



**STATE OF VERMONT**

December 15, 2017

Susanne Young  
Secretary of Administration  
State of Vermont  
Pavilion Building  
109 State Street  
Montpelier, VT 05602

Dear Secretary Young:

It is our understanding that the Administration, the Vermont Housing Finance Agency, the State Treasurer and the Vermont Housing & Conservation Board are developing a set of agreements to implement the housing revenue bond provisions of Act 85 of 2017.

We write to confirm that it is consistent with the intent of the General Assembly for VHFA to direct the Commissioner of Taxes to pay the Property Transfer Tax revenues directly to a Trustee for the purposes of debt payments on the bond pursuant to 32 V.S.A. §9610(d)(1). To the extent this or a similar arrangement will enhance investment in and proceeds from the bond, it meets our intent of maximizing the capital generated by the commitment of property transfer tax revenue for this purpose.

Further, we urge all the parties to work as expeditiously as possible to make this critical new source of funding available for the affordable housing Vermonters urgently need.

Sincerely,

  
Representative Janet Ancel  
Chair, House Committee on Ways and Means

  
Senator Ann Cummings  
Chair, Senate Committee on Finance

Cc: House Speaker Mitzi Johnson  
Senate President Pro Tempore Tim Ashe  
Attorney General T.J. Donovan  
Treasurer Beth Pearce  
Commissioner of Taxes Kaj Samsom  
Executive Director Sarah Carpenter, VHFA  
Executive Director Gus Seelig, VHCB



GENERAL ASSEMBLY  
STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Thursday, November 9, 2017

Room 10, State House

- 10:00 a.m. A. Call to order and approve minutes of August 17, and September 14, 2017 [2 docs]  
[Approved]
- 10:05 a.m. B. Administration's Fiscal Updates/Reports  
Adam Greshin, Commissioner, and  
Matt Riven, Deputy Commissioner, Department of Finance & Management
1. FY2018 Budget Adjustment Pressures
  2. FY2018 Rescission Technical Change (SOS \$10k) [Approved]
  3. FY2019 Budget Development Process, and Projected Revenue & Expenditures
  4. LIHEAP and Weatherization Report [Sec. E.324 of Act 85 of 2017] [2 docs] &  
Technical Correction
  5. Management Savings Report [Sec. B.1102 of Act 85 of 2017] [2 doc]
- 10:45 a.m. C. Tax Computer System Modernization Fund Report  
[Sec. 282(e) of Act 65 of 2007 as amended by Sec. C.103 of Act 63 of 2011 as further amended by  
Sec. 62 of Act 95 of 2014] [doc]  
Kaj Samsom, Commissioner, and  
Gregg Mousley, Deputy Commissioner, Department of Taxes
- 11:00 a.m. D. Agency of Human Services Updates/Reports – Al Gobeille, Secretary, Agency of  
Human Services
1. 2018 Open Enrollment [3 docs]  
Cory Gustafson, Commissioner, Department of VT Health Access (DVHA)
  2. Seasonal Warming Shelters [B.1101 of Act 85 of 2017] [2 docs]  
Ken Schatz, Commissioner, Department for Children & Families
  3. Medicaid Tracking and Pressures (BC/BS reconciliation process)
  4. Medicaid Payment Alignment to Providers [Sec. E.306.2 of Act 85 of 2017] [doc]  
Michael Costa, Deputy Commissioner, and  
Sean Sheehan, Health Care Deputy Director of Operations, DVHA
  5. Mental Health & Vermont Psychiatric Care Hospital
  6. Designated Agency Funding Increase Distribution & Alignment [2 docs]  
Melissa Bailey, Commissioner, Department of Mental Health

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- 11:40 a.m. E. Designated Agencies response – payment alignment  
Julie Tessler, Vermont Council of Developmental & Mental Health Services [doc]  
Mary Moulton, Executive Director, Washington County Mental Health Services
- 12:00 p.m. F. Grant: **JFO #2901** - \$3,987,558 from the U.S. Dept. of Health and Human Services to the VT Dept. of Mental Health to develop integration in clinical practices for pediatric care and mental health care. One (1) limited-service position is associated with this request. **[Approved]** [32 V.S.A. § 5] [doc]  
Charlie Biss, Director of Child, Adolescent and Family Division, Department of Mental Health
- 12:15 p.m. Recess for Lunch
- 1:15 p.m. G. Federal Funds Update [presents]  
Marcia Howard, Executive Director, Federal Funds Information for States (FFIS)
- 2:15 p.m. H. Fiscal Office Updates  
1. Fiscal Officers' Report – Stephen Klein, Chief Fiscal Officer [doc]  
2. Draft Proposed Fiscal Office Budget Presentation  
Stephen Klein and  
Dan Dickerson, Fiscal Analyst, Joint Fiscal Office  
3. Grant Process Modification Discussion  
a. Interdepartmental Grants  
b. Review of Limited Service Positions Process  
Stephen Klein  
4. Education Fund – preliminary review  
Mark Perrault, Senior Fiscal Analyst [doc]
- 2:30 p.m. Adjourn

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Other Report Submissions:

- I. Annual Report on FY2016 Pay Act Allocations [3 V.S.A. § 2281] [Department of Finance] [received]
- II. Quarterly report of costs and expenditures for proceedings of the Federal Energy Regulatory Commission [30 V.S.A. § 20] [Public Service Department and Board] [received]
- III. Small Grants Quarterly Report [32 V.S.A. § 5] [Joint Fiscal Office] [received]
- IV. Quarterly report on excess receipts [32 V.S.A. § 511] [Department of Finance] [received]
- V. Special funds balance and list of funds created [32 V.S.A. § 588] [Department of Finance] [received]
- VI. Global Commitment Fund Estimated Fiscal Yearend Report of Managed Care Investments. [33 V.S.A. § 1901e(c)] [Agency of Human Services] [received]
- VII. Vermont Tobacco, Evaluation & Review Board Annual Report on Budget. [18 V.S.A. Sec. 9505(9)] [VTERB] [received]
- VIII. Projected Shelter Availability Report [Sec. B.1101(a) of Act 85 of 2017] [Department for Children and Families] [received Nov. 30]





REP. JANET ANCEL, CHAIR  
SEN. ANN CUMMINGS, VICE-CHAIR  
SEN. CLAIRE AYER  
REP. JOHANNAH DONOVAN  
REP. PETER FAGAN



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SEN. RICHARD WESTMAN

GENERAL ASSEMBLY  
STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL COMMITTEE

Thursday, November 9, 2017

Minutes

Room 10, State House

Members present: Representatives Fagan, Lippert, and Toll, and Senators Ayer, Cummings, Kitchel, Sears, and Westman.

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

Senator Ann Cummings, presided as Chair and convened the meeting at 10:02 a.m. Senator Kitchel made a motion to approve the minutes of August 17, and September 14, 2017, and Senator Ayer seconded the motion. The Committee approved both sets of minutes.

B. Administration's Fiscal Updates – 1. FY2018 Budget Adjustment Pressures

Adam Greshin, Commissioner, and Matt Riven, Deputy Commissioner, Department of Finance and Management, explained they were completing the FY2019 budget meetings with Departments that impacted decisions on the FY2018 Budget Adjustment (BAA). There were three large issues surfacing in the FY2018 Budget Adjustment (BAA) process. Within the Agency of Human Services (AHS), the Woodside Facility was at great risk of losing its eligibility for Medicaid match from the Center for Medicare and Medicaid Services (CMS), which amounted to a \$2.7 million funding gap in FY2018. However, the Department for Children and Families (DCF) was hopeful it would regain eligibility for federal funding for FY2019. Senator Sears stated there was language in Act 85 of 2017 that required the Administration to notify the Joint Fiscal Committee if funding loss to Woodside was imminent. He expressed concern in regard to the relatively small population at Woodside and the need for General Funds to sustain it.

Mr. Riven called the Committee's attention to additional BAA pressures. In the General Assistance program, there was an estimated pressure of \$1 million for emergency housing. The Veterans' Home had an anticipated need of \$500k to \$750k due to staffing for overtime and temporary nursing services. He reported there were savings within the Management Savings Report attributable to ongoing staffing, but additional ongoing dialogues between the Administration and the Veterans' Home was important to address continual requests for funding shortages. Senator Ayer reflected on how the Legislature had requested the Veterans' Home to come up with a long-term budget plan that included addressing staffing issues through coordination with the Vermont State Employees Association (VSEA).

Commissioner Greshin offered to work with both the Veterans' Home and the Legislature to find ways to address the facilities' funding challenges. Senator Kitchel reflected on a reduction made to the Veterans' Home in the FY2018 budget, and asked for additional information on the drivers for shortages realized in their budgets. Mr. Riven explained the Veterans' Home had indicated that census was up, but there were cost pressures associated with staffing overtime and temporary nurses. Commissioner Greshin agreed that the budget model for the Veterans' Home was unsustainable because the cost of servicing beds was more than the revenue produced from filling beds. Senator Westman added that his local hospital had stopped using traveling nurses due to the high expense involved and suggested the Veterans' Home consider the same tactic. Senator Sears pointed out that another challenge for the Veterans' Home was meeting their client health care demands while staying within federal regulations that had a negative effect on the costs of pharmaceuticals.

Senator Sears read the statutory language, Sec. E.327 of Act 85 of 2017, on the Woodside Facility that explicitly requested the Administration notify the Legislature if the Centers for Medicare and Medicaid Services (CMS) rejected its Medicaid funding. Mr. Riven responded he was unfamiliar with the language but reiterated that Woodside had not yet received official notification that it had lost its federal funding. Senator Sears pressed that the legislation was an attempt to engage Woodside and the Administration in developing a long-term plan to address the issues plaguing the facility. Senator Kitchel offered that Woodside's budget issues were due to low census numbers, and that it might be more advantageous to consider other placement options for the children in Woodside.

## 2. FY2018 Rescission Technical Change

Commissioner Greshin stated there was a technical change to the Secretary of State's Office (SOS) FY2018 budget that included \$10k that was overstated in the reversions to the General Fund during the FY2018 budget rescission exercise. To compensate for the unintended loss in funds, the Administration suggested a direct application from a special fund to supplant the loss, which the SOS agreed to accept. Representative Fagan moved to approve the correction, and Representative Toll seconded the motion. The Committee approved the technical correction.

## 3. FY2019 Budget Development Process

Commissioner Greshin explained that his team has had conversations with most departments, with the Department of Public Safety as the remaining budget to review. The departments were asked to level fund their budgets for FY2019 by the Administration, while protecting the most vulnerable population of Vermonters and still allowing for specific initiatives of the Governor. Representative Toll asked for clarification on the Administration's process for including the public in the State's budget exercise, and whether the language in Act 85 of 2017, prescribing public engagement in the budget process, had been helpful. Commissioner Greshin explained that in previous years, the Department had organized in-person budget hearings that were administratively costly but due to low public involvement and the associated cost with staff time in organizing them, the Department had developed an online survey for the FY2018 budget process to collect public comments. They received 25 to 30 responses to the current budget proposal. The same electronic version for collecting comments was implemented for the FY2019 budget process. Commissioner Greshin stated that it was not the intention of the Administration to disengage the public from the budget process but to create ways to involve them in a more meaningful way. Mr.

Riven added that the budget process was very administratively burdensome for the amount of general public that was involved. Senator Kitchel asked whether the process set out in Act 85 for public engagement was working as envisioned by the Legislature, and whether the Administration was successful in gathering public input; how did it disseminate budget information in a way that the general public would understand it; and was the public aware of the process. Senator Westman commented that the Administration should be invested in a public engagement process since it is their process, but there seems to be no consistency. Commissioner Greshin responded that for the FY2019 budget development process it would be done electronically, but he would like to revisit it for future years.

Senator Kitchel stated that the Administration had requested departments to level fund their FY2019 budgets but labor costs and retirement investments for teachers were the biggest contributors to budget spending issues. She asked when the Administration would finalize its negotiations on the State Employees Contract, and when the cost impacts would be available to Legislators. Commissioner Greshin responded that negotiations had occurred but with no resolution. The Administration was now in mediation with the State Employees Union. If unresolved, then conversations would travel to Fact Finding and ultimately to the Vermont Labor Relations Board for final decision. It was the expectation that the State would enter the new calendar year with an agreement between the union and the State.

Senator Ayer asked whether inpatient beds for mental health and surface water quality would be included in the Administrations FY2019 budget proposal. Commissioner Greshin responded that the Administration planned to include those initiatives within its focus for the next budget cycle. Representative Lippert commented that he had been approached on mental health crisis situations and suggested the Administration use those advocacy groups as an additional voice for the public in budget preparation.

#### 4. LIHEAP and Weatherization Report, and Technical Correction

Commissioner Greshin notified the Committee that a swap between LIHEAP and Weatherization did occur as explained in a memo presented from the Administration. In addition, Mr. Greshin explained that a technical correction to LIHEAP funding was needed to address the gap between the State and federal funding timeline. The State received 90% of federal funding for LIHEAP at the beginning of the federal fiscal year – October or November – and the remaining 10% of funds at the end of the federal fiscal year, which often occurred after the end of the State's fiscal year. This created difficulties for the State to close its books without the final payment for LIHEAP. The Administration would suggest language be added in the BAA to allow the Department to receive the 10% funds after the State's fiscal year rather than using the excess receipts process. Senator Kitchel showed concern for setting a precedence of bypassing the Excess Receipts process, and asked that the Administration be prepared when it presented the BAA to the Legislature to answer whether the Excess Receipts process was onerous.

#### 5. Management Savings Report

Commissioner Greshin presented a spreadsheet and memorandum explaining savings that were recouped throughout State government in fulfilling the requested savings mandated by Legislature. There were Workers' Compensation initiatives implemented across State government. The first cleaned up old cases and adjusted for employees no longer within State government along

with generally outdated cases. In the second, best workplace practices were implemented to avoid injuries and claims altogether. He announced that the savings from the Workers' Compensation initiatives were substantial, with an estimated \$1.87 million in possible ongoing General Funds. In addition, there was a surplus within the Workers' Compensation internal service fund.

Mr. Greshin explained other government-wide savings included \$143,225 in the VISION system with additional ongoing savings through better program management practices. There were additional ongoing savings within State travel of \$88,139, with the Department of Corrections held harmless from the travel reductions.

Mr. Greshin reviewed the summary spreadsheet of other individual department savings. Due to the new VTax system, the Department of Taxes would use fewer computer server resources, which created savings in the Department of Information and Innovation. Representative Lippert inquired if the savings were actual savings to the bottom line of the State budget or internal to the Department of Taxes. Mr. Greshin responded the savings were to the bottom line of the budget through decreased costs in both departments.

Commissioner Greshin continued reviewing the spreadsheet of management savings, noting to sources of savings in the Department for Vermont Health Access (DVHA). The Department did not use the additional funding for positions approved by the Legislature for the chronic care initiative because there were 8 existing vacancy positions already funded for this initiative. In addition, DVHA had overstated the estimated costs associated with security service contracts for information technology (IT); the Department found program savings within the Department for Children and Families (DCF) in lower caseload, and in the Low Income Heating and Energy Assessment Program (LIHEAP) with lower and steadier fuel prices than anticipated. Senator Kitchel asked how the federal funds associated with the savings were used as part of the General Fund management savings. Commissioner Greshin explained that the LIHEAP funds were federal funds when received but could be swapped through the Weatherization Program for General Funds if it stays within the 15% of total funds received.

Commissioner Greshin finished the review with the Department of Disabilities, Aging and Independent Living (DDAIL) explaining there were 2 savings components in the attendant care program from underutilization where savings were realized in General and Medicaid funds. Senate Ayer inquired if the attendant care program savings and take-up rate were accurate since constituents had voiced concern on the difficulty of submitting paperwork for the program. Commissioner Greshin agreed to follow-up with the Department on Senator Ayer's constituent concerns.

Senator Kitchel explained her confusion with the way the management savings had materialized since the intent of the exercise was to give the new Administration the opportunity to do things in a more streamlined and efficient manner. She asked that JFO analyze how much out-of-the \$5 million target for the management savings was actually savings from the services and programmatic side and how much was more on the management and administrative side to better understand how the plan would project into ongoing savings. Commissioner Greshin agreed to work with the Legislature on any adjustments. Representative Lippert asked that the Administration send

additional information to the Committee on the current waiting list for the attendant care program, and how many people are on it due to the freezing of enrollment that was legislated previously.

#### C. Tax Computer System Modernization Fund Report

Kaj Samsom, Commissioner, and Greg Mousley, Deputy Commissioner, Department of Taxes, distributed a report on the Tax Computer System Modernization Fund (CMF). The Commissioner explained that as of November 3, 2017, myVTax was fully installed and working well except for some slight recalibrations and fine tuning. The system was developed through a benefits-based contract with fixed payments to the vendor. The system was trending with advance benefit payments, to the vendor due to the success of the vendor, FAST Enterprises, along with the Departments staff.

Mr. Mousley gave an overview of the CMF report, including background on the CMF system. The CMF system was created in 2007, with the most recent addition of the myVTax software that generates revenue to the State. To date, \$11.6 million of enhanced revenue had been collected by the Department from the CMF system. From that revenue, 80% or \$9.3 million, up to the contract fixed rate, went for vendor payments, and 33% or \$1.8 million went to the State's General Fund from the myVTax system. An amount of \$11.3 million was paid out of the nonbenefit payments part of the CMF system or the previous benefits system before myVTax. This allowed for a discount of \$1.3 million on the costs of the project with \$1.8 million within the benefits-based CMF. From that fund, obligations of \$5.5 million would be paid out to the vendors over the next five years with a General Fund transfer in June 2018 of an estimated \$500k.

Mr. Mousley explained that the Department was in the process now of assessing whether to update its scanning system that has caused billing errors due to the difficulty in reading poorly scanned tax returns. Representative Fagan asked about the status of refunds for 2018. Commissioner Samsom responded that the Department was ahead of schedule from the prior year on timely filed, complete refunds. There were a total of paper filed and e-filed returns outstanding and waiting for refunds. Senator Westman showed concern of recent complaints from constituents of tax refund delays. The Commissioner responded there were still issues with the returns, but the Department was working to address them. In addition, there were a few fraud issues and other problems plaguing the Department's response time. Representative Fagan requested testimony in January 2018 of how the new myVTax system would ensure safety of taxpayer's filings after the Equifax breach. Commissioner Samsom stated the Department would work to schedule during its FY2019 budget presentation on the enhanced security of the myVTax system. Representative Toll asked if the interest paid for late refunds was set statutorily. The Commissioner responded it was set by statute at 200 basis points below the interest charged [5% interest rate with 3% refund interest rate] with it accruing 45 days after filing. Senator Kitchel requested information on whether all renter rebates were paid out for the 2017 tax season; a timetable showing the scanning project and the final vendor payments for the CMF system and when the General Fund would receive that additional revenue. Commissioner Samsom stated the CMF project and vendor payments would be completed in two years, and the scanning project would run about 18 months at most.

#### D. Agency of Human Services Updates/Reports

Al Gobeille, Secretary, Agency of Human Services, gave an update on the Woodside facility's Waiver negotiations to categorize the facility as a primary residential treatment center with

the Center for Medicare and Medicaid Services (CMS) and lower the age to 18. During Waiver negotiations last year, CMS responded it would not continue to fund the facility. Since then, the Agency has worked hard to gain approval to receive Medicaid funding for the facility, which came during this past summer with the stipulation of increasing the age bracket to 21.

Secretary Gobeille stated the Agency was hopeful that CMS would approve the State's request to reduce the age bracket to 18 at the facility. If CMS does accept the State's request on the Waiver, funding would likely be delayed until the next fiscal year until programmatic changes could be made for the Waiver requirements. Ken Schatz, Commissioner, Department for Children and Families clarified the abbreviation PRT - Psychiatric Residential Treatment. Senator Sears expressed concern of the possibility of the Agency utilizing all General Funds to sustain the facility. Cory Gustafson, Commissioner, Department of Vermont Health Access agreed with the Senator's concern but stated the Agency would continue to negotiate with CMS on the age bracket stipulation and the funding.

#### 1. – 2018 Open Enrollment

Secretary Gobeille and Commissioner Gustafson distributed three documents. The Commissioner stated he was confident in the Departments work before the Committee, and introduced Michael Costa, Deputy Commissioner, and Sean Sheehan, Health Care Deputy Director of Operations, Department of Vermont Health Access. Senator Cummings asked if Vermont was seeing the same increased enrollment rate that other states were reporting. Commissioner Gustafson responded that Vermont had relatively low uninsured in comparison to other states; therefore, the Department was not seeing the same large increase in enrollment.

Commissioner Gustafson explained that the Department had been preparing for three months for the 2018 Open Enrollment of Vermont's Health Connect (VHC). The enrollment period for Vermonters to sign up for health insurance through VHC was shorter this year, but included a passive enrollment process for people who were reenrolling in a plan. Senator Sears showed concerns for complaints he received of fewer navigators to assist Vermonters. The Commissioner explained that the reduction of navigators, the increase of certified application counselors, and the reorganization of the remaining staff was addressed in the FY2018 State budget as a way to adjust staff across the State and better address the needs of Vermonters. Mr. Sheehan added that the statewide investment total for navigators was \$40k. Representative Lippert inquired if the Department had been in touch with the State health care advocates on how the change of navigators was working. The Commissioner responded that the Department was continuously in contact with advocates, and then referred to the key component indicators sheet or Dashboard snapshot that showed a reduction in the volume of calls made to advocates from the prior year for assistance or complaints.

#### 2. Seasonal Warming Shelters

Ken Schatz, Commissioner, Department for Children and Families, reviewed a memo with an update of the proposed Barre and Rutland seasonal warming shelters. A grant of \$297,703 was distributed to the Good Samaritan Haven for a total of 33 additional seasonal shelter beds in the Washington County area. The Commissioner stated that the Department was hopeful there would be savings in motel vouchers in the future with the additional shelter beds available.



The Commissioner informed the Committee that Rutland had not been successful in producing seasonal shelter beds in its area as originally planned. Rutland residents requested that their preference would be for a family shelter instead of a warming shelter. The Department would continue to move forward with sending out RFPs for warming shelters in that area because of the anticipated value and need for one located in the Rutland area. However, the Department was able to authorize \$75k from the Housing Opportunity Grant Program for a family shelter in Rutland, and it was working to free up additional \$75k toward the project. Rutland was working toward a total funding package of \$400 - \$500k for its family shelter initiative. Senator Westman commented that the intent for the appropriation toward warming shelters was to take the pressure off of the State budget. The Senator then asked what the bridge was between the grant funding and the associated savings that the Legislature had anticipated from having warming shelters in both Washington and Rutland County. The Commissioner responded there would most likely still be some issues in emergency housing even with the additional supports in Washington County. Senator Westman added that with warming shelters, individuals were given a meal and there was also supervision, as opposed to hotel voucher situations that had neither. He requested the Department follow up with data on trends for the savings and the State's investment on homeless housing initiatives that give a picture of what the Legislature could anticipate as the need for the FY2018 Budget Adjustment proposal.

### 3. Medicaid Tracking and Pressures (BC/BS reconciliation process)

Michael Costa, Deputy Commissioner, Department of Vermont Health Access, joined Secretary Gobeille in explaining where the State was in its reconciliation process with Blue Cross and Blue Shield of Vermont. Senate Kitchel inquired on the timeframe of the reconciliation. Mr. Costa responded the Department anticipated it would be soon.

### 4. Medicaid Payment Alignment to Providers

Mr. Costa reviewed the report on Medicaid Payment Alignment to Providers, explaining the Department was tasked with aligning the various Medicaid provider payments through transfers and adjustments. Senator Ayer and Representative Lippert requested additional clarification of the Disproportionate Share Hospital (DSH) payments and information to better understand the issues from the federal and State primary care payments.

### 5. Mental Health & Vermont Psychiatric Care Hospital

Melissa Bailey, Commissioner, Department of Mental Health, joined Secretary Gobeille to explain issues around mental health and conveyed the Agency's commitment to address them. The Secretary distributed a document and stated that because the State did not have forensics unit, the Vermont Psychiatric Care Hospital had over 50% of its beds taken up by people who were forensic in nature. This created issues with a stagnant turnover of beds within the facility. Commissioner Bailey clarified that people classified as forensics in nature were typically long-term residents who were not able to stand trial, but court ordered to be committed to a psychiatric facility.

### 6. Designated Agency Funding Increase Distribution & Alignment

Commissioner Bailey distributed two documents and explained that per the Legislature, the Department redistributed the funding between developmental services and mental health within the designated agencies. After the redistribution there was some staff who did not receive the full adjustment. The Department then negotiated between the agencies to redistribute funding again to

even out the allocation of funds. The Secretary clarified that each agency requested a different rate to meet its individual needs but what agencies requested was not consistent with what the Medicaid system would allow because there could be just one rate in the fee-for-service for Mental Health services. Senator Westman asked how long it would be before it would be clear on the process for the redistribution. Commissioner Bailey responded it would be finished within the next couple of weeks. Secretary Gobeille added that the performance grants that AHS writes for the specialized and designated agencies typically take a considerable amount of time to produce so bureaucratically they tend to slog along. The report due by AHS on the outcomes of the rate distribution could not be completed until all the agency grants were completed; therefore, the report could be delayed past the December 15, 2017 deadline. Senator Kitchel recognized the hard work of AHS, and looked forward to closure soon.

#### E. Designated Agency Response

Julie Tessler, Vermont Council of Developmental & Mental Health Services, and Mary Moulton, Executive Director, Washington County Mental Health Services (WCMHS), distributed a document and Ms. Tessler stated the agencies were appreciative of the overall increase in funding of 2.1%. Ms. Tessler explained that staffing turnovers had decreased and retention and recruitment were improving with the wage increases. The process with the Department of Mental Health and the agencies had been a collaborative process to address redistribution issues. There were still some issues with an across the board wage increase to \$14 an hour related to compression of staff and masters level clinicians. Senator Kitchel stated that the Legislature did not have the anticipated funding to address the compression issue and it was not a perfect fix but it was a major step forward.

Ms. Tessler explained that BC/BS had done some research to show that the agencies spent \$48 million a year for health benefits for its staff, and if it had the State employee benefit package it would need to spend \$60 million a year. Senator Ayer asked if the agencies were able to buy into the State health plan. Ms. Tessler responded that the agencies were not able to afford that at this time.

Ms. Moulton stated the increase in the allocation of funding had been a positive change even with the difficult navigation. There had been over 248 staff under \$14 an hour in wages within the agencies, and the increase was life changing for some of them. The staffing turnover rate had dropped from 19% to 15% and the vacancy rate dropped from 90 to 45 positions. Within WCMHS crisis area, the funding enabled the agency to stabilize its workforce and increase its census population rate. The WCMHS would continue to collect data to show a bigger picture on the outcomes and measures of the State's investment into staffing. Ms. Moulton added that there was still an increase in the volume of patients in hospital emergency rooms that were in need of crisis support, and it was unknown as to the cause of the continual surge in these support services.

#### F. Grant: JFO #2901 - \$3,987,558 from the U.S. Dept. of Health and Human Services to the VT Dept. of Mental Health. One (1) limited-service position is associated with this request.

Charlie Biss, Director of Child, Adolescent and Family Division, Department of Mental Health, explained the Department was requesting permission to accept a grant for a limited service position from the U.S. Center for Substance Abuse and Mental Health Services (SAMHSA) to develop integration in clinical practices for pediatric and mental health care around the State.

Mr. Biss informed the Committee that there would be two designated areas for the work to begin, in Franklin County, and another in the Windsor and Windham County areas. Once these areas had been established, the initiative would move onto other parts of the State. Senator Ayer inquired what the grant would actually accomplish. Mr. Biss responded that the intent of the grant was for the State to work with the new Federal Qualified Health Centers (FQHC) and designated agencies across the State on behalf of Vermont children, and to ensure there was good coordination among the agencies and the FQHC's for substance use and mental health services. Senator Kitchel asked how the grant funding would be used toward its goal. Mr. Biss responded the funding would flow through the FQHC's for various initiatives to support the grants purpose such as, structural, medical records, and training areas. Senator Kitchel inquired further on how the grant would build upon and complement Vermont's current systems and structures. Mr. Biss responded that the grant would give the State the ability to prop up high needs children not getting adequate Mental Health Care and other services.

Senator Ayer moved to approve the grant, and Senator Westman seconded it. The Committee approved the motion (grant).

The Committee recessed for lunch at 12:15 p.m.

The Committee reconvened at 1:15 p.m.

#### G. Federal Funds Update

Marcia Howard, Executive Director, Federal Funds Information for States (FFIS), distributed a presentation on the fiscal climate within Congress in resolving budget issues. Budget Control Act was put in place when the debt ceiling was raised in 2011 that was continuing to constrain spending. Congress voted on a continuing resolution to cover budgetary needs until December.

There were unsuccessful attempts to repeal the Affordable Care Act, but currently there was talk of proposing legislation on health care within a tax reform bill. Infrastructure reforms were a major piece in the tax reform discussions. In January, Congress will again discuss whether to increase the national debt ceiling.

Ms. Howard explained from the presentation that Medicaid programs and other discretionary federal funding were the most vulnerable and the biggest areas of concern for States. Non-Medicaid grants had increased but were still relatively flat compared to the upward trajectory of Medicaid funding to States. Due to this increase in spending, Congress enacted a Budget Control Act to further reduce discretionary spending including defense and non-defense areas.

Ms. Howard stated that currently Congress and the President were not able to reach agreement on budget and revenue legislation, causing uncertainty for States. The current budget and revenue bill included various revenue tax bracket changes from 4 to 7. Senator Westman asked if there were any proposals for state and local income and sales tax changes. Ms. Howard responded that the U.S. House of Representatives deleted the State and local deduction on income and sales tax but retained the property tax deduction and added a cap of \$10k in its proposed legislation. She

opined that the U.S. Senate was more likely to eliminate both and propose a higher mortgage interest deduction than the House.

Ms. Howard recapped the areas of disagreement between the U.S. House and Senate, including the Budget Control Act changes, FY2018 Appropriations, reconciliation, tax reform and the Children's Health Insurance Program (CHIP) eligibility offsets. Recently, a continuing resolution was enacted just a few days before the end of the fiscal year, averting a government shutdown. Within the continuing resolution, was an across-the-board reduction in discretionary funding; and on the programmatic side was the suspension of the debt limit until December 8, 2017.

As a point of information, Ms. Howard explained that some federal programs that expire and are not mandatory such as, No Child Left Behind (NCLB) were able to continue as long as there was funding. Mandatory programs such as, CHIP were required to have legislation and funding in place to authorize its continuation. Senator Kitchel showed concern for the State continuing to run the CHIP program with the unknowns of a federal budget agreement. Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office, stated that the Administration had testified recently that it would have enough funding to cover State expenditures for CHIP until February 2018.

In closing, Ms. Howard announced that the federal EPA had settled with Volkswagen and states had until December 1, 2017 to notify the U.S. Environmental Protection Agency (EPA) on its intent to access funds within the settlement fund and awarded by formula. Settlement estimates to individual states could be determined by visiting the FFIS website. In addition, the settlement funds could be leveraged through a grant program to match additional federal funds for programs that reduce nitrogen oxide emissions.

#### H. Fiscal Office Updates – 1. Fiscal Officers Report

Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, reviewed the highlights of the Fiscal Officers Report including the impending announcement of the First Responder Network Authority (First Net) proposal from the Governor's Office of either AT&T or Spectrum as the winning bidder.

#### 2. Draft Proposed Legislature's Budget Request

Mr. Klein and Dan Dickerson, Fiscal Analyst, Joint Fiscal Office, referred to the proposed Legislature's budget request, attached to the Fiscal Officers report, and explained the growth in the Legislature's budget was due to Pay Act increases, the biggest pressure for the Office was due to contracted staff. A contractor, who was an expert in Act 60 and Act 46 education spending, Deb Brighton, had announced retirement. Due to the loss in this specialized skill set, the transition of a full-time staff to train in this field has increased costs.

Mr. Klein explained the Office was proposing a review of its website and better integration with the Legislature's website. There were additional ongoing costs associated with the Chainbridge tax software model that was previously funded through one-time funds. Senator Kitchel commented that the Chainbridge model contract allowed for the capacity to analyze tax data, making it very valuable to the Legislature. Mr. Klein added that there were concerns the current tax data based on 2015 information would be impacted by possible federal tax changes and also how those changes would influence the use of the Chainbridge model.

### 3. Grant Process

Mr. Klein explained there had been some interdepartmental grants issues that the Office suggested should be addressed by the Committee at a future meeting. Senator Kitchel questioned what the precedent was and/or implications for these types of grants. The Committee decided to put the discussion of the grants on a 2018 meeting agenda.

### 4. Education Fund

Mark Perrault, Senior Fiscal Officer, Joint Fiscal Office, distributed two documents that included an outline of the education tax pressures in FY2019 and a packet of information on the Act 46 mergers that was requested in the Committee's previous meeting. The Office and the Department of Education were in the process of coming to a consensus on the FY2019 education tax rates. Preliminary information shows a significant increase from the FY2018 education tax rate under current law of about 8 to 10 cents. A little over half of the increase is due to the use of nonrecurring revenues used in FY2018 to reduce tax rates, and the rest of the increase was from a normal growth rate. In addition, there could be a significant increase in teachers' health insurance in FY2019 ranging from 6% to 17% depending on the plan. This was due to school districts not able to achieve the savings under the assumptions made by the Vermont Education Health Initiative (VHEI).

Mr. Perrault referred to the Act 46 mergers and explained there would be an increase from \$10 million to \$13.5 million in FY2019 for incentives to school districts, and then a subsequent decrease.

The Committee adjourned at 2:45 p.m.

Respectfully Submitted,



Theresa Utton-Jerman  
Legislative Joint Fiscal Office



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Adam Greshin, Commissioner

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner of Finance & Management *ANG*  
**DATE:** November 9, 2017  
**RE:** 2016 Act 172 Sec. E.324.2

Per 2016 Act 172 Sec. E.324.2 the Secretary of Administration may, upon recommendation of the Secretary of Human Services, transfer up to 15 percent of the federal fiscal year 2017 federal Low Income Home Energy Assistance Program (LIHEAP) block grant from the federal funds appropriation to the Home Weatherization Assistance appropriation in state fiscal year 2017. An equivalent appropriation transfer shall be made to LIHEAP from Weatherization to provide home heating fuel benefits.

The federal fiscal year 2017 LIHEAP block grant was comprised of two disbursements to the State of Vermont.

- The first LIHEAP/Weatherization swap of \$2,549,540 was made in March 2017 per the attached memo.
- The second disbursement arrived in state fiscal year 2018. In September 2017 we notified the Joint Fiscal Office that an Excess Receipt Request of \$254,954 would be used to authorize the spending because 2016 Act 172 Sec. E.324.2 only authorized transfers for federal fiscal year 2017 in state fiscal year 2017. The Q1 2018 Excess Receipt Report submitted for this Joint Fiscal Committee meeting shows this transfer. We will submit language for FY18 BAA and FY19 Budget to allow for the federal fiscal year block grant crossing two state fiscal years.

Please contact me if you have any questions. Thank you.







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Economic Services Division  
HC 1 South  
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### MEMORANDUM

To: Susanne Young, Secretary, Agency of Administration  
From: Al Gobeille, Secretary, Agency of Human Services, via Ken Schatz, Commissioner, *AG*  
Department for Children and Families  
Date: January 6, 2017  
Subject: Request for Approval of LIHEAP and Weatherization Funds Transfer

Dear Secretary Young,

Please accept this memo as our request for approval to authorize the equal transfer of \$2,549,540 federal funds (Low Income Home Energy Assistance Program) in the LIHEAP appropriation and \$2,549,540 of special funds (Home Weatherization Assistance Fund 21235) in the Weatherization appropriation for FFY 2017 pursuant to Act 172 Sec. E. 324.2.

Unites States Code 42 § 8623 Section 2605(k)(1) authorizes the state use not more than 15% LIHEAP award for weatherization activities for eligible recipients. The initial award for FFY17 is \$16,996,930.

This transfer enables the LIHEAP program to continue to serve the population above the federal eligibility levels (151-185% FPL for seasonal fuel and 151-200% FPL for crisis fuel) with state funding. The Weatherization program administers over \$4M in weatherization grants with nearly \$3M of that funding serving LIHEAP eligible clients.

Please feel free to contact me if you have any questions or concerns about the above request. Thank you.

#### APPROVALS

*for* *Bruce Young*  
\_\_\_\_\_  
Susanne Young, Secretary, Agency of Administration

Date 3/2/12





**State of Vermont**  
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*Adam Greshin, Commissioner*

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner of Finance & Management *AMG*  
**RE:** FY 2018 Rescission Plan - Technical Changes  
**DATE:** October 11, 2017

At the Joint Fiscal Committee meeting held on August 17, 2017, the Administration presented the FY 2018 Rescission Plan, which outlined roughly \$12.6 million in budget reductions across state agencies and departments.

Since approval, Finance & Management has learned a technical change is required within the Secretary of State's rescission plan.

We request the following technical changes to the FY 2018 Rescission Plan:

Business Unit	Business Unit Name	FY 2018 Rescission Plan Amount	Technical Change	Final FY 2018 Rescission Plan Amount	Savings Type	Proposed Reduction
02230	Secretary of state	275,000	6,364	281,364	Revenue	Increase in projected revenue for transfer to the General Fund
02230	Secretary of state	39,284	(6,364)	32,920	One-time	One-time reversion of carryforward funds

In summary, the Secretary of State's one-time General Fund reversion value was overstated. As a result, the Secretary of State's Office has increased the FY 2018 direct app by the one-time reversion shortfall. The Secretary of State's Office has communicated with Budget & Management that the \$6,364 increase is both acceptable and realistic.

Sincerely,

Adam Greshin  
Commissioner of Finance & Management



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*Susanne R. Young, Secretary*

**TO:** Joint Fiscal Committee

**FROM:** Susanne Young, Secretary, Agency of Administration  
 Adam Greshin, Commissioner, Department of Finance and Management

**DATE:** November 9, 2017

**RE:** Act 85 Section B.1102 (d)  
 Fiscal Year 2018 Management Savings

This memo is intended to inform the Joint Fiscal Committee of the actions taken to achieve the \$5 million management savings target mandated in Act 85. The accompanying spreadsheet has savings details by department and function.

Pursuant to Section B.1102 (d), we conducted a thorough examination of executive branch operations (B.1102(a)), holding harmless the Department of Corrections (DOC) (B.1102(b)) by only making reductions to the pass-through of Workers Compensation and Insurance charges DOC receives. Furthermore, the intent of these reductions is to realize multi-year savings whenever possible (B.1102(c)).

Three broad initiatives – workers' compensation management, VISION support and departmental travel – affect virtually all executive branch agencies. Savings were realized on a pro-rata basis and are explained below. We also realized savings unique to specific departments. Those initiatives are explained below.

#### **Workers' Compensation**

Better management of the state's workers' compensation program will save over \$3 million annually. Over **\$1.87 million** will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, almost 200 of our largest reserved claims were reviewed. Some were closed and others adjusted. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.

#### **VISION**

State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate **\$143,225** in annual General Fund savings to be allocated to departments.

**Travel**

Travel budgets were reduced on a pro-rata basis across executive branch agencies to save **\$88,139**.

Agency/Departmental savings:

**Finance and Management**

Contracted Vantage training with the budget system's vendor.

**Human Resources**

Vacancy savings

**Tax**

Contracted IT spending (security software)

**State Treasurer**

Shifted salaried positions between Retirement and General Fund according to work responsibilities. A larger portion of the Deputy Treasurer's salary will be allocated to Retirement, where he spends more time than currently budgeted.

**State's Attorneys**

State's Attorneys are reducing operating expenses throughout their department and they will adjust their equipment replacement schedules appropriately.

**Military**

Taken from the Armed Services Special Fund. The fund's purpose is to provide scholarships for children of deceased veterans. There have been 2-4 eligible students per year since 2011; 2 or fewer students typically attend post-secondary institutions and few go for four years. No one applied in FY2016 or FY2017. Money remains in the fund if someone does apply.

**Agriculture**

Agriculture revised its merit/professional development system.

**Veterans' Home**

Elimination of a Veterans' Home Liaison Coordinator and vacancy savings.

**Department of Vermont Health Access (DVHA)**

The legislature provided additional funding to enhance the efforts of 8 existing and vacant positions at DVHA in the Coordination of Benefits and Program Integrity divisions. The additional funding provided by the legislature is not needed, as the 8 existing and vacant positions are fully budgeted. DVHA also found savings by reducing IT contracts (for security services) that were overstated based on actual experience.

**Department of Children and Families**

The LIHEAP program is benefiting from a decline in caseloads (20,000 vs. 28,000 five years ago) and stable, low fuel prices. This has allowed the fuel benefit to increase from 35% to over 50% of an average household's heating

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fuel needs, while providing funding capacity to leverage federal funds in exchange for State funds in the repair and replacement of furnaces.

**Department of Disabilities, Aging and Independent Living**

Savings realized from underutilization of PDAC (patient directed attendant care) services. The program serves individuals with disabilities, some of whom are Medicaid eligible.

**Labor**

Savings will be achieved through redirected work-flow program management efficiencies, which will allow Labor to more effectively manage vacancy savings.

**Agency of Natural Resources**

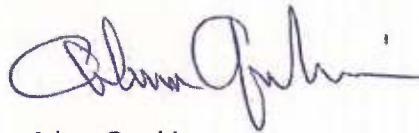
Eliminate Principal Assistant position

The Agency of Administration has taken steps to implement the management savings outlined above. We are happy to answer questions or provide further detail upon request.

Sincerely,



Susanne Young  
Secretary, Agency of Administration



Adam Greshin  
Commissioner, Department of Finance and Management



Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
Administration	01100	Secretary of Administration	1100010000	Secretary of Administration	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	490		
Administration	01100	Secretary of Administration	1100010000	Secretary of Administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	1,426		
Administration	01100	Secretary of Administration	1100010000	Secretary of Administration	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	4,859		
Administration	01110	Finance & Management	1110003000	Budget & Management	Reduction to 3rd Party Contracts	Finance and Management is reducing its 3rd party contracts and services. These funds were to support staff training around the Vantage budget system and a reevaluation of those needs has reduced the need for these funds.	39,284		
Administration	01110	Finance & Management	1110003000	Finance and management - budget and management	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	255		
Administration	01110	Finance & Management	1110003000	Finance and management - budget and management	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	572		
Administration	01110	Finance & Management	1110003000	Finance and management - budget and management	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	10,317		
Administration	01120	Human Resources	1120010000	Human resources - operations	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	445		
Administration	01120	Human Resources	1120010000	Human resources - operations	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	563		
Administration	01120	Human Resources	1120010000	Human resources - operations	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	1,118		
Administration	01120	Human Resources	1120010000	Human resources - operations	More efficient position management	There should be little or no impact through DHR's tighter management of their vacancy savings. The funds saved here would align the departments vacancy savings target more closely with their recent historical experience with how long it generally takes them to fill open positions.	39,375		
Administration	01130	Libraries	1130030000	Libraries	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	811		
Administration	01130	Libraries	1130030000	Libraries	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	785		

Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
Administration	01130	Libraries	1130030000	Libraries	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		470	
Administration	01140	Tax	1140010000	Tax - administration/collection	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.		4,737	
Administration	01140	Tax	1140010000	Tax - administration/collection	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		3,729	
Administration	01140	Tax	1140010000	Tax - administration/collection	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		7,575	
Administration	01140	Tax	1140010000	Tax - administration/collection	IT Services Cost Reduction	As a result of the implementation of the VTax system the department is consuming fewer server resources and this will result in a lower bill for services. This is an ongoing savings with no operational impact.		100,000	
Administration	01150	Buildings and general services	1150400000	Buildings and general services - information centers	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.		67	
Administration	01200	Executive office	1200010000	Executive office - governor's office	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.		1,732	
Administration	01200	Executive office	1200010000	Executive office - governor's office	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		382	
Administration	01200	Executive office	1200010000	Executive office - governor's office	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		577	
Legislature	01210	Legislative council	1210001000	Legislative council	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		949	
Legislature	01210	Legislative council	1210001000	Legislative council	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		1,145	
Legislature	01210	Legislative council	1210002000	Legislature	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		4,683	



Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
Legislature	01210	Legislative council	1210002000	Legislature	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	3,809		
Legislature	01220	Joint fiscal committee	1220000000	Joint fiscal committee	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	315		
Legislature	01220	Joint fiscal committee	1220000000	Joint fiscal committee	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	474		
Legislature	01230	Sergeant at arms	1230001000	Sergeant at arms	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	511		
Legislature	01230	Sergeant at arms	1230001000	Sergeant at arms	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	1,506		
NA	01240	Lieutenant governor	1240001000	Lieutenant governor	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,189.	300		
NA	01240	Lieutenant governor	1240001000	Lieutenant governor	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	51		
NA	01240	Lieutenant governor	1240001000	Lieutenant governor	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	59		
NA	01250	Auditor of accounts	1250010000	Auditor of accounts	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,189.	109		
NA	01250	Auditor of accounts	1250010000	Auditor of accounts	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	45		

Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	\$F	Federal Funds Impact
NA	01250	Auditor of accounts	1250010000	Auditor of accounts	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		43	
NA	01260	State treasurer	1260010000	State treasurer	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.		394	
NA	01260	State treasurer	1260010000	State treasurer	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		489	
NA	01260	State treasurer	1260010000	State treasurer	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		535	
NA	01260	State treasurer	1260010000	State treasurer	More efficient position management	Shifted salaried positions between Retirement and General Fund according to work responsibilities. A larger portion of the Deputy Treasurer's salary will be allocated to Retirement, where he spends more time than currently budgeted.		40,898	
NA	01270	State labor relations board	1270000000	State labor relations board	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.		295	
NA	01270	State labor relations board	1270000000	State labor relations board	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		58	
NA	01270	State labor relations board	1270000000	State labor relations board	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		51	
NA	01280	VOSHA review board	1280000000	VOSHA review board	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.		22	
NA	01280	VOSHA review board	1280000000	VOSHA review board	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		15	
NA	01280	VOSHA review board	1280000000	VOSHA review board	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.		5	
NA	02100	Attorney general	2100001000	Attorney general	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.		2,232	
NA	02100	Attorney general	2100001000	Attorney general	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.		2,055	

Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
NA	02100	Attorney general	2100001000	Attorney general	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	3,994		
NA	02110	Defender general	2110000100	Defender general - public defense	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	3,885		
NA	02110	Defender general	2110000100	Defender general - public defense	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	2,133		
NA	02110	Defender general	2110000100	Defender general - public defense	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	4,113		
NA	02120	Judiciary	2120000000	Judiciary	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	9,699		
NA	02120	Judiciary	2120000000	Judiciary	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	19,948		
NA	02130	State's attorneys	2130100000	State's attorneys	Operating Cost Reductions	State's Attorneys are reducing operating expense lines throughout their department and they will adjust their equipment replacement schedules appropriately.	294,022		
NA	02130	State's attorneys	2130100000	State's attorneys	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	15,298		
NA	02130	State's attorneys	2130100000	State's attorneys	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	1,195		
NA	02130	State's attorneys	2130100000	State's attorneys	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	6,527		
NA	02130	State's attorneys	2130200000	Sheriffs	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	1,392		



Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
NA	02130	State's attorneys	213020000	Sheriffs	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	22,055		
NA	02140	Public safety	2140010000	Public safety-state police	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	5,422		
NA	02140	Public safety	2140010000	Public safety-state police	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	16,064		
NA	02140	Public safety	2140010000	Public safety-state police	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	542,227		
NA	02150	Military	2150050000	Veterans Affairs	Direct App from Special Fund to GF	Taken from the Armed Services Special Fund. The fund's purpose is to provide scholarships for children of deceased veterans. There have been 2-4 eligible students per year since 2011; 2 or fewer students typically attend post-secondary institutions and few go for 4 years. No one applied in FY2016 or FY2017. Money remains in the fund if someone does apply.		39,000	
NA	02150	Military	2150010000	Military - administration	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	360		
NA	02150	Military	2150010000	Military - administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	3,247		
NA	02150	Military	2150010000	Military - administration	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	92,319		
NA	02170	Criminal justice training council	2170010000	Criminal justice training council	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	187		
NA	02170	Criminal justice training council	2170010000	Criminal justice training council	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	534		
NA	02170	Criminal justice training council	2170010000	Criminal justice training council	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	3,356		
Agriculture	02200	Agriculture, food and markets	2200010000	Agriculture, food and markets - administration	Review of merit program	Agriculture is revising its Agency wide merit/professional development system that recognizes their employees for exemplary service. There will be no impact on services to Vermonters.	33,000		
Agriculture	02200	Agriculture, food and markets	2200010000	Agriculture, food and markets - administration	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	2,580		

Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
Agriculture	02200	Agriculture, food and markets	2200010000	Agriculture, food and markets - administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	1,351		
Agriculture	02200	Agriculture, food and markets	2200010000	Agriculture, food and markets - administration	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	23,760		
NA	02280	Human rights commission	2280001000	Human rights commission	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	298		
Human Services	03150	Mental health	3150070000	Mental health - mental health	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	1,336		
Human Services	03150	Mental health	3150070000	Mental health - mental health	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	3,874		
Human Services	03150	Mental health	3150070000	Mental health - mental health	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	6,063		
NA	03300	Vermont veterans' home	3300010000	Vermont veterans' home - care and support services	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	793		
NA	03300	Vermont veterans' home	3300010000	Vermont veterans' home - care and support services	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	809		
NA	03300	Vermont veterans' home	3300010000	Vermont veterans' home - care and support services	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	44,690		
NA	03300	Vermont veterans' home	3300010000	Vermont veterans' home - care and support services	More efficient position management	The Veterans Home eliminated a position and they will be more strictly managing their vacancy savings moving forward.	127,302		
NA	03310	Commission on women	3310000000	Commission on women	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	326		
NA	03310	Commission on women	3310000000	Commission on women	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	84		
NA	03310	Commission on women	3310000000	Commission on women	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	80		

Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
NA	03330	Green Mountain Care Board	3330010000	Green Mountain Care Board	Efficient Use of Space	The Green Mountain Care Board will be saving money by moving from leased space to state owned space. The savings should be ongoing with no impact on the boards operations.	42,990		
NA	03330	Green Mountain Care Board	3330010000	Green Mountain Care Board	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	556		
NA	03330	Green Mountain Care Board	3330010000	Green Mountain Care Board	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	80		
NA	03330	Green Mountain Care Board	3330010000	Green Mountain Care Board	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	104		
Human Services	03400	Agency of Human Services	3400001000	Agency of human services - secretary's office	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	1,175		
Human Services	03400	Agency of Human Services	3400001000	Agency of human services - secretary's office	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	1,133		
Human Services	03400	Agency of Human Services	3400001000	Agency of human services - secretary's office	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	3,520		
Human Services	03410	Department of Vermont health access	3410010000	Department of Vermont health access - administration	Chronic Care Initiative Savings and ADS contract true up.	The legislature provided additional funding to enhance the efforts of 8 existing and vacant positions at DVHA in the Coordination of Benefits and Program integrity divisions. The additional funding provided by the legislature is not needed, as the 8 existing and vacant positions are fully budgeted. DVHA also found savings by reducing IT contracts (for security services) that were overstated based on actual experience.	874,197		
Human Services	03410	Department of Vermont health access	3410010000	Department of Vermont health access - administration	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	2,716		
Human Services	03410	Department of Vermont health access	3410010000	Department of Vermont health access - administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	134		
Human Services	03410	Department of Vermont health access	3410010000	Department of Vermont health access - administration	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	144		
Human Services	03420	Health	3420010000	Health - administration and support	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	2,070		
Human Services	03420	Health	3420010000	Health - administration and support	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	3,550		



Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
Human Services	03420	Health	3420010000	Health - administration and support	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	21,113		
Human Services	03440	DCF	3440010000	DCF Admin	Emergency Heat & LIHEAP	The Emergency Heating Repair and Replacement (EHRR) Program currently spends \$750,000 in weatherization special funds. We would replace \$520K of weatherization special funds with \$520K of federal LIHEAP funds for the EHRR program. The savings of \$520K in weatherization special funds can be re-directed to pay for LIHEAP administrative costs, freeing up \$520K in GF dollars currently being used for LIHEAP administration. Using federal LIHEAP funds for the EHRR program is an allowable expense if it is used with households at or below 150% FPL. Approximately 80% of the households in the program meet that criteria. The remaining 20% of households above the 150% FPL (up to 200%) will continue to be served by the program using weatherization special funds. Administrative costs for the program will continue to be paid with weatherization special funds.	520,000		
Human Services	03440	DCF	3440010000	DCF Admin	Professional Fees and 3rd Party Contracts	Due to conflicting priorities and lack of resources, DCF IT has not been able to meet the ongoing need for maintenance and new IT projects so the budget has been underspent.	123,962		
Human Services	03440	DCF	3440010000	DCF - Administration & support services	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	8,313		
Human Services	03440	DCF	3440010000	DCF - Administration & support services	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	13,722		
Human Services	03440	DCF	3440010000	DCF - Administration & support services	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	54,616		
Human Services	03460	DAIL	3460010000	DAIL - administration & support	Participant Directed Attendant Care Underutilization	GF Program: This program serves individuals with physical disabilities and care needs who are not Medicaid eligible. The program has been frozen for new enrollment for years. Current underutilization is approx. \$300K GF. Impact: No impact to current consumers, there will be no ability to serve new consumers.	300,000		
Human Services	03460	DAIL	3460010000	DAIL - administration & support	Participant Directed Attendant Care Underutilization	Impact: Medicaid Program: No impact to current consumers.	138,840		161,160
Human Services	03460	DAIL	3460010000	DAIL - administration & support	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	9,053		
Human Services	03460	DAIL	3460010000	DAIL - administration & support	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	3,279		
Human Services	03460	DAIL	3460010000	DAIL - administration & support	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	32,912		

Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
Human Services	03480	Corrections	3480001000	Corrections - Administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	36,988		
Human Services	03480	Corrections	3480001000	Corrections - Administration	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	746,594		
NA	04100	Labor	4100500000	Labor - programs	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	5,633		
NA	04100	Labor	4100500000	Labor - programs	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	6,593		
NA	04100	Labor	4100500000	Labor - programs	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	50,525		
NA	04100	Labor	4100500000	Labor - programs	More efficient position management	Savings will be achieved through redirected work-flow program management efficiencies, which will allow Labor to more effectively manage vacancy savings.	65,643		
Education	05100	Education	5100010000	Education - finance and administration	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	5,204		
Education	05100	Education	5100010000	Education - finance and administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	1,770		
Education	05100	Education	5100010000	Education - finance and administration	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	6,153		
Natural Resources	06100	Agency of natural resources	6100010000	Agency of natural resources - administration	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	562		
Natural Resources	06100	Agency of natural resources	6100010000	Agency of natural resources - administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	850		
Natural Resources	06100	Agency of natural resources	6100010000	Agency of natural resources - administration	Exempt Position Reduction	The Secretary of ANR's Principal Assistant position was eliminated. This position would have supported work on the PIVOT program and/or Outdoor Recreation.	119,390		



Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
Natural Resources	06100	Agency of natural resources	6100010000	This is an ongoing savings with no operational impact.	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	1,180		
Natural Resources	06120	Fish and wildlife	6120000000	Fish and wildlife - support and field services	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	3,826		
Natural Resources	06120	Fish and wildlife	6120000000	Fish and wildlife - support and field services	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	76,598		
Natural Resources	06130	Forests, parks and recreation	6130010000	Forests, parks and recreation - administration	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	2,084		
Natural Resources	06130	Forests, parks and recreation	6130010000	Forests, parks and recreation - administration	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	3,979		
Natural Resources	06130	Forests, parks and recreation	6130010000	Forests, parks and recreation - administration	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	47,659		
Natural Resources	06140	Environmental conservation	6140020000	Environmental conservation - management and support services	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	964		
Natural Resources	06140	Environmental conservation	6140020000	Environmental conservation - management and support services	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	7,560		
Natural Resources	06140	Environmental conservation	6140020000	Environmental conservation - management and support services	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	21,698		
NA	06215	Natural resources board	6215000000	Natural resources board	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	196		
NA	06215	Natural resources board	6215000000	Natural resources board	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$143,225 in annual General Fund savings to be allocated to departments.	142		

Agency	Business Unit #	Business Unit Name	Approp. Dept. ID	Appropriation Name	Title of Cut	Programmatic Impact	GF	SF	Federal Funds Impact
NA	06215	Natural resources board	6215000000	Natural resources board	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	270		
Commerce and Cor	07100	Agency of commerce and community development	7100000000	Agency of commerce and community development - admin.	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	570		
Commerce and Cor	07100	Agency of commerce and community development	7100000000	Agency of commerce and community development - admin.	VISION Reduction	State government pays approximately \$4.5 million of general fund to operate and maintain VISION, our statewide accounting system. Costs are billed back to departments predominately based on usage and budget. Operational efficiencies and better training have reduced the cost of delivering this service. We anticipate \$148,228 in annual General Fund savings to be allocated to departments.	2,609		
Commerce and Cor	07100	Agency of commerce and community development	7100000000	Agency of commerce and community development - admin.	Workers Compensation Insurance	Better management of the state's workers' compensation program will save over \$3 million annually. Over \$1.87 million will be General Fund savings on premium payments this year and next, resulting in an ongoing reduction in the annual cost of this statewide program. Working with our third-party administrator, we reviewed almost 200 of our largest reserved claims over the past 2 decades, closing some and adjusting others. The results justified a substantial reduction in reserves. Accompanying General Fund savings were allocated to individual departments.	6,997		
Commerce and Cor	07110	Housing and community development	7110010000	Housing and community development	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	1,362		
Commerce and Cor	07120	Economic Development	7120010000	Economic Development	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	3,097		
Commerce and Cor	07130	Tourism and marketing	7130000000	Tourism and marketing	Travel Reduction	Travel budgets were reduced on a pro-rata basis across executive branch agencies to save \$88,139.	2,216		
<b>Totals</b>							<b>4,961,425</b>	<b>39,000</b>	<b>268,660</b>
<b>Management Savings Total (sum of GF and Special Funds)</b>							<b>5,000,425</b>		



Summary of FY 2018 State Government Management Savings		
Savings	Affected Business Units	Amount
<b>a Space Savings</b>		<b>42,390</b>
Efficient Use of Space	03330	42,390
<b>b Position/Personal Services Savings</b>		<b>588,854</b>
More Efficient Position Management	01120, 01260, 03300, 04100	273,218
Exempt Position Reduction	06100	119,390
Professional Fees and 3rd Party Contracts	03440	123,962
Reduction to 3rd Party Contracts	01110	39,284
Review of Merit Program	02200	33,000
<b>c Operating Cost Reductions</b>		<b>2,497,144</b>
Travel Reduction	Most Business Units	88,139
VISION Reduction	Most Business Units	143,225
Workers Compensation Insurance	Most Business Units	1,871,758
IT Services Cost Reduction	01140	100,000
Operating Cost Reductions	02130	294,022
<b>d Direct Apps. from Other Funds</b>		<b>39,000</b>
Direct App from Special Fund to GF	02150	39,000
<b>e Programmatic Efficiencies</b>		<b>1,833,037</b>
Chronic Care Initiative Savings and ADS contract reconciliation	03410	874,197
Emergency Heat & LIHEAP	03440	520,000
Participant Directed Attendant Care		
Underutilization	03460	438,840
<b>Total Management Savings (a+b+c+d+e)</b>		<b>5,000,425</b>



C.

## DEPARTMENT OF TAXES

**TO:** The Joint Fiscal Committee

**FROM:** Kaj Samsom, Commissioner, Department of Taxes

**DATE:** November 8, 2017

**SUBJECT:** Annual Report on the Tax Computer System Modernization Fund

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The Tax Computer Modernization Fund (CMF) was created in 2007 for the purpose of creating a funding mechanism to modernize the old legacy systems used by the Department of Taxes. There have been revisions to the statute and the use of the funds over time, but the primary goal remains the same. Currently, this fund is replenished by “benefits” of the new VTax system. Eighty percent of the current benefits are used to pay the vendor (FAST Enterprises, LLC) and the remaining 20% goes to the General Fund in a lump sum transfer in June.

The VTax Project is beginning to wind down. The fourth and final conversion was successfully completed on November 3, 2017. This phase included the smaller tax types that had not been brought into VTax, including cigarette, land use change tax, solid waste, telephone personal property tax, and a few others. The previous conversions included the major tax types (corporate and business income, personal income, and trust taxes). The Department has now stopped using the mainframe and is administering all tax types on one platform.

The VTax Project was originally priced at \$28.6M over a 6-year period. The “benefits based” financing arrangement required Tax to measure the increased revenue generated from the new system and to put that revenue into the CMF. 80% of that revenue would be used to pay the vendor based on a project schedule and the availability of revenue. If the system did not produce benefits, then payment to the vendor would be delayed until benefits were produced.

To date, the VTax system has created \$11.6M in benefits. \$9.3M has been paid to the vendor, and \$2.3M has been generated for the General Fund. There were also payments to FAST of \$11.3M in cash, generated from the CMF from previous benefit program that were considered early payments. The remaining amount due to vendor on the VTax project is \$5.6M and is scheduled to be paid over the next 2 years. In the process, the Department used funds in the CMF generated from previous CMF projects to achieve an early payment discount of \$1.3M, essentially reducing the overall cost of the project from \$28.6M to \$27.3M.

The Department is currently reviewing proposals to upgrade its scanning equipment. The current scanning software is about 20 years old and is the last older legacy system used at Tax. The accuracy of the older scanner software causes errors when reading return data that results in delays in refunding, errors in billing, and more administrative time and cost to fix the errors. If we can move forward with this scanning project, we hope to use the CMF to fund the project related one-time costs (ongoing costs would be built into the Tax operating budget).

Currently, there is \$1.25M in the CMF that is not committed to the VTax project. We believe this will be sufficient to pay the one-time costs for the scanning project.

To date, we have spending authority remaining to pay additional \$2.4M out of the CMF for the VTax project. To complete the VTax payment schedule, Tax would need another \$4.3M in spending authority and about \$1M in spending authority for the scanning project. The Department will request \$5.3M in spending authority to complete both projects during the upcoming 2018 legislative session.

**VTax Project: 2014-2017**

Enhanced Revenue	(through 9/30/2017)	\$	11.63M
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Distribution:

FAST Benefit Payments	\$	9.3M
GF Transfer (through 6/30/2017)	\$	1.8M
FAST non-benefit payments	\$	11.3M
Discount Achieved	\$	1.3M

**CMF Balance:**

Current Balance	\$	1.8M
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Encumbrances:

Earmarked for vendor	\$	Paid current
Earmarked for GF transfer (6/18)	\$	550,000
EDMS Project	\$	950,000
Remaining Balance	\$	300,000

## For Immediate Release

Contact: Seán Sheehan, Department of Vermont Health Access  
802-585-6339 / [Sean.Sheehan@vermont.gov](mailto:Sean.Sheehan@vermont.gov)

### Vermont Health Connect's 2018 Open Enrollment Off to a Smooth Start Record Use for Plan Comparison Tool, Call Center Open an Extra Hour

WATERBURY, VT – Vermont's health insurance marketplace kicked off Open Enrollment yesterday as expected. New applicants were able to create accounts, apply for financial help, and enroll in 2018 health plans. Current members with online accounts were able to log in, report household changes, view 2018 health plan costs, and decide if they want to change health plans. In addition, Vermonters who prefer phones experienced short waits, as more than nine out of ten (91%) calls were answered in under 40 seconds. State officials expect Vermont to maintain one of the lowest uninsured rates in the country in 2018.

Here are 11 fast facts about Open Enrollment:

#### 1. Deadline is December 15<sup>th</sup>

This year's Open Enrollment started November 1<sup>st</sup> and runs until December 15<sup>th</sup>, which is shorter than in past years. Vermonters who miss the December 15<sup>th</sup> deadline could have to wait until 2019 to start health coverage.

#### 2. Three Ways to Sign Up

Vermonters who qualify for subsidies have three ways to apply with Vermont Health Connect: online (<http://VermontHealthConnect.gov>), by phone (toll-free: 855-899-9600), or with one of more than 150 in-person assisters located across the state.

#### 3. Unsubsidized Vermonters have a Fourth Way to Sign Up

Vermonters whose household incomes are too high to qualify for financial help have the additional option of enrolling directly with Blue Cross Blue Shield of Vermont (BCBSVT) or MVP Health Care (MVP) and establishing a single point of contact with their insurance carrier.

#### 4. Customer Support Center Open an Extra Hour

The Customer Support Center, which is normally open weekdays 8am to 5pm throughout the year, will be open 8am to 6pm for Open Enrollment. Members with online accounts can generally access their accounts 20 hours per day.

#### 5. More Plan Options than Ever Before

Most Vermonters will find 24 options for qualified health plans – including four new bronze choices – from BCBSVT and MVP, as well as a dental plan from Northeast Delta Dental (NEDD). Vermonters who are under 30 years old have the option of choosing a catastrophic plan from either carrier in addition to the 24 other options. Most current members will be able to find a 2018 health plan at the same metal level they had in 2017 for about the same, or less, premium that they paid in 2017. Before changing plans, they should evaluate the plan details and decide based on expected total costs, not just the premium.

#### 6. Record Use for Plan Comparison Tool

Vermont Health Connect's Plan Comparison Tool, which can help individuals and small business employees determine the best plans for their families' needs and budgets, was used 938 times on November 1<sup>st</sup> and has been used more than 5,000 times since the launch of the 2018 tool two weeks ago. The interactive site allows Vermonters to compare plans not just by monthly premiums and deductible amounts, but also by estimated total annual costs based on the age and health status of each household member. Wednesday's volume set a record for the tool, surpassing the 729 times that

the 2017 tool was used on the last day of last year's Open Enrollment. Wednesday's usage was a 45% increase over the first day of Open Enrollment last year.

#### **7. Most Members Qualify for Financial Help to Lower the Cost of Premiums**

More than four out of five Vermonters who apply for coverage through Vermont Health Connect qualify for federal premium tax credits and/or state subsidies to lower their monthly premiums. Income thresholds vary by household size, going up to about \$48,000 for an individual, \$65,000 for a two-person household, and \$98,000 for a family of four. The amount of financial help varies by household income, with Vermont Health Connect's typical individual member having an annual income just over \$25,000 and receiving nearly \$400 per month toward the 2018 insurance plan of their choice. Couples and families generally receive more.

#### **8. Enhanced Silver Plans Allow Income-Qualifying Vermonters to Pay Lower Out-of-Pocket Costs**

A hot topic in the national news the last few weeks, Enhanced Silver plans with cost-sharing reductions are indeed available to income-qualifying Vermonters in 2018. Income thresholds vary by household size, going up to about \$36,000 for an individual, \$49,000 for a two-person household, and \$74,000 for a family of four. The amount of financial help varies by household income but, generally speaking, Enhanced Silver plans allow Vermonters to get a plan with a lower deductible and maximum out-of-pocket—like gold and platinum plans offer—while paying only the silver monthly premium. The most generous Enhanced Silver level—available to Vermonters with incomes just over the Medicaid threshold—offers six plan choices, including Standard plans with deductibles lowered from \$2,600 to \$150 and maximum out-of-pockets lowered from \$6,800 to \$800. Vermonters at this income level also have the option of choosing Enhanced Silver plans with \$0 deductibles.

#### **9. Current Members will be Automatically Renewed**

Existing members who want to stay in the same plan can simply continue to pay their bills on time and will automatically be renewed into the 2018 version of their current plan. Members who have set up automatic payments through their bank or credit union are reminded to update their payments to reflect the 2018 premium amount.

#### **10. Affordability Estimator Available to Employees with Expensive and Inadequate Health Plans**

Vermonters who receive an offer of employer-sponsored insurance generally don't qualify for financial help through the state's health insurance marketplace. However, if that health plan fails to meet the federal government's definitions of adequate and affordable, then the employee can turn down the offer of coverage and apply for financial help. Vermont Health Connect offers an Affordability Estimator to help Vermonters determine whether they might qualify.

#### **11. Webinars to be Held on November 9th**

Vermonters who want more information can sign up for one of two November 9<sup>th</sup> webinars that will be hosted by Department of Vermont Health Access staff along with representatives of Blue Cross Blue Shield of Vermont, MVP Health Care, and Northeast Delta Dental (MVP). Sign-up links are now available for both a webinar for Vermonters who buy health coverage as individuals and are interested in learning about financial help, as well as a webinar for Vermonters who get coverage through a small business, or are otherwise not interested in learning about the financial help that is available to income-qualifying individuals. This second webinar will spend less time on financial help and more time on health savings accounts (HSAs).

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###



## DVHA-HAEEU KPI Dashboard - October 2017

Sept 2017 data - with comparisons to Sept 2016, Aug 2017, and targets - as evaluated on Oct 13, 2017

- ★ Meeting key goals.
- ⬆ Better than prior month.
- ⬆ Attention needed.
- ➡ Same as prior month.
- Action needed.
- ⬆ Worse than prior month.

### Goal 1: Promptly answer members' calls

Primary Metric	Sep-16	Aug-17	Sep-17	Status	Trend	Green	Yellow
Tier 1 Calls Answered <24 seconds	53%	64%	75%	★	⬆	>=75%	60% - 75.5%
<b>Secondary Metrics</b>							
Tier 1 Answer Rate	70%	95%	97%	★	⬆	>=95%	90% - 94%
Tier 1 Internal Transfer Rate	33%	4%	10%	★	⬆	<=10%	11% - 20%
Tier 1 Internal Transfer ASA (s)	1,503	38	23	★	⬆	<=90	91 - 180
Tier 1 Transfer Rate (to Tier 2)	8%	6%	6%	★	➡	<=7%	8% - 10%
Tier 2 Calls Answered <300 seconds	60%	95%	93%	★	⬆	>=75%	60% - 74%

### Goal 2: Process member requests timely

Primary Metric	Sep-16	Aug-17	Sep-17	Status	Trend	Green	Yellow
Customer requests resolved in 10 business days	83%	97%	96%	★	⬆	>=85%	75% - 84%
<b>Secondary Metric</b>							
Customer requests resolved in 60 days	92.0%	99.5%	99.4%	★	⬆	>=99%	95% - 98%
Change requests made by the 15th of month processed by first invoice	89.4%	98.2%	98.2%	★	➡	>=95%	85% - 94%

### Goal 3: Transmit data files timely and accurately

Primary Metric	Sep-16	Aug-17	Sep-17	Status	Trend	Green	Yellow
VHC-Carrier errors >10 days old	163	10	1	★	⬆	<=20	21 - 50
<b>Secondary Metrics</b>							
VHC-WEX errors >10 days old	87	33	18	★	⬆	<=20	21 - 50
VHC-Carrier total error inventory	128	98	23	★	⬆	<=100	101 - 200
VHC-WEX total error inventory	97	57	36	★	⬆	<=100	101 - 200
VHC-Carrier error rate	5.0%	0.9%	1.1%	★	⬆	<=3%	4% - 6%
VHC-WEX error rate	4.9%	7.1%	2.9%	★	⬆	<=3%	4% - 6%
In-Flight Over 4 Days	>327*	18	20	★	⬆	<250	250 - 500

### Goal 4: Resolve discrepancies expediently (monthly reconciliation)

Primary Metric	Sep-16	Aug-17	Sep-17	Status	Trend	Green	Yellow
% discrepancy work completed in 30 days	N/A*	100%	100%	★	➡	>=90%	81% - 89%
<b>Secondary Metrics</b>							
% discrepancies confirmed fixed in 30 days	N/A*	92%	91%	★	⬆	>=85%	80% - 84%
Total potential discrepancies identified	N/A*	6,126	6,410	●	⬆	<=1000	1001 - 2000
Discrepancy work inventory (excludes in-flight cases and known reporting issues)	N/A*	401	223	★	⬆	<=750	751 - 1500
1-month carryover	N/A*	63	31	★	⬆	<=100	101 - 200
2-month carryover	N/A*	44	6	★	⬆	<=50	51 - 100

### Goal 5: Facilitate use of self-service functionality

Primary Metric	Sep-16	Aug-17	Sep-17	Status	Trend	Green	Yellow
Self-Serve Change Requests (as % of total)	3.0%	4.5%	4.2%	★	⬆	>=3.32%	2.86% - 3.31%
<b>Secondary Metrics</b>							
Self-Serve Applications (as % of total)	32%	44%	44%	★	➡	>=35.3%	30.5% - 35.2%
Members who logged in within 30 days	5,580	5,640	5,605	⬆	⬆	>=6138	5301 - 6137
Recurring as % of electronic payments	39%	46%	50%	★	⬆	>50%	26% - 49%

#### Notes:

Goal 3: As of the last Thursday in September 2016, there were 327 cases that had been in flight for over 10 days. By comparison, as of the last Thursday in September 2017, there were seven cases that had been in flight for over 10 days. HAEEU began tracking the "over 4 days" metric in late 2016 as improved performance allowed the unit to set a more aggressive goal.

Goal 4: The 2016 reconciliation effort followed a different business process with metrics that are not easily comparable to the 2017 process.

## DVHA-HAEEU KPI Dashboard - November 2017

Oct 2017 data - with comparisons to Oct 2016, Sep 2017, and targets - as evaluated on Nov 6, 2017

- ★ Meeting key goals.
- ⦿ Attention needed.
- Action needed.
- ⬆ Better than prior month.
- ➡ Same as prior month.
- ⬇ Worse than prior month.

Goal 1: Promptly answer members' calls							
Primary Metric	Oct-16	Sep-17	Oct-17	Status	Trend	Green	Yellow
Tier 1 Calls Answered <24 seconds	82%	75%	89%	★	⬆	>=75%	60% - 73.5%
Secondary Metrics							
Tier 1 Answer Rate	97%	97%	97%	★	➡	>=95%	90% - 94%
Tier 1 Internal Transfer Rate	21%	10%	15%	⦿	⬇	<=10%	11% - 20%
Tier 1 Internal Transfer ASA (s)	124	23	20	★	⬆	<=90	91 - 180
Tier 1 Transfer Rate (to Tier 2)	7%	6%	6%	★	➡	<=7%	8% - 10%
Tier 2 Calls Answered <300 seconds	51%	93%	99%	★	⬆	>=75%	60% - 74%

Goal 2: Process member requests timely							
Primary Metric	Oct-16	Sep-17	Oct-17	Status	Trend	Green	Yellow
Customer requests resolved in 10 business days	83%	96%	95%	★	⬇	>=85%	75% - 84%
Secondary Metric							
Customer requests resolved in 60 days	94.9%	99.4%	99.3%	★	⬇	>=99%	95% - 98%
Change requests made by the 15th of month processed by first invoice	90.2%	98.2%	TBD			>=95%	85% - 94%

Goal 3: Transmit data files timely and accurately							
Primary Metric	Oct-16	Sep-17	Oct-17	Status	Trend	Green	Yellow
VHC-Carrier errors >10 days old	67	1	10	★	⬆	<=20	21 - 50
Secondary Metrics							
VHC-WEX errors >10 days old	83	18	7	★	⬆	<=20	21 - 50
VHC-Carrier total error inventory	54	23	38	★	⬇	<=100	101 - 200
VHC-WEX total error inventory	84	36	17	★	⬆	<=100	101 - 200
VHC-Carrier error rate	5.7%	1.1%	1.2%	★	⬇	<=3%	4% - 6%
VHC-WEX error rate	6.6%	2.9%	2.4%	★	⬆	<=3%	4% - 6%
In-Flight Over 4 Days	>234*	20	3	★	⬆	<250	250 - 500

Goal 4: Resolve discrepancies expediently (monthly reconciliation)							
Primary Metric	Oct-16	Sep-17	Oct-17	Status	Trend	Green	Yellow
% discrepancy work completed in 30 days	N/A*	100%	TBD			>=90%	81% - 88%
Secondary Metrics					>=85%	80% - 84%	
% discrepancies confirmed fixed in 30 days	N/A*	91%				<=1000	1001 - 2000
Total potential discrepancies identified	N/A*	6,410				<=750	751 - 1500
Discrepancy work inventory (excludes in-flight cases and known reporting issues)	N/A*	223				<=100	101 - 200
1-month carryover	N/A*	31				<=50	51 - 100
2-month carryover	N/A*	6					

Goal 5: Facilitate use of self-service functionality							
Primary Metric	Oct-16	Sep-17	Oct-17	Status	Trend	Green	Yellow
Self-Serve Change Requests (as % of total)	2.4%	4.2%	4.5%	★	⬆	>=2.57%	2.31% - 2.66%
Secondary Metrics							
Self-Serve Applications (as % of total)	38%	44%	43%	★	⬇	>=41.5%	35.8% - 41.4%
Members who logged in within 30 days	5,862	5,605	5,667	⦿	⬆	>=6448	5568 - 6447
Recurring as % of electronic payments	44%	50%	TBD			>50%	26% - 49%

### Notes:

Goal 3: As of the last Thursday in October 2016, there were 234 cases that had been in flight for over 10 days. By comparison, as of the last Thursday in October 2017, there were zero cases that had been flight for over 10 days. HAEEU began tracking the "over 4 days" metric in late 2016 as improved performance allowed the unit to set a more aggressive goal.

Goal 4: The 2016 reconciliation effort followed a different business process with metrics that are not easily comparable to the 2017 process.

# Vermont Health Connect Open Enrollment 2018

Updates from DVHA's Health Access Eligibility and Enrollment Unit's Annual  
Effort to Enroll and Renew Vermonters into the State's Health Insurance  
Marketplace

Cory Gustafson, Commissioner  
Department of Vermont Health Access

November 9, 2017

## Key Info: Dec. 15 Deadline

- ▶ Current members will automatically be renewed into the 2018 version of their 2017 plan. To keep their coverage, all they have to do is keep paying their bills.
- ▶ If a member wants to change plans, they have until December 15 to do so.
- ▶ If a new member wants to sign up for 2018 coverage, they have until December 15 to apply and confirm a health plan.
- ▶ Enhanced Silver plans with cost-sharing reductions are still available to income-eligible Vermonters.
- ▶ Vermonters who won't qualify for financial help can direct enroll with carriers.



Open Enrollment is shorter this year. Don't miss out!

VERMONT HEALTH CONNECT

# OPEN ENROLLMENT

NOV. 1<sup>st</sup> to DEC. 15<sup>th</sup>, 2017

		
NEED HEALTH INSURANCE?	HAVE QUESTIONS ABOUT RENEWING YOUR HEALTH PLAN?	NEED TO REPORT A LIFE CHANGE?

**Not sure where to start?**

Help is available online, by phone, or in-person.

CALL: TOLL-FREE 1-855-899-9600  
CLICK: [WWW.VERMONTHEALTHCONNECT.GOV](http://WWW.VERMONTHEALTHCONNECT.GOV)

## Operational Readiness

- ▶ Starting in early July, biweekly planning meetings held with DVHA, all three carriers, and the Health Care Advocate to plan outreach, noticing, technical work and testing
- ▶ Automated renewal process for qualified health plans (QHP) ran Saturday, October 14<sup>th</sup>
  - ▶ 97.8% success rate
  - ▶ Surpassed both last year's 91.5% result as well as this year's 95% goal and positioned DVHA for quick, efficient renewal process
- ▶ Staff completed all of the remaining cases on Monday, October 16<sup>th</sup>, allowing HAEEU to return to business as usual on Tuesday, October 17<sup>th</sup>
- ▶ Members could access their accounts, view 2018 financial help and plan information and report changes on November 1st, as planned
- ▶ Minimal impact on Change of Circumstance (CoC) processing and other work queues, which remained low



## Operational Metrics: Pre-Open Enrollment

- ▶ Operational Key Performance Indicators (KPIs) at best levels of the year in September and October
- ▶ Key goals met across the board, including in two areas that missed targets earlier in the summer: the Customer Support Center and VHC-WEX integration
- ▶ All 20 metrics with year-over-year comparables showed better results in September 2017 than September 2016



## Operational Metrics: Last Week

- ▶ Tier 1 Customer Support Center
  - ▶ 93% of calls within 24 seconds (year earlier: 94%, goal: 75%)
- ▶ Tier 2 Customer Support Center
  - ▶ 100% answered within 5 minutes (year earlier: 57%, goal: 75%)
- ▶ Timely Processing
  - ▶ 96% of VHC customer requests completed within ten days (year earlier: 89%, goal: 85%)
- ▶ Escalated Cases
  - ▶ 2 open as of end of last week (year earlier: 17 open, year-and-a-half earlier: close to 100 open)



## Help with Plan Selection

- ▶ **2018 Plan Comparison Tool**
  - ▶ Already used in 8,000 sessions, up 50% from last year
  - ▶ Estimates financial help, premiums after financial help, and expected total costs (premium plus out-of-pocket) of all plans options based on age, income, and health status
- ▶ **Webinars**
  - ▶ Feature staff from DVHA and all three carriers
  - ▶ One version tailored to individuals who get financial help and another for those who don't
- ▶ **Assisters**
  - ▶ More than 160 Certified Application Counselors (CACs) and Navigators throughout the state
  - ▶ 50% more Assisters providing free in-person help than two years ago




## Health Insurance Literacy Resources

## Health Insurance 101

## Getting Started with Vermont Health Connect

## Health Insurance: Why It's Important & What You Need to Know

### Late Payments and Grace Periods



# HEALTH INSURANCE 101

Here are some important facts you need to help you make sense of it.

