



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

TO: Susanne Young, Secretary of Administration
Agency and Department Heads

FROM: Senator Jane Kitchel, Chair, Senate Appropriations
Representative Kitty Toll, Chair, House Appropriations

DATE: January 23, 2018

SUBJECT: FY 2019 Budget Testimony before House and Senate Committees on
Appropriations

As in past years, the Chairs of the House and Senate Committees on Appropriations disseminate a memorandum to agency and department heads detailing legislative expectations for budget presentations. As was the case last session, committees expect to have documents presented electronically, preferably in PDF format.

Below are goals that are a significant part of the budgetary process since their inclusion in Sec. A.100.1 of Act 58 of 2016. Goals numbered 1, 3, and 4 are more appropriate for the Department of Finance and Management to focus on, goals numbered 2 and 5 are targeted toward other departments and agencies.

Sec. A.100.1 INTENT

(a) This fiscal year 2016 appropriations bill represents the beginning of a multiyear process to align State spending and bring revenues and spending into a long-term balance. The fiscal year 2016 Appropriations Bill contains difficult choices; however, these types of decisions will continue to occur annually without a concerted effort to create a sustainable budget.

(b) It is the intent to move forward on the following goals:

(1) reduce the reliance on one-time funding for base budget needs;

(2) create an ongoing expectation that Administration and Legislative proposals for budget changes and new programs contain a multiyear analysis of what the changes will cost;

(3) move toward budgeting based on using less than 100 percent of forecasted revenue to build a reserve which can help offset the variability of revenues that comes with a progressive tax system and the risk of reliance on federal funds;

(4) explore moving to a two-year budgeting cycle where the budget proposed by the Governor includes at least one subsequent fiscal year base funding estimate; and

(5) extend the inclusion of key performance measures that demonstrate program results comprehensively across programs, in order to support the relevant population-level outcomes set forth in 3 V.S.A. 2311.

As noted above, the fifth goal is to extend the inclusion of key performance measures that demonstrate program results comprehensively across programs, in order to support the relevant population-level outcomes set forth in 3 V.S.A. § 2311. When you prepare your department and agency budgets according to Results-Based Accountability (RBA), as discussed below, please keep population-level outcomes in mind.

RESULTS-BASED PROGRAM BUDGETS

Both of the appropriations committees remain focused on program results. FY 2019 will continue the transition to a results-based accountability (RBA) budget. This year, an expanded group of programs is going to be presented in the RBA format. We hope that these departments will help with the transition of the entire budget to the new format in coming years. The plan is to expand further the number of RBA budget programs in FY 2020, moving toward the goal of having all programs in this format as soon as possible in subsequent years. We hope that you share our belief that this approach will support sound policy making and resource allocation for the State, as well as help to demystify the budget process for the public. The ultimate goal is for State leaders, managers, staff, and the general public to understand both what and how funds are spent and whether these expenditures are leading to the intended result.

We realize this is an iterative process. Last year, in response to our request, most departments submitted information breaking down activities by program. **Thank you for your work on this!** The two appropriations committees intend to increase the level of focus on programs and program performance. In addition, House policy committees will also be requesting this information in order to play a stronger role in the budget decision-making process. Please include a summary sheet with your budget documentation that responds to the following RBA questions, the same that were asked last year.

1. How much did we do?
2. How well did we do it?
3. Is anyone better off?

HUMAN SERVICES - SPECIFIC REQUEST – Both committees would like more longitudinal data about the populations enrolled and services provided by the programs that we fund. This includes recent caseload trends and characteristics such as age, income and

employment, acuity of need, types of services provided, such as case management, type of workforce participation, and/or other data for factors that relate to program cost and outcome.

INFORMATION ABOUT CLOSING THE FY 2019 PROJECTED BUDGET GAP –

Please include explicit information about the changes in your budget that are being implemented as part of the effort to close the FY 2019 projected budget gap. Specifically, how do these changes impact Vermonters and State employees?

