



STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON APPROPRIATIONS

REP. CATHERINE TOLL, CHAIR
REP. PETER J. FAGAN, VICE CHAIR
REP. KATHLEEN C. KEENAN, RANKING
MEMBER
REP. MATTHEW TRIEBER, CLERK
REP. MAUREEN DAKIN
REP. MARTY FELTUS
REP. BOB HELM
REP. MARY S. HOOPER
REP. BERNARD JUSKIEWICZ
REP. DIANE LANPHER
REP. DAVID YACOVONE

MEMORANDUM

To: Representative Maida Townsend, Chair, House Committee on Government Operations

From: Representative Kitty Toll, Chair, House Committee on Appropriations

Date: February 7, 2017

Subject: Provisions in the Governor's Proposed FY 2018 State Budget

The House Appropriations Committee has started work on the Governor's proposed FY 2018 State Budget bill and would like to inform you about proposals related areas of your subject area. A summary of these areas is listed on page 2 followed by the excerpts from the Administration proposed language.

The House Appropriations Committee welcomes and appreciates your input and would like to give you the opportunity to comment on any of the proposals; however, it is not necessary to respond to all of the proposals unless you have concerns or recommendations. If you do not wish to comment on any of the issues sent to your committee, please send a quick e-mail or note to the Committee through Theresa Utton-Jerman at tutton@leg.state.vt.us or the reporter of the subject area. If you would like to respond, it would be helpful if you could do so by the end of the day on March 1st. As a note, the Committee understands that there may be unanticipated policy changes after the deadline that may require additional discussions and recommendations by policy committees and we encourage those. Please keep the Committee apprised of any updates to earlier recommendations, through the reporter or Chair, as they develop.

There are several House Appropriations Committee budget reporters for these subject areas, please click [here](#) to review the list or go to the highlights section of the committee's webpage. If you have not already done so, please notify Theresa who your committee's budget liaison/s is for coordination and communications between the two committees.

Summary of Budget Review Sections

Language proposals:

- appropriations in Human Resources to extend the position pilot for an additional fiscal year in Sec. A.107 and in Sec. E.100.1;
- in Sec. B.1101, \$1.93 million is appropriated to the Secretary of Administration for anticipated costs for reclassifications occurring in FY2017;
- a requirement to reduce appropriations of \$3.4 million within State government, with \$1 million from Agency of Human Services is in Sec. B.1102;
- an increase of \$1 million from FY2017 is appropriated in Sec. D.100(a)(2) to the Vermont Housing and Conservation Trust with \$2.5 million of the total appropriation, \$12,304,840, for repayment of the housing bond;
- a requirement to use the first \$2.5 million of the property transfer tax revenue to repay the housing bond for 20 years, in Sec. D.100.1;
- additional positions added in Agency of Agriculture and the Department of Tax in Sec. E.100;
- the removal of the employer assessment from the Department of Labor to the Tax Department in Sec. E.400; and
- and a change in how the State teachers' retirement system and the retired teachers' health care and medical benefits is funded in Sec. E.514 and Sec. E.515.

Budget Review Sections

Sec. A.107 NEW POSITIONS

(a) Notwithstanding any other provision of law, the total number of authorized State positions, both classified and exempt, excluding temporary positions as defined in 3 V.S.A. § 311(11), shall not be increased during fiscal year 2018 except for new positions authorized by the 2017 session. Limited service positions approved pursuant to 32 V.S.A. § 5 shall not be subject to this restriction, nor shall positions created pursuant to the Position Pilot Program authorized in 2014 Acts and Resolves No. 179, Sec. E.100(d) as amended by 2015 Acts and Resolves No.4, Sec. 74, further amended by 2016 Acts and Resolves Sec. E. 100.2, and **further amended by Sec. E.100.1 of this act.**

Explanation: Standard Language, updated to reflect the extension of the position pilot in Sec. E.100.1 of this act.

Sec. B.1101 FISCAL YEAR 2018 ONE-TIME GENERAL FUND APPROPRIATIONS

(d) The sum of \$1,930,000 is appropriated to the Secretary of Administration for distribution to departments to fund changes in employee classification occurring in fiscal year 2017 that are approved in accordance with the collective bargaining agreements.

EXPLANATION: The cost of reclassification occurring in FY 2017 are projected to cost an additional \$1.93M of General Funds in FY 2018. This appropriation provides General Funds to the Administration to cover these anticipated costs.

B.1102 MANAGEMENT SAVINGS

(a) The Secretary of Administration shall reduce fiscal year 2018 appropriations and make transfers to the General Fund for a total of \$3,400,000 due to savings generated from, but not limited to:

- (1) the eliminate of exempt positions;
- (2) savings identified through LEAN business process analysis; and
- (3) other administrative or contractual reductions.

(b) Of the savings identified in this section, at least \$1,000,000 will be identified at the Agency of Human Services.

(c) The Secretary shall include the appropriation reductions and transfers in a report to the Joint Fiscal Committee in November 2017.

EXPLANATION: Requires the Secretary of Administration to reduce appropriations in State government through exempt position savings and other administrative reductions. At least \$1M of savings shall come from AHS.

Sec. D.100 APPROPRIATIONS; PROPERTY TRANSFER TAX

(a) This act contains the following amounts appropriated from special funds that receive revenue from the property transfer tax. Expenditures from these appropriations shall not exceed available revenues.

(1) The sum of \$518,000 is appropriated from the Current Use Administration Special Fund to the Department of Taxes for administration of the Use Tax Reimbursement Program.