**DISCOUNTS:** Many employers offer a discount for employees who enroll in a group health plan. The discount can be as high as 10% to 15% off the cost of the plan. The discount is usually applied to the employer's contribution to the plan.

**COVERAGE:** Health insurance coverage is provided by the employer. The employer pays a portion of the cost of the plan, and the employee pays the other portion. The employer's contribution is usually a fixed amount, while the employee's contribution is usually a percentage of the cost of the plan.

**COVERAGE TYPES:** Health insurance coverage can be provided in a number of ways. The most common way is through a group health plan. Other ways include individual health insurance, health maintenance organizations (HMOs), and preferred provider organizations (PPOs).

**COVERAGE LIMITS:** Health insurance coverage usually has a limit on the amount of coverage provided. The limit can be a maximum dollar amount, a maximum number of days of coverage, or a combination of the two. The limit is usually specified in the plan document.

**COVERAGE EXCLUSIONS:** Health insurance coverage usually has exclusions for certain services. These exclusions can include pre-existing conditions, certain types of treatments, and certain types of providers. The exclusions are usually specified in the plan document.

**COVERAGE RENEWAL:** Health insurance coverage is usually renewed annually. The renewal process is usually automatic, but the employer may require the employee to re-enroll in the plan each year.

**COVERAGE PORTABILITY:** Health insurance coverage can be portable, meaning that the employee can take the coverage with them if they leave the employer. This is usually done through a process called COBRA.

**COVERAGE COSTS:** The cost of health insurance coverage can vary significantly. The cost is usually determined by the type of coverage, the level of coverage, and the number of people covered. The cost is usually paid by the employer and the employee.

**COVERAGE BENEFITS:** Health insurance coverage provides a number of benefits. These benefits can include access to a network of providers, access to a variety of services, and access to a number of other benefits. The benefits are usually specified in the plan document.

**COVERAGE CHOICES:** Health insurance coverage is usually offered in a number of choices. These choices can include different levels of coverage, different types of coverage, and different providers. The choices are usually specified in the plan document.

**COVERAGE INFORMATION:** Health insurance coverage information is usually provided to employees through a number of channels. These channels can include a group health plan administrator, a broker, or a website. The information is usually provided in a clear and concise manner.


**COVERAGE DOCUMENTS:** Health insurance coverage documents are usually provided to employees. These documents can include a plan document, a summary of benefits, and a certificate of coverage. The documents are usually provided in a clear and concise manner.

**COVERAGE QUESTIONS:** Health insurance coverage questions are usually answered by a number of people. These people can include a group health plan administrator, a broker, or a website. The questions are usually answered in a clear and concise manner.

**COVERAGE DECISIONS:** Health insurance coverage decisions are usually made by a number of people. These people can include a group health plan administrator, a broker, or a website. The decisions are usually made in a clear and concise manner.


**COVERAGE ACTIONS:** Health insurance coverage actions are usually taken by a number of people. These people can include a group health plan administrator, a broker, or a website. The actions are usually taken in a clear and concise manner.

**COVERAGE RESULTS:** Health insurance coverage results are usually achieved by a number of people. These people can include a group health plan administrator, a broker, or a website. The results are usually achieved in a clear and concise manner.




## GET STARTED WITH VERMONT HEALTH CONNECT

Before you start thinking about it, it's important to understand it. You have 30 days to help you choose the plan that fits you. The 30 days will start on the day you log on to the website. You can log on to the website at [www.vhconnect.com](http://www.vhconnect.com) at any time. You can also call 1-800-455-4646 for more information.




**NO EXISTING  
MEDICAL ISSUES**

Are you the driver for the car, the captain of the team, the person who always gets the job done?







**GREAT HEALTH CHOICES  
MEDICAL ISSUES**

Are you an athlete and a professional? A few extra minutes of exercise a day can make a difference in your health and happiness.



**MORE SIGNIFICANT  
MEDICAL ISSUES**


What does your doctor tell you? Are you taking the medicine as prescribed and following the doctor's instructions?

**HEALTH INSURANCE**

*Why It's Important & What You Need to Know*

**VERMONT HEALTH COUNCIL**  
 1000 Main Street • Montpelier, VT 05602 • 802-241-1111



**HAVE YOUR SAY**  
CONTACT

## WHAT HAPPENS IF I DON'T PAY MY RENT WILL ON TIME?

It's not a good idea to miss a rent payment. If you do, you may have to pay a late fee. If you miss more than one payment, your landlord may start legal action against you. This could mean you have to pay back the rent you owe plus court costs. It could also mean you have to leave your apartment.


### WHAT HAPPENST

If you don't pay your rent on time, your landlord may:

- 1. Charge you a late fee.
- 2. Start legal action against you.
- 3. Evict you from your apartment.

### IF YOU MISS

If you miss a rent payment, you should call your landlord right away. Explain the situation and ask if you can make up the payment. If you can't, ask if you can make a payment plan.




**IF YOU DON'T PAY YOUR RENT WILL ON TIME**

1. Charge you a late fee.

2. Start legal action against you.

3. Evict you from your apartment.



**IF YOU MISS**

If you miss a rent payment, you should call your landlord right away. Explain the situation and ask if you can make up the payment. If you can't, ask if you can make a payment plan.



**Department for Children and Families**  
**Commissioner's Office**  
280 State Drive  
HC 1 North  
Waterbury, VT 05671-1080  
[www.dcf.vermont.gov](http://www.dcf.vermont.gov)

[phone] 802-241-0929  
[fax] 802-241-0950

*Agency of Human Services*

**To:** Representative Janet Ancel and Members of the Legislative Joint Fiscal Committee  
**From:** Ken Schatz, Commissioner  
**Subject:** Shelter Update for Barre and Rutland  
**Date:** November 7, 2017

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**Act 85, Section B.1101:**

*Department for Children and Families: The sum of \$600,000 in general funds is appropriated to the Department for Children and Families to be used to facilitate the development of two seasonal warming shelters, one in the Rutland district office service area and one the Barre district office service area to be in place for the 2017-2018 heating season. The Department for Children and Families and the local continuums of care in the Rutland and Barre districts shall report on or before September 15 and November 15, 2017 to the Legislative Joint Fiscal Committee on the progress of the siting and development of seasonal warming shelters in these two areas of the state.*

**Overview:**

Siting an emergency shelter for individuals who are homeless, especially providing shelter which are accessible for those most in need, is a complex process. To be successful, it must be built upon a strong foundation of municipal leadership commitment, community member support and stakeholder input. Siting a shelter does not typically follow a linear progression. However, in most communities it starts with building relationships and support for the project. DCF does not fund shelters that do not have town or municipal approval, and many times, projects will fail to progress if community support is not strong from the outset, regardless of need. DCF has been working closely with Rutland and Barre area community partners to expand seasonal shelter capacity for single adults.

As an appendix to this memo updating you on the progress in the Barre and Rutland AHS Districts, we have included for your easy reference, the sample set of steps that generally all communities go through to site a shelter that was attached to our September memo.



### Barre AHS District

In Barre, DCF is pleased to announce that it has awarded a grant for \$297,703 to Good Samaritan Haven to provide an additional 33 beds of seasonal shelter in Montpelier. The funding supports the expansion of seasonal emergency shelter capacity for single adults specifically: 20 bed seasonal warming shelter at the Bethany Church in Montpelier; and 13 beds at Washington County Mental Health Nelson Street Apartments in Montpelier. Of the funds awarded, \$11,491 is contingent on the provision of eight additional beds pending final plan and site approval.

Good Samaritan Haven is moving this project forward with considerable support from its local homeless Continuum of Care and community partners. With a small percentage of matched funds from DCF, Washington County Mental Health will be providing a part-time position to support the new shelters. The same is true for Another Way which will be providing meals, peer support staff and a day-time shelter facility. National Life and the Capital City Foundation are both providing small grants to the project. Additionally, Good Samaritan Haven is working to identify roles for additional key stakeholders including the Central Vermont Medical Center. The Haven is on track to open the seasonal shelters by November 15<sup>th</sup>.

### Rutland AHS District

In Rutland, progress continues to be slow. In June, DCF leadership met with the Rutland Mayor, Representative Fagan, AHS Field Services and four community partners, to discuss shelter needs. DCF has met with community partners in Rutland and/or by phone almost weekly since that initial meeting.

Below is a description of the efforts and progress thus far:

- This summer, BROCC volunteered to take on project development for a seasonal warming shelter and made progress, including:
  - Arranging a site visit for Mayor Allaire to Charter House in Middlebury;
  - Working with Mayor Allaire and partners to identify a model that would be supported by the community, which includes replicating aspects of Charter House that combine seasonal shelter for families and individuals in separate parts of the same facility; and
  - Researching and pursuing possible sites including the United Methodist Church, which had expressed interest in pursuing a shelter at the Church. The Church moved to a new facility in October 2017, and the site is no longer an option. The Church still could provide staffing, volunteers, and/or operate the shelter.
- In October, BROCC concluded that it would not be the seasonal shelter operator, but committed to continue to lead project development – including work with Rutland partners to identify a site and operator as well as building support in the Rutland community for the shelter.





- Simultaneous and separate to the process of siting a seasonal warming shelter, the Homeless Prevention Center (HPC) and Housing Trust of Rutland County have been pursuing a family shelter to be operated by HPC. As of the writing of this report, full funding for the family shelter has not yet been raised. A building site in Rutland has been identified for a family shelter to be operated by the Homeless Prevention Center, although, the building requires significant renovation.
- The family shelter site was also identified by community partners as a possible location for a combined “Charter House” shelter for the 2017-18 winter, and potentially long-term.
- Recently, community partners, DCF and the family shelter site owner met to discuss the possible use of the family shelter building to provide for seasonal shelter for adults. There is willingness to use the family shelter site as a temporary location to serve adults this winter, with a goal remaining that the long-term use of the facility would be for families. The size of a singles shelter would be less than 20 beds, far fewer than the identified need. It’s also possible that the family shelter site could be adapted long-term to provide options for singles (seasonally) and families (year-round) in a joint “Charter House” approach.
- DCF has offered the use of one-time funds to support capital costs at the family shelter site to renovate one floor of the building to operate a seasonal shelter for adults this winter. This could leverage a reduction on annual leasing costs for the Homeless Prevention Center and give the family shelter project a “leg up”. DCF has committed \$143,169 towards family shelter operation (\$75,000 in GA funds and \$68,169 by redirecting existing funds for emergency apartments); as well as offered technical assistance on family shelter project development.
- The family shelter would be leased and operated by the Homeless Prevention Center. At this time, the Homeless Prevention Center does not wish to pursue a combined model at the family shelter site, primarily due to lack of secured, ongoing funds for the family shelter.

As there remains no feasible seasonal shelter site and an operator for a seasonal shelter in Rutland has not been identified, DCF plans to issue an RFP in November for seasonal shelter capacity for adults in Rutland this winter.



## Appendix:

### Sample Shelter Siting Overview

Identify population to be served and scale of project	<ul style="list-style-type: none"> <li>- Review data from Homeless Point-in-Time Count and identify gaps in existing programs/shelters. <ul style="list-style-type: none"> <li>o Is the need seasonal? Year-round? Daytime?</li> <li>o Is the need for a specific subpopulation (e.g., DV, youth, individuals, families)?</li> <li>o Determine how many beds/rooms are needed</li> </ul> </li> <li>- Determine criteria for who will be served based on community need</li> </ul>
Build Early Support and Commitment for shelter project concept	<ul style="list-style-type: none"> <li>- Engage municipal leadership</li> <li>- Collaborate with partners, i.e. members of the local homeless continuum of care to develop concept</li> <li>- Identify roles &amp; steering process <ul style="list-style-type: none"> <li>o What community organization will take the lead?</li> <li>o What community partners will provide support/key roles?</li> <li>o Do we need to form a new organization, steering committee or advisory group? (not always)</li> </ul> </li> <li>- Meet with community members and leaders</li> <li>- Engage business support</li> </ul>
Service & Operations Plan	<p>Service &amp; Operations Plans:</p> <ul style="list-style-type: none"> <li>- Managing physical structure – bedding, meals, maintenance, security, health issues/pest control,</li> <li>- Staff and volunteer structure <ul style="list-style-type: none"> <li>o Develop/revise personnel policies</li> <li>o Develop/revise job descriptions</li> <li>o Training Plan</li> </ul> </li> <li>- Develop shelter policies and procedures regarding admission, diversion, referrals (coordination with other shelters and ESD), discharge, termination of shelter/services, safety/security, guest expectations and responsibilities, daytime/continuity of care, assessment/screening/referral for services and mainstream supports</li> <li>- Services offered (onsite? In-house? by referral? Partnership?)</li> </ul>
Identify & Narrow Potential Sites	<ul style="list-style-type: none"> <li>- Deepen commitment from municipal leadership, community members, businesses and neighbors</li> <li>- Ensure that building meets basic safety and security needs, and understand any significant renovation needs that will require start-up/capital funds</li> <li>- Secure regulatory, zoning and legal approvals: <ul style="list-style-type: none"> <li>o Municipal approval – i.e. Development Review Board</li> <li>o Zoning requirements for use of building</li> <li>o Fire Marshall inspection and approval</li> <li>o Insurance requirements/approval</li> <li>o DCF shelter habitability site approval</li> </ul> </li> </ul>



Build Start-Up and Annual Operations Budgets (source & use)	<ul style="list-style-type: none"> <li>- Identify start-up and capital costs</li> <li>- Identify annual operating costs</li> <li>- Identify all funding sources (in-kind and cash)</li> <li>- Demonstrate cost savings to GA/Emergency Housing Motel Spending.</li> </ul>
Leverage in-kind and financial resources	<ul style="list-style-type: none"> <li>- Secure financial support from public, private and community-based organizations to support shelter</li> </ul>
Keep community engaged and committed before and during shelter opening	<ul style="list-style-type: none"> <li>- Communication plan</li> <li>- Media and Press Releases</li> <li>- Volunteer recruitment</li> <li>- Fundraising</li> <li>- Plan to</li> <li>- participate with the local coordinated entry partnership and connect shelter guests to permanent housing options</li> </ul>







State of Vermont  
Department of Vermont Health Access  
280 State Street, NOB 1 South  
Waterbury, VT 05671-1010  
<http://dvha.vermont.gov>

[Phone] 802-879-5900

Agency of Human Services

## MEMORANDUM

**To:** The Joint Fiscal Committee

**From:** Cory Gustafson, Commissioner, Department of Vermont Health Access

**Cc:** Al Gobeille, Secretary, Agency of Human Services

**Date:** November 7, 2017

**Re:** Report on Medicaid Payment Alignment per Act 85 of 2017, Section E.306.2

---

This memorandum is submitted to fulfill the requirements of Section E.306.2 of Act 85 of 2017, titled *Medicaid Payment Alignment*. The Department of Vermont Health Access (DVHA) previously submitted a report to the Joint Fiscal Committee on this topic on September 14, 2017. That report can be [viewed here](#). This report should be considered as a supplemental addendum to the previous report, providing a brief update on health center reimbursement.

### *Health Centers*

As discussed in the report submitted on September 14, 2017, the Department of Vermont Health Access (DVHA) has been engaged in a multi-year project to evaluate the way it pays health centers, both Federally Qualified Health Centers (FQHCs) and Rural Health Centers (RHCs). The project is intended to achieve two goals: (1) to bring DVHA into compliance with federal law related to health center reimbursement and (2) align DVHA's payment methodology for health centers with DVHA's overall payment reform goals, including the All-Payer Model. Additionally, DVHA believes the project will end longstanding confusion and disagreement between DVHA and health centers regarding reimbursement policy. Overall, DVHA anticipates that this will increase the aggregate reimbursement for health centers; however, the change is anticipated to be revenue neutral given previous rate adjustments made in State Fiscal Year 2018. The changes are highly technical, and a general description is provided below.

Health centers receive cost based reimbursement, and DVHA's re-basing project will make sure health centers are paid in compliance with the Prospective Payment System (PPS) set forth in the *Medicare, Medicaid, and*



**State of Vermont**

**Department of Vermont Health Access**

280 State Street, NOB 1 South

Waterbury, VT 05671-1010

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*Agency of Human Services*

*SCHIP Benefits Improvement and Protection Act (BIPA) of 2000*. Overall, the re-basing will include the following changes:

- Set new rates for 2018 based on a proper interpretation of BIPA,
- Institute a *Change of Scope* process that adjusts payments when a health center's scope of practice changes,
- Impose a Reasonable Cost Cap to protect taxpayers, and;
- Sunset health center specific alternative payment models by 2019 since current health center alternative payment models are neither focused on value nor aligned with the Vermont All-Payer Accountable Care Organization Model and the related Vermont Medicaid Next Generation program.

Final stakeholder discussions are ongoing, and DVHA has a goal of publishing proposed changes in the *Global Commitment Register* (GCR) in December for implementation on January 1, 2018.

**November 2017 – Department of Mental Health and Department of Disabilities, Aging and Independent Living**  
**Breakdown, Distribution, Discrepancy and Solutions for the Act 85 Allocated Funding for the Designated and Specialized Service Agencies**

**Breakdown**

Act 85 of the 2017 Legislative session appropriated \$8.37M gross for increased payments to the Designated and Specialized Service Agencies (DAs and SSAs) to fund the costs of increasing the hourly wages of workers to \$14 per hour with priority given first to increase the salaries of crisis response and crisis bed personnel in a manner that advances the goal of achieving competitive compensation to regionally equivalent State, health care, or school-based positions of equal skills, credentials and lengths of employment.

The appropriation is now split between the Department of Mental Health (\$4.69M) and Department of Disabilities, Aging and Independent Living (\$3.67M). Originally the split was based on initial numbers provided by the DAs and SSAs and not based on final numbers. Once the numbers from the DAs and SSAs were finalized the total identified need remained consistent, but because of further analysis by the DAs/SSAs, amounts shifted between DS and MH from original estimates. After an update was provided to Joint Fiscal in September 2017 it was agreed to change the division of dollars between the two departments to align with the division provided by the DAs and SSAs.

**Distribution**

The DAs and SSAs provided DMH and DAIL with the amounts they needed in both the MH and DS programs (in total) to address the expectations of the legislation. However, the only way DMH can provide the funding was via rates and for DAIL via individual budgets. For DMH that required an across the board Medicaid rate increase that was consistent for each provider. DMH increased all the Medicaid rates DMH pays by 5.45%. That created a situation where 4 DAs did not receive the amount they needed and remaining 6 DAs and both SSAs to receive more than they needed. DAIL provided each DA and SSA the amount they needed which was then applied to individual budget based on need and staffing.

**Discrepancy**

Because the amount of funding needed was based on each individual DA or SSA's staffing patterns rather than on programs or budgets it created a discrepancy. Each DA has different staffing patterns, a different number of staff making below \$14 or varying degrees of competitive salaries for crisis workers and other contributing factors unique to each provider. It was impossible for DMH to set a rate that met everyone's needs without substantial reductions to services provided in many of the Agencies. The range of need was between 1.83% and 11.62% of each DAs overall applicable DMH Medicaid revenue.

**Solutions**

DMH recognized the impact on the DAs who did not receive the funding needed as specified in the request, so began conversations with the DAs and SSAs that received more than identified. Because DMH funding largely depends on the ability to actually earn the funding or ability to bill it down, those DAs who received more are likely to have areas where they are unable to earn the full allocation. In an effort to maintain a collaborative system those providers were able to identify those program areas, and are willing to have DMH reallocate the funding to the DAs who did not receive the identified amount. DMH is currently in the process of finalizing those numbers and beginning discussions with the DAs who need the additional funding in order to reallocate it into programs where they may have the ability to earn.



**FY 18 Final DA/SSA Increase Allocations**

**FY 18 DMH Allocation Increases**

**FY 18 DS Allocation Increases**

**Total Allocation Increases**

**Total Request per DA spreadsheet**

**Difference to Request**

CMC	CSAC	HCBS	H C	LCMH	NKHS	NCSS	RMHS	UCS	WCMH	NFI	Pathways	UVS	SCC	LS
222,876	377,311	616,177	689,675	229,268	378,917	533,592	317,229	237,244	788,867	232,775	75,529	-	-	
-	131,550	311,489	373,895	119,492	440,737	271,714	439,646	347,463	204,511	-	-	206,721	297,262	37,
<b>222,876</b>	<b>508,861</b>	<b>927,666</b>	<b>1,063,570</b>	<b>348,760</b>	<b>819,654</b>	<b>805,306</b>	<b>756,875</b>	<b>584,707</b>	<b>993,378</b>	<b>232,775</b>	<b>75,529</b>	<b>206,721</b>	<b>297,262</b>	<b>37,</b>
345,949	384,973	784,708	1,681,655	608,342	841,765	450,937	592,383	525,517	962,214	123,123	38,387	206,721	297,262	37,
<b>(123,073)</b>	<b>123,888</b>	<b>142,958</b>	<b>(618,085)</b>	<b>(259,582)</b>	<b>(22,111)</b>	<b>354,369</b>	<b>164,492</b>	<b>59,190</b>	<b>31,164</b>	<b>109,652</b>	<b>37,142</b>	<b>-</b>	<b>-</b>	

**MH Medicaid Rate Increase - 5.45%**

CCS	GMSS	FF	Total
-	-	-	4,699,460
35,911	106,556	253,409	3,677,540
35,911	106,556	253,409	8,377,000
35,911	106,556	253,409	8,376,996
-	-	-	4

**Updated on Designated and Specialized Service Agency Workforce Investment  
November 9, 2017  
Vermont Care Partners  
Julie Tessler**

**Workforce Investment Implementation has had Positive Results:**

- The \$8.37 million investment represents a 2.1% overall increase in funding
- Over 2000 staff received pay raises
- The base salaries for direct care staff are now \$28,000 to \$29,000 annually
- Some staff received raises worth \$5,000 annually, an increase of up to 18%
- Staff recruitment and retention are improving in the positions affected
- Staff morale has improved – they feel recognized and valued
- Crisis staff are now receiving compensation levels that are more competitive
- Implementation in Developmental Services went smoothly, once the allocation was set

**Challenges Encountered in Implementing the Funding:**

- The original imbalance of the DAIL/DMH funding delayed implementation and finalization of the grant agreements with AHS
- The across the board rate increase in mental health did not line up with the funds needed at individual agencies to meet the mandates, this is being worked through collaboratively
- Across the board increases for the lowest paid staff led to inequities in pay for those earning just above \$14/hour who had greater lengths of service or greater responsibilities
- Increased health benefit costs reduced the impact of the salary increases
- Lack of flexibility in how funds can be applied has led to continued problems with labor market competition for other staff such as clinicians, who are essential to our work
- It would be more strategic if each agency had the flexibility to target compensation increases to meet its unique recruitment and retention requirements
- The funds couldn't be used to cover pressures such as infrastructure investments, like EMR
- For agencies with unions the targeted funding complicates the negotiations and agreements

## **Additional Data Analysis by Vermont Care Partners in Collaboration with AHS**

### **Analysis by Pay Levels**

- a. #/% staff earning between \$14.00/hour to \$14.99/hour, plus the cost of achieving a \$15/hour minimum wage.
- b. #/% staff earning between \$15/hour to \$20.00/hour, plus the cost of compression inclusive of length of Service (LOS) for staff earning \$15/hour to \$20/hour.
- c. #/% staff earning over \$20/hour, plus the cost of compression inclusive of LOS for staff earning above \$20/hour.

## **Market Rate Analysis by Vermont Care Partners**

### **2016 findings, 2017 Study in Progress**

In 2016 Vermont Care Partners did an analysis of 4 types of positions compared to market/state employees. This data is being updated with current salary information and state employee salary information. Here are the highlights of the 2016 analysis:.

- Non-degree direct care staff earned salaries \$9,341 below State employees for equivalent work and length of employment
- Bachelors level staff earned salaries \$18,155 below state employees for equivalent work and length of employment
- Masters level clinicians earned salaries \$10,23 below state employees for equivalent work and length of employment
- Licensed clinicians earned salaries more than \$16,000 below state employees for equivalent work and length of employment
- As a percentage the pay differentials between DA staff and staff with similar credentials in state government vary from 28.6% to 59.2%
- Just Raising the DA and SSA direct care workers compensation up to the level of state employee compensation would require an investment of over \$43 million

### **Act 82 Health Benefits Analysis**

A 2017 analysis comparing health benefits of the DA/SSA staff with state employees indicated that an additional \$12 million would need to be invested in DA/SSA health benefits to reach the level of benefits enjoyed by State employees. This represents a 25% increase in the cost of health benefits for our staff.



STATE OF VERMONT  
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee members  
From: Daniel Dickerson, Fiscal Analyst *DD*  
Date: November 2, 2017  
Subject: Grant Requests #2900 - #2901

Enclosed please find two (2) items, including one (1) limited-service position request, which the Joint Fiscal Office has received from the administration.

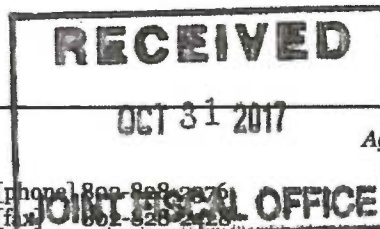
**JFO #2900** – \$241,888 from the U.S. Dept. of Education to the VT Agency of Education. The funding is a block grant for eligible states to support academic achievement in rural school districts, particularly districts that serve a large number of low-income students. The funding available through 9/30/2018 and will be distributed to eligible supervisory unions and/or supervisory districts by the Agency based on pre-determined eligibility criteria.  
*[JFO received 10/31/17]*

**JFO #2901** – \$3,987,558 from the U.S. Dept. of Health and Human Services to the VT Dept. of Mental Health. **One (1) limited-service position**, titled Project Director, is associated with this request. The grant funds will be used to develop integration of pediatric care and mental health care in clinical practices and to improve integrated care models overall for primary care and mental health care, all to improve health and wellness outcomes for children with mental health needs. The position will serve to administer grant funding and coordinate activities between multiple demonstration sites. The funding will be utilized in State FY18 and FY19, with further grant funding (up to \$10 million total) available in future years but subject to Congressional approval.  
*[JFO received 9/18/17]*

Please review the enclosed materials and notify the Joint Fiscal Office (Daniel Dickerson at (802) 828-2472; [ddickerson@leg.state.vt.us](mailto:ddickerson@leg.state.vt.us)) if you have questions or would like an item held for legislative review. Unless we hear from you to the contrary by November 16, 2017 we will assume that you agree to consider as final the Governor's acceptance of these requests.



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



Agency of Administration

JFO 2901

STATE OF VERMONT  
FINANCE & MANAGEMENT GRANT REVIEW FORM

<b>Grant Summary:</b>		Grant of \$3,987,558 to promote and develop full integration and collaboration in clinical practice between pediatric and mental health care. Also, to support improvement of integration care models for primary care and mental health care to improve overall wellness and physical health status of children with mental health needs.			
<b>Date:</b>		10/17/2017			
<b>Department:</b>		AHS Department of Mental Health			
<b>Legal Title of Grant:</b>		Promoting Integration of Primary and Behavioral Health Care (PIPBHC)			
<b>Federal Catalog #:</b>		90.601 / Economic and Infrastructure Development Grant Program			
<b>Grant/Donor Name and Address:</b>		Substance Abuse and Mental Health Services Administration, 5600 Fishers Lane, Rockville, MD 20857			
<b>Grant Period:</b>		<b>From:</b>	<b>To:</b>		
		9/30/2017	9/29/2019		
<b>Grant/Donation</b>		\$3,987,558			
	<b>SFY 1</b>	<b>SFY 2</b>	<b>SFY 3</b>	<b>Total</b>	<b>Comments</b>
<b>Grant Amount:</b>	\$1,995,415	\$1,992,143	\$0	\$3,987,558	
<b>Position Information:</b>		<b># Positions</b>	<b>Explanation/Comments</b>		
		1	One limited service position request to serve as Project Director for the duration of the grant. This position will oversee all grants and ensure coordination between multiple demonstration sites - initially there will be 4 sites, but that will expand if the grant is continued for years 3 through 5. The management of this grant requires a full time position. Existing staff at DMH would be unable to manage the responsibilities.		
<b>Additional Comments:</b>		This grant has the potential to continue through 09/29/2022			
<b>Department of Finance &amp; Management</b>		[Signature]		(Initial)	
<b>Secretary of Administration</b>		[Signature]		(Initial)	
<b>Sent To Joint Fiscal Office</b>		10/26/17		<b>Date</b>	





# STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION				
1. Agency:	Agency of Human Services			
2. Department:	Department of Mental Health			
3. Program:	Children, Adolescent and Family Unit			
4. Legal Title of Grant:	Promoting Integration of Primary and Behavioral Health Care (PIPBHC)			
5. Federal Catalog #:	93.243			
6. Grant/Donor Name and Address:	Substance Abuse and Mental Health Services Administration, 5600 Fishers Lane, Rockville, MD 209579/			
7. Grant Period:	From:	9/30/2017	To:	9/29/2019
8. Purpose of Grant:	The purpose of this grant is to 1) promote and develop full integration and collaboration in clinical practice between pediatric health care and mental health care, and 2) support improvement of integrated care models for primary care and mental health care to improve the overall wellness and physical health status of children with mental health needs.			
9. Impact on existing program if grant is not Accepted:	If the grant is not accepted, Vermont would miss a unique opportunity to promote and develop the integration of health and mental health care that is a key element of the state's health care reform efforts.			
	SFY 1	SFY 2	SFY 3	Comments
Expenditures:	FY 2018	FY 2019	FY	
Personal Services	\$117,016	\$121,812	\$	
Operating Expenses	\$10,808	\$2,740	\$	
Grants	\$1,867,591	\$1,867,591	\$	
<b>Total</b>	<b>\$1,995,415</b>	<b>\$1,992,143</b>	<b>\$</b>	
Revenues:				
State Funds:	\$	\$	\$	
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$1,995,415	\$1,992,143	\$	
(Direct Costs)	\$1,960,518	\$1,957,303	\$	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$34,897	\$34,840	\$	
Other Funds:	\$	\$	\$	
Grant (source )	\$	\$	\$	
<b>Total</b>	<b>\$1,995,415</b>	<b>\$1,992,143</b>	<b>\$</b>	
Appropriation No:	3150070000	Amount:	\$3,987,558	
			\$	
			\$	
			\$	
			\$	
			\$	

OCT 21 2017

90-8 10/3/17  
10/2/17



# STATE OF VERMONT REQUEST FOR GRANT (\*) ACCEPTANCE (Form AA-1)

		\$
	Total	\$3,987,558

## PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? ☒ Yes ☐ No  
If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Melissa Bailey Agreed by: MB (initial)

12. Limited Service Position Information:	# Positions	Title
	1	Project Director
Total Positions	1	

12a. Equipment and space for these positions: ☐ Is presently available. ☒ Can be obtained with available funds.

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):

Signature: Melissa Bailey  
Title: Melissa Bailey Commissioner

Date: 9/20/17

Signature: Mark Edsall  
Title:

Date: 10/9/17

<input checked="" type="checkbox"/> Approved:	(Secretary or designee signature) <u>T. Bailey</u>	Date: <u>10/17/17</u>
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<input checked="" type="checkbox"/> Check One Box: Accepted	(Governor's signature) <u>[Signature]</u>	Date: <u>10/25/17</u>
<input type="checkbox"/> Rejected		

## Required GRANT Documentation

<input type="checkbox"/> Request Memo	<input type="checkbox"/> Notice of Donation (if any)
<input type="checkbox"/> Dept. project approval (if applicable)	<input type="checkbox"/> Grant (Project) Timeline (if applicable)
<input type="checkbox"/> Notice of Award	<input type="checkbox"/> Request for Extension (if applicable)
<input type="checkbox"/> Grant Agreement	<input type="checkbox"/> Form AA-1PN attached (if applicable)
<input type="checkbox"/> Grant Budget	

(\*) The term "grant" refers to any grant, gift, loan, or any sum of money or thing of value to be accepted by any agency, department, commission, board, or other part of state government (see 32 V.S.A. §5).

**STATE OF VERMONT**  
**Joint Fiscal Committee Review**  
**Limited Service - Grant Funded**  
**Position Request Form**

This form is to be used by agencies and departments when additional grant funded positions are being requested. Review and approval by the Department of Human Resources must be obtained prior to review by the Department of Finance and Management. The Department of Finance will forward requests to the Joint Fiscal Office for JFC review. A Request for Classification Review Form (RFR) and an updated organizational chart showing to whom the new position(s) would report must be attached to this form. Please attach additional pages as necessary to provide enough detail.

Agency/Department: AHS/Mental Health      Date: September 8, 2017

Name and Phone (of the person completing this request): Nick Nichols, 241-0090

Request is for:

- ☒ Positions funded and attached to a new grant.  
☐ Positions funded and attached to an existing grant approved by JFO # \_\_\_\_\_

1. Name of Granting Agency, Title of Grant, Grant Funding Detail (attach grant documents):

Granting Agency: *Department of Health and Human Services-Substance Abuse and Mental Health Services Administration*

Title of Grant: *Promoting Integration of Primary and Behavioral Health Care Grant*

2. List below titles, number of positions in each title, program area, and limited service end date (information should be based on grant award and should match information provided on the RFR) position(s) will be established only after JFC final approval:

<u>Title* of Position(s) Requested</u>	<u># of Positions</u>	<u>Division/Program</u>	<u>Grant Funding Period/Anticipated End Date</u>
<b>Project Director</b>	<b>1</b>	<b>CAFU</b>	<b>9/30/17 – 9/29/2022</b>

\*Final determination of title and pay grade to be made by the Department of Human Resources Classification Division upon submission and review of Request for Classification Review.

3. Justification for this request as an essential grant program need:

This position will oversee all grant activities and ensure coordination between multiple demonstration sites (initially there will be 4 sites, but this will expand in Years Three through Five. The management of this grant requires a full-time position, and existing staff at DMH would be unable to manage these responsibilities.

I certify that this information is correct and that necessary funding, space and equipment for the above position(s) are available (required by 32 VSA Sec. 5(b)).

\_\_\_\_\_  
Signature of Agency or Department Head

10/9/17  
Date

\_\_\_\_\_  
Approved/Denied by Department of Human Resources

\_\_\_\_\_  
Date

17 Oct 17  
Approved/Denied by Finance and Management

\_\_\_\_\_  
Date

OCT 21 2017

**STATE OF VERMONT**  
**Joint Fiscal Committee Review**  
**Limited Service - Grant Funded**  
**Position Request Form**

 Approved ☒ Denied by Secretary of Administration

 Date

Comments:

OCT 21 2017

DHR-11/7/05





Department of Mental Health  
280 State Drive  
Building NOB2 North  
Waterbury, VT 05671-2010

## MEMORANDUM

To: Susanne Young, Secretary of Administration  
From: Shannon Thompson, Finance Director, DMH  
Subject: AA-1 for Promoting Integration of Primary and Behavioral Health Care Grant  
Date: September 28, 2017

Enclosed please find the documentation requesting approval for a new Promoting Integration of Primary and Behavioral Health Care Grant for the Department of Mental Health. The total project is for \$9,980,282 subject to availability of federal funds and project progress.

Please find the following documents enclosed:

- AA-1 memo
- AA-1 form
- DMH application with forms 424 and 424a
- Application approval letter with attached notice of grant award and grant terms and conditions

If you have any questions, please contact me at 241-0118 or Melissa Bailey at 241-0122.

OCT 21 2017

**VERMONT DEPARTMENT OF PERSONNEL**  
**Request for Classification Review**  
**Position Description Form A**

- **This form is to be used by managers and supervisors to request classification of a position (filled or vacant) when the duties have changed, and by managers and supervisors to request the creation of a new job class/title (for a filled, vacant, or new position), and by employees to request classification of their position.**
- This form was designed in Microsoft Word to download and complete on your computer. This is a form-protected document, so information can only be entered in the shaded ☐ areas of the form.
- If you prefer to fill out a hard copy of the form, contact your Personnel Officer.
- To move from field to field use your mouse, the arrow keys or press Tab. Each form field has a limited number of characters. Use your mouse or the spacebar to mark and unmark a checkbox.
- Where additional space is needed to respond to a question, you might need to attach a separate page, and number the responses to correspond with the numbers of the questions on the form. Please contact your Personnel Officer if you have difficulty completing the form.
- The form must be complete, including required attachments and signatures or it will be returned to the department's personnel office. All sections of this form are required to be completed unless otherwise stated.

**INSTRUCTIONS:** Tell us about the job. The information you provide will be used to evaluate the position. It will not be used in any way to evaluate an employee's performance or qualifications.

Answer the questions carefully. The information you give will help ensure that the position is fairly evaluated. Here are some suggestions to consider in completing this questionnaire:

- Tell the facts about what an employee in this position is actually expected to do.
- Give specific examples to make it clear.
- Write in a way so a person unfamiliar with the job will be able to understand it.
- Describe the job as it is now; not the way it was or will become.
- Before answering each question, read it carefully.

**To Submit this Request for Classification Review:** If this is a filled position, the employee must sign the original\* and forward to the supervisor for the supervisor's review and signature. The Personnel Officer and the Appointing Authority must also review and sign this request before it is considered complete. The effective date of review is the beginning of the first pay period following the date the complete Request for Classification Review is date stamped by the Classification Division of the Department of Personnel.

\*An employee may choose to sign the form, make a copy, submit original to supervisor as noted above, while concurrently sending the copy to the Classification Division, 144 State Street, Montpelier, with a cover note indicating that the employee has submitted the original to the supervisor and is submitting the copy as a Concurrent filing.

**If this is a request (initiated by employees, VSEA, or management) for review of all positions in a class/title please contact the appropriate Classification Analyst or the Classification Manager to discuss the request prior to submitting.**

## Request for Classification Review Position Description Form A

For Department of Personnel Use Only

Notice of Action # _____				Date Received (Stamp) _____	
Action Taken: _____					
New Job Title: _____					
Current Class Code _____		New Class Code _____			
Current Pay Grade _____		New Pay Grade _____			
Current Mgt Level _____ B/U _____		OT Cat _____		EEO Cat _____ FLSA _____	
New Mgt Level _____ B/U _____		OT Cat _____		EEO Cat _____ FLSA _____	
Classification Analyst _____				Date _____	
Comments _____				Effective Date _____	
				Date Processed _____	
Wills Rating/Components _____		Knowledge & Skills _____		Mental Demands _____	
		Working Conditions _____		Accountability _____	
		Total _____			

### Incumbent Information:

Employee Name:  Employee Number:

Position Number:  Current Job/Class Title:

Agency/Department/Unit:  Work Station:  Zip Code:

Supervisor's Name, Title, and Phone Number:

How should the notification to the employee be sent: ☐ employee's work location ☐ or ☐ other address, please provide mailing address:

### New Position/Vacant Position Information:

New Position Authorization: ☐ Request Job/Class Title:  Vermont Family-Centered Healthcare Home Project Director

Position Type: ☐ Permanent or ☒ Limited / Funding Source: ☐ Core, ☐ Partnership, or ☒ Sponsored

Vacant Position Number:  Current Job/Class Title:

Agency/Department/Unit:  Agency of Human Services/Department of Mental Health Work Station:  Waterbury Zip Code:  05671

Supervisor's Name, Title and Phone Number:  Charlie Biss, Child, Adolescent and Family Unit Director, 241-0090

Type of Request:



☒ **Management:** A management request to review the classification of an existing position, class, or create a new job class.

☐ **Employee:** An employee's request to review the classification of his/her current position.

## 1. Job Duties

This is the **most critical** part of the form. Describe the activities and duties required in your job, **noting changes (new duties, duties no longer required, etc.) since the last review.** Place them in order of importance, beginning with the single most important activity or responsibility required in your job. The importance of the duties and expected end results should be clear, including the tolerance that may be permitted for error. Describe each job duty or activity as follows:

- **What it is:** The nature of the activity.
- **How you do it:** The steps you go through to perform the activity. Be specific so the reader can understand the steps.
- **Why it is done:** What you are attempting to accomplish and the end result of the activity.

For example a Tax Examiner might respond as follows: **(What)** Audits tax returns and/or taxpayer records. **(How)** By developing investigation strategy; reviewing materials submitted; when appropriate interviewing people, other than the taxpayer, who have information about the taxpayer's business or residency. **(Why)** To determine actual tax liabilities.

Developmental, administrative, coordinating and monitoring work for the Department of Mental Health to oversee a state-wide grant project to improve integrated mental health and health care across designated agencies and federally qualified healthcare centers for children and their families who are at risk of, or have been diagnosed with, severe emotional disturbance (SED), and/or for youth and young adults transitioning to adult services. Oversees and administratively coordinates the approximately \$1.9 million annually of a 5-year, \$9.9 million dollar federal grant project to: (1) promote full integration and collaboration in clinical practice between primary and behavioral healthcare; (2) support the improvement of integrated care models for primary care and behavioral health care to improve the overall wellness and physical health status of children with or at risk for a serious emotional disturbance (SED); and (3) promote and offer integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases.

Oversees all grant activities and ensures coordination between multiple demonstration sites. Develops and collaborates with a grant steering committee and the state interagency team to develop and implement state-level grant activities. Supports implementation and service delivery, evaluation and adaptation of integrated service model in demonstration sites. Coordinates technical assistance support for state and local work teams to enhance their capability to address grant activities. Coordinates and develops integrated services with relevant stakeholders. Identifies and coordinates use of data for program evaluation and management purposes. Negotiates and administers contracts and grant agreements as needed. Oversees allocation of grant budget. Completes timely grant reporting in consultation with the grant evaluator. Submits quarterly and annual progress reports to SAMHSA. Develops plan to sustain services with state funding after cessation of the grant. Serves as liaison to senior leadership among statewide project partners. Convenes and facilitates key discussions and planning with agency and stakeholder leadership. Provides input on design of programmatic and training elements of the project. Oversees development of work plans aligned to project timelines and staff capacity. Provides technical quality control over implementation of all

programmatic elements. Monitors project work to ensure that the project is meeting stated goals and objectives. Applies systems thinking to strategy development for local, statewide and national initiatives. Provides input in design training plans, including needs assessments, training agendas and descriptions, materials and handouts, evaluation and other elements for trainings. Supervises project sub-contractors to deliver measurable, cost-effective results.

Other duties as required.

## 2. Key Contacts

This question deals with the personal contacts and interactions that occur in this job. Provide brief typical examples indicating your primary contacts (not an exhaustive or all-inclusive list of contacts) other than those persons to whom you report or who report to you. If you work as part of a team, or if your primary contacts are with other agencies or groups outside State government describe those interactions, and what your role is. For example: you may *collaborate, monitor, guide, or facilitate change*.

Works closely with broad range of local, regional, state and federal stakeholders. Works with federal grant administrators to ensure grant activities meet federal guidelines. Works with other AHS departments to coordinate work of an AHS state interagency team to implement state-level grant activities. Collaborates with local service providers (including designated agencies and federally qualified healthcare centers) community members, municipal representatives, families and clients of mental health services to develop and implement local demonstration pilots. Works with national consultants and trainers to support implementation of evidence-based practices in Vermont. Regular contact with state-level representatives of multiple stakeholder groups (e.g. Vermont Federation of Families, Vermont Care Partners, Bi-State Primary Care) and Executive Directors and Program Directors of Designated Agencies to facilitate consensus-building, treatment capacity development, and systems improvement among treatment providers.

## 3. Are there licensing, registration, or certification requirements; or special or unusual skills necessary to perform this job?

Include any special licenses, registrations, certifications, skills; (such as counseling, engineering, computer programming, graphic design, strategic planning, keyboarding) including skills with specific equipment, tools, technology, etc. (such as mainframe computers, power tools, trucks, road equipment, specific software packages). Be specific, if you must be able to drive a commercial vehicle, or must know Visual Basic, indicate so.

Education: Master's Degree in public health, social services, or behavioral health services or equivalent. Master's Degree may be substituted for at least 5 years of relevant experience.

Experience: Five years working mental health field, with at least 2 years in a management, supervisory or administrative level position

Experience in grants and project management, systems development, and implementation of best practices

Skills and Knowledge:

Knowledge of mental health and health care integration principles

Knowledge of federal, state, and local mental health services and programs.

Knowledge of best and evidence-based practices regarding the integration of mental

health and health care.

Knowledge of the principles and practices of public administration.

Knowledge and skills in coalition-building and planning.

Knowledge and skills in strategic planning and systems change.

Knowledge and skills in project management

Skills in leadership and multi-stakeholder consensus-building

Ability to develop and negotiate contracts.

Ability to evaluate program effectiveness

Ability to communicate effectively orally and in writing.

Ability to establish and maintain effective working relationships.

Demonstrated experience with program development and implementation;

Knowledge of public health and health education in related disciplines;

Creative, critical, strategic and detail-level thinking;

Excellent communication skills and network development;

Interpersonal professionalism;

#### 4. Do you supervise?

In this question "supervise" means if you direct the work of others where you are held **directly** responsible for assigning work; performance ratings; training; reward and discipline or effectively recommend such action; and other personnel matters. List the names, titles, and position numbers of the classified employees reporting to you:

The position oversees and coordinates state-level and regional work projects and promotes team collaboration.

#### 5. In what way does your supervisor provide you with work assignments and review your work?

This question deals with how you are supervised. Explain how you receive work assignments, how priorities are determined, and how your work is reviewed. There are a wide variety of ways a job can be supervised, so there may not be just one answer to this question. For example, some aspects of your work may be reviewed on a regular basis and in others you may operate within general guidelines with much independence in determining how you accomplish tasks.

Works with supervisor to effectively set goals and establish priorities; understand, prepare and adhere to project goals, objectives, tasks, deadlines and time lines

Effectively solicits, integrates and responds to regular input, consultation and directives from multiple sources, including state work team, state leadership, project staff, national expert consultants, federal administrators, treatment providers, consumers, families, and community representatives

Works with supervisor to monitor and adhere to expectations and requirements of federal administration funding the project

Clearly communicates grant project and departmental expectations, desired outcomes, and

effectively delegates responsibilities to project staff, providing necessary oversight and management of resources to accomplish expectations

Performs work activities with modest supervision; expected to complete many work projects independently without direct supervision

## 6. Mental Effort

This section addresses the mental demands associated with this job. Describe the most mentally challenging part of your job or the most difficult typical problems you are expected to solve. Be sure to give a specific response and describe the situation(s) by example.

- For example, a purchasing clerk might respond: *In pricing purchase orders, I frequently must find the cost of materials not listed in the pricing guides. This involves locating vendors or other sources of pricing information for a great variety of materials.*
- Or, a systems developer might say: *Understanding the ways in which a database or program will be used, and what the users must accomplish and then developing a system to meet their needs, often with limited time and resources.*

Expected to effectively understand, evaluate, and develop strategies to overcome multiple, complex barriers at local, state and federal level to implementing evidence-based treatment and support. Examples include:

- evaluating how federal, state and private funds are and can be used to pay for evidence-based practices and how those funds can be used to efficiently support improved outcomes
- evaluating how multiple DMH initiatives overlap and contribute to the overall improvement of the mental health system
- evaluating how existing DMH policy and operation practices need to be modified/improved to improve system capacity
- evaluating complex state and federal policy, regulation and funding structures should be modified to support integrated treatment across complex mental health and health care delivery systems.

Expected to oversee implementation of multiple multi-year, state-wide systems change initiative involving multiple service systems.

## 7. Accountability

This section evaluates the job's expected results. In weighing the importance of results, consideration should be given to responsibility for the safety and well-being of people, protection of confidential information and protection of resources.

What is needed here is information not already presented about the job's scope of responsibility. What is the job's most significant influence upon the organization, or in what way does the job contribute to the organization's mission?

Provide annualized dollar figures if it makes sense to do so, explaining what the amount(s) represent.

For example:

- A social worker might respond: *To promote permanence for children through coordination and delivery of services;*



- A financial officer might state: *Overseeing preparation and ongoing management of division budget: \$2M Operating/Personal Services, \$1.5M Federal Grants.*

Overseeing implementation and management of multiple, multi-year, federal grant totaling over \$9.9 million.

Changing the Vermont mental health system to make integrated mental health and health care more accessible and effective for children and families.

Improving clinical and quality of life outcomes for children with or at risk of serious emotional disturbance.

## 8. Working Conditions

The intent of this question is to describe any adverse conditions that are routine and expected in your job. It is not to identify special situations such as overcrowded conditions or understaffing.

- a) What significant mental stress are you exposed to? All jobs contain some amount of stress. If your job stands out as having a significant degree of mental or emotional pressure or tension associated with it, this should be described.

Type	How Much of the Time?

- b) What hazards, special conditions or discomfort are you exposed to? (Clarification of terms: hazards include such things as potential accidents, illness, chronic health conditions or other harm. Typical examples might involve exposure to dangerous persons, including potentially violent customers and clients, fumes, toxic waste, contaminated materials, vehicle accident, disease, cuts, falls, etc.; and discomfort includes exposure to such things as cold, dirt, dust, rain or snow, heat, etc.)

Type	How Much of the Time?

- c) What weights do you lift; how much do they weigh and how much time per day/week do you spend lifting?

Type	How Heavy?	How Much of the Time?

- d) What working positions (sitting, standing, bending, reaching) or types of effort (hiking, walking, driving) are required?

Type	How Much of the Time?

**Additional Information:**

Carefully review your job description responses so far. If there is anything that you feel is important in understanding your job that you haven't clearly described, use this space for that purpose. Perhaps your job has some unique aspects or characteristics that weren't brought out by your answers to the previous questions. In this space, add any additional comments that you feel will add to a clear understanding of the requirements of your job.

This position will oversee a multi-year federal grant project focused on the improvement of services and expansion of treatment and support capacity to address gaps in the mental health and health care system for children, adolescents and families. Given the amount of funding available through the federal grant (over \$9.9 million), the federal expectations regarding deliverables and reporting requirements, and the need to coordinate local and state-level implementation activities simultaneously, DMH requires a state position to ensure proper oversight and coordination of the grant.

Employee's Signature (required): \_\_\_\_\_ Date: \_\_\_\_\_



**Supervisor's Section:**

Carefully review this completed job description, but do not alter or eliminate any portion of the original response. Please answer the questions listed below.

**1. What do you consider the most important duties of this job and why?**

Strategically develop and coordinate a systems improvement project occurring at the state and local level involving a complex mix of stakeholders, outside consultants, and state representatives

**2. What do you consider the most important knowledge, skills, and abilities of an employee in this job (not necessarily the qualifications of the present employee) and why?**

A keen understanding of the federal, state and local mental health treatment and support systems, including the historical, political, economic and cultural factors which must be taken into consideration when attempting to make changes to the system

Ability to provide leadership among high-level staff at DMH and in the community regarding changing the status quo of how Vermont provides treatment and support services children, adolescents and families.

Ability to strategically plan for and manage a multi-year, multi-stakeholder and multi-pronged initiative focused on achieving substantial change at the state and local level in multiple counties within Vermont

Ability to work collaboratively with complex mix of federal, state, regional and local stakeholders to initiate change

**3. Comment on the accuracy and completeness of the responses by the employee. List below any missing items and/or differences where appropriate.**

N/A

**4. Suggested Title and/or Pay Grade:**

Vermont Family-Centered Healthcare Home Project Director PG 25

Supervisor's Signature (required):

Date: 10/2/17

**Personnel Administrator's Section:**

Please complete any missing information on the front page of this form before submitting it for review.

Are there other changes to this position, for example: Change of supervisor, GUC, work station?

☐ Yes ☐ No If yes, please provide detailed information.

Attachments:

- ☐ Organizational charts are **required** and must indicate where the position reports.
- ☐ Draft job specification is **required** for proposed new job classes.

Will this change affect other positions within the organization? If so, describe how, (for example, have duties been shifted within the unit requiring review of other positions; or are there other issues relevant to the classification review process).

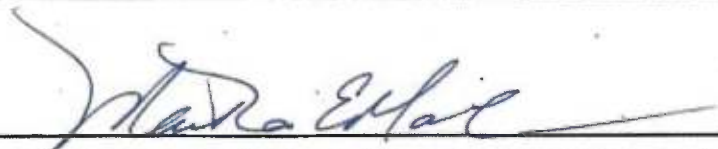
Suggested Title and/or Pay Grade:

Personnel Administrator's Signature (**required**): \_\_\_\_\_ Date: \_\_\_\_\_

**Appointing Authority's Section:**

Please review this completed job description but **do not alter** or eliminate any of the entries. Add any clarifying information and/or additional comments (if necessary) in the space below.

Suggested Title and/or Pay Grade:

  
\_\_\_\_\_  
Appointing Authority or Authorized Representative Signature (**required**)

10/9/12  
\_\_\_\_\_  
Date



## WORKSPACE FORM

1-800-518-4726  
SUPPORT@GRANTS.GOV

This Workspace form is one of the forms you need to complete prior to submitting your Application Package. This form can be completed in its entirety offline using Adobe Reader. You can save your form by clicking the "Save" button and see any errors by clicking the "Check For Errors" button. In-progress and completed forms can be uploaded at any time to Grants.gov using the Workspace feature.

When you open a form, required fields are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message. Additional instructions and FAQs about the Application Package can be found in the Grants.gov Applicants tab.

### OPPORTUNITY & PACKAGE DETAILS:

Opportunity Number:	SM-17-008
Opportunity Title:	Promoting Integration of Primary and Behavioral Health Care
Opportunity Package ID:	PKG00231466
CFDA Number:	93.243
CFDA Description:	Substance Abuse and Mental Health Services Projects of Regional and National Significance
Competition ID:	SM-17-008
Competition Title:	Promoting Integration of Primary and Behavioral Health Care
Opening Date:	03/16/2017
Closing Date:	05/17/2017
Agency:	Substance Abuse and Mental Health Services Adminis
Contact Information:	Tenly Pau Biggs Center for Mental Health Services Substance Abuse and Mental Health Services Administration 5600 Fishers Lane Room 14N30C Rockville, MD 20857 (240) 276-2411 PBHCI@samhsa.hhs.gov

### APPLICANT & WORKSPACE DETAILS:

Workspace ID:	WS00046517
Application Filing Name:	Vermont PIPBHC Application
DUNS:	8093761550000
Organization:	HUMAN SERVICES, VERMONT AGENCY OF
Form Name:	Budget Information for Non-Construction Programs (SF-424A)
Form Version:	1.0
Requirement:	Mandatory
Download Date/Time:	May 09, 2017 10:01:06 AM EDT
Form State:	No Errors

### FORM ACTIONS:

# BUDGET INFORMATION - Non-Construction Programs

OMB Number: 4040-0006  
Expiration Date: 01/31/2019

## SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Promoting Integration of Primary and Behavioral Health Care	93.243	\$	\$	1,995,415.00	\$	1,995,415.00
2.						
3.						
4.						
5. Totals		\$	\$	1,995,415.00	\$	1,995,415.00

## SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Promoting Integration of Primary and Behavioral Health Care				
a. Personnel	\$ 56,424.00	\$	\$	\$	\$ 56,424.00
b. Fringe Benefits	25,695.00				25,695.00
c. Travel	9,208.00				9,208.00
d. Equipment					
e. Supplies	1,600.00				1,600.00
f. Contractual	1,967,591.00				1,967,591.00
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)	1,960,518.00				\$ 1,960,518.00
j. Indirect Charges	34,897.00				\$ 34,897.00
k. TOTALS (sum of 6i and 6j)	\$ 1,995,415.00	\$	\$	\$	\$ 1,995,415.00
7. Program Income	\$	\$	\$	\$	\$

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Prescribed by OMB (Circular A-102) Page 1A

SECTION C - NON-FEDERAL RESOURCES				
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Promoting Integration of Primary and Behavioral Health Care	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$	\$	\$	\$

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 1,995,415.00	\$ 498,853.00	\$ 498,854.00	\$ 498,854.00	\$ 498,854.00
14. Non-Federal	\$				
15. TOTAL (sum of lines 13 and 14)	\$ 1,995,415.00	\$ 498,853.00	\$ 498,854.00	\$ 498,854.00	\$ 498,854.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT				
(a) Grant Program	FUTURE FUNDING PERIODS (YEARS)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16. Promoting Integration of Primary and Behavioral Health Care	\$ 1,992,143.00	\$ 1,996,827.00	\$ 1,998,957.00	\$ 1,996,940.00
17.				
18.				
19.				
20. TOTAL (sum of lines 16 - 19)	\$ 1,992,143.00	\$ 1,996,827.00	\$ 1,998,957.00	\$ 1,996,940.00

SECTION F - OTHER BUDGET INFORMATION	
21. Direct Charges:	22. Indirect Charges:
23. Remarks:	

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## WORKSPACE FORM

1-800-518-4726  
SUPPORT@GRANTS.GOV

This Workspace form is one of the forms you need to complete prior to submitting your Application Package. This form can be completed in its entirety offline using Adobe Reader. You can save your form by clicking the "Save" button and see any errors by clicking the "Check For Errors" button. In-progress and completed forms can be uploaded at any time to Grants.gov using the Workspace feature.

When you open a form, required fields are highlighted in yellow with a red border. Optional fields and completed fields are displayed in white. If you enter invalid or incomplete information in a field, you will receive an error message. Additional instructions and FAQs about the Application Package can be found in the Grants.gov Applicants tab.

### OPPORTUNITY & PACKAGE DETAILS:

Opportunity Number:	SM-17-008
Opportunity Title:	Promoting Integration of Primary and Behavioral Health Care
Opportunity Package ID:	PKG00231466
CFDA Number:	93.243
CFDA Description:	Substance Abuse and Mental Health Services Projects of Regional and National Significance
Competition ID:	SM-17-008
Competition Title:	Promoting Integration of Primary and Behavioral Health Care
Opening Date:	03/16/2017
Closing Date:	05/17/2017
Agency:	Substance Abuse and Mental Health Services Adminis
Contact Information:	Tenly Pau Biggs Center for Mental Health Services Substance Abuse and Mental Health Services Administration 5600 Fishers Lane Room 14N30C Rockville, MD 20857 (240) 276-2411 PBHCI@samhsa.hhs.gov

### APPLICANT & WORKSPACE DETAILS:

Workspace ID:	WS00046517
Application Filing Name:	Vermont PIPBHC Application
DUNS:	8093761550000
Organization:	HUMAN SERVICES, VERMONT AGENCY OF
Form Name:	Application for Federal Assistance (SF-424)
Form Version:	2.1
Requirement:	Mandatory
Download Date/Time:	May 09, 2017 09:58:48 AM EDT
Form State:	No Errors

### FORM ACTIONS:

**Application for Federal Assistance SF-424**

**\* 1. Type of Submission:**

- ☐ Preapplication  
☒ Application  
☐ Changed/Corrected Application

**\* 2. Type of Application:**

- ☒ New  
☐ Continuation  
☐ Revision

**\* If Revision, select appropriate letter(s):**

**\* Other (Specify):**

**\* 3. Date Received:**

Completed by Grants.gov upon submission.

**4. Applicant Identifier:**

**5a. Federal Entity Identifier:**

**5b. Federal Award Identifier:**

**State Use Only:**

**6. Date Received by State:**

**7. State Application Identifier:**

**8. APPLICANT INFORMATION:**

**\* a. Legal Name:**

Vermont Agency of Human Services-Department of Mental Health

**\* b. Employer/Taxpayer Identification Number (EIN/TIN):**

03-6000264

**\* c. Organizational DUNS:**

8093761550000

**d. Address:**

**\* Street1:**

280 State Drive NOB 2 North

**Street2:**

**\* City:**

Waterbury

**County/Parish:**

**\* State:**

VT: Vermont

**Province:**

**\* Country:**

USA: UNITED STATES

**\* Zip / Postal Code:**

05671-0090

**e. Organizational Unit:**

**Department Name:**

Department of Mental Health

**Division Name:**

**f. Name and contact information of person to be contacted on matters involving this application:**

**Prefix:**

**\* First Name:**

Melissa

**Middle Name:**

**\* Last Name:**

Bailey

**Suffix:**

**Title:**

Commissioner

**Organizational Affiliation:**

Vermont Department of Mental Health

**\* Telephone Number:**

802-241-0090

**Fax Number:**

**\* Email:**

melissa.bailey@vermont.gov; jennifer.rowell@vermont.gov

**Application for Federal Assistance SF-424**

**\* 9. Type of Applicant 1: Select Applicant Type:**

A: State Government

**Type of Applicant 2: Select Applicant Type:**

**Type of Applicant 3: Select Applicant Type:**

**\* Other (specify):**

**\* 10. Name of Federal Agency:**

Substance Abuse and Mental Health Services Adminis

**11. Catalog of Federal Domestic Assistance Number:**

93.243

**CFDA Title:**

Substance Abuse and Mental Health Services Projects of Regional and National Significance

**\* 12. Funding Opportunity Number:**

SM-17-008

**\* Title:**

Promoting Integration of Primary and Behavioral Health Care

**13. Competition Identification Number:**

SM-17-008

**Title:**

Promoting Integration of Primary and Behavioral Health Care

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Add Attachment

Delete Attachment

View Attachment

**\* 15. Descriptive Title of Applicant's Project:**

Vermont Family Centered Healthcare Home Project

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

# Application for Federal Assistance SF-424

## 16. Congressional Districts Of:

\* a. Applicant

VT-all

\* b. Program/Project

VT-all

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachments

## 17. Proposed Project:

\* a. Start Date:

09/30/2017

\* b. End Date:

09/29/2022

## 18. Estimated Funding (\$):

* a. Federal	1,995,415.00
* b. Applicant	0.00
* c. State	0.00
* d. Local	0.00
* e. Other	0.00
* f. Program Income	0.00
* g. TOTAL	1,995,415.00

## \* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?

☐ a. This application was made available to the State under the Executive Order 12372 Process for review on

☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.

☒ c. Program is not covered by E.O. 12372.

## \* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)

☐ Yes

☒ No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachments

21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

☒ \*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

## Authorized Representative:

Prefix:

\* First Name:

Melissa

Middle Name:

\* Last Name:

Bailey

Suffix:

\* Title:

Commissioner

\* Telephone Number:

802-241-0090

Fax Number:

\* Email:

melissa.bailey@vermont.gov; jennifer.rowell@vermont.gov

\* Signature of Authorized Representative:

Completed by Grants.gov upon submission.

\* Date Signed:

Completed by Grants.gov upon submission.



Notice of Award

Issue Date: 09/07/2017

Promoting Integration of PBHC  
Department of Health and Human Services  
Substance Abuse and Mental Health Services Administration

Center for Mental Health Services

Grant Number: 1H79SM080234-01

FAIN: SM080234

Program Director: Melissa Bailey

Project Title: Vermont Family Centered Healthcare Home Project

Grantee Address	Business Address
VERMONT STATE AGENCY OF HUMAN SERVICES Melissa Bailey Commissioner Department of Mental Health 280 State Drive NOB 2 North Waterbury, VT 056712010	Cara McSherry Financial Manager II Agency of Human Services-Dept. of Mental Health 280 State Drive NOB 2 North Waterbury, VT 056712010

Budget Period: 09/30/2017 – 09/29/2019

Project Period: 09/30/2017 – 09/29/2022

Dear Grantee:

The Substance Abuse and Mental Health Services Administration hereby awards a grant in the amount of \$3,987,558 (see "Award Calculation" in Section I and "Terms and Conditions" in Section III) to VERMONT STATE AGENCY OF HUMAN SERVICES in support of the above referenced project. This award is pursuant to the authority of Sec 9003 21 Century Cures Act PL114-255 & Sec 520K PHS Act and is subject to the requirements of this statute and regulation and of other referenced, incorporated or attached terms and conditions.

Award recipients may access the SAMHSA website at [www.samhsa.gov](http://www.samhsa.gov) (click on "Grants" then SAMHSA Grants Management), which provides information relating to the Division of Payment Management System, HHS Division of Cost Allocation and Postaward Administration Requirements. Please use your grant number for reference.

Acceptance of this award including the "Terms and Conditions" is acknowledged by the grantee when funds are drawn down or otherwise obtained from the grant payment system.

If you have any questions about this award, please contact your Grants Management Specialist and your Government Project Officer listed in your terms and conditions.

Sincerely yours,  
Roger George  
Grants Management Officer  
Division of Grants Management

See additional information below



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**SECTION I – AWARD DATA – 1H79SM080234-01****Award Calculation (U.S. Dollars)**

Salaries and Wages	\$56,424
Fringe Benefits	\$25,695
Personnel Costs (Subtotal)	\$82,119
Supplies	\$1,600
Consortium/Contractual Cost	\$1,867,591
Travel Costs	\$9,208
Other	\$1,992,143
 Direct Cost	 \$3,952,661
Indirect Cost	\$34,897
Approved Budget	\$3,987,558
Federal Share	\$3,987,558
Cumulative Prior Awards for this Budget Period	\$0
 AMOUNT OF THIS ACTION (FEDERAL SHARE)	 \$3,987,558

SUMMARY TOTALS FOR ALL YEARS	
YR	AMOUNT
1	\$3,987,558
2	\$1,996,827
3	\$1,998,957
4	\$1,996,940

\*Recommended future year total cost support, subject to the availability of funds and satisfactory progress of the project.

**Fiscal Information:**

CFDA Number:	93.243
EIN:	1036000264D4
Document Number:	17SM80234A
Fiscal Year:	2017

IC	CAN	Amount
SM	C96J677	\$3,987,558

IC	CAN	2017	2019	2020	2021
SM	C96J677	\$3,987,558	\$1,996,827	\$1,998,957	\$1,996,940

**SM Administrative Data:**

PCC: PIPBHC / OC: 4145

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**SECTION II – PAYMENT/HOTLINE INFORMATION – 1H79SM080234-01**

Payments under this award will be made available through the HHS Payment Management System (PMS). PMS is a centralized grants payment and cash management system, operated by the HHS Program Support Center (PSC), Division of Payment Management (DPM). Inquiries regarding payment should be directed to: The Division of Payment Management System, PO Box 6021, Rockville, MD 20852, Help Desk Support – Telephone Number: 1-877-614-5533.

The HHS Inspector General maintains a toll-free hotline for receiving information concerning fraud, waste, or abuse under grants and cooperative agreements. The telephone number is: 1-

800-HHS-TIPS (1-800-447-8477). The mailing address is: Office of Inspector General, Department of Health and Human Services, Attn: HOTLINE, 330 Independence Ave., SW, Washington, DC 20201.

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### **SECTION III – TERMS AND CONDITIONS – 1H79SM080234-01**

This award is based on the application submitted to, and as approved by, SAMHSA on the above-title project and is subject to the terms and conditions incorporated either directly or by reference in the following:

- a. The grant program legislation and program regulation cited in this Notice of Award.
- b. The restrictions on the expenditure of federal funds in appropriations acts to the extent those restrictions are pertinent to the award.
- c. 45 CFR Part 75 as applicable.
- d. The HHS Grants Policy Statement.
- e. This award notice, INCLUDING THE TERMS AND CONDITIONS CITED BELOW.

#### **Treatment of Program Income:**

##### **Additional Costs**

In accordance with the regulatory requirements provided at 45 CFR 75.113 and Appendix XII to 45 CFR Part 75, recipients that have currently active Federal grants, cooperative agreements, and procurement contracts with cumulative total value greater than \$10,000,000 must report and maintain information in the System for Award Management (SAM) about civil, criminal, and administrative proceedings in connection with the award or performance of a Federal award that reached final disposition within the most recent five-year period. The recipient must also make semiannual disclosures regarding such proceedings. Proceedings information will be made publicly available in the designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)). Full reporting requirements and procedures are found in Appendix XII to 45 CFR Part 75.

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### **SECTION IV – SM Special Terms and Conditions – 1H79SM080234-01**

## **REMARKS**

#### **Remarks New Awards FY17**

1. This Notice of Award (NoA) is issued to inform your organization that the application submitted through the funding opportunity SM-17-008 has been selected for funding.

1a) This award reflects approval of the budget submitted May 17, 2017 as part of the application by your organization, however with the following exception. Additional cost breakdowns and justification of the "Contract" section of the budget must be submitted to us for review. See Revised Budget - Special Condition of Award section for details.

2. Recipients are expected to plan their work to ensure that funds are expended within the 12-month budget period reflected on this Notice of Award. If activities proposed in the approved budget cannot be completed within the current budget period, SAMSHA cannot guarantee the approval of any request for carryover of remaining unobligated funding.

3. Register Program Director/Project Director (PD) in eRA Commons:  
If you have not already done so, you must register the PD listed on the HHS Checklist in eRA

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Commons to assign a Commons ID. Once the PD has received their Commons ID, please send this information to your Grants Management Specialist. You can find additional information about the eRA Commons registration process at [https://era.nih.gov/reg\\_accounts/register\\_commons.cfm](https://era.nih.gov/reg_accounts/register_commons.cfm).

4. It is essential that the Grant Number be included in the SUBJECT line of the email.

#### **Key Staff**

Key staff (or key staff positions, if staff has not been selected) are listed below:

*To Be Determined, Project Director @ 100% level of effort*

Any changes in key staff including level of effort involving separation from the project for more than three months or a 25 percent reduction in time dedicated to the project, requires prior approval. Reference the Prior Approval Standard Term for additional information and instructions.

#### **SPECIAL TERMS**

##### **Multi-Year**

This award reflects multi-year funding for a total of two 12-month incremental periods within a five year/60 month project period in the amount \$3,987,558. During the first 12-month period the recipient organization may expend \$1,995,415.

Funding for each 12-month period is restricted and the applicant organization may not expend more than the following:

01: 09/30/2017 to 09/29/2018 - \$1,995,415

02: 09/30/2018 to 09/29/2019 - \$1,992,143

##### **Disparity Impact Statement (DIS)**

By **November 30, 2017** you must:

Submit an electronic copy of a DIS to the Government Project Officer (GPO) and Grants Management Specialist (GMS) as identified under Contacts on this notice of award.

The DIS should be consistent with information in your application regarding access, \*service use and outcomes for the program and include three components as described below. Questions about the DIS should be directed to your GPO. Examples of DIS can be found on the SAMHSA website at <http://www.samhsa.gov/grants/grants-management/disparity-impactstatement>.

\*Service use is inclusive of treatment services, prevention services as well as outreach, engagement, training, and/or technical assistance activities.



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The disparity impact statement, in response to the Special Term of Award, consists of three components:

1. Proposed number of individuals to be served and/or reached by subpopulations in the grant implementation area should be provided in a table that covers the entire grant period. The disparate population(s) should be identified in a narrative that includes a description of the population and rationale for how the determination was made.

2. A quality improvement plan for how you will use your program (GPRA) data on access, use and outcomes to monitor and manage program outcomes by race, ethnicity and LGBT status, when possible. The quality improvement plan should include strategies for how processes and/or programmatic adjustments will support efforts to reduce disparities for the identified sub-populations.

3. The quality improvement plan should include methods for the development and implementation of policies and procedures to ensure adherence to the Enhanced Culturally and Linguistically Appropriate Services (CLAS) Standards and the provision of effective care and services that are responsive to:

- a. Diverse cultural health beliefs and practices;
- b. Preferred languages; and
- c. Health literacy and other communication needs of all sub-populations within the proposed geographic region.

## **SPARS**

All SAMHSA grantees are required to collect and report certain data so that SAMHSA can meet its obligations under the Government Performance and Results Act (GPRA) Modernization Act of 2010.

These data are gathered using SAMHSA's Performance Accountability and Reporting System (SPARS).

PIPBHC grantees will be expected to complete Annual Goals and Budget training no later than December 30, 2017, and will be expected to enter Annual Goals and Budget information no later than January 30, 2018.

## **SPECIAL CONDITIONS**

### **Revised Budget**

By October 31, 2017, submit to the Program Official and Grants Management Specialist:

1. A full detailed itemized cost breakdown and justification of the following must be provided to us for review:

a) Contract:

a1. University of Vermont - Vermont Child Health Improvement Program:

- Personnel: List the 12 month annual salary for each position, that complements the federal cost to the grant based on the level of effort percentage.
- Fringe: List the rate next to the respective fringe benefits.
- Travel - SAMHSA meeting \$6,000: List an itemized cost breakdown (i.e. estimated airfare rate, daily lodging rate, daily per diem rate x number of days,

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etc.).

- Data collection incentives - \$30 per participant: List approximately how many have been budgeted for.

**a2. Vermont Federation of Families for Children's Mental Health:**

- Mileage reimbursement: List the estimated total mileage.
- Incentive payments: List the incentive rate x quantity. Please note, stipends cannot be charged to the grant. If applicable, you may charge consultant payments however we'll need you to list hourly rate x amount of budgeted hours.

**a3. Behavioral Health Network dba Vermont Care Network:**

- Fringe \$9,017: List an itemized breakdown of the fringe benefits along with their respective rate.
- EHR Enhancements:
  - \$22,500/provider: Provide an itemized cost breakdown (i.e. hourly rate x amount of budgeted hours, etc.).
  - Data Repository \$15,000: Provide an itemized cost breakdown by listing all associated costs that amounts to the federal cost.

**a4. Vermont Cooperative for Practice Improvement:**

- Purchase of SME \$2,500/day: Provide an itemized cost breakdown (i.e. hourly rate x amount of budgeted hours, supplies cost, travel rates, etc.).
- Meeting expenses \$10,409: Provide an itemized cost breakdown. Please note, food/meals cannot be charged to the grant.
- Indirect: Include a statement confirming whether they have a negotiated rate agreement to charge 10%.

**a5. Four Provider Organizations, \$355,000 each: Provide a full itemized detailed cost breakdown and justification budget for each of the provider organizations.**

- Northwest Counseling and Support Services
- Health Care and Rehabilitation Services
- The Notch
- Springfield Medical Care Service

The below link contains a sample budget that reflects the level of detail/cost breakdown and justification that must be provided for each expenditure.

- [https://www.samhsa.gov/sites/default/files/sample\\_budget-non-match.docx](https://www.samhsa.gov/sites/default/files/sample_budget-non-match.docx)

**Multi-Year Annual Report**



***You must submit by May 1 for each 12 month interval of the project period the following:***

**1. SF-424 – Face Page:** recipient should identify Federal and Non-Federal dollars separately by funding source and dollar amount(s) in box #18.

**a. Include your grant number (SP#,SM#,TI#) as reflected on your last NoA**

**2. SF-424A - budget page** (add total amount for each budgeted cost category). Recipient should identify Federal and Non-Federal dollars separately by funding source and dollar amount(s).

**3. And HHS Checklist form with parts C and D completed.**

**4. (a) Submit a budget and explanation/justification including supporting documentation for any changes above 25% of the total budget from the current 12 month period;**

**or**

**(b) an attestation signed and dated by the Authorized Representative on your organization's letterhead, stating that the detailed budget and narrative justification has not changed above 25% of the total budget from the current 12 month period.**

**5. Key staff changes (NEW or ANTICIPATED) must be requested in advance as stated in the terms/conditions of award. Describe the change and submit resumes and job descriptions, level of effort and annual salary for each position.**

**6. The Project/Program Narrative which is limited to five (5) pages only must outline any changes, progress and accomplishments resulting from the past year of support and progress or milestones anticipated with this continuation funding request and must use the Supplementary Instructions as follows:**

**a. Description and explanation of changes, if any, made during this budget period affecting the following:**

- 1. Goals and objectives**
- 2. Projected time line for project implementation**
- 3. Approach and strategies proposed in the initially approved and funded application**
- 4. Report on progress relative to approved objectives, including progress on evaluation activities.**
- 5. Summary of key program accomplishments to date and list**

progress

6. Description of difficulties/problems encountered in achieving planned goals and objectives including:

- a. Barriers to accomplishment and
- b. Actions to overcome difficulties.
- c. Report on milestones anticipated with the new funding request

\*Specific programmatic instructions may be provided by the Government Project Officer.

FAILURE TO COMPLY WITH THE ABOVE STATED REPORTING REQUIREMENT MAY RESULT IN ACTIONS IN ACCORDANCE WITH 45 CFR 75.371, REMEDIES FOR NON-COMPLIANCE AND 45 CFR 75.372 TERMINATION. THIS MAY INCLUDE WITHHOLDING PAYMENT, DISALLOWANCE OF COSTS, SUSPENSION AND DEBARMENT, TERMINATION OF THIS AWARD, OR DENIAL OF FUTURE FUNDING.

## **STANDARD TERMS AND CONDITIONS**

### **Standard Terms for New Awards FY 2017**

Reference the following SAMHSA website for Standard Terms for All Awards for FY 2017:

Standard Terms and Conditions Webpage

- (<https://www.samhsa.gov/grants/grants-management/notice-award-noa/standard-terms-conditions>). Your organization must comply with the listing of award terms are applicable to your award as identified below:

\* Standard Terms and Conditions

- (<https://www.samhsa.gov/sites/default/files/grants/fy-2017-standard-terms-conditions.pdf>)

\* Cooperative Agreement Standard Terms

- (<https://www.samhsa.gov/sites/default/files/grants/fy-2017-new-coop-agreements-standard-terms.pdf>)

\* Multi-Year Grant

- (<https://www.samhsa.gov/sites/default/files/grants/fy-2017-multi-year-standard-terms.pdf>)

### **Annual Federal Financial Report (SF-425)**

The Federal Financial Report (FFR) (SF-425) is required on an annual basis and must be submitted no later than 90 days after the end of the budget period. The annual FFR should reflect only cumulative actual federal funds authorized and disbursed, any non-federal matching funds (if identified in the FOA), unliquidated obligations incurred, the unobligated balance of the federal funds for the award, as well as program income generated during the timeframe

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covered by the report. The SF-425 is available at (<http://apply07.grants.gov/apply/forms/sample/SF425-V1.0.pdf>). Additional guidance to complete the FFR can be found: <http://www.samhsa.gov/grants/grants-management/reporting-requirements>.

Annual FFRs must be submitted to CMHS Grants (e.g., SM-12345-01):

[CMHSFFR@samhsa.gov](mailto:CMHSFFR@samhsa.gov)

### **Programmatic Progress Reports**

Submission of an *quarterly* Programmatic Progress Report is due no later than the dates as follows:

*1st Report - January 30, 2018*

*2nd Report - April 30, 2018*

*3rd Report - July 30, 2018*

*4th Report - October 30, 2018*

In addition to submitting the above reports through the online system, please also submit your quarterly Programmatic Progress Report to, [PBHCl@samhsa.hhs.gov](mailto:PBHCl@samhsa.hhs.gov), and copy your Program Official. (DO NOT SUBMIT HARD COPIES)

### **Compliance with Terms and Conditions**

Failure to comply with the above stated terms and conditions may result in suspension, classification as Restriction status, termination of this award or denial of funding in the future.

All responses to special terms and conditions of award and post award requests may be electronically mailed to the Grants Management Specialist and to the Program Official as identified on your Notice of Award.

All previous terms and conditions remain in effect until specifically approved and removed by the Grants Management Officer.

It is essential that the Grant Number be included in the SUBJECT line of the email.

### **CONTACTS:**

Joy A Mobley, Program Official  
Phone: (240) 276-2823 Email: [Joy.Mobley@samhsa.hhs.gov](mailto:Joy.Mobley@samhsa.hhs.gov)

Salvador Ortiz, Grants Specialist  
Phone: (240) 276-1421 Email: [salvador.ortiz@samhsa.hhs.gov](mailto:salvador.ortiz@samhsa.hhs.gov) Fax: (240) 276-1430

**Vermont PIPBHC Application – 2017****Budget and Justification**

**A. Personnel:** Provide employee(s) (including names for each identified position) of the applicant/recipient organization, including in-kind costs for those positions whose work is tied to the grant project.

