



GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Thursday, September 27, 2018

Room 10, State House

- 10:00 a.m. A. Call to order and approve minutes of July 27, 2018 *[doc]* **[Approved]**
- 10:05 a.m. B. Administration's Fiscal Updates
*Adam Greshin, Commissioner, and
Matt Riven, Deputy Commissioner, Department of Finance & Management*
1. FY2018 Final Closeout
 2. FY2019
 - a. Budget Adjustment Pressures
 - b. General Fund and Trans. Fund Balance Reserves *[32 V.S.A. § 308c(d)]**[doc]*
 3. FY2020 *[2 docs]*
 - a. General Fund 27th payroll and 53rd Medicaid anticipated liability payments
[32 V.S.A. Sec. 308e(a)(2)]
 - b. Budget Development Process, Instructions and Preliminary Gap Analysis
- 10:45 a.m. C. Agency of Human Services Updates
*Al Gobeille, Secretary, and Sarah Clark, Chief Financial Officer, Agency of
Human Service [2 docs]*
1. Substance Use Disorder Response Initiatives Plan *[postponed from July]*
[Sec. C.106.2 of Act 11 of SS2018] **[Approved]**
 2. Global Commitment Fund Waiver Trend *[doc]*
 3. Designated Agency Staff Retention *[Sec. E.314 of Act 11 of SS2018]* *[2 docs]*
*Melissa Bailey, Commissioner, Department of Mental Health
Julie Tessler, Vermont Council of Developmental & Mental Health Services*
 - a. Administration – Implementation Report
 - b. Designated Agencies –Recruitment and Retention Impacts
 4. Choices for Care – *Secretary Gobeille*
[33 V.S.A. § 7602 amended by Sec. E.308 of Act 11 of SS2018]
 5. Health IT-Fund Annual Report – Update *[32 VSA § 10301]* *[doc]*
*Michael Costa, Deputy Commissioner, Health Reform, and
Emily Richards, Program Director for HIT, Dep.t of Vermont Health Access*

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- 11:45 a.m. D. Grant Request JFO# 2923 - \$2,737,091 from the Centers for Disease Control and Prevention (CDC) to the VT Department of Health (VDH) for use towards advancing the understanding of the opioid overdose epidemic and scaling up prevention activities.
Laura Werner, Public Health Preparedness Coordinator, and Bryan O'Connor, Financial Manager, Department of Health
- 12:00 p.m. Recess for Lunch
- 1:15 p.m. Reconvene
- E. Introductions of Decarbonization Contractors
Marc Hafstead, Fellow and Director, and Wesley Look, Senior Research Associate, Resources for Vermont
- 1:30 p.m. F. Financing Utility Regulation in Vermont Interim Status Report of Public Hearings [Sec. E.233.1 of Act 11 of SS2018] [doc]
June Tierney, Commissioner, and Riley Allen, Deputy Commissioner, and Stacey Drinkwine, Financial Director, Dept. of Public Service
- 1:45 p.m. G. Lottery Agent Sales Practices, Integrity, Review Report [Sec. 114 of Act 1 of SS2018] [doc]
Patrick Delaney, Commissioner, and Brian McLaughlin, Security Directory, Department of Liquor and Lottery
- 2:00 p.m. H. Agency of Digital Services Update – Cybersecurity Operations Center [Requested at July meeting] [Sec. E.105 of Act 11 of SS2018] [doc]
John Quinn, Secretary & CIO, and Scott Carbee, Deputy Chief Information Security Officer, Agency of Digital Services
- 2:15 p.m. I. Vermont Economic Growth Incentive Cost-Benefit Model proposed change [Approved] [2 docs] [32 V.S.A. Sec. 3326(b)]
Megan Sullivan, Executive Director, and Ken Jones, Economic Research Analyst, VT Economic Progress Council Brett Long, Deputy Commissioner, Dept. of Economic Development
- 2:30 p.m. J. Fiscal Officers Report [doc]
Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office
- 2:45 p.m. Adjourn [Next Meeting: Thursday, November 8, 2018]

Notable Dates: All Legislative Briefing on November 28, 2018 at 10:00 a.m. in the Well of the House

Updated 9/27/2018

Statutory Language -- Agenda Items

B2b. — FY2019 General Fund and Transportation Fund Balance Reserves [32 V.S.A. § 308c(d)]

(a) There is hereby created within the General Fund a General Fund Balance Reserve, also known as the "Rainy Day Reserve." After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year General Fund surplus shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed five percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization.

(d) Determination of the amounts of the General Fund and Transportation Fund Balance Reserves shall be made by the Commissioner of Finance and Management and reported, along with the amounts appropriated pursuant to subsection (a) of this section, to the legislative Joint Fiscal Committee at its first meeting following September 1 of each year.

