

## HIGHLIGHTS OF SENATE PROPOSED

### FISCAL YEAR 2021 FIRST QUARTER BUDGET (H.961)

This budget bill provides spending authority to operate State Government in the first quarter of fiscal year 2021, meeting statutory requirements while at the same time recognizing the need to address the projected substantial reduction in State revenues in fiscal year 2021 and beyond. This bill relies on language directing the use of funds, rather than having sections that include specific appropriations for each department and agency of State government. The full fiscal year 2021 budget will be developed in August and September of 2020, after the establishment of new official State revenue forecasts for fiscal year 2021 and 2022.

- The bill contains language specifying that the appropriations contained in this bill do not negate or change established or statutorily mandated programmatic policies.
- This bill creates fiscal capacity through the following mechanisms:
  - A nonessential position hiring freeze from July 1 – September 30, 2020
  - Identification of carry forward funds from FY 2020 into FY 2021
  - Available fund balances: Fund balances at the close of fiscal year 2020 and fund capacity projected to be available in fiscal year 2021 as result of collection of deferred receipts from fiscal year 2020.
  - Identification of available federal funds that can support programs.
- The bill includes direct appropriations in certain areas to meet the needs of specific program recipients or known obligations in the first quarter, including VSAC; the Vermont State Colleges; Debt Service; Teachers' Retirement funding; the Vermont Veterans' Home; the Military; the Unclaimed Property Program; and the Homeowner Rebate added in Senate.
- Reserves \$5,000,000 General Funds to provide bridge funds for the VSC in FY 2021 (see also CRF funds).
- Specific percentages are included to prorate all other appropriations using Act 172 of 2019 (big bill) as amended by Act 88 of 2020 (first budget adjustment) as the baseline:
  - Agency of Natural Resources: 50% (except General Fund)
  - Agency of Transportation: 60% (except Clean Water Fund)
  - The General Fund: 25%
  - Clean Water Fund: 50%
  - Vermont Housing and Conservation Board: 40%
  - Payment in Lieu of Taxes (PILOT): 100%
  - The Education Fund: 100%
  - All other remaining appropriations by fund: 25%
- Emergency Board: Provides a backstop to address any unforeseen spending requirements related to the COVID-19 via a limited Emergency Board authorization.
- Includes rescission authority limitation during this budget period.
- Extends sunset of the Position Pilot from July 1, 2020 to September 30, 2020.
- Makes various housekeeping amendments and technical corrections.
- Requires the Governor to submit an FY21 budget on August 18, 2020.

## Significant Senate Changes

- Sec. A.10 Future of Public Higher Education – this section is reserved for Senate Education Committee proposed language.
- Sections A.12, A.13 and A.38 allow the OPEB trust funds to be invested in the same manner at the state’s pension funds.
- Section A.18 and A.20 address concerns raised about the rollout on court users including costs of the Judiciary’s new electronic system. As well as requiring all three branches to report on the status of software contracts and user agreements coming into compliance with the state law regarding contract terms which becomes effective on October 1, 2020.
- Sections A.29 through A.31 address justice-involved youth funding intent and Woodside closure.
- Sections A.45 through A.48 provide detailed stipulations regarding the appropriations and use of Coronavirus Relief Funds (CRF), including compliance, the changing context, statutory authority and regulations, and the reversion of any unspent funds by December 20, 2020. CRF grant recipients who use funds in good faith based on guidance from the issuing agency are exempt from liability.
- Sec. A.53 authorizes \$4.7 million of CRF already allocated by the Joint Fiscal Committee to be used by VDOL for Unemployment Insurance administration costs.
- Sections A.49 to A.51 appropriates CRF funds for COVID-19 costs summarized here:

CRF IN BUDGET BILLS	H.961 FY21 Qtr1	
	Sec. A.	
	CRF Appropriations	Notes
UVM	19,355,000	\$4.0m added in Senate proposal
VSC	22,758,000	\$7.5m added in Senate proposal
VSAC	5,000,000	no change
Judiciary	2,608,500	no change
Dept. of Corrections	2,500,000	added in Senate proposal
State's Attorney	1,977,000	no change
Defender General	753,000	no change
VT Ctr for Crime Victims Services	742,500	\$240k added in Senate proposal
Vermont Legal Aid	300,000	\$150k added in Senate proposal
OEO - MicroBusiness	1,400,000	added in Senate proposal
DDAIL - Blind & Visually Impaired	100,000	no change
DDAIL - Adult Day Providers	2,450,000	added in Senate proposal
Agency of Natural Resources	500,000	no change
Agriculture -Working Lands	1,000,000	no change
SOA - Business Portal	2,000,000	no change
Legislature and Auditor	2,100,000	no change
AoE- School Covid Costs & HVAC	50,000,000	added in Senate proposal
<b>Total</b>	<b>115,544,000</b>	