**FEDERAL REQUEST**

Position	Name	Annual Salary/Rate	Level of Effort	Cost
(1) Project Director	TBD	\$56,424	100%	\$56,424
			<b>TOTAL</b>	<b>\$56,424</b>

**JUSTIFICATION:** Describe the role and responsibilities of each position.

- (1) The Project Director (1.0 FTE) will provide daily oversight of the grant and will be considered key staff responsible for coordinating all project services and project activities, including training, communication and information dissemination. The position will be a state employee and the principal point of contact responsible for all the project activities.

**FEDERAL REQUEST** (enter in Section B column 1 line 6a of form S-424A) **\$56,424**

**B. Fringe Benefits:** List all components that make up the fringe benefits rate

**FEDERAL REQUEST**

Component	Rate	Wage	Cost
Life Insurance	.36%	\$56,424	\$203
Retirement	17.47%	\$56,424	\$9,857
FICA	7.65%	\$56,424	\$4,316
Health/Dental	20.06%	\$56,424	\$11,319
		<b>TOTAL</b>	<b>\$25,695</b>

**JUSTIFICATION: Fringe reflects current rates for agency.**

**FEDERAL REQUEST** (enter in Section B column 1 line 6b of form SF-424A) **\$25,695**

**C. Travel:** Explain need for all travel other than that required by this application. Applicants must use their own documented travel policies. If an organization does not have documented travel policies, the federal GSA rates must be used.

**FEDERAL REQUEST**

Purpose of Travel	Location	Item	Rate	Cost
(1) Grantee Conference	Washington, DC	Airfare	\$500/flight x 6 persons	\$3,000
		Hotel	\$180/night x 6 persons x 3 nights	\$3,240
		Per Diem (meals and incidentals)	\$46/day x 6 persons x 3 days	\$828
(2) Local travel		Mileage	4,000 miles @ \$.535/mile	\$2,140
			<b>TOTAL</b>	<b>\$9,028</b>

**JUSTIFICATION: Describe the purpose of travel and how costs were determined.**

(1) Six staff (Project Director, Lead Evaluator, and one lead staff from the 2 CMHC's and 2 FQHC's providing services through this grant) to attend mandatory grantee meeting in Washington, DC.

(2) Local travel is needed to attend local meetings, project activities, and training events. Local travel rate is based on State of Vermont authorized mileage reimbursement rate for privately owned vehicle.

**FEDERAL REQUEST** (enter in Section B column 1 line 6c of form SF-424A) **\$9,028**

**D. Equipment:** An article of tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit (federal definition). Organizations should follow their documented capitalization policy thresholds.

**FEDERAL REQUEST** – (enter in Section B column 1 line 6d of form SF-424A) **\$ 0**



**E. Supplies:** Materials costing less than \$5,000 per unit (federal definition) and often having one-time use

**FEDERAL REQUEST**

Item(s)	Rate	Cost
(1) Laptop Computer	\$1,000	\$1,000
(2) Cell Phone	\$50/month X 12 months	\$600
	<b>TOTAL</b>	<b>\$1,600</b>

**JUSTIFICATION:** Describe the need and include an adequate justification of how each cost was estimated.

- (1) The laptop computer is needed for project work for Project Director.
- (2) Given the expected travel of the project director, a cell phone is needed to ensure consistent communication and coordination.

**FEDERAL REQUEST** – (enter in Section B column 1 line 6e of form SF-424A) **\$1,600**

**F. Contract:**

**FEDERAL REQUEST**

Name	Cost
(1) Contract with University of Vermont – Vermont Child Health Improvement Program	\$179,500
(2) Contract with Vermont Federation of Families for Children's Mental Health	\$25,000
(3) Contract with Behavioral Health Network dba Vermont Care Network (VCN)	\$143,091
(4) Contract with Vermont Cooperative for Practice Improvement and Innovation	\$100,000
(5) Service Grants to 4 Provider Organizations (\$355,000/organization x 4 organizations)	\$1,420,000
<b>TOTAL</b>	<b>\$1,867,591</b>

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**JUSTIFICATION:** Explain the need for each contractual agreement and how it relates to the overall project.

**(1) University of Vermont – Vermont Child Health Improvement Program (VCHIP)**

Program evaluation services will be contracted out to the University of Vermont's Child Health Improvement Project (VCHIP). VCHIP will serve as the independent, external project evaluator for project activities and will coordinate all evaluation activities in collaboration with DMH and participating providers. VCHIP faculty and staff have extensive experience in designing, implementing and evaluating multi-site, multi-year research, quality improvement and program evaluation projects. VCHIP also has extensive experience in conducting rigorous and timely program evaluations involving primary care practices, multiple sites/agencies and complex data collection systems. VCHIP will work with the participating primary care practices/community health centers and their partners to ensure that all aspects of the SAMHSA evaluation are addressed. VCHIP recognizes that participation in a national (cross site) evaluation of the PIPBHC funded sites may be required, and VCHIP will work within the proposed evaluation plan and budget to ensure that all requirements of the national evaluation are satisfied.

Category	Year 1	Year 2	Year 3	Year 4	Year 5
Total Direct costs	\$134,962	\$134,962	\$134,962	\$134,963	\$134,964
<i>Personnel</i>	\$74,447	\$81,874	\$81,074	\$81,550	\$83,794
<i>Fringe</i>	\$31,631	\$35,623	\$36,487	\$37,513	\$38,545
<i>Travel</i>	\$14,000	\$ 14,000	\$ 14,000	\$12,500	\$12,220
<i>Supplies</i>	\$582	\$465	\$401	\$400	\$403
<i>Consulting Fees</i>	\$14,275	\$3,000	\$3,000	\$3,000	\$0
Indirect costs (33%)	\$44,538	\$44,538	\$44,538	\$44,538	\$44,538
Total costs	\$179,500	\$179,500	\$179,500	\$179,500	\$179,500
Total for all years:	\$897,500				

**Budget Notes**

**Personnel:** Proposed personnel, position titles, proposed amounts, and proposed Level of Effort (LOE).

Personnel	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
Thomas Delaney, PhD, 30%, 40%, 40%, 40%, 40% (Lead Evaluator)	\$25,326	\$34,781	\$35,794	\$36,807	\$37,820

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Susan Richardson, PhD, 55%, 50%, 48%, 46%, 46% (Second Evaluator)	\$34,222	\$32,044	\$31,659	\$31,198	\$32,057
Kara Bissonette, MA, 25%, 25%, 25%, 25%, 25% (Data Manager)	\$10,042	\$10,343	\$10,644	\$10,945	\$11,246
Ginny Cincotta, 5%, 5%, 5%, 5%, 5% (Financial Coordinator)	\$2,384	\$2,456	\$2,527	\$2,600	\$2,671
<b>Subtotal (Staff Salaries only)</b>	<b>\$71,974</b>	<b>\$79,624</b>	<b>\$80,624</b>	<b>\$81,550</b>	<b>\$83,794</b>
Staff Fringe (43.6%, 44.4%, 45.2%, 46%, 46%)	\$31,381	\$35,354	\$36,443	\$37,513	\$38,546
Temporary Interviewer	\$2,500	\$2,250	\$450		
Temp Fringe (10%, 12%, 10%)	\$250	\$270	\$45		
<b>Total: \$582,568</b>	<b>\$106,105</b>	<b>\$117,498</b>	<b>\$117,562</b>	<b>\$119,063</b>	<b>\$122,340</b>

1. The Lead Evaluator, Dr. Tom Delaney, will design and develop new approaches for evaluating activities related to the integration of primary and behavioral health care being implemented across multiple care settings in Vermont and will direct the work of this project. Dr. Delaney will also collaborate closely with the Vermont Department of Mental Health (DMH), the Designated Agencies, and other partners in this capacity.
2. The Second Evaluator, Dr. Susan Richardson, will closely assist Dr. Delaney with the design and development of new approaches for evaluating activities related to the integration of primary and behavioral health care being implemented across multiple care settings in Vermont. Dr. Richardson has a strong quantitative background and will be instrumental in creating data summaries that will inform the implementation and track progress towards the project's goals.
3. The Data Manager/Project Coordinator will manage all forms of quantitative data and the corresponding reporting to the SPARS data system and the cross-site evaluation. This individual will also organize, structure, and manage all data collected from the participating primary care offices and their partners, as well as supporting the data analyses conducted by Drs. Delaney and Richardson.
4. The Financial Coordinator will manage payments to participants for taking part in interviews and focus groups and will assist with booking and issuing payments for both in-state and out-of-state travel required to meet grant deliverables.
5. The Temporary Interviewer will assist the Lead and Second Evaluators with conducting interviews throughout the state in multiple care settings to assess the effectiveness of efforts related to the integration of primary and behavioral health care.

**Fringe:** Fringe benefits include items such as FICA, Worker's Compensation, Unemployment Compensation, insurance, pensions, tuition remission, and employee assistance programs. Rates are estimated at: 43.6% for Year 1, 44.4% in Year 2, 45.2% in Year 3, and 46% in Years 4 and 5 of the project and are charged based on the salary and effort of the faculty and staff identified in

**Vermont PIPBHC Application – 2017**

the grant. Temporary employee fringe rates are estimated at 10% for Years 1, 3, 4, and 5 of the project and 12% for Year 2 of the project.

**Equipment:**

None.

**Supplies:**

Budgeted supplies include printing costs for color reports and conference presentations at a rate of \$582 for Year 1, \$465 for Year 2, \$401 for Year 3, \$400 for Year 4, and \$403 for Year 5.

**Consulting Fees:**

For assistance with building or adapting a Microsoft® Access database for this project, we have budgeted consulting fees (at an estimated rate of \$75 per hour) of \$14,275 for Year 1, \$3000 for Years 2, 3, and 4, and \$0 for Year 5.

**Travel and Data Collection Expenses:**

<b>Purpose of Travel</b>	<b>Location</b>	<b>Item</b>	<b>Rate</b>	<b>Cost for Years 1 - 3</b>	<b>Cost for Year 4</b>	<b>Cost for Year 5</b>
Collecting GPRA interviews and attending project meetings in-state.	In-state	Mileage	9345 miles per year x \$0.535/mile: all staff	\$15,000 (\$5,000 per year)	\$5,000	\$5,000
Attendance at in-person SAMHSA meeting in Washington DC	Washington DC area	Required	\$6000 per meeting (2 attendees)	\$18,000 (\$6,000 per year)	\$6,000	\$6,000
Data collection (interviews with key informants and service recipients, focus groups, incentives for provider/staff surveys, etc.)			\$30 total per participant	\$9,000 (\$3,000 per year)	\$1,500	\$1,220

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<b>Purpose of Travel</b>	<b>Location</b>	<b>Item</b>	<b>Rate</b>	<b>Cost for Years 1-3</b>	<b>Cost for Year 4</b>	<b>Cost for Year 5</b>
<b>TOTAL: \$66,720</b>				<b>\$42,000</b>	<b>\$12,500</b>	<b>\$12,220</b>

In-state travel is required for VCHIP staff to complete their work assignments.

**Facilities & Administration:** Indirect costs are set based on the University of Vermont's federally negotiated indirect cost rate agreement and are determined to be 33% of the total modified direct costs for this program.

**(2) Vermont Federation of Families for Children's Mental Health**

The Vermont Federation of Families for Children's Mental Health, VFFCMH, exists to support families and children where a child or youth, age 0-22, is experiencing or at risk to experience emotional, behavioral, or mental health challenges. The Federation is committed to: providing families with peer support and information in order to make informed decisions, empowering families, youth and young adults to navigate service and support systems, advocating for accessible, flexible and quality family centered and driven services on a local, state and national level. VFFCMH's vision is that Vermont families, youth and young adults are informed, supported and empowered to grow and be well. VFFCMH is the Statewide Family Network and has been managing SAMHSA grants, the work projects, data and evaluation for over 20 years. VFFCMH is a family run, family support organization with ties, statewide, to families of children, youth and young adults in transition who are experiencing or at risk to experience SED. VFFCMH commits to provide family and youth voice for this project, ensuring that family members and youth peers are engaged in the planning, implementation and evaluation of and provide needed oversight of the work.

DMH will contract with the Vermont Federation of Families to provide family/youth voice with lived experience and ensure that family members and youth peers are engaged in the planning, implementation and evaluation of and provide needed oversight of the work. The funding through this contract includes staff time, cash or non-cash incentives and mileage for parent/youth participants. Staff time also indicates the need to find, train and support family members and youth to provide these advisory and oversight roles.

Staff Time: \$30/hour X 500 hours	\$15,000
Mileage Reimbursement (\$.535/mile)	\$5,000
Incentive payments for participation	\$5,000
<b>Total:</b>	<b>\$25,000</b>



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**(3) Contract with Behavioral Health Network dba Vermont Care Network (VCN)**

VCN will provide support to the CMHC and FQHC providers to improve access to care and the quality of care for vulnerable populations. VCN's knowledge of the community health centers and their electronic health records will ensure the project leads to larger system reform that changes practice statewide. This will include bringing "lessons learned" to discussions with Accountable Care Organizations (ACO) in Vermont specifically regarding the Care Navigator software program for care coordination across primary care practices, and Vermont's Medicaid ACO. VCN's experience with the community mental health agencies data repository and Vermont's funding reform efforts will facilitate resolution of integrated data sharing, including issues of consent, 42 C.F.R. Part 2, assessment and recommendations around shared care plans. VCN will also use a portion of funding through this contract to support Electronic Health Record (EHR) enhancements at each participating CMHC and FQHC and support enhancements for VCN data repository to improve collection and reporting of health outcomes among CMHC's and FQHC's.

Simone Rueschemeyer: .25 FTE X \$102,080 (annual salary)	\$25,520
Fringe	\$9,017
Indirect for staff salary/fringe (10%)	\$3,554
EHR Enhancements (\$22,500/provider X 4 providers + \$15,000 for data repository)	\$105,000
Total:	\$143,091

**(4) Vermont Cooperative for Practice Improvement**

As a primary partner to DMH in support of workforce development, practice improvement and the adoption of evidence-based practices, the Vermont Cooperative for Practice Improvement and Innovation (VCPI) is currently managing a number of initiatives that utilize learning collaboratives as a significant component of the overall implementation plan. The current collaboratives include practices such as integrated mental health and substance use disorder treatment, dialectical behavioral therapy, and the Six Core Strategies © to Reduce Seclusion and Restraint. To support the implementation and adoption of the evidence-based practices identified in this grant application, VCPI will coordinate training, technical assistance, and consultation. Specific activities will include, but not be limited to: 1) developing an annual training and consultation schedule for participating providers to support adoption of EBP's, 2) coordinating all training and consultation on EBP's, 3) organizing learning collaborative sessions to share lessons learned across pilot sites, 4) working with DMH to develop an evaluation process, and 5) organizing site visits for assessing fidelity and adherence to EBP's being implemented. Additionally, VCPI will design and manage an annual event for the purpose of bringing participating organizations together for priority setting for the coming year, as well as reflecting on the experiences of the previous year and consider strategies to minimize barriers and maximize successes in the coming year. Costs will include staff time for

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coordination/management of all workforce development and training activities, purchase of time from subject matter expertise (SME) on the evidence-based practices to be implemented, and meeting expenses.

Staff Time: \$50/hour X 360 hours	\$18,000
Purchase of SME (\$2,500/day X 25 days). Daily rate includes expenses of SME	\$62,500
Meeting expenses (room rental, copies, materials)	\$10,409
Indirect (10%)	\$9,091
Total:	\$100,00

(5) Service Grants to Four Provider Organizations

The Department of Mental Health (DMH) will contract with two qualified community programs as described in section 1913(b)(1) of the Public Health Service (PHS) Act, as amended; and two community health centers as described in section 330 of the PHS Act, as amended, to provide the following services and activities:

- Develop full integration and collaboration in clinical practices between primary and behavioral health care;
- Support the improvement of integrated care models for primary care and behavioral health care to improve the overall wellness and physical health status of children with a serious emotional disturbance;
- Develop integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases.

Funding will be provided to these four agencies (Northwest Counseling and Support Services, Health Care and Rehabilitation Services, the Notch, and Springfield Medical Care Service) to provide direct integrated care. Each agency will receive \$355,000 for the creation of health and mental health care service positions. Allowable expenses will include salary, fringe and indirect. The number and type of position will vary in each agency but may include:

**Administrator:** Administrative oversight of the project, including fiscal and personnel management, project implementation and evaluation.

**Behavioral Health Clinician/Pediatric Social Worker:** Master's level training. Embedded in the care team. Provides clinical consultation and education to the team regarding social/emotional and behavioral aspects of child development. Provides screening, assessment and diagnostic services for referred clients in the practice and develops treatment and support plans for the child, youth and family, including outside entities. Assures development, implementation and coordination of a holistic wellness plan.

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**Well Child Visit Nurse:** Works with primary care providers to coordinate and perform well child screenings/other services as indicated. Screens according to Bright Futures guidelines and refers as indicated. Works effectively with other child-serving entities, including schools and child welfare agencies, and is responsible for serving as a liaison for the pediatrician's office when care plan development is being led by another entity.

**Specialty Care/Consultation:** Families are diverse and different families will have different needs. Having the ability to bring in specialists and consultation will increase quality by giving families access to the specific specialty treatment resources they need. May be carried out in multiple settings such as FQHC, community, school, or home. Examples may include brief trauma work/consultation; Cognitive Behavioral Therapy; and Applied Behavior Analysis treatment within the home to address things such as bedwetting and sibling discord.

**Parent Educator/Health Coach:** Care coordination and behavioral health in-home and community-based services are available, in addition to group wellness programming. Innovative community-based services such as wraparound and therapeutic behavioral services provide additional supports to children and youth to help them be successful. This role will utilize a Strengthening Families Framework that includes the 5 protective factors and be informed by the health-related quality of life screens (SF-20 for adults, KINDL for children and youth).

**FEDERAL REQUEST** – (enter in Section B column 1 line 6f of form SF-424A) **\$1,867,591**

**G. Construction: NOT ALLOWED** – Leave Section B columns 1& 2 line 6g on SF-424A blank.

**H. Other:** Expenses not covered in any of the previous budget categories

**FEDERAL REQUEST:** None

**JUSTIFICATION:** N/A

**FEDERAL REQUEST** – (enter in Section B column 1 line 6h of form SF-424A) **\$0**

**Indirect Cost Rate:** The Vermont Department of Mental Health uses a Cost Allocation Plan, not an Indirect Rate. This Cost Allocation Plan was approved by the U.S. Department of Health and Human Services effective October 1, 1987 and is available at <http://humanservices.vermont.gov/departments/office-of-the-secretary/cost-allocation-plan>. The Cost Allocation Plan summarizes and allocates actual, allowable costs incurred in the operation of the program. These costs include items often shown as direct costs, such as telephone and general office supply expenses, as well as items usually included in an indirect rate, such as the cost of office space and administrative salaries. These costs are allocated to the program based on the sub grants paid in the program relative to the total sub grants paid in the department overall. Because these are actual costs, unlike an Indirect Cost Rate, these costs will vary from quarter to quarter and cannot be fixed as a percentage of program costs. For the purposes of this grant application, we are estimating an average rate of 1.78% for year one of the grant based on historical data.

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**FEDERAL REQUEST** (enter in Section B column 1 line 6j of form SF-424A)

**1.78% of Direct Charges** (.0178 x \$1,960,518)

**\$34,897**

**TOTAL DIRECT CHARGES:**

**FEDERAL REQUEST** – (enter in Section B column 1 line 6i of form SF-424A) **\$1,960,518**

**INDIRECT CHARGES:**

**FEDERAL REQUEST** – (enter in Section B column 1 line 6j of form SF-424A) **\$34,897**

**TOTAL: (sum of 6i and 6j)**

**FEDERAL REQUEST** – (enter in Section B column 1 line 6k of form SF-424A) **\$1,995,415**

**Proposed Project Period**

a. Start Date: 09/30/2017

b. End Date: 09/29/2022

**BUDGET SUMMARY** (should include future years and projected total)

Category	Year 1	Year 2*	Year 3*	Year 4*	Year 5*	Total Project Costs
(1) Personnel	\$56,424	\$59,758	\$62,920	\$66,373	\$69,867	\$315,342
(2) Fringe	\$25,695	\$27,214	\$28,654	\$30,226	\$31,818	\$143,607
(3) Travel	\$9,208	\$2,140	\$2,140	\$9,208	\$2,140	\$24,836
Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$1,600	\$600	\$600	\$600	\$600	\$4,000
(4) Contractual	\$1,867,591	\$1,867,591	\$1,867,591	\$1,857,591	\$1,857,591	\$9,317,955



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Category	Year 1	Year 2*	Year 3*	Year 4*	Year 5*	Total Project Costs
Other	\$0	\$0	\$0	\$0	\$0	\$0
Total Direct Charges	\$1,96,518	\$1,957,303	\$1,961,905	\$1,963,998	\$1,962,016	\$9,805,740
Indirect Charges	\$34,897	\$34,840	\$34,922	\$34,959	\$34,942	\$174,542
<b>Total Project Costs</b>	<b>\$1,995,415</b>	<b>\$1,992,143</b>	<b>\$1,996,827</b>	<b>\$1,998,957</b>	<b>\$1,996,940</b>	<b>\$9,980,282</b>

**TOTAL PROJECT COSTS: Sum of Total Direct Costs and Indirect Costs**

**FEDERAL REQUEST** (enter in Section B column 1 line 6k of form SF-424A) **\$9,980,282\_**

**\*FOR REQUESTED FUTURE YEARS:**

(1) Increase in Personnel line item assumes state-required step increase and COLA for Project Director. State of Vermont Personnel Policy and Procedure Manual states:

*The State maintains a single compensation plan (the classified pay plan). This salary plan covers all classified employees as required by 3 VSA 310. The plan is based on principles of internal alignment for uniformity and equity. Compensation for employees covered by this plan is in accordance with provisions adopted by the Secretary of Administration through the Commissioner of Personnel, subject to the collective bargaining rights provided in 3 VSA 904, and approval by the General Assembly.*

*Specific features of the classified pay plan include: Step advancement within salary range based on longevity and satisfactory performance. Employees may have their hourly rate increase after a specific length of time at the current rate by advancing a step.*

*Periodic Salary Adjustment: Cost of living adjustments to the classified pay plan are negotiated through the collective bargaining process. When these salary adjustments are approved, the plan is adjusted accordingly.*

(2) Increase in fringe based on increase in salary.

(3) Travel expense assumes travel to SAMHSA-required national conference in Year One and Four.



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(4) Decrease in contractual for Year Four and Five assumes \$10,000 reduction for contract with Vermont Cooperative for Practice Improvement

**IN THIS SECTION, REFLECT OTHER FEDERAL AND NON-FEDERAL SOURCES OF FUNDING BY DOLLAR AMOUNT AND NAME OF FUNDER e.g., Applicant, State, Local, Other, Program Income, etc.**

N/A

**IN THIS SECTION, include a narrative and separate budget for each year of the grant that shows the percent of the total grant award that will be used for data collection, performance measurement and performance assessment. Be sure the budget reflects the funding restrictions in Section IV-5.**

Infrastructure Development	Year 1	Year 2	Year 3	Year 4	Year 5	Total Infrastructure Costs
Personnel						
Fringe						
Travel						
Equipment						
Supplies						
Contractual	\$268,091	\$268,091	\$268,091	\$258,091	\$258,091	\$1,320,455
Other						
Total Direct Charges	\$268,091	\$268,091	\$268,091	\$258,091	\$258,091	\$1,320,455
Indirect Charges						
<b>Total Infrastructure Costs</b>	\$268,091	\$268,091	\$268,091	\$258,091	\$258,091	\$1,320,455

**JUSTIFICATION**

All expenditures related to infrastructure costs are calculated as part of three contractual line items:

Vermont PIPBHC Application – 2017

(1) Contract with Vermont Federation of Families for Children's Mental Health: \$25,000 per year for five years.

(2) Contract with Behavioral Health Network: \$143,091 per year for five years.

(3) Contract with Vermont Cooperative for Practice Improvement and Innovation: \$100,000 per year for five years.

<b>Data Collection &amp; Performance Measurement</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total Data Collection &amp; Performance Measurement Costs</b>
Personnel						
Fringe						
Travel						
Equipment						
Supplies						
Contractual	\$179,500	\$179,500	\$179,500	\$179,500	\$179,500	\$897,500
Other						
Total Direct Charges	\$179,500	\$179,500	\$179,500	\$179,500	\$179,500	\$897,500
Indirect Charges						
<b>Data Collection &amp; Performance Measurement</b>	\$179,500	\$179,500	\$179,500	\$179,500	\$179,500	\$897,500

**JUSTIFICATION**

All expenditures related to data collection and performance management are calculated as part of one contractual line item:

Contract with University of Vermont – Vermont Children's Health Improvement Program:  
\$179,500 per year for five years.

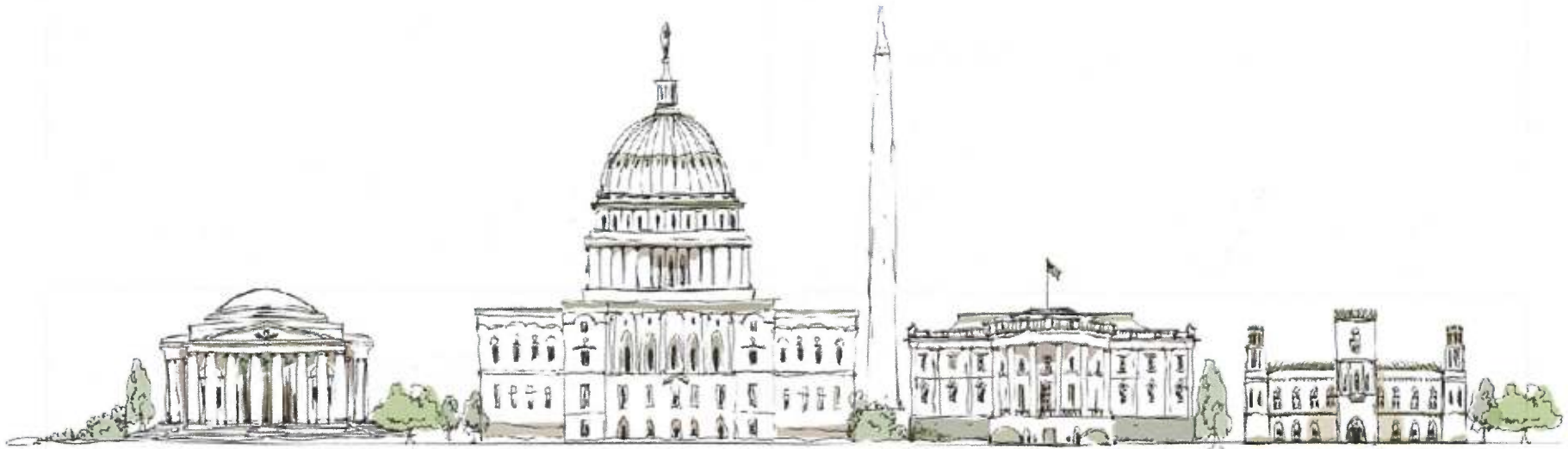
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Administrative Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Total Administrative Costs
Personnel	\$56,424	\$59,758	\$62,920	\$66,373	\$69,867	\$315,342
Fringe	\$25,695	\$27,214	\$28,654	\$30,226	\$31,818	\$143,607
Travel	\$9,208	\$2,140	\$2,140	\$9,208	\$2,140	\$24,836
Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Supplies	\$1,600	\$600	\$600	\$600	\$600	\$4,000
Contractual						
Other						
Total Direct Charges	\$92,927	\$89,712	\$94,314	\$106,407	\$104,424	\$487,784
Indirect Charges	\$34,897	\$34,840	\$34,922	\$34,959	\$34,942	\$174,542
<b>Total</b>	<b>\$127,824</b>	<b>\$124,552</b>	<b>\$129,236</b>	<b>\$141,366</b>	<b>\$139,366</b>	<b>\$662,355</b>

**JUSTIFICATION**

All expenditures related to administrative costs at the state are contained in personnel (project director), fringe, travel, supplies, and indirect charge.





**The House is from Mars,  
the Senate is from Venus**

Federal Funds Information for States

[www.ffis.org](http://www.ffis.org)

**Vermont Legislative Briefing  
November 9, 2017**

# Agenda update



## Budget

- FY 2018 underway
- BCA constrains spending
- CR until December

## Structural Reforms

- Health: done (maybe)
- Taxes: front burner
- Infrastructure?
- Others?

## Debt Limit

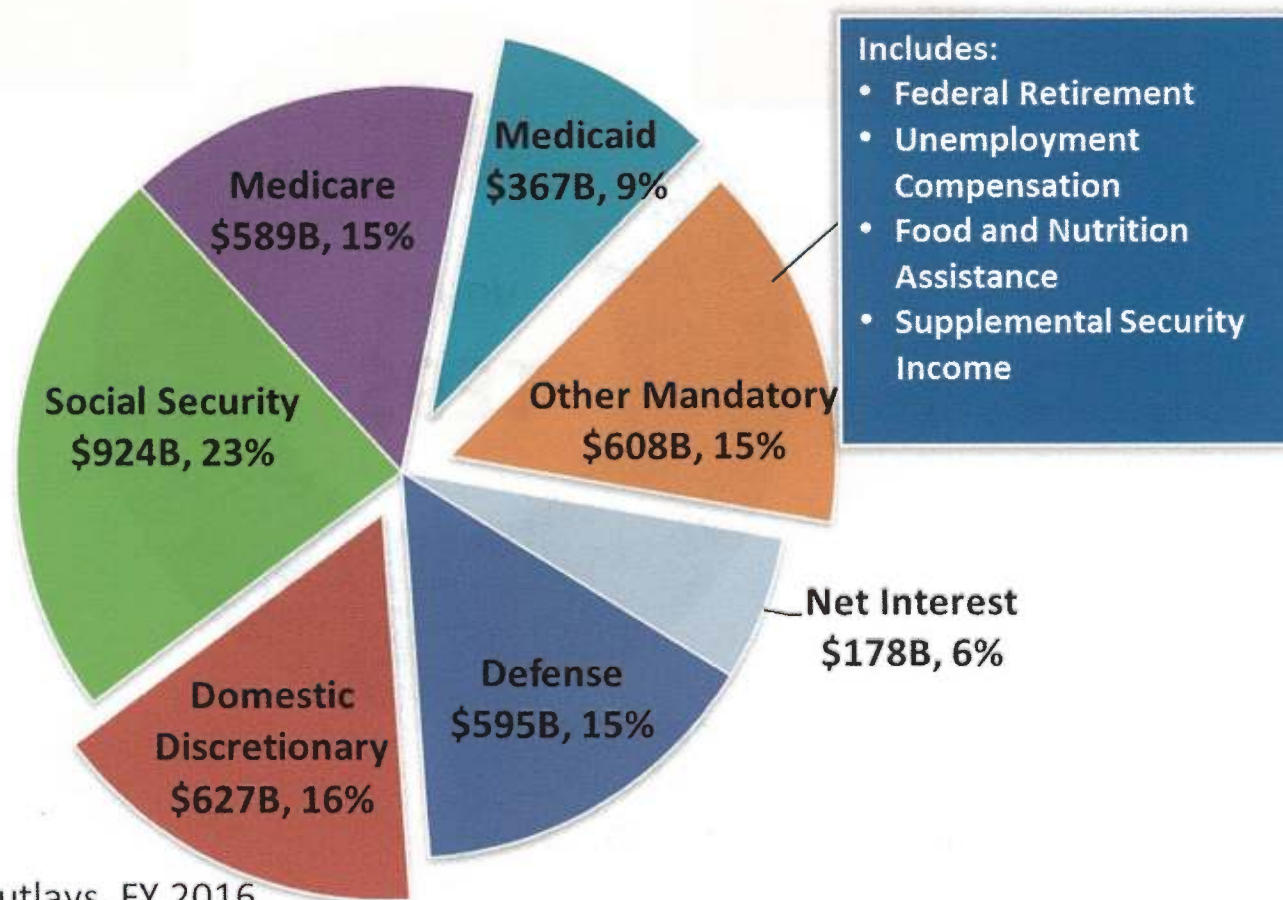
- In CR
- Will surface again in early 2018

## Expired Funding

- CHIP
- Other HHS programs



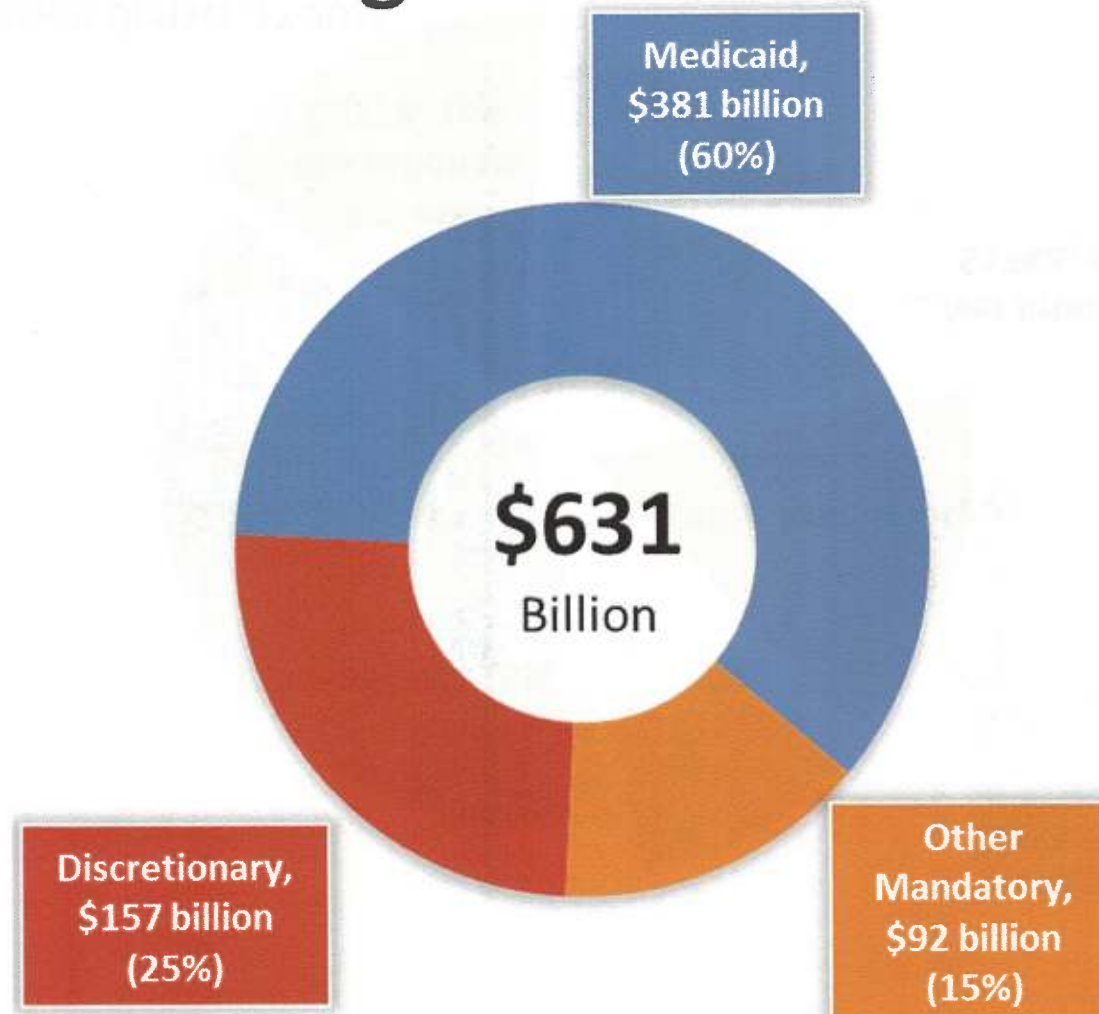
# Most risks in three areas



Federal Outlays, FY 2016

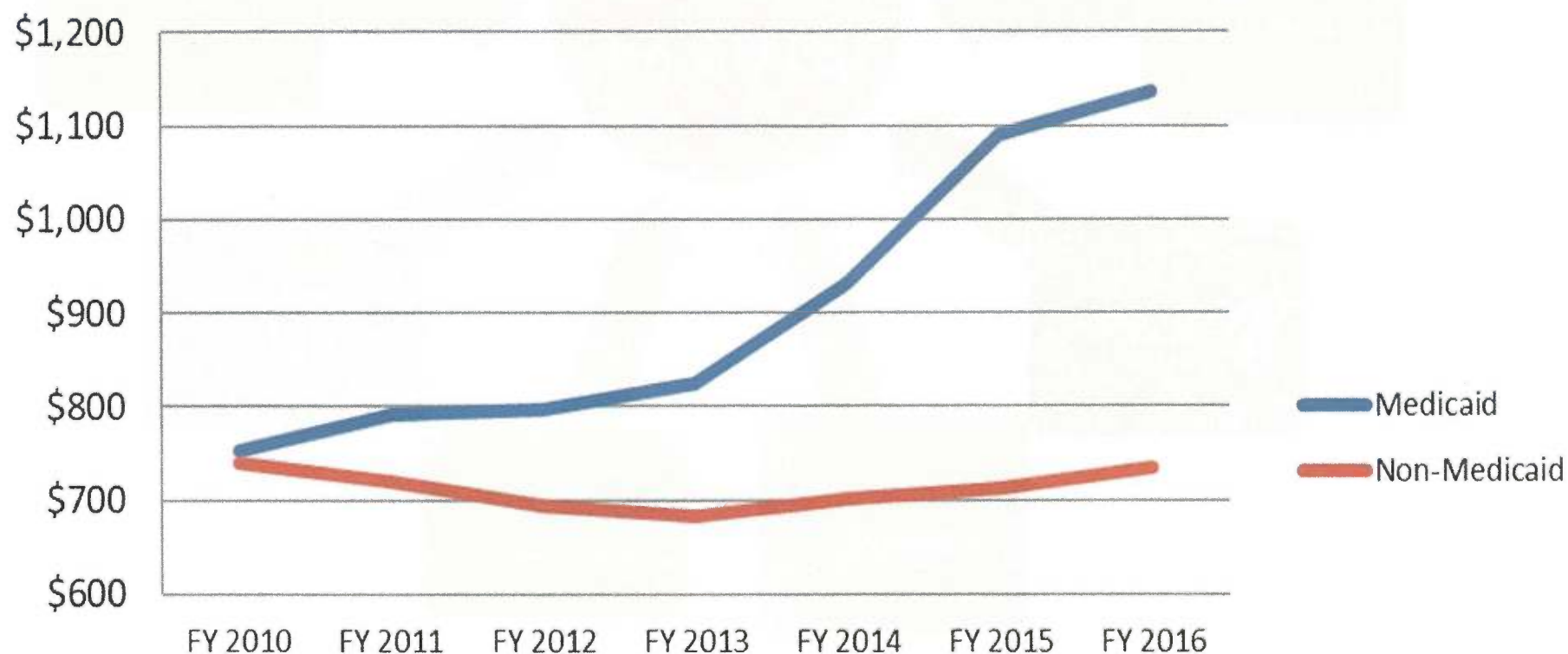
Source: OMB Historical Tables, FY 2017

# These same three areas fund state and local grants



Source: FFIS Grants Database, FY 2016

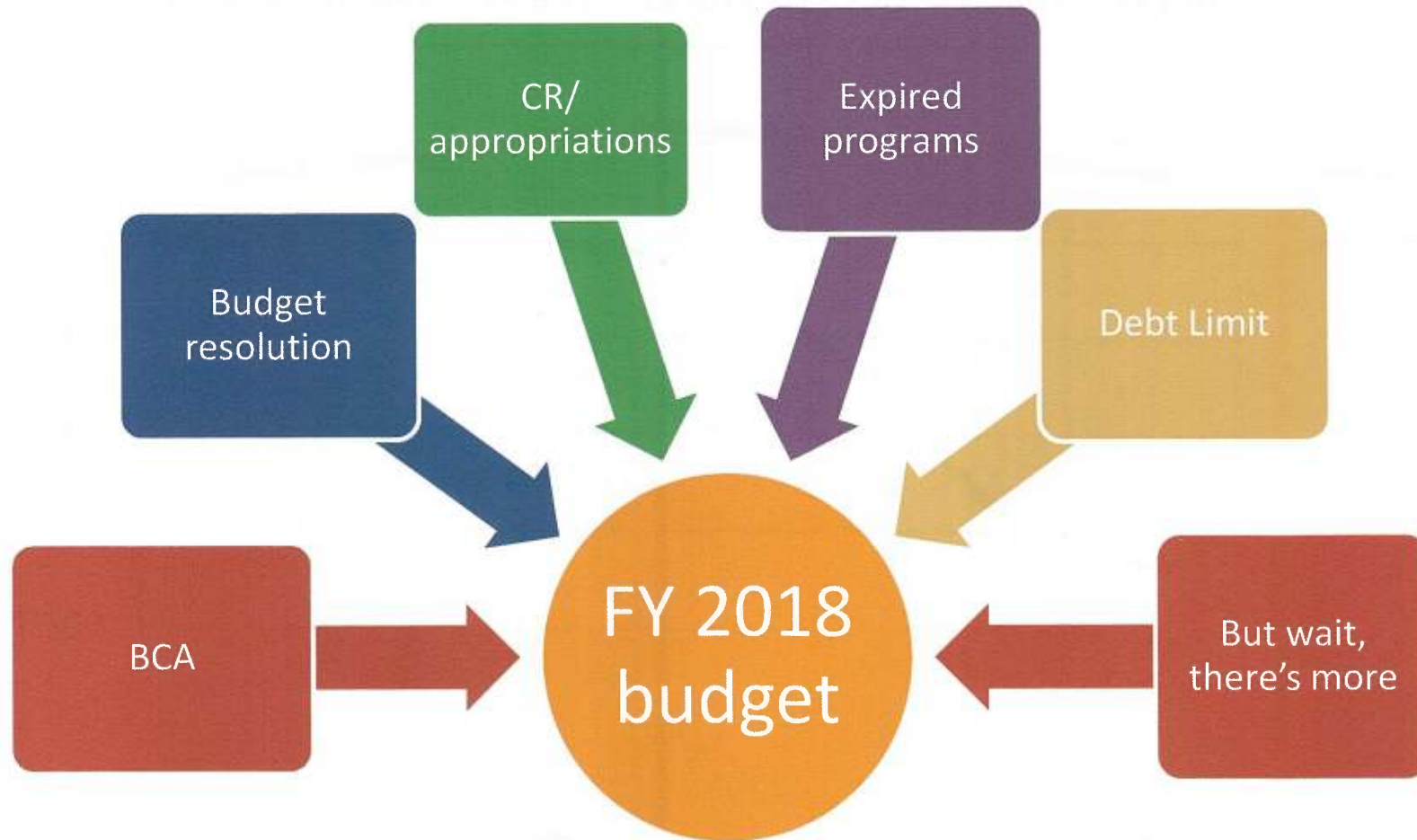
# Non-Medicaid grants relatively flat



Per Capita Federal Grants, FYs 2010-2016

Source: FFIS Database

# Plenty in play in FY 2018



# Budget Control Act recap



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Sequestration reduces caps through  
FY 2021

---

Split equally between defense,  
non-defense

---

Exceeding caps  
triggers ATB cuts

---

Congress increased caps  
in FYs 2014-2017

---

Limited mandatory sequestration  
through FY 2025





# FY 2018 and the BCA

## President

- Eliminate defense sequestration
- Higher defense spending offset dollar-for-dollar by non-defense cuts

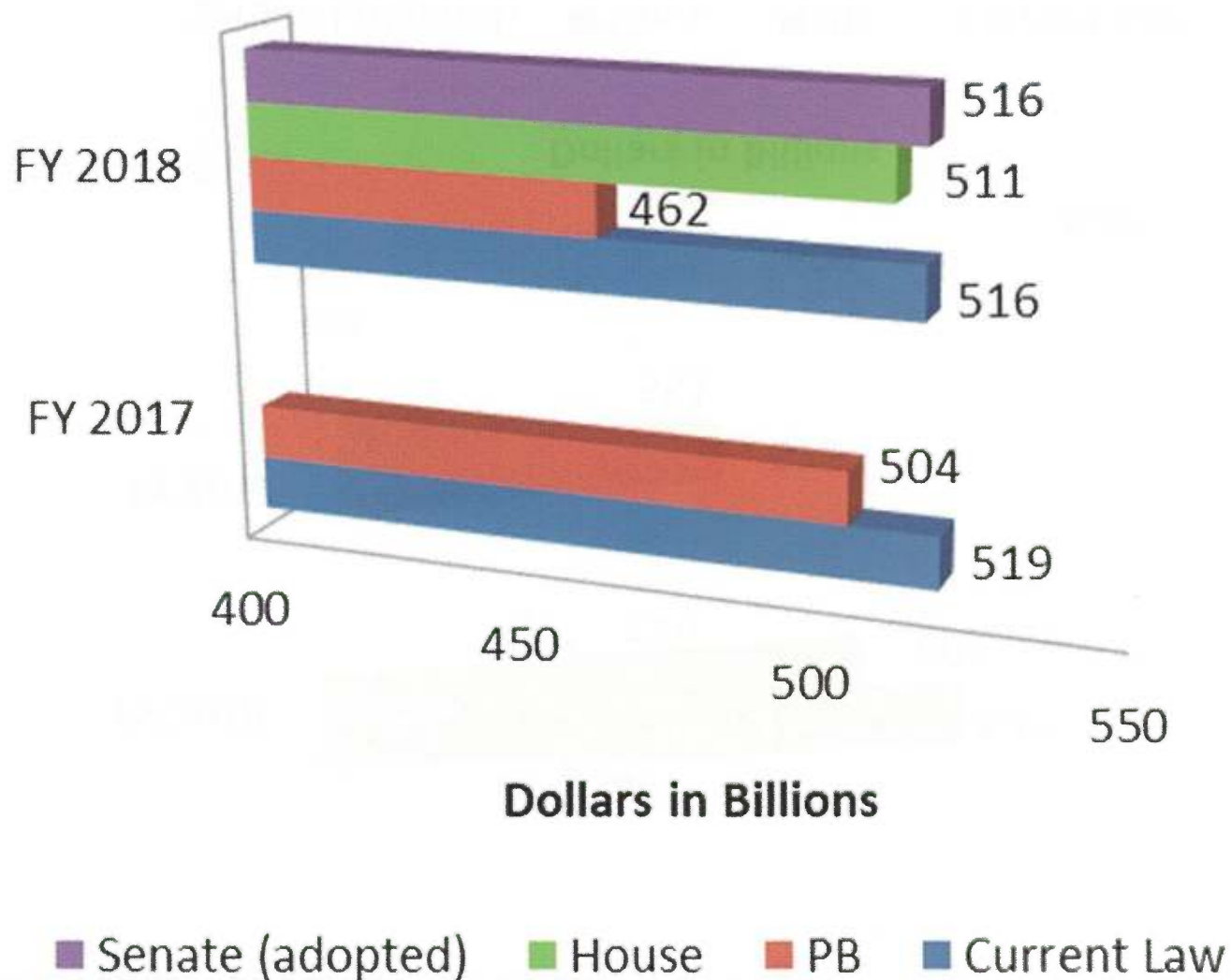
## House Budget Resolution

- Greatly exceed BCA defense cap
- Reduce non-defense cap after FY 2018
- Extend mandatory sequestration for 2 more years

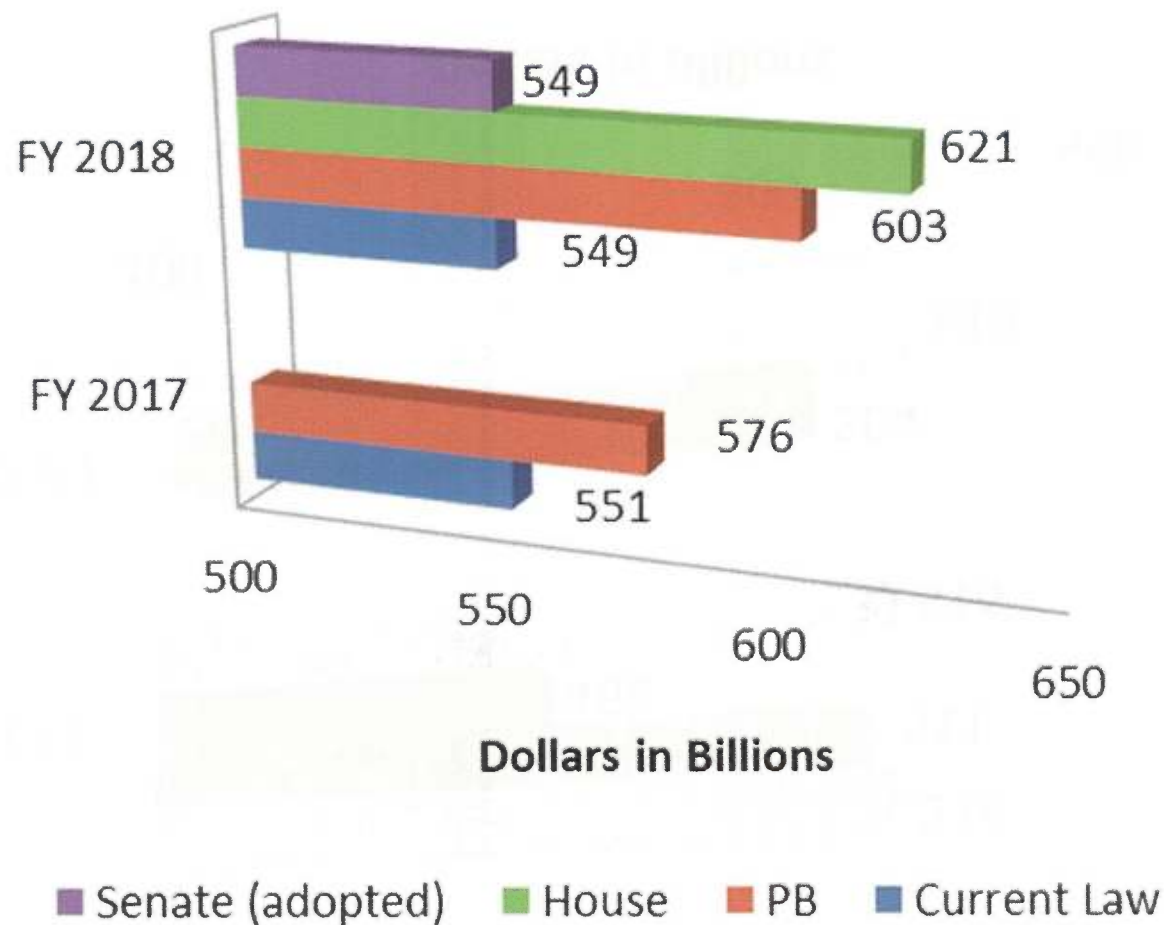
## Senate Budget Resolution (Adopted)

- Retain BCA cap for defense
- Reduce BCA cap for non-defense after FY 2018

# Non-defense discretionary



# Defense discretionary

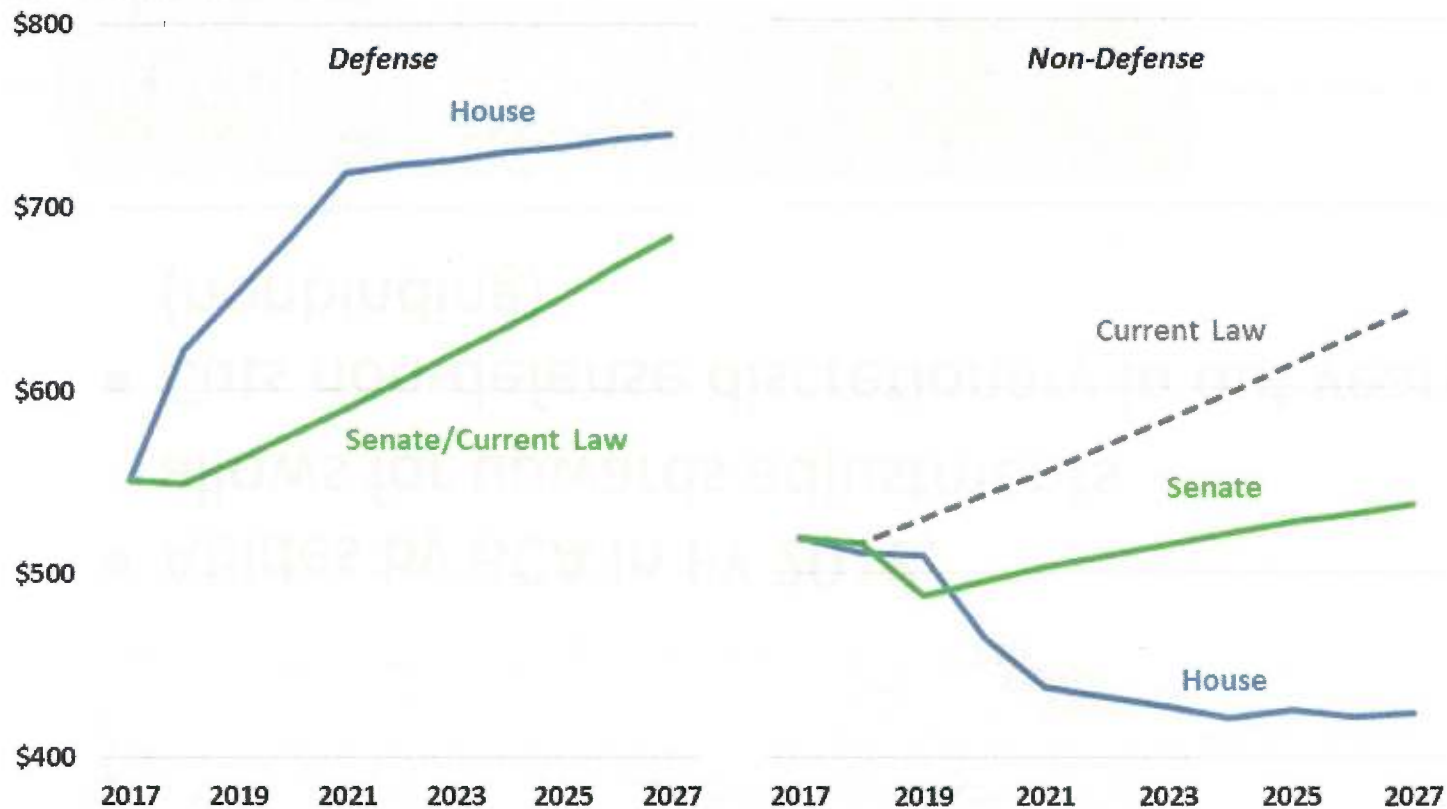


# What CRFB says



## Discretionary Spending in the Congressional Budgets

Billions of Dollars



Source: Congressional Budget Office, House and Senate Budget Committees.

CRFB.org



# FY 2018 Budget Resolution



## Funding

- Abides by BCA in FY 2018; allows for upwards adjustments
- Cuts non-defense discretionary in out years (nonbinding)

## Reconciliation

- \$1.5T/10 years for tax reform
- -\$1B/10 years in savings (Arctic drilling)
- Excludes mandatory savings House favored



# House W&M Tax Highlights



7 brackets to 4

12%, 25%, 35%,  
39.6%

Enhance standard  
deduction

Eliminate personal  
exemption

Eliminate tax  
deductions for S/L  
income, sales  
taxes

Cap property tax  
deduction at  
\$10,000

Cap mortgage  
interest deduction  
at \$500,000

Expand child tax  
credit

Non-dependent  
credit

Eliminate AMT

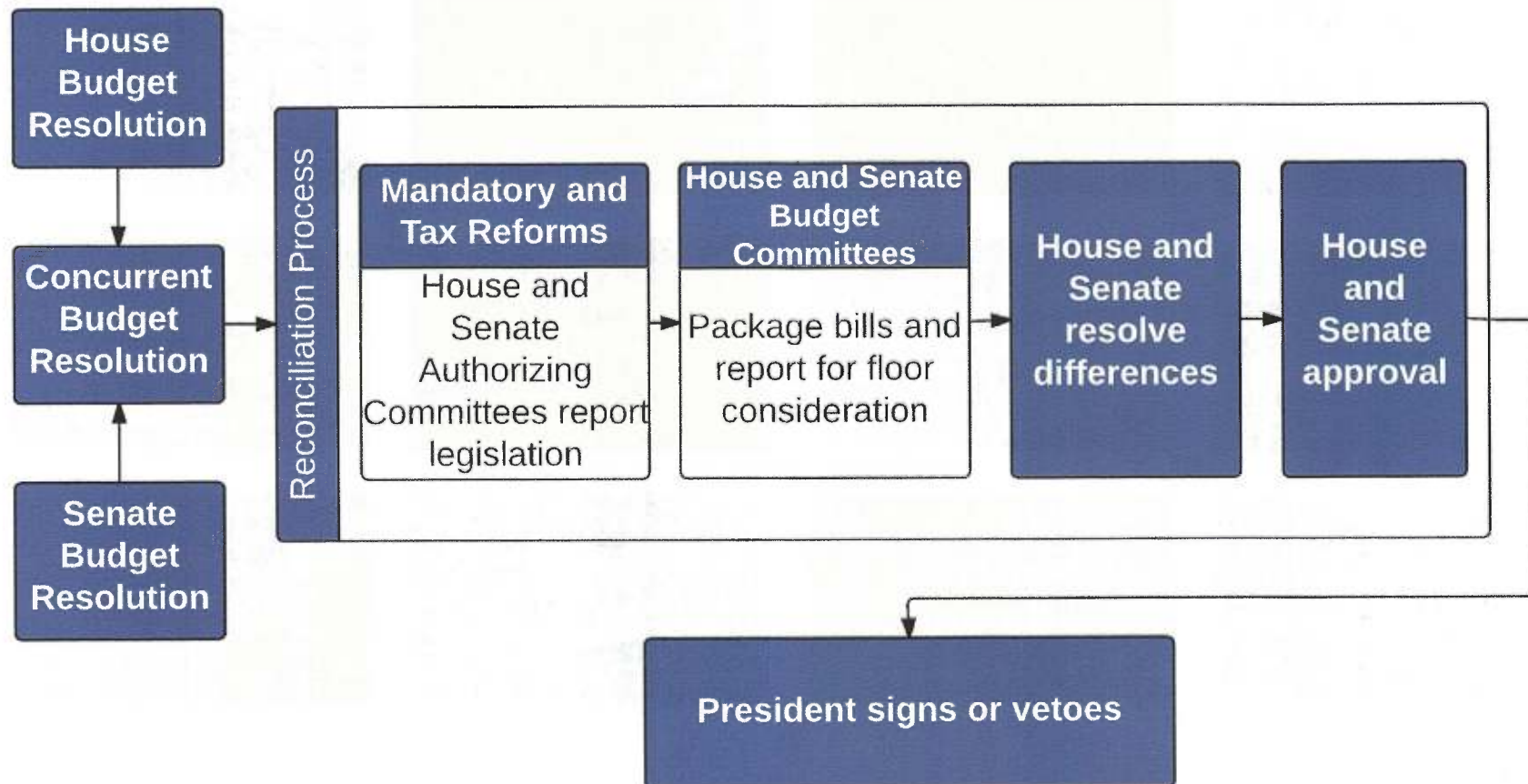
Terminate Private  
Activity Bonds

Repeal advance  
refunding bonds

CIT from 35% to  
20%

Eliminate estate  
tax

# Reconciliation “simplified”



# Appropriations status



House  
combined all  
bills into an  
omnibus that  
passed



Full Senate  
has  
approved  
no bills



No final  
bills  
enacted;  
CR in  
place



# The Continuing Resolution



## Funding

- Expires Dec. 8
- -0.6791% ATB cut (discretionary)
- Exceeds BCA caps

## Programs

- Suspends debt limit (Dec. 8)
- Extends flood insurance (Dec. 8)

# FY 2018 expirations



Program	FY 2017 Funding (in millions)
<b>September 30:</b>	
Children's Health Insurance Program	15,952
Community Health Centers (mandatory funding)	3,528
Perkins Loan Program	782
Maternal, Infant, and Early Childhood Home Visiting	372
National Health Service Corps	289
Health Profession Opportunity Grants	79
Personal Responsibility Education Program	70
Abstinence Education	70
Medicare Improvements for Patients and Providers Act	35
<b>December 31:</b>	
Teaching Health Center Graduate Medical Education	56
<b>March 31:</b>	
Airport Improvement Program	3,350
<b>Total</b>	<b>\$24,583</b>



# House, Senate CHIP Proposals



## Similarities

Through FY  
2022

Maintain ACA  
increase  
through FY 2019

Maintain ACA  
MOE

## Differences

Offsets

Companion  
provisions

## Status

Tax reform on  
front burner in  
Senate

Redistribution  
of existing  
funding

# DSH cuts take effect in FY 2018



## Why?

- ACA included cuts based on less uncompensated care

## How much?

- Cuts delayed several times
- Current: -\$2 billion (FY 2018), increasing to -\$8 billion (FYs 2024-2025)
- CMS released proposed methodology

## Delayed again?

- House proposes to eliminate in FYs 2018-19, extend to FY 2027
- Included in House CHIP bill



# Changes in FY 2019 FMAPs

Increases		Decreases	No Change
Oklahoma	Kentucky	Oregon	Alaska
Kansas	Alabama	Florida	California
Iowa	Pennsylvania	Georgia	Colorado
South Dakota	Vermont	Nevada	Connecticut
Louisiana	Indiana	Hawaii	District of Columbia
Texas	Ohio	Utah	Maryland
Delaware	Maine	North Carolina	Massachusetts
Rhode Island	Montana	Illinois	Minnesota
West Virginia	New Mexico	Arkansas	New Hampshire
Missouri	Tennessee	South Carolina	New Jersey
Mississippi	Nebraska	Michigan	New York
Wisconsin		Arizona	North Dakota
		Idaho	Virginia
			Washington
			Wyoming



# VW settlement announced



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\$2.9 B over 10 years

---

Dec. 1 deadline to apply

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Unclaimed funds redistributed

---

Mitigation of nitrogen oxide emissions

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Funds can be used for diesel grant match



# Recapping what's in play

## BCA & FY 2018 Appropriations

- Status quo or higher caps
- Focus has moved to taxes; therefore, CR?

## Reconciliation & Tax Reform

- Senate Finance bill imminent
- How different from House?

## CHIP

- Offsets remain an issue

## What are risks to states?



# Questions?



- Check for updates:
  - [www.ffis.org](http://www.ffis.org)
  - [mhoward@ffis.org](mailto:mhoward@ffis.org)
  - 202-624-5848

# Joint Fiscal Office

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

## MEMORANDUM

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

From: Stephen Klein, Chief Fiscal Officer

Date: November 9, 2017

Subject: November 2017 – Fiscal Officer's Report

What follows is an update of recent developments, some of which will be on the agenda for the November 9 meeting of the Joint Fiscal Committee.

### 1. Status of FY 2018 Revenue Collections through October

A. General Fund revenue collections are characterized by a weakness in personal income and corporate taxes making total General Fund receipts \$3.1 million below projections. Education Fund and Transportation Fund revenues are meeting targets. The specifics are below:

The General Fund: Though the month of October, revenues are trailing projections by only \$3.1 million, or about  $\frac{3}{4}$  of 1%. However, this shortfall understates the weakness in the General Fund.

1. Personal income taxes are 2.7% below targets through October. Withholding has trailed expectations and estimated taxes are not strong. The federal tax debate could lead to behavioral changes impacting calendar year income and tax payments.
2. Corporate tax receipts are also in flux and have been generally below projections. October was the month that the expected corporate refunds anticipated in FY 2017 were to be paid. Only about half of the expect amount was paid in October so the State will likely have to pay the balance over the course of the next few months.
3. Meals and rooms and sales tax receipts are on target. This is good news.
4. Estate tax revenues were up for the month but still trail the four-month projection.

The Transportation Fund: Through October, four months into the fiscal year, revenues are \$700,000 over projections, or less than 1% over forecast.

The Education Fund: Through October, the Education Fund receipts are \$900,000 or just over 1% above projections. The Lottery represents \$600,000 of that overage. Receipts from the purchase and use tax represent the other \$300,000.

## **2. Budget Adjustment and FY 2019 Budget**

A. Budget Adjustment: The House Appropriations Committee is planning to start work on the FY 2018 Budget Adjustment from December 18 through December 21. The Administration is currently preparing materials for the Committee. Some Budget Adjustment issues not fully developed in December may be held until January. Specifically, these issues could include Blue Cross Blue Shield payments and the settlement for Dartmouth Hitchcock reimbursement.

B. Projected Budget Gap: The projected FY 2019 current services budget gap is about \$45 million. This is lower than FY 2018 and FY 2017 when the estimated gap was \$76 million and \$58 million, respectively. This year, federal uncertainty on revenues and spending creates an added risk factor.

## **3. Medicaid Trending**

Medicaid expenditures through the first four months of the fiscal year were slightly below the amount budgeted. After the reductions to the Medicaid budget that were taken in August as part of the rescission process, through 10/27/17, Vermont has underspent the Medicaid budget by \$18.1 million gross using an 8-year lookback to develop trends. The underspending was the result of the type of claims received for payment, savings from better collections of drug rebates, and slightly lower ACO payments. There are a number of upside pressures still to be addressed so this underspending may be offset with other increases to come.

## **4. The Exchange**

This fall's period for re-enrollment on the Exchange will be 45 days, running from November 1 to December 15, which is shorter than the two-month period last year. The passive renewal of the QHP population involved 19,586 households and 97.8% were successful. This exceeds last year's 91.5% success rate. Other system functionality trends are good. There will be a presentation at the Joint Fiscal Committee meeting on the first weeks of re-enrollment. Further details on how this will unfold could be presented at a later Committee meeting. The Department of Vermont Health Access could increase the re-enrollment period if it becomes necessary to do so, but as of now, the plan is for the re-enrollment period to be 45 days.

## **5. Federal Action Update**

Marcia Howard from the Federal Funds Information for the States (FFIS) will be presenting at the Joint Fiscal Committee meeting. In addition, staff from Vermont's Congressional Delegation will present their perspectives on the status of the federal budget at the all-legislative Briefing on November 30. With the recent short-term extension of the debt limit and related funding decisions, Vermont's legislative leadership

cancelled the special session tentatively planned for October. We will continue to monitor the federal budget. As you might imagine, there is considerable uncertainty regarding federal action on the budget and on taxes.

## **6. Education Funding**

Current law education fund tax rates are under development with the goal to have an education tax letter by December 1. Mark Perrault will give an update at the meeting on the directions this work is taking. Early projections continue to show the potential for a substantial 6 to 10 cent increase with a fully funded reserve and other current law assumptions. The Administration may make proposals, and during the session, the Legislature may take steps to reduce some or all of any increase in education tax rates in FY 2019.

## **7. State Employees' and Teachers' Retirement Funds**

As mentioned in July, the assumed rates of return for the retirement system, which are used in actuarial calculations, were reduced from 7.9% to 7.5% for FY 2018. This lower return projection will increase the funding obligations on an annual basis in future years. With this change:

- The Teachers Retirement system actuarial funded ratio as of 6/30/2017 is 54.2% compared to the prior year's funded ratio of 58.3%. The actuarial contribution increase for FY 2019 will be \$16.71 million.
- The State Employees Retirement System actuarial funded ratio as of 6/30/2017 is 71.4% compared to the prior year's funded ratio of 72.9%. The actuarial contribution increase for FY 2019 is \$60,280,480 or \$10,422,428 above FY 2018. However, the State employees increase may be offset in that the payment level actually made in FY 2018 was higher than it needed to be. The State Treasurer thinks that this and other factors may allow funding for the State Employee Retirement System to be essentially level funded in FY 2019.

## **8. Debt Affordability Committee recommendation:**

The Debt Affordability Committee met and elected to recommend no change to the current authorization amount for FY 2019. However, the Committee did indicate that for FY 2020, current data suggests a decrease of 8.7% for the next biennium. This will be revisited next fall.

## **9. Studies:**

- a. **The Minimum Wage Study Committee** – The Committee has met four times and is in the process of developing its final report. Materials that are prepared for it can be viewed at its [website here](#).
- b. Graham Campbell has been working on the **Tax Increment Financing Study**. A draft of the report should be done in November with a reporting date of early January.

## 10. Joint Fiscal Office Updates

- a. Mailing of Issue Briefs: New issue briefs are now being sent to the Legislature about every two weeks as suggested by the Joint Fiscal Committee.
- b. Chainbridge: Dan Dickerson and Graham are in the process of learning to use the Chainbridge Tax Modeling System. They will be going to Morgantown, West Virginia, next week for a related training.
- c. Review of JFO website: The Joint Fiscal Office has asked the Blue House Group, who developed and manages changes to the Legislature's website, to look at our website to see how it might be improved or better integrated into the Legislature's site. This process is ongoing and we hope to have a proposal for the Committees to review during the legislative session.
- d. Legislative Departments and Joint Fiscal Office Budget: We will be presenting an overview of the Legislative Departments' and the Joint Fiscal Offices' budgets at the Joint Fiscal meeting.
  - a. The overall FY 2019 legislative budgets are about 2.7% above the FY 2018 base appropriation and .9% over FY 2018 with Pay Act. The net impact on the General Fund for FY 2019 after reversions is about \$114,000. The Legislative Branch as a whole has a budget of \$15,153,626.
  - b. The Joint Fiscal Office increase is 4.3% base to base and 1.8% with Pay Act. Our proposed budget is \$1,834,005. The two major upward pressures for our budget are pay act and related salary adjustments and a final year of transition from Deb Brighton to Chloe Wexler in providing Education property tax analysis.



FY2019 Joint Fiscal Office Budget - DRAFT

11/7/2017

	FY16 Actual	FY17 Actual	FY18 Budgeted	FY18 Estimated	FY19 Request	
<b>SOURCES OF FUNDS</b>						
General fund appropriation	1,621,374	1,648,880	1,757,736	1,757,736	1,834,005	4.3%
Pay Act	30,000	39,500		45,000		
Internal Service Fund reduction	(1,554)			(789)		
<b>TOTAL SOURCES</b>	<b>1,649,820</b>	<b>1,688,380</b>	<b>1,757,736</b>	<b>1,801,947</b>	<b>1,834,005</b>	<b>1.8%</b>
<b>USES OF FUNDS</b>						
<b>Personal Services</b>						
Salaries	857,575	903,244	960,028	976,406	1,037,691	
Temp Emp - Salary/FICA	33,901	35,561	36,990	38,344	38,457	
FICA/Medicare	62,441	70,059	73,442	74,695	79,383	
Health insurance	144,264	139,208	154,402	158,094	165,481	
Retirement	92,342	108,323	107,806	120,913	131,452	
Dental	8,602	7,454	9,386	9,635	10,463	
Life insurance	2,574	2,899	4,051	3,476	4,379	
Disability	1,984	2,223	2,208	2,246	2,387	
Employee assistance program	333	356	360	360	390	
WC and Catamount	2,376	1,932	2,069	1,595	1,595	
Contract - Kavet	124,620	126,506	152,000	152,000	152,000	
Contract - Policy Integrity	10,476	5,226	15,000	10,000	10,000	
Contract - Brighton	34,600	56,464	45,000	50,000	20,000	
Contract - Ira Sollace	3,920	-	-	-	-	
Contract - JFOBud/Vantage Interface	1,800	900	2,000	8,000	6,000	
Contract - Results First related	12,812	9,000	20,000	11,000	5,000	
Other personal services	13,641	8,400	15,000	12,500	12,500	
<b>Subtotal Personal Services</b>	<b>1,408,262</b>	<b>1,477,755</b>	<b>1,599,743</b>	<b>1,629,264</b>	<b>1,677,178</b>	
<b>Operating Expenses</b>						
Hardware & Software	9,875	2,892	47,000	45,000	45,000	
Office Supplies and Equipment	1,399	1,480	3,000	3,000	3,000	
Fee for space	42,049	42,899	47,859	47,859	47,859	
Advertising	1,127	3,542	2,000	2,000	2,000	
Printing & copying	1,128	1,253	1,500	1,500	1,500	
Dues & subscriptions	20,376	12,661	16,000	16,000	16,000	
Registrations	2,819	2,610	4,000	4,000	4,000	
Insurances	2,243	2,349	2,398	2,398	2,398	
In state travel expenses	2,102	1,149	2,500	2,500	2,500	
Out of state travel expenses & training	15,110	10,455	16,000	18,000	16,000	
Accounting (audit/VISION)	12,075	11,386	11,885	11,570	11,570	
Other payments, adjustments	3,974	5,760	4,500	4,500	5,000	
<b>Subtotal Operating Expenses</b>	<b>114,278</b>	<b>98,437</b>	<b>158,642</b>	<b>158,327</b>	<b>156,827</b>	
<b>TOTAL USES</b>	<b>1,522,540</b>	<b>1,576,192</b>	<b>1,758,385</b>	<b>1,787,591</b>	<b>1,834,005</b>	
<b>OPERATING BALANCE</b>	<b>127,280</b>	<b>112,188</b>	<b>(649)</b>	<b>14,356</b>	<b>0</b>	
<b>ONE-TIME ACTIVITIES</b>						
Carry forward	108,124	246,847	47,806	158,831	101,187	
Carry forward reversion	(19,623)	(50,000)			(30,000)	
Rescission				(12,000)		
CRG- Funding	18,700	12,500				
CRG- Expenses	(5,000)	(12,500)				
Picus- Funding	291,475					
Picus- Expenses	(240,000)	(51,475)				
Chainbridge	(34,109)	(34,109)			(10,000)	
10-yr Tax Study		(41,637)				
Transfer from Legislature (minimum wage)				20,000		
Blue House Group (JFO website)				(13,000)	(45,000)	
Ad Hoc IT				(5,000)	(5,000)	
Brighton replacement		(22,983)	(50,000)	(62,000)	(10,000)	
<b>NET BALANCE</b>	<b>246,847</b>	<b>158,831</b>	<b>(2,843)</b>	<b>101,187</b>	<b>1,187</b>	

# Legislative Branch FY19 Budget Request - DRAFT

Joint Fiscal Office

7-Nov-17

	A	B	C	D	E	F	G	H	I	J
	FY18 Appropriation	FY18 Adjustments (Pay Act, ISFs)	FY18 Appropriation (Adj.) (A + B)	FY19 Appropriation (proposed)	Base-to-Base \$ Increase (D - A)	Base-to-Base % Increase	\$ Increase w/ Adj. (D - C)	% increase w/ Adj.	FY19 Reversion (Proposed)	Net FY19 GF Impact (D - (A + I))
Legislative Branch	\$ 14,759,874	\$ 252,608	\$ 15,012,482	\$ 15,153,626	\$ 393,752	2.7%	\$ 141,144	0.9%	\$ 280,000	\$ 113,752
Legislature	7,581,882	84,508	7,666,390	7,700,916	119,034	1.6%	34,526	0.5%	175,000	(55,966)
Legislative Council	4,678,911	101,906	4,780,817	4,812,877	133,966	2.9%	32,060	0.7%	75,000	58,966
Sergeant at Arms	741,345	21,983	763,328	805,828	64,483	8.7%	42,500	5.6%	-	64,483
Joint Fiscal Office	1,757,736	44,211	1,801,947	1,834,005	76,269	4.3%	32,058	1.8%	30,000	46,269

# Vermont Legislative Joint Fiscal Office

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

## PRELIMINARY FISCAL NOTE

Date: November 9, 2017

Prepared by: Mark Perrault

### DRAFT

#### Preliminary Outlook for Education Tax Rates in FY19

32 VSA §5402b provides that by December 1st, the Commissioner of Taxes shall recommend current-law education tax rates for FY19. This recommendation is determined by the Commissioner after consultation with the Secretaries of Administration and Education and the Joint Fiscal Office. It is still early in the consensus process and more information will become available between now and December 1st. However, it appears that current-law education tax rates for FY19 may be significantly higher than actual FY18 education tax rates.

Note that the Commissioner's recommendation on December 1st is only the starting point for deliberations during the 2018 legislative session. The Administration may propose and the Legislature may take steps to reduce some or all of any increase in education tax rates in FY19.

#### 1. Use of Nonrecurring Revenue Sources in FY18

##### *a. Use of the FY17 Education Fund surplus*

Over \$26 million from the FY17 surplus was returned to taxpayers in FY18 through lower education tax rates. No surplus currently exists in FY18 for use in FY19, so at this time these funds must be replaced from another revenue source. All else being equal, replacing these funds will increase average education tax rates by roughly 3 cents in FY19.

##### *b. Use of the Education Fund stabilization reserve*

Over \$9 million from the stabilization reserve was used to lower education tax rates in FY18. By statute, the Commissioner's December 1st education tax rate recommendation must assume that the stabilization reserve is restored to 5% of prior-year net appropriations. Although the stabilization reserve may be reduced to 3.5% and remain within statutory parameters, the Treasurer has expressed concern that not fully restoring the stabilization reserve to 5% in FY2019 could jeopardize the State's bond rating. All else being equal, restoring the stabilization reserve to 5% will increase average education tax rates by roughly 1 cent in FY19.

#### 2. Growth in Education Spending in FY19

##### *a. Nominal growth in education spending*

The cost of state and local government services is currently projected to grow by nearly 3% in FY19. Assuming that spending grows at that rate, statewide education spending will increase by more than \$39 million in FY19. Actual growth in education spending will not be known until late January or February after school boards have submitted their proposed budgets to AOE. All else being equal, nominal growth of 3% in education spending will increase average education tax rates by roughly 5 cents in FY19.

*b. Growth in VEHI teachers' health insurance premiums*

According to VEHI, teachers' health insurance was underpriced in FY18 because districts chose, through collective bargaining, to cover a greater-than-anticipated share of teachers' out-of-pocket health care costs. VEHI plans to use over \$9 million of its reserves to cover the FY18 projected shortfall and to hold down rate increases in FY19. Nevertheless, VEHI has requested a significant increase in rates in FY19 ranging from 6% to 17% depending on the plan – actual rates will be determined by the Department of Financial Regulation early next year. We will not be able to estimate the full impact of higher premiums on districts until we have contract details and enrollment data later this year.

*c. Recapture of assumed VEHI teachers' health insurance savings*

Under current law, education payments will be reduced by \$8.4 million in FY18 and \$4.5 million in FY19 to recapture *assumed* teachers' health insurance savings. Districts that were unable to achieve these savings or cover the cost with local reserve funds or find savings elsewhere in their FY18 budgets will carry a deficit that must be addressed in FY19. We do not have detailed information on district spending, but any deficits in FY18 may show up as higher education spending in FY19.

*d. Depletion of local reserves in FY17*

Act 46 imposed per-pupil spending targets on districts in FY17 and FY18. To avoid the tax penalties levied on districts for exceeding their targets, many districts used local reserve funds to reduce their per-pupil spending. These spending targets were repealed for FY18, but it is unlikely that districts have been able to restore reserves for potential use in FY19. Any reserve funds used to cover spending in FY18 will need to be replaced from another revenue source. We do not have current data on districts' reserves.

3. Other Factors

*a. Transfer of teachers' pensions to the Education Fund*

The normal cost of teachers' pensions – nearly \$8 million in FY18 – was transferred from the General Fund (GF) to the Education Fund (EF) in FY18. Roughly one-half of the cost of this transfer was covered with GF revenue: (1) in FY18, an additional \$3.3 million was transferred from the GF to the EF; and (2) beginning in FY19, the EF allocation from the sales & use tax was increased from 35% to 36% or about \$4 million in FY19. The remainder was partially offset by recognition of declining costs for correctional education. All else being equal, the cost of these decisions will increase average education tax rates by almost 0.5 cents in FY19.

*b. Growth in special education aid in FY19*

After three years of level funding, special education aid was underfunded in FY18. Consequently, the FY19 appropriation for special education aid will reflect two-years of growth. At more than \$180 million annually, special education aid is the largest Education Fund use after the education payment. AOE will determine the amount of aid necessary to fully fund special education aid.

