



State of Vermont
Agency of Administration
Office of the Secretary
Pavilion Office Building
109 State Street, 5th Floor
Montpelier, VT 05609-0201
www.aoa.vermont.gov

[phone] 802-828-3322
[fax] 802-828-3320

Susanne R. Young, Secretary

MEMORANDUM

TO: Emergency Board Members
FROM: Susanne R. Young, Secretary of Administration
DATE: August 12, 2020
SUBJECT: Emergency Board Meeting, August 12, 2020

There will be a virtual Emergency Board meeting on Wednesday, August 12, 2020 at 2:00 p.m.

The public may view the meeting online via YouTube at
<https://www.youtube.com/channel/UCgHFernWVwH5MD0Se9NmVhg/videos?view=57>.

Meeting materials may be found online at <https://aoa.vermont.gov/revenue>.

The agenda items are as follows:

- 1) Private Activity Bond allocations for calendar year 2020, delegation to the Governor (32 V.S.A. Sec. 992(b)), and Municipal Bond Bank authority to assign Private Activity Bond volume cap.
 - a) Scott Baker, Financial Reporting Director, Office of the State Treasurer
- 2) Official state Medicaid report (32 V.S.A. Sec. 305a)
 - a) Nolan Langweil, Senior Fiscal Analyst, Joint Fiscal Office
- 3) Official state revenue estimate (32 V.S.A. Sec. 305a)
 - a) Jeff Carr, State Economist for the Agency of Administration
 - b) Tom Kavet, State Economist for the Legislature
- 4) Review of FY 2020 General Fund deferred tax payments and available revenue pursuant to 2020 Acts and Resolves No. 109, Sec. 30.
 - a) Adam Greshin, Commissioner, Department of Finance and Management
- 5) Other business as needed



Pursuant to 32 V.S.A. Sec. 5402b(c) the Education Fund Outlook will be available for review by the Board and is attached to this notice.

Cc: Beth Pearce, State Treasurer
Stephanie Barrett, Assoc. Fiscal Officer, Joint Fiscal Office
Matt Riven, Deputy Commissioner, Department of Finance and Management
Jeff Carr, State Economist for the Agency of Administration
Tom Kavet, State Economist for the Legislature
Steve Klein, Chief Fiscal Officer, Joint Fiscal Office
Adam Greshin, Commissioner, Department of Finance and Management
Michael Clasen, Deputy State Treasurer
Maura Collins, VHFA
Cassie Polhemus, VEDA
Michael Gaughan, Vermont Municipal Bond Bank
J. Paul Giuliani, Esq., Primmer Piper Eggleston & Cramer PC
Scott Giles, VSAC
Tom Little, Esq., VSAC



Item 1
Proposed Motions
August 12, 2020

Proposed Motion Regarding Governor's Authority to Reallocate PAB Volume Cap

Motion is made pursuant to 32 V.S.A. Sec. 992(b), that the Emergency Board hereby delegates to the Governor the power and authority to assign or reallocate, after December 20 and on or before December 31, 2020, any unused portion of Vermont's calendar year 2020 private activity bond cap, including the Contingency, among and between the Vermont Housing Finance Agency (VHFA), the Vermont Student Assistance Corporation (VSAC), the Vermont Economic Development Authority (VEDA), and the Vermont Municipal Bond Bank (VMBB). Any calendar year 2020 private activity bond allocations to other eligible recipients will require future Emergency Board action.

Proposed Motion Regarding Vermont Municipal Bond Bank Authority to Assign PAB Volume Cap

Motion is made pursuant to its authority under 32 V.S.A. § 992, that the Emergency Board amends its January 16, 2020 calendar year 2020 apportionment of \$20 million to the Vermont Municipal Bond Bank (VMBB) to grant VMBB the authority to assign and re-assign a portion or all of that apportionment, or any subsequent apportionment to the VMBB, of Vermont's calendar year 2020 private activity bond ceiling to one or more governmental units, as defined in 24 V.S.A. § 4551.



