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SEN. RICHARD SEARS
REP. DAVID SHARPE

STATE OF VERMONT
GENERAL ASSEMBLY
JOINT FISCAL COMMITTEE

Agenda

Wednesday, September 11, 2013

Room 11, State House

9:30 a.m. Call to order and approve minutes of July 23, 2013 and August 8, 2013. **[Approved]**

9:35 a.m. A. Fiscal Officer's Report – Stephen Klein, Chief Fiscal Officer [*doc*]
CD 001; Track 1

9:50 a.m. B. Update on Statutory Purposes for Tax Expenditures [Sec. 5 of Act 73 of 2013] [*doc*]
Sara Teachout, Senior Fiscal Analyst, Joint Fiscal Office

10:05 a.m. C. Bill Back Report on Regulated Entities [Sec. 37c(b) of Act 79 of 2013] [*doc*]
Georgia Maheras, Executive Director, Green Mountain Care Board
David Martini, Health Policy Director, Department of Financial Regulation

10:20 a.m. D. Gant Approval Request - JFO #2640 – Establishment of four (4) limited service positions to manage the appeals process under Vermont's health care exchange. **[Approved]**
Jim Giffin, Chief Fiscal Officer, Agency of Human Services

10:50 a.m. E. Developmental Disability Services: [Sec. E.333(a)(2) and (b)(4) of Act 50 of 2013] [*doc*]
1. Methodology
Stephanie Barrett, Joint Fiscal Office, Emily Byrne, Department of Finance & Man.
CD: 002; Track 1
2. Work Group Report [*2 docs*]
Commissioner Wehry

11:15 a.m. F. FY 2014 Accelerated Choices for Care Reinvestment [Sec. E.308.1(a) of Act 50 of 2013] [*doc*]
Susan Wehry, Commissioner, Dept. of Disab., Aging & Independent Living **[Approved]**

11:30 a.m. G. Grant Approvals Requested: [32 VSA § 5(a)] [*2 docs*]
CD: 002; Track 2
Dept. of Health Grants - Barbara Cimaglio, Deputy Commissioner, Department of Health
1. JFO #2639 – grant from the U.S. Department of Health and Human Services to the Vermont Department of Health. These funds will be used to strengthen and enhance adolescent and transitional-aged youth treatment services. This request includes establishment of one (1) limited service position. **[Approved]**
CD: 003; Track 1
2. JFO #2638 – grant from the U.S. Department of Health and Human Services to the Vermont Department of Health. These funds will be used to increase identification, early intervention and treatment for young adults at risk for substance abuse. This request includes establishment of one (1) limited service position. **[Approved]**

12:00 p.m. Break

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12:45 p.m. CD: 003; Track 2	H.	Auditor Recommendation on Special Education Performance Audit [Sec. E.130(b) of Act 50 of 2013] [*doc*] Doug Hoffer, Vermont State Auditor Susan Mesner, Deputy State Auditor
1:15 p.m. CD: 003; Track 2	I.	VT Campaign Finance System Development Expenditures Report [Sec. C.100.1(b) of Act 50 of 2013] [*doc*] Jim Condos, Secretary of State Steve Mattera, Information Technology Supervisor, Secretary of State's Office
1:35 p.m. CD: 003; Track 2 CD: 004; Track 1	J.	Administration's Updates 1. Mental Health System Update - Paul Dupre, Commissioner, and Frank Reed, Deputy Commissioner, Department of Mental Health [*doc*]
1:55 p.m.		2. LIHEAP Update [*doc*] Richard Moffi, Fuel Assistance Program Chief, Dept. for Children & Families
2:05 p.m.	K.	Interim Budget and Appropriation Adjustment Plan [32 VSA §704(b)(1) and (c)] [*doc*] Brian Searles, Secretary, and Lenny LeBlanc, Director of Finance and Administration, Agency of Transportation **[Approved]**
2:15 p.m.	L.	Transportation Grants: - Secretary Searles 1. JFO #2637 - Federal Emergency Management Agency (FEMA) to the Vermont Agency of Transportation for 2013 Flooding **[Approved]**
2:25 p.m.		2. JFO #2641 – Grant for Western Corridor Rail Rehabilitation **[Approved]**
2:35 p.m.	M.	Administration's Fiscal Updates [*doc*] Jim Reardon, Commissioner, Department of Finance & Management 1. Funds Status Closeout Report for FY2013 (A) Education; (B) Transportation; (C) General 2. General Fund and Transportation Fund Balance Reserves [32 V.S.A. § 308c(d)] 3. Report on FY2014 Budget Adjustment Pressures 4. Report on FY 2015 Budget Development System & Process
2:55 p.m.		Adjourn the Joint Fiscal Committee Meeting and Convene Special Meeting
3:00 p.m.	N.	Joint Meeting with the Chairs of the House Committee on Institutions and Corrections, and Senate Committee on Institutions 1. Accounting Standards for Engineering Costs – FY 2015 Capital Budget [Sec. 39(b) of Act 51 of 2013] [*doc*] Commissioner Reardon
3:15 p.m. CD: 004; Track 2; CD: 005; Tack 1		2. Waterbury Complex Update [*doc*] Michael Obuchowski, Commissioner, and Michael Stevens, Special Project Administrator, Department of Buildings & General Services
3:30 p.m.		3. FEMA Update - Michael Clasen, Deputy Secretary, Agency of Administration [*doc*]
3:30 p.m.		Adjourn [Next JFC Meeting: Thursday, November 21, 2013]

Other Reports:

I. Joint annual report on Vermont Economic Growth Incentives (VEGI) [32 V.S.A. § 5930b(e) as amended by Act 143, Sec. 19 of 2012] [Department of Taxes and VT Economic Progress Council] [posted – see memo]

II. Health IT Fund Annual Report [32 V.S.A. § 10301(g)] [Department of Vermont Health Access] [*doc*]

III. Global Commitment Fund Estimated Fiscal Yearend Report of Managed Care Investments. [33 V.S.A. § 1901e(c)] [Agency of Human Services] [*doc*]

IV. Global Commitment Appropriations; Transfer; Yearend Report [Sec. 58(a) of Act 1 of 2013] [Agency of Human Services] [*doc*]

V. Tobacco Prevention, Cessation and Control Program budget recommendations from VT Tobacco, Evaluation & Review Board [18 V.S.A. § 9505 (9)] [Agency of Human Services] [memo enclosed – report deferment request for two fiscal years]

VI. Irene Recovery - Status of FEMA Funding [Act 50, Sec. E.100.1(a) of 2013] [*doc*]

Legislative Joint Fiscal Committee

Statutory Language for September 11, 2013 Meeting

B. Statutory Purposes for Tax Expenditures [Sec. 5 of Act 73 of 2013]
Sec. 5. TAX EXPENDITURE PURPOSES
The Joint Fiscal Committee shall draft a statutory purpose for each tax expenditure in the report required by 32 V.S.A. § 312 that explains the policy goal behind the exemption, exclusion, deduction, or credit applicable to the tax. For the purpose of this report, the Committee shall have the assistance of the Department of Taxes, the Joint Fiscal Office, and the Office of Legislative Council. The Committee shall report its findings and recommendations to the Senate Committee on Finance and the House Committee on Ways and Means by January 15, 2014. The report of the Committee shall consist of a written catalogue for Vermont's tax expenditures and draft legislation, in bill form, providing a statutory purpose for each tax expenditure. Upon receipt of the report under this section, the Senate Committee on Finance shall introduce a bill to adopt statutory purposes during the 2014 legislative session.

C. Bill Back Report on Regulated Entities [Sec. 37c(b) of Act 79 of 2013]
Sec. 37c. BILL-BACK REPORT
(a) Annually on or before September 15, the Green Mountain Care Board and the Department of Financial Regulation shall report to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the House and Senate Committees on Appropriations the total amount of all expenses eligible for allocation pursuant to 18 V.S.A. §§ 9374(h) and 9415 during the preceding state fiscal year and the total amount actually billed back to the regulated entities during the same period.
(b) The Board and the Department shall also present the information required by subsection (a) of this section to the Joint Fiscal Committee annually at its September meeting

D. FY 2014 Accelerated Choices for Care Reinvestment [Sec. 308.1(a) of Act 50 of 2013]
(a) In fiscal year 2014, as a result of federal action or emergency system funding needs, the Commissioner may present proposals for reinvestment of choices for care savings to the Joint Fiscal Committee at its September 2013 meeting. Upon approval of the Joint Fiscal Committee, such reinvestments shall be authorized, notwithstanding Sec. E.308 of this act.

E. Developmental Disability Services Methodology and Work Group Report [Sec. E.333(a)(2) and (b)(4) of Act 50 of 2013]
(a) The Department of Disabilities, Aging, and Independent Living, the Agency of Human Services, the Department of Finance and Management, and the Joint Fiscal Office shall:
(1) After review of preliminary fiscal year 2013 close out of the developmental services appropriation unit, present an estimate to the Joint Fiscal Committee at its July 2013 meeting regarding the amount, if any, of the fiscal year 2014 Developmental Services program budget that needs to be addressed through administrative or operational changes in order to manage the service needs within the appropriated funds;
(2) Review the methodology for forecasting both the caseload and utilization for developmental disabilities programs and shall report any recommendations for changing this methodology to the Joint Fiscal Committee at its September 2013 meeting;

(3) Recommend a consensus estimate for the fiscal year 2015 developmental services caseload, utilization, and budget to the Emergency Board at its January 2014 meeting.
(b) In anticipation that there will be some fiscal year 2014 amount of administrative or operational changes needed to manage the service needs within the appropriated funds, the Secretary of Human Services, or designee shall convene a Work Group to:
(1) assess whether the methods of developmental service case planning and oversight should be revised;
(2) assess whether alternate practices could be identified, resulting in more cost-effective use of the resources available for developmental services;
(3) determine what changes could be reasonably implemented in fiscal year 2014 to manage the service needs within the appropriated funds and identify the fiscal year 2014 amount, if any, of budgetary management that will be accomplished through existing System of Care Plan rescission processes based upon the estimate provided in subdivision (a)(1) of this section;
(4) report to the Joint Fiscal Committee at its September 2013 meeting on subdivisions (b)(1)–(3) of this section;

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F. and K. Grant Approvals: [32 V.S.A. Sec. 5(a)]
Acceptance of grants and procedures.
(a) No original of any grant, gift, loan, or any sum of money or thing of value may be accepted by any agency, department, commission, board, or other part of state government except as follows: (1) All such items must 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 said items:
***(2) The governor's approval shall be final unless within 30 days of receipt of such information a member of the joint fiscal committee requests such grant 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 grant shall not be accepted until approved by the joint fiscal committee or the legislature. The 30-day period may be reduced where expedited consideration is warranted in accordance with adopted joint fiscal committee policies. During the legislative session the joint fiscal committee shall file a notice with the house and senate clerks for publication in the respective calendars of any grant approval requests that are submitted by the administration.

G. Auditor Recommendation on Special Education Performance Audit
[Sec. E.130(b) of Act 50 of 2013]
(a) The State Auditor shall review the feasibility of conducting a performance audit of special education in Vermont. The Office of the State Auditor shall consider whether a performance audit could:
(1) identify differences and causes thereof in special education services provided among Vermont school districts and other jurisdictions;
(2) identify opportunities to improve special education planning, budgeting, and financial controls;
(3) evaluate educational outcomes for special education students;
(4) provide strategies for delivery of cost-effective special education services without compromising service quality.

(b) The State Auditor shall report to the Joint Fiscal Committee at its September 2013 meeting on the items identified in subsection (a) of this section and define a scope and plan that could be used to guide the performance audit process if one is determined to be feasible.

H. Vermont Campaign Finance System Development Expenditures Report [Sec. C.100.1(b) of Act 50 of 2013]
(a) The amount of $30,000 in civil penalties received by the Attorney General from the Republican Governors' Association and $10,000 in other receipts from the parties pursuant to a settlement with the Attorney General during 2013 shall be deposited into the Vermont Campaign Fund.
(b) The Secretary of State is authorized to expend up to $50,000 from the Vermont Campaign Fund during fiscal year 2013 for development costs for campaign finance system development expenditures. The Secretary of State shall report to the Joint Fiscal Committee at its September 2013 meeting on the use of these funds.

J. Interim Budget and Appropriation Adjustment Plan [32 VSA § 704(b)(1) and (c)]
§ 704. Interim budget and appropriation adjustments
(a) The general assembly recognizes that acts of appropriations and their sources of funding reflect the priorities for expenditures of public funds enacted by the legislature, and that major reductions or adjustments, when required by reduced state revenues or other reasons, ought to be made whenever possible by an act of the legislature reflecting its revisions of those priorities. Nevertheless, if the general assembly is not in session, authorized appropriations and their sources of funding may be adjusted and funds may be transferred pursuant to the provisions of this section.
(b)(1) If the official state revenue estimates of the emergency board for the general fund, the transportation fund, or federal funds, determined under section 305a of this title have been reduced by one percent or more from the estimates determined and assumed for purposes of the general appropriations act or budget adjustment act, and if the general assembly is not in session, in order to adjust appropriations and their sources of funding under this subdivision the secretary shall prepare a plan for approval by the joint fiscal committee, and authorized appropriations and their sources of funding may be adjusted and funds transferred pursuant to a plan approved under this section.

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(c) A plan prepared by the secretary shall indicate the amounts to be adjusted in each appropriation, and in personal services, operating expenses, grants, and other categories, shall indicate the effect of each adjustment in appropriations and their sources of funding, and each fund transfer, on the primary purposes of the program, and shall indicate how it is designed to minimize any negative effects on the delivery of services to the public, and any unduly disproportionate effect the plan may have on any single function, program, service, benefit, or county.

K.2. Rail Grant [19 VSA §10g] ANNUAL REPORT; TRANSPORTATION PROGRAM; ADVANCEMENTS, CANCELLATIONS, AND DELAYS
(i) For the purpose of enabling the state, without delay, to take advantage of economic development proposals that increase jobs for Vermonters, a transportation project certified by the governor as essential to the economic infrastructure of the state economy, or a local economy, may be approved for construction by a committee comprised of the joint fiscal committee meeting with the chairs of the transportation committees or their designees without explicit project authorization through an enacted transportation program, in the event that such authorization is otherwise required by law.

L. 2. General Fund and Transportation Fund Balance Reserves [32 VSA § 308c(d)]
§ 308c. General fund and transportation fund balance reserves
(a) There is hereby created within the general fund a general fund balance reserve, also known as the "rainy day reserve." After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year general fund surplus shall be reserved in the general fund balance reserve. The general fund balance reserve shall not exceed five percent of the appropriations from the general fund for the prior fiscal year without legislative authorization. Monies from this reserve shall be available for appropriation by the general assembly.

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(d) Determination of the amounts of the general fund and transportation fund balance reserves shall be made by the commissioner of finance and management and reported, along with the amounts appropriated pursuant to subsection (a) of this section, to the legislative joint fiscal committee at its first meeting following September 1 of each year.

M. 1. Accounting Standards for Engineering Costs – FY 2015 Capital Budget [Sec. 39(b) of Act 51 of 2013]
(a) The Commissioner of Finance and Management shall establish a working group to develop a set of criteria and guidelines for allocating engineering costs between the Capital bill and the General Fund. The Working Group shall review current state practices, standard accounting classifications and approaches taken in other states. The Group shall include the Commissioner of Finance and Management or designee, the Commissioner of Buildings and General Services or designee, the Secretary of Natural Resources or designee, the State Auditor or designee, and a Joint Fiscal Officer or designee.
(b) On or before September 30, 2013, the Commissioner of Finance and Management shall present the proposal to the Joint Fiscal Committee and the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions for review with the intent that the criteria and guidelines on cost allocations will be used in the FY 2015 capital budget.

Other Reports/Information:

II. Health IT Fund Annual Report [32 VSA § 10301(g)]
(a) The Vermont health IT-fund is established in the state treasury as a special fund to be a source of funding for medical health care information technology programs and initiatives such as those outlined in the Vermont health information technology plan administered by the secretary of administration or designee. One hundred percent of the fund shall be disbursed for the advancement of health information technology adoption and utilization in Vermont as appropriated by the general assembly, less any disbursements relating to the administration of the fund. The fund shall be used for loans and grants to health care providers pursuant to section 10302 of this chapter and for the development of programs and initiatives sponsored by VITL and state entities designed to promote and improve health care information technology, including:

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(g) The secretary of administration or his or her designee shall submit an annual report on the receipts, expenditures, and balances in the health IT-fund to the joint fiscal committee at its September meeting and to the Green Mountain Care board. The report shall include information on the results of an annual independent study of the effectiveness of programs and initiatives funded through the health IT-fund, with reference to a baseline, benchmarks, and other measures for monitoring progress and including data on return on investments made.

III. Global Commitment Fund Estimated Fiscal Yearend Report of Managed Care Investments.

[33 VSA § 1901e(c)]

§ 1901e. Global commitment fund

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(c) At the close of the fiscal year, the agency shall provide a detailed report to the joint fiscal committee which describes the managed care organization's investments under Term and Condition 57 of the Global Commitment for Health Medicaid Section 1115 waiver, including the amount of the investment and the agency or departments authorized to make the investment.

IV. Global Commitment Appropriations; Transfer; Yearend Report [Sec. 58(a) of Act 1 of 2013]

(a) In order to facilitate the end-of-year closeout for fiscal year 2013, the Secretary of Human Services, with approval from the Secretary of Administration, may make transfers among the appropriations authorized for Medicaid and Medicaid-waiver program expenses, including Global Commitment appropriations outside the Agency of Human Services. At least three business days prior to any transfer, the Agency shall submit to the Joint Fiscal Office a proposal of transfers to be made pursuant to this section. A final report on all transfers made under this section shall be made to the Joint Fiscal Committee for review at the September 2013 meeting. The purpose of this section is to provide the Agency with limited authority to modify the appropriations to comply with the terms and conditions of the Global Commitment for Health waiver approved by the Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act.

V. Tobacco Prevention, Cessation and Control Program Budget Recommendations from VT Tobacco, Evaluation & Review Board [18 VSA § 9505(9)]

§ 9505. General powers and duties

The board shall have all the powers necessary and convenient to carry out and effectuate the purposes and provisions of this section, and shall:

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(9) conduct jointly with the secretary a review of the department's proposed annual budget for the program, including funds contributed from any outside sources that are designated for purposes of reducing tobacco use, and submit independent recommendations to the governor, joint fiscal committee, and committee on appropriations of the house of representatives and the senate by October 1 of each year;

VI. Agency Reporting and Oversight [Sec. E.100.1 of Act 50 of 2013]

Sec. E.100.1 FEDERAL EMERGENCY MANAGEMENT AGENCY REPORTING AND OVERSIGHT

(a) The Secretary of Administration shall report to the Joint Fiscal Committee at each of its scheduled meetings in fiscal year 2014 on funding received from the Federal Emergency Management Agency

(FEMA) Public Assistance Program and associated emergency relief and assistance funds match for the damages due to Tropical Storm Irene. The report shall include:
(1) a projection of the total funding needs for the FEMA Public Assistance Program and to the extent possible, details about the projected funding by state agency or municipality;
(2) spending authority (appropriated and excess receipts) granted to date for the FEMA Public Assistance Program and the associated emergency relief and assistance funds match;
(3) information on any audit findings that may result in financial impacts to the State; and
(4) actual expenditures to date made from the spending authority granted and to the extent possible, details about the expended funds by state agency or municipality.

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STATE OF VERMONT
GENERAL ASSEMBLY
JOINT FISCAL COMMITTEE

Tuesday, September 11, 2013

Minutes

Members present: Representatives Ancel, Branagan, Heath, Johnson, and Sharpe, and Senators Ashe, Kitchel, and Snelling.

Other Attendees: Administration, Joint Fiscal Office, and Legislative Council staff, and various media, lobbyists, advocacy groups, and members of the public.

The Chair, Representative Heath, called the meeting to order at 9:30 a.m. Representative Johnson moved to accept the minutes of July 23, 2013 and August 8, 2013, and Representative Branagan seconded the motion. The Committee approved the motion.

A. Fiscal Officer's Report

Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office (JFO), presented the fiscal officer's report and highlighted key issues. The revenue receipts for the State were on target through July. An issue brief on Vermont Yankee's pending closure and impacts to the State's revenue would be available soon. The estimate of impacts on revenue would depend on when the shutdown occurred and if the company refueled before the closing date. Senator Ashe asked for the general framework of how the transition of the Town of Vernon, where Vermont Yankee was located, would work with how tax adjustments calculated after the plant closed. Sara Teachout, Senior Fiscal Analyst, Joint Fiscal Office, explained that the JFO had begun to research other states in similar situations but had only found that Maine Yankee was taxed by the State after its plant closed.

Mr. Klein introduced Dan Dickerson as a new revenue staff at the Joint Fiscal Office, starting September 23, 2013. He referred to a JFO worksheet appended to the fiscal officer's report that projected a shortfall of Medicaid resources of $104 million between now and 2018. There would be additional information on this projection at the Committee's November meeting. Representative Heath added that any one year could have more or less revenue than the others. She then asked for a growth chart for past years to estimate the yearly cost to the State because of the shortfall. Representative Ancel asked that the variables between now and 2018 be explained in the estimates for the shortfall.

Mr. Klein explained the agreements in a Memorandum of Understanding (MOU) between the JFO and the Department of Taxes. The first was additional capacity for spreadsheet-based modeling and he anticipated that the JFO would receive 2011 data by payer to enable some analysis. The second was for the JFO consultant, Deb Brighton, to continue to work for both the JFO and as an employee of the Department one day a week. The JFO would be able to use Deb Brighton for analysis and reimburse the Department for part of its cost. Her work would be considered confidential for the JFO. Third, the JFO was communicating with a company that could provide tax modeling assistance, Chainbridge Associates. Representative Sharpe asked for more information on the company. Mr. Klein responded that Chainbridge Associates had the ability to take actual data or a sample of Vermont federal tax data and create a model that projected the different revenue impacts for the State. It would allow the JFO the capacity to model the data on its own. In responding to Representative Ancel's question, Mr. Klein stated that if we move forward with this approach, it was the expectation that the model would be available for use in 2015.

B. Update on Statutory Purposes for Tax Expenditures

Ms. Teachout referred to a document distributed at the previous JFC meeting and summarized the information. The Chair requested Ms. Teachout give general comments on the purposes. Ms. Teachout explained that she used other states' information along with Vermont legislative history. She distributed an additional document with a recommendation from Tom Little, General Counsel at the Vermont Student Assistance Corporation on the Vermont Higher Education Investment Credit. Ms. Teachout suggested the Office might solicit feedback on the recommendations. The Chair agreed with this suggestion. Representative Ancel commented that the statutory purposes were being discussed in the right venue (before the JFC), and that where possible, the final purposes should be measurable to ensure meaningful work.

C. Bill Back Report on Regulated Entities

Georgia Maheras, Executive Director, Green Mountain Care Board (GMCB), and David Martini, Health Policy Director, Department of Financial Regulation, presented a report on the use of bill back authority. Ms. Maheras summarized that the amount for FY 2013 actual bill back funds from assessments was $395,117. Representative Sharpe asked how much in bill back funds were still underused. Ms. Maheras replied that the total allowable bill back before expenses would have been approximately $1.8 million for FY 2013.

Senator Ashe queried if the Administration planned to propose a change to the statute to fix the gap in the bill back and ensure the State was not underbilling and offsetting the difference between the revenue collected and expenses incurred. Ms. Maheras stated that the GMCB was mindful to use its statutory authority to not raise the rate of bill back too quickly because hospitals and insurers may pass the cost on to ratepayers instead of absorbing it. Senator Ashe commented that it would be ideal to have the bill back authority closely mirror what the GMCB agreed was the appropriate amount to bill back. Ms. Maheras agreed that the GMCB would be delighted to have a conversation with the members on an appropriate bill back amount and authority. Representative Sharpe asked that the language on the flexibility to the GMCB, on bill back assessments and authority, be included with the report to the Committee. Representative Ancel requested that the full report be provided at the next Committee meeting. Ms. Maheras stated the GMCB and DFR would return for the next meeting if the Committee so desired.

D. Grant Approval Request – JFO #2640 – Establishment of four limited service positions to manage the appeals process under Vermont's Health Care Exchange.

Jim Giffin, Chief Financial Officer, Agency of Human Services, summarized the grant stating that with the current proposed four limited services positions requested in grant JFO #2640, there were a total of 77 limited service positions in four grants within two years for the Vermont Health Care Exchange. Representative Sharpe asked that of the 77 limited service positions, how many would need to be converted to permanent positions at the end of their contracts in order to sustain the Exchange. Mr. Giffin responded that the Agency was working on that number through the creation of the FY

2015 budget. Representative Sharpe moved to approve the grant and positions, and Representative Johnson seconded the motion. The Committee approved the motion and grant.

E. Developmental Disability Services (DDS) – 1. Methodology

Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office, and Emily Byrne, Senior Budget and Financial Analyst, Department of Finance & Management, introduced themselves and distributed the Developmental Disabilities Services Caseload and Utilization Methodology Review report to the Committee. Ms. Barrett explained the report's legislative charge and summarized its contents. As a clarification, she explained that the report was based on a forecasting and methodology review and not a performance review. Ms. Barrett stated that the DDS Waiver made up 96% of the costs for the DDS Program, and that the public safety caseload had a lot more volatility than the regular caseload.

Ms. Byrne explained how the data were analyzed. Representative Ancel asked for clarification on the equity revenue. Ms. Barrett explained that when a shift of people occurred, such as someone who died or moved, the waiver amount was reallocated back into the system to be redistributed and was then considered equity revenue to the program. She added that new consumers and existing consumers with increased needs apply for the funds and the equity revenue was distributed to these new services. Representative Heath clarified further that the Legislature's estimates on how much of the allocation would be available each year became a part of the predicted revenue to offset the expenditures of DDS. Ms. Barrett stated that when projecting outwards, both the current and new need were included in the estimation.

Ms. Barrett concluded the summary with recommendations. She explained that the working group was attempting to finish all the statutory requirements for the methodology report by mid-December, and in advance of the January deadline for recommendations to the Emergency Board on a consensus estimate. Senator Ashe asked what the policy questions would be for the Legislature in January. Representative Heath explained that when the forecast was created, it gave an estimated $2.5 million budget savings target but if the revised budget projection exceeded that amount, there would need to be rescissions within all the agency budgets, and the reduction in DDS would be the basis for discussions. Ms. Barrett clarified for Representative Sharpe that $2.5 million was forecasted in July of 2013 as a savings to the FY 2014 budget. The study concluded that the $2.5 million projection for FY 2013 could be revised or annualized down to $2.23 million.

2. DDS Work Group Report

Susan Wehry, Commissioner, Department of Disabilities, Aging, and Independent Living, distributed her testimony and the report from the DDS Legislative Work group. She summarized the outcome of the work group's report and recommendations to meet the $2.5 million savings target set forth by the Legislature. She concluded that even though there were six good recommendations for potential future cost savings to the DDS budget, the work group did not succeed in its charge.

Representative Heath commented that she attended all work group meetings, and was disappointed that there were more ideas costing additional money than ideas to meet the savings target. She added that a housing concept to combine tenants in groups of three had the most potential, but there was a challenge of the limited amount of Section 8 vouchers and the regulations of the program potentially leaving someone without housing. Representative Heath opined that it seemed difficult for people to move forward because most of the participants of the group had a stake in keeping the status quo. She stated that with the program growing at 6-7% annually it seemed unsustainable at its current trajectory. Representative Johnson added that the program cost about $170 million yearly, with a substantial amount of State-matched Medicaid funds. Senator Snelling showed her disappointment for the failed attempt of the work group in meeting its legislative charge, but stated she was hopeful that the future work group could solidify some of the ideas from the report to achieve future savings.

Commissioner Wehry responded to Senator Ashe's earlier question on policy choices for the Legislature in 2014. She stated the question should be asked as to whether the current system of care should be changed to a more priority-based system of early intervention. Another policy question was whether to implement a self-imposed housing concept that allowed for three people not of the same family to live together and combine assets. Lastly, there would be a year-long task force that she had confidence would put forth fresh ideas.

F. FY 2014 Accelerated Choices for Care Reinvestment

Commissioner Wehry distributed her written testimony and explained the recommendation for reinvestment savings. Senator Ashe asked if the request of $210,000.00 was due to losing federal funding of that amount. Commissioner Wehry replied that the bulk of the lost funding was from federal Sequestration. Senator Ashe inquired how the Department identified people that were in need of assistance from the program. Commissioner Wehry responded that the five Area Agencies on Aging conducted risk assessment tests at senior centers on any senior that requested assistance through a standardized assessment tool that determined the level of service needed. Senator Ashe commented that there appeared to be a gap for seniors that were unlikely to seek help or congregate for a meal at a senior center. Representative Johnson commented that the 3 Squares program had a 30% participation rate of seniors for the program and the Vermont Food Bank had only a 10% participation rate. She then asked how the Department could connect and share staffing resources from the 3 Squares program and the Choices for Care program to better serve seniors' nutritional needs. Commissioner Wehry agreed with the Representative that the Department had an objective to meet the same participation rate as 3 Squares but had struggled due in part to many seniors having the mentality that nutrition was a social benefit. The Department had a new initiative underway to entice seniors to utilize the program's benefits through making a direct linkage to nutrition and health by using the resources of the wellness program and the Blueprint team.

Representative Sharpe commented that although he was sympathetic to the needs of seniors' nutrition in the State, he had concerns for backfilling Sequestered funds for the elderly programs and not doing the same for the Head Start program. Commissioner Wehry responded that the Department was not asking to fully backfill all the impacts of the Sequestration but large cuts in nutrition could lead to actual acute and direct health risks for seniors.

Representative Heath commented that there was another Sequestration cut to case management, and she inquired why the Department chose not to recommend backfilling funds to that program. Commissioner Wehry responded that the case management did not have the same immediate consequences as the nutritional programs. In addition, the Department may propose to make the program more robust by connecting case management to other initiatives, such self-neglect as that began the previous year and which had a report due soon for the FY 2013 budget adjustment (BAA) conversation. Representative Heath asked that if the Committee approved the expenditure, what reassurance would the Committee have that there would be a quick turnaround of resources to services. Commissioner Wehry responded that the Department had prepared in advance for a quick release of the grants by organizing the infrastructure and having a pretargeted audience to receive the funds.

Representative Heath showed concern about the waiting lists for the Choices for Care moderate needs group, and she asked if there was anything administratively that could be done to serve those people better before the FY 2013 BAA was enacted. Commissioner Wehry responded that the Department could not require the moving of funds across agencies to address waiting lists. Uncertainties make the concept of moving funds uncomfortable for agencies to implement. Representative Heath asked that because there was an estimated $6 million in reallocation funds that would be redistributed in the BAA to agencies, could the Department convince the agencies to redistribute the funds voluntarily now to the moderate needs group where there are waiting lists. Commissioner Wehry responded that the Department could have a conversation with the agencies. She recommended that the Department be given more flexibility for future budgets.

Senator Snelling commented that the Legislature may need to set parameters around a target of how many should be served in the moderate needs group if it continues to increase. Commissioner Wehry stated that there were many people on the waiting list that were not Medicaid eligible. She added that the Centers for Medicare and Medicaid (CMS) included a rule that Medicaid-eligible recipients be served first in the Choices for Care program.

Senator Snelling moved to approve DAIL's request for spending authority in the amount of $210,000.00 to address urgent food insecurity and nutrition needs of seniors, and Representative Johnson seconded the motion. Senator Ashe asked for a list of other competing pressures within Choices for Care that needed funding discussions. Commissioner Wehry responded that elder abuse, transportation, augmenting programs in residential care, and available housing were some of the challenges facing the elderly that would be discussed in the BAA. The Committee accepted the motion.

<u>G. Grant Approvals – 1. JFO#2639 – grant from the U.S. Department of Health and Human to the Vermont Department of Health to strengthen and enhance adolescent and transitional-aged youth treatment services that includes one limited service position.</u>

Ms. Cimaglio distributed a document, and summarized that the grant would allow the Department to work in a focused way through a more evidence-based approach of outcomes. Senator Ashe asked if the grant was a next phase to existing efforts with youth, and what could be expected from the evidence-based outcomes. Ms. Cimaglio responded that there were new programs researched as best practices and the Department chose two programs for the grant process, Seven Challenges and Seeking Safety, in addressing this group of high-risk youth. In responding to Senator Ashe's question, Ms. Cimaglio stated that there were no State funds needed to match the federal grant funding.

Representative Sharpe queried what the role of the limited service position would be within the grant. Ms. Cimaglio responded the position would allow the State to carry out the administrative aspects of the grant. Representative Ancel asked what type of assistance other organizations around the State would receive from this grant. Ms. Cimaglio responded that the four sub-grantees were selected through a competitive grant process, and other organizations not selected but interested in the grant outcomes would receive the results at the end of the process along with training on the new outcomes.

Representative Branagan commented that the outcomes of the grant seemed more administrative-goal-oriented than that of the individual youth level. Ms. Cimaglio replied that the outcomes for the systems level piece of the grant were to support all providers in managing their organizations better. Representative Branagan inquired where the assistance for the systems level support would come from. Ms. Cimaglio responded that the Educational Institute of Maine (AdCare) was providing the programmatic expertise to the providers. Senator Snelling queried if the Department would be coordinating with current systems in place that were working with this population of youth. Ms. Cimaglio confirmed it was and that two specific agencies would be taking the lead, Washington County Youth Service Bureau and Centerpoint Adolescent Treatment.

2. #JFO 2638 – grant from the U.S. Department of Health and Human Services to the Vermont Department of Health to increase identification, early intervention, and treatment for young adults at risk for substance abuse that includes the establishment of one limited service position.

Ms. Cimaglio distributed a document summarizing the grant and explained that routine medical care would be embedded within alcohol screening to young adults.

Representative Ancel moved to approve both grants JFO#2638 and JFO#2639 and their positions, Representative Branagan seconded the motion. The Committee approved the motion and both grants.

H. Auditor Recommendation on Special Education (SPED) Performance Audit

Doug Hoffer, State Auditor, and Susan Mesner, Deputy State Auditor, distributed documents, and Mr. Hoffer summarized the report and its recommendations. Senator Kitchel commented that the rationale for the SPED audit was for the Legislature to better understand what the outcomes were of past legislation, in deciding the future direction for initiatives with a goal to reduce SPED costs. Representative Sharpe asked why the charts in the report did not show the growth of students. Mr. Hoffer responded that the number of students was flat. Ms. Mesner added that the growth for disabled children covered by the Individuals with Disabilities Education Act (IDEA) during 2000 and 2011, ages 3 to 21 years, was 1.5%. Representative Sharpe asked if the relative growth of students may be larger because of the decrease in overall student population in Vermont. Ms. Mesner stated that was infact the case, and Mr. Hoffer added that even though student growth was down, expenses during that period rose 98%. Representative Heath added that the severity of the disabilities of children had changed over time.

Senator Kitchel commented that the 2012 Picus report on Vermont's education funding indicated that Vermont was an outlier from other states because of its high utilization of Para-educators. Representative Heath stated there should be a more focused look at the district level, through sampling, to discover similarities with Individualized Education Programs (IEPs). Mr. Hoffer showed concern for the lack of training for paraprofessionals as opposed to licensed SPED teachers, and the increased utilization of them in school districts. He alluded to a pilot project that occurred in a Williston school and offered to deliver a copy to the Committee.

Senator Snelling suggested the Legislature have a conversation with the Agency of Education to follow-up with the Auditor's report findings. Senator Kitchel added that the Auditor's report was the first step toward discovering action steps in reducing SPED costs, but it was too early to make an informed decision. Representative Ancel suggested the narrow questions of what it meant for Vermont to be an outlier in SPED be considered in deciding next steps in the conversation. Representative Branagan inquired where the research from UVM could be found that the Auditor alluded to earlier. Mr. Hoffer responded that he would send the information to the Committee, and agreed with Representative Ancel's suggestion that next steps to the SPED conversation be very narrow.

I. VT Campaign Finance System Development Expenditures Report

Jim Condos, Secretary of State (SOS), and Steve Mattera, Information Technology Supervisor, Secretary of State's Office, distributed and summarized the report to the Committee. Secretary Condos explained that the concept of the initial legislation was for a new system to be built that would house all the different types of campaign data and technology to enable communication between the different programs. The request for proposal (RFP) included a request for either an off-the-shelf technology or a complete development scheme to build a model. Secretary Condos explained that the handout had an error. Under number 4 of the handout, Funds Status, $40,000.00 had been carried forward from FY 2013 and transferred to the (new) Secretary of State Services Fund. This new fund would be used for the consolidation of all campaign special funds. Senator Ashe asked what the downside was to the different systems not communicating with each other. Secretary Condos responded that it was cumbersome and awkward functionally from both an administrative and user side. He clarified that the term user meant the candidate inputting data and the public or media searching for information.

Senator Kitchel inquired whether the SOS had done research into other states' successful systems to get an estimate of the cost for a Vermont system. Secretary Condos offered to update the Committee at its November meeting. He cautioned that there was a previous report in 2010 that quoted a new system at $600,000.00 to $1 million, but nothing recent to gauge a good estimation. He opined that a large portion of the work could be done through federal funds dedicated to this type of work, except the two modules, campaign finance and the lobbyist disclosure, were not allowed under the federal grant. Senator Ashe asked if the campaign finance module would be an additional component to the larger system, and whether the State's share of the cost would be just for the two modules not included in the larger system. Secretary Condos responded that the State's share of the cost was just for the two modules, the campaign finance database and the lobbyist disclosure. Senator Ashe showed concerns for the duplication of data and the issues that have plagued State government's information technology projects. He added that he was aware of a news agency creating a searchable database on the same type of information, and asked what would be different for the user with the new SOS system. Secretary Condos responded that the news agency would need to use the SOS's existing information that was in Portable Document Format (pdf). The SOS's system would be using the original data which should make a more robust and integrated system for the office and for users at all levels.

Senator Snelling inquired if election night reporting of vote counts would be included in the system. Secretary Condos confirmed it was in the planned election administration system. Representative Ancel inquired whether the intention of combining all five of the modules was to better leverage funds. Secretary Condos responded it was not the intent but rather the ability to change the current systems into a single platform system where all the modules (applications) would run from, and would make it more cost-effective. Mr. Mattera agreed with the Secretary that by combining the modules into one platform, the system would be more cost-effective and able to update the appropriate modules simultaneously when information was inputted by legislative members or at the town clerk's level. Representative Sharpe showed concern for State government's expenditures on information technology and less-than-perfect track record with projects. He suggested that the SOS consider collaborating with the media entity creating the similar database to reduce costs. Secretary Condos stated his office had conversations with the aforementioned media entity on its endeavors but not on collaboration. He added that his office had a positive track record of reducing paper and costs, and he was optimistic that the new system would be a success.

J. Administration's Update – 1. Mental Health System Update

Paul Dupree, Commissioner, and Frank Reed, Deputy Commissioner, Department of Mental Health, distributed a document that reflected the historical trends of level one acute care and next level beds in the Vermont mental health system, and summarized the data. The State currently had a total of 35 identified contracts for beds. Senator Kitchel asked for clarification on the issue of capacity and the total number of contracts. Commissioner Dupree stated there were a total of 35 contracts out of the 54 needed, plus the new Middlesex facility had an additional 7 secure residential beds included in the count. There were 6 additional beds that opened in Westford and the 6 beds in Williamstown's Second Spring would remain open for now, plus 4 additional beds in Rutland, and 5 new beds at the Soteria House available after January 2014.

Commissioner Dupree stated that a possible topic of discussion for the Mental Health Oversight Committee (MHOC) could be on whether all 25 beds at the new state hospital facility would be needed. Commissioner Dupree responded to Representative Heath's question that the Second Spring facility in Williamstown would eventually have to go offline due to licensing and capacity issues with the building. Representative Sharpe referred to the estimated number of people that waited for treatment and queried where those people would stay while waiting for a bed to open up for them. Commissioner Dupree responded that they either waited in the emergency rooms of hospitals or in the corrections facilities, depending on whether the judge ordered an inpatient or outpatient evaluation.

Representative Ancel asked what had been the longest wait for a bed. Commissioner Dupree responded that there had been a person who spent 22 days in corrections and another who spent 14 days in an emergency room. Representative Ancel queried if there had ever been pressure to release a person before they were medically ready because of the need for beds. Mr. Reed responded that the Health Access Oversight Committee (HAOC) was reviewing the readmission rates to hospital emergency rooms to determine if patients were returning because their needs were not addressed during their first admission. Commissioner Dupree commented that the hospital's function for acute care was only the stabilization of patients in order to receive rehabilitation and recovery from other sources. He opined that there may need to be better rehabilitation and recovery efforts from the community and from contracted sources. Senator Kitchel asked if the MHOC planned to analyze the data on how often an acute care patient was transferred to a correctional facility instead of a contracted facility for mental health assistance. Commissioner Dupree responded that data showed 2 people were currently in corrections because of a court order but the amount fluctuated from 0 to as high as 5.

Representative Heath asked the Commissioner to return to the Committee at its November meeting to followup on a recommendation for capacity of the State Hospital. Commissioner Dupree confirmed he would return in November. Senator Snelling asked what coordination and early intervention was available to avoid people accessing emergency room care. Commissioner Dupree responded that there were a number of enhancement services that the Department would be reporting on to the General Assembly in January 2014, along with emergency services, in a report due at that time.

2. LIHEAP Update

Richard Moffi, Fuel Assistance Program Chief, Department for Children and Families, distributed a handout and explained that the Department was in the process of implementing two legislatively approved initiatives. The first, establishes an amount that can be charged (margin) for oil, kerosene, and delivered propane above the wholesale price (the rack price). Senator Kitchel asked what the deadline was for making decisions on setting the benefit level and the total funding for the program. Mr. Moffi responded that November 1, 2013 was the final date to set the benefit for seasonal fuel for the majority of the program's recipients, except for firewood recipients.

Second, Mr. Moffi described the recent implementation of the Green Mountain Power and Vermont Gas discount program. Representative Sharpe asked for an update on the collaboration between LIHEAP and the weatherization program. Mr. Moffi explained that for the first time in 16 years, the refund report and the consumption report came in a digital format that made it easier to interpret the data. By analyzing the data, both the LIHEAP and the weatherization program could target high consumption recipients who would then be put on the list as a priority for weatherization services. Representative Heath reminded the Committee that any recommendations of additional spending for LIHEAP that addressed the federal reductions from Sequestration would go before the Emergency Board for consideration prior to the 2014 legislative session.

K. Interim Budget and Appropriations Adjustment Plan

Brian Searles, Secretary, and Lenny LeBlanc, Director, Finance and Administration, Agency of Transportation, referred to a memorandum from Secretary Spaulding of the Administration, dated September 3, 2013, in which he requested the approval of a rescission plan due to the $4.1-million downgrade in the FY 2014 July consensus revenue forecast. He then summarized the attached spreadsheet listing the proposed adjustments to the FY 2014 Interim Budget. Representative Sharpe asked what solar projects were not going to be accomplished according to line 14 of the handout. Secretary Searles responded that specific projects had not been identified and may or may not include a solar project but agreed to notify Representative Sharpe if any solar projects were slated for rescission.

Senator Kitchel made a motion to approve the FY 2014 interim budget and appropriation adjustment plan, and Representative Sharpe seconded the motion. The Committee approved the motion.

L. Transportation Grants – 1. JFO#2637 – Federal Emergency Management Agency (FEMA) grant to the Vermont Agency of Transportation for 2013 Flooding.

Secretary Searles summarized the grant, stating it included FEMA funds for 2013 flooding that occurred during June 25 and July 11 of 2013 within five counties of Vermont.

The Chair requested that both grants (JFO #2637 and JFO #2641) be voted on together after hearing the summaries.

2. JFO#2641 – Grant for Western Corridor Rail Rehabilitation

Secretary Searles summarized the grant, stating that it was a federal Tiger 5 grant that was just over $8.9 million for the western corridor rehabilitation rail project that requires $2 million in State matched funds. The project has an overall cost of $18.5 million that included $2 million in State matched funds. The Project has been spread over two years and will be included in the FY 2015 proposed budget.

Senator Kitchel made a motion to approve both Grants, JFO#2637 and JFO#2641, and Representative Johnson seconded the motion. The Committee accepted the motion and approved both grants.

M. Administration's Fiscal Updates – 1. Funds Status Closeout Report for FY 2013

James Reardon, Commissioner, Department of Finance & Management, distributed a document on revenue versus target and summarized the small differences from the preliminary estimates given at the July 2013 meeting.

2. General Fund and Transportation Fund Balance Reserves

Commissioner Reardon distributed two additional documents and also referred to the handout from the previous agenda item. Representative Sharpe asked if the $37 million balance in the total prior year Education Fund surplus had been allocated for the FY 2014 budget or was it for FY 2015 budgetary purposes. Mr. Klein responded that a portion of unreserved/undesignated funds may be available for FY 2015 but that it had not yet been estimated. He suggested his office provide the latest Education Fund Outlook information to the Committee at the November meeting, but the final estimate would not be available until the beginning of December when the Secretary of Education announced it.

3. Report on FY 2014 Budget Adjustment (BAA) Pressures

Commissioner Reardon referred to the reverse side of the document from the FY 2013 closeout, for the FY 2014 General Fund BAA pressures and summarized its contents. The Agency of Natural Resources BAA pressure for FY 2013 and FY 2014 was due to an inability to pay its Fee for Space in the Waterbury Complex after workers were dislocated by Tropical Storm Irene and moved to the National Life Building in Montpelier as a permanent residence. In addition, all other State offices that were dislocated by Tropical Storm Irene and moved to permanent locations would no longer be reimbursed through FEMA for Fee for Space as of January 7, 2014.

Commissioner Reardon informed the Committee that it was not possible for the State to backfill all the loss of federal funds from sequestration and warned that budgets should conform to the realities of new budget constraints. Additions not on the handout that may have a BAA impact included the Vermont Veterans' Home, and the State Police. The State Police BAA was due to upgrades and other contract changes, totaling $1.9 million. The Commissioner stated he would attempt to include the State Police BAA pressure within the State employee pay act resources but as a separate item. Senator Ashe asked specifically what the State Police BAA included. Commissioner Reardon responded the amount was due to an upgrade in salary and wages for a reclassification request that was outside the State contract negotiations, and was approved by the Department of Human Resources prior to the current contract negotiation. A final possible BAA item could be the backfill of funds from a loss of federal funding to the Brattleboro Retreat.

4. Report on FY 2015 Budget Development System & Process

Commissioner Reardon referred to the same set of documents and summarized the information on the FY 2015 budget process. He announced that the budget challenge for FY 2015 could be at least $55 million, and recommended that the State reduce its reliance on one-time funding for budgetary needs within base budgets.

Senator Kitchel asked that the Commissioner explain the opportunities for public input for the Administration's budget forums. Commissioner Reardon explained that the public forums were scheduled in October through Vermont Interactive Television and information on the forums was located on the Department's website.

The Committee adjourned the meeting at 3:05 p.m. and convened a special meeting that included the Joint Fiscal Committee and the Chairs of the House Committee on Institutions and Corrections, Representative Alice Emmons, and the Senate Committee on Institutions, Senator Peg Flory.

N. 1. Accounting Standards for Engineering Costs – FY 2015 Capital Budget

Commissioner Reardon distributed and summarized a report to the Committee. He stated that a capital asset associated with engineering costs within the Department of Buildings & General Services (BGS) that has a useful life of 20 or more years could be justified as receiving capital funds. He added that a project not meeting those criteria should be funded through operating expenses. There were projects within BGS that fell within those parameters for capital funds but suggested the engineers track their time to get a true cost of a project.

Commissioner Reardon in responding to Representative Heath cautioned the Committee to not predetermine the final recommendation for the report, and instead move forward to track engineer costs and make a decision with the Capital Budget and State Budget when ready. Representative Emmons thanked the Commissioner, and stated that the report would be helpful to her committee to put parameters around capital projects and engineer costs and creating a useful dialogue. Senator Flory agreed.

2. Waterbury Complex Update

Michael Obuchowski, Commissioner, and Michael Stevens, Special Project Administrator, Department of Buildings & General Services, distributed a report that included an update on the Waterbury Complex reconstruction for post-Tropical Storm Irene. He offered to send the Committee a monthly report on notable projects that BGS was engaged in as well as Act 51 of 2013 mandated report on the Irene Recovery efforts. The Commissioner stated that the Waterbury Complex reconstruction project was ontime and within its budget.

Mr. Stevens stated the interior of the Osgood building deconstruction was 50% complete, and once completed. the crew would move to the outside of the building to deconstruct it at the end of September. The Department would have the building debris removed, but materials that could be recycled would be separated out for reuse. Senator Snelling asked if the Department was documenting the deconstruction project for historical purposes. Mr. Stevens confirmed BGS was photographing the project in all of its different stages of the process.

Mr. Stevens stated that there were currently 55 people working on the project. He summarized the bid process for the different aspects of the deconstruction and waste removal, and announced that Casella Construction had received the largest contract, which was for the Osgood building. Senator Ashe asked if the bid process had any special procurement requirements, such as wage rates or use of certain contractors. Mr. Stevens responded that because the grant for the project was partially funded by FEMA, the contracts are required to follow the State bid process with the caveat that the RFP selection process could not use geographical location as a criterion for selecting a contractor. Mr. Stevens in responding to Senator Ashe's other question stated that the Davis-Bacon Act of 1931 did not apply to the selection process but the mean prevailing wage would apply. Senator Ashe then strongly urged the Department to use the mean prevailing wage as criteria for the selection process. Representative Sharpe showed concerns for the companies that did not pay its employees' health care insurance in order to underbid and receive the contract. The result was that employees then ended up on State public assistance at the taxpayers' expense. He then asked if there was a stipulation in the RFP for health care insurance coverage to employees. Mr. Stevens responded that there was not, and State procurement policies did not require it. Representative Emmons and Senator Flory stated they were pleased with the report and the project process.

3. FEMA Update

Michael Clasen, Deputy Secretary, Agency of Administration, distributed a document and summarized the data. He explained that there was still an estimated $9.7 million to be identified in the FY 2016 capital budget for project costs. Mr. Clasen commended Vermont's U.S. Congressional Delegation for securing an additional $25 million in litigation funds toward the project. In responding to Representative Heath, Mr. Clasen stated the hardest work had just begun because of the documentation process of cataloging every detail of the project for FEMA reporting purposes. He stated that the entire project was slated to be completed by the end of 2015, but the paperwork for the federal grants associated with the project would extend for at least a year beyond that.

Representative Emmons asked if the Agency of Agriculture, Food and Markets' and Agency of Natural Resources' lab was included in the estimation. Mr. Clasen explained that Agriculture's lab had a $12 million placeholder in the $225 million full project cost, along with a $3.5 million insurance amount within the revenue side of the project. In addition, he offered that there was $9 million for the National Life renovation project within the full project cost. Mr. Clasen warned that the data were best guesses from previous estimates, and numbers could change. Representative Emmons inquired if the Legislature finds an alternative for the lab location that does not require a new building, what would the State lose in FEMA funds. Mr. Clasen responded the State would lose approximately $2.5 million.

Senator Kitchel asked how the 2013 Legislative session estimates compare to the current estimates. Commissioner Obuchowski responded that the original estimate had been $6 to $7 million compared to the current $9 million estimate. Representative Johnson stated that she had a sense of relief of where the State started with Irene Recovery and where it stood now. She thanked the Administration for its work negotiating with FEMA on the costs. Representative Heath added to Representative Johnson's comments on the mammoth work that went into the negotiations with FEMA, and thanked all the different teams of people and the Administration that worked on the Waterbury Complex project.

The Committee adjourned at 3:50 p.m.

Respectfully Submitted,

Theresa Utton-Jerman
Joint Fiscal Office

A.

Joint Fiscal Office

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MEMORANDUM

To: Representative Martha Heath, Chair
Senator Jane Kitchel, Vice Chair
Members of the Joint Fiscal Committee

From: Stephen Klein, Chief Fiscal Officer

Date: September 4, 2013

Subject: September 2013 – Fiscal Officers' Report

What follows is an update of developments, some of which will be on the agenda for the September Fiscal Committee meeting:

1. **FY 2014 Revenues Update:** Revenues – The first two months of the fiscal year are very consistent with forecasts in all funds:
    a. Through the first two months of the fiscal year, the General Fund overall is basically on target! We are off $400,000 or 2/10 of 1% below target.
        i. The income tax is up just under 1%;
        ii. Sales tax is right on target due to a slight improvement in August;
        iii. Corporate tax is the outlier, being down $2.4 million from estimates for the first two months of the fiscal year;
        iv. Meals and Rooms is up $1.1 million or 4% through August;
        v. Property transfer and other revenue are on target;
        vi. September is a bigger month so we should have a better sense of revenue as the quarter closes.
    b. The Transportation Fund ended the two-month period basically on target. As with the General Fund, it is below target $100,000 or 2/10 of 1%.
        i. Gasoline Tax is down 4.5% and Purchase and Use is up 3% through the first two months;
        ii. Fees are on target.
    c. The Education Fund also is basically on target (3/10 of 1% below) with improvements in Sales Tax and Purchase and Use in August, offsetting July performance.
    d. Again, we should have a better sense at the end of September, but to date revenues are tracking forecasts very well.

2. **FY 2014 and Beyond Revenue and Budget Pressures:**
    a. Vermont Yankee's pending closing will be a factor for FY 2015 and beyond. Our current estimate, assuming a December 2014 closing, is that in FY 2015 we will lose just over one-quarter's revenue, or just over $3 million. In

FY 2016, the full $11.7 million loss will occur. The entire loss is in the General Fund as the payments to the Education Fund were exchanged for a higher sales tax percentage last year (33.3% became 35%). Sara Teachout is preparing a more complete brief on the Vermont Yankee tax issues which should be available before or at the meeting.

b. We have begun working with the Administration on assessing a projected current services need for FY 2015. We expect to have budget gap information for the November JFC meeting. The roughly $55 million in one-time funds that were used to build the FY 2014 budget still remains a good proxy for the shortfall that we will have to address with revenue growth absorbing other pressures.

c. FY 2014 Budget Adjustment pressures are as yet to be identified. The initial pressures list includes:
   i. The State Police/trooper contract has an $810,000 cost in FY 2014 which was not budgeted;
   ii. The Veterans' Home remains an uncertainty;
   iii. Projected LIHEAP need for the upcoming heating season is likely to exceed the $6 million of State funds set aside for the program. Program Director Richard Moffi will present an update at the September meeting;
   iv. The Developmental Services area may see some budget pressures beyond the $2.5 million savings target that was built into the budget. The Developmental Services budget is $170 million. There are many moving pieces and a more detailed analysis is under way;
   v. Federal funding at the Brattleboro Retreat is another area where uncertainty exists;
   vi. The impact to the State from the federal Sequester is still being assessed. There may be some budget pressures which will be clearer in the Fall;
   vii. We are seeing some upward pressure in Corrections.

3. FEMA-related issues:

Irene and State buildings:

With the announcement last week of FEMA and insurance funding, the Administration estimates that the FY 2016 remaining capital costs will be $9.774 million. We are enclosing an overall Waterbury State Office Complex Funding Summary with this mailing. Commissioner Obuchowski will provide a brief update at the JFC meeting.

4. Saint Albans Development Project

There has been considerable discussion about a St. Albans building project that was approved during the last session. A private pharmaceutical company, MYLAN, has asked to buy the St. Albans State office building at a premium price to facilitate an expansion of its operations. It proposes to add 100 jobs to the city. The resulting need for new State office space is part of a downtown development project proposal in conjunction with a St. Albans effort to increase parking and pave the way for a new hotel. The project is designed to create an additional 90 jobs. The financing of the project is likely to involve several State financing sources and may require an increase in fee for space costs and require emergency board and eventual legislative action.

5. **The Choices for Care Carry-Forward issue**
   a. The language in Sec. E. 308 of the budget restricts Choices for Care carry-forward funds to be used for balancing the overall budget with reinvestment of any funds to be made in the budget adjustment process for the purposes specified.
   b. Sec. E. 308.1 of the Budget Bill allows JFC to approve Commissioner of DAIL-requested reinvestments earlier than BAA in FY14 due to federal funding impacts or emergency system funding needs.
   c. It is anticipated there will be a request related to senior nutrition and case management that has been reduced by the Sequester. There is also a request from Sen. Lyons and Rep. Krowinski to reinvest funds for moderate needs group services at this time. It is not clear that the moderate needs group request meets the emergency criteria of Sec. E. 308.1 and will likely be held for BAA consideration. A copy of the letter from Sen. Lyons and Rep. Krowinski and a response from Sen. Kitchel and Rep. Heath is included in the materials along with the underlying statutory language.

6. **Medicaid Spending Growth Analysis**
   a. As part of our work in analyzing the health care reform finances, Stephanie Barrett has looked at the Medicaid fiscal pressures under current law and developed a draft worksheet that underscores Medicaid pressures (included with this report). With existing spending, known federal match changes, and other adjustments such as the loss of tobacco settlement strategic payments from FY 2014 as passed to FY 2018 projected, we will need an additional $162 million in State funds.
   b. An estimated net of $10.3 million of this is offset by growth in State revenues for Medicaid such as claims assessment, employer assessment, and the tobacco and provider taxes. An additional $47.3 million is offset by applying 22% of the projected growth of the General Fund in the same period (roughly the share of Medicaid of total General Fund spending in FY 2014).
   c. After the normal revenue growth, through FY 2018, projected Medicaid-related needs for State funds will exceed normal revenue growth by a $104.4 million during the four-year period, before addressing the cost of health care reform. This assumes no issues with current waiver renewals, no additional FMAP changes, and no cost growth due to policy changes.

7. **JFO Tax Analysis and the Tax MOU:**

   In accordance with the August 5th MOU, the Tax Department is working with the Joint Fiscal Office (JFO) to expand the capacity of JFO with spreadsheet-based tax analysis tools while awaiting a resolution regarding the way to provide JFO with independent analytical capacity. The JFO and the Tax Department have been discussing a possible modeling capacity with Chainbridge Associates, a company which provides tax modeling assistance to the Connecticut Legislative Fiscal Office, and the Maine, Rhode Island, and Alabama tax departments. We hope to identify a viable approach by early October which will have three components:

i. Increased JFO capacity for spreadsheet-based modeling over what existed in prior years;
ii. A plan to use Deb Brighton as a Tax Department employee/JFO consultant to provide an additional resource capacity in the Tax Department for JFO data needs. JFO would absorb some of this cost; and
iii. A possible agreement on the long-term use of the Chainbridge model which would provide JFO with further independent capability within IRS Vermont Law and Tax Department confidentiality requirements.

