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MEMORANDUM

To: Representative Helen Head, Chair, House Committee on General, Housing & Military Affairs

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:

- The appropriations in Sec. B.1100 in (3)(B) adds \$500,000 to the national Guard Educational Assistance Program. The base Next Generation appropriation for this assistance is \$150,000 in addition to \$100,000 appropriated in Sec. B.215 Military for a total of \$750,000 for the National Guard Educational Assistance Program.
- 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;
- a change in Sec. E.219 in the Vietnam Veterans' of America funding to the Service Officers Program;
- a revision in the language for General Assistance Temporary Housing to reflect that General Assistance rules do not apply to these grant funded community-based programs, in Sec. E.321;
- language on General Assistance Housing to continue the cold weather exception policy and a change in the rules procedure in Sec. E.321.1; and
- annual language in Sec. E.324.1 for expedited crisis fuel assistance, and E.325 for homeless assistance within communities.

Budget Review Sections

Sec. B.1100 NEXT GENERATION; APPROPRIATIONS AND TRANSFERS

(a) In fiscal year 2018, \$3,409,900 is appropriated or transferred from the Next Generation Initiative Fund created in 16 V.S.A. § 2887 as prescribed:

(3) Scholarships and grants. The amount of \$1,774,500 as follows:

(B) National Guard Educational Assistance. The amount of \$650,000 is appropriated to Military – administration to be transferred to the Vermont Student Assistance Corporation for the National Guard Educational Assistance Program established in 16 V.S.A. § 2856.

EXPLANATION: Allocation of Next Generation funds. \$500K added to the National Guard Educational Assistance. STEM incentive was repealed in 2016 Act 172 Se. B.1100.2, associated funding has been redirected to the Workforce Education and Training Fund.

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.

(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 proceeds 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.

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. D.101 FUND TRANSFERS, REVERSIONS, AND RESERVES

(a) Notwithstanding any other provision of law, the following amounts are transferred from the funds indicated:

(1) From the General Fund to the Next Generation Initiative Fund established by 16 V.S.A. § 2887: \$3,409,900.

EXPLANATION: Transfer funds to the Next Generation to continue prior year programs and increase the funding for the National Guard Scholarship program by \$500K.

Sec. E.215 Military – administration

(a) The amount of \$750,000 shall be disbursed to the Vermont Student Assistance Corporation for the National Guard Educational Assistance Program established in 16 V.S.A. § 2856. Of this amount, \$100,000 shall be general funds from this appropriation, and \$650,000 shall be Next Generation special funds, as appropriated in Sec. B.1100(a)(3)(B) of this act.

EXPLANATION: Same provision as in FY2017, adds \$500K to the next generation appropriation.

Sec. E.219 Military – veterans' affairs

(a) Of this appropriation, \$1,000 shall be used for continuation of the Vermont Medal Program; \$4,800 shall be used for the expenses of the Governor's Veterans' Advisory Council; \$7,500 shall be used for the Veterans' Day parade; \$5,000 shall be used for the Military, Family, and Community Network; and \$10,000 shall be granted to the American Legion for the Boys' State and Girls' State programs.

(b) Of this General Fund appropriation, \$39,484 shall be deposited into the Armed Services Scholarship Fund established in 16 V.S.A. § 2541.

EXPLANATION: Language and amount same as in FY 2017 except that the Vietnam Veterans' of America to fund the Service Officers Program has been removed as the group now receives funds through the Vermont Veterans Fund.

Sec. E.321 COMMUNITY BASED ALTERNATIVES TO GENERAL ASSISTANCE
TEMPORARY HOUSING

(a) For State fiscal year 2018, the Agency of Human Services may continue to fund grants to support the establishment of community based alternatives for temporary housing as part of the effort to reduce the number of individuals temporarily housed by the General Assistance program. The purpose of these community based alternatives is to mitigate poverty and serve applicants more effectively than they are currently being served with General Assistance funds. 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. Where such grants are provided and community based programs are established the General Assistance Rules will not apply. The assistance provided under this section is not an entitlement and may be discontinued when the appropriation has been fully spent.

(b) The community based programs may operate in up to 12 districts designated by the Secretary of Human Services. The Agency shall establish goals and procedures for evaluating the program overall, including performance measures that demonstrate program results, 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 community based alternatives to General Assistance temporary housing.

Explanation: Same provision as last year. This language allows DCF to continue to fund programs and issue grants to serve clients with housing needs. This language has been revised from the previous year to reflect the fact that the grant-funded programs are community-based programs and that, therefore, the General Assistance rules do not apply to these programs.

Sec. E.321.1 GENERAL ASSISTANCE HOUSING

(a) Funds appropriated to the Agency of Human Services in the General Assistance program in fiscal year 2018 may be used for temporary housing in catastrophic situations and for vulnerable populations, as defined in rules adopted by the Agency. The cold weather exception policy issued by the Department for Children and Families' Economic Services Division dated October 25, 2012, and any succeeding amendments to it, shall remain in effect.

EXPLANATION: Same language as 2016 Act 172 Sec. E.321.1. This language authorizes the General Assistance program to continue the cold weather exception policy. This language also ensures that when the cold weather exception policy does not apply, the adopted administrative rules still apply and have the force and effect of law.

Sec. E.324.1 EXPEDITED CRISIS FUEL ASSISTANCE

(a) The Commissioner for Children and Families or designee may authorize crisis fuel assistance to those income-eligible households that have applied for an expedited seasonal fuel benefit but have not yet received it, if the benefit cannot be executed in time to prevent them from running out of fuel. The crisis fuel grants authorized pursuant to this section count toward the one crisis fuel grant allowed per household for the winter heating season pursuant to 33 V.S.A. § 2609(b).

EXPLANATION: This is annual language and allows for expedited basis for eligible recipients so they do not run out of fuel. Counts towards one crisis fuel grant per household.

Sec. E.325 Department for children and families – office of economic opportunity

(a) Of the General Fund appropriation in Sec. B.325 of this act, \$1,092,000 shall be granted to community agencies for homeless assistance by preserving existing services, increasing services, or increasing resources available statewide. These funds may be granted alone or in conjunction with federal Emergency Solutions Grants funds. Grant decisions shall be made with assistance from the Vermont Coalition to End Homelessness.

EXPLANATION: Annual language, included in 2016 Act 172 Sec. E.325.