

FY 2017 Executive Budget Summary



Fiscal Year 2017 Executive Budget Recommendations
Peter Shumlin
Governor of Vermont
January 21, 2016



January 21, 2016

Dear Members of the General Assembly and Fellow Vermonters:

I am honored to present my Fiscal Year (FY) 2017 Budget Recommendations for your consideration.

This is my sixth and final set of budget recommendations. They come at a time when Vermont's economy continues a six-year period of steady growth that began as we pulled ourselves out of the greatest downturn since the Great Depression.

As with each of my previous recommendations, this proposal ensures a balanced budget that does not raise income, sales, or rooms and meals taxes on hardworking Vermonters. It is responsible and sustainable and it spends within our means, and for the first time since the Great Recession it does not rely on one-time funds to cover ongoing funding obligations.

A budget is more than a collection of numbers and line-items; it is a reflection of our priorities. From day one, my Administration's top priority has been to make the lives of Vermonters more secure. We have made significant progress towards that goal since 2011 by growing over 17,000 jobs, holding down Vermont's unemployment rate so it is consistently one of the lowest in America, achieving near universal health care coverage by expanding insurance to 19,000 Vermonters, and growing Vermonters incomes at or faster than the national rate every year since 2011 – something that has never happened before.

Too many Vermonters continue to struggle, however, and there is work to do. This budget makes the investments to continue growing jobs and economic opportunity to deliver a more secure future for all Vermonters.

Appropriate education and training are the heart of this. In this budget I fund the College Savings Program to ensure that every child born in Vermont will receive a \$250 contribution to start a savings plan. In addition, I propose funding the "Step Up" program to get Vermonters working in low wage jobs back on the educational track and a path to a brighter economic future. This will also help employers desperately seeking skilled workers to fill the jobs they are creating right here in Vermont.

A more secure future also means building on our efforts to address the opiate crisis affecting our state and nation. I propose expanding the use of Narcan and the syringe exchange program and building on our success expanding treatment for those suffering from addiction by adding a new hub in northwestern Vermont during FY 2017. As I announced late last year, this budget also includes \$9.9 million to support 35 additional workers at the Department for Children and Families, two new attorneys in the Office of the Defender General, three new positions in the Department of State's Attorneys, and a new judge in the Judicial branch, all of which will help those on the front lines of the battle against opiate and heroin addiction.

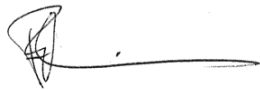
Vermonters were shocked, and deeply saddened this past summer at the violent death of DCF social worker Lara Sobel. This budget includes resources to improve security for state employees at a time when threats have increased throughout the State.

Healthcare continues to dominate the growth in State expenses. This budget pays for increased costs stemming from our incredible success expanding health insurance and Medicaid that have resulted in Vermont being tied for the lowest uninsured rate in America. This budget also covers the full cost of the 53rd week of Medicaid payments.

This proposal includes funding to continue our efforts to transform Vermont's healthcare system so it focuses on keeping people healthy rather than spending money on unnecessary tests and procedures. Succeeding in that goal will allow us to finally rein in health care costs, saving our State and hardworking Vermonters money that is currently being gobbled by a health care system that spends it faster than we can make it.

If we are to continue to provide jobs and economic opportunity for all Vermonters, it is critical that State government live within its means, provide opportunities for workers to get the skills they need to participate in the workforce, and to ensure that businesses are not crippled by ever-increasing healthcare costs that drain more and more money out of the economy. This budget does all of these things. I ask for your support in passing it.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Shumlin', with a long horizontal line extending to the right.

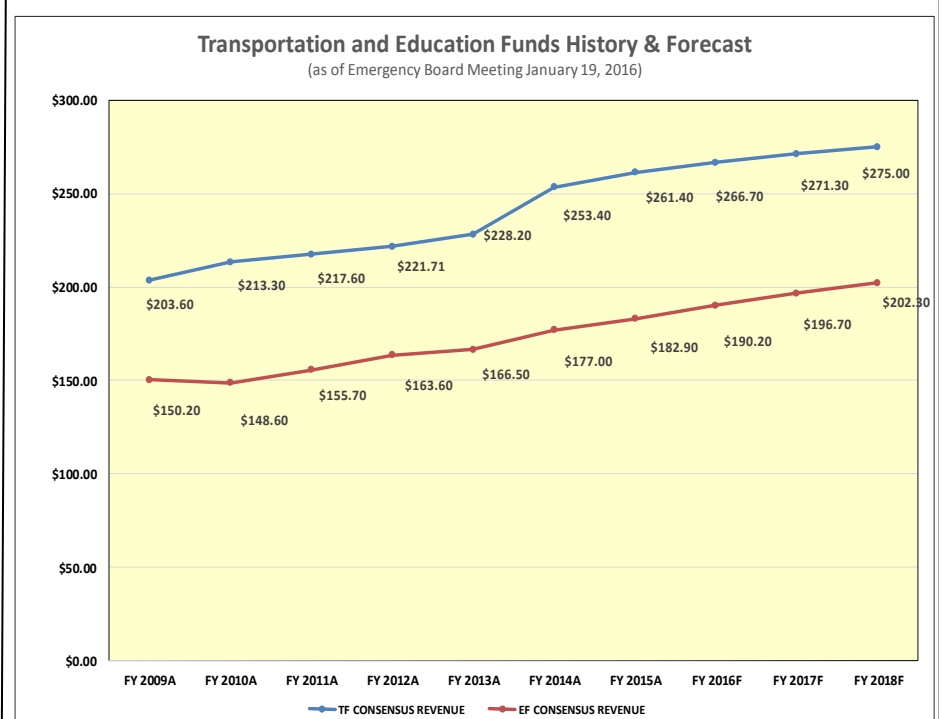
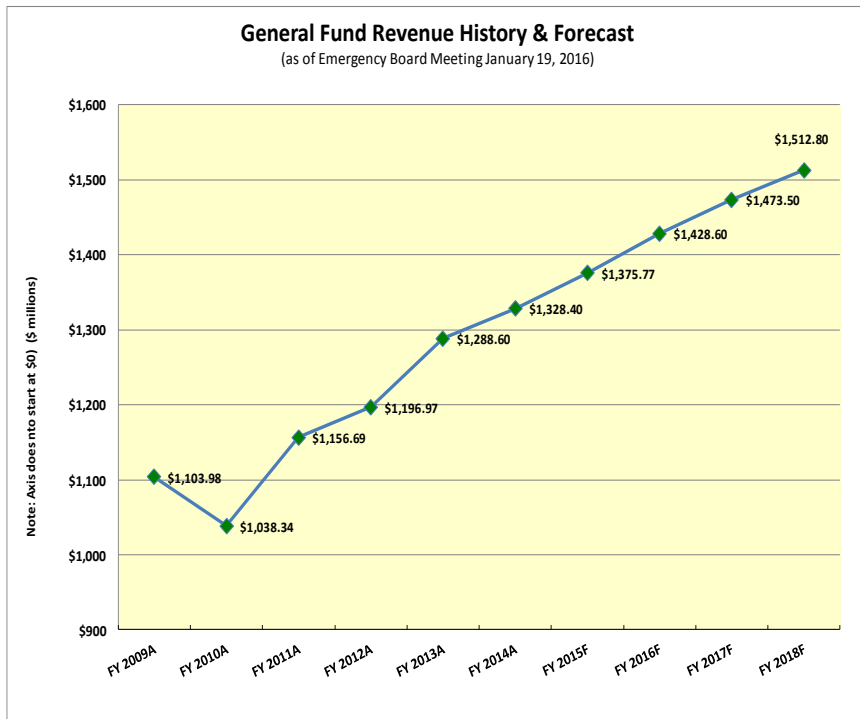
Peter Shumlin

Governor

TABLE OF CONTENTS	Page
CONSENSUS REVENUE HISTORY AND FORECAST	4
Revenue by Component - General Fund	5
Revenue by Component - Transportation Fund	6
Revenue by Component - Education Fund	7
FY 2017 BUDGET RECOMMENDATIONS	8
FY 2017 BUDGET DEVELOPMENT PROCESS	9
Public Participation - Public Budget Forums	9
Current Services Budget	10
FY 2017 Performance Accountability	11
GOVERNOR SHUMLIN'S FY 2017 KEY BUDGET ITEMS	12 - 13
FY 2017 GF OVERVIEW	14
FY 2017 GF Overview	14
Total Appropriations History FY 2013 - FY 2017 (All Funds)	15
FY 2017 Governor's Recommended Budget - All Funds by Function	16 - 17
FY 2017 Governor's Recommended Budget - Pie Charts - by Function and Fund	18
FY 2017 Governor's Recommended Budget—All Funds by Department	19 - 21
General Fund Summary	22
Transportation Fund Summary	23
Education Fund Summary	24
FY 2016 BUDGET ADJUSTMENT RECOMMENDATIONS (BAA):	25
Governor's Budget Adjustment Recommendation Summary	26
FY 2016 BAA - Pie Charts - by Function and Fund	27
FY 2016 Budget Adjustment Worksheet by Fund	28 - 29
OTHER REQUIRED REPORTS	30
TAX EXPENDITURE REPORT	31
Economic Development Related Tax Expenditures by Tax Category, and by Agency/Department	32 - 33
RETIREMENT INTEGRITY REPORT	34 - 35
ACKNOWLEDGEMENTS AND CREDITS	36

CONSENSUS REVENUE HISTORY AND FORECAST

Revenues Meet Target and Increase Over Prior Years



On January 19, 2016 the Vermont Emergency Board adopted revised General, Transportation and Education Fund Consensus Revenue Forecasts for the remainder of FY 2016, FY 2017 and FY 2018.

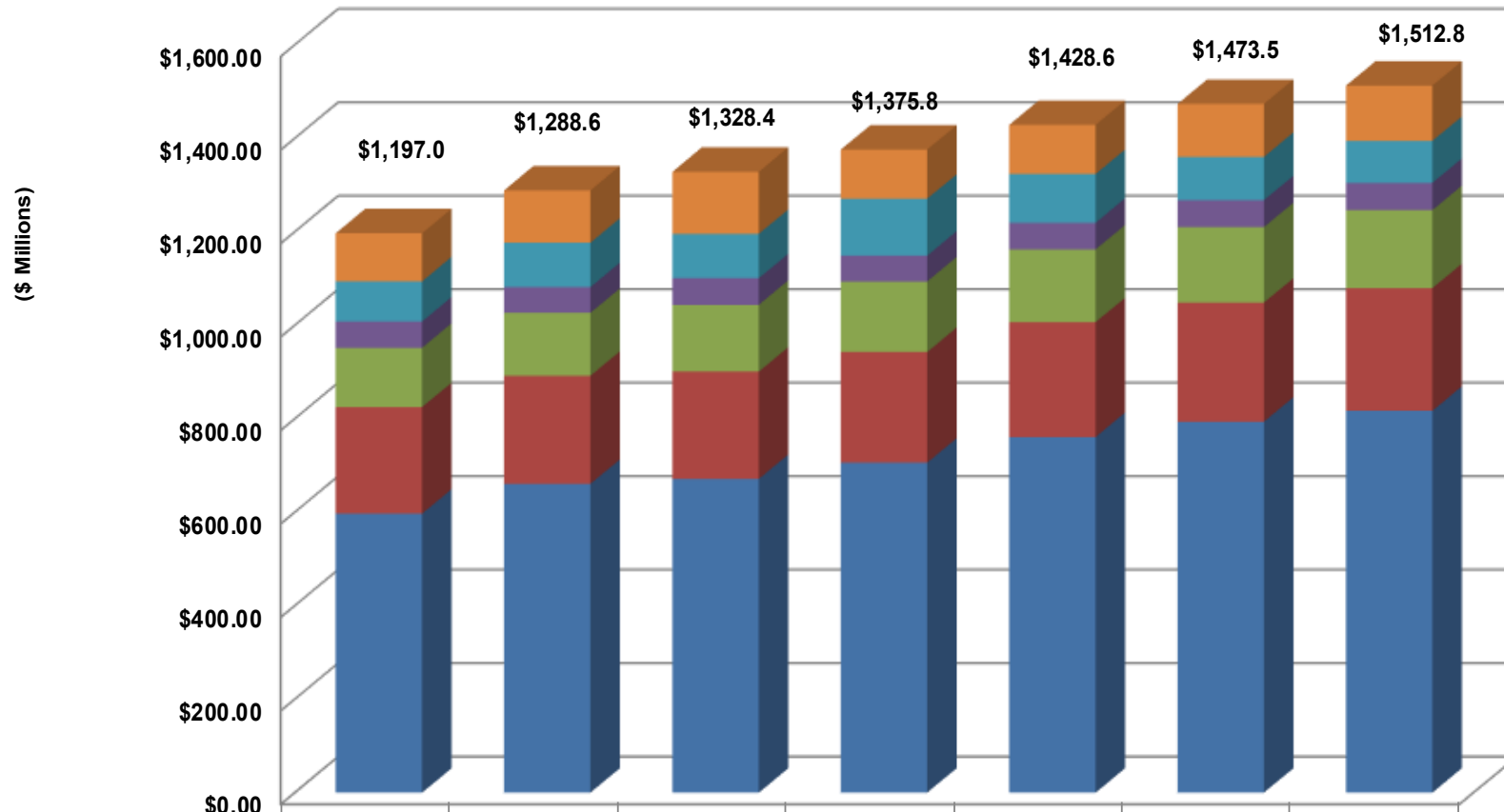
The General Fund for FY 2016 is projected to be \$1,428.6 million (-\$4.7 million, -0.33%), while FY 2017 is projected at \$1,473.5 million (-\$9.1 million, -0.61%). The Transportation Fund forecast for the remainder of FY 2016 is projected at \$266.7 million (+\$0.9 million, +0.34%) and for FY 2017 is projected at \$271.3 million (+\$1.10 million, +0.37%). The Education Fund is projected to be \$190.2 million for FY 2016 (-\$1.0 million, -0.52%) and \$196.7 million for FY 2017 (-\$0.5 million, -0.25%).

