



STATE OF VERMONT
GENERAL ASSEMBLY
LEGISLATIVE JOINT FISCAL COMMITTEE

Agenda

Monday, September 16, 2019

Room 10, State House

- 9:30 a.m. A. Call to order and approve minutes of July 29, 2019 [**Approved w/amendment**]
- 9:35 a.m. B. Administrations Fiscal Updates
*Adam Greshin, Commissioner, and
Matt Riven, Deputy Commissioner, Department of Finance & Management*
1. General Fund and Transportation Fund Balance Reserves
[32 VSA Sec. 308c(d)] [[General Fund](#)] [[Transportation Fund](#)]
 2. 27/53 Reserve [32 V.S.A. Sec. 308e(a)(2)] [[Report](#)]
 3. Special Fund Issues, including Universal Service Fund Land Lines
[summary – forthcoming]
 4. VEDA's Farm Operating Loan Program 2018 Report Update
[Sec. C.1000(a)(11) of Act 11 of SS2018]
Cassie Polhemus, CEO, VEDA [[memo](#)]
 5. Transportation (FY20 rescission plan) [Sec. 704 of 32 V.S.A.] [[plan](#)]
- 10:15 a.m. C. FY 2021 Revenue and Expenditure Trends [[presentation](#)]
Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office
- 10:30 a.m. D. Correctional Facility Assessment [**Approved**] [[JLJOC Motion](#)] [Sec. 2 of Act 42 (H.543) of 2019]
*Sen. Dick Sears, Chair, and
Rep. Alice Emmons, Vice -chair, JT Legislative Justice Oversight Committee
Michael Touchette, Commissioner, Department of Corrections*
- 10:45 a.m. E. Integrated Eligibility and Enrollment System [[ADS/AHS Report](#)] [[Dan Smith Memo](#)]
[**Approved w/JITOC recommend**] [Sec. 3 of Act 42 (H.543) of 2019] [[JITOC memo](#)]
[[AHS Presents](#)] [[Report Exec. Summary Update](#)]
*Cassandra Madison, Deputy Commissioner of Healthcare Eligibility &
Enrollment, Department of Vermont Health Access
John Quinn, Secretary, Agency of Digital Services* **[next page]**

- 11:15 a.m. F. VEGI Cost Benefit Model Updates [**Approved w/Kavet recommend**] [32 V.S.A. Sec. 3326(b)]
[\[VEPC Memo\]](#) [\[Kavet Memo\]](#)
*Ken Jones, Economic Research Analyst, and
Megan Sullivan, Executive Director, Vermont Economic Progress Council*
- 11:25 a.m. G. VEPC Response to Performance Audit of the St. Albans Tax Increment Financing (TIF) district and potential changes to the TIF rule. [testimony – forthcoming]
*1. Megan Sullivan
2. Michael Keane, Vice-Chair, VEPC Board Member, Bennington County
3. Doug Hoffer, State Auditor*
- 11:50 a.m. H. Federal Single Audit Review Report [Sec. E.100.5 of Act 172 of 2016 as recommended by the JFC Subcommittee on 9/15/2016] [\[Summary\]](#)
Andrew Stein, Deputy State Auditor
- 12:00 noon I. **JFO #2970** – \$3,363,695 from the U.S. Dept. of Health and Human Services – Administration for Children and Families to the VT Dept. of Children and Families (DCF). [\[Grant received 8/20/2019\]](#) [**Approved**]
*Ken Schatz, Commissioner, Department for Children & Families
Dr. Morgan Crossman, Executive Director of Building Bright Futures*
- 12:15 p.m. J. **JFO #2971** - \$56,500 from the Northern Border Regional Commission in Concord, NH to the VT ACCD Department of Economic Development to help fund the development of a statewide prioritization plan of community and economic development projects. [\[Grant received 8/22/2019\]](#) [**Approved**]
Joan Goldstein, Commissioner, Department of Economic Development
- 12:30 p.m. K. [Fiscal Officer's Report](#) – *Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office*
- 12:55 p.m. Adjourn
- Next Meeting: November 1st in the BGS Boardroom, 133 State Street, 4th Floor

Notable Dates:

December 4 - All Legislative Briefing at 10:00 a.m. in the Well of the House

December 16 – 19 - House Appropriations Committee FY 2020 Budget Adjustment meetings.

