

No. XXX. An act relating to making interim appropriations for the support of government for one quarter of the fiscal year

(H. XXX)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. A.100 SHORT TITLE

(a) This bill may be referred to as the Quarter Bill – Fiscal Year 2021 Appropriations Act for One Fiscal Year Quarter.

Sec. A.101 PURPOSE

(a) The purpose of this act is to provide interim appropriations for the operations of State government during fiscal year 2021 for the first fiscal year quarter.

Sec. A.102 APPROPRIATIONS

(a) It is the intent of the General Assembly that this act serves as the interim source and reference for appropriations for the first quarter of fiscal year 2021.

(b) The sums herein stated are appropriated for the purposes specified in the following sections of this act. If in this act there is an error in either addition or subtraction, the totals shall be adjusted accordingly. Apparent errors in referring to section numbers of statutory titles within this act may be disregarded by the Commissioner of Finance and Management.

(c) Unless codified or otherwise specified, all narrative portions of this act apply only to the first quarter of the fiscal year ending on September 30, 2021.

Sec. A.103 DEFINITIONS

(a) As used in this act:

(1) “Encumbrances” means a portion of an appropriation reserved for the subsequent payment of existing purchase orders or contracts. The Commissioner of Finance and Management shall make final decisions on the appropriateness of encumbrances.

(2) “Grants” means subsidies, aid, or payments to local governments, to community and quasi-public agencies for providing local services, and to persons who are not wards of the State for services or supplies and means cash or other direct assistance, including pension contributions.

(3) “Operating expenses” means property management, repair and maintenance, rental expenses, insurance, postage, travel, energy and utilities, office and other supplies, equipment, including motor vehicles, highway materials, and construction, expenditures for the purchase of land and construction of new buildings and permanent improvements, and similar items.

(4) “Personal services” means wages and salaries, fringe benefits, per diems, and contracted third-party services, and similar items.

Sec. A.104 RELATIONSHIP TO EXISTING LAWS

(a) Except as specifically provided, this act shall not be construed in any way to negate or impair the full force and effect of existing laws.

Sec. A.105 OFFSETTING APPROPRIATIONS

(a) In the absence of specific provisions to the contrary in this act, when total appropriations are offset by estimated receipts, the State appropriations shall control, notwithstanding receipts being greater or less than anticipated.

Sec. A.106 FEDERAL FUNDS

(a) In the first quarter of fiscal year 2021, the Governor, with the approval of the Legislature or the Joint Fiscal Committee if the Legislature is not in session, may accept federal funds available to the State of Vermont, including block grants in lieu of or in addition to funds herein designated as federal. The Governor, with the approval of the Legislature or the Joint Fiscal Committee if the Legislature is not in session, may allocate all or any portion of such federal funds for any purpose consistent with the purposes for which the basic appropriations in this act have been made.

(b) If, during the first quarter of fiscal year 2021, federal funds available to the State of Vermont and designated as federal in this and other acts of the 2020 session of the Vermont General Assembly are converted into block grants or are abolished under their current title in federal law and reestablished under a new title in federal law, the Governor may continue to accept such federal funds for any purpose consistent with the purposes for which the federal funds were appropriated. The Governor may spend such funds for such purposes for no more than 45 days prior to Legislative or Joint Fiscal Committee approval. Notice shall be given to the Joint Fiscal Committee without delay if the Governor intends to use the authority granted by this section, and the Joint Fiscal Committee shall meet in an expedited manner to review the Governor's request for approval.

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 the first quarter of fiscal year 2021. Limited service positions approved pursuant to 32 V.S.A. § 5 shall not be subject to this restriction.

Explanation: Standard Language.

Sec. A.108 LEGEND

(a) The bill is organized by functions of government. The sections between B.100 and B.9999 contain appropriations of funds for the upcoming budget year. The sections between E.100 and E.9999 contain language that relates to specific appropriations or government functions, or both. The function areas by section numbers are as follows:

<u>B.100–B.199 and E.100–E.199</u>	<u>General Government</u>
<u>B.200–B.299 and E.200–E.299</u>	<u>Protection to Persons and Property</u>
<u>B.300–B.399 and E.300–E.399</u>	<u>Human Services</u>
<u>B.400–B.499 and E.400–E.499</u>	<u>Labor</u>
<u>B.500–B.599 and E.500–E.599</u>	<u>General Education</u>
<u>B.600–B.699 and E.600–E.699</u>	<u>Higher Education</u>
<u>B.700–B.799 and E.700–E.799</u>	<u>Natural Resources</u>
<u>B.800–B.899 and E.800–E.899</u>	<u>Commerce and Community Development</u>
<u>B.900–B.999 and E.900–E.999</u>	<u>Transportation</u>
<u>B.1000–B.1099 and E.1000–E.1099</u>	<u>Debt Service</u>
<u>B.1100–B.1199 and E.1100–E.1199</u>	<u>One-time and other appropriation actions</u>

(b) The C sections contain any amendments to the current fiscal year and the D sections contain fund transfers and reserve allocations for the upcoming budget year.

