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Adam Greshin, Commissioner

TO: Members of the H.740 Committee of Conference

FROM: Adam Greshin, Commissioner, Department of Finance and Management

DATE: April 26, 2022

RE: **Clarifications and Technical Edits to H.740, *An act relating to making appropriations for the support of government.***

I write to request the following technical changes to *H.740, An act relating to making appropriations for the support of government*:

Sec. B.301 Secretary's office – global commitment: Please increase the General Fund figure by \$880,000 and the Federal Funds figure by \$1,119,091 to complete the adjustment described in the requested amendment to Sec. B.313 below. The Grants figure should correspondingly be changed to ~~\$1,833,642,970~~ \$1,835,642,061 to reflect an increase of \$1,999,091.

Sec. B.311 Health – administration and support: Please increase the Grants and General Fund figures by \$102,800 to complete the adjustment described in the requested amendment to Sec. B.312 below.

Sec. B.312 Health - public health: The existing grant award to Vermont's Free and Referral Clinics (formerly known as Vermont Coalition of Clinics for the Uninsured) is managed out of the Administration and Support Appropriation, Sec. B. 311. Please reduce the Grants and General Fund figures by \$102,800.

Sec. B. 313 Health – alcohol and drug abuse programs: \$880,000 General Fund appropriated for rate increases for SUD residential treatment providers can be matched by Medicaid FMAP at a rate of 55.98%. Therefore, the appropriation of \$880,000 General Fund should be moved to B.301 and matched by a Federal Fund appropriation of \$1,119,091. Sec. B.313 should receive a gross appropriation of \$1,999,091 GC instead of General Fund.

Sec. B. 318 Department for children and families – child development: It is unclear how the gross funding increase of \$888,888 (\$496,888 GF and \$392,000 FF) for Children's Integrated Services was calculated. If funds were intended for the CIS case rate, either 100% General Fund or 100% Global Commitment funds would be used, depending on the type of service included in the CIS rates. The legislative intent needs to be clarified to confirm the correct fund source.



Moreover, if GC is the appropriate source of funds, then Sec. B.318 should receive a GC appropriation, and Sec. B.301 should receive the corresponding GF and FF appropriations.

Sec. B. 334.1 Disabilities, aging and independent living – Long Term Care: To accurately implement the intent of the Senate floor amendment included on April 20th that adds \$143,117 of GC for an increase to Personal Needs Allowance funding, Sec. E.334.1 is recommended for insertion as follows:

Sec. E.334.1 LONG TERM CARE - PERSONAL NEEDS ALLOWANCE INCREASE

(a) Effective January 1, 2023, the amount of the State supplement for Medicaid beneficiaries who reside in a nursing home and receive Supplemental Security Income shall increase by 10%. This amount will be adjusted subsequently by an inflationary factor. The Agency of Human Services shall adopt rules specifying the inflation factor methodology.

Sec. B.1100(a)(17) – Vermont Adaptive Ski & Sports: the correct reflection of the not-for-profit adaptive sports entity’s name is “Vermont Adaptive Ski & Sports.”

Sec. B.1100(a)(18) – Vermont Refugee Resettlement: Given the amount of federal funds targeted towards refugees from Afghanistan, the \$500,000 appropriation would serve more refugees and their incidental needs (e.g., computers, phones, furniture) to greater effect if the language is modified as follows:

(18) \$500,000 to the Agency of Human Services, Central Office for the Vermont Refugee Resettlement program to aid refugees from Afghanistan, or other priority refugee groups and needs.

Sec. B.1100(c)(2) Teachers’ other post-employment benefits: The language as written describes a General Fund appropriation to another fund, which is not technically possible. We suggest striking this section and replacing it with an increase of \$5,500,000 to the General Fund appropriation in Sec. B.515:

Sec. B.515 Retired teachers’ health care and medical benefits

Grants	<u>44,706,128</u>	<u>50,202,128</u>
Total	<u>44,706,128</u>	<u>50,202,128</u>
Source of funds		
General fund	<u>29,606,128</u>	<u>35,106,128</u>
Education fund	<u>15,100,000</u>	
Total	<u>44,706,128</u>	<u>50,202,128</u>



Sec. C.112 FY2022 Transfer to meet VSERS ADEC requirement: The following new section is recommended for insertion to amend 2021 Act 74 Sec. B.1106(a)(1)(C) to enable and require the Agency of Administration to transfer unallocated funds remaining in this General Fund appropriation to the Vermont State Employees Retirement Fund as needed to meet the ADEC requirement for FY2022:

Sec. C.112 2021 Acts and Resolves No. 74, Sec. B.1106(a)(1)(C) is amended to read:

(C) \$14,400,000 for distribution to departments to fund the annual increase in the Vermont State Employee Retirement System (VSERS) Actuarially Determined Employer Contribution (ADEC). Amounts not distributed shall be transferred to the Vermont State Retirement Fund (60100) in fiscal year 2022 as needed to meet the fiscal year 2022 ADEC requirement.