ELIZABETH A. PEARCE
STATE TREASURER

RETIREMENT DIVISION
TEL: (802) 828-2305
FAX: (802) 828-5182



UNCLAIMED PROPERTY DIVISION
TEL: (802) 828-2407

ACCOUNTING DIVISION
TEL: (802) 828-2301
FAX: (802) 828-2884

STATE OF VERMONT
OFFICE OF THE STATE TREASURER

TO: Emergency Board
FROM: Beth Pearce, State Treasurer *Beth*
DATE: August 7, 2020
RE: Recommendation for August 2020 Emergency Board Meeting regarding Private Activity Bond Ceiling

This memorandum provides my recommendations to the Emergency Board regarding Vermont's private activity bond (PAB) ceiling for 2020.

Based on the survey and requests of the constituted and eligible issuing authorities, I recommend maintaining the current allocation for 2020 as follows:

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
Contingency:	261,775,000
TOTAL	\$321,775,000

I also recommend that the Emergency Board empower the Governor the power and authority to assign or reallocate, after December 20 and on or before December 31, 2020, any unused portion of the 2020 PAB volume cap among all four constituted and eligible issuing authorities – VSAC, VHFA, VEDA and VMBB – without limitation, from Contingency and among the agencies themselves. This reallocation authority is necessary to ensure that any unused volume cap from 2020 is carried forward for the allowable three-year period under the Internal Revenue Service (IRS) Code guidelines. Attached is a motion to this effect.

Also attached is a proposed motion from the Vermont Municipal Bond Bank (VMBB) substantively identical to the Board's July 2019 motion, to the effect that VMBB may assign its PAB allocation to Vermont governmental units as defined by statute and as required to comply with the IRS Code. This is necessary because the governmental units that borrow through VMBB require the PAB allocation, not the VMBB itself; further, because governmental units are

still eligible to apply to participate in VMBB's next financing, it is not possible for VMBB to know which of them will be financing projects that require PAB allocations.

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

Attachments:

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

cc: Susanne Young, Secretary of Administration
Brad Ferland, Agency 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
J. Paul Giuliani, Esq., Primmer Piper
Stephen Klein, Legislative Joint Fiscal Office

Item 2

August 12, 2020 Emergency Board Meeting Report on Medicaid for Fiscal Year 2020

32 V.S.A. § 305a(c) requires a year-end report on Medicaid and Medicaid-related expenditures and caseload. Each January the Emergency Board is required to adopt specific caseload and expenditure estimates for Medicaid and Medicaid-related programs. Action is not required at the July meeting of the Emergency Board unless the Board determines a new forecast is needed as a result of the year-end report. The data in this report reflects the most current actual FY20 information to date. The comparison of actual to the budgeted amount for FY20 reflects the changes made through budget adjustment and big bill processes. There may be further adjustments to actual year-end amounts as the financial close-out for the fiscal year is finalized. If necessary, changes will be included in a subsequent report.

Executive Summary

FY20 was an unprecedented year due to the COVID-19 Public Health Emergency which largely impacted Vermont in the last quarter of the fiscal year. While we have a snapshot of how this impacted part of FY20, as we move further into uncharted territories, it will be very challenging to predict future enrollment and spending trends

The bullet points below provide the primary results of FY20 in the Vermont Medicaid, Global Commitment Waiver (GC), Children's Health Insurance Program (CHIP) and related programs; followed by a brief summary of issues to be aware of looking forward. Detailed multiyear charts for overall program expenditure, enrollment and year end positions follow this summary.

- **Expenditures:** Medicaid and related expenditures totaled \$1.83 billion. This was \$34 million (1.8%) below FY20 budgeted.

DVHA - In total, FY20 DVHA Medicaid and Medicaid-related program expenditures totaled \$805 million. This is \$3.6 million over the budgeted level but still \$24 million below the FY19 level of expenditure (\$829 million). There were two significant issues relating to DVHA expenditures at the close of FY20. First, **pharmacy rebates** projections were off. The timing and scope of these rebates, while informed by experience, remain very difficult to predict as this is not a very transparent process. Second, at the close of FY20 the **claims in suspension** was at the lowest level in recent program history. Medicaid claims suspend for review of such things such as medical notes and other payer information. The pandemic slow-down of activity for healthcare providers meant this backlog of claims could be worked through since the pipeline of new claims was greatly reduced for a period. This drop in suspended claims from an average of 24,000 to essentially none (meaning all were paid out) offset the savings from the pandemic halt to elective healthcare services. Claims activity began to return to typical levels in June including some very high cost claims. The staff group will keep an eye on if, how, and when the suspended claims level changes as our healthcare system adapts to pandemic/post pandemic practice.

