

**TO:** Sen. Jane Kitchel, Chairperson, Senate Committee on Appropriations  
**CC:** Rep. Kitty Toll, Chairperson, House Committee on Appropriations  
**FROM:** Adam Greshin, Commissioner of Finance and Management  
**DATE:** 6/9/2020  
**RE:** Technical Observations of H.961

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Upon review of H.961, “An act relating to making first quarter fiscal year 2021 appropriations for the support of state government”, I ask that the following technical observations be considered.

**1. Sec. A.3. Phase I – DIRECT APPROPRIATIONS FISCAL YEAR 2021 FIRST QUARTER:**

- (a)(1) - As originally submitted to the Legislature, the appropriation for the Vermont Veterans’ Home (VVH) *added* \$589,000 of General Fund to a prorated share of its FY20 Enacted BAA appropriation. This construction intended to closely reflect one-quarter of the VVH’s FY21 Governor’s Recommended funding level. The rationale for this treatment was due to the inadvertent reduction of the VVH’s FY20 General Fund base appropriation. When the FY20 budget was developed, a portion of the VVH’s one-time Vermont Medicaid rate-settlement payment was incorrectly assumed to have an ongoing revenue effect. After further analysis, the VVH and the Department of Budget and Management agreed that its FY20 base appropriation for General Fund was artificially low, as a result. HAC’s change to this construction in Sec. A.3.(a)(1) instead provides a flat appropriation of \$598,000 of General Fund. This can be corrected with the following change;

(a) The following appropriations ~~of~~ are made for the first quarter of fiscal year 2021 as follows:

(1) The Vermont Veterans’ Home: ~~\$598,000~~ \$684,446 General Fund.

**2. Sec. A.3. Phase I – DIRECT APPROPRIATIONS FISCAL YEAR 2021 FIRST QUARTER:**

- As confirmed by the Department of Taxes, the Homeowner Rebate appropriation should be funded at 100% of its FY20 level in the first quarter. The following technical adjustment would be required:

(a) The following appropriations are made for the first quarter of fiscal year 2021 as follows:

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(10) Homeowner rebate: \$16,600,600 of General Fund.

**3. Sec. A.4. PHASE I – PRORATED APPROPRIATIONS FISCAL YEAR 2021 FIRST QUARTER**

- (a)(2)(A) – The following correction is required to correctly reference CWF appropriations:

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(2) All funds in the Agency of Transportation: 60%:

(A) With the exception of the Clean Water Fund prorated at 50% pursuant to subdivision ~~(67)~~(B) of this subsection (a).

**4. Sec. A.33. H. 953 SUPPLEMENTAL BAA AMENDMENT**

- This section amends H.953 and should therefore be included in Sec. A.40(a) to be made effective upon passage.

**5. Technical corrections to H.953 that are required**

- An insertion of the following language is required to address two technical errors in H.953, the first of which was included in Commissioner Greshin’s letter to SAC dated May 19, 2020, and the second of which was recently identified by AHS, both of which need to be made effective upon passage (i.e., updating Sec. A.40(a)):

Sec. A.33. H.953 (Supplemental Budget Adjustment) of 2020 is amended by striking out Sec. 5 and Sec. 8 in their entirety and inserting in lieu thereof new sections to read as follows:

Sec. 5. 2019 Acts and Resolves No. 72, Sec. B.301 as amended by 2020 Acts and Resolves No. 88, Sec. 12 is further amended to read:

| <u>Sec.B.301 Secretary's office - global commitment</u> |                      |                      |
|---|----------------------|----------------------|
| Operating expenses                                      | 3,150,212            | 3,150,212            |
| Grants  | <u>1,630,119,013</u> | <u>1,629,912,361</u> |
| Total   | <u>1,633,269,225</u> | 1,633,062,573        |
| Source of funds   |                      |                      |
| General fund  | <u>557,208,815</u>   | <u>513,632,278</u>   |
| Special funds   | 34,969,169           | 34,969,169           |
| Tobacco fund  | 21,049,373           | 21,049,373           |
| State health care resources fund                        | <u>21,101,110</u>    | <u>22,601,110</u>    |
| Federal funds   | <u>983,572,979</u>   | <u>1,015,442,864</u> |
| Interdepartmental transfers                             | <u>15,367,779</u>    | <u>25,367,779</u>    |
| Total   | <u>1,633,269,225</u> | 1,633,062,573        |

Sec. 8. 2019 Acts and Resolves No. 72, Sec. B.309 as amended by 2020 Acts and Resolves No. 88, Sec. 17 is further amended to read:

| <u>Sec.B.309 Department of Vermont health access - Medicaid</u> |                   |                   |
|---|-------------------|-------------------|
| <u>Program - state only</u>                                     |                   |                   |
| Grants  | <u>53,864,800</u> | <u>49,128,572</u> |
| Total   | <u>53,864,800</u> | <u>49,128,572</u> |
| Source of funds   |                   |                   |
| General fund  | <u>42,034,845</u> | 39,150,622        |
| Global Commitment   | <u>11,829,955</u> | 9,892,450         |
| <u>Enterprise Federal funds</u>                                 | <u>0</u>          | <u>85,500</u>     |
| Total   | <u>53,864,800</u> | <u>49,128,572</u> |

**6. Sec. B.1. FISCAL YEAR 2021 PAY ACT APPROPRIATIONS**

- As confirmed by the Department of Human Resources, the following technical changes are required to accurately reflect necessary appropriations relative to the suspension of equivalent pay adjustments for exempt positions during fiscal year 2021:

(a) Executive Branch. The two-year agreements between the State of Vermont and the Vermont State Employees' Association for the Defender General, nonmanagement, supervisory, corrections, and State's Attorneys' offices bargaining units for the period of July 1, 2020 through June 30, 2022; the collective bargaining agreement with the Vermont Troopers' Association for the period of July 1, 2020 through June 30, 2022; and salary increases for employees in the Executive Branch not covered by the bargaining agreements shall be funded. In fiscal year 2021, the following is appropriated to the Secretary of Administration:

(1) General Fund: ~~\$11,731,745~~ \$11,553,795.

(2) Transportation Fund: ~~\$4,128,000~~ \$3,911,750.

(3) Other funds: The Administration shall provide additional spending authority to departments through the existing process of excess receipts to fund the fiscal year 2021 collective bargaining agreements. The estimated amounts are ~~\$14,017,000~~ \$12,809,440 from special fund, federal, and other sources.

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