



GENERAL ASSEMBLY
STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Monday, November 4, 2019

Minutes

133 State Street, Room 410, Montpelier

Members present: Representatives Ancel and Hooper, and Senators Cummings, Kitchel, Sears, and Westman.

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

Senator Cummings, Chair, called the meeting to order at 9:30 a.m. Senator Sears moved to approve the minutes of the September 16, 2019 meeting, Senator Westman seconded the motion and the Committee passed the motion and approved the minutes.

B. Administrations Fiscal Updates – 1. FY 2020 BAA

Adam Greshin, Commissioner, and Matt Riven, Deputy Commissioner, Department of Finance and Management, reviewed the areas of pressure for the FY 2020 budget adjustment. Commissioner Greshin explained that since the revenue upgrade of about \$19 million in July 2019, there was additional revenue from direct applications and other sources that increased the surplus total to about \$20 million. Commissioner Greshin reviewed anticipated one-time requests for the FY20 budget adjustment that included prefunding the 27th/53rd reserve, payments for the Emergency Relief Assistance Fund (ERAF), a request from Judiciary for just under a \$1 million, a request from the Department of Public Safety for overtime pay, and \$450k to the Secretary of State's office for the 2020 general election. Within the Agency of Human Services there are requests for the Brattleboro Retreat, the Department of Corrections for unanticipated increases for out-of-state bed costs, and additional General Assistance/Emergency Housing requests. The Commissioner explained that the Administration anticipated that the estimated available revenue and the requests would balance out.

2. FY 2021 Budget Development Process and Projected Revenue and Expenditures

Commissioner Greshin stated that the Administration was actively sifting through department requests for FY 2021.

3. Caseload Reserve

Mr. Riven explained that Vermont's reserves were strong with the Caseload Reserve just under \$100 million and, combined with other GF reserves, they total about \$226 million in GF or about 14% of the total FY20 General Fund (GF) appropriations. In responding to Senator

Kitchel, Mr. Riven clarified that within the total reserve there was \$16 million in the 27th/53rd reserve, \$80 million in the budget stabilization reserve, and \$32 million in the rainy-day reserve.

4. Tax Computer System Modernization Fund Report (CMF)

Commissioner Greshin reviewed the report briefly explaining that since the system was now paid off, the Legislature reduced the amount paid to the Department of Taxes for the loan and maintenance. Currently, the Department retains 30% of the revenue collected from the system for maintenance, and the Administration may recommend further reductions in that amount for FY21.

C. Grant – JFO #2979 – \$440,955 from the U.S. Centers for Disease Control and Prevention to the VT Dept. of Health to fund a three-year study of emergency department visits related to self-inflicted injuries in order to analyze data and target suicide prevention efforts.

Senator Kitchel moved to accept the grant, explaining that there were earlier concerns about the suicide prevention technical issues related to the grant, but those concerns were addressed. Representative Ancel seconded the motion, and the Committee approved the motion and accepted the grant.

D. Environmental Contingency Fund Expenditure

Patricia Coppelino, Environmental Program Manager, Department of Environmental Conservation, reviewed the request to extend two caps of the Environmental Contingency Fund above \$100k. The Department was contending with two expenditures for remediation, related to a site on Elmwood Avenue in Burlington, that were causing the Fund to bump up against the cap. Senator Sears raised the issue of recouping the costs associated with the remediation of the illegal discharge of waste from Gadeaus Dry Cleaning. Ms. Coppelino informed the Committee that the State was currently pursuing recouping the costs through Gadeaus and its insurance company. It was estimated that the total remediation was estimated at \$300k with \$150k for indoor air quality.

In accordance with provisions of 10 V.S.A. § 1283(B), Senator Kitchel moved to approve an increase in the allowable cap for disbursement from the Environmental Contingency Fund to \$150k to address soil vapor contamination at the Elmwood Avenue site in Burlington, Vermont (site #2017-47-34), and Senator Westman seconded the motion. The Committee approved the motion and the request.

E. Agency of Human Services – 1. Strategic Plan

Michael K. Smith, Secretary, Agency of Human Services, presented the Agency's strategic plan update, explaining that the Agency focused on the first five years of the ten-year plan and how it fits into the State's larger strategic plan. The Secretary explained that the plan report should continue to develop and evolve as an ongoing process and living document. One factor that would have a large impact on the plan was Vermont's aging population.

2. Report on Fiscal Pressures

Secretary Smith presented the Agency's fiscal pressures, including the Brattleboro Retreat's construction of 12 level-1 beds with an additional proposed annualized cost of \$4.4 million gross in the FY21 budget. Of the total \$1.7 million in capital costs, the Retreat would

have to assume \$1.45 million of the cost and the Administration would propose funding \$250k in FY21. Senator Kitchel asked for clarification on the current beds to be constructed at the Retreat as well as an additional 12 beds approved for Community Rehabilitation and Treatment (CRT) and their availability. Sarah Squirrel, Commissioner, Department of Mental Health, responded that there were two types of beds, hospital level of care and residential level of care, and most of the beds in the CRT were available.

Sarah Clark, Chief Financial Officer, Agency of Human Services, gave an update on the Federal Children's Health Insurance Match "Chip Dip" phase down of the Federal Medical Assistance Percentages (FMAP) to states. Currently, Vermont leverages a 90% federal share for the program, but the reauthorization by Congress decreases that share to 70.95% in SFY 2021, or \$4.8 million less. The additional phase down in SFY 2022 would create a \$5 million GF pressure to the State, and then stabilize at an FMAP rate of 67.66%.