Choices for Care – The CFC program expenditures were up \$15 million compared to FY19. This program covers long-term care services in nursing homes and in-home and community-based settings. The program came in very close to the amount appropriated for FY20. By statute this program reserves carryforward or underspent funding for a programmatic reserve of up to 1%. The amount of program carryforward is \$656,000 which is well below the potential 1% reserve of \$2.2 million.

Mental Health – The department budget was underspent primarily due to the pandemic delay in new beds coming online at the Brattleboro Retreat. \$1.5 million had been budgeted in anticipation of patients being treated there starting this spring.

The Success beyond Six program was also impacted by the pandemic coming in \$18 million below the budgeted level. FY20 saw \$55 million in spending compared to the pre-COVID estimate of \$72 million. This reduction in overall program spending has no impact on state funds. The matching funds of ~\$9 million for this program are provided by the contracting school districts and are savings in local school budgets. The full reduction in the program was a reduction in earned revenue for local designated mental health agencies.

Other AHS Departments – Other AHS departments and programs all came in slightly under budget in their Global Commitment expenditures for FY20. DDAIL grants, VDH substance use disorder programs, and DCF all ranged from \$1.5 to \$2 million below budget while the Developmental Services (DS) program came in \$7 million below budget which is consistent with past years DS budget experience.

- **Caseload:** The overall caseload continued to decline beyond the expectations set in January. However, the last three months saw increased enrollment in some of the groups most impacted by the dramatic change in the Vermont unemployment rate wrought by COVID-19.

Adults: On average for the year, adults saw a decrease in both enrollment and spending in every Medicaid Eligibility Group (MEG) except for Choices for Care (CFC) – which saw a 1% and 16% increase in enrollment and spending respectively – and New Adults with children – which saw a 6% and 12% increase in enrollment and spending respectively. Across all adults in the aggregate, total enrollment was down 4% (3,473) and spending was down 3% (\$13.8 million) compared to FY19.

- When comparing the first half of FY20 (pre-pandemic) and the second half of FY20, General and New Adults (both with and without children) experienced the biggest enrollment swings. These MEGs saw enrollments decreasing in the first half of the year, consistent with year over year trends. However, both MEGS saw steady increases throughout the second half of the year. This trend shift is likely an effect of the COVID-19 pandemic which resulted in a large spike in the unemployment rate during the second half of the fiscal year. Ironically, no such radical shifts in overall enrollments were seen in the Vermont Premium

Assistance (VPA) or Cost-Sharing Reduction (CSR) programs, despite a special enrollment period offered by Vermont Health Connect.

Children: Children overall saw a roughly 2% decrease in both spending and enrollment. There were no noticeable changes in trends between the first half of FY20 and the second half of FY20 as there were in the adult MEGs.

- **Health Care Revenues:** On an accrual basis the healthcare related revenues appear to have exceeded the forecast for FY20 by \$6 million. The cigarette/tobacco/vaping taxes as well as the claims and employer assessments are self-reported and reflect the same cash accounting basis as other revenue lines in the General Fund. However, the provider tax assessments (on hospitals, nursing homes, etc.) are billed by DVHA per the timing and tax base established in statute and must comport with federal requirements on provider taxes. Since the provider taxes are billed, these revenue lines are on an accrual accounting basis meaning the revenue is counted when the bill is issued not when it is paid. If a payment is not made, then an account receivable (i.e. an arrearage) is tracked. Normally, such arrearages in provider taxes are short term timing issues and are generally resolved expeditiously. Unsurprisingly, the close of FY20 saw a marked increase in total arrearages but most are being resolved. Springfield Hospital is the one exception with arrearages that extend back 19 months now totaling over \$5 million. This hospital is still in the bankruptcy process and it is not clear what resources may be available to pay this outstanding bill at the end of that process. We anticipate this to grow to more than \$7 million by the close of FY21. There is some probability the state will ultimately need to be write off some or all this receivable, which will have a general fund impact at the time any write down occurs.
- **FMAP:** Under the Families First Coronavirus Response Act (the 2nd federal COVID-19 relief bill), States received a temporary increase in the Federal Medical Assistance Percentage (FMAP) rate of 6.2% during the last two quarter (and is anticipated to continue through the end of the calendar year). This resulted approximately \$41 million in general fund (GF) relief. CHIP also received a 4.34% FMAP boost resulting in approximately \$325,000 in GF savings. Most of this FY20 fiscal savings was booked in Act 109 (H.953 - the second supplemental budget adjustment bill).