8. Transportation Fund Rescissions

The Administration's proposed rescissions to the FY14 transportation budget amount to a total of $4.1 million in TFunds. While it is still possible that changes will be made, the plan to be presented at the meeting has the following elements:

Amount	
710,954	Expected project delays to be identified
200,000	Reduce spending on AOT buildings (garage improvements)
1,575,000	One-time $ (property sale, Amtrak contract lower than budgeted)
700,000	Program funds not expected to be needed in FY14 (TH Emergency fund, Rail 3-Way partnerships)
691,912	Substitute federal for State funds (new fed $ and toll credits)
200,000	Reversions
28,485	Adjust Stabilization Reserve to reflect actual FY13 spending
4,106,351	Total

9. Summer Study Committee updates:

a. Sara Teachout and Peter Griffin will be presenting work on establishing purposes for tax expenditures. A briefing memorandum is included with the materials for the meeting.
b. The Workforce Development Work Group continues to meet. Nathan Lavery is the key staffer on this. Steve Gold has withdrawn from much of the work due to other responsibilities.
c. Vermont Center for Justice Research (VCJR) [Sec. 3 of Act 61 of 2013]:
   i. Act 61 called for the VCJR, working with the Joint Fiscal Office, to develop estimates of costs associated with the arrest, prosecution, defense, adjudication, and correction of criminal and juvenile defendants in Vermont. Nathan Lavery is coordinating this work with Max Schlueter of VCJR.
   ii. One recent development is the VCJR is running into fiscal issues with paying for Max Schlueter's time generally. He is trying to assess their

continued plate of projects based on reduced time for VCJR activities. This may come up in future budget development.

d. Section E.220 of the Budget (Act 50) established a study committee on the future funding for the Center for Crime Victims Services (CCVS). The first committee meeting is scheduled for early October.
e. The Administration is working on its report on accounting standards for engineering costs required by the capital budget. The issue is cost allocation of engineering between the General Fund and the capital project funds. It will present a report to the Joint Fiscal Committee at its September meeting.

10. Other Joint Fiscal Office Updates:

a. The Joint Fiscal Office has hired Dan Dickerson as a new Tax Analyst. Dan has recently received his Master's in Urban Planning with the University of Illinois in Chicago. His undergraduate degree is in accounting. He has also been a member of the Vermont National Air Guard since 2009. He worked as a seasonal tax intern with Cooper and Flynn in Burlington in 2009.
b. Maria Belliveau participated in a set of interviews with potential consultants to the Administration to find potential for savings. The Administration is in the process of negotiating a contract with a potential vendor.
c. Nolan Langweil, Stephanie Barrett, and I met with the University of Massachusetts consultants to begin to understand the financial numbers of health care reform. We will be continuing to work toward a more thorough understanding of the related costs. As part of this work, Catherine Benham and Michael Costa are beginning a series of conversations to identify the analytical tools necessary for administration and legislative tax proposal development. Other Fiscal Staff and Legislative Council staff will be involved in this effort.

Overall WSOC Funding Summary

F.O.A.

8/29/2013

Scope of Work	Projected Costs	Combined FEMA PA & Insurance	Anticipated Insurance Proceeds [5]	Agreed FEMA PA Eligible Costs After Insurance [6]
Elective Renovation and New Construction [1]	$ 146,000,000	$ -	$ -	$ -
FEMA-Eligible Scope of Repair for WSOC Buildings [2]	$ -	$ 53,077,624	$ 18,121,332	$ 34,956,292
Vermont State Hospital [3]	$ 43,000,000	$ 30,279,499	$ 5,912,402	$ 24,367,097
Emergency, Completed & Other Work [4]	$ 36,500,000	$ 36,138,599	$ 29,216,173	$ 6,922,426
Totals:	$225,500,000	$119,495,722	$53,249,907	$66,245,815

Notes:

[1] $146m estimate includes $125m for WSOC renovations and new construction, $9m for National Life and $12m estimate for future Ag Lab

[2] FEMA PA eligible scope in subgrants: PW 3307 - SRIA Consolidated Subgrant, PW 3237 - Ag Lab and PW 3265 - Public Safety Building

[3] State elected to apply FEMA PA funding & Insurance proceeds for repairs to Brooks and Annex towards decentralized & improved mental health care facilities in Berlin, Brattleboro, Rutland, Middlesex & Morrisville

[4] Emergency, Completed & Other Work also includes temporary relocation, moving costs, clean up, stabilization, contents and equipment

[5] Anticipate insurance proceeds of $53,249,907 based on the FEMA PA eligible scope of work of all repair and emergency work; actual proceeds will depend on the final statement of loss from the State's insurance carrier

[6] Supplemental FEMA Public Assistance funding (i.e. after reduction for anticipated insurance proceeds) is $66,245,815; this is subject to the 90% federal : 10% non-federal cost share for the Irene disaster declaration (DR-4022-VT); State's 10% cost share = $6,624,582

Overall State Investment = $225,500,000 (total) - $119,495,722 (FEMA PA & Ins.) + $6,624,582 (10% cost share) = $112,628,860

Non-FEMA PA & Insurance Sources of Funding:

- Vermont Legislature = $102,392,636 (VSH Acts of 2011 - $2,562,636; Acts of 2012 (SFY'13) - $18m; Acts of 2012 - Waterfall - $11.33m; Acts of 2013 - SFY'14 and '15 - $67m; and National Life Renovations Agreement - $3.5m)
- Potential FEMA HMGP grant for demolition of 4 structures at WSOC = $631,547; the 75% federal : 25% non-federal cost share would result in $462,000 of additional funding

Anticipated State funding need to be requested in FY16 Capital Budget **= $112,628,860 - $102,392,636 - $462,000 = $9,774,224**

Without the Sandy Recovery Improvement Act of 2013 (SRIA), approx. $25m of 406 mitigation would not have applied towards the State's plan for WSOC

F.O.B.

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STATE OF VERMONT
GENERAL ASSEMBLY
HEALTH CARE OVERSIGHT COMMITTEE

August 22, 2013

Susan Wehry, Commissioner
Department of Disabilities, Aging and Independent Living
103 South Main Street
Weeks Building
Waterbury, VT 05671-1601

Dear Commissioner Wehry:

The Health Care Oversight Committee appreciated hearing your testimony at our August 8 meeting and looks forward to future updates regarding Adult Protective Services and the Choices for Care program. For next meeting, tentatively scheduled for September 12, the Committee would like an update from you regarding the wait lists for the Moderate Needs Group in Choices for Care and the steps you are taking to address the needs of those waiting for services. When making its presentation to JFC, we believe that DAIL should propose spending savings to reduce the Moderate Needs Group waitlist.

The budget language in E308.1 allows for this. We view the waitlists as a systemic emergency- as there has been little improvement in clearing up the waitlist since last year when HCOC first expressed this concern. Hundreds of frail elders are unnecessarily hurting and waiting for homemaker and adult day services. That is inappropriate, especially due to the fact that a key purpose of the waiver is to expand services into the Moderate Needs Group. It is important to get assistance to these people early, before they need institutionalization. This is particularly true when the program has a $6m surplus available for this assistance.

The Committee is also interested in an update on your request to the Joint Fiscal Committee to use some of the $6 million in FY2013 Choices for Care savings to offset federal cuts to food and nutrition programs for seniors and would like to hear your recommendations for additional uses of those funds.

Our committee assistant, Julie Tucker, will contact you to schedule your testimony after we have developed the rest of the September agenda.

Sincerely,

Senator Ginny Lyons, Chair

Representative Jill Krowinski, Vice-Chair

F.O.B.

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STATE OF VERMONT
GENERAL ASSEMBLY
JOINT FISCAL COMMITTEE

MEMORANDUM

To: Senator Ginny Lyons, Chair
Representative Jill Krowinski, Vice-Chair

From: Representative Martha Heath, Chair
Senator Jane Kitchel, Vice-Chair

Date: September 4, 2013

Subject: Choices for Care

We received a copy of your letter to Commissioner Susan Wehry dated August 22, 2013. We asked our Legislative Council and Joint Fiscal Office staff for an interpretation of the budget section you cited, Sec. E.308.1, and must respectfully disagree that the language allows Choices for Care savings to be used to reduce the Moderate Needs Group waiting list.

We recognize your frustration with the waiting lists and the need to wait until budget adjustment to address the problem, but we urge you to recognize that the timing is different in this transitional year than it will be in future years and that the change to the reinvestment process is necessary in order to get us out of the cycle of confusion regarding the definition of savings that has persisted in recent years.

Sec. E.308 defines savings in the Choices for Care program and directs the Department of Disabilities, Aging, and Independent Living (DAIL) to propose reinvestment of the savings as part of its annual budget adjustment presentation. The language in Sec. E.308.1 provides an exception to this process for fiscal year 2014 by which the Commissioner of DAIL may present proposals at the Joint Fiscal Committee's September 2013 meeting "as a result of federal action or emergency system funding needs." While we appreciate your concern for the unmet need in the Moderate Needs Group, we disagree with the characterization of the need to increase funding for that group as a "systemic emergency."

Waiting lists in the Moderate Needs Group are not a new phenomenon; in fact they were a topic of discussion during the 2013 legislative session. Our intent in including language in the budget bill to provide for early reinvestment of savings in the event of federal action or emergency system funding needs was directed toward the consequences of the federal sequester or an unforeseen change in our long-term and home- and community-based system of care. It was not to circumvent the legislative process by making choices the full General Assembly did not opt to make during the legislative session.

In addition, we have serious concerns about using the Joint Fiscal Committee process to make policy decisions that are of a foreseeable nature. In *Hunter v. State*, a 2004 case examining, in part, the delegation of legislative authority to the Joint Fiscal Committee, the Vermont Supreme Court's decision upholding the Committee's actions hinged greatly on the unexpected and emergent nature of the funding shortfall facing Vermont at the time of that case. A similar emergency does not exist in the Moderate Needs Group waiting list, and we do not think it prudent to push the limits of our authority.

cc: Joint Fiscal Committee
Commissioner Susan Wehry

F.O.C.

JFO Worksheet - Subject to Change

Medicaid Base Fiscal Pressures

DRAFT

Beginning from as passed FY14 budget

FY15	GCF Onetime funds used in FY14	33.3		
FY15	Tobacco Settlement Onetime funds used in in FY14	6.8		
FY15	SHCRF Onetime balance used in in FY14	6.0	SHCRF deficit projection	
FY15	Exchange first 1/2 funding	8.0		
FY15	Base FMAP change from FY14	6.9		
FY15	New Adult - second 1/2 match	(22.0)		
FY15	Base cost growth (covered by second 1/2 bump)	0.0		39.0
FY16	Exchange second 1/2 funding	10.0		
FY16	Leahy bump first 1/2 gone	17.6		
FY16	Base FMAP change from FY15	?		
FY16	Base cost growth - incl rate increase	20.0		47.6
FY15 & FY16 Total		**86.6**		**86.6**
FY17	Leahy bump second 1/2 gone	16.5		
FY17	Base FMAP change from FY16	?		
FY17	Base cost growth - incl rate increase	22.0		38.5
FY18	Tob Strategic Payments gone	13.0		
FY18	Base FMAP change from FY17	?		
FY18	Base cost growth - incl rate increase	24.0		37.0
FY14 thru FY18 total		**162.0**		**162.0**

Less Medicaid Share -GF growth thru FY18	215.2	share @	22%	**(47.3)**
Less estimated over SHCRF growth thru FY18				**(10.3)**
FY15 - FY18 Medicaid pressure above revenue growth				**104.4**

SHCRF Detail	**FY14**	**FY15**	**~FY17**
Carryforward Balance	6.3	0.0	0
Cig/Tob Tax	72.5	70.5	66.8
Claims Assessment	13.6	14.0	15.3
Employer Assessment	12.7	14.4	16.7
Hospital Provider Tax	118.9	123.7	131.2
Other Provider Taxes	21.3	21.3	22.6
Bene Premiums	5.3	3.8	3.8
GME	13.1	13.1	13.1
Other Onetime	4.1	0.8	0.8
	267.7	261.5	270.3

Other

GC Waiver Room

CNOM squeeze

F.O.D.

Vermont Legislative Joint Fiscal Office

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

DRAFT

TO: Members of the Joint Fiscal Committee

FROM: Sara Teachout - July 2, 2013

RE: Statutory Purposes for Tax Expenditures

The following two sections of law were included in the 2013 Technical Tax Bill requiring a statutory purpose to be recommended by the JFC for every tax exemption, exclusion, deduction or credit. The list of tax expenditures has been divided into thirds by tax type, income tax expenditures (individual and corporate), sales tax expenditures (sales and use, meals and rooms and purchase and use) and all other tax (bank franchise, insurance premiums, property tax) and draft statutory purposes for JFC review will be presented at each of the next three meetings in July, September with final approval and recommendation action scheduled for November.

Attached are draft statutory purposes, highlighted in yellow, for the individual and corporate income tax expenditures in Vermont statute. These will be an agenda item for discussion only at the meeting on July 23rd.

Sec. 4. 32 V.S.A. § 312(d) is added to read:
(d) Every tax expenditure in the tax expenditure report required by this section shall be accompanied in statute by a statutory purpose explaining the policy goal behind the exemption, exclusion, deduction, or credit applicable to the tax. The statutory purpose shall appear as a separate subsection or subdivision in statute and shall bear the title "Statutory Purpose." Notwithstanding any other provision of law, a tax expenditure listed in the tax expenditure report that lacks a statutory purpose in statute shall not be implemented or enforced until a statutory purpose is provided.

Sec. 5. TAX EXPENDITURE PURPOSES
The Joint Fiscal Committee shall draft a statutory purpose for each tax expenditure in the report required by 32 V.S.A. § 312 that explains the policy goal behind the exemption, exclusion, deduction, or credit applicable to the tax. For the purpose of this report, the Committee shall have the assistance of the Department of Taxes, the Joint Fiscal Office, and the Office of Legislative Council. The Committee shall report its findings and recommendations to the Senate Committee on Finance and the House Committee on Ways and Means by January 15, 2014. The report of the Committee shall consist of a written catalogue for Vermont's tax expenditures and draft legislation, in bill form, providing a statutory purpose for each tax expenditure. Upon receipt of the report under this section, the Senate Committee on Finance shall introduce a bill to adopt statutory purposes during the 2014 legislative session.

DRAFT

1.000 **Adjustments to Federal Taxable Income**

1.001 Vermont Municipal Bond Income Exemption

Statute: 32 V.S.A. §5811(21)(A)(i)
Enacted: 1986
Estimate: $3,700,700
Taxpayers: 5,800

Interest income from Vermont state and local government obligations is exempt from taxation in Vermont. However, interest income from non-Vermont state and local obligations is added to the amount of federal taxable income.

PURPOSE To encourage investment in Vermont state and local bonds and maintain the state's favorable bond rating.

1.002 Capital Gains Exclusion

Statute: 32 V.S.A. §5811(21)(B)(ii)
Enacted: 2002; amended 2009, 2010
Estimate: $8,544,200
Taxpayers: 22,730

Effective for tax years 2011 and after, taxpayers may reduce taxable income by up to $5,000 in adjusted net capital gain income or 40% adjusted net capital gain income from the sale of certain business assets held for more than three years. As under prior law, the exclusion amount cannot exceed 40% of federal taxable income.

PURPOSE The flat capital gains exclusion is to encourage savings and investment while exempting a portion of the gain that may represent inflation. The 40% business capital gains exclusion mitigates the impact of one-time realizations in a progressive tax structure.

1.100 **Subtractions from Vermont Income Tax**

1.101 Credit for Child and Dependent Care

Statute: 32 V.S.A. §5822(d)
Enacted: 1967
Estimate: $1,656,100
Taxpayers: 14,510

A taxpayer is entitled to a nonrefundable tax credit equal to 24% of the federal child and dependent care credit applied against federal tax liability. A taxpayer may claim this credit or the low income child and dependent care credit, but not both.

PURPOSE To provide tax relief to working taxpayers who must incur dependent care expenses to stay in the workforce.

1.102 Credit for Elderly or Disabled

Statute: 32 V.S.A. §5822(d)
Enacted: 1967
Estimate: $2,700
Taxpayers: 90

A taxpayer is entitled to a nonrefundable tax credit equal to 24% of the federal credit available to the elderly (age 65 or older) and permanently disabled, which was applied against federal tax liability.

PURPOSE To provide tax relief for seniors and disabled persons with little tax exempt retirement of disability income.

1.103 Investment Tax Credit

Statute: 32 V.S.A. §5822(d)
Enacted: 1967
Estimate: $886,000
Taxpayers: 90

A taxpayer is entitled to a nonrefundable tax credit equal to 24% of the federal investment tax credit applied against federal tax liability for Vermont-property investment in the following activities: rehabilitation (IRC §47), energy (IRC §48(a)), advanced coal products (IRC §48(a)), and gasification products (IRC 48B(e)).

PURPOSE To encourage Vermont business investments.

1.104 Vermont Farm Income Averaging Credit

Statute: 32 V.S.A. §5822(c)(2)
Enacted: 2002
Estimate: $48,500
Taxpayers: 150

A nonrefundable tax credit is available in the amount of 24% of the reduction in the taxpayer's federal tax liability due to farm income averaging.

PURPOSE To mitigate the adverse tax consequences of fluctuating farm incomes under a progressive tax structure.

1.105 Vermont Business Solar Energy Credit

Statute: 32 V.S.A. §§5822(d); 5930z

Enacted: 2002
Estimate: $2,387,600
Taxpayers: 30

A taxpayer is entitled to a nonrefundable tax credit of 76% of the Vermont-property portion of the business solar energy tax credit component of the federal investment tax credit applied against the taxpayer's federal tax liability. Unused credits may be carried forward for five years. This credit in combination with the 24% Investment Tax Credit provides a total credit of 100% of the amount of the federal business solar energy credit.

PURPOSE To provide a temporary, enhanced incentive for business solar investments located in Vermont.

1.200 Adjustments to Vermont Income Tax

1.201 Military Pay

Statute: 32 V.S.A. §5823(a)(2) & (b)(3)
Enacted: 1966
Estimate: $2,229,700
Taxpayers: 1,700

Exempts all military pay for full-time active duty earned outside Vermont. This also exempts the first $2,000 of military pay earned for commander certified unit training in Vermont for National Guard or United States Reserve personnel who have a federal AGI under $50,000. Exemption also applies to funds received through the federal armed forces educational loan repayment program, but only to funds included in the taxpayer's AGI for the taxable year.

PURPOSE To provide additional compensation for military personnel for service to the country.

1.202 Federal Employment Opportunity Income

Statute: 32 V.S.A. §5823(a)(5)
Enacted: 1979
Estimate: $33,100
Taxpayers: 60

Exempts income related to wages and salaries not taken as a federal employment credit and included in federal AGI pursuant to IRC 280C. Also exempts income included in federal AGI related to expenses incurred but not covered by the Americans with Disabilities Credit (IRC 44).

PURPOSE To reduce the taxation of people receive federal employment opportunity income and reduce the cost to government of providing this assistance.

1.203 Americans with Disabilities Credit

Statute: 32 V.S.A. §5823(a)(5)

Enacted: 1998
Estimate: $0
Taxpayers: 0

Exemption applies to eligible expenses incurred by small businesses for the purpose of providing access to persons with disabilities, as provided in Section 44 of the IRC.

PURPOSE To provide tax relief for small businesses making ADA improvements required by federal law.

1.204 Interest Income from VSAC bonds, Vermont Telecommunications Authority bonds and notes, and federal Build America bonds

Statute: 16 V.S.A. §2825; 30 V.S.A. §8074
Enacted: 1965; 2007
Estimate: $1,366,800
Taxpayers: 340

Exemption applies to interest and income from these sources when included in a taxpayer's federal AGI.

PURPOSE To encourage investment in bonds supporting Vermont projects.

1.300 Vermont Tax Credits Applied after Income Adjustment

1.301 Charitable Housing Credit

Statute: 32 V.S.A. §5830c
Enacted: 1990
Estimate: $18,360
Taxpayers: 50

Vermont taxpayers who make an authorized charitable investment in an eligible housing charity are entitled to a nonrefundable credit in the amount equal to the difference between the net income that would have been received at the charitable threshold rate and the actual net income received by, or credited to, the taxpayer. The credit cannot exceed 3% of the average outstanding principal balance of the investment during the taxable year. Unused credits may be carried forward for three years.

PURPOSE To encourage investment in housing in Vermont.

1.302 Affordable Housing Credit

Statute: 32 V.S.A. §5930u
Enacted: 2000
Estimate: $0
Taxpayers: 0

A nonrefundable tax credit may be taken for an affordable rental housing project or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation. (These credits are taken almost exclusively against bank franchise tax and insurance premiums tax.)

PURPOSE To encourage the investment and development of affordable housing in Vermont.

1.303 Qualified Sale of Mobile Home Park Credit

Statute: 32 V.S.A. §5828
Enacted: 1998
Estimate: $0
Taxpayers: 0

The taxpayer is entitled to a nonrefundable credit worth 7% of the taxpayer's gain from the sale of a mobile home park. This is measured by the gain subject to federal income tax. Unused credits may be carried forward for three years.

PURPOSE To encourage sales of mobile home parks as an alternative to closure.

1.304 Vermont Higher Education Investment Credit

Statute: 32 V.S.A. §5825a
Enacted: 2003 (revised in 2007)
Estimate: $1,396,300
Taxpayers: 2,690

A taxpayer, including each spouse filing a joint return, is entitled to a nonrefundable credit of 10% for the first $2,500 contributed for each beneficiary to a Vermont higher education investment plan account. A recipient of this credit is subject to a 10% repayment for any distribution not excluded from federal AGI, up to a maximum of the total credits received.

PURPOSE To encourage savings Vermont 529 plans and lower the cost of higher education for taxpayers.

1.305 Entrepreneurs' Seed Capital Fund Credit

Statute: 32 V.S.A. §5830b
Enacted: 2004
Estimate: $0
Taxpayers: 0

A taxpayer who contributes to the Seed Capital Fund may claim a nonrefundable credit equal to the lesser of either 4% of the taxpayer's contribution or 50% of the taxpayer's tax liability for the year prior to claiming the credit, provided that the aggregate credit allowable for all taxable years not exceed 20% of the taxpayer's contribution to the initial capitalization of the fund. Unused credits may be carried forward for four years.

PURPOSE To provide an incentive for investment in small businesses in Vermont.

1.306 Historic Rehabilitation Tax Credit

Statute: 32 V.S.A. §5930cc(a); see §5930aa – 3930ff
Enacted: 2006
Estimate: $0
Taxpayers: 0

A taxpayer who is deemed qualified by the Vermont Downtown Development Board and completes a qualified historic rehabilitation project may claim a nonrefundable credit of 10% of those qualified rehabilitation expenditures. Unused credits may be carried forward for nine years. (A substantial number of these credits are taken against bank franchise tax.)

PURPOSE To provide incentives to improve and rehabilitate historic properties in designed downtowns and village centers.

1.307 Façade Improvement Tax Credit

Statute: 32 V.S.A. §5930cc(b); see §5930aa – 5930ff
Enacted: 2006
Estimate: $0
Taxpayers: 0

Taxpayers are eligible for a nonrefundable credit equal to 25% of expenditures up to $25,000 on a qualified façade improvement project, as approved by the Vermont Downtown Development Board. Unused credits may be carried forward for nine years. (A substantial number of these credits are taken against bank franchise tax.)

PURPOSE To provide incentives to improve facades and rehabilitate historic properties in designed downtowns and village center.

1.308 Code Improvement Tax Credit

Statute: 32 V.S.A. §5930cc(c); see §5930aa – 5930ff
Enacted: 2006
Estimate: $24,100
Taxpayers: Under 10

Taxpayers are eligible for a nonrefundable credit equal to 50% of costs for qualified code improvement or installation projects, up to the following limits: $12,000 for a platform lift, $50,000 for an elevator or sprinkler system, and $25,000 for combined costs of all other code improvement and installation projects, as approved by the Vermont Downtown Development Board. Unused credits may be carried forward for nine years. (A substantial number of these credits are taken against bank franchise tax.)

PURPOSE To provide incentives to improve and rehabilitate historic properties in designed downtowns and village centers by making code improvements.

1.309 Research and Development Tax Credit

Statute: 32 V.S.A. §5930ii
Enacted: 2009
Estimate: N.A.
Taxpayers: N.A.

A taxpayer is eligible for a nonrefundable credit equal to 30% of the amount of the federal tax credit for eligible R&D expenditures made within Vermont. Unused credits may be carried forward for ten years. The credit takes effect for eligible expenditures made on or after January 1, 2011.

PURPOSE To encourage business investment in research and development within Vermont.

1.310 Wood Products Manufacture Tax Credit

Statute: 32 V.S.A. §5930y
Enacted: 2005
Estimate: $26,200
Taxpayers: Under 10

A credit of 2% of the wages paid in the taxable year by an employer for services performed in the designated counties having at least 5% of their combined jobs provided by employers that manufacture finished wood products and having the highest combined unemployment rate in the state for at least one month in the previous calendar year.

PURPOSE To lower income taxes for businesses in the northeast kingdom counties of Essex and Caledonia in order retain employees in wood products manufacturing.

1.311 EATI Tax Credits (carry-forward only)

Statute: 32 V.S.A. §5930a2
Enacted: 1997; repealed 2006
Estimate: $232,000
Taxpayers: 20

A suite of tax credits based on payroll increases, research and development investment, workforce development expenditures, or capital investments in facilities and machinery or equipment, and sales of product shipped out of state. The final taxable year in which credits can be earned is 2010; the last year carry-forward credits can be claimed is 2015.

PURPOSE To provide incentives to businesses creating new jobs in Vermont.

1.312 Downtown Tax Credits (carry-forward only)

Statute: 32 V.S.A. §§5930n-5930r
Enacted: 1998, 2002, repealed 2006
Estimate: $188,900
Taxpayers: Under 10

Four tax credits designed to assist with rehabilitation and code improvements for older and historic buildings located within designated downtowns and village centers were replaced with three credits (§5930cc) to make the program easier to use and administer.

Credits allocated prior to July 1, 2006 remain subject to the associated statutory provisions but must be claimed by May 24, 2011.

PURPOSE To provide incentives to improve and rehabilitate historic properties in designed downtowns and village centers.

1.400 Refundable Credits

1.401 Low Income Child and Dependent Care Credit

Statute: 32 V.S.A. §5828c
Enacted: 2002
Estimate: $57,500
Taxpayers: 430

A refundable credit is available for taxpayers with federal AGI under $30,000, if filing individually, or $40,000, if married filing jointly. The credit is equal to 50% of the federal child and dependent care credit for child and dependent care services procured in Vermont, so long as the facility providing these services has been certified by the Agency of Human Services.

PURPOSE To provide additional cash relief to lower-income working taxpayers who incur dependent care expenses in certified centers to stay in the workforce.

1.402 Earned Income Tax Credit

Statute: 32 V.S.A. §5828b
Enacted: 1988
Estimate: $25,565,700
Taxpayers: 44,500

Any taxpayer entitled to a federal earned income tax credit may claim a Vermont EITC in the amount of 32% of the federal credit, proportional to the percentage of total income that was earned or received in Vermont.

PURPOSE To increase the after-tax income of low-income working families and individuals and to provide an incentive to work for those with little earned income.

LIST OF FISCAL YEAR 2011 CORPORATE INCOME TAX EXPENDITURES

2.000 Adjustments to Federal Taxable Income

2.001 Vermont Municipal Bond Income Exemption

Statute: 32 V.S.A. §5811(21)(A)(i)
Enacted: 1986
Estimate: Data unavailable
Taxpayers: Data unavailable

Interest income from Vermont state and local government obligations is exempt from taxation in Vermont. However, interest income from non-Vermont state and local obligations is added to the amount of federal taxable income.

PURPOSE To encourage investment in Vermont state and local bonds and maintain the state's favorable bond rating.

2.100 Vermont Tax Credits

2.101 Charitable Housing Credit

Statute: 32 V.S.A. §5830c
Enacted: 1990
Estimate: $0
Taxpayers: 0

Vermont taxpayers who make an authorized charitable investment in an eligible housing charity are entitled to a nonrefundable credit in the amount equal to the difference between the net income that would have been received at the charitable threshold rate and the actual net income received by, or credited to, the taxpayer. The credit cannot exceed 3% of the average outstanding principal balance of the investment during the taxable year. Unused credits may be carried forward for three years.

PURPOSE To encourage investment in housing in Vermont.

2.102 Affordable Housing Credit

Statute: 32 V.S.A. §5930u
Enacted: 2000
Estimate: $144,800
Taxpayers: Under 10

A nonrefundable tax credit may be taken for an affordable rental housing project or owner-occupied affordable housing units, provided the project has been authorized by the Vermont Housing Finance Agency. The amount of the credit is based on a taxpayer's eligible cash contribution and the agency's allocation plan. Total tax credits available to the taxpayer are the amount of the first-year allocation plus the succeeding four years' deemed allocation. (These credits are taken almost exclusively against bank franchise tax and insurance premiums tax.)

PURPOSE To encourage the investment and development of affordable housing in Vermont.

2.103 Qualified Sale of Mobile Home Park Credit

Statute: 32 V.S.A. §5828
Enacted: 1998
Estimate: $0
Taxpayers: 0

The taxpayer is entitled to a nonrefundable credit worth 7% of the taxpayers gain from the sale of a mobile home park. This is measured by the gain subject to federal income tax. Unused credits may be carried forward for three years.

PURPOSE To encourage sales of mobile home parks as an alternative to closure.

2.104 Wood Products Manufacture Tax Credit

Statute: 32 V.S.A. §5930y
Enacted: 2005
Estimate: $0
Taxpayers: Under 10

A credit of 2% of the wages paid in the taxable year by an employer for services performed in the designated counties having at least 5% of their combined jobs provided by employers that manufacture finished wood products and having the highest combined unemployment rate in the state for at least one month in the previous calendar year.

PURPOSE To lower income taxes for businesses in the northeast kingdom counties of Essex and Caledonia in order retain employees in wood products manufacturing.

2.105 Historic Rehabilitation Tax Credit

Statute: 32 V.S.A. §5930cc(a); see §§5930aa - 5930ff
Enacted: 2006
Estimate: $0
Taxpayers: 0

Credit equals 10% of qualified rehabilitation expenditures as defined in the IRC 26 U.S.C. § 47(c).

PURPOSE To provide incentives to improve and rehabilitate historic properties in designed downtowns and village centers.

2.106 Façade Improvement Tax Credit

Statute: 32 V.S.A. 5930cc(b); see §§5930aa - 5930ff
Enacted: 2006
Estimate: $0
Taxpayers: 0

Credit equals 25% of qualified expenditures for façade improvements, up to a maximum amount of $25,000.

PURPOSE To provide incentives to improve facades and rehabilitate historic properties in designed downtowns and village center.

2.107 Code Improvement Tax Credit

Statute: 32 V.S.A. 5930cc(c); see §§5930aa - 5930ff
Enacted: 2006
Estimate: $0
Taxpayers: 0

A qualified applicant is eligible for a tax credit of 50% for qualified expenditures up to a maximum of $12,000 for installation or improvement of a platform lift, a maximum tax credit of $50,000 for installation or improvement of a sprinkler system, and a maximum tax credit of $25,000 for the combined costs of all other qualified code improvements.

PURPOSE To provide incentives to improve and rehabilitate historic properties in designed downtowns and village centers by making code improvements.

2.108 Business Solar Energy Tax Credit

Statute: 32 V.S.A. §5930z
Enacted: 2008
Estimate: $168,000
Taxpayers: Under 10

A taxpayer is entitled to a 100% credit for the Vermont-property portion of the business solar energy tax credit component of the federal investment tax credit applied against the taxpayer's federal tax liability. Unused credits may be carried forward for five years.

PURPOSE To provide a temporary, enhanced incentive for business solar investments located in Vermont.

2.109 Machinery and Equipment Tax Credit

Statute: 32 V.S.A. §5930ll
Enacted: 2010
Estimate: N.A.
Taxpayers: N.A

A qualified taxpayer approved by VEPC for a machinery and equipment investment tax credit certification is entitled to a nonrefundable credit in an amount equal to 10% of the total qualified capital expenditures. The total amount of credit authorized by statute is $8 million, and may not exceed $1 million in any one tax year. Applies to tax years beginning on January 1, 2012; repealed effective June 1, 2026.

PURPOSE To provide an incentive to make a major, long-term capital investment in Vermont-based plant and property to ensure the continuation of in-state employment.

2.110 Research and Development Tax Credit

Statute: 32 V.S.A. §5930ii
Enacted: 2009
Estimate: N.A.
Taxpayers: N.A.

A taxpayer is eligible for a nonrefundable credit equal to 30% of the amount of the federal tax credit for eligible R&D expenditures made within Vermont. Unused credits may be carried forward for ten years. The credit takes effect for eligible expenditures made on or after January 1, 2011.

PURPOSE To encourage business investment in research and development within Vermont.

2.111 EATI Tax Credits (carry-forward only)

Statute: 32 V.S.A. §5930a
Enacted: 1997; repealed 2006
Estimate: $1,628,200
Taxpayers: Under 10

A suite of tax credits based on payroll increases, research and development investment, workforce development expenditures, or capital investments in facilities and machinery or equipment, and sales of product shipped out of state. The final taxable year in which credits can be earned is 2010; the last year carry forward credits can be claimed is 2015.

PURPOSE To provide incentives to businesses creating new jobs in Vermont.

2.112 Downtown Tax Credits (carry-forward only)

Statute: 32 V.S.A. §§5930n-5930r
Enacted: 1998, 2002, repealed 2006

Estimate: $30,400
Taxpayers: Under 10

Four tax credits designed to assist with rehabilitation and code improvements for older and historic buildings located within designated downtowns and village centers were replaced with three credits (§5930cc) to make the program easier to use and administer. Credits allocated prior to July 1, 2006 remain subject to the associated statutory provisions but must be claimed by May 24, 2011.

PURPOSE To provide incentives to improve and rehabilitate historic properties in designed downtowns and village centers.

OTHER EXPENDITURES FOR FISCAL YEAR 2011

2.200 Vermont Employment Growth Incentive (VEGI)

Statute: 32 V.S.A. §5930b
Enacted: 2006
Estimate: $602,190
Taxpayers: 13

Unlike other credits, deductions, or exemptions to personal income tax, the VEGI program provides a cash incentive, paid in installments, based on new, qualified job and payroll creation in Vermont, to companies authorized by the Vermont Economic Progress Council (VEPC). VEGI was a newly designed non-credit incentive program that began in January 2007, replacing the Economic Advancement Tax Incentive program (EATI). The VEGI incentive amount is earned over a period of up to five years and paid out over a period of up to nine years, provided the company maintains or increases base payroll and meets the necessary targets. The claims process is unrelated to filing personal or business income taxes.

PURPOSE To provide a cash incentive to businesses that expand and create jobs in Vermont.

Sara Teachout
9/11/13 B.

Vermont Higher Education Investment Credit
32 V.S.A. § 5825a

PURPOSE: To encourage contributions to the Vermont higher education investment plan and to make postsecondary education more accessible.

Georgia Maharas
9/11/2013
C.

FY13 Bill Back Report

Presented to Joint Fiscal Committee

September 11, 2013

Georgia J. Maheras, GMCB

What is this bill back?

- Annual assessment to hospitals and insurers
  - Joint jurisdiction: DFR and GMCB
- Scope of programs covered:
  - Hospital budgets
  - Data
- FY13: $395,117

FY13 Hospital Assessment:

Hospital Name	Assessment
Brattleboro Memorial Hospital	$3,530
Copley Hospital	$3,735
Central Vermont Medical Center	$6,783
Grace Cottage Hospital	$426
Fletcher Allen Health Care	$40,313
Gifford Medical Center	$2,601
Mt. Ascutney Hospital	$923
North Country Hospital	$3,137
Northeastern Vermont Regional Hospital	$2,700
Northwestern Medical Center	$4,612
Porter Hospital	$3,346
Rutland Regional Medical Center	$13,671
Southwestern Vermont Medical Center	$8,080
Springfield Hospital	$4,947
TOTAL	$98,804

FY13 Insurer Assessment:

Insurance Carrier Name	Assessment
Aetna	$3,140
American Heritage	$68
Blue Cross Blue Shield of Vermont-Medical Service Corporation	$98,804
Blue Cross Blue Shield- TVHP	$59,387
CIGNA	$76,316
John Alden Life Insurance Company	$110
MVP Health Insurance	$14,756
MVP- Health Maintenance Organization	$39,417
New York Life Insurance Company	$196
QCC Insurance Company	$763
State Farm	$274
United Health Care	$3,008
United States Life Insurance Company	$74
TOTAL	$296,313

Maharas C. 9/11/13

REPORT TO THE HOUSE COMMITTEE ON HEALTH CARE, THE SENATE COMMITTEE ON HEALTH AND WELFARE, THE SENATE FINANCE COMMITTEE, AND THE HOUSE AND SENATE COMMITTEES ON APPROPRIATIONS
ON

THE TOTAL AMOUNT OF ALL EXPENSES ELIGIBLE FOR ALLOCATION PURSUANT TO 18 V.S.A. §§ 9374(H) AND 9415 DURING THE PRECEDING STATE FISCAL YEAR AND THE TOTAL AMOUNT ACTUALLY BILLED BACK TO THE REGULATED ENTITIES DURING THE SAME PERIOD

GREEN MOUNTAIN CARE BOARD AND
VERMONT DEPARTMENT OF FINANCIAL
REGULATION
September 16, 2013

Submitted by
Alfred J. Gobeille, Chair, Green Mountain Care Board and
Susan Donegan, Commissioner, Department of Financial Regulation

Section 37c of Act 79 of the Acts of 2013 requires that no later than September 15th, the Vermont Department of Financial Regulation (Department) and the Green Mountain Care Board (Board) submit a report regarding: "**the total amount of all expenses eligible for allocation pursuant to 18 V.S.A. §§ 9374(h) and 9415 during the preceding state fiscal year and the total amount actually billed back to the regulated entities during the same period.**" This report must be submitted to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the House and Senate Committees on Appropriations. The Department and the Board must also present this information to the Joint Fiscal Committee at its September meeting.

Background

The initial authorizing legislation for this bill back was passed in 1996 to support the activities of the Health Care Authority (HCA). When the HCA moved into the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISCHA), the authority for this bill back transferred to BISHCA (now the Department). Act 171 of the Acts of 2012 authorized the Board to bill back to hospitals and insurance carriers costs of certain activities related to health care system oversight. 2012, No. 171 (adj. sess.), § 5. Accordingly, prior to the 2013 legislative session, Vermont law provided that "[e]xpenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by" the Department or the Board "shall be borne as follows:"

- 40% by the State;
- 15% by the hospitals;
- 15% by nonprofit hospital and medical service corporations; and
- 15% by health insurance companies, and 15% by health maintenance organizations.

18 V.S.A. §§ 9374(h)(1) & 9415(a).

In the February 1, 2013 "Report on How Hospitals and Health Insurers Finance Regulatory Activities,"[1] the Department and the Board explained that they have not been charging the full 60 percent burden of the regulatory processes described in statute. In recent years, the annual amount has ranged from $395,000-$650,000, which did not cover the allowable amount. Because of this, the Legislature requested in Act 79 that the Department and the Board report on what was billed back each year and why, if applicable, the Department and the Board did not charge the full 60 percent burden. 2013, No. 79 (adj. sess.), § 37c. Act 79 also added statutory language that affords the Board and the Department discretion over the scope and the amount of the bill back. *See* 18 V.S.A. § 9374(h)(2) ("The Board may determine the scope of the incurred expenses to be allocated pursuant to the [above] formula . . . if, in the Board's

[1] This report is found here: http://gmcboard.vermont.gov/sites/gmcboard/files/Billback_Rpt_020113.pdf

discretion, the expenses to be allocated are in the best interests of the regulated entities and of the State."); 18 V.S.A. § 9415(b) (same language for the Department). Finally, Act 79 expanded the scope of the bill back to include funding for the office of the Health Care Advocate and for staffing related to the publication of the hospital community reports required by 18 V.S.A. § 9405b. 2013, No. 79 (adj. sess.), §§ 37d, 50(c). Those changes are in effect for FY14 and do not affect the numbers in this report.

FY13 Bill Back

In FY13, the Department and the Board billed back for $395,117. All of the regulatory activities eligible for bill back exceed $3 million annually, and therefore the regulated entities' full 60 percent share would be at least $1.8 million. The Department and the Board, however, determined that the industry should not bear the full 60 percent burden of the regulatory processes spelled out in statute, recognizing that any additional burden to hospitals and insurance carriers will be passed through to Vermont's small businesses and consumers. Further, the Board and the Department are committed to limiting the impact of these government programs on Vermonters and sought to maximize other funding sources. In FY13, the Board and the Department received federal grant funding to offset many of these program costs and thereby limit the amount of the FY13 bill back.

The FY13 bill back detail is in Tables 1 and 2 below.

Table 1: Hospital Budget Assessment FY13

Hospital Name	**Assessment**
Brattleboro Memorial Hospital	$3,530
Copley Hospital	$3,735
Central Vermont Medical Center	$6,783
Grace Cottage Hospital	$426
Fletcher Allen Health Care	$40,313
Gifford Medical Center	$2,601
Mt. Ascutney Hospital	$923
North Country Hospital	**$3,137**
Northeastern Vermont Regional Hospital	$2,700
Northwestern Medical Center	**$4,612**
Porter Hospital	$3,346
Rutland Regional Medical Center	**$13,671**
Southwestern Vermont Medical Center	$8,080
Springfield Hospital	$4,947
TOTAL	$98,804

*Note that Grace Cottage Hospital, Mt. Ascutney Hospital, Porter Hospital, and Rutland Regional Medical Center all received adjustments in the FY13 assessment due to credits from the prior year's assessments.

Table 2: Insurance Carrier Assessment FY13

Insurance Carrier Name	Assessment
Aetna	$3,140
American Heritage	$68
Blue Cross Blue Shield of Vermont-Medical Service Corporation	$98,804
Blue Cross Blue Shield- TVHP	$59,387
CIGNA	$76,316
John Alden Life Insurance Company	$110
MVP Health Insurance	$14,756
MVP- Health Maintenance Organization	$39,417
New York Life Insurance Company	$196
QCC Insurance Company	$763
State Farm	$274
United Health Care	$3,008
United States Life Insurance Company	$74
TOTAL	**$296,313**

E.1.

Developmental Disabilities Services
Caseload and Utilization Methodology Review

September 11, 2013
Report to Joint Fiscal Committee
Per Sec. E. 333 (a)(2) of Act 50 of 2013

INTRODUCTION

This fiscal forecasting methodology review is required by the FY14 appropriations bill. The review recognizes that the Developmental Disabilities Service (DDS) system has evolved overtime under the policy frame work set out in statute and the current System of Care Plan (SOCP) which, in turn, sets the funding priorities for the DDS system. This framework is drawn from a clear sense of values and principles shared across the stakeholders in the system. Our review considers the current practice of implementing this framework within the funding levels that have been provided through annual legislative appropriations.

The review of caseload and utilization methodology is based on this policy framework and does not include consideration of potential system demands that are currently outside that framework.

The team sought to understand the fiscal and business structures and processes as well as the primary cost drivers within the system under the current policy framework. The team reviewed recent actual fiscal information and tested various projecting and trending methods for accuracy against actual recent expenditures.

Charge

The charge for this methodology review is set out in Sec. E. 333 of Act 50 of 2013 the Fiscal Year 2014 Appropriations Act specifically in subdivision (a) (2):

Sec. E.333 Disabilities, aging, and independent living - developmental services

(a) The Department of Disabilities, Aging, and Independent Living, the Agency of Human Services, the Department of Finance and Management, and the Joint Fiscal Office shall:

(1) After review of preliminary fiscal year 2013 close out of the developmental services appropriation unit, present an estimate to the Joint Fiscal Committee at its July 2013 meeting regarding the amount, if any, of the fiscal year 2014 Developmental Services program budget that needs to be addressed through administrative or operational changes in order to manage the service needs within the appropriated funds;

(2) Review the methodology for forecasting both the caseload and utilization for developmental disabilities programs and shall report any recommendations for changing this methodology to the Joint Fiscal Committee at its September 2013 meeting;

(3) Recommend a consensus estimate for the fiscal year 2015 developmental services caseload, utilization, and budget to the Emergency Board at its January 2014 meeting.

Participants

Agency of Human Services Central Office
Jim Giffin
Rich Donahey

Department of Disabilities Aging and Independent Living
Camille George
Bill Kelly
Jim Euber

Department of Finance and Management
Emily Byrne

Joint Fiscal Office
Stephanie Barrett

Meetings

The team met seven times in both Williston and Montpelier through a combination of in person and conference calls between June and present day. Meetings were scheduled on two occasions with client and provider representatives who requested a meeting to ask questions, provide information and present their thoughts on the system and the current methods of fiscal forecasting for the program. The written questions and thoughts submitted are in Attachment A and Attachment B.

Overview

Each of the stakeholders - consumers, advocates, providers and the State have interests in the system. Like most, if not all public programs, whether the current policy framework balances shareholder interests is a source of continued discussion and debate. Again like most public programs, annual funding recommendations are one of the primary areas where such debates are focused.

Beginning in FY12 the DDS system faced unanticipated increases both in caseload and utilization. This required a $3 million FY13 midyear budget adjustment and an FY14 budget increase above recent trend rates at $7.4 million. As a result, the FY14 budget includes a $2.5 million system savings target. The manner in which this savings target is addressed is a topic of the DDS Legislative Policy Workgroup. This recent fiscal experience also raised questions as to whether the existing budget projecting methods were adequate, resulting in the mandate for this fiscal review.

Dynamics of the System

The fiscal review team sought to understand fiscal and business structures and processes as well as the primary cost drivers within the system as it is currently operated under the existing policy framework set out in statute and operationalized by the current SOCP and the funding priorities established therein. These are summarized as follows:

Each DDS consumer is unique; a budget is developed for each consumer based upon his or her own individual strengths and needs.

It is expected that this program will continue to grow due to several factors. There are the relatively predictable "June Graduates" moving from the education system. There is also a steady demand driven by increased individual need as consumers and care givers age. Demand from the public safety caseload continues and is more challenging to predict. Growth has and could continue to come from as yet unforeseen new areas, such as the recent need for DDS services by refugees.

The State sets and executes the policy framework and determines the annual appropriation funding level.

Direct services are provided by regional non-profit Designated Agencies (DAs) and Specialized Service Agencies (SSAs) with assistance from a supportive Integrated Service Organization (ISO).

A small number of consumers or families self-manage their budgets.

Eligibility for DDS waiver services is based on both the determination of defined clinical disability and meeting a funding priority of the SOCP. The process begins at the local DA through eligibility and needs assessment. Once this is determined a funding recommendation is made to the state Equity or Public Safety funding committee. Approval of the committee results in the new or amended specific budget for the consumer. The DDS Legislative Policy Workgroup report provides a detailed description of this process. This report also provides statistics regarding FY13 requests for new or increased services. A total of 713 applications resulted in 478 referrals to the state funding committees.

Individual budgets are reviewed annually by the DAs/SSAs with the consumer and his or her support team. There is no state level annual review.[1]

Each DA/SSA begins the fiscal year with an allocation that reflects the sum of the approved budgets for the consumers they serve. Throughout the course of the year budgeted funds for consumers who change or terminate services[2] are removed from a DA allocation and become available to offset new caseload and new service needs as they arise and are approved by the state funding committees.

[1] DDAIL has made a proposal for inclusion in the updated SOCP (July 1, 2014-June 30,2017) that the state Equity and Public Safety funding committees consider an individual's entire budget concurrent with the consideration of the best way to meet a person's needs in reviewing a request for increased services. DDAIL expects to issue a decision about this soon.

[2] This may be due to reasons such as death, move out of state, move to a new region, move to a nursing home, incarceration, switch to self/family managed, or switch providers.

Modest adjustments to individual budgets are made internally by DAs within their existing allocations.

Reimbursement for the DAs/SSAs is essentially a cost reimbursement system with the service rates being set by the agencies. There is not a formal rate setting process, they are required to provide the state with annual financial audits.

The Public Safety caseload appears to be experiencing increased cost per case growth. In order to be considered a risk to public safety, the SOCP requires an individual meet at least one of the following:

- Committed to the custody of the DAIL Commissioner under Act 248 because of being dangerous to others. Services are legally mandated.
- Convicted of a sexual or violent crime has completed his or her maximum sentence and there is evidence that the individual poses a substantial risk of committing a sexual or violent re-offense.
- Substantiated by DAIL or Department of Children and Families (DCF) for sexual or violent abuse, neglect, or exploitation of a vulnerable person and there is evidence that the individual poses a substantial risk of committing a sexual or violent re-offense.
- In the custody of DCF for committing a sexual or violent act that would have been a crime if committed by an adult, is now aging out of DCF custody, and there is evidence that the individual poses a substantial risk of committing a sexual or violent re-offense.
- Not charged with or convicted of a crime, but the individual's risk assessment contains evidence that the individual poses a substantial risk of committing a sexual or violent re-offense.
- Convicted of a crime and under supervision of Department of Corrections (probation, parole, pre-approved furlough, conditional re-entry) and DOC is actively taking responsibility for supervision of the individual for public safety. Public Safety Funding only pays for supports needed because of the individual's developmental disability. Offense-related specialized support needs, such as sex offender therapy, cannot be funded for an individual who is under the supervision of DOC.

The Severely Functionally Impaired/Complex Community Case (SFI/CCC) caseload is similar to the DDS waiver caseload but is not part of the DDS waiver. The funding for this initiative was added in the FY13 budget adjustment and FY14 base as a new policy initiative. The funds for this initiative are not related to the DDS waiver base budget or budget adjustment. If this initiative was not funded, how these funds would alternately be allocated would be an executive/legislative determination and would not automatically result in an increase in the DDS waiver funding level.

DDS waiver services are not an entitlement. There is a feedback loop between the level of funding authorized by the legislature annually and the SOCP funding priorities. SOCP funding priorities have been tightened in response to fiscal realities (FY09 rescissions, Challenges for Change etc.). It has not been the practice of this program to freeze or establish a waiting list for DDS waiver services, any such practice would need to take into consideration the State's requirement with respect to the Olmstead decision3. Vermont statute governing the SOCP identifies the public process for DDAIL to prioritize people and services allowing them to manage to the funds available. In a given fiscal year, when the funding level is projected to be below the allocated budgets the SOCP allows a rescission process to approved service budgets. The Legislative Policy Work Group report summarizes methods that are or have been used to manage the program budget.

The DAs/SSAs have increased the use of contractors over time for the provision of services.

Act 48 of 2013 (S.59) An Act Related to Independent Support Providers) permits direct support providers[4] to collectively bargain with the State of Vermont on issues that could have a fiscal impact, such as compensation, benefits, professional development and training, and procedures for resolving grievances. Unions have actively been seeking to represent Vermont direct care workers. It is not yet clear when any contract would be executed but it is possible that fiscal impacts of a negotiated contract could partially impact FY15 and are very likely to impact FY16. The effects of a negotiated contract and the subsequent impact on the cost of DDS services provided by direct care workers will need to be estimated.

Fiscal Picture

Table 1 provides an overall fiscal summary of the DDS system for FY09 through FY14 for the waiver program and other DDS budget lines. FY09 through FY13 reflects actual year end expenses and FY14 reflects the current budgeted amount. The waiver program accounts for 96% of total expenditures. There are two distinct caseload groups within the waiver; Regular and Public Safety DDS consumers. Table 1 shows the following:

Regular DDS consumer caseload growth has averaged 3.58% between FY09 and budgeted FY14, while the average growth rate for this consumer group has averaged 3.82%. The actual unit cost (expenditure per consumer) for this consumer group dropped by 2.4% between FY09 and FY13, but is budgeted to increase by 3.7% in FY14.

The Public Safety consumer group has seen caseload growth averaging 3.9% and total cost growing 9.8% on average in this five year picture. The cost per case has steadily risen as a result; the five year unit cost growth rate is 31.7% (averaging 5.79%) from FY09 to budgeted FY14.

[3] *Olmstead v. L.C.*, 527 U.S. 581 (1999), is a United States Supreme Court case requiring states to eliminate unnecessary segregation of persons with disabilities and to ensure that persons with disabilities receive services in the most integrated setting appropriate to their needs. .

[4] Direct support provider is defined as "any individual who provides home- and community-based services to a service recipient and is employed by the service recipient, shared living provider, or surrogate [of the service recipient]."

In total, average cost growth of the DDS waiver is 4.4%, with caseload growth at 3.6%. It is interesting to note that the total DDS waiver caseload appears to be increasing as a percent of the total Aged, Blind and Disabled Medicaid eligibility group growing from at or just below 17% to just over 18% projected in FY18.

Table 2 provides expenditure detail by provider and by type of service for the DDS waiver program for three years, FY10 through FY12. The detail for FY13 is not yet available but will be added to this data set when it becomes available. This summary shows the expenditures for the Regular and Public Safety caseloads combined.

The provider detail shows a range of cost per case from $47k to $75k with a steady average of $53k. A handful of designated agencies and specialized service agencies have significant caseload and expenditure increases with modest changes in most of the other agencies. Only one agency, Washington County MH, experienced caseload increase and total expenditure decrease in this time period, although several agencies saw cost per case decreases within this time frame.

The cost detail by type of service shows Housing services are the largest service category at 38% with the next largest categories being Community Supports at 18% and Respite at 11%. These categories have also seen the largest increases. This summary shows that approximately 6% less was spent on employment and transportation services from FY10 to FY12. The administration allocation for the DAs/SSAs went down by 1.5% while case management increased 2.8%.

Details of the housing expenditure show a wide cost range across the various types of housing services and the cost changes over this time period.

Table 3 provides the total, fully annualized, actual new and increased service budgets approved by the state funding committees for FY07 through FY13 for the Regular and Public Safety caseloads. For the same time period, it also shows actual returned equity revenue that was available in each fiscal year. Each of the data categories are represented in a line graph. The year over year rate of change for each of these data series are also graphed. These graphs are useful in depicting the relative volatility of each data series.