Statutory References to Agenda Items

B.1 - [32 V.S.A. Sec. 308c\(d\)](#)

§ 308c. General Fund and Transportation Fund Balance Reserves

(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.

B.2. – [32 V.S.A. Sec. 308e\(a\)\(2\)](#)

§ 308e. 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.

(b) As part of the Governor's budget submission under section 306 of this title, the amount prorated for the upcoming fiscal year identified in subdivision (a)(2) of this section shall be included as an appropriation and transferred to the 27/53 Reserve.

(c) In a fiscal year where a 27th State payroll or 53rd week of Medicaid payment is due, the General Assembly shall appropriate the funds from the 27/53 Reserve to meet the expenditures within the year that these payments are due.

B.4 - [Sec. C.1000\(a\)\(11\) of Act 11 of SS2018](#)

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(11) To the Vermont Economic Development Authority (VEDA) to be used by VEDA's agricultural subsidiary the Vermont Agricultural Credit Corporation (VACC) established under 10 V.S.A. § 374a. These funds are for a loss reserve in the 2018 Farm Operating Program which provides Vermont cow dairy farmers with loans to spring operating and related needs including refinancing debt. VEDA shall report to the Emergency Board at its July 2018 meeting on final program design and the use of these funds. \$250,000

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B.5 – [32 V.S.A. § 704.](#)

Interim budget and appropriation adjustments (Transportation FY20 rescission plan)

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(b)(1) Except as otherwise provided in subsection (f) of this section, in each instance that the official State revenue estimate for the General Fund, the Transportation Fund, or federal funds has been reduced by one percent or more from the estimates determined and assumed for purposes of the current fiscal year's appropriations, the Secretary of Administration shall prepare an expenditure reduction plan for approval by the Joint Fiscal Committee, provided that any total reductions in appropriations and transfers of funds are not greater than the reductions in the official State revenue estimate.

(2) In each instance that the official State revenue estimate for the General Fund, the Transportation Fund, or federal funds has been reduced by less than one percent from the estimates determined and assumed for purposes of the current fiscal year's appropriations, the Secretary of Administration may prepare and implement an expenditure reduction plan without the approval of the Joint Fiscal Committee, provided that any total reductions in appropriations and transfers of funds are not greater than the reductions in the official State revenue estimate. The Secretary may implement an expenditure reduction plan under this subdivision if plan reductions to the total amount appropriated in any section or subsection do not exceed five percent, the plan is designed to minimize any negative effects on the delivery of services to the public, and the plan does not have any unduly disproportionate effect on any single function, program, service, benefit, or county. Plans not requiring the approval of the Joint Fiscal Committee shall be filed with the Joint Fiscal Office prior to implementation. If the Secretary's plan consists of reductions greater than five percent to the total amount appropriated in any section or subsection, such plan shall only be implemented in the manner provided for in subdivision (1) of this subsection.

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D. - [Sec. 2 of Act 42 \(H.543\) of 2019](#) (*Correctional Assessment*)

Sec. 2. STATE BUILDINGS

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(d) For the amount appropriated in subdivision (b)(4) of this section, the Commissioner of Buildings and General Services is authorized to use up to \$200,000.00 to assess relative costs and resource requirements for potential construction of a correctional facility that ranges in scale in order to accommodate the results of the Council of State Governments' study described in Sec. 28 of this act; provided, however, that the funds shall only become available after approval by the Joint Fiscal Committee and the Joint Legislative Justice Oversight Committee. On or before March 15, 2020, the Commissioner shall submit a copy of the assessment to the House Committee on Corrections and Institutions and the Senate Committee on Institutions.