B. 1100 FISCAL YEAR 2021 APPROPRIATIONS FOR THE FIRST QUARTER

(a) The following percentages shall be used to prorate appropriations as enacted pursuant to 2019 Acts and Resolves No. 72, Sections B.100 through B.1001, as amended by 2020 Acts and Resolves No. 88, in order to make interim appropriations for the operations of State government for the period beginning July 1, 2020 and ending September 30, 2020:

(1) 23% of General Fund appropriations;

(2) 34% of Education Fund appropriations;

(3) 25% of all remaining appropriations by fund;

(b) Adjustments shall be made to the appropriations in subsection (a) of this section as follows:

(1) The Vermont Veterans' Home shall receive an additional \$598,000 of General Fund;

(2) Notwithstanding subsection (a) of this section, all funds for the Agency of Transportation shall be prorated using a factor of 60%;

(3) Notwithstanding subsection (a) of this section, the General Fund appropriation for the following entities shall be prorated using a factor of 25%;

(A) Vermont Student Assistance Corporation;

(B) Vermont Symphony Orchestra;

(C) Vermont Historical Society;

(D) New England Higher Education Compact;

(4) Notwithstanding subsection (a) of this section, the following appropriations shall be as follows;

(A) State Teachers' Retirement System will receive \$119,013,146 of General Fund, and 6,881,055 of Education Fund;

(B) Retired Teachers' Health Care and Medical Benefits will receive \$31,798,734 of General Fund;

(C) State Treasurer Unclaimed Property will receive \$1,134,819 of private purpose trust funds;

(D) Debt Service will receive \$75,828,995 of General Fund, \$540,918 of Transportation Fund, \$504,738 of ARRA fund, and \$2,502,613 of TIB Debt Service fund;

(E) State Teachers' Retirement System Administration will receive \$5,929,795 of Pension Trust fund;

(F) Vermont State Retirement System will receive \$5,672,641 of Pension Trust fund;

(G) Municipal Employees' Retirement System will receive \$2,598,919 of Pension Trust fund;

(5) Notwithstanding subsection (a) of this section, all non-General Fund appropriations for the Agency of Natural Resources shall be prorated using a factor of 50%;

(6) Notwithstanding subsection (a) of this section, the General Fund appropriations for the Military's divisions will be as follows;

(A) Military Administration will receive \$1,368,238;

(B) Military Air Service Contract will receive \$210,693;

(C) Military Building Maintenance will receive \$589,662;

(D) Military Veterans' Affairs will receive \$217,257.

EXPLANATION: The foregoing prorated appropriations, as enacted pursuant to the fiscal year 2020 BAA, will allow state operations to begin on July 1, 2020.

Sec. B.1101 MODIFICATIONS TO APPROPRIATIONS BY THE EMERGENCY BOARD

(a) Pursuant to 32 V.S.A. § 133, the Emergency Board shall convene during the first quarter of fiscal year 2021 at the Administration's request in order to make expenditures, transfer appropriations, or draw on General Fund reserves in order to address unforeseen spending requirements that may exceed enacted appropriations pursuant to 2020 Acts and Resolves No. XX.

EXPLANATION: This provision establishes the Administration's and Legislature's intention to address and solve spending challenges during the first quarter of fiscal year 2021 should appropriations prove inadequate for the operations of statewide government.

Sec. C.100 2019 Acts and Resolves No. 72, Sec. C.100(a)(19) is amended to read:

(19) To the Department for Children and Families, Woodside Rehabilitation Center: \$260,000 for costs associated with providing additional clinical support and training transitioning from a treatment facility to a detention facility.

EXPLANATION: The above language repurposes a one-time appropriation to be used for providing clinical supports in lieu of the Woodside program.

Sec. C.101 2019 Acts and Resolves No. 72, Sec. E.504.2(a) is amended to read:

(a) Of this appropriation, ~~\$3,916,000~~~~\$3,026,500~~ from the Education Fund shall be distributed to school districts for reimbursement of high school completion services pursuant to 16 V.S.A. § 943(c). Notwithstanding 16 V.S.A. § 4025(b), of this Education Fund appropriation, the amount of:

EXPLANATION: Technical correction to match the FY2020 As Passed budget. This does not represent a policy change or additional funding being allocated in FY2020.