DDS Programs

TABLE 1

DDS Waiver	Actual FY09	Actual FY10	Actual FY11	Actual FY12	~Actual FY13	Budgeted FY14	**CAGR '09-'14**
Regular Caseload $	110,146,930	113,106,785	117,108,815	119,659,364	123,853,075	132,832,629.00	3.82%
		2.69%	*3.54%*	*2.18%*	*3.50%*	*7.25%*	
Regular Caseload #	2,172	2,253	2,330	2,427	2,503	2,590	3.58%
		3.73%	*3.42%*	*4.16%*	*3.13%*	*3.48%*	
Regular $/Consumer	$50,712	$50,203	$50,261	$49,303	$49,482	$51,287	0.23%
Public Safety $	18,299,242	19,831,615	20,799,109	21,957,764	26,434,163	29,167,371	9.77%
		8.37%	*4.88%*	*5.57%*	*20.39%*	*10.34%*	
Public Safety Caseload #	200	207	209	220	230	242	3.89%
		3.50%	*0.97%*	*5.26%*	*4.55%*	*5.22%*	
Public Safety $/Consumer	$91,496	$95,805	$99,517	$99,808	$114,931	$120,526	5.67%
Waiver Savings Target						**($2,500,000)**	
DS Waiver total	$128,446,172	$132,938,400	$137,907,924	$141,617,128	$150,287,238	$159,500,000	4.43%
	5.18%	*3.50%*	*3.74%*	*2.69%*	*6.12%*	*6.13%*	
DS Total # of Consumers	2,372	2,460	2,539	2,647	2,733	2,832	3.61%
	4.49%	*3.71%*	*3.21%*	*4.25%*	*3.25%*	*3.62%*	
DS Total $/Consumer	$54,151	$54,040	$54,316	$53,501	$54,990	$56,321	0.79%

DDS Other						
Flexible Family Funding	1,364,898	1,114,898	1,103,749	1,103,749	1,043,888	1,043,888
SSBG	321,309	313,512	313,512	313,512	308,262	298,784
Misc GF Grants	116,528	60,362	131,244	96,393	108,214	155,125
Targeted Case Mgt	442,958	433,899	409,959	402,710	422,173	590,553
Rehab Services (PASARR)	108,585	81,266	103,410	186,179	100,442	277,454
Bridges Program (children)	27,327	626,684	672,397	666,505	755,001	1,126,421
Westview ICF/MR	1,274,070	1,274,070	1,261,329	1,266,288	1,339,734	1,266,775
Misc One Time Grants	671,957	439,810	982,674	1,502,293	2,632,365	
Subtotal	4,327,632	4,344,502	4,978,274	5,537,630	6,710,080	4,759,000
Rate Increase (COLA)						2,936,999
SFI/CCC Base					1,270,247	1,875,000
SFI/CCC Caseload #					16	
SFI/CCC $/Consumer					*$79,390*	
Total Other DS	4,327,632	4,344,502	4,978,274	5,537,630	7,980,327	9,570,999
TOTAL DS Waiver and Other	132,773,804	137,282,902	142,886,198	147,154,758	158,267,565	169,070,999

DDS-Billed Services

TABLE 2

DDS Waiver - by provider	FY10 Persons	FY10 $	FY10 $ %	FY10 $/Per	FY11 Persons	FY11 $	FY11 $ %	FY11 $/Per	FY12 Persons	FY12 $	FY12 $ %	FY12 $/Per	Two Year Change FY10-FY12 Persons	%	$	%
Counseling Service of Addison County	118	6,357,726	4.8%	53,879	118	6,302,845	4.6%	53,414	128	6,508,858	4.6%	50,850	10	8.5%	151,132	2.4%
Champlain Community Services	54	2,626,554	2.0%	48,640	53	2,603,984	1.9%	49,132	55	2,661,879	1.9%	48,398	1	1.9%	35,325	1.3%
Howard Center	445	21,992,916	16.5%	49,422	484	24,193,523	17.5%	49,987	526	25,700,434	18.1%	48,860	81	18.2%	3,707,518	16.9%
Health Care & Rehab Service (SW VT)	234	11,679,030	8.8%	49,910	245	12,402,444	9.0%	50,622	249	13,002,549	9.2%	52,219	15	6.4%	1,323,519	11.3%
Lamoille Community Connections	83	4,546,613	3.4%	54,778	85	4,421,966	3.2%	52,023	81	4,498,930	3.2%	55,542	-2	-2.4%	(47,683)	-1.0%
Lincoln Street Inc.	55	3,066,416	2.3%	55,753	52	3,019,477	2.2%	58,067	55	3,134,361	2.2%	56,988	0	0.0%	67,945	2.2%
Northeast Kingdom Human Services	276	14,275,313	10.7%	51,722	273	14,385,084	10.4%	52,693	269	14,371,649	10.1%	53,426	-7	-2.5%	96,336	0.7%
Northwest Counseling & Support Services	225	10,731,071	8.1%	47,694	234	11,553,933	8.4%	49,376	246	12,258,618	8.7%	49,832	21	9.3%	1,527,547	14.2%
Rutland Mental Health Services	243	12,621,632	9.5%	51,941	251	13,051,774	9.5%	51,999	257	12,742,426	9.0%	49,581	14	5.8%	120,794	1.0%
Sterling Area Services	73	5,075,204	3.8%	69,523	76	5,278,117	3.8%	69,449	77	5,370,178	3.8%	69,743	4	5.5%	294,974	5.8%
Specialized Community Care	41	3,082,741	2.3%	75,189	42	3,032,082	2.2%	72,192	44	3,327,564	2.3%	75,626	3	7.3%	244,823	7.9%
Transition II (self managed)	71	3,261,832	2.5%	45,941	68	3,315,272	2.4%	48,754	76	3,663,092	2.6%	48,199	5	7.0%	401,260	12.3%
United Counseling Services	131	6,201,571	4.7%	47,340	127	6,124,112	4.4%	48,221	129	6,125,009	4.3%	47,481	-2	-1.5%	(76,562)	-1.2%
Upper Valley Services	184	12,994,695	9.8%	70,623	191	13,268,419	9.6%	69,468	193	13,068,470	9.2%	67,712	9	4.9%	73,775	0.6%
Families First	36	1,571,857	1.2%	43,663	41	2,199,051	1.6%	53,635	48	2,518,326	1.8%	52,465	12	33.3%	946,469	60.2%
Washington County Mental Health	229	12,852,364	9.7%	56,124	224	12,755,841	9.2%	56,946	236	12,664,785	8.9%	53,664	7	3.1%	(187,579)	-1.5%
Total	2,498	132,937,535	100.0%	53,218	2,564	137,907,924	100.0%	53,786	2,669	141,617,128	100.0%	53,060	171	6.8%	8,679,593	6.5%

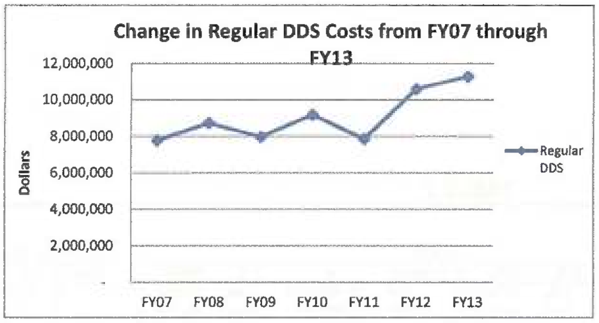
DDS Waiver - by type of service	FY10	FY10 $	FY10 $ %	FY10 $/Per	FY11	FY11 $	FY11 $ %	FY11 $/Per	FY12	FY12 $	FY12 $ %	FY12 $/Per	Persons	%	$	%
Service Planning & Coordination	2,498	14,201,690	10.7%	5,685	2,564	14,536,115	10.5%	5,669	2,669	14,595,966	10.3%	5,469	n/a	n/a	394,276	2.8%
Employment Services	796	9,447,679	7.1%	11,869	786	9,227,776	6.7%	11,740	773	8,893,009	6.3%	11,505	-23	-2.9%	(554,670)	-5.9%
Community Supports	1,606	23,714,830	17.8%	14,766	1,789	25,190,202	18.3%	14,081	1,690	26,039,014	18.4%	15,408	84	5.2%	2,324,184	9.8%
Respite (Family/Home Provider Supports)	1,787	13,950,898	10.5%	7,807	1,836	14,832,684	10.8%	8,079	1,855	16,191,449	11.4%	8,729	68	3.8%	2,240,551	16.1%
Clinical	1,684	4,103,699	3.1%	2,437	1,718	4,394,833	3.2%	2,558	1,710	4,535,789	3.2%	2,653	26	1.5%	432,090	10.5%
Crisis Supports (Indiv,State,Local)	316	2,625,142	2.0%	8,307	327	2,693,048	2.0%	8,236	299	2,645,433	1.9%	8,848	-17	-5.4%	20,291	0.8%
Housing	1,749	49,754,897	37.4%	28,448	1,786	52,083,243	37.8%	29,162	1,798	53,849,958	38.0%	29,950	49	2.8%	4,095,061	8.2%
ISO	2,204	451,493	0.3%	205	2,317	452,994	0.3%	196	2,355	551,296	0.4%	234	151	6.9%	99,803	22.1%
Transportation	1,132	3,165,481	2.4%	2,796	1,071	3,011,437	2.2%	2,812	1,072	2,969,410	2.1%	2,770	-60	-5.3%	(196,071)	-6.2%
DA/SSA Agency Admin	2,498	11,521,726	8.7%	4,612	2,564	11,485,592	8.3%	4,480	2,669	11,345,804	8.0%	4,251	n/a	n/a	(175,922)	-1.5%
Total	2,498	132,937,535	100.0%	53,218	2,564	137,907,924	100.0%	53,786	2,669	141,617,128	100.0%	53,060	171	6.8%	8,679,593	6.5%

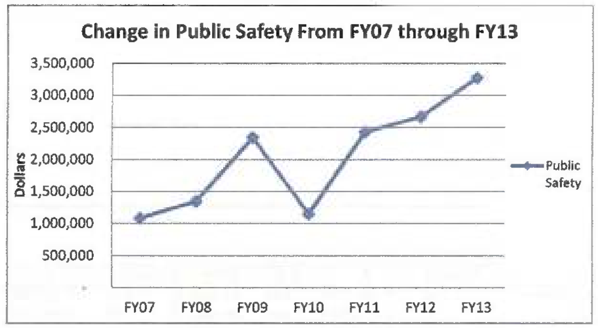
Housing Detail	Persons	$	$/Per	Persons	$	$/Per	Persons	$	$/Per	Persons	%	$	%
Supported/Assisted	259	3,267,359	12,615	289	4,192,008	14,505	309	4,509,604	14,594	50	19.3%	1,242,245	38.0%
Staffed Living	41	3,426,583	83,575	41	3,629,471	88,524	45	3,872,810	86,062	4	9.8%	446,227	13.0%
Group Living	97	7,671,097	79,083	99	7,553,766	76,301	96	7,278,231	75,815	-1	-1.0%	(392,866)	-5.1%
Home Providers	1,325	35,368,686	26,693	1,345	36,691,845	27,280	1,338	38,170,117	28,528	13	1.0%	2,801,431	7.9%
Goods	27	21,172	784	12	16,153	1,346	10	19,196	1,920	-17	-63.0%	(1,976)	-9.3%
Total	1,749	49,754,897	28,448	1,786	52,083,243	29,162	1,798	53,849,958	29,950	49	2.8%	4,095,061	8.2%
	70.0%			69.7%			67.4%						

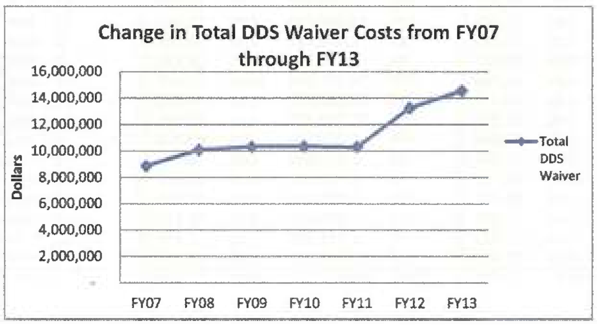
TABLE 3

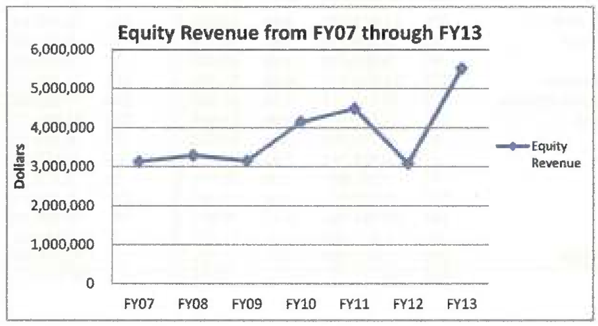
DAIL DDS Forecasting - Actual Data

	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Regular DDS	7,779,862	8,744,004	7,984,657	9,193,599	7,860,246	10,597,742	11,288,502
Public Safety	1,088,199	1,346,958	2,344,670	1,150,115	2,429,694	2,668,329	3,275,045
Total DDS Waiver	8,868,061	10,090,962	10,329,327	10,343,714	10,289,940	13,266,071	14,563,547
Equity Revenue	3,138,112	3,297,548	3,153,894	4,152,415	4,496,601	3,081,631	5,529,545



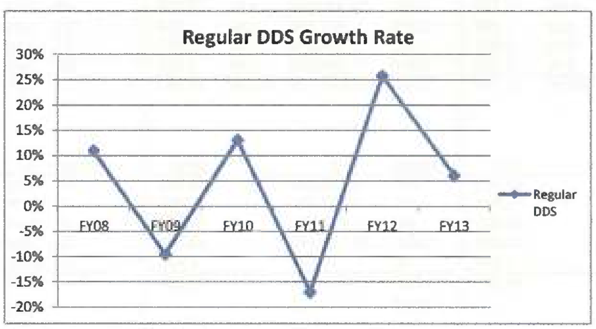


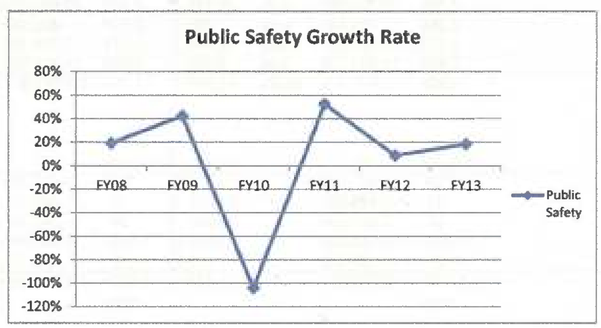


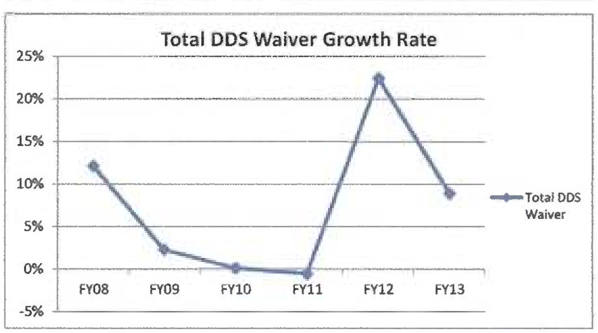


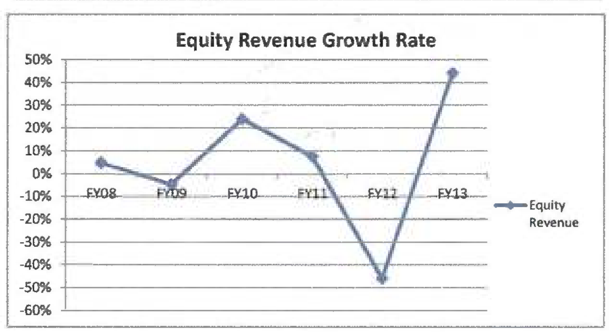
Growth Rate

	FY08	FY09	FY10	FY11	FY12	FY13
Regular DDS	11%	-10%	13%	-17%	26%	6%
Public Safety	19%	43%	-104%	53%	9%	19%
Total DDS Waiver	12%	2%	0%	-1%	22%	9%
Equity Revenue	5%	-5%	24%	8%	-46%	44%









Analysis

Current Budget Projection Method

Like any other program funded by the State, each DDS appropriations request is initially developed eighteen months in advance of the start of a fiscal year. That means data from the most recent fiscal year is not included in initial budget development. However, the fiscal experience in the initial months of a fiscal year is generally considered.

The current budget methodology consists of a three year average of the actual annualized new caseload and utilization approved by the state Equity and Public Safety Funding Committees, less the three year average of the actual returned equity revenue amounts for the past three years. This increment is added to the current year budget to establish the budget request for the coming fiscal year.

The 3-year average actual experience of FY10, FY11 and FY12 for approved new funding, less 3-year average equity revenue was added to the FY13 budget (plus budget adjustment) forming the basis for the FY14 budget proposal. A policy decision was included in the FY14 budget requiring the DDS program to achieve a \$2.5 million savings target. The actual results of FY13 indicate a revision of target to \$2.23 million as described in the memo the Joint Fiscal Committee in July 2013 in Attachment C.

Under this method, FY15 will incorporate the same 3-year averages of FY11, FY12 and FY13 would be added to the current FY14 base budget to arrive a 'steady state' budget recommendation.

As a methodology this works reasonably well when the trends are fairly consistent. It will not be very accurate or timely when trends are less consistent or changing at an accelerating rate up or down. The methodology appears to work well capturing the steady program cost drivers like June Graduates and increased individual budget need over time. It does not appear to work as well at capturing the more volatile Public Safety trend or other unforeseen cost drivers.

Historical Forecasting Accuracy:

To assess the accuracy of the traditional three year average forecasting methodology, the group compared a series of hypothetical forecasts to the three year average. The goal of this exercise was to determine if there was a forecasting method that would have more accurately and consistently predicted the increase in DS waiver needs in FY13, FY12 and FY11. The group ran hypothetical forecasts for regular caseload, public safety caseload, the total waiver, and the equity revenue. Using historical data, the following forecasting methods were tested for comparison with the three year average:

Methodology	Description
3 year median	Median value between the three complete previous FYs of data

2 year average	Average of the two complete previous FYs of data
Most Recent Completed FY	The actual dollars spent in the last closed FY.
3 Year Maximum	The maximum value over the last three previous complete FYs
3 Year Minimum	The minimum value over the last three previous complete FYs
Weighted Average (0.5, 0.25, 0.25)	The most recent completed FY was given a weight of 50% and the two following FYs were each given a weight of 25%
Weighted Average (0.75, 0.25)	The most recent completed FY was given a weight of 75% and the following FY was each given a weight of 25%
3 year average	Average of three complete previous FYs of data

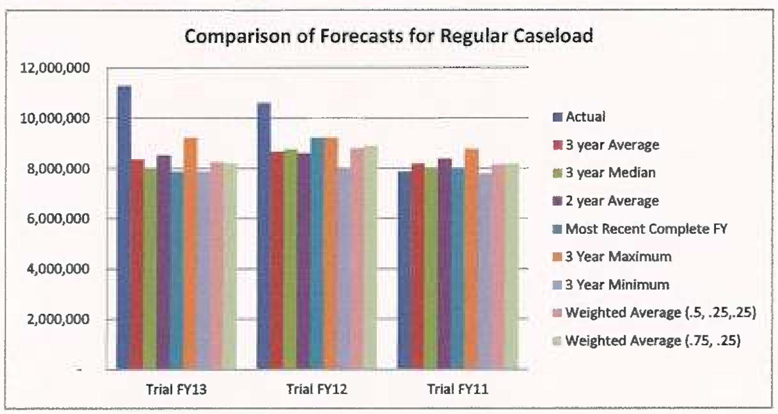
The results of these forecasts can be found on the following pages. The tables contain the trial forecast for each fiscal year and method, the variance between the forecast and the actual spend in the fiscal year, and the percent error. Several statistics are also provided to demonstrate the forecasts accuracy and consistency over time. The Mean Error (ME) is the average variance over the three fiscal periods and the Mean Percent Error (MPE) is the average percentage error over the three fiscal periods. These two statistics show the bias of the forecast; meaning the forecast generally over or under estimates the result. If the ME or MPE is positive it illustrates that the forecast is generally an underestimate, if either are negative it means that the forecast generally overestimates. The Mean Absolute Error (MAE) and Mean Absolute Percent Error (MAPE) use the absolute value of forecast variance and percent error to eliminate the negation of over and under estimates over time. These statistics can be used to assess the precision of a forecast; they demonstrate, on average, how much a method will vary from the actual value.

The results of this analysis indicate the in FY11 the 3-year average worked well for the Regular caseload and reasonably well for the DS waiver overall. It does not show much accuracy for the Public Safety caseload or the equity revenue. The accuracy of this method continues to fall in FY12 and FY13, however, none of the alternate methods using the same baseline data resulted in a better FY13 result for the DS waiver overall, including the most recent maximum or the most recent closed fiscal year. These alternates would have resulted in a similar budget adjustment need for FY13.

Regular Caseload Forecasts

	FY13			FY12			FY11		
Actual	$ 11,288,502			$ 10,597,742			$ 7,860,246		
	FY13			FY12			FY11		
Models	Trial FY13	Variance from Actual	Percent Error	Trial FY12	Variance from Actual	Percent Error	Trial FY11	Variance from Actual	Percent Error
3 year Average	8,346,167	2,942,335	26%	8,640,753	1,956,989	18%	8,169,508	(309,262)	-4%
3 year Median	7,984,657	3,303,845	29%	8,744,004	1,853,738	17%	7,984,657	(124,411)	-2%
2 year Average	8,526,923	2,761,580	24%	8,589,128	2,008,614	19%	8,364,331	(504,085)	-6%
Most Recent Complete FY	7,860,246	3,428,256	30%	9,193,599	1,404,143	13%	7,984,657	(124,411)	-2%
3 Year Maximum	9,193,599	2,094,903	19%	9,193,599	1,404,143	13%	8,744,004	(883,758)	-11%
3 Year Minimum	7,860,246	3,428,256	30%	7,984,657	2,613,085	25%	7,779,862	80,384	1%
Weighted Average (.5, .25,.25)	8,224,687	3,063,815	27%	8,778,965	1,818,777	17%	8,123,295	(263,049)	-3%
Weighted Average (.75, .25)	8,193,584	3,094,918	27%	8,891,364	1,706,379	16%	8,174,494	(314,248)	-4%

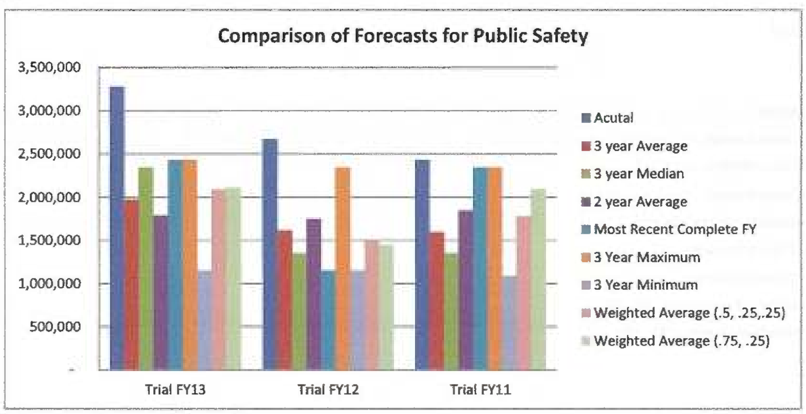
	Mean Error	Mean Percent Error	Mean Absolute Error	Mean Absolute Percent Error
3 year Average	1,530,021	14%	1,736,195	16%
3 year Median	1,677,724	15%	1,760,665	16%
2 year Average	1,422,036	12%	1,758,093	17%
Most Recent Complete FY	1,569,329	14%	1,652,270	15%
3 Year Maximum	871,763	7%	1,460,935	14%
3 Year Minimum	2,040,575	19%	2,040,575	19%
Weighted Average (.5, .25,.25)	1,539,848	14%	1,715,214	16%
Weighted Average (.75, .25)	1,495,683	13%	1,705,181	16%



Public Safety Caseload Forecasts

	FY13			FY12			FY11		
Actual	$ 3,275,045			$ 2,668,329			$ 2,429,694		
	FY13			FY12			FY11		
Models	Trial FY13	Variance from Actual	Percent Error	Trial FY12	Variance from Actual	Percent Error	Trial FY11	Variance from Actual	Percent Error
3 year Average	1,974,826	1,300,219	40%	1,613,914	1,054,415	40%	1,593,276	836,418	34%
3 year Median	2,344,670	930,375	28%	1,346,958	1,321,371	50%	1,346,958	1,082,736	45%
2 year Average	1,789,905	1,485,141	45%	1,747,393	920,937	35%	1,845,814	583,880	24%
Most Recent Complete FY	2,429,694	845,351	26%	1,150,115	1,518,214	57%	2,344,670	85,024	3%
3 Year Maximum	2,429,694	845,351	26%	2,344,670	323,659	12%	2,344,670	85,024	3%
3 Year Minimum	1,150,115	2,124,930	65%	1,150,115	1,518,214	57%	1,088,199	1,341,495	55%
Weighted Average (.5, .25,.25)	2,088,543	1,186,502	36%	1,497,965	1,170,365	44%	1,781,124	648,570	27%
Weighted Average (.75, .25)	2,109,799	1,165,246	36%	1,448,754	1,219,575	46%	2,095,242	334,452	14%

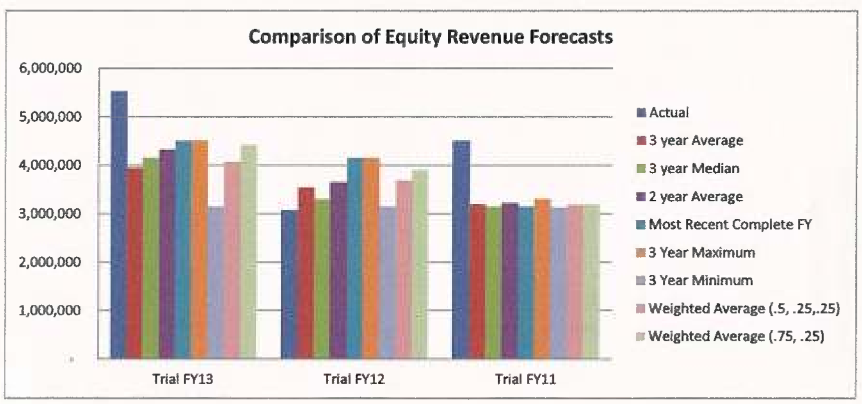
	Mean Error	Mean Percent Error	Mean Absolute Error	Mean Absolute Percent Error
3 year Average	1,063,684	38%	1,063,684	38%
3 year Median	1,111,494	41%	1,111,494	41%
2 year Average	996,652	35%	996,652	35%
Most Recent Complete FY	816,196	29%	816,196	29%
3 Year Maximum	418,011	14%	418,011	14%
3 Year Minimum	1,661,546	59%	1,661,546	59%
Weighted Average (.5, .25,.25)	1,001,812	36%	1,001,812	36%
Weighted Average (.75, .25)	906,424	32%	906,424	32%



Returned Equity Forecasts

	FY13			FY12			FY11		
Actual	$ 5,529,545			$ 3,081,631			$ 4,496,601		
	FY13			FY12			FY11		
Models	Trial FY13	Variance from Actual	Percent Error	Trial FY12	Variance from Actual	Percent Error	Trial FY11	Variance from Actual	Percent Error
3 year Average	3,934,303	1,595,242	29%	3,534,619	(452,988)	-15%	3,196,518	1,300,083	29%
3 year Median	4,152,415	1,377,130	25%	3,297,548	(215,917)	-7%	3,153,894	1,342,707	30%
2 year Average	4,324,508	1,205,037	22%	3,653,155	(571,524)	-19%	3,225,721	1,270,880	28%
Most Recent Complete FY	4,496,601	1,032,944	19%	4,152,415	(1,070,784)	-35%	3,153,894	1,342,707	30%
3 Year Maximum	4,496,601	1,032,944	19%	4,152,415	(1,070,784)	-35%	3,297,548	1,199,053	27%
3 Year Minimum	3,153,894	2,375,651	43%	3,153,894	(72,263)	-2%	3,138,112	1,358,489	30%
Weighted Average (.5, .25,.25)	4,074,878	1,454,667	26%	3,689,068	(607,437)	-20%	3,185,862	1,310,739	29%
Weighted Average (.75, .25)	4,410,555	1,118,991	20%	3,902,785	(821,154)	-27%	3,189,808	1,306,794	29%

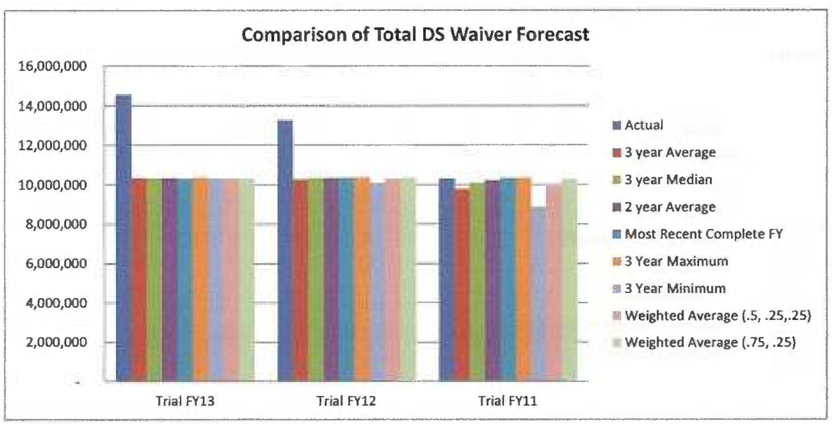
	Mean Error	Mean Percent Error	Mean Absolute Error	Mean Absolute Percent Error
3 year Average	814,112	14%	1,116,104	24%
3 year Median	834,640	16%	978,585	21%
2 year Average	634,798	11%	1,015,814	23%
Most Recent Complete FY	434,956	5%	1,148,812	28%
3 Year Maximum	387,071	4%	1,100,927	27%
3 Year Minimum	1,220,626	24%	1,268,801	25%
Weighted Average (.5, .25,.25)	719,323	12%	1,124,281	25%
Weighted Average (.75, .25)	534,877	8%	1,082,313	25%



Total DS Caseload Forecasts

	FY13			FY12			FY11		
Actual	$ 14,563,547			$ 13,266,071			$ 10,289,940		
	FY13			FY12			FY11		
Models	Trial FY13	Variance from Actual	Percent Error	Trial FY12	Variance from Actual	Percent Error	Trial FY11	Variance from Actual	Percent Error
3 year Average	10,320,994	4,242,553	29%	10,254,668	3,011,403	23%	9,762,783	527,157	5%
3 year Median	10,329,327	4,234,220	29%	10,329,327	2,936,744	22%	10,090,962	198,978	2%
2 year Average	10,316,827	4,246,720	29%	10,336,521	2,929,551	22%	10,210,145	79,796	1%
Most Recent Complete FY	10,289,940	4,273,607	29%	10,343,714	2,922,357	22%	10,329,327	(39,387)	0%
3 Year Maximum	10,343,714	4,219,833	29%	10,343,714	2,922,357	22%	10,329,327	(39,387)	0%
3 Year Minimum	10,289,940	4,273,607	29%	10,090,962	3,175,109	24%	8,868,061	1,421,879	14%
Weighted Average (.5, .25,.25)	10,313,230	4,250,317	29%	10,276,929	2,989,142	23%	9,904,419	385,521	4%
Weighted Average (.75, .25)	10,303,384	4,260,164	29%	10,340,117	2,925,954	22%	10,269,736	20,204	0%

	Mean Error	Mean Percent Error	Mean Absolute Error	Mean Absolute Percent Error
3 year Average	2,593,704	19%	2,593,704	19%
3 year Median	2,456,647	18%	2,456,647	18%
2 year Average	2,418,689	17%	2,418,689	17%
Most Recent Complete FY	2,385,526	17%	2,411,784	17%
3 Year Maximum	2,367,601	17%	2,393,859	17%
3 Year Minimum	2,956,865	22%	2,956,865	22%
Weighted Average (.5, .25,.25)	2,541,660	18%	2,541,660	18%
Weighted Average (.75, .25)	2,402,107	17%	2,402,107	17%



Recommendations

Risk and uncertainty are inherent in any forecasting and it is a good practice to indicate the degree of uncertainty associated with any forecast. Up-to-date data and applied judgment grounded in experience and knowledge are necessary to make the forecast as accurate as possible. This can be seen in the FY13 budget experience, while the initial budget for DDS required a $3 million budget adjustment based on the annualized experience of FY12 and early FY13. The year ended very close to, i.e. just under the newer revised amount.

The charge in Sec.E.333 (a) (3) requires this fiscal group to come to a consensus on a FY15 steady state estimate for the DDS budget by January 2014. Our recommendation is that a two pronged approach be used:

First, utilize the current methodology; include an update for approved new funding through the first quarter of the FY14, to project an FY14 budget estimate and develop a FY15 estimate.

Second, project DDS waiver costs by category of service once FY13 detail is available. Each category type would be discussed independently and a consensus reached on the time series and projection method (simple regression or average) for each. All the results would be summed to provide both an updated FY14 estimate and FY15 estimate.

This two pronged approach will result in a range and, from within that range a final overall consensus estimate can be reached. There will still be a degree of uncertainty associated with each of the estimates reached. An annual consensus process could continue similar to the Medicaid process and over time, one methodology might be indicated as a better model. An accumulation of these data sets is anticipated to be very useful in scoring significant policy changes, including the Act 48 (S.59) direct care collective bargaining impact anticipated in the near term.

Attachment A

Some Thoughts about the Continuing Upward Case Load Pressure in the DS System
January 2013; August 2013
William Ashe, Ed.D.

Working in the system for as long as I have, I do have some impressions on why the case load pressures in Vermont's DS system are continuing to rise. This in my view is a very complicated issue for which no definitive research exists (to my knowledge anyway) to clearly answer such a complex question at this time. Nevertheless, I do think it is valuable to consider the range of realistic variables that are likely contributors to the overall trend. As I have thought about this, I have come across very few variables which arguably function to reduce the case load pressure through natural means. The following list is not prioritized in any particular fashion.

1. Refugee Population - This is clearly a recently new and distinct group that can be pointed to as a driver behind some of the pressure. Currently the pressures are located in Burlington as this is where the current population is resettling. For the Fiscal Year just completed this group accounted for nearly a million dollars in case load expenditure. It appears that this pressure level will continue through this fiscal year as well.
2. Autism Spectrum Disorder incidence rate - Without looking at the data I think the incident rates for ASD have increased in recent years from 1:165 to 1:100 approx. This has I think been over the past decade or less. This has increased the numbers of people meeting funding priorities. Recently (2012) the CDC reports an increase in the Prevalence of Intellectual and other disabilities in the United States. This is led by the increase associated by ASD but includes other disability categories as sell.
3. Some years back (2001), the State altered its eligibility standards to include PDD. This has increased the number of people I think, and is also driven by number 2 above.
4. I think there has been a phenomenon where evaluators, knowing what it takes for people to get support, will make sure that their write ups more clearly speak to the specific language of the eligibility standards than what might have been previously the case. I know for a while the State did not want to accept reports from certain evaluators believing that reports would be stretched in order to make people eligible. There was a time not too long ago that an expectation was that DAIL approves an evaluator (for anyone on the spectrum) in advance. There were also several evaluators we were told by DAIL not to use.
5. Over the past 20 years or so I believe the population in Vermont has increased by 60,000+ people (I think since 1990). While I am not certain about the year to year changes the population trend in Vermont has been upward. As estimates of people with DD are based upon a % of the total population, this upward trend clearly translates to more people meeting eligibility as a function of population change. I do not know the magnitude of this.
6. As a function of the above, the "baby boomer" effect should be as real with respect to people determined eligible for DS services as with anything else.
7. The DS system in Vermont over the past 10-15 years has been nationally recognized and highly touted here in Vermont and elsewhere. Things that are seen as viable and desirable attract attention, and I don't think Vermont's DD system has been any different in this regard. The values and principles of the Vermont system have in large measure been delivered upon. Individual choice, empowerment, freedoms, employment, typical lifestyles, etc. are things that all of us want for ourselves and want for our children and other family members. Families

have sought out the DS system as a vehicle for their disabled family members to achieve a fairly high standard of life quality. This has translated into a continued increase in referrals.

8. Other state agencies have seen the DS system as being able to serve challenging people in relatively cost effective fashions. This includes DCF, DMH, DOE, and DOC. Referrals from these Departments has provided a continued referral stream. Often these individuals have been very challenging and very expensive. In the case of education, where people used to graduate at age 22, it is now much more common for graduation to occur at age 19. This has increased the people coming into the DS system at an earlier age.

9. The DS funding priorities and the State System of Care Plan has created "sort of" an entitlement for anyone who meets the funding priorities. For education graduates, the standard really is for people to have a job when they graduate. June grads continue to represent a significant number of new referrals each year.

10. Over the years the DS funding priorities have become I think very visible to many sectors of Vermont - agency and non-agency alike. While the typical person on the street may not have any idea what a funding priority is, that is increasingly not the case for persons with disabled family members and agencies involved in the service and support side of the equation. I think the DS system is much more readily identified and consequently referrals have increased.

11. The primary way people leave the DS system is by death. The death rate of people in the system is far lower than is the demand for new services. Consequently the service trend remains upward.

12. Contributing to the increase in system referrals is the reality of life expectancy. Due to life style as well as significant medical advances, life expectancy is increasing I believe for all segments of the population. I suspect life expectancy for people with disabilities may be more dramatic than for the non-disabled population. For example, in just the span of my career I believe the life expectancy for people with Down Syndrome has risen from about 35 years to now approaching 60 years. Another example can be found in every agency where people with complex medical needs are being supported in the community system where 20 years ago this would not have been possible. These are very expensive supports typically. Unlike many other "systems" the DS system serves people across their life span.

13. As people age, their needs increase (just like the rest of the population). Dementia is but one example. Increasing needs due to aging is one of the chief reasons for why the cost of care for individuals continues to rise.

14. I think (but am not completely sure) that the referral rate to ACT 248 continues to rise. Often these are very challenging people to serve. In addition to referrals, people on ACT 248 tend to remain there for long periods of time. The result is an ever increasing number of people being supported in this program.

15. The ways we have available to us to get people off of services, or into less costly services, is very limited when looked at from a systems viewpoint. The supervision needs that people have do not lessen quickly. The people that we serve, by in large, do not adapt well to demands of changing environments and expectations. The world that they live in (as do we) is continually changing in many ways. With some exceptions of course, the level of supervision and support that someone requires will not change a whole lot over time. This is particularly true as environments (in all of its dimensions) change - i.e. the full range of people, places, and things. People do learn a whole lot in the DS system... but the vast number of things that one needs to learn and be competent with in order to live independent lives (and ones that are significantly less costly) is beyond the abilities of many ... both the learners and the teachers. As I said there are some exceptions here certainly.

16. Over the years, to manage the budget the state has eliminated all of the proactive funding priorities. This policy has resulted in the current reactive system. Who knows how many less people we might now need to serve if the proactive and low cost priorities had been preserved? Currently about 50% of the people referred for services who are eligible are not approved for funding because their circumstances do not rise to the crisis levels defined by the State's Funding Priorities. How many of these persons ultimately are approved as their circumstances deteriorate is an unknown.

17. The economic realities in our society make it more challenging for families to support their family member than what was the case years ago. The availability of in home natural supports appears to be diminishing. We are encountering many more single parent homes than what use to be the case. Further, we are also seeing very few "intact" families where both parents are not employed. Increasingly there is no one home to care for (including basic supervision for safety) the person with the disability.

Interwoven into the above are many of the reasons for funding increases for existing people, as well as funding needed for new people served in the DS system. Changes in the needs of existing people, however, are not well understood at times by people not involved in the day to day aspects of service delivery. For this reason, it may be useful to look at the reasons for changes in the funding needs for existing people more specifically.

First, it is important to note that the basic premise behind the development of the funding plan for an individual is the concept of "no more and no less". This essentially means that the assessment of an individual's needs is intended to define on a person specific basis the minimal level of support that the individual will require in order to live successfully within a community setting. As everyone differs in terms of the needs and the supports that may be naturally available, funding levels will differ from one person to the next, even when their clinical and supervision needs are very similar. This means also that when a person's needs lessen (because of new skills, or perhaps positive changes in available natural supports), the amount of resources are changed to reflect these new needs. This is accommodated through an internal adjustment process where dollars are moved between people to accommodate for fluctuations in needs between and among existing consumers. When the needs of existing people change in significant ways proposals for additional case load funding are developed. The basic premise remains the concept of "no more and no less" when funding proposals are developed. Funding priorities need to be met in order for a funding request to be supported. Among the specific variables that contribute to new needs for existing people are the following.

1. As people age their needs often increase. Examples of such changes are medical conditions such as dementia, cardiac compromise, incontinence, loss of physical ability, (essentially the development of the same types of medical conditions that affect the general population). When these changes progress to the extent that existing supports are no longer sufficient to support the person successfully (as defined by the funding priorities), funding requests are developed to request additional financial support. Examples include greatly increased personal care needs, added supervision for people who no longer sleep through the night, wandering, and increased behavioral issues.
2. Nursing homes are full of people who could no longer be managed at home. In the DS System, people tend to be maintained within their home (often a developmental home) throughout the end of life process. This often necessitates increasing supports within the home to manage this added care successfully.

3. Many "existing consumers" live at home with aging parents. As these care givers age, and in some cases pass on, more supports become necessary. Natural supports are part of the supervisory package for many people. Such unpaid supports are not often replaceable except by some array of paid supports. This situation results in funding requests based upon this change in need.

These reasons are not exhaustive of every reason for the increasing case load pressure within Developmental Services. This listing is intended to illuminate some of the more observable reasons for case load pressure, and to accentuate the reality that these reasons are very much intertwined.

Attachment B

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June 30, 2013
Stephanie Barrett
Associate Fiscal Officer: Senate Appropriations
Vermont Legislative Joint Fiscal Office

Dear Stephanie Barrett,

My name is Nicole LeBlanc and I was appointed by the Vermont Developmental Disabilities Council and confirmed by Secretary Doug Racine to be on the Developmental Disability Services Legislative Work Group. I spoke to someone in your office and she said that you were the staff person looking at how DAIL estimates how much money is needed each year for Developmental Disability Services.

Our next meeting is July 19th. I look forward to reading your ideas about different ways to do budget projections for Developmental Disability Services. As a member of Workgroup I have a few questions that may be helpful to consider when evaluating different ways to do budget projections.

When I wrote to you last week I was asking to stop by and talk to you in person about my questions. But I am leaving to go on vacation on Monday and so I decided to send you my questions. Thanks for taking the time to read my questions.

- **Estimating the number of new referrals coming from refugee community:** A few numbers I heard were that for one agency, Howard Center, served 24 people from the refugee community from 2009 through 2011. But then during the first 9 months of 2012 there were 22 additional refugees who were funded for services. Is there a way to connect with refugee sponsoring organizations to anticipate future needs?

- **Aging individuals:** I have been reading about how the overall population of Vermont is getting older. I am a member of the Equity Committee that reviews proposal for new services. In general, people seem to be either in their late teens and 20's or late 50's and older. So if the number of older people in Vermont is growing I am wondering how that will impact the request for services. For example, in the past 6 months or so I have reviewed several proposals from people who grew up in Brandon Training School, got out and lived for the most part on their own but who now need help as they approach the later years of their life.
- **Aging Parents**: Another issue is people with developmental disabilities living with aging parents. DAIL reported in 2012 that around 54% of people receiving either waiver services or Flexible Family Funding were living with their parents. I review a lot of proposals from people who are in need of residential supports because their parents are getting older or are sick. Is there a way to track the age of family caregivers and somehow roughly estimate future needs?
- **The Reduction of Children's Personal Care Services:** There have been big changes in the Children's Personal Care Program resulting in a reduction of services for people under 21. Losing children's services has been a big blow to some families' ability to keep their sons and daughters at home. Does the formula being developed estimate future needs taking into account the number of children who are no longer getting children's personal care services?
- **Youth Aging Out of DCF Services**: Another ongoing source of referrals is youth who are aging out of DCF services. I heard that in the past DCF provided more of what is called "Over-18" agreements where they continue to fund services for youth who are at-risk beyond age 18. Can the state look into that? How many "Over-18" agreements did DCF provide in the 80's and 90's and how many are they funding now? As a member of the Equity Committee I do see a lot of proposals for youth leaving DCF.
- **Autism Definition Changes**: You may have heard that DSM-5 has made changes both eliminating and expanding some types of developmental disabilities. For example autism has been redefined. Since reportedly there has been an overall increase in the number of people diagnosed with autism I am wondering how this might influence our ability to predict who will be eligible for services in the future.
- **Employment Rate for Youth**: One of the funding priorities is to maintain employment of youth graduating from high school. How are the school's doing at finding jobs for graduates who qualify for developmental disabilities services? If the schools get better at

finding people jobs (and I hope they do) this could result in an increase in requests for employment services.

- **How Accurate has Our Way of Projecting Needs Worked over the Past 20 Years?** DAIL has been using a specific formula to estimate what funding will be needed for the next fiscal year. I've heard that for at least the past 5 years or more there have been rescissions or the need to go to budget adjustment to fund unmet needs. I am curious to know how successful this formula has been at predicting future needs over the past 20 years. I wonder how many times and for how long this problem of running out of money has happened?
- **People Who Are Eligible For Services But Do Not Meet A Funding Priority:** Each agency keeps a list of people who apply for services, are determined eligible but do not met a funding priority. This list may be useful in assessing current needs and projecting future needs. In addition to the numbers, does DAIL keep a record of what types of services these people need? (For example there are some people eligible for services who just need job support but the funding priority for support to keep a job is limited to youth graduating from high school.)
- **Costs per Person Over-Time Compared to Other Service Programs:** Sometimes DAIL factors in the cost of living increases when calculating the cost of services per person and sometimes they do not. But either way, DAIL reports that the costs per person have remained roughly the same over the past 20 years (and possibly have gone done if you factor in the cost of living increases). It seems that level of efficiency on the part of providers cannot last forever. Have the costs per person in other similar human service programs remained the same? Should we look at other programs to see how their rates or costs per person are estimated to change in the future?
- **The Need for More Funding for Some People Already Getting Services:** Each year about half of new caseload dollars go to people already in the system who have new needs. Is DAIL able to provide a profile of these individuals and the needs addressed to be able to figure out where the funding pressures are?
- **The Impact of Changing Funding Priorities:** Over the years real needs have been projected, but then funding priorities were changed so that some needs would not be met by the State. That seems to hide what is really needed. Is there a way for us to come up with a more stable baseline to use when making projections? How can the lost funding priorities be factored in?

I want to thank you for all of your hard work to refine the way we assess what people need. Your efforts will help us get back on track and figure out a way to be more proactive instead of reactive.

Sincerely,

Nicole LeBlanc

Nicole LeBlanc
Advocacy Coordinator for Green Mountain Self-Advocates

Attachment C

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STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee - Pursuant to Sec. E. 333(a) (1) of Act 50 of 2013

Date: July 23, 2013

Subject: Developmental Services - FY14 Budget Savings Target

Sec. E.333(a) (1) of the budget bill requires JFO, F&M, AHS, and DDAIL to review the FY13 fiscal close of Developmental Services and present an update of the estimate regarding the FY14 budget savings target.

The FY14 budget as passed includes a savings target of $2.5 million. This is approximately 1.5% on the overall DS budget. Total DS appropriations have been:

FY09 Final	FY10 Final	FY11 Final	FY12 Final	FY13 Final	FY14 Passed
$134.85 m	$144.91 m	$148.62 m	$151.54 m	$160.98 m	$169.88 m

FY13 came in $272,626 below expectation, this experience in the absence of any other changes or updates results in an adjusted FY14 savings target of $2.23 million. Actual experience in the initial months of FY14 will inform whether there is a need for further adjustment.

In its simplest form, the DS budget is comprised of the individual service budgets for eligible Vermonters less available equity funds. Equity funds are the base funds that get reallocated when an individual leaves the system (moves out of state, death, etc.). Services are provided by the Designated (10) and Specialized Service (5) Agencies. These agencies conduct the intake and assessment and determine financial and clinical eligibility based on the System of Care Plan which identifies and prioritizes the range of fundable services. A local agency funding committee makes recommendation for new or enhanced client services to the state Equity or Public Safety Committees. While each request is specific to the approved service needs of the individual, each DA is ultimately paid based on their actual cost structure including administration. The overall DS budget is limited by the funds appropriated by the legislature. Reductions are made through a rescission process in the System of Care when resources are lower than the projected amount for approved individual budgets.

In addition to the $6.1 million caseload increase initially budgeted, the FY13 BAA increased appropriations by another $3.0 million for caseload. These increases were the net of projected caseload and projected equity. The Department tracks the annualized, approved incremental changes to individual budgets as well as available equity resources on a monthly basis. This tracking is the source of the $272,626 adjustment to the FY14 target.

The as passed FY14 appropriation is based on several components:

1. The FY12 base
2. Plus the $11.39 m 3-yr average increase for caseload for FY10, FY11 and FY12[1]
3. Less $3.91 million of projected equity funds base on a three year average
4. Plus the same $3 million that was added in the budget adjustment
5. Less the $2.5 million savings target
6. Plus $1.875 million added for the SFI/CCC population (this is non-DS caseload)
7. Plus $2.94 million for a provider rate increase beginning in November 2013
8. Then a small number of minor adjustments – mostly net neutral

The adjustment to the savings target is based solely on the FY13 close out position. Actual experience in the first four or five months of FY14 will inform if further adjustments are needed. For example, in FY13 the actual equity amount available was $5.6m, the FY14 level of equity will need to keep pace to avoid additional pressure in the program. The overall budget timeframe, means there is a one year lag in the actual data available for the three year average. If a 2-yr and 3-yr average is updated with FY13 experience, a range of potential additional trend pressure could be between $900k and $2.2 million potentially impacting FY14 and likely impacting FY15 in some measure.

Attachments
1 – Language from Budget Bill
2 – FY13 and FY14 DS Budget Build Summary
3 – FY13 DS Caseload Monitoring – Final

Sept. 2013 - Caseload and Utilization Review Required by Sec. E.333(a) (2)

For the required caseload and utilization review, the fiscal group has begun reviewing and mapping in more detail the overall DS business/budget process, within that context we will be looking at both the caseload and utilization components. The purpose of the mapping is both to inform our analysis and identify the points in the process where recommended policy changes could impact the caseload estimating model.

[1] This includes both the regular DS caseload as well as the public safety caseload

E.2.

Testimony
Joint Fiscal Committee
Findings of the Legislative Developmental Services Summer Work Group

Presented by
Susan Wehry, Commissioner
Department of Disabilities, Aging and Independent Living (DAIL)
Agency of Human Services

September 11, 2013

Section E.333 (b) of the Budget Bill (Act 50 of 2013) directed the Secretary of the Agency of Human Services (AHS) or designee to convene a Work Group to identify program changes to minimize or eliminate the need for rescissions in the developmental services program to manage within the appropriated funds for fiscal year 2014; and, that changes or rescissions will be implemented in a manner that minimizes negative impacts for consumers. http://www.leg.state.vt.us/jfo/appropriations/fy 2014/FY14 Intent Doc - (2013 session).pdf

Specific charges
- Assess need for revisions to case planning and oversight
- Assess whether alternate practices could be identified for more cost-effective use of resources
- Determine what changes could reasonably be implemented in fiscal year 2014
- Identify the fiscal year 2014 target savings amount to be accomplished through the existing System of Care Plan.
- Identify new cost-effective, innovative models of care
- Use findings to inform new System of Care Plan (June 2014- July 2017)

Section E. 333 also directed the Joint Fiscal Office to work with the Administration to provide a final savings target for FY2014. JFO reported the new target of $2.23 million in July 2013. It further directed the JFO to review the methodology for determining caseload, which is being provided today in a separate report.

The DS Appropriation in FY 2014 is $169.88 (FY13 $160.98 M), including new caseload (7.5 M), BAA (3M), provider rate increase (2.9M) and original savings target (-2.5M). This is comparable to other increases of 6-8% in recent years.

These increases reflect the pressures on the developmental services program in Vermont. These include the aging of caretaking parents, the aging of the developmental services population, the rise in individuals diagnosed with autism and a sharp rise in the number of refugees seeking assistance in FY13 refugees Americans especially in Chittenden County.

The Work Group met four times this summer and individual members, as well as DAIL staff, did additional research outside of the meetings. Members also consulted with the organizations that they represented and brought their feedback to the group. Public comment followed each meeting.

The Work Group considered over 40 ideas, of which 6 had potential for significant savings in FY14. The most robust of these, a transition of over 60 individuals from shared living to supervised apartments, could save .5M, cannot realistically be implemented this year, given the lack of housing inventory and other barriers. The group rejected the Department's recommendations for capping administrative costs and bringing the ceiling on waivers back to 2010 levels (from $300->250K).

The top long term recommendations included enhanced family supports, housing, crisis prevention, quality assurance and alternate funding sources for refugees.

In short, while the Work Group did not succeed in its primary task, it did succeed in providing additional direction for the Department's Task Force and will help inform the upcoming State System of Care triennial review, which will lead to the creation of a new system of care plan for 2014-2017

We are only two months into the current fiscal year. We intend to continuing managing the budget within the appropriation and will continue to monitor the situation. The Department feels it is premature to predict what further adjustments to the budget may be needed.

If further adjustments are needed, these will be undertaken as soon as possible to allow for greatest spread over the fiscal year. Any adjustments will follow the System of Care plan guidelines regarding rescissions. These guidelines will help insure that any negative impact on individuals in the waiver program will be avoided or minimal.

E.2.

Report of the Developmental Disabilities Services Legislative Work Group Regarding: Act 50

Joint Fiscal Committee
September 11, 2013

Submitted by:
Susan Wehry, Commissioner
Department of Disabilities, Aging, and Independent Living

DAIL Commissioner Susan Wehry, M.D. thanks the members of the Developmental Services Work Group for their participation and DAIL's Developmental Disabilities Services Division for their behind the scenes work to support the Work Group.

Table of Contents

Report of the Developmental Disabilities Services Legislative Work Group

Executive Summary

The Developmental Disabilities Services Legislative Work Group (hereafter referred to as "the Work Group") was established by the General Assembly to consider administrative or operational changes to better manage the service needs of persons with developmental disabilities within the appropriated funds in State Fiscal Year 2014 (SFY14). The Work Group was charged to address five specific questions and met four times between June and August, 2013. The legislative tasks and the findings and recommendations of the Work Group are summarized below. Additional details can be found in the full text of this legislative report.

Task #1: Assess whether the methods of developmental service case planning and oversight should be revised: The Work Group reviewed the current procedures for developmental disabilities services case planning and was also provided with information about case planning procedures that have been used in the past.

Recommendation: Members of the Work Group suggest no changes to the current case planning process at this time.

Task #2: Assess whether alternate practices could be identified, resulting in more cost-effective use of resources available for developmental services: The Work Group generated over 40 ideas for providing innovative, cost-effective services that could potentially result in cost savings. There were a number of ideas that Work Group members felt might have merit, but required further consideration and that in some cases, might benefit from a pilot implementation to adequately plan and evaluate before rolling out statewide. It was suggested that these ideas be referred to the *Developmental Disabilities Services Imagine the Future Task Force* that is being convened in September, 2013 and commissioned by DAIL to develop a long-term strategic vision for Developmental Disabilities Services that will be used to inform the next System of Care Plan that will go into effect on July 1, 2014. Ideas were separated into short-term and long-term solutions and are detailed below.

Recommendations: Please see recommendations for Tasks #3 and #4 below.

Task #3: Determine what changes could reasonably be implemented in fiscal year 2014 to manage service needs within the appropriated funds and identify the fiscal year 2014 amount, if any, of budgetary management that will be accomplished through existing System of Care Plan rescission processes based upon the estimate provided by the Department of Disabilities, Aging and Independent Living (DAIL), the AHS, the Department of Finance and Management, and the Joint Fiscal Office: According to information submitted on July 23, 2013 by the Joint Fiscal Office on behalf of the agencies listed above, the savings target was revised to \$2.3 million from the original \$2.5 million. The Work Group identified and considered 6 ideas for short-term solutions that could reasonably be implemented in State Fiscal Year (SFY 14). The full list of ideas and summary of key factors can be found on the chart starting on page 15 of this report.

Recommendations:

- *Idea 1.1 (Funding) Reduce budgets over $200,000 down to $200,000*: The Work Group recommended that this idea not be implemented.
- *Idea 1.2 (Funding) Lower the ceiling on new waivers to $250,000 (from $300,000)*: It is difficult to predict what savings could be generated since it is unknown how many new applications would come in over $250,000. Last year, there were four new applicants with approved budgets over $250,000. Combined those budgets are $146,481 (e) over the $250,000 proposed cap. The Work Group did not recommend that this idea be implemented; DAIL does recommend that this idea be adopted, as reflected in its annual update to the System of Care Plan.
- *Idea 2.1 (Employment) pay employers/coworkers to support person on the job/consider models such as Work without Limits:* The Work Group recommends that this idea be put forward, but as a long-term solution and that first the model should be tested through a pilot program.
- *Idea 3.1 (Supportive Living): Spend more money on Supervised Apartment Living:* The Work Group recommends that this idea be implemented as soon as feasible for those who are able. If 60 people were to transition from Shared Living to Supervised Living, the estimated cost savings would be $535,780. The Work Group has referred this to the *Developmental Disabilities Services Imagine the Future Task Force* to make recommendations to the Department of Disabilities, Aging and Independent Living (DAIL) about how to overcome potential obstacles. The Task Force has been established to help DAIL to create a long-term strategic vision for Developmental Disabilities Services.
- *Idea 3.2 (Supportive Living): Use technology like Safety Connections more across the state and not just in Chittenden County:* The Work Group recommends that this model be implemented as a short-term solution that could reasonably be implemented in SFY 14.
- *Idea 12.2 (Administrative): Cap administrative rates or bring them more into alignment across agencies:* The Work Group did not recommend that this idea be implemented.

- **Task #4: Identify cost-effective, innovative models of care and develop recommendations as to how these models could be implemented in Vermont:** The Work Group considered over 40 ideas for long-term, innovative models of care. A survey was sent out to Work Group members asking them to select their top choices of the ideas they would like to recommend to the Joint Fiscal Committee and the *Developmental Disabilities Services Imagine the Future Task Force.* The top selections fell in the categories of family support, supportive living, transition, funding, home support, quality assurance and services for refugees. The full list of long-term ideas can be found in the chart starting on page 23 of this report. Below are the top recommendations of the Work Group of based on the survey conducted in August 2013:

- *Idea 1.3 (Family Support): Investigate what is being done in the Family Support grant that the National Association of State Directors of Developmental Disabilities Services (NASDDDS) is doing with the Missouri University Center of Excellence in Developmental Disabilities.*
- *Idea 3.1: (Supportive Living): Look at what other states are doing in the areas of supportive living and technology.*
- *Idea 3.2: (Supportive Living): Develop a way to subsidize the rent (Section 8) so that people can live in apartments together.*
- *Idea 4.2: (Transition): Develop more post high school transition programs, like SUCCEED, to teach the basics of living in the community.*
- *Idea 5.2: (Funding): Bring back the more pro-active State System of Care Plan (SOCP) funding priorities that prevent crisis.*
- *Idea 7.1: (Home Support): Explore options to create better and different housing situations that do not necessarily cost more money.*
- *Idea 7.3: (Home Support): Consider Planning Lifetime Advocacy Network (PLAN), an organization built on the belief that through networks we can help families provide for peace of mind.*
- *Idea 10.2: (Quality Assurance): Increase DAIL quality assurance staff back to, or at least closer to, prior levels and recreating the citizen Quality Assurance reviews.*
- *Idea 14.4: (Refugee): Approach Vermont's Congressional Delegation to see what funding may be available to support the refugee population.*

Task #5: Inform participants working to update the System of Care Plan for June 2014 on these findings and recommendations. The information and recommendations outlined in this report will be forwarded to the *Developmental Disabilities Services Imagine the Future Task Force* and will be used to inform participants working to update the System of Care Plan effective July 2014.

Report of the Developmental Disabilities Services Legislative Work Group

I. Introduction

Purpose of the Developmental Disabilities Services Legislative Work Group

The Developmental Disabilities Services Legislative Work Group (hereafter referred to as "the Work Group") was established by the General Assembly in anticipation that there will be some amount of administrative or operational changes that will be required in State Fiscal Year 2014 (SFY14) to manage the service needs of persons with developmental disabilities within the appropriated funds. Section E.333 (b) of the Budget Bill (Act 50 of 2013) required the Secretary of the Agency of Human Services (AHS), or designee to convene a Work Group to:

1. *Assess whether the methods of developmental service case planning and oversight should be revised;*
2. *Assess whether alternate practices could be identified, resulting in more cost-effective use of resources available for developmental services;*
3. *Determine what changes could reasonably be implemented in fiscal year 2014 to manage service needs within the appropriated funds and identify the fiscal year 2014 amount, if any, of budgetary management that will be accomplished through existing System of Care Plan rescission processes based upon" the estimate provided by the Department of Disabilities, Aging and Independent Living (DAIL), the AHS, the Department of Finance and Management, and the Joint Fiscal Office.* The written testimony from the Joint Fiscal Office can be found on the DAIL website at: http://www.dail.vermont.gov/dail-projects/dds-legislative-work-group/ds-joint-fiscal-testimony-report.
4. *Identify cost-effective, innovative models of care and develop recommendations as to how these models could be implemented in Vermont; and*
5. *Inform participants working to update the System of Care Plan for June 2014 on these findings and recommendations.*

The Work Group is required to report its findings and recommendations to the Joint Fiscal Committee at its September 11, 2013 meeting.

Finally, it should be noted that the Budget Bill required that no modifications or rescissions to the System of Care Plan be initiated until September 1, 2013.

