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GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda
Friday, July 27, 2018
Room 10, State House

10:00 a.m. A. Call to order and approve minutes of November 9, 2017 [*doc*] [**Approved**]

10:05 a.m. B. Administration's Fiscal Updates
1. Unencumbered Balances [Sec. D.101 of Act 11 of SS2018] [*doc*]
David Cameron, Business Manager, Department of Financial Regulation
2. FY2018 Preliminary Close-out [*doc*]
a. Fiscal year 2018 Fund transfers, reversions, reserves [Sec. D.101 of Act 87 of 2018 and further amended by Sec. D.101 of Act 85 of 2018]
Matt Riven, Deputy Commissioner, and
Richard Donahey, Director of Budget and Management Operations, Department of Finance & Management
b. FY2018 Transportation Fund Close-Out
Joseph Flynn, Secretary, and
Leonard LeBlanc, Chief Financial Officer, Vermont Agency of Transportation
3. Year-end Medicaid Update
Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office [*doc*]
Richard Donahey

10:40 a.m. C. Agency of Human Services – Al Gobeille, Agency of Human Services [*doc*]
[Rep. Troiano joins the Committee]
1. Agency update on interim work schedule
2. Substance Use Disorder Response Initiatives Plan [**Postponed to September 27, 2018**] [Sec. C.106.2 of Act 11 of SS2018]
3. Expended Funds for lost federal funding of substance use disorder activities [Sec. C.1000(a)(14) of Act 11 of SS2018]

11:10 a.m. D. Single Audit Report [Sec. E.100.5 of Act 172 of 2016, as amended by subcommittee recommendations letter, submitted 9/15/2016]
Doug Hoffer, Vermont State Auditor
Matt Riven, Deputy Commissioner, Department of Finance & Management [*doc*]

11:25 a.m. E. Revenue Update - Tom Kavet, Legislature's Economist [*doc*]
Stephen Klein, Fiscal Officer, Joint Fiscal Office

12:00 p.m. Recess for Lunch

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2:15 p.m. Reconvene Meeting

F. Property Tax Adjustment Claims Update
Kaj Samsom, Commissioner, Department of Taxes

2:30 p.m. G. Agency of Digital Services – Cybersecurity Operations Center Budget and Implementation Plan [Sec. E.105 of Act 11 of SS2018] [**APPROVED**]
Shawn Nailor, Deputy Secretary, and
Mark Combs, Chief Technology Officer, Agency of Digital Services, [*doc*]
Daniel Smith, Contractor, Joint Fiscal Office [*doc*]

3:00 p.m. H. Fiscal Office Updates
1. Fiscal Officers' Report - Stephen Klein, Chief Fiscal Officer [*doc*]
2. Education Fund Outlook – Mark Perrault, Senior Fiscal Analyst [*doc*]

3:15 p.m. Next Meetings: September 27 and November 1 and Adjourn

Other Important Dates:

November 26-27 – New Member Orientation

November 28 – Legislative Briefing

Other JFC Report Submissions:

1. Excess Receipts quarterly report. [32 V.S.A. § 511] [Administration] [received]
2. Small Grants Quarterly Report [32 V.S.A. § 5(a)(3)] [Joint Fiscal Office]
3. Costs and expenditures for proceedings of the Federal Energy Regulatory Commission quarterly report [30 V.S.A. § 20(b)(9)] [Department and Commission — Public Service] [received]
4. Medicaid budget information quarterly report [33 VSA § 1901a(b)] [See yearend report on agenda]
5. LIHEAP and Weatherization transfer report [Sec. E.324.2 of Act 172 of 2016 as amended by Act 85 of 2017] [Agency of Administration] [received]
6. Agency of Natural Resources of costs and expenditures for proceedings of the Federal Energy Regulatory Commission annual report [30 V.S.A. § 20(a)(2)(C)][Agency of Natural Resources] [received]

Joint Transportation Oversight Committee submissions

Transportation Fund Appropriation Transfer [Sec. 44(d)(1) and (2) of Act No. 87 of 2018] [received June 15, 2018 – one transfer for the fiscal year]

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GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Friday, July 27, 2018

Minutes

Room 10, State House

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

Other Attendees: Representatives Feltus, Ode, and Trioano, and Senator Branagan, Administration, Joint Fiscal Office, and Legislative Council staff, and various media, lobbyists, and advocacy groups.

Senator Ann Cummings, Vice-Chair, convened the meeting at 10:04 a.m. and Senator Sears made a motion to approve the minutes of November 9, 2017 with two corrections to the draft sent to members previously, and Senator Ayer seconded the motion. The Committee approved the minutes.

B. Administration's Fiscal Updates – 1. Unencumbered Balances

David Cameron, Business Manager, Department of Financial Regulation, submitted and reviewed a memo explaining the FY 2018 available receipts from unencumbered balances to the General Fund totaling $12.6 million. Not included in the total is the additional $3.5 million that was transferred to the General Fund during the FY 2018 budget reduction plan earlier in the year.

2. FY 2018 Preliminary Closeout - a. Fiscal year 2018 Fund transfers, reversions, reserves

Matt Riven, Deputy Commissioner, and Richard Donahey, Director of Budget and Management Operations, and Ruthellen Doyon, Director of Financial Operations, Department of Finance & Management, distributed and summarized a 2018 General Fund Operating Statement. Mr. Riven introduced Ms. Doyon, and Senator Kitchel thanked her for her good work.

Mr. Riven referred to the handout reflecting sources, uses, transfers, and reserve balance amounts. The FY 2018 budget actuals were not consensus numbers, but they are in agreement and understanding with the Joint Fiscal Office on where the Administration was with its numbers. There was a change in current law revenue of $21 million since May 2018, and an overall increase of $65 million since the January 2018 consensus forecast. Of the additional $21 million in revenue, $10 million is available in FY 2019 per the contingent provision within Act 11 of 2018 (Big Bill) for corporate refunds. Senator Kitchel clarified that the provision within Act 11 was intended to make those funds available for any contingent State tax obligation and not just corporate tax refunds. Mr. Riven agreed with the Senator that the funds were available for any revenue downgrade impact that may occur in FY 2019. In addition, $11.2 million of the remaining revenue had been transferred to the Teachers' Retirement Pension Fund per Act 11. In responding to Senator Sears, Mr. Riven explained there was language in Act 11 for a possible additional transfer of $10 million dependent on any revenue upgrades, and currently the total amount transferring to the Pension Fund was $26 million. He referred to the Allocation of Surplus (deficit) section of the handout and explained there was an additional $15 million transfer to Teachers' Retirement Pension Fund and $33.5 million to the Education Fund stemming from the Act 11 provisions.

Mr. Riven stated the Act 11 construct dictated the transfer of about $80 million from the Global Commitment Fund (GC) to the Human Caseload Reserve (HCR), which would significantly increase the General Fund reserves on the State's balance sheet in FY 2019. Senator Cummings noted that, in attending a conference, she learned that Vermont was depicted as a red state or unprepared for a downturn due to a lack of reserves. She suggested building a bigger stabilization fund reserve for downturns and asked the Administration its thoughts. Mr. Riven agreed there could be additional funding for downturns in the Stabilization Reserve Fund to cushion the State, but the right amount was open to debate. In addition, the transfer of the GC funds to the HCR would show positively with the rating agencies because they accepted the HCR as an actual reserve that minimized the risk to the State of the federal government reducing Medicaid funds. Representative Fagan asked for clarity on the EF and the 5% statutory EF Reserve Fund balance. Mr. Riven stated that in Act 11 there was language requesting JFO and the Administration to review the Education Fund and its reserve to recommend the appropriate amount of both to the Legislature. Senate Kitchel added that Act 11 also asked that the statutory requirements of the Education Fund reserves be reviewed along with the General Fund and the State Health Care Resources Fund for recommendations to existing statutory requirements.

b. FY 2018 Transportation Fund Closeout

Joseph Flynn, Secretary, and Lenny LeBlanc, Chief Financial Officer, Vermont Agency of Transportation, referred to a memorandum sent by the Secretary of Administration on June 13, 2018 in regard to the transfer of $1.325 million. The Secretary then explained that in the FY 2018 Transportation Fund Closeout, there was a year-end surplus of $1.453 million due to higher revenue than forecasted. The Secretary stated the Administration would propose in the FY 2019 Budget Adjustment (BAA) to allocate the surplus for Maintenance. Additionally, there was a small infrastructure bond surplus of $26k for availability in FY 2019 through the BAA.

3. Year-end Medicaid Update

Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office, and Richard Donahey, Director, Budget and Management Operations, Department of Finance, distributed a report to the Emergency Board on FY 2018 Year-end Medicaid and Medicaid-related expenditures and caseload. Mr. Donahey explained that the total Medicaid spending in FY 2018 was $24.4 million or 1.4% below the level appropriated, which was after paying for the $4.5 million from the Blue Cross and Blue Shield of Vermont negotiated settlement agreement. Because the one-time $7.1 million of General Funds that was set aside for Medicaid expenditures was not used, there were conversations about the use of those funds. Of the $24.4 million of underspending, $22 million was from pharmacy rebates coming in over projections, of which $10 million occurred in June. The effects of this underspending will be monitored in FY 2019.

Mr. Doherty continued to highlight areas of the report, noting that the caseload of childless new adults who receive an enhanced federal match rate at 90% was lower than anticipated. The State Health Resource Fund ended with a positive balance of $1.65 million primarily due to claims assessment coming in above expectation. In addition, increased compliance of collections by insurers has occurred due to the transfer of employer assessment collections move to the Department of Taxes. Ms. Barrett concluded with reviewing the action item for the Emergency Board later that day for revenue forecast of the Health Care Resources Fund. She explained that the childless new adult's proportion of spending will need further analysis.

Ms. Barrett explained that there were step downs in Medicaid funding where the State would pick up these costs that the Center for Medicare and Medicaid Services (CMS) no longer allowed in Vermont's renegotiated Global Commitment (GC) Waiver. Senator Sears asked for clarification of a childless new adult. Ms. Barrett responded that it was a way to categorize adults without children under Obamacare that Vermont received 90% federal match and the 2-year transitional funding that U.S. Senator Patrick Leahy secured. Senator Sears inquired if these adults were older Vermonters with Medicare and Medicaid. Ms. Barrett responded that they were a mix. Senator Kitchel added that Medicaid and Medicare were originally designed as categorical coverage to either adults with children or elderly, but poor people not falling in either category went without health coverage. When the Affordable Care Act (ACA) was enacted, it changed eligibility standards to income levels rather than categories.

Ms. Barrett concluded with long-term anticipated pressures at the end of the Waiver period from Institutions for Mental Disease (IMDs) Vermont Psychiatric Care Center and The Retreat that will need to be out of the Waiver and fully State funded in the future; She explained the Children's Health Insurance Program (CHIP) is fully funded until 2023 but has a match rate step down in FY2021 and FY2022 another significant impact to the State budget.

Senator Ayer inquired about pharmacy rebates and how to estimate those fluctuations. Ms. Barrett responded that pharmacy pricing was not transparent, and even though Medicaid has a pharmacy contractor, it was still difficult to make estimates. Senator Kitchel added that there is a concern that raises the question of whether this was a matter of timing to the extent to which large fluctuations would change the receipts for the FY 2019 budget. Ms. Barrett stated that the Medicaid consensus team would review the issues in the fall and bring back information to the Committee, but it was a challenge to understand long-term rebate estimates. The Secretary Human Services, Al Gobeille, stated that the Agency would share information at the Committee's September meeting.

Representative Joseph "Chip" Troiano joined the Committee on behalf of the House Committee on Human Services for the Agency of Human Services testimony.

C. Agency of Human Services – Al Gobeille, Agency of Human Services – 1. Agency update on interim work schedule

Al Gobeille, Secretary, and Sarah Clark, Chief Financial Officer, Agency of Human Services, distributed a presentation on the closeout of AHS programs and on work being performed by AHS during the months before the start of the legislative session in January.

Secretary Gobeille opened by noting the tremendous resource that Stephanie Barrett of the Joint Fiscal Office has been to the Agency regarding the forecast of the Medicaid caseload and utilization as well as other work on various issues in the budget.

The Secretary explained that the Agency's total FY 2018 expenditures when considering all funds were just shy of $4 billion. He noted that when FY 2018 is compared to FY 2016 the Agency's expenditures in FY 2018 were $70 million below that of FY 2016. The Secretary noted that some of the contributing factors for this spending level included a reflection of a strengthening economy, good fiscal management, and accurate caseload forecasting by the Agency.

Senator Kitchel commended Senator Sears for his work to bring a whole systems change to the Department of Corrections that resulted in bringing the DOC budget closer to balance after so many years of deficits. Senator Sears stated that the entire Department's systems staff helped to facilitate the changes. The Corrections Health Care Study that is included in Act 11 of the 2018 Special Session should help to bring costs down further.

Senator Kitchel asked for an update on the stability of nursing homes with regard to staffing and costs. The Secretary responded those issues were still a very big concern especially considering the demographics of Vermont. The Choices for Care program has been very successful resulting in clients not choosing to go to nursing homes. This choice has strained nursing facility budgets. Secretary Gobeille stated that within Act 11, there was language for the creation of a working group to review the nursing home issue.

Secretary Gobeille explained that the Agency had a report due on facilities to the General Assembly in January 2019. There was an initiative to increase the number of beds at the Brattleboro Retreat by 12 and, in order to achieve this partnership with AHS, a Memorandum of Understanding was agreed upon to allow AHS to supervise the Retreats billing practices. Second, the Agency increased specific rates which will need to be monitored. There may be a proposal related to this in the FY 2019 BAA. The Secretary promised to update the Committee on these issues related to the Brattleboro Retreat at the September meeting.

The Secretary explained that there was a proposed rule to convert the Woodside facility to a mental health treatment facility to enable federal funding. The rule included issues related to ongoing changes to the facility. The Secretary confirmed for Senator Kitchel that there were funds in the FY 2019 Capital Construction Adjustment bill (Act 190 of 2018) for the facility to make its structural changes.

Secretary Gobeille mentioned that there would be an official update at the Committee's September meeting on the Designated Agencies rate increase. Senator Ayer asked if the flexibility asked for by the DAs had been included in the contracts. The Secretary responded that the Agency was finalizing the master grants but believe that there was flexibility within the contracts. Senator Kitchel stated that she looked forward to how the value-based allocation of the rates would be implemented.

Secretary Gobeille gave an update on the Accountable Care Organization (ACO) development, explaining that a report was due August 1 from the Green Mountain Care Board (GMCB) on the scale of the increase of the program. The Secretary then explained that the Agency would establish a working group on prescription drug importation. The State of Utah was due to release its report by October 1. The Secretary promised to update the Committee when there was more information.

2. and 3. Substance Use Disorder Initiative Funding and Activities

Secretary Gobeille explained that within Act 11 there were two pots of money appropriated to substance use disorder initiatives. There was $2.5 million of FY 2018 carryforward funds, and $7.1 million of one-time funds that were not used, as stated in the earlier Medicaid testimony, due to the pharmaceutical rebates. The Agency was charged with creating a plan to spend the one-time funds that would be presented to the Committee at its September meeting. The Secretary proposed some possible concepts such as: funding the expanded access to medication-assisted treatment (MAT) in Corrections; allocating the funds to cover two FTEs to staff the Opioid Coordination Council (OCC) that would additionally leverage federal funds; and allocating funds to the Nurse Home Visiting practice. Senator Ayer inquired what the additional funding would include for the Nurse Home Visiting practice program. Secretary Gobeille responded it would propose that the program reach the entire State.

The Secretary suggested that other possible areas to use the one-time funds were: Screening, Brief Intervention, and Referral to Treatment (SBIRT) program; creating a Federal Contingency Fund as a reserve to ensure funding to State programs; funding for the Hepatitis C (HCV) treatment at correctional institutions that currently has 70 people in need of treatment at an estimated cost of $1.9 to $2.7 million; and/or additional investments in the Syringe Services Program (SSP). In responding to Representative Lippert, Secretary Gobeille suggested there should be safe recovery locations throughout the State and not just Chittenden County.

Senator Kitchel confirmed with Secretary Gobeille that the Agency would return in September with two separate proposals for the two pots of funds, and then moved to delay the spending plans for the Substance Use Disorder Response Initiatives Plan until the Committee's September 2018 meeting, and Representative Fagan seconded the motion. The Committee approved the motion. Representative Lippert noted that the issues raised may need further testimony before the Health Reform Oversight Committee.

D. Single Audit Report

Doug Hoffer, Vermont State Auditor, and Mat Riven, Deputy Commissioner, Department of Finance and Management, distributed a graph on the FY 2018 Single Audit Findings. Mr.

Hoffer explained that his office had just contracted with a new auditing firm, Clifton, Larson and Allen (CLA). The total number of findings and repeat audits continued to decline from previous audits because the Administration has worked hard to address its corrective action plans for the findings. Mr. Riven added that there was progress in all areas of the repeat findings as his Office worked with those departments to resolve them. Senator Kitchel inquired of the average costs for re-audits, and Mr. Hoffer stated that the previous audit firm, Klynveld Peat Marwick Goerdeler (KPMG) charged $40k but the new contractor, CLA's costs are imbedded in contract.

E. Revenue Update

Tom Kavet, the Legislature's Economist, summarized the consensus revenue update. He announced that the State was in a cyclical peak that was generating additional revenue. The federal stimulus that was creating the growth in the economy would also cause additional stresses by way of higher interest rates. Vermont has three specific areas of revenue that are the most volatile: corporate, personal income, and estate tax. He advised that budgetary spending expectations should account for swings in these revenue streams.

Mr. Kavet explained that the State and federal government had made several changes to tax changes since the January 2018 consensus forecast. He referred to a budget summary prepared by the JFO that explained the budget changes since the last consensus forecast. Mr. Kavet confirmed for Senator Sears that the anticipated revenue from voluntary compliance of sales tax payments of Border State purchases had been accounted for within the forecast.

Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, reviewed the budget summary by explaining there were some large tax changes including: a $29.2 million tax cut; the movement of the Sales and Use Tax, and 25% of the Meals and Rooms Tax to the Education Fund. With these changes, the budget was $32.9 million above estimates in FY 2019, and had $18 million of one-time money in FY 2020. The Education Fund had a lot of growth in its revenue due to the General Fund transfer changes and the online commerce activity. The Education Fund had $17 million available in FY 2019 that could possibly reach $20 million in FY 2020.

Senator Sears noted that the General Fund was now more volatile with the transfer of those stable revenue sources to the Education Fund. Representative Westman suggested that because the teacher retirement had been outstripping the GF growth, it should be paid as an educational expense through the EF.

Mr. Kavet continued by noting there was a wildcard with corporate revenues with the new federal repatriation, explaining it was possible that there could be a total upward amount of $3 trillion nationally that could be repatriated. A legal opinion from the Vermont Department of Taxes and Legislative Council stated that those repatriated payments were subject to Vermont tax and had just a year to pay, where at the national level the rule was eight years. This could lead to a possible court case to negate tax obligations.

Mr. Kavet explained that the Department of Taxes was in the process of developing a tax form that would better track corporate taxes. Senator Kitchel asked if there would be an ongoing benefit to Vermont under its unified tax system from repatriation. Mr. Kavet responded that the anticipated corporate tax increase was built into the base of the forecast. He added that the corporate tax base was more diverse and broader than in recent years, which could make it relatively more stable but still a very volatile revenue source with possible swing of 20%. Senator Kitchel suggested that it was important to build reserves and to set aside contingency funds for those unpredictable corporate tax refund obligations.

Mr. Kavet explained that the labor market was getting tighter with Vermont listed as the 6th lowest unemployment rate in the country. With the decreasing of the unemployment rate, there were wage pressures that overtime have increased from 2% each year to close to 3%. Senator Cummings referred to an article in the media on the southern portion of California where the real estate market was having difficulties, and then she asked if Vermont should be concerned. Mr. Kavet responded that economists were keeping a close eye on the real estate market after the housing volatility a few years ago. Since Vermont has seen very little appreciation of its local housing market, it would likely see little correction in the next recession.

The Committee recessed for lunch and the Emergency Board meeting at 12:04 p.m. and Representative Ancel reconvened the meeting at 2:23 p.m.

F. Property Tax Adjustment Claims Update

Kaj Samsom, Commissioner, Department of Taxes, gave an update on the property tax adjustment claims delay. The Department was unable to complete all the homestead declarations for the 2018 tax season by July 1. The Department failed to communicate to those towns sending out property tax bills in July for August payments of the delay. The Department has since sent a list of the homestead declarations and property tax adjustment claims it was still working on to Towns, which totaled about 4,000 statewide.

The Commissioner explained that the reasons for the backlog of property tax adjustment claims were due to some filers sending multiple property tax adjustment claim forms; and some filed incorrectly or missing information. There were 55,000 claim forms that were flagged by the system for manual review. The Administration has promised in a letter to towns on July 17 to reimburse them for the costs for reissuing the bills. Included in the memo was a file that listed the claim filers by town for rebilling. The Commissioner ensured there would be better communication going forward with towns on property tax claims.

The new tax system, myVTax, was doing its job and was very good at catching anomalies for possible fraud. The System caught $8.5 million of fraud this year, but the down side was it flagged additional tax filers for manual review. Representative Ancel asked what the Department will do differently next year to avert the town mishaps. Commissioner Samsom responded that the Department shifted staff in May to ramp up for tax refunds but would then shift them in June for review of property tax claims. In addition, half of the flagged claims were discretionary and the Department would flag less upfront and instead review those later after information had been sent to the towns. Senator Kitchel asked if the Department would need legislative action or an appropriation in the BAA for the compensation to towns. Commissioner Samsam responded that there may be a difference of legal opinion between the Attorney General and Legislative Council of whether the Department had the authority to reimburse towns but they would review the opinions and decide how to proceed after the tax issues had been fixed.

G. Agency of Digital Services – Cybersecurity Operations Center Budget and Implementation Plan

Shawn Nailor, Deputy Secretary, and Mark Combs, Chief Technology Officer, Agency of Digital Services, submitted a proposed plan for review and approval of the Committee. The intent behind the Security Operations Center (SOC) was to establish a collaborative team that would monitor and assess all of the State information systems 24/7 for potential cyber threats. Currently, any threat occurring after the work day of 5:00 p.m. would not be responded to until the next work day which could cause a significant issue with the State system.

Mr. Nailor explained that the plan is more of a service oriented plan that works with Norwich University (NU) in four phases. Phase I which is almost concluded, reviews the opportunities in working with the University; Phase II, which occurs in September, would review the design of the SOC; Phase III would be the test run for gathering data, analytics, and reporting; and Phase IV would occur in April and June of 2019 with the SOC becoming fully operational. Mr. Nailor confirmed for Senator Kitchel that the Agency was proposing to develop a sole source contract with NU. Senator Kitchel commented that standard university indirect charges could be as high as 40%, such as the transportation grant through St. Michaels College. She then asked if the plan reflected on those indirect costs with NU. Mr. Nailor responded that the Agency did not have indirect costs estimates before them from NU, but there would not be any additional indirect costs above and beyond the estimates in the plan.

Representative Fagan inquired why the contract was not put out to bid. Mr. Nailor responded the decision had not yet been approved by the Secretary of Administration, but documentation was under review and a waiver had been requested for the sole source contract with NU with the reason that the college was uniquely qualified for the work nationally with cyber security as a subject matter expert and tools readily available. In addition, another subject-matter expert in the field of cyber security is Champlain College, but they are more focused on the forensics and criminal justice. Representative Fagan asked if there were any other entities in the State of Vermont that would have been qualified. Mr. Nailor responded that he was unaware of any other entity with NU's unique qualifications for the job.

Representative Ancel pointed out that JFC must approve the budget and the spending plan before the Agency could move forward, and Mr. Nailor agreed. Senator Kitchel commented that the intent of the Legislature was to receive a plan from the Agency with a level of detail during the interim in order to receive the funds. Mr. Nailor responded that the Agency hoped to demonstrate that the plan was more articulated than initially provided during the session. Senator Kitchel asked if the waiver request for a sole source contract was public and that it be provided to the Committee. Mr. Nailor agreed it was public and the Agency would provide it to the Committee. He added that Dan Smith, the JFO Contractor, reviewed the waiver as well.

Daniel Smith, Information Technology Contractor, Joint Fiscal Office, distributed and summarized a report on his observations of the ADS SOC plan. He stated that the overall concept for a cyber operations center was positive for the State of Vermont, along with a partnership with Norwich University. However, there was a risk with delay for the project because of the wait involved, which could be up to 60 days, for the approval of the sole source contract Waiver. He stated that his preference would have been for the documentation of the Waiver request had been included within the proposed plan.

Mr. Smith recommended that the Legislature understand the long-term costs associated with the system and how it can measure its success through updates from ADS as it progresses through the plan phases. Senator Kitchel asked if Mr. Smith was comfortable with the budget proposal of SOC plan included in the plan, and the need for the SOC. Mr. Smith responded he was comfortable with what was proposed for upfront costs, and there was no question on the validity of the need for the system. In responding to Representative Lippert, Mr. Smith stated that there was a trigger for an independent review if the contract cost reached $1 million over the life of the plan. Senator Kitchel recapped that Mr. Smith's recommendation was to approve the proposed spending plan and to stay vigilant on understanding the long-term costs, and Mr. Smith agreed.

Senator Kitchel stated she would like understand and have assurances of the long-term fiscal obligations associated with the contract, and then moved to accept the ADS proposed budget implementation plan for the cyber security center with the understanding that the Committee has the expectation that the Committee will receive updates from ADS on the areas of concern shared by the members. Representative Fagan seconded the motion, and then asked what happens to the SOC plan if the sole source Waiver approval takes 60 days. Mr. Nailor responded that ADS would be compressed in its timeline for implementation of the plan but will still move forward with the plan.

Senator Ayer asked if the SOC covered all of the State's systems, including the Vermont Information Technology Leaders (VITL). Mr. Nailor stated the SOC would cover all of the ADS data center systems but not independent systems such as VITL. Senator Ayer queried if SOC would also include the Health Care Exchange. Mr. Nailor responded that the expectation was to have the Exchange vendor OPTUM work with the SOC at some point. The Committee approved the motion for the ADS proposed spending plan. Senator Kitchel requested an update from ADS at the Committee's September meeting.

H. Fiscal Office Updates - 1. Fiscal Officers' Report

Mr. Klein gave updates on 3 major requests for proposals the Office was administering. The study of Decarbonization Methods in Vermont had been sent out for bid with four responses received and bids due August 20. The Health Care Corrections RFP had gone out to bid as well with responses due August 10. In addition, the Office was tasked with hiring either a staff or contractor for the Vermont Tax Structure Commission and it was gearing up to accomplish that in the fall.

Mr. Klein noted that the Office received 61 performance surveys back from members, which was slightly less than the 2016 survey. Most surveys were generally positive and the Office was reviewing the comments and breaking out the information by Committee to gain a different perspective.

2. Education Fund Outlook

Mark Perrault, Senior Fiscal Analyst, Joint Fiscal Office, distributed an Education Fund Outlook update for the post closeout for FY 2018 and July revenue update for FY 2019. He explained there were two notable things that happened since the adjournment of the special session. The Office and Department were able to closeout FY 2018 on a consensus basis, and update the nonproperty revenues in FY 2019. The key change in the Education Fund Outlook was the dedication of 100% of the Sales and Use Tax and 25% of the Meals & Rooms Tax to the Education Fund and the transfer of several Education Fund uses to the General Fund. There was a significant increase of Sales Tax revenue in FY 2019 and FY 2020 in the July consensus revenue forecast. Representative Westman asked for the amount of the increase of sales tax since the end of special session. Mr. Perrault responded that in FY 2019 there was $11.9 million and in FY 2020 it was estimated at $15.6 million. Mr. Perrault explained that some of the Education Fund Outlook differences are attributable to some accounting changing.

There was a discussion on the special education funding, and Mr. Klein stated the Office would include an article in its next fiscal focus that explains the issue.

The Committee confirmed its next meetings of September 27 and November 1 and adjourned at 3:25 p.m.

Respectfully Submitted,

Theresa Utton-Jerman
Legislative Joint Fiscal Office

B.1.
Cameron

VERMONT

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Department of Financial Regulation
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July 27, 2018

Representative Janet Ancel, Chair
Joint Fiscal Committee
1 Baldwin Street
Montpelier, VT 05602

Dear Representative Ancel:

Below are the final figures for Fiscal Year 2018 receipts available to the General Fund from the Insurance, Securities and Captive Regulatory Funds.

Pursuant to Section Sec. 36 of Act 87 of 2018, I hereby certify that the transfer of the below amounts will not impair the ability of this Department in Fiscal Year 2019 to provide thorough, competent, fair, and effective regulation of insurance companies, banking and other financial services companies, and securities companies or impair the ability of the Department to maintain accreditation by the National Association of Insurance Commissioners.

Fund	Amount
Insurance Regulatory and Supervision Fund	$5,965,675.43
Securities Regulatory and Supervision Fund	$6,698,181.14
Captive Insurance Regulatory and Supervision Fund	$3,563.43
Total	$12,667,420

Sincerely,

Michael Pieciak
Commission

B.2.
Riven

2018 General Fund Operating Statement

	FY2018 BAA & Act 11 Jun-18	FY2018 Actuals Jun-18
Sources		
Current Law Revenue	1,537.8	1,558.8
Direct Applications	63.1	64.3
Reversions	4.0	4.0
Other Revenue	2.1	1.6
Additional Property Transfer Tax	12.2	11.8
Total Sources	1,619.2	1,640.5
Uses		
Base Appropriations	1,549.3	1,549.4
One-time Appropriations	11.0	11.0
Other Bills	1.2	1.2
Pay Act	11.5	11.5
Budget Adjustment Act	(2.4)	(2.4)
Rescission	(7.1)	(7.1)
Total Uses	1,563.5	1,563.6
Subtotal Operating Surplus (deficit)	**55.7**	**76.9**
Allocation of Surplus (deficit)		
Transfers From/(to) other funds (ERAF and Next Gen)	(3.7)	(3.7)
Transfer From/(to) Tobacco Litigation SF	13.5	13.5
Transfers From/(to) other funds ($33.5M EF, $15M Tch. Ret., Net Other)	(49.3)	(49.3)
Transfer From/(to) Teacher's Ret. From GF Surplus	-	(11.2)
Reserved	-	-
Budget Stabilization Reserve	(2.9)	(2.9)
Human Services Caseload Reserve	(12.0)	(12.0)
27/53 Reserve	(5.5)	(5.5)
Balance Reserve (Rainy Day Fund)	(0.5)	(0.5)
Balance Reserve (Corp. Tax Refund Resolution)	5.2	5.2
Other reserves/Carry Forward	(0.5)	(10.5)
Total Reserved in the GF (Designated)	(16.2)	(26.2)
Total Allocated	(55.7)	(76.9)
Unallocated Operating Surplus (Deficit)	**0.0**	**0.0**
General Fund Reserves (Cumulative)		
Budget Stabilization Reserve	77.0	77.0
Human Services Caseload Reserve	22.0	22.0
27/53 reserve	10.8	10.8
Balance Reserve (Rainy Day Fund)	12.5	12.5
Other Reserves (CEDF and PI/Corp. Tax Refund Contingency)	0.5	10.5
Total GF Reserve Balance	122.8	132.8
Stabilization Reserve Requirement 5%	77.0	77.0

VERMONT

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Agency of Transportation

TO: Susanne R. Young, Secretary of Administration

FROM: Joe Flynn, Secretary of Transportation Joe Flynn 06/13/2018

DATE: 06/13/2018

SUBJECT: Transfer of appropriation pursuant to Section 44 of Act No. 87 of 2018

The following authority is established by Sec. 44 of Act No. 87 of 2018 which states:

Sec. 44. TRANSPORTATION FUND APPROPRIATION TRANSFER AUTHORITY
(a) Notwithstanding 32 V.S.A. § 706, the Secretary of Administration, after consulting with the Secretary of Transportation, is authorized, subject to subsection (b) of this section, to transfer balances of fiscal year 2018 Transportation Fund appropriations within the Agency of Transportation to the extent a project in the fiscal year 2018 transportation program requires additional funding to maintain its approved schedule.
(b) An appropriation may be transferred under subsection (a) of this section only if the related monies are not needed for a project because:
(1) the project has been delayed due to permitting, right-of-way, or other unforeseen issues; or
(2) of cost savings generated by the project.
(c) In making any appropriation transfer authorized under this section, the Secretary of Administration shall avoid, to the extent possible, any reductions in appropriations to the town programs described in 19 V.S.A. § 306. Any reductions to these town programs shall not affect the timing of reimbursements to towns for projects or delay any projects or grants and shall be replaced in the affected appropriations in fiscal year 2019.
(d) (1) Within five business days after the end of each month through May 2018, the Agency of Transportation shall submit to the House and Senate Committees on Transportation and the Joint Fiscal Office a report on all appropriation transfers made pursuant to this section.
(2) In July 2018, the Secretary of Administration shall report all appropriation reductions made under the authority of this section to the Joint Fiscal Office, the Joint Fiscal Committee, and the Joint Transportation Oversight Committee.

Please indicate your approval for the following transfer of FY2018 appropriation:

1. $1,325,000.00 of Transportation Fund from Program Development (8100001100) to Maintenance (8100002000).

Susan R. Young 6/21/18

Susanne R. Young Date
Secretary of Administration

cc: Members, Joint Fiscal Committee
Members, Joint Transportation Oversight Committee
Neil Schickner, Joint Fiscal Office

VTrans Working to Get You There

JUN 15 2018

B.3.
Barrett

July 27, 2018
Emergency Board Meeting
Report on Medicaid for Fiscal Year 2018

32 V.S.A. § 305a(c) requires a year-end report on Medicaid and Medicaid-related expenditures and caseload. Each January the Emergency Board is required to adopt specific caseload and expenditure estimates for Medicaid and Medicaid-related programs. Action is not required at the July meeting of the Emergency Board unless the Board determines a new forecast is needed as a result of the year-end report. The data in this report reflects the most current actual FY18 information to date. The comparison of actual to the budgeted amount for FY18 reflects the changes made through budget adjustment and big bill processes. There may be adjustments to actual year-end amounts as the financial close-out for the fiscal year is completed and finalized. If necessary, changes will be included in a subsequent report.

Executive Summary
The bullet points below provide the primary results of FY18 in the Vermont Medicaid/GC Waiver /SCHIP and related programs; followed by a brief summary of issues to be aware of looking forward. Detailed multiyear charts for overall program expenditure, enrollment and fund balances follow this summary.

- The State's Medicaid/Global Commitment/SCHIP and related programs ended FY18 in a positive fiscal position.
    - In the aggregate across all funding sources and programs, FY18 total expenditure came in \$24.4m 1.4% below the level appropriated. This includes (i.e. after) making the payment that was not budgeted of \$4.5m GF to BCBS for the negotiated agreement regarding reconciling the 2016 insurance year for VHC enrollment.
    - None of the \$7.1 million of onetime GF allocated for FY18 Medicaid financial year end was needed to close out these programs for the year. The budget allows these unused funds to be allocated for other purposes, including critical providers and substance use disorder related expenditures.
    - Most of the underspending results from pharmacy rebates coming in \$22m over expectations, with \$10m of this coming in on the last few days of June. These end-of-year rebate payments are the primary reason that none of the \$7.1m one time GF funds were needed to close the fiscal year. It remains to be determined if the timing of these rebate payments will impact the FY19 budget.
    - Other areas of note in DVHA include under spending in physician services and the 'Clawback' payment. Some areas came in modestly over expectation, including the Medicare buy-in, hospice services, and payments to the ACO.
    - The other areas of significant Medicaid expenditure include Mental Health and VDH/Substance Use Disorders which ended FY18 on budget, including encumbrances. The Development Disabilities Services program spending was below the amount budgeted. This underspending is netted within the total \$24.4 million gross underspending across all programs. This does not impact the DDS

FY19 budget which fully funds the projected need made last December. The FY18 experience will influence the FY20 budget estimating process.

  - The new GC Waiver agreement which began in Jan. 2017, establishes annual calendar year caps on the total amount of Waiver Investments. For the 2017 waiver year, which ended Dec. 31 2017 the total cap was $142.5m. This is also the total spend on waiver investments for this period. The CY2018 cap is $148.5m and AHS anticipates fully utilizing this cap capacity.

- As a result of 2018 Medicaid program underspending; there is a total of $4.5m of GF available to carryforward into FY19. These funds are allocated as follows: $1.5m for required carried forward for FY19 Medicaid budget balance, $1.1m for continued premium processing in FY19, $1m for the Choices for Care reserve, the remainder is allocated for identified onetime contractual encumbrances.
- Childless New Adults: The primary reason the gross underspending in the Medicaid program does not result in a GF amount close to the 46% base match rate of the program is the continued shift in expenditures within the New Adult population. The portion of the Childless New Adult expenditures continues to come in below our reduced budget projections. The match rate for this population is roughly 90%. The lower Childless New Adult spending relative to higher proportion for other eligibility groups resulted in approximately a $4.9m more GF needed to fund the same level of total expenditure in FY18. This will have an impact on the Medicaid GF need for FY19 and FY20.
- Caseload has stabilized and continues to decline modestly. Vermont is following an annual eligibility redetermination process. In total, the FY18 caseload came in 2% below the level adopted in January 2018. Multi-year detailed caseload data is provided on page 4 of this report.
- SHCRF: The State Health Care Resources Fund ended the year with a positive balance of $1.65m. This was primarily due to the claims assessment coming in above expectation. This tax and the employer assessment are now collected by the Tax Dept. and this appears to have resulted in better compliance in the collections from insurers. Act 11 of 2018 special session allows the Administration to consider including a unification of this fund into the GF in FY19 as part of the budget adjustment process.

Looking Ahead – Concerns, Considerations and Areas of Focus

- Changes required by the current Global Commitment Waiver include phase out and phase down of federal match for several waiver investments. These include the school nurses & HIT investment (phase out complete), as well as room and board and UVM grant funded physician training which began partial year step down of Medicaid funding in FY19 with full phase out by FY22. The continued budgetary impacts of these no longer federal matched investments will be included in the FY20 Medicaid budget.
- Agreement on the new Substance Use Disorder (SUD) amendment to the GC Waiver was reached and began this July 1st. Although it is starting a bit later than hoped, this amendment was anticipated with the renewal of the GC Waiver. This allows Vermont to pay for SUD services provided at an IMD with GC Program funds. Previously, these costs, estimated at approximately $8M, were claimed as GC Investment.