B3b. — FY2020 General Fund 27th payroll and 53rd Medicaid anticipated liability payments [32 V.S.A. Sec. 308e(a)(2)]

27/53 RESERVE

(a)(1) There is hereby created within the General Fund a 27/53 Reserve. The purpose of this reserve is to meet the liabilities of the reoccurring 27th State payroll and the 53rd week of Medicaid payments. These liabilities will be funded by reserving a prorated amount of General Fund each year, before the liability comes due.

(2) Beginning in September, 2016 and annually thereafter at the September Joint Fiscal Committee meeting, the Commissioner of Finance and Management will report on the anticipated liability for the next 27th payroll and 53rd week of Medicaid Payments, provide the current reserve balance and a schedule of annual amounts needed to meet the obligation of these payments.

C2. — Choices for Care [33 V.S.A. § 7602] [**Received**]

§ 7602. CALCULATING AND ALLOCATING SAVINGS

(a)(1) The Department shall calculate savings and investments in Choices for Care and report the amount of savings to the Joint Fiscal Committee and the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare by September 15 of each year. The Department shall not reduce the base funding needed in a subsequent fiscal year prior to calculating savings for the current fiscal year.

C.3 — DESIGNATED AGENCY STAFF RETENTION [Sec. E.314 of Act 11 of SS2018] [**Both Received**]

(a) To address the compensation gap between the designated agency system and other providers in the health care delivery system the funds appropriated in this section are to enable the Department of Mental Health to increase payments to the Designated Agencies in fiscal year 2019 in a manner to work toward this goal.

(c) The Department shall report to the Joint Fiscal Committee in September 2018 on the implementation of this section.

(d) Representatives of the Designated Agencies shall report to the Joint Fiscal Committee in September 2018 on the impacts of these resources on recruitment and retention of master's level clinicians and other staff with high levels of credentials and experience.

C.4 — SUBSTANCE USE DISORDER RESPONSE INITIATIVES [Sec. C.106.2 of Act 11 of SS2018]

(a) The sum of \$2,500,000 is appropriated from the Tobacco Litigation Settlement Fund to the Agency of Human Services in fiscal year 2018 and shall carry forward for the uses and based on the allocations set forth in this section. These funds shall be used to finance time-limited or self-sustaining substance use disorder initiatives including initiatives relating to prevention, intervention, harm reduction, treatment, and recovery.

(c) The Secretary of Human Services shall present a plan to fund fiscal year initiatives relating to prevention, intervention, harm reduction, treatment, and recovery for approval at the Joint Fiscal Committee July 2018 meeting.

C.5 — Health IT-Fund Annual Report [32 V.S.A. § 10301. Health IT-Fund]

(a) The Vermont Health IT-Fund is established in the State Treasury as a special fund to be a source of funding for Medical Health Care Information Technology Programs and initiatives such as those outlined in the Vermont Health Information Technology Plan administered by the Secretary of Administration or designee. One hundred percent of the Fund shall be disbursed for the advancement of health information technology adoption and utilization in Vermont as appropriated by the General Assembly, less any disbursements relating to the administration of the Fund. The Fund shall be used for loans and grants to health care providers pursuant to section 10302 of this chapter and for the development of programs and initiatives sponsored by VITL and State entities designed to promote and improve health care information technology, including:

(g) The Secretary of Administration or his or her designee shall submit an annual report on the receipts, expenditures, and balances in the Health IT-Fund to the Joint Fiscal Committee at its September meeting and to the Green Mountain Care Board. The report shall include information on the results of an annual independent study of the effectiveness of programs and initiatives funded through the Health IT-Fund, with reference to a baseline, benchmarks, and other measures for monitoring progress and including data on return on investments made.

D. — Agency of digital services [Sec. E.105 of Act 11 (H.16) of SS2018]

(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.

E. — SUSTAINABLE FUNDING FOR THE PUBLIC UTILITY COMMISSION AND THE DEPARTMENT OF PUBLIC SERVICE; STUDY [Sec. E.233.1 of Act 11 (H.16) of SS2018]

(a) The Commissioner of Public Service, in consultation with the Public Utility Commission, shall study and make findings and recommendations regarding the gross operating revenue tax on public utilities imposed under 30 V.S.A. § 22, as well as the assessments imposed under 30 V.S.A. §§ 20 and 21. The purpose of the study is to determine whether the existing statutory mechanisms for financing utility regulation in Vermont are appropriate and, if not, how they might be improved to achieve a sustainable general gross receipts tax fund position and to better serve the public interest.

(b) The Commissioner shall hold two regional public hearings seeking input with regard to the study and report required by this section, and shall present an interim status report on his or her findings and recommendations at the September 2018 meeting of the Joint Fiscal Committee.

