

MEMORANDUM

TO: Mitzi Johnson, Chair, House Appropriations Committee
FROM: Jim Reardon, Commissioner, Finance & Management
DATE: March 13, 2015
RE: FY 2015 Appropriations Bill – requested additions and changes

We appreciate the work your Committee has done in crafting the FY 2016 Appropriations Bill. We ask for your consideration of several issues that have arisen since the Administration submitted the Governor's Recommended FY 2016 Budget Bill to you on 1/15/2015.

1. **Equipment Revolving Fund (ERF):** The Secretary of Administration is in the process of updating its Bulletin 7.14, regarding the management of the ERF (29 V.S.A § 903(e)), to correctly reflect the roles and responsibilities of the Departments within the Agency of Administration. Per this revision, jurisdiction of the ERF should be moved from the Commissioner of Buildings and General Services to the Secretary of Administration. As such, please add the language as follows:

3 V.S.A. § 2222 Powers and Duties; Budget and Report is added to read:

(j) Notwithstanding the provisions of 29 V.S.A. § 903(a), the Agency of Administration will administer an Equipment Revolving Fund to be used for internal lease purchase of equipment for State agencies. The Secretary of Administration will establish criteria for equipment purchased through this Fund, including, types of equipment, limiting amounts for specific equipment and the useful life of the equipment.

(1) Agencies or departments acquiring such equipment shall repay the Fund through their regular operating budgets according to an amortization schedule established by the Commissioner of Finance and Management. Repayment shall include charges for the administrative costs of the purchase and estimated administrative inflation over the term of the payback.

(2) The Commissioner of Finance and Management may anticipate receipts to this Fund and issue warrants based thereon.

REPEAL:

29 V.S.A. § 903(e) (administration of the equipment revolving fund) is repealed.

2. **Tobacco Trust Fund:** 18 V.S.A. § 9502 (a)(3) indicates that appropriations from the Tobacco Trust Fund shall not exceed 7% of the fair market value at the end of the prior fiscal year. In the Governor's FY 2016 budget recommendation, the proposed



appropriations from the Tobacco Trust Fund exceed 7% of the prior fiscal year fair market value. The appropriation from the trust fund is used to cover prior year arbitration costs at the Attorney General's office. The following language should be added to proposed Section D:

Sec. D XXX APPROPRIATION FROM THE TOBACCO TRUST FUNDS

(a) Notwithstanding 18 V.S.A. § 9502(a)(3), the Attorney General is appropriated \$322,500 from the Tobacco Trust fund to pay for expenses related to the arbitration of prior year tobacco settlements.

3. **Pay Act Language:** The Governor's recommended budget did not include all of the necessary updates to align the Pay Act Language with allocated funding. Please amend the language accordingly:
 - Sec. B.1101** 2014 Acts and Resolves No.160, Sec.9(a)(2)(A) is amended to read:
(A) General Fund. The amount of ~~\$8,480,001.00~~ ~~\$3,995,165.00~~ \$3,454,510 is appropriated from the General Fund to the Secretary of Administration for distribution to departments to fund the fiscal year 2016 collective bargaining agreements and the requirements of this act.
 - Sec. B.XXX** 2014 Acts and Resolves No.160, Sec.9(b)(2)(B) is amended to read:
(B) Fiscal Year 2016. The amount of ~~\$1,044,585.00~~ \$425,369 is appropriated from the General Fund to the Judiciary to fund the fiscal year 2015 collective bargaining agreement and the requirements of this act.
 - Sec. B.XXX** 2014 Acts and Resolves No.160 Sec.9(c)(2) is amended to read:
(2) Fiscal Year 2016. The amount of ~~\$283,000.00~~ \$115,286 is appropriated from the General Fund to the Legislative Branch.
4. **States Attorneys and Sheriffs:** The Governor's recommended budget contained a \$100,000 error in the allocation of the Appropriation in Sec. B.205 between the Personal Services and Operating major objects. Please see Attachment A, Part 1- States Attorneys and Sheriffs for the updated appropriation.
5. **Increase to the special fund appropriation for the Public Service Department (B.233):** The Governor's recommended budget did not include an increase in the special fund appropriation in Sec. B.233 to cover common operating expenses and to support the new VTA positions requested in Sec. E.100 (a)(7) (these costs were overlooked when the department's budget was entered into the Vantage budget system). The department has the revenue needed to support these positions and the special fund appropriation increase should have been included in the original request, as approved by the Commissioner of Finance and Management in the budget development process. Please see Attachment A, Part 2 - Public Service Department for the corrected appropriation.
6. **Next Generation Funding for the Area Health Education Centers (AHEC):** The language as presented in Sec. B.1100 of the Governor's Recommended FY 2016 Budget does not align with the policy change in the Department of Health's budget request to reduce funding for the AHEC loan repayment. This error resulted in a transfer of \$300K

