



MEMORANDUM

TO: Joint Fiscal Committee
FROM: Susanne Young, Secretary of Administration 
Adam Greshin, Commissioner of Finance and Management 
RE: FY 2018 Rescission Plan
DATE: August 17, 2017

At the Emergency Board meeting held on July 21, 2017, an updated FY 2018 revenue forecast was adopted that is \$28.8 million less than the forecast used to construct the FY 2018 budget adopted by the Legislature. Included in this shortfall was \$16.3 million of corporate tax refunds, which were resolved through a plan approved by the Emergency Board at their July 2017 meeting. There remains a \$12.5 million revenue shortfall.* Pursuant to 32 V.S.A. § 704(b)(1) the Secretary of Administration submits the following plan to realign expenditures with the reduction in the General Fund revenue:

- An increase in forecasted direct application revenue accounts for the first \$3.78 million needed to balance the General Fund. The Department of Financial Regulation has increased its forecasted transfer to the General Fund by \$3.5 million and the Secretary of State anticipates an additional \$275,000 will be available for transfer to the General Fund.
- The Medicaid Consensus Forecast group has met and they have recommended, subject to Emergency Board approval in January 2018, a \$25 million reduction for all funding sources in the overall forecast for FY 2018. The total General Fund reduction is \$4.52 million due to the enhanced federal match present in the program areas that contributed to the reforecast.
- The remaining \$4.31 million needed to cover the General Fund shortfall is primarily resolved through special fund sweeps, appropriation reductions, and a proposal by DVHA to rebase outpatient prospective payments, which will result in \$1.63 million of General Fund savings.

The Administration believes this proposal is the best way to manage the current revenue downgrade. It uses available resources with negligible programmatic impact. Additionally, this plan keeps the reserves intact and available to manage potential federal challenges.

*An additional \$100,000 is raised in the rescission plan, for a total of \$28.9 million, due to a loss of revenue from the property transfer tax resulting from the revenue forecast downgrade.

cc: Steve Klein, Chief Fiscal Officer, Joint Fiscal Office
Stephanie Barret, Associate Fiscal Officer, Joint Fiscal Office



FY 2018 Governor's General Fund Rescission Plan

Business Unit #	Business Unit Name	Amount	Savings Type	Proposed Reduction
02210	Department of Financial Regulation	3,500,000	Revenue	Increase in projected revenue for transfer to the general fund
02230	Secretary of State	275,000	Revenue	Increase in projected revenue for transfer to the general fund
03410	Vermont Health Access	4,519,000	Medicaid	Medicaid Consensus Forecast has been revised downward by \$25M Gross/\$4.519 GF. This is based on closeout, redeterminations and childless new adults
01100	Agency of Administration	33,817	Base	Reduction of salary expenses in the Secretary of Administration's Office
01130	Libraries	50,000	Base	Reversion of carryforward that will be ongoing savings due to the Library's move to the Historical Society in Barre and decreased fee for space.
01140	Tax	40,000	Base	Tax has several options including reduction in software purchases and renegotiating service level agreements with ADS.
01200	Executive Office	33,904	Base	Carryforward reversion. Ongoing savings either in personnel services or funds set aside for trips to conferences.
01250	Auditor of Accounts	8,000	Base	Reduction in training and contracted non-audit work.
02130	State's Attorneys and Sheriffs	179,776	Base	Reduction to personnel services that will be managed through vacancy savings.
02140	Public Safety	433,500	Base	Public Safety base savings are achieved through leveraging federal funds, management efficiencies and cost allocations of administrative expenses to interdepartmental funds.
02200	Agriculture, Food & Markets	35,000	Base	Savings from move out of Capitol Plaza into state-owned space.
02210	Department of Financial Regulation	460,350	Base	Reduction in Operating costs that would increase the direct app to the GF. Costs include temps., travel, rentals and contracts with vendors.
03410	Vermont Health Access	1,631,370	Base	DVHA is working with hospitals on Outpatient Prospective Payments to restore hospital outpatient spending to the pre-provider based billing baseline.
07110	Housing & Comm Development	18,188	Base	Reduction to historic sites Gift shop inventory.
07120	Economic Development	40,000	Base	EB-5 Contract reduction
07120	Economic Development	25,000	Base	SEVEDS Grant - Brattleboro Dev Credit Corp
07130	Tourism & Marketing	49,000	Base	DNE Supplemental Dues. Still pay base dues of \$100k.
07130	Tourism & Marketing	32,812	Base	United Kingdom focused tourism contract that will be reduced
02250	Public Utilities Commission	150,000	One-time	Direct application of special fund balance
02140	Public Safety	426,830	One-time	Sweep of one-time special fund balances that will not affect Public Safety's operations.
01150	BGS	200,000	One-time	One-time reversion of carryforward funds
01210	Legislative Departments	102,000	One-time	One-time reversion of carryforward funds
02120	Judiciary	318,634	One-time	One-time reversion of carryforward funds
02230	Secretary of State	39,284	One-time	One-time reversion of carryforward funds

FY 2018 Governor's General Fund Rescission Plan

Business Unit #	Business Unit Name	Amount	Savings Type	Proposed Reduction
	Total of FY 2018 Governor's Proposed Rescission	12,601,465		