*c. Slow growth in the property tax base*

The value of the education grand list has now returned to its pre-recession level; however, growth in property values continues to be slow. Current projections indicate that statewide property values will increase by only about 1.4% in FY19 - well short of the projected rate of inflation. Property values do not affect statewide education tax revenues, but education tax rates are higher than they would be with more robust growth.

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner, Department of Finance and Management  
**RE:** Report on FY 2018 Pay Act Allocations (per 3 VSA Sec 2281 (4))  
**DATE:** November 9, 2018

ANG

Please find attached the report on distribution of the FY 2018 Pay Act, along with these explanatory comments.

The FY 2018 Pay Act appropriations for the Executive Branch were made in 2016 Act 172 Sec. F10(a)(2)(A) [\$10,119,579 General Fund] and Sec. F10 (a)(2)(B) [\$1,850,000 Transportation Fund]. The Judicial Branch is appropriated \$1,125,224 General Fund in Sec. F10 (b)(2)(B), and the Legislative Branch is appropriated \$266,000 General Fund in Sec. F10 (c)(2).

Of the executive pay act amount described above, \$614,000 is committed to various non-salary items stipulated by the VSEA contract.

Please note that in all cases the agreed-upon FY 2018 salary adjustments are being considered and addressed in the development of the proposed FY 2019 appropriations. Final Pay Act transfers occur near the end of the fiscal year and may differ from transfers listed in the attached schedule.

Attachment

cc: House and Senate Committees on Appropriations and on Government Operations

### **Pay Act Calculation Methodology**

The methodology used in developing pay act requirements is as follows:

- Department pay act salary requirements (that is, the value of the FY 2018 salary increases, both COLA and steps) are projected position-by-position for all employees using the first payroll of FY 2018. The pay act associated with budgeted overtime is also included, as is the value of the state share of benefits that are driven by salary (FICA, retirement, life insurance, and LTD).
- The General and Transportation Fund share of the required pay act are derived from the FY 2018 budget submissions, and adjusted for legislative actions.
- The costs of various non-salary contract items are stipulated in certain articles of the State-VSEA Bargaining Agreement.



# FY 2018 PAY ACT REPORT: 3 VSA SEC 2281(4)\*\*

11/09/2017	Pay Act Need - General Funds	Allocated Pay Act - General Funds	Pay Act Need - Transp. Funds	Allocated Pay Act - Transp. Funds
1100010000 - Secretary of Administration	19,656			
1110003000 - Finance and management - budget and management	34,378			
1120010000 - Human resources - operations	52,529			
1130030000 - Libraries	35,192			
1140010000 - Tax - administration/collection	415,430			
1150500000 - Buildings and general services - purchasing	32,711			
1200010000 - Executive office - governor's office	54,376			
1210001000 - Legislative council	104,000			
1210002000 - Legislature	93,000			
1220000000 - Joint fiscal committee	45,000			
1230001000 - Sergeant at arms	24,000			
1240001000 - Lieutenant governor	5,877			
1250010000 - Auditor of accounts	39,500			
1260010000 - State treasurer	22,700			
1270000000 - State labor relations board	4,795			
1280000000 - VOSHA review board	484			
2100001000 - Attorney general	133,263			
2110000100 - Defender general - public defense	209,021			
2110010000 - Defender general - assigned counsel	625			
2120000000 - Judiciary	1,125,224			
2130100000 - State's attorneys	290,376			
2130200000 - Sheriffs	107,762			
2140010000 - Public safety-state police	1,434,435			
2140020000 - Public safety - criminal justice services	120,569			
2140030000 - Public safety - emergency management	8,754			
2140040000 - Public safety - fire safety	6,774			
2140060000 - Public safety - administration	44,703			
2150010000 - Military - administration	21,935			
2150020000 - Military - air service contract	14,739			
2150040000 - Military - building maintenance	15,716			
2150050000 - Military - veterans' affairs	18,542			
2170010000 - Criminal justice training council	28,517			
2200010000 - Agriculture, food and markets - administration	22,458			
2200020000 - Agriculture - food safety and consumer protection	69,442			
2200030000 - Agriculture - agricultural development	17,391			
2200040000 - Agriculture - labs, resources management and environment	33,755			
2200150000 - Agriculture-Vermont Agricultural & Environmental Laborato	17,011			
2280001000 - Human rights commission	12,489			
3150070000 - Mental health - mental health	71,226			
3300010000 - Vermont veterans' home - care and support services	130,488			
3310000000 - Commission on women	8,732			
3330010000 - Green Mountain Care Board	23,835			
3400001000 - Agency of human services - secretary's office	190,909			
3400008000 - Rate setting	13,713			
3400010000 - Human services board	7,524			
3410010000 - Department of Vermont health access - administration	184,402			
3420010000 - Health - administration and support	47,632			
3420021000 - Health - public health	193,779			
3420060000 - Health - alcohol & drug abuse programs	11,641			
3440010000 - DCF - Administration & support services	710,994			
3440020000 - DCF - family services	362,319			
3440030000 - DCF - child development	71,317			
3440040000 - DCF - office of child support	77,068			
3440100000 - DCF - office of economic opportunity	3,982			
3440120000 - DCF - Woodside rehabilitation center	27,400			
3440130000 - DCF - disability determination services	1,386			
3460010000 - DAIL - administration & support	380,906			
3480001000 - Corrections - Administration	84,440			
3480002000 - Corrections - Parole Board	5,799			
3480004000 - Corrections -Correctional Services	2,383,059			
4100500000 - Labor - programs	64,156			
5100010000 - Education - finance and administration	50,742			

FY 2018 PAY ACT REPORT: 3 VSA SEC 2281(4)**				
11/09/2017				
	Pay Act Need - General Funds	Allocated Pay Act - General Funds	Pay Act Need - Transp. Funds	Allocated Pay Act - Transp. Funds
5100070000 - Education Services	67,392			
6100010000 - Agency of natural resources - administration	103,480			
6120000000 - Fish and wildlife - support and field services	106,233			

# FY 2018 PAY ACT REPORT: 3 VSA SEC 2281(4)\*\*

11/08/2017

	Pay Act Need - General Funds	Allocated Pay Act - General Funds	Pay Act Need - Transp. Funds	Allocated Pay Act - Transp. Funds
6130010000 - Forests, parks and recreation - administration	26,939			
6130020000 - Forests, parks, and recreation - forestry	127,794			
6130030000 - Forests, parks, and recreation - state parks	13,338			
6130040000 - Forests, parks, and recreation - lands administration	4,843			
6140020000 - Environmental conservation - management and support ser	20,263			
6140030000 - Environmental conservation - air and waste management	1,086			
6140040000 - Environmental conservation - office of water programs	162,428			
6215000000 - Natural resources board	16,333			
7100000000 - Agency of commerce and community development - admin.	74,408			
7110010000 - Housing and community development	64,974			
7120010000 - Economic Development	25,737			
7130000000 - Tourism and marketing	19,547			
8100000100 - Transportation - finance and administration	-		200,000	
8100001100 - Transportation - program development	-		350,000	
8100002000 - Transportation - maintenance state system	-		800,000	
8100002100 - Department of motor vehicles	-		250,000	
8100002200 - Transportation - policy and planning	-		250,000	
ALL_ORGS - All State Organizations	10,679,353			
Executive Branch Salary Costs	9,288,129			
Legislative Branch Salary Costs	266,000			
Judicial Branch Salary Costs	1,125,224			
Total General Fund Salary Costs	10,679,353			
Available Executive Pay Act Appropriation - General Funds	10,119,579			
Executive Branch Salary Increase Costs - General Funds	9,288,129			
HR Non-Salary Pay Act Items	614,000			
Vermont Historical Society - Pay Increase per 22 VSA Sec. 285	36,098			
Total Executive Branch Pay Act Need - General Funds	9,938,227			
FY 2017 Pay Act Carryforward Balance	38,648			
Net Exec. Pay Act Balance - General Funds	220,000			
Executive Branch Salary Increase Costs - Transportation Funds	1,850,000			
Appropriated Executive Branch Pay Act - Transportation Funds	1,850,000			
Net Exec. Pay Act Balance - Transportation Funds	-			
Legislative Branch Salary Increase Costs	266,000			
Appropriated Legislative Branch Pay Act	266,000			
Net Leg. Pay Act Balance	-			
Judicial Branch Salary Increase Costs	1,125,224			
Appropriated Judicial Branch Pay Act	1,125,224			
Net Jud. Pay Act Balance	-			
Pay Act appropriations are found in 2016 Act 172 Sec.F.10				
** Final Pay Act transfers occur near the end of the fiscal year and may differ from transfers listed above.				



**STATE OF VERMONT**  
LEGISLATIVE JOINT FISCAL OFFICE

**MEMORANDUM**

To: Joint Fiscal Committee Members

From: Daniel Dickerson, Fiscal Analyst

Date: November 6, 2017

Subject: Small Grant and Gift Quarterly Report – First Quarter of FY 2018

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.\*

During the first quarter of fiscal year 2018, July 1, 2017 through September 30, 2017, the Joint Fiscal Office received notification of one small donation as follows:

- On September 15, 2017 the Joint Fiscal Office received notice that the New England Women's Policy Initiative was donating \$2,000 to the VT Commission on Women to help fund two salary negotiation workshops for women, to be hosted by the Commission in locations outside of Chittenden County. The workshops will be held in early 2018.

\* Act 146 of the 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.

Act 179 of the 2013 Adj. Session (2014), Sec. E.342.7 amended 32 V.S.A. § 5(a)(3) to permit the Vermont Veteran's Home to accept grants with a value up to \$10,000 under the "small grants" procedure.








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Adam Greshin, Commissioner

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner of Finance & Management   
**DATE:** November 8, 2017  
**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 through the first quarter of FY 2018 (7/1/2017 through 6/30/18). 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](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.*

**FY 2018 Excess Receipts Report - Q1 Cumulative - Run 11-02-2017**

Agency/Dept Name	Appropriation Name	Appropriation	Date	Fund	Fund Name	Amount	Comments
Transportation Agency	Rail	8100002300	7/11/2017	20150	Transportation FEMA Fund	2,711,105	Funds available for four Rail projects.
Transportation Agency	Rail	8100002300	8/30/2017	20183	ARRA FRA Fund	436,612	Funds from project "Vermont Rehabilitation - Redistribution Funds"
Children and Families	DCFS - OEO Weatherization	3440110000	9/22/2017	22005	Federal Revenue Fund	254,954	Fed funds from LIHEAP that are allowed to be transferred to Weatherization clients who qualify for federal assistance. Weatherization transferring special funds to LIHEAP to use for clients who qualify for state assistance.
Forests, Parks & Recreation	Lands Administration	6130040000	7/25/2017	22005	Federal Revenue Fund	2,200,000	Federal funds awarded through the Federal Forest Legacy program for the acquisition of properties in Windham County.
Military	MIL Vet Affairs Office	2150050000	8/18/2017	22005	Federal Revenue Fund	26,700	Re-establishment of Federal funds allotted to Vermont for multi-year federally funded Veterans Cemetery Expansion vendor contract.
<b>Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts</b>						<b>5,629,371</b>	
Transportation Agency	Rail	8100002300	8/3/2017	21500	Inter-Unit Transfers Fund	272,829	Funds from FEMA disaster DR4178
Transportation Agency	Better Back Roads Program	8100005800	7/25/2017	21500	Inter-Unit Transfers Fund	1,400,000	Funds are available from Sec. 11(c) of Act 84 of 2017.
Tourism & Marketing	Dept. of Tourism & Marketing	7130000000	8/30/2017	21500	Inter-Unit Transfers Fund	25,625	FY17 Remaining cash balance of one-time appropriation
Commerce & Community Dev Agency	Administration Division	7100000000	9/15/2017	21500	Inter-Unit Transfers Fund	60,223	LIDAR project for CT River Basin funded with dollars from AOT, Clean Water Fund, etc.
Commerce & Community Dev Agency	Administration Division	7100000000	7/25/2017	21500	Inter-Unit Transfers Fund	10,119	Unspent balance from original Capital Bill Orthophoto program funds transferred to ACCD in FY16, from FY17, now carrying into FY18.

FY 2018 Excess Receipts Report - Q1 Cumulative - Run 11-02-2017

Agency/Dept Name	Appropriation Name	Appropriation	Date	Fund	Fund Name	Amount	Comments
Forests, Parks & Recreation	Parks	6130030000	7/28/2017	21500	Inter-Unit Transfers Fund	51,617	Funds available from MOA's with other state departments.
Forests, Parks & Recreation	Forestry	6130020000	7/28/2017	21500	Inter-Unit Transfers Fund	20,000	Funds available from MOA's with other state departments.
Forests, Parks & Recreation	Forestry	6130020000	7/28/2017	21500	Inter-Unit Transfers Fund	10,000	Funds available from MOA's with other state departments.
Forests, Parks & Recreation	Forestry	6130020000	7/28/2017	21500	Inter-Unit Transfers Fund	115,000	Funds available from MOA's with other state departments.
Forests, Parks & Recreation	Forestry	6130020000	7/28/2017	21500	Inter-Unit Transfers Fund	40,000	Funds available from MOA's with other state departments.
Forests, Parks & Recreation	Administration	6130010000	7/28/2017	21500	Inter-Unit Transfers Fund	300,000	FEMA funds from VTrans
Liquor Control	DLC - Enforcement & Licensing	2300002000	8/31/2017	21500	Inter-Unit Transfers Fund	125,000	One-time transfer from Health Dept's VT Regional Prevention Partnership
Agriculture, Food&Mrkts Agency	Ag Resource Mngmnt	2200040000	7/25/2017	21500	Inter-Unit Transfers Fund	110,000	Funds for Aaron Moore position that has been transferred to the Agency of Agriculture, Food & Markets.
Criminal Justice Trng Council	Criminal Justice Trng Council	2170010000	9/28/2017	21500	Inter-Unit Transfers Fund	75,000	Funding from MOU with AOT to cover payroll expenses for Chris Conway who was hired to develop and maintain statewide advanced levels of officer training and certification
State's Attorneys and Sheriffs	Sheriffs	2130200000	8/10/2017	21500	Inter-Unit Transfers Fund	16,643	Funds from DOC for oversight and funding of the electronic monitoring pilot program.
Attorney General's Office	Court Diversion	2100002000	7/19/2017	21500	Inter-Unit Transfers Fund	30,382	Funds from MOU between Court Diversion Program and the Dept of Health.
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/4/2017	21500	Inter-Unit Transfers Fund	10,000	Funds from room rentals.
Joint Fiscal Office	Joint Fiscal Committee/Office	1220000000	8/7/2017	21500	Inter-Unit Transfers Fund	69,438	Funds to perform IT project review and oversight and report to Legislature per '16 Capital Act. Carry forward of funds was authorized in '18 Capital Act.



**FY 2018 Excess Receipts Report - Q1 Cumulative - Run 11-02-2017**

Agency/Dept Name	Appropriation Name	Appropriation	Date	Fund	Fund Name	Amount	Comments
Joint Fiscal Office	Joint Fiscal Committee/Office	1220000000	8/7/2017	21500	Inter-Unit Transfers Fund	250,000	Funds to perform IT project review and oversight and report to Legislature per '16 Capital Act. Carry forward of funds was authorized in '18 Capital Act.
Administration Agency	Secretary of Administration	1100010000	8/24/2017	21500	Inter-Unit Transfers Fund	25,000	Fund available from MOU between SOA and DVHA in regards to SIM grant.
<b>Subtotal Interdepartmental Transfers</b>						<b>3,016,875</b>	
Human Resources-Gov'tal	DHR - VTHR Operations	1120080000	9/15/2017	21005	FMS System Development Fund	127,990	Contract agreement between DHR and KPMG-requirements gathering and documentation.
Public Safety	DPS-Emergency Management	2140030000	9/19/2017	21025	Radiological Emerg Response	28,995	MOU between VEM & VT Yankee for RERP preparedness for FY17 & FY18.
Children and Families	DCFS - LIHEAP	3440090000	9/22/2017	21235	Home Weatherization Assist	254,954	Fed funds from LIHEAP that are allowed to be transferred to Weatherization clients who qualify for federal assistance. Weatherization transferring special funds to LIHEAP to use for clients who qualify for state assistance.
Environmental Conservation	Management & Support Services	6140020000	8/3/2017	21475	Natural Resources Mgmnt	159,701	Amount of match that is budgeted for the EcoAmeriCorps grant from the Dept of Health.
Forests, Parks & Recreation	Lands Administration	6130040000	7/25/2017	21475	Natural Resources Mgmnt	50,000	Funds from VHCB for long-range management projects, in addition completion of past year projects is anticipated to occur in FY18.
Transportation Agency	Finance & Administration Div	8100000100	7/26/2017	21525	Conference Fees & Donations	2,358	Funds from registration fees associated with the NE Regional LTAP Conference.
Forests, Parks & Recreation	Administration	6130010000	7/28/2017	21525	Conference Fees & Donations	13,608	Funds from a grant with the American Forest Foundation for Project Learning Tree educational work.
Liquor Control	DLC - Enforcement & Licensing	2300002000	9/6/2017	21525	Conference Fees & Donations	1,800	Funds received in May for FY2018 refusal Skills Trainings in July and August

FY 2018 Excess Receipts Report - Q1 Cumulative - Run 11-02-2017

Agency/Dept Name	Appropriation Name	Appropriation	Date	Fund	Fund Name	Amount	Comments
Forests, Parks & Recreation	Administration	6130010000	7/25/2017	21550	Lands and Facilities Trust Fd	225,000	Funds from license, special use permit, and timber sales.
Public Safety	DPS-Emergency Management	2140030000	8/17/2017	21555	Emergency Relief & Assist Fd	60,994	Title 20: Internal Security and Public Safety
Forests, Parks & Recreation	Forestry	6130020000	7/25/2017	21584	Surplus Property	3,150	Funds from the sale of assets.
Public Safety	DPS-Emergency Management	2140030000	8/10/2017	21584	Surplus Property	14,922	Funds from the sale of items at surplus property auction
Buildings & Gen Serv-Capital	BGS-Various Property Sales	0904300250	8/15/2017	21613	BGS-Sale of State Land	9,404	Replenish spending authority as of 6/30/17
Agriculture, Food&Mrkts Agency	VT Ag & Environmental Lab	2200150000	9/26/2017	21668	AF&M-Feed Seeds & Fertilizer	450,000	Product (feed,fertilizer, pesticide & lime) registration fees
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	9/22/2017	21682	AF&M-Eastern States Building	190,200	Commission receipts from PY's
Buildings & Gen Serv-Capital	VT Expo major Maint 51/14(a)	1305100141	8/31/2017	21682	AF&M-Eastern States Building	25,000	Additional spending authority to cover additional expenses at the Big E
Buildings & Gen Serv-Capital	VT Expo major Maint 51/14(a)	1305100141	8/18/2017	21682	AF&M-Eastern States Building	95,883	Replenish spending authority as of 6/30/17
Forests, Parks & Recreation	Vt Youth Conservation Corps	6130080000	7/25/2017	21779	FPR-Youth Conservation Corps	300,000	Funds from MOA between FPR and VYCC in which VYCC will reimburse FPR for all cash assistance before the end of FY18.
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/4/2017	21870	Misc Special Revenue	10,000	Funds from room rentals.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	7/25/2017	21889	Risk Manage Ag Producers	31,098	Grant from VT Low Income Trust for Electricity accepted through JFO via #2688.
Judiciary	Judiciary Appropriation	2120000000	8/10/2017	21908	Misc Grants Fund	69,500	FY18 Grant Award
Judiciary	Judiciary Appropriation	2120000000	7/19/2017	21908	Misc Grants Fund	10,231	Additional earnings based on actual eligible expenses in grant programs.
Military	MIL Vet Affairs Office	2150050000	9/19/2017	21924	Vermont Veterans Fund	50,540	Proceeds from tax return donations

**FY 2018 Excess Receipts Report - Q1 Cumulative - Run 11-02-2017**

Agency/Dept Name	Appropriation Name	Appropriation	Date	Fund	Fund Name	Amount	Comments
Military	MIL Vet Affairs Office	2150050000	9/15/2017	21924	Vermont Veterans Fund	42,160	Proceeds from tax return donations
Economic Development	STEM Incentive	7120891702	8/31/2017	21992	Next Generation Initiative Fnd	27,900	One-time appropriation FY2017 special fund remaining balance carry forward
Economic Development	STEM Incentive	7120891602	8/31/2017	21992	Next Generation Initiative Fnd	120,600	One-time appropriation FY2017 special fund remaining balance carry forward
Transportation Agency-Prop	Central Garage	8110000200	8/3/2017	57100	Highway Garage Fund	25,922	Funds from balance in the equipment replacement account at the end of FY17.
<b>Subtotal Special Fund Excess Receipts</b>						<b>2,401,909</b>	
<b>TOTAL:</b>						<b>11,048,155</b>	




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*Agency of Administration*

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner   
**RE:** Special Funds Created in FY 2017; Special Fund Balances at End of FY2017  
**DATE:** November 9, 2017

Pursuant to 32 VSA Sec. 588(6), attached please find the list of Special Funds created in FY 2017, with name, authorization, and revenue source; and the list of Special Funds and their balances at the end of FY 2017.



**Report on Special Funds Created in FY 2017**

Submitted to the Joint Fiscal Committee pursuant to 32 VSA Sec 588(6)

<b>Dept/Name of Fund</b>	<b>Authorization</b>	<b>Revenue Source</b>
<b>Agency of Education</b>		
ROPA Program Fund	6 VSA 1694 as amended by Act 149 of 2016 sec 47	Fees related to VT educator preparation programs seeking Results Oriented Program Approval (ROPA)
<b>Department of Health</b>		
Nuclear Regulatory Fund	18 VSA 1653 as amended by Act 82 of 2016 sec 1	Licensing fees collected from specific licensing of by-product, source, special nuclear materials, or devices or equipment utilizing such materials and any other monies that may be appropriated to or deposited into the Fund
<b>Department of Buildings &amp; General Services</b>		
Governor's Portrait & Frame	No statutory reference - requested and approved by Michael Clausen Deputy Sec of Admin	Contributions and donations



### Special Fund Summary - End of FY 2017

Special Fund Name	SF#	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing (Sources) Uses	Fund Net Assets 6/30/2017
Financial Literacy Trust Fund	21001	26,270.11	139.97	(8,502.98)	-	17,907.10
Financial Literacy Commission	21003	12,006.89	-	(427.94)	-	11,578.95
FMS System Development Fund	21005	1,040,051.94	614,696.22	(179,914.00)	-	1,474,834.16
State College Bond	21010	-	-	-	-	-
Elva S Smith Bequest	21015	92,720.03	60,928.53	(26,644.26)	-	127,004.30
Lw-Iv Radioactive Waste Cmpct	21020	(94,056.64)	62,614.46	(78,421.53)	-	(109,863.71)
Radiological Emerg Response	21025	(130,505.31)	496,001.25	(342,265.16)	-	23,230.78
Exxon Settlement Fund	21030	-	-	-	-	-
Stripper Well Settlement Fund	21035	-	-	-	-	-
Diamond Shamrock Refining Fund	21040	-	-	-	-	-
Getty Oil Company Settlement	21045	-	-	-	-	-
Public Defender Special Fund	21050	156,613.82	530,217.58	(512,886.28)	-	173,945.12
Misc Fines & Penalties	21054	1,099,563.74	116,688.24	(254,008.61)	(442,849.77)	519,393.60
State-Local Fines Fund	21055	-	-	-	-	-
Genetic Engineered Food Label	21057	324,697.31	17,659.05	(78,134.71)	(264,221.65)	-
Vt Dairy Promotion Fund	21060	474,013.21	2,773,505.30	(2,739,438.87)	-	508,079.64
VDPC State Portion	21061	219,080.13	268,949.96	(253,538.51)	-	234,491.58
Financial Institut Supervision	21065	928,499.86	2,918,664.45	(2,384,291.19)	(728,499.86)	734,373.26
Health Care Suprv & Reg	21070	-	-	-	-	-
Insurance Regulatory & Suprv	21075	-	27,853,055.42	(6,427,264.70)	(21,425,790.72)	-
Securities Regulatory & Suprv	21080	-	11,407,845.00	(1,423,641.20)	(9,984,203.80)	-
Captive Insurance Reg & Suprv	21085	20,000.00	5,354,106.76	(5,330,750.89)	(43,355.87)	(0.00)
VOHI Wk Cmp Self-Ins Corp Trst	21090	41.40	0.28	-	-	41.68
Passenger Tramways	21095	193,277.79	362,348.71	(359,391.65)	-	196,234.85
Elevator Safety Fund	21097	22,673.37	114,885.00	(95,000.00)	-	42,558.37
Licensing & Inspection Spec Fd	21099	-	-	-	-	-
Fire Prevention Fund	21100	-	-	-	-	-
Worker's Comp Admin Fund	21105	5,380,500.35	2,981,551.19	(2,165,568.64)	-	6,196,482.90
Employee Leasing Companies	21110	217,355.49	58,700.00	(788.65)	-	275,266.84
Crim Justice Training Council	21115	-	-	-	-	-
Fire Service Training Council	21120	183,157.87	1,217,287.80	(1,210,920.11)	(120,000.00)	69,525.56
Haz Chem & Subst Emerg Resp	21125	130,045.26	888,822.00	(640,189.15)	-	378,678.11
Criminal History Records Check	21130	2,046.00	1,612,375.82	(305,139.00)	(1,101,902.25)	207,380.57
Vt Law Telecommunications	21135	43,035.12	132,770.00	(91,280.63)	-	84,524.49
DUI Enforcement Special Fund	21140	-	1,470,871.70	(1,467,502.00)	-	3,369.70
Drug Task Force	21141	88,127.26	66,956.33	(136,508.43)	-	18,575.16
Youth Substance Abuse Safety P	21142	101,384.75	76,199.86	(83,868.00)	-	93,716.61
Victims Compensation Fund	21145	(18,202.61)	2,373,417.80	(1,895,006.39)	-	460,208.80
Prof Regulatory Fee Fund	21150	4,969,126.35	5,087,595.37	(6,591,960.52)	-	3,464,761.20
Rulemaking Advertising Fund	21155	-	-	-	-	-
Vermont Campaign Fund	21160	-	-	-	-	-
Funeral & Burial Service Trust	21165	238,242.67	1,572.61	-	-	239,815.28
EO School Interest Program	21170	-	-	-	-	-
Palo Pinto Fund	21175	-	-	-	-	-
Independence Fund	21180	-	-	-	-	-
Children's Trust Fund	21185	58,156.27	64,848.78	(55,000.00)	-	68,005.05
Correctional Facilities Rec Fd	21190	524,974.23	579,468.44	(766,909.96)	-	337,532.71
Vermont Health Access Trust	21195	-	-	-	-	-
Catamount Fund	21196	-	-	-	-	-
Health Care Trust Fund	21200	-	-	-	-	-
Dsw-MDRC-10% Retainage	21205	-	-	-	-	-
PATH-Mtn View Escrow Fund	21208	-	-	-	-	-
PATH-Morrisville Cir Escrow Fd	21209	-	-	-	-	-
Home Heating Fuel Asst Trust	21210	764.47	4.46	-	(768.93)	-
PATH-Dartmouth-Hitchcock Escro	21211	-	-	-	-	-
PATH-Civil Monetary Fund	21213	524,626.18	86,962.22	(102,889.00)	-	508,699.40
Robert Wood Johnson Fund	21215	-	-	-	-	-
Path-Commonwealth Fund	21217	-	-	-	-	-
PACE Grant	21219	-	-	-	-	-
Mental Health Risk Pool	21220	422.32	2.78	-	-	425.10
Vermont State Hospital Canteen	21225	-	-	-	-	-
Home Weatherization Assist	21235	1,617,011.97	10,492,390.53	(10,840,878.36)	-	1,268,524.14
VT Healthcare Ed Loan Repaymnt	21238	-	-	-	-	-
Teacher Licensing Fund	21240	179,635.46	1,112,780.00	(1,040,862.90)	-	251,552.56



### Special Fund Summary - End of FY 2017

Special Fund Name	SF#	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing (Sources) Uses	Fund Net Assets 6/30/2017
ROPA Program Fund	21241	-	27,650.00	(3,148.63)	-	24,501.37
Post Secondary Certification	21245	2,000.00	17,500.00	(10,500.00)	-	9,000.00
General Education Development	21250	207.00	30.00	(237.00)	-	(0.00)
Petroleum Cleanup Fund	21255	3,258,576.78	5,801,738.80	(5,636,643.00)	-	3,423,672.58
Act 250 Permit Fund	21260	481,456.73	2,689,946.45	(2,467,808.54)	-	703,594.64
Sugarbush-Snowmaking	21265	-	-	-	-	-
State Forest Parks Fund	21270	1,753,403.64	9,203,791.70	(9,769,371.55)	-	1,187,823.79
Environmental Contingency Fund	21275	2,649,200.44	519,304.54	(1,774,517.38)	-	1,393,987.60
Mitec Settlement Fund	21280	-	-	-	-	-
Waste Management Assistance	21285	3,187,580.29	5,211,094.31	(5,150,843.85)	-	3,247,830.75
Hazardous Waste Fund	21290	123,991.03	79,147.51	(47,911.00)	-	155,227.54
FPR - Land Acquisitions	21293	11,134.45	263,997.00	(99,329.20)	-	175,802.25
Environmental Permit Fund	21295	3,494,103.32	9,963,380.53	(8,448,237.32)	(275,000.00)	4,734,246.53
Hydroelectric Licensing Fund	21300	-	-	-	-	-
Pownal Tanning Settlement	21305	-	-	-	-	-
Vt Wastewater & Potable Water	21311	790,576.57	30,537.12	(232,344.57)	275,000.00	863,769.12
Ecosystem Rest & Water Quality	21313	-	151,380.00	(53,802.96)	-	97,577.04
Sunderland Landfill	21315	4,570.53	30.18	-	-	4,600.71
Central Vt Shopping Ctr	21320	51,007.68	336.70	-	-	51,344.38
Chemical High Concern Children	21321	(111,915.80)	124,411.00	(120,524.10)	-	(108,028.90)
Historic Sites Special Fund	21325	125,488.77	502,938.31	(526,181.76)	-	102,245.32
Vt Center for Geographic Infor	21328	9,804.42	13,398.19	(23,202.61)	-	-
Municipal & Regional Planning	21330	502,487.71	6,477,098.25	(3,817,137.26)	(2,706,507.70)	455,941.00
Insurance Reserve Fund	21335	158,281.84	93,358.56	-	-	251,640.40
Out-Of-State Power Sales Fund	21340	-	-	-	-	-
Unorganized Towns-Bennington	21345	52,302.62	61,699.11	(88,418.69)	-	25,583.04
Unorganized Towns-Chittenden	21350	(46,033.14)	67,407.46	(88,388.94)	-	(67,014.62)
Unorganized Towns-Windham	21355	27,442.14	283,927.30	(287,368.68)	-	24,000.76
Unemployment Comp Admin Fund	21360	1,005,839.54	855,000.00	(103,059.00)	-	1,757,780.54
Tobacco Litigation Settlement	21370	452,146.58	34,662,129.37	(34,771,235.49)	23,186.07	366,226.53
AG-Tobacco Settlement	21372	185,005.76	-	(71,839.46)	-	113,166.30
Tobacco Trust Fund	21375	272,885.08	23,186.07	(158,525.06)	(23,186.07)	114,360.02
Rockefeller State Zoning Fund	21380	-	-	-	-	-
Student Asst Corp. Guar Reserve	21385	-	-	-	-	-
Williamstown Env & Public Hlth	21390	191,854.99	1,266.41	-	-	193,121.40
Mount Independence Historic	21395	-	-	-	-	-
State Register Publications Fd	21397	1,518.53	-	-	-	1,518.53
Pownal Trailer Park Fund	21400	-	-	-	-	-
Bond Investment Earnings Fund	21405	161,100.16	205,788.41	-	(161,100.90)	205,787.67
DWI Forfeiture Vehicles	21410	-	-	-	-	-
Vt Racing-Unclaimed Tickets	21415	-	-	-	-	-
Pownal Tanning Settlement II	21420	-	-	-	-	-
Long Term Disabilities	21425	-	-	-	-	-
Flexible Spending	21430	334,848.45	2,023,030.77	(1,983,694.37)	-	374,184.85
AHS Administrative Fund	21435	-	-	-	-	-
All Terrain Vehicles	21440	69,974.94	445,217.35	(457,661.93)	-	57,530.36
Art Acquisition Fund	21445	46,500.00	-	-	-	46,500.00
Gross Revenue Fund	21450	-	-	-	-	-
Fuel Efficiency Fund	21452	-	-	-	-	-
Vt Recreational Trails Fund	21455	383,515.23	-	(288,412.34)	370,000.00	465,102.89
Laboratory Services	21460	7,656.70	573,084.58	(572,928.76)	-	7,812.52
Organ Donation Special Fund	21463	99.00	-	(99.00)	-	-
Meals Fund	21465	-	-	-	-	-
Medical Practice	21470	947,338.04	1,974,756.55	(1,150,031.12)	-	1,772,063.47
Hospital Licensing Fees	21471	79,281.68	143,622.00	(116,468.50)	-	106,435.18
Natural Resources Mgmt	21475	753,708.16	1,136,871.56	(654,578.87)	-	1,236,000.85
Otto Johnson Fund	21480	-	7,218.70	(7,218.70)	-	-
PILOT	21485	3,431,770.02	7,870,224.71	(7,581,000.00)	-	3,720,994.73
Rabies Control	21490	6,744.00	73,565.50	(33,640.87)	(41,116.63)	5,552.00
Vt Working Lands Enterprise	21493	175,377.24	453.62	(175,000.00)	-	830.86
Snowmobile Trails	21495	178,386.17	556,269.00	(464,038.38)	-	270,616.79
Inter-Unit Transfers Fund	21500	5,971,755.85	54,966,875.10	(54,523,098.91)	7,475.76	6,423,007.80
ARRA Inter-Unit Subaward Fund	21502	36,175.61	-	-	-	36,175.61
Boating Safety	21505	35,461.36	50.00	(111,675.00)	117,575.01	41,411.37



### Special Fund Summary - End of FY 2017

Special Fund Name	SF#	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing (Sources) Uses	Fund Net Assets 6/30/2017
Use Tax Fund	21510	-	-	-	-	-
Treas Retirement Admin Cost	21520	(9,889.50)	2,365,472.44	(2,365,472.44)	-	(9,889.50)
Conference Fees & Donations	21525	41,854.62	96,192.07	(82,531.37)	-	55,515.32
Governor's Portrait & Frame	21526	-	20,000.00	(20,000.00)	-	-
Success by Six	21530	-	-	-	-	-
School Match	21535	-	23,901,766.23	(23,456,812.00)	-	444,954.23
DDMHS Provider Inpatient Pool	21540	-	-	-	-	-
Lands and Facilities Trust Fd	21550	2,968,697.95	502,992.64	(530,779.66)	(450,000.00)	2,490,910.93
Emergency Relief & Assist Fd	21555	1,232,104.51	-	(1,324,478.96)	2,632,014.00	2,539,639.55
Public Assistance Recoveries	21560	1,000.00	205.72	-	-	1,205.72
PATH-Donations	21565	-	-	-	-	-
Food Stamp Recoveries	21570	19,345.80	102,216.79	(96,000.00)	-	25,562.39
Downtown Trans & Capital Impro	21575	1,081,978.61	-	(427,186.57)	423,966.00	1,078,758.04
Archives Workshop Fund	21580	-	-	-	-	-
F&M-FinOps-Duplicate Payments	21581	-	-	-	-	-
Surplus Property	21584	455,318.28	515,952.93	(521,515.36)	-	449,755.85
Pers-Human Resourc Development	21585	293,754.36	85,220.00	(80,309.37)	-	298,664.99
Lib-Suzanne Crandall Fund	21587	-	-	-	-	-
Tax-DOQ Mapping Project	21589	-	-	-	-	-
Tax-Miscellaneous Fees	21590	115,590.56	252,281.39	(392,887.15)	-	(25,015.20)
Tax-Local Option Process Fees	21591	113,371.79	711,266.40	(458,714.04)	-	365,924.15
Tax-DOQ Mapping Project	21593	-	-	-	-	-
Tax-Current Use Admin	21594	747,657.69	776,363.35	(511,083.02)	(258,363.35)	754,574.67
Public Records Special Fund	21595	69,072.55	6,438.31	(12,000.00)	-	63,510.86
BGS-BTS Marketing Costs	21599	-	-	-	-	-
BGS-Duxbury/Moretown	21600	156.44	-	-	-	156.44
Vital Records Special Fund	21602	-	-	-	-	-
Motorist Aid Refreshment Prog	21603	106,229.71	123,578.13	(103,018.34)	-	126,789.50
BGS-Recycling Efforts	21604	166,956.66	5,026.54	(9,309.44)	-	162,673.76
BGS-Newport Office Bldg	21605	-	-	-	-	-
BGS-Newport Office	21606	2,500.00	-	-	-	2,500.00
BGS-Springfield Special Fund	21608	-	-	-	-	-
BGS-Sale of Ludlow	21610	-	-	-	-	-
BGS-Donations-St House Restore	21612	543.41	-	-	-	543.41
BGS-Sale of State Land	21613	64,541.76	169,732.77	-	(166,319.53)	67,955.00
BGS-VSC-Capital Improvement-97	21617	-	-	-	-	-
BGS-VSC-Capital Improvement	21618	-	-	-	-	-
BGS-VSC-Capital Improvements	21620	-	-	-	-	-
BGS-VSC-Capital Improve	21621	-	-	-	-	-
Vt State Colleges	21622	-	-	-	-	-
BGS-Transportation-Derby Garag	21623	-	-	-	-	-
Exec-Conference Fees	21624	-	-	-	-	-
Leg-State House Sick Room	21626	1,197.90	-	-	-	1,197.90
Leg-Sgt at Arms-Use of St Hous	21627	2,197.26	-	-	-	2,197.26
St Labor Relations Bd-Misc Rec	21633	9,445.52	2,506.25	(2,506.25)	-	9,445.52
AG-Consumer Fraud Restitution	21634	37,990.65	750.00	-	-	38,740.65
AG-Fees & Reimburs-Court Order	21638	782,794.64	1,173,831.05	(1,150,767.46)	(672,895.68)	132,962.55
AG-Court Diversion	21639	-	412,858.63	(412,858.63)	-	-
AG-Administrative Special Fund	21641	30,848.02	-	-	(30,848.02)	-
SA-Windsor Comm Prosecution Gr	21646	2,583.57	-	-	-	2,583.57
St Atty-Kidsafe	21647	-	-	-	-	-
PS-Sale of Photos	21651	3,268.42	26,815.50	(25,000.00)	-	5,083.92
PS-Evidence Forfeitures	21655	-	-	-	-	-
PS-Boating Safety Violations	21656	-	-	-	-	-
PS-Explosive Handlers	21659	-	-	-	-	-
Mil-Armory Rentals	21660	3,774.70	4,065.00	-	-	7,839.70
Mil-Sale of Burl Armory & Othe	21661	-	-	-	-	-
Mil-Vets Cemetary Contribution	21662	491,063.80	120,513.06	(60,270.70)	-	551,306.16
AF&M-Agricultural Events	21666	36,810.44	5,508.04	(8,476.90)	-	33,841.58
AF&M-Laboratory Testing	21667	112,536.49	481,166.50	(411,484.89)	(42,594.00)	139,624.10
AF&M-Feed Seeds & Fertilizer	21668	1,078,349.23	1,941,848.76	(1,249,133.92)	(75,000.00)	1,696,064.07
AF&M-Pesticide Monitoring	21669	717,930.87	1,878,712.14	(1,235,918.02)	(275,000.00)	1,085,724.99
AF&M-Apple Marketing Board	21670	-	-	-	-	-
AF&M-Agricultural Fees	21671	9,844.04	13,416.60	(9,990.75)	-	13,269.89



### Special Fund Summary - End of FY 2017

Special Fund Name	SF#	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing (Sources) Uses	Fund Net Assets 6/30/2017
AF&M-Terminal Mkts-Ship Insp	21672	-	-	-	-	-
AF&M-Weights & Measures-Testin	21673	378,510.49	668,715.85	(582,349.41)	-	464,876.93
AF&M-Lk Champ Phosphorous Redu	21675	-	-	-	-	-
AF&M-Livestock Dealers/Transpo	21676	124,830.61	33,590.06	(27,306.37)	-	131,114.30
AF&M-Mosquito Control	21678	(1,587,720.68)	26,664.00	(56,272.00)	1,506,999.52	(110,329.16)
AF&M-Housing & Conservation Bd	21680	(19,793.88)	88,798.57	(79,772.34)	-	(10,767.65)
AF&M-Eastern States Building	21682	213,696.01	214,903.74	(152,605.23)	-	275,994.52
AF&M-Dairy Receipts	21684	71,191.75	112,440.22	(90,826.55)	-	92,805.42
AF&M-Meat Handlers	21685	45,222.21	42,073.93	(34,613.85)	-	52,682.29
AF&M-Pesticide Control	21686	123,560.65	107,957.60	(91,502.08)	-	140,016.17
AF&M-Promotional Activities	21687	12,734.05	38,896.50	(21,365.95)	-	30,264.60
AF&M-West Nile Virus	21688	-	-	-	-	-
BISHCA-Docket	21690	24,422.95	-	-	-	24,422.95
Human Rights Commission	21692	111,209.52	-	(17,195.00)	-	94,014.52
SOS-VT Practitioner Hlth Prog	21696	-	-	-	-	-
PSD-Regulation/Energy Efficien	21698	1,397,519.50	8,471,954.12	(5,797,092.26)	(3,452,371.25)	620,010.11
PSD - Billback & EEU pass thru	21699	(9,348.92)	1,855,934.51	(1,886,130.26)	-	(39,544.67)
PSD-Telecomm Serv for Deaf	21703	451.06	205,481.52	(206,476.16)	-	(543.58)
PSD-Consumer Ed/Protection Pro	21704	-	-	-	-	-
PSD-Hydroquebec Power	21705	-	-	-	-	-
PSD-Rate & Tariff Power	21706	-	-	-	-	-
PUC-Special Fds	21709	4,570,762.35	23,216.64	(3,377,793.51)	3,352,371.25	4,568,556.73
Enhanced 9-1-1 Board	21711	891,911.90	4,761,608.00	(4,643,277.87)	-	1,010,242.03
OCS-Child Supp Collect-ANFC	21721	-	427,426.00	(427,426.00)	-	(0.00)
HE-Contributions & Donations	21723	-	-	-	-	-
HE-Education & Promotion Svcs	21724	-	-	-	-	-
HE-CSTE Grant	21730	-	-	-	-	-
HE-Food & Lodging Fees	21731	237,097.98	1,500,310.00	(1,383,439.04)	-	353,968.94
CORR-Ford Foundation Grant	21744	-	-	-	-	-
CORR-Windsor School Spec Fund	21747	-	-	-	-	-
GCW-Misc	21748	9,863.95	-	-	-	9,863.95
DET-Adm Rec/Fac Admin Other Fd	21749	-	-	-	-	-
DET-SRS-BYEP Other Funding Src	21750	-	-	-	-	-
DET-Apprenticeship Train OFS	21752	592,562.40	411,218.22	-	-	1,003,780.62
ED-Wards of St-Non-Special Edu	21757	-	-	-	-	-
ED-Conference Fees	21760	-	-	-	-	-
ED-Health-Infants & Toddlers	21763	-	-	-	-	-
ED-Medicaid Reimb-Admin	21764	3,194,415.68	2,505.00	(18,599,451.28)	18,222,030.20	2,819,499.60
E911-Universal Service Fund	21766	-	-	-	-	-
Vets Home-Private Pay	21767	-	1,491,021.99	(1,931,879.00)	-	(440,857.01)
Vets Home-Dom Applied Income	21768	0.32	149,831.97	(40,396.00)	-	109,436.29
NR-Stratton Corp	21769	-	-	-	-	-
Local Comm Implementation Fund	21772	1,538.78	1.19	(1,539.97)	-	-
Impaired Water Restoration Fnd	21773	552,773.74	63,788.54	(10,000.00)	-	606,562.28
Pollution Prevention Plans Fee	21776	16,821.97	54,205.00	(66,000.15)	-	5,026.82
FPR-Laura Burnham Estate	21778	4,606.25	-	-	-	4,606.25
FPR-Youth Conservation Corps	21779	-	452,674.95	(452,674.95)	-	-
FPR-Earth People's Park	21781	134.74	-	-	-	134.74
Vermont Medicaid	21782	(70,930.13)	5,663,663.65	(4,680,266.51)	-	912,467.01
FPR-FEMA Disasters	21783	-	-	-	-	-
New York Medicaid	21785	0.02	831,584.86	(1,403,469.00)	-	(571,884.12)
Streamgauging Fees	21786	42,741.24	23,729.00	(24,223.52)	-	42,246.72
EC-Geological Publications	21787	2,663.33	41.00	(62.05)	-	2,642.28
Miscellaneous Settlement Fund	21788	4,388,959.29	25,025.29	(511,083.66)	-	3,902,900.92
EC-Tax Loss-Conn Riv Flood Ctl	21789	-	13,880.00	(31,230.00)	-	(17,350.00)
EC-Aquatic Nuisance Control	21790	(27,094.74)	-	-	27,094.74	-
EC-VT Poll Control 24VSA4763	21793	113.75	334,030.86	(334,030.86)	-	113.75
ACCD-HP-Donation Program	21794	-	-	-	-	-
ACCD-ISO 9000 Training	21799	-	-	-	-	-
VHCTF-VHFA-Lead Program	21804	-	-	-	-	-
VHCTF-ISTEA III-AOT Enhanc Pro	21805	-	-	-	-	-
SRS-Special Ed Medicaid	21808	-	-	-	-	-
SRS-Social Security	21809	-	1,062,851.22	(1,062,851.22)	-	-
SRS-Parental Child Support	21810	-	162,747.36	(161,387.40)	-	1,359.96



### Special Fund Summary - End of FY 2017

Special Fund Name	SF#	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing (Sources) Uses	Fund Net Assets 6/30/2017
Attorney Admission, Licensing, &	21811	852,748.84	762,465.00	(679,995.21)	-	935,218.63
SOS-Corporations	21812	-	-	-	-	-
VR Fees	21813	-	1,678,847.41	(1,678,847.41)	-	0.00
DAD-Donations	21814	-	-	-	-	-
DAD-Vending Facilities	21815	-	81,341.47	(81,341.47)	-	-
DAD-RWJ	21816	-	-	-	-	-
DAD-Conference Fees	21817	-	-	-	-	-
Act 160	21818	-	-	-	-	-
ACCD-Mobile Home Park Laws	21819	-	77,316.00	(77,316.00)	-	0.00
ACCD-Miscellaneous Receipts	21820	417,949.09	4,641.32	(2,641.32)	-	419,949.09
ACCD-HS-Donation Program	21821	-	-	-	-	-
ACCD Tourism & Marketing Broch	21822	548,793.80	277,303.31	(283,849.87)	-	542,247.24
Sale of Copies/Publications	21824	3,565.87	1,787.00	(9.31)	-	5,343.56
Memorial Gifts	21825	689.78	-	-	-	689.78
HE-Teaching Services	21826	-	-	-	-	-
HE-Community Nursing Services	21827	-	-	-	-	-
HE-Lead Abatement Fees	21828	(600.00)	40,821.00	(18,800.00)	-	21,421.00
HE-Third Party Reimbursement	21829	2,612,653.92	9,473,145.47	(7,549,907.79)	-	4,535,891.60
HE-Dental Care for Homeless	21830	-	-	-	-	-
HE-Injury Prevention	21831	-	-	-	-	-
HE-Asbestos Fees	21832	26,418.00	195,818.00	(185,492.02)	-	36,743.98
HE-Conference Fees	21833	-	-	-	-	-
HE-Medicaid in Schools	21834	-	-	-	-	-
HE-Community Services	21835	-	-	-	-	-
HE-AIDS Medication Rebates	21836	1,086,024.03	991,322.04	(1,017,218.04)	-	1,060,128.03
HE-ADAP DDRP Fees	21837	-	120,855.00	(120,855.00)	-	-
HE-Vital Records Certificates	21838	-	-	-	-	-
HE-VT Health Foundation	21839	-	-	-	-	-
HE-American Legacy Foundation	21840	-	-	-	-	-
CORR-Supervision Fees	21843	3,316,890.23	781,401.22	(481,082.78)	-	3,617,208.67
PERS-Recruitment Services	21844	(14,881.73)	160,736.18	(177,689.11)	-	(31,834.66)
Chittenden COPS Grant	21845	-	-	-	-	-
Chitt-Women Help Battered Wome	21846	-	-	-	-	-
Windsor-Armory Square Project	21847	-	-	-	-	-
ED-Private Sector Grants	21848	51,686.90	596,687.26	(264,379.80)	-	383,994.36
PS-Reports	21850	-	-	-	-	-
PS-Law Enforcement Services	21851	127,308.28	476,991.58	(597,192.17)	-	7,107.69
PS-VAST	21852	-	27,178.11	(27,178.11)	-	-
PS-Alarm Fees	21854	-	-	-	-	-
PS-Dispatching Services	21855	-	-	-	-	-
PS-Fingerprint Fees	21856	32,765.03	207,629.75	(200,000.00)	-	40,394.78
PS-VIBRS	21857	225,527.84	1,180,530.70	(945,185.85)	-	460,872.69
SRS-Build Bright Spaces/Future	21858	12,298.81	12,024.01	(10,000.00)	-	14,322.82
PATH-Other Administration	21860	-	-	-	-	-
EC-Laboratory Receipts	21861	-	-	-	-	-
EC-Motorboat Registration Fees	21862	1,353,965.61	-	(439,179.31)	435,027.52	1,349,813.82
FSTC-Insurance Tax Assessment	21863	-	-	-	-	-
FSTC-Industrial Tuition	21864	-	-	-	-	-
FSTC-Fire Service Tuition	21865	-	-	-	-	-
CJTC-Surcharge Fees	21866	-	-	-	-	-
CJTC-Tuition Fund	21867	-	-	-	-	-
Special Funds Debt Service	21868	7,080.00	-	-	-	7,080.00
Securities Regulation/Supervis	21869	-	-	-	-	-
Misc Special Revenue	21870	875,754.70	1,607,872.04	(1,426,525.19)	-	1,057,101.55
OCS-Pass Through- ANFC	21873	-	-	-	-	-
OEO-Farm to Family Donations	21874	-	-	-	-	-
OEO-CAA Crisis Fuel Return	21876	-	-	-	-	-
BGS-PS 911 Equipment	21877	-	-	-	-	-
FW-Endanger/Threatened Species	21878	-	-	-	-	-
AHS-Annie Casey	21879	-	-	-	-	-
Packard Foundation	21880	-	-	-	-	-
Paul Foundation	21881	-	-	-	-	-
DAD-Johnson & Johnson	21882	-	-	-	-	-
Gates Foundation Grants	21883	29,735.55	158.12	(11,593.15)	-	18,300.52



### Special Fund Summary - End of FY 2017

Special Fund Name	SF#	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing (Sources) Uses	Fund Net Assets 6/30/2017
Emerg Pers Survivor Benefit Fd	21884	160,271.63	1,057.93	-	-	161,329.56
Judicial Project Support	21885	-	-	-	-	-
Treas-Refunding Bond Issue	21886	-	-	-	-	-
OEO-Conference Fees	21887	-	-	-	-	-
Treas-Citizens Bond	21888	-	-	-	-	-
Risk Manage Ag Producers	21889	102,106.31	21,000.00	(50,090.16)	-	73,016.15
State's Att & Sheriff-Misc	21891	17,408.64	93,407.86	(91,016.60)	-	19,799.90
BGS-Sale of Prop/Montpelier	21892	-	-	-	-	-
DPS-City of ST Albans/GTEA	21893	-	-	-	-	-
Green Mtn Cons Camp Endowment	21894	99,242.25	12,482.07	(3,496.00)	-	108,228.32
Upper Valley Regional Landfill	21895	190,806.00	1,208.32	(9,929.35)	-	182,084.97
Waterfront Preservation	21896	-	-	-	-	-
Emergency Medical Services Fnd	21897	373,747.24	2,201.55	(61,652.50)	150,000.00	464,296.29
Entergy-Windham Cnty Econ Dev	21898	3,186,704.03	2,000,000.00	(2,033,850.97)	-	3,152,853.06
Connectivity Fund	21899	2,552,374.12	472,640.26	(1,253,315.14)	-	1,771,699.24
Other Special Funds	21900	-	-	-	-	-
Fire Prev/Bldg Inspect Sp Fund	21901	51,155.09	6,993,519.32	(6,112,248.22)	-	932,426.19
Health Department-Special Fund	21902	9,545.03	1,598,586.76	(1,400,331.25)	-	207,800.54
PATH-Misc Fund	21903	144,857.54	1,742,359.08	(21,543,818.49)	19,656,601.87	-
Wallace Foundation-SAELP	21904	-	-	-	-	-
Transportation Special Fund	21905	70,000.00	-	-	-	70,000.00
Financial Services Education	21906	123,328.19	3,327.49	-	-	126,655.68
Polygraph Exam & License Fees	21907	-	-	-	-	-
Misc Grants Fund	21908	379,550.90	185,774.64	(512,456.06)	-	52,869.48
Tax Computer Sys Modernization	21909	2,809,488.01	5,030,587.39	(2,652,783.49)	(1,046,747.00)	4,140,544.91
Counselor Regulatory Fee Fund	21910	-	2,125.00	-	-	2,125.00
Sarcoidosis Benefit Trust Fund	21911	(500.30)	-	-	-	(500.30)
Evidence-Based Educ & Advertis	21912	2,482,306.31	3,219,711.17	(1,463,749.43)	(1,300,000.00)	2,938,268.05
Workforce Ed & Training Fund	21913	2,415,535.78	-	(973,734.64)	1,017,500.00	2,459,301.14
Job Start Revolving Loan Fund	21914	-	-	-	-	-
Crime Victims Restitution Fund	21915	1,112,766.97	2,337,855.99	(1,906,651.32)	-	1,543,971.64
Vermont Health IT Fund	21916	7,298,113.14	3,532,426.83	(3,541,037.95)	-	7,289,502.02
Public Funds Investigation	21917	100,000.00	-	-	-	100,000.00
Archeology Operations	21918	81,258.49	200.00	(6,257.55)	-	75,200.94
EB-5 Special Fund	21919	20,974.10	91,780.01	(32,315.44)	-	80,438.67
VOL Membership/Dues	21920	304,893.46	-	(55,625.00)	-	249,268.46
Green Mountain Care Fund	21921	-	-	-	-	-
Blood & Breath Alcohol Testing	21922	6,619.11	59,876.50	(65,456.11)	-	1,039.50
Historic Property Stab & Rehab	21923	50,000.00	-	(17,083.00)	-	32,917.00
Vermont Veterans Fund	21924	98,014.65	15,791.87	(71,500.00)	-	42,306.52
Restitution Special Fund	21925	19,560.21	5,437.56	(19,561.00)	-	5,436.77
Domestic & Sexual Violence	21926	(81,536.88)	939,833.41	(817,292.88)	-	41,003.65
Supplemental Property Tax Relief	21927	3,390,740.19	-	(251,487.91)	-	3,139,252.28
Secretary of State Services	21928	32,000.00	7,559,728.13	(4,472,295.67)	(2,989,432.46)	130,000.00
Vermont Renewable Energy Fund	21930	-	-	-	-	-
Clean Water Fund	21932	4,087,238.33	5,803,208.94	(1,498,718.41)	(1,943,000.00)	6,448,728.86
Agricultural Water Quality	21933	881,295.59	536,242.90	(1,593,364.88)	1,943,000.00	1,767,173.61
BGS/Sale of Middlebury	21935	-	-	-	-	-
Information Center Revenues	21936	306,061.52	60,438.21	(1,992.53)	-	364,507.20
GMCB Regulatory and Admin Fund	21937	1,631,255.26	2,310,580.02	(1,854,681.90)	-	2,087,153.38
Jud-Conference Fund	21940	-	-	-	-	-
Court Technology Fund	21941	1,903,551.07	1,576,191.15	-	-	3,479,742.22
Municipal Tkt Repay Revolving	21942	-	-	-	-	-
State PACE Reserve Fund	21943	50,241.54	331.64	-	-	50,573.18
Vermont Enterprise Fund	21944	1,431,604.28	40.26	-	(1,431,644.54)	-
DOC-Corrections Donations	21945	4.52	-	-	-	4.52
Mont Dist Heat Plant Maint Res	21947	34,346.00	178,954.00	-	-	213,300.00
VTNG & Reserve Family Fund	21950	-	-	-	-	-
Property Assessment Fund	21955	-	-	-	-	-
Unsafe Dam Revolving Loan Fund	21960	247,061.79	1,701.59	-	-	248,763.38
Animal Spay/Neutering Fund	21965	180,051.80	290,820.28	(297,214.85)	-	173,657.23
Registration Fees Fund	21970	356,988.78	366,325.00	(237,429.54)	-	485,884.24
Armed Services Scholarship Fnd	21975	2,395.03	265.57	-	39,484.00	42,144.60
Indemnification Fund	21980	509,343.00	(4.99)	(509,338.01)	-	-

### Special Fund Summary - End of FY 2017

Special Fund Name	SF#	Fund Net Assets 7/1/2016	All Revenues	All Expenses	Other Financing (Sources) Uses	Fund Net Assets 6/30/2017
Brownfields Revitalization Fnd	21985	-	-	-	-	-
State Health Care Resources Fd	21990	5,604,527.06	291,418,678.26	(294,214,845.92)	(500,000.00)	2,308,359.40
VT Clean Energy Dev Fund	21991	5,528,550.03	226,372.98	(1,314,862.31)	-	4,440,060.70
Next Generation Initiative Fnd	21992	397,027.82	6,591.57	(1,873,493.36)	1,892,400.00	422,526.03
VT Traumatic Brain Injury Fund	21994	1,258.37	8.30	-	-	1,266.67
<b>Special Fund Total</b>		<b>138,287,322.41</b>	<b>650,835,602.00</b>	<b>(641,955,668.46)</b>	<b>139,005.96</b>	<b>147,268,261.91</b>



**State of Vermont**  
**Agency of Human Services**  
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*Al Gobeille, Secretary*

## **Global Commitment Investment Report**

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### **Report to the Joint Fiscal Committee**

**Pursuant to 33 VSA § 1901e**

**Al Gobeille, Secretary**  
**Vermont Agency of Human Services**

October 1, 2017



## Investment Expenditures

Department	Investment#	Investment Description	SFY13	SFY14	SFY15	SFY16	SFY17
AHSCO	41	Investments (STC-79) - 2-1-1 Grant (41)	\$ 415,000	\$ 499,792	\$ 499,667	\$ 453,000	\$ 453,000
AHSCO	54	Investments (STC-79) - Designated Agency Underinsured Services (54)	\$ 6,232,517	\$ 7,184,084	\$ 6,894,205	\$ 5,632,253	\$ 7,652,462
AOA		Green Mountain Care	\$ -	\$ -	\$ 639,239	\$ -	\$ -
AOE	11	Non-state plan Related Education Fund Investments (School Health Services)	\$ 9,741,252	\$ 10,454,116	\$ 10,029,809	\$ 10,472,205	\$ -
DFR		Health Care Administration	\$ 659,544	\$ 165,946	\$ -	\$ -	\$ -
GMCB	45	Green Mountain Care Board	\$ 1,450,717	\$ 2,360,462	\$ 2,517,516	\$ 2,188,901	\$ 2,795,198
UVM	10	Vermont Physician Training	\$ 4,006,156	\$ 4,006,156	\$ 4,046,217	\$ 4,046,217	\$ 4,046,217
VAAFM	36	Agriculture Public Health Initiatives	\$ 90,278	\$ 90,278	\$ 90,278	\$ 90,278	\$ 90,278
VSC	32	Health Professional Training	\$ 405,407	\$ 405,407	\$ 409,461	\$ 629,462	\$ 409,461
VVH	20	Vermont Veterans Home	\$ 1,410,956	\$ 410,986	\$ 410,986	\$ 410,986	\$ 410,986
DCF	1	Investments (STC-79) - Residential Care for Youth/Substitute Care (1)	\$ 10,131,790	\$ 11,137,225	\$ 10,405,184	\$ 10,238,115	\$ 11,329,080
DCF	2	Investments (STC-79) - Lund Home (2)	\$ 181,243	\$ 237,387	\$ 405,034	\$ 261,081	\$ 1,769,128
DCF	9	Investments (STC-79) - Challenges for Change: DCF (9)	\$ 197,426	\$ 207,286	\$ 189,378	\$ 202,488	\$ 210,624
DCF	26	Investments (STC-79) - Strengthening Families (26)	\$ 429,154	\$ 399,841	\$ 370,003	\$ 426,417	\$ 439,420
DCF	33	Investments (STC-79) - Prevent Child Abuse Vermont: Shaken Baby (33)	\$ 86,969	\$ 111,084	\$ 54,125	\$ 54,125	\$ 38,795
DCF	34	Investments (STC-79) - Prevent Child Abuse Vermont: Nurturing Parent (34)	\$ 186,916	\$ 54,231	\$ 195,124	\$ 126,365	\$ 113,832
DCF	35	Investments (STC-79) - Building Bright Futures (35)	\$ 398,201	\$ 594,070	\$ 514,225	\$ 531,283	\$ 625,562
DCF	55	Investments (STC-79) - Medical Services (55)	\$ 37,164	\$ 33,514	\$ 32,299	\$ 55,400	\$ 85,151
DCF	56	Investments (STC-79) - Aid to the Aged, Blind and Disabled CCL Level III (56)	\$ 2,621,786	\$ 2,611,499	\$ 2,864,727	\$ 2,753,853	\$ 2,710,931
DCF	57	Investments (STC-79) - Aid to the Aged, Blind and Disabled Res Care Level III (57)	\$ 124,731	\$ 89,159	\$ 77,196	\$ 80,830	\$ 61,678
DCF	58	Investments (STC-79) - Aid to the Aged, Blind and Disabled Res Care Level IV (58)	\$ 269,121	\$ 183,025	\$ 160,963	\$ 190,066	\$ 172,218
DCF	59	Investments (STC-79) - Essential Person Program (59)	\$ 783,860	\$ 801,658	\$ 707,316	\$ 802,619	\$ 1,022,339
DCF	60	Investments (STC-79) - GA Medical Expenses (60)	\$ 275,187	\$ 253,939	\$ 211,973	\$ 181,835	\$ 221,199
DCF	61	Investments (STC-79) - Therapeutic Child Care (61)	\$ 557,599	\$ 543,196	\$ 605,419	\$ 712,884	\$ 612,052
DCF	62	Investments (STC-79) - Lamoille Valley Community Justice Project (62)	\$ 216,000	\$ 402,685	\$ 83,315	\$ 216,000	\$ 216,000
DCF		Investments (STC-79) - Children's Integrated Services Early Intervention	\$ -	\$ 200,484	\$ -	\$ 371,836	\$ 371,870
DCF		CUPS/Early Childhood Mental Health	\$ 45,491	\$ -	\$ -	\$ -	\$ -
DCF		GA Community Action	\$ 420,359	\$ 25,181	\$ -	\$ -	\$ -
DDAIL	27	Investments (STC-79) - Flexible Family/Respite Funding (27)	\$ 1,088,889	\$ 2,888,218	\$ 1,400,997	\$ 1,919,377	\$ 1,877,363
DDAIL	42	Investments (STC-79) - Quality Review of Home Health Agencies (42)	\$ 84,139	\$ 51,697	\$ 44,682	\$ 35,203	\$ 21,928
DDAIL	43	Investments (STC-79) - Support and Services at Home (SASH) (43)	\$ 773,192	\$ 1,013,671	\$ 1,026,155	\$ 1,013,283	\$ 1,022,170
DDAIL	63	Investments (STC-79) - Mobility Training/Other Svcs.-Elderly Visually Impaired (63)	\$ 245,000	\$ 245,000	\$ 245,000	\$ 270,170	\$ 295,403
DDAIL	64	Investments (STC-79) - DS Special Payments for Medical Services (64)	\$ 1,299,613	\$ 1,277,148	\$ 385,896	\$ 1,904,880	\$ 2,736,796
DDAIL	65	Investments (STC-79) - Seriously Functionally Impaired: DAIL (65)	\$ 1,270,247	\$ 859,371	\$ 333,331	\$ 120,997	\$ 74,041
DDAIL	77	Investments (STC-79) - HomeSharing (77)	\$ 310,000	\$ 317,312	\$ 327,163	\$ 339,966	\$ 340,882
DDAIL	78	Investments (STC-79) - Self-Neglect Initiative (78)	\$ 150,000	\$ 200,000	\$ 265,000	\$ 276,830	\$ 277,257
DMH	3	Investments (STC-79) - Institution for Mental Disease Services: DMH (3) - VPCH	\$ -	\$ -	\$ -	\$ -	\$ 21,804,310
DMH	3	Investments (STC-79) - Institution for Mental Disease Services: DMH (3) - BR	\$ 10,443,654	\$ 7,194,964	\$ 25,371,245	\$ 22,335,938	\$ 4,786,816
DMH	12	Investments (STC-79) - Mental Health Children's Community Services (12)	\$ 3,088,773	\$ 3,377,546	\$ 3,706,864	\$ 4,379,820	\$ 4,511,388
DMH	13	Investments (STC-79) - Acute Psychiatric Inpatient Services (13)	\$ 5,268,556	\$ 3,011,307	\$ 2,423,577	\$ 3,145,476	\$ 4,287,792
DMH	16	Investments (STC-79) - Mental Health CRT Community Support Services (16)	\$ 6,047,450	\$ 11,331,235	\$ 282,071	\$ 5,866,297	\$ 7,446,247
DMH	22	Investments (STC-79) - Emergency Support Fund (22)	\$ 874,194	\$ 985,098	\$ 463,708	\$ 914,858	\$ 995,193
DMH	28	Investments (STC-79) - Special Payments for Treatment Plan Services (28)	\$ 180,773	\$ 168,492	\$ 152,047	\$ 158,316	\$ 155,800
DMH	29	Investments (STC-79) - Emergency Mental Health for Children and Adults (29)	\$ 8,719,824	\$ 6,662,850	\$ 4,148,197	\$ 2,528,751	\$ 7,989,001
DMH	66	Investments (STC-79) - MH Outpatient Services for Adults (66)	\$ 1,454,379	\$ 2,661,510	\$ 3,074,989	\$ 4,446,379	\$ 2,702,991
DMH	67	Investments (STC-79) - Respite Services for Youth with SED and their Families (67)	\$ 823,819	\$ 749,943	\$ 931,962	\$ 1,286,154	\$ 1,209,076
DMH	68	Investments (STC-79) - Seriously Functionally Impaired: DMH (68)	\$ 1,151,615	\$ 721,727	\$ 392,593	\$ 246,049	\$ 114,942
DMH	79	Investments (STC-79) - Mental Health Consumer Support Programs (79)	\$ 1,649,340	\$ 2,178,825	\$ 1,132,931	\$ 470,222	\$ 464,525
DMH		Challenges for Change: DMH	\$ 819,069	\$ -	\$ -	\$ -	\$ -
DOC	4	Return House	\$ 399,999	\$ 399,999	\$ 343,592	\$ 342,084	\$ 437,023
DOC	5	Northern Lights	\$ 393,750	\$ 335,587	\$ 354,909	\$ 768,289	\$ 370,155
DOC	6	Pathways to Housing - Transitional Housing	\$ 802,488	\$ 830,936	\$ 830,336	\$ 1,018,229	\$ 910,936
DOC	14	St. Albans and United Counseling Service Transitional Housing (Challenges for Change)	\$ 524,594	\$ 433,910	\$ 539,727	\$ -	\$ 667,967
DOC	15	Northeast Kingdom Community Action	\$ 548,825	\$ 287,662	\$ 267,025	\$ 220,436	\$ 201,744
DOC	69	Intensive Substance Abuse Program (ISAP)	\$ 400,910	\$ 547,550	\$ 58,280	\$ -	\$ -
DOC	70	Intensive Domestic Violence Program	\$ 86,814	\$ 64,970	\$ 169,043	\$ 88,152	\$ -
DOC	71	Community Rehabilitative Care	\$ 2,500,085	\$ 2,388,327	\$ 2,539,161	\$ 2,639,580	\$ 2,690,514
DOC	80	Intensive Sexual Abuse Program	\$ 69,311	\$ 19,322	\$ 15,532	\$ 6,375	\$ 9,530
DVHA	7	Investments (STC-79) - Institution for Mental Disease Services: DVHA (7)	\$ 6,214,805	\$ 6,948,129	\$ 7,792,709	\$ 7,839,519	\$ 8,034,408
DVHA	8	Investments (STC-79) - Vermont Information Technology Leaders/HIT/HIE/HCR (8)	\$ 1,517,044	\$ 1,549,214	\$ 2,915,149	\$ 1,887,543	\$ 3,694,675
DVHA	18	Investments (STC-79) - Patient Safety Net Services (18)	\$ 2,394	\$ 363,489	\$ 335,420	\$ 573,050	\$ 647,696
DVHA	51	Investments (STC-79) - Vermont Blueprint for Health (51)	\$ 2,002,798	\$ 2,490,206	\$ 1,987,056	\$ 2,594,329	\$ 2,474,551
DVHA	52	Investments (STC-79) - Buy-In (52)	\$ 17,878	\$ 17,728	\$ 27,169	\$ 29,447	\$ 53,552
DVHA	53	Investments (STC-79) - HIV Drug Coverage (53)	\$ 39,881	\$ 26,540	\$ 10,072	\$ 8,484	\$ 7,000
DVHA	72	Investments (STC-79) - Family Supports (72)	\$ 4,015,491	\$ 3,723,521	\$ 2,982,388	\$ 273,177	\$ -
DVHA		Civil Union	\$ 1,112,119	\$ 760,819	\$ (50,085)	\$ (585)	\$ -
VDH	17	Investments (STC-79) - Recovery Centers (17)	\$ 864,526	\$ 1,009,176	\$ 1,299,604	\$ 1,354,104	\$ 1,505,120
VDH	19	Investments (STC-79) - Emergency Medical Services (19)	\$ 378,168	\$ 498,338	\$ 480,027	\$ 442,538	\$ 547,703
VDH	21	Investments (STC-79) - Area Health Education Centers (AHEC) (21)	\$ 496,176	\$ 547,500	\$ 543,995	\$ 562,000	\$ 463,000
VDH	23	Investments (STC-79) - Public Inebriate Services, C for C (23)	\$ 353,625	\$ 288,691	\$ 426,000	\$ 784,155	\$ 1,229,572
VDH	24	Investments (STC-79) - Medicaid Vaccines (24)	\$ 482,454	\$ 707,788	\$ 557,784	\$ 578,183	\$ -
VDH	25	Investments (STC-79) - Physician/Dentist Loan Repayment Program (25)	\$ 970,105	\$ 1,040,000	\$ 900,000	\$ 770,000	\$ 834,222
VDH	30	Investments (STC-79) - Substance Use Disorder Treatment (30)	\$ 2,435,796	\$ 2,363,671	\$ 2,913,591	\$ 2,169,074	\$ 4,483,334
VDH	31	Investments (STC-79) - Health Laboratory (31)	\$ 2,885,451	\$ 2,494,516	\$ 3,405,659	\$ 3,294,240	\$ 3,227,611
VDH	37	Investments (STC-79) - WIC Coverage (37)	\$ 77,743	\$ 317,775	\$ 1,824,848	\$ 1,201,498	\$ 1,592,077
VDH	38	Investments (STC-79) - Fluoride Treatment (38)	\$ 75,081	\$ 58,362	\$ 55,209	\$ 75,916	\$ 62,341

Department	Investment#	Investment Description	SFY13	SFY14	SFY15	SFY16	SFY17
VDH	39	Investments (STC-79) - Health Research and Statistics (39)	\$ 497,700	\$ 576,920	\$ 715,513	\$ 1,195,231	\$ 1,304,587
VDH	40	Investments (STC-79) - Epidemiology (40)	\$ 766,053	\$ 623,363	\$ 872,449	\$ 750,539	\$ 876,737
VDH	44	Investments (STC-79) - VT Blueprint for Health (44)	\$ 875,851	\$ 713,216	\$ 703,123	\$ 757,576	\$ 874,534
VDH	46	Investments (STC-79) - Enhanced Immunization (46)	\$ 457,757	\$ 165,770	\$ 253,245	\$ 109,373	\$ 251,577
VDH	47	Investments (STC-79) - Patient Safety - Adverse Events (47)	\$ 42,169	\$ 38,731	\$ 34,988	\$ 35,033	\$ 39,465
VDH	48	Investments (STC-79) - Poison Control (48)	\$ 152,250	\$ 152,433	\$ 105,586	\$ 85,586	\$ 136,390
VDH	49	Investments (STC-79) - Healthy Homes and Lead Poisoning Prevention Program (49)	\$ 101,127	\$ 479,936	\$ 421,302	\$ 187,784	\$ 258,563
VDH	50	Investments (STC-79) - Tobacco Cessation: Community Coalitions (50)	\$ 498,275	\$ 632,848	\$ 702,544	\$ -	\$ -
VDH	73	Investments (STC-79) - Renal Disease (73)	\$ 28,500	\$ 3,375	\$ 10,125	\$ 13,500	\$ 11,625
VDH	74	Investments (STC-79) - TB Medical Services (74)	\$ 34,046	\$ 59,872	\$ 28,571	\$ 9,738	\$ 139,946
VDH	75	Investments (STC-79) - Family Planning (75)	\$ 1,574,550	\$ 1,556,025	\$ 1,390,410	\$ 1,193,215	\$ 1,473,280
VDH	76	Investments (STC-79) - Statewide Tobacco Cessation (76)	\$ 487,214	\$ 1,073,244	\$ 1,148,535	\$ 257,507	\$ 257,507
VDH		Coalition of Health Activity Movement Prevention Program (CHAMPPS)	\$ 345,930	\$ 326,184	\$ 395,229	\$ (26,262)	\$ -
VDH		Community Clinics	\$ 640,000	\$ 688,000	\$ -	\$ -	\$ -
VDH		FQHC Lookalike	\$ 382,800	\$ 160,200	\$ 97,000	\$ 6,000	\$ -
			\$ 123,669,882	\$ 127,103,459	\$ 128,924,888	\$ 126,882,102	\$ 138,740,345

Last Updated: 9/20/17







Vermont Tobacco Evaluation and Review Board  
280 State Drive, Waterbury, VT, 05676

[www.humanservices.vermont.gov/tobacco](http://www.humanservices.vermont.gov/tobacco)

**To:** The Honorable Governor Phil Scott  
Senate Appropriations Committee  
House Appropriations Committee  
Joint Fiscal Committee

**From:** Amy Brewer, Chair, Vermont Tobacco Evaluation and Review Board (VTERB)

**Copy:** Theresa Utton, Staff Associate, Joint Fiscal Committee

**RE:** FY18 Budget Recommendation for the Tobacco Control Program  
(Section 271 of Act 152 (2000), 18 V.S.A. chapter 225, 9505(9))

**Date:** October 15, 2017

---

The Vermont Tobacco Evaluation & Review Board and the VT Tobacco Control Program have succeeded in reducing youth cigarette smoking to 11%. We have succeeded in increasing the protections for all Vermonters from harmful secondhand smoke. We continue to offer tobacco users a variety of free cessation resources to meet individual needs through 802Quits, which supports tobacco users with sustained support to be successful.

Focusing on those successes, however, **masks the enormous challenges in successfully addressing tobacco use with vulnerable populations**, such as rural youth, low income Vermonters, pregnant women, and those who have mental health diagnoses and substance abuse challenges. Vermont's smoking rates among vulnerable populations are higher than the nation's, and Vermont cannot address the **\$348 million annual health care costs attributed tobacco use** without effectively addressing the tobacco use of its most vulnerable populations. Tobacco use is also a main contributor toward chronic disease, a priority of Vermont's 3-4-50 initiative.

**Current and Continued Challenges:**

- 35% of our low income adult residents are smokers;
- 18% of all adult residents smoke cigarettes, a level that has remained unchanged since 2012;
- 25% of all Vermont High School students have used some sort of tobacco product (cigarette, smokeless, cigar or electronic or vaping product) in the *past 30 days*. This figure is as high as 33% in some supervisory union regions; and
- Electronic Cigarette, or vaping, use among high school students is at 15% (now higher than cigarette use by teens). The long-term impact of these products is unknown, but it is agreed that nicotine exposure to youth from e-cigarette use creates greater risk for future addiction. Current uptake trends by youth are alarming.

Funding for the VT Tobacco Control Program has been reduced over the past several years including the FY18 **elimination** of the evaluation of the program and the Board Administrator position. **To move back toward a comprehensive, effective tobacco control program that saves significant healthcare dollars (an estimated \$1.43 billion savings in smoking-related healthcare costs including \$586 million in Medicaid costs since 2001) and reduces disease and death, the VTERB recommends a FY19 budget of \$5,651,123, the same recommendation as FY18 and justified in the 2017 Annual Report.**

A sustainability plan to fund the program predictably into the future was proposed and submitted at the request of the Legislature. It includes:

- Dedicating a percentage of tobacco product excise taxes to the Tobacco Control Program; other states that have done this are seeing significant reductions in tobacco use,
- Increasing excise taxes on tobacco products which increases cessation and reduces youth use, and
- Appropriating monies the state receives that were withheld from the tobacco industry.

The ability for the program to function efficiently and effectively while saving Vermont significant health care dollars and supporting Vermont's most vulnerable populations has been reduced. Furthermore, program partners such as VDH and AOE have also received reduced funds and there are major gaps in local initiatives across the state. Much of Chittenden, Addison, Rutland, and Orange Counties have access to neither a locally-focused coalition nor a funded school district for youth prevention efforts.

The VT Tobacco Evaluation and Review Board will release its Annual Report this January. In that report you will find more details about how sustained funding for a comprehensive tobacco program maximizes Vermont's investments in achieving health care savings, greater health equity and healthier Vermonters. Additionally, the Tobacco Control State Plan can be found at the VTERB website at: <http://humanservices.vermont.gov/boards-committees/tobacco-board/documents-and-resources/vermont-tobacco-control-workplan/view>.

## Memorandum

**To:** Joint Fiscal Committee  
**From:** Ken Schatz, DCF Commissioner  
**Re:** Projected Shelter Availability  
**Date:** November 30, 2017

Per Act 85, Section B.1101(a): A report on projected shelter availability for the 2017-2018 heating season shall be submitted to the Legislative Joint Fiscal Committee. Please accept this memo as the report mentioned above.

### Overview

The Department for Children and Families supports emergency shelters for Vermonters experiencing homelessness through the Housing Opportunity Grant Program (HOP) administered by the Office of Economic Opportunity (OEO). In State Fiscal year 2018, DCF awarded federal<sup>1</sup> and state funding to 39 non-profit, community-based organizations across Vermont. This includes General Assistance investments to support community-based projects that decrease reliance on GA-funded motel stays.

HOP funding is awarded to support one or more strategies:

- **Emergency Shelter:** Operations and/or Essential Services (including Emergency Apartments)
- **Homelessness Prevention:** Services, Relocation & Stabilization Assistance, Rental Assistance  
<https://www.usich.gov/tools-for-action/homelessness-prevention-creating-programs-that-work>
- **Rapid Re-housing:** Services, Relocation & Stabilization Assistance, Rental Assistance  
<https://www.usich.gov/solutions/housing/rapid-re-housing>
- Innovation and **Coordinated Entry**  
<https://www.usich.gov/tools-for-action/coordinated-assessment-toolkit>
- **Transitional Housing** shown to be the most effective strategy  
<https://www.usich.gov/news/spotlight-on-solutions-tailored-interventions-and-assistance-for-families>
- **Homeless Management Information System (HMIS)**  
<https://www.hudexchange.info/hmis/>

A guiding principle of the Housing Opportunity Grant Program is to tie homeless assistance activities to permanent housing through systems, practices, and initiatives that are informed by data and proven approaches. While the program addresses the needs of homeless people in emergency or transitional shelters, the focus is to assist people to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness.