Appropriation – FY 2020	\$20,323,423.00
Appropriation – FY 2021	\$21,325,813.00
Total Appropriation – Section 2	\$41,649,236.00

E. - [Sec. 3 of act 42 \(H.543\) of 2019](#)

Sec. 3. HUMAN SERVICES

(a) The following sums are appropriated in FY 2020 to the Department of Buildings and General Services for the Agency of Human Services for the following projects described in this subsection:

* * *

(b) The sum of \$4,750,000.00 is appropriated in FY 2020 to the Agency of Human Services for the Department of Vermont Health Access, Integrated Eligibility and Enrollment system.

* * *

(e) For the project described in subsection (b) of this section:

(1) Installments. The funds shall be appropriated in three installments, as follows:

(A) \$3,250,000.00 upon passage of the act, which shall include \$250,000 to be used as described in Sec. 32 of this act (First Installment);

(B) \$750,000.00 following Joint Fiscal Committee approval to release the funds at its September meeting (Second Installment); and

(C) \$750,000.00 following Joint Fiscal Committee approval to release the funds at its November meeting (Third Installment).

(2) Reports. **On or before September 1 and November 1**, the Secretary of Human Services and the Secretary of Digital Services shall submit a report on the status of the project. The September and November reports shall include status updates on the projects scheduled for completion in calendar year 2019, as described in the memo from the IT Consultant for the Joint Fiscal Office to the Legislative Joint Fiscal Office, dated April 5, 2019. The September and November reports shall be submitted to the Chair and Vice Chair of the Joint Information Technology Oversight Committee and the Chairs of the House Committees on Corrections and Institutions and on Health Care and the Senate Committees on Health and Welfare and on Institutions. A copy of each report shall also be submitted to the Joint Fiscal Committee.

(3) Recommendations and approvals.

(A) **Prior to the September meeting of the Joint Fiscal Committee**, the Chair and Vice Chairs of the Joint Information Technology Oversight Committee and the Chairs of the House Committees on Corrections and Institutions and on Health Care and the Senate Committees on Health and Welfare and on Institutions shall provide recommendations to the Joint Fiscal Committee on whether to approve the Second Installment. The Joint Fiscal Committee at its September meeting shall review the report described in subdivision (2) of this subsection (f), consider the recommendations described in this subdivision (3)(A), and vote on whether to approve the Second Installment.

(B) **Prior to the November meeting of the Joint Fiscal Committee**, the Chair and Vice Chairs of the Joint Information Technology Oversight Committee, the Chairs of the House Committees on Corrections and Institutions and on Health Care, and the Senate Committees on Health and Welfare and on Institutions, shall provide recommendations to the Joint Fiscal Committee on whether to approve the Third Installment. The Joint Fiscal Committee shall review at its November meeting the report described in subdivision (2) of this subsection (f), consider the recommendations described in this subdivision (3)(B), and vote on whether to approve the Third Installment.

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F. - [32 V.S.A. Sec. 3326\(b\)](#)

§ 3326. COST-BENEFIT MODEL

(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.

H. - Sec. E.100.5 of Act 172 of 2016, [[JFC Subcommittee recommendations submitted 9/15/2016](#)]

Sec. E.100.5 FEDERAL SINGLE AUDIT REVIEW

(a) At its July 2016 meeting, the Joint Fiscal Committee shall review the fiscal year 2015 Federal Single Audit. In doing so, the Committee shall consider the following:

- (1) the audit findings of significant deficiencies, particularly those programs where material weaknesses are identified that result in an adverse opinion for the State;
- (2) the Administration's response to such findings;
- (3) any repeat findings which were made;
- (4) specific plans for remediation of any audit deficiencies; and
- (5) any implications for the fiscal year 2016 audit and implications for governmental operations generally.

