ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

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REP. DAVID SHARPE

STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Monday, July 27, 2015

Room 10, State House

11:15a.m. A. Call to order and approve minutes of February 12, and April 8, 2015 **[approved]**

11:20 a.m. B. Revenue Update [*doc*]
Tom Kavet, Legislature's Economist, Kavet, Rockler & Associates

11:45 a.m. C. Administration's Fiscal Updates:
1. Unencumbered Balances [Sec. 61(a)(2) of Act 4 of 2015] [*doc*]
David Cameron, Business Manager, Department of Financial Regulation

11:55 a.m. 2. Fiscal Year 2015 Contingent General Fund Appropriations Status
[Sec. C.108 of H.490 of 2015] [*doc*]
James Reardon, Commissioner, Dept. of Finance & Management

12:05 p.m. 3. Preliminary Closeout
Commissioner Reardon

12:30 p.m. Lunch

1:30 p.m. D. JFO#2763 – Web Portal Board Proposal – Standardized Fee for ACH
[Held for full Legislature's approval -- 2016 session] [*2 docs*]
Michael Clasen, Deputy Secretary, Agency of Administration
Jamie Gage, President and General Manager, VT Information Consortium
Harry Bell, Director of Web Services, Department of Information and Innovation

2:10 p.m. E. Fiscal Office Updates – Fiscal Officers' Report [*doc*]
Stephen Klein, Chief Fiscal Officer
1. Medicaid Year-End Report: Stephanie Barrett, Assoc. Fiscal Officer [*doc*]
2. Preliminary Budget Pressures
3. Other

2:30 p.m. Next Committee Meeting Dates and Adjourn
September 15 and November 13

Emergency Board at 10:00 a.m., 5th floor, Pavilion Office Bldg., 109 State Street, Montpelier
Health Reform Oversight Committee at 12:30 p.m., Room 3, State House

Other Report Submissions:

General Government

I. Quarterly report on excess receipts and additional memo response from JFO. [32 V.S.A. § 511 as amended by Sec. 60 of Act 142 of 2014] [Administration] [Received 3rd quarter]

II. Small Grants Quarterly Report [32 V.S.A. § 5(a)(3) as amended by Sec. 17 of Act 167 of 2014 and further amended by Sec. 54 of Act 142 of 2014 and further amended by Sec. E.342.7 of Act 179 of 2014] [Joint Fiscal Office] [Received 2nd, 3rd, and 4th quarters]

III. Vermont Health Connect monthly reports. [Sec. C.106 of Act 58 of 2015] [Chief of Health Care Reform] [Received April, May, and June]

IV. Independent Review of Vermont Health Connect [Sec. C.106.1 of Act 58 of 2015] [JFO] [Received]

Commerce

Joint Report on economic advancement tax incentives [32 V.S.A. Sec. 5930a(j)] [VEPC and Tax Dept.] [not submitted]

Human Services

I. Report on statewide statistics related to the use of emergency housing vouchers. [Act 50, Sec. E.321.2(c) of 2013 as amended by Sec. E.321.2 of Act 58 of 2015] [AHS] [Received]

II. Medicaid Waiver Consolidation Adjustment. [Sec. 301.3 of Act 58 of 2015] [AHS] [Received]

III. Substance Abuse Treatment Services – System Performance Annual Report [Sec. E.306.2(a)(1) of Act 179 of 2015] [ADAP – Dept. of Health] [Received]

IV. Position Pilot Program – Department for Children and Families [Sec. E.100(d)(4) of Act 179 of 2014] [Received]

Natural Resources

Annual report of the Agency of Natural Resources of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [30 V.S.A. § 20(a)(2)(C)] [ANR] [Received]

Protection

I. Quarterly report of costs and expenditures for proceedings of the Federal Energy Regulator)' Commission [30 V.S.A. § 20(b)(9)] [Dept. and Board — Public Service] [Received FY2014 and FY2015 1st, 2nd, 3rd and 4th quarters]

II. Costs for Dispatching Services [Sec. E.208.3 of Act 58 of 2015] [Dept. of Public Safety] [Received]

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Monday, July 27, 2015

Minutes

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

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

The Chair, Senator Kitchel, called the meeting to order at 11:30 a.m., and Senator Snelling moved to approve the February 12, 2015, and April 8, 2015 minutes. Representative Sharpe seconded the motion, and the Committee approved.

B. Revenue Update

Tom Kavet, the Legislature's Economist, presented an update on the State's revenue forecast. He stated the current forecast had few changes since the previous one in January 2015. Things he noted were due to legislative changes in taxes and fees during the 2015.

In comparing Vermont's economy to national data, Mr. Kavet pointed out that Vermont was the fourth lowest in the country for unemployment rates. When viewing State data by county, there was still evidence of continued disparity in the Northeast Kingdom. Growth in jobs had occurred most in abutting counties of Chittenden County, such as Franklin and Addison Counties. Even though durable manufacturing (things lasting for more than 3 years, such as appliances) had declined 24% over time, nondurable manufacturing (perishable, such as food products—craft beer) had increased 9%.

Representative Sharpe asked for a break out of local and State government health care workers and teachers from Mr. Kavet. Senator Kitchel stated she had read that "goods production is wealth production," and then asked if there were certain employment sectors directly connected to the generation of wealth and how those tied into past forecasts. Mr. Kavet disagreed with the quoted phrase, and stated that what mattered in wage growth were wage levels of employees and whether the service or goods were exportable and did not compete with the local economy.

Representative Lippert observed that Mr. Kavet's labor chart reflected where someone lived not where the person worked. Mr. Kavet agreed, and stated that he made it a practice to view the information from both perspectives. He continued his summary, explaining that real estate sales were improving which has been used as a leading indicator on the Grand List for economic improvement to the State.

Senator Ashe asked for an update on corporate revenue income changes since the last State forecast in January 2015. Mr. Kavet referred to the chart on page 11 of his presentation and explained that personal financial information from a group of businesses was used to create a corporate revenue forecast. He stated that this type of forecasting was very volatile because one or two businesses could do something that would cause a large change in the State revenue. Senator Ashe commented that the volatility of revenue was a constant issue for the Legislature when making tax policy. Mr. Kavet agreed and advised that it was important for the State to have even larger reserves to address any sudden downturns.

C.1. Administration's Updates – Unencumbered Balances

David Cameron, Business Manager, Department of Financial Regulation, distributed a summary of the FY2015 receipts available to the General Fund from the Insurance and Securities Regulatory Funds in excess of $24 million, and summarized the information. Senator Ashe asked if there had been any activity from the Vermont Legacy Insurance Management Act (LIMA) signed into law in 2014, and Mr. Cameron responded there had not been. The Chair thanked Mr. Cameron for the positive news on the transfer to the General Fund.

C.2. FY 2015 Contingent General Fund Appropriations Status

James Reardon, Commissioner, Department of Finance and Management, distributed a summary of the FY2015 closeout summary of the State General Fund and reserves. He noted that the summary was a consensus document with the Joint Fiscal Office. He explained there was a $25 million increase to the General Fund above original projections because of an $18 million increase in revenue above the January 2015 consensus forecast, and an additional $7 million in direct applications and reversions that included additional settlements in the Attorney General's Office. He added that the Food Fight Fund had already obtained its target for FY2015 in the first month of the fiscal quarter.

Commissioner Reardon stated that the Department of Financial Regulation had exceeded its FY2015 forecasted receipts by $4.7 million. Speculation on this increase concerned the continued renewal of licenses for insurance producers signed up during the recession. He continued through the summary, explaining the changes since the previous forecast, and the allocation of the excess General Funds to the contingent appropriations. Senator Kitchel explained to the Committee that the intent of the budget language for the contingent appropriations was to address fiscal pressures for LIHEAP and Medicaid. Medicaid had been running hot and the same trend was expected into FY2016. Representative Ancel asked if there were Global Commitment Funds available from the $13 million at the end of 2015, when they would revert. Commissioner Reardon responded the funds would be part of the FY2015 Budget Adjustment discussion. Representative Johnson added that the budget conferees had decided that any unallocated funds at the close of FY2015 would be held for a possible FY2016 Medicaid shortfall, and Commissioner Reardon agreed.

Commissioner Reardon continued with his summary on contingent fund designation according to Act 58 of 2015. He stated that the Department would send its FY2016 budget instructions to departments asking for a plan of how they would use carryforward funds, and to list possible issues with FY2015 closeout.

Representative Johnson asked the Commissioner to review the teacher's health care internal loan fund from the contingency appropriations list. He explained that the initial loan limit, or maximum available to borrow, was $30 million but with the $3.6 million contingent allocation to the fund, the limit would then be reduced to $26.4 million. Additionally, after the contingent allocation, the State would owe $10 million on the loan. Representative Lippert asked if Global Commitment funds would be expended to the Agency of Administration for FY2016 for Medicaid. Commissioner Reardon responded that the Administration would receive the funds. The Administration would recalibrate the needs of Medicaid after the consensus forecast in January 2016, and readjust through the proposed FY2016 BAA. Representative Ancel stated that she would rather have unallocated General Funds sent to reserves than sit on the bottom line of the BAA.

The Chair recessed the meeting at 1:30 p.m.

The Chair reconvened the meeting at 1:39 p.m., and asked for the next agenda item.

<u>D. Grant Process - JFO#2763 – Web Portal Board Proposal – Standardized Fee for ACH</u>

Michael Clasen, Deputy Secretary, Agency of Administration; Jamie Gage, President and General Manager, Vermont Information Consortium (VIC); and Harry Bell, Director of Web Services, Department of Information and Innovation, explained the fee proposal. Mr. Clasen distributed a current VIC fee services schedule by department in addition to the grant packet. He apologized for the delay in bringing the proposal to the Committee. Senator Kitchel asked for the background for the proposal. Mr. Clasen explained that the fee schedule was an attempt by the Web Portal Board at standardizing the fees. Representative Ancel inquired what the advantage would be to the public for having a standardized fee. Mr. Clasen responded that a set fee would make it easier for people to know what fee they would be paying to the State for a transaction. Senator Kitchel queried what the revenue impact was for the proposal to businesses and others. Mr. Clasen responded that he had not assessed the data to determine the impact. Senator Snelling queried how the VIC ACH fees compared to industry standards, such as Banks and other institutions using ACH fees for comparability. Mr. Gage responded that it was dependent on volume. VIC did under 5,000 transactions and under $1 million in fees in the previous year. The 3% proposed standardized fee would not result in significant revenues to VIC but would streamline the current fee structures to allow for easier financial reconciliation.

Representative Branagan showed concern for the fiscal impacts to Vermonters, and suggested the proposal go before the Legislature as a whole in the 2016 session. She added that it was important for the Legislature to understand where the revenue to the fees went and why. Representative Sharpe commented that the proposal should have been vetted during the 2015 session because of its sweeping policy change. Senator Sears requested that all grants held for action on a JFC agenda be sent in paper to the JFC members prior to that meeting and the Committee agreed. He also showed concern for changing the Web Portal Board's fee schedule in a day. Representative Ancel showed concern for the revenue impact to the State, and asked that VIC work with the JFO on a consensus fiscal impact estimate on the fee schedule proposal.

Senator Ashe moved to delay the proposal until the September JFC meeting, and then subsequently withdrew the motion. Representative Sharpe moved that the proposal be held for legislative approval under 32 V.S.A. § 5(a)(2) until the 2016 Legislature reconvenes. Representative Ancel seconded the motion. Senator Sears stated he would oppose the motion, and asked that the proposal be held until the September JFC meeting and further information be supplied to the Committee. Senator Ashe suggested that the Legislature could reassess whether JFC was the place for these types of issues in the future. Senator Ashe suggested the Legislature revisit the statutory language that allowed Web Portal Board fees to move through the JFC grant process. Senator Snelling called the roll. The motion passed with Senator Sears voting no.

E. Fiscal Offices Updates – Fiscal Officers' Report

Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, highlighted areas of his report including: Tom Kavet's contract, the Joint Fiscal Office's independent analysis of the Vermont Health Connect, the Education Adequacy Study RFP, Information Technology RFP/limited service position, the fiscal offices' temporary move to the State House, and Chainbridge and Remi modeling updates. Senator Ashe requested a list of projects the fiscal office staff was working on for the interim.

E.1. Medicaid Year-End Report

Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office, explained that in Medicaid, both caseload and overall program expenditures significantly exceed the budgeted level for the FY2015, with detailed data provided in the FY2015 year-end Medicaid report distributed to both the Emergency Board and the JFC.

Ms. Barrett explained the preliminary potential General Fund budget pressures, as listed in the attachment, AHS Significant Budget Pressures, of the fiscal officers' report. She explained that the FY2015 Medicaid closeout, reencumbering of FY2015 expenses and year-end transfers and the amount FY2015 surplus funds available still needed more work.

Senator Snelling asked about the eligibility groups within Medicaid. Ms. Barrett responded that there were two groups that came in lower than anticipated: underinsured children and Vermont Premium Assistance, but all the other eligibility groups came in higher, and the ones of particular concern were the general and new adults because they were much higher than anticipated.

Representative Lippert inquired as to when there would be more clarity on the Medicaid eligibility groups. Ms. Barrett responded that it would take additional analysis to uncouple the caseload and utilization impacts, but the Medicaid fiscal team would work through the fall to deliver new estimates for adoption by the Emergency Board in January 2016. Commissioner Reardon commented that the Administration may have updated information in time for FY2016 BAA discussions in December 2015. He added that the increase of utilization of Medicaid was not unique to Vermont. Ms. Barrett concluded her summary of the FY2015 Medicaid year-end report.

The Committee confirmed it would meet next on September 15 and at a date, to be determined by e-mail, in November [This was confirmed later as November 13]. The Committee agreed to adjourn on a motion from Senator Sears at 2:53 p.m.

Respectfully Submitted,

Theresa Utton-Jerman
Legislative Joint Fiscal Office

Kavet, Rockler & Associates, LLC
Economic and Public Policy Consulting

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B.

July 2015
Economic Review and Revenue Forecast Update

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

July 27, 2015

Economic Review and Revenue Forecast Update
July 2015

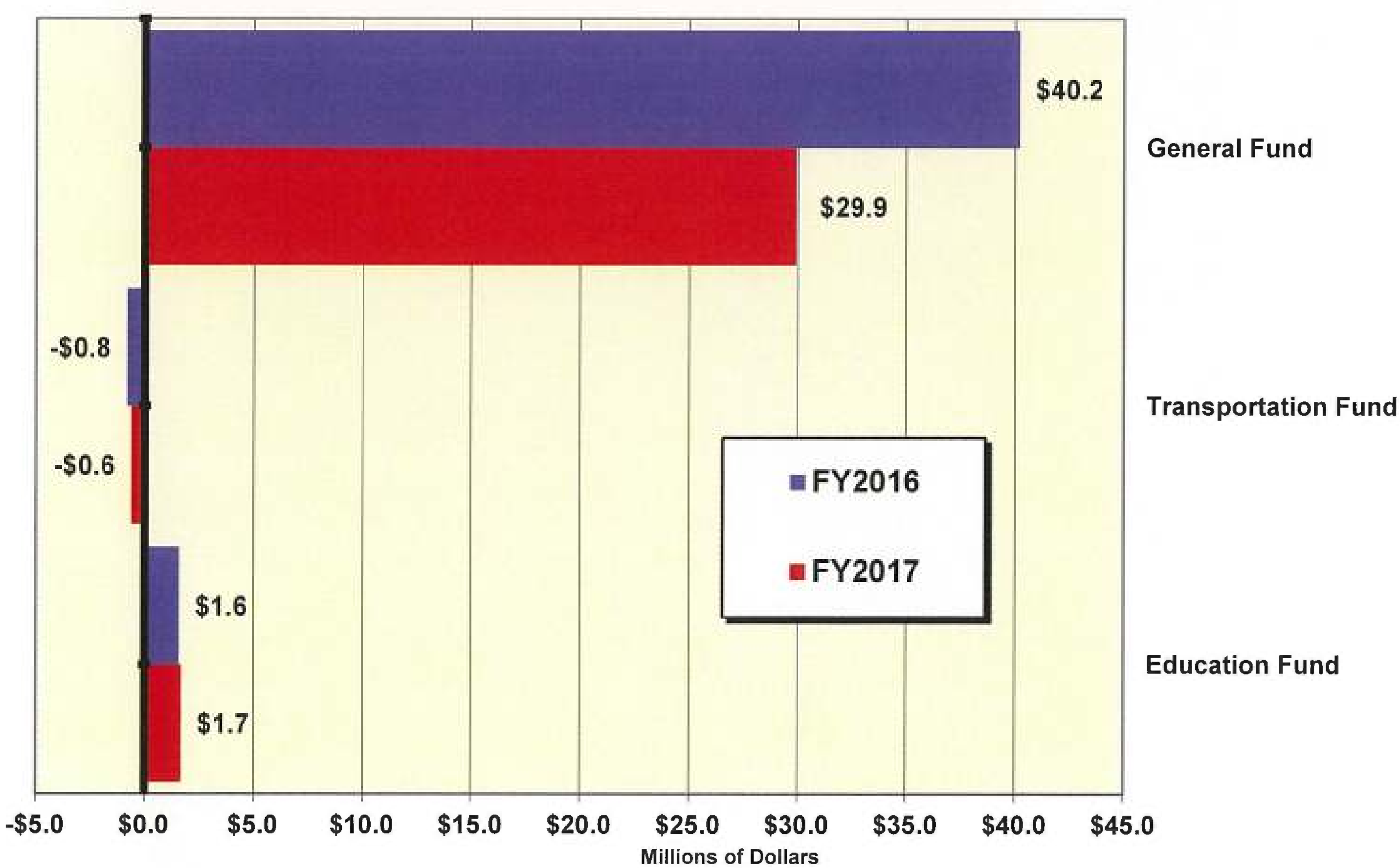
Overview

Total State revenues across all three major funds forecast herein closed fiscal year 2015 a mere 1.0% above prior January forecasts and 0.6% above year-ago July projections.

The slowest economic recovery in post-WW2 history will likely continue in FY16 and FY17, with some acceleration bringing slightly above-average revenue gains, though very close to previous expectations. Virtually all of the current changes in General Fund revenues relative to the prior January forecast, per the below chart, are the product of statutory changes made in the last legislative session, and represent about $30 million in new tax revenues.

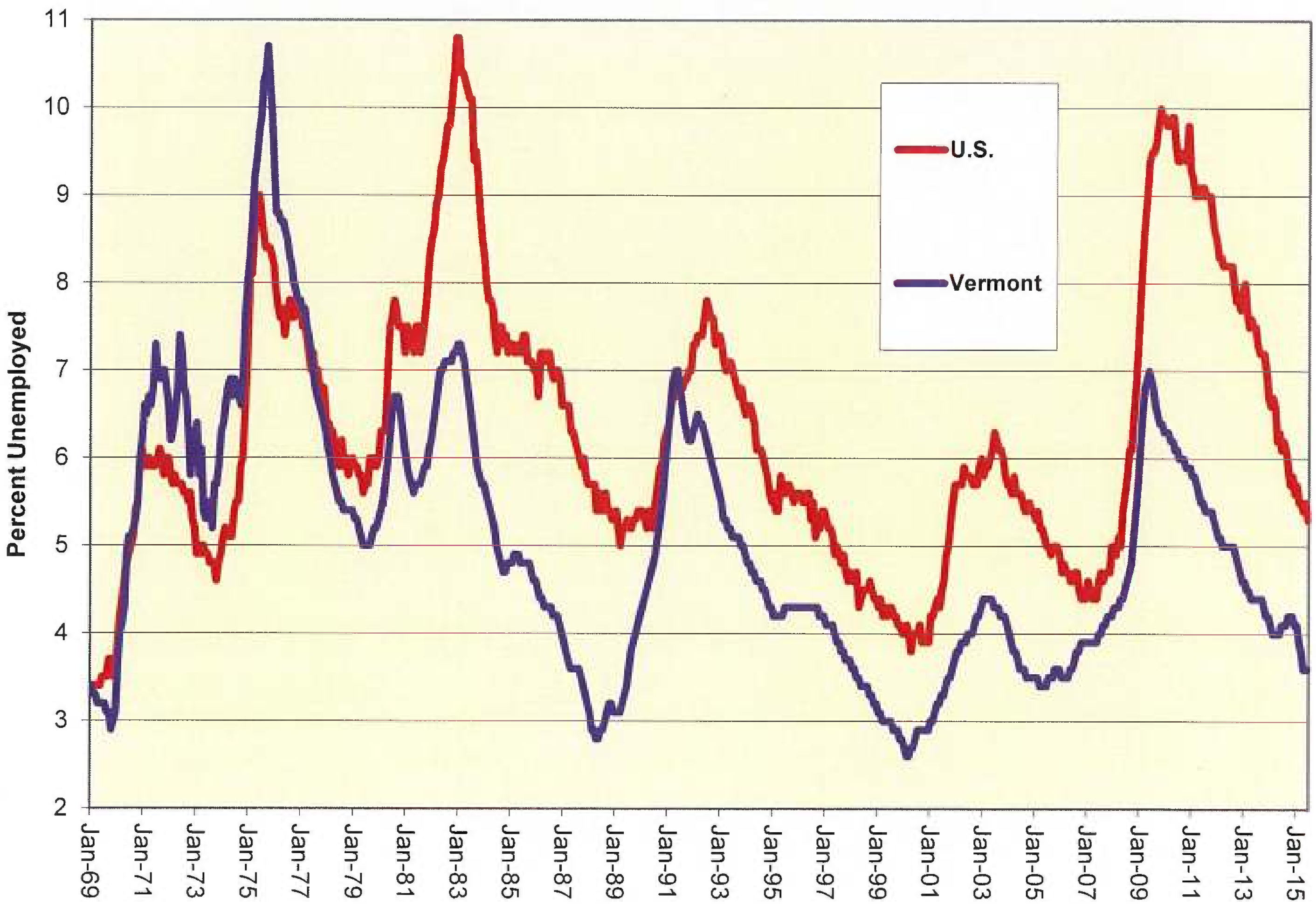
These tax changes primarily impact the General Fund, with the largest tax changes affecting personal income and sales taxes. Without these new tax revenues, the General Fund would have increased by about $9 million in FY16 and declined by about $1 million in FY17, relative to January projections.

Recommended Net Revenue Changes from January 2015 Forecast

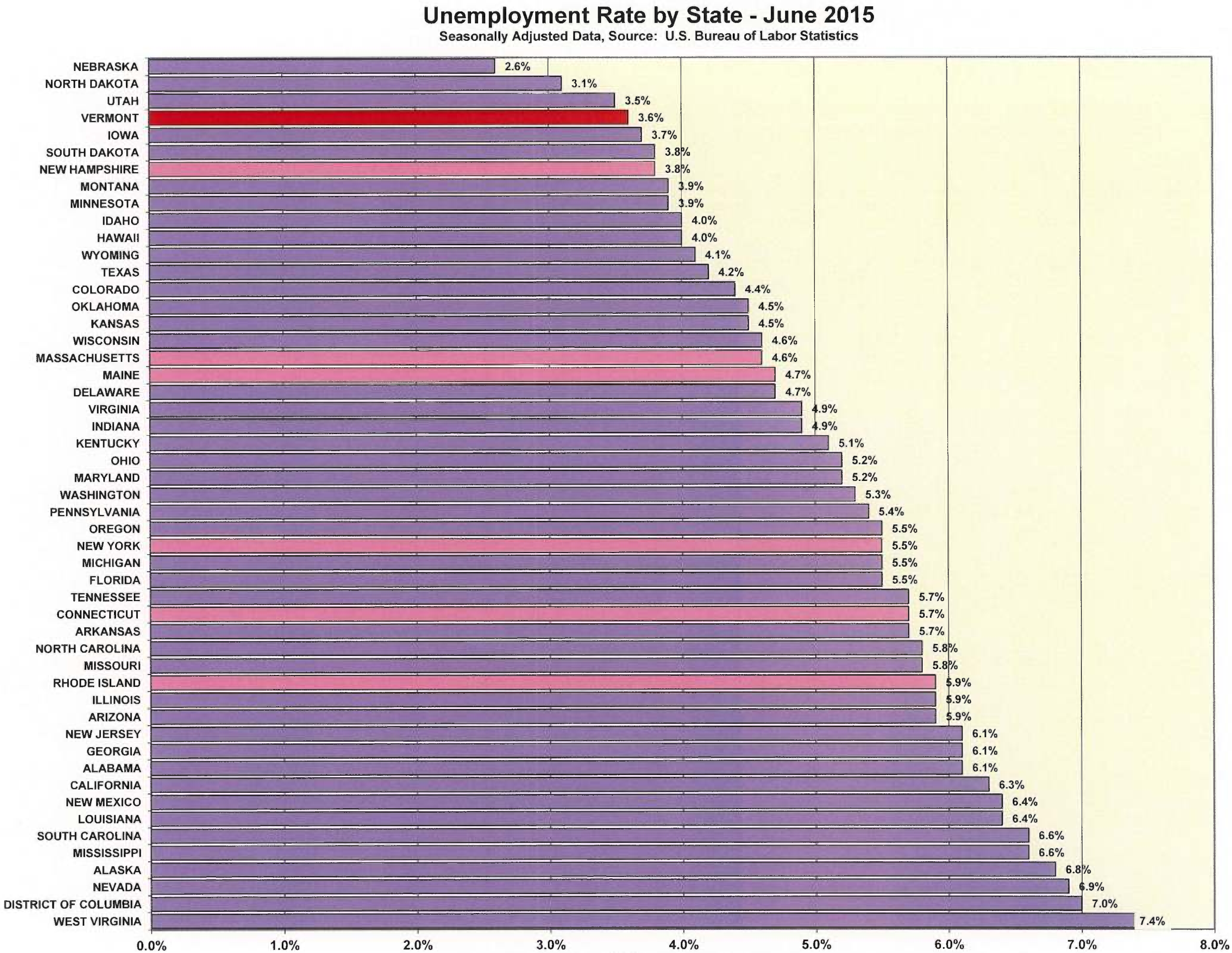


- Weak U.S. first quarter 2015 GDP growth, reported to have declined 0.2%, is likely to be another statistical aberration and is not a harbinger of an impending slowdown, as no major imbalances are evident in the economy at this time. On the contrary, the determinants for continued growth in investment and consumption in both the U.S. and Vermont - improving labor market conditions, emerging wage and income growth, accommodative financial conditions, relatively low fuel prices, and a strengthening real estate and housing market—remain intact. After 57 consecutive months of employment growth, the U.S. economy has added more than 12 million jobs and driven the unemployment rate to 5.3% in June, its lowest rate in more than 7 years. Continued employment gains of about 250,000 jobs per month - nearly double the rate of additions to the workforce - should leave the economy close to full employment within about a year, and finally support broader wage and income gains.

Slow, Steady Recovery Finally Approaches Full Employment
(Unemployment Rate, Source: Bureau of Labor Statistics, U.S. Department of Labor)

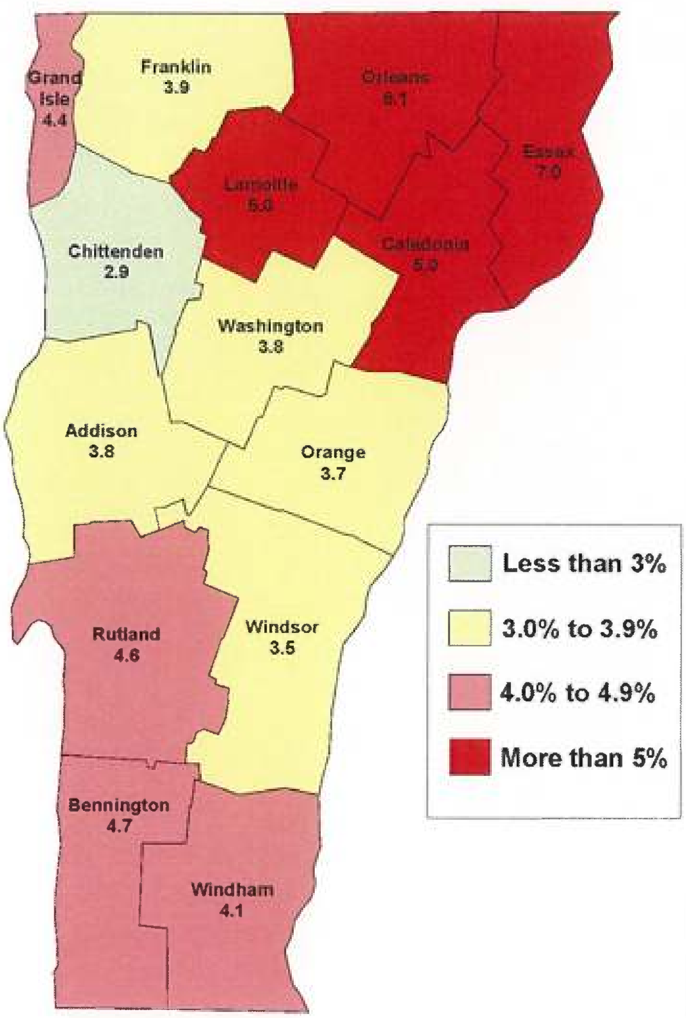


- Vermont employment growth has also strengthened in recent months, with year over year growth in the past 12 months accelerating to 1.4%, vs. 0.7% in the preceding 12 month period. This has pushed the State unemployment rate to


Unemployment Rate by State - June 2015
Seasonally Adjusted Data, Source: U.S. Bureau of Labor Statistics
NEBRASKA 2.6%
NORTH DAKOTA 3.1%
UTAH 3.5%
VERMONT 3.6%
IOWA 3.7%
SOUTH DAKOTA 3.8%
NEW HAMPSHIRE 3.8%
MONTANA 3.9%
MINNESOTA 3.9%
IDAHO 4.0%
HAWAII 4.0%
WYOMING 4.1%
TEXAS 4.2%
COLORADO 4.4%
OKLAHOMA 4.5%
KANSAS 4.5%
WISCONSIN 4.6%
MASSACHUSETTS 4.6%
MAINE 4.7%
DELAWARE 4.7%
VIRGINIA 4.9%
INDIANA 4.9%
KENTUCKY 5.1%
OHIO 5.2%
MARYLAND 5.2%
WASHINGTON 5.3%
PENNSYLVANIA 5.4%
OREGON 5.5%
NEW YORK 5.5%
MICHIGAN 5.5%
FLORIDA 5.5%
TENNESSEE 5.7%
CONNECTICUT 5.7%
ARKANSAS 5.7%
NORTH CAROLINA 5.8%
MISSOURI 5.8%
RHODE ISLAND 5.9%
ILLINOIS 5.9%
ARIZONA 5.9%
NEW JERSEY 6.1%
GEORGIA 6.1%
ALABAMA 6.1%
CALIFORNIA 6.3%
NEW MEXICO 6.4%
LOUISIANA 6.4%
SOUTH CAROLINA 6.6%
MISSISSIPPI 6.6%
ALASKA 6.8%
NEVADA 6.9%
DISTRICT OF COLUMBIA 7.0%
WEST VIRGINIA 7.4%
0.0% 1.0% 2.0% 3.0% 4.0% 5.0% 6.0% 7.0% 8.0%

3.6%, the lowest in New England and the fourth lowest in the U.S. Per the chart on the preceding page, North Dakota has recently been replaced by Nebraska as the state with the lowest unemployment rate, as the precipitous decline in oil prices and related drilling activity begins to measurably impact energy-producing states. Until February of this year, North Dakota had boasted the lowest unemployment rate in the country for 74 consecutive months, largely avoiding the Great Recession.

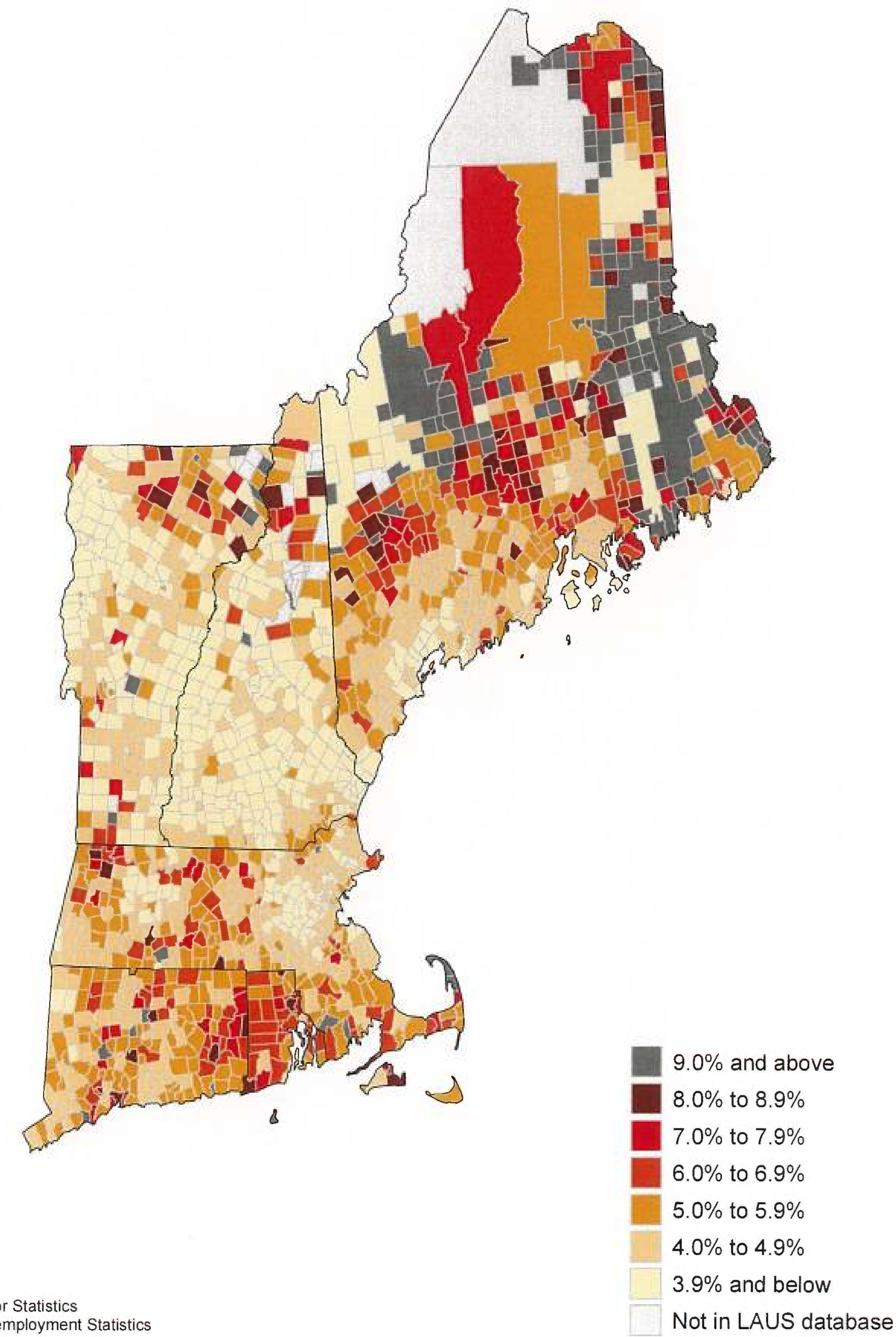
- Unemployment rates among the 14 Vermont counties display with distressing persistence the economic divide between Chittenden County and the remainder of the State – as well as the perennially subaltern economic conditions in the Northeast Kingdom. Last year at this time, it appeared that job growth connected with EB-5 activity in Orleans County had offered some hope of a counter-trend in this region, but it has been short-lived. Employment in the county and region has continued to slip and some of the highest town unemployment rates are still found in this region (see chart on following page).



Vermont Unemployment Rates by County
12 Month Average for Period Ending in June 2015
Source: Vermont Department of Labor

Unemployment rates in New England by Minor Civil Division, June 2014 – May 2015 averages

(U.S. rate = 5.8 percent)



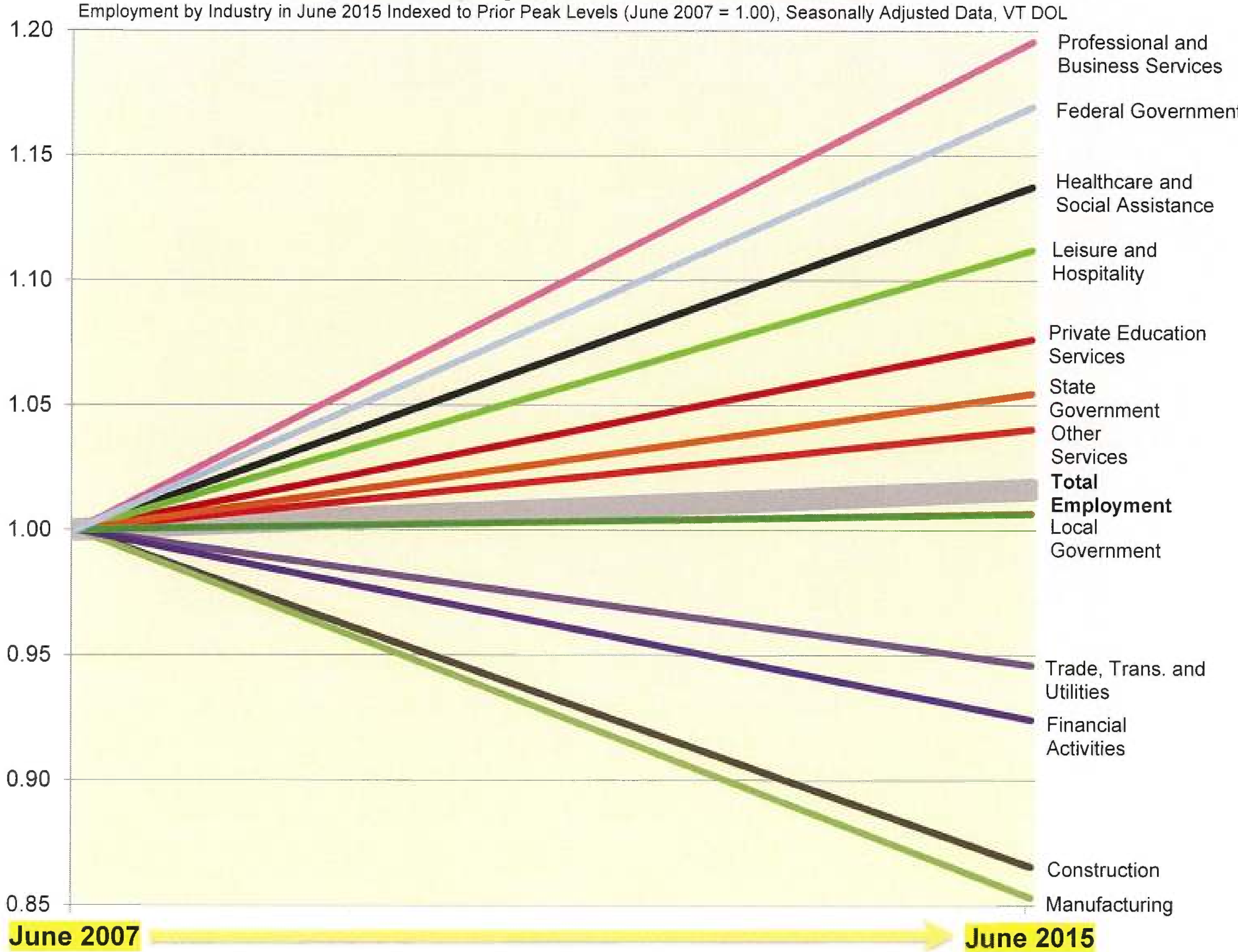
SOURCE: Bureau of Labor Statistics
Local Area Unemployment Statistics

- While towns in Chittenden County have some of the lowest unemployment rates, the economic benefits of the Burlington metropolitan area have gradually extended north, south and east of the State's largest urban center, especially benefitting Franklin and Addison Counties. Aside from pockets of high unemployment in some Bennington County towns and notably, Killington in Rutland County, most of the economically distressed towns are in the Northeast Kingdom (as is the case in New Hampshire, as well).