Approximately half of funds awarded under HOP support operations and services for Vermont's homeless shelters; the program provides core funding for Vermont's community-based emergency shelter system. All community investments awarded with General Assistance funds support emergency shelter activities and focus on decreasing reliance on motel stays. General Assistance community investments have increased significantly in the past few years, and thus emergency shelter capacity has also increased.



<sup>1</sup> Federal funds are primarily from the US Department of Housing and Urban Development (HUD) Emergency Solutions Grant Program (ESG).





For more about HOP-funded projects, shelter utilization, and program performance please see the SFY 2018 HOP Awards Summary and SFY 2017 Annual Report.

The SFY 2018 Housing Opportunity Grant Program Awards Summary:

<http://dcf.vermont.gov/sites/dcf/files/OEO/Docs/HOP-Grants-SFY2018.pdf>

SFY 2017 Housing Opportunity Grant Program Year End Report:

<http://dcf.vermont.gov/sites/dcf/files/OEO/Docs/HOP-Final-Report.pdf>

## Emergency Shelter Capacity

Vermont's emergency shelter capacity is dynamic and varies throughout Vermont based on population and need. Models of providing emergency shelter vary as well and may include a congregate setting, house, apartment, or motel. As of November 2017, DCF supports 38 emergency shelter projects, including 9 emergency shelter programs designated for victims fleeing domestic and/or sexual violence and 2 shelters designated for unaccompanied youth. Eight organizations provide emergency shelter in master-leased apartments, and eight organizations operate seasonal warming shelters. Three agencies have funding to provide shelter overflow in motels. In shelters that serve families with children, a shelter may have beds that are empty in rooms that are considered full. For this reason, some shelter capacity is measured by room, while some is measured by beds. Please note, 33 additional seasonal emergency shelter beds were added to Washington County by Good Samaritan Haven and officially opened seasonal overflow shelters on November 15<sup>th</sup>. This capacity is included in this report.

The following table provides a high-level summary of emergency shelter capacity as of November 2017. In this table, the number of emergency shelter rooms designated only for victims fleeing domestic or sexual violence is a subset of the total capacity available. Similarly, the number of emergency beds designated only for unaccompanied youth is a subset of total capacity.

Vermont Emergency Shelter Capacity by County and Populations Served, 11/2017

		TOTAL	Total # Year Round	Total # Seasonal	# DV/SV Designated	# Youth Designated	# Adults Only	# Families w/ Children Only	# Adults &/or Families
<b>Addison</b>	Beds	12		12			12		
	Rooms	23	18	5				5	18
<b>Bennington</b>	Beds	16	16				16		
	Rooms	19	19		10			9	10
<b>Caledonia</b>	Beds	10		10			10		
	Rooms	8	8		4			4	4
<b>Chittenden</b>	Beds	109	64	45		16	109		
	Rooms	21	21		6			15	6
<b>Franklin</b>	Beds	18	18				14		4
	Rooms	4	4		4				4
<b>Lamoille</b>	Beds	0							
	Rooms	6	6		6				6
<b>Orange</b>	Beds	0							
	Rooms	2	2					2	
<b>Orleans</b>	Beds	0							
	Rooms	8	8					8	
<b>Rutland</b>	Beds	31	31				31		
	Rooms	13	13		9				13
<b>Washington</b>	Beds	85	43	42			85		
	Rooms	28	28		10			18	10
<b>Windham</b>	Beds	55	25	30			30		25
	Rooms	12	12		12			6	6
<b>Windsor</b>	Beds	48	28	20		8	48		
	Rooms	16	16					16	
<b>Grand Total</b>	Beds	384	225	159	0	24	355	0	29
	Rooms	160	155	5	61	0	0	83	77







The following projects are included in the table, but do not receive public funding:

- Spectrum's 8 beds of seasonal shelter for youth in Chittenden County;
- Anew Place's 20 beds of emergency shelter for adults; and
- Upper Valley Haven's 12 beds of seasonal shelter for adults.

Unaccompanied minors are served by Commissioner Designated Shelters, which are all part of the Vermont Coalition of Runaway and Homeless Youth Programs (VCRHYP). In two communities, these youth are served in emergency shelters. In the rest of the state, they are served by host homes. VCRHYP also includes transitional living programs for youth (ages 18-21); transitional living is not considered emergency capacity and is not included in the table.

### **Hospitals and Emergency Shelters**

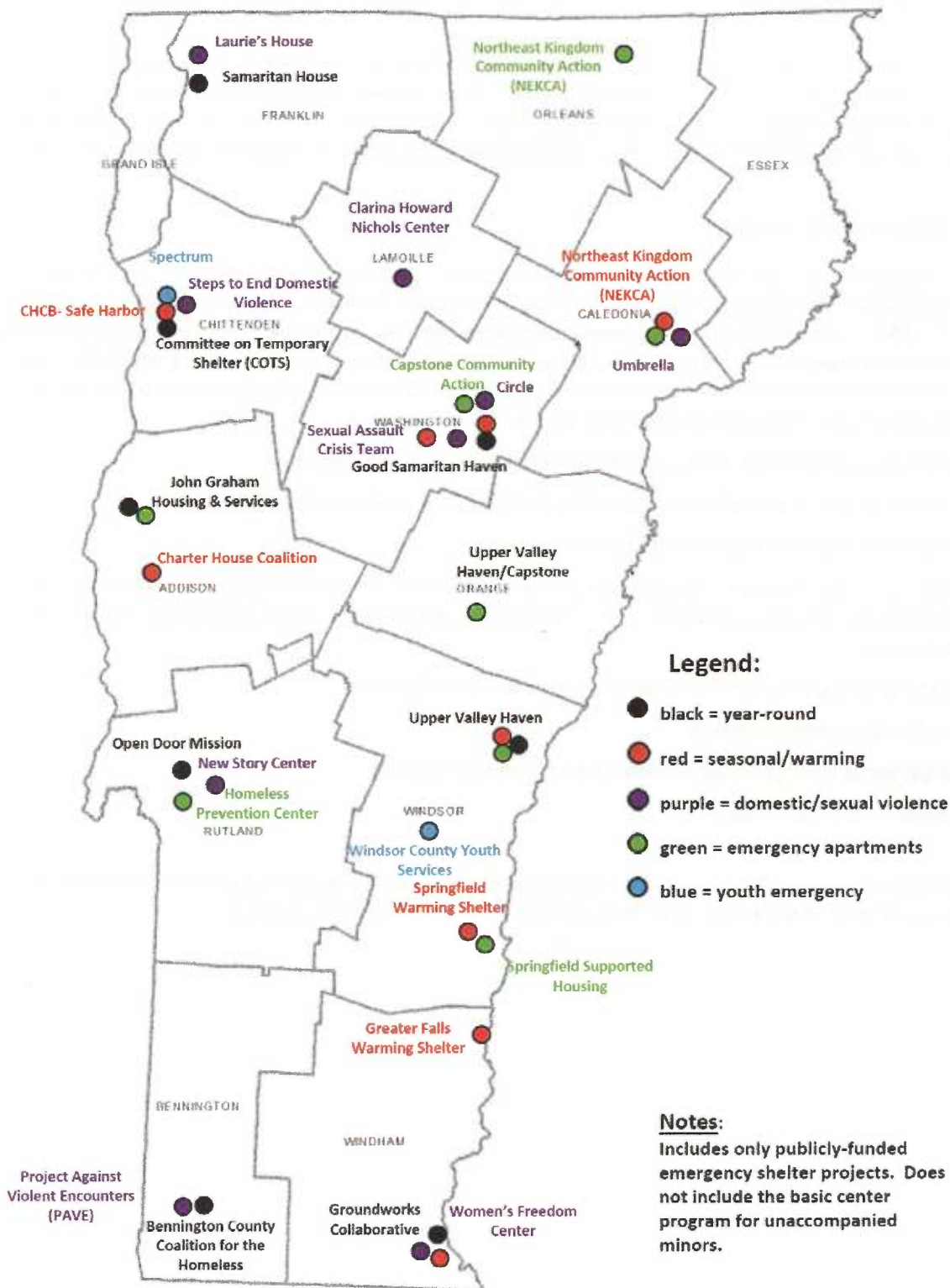
Hospitals and medical centers are important partners for homeless shelters. In preparation for submitting this report, DCF worked with the Vermont Association of Hospital and Health Systems to issue a survey to its members. All but one of the ten respondents include homelessness and/or focus on those who are underserved (which includes individuals or families experiencing homelessness) as part of their community health needs assessments or guiding documents. All of the respondents indicated that their hospital has or is taking concrete steps to help address homelessness in their area. Those actions include, but are not limited to:

- Full-time nurse position to work with patients experiencing homelessness
- Financial or in-kind support for local warming shelter and/or year-round shelter
- Serving on the board of a year-round homeless shelter
- Serving as a voting member or participating in local continuum of care meetings (local partner group that collaborates on housing and homelessness issues) OR Active members of planning teams to address homelessness
- Health Screenings, volunteers and toiletries for 'Here to Help Clinic'
- Funding for permanent housing
- Social worker in emergency department who focuses on housing
- Leadership role in community

In addition, CEO's and Hospital Directors acknowledge that housing and homelessness are social determinants of health and they see they have a role to play with respect to this issue in their community.



# Emergency Shelter Capacity



**CAPITAL DEBT AFFORDABILITY  
ADVISORY COMMITTEE**

**State of**



**Vermont**

**RECOMMENDED ANNUAL NET TAX-SUPPORTED  
DEBT AUTHORIZATION**

**September 2017**

Prepared by:  
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STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

**TO:** Governor Phil Scott  
Susanne Young, Secretary of Administration  
Mitzi Johnson, Speaker of the House of Representatives  
Tim Ashe, Senate President Pro Tempore  
Alice Emmons, Chair, House Committee on Corrections and Institutions  
Peg Flory, Chair, Senate Committee on Institutions  
Stephen Klein and Members, Joint Fiscal Committee

**FROM:** Beth Pearce, State Treasurer 

**DATE:** September 29, 2017

**RE:** Capital Debt Affordability Advisory Committee Report for 2017

---

Pursuant to 32 V.S.A. §1001, I am pleased to deliver on behalf of the Capital Debt Affordability Advisory Committee ("Committee" or "CDAAC") its "Recommended Annual Net Tax-Supported Debt Authorization" Report for 2017 ("Report").

This is the second year of the FY 2018-2019 biennium and the Committee is reaffirming its 2-year debt recommendation of \$132,460,000, as proposed by the Administration and adopted by the General Assembly in the 2017 Capital Bill.

As noted in the Report, more limited debt issuance by other states, including our peer Triple-A rated states, has resulted in a weakening of Vermont's debt ratio comparative rankings. The Committee notes that Vermont's projected debt issuance of \$66.23 million per year exceeds scheduled debt retirements, meaning that the State's overall debt outstanding continues to rise. This issuance amount may also cause the State to be out of compliance with its debt ratio guidelines, specifically debt per capita. As we are in the second year of a biennium we did not make an adjustment to the current recommended authorization. We may however, see pressure to consider reduction in bond-issuance recommendations in the next biennium, depending on trends over the next year. Data to date however, indicates less issuance by our peers. Some may be attributed to deferred maintenance while a portion may be attributed to the use of non-debt resources.

Although the amount of outstanding debt at fiscal-year end appears lower than it was a year ago, this is more of a timing issue. Vermont did not issue general obligation bonds in fiscal year 2017, but instead delayed issuance until September of this year.



The State's general obligation bond ratings were affirmed in August by Moody's Investors Service (Aaa, highest rating), Fitch Ratings (AAA, highest rating), and S&P Global Ratings (AA+, second highest rating), all with stable outlooks. These bond ratings, the highest in the Northeast, are critical to Vermont's financial future and allows us access to capital at low rates. This not only supports the State's infrastructure needs but also lowers the cost of financing for various authorities that rely, at least in part, on our bond rating. A good bond rating reduces the cost for affordable housing (through the Vermont Housing Finance Agency), economic development (Vermont Economic Development Authority), higher education (Vermont Student Assistance Corporation), and the bricks and mortar projects in our communities (Vermont Municipal Bond Bank).

Our pension liabilities are significant and our past history of not paying the actuarially determined contributions has contributed to today's budgetary pressures. I am pleased that since FY 2007 the State has made its requisite contributions. I would urge you to continue to fully fund the actuarially determined contributions as any failure to do so will further compound the issue. There are no quick fixes and we must remain disciplined in our practices so as to provide retirement security and value to the taxpayer.

Although General Fund receipts have increased faster than the general U.S. inflation rate during the current business cycle, our economist notes that they have lagged the average annual rate of increase for nominal U.S. GDP for the last ten years.<sup>1</sup> This revenue trend may cause additional pressures on our metrics. I would also note that some states have recently seen a decline in their ratings or ratings outlook based on their depletion of stabilization or rainy-day reserves. Maintaining and even growing our reserves is critical to both our ratings and sound fiscal management.

Our nation's tax, budgeting and fiscal policies have tremendous challenges and/or stresses going forward that will impact the State. While I am confident that Vermont will advocate for policies that will address the needs of all of our citizens, budgetary and fiscal impacts will result. Vermont, therefore needs to continue its policies of fiscal prudence, conservative debt management, maintaining our reserves, and proactive budget management. We look forward to working with you as we address these challenges.

Please feel free to contact me with any questions.

---

<sup>1</sup> State revenues (adjusted for tax changes replicating the Fitch Ratings approach for state and local governments which makes adjustments to annual tax receipts in prior years based on current tax law) during the current business cycle have increased faster than the general U.S. inflation rate (as measured by the CPI-U or the Consumer Price Index for all Urban Consumers—as published by the U.S. Department of Labor-Bureau of Labor Statistics) but have increased at a more moderate pace versus overall U.S. economic growth. Current dollar General Fund receipts rose at a 2.4% per year rate over the fiscal year 2007 through 2017 period, while Transportation Fund receipts increased at a more moderate 2.1% annual rate. This compares favorably to the 1.7% average annual increase in the general U.S. inflation rate over the same period, but lags behind the 2.9% average annual rate of growth for nominal dollar U.S. Gross Domestic Product experienced between fiscal year 2007 and fiscal year 2017. This performance is characteristic of a somewhat below AAA revenue growth performance for the state.



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## 1. OVERVIEW

### Purpose

In accordance with 32 V.S.A., Chapter 13, Subchapter 8 “Management of State Debt,” the Capital Debt Affordability Advisory Committee (the “Committee” or “CDAAC”) is required to present to the Governor and the General Assembly each year, no later than September 30, an estimate of the maximum amount of new long-term net State tax-supported debt that Vermont may prudently authorize for the next fiscal year. In Sec. 1 of Act No. 104 of 2012, the General Assembly expressed its intent to move to a biennial capital budgeting cycle “to accelerate the construction dates of larger projects and thus create jobs for Vermonters sooner than would be possible under a one-year capital budgeting cycle.” In response, starting with its 2012 Report, the Committee has formally presented a two-year debt recommendation.

### Formal Recommendation

The Committee recommends that the State of Vermont maintain its current authorization of long-term net tax-supported debt for fiscal years 2018 and 2019 in an amount not to exceed \$132,460,000, reflecting a reduction of 8.01% from the previous biennium recommendation of \$144,000,000. CDAAC’s formal recommended debt authorization complies with the State’s triple-A debt affordability guidelines, is consistent with the current expectations of the rating agencies, and demonstrates that the State continues to manage its debt issuance program in a prudent and restrained manner.

From 2004 through 2011, the State was able to increase the amount of capital funding authorized, while at the same time improving or maintaining its position with regard to its debt guidelines. However, over the last few years, the State’s relative debt position has slipped compared to other states. This was exacerbated the last three years because total net-tax supported debt for US states declined in 2014 and remained static in 2015 and 2016. Moody’s 2015 State Debt Medians report, which summarizes state debt issuance in 2014, stated the drop was the first in 28 years since Moody’s began compiling such data. Furthermore, the Moody’s 2016 and 2017 State Debt Medians reports revealed that the net tax-supported debt remained essentially flat in 2015 and 2016 compared to 2014, with a growth of only 0.6% and 0.8%, respectfully. See Section 6, “State Debt Guidelines and Recent Events” for additional information.

Although the State’s annual cost of debt service as a percentage of revenues is perhaps the single most important affordability metric, the Committee reviews other debt ratios such as debt as a percentage of gross state product, debt as a percentage of personal income and debt per capita. Similar to years past, debt service as a percentage of revenues and debt per capita are the main factors constraining this year’s recommendation. See Section 6, “State Debt Guidelines and Recent Events” for a detailed discussion of CDAAC’s analytical process.

The more limited debt issuance among the State’s peer triple-A rated states over the past three years has weakened the State’s relative position compared to its peers. In turn, the projected debt issuance of \$108,835,000 in FY 2019 and \$66,230,000 per year thereafter will exceed scheduled debt retirements, meaning the State’s overall debt outstanding and debt service will continue to rise. CDAAC has reviewed various scenarios related to future State debt issuance amounts which indicate that the State would be out of compliance under its current framework if the 2018 CDAAC recommendation was the same as the 2016 CDAAC biennium

recommendation. Furthermore, a separate scenario indicates that compliance could be achieved, assuming an 8.7% reduction in the 2018 CDAAC recommendation. These analyses are forward looking, based on assumptions and the affordability measures will be recalculated in as part of the 2018 report. Please see Appendix A for a debt issuance scenario in which results in the State achieving compliance with its affordability targets through a reduction in its FY 2018 recommendation.

### **Definition of Vermont’s “Long-Term Net Tax-Supported Debt”**

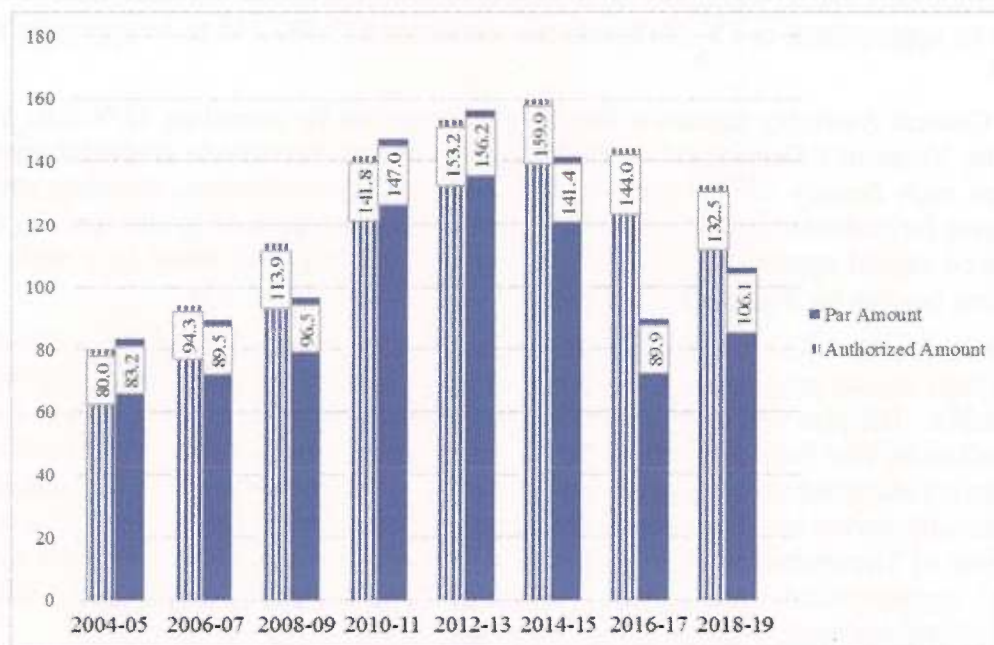
As a matter of practice, while the CDAAC legislation refers to an authorization of “net tax-supported debt,” the amount of net tax-supported debt for the State means only general obligation (or “G.O.”) debt, and this report assumes only G.O. debt for authorization purposes and in calculating its projected debt ratios. As indicated in Section 6, “State Debt Guidelines and Recent Events,” the rating agencies generally include the State’s special obligation transportation infrastructure bonds (“TIBs”), issued by Vermont in 2010, 2012, and 2013, as part of net tax-supported debt, whereas the State treats this debt as self-supporting debt in its debt statement. While the CDAAC report includes “Dashboard Indicators” debt metrics calculated both with and without TIBs, it does not assume that such indebtedness is part of net tax-supported debt. See Section 3, “State Guidelines” for further information.

### **Debt Authorizations and Issuance Amounts**

The following chart presents the amounts of G.O. debt that have been authorized and issued by the State since fiscal year 2004 on a biennial basis. As shown below, the State has experienced a significant increase in debt authorizations and issuances over the last fourteen years. For the period from 2004-2017, the biennial issuance has approximately doubled, and the compound annual growth rate in debt authorizations during this period has been 4.3%. Including the 2018-2019 recommended authorization amount, the compound annual growth rate in debt authorizations is 3.2%.

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**STATE OF VERMONT**  
**HISTORICAL GENERAL OBLIGATION. BOND AUTHORIZATIONS AND ISSUANCE**  
**BY BIENNIUM<sup>(1)(2)(3)(4)</sup>**  
**(IN MILLIONS OF DOLLARS)**



**Notes:**

<sup>(1)</sup>Annual issuances do not include refunding bonds. Authorized but unissued debt has been carried forward and employed in subsequent years' bond issuances.

<sup>(2)</sup>Pursuant to Section 34 of Act 104 of 2011, commencing in fiscal year 2013, premium received from the sale of bonds may be applied towards the purposes for which such bonds were authorized.

<sup>(3)</sup>For fiscal years 2018-19, the "Authorized" amount reflects the two-year authorized amount of the General Assembly in the 2017 Capital Bill (Act 84). This amount excludes any amounts authorized that relate to (i) the principal amount of bonds authorized in prior biennial capital bills but not issued due to the use of original issue bond premium to fund capital projects and (ii) transfers and reallocations from prior years.

<sup>(4)</sup>Includes the 2017 Bonds in the aggregate amount of \$106,095,000 issued on September 13, 2017.

For fiscal years 2018-2019 the General Assembly has authorized \$132,460,000 in new general obligation bonds. In addition, there is \$82,640,068.76 outstanding from prior year authorizations. In September 2017, the State issued \$106,095,000 Series 2017A and 2017B bonds ("2017 Bonds") that produced \$117,031,961.10 in proceeds available for capital projects within the State. The 2017 Bonds were issued at a net premium in the amount of \$10,771,446.71. The 10-year projection of State debt assumes that the State issues in FY 2019 the remaining authorization of \$108,835,000 (\$108,839,554.37, rounded down to the nearest \$5,000 denomination), representing the balance of the previous biennium authorization of \$82,640,068.76, plus current biennium authorization of \$132,460,000, plus unissued bond premium of \$10,771,446.71 and less the amount funded with proceeds from the issuance of the 2017 Bonds in the amount of \$117,031,961.10.

### **Capital Funding and Capital Plan**

For fiscal years 2018-2019, the General Assembly in the 2017 Capital Bill (Act 84), authorized \$147,282,287 in total capital project spending consisting of: \$132,460,000 in new general obligation debt and \$14,822,286.78 in transfers and reallocations. No more than \$73,900,141 shall be appropriated in FY 2018 with the remaining \$73,382,145 to be appropriated in FY 2019.

The General Assembly created a formal review process by amending 32 V.S.A. § 701a to require Vermont's Department of Building and General Services to prepare a report on or before each January 15<sup>th</sup> to provide information on encumbrances, spending and project progress for authorized capital projects based on reporting received by the agencies that have received capital appropriations. CDAAC believes that this will result in a more efficient funding process for State capital projects.

With the passage of 32 V.S.A. § 310, the Administration will need to prepare and revise a ten-year State capital program plan on an annual basis, submitting it for approval by the general assembly. The plan will include a list of all recommended projects in the current fiscal year, as well as the five fiscal years thereafter. These recommendations will include an assessment, projection of capital need, and a comprehensive financial assessment. The Committee expects to annually review and consider future capital improvement program plans. Currently, the Agency of Transportation provides a capital improvement plan, which includes the current year appropriations and three years of projections. The web address is <http://vtrans.vermont.gov/about/capital-programs>.

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## 2. STATE DEBT

In general, the State has borrowed money by issuing G.O. bonds, the payment of which the full faith and credit of the State are pledged. The State has also borrowed money to finance qualifying transportation capital projects by issuing TIBs, the payment of which is not secured by the full faith and credit of the State. The State also has established certain statewide authorities that have the power to issue revenue bonds and to incur, under certain circumstances, indebtedness for which the State has contingent or limited liability.

### **General Obligation Bonds**

As stated above, the Committee includes only the State's G.O. debt as State net tax supported debt for purposes of its recommendation.

#### ***Purpose***

The State has no constitutional or other limit on its power to issue G.O. bonds besides borrowing only for public purposes. Pursuant to various appropriation acts, the State has authorized and issued G.O. bonds for a variety of projects or purposes. Each appropriation act usually specifies projects or purposes and the amount of General Fund, Transportation Fund or Special Fund bonds to be issued, and provides that payment thereof is to be paid from the General, Transportation or Special Fund.

#### ***Structure***

The State Treasurer, with the approval of the Governor, is authorized to issue and sell bonds that mature not later than twenty (20) years after the date of such bonds and such bonds must be payable in substantially equal or diminishing amounts annually. Under the General Obligation Bond Law, except with respect to refunding bonds, the first of such annual payments is to be made not later than five years after the date of the bonds. All terms of the bonds shall be determined by the State Treasurer with the approval of the Governor as he or she may deem for the best interests of the State.

### **Capital Leases**

The State must include capital leases in its total of net tax-supported debt. A capital lease is considered to have the economic characteristics of asset ownership, and is considered to be a purchased asset for accounting purposes. By comparison, an operating lease is treated as a rental for accounting purposes. A lease is considered to be a capital lease if any one of the following four criteria are met:

1. The life of the lease is 75% or longer than the asset's useful life;
2. The lease contains a purchase agreement for less than market value;
3. The lessee gains ownership at the end of the lease period; or
4. The present value of lease payments is greater than 90% of the asset's market value.

Historically the State has avoided capital leases, however, during the fiscal year 2015 audit, the lease for the State's office building at 27 Federal Street in St. Albans was deemed to be a capital lease, having met criteria #4 above. This capital lease, with a fair market value of \$9.845 million, is included as net tax-supported debt.

### **Current Status**

G.O. Debt and Capital Leases outstanding as of June 30, 2017 was \$586,904,736. G.O. Debt and Capital Leases outstanding as of September 30, 2017 was \$647,981,414.

### **Ratings**

The State of Vermont's general obligation ratings were affirmed by S&P Global Ratings ("S&P"), Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch") in August 2017. The State enjoys triple-A ratings from both Fitch and Moody's. Fitch raised the State's rating in conjunction with a recalibration (generally meaning increased ratings) conducted in 2010. Moody's raised the State's rating to triple-A in February 2007. S&P rates Vermont's G.O. bonds AA+ with a "stable" outlook. Approximately four years ago, S&P raised its rating outlook from "stable" to "positive." In 2015, S&P revised its outlook back to "stable."

*"The outlook is revised to stable from positive reflecting Vermont's slower than average economic recovery which continues to pressure the budget in our view. In addition, pension and OPEB liabilities continue to be high relative to state peers. We believe that the state has a very strong budget management framework and should this lead to improved reserve levels in the future, a higher rating could be warranted. In addition, we believe that there has been progress in increasing pension contributions and certain actions have been taken to begin to address OPEB liability. Improved liability position could also translate to a higher rating level. While not envisioned at this time given the state's history of pro-actively managing its budget and recent actions to address post-retirement liabilities, substantial deterioration of budget reserves or a deteriorating liability position could pressure the current rating."*

### **Net Tax-Supported Debt Outstanding**

The State's aggregate net tax-supported principal amount of debt decreased from \$637.1 million, as of June 30, 2016, to \$586.9 million, as of June 30, 2017, a decrease of 7.88%, due to the State not issuing bonds in fiscal year 2017. The table below sets forth the sources of the change in net tax-supported debt outstanding from fiscal year 2016 to fiscal year 2017 (in thousands). The table does not include the 2017 Bonds.

Net Tax-Supported Debt as of 6/30/16 .....	\$637,050
G.O. New Money Bonds Issued .....	0
G.O. Refunding Bonds Issued .....	0
Less: Retired G.O. Bonds.....	(49,975)
Less: Refunded G.O. Bonds.....	0
Less: Retired Capital Lease.....	(170)
Net Tax-Supported Debt as of 6/30/17 .....	<u>\$586,905</u>

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**State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report**

**STATE OF VERMONT**  
**Debt Statement**  
As of June 30, 2017 (In Thousands)

**General Obligation Bonds:**

General Fund	\$570,959
Transportation Fund	6,101
Special Fund	0

**Capital Leases:**

27 Federal Street, St. Albans	\$9,845
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**Self-Supporting Debt:**

Special Obligation Transportation Infrastructure Bonds (TIBs)	\$28,340
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**Reserve Fund Commitments<sup>1</sup>:**

Vermont Municipal Bond Bank	\$592,145
Vermont Housing Finance Agency	155,000
VEDA Indebtedness	155,000
Vermont Student Assistance Corporation	50,000
Vermont Telecommunications Authority <sup>2</sup>	40,000
Univ. of Vermont/State Colleges	100,000

<b>Gross Direct and Contingent Debt</b>	<b>\$1,707,390</b>
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Less:

Self-Supporting Debt	(28,340)
Reserve Fund Commitments	(1,092,145)

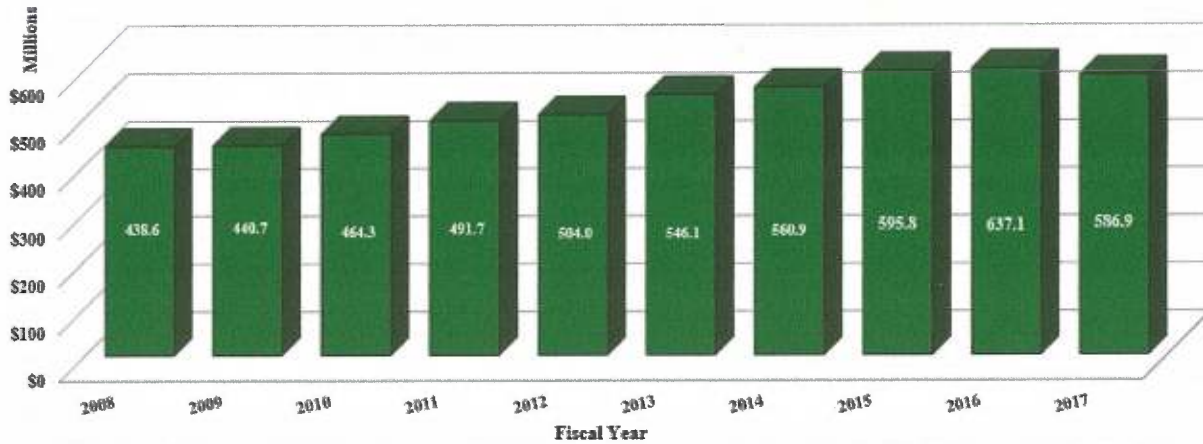
<b>Net Tax-Supported Debt<sup>3</sup></b>	<b><u>\$586,905</u></b>
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<sup>1</sup>Figures reflect the maximum amount permitted by statute. However, many of the issuers have not issued debt or have not issued the maximum amount of debt permitted by their respective statute. See "Moral Obligation Indebtedness" herein for additional information.

<sup>2</sup>The General Assembly dissolved the VTA in 2014, however, this amount remains available to the VTA by statute should it ever be reconstituted.

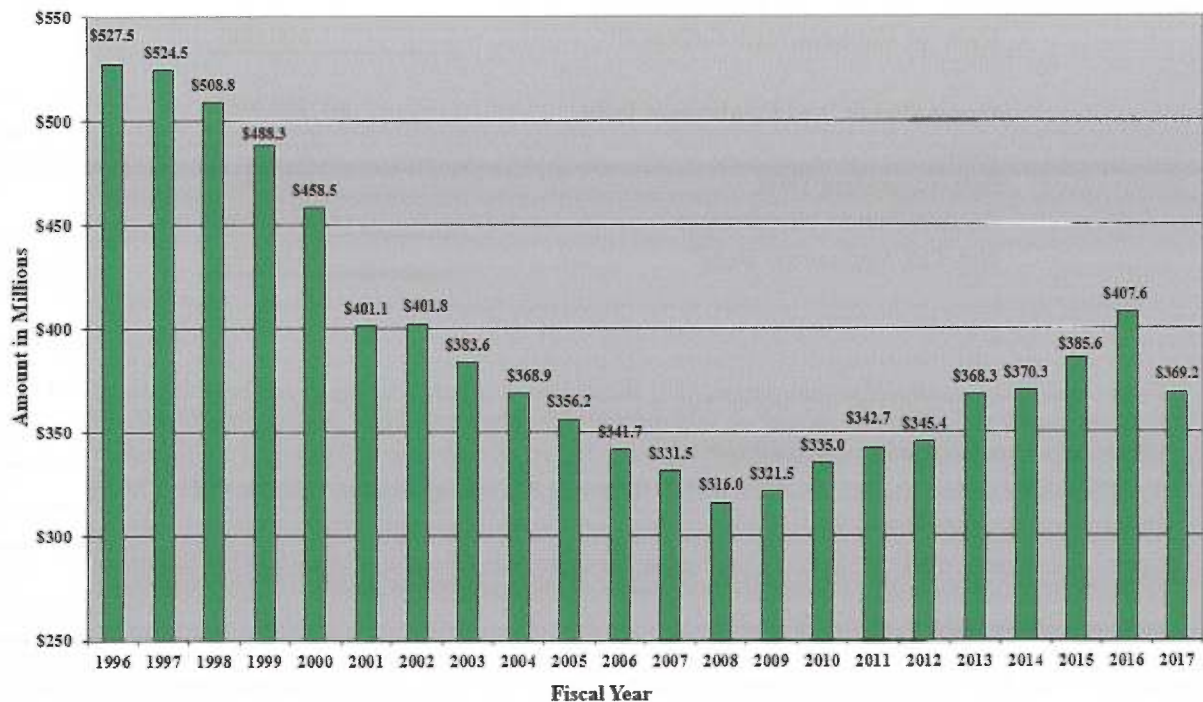
<sup>3</sup>Does not include (i) the 2017 Bonds outstanding in the aggregate amount of \$106,095,000 issued on September 13, 2017, (ii) general obligation bonds that have been refunded and (iii) the present value of certain outstanding capitalized leases in the amount of \$655,873.

**STATE [TH1] OF VERMONT  
GENERAL OBLIGATION BONDS OUTSTANDING FY 2008-2017<sup>(1)</sup>  
(in millions of dollars)**



<sup>(1)</sup> Does not include the 2017 Bonds outstanding in the aggregate amount of \$106,095,000 issued in September 2017.

**STATE OF VERMONT  
GENERAL OBLIGATION DEBT OUTSTANDING, FY 1996-2017  
ADJUSTED [TH2] FOR INFLATION<sup>(1)</sup>  
(in millions of dollars)**



<sup>(1)</sup> Does not include the 2017 Bonds outstanding in the aggregate amount of \$106,095,000 issued on September 13, 2017.

## State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report

The table below sets forth the State's existing principal amounts outstanding and annual debt service requirements, as of September 30, 2017, without the issuance of any additional G.O. debt. Rating agencies consider Vermont's rapid debt amortization, with almost 69.6% of current principal retired by 2028, as of September 30, 2017, to be a positive credit factor.

### OUTSTANDING GENERAL OBLIGATION NET TAX-SUPPORTED DEBT (in thousands of dollars) <sup>(1)</sup>

Fiscal Year	GENERAL OBLIGATION BONDS (STATE DIRECT DEBT)									
	General Fund		Transportation Fund		Special Fund		Capital Leases		Total	Total Debt Service*
	Principal Outstanding	Debt Service*	Principal Outstanding	Debt Service	Principal Outstanding	Debt Service	Principal Outstanding	Debt Service	Principal Outstanding	
2017	570,959	71,120	6,101	1,884	-	336	9,845	790	586,905	74,130
2018	631,161	67,734	4,649	1,709	-	-	9,646	809	645,456	70,252
2019	580,819	78,088	3,231	1,630	-	-	9,418	829	593,468	80,546
2020	531,192	75,442	2,813	560	-	-	9,157	849	543,162	76,851
2021	481,499	73,539	2,396	541	-	-	8,862	870	492,757	74,950
2022	434,577	68,875	1,978	522	-	-	8,529	891	445,084	70,287
2023	389,490	65,313	1,560	502	-	-	8,157	913	399,207	66,729
2024	346,775	61,289	1,300	327	-	-	7,741	936	355,816	62,552
2025	304,110	59,597	1,040	317	-	-	7,280	959	312,430	60,872
2026	263,450	55,981	780	306	-	-	6,770	982	271,000	57,269
2027	224,755	52,555	520	295	-	-	6,207	1,007	231,482	53,857
2028	188,395	48,882	260	283	-	-	5,588	1,032	194,243	50,197

\* Debt service has been calculated using the net coupon rates on all Build America Bonds, taking into account the interest subsidy from the federal government. The entire amount of the Build America Bonds is allocated to the General Fund. Totals may not agree due to rounding.

<sup>(1)</sup> Includes the 2017 Bonds outstanding in the aggregate amount of \$106,095,000 issued on September 13, 2017 and assumed to be General Fund obligations.

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### General Obligation and General Fund Supported Bond Debt Service Projections

The State's projected annual general obligation ("G.O.") debt service and debt outstanding are presented on the following pages and summarized below. The projected debt service (at estimated interest rates ranging from 5% to 6.5%) assumes the issuance \$108,835,000 in FY 2019 and \$66,230,000 each fiscal year from 2020-2028.

#### PROJECTED GENERAL OBLIGATION DEBT SERVICE AND DEBT OUTSTANDING\* (in thousands of dollars)

Fiscal Year Ending	G.O. Debt Service	% Change	G.O. Bonds Outstanding	% Change
6/30/2017	74,130	5.27%	586,905	-7.87%
6/30/2018	70,252	-5.23%	645,456	9.98%
6/30/2019	80,546	14.65%	702,303	8.81%
6/30/2020	88,277	9.60%	712,787	1.49%
6/30/2021	93,361	5.76%	719,862	0.99%
6/30/2022	95,815	2.63%	726,359	0.90%
6/30/2023	99,158	3.49%	731,342	0.69%
6/30/2024	101,668	2.53%	735,501	0.57%
6/30/2025	106,460	4.71%	736,355	0.12%
6/30/2026	109,114	2.49%	735,855	-0.07%
6/30/2027	111,743	2.41%	733,957	-0.26%
6/30/2028	113,910	1.94%	731,028	-0.40%

\* Please see table titled "Historic and Projected Debt Ratios" on page 26 for projected debt relative to projected Vermont revenues.

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**State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report**

EXISTING AND PROJECTED NET TAX-SUPPORTED G.O. DEBT SERVICE (\$000)													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
	Current	Issue <sup>(2)</sup>	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Est.
FY	D/S <sup>(1)</sup>	\$0.000M	108.835M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	D/S
2018	70,252	0	0	0	0	0	0	0	0	0	0	0	70,252
2019	80,546	0	0	0	0	0	0	0	0	0	0	0	80,546
2020	76,851	0	11,426	0	0	0	0	0	0	0	0	0	88,277
2021	74,950	0	11,127	7,284	0	0	0	0	0	0	0	0	93,361
2022	70,287	0	10,828	7,085	7,615	0	0	0	0	0	0	0	95,815
2023	66,729	0	10,528	6,887	7,400	7,615	0	0	0	0	0	0	99,158
2024	62,552	0	10,229	6,688	7,185	7,400	7,615	0	0	0	0	0	101,668
2025	60,872	0	9,930	6,489	6,970	7,185	7,400	7,615	0	0	0	0	106,460
2026	57,269	0	9,631	6,291	6,754	6,970	7,185	7,400	7,615	0	0	0	109,114
2027	53,857	0	9,332	6,092	6,539	6,754	6,970	7,185	7,400	7,615	0	0	111,743
2028	50,197	0	9,032	5,894	6,324	6,539	6,754	6,970	7,185	7,400	7,615	0	113,910

EXISTING AND PROJECTED NET TAX-SUPPORTED G.O. BOND PRINCIPAL PAYMENTS (\$000)													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
	Current	Issue <sup>(2)</sup>	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Est.
FY	Principal <sup>(1)</sup>	\$0.000M	108.835M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	Principal
2018	47,543	0	0	0	0	0	0	0	0	0	0	0	47,543
2019	51,988	0	0	0	0	0	0	0	0	0	0	0	51,988
2020	50,306	0	5,440	0	0	0	0	0	0	0	0	0	55,746
2021	50,405	0	5,440	3,310	0	0	0	0	0	0	0	0	59,155
2022	47,673	0	5,440	3,310	3,310	0	0	0	0	0	0	0	59,733
2023	45,878	0	5,440	3,310	3,310	3,310	0	0	0	0	0	0	61,248
2024	43,390	0	5,440	3,310	3,310	3,310	3,310	0	0	0	0	0	62,070
2025	43,386	0	5,440	3,310	3,310	3,310	3,310	3,310	0	0	0	0	65,376
2026	41,430	0	5,440	3,310	3,310	3,310	3,310	3,310	3,310	0	0	0	66,730
2027	39,518	0	5,440	3,310	3,310	3,310	3,310	3,310	3,310	3,310	0	0	68,128
2028	37,239	0	5,440	3,310	3,310	3,310	3,310	3,310	3,310	3,310	3,310	0	69,159

EXISTING AND PROJECTED NET TAX-SUPPORTED G.O. BONDS OUTSTANDING (\$000)													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
	Current	Issue <sup>(2)</sup>	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Est.
FY	Debt <sup>(1)</sup>	\$0.000M	108.835M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	66.230M	Debt
2017 <sup>(3)</sup>	647,981	0	0	0	0	0	0	0	0	0	0	0	647,981
2018	645,456	0	0	0	0	0	0	0	0	0	0	0	645,456
2019	593,468	0	108,835	0	0	0	0	0	0	0	0	0	702,303
2020	543,162	0	103,395	66,230	0	0	0	0	0	0	0	0	712,787
2021	492,757	0	97,955	62,920	66,230	0	0	0	0	0	0	0	719,862
2022	445,084	0	92,515	59,610	62,920	66,230	0	0	0	0	0	0	726,359
2023	399,207	0	87,075	56,300	59,610	62,920	66,230	0	0	0	0	0	731,342
2024	355,816	0	81,635	52,990	56,300	59,610	62,920	66,230	0	0	0	0	735,501
2025	312,430	0	76,195	49,680	52,990	56,300	59,610	62,920	66,230	0	0	0	736,355
2026	271,000	0	70,755	46,370	49,680	52,990	56,300	59,610	62,920	66,230	0	0	735,855
2027	231,482	0	65,315	43,060	46,370	49,680	52,990	56,300	59,610	62,920	66,230	0	733,957
2028	194,243	0	59,875	39,750	43,060	46,370	49,680	52,990	56,300	59,610	62,920	66,230	731,028

<sup>(1)</sup> Numbers reflect the issuance of the 2017A and 2017B general obligation bonds ("2017 Bonds") in the aggregate amount of \$106,095,00 issued on September 13, 2017.

<sup>(2)</sup> The State issued the 2017 Bonds in FY 2018, however, current debt service and outstanding debt figures include the principal and interest on the 2017 Bonds. The State does not intend to issue any future general obligation bonds in FY 2018.

<sup>(3)</sup> As of September 30, 2017.

### Net Tax-Supported Debt Service by Fiscal Year

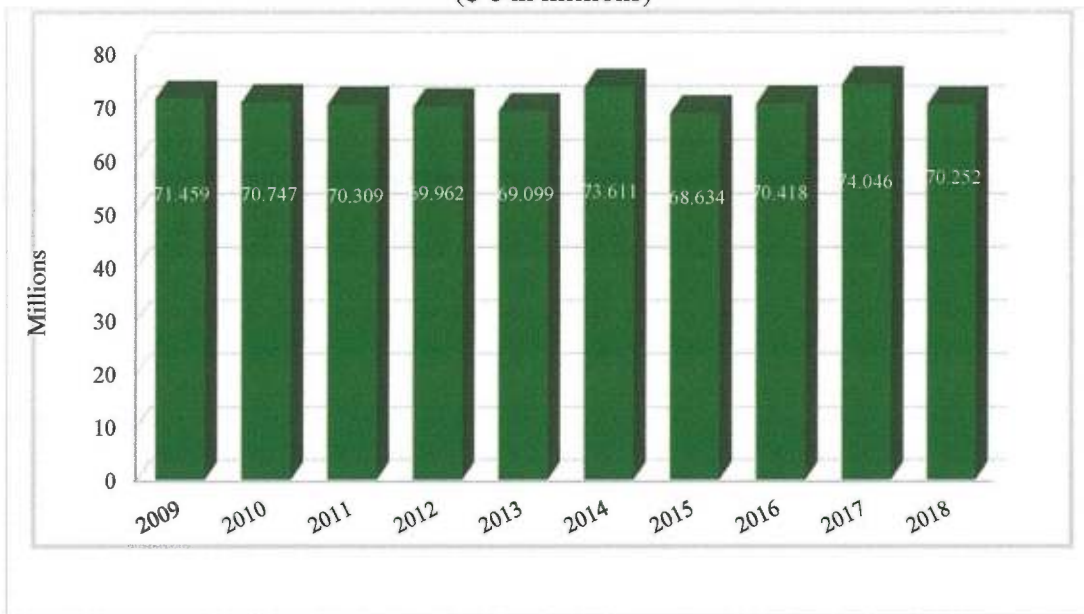
The State's scheduled G.O. net debt service requirement ("D/S") for fiscal year 2018 is \$70.3 million, 5.12% less than the \$74.1 million paid in fiscal year 2017.

(in \$ thousands)	
Net Tax-Supported D/S Paid in FY 2017 <sup>(1)</sup>	\$74,130
Decrease in D/S Requirement FY 2017	(5,594)
D/S Decrease Due to G.O. Refunding in FY 2017	(0)
D/S Increase Due to G.O. Debt Issued in FY 2017/2018 <sup>(1)</sup>	1,716
Net Tax-Supported D/S Due in FY 2018 <sup>(2)</sup>	<u>\$ 70,252</u>

<sup>(1)</sup> Includes the 2017 Bonds in the aggregate amount of \$106,095,000 issued on September 13, 2017.

<sup>(2)</sup> The debt service amount shown takes into account the interest subsidy from the federal government (calculated to be \$1,149,908.66 during FY 2017), payable on the \$87,050,000 Build America Bonds as part of the 2010 Series A-2 and D-2 bond issues. See "Sequestration and Potential Impact on Build America Bonds Subsidy" herein for a discussion of the impact of sequestration on the State's subsidy.

### STATE OF VERMONT HISTORICAL NET TAX-SUPPORTED DEBT SERVICE<sup>(1)(2)(3)</sup> (\$'s in millions)



<sup>(1)</sup> Consists of G.O. Bonds. Fiscal Year 2014 debt service includes an additional principal amortization of \$3,150,000 that was structured to expend bond funded original issuance premium within 12 months of the issue date to satisfy Internal Revenue Service requirements. Going forward this has not been necessary due to the 2012 amendment to 32 V.S.A. § 954 to permit the use of bond premium for capital projects.

<sup>(2)</sup> Please see table titled "Historic and Projected Debt Ratios" on page 26 for debt ratios relative to historic Vermont revenues.

<sup>(3)</sup> Includes the 2017 Bonds in the aggregate amount of \$106,095,000 issued on September 13, 2017.

### **Authorized, But Unissued Debt**

CDAAC believes the State's historical practice to annually extinguish all or a large portion of the authorized amount of debt to avoid a rising residual amount of authorized but unissued debt has enhanced the State's credit position, as it is viewed favorably by the rating agencies.

As discussed in Section 6, "State Guidelines and Recent Events, Statutory Change Relating to Use of Bond Premium and Effect on Affordability" effective in fiscal year 2013, 32 V.S.A. § 954 was amended to permit the use of bond premium received from issuance of debt for capital purposes. The effect of this legislative change is that if future bonds are issued with a net original issuance premium, the par amount of bonds will be less than the authorized amount and the difference will become available for additional authorization as "unissued principal." CDAAC believes that the advantage of additional funding capacity associated with this legislative change far outweighs the additional unissued amounts that may result, and that the annual amount of unissued bonds will continue to be manageable.

### **Special Obligation Transportation Infrastructure Bonds (TIBs)**

The State has historically sold only G.O. bonds for its capital infrastructure purposes. Beginning in 2010, however, the State began issuing Special Obligation Transportation Infrastructure Bonds ("TIBs"). The bonds are payable from new assessments on motor vehicle gasoline and motor vehicle diesel fuel, and the State is not obligated to use any other funds to cover debt service on TIBs.

In 2012, S&P upgraded the State's Special Obligation Transportation Infrastructure Bonds from "AA" to "AA+" with a stable outlook. S&P indicated that the upgrade reflected strengthened debt service coverage, and further intention by the State to maintain coverage at no less than 3x, which is viewed as a strong level.

### **Moral Obligation Indebtedness**

Provided below is a summary of the State's moral obligation commitments as of June 30, 2017:

#### ***Reserve Fund Commitments (all figures as of June 30, 2017):***

1. Vermont Municipal Bond Bank (VMBB): The VMBB was established by the State in 1970 for the purpose of aiding governmental units in the financing of their public improvements by making available a voluntary, alternate method of marketing their obligations in addition to the ordinary competitive bidding channels. By using the VMBB, small individual issues of governmental units can be combined into one larger issue that would attract more investors. The VMBB is authorized to issue bonds in order to make loans to municipalities in the State through the purchase of either general obligation or revenue bonds of the municipalities. Municipal loan repayments to the VMBB are used to make the VMBB's bond payments. On April 19, 2016, the State amended provisions with respect to the State Treasurer's ability to intercept State funding to governmental units that are in default on their payment obligations acquired or held by the VMBB all further payment to the governmental unit, until the default is cured. During the default period, the State Treasurer will make direct payment of all, or as much as necessary, of the withheld amounts to the VMBB, or at the VMBB's direction, to the trustee or paying agent for the bonds, so as to cure, or cure insofar as possible, the default as to the bond or the interest on



the bond. The VMBB consists of five directors: the State Treasurer, who is a director ex-officio, and four directors appointed by the Governor with the advice and consent of the Senate for terms of two years. As of June 30, 2017, the VMBB has issued 83 series of bonds (including refundings) under its general bond resolution adopted on May 3, 1988 (the “1988 Resolution”). The principal amount of bonds outstanding as of June 30, 2017 was \$592,145,000, and the principal amount of loans outstanding to municipal borrowers as of June 30, 2017 was \$571,241,775. For bonds issued under the 1988 Resolution, the VMBB is required to maintain a reserve fund equal to the lesser of: the maximum annual debt service requirement, 125% of average annual debt service, or 10% of the proceeds of any series of bonds. If the reserve funds have less than the required amount, the chair shall notify the Governor or Governor-elect of the deficiency. The General Assembly is legally authorized, but not legally obligated, to appropriate money to maintain the reserve funds at their required levels. Since the participating municipalities have always met their obligations on their bonds the State has never needed to appropriate any money to the reserve fund, and it is not anticipated that it will need to make an appropriation in the future. Based on the long history of the VMBB program, the rating agencies credit assessment of the underlying loans of the portfolio, the G.O. pledge of the underlying borrowers for a high percentage of the loan amounts and the State intercept provision for the payment of debt, it is not anticipated that it will be necessary for the State to appropriate money for the reserve fund. As of June 30, 2017, the VMBB has also issued one series of bonds under a new general bond resolution adopted on March 30, 2017 (the “2017 Resolution”) for the Vermont State Colleges System (“VSCS”) Program. The 2017 Resolution is for VSCS financings only. As of June 30, 2017, the principal amount of bonds outstanding under the 2017 Resolution was \$67,660,000 with a loan outstanding amount of \$78,217,129. The 2017 Resolution bonds are not supported by a reserve fund. The State Treasurer, the VMBB and the Commissioner of the Vermont Department of Finance and Management entered into a State Intercept Memorandum of Agreement to establish procedures with respect to the intercept of State funds described above in regards to the VSCS outstanding bonds. The VMBB has expressed its intention to rely less on securing its future bond issues with the moral obligation pledge and put more reliance on using the State intercept funding security provisions. For additional information about the VMBB, see its most recent disclosure document, which can be found on the Electronic Municipal Market Access (“EMMA”) system at <http://emma.msrb.org>.

2. Vermont Housing Finance Agency (VHFA): The VHFA was created by the State in 1974 for the purpose of promoting the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The VHFA Board consists of nine commissioners, including ex-officio the Commissioner of the Department of Financial Regulation, the State Treasurer, the Secretary of Commerce and Community Development, the Executive Director of the Vermont Housing and Conservation Board, or their designees, and five commissioners to be appointed by the Governor with the advice and consent of the Senate for terms of four years. The VHFA is empowered to issue notes and bonds to fulfill its corporate purposes. As of June 30, 2017, the VHFA’s total outstanding indebtedness was \$420,460,819. The VHFA’s act requires the creation of debt service reserve funds for each issue of bonds or notes based on the VHFA’s resolutions and in an amount not to exceed the “maximum debt service.” Of the debt that the VHFA may issue, up to \$155,000,000 of principal outstanding may be backed by the moral obligation of the State, which means that the General



Assembly is legally authorized, but not legally obligated, to appropriate money for any shortfalls in the debt service reserve funds for that debt. If the reserve fund requirement for this debt has less than the required amount, under the act, the chairman of the VHFA will notify the Governor or the Governor-elect, the president of the senate and the speaker of the house of the deficiency. As of June 30, 2017, the principal amount of outstanding debt covered by this moral obligation was \$41,015,000. As of June 30, 2017, the debt service reserve fund requirement for this debt was \$3,059,485, and the value of the debt service reserve fund was \$3,166,829. Since the VHFA's creation, it has not been necessary for the State to appropriate money to maintain this debt service reserve fund requirement. For additional information about the VHFA, see its most recent disclosure document, which can be found on the EMMA system at <http://emma.msrb.org>.

3. Vermont Economic Development Authority (VEDA): VEDA has established credit facilities with two banks to fund loans to local and regional development corporations and to businesses under certain programs. VEDA's debt is a combination of commercial paper and variable and fixed-rate notes payable. The commercial paper is supported by a direct-pay letter of credit from one of the banks. The direct-pay letter of credit is collateralized from various repayment sources, including a \$15 million collateral reserve fund held by a trustee and a debt service reserve fund pledge from the State in an amount of \$80 million. A variable-rate note payable to a second bank in the amount of \$55 million is collateralized from various repayment sources, including a \$5.5 million collateral reserve fund held by a trustee and a debt service reserve fund pledge from the State in an amount of \$50 million. VEDA also has a fixed-rate note payable to the second bank in the amount of \$25 million that is collateralized from various repayment sources, including a \$1.765 million debt service reserve fund held by a trustee and a debt service reserve fund pledge from the State in an amount of \$25 million. The three debt service reserve pledges totaling \$155 million are based on a similar structure utilized by both the Vermont Municipal Bond Bank and the Vermont Housing Finance Agency as discussed above. The amount of commercial paper outstanding under this program at June 30, 2017 was \$92.8 million and the variable and fixed-rate note balances outstanding as of June 30, 2017 were \$55 million and \$25 million, respectively. For additional information about VEDA, see its most recent disclosure document, which can be found on the EMMA system at <http://emma.msrb.org>.
4. Vermont Telecommunications Authority (VTA): VTA was created in 2007 to facilitate broadband and related access to Vermonters, and received authorization for \$40 million of debt with the State's moral obligation pledge. The passage of Act No. 190 of 2014 created the Division for Connectivity as the successor entity to the VTA. The VTA did not issue any debt prior to ceasing operations on July 1, 2015.
5. University of Vermont and the Vermont State Colleges: Legislation was passed in 2008 to provide a moral obligation pledge from the State to the University of Vermont in the amount of \$66 million and to the Vermont State Colleges in the amount of \$34 million. No bonds have been issued to date. Currently, if bonds are issued, it is not expected that the State will need to appropriate money to the respective reserve funds for these purposes.
6. Vermont Student Assistance Corporation (VSAC): The State has provided \$50 million of moral obligation commitment by the State to VSAC. Like VHFA, in 2009, the State authorized increased flexibility for VSAC's use of the moral obligation commitment specifically allowing for "pledged equity" contributions from the State's operating funds

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and increased flexibility in the use of the traditional debt service reserve structure. In 2011, VSAC issued \$15 million of moral obligation supported bonds, of which \$8.0 million is outstanding. It is not expected that the State will need to appropriate money to the respective reserve funds for VSAC.

Importantly, there has been a notable increase in the State's moral obligation commitments over the past seven (7) years. For the period ended June 30, 2010, the total amount of moral obligation commitment was approximately \$976.5 million. Currently, the moral obligation commitment stands at a total of \$1,092.1 million, with the VMBB and VEDA granted most of the difference. However, the actual amount of moral obligation debt outstanding in the amount of \$796.2 million is less than the amount authorized and the total commitment as of fiscal year 2010 (\$976.5 million). See the table below for a summary of the total reserve fund commitments and the outstanding bond amounts:

***Reserve Fund Commitments:***

**State of Vermont  
Moral Obligation Commitments and Debt Outstanding  
As of June 30, 2017**

Issuer Name	Amount Provided In Statute	Actual Par Amount Outstanding
Vermont Municipal Bond Bank	\$592,145,000	\$592,145,000
Vermont Economic Development Authority	155,000,000	155,000,000
Vermont Housing Finance Agency	155,000,000	41,015,000
Vermont Student Assistance Corporation	50,000,000	8,000,000
University of Vermont	66,000,000	0
Vermont State Colleges	34,000,000	0
Vermont Telecommunications Authority	40,000,000	0
	\$1,092,145,000	\$796,160,000

As the State's rating has improved, the value of its moral obligation has also grown. It is therefore apparent that there has been greater pressure on the State to raise the size of its existing moral obligation commitments and/or to assign the moral obligation pledges to State borrowers. However, without some form of containment, it is possible that an ever-increasing moral obligation debt load could erode the State's credit position.

In accordance with the appropriate provisions from the enabling statute that created CDAAC, the Committee has already been authorized to consider “any other long-term debt of instrumentalities of the state not secured by the full faith and credit of the state, or for which the state legislature is permitted to replenish reserve funds.” Therefore, it is appropriate for CDAAC to develop guidelines for Vermont regarding the size and use of the State’s moral obligation debt.

In recent years, CDAAC has adjusted its debt load guidelines to take into account the comparative debt load statistics for triple-A rated states throughout the country. Unfortunately, none of the rating agencies prepare comparative data on the respective triple-A rated states on moral obligation or contingent debt. Moreover, there is little consistency among the triple-A rated states regarding the size, nature and role of such debt. The types of contingent debt are quite varied among the states, including state guarantees of local school debt, back-up support for revenue obligations, etc. Because of the mixture of contingent debt applied by triple-A states, it would not be possible to employ guidelines that are similar to the G.O. guidelines that have been utilized by CDAAC in connection with its annual recommendation of long-term G.O. debt to be authorized by the legislature.

There had been, for several years, discussions within CDAAC regarding the establishment of guidelines for limiting the amount of moral obligation debt that the State should authorize. In an accompanying chart, the State’s net tax-supported debt statement, consisting entirely of the State’s G.O. outstanding indebtedness, is presented, as of June 30, 2017, at \$586,904,736. Using 225% of G.O. debt for establishing a limit of moral obligation debt, the State would have had \$228,390,656 in additional moral obligation capacity. Using 200% of G.O. debt for establishing a limit of moral obligation debt, the State would have had \$81,664,472 in additional capacity. Using a more conservative 195%, the State still has \$52,319,235 in additional capacity. These figures are low in comparison to previous years. However, the State’s net tax-supported debt, consisting entirely of the State’s G.O. outstanding indebtedness as of September 30, 2017, is \$647,981,414 due to the issuance of the 2017 Bonds. In turn, if calculating the moral obligation limit as of September 30, 2017 by utilizing 225% of G.O. debt for establishing a limit of moral obligation debt, the State would have had \$365,813,182 in additional moral obligation capacity. Using 200% of G.O. debt for establishing a limit of moral obligation debt, the State would have had \$203,817,828 in additional capacity. Using a more conservative 195%, the State still has \$171,418,757 in additional capacity.

At this point, CDAAC believes that a range of 200-225% is appropriate in determining the amount of moral obligation commitments that should be outstanding in comparison to the State’s G.O. debt. Since CDAAC has not recommended legislative action to codify any statutory limits on the incurrence of moral obligation debt, CDAAC will continuously monitor the developing size of moral obligation commitments and report the results.

At some point, should a major infrastructure requirement or other critical financing need arise that would be appropriately funded through a financing agency, the State may, as appropriate, consider rescinding the existing but unused moral obligation authority and have it transferred – taking into account the limited availability for the State to provide additional moral obligation capability as a result of the 200-225% administrative limits.

Ultimately, the effect of contingent liabilities and reserve fund commitments on the State’s debt affordability is a function of the level of dependency for the repayment of this particular debt on the State’s general operating revenues. With respect to this matter, the principle that



the rating agencies follow give us relevant guidance: Until such time that the State's guarantee or contingent obligation becomes actual (through a payment or a replenishment obligation being made), then such debt or guarantee is not included in the State's net tax-supported indebtedness. To the extent that the State has not been called upon to pay for the debt components, as envisioned in Subparagraph (5) of the CDAAC legislation, then those items should not become quantifiable factors included in the affordability analysis.

Information on the principal amount and the debt service associated with the moral obligation commitments is found in the comprehensive annual financial statements for each of the entities:

Vermont Municipal Bond Bank\*:

<http://www.vmbb.org/about/annual-reports-audits/>

Vermont Economic Development Authority:

<http://www.veda.org/about-veda/annual-reports/>

Vermont Housing Finance Authority:

[http://www.vhfa.org/about/financial/annual\\_statements.php](http://www.vhfa.org/about/financial/annual_statements.php)

Vermont Student Assistance Corporation

<http://services.vsac.org/wps/wcm/connect/VSAC/VSAC/Investor+Relations/Audited+Financial+Statements/>

\*Financials are based on a December 31 year end.

### ***Municipal Debt***

In conformance with the standards followed by the rating agencies, this evaluation does not set forth or incorporate any debt obligations of Vermont municipalities. Should any such obligations be required to be payable by the State (e.g., through assumption or support of local debt as part of a financial emergency), a corresponding and appropriate amount related to the State's contribution would then be required to be included in the analysis. At present, no such liability has occurred, and, therefore, none has been included in this review.

### ***Analysis of Types of Debt and Structure***

CDAAC annually goes through an extensive analysis to determine the “cost-benefit of various levels of debt financing.” The cost-benefit is demonstrated by CDAAC's determination of the amount of debt that the State should annually authorize and still achieve compliance with CDAAC's articulated affordability guidelines. This evaluation is fundamental to CDAAC's responsibility in recommending annually the amount of net tax-supported indebtedness (i.e., G.O., at present) that should be authorized by the State.

Second, with respect to the “types of debt,” Vermont and its financing agencies have utilized a great variety of debt types. At present, revenue bonds are sold by the State (TIBs), VSAC, VHFA and VEDA, among others. The State Treasurer's office has looked at a series of options for possible revenue bond issuance, but, because of Vermont's special circumstances, revenue bonds have generally not appeared to be a comprehensive answer to the State's direct infrastructure needs. Notwithstanding the fact that there have been no new revenue bond uses recently for funding Vermont infrastructure requirements, with the exception of TIBs, the State will continue to explore possible opportunities in this respect that would not cause debt load or debt management difficulties for Vermont. CDAAC and the State Treasurer's Office are constantly reviewing prospects for funding of required infrastructure through approaches that will not add to the State's net tax-supported indebtedness.

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The maturity schedules employed for State indebtedness are directly tied to State statute. Moreover, as indicated elsewhere herein, Vermont's current debt repayment for its G.O. bonds allows the State to recapture debt capacity at an attractive pace. Shortening the debt service payments would have the effect of placing more fixed costs in the State's annual operating budget, leaving less funds available for discretionary spending. Lengthening debt payments would increase the aggregate amount of the State's outstanding indebtedness, which would cause Vermont's debt per capita and debt as a percentage of personal income to rise, reducing the State's ability to comply with its affordability guidelines. Notwithstanding these limitations, there may be opportunities for the State in the future to adjust the maturity of its indebtedness to achieve various debt management goals over time.

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### 3. DEBT GUIDELINES

For a number of years Vermont has pursued a strategy to achieve a triple-A rating from all three nationally recognized credit rating agencies. To facilitate this goal, CDAAC and the State have employed conservative debt load guidelines that are consistent with the measures that the rating agencies use to measure debt burden. The most widely-employed guidelines are:

1. Debt Per Capita;
2. Debt as a Percentage of Personal Income;
3. Debt Service as a Percentage of Revenues; and
4. Debt as a Percentage of Gross State Product.

CDAAC notes that Debt as a Percentage of Personal Income and Debt Service as a Percentage of Revenues are generally understood to be the better credit indicators of the State's ability to pay; however, certain rating agencies continue to calculate and monitor the State's Debt Per Capita and Debt as a Percentage of Gross State Product. These guidelines are described in greater detail below. CDAAC has not used Debt as a Percentage of Gross State Product as a specific guideline due to the fact that this measure has a high correlation and tracks the trend of the Debt as a Percentage of Personal Income. Since 2011, CDAAC has tracked this information and included it on the "Dashboard Indicators." This report contains current and historical information on Vermont's Debt as a Percentage of Gross State Product compared to a peer group of other triple-A states.

At present, CDAAC uses a peer group made up of all states that have at least two triple-A ratings from the national rating agencies (the "Peer Group"). The states within the Peer Group differ throughout the years as rating agencies upgrade or downgrade a specific state's rating. In the last year, however, the Peer Group remained unchanged. The Committee over time reviews the composition of the Peer Group. Similar to many of the U.S. States since 2014, the majority of the Peer Group reduced their debt levels, consequently improving the median debt statistics for the Peer Group. The Peer Group's median Debt Per Capita decreased from \$687 in 2016 to \$650 in 2017, median Debt as a Percentage of Personal Income decreased from 1.8% in 2016 to 1.6% in 2017 and median Debt as a Percentage of Gross State Product decreased from 1.6% in 2016 to 1.5% in 2017. Vermont was in the minority of states that increased debt levels in 2016. As a result of the improvement in the Peer Group's median debt statistics and Vermont's increased debt levels the State's relative rankings deteriorated. If the State continues to increase authorized debt levels in future years it is at risk of further declines in its relative ranking to its triple-A Peer Group. See "State Guidelines and Recent Events" for more information.

In addition, both Moody's and S&P have developed rating scorecards for state issuers which include an assigned specific criteria and weighting for "debt" as one of their factors in the overall rating of a state. The rationale given by the rating agencies for the score card process is to provide more transparency for state ratings. Most recently, Fitch released its new rating criteria with "long-term liabilities" as one of four key rating factors driving state ratings. Please see Section 4, "National Credit Rating Methodologies and Criteria" for additional information.

### **Debt Per Capita**

Since, 2004, the Committee has adopted a guideline for the State to equal or perform better than the 5-year average of the mean and median debt per capita of a peer group of triple-A rated states over the nine year projection period. The 5-year average of the mean of the Peer Group is \$967 and the 5-year average of the median of the Peer Group is \$811. Based on data from Moody's, Vermont's 5-year average debt per capita figure is \$943, which is below the 5-year mean for triple-A rated states. However, Vermont's 5-year average debt per capita is higher than the median for triple-A rated states. Please see the table titled "Debt Per Capita Comparison" for a detailed view of the Peer Group's Debt Per Capita. This guideline of debt per capita relative to its Peer Group has been the State's limiting factor in terms of calculating debt capacity over the past few years.

It should be emphasized that Vermont's debt per capita relative ranking, after improving for a number of years, has slipped recently. According to Moody's most recent information, the State's relative position among states improved during the period 2003 through 2011 with respect to net tax-supported debt per capita, improving from 16<sup>th</sup> position in 2003 to 37<sup>th</sup> position in 2011. From 2011 through 2015 the State's position slipped each year and in 2017, the State ranked 24<sup>th</sup> (rankings are in numerically descending order, with the state having the highest debt per capita ranked 1<sup>st</sup> and the state having the lowest debt per capita ranked 50<sup>th</sup>).

### **Debt as a Percent of Personal Income**

The Committee also adopted a guideline for the State to equal or perform better than the 5-year mean and 5-year median of the Peer Group on the basis of debt as a percent of personal income. At present, the targets are 2.0% and 1.6% for the mean and the median respectively (the five-year average of Moody's Mean and Moody's Median for the Peer Group is 2.3% and 2.1%, respectively). Based on data from Moody's, Vermont's net tax supported debt as a percent of personal income is 2.2%, which is better than the 5-year mean and worse than the 5-year median for triple-A rated states. Please see the table titled "Debt As % of Personal Income Comparison" for a detailed view of the Peer Group's Debt as a Percent of Personal Income. According to Moody's most recent information, the State's relative position among states improved during the period 2003 through 2010 with respect to net tax-supported debt as a percent of personal income, improving from 17<sup>th</sup> position in 2003 to 36<sup>th</sup> position in 2010 where it remained in 2011 and 2012. The State's relative ranking dropped slightly in the years 2013 to 2017 and the State is currently ranked in the 27<sup>th</sup> position.

### **Debt Service as a Percentage of Revenues**

This guideline does not create a compliance requirement for triple-A rated states. Rather, it is an absolute guideline, not a comparative one. CDAAC's adopted standard is a ratio of no greater than 6% for annual G.O. debt service as a percent of the annual aggregate of General and Transportation Funds revenue. At present, this ratio equals approximately 4.1%, as can be seen within the table titled "Historic and Projected Debt Ratios." Looking back, Vermont's debt service as a percentage of revenues improved from the 2002-2004 period where it was over 6%, to 5.4% in 2005. Since 2005, the State's debt service as a percent of revenue has been less than 5.1% except for the recession years of 2009 and 2010, where the statistic increased to 5.5% and 5.7%. Although CDAAC has maintained a standard of a 6.0% limit for debt service as a percent of revenues, the effect of the recent recession on this ratio has been

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taken into account. CDAAC notices the 0.4% to 0.6% increase in the ratio immediately after the start of the recession and believes that a comparable amount of cushion is appropriate for its final recommendation.

In terms of the debt service projections provided in the table titled “Historic and Projected Debt Ratios”, the analysis assumes future interest rates (coupons) range on pro forma bond issues from 5.0% in fiscal year 2018, increasing annually by 0.5% to a maximum rate of 6.5% in fiscal years 2021 through 2028.

The CDAAC statute defines operating revenues as General and Transportation Fund revenues based upon the historic general flexibility in their uses of these funds for meeting financial operations of the State. In 2012, Moody’s reintroduced a Moody’s Median for debt service as a percent of operating revenues (“Debt Service Ratio”), and included the State’s Education Fund as part of the State’s operating revenue for purposes of this calculation. Because Moody’s uses a much larger revenue base in its analysis, Moody’s Debt Service Ratio for Vermont, at 2.0%, is substantially lower than the CDAAC guideline, and results in Vermont’s comparatively high (favorable) Moody’s ranking of 40<sup>th</sup> out of the 50 states.

### **Debt as a Percent of Gross State Product**

At present the 2017 Moody’s mean and median for debt as a percentage of gross state product for the Peer Group is 1.7% and 1.4%, respectively. Please see the table titled “Debt As % of Gross State Domestic Product Comparison” for a detailed view of the Peer Group’s Debt as a Percent of Gross State Domestic Product. (Moody’s calculates their 2017 statistics based on 2016 net tax supported debt as a percentage of 2015 state gross domestic product.) Based on data from Moody’s, Vermont’s 2016 net tax supported debt as a percentage of gross state product is 2.2%, which is higher than the median and the mean for the Peer Group states and the five-year average of the mean and the median of 1.9% and 1.8% for the Peer Group, respectively. According to Moody’s most recent information, the State’s relative position among states was 32<sup>nd</sup> in 2013, 30<sup>th</sup> in 2014 and fell to 27<sup>th</sup> in 2015 and 2016.

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**STATE OF VERMONT**  
**2017 STATES RATED TRIPLE-A BY TWO OR MORE RATING AGENCIES**  
**(as of June 30, 2017)**

2017 Triple-A Rated States <sup>(1)*</sup>	Moody's	S&P	Fitch
Delaware	Yes	Yes	Yes
Florida	No	Yes	Yes
Georgia	Yes	Yes	Yes
Indiana <sup>(2)</sup>	Yes	Yes	Yes
Iowa <sup>(2)</sup>	Yes	Yes	Yes
Maryland	Yes	Yes	Yes
Missouri	Yes	Yes	Yes
North Carolina	Yes	Yes	Yes
South Carolina	Yes	No	Yes
South Dakota <sup>(3)</sup>	Yes	Yes	Yes
Tennessee	Yes	Yes	Yes
Texas	Yes	Yes <sup>(2)</sup>	Yes
Utah	Yes	Yes	Yes
Virginia	Yes	Yes	Yes
VERMONT	Yes	No	Yes

- (1) Fitch raised Florida, Iowa, Vermont, Tennessee and Texas to triple-A in 2010 as part of their Ratings Recalibration effort. Moody's raised Indiana, Iowa, New Mexico, Tennessee and Texas to triple-A in 2010 as part of their Ratings Recalibration effort. Seventeen states were currently rated triple-A by one or more of the nationally recognized rating agencies at the end of Fiscal 2017. Fifteen states are currently rated triple-A by two or more of the nationally recognized rating agencies at the end of Fiscal 2017.
- (2) Indicates issuer credit rating since state does not have any G.O. debt or the rating agency does not provide a rating on the state's G.O. debt.
- (3) South Dakota was rated by S&P as a triple-A state in 2015. Fitch upgraded South Dakota to triple-A in June 2016 and Moody's gave South Dakota an initial triple-A rating in July 2016.
- \* Alaska was rated as a triple-a state by all three national credit rating agencies. S&P downgraded Alaska in January 2016 reflected by the "state's credit quality as oil prices have continued to slide, falling below forecasts from earlier this year, causing an already large structural gulf between unrestricted general fund revenues and expenditures to widen further." Moody's downgraded Alaska in February 2016 reflected by the "heightened volatility in Alaska's revenues and the unprecedented imbalance caused by it." Fitch downgraded Alaska in June 2016 reflected by the "substantial operating deficits recorded by the state in recent fiscal years and the modest reform efforts taken to date to realign its stressed, petroleum-based revenue structure with expenditure demands."

**STATE OF VERMONT  
MEAN DEBT RATIOS**

Per Capita	2013	2014	2015	2016	2017
All States	\$1,416	\$1,436	\$1,419	\$1,431	\$1,473
Triple-A <sup>1</sup>	1,021	1,027	980	904	901
VERMONT	811	878	954	1,002	1,068

% of Personal Income	2013	2014	2015	2016	2017
All States	3.4%	3.2%	3.1%	3.0%	3.0%
Triple-A <sup>1</sup>	2.6	2.4	2.3	2.1	2.0
VERMONT	1.9	2.0	2.1	2.1	2.2

- (1) These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the three rating agencies during the year shown. See table titled “Debt Per Capita Comparison” for complete listing of triple-A states and respective ratings and triple-A time periods.

**STATE OF VERMONT  
DEBT PER CAPITA COMPARISON**

**Peer Group States (All states with at least two triple-A rating)**  
**5-Year Average Mean and 5-Year Average Median Excluding Vermont:**  
**MEAN: \$967      MEDIAN: \$811**  
**5-Year Average Vermont: \$943**

Triple-A Rated States <sup>1</sup>	Moody's Ratings <sup>2</sup>	S&P Ratings <sup>2</sup>	Fitch Ratings <sup>2</sup>	Moody's Debt Per Capita				
				2013	2014	2015	2016	2017
Alaska	Aa2/Negative	AA+/Negative	AA+/Negative	\$1,251	\$1,573	\$1,489	\$1,422*	\$1,691*
Delaware	Aaa/Stable	AAA/Stable	AAA/Stable	2,536	2,485	2,438	2,385	2,544
Florida	Aa1/Stable	AAA/Stable	AAA/Stable	1,087	1,008	973	1,038	961
Georgia	Aaa/Stable	AAA/Stable	AAA/Stable	1,061	1,064	1,043	1,029	992
Indiana	Aaa/Stable	AAA/Stable	AAA/Stable	424	533	474	463	310
Iowa	Aaa/Stable	AAA/Stable	AAA/Stable	287	275	250	239	228
Maryland	Aaa/Stable	AAA/Stable	AAA/Stable	1,799	1,791	1,889	1,928	2,122
Missouri	Aaa/Stable	AAA/Stable	AAA/Stable	699	668	606	574	579
North Carolina	Aaa/Stable	AAA/Stable	AAA/Stable	853	806	739	721	659
South Carolina	Aaa/Stable	AA+/Stable	AAA/Stable	780	749	672	603	564
South Dakota	Aaa/Stable	AAA/Stable	AAA/Stable	355*	391*	547*	652	641
Tennessee	Aaa/Stable	AAA/Stable	AAA/Stable	343	324	327	298	322
Texas	Aaa/Stable	AAA/Stable <sup>4</sup>	AAA/Stable	580	614	406	383	383
Utah	Aaa/Stable	AAA/Stable	AAA/Stable	1,275	1,187	1,060	921	824
Virginia	Aaa/Stable	AAA/Negative	AAA/Stable	1,315	1,302	1,356	1,418	1,486
<b>MEAN<sup>3</sup></b>				<b>1,021</b>	<b>1,027</b>	<b>980</b>	<b>904</b>	<b>901</b>
<b>MEDIAN<sup>3</sup></b>				<b>957</b>	<b>907</b>	<b>856</b>	<b>687</b>	<b>650</b>
VERMONT	Aaa/Stable	AA+/Stable	AAA/Stable	811	878	954	1,002	1,068

(1) States that carry at least two triple A ratings.

(2) Ratings as of June 30, 2017.

(3) These calculations exclude all Vermont numbers.

\* Indicates that the state was not rated triple-A thereby two or more of this rating agencies during the year shown. Amount not used in calculating the mean or median for the year.



**STATE OF VERMONT  
DEBT AS % OF PERSONAL INCOME COMPARISON**

**Peer Group States (All states with at least two triple-A ratings)**  
**5-Year Average Mean and 5-Year Average Median Excluding Vermont:**  
**MEAN: 2.3% MEDIAN: 2.1%**  
**5-Year Average Vermont: 2.1%**

Moody's Debt as % of 2015 Personal Income					
Triple-A Rated States	2013	2014	2015	2016	2017
Alaska	2.8%	3.2%	3.0%	2.7%*	3.0%
Delaware	6.2	5.7	5.5	5.2	5.4
Florida	2.8	2.5	2.4	2.5	2.2
Georgia	3.0	2.9	2.8	2.7	2.5
Indiana	1.2	1.4	1.2	1.2	0.8
Iowa	0.7	0.6	0.6	0.5	0.5
Maryland	3.6	3.4	3.5	3.5	3.8
Missouri	1.8	1.7	1.5	1.4	1.4
North Carolina	2.4	2.1	1.9	1.8	1.6
South Carolina	2.3	2.2	1.9	1.7	1.5
South Dakota	0.9*	0.9*	1.2*	1.4	1.4
Tennessee	0.9	0.8	0.8	0.7	0.8
Texas	1.5	1.5	1.0	0.9	0.8
Utah	3.8	3.4	3.0	2.5	2.1
Virginia	2.9	2.7	2.8	2.9	2.9
<b>MEAN<sup>1</sup></b>	<b>2.6</b>	<b>2.4</b>	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>
<b>MEDIAN<sup>1</sup></b>	<b>2.6</b>	<b>2.4</b>	<b>2.2</b>	<b>1.8</b>	<b>1.6</b>
<b>VERMONT</b>	<b>1.9</b>	<b>2.0</b>	<b>2.1</b>	<b>2.1</b>	<b>2.2</b>

(1) These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies during the periods shown, year ended June 30<sup>th</sup>.

\* Indicates that the state was not rated triple-A by two or more of the rating agencies during the year shown. Amount not used in calculating the mean or median for the year.