- The current waiver allows the continuation of the investments for inpatient psychiatric treatment at the Brattleboro Retreat and the Vermont Psychiatric Care Center for this waiver period which ends Dec. 31, 2021 (mid-FY22). These are significant investments that totaled $29.4m in FY18 of which $15.9m is the federal match. However the federal matching funds for these Level 1 services is expected to begin being phased out at the very end of this waiver cycle and throughout the next extension. These facilities are classified as IMDs (Institutes of Mental Disease) and are ineligible for Medicaid funds.
  - The current waiver requires that no later than December 31, 2018, the state must submit a phase-down schedule for the Vermont Psychiatric Care Hospital and other IMD-expenditures (i.e. Brattleboro Retreat). The state must propose a lower amount for the IMD expenditures starting January 1, 2021 with a plan to get to $0 by the end of 2025.
  - The 12 new beds coming on at The Retreat will need to be included in analyses of both the phase down and waiver investment capacity during this period.
- Childless New Adults: The staff work group will continue to work to understand the expenditure trend for the Childless New Adults eligibility group and the budgetary implications. To the extent SUD expenditures for this population are paid through investments and are included in the new SUD amendment the opportunity to draw the enhanced match for these expenditures will need to be analyzed.
- Rx Rebates: The staff work group will continue to work to understand the trend for pharmacy rebates both in terms of scope and normal cycle and timing of these payments particularly if the payments made in the last few days of June 2018 impact the FY19 budget and/or if we are now in a new rebate timing cycle. There remains a fiscal liability in the form of manufacturer credits related to the over collection of pharmacy rebates two years ago. These credits are being slowly reduced over time; however one large manufacturer has reached an agreement with DVHA to true up the balance of these credits within a two year period. The fiscal impacts of this agreement and potential of additional expedited true up requests from other manufacturers needs to be analyzed for FY19 and FY20.
- The Vermont Medicaid Next Generation (VMNG) ACO program is in its second year of operation. The program began calendar year 2018 with approximately 42,000 Medicaid members, a 45% increase from 2017. DVHA and OneCare continue to work towards finalizing 2017 financial and quality results. DVHA anticipates presenting these results no later than the ACO report due to the legislature on September 15, 2018 as required by Act 124 of 2018. Concurrently, negotiations have begun between DVHA and OneCare Vermont for the calendar year 2019 program. DVHA submitted an ACO progress report to the legislature on June 15, 2018 available on the legislature's report website.

- CHIP is funded by Congress through FFY2023. However, the ACA based federal enhanced match rate for CHIP will be phased down over two years and will have a significant fiscal impact. An initial $6.3m hit will be in our FY21 budget, growing to a fully annualized $12.3 million reduction to be entirely absorbed by FY22.
- Uncertainties related to federal funding and policy changes related to health care will likely remain a challenge for these programs.

Average Medicaid Caseload

(Based on Monthly Enrollment Through June 2018)	actual	actual	actual	actual	actual	EBoard Jan.'18	est. actual	Budgeted Eboard Jan.'18
			FY15- FY17 impacted by eligibility redetermination suspension and resumption					
	FY13	FY14	FY15	FY16	FY17	FY18	FY18	FY19
Full/Primary Coverage (note1)								
Adult								
Aged, Blind, or Disabled (ABD) Adults	14,294	15,559	15,967	14,883	8,759	7,218	6,799	7,141
General Adults	11,387	12,959	17,339	20,050	14,876	12,984	12,664	12,958
New Adult Childless- began 1/1/2014	n/a	35,935	42,814	49,895	42,412	41,165	39,967	39,795
New Adult w/Kids - began 1/1/2014	n/a	7,522	10,379	12,810	17,787	18,439	18,568	20,309
Childless % of total New Adult	n/a	83%	80%	80%	70%	69%	68%	66%
VHAP Adults - ended in 2014	37,468	36,817	n/a	n/a	n/a	n/a	n/a	n/a
Adult subtotal	63,149	71,975	86,499	97,638	83,834	79,807	77,998	80,203
Children								
Blind or Disabled (BD) Kids	3,702	3,652	3,654	3,243	2,579	2,439	2,241	2,379
General Kids	55,400	56,536	60,894	63,354	60,024	60,360	59,821	60,372
SCHIP (Uninsured) Kids	3,986	3,835	4,416	4,509	5,136	4,817	4,667	4,905
Child subtotal	63,089	64,023	68,964	71,106	67,739	67,616	66,729	67,656
Subtotal -Full/Primary	**126,237**	**135,998**	**155,462**	**168,744**	**151,573**	**147,423**	**144,727**	**147,859**
Partial/Supplemental Coverage								
Choices for Care	3,917	4,072	4,101	4,263	4,302	4,350	4,232	4,390
ABD Dual Eligibles	17,179	17,481	18,309	18,734	17,651	17,645	17,659	17,772
Rx -Pharmacy Only Programs	12,529	13,737	11,974	11,583	11,389	11,182	10,717	10,913
VPA-Vermont Premium Assistance (note2)	n/a	10,886	16,906	14,893	17,961	19,023	18,275	20,524
CSR-Cost Sharing Reduction - subset of VPA	*n/a*	*3,447*	*5,322*	*4,976*	*5,816*	*6,483*	*6,141*	*7,099*
Underinsured Kids (ESI upto 312% FPL)	979	1,235	907	834	873	831	601	800
Catamount - ended in 2014	11,483	12,387	n/a	n/a	n/a	n/a	n/a	n/a
ESI progs (VHAP&Catamount) - ended in 2014	1,534	1,207	n/a	n/a	n/a	n/a	n/a	n/a
Subtotal -Partial/Supplemental Coverage	**48,128**	**47,411**	**52,197**	**50,307**	**52,177**	**53,031**	**51,485**	**54,399**
Total Medicaid Enrollment	**174,366**	**183,408**	**207,659**	**219,051**	**203,750**	**200,454**	**196,212**	**202,258**

Notes
1 Some Full Coverage enrollees may have other forms of insurance.
2 VPA-Vermont Premium Assistance counts are subscribers not individuals

VT LEG #312754 v.11

Summary of Total Expenditures

Medicaid and Medicaid Related

	FY15 Actual	FY16 Actual	FY17 Actual	FY18 BAA	Est. FY18 Actual	FY19 Budgeted
Total All Admin	*91,477,957*	*114,941,963*	*131,455,574*	*127,962,072*	*128,836,996*	*135,676,999*
Non Capitated Administration 50/50	2,468,599		42,336,781	80,611,022	78,534,543	83,545,837
Non Capitated Administration 75/25 MMIS M&O			6,576,855	13,259,096	13,329,352	15,328,675
Non Capitated Administration 75/25 SPMP			4,609,334	6,969,212	6,316,169	6,576,291
Non Capitated Administration 75/25 E&E M&O		13,063,756	23,949,052	27,122,742	30,656,932	30,226,196
Global Commitment Waiver						
GC - Administration	89,009,358	101,878,207	53,983,552	n/a	n/a	n/a
GC - Program	1,218,350,870	1,376,800,946	1,363,173,002	1,395,189,895	1,370,537,971	1,440,856,044
GC - VT Premium Assistance	5,471,173	5,256,145	6,162,611	6,649,761	6,332,790	7,112,797
GC - Choices for Care (CY 2015 in GC)	102,782,659	183,841,818	190,393,133	196,011,736	193,956,348	204,515,915
GC - Waiver Investments	121,609,350	119,743,698	135,234,008	141,870,622	139,114,731	131,401,492
GC - Certified (non -cash program & investment)	29,279,458	32,698,831	28,059,203	26,453,027	27,307,277	26,413,016
	1,463,720,209	1,636,377,827	1,586,612,376	1,570,163,305	1,543,292,769	1,605,783,349
~~Choices For Care~~ / Money Follows the Person	108,013,364	3,263,786	2,244,110	1,650,000	2,607,149	-
Exchange Cost Sharing Subsidy (State Only)	1,138,775	1,186,720	1,355,318	2,640,929	1,533,802	1,427,176
Exchange Vermont Premium Assistance (State Only)	140,293	10,097	(62,232)		74,896	
Pharmacy - State Only	1,256,966	(2,752,230)	(258,671)	1,104,186	1,054,658	1,586,829
DSH	37,448,781	37,448,781	37,448,780	27,448,781	27,448,780	22,704,471
Clawback (100% GF funded)	25,888,658	29,011,845	31,738,186	35,048,981	33,676,089	36,660,158
SCHIP	10,373,932	9,787,010	13,081,552	12,453,294	11,055,931	12,651,368
Total	1,650,449,577	1,714,333,836	1,749,631,439	1,778,471,548	1,749,581,070	1,816,490,351
	5.1%	*3.9%*	*2.1%*		*0.0%*	*2.1%*
GF Reconciliation Payments (VHC/premiuim)		1,600,000	3,500,000	-	4,500,000	

Notes

FY15 Choice For Care was incorporated into the GC waiver on Jan 1. 2015

Jan 1 2015 Non-capitated Administration moved to GC - Administration.

Jan 1, 2017 All Admin removed from the GC waiver

FY17 and thereafter the GC Program line includes capitated payments to ACO

VT LEG #302110

Choices for Care Year End Summary - SFY18

CFC is managed as one budget, categories are estimated but funding is fluid within them.

DeptID - 34100160000

LTC	SFY18 Plan$s Available (Final Appropriation)	SFY18 Expend and Obligated	Balance of SFY18 Approp by fund	State Share Amt as of FY18 Year End Available for CF/Savings Reinvestment	State Share converted to Gross GC Amt Available For CF/Savings Reinvestment	
H&CB Money Follows the Person GF	$ 753,720	$ 603,428	$ 150,292	$ 150,292	$ -	GF staying as GF for Money Follows the Person expenditures. Program expenditures
H&CB Money Follows the Person FF	$ 2,196,280	$ 2,003,722	$ 192,558	$ -	$ -	
H&CB GC	$ 71,082,513	$ 71,477,995	$ (395,482)	$ (183,029)	$ (396,081)	
Nursing Home GC	$ 124,929,223	$ 122,478,353	$ 2,450,870	$ 1,134,263	$ 2,454,583	
LTC Subtotal all funds	$ 198,961,736	$ 196,563,497	$ 2,398,239	$ 1,101,526	$ 2,058,502	Carryforward from SFY18 into SFY19 available before obligations. (1% of SFY18 CFC-LTC expenses)
					$ (100,000)	Less: Obligation for SFY19 Emergency Financial Relief expenditures.
					$ 1,958,502	Balance of carryforward not obligated
					$ 1,965,635	1% reserve requirement, calculated by taking 1% of SFY18 expenses (if available)
					$ -	amount available for "reinvestment" (if available)

Global Commitment - Cash Balance Sheet - FY15 to FY19

	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Budgeted	FY18 Actual	FY19 Budgeted
Revenues - Cash Capitated Payments	**1,442,945,241**	**1,633,975,029**	**1,554,409,832**	**1,540,133,246**	**1,512,050,358**	**1,575,788,640**
Expenses - Cash Capitated						
Administration	89,009,358	101,878,207	53,983,552	-		
Program	1,223,822,043	1,382,057,091	1,369,335,613	1,401,839,656	1,376,870,761	1,447,968,841
Investment	112,000,874	110,777,644	131,087,882	138,293,590	135,179,597	127,819,799
Total Cash Expenses	**1,424,832,275**	**1,594,712,942**	**1,554,407,047**	**1,540,133,246**	**1,512,050,358**	**1,575,788,640**
Transfer to 27/53 Reserve- 53rd week portion	n/a	n/a	**(5,287,591)**	**(1,700,000)**	**(1,700,000)**	**(1,760,000)**
Transfer to Human Service CR - IBNR						**(64,022,729)**
Transfer to Human Service CR - Medicaid						**(14,064,254)**
Change in Fund Balance	**18,112,966**	**39,262,087**	**(5,284,806)**	**(1,700,000)**	**(1,700,000)**	**(79,846,983)**
Prior Year Fund Balance	**29,456,821**	**47,569,787**	**86,831,874**	**81,547,068**	**81,547,068**	**79,847,065**
Total Fund Balance	**47,569,787**	**86,831,874**	**81,547,068**	**79,847,068**	**79,847,068**	**82**
Non-capitated administrative expenses (1)	2,468,599	-				
Non-cash expenses (2)	29,311,669	32,698,831	28,059,203	26,453,027	27,307,277	26,413,016
Non-cash revenues (3)	29,311,669	32,698,831	28,059,203	26,453,027	27,307,277	26,413,016

Notes:

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

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

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

VT LEG #259687

State Health Care Resources Fund

					A	B		C		D
		FY15 Actuals	FY16 Actual	FY17 Actual	Jan. 2018 Eboard FY18	Est. FY18 Actual	Jan. 2018 Eboard FY19	July 2018 Eboard FY19	Jan. 2018 Eboard FY20	July 2018 Eboard FY20
	State Health Care Resources Fund									
	Beg. Balance	(748)	7,337,508	4,729,431	(12,694)	(12,694)	-	1,647,034	-	
	Catamount Fd Bal (incorp FY13)	n/a	n/a	n/a	n/a					
	Total Beginning balance	(748)	7,337,508	4,729,431	(12,694)	(12,694)	-	1,647,034	-	TBD
	Revenue									
1	Cigarette Tax Revenue	68,302,786	70,007,845	67,556,831	62,600,000	61,785,442	61,150,000	59,050,000	60,060,000	56,560,000
2	Tobacco Products Tax - 100%	8,104,758	9,012,347	9,134,862	9,140,000	9,286,787	9,190,000	9,450,000	9,270,000	9,610,000
3	Cigarette Floor Stock Tax	347,610	897,670	-	-	-	-	-	-	-
4	Claims Assessment	13,978,648	13,767,674	14,055,360	14,100,000	15,912,905	14,100,000	15,100,000	14,100,000	15,100,000
5	Employer Assessment	15,879,665	17,896,335	19,159,000	20,092,838	19,843,461	20,800,000	20,450,000	21,000,000	21,063,500
6	Graduate Med Education	13,054,500	13,491,750	13,462,714	13,884,000	13,884,750	13,863,000	13,863,000	13,863,000	13,863,000
7	Nursing Home Sale Assessment	-	593,400	3,683,218	-	-	-	-	-	-
8	Prov Tax - Ambulance	-	-	736,924	1,044,646	936,174	925,000	935,000	925,000	935,000
9	Prov Tax - Hospital	125,293,302	131,712,103	137,296,343	141,050,599	141,544,568	141,050,598	146,495,231	143,166,357	150,157,612
10	Prov Tax - Hospital A/R	-	-	-	1,953,910	1,953,910	-	1,239,183	-	-
11	Prov Tax - Nursing Home	15,595,924	15,681,383	15,000,491	15,000,365	14,847,278	14,709,394	14,330,590	14,709,394	14,330,590
12	Prov Tax - Nursing Home A/R	-	-	-	-	-	-	46,046	-	-
13	Prov Tax - Home Health	4,373,603	4,488,435	5,467,427	4,466,892	4,699,521	4,542,437	4,700,000	4,542,437	4,700,000
14	Prov Tax - ICF-MR	73,759	73,308	73,308	73,828	73,828	73,828	74,000	73,828	74,000
15	Pharmacy $0.10/script	775,297	783,689	782,910	780,000	812,375	780,000	800,000	780,000	800,000
16	Premiums - Dr. D (medicaid)	192,949	130,524	183,318	185,000	204,640	185,000	160,000	185,000	160,000
17	Premiums - SCHIP	928,108	163,865	102,313	105,000	132,739	105,000	100,000	105,000	100,000
18	Premiums - Rx programs	3,112,356	2,918,910	2,799,719	2,800,000	2,617,496	2,730,000	2,500,000	2,661,750	2,350,000
19	Recoveries	435,377	2,831,833	55,117	885,708	985,651	276,468	276,468	442,501	442,501
20	Other *(Misc, Interest)*	(39,319)	(962,512)	(77,088)	-	288,327	-	-	-	-
21	Total Fund Revenue	270,409,063	283,488,521	289,472,721	288,162,786	289,809,819	284,480,725	289,569,518	285,884,267	290,246,203
	Total Available	270,408,315	290,826,029	294,202,152	288,150,091	289,797,125	284,480,725	291,216,552	285,884,267	290,246,203
	Expenditures									
	Total GC Expend	263,070,807	286,096,598	294,214,846	288,150,091	288,150,091	284,480,725	284,480,725	TBD	TBD
	End. Balance	**7,337,508**	**4,729,431**	**(12,694)**		**1,647,034**		**6,735,827**		TBD

VT LEG # 313575

C. AHS

Agency of Human Services

Secretary Al Gobeille

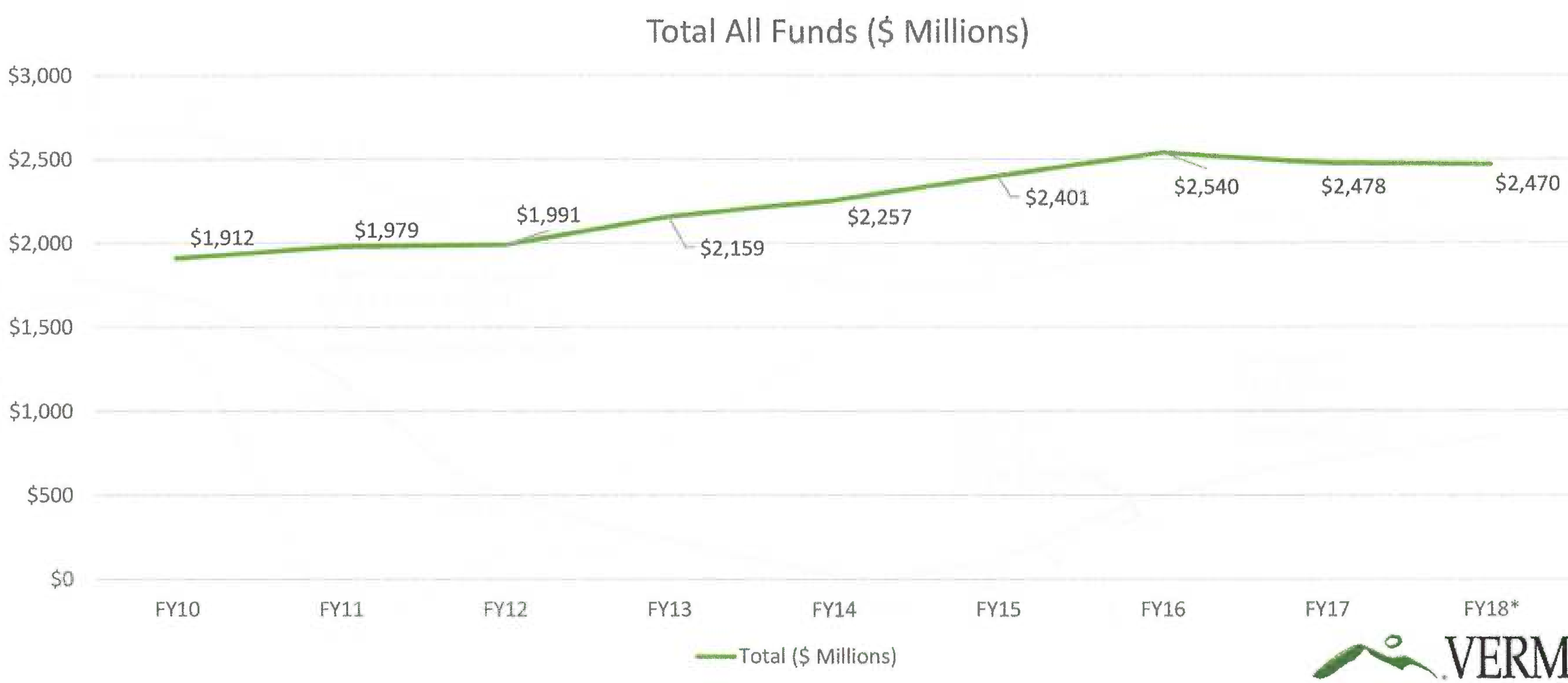
July 27, 2018

FY 2018 AHS Closeout – Spending Ended On or Below Target ($'s in millions)

Department	Total Expended	General Fund Balance	General Fund Obligations per Act 11	General Fund Obligations for FY18 Liabilities	General Fund Carryforward for FY19 Pay Act	Federal Surplus/<Deficit>	Net Federal & GF Surplus/<Deficit>
AHS Secretary's Office	$1,556.5	$4.6	-$3.6	-$1.1	$.0	-$.1	-$.1
DVHA	$1,124.3	$1.6	-$.2	-$1.4	$.0	-$.5	-$.5
VDH	$151.5	$.0	$.0	$.0	$.0	$.0	$.0
DMH	$239.8	$.4	$.0	-$.1	-$.3	$.1	$.1
DCF	$443.3	$2.4	-$.3	-$1.7	-$.4	-$.3	-$.3
DAIL	$270.8	$.6	$.0	-$.2	-$.4	$1.9	$1.9
DOC	$160.8	$.1	$.0	-$.1	$.0	-$.1	-$.1
TOTAL AHS	$3,947.1	$9.6	-$4.0	-$4.6	-$1.0	$.9	$.9
Medicaid/SUD - C.1000(a)(14)		$7.1	-$7.1	$.0	$.0	$.0	$.0
TOTAL AHS	$3,947.1	$16.7	-$11.1	-$4.6	-$1.0	$.9	$.9

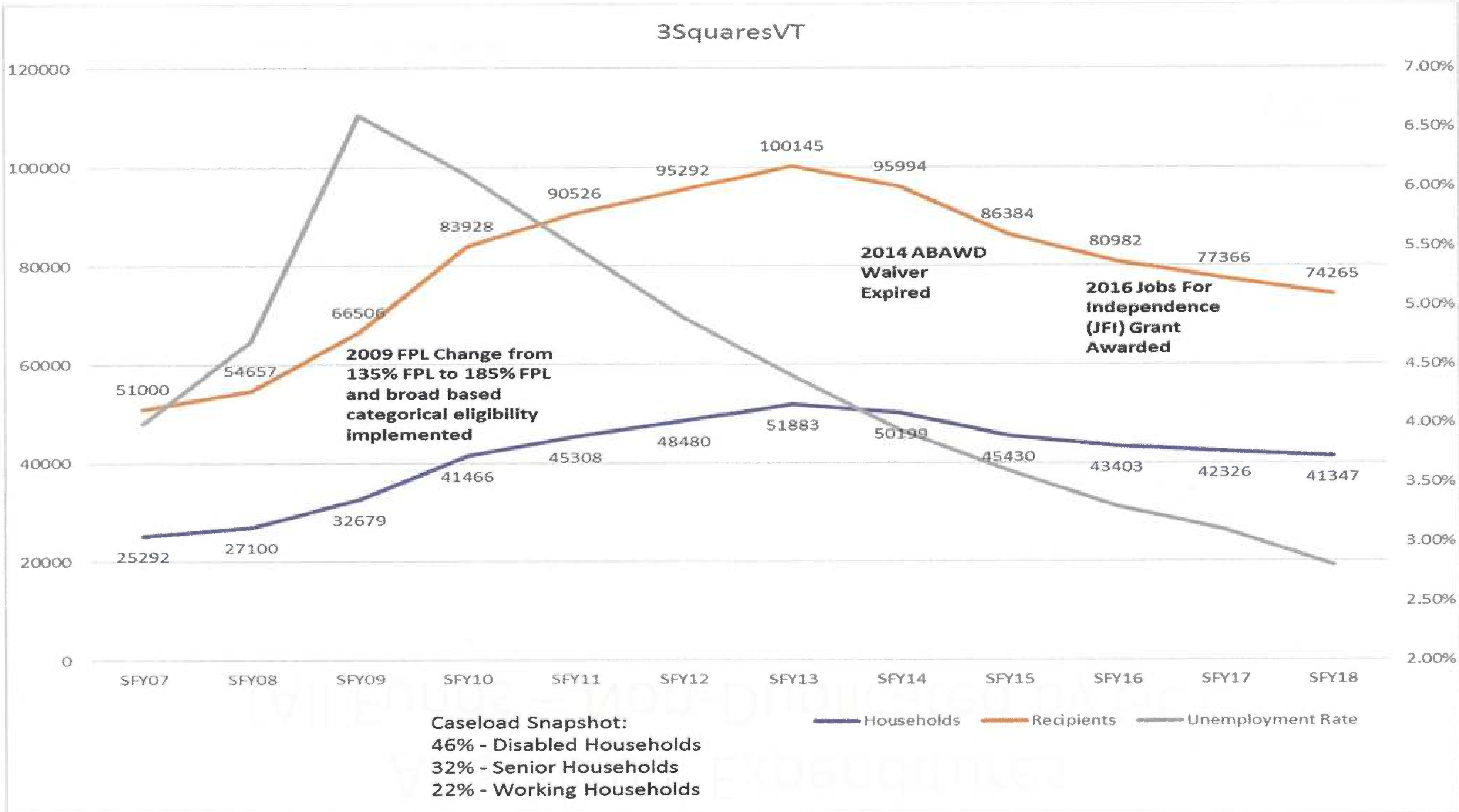
Underspent GF budget by 1.42% of appropriation excluding $7.1M one-time approp (over FY18 As Passed BAA) *Federal funds based on estimated amounts

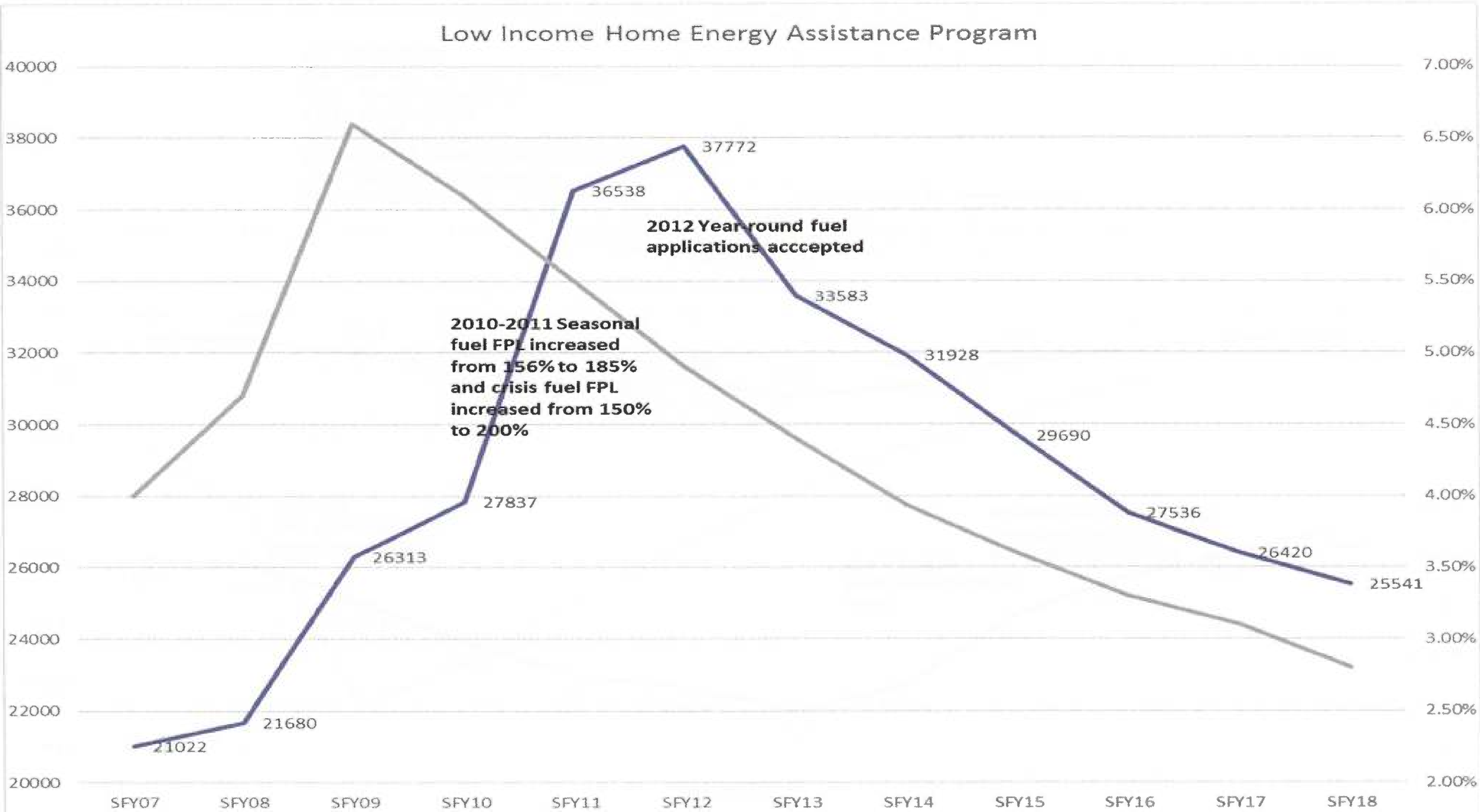
AHS Actual Expenditures (All Funds – Non-Duplicated by GC)

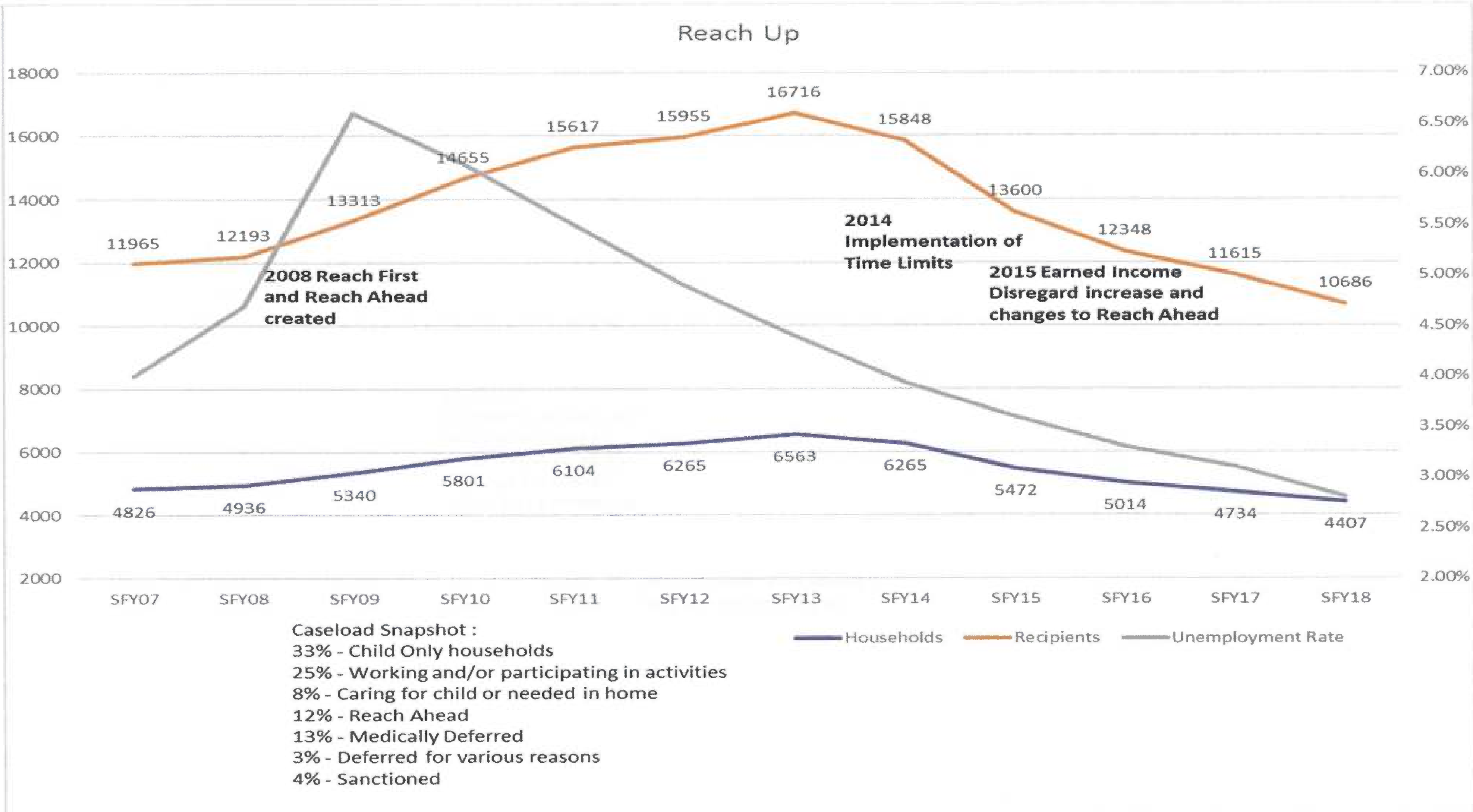


Source: VISION Appropriation Status thru 998 period.

VERMONT
AGENCY OF HUMAN SERVICES


3SquaresVT
120000
100000
80000
60000
40000
20000
0
7.00%
6.50%
6.00%
5.50%
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
51000
54657
66506
83928
90526
95292
100145
95994
86384
80982
77366
74265
25292
27100
32679
41466
45308
48480
51883
50199
45430
43403
42326
41347
2009 FPL Change from 135% FPL to 185% FPL and broad based categorical eligibility implemented
2014 ABAWD Waiver Expired
2016 Jobs For Independence (JFI) Grant Awarded
SFY07
SFY08
SFY09
SFY10
SFY11
SFY12
SFY13
SFY14
SFY15
SFY16
SFY17
SFY18
Households
Recipients
Unemployment Rate
Caseload Snapshot:
46% - Disabled Households
32% - Senior Households
22% - Working Households


Low Income Home Energy Assistance Program
40000
38000
36000
34000
32000
30000
28000
26000
24000
22000
20000
7.00%
6.50%
6.00%
5.50%
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
21022
21680
26313
27837
36538
37772
33583
31928
29690
27536
26420
25541
2010-2011 Seasonal fuel FPL increased from 156% to 185% and crisis fuel FPL increased from 150% to 200%
2012 Year-round fuel applications acccepted
SFY07
SFY08
SFY09
SFY10
SFY11
SFY12
SFY13
SFY14
SFY15
SFY16
SFY17
SFY18


Reach Up
18000
16000
14000
12000
10000
8000
6000
4000
2000
7.00%
6.50%
6.00%
5.50%
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
SFY07
SFY08
SFY09
SFY10
SFY11
SFY12
SFY13
SFY14
SFY15
SFY16
SFY17
SFY18
11965
12193
13313
14655
15617
15955
16716
15848
13600
12348
11615
10686
4826
4936
5340
5801
6104
6265
6563
6265
5472
5014
4734
4407
2008 Reach First and Reach Ahead created
2014 Implementation of Time Limits
2015 Earned Income Disregard increase and changes to Reach Ahead
Households
Recipients
Unemployment Rate
Caseload Snapshot :
33% - Child Only households
25% - Working and/or participating in activities
8% - Caring for child or needed in home
12% - Reach Ahead
13% - Medically Deferred
3% - Deferred for various reasons
4% - Sanctioned

AHS Update on Interim Work Schedule

- Nursing Home Transfers/Working Group
  http://humanservices.vermont.gov/con-desk-review-information-final.pdf
- Facilities
  - AHS Facilities Report
  - Brattleboro Retreat
  - Woodside
- DA Rate Increase – Official Update in September 2018
- ACO Development
  - Medicaid Next Generation ACO Program: 42,342 in 2018. A by 45% increase from 29,102 in 2017
  - Medicare Next Generation ACO Program: 39,702 in 2018
- Prescription Drug Importation

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Act 11 (H.16) of 2018 Special Session – Substance Use Disorder Initiative Funding

FUNDING AVAILABLE

Section	Item	Total	One-time	FY19	FY20	FY21
C.106.2	SUD Response Initiatives	2,500,000		1,000,000	750,000	750,000
C.1000(a)(14)	Medicaid/SUD Carryforward	7,100,000	7,100,000			
	TOTAL	9,600,000	7,100,000	1,000,000	750,000	750,000

Department of Corrections – Medically-Assisted Treatment (MAT)

Expanded access to MAT in Corrections is estimated to cost an additional $800,000/year. The FY2019 budget appropriated $400,000 for expanded treatment. An additional $400,000 is required to fully fund the expanded access to MAT in our correctional facilities and implement the requirements of Act 176 (S.166) of 2018.

Opioid Coordination Council (OCC)

The FY2019 budget did not allocate funds for the two FTEs tasked with staffing the OCC. These positions will leverage federal funds.

Nurse Home Visiting

These funds will facilitate the transition to the Maternal and Early Childhood Sustained Home Visiting (MESCH) model as supported evidence-based nurse home visiting practice in Vermont.

SBIRT (Screening, Brief Intervention, and Referral to Treatment)

The funds will be dedicated to sustaining the SBIRT program at the four pilot hospitals since the grant has ended. The funds will be used as a for SBIRT staff in emergency rooms while a sustainability plan is developed and more comprehensive program is developed.

Federal Contingency Funding

Given uncertainty at the federal level, these funds will serve as a contingency to ensure the financial viability of targeted state programs. AHS will provide an update at the September 2018 JFC meeting.

Department of Corrections – Hepatitis C (HCV) Treatment

We currently have approx. 70 inmates in DOC custody that have tested positive for HCV and are anticipated to be in custody long enough to complete a course of treatment. This initial investment will treat those who are already in custody and have HCV, which will help prevent the disease from spreading.

Syringe Services Program

This is an additional investment in Syringe Service Programs (SSP). SSP includes a broader array of services, including counselling, in addition to the safe exchange of needles. This investment will result in increased case management, hours, and locations.