Notwithstanding 32 V.S.A. § 9610(c), amounts above \$518,000 from the property transfer tax that are deposited into the Current Use Administration Special Fund shall be transferred into the General Fund.

(2) The sum of \$12,304,840 is appropriated from the Vermont Housing and Conservation Trust Fund to the Vermont Housing and Conservation Board. Of this appropriation \$2,500,000 shall be used for the purpose of repayment of a housing bond, the processed of which shall be deposited in the Vermont Housing and Conservation Trust. Notwithstanding 10 V.S.A. § 312, amounts above \$12,304,840 from the property transfer tax that are deposited into the Vermont Housing and Conservation Trust Fund shall be transferred into the General Fund.

(3) The sum of \$3,760,599 is appropriated from the Municipal and Regional Planning Fund. Notwithstanding 24 V.S.A. § 4306(a), amounts above \$3,760,599 from the property transfer tax that are deposited into the Municipal and Regional Planning Fund shall be transferred into the General Fund. The \$3,760,599 shall be allocated as follows:

(A) \$2,924,417 for disbursement to regional planning commissions in a manner consistent with 24 V.S.A. § 4306(b);

(B) \$457,482 for disbursement to municipalities in a manner consistent with 24 V.S.A. § 4306(b);

(C) \$378,700 to the Agency of Commerce and Community Development for the Vermont Center for Geographic Information.

EXPLANATION: The 1/19/2017 consensus FY 2018 revenue forecast of \$41.9m for the Property Transfer Tax (PTT) is being allocated as follows: The Department of Taxes will receive \$518K for property valuation and review administrative costs (including computerization of the current use program). The VHCB will receive \$12,304,840 in PTT revenue to increase funding

over FY 2017 by \$1 million. \$2.5M of these funds are directed towards paying the housing bond. The appropriation from the Municipal & Regional Planning Fund is \$3,760,599, which maintains level funding for the appropriations to Regional Planning Commissions and Municipal Planning Commissions from FY 2017 funding levels. The appropriation to Geographic Information Systems is level funded from FY 2017.

Sec. D.100.1 32 V.S.A. § 9610 is added to read:

(d) Prior to distributions of property transfer tax revenues under 10 V.S.A. § 312, 24 V.S.A. § 4306(a), and 32 V.S.A. § 435(b)(10), \$2.5 million of the revenues received from the property transfer tax shall be used for the purpose of repayment of a housing bond the proceeds of which shall be deposited in the Vermont housing and conservation trust fund. Subsection (d) effective July 1, 2019 until July 1, 2038.

EXPLANATION : Requires that the first \$2.5M of PTT revenue be used to repay the housing bond for 20 years. **This is currently under review by the State Treasurer and Bond Council. Additional information may be forthcoming.**

Sec. E.100 EXECUTIVE BRANCH POSITION AUTHORIZATIONS

(a) The establishment of the following new permanent classified positions are authorized in fiscal year 2018:

(1) In the Agency of Agriculture – (1) Paralegal, (1) Program Development & Policy Analyst, and (1) Microbiologist.

(2) In the Department of Tax – two (2) tax examiners.

(b)The positions established in this section shall be transferred and converted from existing vacant positions in the Executive Branch, and shall not increase the total number of authorized State positions defined in Sec. A.107 of this act.

EXPLANATION: Additional positions need for the Agency of Agriculture for operations. Department of Tax positions are needed to support the work associated with the transfer of the employer assessment from the Department of Labor. These positions will be allocated to departments from positions in the position pool; no new positions will be established.

Sec. E.100.1 2014 Acts and Resolves No. 179, Sec. E.100(d), as amended by 2015 Acts and Resolves No.4, Sec. 74, as further amended by 2016 Acts and Resolves No.172, Sec. E.100, is further amended to read:

(d) Position Pilot Program. A Position Pilot is hereby created to assist participating departments in more effectively managing costs of overtime, compensatory time, temporary employees, and contractual work by removing the position cap with the goal of maximizing resources to the greatest benefit of Vermont taxpayers.

(7) This Pilot shall sunset on July 1, ~~2017~~ 2018, unless extended or modified by the general assembly.

EXPLANATION: Extends the position Pilot until the end of FY 2018.

Sec. E.400 REPEAL

(a) 21 V.S.A. Chapter 25 (Employer Assessment) is repealed.

EXPLANATION: Removes the Employer Assessment from the Department of Labor, transfer to the Tax Department in Sec. E.111.1 of this act.

Sec. E.514 State teachers' retirement system

(a) In accordance with 16 V.S.A. § 1944(g)(2), the annual contribution to the State Teachers' Retirement System (STRS) shall be \$88,409,437 of which \$84,709,437 shall be the State's contribution and \$3,700,000 shall be contributed from local school systems or educational entities pursuant to 16 V.S.A. § 1944c.

(b) In accordance with 16 V.S.A. § 1944(c)(2), of the annual contribution, \$8,346,261 is the "normal contribution," and \$80,063,176 is the "accrued liability contribution."

(c) Notwithstanding 16 V.S.A. § 4025(b), the normal contribution shall be an appropriation from the Education Fund.

EXPLANATION: Same language as prior years. Allows the normal contribution to be funded with Education funds.

Sec. E.515 Retired teachers' health care and medical benefits

(a) In accordance with 16 V.S.A. § 1944b(b)(2), \$26,660,966 will be contributed to the Retired Teachers' Health and Medical Benefits plan. Notwithstanding 16 V.S.A. § 4025(b), this appropriation shall be from the Education Fund.

EXPLANATION: Same language as prior year. Allows the retired teachers health and medical benefits to be funded with Education funds.