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**STATE OF VERMONT  
DEBT AS % OF GROSS STATE DOMESTIC PRODUCT COMPARISON**

**Peer Group States (All states with at least two triple-A ratings)**

**5-Year Average Mean and 5-Year Average Median Excluding Vermont:**

**MEAN: 1.9% MEDIAN: 1.8%**

**5-Year Average Vermont: 2.1%**

Moody's Debt as % 2015 Gross State Domestic Product					
Triple-A Rated States	2013	2014	2015	2016	2017
Alaska	1.8%	2.2%	1.9%	1.9%*	2.4%*
Delaware	3.5	3.5	3.6	3.6	3.5
Florida	2.8	2.5	2.4	2.5	2.2
Georgia	2.5	2.5	2.3	2.2	2.1
Indiana	1.0	1.2	1.0	1.0	0.6
Iowa	0.6	0.6	0.5	0.5	0.4
Maryland	3.5	3.3	3.3	3.3	3.5
Missouri	1.7	1.6	1.3	1.3	1.2
North Carolina	1.9	1.7	1.6	1.5	1.4
South Carolina	2.2	2.0	1.8	1.6	1.4
South Dakota	0.7	0.8	1.0	1.2	1.2
Tennessee	0.8	0.8	0.7	0.7	0.7
Texas	1.2	1.2	0.7	0.6	0.7
Utah	2.9	2.6	2.2	2.0	1.7
Virginia	2.5	2.4	2.5	2.6	2.6
<b>MEAN<sup>1</sup></b>	<b>2.1</b>	<b>2.0</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>
<b>MEDIAN<sup>1</sup></b>	<b>2.1</b>	<b>2.1</b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>
VERMONT	2.0	2.0	2.0	2.1	2.2

(1) These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies during the periods shown, year ended June 30<sup>th</sup>.

\* Indicates that the state was not rated triple-A by two or more of the rating agencies during the year shown. Amount not used in calculating the mean or median for the year.

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# State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report

## STATE OF VERMONT HISTORIC AND PROJECTED DEBT RATIOS

Assumptions: \$108,835 million first year, \$66.230 million annually through 2028 (Fixed Inflation - 2.7%)

Fiscal Year (ending 6/30)	Net Tax-Supported Debt Per Capita (in \$)			Net Tax-Supported Debt as Percent of Personal Income			Net Tax-Supported Debt Service as Percent of Revenues <sup>(5)</sup>		
	State of Vermont	Moody's Median	State's Rank <sup>(4)</sup>	State of Vermont	Moody's Median	State's Rank <sup>(4)</sup>	State of Vermont <sup>(5)</sup>	Moody's Median	State's Rank <sup>(4)</sup>
Actual <sup>(1)</sup>									
2004	724	701	24	2.5	2.4	25	6.7	n.a.	n.a.
2005	716	703	25	2.3	2.4	27	6.0	n.a.	n.a.
2006	707	754	29	2.2	2.5	28	5.4	n.a.	n.a.
2007	706	787	28	2.1	2.4	30	5.1	n.a.	n.a.
2008	707	889	32	2.0	2.6	33	5.1	n.a.	n.a.
2009	692	865	34	1.8	2.5	35	5.0	n.a.	n.a.
2010	709	936	36	1.8	2.5	36	5.5	n.a.	n.a.
2011	747	1066	37	1.9	2.8	36	5.7	n.a.	n.a.
2012	792	1117	34	2.0	2.8	36	5.1	n.a.	n.a.
2013	811	1074	33	1.9	2.8	35	4.9	n.a.	n.a.
2014	878	1054	30	2.0	2.6	34	4.9	n.a.	n.a.
2015	954	1012	28	2.1	2.5	31	4.2	n.a.	n.a.
2016	1002	1027	27	2.1	2.5	30	4.2	n.a.	n.a.
2017	1068	1006	24	2.2	2.5	27	4.3	n.a.	n.a.
Current <sup>(2)</sup>	1,036	n.a.	n.a.	2.0	n.a.	n.a.	4.1	n.a.	n.a.
Projected (FYE 6/30) <sup>(3)</sup>	State Guideline <sup>(6)</sup>			State Guideline <sup>(7)</sup>			State Guideline		
2018	1,031	833		2.0	2.3		4.0	6.0	
2019	1,120	855		2.1	2.3		4.4	6.0	
2020	1,134	878		2.1	2.3		4.8	6.0	
2021	1,144	902		2.1	2.3		4.9	6.0	
2022	1,153	927		2.0	2.3		4.9	6.0	
2023	1,160	952		2.0	2.3		4.9	6.0	
2024	1,165	977		2.0	2.3		4.9	6.0	
2025	1,165	1,004		1.9	2.3		5.0	6.0	
2026	1,163	1,031		1.9	2.3		5.0	6.0	
2027	1,159	1,059		1.8	2.3		5.0	6.0	
2028	1,153	1,087		1.8	2.3		4.9	6.0	
5-Year Average of Moody's Mean for Triple-A States	967			2.3			n.a.		
5-Year Average of Moody's Median for Triple-A States	811			2.1			n.a.		

Note [TH3]: Shaded figures in fiscal years 2017-2027 represent the period when Vermont's debt per capita is projected to exceed the projected State Guideline consistent with the current debt per capita guideline calculation methodology and the assumption that the State will issue bonds consistent with the proposed two-year authorization (footnote (3)). See Section 5, "State Guidelines and Recent Events, Debt Per Capita State Guideline – Future Debt Capacity Risk."

(1) Actual data compiled by Moody's Investors Service, reflective of all 50 states. Moody's uses states' prior year figures to calculate the "Actual" year numbers in the table.

(2) Calculated by Public Resources Advisory Group, using outstanding G.O. debt of \$647.981 million as of 9/30/17 divided by Vermont's 2017 population of 625,281 as projected by EPR.

(3) Projections assume issuance of \$108.835 million of G.O. debt in FY 2019 and \$66.230 million in FY 2020 through FY 2028.

(4) Rankings are in numerically descending order (i.e., from high to low debt).

(5) Revenues are adjusted reflecting "current law" revenue forecasts based on a consensus between the State's administration and legislature. Current debt service is net of the federal interest subsidies on the Build America Bond issues, and projected debt service is based on estimated interest rates ranging from 5% to 6.5% over the project period. Calculated by Public Resources Advisory Group.

(6) State Guideline equals the 5-year average of Moody's median for the Peer Group of \$811 increasing annually at 2.7%.

(7) The 5-year average of Moody's median for the Peer Group is 2.1%. Since the annual number is quite volatile, ranging from 2.1% to 2.6% over the last five years, the State Guideline is 2.3% for FY 2018 - FY 2028.

**State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report**

**“Dashboard” Indicators**

	Vermont <sup>(a)</sup>	Median Triple-A States <sup>(d)</sup>
Net Tax-Supported Debt:	\$586,904,736	\$3,162,567,500 <sup>(c)</sup>
Debt As A Percent Of Gross State Product:	1.83%	1.4% <sup>(c)</sup>
Debt Per Capita:	\$939	\$650 <sup>(c)</sup>
Debt As A Percent Of Personal Income:	1.82%	1.6% <sup>(c)</sup>
Debt Service As A Percent Of Operating Revenue <sup>(b)</sup> :	4.29%	N/A
Rapidity Of Debt Retirement:	38.6% (In 5 Years)	N/A
	70.5% (In 10 Years)	N/A
	92.7% (In 15 Years)	N/A
	100.0% (In 20 Years)	N/A

(a) Debt statistics for Vermont are as of June 30, 2017. Does not include the 2017 Bonds in the aggregate amount of \$106,095,000 issued on September 13, 2017. Estimates of FY 2017 Gross State Product, Population, Personal Income and Operating Revenue prepared by EPR.

(b) Aggregate of State’s General Fund and Transportation Fund.

(c) Source: Moody’s Investors Service, 2017 State Debt Medians Report calculated by Public Resources Advisory Group.

(d) These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies during the periods shown, year ended June 30th.

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## Special Obligation Transportation Infrastructure Bonds (TIBs)

As discussed in Section 4, “National Credit Rating Methodologies and Criteria,” the rating agencies have effectively indicated the TIB debt, supported by the assessments, should be considered as part of the State’s general indebtedness. CDAAC has considered TIBs self-supporting revenue bonds, and not net tax-supported indebtedness of the State. For purposes of illustration, however, it is relevant to quantify the impact of TIBs inclusion in the more critical debt ratios, as shown below:

### STATE OF VERMONT DEBT RATIOS WITH AND WITHOUT CONSIDERING TIBS As of June 30, 2017

	<u>With TIBs<sup>(1)(2)</sup></u>	<u>Without TIBs<sup>(2)</sup></u>
Net Tax-Supported Debt:	\$615,244,736	\$586,904,736
Debt As A Percent of Gross State Product:	1.92%	1.83%
Debt Per Capita:	\$984	\$939
Debt As A Percent of Personal Income:	1.91%	1.82%
Debt Service as a Percent of Operating Revenue <sup>(3)</sup> :	4.43%	4.29%

<sup>(1)</sup>As of June 30, 2017, the outstanding principal amount of the State’s Special Obligation Transportation Infrastructure Bonds, 2010 Series A, 2012 Series A and 2013 Series A, was \$10,205,000, \$8,555,000 and \$9,580,000, respectively.

<sup>(2)</sup>Debt statistics for Vermont are as of June 30, 2017. Does not include the 2017 Bonds in the aggregate amount of \$106,095,000 issued on September 13, 2017. Estimates of FY 2018 Gross State Product, Population, Personal Income and Operating Revenue were prepared by EPR.

<sup>(3)</sup>Aggregate of State’s General Fund and Transportation Fund.

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#### 4. NATIONAL CREDIT RATING METHODOLOGIES AND CRITERIA

##### Standard & Poor's Methodology for U.S. State Ratings

On October 17, 2016, Standard & Poor's updated the final version of its "U.S. State Ratings Methodology." This updated methodology still provides a comprehensive presentation that sets forth, in a systematic way, a quantification approach to rating states. By assigning numerical values to its various rating criteria, the agency has moved closer to the establishment of state ratings through a quantification approach. The methodology includes the important categories of review, referred to as "factors," by Standard & Poor's:

- (i) Government Framework,
- (ii) Financial Management,
- (iii) Economy,
- (iv) Budgetary Performance and Flexibility, and
- (v) Debt and Liability Profile.

In addition, the sub-categories, or "metrics" within each factor are weighed. Specifically, S&P assigns a score of 1 (strongest) to 4 (weakest) for twenty-eight metrics, grouped into the five factors listed above. Each of the metrics is given equal weight within the category, and then each factor is given equal weight in an overall 1 through 4 score. The overall scores correspond to the following indicative credit levels for the highest three ratings categories:

<u>Score</u>	<u>Indicative Credit Level</u>
1.0-1.5	AAA
1.6-1.8	AA+
1.9-2.0	AA
2.1-2.2	AA-
2.3-2.5	A+
2.5-2.6	A
2.7-3.0	A-
3.1-4	BBB category

In 2011, when S&P began to utilize the quantification approach, they reported that Vermont's score was approximately 1.7, corresponding to the State's AA+ rating from S&P. The major metrics where Vermont could improve, that to varying degrees are within the State's control, were consistent with what S&P outlined when they placed the State on positive outlook in 2015 in which Vermont received a composite score of 1.7: (a) increasing formal budget-based reserves to 8%; (b) increasing pension funded ratios; and (c) planning for and accumulating assets to address other post-employment benefits.

In August 2017, S&P's most recent report, Vermont's composite score was 1.8, a slight drop over the 2015 and 2016 report, reflecting the State's pension liability profile. The scores for each factor are as follows:

1.6	Government Framework
1.0	Financial Management,
2.0	Economy,
1.4	Budgetary Performance and Flexibility, and
2.5	Debt and Liability Profile.

## State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report

The debt and liability profile is the fifth of the five major factors in S&P's assessment of the indicative credit level. S&P notes that they review debt service expenditures and how debt payments are prioritized versus funding of other long-term liabilities and operating costs for future tax streams and other revenue sources. They evaluate three key metrics which they score individually and weight equally: debt burden, pension liabilities, and other post-employment benefits. For each metric there may be multiple indicators (as they are for the debt metric) that they score separately and then average to develop the overall score for the metric. The new updated, methodology focuses on the revised governmental pension reporting and disclosure standards.

In terms of debt, the CDAAC reports since 2011 have incorporated certain new pieces of information, such as debt as a percent of state domestic product and relative rapidity of debt retirement (See the table "Dash Board Operating Revenues"). Provided below is a table with S&P's most recent debt statistics and scores for Vermont.

### S&P' Debt Score Card Metrics

	Low Ranking (Score of 1)	Moderate Ranking (Score of 2)	Vermont's Statistics <sup>1</sup>	Vermont's Score
Debt per Capita	Below \$500	\$500 - \$2,000	1,069	2
Debt as a % of Personal Income	Below 2%	2% - 4%	2.1%	2
Debt Service as a % of Spending	Below 2%	2%- 6%	2.1%	2
Debt as a % of Gross State Product	Below 2%	2% - 4%	2.1%	2
Debt Amortization (10 year)	80% - 100%	60%-80%	68%	2

<sup>1</sup> As calculated and reported by S&P.

### Moody's US States Rating Methodology

On April 17, 2013, Moody's Investors Services released the final version of its "US States Rating Methodology."

This methodology provides an updated explanation of how Moody's assigns ratings to US State G.O.s or their equivalents. The report provides market participants with insight into the factors Moody's considers being most important to their state ratings. The report also introduces a new state methodology scorecard. The scorecard's purpose is to provide a reference tool that can be used to approximate credit profiles for US states.

## State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report

The methodology includes the following “key factors” and “sub-factors” as referred to by Moody’s:

<b>Broad Rating Factors</b>	<b>Factor Weighting</b>	<b>Rating Sub-Factors</b>	<b>Sub-Factor Weighting</b>
Economy	20%	Income	10%
		Industrial Diversity	5%
		Employment Volatility	5%
Governance	30%	Financial Best Practices	15%
		Financial Flexibility/Constitutional Constraints	15%
Finances	30%	Revenues	10%
		Balances and Reserves	10%
		Liquidity	10%
Debt	20%	Bonded Debt	10%
		Adjusted Net Pension Liability	10%
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

Debt is the fourth factor of the four major factors in Moody's scorecard. The debt factor captures both debt and other long-term liabilities, such as unfunded pension liabilities. Moody's treats pension liabilities as a form of debt, and looks at the state's unfunded pension liabilities as a percent of state revenues.

In terms of Moody's scorecard, they look at debt and pension liability compared to revenues to measure the relative affordability of the state's debt obligations based on current revenues sources.

<b>Sub-Factor</b>	<b>Measurement</b>	<b>Aaa</b>	<b>Aa1</b>	<b>Aa2</b>	<b>Aa3</b>	<b>A</b>	<b>Baa and below</b>
Debt Measure	NTSD/Total Governmental Fund Revenues	Less than 15%	15%-30%	30%-50%	50%-90%	90%-130%	Greater than 130%
Pension Measure	3 year Average Adjusted Net Pension Liability/Total Governmental Funds Revenues	Less than 25%	25%-40%	40-80%	80-120%	120-180%	Greater than 180%

For the debt measure, Moody's uses net-tax supported debt (NTSD) divided by total governmental fund revenues. Moody's includes the State's Education Fund as part of the State's operating revenue for purpose of this calculation and its calculation of debt service as a percentage of operating revenues. Also, as discussed in the “Special Obligation Transportation Infrastructure Bonds (TIBs)” section of the report, the credit rating agencies include TIBs in their calculation of NTSD. Based on this assumption, Moody's debt measure for Vermont for FY 2016 is approximately 23%.

Based on the Moody's Median report titled “Low Returns, Weak Contributions Drive Growth of State Pension Liabilities,” dated October 6, 2016, Vermont's 3-year Average Adjusted Net Pension Liability (ANPL) was \$3.6 billion. This as a percentage of 2015 governmental revenues was 65%, ranking Vermont 22<sup>nd</sup> of the 50 states, with 1 being the worst and 50 being the best. See “Moody's Adjustment to Pension Data and Adjusted State Pension Liability

Medians” herein for additional information regarding Vermont’s relative standing to other triple-A states regarding pensions.

Moody’s fundamental analytical framework also includes the following additional key rating factors and sub-factors that do not fall into the overall rating scorecard, but could shift a rating up or down anywhere from a half a notch to multiple notches from what the scorecard suggests. These factors include:

*I. Additional Economic Factors*

- A very narrow economy, with little expectation of growth and/or diversification, and/or shrinking
- Population due to outmigration (could bring rating down)
- A poverty rate that is greater than 30% (could bring rating down)
- Expected future status as a growth state (could bring rating up)

*II. Additional Governance Factors*

- Political polarization that makes budgeting and financial decisions difficult (could bring rating down)
- Lack of congressional representation (in the case of commonwealth or US territories) (could bring rating down)
- Weakness in fiscal best practices, such as late CAFR's, weakness in consensus revenue estimating process, etc. (could bring rating down)
- Heightened risk of lack of appropriation for debt service, or other nonpayment of debt service (could bring rating down)
- Long history of conservative financial management, and/or frequent revenues estimating (at least four times a year) (could bring rating up)

*III. Additional Financial Factors*

- Large structural imbalance, even in economic upswings (could bring rating down)
- Cash flow notes or other cash management tools used due to severe liquidity strain, may cross fiscal years or be rolled (could bring rating down)
- Lack of market access (could bring rating down)
- Delaying vendor payments due to cash flow strain (could bring rating down)

*IV. Additional Debt Factors*

- Significantly strong or weak pension characteristics (could bring rating up or down)
- Inflexible or risky debt structure, including high variable-rate and swap exposure relative to liquidity (could bring rating down)
- Extremely high debt ratios (debt/personal income greater than 50%, for example) (could bring rating down)
- Any structural subordination of GO debt (could bring rating down)
- Consolidated borrowing on behalf of local governments (could bring rating up)

*V. Additional Other Factors*

- Other factors specific to a state or credit that may affect rating
- Operating Environment

### **Fitch Rating Criteria for US State and Local Governments**

On April 18, 2016, Fitch Ratings published an updated “U.S. Tax-Supported Rating Criteria” that outlines criteria applied by Fitch for ratings of U.S. state and local governments.

Notable aspects of the new criteria include published assessments of four key rating factors that drive rating analysis in the context of the economic base. The four key rating factors driving state and local government ratings include:

- Revenues;
- Expenditures;
- Long-term liabilities; and
- Operating performance.

Most recently, on May 31, 2017, Fitch updated their criteria based on analysis of defined benefit pension liabilities. Specifically, Fitch lowered the discount rate adjustment to 6% from 7%, which is used to establish comparable liability figures. The adjustment was refined based on information within GASB 67 and 68 reporting. Please see the guidance table on the following page that outlines general expectations for a given rating category.

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**State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report**

	<b>aaa</b>	<b>aa</b>	<b>a</b>	<b>bbb</b>	<b>bb</b>
<b>Revenue Framework</b>					
Growth Prospects for Revenues Without Revenue-Raising Measures	<b>Strong</b> Growth in line with or above the level of U.S. economic performance	<b>Solid</b> Growth below U.S. economic performance but above the level of inflation	<b>Slow</b> Growth in line with the level of inflation	<b>Stagnant</b> Growth below the level of inflation or flat performance	<b>Negative</b> Declining revenue trajectory
Independent Legal Ability to Raise Operating Revenues Without External Approval (in Relation to Normal Cyclical Revenue Decline)	<b>High</b> Minimum revenue increase at least 300% of the scenario revenue decline	<b>Substantial</b> Maximum revenue increase at least 200% of the scenario revenue decline	<b>Satisfactory</b> Maximum revenue increase at least 100% of the scenario decline	<b>Moderate</b> Maximum revenue increase at least 50% of the scenario revenue decline	<b>Limited</b> Maximum revenue increase less than 50% of the scenario revenue decline
Additional Considerations	In cases where an entity relies heavily on third-party funding (e.g. from a higher level of government) in support of core functions that likely would continue at the same level even without the external support, an evaluation of the associated risk informs the assessment. Third-party support can be a positive consideration in the overall framework assessment in cases where Fitch believes that support can be relied upon, for example state support of school districts. The requirement for periodic re-authorization of existing revenue streams is a negative consideration. In addition, in rare cases, there may be other factors, such as an unusually concentrated or volatile revenue base, that have a negative effect on the assessment.				
<b>Expenditure Framework</b>					
Natural Pace of Spending Growth Relative to Expected Revenue Growth (Based on Current Spending Profile)	<b>Slower to equal</b>	<b>In line with to marginally above</b>	<b>Above</b>	<b>Well above</b>	<b>Very high</b>
Flexibility of Main Expenditure Items (Ability to Cut Spending Throughout the Economic Cycle)	<b>Ample</b>  Carrying cost metric less than 10%	<b>Solid</b>  Carrying cost metric less than 20%	<b>Adequate; legal or practical limits to budget management may result in manageable cuts to core services at times of economic downturn</b>  Carrying cost metric less than 25%	<b>Limited; cuts likely to meaningfully, but not critically, reduce core services at times of economic downturn</b>  Carrying cost metric less than 30%	<b>Constrained; adequate delivery of core services may be compromised at times of economic downturn</b>  Carrying cost metric 30% or greater
Additional Considerations	The analysis of an issuer's expenditure framework also considers potential funding pressures, including outstanding or pending litigation, internal service fund liabilities and contingent obligations				

# State of Vermont Capital Debt Affordability Advisory Committee – 2017 Report

Long-Term Liability Burden	Low	Moderate	Elevated but still in the moderate range	High	Very High
Combined Burden of Debt and Unfunded Pension Liabilities in Relation to Resource Base	Liabilities less than 10% of personal income	Liabilities less than 20% of personal income	Liabilities less than 40% of personal income	Liabilities less than 60% of personal income	Liabilities 60% or more of personal income
Additional Considerations	The liability burden assessment could be negatively affected by high levels of derivatives exposure, short-term debt, variable-rate debt or bullet maturity debt or an exceptionally large OPEB liability without the ability or willingness to make changes to benefits. An exceptionally large accounts payable backlog can also negatively affect the long-term liability burden assessment.				
Operating Performance					
Financial Resilience Through Downturns (Based on Interpretation of Scenario Analysis)	Exceptionally strong gap-closing capacity; expected to manage through economic downturns while maintaining a high level of fundamental financial flexibility.	Very strong gap-closing capacity; expected to manage through economic downturns while maintaining an adequate level of fundamental financial flexibility.	Strong gap-closing capacity; financial operations would be more challenged in a downturn than is the case for higher rating levels but expected to recover financial flexibility.	Adequate gap-closing capacity; financial operations could become stressed in a downturn, but expected to recover financial flexibility	Limited gap-closing capacity; financial operations could become distressed in a downturn and might not recover.
Budget Management at Times of Economic Recovery	Rapid rebuilding of financial flexibility when needed, with no material deferral of required spending/nonrecurring support of operations.	Consistent efforts in support of financial flexibility, with limited to no material deferral of required spending/nonrecurring support of operations.	Some deferral of required spending/nonrecurring support of operations.	Significant deferral of required spending/nonrecurring support of operations.	Deferral of required spending/nonrecurring support of operations that risks becoming untenable given tools available to the issuer.
Additional Considerations	The operating performance assessment could be negatively affected by liquidity or market access concerns (in general, liquidity becomes a concern if the government-wide days cash on hand metric has or is expected to fall below 60 days); the risk of an outside party (e.g. another level of government) having a negative impact on operations; evidence of an exceptional degree of taxpayer dissatisfaction, particularly in environments with easy access to the voter-initiative process; or management weaknesses not captured above.				

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As part of its revised criteria, Fitch can create scenarios that consider how a government's revenues may be affected in a cyclical downturn and the options available to address the resulting budget gap. Also under the revised criteria, Fitch provides more in-depth opinions on reserve adequacy related to individual issuers' inherent budget flexibility and revenue volatility.

In 2017, Vermont was recently rated under the new criteria and there was no change to the State's AAA rating.

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## 5. ECONOMIC AND FINANCIAL FORECASTS

This section of the report includes excerpts from the “The Fiscal 2018-19 Revenue Outlook for the General Fund, Transportation Fund, and Education Fund” prepared by Economic and Policy Resources, Inc. (“EPR”) dated July 21, 2017.

“With the economic expansion now at eight years old and still moving undeniably forward, the staff recommended July 2017 consensus forecast update calls for a modest downgrade to revenue expectations for the G-Fund and the T-Fund over the fiscal year 2018 through 2019 time frame. The G-Fund forecast downgrade is mainly the result of the \$16.3 million in extraordinary Corporate Income Tax refunds that are still pending as the State begins fiscal year 2018. That factor, in combination with sluggish receipts in the Sales & Use Tax, are largely responsible for the total \$24.7 million downgrade in the consensus forecast for fiscal year 2018. For the T-Fund, the staff recommendation calls for between a \$3.0 million and \$4.5 million consensus forecast downgrade, primarily reflecting weak Motor Vehicle Fees revenue collections during the 2017 fiscal year, against the backdrop of the significant fee increases enacted by the 2016 Vermont General Assembly that went into effect in July of fiscal year 2017.”

“It is notable that the U.S. economic expansion has now attained the ripe old age of 8 years. However, the heightened degree of pro-growth optimism associated with the widely expected bump-up in U.S. economic activity following the Fall 2016 elections has now begun to fade. The reality of the complex nature of health care reform, tax reform, and the nuances of trade policy has begun to throttle back initial expectations regarding the near-term prospects of pro-growth policies of kicking U.S. economic growth up to a higher plane. Aside from the regulatory changes that have been implemented, significant policy changes to aid growth are still forthcoming. As a result, most macro-forecasts are now tempering expectations back somewhat towards a more steady-state expansion with GDP growth and labor market advances moving up and down around a modest but durable trend line.”

“In Vermont, the State’s economy seems overall to be entering a more sluggish period. The May 2017 job statistics, the most recent available, show that the Vermont nonfarm payroll job count declined by 2,200 jobs—seasonally adjusted—over the four month period since the last month where the number of jobs increased in January 2017. According to the latest seasonally-adjusted payroll job data, it appears that the 3,300 jobs gained in December and January may have been a brief break in the downward trend that has been experienced since August 2016. Consistent with the updated U.S. macroeconomic forecast update, the updated consensus short-term economic forecast for Vermont also includes a slightly slower pace of output growth and a somewhat slower pace to personal income growth over the near term forecast horizon.”

“Lastly, even though the current economic upcycle is “maturing,” it remains significant that there currently are few, if any, signs that a U.S. economic downturn is in the near future. The U.S. and Vermont economies are not yet showing any concrete signs of imbalances or overheating—although the current upcycle will not go on indefinitely. However, as is reflected in the five year planning forecast, it is more likely than not to enter a more restrained period of growth within the forecast horizon, and may enter a period of cyclical weakness within the next five years.”

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Provided below are EPR's 2017 economic projections as compared to its 2016 economic projections. As shown, the 2017 projections show a decrease in population in all years of the forecast. Furthermore the forecast for nominal personal income display an increase for the first three years and then a decrease for the remaining years of the forecast period. The 2017 General Fund and Transportation Fund revenue projections are slightly higher for the first four years and then lower throughout the remaining years of the forecast period. Although the population, nominal dollar personal income and government revenue projections are somewhat lower from the previous projection on a year by year basis, the columns that compare revenues as a percentage of nominal personal income suggests that the State's general and transportation fund are expected to collect a slightly greater share of the State's personal income for government operations.

**STATE OF VERMONT  
POPULATION, PERSONAL INCOME AND REVENUE PROJECTIONS  
2017 COMPARED TO 2016 PROJECTIONS**

Population (Thousands)					Nominal Dollar Personal Income (Millions)				
<u>Year</u>	<u>2016</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>	<u>Year</u>	<u>2016</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>
2017	628.36	625.28	-3.08	-0.49%	2017	32,209.42	\$ 32,186.6	-22.86	-0.07%
2018	630.18	626.16	-4.03	-0.64%	2018	33,561.16	\$ 32,861.9	-699.26	-2.17%
2019	631.95	627.28	-4.66	-0.74%	2019	34,689.28	\$ 33,738.1	-951.16	-2.83%
2020	633.34	628.29	-5.05	-0.80%	2020	35,648.79	\$ 34,406.2	-1,242.55	-3.58%
2021	634.60	629.17	-5.44	-0.86%	2021	36,713.07	\$ 35,032.6	-1,680.45	-4.71%
2022	635.81	629.98	-5.83	-0.92%	2022	37,860.97	\$ 35,856.0	-2,004.98	-5.46%
2023	636.95	630.55	-6.40	-1.01%	2023	39,025.01	\$ 36,615.7	-2,409.35	-6.36%
2024	638.04	631.25	-6.79	-1.07%	2024	40,234.93	\$ 37,284.4	-2,950.54	-7.56%
2025	639.12	632.00	-7.12	-1.12%	2025	41,533.69	\$ 38,069.0	-3,464.71	-8.61%
2026	640.14	632.76	-7.38	-1.16%	2026	42,917.46	\$ 38,928.1	-3,989.33	-9.61%
2027	641.17	633.52	-7.65	-1.19%	2027	44,423.04	\$ 39,835.0	-4,588.06	-10.69%
2028		634.28	n.a.	n.a.	2028		\$ 40,782.4	n.a.	n.a.

General Fund and Transportation Fund Revenue (Millions)					General Fund and Transportation Fund Revenue as Percent of Nominal Personal Income			
<u>Year</u>	<u>2016</u>	<u>2017</u>	<u>Change</u>	<u>% Change</u>	<u>Year</u>	<u>2016</u>	<u>2017</u>	<u>Change</u>
2017	1,758.23	1,728.18	-30.05	-1.79%	2017	5.5%	5.4%	-0.1%
2018	1,799.95	1,761.66	-38.28	-2.18%	2018	5.4%	5.4%	0.0%
2019	1,844.27	1,817.34	-26.93	-1.50%	2019	5.3%	5.4%	0.1%
2020	1,892.13	1,855.25	-36.88	-2.00%	2020	5.3%	5.4%	0.1%
2021	1,940.35	1,879.92	-60.43	-3.19%	2021	5.3%	5.4%	0.1%
2022	1,992.80	1,925.72	-67.08	-3.46%	2022	5.3%	5.4%	0.1%
2023	2,047.61	1,975.38	-72.23	-3.62%	2023	5.2%	5.4%	0.1%
2024	2,102.00	2,023.86	-78.14	-3.82%	2024	5.2%	5.4%	0.2%
2025	2,155.97	2,071.73	-84.24	-4.01%	2025	5.2%	5.4%	0.3%
2026	2,210.45	2,119.14	-91.32	-4.24%	2026	5.2%	5.4%	0.3%
2026	2,268.88	2,168.78	-100.10	-4.53%	2026	5.1%	5.4%	0.3%
2027		2,220.71	n.a.	n.a.	2027		5.4%	n.a.



The growth reduction in projected personal income from the previous year forecast will impact Vermont's debt guideline of debt as a percentage of personal income. Lower personal income numbers will increase the State's debt as a percentage of personal income at a constant amount of debt. However even with the drop in forecasted personal income figures, the State is still under its guidelines of 2.3%.

Provided below are the forecasts of population, personal income, and nominal gross State product. As shown in the table below, population for fiscal year 2017 and 2018 is 625.3 thousand and 626.2 thousand, respectively, initially an increase of 0.14% and 0.18%, over the previous fiscal years. Personal income for fiscal year 2017 and 2018 is \$32.2 billion and \$32.9 billion, respectively, an increase of 2.10% and 2.67%, over the previous fiscal year, respectively. Nominal gross State product for fiscal year 2017 and 2018 is \$32.0 billion and \$33.2 billion, respectively, an increase of 3.74% and 3.44%, over the previous fiscal year, respectively.

**STATE OF VERMONT  
PRIOR YEAR, CURRENT AND PROJECTED ECONOMIC DATA<sup>(1)</sup>**

Year	Population (in thousands)	Personal Income (in \$ billions)	Nominal GSP (in \$ billions)
2016	624.6	31.4	31.1
2017	625.3	32.2	32.0
2018	626.2	32.9	33.2
2019	627.3	33.7	34.4
2020	628.3	34.4	35.3
2021	629.2	35.0	36.4
2022	630.0	35.9	37.5
2023	630.6	36.6	38.7
2024	631.2	37.3	39.8
2025	632.0	38.1	41.0
2026	632.8	38.9	42.2
2027	633.5	39.8	43.5
2028	634.3	40.8	44.8

(1) Administration-Legislative Consensus Long-Term Forecast (Calendar Years 2017-2028). These figures were prepared by EPR, as of August 29, 2017.

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As shown in the table below, total revenue for fiscal year 2017 is \$51.2 million more than in fiscal year 2016, an increase of 3.1%. Fiscal year 2018 total revenue is forecasted to increase by \$33.5 million, or 1.9%; the average annual revenue growth rate during the fiscal year period, 2018 through 2028, inclusive, is projected to be 2.57%.

**STATE OF VERMONT  
PRIOR YEAR, CURRENT AND PROJECTED STATE REVENUE <sup>(1)</sup>  
(in millions of dollars)**

Fiscal Year	General Fund	Transportation Fund	Total Revenue <sup>(2)</sup>
2016	1,412.4	264.6	1,677.0
2017	1,457.1	271.1	1,728.2
2018	1,485.5	276.2	1,761.7
2019	1,538.4	278.9	1,817.3
2020	1,572.6	282.6	1,855.2
2021	1,595.2	284.7	1,879.9
2022	1,637.3	288.4	1,925.7
2023	1,683.7	291.7	1,975.4
2024	1,728.6	295.3	2,023.9
2025	1,773.4	298.3	2,071.7
2026	1,816.8	302.3	2,119.1
2027	1,863.1	305.7	2,168.8
2028	1,911.0	309.7	2,220.7

<sup>(1)</sup> Administration-Legislative Consensus Long-Term Forecast (Calendar Years 2017-2028). These figures were prepared by EPR. Amounts shown are “current law” revenue forecasts, based on a consensus between the State’s administration and legislature. As of August 29, 2017.

<sup>(2)</sup> Totals may not agree due to rounding.

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## 6. STATE GUIDELINES AND RECENT EVENTS

In order to recommend to the Governor and the General Assembly a maximum amount of net tax-supported indebtedness that the State may prudently issue for the ensuing fiscal year, CDAAC has adjusted its State guidelines and the method of calculating its State guidelines over time based on factors such as (i) changes in the rating agencies' criteria, (ii) changes in Vermont's ratings, (iii) changes to Vermont's Peer Group, (iv) substantial increases and decreases in the amount of debt issued due to market disruptions and tax law changes and (v) Vermont's relative debt position.

Examples of changes in rating criteria include Moody's dropping its State medians for "net tax supported debt as a percentage of effective full valuation" and "net tax supported debt service as a percentage of operating revenues" in 1996, reintroducing its "net tax supported debt service as a percentage of operating revenues" in 2012, Moody's and Fitch's recalibration of ratings in 2010, and the 2012 comparative research analysis that has combined State debt and pension liabilities as a method of evaluating states' financial position. The recalibration of ratings by Moody's and Fitch in 2010 and S&P rating changes over the past five years have also affected Vermont's Peer Group. Between 2002 and 2008, the number of states with two triple-A ratings remained fairly constant between eight and eleven states, compared to the current 15 states having at least two triple-A ratings.

While CDAAC has continued to make adjustments to the State guidelines and the way it calculates State guidelines, it has been consistent in its overall approach of projecting future State debt issuances and measuring the effect against prudent State guidelines based on Peer Group analysis. The Committee does not believe that adjustments in the credit markets or other recent events should alter its process; however, the Committee realizes that it and the State will need to keep the changing debt finance environment and other current circumstances in mind as the State develops its capital funding and debt management program.

### **Debt Per Capita State Guideline – Adjustments to Debt Per Capita State Guideline**

The debt per capita statistics, among the various debt guidelines, is used to establish the recommended limitations on the amount of G.O. debt that the State should authorize annually. The debt per capita State guideline calculation is based on a starting point, which since 2006 has consisted of the median of the 5-year Peer Group average of the debt per capita median of peer group (triple-A) states, and an annual inflation factor, in order to achieve a realistic perspective on the future direction of debt per capita median for the Peer Group states. As recently as 2007, CDAAC used an inflator of 2.7% or 90% of an assumed 3% inflation rate. As part of the development of the 2009 report, CDAAC determined that it would be most appropriate to adopt an inflator based upon a percentage of the averaging of the annual increases in the median debt per capita of the triple-A States for the last five years. As the resulting five-year average was 5.35%, it was determined that an inflator of less than 100% of Vermont's triple-A peers was deemed appropriate and an inflation number representing only 60% of the growth factor, or 3.18%, was used in order to be consistent with the expectations of the rating agencies and financial community and consistent with the State's debt management practices and the prior year's report. The 2009 through 2011 CDAAC reports noted that the approach in calculating the inflator should not be considered fixed as there are too many variables that could conceivably alter this

number. First, should the agencies continue to change the number of triple-A rated states, the composition of Vermont's Peer Group could be altered. Second, the amount of relative bond issuance by other triple-A states could affect the per capita median for the State's peer group which could alter the per capita growth rate. Third, Moody's has stated consistently in its credit reports that if the rating agency were to see a deterioration in the State's relative rankings with respect to debt per capita and debt as a percent of personal income, Vermont's triple-A rating could fall. CDAAC believes that it is imperative to continue to monitor the State's performance in these comparisons annually to determine if the inflation factor should be adjusted from time to time.

In conducting preliminary calculations for the 2012 report, it was determined that two of the factors mentioned above were having a pronounced effect on the calculation of the State guideline. The Committee reviewed analysis of the possible effect on the starting point and the inflator based on the drop in total calendar year 2011 municipal bond issuance and the change in the Peer Group as a result of the State of Minnesota losing its two triple-A ratings. The analysis indicated that each of these factors significantly affected the State guideline calculation and modifications were necessary in order to maintain a stable and reliable recommendation.

With the goal of limiting volatility in the State guideline calculation, it was determined to adjust the starting point calculation to be the five-year average of the medians of the triple-A Peer Group (instead of the median of the five-year Peer Group medians) and increase the time horizon from five years to ten years for the inflator, without adjustment. The Committee also reviewed other scenarios for adjusting the Peer Group, such as excluding states with the two highest and two lowest statistics and excluding states with a single triple-A rating. These scenarios resulted in State guidelines that were substantially the same as the recommended approach, indicating possible improvement in the reliability and stability of the methodology.

For the 2013 report, the methodology used was consistent with the one used in 2012. In the 2014 report, the group of triple-A states that make up the Peer Group was adjusted. After again reviewing the states with only one triple-A a determination was made that these states should not be part of the comparison, mainly due to differences in their capital funding mechanisms and the natural resource dependent nature of their revenue and debt funding mix. Thus for the 2014 and 2015, all the states with two triple-A ratings are included as Peer Group states.

In 2016, Alaska was downgraded by Moody's, S&P and Fitch; and by definition, dropping it from the Peer Group. While South Dakota was upgraded by all three rating agencies to triple A and qualifying it as a Peer Group state. In 2016, Alaska had debt per capita of \$1,422, while South Dakota had debt per capita of \$652. Therefore, the Peer Group lost a high debt per capita state and gained a low debt per capita state, driving down the median 2016 Peer Group debt per capita to \$856 from its 2015 level of \$687, which is a 20% decrease. This had a significant impact on the starting point of the State's debt per capita guideline, which continues to be the five-year average of the medians of the triple-A Peer Group debt per capita. For 2016 and 2017, the starting points were \$847 and \$811 respectively, compared to \$904 for 2015.

Since 2012, the State has used the ten-year average of the growth rates of the median debt per capita of the Peer Group to calculate the inflator by which the starting point guideline

is increased each year (i.e. the rate by which the \$81 increases annually to calculate the State's annual guideline from 2018-2028). However, as previously mentioned, in 2016 we lost a high debt per capita state from the Peer Group and gained a low debt per capita state to the peer group which significantly decreased the median debt per capita figures and drove the 10-year average of the growth rates to a negative growth rate.

Back in 2012, CDAAC moved to using an inflator based on the 10-year average of the growth in the peer growth median in order to best predict the future growth of Peer Group debt issuances per capita. However, the addition and removal of certain states in the Peer Group created some noise in this calculation and the annual growth is more a result of the Peer Group states changing rather than an indicator of the change in debt issuance levels of the Peer Group.

As discussed earlier in this section of the report, the 2007 CDAAC used an inflator of 2.7% (or 90% of an assumed 3% inflation rate). In 2009, this approach was changed and the decision was made to adopt an inflator based on a percentage of the averaging of the annual increases in the median debt per capita of the Peer States in an attempt to best predict increases in future Peer State debt levels. At the time this changed occurred, it was noted that this approach should not be considered fixed because of possible changes to the Peer Group, among others, over time and that CDAAC should continue to monitor the best approach to calculating the inflator. With the recent changes to the Peer Group states and significant decrease in the Peer Group debt per capita resulting in an overall negative growth, or inflator, we have evidenced a deficiency in this approach and CDAAC has decided to revert back to its previous approach to calculating the inflator based on the 2.7% (90% of 3% assumed inflation). CDAAC will continue to monitor this approach as well as the approach to determining the starting point for its debt per capita guideline.

#### **Statutory Change Relating to Use of Bond Premium and Effect on Affordability**

Effective in fiscal year 2013, 32 V.S.A. § 954 was amended to permit the use of bond premium received from issuance of debt for capital purposes. Previously bond premium was used to pay debt service. In fiscal year 2013, the net bond premium became available to pay capital appropriations, effectively reducing the par amount of bonds issued such that the par amount of bond plus the net original issue premium equals the capital appropriations amount.

The effect of this legislative change on the CDAAC numbers is as follows: if future bonds are issued with a net original issuance premium, the par amount of bonds will be less than estimated by the CDAAC report; however, the higher the original issue premium, the higher the average interest rate on the lower amount of debt. Due to the lower nominal interest rates in the market and the institutional investors' preference for higher coupon debt, the State expects to sell bonds with some original issue premium and reduce the size of its bond sales. To the extent that occurs, the State could authorize future additional capital appropriations in an amount equal to or less than the premium generated and still be in compliance with the CDAAC bond issuance recommendation.

#### **Recent Decreasing State Debt Levels, Future State Infrastructure Spending Increasing**

According to the Moody's State Debt Medians 2015 report published June 24, 2015, total net tax-supported debt for US States declined in 2014. This was the first drop in state debt



levels in the 28 years Moody's has been compiling the data. According to the 2015 report "The decrease comes as states continue to be reluctant to take on new debt with tight operating budgets, a slow economic recovery, and uncertainty over federal fiscal policy and health care funding." The Moody's State Debt Medians 2016 and 2017 reports, which reports debt issuance from 2015 and 2016 respectfully, indicated the net tax-supported debt for US States remained virtually unchanged in 2015 from 2014 levels and 2016 from 2015 with a minimal year-over-year growth of 0.6% and 0.8%, respectfully.

Despite three recent years with decreased and static state debt levels, debt levels are anticipated to rise in 2017. It was reported in February 2016 via the Center on Budget and Policy Priorities that state and local spending on infrastructure hit a 30-year low. Roads and bridges have continued to deteriorate due to federal investments dropping in half and the states' varying budget commitment to infrastructure. Nevertheless, it seems as if infrastructure spending is finally on the rise due to record low interest rates. Instead of issuing refunding bonds, many municipalities are taking advantage of the interest rates to finance much needed rehabilitation to roads and bridges. Mikhail Foux, head of municipal strategy in New York for underwriter Barclays Plc stated "That's going to be the story of the year – rebuilding infrastructure" and went on to forecasts that issuance may reach \$400 billion this year.

Unlike many of its peer states in recent years, Vermont has continued to invest in its infrastructure, such as investing in the Waterbury office complex. The State has recognized the necessity of road and bridge improvements. Furthermore, these issues exemplify the cause in which the State's debt per capita has risen slightly in comparison to those states within the Peer Group. The report of the rise of infrastructure spending is positive news for Vermont, as it will help the State become more in line with the other states within the Peer Group in regard to debt statistics.

### **The Recent Landscape of Municipal Bonds**

Certain federal proposals have been introduced over the past several years that would either completely remove exemption on municipal bonds interest or the limitation of 28% for investors to exempt their taxes during the Obama administration. However, with President Trump now in office, it has been speculated that tax-exemptions on municipal bonds will remain in effect. That said, the municipal bond market could be affected by President Trump's proposed tax reform. Some analysts fear that tax cuts to corporate and individuals would be detrimental to the municipal market as the demand for municipal bonds would dwindle. On the other hand, some analysts believe the tax reform would be beneficial to the market as demand for municipal bonds would be stronger in high-tax states since individuals would no longer be allowed to deduct state and local taxes. Also, the eradicating of the Alternative Minimum Tax could create an advantage to municipal bonds covered under the tax, such as securities with airports, 501(c)(3)'s and housing agencies. In early September 2017, Treasury Secretary, Steven Mnuchin, stated that the current administration is considering backdating tax reform to January 1, 2018 with President Trump urging lawmakers to speed up the tax legislation "ASAP," but face an uphill battle in passing a tax reform this year.

### **Sequestration and Potential Impact on Build America Bonds Subsidy**

On September 14, 2012, the Office of Management and Budget ("OMB") released its Report Pursuant to the Sequestration Transparency Act of 2012, which detailed, among its

\$1.2 trillion of enumerated reductions to the federal budget, an ongoing cut of 5.1% (which resulting in an 8.7% cut in federal fiscal 2013 due to the fact that only 7 months remained in that year ending September 30) to the interest payment subsidy associated with the Build America Bonds (BABs) program. In February 2014, Congress voted to extend sequestration of BABs subsidies through 2024. The Internal Revenue Service has annually published guidance reducing subsidy payments as follows: 7.2% for federal fiscal year 2014, 7.3% for federal fiscal year 2015, 6.8% for federal fiscal year 2016 and 6.9% for federal fiscal year 2017. The federal fiscal year 2018 rate is 6.6%.

Through fiscal year 2017, sequestration has reduced the subsidy payments that Vermont received for its 2010 Series A-2 and 2010 Series D-2 taxable G.O. Bonds by a total of \$307,941.99. Based on the federal fiscal year 2018 rate of a 6.6% reduction, the subsidy is reduced by \$80,117.73 in fiscal year 2018. If the 6.6% reduction continues, the subsidy will be reduced by another \$77,905.91 in fiscal 2019 with declining annual amounts through the maturity date totaling \$499,342.89 overall. While this sequestration impact is a very unfortunate development, it does not materially alter Vermont's projected debt service as a percentage of revenue ratios; specifically, a \$80,117.73 reduction in fiscal year 2018 equates to approximately 0.11% of the projected \$70.252 million of debt service payments due that year.

#### **Moody's Adjustment to Pension Data and Adjusted State Pension Liability Medians**

On July 12, 2012, Moody's published a Request for Comments regarding proposed adjustments to pension data. On April 17, 2013, the adopted adjustments were published. The adjustments are intended to enhance transparency and comparability. As discussed above, Moody's considers debt and pension liabilities separately and has incorporated this decision into its US States Rating Methodology. The "debt" category reflects both bonded debt and adjusted net pension liabilities, with each accounting for half of the category, or, 10% each of the total score. While rating agencies have always taken pension funding into consideration, recent moves have involved increasing quantification. The measures used in the scorecard are not the conventional asset/liability of the debt related to tax base but instead are the debt related to total governmental revenue. At the present time, there is no indication that the new pension treatment or the scorecard will threaten existing ratings. However, it is indicative of the spotlight being placed on pension funding from several different sources.

On June 27, 2013 Moody's published "Adjusted Pension Liability Medians for US States." This inaugural report presents adjusted pension data for the 50 individual states for fiscal year 2011, based on Moody's recently published methodology for analyzing state and local government pension liabilities. The report ranks states based on ratios measuring the size of their adjusted net pension liabilities (ANPL) relative to several measures of economic capacity: state revenues, GDP and personal income.

On October 6, 2016, Moody's published its fifth annual report titled "Low Returns, Weak Contributions Drive Growth of State Pension Liabilities," which updated Moody's ANPL for fiscal year 2015 for the 50 states. Key takeaways of the report are summarized below:

- ANPL reached \$1.25 trillion in fiscal 2015.
- Pension liabilities will grow in the next two years because returns fell short of 2015 and 2016 targets.
- Half of the states didn't contribute sufficient amounts to curb ANPL.
- Vermont's relative position among the 50 states with respect to its ANPL for 2014 and 2015 is as follows:

Moody's Pension Ratios	State of Vermont Rankings	
	2014 <sup>1</sup>	2015 <sup>1</sup>
ANPL as % of Personal Income	12	10
ANPL as % of State Gross Domestic Product	11	9
ANPL Per Capita	12	8
ANPL as % of State Government Revenues	21	22
Three-year Average ANPL as a % of State Government Revenues	22	22

Source: Moody's *Low Returns, Weak Contributions Drive Growth of State Pension Liabilities*, October 6, 2016.

<sup>1</sup>Rankings are in numerically descending order, with the state having the highest Moody's Adjusted Net Pension Liability statistic ranked 1<sup>st</sup> and the state having the lowest Adjusted Net Pension Liability statistic ranked 50<sup>th</sup>.

**STATE OF VERMONT AND PEER GROUP STATES'  
MOODY'S PENSION LIABILITIES METRICS\***

Triple-A Rated States	Moody's Adjusted Net Pension Liability (ANPL)			
	As % of PI	As % of State GDP	Per Capita (S)	As % of Revenues
Delaware	8.5	5.7	4,078	68
Florida	1.7	1.7	751	33
Georgia	4.6	3.9	1,879	86
Indiana	6.2	5	2,543	91
Iowa	2.7	2.1	1,197	37
Maryland	13.6	12.6	7,624	200
Missouri	4.0	3.5	1,706	80
North Carolina	1.4	1.2	589	22
South Carolina	12.1	11.4	4,615	177
South Dakota	4.1	3.4	1,842	75
Tennessee	2.4	2.1	1,016	39
Texas	9.6	7.8	4,509	189
Utah	3.7	2.9	1,439	53
Virginia	3.6	3.2	1,859	62
<b>MEAN<sup>1</sup></b>	<b>5.6</b>	<b>4.8</b>	<b>2,546</b>	<b>86.6</b>
<b>MEDIAN<sup>1</sup></b>	<b>4.1</b>	<b>3.5</b>	<b>1,851</b>	<b>71.5</b>
<b>VERMONT</b>	<b>12.3</b>	<b>12.1</b>	<b>5,873</b>	<b>106</b>
<b>VERMONT's 50 STATE RANK</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>21</b>

Source: Moody's *Low Returns, Weak Contributions Drive Growth of State Pension Liabilities*, October 6, 2016.

<sup>1</sup> Calculated by Public Resources Advisory Group. These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies, year ended June 30<sup>th</sup>, 2015.

<sup>2</sup> Vermont numbers include the combined defined benefits plans of the Vermont State Employees' Retirement System and the Vermont State Teachers' Retirement System.

<sup>3</sup> Rankings are in numerically descending order, with the state having the highest Moody's Adjusted Net Pension Liability statistic ranked 1<sup>st</sup> and the state having the lowest Adjusted Net Pension Liability statistic ranked 50<sup>th</sup>.

\*Sources does not take into account differing retirement benefits among states.

### **Reserve or Rainy Day Fund Balances**

The rating agencies are also putting greater emphasis on the importance of having robust general fund reserve fund balances, commonly referred to as rainy day funds. Historically, a rainy day fund target of 5% of general fund expenditures was considered conservative and a credit positive by the rating agencies, but more recently the rating agencies have indicated that higher reserve funds are more consistent with triple-A ratings. In fact, Moody's US States Rating Methodology cited "Available Balances greater than 10%, with Requirements to Rebuild Rainy Day Fund if drawn upon" for their sub-factor Finances Measurement of "Available Balances as % of Operating Revenue (5-year average)." Additionally, the State's most recent Standard and Poor's report published in August 2017, S&P notes that "substantial deterioration of budget reserves or a deteriorating liability position could negatively pressure the [State's] rating." The table below shows the fiscal year 2016, 2017, and 2018 rainy day fund balances of the other triple-A states.

As mentioned in Section 4, "National Credit Rating Methodologies and Criteria," Fitch released its new criteria, which has a different approach to evaluating reserve or rainy day balances. Rather than having a set target % of general fund expenditures, it determines reserve adequacy taking into consideration revenue volatility and budget flexibility.

Vermont has several reserve funds in order to reduce the effects of variations in revenues and are considered "available reserve funds." These are statutorily defined in 32 V.S.A. §§ 308-308e. The General Fund Stabilization Fund Reserve and Transportation Fund Stabilization Fund Reserve are determined on a self-building 5% budgetary basis and administered by the Commissioner of Finance and Management. The General Fund Balance Reserve is known as the "Rainy Day Reserve." Any remaining and undesignated General Fund amount is determined by the Emergency Board annually at its July meeting for deposit into this fund up to an additional 5% level. The use of this fund is restricted to 50% for unforeseen or emergency needs.

Finally, in fiscal year 2017 the State recognized the pressures placed on the budget by periodic 53rd week Medicaid vendor payments and 27th payroll payments. The State created new reserves to build over time the amount to fully fund these payments when needed.

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Rainy Day Fund Balances As a Percentage of General Government Expenditures			
Triple-A Rated States	Fiscal 2016	Fiscal 2017	Fiscal 2018
Delaware	5.5	5.4	5.4
Florida	4.6	4.5	4.6
Georgia	9.3	9.3	9.3
Indiana	9.8	9.6	9.5
Iowa	10.1	8.3	8.3
Maryland	5.2	4.9	5.0
Missouri	3.2	3.2	3.2
No. Carolina	7.4	6.6	7.6
So. Carolina	7.0	6.2	6.6
So. Dakota	9.8	9.9	9.9
Tennessee	4.5	4.9	5.5
Texas	18.4	19.4	21.2
Utah	7.8	7.7	7.5
Virginia	1.2	2.7	1.4
<b>Median<sup>1</sup></b>	7.2	6.4	7.1
<b>VERMONT<sup>2</sup></b>	5.3	6.1	8.1

Source: “The Fiscal Survey of States 2017. A report by the National Governors Association and the National Association of State Budget Officers.” Fiscal Year 2016 are “Actuals,” Fiscal Year 2017 are “Estimated” and Fiscal 2018 are “Recommended.”

<sup>1</sup> Calculated by Public Resources Advisory Group. These calculations exclude all Vermont numbers and include only states rated triple-A by any two of the three rating agencies, year ended June 30<sup>th</sup>, 2017.

<sup>2</sup> The State’s FY 2018 percentage does not include an authorized transfer of \$4.69 million in July 2017 and a potential transfer of \$5.19 million in January 2018.

<sup>3</sup> Information for Georgia’s FY 2017 and FY 2018 rainy day fund balance was not provided in the reports. Rainy day fund balance was assumed to stay constant at the FY 2016 level.

## Capital Planning Program and the Impact of Capital Spending Upon the Economic Conditions of the State

All three rating agencies include the condition of Vermont’s economy as a significant factor in their respective ratings. Capital improvements – whether financed through the use of debt, funded through direct appropriation or federal funds, or advanced through public private collaboration - have a significant impact on the State’s economy. Further, the link between investment in infrastructure and economic development is widely accepted. As noted in a March 2012 report prepared by the United States Department of Treasury with the Council of Economic Advisors, titled *A New Economic Analysis of Infrastructure Investment*, states that “well-designed infrastructure investments can raise economic growth, productivity, and land values, while also providing significant positive spillovers

to areas such as economic development, energy efficiency, public health, and manufacturing.” These points notwithstanding, the report also states that not every infrastructure project is worth the investment. Metrics are needed to ensure that economic growth through infrastructure investment is done in an affordable and sustainable manner.

For several years, the Committee has discussed at length the need for a multi-year capital planning process to identify and prioritize Vermont’s capital needs. The Committee applauds the General Assembly for implementing first a six-year, and now ten-year State capital program plan in its latest capital construction and State bonding adjustment act. 32 V.S.A. § 310 thus provides that the Governor prepare and revise a plan on an annual basis, submitting it for approval by the General Assembly. The plan will include a list of all recommended projects in the current fiscal year, as well as the five fiscal years thereafter. These recommendations will include an assessment, projection of capital need, and a comprehensive financial assessment. The Committee expects to annually review and consider future capital improvement program plans.

The Committee also recognizes that the process set forth in 32 V.S.A. § 310 must also incorporate a comprehensive review of our current capital stock, its condition, and future replacement needs. Significant efforts have been made in this area. The Department of Buildings and General Services (BGS) has undertaken such efforts with State buildings. The Agency of Transportation (AOT) has studied road infrastructure needs, including the condition of Vermont bridges. In 2009, the General Assembly charged the Treasurer and AOT to prepare a report containing a long-term needs assessment for repair, maintenance, and rehabilitation of bridges and culverts in the state with funding options for such long-term needs. This ultimately led to the creation of the Special Obligation Transportation Infrastructure Bond Program and the substantial leveraging of federal matching funds. While this increased funding corresponded with transportation infrastructure funding from other sources – namely ARRA and federal highway funds after Tropical Storm Irene – the condition of the State’s transportation infrastructure has improved dramatically since 2007. In particular, the percentage of federal, State and municipal bridges deemed “structurally deficient” decreased by half - from approximately 20% to approximately 10% - from 2007 through 2012.

As discussed in Section 1, “Overview”, Sec. 11. Natural Resources, of the 2015 Capital Bill (Act 26), as amended by the 2016 Capital Bill Adjustment (Act 160), appropriates proceeds of bonds for water quality projects. Vermont is currently gathering information on funding options and recommendations for long-term financing of water quality needs with the development of long-term revenue models to sustain water quality needs. Projects include plans to implement phosphorus control upgrades at municipal wastewater treatment plants. Other projects include stormwater management, agricultural mitigation and remediation and natural resources (rivers, wetlands, floodplains restoration and forestry) projects that are necessary to comply with the Vermont Clean Water Act (Act 64). The State has identified a variety of revenue sources to dedicate to the effort, including municipal, state, private and federal moneys. There is currently a funding gap of \$1.36 billion over the 20 year period. The current capital bill appropriates \$21.9 million in fiscal year 2018 and \$23.47 million toward clean water initiatives. It is expected that additional revenues will be identified and dedicated to this program gap. The State may use dedicated revenue bonds to bridge the timing of the capital needs and available revenues.

As part of its discussions in 2014 and again in 2015, the Committee reviewed information prepared by the Auditor of Accounts' Office showing Vermont's rankings on a series of measures both of economic health and quality of life compared to other triple-A rated states. Vermont scores quite well in most categories, and with respect to the economic data, this is reflected in Vermont's favorable rankings relative to other triple-A rated states based upon several rating agencies' assessments, with Standard & Poor's in particular stating that "Vermont's quality of life and well-educated workforce provide economic development opportunities."

There is always a concern at the rating agencies when a state meaningfully enlarges its debt program to ameliorate periodic economic downturns. The rating agencies will often advise that long-term annual costs, in the form of higher debt service and frequently higher administrative and operating expenses, can accompany such an increased debt program. The Committee believes it is of critical importance to strike the correct balance between infrastructure investment and economic growth on the one hand, and maintaining affordable and sustainable levels of debt authorizations and capital spending on the other.

### **Implementation of Financial Reporting Webpage**

In September of 2014, the Treasurer's Office launched the State of Vermont's Financial Reporting Web Page. This page organizes, in one location, ten items that the National Association of State Auditors, Comptrollers and Treasurers (NASACT) recommend that state government's provide for interim disclosure. NASACT represents the elected or appointed government officials tasked with the management of state finances.

These ten items are: tax revenues, budget updates, cash flow, debt outstanding, economic forecasts, pension and other post-employment benefits (OPEBs), interest rate swaps and bank liquidity, investments, debt management policies, and filings made to the Electronic Municipal Market Access (EMMA) system. The page may be accessed at:

<http://www.vermonttreasurer.gov/cash-investments/financial-reporting/disclaimer>

At the time of publication, NASACT indicated that Vermont's web page was the first statewide reporting site incorporating all ten of NASACT's recommendations, and at NASACT's 100<sup>th</sup> Anniversary Conference, Vermont's State Treasurer received the President's Award for exceptional efforts in government financial management and accountability, in part for her leadership in developing the disclosure web site. Delaware, Georgia, Maryland, Massachusetts, Tennessee, Utah and Wisconsin have followed suit and provided a respective website with NASACT's recommendations.

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## 7. ACKNOWLEDGEMENTS

We would like to express our gratitude to the State Treasurer's Office, the Department of Finance and Management, EPR, and various officers and staff members of the State, whose assistance has been invaluable in completing this report. Certain computations and projections were made based on population, personal income, and revenue projections provided by EPR. The numbers presented herein have not been audited and are, therefore, subject to change, possibly in a substantial manner.

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## 8. APPENDICES

- A. Debt Affordability Scenario for FY 2018
- B. 2017 State Debt Medians (Moody's Investors Service)
- C. 2017 Fitch Ratings Credit Report
- D. 2017 Moody's Investors Service Credit Report
- E. 2017 Standard & Poor's Credit Report
- F. Preliminary Economic Metrics for Moody's Triple-A States, Prepared by the Office of Douglas R. Hoffer, Auditor of Accounts.
- G. Full Text of 32 V.S.A. §1001, Capital Debt Affordability Advisory Committee



## **APPENDIX A**

**Public Resources Advisory Group**  
**Historical and Projected Debt Ratios with Capital Lease**  
**DPC Compliant Case: \$108.835 Million first year, \$60.450 Million Annually through 2028 (Fixed Inflation - 2.7%)**

Fiscal Year (ending 6/30)	Net Tax-Supported Debt Per Capita (in \$)			Net Tax-Supported Debt as Percent of Personal Income			Net Tax-Supported Debt Service as Percent of Revenues <sup>(5)</sup>		
	State of Vermont	Moody's Median	State's Rank <sup>(4)</sup>	State of Vermont	Moody's Median	State's Rank <sup>(4)</sup>	State of Vermont <sup>(5)</sup>	Moody's Median	State's Rank <sup>(4)</sup>
Actual <sup>(1)</sup>									
2004	724	701	24	2.5	2.4	25	6.7	n.a.	n.a.
2005	716	703	25	2.3	2.4	27	6.0	n.a.	n.a.
2006	707	754	29	2.2	2.5	28	5.4	n.a.	n.a.
2007	706	787	28	2.1	2.4	30	5.1	n.a.	n.a.
2008	707	889	32	2.0	2.6	33	5.1	n.a.	n.a.
2009	692	865	34	1.8	2.5	35	5.0	n.a.	n.a.
2010	709	936	36	1.8	2.5	36	5.5	n.a.	n.a.
2011	747	1066	37	1.9	2.8	36	5.7	n.a.	n.a.
2012	792	1117	34	2.0	2.8	36	5.1	n.a.	n.a.
2013	811	1074	33	1.9	2.8	35	4.9	n.a.	n.a.
2014	878	1054	30	2.0	2.6	34	4.9	n.a.	n.a.
2015	954	1012	28	2.1	2.5	31	4.2	n.a.	n.a.
2016	1002	1027	27	2.1	2.5	30	4.2	n.a.	n.a.
2017	1068	1006	24	2.2	2.5	27	4.3	n.a.	n.a.
Current <sup>(2)</sup>	1,036	n.a.	n.a.	2.0	n.a.	n.a.	4.1	n.a.	n.a.
Projected (FYE 6/30) <sup>(3)</sup>	State Guideline <sup>(6)</sup>			State Guideline <sup>(7)</sup>			State Guideline		
2018	1,031	833		2.0	2.3		4.0	6.0	
2019	1,120	855		2.1	2.3		4.4	6.0	
2020	1,125	878		2.1	2.3		4.8	6.0	
2021	1,126	902		2.0	2.3		4.9	6.0	
2022	1,127	927		2.0	2.3		4.9	6.0	
2023	1,126	952		1.9	2.3		4.9	6.0	
2024	1,124	977		1.9	2.3		4.9	6.0	
2025	1,117	1,004		1.9	2.3		5.0	6.0	
2026	1,109	1,031		1.8	2.3		5.0	6.0	
2027	1,098	1,059		1.7	2.3		5.0	6.0	
2028	1,087	1,087		1.7	2.3		4.9	6.0	
5-Year Average of Moody's Mean for Triple-A States				967			2.3		
5-Year Average of Moody's Median for Triple-A States				811			2.1		

(1) Actual data compiled by Moody's Investors Service, reflective of all 50 states. Moody's uses states' prior year figures to calculate the "Actual" year numbers in the table.

(2) Calculated by Public Resources Advisory Group, using outstanding G.O. debt of \$647.981 million as of 9/30/17 divided by Vermont's 2017 population of 625,281 as projected by EPR.

(3) Projections assume issuance of \$108.835 million of G.O. debt in FY 2019 and \$60.450 million in FY 2020 through FY 2028.

(4) Rankings are in numerically descending order (i.e., from high to low debt).

(5) Revenues are adjusted reflecting "current law" revenue forecasts based on a consensus between the State's administration and legislature. Current debt service is net of the federal interest subsidies on the Build America Bond issues, and projected debt service is based on estimated interest rates ranging from 5% to 6.5% over the project period. Calculated by Public Resources Advisory Group.

(6) State Guideline equals the 5-year average of Moody's median for the Peer Group of \$811 increasing annually at 2.7%.

(7) The 5-year average of Moody's median for the Peer Group is 2.1%. Since the annual number is quite volatile, ranging from 2.1% to 2.6% over the last five years, the State Guideline is 2.3% for FY 2018 - FY 2028.

**State of Vermont**  
**DPC Compliant Case: \$108.835 Million first year, \$60.450 Million Annually through 2028 (Fixed Inflater - 2.7%)**  
**\$60.450 Million Annually through 2028 (\$120.900 Million two year authorization)**

EXISTING AND PROJECTED NET TAX-SUPPORTED G.O. DEBT SERVICE (\$000)													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
	Current	Issue <sup>(2)</sup>	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Est.	
FY	D/S <sup>(1)</sup>	\$0.000M	108.835M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	D/S	
2018	70,252	0	0	0	0	0	0	0	0	0	0	0	70,252
2019	80,546	0	0	0	0	0	0	0	0	0	0	0	80,546
2020	76,851	0	11,426	0	0	0	0	0	0	0	0	0	88,277
2021	74,950	0	11,127	6,647	0	0	0	0	0	0	0	0	92,724
2022	70,287	0	10,828	6,466	6,949	0	0	0	0	0	0	0	94,530
2023	66,729	0	10,528	6,285	6,753	6,949	0	0	0	0	0	0	97,244
2024	62,552	0	10,229	6,103	6,557	6,753	6,949	0	0	0	0	0	99,143
2025	60,872	0	9,930	5,922	6,360	6,557	6,753	6,949	0	0	0	0	103,343
2026	57,269	0	9,631	5,741	6,164	6,360	6,557	6,753	6,949	0	0	0	105,424
2027	53,857	0	9,332	5,560	5,968	6,164	6,360	6,557	6,753	6,949	0	0	107,499
2028	50,197	0	9,032	5,379	5,771	5,968	6,164	6,360	6,557	6,753	6,949	0	109,131

EXISTING AND PROJECTED NET TAX-SUPPORTED G.O. BOND PRINCIPAL PAYMENTS (\$000)													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
	Current	Issue <sup>(2)</sup>	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Est.	
FY	Principal <sup>(1)</sup>	\$0.000M	108.835M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	Principal	
2018	47,543	0	0	0	0	0	0	0	0	0	0	0	47,543
2019	51,988	0	0	0	0	0	0	0	0	0	0	0	51,988
2020	50,306	0	5,440	0	0	0	0	0	0	0	0	0	55,746
2021	50,405	0	5,440	3,020	0	0	0	0	0	0	0	0	58,865
2022	47,673	0	5,440	3,020	3,020	0	0	0	0	0	0	0	59,153
2023	45,878	0	5,440	3,020	3,020	3,020	0	0	0	0	0	0	60,378
2024	43,390	0	5,440	3,020	3,020	3,020	3,020	0	0	0	0	0	60,910
2025	43,386	0	5,440	3,020	3,020	3,020	3,020	3,020	0	0	0	0	63,926
2026	41,430	0	5,440	3,020	3,020	3,020	3,020	3,020	3,020	0	0	0	64,990
2027	39,518	0	5,440	3,020	3,020	3,020	3,020	3,020	3,020	3,020	0	0	66,098
2028	37,239	0	5,440	3,020	3,020	3,020	3,020	3,020	3,020	3,020	3,020	0	66,839

EXISTING AND PROJECTED NET TAX-SUPPORTED G.O. BONDS OUTSTANDING (\$000)													
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
	Current	Issue <sup>(2)</sup>	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Issue	Est.	
FY	Debt <sup>(1)</sup>	\$0.000M	108.835M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	60.450M	Debt	
2017 <sup>(3)</sup>	647,981	0	0	0	0	0	0	0	0	0	0	0	647,981
2018	645,456	0	0	0	0	0	0	0	0	0	0	0	645,456
2019	593,468	0	108,835	0	0	0	0	0	0	0	0	0	702,303
2020	543,162	0	103,395	60,450	0	0	0	0	0	0	0	0	707,007
2021	492,757	0	97,955	57,430	60,450	0	0	0	0	0	0	0	708,592
2022	445,084	0	92,515	54,410	57,430	60,450	0	0	0	0	0	0	709,889
2023	399,207	0	87,075	51,390	54,410	57,430	60,450	0	0	0	0	0	709,962
2024	355,816	0	81,635	48,370	51,390	54,410	57,430	60,450	0	0	0	0	709,501
2025	312,430	0	76,195	45,350	48,370	51,390	54,410	57,430	60,450	0	0	0	706,025
2026	271,000	0	70,755	42,330	45,350	48,370	51,390	54,410	57,430	60,450	0	0	701,485
2027	231,482	0	65,315	39,310	42,330	45,350	48,370	51,390	54,410	57,430	60,450	0	695,837
2028	194,243	0	59,875	36,290	39,310	42,330	45,350	48,370	51,390	54,410	57,430	60,450	689,448

<sup>(1)</sup>Numbers reflect the issuance of the 2017A and 2017B general obligation bonds ("2017 Bonds") in the aggregate amount of \$106,095,00 issued on September 13, 2017.

<sup>(2)</sup>The State issued the 2017 Bonds in FY 2018, however, current debt service and outstanding debt figures include the principal and interest on the 2017 Bonds. The State does not intend to issue and future general obligation bonds in FY 2018.

<sup>(3)</sup>As of September 30, 2017.

## **APPENDIX B**

**SECTOR IN-DEPTH**

3 May 2017

Rate this Research &gt;&gt;

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## State Government - US

## Medians - Total State Debt Remains Essentially Flat in 2017

Total net tax-supported debt (NTSD) for US state governments remains virtually stagnant for a fourth year in a row. The small increase in 2017 reflects a shift towards pay-go capital spending and a reluctance to take on new obligations amid slow revenue growth. Minimal change in NTSD will likely continue over the next year due to continued modest revenue increases, higher interest rates, and uncertainty over federal fiscal policy and Medicaid funding.

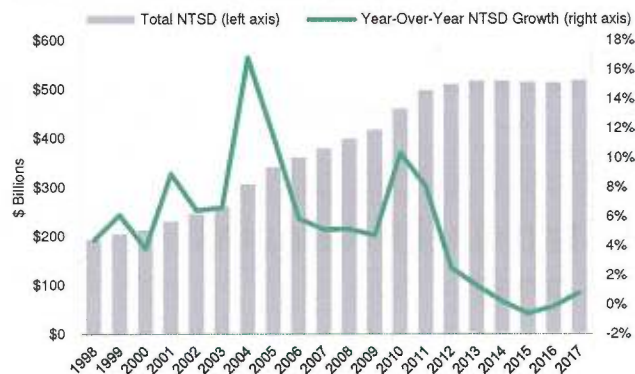
- » **Total NTSD rose 0.8% as states turned to more pay-go spending for infrastructure and other capital projects.** This reflects the fourth year in a row that NTSD increased less than 1%, with total debt outstanding rising to \$517 billion from \$513 billion.<sup>1</sup> In a sign that pay-go is increasing, total capital expenditures grew by an estimated 7.9% in fiscal 2016 as bond financing stayed flat, according to the [National Association of State Budget Officers](#) (NASBO).
- » **Median debt service costs declined slightly to 4.1% of own-source governmental revenues (revenues less federal funding).** Lower debt service costs result from fewer new debt issuances and savings realized through refundings.
- » **The median NTSD per capita and as a percent of personal income stayed relatively level.** The minimal change is rooted in population and income increases that are keeping pace with slow debt growth. States will continue to have more financial flexibility to tap into a growing economic base as debt liabilities remain fairly level.
- » **General obligation (GO) debt comprises the largest share of state debt outstanding at 52%.** Highway revenue debt and GARVEEs, at 9% of total state debt, will likely increase as states address transportation infrastructure needs. States also issue GO and appropriation debt for transportation purposes.
- » **Reliance on GO debt continues to vary across the country.** Many states have constitutional provisions restricting GO issuance, while political considerations can make it easier to gain approval for other forms of debt.

Our 2017 state debt medians are based on an analysis of calendar year 2016 debt issuance and fiscal year 2016 debt service. As in prior reports, trend data incorporate a one-year lag (i.e., data labeled 2017 reflect debt as of calendar year end 2016).



Exhibit 1

### Total State Net Tax-Supported Debt (NTSD) Remains Essentially Flat as States Turn to Pay-Go Capital Spending



Some historical debt figures have been updated and may not match prior published reports.

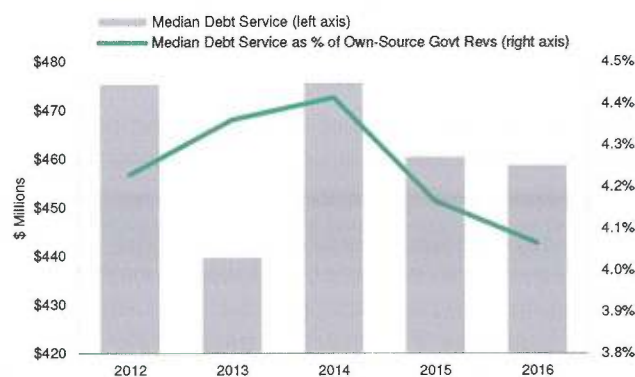
Source: Moody's Investors Service

#### NTSD increased by less than 1% with states using pay-go to finance more capital needs

- » NTSD increased by 0.8%, the fourth year in a row with a change below 1%. About half the states saw an increase in NTSD with a decline for the rest.<sup>2</sup>
- » Alabama (Aa1 stable) posted a 21% increase in NTSD due to the issuance of highway revenue bonds and bonds secured by BP settlement revenues.<sup>3</sup>
- » In an indication that states are increasingly turning to pay-go funding, total capital expenditures grew by an estimated 7.9% in fiscal 2016 while bond financing remained flat, according to NASBO.
- » Though NTSD will grow slowly over the next year, debt levels will likely rise over the next two to three years as states address deferred infrastructure needs.

Exhibit 2

### Median Debt Service Costs Decline Slightly With Fewer New Issuances and Savings From Refundings



Some historical debt figures have been updated and may not match prior published reports.

Source: Moody's Investors Service

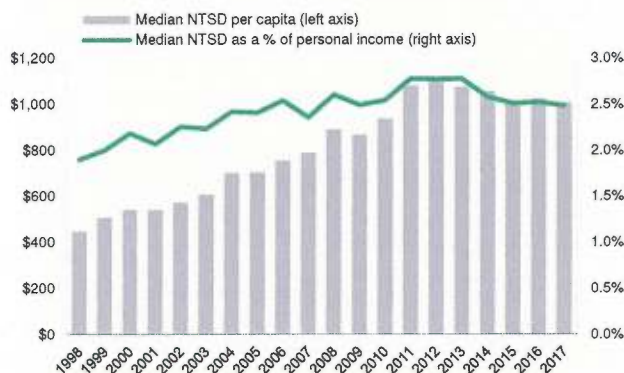
#### Fewer new debt issuances and savings from refundings lead to small decline in median debt service costs

- » Debt service costs as a percent of own-source governmental revenues declined for 32 states, with the median dropping to 4.1% from 4.2%.
- » New Jersey (A3 stable) had the largest percentage increase in debt service costs, rising to 10.1% of own-source governmental revenues from 8.5%.
- » Connecticut (Aa3 negative) continues to have the highest debt service cost of the 50 states, though it declined to 13.3% from 14.3%.
- » Debt service costs will likely remain level or continue to decline given the low interest rate environment and fewer debt issuances over the last two years.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for the most updated credit rating action information and rating history.

Exhibit 3

### Population and Personal Income Growth Stay on Pace With Slow Debt Growth



Some historical debt figures have been updated and may not match prior published reports.

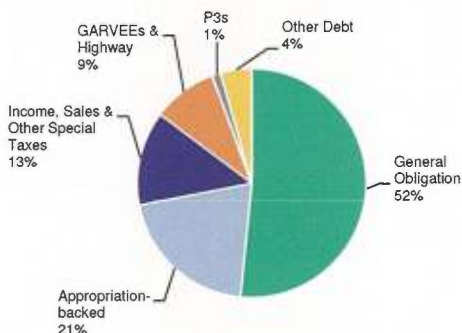
Source: Moody's Investors Service

#### Median NTSD per capita and as percent of personal income remain relatively level

- » The median NTSD per capita declined slightly to \$1,006 from \$1,023, reflecting population growth exceeding the slow growth in debt in some states.
- » The median for NTSD as a percent of personal income remained at 2.5% for the third year in a row, reflecting income growth that is keeping pace with slow debt growth.
- » NTSD per capita increased for 22 states. NTSD as a percent of personal income increased for 13 states while 10 states saw virtually no change.
- » Moderate population and personal income growth will continue to keep pace with slow debt growth in the near term. States will have more financial flexibility to tap into growing economic bases as debt liabilities remain fairly level.

Exhibit 4

### General Obligation Debt Accounts for More Than Half of Total State Debt



GARVEE stands for grant anticipation revenue vehicles. P3s are public-private partnership availability payments.

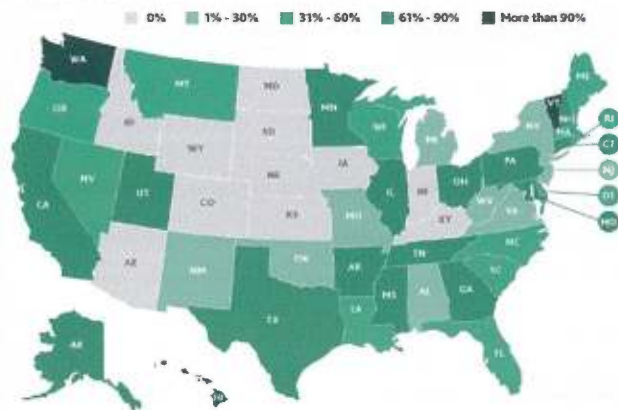
Source: Moody's Investors Service

#### General obligation debt continues to comprise largest share of state debt outstanding

- » GO debt comprises 52% of NTSD. Appropriation-backed debt again accounts for the second largest share at 20%, while availability payment P3s comprise 1%.
- » Highway revenue debt and GARVEEs, 9% of total state debt, will likely increase as a share of total debt outstanding as states address transportation infrastructure needs. States also issue GO and appropriation debt for transportation purposes.
- » Most state debt remains fixed rate and publicly offered. Variable rate demand debt totaled \$21.1 billion, a modest 5.4% increase from the previous year and representing 4% of total NTSD. Direct bank loans and private financings account for 1% of total NTSD.

Exhibit 5

### Use of General Obligation (GO) Debt Varies Widely by State GO debt as % of NTSD



Source: Moody's Investors Service

#### Reliance on GO debt continues to vary

- » Constitutional provisions in many states prohibit or severely limit the issuance of GO bonds. In some states, taxpayer concerns and other political considerations can make it easier to gain approval to issue other forms of debt, such as appropriation-backed or special tax debt.
- » As a result, the reliance on GO debt varies widely from state to state, ranging from 94% of NTSD in Vermont (Aaa stable) to 0% in 11 other states.
- » This variation in outstanding pledges will continue in the next year.