Sec. C.102 LEGISLATIVE APPROVAL OF MILITARY SECURITY GUARD CLASS ACTION

(a) Pursuant to Article 16 (3)(f) of the Collective Bargaining Agreement in effect for fiscal year 2020, the Legislature approves for the Department of the Military:

(1) The spending of federal funds in fiscal year 2020 estimated to be \$87,453 to fund the reclassification of thirty (30) Security Guard positions representing a financial impact greater than one percent (1%).

EXPLANATION: This language is required pursuant to the Collective Bargaining Agreement whereby Class Reviews estimated to cost more than 1% of a department's salary budget need to be approved by the legislature.

* * * GENERAL GOVERNMENT * * *

Sec. E.133 Vermont state retirement system

(a) Notwithstanding 3 V.S.A. § 473(d), in fiscal year 2021, investment fees shall be paid from the corpus of the Fund.

EXPLANATION: Annual language allowing investment fees to be paid from the fund, instead of from the FY 2021 employer contribution charged to departments.

Sec. E.136 2017 Acts and Resolves No. 79, Sec. 13 is amended to read:

(a) Surcharge

(2) The amount collected shall be accounted for within the Human Resource Services Internal Service Fund and used solely for the purposes of funding the activities of the State Ethics Commission set forth in Sec. 7 of this act.

(b) Repeal. This section shall be repealed on ~~June 30, 2020.~~ June 30, 2021.

EXPLANATION: By extending the sunset another year, the Legislature will have more time to consider a different funding source.

Sec. E.142 Payments in lieu of taxes

(a) This appropriation is for State payments in lieu of property taxes under 32 V.S.A. chapter 123, subchapter 4, and the payments shall be calculated in addition to and without regard to the appropriations for PILOT for Montpelier and for correctional facilities elsewhere in this act. Payments in lieu of taxes under this section shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709.

EXPLANATION: Annual language clarifying that these payments are in addition to, and separate from, those appropriated elsewhere in the Act for the city of Montpelier and correctional facilities.

Sec. E.143 Payments in lieu of taxes – Montpelier

(a) Payments in lieu of taxes under this section shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709.

EXPLANATION: Clarifies that the Montpelier PILOT payment is to come from the PILOT special fund. Standard language.

Sec. E.144 Payments in lieu of taxes – correctional facilities

(a) Payments in lieu of taxes under this section shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709.

EXPLANATION: Clarifies that the correctional facilities payment is to come from the PILOT special fund. Standard language.

* * * PROTECTION TO PERSONS AND PROPERTY * * *

Sec. E.200 Attorney general

(a) Notwithstanding any other provisions of law, the Office of the Attorney General, Medicaid Fraud and Residential Abuse Unit, is authorized to retain, subject to appropriation, one-half of the State share of any recoveries from Medicaid fraud settlements, excluding interest, that exceed the State share of restitution to the Medicaid Program. All such designated additional recoveries retained shall be used to finance Medicaid Fraud and Residential Abuse Unit activities.

EXPLANATION: Similar provisions as in fiscal year 2020, but modified for the Quarter Bill.

Sec. E.208 Public safety – administration

(a) The Commissioner of Public Safety is authorized to enter into a performance-based contract with the Essex County Sheriff's Department to provide law enforcement service activities agreed upon by both the Commissioner of Public Safety and the Sheriff.

EXPLANATION: Same provisions as in fiscal year 2020.

Sec.E.215 Military – Administration

(a)The amount of \$1,026,105 shall be disbursed to the Vermont Student Assistance Corporation for the National Guard Educational Assistance program established in 16 V.S.A. Sec 2856 and the National Guard Tuition Benefit Program established in 16 V.S.A. Sec. 2857.

EXPLANATION: Appropriation for the National Guard Tuition Benefit Program, prorated pursuant to Sec. B.1100 of this Act.

* * * HUMAN SERVICES * * *

Sec. E.306 VERMONT HEALTH BENEFIT EXCHANGE RULES

(a) The Agency of Human Services may adopt rules pursuant to 3 V.S.A. chapter 25 to conform Vermont's rules regarding health care eligibility and enrollment and the operation of the Vermont Health

Benefit Exchange to state and federal law and guidance. The Agency may use the emergency rules process pursuant to 3 V.S.A. § 844 prior to June 30, 2021, but only in the event that new state or federal law or guidance require Vermont to amend or adopt its rules in a time frame that cannot be accomplished under the traditional rulemaking process. An emergency rule adopted under these exigent circumstances shall be deemed to meet the standard for the adoption of emergency rules required pursuant to 3 V.S.A. § 844(a).