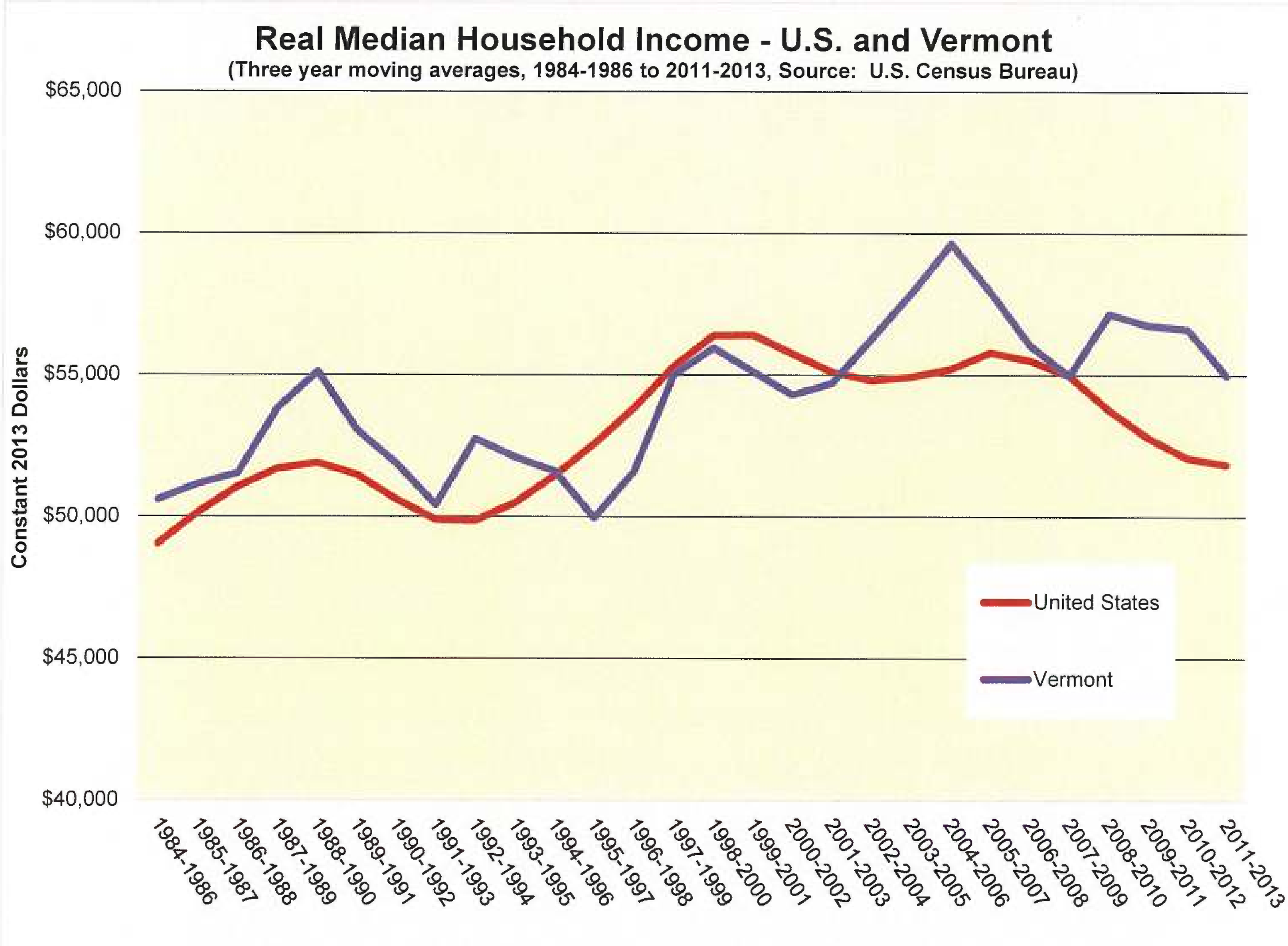
- Since the last employment peak, sectoral growth in Vermont job markets has continued to favor business and professional service jobs, healthcare-related work, federal government jobs (many of which are border-related), tourism, and private educational services. Employment in manufacturing, construction, financial activities and trade/transportation/utilities are all still well-below pre-recession levels. Of note, despite declines in durable manufacturing industries of 24%, nondurable manufacturing in the State has grown more than 9%.

Economic Evolution, Continued: Change in Vermont Payroll Employment Since Prior Peak

Employment by Industry in June 2015 Indexed to Prior Peak Levels (June 2007 = 1.00), Seasonally Adjusted Data, VT DOL



- Despite gradual improvement in labor markets, average workers have little to show for it in wage and income growth to date. Although there is evidence of wage acceleration for selected professions and skillsets, and exceptional income growth among corporations and owners of capital, overall real wages remain flat. The latest household income data, for example, show real median income in the three year period from 2011-2013 to be about the same as in the 1988-1990 period, more than 20 years ago, in both Vermont and the U.S.



- Income growth has become increasingly concentrated among the highest income groups over the past 30 years and this has continued during the current economic recovery.[1] Between 2009 and 2012, recent studies estimate that virtually all real U.S. income growth accrued to the highest 1% of all income tax filers.[2] These same analyses, however, suggest that in Vermont, income

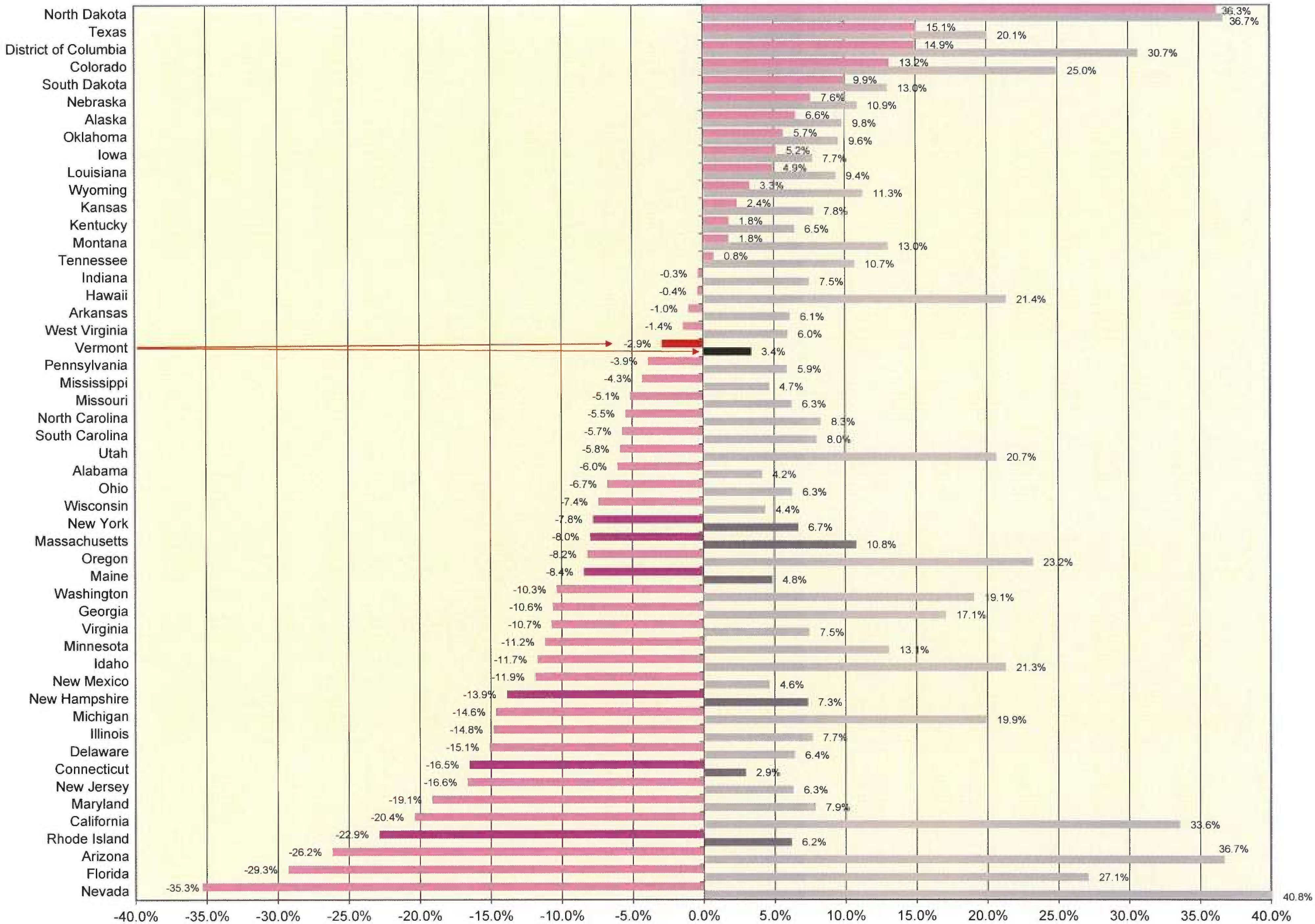
[1] See, for example, Vermont Department of Tax data summarized in the January 2015 Economic and Revenue Update, page 9.

[2] See, for example, Piketty, Thomas, and Emmanuel Saez. 2012. Downloadable Excel files with 2012 data updates to tables and figures in Piketty and Saez (2003). http://elsa.berkeley.edu/~saez/TabFig2012prel.xls; and Estelle Sommeiller and Mark Price, *The Increasingly Unequal States of America: Income Inequality by State, 1917 to 2012*, an Economic Analysis and Research Network (EARN) report, January 26, 2015

Real Estate Update: Housing Values Relative to Last Peak (pink) and Trough (grey)

Percent Change, 2015Q1 vs. Peak Price by State Reached Between 2005Q3 and 2009Q2 - Pink and 2015Q1 vs. Trough Price Reached Between 2009Q3 and 2015Q1 - Grey

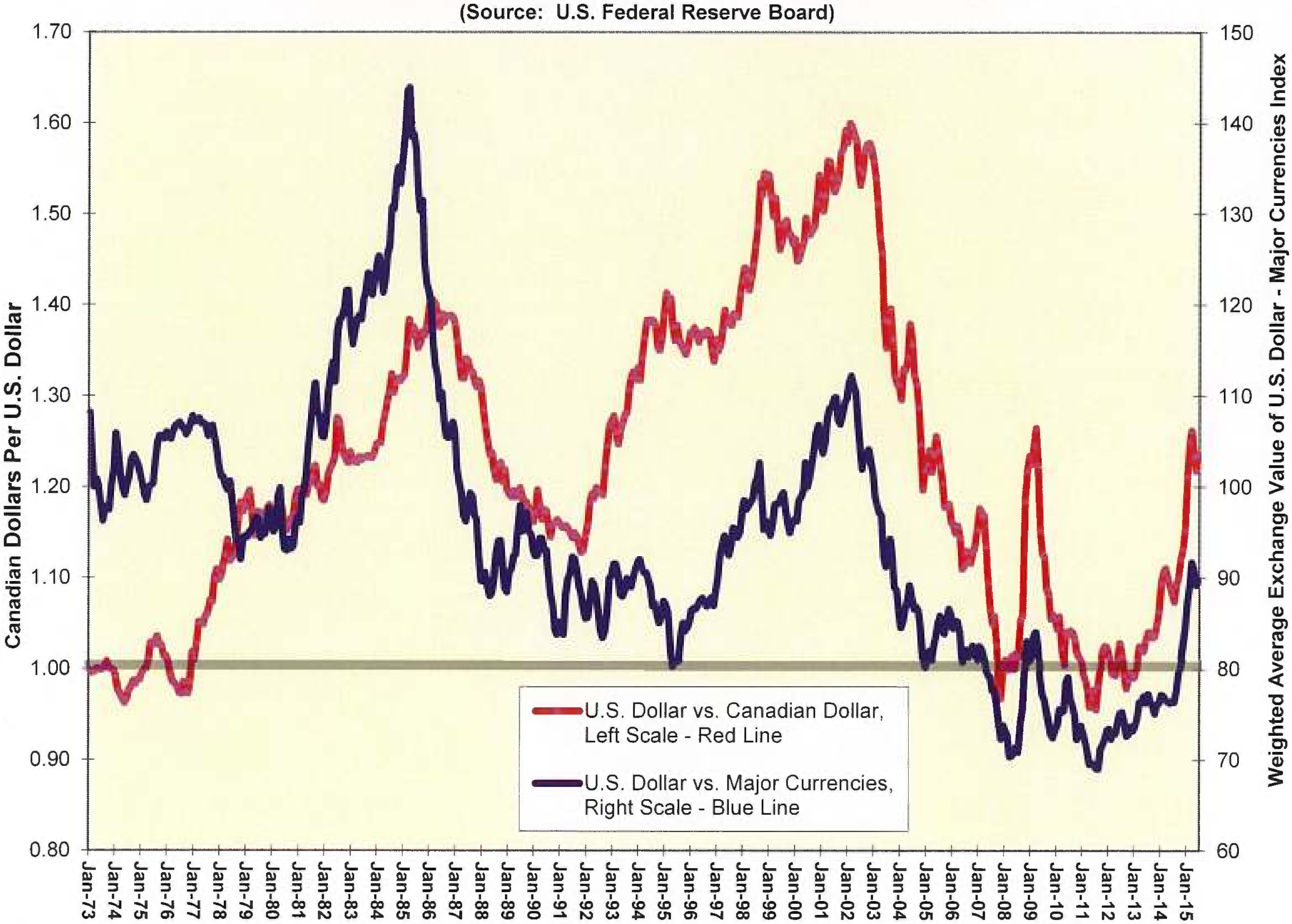
Source: FHFA H



inequality has not been quite as pronounced, with income growth among the top 1% during this same period of 21.8% vs. growth among the bottom 99% of about 4.6%. They also suggest that longer term income inequality, though growing from lows in the late 1970's to levels in 2012 not seen since the late 1920's, are similarly less pronounced in Vermont than in the nation as a whole.

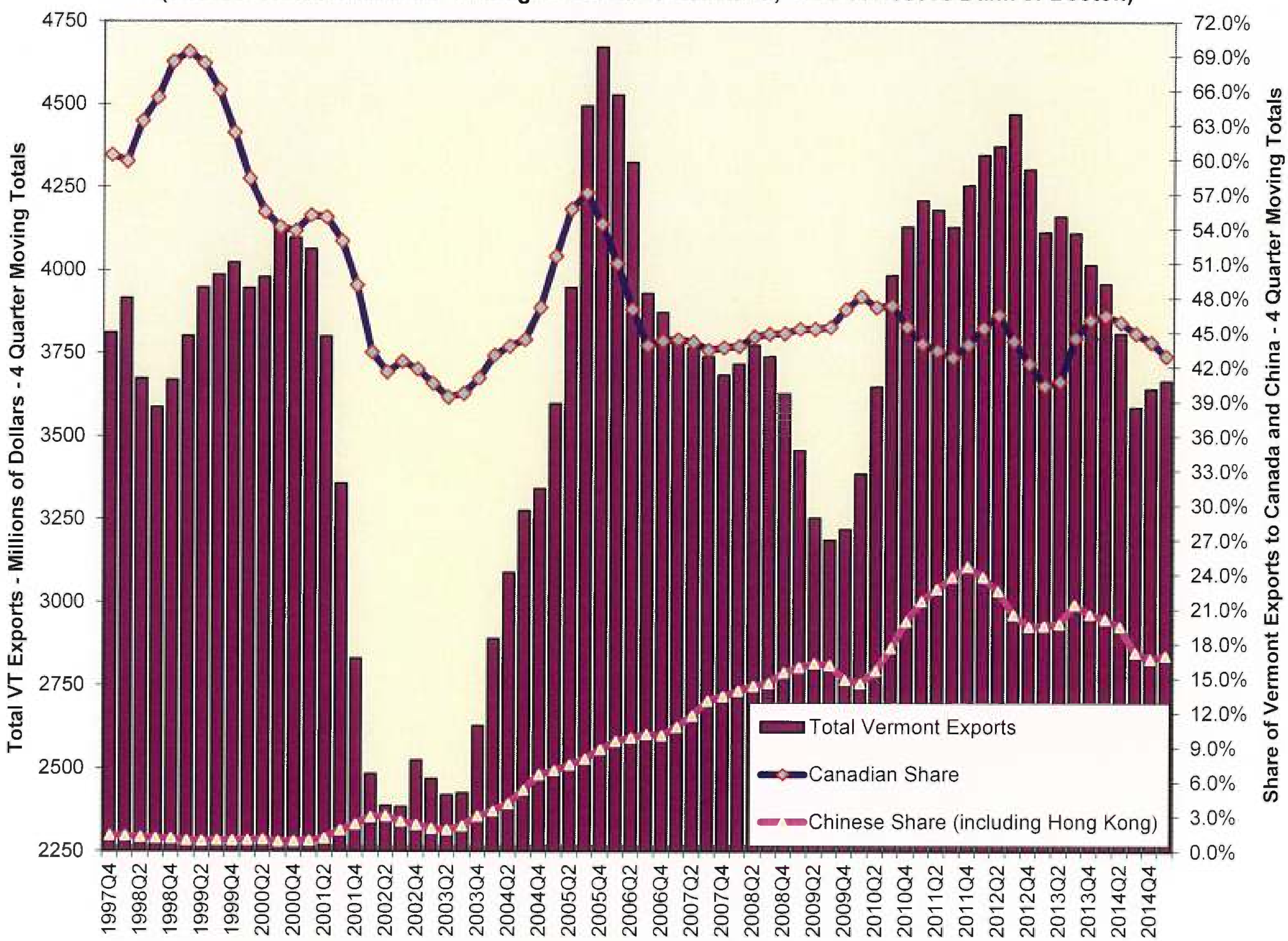
- Real estate and housing markets continue to heal in both Vermont and the nation. As illustrated in the chart on the preceding page, there are now 15 states where home prices have exceeded their pre-recession peaks and, for the fourth consecutive quarter, every state in the nation registered year-over-year price gains in the first quarter of 2015. Vermont's increase (+2.7%), though one of the lowest among the 51 states, represented the strongest growth the State has experienced in the last 8 years. Rising prices are a precondition to recovery in the residential construction market and have already boosted housing sales in much of the country. The real estate markets with the strongest growth to date have been large urban areas that have attracted significant foreign investment and, until recently, energy producing states.

The Dollar Stregthens, Keeping Import Prices Low, But Creating Competitive Export Disadvantages
(Source: U.S. Federal Reserve Board)



- Despite headline news about the financial risks associated with the Greek debt calamity and slowing Chinese growth, the most serious downside forecast risk is probably the strengthening U.S. dollar. While this lowers import prices and inflation, it also make U.S. exports less competitive. Vermont is particularly sensitive to this as a relatively export-intensive state - with exports totaling about 13% of GDP (the highest in New England) vs. only 9% for the U.S.

Vermont Exports Sag as Dollar Appreciates
(Source: World Institute of Strategic Economic Research, Federal Reseve Bank of Boston)



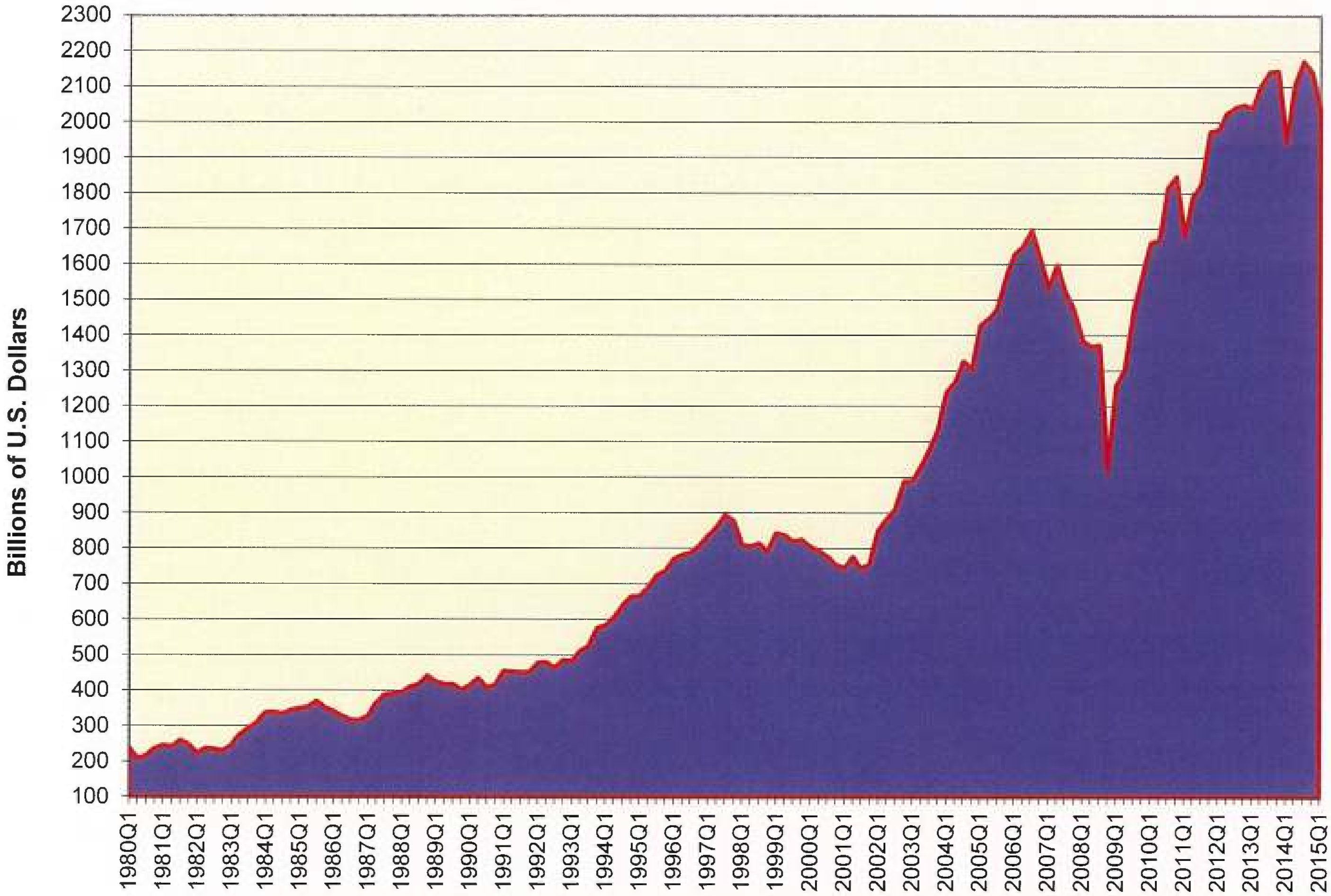
- As shown in the above two charts, Canada and China are now Vermont's largest trading partners, together representing more than 60% of all State exports. The Canadian dollar, which traded at rough parity with the U.S. dollar from 2010 to 2013, is now 25% cheaper, causing Vermont exports to slow. Weakening Chinese demand has also played a role in declining Vermont exports. With the Greek debt crisis and associated political confusion battering the Euro and with few other stable global currencies available, the U.S. dollar may appreciate further, putting additional downward pressure on exports. In the past year alone, it is estimated that lower exports have cost the country about half a percentage point in GDP growth.

- Vermont agricultural exports have been particularly strong in recent years, growing from just under $50 million in 2000 to more than $230 million in 2013 (the latest year available). Over this period, Vermont had the highest growth rate in the nation (+13% per year, on a compound average annual basis).

- The increasing volatility in revenues due to a growing reliance on Personal Income, Corporate and Estate taxes,[3] was on full display in both FY14 and FY15. In FY04, these three tax categories comprised 50.6% of Available General Fund tax revenues. In FY15, they represented 60.9% of revenues, and are expected to exceed 62% within the next five years.

As the Recovery Ages, Corporate Profit Growth Slows

(U.S. corporate profits with inventory valuation and capital consumption adjustment; Source: US BEA)



- State corporate income tax revenues were especially strong in FY15, reaching a record $122 million. As illustrated in the above chart, however, as the recovery ages, corporate profits typically slow. New hiring and investment all reduce taxable income and the declines can be steep. A record volume of

[3] See page 13 of the July 2013 Economic and Revenue Forecast at: http://www.leg.state.vt.us/jfo/reports/2013-07%20Revenue%20Update.pdf

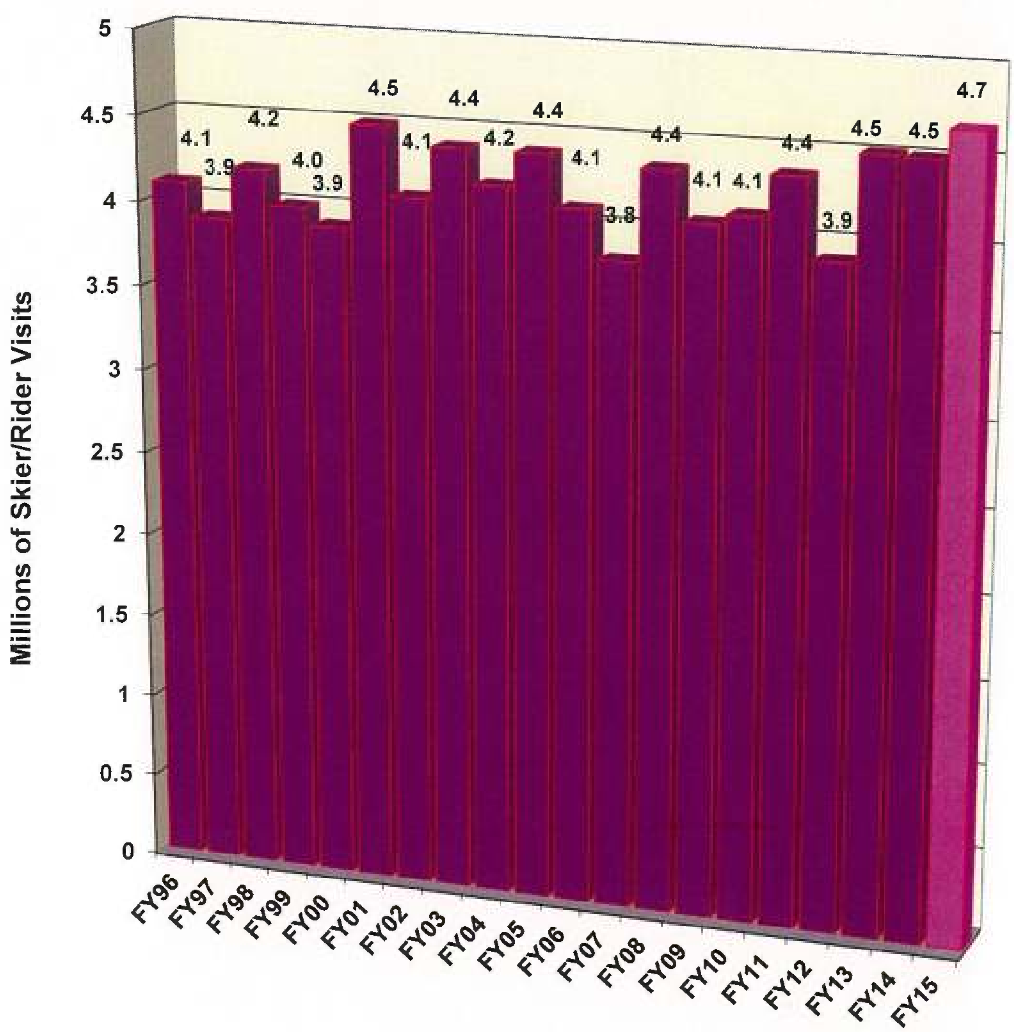
carry-forwards could lead to much higher refunding in FY16 and recent corporate ownership changes also create downside State revenue risks. Accordingly, corporate revenues are likely to retreat to a base of about $90 to $100 million in FY16 and FY17, with pronounced annual volatility – up or down – to be expected.

- Personal income tax revenues in FY15 ended the year about 0.6% above prior forecasts (+$4.1 million) and will add about $25 million in FY16 and beyond from tax law changes enacted during the recent legislative session that broaden taxable income, limit deductions and enhance compliance.

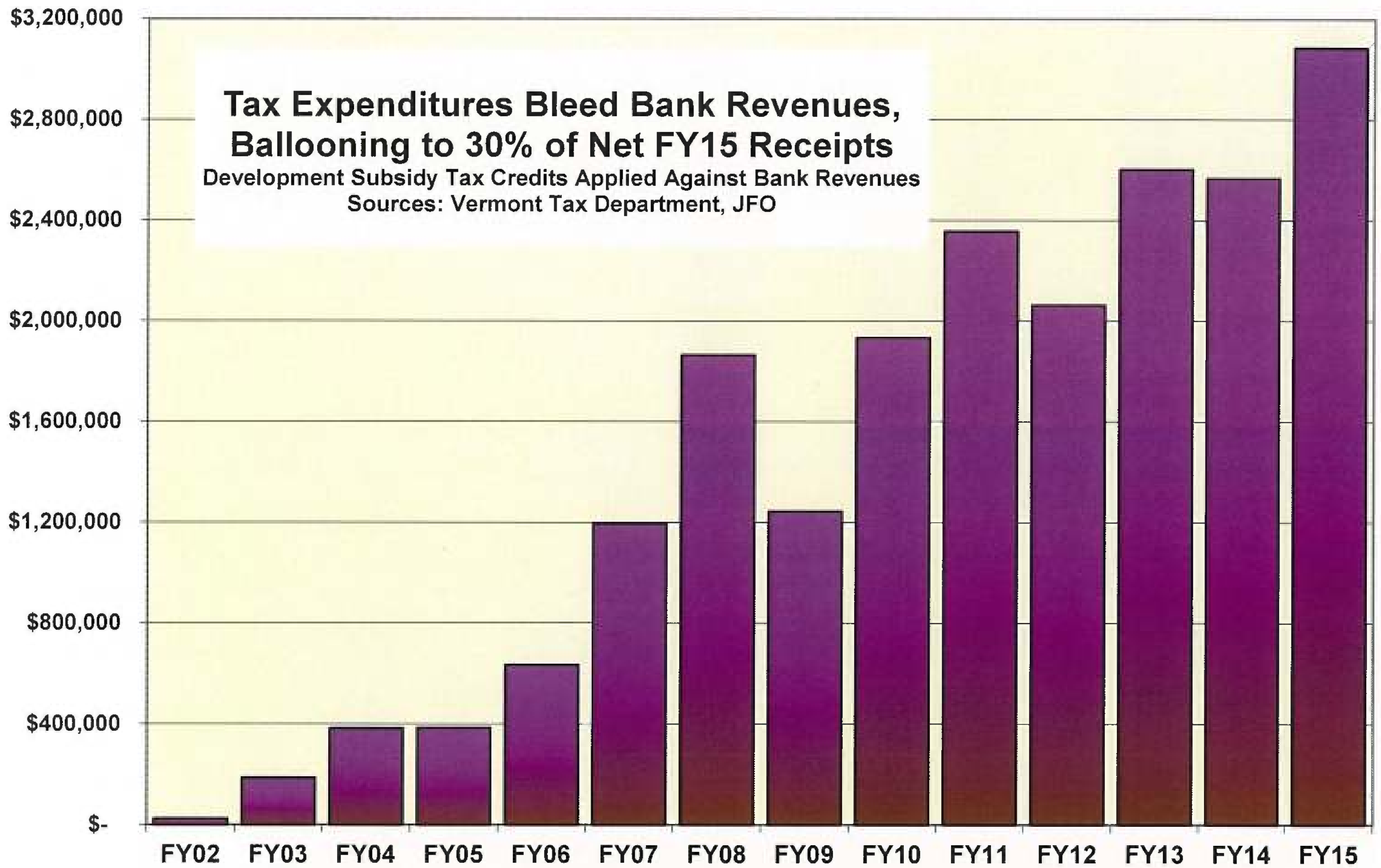
- Meals and rooms tax revenue in FY15 benefitted from the best winter tourism season ever, as stellar snow conditions and their opposite at many western resorts drove a record number of skiers to Vermont slopes. Although more "normal" conditions could slow growth in FY16, session changes adding vending machine sales to the meals tax should add about $1 million per year to this tax category.

Vermont Skier Visitation Sets All-Time Record in FY15

(Source: Vermont Ski Areas Association)



- After a near-record $35.5 million in FY14 receipts, estate tax revenue in FY15 withered to its lowest level in 19 years at just under $10 million. Rising potential tax liabilities caused by equity (especially) and real estate market gains, along with favorable demographic trends, suggest likely annual revenues in the $20-$30 million range over the next five years, however, year to year volatility could vary this by $15 million per year or more.



- Bank Franchise tax receipts were $0.4 million below expectations in FY15, as tax expenditures applied as credits to this revenue source topped $1 million in the fourth quarter of FY15. Total FY15 credits deducted more than $3 million from reported Bank revenues and are expected to eliminate most, if not all, of the revenue growth that would otherwise occur in this tax category over the next five years.

- Sales and use tax revenues in FY15 finished the year extremely close to targets - about 0.3% below expectations. FY16 revenues will show above-average growth due primarily to statutory changes that will add about $8 million per year from an extension of the sales tax to soft drinks.

- Session changes to the Current Use program will ultimately benefit the Education Fund Property tax (not forecast herein), but will negatively impact FY16 "Other Tax" revenues in the General Fund by about $0.5M in FY16, as land use change tax revenues are foregone through the "easy out" provision.

- Total General Fund "Other" revenues (business licenses, fees, services, fines, etc.) will increase 9% in FY16, due to about $700,000 in new Fee revenues and a lucrative prison bed arbitrage that is expected to generate State Service revenues of approximately $1.7 million per year. This revenue is based on sales of Vermont prison beds by the Department of Corrections to the U.S. Marshal Service at a price exceeding our cost to house our own prisoners out-of-state. By freeing up at least an additional 36 beds in FY16, these revenues and about $900,000 in net profit should be realized.

- Cigarette tax revenues exhibited surprising strength in FY15, closing the year $2.9 million above targets. Despite a 13 cent tax increase in FY15, the surge in receipts (especially concentrated in July of 2014 and June of 2015) suggests possible processing variances that may have shifted both prior and subsequent fiscal year revenues into FY15. As a result of this, FY16 revenues may not exhibit year-over-year growth typical of the 33 cent increase (from $2.75 per pack to $3.08) scheduled for this year. Revenue levels, however, will still exceed prior projections made during the session.

- Five year revenue projections are included in Appendix A on pages 24 to 28. Although these are not required by statute, they have been requested by both the JFO and Administration for several years for longer term planning purposes. During the last legislative session, there was considerable misinformation and confusion regarding the role these longer term projections played in the recent (though not new) discussions of structural budget deficits. As a result of this, these tables will be published on a regular basis, so as to allow clarity with respect to longer term revenue potential and expectations. As illustrated in these tables, and consistent with past projections, longer term revenue growth from the mix and structure of the taxes in the three funds analyzed herein is unlikely to keep pace with recent levels of expenditure growth.

- The U.S. and Vermont macro-economic forecasts upon which the revenue forecasts in this Update are based are summarized in Tables A and B on pages 17 and 18, and represent a consensus JFO and Administration forecast developed using internal JFO and Administration State economic models with input from Moody's Analytics June and July 2015 projections and other major forecasting entities, including the Federal Reserve, EIA, CBO, IMF, Conference Board and private forecasting firms.

- Due to the reduced availability of forecasts from the New England Economic Partnership (NEEP), State consensus macroeconomic forecasts were developed using a new State on-line modeling capability provided by Moody's Analytics. This forecasting capability allows timely, customized state forecasts with modeling capabilities similar to the prior NEEP capability.

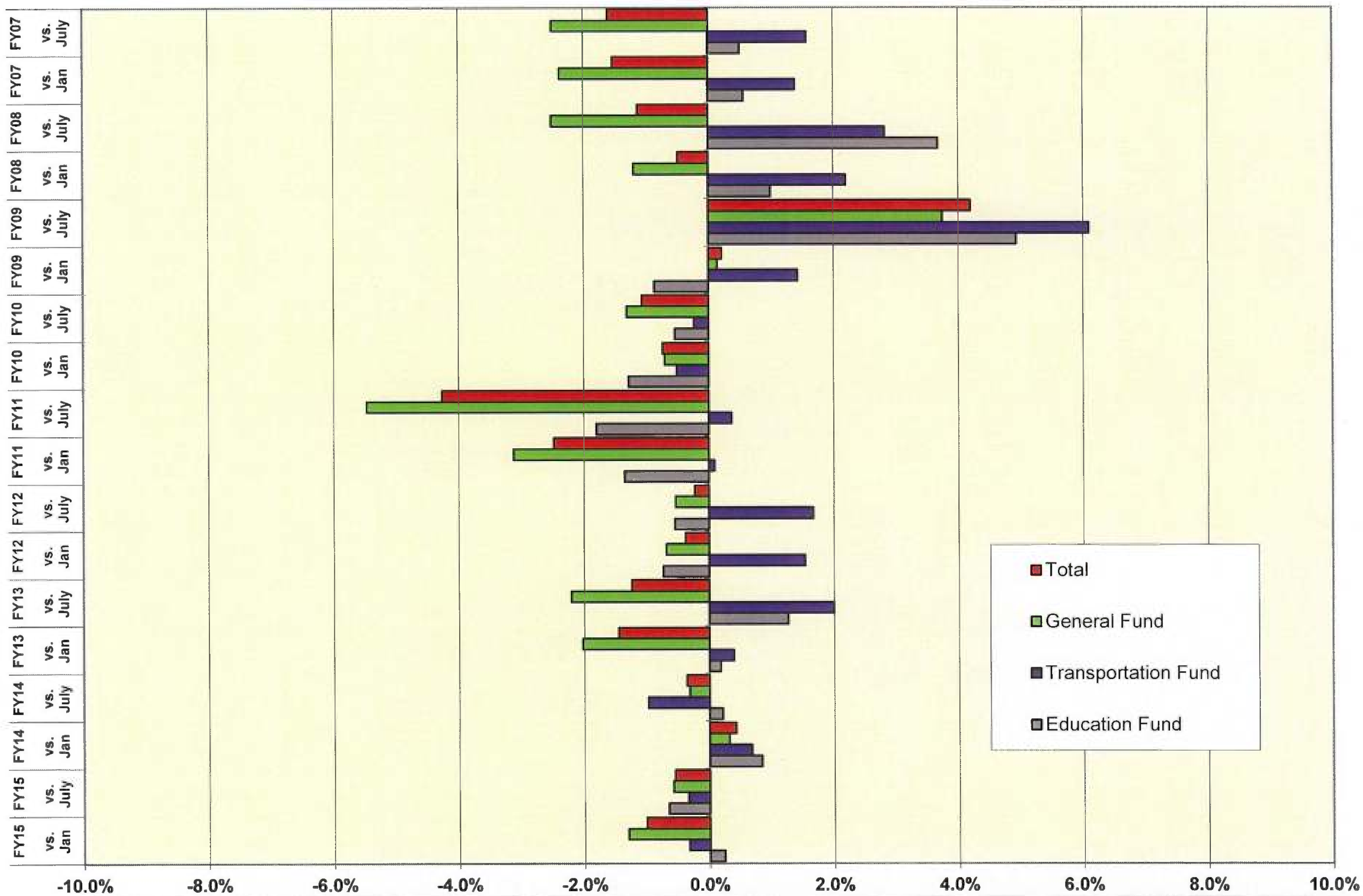
- Forecast versus actual revenue variance data for the most recent nine years are illustrated in the chart on the following page. The below table summarizes the same data for the past fifteen years. As would be expected, January projections are generally more accurate than July – though in the most recent forecast, the July (2014) variance across all three funds was 0.6% above actual FY15 revenues while the January variance was slightly *worse*, at 1.0% above. Since fiscal year 2001, there have been 30 regular Consensus forecasts (January and July for each year) for each of the three major funds (General Fund, Transportation Fund and Education Fund) for a total of 90 observations. Over this fifteen year period, there have been 47 variances that were low (under-forecast actuals) and 43 variances that were high (over-forecast actuals). The average absolute value of the variance for these 15 years was just under 2% for total revenues across all three major funds.

