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APPROPRIATIONS

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MEMORANDUM

To: Rep. Pugh, Chair, House Committee on Human Services

From: Rep. Mitzi Johnson, Chair, House Committee on Appropriations

Date: February 11, 2015

Subject: Review of Provisions in the Governor's Proposed FY 2016 Budget

The House Appropriations Committee is in the process of taking testimony on the Governor's fiscal year 2016 budget proposal. There are several provisions that fall under the jurisdiction of the House Committee on Human Services. It would be helpful if your committee could review the provisions and provide recommendations by March 11, 2015.

Please find below the items that I would like your committee to review. Thank you very much for your consideration.

Sec. C.101 BLUE RIBBON COMMISSION ON COST AND FINANCING OPTIONS FOR HIGH QUALITY AFFORDABLE CHILD CARE

(a) Blue Ribbon Commission on Financing High Quality, Affordable Child Care.

(1) Establishment of Commission. The Secretary of Administration shall establish a Blue Ribbon Commission on Financing High Quality, Affordable Child Care.

(2) Purpose of Commission. The purpose of the Commission is to examine the costs, affordability, and availability of funding for high quality child care for children ages birth through five and make recommendations to the General Assembly and the Governor for closing the gap between what is needed for adequate public funding and what is being provided at the present time.

(3) The work of the Blue Ribbon Commission will meet and support goals and strategies within the Vermont Early Childhood Framework and the accompanying Vermont Early Childhood Action Plan, especially goals three and four.

(4) Goals of the Commission:

(A) Determine the total costs of providing equal access to voluntary, high quality, early care and education for all of Vermont children, ages birth through five. Consider the needs and preferences of families which may range along a continuum from part day/part year services to full day/full year services and include non-traditional work hours as well as usual business hours or a combination of these.

(B) Work in coordination with the ongoing efforts of Vermont’s Early Learning Challenge – Race to the Top grant, Vermont’s PreK Expansion Grant and Vermont’s implementation of Act 166 – Universal PreK.

(C) Examine current policies in Vermont’s Child Care Financial Assistance Program (CCFAP) in relation to national trends and innovation in subsidy practice, as well as the relationship between CCFAP and other public benefits taking into consideration the overall impact on families, and recommend changes to maximize the use of CCFAP to support affordable access to high quality early care and education for eligible families.

(D) Consider various family composition and income level, recommend the amount that families should pay toward the costs of high quality early care and education and identify methods for reducing the costs for families paying more than what has been established as affordable.

(E) Determine capacity of current funding mechanisms for high quality, affordable early care and education and assess need for expansion.

(F) Review and identify the sources for any available and potentially available funding from the state and federal government for high quality, affordable early care and education.

(G) Investigate the current economic impact of the child care industry, including its importance for the role it plays in enabling parents to be in the workforce.

(H) Review and identify potentially available public and private funding sources, other than the federal government, for high quality, affordable early care and education.

(I) Review and identify innovative funding mechanisms used to finance high quality, affordable early care and education in other states and countries.

(J) Explore possible funding sources for equal access to voluntary, high quality, early care and education for all of Vermont children, ages birth through five, including but not limited to:

(i) Expansion of existing available child care tax credits for both families and businesses, and investigation of other tax credits, deductions and exemptions for families and businesses;

(ii) Development of a system for “Pay for Success” financing (e.g. “Social Impact Bonds”);

(iii) Identification of available revenue from health care reform and establishing requirements for designating those savings for use in funding early care and education.

(iv) Identification of possible available revenue from changes in the education system or funding and establishing requirements for designating those savings for use in funding early care and education.

(v) Identification of possible systems to generate funding sources (such as fees) when new community or commercial development will create increased demand for high quality, affordable early care and education.

(vi) Analysis of current State allocation of tax and fee revenues and identification of possible re-allocation, additional new revenue and any other possible source of funds in the existing tax structure;

(K) Determine the return on investment by assessing future cost savings to the state

(L) Develop a specific plan and time line for implementation of recommendations.