Looking ahead

- **Caseload and Expenditure:** We normally do not revise the current year caseload and budget estimates in the summer. However, the staff group met to review year-end caseloads and proposed modest revisions given the experience of the last three months. These were incorporated in the existing modified per member per month (PMPM) analysis used to estimate a revised FY21 DVHA budget of \$814 million - up \$15 million from the \$799 million January estimate. The state fund impact of this is in range of \$5 million. Please note the caseload and cost estimates are very fluid at this time and will be revisited in January. Caseload is highly dependent on the state's employment picture, and the budget implications are tied to caseload count as well as the utilization or health status of any new caseload.

- **Health Care Revenues:** The updated forecast for revenues available in FY21 and FY22 show reductions of \$12.7 and \$3.6 million respectively compared to January 2020. The largest estimated decline is in the hospital provider tax which shows a significant drop in net patient revenue for the April-June quarter and lower than typical revenues projected for the subsequent quarter. The claims and employer assessments are also projected to be down in FY21 as they reflect economic impacts from Covid-19.

In FY22 both hospital provider taxes and the claims assessment are anticipated to recover somewhat while the employer assessment is anticipated to lag given the projected employment picture.

Cigarette/tobacco/vaping taxes came in over expectation primarily due to the additional of the vaping tax. The FY21 and FY22 projections are increased by approximately \$1.0 million in each year.

- **FMAP:** Under the Families First Coronavirus Response Act, States will continue to receive enhanced FMAP through the last day of the calendar quarter in which the public health emergency is in effect. As such, the state will receive this enhanced FMAP through the current quarter (Sept 30th) and while it is unknown how long the public health emergency will continue to be in effect, it appears highly likely this enhanced FMAP will remain in effect through December. Finally, while the enhanced FMAP includes Medicaid disproportionate share hospital (DSH) expenditures, it does not apply to the enhanced match for the childless adults MEG.
- **Global Commitment Waiver:** The current Global Commitment 1115 waiver is set to expire at the end of CY21. While more than a year away, the initial application is due in December. CMS has given AHS a six-month extension for submission, yet it is unlikely we will get an extension of our waiver that does not re-adjust base spending estimates or the spending cap.
- **Future Federal actions:** At the time of this writing, Congressional leaders were still negotiating another relief package with the White House. It is still unknown if another federal relief package will pass, or what additional relief states might receive.

Average Medicaid Caseload

(Based on Monthly Enrollment and Staff Group projections)				E-Board		E-Board	Restated
	actual	actual	actual	Jan. 2020	actual	Jan. 2020	July 2020
	FY17 ¹	FY18	FY19	FY20 BAA	FY 20	FY21	FY21
Full/Primary Coverage²							
Adult							
Aged, Blind, or Disabled (ABD) Adults	8,759	6,779	6,485	6,475	6,298	6,475	6,475
General Adults	14,876	12,705	10,148	9,657	8,287	7,899	8,114
New Adult Childless- began 1/1/2014	42,412	40,100	37,432	35,559	35,009	33,834	35,000
New Adult w/Kids - began 1/1/2014	17,787	18,618	19,101	19,550	20,177	19,988	19,988
Adult subtotal	83,834	78,202	73,166	71,241	69,771	68,196	69,577
	-14.1%	-6.7%	-6.4%	-2.6%	-2.1%	-4.3%	2.0%
Children							
Blind or Disabled (BD) Kids	2,579	2,244	2,093	2,138	1,758	2,150	1,604
General Kids	60,024	60,009	58,779	58,256	57,691	57,393	57,698
CHIP (Uninsured) Kids	5,136	4,673	4,479	4,399	4,535	4,274	4,450
Child subtotal	67,739	66,926	65,351	64,793	63,984	63,817	63,752
	-4.7%	-1.2%	-2.4%	-0.9%	-1.2%	-1.5%	-0.1%
Subtotal -Full/Primary	151,573	145,128	138,517	136,034	133,755	132,013	133,329
	-10.2%	-4.3%	-4.6%	-1.8%	-1.7%	-3.0%	1.0%
Partial/Supplemental Coverage							
Choices for Care	4,302	4,259	4,275	4,135	4,326	4,135	4,329
ABD Dual Eligibles	17,651	17,761	17,651	17,828	17,522	17,898	17,439
Rx -Pharmacy Only Programs	11,389	10,690	10,382	10,050	9,988	9,664	9,664
VPA-Vermont Premium Assistance ³	17,961	18,275	17,163	16,988	16,237	16,515	16,515
CSR-Cost Sharing Reduction (subset of VPA not in subtotal)	5,816	6,141	4,919	3,879	3,518	3,879	3,481
Underinsured Kids (ESI upto 312% FPL)	873	624	563	540	561	509	509
Subtotal -Partial/Supplemental Coverage	52,177	51,609	50,034	49,541	48,634	48,721	48,456
	3.7%	-1.1%	-3.1%	-1.0%	-1.8%	-1.7%	-0.5%
Total Medicaid Enrollment	203,750	196,737	188,551	185,575	182,389	180,734	181,785
	-7.0%	-3.4%	-4.2%	-1.6%	-1.7%	-2.6%	0.6%