Composition of the Developmental Disabilities Services Legislative Work Group

The Work Group was composed of the following members:

- Douglas Racine, Secretary of the Agency of Human Services (AHS);
- Susan Wehry, M.D., Commissioner of the Department of Disabilities, Aging and Independent Living (DAIL);
- Susan Yuan, UVM Center on Disability and Community Inclusion, key stakeholder selected by AHS Secretary Racine;
- Stirling Peebles, key stakeholder selected by AHS Secretary Racine;
- Nicole LeBlanc, key stakeholder selected by AHS Secretary Racine
- Marie Zura, Director of Developmental Services, HowardCenter, Vermont Council of Developmental and Mental Health Services;
- Bill Ashe, Executive Director, Upper Valley Services; Vermont Council of Developmental and Mental Health Services;
- James Caffry, Esq., Vermont Developmental Disabilities Council;
- Cheryl Phaneuf, Vermont Developmental Disabilities Council;
- Camille George, Director of DAIL's Developmental Disabilities Services Division (DDSD); and
- Jackie Rogers, Director, Office of Public Guardian, DDSD, DAIL

The Work Group met on June 20, July 19, August 7 and August 27, 2013. A website was also established to facilitate communication and the sharing of resource information among members and other interested stakeholders (http://www.dail.vermont.gov/dail-projects/dds-legislative-work-group/dds-legislative-work-group). Much time was spent familiarizing Work Group members with the current case planning process, identifying and discussing information and data related to developmental disabilities services both in Vermont, nationally and internationally. In addition, the Work Group reviewed the core values and principles of DAIL and in Developmental Disabilities Services that guide our work and should be considered when contemplating any changes to existing or new models of services:

II. Mission, Values and Principles

Mission: The mission of DAIL is to make Vermont the best state in which to grow old or to live with a disability; with dignity, respect and independence.

The Core Values and Principles of DAIL include:

Person-Centered: We help people to make choices and to direct their own lives; pursuing their own choices, goal, aspirations and preferences.

Natural Supports: We recognize the importance of family and friends in people's lives. We respect the unique needs, strengths and cultural values of each person and each family.

Community Participation: We support consumers' involvement in their communities, and recognize the importance of their contributions to their communities.

Effectiveness: We pursue positive outcomes through effective practices, including evidence-based practices. We seek to develop and maintain a trained and competent workforce, and to use staff knowledge, skills and abilities effectively.

Efficiency: We use public resources efficiently; avoiding unnecessary activities, costs, and negative impact on our environment.

Creativity: We encourage progress through innovation, new ideas, and new solutions. We accept that creativity involves risk, and we learn from mistakes

Communication: We communicate effectively. We listen actively to the people we serve and to our partners. We are responsive.

Respect: We promote respect, honesty, collaboration and integrity in all our relations. We empower consumers, staff and partners to achieve outcomes and goals. We provide opportunities for people to grow, both personally and professionally.

Leadership: We strive to reach our vision and to demonstrate our values in all our work. We collaborate with consumers and other partners to achieve outcomes, goals and priorities. We are accountable.

Principles of Developmental Disabilities Services, as outlined in the Developmental Disabilities Act of 1996:

Children's Services: Children, regardless of the severity of their disability, need families and enduring relationships with adults in a nurturing home environment. The quality of life of children with developmental disabilities, their families and communities is enhanced when children are cared for within their own homes. Children with disabilities benefit by growing up in their own families; families benefit by staying together; and communities benefit from the diversity provided when people of varying abilities are included.

Adult Services: Adults, regardless of the severity of their disability, can make decisions for themselves, can live in typical homes, and can contribute as citizens to the communities where they live.

Full Information: In order to make good decisions, people with developmental disabilities and their families need complete information about the availability and choice of services, the cost, how the decision making process works, and how to participate in that process.

Individualized Support: People with disabilities have differing abilities, needs and goals. Thus, to be effective and efficient, services must be individualized to the capacities, needs and values of each individual.

Family Support: Effective family support services are designed and provided with respect and responsiveness to the unique needs, strengths and cultural values of each family and the family's expertise regarding its own needs.

Meaningful Choices: People with developmental disabilities and their families cannot make good decisions unless they have meaningful choices about how they live and the kinds of services they receive. Effective services are flexible so they can be individualized to support and accommodate personal choices, values and needs and assure that each recipient is directly involved in decisions that affect the person's life.

Community Participation: When people with disabilities are segregated from community life, all Vermonters are diminished. Effective services and supports foster full community participation and personal relationships with other members of the community. Community participation is increased when people with disabilities meet their everyday needs through resources available to all members of the community.

All of this was used to inform the discussion of cost-effective, innovative models of care and recommending changes and new models that could be implemented both in the short-term (to fulfill the requirements of #3 on page 15 of this report) and in the long-term (to fulfill the requirements of #4 on page 23 of this report). Highlights of some of the key data and information that shaped the discussion can be found in Appendix A.

This report provides a summary of the findings and recommendations of the Work Group, organized in alignment with its legislative charge.

III. Task #1: Assess whether the methods of developmental service case planning and oversight should be revised (Act 50 of 2013, Sec E.333(b)(1)):

The Work Group reviewed the current case planning process, from intake to eventual delivery of services and steps in between. A flow chart of the process is contained in Appendix Bof this report. In addition, the two representatives of the Vermont Council of Developmental and Mental Health Services conducted a survey of developmental disabilities services providers statewide and provided an overview of the aspects of intake and case planning that occurs at the local level. The full overview provided by the council can be found on the DAIL website at: http://www.dail.vermont.gov/dail-projects/dds-legislative-work-group/workgroup-intake-survey-2013.

Eligibility Criteria: In order to receive Home and Community-Based Services in developmental disabilities services, a person must:

a. Be a resident of Vermont;
b. Be eligible for Medicaid (Medicaid eligibility is determined by the Department for Children and Families);
c. Have a developmental disability as defined by the State (Regulations Implementing the Developmental Disabilities Act of 1996, March 2011, part 2 http://www.leg.state.vt.us/statutes/sections.cfm?Title=18&Chapter=204A); and,

d. Be found to meet a funding priority in the Vermont State System of Care Plan for Developmental Disabilities Services (SOCP) SFY2012- SFY2014, SFY2013 Update (http://ddas.vt.gov/what-s-new/whats-new-documents/fy-2013-system-of-care-plan-update-for-developmental-disabilities-services-final)

Case Planning Process: The following are steps in the current case planning process.

Any person who believes he or she has a developmental disability or is the family member or guardian of such a person may apply for developmental disabilities services. The person applies at the designated agency (DA) for the geographic region where the person with the developmental disability lives.

Once an application is made, the DA determines whether the person meets the first three criteria (a-c, above) in order to determine if the person is financially and clinically eligible for developmental disabilities services. People who are currently receiving services can also apply for additional services if they have new needs, but steps a-c do not need to be repeated. The next step is that the DA conducts a Needs Assessment to determine the levels of and areas of unmet needs for the person. The DA will then determine if these identified needs meet a funding priority established in the System of Care Plan. If the DA believes the person's needs meet an established funding priority, a proposal is written to request funding to meet those needs. The funding request is based on the rates established by each DA/SSA. The proposal is then reviewed by the Local Funding Committee. The role of the Local Funding Committee is to verify eligibility, determine if the individual's needs meet a funding priority and determine if the proposed plan of services is the most cost-effective means of providing the service. If the Local Funding Committee determines that all these criteria are met, the proposal is submitted to one of the statewide funding committees for consideration.

There are two statewide funding committees, Equity and Public Safety. The Public Safety Funding Committee reviews proposals for individuals who pose a risk to public safety, generally due to history of violent or sexually criminal behavior. The criteria for receiving Public Safety Funding are described on page 14 of the SOCP. All other proposals are reviewed by the Equity Funding Committee.

The role of the Public Safety and Equity Funding Committees is to determine whether the person's needs meet a funding priority and if the proposed plan of services is the most cost-effective means of providing the service. The committees ensure that all other possible resources for meeting the need have been explored prior to requesting funding and that all the funding guidance in the SOCP is being followed. The committees make recommendations regarding funding to the Developmental Disabilities Services Division (hereafter referred to as "the Division") which makes the final decision.

The person is then provided an authorized funding limit, which is the amount of money available to him or her to purchase the services to meets his or her needs. Once a person has been authorized for funding, he or she may then choose an agency that will provide these services. The person may choose to receive services from any DA or a Specialized Service Agency (SSA), or the person may also choose to self/family-manage all or some of his or her services.

After a service provider has been selected, the DA/SSA, with the person and his or her circle of support, will develop a plan for supports. This plan is called an Individual Support Agreement (ISA). The ISA is an agreement between the person and his or her provider regarding how the person expects to be supported to meet the identified needs. It outlines what the person hopes to gain from the supports. It is flexible and personalized so that a person and his or her team can be creative in how supports are designed. It also addresses how to ensure health and safety.

Once a person has entered services, his or her needs and authorized funding limit are re-assessed annually. Supports to an individual with a developmental disability are often needed throughout his or her life, however, the amount of support required may vary depending on his or her circumstances.

Using the national prevalence rate for developmental disability[1], it is estimated that the 4,105 people who received DD services in Vermont in SFY12 represents about 30% of Vermonters who meet clinical eligibility for DDS. However, in addition to Home and Community-Based Services (HCBS), this group includes people receiving a number of other services:

a. Bridge – case management services for children
b. Flexible Family Funding (FFF) – flexible yearly stipend
c. Targeted Case Management (TCM) – case management services
d. Vocational Grant – limited job training and follow along
e. Pre-Admission Screening and Resident Review (PASRR) – limited support to adults living in nursing facilities
f. Intermediate Care Facility for people with Developmental Disabilities (ICF/DD) – specialized medical group home

When calculating prevalence rates for the 2,649 people who received developmental disabilities Home and Community-Based Services in SFY12, it is estimated that those receiving HCBS represent about 19% of Vermonters who would meet clinical and funding eligibility for comprehensive Long Term Services and Supports.

The Vermont Council of Developmental and Mental Health Services reported that in State Fiscal Year 2013 (SFY13) a total of 713 intakes for new applicants were completed by Vermont's Designated Agencies with people seeking developmental disabilities services. Of those, nearly 30% of intakes were referred for other services. Nearly 57% (n=405) of all applicants were found to meet the clinical eligibility criteria for developmental disabilities services and 55% (n=223) of those found clinically eligible were also found to meet a SOCP priority. Those people then received assistance applying for funding. Of those reviewed at the local level, 95% were referred to the State Equity or Public Safety Funding Committees and DAIL. Overall, of the 713 people who sought services in SFY13, almost 30% (n=223) had a funding application reviewed by the State Equity or Public Safety Funding Committees and DAIL. http://www.dail.vermont.gov/dail-projects/dds-legislative-work-group/workgroup-intake-survey-2013.

[1] Based on national prevalence rates of 1.5% for intellectual disability and .7% for Pervasive Developmental Disorders (Prevalence of Autism spectrum Disorders – Autism and Developmental Disabilities Monitoring Network, 14 Sites, United States, 2008).

At the State level, in SFY13 a total of 478 funding applications were reviewed by the State Equity and Public Safety Funding Committees. This figure includes both the 223 new applicants requesting services for the first time and 255 applications for people already receiving services requesting additional services due to a change in their personal circumstances. Out of the 478 funding requests, 38% (n=161) were approved and fully funded at the amount requested, 48% (n=228) were approved, but at reduced funding levels from the amount requested and 14% (n=68) were fully denied. It should be noted that some applications that were denied were denied because they were determined to not meet a SOCP funding priority, but also some initial applicants that were denied were instructed by the DA/SSA to return to the funding committee with more information that would support the application. Some of these were later funded, and some applications are denied but referred to the other funding committee for consideration (e.g., an application that was denied funding at the State Equity Funding Committee could be referred to the Public Safety Funding Committee for consideration). Also, a small number of those who were denied or had funding reduced were funded after the decision was appealed[2].

In the past, other methods of case planning have been tried. For example, in the early to mid-90's, there was a small committee at the Division that would review requests submitted by DA/SSAs and the Division would make decisions regarding the amount of funding authorized. In the late 90's, there was a shift to a managed care approach in which the Division provided annual allocations to the DA/SSAs and allowed them to make decisions around funding within their allocations. DA/SSAs were provided a base allocation for people in service as well as new caseload funds for individuals new to service and increased needs of people in service (existing recipients). Seventy five percent (75%) of the funds were to be directed to people who were new to service and 25% for those who were existing. (A person was considered new if they had not received HCBS, were graduating from high school, were aging out of Department for Children and Families (DCF) custody or had the loss of a minimally or unpaid caregiver.) Each Designated Agency maintained a Local Funding Committee for its geographic region to manage the caseload allocation provided by the Division. A statewide Equity Funding Committee was created that managed funds that became available during the year due to people who had died or went to an institution. The Equity Funding Committee included 5 DA/SSA representatives and 2 family members or service recipients who made all decisions, with 1-2 Division staff as consultants. These funds were used to supplement the local caseload dollars when there were insufficient dollars available to meet caseload needs. The intention was to ensure that there was not an undue hardship on any one particular DA/SSA. There was also a risk pool created as "stop loss" insurance for DA/SSAs in the event of extraordinary demand on their budget. It was also expected that the DA/SSAs reallocate existing funds to meet the meet the needs of new individuals as well as increased needs of existing individuals.

The management of existing and new caseload funding continued to evolve from 2000 to the present depending on fiscal realities and annual legislative appropriations. A mechanism to track High School Graduates was created in SFY02 and a Public Safety Fund in SFY04. Existing

[2] Source: Equity and Public Safety Funding Committee Summary, SFY13

allocations have continued to be managed at the local level with the expectation that DA/SSAs re-spread funds depending on at least an annual reassessment of the needs of people receiving services. Management of new caseload funds shifted to the statewide Equity and Public Safety Funding committees in SFY05. For SFY12 and SFY13, the role and composition of the Equity and Public Safety Funding Committees were changed to making recommendations regarding funding allocations, with the Department making the final decisions regarding funding.

Over the years, there have been a variety of methods used to manage demands for services within the funds appropriated by the legislature. These include[3]:

a. Monthly monitoring of available funds and expenditures and not allowing allocation of funds beyond available funding. The State System of Care Plan allowed people to be placed on a waiting list. However, people who presented a risk to personal or public safety could not be put on a waiting list. Virtually no one has been placed on a waiting list who met a SOCP funding priority.
b. A statewide risk pool.
c. The elimination or narrowing of some funding priorities.
d. A contingency in the SOCP that funding priorities not related to personal or public safety could be suspended in the event that funds were running short during the fiscal year.
e. The annualized caseload not being appropriated in SFY05. Instead, the annualized amount came out of the SFY06 appropriation.
f. Rescissions of all DA/SSAs base allocations.
g. Caps placed on the amount of hours of service or dollar amount for services (e.g., community supports, work supports).
h. Implementing more cost-effective models such as the use of contracted instead of agency staff and self/family-managed services.
i. Streamlining administrative functions.
j. Requests for budget adjustments to cover shortfalls

In the past year, the Division has explored and studied other alternatives to case planning and rate setting methodologies utilized in other states. Some states use specific standardized tools to assess need and translate the assessed level of need into individualized case plans. The budgets for the case plans are based upon standardized reimbursement rates for specific services. The Division considered these other rate setting methodologies. A considerable investment of time and resources would be needed to research and implement a new rate setting methodology. After consideration of the costs and benefits of implementing the changes, the Division determined that the benefits of the current system which allows for significant flexibility and individualization in meeting individual needs outweighed the investment of time/financial costs of a new rate setting methodology with an uncertain outcome in terms of cost savings to the system.

[3] Source: Methods of caseload management came from State System of Care Plans from SFY00 – SFY13.

Recommendation: Although there are many steps to the current case planning process, members of the Work Group felt that the process was described clearly, helped to ensure that people applying for services from across the state are treated fairly, or equitably, and had no suggested changes to the current case planning process at this time.

IV. Task #2: Assess whether alternate practices could be identified, resulting in more cost-effective use of resources for developmental services (Act 50 of 2013, Sec. E.333 (b)(2)):

The Work Group generated over 40 ideas for providing innovative, cost-effective services that could potentially result in cost savings. Ideas were separated into short-term and long-term solutions and are detailed at Tasks #3 and #4 below.

V. Task #3: Determine what changes could reasonably be implemented in fiscal year 2014 to manage service needs within the appropriated funds and identify the fiscal year 2014 amount, if any, of budgetary management that will be accomplished through existing System of Care Plan rescission processes based upon" the estimate provided by the Department of Disabilities, Aging and Independent Living (DAIL), the AHS, the Department of Finance and Management, and the Joint Fiscal Office (Act 50 of 2013, Sec. E.333 (b)(3):

The Work Group identified and considered 6 ideas for short-term solutions that could reasonably be implemented in State Fiscal Year (SFY 14) and result in cost savings. According to information submitted on July 23, 2013, by the Joint Fiscal Office on behalf of the agencies listed above, the savings target was revised to $2.3 million from the original $2.5 million. Each of the short-term ideas were discussed individually by Work Group members and a decision about whether to recommend a particular idea was made during the August 27 meeting. However, because actual savings from any of the ideas recommended cannot be guaranteed, the department estimates that it is the $2.3 million that must be accomplished through existing System of Care Plan rescission processes.

The full list of ideas and a more detailed summary of the topic area; relevant data and facts; pros, cons and other considerations; whether regulatory or System of Care Plan changes may be required; and whether the idea would create cost savings and/or result in an improvement in the quality of services, can be found in the chart on page 15 of this report. Estimates of potential cost savings are provided whenever possible in the chart.

Recommendations:

- *Idea 1.1 (Funding) Reduce budgets over $200,000 down to $200,000*: It was noted that the current SOCP already states that *"the maximum HCBS funding per person is $200,000. Under extraordinary circumstances, the Division may grant an exemption to the maximum on a time limited basis..."* and that to adopt this recommendation would eliminate the exceptions currently allowed on budgets over $200,000. The Work Group did not recommend that this idea be implemented.

- *Idea 1.2 (Funding) Lower the ceiling of new waivers to $250,000 down from $300,000*: It is difficult to predict what savings could be generated since it is unknown how many new applications would come in over $250,000. However, if we look at the past year, there were four new applicants with approved budgets over $250,000. Combined those budgets are $146,481 (e) over the $250,000 proposed cap. The Work Group did not recommend that this idea be implemented since some Work Group members expressed concern that this cost limit would make it very challenging to serve certain individuals and that another option might be to establish a much tighter process for considering exceptions. However, in a dissenting opinion, DAIL does recommend that this idea be adopted.
- *Idea 2.1 (Employment) pay employers/coworkers to support person on the job/consider models such as Work without Limits:* The Work Group did recommend that this idea be put forward, but as a long-term solution and that first be referred to the *Developmental Disabilities Services Imagine the Future Task Force* for further consideration as a model that could be tested through a pilot program.
- *Idea 3.1 (Supportive Living): Spend more money on Supervised Apartment Living. Do a better job with getting people to live with peers so that they are not isolated:* The Work Group did recommend that this idea be considered, but would first like the *Developmental Disabilities Services Imagine the Future Task Force* to further evaluate this option. In particular, while the Work Group thought would potentially be a good option for some people, it was noted that current issues with access to affordable living and other issues related, in particular, to Section 8 housing vouchers would need to be addressed. If 60 people were to transition from Shared Living to Supervised Living, the estimated cost savings would be $525,780.
- *Idea 3.2 (Supportive Living): Use technology like Safety Connections more across the state and not just in Chittenden County:* The Work Group did recommend that this model be implemented as a short-term solution that could reasonably be implemented in SFY 14. Savings would be realized by the use of technology, thus redirecting costs associated with on-site staff. It was noted; however, that this model would require some up-front investment before savings could be realized, and that the potential success of this model is also related to the ability to address issues of access to affordable housing.
- *Idea 12.2 (Administrative): Cap administrative rates or bring them more into alignment across agencies:* The issue of administrative costs at agencies is complex and that the impact on individual agencies could vary. The Work Group did not recommend that this idea be implemented.

VI. Task #4: Identify cost-effective, innovative models of care and develop recommendations as to how these models could be implemented in Vermont (Act 50 of 2013, Sec. E.333 (5):

The Work Group considered over 40 ideas for long-term, innovative models of care. Due to time constraints and the amount and diversity of ideas, the Work Group did not have time to discuss each long-term idea individually and to make a recommendation of the group. Instead, a survey was sent out to Work Group members asking them to select their top 10 choices of the ideas they would like to recommend to the Joint Fiscal Committee and the *Developmental Disabilities Services Imagine the Future Task Force.* Nine of the 11 Work Group members responded to the survey. The top selections fell in the categories of family support, supportive living, funding, home support, quality assurance and services for refugees. The full list of long-term ideas can be found in the chart starting on page 23 of this report. Seven ideas generated 4 or more votes from Work Group members and are considered to be the top recommendations of the Work Group. These include:

- Idea 1.3 (Family Support): Investigate what is being done in the Family Support grant that the National Association of State Directors of Developmental Disabilities Services (NASDDDS) is doing with the Missouri University Center of Excellence in Developmental Disabilities.
- Idea 3.1: (Supportive Living): Look at what other states are doing in the areas of supportive living and technology.
- Idea 3.2: (Supportive Living): Develop a way to subsidize the rent (Section 8) so that people can live in apartments together.
- Idea 4.2: (Transition): Develop more post high school transition programs, like SUCCEED, to teach the basics if living in the community.
- Idea 5.2: (Funding): Bring back the more pro-active State System of Care Plan (SOCP) priorities that prevent crisis.
- Idea 7.1: (Home Support): Explore options to create better and different housing situations that do not necessarily cost more money.
- Idea 7.3: (Home Support): Consider Planning Lifetime Advocacy Network (PLAN), an organization built on the belief that through networks we can help families provide for peace of mind.
- Idea 10.2: (Quality Assurance): Increase DAIL quality assurance staff back to, or at least closer to, prior levels and recreating the citizen Quality Assurance reviews.
- Idea 14.4: (Refugee): Approach Vermont's Congressional Delegation to see what funding may be available to support the refugee population.

In addition to the top 9 ideas, there were several ideas that received 3 votes. These fell into the categories of Family Support (idea 1.4 on the chart), Self-Advocacy (ideas 8.1 and 8/2), Self/Family Managed (ideas 13.1 and 13.2) and Miscellaneous (idea 15.2).

VII. Task #5: Inform participants working to update the System of Care Plan for June 2014 on these findings and recommendations (Act 50 of 2013, Sec. E.333 (b)(6).

The information and recommendations outlined in this report will be forwarded to the *Developmental Disabilities Services Imagine the Future Task Force* and will be used to inform participants working to update the System of Care Plan effective July 2014. In addition, the Task Force will include some members of the Developmental Disabilities Services Legislative Work Group. This will allow for some continuity between the two groups while at the same time bringing some new people and perspectives to the work of the Task Force.

VIII. Summary Analysis: Task #3 – Short Term Ideas

Task #3: Determine what changes could reasonably be implemented in fiscal year 2014 to manage service needs within the appropriated funds and identify the fiscal year 2014 amount, if any, of budgetary management that will be accomplished through existing System of Care Plan rescission processes based upon" the estimate provided by the Department of Disabilities, Aging and Independent Living (DAIL), the AHS, the Department of Finance and Management, and the Joint Fiscal Office.

Short Term Ideas[4] – Savings to be realized in developmental disabilities services in SFY 2014
Ideas that are highlighted in gold indicate those ideas that the Work Group recommended for implementation.

Topic Area ~ ~ ~ **Recommendations**	**#**	**Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group**	**Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)**	**Create Cost Savings** Yes	No	?	**Result in Quality Improvement** Yes	No	?	**Require Change to System of Care Plan** Yes	No	?
Funding ~ ~ ~ **Not Recommended by Work Group**	1.1	Reduce Budgets that are over $200,000 down to $200,000. This would eliminate exceptions currently allowed on budgets over $200,000.	Data/Facts: Current System of Care Plan says: *The maximum HCBS funding per person is $200,000. Under extraordinary circumstance, the Division may grant an exemption to the maximum on a time limited basis. Under no circumstances shall exceptions exceed $300,000.* It includes a process for reviewing budgets over $200,000 every 3 months. DDSD Quality Review staff regularly review people with high budgets and do not typically find budgets higher than needed. A separate, independent review of the budgets for all people with public safety needs was done in FY 11; 174 budgets were reviewed, of which	X				X		X		

[4] Ideas for *Cost Saving/Innovative Models* were identified by DD Services Legislative Task Force members.

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings Yes	No	?	Result in Quality Improvement Yes	No	?	Require Change to System of Care Plan Yes	No	?
			125 (72%) were reduced, for a total savings of $234,017. Full reduction of the 20 budgets over $200,000 would result in a total annualized savings of $1,009,425 based on existing FY 12 data. Pros: Initial savings would be significant. If there continued to be an exemption for budgets over $200,000 that could help meet the needs of the outliers. Cons: May result in some of these individuals going into crisis, disrupting lives or costing more over time. Could result in increased need for already limited in-patient psychiatric beds. If this does not include an exemption to the $200,000 maximum, providers report it would be difficult to serve some new people for under $200,000. Potential increased liability concerns. Could put individuals and/or public at risk. Potential to put some agencies at financial risk if they cannot reduce expenses to match reduced budget. Other Considerations: Individuals could have appeal rights if the decrease of funding was based on cost savings and not due to a									

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				Yes	No	?	Yes	No	?	Yes	No	?
			change in needs. High end budgets are required to meet the needs of people with complex medical conditions, psychiatric issues and/or public safety needs. This change could result in cost-shifting to Department of Mental Health (DMH), Department of Corrections (DOC), nursing facilities or other services.									
Funding ~ ~ ~ **Not Recommended by Work Group** **In a dissenting opinion, DAIL does recommend that this idea be adopted.**	1.2	Lower the ceiling of new waivers to $250,000 (down from $300,000). Review existing waivers over that amount to see if costs can be lowered. (Since agencies are bound by a zero-reject policy, will this cost limit make it impossible for them to serve some people? Should there be exceptions, but a much tighter process?)	Data/Facts: Current System of Care Plan says: *The maximum HCBS funding per person is $200,000. Under extraordinary circumstance, the Division may grant an exemption to the maximum on a time limited basis. Under no circumstances shall exceptions exceed $300,000.* It includes a process for reviewing budgets over $200,000 every 3 months. It is difficult to predict what savings could be generated since it is unknown how many new applications would come in over $250,000. However, if we look at the past year, there were four new applicants with approved budgets over $250,000. Combined those budgets are $146,481 (e) over the $250,000 proposed cap. This idea would limit the exception to not exceed $250,000. Consider operationally defining when a budget proposal qualifies for an exemption.	X				X		X		

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			Cons: Currently, with 9 budgets over $250,000 and 11 budgets between $200,000 and 250,000, there are few exceptions granted. The exemption for budgets over $250,000 that is currently capped at $300,000 to help meet the needs of the outliers. May result in some of these individuals going into crisis, disrupting lives and/or costing more over time. If this does not include an exemption to the $200,000 maximum, providers report it would be difficult to serve some new people for under $250,000. Potential increased liability concerns. Could put individuals and/or public at risk. Potential to put some agencies at financial risk if cannot reduce expenses to match reduced budget. Other Considerations: High end budgets are required to meet the needs of people with complex medical conditions, psychiatric issues and/or public safety needs. This change could result in cost-shifting to DMH, DOC, nursing facilities or other services.									
Employment ~~~ Recommended by Work Group –	2.1	Pay employers/coworkers to support person on the job. Consider	Data/Facts: This would be a new service option for DDS Supported Employment. The DDS Supported Employment expenditures were $10.5 million in SFY 12.	X			X				X	

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To be considered but as a long term solution		models such as Work Without Limits.	Pros: This could be implemented as a pilot. This option may be beneficial for some people but is not an across-the-board fix/change. Feasibility would need to be determined on a case-by-case basis. Cons: This is not a short term solution and could require upfront costs. This might take a while to get fully implemented as it would be necessary to proceed cautiously, consider what other states are doing, anticipate unintended consequences and provide necessary training and technical assistance. This model might be viewed as being stigmatizing and/or creating an imbalance in power and authority in the work place; could alter the relationship between the employer/employee/coworker. Alternatively, consider using coworker as natural (unpaid) support. Other Considerations: This model is not the same as subsidizing employers as a way to promote hiring people with disabilities. In all models of support, it is important for individuals to retain choice. Regulatory/Policy Changes: Would need to develop guidelines.									

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Supportive Living ~ ~ ~ **Recommended by Work Group –** **Would first like the Task Force to further evaluate this option**	3.1	Spend more money on Supervised Apartment Living. Do a better job with getting people to live with peers so that they are not isolated.	<u>Data/Facts</u>: In FY 12, Supervised Living cost \$13,237 per person annually (on average). Comparatively, Shared Living cost \$31,160 per person annually (on average) – but cost savings would be lower since the average annual cost for people with higher degrees of independence, and thus good candidates for Supportive Living, is closer to \$22,000. There are an estimated 60 – 70 people with developmental disabilities around the state who could move to more independent living if they had access to affordable housing. If 60 people were to transition from shared living to supervised living, the estimated cost savings would be \$525,780 (based on \$22,000 – \$13,237 x 60 = \$525,780). <u>Pros</u>: This could be implemented in near term for some people, though not an across-the-board fix/change. Could be a beneficial change for some. Could help reduce dependency on shared living arrangements. <u>Cons</u>: It would take some planning to get this model set up. Most people in services require a Section 8 housing voucher in order to be able to afford to live in an apartment and there is limited availability of vouchers. <u>Other Considerations</u>: If a person needs more than approximately 10 hours a week of staff	X			X				X	

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				Yes	No	?	Yes	No	?	Yes	No	?
			support in the home, it is generally less expensive for them to live in a Shared Living home. <u>Regulatory/Policy Changes</u>: Would need to revisit/update DDS "Home Alone" guidelines which consider how to manage risk.									
Supportive Living ~~~ Recommended by Work Group	3.2	Use technology like *Safety Connections* more across the state and not just in Chittenden County.	<u>Pros</u>: Savings would be realized by the use of technology, thus reducing costs associated with on-site staff. This could be implemented in near term for some people, though not an across-the-board fix/change. Could be a beneficial change for some. Could help reduce dependency on shared living arrangements and people living with family, and/or transform some shared living/ natural support arrangements through the use of technology. <u>Cons</u>: This model requires up-front costs. Depending on the technology and implementation strategy, there would still be a need for affordable housing and there would need to be a critical mass of people for whom it would be viable for it to become cost effective. It could put individuals at risk while assessing its viability. <u>Other Considerations</u>: Other states are successfully using technology to reduce the	X			X				X	

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			amount and cost of home supports that have not yet been tried in Vermont. <u>Regulatory/Policy Changes</u>: Would need to revisit/update DDS "Home Alone" guidelines which consider how to manage risk.									
Administrative ~ ~ ~ **Not Recommended by Work Group**	12.2	Cap administrative rates or bring them more into alignment across DA/SSAs.	Data/Facts: Overall administrative rate across all DA/ SSAs was 8.4% in FY 13. <u>Pros</u>: Capping DA/SSA administrative rates would reduce some provider annual allocations and create instant savings. The effects of such a cap would vary between agencies; it would be important to be fully aware of the consequences before implementation of such a change. <u>Cons</u>: There are other administrative costs labeled "program admin" that aren't included in "agency admin" when determining a DA/SSA's administrative rate. It can be argued that these additional costs need to be included in order to get a true measure of DA/SSA administrative costs. A true measure should be sought prior to implementing a cap on administrative rates. <u>Other Considerations</u>: The oversight provided to DA/SSAs on how administrative costs are allocated and re-spread has reduced over	X				X				X

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			time. In addition, the organizational separation of mental health and DD services changed the level of financial audits and oversight at DAIL. This reorganization (separation of MH and DD) resulted in changes that, given this recommendation, could increase administrative costs for mental health.									

IX. Summary Analysis: Task #4 – Long Term Ideas

Task #4: Identify cost-effective, innovative models of care and develop recommendations as to how these models could be implemented in Vermont.

Long Term Ideas[5] – Savings to be realized in developmental disabilities services over time
Ideas that are highlighted in gold indicate the top choices of the Work Group.

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Family Support	1.1	Eliminate Flexible Family Funding (FFF) seeing as it will be rolled into Integrated Family Services (IFS)? (discuss with IFS folks).	<u>Data/Facts</u>: Flexible Family Funding (FFF) allocation - $1,103,749 (FY 12) of which 90% went to children under age 22 and 10% went to adults age 22 and older. <u>Cons</u>: FFF is seen by many parents as a program with very low per person cost (maximum per person allocation is $1,000) while providing benefits to families that are flexible and potentially preventative. Eliminating FFF dollars in DAIL would deprive families of the resource now and create a gap in Integrated Family Services (IFS) in the future. It would also be important to consider implications of FFF for adults. <u>Other Considerations:</u> The plan within the AHS IFS initiative is to transfer 90% of the		X			X				X

[5] Ideas for *Cost Saving/Innovative Models* were identified by DD Services Legislative Task Force members.

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			dollars which are spent on children to IFS and keep those dollars available as flexible funds for families of children with disabilities. Regulatory/Policy Changes: Would need to update DDS Flexible Family Funding guidelines.									
Family Support	1.2	Increase Flexible Family Funding (FFF) for single parents over the age of 60 and two-parent families over 70 to extend the time these families can provide care for their son or daughter (recommended by Pacific Health Policy Group in 2004, saying it would save $25K for each year a family could continue to provide support). (How to balance the need of the adult for more out-of-home involvement in the community?)	Data/Facts: Flexible Family Funding (FFF) allocation - $1,103,749 (FY 12) of which 10% went to adults age 22 and older. It is not known what the age is of the parents or other caregivers (e.g., siblings, grandparents), but age range of adults who receive it is: Age 22 – 30 = 65; Age 31 – 40 = 15; Age 41 – 50 = 8; Age 51 – 60 = 9; Age 61+ = 5. Pros: A pilot might be beneficial to determine the benefit to families and estimate the potential for actual savings. Success of the pilot would likely depend upon the amount of FFF provided and whether the support provided is sufficient to prevent the need for more expensive HCBS services. Cons: Any savings realized would be over the long term. May require additional allocation of FFF as people would stay on longer and would need new resources for new people (e.g., FFF used by children aging out of Integrated Family Services (IFS) would not			X			X			X

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				Yes	No	?	Yes	No	?	Yes	No	?
			necessarily move with the child into adult services. <u>Regulatory/Policy Changes</u>: Would require changes in the FFF Guidelines.									
Family Support ~ ~ ~ Top Ranked by Work Group	1.3	Investigate what is being done in the Family Support grant that the National Association of State Directors of Developmental Disabilities Services (NASDDDS) is doing with the Missouri University Center of Excellence in DD. Not sure that the things they are doing will save money or not, but they are intended to strengthen support-providing families. a. Individuals and families need to be at the front and center of whatever	<u>Pros</u>: Unsure of details but general principles appear sound. Would need to work in partnership with Vermont Family Network (VFN) and Green Mountain Self Advocates (GMSA) to develop solid approaches to family supports across Vermont. This effort could help eliminate the gaps in family support due to the reduction or elimination of various programs and services that were instrumental in supporting families in Vermont: o Peer Navigator positions were eliminated. o Statewide family advocacy organization – role partly met by Vermont Family Network, but not at the same level as previously with the Vermont ARC. o Flexible Family Funding/Respite – cuts in amount of allocations to families. o "Goods" line item in home and community-based services budgets – no longer available (other than for home modifications) – affects families whose sons and daughters live at			X	X					X

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		changes happen. b. Vermont has had success with flexible services. c. Vermont's Global Commitment already provides the means for more flexible approaches to serving people. d. Individuals and families will be more satisfied when they have options and can tap supports that match what they really need. e. Individuals and families are likely to need fewer supports when	home. ○ Conferences on family support – limited opportunities to hear speakers from outside Vermont. ○ Regional respite homes – three respite homes available to families were closed due to low use. ○ Family support groups run by agencies – there may be fewer options for family support groups available. <u>Cons</u>: This is a long term effort. May require initial investment for longer term cost savings. Any cost savings would be dependent on how changes in support are realized. <u>Regulatory/Policy Changes</u>: May need changes in policy/guidelines.									

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		there are options and supports that match what they really need. f. In order for people to be independent in the long run you need to invest in expertise that will support them. G People cannot keep their heads above water when hit with multiple cuts and limited options to respond to them (e.g., a family loses Flexible Funding and is also closed out of the Children's										

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				Yes	No	?	Yes	No	?	Yes	No	?
		Personal Care Services pilot.) h. A balanced approach retains regulatory safeguards that are in place when times are hard, without erecting new barriers that are counterproductive.										
Family Support	1.4	Allow payment to parents for providing support to adult children with a developmental disability.	Pros: This option can be less stressful for families and can be a good match in some circumstances. A pilot might be beneficial to determine benefits to individuals and families and potential for cost savings. Would need to consider this carefully and involve key stakeholders such as service providers, Green Mountain Self Advocates (GMSA) and Vermont Family Network (VFN). Cons: Would require time to appropriately plan and implement. Would need to build in additional checks and balances which could add costs. Depends on how it is			X			X	X		

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				Yes	No	?	Yes	No	?	Yes	No	?
			implemented, but it has not shown to create significant cost savings in other states. Other Considerations: The results of research on paying parents are summarized in a 2010 memo to Commissioner Senecal: *Considering the Options: Paying Parents with Medicaid.* http://www.dail.vermont.gov/dail-projects/dds-legislative-work-group/considering-the-options Regulatory/Policy Changes: Would need to modify established state procedures under Global Commitment and develop new policy/guidelines.									
Family Support	1.5	Do not pay parents – conflict of interest	(see 1.4)									
Family Support	1.6	Intervene earlier with supports to families; it should not be all or nothing	Data/Facts: AHS is working to integrate all child and family services across departments as part of the Integrated Family Services (IFS) initiative. One of the primary goals of this effort is to streamline services to allow more money to be spent intervening earlier to prevent larger challenges later. Pros: The concept of intervening earlier in the lives of young adults could be explored as well. Cons: This is a work in progress and results	X			X			X		

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			are not likely to be seen for some years. Would likely require initial investment for longer term cost savings. <u>Regulatory/Policy Changes</u>: This may require a regulatory or policy change.									
Employment	2.1	Look at ways to provide more natural job support for people that have less intense needs.	<u>Pros</u>: This could be implemented in near term for some people. Not an across-the-board fix but would be a beneficial change. Could provide incentives for helping move away from the need for a full time job coach towards independence on the job. This could result in better job matches sooner. May be less stigmatizing for workers. <u>Cons</u>: This could unintentionally create two-tiers of workers thus skewing employment supports toward people who need less on-the-job support.	X			X				X	
Employment	2.2	Develop ways to fade job support and provide natural supports for people with developmental disabilities especially for people with less intense needs.	(see 2.1)									
Employment	2.3	Emphasize employment for	<u>Pros</u>: Home providers do have the potential to be good support which could reduce staff,			X	X			X		

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		everyone (e.g., Employment First). Get more creative at individualized, customized employment; micro enterprises. (For people with shared living providers, it may take some workshops for both the person and the shared living provider to begin to come up with ideas for employment or micro enterprises. May require the use of Plans to Achieve Self-Support (PASS). Not sure this could be accomplished without additional costs.)	but families require the same level of staffing as supported employment jobs. Micro enterprise is more intensive than job supports. Not a realistic cost saver but meets individual need and promotes person centered values. Plans for Achieving Self Support (PASS) could be used to help offset costs. <u>Cons</u>: This would need careful consideration and different training/job development methodology. May require investment before savings can be realized. DDSD micro enterprise work group is currently upgrading existing micro enterprise website and re-introducing the training modules created via the Medicaid Infrastructure Grant (MIG). Experience from the 30+/- businesses created shows needed supports often exceed allocated funding.									
Employment	2.4	Rethink how to job match to achieve greater on the job independence.	<u>Pros</u>: This could be implemented in near term. Could bring technology to job sites such as cell phones, iPads, iPhone apps to increase independence/decrease staff on-site. <u>Cons</u>: Would require different training/job development methodology.	X			X				X	

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				Yes	No	?	Yes	No	?	Yes	No	?
Supportive Living ~ ~ ~ **Top Ranked by Work Group**	3.1	Look at what other states are doing in the areas of supportive living and technology.	Pros: Could be a beneficial change for some. Could help reduce dependency on shared living arrangements and people living with family, and/or transform some shared living/natural support arrangements through the use of technology. Cons: It requires up-front costs. Will require further research so would likely not be a quick solution. It may take time to see a change in practice/policy or realize savings. Depending on the technology and implementation strategy, there is still a need for affordable housing and it initially costs more per person. Would need a critical mass of people for whom it would be viable for it to become cost effective. It could put individuals at risk while assessing its viability. Other Considerations: Other states are successfully using technology to reduce the amount and cost of home supports that have not yet been tried in Vermont. Regulatory/Policy Changes: Would need to revisit/update DDS "Home Alone" guidelines which consider how to manage risk.			X			X			X
Supportive Living ~ ~ ~ **Top Ranked by Work Group**	3.2	Develop a way to subsidize the rent so that people can live in apartments	Pros: DAIL is applying for an 811 HUD grant which would provide some designated vouchers for people with developmental disabilities. Could look to expand the model	X			X				X	

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		together. Given that Section 8 says one voucher per household and there is a waitlist and cost of rent is very high.	of using a single staff person who is available to support multiple individuals living in the same apartment complex or in close proximity. <u>Cons</u>: Current access to Section 8 vouchers is problematic. Would require working with housing organizations (state and local) to improve access to Section 8 vouchers. <u>Regulatory/Policy Changes</u>: Allowing multiple vouchers per household would require changes/variances to current rules. Consider seeking legislative support and/or use of Global Commitment (GC) Investment or state general fund dollars to supplement rental/housing costs.									
Supportive Living	3.3	Find alternative ways to pay rent: a. Increase Vouchers (HUD funding levels) b. Get waivers to vouchers, house owned by parents or trust, Managed Care Organization (MCO)	(see 3.2)									

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		investment c. Use one time funds (Global Commitment – may need change in Standard Terms and Conditions) e. HUD 811 grant										
Supportive Living	3.4	Kinship support – Relatives (non-parents) paid to care for children with disabilities	<u>Data/Facts</u>: This already happens to some extent in Vermont (e.g., siblings paid as home providers). <u>Pros</u>: This could be implemented in near term for some people. Not an across-the-board fix but could be beneficial. <u>Cons</u>: Would need thoughtful planning and involvement of Green Mountain Self Advocates (GMSA), Vermont Family Network (VFN) and other stakeholders.	X					X		X	
Transition	4.1	Raise the High School Graduate Funding Priority age to 21. Many other states have dual enrollment programs where students can spend	<u>Pros</u>: This would be a good option for some people, but would not necessarily be the best alternative for everyone. <u>Other Considerations</u>: It will be important to engage the Agency of Education (AOE) in this discussion. Changing the DDS funding priority would not necessarily assure changes in the		X		X			X		

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				Yes	No	?	Yes	No	?	Yes	No	?
		their years till age 21or 22 on college campuses taking classes, learning life skills, jobs skills etc.	AOE or local school policies. More likely a cost shift. Cross-department collaboration needed.									
Transition ~~~ Top Ranked by Work Group	4.2	Develop more post high school transition programs, like SUCCEED, to teach the basics of living in the community but have it more peer based with college student mentors.	<u>Pros</u>: Could save money in the long-term. Increase support to other post-secondary transition programs like THINK College, College Steps and Project Search, which have wide ranging positive effects and may decrease the need for future services. <u>Cons</u>: Would require initial investment of funding and may cost more for some people.			X	X				X	
Transition	4.3	Work with the Agency of Education (AOE) to address issues of transition age students. Many school districts try to graduate special education students early; when this happens, families must not be left without any supports for their sons and daughters. (AOE could fund post-secondary	<u>Pros</u>: This would be a good option for some people, but would not necessarily be the best alternative for everyone. <u>Other Considerations</u>: Families may not be aware of ramifications of early graduation. More likely a cost shift. Cross-department collaboration needed. (see 4.1)									

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				Yes	No	?	Yes	No	?	Yes	No	?
		options for students between graduation and age 22, but would they?) Some schools may push students out early.										
Funding	5.1	Department for Children and Families (DCF) needs to do an over-18 agreement to continue funding for everyone who turns 18 that's in foster care.	<u>Data/Facts</u>: We do not have data on the number of children this would affect, so it is difficult to project savings. <u>Other Considerations</u>: DAIL is currently revising its written agreement with Department for Children and Families (DCF) regarding financial responsibility for children who have been in custody and are turning age 18. Depending on the final terms of the agreement, this may or may not have financial and other implications for DDSD services. Cross-department collaboration needed. DCF has very specific rules that apply to when an over age 18 agreement is appropriate. Not every child's situation falls within the rules. <u>Regulatory/Policy Changes</u>: Work with DCF to change over age 18 agreements to so it would be more beneficial to students.		X				X	X		

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Funding ~~~ **Top Ranked by Work Group**	5.2	Bring back the more pro-active State System of Care Plan (SOCP) priorities that prevent crisis: a. Prevent regression b. Help towards independence	Data/Facts: The following are changes that were made to the SOCP Funding Priorities from FY 02 to FY 10. Funding priorities suspended in FY 02 and later eliminated: - *Support needed to prevent an adult or child from regressing mentally or physically* - *Support needed to keep a child under 18 with his or her natural or adoptive family* - *Support needed to keep a person from losing a job* - *Support needed to assist an adult to be independent from DDS-funded services, or to move to "minimal services," within 2 years* Funding priorities eliminated in FY 03: - *Support for a young adult aging out of SRS custody who is eligible for and requires ongoing services.* Funding Priorities eliminated in FY 06: - Changed from age 18 to *age 19* for "*health or safety*" and "*maintain employer-paid job*" priorities. Pros: Earlier funding priorities were more pro-active and focused on prevention. Would likely cost more initially as people would be funded sooner, but could save money for some people in the long run.	X			X			X		
Funding	5.3	Don't undermine the local funding committees by	Data/Facts: In FY 13, of the budgets approved by local funding committees and then reviewed by the state funding committees;		X				X	X		

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
		second-guessing their budgets submitted. This could lead to inflation of budgets submitted in order to get what is needed. Trust them, and they will keep the budgets frugal and realistic.	38% were approved as requested; 48% were approved but with a reduced amount of funding; and 14% were denied. Substantially more funding is approved at the local level than at the state level as the committees are currently organized. <u>Pros</u>: Having an integrated statewide committee review funding decisions provides a healthy check and balance. There is funding guidance and policies in place that minimize approval of inappropriately high budgets.									
Funding	5.4	Identify especially at risk families (age criteria, single parent, two parent family).	<u>Cons</u>: Would not necessarily be a cost savings. <u>Other Considerations</u>: Would need to assess if these are the critical "at risk" factors that would make the most difference. Would need more information about what this would look like. (see 1.2)			X			X	X		
Funding	5.5	Look into the Family Waiver option (e.g., capped amount of funding per family and/or by service).	<u>Pros</u>: May provide an alternative approach to funding family supports, such as funding families sooner but for an overall lower budget amount. (see 1.3 and 1.6)			X			X	X		
Funding	5.6	Look at the Department of Mental Health (DMH) paying for	<u>Pros</u>: This already happens to some degree for children. This might work if clinical services were provided as a capped capacity service within an agency rather than as an			X		X			X	

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings Yes	No	?	Result in Quality Improvement Yes	No	?	Require Change to System of Care Plan Yes	No	?
		some of the DDS Waiver clinical services.	ongoing individual service within a person's budget. Set the expectation of fading services over time. Cons: Alternative funding (e.g., Department of Mental Health, fee-for-service Medicaid) is already not sufficient to meet the need. Other Considerations: More likely a cost shift. Cross-department collaboration needed.									
Shared Living	6.1	Time limit on amount of time in Shared Living. A person who goes into a shared living provider (SLP) situation should be there to learn the basics of daily living and then move on to a less restrictive setting with peers. There are times when a home provider has no incentive to move someone along to the next level and they get stuck.	Pros: Potential benefit to rethinking shared living provider contracts (e.g., have limited service options with outcomes focused on helping people move toward more independent/ interdependent living; provide incentives/bonuses to providers who are successful in helping a person move to more independence). Cons: May require some investment before savings realized. May need to start this moving forward as it could be difficult to set different expectations with current home providers. This would need careful consideration to avoid unintended negative consequences (e.g., punishing home provider for doing a good job, home providers quitting due to change in contract agreements). Other Considerations: Currently some people	X			X				X	

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
			receiving 24 hour home supports (e.g., shared living and group living) have a "home alone" plan where they can stay home without supervision for limited periods of time. <u>Regulatory/Policy Changes</u>: Would need to revisit DDS "home alone" guidance that sets out safeguards that enable people receiving 24 hour home supports to stay home without supervision.									
Shared Living	6.2	Do not allow more than two people in a developmental home/ shared living.	<u>Data/Facts</u>: This is the current policy. The Division of Licensing and Protection (DLP) rules require licensure of a home that has three or more residents living in the home who require care or supervision and are not a relative. <u>Pros</u>: Potential for savings would depend on ability to provide a lower per person home provider stipend as the number of individuals per home increased. <u>Cons</u>: Concern about "slippery slope" of shared living homes becoming more like small group homes. Potential issues include stigma associated with group living, lack of individualized care, possible reduction in quality of care, etc.			X			X	X		

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
			Regulatory/Policy Changes: Would need special provisions (e.g., review of circumstances, assure good matches, informed decision making by potential housemates) and involvement of Green Mountain Self Advocates (GMSA). Consider changes/variances to current rules at DLP.									
Shared Living	6.3	Incentives for Home Providers' base rate of pay. Bonuses to increase people's independence so that it is not an ongoing expense! Less restrictive setting.	(see 6.1)									
Home Support ~ ~ ~ **Top Ranked by Work Group**	7.1	There are options to create better and different housing situations that do not necessarily cost more money (e.g., flexibility of a limited liability company). Parents and individuals are looking for flexibility and choice. Encouragement of alternative housing	Pros: This option could provide long term security and consistency. HomeShare option might provide alternative affordable living arrangements. Cons: Might limit flexibility (harder for a person to move out). Other Considerations: Home ownerships issues would need to be worked out. Matching up compatible housemates would be paramount (as with most home supports options).			X	X				X	

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
		options could facilitate less restrictive settings with peers as well as more creative options for individuals who will always need a consistently high level of support.										
Home Support	7.2	Alternative models of care: L'Arche (similar to Camp Hill, Heartbeet) – economical Section 119, food, shelter exemption; high level of support through volunteers (AmeriCorps) so cost kept down.	<u>Data/Facts</u>: An initial review of budgets of those living in these type of arrangement in VT indicates that costs are similar to agency rates. <u>Pros</u>: It is possible that communal living can provide safe, secure and possibly less costly living environment. <u>Cons</u>: Concern about "slippery slope" and stigma associated with group living. Any group living needs vigilance around keeping supports and experiences individualized and respectful of personal choice. Group living may result in greater expense due to licensing standards and staffing requirements. <u>Other Considerations</u>: More in-depth analysis needed.			X			X		X	

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
Home Support ~ ~ ~ Top Ranked by Work Group	7.3	Planning Lifetime Advocacy Network (PLAN) is an organization built on the belief that through networks we can help families provide for peace of mind: in building a safe and connected life for our family and friends with a disability, we create a sense of belonging that has benefits for us all.	<u>Other Considerations</u>: Need more information about Planning Lifetime Advocacy Network (PLAN).			X	X					X
Self-Advocacy	8.1	Invest more money in peer support and self-advocacy.	<u>Pros</u>: There are many benefits to peer support and self-advocacy. Changes over time may result in less costly services. <u>Cons</u>: It is likely to be an investment that takes time to realize savings.	X			X				X	
Self-Advocacy	8.2	Peer support not currently in Global Commitment (GC) – should be put in (then could match and maximize funding).	<u>Pros</u>: Could provide savings but would need to look into what the benefits are, assess feasibility and determine what it would take to make it happen. <u>Regulatory/Policy Changes</u>: Would need to make changes in Global Commitment.	X			X				X	

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
Services	9.1	Do not fund center-based day programs.	<u>Data/Fact</u>: Since Vermont closed the last sheltered workshop in the state in 2002 and prohibited enclaves, daytime non-work services have focused on individualized community supports (1:1 or 2:1). In response to recent budget cuts, a few center-based day programs have emerged. <u>Pros</u>: Center-based day programs may provide an alternative, satisfactory option for some participants. <u>Cons</u>: Center-based day programs are seldom integrated with members of the community outside of developmental disabilities services. They do not provide much individual choice or flexibility for participants as choices of activities are often from a predetermined menu. Center-based day programs should not be the only option presented to people with developmental disabilities.	X				X			X	
Services	9.2	Seek more private guardians for people with public guardians. This was done after the closure of Brandon. There may be people out there willing to become	<u>Data/Facts</u>: There is a continual effort to find private guardians and to support people to go off guardianship, when possible. The Office of Public Guardianship and Green Mountain Self Advocates (GMSA) offer training for self-advocates, schools, organizations, etc. on alternatives to guardianship.			X			X		X	

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings Yes	No	?	Result in Quality Improvement Yes	No	?	Require Change to System of Care Plan Yes	No	?
		private guardians. (Be careful not to undermine the safety of people who need public guardians.)	Cons: It is not clear that it would save money to have less people on guardianship and could in fact cost the system more.									
Services	9.3	Targeted Case Management (TCM) – not done statewide, but is a cost effective way of giving support.	Data/Facts: Current Targeted Case Management (TCM) allocation is close to \$600,000 and in FY13 only about \$420,000 of it was used. Pros: This funding source may save money as a preventative measure by assisting people while keeping them off or delaying access to long term services and supports. It may even be possible to increase the allocation if it can be verified that providing TCM helps keep individuals off long term services.	X			X				X	
Quality Assurance	10.1	Rebuild citizen reviewing to assist in quality assurance. This was done in the past by a small grant to a family organization (ARC) which then mobilized and trained volunteers from the community (it would be	Pros: Could provide oversight similar to current peer review groups we currently use now (i.e., Green Mountain Self Advocates). Would be similar as to what was accomplished when DAIL had paid quality review staff who were also recipients of services (those positions were eventually cut). This could provide a different and overall greater level of oversight which could improve quality of services and result in less costly alternatives.		X				X		X	

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
		Vermont Family Network today). This could relieve some of the pressure from too few Quality Assurance staff.	Cons: The former Citizen Review process was never incorporated into the State quality review process nor did it look at systems issues. The limited reviews that did take place generally looked at individuals in their residential living situations (there were more group homes back then). It could be cumbersome and limited in the scope of what they achieved. Other Considerations: There would need to be a cost/benefit analysis conducted.									
Quality Assurance ~ ~ ~ Top Ranked by Work Group	10.2	Increasing DAIL quality assurance staff back to, or at least closer to, prior levels.	Pros: Increased number of quality review staff at DDSD would lead to improved quality of services and supports though increased review numbers and provision of ongoing technical assistance and training. Cons: It is unlikely that the influence of more quality review staff would result in less costly services overall. If it did, it would require an investment that would take time to realize savings. Other Considerations: Further analysis of costs and benefits would be valuable.			X	X				X	
Quality Assurance	10.3	Quality Assurance may save money in the long run by	Pros: A specific focus of the quality review team on cost effective services would be of benefit.	X					X		X	

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
		assuring cost effective services										
Public Safety	11.1	Eliminate the public safety priority especially for those who are not on Act 248. Public protection is not a Developmental Disabilities Act responsibility.	<u>Cons</u>: Diminished oversight and services to people in the public safety group could put former victims, vulnerable populations and other community members at risk of health and safety. It is difficult to separate out public protection costs from costs of supports due to the person's disability. <u>Other Considerations</u>: More likely a cost shift. Cross-department collaboration needed.			X		X		X		
Administrative	12.1	All the agencies should use an ARIS Solutions (ARIS) model (i.e., shared business functions) for their business office because it is cheaper and more cost effective. Consolidate administrative functions of agencies into ARIS to achieve lower administrative rates. (This has been suggested before, but the larger, full-	<u>Data/Facts</u>: Most of the smaller agencies (1/3 overall) already use ARIS Solutions as a Fiscal Intermediary Service Organization (Fiscal ISO) for business office functions (1 DA: UVS and 4 SSAs: CCS, FF, LSI, SAS). <u>Pros</u>: Consolidation of administrative functions at DAs has potential for financial savings. <u>Cons</u>: It would be a complex process given that nine DAs are comprehensive agencies with programs serving multiple populations (developmental disabilities, psychiatric disabilities, substance abuse). Administrative functions are defined differently by each DA/SSA. Would need increased resources in DAIL Business Office.	X				X				X

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings Yes	No	?	Result in Quality Improvement Yes	No	?	Require Change to System of Care Plan Yes	No	?
		service DA's have business offices for the entire agency, not just DDS. Also, do all agencies count the same things as administrative costs? Do all count the Executive Director's salary as administrative cost?)	<u>Other Considerations</u>: Would need data from DA/SSAs to inform this work.									
Self/Family Managed	13.1	Increase and educate people about the option of self/family managed services but have quality assurance guidelines around it given that self/family managed services are cheaper.	<u>Data/Facts</u>: There were 76 people self/family managing in FY 12 compared to 2,573 people who had agency-managed services or who shared-managed services. There are administrative overhead costs to pay for Transition II as the Supportive Intermediary Service Organization (Supportive ISO) that come out of individual budgets. <u>Other Considerations</u>: Self/family managed services are not necessarily less expensive; it depends on the individual situation. There is not a large enough sample of people self/family managing to adequately compare to the larger group receiving long term services and supports.									
Self/Family	13.2	Encourage more self	<u>Data/Fact</u>: Currently self/family management			X			X	X		

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
Managed		and family management. Consider the possibility of allowing, on a case-by-case basis, family management of comprehensive waivers (people living outside the family home). This is one place where the decision should likely be at the level of the state. This is allowed in some other states.	of home supports is limited to 8 hour/week supported living. <u>Pros</u>: It is not clear that it would be a cost savings but it could be of benefit for some people. Assurance of oversight and significant safeguards would need to carefully considered and put into place. <u>Cons</u>: This practice was tried and there were serious incidents in terms of health and safety and quality of life. Clarification of who is responsible for enforcing policies and guidelines and providing levels of oversight would be required. Liability for negative outcomes must be understood. <u>Regulatory/Policy Changes</u>: This would require detailed analysis of the implications and revisions of policies to ensure safeguards.									
Self/Family Managed	13.3	Increasing the use of self/family management.	(see 13.1)									
Refugee	14.1	Work with refugee communities to develop culturally relevant options for people served from those communities.	<u>Data/Facts</u>: The greatest caseload pressures from the refugee population are in Chittenden County. This is currently the practice at HowardCenter. <u>Pros</u>: Additional options could be explored that may have potential for savings.	X			X				X	

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
			Other Considerations: Caseload pressures from refugees come in waves and currently have limited regional focus.									
Refugee	14.2	Recruit and train direct support providers from those communities, including family members. (May not save money, but could increase satisfaction and belonging in those communities, as well as take the pressure off other social services by providing employment).	Data/Facts: This is current practice for some individuals. Pros: It would be worth considering expanding this practice. Other Considerations: Caseload pressures from refugees come in waves and currently have limited regional focus (differentially impacts HowardCenter).			X	X				X	
Refugee	14.3	When a group first comes, more stable population is followed by those more in need – use this time to plan.	Pros: It would be helpful to see what information can be learned about the next group of refugees that are expected to come to Vermont and how best to prepare. Other Considerations: Caseload pressures from refugees come in waves and currently have limited regional focus. (Differentially impacts HowardCenter).			X	X					X

Topic Area ~ ~ ~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings			Result in Quality Improvement			Require Change to System of Care Plan		
				Yes	No	?	Yes	No	?	Yes	No	?
Refugee ~ ~ ~ **Top Ranked by Work Group**	14.4	Approach Vermont's congressional delegation to see what funding may be available to support the refugee population.	<u>Pros</u>: It would be helpful to talk to the Vermont Congressional Delegation to see if any federal assistance is available to offset state costs. <u>Con</u>: Would not likely see cost savings in near term. <u>Other Considerations</u>: Caseload pressures from refugees come in waves and currently have limited regional focus. (differentially impacts HowardCenter).	X					X			X
Miscellaneous	15.1	Choices For Care and other DAIL programs should serve people with developmental disabilities as they age and develop more significant issues.	<u>Data/Fact</u>: This is already being done. <u>Pros</u>: It would be a benefit to increase number of DA/SSAs who are Choices for Care providers. <u>Cons</u>: Supports though Choices for Care may not have the range of choices available through traditional DD services. <u>Other Considerations</u>: More likely a cost shift. Inter-department collaboration needed.		X			X			X	
Miscellaneous	15.2	Bring in national thinkers/ experts, host a conference to help us think in new ways (e.g., John	<u>Pros</u>: Beneficial in the past; would be worth exploring. <u>Cons</u>: This would likely take time to see a change in practice/ policy or realize savings.			X			X			X

Topic Area ~~~ Recommendations	#	Cost Saving/Innovative Models in DD Services Brainstormed by the Work Group	Implications (Data/Facts, Pros, Cons, Other Considerations, Regulatory Change)	Create Cost Savings Yes	No	?	Result in Quality Improvement Yes	No	?	Require Change to System of Care Plan Yes	No	?
		O'Brien, Charlie Lakin).										
Miscellaneous	15.3	Visit other states that are doing things exceptionally well (e.g., Washington state re: work).	<u>Pros</u>: This would be worth exploring. <u>Cons</u>: It would likely take time to see a change in practice/policy or realize savings. <u>Other Considerations</u>; When considering other practices around the county, it has been found that Vermont is usually ahead of the curve in terms of quality and cost effective services.			X			X			X

Appendix A

A Summary of the Key Information and Data Considered by the Developmental Disabilities Services Legislative Work Group

Financial Data[6]

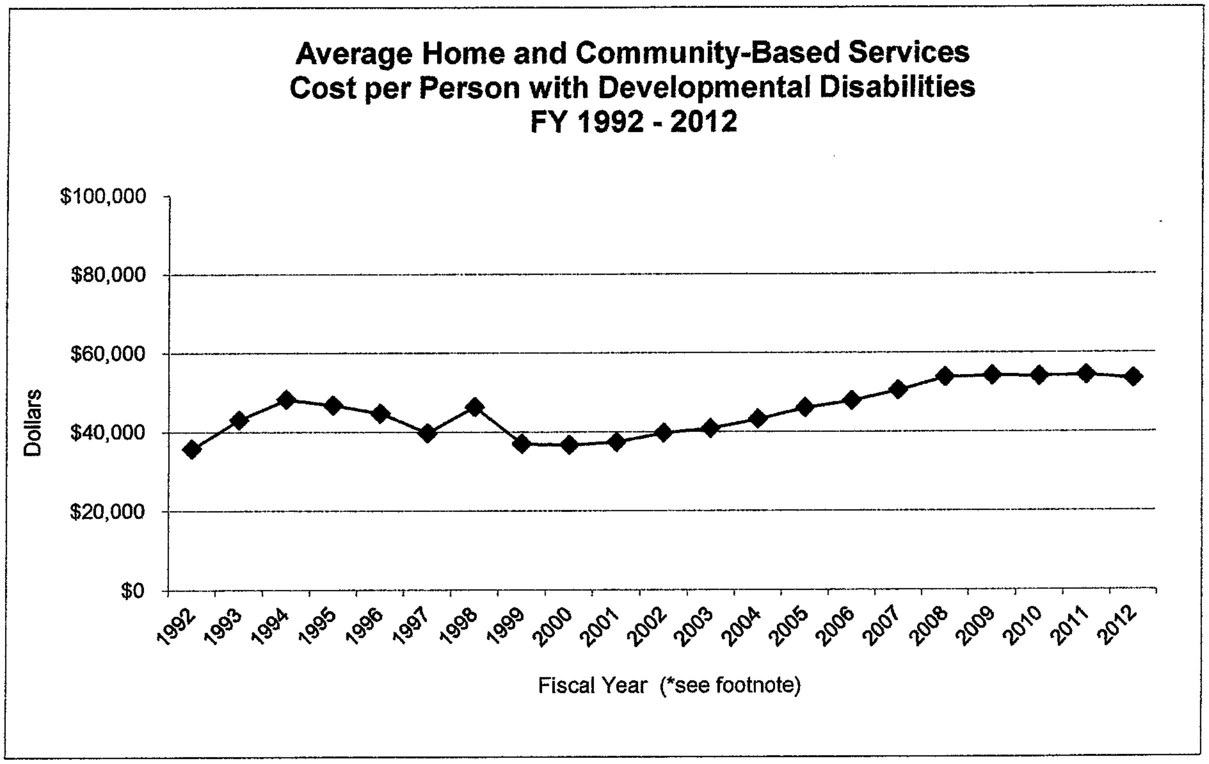
- **Only 9% (235) of people receiving home and community-based services (2,649) are supported at a rate of $100,000 or more per year. Less than 1% (20 people) of those served have budgets over $200,000.**

Note: SFY '12 ICF/DD allocation is included in the "$249,690 (avg)" category.