Sec. C.113 Increase in DFR direct application in FY2022: The following new section is recommended for insertion to amend 2021 Act 74 Sec. D.101(b)(3) to increase the direct application from the Department of Financial Regulation by \$1,658,000 as follows:

Sec. C.113 2021 Acts and Resolves No. 74, Sec. D.101(b)(3) is amended to read:

(3) Notwithstanding 2016 Acts and Resolves No. 172, Sec. E. 228, \$46,078,618 47,736,618 of the unencumbered balances in the Insurance Regulatory and Supervision Fund (21075), the Captive Insurance Regulatory and Supervision Fund (21085), and the Securities Regulatory and Supervision Fund (21080) shall be transferred to the General Fund.

Sec. C.114 State match for Military construction: The National Guard Facilities Budget book was recently released after delays due to multiple federal government continuing resolutions. The Vermont National Guard has received approval for \$8.522M in SRM funds (small/minor construction funds) to be allocated as \$5.182M for FY2022 and \$3.340M for FY2023. The SRM funds have a state match component: to receive the \$5.182M for FY2022 requires \$1.658M in state match. The proposed amendment to the DFR direct application in Sec. C.113 above provides a transfer to the General Fund of \$1,658,000 to fund the appropriation proposed in the following new section recommended for insertion:

Sec. C114 2021 Acts and Resolves No. 74, Sec. B.1106, as amended by 2022 Act 83 Sec. 46, is further amended with the insertion of subsection B.1106(a)(34) as follows:

(34) \$1,658,000 to the Military department to provide state match for the federal Facilities Sustainment, Restoration, and Modernization (SRM) funds eligible for receipt in fiscal year 2022.

Sec. E.100 EXECUTIVE BRANCH POSITIONS: The Department of Libraries requires two limited-service positions to be funded by the Coronavirus Capital Projects Fund appropriation made in Sec. G.300(d), to support the program described in the same section. Subsection E.100(c)(5) is recommended for insertion as follows:

(5) Department of Libraries:

(A) one Grants Administrator

(B) one Buildings Project Manager II



Sec. E.313 REPORT, PUBLIC INEBRIATE AND SOBER BED PROGRAMMING:

Preferred Providers are a critical element of the state’s treatment programming. As such, the following amendment is suggested:

(a) The new alcohol and drug abuse program beds funded through Sec. B.313 of this act shall be used to treat public inebriates instead of having these individuals held by the Department of Corrections. On or before January 15, 2023, the Department of Health, in consultation with the Chief Prevention Officer, Vermont Preferred Providers, Vermont Care Partners, the Vermont Association for Mental Health and Addiction Recovery, and the Vermont Alliance for Recovery Residences, shall submit a written report to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare examining whether there is excess bed capacity among those programs designated for use by public inebriates. If the Department determines that there is excess capacity, the report shall include a plan to make efficient use of the excess capacity, including possibly redesignating beds for alternative purposes.

Sec. E.318.2 PRE-APPRENTICESHIP PROGRAM IN EARLY CHILDHOOD

EDUCATION: APPROPRIATION: there is an apparent typographical error in subsection (a)(2); it is presumed that the word “sugranted” is intended to be “subgranted.”

Sec. E.702 - ATV Programs: The following edits should be made to correctly represent the entity that administers the program and receives the allocation:

§ 3513. LIABILITY INSURANCE; AUTHORITY TO CONTRACT FOR LAW ENFORCEMENT SERVICES

(a) The amount of 85 percent of the fees and penalties collected under this chapter, except interest, is allocated to the ~~Agency of Natural Resources~~ Department of Forests, Parks, and Recreation for use by the Vermont ATV Sportsman’s Association (VASA) for development and maintenance of a Statewide ATV Trail Program, for trail liability insurance, and to contract for law enforcement services with any constable, sheriff’s department, municipal police department, the Department of Public Safety, and the Department of Fish and Wildlife for purposes of trail compliance pursuant to this chapter. The Departments of Public Safety and of Fish and Wildlife are authorized to contract with VASA to provide these law enforcement services. The ~~Agency of Natural Resources~~ Department of Forests, Parks, and Recreation shall retain for its use up to \$7,000.00 during each fiscal year to be used for administration of this Program.

Sec. F - Pay Act Section: The Department of Human Resources and the Department of Finance and Management have collaborated with Amerin Aborjaily of the Office of Legislative Counsel in her work to draft comprehensive Section F language for incorporation as a “strike all and replace” insertion for the Committee of Conference’s consideration. At this time the Executive Branch provisions have been confirmed. Please consult with the Office of Legislative Counsel to confirm that no changes have been requested for the Judicial and Legislative branches.

The Department of Finance and Management notes that the Committee should confirm with the Office of Legislative Counsel whether the intention with H.740 is to establish Pay Act



appropriations for both FY2023 and FY2024, or only for FY2023. Finance and Management recommends making appropriations only for FY2023 (as is the case with the bill as passed by the Senate). Our analysis indicates that over 180 new positions are proposed for creation in H.740 and other bills currently pending in the legislature. Calculation of an FY2024 Pay Act appropriation for inclusion in H.740 would not include any new positions created by the legislature, and the calculation would be more accurate if performed during the FY2024 budget development process.

The current draft of Section F language does not include appropriation amounts for FY2024. If the Committee desires to make FY2024 Pay Act appropriations in H.740, please contact the Department of Finance and Management and we will provide estimates as soon as possible.