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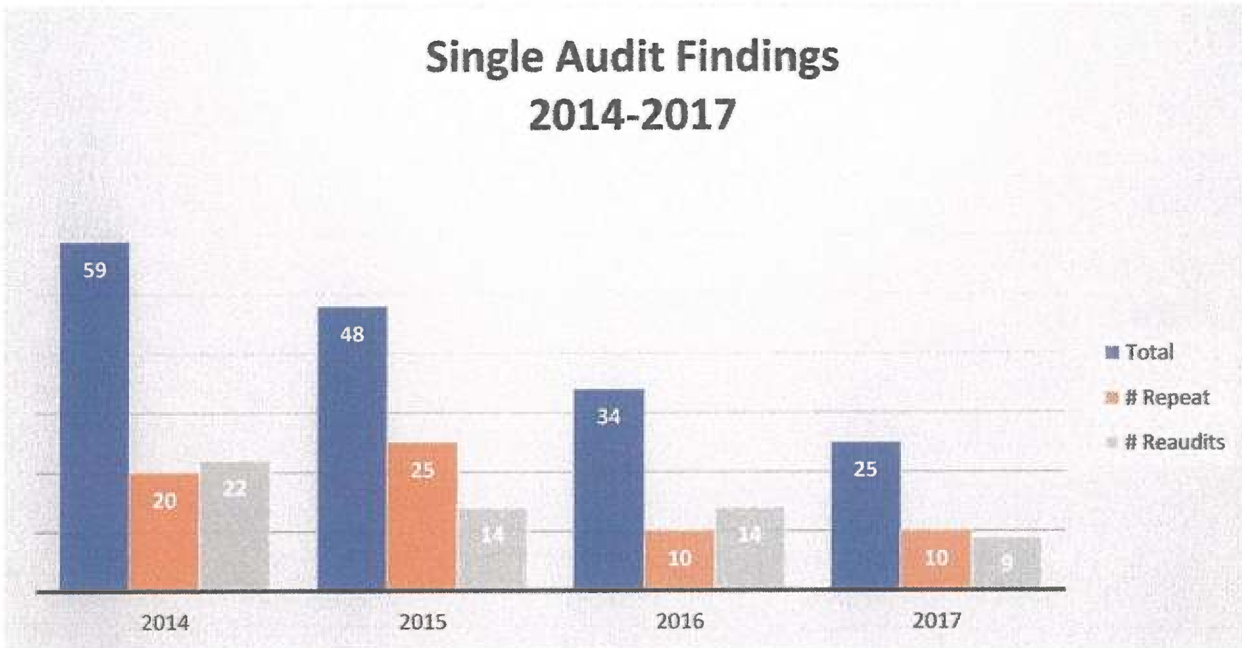
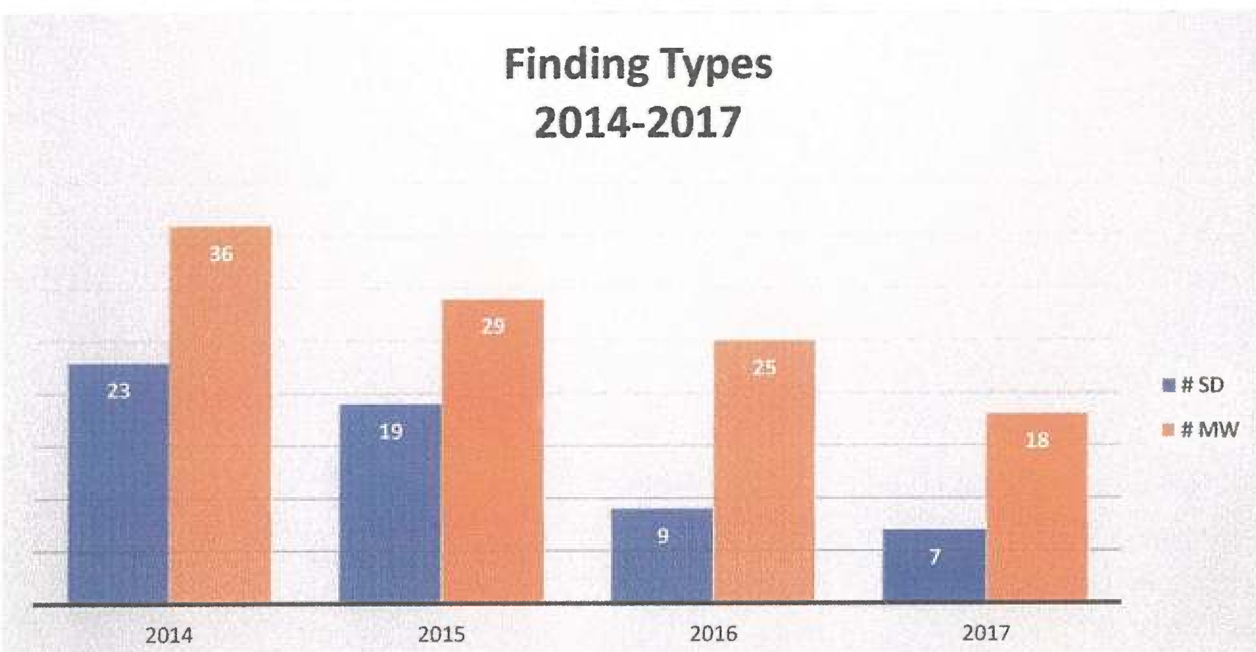
D.
Riven

FY2017 Single Audit Summary



Total = Total number of findings
Repeat = Number of repeat findings
Reaudits = Number of programs requiring mandatory re-audit



SD = Significant Deficiency – less severe finding
MW = Material Weakness – more severe finding (requires mandatory re-audit of program next year)

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E.

July 2018 Economic Review and Revenue Forecast Update

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

July 27, 2018

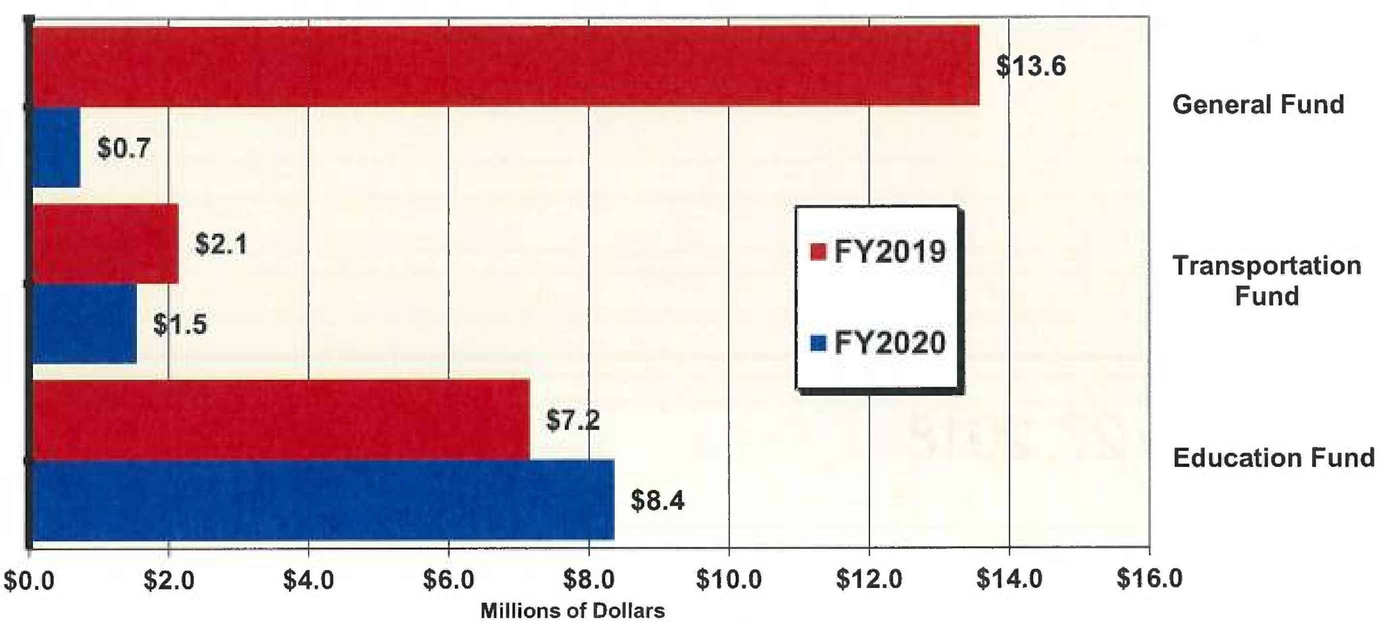
Economic Review and Revenue Forecast Update
July 2018

Overview

Benefiting from a rare confluence of a relatively small number of large revenue events, FY2018 State revenues exceeded expectations in all three major funds. From Federal tax changes that gave rise to Vermont tax revenue from corporate profits parked in foreign jurisdictions, to exceptionally large capital gains liabilities, fewer than 30 revenue events in the past 6 months accounted for most of the $65 million General Fund FY18 windfall. Although many of these events are "one-time" in nature, the massive Federal stimulus from unfunded tax cuts and unprecedented deficit spending will give the economy a near-term boost that is likely to create a more pronounced business cycle over the next five years, with higher revenues expected in FY19 and FY20 and the potential for a steeper recessionary period at some time thereafter.

Due to the many changes in external conditions, including the recent Supreme Court decision allowing state taxation of internet sales and other legislated Federal and State tax changes, revenue comparisons with prior January forecasts are complicated. Revenue changes relative to legislative expectations at the end of the session are summarized in the table on the following page, prepared by JFO. The standard comparison with the prior January forecast is displayed in the below chart, adjusted for new fund allocations mandated in H.911. No matter how measured, however, this forecast represents a significant upgrade to FY19 and FY20 revenues.

Recommended Net Revenue Changes from January 2018 Forecast
Pre-H.911 Revenue Allocation Basis - For Comparative Purposes Only



JFO BUDGET SUMMARY

Budget Impact of July 2018 Revenue Forecast for FY19 and FY20

Compared to As Passed Budget Revenue with Tax Changes and EF/GF Fund Source Restructure

General Fund

	Jan '18 + changes	July '18 restuctured	Budgetary Forecast Change[3]
FY 2019			
Official Forecast	1,568.2	1,270.7	
Less Funding Restructure w/EF			
Sales and Use	(256.6)		
25% Meals and Rooms	(44.6)		
Less PI Income Tax Changes	(29.2)		
Available in Forecast[1]	1,237.8	1,270.7	**32.9**
PTT Redirect[2]	15.27	15.07	**-0.2**
Net Change Including PTT	1,253.0	1,285.8	**32.7**

	Jan '18 + changes	July '18 restuctured	Budgetary Forecast Change[3]
FY 2020			
Official Forecast	1,610.9	1,291.0	
Less Funding Restructure w/EF			
Sales and Use	(262.1)		
25% Meals and Rooms	(46.0)		
Less PI Income Tax Changes	(29.8)		
Available in Forecast[1]	1,273.0	1,291.0	**18.0**

Education Fund

	Jan '18 + changes	July '18 restuctured	Budgetary Forecast Change[4]
FY 2019			
Official Forecast	207.8	526.0	
Plus Funding Restructure w/GF			
Sales and Use	256.6		
25% Meals & Room	44.6		
Available in Forecast[1]	509.0	526.0	**17.0**

	Jan '18 + changes	July '18 restuctured	Budgetary Forecast Change[4]
FY 2020	212.6	541.5	
Official Forecast			
Plus Funding Restructure w/GF			
Sales and Use	262.1		
25% Meals and Rooms	46.0		
Available in Forecast[1]	520.7	541.5	**20.8**

Notes

1 - Jan'18 Official Forecast plus changes is needed to have an 'Apples to Apples' revenue change from the as passed budget perspective

2 - Total Property Transfer Tax Estimate changed by -$300k, this impacts the 2/3 portion redirected to GF outside of the PTT formula

3 - The GF change is smaller in FY20 than in FY19 indicating the significant portion of the FY19 GF upgrade is one time in nature.

4 - The EF change is greater in FY20 than in FY19 indicating the EF upgrade is ongoing in nature .

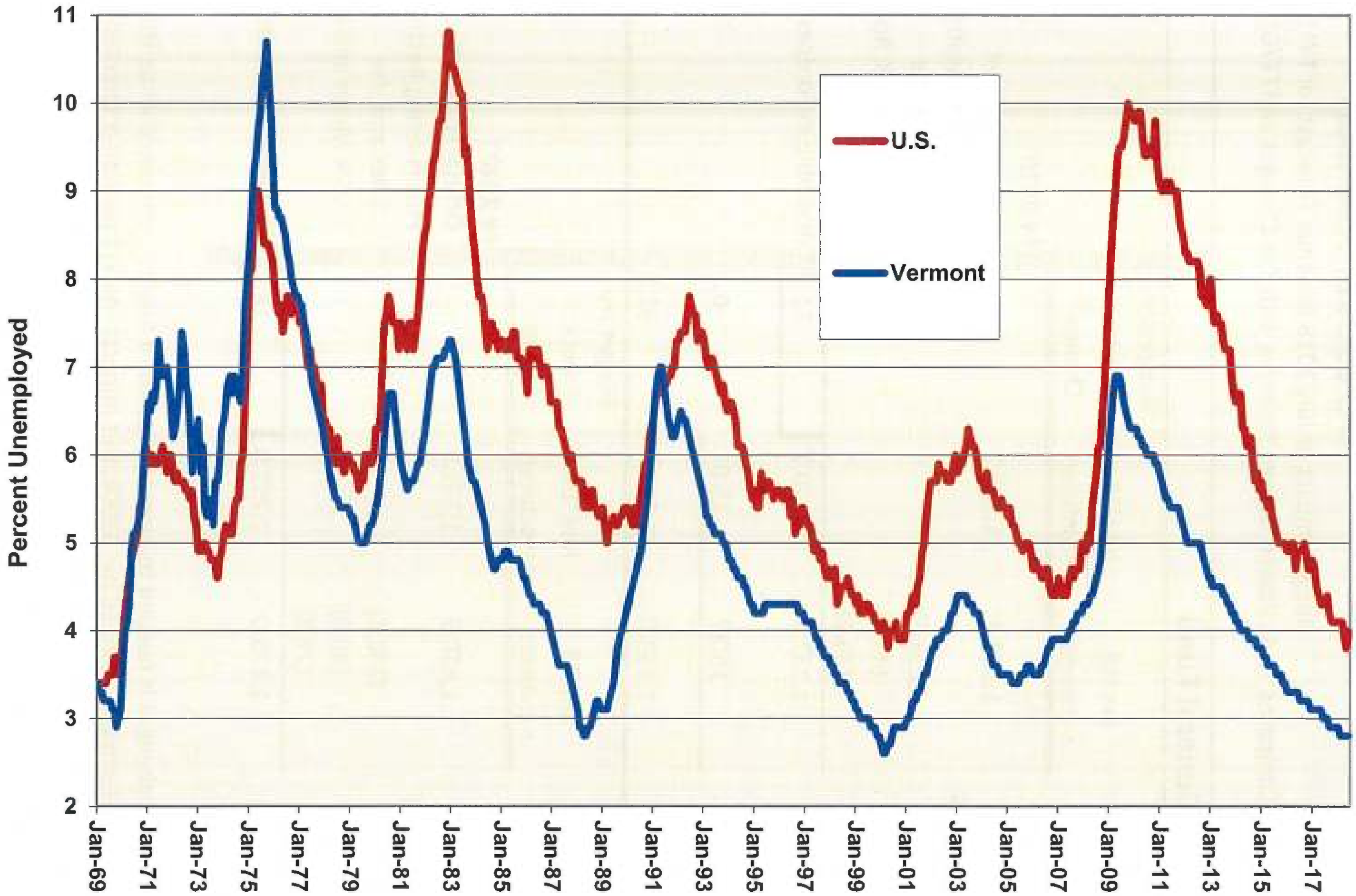
VT LEG #334772 v.1

July 2018 Economic and Revenue Forecast Commentary

- The combination of economic stimulus from a ballooning $1 trillion federal budget deficit in FY19 and an economy already approaching its maximum potential will create accelerating near-term growth, more inflation and the likelihood of a more pronounced boom/bust business cycle sometime in the next several years. After 109 months, the current expansion is the second longest in U.S. history and if sustained through July of 2019, as expected, will be the longest ever.

- Real GDP is expected to have expanded by as much as 4%-5% in the second quarter of 2018 and job growth is continuing to top 200,000 per month – nearly double the labor force growth, pushing the unemployment rate in both Vermont and the U.S. into near record-low territory.

Vermont and U.S. Unemployment Rates Approach Historic Lows
(Seasonally adjusted data, Source: Bureau of Labor Statistics, U.S. Department of Labor)



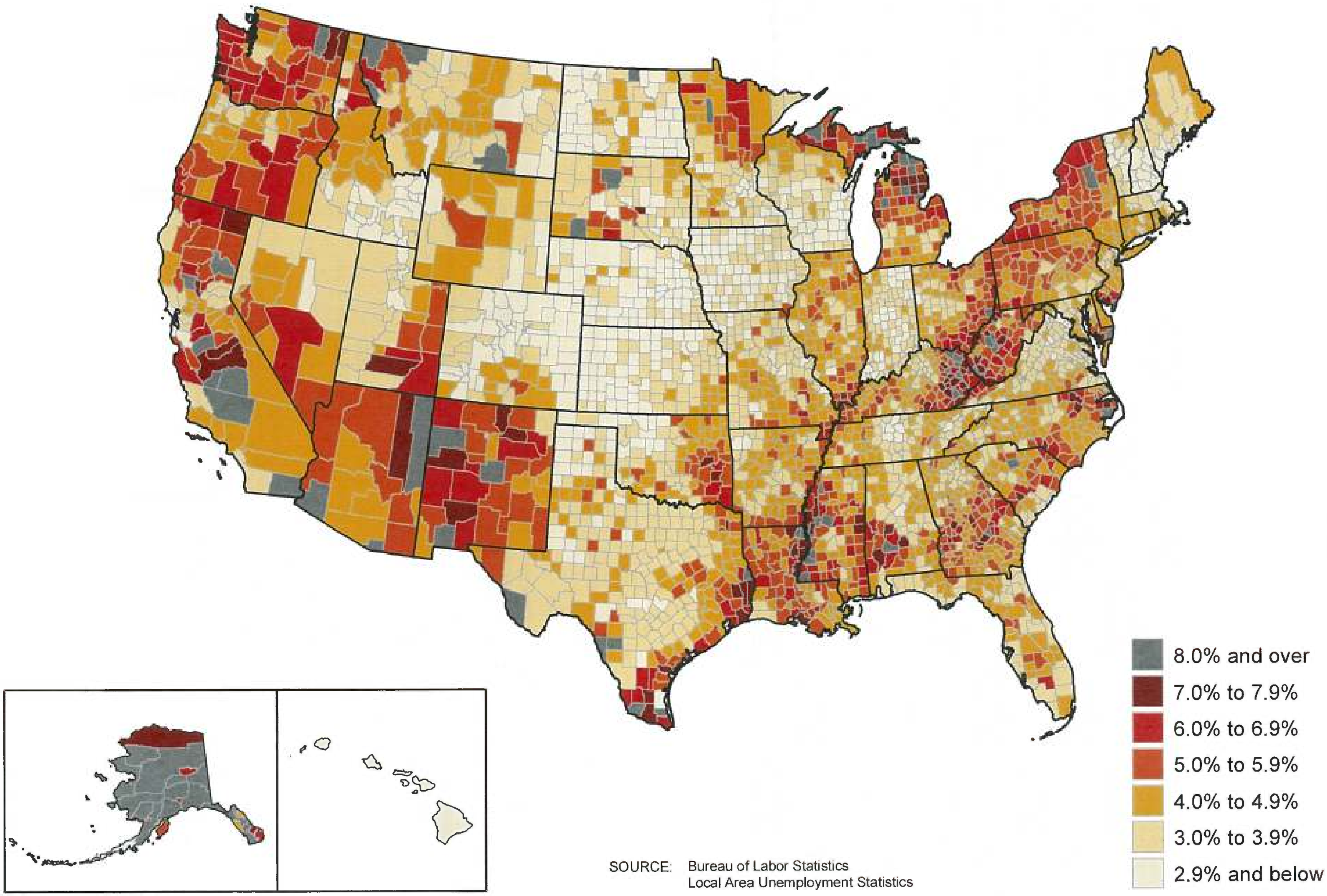
- The U.S. unemployment rate hit 3.8% in May, equaling a nearly 50 year low, while Vermont's rate has been steady at 2.8% for the past five months, a rate only bested in 5 months (in early 2000) over the past 50 years. Vermont's unemployment rate continues to be among the lowest in the nation, currently ranked 6th, per the chart on the following page.

Unemployment Rate by State - June 2018

Seasonally Adjusted Data, Source: U.S. Bureau of Labor Statistics

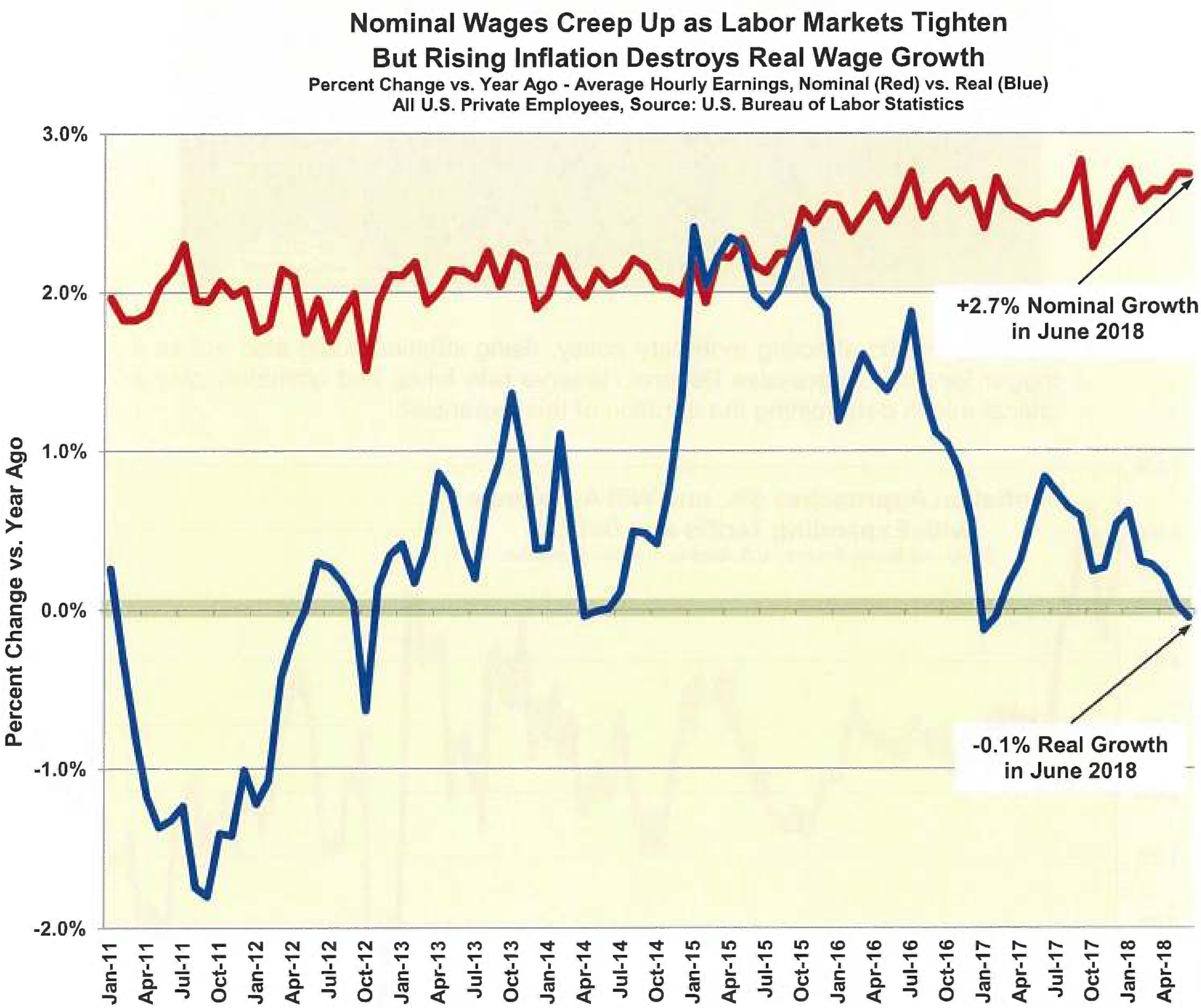
Unemployment rates by county, June 2017-May 2018 averages

(U.S. rate = 4.1 percent)



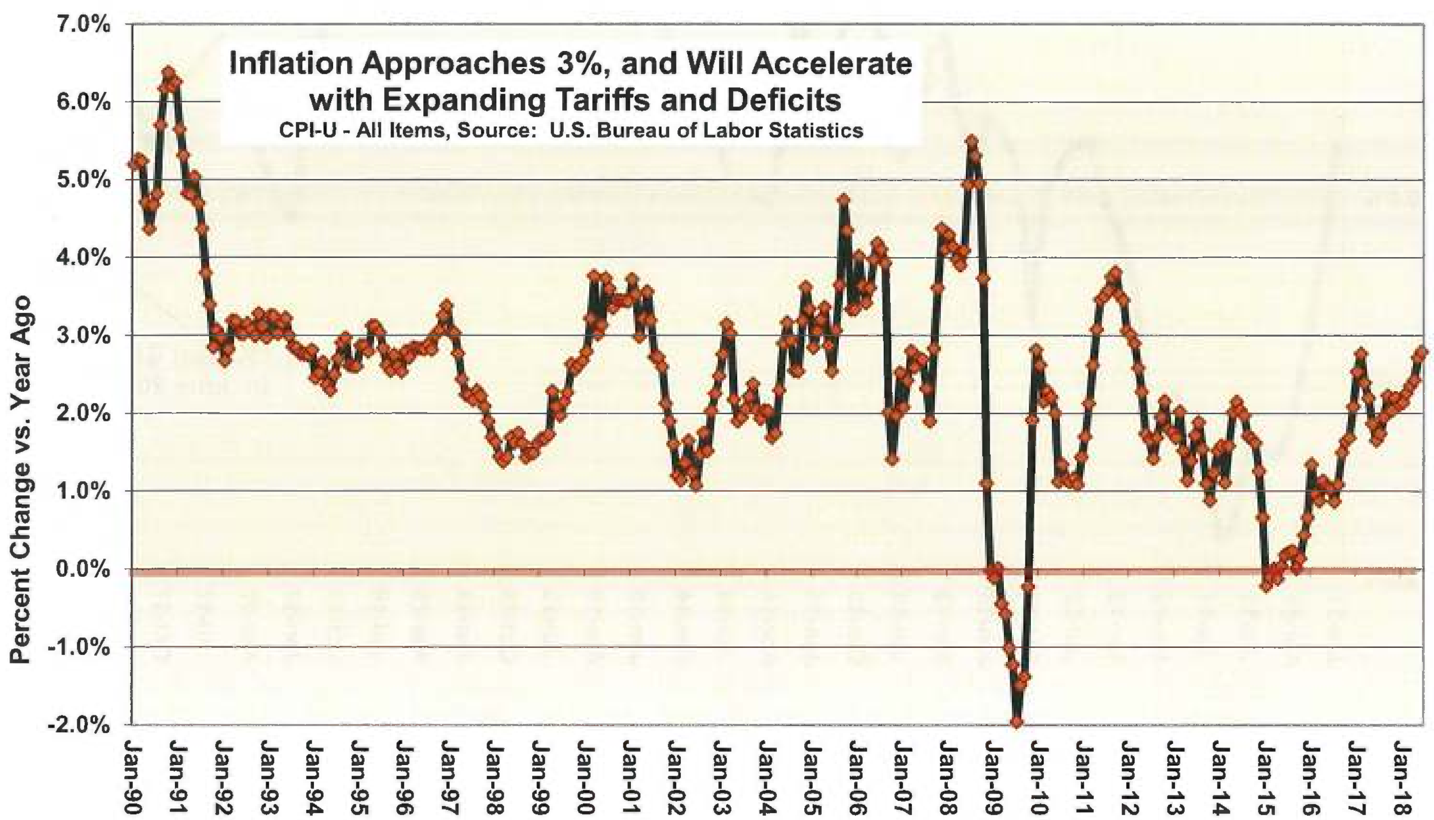
SOURCE: Bureau of Labor Statistics
Local Area Unemployment Statistics

- Despite the record low unemployment rates, ever more frequent complaints by employers of worker shortages, and more widespread labor unrest and job actions, nominal wages have only risen grudgingly to date. As depicted in the below chart, nominal wages are now approaching 3% year-over-year growth, but are doing so just as inflation has also accelerated. The result is real wage growth that has actually been slowing, and in the latest month, June of 2018, turned slightly negative. The distributional problems that have plagued the economy over the past 35 years are clearly not receding in the current expansion, even as a cyclical peak approaches. While wage pressures will mount in the coming year, whether nominal wage raises can keep pace with rising inflation is less certain.



- Inflation is likely to accelerate in the coming years, due to higher domestic prices from proposed and recently enacted tariffs on an ever-widening range of goods, and the economy's response to additional demand while close to full productive capacity. While it is still too early to assess the full economic effects of the tariffs and counter-tariffs initiated by the U.S. and its trading partners to date, fewer U.S. jobs and more inflation are likely outcomes.

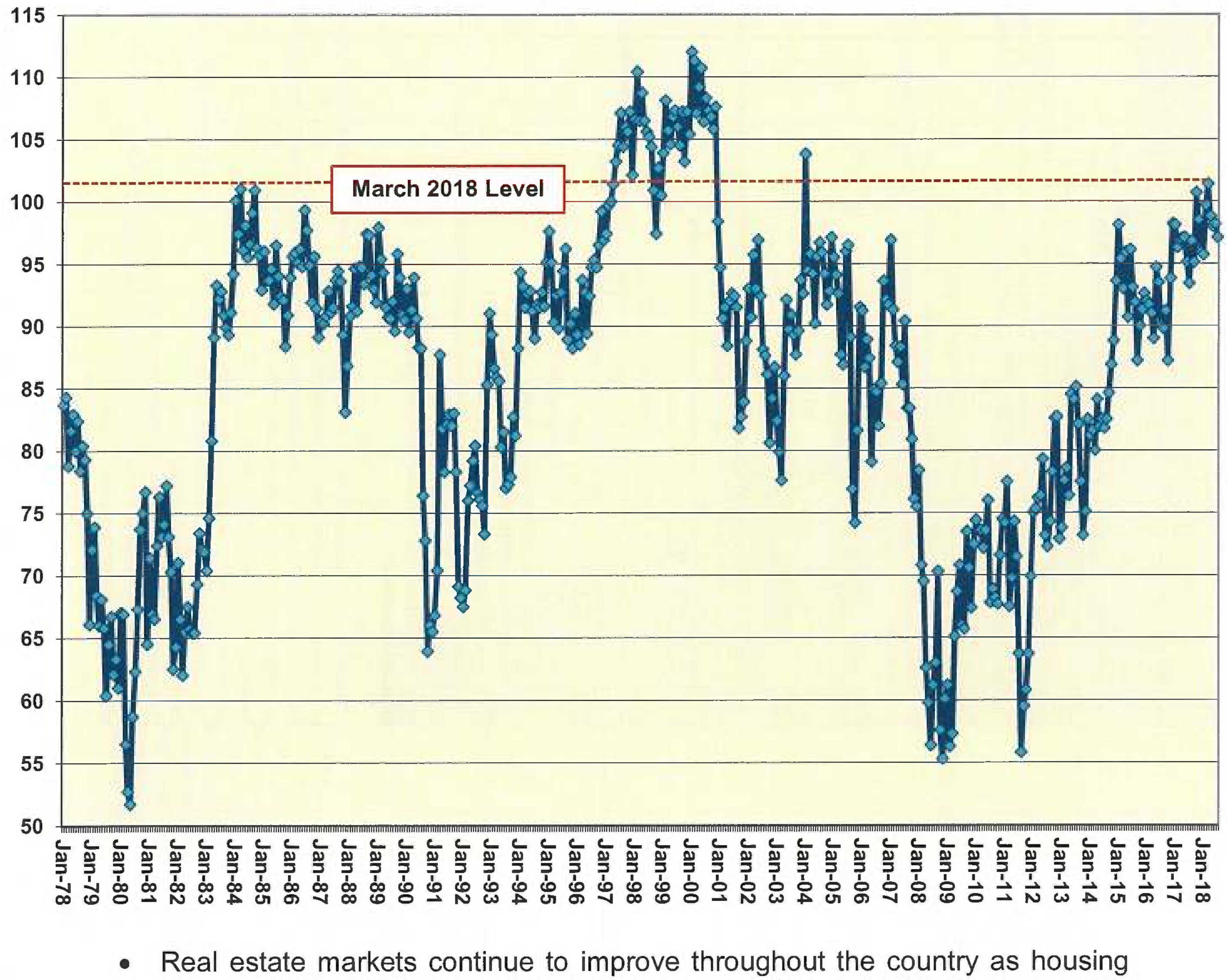
- As a key metric affecting monetary policy, rising inflation could also act as a trigger for more aggressive Federal Reserve rate hikes and ultimately play a critical role in determining the duration of this expansion.



- Initial claims for unemployment insurance in Vermont remained at their lowest level in nearly 30 years through June of this year, indicating continued tight local labor market conditions in the near-future.

- Both consumer and business sentiment are climbing to levels not seen in decades – underpinning continued strong domestic consumption and investment. The primary concern limiting this euphoria is concern about the effects of tariffs, which were cited in a decline over the last four months in the University of Michigan Survey of Consumer Sentiment (see below chart).

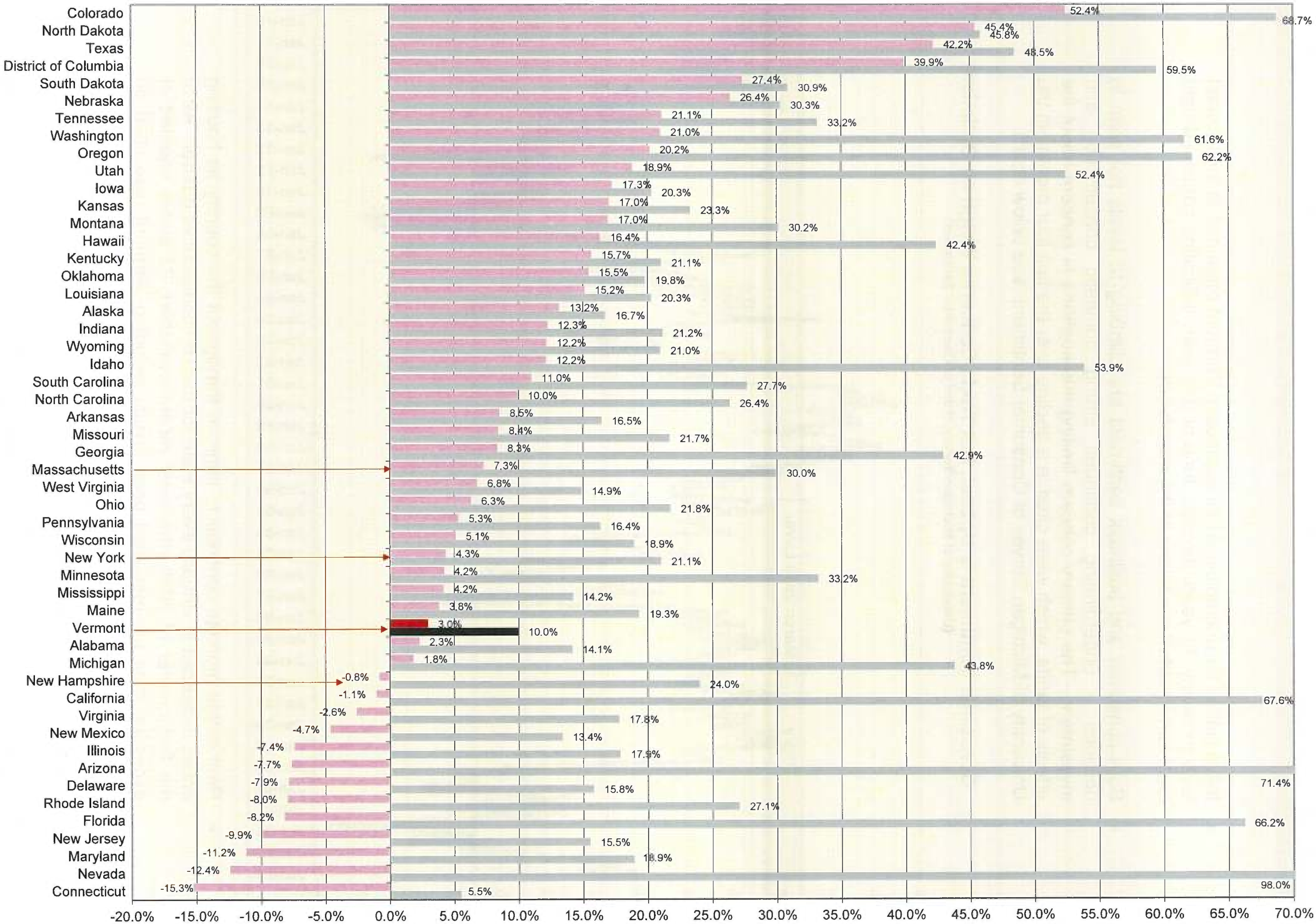
Consumer Sentiment is Upbeat, But Trade Concerns Weigh on Optimism
(University of Michigan Survey, Index of Consumer Sentiment)



- Real estate markets continue to improve throughout the country as housing prices increased in virtually every state for the 16th consecutive quarter. As of the first quarter of 2018 (the most recent available), 38 states equaled or exceeded their pre-recession peak levels, including Vermont (see chart on following page).

