

MEMORANDUM

TO: Emergency Board Members

FROM: Kristin L. Clouser, Secretary of Administration

DATE: January 10, 2023

RE: Emergency Board Meeting, January 17, 2023

Kristin L. Clouser Digitally signed by
Kristin L. Clouser
Date: 2023.01.10
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Governor Scott will convene a meeting of the Emergency Board pursuant to 32 V.S.A. Sec. 305a on Tuesday, January 17, 2023 at 11:00 a.m.

Meeting materials and public viewing information will be posted online when available at <https://aoa.vermont.gov/revenue/emergency-board-minutes>.

The agenda items are as follows:

1. Allocation of the calendar year 2023 Private Activity Bond ceiling (32 V.S.A. Sec. 992(b)).
 - a. Scott Baker, Financial Reporting Director, Office of the State Treasurer
2. Medicaid caseload and expenditure estimates (32 V.S.A. Sec. 305a(c)).
 - a. Nolan Langweil, Senior Fiscal Analyst, Joint Fiscal Office
 - b. Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office
3. Official state revenue estimate (32 V.S.A. Sec. 305a(b)).
 - a. Jeff Carr, State Economist for the Agency of Administration
 - b. Tom Kavet, State Economist for the Legislature
4. Estimate of the impact of authorized TIF districts upon the Education Fund (32 V.S.A. Sec. 305b).
 - a. Jake Feldman, Senior Fiscal Analyst, Department of Taxes
 - b. Emily Byrne, Associate Fiscal Officer, Joint Fiscal Office

5. Education Fund Outlook: Pursuant to 32 V.S.A. Sec. 5402b(c) the Education Fund Outlook will be available for review by the Board.

a. Julia Richter, Fiscal Analyst, Joint Fiscal Office

6. Other business as needed.

Cc: Michael Pieciak, State Treasurer
Gavin Boyles, Deputy State Treasurer
Adam Greshin, Commissioner, Department of Finance & Management
Hardy Merrill, Deputy Commissioner, Department of Finance & Management
Craig Bolio, Commissioner, Department of Taxes
Jake Feldman, Senior Fiscal Analyst, Department of Taxes
Catherine Benham, Chief Fiscal Officer, Joint Fiscal Office
Sarah Clark, Deputy Fiscal Officer, Joint Fiscal Office
Stephanie Barrett, Associate Fiscal Officer, Joint Fiscal Office
Emily Byrne, Associate Fiscal Officer, Joint Fiscal Office
Jeff Carr, State Economist for the Agency of Administration
Tom Kavet, State Economist for the Legislature
Michael Gaughan, Vermont Municipal Bond Bank
Elijah D. Emerson, Esq., Primmer Piper Eggleston & Cramer PC
Maura Collins, Vermont Housing Finance Agency
Cassie Polhemus, Vermont Economic Development Authority
Scott Giles, Vermont Student Assistance Corporation
Tom Little, Esq., Vermont Student Assistance Corporation



PHILIP B. SCOTT
GOVERNOR



State of Vermont
OFFICE OF THE GOVERNOR

MEMORANDUM

TO: Emergency Board Members

FROM: Philip B. Scott, Governor

DATE: December 29, 2022

SUBJECT: Reallocation of Private Activity Bond Ceiling for Calendar Year 2022

Under the authority delegated to me at the July 28, 2022 Emergency Board meeting, and in accordance with 32 V.S.A. Sec 992(b), I hereby assign and reallocate Vermont's Calendar Year 2022 Private Activity Bond ceiling as follows:

Vermont Housing Finance Agency (VHFA):	\$ 137,557,500
Vermont Student Assistance Corporation (VSAC)	\$137,557,500
Vermont Economic Development Authority (VEDA)	\$ 60,000,000
Vermont Municipal Bond Bank: (VMBB)	\$ <u>0</u>
TOTAL	\$ 335,115,000

The Calendar Year 2023 Private Activity Bond ceiling will be finalized at the January 17, 2023 Emergency Board meeting.

Cc: Kristin Clouser, Secretary of Administration
Michael Pieciak, State Treasurer
Gavin Boyles, Deputy State Treasurer
Catherine Benham, Chief Fiscal Officer, Joint Fiscal Office
Maura Collins, Vermont Housing Finance Agency
Cassie Polhemus, Vermont Economic Development Authority
Michael Gaughan, Vermont Municipal Bond Bank
Scott Giles, Vermont Student Assistance Corporation
Tom Little, Esq., Vermont Student Assistance Corporation

MICHAEL S. PIECIAK
STATE TREASURER

RETIREMENT DIVISION
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UNCLAIMED PROPERTY DIVISION
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ACCOUNTING DIVISION
TEL: (802) 828-2301

STATE OF VERMONT
OFFICE OF THE STATE TREASURER

TO: Emergency Board

FROM: Michael Pieciak, State Treasurer 

DATE: January 11, 2023

RE: Recommended Initial Allocation of 2023 Private Activity Bond Ceiling

This memorandum provides my recommendations to the Emergency Board regarding Vermont's private activity bond (PAB) ceiling for 2023.

