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Adam Greshin, Commissioner

**MEMORANDUM**

**To:** Committee of Conference for H.924  
**From:** Adam Greshin, Commissioner, Department of Finance and Management AMG  
**Date:** May 8, 2018  
**Re:** Technical and Policy Observations of H.924

Upon review of H.924 as amended by the Senate, the following technical issues were identified and should be addressed in the Conference Committee's amendments to H.924. Additionally, we include below more detailed observations related to both policy and funding changes made by the Senate to the Governor's recommended budget.

1. **B. 307 & B. 308 DVHA – Medicaid - GC and Long-Term Care:** Technical adjustment – the funding for hospice services associated with the 2% Home & Community based increase should be moved from the LTC appropriation to the DVHA Medicaid GC appropriation (\$23,177).

<u>Sec. B.307 Department of Vermont health access - Medicaid program - global commitment</u>		
Grants	<u>730,365,025</u>	<u>730,388,202</u>
Total	<u>730,365,025</u>	<u>730,388,202</u>
Source of funds		
Global Commitment fund	<u>730,365,025</u>	<u>730,388,202</u>
Total	<u>730,365,025</u>	<u>730,388,202</u>

<u>Sec. B.308 Department of Vermont health access - Medicaid program - long term care waiver</u>		
Grants	<u>204,539,092</u>	<u>204,515,915</u>
Total	<u>204,539,092</u>	<u>204,515,915</u>
Source of funds		
General fund	0	0
Federal funds	0	0
Global Commitment fund	<u>204,539,092</u>	<u>204,515,915</u>
Total	<u>204,539,092</u>	<u>204,515,915</u>

2. **B. 312 Health – Public Health:** The committee report includes \$340,000 (\$170K GF, \$170K FF) more than the Governor’s Recommended budget. The JFO web report notes that this additional funding is intended for clinics for the uninsured.

Current funding for the Vermont Coalition of Clinics for the Uninsured is included in the Administration and Support appropriation, and not in the Public Health appropriation. If the conference committee chooses to maintain this change, the funding should be moved to Section B. 311, per the technical adjustments below.

<u>Sec. B.311 Health - administration and support</u>		
Personal Services	5,369,099	5,369,099
Operating	5,125,954	5,125,954
Grants	<u>3,725,000</u>	<u>4,065,000</u>
Total	<u>14,220,053</u>	<u>14,560,053</u>
Source of funds		-
General fund	2,586,570	<u>2,756,570</u>
Special funds	1,737,815	1,737,815
Federal funds	6,407,531	<u>6,577,531</u>
Global Commitment fund	3,443,137	3,443,137
Interdepartmental transfers	<u>45,000</u>	<u>45,000</u>
Total	<u>14,220,053</u>	<u>14,560,053</u>

<u>Sec. B.312 Health - public health</u>		
Personal Services	42,670,151	42,670,151
Operating	8,262,008	8,262,008
Grants	<u>36,783,759</u>	<u>36,443,759</u>
Total	<u>87,715,918</u>	<u>87,375,918</u>
Source of funds		-
General fund	9,653,976	<u>9,483,976</u>
Special funds	17,368,655	17,368,655
Tobacco fund	1,088,918	1,088,918
Federal funds	46,023,114	<u>45,853,114</u>
Global Commitment fund	12,436,255	12,436,255
Interdepartmental transfers	1,120,000	1,120,000
Permanent trust funds	<u>25,000</u>	<u>25,000</u>
Total	<u>87,715,918</u>	<u>87,375,918</u>

3. **Sec. B.903 Transportation – program development:** A downward technical adjustment of \$26,149 is required in the Program Development appropriation to reflect available Transportation Funds relative to the Pay Act need in fiscal year 2019 of \$1,876,149.