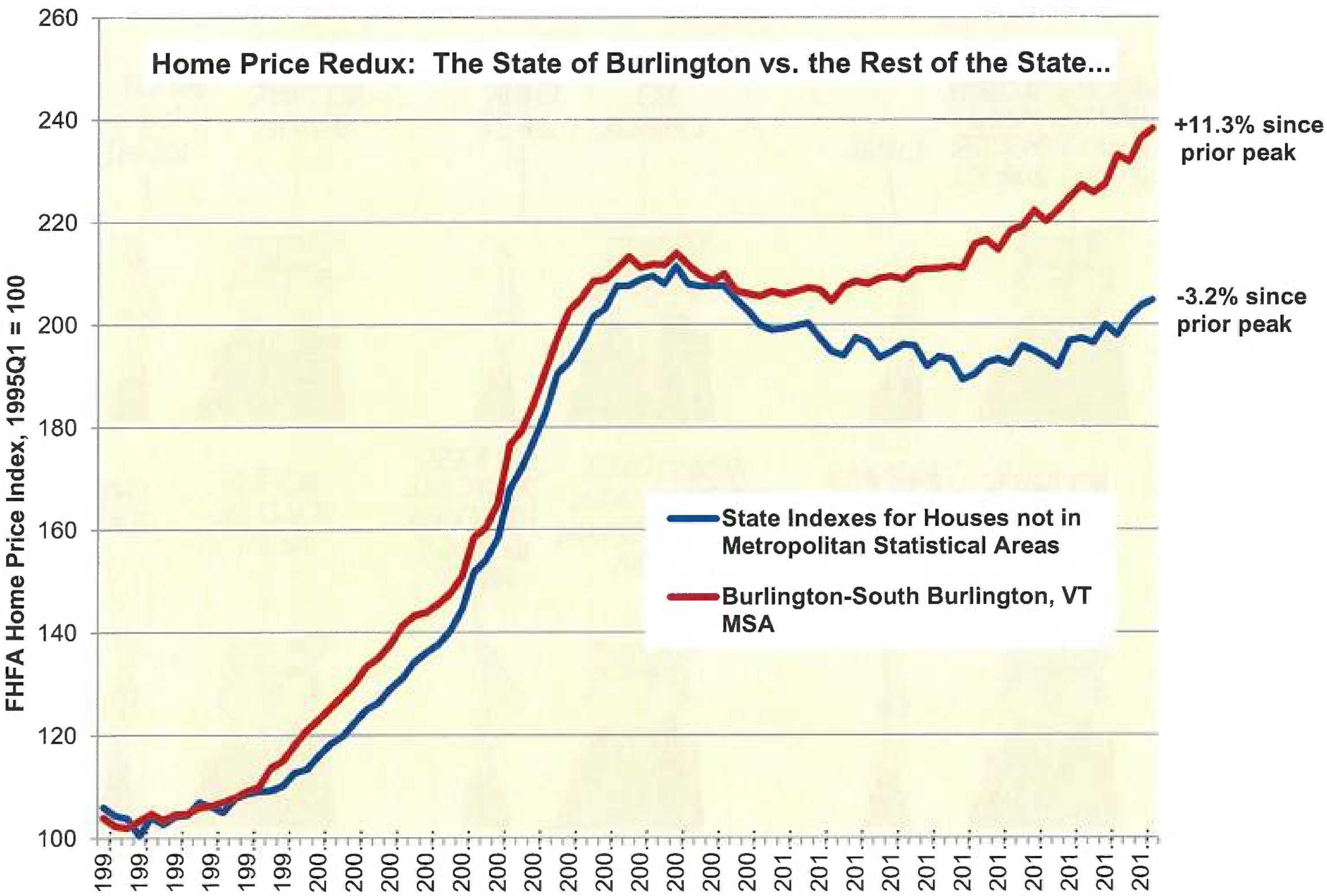
Real Estate Update: Housing Values Relative to Last Peak (pink) and Trough (grey)

Percent Change, 2018Q1 vs. Peak Price by State Reached Between 2005Q3 and 2009Q2 - Pink and 2018Q1 vs. Trough Price Reached Between 2009Q3 and 2018Q1 - Grey
Source: FHFA House Price Index



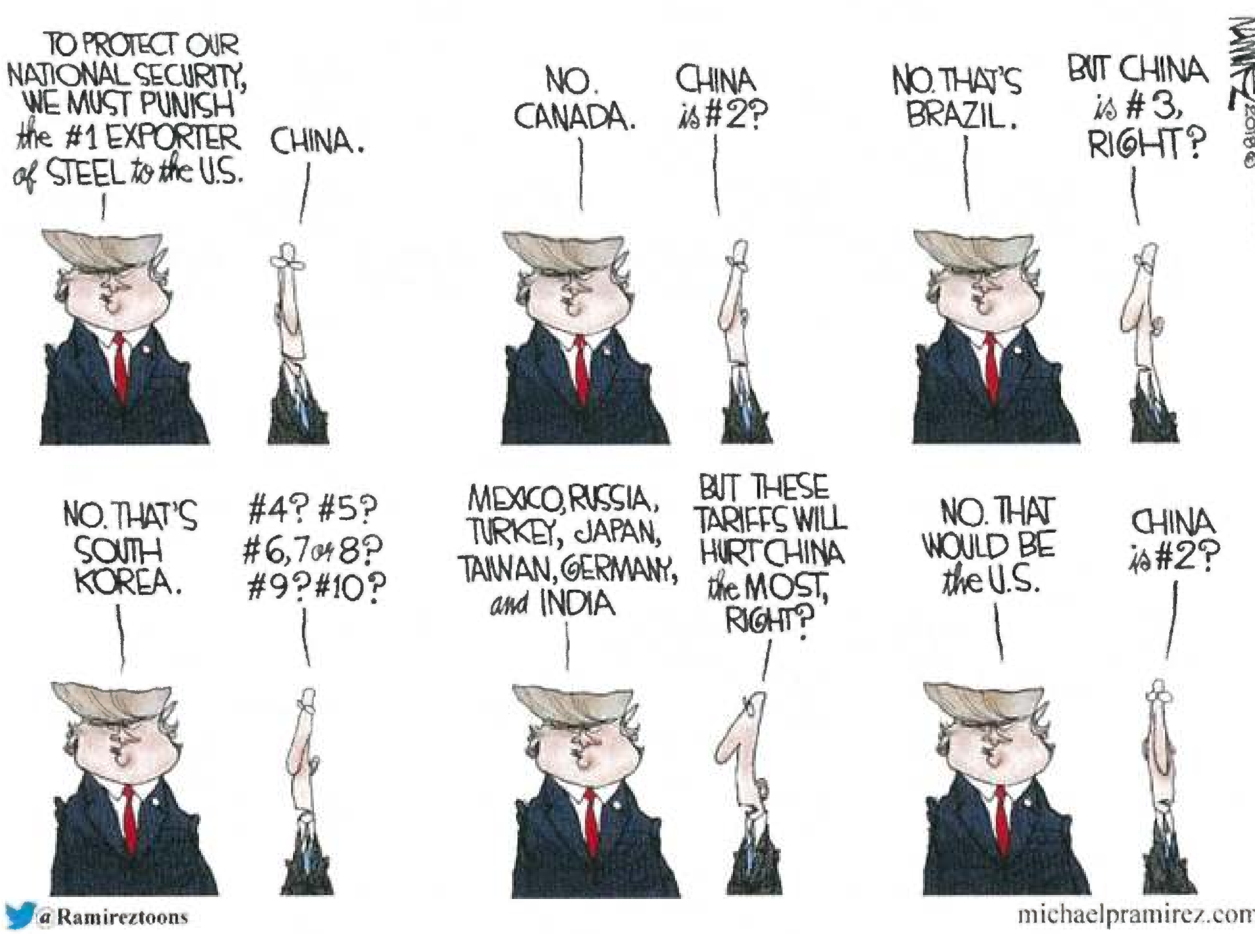
- In New England, the only states not to have reached pre-recession home price levels are New Hampshire (-0.8%), Rhode Island (-8.0%) and, now worst in the nation, Connecticut, which is still 15.3% below its previous peak level, reached in the first quarter of 2007.

- The strongest real estate markets among neighboring states are in Massachusetts (+7.3% above prior peak levels), New York (+4.3%) and Maine (+3.8%). Vermont home prices are currently 3.0% above their prior peak in the first quarter of 2008. However, as illustrated in the below chart, prices in the Burlington Metro Area are up 11.3%, while prices in the balance of the State are still 3.2% below their last cyclical high.



- Colorado has displaced North Dakota (now second) as the hottest real estate market in the country, with Texas and the District of Columbia all posting growth of 40% or more relative to their prior peak levels. The wide divergence in state real estate markets, as well as the regional divergence at the sub-state level within Vermont (and other states), illustrates a key aspect of the real estate industry: it is highly localized, despite credit conditions that can be national or even global. For this reason, if there were to be an economic downturn in the near future, home prices could drop precipitously in some locales, while others would experience no negative price effects whatsoever. The price declines during the last recession were the first time on record that 50 out of 51 states all experienced simultaneous home price declines. Only North Dakota, with its booming energy sector and state bank, avoided price declines during the Great Recession.

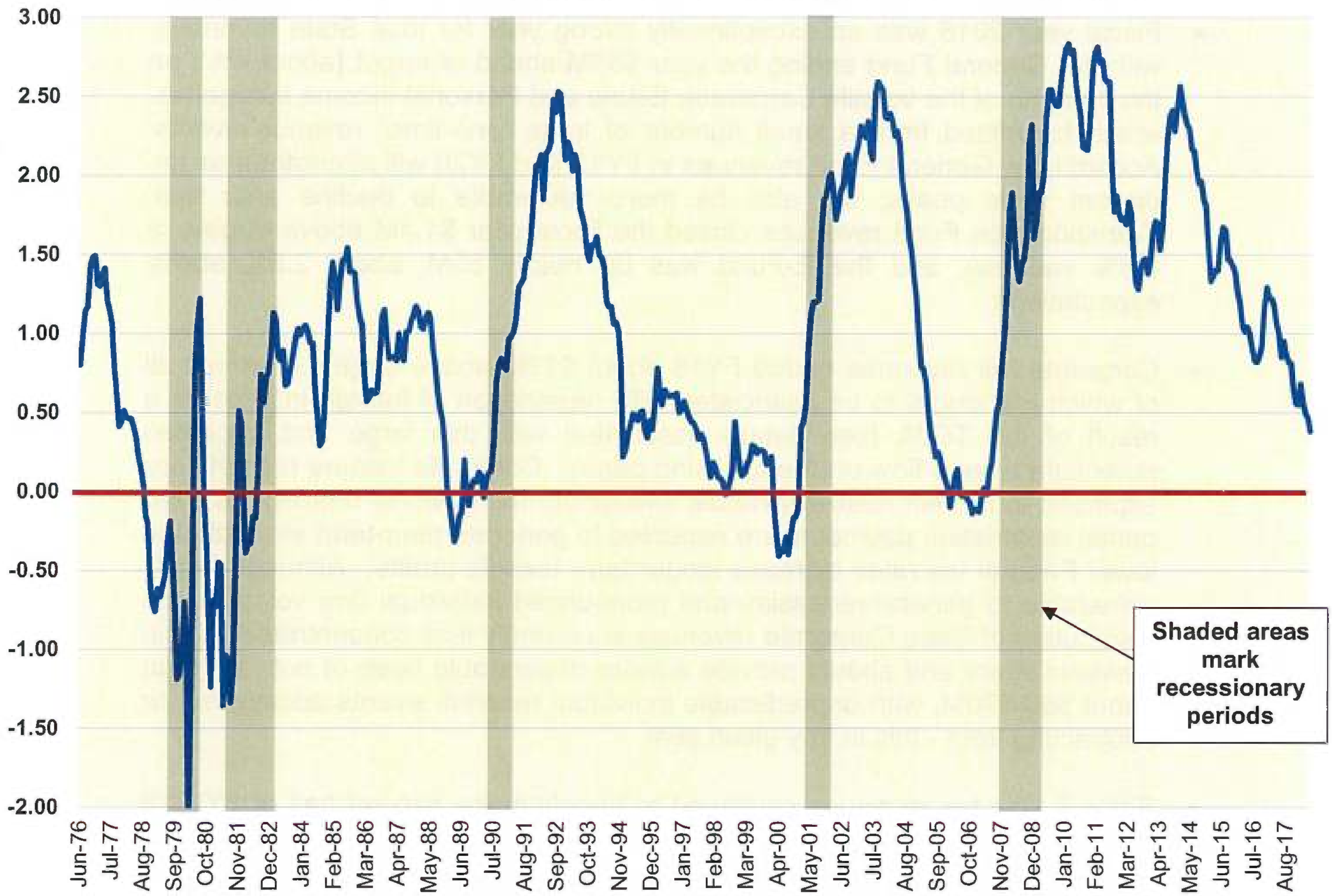
- The biggest threat to the near-term continuation of economic growth is an escalation of the budding trade wars with China, Canada, Mexico and the European Union. While there are many legitimate trade issues to be negotiated, tit-for-tat tariffs against both allied and other nations is an ill-conceived tool for effecting the desired changes. Recent studies by analysts of all political persuasions show substantial potential economic and job losses that could ensue.



- As this economic expansion ages, there are other risks that could also bring it to an end. Although there do not appear to be imbalances in the economy now that would precipitate a near term economic decline (within the 2 year statutory forecast horizon), if the current acceleration in growth continues, such imbalances are likely to develop. Because of this, the consensus macroeconomic forecast that forms the basis of the longer term (non-statutory) revenue forecasts detailed in Appendix A, now calls for a pronounced slowing of growth, though not a recession, in FY2021 and FY2022.

Dangerous Curves: Is Recession on the Horizon?

Yield Curve (10 Year Treasury Yield Minus 2 Year Treasury Yield) is a Leading Indicator



- One of the patterns that precedes many recessions is a shift in relative Treasury bond prices known as an inverted "yield curve." As shown in the chart above, the yield curve, which is the difference between longer term (10 year) and shorter term (2 year) Treasury yields, is usually above zero and therefore upward sloping (the longer the maturity date on the bond, the higher the yield). About a year in advance of every recent recession, however, this relationship has inverted, with short-term rates exceeding long term rates. This usually happens when the Fed raises interest rates in order to dampen mounting inflationary pressures as the economy approaches a business cycle peak. By raising interest rates, the Fed signals expectations of lower growth and lower inflation. This causes investors to purchase more long term bonds, stabilizing or reducing yields and setting the stage for an inversion if the Fed continues raising rates. As shown on the above chart, the yield curve is closer to zero than it has been at any time since just prior to the last recession. If it were to continue in its present direction, it could invert in about a year, portending a possible recession sometime in FY21.

State Revenues

- Fiscal year 2018 was an exceptionally strong year for total State revenues, with the General Fund ending the year \$65M ahead of target (about 4%), on the strength of the volatile Corporate, Estate and Personal Income categories, which benefitted from a small number of large "one-time" revenue events. Accordingly, General Fund revenues in FY19 and FY20 will strengthen as the current cycle peaks, but also be more vulnerable to decline after that. Transportation Fund revenues closed the fiscal year \$1.4M above targets, a 0.5% variance, and the E-Fund was up nearly \$5M, about 2.5% above expectations.

- Corporate tax revenues ended FY18 about \$17M above targets – almost all of which is thought to be associated with repatriation of foreign income as a result of the TCJA (see details associated with this large and uncertain potential revenue flow on the following page). Corporate income receipts are expected to remain relatively robust throughout the forecast horizon, as even partial repatriation payments are expected to generate near-term strength and lower Federal tax rates increase longer term taxable profits. Although highly vulnerable to general recession and pronounced individual firm volatility, the distribution of State Corporate revenues is currently less concentrated than in previous years and should provide a more dependable base of not less than about \$60-\$70M, with unpredictable individual revenue events adding to – or subtracting from - this in any given year.

- Sales & Use tax revenues continued to benefit in the second half of FY2018 from strong voluntarily paid e-commerce receipts, closing the year about 1.7% above targets (\$6.6M in revenue on a "Source" basis). This revenue category, which had been allocated between the General (64%) and Education (36%) Funds in FY2018, will henceforth be allocated in its entirety to the Education Fund.

- The boost from e-commerce Sales & Use receipts to date will be augmented in FY19 and beyond by the recent Supreme Court decision in the so-called Wayfair case (Wayfair v. South Dakota) which opened the door to state e-commerce sales taxation by overturning a 25 year old decision, Quill v. North Dakota. As a result of this, Vermont will now be collecting tax on sales from any e-commerce vendor with \$100,000 in Vermont sales or 200 Vermont customers. While it is expected to take months and perhaps years to fully realize potential revenues from this change, it will add \$4-\$5M in FY19 to the existing e-commerce revenue the State has been collecting and provide an important source of growth that could ultimately represent as much as \$15-\$20M per year to a revenue category that had been lagging due to tax base erosion.

- Sales & Use revenues will also gain in the near-term from accelerating economic growth, upbeat consumer sentiment and related retail spending. The only headwind this category will face in the immediate future will be the

A Potential Wild Card in the Forecast: Corporate Revenues from Repatriation

One of the most important provisions in the 2017 Federal Tax Cut and Jobs Act (TCJA) also introduces considerable complexity and uncertainty in terms of revenue impacts: repatriation of potentially $3 trillion or more in accumulated U.S. corporate offshore earnings. These profits, sheltered from U.S. taxation in a wide array of global tax havens, have allowed corporations to avoid U.S. and related state income taxes for many years. The Tax Act fundamentally changes the rules of international taxation and provides for repatriation of this accumulated income at a fraction of the prior tax rate (35%), at either 15.5% (for cash) or 8% (for more illiquid holdings), over an eight year period.

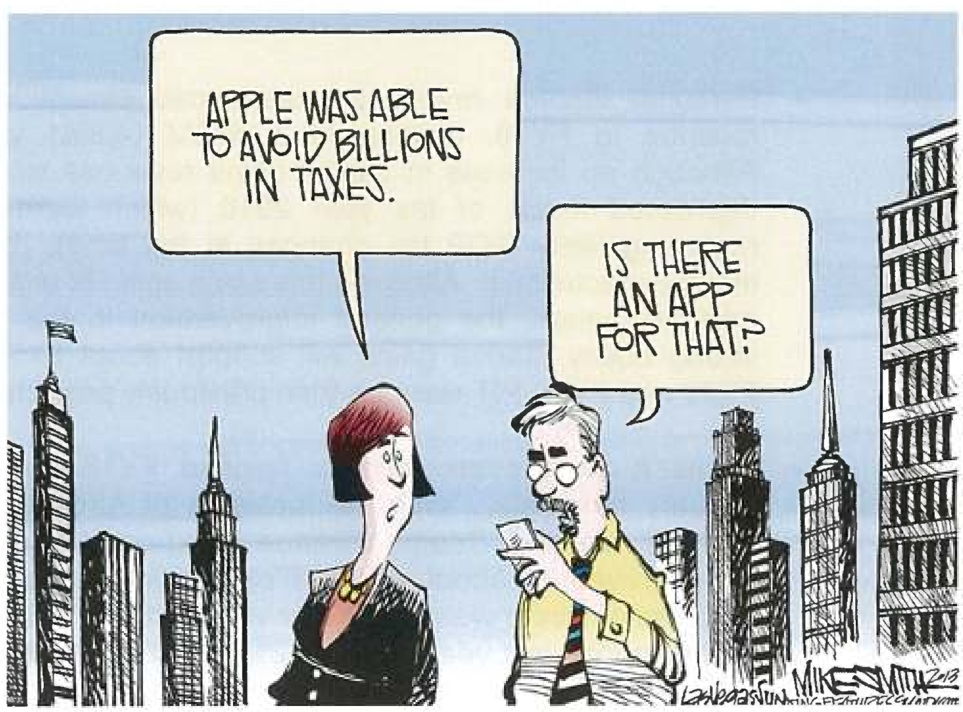
It is currently the opinion of both the Vermont Tax Department and Legislative Council that this repatriated income is also subject to state income taxation. Although currently impossible to verify with complete certainty, we estimate that approximately $15 million in FY2018 State Corporate receipts and more than $1 million in FY19 to date have been received in connection with repatriated earnings.

In conjunction with the Tax Department, we have developed a list of 322 corporations with large potential repatriation liabilities based on publicly available information, who collectively have an estimated $2.7 trillion in offshore earnings. We have applied the relevant Vermont apportionment factors to each affected company from Tax filings and estimated potential state Corporate receipts at both the 8% and 15.5% tax rates. Based on this, the State could ultimately receive $100-$200 million, however, the timing and exact liability is still highly uncertain at this time. Some even contest the ability of states to tax this income – and the same legal and accounting firms that set up these and other tax avoidance mechanisms are hard at work to minimize tax payments under the new law. Thus, final receipt of these amounts could be subject to lengthy legal proceedings and even clawback from firms who have already paid.

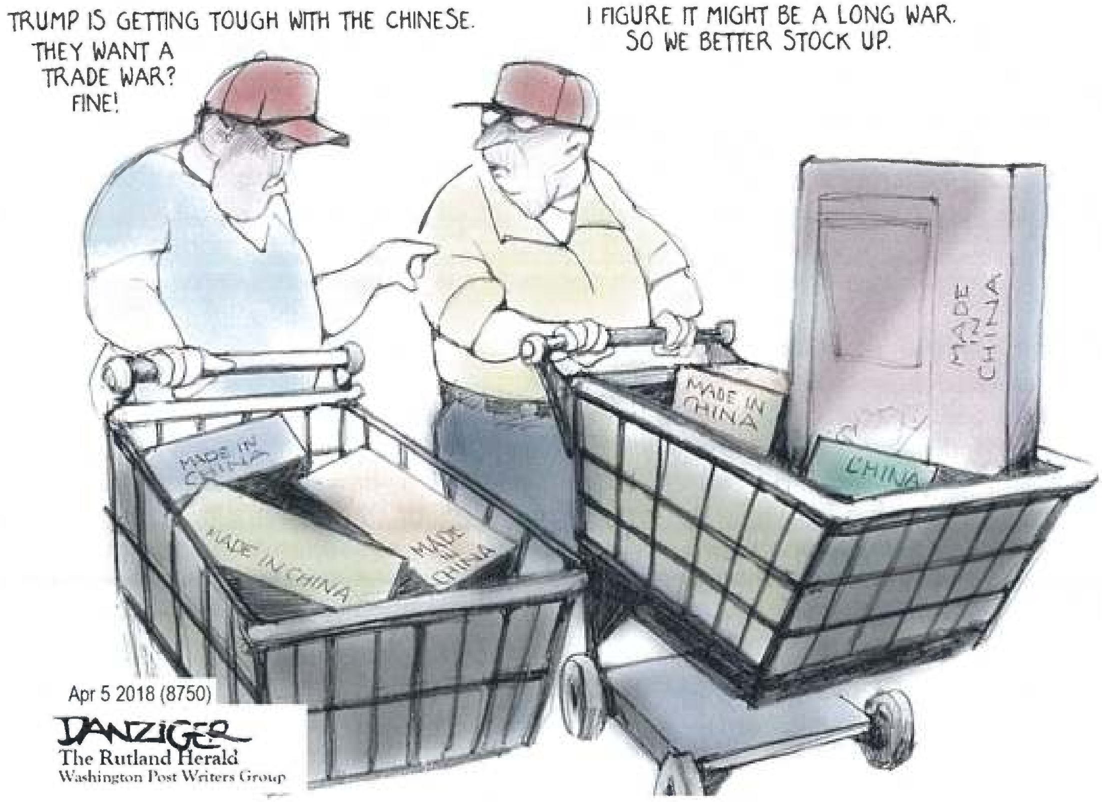
In recognition of this, we have only included $15-$20 million in expected FY2019 Corporate revenues from repatriation and smaller amounts ($1 to $5 million per year) thereafter. The Tax Department is planning on publishing guidance to Corporate taxpayers on this issue within the next few months, and eventually, forms to specifically identify tax payments connected to repatriated earnings. With this information, and federal tax returns, we will be in a better position to identify payments linked to this liability and establish a more accurate sense of both potential liabilities and tax payment timing.

The Wall Street Journal currently estimates that only about 10% of all corporate repatriation has been effected to date, due to the eight year Federal payment window. At the State level, however, Vermont considers the entire liability to be due with tax year 2017 payments.

We will be tracking this closely in FY2019 and beyond, since it could contribute to enormous revenue variances - up or down - in selected revenue forecast periods.



regressive price impacts from tariffs imposed on countries whose exports now dominate the shelves of some of the largest retailers – especially China.

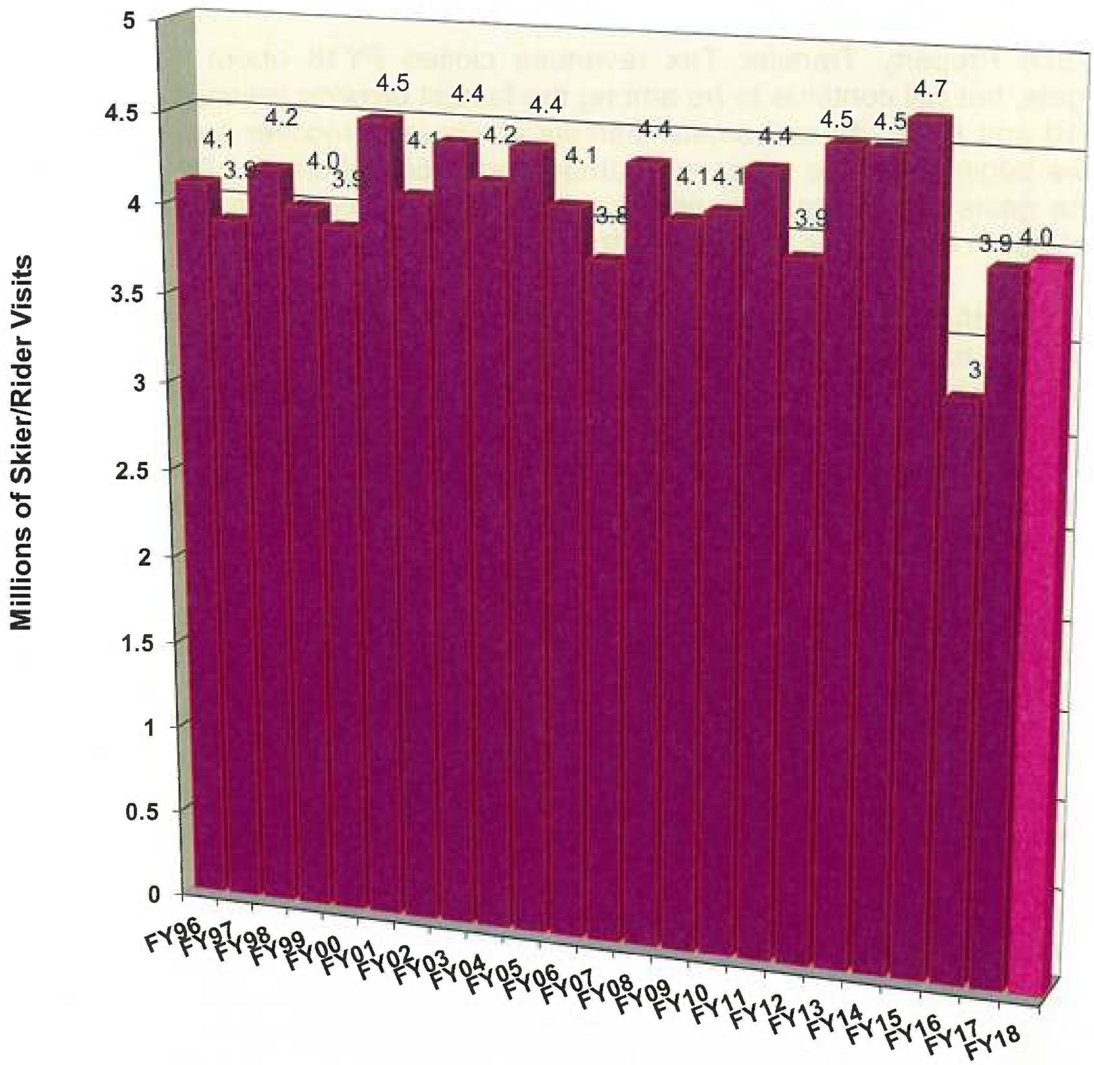


- Personal Income revenues experienced exceptional capital gains-related revenue in FY18, leading to a $38M (4.8%) variance against targets. Although an increase in capital gains revenues was expected following the depressed levels of tax year 2016 (which were affected by uncertainty regarding likely GOP tax changes at the time), the 2017 gains exceeded these expectations. Although this same spike is unlikely to be repeated in the next two years, the general improvement in the economy and continued strong equity market gains will support about $15-$20M per year more in FY19 and FY20 PIT revenue than previously projected.

- Meals & Rooms tax receipts finished FY18 about 0.5% ($0.8M) above January forecasts. With the inclusion of Airbnb and other on-line vendor receipts, Meals & Rooms revenue is expected to continue to exhibit above-trend growth of about 4% in FY19 and FY20, subject, of course, to the vagaries of winter weather. Skier visitation in FY18 (at 3.97M skier days) was slightly above last year's total (1.2%) but 4% below the prior 11 year average. Vermont's share of New England skier visits remained substantial, at 33.7%, and even its share of the U.S. in FY18 was above trend, at 7.5%. Recent ski area acquisitions in Vermont by large western resort operators may be able to expand upon these shares in future years through combined area promotions.

Skier Visitation in FY18 Holds Steady, But Below Average

(Source: Vermont Ski Areas Association)



- Cigarette tax revenues lagged targets in FY18, as booming e-cigarette demand displaced traditional cigarette sales and enticed many young users into the vicissitudes and lifetime expenditures associated with nicotine addiction. Historical Vermont cigarette sales volume declines of about 3% per year during periods of relatively stable prices (years without significant tax increases or aggressive industry price hikes) have more than doubled, with an FY18 decline of 8.5%. The recent explosion in vaping is largely attributed to the marketing success of Juul Labs, which now controls almost half of the e-cigarette market, and experienced year-over-year sales growth of nearly 800 percent in 2017 and comparable YTD 2018 growth. Its flagship product, a small, discreet vape pen with higher nicotine levels than its competitors, has been particularly successful with teenagers. A recent study by Dartmouth College's Norris Cotton Cancer Center said vaping has led more people to start a real smoking habit, rather than avoid tobacco or quit in favor of e-cigarettes,[1] but there may be a lag between the surge in teen vaping and

[1] Using 2014 census data, published literature and surveys on e-cigarette usage, the Center estimated that about 2,070 cigarette-smoking adults in America quit in 2015 with the help of e-

eventual cigarette demand. Until then, State cigarette revenues will be slightly lower than prior forecasts.

- Source Property Transfer Tax revenues closed FY18 about 1.3% below targets, but will continue to be among the fastest growing revenue sources in FY19 and FY20, as real estate markets continue to recover and investment flows begin to extend more rural areas and second homes. As real estate price gains accelerate, Property Transfer revenues could grow by 6%-10% per year in each of the next two years.

- The Telephone Property tax continues to decline and is now expected to be less than half its FY14 level in FY19, due to aggressive depreciation being taken by some of the largest payers and statutory ambiguity regarding such depreciation and the applicability of the tax to wireless and VoIP providers. Without statutory clarification, this revenue source will likely continue to decline, generating at least $5 million less than FY14 levels for the foreseeable future.

- Transportation Fund revenues finished FY18 extremely close to targets (+0.5%), as slightly higher Motor Vehicle Purchase and Use revenues offset weakness in Fee revenues. Improved external economic conditions will support continued strength in MVP&U revenues in both FY19 and FY20, while higher fuel prices will negatively affect per gallon taxes and positively affect taxes based on price. The net effect of all this will be slightly higher expected revenues in both FY19 (+$2.1M) and FY20 (+$1.5M).

- The U.S. and Vermont macroeconomic forecasts upon which the revenue forecasts in this Update are based are summarized in Tables A and B at the end of this report, and represent a consensus JFO and Administration forecast developed using internal JFO and Administration State economic models with input from Moody's Analytics June 2018 projections and other major forecasting entities, including the Federal Reserve, EIA, CBO, IMF, The Conference Board and other private forecasting firms.

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

- The standard revenue tables at the end of this report have been changed due to major revenue source reallocations mandated by H.911, enacted in the 2018 legislative session. This change directs 100% of the Sales and Use tax

cigarettes, however, at the same time, an additional 168,000 adolescents and young adults who had never smoked cigarettes began smoking and eventually became daily cigarette smokers after first using e-cigarettes. Last month, in the New Yorker magazine, the former chair of the American Academy of Pediatrics Tobacco Consortium, Dr. Jonathan Winickoff, described Juul as "bioterrorism" and declared that Juul already represents "a massive public-health disaster."

and 25% of the Meals and Rooms tax to the Education Fund, in addition to existing allocations of 100% of the Lottery and one-third of the Motor Vehicle Purchase and Use tax . Accordingly, new current law Available Fund totals are still labelled as Tables 1-3 (General, Transportation and Education Funds, respectively), however, for purposes of comparison, in addition to Tables 1A (General) and 2A (Transportation), which show "source" revenues (from which all allocations are derived), this report includes Tables 1B (General Fund) and 3B (Education), which maintain prior Fund allocation consistent with the prior January 2018 forecast.

- Five-year revenue projections are included in Appendix A, following Tables A and B at the end of this report. Although these are not required by statute, they have been requested by both the JFO and Administration for several years for longer term planning purposes. During the 2015 legislative session, there was considerable misinformation and confusion regarding the role these longer term projections played in the recent (though not new) discussions of structural budget deficits. As a result of this, these tables are now published on a regular basis, so as to provide clarity with respect to longer term revenue potential and expectations. As illustrated in these tables, and consistent with virtually all past projections, longer term revenue growth from the mix and structure of the taxes in the three funds analyzed herein is unlikely to keep pace with recent levels of expenditure growth, at current law tax rates.

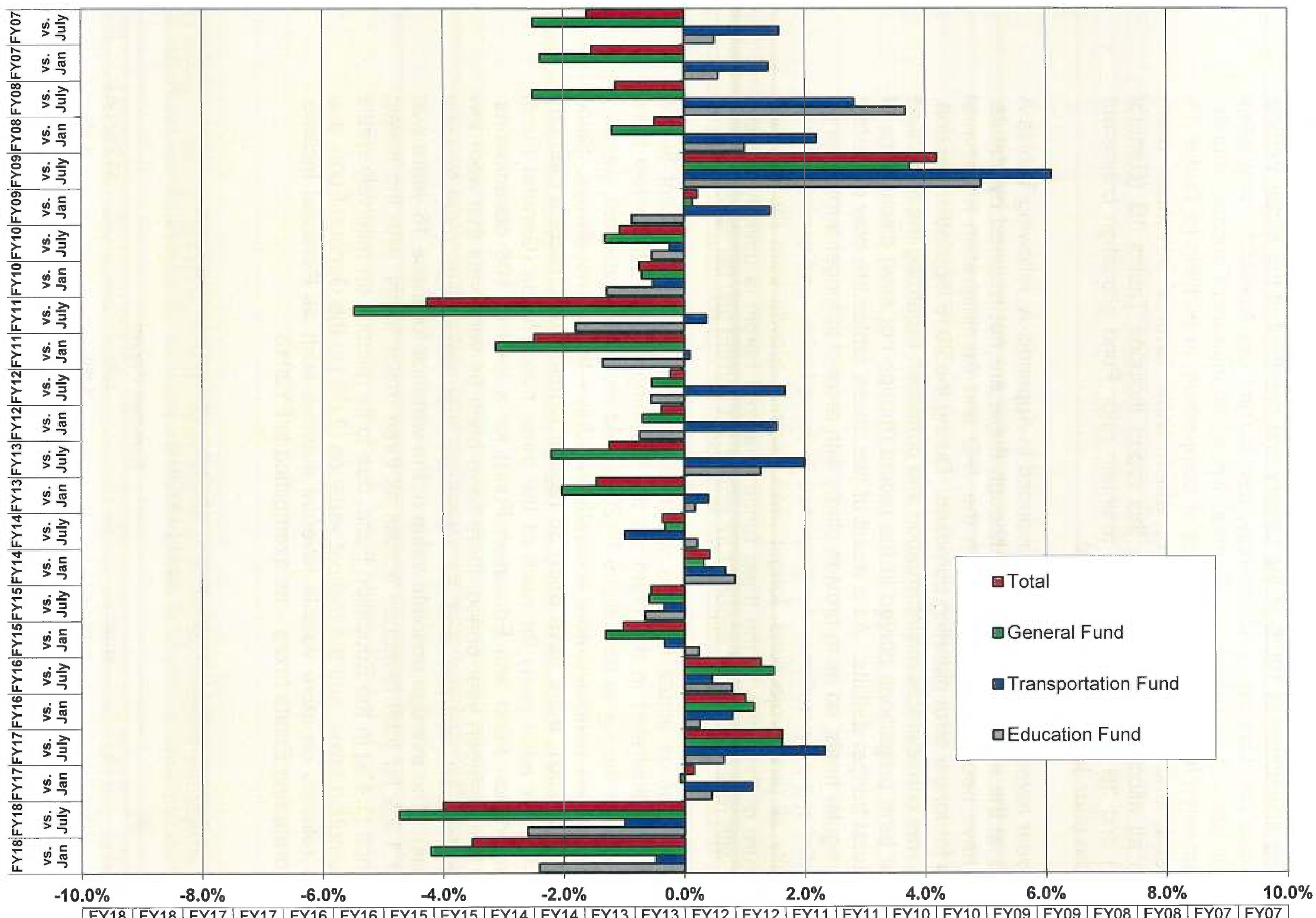
- Forecast versus actual revenue variance data for the most recent twelve years are illustrated in the chart on the following page. The below table summarizes the same data since FY2001. As would be expected, January projections are generally more accurate than July – though not always. Since fiscal year 2001, there have been 36 regular Consensus forecasts (January and July for each year) for each of the three major funds (General Fund, Transportation Fund and Education Fund) for a total of 108 observations. Over this eighteen year period, there have been 54 variances that were low (under-forecast actuals) and 54 variances that were high (over-forecast actuals). The average absolute value of the variance for these 18 years was about 1.9% for total revenues across all three major funds, with the lowest variance (1.4%) in the Education Fund, due to its reliance on relatively stable consumption taxes, and the highest variance (2.5%) in the General Fund, due to its reliance on more volatile revenue sources such as Personal Income, Corporate and Estate taxes – as exemplified in FY2018.

