

STATE OF VERMONT – FY 2009 RESCISSION PLAN #2 – IMPACT NARRATIVE
Released 12/15/08

Sec. 2.001. Secretary of administration - secretary's office

The Secretary's office will reduce spending authority for Regional Marketing Plan grants by \$50,000 and exhaust the vacancy savings associated with the personnel change in the Secretary of Administration position. Current year RMP obligations will be fulfilled through prior year unallocated balances that will be reverted in the budget adjustment act and given back to the program. This mitigates any negative program effects for the current fiscal year but eliminates the use of prior year funds for recipient proposals.

Sec. 2.002. Information and innovation - communications and information technology

The Department of Information and Innovation is reducing General Fund spending in its Telecommunications Broadband program by \$8,709. Reductions will be made to travel and other operating expenses to meet the rescission target. The proposed cuts should not have a significant impact on the program.

Sec. 2.003. Information and innovation - Vermont information technology leaders (VITL)

The Department of Information and Innovation is proposing a \$22,237 General Fund reduction in the Vermont Information Technology Leaders (VITL) appropriation. This should have minimal effect since there are other funding sources available.

Sec. 2.004. Finance and management - budget and management

Budget and Management will receive no appropriation reduction. Surplus cash from the VISION internal service fund will be directly applied to the General Fund to cover its allocation. This cash transfer will mitigate any negative program effects for this division.

Sec. 2.009. Libraries

Savings will be achieved through: terminating the software maintenance contract with Symquest; moving Library board meetings from bimonthly to quarterly; implementing a new photocopier contract; reducing periodical subscriptions, postage & printing and reducing phone & property maintenance expenditures. These reductions increase the department's risk that operations will be less efficient if their computer system experiences any problems, and there will be fewer periodical collections available.

Sec. 2.010. Tax

Savings will be achieved through vacancy savings, and there should be minimal impact to the department's operations.

Sec. 2.012. Buildings and general services - engineering

BGS will charge payroll expenses associated with capital projects to capital funds. This mitigates any negative impacts to the division but leaves less capital money for materials purchases. It forces the department to more strictly prioritize capital expenditures.

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Sec. 2.013. Buildings and general services - information centers

BGS will close three rest areas on Rte.89 (Highgate, Sharon-South, and Randolph-North) and one rest area on Rte. 91 (Hartford-North) on February 01, 2009. There will be minimal impact on the traveling public because of proximity to exits with full services available.

Sec. 2.026. Executive office – governor's office

One position will be eliminated (\$21,000), vacancy savings will be increased (\$47,000), and equipment purchases will be reduced (\$3,500). Impact will be managed by reallocating workload.

Sec. 2.028. Legislative council

Savings will be achieved through vacancy savings.

Sec. 2.029. Legislature

Savings will be achieved by reducing operating expenses and personal service contracts.

Sec. 2.030. Legislative information technology

Savings will be achieved by reducing operating expenses.

Sec. 2.031. Joint fiscal committee

Savings will be achieved through vacancy savings.

Sec. 2.034. Auditor of accounts

The auditor's office is planning to fund the \$39,362 reduction from reduced expenditures from their internal service fund due to unanticipated savings in personal service contracts.

Sec. 2.035. State treasurer

Achieving these savings will require the elimination of three staff positions, based on allocation of costs to the General Fund and the time remaining in the fiscal year. The Treasurer's Office plans to re-align its office structure although there will be impacts on response time to state agencies, vendors, and external customers.

Sec. 2.039. State labor relations board

The Board is using its carryforward from FY 2008 to cover the FY 2009 rescission. In addition, they have found savings such as reducing postage costs by 26% and printing costs by 56% through more use of electronic media, and insuring training costs are fully covered by participant fees for training programs.

Sec. 2.040. VOSHA review board

VOSHA's \$2,003 General Fund reduction results in a loss of another \$2,003 in Federal Funds due to match requirements. VOSHA can backfill the reduction with carryforward for the remainder of FY 2009.