AVERAGE ABSOLUTE VALUE OF FORECAST VS. ACTUAL VARIANCE
(FY2001 to FY2015)

Fund	Forecast Period		
	January	July	All Periods
Education Fund	0.9%	2.0%	1.5%
Transportation Fund	1.2%	2.0%	1.6%
General Fund	2.0%	3.2%	2.6%
Total	1.4%	2.3%	1.9%

Vermont Consensus Revenue Forecasting Record

(Forecast Percent Variance from Actual, FY2007 to FY2015 - Source: Joint Fiscal Office)



	FY15 vs. Jan	FY15 vs. July	FY14 vs. Jan	FY14 vs. July	FY13 vs. Jan	FY13 vs. July	FY12 vs. Jan	FY12 vs. July	FY11 vs. Jan	FY11 vs. July	FY10 vs. Jan	FY10 vs. July	FY09 vs. Jan	FY09 vs. July	FY08 vs. Jan	FY08 vs. July	FY07 vs. Jan	FY07 vs. July
Total	-1.0%	-0.6%	0.422%	-0.357%	-1.4%	-1.2%	-0.4%	-0.2%	-2.5%	-4.3%	-0.7%	-1.1%	0.2%	4.2%	-0.5%	-1.1%	-1.5%	-1.6%
General Fund	-1.3%	-0.6%	0.3%	-0.3%	-2.0%	-2.2%	-0.7%	-0.5%	-3.1%	-5.5%	-0.7%	-1.3%	0.1%	3.7%	-1.2%	-2.5%	-2.4%	-2.5%
Transportation Fund	-0.3%	-0.3%	0.7%	-1.0%	0.4%	2.0%	1.5%	1.7%	0.1%	0.4%	-0.5%	-0.2%	1.4%	6.1%	2.2%	2.8%	1.4%	1.6%
Education Fund	0.2%	-0.7%	0.8%	0.2%	0.2%	1.3%	-0.7%	-0.6%	-1.3%	-1.8%	-1.3%	-0.5%	-0.9%	4.9%	1.0%	3.7%	0.6%	0.5%

TABLE A
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
December 2013 Through June 2015, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP Growth									
December-13	-2.8	2.5	1.8	2.8	1.8	3.1	4.0	2.9	2.4
June-14	-2.8	2.5	1.8	2.8	1.9	2.8	3.9	3.2	2.8
December-14	-2.8	2.5	1.6	2.3	2.2	2.2	3.6	3.8	3.1
June-15	-2.8	2.5	1.6	2.3	2.2	2.4	2.6	3.2	3.0
S&P 500 Growth (Annual Avg.)									
December-13	-22.5	20.3	11.4	8.7	19.2	9.6	-0.1	0.4	2.0
June-14	-22.5	20.3	11.4	8.7	19.1	13.1	3.4	-5.5	4.8
December-14	-22.5	20.3	11.4	8.7	19.1	17.5	7.1	1.3	2.2
June-15	-22.5	20.3	11.4	8.7	19.1	17.5	7.8	1.9	2.3
Employment Growth (Non-Ag)									
December-13	-4.4	-0.7	1.2	1.7	1.6	1.7	2.2	2.1	1.2
June-14	-4.4	-0.7	1.2	1.7	1.7	1.8	2.4	2.4	1.9
December-14	-4.3	-0.7	1.2	1.7	1.7	2.0	2.4	2.6	1.7
June-15	-4.3	-0.7	1.2	1.7	1.7	1.9	2.2	2.2	2.3
Unemployment Rate									
December-13	9.3	9.6	8.9	8.1	7.4	6.6	6.1	5.8	5.5
June-14	9.3	9.6	8.9	8.1	7.4	6.3	6.0	5.7	5.2
December-14	9.3	9.6	8.9	8.1	7.4	6.2	5.4	5.1	4.8
June-15	9.3	9.6	8.9	8.1	7.4	6.1	5.3	4.9	4.7
West Texas Int. Crude Oil $/Bbl									
December-13	62	79	95	94	98	100	112	115	117
June-14	62	79	95	94	98	100	103	104	105
December-14	62	79	95	94	98	94	63	76	81
June-15	62	79	95	94	98	94	58	70	79
Prime Rate									
December-13	3.25	3.25	3.25	3.25	3.25	3.25	3.38	5.31	6.63
June-14	3.25	3.25	3.25	3.25	3.25	3.25	3.37	5.00	6.30
December-14	3.25	3.25	3.25	3.25	3.25	3.25	3.37	5.12	6.52
June-15	3.25	3.25	3.25	3.25	3.25	3.25	3.30	4.70	6.20
Consumer Price Index Growth									
December-13	-0.3	1.6	3.1	2.1	1.5	1.7	2.1	2.4	2.5
June-14	-0.3	1.6	3.1	2.1	1.5	1.9	2.2	2.5	2.6
December-14	-0.3	1.6	3.1	2.1	1.5	1.6	1.5	2.3	2.6
June-15	-0.3	1.6	3.1	2.1	1.5	1.6	0.5	2.5	2.6
Average Home Price Growth									
December-13	-5.4	-4.0	-3.7	0.0	4.1	6.2	2.2	0.3	1.2
June-14	-5.5	-4.0	-3.7	-0.1	4.1	4.9	5.6	6.4	5.8
December-14	-5.5	-4.0	-3.7	-0.1	4.1	5.7	5.0	5.4	5.7
June-15	-5.5	-4.1	-3.7	-0.1	4.1	5.7	4.7	5.1	5.5

TABLE B
Comparison of Consensus Administration and JFO Vermont State Forecasts December 2012 Through June 2015, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GSP Growth									
December-12	*-3.6*	*4.1*	*0.5*	*2.0*	*2.2*	*3.7*	*4.0*	*3.1*	
June-13	*-2.9*	*5.6*	*1.3*	*1.2*	*1.3*	*3.0*	*4.2*	*2.9*	
December-13	*-2.9*	*5.6*	*1.3*	*1.2*	*1.4*	*3.1*	*4.1*	*2.9*	*2.2*
June-14	*-2.9*	*5.6*	*1.3*	*1.2*	*0.5*	*2.9*	*4.0*	*3.2*	*2.4*
December-14	*-2.5*	*4.4*	*2.2*	*1.1*	*1.9*	*1.0*	*3.3*	*3.6*	*2.8*
June-15	*-2.5*	*4.4*	*2.2*	*1.1*	*1.9*	*1.2*	*2.4*	*3.0*	*2.6*
Population Growth									
December-12	*0.1*	*0.2*	*0.1*	*0.3*	*0.3*	*0.3*	*0.4*	*0.5*	
June-13	*0.1*	*0.2*	*0.1*	*-0.1*	*0.3*	*0.3*	*0.3*	*0.4*	
December-13	*0.1*	*0.2*	*0.1*	*-0.1*	*0.1*	*0.1*	*0.1*	*0.2*	*0.2*
June-14	*0.1*	*0.2*	*0.1*	*-0.1*	*0.1*	*0.1*	*0.1*	*0.2*	*0.2*
December-14	*0.1*	*0.2*	*0.1*	*0.0*	*0.1*	*0.0*	*0.1*	*0.2*	*0.3*
June-15	*0.1*	*0.2*	*0.1*	*0.0*	*0.1*	*0.0*	*0.1*	*0.2*	*0.3*
Employment Growth									
December-12	*-3.3*	*0.2*	*0.7*	*1.1*	*0.9*	*1.8*	*2.3*	*1.8*	
June-13	*-3.3*	*-0.2*	*0.7*	*1.2*	*1.0*	*0.9*	*2.2*	*1.9*	
December-13	*-3.3*	*-0.2*	*0.7*	*1.2*	*1.0*	*1.3*	*2.2*	*1.9*	*1.4*
June-14	*-3.3*	*0.3*	*0.8*	*1.3*	*0.5*	*1.4*	*2.0*	*1.8*	*1.6*
December-14	*-3.3*	*0.3*	*0.8*	*1.3*	*0.5*	*1.0*	*1.6*	*1.9*	*1.3*
June-15	*-3.3*	*0.3*	*0.9*	*1.3*	*0.8*	*1.0*	*1.7*	*1.9*	*1.8*
Unemployment Rate									
December-12	*6.9*	*6.4*	*5.6*	*5.0*	*5.0*	*4.4*	*3.9*	*3.5*	
June-13	*6.9*	*6.4*	*5.6*	*5.0*	*4.4*	*4.1*	*3.6*	*3.3*	
December-13	*6.9*	*6.4*	*5.6*	*5.0*	*4.4*	*4.1*	*3.6*	*3.3*	*3.0*
June-14	*6.9*	*6.4*	*5.6*	*4.9*	*4.4*	*3.9*	*3.6*	*3.3*	*3.0*
December-14	*6.9*	*6.4*	*5.6*	*4.9*	*4.4*	*3.7*	*3.5*	*3.2*	*2.9*
June-15	*6.6*	*6.1*	*5.5*	*4.9*	*4.4*	*4.1*	*3.6*	*3.2*	*2.9*
Personal Income Growth									
December-12	*-2.2*	*3.3*	*4.7*	*3.2*	*3.4*	*5.6*	*6.3*	*5.2*	
June-13	*-2.2*	*3.3*	*4.7*	*3.4*	*1.0*	*2.8*	*4.2*	*3.7*	
December-13	*-2.2*	*3.3*	*4.7*	*3.4*	*3.8*	*5.7*	*6.2*	*5.1*	*4.5*
June-14	*-1.4*	*1.7*	*7.1*	*3.7*	*2.9*	*4.9*	*5.6*	*5.0*	*4.6*
December-14	*-1.4*	*1.7*	*7.1*	*3.7*	*2.9*	*3.8*	*5.1*	*5.4*	*4.7*
June-15	*-1.4*	*1.6*	*7.2*	*3.4*	*2.5*	*4.0*	*4.8*	*5.2*	*4.7*
Home Price Growth (JFO)									
December-12	*-1.9*	*-1.0*	*-0.4*	*0.5*	*1.0*	*1.5*	*2.0*	*3.1*	
June-13	*-2.0*	*-1.1*	*-0.5*	*0.5*	*0.7*	*1.5*	*2.0*	*3.2*	
December-13	*-2.0*	*-1.2*	*-0.6*	*0.5*	*0.5*	*1.5*	*2.1*	*3.1*	*3.7*
June-14	*-2.1*	*-1.2*	*-0.6*	*0.5*	*0.2*	*0.4*	*1.7*	*2.9*	*3.7*
December-14	*-2.1*	*-1.2*	*-0.6*	*0.5*	*0.2*	*0.9*	*2.1*	*2.7*	*3.4*
June-15	*-2.1*	*-1.2*	*-0.7*	*0.4*	*0.2*	*0.7*	*2.3*	*2.8*	*3.4*

Methodological Notes and Other Comments

- This analysis has benefited significantly from the input and support of Tax Department and Joint Fiscal Office personnel, as well as Deb Brighton of Ad Hoc Associates. In the Joint Fiscal Office, Sara Teachout, Stephanie Barrett, Dan Dickerson, Catherine Benham, Neil Schickner and Mark Perrault have contributed to numerous policy and revenue impact analyses and coordinated JFO forecast production and related legislative committee support functions. Theresa Utton-Jerman, Dan Dickerson and Sara Teachout have painstakingly organized and updated large tax and other databases in support of JFO revenue forecasting activities. In the Tax Department, Sharon Asay, Mary Cox, Victor Gauto, Rebecca Sameroff and Doug Farnham provided important analytic contributions to many tax and revenue forecasts, including tax law change analyses and statistical and related background information associated with the detailed tax databases they maintain. Our thanks to all of the above for their many contributions to this analysis.

- The analysis in support of JFO economic and revenue projections are based on statistical and econometric models, and professional analytic judgment. All models are based on 36 years of data for each of the 25 General Fund categories (three aggregates), 32 years of data for each of the Transportation Fund categories (one aggregate), and 14 to 36 years for each of the Education Fund categories. The analyses employed includes seasonal adjustment using U.S. Census Bureau X-12, X-13-ARIMA-SEATS and TRAMO-SEATS methods, various moving average techniques (such as Henderson Curves, etc.), Box-Jenkins ARIMA type models, pressure curve analysis, comparable-pattern analysis of monthly, quarterly and half year trends for current year estimation, and behavioral econometric forecasting models.

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

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

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

SOURCE G-FUND

revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only

	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$705.9	5.2%	$763.8	8.2%	$797.8	4.5%
Sales & Use*	$325.6	4.7%	$341.8	5.0%	$346.8	1.4%	$353.6	2.0%	$364.6	3.1%	$382.2	4.8%	$394.3	3.2%
Corporate	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$121.9	28.5%	$98.3	-19.4%	$94.6	-3.8%
Meals and Rooms	$122.6	4.0%	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$150.8	5.7%	$156.8	4.0%	$162.3	3.5%
Cigarette and Tobacco**	$72.9	4.0%	$80.1	9.9%	$74.3	-7.2%	$71.9	-3.3%	$76.8	6.7%	$77.5	1.0%	$74.7	-3.7%
Liquor	$15.4	3.1%	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.2	2.9%	$18.7	2.9%	$19.3	3.2%
Insurance	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$55.3	-3.1%	$55.6	0.5%	$56.1	0.9%
Telephone	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$8.8	-6.1%	$7.7	-12.0%	$7.2	-7.1%	$6.7	-6.9%
Beverage	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.7	4.2%	$6.8	2.1%	$7.0	2.9%
Electric***	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$13.1	46.9%	$9.4	-28.2%	$0.0	-100.0%	$0.0	NM
Estate	$35.9	153.3%	$13.3	-62.8%	$15.4	15.4%	$35.5	131.0%	$9.9	-72.2%	$21.2	114.4%	$23.1	9.0%
Property	$25.6	7.7%	$24.1	-6.0%	$28.5	18.3%	$30.9	8.5%	$33.6	8.6%	$42.1	25.3%	$45.5	8.1%
Bank	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$10.7	-2.0%	$10.8	0.6%	$10.9	0.5%
Other Tax	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.0	4.5%	$1.8	-11.1%	$2.5	38.9%
Total Tax Revenue	$1335.1	11.6%	$1372.4	2.8%	$1464.3	6.7%	$1516.7	3.6%	$1573.5	3.8%	$1642.8	4.4%	$1694.7	3.2%
Business Licenses	$3.0	-0.6%	$3.0	2.8%	$2.8	-8.0%	$1.1	-61.4%	$1.1	0.2%	$0.6	-44.7%	$0.5	-16.7%
Fees	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$22.1	7.0%	$23.1	4.7%	$23.8	3.0%
Services	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.5	12.5%	$3.2	114.2%	$3.3	3.1%
Fines	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$3.5	-3.1%	$3.7	6.8%	$3.8	2.7%
Interest	$0.3	-49.7%	$0.4	42.4%	$0.6	26.3%	$0.2	-59.2%	$0.3	40.4%	$0.4	19.8%	$0.7	81.6%
Lottery	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	$22.8	0.8%	$23.2	2.0%	$23.5	1.3%
All Other	$0.7	115.7%	$0.9	15.8%	$1.7	93.1%	$1.3	-24.0%	$1.0	-20.4%	$1.1	8.8%	$1.2	9.1%
*Total Other Revenue*****	$52.8	-1.1%	$57.3	8.6%	$56.6	-1.2%	$50.7	-10.4%	$52.2	3.0%	$55.3	5.9%	$56.8	2.7%
TOTAL GENERAL FUND	**$1387.9**	**11.0%**	**$1429.7**	**3.0%**	**$1520.9**	**6.4%**	**$1567.3**	**3.1%**	**$1625.7**	**3.7%**	**$1698.1**	**4.5%**	**$1751.5**	**3.1%**

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

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

*** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

**** Excludes $5 million Vermont Yankee settlement agreement transitional payment in FY2015

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$705.9	5.2%	$763.8	8.2%	$797.8	4.5%
Sales and Use*	$217.1	4.7%	$227.9	5.0%	$231.2	1.4%	$229.9	-0.6%	$237.0	3.1%	$248.4	4.8%	$256.3	3.2%
Corporate	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$121.9	28.5%	$98.3	-19.4%	$94.6	-3.8%
Meals and Rooms	$122.6	4.0%	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$150.8	5.7%	$156.8	4.0%	$162.3	3.5%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$15.4	3.1%	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.2	2.9%	$18.7	2.9%	$19.3	3.2%
Insurance	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$55.3	-3.1%	$55.6	0.5%	$56.1	0.9%
Telephone	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$8.8	-6.1%	$7.7	-12.0%	$7.2	-7.1%	$6.7	-6.9%
Beverage	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.7	4.2%	$6.8	2.1%	$7.0	2.9%
Electric**	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$13.1	46.9%	$9.4	-28.2%	$0.0	-100.0%	$0.0	NM
Estate***	$21.0	48.3%	$13.3	-36.5%	$15.4	15.4%	$35.5	131.0%	$9.9	-72.2%	$21.2	114.4%	$23.1	9.0%
Property	$8.4	7.7%	$7.9	-6.2%	$9.2	16.5%	$10.0	9.3%	$10.9	8.7%	$11.9	9.5%	$12.9	8.1%
Bank	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$10.7	-2.0%	$10.8	0.6%	$10.9	0.5%
Other Tax	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.0	4.5%	$1.8	-11.1%	$2.5	38.9%
Total Tax Revenue	$1121.6	11.4%	$1162.1	3.6%	$1255.0	8.0%	$1300.0	3.6%	$1346.4	3.6%	$1401.3	4.1%	$1449.4	3.4%
Business Licenses	$3.0	-0.6%	$3.0	2.8%	$2.8	-8.0%	$1.1	-61.4%	$1.1	0.2%	$0.6	-44.7%	$0.5	-16.7%
Fees	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$22.1	7.0%	$23.1	4.7%	$23.8	3.0%
Services	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.5	12.5%	$3.2	114.2%	$3.3	3.1%
Fines	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$3.5	-3.1%	$3.7	6.8%	$3.8	2.7%
Interest	$0.3	-49.9%	$0.4	52.6%	$0.5	20.5%	$0.2	-66.6%	$0.2	51.9%	$0.3	25.9%	$0.6	100.0%
All Other	$0.7	115.7%	$0.9	15.8%	$1.7	93.1%	$1.3	-24.0%	$1.0	-20.4%	$1.1	8.8%	$1.2	9.1%
*Total Other Revenue*****	$31.3	-1.2%	$34.9	11.5%	$33.5	-3.9%	$28.0	-16.4%	$29.4	4.7%	$32.0	9.0%	$33.2	3.8%
TOTAL GENERAL FUND	**$1152.8**	**11.0%**	**$1197.0**	**3.8%**	**$1288.6**	**7.7%**	**$1328.1**	**3.1%**	**$1375.8**	**3.6%**	**$1433.3**	**4.2%**	**$1482.6**	**3.4%**

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

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

**** Excludes $5 million Vermont Yankee settlement agreement transitional payment in FY2015

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$77.6	1.5%	$77.8	0.2%	$77.7	-0.1%
Diesel	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$19.1	11.5%	$18.9	-1.3%	$19.2	1.6%
Purchase and Use*	$77.1	10.5%	$81.9	6.3%	$83.6	2.0%	$91.8	9.9%	$97.3	5.9%	$102.3	5.2%	$106.8	4.4%
Motor Vehicle Fees	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.1	1.4%	$80.7	0.7%	$81.5	1.0%
Other Revenue**	$17.9	-1.9%	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$19.7	0.8%	$20.2	2.8%	$20.6	2.0%
TOTAL TRANS. FUND	**$243.3**	**2.8%**	**$249.0**	**2.3%**	**$256.0**	**2.8%**	**$284.0**	**10.9%**	**$293.8**	**3.5%**	**$299.9**	**2.1%**	**$305.8**	**2.0%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
REVENUE SOURCE														
Gasoline	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$77.6	1.5%	$77.8	0.2%	$77.7	-0.1%
Diesel	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$19.1	11.5%	$18.9	-1.3%	$19.2	1.6%
Purchase and Use*	$51.4	10.5%	$54.6	6.3%	$55.7	2.0%	$61.2	9.9%	$64.8	5.9%	$68.2	5.2%	$71.2	4.4%
Motor Vehicle Fees	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.1	1.4%	$80.7	0.7%	$81.5	1.0%
Other Revenue**	$17.9	-1.9%	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$19.7	0.8%	$20.2	2.8%	$20.6	2.0%
TOTAL TRANS. FUND	**$217.6**	**2.0%**	**$221.7**	**1.9%**	**$228.2**	**2.9%**	**$253.4**	**11.0%**	**$261.4**	**3.2%**	**$265.8**	**1.7%**	**$270.2**	**1.7%**
OTHER														
TIB Gasoline	$16.5	23.6%	$20.9	26.6%	$21.2	1.4%	$19.2	-9.5%	$18.2	-5.2%	$13.2	-27.6%	$13.7	3.7%
TIB Diesel and Other***	$2.0	32.1%	$1.9	-2.1%	$1.8	-8.1%	$1.8	4.0%	$2.1	11.4%	$2.0	-1.4%	$2.1	1.6%
Total TIB	$18.5	24.4%	$22.8	23.5%	$23.0	0.6%	$21.0	-8.4%	$20.2	-3.8%	$15.2	-25.0%	$15.7	3.4%

* As of FY04, includes Motor Vehicle Rental tax revenue

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

*** Includes TIB Fund interest income of less than $15,000

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only	**FY 2011** (Actual)	% Change	**FY 2012** (Actual)	% Change	**FY 2013** (Actual)	% Change	**FY 2014** (Actual)	% Change	**FY 2015** (Preliminary)	% Change	**FY 2016** (Forecast)	% Change	**FY 2017** (Forecast)	% Change
GENERAL FUND														
Sales & Use**	$108.5	4.7%	$113.9	5.0%	$115.6	1.4%	$123.8	7.1%	127.6	3.1%	$133.8	4.8%	$138.0	3.2%
Interest	$0.1	-48.8%	$0.0	-7.5%	$0.1	72.8%	$0.1	-17.2%	0.1	3.6%	$0.1	11.7%	$0.1	12.5%
Lottery	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	22.8	0.8%	$23.2	2.0%	$23.5	1.3%
TRANSPORTATION FUND														
Purchase and Use***	$25.7	10.5%	$27.3	6.3%	$27.9	2.0%	$30.6	9.9%	32.4	5.9%	$34.1	5.2%	$35.6	4.4%
TOTAL EDUCATION FUND	**$155.7**	**4.8%**	**$163.6**	**5.1%**	**$166.5**	**1.7%**	**$177.0**	**6.3%**	**182.9**	**3.3%**	**$191.2**	**4.5%**	**$197.2**	**3.2%**

* Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14
*** Includes Motor Vehicle Rental revenues, restated

Appendix A

Five Year Revenue Forecast Tables

July 2015

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

SOURCE G-FUND

revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only

REVENUE SOURCE	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change
Personal Income	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$705.9	5.2%	$763.8	8.2%	$797.8	4.5%	$825.1	3.4%	$851.7	3.2%	$878.0	3.1%
Sales & Use*	$325.6	4.7%	$341.8	5.0%	$346.8	1.4%	$353.6	2.0%	$364.6	3.1%	$382.2	4.8%	$394.3	3.2%	$406.0	3.0%	$417.6	2.9%	$429.0	2.7%
Corporate	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$121.9	28.5%	$98.3	-19.4%	$94.6	-3.8%	$96.8	2.3%	$99.4	2.7%	$102.7	3.3%
Meals and Rooms	$122.6	4.0%	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$150.8	5.7%	$156.8	4.0%	$162.3	3.5%	$167.8	3.4%	$173.3	3.3%	$178.8	3.2%
Cigarette and Tobacco**	$72.9	4.0%	$80.1	9.9%	$74.3	-7.2%	$71.9	-3.3%	$76.8	6.7%	$77.5	1.0%	$74.7	-3.7%	$72.6	-2.8%	$70.6	-2.7%	$68.7	-2.7%
Liquor	$15.4	3.1%	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.2	2.9%	$18.7	2.9%	$19.3	3.2%	$19.9	3.1%	$20.5	3.0%	$21.1	2.9%
Insurance	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$55.3	-3.1%	$55.6	0.5%	$56.1	0.9%	$56.5	0.7%	$56.8	0.5%	$57.0	0.4%
Telephone	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$8.8	-6.1%	$7.7	-12.0%	$7.2	-7.1%	$6.7	-6.9%	$6.3	-6.0%	$6.0	-4.8%	$5.8	-3.3%
Beverage	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.7	4.2%	$6.8	2.1%	$7.0	2.9%	$7.2	2.9%	$7.4	2.8%	$7.6	2.7%
Electric***	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$13.1	46.9%	$9.4	-28.2%	$0.0	-100.0%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate	$35.9	153.3%	$13.3	-62.8%	$15.4	15.4%	$35.5	131.0%	$9.9	-72.2%	$21.2	114.4%	$23.1	9.0%	$24.5	6.1%	$25.7	4.9%	$26.9	4.7%
Property	$25.6	7.7%	$24.1	-6.0%	$28.5	18.3%	$30.9	8.5%	$33.6	8.6%	$42.1	25.3%	$45.5	8.1%	$48.2	5.9%	$44.0	-8.7%	$45.9	4.3%
Bank	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$10.7	-2.0%	$10.8	0.6%	$10.9	0.5%	$10.9	0.4%	$10.9	0.3%	$10.9	0.1%
Other Tax	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.0	4.5%	$1.8	-11.1%	$2.5	38.9%	$3.2	28.0%	$4.0	25.0%	$5.1	27.5%
Total Tax Revenue	$1335.1	11.6%	$1372.4	2.8%	$1464.3	6.7%	$1516.7	3.6%	$1573.5	3.8%	$1642.8	4.4%	$1694.7	3.2%	$1745.0	3.0%	$1787.9	2.5%	$1837.6	2.8%
Business Licenses	$3.0	-0.6%	$3.0	2.8%	$2.8	-8.0%	$1.1	-61.4%	$1.1	0.2%	$0.6	-44.7%	$0.5	-16.7%	$0.51	2.0%	$0.52	2.0%	$0.53	1.9%
Fees	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$22.1	7.0%	$23.1	4.7%	$23.8	3.0%	$24.4	2.5%	$25.0	2.5%	$25.6	2.4%
Services	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.5	12.5%	$3.2	114.2%	$3.3	3.1%	$3.4	3.0%	$3.5	2.9%	$3.6	2.9%
Fines	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$3.5	-3.1%	$3.7	6.8%	$3.8	2.7%	$3.9	2.6%	$4.0	2.6%	$4.1	2.5%
Interest	$0.3	-49.7%	$0.4	42.4%	$0.6	26.3%	$0.2	-59.2%	$0.3	40.4%	$0.4	19.8%	$0.7	81.6%	$1.1	59.4%	$1.4	28.2%	$1.5	7.8%
Lottery	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	$22.8	0.8%	$23.2	2.0%	$23.5	1.3%	$23.8	1.3%	$24.1	1.3%	$24.4	1.2%
All Other	$0.7	115.7%	$0.9	15.8%	$1.7	93.1%	$1.3	-24.0%	$1.0	-20.4%	$1.1	8.8%	$1.2	9.1%	$1.3	8.3%	$1.4	7.7%	$1.5	7.1%
*Total Other Revenue****	$52.8	-1.1%	$57.3	8.6%	$56.6	-1.2%	$50.7	-10.4%	$52.2	3.0%	$55.3	5.9%	$56.8	2.7%	$58.4	2.9%	$59.9	2.6%	$61.3	2.2%
TOTAL GENERAL FUND	$1387.9	11.0%	$1429.7	3.0%	$1520.9	6.4%	$1567.3	3.1%	$1625.7	3.7%	$1698.1	4.5%	$1751.5	3.1%	$1803.4	3.0%	$1847.9	2.5%	$1898.8	2.8%

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

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

*** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

**** Excludes $5 million Vermont Yankee settlement agreement transitional payment in FY2015

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS including all Education Fund allocations and other out-transfers	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change
REVENUE SOURCE																				
Personal Income	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$705.9	5.2%	$763.8	8.2%	$797.8	4.5%	$825.1	3.4%	$851.7	3.2%	$878.0	3.1%
Sales and Use*	$217.1	4.7%	$227.9	5.0%	$231.2	1.4%	$229.9	-0.6%	$237.0	3.1%	$248.4	4.8%	$256.3	3.2%	$263.9	3.0%	$271.4	2.9%	$278.9	2.7%
Corporate	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$121.9	28.5%	$98.3	-19.4%	$94.6	-3.8%	$96.8	2.3%	$99.4	2.7%	$102.7	3.3%
Meals and Rooms	$122.6	4.0%	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$150.8	5.7%	$156.8	4.0%	$162.3	3.5%	$167.8	3.4%	$173.3	3.3%	$178.8	3.2%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$15.4	3.1%	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.2	2.9%	$18.7	2.9%	$19.3	3.2%	$19.9	3.1%	$20.5	3.0%	$21.1	2.9%
Insurance	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$55.3	-3.1%	$55.6	0.5%	$56.1	0.9%	$56.5	0.7%	$56.8	0.5%	$57.0	0.4%
Telephone	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$8.8	-6.1%	$7.7	-12.0%	$7.2	-7.1%	$6.7	-6.9%	$6.3	-6.0%	$6.0	-4.8%	$5.8	-3.3%
Beverage	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.7	4.2%	$6.8	2.1%	$7.0	2.9%	$7.2	2.9%	$7.4	2.8%	$7.6	2.7%
Electric**	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$13.1	46.9%	$9.4	-28.2%	$0.0	-100.0%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate***	$21.0	48.3%	$13.3	-36.5%	$15.4	15.4%	$35.5	131.0%	$9.9	-72.2%	$21.2	114.4%	$23.1	9.0%	$24.5	6.1%	$25.7	4.9%	$26.9	4.7%
Property	$8.4	7.7%	$7.9	-6.2%	$9.2	16.5%	$10.0	9.3%	$10.9	8.7%	$11.9	9.5%	$12.9	8.1%	$13.6	5.9%	$14.2	4.4%	$14.8	4.3%
Bank	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$10.7	-2.0%	$10.8	0.6%	$10.9	0.5%	$10.9	0.4%	$10.9	0.3%	$10.9	0.1%
Other Tax	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.0	4.5%	$1.8	-11.1%	$2.5	38.9%	$3.2	28.0%	$4.0	25.0%	$5.1	27.5%
Total Tax Revenue	$1121.6	11.4%	$1162.1	3.6%	$1255.0	8.0%	$1300.0	3.6%	$1346.4	3.6%	$1401.3	4.1%	$1449.4	3.4%	$1495.7	3.2%	$1541.4	3.1%	$1587.6	3.0%
Business Licenses	$3.0	-0.6%	$3.0	2.8%	$2.8	-8.0%	$1.1	-61.4%	$1.1	0.2%	$0.6	-44.7%	$0.5	-16.7%	$0.5	2.0%	$0.5	2.0%	$0.5	1.9%
Fees	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$22.1	7.0%	$23.1	4.7%	$23.8	3.0%	$24.4	2.5%	$25.0	2.5%	$25.6	2.4%
Services	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.5	12.5%	$3.2	114.2%	$3.3	3.1%	$3.4	3.0%	$3.5	2.9%	$3.6	2.9%
Fines	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$3.5	-3.1%	$3.7	6.8%	$3.8	2.7%	$3.9	2.6%	$4.0	2.6%	$4.1	2.5%
Interest	$0.3	-49.9%	$0.4	52.6%	$0.5	20.5%	$0.2	-66.6%	$0.2	51.9%	$0.3	25.9%	$0.6	100.0%	$1.0	66.7%	$1.3	30.0%	$1.4	7.7%
All Other	$0.7	115.7%	$0.9	15.8%	$1.7	93.1%	$1.3	-24.0%	$1.0	-20.4%	$1.1	8.8%	$1.2	9.1%	$1.3	8.3%	$1.4	7.7%	$1.5	7.1%
*Total Other Revenue*** **	$31.3	-1.2%	$34.9	11.5%	$33.5	-3.9%	$28.0	-16.4%	$29.4	4.7%	$32.0	9.0%	$33.2	3.8%	$34.5	3.9%	$35.7	3.5%	$36.7	2.8%
TOTAL GENERAL FUND	$1152.8	11.0%	$1197.0	3.8%	$1288.6	7.7%	$1328.1	3.1%	$1375.8	3.6%	$1433.3	4.2%	$1482.6	3.4%	$1530.2	3.2%	$1577.1	3.1%	$1624.4	3.0%

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

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

**** Excludes $5 million Vermont Yankee settlement agreement transitional payment in FY2015

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

SOURCE T-FUND revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change
REVENUE SOURCE																				
Gasoline	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$77.6	1.5%	$77.8	0.2%	$77.7	-0.1%	$77.5	-0.3%	$77.1	-0.5%	$76.6	-0.6%
Diesel	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$19.1	11.5%	$18.9	-1.3%	$19.2	1.6%	$19.5	1.6%	$19.8	1.5%	$20.1	1.5%
Purchase and Use*	$77.1	10.5%	$81.9	6.3%	$83.6	2.0%	$91.8	9.9%	$97.3	5.9%	$102.3	5.2%	$106.8	4.4%	$110.7	3.7%	$114.0	3.0%	$117.2	2.8%
Motor Vehicle Fees	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.1	1.4%	$80.7	0.7%	$81.5	1.0%	$82.5	1.2%	$83.2	0.8%	$84.0	1.0%
Other Revenue**	$17.9	-1.9%	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$19.7	0.8%	$20.2	2.8%	$20.6	2.0%	$21.0	1.9%	$21.4	1.9%	$21.7	1.4%
TOTAL TRANS. FUND	$243.3	2.8%	$249.0	2.3%	$256.0	2.8%	$284.0	10.9%	$293.8	3.5%	$299.9	2.1%	$305.8	2.0%	$311.2	1.8%	$315.5	1.4%	$319.6	1.3%

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS including all Education Fund allocations and other out-transfers	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change
REVENUE SOURCE																				
Gasoline	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$77.6	1.5%	$77.8	0.2%	$77.7	-0.1%	$77.5	-0.3%	$77.1	-0.5%	$76.6	-0.6%
Diesel	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$19.1	11.5%	$18.9	-1.3%	$19.2	1.6%	$19.5	1.6%	$19.8	1.5%	$20.1	1.5%
Purchase and Use*	$51.4	10.5%	$54.6	6.3%	$55.7	2.0%	$61.2	9.9%	$64.8	5.9%	$68.2	5.2%	$71.2	4.4%	$73.8	3.7%	$76.0	3.0%	$78.1	2.8%
Motor Vehicle Fees	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.1	1.4%	$80.7	0.7%	$81.5	1.0%	$82.5	1.2%	$83.2	0.8%	$84.0	1.0%
Other Revenue**	$17.9	-1.9%	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$19.7	0.8%	$20.2	2.8%	$20.6	2.0%	$21.0	1.9%	$21.4	1.9%	$21.7	1.4%
TOTAL TRANS. FUND	$217.6	2.0%	$221.7	1.9%	$228.2	2.9%	$253.4	11.0%	$261.4	3.2%	$265.8	1.7%	$270.2	1.7%	$274.3	1.5%	$277.5	1.2%	$280.5	1.1%
OTHER																				
TIB Gasoline	$16.5	23.6%	$20.9	26.6%	$21.2	1.4%	$19.2	-9.5%	$18.2	-5.2%	$13.2	-27.6%	$13.7	3.7%	$14.2	4.2%	$14.5	1.7%	$14.8	2.1%
TIB Diesel and Other***	$2.0	32.1%	$1.9	-2.1%	$1.8	-8.1%	$1.8	4.0%	$2.1	11.4%	$2.0	-1.4%	$2.1	1.6%	$2.1	1.6%	$2.1	1.5%	$2.2	1.6%
Total TIB	$18.5	24.4%	$22.8	23.5%	$23.0	0.6%	$21.0	-8.4%	$20.2	-3.8%	$15.2	-25.0%	$15.7	3.4%	$16.3	3.9%	$16.6	1.7%	$16.9	2.1%

* As of FY04, includes Motor Vehicle Rental tax revenue

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

*** Includes TIB Fund interest income of less than $15,000

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change
GENERAL FUND																				
Sales & Use**	$108.5	4.7%	$113.9	5.0%	$115.6	1.4%	$123.8	7.1%	127.6	3.1%	$133.8	4.8%	$138.0	3.2%	$142.1	3.0%	$146.2	2.9%	$150.2	2.7%
Interest	$0.1	-48.8%	$0.0	-7.5%	$0.1	72.8%	$0.1	-17.2%	0.1	3.6%	$0.1	11.7%	$0.1	12.5%	$0.1	11.1%	$0.1	10.0%	$0.1	9.1%
Lottery	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	22.8	0.8%	$23.2	2.0%	$23.5	1.3%	$23.8	1.3%	$24.1	1.3%	$24.4	1.2%
TRANSPORTATION FUND																				
Purchase and Use***	$25.7	10.5%	$27.3	6.3%	$27.9	2.0%	$30.6	9.9%	32.4	5.9%	$34.1	5.2%	$35.6	4.4%	$36.9	3.7%	$38.0	3.0%	$39.1	2.8%
TOTAL EDUCATION FUND	**$155.7**	**4.8%**	**$163.6**	**5.1%**	**$166.5**	**1.7%**	**$177.0**	**6.3%**	**182.9**	**3.3%**	**$191.2**	**4.5%**	**$197.2**	**3.2%**	**$202.9**	**2.9%**	**$208.4**	**2.7%**	**$213.7**	**2.6%**

* Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14
*** Includes Motor Vehicle Rental revenues, restated

C.1

VERMONT

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101
www.dfr.vermont.gov

For consumer assistance
[All Insurance] 800-964-1784
[Securities] 877-550-3907
[Banking] 888-568-4547

July 15, 2015

Senator Jane Kitchel
Joint Fiscal Committee
1 Baldwin Street
Montpelier, VT 05602

Dear Senator Kitchel:

Below are the final figures for Fiscal Year 2015 receipts available to the General Fund from the Insurance and Securities Regulatory Funds.

Pursuant to Section 54(a)(2) of Act No. 95 of 2014, I hereby certify that the transfer of the below amounts will not impair the ability of this Department in Fiscal Year 2016 to provide thorough, competent, fair, and effective regulation of insurance companies, banking and other financial services companies, and securities companies or impair the ability of the Department to maintain accreditation by the National Association of Insurance Commissioners.

Fund	Amount
Insurance Regulatory and Supervision Fund	$17,956,917.48
Securities Regulatory and Supervision Fund	$6,051,619.51
Captive Insurance Regulatory and Supervision Fund	$0
Total	$24,008,536.99

Sincerely,

Susan L. Donegan

Susan L. Donegan
Commissioner

C.2-3

FY 2015 Closeout Summary - Consensus with JFO

FY 2015 undesignated/unreserved GF as determined by the Commissioner of Finance and Management Pursuant to 2015 Act 58 Sec. C.108(a)

	As Passed FY2015	Actual FY2015	Delta
Current Law revenue	1,357.90	1,375.77	17.87
Tax Data warehouse 20%	0.87	1.61	0.74
VEDA Debt forgiveness	(0.05)	(0.14)	(0.09)
Direct Applications & Reversions	50.68	58.01	7.33
Vermont Yankee Settlement	5.00	5.00	0.00
PTT Redirect	3.50	3.52	0.02
DII GF Savings not achieved	0.00	(0.14)	(0.14)
GF Balance reserve not necessary for FY 2015 Balance	0.00	(0.53)	(0.53)
Total	1,417.90	1,443.09	**25.19**

Allocation of FY 2015 Undesignated/unallocated GF Revenue

Undesignated/unallocated FY 2015 GF revenue	**25.19**
FY 2015 Appropriations pursuant to 2015 Act 58 Sec. C.108	
(a)(1): First $5M to DCF for LIHEAP	5.00
(a)(2): Second $13M to AoA for Transfer to AHS for FY2015 GC expenditures	13.00
Remaining Undesignated/unreserved funds	**7.19**
Allocations pursuant to 32 VSA Sec. 308c	
(a)(2): 25% of available funds shall be transferred to the Education fund	1.80
(a)(3): 50% of available funds shall be transferred to the state teachers retirement and medical benefits funds	3.60
Remaining 25% transferred to the GF Balance Reserve	**1.80**

GF Balance Reserve (Rainy Day Fund) Summary

FY2015 Starting Balance 6/30/2014	5.00
Transfer at FY2015 Closeout	1.80
GF Balance Reserve 6/30/2015	**6.80**

Retired Teachers Health Care Internal Loan Balance

Initial Loan Limit	30.00
Less Transfer pursuant to 32 VSA 308c(a)(3)	(3.60)
New Loan Limit	26.40
Loan Balance Estimate	
Interfund Loan amount on 6/30/2015	17.55
Prepaid expenses on 6/30/2015	(2.36)
EGWP receivable estimate to be paid in Sept. 2015	(1.50)
Less transfer pursuant to 32 VSA 308c(a)(3)	(3.60)
Estimated Loan Balance	10.09

Legislative Joint Fiscal Committee
Roll Call Votes
2015-2016

Meeting Date: 7.27.15

Issue: web portal fees

MEMBER	YES	NO	ABSTAIN	ABSENT
Rep. Janet Ancel, Vice-Chair	✓			
Sen. Tim Ashe	✓			
Sen. Claire Ayer	✓			
Rep. Carolyn Branagan	✓			
Rep. Mitzi Johnson	✓			
Rep. Bill Lippert	✓			
Sen. Richard Sears		✓		
Rep. David Sharpe	✓			
Sen. Diane Snelling, Clerk	✓			
~~Rep.~~ Sen M. Jane Kitchel, Chair	✓			
	9	1		

tluj 06/10/2015

motion by Rep Sharpe
2nd Rep Ancel

VT LEG #249014 v.1

D.

ONE BALDWIN STREET
MONTPELIER, VT 05633-5701

PHONE: (802) 828-2295
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WEBSITE: www.leg.state.vt.us/jfo/

STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

MEMORANDUM

TO: Joint Fiscal Committee Members

FROM: Maria Belliveau, Associate Fiscal Officer

DATE: June 11, 2015

SUBJECT: Request for Approval of State Web Portal Board Proposed Fee

Attached please find a request from the Governor's Office to approve transaction fees adopted by the Web Portal Board.

Please note that the Web Portal Board approved the fee structure at their December 1, 2014 meeting. According to 22 V.S.A. § 953(c)(2): The Governor's approval shall be final unless within 30 days of receipt of the information a member of the Joint Fiscal Committee requests the charge be placed on the agenda of the Joint Fiscal Committee or, when the General Assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the Joint Fiscal Committee or the Legislature.

Although the Web Portal fee structure was approved by the Board on December 1, 2014, the Governor's approval occurred on June 4, 2015. According to Michael Clasen, Deputy Secretary of Administration, the request for approval was delayed due to it being "lost in the shuffle." A letter to this effect is forthcoming and will be sent to you when it is received by the Joint Fiscal Office. Please advise the Joint Fiscal Office of your recommendation regarding approval of this fee structure by June 25, 2015.

C.c. Michael Clausen, Deputy Secretary of Administration

State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0201
www.aoa.vermont.gov

[phone] 802-828-3322
[fax] 802-828-3320

Justin Johnson, Secretary

RECEIVED
JUN 08 2015
JOINT FISCAL OFFICE

June 4, 2015

The Honorable Governor Peter Shumlin
Pavilion Building
Montpelier, Vermont 05602

Dear Governor Shumlin:

In 2006, the Department of Information and Innovation (DII) entered into a contract with Vermont Information Consortium (VIC), which provides development and hosting services for the Vermont.gov web portal. The web portal includes sites that are primarily informational in nature, and is financed through an assessment of fees on a growing number of sites that process certain types of transactions. An example of a transaction based site that includes fees is the Department of Motor Vehicles vehicle registration site.

When the State web portal was created in statute, a two-step process was put in place for approval of services that include fees. The Web Portal Board, made up of a number of agency and department officials and two members of the Legislature, meet to consider proposals that are first vetted by DII. If the Web Portal Board approves the fee structure, the next step is for the Governor's office to present the board's action to the Joint Fiscal Committee or Legislature with a request for approval. The designated body then acts to review and approve or reject the actions of the board.

At the Web Portal Board meeting in December 2013 it was requested by the Board that a standard rate for credit card processing be developed for any service requiring only transaction processing. A rate of 3%, with 2% being a pass through to the credit card company and 1% going to VIC as their income from the service, was specified by the Board. The Board requested that VIC draft a proposal to allow agencies seeking credit card payment processing through VIC to be offered this rate.

In order to standardize all types of transactions VIC also included in the proposal a standardized fee for ACH, the industry name for electronic checks. VIC proposed a rate of $1.50 for each ACH transaction, payable by the relevant agency.

This proposal also included authorization for VIC to offer these rates for existing services that are currently using a cumbersome or outdated rate structure.

The Web Portal Board met December 1, 2014 and approved the proposed fee structure for this system. The Legislature has specified a process where any decisions of the Board must be presented to the Governor's Office for referral to the Joint Fiscal Committee when the Legislature is not in session or the Legislature, when that body is sitting, for final approval. This letter is submitted in accordance with this process. The process is as follows:

VERMONT

(1) All such charges (following approval by the Web Portal Board) shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee, or legislature when the body is in session, through the joint fiscal office together with the following information with respect to those items:

(A) the costs, direct and indirect, for the present and future years related to the charge;
(B) the department or program which will utilize the charge;
(C) a brief statement of purpose;
(D) the impact on existing programs if the charge is not accepted.

For this project these are:

(A) With regard to this new process and the fees associated with the development of the payment system, we submit the following for your consideration:

The cost will be based on an unknown number of future transactions. In the case of new services the cost will be 3% of the total amount transacted by the service which is paid for by credit card plus $1.50 for each transaction paid for by electronic check. In the case of existing services moving to this payment model the transaction cost should be very similar to the current fee structure. The change would largely be to create standardization across services. It is likely that the actual cost would vary to some degree as would be expected when changing from one payment model to another but the change should not be significant. It is possible that there are certain services that might see a more significant increase in transaction costs should they move to this transaction model. For these services it would be a business decision by the state owner of the service whether or not to move to this model.