- Notes (1) FY 15-17 impacted by eligibility redetermination
 (2) Some Full Coverage enrollees may have other forms of insurance.
 (3) VPA-Vermont Premium Assistance counts are subscribers not individuals.

doc# 349720

Summary of Total Expenditures

Medicaid and Medicaid Related

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20BAA Budgeted	F20 Actual
Administration (not in Waiver)						
Non Capitated Administration 50/50	-	42,336,781	80,088,129	72,558,595	55,447,800	76,839,254
Non Capitated Administration 75/25 MMIS M&O		6,576,855	14,272,895	17,333,783	22,338,091	20,103,827
Non Capitated Administration 75/25 SPMP		4,609,334	6,161,582	6,309,453	6,298,181	6,275,782
<i>Sub-total Non Capitated Administration</i>	-	53,522,970	100,522,606	96,201,831	84,084,072	103,218,863
Non Capitated Administration 75/25 E&E M&O	13,063,756	23,949,052	30,224,766	28,215,235	50,680,048	34,550,270
Total Non Capitated Administration	13,063,756	77,472,022	130,747,372	124,417,065	134,764,120	137,769,133
Global Commitment Waiver						
GC - Administration	101,878,207	53,983,552	n/a	n/a		n/a
GC - Program	1,192,959,128	1,172,779,869	1,176,581,623	1,246,939,045	1,276,892,790	\$ 1,236,841,301
GC - VT Premium Assistance	5,256,145	6,162,611	6,332,790	5,941,367	5,986,200	\$ 5,864,311
GC - Choices for Care (CY 2015 now in GC)	183,841,818	190,393,133	193,956,348	206,204,809	218,945,415	\$ 221,591,137
GC - Investments	119,743,698	135,234,008	139,114,731	135,033,700	124,922,005	\$ 124,799,031
GC - Certified (non -cash program & cnom)	32,698,831	28,059,203	27,307,277	26,453,027	26,351,634	\$ 23,441,495
GC Waiver total	1,636,377,827	1,586,612,376	1,543,292,769	1,620,571,948	1,653,098,045	1,612,537,275
Other Medicaid and Related Programs						
Choices For Care / Money Follows the Person	3,263,786	2,244,110	2,607,149	766,828	2,802,827	2,379,542
Exchange Cost Sharing Subsidy (State Only)	1,186,720	1,355,318	1,533,802	1,482,370	1,355,401	1,170,612
Exchange Vermont Premium Assistance (State Only)	10,097	(62,232)	74,896	-		
Pharmacy - State Only	(2,752,230)	(258,671)	1,054,658	4,784,349	5,152,255	4,862,659
DSH	37,448,781	37,448,780	27,448,780	22,704,471	22,704,471	22,704,471
Clawback (state only funded)	29,011,845	31,738,186	33,676,089	34,453,902	34,912,199	35,532,471
SCHIP	9,787,010	13,081,552	11,055,931	12,093,133	10,328,215	13,744,946
Total All Expenditures	1,727,397,592 4.7%	1,749,631,439 1.3%	1,751,491,446 0.1%	1,821,274,067 -1.1%	1,865,117,531	1,830,701,108 0.5%
Blue Cross Blue Shield VT Recon Settlement	1,600,000	3,500,000	4,500,000			

Notes

CY17 - Admin out of GC in new waiver agreement
 CY17 - Payments to ACO for attributed lives include in GC program expenditures
 CY15 - CFC into GC waiver

doc# 349724

Choices for Care Year End Summary - SFY20

CFC is managed as one budget, categories are estimated but funding is fluid within them.

