetted by DII. If the Web Portal Board approves the fee structure, the next step is for the Joint Fiscal Committee to review and approve or reject the actions of the board. While all fee proposals have been approved, the process takes time that in effect slows down the development of fee generating sites. The fee generating sites are critical to the maintenance of the web portal because they serve as the funding source for all other sites developed and launched through the project.

DII has worked with VIC and the Agency of Agriculture to develop a statement of work to launch an online permitting service, and VIC agreed to make capital investments to launch the site provided a fee structure was put in place that would over time cover the cost of investment for this site, support the Web Portal Project in general, and generate a reasonable return on their investment. The service will allow Vermont businesses to purchase Agency of Agriculture permits electronically over the internet.

The proposed Permitting Service will benefit a large group of stakeholders. Currently permitting is a manual, paper based, process that requires forms to be filled out by hand and sent through the mail. Agency staff must then enter the handwritten information into their systems and mail back the required permit. The new service will streamline workloads and provide accurate information more quickly for all stakeholders in the process.

The Web Portal Board met March 25th, 2011 and approved the proposed fee structure for this system. During the 2010 session the Legislature created a new process for gaining the Joint

Fiscal Committee's approval of fees. Therefore, this letter is submitted in accordance with this new process. The new process is as follows:

(1) All such charges (following approval by the Web Portal Board) shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to those items:

(A) the costs, direct and indirect, for the present and future years related to the charge;
(B) the department or program which will utilize the charge;
(C) a brief statement of purpose;
(D) the impact on existing programs if the charge is not accepted.

For this project these are:

(A) With regard to this new process and the fees associated with the development of the permitting system, we submit the following for your consideration:

Each permit purchased with a credit card would incur a 2% fee for using the credit card processing system. This would only affect credit card users. Other forms of payment including electronic check, when adopted, would not incur this fee.

This fee is collected solely to offset the processing of credit card transactions.

(B) This system is being built for the Agency of Agriculture.

(C) Current Process:
The current process is extremely paper-and resource-intensive. A permit form is requested or otherwise acquired by a business, they then manually fill out the form, add whatever payment is required, and mail the result to the Agency. The Agency then receives the letter, processes the payment, retypes the information on the form into their database, creates the permit and mails it back to the business. This process can take months.

Future Online Process:
The new online service will be developed in a multiple-phase approach, with Retail Licensing and Weights and Measures as the first phase in 2011. The service will be built to be expansible to include all license types handled statutorily by the Agency, and each type will require independent requirements gathering, system deliverables, and potentially fees, and will be handled on a case-by-case basis. ACH Debit as a payment method may be added to this service as well, to allow users to pay from their own bank accounts. We don't expect there would be an additional fee passed on to the end user for ACH use.

With this system the Agency will shift the redundant data entry work to the licensees themselves, who benefit by the quicker, more convenient, secure, service. A process that currently takes weeks, or months, will now be completed in a few minutes as the permits are applied for, paid for, and delivered via this online service. The end goal benefit will be to provide better service to

Agency customers and a significant time savings for internal staff, while simultaneously creating substantial cost savings in postage, time, and resources.

(D) If this service is rejected the Agency will not be able to take advantage of the benefits of the self service model. Rather than relying on users to enter information this function would fall back onto Agency staff taking up time better devoted to more value added activities than data entry. The increased time required to complete payment for these permits would mean that those funds would be delayed in coming to the state. The Agency would also fail to achieve the eGovernment vision that they and the rest of state government have been encouraged to pursue.

Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the Joint Fiscal Office, so they may take the next steps to help us continue to create a modern eGovernment system for the State of Vermont.

Respectfully Submitted,

Ruth A. Sullivan

Ruthann Sullivan
Interim Commissioner and CIO
Information and Innovation

☒ Approved
☐ Rejected

Peter Shumlin, Governor of the State of Vermont

Following Governors approval or rejection, please forward to the Joint Fiscal Committee through the Joint Fiscal Office.

