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Justin Johnson, Secretary

MEMORANDUM

TO: Secretaries, Commissioners, Deputies and Financial Managers
FROM: Justin Johnson, Secretary of Administration
RE: Fiscal Year 2017 Budget Process
DATE: August 25, 2015

You will shortly be receiving FY 2017 budget instructions from the Department of Finance and Management. The instructions reflect the State's fiscal outlook for FY 2016 and 2017. Although Vermont's revenues are projected to increase moderately for the fiscal year, we continue to experience fiscal pressures that will make it challenging to craft a responsible budget within available revenues.

General government costs, such as increased employee compensation, pension costs, and debt service, will consume a significant portion of revenue growth in FY 2017. The Federal budget process is as dysfunctional as ever, and we can expect continued pressure on State programs that rely on federal support. This, in turn, creates demand for State resources in policy areas that had previously been outside of our responsibility.

Growth in formula-driven spending in human services and education continues to pose a challenge for the rest of the State budget. Since the Great Recession, we have progressively reduced the use of one-time funds to balance the budget. This discipline will need to continue.

As a result we must be extremely cautious and restrained in developing our FY 2017 spending targets. **I am therefore requesting that your FY 2017 General Fund budget proposal be level funded to the Final FY 2016 adjusted amount, as outlined in Commissioner Reardon's budget instructions.** If you will be proposing additional programmatic or personnel spending, you need to do so within this construct.

As in previous years, your summary response **must be submitted electronically** to the Governor, through the Secretary of Administration using the mail folder ADM.Budget@vermont.gov. **Submissions are due by September 25, 2015.**

Your budget proposal should be consistent with your proposed strategic plan; please include details on how your proposed budget will impact your department's mission and programs. During your meetings with Finance and Management, you should be prepared to review progress on performance benchmarks included in your strategic plan and how your FY 2017 budget proposal will impact future progress in this regard.



Your response should also include any current fiscal year budget changes that, in your view, must be included in the FY 2016 Budget Adjustment Act (BAA) and how you intend to address the funding of such adjustments.

Thank you in advance for making every effort to respond to budget instructions in a constructive and creative manner. Truly, we are all in this together. Your continued dedicated and unwavering service to the State of Vermont, and that of your managers and staff, is admirable. Our actions will sustain the fiscal health of state government, while also sustaining those Vermonters in need and improving opportunities for our citizens in the years ahead.

CC: Michael Clasen, Deputy Secretary of Administration

Jim Reardon, Commissioner, Department of Finance and Management

Brad Ferland, Deputy Commissioner, Department of Finance and Management

Emily Byrne, Budget Director

Jason Aronowitz, Budget Analyst

David Beatty, Budget Analyst

Heather Campbell, Budget Analyst,

Kelly Murphy, Budget Analyst

Aimee Pope, Budget Analyst

Sam Winship, Budget Analyst





FY 2017 Budget Instructions

Department of Finance and Management Division
of Budget and Management

Issued:
8/25/2015

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FY 2017 Budgets

These budget instructions offer guidance in preparing responses to the budgetary challenges facing us in FY 2017 and beyond. **Finance and Management is instructing departments to submit initial FY 2017 budget proposals that are level funded at the final adjusted FY2016 General Fund levels. Adjustments to FY 2016 budgets include changes made through the FY 2016 labor savings reductions, internal service fund reductions, and the retirement incentive.** Although up to 25% of positions vacated through the retirement incentive can be refilled, for this exercise please assume that none of the positions vacated through the retirement incentive program in your department will be refilled. This may require your Agency or Department to scale down or eliminate programs that cannot operate without the necessary personnel. The final decision on which positions will be refilled rests with the Secretary of Administration. To the extent you can anticipate savings generated through structural changes made in your Agency or Department please include them in your budget submission. Finance and Management will work closely with Departments to assess the impact of the retirement incentive throughout the fall.

We recognize that Departments will not know which employees will be taking advantage of the retirement incentive until later in September as the information is confidential until the employee provides notice of their retirement. We will, however, on September 1st provide each department with the number of employees who have submitted applications for the retirement incentive. Departments can use this number to estimate the reduced salary and benefits costs for the balance of FY 2016 and all of FY 2017.

In addition to including the impact of the retirement incentive in your submissions, Agencies and Departments are expected to absorb the annualization of the FY 2016 Pay Act.

