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SEN. RICHARD SEARS
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GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Wednesday, April 8, 2015

Room 5, State House

12:15 p.m. Call to Order

A. Grant consideration of JFO #2748 – \$33,392,282 grant from the U.S. Department of Education to the Vermont Agency of Education. This grant will provide funding to facilitate the expansion of preschool programs to children from families below 200% of the Federal Poverty Level. The grant funds will be disbursed over four calendar years and five State fiscal years, starting in FY15 and ending in FY19. Private philanthropic money will serve as the State's required 58% match over this period of time. Two (2) limited-service positions, an Education Financial Analyst and an Education Programs Coordinator, are associated with this request. *[JFO received 3/20/15]*
[NO HOLD PLACED ON THE GRANT].

Allyson Richards, Deputy Chief of Staff, VT Governor's Office
James Reardon, Commissioner, Department of Finance & Management

12:35 p.m.

B. Act 179 Adjustment authority for combined waiver and independent direct care expenditures (a) In the event that the Centers for Medicare and Medicaid Services approves combining the two Section 1115 waivers during State fiscal year 2015, the Secretary of Administration with the approval of the Joint Fiscal Committee, may make net neutral adjustments among Agency of Human Services appropriations as appropriate, to reflect the necessary changes in fund accounting. This authority does not allow the transfer of programs among departments. **[APPROVED 4-8-2015]**

Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office

1:00 p.m. Adjourn



GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Wednesday, April 8, 2015

Minutes

Members present: Representatives Ancel, Branagan, Johnson, Lippert, and Sharpe, and Senators Ashe, Ayer, Kitchel, Sears, and Snelling.

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

The Chair, Senator Kitchel, called the meeting to order at 12:15 p.m.

A. Grant consideration of JFO #2748

Allyson Richards, Deputy Chief of Staff, Governor's Office, and James Reardon, Commissioner, Department of Finance and Management, distributed information and summarized the grant. Ms. Richards explained the grant was for four years of direct prekindergarten services with 95% of the funds sent directly to communities for full day prekindergarten for 4 year olds of families that were 200% of federal poverty level (fpl). Senator Ayer asked what wraparound services would be included. Ms. Richards explained that the grant allowed for the filling of gaps not covered by existing health coverage.

Senator Snelling inquired what the State match would be for the grant. Ms. Richards explained that the accounting of current funds used within the prekindergarten system would be used as the State match and no new State funds would be needed. Representative Ancel asked how subgrantees would adhere to the sustainability plan requirement if they were able to join or drop off the program at will. Ms. Richards stated that there was a strong evaluation requirement to develop a plan on sustainability. She informed the Committee that there was a fiscal analyst within the Agency of Education paid for through the grant for the first three years to assist communities.

Senator Kitchel showed concern for the possible fiscal impacts to the Education Fund or the community at the end of the grant funding. Ms. Richards explained it was critical for communities to use the upfront grant money to purchase equipment needed and then work on blending local and State programs with their existing prekindergarten program to reduce the fiscal impact. Representative Ancel echoed Senator Kitchel's concern for future fiscal impacts to the education and general funds. Commissioner Reardon stated he held the same reservations, but reminded the Committee that the State required the communities to demonstrate ability to sustain prekindergarten programs past the four years of the grant funding.

Senator Sears showed concern for the possible legal ramifications from Brigham if certain groups of children were intentionally not served because of a lack of funding. Commissioner

Reardon stated the sustainability plan was important in determining the fiscal stability and longevity of individual community programs. He then clarified that the first 10 hours of prekindergarten were paid by the State under current law [Act 166] and that the grant would become bridge money for those communities that wished to increase its program or that needed start-up funds to meet the State law deadline of 2017.

Senator Kitchel asked that it be made clear to communities that anything above the initial 10 hours of prekindergarten services would be paid by the local communities. Commissioner Reardon further stated that the program was voluntary. Senator Sears opined that the Brigham Decision would mandate that a school district would have to follow the "All In or All Out" clause of the Vermont Supreme Court's definition of what equal educational opportunities must include. Ms. Richards explained she did not see it as an issue because currently under Act 166, communities have already offered services to only partial groups of children according to what was affordable to them.