(5) The Commission shall consists of 22 members to be selected as follows:

(A) Two members of the Senate appointed by the Senate Committee on Committees, to include at least one member of the Senate Finance Committee

(B) Two members of the House of Representatives appointed by the Speaker of the House, to include at least one member of the House Ways & Means Committee

(C) The Vermont Secretary of Education, or designee

(D) The Vermont Secretary of Administration, or designee

(E) The Vermont Secretary of Human Services, or designee

(F) The following members appointed by the Governor:

(i) one representative from the Child Development Division of the Agency of Human Services;

(ii) one representative from higher education;

(iii) three representatives of the Vermont business community;

- (iv) one representative of the financial services industry in the State;
- (v) one representative of licensed and registered home-based early learning and development programs in the State
- (vi) one representative of licensed center-based early learning and development programs in the State;
- (vii) one representative of Head Start;
- (viii) one representative of Parent Child Centers;
- (ix) one representative from the Early Educators United;
- (x) two parents of children enrolled in an early care and education program in the State, one of whom is serving in the military;
- (xi) one representative of a child advocacy group; and
- (xii) one representative from Building Bright Futures State Council;
- (6) The Commission shall be appointed as soon as possible after the effective date of this act. The panel shall elect a chair and a vice chair from among its members. The first meeting of the Commission shall be held on or before July 1, 2015. The Commission shall hold subsequent meetings at times and locations determined by the Commission
- (7) The Commission shall hold meetings across the state and through interactive television, and actively seek input from a broad spectrum of stakeholders.
- (8) Members of the Commission that are not state employees shall receive per diem compensation and reimbursement for expenses under Sec. 1010 of Title 32.
- (9) The Secretary of Administration along with the Joint Fiscal Office and the Office of Legislative Counsel shall provide staff for the Commission.
- (10) The Commission is authorized to accept funding to offset costs related to this study.
- (11) The Commission shall report on its findings to the General Assembly and the Governor on or before November 1, 2016.

EXPLANATION: The purpose of the Commission is to examine the costs, affordability, and availability of funding for high quality child care for children ages birth through five and make recommendations to the General Assembly and the Governor for closing the gap between what is needed for adequate public funding and what is being provided at the present time.

Sec. E.300 DEPOSIT AND USE OF MASTER SETTLEMENT FUND

(a) Deposit of Master Tobacco Settlement receipts and appropriations of Tobacco Settlement funds in fiscal year 2016 are made, notwithstanding 2013 Acts and Resolves No. 50, Sec. D.104.

EXPLANATION: Same language as for FY 2015 in 2014 Act 179 Sec. E.300. 2013 Act 50 Sec.D.104 requires withheld tobacco settlement funds to be deposited in The Tobacco Trust Fund. This section allows the previously withheld Tobacco Settlement funds received in 2016 to be spent rather than deposited into the Trust Fund.

Sec. E.300.1 18 V.S.A. Sec. 9503 is amended to read:

Sec. 9503. Vermont tobacco prevention and treatment

(a) Except as otherwise specifically provided, the Tobacco Prevention and Treatment Program shall be administered and coordinated statewide by the Department of Health ~~and~~ with the advice of the Vermont Tobacco Evaluation and Review Board, pursuant to the provisions of this chapter. The Program shall be comprehensive and research-based, and shall include the following components:

- (1) community-based programs;
- (2) school-based programs;
- (3) tobacco cessation programs;

- (4) countermarketing activities;
 - (5) enforcement activities;
 - (6) surveillance and evaluation activities;
 - (7) policy initiatives; and
 - (8) any other activities determined by the Commissioner ~~or the Board~~ to be necessary to implement the provisions of this section.
- (b) ~~By June 1, 2001, the Department and the Board shall jointly establish a plan that includes goals for each Program component listed in subsection (a) of this section, for reducing adult and youth smoking rates by 50 percent in the following 10 years. By June 1 of each year, the Department and, with the advice of the Board, shall jointly establish goals for reducing adult and youth smoking rates in the following two years, including goals for each Program component listed in subsection (a) of this section. The services provided by a quitline approved by the Department of Health shall be offered and made available to any minor, upon his or her consent, who is a smoker or user of tobacco products as defined in 7 V.S.A. § 1001.~~ (c) The Department of Liquor Control shall administer the component of the Program that relates to enforcement activities.
- (d) The Agency of Education shall administer school-based programs.
- (e) The Department shall pay all ~~fees and~~ costs of the surveillance and evaluation activities, ~~including the costs associated with hiring a contractor to conduct an independent evaluation of the Program.~~
- (f) ~~The Board shall be represented on all Tobacco Program Advisory Committees, including, but not limited to, the youth working group, Community Grants Advisory Board, and the Scientific Advisory Board. The Board's representative on any such Advisory Committee shall include at least one member other than the Commissioner of Health.~~

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health. The various groups listed in subsection (f) no longer exist.

