

State of Vermont
Agency of Administration
Department of Finance & Management
 Pavilion Office Building
 109 State Street, 5th Floor
 Montpelier, VT 05609-0201
www.finance.vermont.gov

[phone] 802-828-2376
 [fax] 802-828-2428

Adam Greshin, Commissioner

TO: Senator Jane Kitchel, Chair, Senate Committee on Appropriations
FROM: Adam Greshin, Commissioner, Department of Finance and Management
DATE: April 8, 2021
RE: **Clarifications and Technical Edits to H.439, *An act relating to making appropriations for the support of government***

I am writing to suggest the following clarifications and technical edits to H.439, *An act relating to making appropriations for the support of government*.

Sec. B.312 Health – public health

The value for the Global Commitment fund should be changed as follows, due to a mathematical error. All other values in this section, including the totals, should remain unchanged.

Global Commitment fund	15,938,423	<u>15,938,349</u>
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Sec. B.318 Department for Children and Families – Child Development

House appropriations removed the CCFAP Year 3 plan from the Big Bill and noted it will be part of the H.171 Childcare bill. It is unclear if H.171 is intended to reflect base funding; if it is not, the CCFAP appropriation should be added back to B.318 so that it will clearly remain base funded in FY23 and beyond.

The House addition of \$216,000 to Building Bright Futures should be in the grants major object, not personal services. This change has no effect on totals. Section B.318 should be edited as follows:

Personal services	5,281,429	<u>5,020,429</u>
Operating expenses	848,079	848,079
Grants	77,021,841	<u>77,282,841</u>
Total	83,151,349	83,151,349

Source of funds

General fund	21,819,614	21,819,614
Special funds	16,820,000	16,820,000



Tobacco fund	-	-
Federal funds	33,574,814	33,574,814
Global Commitment fund	10,914,421	10,914,421
Interdepartmental transfers	22,500	22,500
Total	83,151,349	83,151,349

Secs. B.321, B.325 DCF - General Assistance, DCF – OEO

The reversal of the Administration’s Emergency Housing proposal should be \$6,218,020 in each respective appropriation.

Secs. B.330, 334, 334.1 Disabilities, aging, and independent living

If the House’s intent is to give a 2% rate increase to providers, the following appropriation adjustments should occur:

B.330 Disabilities, aging, and independent living – advocacy and independent living grants

General Fund increase in the amount of \$75,000, and
Global Commitment increase in the amount of \$38,000

B.334 Disabilities, aging, and independent living – Brain injury home and community-based waiver

Global Commitment increase in the amount of \$110,060

B.334.1 Disabilities, aging and independent living – Long Term Care

Global Commitment reduction in the amount of \$223,060

Sec. B.505 Education – Adjusted Education Payment

There is a reduction in the education payment need based on actual Town Meeting Day votes (as reported by JFO in the Education Fund Outlook March 16, 2021). The revised education payment is ~~\$1,539,060,000~~ \$1,502,051,000.

Sec. B.903 Transportation – Program Development

Bridge 61 on VT11 in Springfield, EA 0134(49), was included in the State Bridge Program under the Program Development appropriation when it should have been included in the Town Highway Bridges appropriation.

Personal Services	58,611,534	58,611,534	0
Operating Expenses	227,623,407	<u>227,109,245</u>	(514,162)
Grants	28,813,660	28,813,600	0



Total	315,048,601	<u>314,534,439</u>	(514,162)
Source of funds			
Transportation fund	48,820,681	<u>48,717,849</u>	(102,832)
TIB fund	10,597,637	10,597,637	0
Federal funds	255,149,205	<u>254,737,875</u>	(411,330)
Local match	481,078	481,078	0
Total	315,048,601	<u>314,534,439</u>	(514,162)
Sec. B.914 Transportation – town highway bridges			
Personal Services	4,475,077	4,475,077	0
Operating Expenses	10,019,734	<u>10,533,896</u>	514,162
Grants	399,421	399,421	0
Total	14,894,232	<u>15,408,394</u>	514,162
Source of funds			
Transportation fund	1,568,395	<u>1,671,227</u>	102,832
TIB fund	800,000	800,000	0
Federal funds	11,994,400	<u>12,405,730</u>	411,330
Local match	531,437	531,437	0
Total	14,894,232	<u>15,408,394</u>	514,162