Your Budget submissions, to the degree possible, should be consistent with your departments Strategic Plan.

Summary Responses must be approved by the Agency Secretary and Commissioner or the exempt head of your Agency, Department or Office, and **must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov) by September 25, 2015.** (See the “FY 2017 Budget Development Timetable” at end of this document for a complete list of due dates.) **Responses shall be submitted to Finance and Management on the “Budget Development Form” – Attachment A of this document. Proposals received that do not include Attachment A will be returned for resubmission.** Attachment A should capture any budgetary and policy changes that you anticipate having an effect on your budget. This form should be supplemented with a narrative, supporting assumptions and calculations as appropriate. If you have any questions on how to present your budget information in this format please contact your budget analyst.

Funding Levels

All FY 2017 programs, services and activities must be designed to be affordable within the specified funding levels. FY 2017 General fund levels will be calculated based on savings realized by departments through the FY2016 labor savings plans, Internal Service Fund reductions and the reduction in funded positions resulting from the FY 2016 retirement incentive. If you have any questions about your FY 2017 General Fund target amount, please consult your budget analyst.

Special Fund and Tobacco Settlement Fund spending authority should align with available revenues.

Budgeting of Anticipated Federal Funds

Federal funding should be conservatively estimated, cognizant of current Federal actions and prospects. Please be particularly mindful of any potential reductions to your federal grants. **Do not** assume that

federal reductions will be covered with increased General Funds; you should assume that these programs will not be replaced unless you can demonstrate they meet a critical State policy goal.

If your budget reflects reduced federal activity, it is expected that there will be a corresponding reduction in associated limited service positions and administrative expenses.

Budget Pressures in FY 2017

There are many routine expenditure pressures that must be covered within your funding targets; your budget presentation should outline what your current pressures are and how you anticipate managing them with the resource enumerated in your budget target. Pressures might include but are not limited to the July 1, 2015 cost of living adjustment (COLA) and step increases that are expected to take place during FY 2016. Other potential factors include general inflation; specific cost centers experiencing elevated price increases; other contractual increases; growing caseloads; increased workload demands; and reductions in federal and/or special funding.

Cost of Salaries in FY 2017

Under Vermont's budgeting convention, for the FY 2017 budgets, the Vantage budget system reflects the annualized cost of the July 2015 cost of living adjustment and step increases that are expected to take place during FY 2016. As usual, the salary changes that are expected to take place DURING FY 2017 are handled separately (i.e., under the Pay Act) and are not to be included in your budget request.

Health Care, Dental Premium Cost, Retirement Rate and Other Benefit Rates

The benefit rates will be loaded centrally by the budget office into the Vantage budget system for FY 2017. The calculations of the new retirement rate and benefits rates have yet to be determined; they will be finalized later in the fall. At this time, you should assume no change to those rates. You will be notified promptly once the new rates have been determined and are loaded into Vantage.

Response to Funding Levels

Submissions Due

Your submissions are due and must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov) by **September 25, 2015**. **You will be contacted by Finance and Management in the coming weeks to schedule your meeting with the Department of Finance and Management.** Responses must be approved by your Commissioner or the exempt head of your Agency, Department, or Office. **Responses shall be submitted to Finance and Management on the "Budget Development Form" – Attachment A of this document. You should capture any budgetary and policy changes you anticipated affecting your budget on this sheet. This form can be supplemented with a narrative, supporting assumptions and calculations as appropriate. If you have any questions on how to present your budget information in this format please contact your budget analyst.**

Restructuring and Reductions

We cannot over emphasize, in developing your budget, elimination and/or reductions to on-going programs may be necessary to achieve base savings sufficient to place the budget on a sustainable path for the future. Any combination of proposals may be considered as a means to meet your budget target. Please be sure to vet these proposals as thoroughly as you can within your department.