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Jim Reardon, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jim Reardon, Commissioner
DATE: January 10, 2011
RE: Fiscal Year 2011 Appropriation Reductions Due to Benefit Plan Premium Adjustments

---

In accordance with Sec. ~~47~~ 48 of the Administration's draft FY 2011 Budget Adjustment bill, please find attached the schedule, entitled "FY 2011 Appropriation Reductions Due To Benefit Plan Premium Adjustments", dated 1/10/11, to reflect adjustments to budgets due to benefit plan premium adjustments, reducing personal services appropriations $1,254,880 general fund.

Did not pass in this section.
Act 3 of 2011
(H.65)

FY 2011 APPROPRIATION REDUCTIONS DUE TO BENEFIT PLAN PREMIUM ADJUSTMENTS

Approp Dept ID Descr	FY 2011 - GF - by appropriation
Secretary of Administration	(2,539)
Sec Admin	
Comm & Info Technology	
DII	
Budget & Management	(2,006)
Finance & Mgmnt - FinOps	
Finance & Management	
PERSONNEL OPERATIONS	(17,632)
Employee Benefits & Wellness	
Human Resources	
Department of Libraries	(5,889)
Libraries	
Administration/Collection	(55,995)
Taxes	
BGS-Administrative Services	
BGS-Engineering	
BGS-Information Centers	(9,675)
BGS-Purchasing	(3,337)
BGS-Postal Services	
BGS-Copy Center	
BGS-Fleet Management	
BGS-Federal Surplus Property	
BGS-State Surplus Property	
BGS-Property Management	
BGS-Insurance-Liability	
BGS-Insurance-Workers' Comp	
BGS-Risk-W/C-Demand Driven	
BGS-Fee For Space	
BGS	
Governor's Office	(2,760)
Executive Office	
Legislative Council	(11,307)
Leg Council	
Legislature	(5,487)
Lefislature	
Legislative Info Technology	(2,684)
Legislative Info Technology	
Joint Fiscal Committee/Office	(5,561)
Joint Fiscal Committee/Office	
Sergeant at Arms	(2,226)
Sergeant at Arms	
Lieutenant Governor's Office	(609)
Lieutenant Governor's Office	
Auditor of Accounts	(891)
Auditor of Accounts	
Office of the Treasurer	(4,111)
Unclaimed Property	
State Treasurer	
State Labor Relations Board	
Labor Relations Bd	
Attorney General's Office	(15,235)
Attny General	
Public Defense	(25,139)
Assigned Counsel	(664)
Defender General	
Judiciary Appropriation	(108,624)
Judiciary	
State's Attorneys	(40,042)
State's Attnys	
Sheriffs	(18,514)
Sheriffs	
DPS-State Police	(157,961)
DPS-Criminal Justice Services	(14,873)
DPS-Emergency Management	
DPS-Fire Safety	(1,901)
DPS-Administration	(7,076)

FY 2011 APPROPRIATION REDUCTIONS DUE TO BENEFIT PLAN PREMIUM ADJUSTMENTS

Approp Dept ID Descr	FY 2011 - GF - by appropriation
DPS-Homeland Security	(1,666)
DPS-Radiological Emer Resp Pro	
Public Safety	
ADMINISTRATION/TAG	(2,085)
AIR ADMINISTRATION	(844)
Army - 100%	(174)
BUILDING MAINTENANCE	(6,756)
VETERANS AFFAIRS OFFICE	(1,716)
Military	
Criminal Justice Trng Council	(1,755)
Crim Justice Trng Council	
Administration Division	(1,915)
Food Safety/Consumer Assurance	(8,470)
Ag Development Division	(748)
Plant Industry, Labs & CA Div	(4,393)
Agriculture	
Banking Division	
Insurance Division	
Captive Insurance Division	
Securities Division	
Health Care Admin. Division	
Administration	
BISHCA	
Secretary of State	(7,088)
Sec of State	
Regulation & Energy Efficiency	
Public Service Dept	
Public Service Board	
Public Service Bd	
Enhanced 911 Board	
E 9-1-1 Bd	
Human Rights Commission	(1,597)
Human Rights Commission	
DLC - Enforcement & Licensing	
DLC - Administration	
Warehousing & Distribution	
Liquor Control	
Vermont Lottery Commission	
Lottery	
Mental Health	(92)
Vermont State Hospital	(64,244)
Mental Health	
VERMONT VETERANS' HOME	
Vt Vets' Home	
Governor's Commission on Women	
Gov Comm on Women	
Secretary's Office Admin Costs	(9,436)
Rate Setting	
Develop Disabilities Council	
Human Services Board	(228)
AHS Secretary's Office	
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DCFS - Woodside Rehab Center	(12,841)
DCFS - DDS	
Dept for Children & Families	