AVERAGE ABSOLUTE VALUE OF FORECAST VS. ACTUAL VARIANCE
(FY2001 to FY2018)

Fund	Forecast Period		
	January	July	All Periods
Education Fund	1.0%	1.9%	1.4%
Transportation Fund	1.1%	1.8%	1.5%
General Fund	2.0%	3.1%	2.5%
Total	1.4%	2.3%	1.9%

Vermont Consensus Revenue Forecasting Record

(Forecast Percent Variance from Actual, FY2007 to FY2018 - Source: Joint Fiscal Office)



	FY18 vs. Jan	FY18 vs. July	FY17 vs. Jan	FY17 vs. July	FY16 vs. Jan	FY16 vs. July	FY15 vs. Jan	FY15 vs. July	FY14 vs. Jan	FY14 vs. July	FY13 vs. Jan	FY13 vs. July	FY12 vs. Jan	FY12 vs. July	FY11 vs. Jan	FY11 vs. July	FY10 vs. Jan	FY10 vs. July	FY09 vs. Jan	FY09 vs. July	FY08 vs. Jan	FY08 vs. July	FY07 vs. Jan	FY07 vs. July
Total	-3.5%	-4.0%	0.1%	1.6%	1.0%	1.3%	-1.0%	-0.6%	0.4%	-0.4%	-1.4%	-1.2%	-0.4%	-0.2%	-2.5%	-4.3%	-0.7%	-1.1%	0.2%	4.2%	-0.5%	-1.1%	-1.5%	-1.6%
General Fund	-4.2%	-4.7%	-0.1%	1.6%	1.1%	1.5%	-1.3%	-0.6%	0.3%	-0.3%	-2.0%	-2.2%	-0.7%	-0.5%	-3.1%	-5.5%	-0.7%	-1.3%	0.1%	3.7%	-1.2%	-2.5%	-2.4%	-2.5%
Transportation Fund	-0.5%	-1.0%	1.1%	2.3%	0.8%	0.4%	-0.3%	-0.3%	0.7%	-1.0%	0.4%	2.0%	1.5%	1.7%	0.1%	0.4%	-0.5%	-0.2%	1.4%	6.1%	2.2%	2.8%	1.4%	1.6%
Education Fund	-2.4%	-2.6%	0.4%	0.6%	0.3%	0.8%	0.2%	-0.7%	0.8%	0.2%	0.2%	1.3%	-0.7%	-0.6%	-1.3%	-1.8%	-1.3%	-0.5%	-0.9%	4.9%	1.0%	3.7%	0.6%	0.5%

TABLE A
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
December 2016 through June 2018, Selected Variables, Calendar Year Basis

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real GDP Growth									
December-16	*2.2*	*1.7*	*2.4*	*2.6*	*1.7*	*2.9*	*3.1*	*2.2*	*1.4*
June-17	*2.2*	*1.7*	*2.4*	*2.6*	*1.6*	*2.3*	*2.6*	*2.2*	*1.3*
December-17	*2.2*	*1.7*	*2.6*	*2.9*	*1.5*	*2.3*	*2.8*	*2.5*	*1.1*
June-18	*2.2*	*1.7*	*2.6*	*2.9*	*1.5*	*2.3*	*3.0*	*2.6*	*0.9*
S&P 500 Growth (Annual Avg.)									
December-16	*8.7*	*19.1*	*17.5*	*6.8*	*1.5*	*5.4*	*-1.6*	*-2.0*	*5.5*
June-17	*8.7*	*19.1*	*17.5*	*6.8*	*1.5*	*5.4*	*-0.7*	*-4.5*	*5.5*
December-17	*8.7*	*19.1*	*17.5*	*6.8*	*1.5*	*17.0*	*7.1*	*-8.4*	*3.5*
June-18	*8.7*	*19.1*	*17.5*	*6.8*	*1.5*	*17.0*	*9.5*	*-9.7*	*2.3*
Employment Growth (Non-Ag)									
December-16	*1.7*	*1.6*	*1.9*	*2.1*	*1.7*	*1.6*	*1.6*	*1.3*	*0.5*
June-17	*1.7*	*1.6*	*1.9*	*2.1*	*1.8*	*1.5*	*1.3*	*1.2*	*0.5*
December-17	*1.7*	*1.6*	*1.9*	*2.1*	*1.8*	*1.5*	*1.6*	*1.1*	*0.1*
June-18	*1.7*	*1.6*	*1.9*	*2.1*	*1.8*	*1.6*	*1.6*	*1.4*	*0.2*
Unemployment Rate									
December-16	*8.1*	*7.4*	*6.2*	*5.3*	*4.9*	*4.7*	*4.5*	*4.4*	*4.7*
June-17	*8.1*	*7.4*	*6.2*	*5.3*	*4.9*	*4.4*	*4.1*	*3.9*	*4.2*
December-17	*8.1*	*7.4*	*6.2*	*5.3*	*4.9*	*4.3*	*3.8*	*3.7*	*4.5*
June-18	*8.1*	*7.4*	*6.2*	*5.3*	*4.9*	*4.4*	*3.8*	*3.3*	*4.0*
West Texas Int. Crude Oil $/Bbl									
December-16	*94*	*98*	*93*	*49*	*43*	*57*	*63*	*70*	*70*
June-17	*94*	*98*	*93*	*49*	*43*	*51*	*55*	*60*	*68*
December-17	*94*	*98*	*93*	*49*	*43*	*51*	*54*	*60*	*66*
June-18	*94*	*98*	*93*	*49*	*43*	*51*	*65*	*62*	*70*
Prime Rate									
December-16	*3.25*	*3.25*	*3.25*	*3.26*	*3.51*	*4.10*	*5.00*	*6.50*	*6.80*
June-17	*3.25*	*3.25*	*3.25*	*3.26*	*3.51*	*4.08*	*4.80*	*5.70*	*6.20*
December-17	*3.25*	*3.25*	*3.25*	*3.26*	*3.51*	*4.09*	*5.52*	*7.03*	*7.32*
June-18	*3.25*	*3.25*	*3.25*	*3.26*	*3.51*	*4.10*	*4.97*	*6.56*	*6.81*
Consumer Price Index Growth									
December-16	*2.1*	*1.5*	*1.6*	*0.1*	*1.2*	*2.6*	*2.8*	*3.1*	*2.6*
June-17	*2.1*	*1.5*	*1.6*	*0.1*	*1.3*	*2.1*	*2.3*	*2.7*	*2.6*
December-17	*2.1*	*1.5*	*1.6*	*0.1*	*1.3*	*2.1*	*2.5*	*2.9*	*2.8*
June-18	*2.1*	*1.5*	*1.6*	*0.1*	*1.3*	*2.1*	*2.7*	*2.5*	*2.4*
Average Home Price Growth									
December-16	*-0.2*	*4.0*	*5.4*	*5.5*	*5.6*	*5.9*	*6.3*	*6.1*	*5.6*
June-17	*-0.2*	*4.0*	*5.3*	*5.4*	*5.7*	*5.2*	*5.4*	*4.8*	*3.4*
December-17	*-0.2*	*3.9*	*5.2*	*5.3*	*5.7*	*6.2*	*6.4*	*5.8*	*5.1*
June-18	*-0.3*	*3.9*	*5.2*	*5.3*	*5.6*	*6.3*	*6.5*	*6.8*	*5.6*

TABLE B
Comparison of Consensus Administration and JFO Vermont State Forecasts December 2015 through June 2018, Selected Variables, Calendar Year Basis

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real GSP Growth									
December-15	*0.4*	*-0.3*	*0.6*	*2.2*	*2.8*	*2.4*	*2.0*	*1.6*	*1.2*
June-16	*0.6*	*-0.9*	*0.3*	*-0.1*	*1.9*	*2.3*	*1.7*	*1.2*	*1.1*
December-16	*0.0*	*-0.4*	*1.5*	*0.2*	*1.8*	*2.4*	*2.0*	*1.5*	*1.0*
June-17	*-0.2*	*-0.2*	*0.3*	*0.9*	*0.8*	*1.1*	*1.3*	*0.8*	*0.3*
December-17	*-0.2*	*-0.2*	*0.5*	*0.9*	*0.7*	*0.9*	*1.4*	*0.8*	*0.1*
June-18	*-0.2*	*-0.2*	*0.5*	*0.7*	*1.5*	*1.1*	*1.9*	*1.6*	*0.3*
Population Growth									
December-15	*-0.1*	*0.1*	*-0.1*	*-0.1*	*0.2*	*0.2*	*0.3*	*0.3*	*0.3*
June-16	*-0.0*	*0.1*	*-0.1*	*-0.1*	*0.1*	*0.2*	*0.3*	*0.3*	*0.2*
December-16	*-0.1*	*0.1*	*-0.0*	*-0.1*	*-0.2*	*0.2*	*0.2*	*0.2*	*0.1*
June-17	*-0.1*	*0.1*	*-0.0*	*-0.1*	*-0.2*	*0.1*	*0.1*	*0.2*	*0.2*
December-17	*-0.1*	*0.1*	*-0.1*	*-0.2*	*-0.2*	*0.1*	*-0.0*	*0.1*	*0.1*
June-18	*-0.1*	*0.1*	*-0.1*	*-0.2*	*-0.2*	*0.1*	*0.0*	*0.1*	*0.1*
Employment Growth									
December-15	*1.3*	*0.8*	*1.0*	*1.6*	*1.7*	*1.8*	*1.6*	*1.0*	*0.6*
June-16	*1.3*	*0.7*	*0.9*	*0.9*	*1.6*	*1.7*	*1.5*	*1.1*	*0.7*
December-16	*1.3*	*0.7*	*0.9*	*0.9*	*1.6*	*1.7*	*1.5*	*1.2*	*0.6*
June-17	*1.2*	*0.7*	*1.0*	*0.8*	*0.3*	*0.9*	*1.0*	*0.8*	*0.3*
December-17	*1.2*	*0.7*	*1.0*	*0.8*	*0.3*	*0.9*	*1.2*	*0.7*	*0.1*
June-18	*1.2*	*0.7*	*1.0*	*0.8*	*0.3*	*0.3*	*0.5*	*0.9*	*0.1*
Unemployment Rate									
December-15	*4.9*	*4.4*	*4.1*	*3.7*	*3.4*	*3.3*	*3.2*	*3.3*	*3.4*
June-16	*4.9*	*4.4*	*4.0*	*3.7*	*3.3*	*3.2*	*3.1*	*3.2*	*3.4*
December-16	*4.9*	*4.4*	*4.0*	*3.7*	*3.2*	*3.1*	*3.0*	*3.0*	*3.4*
June-17	*4.9*	*4.4*	*3.9*	*3.6*	*3.3*	*3.1*	*3.0*	*3.0*	*3.3*
December-17	*4.9*	*4.4*	*3.9*	*3.6*	*3.3*	*3.0*	*2.8*	*2.9*	*3.3*
June-18	*4.9*	*4.4*	*4.0*	*3.6*	*3.2*	*3.0*	*2.7*	*2.6*	*3.2*
Personal Income Growth									
December-15	*3.6*	*1.4*	*3.5*	*4.5*	*5.1*	*4.6*	*4.6*	*3.7*	*2.8*
June-16	*3.6*	*1.4*	*3.5*	*3.0*	*3.3*	*4.1*	*4.2*	*3.4*	*2.8*
December-16	*3.3*	*1.7*	*3.3*	*2.9*	*3.0*	*3.4*	*3.7*	*3.4*	*2.8*
June-17	*3.3*	*1.7*	*3.3*	*2.9*	*3.3*	*2.4*	*2.1*	*2.7*	*2.0*
December-17	*3.3*	*1.7*	*3.3*	*3.6*	*2.0*	*2.4*	*2.0*	*2.5*	*1.9*
June-18	*3.3*	*1.7*	*3.3*	*3.6*	*2.0*	*2.1*	*3.4*	*3.4*	*2.8*
Home Price Growth (JFO)									
December-15	*0.4*	*0.1*	*0.7*	*2.5*	*2.9*	*3.4*	*4.1*	*4.8*	*5.9*
June-16	*0.4*	*0.1*	*0.6*	*2.2*	*2.3*	*3.0*	*3.8*	*4.4*	*5.0*
December-16	*0.4*	*0.1*	*0.5*	*1.9*	*1.4*	*2.4*	*3.1*	*3.7*	*4.1*
June-17	*0.3*	*0.1*	*0.3*	*2.0*	*1.4*	*2.6*	*3.1*	*3.7*	*4.1*
December-17	*0.3*	*0.1*	*0.2*	*2.0*	*1.6*	*2.1*	*3.2*	*3.8*	*4.5*
June-18	*0.3*	*0.0*	*0.2*	*2.0*	*1.5*	*2.7*	*3.4*	*4.2*	*5.1*

Methodological Notes and Other Comments

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

- The analysis in support of JFO economic and revenue projections are based on statistical and econometric models, and professional analytic judgment. All models are based on 40 years of data for each of the 25 General Fund categories (three aggregates), 37 years of data for most of the Transportation Fund categories (one aggregate), and 18 to 40 years for each of the Education Fund categories. The analyses employed includes seasonal adjustment using U.S. Census Bureau X-12, X-13-ARIMA-SEATS and TRAMO-SEATS methods, various moving average techniques (such as Henderson Curves, etc.), Box-Jenkins ARIMA type models, pressure curve analysis, comparable-pattern analysis of monthly, quarterly and half year trends for current year estimation, and behavioral econometric forecasting models.

- Because the State does not currently fund an internal State or U.S. macro-economic model, this analysis relies primarily on semi-annual macroeconomic models from Moody's Analytics with consensus model adjustments made by JFO and Administration economists using a customized Moody's on-line Vermont model prepared during the month preceding the revenue forecast. Dynamic and other input/output-based models for the State of Vermont, including those from Regional Economic Models, Inc. (REMI), Regional Dynamics, Inc. (REDYN), and IMPLAN are also maintained and managed by the JFO and KRA for use in selected economic impact and simulation analyses used herein.

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

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

SOURCE G-FUND

revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only	FY 2014 *(Actual)*	% Change	FY 2015 *(Actual)*	% Change	FY 2016 *(Actual)*	% Change	FY 2017 *(Actual)*	% Change	FY 2018 *(Forecast)*	% Change	FY 2019 *(Forecast)*	% Change	FY2020 *(Forecast)*	% Change
REVENUE SOURCE														
Personal Income	$671.1	1.6%	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$835.1	0.4%	$854.9	2.4%
Sales & Use*	$353.6	2.0%	$364.6	3.1%	$370.7	1.7%	$376.7	1.6%	$397.8	5.6%	$415.6	4.5%	$428.1	3.0%
Corporate	$94.8	-0.1%	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$102.3	6.2%	$93.2	-8.9%
Meals and Rooms	$142.7	5.9%	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$180.3	4.1%	$186.6	3.5%
Cigarette and Tobacco**	$71.9	-3.3%	$76.8	6.7%	$80.7	5.2%	$76.7	-5.0%	$71.1	-7.3%	$68.5	-3.6%	$66.2	-3.4%
Liquor	$17.7	4.0%	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$20.4	2.9%	$21.0	2.9%
Insurance	$57.1	3.7%	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$58.1	1.0%	$58.5	0.7%
Telephone	$9.1	-2.9%	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.1	-13.7%	$3.6	-12.2%
Beverage	$6.4	3.6%	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.3	2.9%	$7.5	2.8%
Electric***	$13.1	46.9%	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate	$35.5	131.0%	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$19.9	-13.2%	$21.1	6.0%
Property	$30.9	8.5%	$33.6	8.6%	$35.7	6.2%	$38.7	8.4%	$40.9	5.6%	$44.1	7.9%	$47.1	6.8%
Bank	$11.0	2.7%	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.4	-5.2%	$12.6	1.6%
Other Tax	$1.9	9.6%	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.0	8.6%	$2.2	10.0%
Total Tax Revenue	$1517.0	3.6%	$1573.5	3.7%	$1614.8	2.6%	$1630.4	1.0%	$1738.3	6.6%	$1770.0	1.8%	$1802.5	1.8%
Business Licenses	$1.1	-61.4%	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	0.9%	$1.3	2.5%
Fees	$20.6	-3.4%	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.8	1.6%	$48.5	1.5%
Services	$1.3	-47.3%	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$2.95	2.3%	$3.00	1.7%
Fines	$3.6	-24.2%	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	1.5%	$3.7	2.8%
Interest	$0.2	-59.2%	$0.3	40.4%	$0.7	130.6%	$1.5	111.5%	$2.8	80.1%	$3.4	22.0%	$4.1	19.1%
Special Assessments	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Lottery	$22.6	-1.6%	$22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$26.3	-3.1%	$26.6	1.1%
All Other****	$1.3	-24.0%	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$2.1	-11.1%	$2.2	4.8%
Total Other Revenue	$50.7	-10.4%	$52.2	3.0%	$58.9	12.9%	$87.1	47.9%	$87.0	-0.1%	$87.4	0.4%	$89.3	2.2%
TOTAL GENERAL FUND	**$1567.6**	**3.1%**	**$1625.7**	**3.7%**	**$1673.7**	**2.9%**	**$1717.5**	**2.6%**	**$1825.3**	**6.3%**	**$1857.4**	**1.8%**	**$1891.8**	**1.9%**

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

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

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

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

****Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 1B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change
REVENUE SOURCE																
Personal Income	$671.1	1.6%	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$835.1	0.4%	$854.9	2.4%	$862.7	0.9%
Sales and Use*	$229.9	-0.6%	$237.0	3.1%	$241.0	1.7%	$244.9	1.6%	$258.6	5.6%	$266.0	2.9%	$274.0	3.0%	$278.3	1.6%
Corporate	$94.8	-0.1%	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$102.3	6.2%	$93.2	-8.9%	$85.5	-8.3%
Meals and Rooms	$142.7	5.9%	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$180.3	4.1%	$186.6	3.5%	$191.4	2.6%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$17.7	4.0%	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$20.4	2.9%	$21.0	2.9%	$21.4	1.9%
Insurance	$57.1	3.7%	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$58.1	1.0%	$58.5	0.7%	$59.0	0.9%
Telephone	$9.1	-2.9%	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.1	-13.7%	$3.6	-12.2%	$3.2	-11.1%
Beverage	$6.4	3.6%	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.3	2.9%	$7.5	2.8%	$7.6	1.5%
Electric**	$13.1	46.9%	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate***	$35.5	131.0%	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$19.9	-13.2%	$21.1	6.0%	$21.9	3.8%
Property	$10.0	9.3%	$10.9	8.7%	$11.5	6.0%	$12.6	9.0%	$12.4	-1.5%	$13.5	8.8%	$14.4	7.2%	$15.1	4.5%
Bank	$11.0	2.7%	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.4	-5.2%	$12.6	1.6%	$12.8	1.6%
Other Tax	$1.9	9.6%	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.0	8.6%	$2.2	10.0%	$2.4	9.1%
Total Tax Revenue	$1300.3	3.6%	$1346.4	3.5%	$1380.1	2.5%	$1395.7	1.1%	$1499.5	7.4%	$1521.3	1.5%	$1549.6	1.9%	$1561.2	0.8%
Business Licenses	$1.1	-61.4%	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	0.9%	$1.3	2.5%	$1.3	2.4%
Fees	$20.6	-3.4%	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.8	1.6%	$48.5	1.5%	$49.1	1.2%
Services	$1.3	-47.3%	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.0	2.3%	$3.0	1.7%	$3.0	1.0%
Fines	$3.6	-24.2%	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	1.5%	$3.7	2.8%	$3.8	2.7%
Interest	$0.2	-66.6%	$0.2	51.9%	$0.6	136.1%	$1.2	108.2%	$2.3	96.1%	$2.8	21.9%	$3.4	21.4%	$3.6	5.9%
All Other****	$1.3	-24.0%	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$2.1	-11.1%	$2.2	4.8%	$2.3	4.5%
Total Other Revenue	$28.0	-16.4%	$29.4	4.7%	$32.3	10.1%	$61.2	89.3%	$59.4	-3.0%	$60.5	1.9%	$62.1	2.6%	$63.1	1.7%
TOTAL GENERAL FUND	**$1328.4**	**3.1%**	**$1375.8**	**3.6%**	**$1412.4**	**2.7%**	**$1457.0**	**3.2%**	**$1558.9**	**7.0%**	**$1581.8**	**1.5%**	**$1611.6**	**1.9%**	**$1624.3**	**0.8%**

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

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

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

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

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

****Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 1 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$671.1	1.6%	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$835.1	0.4%	$854.9	2.4%
Sales and Use*	$229.9	-0.6%	$237.0	3.1%	$241.0	1.7%	$244.9	1.6%	$258.6	5.6%	$0.0	NM	$0.0	NM
Corporate	$94.8	-0.1%	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$102.3	6.2%	$93.2	-8.9%
Meals and Rooms	$142.7	5.9%	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$135.2	-21.9%	$140.0	3.5%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$17.7	4.0%	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$20.4	2.9%	$21.0	2.9%
Insurance	$57.1	3.7%	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$58.1	1.0%	$58.5	0.7%
Telephone	$9.1	-2.9%	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.1	-13.7%	$3.6	-12.2%
Beverage	$6.4	3.6%	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.3	2.9%	$7.5	2.8%
Electric**	$13.1	46.9%	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate***	$35.5	131.0%	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$19.9	-13.2%	$21.1	6.0%
Property	$10.0	9.3%	$10.9	8.7%	$11.5	6.0%	$12.6	9.0%	$12.4	-1.5%	$13.5	8.8%	$14.4	7.2%
Bank	$11.0	2.7%	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.4	-5.2%	$12.6	1.6%
Other Tax	$1.9	9.6%	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.0	8.6%	$2.2	10.0%
Total Tax Revenue	$1300.3	3.6%	$1346.4	3.5%	$1380.1	2.5%	$1395.7	1.1%	$1499.5	7.4%	$1210.2	-19.3%	$1228.9	1.5%
Business Licenses	$1.1	-61.4%	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	0.9%	$1.3	2.5%
Fees	$20.6	-3.4%	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.8	1.6%	$48.5	1.5%
Services	$1.3	-47.3%	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.0	2.3%	$3.0	1.7%
Fines	$3.6	-24.2%	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	1.5%	$3.7	2.8%
Interest	$0.2	-66.6%	$0.2	51.9%	$0.6	136.1%	$1.2	108.2%	$2.3	96.1%	$2.8	21.9%	$3.4	21.4%
All Other****	$1.3	-24.0%	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$2.1	-11.1%	$2.2	4.8%
Total Other Revenue	$28.0	-16.4%	$29.4	4.7%	$32.3	10.1%	$61.2	89.3%	$59.4	-3.0%	$60.5	1.9%	$62.1	2.6%
TOTAL GENERAL FUND	**$1328.4**	**3.1%**	**$1375.8**	**3.6%**	**$1412.4**	**2.7%**	**$1457.0**	**3.2%**	**$1558.9**	**7.0%**	**$1270.7**	**-18.5%**	**$1291.0**	**1.6%**

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

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

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

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

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

****Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	**FY 2014** *(Actual)*	% Change	**FY 2015** *(Actual)*	% Change	**FY 2016** *(Actual)*	% Change	**FY 2017** *(Actual)*	% Change	**FY 2018** *(Forecast)*	% Change	**FY 2019** *(Forecast)*	% Change	**FY2020** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$76.5	27.6%	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$78.1	-0.1%	$77.9	-0.3%
Diesel****	$17.2	9.7%	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$19.0	0.7%	$19.1	0.5%
Purchase and Use*	$91.8	9.9%	$97.3	5.9%	$100.1	2.9%	$103.2	3.1%	$109.4	6.0%	$115.3	5.4%	$118.7	2.9%
Motor Vehicle Fees	$79.0	1.5%	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$86.3	0.4%	$87.6	1.5%
Other Revenue**	$19.5	2.3%	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$22.9	-0.3%	$23.3	1.7%
TOTAL TRANS. FUND	**$284.0**	**10.9%**	**$293.8**	**3.5%**	**$298.0**	**1.4%**	**$305.8**	**2.6%**	**$315.4**	**3.1%**	**$321.6**	**2.0%**	**$326.6**	**1.6%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2014** *(Actual)*	% Change	**FY 2015** *(Actual)*	% Change	**FY 2016** *(Actual)*	% Change	**FY 2017** *(Actual)*	% Change	**FY 2018** *(Forecast)*	% Change	**FY 2019** *(Forecast)*	% Change	**FY2020** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$76.5	27.6%	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$78.1	-0.1%	$77.9	-0.3%
Diesel****	$17.2	9.7%	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$19.0	0.7%	$19.1	0.5%
Purchase and Use*	$61.2	9.9%	$64.8	5.9%	$66.8	2.9%	$68.8	3.1%	$73.0	6.0%	$76.9	5.4%	$79.1	2.9%
Motor Vehicle Fees	$79.0	1.5%	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$86.3	0.4%	$87.6	1.5%
Other Revenue**	$19.5	2.3%	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$22.9	-0.3%	$23.3	1.7%
TOTAL TRANS. FUND	**$253.4**	**11.0%**	**$261.4**	**3.2%**	**$264.6**	**1.2%**	**$271.4**	**2.6%**	**$279.0**	**2.8%**	**$283.2**	**1.5%**	**$287.0**	**1.4%**
OTHER														
TIB Gasoline	$19.2	-9.5%	$18.2	-5.2%	$13.0	-28.4%	$12.6	-3.3%	$12.9	2.2%	$15.0	16.6%	$15.3	1.9%
TIB Diesel and Other***	$1.8	4.0%	$2.1	11.4%	$1.9	-6.1%	$1.7	-11.3%	$2.0	16.1%	$2.0	2.8%	$2.1	0.5%
Total TIB****	$21.0	-8.4%	$20.2	-3.8%	$15.0	-26.1%	$14.5	-2.9%	$14.9	2.4%	$17.1	14.8%	$17.4	1.8%

* As of FY04, includes Motor Vehicle Rental tax revenue.

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

*** Includes TIB Fund interest income (which has never exceeded $35,000 per year).

**** Includes FY17 adjustment of $215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

TABLE 3B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change
GENERAL FUND														
Sales & Use**	$123.8	7.1%	127.6	3.1%	$129.8	1.7%	$131.8	1.6%	$139.2	5.6%	$149.6	7.5%	$154.1	3.0%
Interest	$0.1	-17.2%	0.1	3.6%	$0.2	135.7%	$0.4	122.7%	$0.5	30.3%	$0.6	22.5%	$0.65	8.3%
Lottery	$22.6	-1.6%	22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$26.3	-3.1%	$26.6	1.1%
TRANSPORTATION FUND														
Purchase and Use***	$30.6	9.9%	32.4	5.9%	$33.4	2.9%	$34.4	3.1%	$36.5	6.0%	$38.4	5.4%	$39.6	2.9%
TOTAL EDUCATION FUND	**$177.0**	**6.3%**	**182.9**	**3.3%**	**$189.7**	**3.7%**	**$192.2**	**1.3%**	**$203.3**	**5.8%**	**$214.9**	**5.7%**	**$220.9**	**2.8%**

* Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F1
*** Includes Motor Vehicle Rental revenues, restated

TABLE 3 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only	FY 2014 *(Actual)*	% Change	FY 2015 *(Actual)*	% Change	FY 2016 *(Actual)*	% Change	FY 2017 *(Actual)*	% Change	FY 2018 *(Forecast)*	% Change	FY 2019 *(Forecast)*	% Change	FY2020 *(Forecast)*	% Change
GENERAL FUND														
Meals and Rooms	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$45.1	NM	$46.7	3.5%
Sales & Use**	$123.8	7.1%	127.6	3.1%	$129.8	1.7%	$131.8	1.6%	$139.2	5.6%	$415.6	198.5%	$428.1	3.0%
Interest	$0.1	-17.2%	0.1	3.6%	$0.2	135.7%	$0.4	122.7%	$0.5	30.3%	$0.6	22.5%	$0.65	8.3%
Lottery	$22.6	-1.6%	22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$26.3	-3.1%	$26.6	1.1%
TRANSPORTATION FUND														
Purchase and Use***	$30.6	9.9%	32.4	5.9%	$33.4	2.9%	$34.4	3.1%	$36.5	6.0%	$38.4	5.4%	$39.6	2.9%
TOTAL EDUCATION FUND	**$177.0**	**6.3%**	**182.9**	**3.3%**	**$189.7**	**3.7%**	**$192.2**	**1.3%**	**$203.3**	**5.8%**	**$526.0**	**158.7%**	**$541.5**	**3.0%**

* Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F1
*** Includes Motor Vehicle Rental revenues, restated

Appendix A

Five Year Revenue Forecast Tables

July 2018

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change
REVENUE SOURCE																				
Personal Income	$671.1	1.6%	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$835.1	0.4%	$854.9	2.4%	$862.7	0.9%	$881.6	2.2%	$908.6	3.1%
Sales & Use*	$353.6	2.0%	$364.6	3.1%	$370.7	1.7%	$376.7	1.6%	$397.8	5.6%	$415.6	4.5%	$428.1	3.0%	$434.8	1.6%	$444.4	2.2%	$457.7	3.0%
Corporate	$94.8	-0.1%	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$102.3	6.2%	$93.2	-8.9%	$85.5	-8.3%	$88.7	3.7%	$98.3	10.8%
Meals and Rooms	$142.7	5.9%	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$180.3	4.1%	$186.6	3.5%	$191.4	2.6%	$197.0	2.9%	$203.6	3.4%
Cigarette and Tobacco**	$71.9	-3.3%	$76.8	6.7%	$80.7	5.2%	$76.7	-5.0%	$71.1	-7.3%	$68.5	-3.6%	$66.2	-3.4%	$64.0	-3.3%	$62.0	-3.1%	$60.2	-3.0%
Liquor	$17.7	4.0%	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$20.4	2.9%	$21.0	2.9%	$21.4	1.9%	$21.9	2.3%	$22.5	2.7%
Insurance	$57.1	3.7%	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$58.1	1.0%	$58.5	0.7%	$59.0	0.9%	$59.6	1.0%	$60.3	1.2%
Telephone	$9.1	-2.9%	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.1	-13.7%	$3.6	-12.2%	$3.2	-11.1%	$3.0	-6.3%	$2.8	-6.7%
Beverage	$6.4	3.6%	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.3	2.9%	$7.5	2.8%	$7.6	1.5%	$7.7	2.0%	$8.0	3.0%
Electric***	$13.1	46.9%	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate	$35.5	131.0%	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$19.9	-13.2%	$21.1	6.0%	$21.9	3.8%	$22.7	3.7%	$23.5	3.5%
Property	$30.9	8.5%	$33.6	8.6%	$35.7	6.2%	$38.7	8.4%	$40.9	5.6%	$44.1	7.9%	$47.1	6.8%	$49.1	4.2%	$50.7	3.3%	$52.3	3.2%
Bank	$11.0	2.7%	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.4	-5.2%	$12.6	1.6%	$12.8	1.6%	$12.9	0.8%	$13.0	0.8%
Other Tax	$1.9	9.6%	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.0	8.6%	$2.2	10.0%	$2.4	9.1%	$2.6	8.3%	$2.7	3.8%
Total Tax Revenue	$1517.0	3.6%	$1573.5	3.7%	$1614.8	2.6%	$1630.4	1.0%	$1738.3	6.6%	$1770.0	1.8%	$1802.5	1.8%	$1815.8	0.7%	$1854.8	2.1%	$1913.5	3.2%
Business Licenses	$1.1	-61.4%	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	0.9%	$1.3	2.5%	$1.3	2.4%	$1.3	2.3%	$1.3	2.3%
Fees	$20.6	-3.4%	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.8	1.6%	$48.5	1.5%	$49.1	1.2%	$50.1	2.0%	$51.5	2.8%
Services	$1.3	-47.3%	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$2.95	2.3%	$3.00	1.7%	$3.03	1.0%	$3.06	1.0%	$3.10	1.3%
Fines	$3.6	-24.2%	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	1.5%	$3.7	2.8%	$3.8	2.7%	$3.9	2.6%	$4.0	2.6%
Interest	$0.2	-59.2%	$0.3	40.4%	$0.7	130.6%	$1.5	111.5%	$2.8	80.1%	$3.4	22.0%	$4.1	19.1%	$4.3	6.2%	$4.4	2.9%	$4.6	2.8%
Special Assessments	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Lottery	$22.6	-1.6%	$22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$26.3	-3.1%	$26.6	1.1%	$26.8	0.8%	$27.0	0.7%	$27.4	1.5%
All Other****	$1.3	-24.0%	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$2.1	-11.1%	$2.2	4.8%	$2.3	4.5%	$2.4	4.3%	$2.5	4.2%
Total Other Revenue	$50.7	-10.4%	$52.2	3.0%	$58.9	12.9%	$87.1	47.9%	$87.0	-0.1%	$87.4	0.4%	$89.3	2.2%	$90.6	1.5%	$92.2	1.7%	$94.4	2.4%
TOTAL GENERAL FUND	**$1567.6**	**3.1%**	**$1625.7**	**3.7%**	**$1673.7**	**2.9%**	**$1717.5**	**2.6%**	**$1825.3**	**6.3%**	**$1857.4**	**1.8%**	**$1891.8**	**1.9%**	**$1906.4**	**0.8%**	**$1947.0**	**2.1%**	**$2007.9**	**3.1%**

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

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

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

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

****Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 1B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change
REVENUE SOURCE																				
Personal Income	$671.1	1.6%	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$835.1	0.4%	$854.9	2.4%	$862.7	0.9%	$881.6	2.2%	$908.6	3.1%
Sales and Use*	$229.9	-0.6%	$237.0	3.1%	$241.0	1.7%	$244.9	1.6%	$258.6	5.6%	$266.0	2.9%	$274.0	3.0%	$278.3	1.6%	$284.4	2.2%	$293.0	3.0%
Corporate	$94.8	-0.1%	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$102.3	6.2%	$93.2	-8.9%	$85.5	-8.3%	$88.7	3.7%	$98.3	10.8%
Meals and Rooms	$142.7	5.9%	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$180.3	4.1%	$186.6	3.5%	$191.4	2.6%	$197.0	2.9%	$203.6	3.4%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$17.7	4.0%	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$20.4	2.9%	$21.0	2.9%	$21.4	1.9%	$21.9	2.3%	$22.5	2.7%
Insurance	$57.1	3.7%	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$58.1	1.0%	$58.5	0.7%	$59.0	0.9%	$59.6	1.0%	$60.3	1.2%
Telephone	$9.1	-2.9%	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.1	-13.7%	$3.6	-12.2%	$3.2	-11.1%	$3.0	-6.3%	$2.8	-6.7%
Beverage	$6.4	3.6%	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.3	2.9%	$7.5	2.8%	$7.6	1.5%	$7.7	2.0%	$8.0	3.0%
Electric**	$13.1	46.9%	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate***	$35.5	131.0%	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$19.9	-13.2%	$21.1	6.0%	$21.9	3.8%	$22.7	3.7%	$23.5	3.5%
Property	$10.0	9.3%	$10.9	8.7%	$11.5	6.0%	$12.6	9.0%	$12.4	-1.5%	$13.5	8.8%	$14.4	7.2%	$15.1	4.5%	$15.6	3.4%	$16.1	3.3%
Bank	$11.0	2.7%	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.4	-5.2%	$12.6	1.6%	$12.8	1.6%	$12.9	0.8%	$13.0	0.8%
Other Tax	$1.9	9.6%	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.0	8.6%	$2.2	10.0%	$2.4	9.1%	$2.6	8.3%	$2.7	3.8%
Total Tax Revenue	$1300.3	3.6%	$1346.4	3.5%	$1380.1	2.5%	$1395.7	1.1%	$1499.5	7.4%	$1521.3	1.5%	$1549.6	1.9%	$1561.2	0.8%	$1597.7	2.3%	$1652.3	3.4%
Business Licenses	$1.1	-61.4%	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	0.9%	$1.3	2.5%	$1.3	2.4%	$1.3	2.3%	$1.3	2.3%
Fees	$20.6	-3.4%	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.8	1.6%	$48.5	1.5%	$49.1	1.2%	$50.1	2.0%	$51.5	2.8%
Services	$1.3	-47.3%	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.0	2.3%	$3.0	1.7%	$3.0	1.0%	$3.1	1.0%	$3.1	1.3%
Fines	$3.6	-24.2%	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	1.5%	$3.7	2.8%	$3.8	2.7%	$3.9	2.6%	$4.0	2.6%
Interest	$0.2	-66.6%	$0.2	51.9%	$0.6	136.1%	$1.2	108.2%	$2.3	96.1%	$2.8	21.9%	$3.4	21.4%	$3.6	5.9%	$3.7	2.8%	$3.8	2.7%
All Other****	$1.3	-24.0%	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$2.1	-11.1%	$2.2	4.8%	$2.3	4.5%	$2.4	4.3%	$2.5	4.2%
Total Other Revenue	$28.0	-16.4%	$29.4	4.7%	$32.3	10.1%	$61.2	89.3%	$59.4	-3.0%	$60.5	1.9%	$62.1	2.6%	$63.1	1.7%	$64.5	2.2%	$66.2	2.7%
TOTAL GENERAL FUND	**$1328.4**	**3.1%**	**$1375.8**	**3.6%**	**$1412.4**	**2.7%**	**$1457.0**	**3.2%**	**$1558.9**	**7.0%**	**$1581.8**	**1.5%**	**$1611.6**	**1.9%**	**$1624.3**	**0.8%**	**$1662.2**	**2.3%**	**$1718.6**	**3.4%**

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

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

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

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

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

****Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 1 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change
REVENUE SOURCE																				
Personal Income	$671.1	1.6%	$705.9	5.2%	$747.0	5.8%	$756.5	1.3%	$832.0	10.0%	$835.1	0.4%	$854.9	2.4%	$862.7	0.9%	$881.6	2.2%	$908.6	3.1%
Sales and Use*	$229.9	-0.6%	$237.0	3.1%	$241.0	1.7%	$244.9	1.6%	$258.6	5.6%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$94.8	-0.1%	$121.9	28.5%	$117.0	-4.0%	$95.8	-18.1%	$96.4	0.6%	$102.3	6.2%	$93.2	-8.9%	$85.5	-8.3%	$88.7	3.7%	$98.3	10.8%
Meals and Rooms	$142.7	5.9%	$150.8	5.7%	$154.2	2.2%	$165.3	7.3%	$173.2	4.8%	$135.2	-21.9%	$140.0	3.5%	$143.6	2.6%	$147.8	2.9%	$152.7	3.4%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$17.7	4.0%	$18.2	2.9%	$18.3	0.8%	$19.1	4.4%	$19.8	3.6%	$20.4	2.9%	$21.0	2.9%	$21.4	1.9%	$21.9	2.3%	$22.5	2.7%
Insurance	$57.1	3.7%	$55.3	-3.1%	$56.2	1.7%	$57.0	1.3%	$57.5	1.0%	$58.1	1.0%	$58.5	0.7%	$59.0	0.9%	$59.6	1.0%	$60.3	1.2%
Telephone	$9.1	-2.9%	$7.7	-14.9%	$3.2	-59.2%	$5.7	80.6%	$4.7	-16.8%	$4.1	-13.7%	$3.6	-12.2%	$3.2	-11.1%	$3.0	-6.3%	$2.8	-6.7%
Beverage	$6.4	3.6%	$6.7	4.2%	$6.7	0.6%	$6.9	2.9%	$7.1	2.5%	$7.3	2.9%	$7.5	2.8%	$7.6	1.5%	$7.7	2.0%	$8.0	3.0%
Electric**	$13.1	46.9%	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Estate***	$35.5	131.0%	$9.9	-72.2%	$12.5	26.5%	$16.7	33.3%	$22.9	37.6%	$19.9	-13.2%	$21.1	6.0%	$21.9	3.8%	$22.7	3.7%	$23.5	3.5%
Property	$10.0	9.3%	$10.9	8.7%	$11.5	6.0%	$12.6	9.0%	$12.4	-1.5%	$13.5	8.8%	$14.4	7.2%	$15.1	4.5%	$15.6	3.4%	$16.1	3.3%
Bank	$11.0	2.7%	$10.7	-2.0%	$10.7	-0.6%	$13.2	24.0%	$13.1	-1.3%	$12.4	-5.2%	$12.6	1.6%	$12.8	1.6%	$12.9	0.8%	$13.0	0.8%
Other Tax	$1.9	9.6%	$2.0	4.5%	$1.8	-9.0%	$2.2	18.0%	$1.8	-15.2%	$2.0	8.6%	$2.2	10.0%	$2.4	9.1%	$2.6	8.3%	$2.7	3.8%
Total Tax Revenue	$1300.3	3.6%	$1346.4	3.5%	$1380.1	2.5%	$1395.7	1.1%	$1499.5	7.4%	$1210.2	-19.3%	$1228.9	1.5%	$1235.1	0.5%	$1264.1	2.3%	$1308.5	3.5%
Business Licenses	$1.1	-61.4%	$1.1	0.2%	$1.1	-1.6%	$1.2	16.8%	$1.2	-2.9%	$1.2	0.9%	$1.3	2.5%	$1.3	2.4%	$1.3	2.3%	$1.3	2.3%
Fees	$20.6	-3.4%	$22.1	7.0%	$23.0	4.2%	$48.5	110.8%	$47.1	-2.9%	$47.8	1.6%	$48.5	1.5%	$49.1	1.2%	$50.1	2.0%	$51.5	2.8%
Services	$1.3	-47.3%	$1.5	12.5%	$2.8	86.6%	$3.0	7.9%	$2.9	-4.2%	$3.0	2.3%	$3.0	1.7%	$3.0	1.0%	$3.1	1.0%	$3.1	1.3%
Fines	$3.6	-24.2%	$3.5	-3.1%	$3.7	5.5%	$4.4	21.0%	$3.5	-19.8%	$3.6	1.5%	$3.7	2.8%	$3.8	2.7%	$3.9	2.6%	$4.0	2.6%
Interest	$0.2	-66.6%	$0.2	51.9%	$0.6	136.1%	$1.2	108.2%	$2.3	96.1%	$2.8	21.9%	$3.4	21.4%	$3.6	5.9%	$3.7	2.8%	$3.8	2.7%
All Other****	$1.3	-24.0%	$1.0	-20.4%	$1.3	25.9%	$2.9	128.5%	$2.4	-18.8%	$2.1	-11.1%	$2.2	4.8%	$2.3	4.5%	$2.4	4.3%	$2.5	4.2%
Total Other Revenue	$28.0	-16.4%	$29.4	4.7%	$32.3	10.1%	$61.2	89.3%	$59.4	-3.0%	$60.5	1.9%	$62.1	2.6%	$63.1	1.7%	$64.5	2.2%	$66.2	2.7%
TOTAL GENERAL FUND	**$1328.4**	**3.1%**	**$1375.8**	**3.6%**	**$1412.4**	**2.7%**	**$1457.0**	**3.2%**	**$1558.9**	**7.0%**	**$1270.7**	**-18.5%**	**$1291.0**	**1.6%**	**$1298.2**	**0.6%**	**$1328.5**	**2.3%**	**$1374.7**	**3.5%**

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14 and 35.0% to 36.0% effective in FY19.