Sec. B.1102 American Rescue Plan – Coronavirus State Fiscal Recovery Fund Subsections (15) Adult Days, (16) Mobile Crisis

For these two sections, language states Global Commitment can be substituted as a result of the increased 10% Medicaid FMAP in the American Rescue Plan Act. The Administration recommends this language pertaining to Global Commitment substitution be struck since these programs are not likely to be Medicaid-eligible during this time period. Furthermore, if found to be eligible, no General Fund match is appropriated to support this as Global Commitment.

Sec. B.1102 (a)(5) Weatherization and global warming mitigation activities

This section refers to “the \$10,000,000 General Fund appropriation in Sec. D.101(a)(2) of this act to the Municipal Energy Revolving Fund.” However, there is no appropriation in D.101(a)(2); there is only a transfer of ARPA funds to the new Municipal Energy Revolving Fund.

Sec. B.1102 (a)(12) 2-1-1 Call Center

The \$126,000 appropriation should be to the AHS Secretary’s Office, not to DCF.



Sec. B.1103 Fiscal Year 2022 One-time Downtown Transportation and Related Capital Improvement Fund (21575) Appropriations

The text of subsection (a)(1) should be edited for clarity as follows:

“(1) to the Department of Housing and Community Development: a one-time allocation of \$5,000,000 to the Downtown Transportation Fund to the Department of Housing and Community Development to design, engineer, and construct eligible projects.”

Sec. B.1105 Fiscal Year 2022 One-Time Special Fund Appropriation

Subsection (a)(1) should be struck. ANR-DEC built the \$10,000,000 special fund appropriation into its base budget in Section B.711, so this is a duplicate appropriation.

Sec. C.103 (a) Reversion from the National Guard Tuition Benefit Program

For clarity and transparency, this section should reference the B section from which this amount should be reverted.

Sec. C.106 American Rescue Plan Act; Funds transferred to E-911 Fund

The direct transfer will complicate reporting for the federal fund. This amount should be appropriated in the federal fund for transfer to the E-911 Fund. With this structure, the expenditure in the federal fund will be reported in the same fashion as all other expenditures.

Sec. D.101 Fund Transfers, Reversions, And Reserves

Section D.101(a)(5) appears to have an error in the amount of the annual transfer from the Transportation Fund to the Downtown Transportation and Related Capital Improvement Fund. Previously, the amount of this annual transfer was \$423,966, not \$4,023,966 as it appears in this section.

Section D.101(a)(6) should be edited as follows:

(6) From the Transportation Infrastructure Bond Fund established by 19 V.S.A. §11f to the Transportation Infrastructure Bonds Debt Service Fund established by 32 V.S.A. §951a for funding fiscal year ~~2022~~ 2023 transportation infrastructure bonds debt service: \$2,502,363

ANR-FPR requests a transfer of \$1,000,000 be added from General Fund to Fund 21270, the Forest Parks Revolving Fund, for the purpose described in D.103 comments below.



Sec. D.103 American Rescue Plan Act of 2021 – Coronavirus State Fiscal Recovery Fund Transfers, (a)(1) to Fund 21270, the Forest Parks Revolving Fund

The House changed the FY 2022 transfer into the Parks Fund in the Governor’s budget from General Funds to ARPA funds. This transfer covers a deficit resulting from two factors: 1) base budget pressure related to ongoing operating expenses, and 2) a reduction in revenue associated with the projected loss in ski lease revenue. Based on ANR’s reading of federally allowable uses of ARPA funds, the lost ski lease revenue (\$1,050,000) is likely ARPA-eligible as revenue replacement; however, the \$1 million to cover base operating expense pressure is not. ANR-FPR requests the transfer from ARPA State Fiscal Recovery Fund to Parks Fund be changed from \$2,050,000 to \$1,050,000. Likewise, a corresponding transfer of \$1,000,000 from General Fund to Parks Fund would be added in Section D.101.

