

H. 969: Summary Proposal of Amendment - September 25, 2020

This full- year budget replaces the Q1 partial appropriation that funded government for the first quarter.

The GF base budget has only required modest reductions because of the following onetime revenues:

\$130m GF net onetime tax receipts tied to 2019 pre-COVID income/economic activity paid in July.

\$28m of onetime reversions across the state due to offsets from CRF or other March-June changes

\$44m of savings due to the federal FMAP change currently in place

GF Highlights

Provides VSC restructuring bridge funding of \$23.8m (\$5m in the Q1 bill for \$28.5m total)

Appropriates \$5m for equity payments to Vermonters left out of federal stimulus payments (\$2 m GF and balance as needed from caseload reserve).

Provides \$1.5m for VEDA match for CUDs and an additional \$1.5m in CRF grants

Appropriates \$450k to in the ANR base Global Warming Solutions Act

Provides funding for both telecommunications planning and PEG study

Makes Justice Reinvestment II appropriation of \$360k; establishes method to allocate future savings

Restores funding for Microbusiness Development and Matched Savings Programs

Funds needs in Court Diversion, Defender General and State's Attorney

Continues funding for the Community High School of Vermont from General Fund

Restores small but impactful cuts in the Human Rights Commission and Councils on Arts and Humanities

Funds Forest and Parks spring opening needs

TF Highlights

Provides additional one-time \$7m town highway aid, \$2.4m level & pave; and roadside mowing funds

Funds \$1m for EV incentive and \$500k for public transit ridership incentives

Includes the amendments to the Transportation Capital Bill to coordinate with the transportation plan

CRF – Highlights – also see detail sheet

Creates a process to address changes in CRF funding over the next few months;

Economic Support

\$20m split between UVM and Independent Colleges

\$102.5m for Business Grants, marketing, stimulus to UI recipients, upskill tuition offsets, recreation

\$22.5m Hazard pay expansion and correction – total hazard pay is \$50.5m with this addition

Prek-12 Ed adds \$53m for schools (total schools CRF now \$103m of which \$13.5 HVAC)

Redeployed \$27.5m of healthcare stabilization fund to cover investments above

Funds EMS workforce, health disparities, testing in LTC facilities, and DAs/SSAs fall Covid costs

Funds Meals on Wheels rate increase and Adult Days to programs keep viable thru fall and reopening

Other

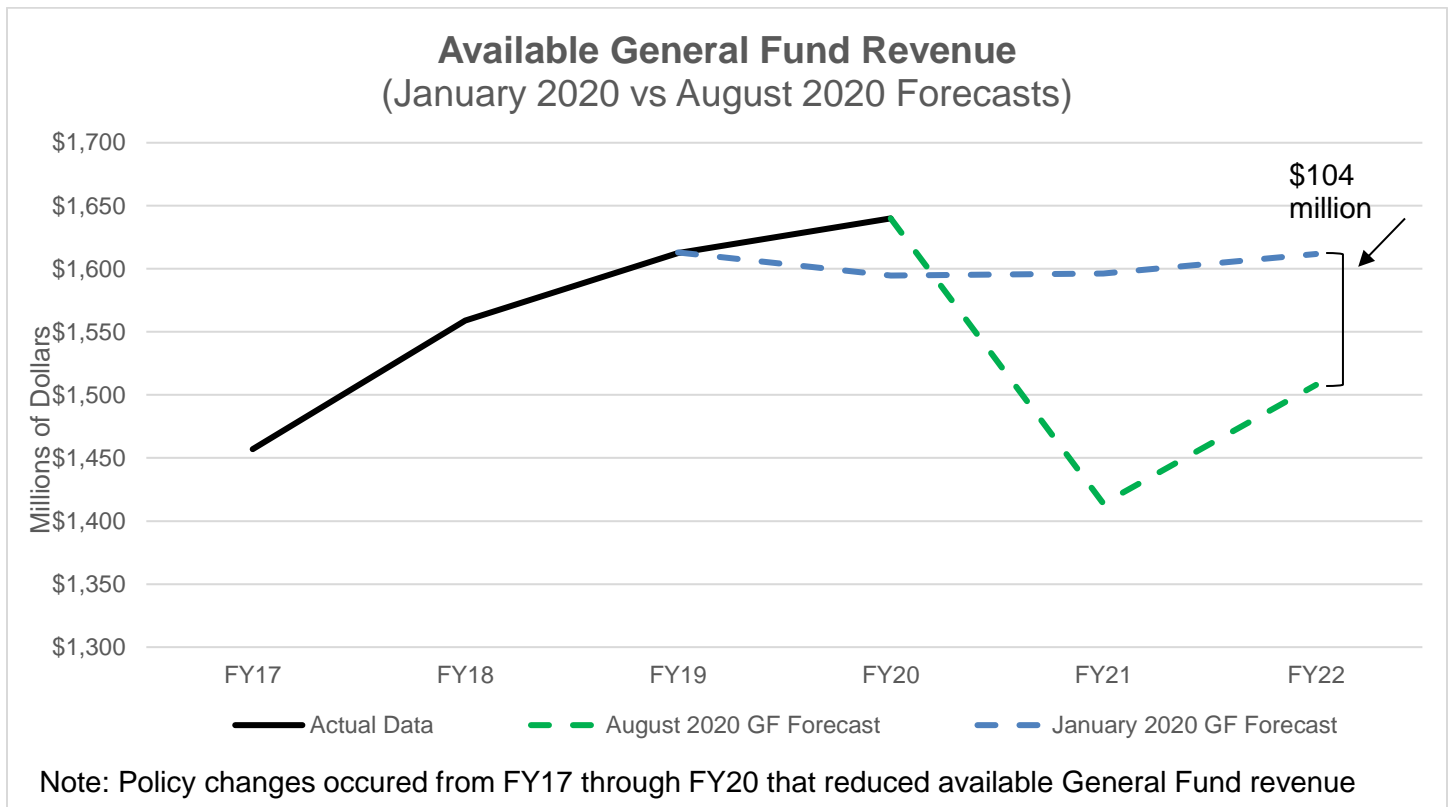
Mental Health: Embedded clinicians in Public Safety with master MOU

Woodside: Closure of facility in October, requires long term plan for serving justice involved youth

VSAC/529 plans: Recapture trigger, new plans allowed

Downtown tax credit: Increases limit by \$400,000 to \$3 million total

Reserves remain over \$200m but the Fiscal Year 2022 budget will face significant fiscal challenges



FY 2022 Volatile Economic Environment

1. **General Fund budget pressures will be up significantly:** In FY 2022 the General Fund may face \$90 - \$115 million in several fiscal pressures. These include:
 - a. **Loss of Federal Medicaid match (FEMA):** ---\$40 million pressure
 - b. **Offsetting CRF funds that freed up General Funds in FY 2021:** These General Funds now need to be used --\$10-15 million pressure
 - c. **Pension obligations due to lower returns:** Investment returns have not met expectations and there will be a proposal to change expected returns from the current assumption of 7.5% to a lower number --\$15-\$20 million pressure
 - d. **Normal annual budget growth:** This includes Pay Act rate increases, and other inflationary pressures -- \$35-45 million.