

State of Vermont
Agency of Administration
Office of the Secretary
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Kristin L. Clouser, Secretary

TO: Emergency Board Members
FROM: Kristin L. Clouser, Secretary of Administration
DATE: January 16, 2024
RE: Emergency Board Meeting, January 18, 2024

**Kristin L.
Clouser**

Digitally signed by
Kristin L. Clouser
Date: 2024.01.16
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Governor Scott will convene a meeting of the Emergency Board in the Governor's State House Ceremonial Office on Thursday, January 18, 2024 at 2:30 p.m.

The meeting will be broadcast publicly on the Joint Fiscal YouTube channel at <https://legislature.vermont.gov/committee/streaming/vermont-joint-fiscal>.

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

The agenda is as follows:

1. Allocation of the calendar year 2024 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, Principal Fiscal Analyst, Joint Fiscal Office
3. Official state revenue estimate (32 V.S.A. Sec. 305a(b)).
 - a. Jeff Carr, Economist for the Agency of Administration
 - b. Tom Kavet, 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. Ted Barnett, Fiscal Analyst, Joint Fiscal Office
5. Education Fund Outlook will be available for review by the Board (32 V.S.A. Sec. 5402b(c)).
 - a. Julia Richter, Senior 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 and Management
Hardy Merrill, Deputy Commissioner, Department of Finance and Management
Craig Bolio, Commissioner, Department of Taxes
Jake Feldman, Senior Fiscal Analyst, Department of Taxes
Catherine Benham, Chief Fiscal Officer, Joint Fiscal Office
Emily Byrne, Deputy Fiscal Officer, Joint Fiscal Office
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



ITEM 1

PHILIP B. SCOTT
GOVERNOR



State of Vermont
OFFICE OF THE GOVERNOR

MEMORANDUM

TO: Emergency Board Members
FROM: Philip B. Scott, Governor
DATE: December 29, 2023
SUBJECT: Reallocation of Private Activity Bond Ceiling for Calendar Year 2023

Under the authority delegated to me at the July 31, 2023 Emergency Board meeting, and in accordance with 32 V.S.A. Sec 992(b), I hereby assign and reallocate Vermont's Calendar Year 2023 Private Activity Bond ceiling as follows:

Vermont Housing Finance Agency (VHFA):	\$ 179,422,500
Vermont Student Assistance Corporation (VSAC)	\$179,422,500
Vermont Economic Development Authority (VEDA)	\$ 0
Vermont Municipal Bond Bank: (VMBB)	\$ 0
TOTAL	\$ 358,845,000

The Calendar Year 2024 Private Activity Bond ceiling will be finalized at the January 18, 2024 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

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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 16, 2024

RE: Recommended Initial Allocation of 2024 Private Activity Bond Ceiling

This memorandum provides my recommendations to the Emergency Board regarding Vermont's private activity bond (PAB) ceiling for 2024.

Recommended Initial Allocation of 2024 Volume Cap

It is my understanding, from IRS Revenue Procedure 23-34 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 2024 is \$378,230,000. Based on a survey of the constituted and eligible issuing authorities, I recommend the following initial allocation for 2024:

Vermont Economic Development Authority (VEDA):	\$60,000,000
Vermont Bond Bank: (VBB):	20,000,000
Vermont Housing Finance Agency (VHFA):	0
Vermont Student Assistance Corporation (VSAC):	0
<u>Contingency:</u>	<u>298,230,000</u>
TOTAL	\$378,230,000

Also attached is a proposed motion from the Vermont Bond Bank (VBB) to permit VBB 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.