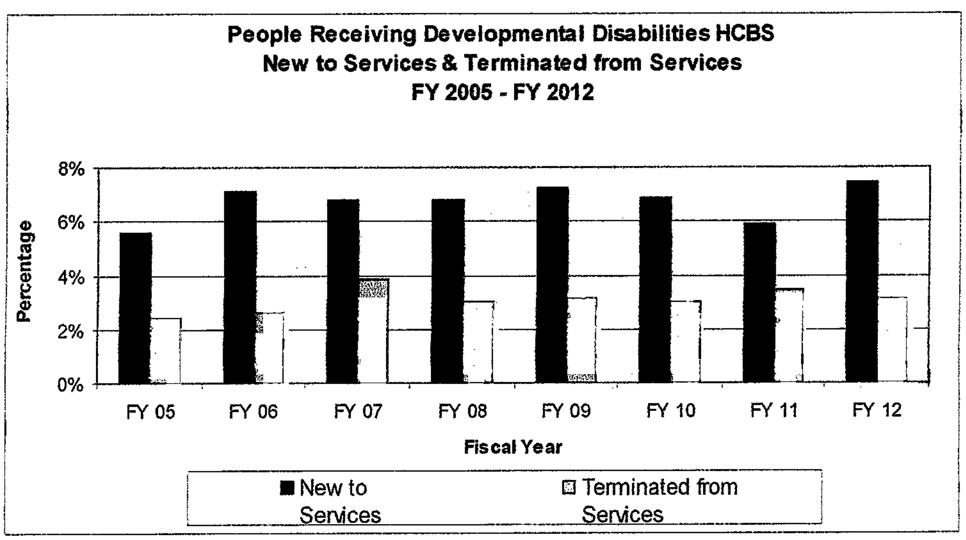
Cost Category	Number of People	Cost Category	Number of People
< $10,000	79	$70,000 - $84,999	310
$10,000 - $24,999	311	$85,000 - $99,999	152
$25,000 - $39,999	459	$133,078 (avg.)	219
$40,000 - $54,999	647	$249,690 (avg.)	22
$55,000 - $69,999	456	**Total Served**	**2,655**

[6] Source: Home and Community-Based Services (waiver) spreadsheets, cost reports and DDS Annual Report data.

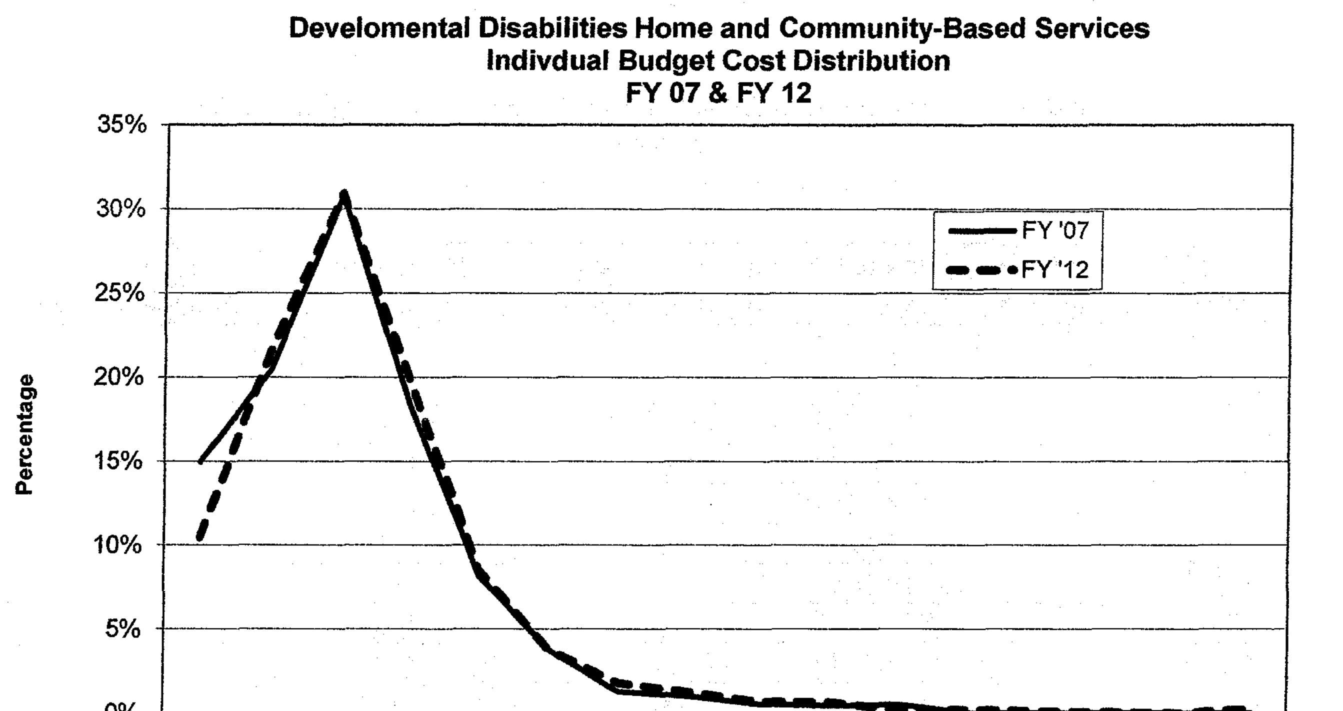
- **Average per person costs of home and community-based services have remained stable over the past 4 years; average costs have reduced .6% since FY 08 (not adjusted for inflation).**



- **During this same time period (FY 08 – FY 12), the number of people receiving HCBS have increased on average 4% each year – 95 people per year on average (net new).**



- **Cost distribution of home and community-based services has changed insignificantly in 5 years.**



	less than $20,000	$20,000 - $39,999	$40,000 - $59,999	$60,000 - $79,999	$80,000 - $99,999	$100,000 - $119,999	$120,000 - $139,999	$140,000 - $159,999	$160,000 - $179,999	$180,000 - $199,999	$200,000 - $219,999	$220,000 - $239,999	$240,000 - $259,999	$260,000 - $279,999	$280,000 - $299,999	$300,000 and over
FY '07	14.9%	20.4%	30.7%	18.2%	8.2%	3.8%	1.3%	1.0%	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
FY '12	10.5%	21.6%	30.9%	19.7%	8.5%	3.8%	1.8%	1.2%	0.7%	0.6%	0.2%	0.2%	0.1%	0.0%	0.0%	0.2%

Individual HCBS Cost Categories

- **The influx of refugees into developmental disabilities services in Chittenden County has increased exponentially the past few years. However, the average developmental disabilities home and community-based services budget for a new refugee was $39,955 (FY 13), 26% less than the average annual budget for all people getting services ($54,316 in FY 12).**

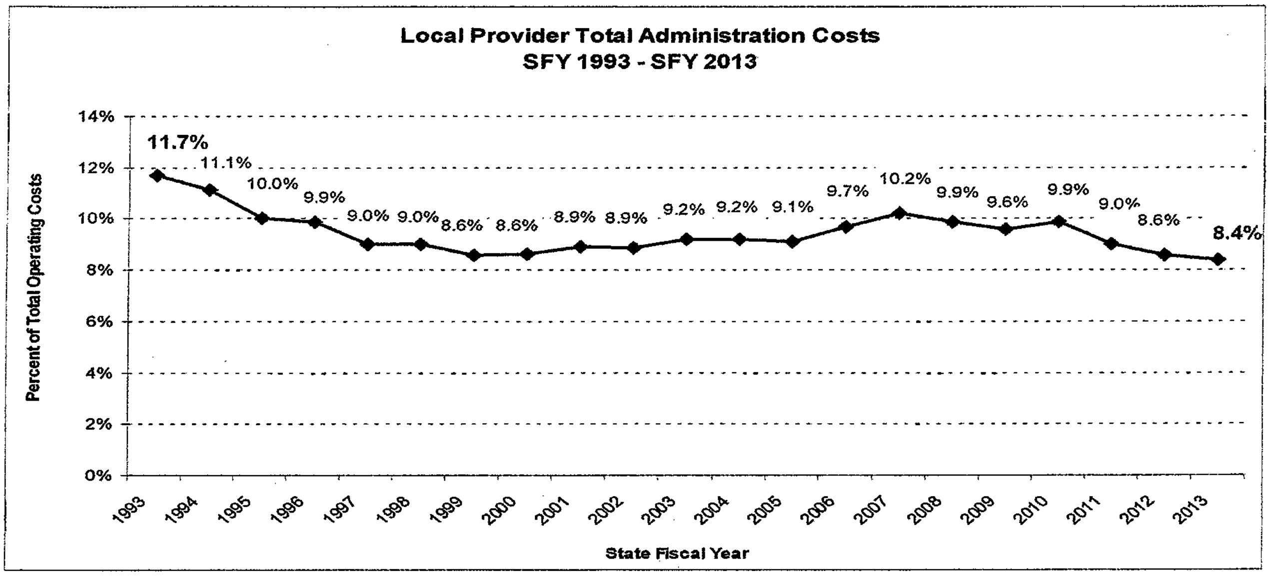
State Fiscal Year	Number of Recipients who were Refugees
FY 07	1
FY 08	0
FY 09	0
FY 10	5
FY 11	3
FY 12	7
FY 13	22

- **The total change in home and community-based services expenditures per year averaged 8% (over an 18 year period). This percentage matched the total average number of people served over the same period of time.**

Total Home and Community-Based Services Expenditures (State and Federal) and Total People Served
Percent Change Over Time - FY 94 - FY 12

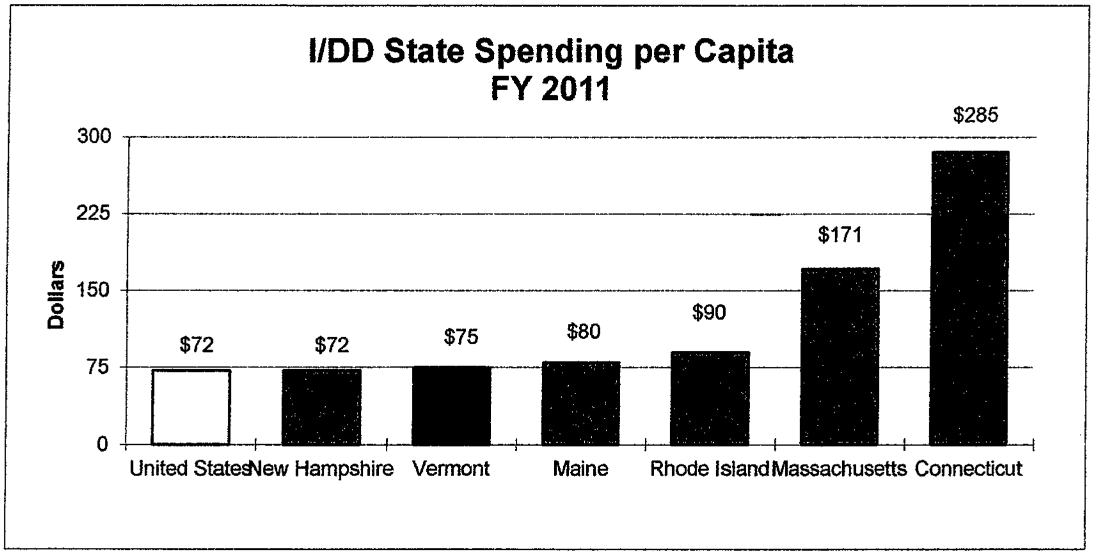
Fiscal Year	Total Waiver Expenditures (State and Federal)	Percent Change from Previous Year	Total Number of People Served	Percent Change from Previous Year
1994	$33,139,589		722	
1995	$39,888,163	20%	913	26%
1996	$45,137,783	13%	1107	21%
1997	$47,980,267	6%	1372	24%
1998	$51,557,561	7%	1485	8%
1999	$54,437,829	6%	1540	4%
2000	$60,014,162	10%	1684	9%
2001	$68,534,479	14%	1796	7%
2002	$74,856,153	9%	1844	3%
2003	$77,823,489	4%	1899	3%
2004	$85,216,669	9%	1955	3%
2005	$92,171,784	8%	2003	2%
2006	$102,245,503	11%	2102	5%
2007	$109,071,348	7%	2200	5%
2008	$121,270,835	11%	2270	3%
2009	$128,446,172	6%	2372	4%
2010	$132,938,400	3%	2460	4%
2011	$137,907,924	4%	2539	3%
2012	$141,408,809	3%	2,649	4%
	3 Year Average	**3%**	**3 Year Average**	**4%**
	18 Year Average	**8%**	**18 Year Average**	**8%**

- **Overall administrative rate across all DA/SSA was 8.4% in FY 13.**

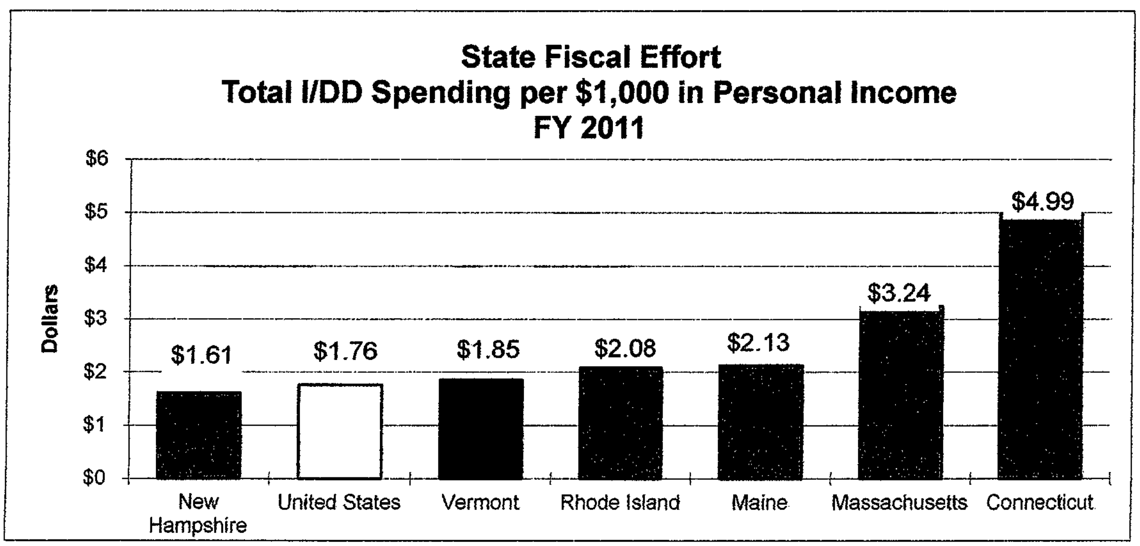


State Spending – National Comparison[7]

- **Vermont ranks a close 2nd to New Hampshire in spending fewer state dollars per state resident for ID/DD services than any New England State; and is only slightly higher than the national average (FY 11).**



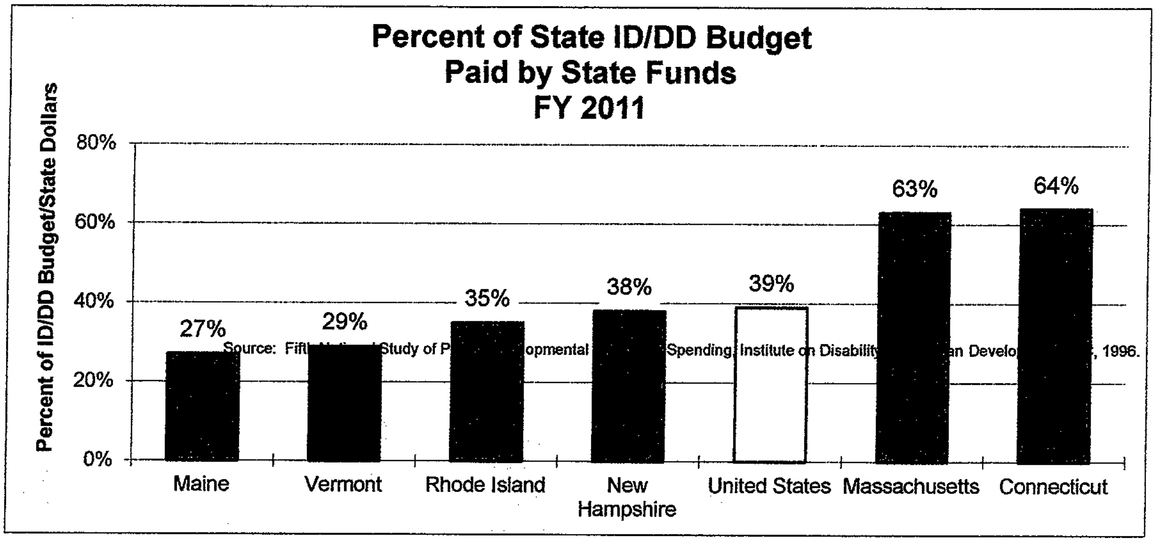
- **The fiscal effort in Vermont, as measured by total state spending for people with ID/DD services per $1,000 in personal income, indicates that Vermont ranks second to New Hampshire as the lowest of all New England States (FY 11).**



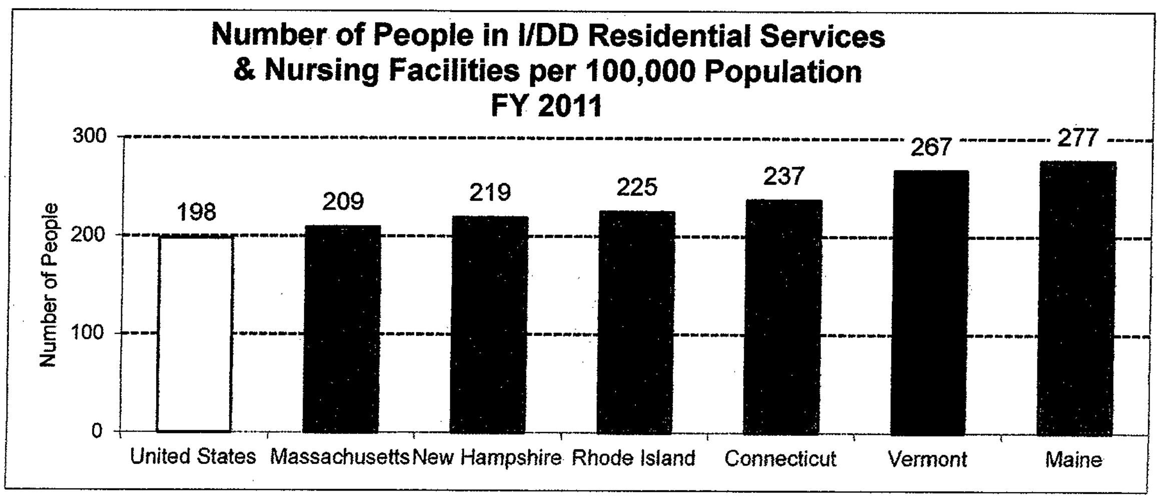
[7] Source: *The State of the States in Developmental* Disabilities, Department of Psychiatry and Coleman Institute for Cognitive Disabilities, University of Colorado, 9th Edition, 2013.

State Spending – National Comparison[8]

- **State funds (including state funds used for Medicaid match) account for a smaller proportion of the budget from (ID/DD) services in Vermont than in any other New England State except for Maine and is lower than the national average (FY 11).**



- **The number of people receiving residential services in the intellectual/ developmental disabilities (I/DD) services system (including people living in nursing facilities) per 100,000 of the state population is above the national average and higher than any other New England state except for Maine (FY 11).**

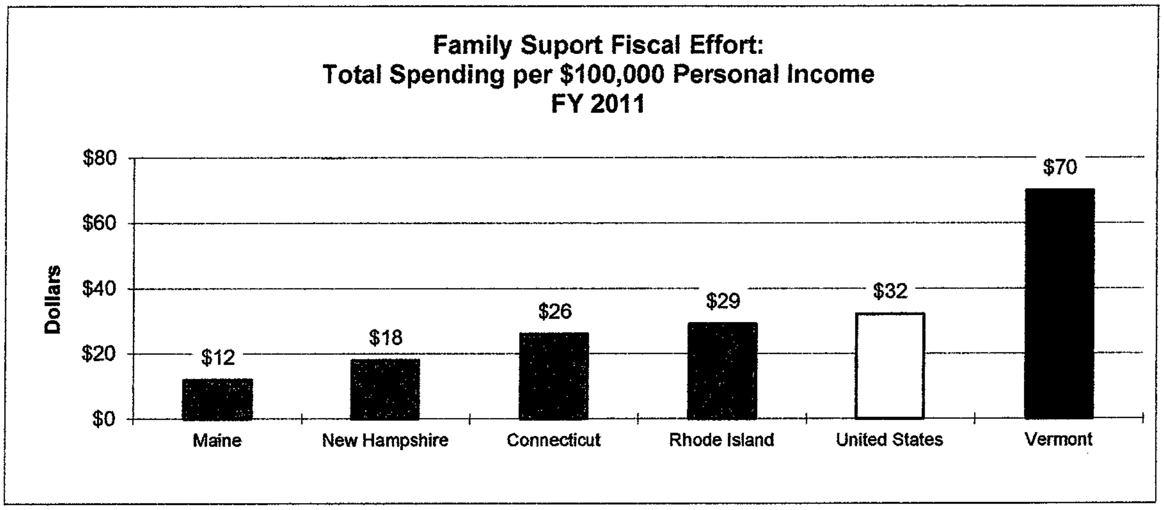


[8] Source: *The State of the States in Developmental* Disabilities, Department of Psychiatry and Coleman Institute for Cognitive Disabilities, University of Colorado, 9th Edition, 2013.

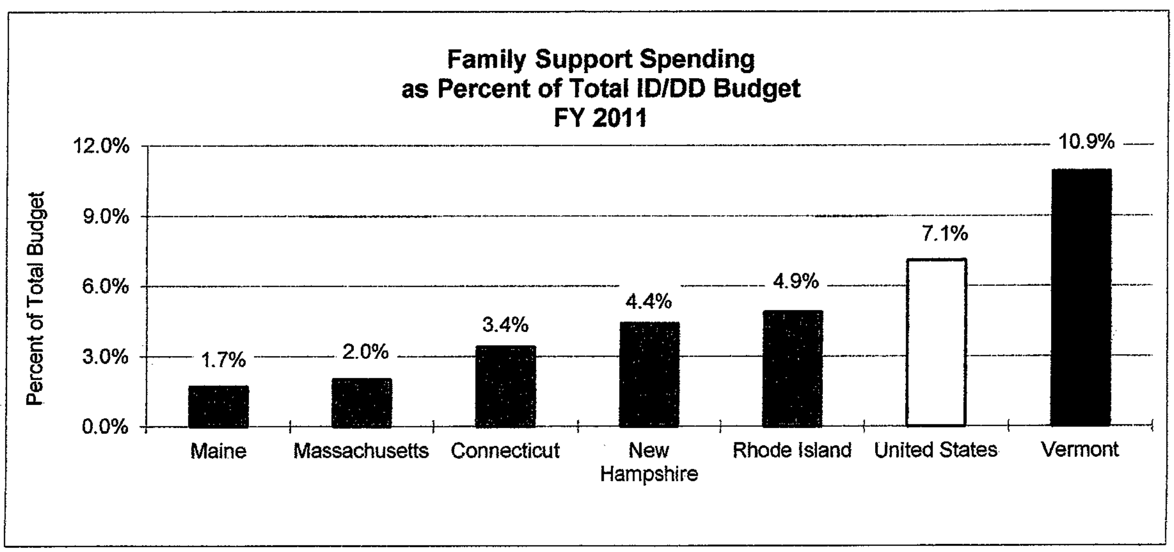
Family Support – National Comparison[9]

- **On average, people who live with their families make up 32% of people receiving Home and Community-Based Services. This percentage has remained consistent over time.**

- **Family Support Fiscal effort – Vermont ranks fourth in the nation (and 1st in New England) in terms of total spending per $100,000 personal income (FY 11).**



- **Spending – Vermont ranks 9th in the nation (and 1st in New England) in terms of spending as a percent of total ID/DDD budget (FY 11).**

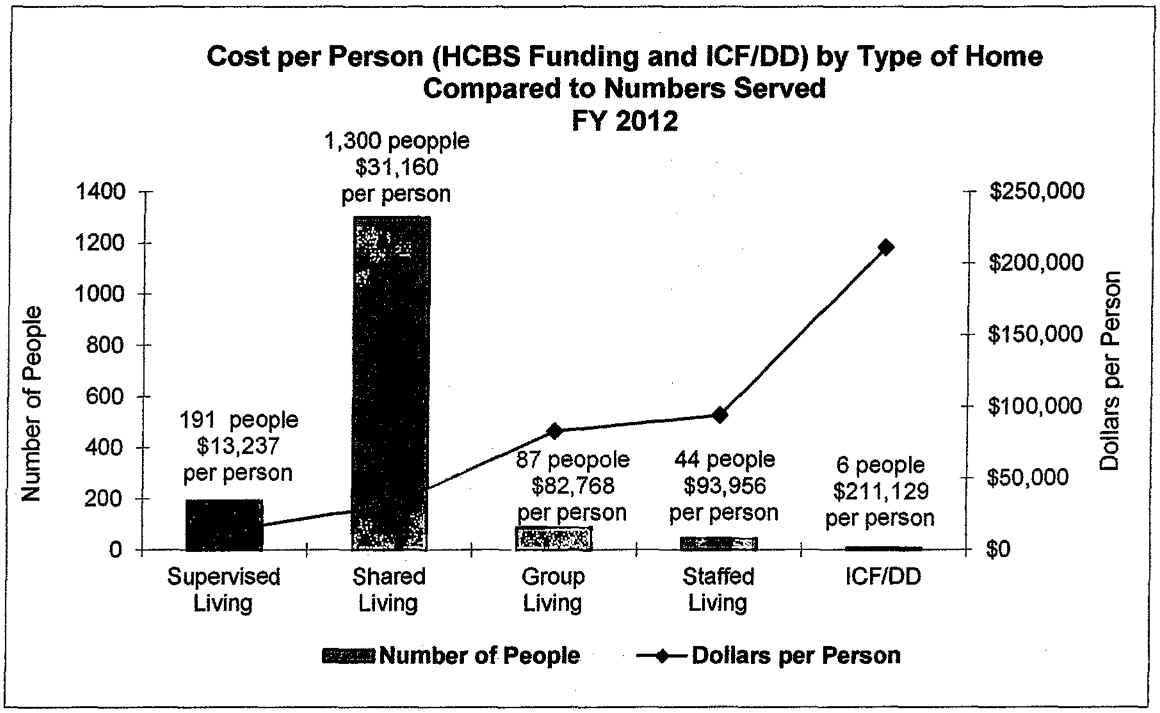


[9] Source: *The State of the States in Developmental* Disabilities, Department of Psychiatry and Coleman Institute for Cognitive Disabilities, University of Colorado, 9th Edition, 2013.

Cost Effective[10]

- **The great majority of people receiving home supports (1,300 in FY 12) live with shared living providers which are very economical ($31,160/person) 24-hour residential living arrangements.**

- **Only 8% of people receiving home supports live in 24 hour staffed living (44) or group living (87) arrangements at a considerably higher per person rate ($93,596 and $82,768 respectively).**



Supervised Living	Shared Living	Group Living	Staffed Living	ICF/DD
1 – 2 people per home	1 – 2 people per home	3 – 6 people per home	1 – 2 people per home	6 people per home
< 24 hour support	Home provider	24-hour staffed	24-hour staffed	24-hour staffed

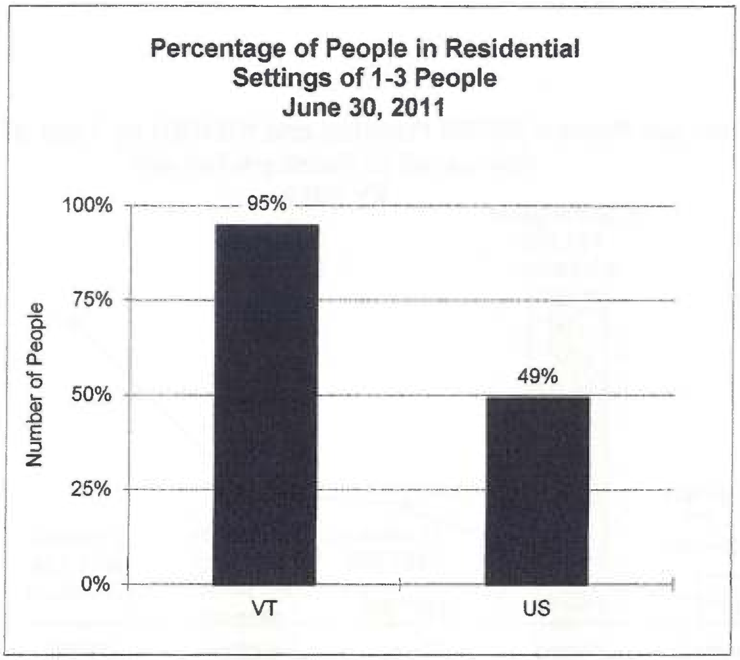
- **Contract workers (i.e., employees of people self/family managing and home providers) cost significantly less than agency staff (i.e., DA/SSA employees) due to the difference in benefits, mileage reimbursement and overhead. Contracted workers primarily provide respite and community supports.**

[10] Source: Home and Community-Based Services (waiver) spreadsheets, cost reports and DDS Annual Report data.

- **Services are flexible; based on individualized budgets and service plans; and are portable (i.e., a person can take their budget with them if they move to another part of the state).**

High Quality Services – Home Supports

- **Vermont is one of only two states in the country that has the low average of 1.2 people per residential setting,[11] compared with the national average of 2.3%**



- **Shared Living – This model of home supports is flexible; cost effective; successful at providing long-term stability and consistency a person's life; and based on building meaningful relationships at home and in a person's local community. *Shared Living in Vermont: Individualized Home Supports for People with Developmental Disabilities* (2010) provides general information about what shared living looks like in Vermont for people with developmental disabilities. http://www.ddas.vermont.gov/ddas-publications/publications-dds/publications-dds-documents/dds-publications-other/shared-living-individual-home-supports**

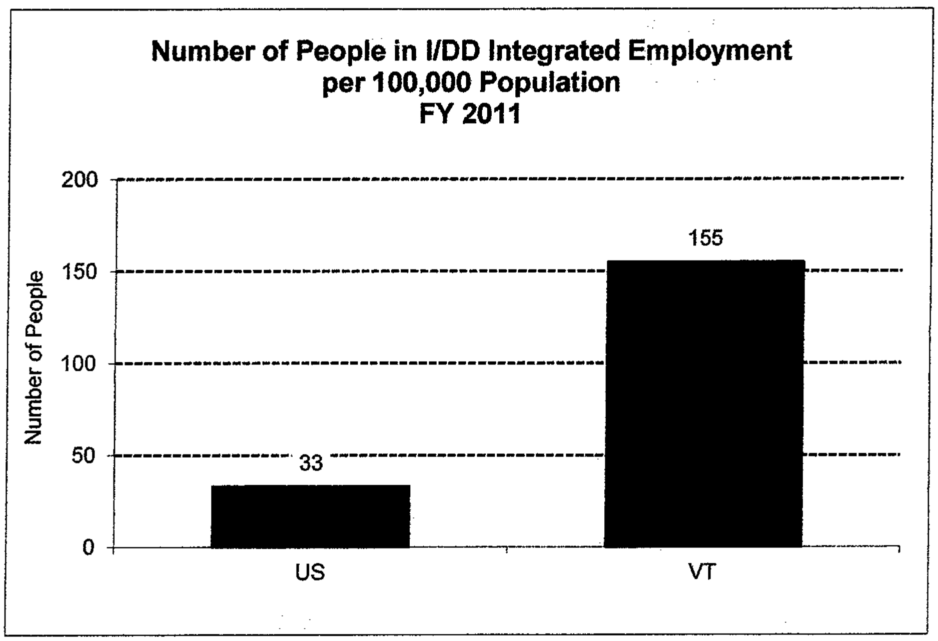
[11] Source: Larson, S., Salmi, P., Smith, D., Anderson, L., and Hewitt, A. (2013). *Residential Services for Persons with Developmental Disabilities: Status and Trends Through 2011.* Research & Training Center on Community Living, Institute on Community Integration/UCEDD, University of Minnesota.

High Quality Services – Employment

- **The total number of people with developmental disabilities receiving supported employment to work is at an all-time high of 1,027 (FY 12), having gone up virtually every year since 1998.**

- **Vermont is ranked 5th nationally (FY 11) in people in supported employment as a proportion of total people getting community supports and/or employment services[12]; 43% in Vermont compared with the national average of 20%.**

- **Vermont is ranked #1 in the nation (FY 11) in the number of people with developmental disabilities who receive supported employment to work per capita[13].**

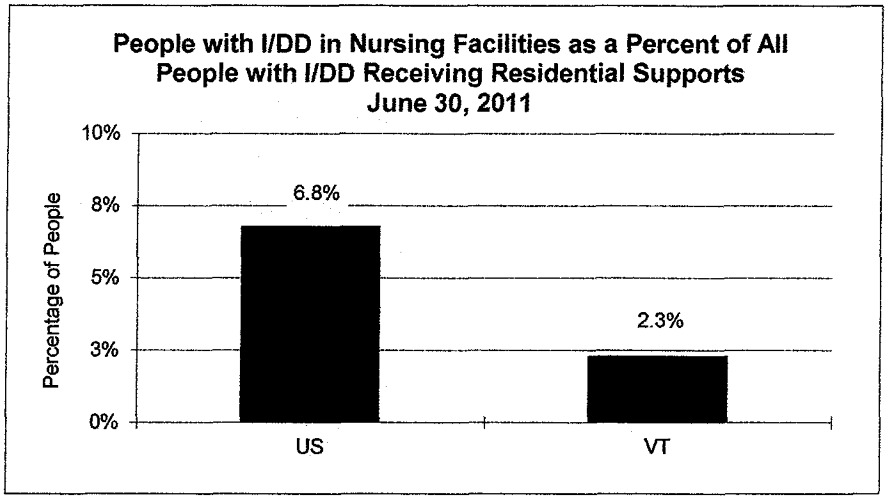


[12] Source: *The State of the States in Developmental* Disabilities, Department of Psychiatry and Coleman Institute for Cognitive Disabilities, University of Colorado, 9th Edition, 2013.

[13] Source: Ibid.

High Quality Services – Supporting Older Vermonters

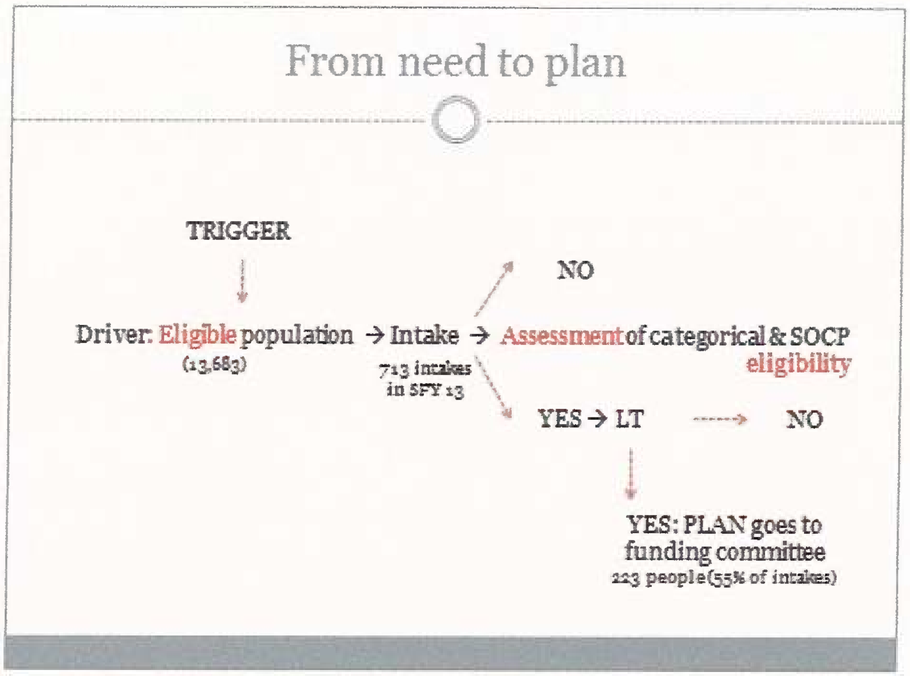
- **The number of people in Vermont with I/DD in nursing facilities compared to all residential services for people with developmental disabilities in Vermont was 2.3% in 2011, considerably lower than the national average (FY 11)[14].**

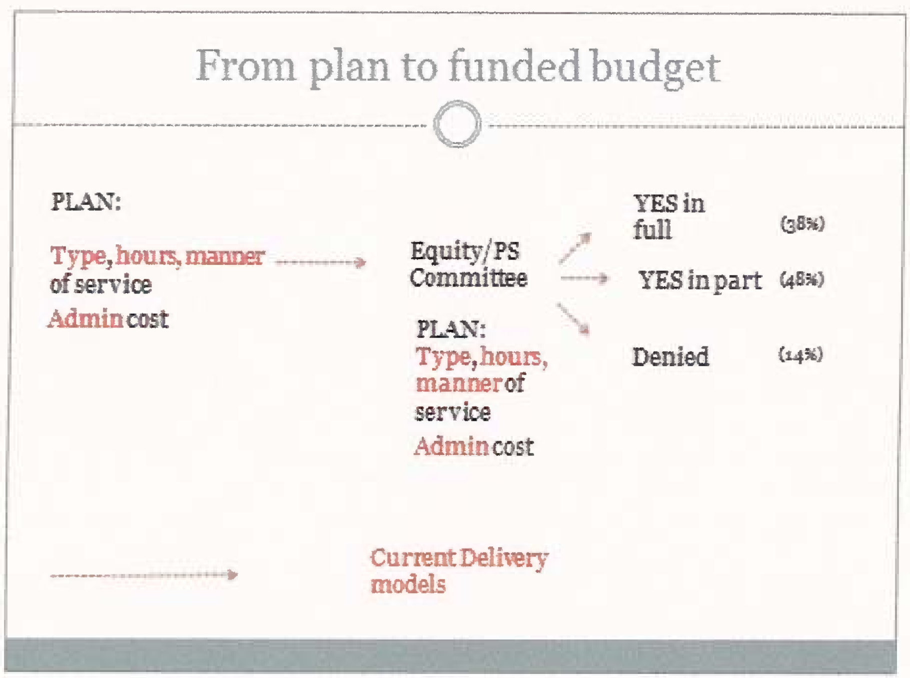


[14] Residential supports in this context include home and community-based services funding, ICF/DD and nursing facilities. Source: Larson, S., Salmi, P., Smith, D., Anderson, L., and Hewitt, A. (2013). *Residential Services for Persons with Developmental Disabilities: Status and Trends Through 2011.* Research & Training Center on Community Living, Institute on Community Integration/UCEDD, University of Minnesota.

Appendix B

Developmental Disabilities Services
Case Planning Process





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Testimony
Joint Fiscal Committee
Susan Wehry, Commissioner
September 11, 2013

Choices for Care Reinvestment

- $6.0M available in CFC reinvestment savings.

- As directed by Act 50, DAIL will present a reinvestment plan during BAA.

- One area under development for BAA is intended to address the moderate needs group. DAIL staff has been working with the AAAs to create a flexible funds pilot project. Home Health Agencies and Adult Day providers will be added to the work group

- Act 50 also creates the opportunity to present needs for accelerated reinvestment prior to BAA in January, 2014.

- DAIL has received input from the Health Care Oversight Committee as well as many provider stakeholders suggesting that a current waitlist for services in the moderate needs group constitutes an urgent need for accelerated spending.

- We would like to be able to better address the needs of these individuals. We do not believe this represents an urgent need intended by Act 50:

    - these are not high needs individuals

    - the waitlist has been a chronic problem.

In a written communication the Joint Fiscal Committee has already advised DAIL that it is of the same opinion.

DAIL does request spending authority in the amount of $210,000 to address urgent food insecurity and nutrition needs of seniors.

This amount will offset the difference between the FFY12 and FFY13 awards for congregate meals (Title IIIC1: $113,668) and home delivered meals (Title IIIC2: $ 56,135) and provide funding (40K) for targeted intervention(s) aimed at those who are at the highest nutritional risk.

Specifically, these funds will be used to

- Provide home delivered and congregate meals to at risk older adults
- Restore 35,000 meals that are part of a supper program
- Provide support to community meal providers to explore offering person

centered meal options to meet the specific dietary needs of at risk older adults.

- Target nutrition interventions for older adults at highest nutrition and social risk who receive home delivered meals. High risk older adults will receive referral, follow up, nutrition counseling and nutrition education.

Funds to offset the difference between FFY12 and FFY13 will be distributed via formula.

Funds for highest risk nutrition counseling and education and person centered meal options will be distributed via one or more grant awards to AAAs.

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VERMONT

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Agency of Human Services

Vermont Adolescent and Young Adult Treatment System Enhancement Project Overview

SAMSHA titled this grant opportunity: FY 2013 Cooperative Agreements for State Adolescent and Transitional Aged Youth Treatment Enhancement and Dissemination (Short Title: State Youth Treatment)

Length of grant: 4 Years

Amount: $3,800,000 ($950,000 per year)

Who will be getting subgrants:
Washington County Youth Services Bureau
Centerpoint Adolescent Treatment
Educational Institute of Maine (AdCare)
The Vermont Child Health Improvement Program (VCHIP)

Description of the grant:

The Vermont Department of Health Division of Alcohol and Drug Abuse Programs (ADAP), in cooperation with two treatment providers and many other partners, proposes to strengthen and enhance its adolescent (12-17) and transition based treatment practices, Seven Challenges (serving adolescents) and Seeking Safety (serving transitional aged youth), designed to enhance Vermont's capacity to provide behavioral health services to youth and their families. Over the four-year funding period, 1,059 youth will receive treatment, including grant funded and private/third party paid set across the State of Vermont.

At the systems level, changes will be guided by the Youth Service System Enhancement Council (YSSEC). This Council will be hosted and supported by the Office of the Secretary of the Agency of Human Services, which is focused on and committed to this kind of systems level change effort. The Council will include representatives from the Vermont State Agencies that manage substance abuse, mental health, education, health, child welfare, juvenile justice, and Medicaid services. It will also include representatives of the treatment provider community and the youth and families that are being served.

What will the outcome be and how will we measure:

As a result of this effort, Vermont's new adolescent and young adult treatment services will produce: a) increased rates of abstinence; b) increased enrollment in education/training/employment; increase social connectedness; c) decreased juvenile justice involvement; and d) increased access, service use, outcomes for those youth populations vulnerable to health disparities. At the systems level, the project will result in: a) changes in state policies and procedures related to treatment service delivery; b) creation of enhanced financing structures to support sustained delivery the targeted evidence based practices, and d) creation of a blueprint/plan for widened use of effective evidence based practices.

This effort will be carefully analyzed by an independent evaluator that will: a) monitor the implementation of project goals and objectives according to plan, b) analyze the impact that service delivery has had on the targeted client populations, and c) determine the degree to which the project has achieved its intended systems level outcomes. Evaluator reports will be used to drive adjustments to the ongoing implementation of the project, at all levels.

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VERMONT

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Agency of Human Services

Vermont Screening, Brief Intervention and Referral to Treatment Grant

SAMSHA titled this grant opportunity: FY 2013 Screening Brief intervention and Referral for Treatment (Short Title: SBIRT)

Length of grant: 5 Years
Amount: $10,000,000 ($2,000,000 per year)

Who will be getting subgrants:
BiState Primary Care Association
Vermont Coalition of Clinics for the Uninsured
The Vermont Child Health Improvement Program (VCHIP)
Central Vermont Mendical Center
Covisint
VITL
Evidence Based Solutions LLC

Description of the grant:

SBIRT stands for screening, brief intervention and referral. Vermont Department of Health received a 5 year/$10 million dollar grant award from SAMHSA's Center for Substance Abuse Treatment to implement evidence based SBIRT services to help identify and reduce substance misuse in Vermont adults aged 18 year and older. The grant objective is to serve 18,000 Vermonters in Year 1, and over five years, a total of 95,000 adults ages 18 and older.

Where will new integrated services be delivered?

VT SBIRT will take place in the following types of healthcare settings: Community Health Centers (FQHCs), Clinics for the Uninsured, University of Vermont-Student Health Center, Central Vermont Medical Center/Satellite Primary Care Clinics and the Vermont National Guard Camp Johnson Medical Center. This grant extends Vermont's progress under the blueprint for health initiatives by further integrating behavioral health and physical health to focus on substance use risk for all Vermonters. Healthcare providers will receive SBIRT training to conduct a similar approach for the risk of substance misuse as any medical disorder like heart disease or diabetes. The screening and brief interventions/treatment will now become part of the routine care at primary and medical care clinics.

Who will be helped by this new initiative?

This grant considerably expands the available healthcare resources for identification and brief intervention/treatment of substance misuse for a large proportion of Vermont citizens often unable to access help for a variety of reasons. Previously, the focus of substance abuse treatment resources and money were spent on the 4-6% of Vermonter's already abusing or dependent on substances. Instead, SBIRT focuses resources on the larger majority of citizens (25%) that currently misuse substances, in attempt to intervene briefly but effectively to thwart increased use. A primary group to be served in this project is Vermont adults who have lower income, have received less formal education, and are of diverse racial/ethnic background. A second group is young adults aged 18-25, selected because of this group's high rate of misuse of alcohol and other drugs, combined with its having the highest unmet need for receiving treatment.

More specific outcomes include:

Healthcare providers will implement VT-SBIRT in these primary care settings to:

a) dramatically reduce the impact of health disparities often present in rural state populations;
b) actively link/coordinate primary care to community MH/SA treatment providers when referrals for more intensive treatment are necessary;
c) effectively deliver and share integrated electronic health records decreasing provider and patient burden through new health information technology as well as policies and procedures;
d) utilize VT-SBIRT billing codes and advocate for changes in restrictions to ensure sustainability.

Budget Categories:

50% Services	Healthcare Providers: 5 FQHCs, 3 Clinics for Uninsured, UVM Student Health Center, Central Vermont Medical Center (ER),
30% Infrastructure	Covisint & Vermont Information Technology Leadership (VITL)
20% Administration	Evaluation, VDH & EBS LLC., UVM Medical School - VCHIP

Provider List

1. The Health Center
2. Community Health Centers of Burlington
3. Northern Tier Center for Health
4. Little Rivers Health Care
5. Community Health Services of Lamoille Valley
6. Central Vermont Medical Center
7. UVM Student Health Center
8. Vermont National Guard - Camp Johnson
9. Rutland Free Clinic
10. Bennington Free Clinic
11. People's Health and Wellness Clinic

DOUGLAS R. HOFFER
STATE AUDITOR

H,

STATE OF VERMONT
OFFICE OF THE STATE AUDITOR

MEMORANDUM

To: Joint Fiscal Committee
From: Doug Hoffer, Auditor of Accounts
Susan Mesner, Deputy Auditor of Accounts
Date: August 30, 2013
Subject: Special education

Section E.130 of Act 50 (2013) charged the Office of the State Auditor with reviewing the feasibility of conducting a performance audit of special education in Vermont. Our office was directed to consider whether a performance audit could:

1. identify differences and causes thereof, in special education services provided among Vermont school districts and other jurisdictions;
2. identify opportunities to improve special education planning, budgeting and financial controls;
3. evaluate educational outcomes for special education students;
4. provide strategies for delivery of cost-effective special education services without compromising service quality.

As a first step, our office conducted a review of legislative history related to special education and compiled a summary (see Attachment A). The record shows that the subject of special education has received considerable attention from the General Assembly, and we examined in greater detail the four most recent pieces of legislation that focused on or had provisions relating to special education—Act 117 of 2000, Act 68 of 2003, Act 82 of 2007, and Act 156 of 2011.

Staff parsed the various provisions in these legislative acts to identify individual requirements in the legislation and whether the required actions had been taken. Reports were obtained, interviews conducted, legislative testimony reviewed, and data collected. Act 117, in particular, had extensive requirements, many of which relate to the areas identified in Act 50. The attached matrix (see Attachment B) maps some of the major products of these four pieces of legislation, as well as some independent but related reports, to the four areas identified above.

Perennial concerns over the growth in special education expenditures account for the preponderance of reports in areas (2) and (4) of the matrix. We obtained education spending data from the Agency of Education for the years 2000-2012, and the annual and cumulative growth in special education versus general education at the committee's meeting.

The office also researched performance audits conducted by other states and found 13 relevant reports. We found a similar emphasis in other states to past Vermont legislative initiatives, that is, a particular focus on controlling the costs of special education while improving the administration and delivery of needed services to students.

We found a number of recurring themes in our research on Vermont's special education system. The twin goals of cost control and better service delivery remain the core issues, but attached to those broad goals are long-standing concerns expressed by the various stakeholders related to 1) the funding formula, particularly the complexity, high administrative costs, and resultant lack of flexibility in serving students; 2) the individualized education program (IEP), particularly the lack of uniformity across school districts; 3) the unusually high dependence on aides, or paraprofessionals; and 4) the cost shift from the Agency of Human Services to Education. Despite considerable work done by the legislature, agency staff, special education professionals, academic researchers, superintendents and school boards on these issues over the past two decades, achieving consensus on possible solutions continues to elude policy makers, service providers, administrators, and parents alike.

Act 50 included language that required this office to "define a scope and plan that could be used to guide the performance audit process if one is determined to be feasible." This has proved challenging, in part due to the extensive work already done in this state on the subject of special education. This has spurred internal conversations about what is missing and where value could be added by our office to the ongoing discussion, which we intend to address in our presentation to your committee.

Attachment A

Summary of Legislation on Special Education in Vermont

1960s -- Vermont school districts, beginning in the 1960s, started to take over the administration of existing private schools that had been founded by the VT Association for Retarded Citizens and to develop special classes in local schools. In 1968, the VT legislature passed two bills that accelerated the development of local special education (SPED) programs.[1]

1970s -- Act 207 (1972; S 98) established a 10-year funding plan and a funding system that reimbursed school districts for 75% of approved mainstream SPED personnel.

In 1976 Congress passed the Education of the Handicapped Act (PL 94-142); act has been amended a number of times and now known as the Individuals with Disabilities Education Act (IDEA); basic requirements have remained the same and provide the framework for SPED services in VT.

1980s -- Throughout the 1980s, SPED expenditures expanded at a rapid rate and state funding failed to keep pace. In 1986-87 period, funding problems became critical when the state reduced the funding expected by local districts three times.[2]

Total statewide SPED costs were unknown because spending was local and not reported to the State; also, there was no common definition as to what qualified as special education costs. A study by the Department of Education (DOE) found that "the funding system [at the time] restricted schools' attempts to design alternative programs to meet student needs and seemed to reward the placement of students in categorical, restrictive and expensive placements."[3]

Governor Kunin appointed a special commission to examine the impact of the S.98 funding formula and to make recommendations for change. Their findings and recommendations resulted in passage of Act 235 in 1988, which created a new funding system for special education that no longer funded specific programs and instead reimbursed districts for portions of the SPED expenditures, after distribution of a block grant based on the number of students eligible for special education. Additionally, a task force was formed to find ways to reduce the burden of regulation and paperwork in special education.

1990s -- Two years later, in 1990, Act 230 revised the funding formula so that the block grant portion was based on total student membership (census-based funding) rather than SPED student counts, and it allowed funds to be used on remedial and compensatory education.

In 1992 a study of the effects of Act 230 was begun, which resulted in the publication of five reports between 1992 and 1997. According to a 1998 report by DOE, the study findings coupled with data gathered by the department about the new funding formula indicated that 1) the new funding system provided

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[1] "A Profile of Special Education Finance Reform in Vermont," Deborah L. Montgomery, March 1995, American Institutes for Research, State Analysis Series, p. 3.
[2] Montgomery, p. 4.
[3] "Vermont's Act 230 and Special Education Funding and Cost Study," VT Department of Education, p. 1, January 1995.

better information and more flexibility in the use of funds, 2) more students received support services, 3) positive educational results were reported, and 4) concerns remained regarding the implementation of Act 230 and the increasing costs of special education.[4] Act 230 was reauthorized by Act 157 (1996), which "reaffirmed the directions set by Act 230 and maintained the goal of developing a more cost effective and integrated system of support services."[5]

In 1993, a new DOE ruling became effective that established a core staff level of special service providers for each district

The Equal Educational Opportunity Act (Act 60) of 1997 and its technical amendment, Act 71 (1998), made significant changes in special education funding and created two entities to examine SPED issues.