keep:FY 2011 BAA Benefit Plan Appropriation Reductions	1/10/11

FY 2011 APPROPRIATION REDUCTIONS DUE TO BENEFIT PLAN PREMIUM ADJUSTMENTS

Approp Dept ID Descr	FY 2011 - GF - by appropriation
Administration & Support	(22,511)
Advocacy & Indep Living Grants	
Disabilities, Aging & Indep Living	
Corrections - Administration	(8,113)
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Dept Tourism	
Finance & Administration Div	
Aviation	
Transportation Board	
Program Development	
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Department of Motor Vehicles	
Plan, Outreach & Comm Affairs	
Rail	
Public Transit	
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AOT	
Totals	(1,254,880)

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Jim Reardon, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jim Reardon, Commissioner
DATE: January 10, 2011
RE: Fiscal Year 2011 Appropriation Reductions Due to Benefit Plan Premium Adjustments

---

48 Act 3 of 2011

In accordance with Sec. ~~47~~ of the ~~Administration's draft~~ FY 2011 Budget Adjustment bill, please find attached the schedule, entitled "FY 2011 Appropriation Reductions Due To Benefit Plan Premium Adjustments", dated 1/10/11, to reflect adjustments to budgets due to benefit plan premium adjustments, reducing personal services appropriations $1,254,880 general fund.

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RE: Fiscal Year 2011 Appropriation Reductions Due to Benefit Plan Premium Adjustments

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In accordance with Sec. ~~47~~ 48 of the ~~Administration's draft~~ Act 3 of 2011 FY 2011 Budget Adjustment bill, please find attached the schedule, entitled "FY 2011 Appropriation Reductions Due To Benefit Plan Premium Adjustments", dated 1/10/11, to reflect adjustments to budgets due to benefit plan premium adjustments, reducing personal services appropriations $1,254,880 general fund.

FY 2011 APPROPRIATION REDUCTIONS DUE TO BENEFIT PLAN PREMIUM ADJUSTMENTS

Approp Dept ID Descr	FY 2011 - GF - by appropriation
Secretary of Administration	(2,539)
Sec Admin	
Comm & Info Technology	
DII	
Budget & Management	(2,006)
Finance & Mgmnt - FinOps	
Finance & Management	
PERSONNEL OPERATIONS	(17,632)
Employee Benefits & Wellness	
Human Resources	
Department of Libraries	(5,889)
Libraries	
Administration/Collection	(55,995)
Taxes	
BGS-Administrative Services	
BGS-Engineering	
BGS-Information Centers	(9,675)
BGS-Purchasing	(3,337)
BGS-Postal Services	
BGS-Copy Center	
BGS-Fleet Management	
BGS-Federal Surplus Property	
BGS-State Surplus Property	
BGS-Property Management	
BGS-Insurance-Liability	
BGS-Insurance-Workers' Comp	
BGS-Risk-W/C-Demand Driven	
BGS-Fee For Space	
BGS	
Governor's Office	(2,760)
Executive Office	
Legislative Council	(11,307)
Leg Council	
Legislature	(5,487)
Lefislature	
Legislative Info Technology	(2,684)
Legislative Info Technology	
Joint Fiscal Committee/Office	(5,561)
Joint Fiscal Committee/Office	
Sergeant at Arms	(2,226)
Sergeant at Arms	
Lieutenant Governor's Office	(609)
Lieutenant Governor's Office	
Auditor of Accounts	(891)
Auditor of Accounts	
Office of the Treasurer	(4,111)
Unclaimed Property	
State Treasurer	
State Labor Relations Board	
Labor Relations Bd	
Attorney General's Office	(15,235)
Attny General	
Public Defense	(25,139)
Assigned Counsel	(664)
Defender General	
Judiciary Appropriation	(108,624)
Judiciary	
State's Attorneys	(40,042)
State's Attnys	
Sheriffs	(18,514)
Sheriffs	
DPS-State Police	(157,961)
DPS-Criminal Justice Services	(14,873)
DPS-Emergency Management	
DPS-Fire Safety	(1,901)
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DPS-Radiological Emer Resp Pro	
Public Safety	
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AIR ADMINISTRATION	(844)
Army - 100%	(174)
BUILDING MAINTENANCE	(6,756)
VETERANS AFFAIRS OFFICE	(1,716)
Military	
Criminal Justice Trng Council	(1,755)
Crim Justice Trng Council	
Administration Division	(1,915)
Food Safety/Consumer Assurance	(8,470)
Ag Development Division	(748)
Plant Industry, Labs & CA Div	(4,393)
Agriculture	
Banking Division	
Insurance Division	
Captive Insurance Division	
Securities Division	
Health Care Admin. Division	
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Secretary of State	(7,088)
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Regulation & Energy Efficiency	
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Human Rights Commission	(1,597)
Human Rights Commission	
DLC - Enforcement & Licensing	
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Warehousing & Distribution	
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Vermont State Hospital	(64,244)
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keep:FY 2011 BAA Benefit Plan Appropriation Reductions	1/10/11