Attachment:

1. Proposed Motion to allocation Vermont's 2024 Private Activity Bond Volume Cap
2. Proposed Motion regarding Vermont Bond Bank'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

January 18, 2024

Medicaid Program: Estimated Caseload and Per Member Per Month Expenditures

Projected Enrollment and Per Member Per Month Expenditures

Eligibility Category	Jan'24 EBoard Enrollment		Jan'24 PMPM Expend ¹	
	SFY '24 Projected	SFY '25 Projected	SFY '24 Projected	SFY ' 25 Projected

Full Coverage/Primary

Aged, Blind, or Disabled (ABD) Adults	7,428	8,005	\$2,601.38	\$2,380.67
General Adults	15,337	15,000	\$550.16	\$525.88
New Adult Childless	41,237	38,000	\$604.41	\$593.16
New Adult w/Children	23,171	22,500	\$506.84	\$508.91
Blind or Disabled (BD) Kids	1,925	1,800	\$2,607.04	\$2,583.13
General Kids	58,344	57,840	\$524.60	\$527.06
CHIP (Uninsured) Kids	4,388	4,411	\$289.72	\$289.27

Caseload Subtotal -Full/Primary

151,830 147,556

Partial Coverage/Supplemental

ABD Dual Eligible	22,376	22,380	\$2,330.95	\$2,333.07
Rx -Pharmacy Only Programs	9,245	9,481	\$66.66	\$68.66
VPA-Vermont Premium Assistance	12,541	14,165	\$31.85	\$31.85
CSR-Cost Sharing Reduction-subset of VPA ²	3,900	4,995	\$30.98	\$30.98
Underinsured Kids (ESI)	640	640	\$161.27	\$161.32

Caseload Subtotal -Partial/Supplemental

44,802 46,666

Caseload Total

196,632 194,222

Buy In	\$61,879,302	\$66,109,593
Disproportionate Share Hospital (DSH)	\$22,704,471	\$22,704,471
Clawback (Medicare Part D provision)	\$43,719,725	\$45,821,144

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 payments is estimated at \$15.6 million gross (or \$6.6 million state share).

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 2024, FY 2025 and FY 2026 Official Revenue Estimates

<i>\$millions</i>	2024	2025	2026
General Fund	2,131.4	2113.5	2191.0
Transportation Fund	299.4	315.7	319.8
Education Fund	745.9	758.8	778.6
Total - Three Funds	3,176.7	3,188.0	3,289.4
Transportation Infrastructure Bond Fund	19.2	18.2	17.3

Item 4

Estimated Maximum Effect upon the Education Fund of Authorized TIF Districts

Pursuant to 32 V.S.A. Sect 305b, the forecasted maximum tax impact of authorized TIF districts on the Education Fund for fiscal year 2025 is \$7,140,000.

Relevant statute: 32 V.S.A. § 305b

§ 305b. Education property tax increment; Emergency Board estimate

Annually, at the January meeting of the Emergency Board held pursuant to section 305a of this title, the Joint Fiscal Office and the Secretary of Administration shall provide to the Emergency Board a consensus estimate of the impact on the Education Fund resulting from tax increment financing districts authorized pursuant to 24 V.S.A. chapter 53 and section 5404a of this title. The estimate shall be for the succeeding fiscal year. The Emergency Board shall adopt an official estimate of the impact on the Education Fund at the January meeting. (Added 2017, No. 73, § 11a, eff. June 13, 2017.)