The charts above show the Consensus Revenue Forecast history. Charts detailing the Consensus Revenue for General, Transportation and Educations Funds by component follow on the next three pages.

General Fund Revenue by Component

FY 2012 - FY 2018

Emergency Board January 19, 2016

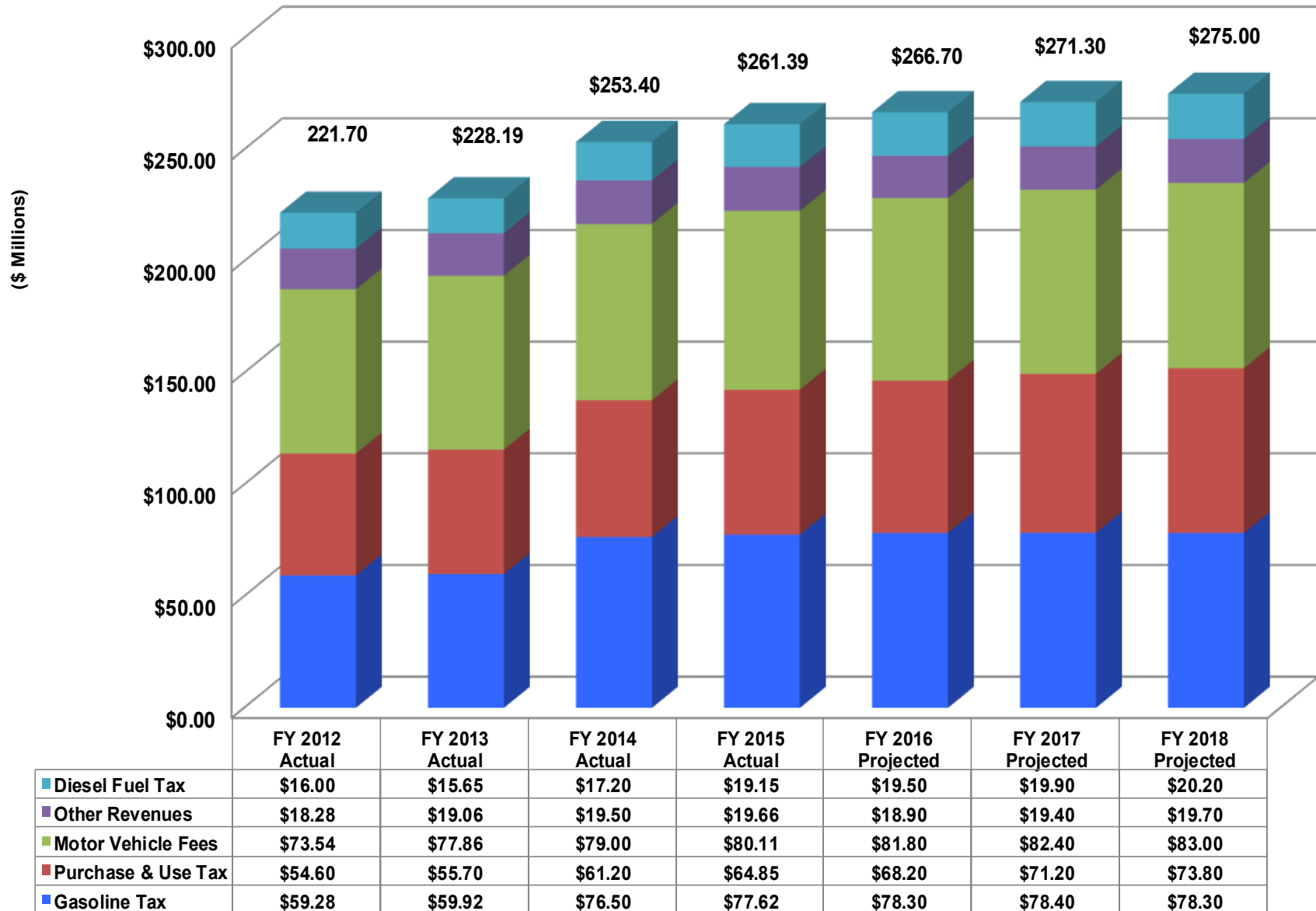


	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected
Other	\$102.94	\$111.99	\$132.80	\$104.89	\$105.10	\$113.30	\$118.30
Corporate	\$85.92	\$94.95	\$94.80	\$121.90	\$104.20	\$92.60	\$89.80
Insurance	\$56.35	\$55.02	\$57.10	\$55.31	\$57.00	\$57.70	\$58.40
Meals & Rooms	\$126.87	\$134.79	\$142.70	\$150.81	\$155.60	\$161.30	\$166.80
Sales & Use Taxes	\$227.89	\$231.18	\$229.90	\$237.00	\$245.90	\$254.90	\$262.50
Personal Income Tax	\$597.00	\$660.65	\$671.10	\$705.89	\$760.80	\$793.70	\$817.00

Transportation Fund Revenue by Component

FY 2012 - FY 2018

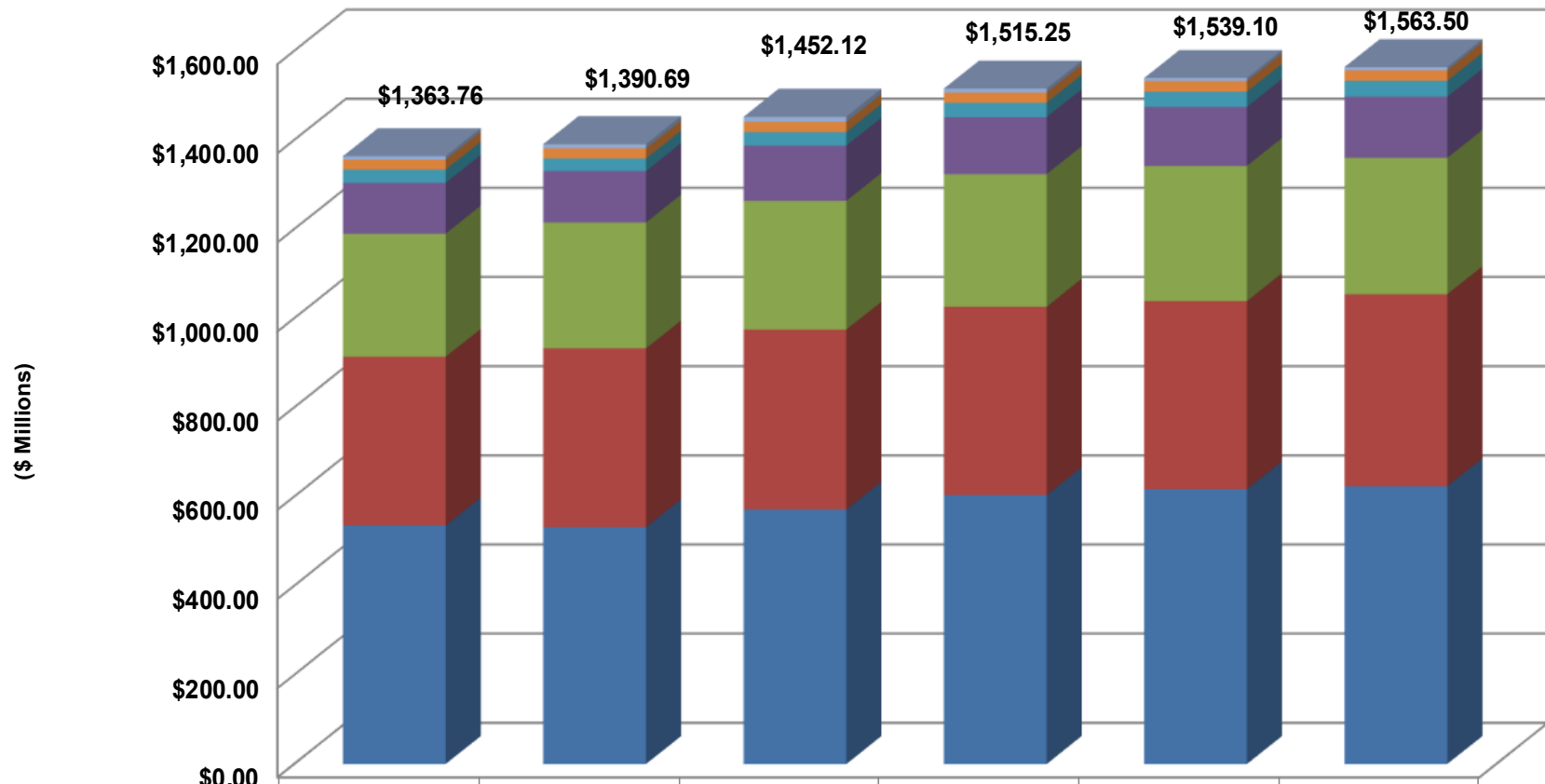
Emergency Board January 19, 2016



Education Fund Revenue by Component

FY 2012 - FY 2017

Emergency Board January 19, 2016



	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Projected	FY 2017 Projected
Other	\$7.86	\$9.58	\$11.66	\$8.86	\$7.10	\$7.10
Lottery Revenue	\$22.33	\$22.94	\$22.57	\$22.75	\$23.60	\$23.70
Purchase & Use Tax	\$29.70	\$27.85	\$30.61	\$32.43	\$34.10	\$35.60
Sales & Use Tax	\$113.94	\$115.59	\$123.78	\$127.62	\$132.40	\$137.20
General Fund Approp.	\$276.24	\$282.32	\$288.92	\$297.61	\$303.30	\$305.90
Homestead Tax	\$378.45	\$400.88	\$403.62	\$422.55	\$422.10	\$430.80
Non-Residential Tax	\$535.24	\$531.53	\$570.96	\$603.43	\$616.50	\$623.20

FY 2017 BUDGET RECOMMENDATIONS

THE FISCAL YEAR 2017 BUDGET DEVELOPMENT PROCESS

In accordance with 2012 Act 162 § E.100.2 (a) and (b), the development process for the Governor's Budget Recommendations includes public participation and a current services budget.

Public Participation – Public Budget Forums

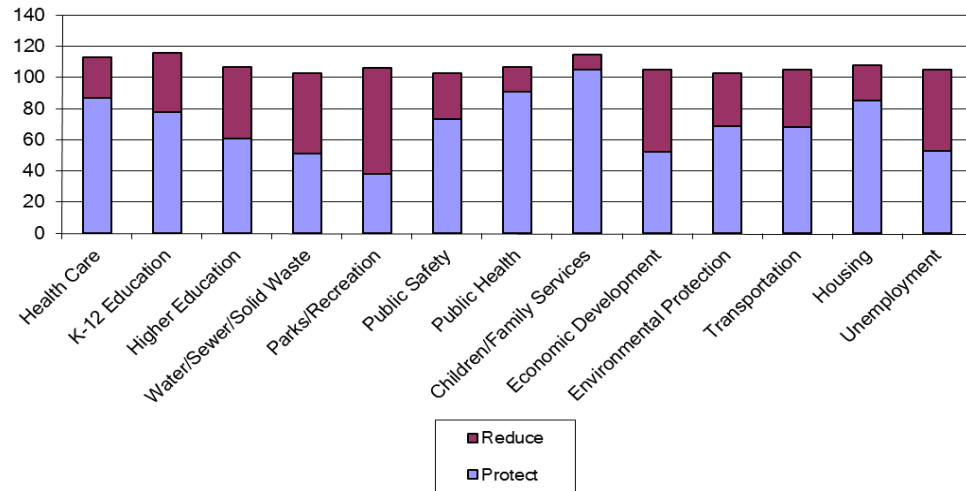
The Secretary of Administration and Commissioner of Finance held two webinars on November 23rd utilizing GoToWebinar. The first webinar focused on Human Services and the second focused on General Government.