(c) On or before November 15, 2018, after consultation with the Joint Fiscal Office, the Commissioner shall report his or her findings and recommendations to the Senate Committees on Finance and on Appropriations and the House Committees on Ways and Means and on Energy and Technology.

F. — LOTTERY AGENT SALES PRACTICES; INTEGRITY; REVIEW; REPORT [Sec. 114 of Act 1 of SS2018] [received]

(a) The Commissioner of Liquor and Lottery shall conduct a review of:

(b) On or before October 1, 2018, the Commissioner shall submit a written report on the findings of the review conducted pursuant to subsection (a) of this section to the Joint Fiscal Committee. The report shall include a recommendation regarding whether a lottery sales agent, the owner or employee of a sales agent, and the members of the immediate household of a sales agent or owner or employee of a sales agent should be prohibited from purchasing lottery tickets from the agent's licensed sales location.

G. — COST-BENEFIT MODEL [32 V.S.A. Sec. 3326(b)]

(a) The Council shall adopt and maintain a cost-benefit model for assessing and measuring the projected net fiscal cost and benefit to the State of proposed economic development activities.

(b) The Council shall not modify the cost-benefit model without the prior approval of the Joint Fiscal Committee.

Other Report Submissions

I. COMPLEX LITIGATION SPECIAL FUND

3 V.S.A. § 167a is added to read Sec. E.200.1 of H.16 of 2018

(a) There is established the Complex Litigation Special Fund pursuant to 32 V.S.A. chapter 7, subchapter 5 to be available for expenditure by the Attorney General, as annually appropriated or authorized pursuant to 32 V.S.A. § 511, to pay nonroutine expenses, not otherwise budgeted, incurred in the investigation, prosecution, and defense of complex civil and criminal litigation. These expenses may include, for example, costs incurred for expert witnesses and for support staff and technology needed to review and manage voluminous documents in discovery and at trial in complex cases.

(d) The Attorney General shall submit a report of the amount and purpose of expenditures from the Fund at the close of each fiscal year to the Joint Fiscal Committee annually on or before September 1. As part of the annual budget submission, the Attorney General shall include a projection of the Fund balance for the current fiscal year and upcoming fiscal year and may recommend appropriations as needed consistent with the purpose of the Fund.

II. Chapter 225: Tobacco Prevention, Cessation, And Control

§ 9505. General powers and duties

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

(1) Establish jointly with the Department of Health the selection criteria for community grants and review and recommend the grants to be funded.

*(9) Conduct jointly with the Secretary a review of the Department's proposed annual budget for the Program, including funds contributed from any outside sources that are designated for purposes of reducing tobacco use, and submit independent recommendations to the Governor, Joint Fiscal Committee, and House and Senate Committees on Appropriations by **October 1 of each year.***

III. General Assistance Program Report

33 V.S.A. § 2115 is added to read: [amended by Sec. E.321.2 of Act 85 of 2017]

§ 2115. GENERAL ASSISTANCE PROGRAM REPORT

On or before of September 1 of each year, the Commissioner for Children and Families shall submit a written report to the Joint Fiscal Committee; the House Committees on Appropriations, on General, Housing and Military Affairs and on Human Services and the Senate Committees on Appropriations and on Health and Welfare containing: The report shall contain the following:

(1) an evaluation of the General Assistance program during the previous fiscal year;

- (2) any recommendations for changes to the program; and
- (3) a plan for continued implementation of the program.
- (4) statewide statistics using deidentified data related to the use of emergency housing vouchers during the preceding State fiscal year, including demographic information, client data, shelter and motel usage rates, clients' primary stated cause of homelessness, average lengths of stay in emergency housing by demographic group and by type of housing; and
- (5) other information the Commissioner deems appropriate.

IV. CORRECTIONS APPROPRIATIONS; TRANSFER; REPORT

Sec. 64 of Act 68 of 2016 as amended by Sec. 76 of Act 3 of 2017 as amended by Sec. 55 of Act 87 of 2018

(a) In fiscal year 2018, the Secretary of Administration may, upon recommendation of the Secretary of Human Services, transfer unexpended funds between the respective appropriations for correctional services and for correctional services – out-of-state beds. At least three days prior to any such transfer being made, the Secretary of Administration shall report the intended transfer to the Joint Fiscal Office, and at the next scheduled meeting of the Joint Fiscal Committee the Secretary of Administration shall report any completed transfers.