In your budget submission, please itemize the restructuring, elimination and reductions in programs, services, staffing, activities, etc. necessary to meet the FY 2017 targets. Departments will need to do a full evaluation of current programs as employees decide to apply for and take the retirement

incentive. As stated previously, only 25% of positions can be refilled, so departments will need to determine how and what to provide with fewer personnel resources. As part of your budget development process, please reevaluate programs and determine if they are sustainable at a lower staffing level and determine if reorganization and /or elimination of programs are necessary to manage with a reduced staffing level. Preference should be given to the elimination of entire program(s) and/or service(s) rather than across-the-board reductions that jeopardize the stability and sustainability of multiple programs and/or services. A major focus of your additional documentation should be an explanation of the elimination and/or changes in programs, services, staffing and activities that will be needed in order to function within the assigned FY 2017 funding levels. If your department is considering any major reorganization, elimination or consolidation of programs as part of your budget development, please contact the Secretary of Administration prior to your budget meeting so that organizational plans and budgetary realities align.

Since the retirement incentive program will begin in October of 2015, please consider whether any proposed reductions or reorganizations can begin in FY 2016, so that the programmatic changes will be in effect for the entirety of FY 2017. The FY 2016 Budget Adjustment Bill will be used to capture any of these programmatic changes in the current fiscal year.

As appropriate, Agencies and Departments may shift funding among programs and organizational units to accomplish their mission and goals, as long as impacts are clearly identified.

Vantage Budget System

Instructions on how to enter your budget in to the Vantage system are available on the Finance & Management website at http://finance.vermont.gov/state_systems/vantage.

Training for new Vantage system users will be held on September 15 and 17, 2015. For experienced users a refresher course will be held on September 14 and 16, 2015. Training is mandatory for new Vantage users. Departments should begin work on their budget requests in Vantage prior to meeting with the Finance Commissioner; however, completed Vantage entry is not required for the meeting.

Finance and Management will notify Departments and Agencies when the Vantage system is open to departments. We will load the personnel data from the first full pay period of FY 2016 and you should begin work with your budget analyst to update the data so that it reflects your anticipated payroll on the first day of FY 2017 (or July 1, 2016).

Additional Detail

Along with the “Budget Development Form” (Attachment A), please provide additional detail and backup to your submission including any other information that will help Budget and Management understand your budget submission, including assumptions, trends, analysis and documents addressing the following issues (if needed):

- Upward and downward pressures relative to your FY 2016 adjusted base appropriation;
- Impact of the retirement incentive on programs;
- Policy issues with a potential budgetary impact;
- Other policy areas that will be part of the departments legislative strategy;
- Reductions needed to meet funding targets; and
- Priority of restoration; rationale of prioritization.

If you need help developing your supplemental material or have questions on what is appropriate to provide, please contact your budget analyst.

Performance Measures

Previously, departments were expected to present, to the appropriation committees, summary information related to their strategic overview, program profile, and performance information, as required under 32 VSA §307(c). This statutory section was revised in 2015 Act 11 Sec. 33. Due to the revision, the formerly used “Attachment A” and the methodology previously used for disclosing programmatic performance are no longer valid. Instead, programmatic performance shall be reported using the framework of 2014 Act 186 – Population-Level Outcomes, Indicators and Performance Measures. Many of you may recognize this methodology as “Results-Based Accountability” or “RBA.”

1. Departments that reported performance measure data in the Vantage Performance

Management module last year: For FY 2017, you will report the same program(s) and measures reported last year, **plus**, at least one additional program. All programs submitted must include the basic elements of RBA: Outcome (“Result or Objective”); Indicator (a condition of well-being – if applicable); and at least three (3) Performance Measures of any type (How much did we do? How well did we do it? Is anyone better off?), **plus** the total budget dollars for the program must be included (see separate instructions, example and template, Attachment B). Each program must use a separate template. **You no longer need to do any of the traditional reporting.**

2. For departments who only reported programs and measures in the traditional way last year and not in the Vantage System: You may continue to use program(s) you previously reported in prior year, or select others, as long as you provide the information and data using “RBA” framework. Each such agency and department is expected to report at least one program in accordance with 2014 Act 186.

3. How to Report: Our use of the Vantage performance measure module the last two budget cycles proved to be cumbersome and difficult. **We have decided not to use the module this year. You will be reporting using a new Excel template that will distributed to your department via the Chief Performance Office.** Template information will be submitted to, and consolidated by the Chief Performance Officer “outside” of the Vantage System. Hopefully, this will eliminate the conflicts seen last year when last minute update needs of the business office staff conflicted with those for the performance management staff.