Senator Kitchel reiterated the Committee's concerns with the prekindergarten grant. She listed fiscal, policy, and legal implications as important discussions and decisions in the process of considering the grant. Representative Sharpe inquired if Head Start centers were opting out of the grant program. Ms. Richards responded that all seven Head Start programs in Vermont were participating in the grant program through either contracting with Supervisory Districts or Unions, or becoming subgrantees themselves. Currently, all of the head start centers had elected to become subgrantees to provide increased services within existing classrooms.

Each Committee member stated individually that he or she would not put a hold on the grant. As a note, the grant deadline for the 30-day hold rule ended on April 19, 2015. The Committee reiterated its concerns and reservations to the Administration.

B. Act179 Adjustment Authority for Combined Waiver and Independent Direct Care Expenditures

Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office, distributed information and explained the reason for the action required by the Committee. In responding to Senator Snelling, Ms. Barrett explained that the approval of the Committee would simply align the funding sources for the merger that was approved in January 2015 for the two demonstration waivers.

Senator Ashe made the following motion:

To approve the net-neutral adjustments to Fiscal Year 2015 appropriations as presented, and to recommend inclusion in the current budget bill language that allows the necessary net-neutral adjustments in July 2015 for Fiscal Year 2106.

Representative Ancel seconded the motion, and the Committee approved it.

The Committee adjourned at 1:10 p.m. on a motion from Senator Ashe that was seconded by Representative Johnson.

Respectfully Submitted,

Theresa Utton-Jerman, Legislative Joint Fiscal Office

Abstract

The state of Vermont requests \$7,231,681 in Preschool Development Grants-Expansion Grant (PDG-Expansion) first year funds for the Vermont PDG-Expansion Initiative (the Program or Project), an ambitious but achievable plan including 498 new PreK slots and improving 795 existing slots for low-income four-year-olds in the first year of funding. These 1,293 PreK slots represents an expansion of access to a total of 49.90% of Vermont's eligible four-year-olds. By the end of the fourth year of funding, this number will rise to 1,818 or 70.17% of eligible four-year-olds statewide.

The portion of funds for administrative purposes (5%) will be used to hire Program and Fiscal Managers who will manage the PDG-Expansion implementation statewide; to fund a contract for external program evaluation; and limited expenses relating to travel and equipment.

The Grant Coordinator (who will serve as the program manager) will also provide technical assistance to subgrantees and facilitate and support a Professional Learning Community to enable subgrantees to share best practices, collaborate on training and professional development and support each other in developing high-quality preschool programs. This specific assistance was requested by the subgrantees during the proposal development process. The Fiscal Manager will provide technical assistance to subgrantees to properly braid various funding streams to enhance the sustainability of their PreK programs.

Private philanthropic dollars - part of Vermont's 58% match of requested funds – will support mentoring to increase the number of licensed early education teachers in Vermont.

Vermont has defined "high-needs communities" as Supervisory Unions (SUs) and Supervisory Districts (SDs) (LEAs) that have 25% or more of their children at or below 200% of the Federal Poverty Level (FPL). A total of 33 subgrantees (all seven of Vermont's Head Start

programs and 26 of Vermont's Supervisory Unions and Districts) in approximately 150 high-needs communities statewide have formally agreed to participate. Thus, Vermont's PDG-Expansion project will have statewide reach.

Proposed Program outcomes will target children, families, and high-quality preschool programs.

Vermont has demonstrated a strong and enduring commitment to the early learning and development of young children and a record of accomplishment in providing high-quality early learning programs, and other programs and services, for children from birth to age five. Yet, work remains to be done. Vermont ranks high in access but does not fully achieve the quality defined as high quality preschool programs (HQPP), and that quality varies across individual programs in a mixed delivery model. Act 166, Vermont's universal PreK legislation, has been enacted but is primarily focused on access and equity. With universal voluntary access achieved, increasing quality and dosage in the state preschool program for four-year-olds under 200% FPL will be significantly accelerated with the resources requested in this proposal. This will help to close the achievement gap for poor children.