Sec. E.300.3 18 V.S.A. Sec. 9504 is amended to read:

Sec. 9504. Creation of the Vermont Tobacco Evaluation and Review Board

- (a) There is created and established, within the Office of the Secretary Commissioner, a an advisory body to be known as the Vermont Tobacco Evaluation and Review Board, ~~an independent State Board~~ created to ~~work in partnership with the Agency of Human Services and the Department~~ provide advice to the Commissioner of Health in establishing ~~the annual budget,~~ Program criteria and policy development, and review ~~and evaluation~~ of the Tobacco Prevention and Treatment Program.
- (b) The Board shall consist of 14 members, including ex officio the Commissioner of Health and the Secretary of Education, or their designees; the Commissioner of Liquor Control or designee; the Attorney General or designee; a member of the House of Representatives appointed by the Speaker of the House; a member of the Senate appointed by the Committee on Committees; a member representing a nonprofit organization qualifying under Section 501(c)(3) of the Internal Revenue Code and dedicated to anti-tobacco activities appointed by the Speaker of the House; a member representing the low income community appointed by the Senate Committee on Committees; two persons under the age of 30, one appointed by the Speaker of the House and one appointed by the Committee on Committees; and four members appointed by the Governor with the advice and consent of the Senate, including: one K-12 educator involved in prevention education; one tobacco use researcher; one member representing the health care community; and one tobacco industry countermarketing expert. The public members shall serve for three-year terms, beginning on July 1 of the year in which the appointment is made, except that the first members appointed by the Governor to the Board shall be appointed, two for a term of two

years, one for a term of three years and one for a term of four years. Vacancies shall be filled in the same manner as the original appointment for the unexpired portion of the term vacated.

(c) The Governor shall appoint a Chair from among the Board's public members. The Chair shall serve for a term of two years. The Chair may be removed for good cause by a two-thirds voting majority of the Board. The Board may elect such other officers as it may determine. ~~The Board may appoint committees or subcommittees for the purpose of providing advice on community-based programs, countermarketing activities, and independent program evaluations.~~ Meetings shall be held at the call of the ~~Chair or at the request of three members~~ Commissioner of Health; however, the Board shall meet no ~~less~~ more than four times a year. ~~A majority of the sitting members shall constitute a quorum, and action taken by the Board under the provisions of this chapter may be authorized by a majority of the members present and voting at any regular or special meeting. Actions taken by the Board to approve, authorize, award, grant, or otherwise expend money appropriated to the Board or the Department shall require authorization from a majority of members of the entire Board.~~

(d) Public members other than ex officio members shall be entitled to per diem compensation authorized under 32 V.S.A. § 1010 for each day spent in the performance of their duties, and members shall be reimbursed from the fund for reasonable expenses incurred in carrying out their duties under this chapter. Legislative members shall be entitled to per diem compensation and reimbursement for expenses in accordance with 2 V.S.A. § 406.

(e) ~~The Board may employ staff, through the Agency of Human Services, to assist the Board in planning, administering, and executing its functions under this chapter, subject to the policies, control, and direction of its members and the powers and duties of the Board under this chapter. The Board may employ technical experts and contractors as necessary to effect the purposes of this chapter. The Board shall use the Office of the Attorney General for legal services. The Board shall receive additional staff assistance from the Department of Health, the Office of Legislative Council, and the Joint Fiscal Office.~~

(f) ~~The Agency of Human Services~~ Department of Health shall provide administrative support to the Board for the purposes of this chapter.

(g) No member of the Board shall have any direct or knowing affiliation or contractual relationship with any tobacco company, its affiliates, its subsidiaries, or its parent company. Each Board member shall file a conflict of interest statement, stating that he or she has no such affiliation or contractual relationship.

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.

Sec. E.300.4 REPEAL

(a) 18 V.S.A. Sec. 9505 (general powers and duties of the Vermont Tobacco Evaluation and Review Board) is repealed.

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.