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Disabilities, Aging & Indep Living	
Corrections - Administration	(8,113)
Corrections - Parole Board	(1,093)
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Jim Reardon, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jim Reardon, Commissioner
DATE: January 10, 2011
RE: Fiscal Year 2011 Appropriation Reductions Due to Benefit Plan Premium Adjustments

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48 Act 3 of 2011

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Jim Reardon, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jim Reardon, Commissioner
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VDOL Program	(7,793)
Labor	
Administration	(10,770)
Education Services	(8,829)
Tobacco Litigation	
Act 117 Cost Containment	
Dept Education	
"Admin., Management & Planning	(10,685)
ANR Administration	
FW Support & Field Services	
Fish & Wildlife	
Administration	(2,278)
Forestry	(13,981)
Parks	(1,097)
Lands Administration	(1,713)
Forests, Parks & Recreation	
Environmental Assistance Div	(1,923)
Air & Waste Management Approp	(2,489)
Water Programs Appropriaion	(22,525)
Clean & Clear Program	
Clean & Clear Program	
Environmental Conservation	
Natural Resources Board	(3,729)
Nat Res Bd	
Administration Division	(8,853)
ACCD Administration	
Housing & Community Affairs	(10,544)
Community Develop. Block Grant	
Downtown Transp. & Capital Imp	
Dept Econ, Housing & Community Dev	
Dept. of Tourism & Marketing	(3,565)
Vermont Life Appropriation	
Dept Tourism	
Finance & Administration Div	
Aviation	
Transportation Board	
Program Development	
Maintenance	
Department of Motor Vehicles	
Plan, Outreach & Comm Affairs	
Rail	
Public Transit	
Central Garage	
AOT	
Totals	(1,254,880)

VERMONT

State of Vermont
Agency of Administration
Department of Finance & Management
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.finance.vermont.gov

[phone] 802-828-2376
[fax] 802-828-2428

Jim Reardon, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jim Reardon, Commissioner
DATE: January 10, 2011
RE: Fiscal Year 2011 Appropriation Reductions Due to Benefit Plan Premium Adjustments

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In accordance with Sec. ~~47~~ 48 of the ~~Administration's draft~~ Act 3 of 2011 FY 2011 Budget Adjustment bill, please find attached the schedule, entitled "FY 2011 Appropriation Reductions Due To Benefit Plan Premium Adjustments", dated 1/10/11, to reflect adjustments to budgets due to benefit plan premium adjustments, reducing personal services appropriations $1,254,880 general fund.