to Next Generation for AHEC instead of to the Agency of Human Services to be used as Global Commitment Match.

Subsequent to the submission of the Governor's Recommended FY 2016 Budget, the Administration received a request from the Health Care Workforce Work Group to include this funding in the Governor's Health Care Reform proposals, which the Administration is open to. In addition, the House Health Care Committee has proposed restoring this cut in their priorities. This issue will need to be resolved by House Appropriations when it considers the Health Care Committee's proposal.

7. **DCF Special Fund Appropriations:** There were two incorrect special fund appropriation entries made in the Vantage budget system when DCF prepared their FY 2016 Budget. These two entries were made incorrectly and have a net neutral impact on the Special Fund Appropriation proposed for DCF. Please see Attachment A, *Part 3 – Department for Children and Families*.
8. **Authority to transfer LIHEAP and Weatherization funding:** The Governor's proposed budget recommended that the general fund appropriation for LIHEAP be reduced by \$6 million. After the budget was submitted it was realized that some state funds are needed as part of the LIHEAP appropriation to continue providing the current level of benefit. To mitigate this issue, the Agency of Human Services is requesting that language be added to the FY 2016 budget bill that allows the transfer of appropriations between LIHEAP and Weatherization. The Weatherization Special fund is considered state dollars and can be used to provide the state funds needed to support LIHEAP. Up to 15% of Federal LIHEAP dollars can be used to support state Weatherization programs. As such, please add the following language to allow the transfer of appropriations after the LIHEAP block grant is awarded in November of 2015 to ensure that the state is able to provide the proposed level of benefit in FY2016.

Sec. 324.XX LIHEAP AND WEATHERIZATION

(a) Notwithstanding 33 V.S.A. §2603 and 33 V.S.A. §2503, in fiscal year 2016 the Secretary of Administration may, upon recommendation of the Secretary of Human Services, transfer up to 15% of the federal fiscal year 2016 federal Low Income Home Energy Assistance Program (LIHEAP) block grant from the Federal Funds appropriation in Sec. B.324 of this act to the Home Weatherization Assistance appropriation in Sec. B.326 of this act to be used for weatherization in state fiscal year 2016. An equivalent appropriation transfer shall be made to Sec. B.324 Low Income Home Energy Assistance program from the Home Weatherization Assistance Fund in Sec. B.326 to provide home heating fuel benefits in state fiscal year 2016. At least three days prior to any such transfer being made, the Secretary of Administration shall report the intended transfer to the Joint Fiscal Office and shall report any completed transfers to the Joint Fiscal Committee at its next scheduled meeting.

9. **Veterans' Home Employee Board Member:** The Governor's recommended budget proposed to align the dates in 20 V.S.A. § 1713 with current statute and eliminate an employee board member in 2017. After the budget was recommended the Board of the

Vermont Veterans' Home decided that having an employee on the board has served the organization well. Rather than update the statute to reflect the expiration of the employee board member, as was proposed, the Board would like to leave the statute as written and instead strike the language that repeals the employee board member. The original Governor's Proposal should not be included in the bill but rather the following change should be incorporated:

Sec. E.342.1 20 V.S.A. § 1713(b) is amended to read:

(b) The Board shall consist of 21 members:

(1) Twenty members shall be appointed by the Governor for staggered terms of three years, at least 15 of whom shall be veterans who have been honorably discharged from any branch of the U.S. Armed Forces. Each appointed trustee shall serve until a successor has been appointed. In the event an appointed trustee vacates the Board, is unable to serve, or is removed by the Governor for cause, the Governor shall appoint another trustee to serve the unexpired term of the departing trustee.