V. Global Commitment appropriations; transfer; report

Sec. 64 of Act 68 of 2016 as amended by Sec. 76 of Act 3 of 2017

(a) In order to facilitate the end-of-year closeout for fiscal year 2019, the Secretary of Human Services, with approval from the Secretary of Administration, may make transfers among the appropriations authorized for Medicaid and Medicaid-waiver program expenses, including Global Commitment appropriations outside the Agency of Human Services. At least three business days prior to any transfer, the Agency shall submit to the Joint Fiscal Office a proposal of transfers to be made pursuant to this section. A final report on all transfers made under this section shall be made to the Joint Fiscal Committee for review at the September 2018 meeting. The purpose of this section is to provide the Agency with limited authority to modify the appropriations to comply with the terms and conditions of the Global Commitment for Health waiver approved by the Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act.

VI. E-911 SYSTEM; PUBLIC UTILITY COMMISSION; REPORT [Received – 8-31-2018]

Sec. E.234 of Act 11 of SS2018

(a) On or before September 1, 2018, the Public Utility Commission shall submit a memorandum to the Joint Fiscal Committee detailing its regulatory authority with respect to Vermont's Enhanced 911 network, with specific reference to the regulatory authority of both the E-911 Board and the Federal Communications Commission. The memorandum shall include the Commission's recommendations, if any, for ensuring comprehensive regulatory oversight and enforcement of matters pertaining to the E-911 network.

VII. E-911 SYSTEM; RESILIENCY AND REDUNDANCY; REPORT [Received – 8-31-2018]

Sec. E.235 of Act 11 of SS2018

(a) On or before September 1, 2018, the Executive Director of the Enhanced 911 Board shall submit a report to the Joint Fiscal Committee detailing the level of resiliency and redundancy within the E-911 system and explaining any plans for ensuring operational integrity in the event of critical software or hardware failures. The report shall include, with explanation, identification of the locations and services deemed most vulnerable to system outages or call failures, as determined by the Board. The report also shall include a cost estimate for making any recommended system upgrades.

VIII. Bill Back Annual Report [Received 9-14-2018]

18 V.S.A. 9374 as amended by Sec. 23 of Act 154 of 2018

BOARD MEMBERSHIP; AUTHORITY

(h)(1) Except as otherwise provided in subdivision (2) of this subsection, expenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by the Board shall be borne as follows:

(4)(A) Annually on or before September 15, the Board and the Department of Financial Regulation shall report to the House and Senate Committees on Appropriations the total amount of all expenses eligible for allocation pursuant to this subsection (h) during the preceding State fiscal year and the total amount actually billed back to the regulated entities during the same period. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subdivision.

(B) The Board and the Department shall also present the information required by this subsection (h) to the Joint Fiscal Committee annually at its September meeting.

IX. Vermont Economic Growth Incentive joint report on the incentives

32 V.S.A. § 3340[(a) added in Sec. H.1 of Act 157 of 2016] REPORTING

(a) On or before September 1 of each year, the Vermont Economic Progress Council and the Department of Taxes shall submit a joint report on the incentives authorized in this subchapter to the House Committees on Ways and Means, on Commerce and Economic Development, and on Appropriations, to the Senate Committees on Finance, on Economic Development, Housing and General Affairs, and on Appropriations, and to the Joint Fiscal Committee.

(b) The Council and the Department shall include in the joint report:

X. CLEAN WATER INVESTMENT REPORT [10 V.S.A. § 1389a]

(a) Beginning on January 15, 2017, and annually thereafter, the Secretary of Administration shall publish a Clean Water Investment Report. The Report shall summarize all investments, including

their cost-effectiveness, made by the Clean Water Fund Board and other State agencies for clean water restoration over the prior calendar year. The Report shall include expenditures from the Clean Water Fund, the General Fund, the Transportation Fund, and any other State expenditures for clean water restoration, regardless of funding source.

(d)(1) The Secretary of Administration shall develop and use a results-based accountability process in publishing the annual report required by subsection (a) of this section.

(3) On or before September 1 of each year, the Secretary of Administration shall submit to the Joint Fiscal Committee an interim report regarding the information required under subdivision (b)(5) of this section relating to available federal funding.

XI. PARTICIPANT DIRECTED ATTENDANT CARE (PDAC) PROGRAM [Sec. E.330 of Act 11 (H.16) of SS2018] [Received]

(a) The Department of Disabilities, Aging, and Independent Living shall continue to operate the participant directed attendant care program and shall not reduce an enrolled individual's level of services in fiscal year 2019. The Agency of Human Services shall ensure that adequate funding is available to the Department for the operation of this program for fiscal year 2019 and shall report to the Joint Fiscal Committee in November 2018 any necessary funding transfers from within the Agency needed to meet this requirement.

(b) The Department shall make a determination regarding the clinical and financial eligibility of each currently enrolled individual for the Medicaid Choices for Care program or any other program that could provide the necessary attendant care services. The Department shall report to the Joint Fiscal Committee in September 2018 on the status of these determinations.