Special Note Regarding Testimony Before the House Committee on Appropriations

The House Committee on Appropriations will be formulating a list of questions specific to committee concerns that will be sent to agencies and departments through the committee staff, Theresa Utton.

Additionally, the House Committee on Appropriations would like to move forward with a process in which testimony on specific budgets is only heard during the first year of the biennium, unless there is a mitigating circumstance that requires an annual hearing. We are currently in the second year of the 2017/2018 biennium. Please note that the budgets identified for testimony during the first year of the biennium will continue to be submitted on an annual basis to the Legislature for review, consistent with past years. The list of budgets that may not be scheduled this year for budget testimony is attached. Next year, in the context of the FY 2020 budget, these budgets will be scheduled for a hearing. As noted, please be aware that the decision may be made by the Committee to request testimony from these departments on the list if circumstances require it.

DOCUMENTATION

The commissioner or director of each department should present budget testimony which is brief, concise, and leaves sufficient time for questions and discussion. Budget testimony and support materials should relate to the Governor's recommended budgets.

Both Committees on Appropriations have been assigned iPads and most members will be accessing the budget documents electronically. In order to facilitate committee use of ipads, please submit all budget materials electronically at least five days prior to your scheduled testimony to both the House and Senate Committees on Appropriations through Theresa Utton-Jerman tutton@leg.state.vt.us and Rebecca Buck rbuck@leg.state.vt.us. It would be helpful if you could copy Maria Belliveau for House documents, mbelliveau@leg.state.vt.us, and Stephanie Barrett for Senate documents, sbarrett@leg.state.vt.us. Please submit the transmissions as attachments to an e-mail in Portable Document Format (pdf). Additionally, please combine each budget component from the Vantage System as one attachment, i.e., all budget details, all budget rollups, narrative, etc. and ensure that all pages run either landscape or portrait in order to avoid committee members having to read the documents sideways. You may need to attach several documents to one e-mail and/or you may need to send more than one e-mail. If you send more than one attachment or e-mail please make sure that you label the attachments to indicate how many we will be receiving, 1 of 2...in the subject line. The exception is if the document is an Excel spreadsheet, in which case, please send it in its original format.

Both of the Committees on Appropriations have made significant progress using their ipads and are very adept at finding documents on them so we request that you do not bring paper unless you have received prior approval from staff (e.g. DVHA budget materials.) All of the presubmitted budget documents will be posted on the Joint Fiscal Office website.

While testifying before the House Committee on Appropriations, if you wish to have any of your presubmitted budget documents projected on the white board, please notify Theresa through either e-mail or calling 828-5767. Please indicate the specific device that you wish to use to project the document/s (iPad 2, 3, Mac, Dell laptop...) or if you wish to use an in-house laptop. The reason for this is that the committee room is not equipped with a dongle (adaptor) for every type of device. Additionally, please note that the iPad 1 is not capable of projecting.

Point Person - The Committees on Appropriations delegate responsibilities for specific areas of the budget to individual committee members, or subcommittees, in order to obtain detailed information which they use when making recommendations to the committee as a whole during the mark-up process. Department heads will be asked to meet, or correspond by e-mail or telephone, with the appropriate committee member to answer specific questions. Additional follow-up information requests made by a committee member should be provided within one week, whenever possible. Please submit a copy of any follow-up documents to the relevant staff person for the committee so that they are added to our permanent budget file.

Vantage Budget System Reports - Please include PDF versions of the new budget system reports with your submission.

Crosswalk Spreadsheet (i. e. the ups and downs) - Please provide a brief update on the significant changes or initiatives between FY 2018 and the FY 2019 appropriation request. In addition to detailing the annual changes, for significant program changes, please include a column that shows the total base budget after the proposed change is made to a program. For instance, in the Department for Children and Families, the entry indicating a change in funding for the Child Care Subsidy would include a column on the far right that shows what the amount of the base program is after the proposed change as well as a comment indicating what the change is. For example..."we are recommending a \$1M increase in the appropriation for the STARS program." The addition of this total column and the associated comment will allow the committee members to understand the scale of the change that is being requested.