## Appendix: Key Metrics for US State Debt Medians

Exhibit 6

### Net Tax-Supported Debt - Per Capita and Percent of Personal Income

Net Tax-Supported Debt Per Capita			Rating	Net Tax-Supported Debt as a % of 2015 Personal Income		
1	Connecticut	\$6,505	Aa3	1	Hawaii	10.5%
2	Massachusetts	\$5,983	Aa1	2	Massachusetts	9.8%
3	Hawaii	\$5,018	Aa1	3	Connecticut	9.7%
4	New Jersey	\$4,388	A3	4	New Jersey	7.3%
5	New York	\$3,070	Aa1	5	Washington	5.4%
6	Washington	\$2,717	Aa1	6	Delaware	5.4%
7	Delaware	\$2,544	Aaa	7	New York	5.3%
8	Illinois	\$2,511	Baa2	8	Kentucky	5.3%
9	California	\$2,217	Aa3	9	Mississippi	5.2%
10	Rhode Island	\$2,131	Aa2	10	Illinois	5.1%
11	Maryland	\$2,122	Aaa	11	Oregon	4.4%
12	Kentucky	\$2,057	Aa2*	12	Rhode Island	4.3%
13	Mississippi	\$1,847	Aa2	13	California	4.2%
14	Oregon	\$1,842	Aa1	14	Wisconsin	3.8%
15	Wisconsin	\$1,739	Aa2	15	Maryland	3.8%
16	Alaska	\$1,691	Aa2	16	Louisiana	3.7%
17	Louisiana	\$1,615	Aa3	17	Kansas	3.4%
18	Kansas	\$1,575	Aa2*	18	New Mexico	3.3%
19	Virginia	\$1,486	Aaa	19	Alaska	3.0%
20	Minnesota	\$1,480	Aa1	20	Minnesota	2.9%
21	Pennsylvania	\$1,337	Aa3	21	Virginia	2.9%
22	New Mexico	\$1,260	Aa1	22	Pennsylvania	2.7%
23	Ohio	\$1,087	Aa1	23	West Virginia	2.6%
24	Vermont	\$1,068	Aaa	24	Alabama	2.6%
25	Alabama	\$1,019	Aa1	25	Ohio	2.5%
26	Georgia	\$992	Aaa	26	Georgia	2.5%
27	West Virginia	\$989	Aa2	27	Vermont	2.2%
28	Florida	\$961	Aa1	28	Florida	2.2%
29	New Hampshire	\$897	Aa1	29	Utah	2.1%
30	Maine	\$889	Aa2	30	Maine	2.1%
31	Utah	\$824	Aaa	31	Arizona	1.8%
32	Arizona	\$696	Aa2*	32	New Hampshire	1.6%
33	Michigan	\$689	Aa1	33	North Carolina	1.6%
34	North Carolina	\$659	Aaa	34	Michigan	1.6%
35	South Dakota	\$641	Aaa*	35	Arkansas	1.5%
36	Arkansas	\$588	Aa1	36	South Carolina	1.5%
37	Nevada	\$587	Aa2	37	South Dakota	1.4%
38	Missouri	\$579	Aaa	38	Nevada	1.4%
39	South Carolina	\$564	Aaa	39	Missouri	1.4%
40	Idaho	\$424	Aa1*	40	Idaho	1.1%
41	Texas	\$383	Aaa	41	Texas	0.8%
42	Oklahoma	\$365	Aa2	42	Oklahoma	0.8%
43	Colorado	\$353	Aa1*	43	Tennessee	0.8%
44	Tennessee	\$322	Aaa	44	Indiana	0.8%
45	Indiana	\$310	Aaa*	45	Colorado	0.7%
46	Iowa	\$228	Aaa*	46	Iowa	0.5%
47	Montana	\$207	Aa1	47	Montana	0.5%
48	North Dakota	\$151	Aa1*	48	North Dakota	0.3%
49	Wyoming	\$41	NGO**	49	Wyoming	0.1%
50	Nebraska	\$18	NGO**	50	Nebraska	0.0%
Mean				Mean	3.0%	
Median				Median	2.5%	

\*Issuer Rating (No GO debt outstanding)

\*\*No General Obligation Debt

Sources: Moody's Investors Service; US Census Bureau; US Bureau of Economic Analysis

Exhibit 7

## State Net Tax-Supported Debt and Gross Tax-Supported Debt

Net Tax-Supported Debt (\$ Thousands)				Rating	Gross Tax-Supported Debt (\$ Thousands)				Gross to Net Ratio	
1	California	\$86,998,000	Aa3	1	California	\$93,333,000	1.07			
2	New York	\$60,619,669	Aa1	2	New York	\$60,999,984	1.01			
3	Massachusetts	\$40,756,031	Aa1	3	New Jersey	\$44,814,043	1.14			
4	New Jersey	\$39,246,548	A3	4	Massachusetts	\$41,710,051	1.02			
5	Illinois	\$32,147,550	Baa2	5	Illinois	\$33,512,669	1.04			
6	Connecticut	\$23,265,534	Aa3	6	Washington	\$31,047,330	1.57			
7	Florida	\$19,814,300	Aa1	7	Connecticut	\$27,571,354	1.19			
8	Washington	\$19,804,130	Aa1	8	Texas	\$27,569,477	2.58			
9	Pennsylvania	\$17,087,111	Aa3	9	Minnesota	\$24,820,882	3.04			
10	Maryland	\$12,764,867	Aaa	10	Michigan	\$23,234,600	3.40			
11	Ohio	\$12,621,591	Aa1	11	Pennsylvania	\$23,052,243	1.35			
12	Virginia	\$12,500,577	Aaa	12	Florida	\$20,179,400	1.02			
13	Texas	\$10,681,942	Aaa	13	Ohio	\$18,183,386	1.44			
14	Georgia	\$10,228,974	Aaa	14	Virginia	\$16,906,342	1.35			
15	Wisconsin	\$10,051,056	Aa2	15	Wisconsin	\$13,829,289	1.38			
16	Kentucky	\$9,126,299	Aa2*	16	Oregon	\$13,802,379	1.83			
17	Minnesota	\$8,171,607	Aa1	17	Kentucky	\$12,809,423	1.40			
18	Louisiana	\$7,559,921	Aa3	18	Maryland	\$12,764,867	1.00			
19	Oregon	\$7,540,513	Aa1	19	Georgia	\$10,228,974	1.00			
20	Hawaii	\$7,168,256	Aa1	20	Colorado	\$9,254,579	4.73			
21	Michigan	\$6,839,600	Aa1	21	Louisiana	\$8,824,573	1.17			
22	North Carolina	\$6,681,880	Aaa	22	Utah	\$8,129,466	3.23			
23	Mississippi	\$5,519,778	Aa2	23	Hawaii	\$7,195,868	1.00			
24	Alabama	\$4,955,766	Aa1	24	North Carolina	\$6,681,880	1.00			
25	Arizona	\$4,823,805	Aa2*	25	Mississippi	\$6,190,133	1.12			
26	Kansas	\$4,579,718	Aa2*	26	Alabama	\$5,484,964	1.11			
27	Missouri	\$3,528,926	Aaa	27	Arizona	\$4,823,805	1.00			
28	South Carolina	\$2,796,209	Aaa	28	Tennessee	\$4,590,206	2.14			
29	New Mexico	\$2,623,075	Aa1	29	Kansas	\$4,579,718	1.00			
30	Utah	\$2,513,135	Aaa	30	Maine	\$4,452,541	3.76			
31	Delaware	\$2,421,656	Aaa	31	Indiana	\$4,406,224	2.14			
32	Rhode Island	\$2,250,938	Aa2	32	Missouri	\$3,528,926	1.00			
33	Tennessee	\$2,144,741	Aaa	33	West Virginia	\$3,417,165	1.89			
34	Indiana	\$2,056,661	Aaa*	34	South Carolina	\$3,061,905	1.10			
35	Colorado	\$1,954,579	Aa1*	35	Rhode Island	\$3,039,958	1.35			
36	West Virginia	\$1,810,703	Aa2	36	Delaware	\$2,939,056	1.21			
37	Arkansas	\$1,757,229	Aa1	37	Alaska	\$2,870,300	2.29			
38	Nevada	\$1,726,789	Aa2	38	New Mexico	\$2,623,075	1.00			
39	Oklahoma	\$1,432,084	Aa2	39	Nevada	\$2,335,729	1.35			
40	Alaska	\$1,254,600	Aa2	40	Oklahoma	\$2,276,771	1.59			
41	New Hampshire	\$1,197,280	Aa1	41	Idaho	\$2,160,815	3.03			
42	Maine	\$1,183,607	Aa2	42	Iowa	\$2,094,153	2.93			
43	Iowa	\$714,873	Aaa*	43	New Hampshire	\$2,056,756	1.72			
44	Idaho	\$712,929	Aa1*	44	Arkansas	\$1,757,229	1.00			
45	Vermont	\$666,935	Aaa	45	Vermont	\$1,435,585	2.15			
46	South Dakota	\$555,012	Aaa*	46	North Dakota	\$874,253	7.65			
47	Montana	\$216,082	Aa1	47	South Dakota	\$673,037	1.21			
48	North Dakota	\$114,247	Aa1*	48	Montana	\$369,380	1.71			
49	Nebraska	\$34,780	NGO**	49	Nebraska	\$34,780	1.00			
50	Wyoming	\$24,259	NGO**	50	Wyoming	\$24,259	1.00			
Total				\$ 517,246,352	Total				\$ 662,556,783	
Mean				\$10,344,927	Mean				13,251,136	1.77
Median				\$4,701,762	Median				5,837,549	1.35

\*Issuer Rating (No GO debt outstanding)

\*\*No General Obligation Debt

Source: Moody's Investors Service



Exhibit 8

## Net Tax-Supported Debt as Percent of Gross State Domestic Product

2015 NTSD as % of 2013 State GDP			2016 NTSD as % of 2014 State GDP			2017 NTSD as % of 2015 State GDP		
1	Hawaii	9.25%	1	Connecticut	9.02%	1	Connecticut	9.20%
2	Connecticut	8.42%	2	Hawaii	8.52%	2	Hawaii	8.92%
3	Massachusetts	8.24%	3	Massachusetts	8.33%	3	Massachusetts	8.40%
4	New Jersey	6.96%	4	New Jersey	6.82%	4	New Jersey	6.91%
5	Mississippi	5.09%	5	Mississippi	5.16%	5	Mississippi	5.22%
6	Washington	5.05%	6	Washington	4.67%	6	Kentucky	4.72%
7	Illinois	4.78%	7	Kentucky	4.64%	7	Washington	4.45%
8	Kentucky	4.67%	8	New York	4.40%	8	New York	4.23%
9	New York	4.57%	9	Illinois	4.35%	9	Illinois	4.14%
10	California	4.20%	10	California	3.87%	10	Rhode Island	4.02%
11	Rhode Island	4.00%	11	Oregon	3.77%	11	Delaware	3.52%
12	Oregon	3.85%	12	Rhode Island	3.64%	12	California	3.51%
13	Delaware	3.74%	13	Wisconsin	3.52%	13	Maryland	3.49%
14	Wisconsin	3.69%	14	Delaware	3.45%	14	Oregon	3.46%
15	Maryland	3.33%	15	Maryland	3.31%	15	Wisconsin	3.33%
16	Louisiana	3.09%	16	Louisiana	3.10%	16	Louisiana	3.16%
17	New Mexico	2.87%	17	Kansas	3.03%	17	Kansas	3.06%
18	Minnesota	2.76%	18	New Mexico	2.71%	18	New Mexico	2.81%
19	Virginia	2.52%	19	Minnesota	2.65%	19	Virginia	2.60%
20	Florida	2.48%	20	Florida	2.56%	20	Minnesota	2.49%
21	West Virginia	2.43%	21	West Virginia	2.54%	21	Alabama	2.48%
22	Utah	2.34%	22	Virginia	2.49%	22	West Virginia	2.44%
23	Maine	2.33%	23	Pennsylvania	2.25%	23	Pennsylvania	2.41%
24	Georgia	2.32%	24	Maine	2.23%	24	Alaska	2.38%
25	Ohio	2.27%	25	Georgia	2.21%	25	Florida	2.23%
26	Kansas	2.22%	26	Vermont	2.14%	26	Vermont	2.22%
27	Pennsylvania	2.22%	27	Ohio	2.14%	27	Ohio	2.07%
28	Arizona	2.10%	28	Alabama	2.11%	28	Maine	2.07%
29	Alabama	2.10%	29	Utah	1.97%	29	Georgia	2.05%
30	Vermont	2.09%	30	Arizona	1.89%	30	Utah	1.70%
31	Alaska	1.84%	31	Alaska	1.80%	31	Arizona	1.66%
32	South Carolina	1.79%	32	Michigan	1.59%	32	New Hampshire	1.62%
33	Michigan	1.74%	33	Arkansas	1.59%	33	Arkansas	1.48%
34	Arkansas	1.74%	34	South Carolina	1.55%	34	Michigan	1.46%
35	New Hampshire	1.64%	35	North Carolina	1.54%	35	South Carolina	1.39%
36	North Carolina	1.62%	36	New Hampshire	1.51%	36	North Carolina	1.35%
37	Nevada	1.45%	37	Nevada	1.28%	37	Nevada	1.24%
38	Missouri	1.36%	38	Missouri	1.27%	38	Missouri	1.20%
39	Idaho	1.32%	39	South Dakota	1.23%	39	South Dakota	1.17%
40	South Dakota	1.04%	40	Idaho	1.19%	40	Idaho	1.09%
41	Colorado	0.89%	41	Oklahoma	0.80%	41	Oklahoma	0.77%
42	Oklahoma	0.83%	42	Colorado	0.76%	42	Tennessee	0.68%
43	Tennessee	0.74%	43	Tennessee	0.66%	43	Texas	0.66%
44	Texas	0.71%	44	Texas	0.65%	44	Colorado	0.62%
45	Indiana	0.69%	45	Indiana	0.63%	45	Indiana	0.61%
46	Montana	0.60%	46	Montana	0.57%	46	Montana	0.48%
47	Iowa	0.48%	47	Iowa	0.44%	47	Iowa	0.41%
48	North Dakota	0.27%	48	North Dakota	0.21%	48	North Dakota	0.20%
49	Wyoming	0.07%	49	Wyoming	0.06%	49	Wyoming	0.06%
50	Nebraska	0.02%	50	Nebraska	0.01%	50	Nebraska	0.03%
Mean			Mean	2.66%	Mean	2.64%		
Median			Median	2.18%	Median	2.23%		

State GDP numbers have a one-year lag.

Some historical debt figures have been updated and may not match prior published reports.

Sources: Moody's Analytics; US Bureau of Economic Analysis

Exhibit 9

## Net Tax-Supported Debt as a Percentage of Personal Income

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Alabama	2.2%	2.0%	2.8%	2.5%	2.4%	2.6%	2.5%	2.5%	2.4%	2.3%	2.3%	2.6%
Alaska	2.6%	2.7%	2.4%	2.2%	3.2%	3.0%	3.3%	2.8%	3.2%	3.0%	2.7%	3.0%
Arizona	2.2%	2.0%	2.0%	2.5%	2.3%	2.8%	2.8%	2.5%	2.5%	2.3%	2.1%	1.8%
Arkansas	1.6%	1.4%	1.7%	1.3%	1.0%	1.1%	1.0%	1.2%	1.7%	1.9%	1.7%	1.5%
California	4.6%	4.4%	4.3%	4.4%	5.6%	6.0%	6.0%	5.8%	5.3%	5.1%	4.7%	4.2%
Colorado	0.9%	0.9%	0.8%	0.8%	1.0%	1.3%	1.3%	1.2%	1.1%	1.0%	0.9%	0.7%
Connecticut	8.0%	7.8%	7.3%	8.2%	8.7%	9.5%	9.1%	9.1%	9.2%	9.3%	9.8%	9.7%
Delaware	5.3%	5.5%	5.2%	5.4%	6.2%	6.8%	6.8%	6.2%	5.7%	5.5%	5.2%	5.4%
Florida	3.2%	3.1%	2.8%	2.9%	2.9%	3.0%	3.0%	2.8%	2.5%	2.4%	2.5%	2.2%
Georgia	2.7%	3.0%	3.0%	3.0%	3.3%	3.3%	3.1%	3.0%	2.9%	2.8%	2.7%	2.5%
Hawaii	12.1%	10.6%	9.9%	9.4%	9.9%	10.1%	9.6%	10.0%	10.6%	10.8%	9.9%	10.5%
Idaho	0.6%	0.6%	1.2%	1.6%	1.7%	1.6%	1.7%	1.6%	1.5%	1.4%	1.2%	1.1%
Illinois	5.9%	5.5%	5.2%	4.6%	4.4%	5.7%	6.0%	5.7%	5.6%	5.7%	5.2%	5.1%
Indiana	1.6%	2.1%	1.5%	1.5%	1.5%	1.4%	1.3%	1.2%	1.4%	0.8%	0.8%	0.8%
Iowa	0.4%	0.3%	0.3%	0.2%	0.2%	0.7%	0.8%	0.7%	0.6%	0.6%	0.5%	0.5%
Kansas	3.8%	3.7%	3.5%	3.2%	3.0%	3.2%	3.1%	2.8%	2.6%	2.5%	3.4%	3.4%
Kentucky	4.5%	4.3%	4.7%	4.8%	5.4%	6.1%	6.1%	5.9%	5.7%	5.3%	5.2%	5.3%
Louisiana	3.1%	4.9%	4.3%	3.3%	3.6%	3.5%	3.7%	3.7%	3.7%	3.9%	3.8%	3.7%
Maine	2.0%	1.9%	1.9%	2.2%	2.2%	2.4%	2.3%	2.1%	2.4%	2.3%	2.2%	2.1%
Maryland	3.0%	2.8%	3.0%	3.3%	3.4%	3.3%	3.6%	3.6%	3.4%	3.5%	3.5%	3.8%
Massachusetts	9.8%	9.4%	9.8%	8.9%	9.2%	9.2%	9.4%	9.3%	9.0%	9.5%	9.5%	9.8%
Michigan	2.1%	2.2%	2.2%	2.2%	2.1%	2.2%	2.2%	2.2%	2.1%	1.9%	1.8%	1.6%
Minnesota	2.1%	2.2%	2.3%	2.1%	2.4%	2.8%	2.7%	3.0%	3.0%	3.2%	3.2%	2.9%
Mississippi	4.8%	4.9%	4.8%	5.2%	5.0%	5.1%	5.6%	5.4%	5.2%	5.1%	5.2%	5.2%
Missouri	1.6%	1.9%	2.1%	2.0%	2.2%	2.2%	2.0%	1.8%	1.7%	1.6%	1.4%	1.4%
Montana	1.4%	1.5%	1.2%	1.2%	1.1%	1.1%	1.0%	0.9%	0.7%	0.7%	0.6%	0.5%
Nebraska	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nevada	2.2%	1.7%	2.0%	2.2%	2.3%	2.4%	2.2%	1.9%	1.7%	1.7%	1.5%	1.4%
New Hampshire	1.4%	1.3%	1.3%	1.3%	1.6%	1.9%	1.8%	1.9%	1.8%	1.7%	1.5%	1.6%
New Jersey	7.9%	7.6%	7.5%	7.3%	7.2%	7.8%	7.8%	7.6%	7.3%	7.4%	7.3%	7.3%
New Mexico	4.7%	5.3%	4.8%	4.6%	4.4%	5.6%	4.2%	3.8%	3.4%	3.5%	3.3%	3.3%
New York	6.7%	6.7%	6.3%	6.3%	6.5%	6.7%	6.6%	6.3%	6.0%	5.7%	5.5%	5.3%
North Carolina	2.8%	2.4%	2.8%	2.5%	2.3%	2.3%	2.3%	2.4%	2.1%	1.9%	1.8%	1.6%
North Dakota	1.2%	1.0%	1.1%	1.0%	0.8%	0.8%	0.6%	0.7%	0.5%	0.4%	0.3%	0.3%
Ohio	2.9%	3.0%	2.9%	2.8%	2.6%	2.8%	2.8%	2.8%	2.7%	2.7%	2.6%	2.5%
Oklahoma	1.4%	1.5%	1.5%	1.5%	1.6%	1.8%	1.7%	1.6%	1.3%	1.0%	0.9%	0.8%
Oregon	4.5%	4.6%	5.0%	4.6%	5.2%	5.6%	5.5%	5.2%	4.9%	4.8%	4.6%	4.4%
Pennsylvania	2.3%	2.4%	2.4%	2.5%	2.4%	2.7%	2.8%	2.8%	2.6%	2.5%	2.5%	2.7%
Rhode Island	4.1%	4.6%	4.7%	4.5%	5.2%	5.3%	4.7%	4.7%	4.5%	4.2%	3.8%	4.3%
South Carolina	2.5%	2.3%	3.3%	2.9%	2.9%	2.7%	2.5%	2.3%	2.2%	1.9%	1.7%	1.5%
South Dakota	0.7%	0.8%	0.9%	0.8%	0.4%	0.9%	0.9%	0.9%	0.9%	1.2%	1.4%	1.4%
Tennessee	0.8%	0.7%	0.7%	0.7%	0.9%	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	0.8%
Texas	1.0%	1.3%	1.4%	1.4%	1.4%	1.6%	1.5%	1.5%	1.5%	1.0%	0.9%	0.8%
Utah	2.7%	2.3%	1.9%	1.5%	3.2%	4.1%	4.4%	3.8%	3.4%	3.0%	2.5%	2.1%
Vermont	2.2%	2.1%	2.0%	1.8%	1.8%	1.9%	2.0%	1.9%	2.0%	2.1%	2.1%	2.2%
Virginia	1.7%	1.8%	1.9%	1.9%	2.1%	2.4%	2.6%	2.9%	2.7%	2.8%	2.8%	2.9%
Washington	4.9%	5.1%	5.1%	5.1%	5.3%	6.2%	6.0%	6.4%	6.4%	6.2%	5.7%	5.4%
West Virginia	4.4%	3.9%	3.9%	3.6%	3.5%	3.8%	3.6%	3.3%	3.0%	2.7%	2.8%	2.6%
Wisconsin	4.3%	4.2%	4.1%	4.0%	4.6%	4.8%	4.8%	4.7%	4.4%	4.2%	4.0%	3.8%
Wyoming	0.3%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Median	2.5%	2.4%	2.6%	2.5%	2.5%	2.8%	2.8%	2.8%	2.6%	2.5%	2.5%	2.5%

Some historical debt figures have been updated and may not match prior published reports.

Sources: Moody's Investors Service; US Bureau of Economic Analysis



Exhibit 10

## Debt Service Ratio

		FY 2014			FY 2015			FY 2016
1	Connecticut	11.8%	1	Connecticut	14.3%	1	Connecticut	13.3%
2	Hawaii	11.7%	2	Hawaii	10.9%	2	Massachusetts	10.4%
3	Massachusetts	10.3%	3	Massachusetts	10.0%	3	Hawaii	10.4%
4	New York	8.7%	4	Illinois	9.2%	4	New Jersey	10.1%
5	New Jersey	8.1%	5	New Jersey	8.5%	5	Illinois	8.8%
6	Illinois	8.1%	6	New York	7.6%	6	New York	7.4%
7	Kentucky	7.7%	7	Kentucky	7.6%	7	Kentucky	7.4%
8	Delaware	7.6%	8	Delaware	7.3%	8	Washington	7.0%
9	Wisconsin	7.2%	9	Washington	7.0%	9	Maryland	6.5%
10	Washington	7.0%	10	Georgia	6.5%	10	Mississippi	6.3%
11	Rhode Island	6.9%	11	Rhode Island	6.4%	11	Georgia	6.2%
12	Georgia	6.7%	12	Maryland	6.2%	12	Delaware	6.1%
13	West Virginia	6.6%	13	Mississippi	6.0%	13	Utah	5.9%
14	Utah	6.3%	14	Wisconsin	6.0%	14	Wisconsin	5.8%
15	Oregon	6.2%	15	Utah	5.9%	15	Ohio	5.6%
16	Nevada	6.2%	16	West Virginia	5.8%	16	West Virginia*	5.5%
17	Maryland	6.2%	17	Oregon	5.7%	17	Oregon	4.9%
18	Mississippi	5.9%	18	Nevada	5.6%	18	California	4.9%
19	California	5.7%	19	Ohio	5.5%	19	Maine	4.8%
20	Ohio	5.6%	20	California	5.3%	20	Virginia	4.8%
21	Maine	4.9%	21	Maine	5.1%	21	Nevada	4.7%
22	New Hampshire	4.8%	22	Virginia	4.9%	22	Arizona*	4.4%
23	Virginia	4.6%	23	New Hampshire	4.7%	23	Rhode Island	4.4%
24	Louisiana	4.6%	24	Arizona	4.4%	24	New Hampshire	4.3%
25	Arizona	4.6%	25	New Mexico	4.3%	25	Pennsylvania	4.2%
26	Florida	4.3%	26	Arkansas	4.1%	26	New Mexico*	4.0%
27	Pennsylvania	4.2%	27	Florida	4.0%	27	Florida	3.9%
28	New Mexico	4.2%	28	Alabama	3.8%	28	Minnesota	3.7%
29	Alabama	4.0%	29	Pennsylvania	3.7%	29	Louisiana	3.6%
30	North Carolina	3.7%	30	Minnesota	3.7%	30	Alabama**	3.5%
31	South Carolina	3.7%	31	South Carolina	3.7%	31	Missouri	3.4%
32	Minnesota	3.6%	32	Missouri	3.5%	32	North Carolina	3.3%
33	Missouri	3.6%	33	North Carolina	3.4%	33	South Carolina	3.2%
34	Michigan	3.0%	34	Kansas	3.4%	34	Kansas	2.8%
35	Arkansas	2.6%	35	Louisiana	3.1%	35	Oklahoma	2.7%
36	Colorado	2.5%	36	Michigan	2.7%	36	Texas	2.7%
37	Oklahoma	2.4%	37	Oklahoma	2.6%	37	Michigan	2.5%
38	Texas	2.3%	38	Colorado	2.5%	38	Colorado	2.5%
39	Vermont	2.3%	39	Alaska	2.4%	39	Arkansas	2.3%
40	South Dakota	2.1%	40	Texas	2.4%	40	Vermont	2.0%
41	Idaho	1.7%	41	South Dakota	2.2%	41	Alaska*	1.7%
42	Kansas	1.7%	42	Vermont	2.1%	42	Montana	1.4%
43	Tennessee	1.5%	43	Idaho	1.6%	43	South Dakota	1.4%
44	Montana	1.4%	44	Tennessee	1.3%	44	Tennessee	1.3%
45	Indiana	1.3%	45	Montana	1.3%	45	Indiana	1.2%
46	Alaska	0.9%	46	Indiana	1.2%	46	Idaho	1.0%
47	Iowa	0.8%	47	Iowa	0.7%	47	Iowa	0.7%
48	North Dakota	0.3%	48	North Dakota	0.5%	48	North Dakota	0.5%
49	Nebraska	0.1%	49	Wyoming	0.1%	49	Wyoming	0.1%
50	Wyoming	0.1%	50	Nebraska	0.1%	50	Nebraska	0.1%
Mean		4.6%	Mean		4.6%	Mean		4.4%
Median		4.4%	Median		4.2%	Median		4.1%

\*Figures based on fiscal 2015 revenues; fiscal 2016 audited financial statements not available at time of publication.

\*\*Figure based on unaudited fiscal 2016 revenues.

Some historical debt figures have been updated and may not match prior published reports.

Source: Moody's Investors Service

Exhibit 11

## Demand Debt and Direct Loans/Private Placements

State	NTSD (\$ Thousands)	Demand Debt (\$ Thousands)	Direct Loans / Private Placements (\$ Thousands)	# Direct Loans / Private Placements
Alabama	\$4,955,766	\$0	\$263,512	6
Alaska	\$1,254,600	\$0	\$0	0
Arizona	\$4,823,805	\$0	\$0	0
Arkansas	\$1,757,229	\$0	\$500	1
California	\$86,998,000	\$4,808,000	\$13,745	1
Colorado	\$1,954,579	\$0	\$0	0
Connecticut	\$23,265,534	\$1,657,315	\$0	0
Delaware	\$2,421,656	\$0	\$2,565	3
Florida	\$19,814,300	\$65,200	\$0	0
Georgia	\$10,228,974	\$0	\$0	0
Hawaii	\$7,168,256	\$0	\$0	0
Idaho	\$712,929	\$36,000	\$0	0
Illinois	\$32,147,550	\$600,000	\$0	0
Indiana	\$2,056,661	\$464,755	\$289,075	4
Iowa	\$714,873	\$0	\$12,640	1
Kansas	\$4,579,718	\$510,490	\$0	0
Kentucky	\$9,126,299	\$243,080	\$0	0
Louisiana	\$7,559,921	\$424,375	\$205,800	4
Maine	\$1,183,607	\$0	\$0	0
Maryland	\$12,764,867	\$59,450	\$48,000	10
Massachusetts	\$40,756,031	\$2,642,290	\$913,935	7
Michigan	\$6,839,600	\$136,275	\$0	0
Minnesota	\$8,171,607	\$0	\$0	0
Mississippi	\$5,519,778	\$166,010	\$0	0
Missouri	\$3,528,926	\$0	\$0	0
Montana	\$216,082	\$0	\$0	0
Nebraska	\$34,780	\$0	\$0	0
Nevada	\$1,726,789	\$0	\$7,405	1
New Hampshire	\$1,197,280	\$0	\$0	0
New Jersey	\$39,246,548	\$678,100	\$1,743,270	8
New Mexico	\$2,623,075	\$420,000	\$284,800	3
New York	\$60,619,669	\$1,799,470	\$0	0
North Carolina	\$6,681,880	\$0	\$0	0
North Dakota	\$114,247	\$0	\$0	0
Ohio	\$12,621,591	\$465,730	\$0	0
Oklahoma	\$1,432,084	\$0	\$0	0
Oregon	\$7,540,513	\$404,405	\$265,515	1
Pennsylvania	\$17,087,111	\$594,615	\$81,800	1
Rhode Island	\$2,250,938	\$38,400	\$38,400	2
South Carolina	\$2,796,209	\$0	\$0	0
South Dakota	\$555,012	\$245,536	\$0	0
Tennessee	\$2,144,741	\$491,536	\$0	0
Texas	\$10,681,942	\$2,827,315	\$1,565,000	27
Utah	\$2,513,135	\$0	\$0	0
Vermont	\$666,935	\$0	\$0	0
Virginia	\$12,500,577	\$127,385	\$3,340	1
Washington	\$19,804,130	\$0	\$0	0
West Virginia	\$1,810,703	\$0	\$0	0
Wisconsin	\$10,051,056	\$1,201,300	\$279,800	5
Wyoming	\$24,259	\$0	\$0	0
Total	\$517,246,352	\$21,107,032	\$6,019,102	86

Source: Moody's Investors Service

Exhibit 12

## Key Metrics for US Territories

	American Samoa	Northern Mariana Islands	Guam	U.S. Virgin Islands*	Puerto Rico
Rating	Ba3	No Rating	No Rating	Caa1	Caa3
2017 Debt Outstanding					
Net Tax-Supported Debt (\$ Thousands)	\$88,423	\$80,375	\$1,235,263	\$1,988,098	\$56,839,000
Gross Tax-Supported Debt (\$ Thousands)	\$88,423	\$80,375	\$1,235,263	\$2,004,908	\$62,340,000
NTSD Key Metrics					
NTSD as % of GDP	13.8%	8.7%	21.5%	52.8%	55.1%
NTSD per Capita (\$)	\$1,540	\$1,537	\$7,639	\$19,172	\$16,662
Debt Service Key Metrics					
Debt Service (\$ Thousands)	\$7,286	\$8,495	\$88,876	\$174,365	\$3,191,710
Debt Service as % of Fiscal 2015 Own-Source Govt Revenues	7.5%	4.2%	10.8%	17.5%	28.1%

\*Rating is seniormost special tax rating

Source: Moody's Investors Service



### Basis for State Debt Medians

Our 2017 state debt medians are based on our analysis of calendar year 2016 debt issuances and fiscal year 2016 debt service. As in prior-year reports, the presentation of debt trend data incorporates a one-year lag (i.e., the data labeled 2017 reflect debt as of calendar year end 2016).

In considering debt burden, our focus is largely on net tax-supported debt (NTSD), which we characterize as debt secured by statewide taxes and other general resources, net of obligations that are self-supporting from pledged sources other than state taxes or operating resources – such as utility or local government revenues. We also examine gross debt, which captures debt supported by revenues other than state taxes and general resources. This includes self-supporting general obligation (GO) debt, special assessment bonds and contingent debt liabilities that may not have direct tax support but represent commitments to make debt service payments under certain conditions (i.e., state guarantees and bonds backed by state moral obligation pledges that have never been tapped).

The debt and debt service ratios of some states are relatively high because they issue debt for purposes that in other states would be financed at the local level, such as for schools or mass transit. Some states' debt service ratios rank higher than their NTSD ratios due to conservative debt management practices, such as rapid debt amortization. Conversely, some states' debt service ratios rank relatively lower due to the use of capital appreciation bonds or long maturity schedules.

Exhibit 13

### Comparison of NTSD and Gross Tax-Supported Debt (GTSD)

Generally included in NTSD	Generally Excluded from NTSD/ Included in GTSD
General obligation debt paid from statewide taxes and fees	Self-supporting general obligation debt with an established history of being paid from sources other than taxes or general revenues
Appropriation backed bonds	Moral obligation debt with an established history of being paid from sources other than taxes or general revenues
Lease revenue bonds	Tobacco securitization bonds, with no state backup
Special tax bonds secured by statewide taxes and fees	Unemployment insurance obligation bonds
Highway bonds, secured by gas taxes and DMV fees	Debt guaranteed, but not paid, by the state
GARVEE bonds	Special assessment bonds
Lottery bonds	
Moral obligation debt paid from statewide taxes and fees	
Capital leases	
P3's with state concession obligation	
Pension obligation bonds	

Source: Moody's Investors Service

These ratios have been calculated based on our definition of net tax-supported debt, debt service and own-source governmental revenues, and in most cases will differ from a state's own published calculations of debt limits or debt affordability. There is no correlation between our ratios and a state's compliance with its internal policies.

## Moody's Related Research

### Methodology

- » [US States Rating Methodology](#), April 17, 2013

### Outlook

- » [2017 Outlook – Revenue Trends Support Stability; Some States Still Pressured](#), December 8, 2016

## Endnotes

- 1 Some historical debt figures have been updated and may not match data in prior published reports.
- 2 This year, [Indiana's](#) (Aaa stable) stadium and convention center bonds are not included in NTSD. The bonds are secured by pledged local taxes, which have been sufficient to pay debt service for the last five years and are expected to remain sufficient through the life of the bonds. If local revenues prove insufficient or are at risk of becoming insufficient to pay debt service, a state appropriation is in place to pay debt service and the bonds will again be included in the state's NTSD.
- 3 [Nebraska](#) (certificates of participation rated Aa2 stable) had the largest percentage growth in NTSD of 125%, though the dollar increase was small. Nebraska still has one of the lowest debt burdens of all 50 states.



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## APPENDIX C



## State of Vermont

### New Issue Report

#### Ratings

Long-Term Issuer Default Rating AAA

#### New Issues

\$66,880,000 General Obligation  
Vermont Citizen Bonds  
(Negotiated), Series 2017A AAA  
\$33,465,000 General Obligation  
Bonds (Competitive), Series 2017B AAA

#### Outstanding Debt

General Obligation Bonds AAA

#### Rating Outlook

Stable

#### New Issue Summary

**Sale Date:** Week of August 21.

**Series:** State of Vermont, General Obligation Bonds, 2017 Series A (Vermont Citizen Bonds) and Series B.

**Purpose:** To fund various capital projects.

**Security:** General obligations of the state of Vermont backed by its full faith and credit.

**Analytical Conclusion:** Vermont's 'AAA' IDR primarily reflects conservative financial management, including prompt action to address projected budget gaps and sound reserves. Vermont's economic growth has been steady but slow. The moderate long-term liability burden should remain relatively stable given changes to improve pension sustainability over time.

#### Key Rating Drivers

**Economic Resource Base:** Vermont's small and modestly growing economy is tilted towards health and educational services, manufacturing, and tourism and remains exposed to several key large employers. During the recession, Vermont's peak-to-trough employment loss of 4.8% was less severe than the national 6.3% decline. The state's jobs recovery has been on par with the national trend. Vermont's population is older than most states' and domestic out-migration continues to pose a challenge. The state's labor force has been flat to declining over the past decade, in contrast to slow growth at the national level. High educational attainment levels provide some potential for more accelerated economic gains, but the state has not fully benefited from that potential to date.

**Revenue Framework: 'aaa':** Fitch anticipates Vermont's revenues used for direct state operations will grow at a moderate pace, reflecting our expectations for the state's economy. Property taxes represent the largest component of state revenues and have grown at a robust rate, but these revenues do not drive the state's overall revenue framework. Property tax revenues are essentially passed through to school districts, rather than being used for state operations, and are adjusted annually based on multiple factors including decisions of voters in local school districts. The state has complete legal control over its revenues.

**Expenditure Framework: 'aaa':** The state maintains ample expenditure flexibility with a low burden of carrying costs for liabilities and the broad expense-cutting ability common to most U.S. states. Vermont has been particularly focused on addressing healthcare spending, including Medicaid, which is a key expense driver.

**Long-Term Liability Burden: 'aa':** Vermont's long-term liabilities burden is moderate and above the median for U.S. states.

**Operating Performance: 'aaa':** Fitch anticipates Vermont will utilize its broad gap-closing capacity to manage through economic downturns while maintaining a high level of fundamental financial flexibility. The state has taken steps during the expansion to expand its flexibility and position itself well for the next downturn.

#### Analysts

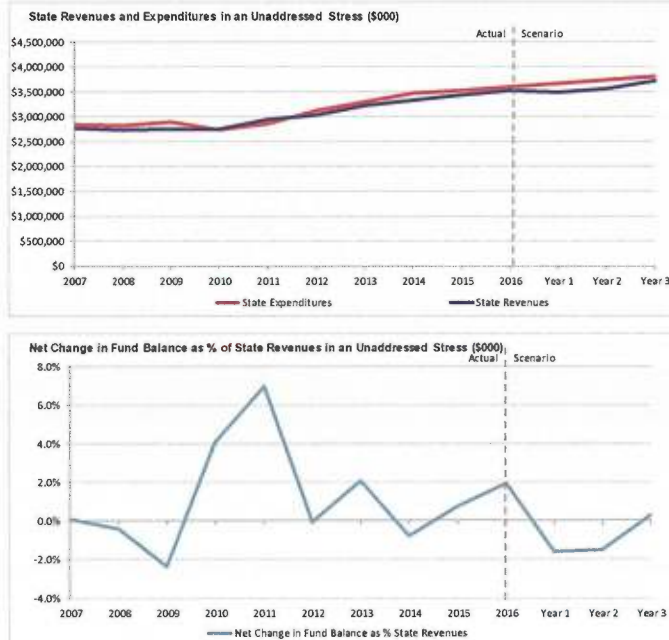
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## Vermont, State of (VT)

### Scenario Analysis

v. 2.0 2017/04/14



#### Analyst Interpretation of Scenario Results

Vermont's exceptionally strong gap-closing capacity derives from institutional and statutory mechanisms, and a demonstrated ability to prudently manage through economic downturns. Official revenue forecasts are updated at minimum twice a year through the Emergency Board, a consensus process involving the administration and legislature. During the Great Recession, the state moved to quarterly updates to enhance its ability to respond to rapidly changing fiscal circumstances. The governor can implement a spending reduction plan unilaterally (if a revenue forecast downgrades revenues less than one percent from the prior forecast) or with legislative cooperation. During the Great Recession, and again in a more recent shortfall, the governor, legislature, and other key stakeholders including employee unions, worked quickly and cooperatively to develop spending rescission plans to address emerging deficits. The state's recent trend has been to focus on expenditure cuts, such as negotiated wage reductions or programmatic cuts, rather than revenue increases.

The state maintains multiple budget reserves including fully-funded budget stabilization reserves (5% of revenues) in each of its three primary operating funds (general, education and transportation), and separate, fund-specific reserves or unreserved balances of lesser amounts. At fiscal year-end 2017, the various general fund reserves totaled just over \$100 million, representing approximately 7% of general fund spending. Education fund reserves were approximately 5% of education fund spending. On a combined basis, total general and education fund reserves at the end of fiscal 2017 covered approximately 6% of general and education fund spending.

Vermont's revenue sensitivity calculated using the Fitch Analytical Sensitivity Tool (FAST) of negative 0.1% is among the lowest for states. The 50-states median year one revenue decline in a moderate economic downturn is 3.2%. Fitch considers Vermont's metric to be somewhat understated because of the school funding and property tax system. The state records property tax collections as its own revenues and essentially passes them through to local school districts with only indirect effect on Vermont's fundamental fiscal flexibility. Primary operating revenues for state functions are historically more volatile than property taxes, and typical of other state governments, as indicated by the fiscal stress experienced during the last recession. Between fiscal 2008 and 2010, Vermont's general fund tax revenues declined 14%.

#### Scenario Parameters

GDP Assumption (% Change)  
Expenditure Assumption (% Change)  
Revenue Output (% Change)

	Year 1	Year 2	Year 3
GDP Assumption (% Change)	(1.0%)	0.5%	2.0%
Expenditure Assumption (% Change)	2.0%	2.0%	2.0%
Revenue Output (% Change)	(1.0%)	2.0%	4.1%

Revenues, Expenditures, and Net Change in Fund Balance	Actuals										Scenario Output		
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Year 1	Year 2	Year 3
<b>Expenditures</b>													
Total Expenditures	4,085,001	4,146,918	4,318,873	4,666,695	4,860,504	5,017,124	5,157,410	5,408,365	5,611,911	5,614,127	5,726,410	5,840,938	5,957,757
% Change in Total Expenditures	7.0%	1.5%	4.1%	8.1%	4.2%	3.2%	2.8%	4.9%	3.8%	0.0%	2.0%	2.0%	2.0%
State Expenditures	2,841,043	2,828,986	2,892,526	2,739,842	2,852,399	3,129,968	3,291,870	3,470,157	3,524,751	3,592,491	3,664,341	3,737,628	3,812,380
% Change in State Expenditures	8.4%	(0.4%)	2.2%	(5.3%)	4.1%	9.7%	5.2%	5.4%	1.6%	1.9%	2.0%	2.0%	2.0%
<b>Revenues</b>													
Total Revenues	4,018,099	4,061,042	4,175,754	4,677,762	4,949,512	4,929,587	5,088,868	5,276,849	5,532,771	5,554,187	5,559,294	5,669,780	5,856,645
% Change in Total Revenues	5.8%	1.1%	2.8%	12.0%	5.8%	(0.4%)	3.2%	3.7%	4.8%	0.4%	0.1%	2.0%	3.3%
Federal Revenues	1,243,958	1,317,932	1,426,347	1,926,853	2,008,105	1,887,156	1,865,540	1,938,208	2,087,160	2,021,636	2,062,069	2,103,310	2,145,377
% Change in Federal Revenues	4.0%	5.9%	8.2%	35.1%	4.2%	(6.0%)	(1.1%)	3.9%	7.7%	(3.1%)	2.0%	2.0%	2.0%
State Revenues	2,774,141	2,743,110	2,749,407	2,750,909	2,941,407	3,042,431	3,223,328	3,338,641	3,445,611	3,532,550	3,497,225	3,566,470	3,711,269
% Change in State Revenues	6.6%	(1.1%)	0.2%	0.1%	6.9%	3.4%	5.9%	3.6%	3.2%	2.5%	(1.0%)	2.0%	4.1%
Excess of Revenues Over Expenditures	(66,902)	(85,876)	(143,119)	11,067	89,008	(87,537)	(68,542)	(131,516)	(79,140)	(59,941)	(167,116)	(171,158)	(101,111)
Total Other Financing Sources	69,495	74,755	78,438	101,450	116,561	85,505	136,216	104,926	104,723	128,397	111,953	117,243	113,448
Net Change in Fund Balance	2,593	-11,121	-64,681	112,517	205,569	-2,032	67,674	-26,590	25,583	68,456	-55,163	-53,915	12,337
% Total Expenditures	0.1%	(0.3%)	(1.5%)	2.4%	4.2%	(0.0%)	1.3%	(0.5%)	0.5%	1.2%	(1.0%)	(0.9%)	0.2%
% State Expenditures	0.1%	(0.4%)	(2.2%)	4.1%	7.2%	(0.1%)	2.1%	(0.8%)	0.7%	1.9%	(1.5%)	(1.4%)	0.3%
% Total Revenues	0.1%	(0.3%)	(1.5%)	2.4%	4.2%	(0.0%)	1.3%	(0.5%)	0.5%	1.2%	(1.0%)	(1.0%)	0.2%
% State Revenues	0.1%	(0.4%)	(2.4%)	4.1%	7.0%	(0.1%)	2.1%	(0.8%)	0.7%	1.9%	(1.6%)	(1.5%)	0.3%

Notes: Scenario analysis represents an unaddressed stress on issuer finances. Fitch's downturn scenario assumes a -1.0% GDP decline in the first year, followed by 0.5% and 2.0% GDP growth in Years 2 and 3, respectively. Expenditures are assumed to grow at a 2.0% rate of inflation. For further details, please see Fitch's US Tax-Supported Rating Criteria.



## Rating History (IDR and General Obligation Bonds)

Rating	Action	Outlook/ Watch	Date
AAA	Affirmed	Stable	8/11/17
AAA	Revised	Stable	4/05/10
AA+	Affirmed	Stable	4/13/06
AA+	Upgraded	—	10/25/99
AA	Assigned	—	8/18/92

## Rating Sensitivities

**Operating Performance and Economic Potential:** The rating is sensitive to changes in Vermont's fundamental credit characteristics. Weakened fiscal discipline or material deterioration in economic growth prospects could negatively affect the rating.

## Credit Profile

### Revenue Framework

The state's revenues used for direct state operations consist primarily of personal and corporate income taxes, sales and use taxes, and a meals and rooms tax meant to export a share of the tax burden to visiting tourists. Vermont also levies a state property tax for education, an unusual feature for state governments, which is the largest source of total state revenues. Since Vermont essentially passes through property tax collections to local school districts, Fitch discounts the importance of this stream in the revenue framework assessment. There are no legal limitations on the state's ability to raise revenues.

Fitch anticipates steady growth in Vermont's revenues, just ahead of inflation, given the state's moderate economic growth prospects. Vermont's historical total tax revenue growth, adjusted for policy changes, has been slightly positive on a real basis.

Vermont has no legal limitations on its ability to raise revenues through base broadenings, rate increases, or the assessment of new taxes or fees.

### Expenditure Framework

Education is the state's largest expenditure from own-source revenues, driven by the unique funding system in Vermont with the state covering the full cost for locally administered K-12 schools primarily through the property tax, a general fund appropriation, and a share of the sales and use tax. Health and human services, primarily Medicaid, is the second-largest expenditure area.

Spending growth, absent policy actions, will likely be slightly ahead of revenue growth, driven primarily by Medicaid, requiring regular budget measures to ensure ongoing balance. The fiscal challenge of Medicaid is common to all U.S. states, and the nature of the program as well as federal government rules limit the states' options in managing the pace of spending growth.

Federal action to revise Medicaid's programmatic and financial structure remains a possibility given recent federal legislative and administrative efforts. Most proposals to date include a basic restructuring of federal Medicaid funding to a capped amount. Whether a change in federal Medicaid funding has consequences for Fitch's assessment of a state's credit quality would depend on the state's fiscal response to those changes. Responses that create long-term structural deficits or increase liability burdens could negatively affect both the expenditure framework assessment and the IDR.

Vermont has been particularly aggressive in addressing the long-term national trend of steadily rising healthcare costs (including Medicaid), with the most recent effort being a shift towards outcome-based care under an 'all-payer' system, rather than the traditional fee-for-service model. This January, Vermont started an initial all-payer pilot program with Medicaid patients. Under terms of agreements with the federal government for the all-payer system, Vermont will transition Medicare and Medicaid to an outcome-based accountable care organization model, with the goal of getting participation from private insurers and providers as well over the program's initial five-year period.

## Related Research

Fitch Rates Vermont's \$100MM GOS 'AAA'; Outlook Stable (August 2017)

2016 State Pension Update: New Accounting, Old Challenges (November 2016)

## Related Criteria

U.S. Public Finance Tax-Supported Rating Criteria (May 2017)

For education, state spending growth pressure is somewhat offset by the funding structure as school districts' property tax rates (collected by localities on behalf of the state) increase when voter-approved school district budgets increase. Revenue growth does not fully mitigate spending increases though, exposing the state to a level of ongoing expenditure growth as reflected in the steadily growing annual state general fund appropriation to the education fund.

Vermont's fixed carrying cost burden is low and Fitch anticipates it remaining stable given the state's commitment to full actuarial contributions to its pension systems and careful management of debt issuance. Overall, the state retains ample flexibility to adjust main expenditure items.

### **Long-Term Liability Burden**

Vermont's combined burden of debt and unfunded pension liabilities is a moderate 11.3% of personal income, based on the most recently available data and Fitch's revised 6% investment return assumption for pension plans. Debt levels remain modest at just 2% and are closely monitored through the state's Capital Debt Affordability Advisory Committee (CDAAC). The governor and legislature consistently stay within CDAAC's recommendations for annual bond issuance.

Net pension liabilities are more significant. The pension liability calculations include essentially 100% of the liability in the Vermont State Retirement System and the State Teachers' Retirement System, for which the state makes the full actuarial contribution. Market losses during the last two recessions contributed to recent growth in net liabilities for both systems. Since the Great Recession the state has negotiated with employee groups and implemented multiple changes including to benefits, contributions, and actuarial methods to improve pension sustainability over time. Given recent shifts to somewhat more conservative actuarial assumptions, including a decrease in the investment return assumption to 7.5% from 7.95%, Fitch anticipates Vermont's long-term liability burden will remain consistent with a 'aa' assessment over the long term.

### **Operating Performance**

Vermont's exceptionally strong gap-closing capacity derives from institutional and statutory mechanisms, and a demonstrated ability to prudently manage through economic downturns. For details, see Scenario Analysis, page 2.

The state's budgeting practices tend to be conservative in forecasting and proactive through the fiscal year, with most fiscal years ending with a general fund budget surplus despite the lack of a statutory or constitutional balanced budget requirement. Through the economic expansion Vermont has maintained its primary budget reserves. Recently the state has taken steps to build in additional fiscal capacity through additional reserves including the general fund balance reserve (balance of \$17.2 million at fiscal year-end 2017, or 1.2% of general fund revenues), a human services caseload reserve (newly established with \$10 million at fiscal year-end 2017), and a 27/53 reserve that will set aside funds for the infrequent years with a 27th biweekly payroll or 53rd weekly Medicaid payment cycle (\$5.3 million at fiscal year-end 2017). Based on the enacted budgets for fiscal 2018, and an anticipated general fund rescission plan (discussed further below), Fitch anticipates reserves will decline modestly in fiscal 2018 primarily to address one-time issues.

### **Current Developments**

Fiscal 2017 general fund revenues were up slightly from the prior year (1.1%) and essentially in line with the January forecast. Slow personal income and sales tax revenue growth was offset



by stronger than anticipated corporate income tax collections; the corporate income tax over-performance was attributable mainly to the processing of a series of anticipated refunds extending beyond the fiscal year-end. This \$16.3 million in budgeted refunds was a key driver of a downward revenue revision for fiscal 2018 that the state's emergency board adopted at its July 2017 meeting.

Based on that new revenue forecast, the state entered the current fiscal year with a projected general fund revenue shortfall of \$28.9 million, or approximately 2% of projected general fund revenues. The joint fiscal committee approved the administration's full rescission plan at its August 17 meeting, which included a mix of recurring and one-time solutions to address the shortfall. The one-time solutions, including use of the fiscal 2017 general fund surplus and a draw on the general fund balance reserve, are intended to address what the state considers a one-time bump in corporate tax refunds due mainly to recent mergers and acquisitions involving local companies.

For the education fund, the enacted fiscal 2018 budget includes draws on unallocated balances from prior years as well as on the budget stabilization reserve to fund a shift in the teachers' pension normal cost to the education fund from the general fund. The budget stabilization reserve balance is budgeted to decline to approximately \$25 million, or 3.6% of revenues. In fiscal 2019, the state will allocate an additional cent of the sales tax (to 36% from 35%) to the education fund to offset the shift of the pension normal cost going forward. The governor also intends to recommend in his fiscal 2019 executive budget that the education fund budget stabilization reserve be restored to its 5% statutory maximum.



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## **APPENDIX D**

# MOODY'S

## INVESTORS SERVICE

### CREDIT OPINION

10 August 2017

New Issue

Rate this Research



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## State of Vermont

New Issue - Moody's Assigns Aaa to Vermont's GO Bonds;  
Outlook Stable

### Summary Rating Rationale

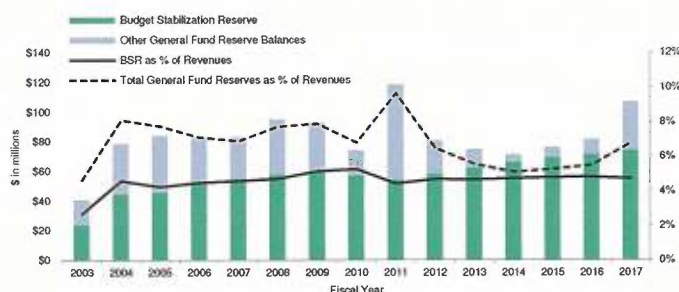
Moody's Investors Service has assigned Aaa ratings to the State of Vermont's \$33 million General Obligation Bonds 2017 Series A and \$67 million General Obligation Bonds 2017 Series B. The outlook is stable. Moody's maintains an Aaa rating on Vermont's outstanding GO bonds.

The Aaa rating recognizes Vermont's strong fiscal management, a track record of running surpluses most years even when revenues do badly, modest debt, and a small but productive economy.

Vermont's primary credit challenge is its above-average net pension liability paired with an increasingly unfavorable demographic profile. We expect the state to maintain its commitment to balanced budgets even as this challenge poses some budget pressures in the next few decades.

Exhibit 1

#### Vermont Has Kept Reserves Steady Throughout Economic Cycles



Note: The spike in total general fund reserves in 2011 and drawdown in 2012 was primarily the Human Case-load Reserve, which relates to changes in federal Medicaid payments.  
Source: State of Vermont



## Credit Strengths

- » Strong fiscal management leading to surpluses most years
- » Good progress on funding pension liabilities
- » Modest debt burden

## Credit Challenges

- » Above-average net pension liability
- » Aging population and work force
- » Slow economic and revenue growth

## Rating Outlook

The stable outlook reflects the state's proven ability to balance its budget in a variety of operating environments. Having grown fund balance and liquidity substantially in the past few years, Vermont is financially well-positioned for the future.

## Factors that Could Lead to an Upgrade

- » Not applicable

## Factors that Could Lead to a Downgrade

- » Reversal of recent progress toward better funding of pension liabilities
- » Reversal of historical track record of running budget surpluses even in bad years
- » Protracted population loss, aging of population, and/or shrinkage of workforce leading to poor revenue trends and difficulty servicing liabilities

## Key Indicators

Exhibit 2

Vermont	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Operating Fund Revenues (000s)	2,507,356	2,636,432	2,748,223	2,858,148	2,927,613
Balances as % of Operating Fund Revenues	7.6%	7.3%	2.5%	2.3%	0.6%
Net Tax-Supported Debt (000s)	507,624	549,995	597,520	627,192	666,935
Net Tax-Supported Debt/Personal Income	1.9%	2.0%	2.1%	2.1%	2.2%
Net Tax-Supported Debt/Personal Income 50 State Median	2.8%	2.6%	2.5%	2.5%	2.5%
Debt/Own-Source Governmental Funds Revenue	16.6%	16.9%	17.8%	18.1%	18.7%
Debt/Own-Source Governmental Funds Revenue Median	37.4%	36.1%	35.8%	34.4%	N/A
ANPL/Own-Source Govt Funds Revenue	129.7%	107.9%	110.6%	106.1%	N/A
ANPL/Own-Source Govt Funds Revenue Median	92.6%	87.6%	81.5%	83.1%	N/A
Total Non-Farm Employment Change (CY)	1.2%	0.7%	1.0%	0.8%	0.3%
Per Capita Income as a % of US (CY)	101.4%	102.5%	101.4%	100.8%	101.5%

Source: Moody's Investors Service

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

## Recent Developments

Vermont ran another surplus in fiscal 2017 (ended 6/30/2017), increasing its total general fund reserve balances by about \$25 million. The state achieved this despite a [lackluster year](#) for revenues. Personal income taxes and sales taxes each grew by less than 2% and came in below forecast, and corporate income taxes had a rough year because of a number of refund requests.

After a [downgraded revenue forecast](#) in January, the state as usual adjusted its budget to its revenues.

The state in June passed its [fiscal 2018 budget](#), totaling \$1.5 billion for the general fund and \$5.8 billion for all funds. The forecast is for both income and sales taxes to accelerate this year.

## Detailed Rating Considerations

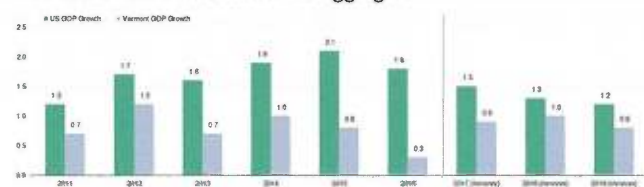
### Economy

Vermont's small [economy](#) continues to experience demographic challenges familiar to the New England region. The state's population is declining modestly (down 0.2% last year) and aging (the median age of 42.7 is way above the US median age of 37.9), and its labor force is shrinking.

Vermont's economic growth and employment growth have tracked below US growth rates for most of this expansion, which is likely to continue given the demographic profile of the state.

Exhibit 3

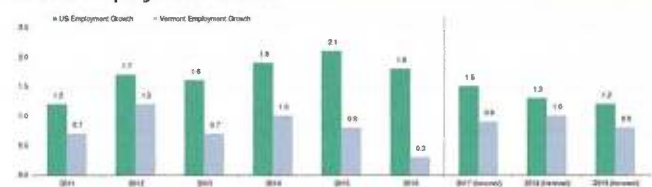
#### Vermont's Economic Growth is Lagging ..



Source: Vermont; Moody's Analytics

Exhibit 4

#### ... as is Employment Growth



Source: Vermont; Moody's Analytics

That said, Vermont's population is well-educated and income in the state is above-average. The state's poverty and unemployment rates are both low. The median home in Vermont is worth 20% more than the median home in the United States. Receipts from the state's income tax and sales tax continue to grow steadily if modestly.

Advanced manufacturing, healthcare, and tourism will continue to drive the state economy overall.



## Finances and Liquidity

Vermont's conservative fiscal management and healthy financial reserves are important strengths for the state.

We consider three of Vermont's funds to be operating funds: the general fund, the transportation fund, and the education fund. Of the state's \$5.8 billion of total appropriations, roughly \$3.5 billion are from state revenues (i.e., not federal aid), or what we call own-source revenues. The state's approximately \$3 billion of tax revenue sources for these three funds are detailed below.

Exhibit 5

### Vermont's Revenue Sources (\$ in millions)

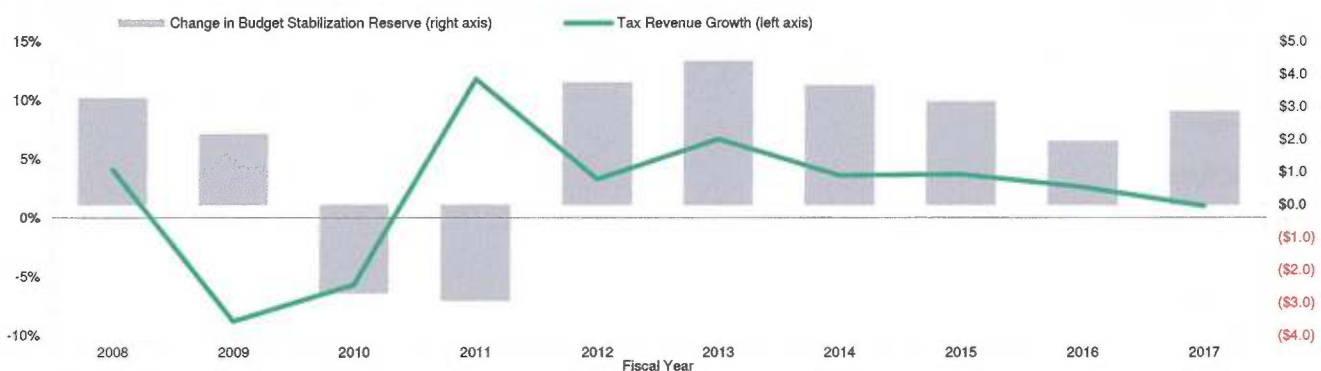
Revenue Source	2018 Budget	% of 2018 Tax Revenues	
Property Tax	\$1,054	35%	Statewide property tax levy for education
Personal Income Tax	\$795	26%	8.95% top marginal rate
Sales & Use Tax	\$397	13%	6%
Gasoline Tax and Other Transportation Fees	\$280	9%	2% of gasoline price subject to floor; other various fees
Meals & Rooms Tax	\$172	6%	9%
Corporate Income Tax	\$87	3%	8.5% top marginal rate
Insurance Tax	\$58	2%	2% of premiums
Other	\$211	7%	
Total	\$3,054		

Source: State of Vermont

The state has proven its ability to maintain a good amount of liquidity and financial reserves even when revenues perform poorly. During the depths of the financial crisis, Vermont ran two deficits (indicated by a decline in the Budget Stabilization Reserve), each less than \$3 million. Overall, Vermont has proven its ability to adjust its budget to its revenues even in bad years.

Exhibit 6

### Vermont Runs Surpluses Most Years \$ in millions



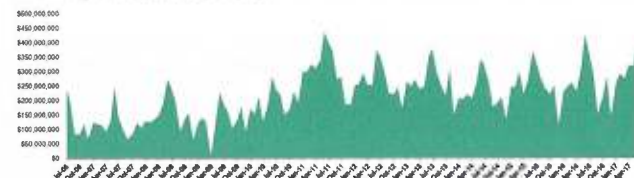
Source: State of Vermont

## LIQUIDITY

Vermont's liquidity is good, and has improved over the past decade. The Vermont state treasurer is the custodian for state operating funds, as well as many non-operating funds.

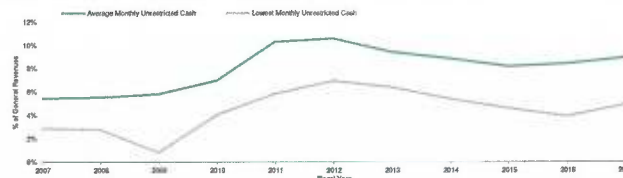
The treasurer [reports](#) a monthly unrestricted cash balance, which is a good proxy for the state's operating liquidity.

Exhibit 7  
Monthly Unrestricted Cash



Source: Vermont State Treasurer

Exhibit 8  
Cash as % of General Revenues



(Fiscal 2017 cash balances are as % of 2016 revenues)

Source: State of Vermont

Under state law, the treasurer can also at certain times of year borrow from certain segregated or restricted funds not shown in the above.

### Debt and Pensions

Vermont's debt is modest and likely to stay that way.

Favorably, the state's Capital Debt Affordability Advisory Committee periodically recommends a borrowing authorization in an amount intentionally designed to help preserve the state's high credit rating. The state has adopted the committee's recommendations each year for 26 years.

Exhibit 9  
Vermont's Debt is Modest Compared with Regional Peers  
(A lower-number rank is a higher debt burden)

State	Debt to Personal Income (Rank)	Debt Per Capita (Rank)
Vermont (Aaa stable)	2.2% (27)	\$1,068 (24)
US Median	2.5%	\$1,006
Massachusetts (Aa1 stable)	9.8% (2)	\$5,983 (2)
Connecticut (A1 stable)	9.7% (3)	\$6,505 (1)
Rhode Island (Aa2 stable)	4.3% (12)	\$2,131 (10)
Maine (Aa2 stable)	2.1% (30)	\$889 (30)
New Hampshire (Aa1 stable)	1.6% (32)	\$897 (29)

Source: Moody's Investors Service

### DEBT STRUCTURE

Most of Vermont's capital borrowings are general obligation bonds.

Exhibit 10  
Vermont's Debt Profile  
\$ in thousands

Debt	Outstanding 6/30/2017	Security
General Obligation Bonds	\$577,060	Full Faith and Credit
Leases	\$9,845	Lease Payments
Transportation Infrastructure Bonds	\$28,340	Motor Fuels Tax
Net Tax Supported Debt	\$615,245	

Source: State of Vermont

Vermont's debt service is \$74 million a year, which is 2% of own-source revenues and about half the median debt service burden for a state.

In addition to the net tax supported debt shown above, Vermont has pledged its "moral obligation" commitment to cover debt service on a little more than \$1 billion of debt, primarily municipal borrowings conducted through the [Vermont Municipal Bond Bank](#) (Aa1 stable).

As the borrowers for this moral obligation debt have always made their payments on time, we exclude this debt from the state's debt burden.

#### DEBT-RELATED DERIVATIVES

Vermont is not party to any debt-related derivatives.

#### PENSIONS AND OPEB

Vermont is an above-average pension state, and its net pension liability paired with its aging population remains the biggest credit weakness at the Aaa level. Nonetheless, Vermont's pension situation is nothing out of the ordinary for the New England region. Several neighboring states face similar pension challenges reflecting the demographic dynamics of an aging population and work force.

Exhibit 11

#### Vermont's Pension Liabilities are Big (A lower-number rank is a bigger liability)

State	ANPL to Personal Income (rank)	ANPL Per Capita (rank)
Vermont (Aaa stable)	12.3% (10)	\$5,873 (8)
US Median	5.8%	\$2,393
New England Median	12.9%	\$5,795
Connecticut (A1 stable)	22% (3)	\$14,738 (3)
Massachusetts (Aa1 stable)	13.8% (6)	\$8,419 (5)
Maine (Aa2 stable)	13.5% (8)	\$5,717 (10)
Rhode Island (Aa2 stable)	9.7% (16)	\$4,843 (14)
New Hampshire (Aa1 stable)	2.3% (46)	\$1,267 (41)

ANPL stands for the Moody's Adjusted Net Pension Liability  
Source: Moody's Investors Service

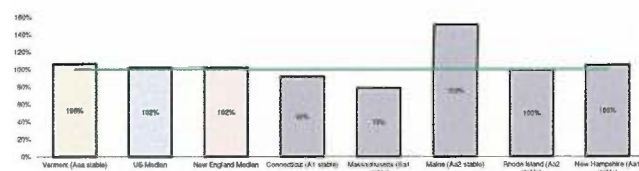
A few positives about Vermont's pension burden are important to note.

First, Vermont is aggressively funding its net pension liability, and has adopted several measures (such as lowering the assumed rate of return) to assure it remains on track to full funding by 2037.

As a proxy to measure whether a state's net pension liabilities are generally on track to grow or shrink, we look at the contribution it would need to make to "tread water" (meaning to keep net pension liabilities unchanged assuming all actuarial assumptions are met), and compare that to its actual contribution. Vermont's actual contributions are more than its tread water contribution, reflecting its path toward improving funded ratios over the coming years. This cannot be said about all states, and Vermont's pension contributions put it in a much better position than some of the states with the biggest pension problems.

Exhibit 12

#### Actual Contribution Relative to "Tread Water" Contribution

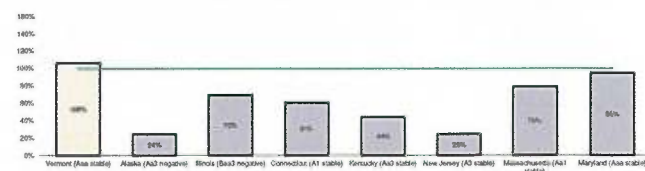


Note: These figures are from our 2015 Pension Medians Report. The figures are likely to change each year.

Source: Moody's Investors Service

Exhibit 13

#### Vermont's Contributions Distinguish it from Biggest-Liability States



Note: This chart compares Vermont with the states with the biggest Moody's ANPL relative to personal income

Source: Moody's Investors Service

Crucially, we expect Vermont to continue servicing its pension liabilities with minimal budget stress, in contrast to some of the states shown in the above chart. Vermont's projected required contribution next year for the two plans the state contributes to is about \$140 million. Those required contributions are projected to increase to about \$320 million by 2037 – a big increase (and at risk of being higher if actuarial assumptions prove too optimistic), but nothing unmanageable for a state with more than \$3 billion of projected tax revenues this year.

Overall, Vermont's pension liabilities are a weakness at the Aaa level, but a manageable one in concert with a low debt burden and a conservative fiscal approach.

### Governance

Vermont's governance is a key strength. The state's financial management has demonstrated its ability to adjust its budget to revenue shortfalls. The state has run consistent surpluses in spite of lackluster revenue growth in some years and increasing pension contributions.

### Legal Security

Vermont is pledging its full faith and credit to the payment of debt service on these general obligation bonds. State law requires the treasurer to pay debt service on the bonds whether or not the funds to do so have been appropriated.

### Use of Proceeds

Proceeds of the bonds will be used for various capital projects.

### Obligor Profile

Vermont is the second-smallest state by population (625,000). The state is primarily rural. Its gross state product of \$30 billion is by far the smallest among the 50 states.

### Methodology

The principal methodology used in this rating was US States Rating Methodology published in April 2013. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

### Ratings

Exhibit 14

#### Vermont (State of)

Issue	Rating
General Obligation Bonds 2017 Series A	Aaa
Rating Type	Underlying LT
Sale Amount	\$33,465,000
Expected Sale Date	09/13/2017
Rating Description	General Obligation
General Obligation Bonds 2017 Series B	Aaa
Rating Type	Underlying LT
Sale Amount	\$66,880,000
Expected Sale Date	09/13/2017
Rating Description	General Obligation

Source: Moody's Investors Service



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## **APPENDIX E**

## Vermont; General Obligation

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# Vermont; General Obligation

## Credit Profile

US\$66.88 mil GO bnds ser 2017B due 08/15/2037

<i>Long Term Rating</i>	AA+/Stable	New
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US\$33.465 mil GO bnds (Vermont Citizen Bnds) ser 2017A due 08/15/2037

<i>Long Term Rating</i>	AA+/Stable	New
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Vermont GO

<i>Long Term Rating</i>	AA+/Stable	Affirmed
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## Rationale

S&P Global Ratings has assigned its 'AA+' rating and stable outlook to the State of Vermont's general obligation (GO) bonds, 2017 series A (Vermont Citizen Bonds) and 2017 series B. At the same time, S&P Global Ratings affirmed its 'AA+' rating on the state's GO debt outstanding and its 'A+' rating on the state's moral obligation bonds. The outlook on all ratings is stable.

The ratings reflect our opinion of the state's:

- Strong financial and budget management policies that have contributed to consistent reserve and liquidity levels over time;
- Employment composition reflective of the U.S. economy that is characterized by average income levels and low unemployment rates, but a recent slower-than-average pace of growth by most measures and population declines in the past three calendar years;
- Well-defined debt affordability and capital planning processes, in our view, that have limited leverage and contributed to a modest tax-supported debt burden with rapid amortization of tax-supported debt; and
- Significant pension and other postemployment benefits (OPEB), which remain sizable relative to those of state peers despite some recent reform efforts.

The state's full faith and credit pledge secures the series 2017A and series 2017B bonds. Issuance proceeds will finance various capital projects within the state.

In our opinion, Vermont has a history of actively managing its budget over time, which we view as a positive credit factor. State statute requires Vermont to conduct revenue forecasts twice a year, in July and January. The budget is created off of estimates in January and updated after the July forecast. Most recently, the state's \$1.6 billion fiscal 2018 budget was signed into law on June 28, 2017. The July 2017 forecast revised estimates downward slightly to peg a shortfall of \$28.8 million or 1.8% of expenditures, which we consider minor. The state reports that the majority of the shortfall, 57%, stems from \$16.3 million of corporate tax refunds that will be paid out in fiscal 2018. In addition, a large portion, 39%, of the gap is created from an \$11.2 million downswing in personal income tax revenues. To address the shortfall, the state has created a rescission plan that includes using surplus from fiscal 2017 operations to close the gap. We believe the state's process for identifying, remediating, and monitoring budget shortfalls early in the fiscal year allows for flexibility of resolution.

Vermont also implemented a rescission plan for fiscal 2017 that closed a \$21.04 million gap through several measures including underspending in Medicaid and a reduction in appropriations for fiscal 2017, which did not have 53rd pay week as did fiscal 2016. Preliminary unaudited results indicate the state ended fiscal 2017 with general fund revenues of \$1.456 billion creating an operating gain of \$34.3 million, which was offset by \$5.8 million net transfers out to other funds and transfers to reserves of \$28.5 million.

The general fund budget stabilization reserve has grown in recent years. In fiscal 2017, reserves increased 4.0% to \$74.1 million from \$71.25 million in fiscal 2016 and \$69.31 million in 2015. The account's \$74.1 million balance represents 4.8% of fiscal 2017 expenditures, which we consider good. In addition, the general fund balance reserve sat at \$17.18 million at the close of fiscal 2017. The stabilization reserves for the general, transportation, and education funds ended the year at their statutory maximums of 5% of expenditures.

We anticipate that the relatively weak demographic trends in recent years will persist and continue to dampen the state's economic growth potential. Vermont's population of 624,594 has declined at an increasing rate in the past three years: by 0.02% in 2014, 0.14% in 2015, and 0.24% in 2016. The population grew slightly, by 0.11%, in 2013 after a 0.05% decline in 2012. Despite this weaker demographic pattern, income levels have expanded at a healthy pace and per capita personal income has been at or above that of the U.S. for the past eight years. However, Vermont's pace of economic recovery has been uneven and more recently, growth has lagged that of the U.S., a trend we expect to continue.

The state received approval to extend its Global Commitment to Health Medicaid waiver from the Centers for Medicare and Medicaid Services in October 2016. The approval granted is effective for a five-year term beginning Jan. 1, 2017, and ending Dec. 31, 2021. The state contends that updates to the terms of the waiver, including moving to a "per member per month" model from an aggregate budget neutrality agreement for consistency across the federal landscape, are minor and without major effect to operations. Given the uncertainty around health care in the federal landscape, the state reports that the potential impact from changes in federal law is indeterminate at this time.

In our view, Vermont's debt burden is moderate. We calculate fiscal year-end 2016 tax-backed debt per capita at only \$1,069, while debt amortization is rapid, with most tax-backed debt maturing within 10 years. All of Vermont's tax-supported debt issuance is governed by a comprehensive capital and debt affordability process.

Vermont's pension liabilities are weak, in our view, with what we consider a relatively low three-year-average funded ratio of 66% across the two pension plans for which the state has a reported liability. Furthermore, we consider the funding discipline of Vermont's pension plans to be average. State contributions to Vermont's pension plans are expressed as a percent of payroll; however, the contribution amounts are based on actuarial determination. Vermont has historically funded its pension liabilities at actuarially determined levels. However, pension liabilities have grown considerably in the past several years and funded ratios steadily deteriorated through fiscal 2016 and are below those of state peers. Total annual plan contributions in fiscal years 2014 through 2016 did not cover a level equal to service cost and interest cost plus some amortization of the unfunded liability, according to our calculations, which we believe could weaken the strength of the state's pension liability profile over time.

In our opinion, OPEB liabilities also remain high with an unfunded liability of \$1.82 billion or \$2,917 per capita



according to our calculations. The state created an irrevocable trust for the Vermont State Employees' Retirement System (VSRS) OPEB plan in fiscal 2007; however, there is limited asset accumulation in the fund. Before fiscal 2014, health care expenses related to The State Teachers Retirement System (STRS) were not explicitly budgeted or funded but were treated as an amortized actuarial loss. In fiscal 2014, the legislature created the Retired Teachers' Health and Medical Benefits Fund to separate health care expenses from the pension fund. The state reports that it is not currently making pre-funding contributions to either trust fund.

Based on the analytical factors we evaluate for states, on a scale of '1.0' (strongest) to '4.0' (weakest), we have revised our composite score for Vermont to a '1.8' from a '1.7' reflecting the state's weak pension liability profile.

## Outlook

The stable outlook reflects our view that although Vermont has a very strong budgetary management framework, the state's slower-than-average economic growth will continue to pressure the budget during our two-year outlook horizon. In addition, pension and OPEB liabilities remain high relative to those of state peers. While we believe the state has implemented reform efforts to reduce its long-term retirement liabilities, including increasing pension contributions in excess of actuarially determined levels, we note that the funded ratio across plans has steadily decreased in recent years as the liability has rapidly grown. A demonstrated improvement in the economic metrics or the pension and OPEB liability position could translate into a higher rating. Although we do not envision it at this time, given Vermont's history of proactively managing the state budget and recent actions to address retirement liabilities, substantial deterioration of budget reserves or a deteriorating liability position could negatively pressure the rating.

## Government Framework

Vermont does not have a constitutional or statutory requirement to enact or maintain a balanced budget, but it has consistently maintained sound finances. In our view, the state has significant flexibility to increase the rate and base of its major tax revenues, which include income taxes, sales taxes, and a statewide property tax that funds the state's support of local education. We view Vermont's revenue sources as diverse. The state does not allow voter initiatives. Vermont maintains the ability to adjust disbursements in order to maintain sufficient liquidity. Debt service can be paid without a budget, but there is no other legal priority for debt.

The state's tax structure is broad, and its revenue sources are diverse across several operating funds. The general fund relies primarily on unrestricted revenues from personal and corporate income, sales and use, and meal taxes.

The education fund relies primarily on a statewide property tax, and an appropriation from the general fund. The education stabilization reserve ended the year at the statutory maximum of 5% of expenditures. The transportation fund relies primarily on federal-match grant revenues, a motor vehicle license fee, and a motor fuel tax.

On a scale of '1.0' (strongest) to '4.0' (weakest), we have assigned a '1.6' to Vermont's government framework.

## Financial Management Assessment: 'Strong'

S&P Global Ratings considers Vermont's financial management practices strong under its financial management assessment methodology, indicating financial practices are strong, well embedded, and likely sustainable.

Much of Vermont's debt and financial management practices are embedded in state statute. These, along with internally developed policies, guide the state's long-term budget and capital planning, debt management, and investing practices. The state has a well-established consensus revenue-estimating process. According to statute, the joint fiscal office and administration provides its respective revenue estimates for the general, transportation, and federal funds for the current and next succeeding fiscal year to the Vermont Emergency Board.

Vermont law also requires a long-term capital plan. The governor submits a capital budget annually to the General Assembly based on debt management provisions outlined by the state's capital debt affordability advisory committee. The committee's estimate is nonbinding, but the state legislature has never authorized new long-term GO debt in excess of the committee's estimated amount. The state has formal debt management policies, including a statutory debt affordability analysis developed by the capital debt affordability advisory committee that Vermont integrates into the operating budget development process and updates at least annually. Vermont has not entered into any interest rate swaps and thus does not have an adopted swap management policy. Statutory restrictions and adopted administrative policies govern investment management, and the office of the state treasurer monitors compliance.

### Budget management framework

The state has multiple tools to assist financial management. Vermont monitors revenues and publishes results monthly; and the emergency board meets at least twice annually, in July and January, to evaluate the revenue forecast and make adjustments, if necessary. The state forecasts also include Medicaid revenues and spending. These consensus forecasting meetings can be convened more frequently, and were held quarterly during fiscal years 2008 through 2010, due to the recession and the potential impact on revenues and expenditures. The emergency board includes the governor and the legislative chairs of the house and senate fiscal appropriations committees. The forecasting process includes traditional economic and revenue forecasting, which Vermont performs with the assistance of outside economists, for the current and next succeeding fiscal year, as well as a less detailed forecast for the next eight years.