PALs: Each department actively involved with performance reporting in Vantage last year has one or more Performance Accountability Liaisons (PAL) working with CPO Zeller. If this is your first time reporting programmatic budgets and measure using RBA, please notify Sue Zeller as to whom you will assign as your PAL(s) to work with her.

Employee Suggestions

Many departments have incorporated employee feedback as part of the budget development process. As with last year’s budget process, we would like all agencies and departments to utilize a meaningful method to solicit employee suggestions on how to most effectively address this spending reduction. Employee suggestions should be solicited and discussed with your management teams and, where appropriate, incorporated into your budget proposals. If employee ideas are used as part of the budget response, highlight those areas in your submission.

New Positions

No new positions will be added in the FY 2017 budget. All changes to department positions will be managed through the roll out of the retirement incentive.

Final Budget Submission

Final budget targets will be issued in mid-December. Upon receipt of a final target, please finalize Vantage entries as soon as possible, and notify your budget analyst when they are complete. Vantage entries must match final targets exactly.

Additional materials must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov). Please work with your budget analyst to finalize these documents before they are submitted to the legislature, particularly the Budget Development Form.

Grants, Gifts, Loans, Other Things of Value

32 VSA § 5 requires that all **new grants, gifts, loans or things of value** with a value over \$5,000 received by the State must be accepted in accordance with the statutory procedure requiring submission to the Joint Fiscal Office through the Governor. (Form AA-1 is the administrative vehicle for this submission.) **Including these items in the budget is not a substitute for this process.** However, once duly accepted, grants (on-going revenues and expenditures) should be budgeted in subsequent years.

Please note that items of \$5,000 or less may be accepted, with notice to the Secretary of Administration and the Joint Fiscal Office (see 32 VSA Sec 5(a)(3)).

Current Services Budget

Section E.100.2 (b) of Act 162 of the 2012 Session (see below) contains legislative language that places emphasis on developing a "current services" budget; i.e., "an estimate of what the current level of services is projected to cost in the next fiscal year." As we do every year, in developing the Governor's recommendation, we will identify our current service needs separately from new initiatives. Given the recent language, however, we ask that you pay particular attention to the budget instructions – identifying current service needs and new initiatives – as you develop your summary materials for your meetings with the Commissioner of Finance.

Sec. E.100.2 (b): Current Services:

The administration shall develop and publish annually for public review as part of the budget submission process a current services budget, providing the public with an estimate of what the current level of services is projected to cost in the next fiscal year. The initial current services budget shall be submitted with the administration's fiscal year 2014 budget proposal.

Information Technology Projects

The Legislature requires that all information technology (IT) activities with a lifecycle cost in excess of \$500,000 be identified through DII as part of the budget submission. IT activities are defined in 3 V.S.A. §2222(a)(10). DII's Enterprise Project Management Office (EPMO) will solicit this information from your Departments in October. It is critical that each and every IT activity that is valued in excess of \$500,000 is clearly identified. Budget requests for IT funding that were not included in DII's unified presentation of IT costs risk not being approved. The detail required by DII includes:

1. **IT Activity Name:** The name given to an IT Activity. Based on State statute, an IT Activity may be an on-going IT maintenance activity or an IT project (which is a temporary endeavor undertaken to implement a unique product, service or result).
2. **IT Activity Description:** A brief ("elevator pitch") description of the IT Activity.

3. **IT Activity Business Lead:** The name of the lead person on this IT Activity. This person should be very familiar with the project/IT Activity details.
4. **IT Activity Phase:**
 - For IT projects, list the current [project phase](#):
 - **Exploration:** In the idea stage of the project and you're exploring alternatives.
 - **Initiating:** Beginning to define high-level objectives and are looking to commit to a project.
 - **Planning:** Actively planning the project, including creating detailed business requirements, performing procurement activities (RFP or contract) and developing a project plan/schedule.
 - **Execution:** A project team is executing a project plan and the project manager is monitoring scope/schedule/budget.
 - **Closing:** The project is wrapping up, go-live is complete, and support is being transitioned to operations.
 - For on-going IT maintenance (i.e., not a project) list **Maintenance** as the IT Activity Phase.
5. **IT Activity Type:**
 - If it's an IT project, list the type:
 - **New Technology:** Implementing a brand new technology for either a new service or for a service that is currently manually provided.
 - **Replace Existing Technology:** The current system is being replaced with something new.
 - **Upgrade Existing Technology:** Features, functionality and/or enhancements are being added to an existing system.
 - **Other:** The project doesn't fit into any of the above descriptions.
 - If it's on-going IT maintenance (i.e., not a project) list **Maintenance** as the IT Activity Type.
6. Indicate how the **IT Activity aligns with the goals of the FY 2016 - FY 2019 IT Strategic Plan: Modernization, Effective Operations, Sustainability, Productivity Improvement or New Solutions Partnering with Other Agencies.**
7. Provide **Five Year Cost Information** for each IT Activity broken down by Implementation versus Operating costs (see definitions below chart), as well as funding source (i.e., are you using State or Federal money to fund your IT Activity or if it's both what is the percentage split?). Here is a visual of the cost information being requested:

