



STATE OF VERMONT
LEGISLATIVE JOINT FISCAL COMMITTEE

Thursday, September 15, 2016

Minutes

Members present: Representatives Ancel, Branagan, Johnson, Lippert, and Sharpe, and Senators Ayer, Kitchel, and Sears.

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

The Chair, Senator Kitchel, called the meeting to order at 10:06 a.m. and noted that Senators Westman and Ashe were absent. Representative Branagan moved to approve the July 25, 2016 minutes, Representative Johnson seconded, and the Committee approved.

B. Governor's Proposed FY2017 Transportation Budget Rescission Plan

Chris Cole, Secretary, and Leonard LeBlanc, Chief Financial Officer, Agency of Transportation, reviewed the Governor's Proposed FY2017 Transportation Budget Rescission Plan with the Committee. Senator Ayer asked if the rescission plan would allow for flexibility if Vermont experienced higher-than-normal costs from an extreme winter. Secretary Cole stated that the proposed plan was based on the Agency's budgetary need within a 5-year rolling average and would not affect the upcoming winter's anticipated budget.

Secretary Cole continued to summarize the proposed rescission plan, including savings from lower-than-anticipated bids for paving projects and savings from grant funds. Senator Kitchel reiterated a question from Representative Sharpe on whether the reduced grant awards would have an effect on municipal paving projects. Secretary Cole responded that the grants were awarded at the amount the Legislature intended but there were still some savings from bids were lower than anticipated. Typically the Agency would initiate a second round of grant applications when there were savings but due to the rescission, the \$400k in savings were used toward the proposed rescission plan. Representative Ancel inquired how the other additional savings to close the \$2.8 million downgrade in Transportation Funds would have been used if there had not been a rescission. Secretary Cole explained that if there had not been a rescission, excess funds would normally go back to projects on the waiting list, additional supplies, or could be included in the Agency's FY2018 budget proposal, depending on where the savings were generated. Representative Ancel asked if the IT savings from the Department of Motor Vehicles were anticipated in future budgets. Secretary Cole explained that projects may have funding

adjustments depending on whether it was running on time or ahead of schedule according to its contractual agreement. Representative Johnson inquired how long the Town Highway Program had been level funded before the \$400k increase was added in FY2017. Mr. LeBlanc responded that he would follow-up with information for the Committee. Secretary Cole responded to Representative Ancel's question that the additional \$400k appropriated by the Legislature in FY2017 and the \$400k in savings from the Town Highway Program was a coincidence and that there was no negative impact to towns from the proposed rescission plan. Representative Sharpe asked what the match was for grants to municipalities. Mr. LeBlanc stated there was a 10% required match from municipalities.

The Chair opened up the Public Hearing on the Governor's Proposed FY2017 Transportation Budget Rescission Plan at 10:26 a.m. No one came forward to testify. The Committee then closed the public hearing at 10:28 a.m. Representative Ancel asked to postpone the vote on the proposed plan until later in the meeting to ensure there are no belated comments from the public. The Committee reconvened its Committee meeting and resumed its agenda items.

C. Administrations Fiscal Updates – 1. General Fund and Transportation Fund Balance Reserves

Andy Pallito, Commissioner, Brad Ferland, Deputy Commissioner, and Emily Byrne, Director of Budget and Management Division, Department of Finance and Management, distributed a document on its fiscal updates to the Committee and summarized that the General and Transportation Fund Balance Reserves were the same as stated at the end of the 2016 fiscal year. Senator Kitchel asked for the amounts in the stabilization reserves. Commissioner Pallito listed them all at the fully funded 5% statutory amounts, as of June 30, 2016: General Fund - \$71,250,000, Transportation Fund - \$12,790,000, and the Education Fund - \$36,610,000.

