

## FY 2015 Budget Adj. Summary - H. 82 House Appropriations Recommendation

	<u>GF</u>	<u>%</u>	<u>State Fds</u>	<u>%</u>	<u>All Fds</u>	<u>%</u>
As passed (May' 14)	\$1.444	4.8%	\$2.315	4.1%	\$5.503	4.8%
Rescission (Aug' 14)	\$1.417	2.5%	\$2.291	2.4%	\$5.463	3.4%
HAC BAA (Jan' 15)	\$1.406	1.9%	\$2.271	1.5%	\$5.571	3.5%

### **Budget Adjustment Context:**

#### **FY2015:**

- The Budget Adjustment bill is proposed in the context of General Fund revenue downgrades of over \$41 million from the original official forecast last January 2014. These downgrades represent a 2.8% reduction in general funds available to support operations of State government.
- Departments and agencies are absorbing \$3.5 million general funds (\$9.2 million all funds) in their current year budgets to cover increased costs of State employee health care, on top of \$1.5 million of 'efficiency and enhancement savings' passed in the budget.
- The FY 2015 budget adjustment proposal maintains our commitment to addressing Vermonters' needs while closing the FY 2015 budget gap and reserving \$2 million in additional funds to address the FY 2016 budget gap.

#### **Specific Actions include:**

- Decreases GF spending by \$12 million in response to the Official Revenue Forecast downgrade. Of that, \$10 million balances FY 2015 and \$2 million is available to close the FY 2016 budget gap.
- Fully funds all required reserves and leaves \$7 million in the Rainy Day Fund for use in FY 2016.
- Applies federal funds and Global Commitment funds to upward pressures in health care, the Dept. for Children and Families, and Corrections. The Human Services budget in total is down over \$9M in general funds from what was passed in May.
- Finalizes a \$2.5 million rescission in Transportation /TIB Funds, meeting a 1% decline in revenue.

#### **Specific funding changes in the bill:**

- Supports increased costs related to Vermont Health Connect.
- Reach Up caseload decreasing by approximately \$1.4m, over 500 households. Savings used to strengthen DCF's ability to respond to child welfare issues. Added 2 new Assistant Attorneys General, 5 positions in Management and Field Services, 18 social workers, and 12 other positions in Family Services Division, including 3 positions to keep families together and prevent abuse.
- Increases support for emergency housing by \$600k.
- Adds \$611K to Pathways to Housing for the service portion of a new wrap-around housing and service model for people with mental illness.
- Provides Veterans' Home with \$2.15 million to meet budget gap.
- Adds \$1.6M in choices for care high and highest need, \$900,000 in reductions in Moderate Needs. Reinvests \$40.5K to SASH (Support and Services at Home), and \$207K for home modification.
- Meets funding pressures in the renter rebate and current use program.
- Funds new opiate treatments slots in Bennington County, helping to free up slots in Rutland.
- Adds \$25K to support towns defending reappraisals and appeals related to TransCanada.

#### **Reductions in bill**

- LIHEAP – Saves \$1 million in seasonal benefits due to reduction in applications. ✖
- Reduced mental health housing vouchers by \$437K characterized as due to underutilization.
- Judiciary – \$224K reduction in overall budget which will impact availability of judges. ✖
- Reduced staff and contract costs resulting from not moving forward with single payer. ✖

## GF Summary and Outlook

	2014 Final	2015 CoC May'14 <i>budget &amp; misc tax</i>	2015 Aug '14 <i>Resc</i>	2015 BAA <i>Gov Rec</i>	2015 HAC BAA <i>Jan'15 Rev</i>
<b>Current Law Revenue</b>	<b>1,316.7</b>	<b>1,396.7</b>	<b>1,367.9</b>	<b>1,367.90</b>	<b>1,357.90</b>
St. Albans proceeds/ Entergy '15 payment	5.50	5.0	5.00	5.00	5.00
Estate Tax >125%	11.64	0.0	0.00	0.00	0.00
Higher Ed Trust Fund deposit amt	(0.25)	0.0	0.00	0.00	0.00
PTT Redirect	2.81	5.07	3.28	3.50	3.50
VEDA (H.891)	(0.70)	(0.05)	(0.05)	(0.05)	(0.05)
US Marshal bed revenue	0.00	0.00	0.00	0.00	0.00
Tax Data Warehouse 20%	0.70	0.87	0.87	0.87	0.87
Tax Rev changes	<i>incl above</i>	0.69	<i>incl above</i>	<i>incl above</i>	<i>incl above</i>
Direct Applications & Reversions	52.28	39.43	48.65	49.28	49.28
<b>Total Revenue:</b>	<b>1,388.69</b>	<b>1,447.71</b>	<b>1,425.65</b>	<b>1,426.50</b>	<b>1,416.50</b>
<b>Appropriations</b>					
Big Bill	1,355.73	1,431.66	1,431.66	1,431.66	1,431.66
Budget Adjustment	12.80	0.00	(22.05)	(34.05)	(34.09)
Other bills	0.01	8.34	8.34	8.34	8.34
<b>Total Base</b>	<b>1368.54</b>	<b>1440.00</b>	<b>1417.94</b>	<b>1405.95</b>	<b>1405.91</b>
One Time	5.50	0.00	0.00	0.50	0.50
One Time	12.14	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00
<b>Total Appropriations:</b>	<b>1386.18</b>	<b>1440.00</b>	<b>1417.94</b>	<b>1406.45</b>	<b>1406.41</b>
<b>Operating Surplus (Deficit)</b>	<b>2.51</b>	<b>7.71</b>	<b>7.71</b>	<b>20.05</b>	<b>10.09</b>
<b>Transfers</b>					
Transfer (to)/from AHEC (FY15 approp)	(1.00)	0.00	0.00	1.00	1.00
Transfer (to)/from Next Generation	(3.29)	(3.29)	(3.29)	(3.29)	(3.29)
Transfer (to)/from ERAF	6.50	0.00	0.00	0.00	0.00
Transfer (to)/from Econ Dev	(5.00)	0.00	0.00	0.00	0.00
Transfer (to)/from Other Funds	(2.24)	0.00	(1.69)	(2.39)	(2.39)
Transfer (to)/from ISF Funds	(0.74)	(1.88)	(0.19)	(0.19)	(0.19)
Transfer (to)/from GF Rainy Day Fd	6.93	0.61	0.61	(12.03)	(2.07)
Transfer (to)/from GF Stab. Rsv	(3.66)	(3.15)	(3.15)	(3.15)	(3.15)
<b>Current Ending Balance:</b>	<b>0.00</b>	<b>(0.00)</b>	<b>(0.00)</b>	<b>0.00</b>	<b>0.00</b>
Stabilization Reserve 5% statutory req. level	66.16	69.31	69.31	69.31	69.31
Actual Stabilization Reserve	66.16	69.31	69.31	69.31	69.31
Rainy Day Fund	5.00	4.39	4.39	17.03	7.07
<b>Total GF related reserves</b>	<b>71.16</b>	<b>77.28</b>	<b>73.70</b>	<b>86.34</b>	<b>76.38</b>
<b>Federal Funds Reserve Appropriation</b>	<b>4.38</b>	<b>2.46</b>	<b>2.46</b>	<b>0.00</b>	<b>0.00</b>
<b>Vermont Enterprise Fund Balance</b>	<b>5.00</b>	<b>5.00</b>	<b>3.54</b>	<b>3.54</b>	<b>3.54</b>