Recommended Initial Allocation of 2023 Volume Cap

It is my understanding, from IRS Revenue Procedure 2022-38 regarding the amounts used under IRC § 146(d) to calculate the State ceiling for volume cap for private activity bonds, that Vermont's ceiling for 2023 is \$358,845,000. Based on a survey of the constituted and eligible issuing authorities, I recommend the following initial allocation for 2023:

Vermont Economic Development Authority (VEDA):	\$40,000,000
Vermont Municipal Bond Bank: (VMBB):	20,000,000
Vermont Housing Finance Agency (VHFA):	0
Vermont Student Assistance Corporation (VSAC):	0
<u>Contingency:</u>	<u>298,845,000</u>
TOTAL	\$358,845,000

Also attached is a proposed motion from the Vermont Municipal Bond Bank (VMBB) to permit VMBB to assign its PAB allocation to Vermont governmental units as defined by statute and as required to comply with the IRS Code. This will allow governmental units both receiving loans from the Bond Bank as well as other sources to benefit from tax-exemption for qualifying purposes.

Please contact me at Mike.Pieciak@vermont.gov or at 828-1452 with any questions regarding this memorandum.

Attachments:

1. Proposed Motion regarding VMBB's Authority to Assign PAB Volume Cap

cc: Kristin Clouser, Secretary of Administration
Cassie Polhemus, Vermont Economic Development Authority
Maura Collins, Vermont Housing Finance Agency
Michael Gaughan, Vermont Municipal Bond Bank
Tom Little, Esq., Vermont Student Assistance Corporation
Catherine Benham, Legislative Joint Fiscal Office

Item 2

Medicaid Program: Estimated Caseload and Per Member Per Month Expenditures

Projected Enrollment and Per Member Per Month Expenditures

Eligibility Category	Jan'23 EBoard Enrollment		Jan'23 PMPM Expend ¹	
	SFY '23 Projected	SFY ' 24 Projected	SFY '23 Projected	SFY ' 24 Projected

Full Coverage/Primary

Aged, Blind, or Disabled (ABD) Adults	5,995	5,884	\$2,404.33	\$2,451.16
General Adults	18,804	17,570	\$475.76	\$471.63
New Adult Childless	50,851	47,115	\$524.74	\$516.57
New Adult w/Children	24,730	23,171	\$476.50	\$482.01
Blind or Disabled (BD) Kids	1,447	1,354	\$2,463.52	\$2,603.09
General Kids	61,930	60,212	\$489.77	\$492.51
SCHIP (Uninsured) Kids	4,905	4,596	\$258.31	\$259.18

Caseload Subtotal -Full/Primary **168,662** **159,902**

Partial Coverage/Supplemental

Choices for Care	4,492	4,507	\$5,530.03	\$5,655.83
ABD Dual Eligible	18,350	18,350	\$1,299.47	\$1,342.11
Rx -Pharmacy Only Programs	9,306	9,033	\$55.43	\$55.43
VPA-Vermont Premium Assistance	9,722	9,856	\$30.24	\$30.24
CSR-Cost Sharing Reduction- <i>subset of VPA</i> ²	3,252	3,559	\$27.00	\$27.00
Underinsured Kids (ESI)	640	640	\$167.21	\$169.66

Caseload Subtotal -Partial/Supplemental **42,510** **42,386**

Caseload Total **211,172** **202,288**

Buy In	\$59,095,531	\$59,122,183
Disproportionate Share Hospital (DSH)	\$46,365,645	\$22,704,471
Clawback (Medicare Part D provision)	\$40,397,960	\$42,762,070

Notes:

¹ PMPMs do not include administration or Global Commitment Waiver Investment expenditures.

² Beneficiaries with Cost Sharing Reductions also have Premium Assistance - not double-counted in caseload total.