2. General Fund 27/53 Reserve

Commissioner Pallito referred to pages 2 and 3 of his earlier document to summarize the newly created General Fund 27/53 reserve, and explained that the next projected 27/53 week of payroll and Medicaid payment was due in the year of 2022. An estimated \$23.91 million in General Funds would be needed to cover the additional weeks of State payment by 2022 with a projected \$11.21 million to the 53rd week of Medicaid and \$12.70 million to the 27th week of payroll. At present, the 27/53 reserve had \$5.29 million and the Administration would recommend to the transition team to include the estimated annual amount of \$3.72 million in its FY2018 proposed State budget. Representative Johnson clarified that the 27th pay period happened half as often because payroll occurred every other week, and Medicaid was paid out weekly, which made the previous 27/53 combined payments an anomaly.

3. FY2018 Budget Development Process and Instructions

Commissioner Pallito explained that State budget instructions were sent out earlier this year to agencies and departments to allow time for the current Administration to compile an outline for a budget package to deliver to the new Administration (transition team) when it is appointed in November after the State election. Commissioner Pallito opined that the State budget gap would be about one-half of the previous fiscal year's after realizing the end of FY2016 Medicaid numbers. He cautioned that the Agency of Human Services (AHS) budgetary needs for caseload and other areas would not be known until the September 20 budget instructions deadline. One less challenge for FY2018 was ongoing one-time funding issues that were resolved in the FY2017 budget. Continued historical pressures included Pay Act, Debt Service, and Retirement and Health Care growth. In addition, there was an issue with a loss of strategic payments in the Tobacco Fund, totaling between \$10 and \$11 million but this along with the \$3.72 million of 27/53 reserve were included in the budget outline the Department was preparing for the new Administration. The budget package to the transition team would break out all newly proposed programs to allow the new Administration to decide on whether those should be included in the FY2018 proposed budget. Senator Kitchel clarified that the underfunding of retirement payments was due to decisions in the mid-nineties that the Legislature has been struggling to resolve, and she asked if the budget analysis and package would include this issue. Commissioner Pallito stated that if the unfunded liability of State retirement is not addressed prior to 2020, there would be a large step in the payment due to a changed amortization schedule. Currently, the Department had not included this liability in its budget process but agreed there was wisdom in considering it.

4. Preliminary Update on FY2017 Budget Picture

Commissioner Pallito explained the current FY2017 State revenue picture showed it to be an estimated \$1 million to the good but since Department budget requests were not due until the end of September, nor were Medicaid projections finished, the Department was cautiously optimistic. In responding to Senator Kitchel's inquiry, Commissioner Pallito suggested that there should be a conversation on how to improve the current 52 points weekly tracking of Medicaid relative to the State budget; the 52 points of Medicaid are calculated from historical based trends. Senator Kitchel added that Governor Richard Snelling initially created the weekly tracking mechanism.

5. Site-specific workplace security and risk reduction plans for State office buildings

Paul McManus, Security Manager, and Margery Klark, Administrative Services Coordinator, Department of Buildings and General Services (BGS), introduced themselves. Mr. McManus explained he was new to his current position in State government, and then he provided a review of BGS security initiatives for State buildings. Mr. McManus explained that baseline security measures had included: creating single points of entry into buildings, installing panic and lockdown buttons, designing emergency procedure templates, and adding additional

employee training through a partnership with the Department of Human Resources and the Agency of Human Services. Senator Kitchel asked if courthouses were included in the security assessment. Mr. McManus responded only Executive Branch State office buildings.

Mr. McManus explained the proposed phased-in improvements for increasing security at State office buildings. The improvements included: increased State employee training, the adoption of a standardized template plan for State emergencies, increased communication with facility tenants and other agency stakeholders (highlighted AHS), and partnering with the Department of Public Safety's "See something, Say something" campaign. There was a capital appropriation of \$500k for State security measures with on-half dedicated to Laura Sobel's family. The remainder of the funds would be used for security staff once a plan and updated policy and procedures are in place. A new position with job description for a State Protection Officer was being developed.

