

H.518: FY 2018 Conference Committee Budget Highlights – May 2017

	<u>Conference unduplicated</u>			<u>Senate unduplicated</u>			<u>House unduplicated</u>		
	<u>FY 2017</u> <u>BAA+Chgs</u>	<u>FY 2018</u> <u>Proposed</u>	<u>1 Yr</u> <u>Growth</u>	<u>FY 2017</u> <u>BAA+Chgs</u>	<u>FY 2018</u> <u>Proposed</u>	<u>1 Yr</u> <u>Growth</u>	<u>FY 2017</u> <u>BAA+Chgs</u>	<u>FY 2018</u> <u>Proposed</u>	<u>1 Yr</u> <u>Growth</u>
GF	\$1,538.6	\$1,561.5	1.5%	\$1,538.1	\$1,563.6	1.7%	\$1,535.7	\$1,563.8	1.8%
All States	\$2,460.3	\$2,478.3	0.7%	\$2,459.8	\$2,482.2	0.9%	\$2,459.6	\$2,479.7	0.8%
Net Ed Fd	\$1,271.9	\$1,314.2	3.3%	\$1,271.9	\$1,314.4	3.3%	\$1,271.9	\$1,306.6	2.7%
Grand Total	\$5,754.7	\$5,825.1	1.3%	\$5,755.2	\$5,830.0	1.3%	\$5,755.2	\$5,815.5	1.0%

Overview of CoC Proposal: Addresses critical areas of underfunding:

- Lives within existing revenues plus \$5M from added collection efforts: 1.5% General Fund spending growth is below the FY 2018 forecasted revenue growth of 3.7% and below the 2% projected Gross State Product growth.
- Provides for up to \$15M to cover a potential one-time FY 2018 revenue downgrade due to corporate tax refunding. Funds will come from GF carry forward, SF balances, or Global Commitment reserves.
- Protects & strengthens reserves—Statutory 5% reserves full; proposes to bring Rainy Day Fund from \$6.8M to \$7.3M with additional amounts possible at the close of FY 2017 and FY 2018. Caseload Reserve at \$18.26M and 27/53rd reserve at \$5.28M—Overall, GF-like reserves \$111M, or over 7% of prior year GF spending.

Key actions

- **Mental Health**
 - Provides \$8.37M to increase salaries for Designated Agencies for workers (\$5.9M for Mental Health and \$2.5M for DAIL-Developmental Services) as part of a multiyear stabilization funding plan
 - Includes investments for crisis services to reduce pressure and cost in the health care system by prioritizing crisis service staff salaries and increasing hours of operation of peer-to-peer “warm” phone line through Pathways for Housing
 - Keeps promise to maintain the FY 2018 rollout of 2% increases to Designated Agencies and other providers that began September 2016
- **Child Care**
 - Provides \$2.5M in new funding:
 - To bring family eligibility levels up to the current year Federal Poverty Level
 - To provide additional funding for centers and home-based programs for infants and toddlers from high subsidy client populations
- **Other Human Services**
 - Review, inventory, and prioritize AHS grants for FY 2019 and does not reduce FY 2018 grant levels

- Increases primary care payment rates in Medicaid
- Closes Southeast Correctional Facility coupled with planning for reuse of the facility for coordinated reentry
- Expands a DOC plan for gradual increased use of electronic monitoring
- Maintains cold weather exception and adds \$600,000 to increase shelter capacity in Barre and Rutland
- **Other Government Operations**
 - Provides \$1,250,000 to fund police camera equipment cost to be used with available federal funds
 - Increases (PILOT) funding to municipalities that host State buildings to \$7.6M— funds 76% of estimated PILOT obligations
 - State Employees: Funds reclassifications, including retroactive pay for judiciary positions
 - Funds Guardian Ad litem and Court security in the Judiciary, provides funds to Attorney General for civil rights and small business initiatives
 - Increases funding for Farm-to-School initiative, State fairs, and Working Lands
 - Requires \$5M in Administration reductions based on parameters specified by the Legislature
- **Higher Education**
 - Provides \$3M base increased to the Vermont State Colleges and \$880,000 one-time payment for campus merger
 - Requires the State Colleges to provide a report on the use and effect of State funding on the college system
- **Education Fund**
 - Adds the “normal” Teachers’ Retirement contribution of \$7.9M as an expense to the Education Fund. This expense is covered in FY 2018 by a combination of one-time transfers, base reductions, and revenue to mitigate any tax impact.
 - Reinstates the Statutory Education Fund transfer and does not remove local decision making for Education Spending
 - Dedicates 36% of Sales Tax, up from 35%, to the Education Fund in FY 2019 and beyond
- **Housing Bond:** Added language and funding for a major housing initiative through Vermont Housing Conservation Board

For comparison, the Growth Rates of the Governor’s Budget as proposed and as adjusted for local spending and Ebrd adopted Medicaid

	<u>Governor unduplicated</u>			<u>Gov. Adjusted*</u>	
	<u>BAA</u>	<u>FY2018</u>	<u>1 Yr</u>	<u>FY2018</u>	<u>1 Yr</u>
	<u>As Passed</u>	<u>Proposed</u>	<u>Growth</u>	<u>Gov Adj</u>	<u>Growth</u>
General Fund	\$1,533.2	\$1,542.0	0.6%	\$1,552.0	1.2%
All State Funds	\$2,459.6	\$2,479.4	0.0%	\$2,467.4	0.4%
Net Ed Fund	\$1,271.9	\$1,295.7	1.9%	\$1,356.7	6.7%
Grand Total	\$5,752.6	\$5,786.2	0.6%	\$5,857.1	1.8%

**Adjusted for \$10m for EBoard adopted Medicaid budget and EF Local Spending*