

## FY 2016 Budget Summary - H.490 Senate Appropriations Committee - April 30, 2015

	<u>All Fds</u>	<u>%</u>	<u>State Funds</u>	<u>%</u>	<u>General Fund</u>	<u>%</u>
FY 2015	\$5.476	3.6%	\$2.276	1.7%	\$1.414	2.0%
FY 2016	\$5.529	1.0%	\$2.351	3.3%	\$1.469	3.9%

The FY 2016 budget reflects a multiyear process to bring spending and revenues toward long-term sustainability. Slower economic growth, federal reductions, and growing service demands create a difficult budget environment. FY 2015 saw over \$40 million in revenue downgrades. This FY 2016 budget addresses a GF gap of \$113.2 million.

The Senate Appropriations Committee generally agreed with the House on five goals:

1. Reduce reliance on one-time funding: The FY 2015 budget relied on \$53 million of one-time funds. This budget includes \$25 million of one-time funds, combined with actions to reduce base spending.
2. Expectation of multiyear analysis of program costs.
3. Move toward budgeting less than 100% of projected revenue.
4. Explore moving toward a 2-year budget.
5. Extend the inclusion of key outcome and performance measures comprehensively across programs.

The budget solves the \$113 million budget shortfall with:

\$53M cuts & funding changes                      \$36M new GF revenue                      \$25M one-time resources

The FY 2016 proposal puts in place structural initiatives:

- Supports criminal justice system changes with expanded videoconferencing, improvements to transport, capital bill support for a judicial case management system, and a legislative criminal justice committee replacing corrections oversight.
- Explores centralized corrections unit for men as replacement for aging facilities.
- Moves toward improved grant administration and oversight of grants.
- Proposes two special commissions, each with three nongovernmental members to:
  - Look at structural changes in how government provides services, including public-private partnerships;
  - Review development, regulation, and funding of information technology—a growing area of activity and concern in government.
- Promotes greater efficiencies in State buildings, State fleet, and general operations; includes a new linkage between BGS and Efficiency Vermont to address energy efficiency in State buildings.

The FY 2016 proposal also:

- Concurs with House, postpones dispatch centralization to allow development of alternatives.
- Provides Judiciary with an additional \$640,000 in base funding and limits the pay act reduction to meet budget needs and allow for the hiring of new judges.
- Fully funds the Veterans' Home to give it another year to find needed savings.
- Funds classification study and provides for an early retirement program to aid the Administration in achieving \$10.8 million in labor savings while protecting lower paid employees.
- Contains a \$5 million cut to Vermont Health Connect and creates a means for the Legislature to monitor to ensure that system developments meet agreed-upon targets. Provides for exploration of alternatives to the State exchange.
- Fully funds the Education Fund transfer.
- Funds VIT through December 31 to allow an orderly transition to new technologies.
- Builds agriculture and forestry jobs with \$500,000 in funding for the Working Lands Program and provides for possibility of moving program to a revolving loan format.
- Holds any end-of-the year surpluses for budget adjustment and FY 2017 budget needs.

*With the 7-0-0 vote, the Committee acknowledges that the budget makes difficult choices and its limits will be felt by Vermonters throughout the State.*

**FY 2016 Budget Gap**  
**February 2015 Summary**

	<b>FY16</b>		
FY 16 GF Revenue - Jan 2015	1,393.1	Jan '15 Forecast for FY15 =	1,357.9    35.2
PTT	5.2		
Dir Apps and Reversions Estimate	25.0		
	1,423.3		

**Total GF Sources** **1,423.3**

FY15 Base Approps (post rescission)	1,417.9	
FY15 Base Transfers	5.2	<i>Next Gen, CIT, Waterbury Complex</i>
FY15 Base GF Uses	1,423.1	<i>FY15 Post Rescission base</i>

**FY16 Base Current Service Increases**

*Per Gov Jan. 15 Budget Document*

Backfill one-time funds	12.7	
Medicaid	37.5	<i>FMAP/VHC/Caseload &amp; Utilz DVHA, DMH, DD, TBI etc</i>
Other AHS/DOC	5.1	<i>DOC, DCF, Leases, Other Non Medicaid costs</i>
Vermont Veterans' Home/ GMCB	3.8	<i>does not include \$1.1 all payer analysis cost</i>
State/Teacher Employee Related	31.1	<i>include pay act, 18% HC, Tchrs Retirement &amp; HC etc</i>
Transfer to the Ed Fund	7.5	<i>required by index in statute</i>
Debt Service	1.9	
Current Use/Homeowner and Renter Rebates	3.7	
Protection	3.6	
AOE/Labor/ACCD	1.2	
Net All other (ANR/Gen'l Gov't..)	1.8	
Stablization Reserve Need	1.0	<i>required 5% level</i>
Public Safety TF Reduction	2.5	<i>required in statute</i>
<b>TOTAL - FY15 Base + FY16 Current Service Increases</b>	<b>1,536.5</b>	