FY 2011 APPROPRIATION REDUCTIONS DUE TO BENEFIT PLAN PREMIUM ADJUSTMENTS

Approp Dept ID Descr	FY 2011 - GF - by appropriation
Secretary of Administration	(2,539)
Sec Admin	
Comm & Info Technology	
DII	
Budget & Management	(2,006)
Finance & Mgmnt - FinOps	
Finance & Management	
PERSONNEL OPERATIONS	(17,632)
Employee Benefits & Wellness	
Human Resources	
Department of Libraries	(5,889)
Libraries	
Administration/Collection	(55,995)
Taxes	
BGS-Administrative Services	
BGS-Engineering	
BGS-Information Centers	(9,675)
BGS-Purchasing	(3,337)
BGS-Postal Services	
BGS-Copy Center	
BGS-Fleet Management	
BGS-Federal Surplus Property	
BGS-State Surplus Property	
BGS-Property Management	
BGS-Insurance-Liability	
BGS-Insurance-Workers' Comp	
BGS-Risk-W/C-Demand Driven	
BGS-Fee For Space	
BGS	
Governor's Office	(2,760)
Executive Office	
Legislative Council	(11,307)
Leg Council	
Legislature	(5,487)
Lefislature	
Legislative Info Technology	(2,684)
Legislative Info Technology	
Joint Fiscal Committee/Office	(5,561)
Joint Fiscal Committee/Office	
Sergeant at Arms	(2,226)
Sergeant at Arms	
Lieutenant Governor's Office	(609)
Lieutenant Governor's Office	
Auditor of Accounts	(891)
Auditor of Accounts	
Office of the Treasurer	(4,111)
Unclaimed Property	
State Treasurer	
State Labor Relations Board	
Labor Relations Bd	
Attorney General's Office	(15,235)
Attny General	
Public Defense	(25,139)
Assigned Counsel	(664)
Defender General	
Judiciary Appropriation	(108,624)
Judiciary	
State's Attorneys	(40,042)
State's Attnys	
Sheriffs	(18,514)
Sheriffs	
DPS-State Police	(157,961)
DPS-Criminal Justice Services	(14,873)
DPS-Emergency Management	
DPS-Fire Safety	(1,901)
DPS-Administration	(7,076)

FY 2011 APPROPRIATION REDUCTIONS DUE TO BENEFIT PLAN PREMIUM ADJUSTMENTS

Approp Dept ID Descr	FY 2011 - GF - by appropriation
DPS-Homeland Security	(1,666)
DPS-Radiological Emer Resp Pro	
Public Safety	
ADMINISTRATION/TAG	(2,085)
AIR ADMINISTRATION	(844)
Army - 100%	(174)
BUILDING MAINTENANCE	(6,756)
VETERANS AFFAIRS OFFICE	(1,716)
Military	
Criminal Justice Trng Council	(1,755)
Crim Justice Trng Council	
Administration Division	(1,915)
Food Safety/Consumer Assurance	(8,470)
Ag Development Division	(748)
Plant Industry, Labs & CA Div	(4,393)
Agriculture	
Banking Division	
Insurance Division	
Captive Insurance Division	
Securities Division	
Health Care Admin. Division	
Administration	
BISHCA	
Secretary of State	(7,088)
Sec of State	
Regulation & Energy Efficiency	
Public Service Dept	
Public Service Board	
Public Service Bd	
Enhanced 911 Board	
E 9-1-1 Bd	
Human Rights Commission	(1,597)
Human Rights Commission	
DLC - Enforcement & Licensing	
DLC - Administration	
Warehousing & Distribution	
Liquor Control	
Vermont Lottery Commission	
Lottery	
Mental Health	(92)
Vermont State Hospital	(64,244)
Mental Health	
VERMONT VETERANS' HOME	
Vt Vets' Home	
Governor's Commission on Women	
Gov Comm on Women	
Secretary's Office Admin Costs	(9,436)
Rate Setting	
Develop Disabilities Council	
Human Services Board	(228)
AHS Secretary's Office	
DVHA	(347)
Dept Vt Health Access	
Administration	(2,989)
Public Health Appropriation	(20,712)
Alcohol & Drug Abuse	(5,326)
Dept Health	
DCFS Admin & Support Services	(53,854)
DCFS - Social Services	(32,512)
DCFS - Child Development	(6,528)
DCFS - Child Support Services	(9,444)
DCFS - OEO Ofc of Economic Opp	(221)
DCFS - OEO Weatherization	
DCFS - Woodside Rehab Center	(12,841)
DCFS - DDS	
Dept for Children & Families	