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

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

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

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

****Includes $2.3 million in one-time payments in FY2017 by tax software vendors for errors related to Personal Income tax deduction changes effective in tax year 2015.

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers; used for analytic and comparative purposes only*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change
REVENUE SOURCE																				
Gasoline	$76.5	27.6%	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$78.1	-0.1%	$77.9	-0.3%	$77.5	-0.5%	$77.1	-0.5%	$76.5	-0.8%
Diesel****	$17.2	9.7%	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$19.0	0.7%	$19.1	0.5%	$19.145	0.2%	$19.164	0.1%	$19.2	0.2%
Purchase and Use*	$91.8	9.9%	$97.3	5.9%	$100.1	2.9%	$103.2	3.1%	$109.4	6.0%	$115.3	5.4%	$118.7	2.9%	$119.0	0.3%	$119.2	0.2%	$121.2	1.7%
Motor Vehicle Fees	$79.0	1.5%	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$86.3	0.4%	$87.6	1.5%	$87.9	0.3%	$89.1	1.4%	$89.4	0.3%
Other Revenue**	$19.5	2.3%	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$22.9	-0.3%	$23.3	1.7%	$23.5	0.9%	$23.8	1.3%	$24.2	1.7%
TOTAL TRANS. FUND	**$284.0**	**10.9%**	**$293.8**	**3.5%**	**$298.0**	**1.4%**	**$305.8**	**2.6%**	**$315.4**	**3.1%**	**$321.6**	**2.0%**	**$326.6**	**1.6%**	**$327.0**	**0.1%**	**$328.4**	**0.4%**	**$330.5**	**0.7%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change
REVENUE SOURCE																				
Gasoline	$76.5	27.6%	$77.6	1.5%	$78.0	0.5%	$78.2	0.3%	$78.2	0.0%	$78.1	-0.1%	$77.9	-0.3%	$77.5	-0.5%	$77.1	-0.5%	$76.5	-0.8%
Diesel****	$17.2	9.7%	$19.1	11.5%	$18.3	-4.4%	$18.2	-0.5%	$18.9	3.6%	$19.0	0.7%	$19.1	0.5%	$19.1	0.2%	$19.2	0.1%	$19.2	0.2%
Purchase and Use*	$61.2	9.9%	$64.8	5.9%	$66.8	2.9%	$68.8	3.1%	$73.0	6.0%	$76.9	5.4%	$79.1	2.9%	$79.3	0.3%	$79.5	0.2%	$80.8	1.7%
Motor Vehicle Fees	$79.0	1.5%	$80.1	1.4%	$82.0	2.3%	$86.2	5.2%	$86.0	-0.3%	$86.3	0.4%	$87.6	1.5%	$87.9	0.3%	$89.1	1.4%	$89.4	0.3%
Other Revenue**	$19.5	2.3%	$19.7	0.8%	$19.6	-0.5%	$19.9	1.8%	$23.0	15.3%	$22.9	-0.3%	$23.3	1.7%	$23.5	0.9%	$23.8	1.3%	$24.2	1.7%
TOTAL TRANS. FUND	**$253.4**	**11.0%**	**$261.4**	**3.2%**	**$264.6**	**1.2%**	**$271.4**	**2.6%**	**$279.0**	**2.8%**	**$283.2**	**1.5%**	**$287.0**	**1.4%**	**$287.4**	**0.1%**	**$288.6**	**0.4%**	**$290.1**	**0.5%**
OTHER																				
TIB Gasoline	$19.2	-9.5%	$18.2	-5.2%	$13.0	-28.4%	$12.6	-3.3%	$12.9	2.2%	$15.0	16.6%	$15.3	1.9%	$16.6	8.6%	$18.0	8.4%	$18.9	4.7%
TIB Diesel and Other***	$1.8	4.0%	$2.1	11.4%	$1.9	-6.1%	$1.7	-11.3%	$2.0	16.1%	$2.0	2.8%	$2.1	0.5%	$2.1	0.0%	$2.1	0.0%	$2.1	0.5%
Total TIB****	$21.0	-8.4%	$20.2	-3.8%	$15.0	-26.1%	$14.5	-2.9%	$14.9	2.4%	$17.1	14.8%	$17.4	1.8%	$18.7	7.6%	$20.1	7.4%	$20.9	4.3%

* As of FY04, includes Motor Vehicle Rental tax revenue.

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

*** Includes TIB Fund interest income (which has never exceeded $35,000 per year).

**** Includes FY17 adjustment of $215,000 from reported TIB Diesel revenue to Diesel revenue due to a data entry error

TABLE 3B - STATE OF VERMONT (PRE-H.911 REVENUE ALLOCATION - FOR COMPARATIVE PURPOSES ONLY
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only	FY 2014 (Actual)	% Change	FY 2015 (Actual)	% Change	FY 2016 (Actual)	% Change	FY 2017 (Actual)	% Change	FY 2018 (Forecast)	% Change	FY 2019 (Forecast)	% Change	FY2020 (Forecast)	% Change	FY2021 (Forecast)	% Change	FY2022 (Forecast)	% Change	FY2023 (Forecast)	% Change
GENERAL FUND																				
Sales & Use**	$123.8	7.1%	127.6	3.1%	$129.8	1.7%	$131.8	1.6%	$139.2	5.6%	$149.6	7.5%	$154.1	3.0%	$156.5	1.6%	$160.0	2.2%	$164.8	3.0%
Interest	$0.1	-17.2%	0.1	3.6%	$0.2	135.7%	$0.4	122.7%	$0.5	30.3%	$0.6	22.5%	$0.65	8.3%	$0.7	7.7%	$0.73	3.6%	$0.75	3.4%
Lottery	$22.6	-1.6%	22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$26.3	-3.1%	$26.6	1.1%	$26.8	0.8%	$27.0	0.7%	$27.4	1.5%
TRANSPORTATION FUND																				
Purchase and Use***	$30.6	9.9%	32.4	5.9%	$33.4	2.9%	$34.4	3.1%	$36.5	6.0%	$38.4	5.4%	$39.6	2.9%	$39.7	0.3%	$39.7	0.2%	$40.4	1.7%
TOTAL EDUCATION FUND	**$177.0**	**6.3%**	**182.9**	**3.3%**	**$189.7**	**3.7%**	**$192.2**	**1.3%**	**$203.3**	**5.8%**	**$214.9**	**5.7%**	**$220.9**	**2.8%**	**$223.7**	**1.3%**	**$227.4**	**1.7%**	**$233.3**	**2.6%**

* Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F19.
*** Includes Motor Vehicle Rental revenues, restated

TABLE 3 - STATE OF VERMONT (POST- H.911 REVENUE ALLOCATIONS)
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2018

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only*	FY 2014 *(Actual)*	% Change	FY 2015 *(Actual)*	% Change	FY 2016 *(Actual)*	% Change	FY 2017 *(Actual)*	% Change	FY 2018 *(Forecast)*	% Change	FY 2019 *(Forecast)*	% Change	FY2020 *(Forecast)*	% Change	FY2021 *(Forecast)*	% Change	FY2022 *(Forecast)*	% Change	FY2023 *(Forecast)*	% Change
GENERAL FUND																				
Meals and Rooms	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$45.1	NM	$46.7	3.5%	$47.9	2.6%	$49.3	2.9%	$50.9	3.4%
Sales & Use**	$123.8	7.1%	127.6	3.1%	$129.8	1.7%	$131.8	1.6%	$139.2	5.6%	$415.6	198.5%	$428.1	3.0%	$434.8	1.6%	$444.4	2.2%	$457.7	3.0%
Interest	$0.1	-17.2%	0.1	3.6%	$0.2	135.7%	$0.4	122.7%	$0.5	30.3%	$0.6	22.5%	$0.65	8.3%	$0.7	7.7%	$0.73	3.6%	$0.75	3.4%
Lottery	$22.6	-1.6%	22.8	0.8%	$26.4	16.1%	$25.5	-3.3%	$27.1	6.4%	$26.3	-3.1%	$26.6	1.1%	$26.8	0.8%	$27.0	0.7%	$27.4	1.5%
TRANSPORTATION FUND																				
Purchase and Use***	$30.6	9.9%	32.4	5.9%	$33.4	2.9%	$34.4	3.1%	$36.5	6.0%	$38.4	5.4%	$39.6	2.9%	$39.7	0.3%	$39.7	0.2%	$40.4	1.7%
TOTAL EDUCATION FUND	**$177.0**	**6.3%**	**182.9**	**3.3%**	**$189.7**	**3.7%**	**$192.2**	**1.3%**	**$203.3**	**5.8%**	**$526.0**	**158.7%**	**$541.5**	**3.0%**	**$549.8**	**1.5%**	**$561.1**	**2.0%**	**$577.2**	**2.9%**

* Includes only General and Transportation Fund taxes allocated to the Education Fund.
This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.
** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14 and to 36.0% in F19.
*** Includes Motor Vehicle Rental revenues, restated

6.
Nailor

VERMONT

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John Quinn III, State CIO & Secretary of ADS
Shawn Nailor, Deputy Secretary

MEMORANDUM

TO: Members of the Joint Fiscal Committee
FROM: Shawn Nailor, Deputy Secretary, Agency of Digital Services
SN
DATE: July 24, 2018
SUBJECT: Vermont Security Operations Center Implementation Plan

In preparation of the Joint Fiscal Committee meeting scheduled for Friday, July 27th, please find enclosed the State of Vermont Security Operations Center (VTSOC) Implementation Plan.

Please do not hesitate to contact me if you have any questions.

State of Vermont Security Operations Center (VTSOC)

Implementation Plan

June 10, 2018

Purpose

The State of Vermont has identified the need for a security operations center (SOC). The purpose of a SOC is to have a facility or functional area that monitors, assesses, and defends enterprise information systems like web sites, databases, networks, and servers. Compromises of networks often happen in minutes and the State is not structured to identify and respond in our current configuration. A SOC contains the people, processes, and technologies to provide situational awareness of threats to information systems. A SOC also is the coordination point for any incident response involving information systems, using tactics, techniques, and procedures (TTP) to monitor for cyber security events, establishing if the threat is an actual incident, and determining the severity of the incident along with potential business impacts. Information security breaches because of malware, misconfiguration, and intrusion are costly to remediate and may affect our citizens privacy, safety, and livelihood.

Challenge

Current operations consist of analysts with duties like security system configuration, VPN changes, compliance assistance, intrusion detection monitoring at the internet boundary, and vulnerability scanning. As needed, services include incident response, IT project security reviews, security design, and policy input.

The State of Vermont does not perform active, 24/7 event and log correlation monitoring. The State does not collect logs and audit results in a centralized location and incident response is often slow while information is gathered and business unit impacts are determined before remediation can occur.

Concept of Implementation

The State of Vermont, Agency of Digital Services (ADS) plans to collaborate with Norwich University to create the Vermont Security Operations Center (VTSOC). The broad concept is that Norwich will create the physical facilities, host the monitoring systems and software, and staff the monitoring with a mixture of full-time professional security analysts and students from its Cyber Security Program. Norwich is uniquely qualified for this mission due to their proximity to Montpelier, their cybersecurity apprenticeship program, and other ongoing initiatives with the State like internship programs and network assessment exercises (more information is available in Attachments A and B). The State of Vermont will provide network security sensor logs and other log data to Norwich and will have trained personnel to respond to any events identified through Norwich's monitoring facility.

The initial implementation will use a phased approach. Using the premise of plan, design, build, operate, and review, Norwich and the State will develop the foundations for a SOC in parallel. As the phases progress, Norwich and ADS will begin to merge functionality and coordinate more closely, culminating in a unified effort by Phase 4.

Phase 1 (Norwich): Norwich will define the problem and scope the VTSOC's critical functions, capabilities, and costs with ADS. The VTSOC program leverages standing Norwich University Applied Research Institute (NUARI) partnerships and programs to create a nationally networked cyber threat intelligence system (see Attachment B). This phase will also research each proposed line of operation like staffing levels, threat analysis functionality, and the cyber security apprenticeship program to establish a comprehensive, sustainable, and cost-effective VTSOC program. July/August 2018

Phase 1 (ADS): ADS will recruit and place an analyst to coordinate and respond to cyber security incidents. This analyst will also work closely with Norwich to provide a link between ADS leadership and Norwich while they plan and scope the VTSOC. The analyst will be vital to defining the critical functions that will encompass our VTSOC. Last, ADS will identify staff training requirements and schedule those individuals for training. July/August 2018.

Phase 2 (Norwich): Norwich will design and initiate the creation of the VTSOC systems and structure and will work with ADS to schedule the stand-up of the facility. This phase will trigger the selection of a security information and event manager (SIEM). Norwich will also use this phase to establish national program linkages and coordination proposals. September – December 2018.

Phase 2 (ADS): ADS will use this phase to order the network security sensor equipment and incident response equipment. Staff training will commence during this phase to ensure personnel have the proper training and are ready to support the initiation of the VTSOC. The SOC analyst and ADS leadership will collaborate with Norwich to provide guidance regarding systems and structure. September – December 2018.

Phase 3 (Norwich): Norwich will establish the physical center at Norwich University and be at initial operating capacity. Activities during this phase include recruitment of initial full-time staff and students to fulfill critical threat analyst roles in the VTSOC. This phase will also establish staff and student training, initial standard operating procedures (SOP), policies, technology solutions (hardware and software) and initial connections to state, local, and national partners to include MS-ISAC, DHS, NCCIC, and USCERT. January – March 2019.

Phase 3 (ADS): ADS staff will participate in coordinated training events to build a cohesive team concept with the Norwich staff. ADS will provide input to the SOP and collaborate and assist Norwich with establishing the national partnerships. This phase will also be when ADS coordinates with MS-ISAC to incorporate their member services to extend the State's capability in cyber incident response and forensics investigation. January – March 2019.

Phase 4 (Norwich and ADS): Norwich and ADS will establish full operational capacity of the VTSOC. Full operation is defined as the VTSOC delivering services and threat warnings and being fully staffed and trained. April – June 2019.

Milestones and Timeline

Phase 1: July 1 – August 30, 2018. Report delivered by Norwich; ADS will have new analyst in place and a training plan and schedule prepared by September 1, 2018.

Phase 2: September 1 – December 30, 2018. Norwich will deliver the plan for the VTSOC creation with supporting material; ADS will have staff training complete and equipment ordered by January 2, 2019.

Phase 3: January 2 – March 30, 2019. VTSOC will be at initial operating capacity and Norwich and ADS will have agreements in place with extended partners by April 1, 2019.

Phase 4: April 1 – June 30, 2019. VTSOC to full operational capacity, first year assessment complete and year two plan delivered to ADS Secretary by June 30, 2019.

Budget and Expenditures

Item	Description	Phase 1 9/1/18	Phase 2 1/2/19	Phase 3 4/1/19	Phase 4 6/30/19	Total
Norwich Contracting	Labor and materials	$15,777	$81,487	$126,181	$176,219	$399,664
Training	ADS staff training for proficiency	-	$25,830	$6,210	-	$32,040
Equipment	Incident response (IR) kit	-	$6,500	-	-	$6,500
Equipment	Network security sensors	-	$153,600	-	-	$153,600
Total by Phase		$15,777	$267,417	$132,391	$176,219	$591,804

Supporting breakdown of expenditures

IR kit contains a custom laptop, write-blocker drives, forensic license software, toolkit, storage drives, and a case for portability. Cost is $6,500.

The training budget total is $32,040, consisting of:

SANS Incident Response and Forensic Courses

- SEC503 – Intrusion Detection in-depth: 3 seats at $6,210/ea. for a total of $18,630
- FOR500 – Windows Forensic Analysis: 1 seat at $6,210/ea. for a total of $6,210

Elastic Training courses (backend to most SIEM)

- Elastic Engineer I – 2 seats at $1,800/ea. for a total of $3,600
- Elastic Engineer II – 2 seats at $1,800/ea. for a total of $3,600

The BRO network security sensors: Total $153,600

- AP1000 (10G) – 2 at $48,000/ea. for a total of $96,000
- AP200 (2G) – 6 at $9,600/ea. for a total of $57,600

Norwich Expenses

- Labor - $316,745
    - Program Manager - $46,266
    - SOC manager - $79,617
    - Cyber Apprentices - $43,215
    - Cyber SME - $83,100
    - Threat Intel Lead - $45,529
    - System Admin - $19,018
- Direct Costs (materials, travel, etc.) - $82,919

Using Norwich as a sole-source vendor will deepen our ties with an educational institution that provides significant benefit in workforce development, national partnership connections, and leverages Norwich's Information Sharing and Analysis Organization (ISAO) initiative.

The SIEM cost is rolled into the implementation for the first year. This expense will likely increase as we move into year two. As year one progresses, ADS will work with Norwich to understand the expenses involved in an ongoing relationship and plan accordingly based on a balance of cost, benefit, and information systems risk.

Metrics

ADS plans to keep statistics as the VTSOC comes on line both initial and full operational capacity. The first group of statistics will center around the performance of the VTSOC systems and personnel:

- Number of personnel hours to maintain analysis and notification
- Amount of log files received
- Number of log files reviewed
- Number of events identified

The second group of statistics will speak to the performance of the personnel and the efficiency of the VTSOC:

- Number of events analyzed
- Number of events converted to incidents
- Mean time to resolve incidents
- Number of incidents referred to another source for further analysis

The purpose of gathering these statistics is to set a baseline. ADS leadership, Norwich University, and State VTSOC personnel will determine metrics to achieve based on the baseline and the capacity to handle the incidents identified.

Terminology and Technology

SIEM – system that aggregates and correlates data from security feeds such as network discovery and vulnerability assessment systems. The SIEM may also accept feeds from threat intelligence systems, network security sensors, and intrusion detection systems.

Network security sensors – create visibility by turning network traffic and patterns into data. Sensors are typically placed at key junctions in the network where they can monitor access and flow to critical systems. These sensors are sized to fit the volume of network traffic where they are placed.

Intrusion detection systems - a device or software application that monitors a network or systems for malicious activity or policy violations. Any malicious activity or violation is typically either reported to an administrator or collected centrally using a SIEM system.

Threat intelligence – evidence-based knowledge, including context, mechanisms, indicators, implications, and actionable advice, about an existing or emerging menace or hazard to assets that can be used to inform decisions regarding the subject's response to that menace or hazard. A threat intelligence system is typically tied in to multiple, vetted data sources and provides a data feed to a SIEM or other log aggregator.

Vulnerability scanning - an inspection of the potential points of exploit on a computer or network to identify security holes. A vulnerability scan detects and classifies system weaknesses in computers, networks, and communications equipment and predicts the effectiveness of countermeasures.

Incident Response - an organized approach to addressing and managing the aftermath of a security breach or cyberattack, also known as an IT incident, computer incident, or security incident. The goal is to handle the situation in a way that limits damage and reduces recovery time and costs.

MS-ISAC – Multi-State Information Sharing and Analysis Center

DHS – Department of Homeland Security

NCCIC – National Cybersecurity and Communications Integration Center

USCERT – United States Computer Emergency Readiness Team

Supporting information for Norwich University.

Member of the National Cybersecurity Preparedness Consortium – http://nationalcpc.org/
The NCPC has been awarded FEMA Continuing Training grants since 2014 providing cybersecurity training and education nationally. Please see attached brochures. Norwich has been the prime on grants awarded in FY2014 and FY2017 with total funding in the past 5 years in excess of $5.0M

Norwich has developed DECIDE a cyber security exercise platform used in the financial sector to test and evaluate sector playbooks, coordinate critical partner actions, and organizational readiness to cyber security events. DECIDE was used by 14 institutions on June 13, 2018 to test the newly FSARC developed Treasury Market Playbook. DECIDE has been used by most of the largest US banks and systemically significant financial institutions to test and develop response and recovery plans in the past 12 months.

Norwich operates the Global Threat Observatory a student operated and faculty mentored environment collecting netflow data from 38 sensors embedded in partner institutions. The data is analyzed with a variety of professional tools. Students use the data to develop new tools, practice and develop visualization, and develop greater understanding security operations center operations. The Global Threat Observatory was used to support Super Bowl 50 and is contracted to support the Collegiate National Championship in 2019.

Norwich was a founding member of the Army Reserve Public Private Partnership providing Cyber Security Scholarships to Army Reserve members.

Norwich has cyber security past performance with US DOD and SOCOM for the development of tools, techniques and procedures associated with exploitable vulnerability analysis. Norwich provided test and evaluation services for multi-level security software and presently under contract to assist in developing the inter-change data format for emerging soldier fielded augmented reality systems.

Presently Norwich is working with Colorado – National Cyber Exchange and University of Colorado, Colorado Springs and Public Infrastructure Security Collaboration Exchange System, PISCES and University of Washington to develop a national pilot Information Sharing Initiative. The concept is to deliver cost effective monitoring solution using students at NSA Centers of Academic Excellence to provide coverage; the students gain skill and experience. The students are mentored by professionals in a Security Operations Center model.

2011

Norwich University receives U.S. Department of Defense Cybercrime Center of Digital Forensic Academic Excellence **(CDFAE)** designation for the first time.

NUARI runs **Quantum Dawn I,** the largest critical infrastructure cyber threat exercise with the financial sector at the time.

CDFAE

2009

NU Center for Advanced Computing and Digital Forensics (NUCAC-DF) is created.

NUARI and U.S. Senator Patrick Leahy, D-VT, announce a $15 million contract, of which $6 million is awarded through the Air Force Research Lab in Rome, NY, to fund research to develop Web*DECIDE, a war gaming platform for the financial sector.

NUCAC-DF

2002

The National Center for the Study of Counter-Terrorism and CyberCrime at Norwich University (later **NUARI**) is funded through a U.S. Department of Justice grant.

NU enters the NSF Cyber Corps.

CGCS launches online **Master of Science in Information Assurance Program** (later became MSISA).

NUARI & MSISA Launch

2001

The NSA designates Norwich University as a **National Center of Academic Excellence in Information Assurance Education** (CAE-IAE) for the first time.

CAE-IAE

1999

Bachelor of Science in Computer Security & Information Assurance (BSCSIA) program launches. Based on theory and hands-on experience, the program utilizes state-of-the-art forensic tools, today offering concentrations in Advanced Information Assurance and Digital Forensics.

BSCSIA

NORWICH UNIVERSITY CYBER TIMELINE

2017	CAE-CDE & CDFAE
2016	MSISA Ranked #3
2015	Online BSCS Launch
2014	NU Programs Ranked #2
2013	DHS
2011	CDFAE Designation
2009	NUCAC-DF is created
2008–2003	Norwich University collaborates with top officials at Federal agencies and the U.S. Department of Defense on cybersecurity exercises.
2002	NUARI & MSISA Launch
2001	CAE-IAE Designation
1999	BSCSIA Launches

CYBER AT NORWICH

Bachelor of Science in Computer Security & Information Assurance

Concentrations in Advanced Information Assurance or Digital Forensics

Bachelor of Science in Cyber Security

(online degree completion program)

Concentrations in Computer Forensics and Vulnerability Management or Information Warfare and Security Management

Graduate Certificates in Information Security & Assurance

(online programs)

Four certificates available

Master of Science in Information Security & Assurance

(online program)

Five concentrations available

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NORWICH UNIVERSITY CYBER TIMELINE

2017

For the third year in a row, Norwich receives a grant from the National Security Agency (NSA) and National Science Foundation (NSF) to host **GenCyber@NU**, a free cybersecurity camp for high school juniors and seniors.

Norwich University is named a **Center of Academic Excellence in Cyber Defense Education** (CAE-CDE) by the NSA and Department of Homeland Security (DHS) through 2022. The Department of Defense (DoD) Cyber Crime Center certifies Norwich as a **National Center for Digital Forensic Academic Excellence** (CDFAE).

College of Graduate and Continuing Studies (CGCS) holds the inaugural **Cybersecurity Summit** bringing leaders together to discuss the latest in federal cyber policy.

CAE-CDE & CDFAE

2016

The Norwich Bachelor of Science in Computer Security & Information Assurance (BSCSIA) program was the only educational institution invited to support Santa Clara Police Department at **Super Bowl 50.**

Norwich's Master of Science in Information Security & Assurance (MSISA) is ranked #3 in the top 10 best cybersecurity graduate programs in the U.S. by *Universities.com.*

Norwich University Applied Research Institutes (NUARI) deploys DECIDE-FS software simulation in South Africa, facilitating a cyber-resiliency response exercise with 16 institutions integral to its **financial markets.**

Norwich launches inaugural **Cybersecurity Awareness Month** in October.

Norwich awarded NSA grant to train the next generation of cyber soldiers, awarding scholarships to U.S. Army Reserve soldiers to enter the online Information Security & Assurance certificate programs.

MSISA Ranked #3 in the U.S.

2015

Online Bachelor of Science in Cyber Security (BSCS), a degree completion program, launches at CGCS.

The 20th Anniversary **William E. Colby Military Writers' Symposium** addresses the theme of cyber security and privacy.

NU is one of six universities **in the U.S. to officially partner with the United States Army Reserve** to develop cyber-education curricula that aligns with federal standards and cybersecurity needs.

The **302nd Information Operations Battalion Web OpSec detachment,** a United States Army Reserve detachment, forms on the Norwich campus.

NUARI runs **Quantum Dawn III** simulation with over 80 financial institutions and government organizations in the largest financial sector cybersecurity exercise in the U.S.

Online BSCS

PI 2014

Norwich rated number two for its cyber security academic programs in the U.S. by the **Ponemon Institute** in a survey of nearly 2000 information security professionals assessing 403 colleges and universities.

NU Programs Ranked #2 in U.S.

2013

U.S. Senator Patrick Leahy, D-VT, announces a **$9.9 million Homeland Security contract** to NUARI to continue work on DECIDE simulation software.

NUARI runs **Quantum Dawn II** with 50 organizations and 500 participants in the financial sector. At this time, it is the only cyber threat exercise of its kind.

DHS

National Network State Information Analysis Organization (ISAO) Pilot Program

Justification: the nature of the cybersecurity threat to America is growing, and our nation's cyber adversaries move with speed and stealth. To keep pace, all types of organizations, including those beyond traditional critical infrastructure sectors, need to be able to share information and respond to cyber risk in as close to real-time as possible. Organizations engaged in information sharing related to cybersecurity risks and incidents play an invaluable role in the collective cybersecurity of the United States.

Responding to this challenge for Private Sector Cybersecurity Information Sharing, three states spanning the geographical boundaries of the United States have come together to propose a (Integrated Public/Private or) non-governmental pilot program for information sharing in which each state will develop the full capability to perform information sharing and analysis of cybersecurity threats. The three organizations, each comprised of partnerships of State Government, University, Non-Profit Research and Private Sector organizations, will engage public and private sector organizations to meet the cybersecurity crisis. The success of this proposed National Network of State ISAOs (N2SI) is the idea of local, state trust-based threat and incident information sharing capabilities that can network nationally facilitating tactical to strategic integration. Each state based non-profit will establish a constituency and will develop partnerships, private and public, for the purpose of sharing alerts and threat information, making all levels aware of the severity of the threat, training and educating the workforce, and conducting research and development. Thus, the N2SI team will create regional ISAOs to gather, analyze, and disseminate critical infrastructure information, for the expressed purpose of:

- Cyber threat analysis and information sharing
- Education and training to develop a cyber-capable workforce
- Technical research and development to support effective information sharing
- Shared best practices

It is the intent of the N2SI proposal to leverage what already exists: the N2SI effort will develop regional centers whose primary function is Cyber Threat Analysis and Information Sharing, workforce development, and best practice to engage the State and Local organizations. Each organization will develop a collaboration including higher education, STEM K-12, industry, not-for-profits, and government outreach. These N2SI cross-sectional collaborations will facilitate the development of trust- based relationships which are essential for effective and efficient information sharing. The N2SI centers will be guided by the requirement of ISAO best practices: inclusive, actionable, transparent, and trusted.

The objectives of the program include:

1. Establish a fully functional ISAO within each of the participating states: Colorado, Vermont, and Washington.

2. Develop a Joint Cyber Threat Exchange (CTX) platform built on the National Cyber Exchange and develop relationships with MS-ISAC, NCCIC, and other entities to allow real time or near-real time sharing of cyber threat information between ISAOs.
3. Provide the ability to provide an opt-in ad-hoc committee(s) across the ISAO network to address real-time threat events.
4. Develop the policy and procedures to provide escalation to law enforcement, Department of Homeland Security, and to national security within a regional activity and awareness across the network.
5. Develop hands-on work force development programs in collaboration with academia.
6. Develop documentation including design, policies and procedures, CONOPS, and operations manual(s),
7. Academic partners will utilize operations centers to provide real world learning environments to improve student skills and identify research opportunities for students and faculty to explore the full spectrum of cyber technology.

Each state will maintain an ISAO to allow for the reception of and secure storage of cyber threat information and artifacts, analysis programs and platforms, and interconnectivity with the other states.

G. Smith

MEMORANDUM

TO: VERMONT LEGISLATIVE JOINT FISCAL COMMITTEE

FROM: DANIEL SMITH / JOINT FISCAL OFFICE INFORMATION TECHNOLOGY CONSULTANT

SUBJECT: ACT 11 - H.16 – SEC. E.105 – ADS SECURITY OPERATIONS CENTER REPORT

DATE: JULY 18, 2018

Requirement. The FY 2019 Budget Bill[1] includes a requirement that the Joint Fiscal Office (JFO) Information Technology consultant report on the Agency of Digital Services' (ADS) planned Security Operations Center. The specific text is:

Sec. E.105 Agency of digital services

(a) Of the internal service funds appropriated in Sec. B.105 of this act, up to $600,000 is appropriated for a 24/7 cybersecurity operations center. These funds may only be spent upon approval of a budget and a spending plan by the Joint Fiscal Committee at its July 2018 meeting.

(1) The Agency shall consult with the information technology consultant to the Joint Fiscal Office in developing the budget and plan.

(2) The Joint Fiscal Office Information Technology Consultant shall present a report to the Joint Fiscal Committee to accompany the Agency's submission to provide an independent recommendation and review of the proposed budget and plan.

Background. The initial request for funding for a Security Operations Center (SOC) was included in the ADS FY2019 Budget Request[2] presented to the House Appropriations Committee on January 25, 2018. The stated purpose of the SOC is to protect intellectual property and sensitive customer data; this is intended to be achieved by the following items (paraphrased from the budget request):

- Protecting confidentiality – Keeping citizen data, employee data, and state records confidential, and assisting to prevent unauthorized access;

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[1] FY 2019 Budget Bill - https://legislature.vermont.gov/assets/Documents/2018.1/Docs/Acts/ACT011/ACT011%20As%20Enacted.pdf

[2] ADS FY2019 Budget Request - https://legislature.vermont.gov/assets/Documents/2018/WorkGroups/House%20Appropriations/FY2019%20State%20Budget/1.%20General%20Government/DR18-0457~John%20Quinn,%20III,%20Secretary,%20Agency%20of%20Digital%20Services~FY2019%20Budget%20Request%20-%20Presentation~1-25-2018.pdf

- Protecting integrity – Working to ensure data is not tampered with and maintaining records according to the Law;

- Protecting access – Ensuring that citizens and state staff and can access the right data at the right time without fear that the data is missing or incorrect.

The funding request was for $600K, and this was subsequently approved in the Big Bill (Act 11 / H.16) that was passed during the 2018 Special Session. This approval was subject to the constraints (Sec. E.105 ADS plan / JFO report) described previously.

SOC Plan Overview. The first draft of the required SOC Plan was provided on June 14, 2018. The draft plan included a brief description of the SOC purpose, a phased concept of implementation, a breakdown of budgets and expenditures, and general metrics to evaluate success. Essentially, ADS is proposing a one year collaboration with Norwich University to expand security monitoring and response capabilities beyond what is currently available through ADS alone. If implemented satisfactorily, the SOC will result in a more proactive monitoring of security threats, and a faster, more effective response to actual incidents. For example, greater access to national intelligence via external Norwich partnerships may result in identification and mitigation of weaknesses (communications security, data protection, election integrity, etc.) prior to the detection of an actual intrusion or other security incident.

After reviewing the initial draft, I provided ADS with questions and comments that included the following. Summaries of their revisions in the subsequent draft are shown in bold/brackets:

1. *Why is ADS proposing the SOC? I believe that you have this justification somewhere, but would be helpful to recap it in the plan.* ***[ADS expanded the Purpose section of the plan to more fully explain why the security operations center is needed]***

2. *Why Norwich? The idea of a partnership seems reasonable, but the draft does not indicate why it is with Norwich. What is their background with this type of effort, why does it makes sense for SOV [State of Vermont], who else they are supporting, what national partnerships and programs do they have, etc.* ***[ADS added Attachments A, B, and C to the plan which explains the rationale for selecting Norwich as a partner in the SOC]***

3. *From the "Budget and Expenditures" chart it appears that SoV will be paying Norwich approximately $400K over the next year. What is the contractual vehicle for this?* ***[ADS added information to the Expenditures section that indicates that they intend to execute a sole source contract with Norwich]***

4. *What are the estimated costs for the security information and event manager (SIEM), and where do they appear in the budget?* ***[ADS added information to the Expenditures section that explains that the initial SIEM costs are included in the first year budget, but may increase over the life of the project]***
5. *What are the estimated ongoing operational costs of the SOC once Phase 4 completes?* ***[ADS does not have estimates for operational costs, but instead added a statement to the Expenditures section that indicates that these costs will be determined at the end of FY2019]***

The revised plan was provided on June 26th. This draft included additional attachments and content as described above.

Security Operations Center (SOC) Plan Comments. The plan provided by ADS appears to be generally satisfactory, both in the approach used and the initial estimated cost of implementation. However, the plan does include some items that require more explanation or action from ADS. These include the following (when quotes are used, these are from the SOC Plan unless stated otherwise):

- Contract vehicle: The proposed contract vehicle may be problematic ("Using Norwich as a sole-source vendor…"). The Department of Buildings and General Services (BGS) provides IT procurement guidelines in Bulletin 3.5[3] of 3/29/2018. The proposed approach of a sole source contract, while it may allow for a more rapid implementation of the SOC plan, does not appear to meet either the spirit or the letter of these procurement guidelines. For a more detailed explanation of the appropriate use of sole source contracts, see the State Auditor's report of 2015[4]. In that report the Auditor states that 1) sole source contracts are intended only for extraordinary circumstances, but are being used in ordinary situations, and 2) sole source contracts over $100K should only approved by the Secretary of Administration after full justification is received.

- Implementation cost estimates: The stated implementation cost estimate of $592K may be lower than actual ("The SIEM [Security Information and Event Manager] cost is rolled into the implementation for the first year. This expense will likely increase as we move into year two"). Given the phased approach in the plan (which is considered appropriate), the determination of actual hardware, software, and personnel costs will likely not be completed before the end of the final phase in late 2019. As a result, actual costs will likely exceed the initial estimate.

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[3] Bulletin 3.5 - http://bgs.vermont.gov/sites/bgs/files/files/purchasing-contracting/Technology%20Handbook%20-%20Net%20Neutraility%20Revision%20-%203-29-18.pdf

[4] State Auditor's report of 2015 - http://auditor.vermont.gov/sites/auditor/files/files/reports/reports-reviews/Sole-Source.pdf

- Total project costs: Operational / long term costs are unknown ("As year one progresses, ADS will work with Norwich to understand the expenses involved in an ongoing relationship and plan accordingly based on a balance of cost, benefit, and information systems risk"). Again, actual costs of setting up and operating the SOC will not be known until late due to the phased nature of the plan. This is not a necessarily a weakness, since a phased approach normally reduces project risk, however it must be acknowledged that the actual costs may be significantly greater than they appear up front. The following table from the SOC lists the planned costs through FY19, and it is noteworthy that operational costs are not included or estimated.