> --The Blue Ribbon Commission on Special Education Costs was appointed by the governor in 1998 and charged with producing two reports to covering a range of topics, including whether school districts with high per pupil SPED spending should be reimbursed for those costs at a lower rate than those with lower per pupil SPED spending.
>
> --The Special Education Program and Fiscal Review Panel was created by in Act 71 to study school districts and their delivery of special education. It had two particular areas of focus: (1) to work with DOE on the annual SPED cost report and the collection and analysis of data, and (2) to work with DOE on reviewing spending patterns in school districts. Several reports were published, including reviews of five Vermont school districts.

Act 71 also mandated that increases in actual statewide expenditures for special education be limited to 5.5% for FY 2000, 4.5% in FY 2001, and in FY 2002 and each year thereafter to a percentage linked to the State & Local Government price index. (Caps repealed in 2000 by Act 117 but new limitations on spending increases were imposed.)

In July 1998, DOE issued the "Special Education Cost Report," which provided a history of special education funding and considerable data on staffing, student counts and spending, and it stated that "costs have been increasing at a rate nearly double the costs of general education."[6] Another report from the same time period cited an increase during the 1990s in professional staff of 42%, in paraprofessional staff of 139%, and in overall special education expenditures of over 100%.[7]

2000s -- Act 117 (2000) was a sweeping piece of legislation passed with the explicit intent of providing services to help school districts contain increases in total special education spending, while continuing to deliver appropriate services to all Vermont students.

Act 117, directed the commissioner and state board of education (BOE) to develop and implement a plan to 1) reduce statewide increases in SPED costs while continuing to meet the needs of all students; 2) increase the capacity of general education to meet the needs of more students outside special education;

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[4] "Special Education Cost Report," VT Department of Education, p. 6, July 1998
[5] "Special Education Cost Report," p. 5
[6] "Special Education Cost Report," p. 3
[7] "Special Education Spending in Vermont's Public Schools," Vermont Tiger, p. 3.

3) use cost-effective practices; and 4) operate SPED programs consistently across the state and within state and federal requirements. The commissioner was required to recommend to the governor and general assembly a fiscally sustainable formula for funding special education on or before Jan. 15, 2004. (The DOE was unable to find such a recommendation.)

Act 117 also required a study of how special education services are provided. That study recommended that 1) the State acknowledge how service provision has evolved, particularly away from human service agencies to school districts, with a concurrent shift in funding from the General Fund to the Education Fund and local school taxpayers; and 2) continued study is needed on existing funding streams and their relationship to best practice protocols in special education.[8]

Three years later, Act 68 (2003) required the commissioner and secretary of human services to develop a cost containment plan to include the formula requested in Act 117 and "written with enough detail to enable the senate and house appropriations and education committees to prepare legislation to implement the plan for introduction in January 2004." (Our office was unable to find that this report was ever produced.)

Act 82 (2008) required additional reporting by the commissioner related to the identification of and data on high and low SPED spending districts. Further, it required DOE to assist high-level spending districts by identifying "reasonable alternatives" and developing a remediation plan, with penalties if the district fails to implement the plan.

SPED was addressed in 2009 Challenges for Change legislation: the incentives challenge was to improve special education student outcomes, including graduation rates and employment, while spending 5% less in FY11 than in FY10, and 7.5% less in FY12 than in FY10 (Act 68, Secs. 6 & 9(c)(6)) – struck in budget adjustment act of 2012 (Act 3)

Act 156 (2012) created a working group to develop a detailed plan for the transition of SPED staff employed by school districts to employment by supervisory unions, to be fully implemented by July 1, 2014. The report by the working group was issued February 2013.

[8] "Report on the Provision of Special Education Services," Stephanie Barrett, Joint Fiscal Office, and Stuart Savage, Department of Finance & Management, January 2001, p. 5.

Attachment B

MATRIX OF DOCUMENTS REQUIRED BY SPECIAL EDUCATION LEGISLATION MAPPED TO ACT 50 (2013) AREAS OF RESEARCH

The Office of the State Auditor shall consider whether a performance audit could:

(2) Identify opportunities to improve special education planning, budgeting and financial controls

1. (Act 117) Educational Support System (ESS) Rubics, 1998
2. (Act 117) K-12 VT Multi-tiered Support System, 2013-2014
3. (Act 117) K-12 VT Multi-tiered Support System Flowchart, 2013
4. (Act 117) VT Positive Behavior Interventions and Supports Annual Report, 2012
5. (Act 117) Superintendent's Report, 2012
6. (Act 117) Commissioner's Fiscal Reviews, 1999-2001, 2003
7. (Act 117) Cost Containment Plan, 2000
8. (Act 117) Decision Model for IEP Teams, 2001
9. (Act 117) Monitoring (Audit) Reports, 2000-2002, 2003
10. (Act 117) Audit Selection Process, 2009
11. (Act 117) IEP Financial Guidance, 2011
12. (Act 117) Revised Manual of Rules & Practices, 2001, 2003

(1) Identify differences, and causes thereof, in SPED services provided among VT school districts and other jurisdictions

1. (Act 117) Commissioner's Annual Report to the State Board, 2000-... NOT FOUND
2. (Act 117) Commissioner/BOE Cost Containment Plan, 2000
3. (Act 117) Monitoring (Audit) Reports, 2000-2002, 2003
4. (Act 117) Audit Selection Process, 2009
5. (Act 117) Commissioner's IEP Study, 2004 NOT FOUND
6. (Act 117) Commissioner's Report, Jan. 2001, Jan. 2002
7. (Act 117) Focused Monitoring of LEA's, 2007-2013

(4) Provide strategies for delivery of cost-effective special education services without compromising service quality

1. (Act 117) Commissioner/BOE Cost Containment Plan, 2000
2. (Act 117) Funding Formula, Jan. 2004 NOT FOUND
3. (Act 117) Commissioner's Act 117 Report, Jan. 2001, Jan. 2002
4. (Act 117) Commissioner's Annual Act 117 Report, 2003-2008
5. (Act 117) Sec of Admin/JFO Report, Jan 2001
6. (Act 68) Joint Plan by AOE/AHS, Nov. 2003 NOT FOUND
7. (Act 68) Joint Legislative Cost Containment Study, Jan 2004
8. (Act 82) Hi-Low Spending Reports, 2003, 2008-2012
9. (Act 82) Education Cost Drivers, 2006, 2007, 2009
10. (Act 82) JFO Report, Jan. 2008
11. (Act 156) Report on Implement Plan for Act 156, Feb. 2013
12. (VSA) Delivery and Cost of Special Ed in VT, Feb. 2010 (A)
13. (VCSEA) Policy White Paper, Feb. 2012 (B)
14. Dr. Michael Giangreco, UVM Professor, April 2013 (C)

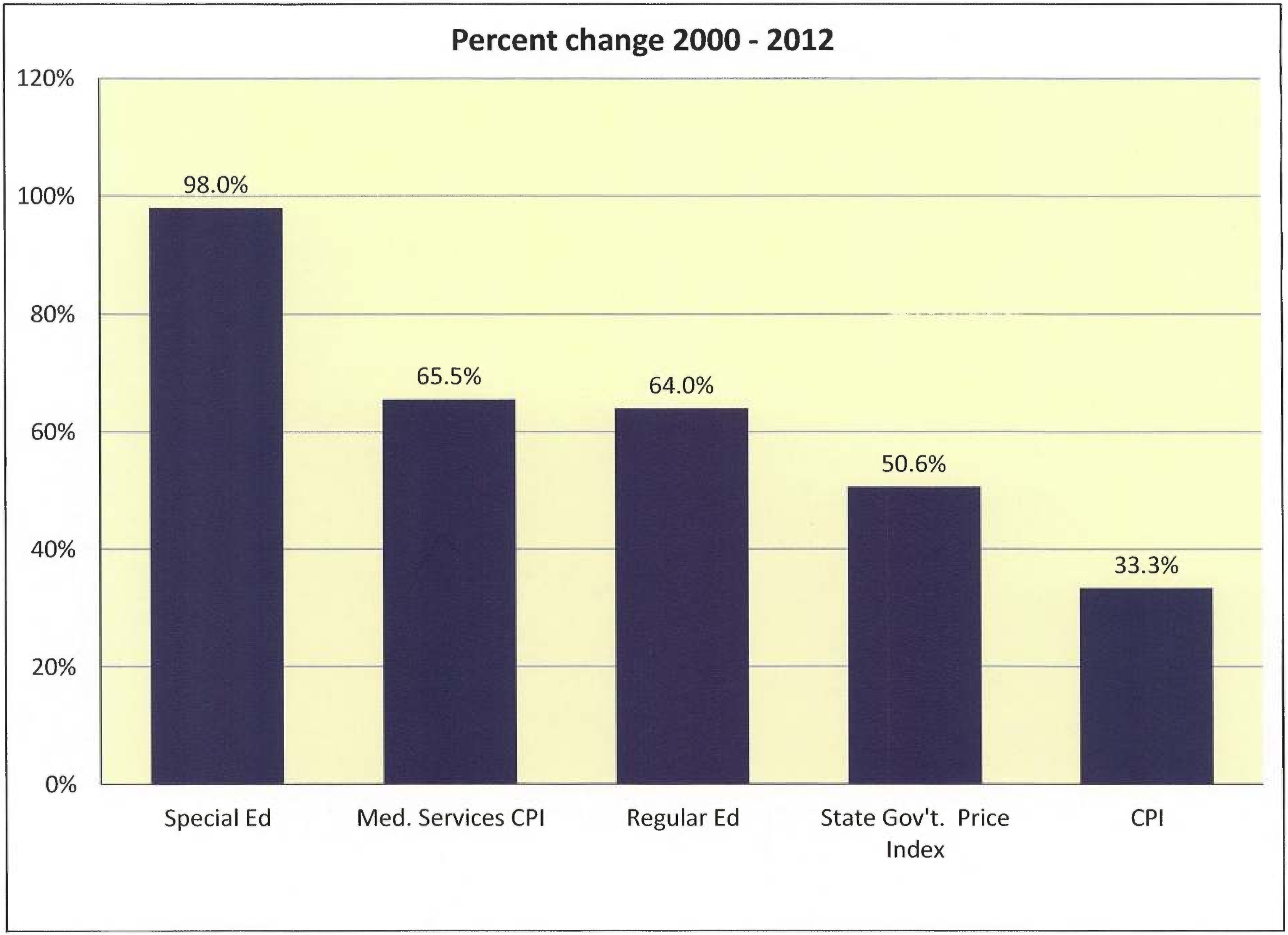
(3) Evaluate educational outcomes for special education students

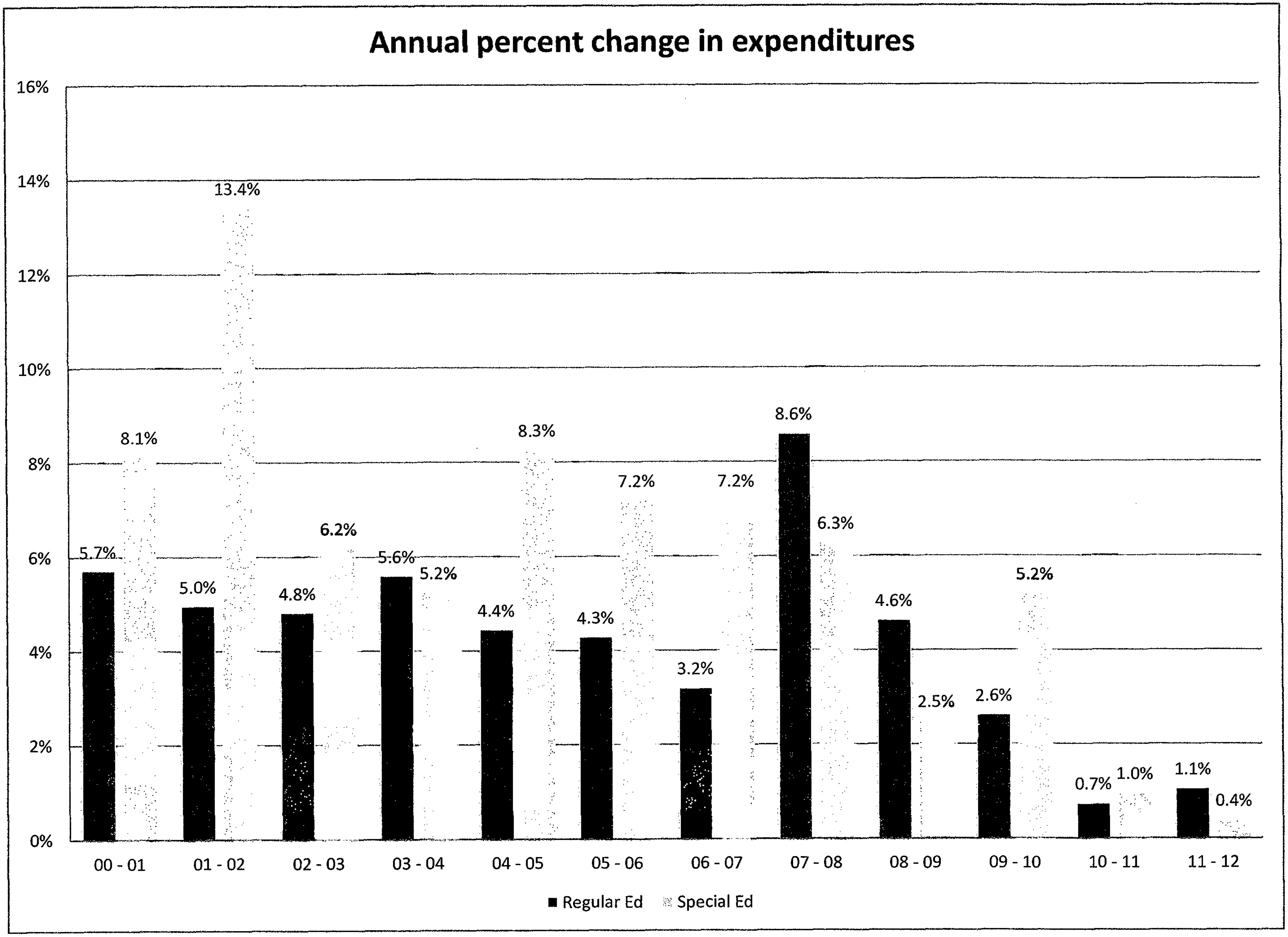
1. (Act 117) Decision Model for IEP Teams, 2001
2. (Act 117) Commissioner's Annual Report to the State Board, 2000 NOT FOUND

(A) Testimony provided to House Education Committee by the Vermont Superintendent's Association (VSA) on 2/17/10

(B) Testimony provided to Senate Education Committee by the Vermont Council of Special Education Administrators on 3/29/12

(C) Testimony provided to House Education Committee by Dr. Michael F. Giangreco, UVM Professor on 4/25/13


Percent change 2000 - 2012
120%
100%
80%
60%
40%
20%
0%
98.0%
65.5%
64.0%
50.6%
33.3%
Special Ed
Med. Services CPI
Regular Ed
State Gov't. Price Index
CPI


Annual percent change in expenditures
16%
14%
12%
10%
8%
6%
4%
2%
0%
5.7%
8.1%
5.0%
13.4%
4.8%
6.2%
5.6%
5.2%
4.4%
8.3%
4.3%
7.2%
3.2%
7.2%
8.6%
6.3%
4.6%
2.5%
2.6%
5.2%
0.7%
1.0%
1.1%
0.4%
00 - 01
01 - 02
02 - 03
03 - 04
04 - 05
05 - 06
06 - 07
07 - 08
08 - 09
09 - 10
10 - 11
11 - 12
Regular Ed
Special Ed

Performance Audits of Special Education

			Legislative Areas Addressed by the Audit Report				Other Info Found in Report
	State/City	Date of report	(1) Identify differences/causes in SPED services among school districts	(2) Identify opportunities to improve SPED planning, budgeting, and financial controls	(3) Evaluate educational outcomes for SPED students	(4) Provide strategies for delivery of cost-effective SPED services w/o compromising service quality	
1	Georgia	Oct-10	N/A	• Enhancing program management by development of financial and operational requirements *Rpt pg 26-27*	•Tracking the academic progress of students so academic impact of program can be measured. *Rpt pg 18-21* •Assessing educational outcomes. *Rpt pg 12-18*	•Recommendation for the need of sufficient data in order to assess cost effectiveness of SPED programs. *Rpt pg 21-23*	N/A
2	Kansas	Dec-07	N/A	•State Aid (and capping the amount of funding) for excess costs of SPED. *Rpt pg7-15*	N/A	N/A	N/A
3	Kansas	Oct-09	N/A	•Catastrophic funding for SPED. *Rpt pg 19-20*	N/A	N/A	N/A
4	Michigan	Nov-01	N/A	•Fiscal related reviews of school district SPED Programs and SPED monitoring & oversight. *Rpt pg 22-32*	•IEP's, progress evaluations, and continuous quality improvement process. *Rpt pg 15-22*	N/A	N/A
5	Minnesota	Mar-13	•Analysis of various SPED instructional settings. *Rpt pg 30-33*	•Monitoring SPED Programs, fiscal requirements, and student eligibility for services. *Rpt pg 71-79*	•Methodology for assessing SPED student's performance. *Rpt pg 33-40*	N/A	1. Cost Drivers & Incentives *Rpt pg 61-69* 2. Disability Categories *Rpt pg 19-22*

	State/City	Date of report	(1) Identify differences/causes in SPED services among school districts	(2) Identify opportunities to improve SPED planning, budgeting, and financial controls	(3) Evaluate educational outcomes for SPED students	(4) Provide strategies for delivery of cost-effective SPED services w/o compromising service quality	
6	Montana	Dec-05	N/A	•Improving Analysis and Reporting of Funding Information. *Rpt pg 9-14*	N/A	N/A	1. SPED funding components. *Rpt pg 6-7* 2. Legislative direction on use of SPED Funds. *Rpt pg 15-23*
7	New Jersey	Jul-13	N/A	•Monitoring & onsite reviews of private schools for SPED students. *Rpt pg 5-8*	N/A	N/A	N/A
8	New York	Dec-12	N/A	•Fiscal & program monitoring. *Rpt pg 7-11* • Audit disallowances and Recoveries. *Rpt pg 13*	N/A	N/A	N/A
9	Ohio	Sep-12	N/A	•Implementation of a budgeting process. *Rpt pg 6-7* • Improving accuracy & validation of financial reporting. *Rpt pg 10-14* • Implementing strategic staffing plans. Rpt pg 14-15	•Improving IEP processes and student reporting. *Rpt pg 9-10* • Staff training. *Rpt pg 15-17*	•Providing more intensive early intervention strategies for at-risk students. *Rpt pg 7-9*	N/A
10	Portland, Oregon	Aug-11	N/A	•Improving financial management weaknesses. *Rpt pg 26-39, 53-54*	N/A	•Strategies to better manage SPED costs. *Rpt pg 40-51*	1. SPED funding. *Rpt pg 19-22*
11	Washington	Feb-06	N/A	•SPED excess cost accounting methodology. *Rpt pg 5-20* •Alternative methodologies. *Rpt pg 21-31*	N/A	N/A	N/A

	State/City	Date of report	(1) Identify differences/causes in SPED services among school districts	(2) Identify opportunities to improve SPED planning, budgeting, and financial controls	(3) Evaluate educational outcomes for SPED students	(4) Provide strategies for delivery of cost-effective SPED services w/o compromising service quality	
12	Washington	Dec-01	•Developing Standards of Service. *Rpt pg 16; 21-24; 69*	•SPED Oversight. *Rpt pg 9-11* • Comparing SPED costs across districts. *Rpt pg 14-15; 19-21*	N/A	N/A	1. Audit methodology includes focus sessions with District Reps, SPED Advisory Council, and SPED Coalition. *Rpt pg 21-22; 67*

I.

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James C. Condos, Secretary of State
Brian H. Leven, Deputy Secretary

MEMORANDUM

TO: Joint Fiscal Committee

DATE: September 3, 2013

FR: Jim Condos, Secretary of State

RE: **VT Campaign Fund Deposit and Expenditures Report [Sec. C.100.1(b) of Act 50 of 2013]**

Act 50 of fiscal year 2013 includes a provision in Sec. C.100.1(b) requiring a report by the Secretary of State on the Vermont Campaign Fund Deposit and expenditures. Specifically,

> *"(a) The amount of $30,000 in civil penalties received by the Attorney General from the Republican Governors' Association and $10,000 in other receipts from the parties pursuant to a settlement with the Attorney General during 2013 shall be deposited into the Vermont Campaign Fund.*
>
> *(b) The Secretary of State is authorized to expend up to $50,000 from the Vermont Campaign Fund during fiscal year 2013 for development costs for campaign finance system development expenditures. The Secretary of State shall report to the Joint Fiscal Committee at its September 2013 meeting on the use of these funds."*

The status is as follows:

1) The business and system development reviews have been completed.
2) The Secretary of State has worked with DII and AG to issue an RFP for acquisition of elections-related technology solutions, including campaign finance.
3) The RFP schedule is:
   - 3Q 2013 – Question-Answer period, Proposals received
   - 4Q 2013 – Final selection, Independent review, Contracting
   - Late 1Q 2014 – Start Implementation
4) Funds status
   Correction - Minutes -
   - 40,000.00 ~~$50,000.00~~ has been carried forward from FY13 and transferred to the (new) Secretary of State Services Fund.
   - No funds have been expended of the 40,000.00 ~~$50,000.00~~ at this time.

Dupree 9/11/13

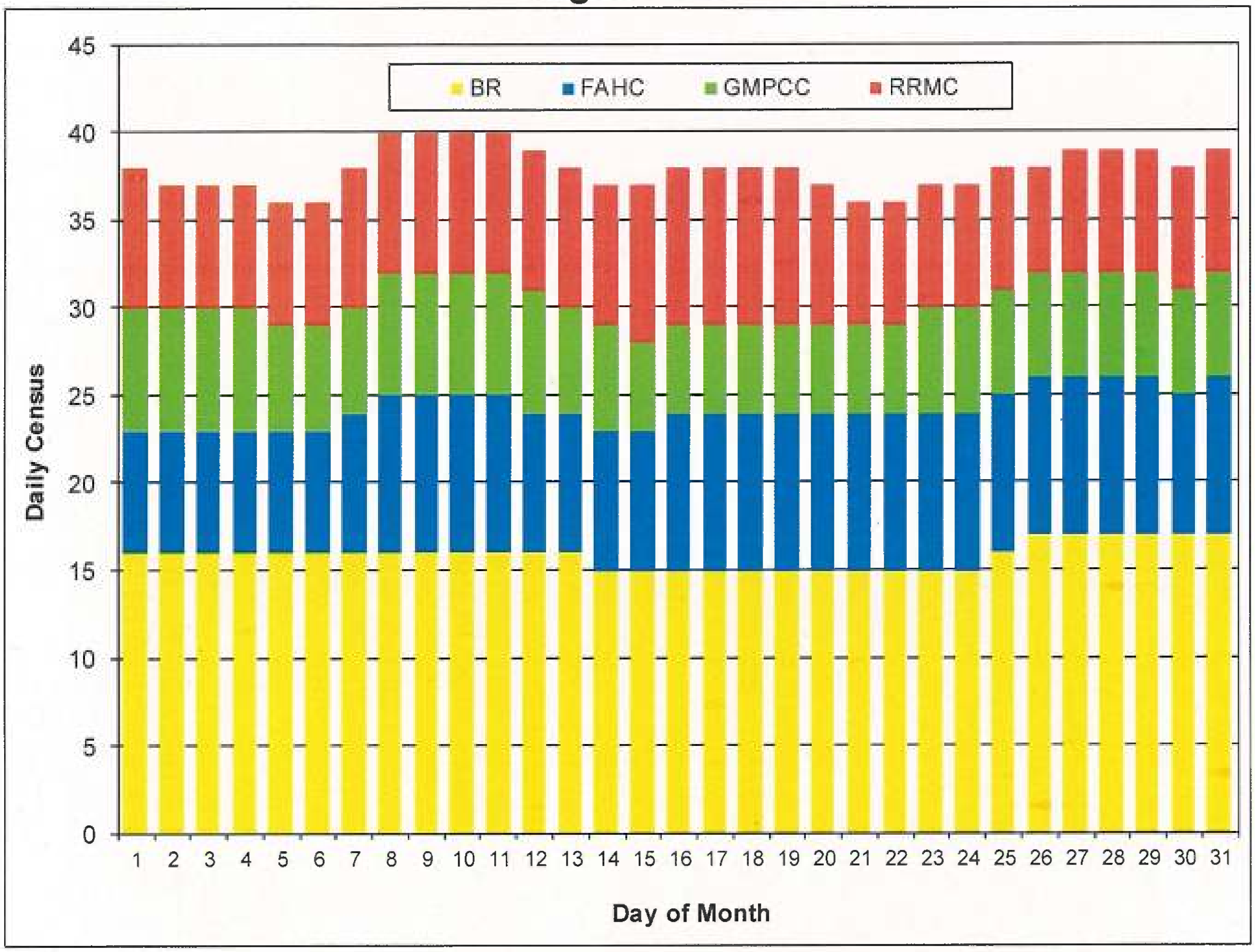
J.1.

System Total Level I Hospital Beds and Trend Utilization by Month

Report Date: September 10, 2013

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13
SYSTEM TOTAL														
Total Level I Beds	27	27	27	27	27	27	35	35	35	35	35	35	35	35
Total Level I Admissions this Month	23	17	9	25	13	21	22	13	20	22	26	10	19	16
Total Level 1 Discharges this Month	6	15	7	19	21	15	17	17	13	15	19	17	19	17
Total Level 1 Inpatients during Month	24	35	29	45	39	41	48	42	47	56	65	58	57	55
Average Daily Census	15	19	23	25	24	24	29	29	32	37	45	44	38	39
LOS for discharged patients (Average)	8	22	20	42	38	39	43	54	38	60	40	76	50	62
Over/Under for Total Planned Beds	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	OVER	OVER	OVER	OVER	OVER
BY HOSPITAL														
Brattleboro Retreat														
Total Level I Beds	14	14	14	14	14	14	14	14	14	14	14	14	14	14
Total Admissions during Month	16	13	8	13	9	14	7	9	10	3	11	3	3	3
Total Level 1 Discharges this Month	4	9	6	12	14	13	7	7	7	5	7	8	3	2
Total Level 1 Inpatients during Month	16	25	24	30	27	28	22	23	27	23	29	25	19	20
Average Daily Census	11	14	18	18	17	15	14	16	19	18	21	20	16	17
LOS for discharged patients	10	21	21	52	50	36	63	75	46	68	46	85	81	117
Over/Under for Total Planned Beds	UNDER	UNDER	OVER	OVER	OVER	OVER	OVER	OVER	OVER	OVER	OVER	OVER	OVER	OVER
RRMC														
Total Level I Beds	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Total Admissions during Month	7	4	1	5	1	4	2	0	5	8	8	2	4	5
Total Level 1 Discharges this Month	2	6	1	3	3	1	5	2	0	4	8	2	6	6
Total Level 1 Inpatients during Month	7	9	4	7	6	7	8	3	6	14	17	12	14	13
Average Daily Census	3	4	3	4	4	4	4	1	3	9	9	10	8	8
LOS for discharged patients	3	23	12	50	15	115	37	36	0	23	44	55	39	46
Over/Under for Total Planned Beds	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	OVER	OVER	OVER	OVER	OVER
GMPCC														
Total Level I Beds	-	-	-	-	-	-	8	8	8	8	8	8	8	8
Total Admissions during Month	-	-	-	-	-	-	8	0	0	2	2	3	6	2
Total Level 1 Discharges this Month	-	-	-	-	-	-	2	2	1	0	1	3	4	4
Total Level 1 Inpatients during Month	-	-	-	-	-	-	8	6	4	5	7	9	12	9
Average Daily Census	-	-	-	-	-	-	5	5	4	4	6	6	7	6
LOS for discharged patients	-	-	-	-	-	-	12	34	75	0	48	72	37	70
Over/Under for Total Planned Beds	-	-	-	-	-	-	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER
FAHC														
Total Level I Beds	7	7	7	7	7	7	7	7	7	7	7	7	7	7
Total Admissions during Month	0	0	0	7	3	3	5	4	5	9	5	2	6	6
Total Level 1 Discharges this Month	0	0	0	4	4	1	3	6	5	6	3	4	6	5
Total Level 1 Inpatients during Month	1	1	1	8	6	6	10	10	10	14	12	12	12	13
Average Daily Census	1	1	1	4	3	4	6	6	6	6	9	9	7	8
LOS for discharged patients	0	0	0	9	12	4	28	46	17	77	15	71	55	54
Over/Under for Total Planned Beds	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	UNDER	OVER	OVER	UNDER	OVER
Wait Times for Beds														
Average # People Waiting per Month										4	5	3	8	4
Wait Times in Days	1.0	1.1	1.4	1.8	1.1	0.8	0.8	1.5	1.4	2.0	1.7	1.4	2.4	1.1

Level 1 Stays by Inpatient Hospital
August 2013



Level 1 Stays during August 2013

Hospital	Total Adult Beds	Total Stays	Highest Daily Census	Average Daily Census
Brattleboro Retreat	75	20	17	16
Fletcher Allen	27	13	9	8
Green Mountain	8	9	7	6
Rutland Regional	23	13	9	8
Statewide		**55**	**40**	**38**

Date of Report: September 9, 2013.

Analysis is based on the Inpatient Tracking Spreadsheet maintained by the Department of Vermont Health Access (DVHA). Includes psychiatric hospitalizations with Level 1 designations for hospitalizations occurring at the Brattleboro Retreat (BR), Fletcher Allen Medical Center (FAHC), Rutland Regional Medical Center (RRMC), and Green Mountain Psychiatric Care Center (GMPCC). Level 1 designation is reserved for patients with risk of imminent harm to self or others and requiring significant resources. Total stays reflects admissions and existing designated level 1 hospitalizations on unit during a specified month.

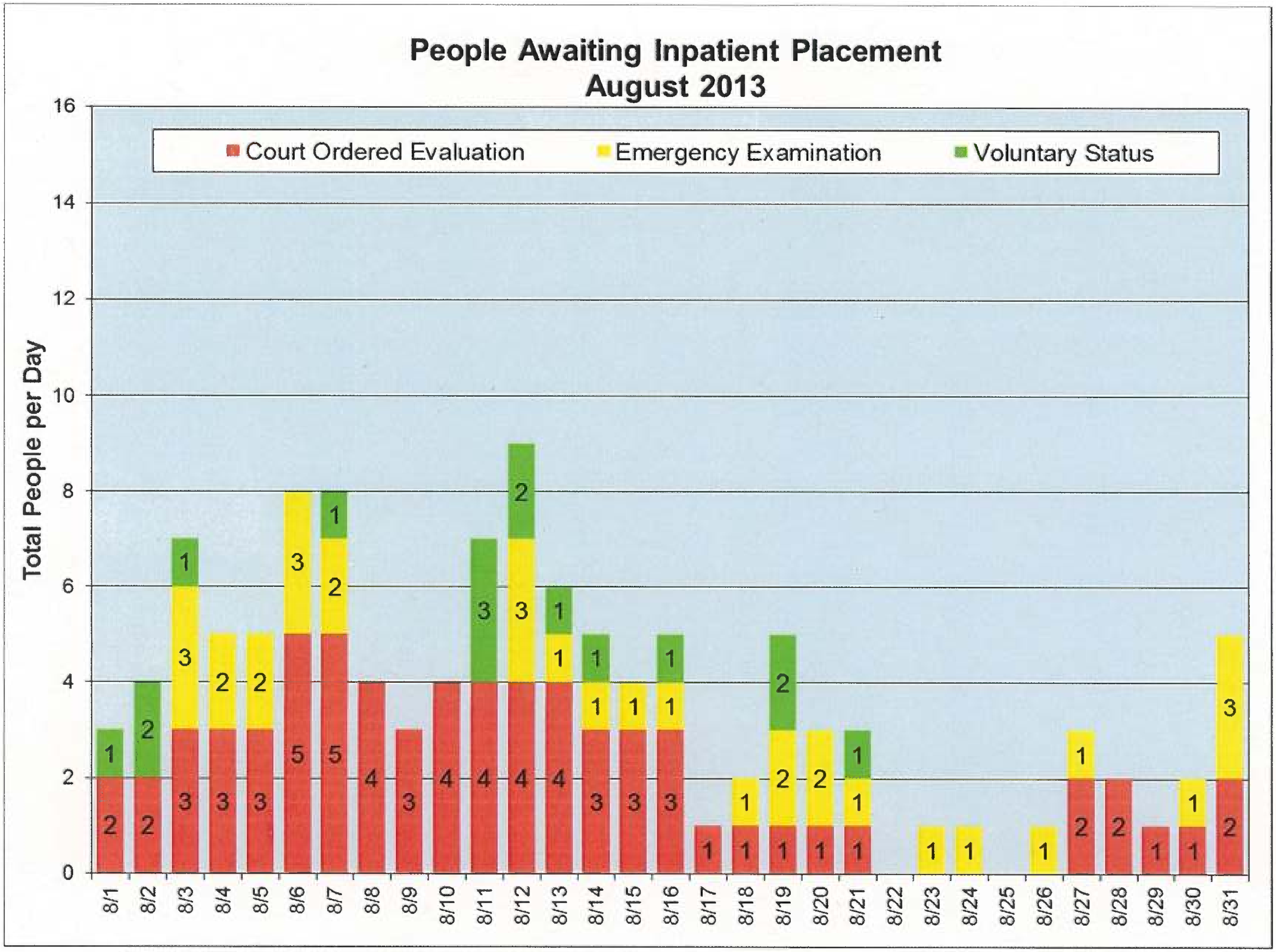
Intensive Residential Recovery Census Report
BEDS OCCUPIED August 2013

Intensive Residential - (Adults 18+)

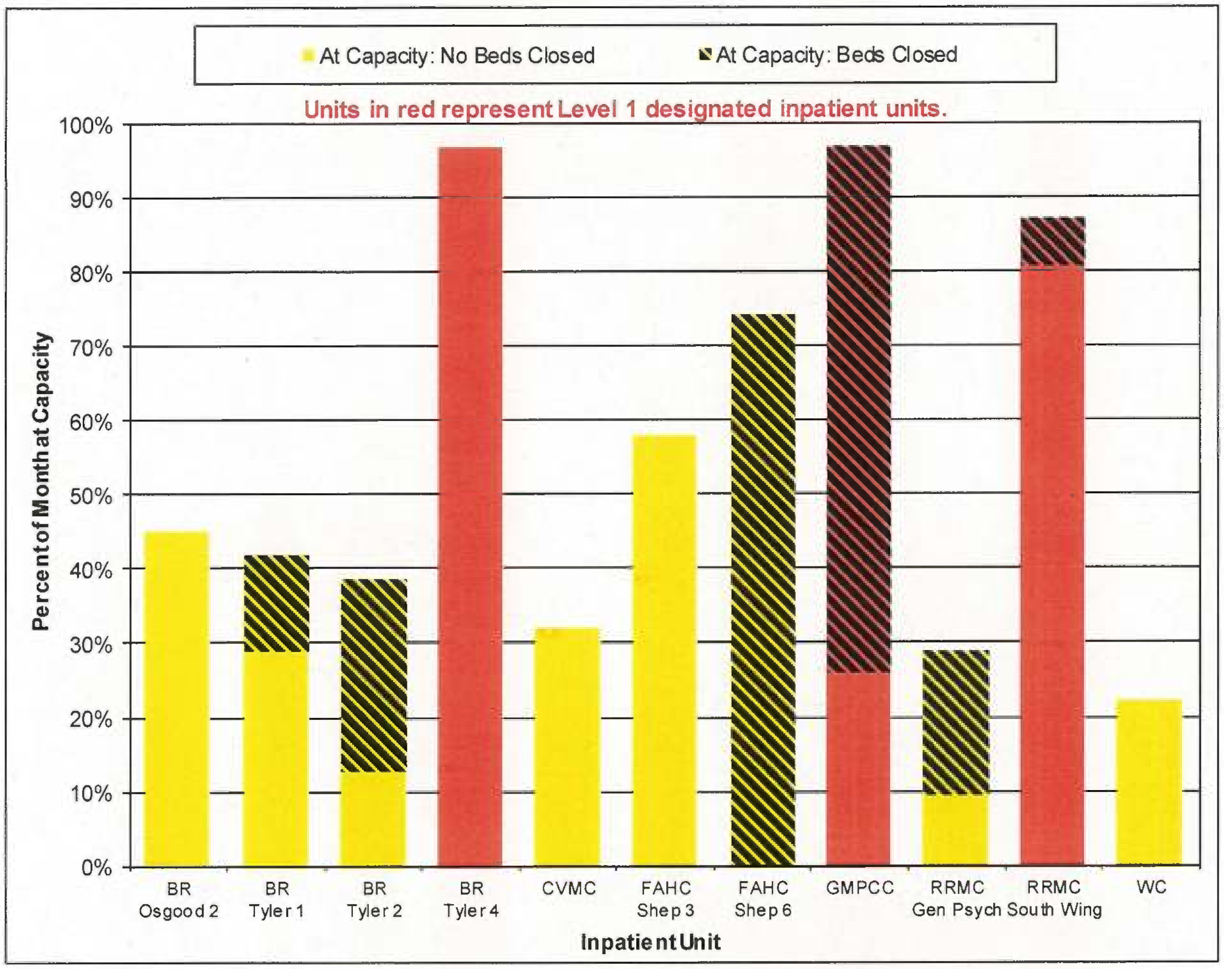
	Hilltop		Meadowview		Middlesex		Second Spring		State Avg		State Avg Excluding Middlesex	
Total Beds	8		6		7		20		41		34	
	Census	Daily %	Census	Daily %	Census	Daily %	Census	Daily %	Census	Daily %	Census	Daily %
8/1/2013	8	100%	4	67%	5	71%	22	100%	39	91%	34	94%
8/2/2013	8	100%	4	67%	5	71%	22	100%	39	91%	34	94%
8/3/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/4/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/5/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/6/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/7/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/8/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/9/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/10/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/11/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/12/2013	8	100%	4	67%	4	57%	22	100%	38	88%	34	94%
8/13/2013	8	100%	4	67%	5	71%	22	100%	39	91%	34	94%
8/14/2013	8	100%	5	83%	5	71%	22	100%	40	93%	35	97%
8/15/2013	8	100%	5	83%	5	71%	22	100%	40	93%	35	97%
8/16/2013	8	100%	5	83%	5	71%	22	100%	40	93%	35	97%
8/17/2013	8	100%	5	83%	5	71%	22	100%	40	93%	35	97%
8/18/2013	8	100%	5	83%	5	71%	22	100%	40	93%	35	97%
8/19/2013	8	100%	5	83%	5	71%	22	100%	40	93%	35	97%
8/20/2013	8	100%	5	83%	5	71%	20	100%	38	93%	33	97%
8/21/2013	8	100%	5	83%	5	71%	20	100%	38	93%	33	97%
8/22/2013	8	100%	5	83%	5	71%	20	100%	38	93%	33	97%
8/23/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/24/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/25/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/26/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/27/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/28/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/29/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/30/2013	8	100%	5	83%	6	86%	20	100%	39	95%	33	97%
8/31/2013	7	88%	5	83%	6	86%	19	95%	37	90%	31	91%
Monthly Avg.	7.97		4.58		4.97		21.19		38.71		33.74	
Monthly % Occupancy	112.0%		89.1%		81.1%		99.8%		91.7%		95.8%	

Based on data reported to the Vermont Department of Mental Health (DMH) by intensive recovery residence beds for adult care using the electronic bed boards system. Programs are expected to report to electronic bed boards a minimum of once per day to update their residential census.

Second Spring had 22 beds for intensive residential recovery until August 20, 2013, when two beds were reallocated for crisis services.


People Awaiting Inpatient Placement
August 2013
Total People per Day
Court Ordered Evaluation
Emergency Examination
Voluntary Status
8/1 8/2 8/3 8/4 8/5 8/6 8/7 8/8 8/9 8/10 8/11 8/12 8/13 8/14 8/15 8/16 8/17 8/18 8/19 8/20 8/21 8/22 8/23 8/24 8/25 8/26 8/27 8/28 8/29 8/30 8/31
0 2 4 6 8 10 12 14 16

Designated Hospital Inpatient Capacity
August 2013



		Percent of Days in August		
		At Capacity		
Designated Hospital	**Not At Capacity**	**No Beds Closed**	**Beds Closed**	**No Census Reported**
Brattleboro Retreat - Osgood 2	55%	45%	0%	0%
Brattleboro Retreat - Tyler 1	58%	29%	13%	0%
Brattleboro Retreat - Tyler 2	61%	13%	26%	0%
Brattleboro Retreat - Tyler 4	3%	97%	0%	0%
Center Vermont Medical Center	65%	32%	0%	3%
Fletcher Allen - Shepardson 3	39%	58%	0%	3%
Fletcher Allen - Shepardson 6	23%	0%	74%	3%
Green Mtn. Psychiatric Care Center	3%	26%	71%	0%
Rutland Regional - General Psych	71%	10%	19%	0%
Rutland Regional - South Wing*	13%	81%	6%	0%
Windham Center	74%	23%	0%	3%

Based on data reported to the Vermont Department of Mental Health (DMH) by designated hospitals (DH) for adult inpatient care using the electronic bed boards system. Beds at inpatient settings can be closed based on the clinical decision of the director of each inpatient unit.

Moffi 9/11/13
J.2.

LIHEAP Funding & Benefit Stats Compilation

Sept 9, 2013 R.Moffi DCF/ESD/Fuel

SFY	LIHEAP Total	LIHEAP Carry-Over (1)	State Funds	TOTAL FUNDS		Fuel Liability Households	Full Season Fuel Liability Avg. Benefit	Nov-Apr Avg cost oil/gal (2)	Purchase Power Gallons / %age (3)	FFY
2014	$16,990,000	$591,060	$6,000,000	$23,581,060		28,600	$717	**Note A**	**Note A**	**2014**
SFY2014 data estimated										
2013	$18,359,509	$1,583,684	$9,700,000	$29,643,193	**(4)**	27,753	$898	$3.85	233 / 31%	**2013**
2012	$19,529,156	$4,005,000	$6,100,000	$29,634,156		27,100	$900	$3.61	248 / 33%	**2012**
2011	$27,557,850	$6,687,000	$0	$34,244,850		26,546	$866	$3.31	262 / 34%	**2011**
2010	$27,341,881	$5,447,000	$0	$32,788,881		20,399	$1,064	$2.68	397 / 52%	**2010**
2009	$38,642,377	$363,000	$0	$39,005,377		19,227	$1,718	$2.62	656 / 86%	**2009**
2008	$16,883,723	$1,780,000	$5,898,032	$24,561,755	**(5)**	15,369	$1,362	$3.24	420 / 55%	**2008**
2007	$11,612,664	Not Avail.	$590,769	$12,203,433		15,124	$1,368	$2.51	545 / 71%	**2007**
2006	$14,319,230	Not Avail.	$10,200,000	$24,519,230		14,893	$1,364	$2.50	546 / 71%	**2006**
2005	$13,751,056	Not Avail.	$1,000,000	$14,751,056	**(6)**	14,252	$902	$2.05	441 / 58%	**2005**

Note A Avereage petro cost and purchasing power being re-calcualted based on implementing Margin Over Rack (MOR) & Disocunt Off Retail (DOR)

(1) The carry-over amounts are prior to September 30 federal year close-out
(2) Price after required discount from FY2009 to 2013
(3) Assumes average winter consumption of 764 gallons for a delivered petro fuel (oil/propane/kerosene)
(4) Includes $130,000+ in non-block grant LIHEAP funds
(5) $1 Million returned to the State on June 30
(6) No state funds were contributed to LIHEAP prior to FFY2005

Note: Additional funds or program changes that re-direct funds into the average "full-season, full-fuel-liability" benefit increase that average benefit as follows:

$25,000	=	$1 additional	$100,000	=	$4 additional
$500,000	=	$20 additional	$1.0 Million	=	$40 additional

K,

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Jeb Spaulding, Secretary

MEMORANDUM

TO:	JFC
FROM:	Jeb Spaulding, Secretary of Administration JS
DATE:	September 3, 2013
RE:	FY2014 Interim Budget and Appropriation Adjustment Plan as per 32 VSA §704(b)(1) and (c)

Attached please find the Transportation FY2014 Interim Budget and Appropriation Adjustment Plan as required by 32 VSA §704(b)(1) and (c) in response to the difference between Transportation Fund revenue projected in the July 23, 2013 Consensus revenue forecast approved by the Emergency Board and the Transportation Fund revenue assumed in Act 50 of 2013.

§ 704. Interim budget and appropriation adjustments

(b)(1) If the official state revenue estimates of the emergency board for the general fund, the transportation fund, or federal funds, determined under section 305a of this title have been reduced by one percent or more from the estimates determined and assumed for purposes of the general appropriations act or budget adjustment act, and if the general assembly is not in session, in order to adjust appropriations and their sources of funding under this subdivision the secretary shall prepare a plan for approval by the joint fiscal committee, and authorized appropriations and their sources of funding may be adjusted and funds transferred pursuant to a plan approved under this section.

(c) A plan prepared by the secretary shall indicate the amounts to be adjusted in each appropriation, and in personal services, operating expenses, grants, and other categories, shall indicate the effect of each adjustment in appropriations and their sources of funding, and each fund transfer, on the primary purposes of the program, and shall indicate how it is designed to minimize any negative effects on the delivery of services to the public, and any unduly disproportionate effect the plan may have on any single function, program, service, benefit, or county.

Secretary Searles will be testifying on this at the September 11, 2013 JFC meeting.

Agency of Transportation
FY2014 Interim Budget and Appropriation Adjustment Plan
as per 32 VSA §704(b)(1) and (c)

	A	B	D	G	H	I
1	Description	TFund - 20105	FHWA - 20135	Comment	DeptID	Major Object
2						
3	July Revenue forecast adjustment estimated impact	(4,106,351)		FY2014 Transportation Fund budgetary shortfall after July 2013 consensus revenue forecast.		
4						
5	FY2014 revenue contingency:					
6	TFund stabilization reserve	(28,485)		Reduce FY14 stabilization reserve requirement for FY13 end-of-year appropriation reductions for FY13 revenue shortfall (5% of $560,694). This is a TFund operating statement adjustment - requires amendment to BAA to exclude carryforward reversions from stabilization reserve. No impact to the FY2014 transportation program.	N/A	N/A
7	Estimated proceeds from sale of surplus property located at Shelburne Road	(900,000)		Sale will result in one-time increase in revenues not factored into July consensus forecast. This is a TFund operating statement adjustment and will include legislative language in budget adjustment bill. No impact to the FY2014 transportation program.	N/A	N/A
8	Program Development - Anticipated unavoidable project delays to be identified	(710,954)	(2,843,816)	Anticipates potential project delays to be determined. May impact FY2014 Transportation Program if project slippage has not occurred and project schedules need to be deliberately delayed. Assumes 80/20 prorata.	8100001100	Operating - LSI
9	Program Development - Paving	(95,546)	95,546	Stockbridge-Bethel STP 2910(1) Rte 107 project has received an FHWA Highways For Life Grant and will thus be funded 100% federal. FY2014 budget includes this amount as State match and it is no longer needed.	8100001100	Operating - LSI
10	Program Development - Paving	(596,366)	596,366	Utilize balance of toll credits made available by meeting SFY2013 maintenance of effort (MOE). Total available = $2,336,366; $1,740,000 was already used in FY2014 budget.	8100001100	Operating - LSI
11	DMV	(50,000)		Revert portion of FY2013 year-end balance not needed for continuing operations. No impact to the FY2014 transportation program.	8100002100	Operating
12	Rail	(675,000)		Available due to revised estimate for FY2014 Amtrak subsidy costs relative to budget. Budget = $7,600,000; estimated costs = $6,925,000. No impact to FY2014 Transportation Program.	8100002300	Operating
13	Rail - Statewide 3 Way Partnerships	(200,000)		No impact to FY2014 Transportation Program. Any projects in process utilize funding from prior year's appropriation carryforward.	8100002300	Operating - LSI
14	Transportation Buildings	(200,000)		Reduce planned expenditures on several statewide line items for miscellaneous improvements to Vtrans' facilities. Defers maintenance and other costs to future years. Projects deferred may include solar net metering, fuel storage tank replacements, brine facilities, roof/membranes and heating system replacements.	8100000700	Operating - LSI
15	Municipal Mitigation Grant Program	(150,000)		Funds available from gradual buildup of appropriated amounts not expended over several years. No impact to FY2014 Transportation Program.	8100005800	Grants
16	TH State Aid for Non-Federal disasters	(500,000)		Current (late-July) amount not yet committed to projects is approximately $1,000,000. Any emerging commitments to towns will be honored, and all current commitments are fully funded. Still leaves $500,000 available for additional commitments if needed.	8100001400	Grants
17						
18	TOTAL OF ABOVE ITEMS	(4,106,351)	(2,151,904)			
29						
30	Vtrans Finance and Administration					
31	9/3/2013					

M.

VERMONT

State of Vermont
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Agency of Administration

MEMORANDUM

TO: Joint Fiscal Committee
CC: Jeb Spaulding, Susan Zeller, Matt Riven, Otto Trautz, Steve Klein, Stephanie Barrett and Theresa Utton-Jerman;
FROM: Jim Reardon, Commissioner
RE: General Fund Balance Reserve
DATE: September 3, 2013

In accordance with 32 V.S.A. §308c (d), we hereby report the activity and balance in the General Fund Balance Reserve, as shown in the table below, and which is available for appropriation by the General Assembly.

GENERAL FUND BALANCE RESERVE	
Opening Balance as of 7/1/2012	$ 3,879,828.47
Amount unreserved for appropriation in FY 2013, per 2013 Act 1 Sec 61(a)	-$ 3,879,828.47
Amount added to the GF Balance Reserve in FY 2013, per 32 V.S.A. Sec. 308c(a)	**$31,503,814.92**
50% of amount determined by Emergency Board greater than GF forecast ($26.1 million) appropriated for deposit into the Supplemental Property Tax Relief fund, per 32 V.S.A. Sec. 308c(a)(2)	**-$13,050,000.00**
25% of amount determined by Emergency Board greater than GF forecast ($26.1 million) appropriated to Secretary of Administration for future federal cuts, per 32 V.S.A. Sec. 308c(a)(3)	**-$ 6,525,000.00**
Ending Balance 6/30/2013 (a)	**$11,928,814.92**

Please contact me if you require additional information.

Note: (a) At the August 5, 2013 Joint Fiscal Committee meeting, the JFC was notified of an additional amount available for transfer from the Captives and Regulator and Supervisory Fund to the General Fund of $238,392. This amount would have been reserved in the GF Balance Reserve as part of FY 2013 close-out but was not identified until after final FY 2013 close-out. Therefore this amount will be handled as an FY 2014 Budget Adjustment direct application to the GF, with BAA language to reserve in the GF Balance Reserve.

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Agency of Administration

MEMORANDUM

TO:	**Joint Fiscal Committee**
CC:	**Jeb Spaulding, Susan Zeller, Matt Riven, Otto Trautz, Steve Klein, Stephanie Barrett and Theresa Utton-Jerman;**
FROM:	**Jim Reardon, Commissioner**
RE:	**Transportation Fund Balance Reserve**
DATE:	**September 3, 2013**

In accordance with 32 V.S.A. §308c (d), we hereby report that the balance in the Transportation Fund (TF) Balance Reserve is $0.00 at June 30, 2013.

A reduction in the July 20, 2012 revenue estimate for the FY 2013 Transportation Fund necessitated a rescission of $4,830,949. Under 32 V.S.A. §704b (2), the Secretary of Administration presented the TF Rescission Plan (Plan) to the Joint Fiscal Committee (JFC) at their September 19, 2012 meeting. The JFC approved the Plan, thereby rescinding a like amount of appropriations to the projected FY 2013 deficit and resulting in the Transportation Fund Balance Reserve amount of $0.

Please contact me if you require additional information.

VERMONT

9/11/13

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Agency of Administration

MEMORANDUM

TO: Joint Fiscal Committee
CC: Jeb Spaulding, Susan Zeller, Matt Riven, Otto Trautz, Steve Klein, Stephanie Barrett and Theresa Utton-Jerman;
FROM: Jim Reardon, Commissioner
RE: FY 2013 Close-Out - Budget Stabilization Fund Reserves
DATE: September 3, 2013

FINAL RESULTS

Joint Fiscal Committee – September 11, 2013
Jim Reardon, Commissioner of Finance & Management

FY 2013 General Fund Revenue vs. Target				
Major Fund ($ millions)	FY 2013 Final	FY 2013 Target (Jan. 23, 2013)	FY 2013 Final vs. Target	
			Amount	Percent
General Fund	$1,288.58	$1,262.50	+$26.10	+2.07%
Transportation Fund	$ 228.19	$ 229.10	-$0.91	-0.40%
TIB (combined)	$ 22.97	$ 23.20	-$0.23	-0.99%
Education Fund	$ 166.46	$ 166.80	-$0.34	-0.20%

FY 2013 Reserves & Designated Items		
General Fund ($ millions)	FY 2013 Closeout	Explanation
To Sec Admin.	$ 6.525	Designated for Federal cuts, subject to future E-Board action, per 2013 Act 1 Sec. 95a (3)
To Supplemental Property Tax Relief Fund	$ 13.05	Per 32 V.S.A. § 6075(b) and 2013 Act 1 Sec. 95a(2).
GF Balance Reserve	$ 11.93	Per 32 V.S.A. Sec. 308c(a); and 2013 Act 1 Sec. 95a(2) & (3)
HS Caseload Reserve	$ 0.00	Prior year balance ($18.51m) unreserved and used during FY 2013; no balance remaining.
GF Budget Stabilization Reserve	$ 62.50	At full statutory 5% level.

Transportation Fund ($ millions)	FY 2013 Closeout	Explanation
TF Budget Stabilization Reserve	$ 10.81	At full statutory 5% level.

Education Fund ($ millions)	FY 2013 Closeout	Explanation
EF Budget Stabilization Reserve	$ 29.26	At maximum statutory 5% level.
EF Prior Year Surplus Appropriations & Unreserved/Undesignated Balance	$ 36.95	

FY 2014 General Fund BAA Pressures		
Category	Amount ($millions)	Explanation
DOC	**$?**	Trend over budget
DAIL – DS	**?**	Budgeted savings target in jeopardy
DCF – GA	**?**	Emergency housing
DMH – VSH	**?**	Delayed opening
ANR	**?**	Fee for Space
Sarcoidosis	**?**	Annual pressure
Fee for Space	**?**	Alternative to Waterbury
By mutual agreement, a preliminary BAA will be submitted to the House Appropriations Committee during the first week of December 2013 to allow HAC to begin work early. This preliminary version will be based on July 2013 Consensus Revenue Forecast and will be subject to change.		

FY 2015 Budget Process:

FY 2015 Budget Instructions are scheduled to be sent to departments by early October. The Vantage Budget Development system is scheduled to open for use by departments by mid-October. At that time, the Vantage System will have been updated with FY 2013 fiscal year actual financial data and 6/30/2013 employee data.

The submissions from departments to the Governor, through the Secretary of Administration will, this year, include a pilot program for programmatic/performance budgets in Vantage. F&M is working on this effort with Joint Fiscal Office Staff and the Chairs of the Appropriations Committees.

Presentation of the Governor's FY 2015 Budget Recommendations will be made during the Governor's Budget Address, as yet unscheduled, in January 2014.

N.1.

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Agency of Administration

MEMORANDUM

TO: **Joint Fiscal Committee; House Institutions Committee; Senate Institutions Committee**

CC: **Jeb Spaulding, Secretary of Administration**

FROM: **Jim Reardon, Commissioner of Finance and Management**

RE: **Accounting Standards for Engineering Costs – response to report requirement in Section 39 of Act 51 of 2013 (FY 2014 Capital Bill)**

DATE: **September 11, 2013**

This report is in response to Section 39 of the FY 2014 Capital Bill (Act 51 of 2013). Section 39 states as follows:

> *Sec. 39. ACCOUNTING STANDARDS FOR ENGINEERING COSTS*
> *(a) The Commissioner of Finance and Management shall establish a working group to develop a set of criteria and guidelines for allocating engineering costs between the Capital bill and the General Fund. The Working Group shall review current state practices, standard accounting classifications and approaches taken in other states. The Group shall include the Commissioner of Finance and Management or designee, the Commissioner of Buildings and General Services or designee, the Secretary of Natural Resources or designee, the State Auditor or designee, and a Joint Fiscal Officer or designee.*
> *(b) On or before September 30, 2013, the Commissioner of Finance and Management shall present the proposal to the Joint Fiscal Committee and the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions for review with the intent that the criteria and guidelines on cost allocations will be used in the FY 2015 capital budget.*

Executive Summary and Recommendation

The Working Group reviewed the applicable accounting standards; the practices among various departments within the state government; and practices among other states. Based on these findings, I recommend that BGS proceed vigorously with the implementation of time tracking and other project cost tracking for staff engineering costs, so that these costs, where appropriate, can be capitalized according to proper accounting standards.). It should be emphasized that, capitalization of these costs for accounting purposes is a separate matter from how to fund the costs (operating budget or debt); the latter is a fiscal policy decision.

It will take some time to implement project tracking at BGS and hence determine the appropriate allocation between the Capital Bill and the operating budget. Once staff engineering costs are isolated to projects, it would seem appropriate to budget known capital costs to the Capital Bill, while non-capital costs would be charged to the operating budget. Such a policy would allow all known costs of a particular project in the Capital Bill to be identified and funded over the debt period.

Background:

The appropriate source for funding of staff engineering and architecture costs – operating budget or capital budget -- has been in debate for several years. The legislature directed the Joint Fiscal Office (JFO) to study how best to allocate engineering costs between the capital and general funds in Section 41 of Act 104 of 2012 (FY 2012 Capital Bill.) Catherine Benham of the JFO presented that report on January 16, 2013. (Rather than re-state large portions of that report, we will simply cite relevant pages and sections.) The JFO report presented a series of policy options. Rather than adopting one of those options, the legislature created the Working Group described above.

