

FY17 General Fund Budget and Revenue Frame

Key Takeaways

1. **The revenue package raises \$44.6 million overall of which \$30.2 million balances the General Fund. The key General Fund components are:**
 - a) A mutual fund fee increase of \$13.2 million
 - b) A provider tax on dentists and doctors (\$17m) offset by a provider rate increase (\$5.1m State/\$10m total) netting \$11.9 million
 - c) An estate tax reduction which reduces out year revenues

Question 1: Is this the right amount to raise? what is? other budget considerations.....

Question 2: Are these the right components?

Question 3: Are there alternatives to be considered?

2. **There are difficult choices included in the budget proposal to reach balance**
 - a) Saving from changing the policy on involuntary medication
 - b) Savings related to group therapy and other best practice initiatives
 - c) St. Johnsbury work camp closure
 - d) Other...

If these items are not included, then what other actions will need to be taken

3. **The Budget as presented has \$8 -11 million in potential unfunded pressures**
 - a) Administration has yet to identify replacement savings or revenue for retracted proposal to eliminate Medicaid coverage for pregnant women over 138% FPL
 - b) If LRB recommends a cost of living adjustment (COLA) above the steps, funding will be requested from the Legislature for State employees
 - c) Negotiations are underway with direct care workers, this will likely result in a cost pressure requiring funding
 - d) It is unclear if state funding will be needed to supplement LIHEAP next fall

4. **The Budget is a tight budget which leaves a number of issues on the table**
 - a) Funding to address pay levels direct service designated agency workers
 - b) Other provider increases
 - c) Higher education is seeking funding tied to inflationary measure
 - d) Many others

5. Revenues and Budget create future problem

- a) Estate tax change lowers revenues \$5.6 min FY 2018 and another \$3.7m in FY 2021
- b) The pay act and direct care worker increases will be ongoing funding needs
- c) Tobacco settlement payments will drop \$12 million in FY 2018