FY 2016 Costs	FY 2017 Costs	FY 2018 Costs	FY 2019 Costs	FY 2020 Costs
Implementation: \$	Implementation: \$	Implementation: \$	Implementation: \$	Implementation: \$
Implementation Funding: % State: % Federal: % Other:				
Operating: \$	Operating: \$	Operating: \$	Operating: \$	Operating: \$
Operating Funding: % State: % Federal: % Other:				

Implementation costs are the one-time project costs (that can span across multiple fiscal years) to get that IT Activity up and running (e.g. implementation/installation costs, hardware, software licenses purchased as part of the installation, project management or other contracted resources, and the State labor implementation costs).

Operating costs are the on-going costs of performing that IT Activity (e.g., annual maintenance fees, software and hardware costs, licensing fees, hosted cloud provider fees, and labor costs).

8. Indicate if the IT Activity **generates Revenue** for the State.
9. Provide an **explanation for any expected increases in the cost of the IT Activity from FY 2016 to FY 2017** (i.e., will more be spent on this IT Activity in the upcoming fiscal year than in the current one).
 - Indicate if this IT Activity will be **included in the FY 2017 budget submission**.

If you have questions about whether an activity or project for which funds will be expended meets the criteria to report those projects to DII, contact DII Commissioner Richard Boes at 828-4141, or Deputy Commissioner Darwin Thompson at 828-1142.

Please note, in constructing budget detail submissions, use the account codes presented in the memo from Secretary Johnson dated 8/24/2015. It is not appropriate to budget IT contracting in 507600 - Other Contracts and 3rd Party Services; use a specific IT-related account.

Legislative Budget Submission Requirements

As the legislative session approaches, Finance and Management will send instructions on what to include in your budget submission to the legislature and what to anticipate needing for testimony. The requirements are outlined in 32 VSA §307(b); the legislature requires detailed information concerning the following items:

1. The specific special funds used as receipts in the budget.
2. Explanations of interdepartmental transfers, including which department is the source. **If your funding is reliant on interdepartmental transfers, be sure to coordinate with the source department.** Do not assume that both departments have the same expectations. Written funding agreements are recommended.
3. Budgeted positions.
4. Changes in program funding levels and associated policy changes in the requested budget.

Vantage is configured to meet all four of these requirements, through reports that summarize interdepartmental transfers, federal funds, grants out, and position details; however, departments are responsible for the accuracy of their Vantage entries, and any supplementary, summary, or explanatory information. Detail regarding these aspects of your budget must be reviewed by your budget analyst prior to finalizing your entries in Vantage.

A blank template “Budget Development Form” to illustrate changes from your FY 2016 appropriation to your FY 2017 request is attached as Attachment A. This form must be submitted as part of your initial budget request to Finance and Management; the form will be finalized for submission to the legislature through an iterative process with your budget analyst.

FY 2016 Budget Adjustment

The budget adjustment process may be considered for extraordinary needs that we have not already identified, and for internal funding changes that cannot be accommodated by administrative means (i.e., appropriation transfers, excess receipts, etc.). There is very limited capacity this year to deal with expenditure increases in the FY 2016 budget adjustment.

For development of the Governor's recommended FY 2016 Budget Adjustment Bill, we will utilize the July 27, 2015 revenue forecast approved by the Emergency Board. Further adjustments to the FY 2016 Budget Adjustment proposal may be necessary based upon any revisions to the consensus FY 2016 revenue forecast by the Emergency Board at its January 2016 meeting.