(B) This rate structure is intended for the use of any state, or quasi-state entity who wishes to enter into a payment processing agreement with VIC.

(C) Current Process:
The current process is for any new service to go through an individual approval process to arrange for payment processing.

Future Online Process:
The proposed process provides several advantages including standardization of payment processes. This affects the efficiency of VIC, which indirectly benefits the state. This also affects the efficiency of the Treasurer's Office as they have fewer unique processing variations to oversee. Another advantage is that new services can be created and made available to any state organization for use without negotiating individual agreements. Some examples of this are an enterprise events management system that is currently under development. An online training tool currently in use by the e911 Board and the Department of Liquor Control could also be expanded for use with any agency with the need to do training online. These tools could be made available to any state staff with the functional need without having to create a unique agreement with each user. This proposal would also allow any state organization to install point-of-sale transaction terminals and accept credit cards in person over the counter.

(D) If this service is rejected the state will not be able to take advantage of the benefits of a standardized fee structure for payment processing.

Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the appropriate institution, so they may take the next steps to help us continue to create a modern eGovernment system for the State of Vermont.

Respectfully Submitted,

Michael Clasen, Chairperson of the Web Portal Board

Approved

Peter Shumlin, Governor of the State of Vermont

<u>Attached is a request for Joint Fiscal Committee and Legislative approval of a standardized credit card and ACH payment processing fee for transactions processed through the State's agreement with Vermont Information Consortium (VIC).</u>

At the Web Portal Board meeting in December 2013 it was requested by the Board that a standard rate for credit card processing be developed for any service requiring only transaction processing. A rate of 3%, with 2% being a pass through to the credit card company and 1% going to VIC as their income from the service, was specified by the Board. The Board requested that VIC draft a proposal to allow agencies seeking credit card payment processing through VIC to be offered this rate.

In order to standardize all types of transactions VIC also included in the proposal a standardized fee for ACH, the industry name for electronic checks. VIC proposed a rate of $1.50 for each ACH transaction, payable by the relevant agency.

This proposal also included authorization for VIC to offer these rates for existing services that are currently using a cumbersome or outdated rate structure.

<u>The Web Portal Board and the Governor have approved this fee.</u>

In accordance with ***22 V.S.A. § 953 (c)(2):*** *The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration.*

Thank you for your consideration.

Cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office

D. Clasen 7-27-2015

VIC FEE SERVICES BY DEPARTMENT 7/27/2015

		CITIZEN/BUSINESS	AGENCY	NOTES
Agriculture License Renewals	AAFM	2%	$1	
AG Repairperson	AAFM	2%	$2	
AG Weighmaster	AAFM	2%	$2	
Nurseries Licensing	AAFM	2%	$2	
Meat Handlers	AAFM	2%	$2	
Mobile Home Park Registration Service	ACCD		$1	
Event Registration	ACCD	3%	$1	
VTPTAC - OTC Payment Processing	ACCD		3%	
AOE Payments	AOE		3%/.50	
AOT Event Registration	AOT	3%	$1	
AOT Bus Passes - OTC	AOT		3%	
BGS Purchasing Card Training	BGS		$40	
OTC - Surplus Property	BGS	3%		
EZPay4Kids	DCF	$5	Diff up to 3%	
DLC Moodle eLearning	DLC		$2.50	
Liquor -Event Registration	DLC		$1000/yr.	
Break-Open Tickets	DLC		$.50/box	
DMV Express (pre-contract)	DMV		$1.90	
Motor Vehicle Record Retrievals (MVRs)	DMV	$4		
Reinstatement Payment	DMV	$2		
IRP/IFTA	DMV		$5	
DMV Payport	DMV	3%		
Motorcycle - Event Registration	DMV		$5	
Driver's Ed Certification	DMV-AOE		$6500/yr. (75/25 split)	
Labor Payment Processing	DOL		2.2% plus $3	
Libraries - Event Registration	DOL		3%/$1	

		CITIZEN/BUSINESS	AGENCY	NOTES
Criminal Convictions Records	DPS		$2.75	
DPS - Police Reports	DPS		$2	
Criminal Records - Specialized Subscriptions	DPS		$500/yr.	
Parks Payment Processing - CC	FPR		3%	
OTC - Food Fight Fund	GOV	3%/$1		
eCabinet (payment processing only)	JUD		2% plus $.50	
eCab ACH Debit	JUD		$0.50	
VT Courts Online (pre-contract)	Judiciary		$1000/mo.	
Vermont Court Pay	Judiciary	$3.75		
Attorney Licensing	Judiciary	$2		
Medical Licensing - Cavu	MPB		3%	
Vital Records	SOS	$2		
VT Bizfile (1st version pre-contract)	TAX	3%	$1	*FAST takes over 11/2015*
VTPay (pre-contract)	TAX	3%	$1	*FAST takes over 2016*
Property Transfer Tax Returns	TAX	$5		*FAST takes over 2016*
VCGI - Event Registration	VCGI		3%	
VCGI Maps - OTC	VCGI		3%	
Ladies First	VDH	*Expired*		
Lead Compliance - EMPs	VDH		$8,995/yr.	

Joint Fiscal Office

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MEMORANDUM

To: Senator Jane Kitchel, Chair,
Representative Janet Ancel, Vice Chair,
Members of the Joint Fiscal Committee

From: Stephen Klein, Chief Fiscal Officer

Date: July 23, 2015

Subject: July 2015 – Fiscal Officers' Report

What follows is an update of recent developments, some of which will be on the agenda for the July 27 meeting of the Joint Fiscal Committee.

1. **FY 2015 Revenues - The General Fund -** The FY 2015 General Fund revenues at year end were $17.9 million, or 1.3%, over the revised January 2015 forecast. The FY 2015 final numbers are a good indicator for FY 2016 and provide some evidence of a slightly improved economic outlook. Income tax revenues were $4.1 million, or about 0.6%, over forecast. Due to several isolated events, Corporate Tax Revenues were $19.3 million, or 19%, over target. Sales and Use and Meals and Rooms were essentially on target. Estate Tax trailed the January forecast by $14 million, offsetting the Corporate Tax windfall. We are hopeful that the revenue forecast revision for FY 2016 and FY 2017 will be consistent with prior forecasts, moving revenues in a positive direction.

   In addition to the revenue results, we expect end-of-the year transfers into the General Fund to exceed estimates by several million. Together, the revenue and transfers should allow us to meet the legislative allocations as follows:
   - $5 million reserved for LIHEAP;
   - $13 million reserved for Medicaid closeout and FY 2016 (discussed below); and
   - The remainder, which could be close to $7 million, will be divided:
     - 50% for payback of the retired teachers health care borrowing;
     - 25% for the Education Fund; and
     - 25% for the rainy day reserve.

2. **FY 2015 Revenue - Transportation State and Federal Funds -** Transportation funds ended the year essentially on target at $900,000, or 0.3% in the positive direction. The major uncertainty is federal action on the

transportation bill reauthorization. The U.S. House of Representative has passed a temporary measure but the U.S. Senate is working toward a multiyear action. As the current authorization runs through July 30, 2015, the results of this federal debate are critical for Vermont.

3. **FY 2015 Revenue - Education Fund** - Education Fund non-property tax revenues were essentially on target. Overall revenues were $400,000 below January estimates, or -0.2%. Final closeout of the Education Fund for FY 2015 is still under way and we expect that more information will be available at the July 27 meeting.

4. **Other Revenue Related Issues:**
    a. **Chainbridge Modeling Capacity** - We are in the process of updating the Chainbridge income tax model to tax year 2013 data. Last year was the first year we were able to use the model and Sara Teachout found it extremely helpful to meet legislative requests. Model costs are not insignificant. The update is about $79,000 which we split with the Tax Department. The software and modeling capacity gives the Office an independent capacity to evaluate legislative proposals which is an improvement over prior years. We are planning on a later update to the sales tax modeling as there is less variation in data.
    b. **REMI Modeling Capacity** - In addition, we expect to update the REMI Tax PI model for primary care health care reform studies and analysis related to estimating the economic impacts of taxing services in Vermont. Both of these studies were requested in the past session by the Legislature.
    c. **FY 2016 budget adjustment and FY 2017 budget development** - We will begin the process of developing a budget gap understanding after the revenue revision at the Emergency Board meeting. Once revenues are estimated, we can relate them to the fiscal issues that are emerging, some of which are identified below:
        i. While numbers are not finalized, the Pension fund returns were not strong this year with annual returns likely to be relatively flat. We might see some impact of this in the actuarial request for FY 2017.
        ii. A number of AHS budget pressures have been identified and are included in an attachment to this memorandum. Preliminary potential estimates of impact for FY 2016 and FY 2017 are as follows:

Fiscal Year	State Funds	Total Funds
FY 2016	$30-$32M	$63-$66M
FY 2017	$36-$50M	TBD

iii. Federal budget uncertainty continues. We are hopeful to have a little more understanding of possible impacts in the next few months.

5. **Summer Committee Work** - While some work is under way, summer committees are still being appointed.
   a. Act 58, Sec. E.145.1 Special Committee on the utilization of information technology in government - appointments have yet to be made to this three-member commission.
   b. Act 58, Sec. C. 107 Government restructuring and operations - appointments have yet to be made to this three-member commission.
   c. Act 58, Sec. E.602.1 Vermont interactive technologies working group (Theresa Utton-Jerman and Stephanie Barrett assigned);
   d. Act 54, Sec. 22 Public Employees Health Benefits; Report Working Group (Joyce Manchester assigned); and
   e. Act 54, Sec. 18 Universal Primary Care; Report Working Group (Joyce Manchester assigned) are under way.

6. **Joint Fiscal Office Activities and Contracts** - The Joint Fiscal Office is involved in a number of activities:
   a. Nolan Langweil recently finished an All-payer model issue brief. It can be found at http://www.leg.state.vt.us/jfo/healthcare/All-payer_model_overview.pdf.
   b. We are in the process of interviewing, reference checking, and selection for the Education Adequacy Study, which is to be done this off session. We had three qualified bids for this contract.
   c. Stephanie Barrett, Catherine Benham, and I have been interviewing candidates and companies to help with the IT evaluation work required by the Capital Bill on major IT projects.
   d. The first of three JFO reviews of the Vermont Health Connect should be available at or before the JFC July 27 meeting. IT will be done after delivery of the July Administration report.
   e. We completed a survey of Tom Kavet's work in preparation for rebidding his contract. He received very high marks. Our plan is to put this contract out to bid after the completion of the revenue forecast process. Generally, five years is the longest we have gone without a rebid. Other contracts such as Deb Brighton and Stephen Kappel are much smaller and not subject to the same bid requirements.
   f. Dan Dickinson has been detailed to Japan with the Vermont Air Guard and will be back in October. Maria Belliveau has been ably handling his budget and grant work.
   g. Aidan Davis has left our staff as her temporary positon ended. She has taken a full time job with ITEP which does tax policy and will remain working out of the Burlington area.

h. All occupants of One Baldwin Street are likely to have to vacate for a period this summer and fall. This is due to a BGS project to replace the heating system in order to address air quality issues during the winter months.

AHS Significant Budget Pressures

The following is a preliminary list of the significant FY16 and FY17 budget pressures from AHS CO staff estimates shared with F&M for initial planning and FFIS sources as of 7/1/2015. These are estimates compared to the FY16 level as passed in H.490 and are subject to change.

Significant Pressures	FY16 BAA		FY17 *(over '16 as passed)*	
	GF $s	Gross $s	GF $s	Gross $s
<u>LIHEAP administration</u> – Ongoing lower federal grant levels mean a lower amount available to support admin costs. The admin functions are not a function of the grant amount and do increase concurrent with negotiated contract levels.	$1.0M	$1.0M	$1.0M	$1.0M
<u>Medicaid 53rd Week</u> – FY16 has 53rd week of vendor payments (analogous to 27th pay period). The appropriations budget is a modified cash basis and the impact of this payment should have been discussed in the budget.	$11.3M	$25.0M	***Could technically be pushed to FY17***	
<u>Clawback</u> – FFIS notification provides the calculated increase in this payment. This is a 100% GF payment states make back to the federal government to reflect state savings associated with the Medicare Part D Rx program. It is tied to federally determined Rx inflationary factors and state FMAP level.	$1.3M to $2.4M	$1.3M to $2.4M	$4.5M	$4.5M
<u>Medicaid Closeout</u> – FY15 closed $30m over expectation. The extent to which this rolls forward and impacts both FY16 and FY17 is yet to be determined. **<u>Medicaid Caseload and Utilization -</u>** Initial review of caseloads indicates several eligibility groups that are trending much higher than anticipated. Resolving eligibility processes, integrity and auto re-enrollment may offset to some degree. Utilization trends remain to be analyzed. Historically this C&U range from $30M to $60M gross	tbd *$13.5M*	tbd *$30.0M*	tbd [illegible] *$13.5M to $27.0M*	tbd [illegible] *$30M to $60M*
<u>Base FMAP Rate</u> - FFIS reported the preliminary FFY17 FMAP calculations indicate a drop in the federal share of 0.25%. **<u>Other FMAP</u>** – In FY17 the state is completely past the enhancement from "Leahy bump". *To the extent that the enhanced rate on childless New Adults and OAPD requests differ from the amounts already anticipated in the budget additional plus/minus match related fiscal impacts are also possible.*	*tbd*	*tbd*	$4.0M ***tbd***	$4.0M ***tbd***
<u>ACO Payment</u> – The contract provides for a 50%-60% shared savings payment to the ACO. The contract specifies the calculation of the base year total cost of care, growth rate and performance year comparison which is the basis for the payment. The savings calculation is meant to be a representation of the increased costs that otherwise would have been incurred without the contract.	*tbd*	tbd	***Likely to be lower contract ties next payments to additional savings***	
Total Preliminary Potential Impact	$27.1M to $29.1M	$57.3M to $58.4M	***tbd*** [illegible]	***tbd***

Stephanie Barrett
7/27/2015
E.1.

July 27, 2015
Emergency Board Meeting
Report on Medicaid for Fiscal Year 2015

32 V.S.A. § 305a(c) requires a year-end report on Medicaid and Medicaid-related expenditures and caseload. Each January the Emergency Board is required to adopt specific caseload and expenditure estimates for Medicaid and Medicaid-related programs. Action is not required at the July meeting of the Emergency Board unless the Board determines a new forecast is needed as a result of the year-end report. This report contains the following:

Year-End Summaries:

- Summary of Enrollment
- Summary of Total Expenditures
- Global Commitment Fund Cash Basis Summary
- State Health Care Resources Fund Detail
- Choices for Care Year-End Summary

Key Issues
The data in this report reflect the most current actual FY15 information to date. The comparison for the budgeted amount for FY15 reflects the changes made to the as passed budget by the rescission in August 2014 and the budget adjustment process. There may be changes as the financial close-out for the fiscal year is completed and finalized. If necessary, changes will be included in a subsequent revised report.

Context
FY15 is the first full State fiscal year under the federal Affordable Care Act and reflects the second open enrollment period in the Vermont Health Connect (VHC) Exchange. The exchange provides the portal for both Qualified Health Plans (QHP) and income eligibility for most Medicaid programs.

The operation of the VHC Exchange continues to challenge Vermonters, administrators, policy makers, and QHP providers. Progress in improving VHC operations is the subject of separate reporting, but the workgroup consisting of staff from Finance and Management, the Agency of Human Services, the Department of Vermont Health Access, and the Joint Fiscal Office charged with analyzing Medicaid enrollment and cost trends recognize these challenges likely have direct impacts on the data presented in this report which can be noted but not specifically quantified at this time.

Expenditures
The main take-away for the FY15 close out in Medicaid is that Global Commitment (GC) program expenditures came in over $30 million (gross State and federal dollars) above the level

budgeted. A significant cost overage was anticipated based on the weekly expense tracking known as 'The 52 Points" and for which Act 58 (the FY16 Budget Bill) allocated up to $13 million of FY15 surplus General Fund (GF). The availability of the surplus funds could not be determined until all the GF components were finalized in July. In order to allow the Medicaid provider payments to go out in the final week of June, funds particularly in Medicaid administration were unencumbered and these funds were then used in combination with funds transferred from other Medicaid program areas (Premium and Cost subsidy programs, State Only Rx, SCHIP) as a temporary fiscal measure both to pay providers and stay within the appropriated limit. Now that it is clear that the full $13m GF will be available, these administration expenses will be reencumbered and expended in FY16 which will move FY16 expenditures above the amount as passed in Act 58.

Right now, how much of the cost overrun is due to caseload (see discussion below) and how much is due to utilization is not determined. Analysis will be conducted in the fall for the January 2016 Emergency Board update, and should help to make that more clear. At this early stage, it is known that outpatient services were significantly higher than expected but whether this is solely due to a utilization change in this area or if there are offsetting reductions in other service categories will not be known until the caseload impacts can be decoupled.

The rollout fiscal impact on both FY16 and FY17 is likely to be significant as the FY16 budget was developed without the $30 million included in the spending trend. In addition to the trend implications, there are several areas that may also see utilization at a higher level than was assumed and budgeted for in FY16. These include Applied Behavior Analysis (ABA, i.e., Autism) services and Licensed Alcohol and Drug Counselor (LADC) services.

Finally, the first shared savings payment under the ACO contract will be made in FY16 and the funding for this payment will be a budget adjustment item. The payment calculation is specified by the terms of the contract, and it should be a reflection that expenditures in CY2014, in the absence of the ACO contract, would have been at least twice as high as the payment amount. An additional onetime fiscal pressure is a 53rd week of vendor payments. This will have an estimated FY16 budget adjustment or FY17 budget impact of $25 million total of which $11 million will be in state GF.

Enrollment

The main take-away on enrollment for FY15 is that caseload came in significantly higher than the level anticipated in January. The adult Medicaid Eligibility Groups (MEGs) in total came in almost 7.7% above expectation with the largest variance in General Adults by 12.3% and New Adults by 9.5%. The enrollment for children in the aggregate also came in 3.5% higher than expected.

The Vermont Premium Assistant (VPA) program and its subset of Cost Sharing Assistance enrollees is the population that came in significantly under expectation by -28% and -43% respectively.

The changes in income eligibility[1] under the ACA are part of the current income eligibility process for Medicaid enrollment through the VHC Exchange. It is unclear how much of this higher-than-expected level in caseload is a function of:

1. Estimation error, particularly regarding the base assumptions for the uninsured population at various income levels as well as the coverage uptake rate for the uninsured at the eligible income levels;

2. Change in employer coverage patterns, for example, have employers for individuals who fall in these income ranges opted to drop insurance coverage; or

3. Current Medicaid eligibility processes which have relied on the following:

   - Self-attested income. From Oct. 2013 through April 2015, Medicaid enrollees through the exchange relied on self-attested income without an automated process for income verification. Beginning in May 2015, self-attested income now has an electronic post enrollment verification process. A manual monthly check against Vermont Dept. Of Labor (VDOL) is conducted for Medicaid enrollees in the ACCESS system. Information on the error rate of self-attested income after verification is pending. Further enhancements to the income verification process are included in future system planning and updates.

   - Automatic Renewal for Medicaid under a waiver from CMS.

Status of Reenrollment and Eligibility Determination Processes
The Medicaid program is experiencing higher than normal retention for people who have not yet been transitioned off the legacy system – the majority of whom have not gone through another eligibility determination. The auto-renewal is likely capturing people who may no longer be income eligible for programs. It is hard to know what this over-capture rate is. These factors reduce normal "churn" patterns which in turn increase enrollment rates above what they would have been with a normal reenrollment eligibility determination process.

In early March, Vermont Health Connect began to implement its plan to transition approximately 30,885 Medicaid for Children and Adults (MCA) households which reflect 59,157 enrollees from the State's legacy ACCESS system to Vermont Health Connect to receive their MCA eligibility determination. The plan began with a pilot of the 3,000 highest income households.

As of mid-July 2015, two out of five (which is 39% or 1,175 households, 2,199 enrollees) in the pilot had filled out an application for coverage. Of those who applied, nearly one in five (19% of the this 39%, or 222 households, 434 enrollees) no longer had a member who qualified for Medicaid, while four out of five had at least one household member qualify for Medicaid.

Staff is communicating with the Center for Medicare and Medicaid Services (CMS) for approval of a plan and schedule to close pilot customers who have not responded to outreach attempts.

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[1] The income eligibility calculations were changed under the Affordable Care Act (ACA). A Federal Poverty Level of 133% in the new Modified Adjusted Gross Income (MAGI) is equivalent to 138% under the pre ACA method.

This is approximately 1,800 households/3,200 enrollees of the 3,000 households/5,466 enrollees in the pilot.

State staff have been closing customer cases when customers have asked for Medicaid to be closed and when customers' outreach letters have been returned with no forwarding address.

The planning and timing of the transition of the remaining 27,000 MCA households from the ACCESS system to VHC reenrollment and eligibility determination process is still under discussion with CMS. An analysis of recent claims specifically related to the cases slated for closure for nonresponse to outreach and well as the 19% (434 enrollees) found income ineligible would provide a foundation for understanding the fiscal implications of the over-capture.

Global Commitment Fund (GCF)

The cash position of the GCF grew through FY11 to a level of $86.5m, and held steady in FY12 and FY13 but declined in FY14 to $29.5 million due to a lack of adequate State funds to fully draw federal match within FY14 for FY14 expenditures. FY14 expenditures were covered by drawing down the fund balance and then immediately using part of the next year (i.e., FY15) State appropriation to draw the federal match owed on FY14 expenditures.

The actual FY15 spending level meant these funds were needed to cover current year instead of replenishing the GCF balance as hoped. Year-end FY15 year transfer actions included some pure GF which did allow for a modest increase in the cash balance of the fund up to $37.9 million.

But again this July, the first use of FY16 State funds will be to draw federal match that could not be drawn in FY15. It is unlikely this will be able to bring the cash balance of the fund back up on anything more than a temporary basis, given the overall spending trend in the program. Without a change in the State funding level it is more likely FY16 will see continued decline in the GCF balance. Program expenditures at the close of FY16 will need to come below the funded level for the fund balance to rise, which is highly unlikely.

The GCF balance provides the reserve for the "tail" of the GC program. The program is budgeted on a cash basis but there are "incurred but not reported" (IBNR) expenditures at any given time in the program. The intent of the balance is to be used at the end of the waiver demonstration to address this "tail," or IBNR. Once the demonstration ends, the State has two years to process outstanding claims. As of last quarter, the estimate for those claims was $100,912,678.

State Health Care Resources Fund (SHCRF)

The FY15 balance in the fund closed $6m ahead of expectation. This was due to tobacco taxes coming in $2.9 million higher than expected and hospital provider taxes receipts $2.2 million over expectation. The other fund revenue lines when combined net $900,000 over target.

The updated revenue estimate for FY16 reflects cigarette/tobacco tax estimates including the rate increase passed in Act 57 of 2015, as well as an updated hospital provider tax estimate which is tied to the Green Mountain Care Board growth target. These result in a projected balance of $10.3 million for FY16.

This fund does not have a reserve requirement as does the GF, EF, or TF, so it will need to be determined if any current balance is directed toward establishing a fund reserve or used to address FY16 budget adjustment and/or FY17 budget pressures. This decision should be made in conjunction with the projected GC fund balance.

Choices for Care (CFC)
Beginning January 1, 2015, the Choices for Care waiver has been consolidated into the Global Commitment Waiver. However a small amount of GF will continue to be appropriated outside the GC for Home and Community Services that are funded through the Money Follows the Person (MFP) grant.

Sec. E.308 of Act 58 of 2015 outlined the methodology for calculating "savings" in the Choices for Care Program. The year-end summary sheet shows actual CFC expenditures in FY15 (including reinvestment expenses) compared to available resources (including reinvestment funding) were pretty much spot on in total.

After accounting for the required 1% program reserve, the amount of unobligated CFC program funding available for reinvestment in the budget adjustment is just under $100,000. This is much lower than in previous years. This means that the program expenditure level is essentially at equilibrium for FY15 which may portend that program increases particularly for the Moderate Needs services may not be able to be funded from Nursing Home and Home and Community Based service savings in the future.

Federal Medical Assistance Percentage (FMAP)
Base FMAP remains an area of pressure for FY17 though at a much lower level than in previous years. In the underlying base FMAP rate, i.e., the State share is going up by 0.25%. On a Medicaid base of $1.7 billion, this change translates into roughly $4 million of addition State funds pressure as we begin to build the FY17 budget.

Clawback
FFIS has provided a preliminary calculation for the next Federal Fiscal 2016 payment levels. This indicates an FY16 budget adjustment impact of $1.3m to $2.4 million and full annualized FY17 impact of $4 million. The Clawback is 100% GF payment states make back to the federal government to reflect state savings associated with the Medicare Part D Rx program. It is tied to federally determined pharmacy inflationary factors and state FMAP level.

All Payer Model
The administration is currently in discussions with CMS exploring the possibility of an All-Payer Model which would include a Medicare Waiver. In order for an all-payer model to go into effect for CY2017, the State and CMS would need an agreement in place by the beginning of CY2016. At this time, it is unknown if the state and CMS will come to an agreement, what the terms and conditions would entail, and if there will be a state budget impact particularly to Medicaid. A white paper is available on the JFO website.

Medicaid and Medicaid Related Enrollment

PROGRAM ENROLLMENT	FY 11 Actual	FY 12 Actual	FY13 Actual	FY14 Actual* ACA Beg. Jan 1, 2014	FY15 BAA	FY15 Actual	FY16 As Passed
Adults							
Aged, Blind, or Disabled (ABD)/Medically Needy	13,786	13,977	14,304	14,852	15,378	15,808	15,680
Dual Eligibles	16,014	16,634	17,118	17,384	17,682	18,163	17,978
General	10,896	11,235	11,375	13,115	15,504	17,412	15,966
VHAP (see note for FY14)	36,706	36,991	37,486	36,637	n/a	n/a	n/a
VHAP ESI (see note for FY14)	904	825	791	720	n/a	n/a	n/a
Catamount (see note for FY14)	9,921	10,713	11,486	13,329	n/a	n/a	n/a
ESIA (see note for FY14)	747	726	746	689	n/a	n/a	n/a
New Adult	n/a	n/a	n/a	47,315	48,500	53,124	48,985
QHP Exhange <300% FPL - Premium Subsidy				14,013	18,007	12,870	18,368
QHP <300% FPL- Silver Plan Cost Share Subsidy subset	*n/a*	*n/a*	*n/a*	*4,452*	*5,859*	*3,307*	*6,034*
Subtotal Adults	88,974	91,101	93,306	VHAP/Cat 96,726	115,071	117,376	116,977
			New Adult/ QHP	106,679			
Children							
Blind or Disabled (BD)/Medically Needy	3,696	3,712	3,695	3,639	3,713	3,579	3,727
General	55,053	55,274	55,361	56,431	58,301	60,756	57,594
Underinsured	1,131	1,068	977	949	1,082	927	981
SCHIP (Uninsured)	3,686	3,909	3,977	4,105	4,273	4,496	4,417
Subtotal Children	63,566	63,963	64,010	65,124	67,369	69,757	66,719
Pharmacy Only Programs	12,751	12,655	12,546	12,653	12,664	12,005	12,709
Choices for Care							
Nursing Home, Home & Community Based, ERC	3,889	3,891	3,886	4,147	4,177	4,280	4,222
Total	**169,180**	**171,610**	**173,748**	VHAP/Cat **178,650**	199,301	**203,419**	**200,627**
			New Adult/ QHP	**188,603**			

*** FY14 Enrollment Notes**

ACA Began Jan 1, 2014 (mid way thru FY14). VHAP and Catamount are duplicative with many New Adults and Premium Assistance enrollees within FY14

VHAP and Catamount programs phased out Jan-Mar 2014

New Adult Medicaid eligibility group established, many VHAP and some Catamount enrollees transitioned to this group, as well as other newly enrolled

Premium and Costs Sharing programs established, former Catamount enrollees now w/a QHP likely eligible for these programs

Global Commitment - Cash Balance Sheet - FY09 to FY15 (Actuals)

(these are gross combined federal and state funds)

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual (5)	FY15 Resc. & BAA & Waiver consolidation	F
Revenues - Cash Capitated Payments (4)	**1,047,364,322**	**1,061,421,619**	**1,192,428,821**	**1,190,118,931**	1,397,059,641	1,
Expenses - Cash Capitated						
Administration	72,314,139	74,150,382	83,170,036	73,458,966	105,558,490	
Program	900,949,532	913,875,108	1,025,039,145	1,064,279,995	1,202,500,495	1,
Investment	49,287,654	73,406,946	84,339,985	109,465,255	110,026,347	
Total Cash Expenses	**1,022,551,325**	**1,061,432,436**	**1,192,549,166**	**1,247,204,216**	1,418,085,332	1,
Change in Fund Balance	**24,812,997**	**(10,817)**	**(120,345)**	**(57,085,285)**		
Less encumbrances				(8,797,926)		
				(65,883,211)		
Prior Year Fund Balance	**61,860,271**	**86,673,268**	**86,662,450**	**86,542,106**	29,456,821	
Total Fund Balance	**86,673,268**	**86,662,450**	**86,542,106**	**29,456,821**	8,431,130	
Non-capitated administrative expenses (1)	6,516,131	5,700,438	6,098,492	6,291,473	2,468,599	
Non-cash expenses (2)	24,782,283	26,938,357	26,914,096	27,799,832	28,393,646	
Non-cash revenues (3)	24,782,283	26,938,357	26,914,096	27,799,832	28,393,646	

Notes:

(1) Non-capitated expenses are cash expenses but are paid outside of capitation pmt and do not affect fund balance. Effective 1/1/15,with consolidation of CFC

(2) Non-cash expenses include 5 certified programs in which non-federal expenses are not State cash expenses.

(3) Non-cash revenues include 5 certified programs in which non-federal revenues are not State cash revenues.

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

(5) In building the SFY14 budget, matching funds for the GC appropriation were under appropriated relative to budgeted gross expenditures. Therefore, in lieu c the federal funds for budgeted gross expenditures due to a shortage in State matching funds, the GC Fund balance was used to cover the remaining actual g Accordingly, the June SFY14 capitation payment to DVHA was less than actual expenditures due to the shortage in matching funds. In July of SFY15, at wh matching funds would become available with the SFY15 appropriations, AHS CO made a reconciling capitation payment to DVHA for the balance due from J SFY14, replenishing the GC fund balance. This then left appropriated matching funds underfunded for SFY15, and a reconciling capitation payment to DVH/ made in July of SFY16 for SFY15, as a result. This cycle of reconciling capitation payments will continue each fiscal year. The ongoing GC fund balance wi

Summary of Total Expenditures

Medicaid and Medicaid Related

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Resc. & BAA & Waiver consolidation
Non Capitated Administration	6,516,131	5,700,438	6,098,492	5,202,413	2,468,599
Global Commitment Waiver					
GC - Administration	72,314,139	74,150,382	83,170,036	73,458,966	105,558,490
GC - Program (CFC incl. Jan.1 2015)	900,949,532	913,875,330	1,025,039,146	1,062,318,540	1,194,775,605
GC - VT Premium Assistance				1,961,455	7,724,888
GC - Investments (CNOM)	49,287,654	83,277,460	93,407,332	119,370,840	117,938,361
GC - Certified (non -cash program & cnom)	24,578,280	26,938,357	26,914,096	27,799,832	28,393,646
	1,047,129,605	1,098,241,529	1,228,530,610	1,284,909,634	1,454,390,990
Exchange Cost Sharing Subsidy (State Only)				332,623	1,689,945
Exchange Vermont Premium Assistance (State Only)				610,022	250,000.0
Choices For Care Waiver	191,968,805	196,477,952	199,033,009	205,224,249	108,316,625
Pharmacy - State Only	1,812,342	(4,082,889)	(1,518,496)	1,004,506	3,170,931
DSH	37,448,782	37,448,782	37,448,781	37,448,781	37,448,781
Clawback (state only funded)	17,684,471	23,784,030	25,971,679	25,833,314	26,618,207
SCHIP	7,642,495	8,598,982	8,997,996	9,584,604	10,072,000
Total	1,310,202,631	1,366,168,824	1,504,562,071	1,570,150,146	1,644,426,078
	3.1%	4.3%	10.1%	4.4%	4.7%

FY15 Choice For Care included in GC - Jan 1. 2015

FY15 (6mos) and FY16 previously Non-capitated Administration is now part of GC - Administration. Therefore, there is a variance between SFY15 budgeted and SFY15 estimated actual for Non-capitated Administration and GC Administration.

FY13 GC Program includes $60m for GME representing both the FY12 and FY13 years

State Health Care Resources Fund

FY16 cigarette tax risk is
concerns on revenue rep

	FY11 Actuals	FY12 Actuals	Cash/Accrual mix FY13 Actuals	FY14 Actuals	Jan. 2015 FY15 BAA	FY15 Actuals	Jan. 2015 + session chg FY16 As Passed	July 2015 FY16 Update
State Health Care Resources Fund								
Beg. Balance	3,904,454	5,093,196	142,300	5,401,893	(748)	(748)	1,313,815	7,337,508
Catamount Fd Balance (incorp FY13)	793,641	2,212,330	4,757,170		-			
	4,698,095	7,305,526	4,899,470	5,401,893	(748)	(748)	1,313,815	7,337,508
Revenue								
Cigarette Tax Revenue	66,448,755	72,811,427	67,338,387	64,727,447	65,380,000	68,302,786	66,040,000	68,610,000
Tobacco Products Tax - 100%	6,511,841	6,868,340	6,931,690	7,125,892	8,090,000	8,104,758	8,100,000	8,150,000
Cigarette Floor Stock Tax	-	550,272	-	88	350,000	347,610	-	750,000
Claims Assessment	-	12,603,108	11,470,283	13,073,292	14,000,000	13,978,648	14,280,000	14,280,000
Employer Assessment	9,316,000	11,168,000	11,886,600	12,995,400	15,640,000	15,879,665	17,549,266	17,549,266
Catamount 11% Adj - >300%	-	1,442,038	1,855,062	1,467,338	-		-	
Graduate Med Education	-	-	25,756,529	13,228,943	13,054,500	13,054,500	13,491,000	13,491,000
Nursing Home Sale Assessment	-	-	320,000	746,400	-		-	
Prov Tax - Hospital	94,739,392	110,642,636	115,505,466	120,087,900	123,132,709	125,293,302	128,166,206	129,052,101
Prov Tax - Nursing Home	12,842,419	15,749,272	16,268,103	15,998,993	15,700,680	15,595,924	15,599,829	15,599,829
Prov Tax - Home Health	3,957,011	4,548,206	4,529,917	4,097,040	4,547,271	4,373,603	4,327,271	4,327,271
Prov Tax - ICF-MR	70,236	82,098	69,695	71,629	73,759	73,759	73,759	73,759
Pharmacy $0.10/script	790,315	789,877	795,192	780,174	780,000	775,297	780,000	780,000
Premiums - Catamount	3,912,593	4,597,688	4,984,683	3,164,335	-	-	-	
Premiums - VHAP (mgd care)	2,205,367	2,858,383	2,951,004	1,634,739	-	(260)	-	
Premiums - Dr. D (medicaid)	155,259	180,401	183,944	88,237	50,607	192,949	50,000	50,000
Premiums - SCHIP	478,300	507,101	536,649	359,025	623,382	928,108	600,000	600,000
Premiums - Rx programs	3,292,209	3,160,264	3,180,120	3,163,777	3,045,450	3,112,356	3,045,450	3,045,450
Recoveries	771,362	625,996	5,049,628	1,279,529	500,000	435,377	500,000	500,000
Other *(Misc, Interest)*	(339,836)	(32,672)	194,977	(166,395)	-	(39,319)	-	-
Total Fund Revenue	205,151,223	249,152,435	279,807,929	263,923,782	264,968,358	270,409,063	272,602,781	276,858,676
Total Available	209,849,318	256,457,961	284,707,399	269,325,675	264,967,610	270,408,315	273,916,596	284,196,184
Expenditures								
Global Commitment	202,543,792	251,558,494	278,388,631	268,303,555	259,471,390	261,826,139	272,871,045	272,871,045
Exchange Operations					4,182,405	1,244,668	1,041,736	1,041,736
GC - Excess receipt				1,022,868	-	-	-	-
Total GC Expend	202,543,792	251,558,494	278,388,631	269,326,423	263,653,795	263,070,807	273,912,781	273,912,781
End. Balance	**7,305,526**	**4,899,467**	**6,318,768**	**(748)**	**1,313,815**	**7,337,508**	3,815	**10,283,403**

Catamount Fund into SHCRF in FY13
FY11 & FY12 adjusted for comparison

Note: During SFY14, AHS learned that certain categories of revenue were stated on an accrual basis in previous fiscal years . In order to reflect the cash-basis balance of the SHCRF, the AHS began tracking revenue on a cash basis during SFY14.

Exchange Operations reflect the operations cost of the Qualified Health Plan (QHP) portion of the exchange, Medicaid eligibility and exchange operations costs are included in the Global Commitment expenditure

Choices For Care Year End Summary

CFC is managed as one budget, estimates are made by category but funding is fluid across categories

LTC	FY15 Plan$s Available (thru Resc & BAA)	FY15 Expend and Obligated	Difference	
Moderate Needs Group	$6,946,589	$5,567,848	$1,378,741	
H&CB (CFC & MFP combined)	$58,850,870	$57,961,542	$889,328	*GF/Gross mix*
adj for MFP GF only			($310,917)	
Nursing Home	$118,538,079	$119,082,420	($544,341)	
LTC Subtotal	$184,335,538	$182,611,810	$1,412,811	
* Gross up of MFP GF			$691,387	*$310,917/.4497*
			$2,104,198	
Obligations & Requirements				
1% reserve requirement	*incl. in H&CB*	1,826,118	**($1,826,118)**	
AAA MNG FY16 continuation		179,000	($179,000)	
	$184,335,538	$184,616,928	$99,080	
Acute	$27,278,016	$28,176,557	($898,541)	*Covered w/in GC*
CFC Plan Total	$211,613,554	$212,793,485	*excl.1% reserve*	

* MFP - Money Follows the Person match will remain GF - all other CFC funds are now within the Global Commitment Waiver and will be reflected the GCF fund approrpriations

G.6.I

VERMONT

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Jim Reardon, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Jim Reardon, Commissioner of Finance & Management
DATE: April 14, 2015
RE: Excess Receipts Report – 32 VSA Sec 511

In accordance with 32 VSA Sec 511, please find attached the report on Excess Receipts approved for expenditure during the third quarter of FY 2015 (7/1/2014 through 3/31/2015). The full text of the governing statute is provided at the end of this memo.

Review Process

The Administration goes through an extensive application and approval process for allowing expenditure of excess receipts. The form required of departments can be found at: http://finance.vermont.gov/sites/finance/files/pdf/forms/budget/Excess_Receipts_Form.doc (at http://finance.vermont.gov/forms under the "Budget" category). The form requires information to ensure that the approval does not overstep statutory guidelines. Requests that overstep the statutory guidelines are denied, and/or where appropriate are held for the legislative budget process.

Departments are required to provide written answers to the following questions (although only the response to the first question is entered into the VISION database):

- Reason funds are available?
- Do you anticipate additional funds from the same source available in this fiscal year and above current appropriation?
- Is this increase one-time or at an ongoing level?
- Why were funds not fully budgeted during budget development?
  - What is the current year appropriation or grant amount approved by the Joint Fiscal Committee for this fiscal year, from this source of funds for this purpose?
- If these are ongoing funds, will funds from this source be fully budgeted and appropriated next fiscal year?
- Were excess receipts requested from this source in the preceding two fiscal years? If so, explain why they were not budgeted?
- Are these excess receipts being received from another department (i.e., interdepartmental transfers)? If so, are they appropriated in that department or will excess receipts be required there as well?

- Relationship, if any, to the Budget Adjustment Act?
- Can excess receipts be used to reduce the expenditure of State funds?
- **Will excess receipts establish or increase the scope of a program, committing the State at any time to expend State funds?** [The form notes that in such instances, legislative approval is required.]
- What specifically will excess receipts be used for? What is the impact on programs if this excess receipt request is not approved?
- Are any of the excess receipts to be used for your department's administrative, staff or operating expenses? If so, explain.
- Is there any matching fund requirement due to excess receipts? If so, where is the match found in your budget?
- If excess receipts are earned federal receipts, is excess receipt being spent in the same (federal) program where the excess receipts are earned? If not, explain.
- Has the excess receipt been received and deposited? If no, what date are funds expected?
- If approved, when will the expenditure of this excess receipt first occur?

The VISION entry normally includes only the response to the first question – why are additional receipts available? However, for any individual Excess Receipt Request, we can provide the full paper copy of the form, listing all the department's responses.

Broad Categories of Excess Receipt Requests

Requests for expenditure of excess receipts generally fall into several broad categories:

Interdepartmental Transfers: It is not uncommon for one State department ("Department A") to purchase services from another State department ("Department B"). In that instance, Department A budgets these expenditures just as they would any other type of expenditure: by type of expenditure and by the source of revenue that will fund these expenditures. Department B also budgets these expenditures, and identifies the source of revenue as "interdepartmental transfers." This process results in a small amount of "double-booking" of spending authority but ensures that both departments have the necessary spending authority. In many cases, at the time of budget development, Department A has not yet decided from where to purchase the services in question, so Department B does not budget the interdepartmental transfer revenues. When Department A moves forward to contract for services with Department B after the budget has closed, then Department B must request an Excess Receipts approval for the additional spending authority to perform the services.

Federal Funds: Departments estimate their likely federal receipts in the fall for the upcoming budget year, meaning the estimate is as much as nine-months old at the start of the budget year, and another 12 months older by the end of the budgeted fiscal year. As a result, more recent developments may mean that the budgeted federal spending authority is insufficient, either because the current federal award for an existing grant has been increased, or there is spending authority from grants from earlier federal fiscal years that can be used in the current year. Additionally, extraordinary events – such as the federal American Recovery and Reinvestment Act (ARRA) or federal aid to Vermont due to Tropical Storm Irene – may cause large – and unanticipated -- spikes in federal receipts.