**Note: The Joint Fiscal Committee, consistent with the direction of Sec. E.100.5 of Act 172 of 2016 will continue to annually receive a presentation on the Federal Single Audit at its July or September meeting.

Reports

Complex Litigation Special Fund

Citation: [3 V.S.A. § 167a](#).

[\[Report Link\]](#)

(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.

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(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.

Green Mountain Care Board and Department of Financial Regulation – Bill-back Report

Citation: [18 V.S.A. Sec. 9374](#)

[\[Report Link\]](#)

§ 9374. BOARD MEMBERSHIP; AUTHORITY

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(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:

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(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.

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Clean Water Investment Report

[\[Report Link\]](#)

Citation: [10 V.S.A. Sec. 1389a](#) as amended by Sec. 10 of Act 76 (S.96) of 2019

(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.

* * *

(b) The Report shall include:

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(6) Beginning January 2023, a summary of the administration of the grant programs established under sections 925–928 of this title, including whether these grant programs are adequately funding implementation of the Clean Water Initiative and whether the funding limits for the Water Quality Enhancement Grants under subdivision 1389(e)(1)(D) of this title should be amended to improve State implementation of the Clean Water Initiative.

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(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.

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(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.

Joint Report of VEPC and Department of Tax on the VEGI Program

[32 V.S.A. Sec. 3340\(a\)](#)

[\[Report Link\]](#)

3340. 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:

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Health IT-Fund

[32 V.S.A. Sec. 10301\(g\)](#)

[\[Report Link\]](#)

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.

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General Assistance Program Report

[33 V.S.A. § 2115](#)

[\[Report Link\]](#)

§ 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. 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.

Choices for Care Savings and Investments

[33 V.S.A. § 7601](#)

[\[Report Link\]](#)

CHAPTER 76. CHOICES FOR CARE

§ 7601. DEFINITIONS

As used in this chapter:

§ 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.

Global Commitment Transfer Report

[Sec. E.301.2 of Act 11 \(H.16\) of SS2018](#)

[\[Report Link\]](#)

Sec. E.301.2 GLOBAL COMMITMENT APPROPRIATIONS; TRANSFER; REPORT

(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 2019 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.

Contingency Funding for the ACO Claims Tail

[Sec. 63 of Act 6 \(H.532\) of 2019](#)

[\[Report Link\]](#)

Sec. 63. CONTINGENCY FUNDING FOR THE ACO CLAIMS TAIL

(a) To the extent that the Agency of Human Services and the Department of Finance and Management find the budgeted amount in the Global Commitment appropriations in fiscal year 2019 are not sufficient to cover the one-time costs incurred during fiscal year 2019 specifically attributable to the overlapping timing of Medicaid claims incurred prior to January 1, 2019 and prospective payments made to an Accountable Care Organization (ACO) for approximately 32,000 Medicaid beneficiaries newly attributed to an ACO on or after January 1, 2019, up to \$7,840,000 is unreserved from the Human Services Caseload Reserve and appropriated to the Agency of Human Services' Global Commitment appropriation as State matching General Funds in 2018 (Sp. Sess.) Acts and Resolves No. 11, Sec. B.301 as amended by Sec. 6 of this act. There shall be a corresponding appropriation for Federal Funds in 2018 (Sp. Sess.) Acts and Resolves No. 11, Sec. B.301 as amended by Sec. 6 of this act, as required by the concurrent Federal Medical Assistance Percentage rate. The commensurate gross Global Commitment spending authority shall be appropriated as needed to respective departments and may be effectuated among the adjustments to Global Commitment appropriations pursuant to 2018 (Sp. Sess.) Acts and Resolves No. 11, Sec. E.301.2. The Agency and the Department shall provide a report on the findings and the amount appropriated pursuant to this provision to the Joint Fiscal Office and as part of the fiscal year 2019 close out to the Joint Fiscal Committee.