The first recourse in solving current-year budget issues is to redirect resources within your existing funding. Please bring to our attention any significant issues that will be handled in this way, identifying the problem and a solution, and whether Budget Adjustment action (e.g., transfer of funding between appropriations) is required.

Any requests for additional General Fund spending will be subject to a very high standard of necessity. Prior to consideration of a request, the requesting department's budget will be reviewed by Budget & Management to ascertain why the budget adjustment need developed, and whether other factors exist with the department's current-year spending pattern that could mitigate the need for the request.

As noted above, we may be using the Budget Adjustment for funding and programmatic changes that can be implemented prior to FY 2017. Please bring to our attention any opportunities to trim funding, reduce or restructure and eliminate program activities in FY 2016 and to ease the transition to reductions required by the funding constraints of FY 2017 and future fiscal years.

Notification of budget adjustment proposals should include a description of the cause(s) of increased or decreased expenditures or receipts, the related actions already taken to contain increased spending, and the proposed remedy. A request should cite all specific sections of the FY 2016 Appropriations Act that are affected and include draft language of the changes required.

Please keep your budget analyst apprised of any potential budget adjustments as soon as possible. Detailed requests for inclusion in the Budget Adjustment must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov) by **September 25, 2015.** Responses must be approved by the Commissioner or the exempt head of your Agency, Department or Office.

Finance and Management encourages requests for transfers of appropriations or expenditure of "excess receipts" that can be anticipated, which (1) represent on-going expenditures that have repeatedly been handled as excess receipts; or (2) for large amounts, can be presented for the FY 2016 Budget Adjustment. While administrative solutions (i.e., approval by the Commissioner of Finance & Management) remain available for such items that cannot be predicted, Finance and Management wants to utilize the Budget Adjustment more fully for the review and approval process and most certainly for sizeable and potentially controversial transfers or increased expenditures.

As noted above, new grant receipts (e.g., federal grants) should be submitted for approval per 32 VSA § 5. They will be sent to the Joint Fiscal Committee separately; **do not include them in the Budget Adjustment as proposed changes to appropriations.**

Executive Fee Bill

Pursuant to 32 V.S.A. Sec 605(b), in the 3-year cycle of the Executive Fee Bill the focus this year will be on protection to persons and property. Other than for emergency situations, only these areas of State government will be considered for inclusion in the Fee Bill. Changes in fee legislation might include: new fees, changes to existing fees, reauthorization or termination of fees, re-designating the funds into which

the fees are deposited, and clarifications in current statutory authorities to charge and retain fees. Any changes proposed should be designed so that no additional adjustments would be needed at least for three years, when the opportunity to change fees will again occur.

Fee changes should be consistent with budget proposals and any fee changes that would create differences from revenue projections based on current fee or charge structures need to receive specific approval from Finance and Management.

Please be sure that ALL fee change proposals are forwarded to Finance and Management office for inclusion in the Fee Bill, even if the associated programmatic changes were to occur in different pieces of legislation.

Proposals should cite the existing statute, showing exactly how it needs to be changed, and provide a strong rationale for the necessity of the change. Any revenue impact should also be clearly shown.

32 V.S.A. §605(d)(2) specifies the justifications deemed acceptable in support of fee requests, and which should accompany the requests. The prime consideration is analysis or discussion of the relationship between the revenue to be raised by the fee or the change in the fee, and the cost or the change in the cost of the service, product or regulatory function supported by the fee. The underlying premise is that, normally, fees are tied to costs of service; other justifications may be advanced, but they must be clearly supported and grounded in policy considerations. Please contact your budget analyst at Budget & Management to discuss any such rationales.

The Legislature has asked that proposals for the Fee Bill be prepared using a specific electronic format which we will send on request. Contact Aimee Pope at: aimee.pope@vermont.gov to request the format. **Please submit your proposals to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov) by **September 25, 2015.****

Miscellaneous Tax Bill

Budget submissions should clearly identify legislative proposals that have tax implications. The submission should include a description of the proposal, a revenue estimate if known, whether an agency or a department intends to advance the proposal as part of the Miscellaneous Tax Bill or a separate piece of legislation, and the appropriate contact person at the department. This information will be used to ensure that proper revenue estimates are provided by the Tax Department to the Department of Finance & Management, and ensure the Tax Department is aware of and understands all tax proposals prior to their submission to the Legislature. **Please submit these proposals electronically to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov). Upon submission, tax proposals should be clearly labelled as such. If you would like to discuss proposals, please contact Mary Peterson, Tax Commissioner, at 828-3763.**