Vermont – Federal Prek Expansion Grant

- Highly competitive federal grant - of 36 state applications, 13 states received PreK Expansion Grants
- Interagency team from AHS, AOE and Governor's Office working directly with communities on application (October 2014) and implementation (2015 – 2019)
- Four-year federal grant to pay for full-day, high-quality Prek for 4 year-olds in poverty
- **Year 1:** \$7,231,681 **Year 2:** \$8,009,167 **Year 3:** \$8,631,497 **Year 4:** \$9,519,937
- Grant funds go directly to subgrantees: Supervisory Unions/Districts or Regional Head Start Programs
- Participation is voluntary, subgrantees can join or drop off at any time during the grant
- Grant funds must be used to expand programs to full-day and meet high-quality criteria including comprehensive services
- Two limited service positions at AOE: Grant Manager and Fiscal Analyst
- All subgrantees must have sustainability plans, AOE Fiscal Analyst will assist
- The state match for this grant is comprised of the current public dollars that Vermont already spends on Prek through Act 62 and now Act 166, as well as philanthropic match from the early childhood philanthropic organizations
- Goal is to serve 1818 students through this grant by Year 4 (VT Currently has 6,400 four-year-olds)
- Strong program evaluation – at the state and local levels – are worked into this grant
- 35 subgrantees covering the entire state are currently participating in the grant, but some may be added and some may drop out over the course of the grant
- This grant is closely coordinated with the systems-level Early Learning Challenge – Race to the Top Grant, as well as Vermont's Early Childhood Action Plan
- As Vermont transitions to Act 166 – Universal Prek, this grant provides a great opportunity for subgrantees to work closely with the state to help with the transition, and to pay for supplies, equipment and other start-up costs that are associated with moving to full implementation of Act 166



Fast Facts - VT Early Childhood Initiatives

Background

In the past few years, Vermont has invested significant resources to improve the wellbeing of young children and families in Vermont. Parents, educators, service providers, state agencies, philanthropic partners, the business community, and other key stakeholders are working together in new ways to realize the promise of every Vermont child. Outlined below are several recent key initiatives.

Timeline

March 2013 – March 2014: Following Governor Shumlin's January 2013 announcement of an Early Childhood Summit, a group of government, community, and business leaders drafts, with significant public input, an Early Childhood Framework and Action Plan. The Framework recognizes Vermonters' shared responsibility to ensure that our young children grow up happy, healthy and ready for a lifetime of learning. The Action Plan charts the course to achieve the goals of the Framework.

Dec 2013: Vermont is awarded a \$36.9 million four-year federal Race to the Top – Early Learning Challenge Grant. This grant builds a foundation for a coordinated and accountable early childhood system that increases quality of programs and services, provides training and support, empowers communities to play a leading role, and develops existing data systems to monitor effectiveness and increase accountability.

June 2014: Vermont passes Act 166, a universal Pre-K bill, allowing every three and four year old in the state to access 10 hours of publicly funded Pre-Kindergarten.

Dec 2014: Vermont is awarded a \$33 million, four-year federal Preschool Expansion Grant that directly supports targeted Pre-K programs providing services to low-income four year-olds to further improve quality, increase capacity, and expand to full day.

Dec 2014: Vermont receives Early Head Start-Child Care Partnership and Early Head Start Expansion awards that allow new or existing Early Head Start programs to partner with local child care providers to better serve infants and toddlers from low-income families by providing full-day, full-year programs.

A Case Study in Collaboration

While each of these initiatives is different in scope, they are all tightly coordinated and work together to make Vermont a national leader in the area of early childhood. One strong example of how they work together is in the promotion of high-quality, accessible Pre-Kindergarten education.

The Early Childhood Framework and Action Plan serve as the foundation for all early childhood efforts in Vermont. The action plan specifically calls for strategies that are included in the Early Learning Challenge grant, Act 166, and the Preschool Expansion grant.