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Sec. 2.041. Homeowner Rebate

The projected program surplus will be returned to the General Fund.

Sec. 2.101. Attorney general

The Attorney General's Office is using the balance left over from the amount of Special Funds set aside for the renovations to its office space to cover the General Fund rescission.

Sec. 2.102. Vermont court diversion

Court Diversion has earned interest in the Court Diversion Special Fund; this will be used to cover this rescission amount.

Sec. 2.105. Judiciary

Reductions pending notification from Judiciary.

Sec. 2.116. Military - administration

The Military will reduce base budget for office supplies and travel, and will use FY 2008 General Fund carryforward.

Sec. 2.117. Military - air service contract

Activation of the 24/7 Alert Mission will save \$100,000 in General Funds during FY 2009 due to an increase in Federal Funds participation in this program.

Sec. 2.119. Military - building maintenance

The Military has requested a replacement of \$50,000 in General Funds with Federal Funds to cover utilities expenses.

Sec. 2.120. Military - veterans' affairs

An office management position with responsibility for the Veterans' Cemetery in Randolph will be held vacant until the end of FY 2009 and other General Fund cemetery-related expenses will be paid for from the Special Fund/Cemetery receipts.

Sec. 2.122. Criminal justice training council

The Council will reduce contract expenses for health/stress management instruction and will look for in-house expertise to cover this block of instruction; eliminate a field training officer course by utilizing an in-state cadre of instructors; delay the "train-the-trainer" course; and reduce operating expenses.

Sec. 2.123. Agriculture, food and markets - administration

Agriculture Administration's rescission will be accomplished through a reduction in personal services which will have some impact on services.

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Sec. 2.124. Agriculture, food and markets - food safety and consumer protection

This portion of the Agriculture rescission will be achieved through a reduction in personal services. The impact will be minimized by a redistribution of the workload in this division.

Sec. 2.125. Agriculture, food and markets - agricultural development

Agriculture Development will reduce personal service contracts by \$30,000 and Organic Transition funding by \$10,000. This will have a minor impact on services.

Sec. 2.126. Agriculture, food and markets - laboratories, agricultural resource management and environmental stewardship

This division will reduce Nutrient Management Planning Implementation grants by \$148,800 and Basin Planning grants to the Vermont Association of Conservation Districts by \$25,000. The division will reduce personal services to achieve the remainder of the savings. There will be an impact on services.

Sec. 2.134. Banking, insurance, securities, and health care administration - health care administration

BISCHA will reduce operating expenses by \$23,408 which will have a minimal impact on the delivery of services.

Sec. 2.135. Secretary of state

The Secretary of State will achieve these savings by delaying projects related to the implementation of the Vermont State Archives and Records program. This could result in the elimination of positions and will reduce the level of support to other departments within state government.

Sec. 2.141. Human rights commission

Reductions will be made by reducing staff hours, and reducing legal and consultant contracts, food, books and periodicals. Carryforward balances will be used to offset these reductions. Any reduction in staff hours will slow the pace of pending and future investigations and will reduce the level of services to Vermont citizens.

Sec. 2.201. Agency of human services - secretary's office

Vermont Legal Aid:

This rescission represents only the grant from AHS to Vermont Legal Aid and is not their entire funding base. The reduction will result in less staff time at Vermont Legal Aid, resulting in further prioritization of cases.

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Sec. 2.202. Secretary's office - Global Commitment

The Global Commitment (GC) appropriation in the Secretary's office is being reduced by \$5,344,498. However, the reductions flow through to other departments within the Agency; see the impact statements shown below by department.

Sec. 2.206. Office of Vermont health access - administration

Eliminate chiropractic coverage:

Chiropractic coverage is optional under federal rules; however, the Legislature required OVHA to reinstitute reimbursement for chiropractic coverage in SFY '09. Chiropractic coverage is mandated for private health insurers in the state, and the recent legislative change put state Medicaid policies on the same footing. When the state mandate is removed, Medicaid participants would receive essential services from their primary care physician.