The Working Group met during the summer of 2013. As part of their work and discussion, the following efforts were undertaken:

- The Office of Budget and Management surveyed all state departments to determine whether they had engineering and/or architecture staff costs related to state construction projects;
- Certain departments – Department of Buildings and General Services; Agency of Natural Resources; and Agency of Transportation – were targeted for more in-depth study;
- The Agency of Administration business office prepared a review of the applicable accounting standards;
- The Office of Budget and Management conducted a condensed survey of other states' practices.

Survey of all Vermont Departments and Agencies:

As noted in the JFO report (pages 5 and 6), there are differences in the way staff engineering costs are accounted for among state departments. To ensure that we identified all the different treatments of these costs, the Office of Budget and Management surveyed all Vermont departments, agencies, and business units to identify in-house engineering and architecture staff costs relative to the development of public infrastructure (as opposed, for example, to regulatory enforcement).

That survey confirmed the findings of the JFO report; that is, the three primarily impacted departments are:

- Department of Buildings and General Services;
- Agency of Natural Resources; and,
- Agency of Transportation.

No other state department reported staff engineering costs related to public infrastructure.

Department of Buildings and General Services

The Department of Buildings and General Services (BGS) does not currently track staff engineering costs to specific capital projects. The process for budgeting and tracking staff engineering costs at BGS is as follows. Section B.113 of the Appropriations Act provides the budget for the BGS Engineering unit, which includes 25.17 full-time equivalent positions, accounting for $2.5M of personal services costs. Including operating expenses, the total appropriation for FY 2014 is $2,982,132. Currently, the entire appropriation for BGS Engineering, Dept ID 1150300000, is funded by a transfer from the Capital Bond fund as a single line item in the annual Capital Bill. As a funding source to 1150300000, the funding is effectively "expensed" on an annual basis and not capitalized against projects. This practice is inconsistent with the way that BGS treats similar services received for projects through the use of 3rd party contractors. Projects that require 3rd party architectural and engineering as well as project management services have these contract payments paid with bond funds and are charged directly to the projects as part of the project costs. To expense similar services performed by state employees is inconsistent with this costing method. Failure to add the staff time to the projects undervalues the true cost of a project and associated asset.

Regarding funding, the JFO report summarizes the history as follows:

> For BGS, the funds to support engineering costs have shifted from general funds to capital funds, back to general funds, and then back to the capital funds. It appears that these shifts were related to the demands on the general fund and the relative availability of general versus capital funds. In other words, when general funds were tight, BGS engineering costs were shifted to capital funds. The current funding represents the costs of the engineering group within BGS and includes both [sic] costs of engineers, managers, administrative assistants, fee for space, and other such overhead expenses. Salary and benefit costs of these employees are approximately $2.1million (86%) of the $2.4 million allocated in the 2012 Capital Bill.

The history of bonded funds used to support the BGS engineering program is shown on page 3 of the JFO report, with additional details on pages 15 – 22.

Agency of Natural Resources

The Agency of Natural Resources tracks staff engineering costs to specific capital projects. However, in many instances, ANR capital projects are for the benefit of local governments or other entities, and are not owned by the State. As a historical practice, the specific non-State ANR projects in the Capital Bill do not include the staff engineering costs. Rather, the staff engineering costs associated with capital projects are separately appropriated in the Capital Bill (see, e.g., Act 51 of 2013: Sec. 11(a)(1)(C) ($300,000); Sec. 11(a)(2)(B) ($300,000); and Sec 11(b)(1)(D) ($300,000)). Thus, these staff engineering costs for non-State projects are financed through State bonding, but are not capitalized for accounting purposes because the capital project is not a State asset. The state bond funds used to finance non-State projects are deposited into a revolving loan fund, and blended with federal dollars, which is used to award individual loans directly to these non-state entities. Staff engineering costs are not included in these loans that are comprised, in part, with state bond funds. Staff engineering costs for specific state projects (e.g, state parks) are paid from those Capital Bill appropriations. Funding project-based staff engineering costs through the ANR operating budget would put strains on ANR's already-constrained operational needs.

See the JFO report page 4, and pages 23-30 for a more thorough discussion.

Agency of Transportation

At the Agency of Transportation, staff engineering costs are charged to specific projects, using the agency's project cost system. An interface between the project cost system and the state's accounting system allows these costs to be capitalized for accounting purposes, where appropriate based on the project. The majority of AOT projects are paid on a "pay-as-you-go" basis using Transportation Funds, other dedicated transportation revenue sources, and federal funds. However, to the extent that projects are specifically funded by Transportation Infrastructure Bonds or other capital funding, the associated staff engineering costs are included in the project financing.

Generally Accepted Accounting Principles (GAAP)

The Agency of Administration business office, which provides business services to BGS, provides the following accounting information from publicly available sources.

There are 4 basic assumptions, 4 basic principles, and 4 basic constraints that are the basis for GAAP[1]. They are as follows:

Assumptions

1. **Accounting Entity**: This principle assumes that the business is separate from its owners or other businesses.
2. **Going Concern**: This principle assumes that the business will continue to operate indefinitely. This assumption validates the methods of capitalization, depreciation, and amortization.

3. **Monetary Unit**: This principle assumes a stable currency will be the unit of record.
4. **Time-Period**: This principle assumes that economic activities can be divided into artificial time periods.

Principles

1. **Historical Cost**: This principle requires the business to account and report on an historical acquisition cost basis. This removes subjectivity in valuing assets. There is current pressure to move to fair market values as historical costs tend not to be relevant.
2. **Revenue Recognition**: This principle requires recognizing revenue when it is realized or realizable and earned, not when cash is received.
3. **Matching Principle**: Expenses have to be matched to revenue, if it is reasonable to do so. If no connection, then expenses can be charged as current period expenses. The principle demonstrates how much was expended to earn revenue. Depreciation expense is an example of matching expenditures with revenues.
4. **Full Disclosure**: Information disclosed should be enough for a judgment by the reader of the financial information while keeping the costs of reporting 'reasonable'.

Constraints

1. **Objectivity**: This principle says the financial statements must provide information that is based on objective evidence.
2. **Materiality**: This principle indicates that the significance of an item should be taken into account when it is reported. If the item will impact the decisions made by a reasonable person, then the item is considered 'significant'.
3. **Consistency:** The principle refers to the use of the same accounting principles and methods from period to period.
4. **Conservatism:** This principle says that when choosing between two solutions, the one that will be least likely to overstate assets should be selected.

Why Capitalize

The matching principle as well as the consistency and conservatism constraints would support capitalizing any costs directly attributable to the acquisition and placing of an asset into service or prolonging or extending the useful life of the asset (Asset Adds).

GAAP accounting rules for capitalizing costs are generally based on the principle of "future years' benefits"[2]. As the asset will provide benefits to the owner over time, the asset should be capitalized and depreciated over the length of time for which benefits will be realized.

Why Bond Funds

Just as the matching principle supports the capitalizing of any costs directly attributed to the acquisition and placing of an asset into service through the matching of future benefits with depreciation expense, the matching principle would also imply there should be a matching of the revenue stream used to acquire and place an asset into service. Assets with a useful life of 20 years or more could be funded with the 20 year bond funds. This includes assets that are both constructed or purchased directly.

What Capital Funds Should Be Used For

Based on the matching principle and following the above scenario, long term assets should be funded with capital bond funds. For assets with a useful life of or greater than 20 years this would include:

- New buildings
- Building Additions
- Building Improvements that extend the life of the asset at least 20 years
- Infrastructure improvements
- Land

What Capital Funds Should NOT Be Used For

Based on the matching principle and following the same scenario, short term assets should be funded with general fund even if the asset is capitalized. For assets with a useful life less than 20 years this would include:

- Building Additions with a useful life of less than 20 years
- Building improvements that do not extend the useful life of the asset 20 years or more
- Expenditures that do not extend the life of the asset such as painting, carpeting, etc.
- Funding for studies that do not result in an asset
- Grants such as the recreational grants and any asset constructed for a non-state entity.

Professional Services

Professional services (Architectural, Engineering, and Project Management) provided by state employees should be added to the value of these assets and capitalized. Time not tied to long term assets should be funded with general fund and treated as a period expense. To exclude these labor costs will result in an undervaluing of the assets.

Survey of Other States:

The Office of Budget and Management worked with the National Association of State Budget Officers to survey a limited number of other states; specifically, those that serve on the Capital Budgeting Advisory Group (and hence were most likely to be able to quickly answer the survey questions). The question presented was whether these states charge their in-house engineering staff costs to their operating budget or their capital budget. As indicated below, while there is a mix of practices, the majority of states charge identifiable staff expenses (or a justifiable allocation percentage) to the relevant capital project. This is consistent with the survey in the JFO report (pages 5-6), which found that other New England states allow some allocation of engineering costs for capital projects. The survey results are as follows:

- **California:** The preference is to place all charges in the capital budget in order to get a true cost of the project.

- **Kentucky:** Charged to operating budget.

- **Nebraska:** With some limited exceptions, in Nebraska, in-house engineering staff costs are charged to the operating budget of the agency. [Note: Should be noted that Nebraska generally does not issue general obligation bonds; so there is no opportunity to finance these costs.]

- **Nevada:** Mainly funds in-house engineering and other professional costs to the associated capital project. There is a separate project in the CIP that funds in-house professional work planning the next CIP.

- **New Jersey:** Adds a flat percentage to the cost of each capital project to cover in-house engineering and other associated costs of the centrally-managed construction management unit. As such, it is part of each project's capital cost.

- **New York:** Has a hybrid system. In certain instances—mainly when the program managers are employed by a state agency—engineering costs are covered by the operating budgets. However, in certain instances, when a project is appropriated by the state and not administered by an internal department, engineering costs are built into the overall capital costs.

- **Virginia:** Has a hybrid system. In the past, many, if not most, of the project managers were paid out of operating funds. As operating budgets have been cut over the past ten years, more and more of the cost of the project managers has been shifted to capital budgets. Today, only a few of the project managers are paid from the operating budget, while the costs of the remainder are billed to the budgets of the capital projects on which they work.

- **Washington:** Funds in-house engineering and other associated costs primarily to the associated capital project.

Conclusion and Recommendations:

Regarding accounting practices, BGS should initiate a process to track staff engineering costs to specific projects, as the first step toward capitalizing those engineering costs that meet the applicable standards for a capital project. Previously, BGS did not have the capability to track such costs to projects. With the new VTHR payroll system, it should now be possible to track project time, tie it to projects, and capitalize it where appropriate. (The largest challenge will be to get the staff to keep track of their time and book it properly.) It should be emphasized that capitalization of these costs for accounting purposes is a separate matter from how to fund the costs (operating budget or debt); the latter is a fiscal policy decision.

It will take some time to implement project tracking at BGS and hence determine the appropriate allocation between the Capital Bill and the operating budget. Once staff engineering costs are isolated to projects, it would seem appropriate to budget known capital costs to the Capital Bill, while non-capital costs would be charged to the operating budget. Such a policy would allow all known costs of a particular project in the Capital Bill to be identified and funded over the debt period.

Given that the entirety of these engineering costs have been covered by the Capital Bill during the past several years, the net impact would be a portion of these costs shifting from the Capital Bill as general obligation debt to the operating budget (presumably primarily General Funds).

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[1] **These 12 assumptions, principles, and constraints can be found in full at the following hyperlink: http://en.wikipedia.org/wiki/Generally_Accepted_Accounting_Principles_(United_States)**

[2] **http://www.brighthub.com/office/finance/articles/80512.aspx**

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9/11/13

Reconstruction Projects Dedicated to the Renovation and Replacement of State-Owned Assets

Planning Process Update #9
In accordance with Act 51 Section 2 Irene Recovery: subset (b)(15) "The Commissioner of Buildings and General Services shall notify the House Committee on Corrections and Institutions and the Senate Committee on Institutions at least monthly of updates to the planning process for the projects described in this subdivision" (b)(15)(A-H)."

VERMONT

Michael Obuchowski, Commissioner
Agency of Administration
Department of Buildings & General Services
Telephone: 802-828-3519
Email: mike.obuchowski@state.vt.us
September 5, 2013

SUMMARY

With the exception of the Bennington Welcome Center, some funding shortfalls, and some contractor related expense issues with the Vermont Veteran's Home and Middlesex Hospitals, the majority of Capital Projects are expected on time and within budget. BGS and its associated contractors have worked very hard to get the Waterbury State Office Complex ready for construction and to get additional funding requests pushed through FEMA for disaster mitigation. The Vermont State Hospitals projects are nearing completion and the final element will be ready for occupancy in the first part of 2014. Ongoing negotiations and work with the City of Montpelier on the new Capitol Complex heat plant is moving ahead successfully and appears to be on schedule for the completion timeframe.

FEMA

On August 29th the State of Vermont and FEMA announced the final participation figures for Tropical Storm Irene. Key elements of this announcement included the increased flexibility and expedited delivery brought about the Federal Legislation adopted after Hurricane Sandy hit the east coast. Additional benefits were also found through application to the Hazardous Mitigation Grant Program.

VERMONT STATE HOSPITALS

Overall, we are still operating under the current projected estimate of $42,716,986 including projections for the Guaranteed Maximum Price for the Vermont Psychiatric Care Hospital in Berlin Vermont. This remains within the total project budget of $43,700,000.

25 Bed Inpatient Facility – Vermont Psychiatric Care Hospital - Berlin, VT: The projected end date for substantial completion is scheduled for May 7, 2014. Patients are expected to move in mid to late June of 2014. The project is currently under construction and progressing well. It is anticipated that the project will come in slightly under budget.

- Project budget: $28,500,000
- Permitting: We are currently revising our town site plan. Trees that had been part of the original site plan were blown down during heavy winds. We are proposing to replace these trees to maintain

the forested buffer to the West of the building. We will include the proposed site signage location and design for approval at the same time now that we have received acceptance from the focus groups.

- Programming of services is complete. We are meeting every other week to address operational issues and prepare for purchasing of furnishings.
- The Construction Management team at Engelberth Construction, Inc. is very close to issuing the Guaranteed Maximum Price for the construction of the facility. We have been making final adjustments in the pricing as construction issues are addressed and pricing revised.

8 Bed Temporary Inpatient Facility – Green Mountain Psychiatric Care Center - Morrisville, VT:

The Joint Commission arrived on site to survey the facility and certify the hospital's facility and operations. The survey resulted in identification of two facility issues that were taken care of by the end of that week. There were also some operational issues to be addressed by DMH. DMH developed a plan of correction that has been accepted by the Joint Commission and DMH are implementing the corrections. BGS is looking forward to a review of proposed corrections and timing for next steps.

14 Bed Brattleboro Retreat Health Care – Brattleboro,VT:

The facility is currently occupied and operational. We are working with the Retreat to determine final budget values for the work on the renovation of spaces that required work to accommodate the 14-Bed Acute Care unit. It is anticipated we will come in slightly below budget.

6 Bed Rutland Regional Medical Center – Rutland, VT:

The facility is currently occupied and operational. We are working with the RRMC to determine final budget values for the work on the renovation of spaces that required work to accommodate the 6-Bed Acute Care unit. It is anticipated we will come in slightly below budget.

7 Bed Secure Recovery Residence – Middlesex Therapeutic Care Residence - Middlesex, VT:

Occupancy is now at 6 with a 7th and final resident due in about 1 week.

- We received an updated site plan permit with a landscaping condition. The landscaping plan is awaiting approval by the design review board –BGS is awaiting scheduling of the hearing.
- Mobile Medical IC has not yet completed their work. Issues have been raised regarding lack of payment to subcontractors. We are looking into payment allocations made to MMIC.
- The "Site Improvements Project" bid results came in significantly higher than anticipated. BGS is exploring alternate options.
- The Gazebo is slated to be delivered in 1 to 2 weeks. There remains some work to be completed on security fence to reduce ligature risk.

WATERBURY COMPLEX RECONSTRUCTION

The estimating teams from Freeman French Freeman and PC Construction met with the State of Vermont for two days last week to reconcile budget information based on the 20% Construction Drawings. The activity resulted in identification of gaps in the each firm's estimate. This activity has given us a better understanding of the true cost of the project. The construction costs are within budget. We will focus next on the soft cost to ensure the total project cost is within budget.

- Project Budget- $124,655,000
- Encumbered and Paid to Date: $11,765,747
- PC Construction, from South Burlington, has entered into contract to perform the construction management services required for the project
- Site fence installation started on the complex the third week in August.
- Bid packages for survey, site fence, and deconstruction of Osgood have been released and are under contract.
- Casella Construction, from Rutland, has been awarded the first deconstruction bid package. Mobilization occurred the third week of August.
- The next bid package to be released will be for deconstruction of the rest of the phase 1 buildings. This work will occur over the next 9 months.
- Our next estimate will occur at 65% Construction Drawings. This estimate will better capture PC Construction's input and guidance due to the fact that they will acquire the necessary job specific knowledge.

MONTPELIER DISTRICT HEAT PLANT

Major demolition of the old heat building is complete, this includes: the walls, floors, boilers, et al. In addition, the construction of the foundation walls on the north and east side of the new building has been completed.

- Installation and relocation of site utilities, and the new fuel tank is complete.
- Discussions between the City and the State regarding the "City Room" seemed to be productive. The original overhead piping design is the direction we are now taking.

COLCHESTER HEALTH LAB

The construction phase of the project began in April 2013 with good progress. The steel frame is nearing completion and the roofing has begun. Site utility work is also well underway and should be 95% complete by November 2013. The project is scheduled to be substantially complete in August 2014 with Commissioning and move-in occurring for the next few months with final occupancy scheduled for November 2014.

- The building exterior walls are being constructed and we anticipate being fully weather tight in November 2013 as well.
- The project budget is very tight as a result of unforeseen cost incursions but we are committed to trying to stay within the funds available.

ADA COMPLIANCE UPGRADES

Bennington Courthouse & State Offices

The Superior Court will require a new ADA upgrade compliance project manager. The previous PM, Bob Greemore has retired. Meetings regarding ADA compliance needs will be scheduled when the previous PM's replacement has been selected.

WELCOME CENTERS

Bennington Welcome Center

The project is about 90% complete, though it is currently behind schedule. The project manager does have some concerns regarding the contractor's ability to meet the timetable they created. The roof structure replacement is contingent on future funding from appropriations.

- The driveway repair project is out to re-bid

WESTERN REGION CAPITAL PROJECTS

Lamoille County Courthouse

The RFP for construction management services has been reviewed by engineering and the architects, it is currently being sent over to CA for their review and comment. This month test monitoring wells will be drilled at the site for the geothermal system. There remains work to be conducted on the MOU with the courthouse representative and the court administrator.

Bennington State Office Building

- The Construction and commissioning are 100% complete on the BSOB. At this point the only maintenance items involve minor warranty work to be conducted on an ongoing basis.
- The Geothermal Energy project is complete and BGS is engaging in cost recovery negotiations with DEW. The project design is approximately 50% completed for upgrade of kitchen and dietary storage areas but the project is on hold due to funding limitations.

Vermont Veteran's Home

- Mold Remediation Project Status: Phase 1 remediation is nearly complete with Phase 2 bids due in August. Phase 3 HVAC bids go out for October.
- VA financial assistance is looking good but we won't have official notification until January of 2014.

32 Cherry Street Burlington The exterior caulking project is getting readied to go out to bid by Kevin Henderson and wallpaper removal is commencing to make way to paint interior walls and a carpet has been ordered for the court clerk area.

The Chiller, DHWH, AHU Coil, and the heating are under contract. The DHWH portion is arriving in September with the Chiller to follow in November. Project is expected to be complete in February.

108 Cherry Street Burlington

Suite 101 & 102 Renovation work is complete. The fire pump control panel replacement estimate is coming in around $75,000. This will require a need to increase the funding request. The move of the transformer to the ground level is under design. The roof replacement is set for a mid-August start.

Pittsford Police & Fire Academy

The East Cottage bridge is expected to be complete in the 4th Quarter of 2013. The pre-bid is scheduled for September 12th, 2013. Painting of the curved porches, interior, exterior and roof repair pre bid is schedule for September 12, 2013. The sewer main project plan is on hold until east cottage bridge decision is made.

- Paving of staff parking and the security lighting design is 95% complete and currently out to bid. Paving of BGS/gym parking and night security lights has been rescheduled and design is 50% complete and out to bid. The design for storm water at the entrance completed.
- The memorial entrance door structural inspection repair is planned for 4th quarter of 2013. Renovation of custodial closets bid was awarded to VMS and will be completed over the Academy's Christmas break. The electrical engineer is set to provide the design estimate dorm room door openers for Fire Safety by 4th quarter of 2013.
- Masonry chimney repair sole source completed with Girard Chimney. Other masonry exterior repairs are ongoing.

- The driver training pad safety ballards are out to bid and the design complete
- Interior painting is planned for the 4th quarter of 2013 with the bid meeting scheduled for September 4, 2013.
- Regrading of the topsoil and the seed courtyard at the rear of gym is in progress.

Marble Valley State Correctional Facility

- The design is complete for replacement of the loading dock and BGS is waiting on the contract.
- A new entry door was installed, brick removal was done on the lower windows, and the rebuild of the west wall lintels is complete.
- The mechanical room insulation and ducting/piping is also complete.

Chittenden Regional Correctional Facility

- The duct cleaning has been combined with the larger GC project which is waiting on funding availability.
- The HVAC education contract has begun with Alliance Mechanical. The BGS design group is working on the repaving design for the facility.

Northwest Regional Correctional Facility

- The transfer generator is scheduled to be changed out in the fall of 2013.

EASTERN REGION CAPITAL PROJECTS(BOB REA UPDATES)

Brattleboro State Offices

Renovations to the State Office Building were substantially completed on Friday. Moves by state employees occurred over the weekend. Work will continue on the final punch list so as to minimize any disruption to state workers.

National Life

- Completing the installation of signage and film on glass.
- Working on the completion of several punch list items.

133 State Street Tunnel

- Ninety-five percent (95%) of the site utilities have been relocated and/or installed.
- The waterproofing and backfilling of the subbasement and tunnel has been completed; waterproofing on the northeast wing is soon to be complete.
- The steel frames for the canopies over the entrances have been installed. Still need to install roof, paint and connect roof drains to the storm water system.

Westminister Barracks

- The present owner of the property is working on completing the permit requirements for the subdivision. Once this is complete, the property can be purchased by the State and the construction permits submitted.
- Preparation for the State's permit applications continues along with the code review and the drawing updates that this requires.

Southeast State Correctional Facility

The new waterline and storage tank project is almost completed. Small cracks in the concrete tank have been inspected and an appropriate sealant is being recommended by our design engineer, Dubois and King. A sprinkler line has been extended to North Country Dorm and work is ongoing toward the installation of a sprinkler system in the building.

Southern State Correctional Facility

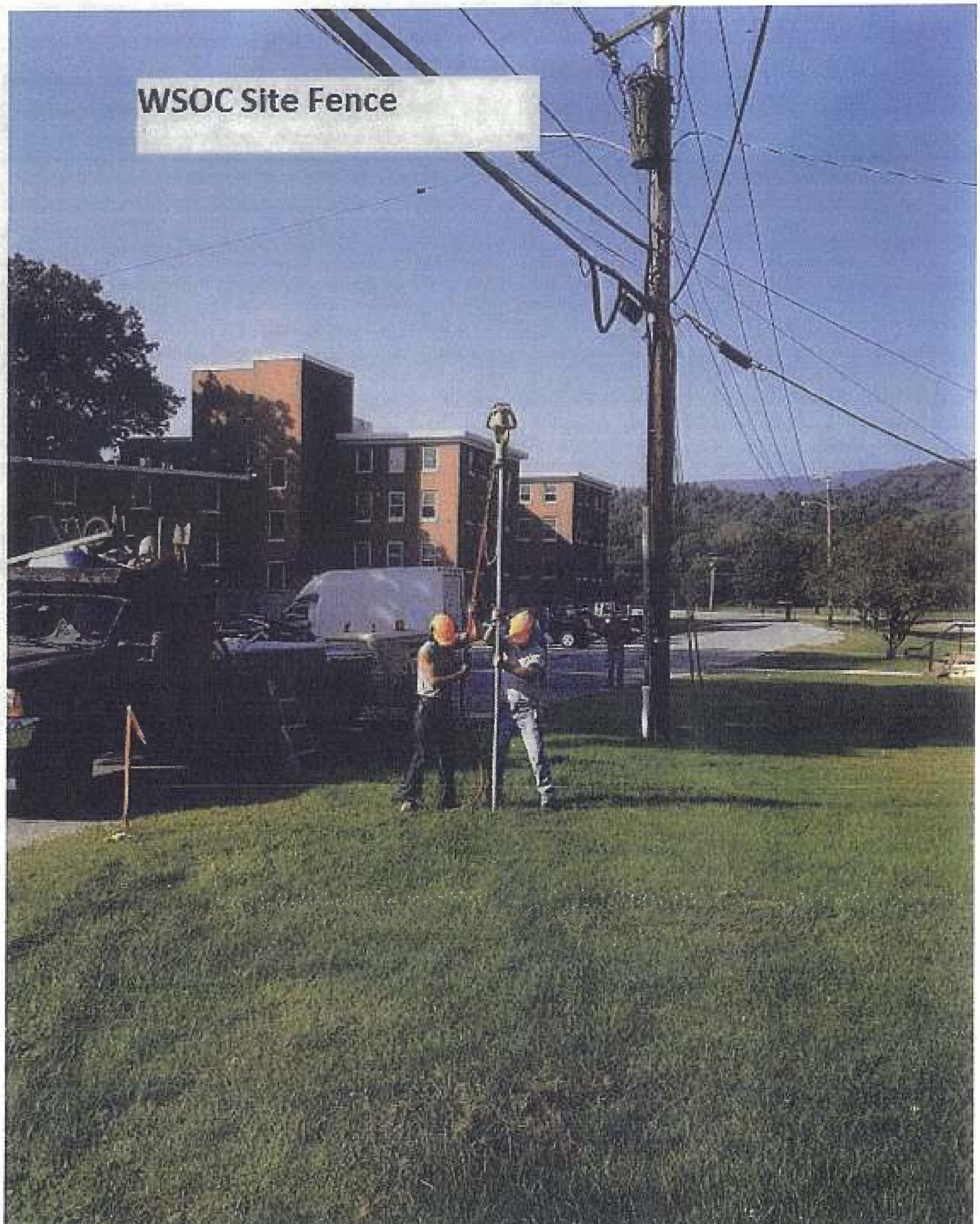
- The design for the steam line replacement is being done in house. The project is to be bid in January when contractors are lining up big projects for the summer, so that we can take advantage of the favorable bidding conditions. It is anticipated that construction will begin in the spring as soon as the frost is out of the ground. Coordination with the Department of Corrections will dictate actual start date.

- Salem Engineering is in the process of getting a sole source contract to develop design documents for bidding the copper waterline repairs/replacements. Once the design is completed, construction managers will be invited to bid on this project.

ATTACHMENTS:

- Photograph WSOC Site Fence
- Photograph Deconstruction of Osgood link

Deconstruction of Osgood Link


WSOC Site Fence

Clasen N.3
9/11/13

9/11/2013

Overall WSOC Funding Summary

Scope of Work	Projected Costs	Combined FEMA PA & Insurance	Anticipated Insurance Proceeds [5]	Agreed FEMA PA Eligible Costs After Insurance [6]
Elective Renovation and New Construction [1]	$ 146,000,000	$ -	$ -	$ -
FEMA-Eligible Scope of Repair for WSOC Buildings [2]	$ -	$ 53,077,624	$ 18,121,332	$ 34,956,292
Vermont State Hospital [3]	$ 43,000,000	$ 30,279,499	$ 5,912,402	$ 24,367,097
Emergency, Completed & Other Work [4]	$ 36,500,000	$ 36,138,599	$ 29,216,173	$ 6,922,426
Totals:	$225,500,000	$119,495,722	$53,249,907	$66,245,815

Notes:

[1] $146m estimate includes $125m for WSOC renovations and new construction, $9m for National Life and $12m estimate for future Ag Lab

[2] FEMA PA eligible scope in subgrants: PW 3307 - SRIA Consolidated Subgrant, PW 3237 - Ag Lab and PW 3265 - Public Safety Building

[3] State elected to apply FEMA PA funding & Insurance proceeds for repairs to Brooks and Annex towards decentralized & improved mental health care facilities in Berlin, Brattleboro, Rutland, Middlesex & Morrisville

[4] Emergency, Completed & Other Work also includes temporary relocation, moving costs, clean up, stabilization, contents and equipment

[5] Anticipate insurance proceeds of $53,249,907 based on the FEMA PA eligible scope of work of all repair and emergency work; actual proceeds will depend on the final statement of loss from the State's insurance carrier

[6] Supplemental FEMA Public Assistance funding (i.e. after reduction for anticipated insurance proceeds) is $66,245,815; this is subject to the 90% federal : 10% non-federal cost share for the Irene disaster declaration (DR-4022-VT); State's 10% cost share = $6,624,582

Overall State Cost = $225,500,000 (total) - $119,495,722 (FEMA PA & Ins.) + $6,624,582 (10% cost share) = $112,628,860

Non-FEMA PA & Insurance Sources of Funding:

- Vermont Legislature = $102,392,636 (VSH Acts of 2011 - $2,562,636; Acts of 2012 (SFY'13) - $18m; Acts of 2012 - Waterfall - $11.33m; Acts of 2013 - SFY'14 and '15 - $67m; and National Life Renovations Agreement - $3.5m)
- Potential FEMA HMGP grant for demolition of 4 structures at WSOC = $631,547; the 75% federal : 25% non-federal cost share would result in $462,000 of additional funding

Anticipated State funding need to be requested in FY16 Capital Budget **= $112,628,860 - $102,392,636 - $462,000 = $9,774,224**

Without the Sandy Recovery Improvement Act of 2013 (SRIA), approx. $25m of 406 mitigation would not have applied towards the State's plan for WSOC

I,

MEMORANDUM

To: Joint Fiscal Committee
From: Fred Kenney, Executive Director, Vermont Economic Progress Council
Mary Peterson, Commissioner, Department of Taxes
Date: August 30, 2013
RE: 2013 VEGI Annual Report

VEPC and the Department of Taxes respectfully request an extension of the September 1, 2013 due date for the 2013 VEGI Annual Report.

As you know, VEPC has two staff, an Executive Director and one classified employee. The classified position has been vacant since June. Refilling the position required reclassification of the position to help handle the new TIF responsibilities added to VEPC's role by Act 80 and waiting for the new HR system to be online. The position has now been filled and the new employee starts on September 3.

Also, having the report ready for publication by September 1 requires that the Department of Taxes provide VEPC with the required VEGI data sets before August 1. These data sets must be run through the VEGI cost-benefit model to calculate the net revenue benefit and be worked into the report for publication, a process that takes about 20-30 days. The data was delayed because the Tax Department analyst discovered some anomalies and required extra time to assure data accuracy. The data was sent to VEPC on August 20.

We expect to publish the report by the end of September. As an interim report, attached is the latest report on VEGI authorizations that is published by VEPC each month.

Thank you for your consideration.

VERMONT EMPLOYMENT GROWTH INCENTIVE - AUTHORIZATION SUMMARY

Company Name	Date Considered	Authorization Period	Status	Maximum Incentive Considered	Minimum Net Revenue Benefit	Green Subsection 5 Lookback Waived	Location	Type of Project
Green Mountain Coffee Roasters, Inc.	25-Oct-07	2007 - 2011	Active-Final	$ 1,786,828	$ 2,129,672	n/a	Waterbury/Essex	Ret./Expansion
Vermont College of Fine Arts	27-Mar-08	2008-2012	Active-Final	$ 206,737	$ 126,260	n/a	Montpelier	Start-up
Utility Risk Management Corp	23-Oct-08	2008-2012	Active-Final	$ 377,371	$ 185,973	n/a	Stowe	Recruitment/Relocation
BioTek Instruments, Inc./Lionheart Technologies, Inc.	4-Dec-08	2009-2013	Active-Final	$ 692,854	$ 1,059,543	n/a	Winooski	Ret./Expansion
Albany College of Pharmacy	22-Jan-09	2009-2013	Active-Final	$ 630,859	$ 345,716	n/a	Colchester	Recruitment/Exp.
ASK-intTag, LLC	26-Mar-09	2009-2013	Active-Final	$ 553,722	$ 263,998	n/a	Essex	Recruitment/Start-up
Commonwealth Yogurt, Inc.	25-Jun-09	2009-2013	Active-Final	$ 1,201,154	$ 614,505	n/a	Brattleboro	Recruitment/Start-up
AirBoss Defense USA, Inc.	24-Sep-09	2009 -2013	Active-Final	$ 243,280	$ 116,725	n/a	Milton	Recruitment/Exp.
Maple Mountain Woodworks, LLC	17-Dec-09	2009-2013	Active-Final	$ 143,436	$ 59,857	n/a	Richford	Start-up
Terry Precision Bicycles for Women, Inc.	17-Dec-09	2009-2013	Active-Final	$ 126,296	$ 53,440	n/a	Burlington	Recruitment/Relocation
Northern Power Systems, Inc.	17-Dec-09	2009-2013	Active-Final	$ 808,104	$ 235,796	Green	Barre	Ret./Expansion
Green Mountain Coffee Roasters, Inc.	17-Dec-09	2009-2013	Active-Final	$ 292,307	$ 1,736,611	n/a	Chittenden County	Ret./Expansion
MyWebGrocer, Inc	22-Oct-09	2010-2014	Active-Final	$ 453,475	$ 286,567	n/a	Colchester	Ret./Expansion
SBE, Inc.	17-Dec-09	2010-2014	Active-Final	$ 3,048,671	$ 817,673	Green	Barre	Ret./Expansion
Seldon Technologies, Inc.	17-Dec-09	2010-2014	Active-Final	$ 478,396	$ 136,972	Green	Windsor	Ret./Expansion
New England Supply, Inc.	25-Mar-10	2010-2014	Active-Final	$ 67,953	$ 36,088	n/a	Williston	Start-up
Westminster Cracker Company, Inc.	22-Jul-10	2010-2014	Active-Final	$ 236,246	$ 96,360	Sub 5	Rutland	Ret./Expansion
Revision Eyewear, Ltd.	28-Oct-10	2010-2014	Active-Final	$ 552,193	$ 449,055	n/a	Essex	Ret./Expansion
Dealer.com, Inc.	16-Dec-10	2010-2014	Active-Final	$ 4,929,487	$ 2,644,946	n/a	Burlington	Ret./Expansion
Swan Valley Cheese Company of Vermont	16-Dec-10	2010-2014	Active-Final	$ 305,830	$ -	Sub 5	Swanton	Plant Restart/Start-up
Alpla, Inc.	16-Dec-10	2011-2015	Active-Final	$ 654,438	$ 181,570	Green	Essex	Recruitment/Exp.
Bariatrix Nutrition Corp	27-Jan-11	2011-2015	Active-Final	$ 135,653	$ 92,251	n/a	Georgia	Ret./Expansion
WCW, Inc.	27-Oct-11	2011-2015	Active-Final	$ 512,449	$ 202,024	n/a	Manchester	Recruitment/Relocation
VSC Holdings, Inc.	27-Oct-11	2011-2015	Active-Final	$ 156,913	$ 86,727	n/a	Hinesburg	Ret./Expansion
Concepts ETI, Inc	8-Dec-11	2011-2015	Active-Final	$ 290,335	$ 117,880	Green/LBW	Wilder	Ret./Expansion
SOH Wind Engineering, LLC	8-Dec-11	2011-2015	Active-Final	$ 153,995	$ 41,793	Green	Williston	Recruitment/Start-up
Green Mountain Coffee Roasters, Inc.	8-Dec-11	2011-2015	Active-Final	$ 4,696,809	$ 6,297,553	n/a	Essex	Ret./Expansion
Ellison Surface Technologies, Inc.	8-Dec-11	2011-2015	Active-Final	$ 688,462	$ 289,406	Sub 5	Rutland	Ret./Expansion
Mylan Technologies, Inc	13-Dec-12	2012-2016	Active-Final	$ 5,733,506	$ 2,786,740	n/a	St. Albans	Ret./Expansion
Commonwealth Dairy, LLC II	25-May-12	2012-2016	Active-Final	$ 303,004	$ 277,714	n/a	Brattleboro	Ret./Expansion
Revision Ballistics	13-Dec-12	2012-2016	Active-Final	$ 734,081	$ -	Sub 5	Newport	Plant Restart/Start-up
Seventh Generation	13-Dec-12	2012-2016	Active-Final	$ 454,728	$ 233,150	Green	Burlington	Ret./Expansion
Performa Limited, LLC	25-Oct-12	2012-2016	Active-Final	$ 133,618	$ 62,088	n/a	Burlington	Ret./Expansion
AFCell Medical	24-Mar-11	2013-2017	Active-Initial	$ 1,338,444	$ 640,057	n/a	TBD	Recruitment/Start-up
Freedom Foods	13-Dec-12	2013-2017	Active-Initial	$ 320,423	$ 151,703	Ed Tax Stabil	Randolph	Ret./Expansion
BioTek Instruments, Inc./Lionheart Technologies, Inc.	28-Mar-13	2013-2017	Active-Initial	$ 616,283	$ 555,883	n/a	Williston	Ret./Expansion
Cambridge Valley Machining, Inc.	28-Mar-13	2013-2017	Active-Initial	$ 140,048	$ 65,594	Sub 5	Bennington	Recruitment/Expansion
Dealer.com	25-Apr-13	2013-2017	Active-Initial	$ 1,299,946	$ 2,021,744	n/a	Burlington	Ret./Expansion
Logic Supply, Inc.	25-Apr-13	2013-2017	Active-Initial	$ 341,912	$ 220,866	n/a	South Burlington	Ret./Expansion
Farmer Mold & Machine	25-Jul-13	2013-2017	Active-Initial	$ 315,268	$ 21,082	Sub 5	Rutland	Recruitment/Relocation
JBM Sherman Carmel	22-Aug-13	2013-2017	Active-Initial	$ 160,781	$ 8,711	Sub 5	Bennington	Ret./Expansion
NEWCO (Earth Bros/Lorentz Meats)	25-Jul-13	2014-2018	Active-Initial	$ 319,310	$ 58,859	Sub 5	No. Springfield	Recruitment/Start-up

Application Count	Total Considered	Authorized-Active	Terminated/Rescinded	Denied
Total Applications:	77	41	31	5
Green VEGI Applications:	16	11	4	1
Subsection 5 Applications:	10	8	2	0

Total Incentives:

Total Incentives Considered To Date	$ 58,476,802
Total Incenitves Denied To Date	$ 2,198,190
Total Incentives Rescinded/Revoked to Date	$ 19,694,556
Net Incentives Authorized to Date	$ 36,584,056

Annual Incentives/Caps:

2007 Cap	$ 10,000,000
2007 Authorizations (Earned 2007 - 2011; Paid out 2008 - 2016)	$ 1,942,954
2007 Cap Balance	$ 8,057,046
2008 Cap	$ 10,000,000
2008 Authorizations (Earned 2008 - 2012; Paid out 2009 - 2017)	$ 584,108
2008 Cap Balance	$ 9,415,892
2009 Cap	$ 10,000,000
2009 Authorizations (Earned 2009 - 2013; Paid out 2010 - 2018)	$ 4,692,012
2009 Cap Balance	$ 5,307,988
2010 Cap	$ 23,000,000
2010 Authorizations (Earned 2010 - 2014; Paid out 2011 - 2019)	$ 10,183,886
2010 Cap Balance	$ 12,816,114
2011 Cap	$ 18,000,000
2011 Authorizations (Earned 2011 - 2015; Paid out 2012 - 2020)	$ 7,289,054
2011 Cap Balance	$ 10,710,946
2012 Cap	$ 12,000,000
2012 Authorizations (Earned 2012 - 2016; Paid out 2013 - 2021)	$ 7,358,937
2012 Cap Balance	$ 4,641,063
2013 Cap	$ 10,000,000
2013 Authorizations (Earned 2013-2017; Paid out 2014-2022)	$ 4,533,105
2013 Cap Balance	$ 5,466,895
2014 Cap	$ 10,000,000
2014 Authorizations (Earned 2014-2018; Paid out 2015-2023)	$ 319,310
2014 Cap Balance	$ 9,680,690

Annual SubSection 5 Cap:

2007 - 2009 Cap Per Year	$ 1,000,000
2007 - 2009 SubSection 5 Utilization	$ -
2007 - 2009 Cap Balance Per Year	$ 1,000,000
2010 Cap	$ 1,000,000
2010 SubSection 5 Utilization	$ 198,805
2010 Cap Balance	$ 801,195
2011 Cap	$ 1,000,000
2011 SubSection 5 Utilization	$ 322,655
2011 Cap Balance	$ 677,345
2012 Cap	$ 1,000,000
2012 SubSection 5 Utilization	$ 247,633
2012 Cap Balance	$ 752,367
2013 Cap	$ 1,000,000
2013 SubSection 5 Utilization	$ 148,550
2013 Cap Balance	$ 851,450
2014 Cap	$ 1,000,000
2014 SubSection 5 Utilization	$ 75,214
2014 Cap Balance	$ 924,786

Estimated Direct Economic Impact:

New Qualifying FT Jobs Projected (Created between 2007 - 2018)	3,435
New Qualifying FT Payroll Projected (Created between 2007 - 2018)	$ 165,344,367
Weighted Average Wage of New Qualifying Jobs	$ 47,996
Average Total Compensation for New Qualifying Jobs	$ 58,374
Qualified Capital Investment Projected (Invested between 2007 - 2018)	$ 553,880,948

Estimated Direct Fiscal Impact:

Total Revenue Benefits to the State (P.V.) (2007 - 2018)	$ 89,710,281
Total Revenue Costs to the State, Including Incentives (P. V.) (2007 - 2018)	$ 57,961,086
Net Fiscal Return to the State (2007 - 2018)	**$ 31,749,195**

Estimated Related Economic Activity:

Retained Full-time Jobs	4,784
Full-time Non-Qualifying Job Creation	258
Indirect Job Creation	3,438
Total Full-time Job Creation (2007-2018)	7,131
New Payroll Considered "Background Growth"	$ 39,648,203
Average Health Care Premium Paid by Employer	75%
Approximate Value of VT Business to Business Interaction	$ 109,688,008

Demographics:

Type of Project:		Size (by # employees at application):	
Start Up	4	0 - 20	18
Plant Re-Start	2	21 - 50	10
Recruitment	12	51 - 75	3
Retention/Expansion	24	76 - 100	1
Type of Expansion:		101 - 150	2
No Facility Expansion	5	151 - 200	2
Expansion of Current, Existing Facility	10	201 - 500	2
Acquisition/Reuse of Exisiting Facility	22	500+	4
Construction of New Facility	5	**Vermont vs. Non-Vermont owned:**	
		Vermont-based	27
		Non Vermont-Based	15

DEFINITIONS OF TERMS USED IN THIS SPREADSHEET:

Rescinded: Initial Approval is rescinded. No Final Application Filed. No incentives ever earned or paid.
Terminated: Authority to earn additional incentives revoked. **Term./Recap** -Any incenitves paid are recaptured.
Active-Initial: Initial Application approved; Incentives not yet authorized. Must file Final Application by end of calendar year.
Active-Final: Final Application approved. Incentives authorized.
Green VEGI: Incentive enhancement for environmental technology companies. See 32 VSA 5930b(g)
Sub.5: Incentive enhancement for projects in high unemployment, low economic activity areas. See 32 VSA 5930b(b)(5).
LBW or Look Back Waived: Waiver of adjustment due to drop in employment. See 32 VSA 5930a(c)(1).
Ed Tax Stabil: Applicant chose stabilization of incremental Education Property Tax as incentive

Incentive Enhancements:

	Increase in Incentives Due to Enhancements:	Decrease in Net Revenue Return Due to Enhancements:
Green VEGI	$ 1,270,214	$ 1,120,103
Subsection 5	$ 917,643	$ 839,476
Totals	$ 2,187,857	$ 1,959,579

II.

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: Legislative Joint Fiscal Committee

CC: Doug Racine, Mark Larson, Jeb Spaulding, Robin Lunge

FROM: Steve Maier, Health Care Reform Manager, DVHA

DATE: September 6, 2013

RE: Report on Health Care Reinvestment Fund per 32 VSA Sec 10301(g)

This memorandum serves as a report on the State HIT Fund, for the SFY13 just ended and including a summary of all cumulative receipts and expenditures through June 30, 2013.

A year by year summary of the Fund's activity is included in a table below. You will note that it includes a SFY 13 year-end balance of $6.96m in the Fund. This compares to the SFY 12 year-end balance of $6.56m as reported last year. As reported in prior years and in other venues, because of the influx of significant federal resources over the last several years, we had been building a balance in the Fund, with an eye toward that day when federal resources begin to wane. There is still a need to maintain a balance of these resources in reserve for future purposes – primarily to match federal financial participation in health care reform initiatives – but, as projected, we are now entering a period where fund expenditures will be increasing.

HIT Fund

SFY	Receipts	Expenditures	Balance
SFY 09*	$ 1,725,506.00	$ 1,404,447.00	$ 321,059.00
SFY 10	$ 2,462,827.92	$ 127,389.00	$ 2,656,497.92
SFY 11	$ 2,877,846.67	$ 589,402.00	$ 4,944,942.59
SFY 12	$ 3,467,955.96	$ 1,856,814.45	$ 6,556,084.10
SFY13	$ 3,122,198.81	$ 2,721,643.07	$ 6,956,639.84
SFY14			
Total	$ 13,656,335.36	$ 6,699,695.52	
SFY 14 Pr	$ 3,000,000.00	$ 5,532,557.00	$ 4,424,082.84
SFY15	$ 3,000,000.00	$ 4,897,238.00	$ 2,526,844.84
SFY16	$ 3,000,000.00	$ 3,839,460.00	$ 1,687,384.84
SFY17	$ 3,000,000.00	$ 3,669,771.00	$ 1,017,613.84

Most significantly, the State's Cooperative Agreement Grant from the Office of the National Coordinator (ONC) is depleted and will be closed out in the next few months. The ONC grant derived from the ARRA/HITECH Act and was specifically applied to Health Information Exchange activities. That grant has been the primary source of State funding for Vermont Information Technology Leaders (VITL), through the grant agreement between DVHA and VITL. We have received approval for future federal financial participation for some HIT and related Health Information Exchange (HIE) expenses through a CMS "fair share" formula for HITECH expansion. However, the match for that funding stream is not so favorable and significantly more money is now required from the HIT Fund.

As a result of the approved funding match from CMS for their "fair share" contribution to HIE expenditure totaling $1.88m (at 90/10 funding rate) for Federal fiscal year 2014, the Fund balance is now obligated to match that and to cover the balance of the VITL grant agreement, and other projected uses.

The graph below shows the distribution of the **cumulative** HIT/ HIE expenditures supported by the HIT Fund for the SFYs 2009 through 2013, with the corresponding total expenditures including the leveraged federal financial participation, for the following projects/ initiatives:

- **EHR Incentive Program –** The HITECH Act also introduced the Electronic Health Record (EHR) Incentive Program, which states can choose to participate in by establishing a state-specific Medicaid incentive program for the adoption and meaningful use of this technology. Eligible hospitals and professionals who satisfy the criteria for attestation can receive significant incentive payments. Vermont's program is supported by 90/10 funding from CMS with the HIT Fund covering the 10% match for program software and operations. The incentive payments themselves are 100% Federal funds but are drawn down and paid out by the State. This program will run through 2021. To date this program (http://hcr.vermont.gov/hit/ehrip) has paid out approximately $27,500,000 to Vermont and New Hampshire hospitals and professional providers, all of whom are registered Medicaid providers in Vermont. When the total incentive payments are considered on a per capital basis, Vermont's program is the second most successful in the nation.
- **Vermont Information Technology Leaders (VITL)** -- Vermont statute (18 V.S.A. §9352) designates VITL (http://vitl.net), a private non-profit corporation, as the exclusive statewide Health Information Exchange for Vermont. VITL has received State funding supporting their work since 2005, some of which in recent years has paid for the development and operation of the IT necessary to stand up the Vermont Health Information Exchange (VHIE). VITL contracts directly with an HIE vendor (Medicity - http://www.medicity.com) to provide the necessary services. Because of VITL's legislative authority and partnership status with the State, their funding is in the form of a grant which is renewed on an annual basis. Current funding is through a mix of federal (ONC, SMHP/ IAPD, GC) and State (HIT Fund) funding.
- **Blueprint HIT Infrastructure –** The Vermont Blueprint for Health has made HIT investments for several years to support the program's goals and requirements. The largest of these investments has been for the development and operation of a statewide clinical data registry. The current vendor for this registry is Covisint DocSite (http://www.covisint.com/web/guest/healthcare/physicians/enterprise). This web based system supports individualized patient care with guideline based decision support. It also supports management of populations with flexible reporting that moves easily between groups of patients selected by specific criteria and their individual patient records. Flexible comparative effectiveness reporting is readily available across providers, practices, organizations, and health services areas.

The registry can also serve as an integrated health record across independent practices and organizations.

- **VITL Regional Extension Center (REC)** – The ONC also offers grants to entities establishing themselves as Regional Extension Centers (RECs) to help providers and practices select, implement, and attest for an EHR incentive payment from either the federal Medicare incentive program or the state Medicaid incentive program. In Vermont the REC grant was awarded to VITL which has made for great alignment with the purposes of the Medicaid incentive program, with the practice enrollment efforts of the Blueprint program, and with expanding the HIE to connect more practices. The REC grant is 90/10 funding and the State used HIT Fund spending to provide the 10 percent match. This was done in the form of a grant from DVHA to VITL. This program has been very successful for VITL and has resulted in agreements between VITL and practices representing 870 primary care providers in the state to utilize VITL services in implementing and connecting their systems. More than 770 primary care providers in Vermont now use some form of EHR technology, second only to Massachusetts on a percentage basis. VITL's REC grant expires in February but the State will be supporting the continuation of this team of specialists through the VITL Grant Agreement.
- **HIT Planning and Support Grants** – The State has provided a number of smaller grants for HIT planning and support services to:
    - agencies representing the State's mental health, home health, and nursing home organizations
    - Bi-State Primary Care Association, in support of HIT services to FQHCs and other health centers across the State
    - Provider organization HIT support through small grants made available to each of the State's Health Service Areas (HSAs)

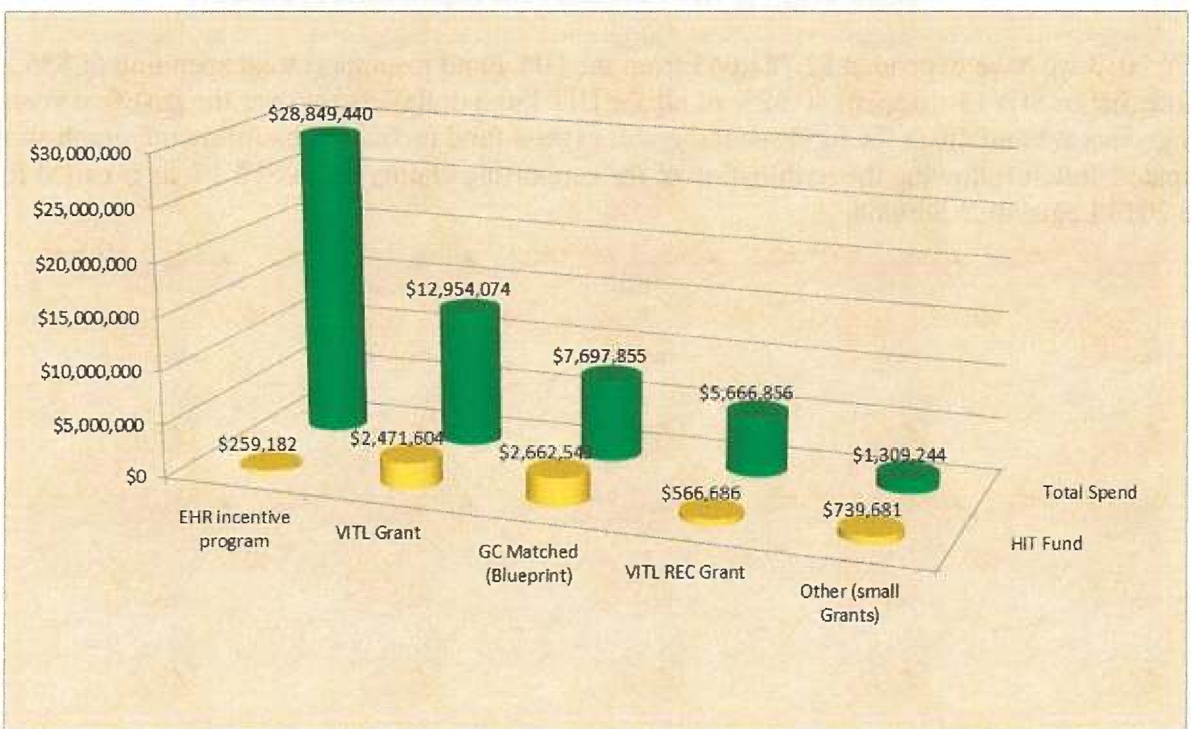


Figure 1: <u>Cumulative</u> HIT Fund and Total Expenditures by HIT Initiative

In total, since 2009 we have expended $6,699,696 from the HIT Fund to support total spending of $56,477,469.

The following graph shows a similar distribution of HIT Fund and total expenditures by initiative for just SFY13:

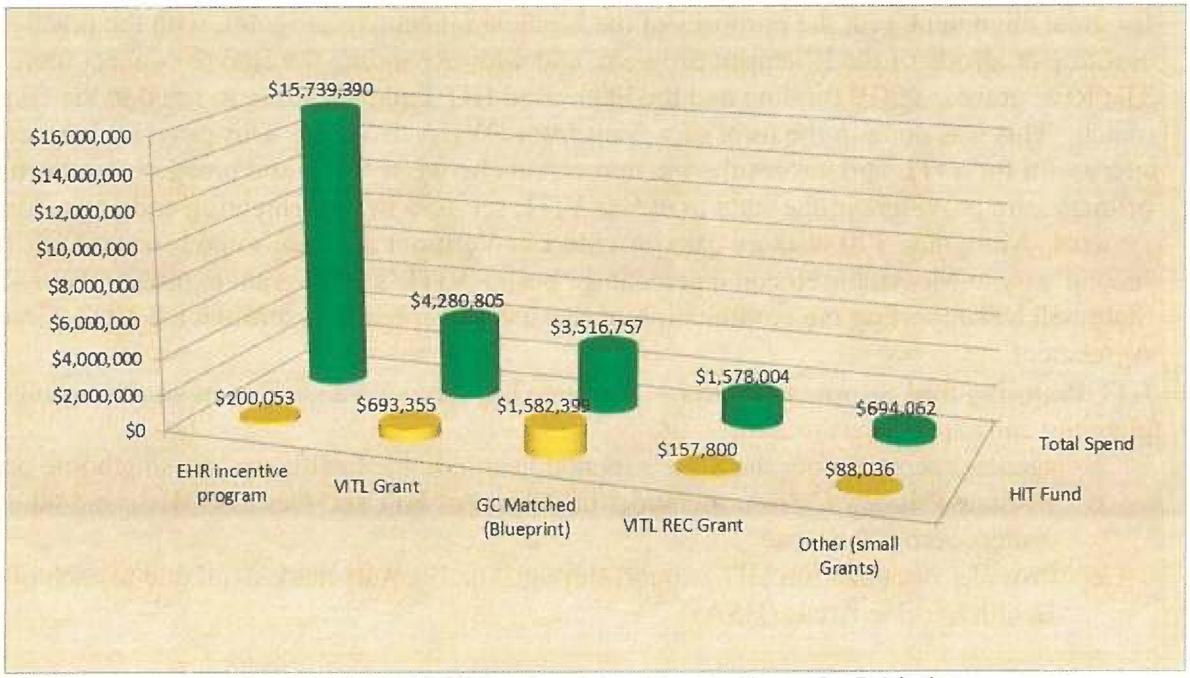
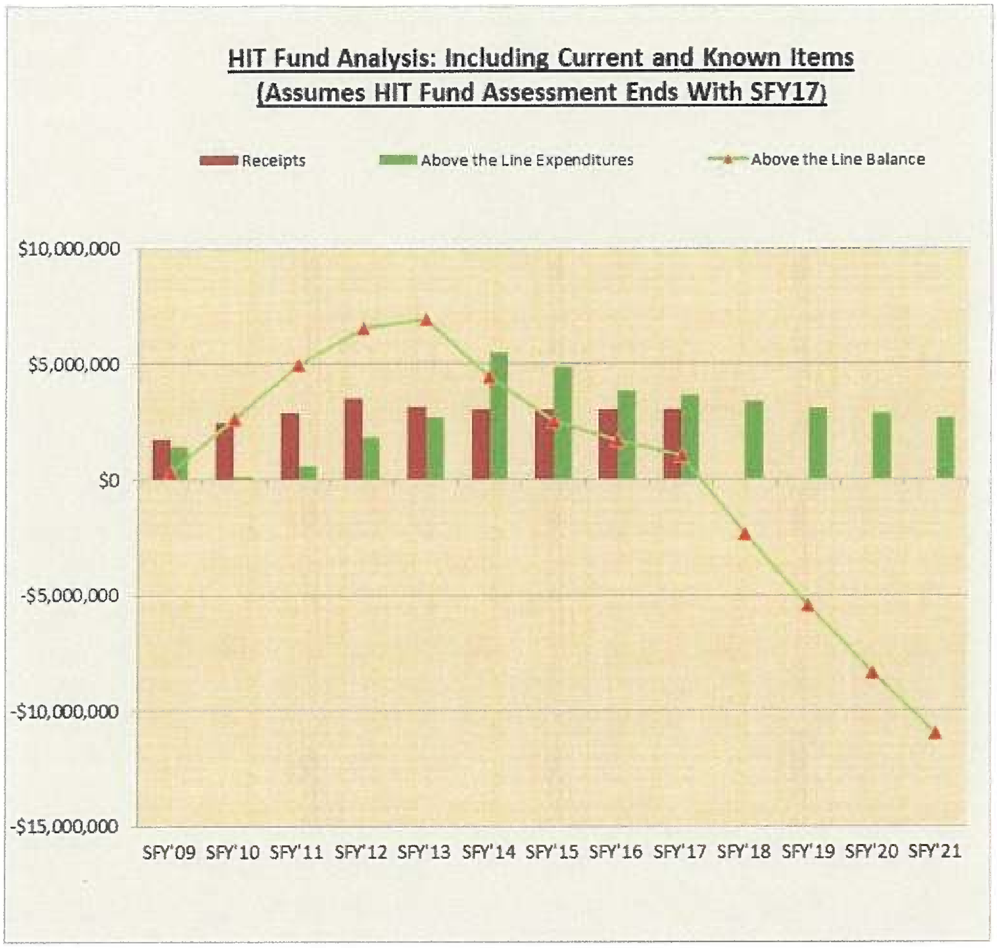


Figure 2: <u>SFY13</u> HIT Fund and Total Expenditures by Initiative

In SFY 2013 we have expended $2,721,643 from the HIT Fund to support total spending of $25,809,018. We note that in SFY13 we spent 40.62% of all the HIT Fund dollars spent over the past five years. In the coming years we anticipate the fund spending will exceed fund income. The following graph shows an anticipated deficit following the termination of the supporting claims tax in SFY17, as is called for in H.295 of the 2013 Legislative Session:



This graph reflects an initial effort to project the future HIT Fund balance under a general assumption that initiatives currently supported by the HIT Fund should continue to be supported. All data reflected in the graph through SFY13 are accurate, and SFY14 data reflect the current budget, but all other future data represent a single set of assumptions. The point of the graph is that expenditures will exceed receipts in the current SFY and the HIT Fund balance will likely be depleted in the next 4-5 years. The growing deficit following depletion of the fund and the termination of the claims tax is only one possible scenario, but it emphasizes the need to develop more accurate projections and to open the dialog about the future of the initiatives currently included in the HIT Fund portfolio.