Mr. McManus stated that he had conducted site visits for 10 of the 14 State buildings. Senator Sears asked if the security assessments had included State employee parking areas such as the one in Springfield. Mr. McManus responded there was a lighting project in progress at the Springfield State office building. In addition, a site visit with the Chief of Police of that area had been scheduled to assess increased police patrols, possible cameras, and/or other security measures. A more conclusive survey process of the buildings would be implemented in the near future.

Representative Johnson stated that there appeared to be a lot of preventative measures that did not fall under BGS' purview, such as staffing levels, chains of commands to give feedback, and a way to gather additional information from the experiences of State employees. She then asked if all voices would have an opportunity to comment on the proposed plan, and if the information from comments would be included in the final report/plan. Mr. McManus explained that he had on his list to possibly have town hall style meetings with all the State employees of each State building to gather information. The concept for the security evaluation was to include all groups to the table as one team and not limit its jurisdiction in collecting information. Senator Kitchel inquired whether the plan included a component to ensure that in addition to initial training, there are expectations and oversight of ongoing training. Mr. McManus confirmed a plan component for conducting annual training that would preferably be in-person and not by computer to ensure training attendance and completion.

Representative Ancel suggested there were many more opportunities for problems or pressure points where security issues could arise beyond BGS' facilities jurisdiction, such as home visits, public hearings, or parking lots. She asked if the security plan would include a list of pressure point areas as well as the facilities. Mr. McManus explained that the security plan model would include a vision of an all hazards approach with training and other mitigation

resources related to those areas. Representative Lippert inquired how many facilities with State employees were under the umbrella of BGS. Michael Obuchowski, Commissioner, Department of Buildings and General Services, responded there were 250 sites that included structures such as a fish hatchery. Representative Lippert suggested there were small thoughtful and creative ways to mitigate issues with the courts, such as not scheduling highly contentious litigants to arrive at the same time for proceedings. Mr. McManus agreed with Representative Lippert and added that employee training was important to understanding how to avoid security issues when possible. Senator Kitchel concluded the discussion with the suggestion to continue discussions and efforts to address the State's security issues in a thoughtful way.

The Chair updated the Committee on the tax litigation of the Trans Canada properties. The Department of Taxes' Property Valuation and Review Office was the lead in negotiating a contract. Towns within the litigation process were: Rockingham, Barnet, Vernon, Newbury, Somerset, Waterford, Whitingham, and Putney. The largest appeal was settled within the Supreme Court to Rockingham for towns' appraisals and litigation. Along with the municipalities, the State benefactor was the Education Fund since that is where the revenue flowed. A discussion ensued on this issue.

Chair moved to postpone action on the Agency of Education's grant request to allow for witnesses to have additional time to arrive. A discussion ensued on General Education and the Agency's grant request.

D. Progress Report: Statewide Use of Emergency Housing Vouchers

Sean Brown, Deputy Commissioner, and Geoffrey Pippenger, General/Emergency Assistance Program Director, Department for Children and Families, summarized the Department's report on emergency housing vouchers, explaining that 2016 was the first year in many that the Department was on its budget target. The Department spent approximately \$3.9 million on the program in 2016 which was within the FY2016 Budget Adjustment Act (BAA) allowance. The creating community alternatives initiatives was only half completed due to the amount of time for start-up, but the cold weather policy initiative was up and running in places such as, St. Johnsbury and Burlington. In response to Senator Kitchel's question, Deputy Commissioner Brown explained that the cold weather initiative consumed \$1.8 million of the total \$4.3 million General Assistance budget. In addition to the partnering with shelters through the community alternatives initiative to increase beds, and a warmer winter, there was a big decrease in demand for hotel vouchers. He referred to page 7 of the report to point out that only 41 hotel beds were needed this year (FY2016) for the cold weather exception funding as opposed to 197 in the previous year (FY2015). In FY2017, there would be a doubling of efforts through the community alternatives initiative started in 2016 by building on existing structures and starting up new ones in areas such as the Rutland district which had a significant increase in funding needs that were \$800k in FY2015 and grew to \$1 million in FY2016. A partnership

between an existing domestic violence provider and an existing shelter would increase beds in Rutland to 16 beds. Due to an increase in domestic violence in communities such as Rutland and Burlington, the Department was focusing its initiatives on that issue. In Bennington, a new partnership with a domestic violence provider was being negotiated to open a new shelter that would serve the entire Bennington district. Deputy Commissioner Brown explained that the Department was hopeful it would not need to go above its \$3.3 million budget in FY2017.