ITEM 5

18-Jan-24

Preliminary Education Fund Outlook for FY 2025 - Emergency Board

Sources reflect the January 2024 Consensus Revenue Forecast

(millions of dollars)		FY2023 Actual	FY2024 Gov. Rec. BAA	FY2025 Forecast
a	Average Homestead Property Tax Rate ¹	\$1.386	\$1.311	\$1.350
b	Average Tax Rate on Household Income ²	2.32%	2.33%	2.63%
c	Uniform Non-Homestead Property Tax Rate	1.466	\$1.391	\$1.432
d	Property Yield Per Pupil ³	\$13,314	\$15,443	\$9,629
e	Income Yield Per Pupil ³	\$15,948	\$17,537	\$10,481
f	Total Long Term Average Daily Membership (LTADM)	85,806	84,009	83,433
g	Total Long Term Weighted Average Daily Membership (LTwADM)	-	-	141,190
h	Average Percentage Bill Change Compared to Prior Year (HS/Inc/NHS)	-	Uniform 4.27%	Uniform 17.30%
i	Statewide Education Spending Growth	6.2%	8.0%	12.0%
j	Statewide Education Grand List Growth	7.5%	9.7%	14.3%
Sources				
1a	Homestead Education Property Tax ³	628.3	668.2	784.7
1b	Property Tax Credit	(163.7)	(155.0)	(158.3)
2	Non-Homestead Education Property Tax	738.9	792.2	918.5
3	Sales & Use Tax	584.0	589.6	598.8
4	Purchase & Use Tax - one-third of total	47.4	47.2	49.1
5	Meals & Rooms Tax - one-quarter of total	59.4	59.9	61.5
6	Lottery Transfer	32.1	34.9	35.7
7	Medicaid Transfer	10.3	10.8	11.2
8	Other Sources (Wind & Solar, Fund Interest)	9.0	10.2	8.5
9	Total Sources	1,945.9	2,058.0	2,309.6
Appropriations				
10	Education Payment	1,576.5	1,711.1	1,916.0
11	Special Education Aid	208.1	229.8	249.1
11a.	BAA - One-time Census Block Grant Adjustment	-	1.9	-
12	State-Placed Students	17.5	19.0	20.0
13	Transportation Aid	21.8	23.5	25.3
14	Technical Education Aid	31.3	17.0	17.1
15	Small School Support	8.2	8.3	3.0
16	Essential Early Education Aid	7.5	8.4	8.7
17	Flexible Pathways	8.3	9.3	8.6
18	Universal School Meals	29.0	29.0	26.5
19	English Learners Services	-	-	3.0
21	PCB Remediation Grants	-	29.7	-
22	VSTRS Pension Normal Cost	33.4	33.1	36.0
23	VSTRS OPEB Normal Cost	15.1	15.4	19.1
24	One-time COLA payment	-	3.0	-
25	Other Uses (Accounting & Auditing, CMF transfer, Financial Systems)	3.4	4.8	4.9
26	Total Uses	1,961.2	2,143.4	2,337.4
Allocation of Revenue				
27	Revenue Surplus/(Deficit)	(15.3)	(85.4)	(27.8)
28	Prior-Year Reversions	45.5	2.9	-
29	Transfer (to)/from Stabilization Reserve	(2.5)	(5.2)	(8.6)
30	Transfer (to)/from Additional Reserves	32.0	(22.1)	13.0
31	BAA - One-time transfer to afterschool special fund	-	(2.8)	-
32	Transfer (to)/from Unreserved/Unallocated	(59.7)	112.7	23.4
Stabilization Reserve				
33	Prior-Year Stabilization Reserve	39.3	41.8	47.0
34	Current-Year Stabilization Reserve	41.8	47.0	55.6
35	Percent of Prior-Year Net Appropriations	5%	5%	5%
36	Reserve Target	41.8	47.0	55.6
Additional Reserve				
37	Current-Year Reserve for Future COLA provisions	-	9.1	9.1
38	Current-Year Tax Rate Offset Reserve	-	13.0	13.0
38a.	Use of Tax Rate Offset Reserve towards FY25 tax rates	-	-	(13.0)
Available Funds				
39	Prior-Year Unreserved/Unallocated	77.58	137.25	24.56
40	Current-Year Unreserved/Unallocated	137.25	24.56	1.19

Notes: 1.) Homestead rates have been capped to reflect the 5% district level cap limitation in Act 127.
2.) Income yield and rates are calculated without the 5% rate cap limitation in Act 127.
3.) FY 2025 will be the first year with the elimination of the equalization ratio from Act 127. As such, the FY 2025 property yield and income yield cannot be directly compared to prior years' yields.

Prepared by JFO

1/18/2024