As explained in Section C.106 (above), all fund transfers from the ARPA State Fiscal Recovery Fund should be appropriated for transfer, rather than be direct transfers, so that reporting expenditures in the federal fund will be greatly simplified. This recommendation also applies to subsections (a), (b), and (c) of this section.

Sec. D.104 Fiscal Year 2022; Global Commitment Program General Fund Reversion

This section states \$66,000,000 general funds shall be reverted to the General Fund. AHS understands this figure represents an additional three quarters of FMAP enhancement, through March 31, 2022, estimated by JFO at roughly \$22 million per quarter, although AHS has not validated this figure. While the Biden Administration hinted it may extend the public health emergency through December 31, 2021, this is not a certainty. AHS has no information regarding the possibility of a further FMAP bump extension through March 31, 2022. The Administration recommends striking this section based on the uncertainty.

Sec. E.236.1 Multijurisdictional Lottery Games

The Governor’s Recommended Budget language, amending this section to extend the definition of multijurisdictional lottery games to include international lotteries, was not included in H.439. Powerball is seeking to expand internationally and the replacement of this language would prevent legal issues if this expansion occurs.

Sec. E.301.3 Global Commitment: Carryforward Reserve To Sustain Home And Community Based Program Funding Increases

This section states that any unexpended General Fund associated with the 10% HCMS Medicaid FMAP enhancement shall be carried forward into future fiscal years to be used as match for the HCBS. This is problematic because a) the conditions of the 10% HCBS Medicaid FMAP bump



are not known yet, and b) this would rely on a one-time funding source to match base HCBS rate increases. The Administration recommends striking this section.

Sec. E.321.1 DCF; General Assistance Working Group; Transition Plan; Report

Sec. E.321.1(c)(1) states “Sec. A(a) of this Act.” This citation is unclear.

Sec. F.104 (b)(1)(S) AHS Secretary Salary

The base salary as of July 4, 2021 should be \$115,952 – not \$15,952

Proposed language edits for technical facilitation of staff positions for PCB testing

H.439, as passed by the House, includes a General Fund transfer of \$10,000,000 to the Environmental Contingency Fund, with up to \$5,000,000 available for use to complete indoor air quality testing for PCBs in schools.

The Agency of Natural Resources requested the House direct \$500,000 of the funds proposed for transfer to the ECF to a one-time appropriation for an additional position at the Department of Health to support the implementation of the PCB testing. H.439, as passed by the House, directs DEC to transfer the funds after they have been deposited into the ECF. The ECF has complicated funding rules, however, that make transferring funds from the ECF administratively burdensome for ANR and VDH. ANR recommends the funds be appropriated directly to VDH and the transfer to the ECF be reduced to \$9.5 million. Language to facilitate this would be in Sections B.711, B.1106, and D.101.

Sec. B.711 Environmental Conservation – air and waste management

Personal Services	25,302,612	<u>24,802,612</u>
Operating Expenses	10,449,327	10,449,327
Grants	5,223,462	5,223,462
Total	40,475,401	<u>39,975,401</u>
General Funds	154,530	154,530
Special Funds	36,839,568	<u>36,339,568</u>
Federal Funds	3,822,700	3,822,700
Interdepartmental Transfer	158,603	158,603
Total	40,475,401	<u>39,975,401</u>



Sec. B.1106 Fiscal Year 2022 One-Time General Fund Appropriations

Add the following section to provide funding for 1 limited service position to the Health Department:

(3) \$500,000 to the Vermont Department of Health to support PCB Testing in schools

D. 101 Fund Transfers, Reversions, and Reserves

Reduce the General Fund Transfer to the ECF:

(a)(1) From the General Fund to the Environmental Contingency Fund established by 10 V.S.A. § 1283: ~~\$10,000,000~~ \$9,500,000

Thank you for your consideration of the issues outlined above.

CC: Representative Mary Hooper, Chair, House Committee on Appropriations
Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office
Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office