E. Federal Single Audit Review - Subcommittee Report

The appointed Joint Fiscal Committee subcommittee composed of Senator Kitchel and Representative Ancel provided a summary of its preliminary recommendations. Representative Ancel clarified that the audits were of only federal programs. Senator Kitchel explained they received an overview of the federal single audits, and have put forth preliminary recommendations for the Committee's consideration. She reviewed the subcommittees' recommendations. Representative Sharpe suggested using stronger language by replacing "encourage" with "will" in its recommendation for standing committees to review federal single audit findings and corrective action plans within their areas of jurisdiction.

Representative Branagan expressed concern on receiving repeat findings with no improvement, and asked what the role would be for standing committees on these issues. Senator Kitchel suggested including the review and corrective action plans in the recommendation for standing committees to review with the audit findings, and then requested that the Administration respond. Brad Ferland, Deputy Commissioner, Department of Finance and Management, explained that agencies would be prepared to respond to audit findings when presenting budgets to committees. Commissioner Pallito added that some repeat findings were due to structural changes, and it was important to have commissioners more involved in operational functions. Deputy Commissioner Ferland stated that departments were becoming more proactive by resolving the issue prior to it becoming a finding when the initial report from KPMG was sent to departments. Commissioner Pallito added that the Department of Finance would elevate the departments' awareness and the importance on the federal single audit findings and their impacts. Some findings were easily corrected within a short time or before the next audit, but some were structural by nature and could include Information Technology challenges that may need additional time to correct.

F. Grant #2842 - from Council of Chief State School Officers for \$100,000.

The Chair clarified that the Agency had requested that the grant be on the agenda to expedite the request and approval to make the funds available as soon as possible.

Dr. Heather Bouchey, Deputy Secretary, Agency of Education, summarized the grant proposal and explained that the proposal was received a month later than anticipated. The grant would assist in the development of a statewide career readiness program to create a more

cohesive educational system. In addition to the proposal being delayed, there were several rounds of review by the Attorney General's Office and the Agency of Education legal team because of the uniqueness of the grant.

The Chair reiterated concerns heard on the grant for approving another education study that may not move the State any closer to a more cohesive educational system. Dr. Bouchey explained that the grant required the study but it also enabled the Agency to pull down up to \$2 million toward the next phase of the program, which would initiate the actual action of the grant. Senator Kitchel asked if the study was a duplication of prior studies. Dr. Bouchey responded there were other needs assessments but not as cohesive as the current grant that would incorporate the various stakeholders.

Representative Sharpe moved to accept the grant, and Representative Branagan seconded the motion, the Committee approved the motion and the grant.

The Committee returned to the motion to approve the FY2017 Governor's Proposed Transportation Budget Rescission Plan. Senator Ayer moved to approve the proposed plan, and Senator Sears seconded the motion. The Committee approved the motion and the proposed plan.

The committee recessed for lunch at 12:05 p.m.

The Committee reconvened at 1:26 p.m.

G. Health Care Updates - 1. Pharmacy Rebate Experience – Comparisons of Other States

Steven Costantino, Commissioner; Nancy Hogue, Director of Pharmacy; and Carrie Hathaway, Financial Director, Department of Vermont Health Access, distributed a presentation, and Commissioner Costantino explained there were three different types of rebates collected by Vermont. The federal government sets a nationwide rebate percentage that cannot be adjusted by the states. The second rebate was from the Affordable Care Act (ACA) increasing the initial rebate percentages but the proceeds from that collection are forwarded to the federal government. The third rebate was a supplemental rebate that states could negotiate with manufacturers for additional rebates. All rebates are prorated based on match with the federal government. In 2003, Vermont joined two other states in a sovereign states consortium to achieve stronger negotiating power with the drug manufacturers, which has grown to ten states. In responding to Senator Ayer, Ms. Hathaway responded that roughly \$4.5 million was received and then returned through the ACA rebate.