Sec. 2.211. Health - administration and support

Tele-psychiatry Pilot Program

This would eliminate a new program supported by a one time appropriation intended for children's mental health services in Federally Qualified Health Centers. This initiative included a commitment by the UVM College of Medicine to use this program to enhance clinical training for child psychiatry residents and improve access to care for children and adolescents living in rural areas of Vermont.

Sec. 2.216. Health - public health

Immunization Program for Adults

This \$4 million program is in its second year and was instituted as part of the Health Care Reform Act of 2007. A reduction of \$1,000,000 will be absorbed by eliminating HPV vaccine for women over 18. This will preserve access to HPV vaccines for children under 18, and to adult vaccines of greatest importance to the public's health, PPV 23, TDaP, and Hep A and B.

Blueprint Project

Savings will be realized by reductions in personal service contracts, IT and publications.

- Personal Services contracts (\$45,000 GC) – This line item was intended for a contractor to evaluate health statistics.
- IT (\$31,500 GC) - Actual grant awards to communities to enhance their IT systems were lower than the budgeted amount.
- Publications/Printing (\$30,000 GC) – The original line item was \$40,000. This line item is being reduced with the expectation that there will not be any large print jobs in FY 2009.

Sec. 2.217. Health - alcohol and drug abuse programs

Student Assistance Program

Funding will be eliminated to 5 schools out of a total of 101 schools budgeted in FY 2009. Grants have not yet been processed; award letters have gone out, but grant execution is not complete.

Outpatient Treatment Savings

Savings are based upon FY 2009 Year-To-Date underutilization trends for outpatient grant services delivered by ADAP's Preferred Providers.

Sec. 2.219. Mental health - mental health

Designated Agency Network

The Department of Mental Health is proposing a 4% reduction in the current allocation to the Designated Agency Network, which will result in an 8% reduction in funding for the second half of FY 2009. This will have an impact on the delivery of mental health services. The Department has agreed to work with the Designated Agency providers to minimize the impact on the delivery of services to consumers by allowing the providers flexibility, subject to approval, on how they implement these reductions.

Second Spring Recoupment

The Residential Recovery program in Williamstown, Second Spring, had lower census in FY 2008 than budgeted in addition to vacancies in professional staff. The resulting un-needed revenue will be recouped in FY 2009. This is a one-time savings as the program has now developed to a near capacity population and will likely use all funds in this year.

Adult and CRT Caseload Reduction; Projected Underutilization in Adult Services; Waiver /PNMI; and Child Residential Length of Stay

Currently, the program trends are showing underutilization of services. The amounts contained in this rescission represent the savings related to the underutilization. The rescission also includes a \$100,000 reduction for length-of-stay (LOS) which falls in line with current practice.

Sec. 2.221. Department for children and families - administration & support services

Reduction of Operating Expenses Across the Board - To achieve the \$150,000 reduction the Department will reduce expenditures in travel, supplies, and other discretionary categories.

Sec. 2.222. Department for children and families - family services

Reduce Substitute Care Budget - The number of children in substitute care has decreased in the past two years, both as a result of demographics and as a result of significant practice changes. This reduction is reflective of the current trend line.

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Sec. 2.223. Department for children and families - child development

Child Development Grants and Contracts - These reductions of \$100,000 include public outreach grants regarding child care, funding for peer support networks for child care providers, and several other small grants connected to playgroups.

Non-implementation of the Child Care Fee Scale Eligibility Change - The Legislature added \$852,000 to the FY 2009 budget to fund a January adjustment to the child care subsidy eligibility guidelines, moving the criteria from the Federal FY 1999 Federal Poverty Level (FPL) to the Federal FY 2000 FPL. There has been pressure from the federal government to update these criteria. This was intended to be an incremental adjustment scheduled for implementation on January 1, 2009. This adjustment will be delayed.

Building Bright Futures District Directors - This will eliminate the 12 district directors by March 1, 2009. This will curtail efforts to create a unified system of care, education, and health care for Vermont's youngest citizens.