The Human Services webinar had 100 people register to participate with 19 people choosing to provide comments. The General Government webinar had 41 people register to participate with 8 people providing comments. Last year a total of 65 participants attended at least one of the two meetings. Additionally, 25 written comments were received from several participants including some that spoke during the webinar.

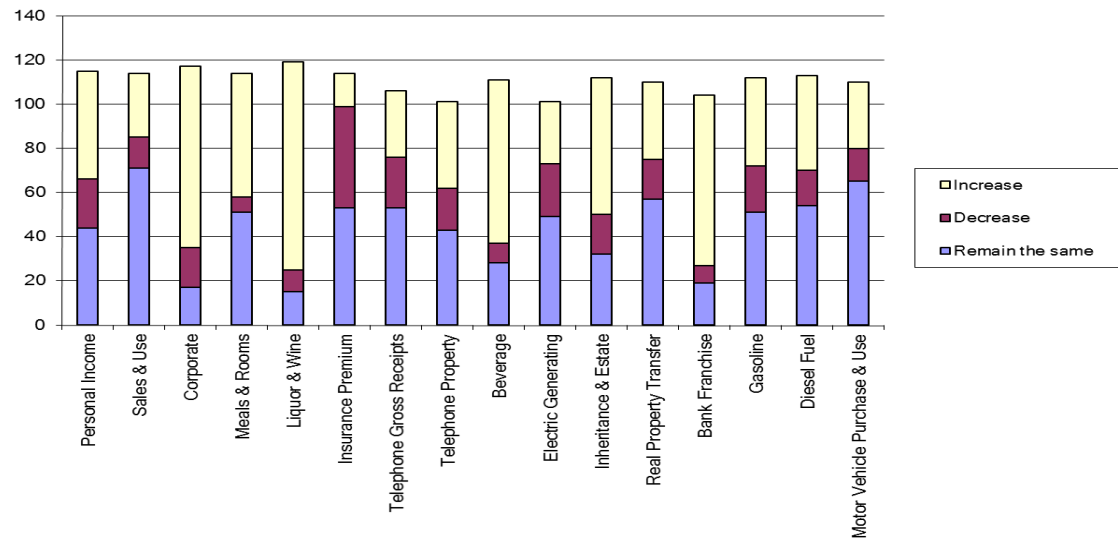
This year the on-line survey drew 184 participants with the equivalent of 121 surveys being filled out completely compared to 173 online surveys last year.

Videos of the webinar and results of the survey can be found here <http://finance.vermont.gov/news/FY17BudgetForum>

Which areas of spending would you consider reducing - and which would you protect in order to balance the state budget?



Which areas of revenue would you consider reducing, increasing or think they should remain the same in order to balance the state budget?



Current Services Budget (per 2012 Act 162 § E.100.2 (b))

A current services budget measures how much it will cost the State in an upcoming budget period to deliver the same quantity and quality of services being delivered in the current budget period. A current services budget takes into account the impact of factors such as: inflation and other changes in the per-person cost of providing the programs and services; any expected changes in the number of people utilizing those services and benefits due to population growth or other factors; any previously enacted changes that have not been phased in, ongoing formula-based adjustments, and other factors that would require statutory changes to undo; and collective bargaining agreements.

A current services budget does not take into account the impact of factors such as: proposed new policy or policy changes not yet enacted; new programmatic initiatives; and proposed new revenue or tax receipts.

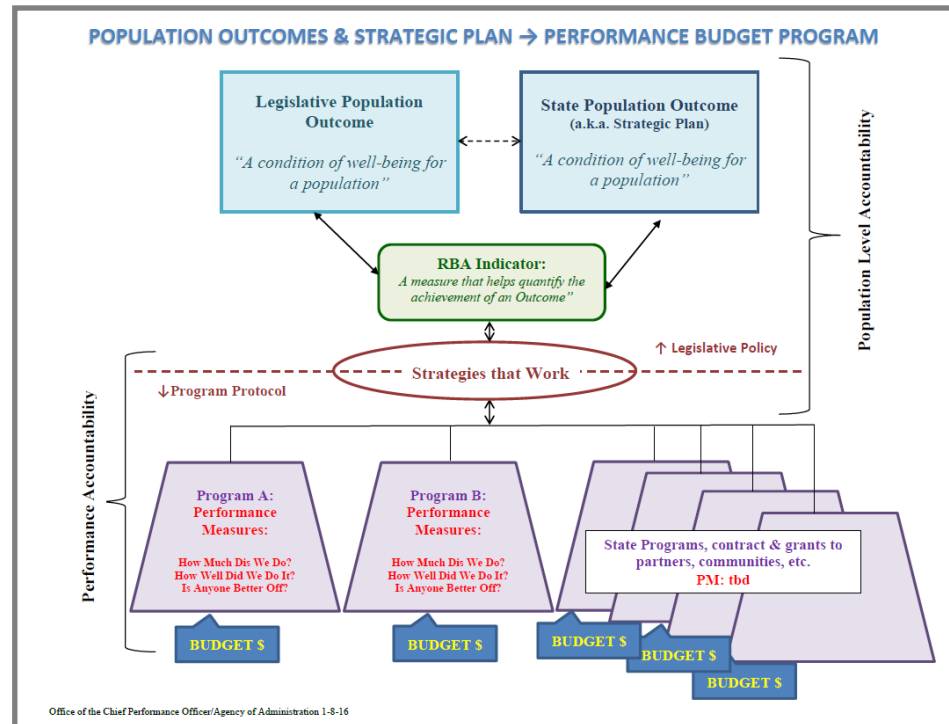
See General Fund Overview on page 14 for additional information.

FY 2017 Current Services Budget				
	FY 2016 As Passed Budget	FY 2017 Current Services Budget	FY 2017 Governor's Recommend	Difference
Projected Revenues				
Current Law Revenues (Jan. 19, 2016 - E-board)	1,425.24	1,473.50	1,473.50	-
Direct Apps and Reversions	33.67	39.18	39.18	-
Mutual Fund Fee Increase	-	-	13.20	13.20
Excess Property Transfer Tax	10.66	-	11.14	11.14
VEDA debt forgiveness (estimate)	(0.05)	(0.05)	(0.05)	-
Rainy Day fund Used	4.30	-	-	-
Tax Data Warehouse	-	0.99	0.99	-
Total Projected Revenue	1,473.82	1,513.61	1,537.96	24.34
Projected Expenditures				
General Government	42.17	42.30	42.30	-
Renter/Homeowner Rebate & Use Tax Reimbursement	36.09	34.64	34.64	-
Protection	132.23	139.60	139.60	-
Human Services	655.02	696.45	696.45	-
Pregnant persons between 138% & 213% to the Exchange	-	-	(2.25)	(2.25)
Update Involuntary Medication Policy	-	-	(2.28)	(2.28)
Medicaid Rate Increases	-	-	4.84	4.84
Opioid Addiction Services	-	-	0.34	0.34
Veterans' Home	5.48	5.92	5.92	-
GMCB	2.34	3.13	3.13	-
All Payer Model	-	-	0.29	0.29
RSVP/Commission on Women	0.50	0.50	0.50	-
Labor	3.26	3.31	3.31	-
Education, Teachers Retirement & Health Care	98.25	110.31	110.31	-
Transfer to the Education Fund	303.34	305.90	305.90	-
Higher Education	83.28	83.28	83.28	-
Natural Resources	27.66	27.11	27.11	-
Commerce and Community Development	15.57	15.82	15.82	-
Debt Service	67.34	71.12	71.12	-
One time Appropriations	(6.73)	0.50	0.50	-
Pay Act - Steps	4.00	4.73	4.73	-
Video Arraignment	-	-	0.10	0.10
Tax IT Security & Building Security	-	-	1.35	1.35
Total Projected Expenditures	1,469.80	1,544.64	1,547.02	2.39
Allocate Expenditures to the State Health Care Resources Fund		(10.78)	(27.80)	(17.02)
Total (shortfall)/Surplus	4.02	(20.25)	18.73	38.98
Transfers & Reserves				
To Next Generation Fund	(2.99)	(2.99)	(2.99)	-
Additional Next Generation Investments	-	-	(1.88)	(1.88)
To Enterprise Fund	-	-	(0.50)	(0.50)
Stabilization Reserve	(1.03)	(3.06)	(3.06)	-
Reserved for Current 53rd Week Medicaid Costs	-	(10.30)	(10.30)	-
Subtotal Transfers & Reserves	(4.02)	(13.36)	(18.73)	(5.37)
Grand Total	(0.00)	(33.61)	(0.00)	33.61

Performance Accountability - FY 2017 Governor's Budget Recommendation

Since the FY 2015 Governor's Budget Recommendations, a Programmatic Performance Measure Program has been expanding. From an initial start of 11 departments reporting on performance measures associated with 13 programs/activities, we have grown the effort to include more than 50 programs across departments/units for FY 2017. The State's Chief Performance Officer is charged with overseeing the estimated 3 to 5 year implementation of this initiative (2014 Act 186), supported by the Legislature, the Executive Branch, and a number of Vermont non-profit early adopters. Annual Progress Reports are due to the General Assembly and various Committees of Jurisdiction each July.

This year Committees of Jurisdiction will be reviewing the Programmatic Performance Measure Budget information. The Committees will be working with departments to determine whether the Population-Level Indicators, initially passed in 2014 Act 186 and proposed for amendment in H.521 and S.198, are the most informative Indicators.



Details of the programs/measures submitted as part of the FY 2017 Governor's Budget Recommendations and additional information about the Performance Accountability initiative will be available at: http://spotlight.vermont.gov/performance_measures.

GOVERNOR SHUMLIN'S FISCAL YEAR 2017 KEY BUDGET ITEMS

- ◆ Supports a General Fund (GF) budget of \$1.53 billion, an increase in GF spending of 3.03%, over the FY2016 Recommended Budget Adjustment. The total unduplicated appropriation request for all funds is \$5.81 billion, an increase of 2.55% over the 2016 Recommended Governor's Budget Adjustment.
- ◆ Maintains the General, Transportation and Education Funds (GF, TF and EF) Budget Stabilization Reserves at statutory levels.
- ◆ Maintains existing balance in the General Fund Balance Reserves at \$6.8 million.
- ◆ Provides \$1.0 million in funding for a College Saving Program to ensure every child born in Vermont will receive a \$250 contribution to start a savings plan. For low-income Vermonters the state will double the contribution to \$500.
- ◆ Fully funds the statutory General Fund transfer to the Education Fund and the actuarial recommendations for State Employees' and State Teachers' pension plans.
- ◆ Funds the FY 2017 estimated "Step" increases for State employees at \$4.7 million.
- ◆ Does not rely on one-time funding for base appropriations. The following one-time expenditures are included in this budget:
 - ◇ The implementation of the SPLUNK Information Technology security system within the Department of Tax;
 - ◇ 2016 elections cost within Secretary of State's Office;
 - ◇ Funding to the Judiciary for the expansion of the Video Arraignment Project;
 - ◇ Covers costs associated with the 53rd week of Medicaid through the use of \$3.5 million in one-time funds and the balance in base funding.
- ◆ Maintains funding for the Next Generation workforce development programs.
- ◆ Supports expanded treatment in our efforts to battle opiate addiction by funding the utilization of the opioid antagonist Narcan, expanding the syringe exchange program, and growing the successful Hub and Spoke program by adding a new Hub in northwestern Vermont, scheduled to open in January of 2017.
- ◆ Includes \$9.9 million (\$6.6 GF) to support the child welfare system and address the caseload growth at the Department for Children and Families and the court system, a result of opiate addiction. This proposal funds 35 new positions and other associated expenditures within the Department for Children and Families, adds 2 new attorney positions and increases in contracted attorneys in the Office of the Defender General, provides 3.3 new positions at the Department of State's Attorneys, and includes an additional judge in the Judicial branch.
- ◆ Continues effort to support health care reform while addressing Medicaid caseload and utilization pressures by: implementing an involuntary medication policy that is best for patient care and safety; ensuring access to long-acting reversible contraceptives (LARC); continuing efforts to evaluate and re-determine Medicaid eligibility of enrolled individuals; adding pregnancy as a change of circumstance to allow insurance enrollment on Vermont Health Connect; increasing reimbursements rates for dentists and primary care physicians to ensure access to care; and adopting best practices in reimbursement for services.
- ◆ Includes an expansion of the Provider Tax to physicians and dentists to begin to address equity issues in the current tax base. A 2.35% tax rate on the two provider classes is estimated to raise \$17 million for the State Health Care Resources Fund to support Medicaid.

