

Capacity for Ongoing Spending Draft Discussion Notes

The House Ways and Means Committee may not be doing their bill at the same time as the budget. Traditionally the budget and revenue bill travel together, and the budget can be built within known boundaries. So how do we approach ongoing spending within this resource uncertainty

Summary Table of Proposals

Proposal	Low	High	Recommended option
1. Fund Community High School from ESSER funds for two years	\$6.8M	\$6.8M	Preserves base
2. USE Federal one-time home and community based FMAP to fund rate increase- The increase would be a one-time increase which would be covered three years.	\$0	\$6M	??
3. Assumed GF availability through use of ARPA state funds and categorical monies	\$10M	\$15M	??
4. Assume some make up for lost revenues dynamic impact of the spending that may impact revenues	\$7M	\$20M	\$7-\$12M
5. Swap one-time Clean Water \$100M ARPA funding for rooms and meals five-year revenue stream	\$5	\$10	?/

- 1. Proposal: To fund Community High School of Vermont from Federal ESSER Funds for two years?**
 - a. Governor funded out of Education Funds;
 - b. Moving it to GF would reduce spending capacity.
 - c. This would use about \$6.8 million in ESSER funds

- 2. Proposal: Use one time increase in SEC. 9817 of ARPA Additional support for Medicaid home and community-based services during the COVID-19 emergency to cover base increases:**

- a. The FMAP percentage is increased by 10 percentage points with respect to expenditures of the State under the State Medicaid program for home and community-based services from April 1, 2021 to March 30, 2022
- b. We estimate this to produce from 0 to \$25 million in one-time resources depending on clarity of the law's interpretation.
- c. The proposal is to use these funds, to the extent available to offset up to \$5 million a year in three years of rate increases through reserving these funds for that purpose.

3. Proposal: Allow an assumed increase in GF fund availability \$10 million?

Do we recognize that the remaining use of ARPA state funds and the \$40 million in child care funds the mortgage and rental funds and the many other fund components will result in opportunities to cover otherwise GF expenditures? Also there is a dynamic impact of the spending that may impact revenues.

4. Proposal assume \$10 to \$15 million a year in revenue loss funding? Do we assume \$30 million to \$80 million in resources from revenue loss over 4 years or \$7-\$25 million a year? It could also be special funds.

- a. The ARPA bill provides for use of funds to provide for government services due to revenue loss in a less than defined way.
 - i. Is it by revenue source or by fund?
 - ii. Is there any aggregations or offsets?
 - iii. Since this is a limited time make up how do we use it?
 - iv. Regulations will help clarify this...

5. Proposal: Fund Clean Water with \$100 million one-time funds from ARPA reallocate rooms and meals revenue to GF though FY 2025

- a. **This would provide the GF with the following:**
 - i. FY 2022 \$10.0M
 - ii. FY 2023 \$11.6 M
 - iii. FY 2024 \$12.7M
 - iv. FY 2025 \$13.4 M
 - v. FY 2026 \$13.8 M
 - vi. Total \$61 m