Commissioner Costantino explained that rebates were getting better but pharmacy costs were increasing as well. Representative Sharpe asked for clarification of the real cost to the State on prescription drugs. The Commissioner promised to send information on the SFY 2016 pharmacy costs with rebate collections to the Committee. Commissioner Costantino explained Vermont was achieving good rebate success compared to other states, but due to proprietary

information, there was no way to determine who those other states were or what their rate plans were from the data. Ms. Hogue added that there was a national trend for increasing rebates.

The Commissioner stated that specialty drug prices were trending higher as were their rebates, but it was extremely difficult to predict the actual costs. A potential issue with these drugs was the Centers for Medicare and Medicaid Services (CMS) pressing states to not require prior authorization for Hepatitis C drugs, which puts Medicaid directors in an ethical dilemma as to setting criteria of who would qualify for the drug. In addition, if CMS mandates that states not require prior authorization, it could have a significant budgetary impact to states. Representative Sharpe asked how the cost structure worked for providing reduced or no cost drugs such as Naloxone (Narcan). Ms. Hogue responded that anyone on Medicaid could receive Narcan with no preauthorization or prescription required from the State. The only State restriction was a limit of four per month to allow the State to understand better why they need that many. At certain locations in the State, a Medicaid member could receive Narcan free of charge, but the State shares the cost and receives a rebate just as it does with any other drug.

Representative Lippert inquired how much time the State invested in rebate negotiation and purchasing of drugs. Ms. Hogue explained that the State had a very cost-effective contract of approximately \$10–15k a month under the Sovereign State Consortium. Representative Lippert requested a list of all nine of the states within the Consortium.

Senator Kitchel stated that the Medicaid director in the State of Tennessee had switched from Suboxone to an alternative version of the drug that was not subject to the same street abuse as Suboxone because of how the drug was compounded. This led to a significant drop in the utilization rate of this type of drug. Senator Kitchel requested that the Department investigate further on the alternative drug. Senator Sears added that since Suboxone was the most abused drug in Vermont's correctional facilities, it seemed appropriate for the Department to investigate further into alternative drugs. He asked that the Department to provide information on alternative drugs to the standing committees of jurisdiction when they convene.

2. Global Commitment Waiver Negotiations

Hal Cohen, Secretary, and Selina Hickman, Director, AHS Health Care Operations, Compliance & Improvements, Agency of Human Services, gave an update on Global Commitment Waiver negotiations. Secretary Cohen explained the Agency was close to completing negotiations with CMS, which would mean a possible renewal agreement for 5 years. As background, Secretary Cohen explained that the Agency initially filed a no change extension of the Waiver on December 23, 2015 with CMS and anticipated an answer by June 2016 but CMS requested additional changes to the filing. CMS' reasons for the additional information were for Vermont to become more in line with other states, and to adhere to new Medicaid regulatory requirements. Because of these new Medicaid rules, Vermont would either have to phase down the use of some investments or find alternative federal funding. An example of alternative funding was the use of a Substance Use Disorder (SUD) Waiver. There would likely be financial impacts in FY2017 to the Agency's budget.