- ◆ Restores \$400,000 to the Vermont Enterprise Fund and expands it by \$100,000 for a total of \$500,000 to incentivize economic development.
- ◆ Adds \$35,000 to the Arts Council to provide 1-1 match for the National Endowment of the Arts funding.
- ◆ Includes \$2 million, half from the General Fund and half from Capital Funds, to improve safety for State employees and the Vermonters who visit State facilities.
- ◆ As a result of the continued demographic change and drop in the Corrections population, this budget proposes to close the Community High School of Vermont field sites, close the work camp portion of the St. Johnsbury Correctional Facility, and reduce by 43 the out-of-state bed count and associated expenditures.
- ◆ Includes funding and additional positions at the Green Mountain Care Board to support the roll out of the “All Payer Model”.
- ◆ The Transportation budget uses forecasted Transportation Fund (TF) and TIB Fund revenue, a \$2.5 million decrease to TF used by Public Safety, and a \$9.5 million fee bill to fully match federal funds available from the newly passed federal FAST Act. VTrans, the Department of Motor Vehicles, and town highway programs are funded to support continued level of services. VTrans expects to improve 200 miles of State highways, repair or replace more than 140 bridges, and perform preventative maintenance on 25 structures.
- ◆ Includes funding the recommendations proposed by the Clean Water Board at the Agencies of Agriculture, Transportation, and Natural Resources to continue the ongoing effort to clean up Vermont’s lakes and rivers and meet the requirements of the Lake Champlain TMDL.

The Fiscal Year 2017 General Fund Overview

FY 2017 General Fund Overview

Category	Revenue (\$ millions)	Appropriations & Net Transfers	(Shortfall)/ Surplus
Projected Revenue			
Current Law Revenue (January 19, 2016 - Emergency Board)	\$ 1,473.50		
Direct Applications & Reversions	35.00		
VEDA write-off (estimated)	(0.05)		
Total Available Revenue FY 2017	1,508.45		
FY 2017 Budget Needs			
Base Appropriations		1,469.80	
Base Pressures			
Replace AHS & Vets Home FY 2016 one-time funds		5.09	
Human Services - Caseload & Utilization		33.16	
Other DVHA Pressures		18.88	
All Other Agency of Human Services		7.52	
Other Human Services (Veterans' Home, GMCB)		0.40	
FY 2016 Annualization of Pay Act and Benefit Changes		18.21	
FY 2016 Pay Act Appropriation		(4.00)	
FY 2017 Pay Act Appropriation		4.75	
FY 2016 Net Labor & Administrative Reductions		(0.43)	
Municipal Current Use, Homeowner & Renter Rebate		(1.47)	
Protection & JTOC		3.64	
Education - GF to EF increase		2.56	
VT Teachers Retirement System		12.30	
Debt Service		3.78	
Natural Resources		0.01	
Labor, Education, Commerce & Community Development		0.25	
Transition Team & Primaries		0.50	
Administration & General Government		0.13	
Internal Service Fund Changes		1.45	
Subtotal: Base Pressures		106.73	
Total (Shortfall)/Surplus	\$ 1,508.45	\$ 1,576.53	\$ (68.08)
Revenue Adjustments			
Revenue from Mutual Fund Fee	13.20		
Tax Data Warehouse	0.99		
Increase in PTT to General Fund	11.14		
Subtotal: Revenue Adjustments	25.33		
Appropriation & Transfer Adjustments			
Agency of Human Services Net Increase in Federal Funds		(5.99)	
Agency of Human Services Savings Adjustments		(17.25)	
Allocate Expenditures to State Health Care Resources Fund		(27.80)	
Higher Education Investments		1.88	
Annualization of FY 2016 Retirement Incentive		(4.71)	
Subtotal: Appropriation & Transfer Adjustments		(53.88)	
One-Time Adjustments			
Increase in Direct Applications & Reversions	4.18		
One time Appropriations		1.95	
Reserve for 53rd week Medicaid Expenditures		10.30	
Budget Stabilization Reserve Increase to meet Statutory 5%		3.06	
Subtotal: One-Time Adjustments	4.18	15.31	
Total: Adjustments	29.51	(38.57)	68.08
Total General Fund	\$ 1,537.96	\$ 1,537.96	\$0.00

FY 2017 General Fund Overview

The budget process began with two Public Budget Forums and the submission of FY 2017 budget requests from agencies and departments. Regular meetings with the Secretary of Administration and the Governor yielded a budget balanced to the projected available revenues.

The Governor's Budget Recommendations were calculated based on the Consensus Revenue Forecast adopted by the Emergency Board on January 19, 2016, just prior to the Governor's budget address to the General Assembly on January 21, 2016.

A combination of revenue and expenditure adjustments and increases from special and federal funds, were used to bring the GF budget into balance.

TOTAL APPROPRIATIONS HISTORY FY 2013 - FY 2017 (All Funds)

Funding Sources	FY 2013 Final Appropriation	FY 2014 Final Appropriation	FY 2015 Final Appropriation	FY 2016 Gov's Rec Budget Adjustment (a)	FY 2017 Governor's Recommend Budget (b)
General Fund (GF)	1,323,218,807	1,386,182,592	1,428,543,926	1,484,479,215	1,529,528,357
Transportation Fund	231,553,454	252,600,945	255,870,594	266,764,380	277,980,739
Education Fund (EF)	1,394,947,511	1,464,535,039	1,514,319,727	1,551,781,046	1,281,146,250
Special Funds & Other Funds ^(c)	599,217,372	599,281,068	606,170,170	635,658,941	645,424,575
Sub-Total	3,548,937,144	3,702,599,644	3,804,904,417	3,938,683,582	3,734,079,921
Adjust for inter-fund appropriation: GF Transfer to EF	(282,317,280)	(288,921,564)	(295,816,793)	(303,343,381)	-
Total State Funds after EF Transfer	3,266,619,864	3,413,678,080	3,509,087,624	3,635,340,201	3,734,079,921
percent of total	63.32%	63.36%	62.84%	64.17%	64.27%
Federal Funds	1,778,138,046	1,870,179,874	1,984,927,906	1,989,064,061	2,033,538,377
Federal ARRA Funds ^(d)	12,937,704	2,633,074	3,034,523	1,390,158	1,891,423
Total Funds Before Dedicated Dollars	5,057,695,614	5,286,491,028	5,497,050,053	5,625,794,420	5,769,509,721
percent of total	98.03%	98.13%	98.45%	99.30%	99.30%
Dedicated Sources					
Local Match	2,919,356	2,183,313	2,592,411	2,574,285	2,315,416
TIB Bond Proceeds	10,000,000	10,387,500	-	-	-
Enterprise Funds	10,317,798	10,239,075	11,627,151	12,020,634	12,244,173
Debt Service Obligation Funds	3,930,966	2,393,683	2,502,313	2,504,913	2,501,413
Pension & Private Purpose Trust Funds ^(e)	74,263,304	75,785,336	70,056,243	22,535,714	23,329,301
Sub-Total	101,431,424	100,988,907	86,778,118	39,635,546	40,390,303
Total Funds and Dedicated Sources	5,159,127,038	5,387,479,935	5,583,828,171	5,665,429,966	5,809,900,024
percent of total	100.00%	100.00%	100.00%	100.00%	100.00%
Fund Sources that are duplicated in the					
Internal Service Funds	77,516,712	90,946,278	92,513,655	108,808,551	112,612,787
Interdepartmental Transfer	45,419,960	53,853,790	58,976,708	64,919,845	59,215,853
Interdepartmental Transfer - ARRA	-	-	-	-	-
Global Commitment Fund	1,160,136,750	1,254,325,538	1,408,785,998	1,389,582,170	1,616,530,111
Total	1,283,073,422	1,399,125,606	1,560,276,361	1,563,310,566	1,788,358,751
Memo: Total All Appropriations	6,724,517,740	7,075,527,105	7,439,921,325	7,532,083,913	7,598,258,775

NOTES:

(a) Governor's FY 2016 Budget Adjustment Recommendation presented to House Appropriations on December 14, 2015 and to the General Assembly on January 21, 2016.

(b) Governor's Budget Recommendations presented to the General Assembly on January 21, 2016..

(c) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, Catamount, State Health Care Resources, Transportation Infrastructure Bond Funds.

(d) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

(e) Includes Permanent trust funds, Pension funds, Retired Teachers' Health Fund and Private purpose trust funds.

STATE OF VERMONT - FY 2017 GOVERNOR'S BUDGET - GOVERNOR'S RECOMMEND

Funding Sources	FY 2016 BUDGET GOV. BAA ^(a)	FY 2017 GOVERNOR'S BUDGET ADJUSTMENT ^(b)	% Change from BAA	All General Government			Total Human Services		
				General Government	Property Tax Assistance ^(c)	Protection to Persons & Property	Corrections	Non-GC/Medicaid	GC/Medicaid/ LTC Federal & State Only
General Fund (GF)	1,484,479,215	1,529,528,357	3.03%	42,301,945	34,641,776	139,602,263	144,097,358	174,267,047	360,785,726
Transportation Fund	266,764,380	277,980,739	4.20%	4,014,502	-	20,250,000	-	-	-
Education Fund (EF)	1,551,781,046	1,587,048,884	2.27%	-	10,705,000	-	3,109,463	-	-
Special Funds ^(d)	635,658,941	645,424,575	1.54%	10,938,144	-	83,592,650	1,385,786	374,287,570	55,651,773
Sub-Total	3,938,683,582	4,039,982,555	2.57%	57,254,591	45,346,776	243,444,913	148,592,607	548,554,617	416,437,499
Adjust for inter-fund appropriation: GF Transfer to EF	(303,343,381)	(305,902,634)	0.84%	-	-	-	-	-	-
Total State Funds after EF Transfer	3,635,340,201	3,734,079,921	2.72%	57,254,591	45,346,776	243,444,913	148,592,607	548,554,617	416,437,499
percent of total	64.17%	64.27%		1.53%	1.21%	6.52%	3.98%	14.69%	11.15%
Federal Funds	1,989,064,061	2,033,538,377	2.24%	861,098	-	64,642,371	-	365,089,821	1,033,930,991
Federal ARRA Funds ^(e)	1,390,158	1,891,423	36.06%	-	-	650,000	-	-	-
Total Funds Before Dedicated Dollars	5,625,794,420	5,769,509,721	2.55%	58,115,689	45,346,776	308,737,284	148,592,607	913,644,438	1,450,368,490
percent of total	99.30%	99.30%		1.01%	0.79%	5.35%	2.58%	15.84%	25.14%
Dedicated Sources									
Local Match	2,574,285	2,315,416	-10.06%	-	-	-	-	-	-
Enterprise Funds	12,020,634	12,244,173	1.86%	3,423,486	-	8,088,319	-	-	-
Debt Service Obligation Funds	2,504,913	2,501,413	-0.14%	-	-	-	-	-	-
Pension Trust & Private Purpose Trust Funds	22,535,714	23,329,301	3.52%	13,662,408	-	-	-	25,000	-
Sub-Total	39,635,546	40,390,303	1.90%	17,085,894	-	8,088,319	-	25,000	-
Total Funds and Dedicated Sources	5,665,429,966	5,809,900,024	2.55%	75,201,583	45,346,776	316,825,603	148,592,607	913,669,438	1,450,368,490
	100.00%	100.00%		1.29%	0.78%	5.45%	2.56%	15.73%	24.96%
Funds Sources that are duplicated in the									
Internal Service Funds	108,808,551	112,612,787	3.50%	90,972,965	-	-	1,908,035	-	-
Interdepartmental Transfer	64,919,845	59,215,853	-8.79%	9,005,235	-	12,737,631	624,799	24,983,620	40,000
Global Commitment Fund	1,389,582,170	1,616,530,111	16.33%	-	-	90,278	5,387,869	1,605,637,551	-
Total	1,563,310,566	1,788,358,751	14.40%	99,978,200	-	12,827,909	7,920,703	1,630,621,171	40,000
Memo: Total All Appropriations	7,532,083,913	7,904,161,409	4.94%	175,179,783	45,346,776	329,653,512	156,513,310	2,544,290,609	1,450,408,490