EXPLANATION: In the event that changes in either state or federal law should necessitate changes to rules governing the Health Exchange, emergency rule making authority would be permitted.

Sec. E.338 Corrections - correctional services

(a) The special funds appropriation of \$152,000 for the supplemental facility payments to Newport and Springfield, pursuant to Sec. B.1100 of the Act, shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709.

Explanation: This language provides DOC with specific funding from the PILOT fund for payments to municipalities.

* * * K-12 EDUCATION * * *

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 \$132,141,701 of which \$125,894,201 shall be the State's contribution and \$6,247,500 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, \$7,213,271 is the "normal contribution," and \$124,928,430 is the "accrued liability contribution."

EXPLANATION: Same language as prior years. Allows the normal contribution to be funded with Education funds, less the portion of the local contributions attributable to the normal cost.

Sec. E.515.1 PREFUNDING OF THE TEACHERS' HEALTH CARE AND MEDICAL BENEFITS FUND

(a) Of the amount appropriated in Sec. B.1100 of this Act, \$2,400,000 is intended to pre-fund Retired Teachers' Health Care and Medical Benefits at the earliest possible date.

EXPLANATION: \$2.4M of the appropriation in Sec. B.1100 is to be used to continue prefunding the Teachers' OPEB fund by this amount.

* * * HIGHER EDUCATION * * *

Sec. E.600 University of Vermont

(a) The Commissioner of Finance and Management shall issue warrants to pay monthly installments of the appropriation in Sec. B.1100 of this Act to the University of Vermont on or about the 15th day of each calendar month during the first quarter of the year.

EXPLANATION: Modified language for UVM due to one-quarter of appropriations relative to the fiscal year 2020 Enacted BAA.

Sec. E.602 Vermont state colleges

(a) The Commissioner of Finance and Management shall issue warrants to pay monthly installments of the appropriation in Sec. B.1100 of this Act to the Vermont State Colleges on or about the 15th day of each calendar month of the first quarter of the year.

EXPLANATION: Modified language for UVM due to one-quarter of appropriations relative to the fiscal year 2020 Enacted BAA.

* * * NATURAL RESOURCES * * *

Sec. E. 711 2019 Act 72 Sec. E.711.1(a) is amended as follows:

BENNINGTON WATER LINE EXTENSION

(a) Waiver of bond vote. The Town of Bennington shall receive a loan for the Operational Unit C / Chapel Road Project in an amount of up to ~~\$1,500,000~~ \$2,000,000 to receive a loan subsidy in the form of 100 percent principal forgiveness with no interest or administrative fee from funds authorized in 24 V.S.A. § 4753(a)(3). Notwithstanding the provisions of 24 V.S.A. § 4755(a)(3), the loan is not required to be evidenced by a municipal bond.

EXPLANATION: Updated project amount reflect current estimates.

* * * TRANSPORTATION * * *

Sec. E.909 Transportation – central garage

(a) This appropriation is authorized pursuant to Sec. B.1100 in this Act, notwithstanding the provisions of 19 V.S.A. § 13(c)(2).

Explanation: Statute requires an annual appropriation based on a formula that can't be applied to a short-term appropriations act.

Sec. E.911 Transportation – town highway structures

(a) This appropriation is authorized pursuant to Sec. B.1100 in this Act, notwithstanding the provisions of 19 V.S.A. § 306(e)(2).

Explanation: Statute requires issuing new grants in the amount of \$5,833,500.00

Sec. E.913 Transportation – town highway class 2 roadway

(a) This appropriation is authorized pursuant to Sec. B.1100 in this Act, notwithstanding the provisions of 19 V.S.A. § 306(h).

Explanation: Statute requires issuing new grants in the amount of \$7,648,750.00

Sec. E.915 Transportation – town highway aid program

(a) This appropriation is authorized pursuant to Sec. B.1100 in this Act, notwithstanding the provisions of 19 V.S.A. § 306(a).

Explanation: Statute requires an annual appropriation increase based on the increase over the previous year's appropriation.

*** EFFECTIVE DATES ***

Sec. F.100 EFFECTIVE DATES

(a) This section, and Secs. C.100 through C.102, shall take effect upon passage.

(b) All remaining sections shall take effect on July 1, 2020.