Reimbursement rate increase estimated cost				
32 V.S.A. § 305a(c) requires that information on health care inflation be provided to Emergency Board in January.				
The cost of a one percent (1%) increase in Medicaid provider payment is estimated at approximately \$14m-\$15m total				
This excludes rate set entities nursing homes and PNMI, cost based case management services,				
Pharmacy which is a system of manufacture set prices with rebates; and school based services determined by schools				

Item 3

FY 2023, FY 2024 and FY 2025 Official Revenue Estimates

	Fiscal 2023 Estimate	Fiscal 2024 Estimate	Fiscal 2025 Estimate
	(\$millions)	(\$millions)	(\$millions)
General Fund	\$2,181.30	\$2,023.70	\$2,085.10
Transportation Fund	\$299.10	\$301.20	\$306.10
Education Fund	\$728.90	\$718.40	\$734.60
Total - Three Funds	\$3,209.30	\$3,043.30	\$3,125.80
Transportation Infrastructure Bond Fund	\$21.80	\$19.30	\$18.30

Item 4

Estimated Maximum Effect upon the Education Fund of Authorized TIF Districts

Pursuant to 32 V.S.A. Sect 305b, the forecasted effect upon the Education Fund of authorized TIF districts for Fiscal Year 2024 is as follows:

FY 2024 Maximum Tax Impact on the Education Fund: \$7,840,000

Education Fund Outlook for FY 2024 - January 2023

<i>(millions of dollars)</i>		FY2022	FY2023	FY2024
		<i>Actual</i>	<i>Projected</i>	<i>Forecast</i>
a	Average Homestead Property Tax Rate	\$1.523	\$1.386	\$1.307
b	Average Tax Rate on Household Income	2.50%	2.32%	2.31%
c	Uniform Non-Homestead Property Tax Rate	1.612	\$1.466	\$1.386
d	Property Yield Per Equalized Pupil	\$11,317	\$13,314	\$15,479
e	Income Yield Per Equalized Pupil	\$13,770	\$15,948	\$17,600
f	Equalized Pupil Count	86,944	85,806	84,890
g	Statewide Education Spending Growth	1.3%	6.2%	8.5%
h	Statewide Education Grand List Growth	3.0%	7.5%	9.7%

Sources

1a	Homestead Education Property Tax	648.7	635.0	665.7
1b	Property Tax Credit	(172.3)	(164.0)	(151.0)
2	Non-Homestead Education Property Tax	752.3	727.1	780.9
3	Sales & Use Tax	545.2	589.3	576.0
4	Purchase & Use Tax - <i>one-third of total</i>	45.7	48.6	49.4
5	Meals & Rooms Tax - <i>one-quarter of total</i>	54.2	58.1	58.9
6	Lottery Transfer	30.8	31.1	32.1
7	Medicaid Transfer	11.5	10.2	10.8
8	Other Sources (Wind & Solar, Fund Interest)	3.6	3.8	4.2
9	Total Sources	1,919.7	1,939.2	2,026.9

Appropriations

10	Education Payment	1,502.0	1,577.6	1,712.0
11	Special Education Aid	229.0	208.1	226.2
12	State-Placed Students	17.0	17.5	19.0
13	Transportation Aid	20.5	21.8	23.5
14	Technical Education Aid	17.2	31.3	16.3
15	Small School Support	8.1	8.2	8.3
16	Essential Early Education Aid	7.1	7.5	8.4
17	Flexible Pathways	8.2	8.3	8.6
18	Teachers' Pensions (Normal Cost Only)	37.6	33.4	34.8
19	On-going Normal Cost of Teacher's OPEB	-	15.1	17.6
20	Universal School Meals	-	29.0	-
21	Other Uses (Accounting & Auditing, Financial Systems)	3.4	3.4	3.4
22	Total Uses	1,850.1	1,961.2	2,078.1

Allocation of Revenue Surplus/(Deficit)

23	Revenue Surplus/(Deficit)	69.6	(22.0)	(51.2)
24	Prior-Year Reversions	(11.7)	(45.5)	0.0
25	Transfer to/(from) Stabilization Reserve	1.1	2.5	2.8
26	Transfer to/(from) additional Reserve	32.0	-	-
27	Transfer to/(from) Unreserved/Unallocated	48.2	21.0	(54.0)

Stabilization Reserve

28	Prior-Year Stabilization Reserve	38.2	39.3	42.2
29	Current-Year Stabilization Reserve	39.3	42.2	45.0
30	Percent of Prior-Year Net Appropriations	5%	5%	5%
31	Reserve Target	39.3	41.8	45.0

Additional Reserve

32	Additional Reserve for Other Post Employment Benefits	14.0	-	-
32 a.	<i>Prefund of Normal Cost of Teacher's OPEB using reserved funds</i>	(13.3)	-	-
33	<i>PCB Reserve</i>	32.0	32.0	29.5
33 a.	<i>Disbursement of PCB funds by the Emergency Board</i>	-	(2.5)	-

Available Funds

34	Prior-Year Unreserved/Unallocated	28.7	77.6	98.6
35	Current-Year Unreserved/Unallocated	77.6	98.6	44.7

Notes:

- 1) The FY23 special education appropriation does not reflect all special education funds to be expended due to funds that have been carry-forward from AOE.
- 2) The FY23 education payment and the FY23 teacher pension normal cost reflect the BAA request.

Prepared by JFO

1/17/2022