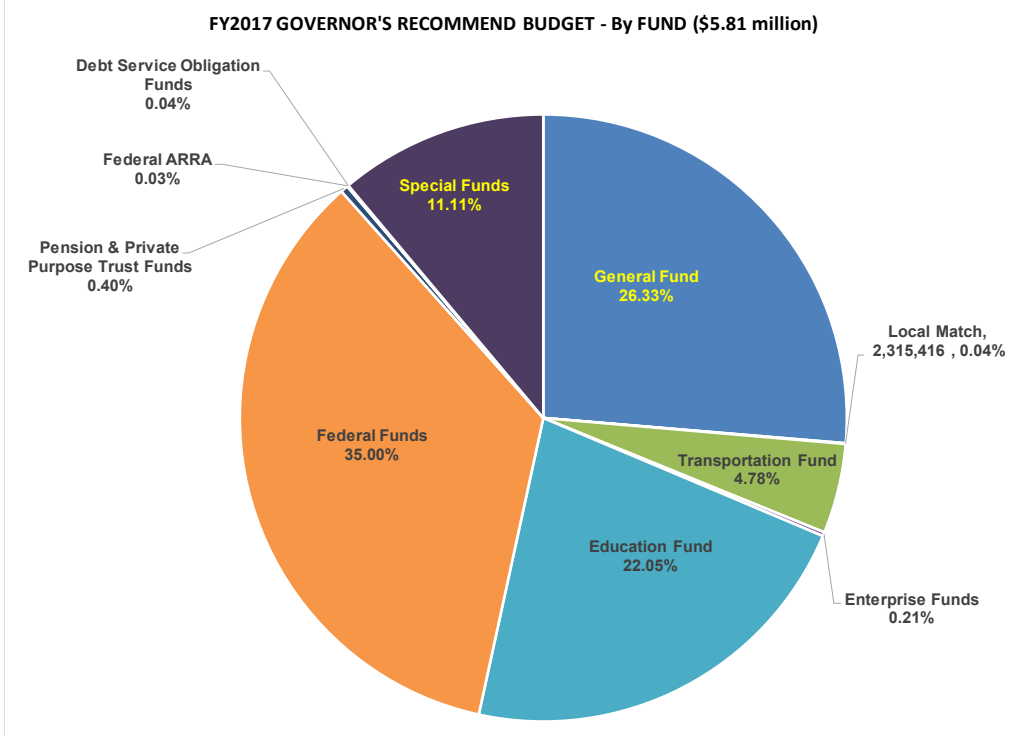
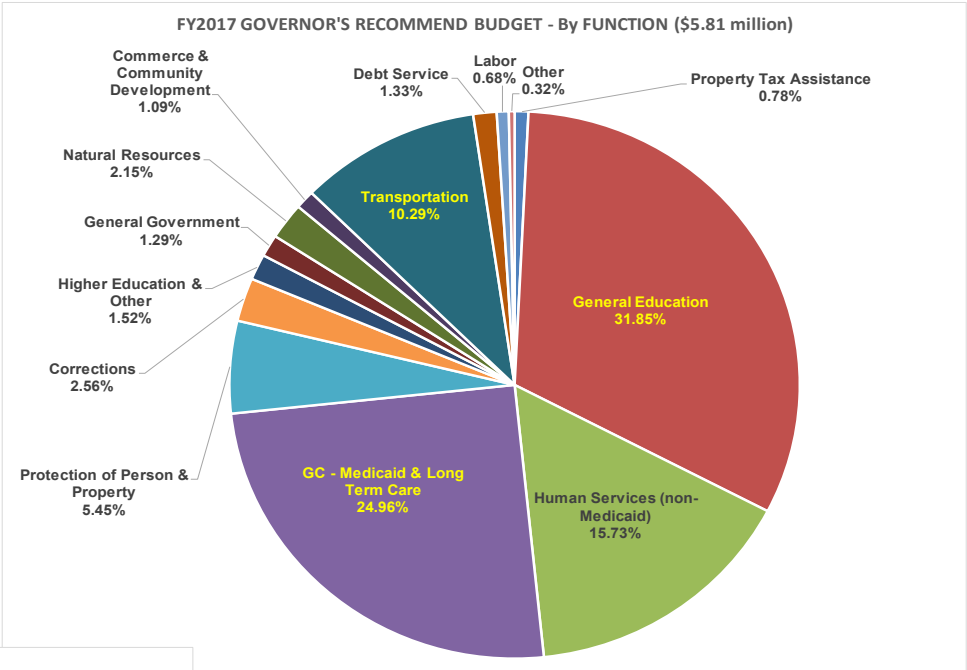
NOTES (both pages):

- (a) FY 2016 Budget Adjustment Governor's Recommend was presented to the House Appropriations Committee on December 14, 2015.
- (b) FY 2017 Governor's Budget Recommendation, presented to the General Assembly January 21, 2016.
- (c) Includes Homeowner rebate; Renter rebate; reappraisal and listing payments; and municipal current use.
- (d) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, and Transportation Infrastructure Bond Funds.
- (e) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

STATE OF VERMONT - FY 2017 GOVERNOR'S BUDGET - GOVERNOR'S RECOMMEND

Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	Other
General Fund (GF)	3,314,311	416,211,446	83,281,346	27,106,133	15,823,541	-	71,119,465	16,976,000
Transportation Fund	-	-	-	-	-	249,982,148	1,884,089	1,850,000
Education Fund (EF)	-	1,573,234,421	-	-	-	-	-	-
Special Funds ^(d)	3,363,869	21,193,794	4,868,000	54,167,813	21,518,596	14,120,580	336,000	-
Sub-Total	6,678,180	2,010,639,661	88,149,346	81,273,946	37,342,137	264,102,728	73,339,554	18,826,000
Adjust for inter-fund appropriation: GF Transfer to EF	-	(305,902,634)	-	-	-	-	-	-
Total State Funds after EF Transfer	6,678,180	1,704,737,027	88,149,346	81,273,946	37,342,137	264,102,728	73,339,554	18,826,000
percent of total	0.18%	45.65%	2.36%	2.18%	1.00%	7.07%	1.96%	0.50%
Federal Funds	32,805,942	136,221,887	-	43,637,187	25,196,193	331,152,887	-	-
Federal ARRA Funds ^(e)	-	-	-	-	-	90,899	1,150,524	-
Total Funds Before Dedicated Dollars	39,484,122	1,840,958,914	88,149,346	124,911,133	62,538,330	595,346,514	74,490,078	18,826,000
percent of total	0.68%	31.91%	1.53%	2.17%	1.08%	10.32%	1.29%	0.33%
Dedicated Sources								
Local Match	-	-	-	-	-	2,315,416	-	-
Enterprise Funds	-	-	-	-	732,368	-	-	-
Debt Service Obligation Funds	-	-	-	-	-	-	2,501,413	-
Pension Trust & Private Purpose Trust Funds	-	9,640,893	-	1,000	-	-	-	-
Sub-Total	-	9,640,893	-	1,000	732,368	2,315,416	2,501,413	-
Total Funds and Dedicated Sources	39,484,122	1,850,599,807	88,149,346	124,912,133	63,270,698	597,661,930	76,991,491	18,826,000
	0.68%	31.85%	1.52%	2.15%	1.09%	10.29%	1.33%	0.32%
Funds Sources that are duplicated in the								
Internal Service Funds	-	-	-	-	-	19,731,787	-	-
Interdepartmental Transfer	1,708,503	1,324,368	-	7,695,501	342,630	753,566	-	-
Global Commitment Fund	-	958,735	4,455,678	-	-	-	-	-
Total	1,708,503	2,283,103	4,455,678	7,695,501	342,630	20,485,353	-	-
Memo: Total All Appropriations	41,192,625	2,158,785,544	92,605,024	132,607,634	63,613,328	618,147,283	76,991,491	18,826,000

FY 2017 Governor's Budget Recommendations, by Government Function



FY 2017 Governor's Budget Recommendations, by Fund

FISCAL YEAR 2017 GOVERNOR'S BUDGET RECOMMENDATION
All Funds by Department

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Duplicate Appropriations (d)		FY 2017 Governor's Recommend Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
GENERAL GOVERNMENT													
Agency of Administration:													
Secretary of Administration	1,290,708	-	-	-	1,290,708	-	-	1,290,708	-	1,290,708	-	2,986,134	4,276,842
Secretary of Administration - Insurance	-	-	-	-	-	-	-	-	-	-	-	1,747,079	1,747,079
Information and Innovation	-	-	-	-	-	-	-	-	-	-	-	39,787,997	39,787,997
Finance & Management	1,133,838	-	244,912	-	1,378,750	-	-	1,378,750	-	1,378,750	-	3,465,760	4,844,510
Human Resources	1,823,395	-	-	-	1,823,395	-	-	1,823,395	-	1,823,395	-	10,238,567	12,061,752
Libraries	2,307,163	-	104,857	-	2,412,020	861,098	-	3,273,118	-	3,273,118	-	97,002	3,370,120
Tax	16,349,276	-	1,370,888	-	17,720,164	-	-	17,720,164	-	17,720,164	-	142,566	17,862,730
Buildings and General Services	2,044,562	4,014,502	61,845	-	6,120,909	-	-	6,120,909	30,157	6,151,066	-	37,600,223	43,751,289
Total Agency of Administration	24,948,942	4,014,502	1,782,502	-	30,745,946	861,098	-	31,607,044	30,157	31,637,201	-	96,065,118	127,702,319
Executive Office	1,695,176	-	-	-	1,695,176	-	-	1,695,176	-	1,695,176	-	393,087	2,088,263
Legislative Council	4,188,198	-	-	-	4,188,198	-	-	4,188,198	-	4,188,198	-	-	4,188,198
Legislature	7,264,775	-	-	-	7,264,775	-	-	7,264,775	-	7,264,775	-	-	7,264,775
Joint Fiscal Office	1,648,880	-	-	-	1,648,880	-	-	1,648,880	-	1,648,880	-	-	1,648,880
Sergeant at Arms	671,374	-	-	-	671,374	-	-	671,374	-	671,374	-	-	671,374
Lt. Governor	194,487	-	-	-	194,487	-	-	194,487	-	194,487	-	-	194,487
Auditor of Accounts	393,307	-	53,145	-	446,452	-	-	446,452	-	446,452	-	3,372,324	3,818,776
State Treasurer	1,022,452	-	2,471,709	-	3,494,161	-	-	3,494,161	1,125,701	4,619,862	-	108,272	4,728,134
State Employees/Municipal Retirement Systems	-	-	-	-	-	-	-	-	12,536,707	12,536,707	-	-	12,536,707
Labor Relations Board	237,743	-	6,788	-	244,531	-	-	244,531	-	244,531	-	2,788	247,319
VOSHA Review Board	36,611	-	-	-	36,611	-	-	36,611	-	36,611	-	36,611	73,222
Homeowner rebate	16,200,000	-	-	-	16,200,000	-	-	16,200,000	-	16,200,000	-	-	16,200,000
Renter rebate	3,120,000	-	-	7,280,000	10,400,000	-	-	10,400,000	-	10,400,000	-	-	10,400,000
Reappraisal and listing payments	-	-	-	3,425,000	3,425,000	-	-	3,425,000	-	3,425,000	-	-	3,425,000
Use Tax Reimbursement - municipal current use	15,321,776	-	-	-	15,321,776	-	-	15,321,776	-	15,321,776	-	-	15,321,776
Lottery	-	-	-	-	-	-	-	-	3,393,329	3,393,329	-	-	3,393,329
PILOT/Montpelier Services	-	-	6,584,000	-	6,584,000	-	-	6,584,000	-	6,584,000	-	-	6,584,000
Corrections PILOT	-	-	40,000	-	40,000	-	-	40,000	-	40,000	-	-	40,000
TOTAL GENERAL GOVERNMENT	76,943,721	4,014,502	10,938,144	10,705,000	102,601,367	861,098	-	103,462,465	17,085,894	120,548,359	-	99,978,200	220,526,559
percent of total	5.03%	1.44%	1.69%	0.84%	2.75%	0.04%	0.00%	1.79%	42.30%	2.07%	0.00%	58.18%	2.90%
PROTECTION TO PERSONS AND PROPERTY													
Attorney General	4,456,920	-	2,522,448	-	6,979,368	1,067,909	-	8,047,277	-	8,047,277	-	2,409,437	10,456,714
Court Diversion	1,396,486	-	664,047	-	2,060,533	-	-	2,060,533	-	2,060,533	-	-	2,060,533
Defender General	16,341,523	-	588,552	-	16,930,075	-	-	16,930,075	-	16,930,075	-	-	16,930,075
Judiciary	39,407,330	-	2,706,490	-	42,113,820	556,455	-	42,670,275	-	42,670,275	-	2,325,272	44,995,547
State's Attorneys/SIU	12,853,021	-	105,855	-	12,958,876	31,000	-	12,989,876	-	12,989,876	-	2,508,686	15,498,562
Sheriffs	4,315,633	-	-	-	4,315,633	-	-	4,315,633	-	4,315,633	-	-	4,315,633
Public Safety	44,669,015	20,250,000	12,969,443	-	77,888,458	25,228,193	-	103,116,651	-	103,116,651	-	5,037,988	108,154,639
Military	4,010,650	-	119,718	-	4,130,368	24,974,722	-	29,105,090	-	29,105,090	-	-	29,105,090
Center for Crime Victim Services	1,264,140	-	5,072,158	-	6,336,298	6,758,593	-	13,094,891	-	13,094,891	-	-	13,094,891
Criminal Justice Training Council	2,317,482	-	-	-	2,317,482	-	-	2,317,482	-	2,317,482	-	78,333	2,395,815
Agriculture, Food and Markets	8,114,431	-	10,972,557	-	19,086,988	2,973,257	-	22,060,245	-	22,060,245	90,278	194,048	22,344,571
Dept. of Financial Regulation (formerly BISHCA)	-	-	14,659,863	-	14,659,863	-	-	14,659,863	-	14,659,863	-	67,200	14,727,063
Secretary of State	-	-	10,544,858	-	10,544,858	1,661,704	-	12,206,562	-	12,206,562	-	75,000	12,281,562
Public Service Department	-	-	14,451,869	-	14,451,869	1,002,268	650,000	16,104,137	22,568	16,126,705	-	41,667	16,168,372
Public Service Board	-	-	3,545,000	-	3,545,000	-	-	3,545,000	-	3,545,000	-	-	3,545,000
Enhanced 911 Board	-	-	4,304,830	-	4,304,830	-	-	4,304,830	-	4,304,830	-	-	4,304,830
Human Rights Commission	455,632	-	-	-	455,632	75,767	-	531,399	-	531,399	-	-	531,399
Liquor Control	-	-	364,962	-	364,962	312,503	-	677,465	8,065,751	8,743,216	-	-	8,743,216
TOTAL PROTECTION	139,602,263	20,250,000	83,592,650	-	243,444,913	64,642,371	650,000	308,737,284	8,088,319	316,825,603	90,278	12,737,631	329,653,512
percent of total	9.13%	7.28%	12.95%	0.00%	6.52%	3.18%	34.37%	5.35%	20.03%	5.45%	0.01%	7.41%	4.34%