The governor has statutory authorization to adjust the budget within certain revenue and expenditure change limits when the Vermont Legislature is not in session. Vermont maintains stabilization reserve funds at statutory levels to reduce their effect on annual revenue variations. In 1993, the state created separate budget stabilization reserves within the general and transportation funds. The amount in each of these reserves is not to exceed 5% of previous-year appropriations. In fiscal 1999, the state created an education fund budget stabilization reserve, which is to fund in a range of 3.5%-5.0% of expenditures. Vermont statute requires annual funding of such reserves. The governor included a proposal in the fiscal 2013 executive budget to increase the general fund stabilization fund to 5.25% from 5.00%, but instead, the legislature added a general fund balance reserve fund with a separate cap of 5.00% of expenditures.

On a scale of '1' (strongest) to '4' (weakest), we have assigned a '1' to Vermont's financial management.



## Economy

According to our report, "For U.S. State and Local Governments, The Resilient But Shallow Expansion Complicated Budget Management," published July, 24, 2017, on RatingsDirect, we expect the New England economy to continue to expand at the same pace we've seen over the past five years. Forecasts for GDP growth in 2018 are slightly above the region's forecast in 2017 and actual results recorded in 2016, with growth driven in large part by demand in the housing market. However, we expect most of this growth will be concentrated in Connecticut and Massachusetts. Other states in the region, including Vermont, are expected to see a decline in new housing construction as pent-up demand from the recession has largely been met.

Vermont's economy is driven by tourism, higher education, electronics, consumer-goods manufacturing, and agriculture. Exports continue to be an important part of the state's economy at 16% of gross state product (GSP), with a substantial portion going to Canada according to IHS Global Insight Inc. Exports in 2016 were primarily made up of computer and electronic products (63.6%) followed by food manufactures (6.8%), and machinery (4.84%). In 2016, Vermont's exports totaled \$2.9 billion of which 39.7% was with Canada. Recent data from the International Trade Administration show that Vermont's export performance has deteriorated for six years, with total exports shrinking by 6% from 2015. The state's value of total exports in real terms has not been as low as it is currently since 2003, according to IHS Markit.

Vermont's employment diversity by sector is generally in line with the nation's, in our view, and has not demonstrated more cyclical than when the U.S. Global Foundries completed its acquisition of IBM, which is the second-largest private-sector employer in the state and accounts for a large portion of the state's manufacturing employment and exports. Global Foundries employs about 2,600 at its Essex Junction plant, which manufactures semiconductors for consumer electronic products, including chips for cell phones and other devices. According to IHS Markit, a large portion of the state's manufacturing exports includes computers and electronics products from the facility. The Vermont Yankee nuclear power plant ceased power production at the end of 2014 and the facility is in the process of placing spent fuel into dry cast storage. Employment levels in 2015 reflected that development. The transition to site restoration will take multiple years, and state officials indicate that this close is not expected to immediately affect power prices, given that Vermont power companies do not purchase power from this plant.

The state reports it was the second state in New England to complete its labor market recovery from the last recession, following the State of Massachusetts. Health care employment, in particular, will be a growth driver; however, IHS Markit forecasts very slow total employment growth of 0.5% in 2017 and an average annual growth rate of 0.5% between 2017 and 2020, which is well below forecast national employment growth rates. Despite the slow forecast employment growth, IHS projects unemployment rates to remain low in the next few years at about 3.1%, as labor force growth will be stagnant. As of June 2017, the state's unemployment rate is 3.2%, which is below the U.S. rate of 4.4% for the same time period.

State income levels are strong in our opinion. State per capita income of \$50,321 in 2016 was 102% of that of the U.S. However, GDP per capita of \$49,780 in 2016 is only 87% of that of the nation and has historically remained at about this level. In 2016 and 2017, real state GDP rose 0.79% and 0.92%, respectively, compared with 1.54% and 2.58% for

the nation.

Vermont's quality of life and well-educated workforce provide economic development opportunities; however, the state ranks low among the states in its business tax and regulatory environment and its slow labor force growth could stifle future economic growth prospects. Vermont's population has grown more slowly than the nation as a whole; for 2010-2016, its population decreased by 0.2% compared with the nation's growth of 4.7%. Furthermore, the state's aging population--34% over 55 and 18% over 65, compared with 28% and 15%, respectively, for the nation, will continue to be a drag on the state's growth potential in our view.

On a scale of '1' (strongest) to '4' (weakest), we have assigned a '2.1' to Vermont's economy.

## Budgetary Performance

The fiscal 2018 general fund consensus revenue forecast was \$1.51 billion for the fiscal 2018 budget. Appropriations total \$1.561 billion and the budget projected a budget stabilization reserve of \$77 million. The general fund consensus revenue forecast in July 2017 decreased the general fund revenue estimate for fiscal 2018 creating a shortfall of \$28.8 million between revenues and appropriations. This decrease, according to the state, is due to a one-time event of increased corporate tax refunds and a decrease in the personal income tax forecast.

Preliminary unaudited results indicate the state ended fiscal 2017 with general fund revenues of \$1.456 billion creating an operating gain of \$34.3 million, which was offset by \$5.8 million of net transfers out to other funds and transfers to reserves of \$28.5 million. Vermont ended fiscal 2016--the last audited year--with the budget stabilization reserves in the general fund, transportation fund, and education fund fully funded at their maximum statutory levels of 5% of the previous year's budgetary appropriations, along with some additional reserves in the general fund. These three funds' stabilization reserves remained funded at their statutory maximums through the recent recession.

S&P Global Ratings considers the state's general fund revenues to be diverse, with personal income tax constituting 52% of fiscal 2016 revenue collections, while sales tax makes up 17% of revenues.

Vermont maintains separate budget stabilization funds in its general, transportation, and education funds that are available to offset undesignated fund deficits. The statutory maximum for the three stabilization reserves is 5% of the prior-year budgetary appropriations, and the education stabilization fund also has a statutory minimum of 3.5% of the prior-year appropriation. The three stabilization funds have been at their statutory maximums since fiscal 2007. Vermont pools the cash reserves for these major funds, which results in sufficient liquidity for operations during the fiscal year. Officials indicated that the state has not externally borrowed for liquidity since fiscal 2004.

On a scale of '1.0' (strongest) to '4.0' (weakest), we have assigned a '1.4' to Vermont's budgetary performance.

## Debt And Liability Profile

### Debt

Vermont's total tax-supported debt is moderate about \$1,069 per capita, or 2.1% of personal income and 2.1% of GSP.



The fiscal 2016 tax-supported debt service was low, in our view, at about 2.1% of general governmental expenditures. Vermont's debt portfolio consists of only fixed-rate debt, without any exposure to interest rate swaps. The state also does not have any direct placement debt. We consider the debt amortization to be rapid, with officials retiring more than 68% of tax-supported debt over the next 10 years.

The state has a debt affordability committee that annually recommends a maximum amount of debt issuance for the next two fiscal years, and while the committee's recommendations are not binding, Vermont has consistently adhered to them. The authorization for fiscal years 2018 and 2019 totals \$132.5 million, which is down 8.01% from the previous biennium recommendation of \$144 million. Debt service can be paid without a budget, but there is no other priority for the payment of debt before other general state expenditures.

### **State pension liability**

Vermont maintains three statutory defined benefit pension plans. The VSRS is a single-employer plan with about 8,436 active members. The STRS and Vermont Municipal Employees' Retirement System (MERS) are multiple-employer, cost-sharing plans with approximately 9,919 and 6,966 active members, respectively. The state appropriates funding for the first two systems; the municipal system is supported entirely by municipal employers and employees.

The state's unfunded pension liability represents Vermont's proportionate share of the VSRS and STRS plans. We consider Vermont's three-year-average, pension-funded ratio across the five pension plans to be relatively low at 66%. The state's pension-funded ratio as of June 30, 2016, is also considered relatively low at 62%, which is down from 65% in fiscal 2015 and 72% in fiscal 2014.

Vermont lowered its long-term investment return assumptions for the VSRS and STRS plans to 7.50% in July 2017 from the 7.95% rate agreed on in fiscal 2015. Through 2014, actuarial valuations used a "select and ultimate" method for developing interest rate assumptions where return assumptions varied by period ranging from 6.25% in year one to 9.0% in years 17 and later. The lower assumed discount rate is expected to increase required employer contribution rates in future fiscal years.

State contributions for VSRS and STRS are actuarially based and funding has been at least 100% of the actuarially determined contribution (ADC) historically, which we view positively. Vermont budgets for pension contributions based on percentage rates of each member's annual earnable compensation and the actuarial valuations from the previous fiscal year. It budgets for the STRS ADC appropriation at the beginning of the year. The VSRS ADC accrues as a percent of salary expenses throughout the year and the state adjusts subsequent appropriations to reconcile variations in actual payroll from year to year to meet the projected ADC. Each plan's actuary recommends a contribution amount and each plan's retirement board reviews the actuary's recommendations annually before submitting their recommendation to the governor and both houses of the legislature for inclusion in Vermont's annual budget. The legislature is not required to follow the recommendations of the actuaries or governor.

Since fiscal 2012, actual annual contributions to the systems have exceeded the respective ADCs, which state officials attribute to conservative budgeting. For VSRS, actual contributions of \$54.3 million in fiscal 2016 represented 118% of the pension ADC. For STRS, actual contributions (from employers and non-employers) of \$76.948 in fiscal 2016 represented 106.3% of the ADC. We note that aggregate annual plan contributions across the two plans were under amounts necessary for the plans to cover a portion of the amortization in unfunded liability as well as certain cost



drivers of the annual change in the liability, according to our calculations, which we believe could weaken the strength of the state's pension liability profile over time.

We believe, on the whole, management factors and actuarial inputs do not significantly encumber or improve our view of the state's overall pension funding discipline. VSRS and STRS assume a closed amortization schedule of which 21 years remain; however, the plans use the level percentage of pay method, which assumes rising future payroll and results in escalating absolute pension contributions over time. The VSRS plan reported a return of 1.69% in 2016 and the STRS plan reported a return of 1.44% in the fiscal 2016 comprehensive annual financial report. Neither plan projects an asset depletion date under the most recently available Governmental Accounting Standards Board reporting as of June 30, 2016, which includes projected fiduciary net position cash flows based off of the state's since retired select-and-ultimate interest rate assumption method (ranging from 6.25 to 9.00%) due to lags in reporting. We believe the underlying assumptions under this reporting including the interest rate method and mortality assumptions are unrealistic. Officials note that the select-and-ultimate method was discontinued for reporting effective fiscal 2015 when the interest rate assumption changed to 7.95% and reporting in fiscal 2017 will include an interest rate assumption of 7.5%. In addition, officials note that mortality assumptions have been tested for reasonability against more recently published tables and will be updated for fiscal 2017. We note that the state has hired a new actuary firm that is currently completing reviews of certain assumptions. We believe changes in assumptions could change liability projections in the future. The STRS plan's ratio of active members to beneficiaries equals 1.05, which is significantly below the median national ratio of 1.50. The VSRS plan's ratio is slightly higher at 1.28. We believe the plans incorporate experience trends and industry standards in their experience studies conducted at least every five years.

Vermont's proportionate share of the plans' net pension liability translates into what we view as a moderate \$3,131 per capita and 6.4% of personal income.

### **Other postemployment benefits**

Vermont offers postemployment medical insurance, dental insurance, and life insurance benefits to retirees of the multiemployer STRS and the single-employer VSRS. While the state's unfunded OPEB liability is relatively high, in our view, at \$2,917 per capita, Vermont has made plan adjustments to manage the liability.

The VSTRS plan enrolled its retirees in a Medicare Part D Employer Group Waiver Plan (EGWP) from a retiree drug subsidy program as of Jan. 1, 2014, in part to achieve cost savings. As of June 30, 2014, however, the VSTRS OPEB unfunded actuarial accrued liability (UAAL) increased 7.6% to almost \$767 million, reflecting demographic experience and other refinements of estimated savings related to the EGWP implementation. The unfunded liability rose again in fiscal 2015 to \$1.003 million or by 31% primarily due to updates to the methodology used in setting cost assumptions based on revisions to actuarial standards. The plan's cost-setting assumptions were updated again in fiscal 2016 using actual claims information for the plan's population and resulted in a decrease of the plan's UAAL by \$325.2 million or 32.4% as of June 30, 2016. ADCs were approximately \$52 million in fiscal 2016 and \$45 million in fiscal 2015. State contributions under pay-as-you go financing of \$31.6 million in fiscal 2016 and \$25 million in fiscal 2015 represented 52% and 56% of actuarially determined levels, respectively. Before fiscal 2015, health care expenses for the plan's retirees were paid through a sub-fund of the defined benefit pension trust fund and no state contribution was explicitly budgeted or funded.

Vermont's VSRS plan enrolled in Medicare's EGWP a year after STRS and was effective as of Jan. 1, 2015. The state has also established an OPEB trust fund for the VSRS, but as of June 30, 2016, it contained only \$21.4 million of assets, for a 1.8% actuarial asset funded ratio. The plan has an unfunded liability of \$1.1 billion as of June 30, 2016, which is 4.7% higher compared with 2015. The actuarial annual OPEB cost in fiscal 2014 was \$76.2 million for the plan, of which Vermont paid almost 45% under pay-as-you-go funding. .

The separate multiemployer Vermont Municipal Employees Health Benefit Fund for local government is administered by the state, but has no liability to the state, and is not included in our OPEB calculations.

On a scale of '1.0' (strongest) to '4.0' (weakest), we have assigned a '2.7' to Vermont's debt and liability profile.

#### Ratings Detail (As Of August 11, 2017)

Vermont GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
<b>Vermont GO</b>		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
<b>Vermont GO bnds</b>		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

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## **APPENDIX F**

# CDAAC

Preliminary Economic Metrics  
for  
Moody's Triple A States

Doug Hoffer  
21 September 2017



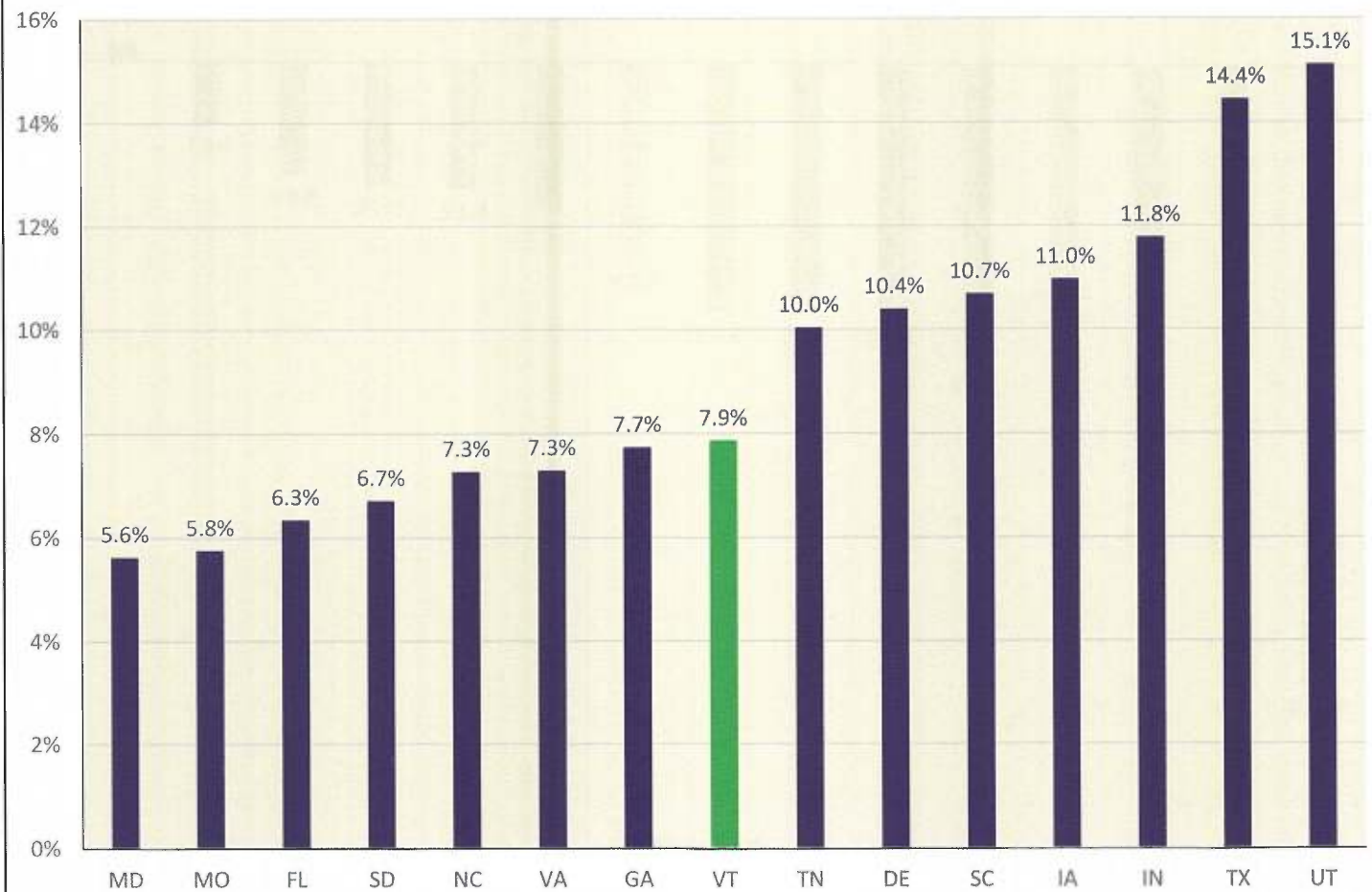
### Percent Change in Real Per Capita GDP, 2010 - 2016

(Source: BEA)



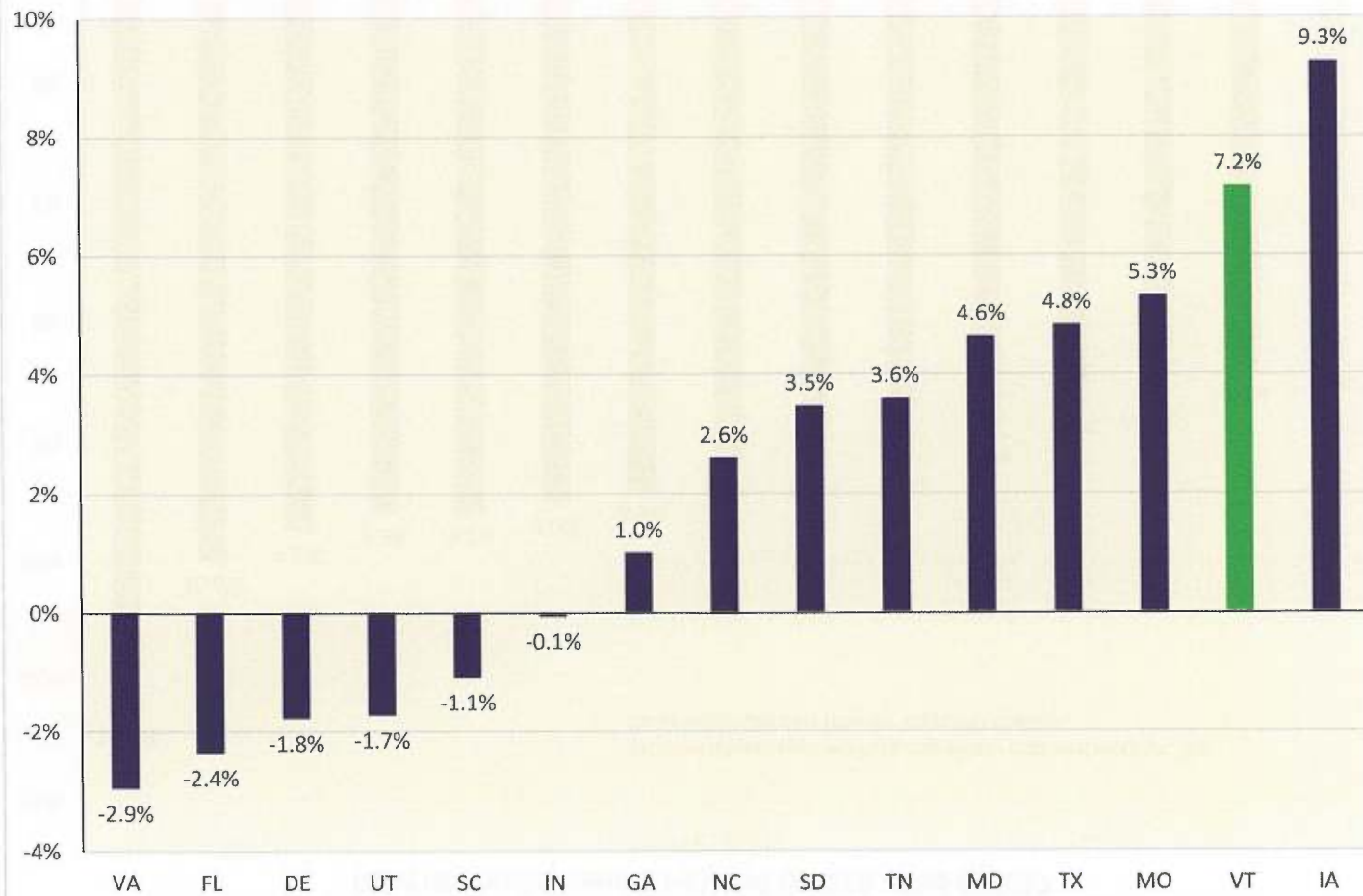
### Percent Change in Real Per Capita Income, 2010 - 2015

(Source: BEA)



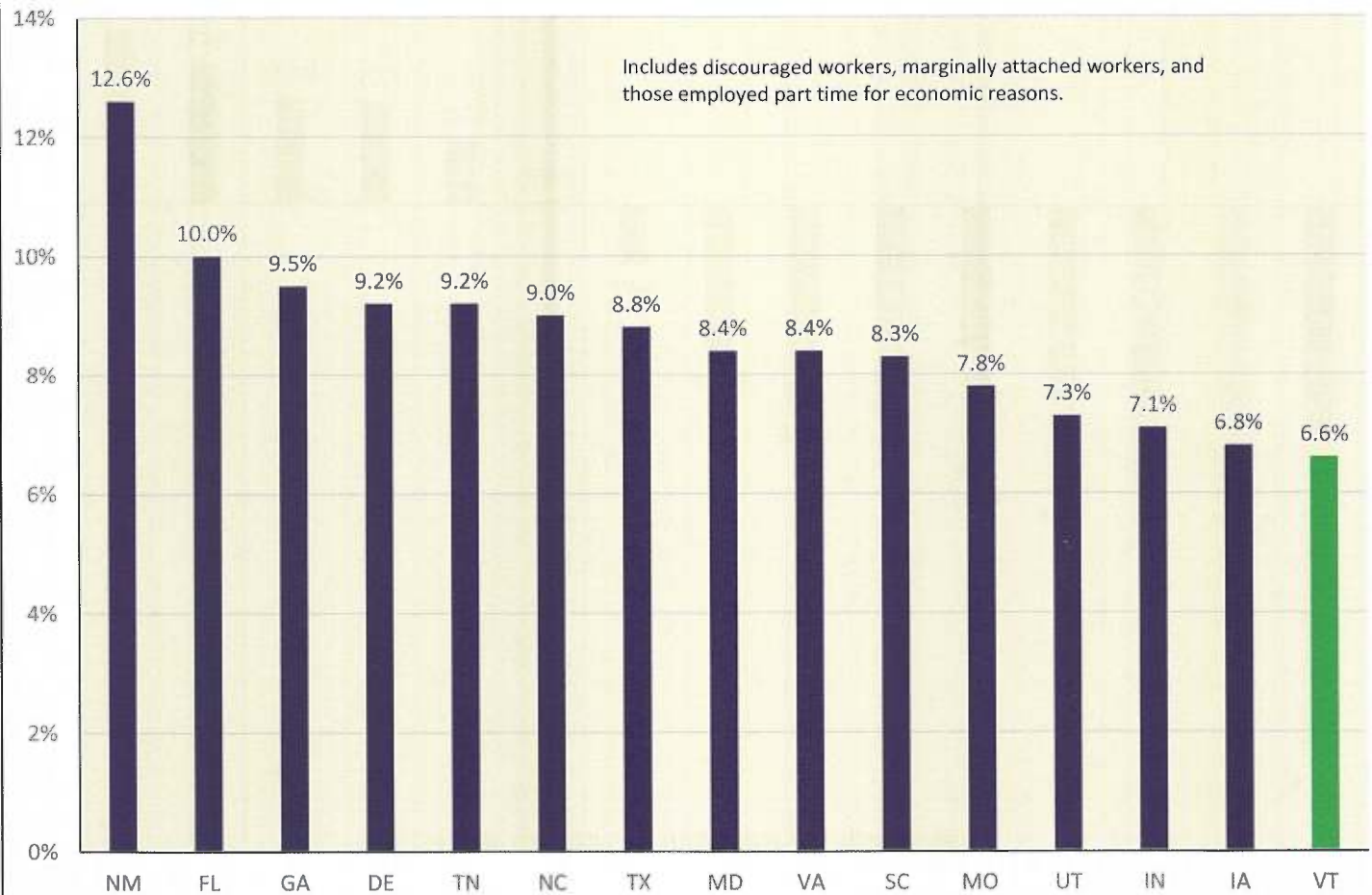
### Percent Change in Median Household Income, 2010 - 2015

(Source: Census/CPS, three-year rolling average)



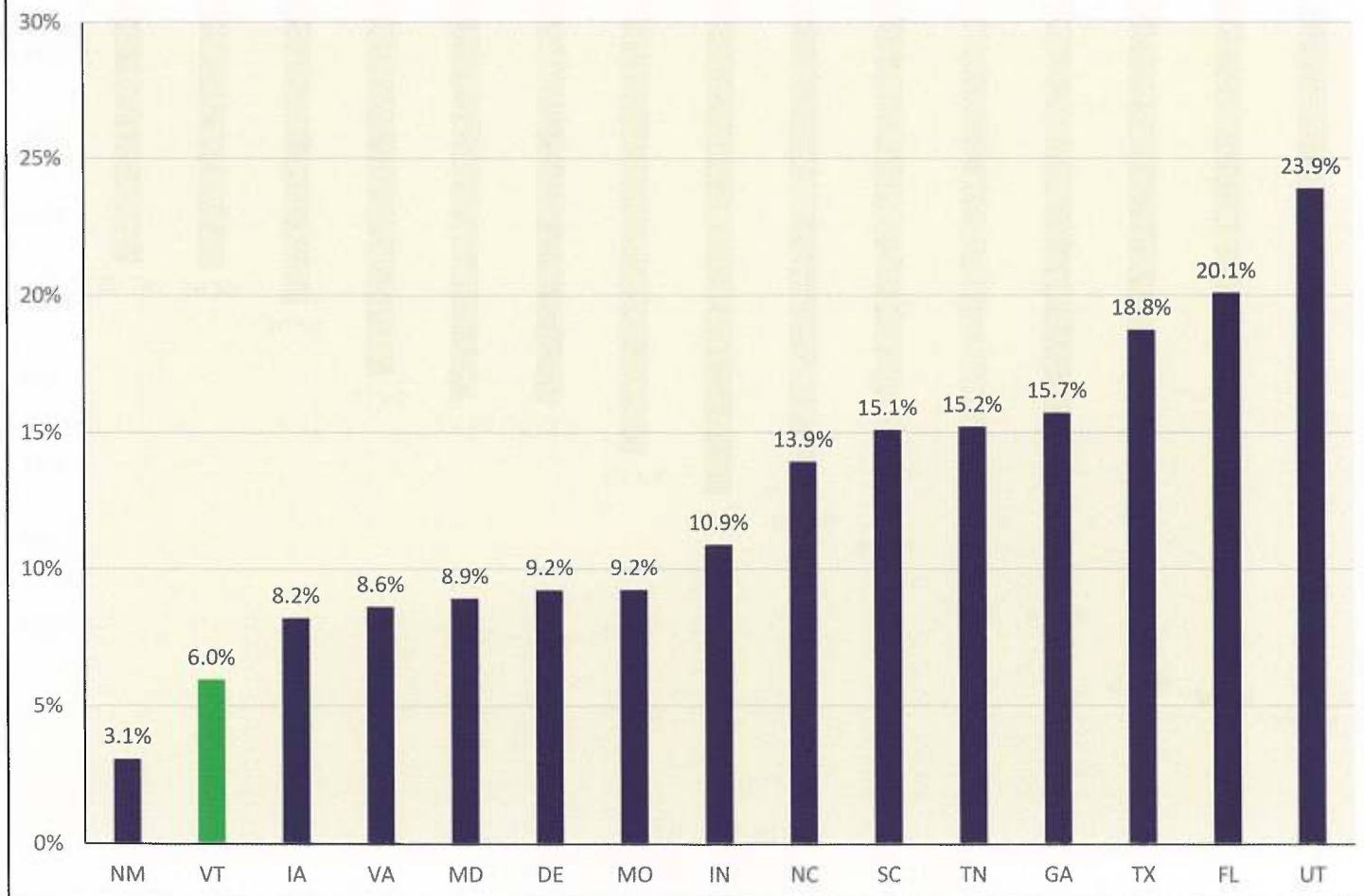
### Total Unemployment (U-6), 3rd Q 2016 - 2nd Q 2017

Source: BLS)



### Percent Change in Total Non-Farm Jobs, 2010 - 2017

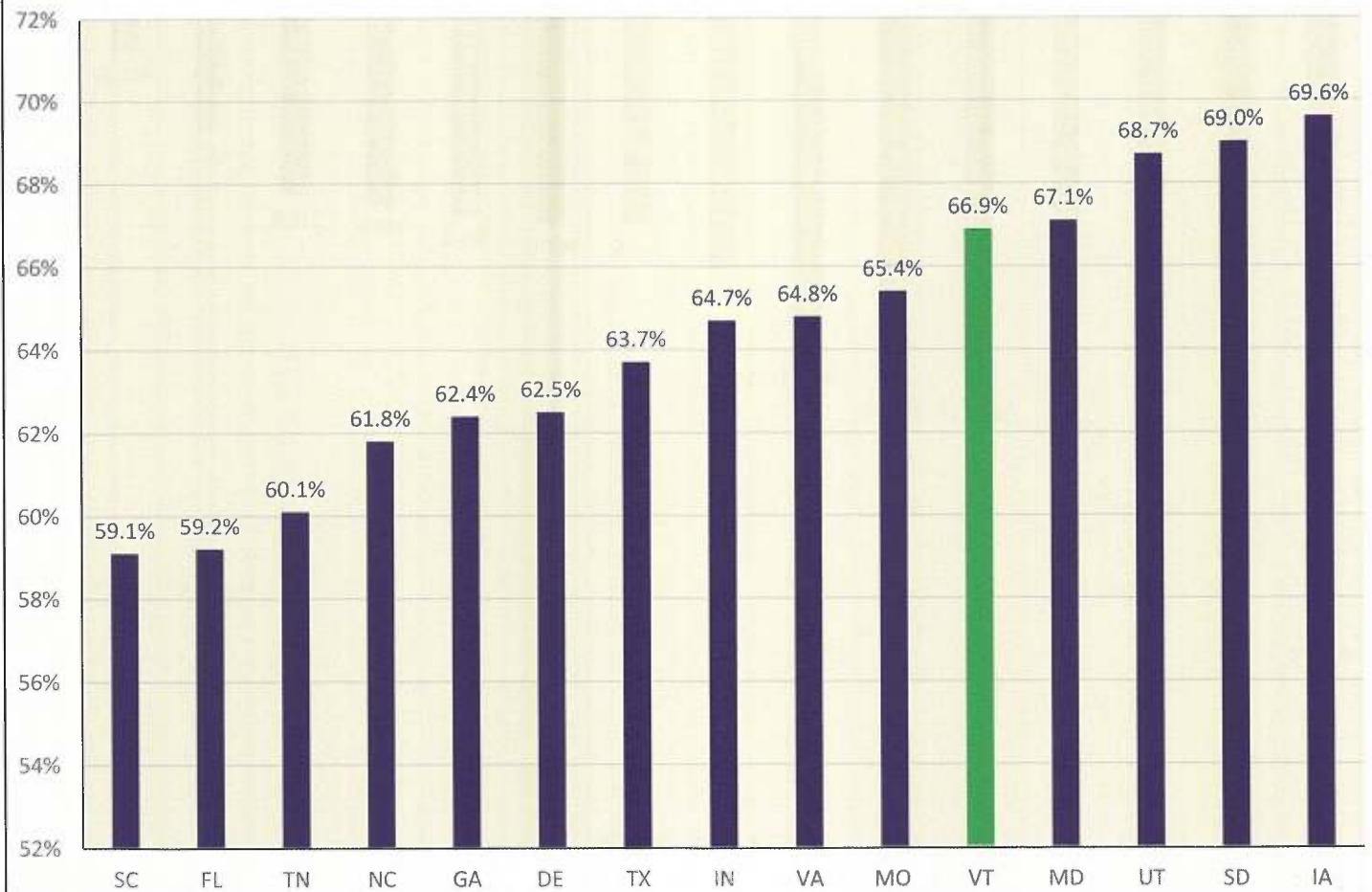
(Source: BLS / CES)





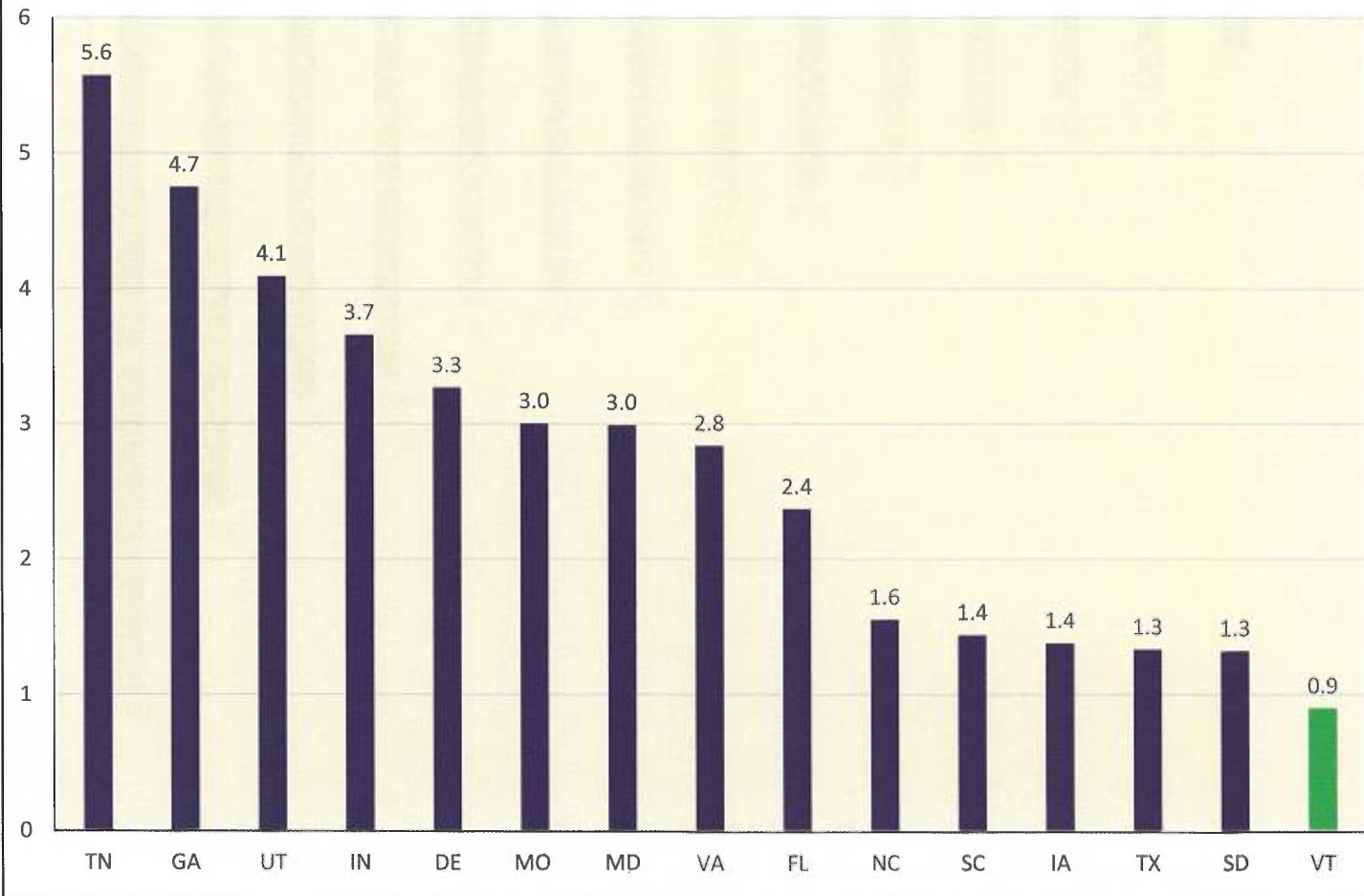
### Labor Force Participation Rate, 2016

(Source: BLS)



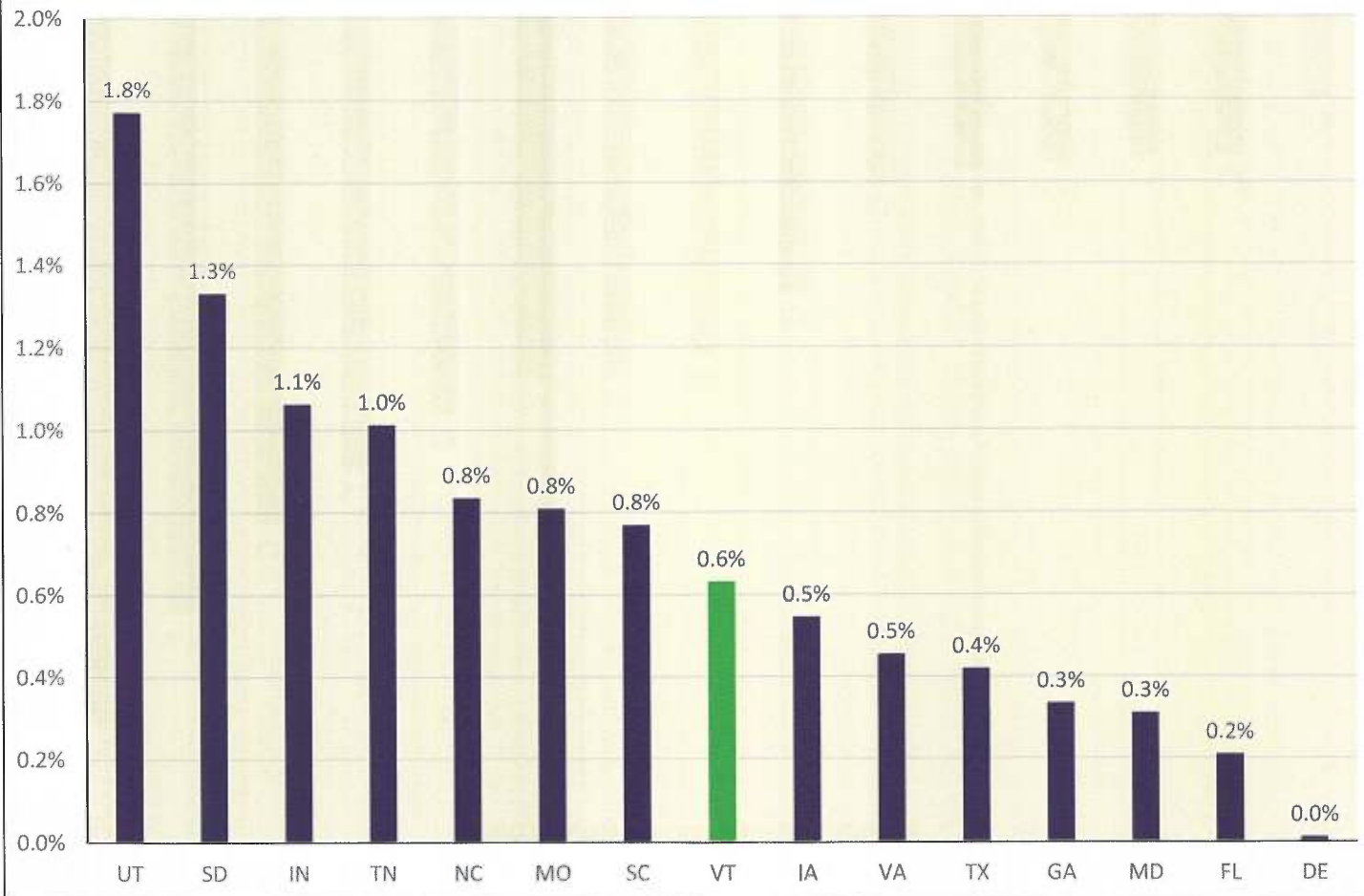
### Bankruptcy Filings Per Capita, 2016

(Source: American Bankruptcy Institute)



### Jobs Lost to Foreign Competition as a Percent of Private Sector Jobs, 2010 - 2015

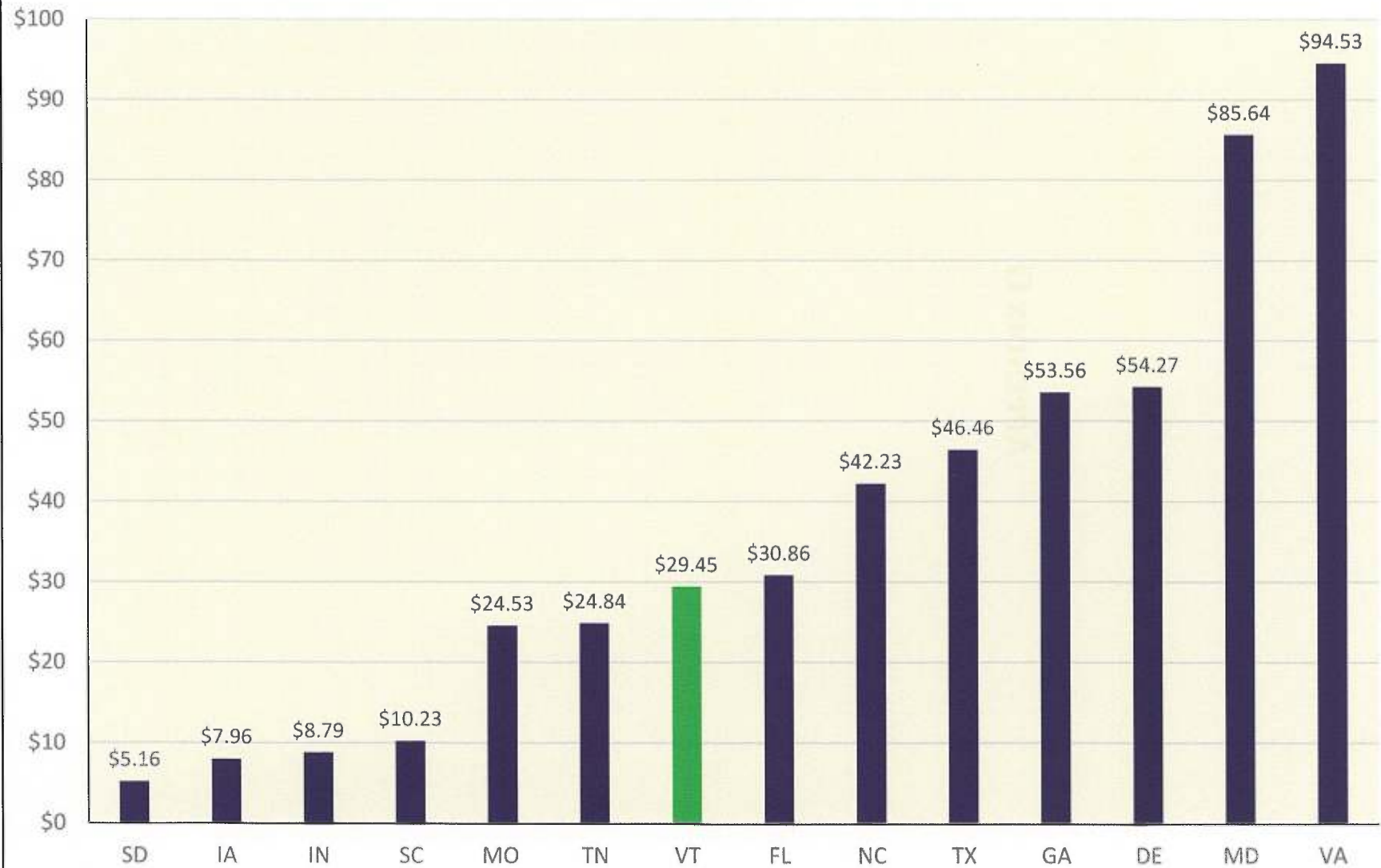
(Source: BLS and DOL / TAA)



## Per Capita Venture Capital Investments

Five-Year Average, 2012 - 2016

(Source: PWC and NVCA)



## APPENDIX G



## **Title 32: Taxation and Finance**

### ***Chapter 13: DEBTS AND CLAIMS***

#### ***Sub-Chapter 08: Management Of State Debt***

### **32 V.S.A. § 1001. Capital Debt Affordability Advisory Committee**

#### **§ 1001. Capital Debt Affordability Advisory Committee**

(a) Committee established. A Capital Debt Affordability Advisory Committee is hereby created with the duties and composition provided by this section.

(b)(1) Committee duties. The Committee shall review annually the size and affordability of the net State tax-supported indebtedness and submit to the Governor and to the General Assembly an estimate of the maximum amount of new long-term net State tax-supported debt that prudently may be authorized for the next fiscal year. The estimate of the Committee shall be advisory and in no way bind the Governor or the General Assembly.

(2) The Committee shall conduct ongoing reviews of the amount and condition of bonds, notes, and other obligations of instrumentalities of the State for which the State has a contingent or limited liability or for which the State Legislature is permitted to replenish reserve funds, and, when deemed appropriate, recommend limits on the occurrence of such additional obligations to the Governor and to the General Assembly.

(3) The Committee shall conduct ongoing reviews of the amount and condition of the Transportation Infrastructure Bond Fund established in 19 V.S.A. § 11f and of bonds and notes issued against the fund for which the state has a contingent or limited liability.

(c) Committee estimate of a prudent amount of net State tax-supported debt; affordability considerations. On or before September 30 of each year, the Committee shall submit to the Governor and the General Assembly the Committee's estimate of net State tax-supported debt which prudently may be authorized for the next fiscal year, together with a report explaining the basis for the estimate. In developing its annual estimate, and in preparing its annual report, the Committee shall consider:

(1) The amount of net State tax-supported indebtedness that, during the next fiscal year, and annually for the following nine fiscal years:

(A) will be outstanding; and

(B) has been authorized but not yet issued.

(2) A projected schedule of affordable State net state tax-supported bond authorizations, for the next fiscal year and annually for the following nine fiscal years. The assessment of the affordability of the projected authorizations shall be based on all of the remaining considerations specified in this section.

(3) Projected debt service requirements during the next fiscal year, and annually for the following nine fiscal years, based upon:

(A) existing outstanding debt;

(B) previously authorized but unissued debt; and

(C) projected bond authorizations.

(4) The criteria that recognized bond rating agencies use to judge the quality of issues of State bonds, including:

(A) existing and projected total debt service on net tax-supported debt as a percentage of combined General and Transportation Fund revenues, excluding surpluses in these revenues which may occur in an individual fiscal year; and

(B) existing and projected total net tax-supported debt outstanding as a percentage of total state personal income.

(5) The principal amounts currently outstanding, and balances for the next fiscal year, and annually for the following nine fiscal years, of existing:

(A) obligations of instrumentalities of the State for which the State has a contingent or limited liability;

(B) any other long-term debt of instrumentalities of the State not secured by the full faith and credit of the State, or for which the State Legislature is permitted to replenish reserve funds; and

(C) to the maximum extent obtainable, all long-term debt of municipal governments in Vermont which is secured by general tax or user fee revenues.

(6) The impact of capital spending upon the economic conditions and outlook for the State.

(7) The cost-benefit of various levels of debt financing, types of debt, and maturity schedules.

(8) Any projections of capital needs authorized or prepared by the Agency of Transportation, the Joint Fiscal Office, or other agencies or departments.

(9) Any other factor that is relevant to:

(A) the ability of the State to meet its projected debt service requirements for the next five fiscal years; or

(B) the interest rate to be borne by, the credit rating on, or other factors affecting the

marketability of State bonds.

(10) The effect of authorizations of new State debt on each of the considerations of this section.

(d) Committee composition.

(1) Membership. Committee membership shall consist of:

(A) As ex officio members:

(i) the State Treasurer;

(ii) the Secretary of Administration; and

(iii) a representative of the Vermont Municipal Bond Bank chosen by the directors of the Bank.

(B) Two individuals with experience in accounting or finance, who are not officials or employees of State government appointed by the Governor for six-year terms.

(C) The Auditor of Accounts who shall be a nonvoting ex officio member.

(D) One person who is not an official or employee of State government with experience in accounting or finance appointed by the State Treasurer for a six-year term.

(2) The State Treasurer shall be the Chairperson of the Committee.

(e) Other attendants of committee meetings. Staff of the Legislative Council and the Joint Fiscal Committee shall be invited to attend Committee meetings for the purpose of fostering a mutual understanding between the Executive and Legislative Branches on the appropriate statistics to be used in committee reviews, debt affordability considerations, and recommendations.

(f) Information. All public entities whose liabilities are to be considered by the Committee shall annually provide the State Treasurer with the information the Committee deems necessary for it to carry out the requirements of this subchapter. (Added 1989, No. 258 (Adj. Sess.), § 1; amended 2007, No. 121 (Adj. Sess.), § 28; 2007, No. 200 (Adj. Sess.), § 25, eff. June 9, 2008; 2009, No. 50, § 31.)

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## Merger Timeline

### Act 46

#### Phase 1 Accelerated Mergers

Approval by Elecorate  
Operational

1-Jul-16  
1-Jul-17

#### Phase 2 Regional Education Districts

Approval by Electorate  
Operational

1-Jul-17  
1-Jul-19

#### Phase 3 Conventional Merger

Approval by Elecorate  
Operational

None  
1-Jul-19

#### Proposals by Nonmerging Districts

*Districts with a failed vote or won't have merged or be a preferred structure by 1-Jul-19*

Deadline

30-Nov-17

#### Secretary's Statewide Eduation Goverance Plan

Proposal Deadline  
Final Deadline

1-Jun-18  
30-Nov-18

### Act 49 Modifications

30-Nov-17  
1-Jul-19

Response  
from  
9/17 11:49  
to Sen. Hoyer

*May approve (at discretion) an alternative  
structure proposal at any time on or before 30-Nov-18*

# Status of Mergers under Acts 46 and 49

	Operational	Fiscal Year	Unified SDs	Name	Towns	Districts	Non-Member	Type
Pre ACT 46	1-Jul-15	FY16	1	Mount Mansfield Modified Union	5	6	Huntington	MUUSD
	1-Jul-16	FY17	4	Elmore-Morristown USD	2	2		
				Mill River USD	4	5		
				Barstow USD	2	2		
				Otter Valley USD	6	7		
	1-Jul-17	FY18	8	Addison Northwest USD	5	6		Accelerated
				Addison Central USD	7	8		Accelerated
				Champlain Valley USD	5	6		Accelerated
				Maple Run USD	3	4		Accelerated
				Lamoille North Modified USD	5	6	Cambridge	MUUSD
				Orange Southwest USD	3	4		
				Harwood USD	6	8		Accelerated
				Essex Westford Ed Comm USD	3	4		Accelerated
	1-Jul-18	FY19	17	NEK Choice USD	10	10		
				Kingdom East USD	8	7		
				Taconic and Green USD	9	7		
				Slate Valley MUUSD	5	6	Orwell	MUUSD
				Windsor Central MUUSD	6	7	Barnard	MUUSD
				Green Mountain USD	4	4		
				Montpelier-Roxbury USD	2	2		
				Mount Abraham USD	5	6		
				Southern Valley	2	2		Side by Side
				Twin Valley	2	2		
				Quarry Valley	3	3		Side by Side
				Wells Spring	2	2		
				Central Vermont USD	2	2		Side by Side
				Orange-Washington USD	2	2		
				Bethel-Royalton	2	2		Side by Side
				Granville- Hancock	2	2		
				Caledonia Cooperative UUSD	3	3		3 by 1 (Peacham is the 1)
	1-Jul-19	FY20	3	Champlain Islands USD	3	3		No incentives (did not meet size requirements)
				West River MUUSD	4	5	Windham	MUUSD + Side by Side
				River Valleys USD	2	2		



		Towns	Districts
Act 46	28 Unified Union 4 MUUSD	129	141
Totals	28 Unified Unions 5 Modified Unions (Including Mount Mansfield Pre Act 46)	134 Out of 260 Towns Currently 133/259 Towns - Underhill ID dissolved	147 Out of 274 district in FY2015

The agency reports - that using 2016 enrollment data of the approximately 87,000 PreK - 12 student living in Vermont currently 56,635 (65%) of them live or will live in a unified district.

41%	35,795	Unified School districts created since Act 46
	2,465	Mount Mansfield (pre Act 46)
	18,375	Existing Supervisory districts (Burlington - Supervisory Union + School District)

The deadline to receive incentives by voluntarily merging is November 30,2017.

Upcoming Votes		Additional Towns	Additional Districts	
8	Rochester-Stockbridge	2	2	Side by Side
	Chelsea-Tunbridge	2	2	Side by Side
	Black River USD	2	3	
	Mettawee Community UESD	2	3	Side by Side with Taconic and Green
	Franklin Northeast	3	3	Side by Side
	Franklin Northeast	2	2	Side by Side
	<del>Southwest Vermont</del>	<del>5</del>	<del>6</del>	<i>Vote failed by small margins in Pownal and Woodford - awaiting ratification from AOE</i>
	Windham Southeast	4	5	
		22	26	
Exclusions	23 Supervisory Districts	9	9	
	Gores	9	9	
	Interstate Districts	4	5	

**Theresa Utton**

---

**From:** Theresa Utton  
**Sent:** Tuesday, December 12, 2017 8:39 AM  
**To:** Catherine Benham; Claire Ayer; Katherine Levasseur; Mitzi Johnson; Peter Sterling; Rep. Bill Lippert; Janet Ancel; Rep. Joey Donovan; Rep. Kitty Toll; Rep. Peter Fagan; Richard Westman (rawestman@gmail.com); Sen. Ann Cummings; Sen. Dick Sears; Sen. Jane Kitchel; Tim Ashe; Stephanie Barrett; Stephen Klein; Theresa Utton  
**Subject:** FW: Response to JFC questions on Participant Directed Attendant Care (PDAC) program  
**Attachments:** Department of Disabilities PDAC Utilization savings - questions from JFC 12 12 17.docx

Fiscal Committee –

Attached response from AHS and DAIL. See note from Sarah Clark below. Thank you, ~Theresa

---

**From:** Clark, Sarah [<mailto:Sarah.Clark@vermont.gov>]  
**Sent:** Tuesday, December 12, 2017 7:33 AM  
**To:** Stephen Klein; Theresa Utton  
**Cc:** Stephanie Barrett; Maria Belliveau; Gobeille, Al; Hutt, Monica; Greshin, Adam; Riven, Matt; Donahey, Richard; Murphy, Kelly; O'Connell, Tracy E; Kelly, Bill  
**Subject:** Response to JFC questions on Participant Directed Attendant Care (PDAC) program

Steve and Theresa,  
At the November 9<sup>th</sup>, 2017 JFC meeting, AHS received questions from the committee related to the management savings reductions in the Participant Directed Attendant Care (PDAC) program. See the attached response from AHS and DAIL to those questions.

Thank you,  
Sarah

Sarah Clark  
Chief Financial Officer  
Agency of Human Services

Desk: 802-241-9007  
Cell: 802-505-0285

## Department of Disabilities, Aging and Independent Living

### Attendant Services General Fund/Medicaid Savings – questions from the Joint Fiscal Committee on November 9, 2017

- PDAC Utilization Savings
  - Is the payroll for the associated service providers managed by Aris? Yes, the providers are independent direct support providers who are hired by the Attendant Services Program (ASP) participant who direct their own services. There are no “formal” providers such as home health agencies or designated agencies involved with the ASP.
  - Anecdotal evidence points toward pent up demand relative to availability of providers; is the utilization data incorrect? The information we submitted was related to actual expenditures, not utilization. ASP operates on a fee-for-service basis so payments are not made unless time sheets are submitted for services provided. Overall, we have continued to see a downward trend in utilization and believe that the reduction due to underutilization is sustainable.
  - Is there a waiting list for GF funded services, or is the program truly frozen and utilization can be attributed both to a decline in service to current clients and attrition? The ASP – GF program is truly frozen since August 2014 Rescission and utilization trends can be attributed to attrition. Active clients can have increases to budgets due to changing needs. Medicaid PDAC is currently a state plan “entitlement” for those who are eligible. Currently just one person is in the process of being assessed for Medicaid PDAC and may come on if eligible.
  - Will this affect the ability of current clients to access services/benefits? No

#### ASP Active Enrollments Tracking (GF & PS Frozen Enrollments July 2014)

Active SAMS Enrollments

SFY15	7/1/2014	12/15/2014	12/29/2014	1/12/2015	1/27/2015	2/9/2015	2/25/2015	3/9/2015	4/7/2015	4/20/2015	5/18/2015	6/1/2015	6/15/2015	6/29/2015	# Change SFY15	% Change SFY15	
Medicaid	91	90	89	89	88	87	86	86	81	82	81	81	81	81	-10	-11%	Medicaid
General Funds	73	69	68	68	66	66	66	66	65	65	65	65	65	65	-8	-11%	General Funds
Personal Services (SSBG)	8	8	8	8	8	8	8	8	7	7	7	7	7	7	-1	-13%	Personal Services
total	172	167	165	165	162	161	160	160	153	154	153	153	153	153	-19	-11%	total

SFY16/17/18	7/13/2015	7/27/2015	10/5/2015	11/2/2015	11/30/2015	12/28/2015	8/30/2016	10/25/2016	1/3/2017	8/14/2017	11/14/2017				# Change	% Change	
Medicaid	82	82	81	82	81	82	77	73	74	71	71				-20	-22%	Medicaid
General Funds	65	65	62	59	60	60	58	57	54	49	49				-24	-33%	General Funds
Personal Services	7	7	7	7	7	7	7	6	6	6	5				-3	-38%	Personal Services
total	154	154	150	148	148	149	142	136	134	126	125				-47	-27%	total

**Theresa Utton**

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**From:** Sheehan, Sean <Sean.Sheehan@vermont.gov>  
**Sent:** Monday, November 13, 2017 4:37 PM  
**To:** William Lippert  
**Cc:** Claire Ayer; Janet Ancel; Ann Cummings; Theresa Utton; Gustafson, Cory  
**Subject:** RE: draft response to Rep Lippert's question on problem cases

Hi Rep. Lippert,

Commissioner Gustafson asked me to follow up with you regarding your question in Joint Fiscal Committee on Thursday about the Health Care Advocate's VHC-related call volume.

The HCA's most recent report covers April-June 2017 and notes "continued improvement and stabilization at VHC." It also states that their volume related to VHC dropped 24% that quarter, but that the cases they do get are complex, with 44% taking more than two hours of an advocate's time to resolve.

On a related note, I'll point out that here at DVHA-HAEEU we track several metrics related to escalated cases in order to monitor the extent to which Vermonters are having problems with their health coverage.

Two sets of metrics seem relevant to your question. First, looking at the weekly inflow of escalated cases gives a sense of how many Vermonters are experiencing problems – regardless of whether the cause of the problem is a system issue, a staff member's mistake, or customer error/neglect. Second, the open inventory gets at how quickly we're able to resolve problems that do arise. On this front, we also track how the team does relative to service level targets for resolution time.

#### **Weekly Inflow**

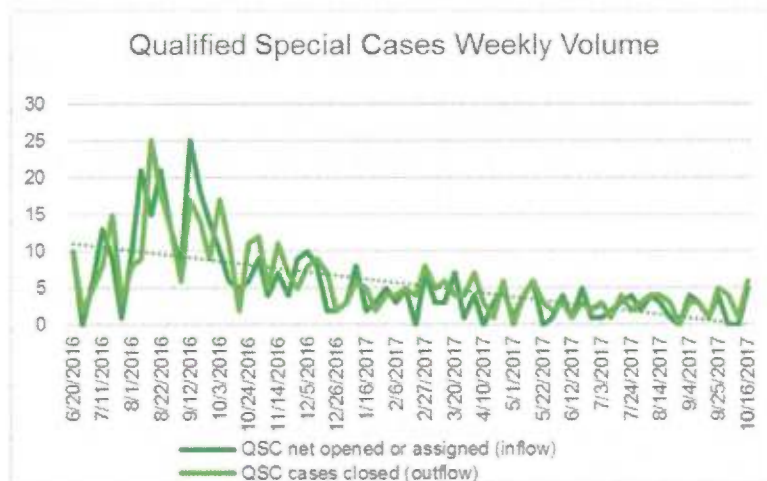
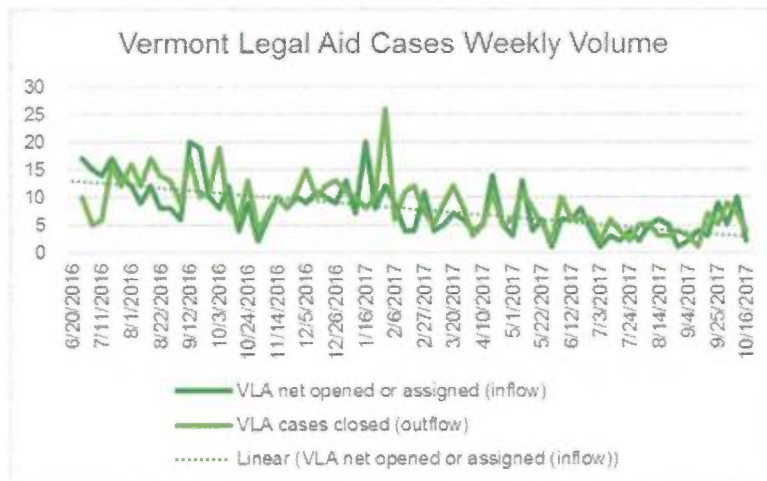
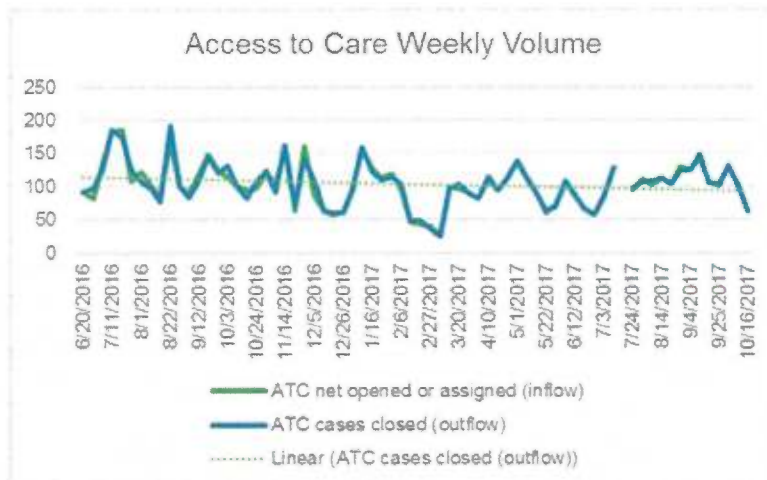
By a long-shot, our most frequent type of escalated case is Access to Care (ATC). ATC are often Medicaid members who didn't respond to renewal or verification notices and find out that their coverage lapsed when they go to use services, or QHP members who have fallen into the later stages of a grace period when their services are pending.

ATC have fallen a bit over the last year – and passive Medicaid renewals should help bring down a bit more -- but we still get roughly 100 per week. Fortunately the team is able to process these quickly.

The other two types of escalated case are those that come from Vermont Legal Aid and Qualified Special Cases. The latter is defined as cases that are escalated due to their complexity, urgency, or inability to be resolved through normal channels. This bucket includes cases that come in from legislators, the Governor's office, Secretary, Commissioner, and various other routes.

Inflow of both Vermont Legal Aid and Qualified Special Cases have dropped significantly over the last year, from more than ten of each per week to the low single digits. The week before last we received four Vermont Legal Aid cases and three Qualified Special Cases. The week before that we received a single case in each category.

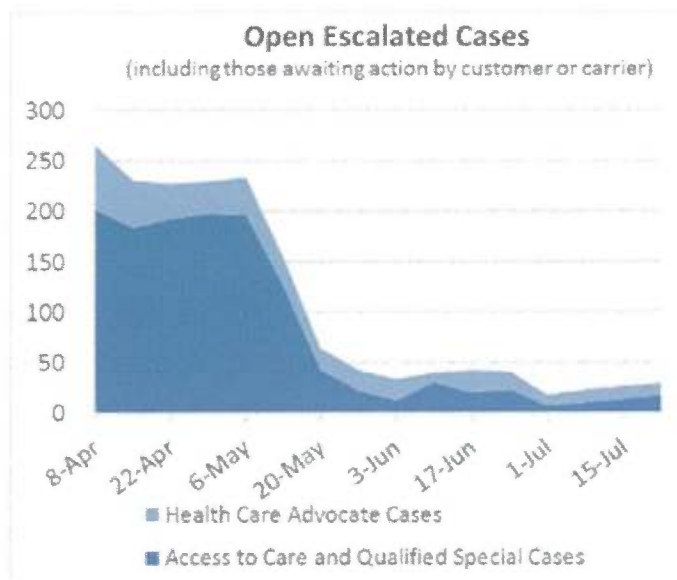
Here are graphs on inflow for each of the three escalated case categories, with trendlines:



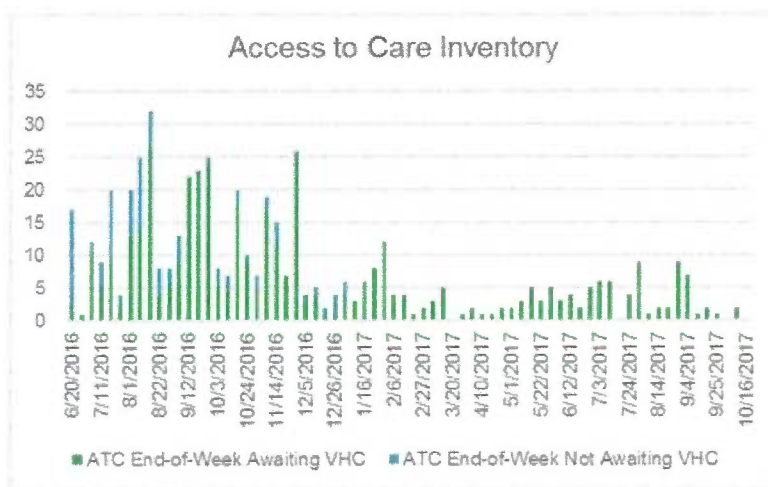
## Open Inventory

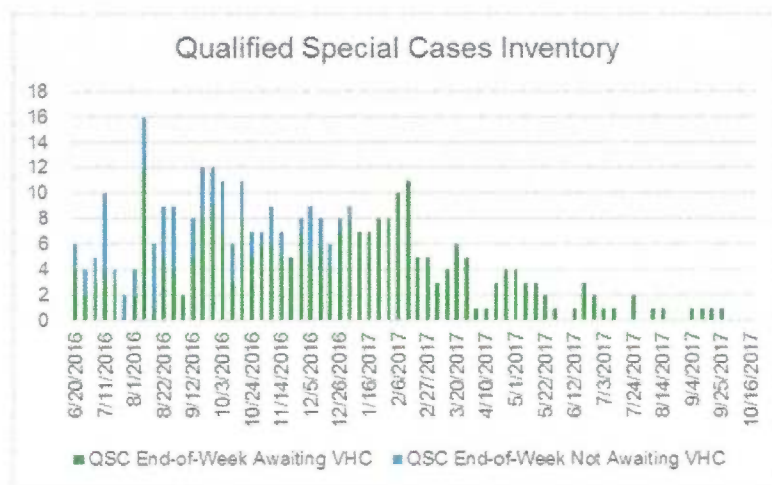
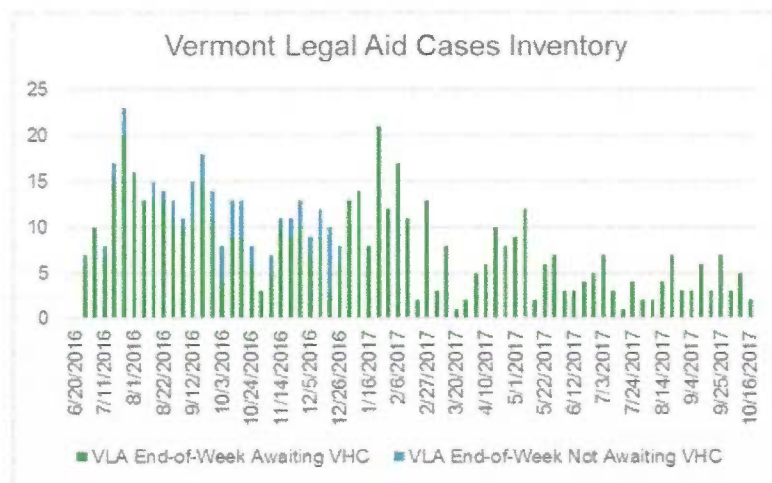
The open inventory gives insight into whether we're able to resolve problems as they arise or whether there's a backlog. We certainly had a backlog for the first few years – up until the last quarter of FY2016 when major system deployments were completed, the biggest defects were addressed, and staff was equipped to keep up with their work. We then cut inventory by about 90% in a matter of a couple months. Here is what the drop at the end of FY2016 looked like:





Since then we have focused on continual improvement. As noted in Thursday's slide deck, we ended the week before last with just two open cases. Here are graphs on end-of-week inventory for each of the three escalated case categories:





Please let us know if you have any questions.

In appreciation,

Sean

Seán Sheehan

Deputy Director, Health Access Eligibility & Enrollment Unit

Department of Vermont Health Access

(802) 585-6339

## Merger Timeline

### Act 46

#### Phase 1 Accelerated Mergers

Approval by Elecorate  
Operational

1-Jul-16  
1-Jul-17

### Act 49 Modifications

-  
-

#### Phase 2 Regional Education Districts

Approval by Electorate  
Operational

1-Jul-17  
1-Jul-19

30-Nov-17  
1-Jul-19

#### Phase 3 Conventional Merger

Approval by Elecorate  
Operational

None  
1-Jul-19

### Proposals by Nonmerging Districts

*Districts with a failed vote or won't have merged or be a preferred structure by 1-Jul-19*

Deadline

30-Nov-17

31-Jan-18

### Secretary's Statewide Education Governance Plan

Proposal Deadline  
Final Deadline

1-Jun-18  
30-Nov-18

*May approve (at discretion) an alternative  
structure proposal at any time on or before 30-Nov-18*

Status of Mergers under Acts 46 and 49

	Operational	Fiscal Year	Unified SDs	Name	Towns	Districts	Non-Member	Type
Pre ACT 46	1-Jul-15	FY16	1	Mount Mansfield Modified Union	5	6	Huntington	MUUSD
	1-Jul-16	FY17	4	Elmore-Morristown USD	2	2		
				Mill River USD	4	5		
				Barstow USD	2	2		
				Otter Valley USD	6	7		
	1-Jul-17	FY18	8	Addison Northwest USD	5	6		Accelerated
				Addison Central USD	7	8		Accelerated
				Champlain Valley USD	5	6		Accelerated
				Maple Run USD	3	4		Accelerated
				Lamoille North Modified USD	5	6	Cambridge	MUUSD
				Orange Southwest USD	3	4		
				Harwood USD	6	8		Accelerated
				Essex Westford Ed Comm USD	3	4		Accelerated
	1-Jul-18	FY19	17	NEK Choice USD	10	10		
				Kingdom East USD	8	7		
				Taconic and Green USD	9	7		
				Slate Valley MUUSD	5	6	Orwell	MUUSD
				Windsor Central MUUSD	6	7	Barnard	MUUSD
				Green Mountain USD	4	4		
				Montpelier-Roxbury USD	2	2		
				Mount Abraham USD	5	6		
				Southern Valley	2	2		Side by Side
				Twin Valley	2	2		
				Quarry Valley	3	3		Side by Side
				Wells Spring	2	2		
				Central Vermont USD	2	2		Side by Side
				Orange-Washington USD	2	2		
				Bethel-Royalton	2	2		Side by Side
				Granville- Hancock	2	2		
				Caledonia Cooperative UUSD	3	3		3 by 1 (Peacham is the 1)
	1-Jul-19	FY20	3	Champlain Islands USD	3	3		No incentives (did not meet size requirements)
				West River MUUSD	4	5	Windham	MUUSD + Side by Side
				River Valleys USD	2	2		

<b>Act 46</b>	<b>28 Unified Union 4 MUUSD</b>	<b>Towns</b>	<b>Districts</b>
		<b>129</b>	<b>141</b>
<b>Totals</b>	<b>28 Unified Unions 5 Modified Unions</b>	<b>134</b>	<b>147</b>
	<b>(Including Mount Mansfield Pre Act 46)</b>	<b>Out of 260 Towns</b>	<b>Out of 274 district in FY2015</b>
		<b>Currently 133/259 Towns - Underhill ID dissolved</b>	

The agency reports - that using 2016 enrollment data of the approximately 87,000 PreK - 12 student living in Vermont currently 56,635 (65%) of them live or will live in a unified district.

41%	35,795	Unified School districts created since Act 46
	2,465	Mount Mansfield (pre Act 46)
	18,375	Existing Supervisory districts (Burlington - Supervisory Union + School District)

The deadline to receive incentives by voluntarily merging is November 30,2017.

Upcoming Votes		Additional Towns	Additional Districts	
8	Rochester-Stockbridge	2	2	Side by Side
	Chelsea-Tunbridge	2	2	Side by Side
	Black River USD	2	3	
	Mettawee Community UESD	2	3	Side by Side with Taconic and Green
	Franklin Northeast	3	3	Side by Side
	Franklin Northeast	2	2	Side by Side
	<del>Southwest Vermont</del>	<del>5</del>	<del>6</del>	<i>Vote failed by small margins in Pownal and Woodford - awaiting ratification from AOE</i>
	Windham Southeast	4	5	
		<b>22</b>	<b>26</b>	
Exclusions				
	<b>23 Supervisory Districts</b>	<b>9</b>	<b>9</b>	
	<b>Gores</b>	<b>9</b>	<b>9</b>	
	<b>Interstate Districts</b>	<b>4</b>	<b>5</b>	



FY2019 Joint Fiscal Office Budget - DRAFT

11/7/2017

	FY16 Actual	FY17 Actual	FY18 Budgeted	FY18 Estimated	FY19 Request	
<b>SOURCES OF FUNDS</b>						
General fund appropriation	1,621,374	1,648,880	1,757,736	1,757,736	1,834,005	4.3%
Pay Act	30,000	39,500		45,000		
Internal Service Fund reduction	(1,554)			(789)		
<b>TOTAL SOURCES</b>	<b>1,649,820</b>	<b>1,688,380</b>	<b>1,757,736</b>	<b>1,801,947</b>	<b>1,834,005</b>	<b>1.8%</b>
<b>USES OF FUNDS</b>						
<b>Personal Services</b>						
Salaries	857,575	903,244	960,028	976,406	1,037,691	
Temp Emp - Salary/FICA	33,901	35,561	36,990	38,344	38,457	
FICA/Medicare	62,441	70,059	73,442	74,695	79,383	
Health insurance	144,264	139,208	154,402	158,094	165,481	
Retirement	92,342	108,323	107,806	120,913	131,452	
Dental	8,602	7,454	9,386	9,635	10,463	
Life insurance	2,574	2,899	4,051	3,476	4,379	
Disability	1,984	2,223	2,208	2,246	2,387	
Employee assistance program	333	356	360	360	390	
WC and Catamount	2,376	1,932	2,069	1,595	1,595	
Contract - Kavet	124,620	126,506	152,000	152,000	152,000	
Contract - Policy Integrity	10,476	5,226	15,000	10,000	10,000	
Contract - Brighton	34,600	56,464	45,000	50,000	20,000	
Contract - Ira Sollace	3,920	-	-	-	-	
Contract - JFOBud/Vantage Interface	1,800	900	2,000	8,000	6,000	
Contract - Results First related	12,812	9,000	20,000	11,000	5,000	
Other personal services	13,641	8,400	15,000	12,500	12,500	
<b>Subtotal Personal Services</b>	<b>1,408,262</b>	<b>1,477,755</b>	<b>1,599,743</b>	<b>1,629,264</b>	<b>1,677,178</b>	
<b>Operating Expenses</b>						
Hardware & Software	9,875	2,892	47,000	45,000	45,000	
Office Supplies and Equipment	1,399	1,480	3,000	3,000	3,000	
Fee for space	42,049	42,899	47,859	47,859	47,859	
Advertising	1,127	3,542	2,000	2,000	2,000	
Printing & copying	1,128	1,253	1,500	1,500	1,500	
Dues & subscriptions	20,376	12,661	16,000	16,000	16,000	
Registrations	2,819	2,610	4,000	4,000	4,000	
Insurances	2,243	2,349	2,398	2,398	2,398	
In state travel expenses	2,102	1,149	2,500	2,500	2,500	
Out of state travel expenses & training	15,110	10,455	16,000	18,000	16,000	
Accounting (audit/VISiON)	12,075	11,386	11,885	11,570	11,570	
Other payments, adjustments	3,974	5,760	4,500	4,500	5,000	
<b>Subtotal Operating Expenses</b>	<b>114,278</b>	<b>98,437</b>	<b>158,642</b>	<b>158,327</b>	<b>156,827</b>	
<b>TOTAL USES</b>	<b>1,522,540</b>	<b>1,576,192</b>	<b>1,758,385</b>	<b>1,787,591</b>	<b>1,834,005</b>	
<b>OPERATING BALANCE</b>	<b>127,280</b>	<b>112,188</b>	<b>(649)</b>	<b>14,356</b>	<b>0</b>	
<b>ONE-TIME ACTIVITIES</b>						
Carry forward	108,124	246,847	47,806	158,831	101,187	
Carry forward reversion	(19,623)	(50,000)			(30,000)	
Rescission				(12,000)		
CRG- Funding	18,700	12,500				
CRG- Expenses	(5,000)	(12,500)				
Picus- Funding	291,475					
Picus- Expenses	(240,000)	(51,475)				
Chainbridge	(34,109)	(34,109)			(10,000)	
10-yr Tax Study		(41,637)				
Transfer from Legislature (minimum wage)				20,000		
Blue House Group (JFO website)				(13,000)	(45,000)	
Ad Hoc IT				(5,000)	(5,000)	
Brighton replacement		(22,983)	(50,000)	(62,000)	(10,000)	
<b>NET BALANCE</b>	<b>246,847</b>	<b>158,831</b>	<b>(2,843)</b>	<b>101,187</b>	<b>1,187</b>	

**Legislative Branch FY19 Budget Request - DRAFT**

Joint Fiscal Office

7-Nov-17

	A	B	C	D	E	F	G	H	I	J
	FY18 Appropriation	FY18 Adjustments (Pay Act, ISFs)	FY18 Appropriation (Adj.) (A + B)	FY19 Appropriation (proposed)	Base-to-Base \$ Increase (D - A)	Base-to-Base % Increase	\$ Increase w/ Adj. (D - C)	% increase w/ Adj.	FY19 Reversion (Proposed)	Net FY19 GF Impact (D - (A + I))
Legislative Branch	\$ 14,759,874	\$ 252,608	\$ 15,012,482	\$ 15,153,626	\$ 393,752	2.7%	\$ 141,144	0.9%	\$ 280,000	\$ 113,752
Legislature	7,581,882	84,508	7,666,390	7,700,916	119,034	1.6%	34,526	0.5%	175,000	(55,966)
Legislative Council	4,678,911	101,906	4,780,817	4,812,877	133,966	2.9%	32,060	0.7%	75,000	58,966
Sergeant at Arms	741,345	21,983	763,328	805,828	64,483	8.7%	42,500	5.6%	-	64,483
Joint Fiscal Office	1,757,736	44,211	1,801,947	1,834,005	76,269	4.3%	32,058	1.8%	30,000	46,269