For now, the HIT Fund is in a good position and the short-term work in the next few years should be covered. The State has successfully leveraged the HIT Fund to obtain additional matching funds in support of covered initiatives and to put stimulus funds in the form of incentive payments into the Vermont economy. All spending has been in alignment with the intended purpose of the Fund.

We are available to answer any questions you may have about the fund, and to provide additional explanations as needed, in writing or in person.

III

MCO Investment Expenditures

Department	Criteria	Investment Description	SFY06 Actuals - 3/4 SFY	SFY07 Actuals
DOE	2	School Health Services	$ 6,397,319	$ 8,956,247
AOA	4	Blueprint Director	$ -	$ -
GMCB	4	Green Mountain Care Board	$ -	$ -
BISHCA	2	Health Care Administration	$ 983,637	$ 914,629
DII	4	Vermont Information Technology Leaders	$ 266,000	$ 105,000
VVH	2	Vermont Veterans Home	$ 747,000	$ 913,047
VSC	2	Health Professional Training	$ 283,154	$ 391,698
UVM	2	Vermont Physician Training	$ 2,798,070	$ 3,870,682
VAAFM	3	Agriculture Public Health Initiatives	$ -	$ -
AHSCO	2	Designated Agency Underinsured Services	$ -	$ -
AHSCO	4	2-1-1 Grant	$ -	$ -
VDH	2	Emergency Medical Services	$ 174,482	$ 436,642
VDH	2	AIDS Services/HIV Case Management	$ 152,945	$ -
VDH	2	TB Medical Services	$ 27,052	$ 29,129
VDH	3	Epidemiology	$ 326,708	$ 427,075
VDH	3	Health Research and Statistics	$ 276,673	$ 403,244
VDH	2	Health Laboratory	$ 1,369,982	$ 1,908,982
VDH	4	Tobacco Cessation: Community Coalitions	$ 938,056	$ 1,647,129
VDH	3	Statewide Tobacco Cessation	$ -	$ -
VDH	2	Family Planning	$ 365,320	$ 122,961
VDH	4	Physician/Dentist Loan Repayment Program	$ 810,716	$ 439,140
VDH	2	Renal Disease	$ 15,000	$ 7,601
VDH	2	Newborn Screening	$ 74,899	$ 166,795
VDH	2	WIC Coverage	$ 161,804	$ 1,165,699
VDH	4	Vermont Blueprint for Health	$ 92,049	$ 1,975,940
VDH	4	Area Health Education Centers (AHEC)	$ -	$ 35,000
VDH	4	Community Clinics	$ -	$ -
VDH	4	FQHC Lookalike	$ -	$ -
VDH	4	Patient Safety - Adverse Events	$ -	$ -
VDH	4	Coalition of Health Activity Movement Prevention Program (CHAMPPS)	$ -	$ 100,000
VDH	2	Substance Abuse Treatment	$ 1,466,732	$ 2,514,963
VDH	4	Recovery Centers	$ 171,153	$ 287,374
VDH	2	Immunization	$ -	$ -
VDH	2	DMH Investment Cost in CAP	$ -	$ -
VDH	4	Poison Control	$ -	$ -
VDH	4	Challenges for Change: VDH	$ -	$ -
VDH	3	Fluoride Treatment	$ -	$ -
VDH	4	CHIP Vaccines	$ -	$ -
VDH	4	Healthy Homes and Lead Poisoning Prevention Program	$ -	$ -
DMH	2	Special Payments for Treatment Plan Services	$ 101,230	$ 131,309
DMH	2	MH Outpatient Services for Adults	$ 775,899	$ 1,393,395
DMH	2	Mental Health Elder Care	$ 38,563	$ 37,682
DMH	4	Mental Health Consumer Support Programs	$ 451,606	$ 546,987
DMH	2	Mental Health CRT Community Support Services	$ 2,318,668	$ 602,186
DMH	2	Mental Health Children's Community Services	$ 1,561,396	$ 3,066,774
DMH	2	Emergency Mental Health for Children and Adults	$ 1,885,014	$ 1,988,548
DMH	2	Respite Services for Youth with SED and their Families	$ 385,581	$ 485,586
DMH	2	CRT Staff Secure Transportation	$ -	$ -
DMH	2	Recovery Housing	$ -	$ -
DMH	2	Transportation - Children in Involuntary Care	$ 4,768	$ 1,075
DMH	2	Vermont State Hospital Records	$ -	$ -
DMH	4	Challenges for Change: DMH	$ -	$ -
DMH	2	Seriously Functionally Impaired	$ -	$ -
DMH	2	Acute Psychiatric Inpatient Services	$ -	$ -
DMH	2	Institution for Mental Disease Services: DMH	$ -	$ -

Department	Criteria	Investment Description	SFY06 Actuals - 3/4 SFY	SFY07 Actuals
DVHA	4	Vermont Information Technology Leaders/HIT/HIE/HCR	$ -	$ -
DVHA	4	Vermont Blueprint for Health	$ -	$ -
DVHA	1	Buy-In	$ 4,594	$ 314,376
DVHA	1	Vscript Expanded	$ 1,695,246	$ -
DVHA	1	HIV Drug Coverage	$ 31,172	$ 42,347
DVHA	1	Civil Union	$ 373,175	$ 543,986
DVHA	1	Vpharm	$ -	$ -
DVHA	4	Hospital Safety Net Services	$ -	$ -
DVHA	2	Patient Safety Net Services	$ -	$ -
DVHA	2	Institution for Mental Disease Services: DVHA	$ -	$ -
DVHA	2	Family Supports	$ -	$ -
DCF	2	Family Infant Toddler Program	$ -	$ 199,064
DCF	2	Medical Services	$ 69,893	$ 91,569
DCF	2	Residential Care for Youth/Substitute Care	$ 9,181,386	$ 10,536,996
DCF	2	AABD Admin	$ 988,557	$ -
DCF	2	AABD	$ 2,415,100	$ -
DCF	2	Aid to the Aged, Blind and Disabled CCL Level III	$ 96,000	$ 2,617,350
DCF	2	Aid to the Aged, Blind and Disabled Res Care Level III	$ -	$ 143,975
DCF	2	Aid to the Aged, Blind and Disabled Res Care Level IV	$ 210,989	$ 312,815
DCF	2	Essential Person Program	$ 542,382	$ 675,860
DCF	2	GA Medical Expenses	$ 254,154	$ 339,928
DCF	2	CUPS/Early Childhood Mental Health	$ -	$ -
DCF	2	VCRHYP/Vermont Coalition for Runaway and Homeless Youth Program	$ -	$ -
DCF	2	HBKF/Healthy Babies, Kids & Families	$ -	$ -
DCF	1	Catamount Administrative Services	$ -	$ -
DCF	2	Therapeutic Child Care	$ -	$ -
DCF	2	Lund Home	$ -	$ -
DCF	2	GA Community Action	$ -	$ -
DCF	3	Prevent Child Abuse Vermont: Shaken Baby	$ -	$ -
DCF	3	Prevent Child Abuse Vermont: Nurturing Parent	$ -	$ -
DCF	4	Challenges for Change: DCF	$ -	$ -
DCF	2	Strengthening Families	$ -	$ -
DCF	2	Lamoille Valley Community Justice Project	$ -	$ -
DCF	3	Building Bright Futures	$ -	$ -
DDAIL	2	Elder Coping with MMA	$ 441,234	$ -
DDAIL	2	Mobility Training/Other Svcs.-Elderly Visually Impaired	$ 187,500	$ 250,000
DDAIL	2	DS Special Payments for Medical Services	$ 394,055	$ 192,111
DDAIL	2	Flexible Family/Respite Funding	$ 1,086,291	$ 1,135,213
DDAIL	4	Quality Review of Home Health Agencies	$ -	$ 77,467
DDAIL	4	Support and Services at Home (SASH)	$ -	$ -
DDAIL	4	HomeSharing	$ -	$ -
DDAIL	4	Self-Neglect Initiative	$ -	$ -
DDAIL	2	Seriously Functionally Impaired	$ -	$ -
DOC	2	Intensive Substance Abuse Program (ISAP)	$ 382,230	$ 299,602
DOC	2	Intensive Sexual Abuse Program	$ 72,439	$ 46,078
DOC	2	Intensive Domestic Violence Program	$ 109,692	$ 134,663
DOC	2	Women's Health Program (Tapestry)	$ 460,130	$ 487,344
DOC	2	Community Rehabilitative Care	$ 1,038,114	$ 1,982,456
DOC	2	Return House	$ -	$ -
DOC	2	Northern Lights	$ -	$ -
DOC	4	Challenges for Change: DOC	$ -	$ -
DOC	4	Northeast Kingdom Community Action	$ -	$ -
DOC	2	Pathways to Housing	$ -	$ -
			$ 45,455,809	$ 55,495,719

Last Updated: September 3, 2013

SFY08 Actuals	SFY09 Actuals	SFY10 Actuals	SFY11 Actuals	SFY12 Actuals	SFY13 Actuals
$ 8,956,247	$ 8,956,247	$ 8,956,247	$ 4,478,124	$ 11,027,579	$ 9,741,252
$ 70,000	$ 68,879	$ 179,284	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ 789,437	$ 1,450,717
$ 1,340,728	$ 1,871,651	$ 1,713,959	$ 1,898,342	$ 1,897,997	$ 659,544
$ 105,000	$ 339,500	$ -	$ -	$ -	$ -
$ 913,047	$ 881,043	$ 837,225	$ 1,410,956	$ 1,410,956	$ 1,410,956
$ 405,407	$ 405,407	$ 405,407	$ 405,407	$ 405,407	$ 405,407
$ 4,006,152	$ 4,006,156	$ 4,006,152	$ 4,006,156	$ 4,006,156	$ 4,006,156
$ -	$ -	$ -	$ -	$ 90,278	$ 90,278
$ -	$ -	$ -	$ 2,510,099	$ 5,401,947	$ 6,232,517
$ -	$ 415,000	$ 415,000	$ 415,000	$ 415,000	$ 415,000
$ 626,728	$ 427,056	$ 425,870	$ 333,488	$ 274,417	$ 378,168
$ -	$ -	$ -	$ -	$ -	$ -
$ 15,872	$ 28,359	$ 41,313	$ 36,284	$ 39,173	$ 34,046
$ 416,932	$ 204,646	$ 241,932	$ 315,135	$ 329,380	$ 766,053
$ 404,431	$ 217,178	$ 254,828	$ 289,420	$ 439,742	$ 497,700
$ 2,012,252	$ 1,522,578	$ 1,875,487	$ 1,912,034	$ 1,293,671	$ 2,885,451
$ 1,144,713	$ 1,016,685	$ 535,573	$ 94,089	$ 371,646	$ 498,275
$ -	$ 230,985	$ 484,998	$ 507,543	$ 450,804	$ 487,214
$ 169,392	$ 300,876	$ 300,876	$ 275,803	$ 420,823	$ 1,574,550
$ 930,000	$ 1,516,361	$ 970,000	$ 900,000	$ 970,000	$ 970,105
$ 16,115	$ 15,095	$ 2,053	$ 13,689	$ 1,752	$ 28,500
$ 136,577	$ -	$ -	$ -	$ -	$ -
$ 562,446	$ 86,882	$ -	$ 36,959	$ -	$ 77,743
$ 753,087	$ 1,395,135	$ 1,417,770	$ 752,375	$ 454,813	$ 875,851
$ 310,000	$ 565,000	$ 725,000	$ 500,000	$ 540,094	$ 496,176
$ -	$ 640,000	$ 468,154	$ 640,000	$ 600,000	$ 640,000
$ 30,000	$ 105,650	$ 81,500	$ 87,900	$ 102,545	$ 382,800
$ 190,143	$ 100,509	$ 44,573	$ 16,829	$ 25,081	$ 42,169
$ 291,298	$ 486,466	$ 412,043	$ 290,661	$ 318,806	$ 345,930
$ 2,744,787	$ 2,997,668	$ 3,000,335	$ 1,693,198	$ 2,928,773	$ 2,435,796
$ 329,215	$ 713,576	$ 716,000	$ 648,350	$ 771,100	$ 864,526
$ -	$ 726,264	$ -	$ -	$ 23,903	$ 457,757
$ -	$ 64,843	$ -	$ 752	$ 140	$ -
$ -	$ -	$ 176,340	$ 115,710	$ 213,150	$ 152,250
$ -	$ -	$ -	$ -	$ 309,645	$ 353,625
$ -	$ -	$ -	$ -	$ 43,483	$ 75,081
$ -	$ -	$ -	$ -	$ 196,868	$ 482,454
$ -	$ -	$ -	$ -	$ -	$ 101,127
$ 113,314	$ 164,356	$ 149,068	$ 134,791	$ 132,021	$ 180,773
$ 1,293,044	$ 1,320,521	$ 864,815	$ 522,595	$ 974,854	$ 1,454,379
$ 38,970	$ -	$ -	$ -	$ -	$ -
$ 673,160	$ 707,976	$ 802,579	$ 582,397	$ 67,285	$ 1,649,340
$ 807,539	$ 1,124,728	$ -	$ 1,935,344	$ 1,886,140	$ 5,882,537
$ 3,341,602	$ 3,597,662	$ 2,569,759	$ 1,775,120	$ 2,785,090	$ 3,088,773
$ 2,016,348	$ 2,165,648	$ 1,797,605	$ 2,309,810	$ 4,395,885	$ 8,719,824
$ 502,237	$ 412,920	$ 516,677	$ 543,635	$ 541,707	$ 823,819
$ 52,242	$ -	$ -	$ -	$ -	$ -
$ 235,267	$ -	$ 332,635	$ 512,307	$ 562,921	$ 874,194
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ 19,590	$ -	$ -	$ -
$ -	$ -	$ -	$ 229,512	$ 945,051	$ 819,069
$ -	$ -	$ -	$ 68,713	$ 160,560	$ 1,151,615
$ -	$ -	$ -	$ -	$ 12,603,067	$ 5,268,556
$ -	$ -	$ -	$ -	$ -	$ 10,608,567

SFY08 Actuals	SFY09 Actuals	SFY10 Actuals	SFY11 Actuals	SFY12 Actuals	SFY13 Actuals
$ -	$ -	$ 339,500	$ 646,220	$ 1,425,017	$ 1,517,044
$ -	$ -	$ -	$ 2,616,211	$ 1,841,690	$ 2,002,798
$ 419,951	$ 248,537	$ 200,868	$ 50,605	$ 24,000	$ 17,878
$ -	$ -	$ -	$ -	$ -	$ -
$ 44,524	$ 48,711	$ 38,904	$ 39,176	$ 37,452	$ 39,881
$ 671,941	$ 556,811	$ 627,976	$ 999,084	$ 1,215,109	$ 1,112,119
$ -	$ 278,934	$ 210,796	$ -	$ -	$ -
$ 281,973	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ 36,112	$ 73,487	$ 2,394
$ -	$ -	$ -	$ -	$ -	$ 6,214,805
$ -	$ -	$ -	$ -	$ -	$ 4,015,491
$ 326,424	$ 335,235	$ 81,086	$ 624	$ -	$ -
$ 120,494	$ 65,278	$ 45,216	$ 64,496	$ 47,720	$ 37,164
$ 10,110,441	$ 9,392,213	$ 8,033,068	$ 7,853,100	$ 9,629,269	$ 10,131,790
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,615,023	$ 2,591,613	$ 2,827,617	$ 2,661,246	$ 2,563,226	$ 2,621,786
$ 170,117	$ 172,173	$ 137,356	$ 136,466	$ 137,833	$ 124,731
$ 349,887	$ 366,161	$ 299,488	$ 265,812	$ 273,662	$ 269,121
$ 614,974	$ 620,052	$ 485,536	$ 736,479	$ 775,278	$ 783,860
$ 298,207	$ 380,000	$ 583,080	$ 492,079	$ 352,451	$ 275,187
$ 52,825	$ 499,143	$ 166,429	$ 112,619	$ 165,016	$ 45,491
$ 1,764,400	$ -	$ -	$ -	$ -	$ -
$ 318,321	$ 63,921	$ -	$ -	$ -	$ -
$ -	$ 339,894	$ -	$ -	$ -	$ -
$ -	$ 978,886	$ 577,259	$ 570,493	$ 596,406	$ 557,599
$ -	$ 325,516	$ 175,378	$ 196,159	$ 354,528	$ 181,243
$ -	$ -	$ -	$ 199,762	$ 338,275	$ 420,359
$ -	$ -	$ -	$ 44,119	$ 74,250	$ 86,969
$ -	$ -	$ -	$ -	$ 107,184	$ 186,916
$ -	$ -	$ -	$ 50,622	$ 196,378	$ 197,426
$ -	$ -	$ -	$ -	$ 465,343	$ 429,154
$ -	$ -	$ -	$ -	$ 162,000	$ 216,000
$ -	$ -	$ -	$ -	$ -	$ 398,201
$ -	$ -	$ -	$ -	$ -	$ -
$ 250,000	$ 250,000	$ 245,000	$ 245,000	$ 245,000	$ 245,000
$ 880,797	$ 522,058	$ 469,770	$ 757,070	$ 1,498,083	$ 1,299,613
$ 1,341,698	$ 1,364,896	$ 1,114,898	$ 1,103,748	$ 1,103,749	$ 1,088,889
$ 186,664	$ 126,306	$ 90,227	$ 103,598	$ 128,399	$ 84,139
$ -	$ -	$ -	$ -	$ 773,192	$ 773,192
$ -	$ -	$ -	$ -	$ -	$ 310,000
$ -	$ -	$ -	$ -	$ -	$ 150,000
$ -	$ -	$ -	$ -	$ -	$ 1,270,247
$ 310,610	$ 200,000	$ 591,004	$ 591,000	$ 458,485	$ 400,910
$ 85,542	$ 88,523	$ 68,350	$ 70,002	$ 60,585	$ 69,311
$ 230,353	$ 229,166	$ 173,938	$ 174,000	$ 164,218	$ 86,814
$ 487,231	$ 527,956	$ -	$ -	$ -	$ -
$ 2,031,408	$ 1,997,499	$ 2,190,924	$ 2,221,448	$ 2,242,871	$ 2,500,085
$ -	$ 51,000	$ -	$ -	$ -	$ 399,999
$ -	$ -	$ 40,000	$ 40,000	$ -	$ 393,750
$ -	$ -	$ -	$ -	$ 687,166	$ 524,594
$ -	$ -	$ -	$ -	$ -	$ 548,825
$ -	$ -	$ -	$ -	$ -	$ 802,488
$ 59,918,097	$ 62,419,988	$ 55,554,314	$ 56,275,877	$ 89,836,470	$ 123,669,882

Global Commitment SFY13
AHS GC Closeout Adjustments

IV.

Department	Dept ID	Fund Codes	General 10000	Federal 22005	Global Commitment 20405	Total
AHS	3400001000	AHS Secretary's Office	37,366			37,366
DRS	3400008000	Division of Rate Setting			(85,000)	(85,000)
TOTAL AHS/DRS			**37,366**	**0**	**(85,000)**	**(47,634)**
DVHA	3410010000	Administration	373,660		(5,399,590)	(5,025,930)
	3410015000	Global Commitment			1,846,888	1,846,888
	3410016000	Non-GC LTC Waiver	439,600	560,400		1,000,000
	3410017000	State Only	2,000,000		4,500,000	6,500,000
	3410018000	Non-Waiver Matched	310,000			310,000
TOTAL DVHA			**3,123,260**	**560,400**	**947,298**	**4,630,958**
VDH	3420021000	Public Health	(169,680)		385,987	216,307
	3420060000	ADAP	(593,460)		1,350,000	756,540
TOTAL VDH			**(763,140)**	**0**	**1,735,987**	**972,847**
DMH	3150070000	Mental Health	416,708		(8,000,000)	(7,583,292)
TOTAL DMH			**416,708**	**0**	**(8,000,000)**	**(7,583,292)**
DDAIL	3460010000	Administration & Support			(750,000)	(750,000)
	3460020000	DAIL Grants			150,000	150,000
	3460050000	Developmental Services			(500,000)	(500,000)
	3460070000	TBI, Home & Comm. Based Waiver			100,000	100,000
TOTAL DDAIL			**0**	**0**	**(1,000,000)**	**(1,000,000)**
DCF	3440010000	Administration & Support Services			(3,092,000)	(3,092,000)
	3440020000	Family Services	(296,730)		2,570,000	2,273,270
	3440030000	Child Development	(404,432)		1,545,000	1,140,568
	3440130000	Disability Determination Services			(75,000)	(75,000)
	3440120000	Woodside			6,000	6,000
	3440050000	Aid to Aged, Blind, and Disabled			50,000	50,000
	3440060000	General Assistance	314,314		76,000	390,314
	3440080000	Reach Up			(200,000)	(200,000)
TOTAL DCF			**(386,848)**	**0**	**880,000**	**493,152**
		Net by fund:	**2,427,346**	**560,400**	**(5,521,715)**	**(2,533,969)**
AHSCO	34000040000	Secretary's Office Global Commitment General and Federal Funds for GC Conversions	(2,427,346)	(3,094,369)		(5,521,715)
TOTAL AHSCO			**(2,427,346)**	**(3,094,369)**	**0**	**(5,521,715)**

V.

Vermont Tobacco Evaluation and Review Board

Vermont Agency of Human Services • 13 Baldwin Street • Montpelier, VT 05602
Tel: 802-828-1940 • Email: stephen.morabito@state.vt.us

To: Rep. Martha Heath, Chair
Joint Fiscal Committee Members

From: Stephen Morabito, VTERB Administrator

CC: Theresa Utton-Jerman, Staff Associate, Joint Fiscal Committee

Re: Tobacco Prevention, Cessation and Control Program budget recommendations from VT Tobacco, Evaluation & Review Board [18 V.S.A. Sec. 9505 (9)] [Agency of Human Services]

Date: September 9, 2013

On behalf of the Vermont Tobacco Evaluation and Review Board (VTERB), our understanding is that the mandate in the FY13 Appropriations Bill Section E312.1 "Sustainability of Tobacco Control", and the resulting plan, makes 18 V.S.A. Sec. 9505 (9) unnecessary in planning for fiscal years 2015 and 2016.

As requested in Section E312.1 "Sustainability of Tobacco Control" of the FY2013 Appropriations bill, the Vermont Tobacco Evaluation and Review Board (VTERB) and the Administration have developed a plan for funding the Tobacco Control Program for the three budget years FY2014-2016. The plan elements were established in a memorandum dated January 11th, 2013. I have asked Ms. Utton-Jerman to provide a copy of that memo to the JFC.

The base budget for tobacco control appropriations derived from Master Settlement Agreement (MSA) funds for the Departments of Health and Liquor Control, the Agency of Education, and the Tobacco Evaluation and Review Board should be level funded compared to the current year; that is a total of about $3,971,713 for FY15. This includes global commitment dollars for the Vermont Department of Health.

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Jeb Spaulding, Secretary

To: Governor Peter Shumlin
House and Senate Leadership
House and Senate Appropriations Committee Chairs
House Health and Human Services Committee Chair

From: Secretary of Administration Jeb Spaulding
Commissioner of Finance and Administration James Reardon
Commissioner of Health Harry Chen
Commissioner of Health Access Mark Larson
Tobacco Evaluation and Review Board Chair Brian Flynn

Date: January 11, 2013

Re: FY2014-2016 Sustainability Plan for the Tobacco Control Programs

As requested in Section E312.1 "Sustainability of Tobacco Control" of the FY2013 Appropriations bill (Attachment 1), we have developed a plan for funding the Tobacco Control Program for the three budget years FY2014-2016. The plan elements were established in the course of two one hour meetings on December 20, 2012 and January 3, 2013.

1. The base budget for tobacco control appropriations derived from Master Settlement Agreement (MSA) funds for the Departments of Health and Liquor Control, the Agency of Education, and the Tobacco Evaluation and Review Board should be level compared to the current year; that is a total of about $3,971,713 for each of these years (FY14, FY15, and FY16).

2. For FY2015 and FY2016, the parties will consider whether the programs are falling short of the Section E312.1 mandate to "maintain the gains made in preventing and reducing tobacco use that have been accomplished since their inception." The primary indicators of failure to maintain gains will be flattening of the current downward trends in youth and adult smoking prevalence. Lack of progress may indicate a need for increased investment as outlined in the Tobacco Control Program Goals and Strategies for 2012-2020 (Attachment 2).

3. Tobacco control budget cuts in recent years have focused entirely on Health Department program components resulting in distortions of the proportions of program resources concerned with adult (cessation) and youth (prevention) interventions. We recommend that the overall MSA-derived tobacco control budget be redistributed among the Health Department, Agency of Education, and Department of Liquor Control components in proportions that more closely match those recommended by the Centers for Disease Control and Prevention, and that were applied in Vermont prior to the several years of significant budget cuts, as outlined in the following table below.

We appreciate the mandate for the parties to work together on this matter. It stimulated a thorough and helpful exchange of information and perspectives. Although the results may not represent an ideal resolution for all participants, we jointly provide this plan in response to the request outlined in Section E312.1.

Table: Reallocation of MSA-Derived Robacco Control Funding by Department/Agency to Align with CDC Recommendations and Pre-FY2010 Proportional Allocations.

	Reference 2009 MSA		Current 2013 MSA		Proposed 2014 MSA	Based on CDC Best Practices
DEPARTMENT OF HEALTH	**3,839,634**	0.735	**2,396,507**	0.603	**2,684,878**	0.676
DEPARTMENT OF EDUCATION	**995,668**	0.191	**991,931**	0.250	**758,597**	0.191
DEPARTMENT OF LIQUOR CONTROL	**289,645**	0.055	**291,945**	0.074	**238,303**	0.060
TOBACCO BOARD	**100,000**	0.019	**291,330**	0.073	**291,127**	0.073
TOTALS	**5,224,947**	1.000	**3,971,713**	1.000	**3,972,905**	1.000

Note. Responsibility for the independent evaluator contract shifted from the Health Department to the Tobacco Board between FY2009 and FY2013.

Attachment 1

Sec. E.312.1 SUSTAINABILITY OF TOBACCO PROGRAMS
(a) The secretary of administration, the tobacco evaluation and review board, the department of health, and the blueprint for health shall develop a plan for tobacco program funding for fiscal years 2014 through 2016 at a level necessary to maintain the gains made in preventing and reducing tobacco use that have been accomplished since their inception. The plan shall consider the inclusion of monies that have been withheld by manufacturers in prior years under the master settlement but may be received by the state in the future. The plan shall be presented to the general assembly on or before January 15, 2013.

Attachment 2

VERMONT TOBACCO CONTROL GOALS AND STRATEGIES 2012-2020
Adopted by the Vermont Tobacco Evaluation and Review Board on 11-14-2012

Goal A. Reduce adult cigarette smoking prevalence to 12% by 2020.

1. Support legislative enactment of policies that are likely to reduce adult tobacco use.
2. Advance development of community policies that are likely to reduce adult tobacco use.
3. Advance program and policy collaborations with partners reaching large populations of tobacco users.
4. Advance cessation services for adult tobacco users through multiple modes of delivery.
5. Advance community programs to promote tobacco use cessation.
6. Advance media and other public education activities that promote adult tobacco use cessation.
7. Identify adult population groups with disparately high smoking rates and utilize opportunities to address their unique needs.

Goal B: Reduce youth cigarette smoking prevalence to 10% by 2020.

1. Support legislative enactment of policies that are likely to reduce youth tobacco use.
2. Advance development of community policies that are likely to reduce youth tobacco use.
3. Advance community programs to promote youth tobacco use prevention.
4. Advance school-based actions to prevent youth tobacco use and promote cessation.
5. Advance media and other public education activities that promote youth tobacco use prevention and cessation.
6. Identify youth population groups with disparately high smoking rates and utilize opportunities to address their unique needs.

Goal C. Reduce exposure of non-smokers to second-hand smoke (SHS).

1. Support legislative enactment of policies that are likely to reduce exposure to SHS.
2. Advance development of community policies that are likely to reduce exposure to SHS.
3. Advance development of organizational policies that are likely to reduce exposure to SHS.
4. Advance media and other public education activities that promote SHS exposure hazards and protections.

Goal D. Maintain low prevalence of Other Tobacco Product (OTP) use.

1. Monitor use of OTPs among youth and adults.
2. Respond to higher levels of OTP use, as needed, with policy and program intervention.

VERMONT

VI.

VERMONT

State of Vermont
Agency of Administration
Office of the Secretary
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Jeb Spaulding, Secretary

MEMORANDUM

TO: Members, Joint Fiscal Committees
FROM: Jeb Spaulding, Secretary of Administration
DATE: September 3, 2013
RE: FEMA Reporting and Oversight per Act 50 of 2013 Legislative Session

Attached are the reports required in Sec. E. 100.1 (a) of Act 50 of 2013 Legislative Session. Please find below the narrative from Act 50 followed by an explanation of the report attached.

FEDERAL EMERGENCY MANAGEMENT AGENCY REPORTING AND OVERSIGHT

(a) The secretary of administration shall report to the Joint Fiscal Committee at each of its scheduled meetings in fiscal year 2014 on funding received from the Federal Emergency Management Agency (FEMA) Public Assistance Program and associated emergency relief and assistance funds match for the damages due to Tropical Storm Irene.

(1) a projection of the total funding needs for the FEMA Public Assistance Program and to the extent possible, details about the projected funding by state agency or municipality;

FEMA has projected, to date, approximately $192.7 million in federal FEMA Public Assistance (PA) funds and has obligated $160 million of the PA funds. The majority of the project worksheets have been completed by FEMA.

(2) spending authority (appropriated and excess receipts) granted to date for the FEMA Public Assistance Program and the associated emergency relief and assistance funds match;

FEMA Public Assistance program through FY '13	$110,852,457.11
FEMA Public Assistance program for FY '14	$22,500,000.00
Associated emergency relief and assistance funds match through FY '13	4,325,190.99
Associated emergency relief and assistance funds match for FY '14	$1,485,250.00
Total spending authority	$139,162,898.10

(3) *information on any audit findings that may result in financial impacts to the State; and*

No audit findings have resulted in a financial impact to the State.

(4) actual expenditures to date made from the spending authority granted and to the extent possible, details about the expended funds by state agency or municipality.

The expenditures through July 31, 2013 from the spending authority by state agency or municipality detail are attached starting on page two of the report. A summary is below:

FEMA Public Assistance program expenditure	$114,110,789.33
Total to date the associated emergency relief and assistance funds match	$4,486,470.91
Total to date expenditures	$118,597,260.24

CC: Brian Searles, Agency of Transportation

Sec 100.1 of Act 50 of the 2013 Session

Reporting and Oversight through 07/31/2013

Spending Authority (appropriated and excess receipts) granted through 07/31/2013 for FEMA Public Assistance Program and the associated emergency relief and assistance funds match.

Projected FEMA Funds $192,777,303.01

Year		Fund #	Fund Name	Total
2012	Appropriated	21555	ERAF - Emergency Relief and Assistance	$1,371,577.53
2012	Expended for Irene	21555	ERAF - Emergency Relief and Assistance	$1,371,577.53
2012	Appropriated	20150	FEMA funds	$63,864,323.44
2012	Expended for Irene	20150	FEMA funds	$63,864,323.44
2013	Appropriated	21555	ERAF - Emergency Relief and Assistance	$2,953,613.46
2013	Expended for Irene	21555	ERAF - Emergency Relief and Assistance	$2,953,613.46
2013	Appropriated	20150	FEMA funds	$46,988,133.67
2013	Expended for Irene	20150	FEMA funds	$46,988,133.67
2014	Appropriated	21555	ERAF - Emergency Relief and Assistance	$1,485,250.00
2014	Expended for Irene	21555	ERAF - Emergency Relief and Assistance	$161,279.92
2014	Appropriated	20150	FEMA funds	$22,500,000.00
2014	Expended for Irene	20150	FEMA funds	$3,258,332.22
	Total Appropriated	21555	ERAF - Emergency Relief and Assistance	$5,810,440.99
	Total Expended for Irene	21555	ERAF - Emergency Relief and Assistance	$4,486,470.91
	Total Appropriated	20150	FEMA funds	$133,352,457.11
	Total Expended for Irene	20150	FEMA funds	$114,110,789.33

Town or State Agency	FEMA PA	ERAF	Cumulative
ADDISON TOWN TREASURER	16,146.41	897.02	17,043.43
AGENCY OF COMMERCE &	14,268.89	0.00	14,268.89
AGENCY OF TRANSPORTATION	21,169,917.31	1,091,408.09	22,261,325.39
ALBANY TOWN TREASURER	518,263.26	301.84	518,565.10
ANDOVER TOWN TREASURER	266,527.19	11,975.49	278,502.68
ARLINGTON TOWN TREASURER	179,805.99	9,989.21	189,795.20
ATHENS TOWN TREASURER	131,297.82	7,294.33	138,592.15
BALTIMORE TOWN TREASURER	15,335.02	851.95	16,186.97
BARNARD TOWN TREASURER	1,198,331.75	20,235.11	1,218,566.86
BARNET TOWN TREASURER	78,769.61	32,733.04	111,502.65
BARRE CITY TREASURER	76,769.48	573.81	77,343.29
BARRE TOWN TREASURER	52,229.82	2,901.65	55,131.47
BARTON TOWN TREASURER	6,300.00	350.00	6,650.00
BARTON VILLAGE TREASURER	16,015.24	192.07	16,207.31
BELLOWS FALLS VILLAGE TREASURER	7,293.60	405.20	7,698.80
BENNINGTON TOWN TREASURER	1,983,117.07	48,768.48	2,031,885.55
BENSON TOWN TREASURER	145,415.92	8,078.67	153,494.59
BERLIN TOWN TREASURER	447,722.85	24,873.49	472,596.34
BETHEL TOWN SCHOOL DISTRICT	87,347.41	0.00	87,347.41
BETHEL TOWN TREASURER	3,249,604.15	41,290.79	3,290,894.94
BOLTON TOWN TREASURER	105,950.38	2,037.70	107,988.08
BRADFORD ID SCHOOL DISTRICT	3,420.00	0.00	3,420.00
BRAINTREE TOWN TREASURER	1,743,046.45	32,431.49	1,775,477.94
BRANDON FIRE DIST # 1	53,977.21	0.00	53,977.21
BRANDON TOWN TREASURER	195,482.39	4,906.79	200,389.18
BRATTLEBORO HOUSING AUTHORITY	469,480.97	0.00	469,480.97
BRATTLEBORO TOWN TREASURER	863,450.17	41,414.30	904,864.47
BRIDGEWATER TOWN TREASURER	1,830,675.01	140,372.59	1,971,047.60
BRIDGEWATER VOLUNTEER FIRE DEPARTMENT	11,496.86	0.00	11,496.86
BRIDPORT TOWN TREASURER	382,817.68	21,267.65	404,085.33
BRIGHTON TOWN TREASURER	27,850.36	1,547.24	29,397.60
BRISTOL TOWN TREASURER	39,908.65	2,217.15	42,125.80
BROOKFIELD TOWN TREASURER	62,556.43	185.86	62,742.29
BROOKLINE TOWN TREASURER	38,592.80	2,144.06	40,736.86
BROWNINGTON TOWN TREASURER	645,039.60	172.28	645,211.88
BUILDINGS & GENERAL SERVICES-FEE FOR	870,548.47	0.00	870,548.47
BUILDINGS & GENERAL SERVICES-FLEET MGT	3,901.71	0.00	3,901.71
BUILDINGS & GENERAL SVCS-PURCHASING CARD	1,220.51	0.00	1,220.51
BURLINGTON CITY TREASURER	14,850.86	825.05	15,675.91
CAMBRIDGE TOWN TREASURER	22,450.69	1,247.27	23,697.96
CASTLETON TOWN TREASURER	115,261.89	6,403.44	121,665.33
CAVENDISH FIRE DISTRICT # 1	8,532.00	0.00	8,532.00
CAVENDISH FIRE DISTRICT #2	2,835.34	0.00	2,835.34
CAVENDISH TOWN TREASURER	2,847,855.22	181,737.22	3,029,592.44
CHAMPION FIRE COMPANY # 5	11,163.79	0.00	11,163.79
CHARLESTON TOWN TREASURER	168,654.97	6,559.74	175,214.71
CHELSEA TOWN TREASURER	5,886.15	327.02	6,213.17
CHESTER TOWN TREASURER	1,155,592.41	54,587.36	1,210,179.77
CHESTER-ANDOVER ELEM U S D #29	9,083.21	0.00	9,083.21
CHITTENDEN COUNTY TRANSPORTATION AUTH	529,243.08	0.00	529,243.08
CHITTENDEN TOWN TREASURER	170,800.35	9,488.91	180,289.26
CHITTENDEN VOLUNTEER FIRE DEPARTMENT	1,979.79	0.00	1,979.79
CLARENDON TOWN TREASURER	3,136.68	174.26	3,310.94
COLD BROOK FIRE DISTRICT # 1	9,365.81	0.00	9,365.81
CORINTH TOWN TREASURER	53,455.94	2,969.76	56,425.70
COVENTRY TOWN TREASURER	17,828.33	334.60	18,162.93
CRAFTSBURY TOWN TREASURER	16,264.71	0.00	16,264.71
DANBY TOWN TREASURER	122,697.59	2,625.79	125,323.38
DANBY-MT TABOR FIRE COMPANY	20,972.13	0.00	20,972.13
DANBY-MT TABOR FIRE DISTRICT #1	4,790.75	0.00	4,790.75
DANVILLE TOWN TREASURER	60,788.32	3,377.13	64,165.45

Town or State Agency	FEMA PA	ERAF	Cumulative
DEPT OF CHILD & FAMILIES	6,484.50	0.00	6,484.50
DEPARTMENT OF PUBLIC SAFETY	1,140,867.73	0.00	1,140,867.73
DORSET TOWN TREASURER	13,240.75	735.60	13,976.35
DOVER TOWN SCHOOL DISTRICT	3,973.99	0.00	3,973.99
DOVER TOWN TREASURER	452,907.60	24,341.48	477,249.08
DUMMERSTON TOWN TREASURER	52,266.11	2,903.67	55,169.78
DUXBURY TOWN TREASURER	629,594.91	156,771.77	786,366.68
EAST MONTPELIER TOWN TREASURER	32,134.75	1,785.26	33,920.01
ELMORE TOWN TREASURER	46,317.87	2,573.21	48,891.08
ENOSBURG TOWN TREASURER	3,141.38	174.52	3,315.90
FAIR HAVEN TOWN TREASURER	1,857.41	103.19	1,960.60
FAYSTON TOWN TREASURER	11,264.10	625.78	11,889.88
FISH & WILDLIFE, DEPARTMENT OF	598,991.32	0.00	598,991.32
GOSHEN TOWN TREASURER	38,522.14	2,140.12	40,662.26
GRAFTON TOWN TREASURER	2,987,599.85	199,373.18	3,186,973.03
GRANVILLE TOWN TREASURER	525,816.56	2,501.33	528,317.89
GRANVILLE VOLUNTEER FIRE DEPT. INC	3,336.76	0.00	3,336.76
GREENSBORO TOWN TREASURER	35,141.73	1,952.32	37,094.05
GROTON TOWN TREASURER	128,587.91	4,276.14	132,864.05
GUILFORD TOWN TREASURER	226,873.99	816.60	227,690.59
HALIFAX TOWN TREASURER	3,577,826.50	14,328.28	3,592,154.78
HANCOCK TOWN TREASURER	1,379,060.39	69,064.96	1,448,125.35
HARDWICK ELECTRIC DEPT	14,421.21	0.00	14,421.21
HARDWICK TOWN TREASURER	9,051.30	502.85	9,554.15
HARTFORD TOWN TREASURER	1,613,430.29	84,352.66	1,697,782.95
HARTLAND TOWN TREASURER	127,459.88	2,782.99	130,242.87
HOLLAND TOWN TREASURER	13,459.51	747.75	14,207.26
HOUSING FOUNDATION INC	125,054.37	0.00	125,054.37
HUBBARDTON TOWN TREASURER	90,023.58	2,743.70	92,767.28
HUNTINGTON TOWN TREASURER	134,201.52	1,020.14	135,221.66
INFORMATION & INNOVATION-CIT-TELECOMM	638.78	0.00	638.78
IRA TOWN TREASURER	49,840.54	2,768.92	52,609.46
IRASBURG TOWN TREASURER	45,878.64	894.25	46,772.89
JACKSONVILLE VILLAGE ELECTRIC CO	29,904.22	0.00	29,904.22
JAMAICA TOWN TREASURER	2,548,281.26	29,359.03	2,577,640.29
JAY TOWN TREASURER	79,460.70	1,810.79	81,271.49
JERICHO FIRE DISTRICT #1	10,284.28	0.00	10,284.28
JOHNSON TOWN TREASURER	6,471.59	359.53	6,831.12
JOHNSON VILLAGE TREASURER	13,150.82	730.60	13,881.42
KILLINGTON TOWN TREASURER	1,539,566.18	16,933.98	1,556,500.16
KIRBY TOWN TREASURER	5,863.50	42,115.72	47,979.22
LANDGROVE TOWN TREASURER	4,093.20	227.41	4,320.61
LANDMARK COLLEGE	148,219.94	0.00	148,219.94
LEICESTER TOWN TREASURER	5,435.13	301.95	5,737.08
LINCOLN TOWN TREASURER	164,124.06	5,508.97	169,633.03
LONDONDERRY TOWN TREASURER	194,942.11	10,830.12	205,772.23
LOWELL TOWN TREASURER	28,414.59	149.99	28,564.58
LUDLOW TOWN TREASURER	1,951,207.38	105,328.84	2,056,536.22
LUDLOW VILLAGE TREASURER	213,110.43	3,394.51	216,504.94
LUNENBURG TOWN TREASURER	24,346.84	61,293.65	85,640.49
LYNDON TOWN TREASURER	33,962.82	1,886.83	35,849.65
MAD RIVER SOLID WASTE ALLIANCE	25,983.00	0.00	25,983.00
MANCHESTER TOWN TREASURER	179,158.13	9,953.23	189,111.36
MARLBORO TOWN TREASURER	809,266.65	8,448.90	817,715.55
MARSHFIELD TOWN TREASURER	57,489.12	18,425.98	75,915.10
MENDON TOWN TREASURER	939,805.89	17,212.52	957,018.41
MENTAL HEALTH, DEPARTMENT OF	11,979.00	0.00	11,979.00
MIDDLEBURY TOWN TREASURER	64,822.69	3,024.21	67,846.90
MIDDLESEX TOWN TREASURER	28,632.00	1,590.66	30,222.66
MIDDLETOWN SPRINGS TOWN TREASURER	68,970.38	3,831.69	72,802.07
MILITARY DEPARTMENT	144,962.01	0.00	144,962.01

Town or State Agency	FEMA PA	ERAF	Cumulative
MILTON TOWN TREASURER	46,440.00	2,580.00	49,020.00
MONTGOMERY TOWN TREASURER	68,840.44	3,824.48	72,664.92
MONTPELIER CITY SCHOOL DIST	10,469.71	0.00	10,469.71
MONTPELIER CITY TREASURER	9,275.36	515.30	9,790.66
MORETOWN TOWN TREASURER	1,841,831.69	40,450.96	1,882,282.65
MORGAN TOWN TREASURER	1,569.60	87.20	1,656.80
MORETOWN TOWN SCHOOL DISTRICT	900.00	0.00	900.00
MORRISTOWN TOWN TREASURER	17,927.99	996.01	18,924.00
MOUNT HOLLY TOWN TREASURER	330,745.70	14,445.23	345,190.93
MOUNT TABOR TOWN TREASURER	7,588.44	0.00	7,588.44
NEWBURY TOWN TREASURER	49,074.88	2,726.38	51,801.26
NEWFANE TOWN TREASURER	1,984,520.40	48,901.99	2,033,422.39
NEWPORT TOWN TREASURER	16,391.73	910.66	17,302.39
NEW ENGLAND KURN HATTIN HOMES	14,163.75	0.00	14,163.75
NORTH BENNINGTON VILLAGE TREASURER	24,804.91	1,378.05	26,182.96
NORTH TROY VILLAGE TREASURER	1,459.53	0.00	1,459.53
NORTHFIELD TOWN TREASURER	498,729.05	21,003.99	519,733.04
NORTHFIELD VILLAGE TREASURER	75,456.04	4,192.01	79,648.05
NORWICH TOWN TREASURER	598,086.21	28,044.96	626,131.17
ORANGE COUNTY SHERIFF'S DEPT	3,055.67	0.00	3,055.67
ORANGE TOWN TREASURER	7,125.58	395.86	7,521.44
ORANGE WINDSOR SUPERVISORY UNION	49,622.63	3,784.05	53,406.68
ORWELL TOWN TREASURER	55,974.38	3,109.68	59,084.06
PAWLET TOWN TREASURER	218,441.29	859.09	219,300.38
PAWLET VOLUNTEER FIRE DEPT	2,459.52	0.00	2,459.52
PEACHAM TOWN TREASURER	44,127.65	24,768.80	68,896.45
PERU TOWN TREASURER	276,913.45	456.51	277,369.96
PITTSFIELD TOWN TREASURER	956,264.44	14,497.64	970,762.08
PITTSFORD TOWN TREASURER	62,178.08	3,596.22	65,774.30
PLAINFIELD TOWN TREASURER	22,940.42	1,274.47	24,214.89
PLYMOUTH TOWN TREASURER	1,027,476.92	39,482.94	1,066,959.86
POMFRET TOWN TREASURER	766,905.06	28,285.78	795,190.84
POULTNEY TOWN TREASURER	121,653.36	227.60	121,880.96
POULTNEY VILLAGE TREASURER	1,454.30	80.79	1,535.09
POWNAL TOWN TREASURER	46,311.85	190.12	46,501.97
PROCTOR TOWN TREASURER	41,335.08	846.12	42,181.20
PUTNEY TOWN TREASURER	91,691.15	3,007.94	94,699.09
RANDOLPH TOWN TREASURER	668,925.84	31,902.07	700,827.91
READING TOWN TREASURER	1,514,623.71	32,518.40	1,547,142.11
READSBORO TOWN SCHOOL DISTRICT	2,790.00	0.00	2,790.00
READSBORO TOWN TREASURER	632,297.10	6,709.53	639,006.63
RICHFORD TOWN TREASURER	201,712.45	2,353.31	204,065.76
RICHMOND TOWN TREASURER	124,169.47	2,779.39	126,948.86
RIPTON TOWN TREASURER	112,740.57	6,263.36	119,003.93
ROCHESTER TOWN TREASURER	2,741,376.94	97,170.06	2,838,547.00
ROCKINGHAM TOWN TREASURER	1,260,898.43	19,292.21	1,280,190.64
ROXBURY TOWN TREASURER	1,680,116.96	164,308.93	1,844,425.89
ROYALTON FIRE DISTRICT #1	12,755.70	0.00	12,755.70
ROYALTON TOWN TREASURER	1,345,417.01	23,943.27	1,369,360.28
RUPERT TOWN TREASURER	125,350.67	228.86	125,579.53
RUTLAND CITY TREASURER	865,135.35	44,856.27	909,991.62
RUTLAND NORTHEAST SUPERVISORY UNION	2,136.93	0.00	2,136.93
RUTLAND TOWN TREASURER	18,921.25	1,051.19	19,972.44
RYEGATE TOWN TREASURER	58,167.72	3,231.54	61,399.26
SANDGATE TOWN TREASURER	73,436.36	0.00	73,436.36
SEARSBURG TOWN TREASURER	175,858.39	1,674.23	177,532.62
SHAFTSBURY TOWN TREASURER	44,084.19	2,439.19	46,523.38
SHARON TOWN TREASURER	505,740.32	11,356.43	517,096.75
SHEFFIELD TOWN TREASURER	184,761.04	10,264.52	195,025.56
SHEFFIELD-WHEELOCK FIRE DEPT	3,776.94	0.00	3,776.94
SHERBURNE FIRE DISTRICT #1	29,180.37	0.00	29,180.37

Town or State Agency	FEMA PA	ERAF	Cumulative
SHOREHAM TOWN TREASURER	42,616.13	2,367.56	44,983.69
SHREWSBURY TOWN TREASURER	1,444,204.27	8,066.76	1,452,271.03
SHREWSBURY VOLUNTEER FIRE DEPARTMENT INC	0.00	8,766.00	8,766.00
SOMERSET TOWN TREASURER	39,922.89	2,217.95	42,140.84
SOUTH BURLINGTON CITY TREASURER	6,032.99	335.17	6,368.16
SOUTH ROYALTON VOLUNTEER FIRE DEPARTMENT	8,744.85	0.00	8,744.85
SOUTH WOODSTOCK FIRE PROTECTION	8,263.78	0.00	8,263.78
SPRINGFIELD TOWN TREASURER	90,798.42	5,044.35	95,842.77
SPRINGFIELD MEDICAL CARE SYSTEMS	59,469.11	0.00	59,469.11
ST JOHNSBURY TOWN TREASURER	30,741.07	1,344.53	32,085.60
STAMFORD TOWN TREASURER	75,676.56	4,204.25	79,880.81
STANNARD TOWN TREASURER	550,946.44	16,628.88	567,575.32
STARKSBORO TOWN TREASURER	14,955.23	206.86	15,162.09
STOCKBRIDGE TOWN TREASURER	2,337,648.31	359,303.99	2,696,952.30
STOWE TOWN TREASURER	297,069.57	7,190.79	304,260.36
STRAFFORD TOWN TREASURER	1,212,040.66	73,069.89	1,285,110.55
STRATTON TOWN TREASURER	241,815.91	7,647.46	249,463.37
SUDBURY TOWN TREASURER	52,902.46	2,939.02	55,841.48
SUNDERLAND TOWN TREASURER	68,021.16	3,778.96	71,800.12
SUTTON TOWN TREASURER	27,040.38	1,502.24	28,542.62
THETFORD TOWN TREASURER	22,799.26	1,266.63	24,065.89
TINMOUTH TOWN TREASURER	16,790.32	932.80	17,723.12
TOPSHAM TOWN TREASURER	75,861.29	4,214.52	80,075.81
TOWNSHEND TOWN TREASURER	681,295.38	17,859.38	699,154.76
TUNBRIDGE TOWN TREASURER	124,097.96	6,894.33	130,992.29
UNIFIED DISTRICT #37	0.00	17,091.40	17,091.40
VERMONT ACHIEVEMENT CENTER	28,382.48	0.00	28,382.48
VERMONT CENTER FOR CRIME VICTIM SERVICES	715.69	0.00	715.69
VERMONT ELECTRIC CO-OP INC	925,144.52	0.00	925,144.52
VERMONT ELECTRIC COOPERATIVE INC	185,028.89	0.00	185,028.89
VERMONT STATE ENVIRONMENTAL	26,057.22	0.00	26,057.22
VERNON TOWN TREASURER	10,236.19	568.67	10,804.86
VERSHIRE TOWN TREASURER	113,743.72	3,401.43	117,145.15
VT CENTER FOR CRIME VICTIM SERVICES	3,578.44	0.00	3,578.44
VT DEPARTMENT OF HUMAN RESOURCES	5,989.50	0.00	5,989.50
VT STATE BUILDINGS DEPT.	4,261,965.51	0.00	4,261,965.51
VT STATE DEPT OF AGRICULTURE, FOOD & MAR	5,989.50	0.00	5,989.50
VT STATE FOREST PARKS & RECREATION	668,251.27	0.00	668,251.27
VT STATE HEALTH DEPARTMENT	36,717.08	0.00	36,717.08
WAITS RIVER VALLEY UNION SCHOOL DIST #36	2,700.00	0.00	2,700.00
WAITSFIELD TOWN TREASURER	177,559.78	4,456.18	182,015.96
WALDEN TOWN TREASURER	95,254.25	2,466.09	97,720.34
WALLINGFORD FIRE DISTRICT #1	7,775.90	0.00	7,775.90
WALLINGFORD TOWN TREASURER	140,793.01	4,968.54	145,761.55
WARDSBORO TOWN TREASURER	1,188,724.23	17,231.79	1,205,956.02
WARREN TOWN TREASURER	562,186.40	11,334.93	573,521.33
WASHINGTON ELECTRIC CO-OP INC	102,126.42	0.00	102,126.42
WASHINGTON TOWN TREASURER	52,417.44	2,912.08	55,329.52
WATERBURY TOWN TREASURER	291,306.57	16,183.70	307,490.27
WATERBURY VILLAGE TREASURER	97,397.87	5,411.00	102,808.87
WEATHERSFIELD TOWN TREASURER	485,294.44	8,180.67	493,475.11
WELLS TOWN TREASURER	12,039.00	668.83	12,707.83
WEST FAIRLEE TOWN TREASURER	139,137.93	7,729.89	146,867.82
WEST HAVEN TOWN TREASURER	76,984.48	4,276.92	81,261.40
WEST PAWLET VOLUNTEER FIRE DEPT INC	21,441.60	0.00	21,441.60
WEST RUTLAND TOWN TREASURER	19,176.83	1,065.39	20,242.22
WEST WINDSOR TOWN TREASURER	668,249.06	37,124.96	705,374.02
WESTFIELD TOWN TREASURER	16,065.07	892.51	16,957.58
WESTMINSTER FIRE DISTRICT # 3	14,787.84	0.00	14,787.84
WESTMINSTER TOWN TREASURER	623,316.43	31,650.48	654,966.91
WESTMORE TOWN TREASURER	41,850.57	0.00	41,850.57

Town or State Agency	FEMA PA	ERAF	Cumulative
WESTON COMMUNITY ASSOCIATION INC	28,958.40	0.00	28,958.40
WESTON TOWN TREASURER	383,036.25	21,175.26	404,211.51
WESTON VOLUNTEER FIRE DEPT INC	1,082.93	0.00	1,082.93
WHEELOCK TOWN TREASURER	306,866.97	17,048.17	323,915.14
WHITING TOWN TREASURER	563.41	10,141.39	10,704.80
WHITINGHAM TOWN TREASURER	657,404.74	30,456.03	687,860.77
WILLIAMSTOWN TOWN TREASURER	7,761.40	431.19	8,192.59
WILLISTON TOWN TREASURER	3,803.84	211.32	4,015.16
WILMINGTON TOWN SCHOOL DISTRICT	76,265.23	0.00	76,265.23
WILMINGTON TOWN TREASURER	1,232,457.22	23,578.95	1,256,036.17
WILMINGTON WATER DISTRICT	23,666.17	0.00	23,666.17
WINDHAM CENTRAL SUPERVISORY UNION	1,023.53	0.00	1,023.53
WINDHAM COUNTY CLERK	2,378.21	0.00	2,378.21
WINDHAM SOLID WASTE MANAGEMENT	13,684.14	0.00	13,684.14
WINDHAM TOWN TREASURER	646,800.82	8,755.34	655,556.16
WINDSOR NORTHWEST SUPERVISORY UNION	1,066.64	0.00	1,066.64
WINDSOR SCHOOL DISTRICT & MANCHESTER	23,029.06	0.00	23,029.06
WINDSOR TOWN TREASURER	188,817.49	4,161.70	192,979.19
WINDSOR-ASCUTNEY SEWAGE TREATMENT ENT	20,671.58	0.00	20,671.58
WINHALL TOWN TREASURER	184,355.22	10,241.97	194,597.19
WOLCOTT TOWN TREASURER	17,708.85	983.83	18,692.68
WOODBURY TOWN TREASURER	299,741.04	16,622.82	316,363.86
WOODBURY VOLUNTEER FIRE DEPT	2,321.16	0.00	2,321.16
WOODFORD TOWN TREASURER	265,503.70	8,488.59	273,992.29
WOODSTOCK ASSOCIATES, INC.	34,853.02	0.00	34,853.02
WOODSTOCK TOWN TREASURER	3,296,775.62	111,159.82	3,407,935.44
WOODSTOCK UNION HIGH SCHOOL DISTRICT #4	15,100.29	0.00	15,100.29
WOODSTOCK VILLAGE TREASURER	94,010.87	5,222.83	99,233.70
WORCESTER TOWN TREASURER	29,801.79	1,655.66	31,457.45
	114,110,789.33	4,486,470.92	118,597,260.24

Theresa Utton

From:	Nathan Lavery
Sent:	Thursday, September 05, 2013 1:15 PM
To:	Ancel, Janet; Tim Ashe; Carolyn Branagan; Campbell, John; Heath, Martha; Mitzi Johnson; Kitchel, Jane; Leah Marvin-Riley; Rebecca Ramos; Sears, Richard; David Sharpe; Snelling, Diane
Cc:	Theresa Utton; Steve Klein
Subject:	Grant request: JFO #2637
Attachments:	JFO 2637 packet.pdf
Importance:	High

Hello Joint Fiscal Committee members,

The attached item, JFO #2637, has been added to the agenda for the September 11, 2013 meeting. A short summary follows. Thank you.

JFO #2637 – $2,964,975 grant from the Federal Emergency Management Agency (FEMA) to the Vermont Agency of Transportation. These funds will be used to provide federal disaster assistance for damages caused by severe rain storms and flooding between Jun 25, 2013 and July 11, 2013 in Caledonia, Chittenden, Orange, Rutland, Washington and Windsor counties.
[*JFO received 09/04/13*]

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