Other: There are over 200 different special funds created under State law, in which are deposited fees, user charges, penalties, specified taxes, etc. Departments estimate how much they will collect each year for each of these special funds, and base their spending plans accordingly. However, for the same reasons noted above, the actual collections for these revenues may be higher than the original budget. Excess receipts may also be used in an instance where prior-year special fund spending authority was not utilized and needs to be created again in the subsequent year (similar to a carry-forward). It should be noted that in addition to the restrictions in the excess receipts statute, each special fund has its own statutory restrictions that prevent the funds being used for other than their intended purposes and programs.

Attached Report:

The attached report is a cumulative list of approved excess receipt requests for the current fiscal year. It includes ALL the data entered in VISION for that transaction, including:

- Agency/Department name
- Appropriation name and "DeptID"
- Transaction date
- Fund source – name and fund number
- Amount
- Comments in response to question: "Why are funds available?" (VISION allows for a limited number of characters per cell entry.)

The data are sorted into the three broad categories of requests discussed above.

Governing Statute:

32 V.S.A. § 511. EXCESS RECEIPTS

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

Attachment

FY 2015 Excess Receipts Report - Q3 Cumulative - Run 4-13-2015

VT_EXCESS_RECEIPT_RPT	121						
Agency/Dept Name	**Appropriation Name**	**Appropriation Deptid**	**Date**	**Fund**	**Fund Name**	**Amount**	**Comments**
Federal Funds (including "Regular" ARRA) Excess Receipts:							
Crime Victims' Services Center	Victims Compensation	2160010000	12/1/2014	22005	Federal Revenue Fund	166,046	VOCA COMP Initiative 13 2013-VF-GX-K013
Crime Victims' Services Center	Victims Compensation	2160010000	12/1/2014	22005	Federal Revenue Fund	58,170	ARREST Grant 2013-WE-AX-0028 FY14 allocations not spent until FY15
Public Service Department	Regulation & Energy Efficiency	2240000000	11/12/2014	22005	Federal Revenue Fund	556,604	Years in overhead dollars received for Pipeline Safety plus 50k in ARRA revenue incorrectly posted to federal and last years of the delta between federal benefit rate and actual benefit expenses.
Public Service Department	Regulation & Energy Efficiency	2240000000	7/24/2014	22040	ARRA Federal Fund	145,349	ARRA - State Broadband Data and Development Grant Program continues through 12/31/14.
Public Service Department	Regulation & Energy Efficiency	2240000000	12/12/2014	22041	ARRA-SEP-Revolving Loan	1,100,000	ARRA revolving loan program, started in 2011
Public Service Board	Public Service Board	2250000000	8/8/2014	22040	ARRA Federal Fund	5,793	Fund for prior year payables paid in FY15
Green Mountain Care Board	Green Mountain Care Board	3330010000	7/31/2014	22005	Federal Revenue Fund	1,265,952	Funds are available as a result of the Dept of Financial Regulation transferring the Federal Rate Review Grant to GMCB.
Human Services Agency	Secretary's Office Admin Costs	3400001000	8/13/2014	22005	Federal Revenue Fund	2,907,000	AA1 approved during FY14 in March for the Race to the Top Early Learning Challenge grant. The grant has a term of four years. This ERR establishes spending authority for FY15.
Children and Families	DCFS - Child Development	3440030000	2/19/2015	22005	Federal Revenue Fund	7,568,028	Race to the Top Grant Award
Children and Families	DCFS - OEO Ofc of Economic Opp	3440100000	12/12/2014	22005	Federal Revenue Fund	458,337	FY15 Federal earnings will exceed VISION spending authority
Disabilities Aging Ind. Living	Vocational Rehab Grants	3460040000	3/18/2015	22005	Federal Revenue Fund	3,800,000	VR received Section 110 federal reallotment funds
Transportation Agency	Aviation	8100000200	7/15/2014	20181	ARRA FAA-Fund	100	Funds are available from Aviation ARRA funded projects.
Transportation Agency	Rail	8100002300	9/2/2014	20183	ARRA FRA Fund	15,000	Funds are available for project - Amtrak Vermonter - RR-FY11-AR02.
Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts						18,046,379	
Interdepartmental Transfer Excess Receipts							
Administration Agency	SOA Finance	1100090000	3/16/2015	21500	Inter-Unit Transfers Fund	91,508	Carry forward from FY 2014 of unspent funds and amt billed for Pay Act for the FSD. To be used to cover the Secretary's rescission in August.
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	8/22/2014	21500	Inter-Unit Transfers Fund	6,468,339	Funds available from FEMA transfers.
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	7/10/2014	21500	Inter-Unit Transfers Fund	1,258,167	FEMA Transfers.
Executive Office	Governor's Office	1200010000	7/16/2014	21500	Inter-Unit Transfers Fund	461,915	New Grant - Race to the Top
Joint Fiscal Office	Joint Fiscal Committee/Office	1220000000	10/17/2014	21500	Inter-Unit Transfers Fund	75,000	Act 95 Sec. 79a: Funds moved to 21500 by AOE in prior fiscal year for paraprofessionals study
Buildings & Gen Serv-Capital	BGS - Various Proj 51/2(b)	1305100022	2/11/2015	21500	Inter-Unit Transfers Fund	17,592,568	Funds available from FEMA. This is SRIA money for Waterbury PW3307 construction costs.
Buildings & Gen Serv-Capital	ACCD Projects 51/6(a)	1305100061	7/24/2014	21500	Inter-Unit Transfers Fund	17,000	Lake Champlain Bridge Programmatic Agreement Compliance with Sections III D(3) and III d(4). AOT funding made available for plaster repairs to the Chimney Point Historic site.
Buildings & Gen Serv-Capital	BGS - Various Proj 14	1405100023	9/25/2014	21500	Inter-Unit Transfers Fund	186,262	Funds available thru Dept of Public Safety for the Hazard Mitigation Grant Program. Agreement 02140-34000-057.
Attorney General's Office	Attorney General's Office	2100001000	3/25/2015	21500	Inter-Unit Transfers Fund	75,459	$50,000 - Act 50 (2013) Sec. E.139(b) - Grand List Litigation Assistance and $25,459 - FY15 Budget Adjustment Act - H.82, Sec E.139.1(a)
State's Attorneys and Sheriffs	State's Attorneys	2130100000	2/11/2015	21500	Inter-Unit Transfers Fund	42,000	Money from DCF to pay a consultant for the State's Attorney regarding reduction of youth referred to Criminal Division.
State's Attorneys and Sheriffs	State's Attorneys	2130100000	8/11/2014	21500	Inter-Unit Transfers Fund	60,000	DOC has committed to help with the rollout of the Rapid Intervention Community Court Expansion.
State's Attorneys and Sheriffs	Sheriffs	2130200000	11/13/2014	21500	Inter-Unit Transfers Fund	147,200	Funds shall be used to fund Windham County Sheriffs Electronic Monitoring Pilot Program.
Public Safety	DPS-Criminal Justice Services	2140020000	10/7/2014	21500	Inter-Unit Transfers Fund	90,000	DPS indirect rate being applied to federal and special funds
Public Safety	DPS-Emergency Management	2140030000	2/18/2015	21500	Inter-Unit Transfers Fund	260,000	Federal Disaster declaration 4022 for Irene, VTrans agreement with DPS for the allowable Management Costs of the Recovery Officers.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	10/31/2014	21500	Inter-Unit Transfers Fund	95,000	Clean Energy Development Fund dollars transferred to Agriculture from Public Service per 10 VSA 6523(e)(D)(2) from calendar year 2007 through calendar year 2011.

FY 2015 Excess Receipts Report - Q3 Cumulative - Run 4-13-2015

VT_EXCESS_RECEIPT_RPT	121						
Agency/Dept Name	**Appropriation Name**	**Appropriation Deptid**	**Date**	**Fund**	**Fund Name**	**Amount**	**Comments**
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	10/14/2014	21500	Inter-Unit Transfers Fund	18,189	VCF grant funds from VT Community Foundation and Water Wheel Fund
Public Service Department	Regulation & Energy Efficiency	2240000000	1/29/2015	21500	Inter-Unit Transfers Fund	50,000	MOA between ANR, VTrans, & BGS to jointly promote understanding and support for increasing number of electric vehicles.
Liquor Control	DLC - Enforcement & Licensing	2300002000	10/21/2014	21500	Inter-Unit Transfers Fund	1,105	Grant reimbursement from DPS for services and equipment
Liquor Control	DLC - Enforcement & Licensing	2300002000	10/21/2014	21500	Inter-Unit Transfers Fund	54,568	Grant reimbursement from DPS for services and equipment
Education Agency	Education Services	5100070000	10/2/2014	21500	Inter-Unit Transfers Fund	1,481,445	MOU from AHS
Fish & Wildlife	FW Support & Field Services	6120000000	3/4/2015	21500	Inter-Unit Transfers Fund	93,000	Increased expenditures on three current MOU's and one new MOU with DEC
Fish & Wildlife	FW Support & Field Services	6120000000	1/15/2015	21500	Inter-Unit Transfers Fund	22,000	Funds provided by VTRANS through a grant program to purchase game cameras for connectivity monitoring and linkages.
Forests, Parks & Recreation	Administration	6130010000	7/31/2014	21500	Inter-Unit Transfers Fund	300,000	Funds available from FEMA disaster assistance received in FY12 from VTrans for the spring flood event as well as tropical storm Irene and from FY14 for flooding from 6/25/13-7/1/13.
Forests, Parks & Recreation	Forestry	6130020000	8/11/2014	21500	Inter-Unit Transfers Fund	58,716	Funds available from DPS through the State Homeland Security Grant Program to purchase vehicles, communication equipment, safety gear, tools and equipment to prevent and respond to catastrophic events.
Forests, Parks & Recreation	Parks	6130030000	7/31/2014	21500	Inter-Unit Transfers Fund	267,953	Funds available from MOU with F&W who will provide Boating Infrastructure Grant federal funding and Clean Vessel Act federal funding to FPR for the reconstruction of the outer marina at Burton Island State Park.
Forests, Parks & Recreation	Lands Administration	6130040000	8/11/2014	21500	Inter-Unit Transfers Fund	50,000	Long rang Land Management Projects for reimb from VHCB have been defined and are being funded by VHCB along with completion of some old projects.
Transportation Agency	Maintenance & Ops Bureau	8100002000	7/16/2014	21500	Inter-Unit Transfers Fund	435,433	Funds are available from Disaster: FEMA-4163-DR-VT. Funds will be received via MOU/Grant Agreement from the Division of Emergency Management and Homeland Security.
Transportation Agency	Department of Motor Vehicles	8100002100	2/26/2015	21500	Inter-Unit Transfers Fund	65,000	Funds from MOA between DMV and DEC for a Performance Partnership Grant.
Transportation Agency	Department of Motor Vehicles	8100002100	8/11/2014	21500	Inter-Unit Transfers Fund	203,837	Funds available through MOU's between VTrans and DPS for five 2014 Enforcement Grants.
Transportation Agency	Department of Motor Vehicles	8100002100	7/15/2014	21500	Inter-Unit Transfers Fund	74,603	Funds are available from MOU between VTRANS and DPS for two 2014 Educational Grants.
Transportation Agency	Policy and Planning	8100002200	2/18/2015	21500	Inter-Unit Transfers Fund	20,000	Funds available from MOU between VTrans and ACCD for commitment to Strong Communities, Better Connections Program Grant.
Transportation Agency	Rail	8100002300	3/26/2015	21500	Inter-Unit Transfers Fund	500,000	Fund from FEMA disasters DR 4140 & DR 4178.
Transportation Agency	Better Back Roads Program	8100005800	7/8/2014	21500	Inter-Unit Transfers Fund	60,000	Fund are available from VTDEC and represent their commitment to the Better Backroads Program, specifically for the Ecosystem Restoration Program.
Subtotal Interdepartmental Transfers						30,676,268	
Special Fund Excess Receipts:							
Transportation Agency	Maintenance & Ops Bureau	8100002000	8/11/2014	20135	Transportation FHWA Fund	2,000,000	Funds are available from Emergency Events VT 11-1, Apr 23-May 30, 2011 severe storms and flooding and VT 11-2, Aug 27, 2011 Tropical Storm Irene.
Transportation Agency	Better Back Roads Program	8100005800	12/12/2014	20135	Transportation FHWA Fund	350,000	Funds are available from a Federal Stormwater Earmark
Transportation Agency	Rail	8100002300	2/5/2015	20155	Transportation-FRA Fund	3,500,000	Funds are available from a TIGER grant.
Transportation Agency	Rail	8100002300	7/31/2014	20155	Transportation-FRA Fund	124,150	Funds are available for the Bi-State Intercity Rail Corridor Track 3 planning project.
Transportation Agency	Aviation	8100000200	9/2/2014	20160	Transportation Local Fund	118,216	Funds are available for four Aviation projects that have a local share that will be paid by Casella.
Transportation Agency	Rail	8100002300	7/31/2014	20160	Transportation Local Fund	62,075	Funds are available for the Bi-State Intercity Rail Corridor Track 3 planning project.
Transportation Agency	Department of Motor Vehicles	8100002100	8/20/2014	20165	Transportation Other Fed Funds	832,500	Funds are available from grant agreement #2010-DL-T0-0006 with Homeland Security/FEMA.
Fish & Wildlife	FW Support & Field Services	6120000000	11/24/2014	20310	Nongame Wildlife Fund	65,000	Cash balance from SFY14 due to increased tax check off revenues and interest from estate donation.
Information & Innovation	Comm & Info Technology	1105500000	10/23/2014	21005	FMS System Development Fund	186,000	Funds available as a result of the annual FMIS Dev charges that are billed to departments each year as part of the VISION charges.

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VT_EXCESS_RECEIPT_RPT	121						
Agency/Dept Name	Appropriation Name	Appropriation DeptId	Date	Fund	Fund Name	Amount	Comments
Attorney General's Office	Attorney General's Office	2100001000	8/7/2014	21057	Genetic. Engineered Food Label	1,498,605	Act 120 (H.112), Sec. 4 - (9 V.S.A. chapter 82A) An act relating to the labeling of food produced with genetic engineering (GEFL)
Public Safety	DPS-State Police	2140010000	9/4/2014	21141	Drug Task Force	135,000	Funds available through Act 76 of 2013 Sec 2 for funding law enforcement officers on the Drug Task Force.
Attorney General's Office	Court Diversion	2100002000	7/16/2014	21142	Youth Substance Abuse Safety P	59,514	18 V.S.A. 4230a(f) - Court Diversion Youth Substance Abuse Safety Program (YSASP)
Children and Families	DCFS - OEO Weatherization	3440110000	11/24/2014	21235	Home Weatherization Assist	2,545,520	DCF Weatherization Approp FY14 Special Fund Carry Forward.
Education Agency	Administration	5100010000	10/16/2014	21245	Post Secondary Certification	25,000	Receipts collected for Post Secondary reviews.
Education Agency	Education Services	5100070000	10/14/2014	21245	Post Secondary Certification	(25,000)	Receipts collected for Post Secondary reviews.
Education Agency	Education Services	5100070000	10/14/2014	21245	Post Secondary Certification	25,000	Receipts collected for Post Secondary reviews.
Commerce & Community Dev Agency	Administration Division	7100000000	3/9/2015	21328	Vt Center for Geographic Infor	250,000	Transfer of VCGI, Inc (outside non-profit) to state government entity, ACCD, by 3/31/15, required corporate close date.
Housing & Comm Development	Housing & Community Affairs	7110010000	12/29/2014	21330	Municipal & Regional Planning	30,525	Funds are available due to final closeout of grants with unused remaining FY14 grant balances, return of funds previously paid to municipalities. Grant award applications cross FY's for re-issue.
Forests, Parks & Recreation	Administration	6130010000	2/18/2015	21440	All Terrain Vehicles	57,000	Funds from ATV fines and registrations.
Forests, Parks & Recreation	Administration	6130010000	3/25/2015	21455	Vt Recreational Trails Fund	50,000	Vermont Rec Trails funds from taxes and non-highway recreational fuel.
Tax	PILOT - Corrections	1140030000	12/1/2014	21485	PILOT	40,000	No correction PILOT payments were made in FY13. FY13 payments were made in FY14. FY14 payments were made at the beginning of FY15. Additional spending authority needed in FY15 to catch up.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	3/4/2015	21493	VT Working Lands Enterprise	1,262,277	Carry forward from FY14.
Liquor Control	DLC - Administration	2300003000	10/21/2014	21525	Conference Fees & Donations	1,526	Balance still unused in fund at 6/30/14
Liquor Control	DLC - Administration	2300003000	10/21/2014	21525	Conference Fees & Donations	15,000	NABCA donation for Liquor Symposium-approved by JFO FY14
Liquor Control	DLC - Administration	2300003000	10/16/2014	21525	Conference Fees & Donations	5,000	To change fund per 10/16/14 email from H. Campbell. Additional funding for Liquor Symposium from three more sources.
Liquor Control	DLC - Administration	2300003000	10/16/2014	21525	Conference Fees & Donations	4,000	To change fund per 10/16/14 email from H. Campbell. Additional funding for Liquor Symposium from three more sources.
Liquor Control	DLC - Administration	2300003000	10/16/2014	21525	Conference Fees & Donations	1,000	To change fund per 10/16/14 email from H. Campbell. Additional funding for Liquor Symposium from three more sources.
Education Agency	Administration	5100010000	12/31/2014	21525	Conference Fees & Donations	14,000	Conference fees collected.
Forests, Parks & Recreation	Administration	6130010000	8/11/2014	21525	Conference Fees & Donations	12,000	$8000 - Urban & Community Forestry workshop fees and misc grants and donations, including Arbor Day donations. $12000 - Project Learning Tree workshop fees and grants.
Forests, Parks & Recreation	Forestry	6130020000	8/11/2014	21525	Conference Fees & Donations	8,000	$8000 - Urban & Community Forestry workshop fees and misc grants and donations, including Arbor Day donations. $12000 - Project Learning Tree workshop fees and grants.
Forests, Parks & Recreation	Parks	6130030000	7/31/2014	21525	Conference Fees & Donations	27,253	Grant from Lintilhac Foundation to expand and enhance public recreation opportunities provided by FPR.
Economic Development	Economic Development	7120010000	11/24/2014	21525	Conference Fees & Donations	55,000	The PTAC program will be hosting a seven state regional matchmaking event that is expected to draw up to 500 participants who will pay a registration fee.
Forests, Parks & Recreation	Administration	6130010000	7/31/2014	21550	Lands and Facilities Trust Fd	150,000	Funds available from license, special use permit, and timber sales.
Public Safety	DPS-Emergency Management	2140030000	9/16/2014	21555	Emergency Relief & Assist Fd	229,781	FEMA declared disaster FEMA-4163-DR. AA-1 approved JFO# 2677.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	3/9/2015	21584	Surplus Property	17,610	Sale of the Mobile Poultry Processing Unit
Liquor Control	DLC - Enforcement & Licensing	2300002000	10/21/2014	21584	Surplus Property	15,135	May 2014 auction proceeds requested to carry forward for FY15 purchases
Liquor Control	Warehousing & Distribution	2300007000	10/21/2014	21584	Surplus Property	15,885	May 2014 auction proceeds requested to carry forward for FY15 purchases
Children and Families	DCFS - OEO Weatherization	3440110000	11/24/2014	21584	Surplus Property	9,615	DCF Weatherization Approp FY14 Special Fund Carry Forward.
Offender Work Program	Admin - VT Offender Work Prog	3675001000	8/20/2014	21584	Surplus Property	7,302	Funds received from surplus property for items sold at auction.
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	8/13/2014	21603	Motorist Aid Refreshment Prog	180,000	Funds paid by motorists at the Information Centers by donation for coffee. Funds authorized to offset the cost of coffee as well as for the costs associated with running the Information Centers.
Buildings & Gen Serv-Gov'tal	BGS- Recycling Efforts	1150060000	9/11/2014	21604	BGS-Recycling Efforts	30,000	Funds collected from the disposition of recycling materials and to be used for recycling efforts statewide.

FY 2015 Excess Receipts Report - Q3 Cumulative - Run 4-13-2015

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Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Military	MIL Vet Affairs Office	2150050000	11/24/2014	21662	Mil-Vets Cemetery Contribution	200,000	Aligns with the FY2015 Carry Forward request to support funding the construction documents for the Vt Veteran's Cemetery expansion.
Military	MIL Vet Affairs Office	2150050000	9/11/2014	21662	Mil-Vets Cemetery Contribution	20,000	SFY15 initial approp was only loaded for 65K but VA must pay 85K of maintenance contract it has with VTC from the Cemetery Receipts Fund.
Agriculture, Food&Mrkts Agency	Plant Industry, Labs & CA Div	2200040000	8/20/2014	21667	AF&M-Laboratory Testing	64,675	Funds available from AF&M lab testing fees and Ag fees from Certificate of Free Sale received on an on-going basis. To be used to cover property maint fees.
Agriculture, Food&Mrkts Agency	Plant Industry, Labs & CA Div	2200040000	8/20/2014	21671	AF&M-Agricultural Fees	67,814	Funds available from AF&M lab testing fees and Ag fees from Certificate of Free Sale received on an on-going basis. To be used to cover property maint fees.
Buildings & Gen Serv-Capital	VT Expo major Maint 51/14(a)	1305100141	11/24/2014	21682	AF&M-Eastern States Building	20,000	Per 10 VSA 54 receipts made available for maintenance of the Big E Building.
Buildings & Gen Serv-Capital	VT Expo major Maint 51/14(a)	1305100141	10/16/2014	21682	AF&M-Eastern States Building	125,000	Act 51, Sec 32 of 2013. Intent of the General Assembly that the Agency of Agriculture redirect the money to BGS for the VT Exposition Center building upgrades in Springfield, MA.
Enhanced 911 Board	Enhanced 911 Board	2260001000	7/29/2014	21711	Enhanced 9-1-1 Board	35,492	Funds are received from the PSD Universal Service Fund charted to telecom consumers.
Forests, Parks & Recreation	Vt Youth Conservation Corps	6130080000	10/8/2014	21779	FPR-Youth Conservation Corps	300,000	Cash assistance MOA between VYCC and FPR. VYCC will reimburse FPR by the end of FY 2015
Forests, Parks & Recreation	Vt Youth Conservation Corps	6130080000	8/11/2014	21779	FPR-Youth Conservation Corps	150,000	Casj assistance MOA between VYCC and FPR. VYCC will reimburse FPR by the end of FY15.
Housing & Comm Development	Housing & Community Affairs	7110010000	3/26/2015	21819	ACCD-Mobile Home Park Laws	20,000	Mobile Home Park Lot Fee Collection Increase - 10 V.S.A. Section 6254(c)
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	8/13/2014	21822	ACCD\Tourism & Marketing Broch	225,000	Vendors pay BGS to store and display their business brochures at the State Information Centers. The amount charged is now part of the annual Fee bill request.
Libraries	Department of Libraries	1130030000	9/3/2014	21870	Misc Special Revenue	77,000	Funds from Vermont Telecommunications Authority for the purpose of bringing fiber connectivity to 43 Public Libraries and some 200 other community anchor institutions.
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	8/27/2014	21870	Misc Special Revenue	85,000	Funds to be used to pay the transit company(s) for commuter bus service being used by Capitol Complex Employees.
Liquor Control	DLC - Enforcement & Licensing	2300002000	10/21/2014	21870	Misc Special Revenue	142,794	Online classroom revenue deposited in FY13 and FY14 not yet requested for spending
Liquor Control	DLC - Administration	2300003000	10/16/2014	21870	Misc Special Revenue	(5,000)	To change fund per 10/16/14 email from H. Campbell. Additional funding for Liquor Symposium from three more sources.
Liquor Control	DLC - Administration	2300003000	10/16/2014	21870	Misc Special Revenue	(4,000)	To change fund per 10/16/14 email from H. Campbell. Additional funding for Liquor Symposium from three more sources.
Liquor Control	DLC - Administration	2300003000	10/16/2014	21870	Misc Special Revenue	(1,000)	To change fund per 10/16/14 email from H. Campbell. Additional funding for Liquor Symposium from three more sources.
Liquor Control	DLC - Administration	2300003000	9/11/2014	21870	Misc Special Revenue	5,000	Additional funding for Liquor Symposium from three more sources.
Liquor Control	DLC - Administration	2300003000	9/11/2014	21870	Misc Special Revenue	4,000	Additional funding for Liquor Symposium from three more sources.
Liquor Control	DLC - Administration	2300003000	9/11/2014	21870	Misc Special Revenue	1,000	Additional funding for Liquor Symposium from three more sources.
Libraries	Department of Libraries	1130030000	8/11/2014	21883	Gates Foundation Grants	43,753	VT Fiber Connect Project
Treasurer's Office	Bond Refunding Cost	1260126000	12/3/2014	21886	Treas-Refunding Bond Issue	247,710	Sale of 2014 Series C Refunding Bonds
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	12/12/2014	21889	Risk Manage Ag Producers	26,360	JFO #2665, dated 2/4/14 - Grant from VT Community Foundation for the Farm to School Program.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	10/14/2014	21889	Risk Manage Ag Producers	13,616	VCF grant funds from VT Community Foundation and Water Wheel Fund
Financial Regulation	Securities Division	2210031000	8/22/2014	21906	Financial Services Education	50,000	Per 9 VSA 5601(d) and (e). Donations from financial services entities.
Libraries	Department of Libraries	1130030000	2/10/2015	21908	Misc Grants Fund	7,500	Funds to facilitate the deployment of website for up to 15 public libraries in VT using customized WordPress Library Template.
Economic Development	Economic Development	7120010000	11/24/2014	21919	EB-5 Special Fund	100,000	Legal review of EB5 documents using a contract in the State Treasurer's Office.
Military	MIL Vet Affairs Office	2150050000	1/29/2015	21924	Vermont Veterans Fund	1,000	Generated through donations as part of state income tax filings
Military	MIL Vet Affairs Office	2150050000	9/15/2014	21924	Vermont Veterans Fund	47,534	Funds available from the direct donation by Vermont taxpayers through their state tax forms.
Military	MIL Vet Affairs Office	2150050000	12/12/2014	21975	Armed Services Scholarship Fnd	31,104	Enacted as part of the SFY2014 Legislative bill E.219(b) to be made available for the Armed Services Scholarship Fund.
Agriculture, Food&Mrkts Agency	Large Animal Vet Loan Forgive	2200891301	1/29/2015	21992	Next Generation Initiative Fnd	387	Remaining one-time appropriations

FY 2015 Excess Receipts Report - Q3 Cumulative - Run 4-13-2015

VT_EXCESS_RECEIPT_RPT	121						
Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Agriculture, Food&Mrkts Agency	Loan Forgiveness Program FY14	2200891401	1/29/2015	21992	Next Generation Initiative Fnd	30,000	Remaining one-time appropriations
Economic Development	STEM Incentive 14	7120891402	8/7/2014	21992	Next Generation Initiative Fnd	98,100	Carry Forward from FY2014
Transportation Agency-Prop	Central Garage	8110000200	7/31/2014	57100	Highway Garage Fund	558,427	Funds are the unexpended balance in the equipment replacement account at the end of FY14. Funds to be used for equip purchases per Title 19.Sec. 13(c).
Subtotal Special Fund Excess Receipts						16,777,854	
TOTAL:						65,500,500	

G.G.II

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members

From: Maria Belliveau, Associate Fiscal Officer

Date: June 30, 2015

Subject: Small Grant and Gift Quarterly Report

In accordance with the provisions of 32 V.S.A. § 5(a)(3), the Joint Fiscal Office is required to submit quarterly reports for small grants and gift requests with a value of $5,000 or less.*

The last quarterly report submitted to the Joint Fiscal Committee was for the quarter that ended on September 30, 2014. There were no small grants or gifts meeting the criteria for reporting during the second or third quarter of the fiscal year.

The Joint Fiscal office received two notification s of small grants or gifts during the fourth quarter of FY 2015 as follows:

- On April 28, 2015 the Agency of Human Services, Developmental Disabilities Council, received a gift from the University of Vermont, Center on Disability and Community Inclusion in the amount of $2,000. This gift does not create ongoing requirements for funds, services or facilities. The funds will be used to support Vermont leadership trainings facilitated by the Vermont Developmental Disabilities Council.

- On May 19, 2015 the Agency of Commerce and Community Development, Department of Housing and Community Development, received a grant from the Alma Gibbs Donchian Foundation totaling $5,000. This grant includes $2,600 to be used for the temporary exhibit, First Lady Grace Coolidge, "A Glass of Fashion" in Plymouth Notch, and $2,400 for two Grace Coolidge Musicale events in Plymouth Notch.

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

6.6.III

Theresa Utton

From:	Nolan Langweil
Sent:	Monday, June 01, 2015 3:08 PM
To:	Janet Ancel; Jane Kitchel; Mitzi Johnson; Tim Ashe; senator6@hotmail.com; Diane Snelling; David Sharpe; William Lippert; Ayer, Claire; Carolyn Branagan
Cc:	Jennifer Carbee; Agatha Kessler; Stephen Klein; Catherine Benham; Theresa Utton; Dylan Giambatista; Erika Wolffing; Conor T. Kennedy
Subject:	Vermont Health Connect Reports (2) - w/ attachments
Attachments:	VHC Monthly Report to Legislature - April Update - May 14 2015.pdf; FAQ May systems update.pdf

With Attachments ...

From: Nolan Langweil
Sent: Monday, June 01, 2015 2:55 PM
To: 'Janet Ancel'; Jane Kitchel; Mitzi Johnson; Tim Ashe; 'senator6@hotmail.com'; Diane Snelling; David Sharpe; blippert@leg.state.vt.us; Ayer, Claire; Carolyn Branagan
Cc: Jennifer Carbee; Agatha Kessler; Steve Klein; Catherine Benham (CBenham@leg.state.vt.us); Theresa Utton (TUTTON@leg.state.vt.us); Dylan Giambatista; Erika Wolffing; Conor T. Kennedy
Subject: Vermont Health Connect Reports

Attached please find the first report on Vermont Health Connect as required by H.490 (the Big Bill), Sec. C.106 (language below). Also attached is a FAQ the administration prepared concerning the system updates as of the end of May. The language calls for the report to be delivered beginning on June 1. In actuality the Administration receives monthly system review reports around the fifteenth of the month. So the report included is the April update. Also, below please find a press release from the Governor's Office regarding Vermont Health Connect.

Sec. C. 106 VERMONT HEALTH CONNECT REPORTS
(a) The Chief of Health Care Reform shall provide monthly reports beginning on June 1, 2015 to the Joint Fiscal Office for distribution to members of the Health Reform Oversight Committee and the Joint Fiscal Committee and to the Office of Legislative Council for distribution to members of the House Committee on Health Care and the Senate Committees on Health and Welfare and on Finance. Each Office shall also post the reports on its website. The reports shall address:
(1) The schedule, cost, and scope status of the Vermont Health Connect System's Release 1 and Release 2 development efforts, including whether any critical path items did not meet their milestone dates and the corrective actions being taken;
(2) an update on the status of current risks in Vermont Health Confect's implementation;
(3) an update on the actions taken to address the recommendations in the Auditor's report on Vermont Health Connect dated April 14, 2015 and any other audits of Vermont Health Connect; and (4) an update on the preliminary analysis of alternatives to Vermont Health Connect.

Beginning in July JFO will provide analysis as also required by H.490, Sec. 106.1:

H.490, Sec. C.106.1 INDEPENDENT REVIEW OF VERMONT HEALTH CONNECT
(a) The Chief of Health Care Reform shall provide the Joint Fiscal Office with the materials provided by the Independent Verification and Validation (IVV) firms evaluating Vermont Health Connect. The reports shall be provided in a manner that protects security and confidentiality as required by any memoranda of understanding entered into by the Joint Fiscal Office and the Executive Branch. The Joint Fiscal Office shall analyze the reports and shall provide information regarding Vermont Health Connect information technology systems to the Health Reform Oversight Committee, the Joint Fiscal

Committee, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate in July, September, and October 2015 and at other times as appropriate.

Finally, below please find a press release from the Governor's Office regarding Vermont Health Connect.

From: Coriell, Scott
Sent: Monday, June 01, 2015 7:54 AM
To: Coriell, Scott
Subject: Vermont Health Connect Deploys System Upgrade

FOR IMMEDIATE RELEASE
June 1, 2015

CONTACTS:
Scott Coriell – Governor's Office – 802-353-1449
Seán Sheehan – Vermont Health Connect – 802-585-6339

Vermont Health Connect Deploys System Upgrade

WINOOSKI – Gov. Peter Shumlin announced this morning that the Vermont Health Connect system was successfully upgraded this weekend. The most notable update is so-called change of circumstance functionality, which will allow customer service staff to process requested changes more quickly.

The website came down Thursday night in preparation for the updates and is back online and available for customers to access their accounts. The system deployment took less than the 36 hours expected. A series of comprehensive verifications then began, and continue, to ensure that newly developed business processes work as expected.

"I appreciate the meticulous preparation that Optum's team and state staff put into this effort," the Governor said. "They worked around-the-clock to deploy the new system and kept downtime to a minimum. We still have work to do to ensure the Vermont Health Connect system supports the level of customer service that Vermonters deserve, but today's successful deployment is a major step in the right direction."

Prior to this upgrade, it was necessary to enter each requested change into as many as six different databases. That process was not only time-consuming but also led to data integrity issues, caused frustration for Vermonters who were unable to see desired changes reflected on their account in a timely manner, and led to a backlog of pending change requests. As of last week, approximately 10,200 customers were waiting for service requests to be completed.

The upgrades successfully deployed this weekend allow customer service staff to enter changes into one database, and then have those changes updated automatically in the others. This will greatly reduce the amount of time it takes to process a customer's change request and will allow Vermont Health Connect staff to more quickly eliminate the backlog of pending requests.

In order to ensure a smooth rollout of the new functionality some customer service teams will begin processing change requests immediately. At the same time, all staff will be thoroughly trained to make sure they are able to smoothly and accurately process backlogged requests and new requests from customers.

The deployment of change of circumstance functionality aligns with the milestones for improved customer service outlined by the Governor in March. The next milestone comes on October 1st when two things must happen.

First, customers who report a change to Vermont Health Connect by the 15th day of a month will see that change reflected on their next invoice.

Second, Optum must deliver the technology needed to enable a smooth 2016 enrollment and renewal process. In practical terms, this means that existing customers will have their 2016 health plan information reflected in all systems by the start of the year as long as they report changes by December 15. The contract for that renewal functionality was approved late last week by the Centers for Medicare and Medicaid Services, the branch of the U.S. Department of Health and Human Services that funds and oversees the development of health insurance marketplaces.

Staff processed more than 21,000 renewal service requests this winter and spring – a crucial pre-requisite to being able to pull off this weekend's system upgrade. Staff will now be able to make account changes in a fraction of the time.
The following information is intended to help Vermonters understand what to expect in the weeks ahead.

Customers with new changes to report
Vermonters who have seen a change in their status should call the Customer Support Center or fill out a Change Report Form on the website.

The new functionality will decrease the amount of time it takes customer service staff to process changes. By October 1st, Vermont Health Connect will be expected to process changes that customers report by the 15th day of a month in time to be reflected on the next invoice, and changes reported in the second half of the month on one of the next two invoices.

Customers with urgent needs are asked to call the Customer Support Center at 1-855-899-9600 (toll-free).

Customers who have already reported changes
Customers with pending changes do not need to call, as their requested changes have been moved to the new system and will be processed in the coming weeks. Customers can expect to see changes previously requested within two or three bills.

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FOR IMMEDIATE RELEASE
Vermont Health Connect
May 28, 2015

Contact: Seán Sheehan
Contact Phone Number: 802-585-6339
Contact E-mail Address: Sean.Sheehan@state.vt.us

Vermont Health Connect Prepares for Systems Update

WINOOSKI, VT – In March, a series of milestones were outlined for improved customer service for Vermonters using Vermont Health Connect. The first of these milestones occurs on June 1 when systems updates are scheduled to go live, allowing customer service staff to process consumer requests more quickly. The deployment of this upgrade will require the Vermont Health Connect health insurance application and user accounts to be unavailable starting this evening and running through the weekend.

The following information is intended to help Vermonters understand what to expect during that time period.

The Transition

Vermont Health Connect's Customer Support Center will remain open today and tomorrow, from 8am to 4:30pm, to help customers with urgent medical needs. Staff will have limited access to back-end systems, however, and basic, non-urgent requests will be processed following the system upgrade. Vermonters are encouraged to wait until after June 1 to call with non-urgent questions and requests to ensure a smoother process.

Customers who have already reported changes

Customers with pending changes do not need to call, as their requested changes will be moved to the new system and processed in the weeks following the systems update. The new functionality is intended to improve service for these Vermonters who have seen a change in their status – they were married, had a change in household income, moved to a new address, etc. – by decreasing the amount of time it takes to process changes.

New applicants

Vermonters who were impacted by the federal fee for not having health insurance last year have 60 days from the date they discovered they would be subject to the fee – but no later than May 31 – to apply and select a plan. Vermont Health Connect will work with any of these last-minute applicants who call during the downtime – along with any other Vermonters who call to report a qualifying event that impacts their health insurance needs – to get coverage after the system comes back up.

Additional information can be found on the Systems Update FAQ, available at:
http://info.healthconnect.vermont.gov/sites/hcexchange/files/FAQ%20May%20systems%20update.pdf

###

Frequently Asked Questions

END-OF-MAY SYSTEMS UPDATE

And What It Means for **Customers**

In March, a series of milestones were laid out to improve customer service for Vermonters using the Vermont Health Connect system. The first milestone comes on May 31 when system updates will be delivered to allow customer service staff to process requested changes more quickly. The delivery of this Change of Circumstance (COC) functionality will enable Vermont Health Connect to complete the second milestone of processing changes that customers report by the 15th day of a month in time to be reflected on their next invoice. As announced in March, that milestone will be completed by October 1.

When Vermonters who use Vermont Health Connect report a change – they get married, have a child, or see a change in income, for example – that change needs to be reported to Vermont Health Connect and reflected in the customer's account. Because of the lack of automated COC functionality, that process has been cumbersome. In some cases, it has taken months for the change to be reflected in the customer's account. The COC functionality scheduled to be delivered on May 31 will reduce greatly the amount of time it takes to process change requests for customers.

Vermont Health Connect will take a deliberate approach to using this new technology, making sure that it's working as planned, that it's stable, and that any problems are identified and fixed. Then a small number of customer service teams will begin processing change requests. At the same time, all staff will be trained in a phased approach to make sure they are fully supported in processing backlogged requests and handling new requests from customers. By October 1, it is expected that customers who report a change by the 15th day of a month will see that change reflected on their next invoice.

The COC functionality is a major system update that requires the website to be down for a period of time. Vermont Health Connect will do all it can to minimize this downtime but expects the site to be down for about one week. During the downtime, customer service staff will have limited access to back-end systems and will be unable to help with many basic requests. The Customer Service Center will remain open **at 1-855-899-9600 (toll-free) to help customers with urgent medical needs.** Customers with non-urgent questions and requests are encouraged to wait to call when the system is back online in June.

Need help?

Call 1-855-899-9600 (toll-free) or use our web form at **http://info.healthconnect.vermont.gov/contactus**

[illegible] before [illegible] are [illegible]

Vermont Health Connect will note each change that a customer reports. Depending on the time and nature of the reported change, it will either be processed before system updates are implemented, or be tabbed for processing in the weeks after the new system is in place. In order to minimize complications that could arise from having partially completed changes in the system, Vermont Health Connect is avoiding starting all but the most urgent changes until the new system is in place.

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All changes that are in line for processing in the current system will be carried over to the updated system. Customers will not need to call again to report the change a second time. Staff will process the requested changes in the weeks following the system update. Customers can expect to see changes requested in the spring within two or three bills. All changes will be made with a retroactive start date that follows federal rules, based on the date of reported change. Again, customers with urgent needs should call 1-855-899-9600 (toll-free).

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Agency of Human Services

Vermont Health Connect Monthly Report

Submitted to the
House Committee on Health Care,
Senate Committees on Health and Welfare and on Finance,
Health Reform Oversight Committee,
and Joint Fiscal Committee

Submitted by

Lawrence Miller, Chief of Health Care Reform
Vermont Agency of Administration

Hal Cohen, Secretary,
Agency of Human Services

Steven M. Costantino, Commissioner
Department of Vermont Health Access

Prepared by Vermont Health Connect

May 14, 2015

Contents

Enrollment Update

Current Coverage and New Enrollments

Number of Vermonters Covered by Qualified Health Plans and Medicaid

QHP - Individual	33,027	34,693	34,827
QHP - Small Business	36,488	38,312	38,121
Medicaid - MAGI Child	61,013	61,142	61,953
Medicaid - MAGI Adult	70,980	74,071	77,691
Medicaid - Non-MAGI Child	5,083	5,026	4,948
Medicaid - Non-MAGI Adult	37,527	37,610	37,666
CHIP	3,216	3,223	3,220
TOTAL QHP	69,515	73,005	72,948
MEDICAID & CHIP	177,819	181,072	185,478

Note: QHP numbers as reported by insurers; Medicaid numbers as reported by Vermont Health Connect and Vermont's legacy ACCESS system.

Individuals Ne[illegible] VHC* Since Start of 2015 QHP Open Enrollment

Co

Coverage Start Date	Qualified Health Plan (BCBSVT & MVP)	Medicaid & Dr. Dynasaur
January^	4,057	7,096
February	649	3,000
March	1,447	1,808
April	374	1,615
May	154	50
Total	6,681	13,569

*"New to VHC" counts individuals who were not in the VHC system in 2014. It does not count those who were customers in 2014 or who were listed as members of customers' households.

^January Medicaid numbers include individuals who enrolled during QHP Open Enrollment and received November or December start dates (because Medicaid enrollment is year-round and has retroactive start dates).