DeptID - 3460080000

	SFY20 Plan\$ Available (Final Appropriation)	(Less) SFY20 Expend and Obligated	(=) Balance of SFY20 Approp by fund	State Share balance as of FY20 Year End	State Share converted to Gross GC Amt Available For CFC/Savings Reinvest.	
H&CB Money Follows the Person General Fund	\$ 602,826.89	\$ 498,563.92	\$ 104,262.97	\$ 104,262.97	\$ -	\$104,262.97 General Fund balance being carried forward to SFY21 - staying as General Fund for H&CB Money Follows the Person obligations.
H&CB Money Follows the Person Federal Fund	\$ 2,200,000.00	\$ 1,880,978.00	\$ 319,022.00	\$ -	\$ -	Federal Funds are available to use in SFY21 via an Excess Receipt Request if needed.
H&CB Global Commitment Fund	\$ 81,362,452.00	\$ 81,381,827.44	\$ (19,375.44)	\$ (7,738.55)	\$ (19,375.44)	
Nursing Home Global Commitment Fund	\$ 140,882,963.00	\$ 140,209,309.55	\$ 673,653.45	\$ 269,057.19	\$ 673,653.45	
CRF Funding - Nursing Home Emergency Financial Relief	\$ 5,573,500.00	\$ 1,447,547.21	\$ 4,125,952.79	\$ -	\$ -	
Choices for Care Subtotal all funds	<u>\$ 230,621,741.89</u>	<u>\$ 225,418,226.12</u>	<u>\$ 5,203,515.77</u>	<u>\$ 365,581.61</u>	<u>\$ 654,278.01</u>	GC Carryforward from SFY20 into SFY21 available before obligations.

NOTES

Included in the SFY20 Budget is SFY19 Carryforward - \$472,826.88 GF and

1) \$2,332,781 GC, which is not base funding and only \$654K will be carried

2) Also included in the SFY20 Budget above is a end of year GC adjustment of \$130,000 GF and \$3,300,000 GC, which is not base funding.

3) CRF Funding is not included in the 1% reserve calculation.

\$ -	
\$ 654,278.01	Carryforward is about 1/4 of 1% of budget.
\$ 2,239,706.79	1% reserve requirement, calculated by taking 1% of SFY20 expenses not including CRF expenses (if available)
\$ -	amount available for "reinvestment"

Global Commitment - Cash Balance Sheet - FY16 to FY20

	<u>FY16 Actual</u>	<u>FY17 Actual</u>	<u>FY18 Actual</u>	<u>FY19 Actual</u>	<u>FY20 Actual</u>
Revenues - Cash Capitated Payments	1,633,975,029	1,554,409,832	1,512,050,358	1,589,240,101	1,584,840,976
Expenses - Cash Capitated					
Administration	101,878,207	53,983,552			
Program	1,382,057,091	1,369,335,613	1,376,870,761	1,457,678,900	1,460,127,802
Investment	110,777,644	131,087,882	135,179,597	131,473,726	124,799,031
Total Cash Expenses	1,594,712,942	1,554,407,047	1,512,050,358	1,589,152,626	1,584,926,833
Transfer to 27/53 Reserve- 53rd week portion	n/a	(5,287,591)	(1,700,000)	(1,760,000)	
Transfer to Human Service CR - IBNR				(64,022,729)	
Transfer to Human Service CR - Medicaid				(14,064,254)	
Change in Fund Balance	39,262,087	(5,284,806)	(1,700,000)	(79,759,508)	(85,857)
Prior Year Fund Balance	47,569,787	86,831,874	81,547,068	79,847,068	101,899
Total Fund Balance	86,831,874	81,547,068	79,847,068	87,560	16,042
Non-capitated administrative expenses ⁽¹⁾	-				
Non-cash expenses ⁽²⁾	32,698,831	28,059,203	27,307,277	27,770,489	23,441,495
Non-cash revenues ⁽³⁾	32,698,831	28,059,203	27,307,277	27,770,489	23,441,495