FISCAL YEAR 2017 GOVERNOR'S BUDGET RECOMMENDATION
All Funds by Department

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Duplicate Appropriations (d)		FY 2017 Governor's Recommend Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
HUMAN SERVICES													
Human Services Agency:													
AHS - Secretary's Office	6,195,123	-	158,517	-	6,353,640	12,013,437	-	18,367,077	-	18,367,077	7,365,839	6,798,831	32,531,747
AHS - Secretary's Office - Global Commitment	305,776,029	-	357,360,344	-	663,136,373	1,004,477,016	-	1,667,613,389	-	1,667,613,389	-	40,000	1,667,653,389
Human Services Board	208,383	-	-	-	208,383	112,844	-	321,227	-	321,227	355,736	72,480	749,443
Department of VT Health Access	61,560,783	-	799,894	-	62,360,677	129,212,418	-	191,573,095	-	191,573,095	1,022,428,481	10,604,077	1,224,605,653
Health	10,409,114	-	22,567,619	-	32,976,733	55,652,887	-	88,629,620	25,000	88,654,620	63,244,832	1,121,861	153,021,313
Mental Health	1,593,826	-	434,904	-	2,028,730	3,620,435	-	5,649,165	-	5,649,165	215,841,484	20,000	221,510,649
Department for Children and Families	120,299,708	-	36,268,792	-	156,568,500	159,645,192	-	316,213,692	-	316,213,692	78,448,968	837,139	395,499,799
Disabilities, Aging and Independent Living	21,376,178	-	1,699,370	-	23,075,548	25,990,838	-	49,066,386	-	49,066,386	212,622,817	4,036,671	265,725,874
Corrections	144,097,358	-	1,385,886	3,109,463	148,592,707	470,962	-	149,063,669	-	149,063,669	5,387,869	2,532,834	156,984,372
TOTAL HUMAN SERVICES AGENCY	671,516,502	-	420,675,326	3,109,463	1,095,301,291	1,391,196,029	-	2,486,497,320	25,000	2,486,522,320	1,605,696,026	26,063,893	4,118,282,239
Veterans' Home	5,923,637	-	8,655,269	-	14,578,906	7,375,975	-	21,954,881	-	21,954,881	410,986	-	22,365,867
Commission on Women	352,011	-	5,000	-	357,011	-	-	357,011	-	357,011	-	-	357,011
RSVP	151,096	-	-	-	151,096	-	-	151,096	-	151,096	-	-	151,096
Green Mountain Care Board	1,206,885	-	1,989,534	-	3,196,419	448,808	-	3,645,227	-	3,645,227	4,918,408	1,492,561	10,056,196
TOTAL HUMAN SERVICES	679,150,131	-	431,325,129	3,109,463	1,113,584,723	1,399,020,812	-	2,512,605,535	25,000	2,512,630,535	1,611,025,420	27,556,454	4,151,212,409
percent of total	44.69%	0.00%	66.61%	0.24%	29.88%	68.80%	0.00%	43.61%	0.06%	43.30%	99.66%	16.04%	54.69%
Labor	3,314,311	-	3,363,869	-	6,678,180	32,805,942	-	39,484,122	-	39,484,122	-	1,708,503	41,192,625
TOTAL LABOR	3,314,311	-	3,363,869	-	6,678,180	32,805,942	-	39,484,122	-	39,484,122	-	1,708,503	41,192,625
percent of total	0.22%	0.00%	0.52%	0.00%	0.18%	1.61%	0.00%	0.69%	0.00%	0.68%	0.00%	0.99%	0.54%
GENERAL EDUCATION													
Agency of Education	9,326,652	-	21,193,794	1,573,234,421	1,603,754,867	136,221,887	-	1,739,976,754	-	1,739,976,754	958,735	1,324,368	1,742,259,857
GF Appropriation to Education Fund	305,902,634	-	-	(305,902,634)	-	-	-	-	-	-	-	-	-
Teachers' Retirement	100,982,160	-	-	-	100,982,160	-	-	100,982,160	9,640,893	110,623,053	-	-	110,623,053
TOTAL GENERAL EDUCATION	416,211,446	-	21,193,794	1,267,331,787	1,704,737,027	136,221,887	-	1,840,958,914	9,640,893	1,850,599,807	958,735	1,324,368	1,852,882,910
percent of total	27.39%	0.00%	3.27%	98.92%	45.75%	6.70%	0.00%	31.95%	23.87%	31.89%	0.06%	0.77%	#DIV/0!
HIGHER EDUCATION AND OTHER													
University of Vermont	38,462,877	-	-	-	38,462,877	-	-	38,462,877	-	38,462,877	4,046,217	-	42,509,094
Vermont Public Television	271,103	-	-	-	271,103	-	-	271,103	-	271,103	-	-	271,103
Vermont State Colleges	25,048,778	-	-	-	25,048,778	-	-	25,048,778	-	25,048,778	409,461	-	25,458,239
Vermont Interactive TV	-	-	-	-	-	-	-	-	-	-	-	-	-
Vermont Student Assistance Corp.	19,414,588	-	-	-	19,414,588	-	-	19,414,588	-	19,414,588	-	-	19,414,588
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000
TOTAL HIGHER EDUCATION AND OTHER	83,281,346	-	-	-	83,281,346	-	-	83,281,346	-	83,281,346	4,455,678	-	87,737,024
percent of total	5.48%	0.00%	0.00%	0.00%	2.23%	0.00%	0.00%	1.45%	0.00%	1.44%	0.28%	0.00%	#DIV/0!
NATURAL RESOURCES													
Agency of Natural Resources:													
ANR - Central Office	6,804,068	-	472,400	-	7,276,468	275,000	-	7,551,468	-	7,551,468	-	585,238	8,136,706
Fish & Wildlife	4,987,323	-	9,670,267	-	14,657,590	7,531,572	-	22,189,162	1,000	22,190,162	-	115,848	22,306,010
Forests, Parks & Recreation	6,657,488	-	11,926,445	-	18,583,933	3,586,534	-	22,170,467	-	22,170,467	-	376,749	22,547,216
Environmental Conservation	8,050,322	-	29,798,189	-	37,848,511	32,244,081	-	70,092,592	-	70,092,592	-	6,617,666	76,710,258
Total Agency of Natural Resources	26,499,201	-	51,867,301	-	78,366,502	43,637,187	-	122,003,689	1,000	122,004,689	-	7,695,501	129,700,190
Natural Resources Board	606,932	-	2,300,512	-	2,907,444	-	-	2,907,444	-	2,907,444	-	-	2,907,444
TOTAL NATURAL RESOURCES	27,106,133	-	54,167,813	-	81,273,946	43,637,187	-	124,911,133	1,000	124,912,133	-	7,695,501	132,607,634
percent of total	1.78%	0.00%	8.36%	0.00%	2.18%	2.15%	0.00%	2.17%	0.00%	2.15%	0.00%	4.48%	1.75%

FISCAL YEAR 2017 GOVERNOR'S BUDGET RECOMMENDATION

All Funds by Department

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Duplicate Appropriations (d)		FY 2017 Governor's Recommend Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	3,511,636	-	3,599,800	-	7,111,436	1,200,000	-	8,311,436	-	8,311,436	-	135,189	8,446,625
Economic Development	4,600,379	-	767,950	-	5,368,329	933,116	-	6,301,445	-	6,301,445	-	-	6,301,445
Housing & Community Development	2,623,306	-	4,853,038	-	7,476,344	8,273,908	-	15,750,252	-	15,750,252	-	107,441	15,857,693
Tourism & Marketing	3,094,386	-	-	-	3,094,386	-	-	3,094,386	732,368	3,826,754	-	100,000	3,926,754
Total Agency of Commerce & Comm Development	13,829,707	-	9,220,788	-	23,050,495	10,407,024	-	33,457,519	732,368	34,189,887	-	342,630	34,532,517
Council on the Arts	680,307	-	-	-	680,307	-	-	680,307	-	680,307	-	-	680,307
Vermont Symphony Orchestra	141,214	-	-	-	141,214	-	-	141,214	-	141,214	-	-	141,214
VT Historical Society	954,354	-	-	-	954,354	-	-	954,354	-	954,354	-	-	954,354
Housing & Conservation Trust	-	-	12,297,808	-	12,297,808	14,789,169	-	27,086,977	-	27,086,977	-	-	27,086,977
VT Humanities Council	217,959	-	-	-	217,959	-	-	217,959	-	217,959	-	-	217,959
TOTAL COMMERCE & COMMUNITY DEV.	15,823,541	-	21,518,596	-	37,342,137	25,196,193	-	62,538,330	732,368	63,270,698	-	342,630	63,613,328
percent of total	1.03%	0.00%	3.33%	0.00%	1.00%	1.24%	0.00%	1.08%	1.81%	1.09%	0.00%	0.20%	0.84%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	178,420,171	10,934,249	-	189,354,420	302,166,271	90,899	491,611,590	1,110,866	492,722,456	-	19,900,353	512,622,809
AOT Dept. of Motor Vehicles	-	27,416,335	-	-	27,416,335	1,388,720	-	28,805,055	-	28,805,055	-	105,000	28,910,055
AOT Town Highway, Bridges & Municipal	-	43,916,397	3,186,331	-	47,102,728	27,597,896	-	74,700,624	1,204,550	75,905,174	-	480,000	76,385,174
Total Agency of Transportation	-	249,752,903	14,120,580	-	263,873,483	331,152,887	90,899	595,117,269	2,315,416	597,432,685	-	20,485,353	617,918,038
Transportation Board	-	229,245	-	-	229,245	-	-	229,245	-	229,245	-	-	229,245
TOTAL TRANSPORTATION	-	249,982,148	14,120,580	-	264,102,728	331,152,887	90,899	595,346,514	2,315,416	597,661,930	-	20,485,353	618,147,283
percent of total	0.00%	89.93%	2.19%	0.00%	7.07%	16.28%	4.81%	10.32%	5.73%	10.29%	0.00%	11.92%	8.14%
Debt Service	71,119,465	1,884,089	336,000	-	73,339,554	-	1,150,524	74,490,078	2,501,413	76,991,491	-	-	76,991,491
DEBT SERVICE	71,119,465	1,884,089	336,000	-	73,339,554	-	1,150,524	74,490,078	2,501,413	76,991,491	-	-	76,991,491
percent of total	4.65%	0.68%	0.05%	0.00%	1.96%	0.00%	60.83%	1.29%	6.19%	1.33%	0.00%	0.00%	1.01%
Next Generation	-	-	4,868,000	-	4,868,000	-	-	4,868,000	-	4,868,000	-	-	4,868,000
Pay Act	4,725,000	1,850,000	-	-	6,575,000	-	-	6,575,000	-	6,575,000	-	-	6,575,000
2016 Elections	425,000	-	-	-	425,000	-	-	425,000	-	425,000	-	-	425,000
F&M Transition Team	75,000	-	-	-	75,000	-	-	75,000	-	75,000	-	-	75,000
AoA Security	1,000,000	-	-	-	1,000,000	-	-	1,000,000	-	1,000,000	-	-	1,000,000
Tax - IT Security	350,000	-	-	-	350,000	-	-	350,000	-	350,000	-	-	350,000
53rd Week	10,300,000	-	-	-	10,300,000	-	-	10,300,000	-	10,300,000	-	-	10,300,000
Judiciary Video Arraignments	101,000	-	-	-	101,000	-	-	101,000	-	101,000	-	-	101,000
APPROPRIATION TOTAL	1,529,528,357	277,980,739	645,424,575	1,281,146,250	3,734,079,921	2,033,538,377	1,891,423	5,769,509,721	40,390,303	5,809,900,024	1,616,530,111	171,828,640	7,598,258,775
percent of total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
												Add back GF to EF Transfer	305,902,634
												Memo: Total Appropriation including GF to EF Transfer	7,904,161,409

(a) Special Funds also includes: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, and Transportation Infrastructure Bond Funds

(b) Adjusted for inter-fund appropriation: GF to EF transfer.