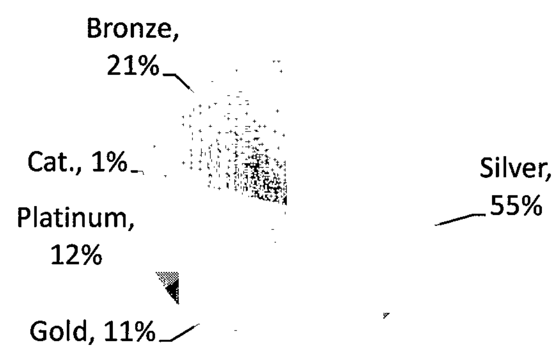
As of: 5/1/2015

A combination of reports from insurers, VHC, and the State's legacy ACCESS system suggest that Vermont is continuing to reduce its second-lowest-in-the-nation uninsured rate. The number of Vermonters covered by Vermont Health Connect Qualified Health Plans (QHPs) increased by more than 3,000 from December to April, while the number covered by Medicaid increased by more than 7,000. This growth was driven by a strong turnout during the QHP Open Enrollment (November 15 to February 15) and beyond, with more than 20,000 individuals entering the VHC system for the first time to enroll in QHPs or Medicaid plans.

Of customers in private qualified health plans (QHPs):

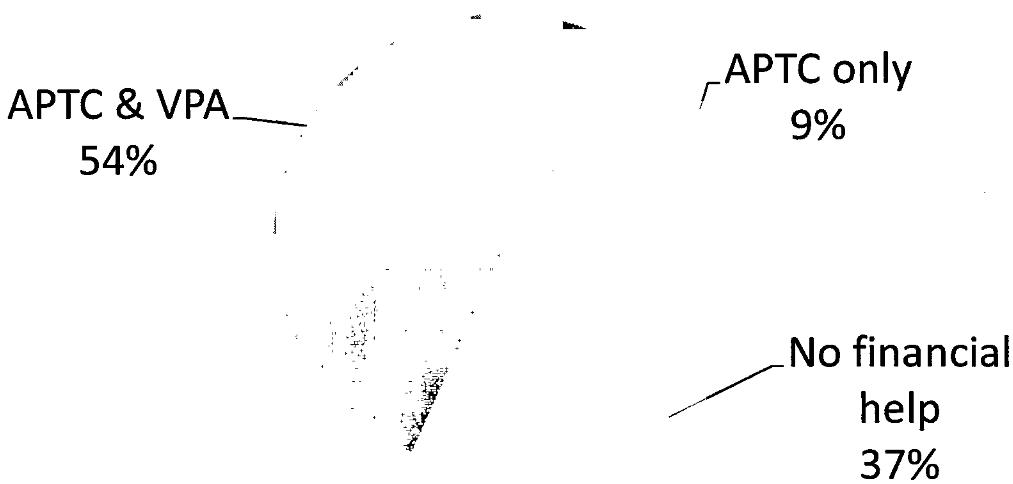
- Over half (52%) are female,
- Nearly three in five (58%) are between the ages of 45 and 64.
- Over half (55%) are in Silver plans (see page 5 for additional selection breakdowns).

2015 Metal Level
by Individuals



Financial Help – Premium Assistance

Customers in Qualified Health Plans (QHP) Receiving Financial Help to Make Health Coverage More Affordable



Between Medicaid/Dr. Dynasaur and premium assistance, nearly nine out of 10 Vermont Health Connect customers receive financial help to make health coverage more affordable.

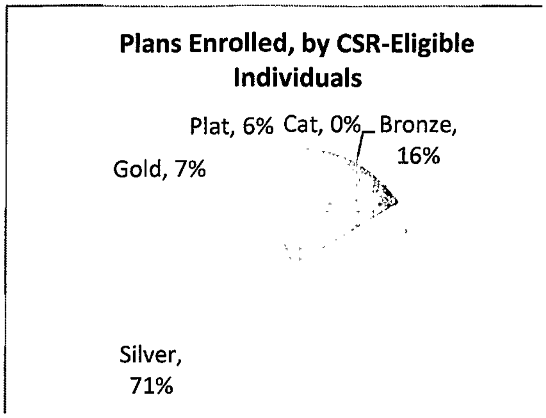
Of customers in private health plans (QHPs) in 2015:

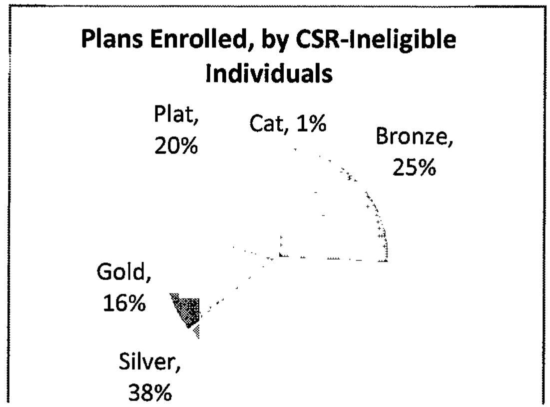
- Three out of five (63%) qualified for federal Advanced Premium Tax Credits (APTC).
- More than half (54%) qualified for Vermont Premium Assistance (VPA) and cost-sharing reductions (CSR).

The amount of financial help varies depending on household size and income. For example, an individual making less than $46,680 or a family of four making less than $95,400 a year may qualify for some assistance. Of customers receiving financial help:

- The typical (median) individual, who has an income of just under $24,000 per year, receives $340 in APTC and VPA and pays $120 per month for a $460 health plan.
- The typical (median) family receives $813 in APTC and VPA and pays $495 per month for a $1,308 health plan.

Financial Help – Cost-Sharing Reductions

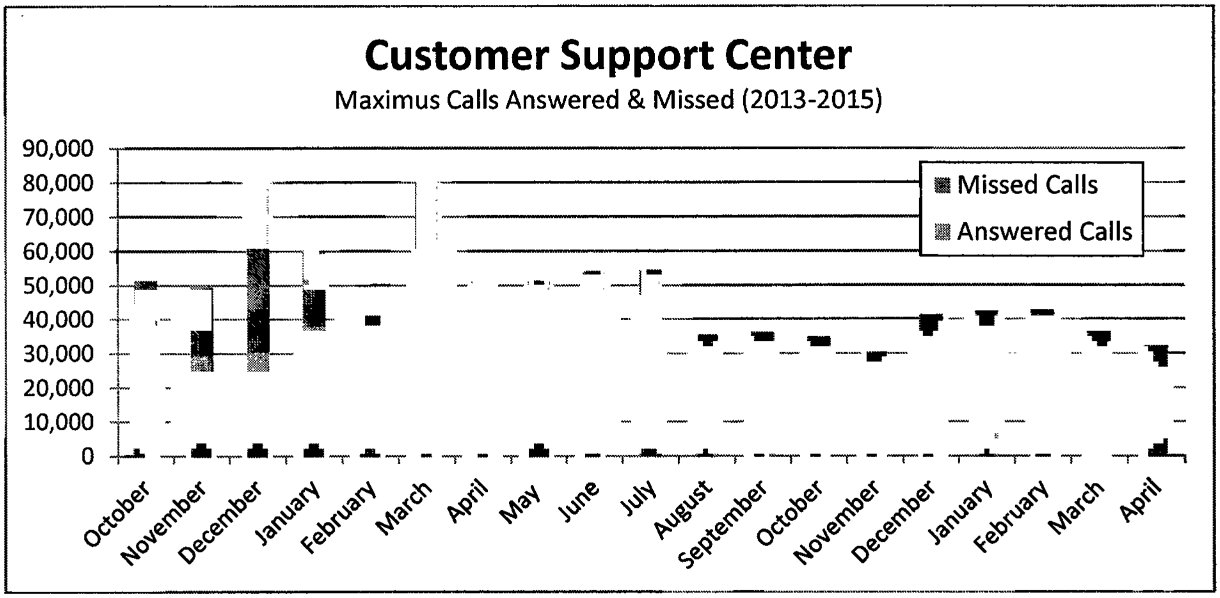




- Most (seven in 10) Vermonters who qualify for cost-sharing reductions (CSR) are taking advantage of it, by selecting a Silver Plan.
- One in seven (16%) CSR-eligible customers selected a Bronze plan. This could save them hundreds of dollars if they don't need any medical services. If they have high medical needs, however, they could pay thousands more in out-of-pocket costs.
- There are four levels of CSR, which Vermonters qualify for based on household income relative to the federal poverty level. Vermonters with lower incomes qualify for CSR levels that offer steeper reductions in out-of-pocket costs.
  - The typical (median) individual receiving CSR is enrolled in a Standard Silver 87 plan with a $600 medical deductible and $1,250 maximum out-of-pocket (compared to a $1,900 medical deductible and $5,100 maximum out-of-pocket in an unsubsidized Standard Silver plan).
  - This individual, who has an income of just over $21,000 per year, also receives $362 in premium assistance, which allows them to purchase a $466 Standard Silver plan for $104 per month.
- Vermonters who qualify for the two less generous levels of CSR could conceivably have a lower total cost in a Gold or Platinum plan, depending on their medical needs.
- Vermonters who qualify for the two most generous levels of CSR can expect a lower total cost in a Silver plan even if they have high medical needs.
- Vermont Health Connect has continued to engage CSR-eligible customers, especially those who qualify for the most generous CSR levels (Silver 87 and Silver 94), to make sure they understand how cost-sharing reductions work and what they mean for their total health care costs:
  - More customized CSR explanations included last fall on 2015 version of online Subsidy Estimator,
  - CSR information in notices,
  - Increased emphasis on CSR in call center staff training,
  - Early February outbound calls to make sure Silver 87 and 94-eligible customers understood CSR and that this was likely their last chance to change 2015 plans (barring a qualifying event),
  - Additional engagement in advance of 2016 plan selection for both new and renewing customers.

Operations Update

Customer Support Center (Maximus Call Center)



<u>Last Month</u>

In April, the Customer Support Center answered 31,714 calls and missed 283 for an abandon rate of less than one percent. The average wait time was 18 seconds. This was an improvement over both the prior month (28 seconds) and the prior April (85 seconds). Nine out of ten calls (91%) were answered in less than 30 seconds.

<u>Open Enrollment</u>

This year's Open Enrollment ran from November 15 to February 15. The Customer Support Center answered more than 120,000 calls, an increase over the same three month period last year, while largely avoiding long waits and missed calls. Last year's Open Enrollment abandon rate of 35.7% (over the six-month period) was cut to 1.7%.

The average wait time during this year's Open Enrollment was 40 seconds. By comparison, the average wait at the HealthCare.gov call center was more than 12 times as long (eight minutes and 16 seconds).

Nearly all calls (98%) were answered in less than four minutes, compared to just over half (53%) during the first Open Enrollment. Four out of five calls (83%) were answered in less than 30 seconds.

Renewals Processing

[illegible]				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
as of April 1	2,440	222	3,346	16,600
as of April 30	967	165	1,297	19,989

Important notes about the numbers above:

- *These renewing customers do have current coverage – they have been auto-mapped by their 2014 insurance carriers and have current coverage, even though it is not up-to-date in the VHC system.*
- *"Cases" refers to service requests, not households; one household could make separate change requests and thus have multiple service requests over the course of the renewal process.*

As of the end of April, nearly nine out of ten (89.2%) renewals had been completed. Like other types of change processing, renewal processing has been a painstaking effort with manual workarounds. Vermont Health Connect is nearing the end of the process with the goal of finishing renewals processing prior to the implementation of system updates in May.

Most of the remaining renewals are Eligibility/Plan Change Renewals or Age-offs and Program Change Renewals.

Eligibility/Plan Change Renewals are cases of households that are making changes to their health plan, income, or household information. These renewals are completed in a two-step process: first they are processed as a no-change renewal, then they are processed as a Change of Circumstance, retroactive to January 1.

Age-offs refer to households with a member whose eligibility is changing by virtue of their birthday (e.g. turning 26 and no longer qualifying to stay on a parent's plan or turning 65 and gaining Minimum Essential Coverage by virtue of qualifying for Medicare). Program changes refer to households with a member(s) whose eligibility changed by virtue of increases to the federal poverty level (e.g. a Vermonter whose income was 139% of 2013 FPL, which then became 137% of 2014 FPL, thereby newly qualifying them for Medicaid even though their income was unchanged).

Change Processing

Change of Circumstance (COC) and Change of Information (COI) requests are changes to 2015 health plans, income, or household information. These requests, which were being made at a rate of approximately 125 per day in 2014 and early 2015, have recently slowed to 75-100 per day. Nonetheless, change processing has been a heavy lift for staff with time-consuming manual workarounds, and delays for many customers, and will remain so until new functionality is delivered and the backlog is cleared.

In addition to 2015 renewals, 9,931 households were awaiting some form of change to be completed related to their 2015 health coverage or account. Some changes, known as "qualifying events," allow customers to sign up for health insurance or change health plans outside of the annual Open Enrollment period. Examples of qualifying events include getting married, moving to Vermont, or losing job-sponsored insurance. Other changes, such as income changes, can impact the amount of financial help a customer receives. Finally, some changes are simply adjustments to personal information, such as a name change, an address change, or even a preference to be called on their cell phone instead of their home phone.

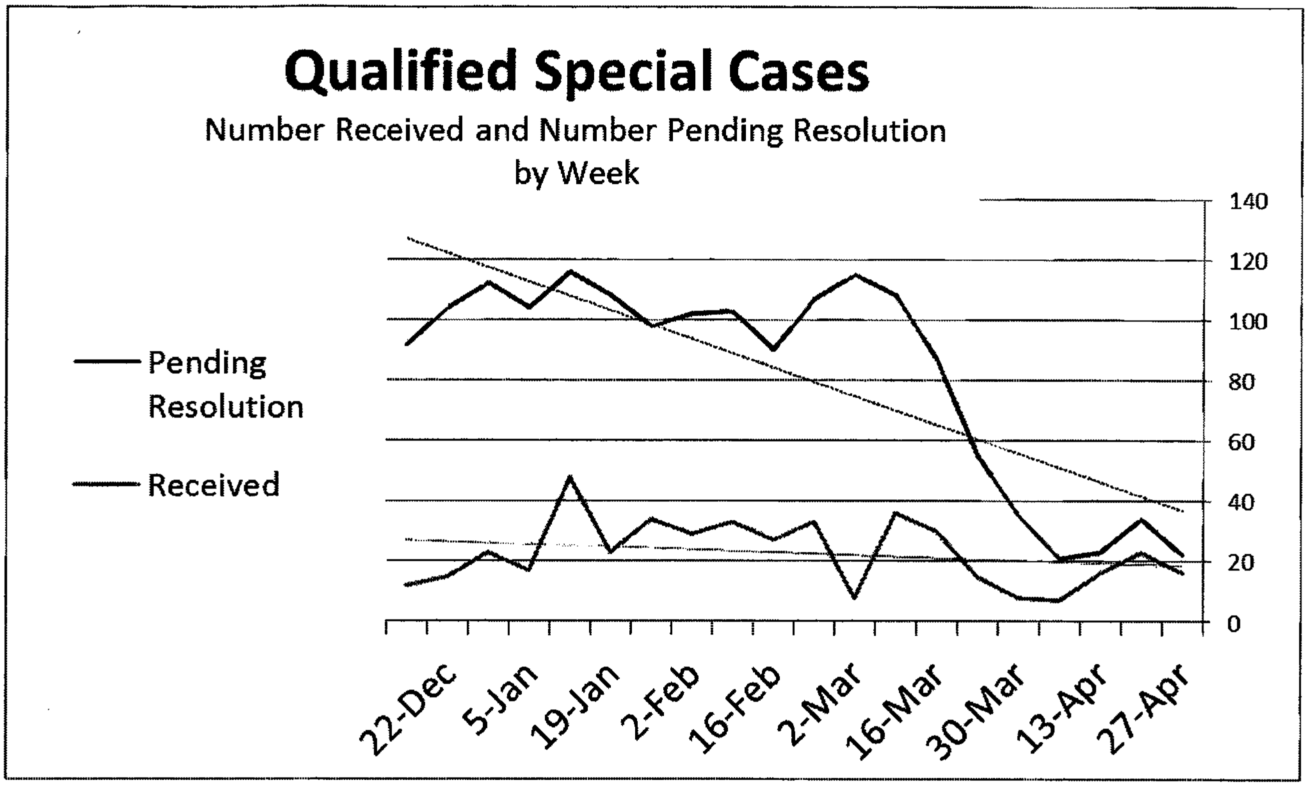
In order to minimize complications that could arise from having partially completed changes in the system, in May Vermont Health Connect will avoid starting all but the most urgent changes until the new system is in place. Processes are in place to ensure that cases involving medical and financial urgency are promptly addressed.

All changes that are in line for processing in the current system will be carried over to the updated system. Customers will not need to call again to report the change a second time. Staff will process the requested changes in the weeks following the system update. Customers can expect to see changes requested in the spring within two or three bills as Vermont Health Connect works through the backlog and progresses toward the operational milestone of completing change requests within 30 days by October. All changes will be made with a retroactive start date that follows federal rules, based on the date of reported change.

Customers can report changes either by clicking "Report a Change" at VermontHealthConnect.gov or by contacting Vermont Health Connect at 1-855-899-9600 (toll-free).

Information on the new functionality and system updates can be found in the "Project Development" section of this report.

Qualified Special Cases

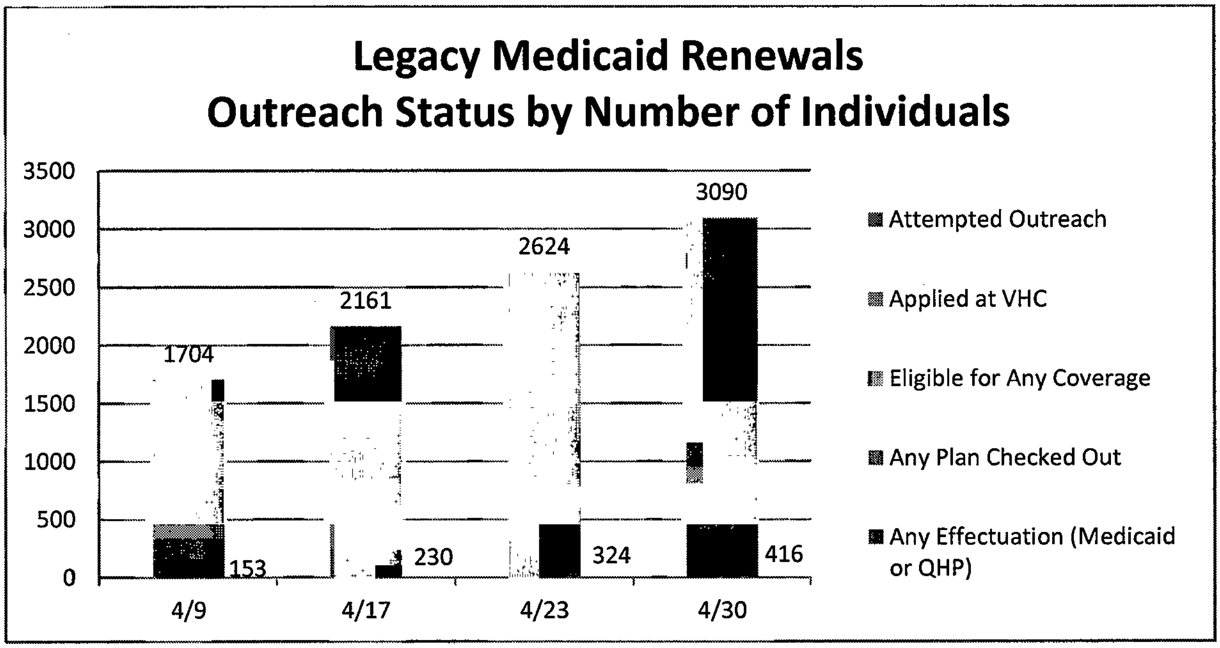


Qualified Special Cases are cases that are escalated to a dedicated customer service team due to their complexity, medical or financial urgency, or inability to be resolved through normal channels.

Recent rounds of training throughout Vermont Health Connect's various teams have resulted in a reduction in the number of cases that need to be escalated. Combined with strong work by the dedicated team, the number of pending Qualified Special Cases has fallen to fewer than two dozen.

Over the course of the nine weeks ending May 1, the team received 159 new cases, down from 267 over the previous nine weeks. Over the same period, the team resolved 262 cases, on par with 266 over the previous nine weeks. Together this resulted in a decrease in the number of Qualified Special Cases pending resolution from 115 to 22, an 80% drop.

Medicaid Renewals – Legacy System Renewals



In early March, Vermont Health Connect began to implement its plan to transition 26,000 households from the State's legacy ACCESS system to Vermont Health Connect to receive their MAGI Medicaid eligibility determination.

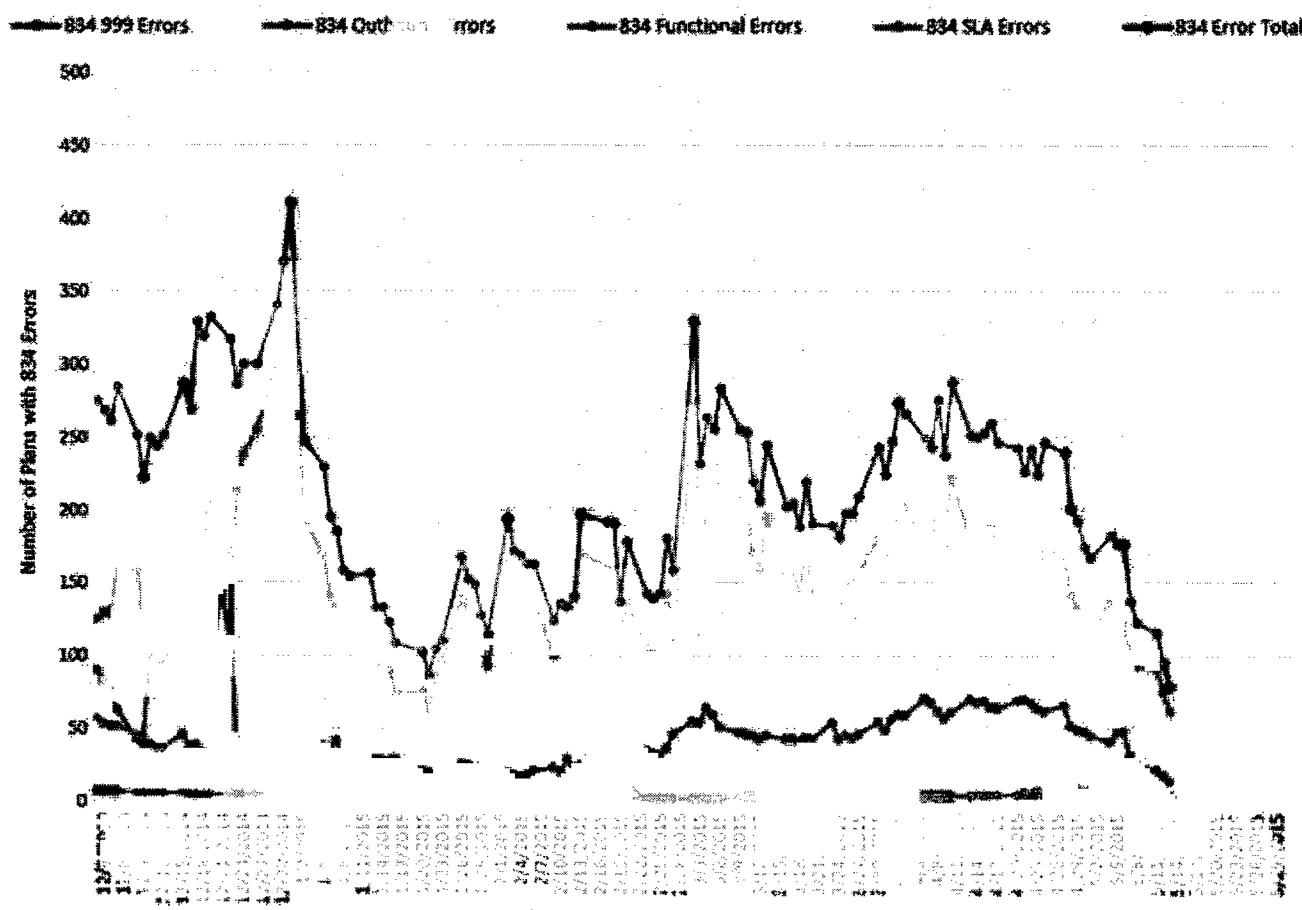
The plan began with a pilot of highest income households, as they are the most likely to no longer be eligible for Medicaid. The pilot involved small numbers of renewals, scheduled over a three-month period of time to allow Vermont Health Connect to assess the success of its renewal strategy. Once the strategy is refined and Vermont Health Connect understands which method of outreach is most successful, the monthly renewal cadence will increase to allow for the legacy system transition to be completed by March 2016.

The eligibility team began sending 250 notices per week, beginning the first week in March. The first notice tells the recipient that they need to apply at Vermont Health Connect within 30 days, but does not include a closure date. At the same time, customer service representatives (CSRs) at Maximus make two to three attempts to reach each household by phone. If they reach a recipient, the CSRs offer to guide them through a phone application.

Four weeks after the first notice, the eligibility team sends a second notice to those who haven't yet applied. This notice includes a paper application and asks households to either call the Customer Support Center or complete and mail the application within 30 days.

Four weeks after the second notice, the eligibility team will consider a process to close Medicaid in ACCESS.

Carrier Integration



Vermont Health Connect continues to work to resolve 834 transaction and premium processing errors. An 834 is an electronic file sent from VHC to an insurance carrier with information about an individual or family's enrollment information. An 834 error indicates that this electronic file has not yet been successfully processed for some reason. Optum is assisting the State in streamlining the resolution process and identifying mechanisms for reducing the generation of errors.

The State was successful in reducing the inventory of 834 errors from over 1,000 in early 2014 to under 100 by January 2015. Errors ticked up in February with heavy volume toward the end of open enrollment, then declined in the spring, with fewer than 100 as of early May. Part of this recent reduction was due to a new process that was developed with BCBSVT to overcome a change in the BCBSVT system that did not accept duplicate contact IDs. As VHC and BCBSVT staff became more comfortable with this process, they have been able to work through errors at much higher rate.

It is important to note that as VHC continues to enroll Vermonters into coverage there will always be some number of electronic enrollment files that have been sent but not yet fully processed. The number of 834 errors will never reach zero. In particular, major system updates, such as the one scheduled for the end of May, can be expected to cause a temporary rise in errors. VHC is planning its staffing accordingly.

Project Development

2015 System Updates

Vermont Health Connect is working towards the delivery of two major system updates. The first update, known as Release 1, is scheduled for the end of May and includes functionality to support:

- Changes of Circumstance (CoC),
- Changes of Information (CoI), and
- Reports to support reconciliation between Vermont Health Connect, premium processing (Benaissance), and the insurance carriers.

The second update, Release 2, must be completed by October to be ready for 2016 open enrollment. Release 2 includes functionality to support:

- Medicaid and QHP renewals,
- Renewal Notices,
- Additional financial reconciliation and billing enhancements, and
- CMS Enrollment Integration.

Release 1 is currently in the testing phase. Two simple CoC transactions have successfully been processed with all three carriers through Integration Testing. Detailed milestones are included in the table below.

Requirements sessions for Release 2 are currently underway.

Status of Release 1 Milestones

Deliverable	**Status Update,** May **7, 2015**	Action to Closure
CoC Companion Guide Complete – Carrier Integration Design	Complete	N/A
Release 1 Requirements Complete	Complete	N/A
Release 1 Schedule Baseline Approval	Complete	N/A
Release 1 Scope Baseline Approval	Complete	N/A
Reconciliation Design Complete	Complete	N/A
CoC Design Complete	Complete	N/A

Reconciliation Development Complete	Complete	N/A
Test Design Complete	In Progress	Pending official State of Vermont sign-off. Draft deliverable complete. Preliminarily reviewed and approved by Optum and State.
Training Materials Development Complete	In Progress	Plan is to prioritize all training materials into three distinct buckets where all critical functionality (high volume) will be trained prior to implementation (Group 1 materials due 5/13) followed by additional training sessions post-implementation. Priority focus is to train on fully tested processes whenever possible.
CoC Carrier Unit Test/Development Complete	Complete	MVP needed extra time to complete development and unit testing. The schedule allowed for this delay and there was not an impact to the implementation date.
CoC Development Complete	Complete	Final date was dependent on the MVP development completion. The schedule allowed for this delay and there was not an impact to the implementation date.
Release 1 Ops Readiness Complete (Cutover and Implementation Activities)	In Progress	This milestone addresses system cutover and implementation activities; meeting scheduled 5/7 to review cutover options. Work-around and contingency activity is in progress.
Total Test Execution Complete (Integration / Systems Integration Testing (SIT) & User Acceptance Testing (UAT) End-to-End / Carrier)	In Progress	Release 1 testing is progressing even as the State awaits a comprehensive test plan that it can approve. Optum and State Testing Teams are working nights and weekends to complete the testing per IMS.
Carrier End to End Testing Complete	In Progress	Release 1 testing is progressing even as the State awaits a comprehensive test plan that it can approve. Optum and State Testing Teams are working nights and weekends to complete the testing per IMS.
Test (Performance) Complete	In Progress	Release 1 testing is progressing even as the State awaits a comprehensive test plan that it can approve. Optum and State Testing Teams are working nights and weekends to complete the testing per IMS.
Test (Security) Complete	In Progress	Security Testing execution to begin on 5/11 with an estimated complete date of 5/25.

Training Complete	In Progress	Plan is to prioritize all training materials into three distinct buckets where all critical functionality (high volume) will be trained prior to implementation (Group 1 materials due 5/13) followed by additional training sessions post-implementation. Priority focus is to train on fully tested processes whenever possible.
Release 1 Go/No Go Decision Complete	Not Started	Dependent on Testing Execution complete.
Release 1 Go Live (Implementation Complete)	Not Started	Dependent on Testing Execution complete.
Release 1 Unit Verification Test Complete	Not Started	Dependent on Go Live.
Archetype Auto CoC Phase 1 Reporting Complete	Not Started	Dependent on Go Live.
Archetype CMS Integration Report Complete	Not Started	Dependent on Go Live.

Risks

The following items have been identified as risks to the timing or scope of the project.

- The current Integrated Master Schedule for Release 1 is on a very tight timeline. Because there is little to no time allocated to defect remediation in the schedule, any major defects found during the final weeks of testing could put the delivery date at risk.
- Training will extend past the deployment date, meaning that customer service staff will have a slower start to the effort of processing the backlog of change requests, handling new requests, and making progress toward the operational milestone of completing change requests within 30 days by October.
- A detailed plan is needed for a set of June system updates to allow operations staff to complete critical work beyond what is delivered in the May system updates.
- Any reconciliation work that is incomplete at the time of the system update will likely result in the need for CoC corrections to be made between the State of Vermont and the insurance carriers. Until a process for accommodating these corrections is completed, proven, and tested, this reconciliation work will be at risk.
- The State of Vermont has defined the scope of Optum's Release 2 work. In addition, the State submitted the final draft contract for this work to CMS on April 15. CMS can take up to 60 days to review and approve any contracts. Until this contract is approved, the lack of a contract puts the timeline for Release 2 at risk.
- CMS recently approved the Implementation Advance Planning Document (IAPD) submitted by the Health Services Enterprise Project Management Office. With this approval came the approval of all contracts through Amendment 6. However, CMS stated that any activities completed between the execution and approval dates will be reimbursed at a reduced rate (down from 65.5% to 50%) from CMCS. The State is analyzing the financial impacts of this reduction. Any reduction in funding puts the scope at risk.
- Vermont Health Connect's hosting is transitioning from CGI to Optum. The timing of the data center migration involved in this transition poses a risk to the development timelines for Change of Circumstance and Renewals functionalities. The VHC project team and the hosting team need to remain closely aligned on schedule and upcoming activities to avoid any negative impacts. The Project Manager assigned to the hosting contract by the Health Services Enterprise Project Management Office is being included in VHC project planning activities to ensure this alignment occurs.

Actions to Address State Auditor's Recommendations

On April 14, State Auditor Douglas Hoffer released a report that included a set of recommended actions for Vermont Health Connect. The following table outlines these recommendations as well as Vermont Health Connect's original response and a status update.

SAO Recommendation	Original VHC Response, April 2015	VHC Status Update, May 11, 2015
1. Expeditiously complete the VHC project management plan documents for the 2015 releases, including a scope statement, requirements traceability matrix, and test plan	The dates for completion for the documents are: Baseline Integrated Master Schedule: Completed April 3, 2015 Requirements documentation: Completed April 5, 2015 Scope Statement: Completed April 8, 2015 Requirements Traceability matrix: Draft under review April 8, 2015; completion target April 10 Test plan: Completion target April 14, 2015	1. Baseline Integrated Master Schedule: Completed April 3, 2015 2. Requirements documentation: Completed April 5, 2015 3. Scope Statement: Completed April 8, 2015 4. Requirements Traceability Matrix: Document completed May 10, 2015. 5. Test Plan: Document completed, to be routed for signature upon finalization of Requirements Traceability Matrix.
2. Include in future VHC system development contracts clauses that provide monetary consequences tied to the contractor's performance.	Section VII.A.6 of Agency of Administration Bulletin 3.5 addresses Penalties and Retainage. Following standard contracting procedures the project team did consider, and made a substantial effort in negotiations to obtain monetary consequences tied to contractor's performance. The contractor was taking over work-in-progress from another contractor under troubled conditions and the unknowns made either fixed-price or monetary penalty difficult to achieve at a responsible price. We will continue to work to include those conditions in future contracts wherever appropriate.	VHC continues to work with legal counsel to ensure compliance with Bulletin 3.5 for any future system development contracts.

3. Document the roles and responsibilities of each of the organizations that provide system and operations support to VHC, including explicitly laying out decision-making responsibilities and collaboration requirements.	Vermont Health Connect is now completing a reorganization designed to provide improved customer service. As part of this we are updating all documentation of roles and responsibilities, and these updates will fulfill the recommendations laid out in the audit report. This will include updating as needed the various project charters and memoranda of understanding that govern the participation of the multiple organizations involved.	VHC has completed a revision to the operations organizational structure, including roles and responsibilities. Job descriptions are being updated for each member of the operations leadership team, followed by a review of roles and responsibilities across all staff in the organization. Finally, an interdepartmental agreement between DVHA and DCF-ESD regarding VHC operations that has been in place since March 2013 is being revised and updated to reflect the revised and refined organizational structure. VHC anticipates completion of this document by July 2015.
4. Include expected service levels or performance metrics in future VHC system development and premium payment processor contracts and establish mechanisms to track contractor performance against the performance levels in these agreements.	Specific service levels are not generally applicable in a development contract, where monitoring of deliverables is the critical activity, but are an important component of all Hosting and Maintenance-and-Operations contracts. The new contract awaiting acceptance by the premium processing service provider does incorporate specific service level agreements; and stipulates the performance monitoring reports to be provided.	The next Maintenance & Operations contract covers the period July 1, 2015 through June 30, 2016 (State FY16). This contract is written as firm fixed price, not time and materials, and includes provisions for service level agreements, payment credits, and performance metrics. There are no significant barriers to implementing these contract provisions, and the anticipated date for closure (contract award) is June 19, 2015. The Hosting contract includes provisions for service level agreements, payment credits, and performance metrics. Negotiations are underway, and are expected to be completed this week. The Premium processing contract includes provisions for service level agreements, payment credits, and performance metrics, and negotiations are continuing.
5. Establish a process and expeditiously perform reconciliations of enrollment data between the VHC, Benaissance, and the carriers' systems.	We have begun a reconciliation process with the carriers using an interim solution supported by our contractors. We will complete all reconciliations necessary for a successful deployment of the next release by the end of May. The system capability to support enrollment and financial reconciliation between the VHC, Benaissance, and carrier systems is included in the scope of the May 30th release. This release will provide the reporting mechanisms	We are continuing to make progress on payment and enrollment reconciliation efforts. Regarding reconciliation of 2014 cases, we are analyzing and correcting any discrepancies between VHC and Benaissance data. We have received enrollment and payment data from our carrier partners and have begun to compare carrier data with updated VHC/Benaissance data.

	needed to identify discrepancies across all of the systems and perform monthly reconciliations.	Regarding 2015 cases we have received carrier data from BCBSVT and NEDD and expect it soon from MVP. For resolution of 2015 discrepancies, priority will be given to resolution of high-volume errors through automated system methods. Release 1 continues to include system capability to support enrollment and financial reconciliation between the VHC, Benaissance, Medicaid, and carrier systems. A request has been made to generate an ACCESS report to support Medicaid enrollment reconciliation, targeted for completion in July 2015.
6. Establish a process and expeditiously perform reconciliations of enrollment data between the VHC system and the relevant Medicaid system(s).	The system capability to support enrollment and financial reconciliation between the VHC, Benaissance, and Medicaid systems is included in the scope of the May 30th release. This release will provide the reporting mechanisms needed to identify discrepancies across all systems and allow monthly reconciliations going forward. Once this occurs we will use the process we are developing to reconcile data to ensure that all of the individuals who are eligible for and enrolled in Medicaid are correctly recorded in each system to ensure that claims are only paid for services allowed under the enrollee's specific Medicaid program.	See # 5 above.

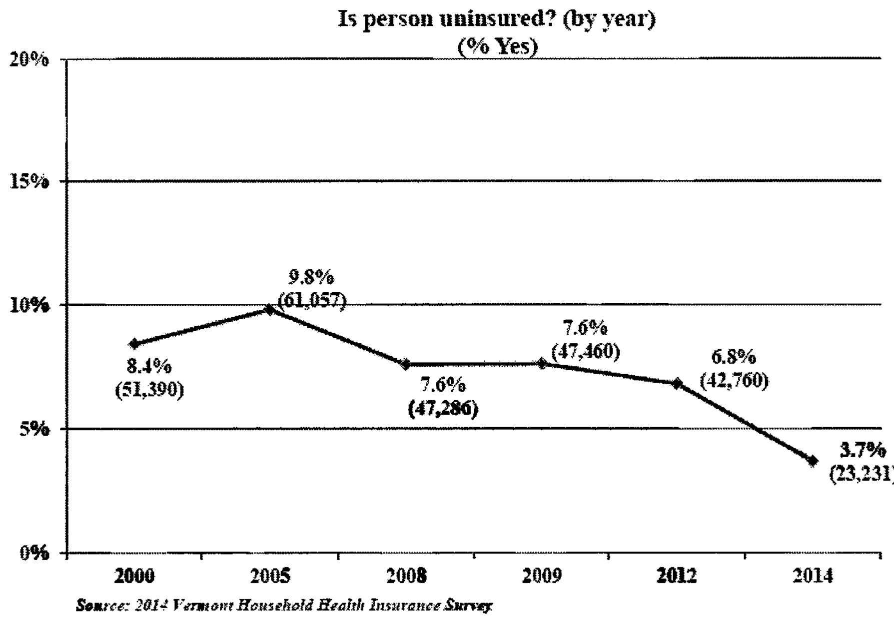
7. Reconsider decisions that have complicated the premium payment processing function, including the requirement that the full premium payment be at Benaissance without exception before remittance to the carriers and the split of the billing and dunning/termination processes between different organizations.	While the cause of the most challenging billing issues today will be addressed with the May 30th release, we agree that many of the underlying policies create unnecessary difficulty for customers. For example, the 100% premium paid before remittance requirement does not reflect the common industry practice that accepts a small shortfall as a complete payment and bills the balance with the following month's premium. A full reconsideration of the premium payment processing function is a critical next step, with participation of the premium processor, all carriers, and Medicaid. This is planned to occur when the 2014 reconciliation is complete so that we are in a position to review the decisions with the benefit of information from the reconciliation.	Preliminary discussions have occurred regarding options for DVHA to modify payment processing methodologies to ensure payment processing occurs in the most efficient manner. Further analysis of options has been deferred until after the successful implementation of Release 1 and completion of 2014 and 2015 reconciliation activities.

8. Establish a process to terminate Dr. Dynasaur recipients in the VHC system who meet the State's termination criteria.	This recommendation relates to Dr. Dynasaur recipients who are delinquent in their premium payments. The State intends to initiate a rulemaking process to revise a DCF-promulgated Medicaid eligibility rule (HBEE section 64.00 Premium Rules and 70.02 Premium Obligation) to implement necessary changes relating to termination for non-payment. Rule changes would allow for a 60-day grace period, and eliminate the requirement for past due premium payments prior to re-enrolling individuals whose coverage was terminated for non-payment of premiums. The rulemaking process takes approximately six months from start to finish. Rulemaking is anticipated to begin in May of 2015 with scheduled completion by the end of calendar year 2015. Effective January 2014, the State started to transition enrollment and re-enrollment for MAGI Medicaid determinations into VHC. New enrollments are currently being processed in VHC, however, due to resource and system constraints, and with the approval of CMS, annual renewal of Medicaid beneficiaries has been delayed in VHC and for those still in the legacy system, including some Dr. Dynasaur recipients. Vermont will be in compliance with standard Medicaid rules regarding non-payment of premiums once all Dr. Dynasaur-enrolled children are transitioned into VHC. The State is actively working with CMS on a migration plan to restart Medicaid renewals. The final timeline depends upon CMS approval of the plan. Programming for system functionality in VHC to terminate coverage for non-payment of premiums following a 60-day grace period is scheduled for September 2015 and implementation will be consistent with the revised rule.	VHC is in the process of defining requirements for automated system functionality to terminate coverage for non-payment of Dr. Dynasaur premium following an anticipated 60-day grace period, with an anticipated delivery date of September 2015. The State intends to engage in rulemaking to revise the rule regarding the 60-day grace period for premium-paying Dr. Dynasaur customers such that the rule change coincides with implementation of the automated process. Prior to implementation of the automated solution we have begun development of a manual workaround, with a target date for implementation at the end of June.