Secretary Cohen explained that when the Waiver terms were available, the Agency would create a plan for the transition team to continue to move forward. Senator Kitchel clarified that the Global Commitment Waiver negotiations were running parallel with the All-Payer Model. She then asked if the biggest impact from the Waiver would be on the Managed Care Organizations (MCO) Investments in terms of what the State has been able to match under Medicaid. Secretary Cohen responded that this area was a concern for CMS and it was actively suggesting alternative funding for some of these investments. He added that the investment ceiling would not change but some of the investments would need to move off the funding. Senator Kitchel offered that there were many important initiatives under the MCO Investments such as mosquito control and public health. In responding to Senator Kitchel, Secretary Cohen confirmed that if the State could not bill for certain initiatives under Medicaid, that those investments would then become General Fund pressures on the State budget. Representative Lippert asked if the Global Commitment negotiations would be completed in time for the transition of the new Governor and Administration. Secretary Cohen stated he was very confident the negotiations would be completed. Representative Lippert asked if the Agency would be willing to share the contract and the proposed management plan for the Waiver with the Committee before it was put in place. Secretary Cohen confirmed he would, and that negotiations should be completed by November 1. Representative Ancel inquired how the new Waiver management plan would work within the transition of the new Administration. Ms. Hickman explained that the new Waiver would be in effect by January 1, 2017, and the new Administration would have the opportunity to comment on the plan before it traveled to the Legislature. Senator Kitchel asked what the major area of alignment was between the Global Commitment Waiver and the All-Payer Model. Secretary Cohen responded that the flexibility of Global Commitment would be helpful with Medicaid as a component of the All-Payer Model.

3. Vermont Health Exchange – Preparation for Open Enrollment - a. Joint Fiscal Office Consultant Team

John Schaeffer, President, Strategic Solutions Group (SSG), thanked the Administration's staff for their cooperation and time dedicated to his team in answering questions for the SSG assessment of the Vermont Health Exchange. SSG was assigned with the following three main tasks: 1) to assess operational readiness, 2) to assess the long-term sustainability of the current systems and operations, and 3) to review other options such as using other state's exchanges. He noted that there had been a lot of work on the Exchange since the previous year, but there were still some areas with high level concerns, such as the call center, data exchange, and a firefighting type of environment.

The call center continues to have an unacceptable wait time, and even though there were many people working to fix the issue; there was a risk with open enrollment only a few weeks away and a probability of some level of continued wait times.

Mr. Schaeffer explained data exchange relied on collaboration and good information technology systems. If data synchronization to providers of coverage variables was not optimum, then issues could occur with such things as wrong bills or coverage. These were also known issues that additional staff at AHS was working on to address prior to open enrollment.

Mr. Schaeffer explained the last area of concern as the firefighter environment was AHS responding to issues as they arise rather than creating a plan. It was important to break the cycle of firefighting and instead create and execute a plan to monitor compliance of contractors and staff. There had been positive work since the previous year and many people were working to resolve issues but it also creates risk to the system for open enrollment with unforeseen issues.

Mr. Schaeffer announced that SSG would have a public forum to collect feedback from a broader audience on experiences with the Vermont Health Exchange. Senator Kitchel recapped that SSG had only been investigating the Exchange for a month and that broader, deeper questions on the future of the Exchange would be addressed in SSG's report due in December. Catherine Benham, Associate Fiscal Officer, Joint Fiscal Office, responded to Representative Ancel that the public forum would take place in a few weeks. Senator Kitchel suggested it happen by the end of October before open enrollment.

Rep. Branagan indicated that she had heard the Administration had recently negotiated several IT contracts involving millions of dollars and expressed concern that this was indicative of intent to move forward with the current system. No one at the meeting from the Administration was able to speak definitively to these contracts, the spending involved or the services being procured under each contract. Joint Fiscal Office was requested to obtain information regarding these contracts and to forward this information to members.

3. Administration's Response on Vermont Health Exchange

Commissioner Costantino, and Sean Sheehan, Director of Education and Outreach, Department of Vermont Health Access (DVHA), distributed a presentation. Commissioner Costantino explained there had been good communication with SSG. He explained there was a major systems development in March of the Exchange in relation to Medicaid renewals, and with any IT deployment or release of an update there were errors and defects to troubleshoot and improve. The contractor Optum, in their surge of work, identified and remediated many issues that have since been improved.