Sec. E.300.5 18 V.S.A. Sec. 9506 is amended to read:

Sec. 9506. Allocation system

(a) In determining the allocation of funds available for the purposes of this chapter, the ~~Department and~~ Commissioner, with the advice of the Board, shall consider all relevant factors, including:

- (1) the level of funding or other participation by private or public sources in the activity being considered for funding;
- (2) what resources will be required in the future to sustain the Program;

(3) geographic distribution of funds; and

(4) the extent to which the outcomes of the project can be measured by reductions in adult or youth smoking rates.

(b) The ~~Department's and Board's~~ Commissioner's allocation system shall include a method, developed jointly with the advice of the Board, that evaluates the need for and impact and quality of the activities proposed by eligible applicants, including, if appropriate, measuring the outcomes of the project through reductions in adult and youth smoking rates.

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.

Sec. E.300.6 18 V.S.A. Sec. 9507 is amended to read:

Sec. 9507. Annual report

(a) On or before January 15 of each year, the ~~Board shall submit a report concerning its activities under this chapter to the Governor and the General Assembly. The report shall include, to the extent possible, the following:~~

~~(1) the results of the independent Program evaluation, beginning with the report filed on January 15, 2003, and then each year thereafter;~~

~~(2) a full financial report of the activities of the Departments~~ Department of Health shall, and in consultation with the Department of Liquor Control, and the Agency of Education, and the Board, including a special provide a joint report accounting of for all activities from July 1 through December 31 of the year preceding the legislative session during which the report is submitted;

~~(3) a recommended budget for the Program; and~~

~~(4) an explanation of the outcomes of approved programs, measured through reductions in adult and youth smoking rates.~~

EXPLANATION: Amendments associated with making the Vermont Tobacco Evaluation and Review Board advisory to the Department of Health.

Sec. E.312 Health – public health

(a) AIDS/HIV funding:

(1) In fiscal year 2016 and as provided in this section, the Department of Health shall provide grants in the amount of \$340,000 of AIDS Medication Rebates special funds to the Vermont AIDS service and peer-support organizations for client-based support services. The Department of Health AIDS Program shall meet at least quarterly with the Community Advisory Group (CAG) with current information and data relating to service initiatives. The funds shall be allocated as follows:

(A) AIDS Project of Southern Vermont, \$90,281;

(B) HIV/HCV Resource Center, \$18,063;

(C) VT CARES, \$174,246;

(D) Twin States Network, \$25,160;

(E) People with AIDS Coalition, \$32,250.

(2) Ryan White Title II funds for AIDS services and the Vermont Medication Assistance Program (VMAP) shall be distributed in accordance with federal guidelines.

(3) (A) The Secretary of Human Services shall immediately notify the Joint Fiscal Committee if at any time there are insufficient funds in VMAP to assist all eligible individuals. The Secretary shall work in collaboration with persons living with HIV/AIDS to develop a plan to continue access to VMAP medications until such time as the General Assembly can take action.

(B) As provided in this section, the Secretary of Human Services shall work in collaboration with the VMAP Advisory Committee, which shall be composed of no less than 50 percent of

members who are living with HIV/AIDS. If a modification to the program's eligibility requirements or benefit coverage is considered, the Committee shall make recommendations regarding the program's formulary of approved medication, related laboratory testing, nutritional supplements, and eligibility for the program.

(4) In fiscal year 2016, the Department of Health shall provide grants in the amount of \$100,000 in general funds to Vermont AIDS service organizations and other Vermont HIV/AIDS prevention providers for community-based HIV prevention programs and services. These funds shall be used for HIV/AIDS prevention purposes, including improving the availability of confidential and anonymous HIV testing; prevention work with at-risk groups such as women, intravenous drug users, and people of color; and anti-stigma campaigns. No more than 15 percent of the funds may be used for the administration of such services by the recipients of these funds. The method by which these prevention funds are distributed shall be determined by mutual agreement of the Department of Health and the Vermont AIDS service organizations and other Vermont HIV/AIDS prevention providers.

EXPLANATION: The language in (a)(1) no longer includes reference to \$135K General Fund, which is not included in the FY 2016 budget proposal. Reference to tobacco programs is covered in the tobacco statutes, amended earlier in this Bill.