9. Expeditiously develop VHC financial reports to implement stronger financial controls.	The DVHA business office has worked with the contractors to get the necessary reports by the end of April 2015 in order to complete the interrelated reviews and reconciliations identified in recommendations 9, 10, and 11. The system capability to support enrollment and financial reconciliation between the VHC, Benaissance, and the carriers' systems is included in the scope of the May 30th release. This release will provide the reporting mechanisms needed to identify discrepancies across the three systems.	DVHA is continuing to work with the respective vendors to address financial reporting shortcomings.
10. Obtain and review reports from Benaissance that provide detail on the makeup of the balance in the VHC bank account and monitor this account to ensure that payments are being remitted appropriately and in a timely manner.	The DVHA business office has worked with the contractors to get the necessary reports by the end of April 2015 in order to complete the interrelated reviews and reconciliations identified in recommendations 9, 10, and 11. The system capability to support enrollment and financial reconciliation between the VHC, Benaissance, and the carriers' systems is included in the scope of the May 30th release. This release will provide the reporting mechanisms needed to identify discrepancies across the three systems.	See #9 above
11. Establish a process and expeditiously perform reconciliations of payment data among the VHC, Benaissance, and the carriers' systems.	The DVHA business office has worked with the contractors to get the necessary reports by the end of April 2015 in order to complete the interrelated reviews and reconciliations identified in recommendations 9, 10, and 11. The system capability to support enrollment and financial reconciliation between the VHC, Benaissance, and the carriers' systems is included in the scope of the May 30th release. This release will provide the reporting mechanisms needed to identify discrepancies across the three systems.	See #5 above

Vermont Health Connect and the State's Uninsured Rate

The percentage of uninsured Vermont residents in 2014 has decreased compared to 2009 and 2012.



Even when the VHC system is upgraded with improved reporting functionality, the Vermont Household Health Insurance Survey (VHHIS) will remain the most comprehensive look into the state of health coverage in Vermont.

In January we learned that Vermont's uninsured rate was cut nearly in half over the past two years.

- With just 3.7% (23,000) of our population uninsured, Vermont is #2 in the nation in health coverage.
- Vermont is #1 in terms of insuring our children, having cut the number of uninsured children in our state from nearly 2,800 in 2012 to fewer than 1,300 in 2014.

Nonetheless, Vermont has room for improvement – and Vermont Health Connect is well-positioned to help.

- HHIS also reported that over half of Vermont's uninsured children would qualify for Dr. Dynasaur and three in ten uninsured adults would qualify for Medicaid.
- With strong numbers of new applicants coming to Vermont Health Connect during open enrollment, Vermont is clearly continuing to move closer to the goal of ensuring that all Vermonters are covered.

Theresa Utton

From:	Stephen Klein
Sent:	Thursday, June 11, 2015 11:38 AM
To:	Ancel, Janet (janetancel@earthlink.net); Jane Kitchel (janek45@hotmail.com); Tim Ashe; Mitzi Johnson; Lippert, Bill; Claire Ayer; Shap Smith; John Campbell
Cc:	Nolan Langweil; Stephanie Barrett; Maria Belliveau; Catherine Benham; Lawrence Miller; Clark, Sarah; Theresa Utton
Subject:	GENERAL-#310044-v1-June_review_of_Health_Connect
Attachments:	GENERAL-#310044-v1-June_review_of_Health_Connect.docx

Section Sec. C.106.1 of H.490 (Big Bill), calls for an independent analysis of the Vermont Health Connect (VHC) information technology systems by the Joint Fiscal Office. [1] This analysis is to begin in July, be repeated in September and October, and be done "at other times that are appropriate." Representative Ancel suggested it might be useful to do a less formal review of the June 1 submission of the Administration's report. This memorandum is intended to provide that less formal, initial analysis and to offer you an opportunity to provide input on the format and information provided for future reports.

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[1] *INDEPENDENT REVIEW OF VERMONT HEALTH CONNECT*
(a) The Chief of Health Care Reform shall provide the Joint Fiscal Office with the materials provided by the Independent Verification and Validation (IVV) firms evaluating Vermont Health Connect. The reports shall be provided in a manner that protects security and confidentiality as required by any memoranda of understanding entered into by the Joint Fiscal Office and the Executive Branch. The Joint Fiscal Office shall analyze the reports and shall provide information regarding Vermont Health Connect information technology systems to the Health Reform Oversight Committee, the Joint Fiscal Committee, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate in July, September, and October 2015 and at other times as appropriate.

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

Memorandum

To: Members, HROC Committee; Speaker of the House, Senate President Pro tem.
From Stephen Klein, Catherine Benham, and Stephanie Barrett, Legislative Joint Fiscal Office
Re: Reporting on Vermont Health Care Connect (VHC implementation
Date: June 11, 2015

Context:
Section Sec. C.106.1 of H.490 (Big Bill), calls for an independent analysis of the Vermont Health Connect (VHC) information technology systems by the Joint Fiscal Office.[1] This analysis is to begin in July, be repeated in September and October, and be done "at other times that are appropriate." Representative Ancel suggested it might be useful to do a less formal review of the June 1 submission of the Administration's report which is available through the link below.
http://www.leg.state.vt.us/jfo/healthcare/VHC%20Monthly%20Report%20to%20Legislature%20-%20April%20Update%20-%20May%2014%202015.pdf

This memorandum is intended to provide that less formal, initial analysis and to offer you an opportunity to provide input on the format and information provided for future reports. We have organized it into four reporting areas: Overview; Project Scope and System Issues; Timing and Schedule; and Budgetary Concerns.

Summary/Overview:
The May/June reporting on VHC provided the following key takeaways:

- The "change of circumstances" capacity for Optum Release 1 is now operational for use by VHC staff. The actual use of this capacity will ramp up over the month of June as VHC staff and call center staff are trained. For this reason, although the faster change of

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circumstances is now operational, it will not be in place for all system callers immediately.

- CMS has approved the Optum Release 2 work plan which has several improvements including allowing the user (instead of just VHC staff) to enter change of circumstances. This capacity is expected be in place in November, 2015. This CMS approval was critical in order to allow use of 90-10 federal funding. Failure to receive timely approval could have delayed the project and/or, if work started before such approval, would have resulted in less federal reimbursement (see below for further discussion).

- There are budgetary issues discussed below which will have short and long term impacts.

- We have suggested to Lawrence Miller that the next monthly report include a summary and more prominent discussion of the project risks (which were outlined on page 15 of the submitted report).

1. Project Scope and System Issues

- The broad plan for AHS information technology is to create a Health and Human Services Enterprise (HSE) platform that provides the infrastructure for the various projects, including: VHC, Integrated Eligibility, Medicaid Management Information System and the Health Information Exchange for public health. In order for VHC to be successful, the HSE platform infrastructure must work. Concerns about the HSE platform include:
    - o Transition of hosting from CGI to Optum – there is risk that this transition could impact timelines
    - o Prioritization and coordination of the work so the HSE platform will work for VHC - The HSE manager is being included in VHC project planning.

- Optum, which is the service and technical consulting arm of United Health Care, is responsible for hosting the HSE platform as well as development and design work for the VHC. VHC gets its data-base services, enterprise content and identity management from the HSE platform. There is some concern that Optum has too broad a range of responsibilities and could get sidetracked from top priorities as it tries to meet needs for other modules beyond VHC. This does not appear to be a problem at this point.

- There are some changes in key personnel which could impact the system. Mike Morey from DII, who has been very involved in the VHC system development, is leaving for a private sector positon. Dan Smith, Deputy Chief Information Officer at AHS, is retiring.

2. Timing and Schedule

- The ability to do change of circumstances in-house is a critical step for VHC. Its rollout involves training staff so not all callers will be able to access trained staff immediately. While this is a temporary concern, it is important that expectations not outpace the reality of its implementation.
    - o All state staff should be trained within the next week. Call-center staff will be trained later.

- o As the number of trained staff increase, the roughly 10,000 case backlog should diminish. The goal is to eliminate the backlog by October 2015.
- o The July 2015 Report by the Administration should detail further system updates.

3. Budgetary Concerns

a. Development

- CMS recently approved the Implementation Advance Planning Document (IAPD) submitted by the Health Services Enterprise Project Management Office. This is a unit of the AHS Central Office led by Stephanie Beck which manages the HSE. With this approval came approval of all contracts through the Optum contract amendment 6. Amendment 6 covers work for the period February 22 to June 30, 2015. However, the Center for Medicaid Services (CMS) stated that any activities completed between the execution and approval dates will be reimbursed by the Center for Medicaid and CHIP Services (CMCS) at a reduced rate (down to about 55% essentially Medicaid match). This means that Vermont will not receive expected 90%-10% money for the 65% of the project costs attributed to CMCS during that preapproval period of the project. This creates an unbudgeted state cost increase in FY 2015 state project cost of $2-3 million. This cost will need to be addressed in closeout. Optum is slow to send invoices, so the exact final cost is not yet known. A CMS organizational chart is available at this link: CMS_Organizational_Chart.pdf

- Any reconciliation work between providers and VHC that is incomplete at the time of the system update will likely result in the need for corrections to be made between the State of Vermont and the insurance carriers. Until a process for accommodating these corrections is completed, proven, and tested, this reconciliation work will be at risk. Current estimates of the direct state costs associated with reconciliation are about $1.2 million. However these costs could be, in part, offset by increased collection efforts from participants.

- As indicated by Lawrence Miller during the legislative session, the Small business SHOP function will likely be handled outside of the existing work of the exchange. The Legislature removed funding for this function.

b. Sustainability planning and long term costs

- We have not yet received or seen the State's sustainability plan which was submitted to CMS for review. It is possible that state costs for ongoing operations of the various elements of the exchange may be below levels projected by the Administration early in the legislative session. There should be better information in the September reports. For reference :

	Governor's original FY 2016 Submission	FY 2016 as passed- revised	Revised Sustainability Budget submission to CMS
QHP	$ 8,084,664	$ 5,038,783	??
MAGI	$43,708,776	$37,339,540	??
State Fund Total	$27,740,501	$21,630,374	??
Grand Total	$51,793,501	$42,378,322	??

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STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

Memorandum

To: Members, HROC and Joint Fiscal Committee;
Speaker of the House, Senate President Pro Tempore
From Stephen Klein, Catherine Benham, Stephanie Barrett and Nolan Langweil
Re: Reporting on Vermont Health Connect (VHC) Implementation
Date: July 24, 2015

Context:

Section C.106.1 of Act 58 (Big Bill) of 2015, calls for an independent analysis of the Vermont Health Connect (VHC) information technology systems by the Joint Fiscal Office. [1] This analysis is to begin in July, be repeated in September and October, and be done "at other times that are appropriate." As this is the first of these reports, we welcome any ideas or suggestions for content in future reports.

This report provides the July 2015 analysis of the exchange activity and is based upon:

- Review of the administration reports submitted through July 22, 2015;
- Independent Verification Vendor (IVV) reports through July 2015;
- Discussions with the Administration and Gartner Group relative to the aforementioned reporting;
- Review of other analysis and reports of Exchange operations generally.

The VHC has had a rocky start, similar to the experience of other state-based exchanges nationally. In Vermont and around the country there have been considerable questions as to whether the state-based exchange makes sense for financial and operational reasons. In light of the recent King v. Burwell decision, which clarified that subsidies could be offered through federally-facilitated exchanges, one of the key reasons for independent state-based exchanges fell away. The argument that federally-facilitated exchanges, or components of it, are efficient may be strengthened as the full costs of operating state-based exchanges are identified. On the other

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hand, under the ACA, states have the opportunity to pursue a 1332 waiver which will allow states to explore innovative alternatives to the current health benefit exchange structure.[2] The state-based exchange also offers an opportunity for states to unify their health care programs and other benefits in a way that may be difficult with a federally-facilitated exchange model. Vermont has taken this integrated approach for its exchange, unlike some states that have established separate exchanges often though independent authorities.

While this debate regarding federal versus state based exchanges will continue for the foreseeable future, currently the primary focus in Vermont and other states is the full operational capacity of the exchange. VHC has made strides toward full operational readiness but substantial issues remain. The Joint Fiscal Office's three reports required by C. 106.1 of Act 50 will be focused primarily on the operational aspects of the exchange, while the October report will take a broader look at the budgeting and ongoing cost estimates for the VHC and its relationship to other major Agency of Human Services (AHS) information technology (IT) projects that are underway.

Summary/Overview:
As of June 2015, 213,378 Vermonters were enrolled in either Medicaid for Children and Adults (141,173) or qualified health plans (72,206). Of the 34,103 Vermonters enrolled in qualified health plans as individuals (i.e. not through an employer), nearly two-thirds (65%) of them receive financial help to reduce the cost of their monthly premium. As of late 2014, 3.7% of Vermonters were uninsured, the second lowest rate in the nation. The current status of the exchange will be discussed in three areas: 1) Project Scope and System Issues, 2) Timing and Schedule, and 3) Budgetary Concerns.

1. **Project Scope and System Issues**

- The broad plan for AHS information technology is to create a Health and Human Services Enterprise (HSE) platform that provides the infrastructure for various projects, including: VHC, Integrated Eligibility (IE), Medicaid Management Information System (MMIS,) and the Health Information Exchange (HIE) for public health. In order for VHC to be successful, the HSE platform infrastructure must work. Concerns about the HSE platform include:
    - Transition of hosting from CGI to Optum – there is risk that this transition could impact timelines
    - Prioritization and coordination of the work so the HSE platform will work for VHC - The HSE manager is being included in VHC project planning.
    - This transition was mentioned in the Gartner IVV report as an area of high risk, medium probability and potentially high impact. The administration is monitoring this and developing contingency plans.

[2] See http://www.commonwealthfund.org/publications/issue-briefs/2015/apr/innovation-waivers-and-health-reform and http://www.cnbc.com/2015/07/22/states-shuttering-obamacare-exchanges-but-should-they.html

Optum, which is the service and technical consulting arm of United Health Care, is responsible for hosting the HSE platform as well as development and design work for the VHC. VHC gets its data-base services, enterprise content and identity management from the HSE platform.

- A new dental provider, Dentegra Insurance Company, may be added to the exchange if the company gets the approvals it needs from the Department of Financial Regulations (DFR) and the Department of Vermont Health Access. The administration is concerned that adding a new provider while the IT system is under development could be problem; diverting resources from other needed work and significantly increasing workloads and it will likely not be added before open enrollment. The process and timing of adding insurers needs to be clarified.

- There are a number of additional issues with the exchange which will need to be addressed but have been postponed for the immediate time. These issues include:
    - Treatment of small business plans under the exchange (SHOP): It is likely that this will be done in a manner to minimize both its cost and impact on exchange operations. The legislature did not fund this component of the exchange.
    - Whether or not it continues to make sense for VHC to do billing remains an area under review: Carriers are responsible for dunning, but not collections, and terminations. The State may consider a different model in which carriers perform all billing functions, and the State coordinates with them on payment of Vermont Premium Assistance and Vermont cost sharing. The carriers and the state have agreed to delay this discussion until after 2014 and 2015 reconciliation and the performance of the current model post-system upgrades is evaluated.

- There are some changes in key personnel which could impact the system. Mike Morey from DII, who has been very involved in the VHC system development, is leaving for a private sector positon. Dan Smith, Deputy Chief Information Officer at AHS, is retiring.

2. Timing and Schedule

- The ability to do change of circumstances in-house is a critical step for VHC. Although the capacity was added at the end of May, its rollout involves training staff. Addressing the backlog has been ramping up in the initial months. The backlog has been reported as follows:
    - May 26th backlog - 10,272
    - July 6th Backlog - 7,372
    - July 22 backlog - 6,509

Substantial elimination of the backlog by October will require continuing to increase capacity to address these cases. The goal is to eliminate the backlog by October 2015, before the start of the new open enrollment.

- There has been an increase in premium transaction errors since the May system upgrades. These are called "834" errors. The July 22nd report indicates that there were over 1,000 of such errors in early 2014 and that number had dropped to 20 by the end of May before the upgrade. The July 22nd Report indicated the number was just under 300. It is expected that this number will drop as improvements are made to the software. This will be important as the system moves toward open enrollment.

- Reconciliation of billing for FY 2014 and FY 2015 is under way
    - Initial reconciliation of FY 2014 cases is almost complete with estimates of potential state cost being just under $2 million in state funds. The FY 2015 reconciliation is still in progress.
    - Efforts are being made to reduce root causes of discrepancies and create an automated reconciliation processes.
    - System revisions are underway to allow for better premium payment processing and acceptance of payments with small differences to actual bills. The hope is to have this completed by October.

- Maintenance of performance metrics for call centers and system access
    - Call center and system functionality has remained strong. In the past month the telephone wait times have risen to 31 seconds from 12 seconds but it is too early to say if this is a trend. Page load time continues down and is at its fastest point in the past three months at an average wait of .5 seconds.

3. Budgetary Concerns

a. Development

- In June, the CMS approved the Implementation Advance Planning Document (IAPD) submitted by the Health Services Enterprise Project Management Office. This is a unit of the AHS Central Office led by Stephanie Beck who manages the HSE. With this approval came approval of all contracts through the Optum contract Amendment 6. Amendment 6 covers work for the period February 22 to June 30, 2015. However, the Center for Medicaid Services (CMS) stated that any activities completed between the execution and approval dates will be reimbursed by the Center for Medicaid and CHIP Services (CMCS) at a reduced rate (down to about 55% essentially Medicaid match). This means that Vermont will not receive expected 90%-10% money for the 65% of the project costs attributed to CMCS during that preapproval period of the project. These decisions create unbudgeted state costs. The estimate related to Amendment 6 specifically is $862,000. The total amount of lost funding because of no enhanced match could reach $2.7 million.

b. Sustainability planning and long term costs

- State costs for ongoing operations of the various elements of the exchange may change from levels projected by the Administration early in the legislative session. There should be better information in the September reports. For reference :

	Governor's original FY 2016 Submission	FY 2016 as passed- revised	Revised Sustainability Budget submission to CMS
QHP	$ 8,084,664	$ 5,038,783	??
MAGI	$43,708,776	$37,339,540	??
State Fund Total	$27,740,501	$21,630,374	??
Grand Total	$51,793,501	$42,378,322	??

- Long term costs for maintaining the exchange will be addressed more in the October report.

H.S. I

Report to

The Vermont Legislature

GENERAL ASSISTANCE EMERGENCY HOUSING PROGRAM

BI-ANNUAL REPORT

In Accordance with 2014 Act 50, Sec E.321.2

An Act Relating to Making Appropriations for the Support of Government

Submitted to:	House Committee on Appropriations
	House Committee on General, Housing and Military
	Senate Committee on Appropriations
	Senate Committee on Economic Development, Housing and General Affairs

Submitted by:	Hal Cohen, Secretary, AHS
Prepared by:	Chris Dalley, Economic Services Division
Report Date:	July 31, 2015

VERMONT

AGENCY OF HUMAN SERVICES

Table of Contents

Executive Summary

As part of the Appropriations Act of 2014, the General Assembly included a provision directing the Commissioner of the Department for Children and Families (DCF) to develop a General Assistance program that would be used, with specific exemptions, for emergency housing in catastrophic situations; for the cold weather exemption; and for certain vulnerable populations.

The Act modified the housing assistance program to allow the Agency of Human Services flexibility when providing services through its General Assistance program. The stated goal of the program is to "mitigate poverty and serve applicants more effectively" than they were being served with the same amount of General Assistance funds prior to gaining this increased flexibility.

The Act required that the Agency develop the following systems:

(1) An intake system for individuals and families receiving emergency housing services including collection of basic statistical information about the clients served;

(2) A system to track payments to motels; and

(3) A system for ensuring the safety and health of clients who are housed in motels (Sec. E.321.1).

The Act also required the Agency to submit bi-annual reports to the legislature containing data from the preceding six months relating to the use of emergency housing vouchers. The report must contain statistics about these specific areas:

- demographic information;
- de-identified client data;
- shelter and motel usage rates;
- clients' primary stated cause of homelessness;
- the average lengths of stay in emergency housing by demographic group and by type of housing; and
- other relevant data as the Secretary deems appropriate (Sec. E.321.2).

As demonstrated by the data contained in this report, the Agency met the need for emergency housing this past winter and spring, although at substantial cost due to an increase in applications and need.

The causes of homelessness are complex and varied. Many households are eligible for GA emergency housing because they identify domestic violence as the cause of their homelessness[1]. This report shows that the cost of meeting the need for emergency housing as it is currently run is unsustainable in the long term. The Agency is working with state and community partners to create alternative permanent solutions.

The General Assistance Housing Program Update

Intake and eligibility for General Assistance (GA) emergency housing is determined in each of the Economic Services Division's (ESD) 12 district offices.

[1] Please see Appendix D on pg. 12

Vermonters seeking emergency housing apply at the local ESD office where they are seen for an intake interview and eligibility determination the same day. Emergency housing applicants are seen on a first come, first serve basis. Vermont 2-1-1 handles after-hour and weekend calls. Applicants seeking emergency housing after hours or on weekends are provisionally housed by Vermont 2-1-1 if they meet basic eligibility criteria, and are required to go to an ESD office to receive subsequent emergency housing authorization. Those who fail to appear in the ESD office are denied additional housing until they comply with this program requirement.

Local ESD offices communicate daily with 2-1-1 and local homeless shelters. Each morning, ESD staff contact local shelters to learn the number of available beds for that night. This information is shared at the end of each day with 2-1-1 so that they know which shelters have available beds. This system is working well and assures that shelters, where they exist, remain the first resource for homeless families and individuals needing emergency shelter.

Subsequent to discussions with Legal Services Law Line of Vermont and Disability Rights Vermont, the Department for Children and Families decided to pilot block scheduling in the Burlington district office for people with disabilities or for those who cannot wait in a public waiting room for safety reasons. Applicants are given an appointment window of two hours and meet with an eligibility worker within that time frame. During this pilot time period, the request for a scheduled appointment must be made through an advocate acting on the client's behalf, at one of our community partner organizations (e.g. CVOEO, Women Helping Battered Women, or Vermont Legal Aid). The pilot was put into place mid-October and a memo was sent out alerting interested parties of the pilot and the availability of this scheduling option. As of June 2015, only two households have accessed this pilot through Vermont Legal Aid.

Program Resources

Current program resources include:

I. ***Harbor Place:***
ESD and the Agency of Human Services Director of Housing worked over the summer and fall of 2013 to build greater shelter capacity throughout the state, particularly in Chittenden County which is the primary driver of the GA emergency housing budget. On November 1, 2013 the Harbor Place (HP) transitional program began sheltering and serving its first families. The facility was opened under the management of Champlain Housing Trust (CHT) with significant financial investment from DCF. These funds supported the renovation of the facility from its former use as a motel and secured DCF access to 30 rooms at a cost of $38 per night. This arrangement guarantees ESD a minimum number of beds in Chittenden County at about 40 percent savings compared to motel costs. Additionally, community partners such as Champlain Valley Office of Economic Opportunity (CVOEO), Women Helping Battered Women (WHBW) and Safe Harbor have committed case management and other resources to help Harbor Place residents identify and address underlying needs and barriers in securing housing. There are bi-weekly check-in calls with community partners, 2-1-1, CHT, Harbor Place and DCF Economic Services Division.

Harbor Place has been in operation 21 months. In addition to the 30 contracted rooms, Harbor Place has 20 rooms potentially available at an average cost of $38 per night. The average Burlington area motel costs $52 per night. The following data reflect the average number of beds used per night for the contracted rooms:

- During the Cold Weather Exception (CWE) months of January, February and March, 97% of the 30 contracted rooms were used at an average cost of $1,083 per night.
- During the months of April, May and June, 83% of the contracted rooms were used for an average cost of $950 per night.

Note: The number of CWE nights in Burlington in the months of January, February and March 2015 were greater than the number of CWE nights in Burlington during those same months in 2014.

II. ***Warming Shelters:***
Several communities set up local warming shelters for homeless individuals to have a warm and safe place to sleep with AHS and DCF support. All together DCF currently supports seven warming shelters located in Middlebury, Springfield, Brattleboro, Bellows Falls area, Hartford, Barre and Burlington.

With a high level of coordination and communication between Economic Services and local shelters (warming and year-round), these resources provide alternatives to motels, help reduce costs, and offer enhanced services to homeless families and individuals. Prioritization of emergency housing referrals for persons experiencing homelessness in Chittenden County is currently set-up as follows: Shelter, Harbor Place, and Motel.

In other regions of the state, family, individual and warming shelters continue to play a significant role in providing bed capacity and options within the local homeless Continuum of Care.

The increased need for day shelters in communities with warming shelters has become ever more apparent as people experiencing homelessness, with medical needs; require a warm, safe place during the day.

Data Collection Processes

The 12 ESD district offices collect the following data daily and submit a weekly spreadsheet to ESD central office for a monthly and year-to-date statewide compilation:

- Total number of emergency housing requests
- Emergency housing requests granted/denied
- Number of singles granted/denied housing
- Number of families granted/denied housing
- Number of adults and children in households requesting and granted housing
- Number of eligible catastrophic requests/number granted
- Number of categorically-eligible vulnerable population requests/number granted
- Number of eligible vulnerable points requests/number granted
- Total number of nights authorized/average cost per night/total cost for authorized nights

- Number of Cold Weather Exception grants/number of adults granted under CWE/number of children granted under CWE
- Number of Cold Weather Exception nights authorized/average cost per night/total cost for CWE nights authorized

The above data are collected manually in the district and central offices as DCF's ACCESS system is not designed to collect this data. Payments for emergency housing are made based on motel billing through ESD authorization forms. Once billing is received from a motel by ESD, the local district office authorizes payment through the ACCESS system which generates payment to the motel. The Department for Children & Families Business Office generates a monthly report reflecting all payments made for emergency housing.

Health and Safety Assurances

ESD sought the assistance of the Vermont Department of Health (VDH) regarding health and safety standards for the motels ESD uses for emergency housing. VDH conducts routine sanitation inspections at licensed lodging establishments. As VDH is scheduled to do yearly inspections, ESD requests inspection reports for motels in January for the previous calendar year. We requested and received current inspections for all lodging establishments used by Economic Services for the calendar year 2014.

Program Rules

The expedited vulnerable population rules for emergency housing in effect from July 1, 2013 were incorporated into permanent rules effective March 28, 2015. A summary of emergency housing requests, including catastrophic and vulnerable populations, for the period of January to June 2015 follows:

- **15,431** emergency housing applications[2] were received (9,503 were received during the same period last year), of these:
  - **11,961** were granted; **3,470** were denied.
  - **9,139** singles were granted; **2,778** singles were denied.
  - **2,822** families were granted; **692** families were denied.
  - Of the **16,860** adults in households requesting emergency housing; **13,069** were granted.
  - Of the **6,164** children in households requesting emergency housing; **4,939** were granted.
  - **1,876** applications were found categorically-eligible under the catastrophic criteria; **1,742** were granted.
  - **868** applications were found categorically-eligible under the vulnerable population categories; **818** were granted.
  - **7** applications were found eligible under vulnerable points (see eligibility criteria); **7** were granted.
- **18,874** bed nights were paid for at an average cost of **$71**/night (14,752 bed nights were paid for at an average cost of $60/night during the same period last year).

[2] Please note that these are applications received total; some may be duplicative.

Cold Weather Exception

The following data reflects the Cold Weather Exception (CWE) nights for January – June 2015. There were 31 CWE nights in January; 28 CWE nights in February; 28 CWE nights in March and 6 CWE nights in April resulting in a total of 93 CWE nights through the remainder of the CWE season ending in April 23, 2015.

CWE nights in the 2015 were slightly lower (93 nights) than the same period in 2014 (99 nights). However, the number of CWE emergency housing vouchers increased from 5,079 in 2014 to 9,392 in 2015. From January 1st through April 23rd, 2015 DCF spent an estimated $1,560,414 on cold weather exception shelter. This figure represents 22,424 nights at an average cost of $70/night. The cost is almost double the amount spent during the same period in 2014 ($783,017).

Conclusion

This report demonstrates that the Agency successfully utilized emergency housing vouchers to meet the need for crisis housing in 2015. However, the need for emergency housing and its cost continues to be prohibitively expensive, particularly among households with victims of domestic violence. Long-term funding for emergency housing in this manner is not sustainable. In FY14, $3.1M was spent for GA emergency housing vouchers. In FY15, GA Emergency Housing was appropriated $3.2M after BAA and $4.2M was spent for emergency housing vouchers. For FY16, the appropriation for emergency housing vouchers is $2.3M.

During the timeframe covered by this report, the Department for Children and Families Housing Team (ESD, OEO and Commissioners Office) worked with housing stakeholders to re-design the GA Emergency Housing Program to minimize use of motels. Our State and community partners have acknowledged that, while motels may meet the need for a temporary roof overhead, it is not good public policy in reducing homelessness in Vermont. The work is to identify and analyze local needs data; inventory local resources; develop the needed infrastructure to streamline access to housing help; and spur community-based alternatives to motels. This work began in earnest during the time period of this report, and continues to strengthen. The Team's work and progress will be reported during the FY16 Session.

APPENDIX A: Aggregate GA Housing (January – June 2015)

Total # housing only requests	# of housing only requests granted	# of housing only requests denied	# singles GRANTED housing	# singles denied housing	# families GRANTED housing	# families denied housing	# of adults GRANTED	# of children GRANTED	*Catastrophic GRANTED*
15,431	11,961	3,470	9,139	2,778	2,822	692	13,069	4,939	*1,742*
Auto. Vulnerable GRANTED	Points Vulnerable GRANTED	Total # of Nights Paid For	Average cost per night	Average Total Costs	CWE	#adults	#children	# of nights paid for	
818	7	18,874	$71.08	1,341,609	9,392	10,055	2,819	22,424	

Potential Denial Reasons

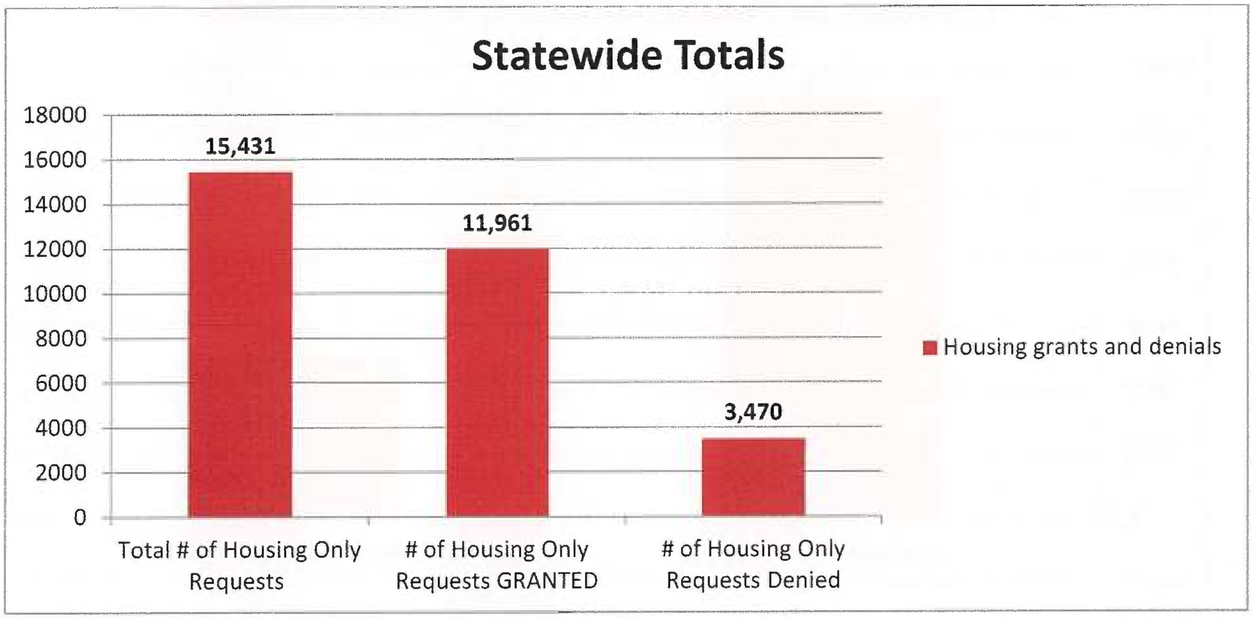
- Used Max days 28/84
- No Verification provided
- Not meeting with worker
- Not spending 30% towards meeting housing need
- Didn't follow up with Housing provider

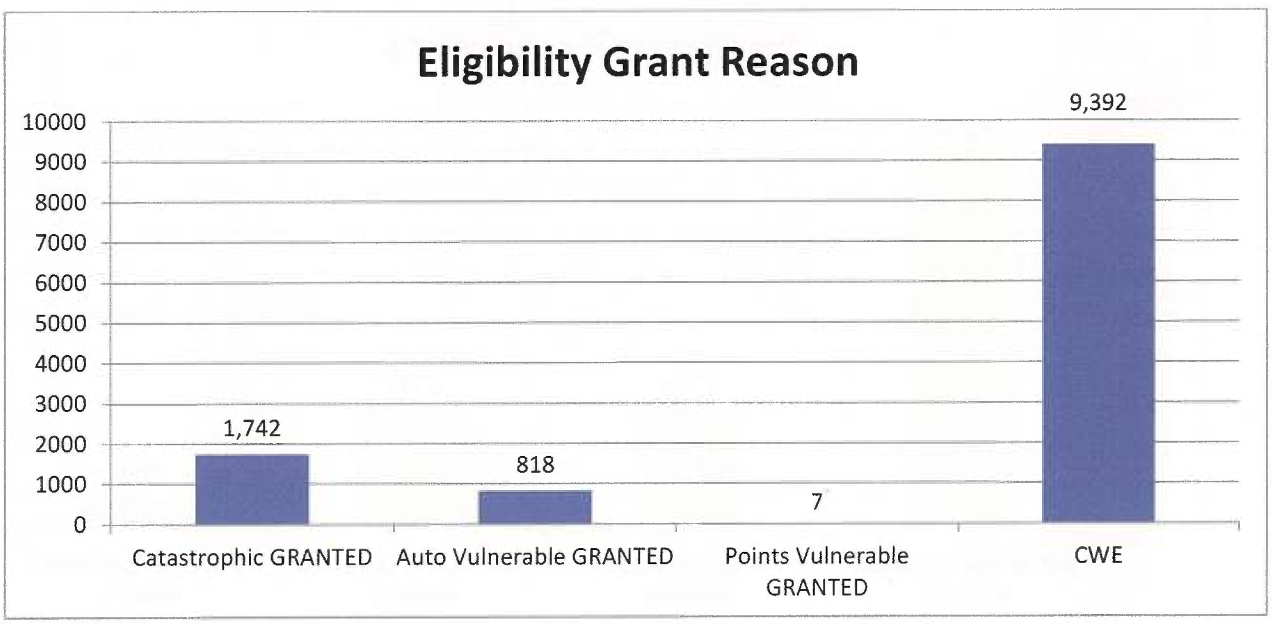
APPENDIX B: GA Housing Denial Data (January – June 2015)

January 2015 - June 2015 GA/EA Denials							
Total Denied Applications							
3470							
Households with Adults ONLY				Households with Child(ren)			
		2778	80%			692	20%
Top 5 Denial Reasons				Top 5 Denial Reasons			
1	Has Other Housing Options	790	28%	1	Has Other Housing Options	187	27%
2	Ineligible	788	28%	2	Ineligible	113	16%
3	No Interview	415	15%	3	Available Resources	77	11%
4	Infraction	191	7%	4	Caused Homelessness	54	8%
5	Available Resources	154	6%	5	Max Nights	46	7%

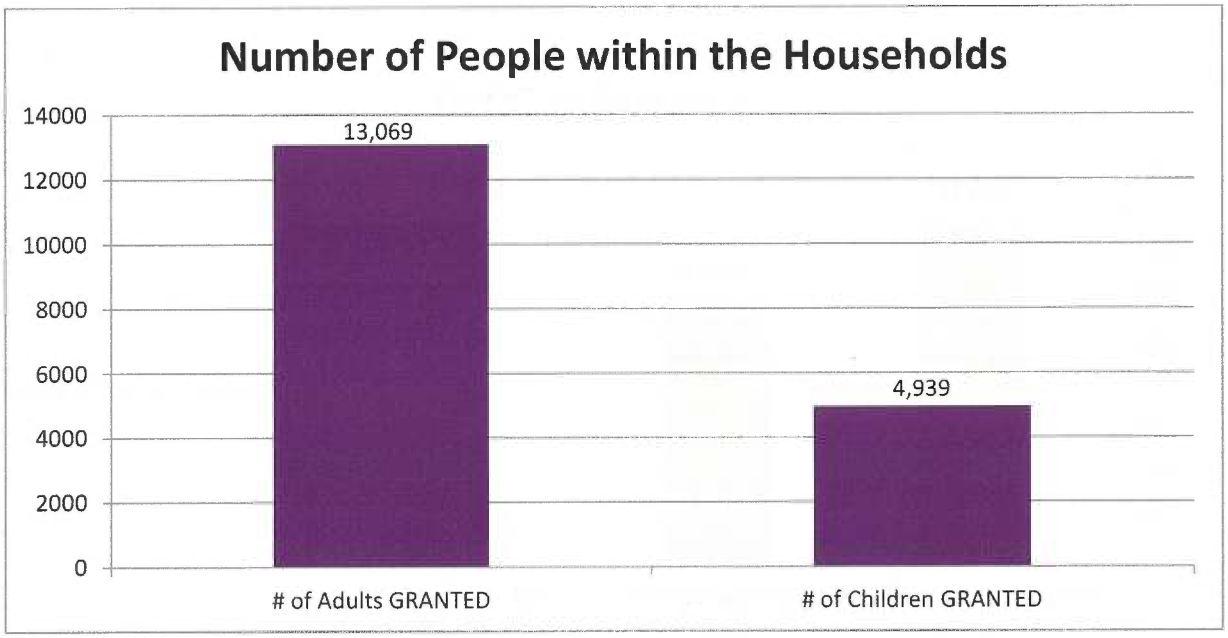
APPENDIX C: GA Housing Data Tables (Statewide: January – June 2015)

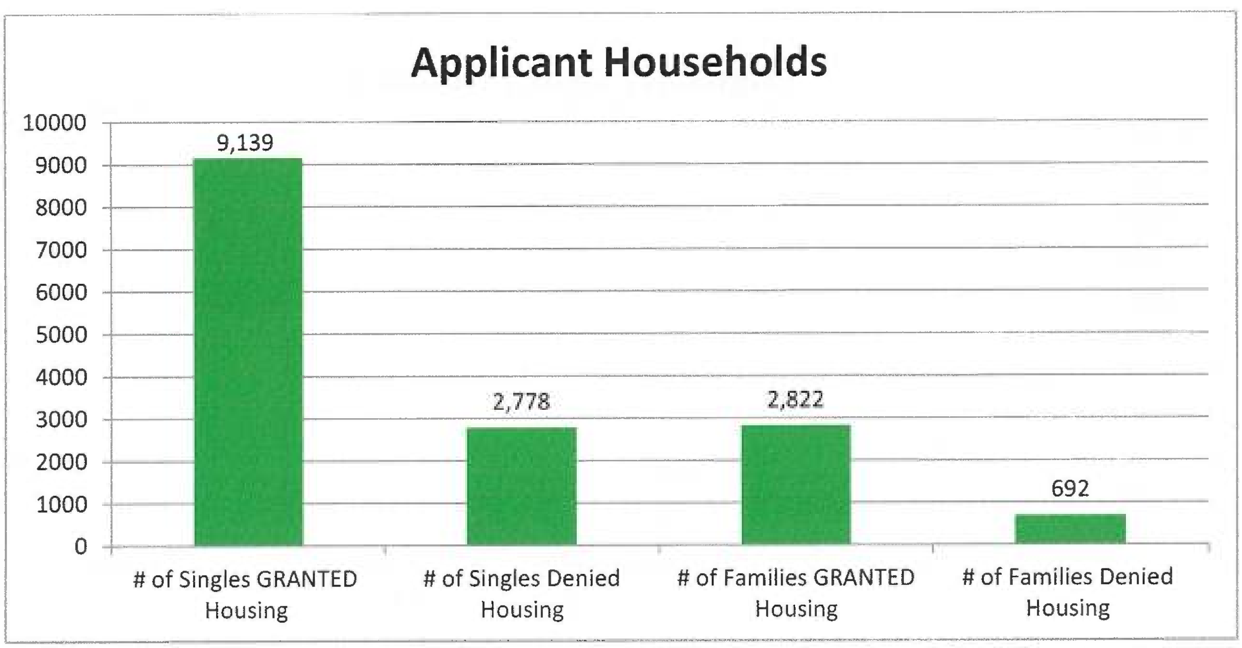
Statewide temporary housing data for January – June 2015



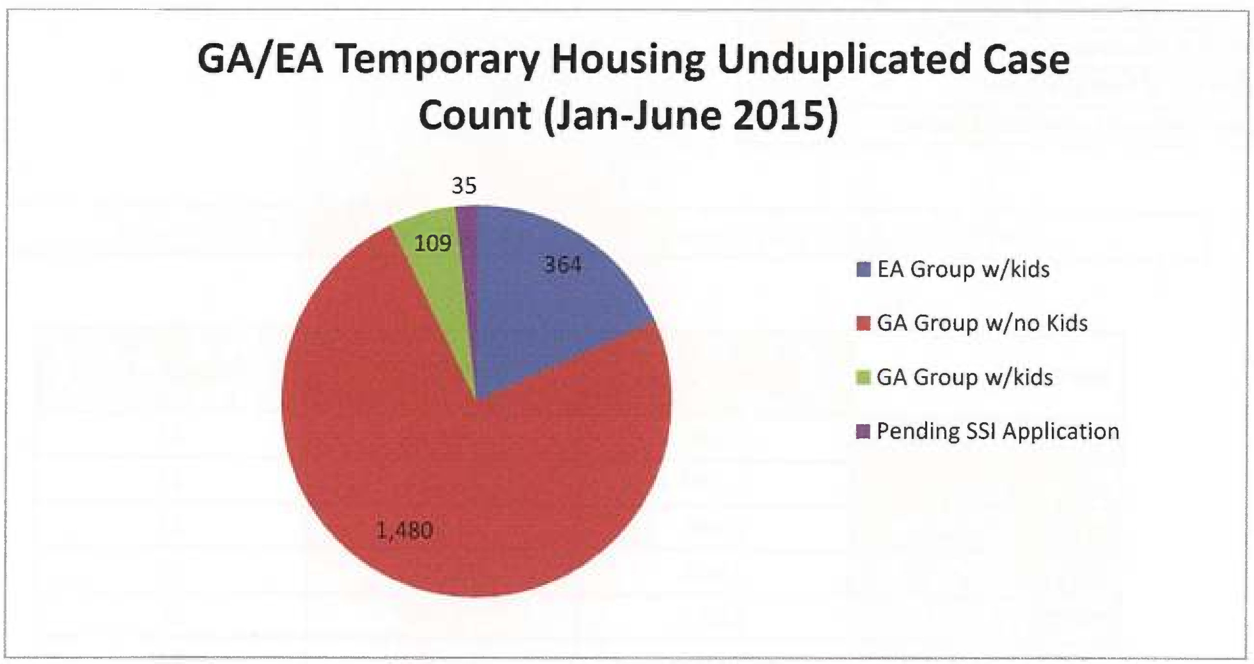


Statewide Temporary Housing Data for January – June 2015






Average Daily Motel Cost
$80
$70
$60
$50
$40
$30
$20
$10
$0
$47
$46
$45
$58
$57
$61
$71
SFY2009
SFY2010
SFY2011
SFY2012
SFY2013
SFY2014
SFY2015 (Jan-June)