(c) Dedicated sources include: Enterprise, General Obligation Debts Service, TIB Debt Service, Local Match, TIB Bond Proceeds, Pension Trust, Private Purpose Trust, and Permanent Trust Funds.

(d) Global Commitment, Internal Service Funds (ISF), Interdepartmental Transfers (IDT) and ARRA Interdepartmental Transfers (ARRA IDT) are duplicate appropriations and do not represent

General Fund Summary
Fiscal Years 2014 - 2018
(\$ in Millions)*

	Actual FY 2014	Actual FY 2015	Governor Recommend BAA FY 2016	Governor Recommend Budget FY 2017	Forecast** FY 2018
Sources					
Current law revenues	1,316.70	1,375.77	1,433.30	1,473.50	1,512.80
VEDA debt forgiveness	(0.70)	(0.14)	(0.05)	(0.05)	(0.05)
Direct applications, transfers in & reversions	69.42	58.01	47.29	40.17	25.00
Other bills and tax changes	-	6.61	-	13.20	13.20
Revenue from U.S. Marshalls	-	-	-	-	-
Additional property transfer tax to GF	2.81	3.52	11.07	11.14	-
For appropriation from GF reserve	11.93	5.00	-	-	-
Total sources	1,400.16	1,448.75	1,491.61	1,537.96	1,550.95
Uses					
Base appropriations	1,355.73	1,431.80	1,465.62	1,512.55	1,512.55
Budget adjustment and rescission(s)	18.30	(34.09)	13.86	-	-
	1,374.03	1,397.71	1,479.49	1,512.55	1,512.55
Percent +increase+/-decrease-	5.1%	1.7%	5.9%	2.2%	0.0%
Net Base Appropriation	1,374.03	1,397.71	1,479.49	1,512.55	1,512.55
Budget adjustment - one time	-	-	0.81	-	-
Other Bills	0.01	8.34	-	-	-
One-time appropriations	12.14	0.50	5.92	16.98	-
One-time waterfall and other adjustments	-	22.00	-	-	-
Total uses	1,386.18	1,428.54	1,486.22	1,529.53	1,512.55
Percent +increase+/-decrease-	4.8%	3.1%	4.0%	2.9%	-1.1%
Subtotal operating surplus (deficit)	13.98	20.21	5.39	8.43	38.40
Allocation of surplus - transfers (to)/from other funds					
Transportation fund	-	-	-	-	-
Emergency relief & assistance fund	6.50	-	(0.85)	-	-
Economic Development Fund	(5.00)	-	-	-	-
Next generation fund	(3.29)	(3.29)	(2.99)	(4.87)	(4.87)
Governor's Education Proposals	-	-	-	-	-
Internal service funds and assorted funds	(3.53)	(6.97)	0.39	(0.50)	-
Total transfers (to) / from other funds	(5.33)	(10.26)	(3.45)	(5.37)	(4.87)
Reserved in GF (designated)					
Budget Stabilization Reserve	(3.65)	(3.15)	(1.94)	(3.06)	(2.17)
Reserved in GF Surplus/Other Reserves	-	-	-	-	-
Reserved in GF Balance/Other Reserves	(5.00)	(6.80)	-	-	(31.36)
Total reserved in the GF (designated)	(8.65)	(9.95)	(1.94)	(3.06)	(33.53)
Total allocated	(13.98)	(20.21)	(5.39)	(8.43)	(38.40)
Unallocated operating surplus/(deficit)	0.00	0.00	(0.00)	(0.00)	0.00
Stabilization Reserve at statutory level	66.16	69.31	71.25	74.31	76.48
GF Reserves (cumulative)					
Budget Stabilization Reserve	66.16	69.31	71.25	74.31	76.48
Human Services Caseload Reserve	-	-	-	-	-
Bond Premium/Other Short Term Reserves	-	-	-	-	-
GF Balance Reserve	5.00	6.80	6.80	6.80	-
Total GF Reserve Balance	71.16	76.11	78.05	81.11	76.48

* Results may not add due to rounding.

** Revenue as adopted by the Vermont Emergency Board on January 19, 2016.

Transportation Fund Summary
Fiscal Years 2014 - 2018
(\$ in Millions)*

	Actual FY 2014	Actual FY 2015	Governor's Recommend BAA FY 2016	Governor's Budget Recommend FY 2017	Forecast FY 2018
Sources					
Current law revenues	253.38	261.39	265.80	271.30	275.00
New revenue	-	-		9.35	9.35
Direct applications, reversions & 1-time revenue	1.83	0.62	0.65	-	-
For appropriation from TF Carryforward	-	-	1.58	-	-
Total sources	255.21	262.01	268.03	280.65	284.35
Uses					
Base appropriations	252.22	252.72	266.05	277.98	281.71
Budget adjustment, rescissions & excess receipts	0.38	3.15	0.71	-	-
Post budget adjustment change	-	-	-	-	-
One-time appropriations	-	-	-	-	-
Total uses	252.60	255.87	266.76	277.98	281.71
Subtotal operating surplus (deficit)	2.61	6.14	1.27	2.67	2.64
Allocation of surplus					
Transfers (to) / from other funds					
General Fund	-	-	-	-	-
Downtown Fund	(0.38)	(0.38)	(0.42)	(0.42)	(0.42)
Central Garage Fund	(1.12)	(0.37)	(0.16)	(1.28)	(1.28)
VT Recreational Trail Fund	(0.37)	(0.29)	(0.44)	(0.37)	(0.37)
Other Funds	-	(3.50)	-	-	-
Total transfers (to) / from other funds	(1.87)	(4.55)	(1.03)	(2.08)	(2.08)
Reserved in the TF (designated)					
Budget Stabilization Reserve	(0.74)	-	(0.24)	(0.54)	(0.56)
Bond Reserve	-	-	-	-	-
Total reserved in the TF (designated)	(0.74)	-	(0.24)	(0.54)	(0.56)
Total allocated	(2.61)	(4.55)	(1.27)	(2.62)	(2.64)
Unallocated operating surplus(deficit)	0.00	1.59	0.00	0.05	0.00
Stabilization Reserve at statutory level of 5%	11.55	12.79	12.79	13.33	13.90
TF Reserves (cumulative)					
Bond Reserve	-	-	-	-	-
Budget Stabilization Reserve	11.55	12.79	12.79	13.33	13.90
Total TF Reserve Balance	11.55	12.79	12.79	13.33	13.90

*Results may not add due to rounding.

Education Fund Summary
Fiscal Years 2014 - 2017**
(\$ in Millions)*

	Actual FY 2014	Actual FY 2015	Governor's Recommend BAA FY 2016	Governor's Recommend FY 2017
Sources				
Current law revenues	31.64	33.57	35.10	36.60
Sales & use tax	123.78	127.62	132.40	137.20
Lottery revenue	22.57	22.75	23.60	23.70
Non-residential property tax	570.96	603.43	616.50	623.20
Net Homestead property tax	403.62	422.55	422.10	430.80
Supplemental Property Tax Relief	4.25	-	-	-
General fund appropriations	288.92	297.61	303.30	305.90
Medicaid reimbursement	6.38	7.64	6.00	6.00
Interest on fund balance	-	0.08	0.10	0.10
Total sources	1,452.12	1,515.25	1,539.10	1,563.50
Uses				
Base appropriations	1,461.73	1,499.78	1,551.80	1,587.10
Appropriation savings	-	-	-	-
Total uses	1,461.73	1,499.78	1,551.80	1,587.10
Subtotal operating surplus/(deficit)	(9.61)	15.47	(12.70)	(23.60)
Allocation of surplus/(deficit)				
Transfer to/(from) the stabilization reserve	1.08	1.71	0.50	(2.50)
Transfer to/(from) continuing appropriations	(1.36)	8.61	11.30	-
Transfer to/(from) unallocated	(9.33)	5.15	5.00	(21.10)
Total allocated	(9.61)	15.47	16.80	(23.60)
Education fund reserves				
Budget stabilization reserve	30.34	32.05	32.60	30.00
Minimum statutory reserve at 3.5%	21.24	22.43	22.80	23.30
Maximum statutory reserve at 5%	30.34	32.05	32.60	33.30

*Results may not add due to rounding.

** Forecast year is not provided as it requires property tax rate changes not available at the time of publication.

FY 2016 BUDGET ADJUSTMENT RECOMMENDATIONS

FY 2016 Governor's Recommended General Fund Budget Adjustment Summary

FY 2016 General Fund (GF) Revenue Adjustments		(\$millions)
Additional General Fund Revenue Per July Forecast	8.06	
Tax Data Warehouse	1.09	
Direct Apps/Reversions	4.99	
Property Transfer Tax	0.41	
Remaining Contingent	7.93	
TOTAL NET REVENUE CHANGES	22.48	(A)

FY 2016 General Fund (GF) Appropriation Adjustments		(\$ millions)
Homeowners & Renters Rebates	(3.39)	
Debt Service	(0.29)	
Protection	0.21	
Agency of Human Services - Global Commitment	(14.85)	
Agency of Human Services - Central Office	0.20	
Department of Vermont Health Access	28.44	
Vermont Department of Health	0.08	
Department of Mental Health	0.26	
Department of Children and Families	3.39	
Department of Disabilities, Aged and Independent Living	(0.18)	
Pay Act	3.68	
Operational Savings: Act 58, Sec. B. 1103 and 1104	(2.86)	
Sub-total Net Appropriation Adjustments	14.69	(B)

FY 2016 Transfers to/(from) General Fund (GF) (millions)	
Emergency Relief and Assistance Fund	(0.85)
Sub-total Net Transfers to/from General Fund	(0.85)

FY 2016 Transfers (to)/from General Fund Reserves (millions)	
General Fund Budget Stabilization Reserve	(0.91)
General Fund Balance Reserve	(4.29)
Sub-total Net Transfers to/from GF Reserves	(5.21)

TOTAL NET APPROPRIATION AND TRANSFER ADJUSTMENTS	20.74	E=(D+B+C)
---	--------------	------------------

Allocated to FY2016 53rd Week of Medicaid Payment	1.74	(F)
--	-------------	------------

