

**FY 2012 Budget Summary H. 441 Conference Committee Report
Meeting the Challenge: Preserving Services With Diminishing Funds.**

	GF App.	GF %	ARRA(GF-like)	GF+ARRA %	Funds Total	%
FY 2011	\$1,151.7	5.9%	\$158.8 m	1.6%	4.86 b	3.9%
FY 2012	\$1,236.2	7.3%	\$0	-5.7%	4.69 b	-3.6%

FY 2012 is the fourth year of difficult budgets. Growth in general fund revenue did not offset the loss of \$158m million of ARRA funds, creating a \$176 million gap. This budget is balanced with a combination of spending reductions, one-time revenues, health care provider assessments, a health claims fee, \$23 million reduction in the education fund transfer, and tobacco tax changes. Even with the actions that are part of this budget proposal, a FY 2013 budget gap is projected, which could be made worse by upcoming Congressional budget actions:

Key changes elements of the bill:

Human Services

- Added back \$5.1 million in state spending, reducing Human Services cuts from \$43.8 million to \$38.7 million. Change brings in \$5.1 million in additional net federal funds.
- Restored 60% the proposed reduction to services for frail and elderly; instrumental activities of daily living and respite/companion services. Provides that carry forward could fill the remaining gap.
- Restored half the proposed reduction to services to the developmentally disabled.
- Restored half the proposed reduction for Mental Health services.
- Did not merge Catamount into VHAP, mitigating the reduced reimbursement rate to doctors and hospitals.
- Restored 50% of Student Assistance Professionals (SAP), which administration had eliminated.
- Funded tobacco programs at \$900,000 over the level proposed by the administration.
- Replaced \$1.7 million ARRA funding for homelessness prevention with general funds.
- Funded 300 additional childcare subsidized slots to enable Vermonters to enter the labor force.
- Met funding needs for increased enrollment in Dr. Dynasaur and VHAP.

Reserves

- Dedicates up to \$7 million in revenues above the forecast for FY 2011 and, if necessary, from an FY 2012 revenue upgrade to be available to address potential FY 2012 federal reductions.
- Provides for an estimated \$3.4 million or more of estate tax revenues to be reserved in the Revenue Shortfall Reserve for FY 2012 and FY 2013 budget pressures due to federal reductions; allows \$11 million of these revenues to flow to the higher education trust fund for scholarships for Vermont Students at Vermont institutions per 16 V.S.A. §2885 (a)(2).
- Maintains stabilization reserve funds at the required statutory levels.

Other

- Includes language to allow the \$12m of labor, retirement, and contract savings reductions agreed upon by the Administration and the Vermont State Employees Union.
- Level funded Vermont Telecommunications Authority. Sect'y of Admin \$200k funding for telecomm work;
- Funds Vermont Housing Conservation Board (with capital allocation) at 95% of statutorily required level.
- Consistent with ongoing 5% pay reduction for exempts, maintains 5% reduction for legislators in FY 2012.
- Provides contingent funding for Unemployment Insurance interest costs of \$3.6 million.
- Restored \$92,000 for operation of the conservation districts.
- Provided funding to fill five vacant game wardens positions.
- Includes \$525,000 to fund economic development and agriculture initiatives

Summary of Changes to Services for the Elderly

Choices for Care

\$3m in state and federal funds to restore 60% of the Governor proposed to cut for IADLs and Respite/ Companion services in the Choices for Care waiver. Carry forward could fill the remaining gap.

In Sec. E. 300 (a) language is included. The intent of this language is that needed services are not reduced if FY11 actual expenditures are below budget in total for the Choices for Care program. Currently the budget tracking indicates expenditures are below target, likely freeing up resources that will be available in FY12 to maintain needed services. At the same time, the language allows flexibility so that the right level of services can be allocated based on individual case assessments. The language also requires a report on the status of a new federal grant that is anticipated to result in savings that can be redirected within the program.

Participant Directed Attendant Care (PDAC)

The budget adds \$40,000 to the funding level for this program. This will support the current caseload of the program plus 6 additional slots based on average annual slots. This is a 6% increase in FY12.

Area Agencies on Aging

Adds \$50,000 to be used to for nutrition services, meals on wheels for seniors.

Adult Day

Redirects allocated funding in Choice for Care that the adult days could not utilize to the Department of Advocacy and Independent Living where it can be accessed by the adult days providers.