GA/EA Temporary Housing Unduplicated Case Count (Jan-June 2015)
35
109
364
1,480
EA Group w/kids
GA Group w/no Kids
GA Group w/kids
Pending SSI Application

APPENDIX D: Primary Stated Cause of Homelessness

Primary Causes of Homelessness in Vermont	St. Albans	Burlington	Hartford	St. Johnsbury	Brattleboro	Barre	Newport	Rutland	Springfield	Bennington	Morrisville	Middlebury	Statewide Ranking	Combined districts' ranking statewide in each category of homeless-ness (top 4 areas only)
Benefit Issues (SSI, UC, CS, Voucher, St Assistance)														**0**
Chronic Homelessness	1	2	4	3	4	1	2	2	5	1	1	5	**2**	**12**
Could not afford housing			3		2			5			4	4		**5**
Domestic Violence/Child Abuse	2	1	1	1	1	2	3	1	4	2	2	1	**1**	**12**
Eviction with Cause		4		5		5	4		2	4			**5**	**6**
Eviction without Cause/Non-renewal	4	5	5	4	3	4		4	3	5	5	3	**4**	**11**
Job Loss / Unemployment / Under-employment	5						5							**2**
Kicked out of Family/Friends	3	3	2	2	5	3	1	3	1	3	3	2	**3**	**12**
Overcrowded/Under-housed														
Unexpected Expenses (car repair)														

STATEWIDE - Top Four Stated Causes of Homelessness for Persons Applying for GA Temporary Housing	
Domestic Violence/Child Abuse	1
Chronic Homelessness	2
Kicked out of Family/Friends	3
Eviction without Cause/Non-renewal	4

APPENDIX E: GA Emergency Housing 2009-2015 Overview

GA Overview	Unique cases	Total Days	Avg Days
SFY2009	1,140	25,516	22
SFY2010	1,740	23,564	14
SFY2011	1,448	31,934	22
SFY2012	1,954	38,350	20
SFY2013	2,851	71,770	25
SFY2014	2,796	52,087	19
SFY2015 (Jan-June)	1,973	36,442	18.5

H.S.II

Medicaid Waiver Consolidation Adjustment Report
Report from Agency of Human Services - July 24, 2015
Per Sec. E.301.3 of Act 58 of 2015

SFY16 Appropriation changes due to GC and CFC waiver consolidation

Sec. B.300 Human services - agency of human services - secretary's office (Dept ID 3400001000)

	2016 As passed, incl Act 54	FY2016 adjustments GC/CFC merger	2015 Final Budget
Source of funds			
General fund	6,082,747		6,082,747
Special funds	91,017		91,017
Tobacco fund	25,000		25,000
Federal funds	12,396,153	(2,855,060)	9,541,093
Global commitment fund	499,667	5,710,120	6,209,787
Interdepartmental transfers	4,663,018	(2,855,060)	1,807,958
Total	23,757,602	-	23,757,602

Sec. B.301 Secretary's office-global commitment (Dept ID 3400004000)

Source of funds			
General fund	207,927,365	93,750,824	301,678,189
Special funds	26,550,179		26,550,179
Tobacco fund	28,747,141		28,747,141
State health care resources fun	273,912,781		273,912,781
Federal funds	845,088,066	114,723,364	959,811,430
Interdepartmental transfers	40,000		40,000
Total	1,382,265,532	208,474,188	1,590,739,720

Sec. B.304 Human services board (Dept ID 3400010000)

Source of funds			
General fund	223,361		223,361
Special funds			-
Tobacco fund			-
Federal funds	262,858	(127,728)	135,130
Global commitment fund		255,456	255,456
Interdepartmental transfers	297,092	(127,728)	169,364
Total	783,311	-	783,311

Sec. B.307 Department of Vermont health access - Medicaid program - global commitment (Dept ID 3410015000

Source of funds			
General fund			-
Federal funds			-
Global commitment fund	663,227,770	27,757,254	690,985,024
Total	663,227,770	27,757,254	690,985,024

Sec. B.308 Department of Vermont health access - Medicaid program - long term care waiver (Dept ID 34100160

Source of funds			
General fund	94,492,829	(93,750,824)	742,005
Federal funds	115,631,359	(114,723,364)	907,995
Global commitment fund	139,945	180,716,934	180,856,879
Total	210,264,133	(27,757,254)	182,506,879

Sec. B.329 Disabilities, aging, and independent living - administration & support (Dept ID 3460010000)

Source of funds			
General fund	11,213,165		11,213,165
Special funds	1,390,457		1,390,457
Federal funds	12,992,255		12,992,255
Global commitment fund	5,740,234	1,364,227	7,104,461
Interdepartmental transfers	2,674,787	(1,364,227)	1,310,560
Total	34,010,898	-	34,010,898

Sec. B.330 Disabilities, aging, and independent living - advocacy and independent living grants (Dept ID 3460020(

Source of funds			
General fund	7,862,665		7,862,665
Special funds			-
Federal funds	6,992,730		6,992,730
Global commitment fund	5,534,924	169,990	5,704,914
Interdepartmental transfers	169,990	(169,990)	-
Total	20,560,309	-	20,560,309

H.S.III

Report to
The Vermont Legislature

Substance Abuse Treatment Services Objectives and Performance Measures Progress: First Annual Report

In Accordance with Act 179 (2014) Sec. E.306.2 (a)(1)

Submitted to:	**Joint Fiscal Committee** **House and Senate Committees on Appropriations** **House Committee on Human Services** **Senate Committee on Health and Welfare**
Submitted by:	**Barbara Cimaglio** **Deputy Commissioner**
Prepared by:	**Division of Alcohol and Drug Abuse Programs**
Report date:	**April 29, 2015**

VERMONT
AGENCY OF HUMAN SERVICES
Department of Health

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VERMONT

AGENCY OF HUMAN SERVICES
Department of Health

Substance Abuse Treatment Services Objectives and Performance Measures Progress: First Annual Report

Executive Summary

The *Substance Abuse Treatment Services Objective and Performance Measures* legislative report submitted September 11, 2014 by the Vermont Chief of Healthcare Reform, the Secretary of Human Services, the Commissioner of Health and the Commissioner of Department of Vermont Health Access outlined the program objective of preventing and eliminating the problems caused by alcohol and drug misuse. In addition, the report outlined five performance measures on which to base Vermont's progress. Using these measures, Vermont is making progress toward its objective. It is important to remember that these performance measures are long term targets and we do not anticipate reaching them in the near future. These measures are used in a variety of ways: grant performance measures, Vermont Department of Health Performance Dashboard measures, and pilot measures for the Agency of Administration.

1. Are students who may have a substance abuse problem being referred to community resources? Rates have decreased over the last two consecutive measurement periods.
2. Are youth and adults who need help **starting** treatment? Rates have decreased over the last two consecutive measurement periods.
3. Are youth and adults who start treatment **sticking with** it? Rates have been static over the last two quarters.
4. Are youth and adults leaving treatment with **more support** than when they started? There have been two consecutive quarters of improvement.
5. Are adults seeking help for opioid addiction **receiving treatment**? There have been eight consecutive quarters of improvement.

The most recent information is continuously reported on the Vermont Department of Health Performance Dashboard. There is also a narrative summary that identifies the partners involved, strategies used to meet the goals, and an action plan to address the measure. Please follow this link to review this detailed information. http://healthvermont.gov/hv2020/dashboard/alcohol_drug.aspx

Legislative Charge:

Act 179 (2014)

Sec. E.306.2(a)(1) SUBSTANCE ABUSE TREATMENT SERVICES

(a) Program Objectives And Performance Measures:

(1) On or before September 15, 2014, the Chief of Health Care Reform, the Secretary of Human Services, and the Commissioners of Health and of Vermont Health Access in consultation with the Chief Performance Officer shall submit to the Joint Fiscal Committee, the House and Senate Committees on Appropriations, the House Committee on Human Services, and to the Senate Committee on Health and Welfare the program objectives for the State's substance abuse treatment services and three performance measures to measure success in reaching those program objectives.

(2) Thereafter, annually, on or before January 15, the Chief, Secretary, and Commissioners shall report to those Committees on the service delivery system's success in reaching the program objectives using the performance measure data collected for those services.

Substance Abuse Treatment Services
Objectives and Performance Measures Progress:
First Annual Report
April, 2015

Introduction

On September 11, 2014, Vermont Chief of Healthcare Reform, the Secretary of Human Services, the Commissioner of Health and the Commissioner of Department of Vermont Health Access submitted a legislative report titled "Substance Abuse Treatment Services Objective and Performance Measures."[1] This report outlined the State's **objective** in supporting these programs which is to prevent and eliminate the problems caused by alcohol and drug misuse. Consistent, defined **measures** were used to assess how much Vermont is doing, how well Vermont is doing, and whether Vermont is making a difference.

Five substance abuse treatment performance measures are currently used.

1. Are students who may have a substance abuse problem being **referred** to community resources?
2. Are youth and adults who need help **starting** treatment?
3. Are youth and adults who start treatment **sticking with** it?
4. Are youth and adults leaving treatment with **more support** than when they started?
5. Are adults seeking help for opioid addiction **receiving treatment**?

This is the first annual report of the service delivery system's success in reaching the program objectives using the performance measure data collected for those services. We report progress toward our objective and our performance measures on the Vermont Department of Health Performance Dashboard[2]. There, our progress towards our goals is shown on a continuous basis. Please follow this link to review the results to date. http://healthvermont.gov/hv2020/dashboard/alcohol_drug.aspx

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[1] http://www.leg.state.vt.us/reports/2014ExternalReports/302293.pdf

[2] Healthy People 2020 Dashboard: http://healthvermont.gov/hv2020/index.aspx

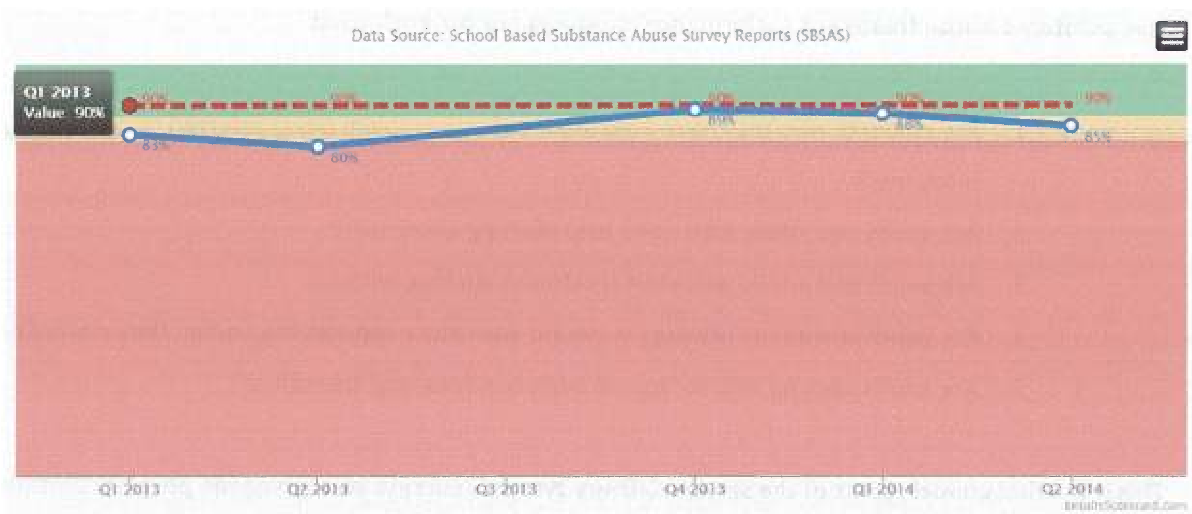
Progress:

The state has been making mixed progress toward the measures we are using to assess our success in meeting the objective of preventing and eliminating the problems caused by alcohol and drug misuse. Each of the measures is listed below.

1. Are students who may have a substance abuse problem being referred to community resources? This is the percent of students at schools that receive substance abuse prevention grants from the Vermont Department of Health who screen positive for possible substance abuse disorders who are subsequently referred for a substance abuse assessment.

   Goal: 90%

   Progress: 85% Q2 2014, down from a high of 89% in Q4 2013



   Action Plan: Continue to apply the coordinated school health model; provide training on use of evidence-based tools for screening; monitor low utilization of referral among grantees; and provide technical assistance opportunities for best practice guidelines.

2. Are youth and adults who need help **starting** treatment? The percentage of adolescent and adult Medicaid recipients with a new episode of alcohol or other drug dependence who initiate treatment through an inpatient alcohol or drug admission, outpatient visit, intensive outpatient encounter or partial hospitalization within 14 days of the diagnosis.

   Goal: 50%

   Progress: 34% in 2013, there have been two years of decline.

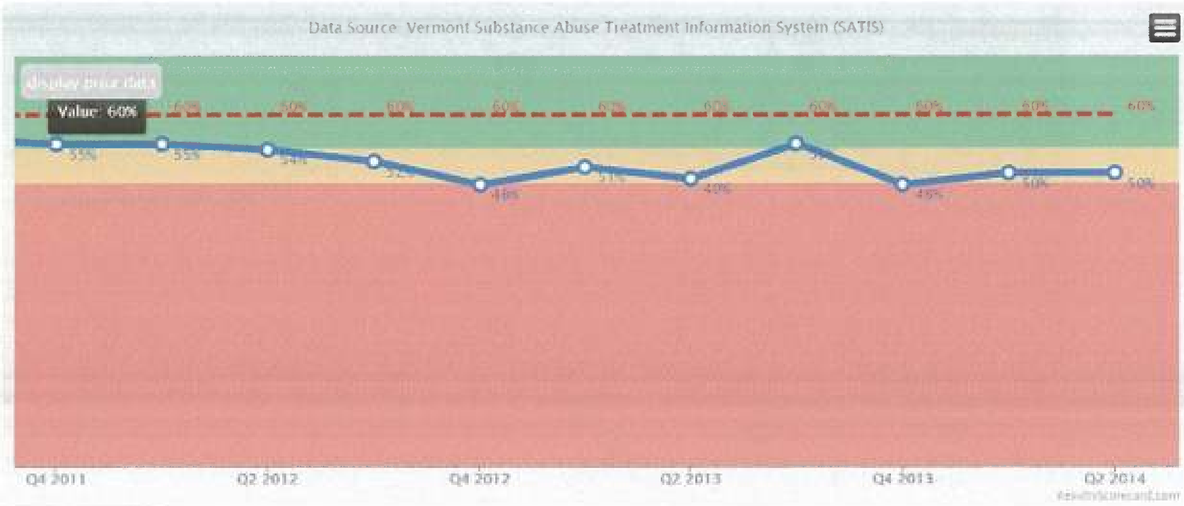
Action Plan: This measure has just been added to the dashboard in order to highlight the importance of coordinating care between the physical health care system and the substance abuse treatment system. Improving the treatment initiation rate requires changes in both systems; this work has begun with the increased focus on substance abuse issues in Vermont, physician training associated with the Screening, Brief Intervention, and Referral to Treatment[3] (SBIRT) initiative, improved access to care through the Care Alliance for Opioid Treatment[4] as well as implementation of processes that have increased access to residential care. The Department of Vermont Health Access is currently leading a performance improvement project to improve access to outpatient substance abuse treatment in the southern part of the state. Physicians have access to the Vermont Prescription Monitoring Program which allows doctors to review patients' prescription history to determine if there is potential for prescription drug misuse.

[3] **SBIRT** is a comprehensive, integrated, public health approach to the delivery of early intervention and treatment services. It is an evidence based protocol both for people with substance use disorders and for those at risk of developing them. In SBIRT, screening, intervention, and treatment all happen in a medical setting such as a primary care office, hospital emergency department, or community clinic. These medical providers in turn form closer relationships with the substance abuse treatment providers in their area, developing a 'warm hand off' protocol for patients who need targeted treatment. SBIRT providers are helping to move toward health systems integration which better cares for the whole person.

[4] The **Care Alliance for Opioid Addiction** is a system focused on effective, coordinated and supported care for opioid addiction. Specializing in the treatment of complex addiction, the regional centers (Hubs) provide intensive treatment to patients and consultation support to medical providers (Spokes) treating patients in the general practice community

3. Are youth and adults who start treatment sticking with it? Percent of outpatient and intensive outpatient clients with 2 or more substance abuse services within 30 days of treatment initiation. Goal: 60%

Progress: 50% Q2 2014, down from a high of 55% in Q3 2013.

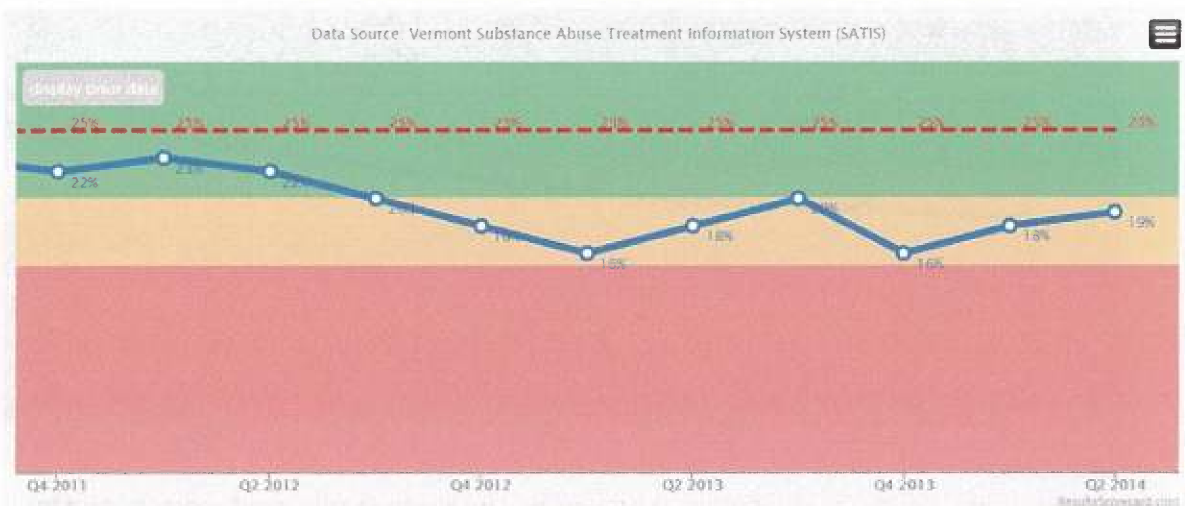


Action Plan: Increase focus on this measure through publishing provider level data and including the measure in cross departmental substance abuse work. A provider workgroup has been convened to determine actions to be taken at the provider level. ADAP will continue to use this measure as a grant incentive measure and will also provide technical assistance to providers. Initiatives targeting improvements in transitions between different types and levels of behavioral and physical health care will improve engagement.

4. Are youth and adults leaving treatment with more support than when they started? Percent of treatment clients who have more social supports on discharge than on admission. This excludes residential treatment services due to the short term nature of residential care.

Goal: 25%

Progress: 19% Q2 2014, two consecutive quarters of improvement.

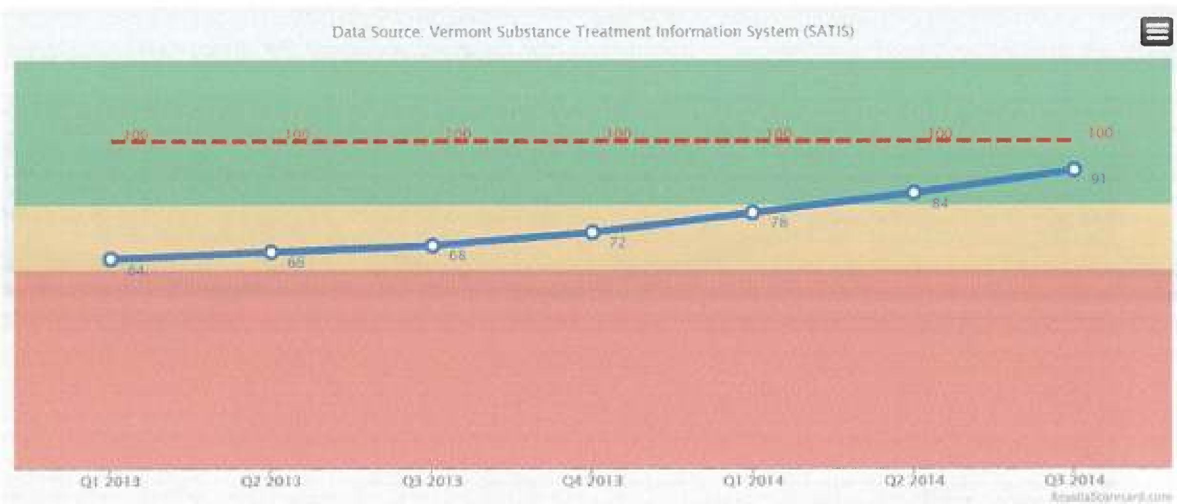


Action Plan: Increase focus on this measure through publishing provider level data and including the measure as an Agency of Administration pilot performance measure. ADAP will continue to use this measure as a grant incentive measure and will also provide technical assistance to providers. Improve collaboration between treatment providers and recovery centers. Improve aftercare planning to emphasize the importance of connecting to social supports as part of the recovery process.

5. Are adults that seek help for opioid addiction **receiving treatment**? This is measured as the number of people receiving MAT per 10,000 Vermonters age 18-64.

Goal: 100 per 10,000 Vermonters age 18-64

Progress: 91 as of Q3 2014. There has been consistent progress since the implementation of the Care Alliance for Opioid Addiction.



Action Plan: The primary focus of the Care Alliance to date has been to expand access to care for individuals presenting for treatment for opioid addiction. The number of people receiving MAT services has increased throughout the state although there are significant regional differences with the greatest need for expanded capacity occurring in the northwest area of the state. Expansion initiatives continue in both the hub and spoke segments of the system.

Please refer to the Vermont Department of Health Performance Dashboard at http://healthvermont.gov/hv2020/dashboard/alcohol_drug.aspx for additional information.

Conclusion:

Performance measures show mixed progress toward the substance abuse treatment program objectives. These measures are used in our grant processes and help guide funding decisions. The Department of Health will continue to update, monitor, and report on the measures.

H.S.IV.

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Agency of Administration

TO: **Joint Fiscal Committee**
Government Accountability Committee
House Committee on Government Operations
Senate Committee on Government Operations

FROM: **Maribeth Spellman, Commissioner**

DATE: **May 21, 2015**

SUBJECT: **Position Pilot Program**

In accordance with Act 179, Sec. E.100(d), Secretary of Administration Justin Johnson has approved the attached position pilot request from the Department for Children and Families (DCF).

The written description required by Act 179, Sec. E.100(d)(4), including the method for evaluating the cost-effectiveness of the positions, as provided by DCF, is attached for your information.

The Department of Human Resources fully supports this request and we believe the request is an appropriate use of the Position Pilot.

Summary of Department for Children and Families' Position Pilot Request

DCF is requesting approval for nine new positions at the Woodside Juvenile Rehabilitation Center (Woodside). By adding these positions Woodside will rely less on temporary staff; will improve the staff to resident ratio; and will result in an increase in the quality of care and a reduction in staff turnover and overtime. In addition we believe reducing the use of temporary staff rates will improve the safety of both residents and staff by allowing the increased use of low level interventions.

The request is cost neutral with the savings anticipated in the reduction the cost of temporary staff and overtime.

c: Secretary Johnson
Commissioner Schatz
M. Paulger

VERMONT

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[fax] 802-769-2064

Agency of Human Services

MEMORANDUM

TO:	Justin Johnson, Secretary of Administration
	Maribeth Spellman, Commissioner, Department of Human Resources
FROM:	Ken Schatz, Commissioner
CC:	Hal Cohen, Secretary, Agency of Human Services
DATE:	May 14, 2015
RE:	Position Pilot Request for Woodside Juvenile Rehabilitation Center

Introduction

The Department for Children and Families (DCF) is requesting approval for nine new positions at Woodside Juvenile Rehabilitation Center (Woodside) pursuant to the Position Pilot Program (pilot) created in Section E.100(d) of Act 179 (2014). The pilot was created to help participating departments more effectively manage costs of overtime, compensatory time, temporary employees and contractual work by removing the position cap with the goal of maximizing resources to the greatest benefit of Vermont taxpayers. In implementing the pilot, DCF is authorized to create new positions as long as they are funded within existing appropriations and approved by the Secretary of Administration. This is DCF's fourth pilot request.

Pilot Purpose & Description of Requested New Positions

Woodside is a secure residential treatment program for youth between the ages of 10 and 18 that provides comprehensive educational, rehabilitative, family support, vocational and specialized treatment services. In 2011, Woodside re-purposed and expanded its services, combining its former male-only program with its treatment program and offering every resident, regardless of gender, length of stay, and/or disposition status, the same evidence-based treatment opportunities. As a result, the number of youth receiving treatment services increased and Woodside became recognized as a cost-effective alternative to hospitalization. In June 2012, Woodside received a three year accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF).

Since repurposing in 2011, the average daily population at Woodside has increased. In state fiscal year 2013, the average daily population in the program was 14 youth compared to 17 youth in state fiscal year 2014. In the last six months of state fiscal year 2014, the average census at Woodside was 20 youth. During its entire history, Woodside has relied on temporary staff to perform some of its core functions and Woodside has had to increase its temporary staff numbers to address the increased population in the program as well as the increased need for the program to provide one-to-one supports for residents.

The reliance on temporary staff at Woodside to perform core functions is not sustainable. Temporary staff at Woodside receive in-depth training and must meet the same requirements as permanent staff in order to be hired. Since Woodside has been re-purposed into a residential treatment facility, the turnover rate for temporary staff has dramatically increased. Of the 20 temporary staff who worked during the summer of 2012, not one is still working at Woodside. Of the 21 temporary staff working during the summer of 2013, only seven are still with the program. Constantly recruiting and training temporary staff is costly and time consuming. In addition, the reliance on temporary staff and the issues with recruiting and training temporary staff has resulted in the fact that Woodside has had to rely on increased overtime for its permanent classified staff.

The overtime requirements for permanent staff and the constant turnover of temporary staff at Woodside have also resulted in an increased turnover in permanent staff. Since the summer of 2012, Woodside has turned over 19 of its 42 positions, which equates to a 45 percent turnover rate for this 24 month period. Woodside is concerned that the rapid turnover of both temporary and permanent staff negatively impacts safety in the program and the treatment milieu for its residents.

As a solution to the temporary staff and overtime issues and to allow for a staffing pattern that can accommodate the increased utilization and needs of the program, Woodside proposes to create seven new youth counselor positions to provide direct support to residents, school behavior interventionist services, school instruction and tutoring, coverage for staff vacancies and leave time, transport coverage and enhanced community access to residents preparing to transition from Woodside to step down placements in the community.

Woodside also proposes to add two new positions to provide front desk and key control coverage, which has historically always been performed by temporary employees. These positions are very important to the safety and security of the program as they monitor the building, control foot traffic, admit and escort visitors and provide radio and key control functions for the building. Because the temporary staff who perform these essential job functions are less experienced, supervisors are called away from the floor many times a day to assist with the front desk responsibilities.

Method and Source of Funding

This pilot request for nine new positions is cost neutral with the savings anticipated from the reduction in the cost of temporary staff and overtime. The source of the funds for this pilot request is a combination of general fund and global commitment.

	State Fiscal Year 2014 Actual Costs before Position Pilot Request	Projected Annualized Costs with 9 New Positions Created through the Position Pilot
Temporary Woodside staff	$429,312	$70,000
Overtime for Woodside staff	$373,541	$150,000
7 new youth counselor positions through the position pilot[i]		$417,228
2 new youth center workers B[ii]		$101,426
Total Annual Cost	$802,853	$729,763

Woodside currently uses a staffing pattern for some of its youth counselors that are either a 56 or a 59 hours shift. The 56 hour shifts are during the week and are either Monday from 7 am to Wednesday 3 pm or Wednesday 2 pm to Friday 10 pm. The 59 hour shift is over the weekend and is Friday 9 pm to Monday 8 am. This shift schedule allows for a one hour shift change meeting for each incoming shift. Youth counselors who work these 56 or 59 hour shifts receive a 13.4 percent pay stipend for staying overnight in the building. With the seven new youth counselor positions, Woodside plans to use one of the youth counselors to work a 56 or 59 hour shift. The other new six youth counselors will work four ten-hour shifts from 11 am to 9 pm. This 40 hour per week schedule with no overnights eliminates the need to pay these new six full-time youth counselors the 13.4 percent stipend. In addition, adding these new youth counselor positions eliminates the need to utilize temporary youth counselor staff to work 56 or 59 hour shifts with the increased stipend to provide one to one support for high risk residents.

The two new youth center workers will be assigned to the front control desk. This means that Woodside can use its remaining temporary youth counselor staff to cover approved scheduled leave time for permanent staff at the standard wage rate without the stipend. Woodside calculates that the amount spent on temporary staff will be reduced from $429,312 in state fiscal year 2014 to an annual cost of $70,000.

The addition of these six new youth counselors also means that Woodside has coverage during the day when the majority of transports are scheduled, which will drastically reduce the amount of overtime that is currently spent in providing transports for youth in the program. The additional new staff members also means that Woodside has more staff people to cover short notice sick and other requested leave. Woodside calculates that overtime spending will be reduced from $373,541 in state fiscal year 2014 to an annual cost of $150,000. In order to ensure that spending on overtime and temporary youth counselor staff is reduced as planned, the Woodside Director will review the staff schedule for each quarter in advance and after each pay period.

Evaluation of Cost Effectiveness of Pilot

The language in the Big Bill authorizing the pilot program also directs each participating department to evaluate the cost-effectiveness of the pilot in addition to describing the source of funds and ensuring that the pilot will be funded within existing appropriations. The cost-effectiveness of this pilot request is evaluated through the reduced spending in both overtime and temporary staff as described above. The cost-effectiveness is also evaluated through improved safety outcomes at Woodside.

Woodside uses performance based standards to identify, monitor, and improve conditions and treatment services provided to youth using national standards and outcome measures. One important marker of success at Woodside is the extent to which staff can address challenging resident behavior without the use of higher level interventions. In state fiscal year 2013, Woodside staff successfully utilized low level interventions (LLIs) with residents who were displaying aggressive and dangerous behaviors 81 percent of the time. This means that residents were deescalated 81 percent of the time without staff having to resort to physical or other high level interventions.

The increased resident population in the program has meant that current staff resources are spread thin, which results in the diminished ability of staff to recognize antecedents to dangerous behavior and use lower level interventions. The increased population at Woodside has also meant that there has been an increase in the number of residents who need one-to-one supervision to remain safely in the milieu. In state fiscal year 2014, Woodside staff successfully utilized LLIs 60 percent of the time, which was a decrease of 21 percent from previous state fiscal year.

As part of its monitoring of outcomes, Woodside collects data from residents and staff about their perceptions of safety at the program. During state fiscal year 2013, when the staff successfully utilized LLIs 81 percent of the time, only three percent of staff reported feeling unsafe at work. Residents during this same time period reported feeling unsafe nine percent of the time. In state fiscal year 2014, with an increased population and lower use of LLIs, staff reported feeling unsafe 35 percent of the time and residents 64 percent of the time. These percentages are unacceptable. Woodside staff who do not feel safe cannot deliver the best services and youth in the program who feel unsafe don't reap the benefits of treatment.

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Conclusion

The addition of these nine new positions at Woodside enables the program to ensure the safety of residents and staff with the increased use of LLIs and an improved staff to resident ratio. The addition of permanent staff with less reliance on temporary staff equates to increased quality of care and a reduction in staff turnover and overtime. Woodside will continue to monitor these important outcomes.

The Big Bill language that created this pilot states in Section E.100(d)(4): "At least 15 days prior to the establishment of Pilot positions, the Joint Fiscal Committee, the Government Accountability Committee, and the House and Senate Committees on Government Operations shall be provided a written description from the Pilot entity and the Commissioner of Human Resources of the method for evaluating the cost-effectiveness of the positions." DCF requests that the Commissioner of the Department of Human Resources forwards this position pilot request to these legislative committees. Please feel free to contact me with any questions you may have or information you may need. Thank you.

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[i] The youth counselor position is a pay grade 21 position with an estimated annual cost of $59,604 (please see attached).
[ii] The front desk operator position is officially titled as a Woodside Youth Center Worker B and is a pay grade 18. The estimated annual cost for one full-time position is $50,713 (please see attached).

N.R.
Report

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Agency of Natural Resources

TO: The Legislative Joint Fiscal Committee

FROM: Billy Coster, Director of Planning

DATE: July 15, 2015

SUBJECT: Annual Report on FERC Bill-Backs – FY '15

In accordance with Title 30 VSA, subsection 20(a)(2)(C), the Vermont Agency of Natural Resources (Agency) is required to report annually on all personnel costs authorized under that subsection, which were charged to applicants involved in proceedings before the Federal Energy Regulatory Commission (FERC).

For fiscal year 2015 (July 1, 2014 through June 30, 2015) the Agency had no authorized costs or charged expenditures related to FERC bill back.

Please feel free to contact me with any question or with requests for additional information.

P. I.

VERMONT

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July 31, 2015

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

To: The Legislative Joint Fiscal Committee

Enclosed is the Annual Report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission pursuant to 30 V.S.A.§ 20(b)(9), covering the period July 1, 2014 through June 30, 2015.

During the above-referenced period, the Public Service Department had costs or expenditures of $13,602.96 for proceedings at the Federal Energy Regulatory Commission.

Respectfully submitted,

Christopher Recchia
Commissioner
Public Service Department

Enclosure

Public Service Department Expenditures
related to proceedings at the
Federal Energy Regulatory Commission
for the period
July 1, 2014 through June 30, 2015

General Description of Activity

The Department takes action at FERC to protect the interest of Vermont ratepayers in many different proceedings. For example, the Department has been active at FERC in ensuring fairness in cost allocations for utility projects and in ensuring Vermont's interests are represented in New England transmission projects. The issues vary from quarter to quarter but it is crucial to Vermont consumers that the Public Service Department intervenes at FERC when necessary to ensure that the costs flowing back to Vermont ratepayers as a result of FERC activity and proceedings are true, accurate, just and reasonable. In FY2014, however, we moved most FERC activities in-house, and cancelled our contract with outside counsel. We resumed the use of a vendor to monitor FERC related activities in Q4 FY2015, hence the increase in costs for that quarter – those costs will continue into FY2016.

Expenditures

For FERC related activity affecting Vermont[1]			
	Q1 FY2015	$ 1,567.45	
	Q2 FY2015	$ 1,587.43	
	Q3 FY2015	$ 1,360.65	
	Q4 FY2015	$ 9,087.43	
			$ 13,602.96
Indirect Expeditures			$ 0.00
Total Expenditures[2]			$ 13,602.96

[1] In accordance with 30 V.S.A. § 20(b)(9), the Public Service Department provides the following report for expenditures related to FERC proceedings affecting the State of Vermont utilities for the period July 1, 2014 through June 30, 2015.

[2] Expenditures include amounts actually paid for the period July 1, 2014 through June 30, 2014.

P.II.

2015

Costs for Dispatching Services

Presented By: Keith Flynn, Commissioner

Vermont Department of Public Safety

5/15/2015

PSAP/Dispatch Report Requirements in Compliance with H. 490

1 INTRODUCTION

The 2015 Vermont General Assembly enacted the following language requiring the Department of Public Safety to determine the costs of operating a dispatch center and present it to the Joint Fiscal Committee on May 15, 2015. The language is below.

Sec. E.208.3 DISPATCH REQUIREMENTS

(a) By May 15, 2015, the Commissioner of Public Safety shall report to the Joint Fiscal Committee on the costs required to support the current level of dispatching services at the four State-operated 911 call and dispatch centers in Derby, Rockingham, Rutland, and Williston.

(b) For the purposes of this section, costs required to support the current level of dispatching services shall not include any costs associated with taking 911 calls, but shall include the following types of dispatch calls: police departments, excluding the Vermont State Police; constabularies; emergency medical services; and fire and rescue departments.

(c) This cost information shall be calculated by determining the minimum number of full time dispatching personnel that would be needed if the combined emergency service providers mentioned above were to provide their own dispatching within the areas of the four dispatch centers in Derby, Rockingham, Rutland and Williston.

(d) The costs shall be made available to the municipalities that rely on dispatch services from the four State-operated 911 call centers and dispatch centers.

The Department of Public Safety does not have the capacity to determine the specific dispatch call types as mentioned in (b) above.

2 COST MODEL

Staffing

The Department of Public Safety is does not have access to data regarding the actual dispatch calls. Therefore, determining the workload that different emergency service providers have on dispatching is not possible. Nonetheless, the Department will make the following assumptions about the dispatching service workload.

- The dispatching services for the Vermont State Police will be transferred to the consolidated centers in Rockingham and Williston.
- Derby, Rutland, Rockingham and Williston will only provide dispatching services for those local and county agencies they provide service as of this writing and at the same service level that is

provided today. No new services or agencies will be added (current level of dispatching services only).

- For this cost model it is assumed that two console (equipment or EQ) positions will be staffed. This may be changed based on the desire of the local and county first responders who receive dispatch services.
- Overtime is not calculated into this cost model as it is assumed with 12 personnel the staffing of console position may be flexed so that the two console positon do not need to be filled all the time.
- Any change in console (EQ) positions may lower or increase the cost model depending on whether you add positions or reduce positions.
- The cost model is based on Derby and Rutland but the model is found to be reflective of all the dispatch centers.
- The facility equipment cost is based on the indirect cost model used by the Department of Public Safety.

The Department of Public Safety has researched the staffing models used to identify the number of personnel required to staff a dispatch center. Some formulas use a minimum of 4.2 employees while others use a model of 5.1 full time employee (FTE) equivalent to staff a center. However, for the purposes of this report the Department has focused on using the model published by the Association of Public Safety Communication Officials (APPCO).[1] The Department believes this model is best as it takes into consideration the numerous Vermont labor management contract issues associated with time off. The model utilizes a variety of worksheets to calculate staffing levels including the calculating of hourly processing capability. Because the Department of Public Safety cannot determine specific calls for service we cannot calculate dispatcher call processing capability. Regardless, we can determine the minimum number of staff required to meet the needs of a 24 hour dispatch operation. The calculation below is based on the number of staff needed to operate two console positions.

	Estimate Staffing Needed for Coverage Positions	
Steps	**Hours needing coverage: 24 hours**	
A	Total number of consoles that need to be covered for this position	2
B	Number of hours per day that need to be covered	24
C	Number of days per week that need to be covered	7
D	Number of weeks per year that need to be covered	52
E	**Total Hours needing coverage = A x B x C x D**	17472
	Employee Availability:	
F	Net Available Work Hours - enter average NAWH from worksheet	1669
G	Full Time Equivalent base estimate (FTE) = E ÷ F	10
H	Turnover Rate - from retention worksheet, convert to decimal	19%
I	Full Time Equivalent required to accommodate turnover, prior to any adjustments based on quality indicators: FTE = G x (1+ H)	12
	Estimated Staffing Need (in FTEs from Step I above)	**12**

[1] APCO entitled, Project RETAINS: Responsive Efforts To Address Integral Needs in Staffing, developed by The University of Denver Research Institute.

The cost to staff a dispatch center at a minimum can be determined by multiplying the number of FTE's times a standard cost for one full time employee, which is approximately $85,000 per year including salary and benefits. The Department also recommends a supervisor position be part of the plan. Therefore, a total of 13 FTE's are required. For calculation purposes the $85,000 per year number will be used for all positions as this is a general average cost calculation.

Cost of Full Time Employees

Number of FTE's	Cost per employee	Total
13	$ 85,000	$ 1,105,000

It should be noted that the cost number from above can be changed based on the desired staffing levels within a dispatch center and the actual costs associated with the pay scale of a full time employee.

Facility and Equipment Costs

The average cost for fee for space as charged back to the Department of Public Safety by the Department of Building and General Services for the dispatching space in the Vermont State Police Office's is $15, 308.

Two new radio consoles will have to be purchased as startup costs to keep Derby and Rutland open. This is an approximate capital cost of $60,000. The annual maintenance costs are factored using the Department of Public Safety's authorized indirect rate of $26.4% or $15,840 annually.

3 COST SUMMARY

The following cost summary is the total from the model above and is a realistic calculation based on what the Department of Public Safety would need to operate dispatch centers for local and county first responders. In the development of this cost model the Department has taken into consideration the State of Vermont's labor management agreement that articulates employee benefits and the need to provide on a consistent basis two operating console positions.

Cost Summary	One Time Costs	Annual Costs
Personnel		$ 1,105,000
Facility Useage		$ 15,308
Equipment Useage		$ 15,840
Equipment Purchases	$ 60,000	
Total	**$ 60,000**	**$ 1,136,148**

This cost summary could change if the assumption that were previously made changed. However, this change would have to be clearly articulated in a contract for services or a service model agreement entered into by all parties.