Notes:

- (1) Non-capitated expenses are cash expenses but are paid outside of capitation pmt and do not affect fund balance. Effective 1/1/15, with consolidation of CFC into GC these expenses are now
- (2) Non-cash expenses include certified programs in which non-federal expenses are not State cash
- (3) Non-cash revenues include certified programs in which non-federal revenues are not State cash

doc# 349724

Official Forecast Worksheet									
Healthcare Taxes (formerly in SHCRF)									
				Jan 2020		Jan 2020	Aug-20	Jan 2020	Aug-20
	Cash	Cash	Accrual	Cash	Accrual	Accrual	Accrual	Accrual	Accrual
Fund	SHCRF	SHCRF	GF	GF	GF	GF	GF	GF	GF
	FY17	FY18	FY19	FY20	FY20	FY21	FY21	FY22	FY22
	Actual	Actual	Actual	Forecast	Actual	Forecast	Forecast	Forecast	Forecast
Cigarette and Tobacco taxes	76.69	71.07	68.43	69.19	71.37	67.50	69.90	65.67	68.10
Claims Assessment (GF portion only)	14.06	15.91	15.64	16.42	16.87	16.79	14.00	17.15	16.80
Employer Assessment	19.16	19.84	19.75	20.42	20.23	21.99	16.50	22.70	16.50
Hospital Provider Tax	137.30	143.50	146.34	146.92	150.19	150.67	141.73	154.52	152.54
Nursing Home Tax	15.00	14.85	14.80	14.67	14.71	14.67	14.65	14.67	14.65
Home Health Tax	5.47	4.70	4.80	5.55	5.58	5.60	5.81	5.65	5.81
Ambulance Tax	0.74	0.94	0.93	0.93	1.01	0.76	0.90	0.78	0.90
ICFMR Tax	0.07	0.07	0.09	0.08	0.08	0.08	0.09	0.08	0.09
Pharmacy \$0.10/script	0.78	0.81	0.77	0.76	0.80	0.76	0.80	0.76	0.80
Nursing Home Transfer Tax	3.68	0.00	0.80	0.00	0.00	0.00	0.00	0.00	0.00
Total	272.9	271.7	272.3	274.9	280.9	278.8	264.4	282.0	276.2
Notes									
Provider tax A/R per F&M ops for yr end close in FY19 and thereafter			(2.57)		(11.16)				doc# 349724

Item 3

**Proposed Motion
FY 2021 and FY 2022 Official Revenue
Estimates
August 12, 2020**

Motion is made that the state revenue estimates pursuant to 32 VSA Sec. 305a(a) for FY 2021 and FY 2022, are as follows:

	Fiscal 2021 Estimate (Millions)	Fiscal 2022 Estimate (Millions)
General Fund	\$1,413.9	\$1,508.0
Transportation Fund	\$258.6	\$275.7
Transportation Infrastructure Bond (TIB) Fund	\$12.8	\$13.7
Education Fund	\$511.6	\$552.1
Federal Funds*	\$2,078.9	---

* Federal revenue does not include \$1.25 billion of Coronavirus Relief Fund revenues which were received in FY20.