Commissioner Costantino explained that the most urgent issue before the Department was the call center wait times. Redeterminations had begun the previous year on the aged, blind and disabled (ABD) and in January expanded to the modified adjusted gross income (MAGI) population, which sent 9,000 recipients through the call center per month. Mr. Sheehan added that September had the most calls on record at the center. The Commissioner stated that the wait

times were unacceptable and then expressed concern for the inadequate staffing levels at Maximus to address call center issues. The Department escalated the issue of wait times up to the corporate level within Maximus to ensure support to resolve the issue in time for open enrollment with progress indicators along the way. Maximus and the Department have implemented an aggressive monitoring system for issues. The Commissioner explained that Maximus has had significant issues with hiring people within Chittenden County since Vermont's unemployment rate was so low. Representative Sharpe asked for the starting wage and educational qualifications for the jobs. Commissioner Costantino stated the starting wage was \$14 an hour, and Mr. Sheehan promised to get the education information back to the Committee.

Senator Kitchel asked if the transfer of the data from the Health Eligibility Access Unit's (HEAU) 12 districts to the Exchange was part of the issue with the volume of eligibility cases since recipients could no longer contact caseworkers at HEAU. Commissioner Costantino responded that HEAU was still involved in the more complicated cases (tiers 2 and 3). He then explained that Maximus had begun hiring people from Chicago to fill positions. Representative Sharpe expressed concern for the location of the call centers and available workers (Vermonters), such as the Northeast Kingdom. The Commissioner responded that the Department had been critical of locations but Maximus stated there was not enough volume in other areas to justify a center. The Department was investigating implementing satellite locations.

Senator Sears asked if there were consequences and deliverables in the contract with Maximus and if those had been instituted. Commissioner Costantino responded there were financial penalties in the contract for deliverables not met and those had been implemented. Senator Kitchel inquired if there were system-generated issues adding to the volume of calls. Mr. Sheehan responded there were some system-generated volume increasers, such as the added eligibility redetermination cases from ABD last fall. In conclusion, Commissioner Costantino stated that the Department would strongly consider the suggestions of SSG on the firefighting issues within the Exchange.

Vermont Employment Growth Incentive Program

The Chair explained a recent issue had arisen that had triggered the addition to the agenda and a proposed motion by Representative Ancel. Representative Ancel gave background on the proposed motion referencing the Vermont Economic Progress Council's statutory language (32 V.S.A. § 5930a(h)). The motion was spurred by recent news of a VEGI grant recipient and layoffs of some of its workforce (Mylan). She explained the Director of VEPC, Fred Kenny, stated that the JFO could not receive financial records from Mylan as those records were considered proprietary information. It was suggested that the Committee could authorize the Office to receive the information for review and analyze. Representative Ancel explained the importance of the Office analysis of the financial information to protect taxpayer interests.

Motion that confidential financial information and materials submitted by Mylan in connection with Vermont Employment Growth Incentive program be made available to the Joint Fiscal Office pursuant to 32 V.S.A. § 5930a(h).

Representative Ancel moved to approve the proposal, and Senator Ayer seconded the motion. In response to Representative Sharpe, Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office, explained that the State Auditor was able to request financial information from a VEGI grantee under its own enabling statute. Representative Branagan expressed concerns of how the State and Franklin County had gone out of its way to invest financially in Mylan, and additionally moved AHS staff to another building to afford Mylan its new headquarters. The Committee approved the motion unanimously.

I. Fiscal Office Updates - 1. Fiscal Officer's Report

Mr. Klein gave a summarized version of his report. There were no questions from the Committee.

2. Vermont Employment Growth Incentive Program Technical Working Group

Sara Teachout, Senior Fiscal Analyst, Joint Fiscal Office, gave an update on the VEGI working group as appointed, but there were no conclusions yet. There would be at least one more meeting.

Mr. Klein commented that in November the personal income tax component would be moved to the Department of Taxes' Tax Modernization System, and a report from the Commissioner would be presented at the November Committee meeting.

The Chair confirmed the next meeting of the Committee for November 14. Senator Ayer moved to adjourn the meeting, and Representative Sharpe seconded the motion. The Committee adjourned at 3:18 p.m.

Respectfully,

Theresa Utton-Jerman
Joint Fiscal Office