Item	Description	Phase 1 9/1/18	Phase 2 1/2/19	Phase 3 4/1/19	Phase 4 6/30/19	Total
Norwich Contracting	Labor and materials	$15,777	$81,487	$126,181	$176,219	$399,664
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Total by Phase		$15,777	$267,417	$132,391	$176,219	$591,804

- Lack of external review: Although responsibilities are unclear due to the reorganization (see Recommendations below), 3 V.S.A. § 2222(g)(1) requires that "The Secretary of Administration shall obtain independent expert review of any recommendation for any information technology activity initiated after July 1, 1996, as information technology activity is defined by subdivision (a)(10) of this section, when its total cost is $1,000,000.00 or greater or when required by the State Chief Information Officer". Given that the initial implementation cost is $600K and could rise, and operational costs are currently unknown, it is likely that the overall cost of the SOC will exceed $1M and thus would be a candidate for an independent review.

Recommendations. Before listing recommendations it is important to note that the authority and responsibilities of ADS are not clear at this time. Although ADS was created by Executive Order 06-17[5], the House bill that would update the statutes to reflect the reorganization (H.920[6]) was not passed in either the regular or special legislative sessions. While the Executive Order states that "All duties, obligations, responsibilities and authority, including all contracts, grant agreements, service level agreements and MOUs of the Department of Information and Innovation are hereby transferred to the Agency of Digital Services and shall continue in force", the organizational change makes the existing statutes difficult to interpret. As a result, previous requirements for legislative reports, plans, independent reviews, etc. may no longer be fully effective. This means that any oversight of ADS, including oversight related to the SOC, should be performed by specific direction from the legislature until such time as the statutes are updated. That said, the following recommendations are provided:

- The SOC should be implemented as described in the plan, but with restrictions as described below;
  - If ADS elects to continue with a Sole Source procurement, it should be required to report to the Joint Fiscal Committee how this approach is consistent with the letter and intent of existing procurement regulations (Bulletin 3.5), and why it is in the best interest of the State;
  - ADS should be required to present to the interested committees (defined in the Budget Bill, Sec. E.105.1 as the Senate Committees on Appropriations and on Government Operations and the House Committees on Appropriations and on Energy and Technology) a report on the status of SOC Phases 1 (Design) and 2 (Procurement). This report should be presented in mid-January 2019, approximately 2 weeks after the planned conclusion of Phase 2;
  - ADS should be required to present to the interested committees (listed above) a report on the status of SOC Phase 3 (SOC standup), as well as the estimate of the actual cost of plan implementation, including long term costs. The report should also include a summary of how Vermont security readiness will compare to other states at the conclusion of SOC Phase 4 (Operations). This report should be presented no later than March 31, 2019;

[5] Executive Order 06-17 - http://governor.vermont.gov/content/creation-agency-digital-services-executive-order-06-17
[6] H.920 - https://legislature.vermont.gov/bill/status/2018/H.920

- ADS should be required to present the SOC metrics defined in the plan as part of a publicly available dashboard that reflects the overall state of ADS performance, including security, infrastructure, cost effectiveness, customer satisfaction, etc. This dashboard, if complete and effective, might also be used to address the interested committees' requirements under section E.105.1 the Budget Bill.

H.1.
Klein

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: July 23, 2018

Subject: July 2018 – Fiscal Officer's Report

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

1. FY2018 Revenues Preliminary Closeout

The closeout process for FY 2018 has been relatively slow given the late ending to the Legislative session. The final revenue report or final schedule 2 came in on July 17. We have just completed the true up with the Administration on Direct Applications such as monies from Abandoned Property, the Secretary of State Special Fund, and other receipts.

- **The General Fund**: On a preliminary basis, before direct applications and reversions, the General Fund is $65.2 million or 4.4% over the January 2018 target and $21.05 million or 1.4% over the April 2018 revised estimate. With direct applications and reversions and other year-end adjustments, the General Fund surplus grew another $970,000.
    - o Extra direct application receipts came from a variety of sources, including the Secretary of State Special Fund, The Treasurer's Abandoned Property Funds, and The Tax Modernization Fund. The amount from the Property Transfer Tax was below estimate by $440k.
- **The Transportation Fund**: The receipts are up $1.4 million or 1/2% above forecasts, primarily due to Purchase and Use and other smaller fund sources.
- **The Education Fund**: The Fund is above projections by $4.9 million or just over 2% above forecasts. Sales tax receipts and Lottery receipts were the biggest contributors. The strength in sales tax portends a forecast upgrade for FY 2019 and on.

The strong General Fund closeout is the sum of several factors. The largest are:

- Personal Income tax revenues were up $38.3 million or 4.6% over forecast. The strong stock market, several one-time events, and the federal tax changes were likely factors in this overage. Withholding taxes were stronger than estimated - a healthy economic sign.

- Corporate tax revenues were up $17 million or 18% over forecast. This could be in part due to new tax revenues from repatriation of foreign profits. This will be a one- or two-year event, and its overall revenue impact is very uncertain.

- Sales tax receipts were $4.3 million or 1.7% above estimates. This reflects Vermont's capture of more online sales. Tom Kavet will talk more about this in his presentations on the 27th.

- We also had a strong "estate" year. Estate taxes came in $4 million over target.

The closeout will result in about $26 million going to the Teachers' Retirement Fund in FY 2018 with potentially $10 million more in FY 2019.

2. FY 2019 Revenues

FY 2019 revenue projections are still being finalized by Tom Kavet and Jeff Carr. The revenue adjustment is likely to be positive, but the level of adjustment is unclear. With the full Sales tax moving over to the Education Fund, the Education Fund is likely to see an increase in revenues. Much of this will be driven by the recent Supreme Court case South Dakota v. Wayfair, Inc., which will facilitate greater collection of revenues from online sales.

3. Medicaid Trending

The Medicaid program closed in a positive position with FY18 expenditures ending $25m (gross) below budgeted projections. Caseload came in about 2% below estimate but most of the under spending was driven by $22m in Pharmacy rebates coming in higher than anticipated with $10m of these rebates coming in the last few days of June. As result of the end-of-June rebate payments, AHS did not need to use any of the $7.1m of onetime General Fund to close FY18. These unused funds can be allocated for critical provider and substance use disorder expenditure needs. The childless New Adult portion of expenditures continue to drop as percent of the New Adult total which has a negative General Fund impact in Medicaid as result of the very high match rate for the childless New Adults. The rebate trends and timing and the childless New Adult expenditures will be specific areas of focus for the January update. The Medicaid Year End Report will be finalized this week for presentation to JFC and Emergency Board and will provide more detailed information on year end close as well as the budgeted amounts for FY19.

4. Property Tax Bill Issues

There appear to be more issues than usual with the Property Tax Adjustment claims as issued by the Tax Department on July 1. The Department reported 14,000 of the 175,000 annual filings remained under review as of last week. Towns that submit bills early may have to reissue them. We are scheduling a presentation on this at the Joint Fiscal Committee meeting.

5. State Employees' and Teachers' Retirement Funds

Investment returns on FY 2018 retirement funds are estimated to have come in below the 7.5% assumed returns. Returns are expected to be closer to 6.5% after including preliminary June performance. With roughly $4.3 billion invested, the lower return will negatively offset the new funds being added this legislative session. This summer's actuarial work will take these factors into account to produce the new actuarial position of the fund.

6. Legislative Special Session Costs

The estimated special session costs were roughly $340,000 or about the cost of six days of session. The cost breakdowns are:

- Overall
  - Legislative Salaries and FICA $168,400
  - Expenses (Miles, Lodging and Meals) $152,000
  - Printing, Copying and other $15,000-20,000
- Salaries and expenses between the House and Senate were $278,000 and $42,000 respectively

7. State of Vermont Security Operations Center (VTSOC)

The Joint Fiscal Committee will have an action item on the agenda to approve funding for the State of Vermont Security Operations Center. The Administration's write-up and Dan Smith's independent review will be sent to the Committee before the meeting.

8. Studies

- **The Study of Decarbonization Methods in Vermont:** The Decarbonization study is out to bid with a due date for proposals of Friday the 20th. Four proposals came in and we are reviewing them. We hope to have this study start in early August.
- **The Review and Evaluation of Health Care in Vermont:** The Corrections Health Care Study RFP is out with responses due August 10th.
- We have begun to work on the Child Care Capacity Study, The Basic Needs Study, and the Tax Expenditure report, which are all due this Fall.
- The Tax Structure Commission will await a fall start-up as we need to find staffing for this 2 ½-year effort.

9. JFO updates

- **The JFO Website**

    - We are working with Blue House Group, who worked on the Legislative Website, to update our JFO website before the Legislative Session. We hope to have a website with improved organization and better compatibility with the legislative website operational before January. Catherine Benham is coordinating this.

- **Chloe Wexler's Position**

    - We are changing Chloe Wexler's positon to be a Data Analyst in our Office. She will remain the primary data person for Education Finance but will also, over time, replace Deb Brighton in her work in analysis related to human services and work in other areas as appropriate. She is working with Stephanie on the Child Care Study that was required in the budget. The position will remain at 80% time in our office.

- **Sorsha Anderson Transfer**

    - We expect to complete the transfer of Sorsha Anderson to our office by September. She will be a session employee and will continue to staff House Ways and Means. Our hope is that during the Fall we can spend some time introducing her to the broader operations of the Joint Fiscal Office to allow her to better coordinate between JFO staff and the Committee.

Education Fund Outlook - Post Closeout for FY2018 and July Revenue Update for FY2019
Friday, July 27, 2018

		FY2017 *Actual*	FY2018 *Post-Closeout*	FY2019 *Projections*
a	Average Homestead Property Tax Rate	$1.527	$1.500	$1.500
b	Average Tax Rate on Household Income	2.70%	2.55%	2.49%
c	Uniform Non-Homestead Property Tax Rate	$1.535	$1.535	$1.580
d	Property Yield Per Equalized Pupil	$9,701	$10,160	$10,220
e	Income Yield Per Equalized Pupil	$10,870	$11,990	$12,380
Sources (actual)				
1a	Homestead Education Tax	586.7	586.7	597.8
1b	Property Tax Adjustment	(170.1)	(172.2)	(168.7)
2	Non-Homestead Education Tax	632.8	644.5	672.8
3	Sales & Use Tax	131.9	139.2	415.6
4	Purchase & Use Tax	34.4	36.5	38.4
5	Meals & Rooms Tax	NA	NA	45.1
6	Base General Fund Transfer	303.6	314.7	*Repealed*
6a	Additional GF Transfer - 2017 Act 85	2.3	3.3	NA
6b	Additional GF Transfers - 2018 Act 11*	-	30.2	NA
7	Lottery Transfer	25.5	27.2	26.3
8	Medicaid Transfer	10.6	10.2	9.6
9	Other Sources (Wind & Solar, Other)	1.6	2.7	2.7
10	**Total Sources**	**1,559.2**	**1,622.8**	**1,639.6**
Uses (appropriations)				
11	Education Payment	1,311.0	1,352.2	1,375.6
11a	*Recapture of VEHI Teachers' Health Care Savings***	-	*(8.4)*	*(4.5)*
12	Special Education Aid	180.7	188.7	198.5
13	State-Placed Students	16.7	14.7	15.7
14	Transportation Aid	18.2	18.7	19.2
15	Technical Education Aid	13.5	13.6	13.9
16	Small School Support	7.7	7.6	7.6
17	Essential Early Education Aid	6.4	6.4	6.6
18	Flexible Pathways	6.1	7.2	7.4
19	Teachers' Pensions (normal cost only)	-	7.9	7.7
20	Other Uses (Accounting & Auditing, Other)	1.1	1.4	1.1
21	Adult Education & Literacy	1.8	2.7	*Moved to GF*
22	Community HS of Vermont (Corrections)	3.1	3.2	*Moved to GF*
23	Renter Rebate (General Government) - EF share only	8.0	7.7	*Moved to GF*
24	Reappraisal & Listing (General Government)	3.4	3.5	*Moved to GF*
25	**Total Uses**	**1,577.7**	**1,627.0**	**1,648.7**
Allocation of Revenue Surplus/(Deficit)				
26	Revenue Surplus/(Deficit)	**(18.5)**	**(4.1)**	**(9.1)**
27	Prior-Year Reversions *(adjusted)*	(12.0)	(8.5)	(2.0)
28	Transfer to/(from) Stabilization Reserve	0.9	1.1	0.4
29	Transfer to/(from) Unreserved/Unallocated	(7.4)	3.3	(7.5)
Stabilization Reserve				
30	Prior-Year Stabilization Reserve	32.6	33.5	34.6
31	Current-Year Stabilization Reserve	33.5	34.6	35.0
32	Percent of Prior-Year Net Appropriations	*5.0%*	*5.0%*	*5.0%*
33	Reserve Target @ 5.0%	33.5	34.6	35.0
Available Funds				
34	Prior-Year Unreserved/Unallocated	33.9	26.4	29.7
35	Current-Year Unreserved/Unallocated	26.4	29.7	22.2

** At the end of the past Legislative session, $20.4 million of this additional $30.2 million transfer from the General Fund was carried on the Education Fund Outlook in FY2019. This correction has no impact on the estimated amount of current-year unreserved/unallocated funds available in FY2019 (see line 35).*

*** In FY2018, teachers' health insurance savings were recaptured through a reduction in the FY2018 education payment. Although $8.4 million was withheld from the education payment, these funds are currently designated as a continuing appropriation because there is no provision in Act 85 to revert these funds for future use. It is the JFO's understanding that the Administration's FY2019 Budget Adjustment Act will include a provision reverting them to the Education Fund. In FY2019, teachers' health insurance savings were netted against the normal appropriation for the education payment in Act 11.*

Report 1.

VERMONT

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Adam Greshin, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Adam Greshin, Commissioner of Finance & Management AWG
DATE: July 20, 2018
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 (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.

<u>Broad Categories of Excess Receipt Requests</u>

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 - Q4 Cumulative - Run 7/20/2018

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comment
Libraries	Department of Libraries	1130030000	5/14/2018	22005	Federal Revenue Fund	129,106	Federal funds from the Institute of Museum and Library Services based on monthly LSTA expenditures.
Treasurer's Office	US Forest Sales to Towns	1260110000	6/12/2018	22005	Federal Revenue Fund	86,507	Federal Money
Military	Army - 100%	2150030000	6/1/2018	22005	Federal Revenue Fund	2,200,000	Based on difference in timing between State FY and Federal FY the federal program rec'd 100% of it's spending authority earlier than usual. MPIO would like to award projects on an accelerated schedule to take advantage of the summer construction season.
Military	Army - 100%	2150030000	4/6/2018	22005	Federal Revenue Fund	4,100,000	Federal funds to cover prior year PO's that rolled into FY18
Agriculture, Food&Mrkts Agency	Food Safety/Consumer Assurance	2200020000	6/7/2018	22005	Federal Revenue Fund	100,000	Funds for Fed Meat Insp Program are match 50/50 with GF. Sub-program is cost utilization-State inspectors cover Federal plants and that is funded 100% with fed dollars. Higher staff for cross util has resulted in the need for more fed funds.
Agriculture, Food&Mrkts Agency	Ag Resource Mngmnt	2200040000	4/6/2018	22005	Federal Revenue Fund	100,000	Grant from Natural Resource Conservation Services
Vermont Health Access	DVHA-Medicaid-Long Term Care W	3410016000	5/9/2018	22005	Federal Revenue Fund	1,300,000	Utilization of Money Follows the Person Grant
Health	Public Health Appropriation	3420021000	6/4/2018	22005	Federal Revenue Fund	3,500,000	Excess receipts are associated with projected federal receipts to closeout the fiscal year
Health	Alcohol & Drug Abuse	3420060000	4/17/2018	22005	Federal Revenue Fund	2,000,000	Grant awarded from the Dept of Health & Human Services, Substance Abuse & Mental Health Services Admin (SAMHSA)
Children and Families	DCFS Admin & Support Services	3440010000	6/22/2018	22005	Federal Revenue Fund	500,000	The Jobs For Independence (JFI) federal grant is spending more than budgeted for in the current SFY. They are spending within the federal award amount, which is due to expire on March 31, 2019 (3-month no-cost extension received)
Children and Families	DCFS Admin & Support Services	3440010000	4/15/2018	22005	Federal Revenue Fund	188,353	Funds are remaining 10% of FFY18 award in the LIHEAP program.
Children and Families	DCFS - Family Servic	3440020000	6/14/2018	22005	Federal Revenue Fund	2,000,000	Family Services has experienced an increase in caseload over the last few years resulting in increased expenses, which are TANF eligible. DCF is using TANF currently budgeted in Admin & Child Dev and needs 22005 spending authority to apply the revenue.

Children and Families	DCFS - Reach Up	3440080000	6/14/2018	22005	Federal Revenue Fund	600,000	TANF funds are interchangeable with special funds in the ReachUp Dept ID due to the EITC agreement with Tax. Lower than budgeted EITC is resulting in higher TANF earnings than budgeted.
Children and Families	DCFS - LIHEAP	3440090000	4/15/2018	22005	Federal Revenue Fund	1,695,179	Funds are remaining 10% of FFY18 award in the LIHEAP program.
Children and Families	DCFS - OEO Ofc of Economic Opp	3440100000	4/15/2018	22005	Federal Revenue Fund	260,000	Additional grant funding under the Continuum of Care Federal Award from HUD.
Children and Families	DCFS - DDS	3440130000	6/14/2018	22005	Federal Revenue Fund	200,000	Disability Determination is funded by SSA based upon estimated expenditures. The current SFY estimates, while under the federal budgeted amount, are projected to exceed spending authority by approx $200k.
Disabilities Aging Ind. Living	DBVI Grants	3460030000	6/14/2018	22005	Federal Revenue Fund	80,000	Vt now has on Designated State Unit for Independent Living, DBVI. Vt rec'd awards to Voc Rehab & DBVI. Now the full amt of the Ind Living award is paid out of the DBVI Grant approp. This will need to be a tech adjustment in the SFY19 BAA.
Forests, Parks & Recreation	Forestry	6130020000	6/18/2018	22005	Federal Revenue Fund	100,000	Federal funds are available from the US Forest Service for pass-through grants to outside organizations for prior year activity.
Housing & Comm Development	Housing & Community Developmnt	7110010000	5/4/2018	22005	Federal Revenue Fund	16,522,474	Funds in order to convert all CDBG Appropriation encumbrances and available grant balances to ensure a smooth transition into the new fiscal year to align with the FY19 H.924 Big Bill.
Economic Development	Economic Developmer	7120010000	4/19/2018	22005	Federal Revenue Fund	1,500,000	Federal Dept of Defense Economic Adjustment Assistance awards.
Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts						**37,161,620**	
Treasurer's Office	Office of the Treasurer	1260010000	6/12/2018	21500	Inter-Unit Transfers Fund	15,000	Additional funding received from the Unclaimed Property Fund for the annual payroll.
Attorney General's Office	Attorney General's Office	2100001000	6/13/2018	21500	Inter-Unit Transfers Fund	248,179	Funds are available from reimbursements received and pending from the Dept of Financial Regulation pursuant to a MOU for the EB5 matter.
Attorney General's Office	Court Diversion	2100002000	4/15/2018	21500	Inter-Unit Transfers Fund	64,774	Funds from MOU between Court Diversion Program and the Dept of Corrections for transfer of the Rapid Intervention Community Court (RICC) program.
Public Safety	DPS-Fire Safety	2140040000	5/30/2018	21500	Inter-Unit Transfers Fund	10,000	Had begin balance of $7500 rec'd from PSD to fund multiple fire safety instructors. MOU with AOT to pay Fire Instructors for Traffic Incident Management training.

Military	MIL Admin/TAGO	2150010000	4/6/2018	21500	Inter-Unit Transfers Fund	61,290	I/U Transfer to support expenses associated with pending receipts from EMAC events in Texas, US Virgin Islands, and Puerto Rico
Crime Victims' Services Center	Victims Compensation	2160010000	6/1/2018	21500	Inter-Unit Transfers Fund	5,764	Grant to VCCVS
Criminal Justice Trng Council	Criminal Justice Trng Council	2170010000	6/14/2018	21500	Inter-Unit Transfers Fund	10,000	ERR will be used for payroll expenses for Chris Conway, hire at CJTC to develop and maintain statewide advanced levels of officer training and certification in various impaired driving program. Funding provided by AOT through an MOU.
Mental Health	Mental Health	3150070000	6/11/2018	21500	Inter-Unit Transfers Fund	30,546	$1,671 is from VDH - Help Me Grow children's initiative; $28,875 is from VDH for Emergency Preparedness at the Vermont Psychiatric Care Hospital.
Human Services Agency	Administrative Management Fund	3400020000	6/22/2018	21500	Inter-Unit Transfers Fund	95,000	The funds will be used to process an MOU for Attorney Generals Office (AGO) then billed back thru the Admin Fund for several AHS agency departments.
Human Services Agency	Administrative Management Fund	3400020000	6/14/2018	21500	Inter-Unit Transfers Fund	265,000	The funds will be used to process invoices in the Admin Fund, mainly for BGS billbacks.
Health	Administration	3420010000	6/1/2018	21500	Inter-Unit Transfers Fund	35,000	IDT revenue through June 30, 2018 is expected to be greater than appropriation.
Health	Public Health Appropriation	3420021000	6/1/2018	21500	Inter-Unit Transfers Fund	250,000	IDT revenue through June 30, 2018 is expected to be greater than appropriation.
Children and Families	DCFS Admin & Support Services	3440010000	6/13/2018	21500	Inter-Unit Transfers Fund	125,000	Cash receipts were projected to exceed spending authority, but offsetting expenses required to earn the receipts were not projected to exceed spending authority until May. In order to earn IDT revenues in Admin, we need additional spending authority.
Children and Families	DCFS - OEO Ofc of Economic Opp	3440100000	5/16/2018	21500	Inter-Unit Transfers Fund	33,981	Funds from Mental Health Block Grant to be used for rapid rehousing and prevention programs.
Forests, Parks & Recreation	Forestry	6130020000	6/18/2018	21500	Inter-Unit Transfers Fund	75,000	DEC awarded funding to FPR under grant agreement for 9 separate projects detailed in Attachment A. Project work is aimed at restoring VT waters and continuing progress towards meeting water quality restoration targets outlined in the TMDLs.
Forests, Parks & Recreation	Forestry	6130020000	6/18/2018	21500	Inter-Unit Transfers Fund	55,000	Funds from DEC in the amount of 55k to facilitate compliance with water quality requirements. FPR to create a comp green street guide and training materials to provide info & advice on how to incorporate green infrastructure techniques.

Forests, Parks & Recreation	Forestry	6130020000	6/18/2018	21500	Inter-Unit Transfers Fund	41,333	Funds are available through a partnership with PSD and ACCD to jointly fund a limited service Wood Energy Coordinator position housed within FPR.
Forests, Parks & Recreation	Lands Administration	6130040000	6/18/2018	21500	Inter-Unit Transfers Fund	5,000	We received an increase of $5000 under our agreement with Fish & Wildlife for FPR work dedicated to managing and maintaining Fish & Wildlife parcels.
Commerce & Communty Dev Agency	Administration Division	7100000000	4/23/2018	21500	Inter-Unit Transfers Fund	51,000	Funds from DOL for 1/2 of ADS position and a protion of a PM for work done on a federal iUS project and for ANR's Natural Resource Board.
Commerce & Communty Dev Agency	Administration Division	7100000000	4/4/2018	21500	Inter-Unit Transfers Fund	20,901	LIDAR project for CT River Basin funded with dollars from AOT, Clean Water Fund, and Public Service Dept.
Housing & Comm Development	Housing & Community Developmnt	7110010000	4/16/2018	21500	Inter-Unit Transfers Fund	32,000	Funds from MOU between DHCD & BGS & DFM & OST.
Transportation Agency	Finance & Administration Div	8100000100	6/20/2018	21500	Inter-Unit Transfers Fund	150,000	Expenditures related to fire event at National Life will be reimbursed by insurance.
Transportation Agency	Finance & Administration Div	8100000100	6/13/2018	21500	Inter-Unit Transfers Fund	250,000	Expenditures related to fire event at National Life will be reimbursed by insurance.
Transportation Agency	Public Transit	8100005700	6/7/2018	21500	Inter-Unit Transfers Fund	4,487	Funds available from an email agreement between AOT and AOA/BGS for adjustment in Rural Community Transportation schedule to accommodate clients being transported to the new state office location.
Subtotal Interdepartmental Transfers						**2,174,255**	
Transportation Agency	Public Transit	8100005700	5/30/2018	20105	Transp Fund - Nondedicated	101,784	These funds are available because of transfers/corrections which resulted in a credit to Transportation funds (20105). Request is pursuant to VISION Procedure #6/III - prior year refund of expenditures.
Transportation Agency	Town Highway Bridge	8100002800	6/4/2018	20160	Transportation Local Fund	100,000	Local reimbursement for payroll and other charges to locally participating projects
Transportation Agency	Program Development	8100001100	6/4/2018	20170	Transportation-NHTSA Fund	1,300,000	Funds are available fro the Governor's Highway Safety Program
Transportation Agency	Aviation	8100000200	6/4/2018	20175	Transportation DHS Fed Fund	10,000	Funds are available from three Transportation Security Administration (TSF) agreements - HSTS02-16-H-SLR784, HSTS01-15-H-CKP054, and HSTS17-14-L-RELE06
Transportation Agency	Program Development	8100001100	6/4/2018	20193	Transp Improvement District Fd	114,498	Funds are available from Transportation Impact Fees paid per 10 V.S.A. chapters 151, sub-chapter 5
Fish & Wildlife	FW Support & Field Services	6120000000	5/9/2018	20305	F&W Fund - Nondedicated	592,349	Funds from licenses and motorboat registrations.
Fish & Wildlife	FW Support & Field Services	6120000000	5/4/2018	20325	F&W Federal Revenues Fund	350,000	Funds from Federal Wildlife and sport fish restoration grant program.

Fish & Wildlife	FW Support & Field Services	6120000000	6/18/2018	20335	Non Game Fund - Federal	836	These funds are appropriated to state fish and wildlife agencies through the federal state wildlife grant program on a reimbursement basis.
Libraries	Department of Libraries	1130030000	6/11/2018	21015	Elva S Smith Bequest	13,589	These funds are available due to a private bequest from the Elva S Smith organization to the Department of Libraries.
Financial Regulation	Administration	2210080000	6/13/2018	21065	Financial Institut Supervision	60,000	Receipts from banking and insurance fees and billback
Financial Regulation	Insurance Division	2210011000	6/27/2018	21075	Insurance Regulatory & Suprv	600,000	Receipts from insurance fees and billback.
Financial Regulation	Administration	2210080000	6/13/2018	21075	Insurance Regulatory & Suprv	60,000	Receipts from banking and insurance fees and billback
Labor	VT Department of Labor	4100500000	6/28/2018	21095	Passenger Tramways	12,000	Passenger tramway funds that are collected and reserved for Tramway program functions as needed.
Labor	VT Department of Labor	4100500000	6/28/2018	21105	Worker's Comp Admin Fund	116,000	Worker's Compensation fees/funds that are collected and reserved for WC program functions as needed.
Public Safety	DPS-Fire Safety	2140040000	6/15/2018	21120	Fire Service Training Council	50,906	Carry forward balance from FY17
Public Safety	DPS-Criminal Justice Services	2140020000	4/18/2018	21130	Criminal History Records Check	111,000	Revenue from sale of Criminal History Record Checks.
Public Safety	DPS-State Police	2140010000	5/30/2018	21135	Vt Law Telecommunications	84,525	Carry forward funds from FY17.
Crime Victims' Services Center	Victims Compensation	2160010000	6/1/2018	21145	Victims Compensation Fund	125,000	Payments to victims and operating expenses.
Disabilities Aging Ind. Living	Advocacy & Indep Living Grants	3460020000	6/7/2018	21213	PATH-Civil Monetary Fund	55,000	Funds are available in the Civil Monetary Fund due to federal penalties collected. The funds are governed by federal rules and this year $55,000 was approved and expended.
Human Services Agency	Global Commitment	3400004000	6/14/2018	21235	Home Weatherization Assist	(1,851,200)	Success Beyond Six program. DA's contract with local schools for Behavior Intervention. Cost of svcs can be claimed as Global Commit. Local schools supply the match and DMH collects the cash. Projections show costs to exceed budget.
Human Services Agency	Global Commitment	3400004000	6/14/2018	21235	Home Weatherization Assist	1,851,200	Success Beyond Six program. DA's contract with local schools for Behavior Intervention. Cost of svcs can be claimed as Global Commit. Local schools supply the match and DMH collects the cash. Projections show costs to exceed budget.
Children and Families	DCFS - LIHEAP	3440090000	6/19/2018	21235	Home Weatherization Assist	123,211	Cash receipts from heating fuel tax collected by Tax and reserved for DCF use on home weatherization projects. Funds have historically been spent out of the weatherization approp, but begin in SFY17, DCF swapped fed for special funds in LIHEAP.

Education Agency	Administration	5100010000	4/25/2018	21244	Education Financial Systems	1,250,000	Unexpended funds previously in the Supplemental Property Tax Fund.
Forests, Parks & Recreation	Parks	6130030000	6/18/2018	21270	State Forest Parks Fund	500,000	Parks special fund balance is available from past year receipts.
Labor	VT Department of Labor	4100500000	4/18/2018	21360	Unemployment Comp Admin Fund	515,000	UI Penalty and Interest funds that are reserved for UI admin functions when needed.
Health	Administration	3420010000	6/1/2018	21470	Medical Practice	30,000	Special fund revenue
Forests, Parks & Recreation	Forestry	6130020000	6/18/2018	21475	Natural Resources Mgmnt	50,000	Under H.495 DEC will transfer 50k of revenue to FPR for water quality improvement efforts. Specifically to purchase and construct skidder bridges to be made available to timber harvesters and others to improve water quality at logging sites.
Forests, Parks & Recreation	Forestry	6130020000	6/19/2018	21475	Natural Resources Mgmnt	10,000	FPR received a commitment from the New England Interstate Water Pollution Control Commission - Lake Champlain Basin Program for 10k of funding to support urban green infrastructure work aimed at upgrading Green Streets Vt training materials.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	6/18/2018	21493	VT Working Lands Enterprise	16,000	Additional funding of original grant from Vermont Ski Areas Association approved via JFO #2865.
Human Services Agency	Global Commitment	3400004000	6/30/2018	21535	School Match	1,851,200	Success Beyond Six program. DA's contract with local schools for Behavior Intervention. Cost of svcs can be claimed as Global Commit. Local schools supply the match and DMH collects the cash. Projections show costs to exceed budget.
Housing & Comm Development	Housing & Community Developmnt	7110010000	5/24/2018	21575	Downtown Trans & Capital Impro	1,146,245	Spending authority is being requested in the HCD FY18 approp in order to convert all Downtown Capital Improvement encumbrances and available balances. This will ensure a smooth transition into the new FY to align with the FY19 H.924 Big Bill.
DLL - Div of Liquor Control	DLC.- Enforcement & Licensing	2300002000	6/14/2018	21584	Surplus Property	20,106	Proceeds from 2018 May Vehicle auction
Corrections	Corrections - Education	3480003000	6/14/2018	21584	Surplus Property	1,000	CHSVT sold some items at a surplus property auction. These funds have been transferred, but there is not currently sufficient spending authority in the Surplus Property Fund for CHSVT.
Tax	Tax Operation Costs	1140010000	5/11/2018	21594	Tax-Current Use Admin	160,000	Cash balance in current use that has accrued over prior fiscal years.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	5/11/2018	21680	AF&M-Housing & Conservation Bd	15,000	Funds from VHCB
Health	Administration	3420010000	6/1/2018	21731	HE-Food & Lodging Fees	10,000	Special fund revenue
Judiciary	Judiciary Appropriation	2120000000	5/24/2018	21811	Attorney Admission,Licensing,&	200,000	Gave an additional grant this year and this program is fully staffed

Disabilities Aging Ind. Living	Administration & Support	3460010000	4/24/2018	21813	VR Fees	415,000	Higher than anticipated receipts from EAP due to new companies enrolling in the program
Health	Administration	3420010000	6/1/2018	21829	HE-Third Party Reimbursement	7,000	Special fund revenue
Health	Administration	3420010000	6/1/2018	21832	HE-Asbestos Fees	5,000	Special fund revenue
Corrections	Correc-Correctional Services	3480004000	6/11/2018	21843	CORR-Supervision Fees	100,000	The collection of Supervision fees has exceeded FY 2018 spending authority.
Public Safety	DPS-Criminal Justice Services	2140020000	5/30/2018	21857	PS-VIBRS	327,000	Carry forward from previous fiscal years and revenue received this FY is projected to be higher than amount of budget.
Libraries	Department of Libraries	1130030000	6/1/2018	21870	Misc Special Revenue	25,000	Vendor offers the product OneClick Digital audio to the Dept of Libraries who made the service available to the public libraries around the state using a fee structure. Participating libraries pay 100% of the cost for the service.
Auditor of Accounts' Office	Auditor of Accounts	1250010000	6/26/2018	21870	Misc Special Revenue	20,295	Per Statute - Town's Financial Responsibility of TIF Audit Performed by State Auditor's Office
Mental Health	Mental Health	3150070000	6/11/2018	21870	Misc Special Revenue	1,200,000	These are receipts from billing Medicare, patient per diems, and other insurances at the Vt Psychiatric Care Hospital and the Middlesex Therapeutic Community Residence. DMH is expecting receipts beyond the original approp.
Human Services Agency	Secretary's Office Admin Costs	3400001000	4/24/2018	21870	Misc Special Revenue	40,000	Increase in VISTA program cost-share deposits for SFY18
Human Services Agency	Develop Disabilities Council	3400009000	6/19/2018	21870	Misc Special Revenue	1,905	This specially-funded donation will help defray expense for the Vermont Leadership Series trainings taking place during SFY18. This ERR establishes spending authority for SFY18.
Public Safety	DPS-Fire Safety	2140040000	6/8/2018	21901	Fire Prev/Bldg Inspect Sp Fund	487,000	Carry forward from FY17
Agriculture, Food&Mrkts Agency	Administration Division	2200010000	4/6/2018	21908	Misc Grants Fund	6,000	Donations from The Farm Show and Vermont Dairy Industry Association
Children and Families	DCFS - OEO Weatherization	3440110000	6/1/2018	21908	Misc Grants Fund	183,960	DCF was granted 150K from Vt Low Income Trust for Electricity (VLITE) for vermiculite removal in SFY 18. An additional $45,911 is carried forward from SFY 17. $11,951.43 in spending authority is already available from PO carry forward.
Children and Families	DCFS - Woodside Rehab Center	3440120000	5/30/2018	21908	Misc Grants Fund	13,922	Unspent Stern Center funds from SFY17 in the amt of $4,347 and Stern Center grant for $9,576 in SFY18. Stern Center grant receipts are restricted to funding Behavioral Interventionist support during instruction in the Woodside program.

Public Safety	DPS-State Police	2140010000	5/30/2018	21925	Restitution Special Fund	10,000	This is the Restitution Special Fund. These funds are available only when there is court ordered reimbursement for damage to VSP property.
Public Safety	DPS-Criminal Justice Services	2140020000	4/4/2018	21970	Registration Fees Fund	52,181	Carry forward revenue from prior fiscal years.
Secretary of State's Office	Secretary of State	2230010000	6/21/2018	22025	Fed Election Reform HAVA 2002	3,000,000	Omnibus Bill released additional funds from the Help America to Vote Act Election Assistance Commission in March 2018.
Buildings & Gen Serv-Capital	FW - Roxbury Hatchery	1708401040	6/7/2018	31500	Natural Resources Proj Fund	(812,029)	To reverse original ER-629 entered on 1/17/18. Email documentation with hard copy of ER in Financial Ops.
Buildings & Gen Serv-Capital	Major Maint/Benning Monumnt 15	1502600061	5/10/2018	31600	Comm & Commnty Dev Proj Fund	8,112	Funds to support a refund of expenditure because there have not been sufficient expenses in the current FY to offset the refund.
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	6/4/2018	58800	Facilities Operations Fund	491,155	Fee for Space provides separate work for customers that agreements are reached for the customers to pay the cost. These expenditures get paid by Fee for Space and then are back charged to clients.
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	6/4/2018	58800	Facilities Operations Fund	394,569	These funds will be received for approved SERF projects
Agency of Digital Services	Comm & Info Technology	1105500000	5/16/2018	59300	Financial Management Fund	195,321	Funds to pay vendor for services to avoid significant support issues.
Subtotal Other Fund Excess Receipts						**15,926,642**	
TOTAL:						55,262,516	

MEMORANDUM

TO: Rep. Catherine Toll, Chair, House Committee on Appropriations
Rep. William J. Lippert Jr., Chair, House Committee on Health Care
Rep. Janet Ancel, Chair, House Committee on Ways and Means
Rep. Stephen Carr, Chair, House Committee on Energy and Technology
Sen. Jane Kitchel, Chair, Senate Committee on Appropriations
Sen. Claire Ayer, Chair, Senate Committee on Health and Welfare
Sen. Ann Cummings, Chair, Senate Committee on Finance
Rep. Janet Ancel, Co-Chair, Health Reform Oversight Committee
Joint Information Technology Oversight Committee
Kevin Mullin, Chair, Green Mountain Care Board (GMCB)

FROM: Michael Costa, Deputy Commissioner, Department of Vermont Health Access (DVHA)
Michael Smith, Vermont Information Technology Leaders (VITL)

DATE: July 1, 2018

RE: Second Progress Update on Health Information Exchange/Health-IT (Act 187)

Act 187, a Continuation of Act 73 Health-IT Evaluation Report

Act 187 of 2018, *An act relating to health information technology and health information exchange* provides a framework for the State and VITL to implement the recommendations from the Health-IT Evaluation Report required by Act 73 of 2017. This progress update is being submitted per the requirements of Act 187 to keep the legislature and the Green Mountain Care Board (GMCB) apprised of progress made toward enhancing VITL's business and technical operations and improving Health Information Exchange (HIE) planning, management and oversight, as guided by the Evaluation Report. Progress reports are due to the legislature and GMCB bi-monthly, beginning in May and ending in January of 2019. Additionally, a work plan was due at the beginning of May. The State and VITL submitted the first progress report and work plan to the legislature and the GMCB on May 1st - this document contains updates to both.