Appropriations Bill Narrative

Please closely review the verbiage associated with your appropriations or programs in Act 58 of the 2015 session and identify to us any **necessary** changes that **must** be made in order to implement your department's budget plan as part of the FY 2016 Budget Adjustment and/or the FY 2017 Appropriations Bill. The best way to communicate these changes is to return a copy of those portions of Act 58, marked up for any deletions, additions, or changes. It is your responsibility to be aware of language from other bills in prior years which may need modification. **Please submit your marked-up narrative portions to your Budget & Management Analyst by **September 25, 2015** for the FY 2016 Budget Adjustment language changes and by **November 25, 2015** for FY 2017 Big Bill language.**

Self-Assessment of Internal Controls Metrics

Self-Assessment Performance Metrics were issued to all departments on July 27, 2015. For departments with items of non-compliance under Metric #3, the Commissioner of Finance & Management will be requesting a status update on the following requirement:

IMPORTANT: Metric #3 - Compliance with Administrative Policies and Procedures

For each item of non-compliance (i.e., a “NO” response to any of the 57 questions pertaining to Administrative Policies & Procedures), all executive branch departments shall strive to achieve substantive compliance by no later than September 30, 2015. If this deadline is not met, then the appointing authority must submit a written corrective action plan (CAP*) for approval to the Commissioner of Finance & Management by October 15, 2015.

*The CAP must specify: 1) **Date** (expected) that compliance will be achieved; 2) **Key Steps** (summary) to be taken to achieve compliance; and 3) **Contact information** for the responsible person(s).

Note: A corrective action plan is NOT required if compliance is attained by September 30th.

FY 2017 Budget Development Timetable

The following set of dates may help in planning tasks in the development of the FY 2017 budget and the FY 2016 budget adjustment. Dates are for planning purposes only and are subject to change; you will be notified of any changes in due dates.

	Due Date	Deliverable Description and Comments
Calendar Year 2015	25-Aug	FY 2017 Budget Instructions Issued.
	Mid-September	Vantage Budget System opens for field departments' development of current services budget, as training is completed.
	25-Sep	Summary responses to targets submitted electronically to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov).
	25-Sep	Executive Fee Bill requests due in electronic format with accompanying statutory changes and justifications.
	October through November	Finance and Management meetings with departments; budget analysts work with departments to review budget submissions.
	25-Nov	Narrative Sections of the Appropriations Bill due at Budget & Management.
	Mid-December	Final targets issued by Finance & Management. Vantage entries to be finalized promptly thereafter.
CY 2016		
	First week of January	Exec Budget Book goes to BGS Print Shop.
	Mid-January	Governor's budget address (by 3rd Tuesday of the session - 32 VSA §306(a)).
	No later than January 27	Exec Budget Book distributed at budget address. Big Budget Book posted to Finance & Management's website.
	Mid-January	Emergency Board revenue estimate (32 VSA §305a).
	Prior to testimony	Budget analysts review department submissions prior to submission to the legislature.
	1 week prior to testimony	All budget materials, including Vantage and supplemental materials, to appropriation committees, with copy to Budget & Management.

FY 2016 Budget Adjustment Timetable

Calendar Year 2015	Due Date	Deliverable Description and Comments
	Now	Vantage Budget System opens for field departments' development of current services budget, as training is completed.
	August 25	FY 2016 Budget Adjustment Instructions Issued.
	September 25	Summary proposals for FY 2016 Budget Adjustment requests submitted electronically to the Governor, through the Secretary of Administration using the mail folder (ADM.Budget@vermont.gov), including any language changes necessary for the Budget Adjustment.
	October - November	Governor's Budget Adjustment recommendations compiled and prepared – to be presented to the House Committee on Appropriations in December.
	Late November	The budget adjustment is finalized by Finance and Management.
	Late November – early December	Budget adjustment entries finalized in Vantage and department submissions are reviewed by budget analysts.
	December 14	Finance and Management presents the budget adjustment to the House Appropriations Committee
Week of December 14	House Appropriations Committee takes testimony on the FY 2016 Budget Adjustment.	