Federal Funding - Although there is much uncertainty regarding what will occur at the federal level, please identify federal funding sources that are or are likely to be reduced or eliminated in FY 2019 based on the information that you have at this point in the process. Additionally, please include detail on any significant change in federal funding, including information about the size and duration of federal grants that are included in the budgets. If there is a major initiative funded with federal funds, the committees would like to know the funding plan for the initiative once the federal funds are no longer available.

Impact on Vermonters - The committees request a brief statement describing what the impacts are of changes in funding. Please include information regarding what populations are affected and to what extent, any cost-sharing requirement or any cost shifting, any impact on waiting lists or other programs, and any offsets or alternatives that may mitigate the impacts.

Position Changes and Vacancy Savings – The committees would like to understand how services provided by each department will be impacted by any budgeted vacancy savings target, and any position reductions or increases included in the proposed budget.

Grants - The committees would like a summary of the grants that are distributed from each appropriation to community and nonprofit organizations and changes in these grant amounts from FY 2018 to FY 2019. This document may be omitted if sufficient detail on these grants is included in the Vantage System reports.

Carry-forward Funds – For each appropriation, please provide a summary of the amount of carry forward funds that were available at the end of FY 2017 and the anticipated level of carry forward funds projected for FY 2018.

QUESTIONS?

Please call the staff at Joint Fiscal Office with any questions. The staff assignments, extensions and email addresses are included below for electronic submission of information. In addition to staff specifically assigned to the two Appropriations Committees the Chief Legislative Fiscal Officer will be working with the committees as needed over the course of the legislative session.

House Appropriations Committee

Maria Belliveau, 828-5971
mbelliveau@leg.state.vt.us

Senate Appropriations

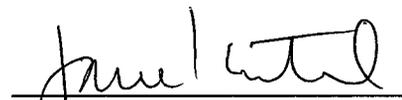
Stephanie Barrett, 828-5973
sbarrett@leg.state.vt.us

Theresa Utton-Jerman, 828-5767
tutton@leg.state.vt.us

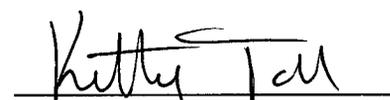
Rebecca Buck, 828-5969
rbuck@leg.state.vt.us

Stephen Klein, 828-5769
SKLEIN@leg.state.vt.us

Thank you in advance for your attention to these matters.



Senator Jane Kitchel
Chair, Senate Appropriations



Representative Kitty Toll
Chair, House Appropriations

HOUSE COMMITTEE ON APPROPRIATIONS
Budgets to Hear Testimony on During the First Year of the Biennium

The House Committee on Appropriations has decided to hear testimony on the budgets listed below during the first year of the biennium (2016) only, unless specific events indicate that testimony would be appropriate the second year. Although these departments will develop annual budgets that will be submitted to the Legislature and reviewed by the committee as is usual practice, the testimony from the first year of the biennium will provide guidance for the second year review.

General Government:

Sec. B.110 Libraries
Sec. B.126 Legislature
Sec. B.127 Joint Fiscal Committee
Sec. B.128 Sergeant at Arms
Sec. B.129 Lieutenant Governor
Sec. B.130 Auditor of Accounts
Sec. B.136 VOSHA Review Board

Protection:

Sec. B.232 Secretary of State
Sec. B.236 Human Rights Commission

Human Services:

Sec. B.343 Commission on Women
Sec. B.344 Retired Senior Volunteer Program (possibly move to another budget)

Education:

Sec. B.601 Vermont Public Television
Sec. B.606 New England Higher Education Compact (possibly move to another budget)

Natural Resources:

Sec. B.713 Natural Resources Board

Commerce:

Sec. B.808 Vermont Council on the Arts
Sec. B.809 Vermont Symphony Orchestra
Sec. B.810 Vermont Historical Society
Sec. B.812 Vermont Humanities Council