The Early Learning Challenge grant supports professional development, program and child assessment, and data collection that will enable more programs in the state to become pre-qualified public Pre-K providers. These efforts will also support a robust monitoring and accountability system going forward.



Act 166 relies on these pre-qualified programs to provide universal access to 10 hours of publicly funded Pre-K for all Vermont three and four year-olds. This public funding helps support the quality of programs statewide.



The Preschool Expansion grant will allow selected pre-qualified programs to provide high-quality, full-day Pre-K education for Vermont four year-olds in families at or below 200 percent of the federal poverty level.

*** See opposite side for more information about each initiative ***

Fast Facts - VT Early Childhood Initiatives

All initiatives listed in the chart below address VT's Early Childhood Framework and Action Plan Goal #3: All children and families have access to high-quality opportunities that meet their needs.

For more information on VT's Early Childhood Action plan contact Julie Coffey at jcoffey@buildingbrightfutures.org.

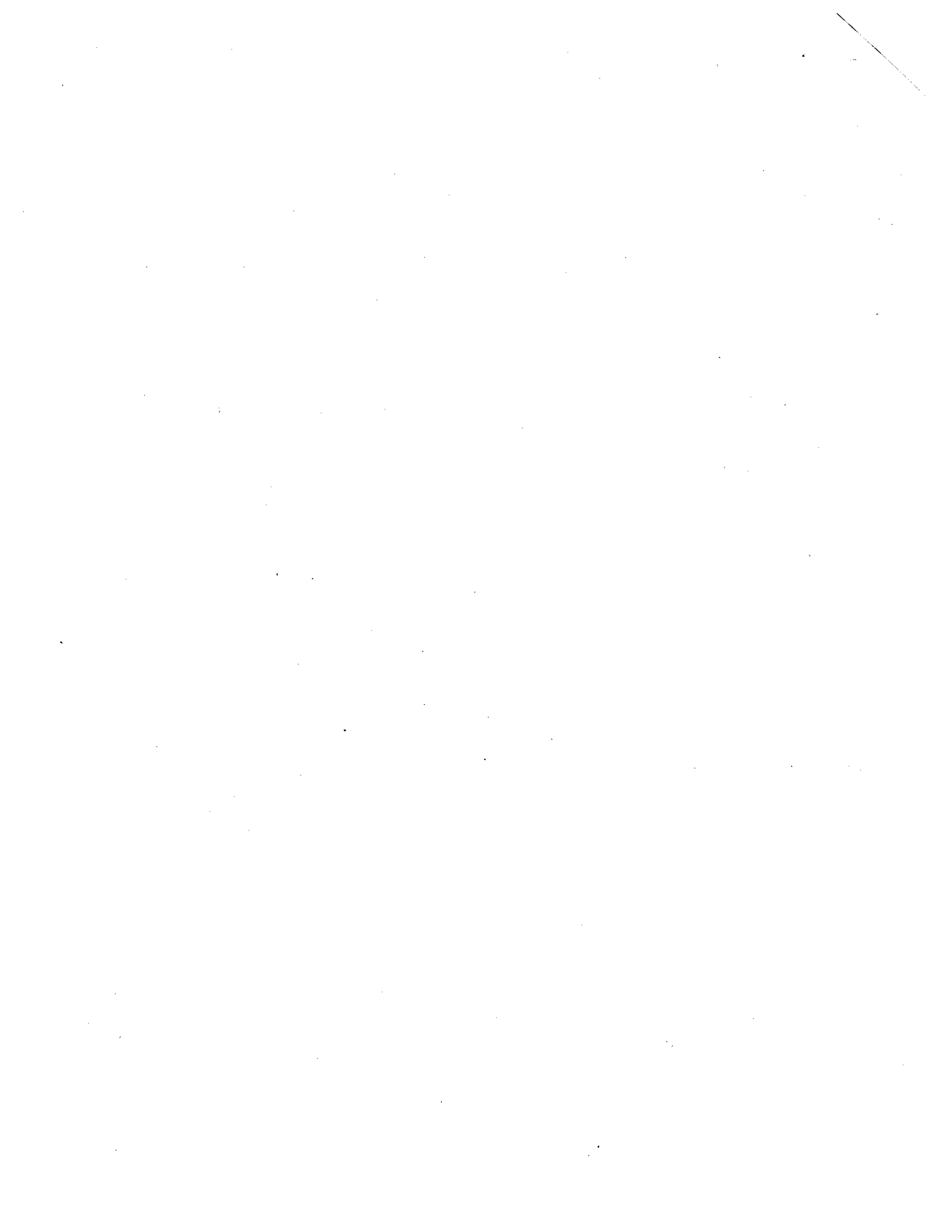
Name of Program	Early Learning Challenge - Race to the Top grant	Act 166	Preschool Expansion grant	Early Head Start-Child Care Partnership and Early Head Start Expansion Awards
Who is the target of services?	Vermont children prenatal to third grade and their families	Vermont's three and four year olds, and five year olds not yet kindergarten	Vermont's four year olds from low and moderate income families	Vermont's infants and toddlers (birth to age three) from low-income families