Sec. 2.228. Department for children and families - reach up

Reach Up Grants and Support Services - Phase I

Reduction of \$400,000 in Support Services - Each Reach Up case manager has available a pool of dollars to assist people in addressing specific barriers to employment. In Vermont, transportation is the largest barrier and consumes much of the Support Services line item. This reduction would reduce the amount of support services per client on average to \$175 from \$200.

Reduction of \$200,000 in Grants - These grants were part of the "new funds" allocated a couple of years ago following the passage of the Deficit Reduction Act, but they were never spent because of caseload overages. Because of the continued budget shortfall, we have not committed these dollars

Reductions in Reach Up Support Services - Phase II - \$300,000

While the TANF caseload is up as a whole, the post secondary population is trending downward; therefore less funding is needed.

Sec. 2.230. Department for children and families - office of economic opportunity

Individual Development Accounts and Micro Business Grants – The Department is suspending any additional commitments to these programs; the uncommitted funds available for rescission are estimated to be \$150,000.

Sec. 2.239. Disabilities, aging and independent living - developmental services

Designated Agency Network

The Department is proposing a 4% reduction in the current allocation to the Designated Agency Network, which will result in an 8% reduction in funding for the second half of FY 2009. This will have an impact on the delivery of developmental services. The Department has agreed to work with the Designated Agency providers to minimize the impact on the delivery of services to consumers by allowing the providers flexibility, subject to approval, on how they implement these reductions.

Sec. 2.244. Corrections- correctional services

The 48 bed increase at Northern State Correctional Facility, and the accompanying reduction in out of state bed use (Sec. 2.245) will have a net savings of \$177,845. The consolidation of smaller district probation and parole field offices includes the elimination of two anticipated vacant positions. There should be minor impact on services.

Sec. 2.245. Corrections - correctional services- out-of state-beds

See explanation above (Sec.2.244).

Sec. 2.302. Labor - programs

\$20,000 of General Fund savings is due to vacancy turnover and operating efficiencies within the Wage & Hour program. There are no negative program impacts from these savings.

\$8,000 of General Fund savings will be distributed as modest grant reductions to each of the 12 Workforce Investment Boards. The WIB's will mitigate any negative impacts through the use of prior year unobligated cash balances.

\$70,427 will come from decreasing the number of Workforce Employment & Training grants. This will result in approximately 100 less people receiving services. Businesses are reluctant to train new employees given the current economic environment hence most of the WET Funds are not being used or are being returned by employers.

Sec. 2.305. Education - finance and administration

The department will reduce miscellaneous operating expenses by \$12,439 and manage to the money by reducing employee meetings, travel and supplies, etc.

Sec. 2.306. Education - education services

The department will reduce miscellaneous operating expenses and manage to the money by reducing employee meetings, travel and supplies, etc. Administrative savings will come from internalizing the Teacher Quality Initiative within the department and adding Maine to the multi-state NECAP agreement. Furthermore, the department will receive a refund from the NECAP program due to increased economies in the testing program. Further General Fund savings will come from shifting payroll costs onto various Special Funds &

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Federal Funds and the residual vacancy savings associated with the Commissioner position. Early Education Initiative grants will be reduced 3.8% statewide leading to an approximate \$1,151 reduction per service provider. The grants for students competing in national competitions will be eliminated. The remaining funding will come from a cash transfer from the Conference Fee Special Fund.

Sec. 2.309. Education - adult education and literacy

The \$102,229 reduction will come from a decrease in statewide activities such as program marketing. Administrative and local Adult Education & Literacy positions may be reduced resulting in a loss of capacity to serve students. This would cause the program to develop or extend waiting lists for services.

Sec. 2.321. University of Vermont

50% of the University's General Fund reduction will be distributed across academic and administrative units, 25% will be allocated to the medical school and 25% will be allocated to the Extension program & Agriculture Related Services. These entities will be required to manage to the reductions via reduced operating expenses, prior year surpluses, vacancy savings, etc. A portion of the 50% reduction will come from student financial aid but that amount will be minimized to the greatest extent possible.

