

# Cash Fund Overview

House Committee on Institutions and Corrections

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# Overview of Presentation

- History of the Cash Fund
- Authorizing Statute
- Current Financial Position



# History

- Pay-Go idea discussed by Treasurer Pearce and others over several years
- Fund established Sec. E.106.1 of Act 185 (2022)
- Report prepared by Department of Finance and Management
  - Published January 2023 per Act 185
  - <https://ljfo.vermont.gov/assets/Subjects/2023-2024-Session-FY-2024-FY-2025/95bd5f1559/CECF-Report-Final.pdf>
- Statute amended by Act 78 (2023)



# Statutory Authorization

- 32 V.S.A. § 1001b
- Established by Sec. E.106.1 of Act 185 (2022)
- Act 78 (2023) established two subaccounts with the Fund
  - Capital Infrastructure subaccount
    - “to defray the costs of future capital expenditures that would otherwise be authorized in the capital construction act and paid for using the State’s general obligation bonding authority and debt service obligations or paid for as a direct associated cost of a capital project”
  - Other Infrastructure, Essential Investments, and Reserves subaccount
    - “to fund essential investments and infrastructure needs, create reserves for these expenditures, and make contingent appropriations for other infrastructure investments as authorized by the general assembly”



# Revenue to the Cash Fund

- In fiscal year 2023, \$25.0 million was deposited into the Fund
- At the close of fiscal year 2023 two contingent transfers, as authorized in C.109 of Act 78, were fully funded:
  - (a) \$23.4 million from unobligated special fund balances
  - (b) \$22.5 million from the General Fund
- As part of the fiscal year 2024 budget, Sec.D.101(a)(1)(D) of Act 78 made the following General Fund transfers:
  - \$17.7 million to the Capital Infrastructure subaccount
  - \$49.5 million to the Other Infrastructure, Investments, and Reserve subaccount
- \$138.1 million in revenue available



# Appropriations from the Cash Fund

- In fiscal year 2023, per Sec. C.108 of Act 78, \$39.5 million was appropriated for Infrastructure Investment and Jobs Act (IIJA) State match for transportation and water infrastructure related projects in fiscal years 2025 and 2026
- In fiscal year 2024, per Sec. B.1105 of Act 78 ,funds were appropriated as follows:
  - (a) \$17.7 million from the Capital Infrastructure subaccount
  - (b) \$31.0 million from the Other Infrastructure, Essential Investments, and Reserve subaccount
  - (c) \$3.0 million for projects as specified in the State transportation plan
  - (d) \$21.5 million from the Other Infrastructure, Essential Investments and Reserve subaccount for other projects, following the transfer made in Sec. C.109
- Sec. 7(a) appropriated the balance (\$25.4 million) of the Other Infrastructure, Essential Investments, and Reserves subaccount (following all other fiscal year 2024 transactions) to the Agency of Human Services for emergency housing
- A total of \$138.1 million in appropriations was made in fiscal year 2024



**CASH FUND FOR CAPITAL AND ESSENTIAL INVESTMENTS (as amended by Sec. C.105 of Act 78 of 2023)**

Two Subaccounts: Capital Infrastructure; Other Infrastructure, Essential Investments, and Reserves

<b>Revenues</b>	<b>FY 2023</b>	<b>FY 2024</b>	
Balance from FY 2023	25,000,000		Starting Balance
<b>Sec. C.109 of Act 78 (2023)</b> Supplemental Contingent Transfers to Cash Fund for Capital and Essential Investments			Per C.105(b)(2)transfers after GF Stabilization Reserve <b>BUT</b> prior to Rainy Day Fund
<b>(a)</b> Unobligated Special Fund Balances	23,380,141		Per memo submitted to JFC by F&M at its July 28, 2023 meeting
<b>(b)</b> GF transfer to the extent available	22,500,000		Fully funded
<b>Sec. D.101(a)(1)(D) of Act 78 (2023)</b> General Fund Transfer			
(i) Capital Infrastructure Subaccount		17,685,000	
(ii) Other Infrastructure, Essential Investments, and Reserves Subaccount		49,540,000	
<b>TOTAL REVENUES</b>	<b>70,880,141</b>	<b>67,225,000</b>	<b>138,105,141</b>

<b>Appropriations/Reserves</b>	<b>FY 2023</b>	<b>FY 2024</b>	
<b>Sec. B.1105 of Act 78 (2023)</b>			
(a) Capital Infrastructure Subaccount		17,685,000	
(b) Other Infrastructure, Essential Investments, and Reserves subaccount		31,025,000	From General Fund transfer in D.101
(c) Transportation Capital and Essential Investments		3,000,000	Appropriated in Sec. B.903
(d) Other Infrastructure, Essential Investments, and Reserves subaccount		21,500,000	Contingent transfers made in C.109 - fully funded
<b>Sec. C.108 of Act 78 Reserves for Infrastructure Investments and Jobs Act (IIJA)</b>			
(a) IIJA match in FY 25 and FY 26 transportation projects	25,000,000		Utilizes FY 2023 balance
(b) IIJA match in FY 25 and FY 26 for water and wastewater projects	14,500,000		To the extent funds are available in FY 23 and FY 24
<b>Sec. 7(a) of Act 81 (2023)</b>			
Appropriates balance in Other Infrastructure, Essential Investments, and Reserves subaccount to AHS for emergency housing		25,395,141	Per memo submitted to JFC by F&M at its July 28, 2023 meeting
<b>TOTAL EXPENDITURES</b>	<b>39,500,000</b>	<b>98,605,141</b>	<b>138,105,141</b>