Ms. Clark reviewed additional GF fiscal pressures for FY20 BAA as well as FY21 in the Department for Children and Families for increased caseload in the Family Services Division and in the General Assistance's Emergency Housing budgets. Senator Sears commented there were geographic challenges with how emergency housing functions in different parts of the State. Senator Kitchel asked for a status update on how the emergency housing budget finished FY19 and those funding issues repeat in FY20. Ms. Clark responded that emergency housing ended with a \$2.7 million shortfall in FY19, some of which were expenses incurred in previous fiscal years. There will be a request for increased base funding in the BAA and the next budget.

Secretary Smith announced that the Agency was exploring a more robust Vermont 211 contract alternative and promised to report back to the Committee in a few days on that work. Representative Hooper asked if the Agency would look for ways to support the current contract, and Secretary Smith responded yes but it was exploring options.

Ms. Clark explained that in the Accountable Care Organization there were requests for Delivery System Reform Investments that were under development and part of the FY21 budget consideration. Secretary Smith stated that the Low-Income Home Energy Assistance Program (LIHEAP) federal block grant funding was 90% of last year's amount. The Agency would distribute the money to participants on November 12 and then finalize the technology pieces on November 7. Ms. Clark added that the 90% equated to \$18.5 million and \$20 million for 100% funding.

Ms. Clark gave an update on the Global Commitment Waiver that included a State IMD 1115 waiver or Medicaid amendment. The change would shift about \$13 million between GC investment to ordinary Medicaid program expenditures and was anticipated to begin on January 1, 2020. In addition, the State's current GC Waiver runs through December 31, 2021. The Agency was preparing for the next renewal/renegotiation cycle. Ms. Clark explained some of the considerations the State would need to assess when planning the new 1115 GC Waiver that included the budget neutrality cap as well as the federal rebasing of that cap. The State investment summary was explained as being roughly on budget for CY2021, within \$21 million, making GC investment cap room very tight.

3. Integrated Eligibility and Enrollment System

Daniel Smith, Consultant, Joint Fiscal Office, was placed on speakerphone. Secretary Smith and John Quinn, III, Secretary, Agency of Digital Services, reviewed the report and request for release of the third installment of \$750k for the Integrated Eligibility and Enrollment System (IE&E) through the FY21 Capitol Bill. Secretary Smith stated that the Business Intelligence project had encountered delays and was scheduled for delivery in either February or at the latest, April 2020. The Master Data Management Project was put on hold due to the number of other projects currently moving forward. The Agencies have presented the same updates to other legislative committees of jurisdiction.

Senator Kitchel inquired about the Joint Information Technology Oversight Committee's (JITOC) comments on the request for release of the funds. Catherine Benham, Associate Fiscal Officer, Joint Fiscal Office, apprised the Committee that JITOC had not officially sent a letter, but 5 of the 6 Chairs who were required to provide a recommendation did respond electronically to the Office that they supported the release of funds but would continue to closely monitor the progress of the IE&E System. Senator Kitchel, as a member of JITOC, reviewed the Committee's discussions and concerns.

Senator Kitchel moved to approve the release of the third installment of \$750k for Integrated Eligibility and Enrollment funds pursuant to Sec. 3 of Act 42 of 2019, the FY20–21 Capital Bill, and consistent with recommendations received and ask that the Joint Information Technology Oversight Committee continue to monitor this project. Senator Westman seconded the motion, and the Committee approved the motion and the release of funds.

F. Update on Four Southern Vermont Bridges

Joseph Flynn, Secretary, and Wayne Symonds, Chief Engineer, Agency of Transportation, gave an update on the four southern Vermont bridges under investigation. Mr. Symonds explained how the Agency provided oversight on State bridge and other transportation projects. The Committee discussed the challenges that arose from the J. McDonald bridge construction for the four southern Vermont bridges and the recouping of costs associated with the mitigation of expenses from those issues. Senator Westman asked how the Agency would prevent future construction malfunctions within its inspection process. Mr. Symonds responded that the Agency has added additional safeguards to mitigate future issues to lessen the risk of future construction projects.

The Committee agreed that the standing Transportation Committees should follow-up on the issue, and Senator Sears added that the Senate Judiciary Committee would also follow-up on the issue.

G. Fiscal Officers Report – 1. Joint Fiscal Committee Policy Changes to Grants based on Statutory Revisions

Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, introduced Rebecca Wasserman, Legislative Counsel, Office of the Legislative Council, and Dan Dickerson, Fiscal Analyst and Business Manager, Joint Fiscal Office, and Ms. Wasserman gave the background of the Joint Fiscal Committee's grant policy revisions and clarifications within Act 42 of 2019, referring to a memorandum dated October 30, 2019. There were questions on the Department of Human

Services' definition for a Limited Service position and whether there should be a statutory definition. On the advice of the Committee, Mr. Klein stated the Office would provide a memorandum to the House Committee on Government Operations on the issues surrounding Limited Service positions and suggested statutory changes, including the definition and duration of such positions and the approval process between the three branches of government.

Representative Ancel moved to approve the Joint Fiscal Committees policy changes to grants based on statutory revisions as presented, and Representative Westman seconded it. The Committee approved the motion and the Committee's revised grant policy.

Mr. Klein gave the highlights of the Fiscal Officer's Report, including the completion of a 4-year contract with Tom Kavet; an update on the Joint Legislative Management Committee's actions that included the separation of the Legislature's Information Technology budget as its own line item.

The Committee adjourned at 12:08 p.m. on a motion by Senator Westman.

Respectfully Submitted,

Theresa Utton-Jerman
Legislative Joint Fiscal Office