Sec. 2.322. University of Vermont- Morgan Horse Farm

The University has requested that this appropriation be eliminated. The Morgan Horse Farm can easily absorb this reduction given a recent private donation for over \$1 million.

Sec. 2.323. Vermont public television

The hiring freeze from the last rescission will include the previously exempted grant writer position. This will negatively impact VPT's revenues. New episodes of local based programming will be frozen and fewer live-on-location broadcasts will be feasible. This may lead to a reduction in viewers as programming becomes stale. As VPT loses its viewer base it simultaneously loses its fundraising base thereby putting future revenues from such activities at risk. Overtime will be restricted to technical emergencies and travel expenditures will be reduced.

Sec. 2.324. Vermont state colleges

The General Fund reduction will be spread across the five colleges and the Chancellor's office with savings based upon each entity's institutional priorities. In general, VSC will look to eliminate the renewal of temporary employment contracts, hold open unfilled positions, reallocate workloads, reduce reserves, use prior year unobligated surpluses, defer or cancel purchases, place a moratorium on all travel, and reduce energy costs.

Sec. 2.325 Vermont state colleges - allied health

In general, VSC will look to eliminate the renewal of temporary employment contracts, hold open unfilled positions, reallocate workloads, reduce reserves, use prior year unobligated surpluses, defer or cancel purchases, place a moratorium on all travel and reduce energy costs.

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Sec. 2.326. Vermont interactive television

VIT will reduce part-time staff by 33%, equipment repair by 5% and increase its sales revenue by 5% in order to absorb the rescission reduction. This increases the risk that services will be negatively impacted should equipment malfunctions occur or staff is unavailable during demanded hours. Increasing sales revenue will be difficult given the risk that services may not be available.

Sec. 2.327. Vermont student assistance corporation

This rescission will result in approximately 9,000 Vermont students receiving less in second semester VSAC incentive grants than they were originally awarded. Revised award letters will be issued to the grant recipients and affected students will have a payable balance at their school equal to the grant reduction.

Sec. 2.401. Agency of natural resources - administration

ANR's Central Office will reduce four positions and hold another vacant (\$125,000). A contract with UVM to evaluate opportunities for carbon offsets will be reduced (\$60,471); research to date has not shown strong prospects for carbon offsets.

Sec. 2.402. Connecticut river watershed advisory commission

ANR will reduce the grant to the Connecticut River Joint Commissions to the FY 2007 level (a reduction of \$12,000). The grantee should seek an alternate grant from the Fish and Wildlife watershed grant program.

Sec. 2.406. Fish and wildlife - support and field services

The Department will make the following reductions: contracts for land management assistance (\$25,500); wildlife temporary employees doing data collection and assistance to private landowners (\$34,890); one-time infrastructure maintenance delay in hatcheries (\$26,800); one-time delay upgrading fish sampling equipment (\$23,200); law enforcement vehicle purchases (\$75,000); warden overtime (\$30,745); travel (\$40,000); maintain two vacant warden positions (\$124,310); adjustment to fuel cost at hatcheries (\$10,390); and printing (\$3,000).

Sec. 2.408. Forests, parks and recreation - administration

The Department is returning a fleet vehicle expected to generate savings of \$3,259.

Sec. 2.409. Forests, parks and recreation - forestry

Rescission amount includes the elimination of the recognition dinner at the annual fire warden meetings (\$10,000). A Memorandum of Agreement with the Department of Public Service will provide \$5,000 for a Fuel Use Survey. Forestry will leverage F&W Federal Funds by performing work requested by F&W (\$80,000).

Sec. 2.410. Forests, parks and recreation - state parks

Parks will reduce seasonal maintenance employees (\$16,667), advertising work will be brought in-house (\$10,000), specific known timber sales revenue will be used (\$150,000),

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parks rules-based fees will be increased to compensate for inflation (\$75,000), and one-time funds will be used (\$35,000).