Item 4

General Fund Operating Statement

Fiscal Year	FY 2020 As Passed (BAA and Supp. BAA)	FY 2020 Actuals
Sources		
General Revenue	1,412.60	1,457.44
Direct Applications	88.02	95.71
Reversions	1.02	1.02
Other Revenue (CRF Interfund Loan)		51.18
Other Revenue (DFR Settlement)	1.75	1.75
Additional Property Transfer Tax	11.86	12.82
<i>Subtotal Current Year Sources</i>	<i>1,515.25</i>	<i>1,619.93</i>
Carried Forward	0.85	0.85
Total Sources	1,516.10	1,620.78
Uses		
Base Appropriations	1,633.73	1,633.73
Budget Adjustment Act	(48.15)	(48.15)
Supplemental Budget Adjustment Act	10.82	10.82
Other Bills (2017 Act 79)	0.95	0.95
Pay Act	9.97	9.97
Total Uses	1,607.31	1,607.31
Subtotal Operating Surplus (deficit)	(91.20)	13.47
Allocation of Surplus (deficit)		
Transfers From/(to) other funds (ERAF, Ins. Funds, ERF, 2017 Act 79)	(8.15)	(8.15)
Transfer From/(to) Tobacco Litigation SF	(1.50)	(1.50)
Transfer From GF Reserves	104.67	-
Reserved		
Budget Stabilization Reserve	(1.64)	(1.64)
Human Services Caseload Reserve	1.85	1.85
27/53 Reserve (53rd Week)	(1.85)	(1.85)
27/53 Reserve (27th PP for Subsequent Year)	(2.18)	(2.18)
Balance Reserve (Rainy Day Fund)		
Total Reserved in the GF (Designated)	(3.82)	(3.82)
Total Allocated	91.20	(13.47)
Unallocated Operating Surplus (Deficit)	(0.00)	-
General Fund Reserves (Cumulative)		
Budget Stabilization Reserve	6.71	79.82
Human Services Caseload Reserve	98.24	98.24
27/53 reserve	18.45	18.45
Balance Reserve (Rainy Day Fund)	(0.00)	31.55
Other Reserves	-	-
Total GF Reserve Balance	123.39	228.06
Reserve Requirement 5%	79.82	79.82

Preliminary Education Fund Outlook for FY2021 - August 11, 2020

<i>(millions of dollars)</i>	FY2019 Actual	FY2020 Actual	FY2021 Projected
a Average Homestead Property Tax Rate	\$1.499	\$1.510	\$1.542
b Average Tax Rate on Household Income	2.48%	2.47%	2.51%
c Uniform Non-Homestead Property Tax Rate	\$1.580	\$1.594	\$1.628
d Property Yield Per Equalized Pupil	\$10,220	\$10,648	\$1.628
e Income Yield Per Equalized Pupil	\$12,380	\$13,081	\$1.628
f Equalized Pupil Count	88,359	87,839	\$1.628

Sources

1a Homestead Education Property Tax	594.9	609.5	640.4
1b Property Tax Credit	(165.9)	(165.8)	(171.5)
3 Non-Homestead Education Property Tax	676.7	700.3	732.6
4 Sales & Use Tax	412.5	432.5	416.8
5 Purchase & Use Tax - <i>one-third of total</i>	37.3	35.1	33.4
6 Meals & Rooms Tax - <i>one-quarter of total</i>	45.5	40.9	33.7
7 Lottery Transfer	29.5	26.8	27.2
8 Medicaid Transfer	11.3	10.6	10.0
9 Other Sources (Wind & Solar, Fund Interest)	3.4	5.1	2.5
10 Total Sources	1,645.0	1695.0	1,725.2

Appropriations

11 Education Payment	1,372.9	1,428.8	1,489.5
12 Special Education Aid	198.5	213.0	223.7
13 State-Placed Students	20.4	18.0	18.0
14 Transportation Aid	19.2	19.8	20.5
15 Technical Education Aid	13.9	14.2	14.8
16 Small School Support	7.8	8.4	8.2
17 Essential Early Education Aid	6.6	6.8	7.0
18 Flexible Pathways	7.3	7.7	8.3
19 Teachers' Pensions (Normal Cost Only)	7.7	6.8	6.9
20 Other Uses (Accounting & Auditing, Financial Systems)	1.0	3.4	3.4
21 Total Uses	1,655.4	1,726.77	1,800.3

Allocation of Revenue Surplus/(Deficit)

22 Revenue Surplus/(Deficit)	(10.4)	(31.7)	(75.1)
23 Prior-Year Reversions	(10.9)	(8.3)	(14.0)
24 Transfer to/(from) Stabilization Reserve	2.4	(4.1)	5.2
25 Transfer to/(from) Unreserved/Unallocated	(1.8)	(19.4)	(66.4)

Stabilization Reserve

26 Prior-Year Stabilization Reserve	34.6	37.0	33.0
27 Current-Year Stabilization Reserve	37.0	33.0	38.2
28 Percent of Prior-Year Net Appropriations	5.0%	0.0	5.0%
29 Reserve Target	37.0	36.4	38.2

Available Funds

30 Prior-Year Unreserved/Unallocated	21.2	19.4	0.0
31 Current-Year Unreserved/Unallocated	19.4	0.0	(66.4)