<u>Sec.B.903 Transportation - program development</u>		
Personal Services	50,457,603	50,457,603
Operating	<del>-216,263,480</del>	<u>216,237,480</u>
Grants	<u>34,168,390</u>	<u>34,168,390</u>
Total	<u>300,889,473</u>	<u>300,863,473</u>
Source of funds		
Transportation fund	<u>42,549,882</u>	<u>42,523,882</u>
TIB fund	11,894,706	11,894,706
Federal funds	244,766,072	244,766,072
Interdepartmental transfers	239,345	239,345
Local match	<u>1,439,468</u>	<u>1,439,468</u>
Total	<u>300,889,473</u>	<u>300,863,473</u>

4. **Sec. C.105 et seq. – Tobacco Litigation Settlement Funds:** The Senate’s version of H.924 includes prescribed appropriations for the Administration’s use of the tobacco settlement funds. Among those uses are inadequately funded proposals for MAT at the DOC and for a PFOA blood testing project. Additionally, the CHINS proposal limits AHS’ role to that of a consultant. Alternatively, the Administration is ready to work with all committees of jurisdiction to develop a plan that reflects the recommendations previously shared and uses \$14M in available settlement funds.

Please note that pursuant to 32 V.S.A. Sec. 435a, any settlement funds are to be used “...for the support of tobacco use prevention, cessation, and control, and for other health care purposes”. Any proposed use of settlement funds in sections C.105 et seq. that are not for the purposes previously described may necessitate the inclusion of “notwithstanding” language.

5. **Sec. C. 1000(a)(5) State’s Attorneys and Sheriffs:** In order to clarify that the one-time funding is specific to the Sheriffs’ appropriation, the following change is suggested:  
 Sec. C.1000 FISCAL YEAR 2018 GENERAL FUND ONE-TIME APPROPRIATIONS, TRANSFERS AND REVERSIONS

(a) Appropriations: The following appropriations are made from the General Fund in fiscal year 2018:

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(5) To the department of State’s Attorneys and Sheriffs to be carried forward and used for transport per diem funding in fiscal year 2019 for Vermont Sheriffs. \$105,776.

6. **Sec. C. 1000(a)(10) – FISCAL YEAR 2018 GENERAL FUND ONE-TIME APPROPRIATIONS, TRANSFERS AND REVERSIONS:** This section appropriates \$50,000 General Funds to the Agency of Education for the Farm to School program. This program is managed by the Agency of Agriculture and should instead be appropriated to the Agency of Agriculture.

7. **Sec. C. XXX – Dual Enrollment:** The Agency of Education requests the following language in order to address spending pressures in the dual enrollment program:

Sec. C.XXX Notwithstanding 16 V.S.A. 944 (f)(2) the Agency may use education fund carryforward to meet any obligations of the dual enrollment program costs in excess of appropriated funds in fiscal year 2018.

8. **Proposed Sec. E.306.1:** Emergency rule making authority is required for the Vermont Health Benefit Exchange if either federal regulations or state laws specific to health care eligibility and enrollment, or to the administration of Vermont Health Connect, are promulgated and affect current practices. This language is generally included in the Big Bill each year. This year, necessary language was included in an early draft of a miscellaneous Medicaid bill this session, but the language was subsequently removed. It is critical that the following annual language be reinstated:

Sec. E.306.1 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, 2019, 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).

9. **Sec. E.200.1 3 VSA Sec. 167a amendment:** It is unclear in the language as proposed in subsection (c) what should happen to the balance if it exceeds \$1,000,000.
10. **Sec. E.318.3 Childcare and Pre-Kindergarten Capacity Baseline Report:** The purpose of this study is unclear relative to other simultaneous and related work including Pre-K Administration reforms and the Child Care Demand study. We believe that this study is unnecessary.
11. **Sec. E.329 Adult Day Certification:** Relative to current DAIL certification processes, this language is duplicative. However, if there is a perceived need for language in the bill, please consider the following alternative:
- (a) Certification of new adult day providers seeking to be Medicaid funded shall require a demonstration that the new program is filling an unmet need for adult day services in a given geographic region and does not have an adverse impact on existing adult day services. In the process of approval for certifying any new adult day program, the Department of Disabilities, Aging and Independent Living shall consider allow review and comment from the Vermont Association of Adult Day Services as to whether:
- (1) the new program meets adult day standards;
- (2) fills an unmet service need in that geographic area; and
- (3) does not have an adverse impact on existing adult day services.
12. **Sec. E.500.1 and E.500.2: Uniform Chart of Accounts:** The Legislature added language to require that all Supervisory Unions and school districts implement the centralized school district