~~Subdivision (b)(2)(A) repealed effective July 1, 2017; see note set out below.~~

(2)(A) One member of the Board shall be a classified employee who has at least five years of service at the Home. This trustee shall be elected by a secret ballot administered by the Board and cast by the classified employees of the Home. This trustee shall not vote in case of a real or apparent conflict of interest, shall serve a term of three years and until a successor is elected, and may be removed by the Governor for cause.

~~Subdivision (b)(2)(B) repealed effective July 1, 2017; see note set out below.~~

(B) The Board shall give notice of a vacancy of this trustee position and hold an election no more than 30 days from the notice date. In the event this trustee vacates the Board, is unable to serve, or is removed by the Governor for cause, the classified employees of the Home shall elect another classified employee of the Home to serve the remainder of the unexpired term.

10. Technical change to H.82, an act relating to the FY2015 budget adjustments:

Sec.61(a)(4) of the F2015 Budget Adjustment Act included the wrong amount to be transferred from the Transportation Fund to the TIB fund. Sec.61(a)(4) should be amended to read as follows:

Sec. 61 FUND TRANSFERS

(a) Notwithstanding any provision of law to the contrary, in fiscal year 2015:

(4) The following amounts shall be transferred to the Transportation Infrastructure Bond Fund from the Transportation Fund: ~~3,150,000.00~~ 2,500,000.00

Attachments (1)

cc: Jane Kitchel, Chair, Senate Appropriations Committee
Justin Johnson, Secretary of Administration
Steve Klein, Chief Fiscal Officer
Stephanie Barrett, Associate Fiscal Officer
Maria Belliveau, Associate Fiscal Officer

Attachment A

Technical Letter to House Appropriations

3/13/2015

Part 1 - States Attorneys and Sheriffs

B.205	States Attorney's and Sheriffs	Gov Rec	Revised Gov Rec
	Personal Services	—11,090,808	11,190,808
	Operating Expenses	—1,907,815	1,807,815
	Total	12,998,623	12,998,623
	General Fund	10,328,495	10,328,495
	Special Fund	102,785	102,785
	Federal Funds	31,000	31,000
	Interdepartmental Transfer	2,536,343	2,536,343
	Total	12,998,623	12,998,623

Part 2 - Public Service Department

B.233	Public Service - regulation and energy	Gov Rec	Revised Gov Rec
	Personal services	—10,158,716	10,430,192
	Operating expenses	—1,670,915	2,047,077
	Grants	3,791,667	3,791,667
	Total	—15,621,298	16,268,936
	Special Funds	—14,316,795	14,964,433
	Federal Funds	1,002,268	1,002,268
	ARRA Funds	238,000	238,000
	Interdepartmental Transfers	41,667	41,667
	Enterprise Fund	22,568	22,568
	Total	—15,621,298	16,268,936

Part 3 - Department for Children and Families

B.316	DCF Admin and Support	Gov Rec	Revised Gov Rec	
	Special Fund	718,986	718,986	
	Misc. Special Revenue	—313,427	388,986	
	Animal Spay/Neuter Fund	—405,559	330,000	
	Special Fund Total	718,986	718,986	
	B.326	DCF - OEO - Weatherization Assistance	Gov Rec	Revised Gov Rec
	Special Fund	8,107,951	8,107,951	
	Misc. Special Revenue	—1,979,383	-	
	Home Weatherization Assistance	—6,128,568	8,107,951	
	Special Fund Total	8,107,951	8,107,951	