What is it and what services are provided?	A federal systems-level grant that strengthens early childhood infrastructure, including program quality, professional development, community supports, and data systems.	A Vermont state law that establishes access to ten hours of publicly funded Pre-K per week, 35 weeks per year.	A federal grant, built upon the ELC grant, that enables pre-qualified providers of preschool to expand to full day, increase capacity, and improve quality.	A federal grant that allows Early Head Start grantees to partner with center and home-based child care to increase their hours and/or capacity and/or quality.
When do services or programs start and end?	The grant was awarded in December 2013 and is a four year grant.	It was signed into law in June of 2014. It will be fully implemented by September of 2016.	The grant was awarded in December of 2014 and is a four year grant.	Five year grants awarded on a rolling basis between December 2014 and the end of March 2015.
Where are services provided?	Statewide, through state agencies, and community partners, including the Building Bright Futures Regional Councils	Schools, Head Start, child care centers, child care homes, All must be pre-qualified in order to offer publicly funded Pre-K education	Schools, Head Start, child care centers, child care homes, All must be pre-qualified	Head Start, Early Head Start, and partnering child care centers and family child care homes
Why does it matter?	The grant's goal is to improve school readiness for Vermont's children.	Children who have high quality Pre-K are better prepared to succeed in kindergarten and beyond.	Targeted, high-quality, full day pre-k is the most effective way to close the achievement gap before it begins.	The grant's goals are to increase access to high-quality, full day, infant and toddler care for low-income families.
More information?	Julie Cadwallader Staub Julie.cadwallader-staub@state.vt.us	Manuela Fonseca Manuela.fonseca@state.vt.us Reeva Murphy Reeva.murphy@state.vt.us	Karin Edwards Karin.edwards@state.vt.us	Ben Allen Ben.allen@state.vt.us