financial data management system recently procured by the Agency of Education, in order to improve the collection of statewide school financial data.

The Agency of Education recommends that the legislature amend the language to provide more flexibility to SU/SDs that have recently changed governance structures or have recently procured a new system. The following changes to the Senate language provide for both of these requirements. The Agency recommends that section E.500.1 be effective upon passage and E.500.2 be effective July 1, 2019.

#### Sec. E.500.1 UNIFORM CHART OF ACCOUNTS

(a) No later than July 1, 2020, all Vermont supervisory unions, supervisory districts, school districts, and independent tech center districts shall utilize the same ~~financial-school finance and financial data~~ management system. The system shall be selected by Agency of Education per state procurement guidelines. (b) The Agency shall work with participating supervisory unions to:

(1) conform to a uniform chart of accounts as outlined in 2014 Acts and Resolves No. 179, Secs. E.500.2 and E.500.3 as amended by 2015 Acts and Resolves No. 58, Sec. E.500.1;

(2) improve the comparability, consistency, and timeliness of school financial data;

(3) enhance the abilities of the General Assembly, Agency of Education, supervisory unions, and supervisory districts to better understand and manage cost centers and related school expenditures; and

(4) categorize expenditures in a way that draws a distinction between direct educational expenses and expenses that are primarily human or social services expenses.

(b) Notwithstanding subdivision (a) of this section, supervisory unions with districts that are merging into a new governance structure as of July 1, 2018 and that have executed a contract no later than May 1, 2018 to acquire a new school finance and financial data system other than the management system selected by the Agency of Education to serve the merged system, may delay adoption of the system selected by the Agency until July 1, 2021.

(c) Notwithstanding subdivision (a) of this subsection, a supervisory union or a supervisory district that entered into a contract for a school finance and financial data management system on or after July 1, 2017, may delay adoption of the system selected by the Agency until July 1, 2021 or upon expiration of the current contract, whichever is earlier.

Sec. E.500.2 16 V.S.A. §242(4) is amended to read:

(4)(A) Provide data and information required by the Secretary; and by using a format approved by the Secretary to:

(i) Report budgetary data for the ~~coming-subsequent~~ school year and fiscal year.

(B) (ii) Report all financial operations within the supervisory union to the Secretary and State Board for the preceding school year on or before August 15 of each year; ~~using a format approved by the Secretary.~~

~~(C)~~ (iii) Report all financial operations for each member school district to the Secretary and State Board for the preceding school year on or before August 15 of each year, ~~using a format approved by the Secretary.~~

~~(D)~~ (B) Prepare for each district an itemized report detailing the portion of the proposed supervisory union budget for which the district would be assessed for the subsequent school year identifying the component costs by category and explaining the method by which the district's share for each cost was calculated; and provide the report to each district at least 14 days before a budget, including the supervisory union assessment, is voted on by the electorate of the district.

13. **Sec. E.800 (a) – Unified Economic Development Initiative Efforts.** No testimony was requested of the ACCD regarding the value of this plan. In previous years, ACCD found this requirement to be labor intensive and of questionable value. This language should be removed.
14. **Sec. E.807.1 – Vermont Life Magazine Operations Report:** The Senate language creates additional reporting requirements and may harm the magazine's desirability to advertisers and subscribers. The House's language is preferred.