Making Progress, November 2017 - May 2018

As noted in the May 1 update, DVHA and VITL began addressing the recommendations from the Evaluation Report even before the Report was released. For instance, in November, the State began addressing the lack of governance and strategic plan through the establishment of the HIE Steering Committee, a group dedicated to developing the State's HIT Plan. Per Act 187, the HIT Plan will be delivered to the GMCB for review and approval by November 1, 2018, and then updated annually thereafter.

Enlisting a third-party evaluator of DVHA and VITL's progress is also a requirement of Act 187. HealthTech Solutions, the authors of the Act 73 Evaluation Report, have been contracted by the State to continue their work and evaluate progress made in implementing the recommendations from their Report. HealthTech Solutions will be assessing DVHA and VITL's work from May - October and will deliver a final report to the legislature and the GMCB by mid-October.

After a review of the work plan and progress report submitted on May 1, HealthTech Solutions concluded that activities are moving forward in a satisfactory manner. Additionally, all additional requests for information or documentation are included in the updated work plan below or were submitted to HealthTech Solutions directly.

Making Progress, May - June 2018: Improving the HIE to meet Vermont's clinical data exchange needs

The Evaluation Report provided recommended actions that the State and its partners should undertake to ensure that Vermont's HIE is meeting the data exchange needs of the health care system. As an example, the Report notes that, "As the primary source of VHIE funding, the state should direct that state funds be used to improve core services and tie contractual payments to specific deliverables and timelines." To address this recommendation, DVHA and VITL contracts have been extended to cover July - December 2018, and now include new goals, incentives for reaching those goals, and an even greater focus on the "basic" or core functions of an HIE.

Improvements are already evident; for example, the percentage of Vermonters who have consented to having their data personally identifiable through the provider portal VITLAccess has improved to 34.5% as of the end of May 2018 (previously reported at 19.5%). Contracting for calendar year 2019 will commence in the fall, once VITL has had an opportunity to make additional progress toward implementing the recommendations from the Evaluation Report.

Future Progress: Continuing to strengthen operations at VITL and plan for contingencies

In the coming months, it is essential that VITL continue its work to strengthen operations to fully support the State's HIE needs. VITL and DVHA continue to make progress, and the following are notable activities executed since the last progress report was submitted.

a) The Evaluation Report pointed to the need for a performance/operational audit of VITL to determine the effectiveness of internal financial controls, management policies and practices. As an output of the audit, remediation steps will be included in the State's future contracts with VITL. To conduct this audit, in May VITL selected KPMG who will deliver a final audit report in September 2018.

b) In the Evaluation Report, the evaluator called for VITL to examine its Board structure and membership to include "more actual users (or potential users) of the VHIE, such as people who are directly providing patient care or care management, or performing data analytics and public health." In May, the VITL Board approved a process to re-examine and update the Board membership criteria, bylaws, and committees. Additionally, through Act 187, the legislature and Governor gave VITL the flexibility to staff the VITL Board to best represent the stakeholder community and health reform programs in Vermont. HTS also recommended establishment of an audit committee, which was recently voted on and approved by the VITL Board.

Though progress is being made, it is important that the State is prepared with "plan B" in case DVHA and VITL do not meet the expectations set forth in the Evaluation Report. To that end, through Act 187, the legislature has required that the State and VITL develop a contingency plan. Through a competitive bid process, the State selected Capitol Health Associates to develop the contingency plan, leveraging their historical and technical expertise and partnerships with consulting and legal firms who can lend pertinent expertise to the planning process. The outcome of the contingency plan process will be available in September 2018.

Below please find the DVHA/VITL work plan with updates as of July 1, 2018.

Note: The JFO suggested that these updates include dashboards, which DVHA and VITL agree would be a beneficial addition to the progress reports. Dashboards will be presented to the JFO and included in the September progress report.

DVHA/VITL Work Plan

2018-2019

Updated as of July 1, 2018

Goal: Implement an effective HIE governance model						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Establish an effective across-the-board Governance Committee	Establish the HIE Steering Committee administratively attached to and supported by the Department of Vermont Health Access	**DVHA** VITL OneCare Vermont Blue Cross Blue Shield of VT Blueprint for Health Vermont Care Network Department of Health Agency of Digital Services	November 2017	November 2017	*Complete*. DVHA established an HIE Steering Committee in November of 2018.	*No change - Complete.*
Create temporary and permanent subcommittees to support the Governance Committee's work	In the HIT Plan, define the HIE/HIT Governance Model, including ongoing and ad-hoc subcommittees.	**HIE Steering Committee**	May 2018	November 2018	*In progress*. The HIT Plan will be delivered to the GMCB by November 1, 2018.	*In progress*. The HIE Steering Committee continues to work towards the development of an HIT plan, which will include a proposed governance model for future HIE oversight and management. The HIE Steering Committee is scheduled to focus on this topic in August 2018.
	Establish Subcommittees to draft a data governance policy, oversee HIT plan updates, provide recommendation s on the consent policy, and address other timely needs	**HIE Steering Committee**	November 2018	March 2019	*In progress*. The HIT Plan will contain a proposed governance model.	*In progress*. The governance model will include proposed subcommittees that will focus on specific areas identified in the Evaluation Report, and potentially, other priority areas as identified by the HIE Steering Committee. The consent policy will be addressed through a working group, as directed by the legislature through Act 187 of 2018. It is also expected that a formal subcommittee will address this topic of consent on a longer-term basis.

Goal: Develop and manage to a strong HIE strategic plan						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
The Governance Committee will develop a new HIT Plan that is performance-based and traceable to state strategy. The State will commit to follow and meet the HIT Plan goals and objectives.	Establish a stakeholder engagement process for the HIT Plan development	**HIE Steering Committee**	May 2018	November 2018	*In progress*. The HIE Steering Committee intends to leverage existing provider and consumer advisory groups outside of the Steering Committee membership's expertise to obtain direct feedback on the HIE Plan. Future stakeholder engagement strategies will be included in the HIE Plan.	*In progress*. DVHA is working with the GMCB to schedule time with the Primary Care Advisory Group to review the HIT Plan. It is likely that this meeting with occur in September, and Advisory Group members will be provided with materials to review before the meeting. VITL is resurrecting its Provider Advisory committee which may also be a feedback mechanism for the HIT Plan.
	In the HIT Plan, establish a more formal process of setting funding and prioritizing projects based on efficient and effective use of public and private resources and define accountability standards to ensure program transparency. Complete an inventory of existing and projected funds to help guide priorities.	**HIE Steering Committee**	June 2018	November 2018	*In progress*. The HIT Plan is currently in development and will be delivered to the GMCB no later than November 1, 2018.	*In progress*. The HIE Steering Committee continues to develop an HIT Plan that addresses the recommendations from the Evaluation Report and charts a path forward for the State.
	In the HIT Plan, clearly define the roles and relationships among the major HIT/HIE organizations and initiatives (e.g., Blueprint for Health, OneCare Vermont – All-Payer Model, VITL, CMS 1115 Waiver)	**HIE Steering Committee**	June 2018	November 2018	See above.	See above.
	In the HIT Plan, include mechanisms that require ongoing review, evaluation, and continuous improvement of HIT/HIE initiatives and outreach/education plans.	**HIE Steering Committee**	June 2018	November 2018	See above.	See above.

Goal: Ensure the VHIE is well-governed and compliant with federal and state regulations						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Establish an Advisory Committee to Oversee VITL's Progress	Establish a workgroup to guide VITL's short-term transition and support planning.	**VITL Board Chair and select Board members** DVHA VITL Executives	December 2017	ongoing	*Ongoing*. This group has convened at least every other week since December via phone and in-person meetings. The group developed a work plan to guide work which is included in the Appendix.	*Ongoing*. The group continues to meet, but meeting schedules have changed to better compliment other collaborative engagements and align with the dates established in Act 187.
	Develop and execute a short-term strategic plan for VITL to set the organization on a course toward addressing the recommendations outline in the evaluation report.	**VITL**	January 2018	January 2018	*Complete*. The short-term strategic plan is represented in the work plan noted above.	*No change - Complete.*
Appropriately staff the VHIE operator	Fill the vacant CEO position.	**VITL Board of Directors**	January 2018	February 2018	*Complete*. On February 16, 2018, Michael Smith agreed to accept VITL's CEO position.	*No change - Complete.*
	Assess VITL's organizational construct and fill vacancies, when deemed necessary.	**VITL**	January 2018	March 2018	*Complete*. Organizational needs were assessed, and necessary hiring was completed.	*Complete*. VITL provided the evaluator (HealthTech Solutions) with an organizational chart, per their request. A strategic plan was also requested, which will be provided once complete (see activity below related to VITL strategic planning).

Goal: Ensure the VHIE is well-governed and compliant with federal and state regulations						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Ensure that VITL is compliant with financial and operational regulations and standards as it operates the Vermont's HIE infrastructure	Enlist a third-party to conduct a performance and operational audit to determine effectiveness of internal financial controls, management policies, and practices.	**VITL**	April 2018	September 2018	*In progress*. An RFP for this work was released in March 2018. VITL will endeavor to select a vendor and place under contract ASAP, and no later than July 2018 for a September 2018 completion.	*In progress*. Contractor has been selected (KPMG) and project is underway.
	Evaluate whether the contract relationship with VITL ensures that Federal Uniform Guidance §200.330 and Vermont's Agency of Administration Bulletin 5 are complied with.	**DVHA**	May 2018	June 2018	*Not started.*	*Complete*. Uniform Guidance and Bulletin 5 pertain to grants. Since the state has shifted all VITL agreements to contracts, this guidance no longer applies.
	Establish an Audit Committee on the HIE Board of Directors to ensure compliance with findings from recent audits and guidance provided in the Act 73 Evaluation Report.	**VITL Board of Directors**	September 2018	September 2018	*Not started.*	*In progress*. The VITL Board voted in May to formally establish an Audit Committee. The committee will be staffed in September at the VITL Annual Board Meeting.

Goal: Ensure the VHIE is well-governed and compliant with federal and state regulations						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Increase Transparency through Improved Public Reporting on the VHIE	Provide the HIE Steering Committee and the VT Legislature with an annual report to include the status of projects funded through the federal HITECH Act and the State's HIT Fund and financial reporting reflective of HIE best practice.	**VITL**	January (annual)	January (annual)	*2018 - Complete*. VITL provided an annual report to the Vermont Legislature in January of 2018. The report provided a more transparent view into VITL's finances.	*Complete for 2018*. The 2019 Annual Report to be developed and submitted before next January deadline.
	Review all VHIE policies on an annual basis, and publicly post all policies, Board meeting agendas, minutes, and handouts on its website, and ensure that the most current version of policies are posted. A report of this review shall be provided by VITL to the HIE Steering Committee.	**VITL**	January 2018	July 2018	*In progress*. VITL posts policies, and Board meeting agendas and minutes currently are on the VITL website.	*In progress*. Annual review of all VITL policies is underway. Financial policies will be reviewed through the performance and operational audit to be performed by KPMG.
	Publicly report to the GMCB on VITL core functions and budget.	**VITL**	May (annual)	May (annual)	*In progress*. On May 9, 2018, VITL will present their core functions and budget to the GMCB. They will join DVHA in presenting this work plan and providing an update on progress to date. VITL provided reporting documentation to the GMCB staff in late April.	*Complete for 2018*. VITL presented their core functions and proposed budget to the GMCB on May 9, 2018. The GMCB subsequently approved the budget. Presentation materials were provided to HealthTech Solutions for review and evaluation. Act 187 amends GMCB oversight to approval of VITL's budget, not its core activities.

Goal: Ensure that the VHIE operator is focused and delivers upon its core mission						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Use the State's contracts with VITL to transparently tie program goals to HIE financial investments	Extend VITL's SFY18 contracts with the state through the first half of SFY19 to allow time for the completion of the HIT Plan, which will further define the role of the VHIE and include goals that will tie directly to future contract deliverables.	**DVHA** VITL	March 2018	December 2018	*In progress*. The SFY18 contracts between DVHA and VITL are being amended to extend the contract period through December 2018, and to include deliverables that better demonstrate progress toward improving the VHIE's core functions. See the Contract Matrix in the Appendix for more detail.	*Complete*. The contracts between VITL and DVHA have been executed, thereby extending the contract period through December 2018. See the Contract Matrix in the Appendix for more detail.
	Enhance DVHA's contracts with VITL to include delivery-based payment conditions tied to improving core services, quantifying levels of improvement, and the execution of corrective action plans associated with financial, security and technology assessments.	**DVHA** VITL	September 2019	December 2019	*Not started*. Contracts will be developed to align with the HIT Plan and support continued progress on deliverables included in the SFY19 6-month extension period.	*Not started*. In September 2018, VITL and DVHA will begin to discuss future agreements, assuming that VITL continues to successfully address the recommendations from the Evaluation Report. The State intends to shift contract periods from SFY to calendar year to better align with the State's All-Payer Model agreement with OneCare Vermont. This better positions HIE activities to support the health reform efforts outlined in the ACO contract.

Goal: Ensure that the VHIE operator is focused and delivers upon its core mission						
Objective	Activity	**<u>Accountable</u>** **<u>Party</u>** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Develop a VHIE strategic plan that is reflective of customers' needs and the strategy outlined in the HIT Plan	Develop a VHIE strategic plan that defines the services VITL provides and includes a sustainability plan and technological approaches to meeting the goals outlined in the State's HIT Plan and addressing the technical issues identified in the Evaluation Report. Deliver the Plan to the GMCB and the HIE Steering Committee.	**<u>VITL</u>** DVHA Provider community OneCare Vermont Blue Cross Blue Shield of VT Blueprint for Health Vermont Care Network Department of Health Agency of Digital Services	April 2018	March 2019	*In progress*. Plan development – Spring - ongoing <u>Future</u>: January – incorporate into annual report January – February- present to GMCB and HIE Steering Committee	*In progress*. Plan development - VITL is engaged in a strategic planning process with its Board, which is underway with progress continuing. VITL has completed its technical review and has engaged with the HIE Steering Committee, HTS evaluators, and GMCB (through the May 9th FY19 Budget presentation). The technology plan is designed to support data quality, data availability and use, patient matching and consent, and data security and privacy.
Address the issues with VHIE core functions identified in the Act 73 Evaluation Report	Develop and implement mechanisms to increase the number of Vermonters who consent to have their data viewable in the VHIE. *<u>Goal</u> - 35% by 12/31/18*	**<u>VITL</u>** DVHA Provider Community VHIE Clients	January 2018	ongoing	See the Contract Matrix in the Appendix for more detail and contract period goals.	*In progress*. Patient consent currently over 34%. VITL is in discussion with one hospital to engage in a project to provide patient consent electronically, thereby reducing provider and staff burden to manually update consent in the VHIE. See the Contract Matrix in the Appendix for more detail and contract period goals.
	For the patients who have already provided consent, expend resources to match the patients with their records. *<u>Goal</u> - 40% reduction in duplicate records by 12/31/18*	**<u>VITL</u>** DVHA	May 2018	ongoing	See the Contract Matrix in the Appendix for more detail and contract period goals.	*In progress*. A new tool has been developed to reduce the duplicates within the VHIE. VITL is currently testing the tool to begin using in July. Additional improvements have been implemented to strengthen matching and avoid degradation of matched records in the VHIE. See the Contract Matrix in the Appendix for more detail and contract period goals.

Goal: Ensure that the VHIE operator is focused and delivers upon its core mission						
Objective	Activity	**<u>Accountable Party</u>** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Address the issues with VHIE core functions identified in the Act 73 Evaluation Report	Implement easier ways to access and use the data in the VHIE that do not burden providers and facilitate healthcare reform measures. *<u>Goal</u> - Enable provider access to VHIE data directly within a hospital EHR by 12/31/18*	**<u>VITL</u>** DVHA	May 2018	ongoing	See the Contract Matrix in the Appendix for more detail and contract period goals.	*In progress.* VITL is actively engaged with two hospitals to enable direct access to VHIE data from within the EHR. See the Contract Matrix in the Appendix for more detail and contract period goals.
	Improve the quality of the data in the VHIE by making sure that records are accurate and complete. *<u>Goal</u> - Implement terminology services tools into production by 12/31/18*	**<u>VITL</u>** DVHA	July 2018	ongoing	See the Contract Matrix in the Appendix for more detail and contract period goals.	*In progress.* VITL began a technical and architecture review to advance the use of terminology services within the VHIE production environment. See the Contract Matrix in the Appendix for more detail and contract period goals.
	Inform the assessment of the VHIE technical structure by completing the State's Architectural Assessment.	**<u>Agency of Digital Services</u>** DVHA VITL	May 2018	September 2018	See the Contract Matrix in the Appendix for more detail and contract period goals.	*In progress.* The Agency of Digital Services is currently working to complete the existing assessment and provide DVHA with recommended action steps (draft will be delivered in July). VITL will review the assessment before it is made final. See the Contract Matrix in the Appendix for more detail and contract period goals.

Goal: Make VHIE operations accountable to all customers, including the state						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Create an HIE Board of Directors consisting of a mix of stakeholders including subject matter experts and users to serve Vermont's HIE needs	Develop new membership criteria for Board service focused on users or potential users of core services (providers) and on stakeholders in health care reform who utilize the VHIE for population health management. Suggested criteria will be provided to the State for review through the HIE Steering Committee.	**VITL Board of Directors**	May 2018	September 2018	*In progress*. Legislative change under consideration in H.901.	*In progress*. VITL Board approved a process to re-examine and update the Board membership criteria, bylaws, and committees at the May Board meeting. Through Act 187, the legislature and Governor provided flexibility in staffing the VITL Board.
	Craft and execute a plan for recruiting new memberships and fully restructuring VITL Board.	**VITL Board of Directors**	September 2018	March 2019	*Not started.*	*Not started.*
	Fill State's role on the VITL Board.	**AHS** VITL Board of Directors	December 2018	March 2019	*Not started.*	*Complete*. State representation on the VITL Board is no longer in statute. This requirement was removed through Act 187.

Goal: Demonstrate progress in implementing the recommendations from the Act 73 Evaluation Report and plan for contingencies						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Provide the General Assembly and the GMCB with reports on progress made in implementing the recommendations from the Act 73 Evaluation Report	Provide bi-monthly progress reports that demonstrate progress made in execution of this work plan and quantifiable progress made in meeting Vermont's HIE needs.	**DVHA & VITL**	April 2018	On or before May 1, July 1, September 1, and November 1, 2018 and January 1, 2019	*In progress*. The May 1 progress report was submitted in the form of a memo and this work plan.	*In progress*. The July 1 progress report was submitted in the form of a memo and an updated work plan and contracts matrix.
Develop a Contingency Plan should DVHA and VITL prove unable to act on the recommendations from the evaluation report	Procure services from a third-party to develop a contingency plan to align with the details of H.901 including an assessment of data and property ownership interests.	**DVHA &** VITL	April 2018	September 2018	*In progress*. In April, an RFP was posted and a vendor was selected. The contract with the third-party is currently under review by CMS, a pre-requisite to securing federal funding for this work. The contingency plan will be delivered to the General Assembly and the GMCB no later than September 1, 2018.	*In progress*. Capitol Health Associates (CHA) were selected through a completive bid process to deliver an HIE Contingency Plan to the State no later than September 1, 2018. The contract between DVHA and CHA was executed in mid-May and CHA held a project kick-off meeting with VITL and DVHA in early June. VITL is actively engaged in supporting the contingency work.

Goal: Demonstrate progress in implementing the recommendations from the Act 73 Evaluation Report and plan for contingencies						
Objective	Activity	**Accountable Party** & Stakeholders	Start Date	End Date	Status as of May 1, 2018	Status as of July 1, 2018
Execute a third-party analysis of progress	Enlist the support of HealthTech Solutions to conduct an evaluation of progress made in addressing the issues identified in the Act 73 Evaluation Report.	**HealthTech Solutions** DVHA (contract manager) VITL	May 2018	November 2018	*In progress*. HealthTech will deliver a report on their evaluation no later than October 15, 2018. DVHA and VITL will present all progress reports, the work plan, and other related details directly to HealthTech to support their work in evaluating progress made toward implementing the recommendations in their initial evaluation report.	*In progress*. See previous status update. HealthTech issued a progress report in June reporting that satisfactory progress has been achieved by DVHA and VITL in addressing the recommendations in the initial evaluation report. VITL and DVHA will present the next progress report to HealthTech in mid-July.
Provide recommendations to inform future HIE and consent policy legislation and activity	Provide the legislative committees named in H.901 with recommendations on Vermont's consent policy and improving interoperability of electronic health record systems.	**DVHA** **VITL** Office of the Health Care Advocate	August 2018	January 2019	*Not started*.	*In progress*. DVHA has begun internal planning for legislative reporting. *Note: H.901 was signed by the Governor on May 28, 2018. The bill is now included in Act 187 of 2018.*

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Adam Greshin, Commissioner

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Adam Greshin, Commissioner of Finance & Management AMG
DATE: April 30, 2018
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 second and third 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 (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 reports are 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.

FY18 Excess Receipts Report - Q2 Cumulative - Run 03-16-2018

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Transportation Agency	Maintenance & Ops Bureau	8100002000	11/2/2017	20135	Transportation FHWA Fund	3,153,843	Federal Emergency Relief funds available for Disaster VT17-1 Heavy Rain-Sever Flooding in the state of Vermont from 6/29-7/1/17
Transportation Agency	TH State Aid Federal Disasters	8100001000	12/13/2017	20135	Transportation FHWA Fund	2,500,000	Federal Emergency Relief Funds
Transportation Agency	Public Assistance Program	8100005500	12/6/2017	20150	Transportation FEMA Fund	2,114,890	FEMA disaster declaration FEMA-4022-DR-VT
Forests, Parks & Recreation	Parks	6130030000	11/2/2017	22005	Federal Revenue Fund	10,000	Funds are available through a federal award from the US Forest Service for a park interpreter position at Quechee State Park
Public Safety	DPS-Fire Safety	2140040000	11/15/2017	22005	Federal Revenue Fund	760,000	AFG16 Grant and AFG16 Fire Protection and Safety Grant
Public Safety	DPS-State Police	2140010000	11/21/2017	22005	Federal Revenue Fund	1,000,000	Homeland security grant that is being shifted to VSP
Environmental Conservation	Management & Support Services	6140020000	12/15/2017	22005	Federal Revenue Fund	453,000	Funds for this project were budgeted in FY17 but was a delay in the project. This was not budgeted in FY18.
Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts						**9,991,733**	
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	10/5/2017	21500	Inter-Unit Transfers Fund	165,470	FEMA funds drawn by AOT and trasnferred to BGS for IRENE expenditures
Liquor Control	DLC - Administration	2300003000	11/3/2017	21500	Inter-Unit Transfers Fund	2,000	Reimbursement of expenses from Health Dept Parent Up MOU.
Public Safety	DPS-Criminal Justice Services	2140020000	11/7/2017	21500	Inter-Unit Transfers Fund	560,000	Additional funds from Governor Highway Safety Program to purchase a mass spectrometer
Public Service Department	Regulation & Energy Efficiency	2240000000	11/16/2017	21500	Inter-Unit Transfers Fund	114,343	Funds from AOT and DEC for the Drive Electric Program
State Ethics Commission	State Ethics Commission	1300001000	12/13/2017	21500	Inter-Unit Transfers Fund	115,323	Funding from 2017 Act 79 Section 13
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	12/29/2017	21500	Inter-Unit Transfers Fund	2,114,890	PW57 CATZ indirect FEMA (via AOT) drawn down to reimburse Fee For Space program associated with IRENE
Subtotal Interdepartmental Transfers						**3,072,026**	
Fish & Wildlife	FW Support & Field Services	6120000000	10/6/2017	20305	F&W Fund - Nondedicated	141,000	Funds from cash balances and small grants
Fish & Wildlife	FW Support & Field Services	6120000000	10/6/2017	20340	Species & Habitat Conservation	15,000	Funds from cash balances and small grants
Environmental Conservation	Air & Waste Management Approp	6140030000	11/29/2017	21281	Saint-Gobain Waterline Fund	20,000,000	Funds from settlement between St Gobain and the State of Vermont for cleanup of PFOA contamination in Bennington and North Bennington
Environmental Conservation	Management & Support Services	6140020000	12/11/2017	21290	Hazardous Waste Fund	60,000	Existing cash balance in fund for SFY18 match for the Pollution Prevention Grant Program
Finance & Management	Vt Council on the Arts	1110013000	12/17/2017	21445	Art Acquisition Fund	13,500	Funds from the acquisition of Art in State Buildings fund for Vermont Arts Council to acquire art on behalf of the State.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	10/26/2017	21493	VT Working Lands Enterprise	19,980	Grant from Vermont Ski Areas Association approved via JFO #2865
Corrections	Corrections - Education	3480003000	11/15/2017	21584	Surplus Property	12,067	Proceeds from items sold at surplus property auction
Public Safety	DPS-Fire Safety	2140040000	11/21/2017	21584	Surplus Property	27,345	Funds from the sale of vehicles at auction
Buildings & Gen Serv-Gov'tal	BGS- Recycling Efforts	1150060000	10/20/2017	21604	BGS-Recycling Efforts	20,000	Funds are collected from the disposition of recycling materials.
Women's Commission	Commission on Women	3310000000	12/6/2017	21748	GCW-Misc	2,000	Funds from one-time grant received in July, 2017 for the purpose of conducting salary negotiation workshops in the spring of 2018.
Education Agency	Administration	5100010000	10/25/2017	21764	ED-Medicaid Reimb-Admin	605,000	Onetime funds carried forward from FY 2017

Economic Development	Economic Development	7120010000	11/2/2017	21820	ACCD-Miscellaneous Receipts	15,000	Vermont Economic Progress Council (VEPC) Tax Incremental Financing (TIF) municipality application analysis fees collected and deposited pursuant to Title 32 VSA Chapter 135 section 5404a (k)
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	12/27/2017	21822	ACCD\Tourism & Marketing Broch	100,000	Fees paid to BGS by vendors to store and display their business brochures at the State Info Centers.
Public Safety	DPS-Criminal Justice Services	2140020000	10/20/2017	21870	Misc Special Revenue	6,000	EMAC Deployment, travel and other reimbursements
Public Safety	DPS-State Police	2140010000	10/20/2017	21870	Misc Special Revenue	125,000	EMAC Deployment, travel and other reimbursements
Public Safety	DPS-Administration	2140060000	10/20/2017	21870	Misc Special Revenue	2,000	EMAC Deployment, travel and other reimbursements
Public Safety	DPS-Fire Safety	2140040000	10/20/2017	21870	Misc Special Revenue	153,750	EMAC Deployment, travel and other reimbursements
Public Safety	DPS-Emergency Management	2140030000	10/20/2017	21870	Misc Special Revenue	1,718,475	EMAC Deployment, travel and other reimbursements
Fish & Wildlife	FW Support & Field Services	6120000000	10/6/2017	21894	Green Mtn Cons Camp Endowment	85,000	Funds from cash balances and small grants
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	10/19/2017	21936	Information Center Revenues	194	Receipts from Advertisement marketing panels placed in Info Centers around the State
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	12/27/2017	21936	Information Center Revenues	365,000	Receipts from Advertisement marketing panels placed in Info Centers around the state.
Military	MIL Vet Affairs Office	2150050000	10/17/2017	21975	Armed Services Scholarship Fnd	4,712	Appropriated from the Legislature into fund to support program
Subtotal Special Fund Excess Receipts						**23,491,023**	
TOTAL:						**36,554,782**	

FY 2018 Excess Receipts Report - Q3 Cumulative - Run 4-24-2018							
Agency/Dept Name	**Appropriation Name**	**Appropriatio**	**Date**	**Fund**	**Fund Name**	**Amount**	**Comments**
Transportation Agency	Rail	8100002300	1/25/2018	20150	Transportation FEMA Fund	250,000	Funds from three rail projects in New Haven and Ferrisburgh
Transportation Agency	Rail	8100002300	1/8/2018	20155	Transportation-FRA Fund	2,200,000	Funds are available from two TIGER Grants.
Agriculture, Food&Mrkts Agency	Food Safety/Consumer	2200020000	1/25/2018	22005	Federal Revenue Fund	85,000	Grant from FDA; Original JFO #2857
Agriculture, Food&Mrkts Agency	Food Safety/Consumer	2200020000	1/3/2018	22005	Federal Revenue Fund	3,524	Grant from FDA to cover training costs.
Agriculture, Food&Mrkts	VT Ag &	2200150000	1/3/2018	22005	Federal Revenue Fund	752	Grant from FDA to cover training costs.
Disabilities Aging Ind. Living	DBVI Grants	3460030000	3/16/2018	22005	Federal Revenue Fund	350,000	Higher than planned DBVI Section 110 earned receipts due to supplemental re allotment award both from last year carried into this SFY and the current Federal Fiscal Year re allotment.
Finance & Management	Budget & Management	1110003000	3/21/2018	22005	Federal Revenue Fund	44,789	Funds from prior years federal CMIA interest earnings
Forests, Parks & Recreation	Administration	6130010000	3/7/2018	22005	Federal Revenue Fund	500,000	Federal Rec Trail funds from grant with Federal Highway Administration and State Rec Trail funds from gas tax revenue.
Libraries	Department of Libraries	1130030000	3/16/2018	22005	Federal Revenue Fund	300,000	Federal funds received from the Institute of Musuem and Library Services, and are based on monthly LSTA expenditures.
Treasurer's Office	US Forest Sales to	1260110000	3/19/2018	22005	Federal Revenue Fund	174,190	Federal money
Corrections	Correc-Correctional Services	3480004000	2/12/2018	22005	Federal Revenue Fund	475,000	The Dept of Justice awarded $1 million federal grant to DOC, which was approved by JFO #2726.
Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts						**4,383,256**	
Commerce & Communty Dev Agency	Administration Division	7100000000	1/30/2018	21500	Inter-Unit Transfers Fund	33,600	LIDAR (aerial mapping photography) project for a high resolution forest cover dataset fund with dollars from FPR & F&W.
Corrections	Corrections - Education	3480003000	3/16/2018	21500	Inter-Unit Transfers Fund	151,654	Remaining cash balance from receipts that were earned prior to FY14.
Crime Victims' Services	Victims	2160010000	3/21/2018	21500	Inter-Unit Transfers Fund	18,949	Restore Corps Grant to VCCVS
Disabilities Aging Ind. Living	Developmental Services Grants	3460050000	2/1/2018	21500	Inter-Unit Transfers Fund	55,000	Funds from DMH and DCF for Disability Rights VT Grant #03460-6-2299.
Environmental Conservation	Management & Support Services	6140020000	1/30/2018	21500	Inter-Unit Transfers Fund	901,289	Funds to accommodate the way that the National Life lease is paid. Will all be paid from the Management Support Services Approp as part of the internal admin allocation.
Environmental Conservation	Air & Waste Management Approp	6140030000	1/30/2018	21500	Inter-Unit Transfers Fund	100,000	Funds from MOU with DCF for low income heating oil tank replacements.
Military	MIL Admin/TAGO	2150010000	1/10/2018	21500	Inter-Unit Transfers Fund	500,000	Inter-unit funds to pay expenses from EMAC events in Texas, U.S. Virgin Islands, & Puerto Rico

Subtotal Interdepartmental Transfers						**1,760,492**	
Housing & Comm Development	Housing & Community Affairs	7110010000	2/13/2018	21054	Misc Fines & Penalties	107,852	Cash balance in fund 21054, Misc Fines & Penalties for various earmarked projects.
Finance & Management	Vt Council on the Arts	1110013000	2/22/2018	21445	Art Acquisition Fund	15,000	Funds to acquire art on behalf of the state.
Forests, Parks & Recreation	Administration	6130010000	3/7/2018	21455	Vt Recreational Trails Fund	200,000	Federal Rec Trail funds from grant with Federal Highway Administration and State Rec Trail funds from gas tax revenue.
Health	Administration	3420010000	2/5/2018	21463	Organ Donation Special Fund	3,000	Donation received in the Organ Donation Special Fund in memory of Sally Hand.
Corrections	Corrections -	3480003000	3/16/2018	21584	Surplus Property	4,562	Funds from Surplus for items sold at auction.
Agriculture, Food&Mrkts Agency	Ag Development Division	2200030000	1/25/2018	21687	AF&M-Promotional Activities	20,000	Increased support/utilization by Food Safety Modernization and Water Quality for communicating with the farming/agricultural community.
Human Rights Commission	Human Rights Commission	2280001000	3/7/2018	21692	Human Rights Commission	6,000	Funds from legal settlements that are retained by the commission to defray the costs of providing legal services.
Public Service Department	Regulation & Energy Efficiency	2240000000	1/30/2018	21699	PSD - Billback & EEU pass thru	2,000,000	Funds are recouped through billback authority.
Libraries	Department of Libraries	1130030000	1/11/2018	21870	Misc Special Revenue	53,181	To pay for movie licenses and one-click digital services
Liquor Control	DLC - Enforcement & Licensing	2300002000	3/29/2018	21870	Misc Special Revenue	87,073	Training fees received in current fiscal year and carried forward for previous periods but not spent.
Liquor Control	DLC - Enforcement & Licensing	2300002000	3/29/2018	21870	Misc Special Revenue	3,086	Training fees received from current fiscal year and carried forward from FY17 but not spent.
Liquor Control	DLC - Enforcement & Licensing	2300002000	2/6/2018	21870	Misc Special Revenue	5,253	Grant from Chittenden County Regional Planning Commission
Economic Development	Economic Development	7120010000	2/6/2018	21898	Entergy-Windham Cnty Econ Dev	4,824,055	Remaining cash balance of Entergy-VT Yankee Windham Cty Econ Dev Fund and anticipated receipt of $2M in April 2018.
Health	Administration	3420010000	2/13/2018	21902	Health Department-Special Fund	232,989	Robert Wood Johnson Foundation for the Building a Culture of Health grant.
Health	Administration	3420010000	2/5/2018	21902	Health Department-Special Fund	-	Robert Wood Johnson Foundation for the Building a Culture of Health grant.
Agriculture, Food&Mrkts	Ag Development	2200030000	1/25/2018	21908	Misc Grants Fund	23,000	Grant from Meadows Bee Farm.
Agriculture, Food&Mrkts	Ag Resource Mngmnt	2200040000	1/25/2018	21908	Misc Grants Fund	13,960	Grant from Lake Champlain Basin Program.
Health	Public Health Appropriation	3420021000	3/21/2018	21912	Evidence-Based Educ & Advertis	200,000	Unappropriated revenue in the Evidence Based Education & Advertising Fund.
Administration Agency	Secretary of Administration	1100010000	2/6/2018	21932	Clean Water Fund	7,300	Funds approved by Clean Water Board from the FY17 surplus to cover costs of manufacturing Clean Water signs and purchasing posts to identify Clean Water projects around the state.
Buildings & Gen Serv-Capital	FW - Roxbury Hatchery	1708401040	1/17/2018	31500	Natural Resources Proj Fund	812,029	Funds from a permanent sub-award from FEMA for the Roxbury Fish Hatchery.

Human Resources-Prop	Employee Benefits & Wellness	1125000000	3/30/2018	55100	Medical Insurance Fund	515,816	To reestablish spending authority from FY15 to pay the DHR from the medical, dental, and life funds that was never processed back in FY15
Human Resources-Prop	Employee Benefits & Wellness	1125000000	3/30/2018	55200	Dental Insurance Fund	16,119	To reestablish spending authority from FY15 to pay the DHR from the medical, dental, and life funds that was never processed back in FY15
Human Resources-Prop	Employee Benefits & Wellness	1125000000	3/30/2018	55300	Life Insurance Fund	5,373	To reestablish spending authority from FY15 to pay the DHR from the medical, dental, and life funds that was never processed back in FY15
Vt Housing & Conserv Board	Housing & Conservation Board	9150000000	1/30/2018	90610	Housing & Conserv Trust Fund	19,000,000	2017 Session, Act 85, H.542, Section I (FY2018 Budget Bill) regarding Affordable Housing Bond.
Subtotal Other Fund Excess Receipts						**28,155,647**	
TOTAL:						**34,299,394**	

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State of Vermont
Public Utility Commission

TO: Joint Fiscal Committee

FROM: Anthony Roisman, Chair

DATE: July 13, 2018

SUBJECT: Quarterly Report ref. Federal Energy Regulatory Commission Costs

In accordance with 30 V.S.A. §20 (b)(9), the Vermont Public Utility Commission is required to report quarterly the amount of costs incurred and expenditures charged with regard to proceedings at the Federal Energy Regulatory Commission involving Vermont utilities or which may affect the interests of the State of Vermont.

For the quarter of April 1 – June 30, 2018 the Commission has no such costs or expenditures.

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Agency of Transportation

JTOC

TO: Susanne R. ration

FROM: Joe Flynn, Joe Flynn 06/13/2018

DATE: 06/13/2018

SUBJECT: Transfer of ion 44 of Act No. 87 of 2018

The following auth of Act No. 87 of 2018 which states:

Sec. 44. TRANSPORTATION FUND APPROPRIATION TRANSFER AUTHORITY
(a) Notwithstanding 32 V.S.A. § 706, the Secretary of Administration, after consulting with the Secretary of Transportation, is authorized, subject to subsection (b) of this section, to transfer balances of fiscal year 2018 Transportation Fund appropriations within the Agency of Transportation to the extent a project in the fiscal year 2018 transportation program requires additional funding to maintain its approved schedule.
(b) An appropriation may be transferred under subsection (a) of this section only if the related monies are not needed for a project because:
(1) the project has been delayed due to permitting, right-of-way, or other unforeseen issues; or
(2) of cost savings generated by the project.
(c) In making any appropriation transfer authorized under this section, the Secretary of Administration shall avoid, to the extent possible, any reductions in appropriations to the town programs described in 19 V.S.A. § 306. Any reductions to these town programs shall not affect the timing of reimbursements to towns for projects or delay any projects or grants and shall be replaced in the affected appropriations in fiscal year 2019.
(d) (1) Within five business days after the end of each month through May 2018, the Agency of Transportation shall submit to the House and Senate Committees on Transportation and the Joint Fiscal Office a report on all appropriation transfers made pursuant to this section.
(2) In July 2018, the Secretary of Administration shall report all appropriation reductions made under the authority of this section to the Joint Fiscal Office, the Joint Fiscal Committee, and the Joint Transportation Oversight Committee.

Please indicate your approval for the following transfer of FY2018 appropriation:

1. $1,325,000.00 of Transportation Fund from Program Development (8100001100) to Maintenance (8100002000).

Susanne Young 6/21/18

Susanne R. Young   Date
Secretary of Administration

cc: Members, Joint Fiscal Committee
Members, Joint Transportation Oversight Committee
Neil Schickner, Joint Fiscal Office

VTrans

JUN 15 2018