Sec. 2.411. Forests, parks and recreation - lands administration

Mileage on fleet vehicle will be reduced (\$500). The survey section will access one-time alternative sources for reimbursement, and tap federal legacy project funding (\$20,000).

Sec. 2.413. Forests, parks and recreation - forest highway maintenance

Parks Forest Highway work will be deferred (\$36,014).

Sec. 2.414. Environmental conservation - management and support services

The Department will eliminate four filled positions (\$54,369); this will require reprioritization and realignment of duties, but core program needs will continue to be met.

Sec. 2.415. Environmental conservation - air and waste management

The Department will eliminate two vacant positions (\$55,671); this will require reprioritization and realignment of duties, but core program needs will continue to be met.

Sec. 2.416. Environmental conservation - office of water programs

The Department will eliminate six vacant positions (\$334,596) and filled positions will be reduced by one (\$3,343). This will require reprioritization and realignment of duties, but core program needs will continue to be met. A reduction to general operating expenses (\$20,000) and a reduction in pass-through agreements will also be made (\$57,000).

ANR - DEC

Carryforward from a one-time appropriation to develop electronic permitting capacity (2007Act 65 Sec. 274(a)(1)(B)) will be reduced by \$330,000. This system has achieved some of its core goals and deferral of continuing this work has less impact than other possible reductions within the agency.

Sec. 2.418. Natural resources board

The Natural Resources Board will reduce General Fund by \$73,366 and increase the use of the Act 250 Permit Fund by \$73,366, with no impact to programs. Special Fund revenues appear to support this approach.

Sec. 2.501. Agency of commerce and community development - administration

Administration's rescission reduces the Eco-engineering program through eliminating a personal services contract and reducing related operating expenditures. The Department will use the ACCD website and other electronic means to disseminate information related to this initiative.

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Sec. 2.502. Housing and community affairs

The Department will achieve savings in personal service due to vacancy savings related to the Housing & Community Affairs Commissioner position; this will have no impact on services. The Department will reduce Regional Planning grants by \$228,872 and Municipal Planning grants by \$408,700 which are funded through property transfer taxes. This will impact the number and size of grants distributed in FY2009.

Sec. 2.507. Economic development

One position is being redefined and will be working on the Procurement Technical Assistance Center program which is federally funded, so its funding will be shifted from General Fund to Federal Funds. Economic Development is also reducing its personal service contracts for marketing, advertising and research by \$150,000. There will be further reductions in travel expenditures in the administrative and recruitment portions of its budget. Regional Development Commissions' (RDCs) grants are being reduced by \$55,637 and the Aviation Study grant is being eliminated because no group has been found to do the Aviation Study. The RDC reduction will mean that some RDCs will make reductions in their budgets, while others should be able to find replacement sources for these revenues.

Sec. 2.509. Tourism and marketing

The department will reduce a personal service contract. This will result in some delay in scheduled research projects. However, the impact should not be significant. The grant reductions include eliminating the Vermont Ski Area Association Grant of \$27,500; reducing the Vermont Convention Bureau Grant by \$50,000; and the UVM Tourism Data Center Grant by \$53,200. These grant reductions will have minor impact on services.

Sec. 2.511. Vermont council on the arts

Anticipated position vacancy will cover the rescission amount.

Sec. 2.512. Vermont symphony orchestra

VSO may cancel one Spring 2009 concert.

Sec. 2.513. Vermont historical society

The Society will make programmatic changes, but the details have not been determined.

Sec. 2.515. Vermont humanities council

The Council will reduce administrative expenses including choosing a less expensive health insurance plan, and will reduce the number of Humanities Camps, Reading and Discussion, and Speakers Bureau programs.

Sec. 2.801. Next Generation

The reductions of \$278,000 in the Next Generation transfer are as follows: Alternate Education (\$40,000); Adult Technical Education (\$17,000); and WET Fund (\$221,000 – due to underutilization).