Sec. E.318 33 V.S.A. Sec. 3505 is amended to read:

Sec. 3505 Supplemental child care grants

(a) The Commissioner of the Department for Children and Families may reserve up to one-half of one percent of the child care family assistance program funds for extraordinary financial relief to assist child care facilities that are at risk of closing due to financial hardship. The Commissioner shall develop guidelines for providing assistance and shall prioritize extraordinary financial relief to child care programs in areas of the state with high poverty and low access to high quality child care. If the Commissioner determines that the child care center is at risk of closure because operations of a child care program are not fiscally sustainable, he or she may provide assistance to transition children served by the child care operator in an orderly fashion to help secure other child care opportunities for children served by the program in an effort to minimize a disruption of services. The Commissioner has the authority to request tax returns and other financial documents to verify the financial hardship and ability to sustain operations.

(b) In instances in which extraordinary financial relief will not maintain ongoing access to high quality child care, the Department for Children and Families may provide additional support to ensure access to high-quality, comprehensive child care that meets the needs of working parents in high-poverty areas of Vermont. Licensed child care centers may be considered for this additional financial support to help ensure ongoing access to high-quality child care in areas of the State where none exists, as determined by the Commissioner. Financial assistance may be granted, at the discretion of the Commissioner, if the child care center meets the following criteria:

* * *

EXPLANATION: Authority to provide extraordinary financial relief for child care facilities at risk of closure (previously in 2012 Act 162 Sec E.318) is being added to 33 VSA Sec 3505 as subsection (a).

Sec. E.318.1 CHILD CARE SERVICES PROGRAM; WAITLIST

(a) The Department for Children and Families is authorized to implement a waitlist for eligible applicants seeking a subsidy through the child care financial assistance program if the Department anticipates that the program costs will exceed the amount appropriated.

EXPLANATION: This language reflects the statutory provision in 33 V.S.A. §3512(a)(1) that “A child care services program is established to subsidize, to the extent that funds permit, the costs of child care for families ...” [emphasis added]

Sec. E.321 HOUSING ASSISTANCE BENEFITS; FLEXIBILITY PROGRAM

(a) For State fiscal year 2016, the Agency of Human Services may continue a housing assistance program within the General Assistance program to create flexibility to provide these General Assistance benefits. The purpose of the program is to mitigate poverty and serve applicants more effectively than they are currently being served with General Assistance funds. The program shall operate in a consistent manner within existing statutes and rules and policies effective on July 1, 2013, and any succeeding amendments thereto, and may create programs and provide services consistent with these policies. Eligible activities shall include, among others, the provision of shelter, overflow shelter, case management, transitional housing, deposits, down payments, rental assistance, upstream prevention, and related services that ensure that all Vermonters have access to shelter, housing, and the services they need to become safely housed. The Agency may award grants to homeless and housing service providers for eligible activities. The assistance provided under this section is not an entitlement and may be discontinued when the appropriation has been fully spent.

(b) The program may operate in up to 12 districts designated by the Secretary of Human Services. The Agency shall establish outcomes and procedures for evaluating the program overall, and for each district in which the Agency operates the program, it shall establish procedures for evaluating the district program and its effects.

(c) The Agency shall continue to engage interested parties, including both statewide organizations and local agencies, in the design, implementation, and evaluation of the General Assistance flexibility program.

EXPLANATION: Language needed as some of the benefits that DCF previously provided directly through General Assistance (such as security deposits, down payments and back rent) referenced in statute and rule are now being provided through grants.

Sec. E.323 33 V.S.A. Sec. 1103(c) is amended to read:

(c) The Commissioner shall adopt rules for the determination of eligibility for the Reach Up program and benefit levels for all participating families that include the following provisions:

* * *

(9) \$125 of the Supplemental Security Income payment received by a parent shall count toward the determination of the amount of the family’s financial assistance grant.

EXPLANATION: Implements counting \$125 of SSI income in Reach Up benefit grants.

In addition to the above language sections are changes in the proposed numbers that would be of interest to the Human Services committee. Specifically, the Governor’s proposal regarding child care subsidies. The budget makes no changes to childcare subsidies, which means no increases, a very tight caseload resulting in possible wait lists, and not updating eligibility levels to 2015 FPLs. The language above in E.318.1 regarding child care wait list is related to this issue.

The following link will direct you to material on the Joint Fiscal Office web site regarding the Department of Children and Families.

http://www.leg.state.vt.us/jfo/appropriations/fy_2016/Department%20Budgets/FY2016%20Budget%20-%20Children%20and%20Families%20-%20Narrative.pdf