keep:FY 2011 BAA Benefit Plan Appropriation Reductions 1/10/11

FY 2011 APPROPRIATION REDUCTIONS DUE TO BENEFIT PLAN PREMIUM ADJUSTMENTS

Approp Dept ID Descr	FY 2011 - GF - by appropriation
Administration & Support	(22,511)
Advocacy & Indep Living Grants	
Disabilities, Aging & Indep Living	
Corrections - Administration	(8,113)
Corrections - Parole Board	(1,093)
Corrections - Education	
Correc-Correctional Services	(331,667)
Correctional Fac - Rec Fund	
Admin - VT Offender Work Prog	
Corrections	
VDOL Program	(7,793)
Labor	
Administration	(10,770)
Education Services	(8,829)
Tobacco Litigation	
Act 117 Cost Containment	
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Transportation Board	
Program Development	
Maintenance	
Department of Motor Vehicles	
Plan, Outreach & Comm Affairs	
Rail	
Public Transit	
Central Garage	
AOT	
Totals	(1,254,880)

July 30, 2012

STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE
ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

To: The Legislative Joint Fiscal Committee
Sen. Ann Cummings, Chair
Rep. Martha Heath, Vice-Chair
Rep. Carolyn Branagan, Clerk
Rep. Janet Ancel
Sen. Diane Snelling
Sen. John Campbell
Rep. Mitzi Johnson
Sen. Jane Kitchel
Rep. David Sharpe
Sen. Richard Sears

Enclosed is the Quarterly Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [*30 V. S. A. § 20 (b)(9)*] covering the period from July 1, 2011 through September 30, 2011.

Respectfully Submitted,
Vermont Department of Public Service

Elizabeth Miller
Commissioner

Enclosure

Public Service Department Expenditures
Related to Proceedings
At the
Federal Energy Regulatory Commission
For the period
July 1, 2011 through September 30, 2011

General Description of Activity

The Department takes action at FERC to protect the interest of Vermont ratepayers in many different proceedings. We have FERC counsel on contract to monitor general FERC actions and proceedings and to also represent Vermont's interests in particular proceedings. For example, the Department has been active at FERC in ensuring fairness in cost allocations for utility projects and in ensuring Vermont's interests are represented in New England transmission projects. The issues vary from quarter to quarter but it is crucial to Vermont consumers that the Public Service Department intervenes at FERC when necessary to ensure that the costs flowing back to Vermont ratepayers as a result of FERC activity and proceedings are true, accurate, just and reasonable. The expenditures reported below are consistent with prior periods and are in line with expectations.

Expenditures

For FERC related activity affecting Vermont[1]	$ 22,503.00
Indirect Expenditures[2]	$ 2,061.26
Total Expenditures[3] for the Quarter	$ 24,568.26

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[1]In accordance with Title 30, § 20 (b) (9) the department of public service provides the following quarterly report for expenditures related to FERC proceedings affecting the State of Vermont Utilities for the period July 1, 2011 through September 30, 2011.

§20. Particular proceedings; personnel

(b) Proceedings, including appeals there from, for which additional personnel may be retained are:

(9) Proceedings in the Federal Energy Regulatory Commission which involve Vermont utilities or which may affect the interests of the state of Vermont. Costs under this subdivision shall be charged to the involved electric or natural gas companies pursuant to section 21(a) of this title. In cases where the proceeding is generic in nature the costs shall be allocated to electric or natural gas companies in proportion to the benefits sought for the customers of such companies from such advocacy. The public service board and the department of public service shall report quarterly to the joint fiscal committee all costs incurred and expenditures charged under the authority of this subsection, and the purpose for which such costs were incurred and expenditures made;

[2]Indirect expenditures include sub-contractors, telephone, postage and copying expense.
[3] Expenditures include amounts actually paid for the quarter.