*** see opposite side for more information about how these initiatives work together***

Subgrantees

Addison Central SU
Addison Northeast SU
Addison Northwest SU
Bennington County HS
Bennington-Rutland SU
Burlington SD
Caledonia Central SU
Capstone Head Start
Champlain Valley Head Start
Chittenden East
Early Education Services
Essex North SU
Franklin Central SU
Franklin Northwest SU
Lamoille South SU
Milton Town SD
NEKCA Head Start
Orange SW SU
Orange Windsor SU
Rivendell SD
Rutland Central SU
Rutland County Head Start
Rutland NE SU
SEVCA/Windsor County
Springfield
St. Johnsbury SD
Two Rivers SU
Windham Central SU
Windham SE (Brattleboro)
Windsor Southeast SU (possibly)
Winooski SD
Windsor Northwest SU
Southwest Vermont SU
Orange North Supervisory Union

***Subgrantees can be added or drop out over the course of the grant**



Subgrantees

Addison Central SU
Addison Northeast SU
Addison Northwest SU
Bennington County HS
Bennington-Rutland SU
Burlington SD
Caledonia Central SU
Capstone Head Start
Champlain Valley Head Start
Chittenden East
Early Education Services
Essex North SU
Franklin Central SU
Franklin Northwest SU
Lamoille South SU
Milton Town SD
NEKCA Head Start
Orange SW SU
Orange Windsor SU
Rivendell SD
Rutland Central SU
Rutland County Head Start
Rutland NE SU
SEVCA/Windsor County
Springfield
St. Johnsbury SD
Two Rivers SU
Windham Central SU
Windham SE (Brattleboro)
Windsor Southeast SU (possibly)
Winooski SD
Windsor Northwest SU
Southwest Vermont SU
Orange North Supervisory Union

***Subgrantees can be added or drop out over the course of the grant**



JFC 4/8/2015

Effective January 1, 2015, the Centers for Medicare and Medicaid Services approved the State's request to consolidate the State's previous Choices for Care demonstration waiver with the Global Commitment demonstration waiver. This change requires the net-neutral movement of funds among affected appropriations to create the necessary Global Commitment spending authority in Fiscal Year 2015.

Proposed Motion

- A) To approve the net-neutral adjustments to Fiscal Year 2015 appropriations as presented, and
- B) To recommend inclusion in the current budget bill language that allows the necessary net neutral adjustments in July 2015 for Fiscal Year 2106.



FY2015 Net Nuetral Adjustments Due to the Merger of the Choice for Care waiver into the Global Committemen waiver				CALCULATED	4/8/2015
Sec. #	Dept ID	FY 2015 APPROPRIATIONS BILL	4/8/15 12:14 PM	THROUGH FY 2015 BAA AS PASSED	JFC Approval Requested For Net Nuetral Waiver Merger Transfer
*** HUMAN SERVICES ***					
B.300	3400001000	Human Services - agency of human services - secretary's office	Personal services	11,222,055	
			Operating expenses	4,065,615	
			Grants	5,344,325	
			Total	20,631,995	
			Source of funds		
			General fund	5,662,857	
			Special funds	91,017	
			Tobacco fund	224,698	
			State health care resources	-	
			Global Commitment fund	499,667	3,731,369
			Federal funds	10,456,611	(1,843,289)
			Interdepartmental transfers	3,697,145	(1,888,080)
			Total	20,631,995	-
B.301	3400004000	Secretary's office - global commitment	Operating expenses	5,340,670	
			Grants	1,317,958,693	
			Total	1,323,299,363	
			Source of funds		
			General fund	179,145,410	45,531,019
			Special funds	25,170,032	
			Tobacco Fund	33,031,032	
			State health care resources	263,653,795	
			Federal funds	822,259,094	58,265,910
			Interdepartmental transfers	40,000	
			Total	1,323,299,363	103,796,929
B.304	3400010000	Human services board	Personal services	740,493	
			Operating expenses	89,986	
			Total	830,479	
			Source of funds		
			General fund	126,534	
			State health care resources	-	
			Federal funds	388,686	(72,758)
			Global Commitment fund		145,516
			Interdepartmental transfers	315,259	(72,758)
			Total	830,479	-
B.308	3410016000	Department of Vermont health access - Medicaid program - long-term care waiver	Grants	208,851,719	
			Total	208,851,719	
			Source of funds		
			General fund	89,384,207	(45,531,019)
			Federal funds	119,467,512	(58,265,910)
			Global Commitment fund		103,796,929
			Total	208,851,719	-
B.329	3460010000	Disabilities, aging and independent living - administration & support	Personal services	27,263,461	
			Operating expenses	4,663,407	
			Total	31,926,868	
			Source of funds		
			General fund	8,839,235	
			Special funds	1,390,457	
			Global Commitment fund	6,752,481	634,455
			Federal funds	12,395,929	
			Interdepartmental transfers	2,548,766	(634,455)
			Total	31,926,868	-
B.330	3460020000	Disabilities, aging and independent living - advocacy and independent living	Grants	21,681,904	
			Total	21,681,904	
			Source of funds		
			General fund	8,286,221	
			Global Commitment fund	5,585,429	151,280
			Federal funds	7,640,264	
			Interdepartmental transfers	169,990	(151,280)
			Total	21,681,904	-