<b>Medicaid Detail</b>	
Base FMAP	7.5
Opiod Care Alliance	2.2
MH C&U	0.9
DS C&U	4.2
Primary Care rate expire	-1.7
VHC annualized	13.0
DVHA C&U/	14.8

<b>Employee Related</b>	
Teachers Retirement/HC	7.6
State HC 17.9% increase	9.8
Pay Act rollout & new	13.7

**FY16 BUDGET GAP** **(113.2)**

**Senate FY16 Budget Proposal**  
**Major Components of \$113m Gap Closure**

**New GF Revenue**

Various Fees	1.80	food & lodg, dams, AOE, ANR etc
Judiciary Fees	0.74	
New GF Revenue	33.20	
	<u>35.75</u>	

**Reductions and Restructing**

Labor Savings	10.8	
NonAHS	6.86	see box below
AHS	34.91	see box right
	<u>52.57</u>	

**One Time Funds**

FY15 Fd Bal	7.05	appropriated in FY15
VHCB shift	4.80	funded in capital bill
VHCB reduction	0.75	funds to GF
SHCRF Fd. Bal.	2.08	
Waterbury Project	1.69	funded in capital bill
Enterprise Fund	1.00	reversion
JTOC	2.50	postpone step down
Var. Dir App & Rev	4.92	
	<u>24.80</u>	

**Non AHS Reductions and Restructures**

PSAP consolidation - funded thru September  
 VIT phased out Dec. 31  
 Libraries restructure - law library to VLS  
 Natural Resources Board back office savings  
 Statewide gross savings in DII \$1m, Fleet \$635k, EVT \$250k  
 3 yr phase down of state funds to VT Public TV  
 Working Lands \$500k reduction - requires a review for the potential to convert to a revolving loan program  
 Restores fair stipend grant  
 Restores reduction for Governor's Institutes for students

**Major AHS Changes**

Vermont Health Connect	(6.30)
DVHA - utilization review (\$7m gross)	(3.18)
DVHA - inpatient policies (\$2.5m gross)	(1.12)
DVHA - contracts	(0.84)
* DVHA - Cost Sharing Assistance CY16	(0.76)
DVHA - Autism (\$1.1m gross)	(0.50)
VDH -various programs and grants	(0.77)
* VDH - AHEC HC loan program (700k gross)	(0.30)
DMH - various program reductions	(0.65)
LIHEAP removed from GF base	(6.00)
Reach Up - counts \$125 of SSI	(1.66)
DS - caseload & utilization (\$1.9m gross)	(0.88)
DOC - US Marshall service beds	(1.71)
DOC - Out of State Beds	(5.40)
DOC -community investments	0.80
Vet's Home - one time bridge funding	(1.00)
Agency wide Federal Funds maximization	(2.73)
Various grants across the agency	(1.91)
	<u>(34.91)</u>

**Other of note items**

restored \$47k Legal Aid grant  
 fully restored Community HS of VT in DOC  
 provides \$100k for Parent Child Ctr child protection initiative

\* Intent to restore in Health Care Bill

## Medicaid Program: Estimated Caseload and Per Member Per Month Expenditures

Eligibility Category	Enrollment		PMPM Expenditures	
	SFY '15 Projected	SFY '16 Projected	SFY '15 Projected	SFY '16 Projected
<b>ADULTS</b>				
Aged, Blind, or Disabled (ABD)	15,378	15,680	\$1,058.73	\$1,052.87
Dual Eligible	17,682	17,978	\$969.97	\$959.52
General	15,504	15,966	\$525.97	\$525.18
New Adult	48,500	48,985	\$333.09	\$334.17
Premium Assistance (VHC < 300%)	18,007	18,368	\$36.91	\$38.75
Cost Share Assistance (Silver 200%-300%)	5,859	6,034	\$19.52	\$21.03
<b>CHILDREN</b>				
Blind or Disabled (BD)/Medically Needy	3,713	3,727	\$2,143.29	\$2,142.00
General	58,301	57,594	\$347.14	\$349.89
Underinsured	1,082	981	\$213.25	\$225.27
SCHIP (Uninsured)	4,273	4,417	\$193.43	\$193.78
Pharmacy Only Programs	12,684	12,709	\$43.27	\$43.58
Choices for Care Waiver	4,177	4,222	\$206,099,041	\$207,532,365
<b>TOTAL</b>	<b>199,301</b>	<b>200,627</b>		



# Total \$5.5 B by major areas