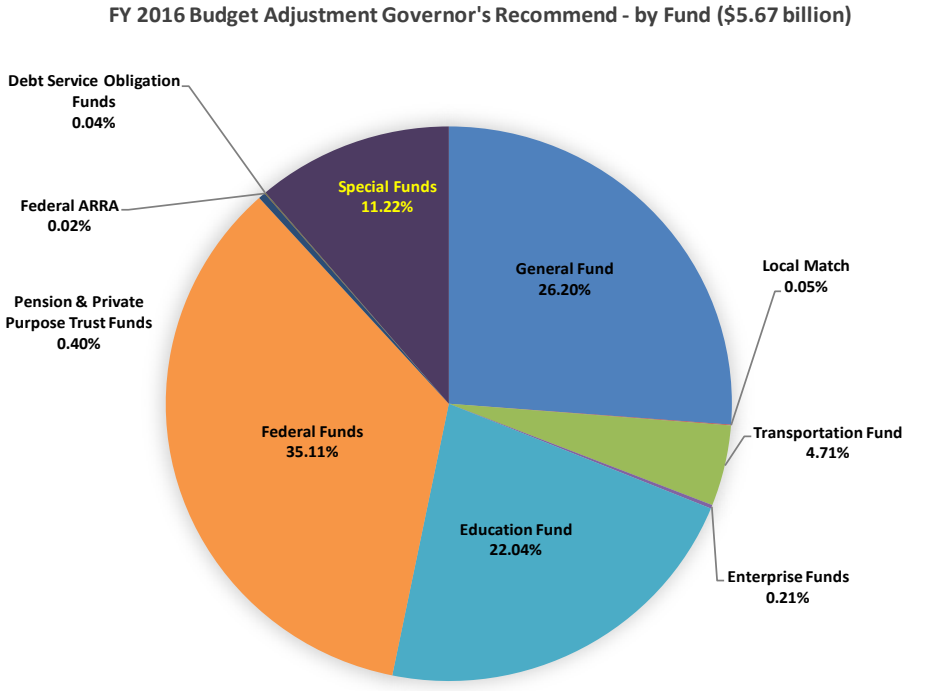
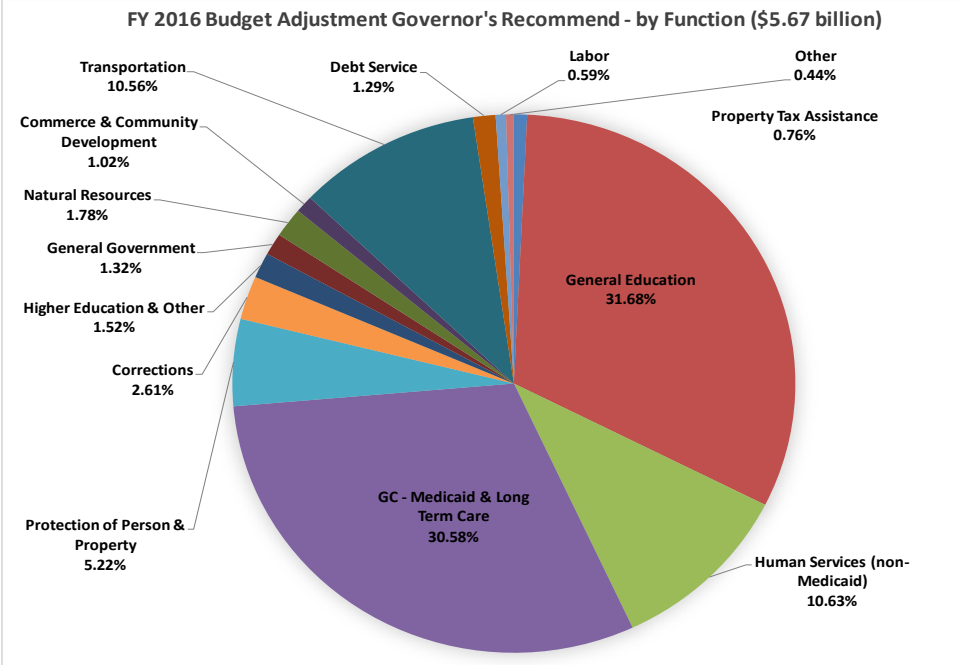
NET BAA CHANGE: REVENUE, APPROPRIATIONS AND TRANSFERS:	(0.00)	(A-E-F)
---	---------------	----------------

FY 2016 Projected General Fund Reserve Balances (millions)	
General Fund Budget Stabilization Reserve	71.25
General Fund Balance Reserve	6.80

The Governor's FY2016 Budget Adjustment Recommendation was submitted to the House Committee on Appropriations on December 14, 2015. It is based on the Consensus Revenue Forecast adopted by the Emergency Board on July 27, 2015.

A summary of total General Fund budget adjustment need is shown in the table above. Included in the table are projected ending amounts in the General Fund Budget Stabilization Reserve and the General Fund Balance Reserve at June 30, 2016. The \$14.70 million appropriation increase is covered by a combination of increased revenue and transfers from other funds.

FY 2016 Governor's Budget Adjustment Recommendations, by Government Function



FY 2016 Governor's Budget Adjustment Recommendations, by Fund

FISCAL YEAR 2016 BUDGET ADJUSTMENT RECOMMENDED

FUNCTION / Department	Appropriation Title	2015 Act 58 Sec #	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds	ARRA Funds	Debt Service Obligation Funds	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds	Combined Funds
FY 2016 As Appropriated			1,469,800,958	266,052,891	1,551,514,267	348,919,983	1,325,235,198	273,912,781	1,928,623,188	1,390,158	2,504,913	37,130,633	170,414,285	7,375,499,255
FY 2016 RECOMMENDED BUDGET APPROPRIATION ADJUSTMENTS :														
GENERAL GOVERNMENT														
Tax	Homeowner Rebate	B.137	(2,927,000)											(2,927,000)
Tax	Renter Rebate	B.138	(135,000)		(315,000)									(450,000)
Tax	Reappraisal & Listing Payments	B.139			250,000									250,000
Tax	Current Use	B.140	(330,984)											(330,984)
TOTAL GENERAL GOVERNMENT			(3,392,984.00)	-	(65,000.00)	-	-	-	-	-	-	-	-	(3,457,984)
PROTECTION														
Attorney General	Attorney General	B.200	125,000											125,000
Defender General	Defender General	B.202	25,000			(25,000)								-
Public Safety	Public Safety	B.209	(25,000)			25,000								-
Military	Military - Administration	B.215	88,484											88,484
TOTAL PROTECTION			213,484.00	-	-	-	-	-	-	-	-	-	-	213,484
HUMAN SERVICES														
Secretary's Office	Secretary's Office	B.300	187,415				(202,051)		(105,645)				(23,782)	(144,063)
Secretary's Office	Secretary's Office - Global Commitment	B.301	10,097,727			681,417		10,283,403	43,699,416					64,761,963
Secretary's Office	Rate Setting	B.302					(12,323)							(12,323)
Secretary's Office	Human Services Board	B.304					17,234		(4,698)				(20,027)	(7,491)
Department of Vermont Health Access	Administration	B.306	4,363,326				(8,772,167)		13,323,805			2,891,865		11,806,829
Department of Vermont Health Access	Medicaid Program - Global Commitment	B.307					61,774,683							61,774,683
Department of Vermont Health Access	Medicaid Program - Long Term Care Waiver	B.308					2,104,197							2,104,197
Department of Vermont Health Access	Medicaid Program - State Only	B.309	3,699,061				(643,959)							3,055,102
Department of Vermont Health Access	Medicaid Non-Waiver Matched	B.310	(506,222)						928,697					422,475
Vermont Department of Health	Administration	B.311				42,799	(73,641)							(30,842)
Vermont Department of Health	Public Health	B.312	(1,948,650)			149,647	3,642,112		(239,532)				(1,846)	1,601,731
Vermont Department of Health	Alcohol and Drug Abuse	B.313	(623,440)				1,336,425							712,985
Department of Mental Health	Mental Health	B.314	(85,860)				3,082,697		(13,956)					2,982,881
Department for Children and Families	Administration & Support Services	B.316	3,849,745				(1,503,128)		1,615,545				467,901	4,430,063
Department for Children and Families	Family Services	B.317	2,008,771				3,050,997		969,330					6,029,098
Department for Children and Families	Family Services	B.317	(100,000)				744,837		(7,853)					636,984
Department for Children and Families	Child Development	B.318	459,760				497,268		(28,219)					928,809
Department for Children and Families	Office of Child Support	B.319							(58,792)					(58,792)
Department for Children and Families	Aid to Aged, Blind, and Disabled	B.320					150,330							150,330
Department for Children and Families	3SquaresVT	B.322							741,168					741,168
Department for Children and Families	Reach-Up	B.323	(4,070,560)				(411,607)		(333,126)					(4,815,293)
Department for Children and Families	OEO - Weatherization	B.326				0								-
Department of Disabilities, Aging, and Independent Living	Administration & Support Services						(34,932)		(45,267)					(80,199)
Department of Disabilities, Aging, and Independent Living	Developmental Services	B.333					(400,000)							(400,000)
Department of Corrections	Corrections Education	B.337			331,779									331,779
TOTAL HUMAN SERVICES			17,331,073.00	-	331,779.00	873,863.00	64,346,972.00	10,283,403.00	60,440,873.00	-	-	-	3,314,111.00	156,922,074

FISCAL YEAR 2016 BUDGET ADJUSTMENT RECOMMENDED (Con't)

FUNCTION / Department	Appropriation Title	2015 Act 58 Sec #	General Fund	Transportation Fund	Education Fund	Special Funds (Various) (1)	Global Commitment Fund	State Health Care Resources Fund	Federal Funds	ARRA Funds	Debt Service Obligation Funds	Dedicated Funds (2)	Other (3) Funds	Combined Funds
LABOR														
	TOTAL LABOR		0	0	0	0	0	0	0	0	0	0	0	-
EDUCATION														
	TOTAL EDUCATION		0	0	0	0	0	0	0	0	0	0	0	-
HIGHER EDUCATION														
	TOTAL HIGHER EDUCATION		0	0	0	0	0	0	0	0	0	0	0	-
NATURAL RESOURCES														
ANR - DEC	Office of Water Programs	B.711				900,000								900,000
	TOTAL NATURAL RESOURCES		-	-	-	900,000.00	-	-	-	-	-	-	-	900,000
COMMERCE & COMMUNITY DEVELOPMENT														
Commerce & Community Dev	Administration	B.800				430,000								430,000
	TOTAL COMMERCE & COMMUNITY DEVELOPMENT		-	-	-	430,000.00	-	-	-	-	-	-	-	430,000
TRANSPORTATION														
	Transportation - program development	B.903		(587,911)		113,911								(474,000)
	Transportation - policy and planning	B.906		474,000										474,000
	Transportation - town highway: state aid for nonfederal disasters	B.917		985,400										985,400
	Transportation - town highway: state aid for federal disasters	B.917.1		(160,000)										(160,000)
	TOTAL TRANSPORTATION	B.921	-	711,489.00	-	113,911.00	-	-	-	-	-	-	-	825,400
DEBT SERVICE														
Debt Service	Debt Service	B.1000	(286,812)											(286,812)
	TOTAL DEBT SERVICE		(286,812)	-	-	-	-	-	-	-	-	-	-	(286,812)
TOTAL APPROPRIATION CHANGES (before "words")			13,864,761	711,489.00	266,779	2,317,774	64,346,972	10,283,403	60,440,873	0	-	-	3,314,111	155,546,162
OTHER AND ONE-TIME (with \$\$ appropriation changes)														
	ISF Reductions	B.1103	(217,038)											(217,038)
	Admin Labor Savings	B.1104(a)	(2,645,098)											(2,645,098)
	Pay Act		3,675,632											3,675,632
Agriculture	Agriculture	E.222				225,000								225,000
	TOTAL OTHER AND ONE-TIME		813,496.00	-	-	225,000.00	-	-	-	-	-	-	-	813,496
TOTAL APPROPRIATION CHANGE			14,678,257	711,489.00	266,779	2,542,774	64,346,972	10,283,403	60,440,873	0	-	-	3,314,111	156,584,658
TOTAL FY 2016 APPROPRIATIONS AFTER GOVERNOR'S RECOMMEND BAA			1,484,479,215	266,764,380	1,551,781,046	351,462,757	1,389,582,170	284,196,184	1,989,064,061	1,390,158	2,504,913	37,130,633	173,728,396	7,532,083,913
													Less Other	173,728,396
													Less GC	1,989,064,061
														-
NET FY 2016 APPROPRIATION AFTER BAA (excluding duplicated appropriations)														5,369,291,456

(1) Special Funds include: Special, Tobacco, TB and Fish & Wildlife funds.

(2) Dedicated funds include: Local Match, TB Proceeds, Pension & Trust Funds, Retired Teachers Health Fund, and Enterprise Funds.

(3) Other Funds include: Internal Service Funds and Interdepartmental Transfers.

OTHER REQUIRED REPORTS

TAX EXPENDITURE BUDGET REPORT

Tax expenditures are statutory provisions which reduce the amount of revenue that would otherwise be collected in order to encourage certain activities or to limit the tax burden on certain types of individuals. By reducing the amount of tax revenues collected by the government, expenditures can have the same fiscal effects as direct government expenditures, even though they appear as reductions in taxes.

However, tax expenditures differ from direct spending programs in one important respect. Direct appropriations for government programs are evaluated annually during the budget process, and the Legislature must take affirmative action to continue funding. Additionally, direct spending programs are itemized in the budget and are therefore more transparent to the public. Tax expenditures, on the other hand, usually represent permanent foregone revenue and are not evident in the State budget or subject to the same annual review process.

Annual Tax Expenditure Budget reporting is codified under 32 V.S.A. § 306. The schedule for reporting is segregated into the following categories:

- (1) A budget covering tax expenditures related to non-profits and charitable organizations and covering miscellaneous expenditures shall be made by the third Tuesday of the legislative session beginning in January 2012 and every three years thereafter.
- (2) A budget covering tax expenditures related to economic development, including business, investment, and energy, shall be made by the third Tuesday of the legislative session beginning in January 2013 and every three years thereafter.
- (3) A budget covering tax expenditures made in furtherance of Vermont's human services, including tax expenditures affecting veterans, shall be made by the third Tuesday of the legislative session beginning in January 2014 and every three years thereafter.

This year's Tax Expenditure Budget Report covers tax expenditures related to economic development expenditures. The budget is shown on the following two charts sorted first by Tax Category and then by related department.

The Tax Department published complete Tax Expenditure Reports by year at: <http://tax.vermont.gov/research-and-reports/reports/tax-expenditure-report>

[Continues next page]

Economic Development, Business Investment, and Energy Tax Expenditure Budget Report - By Dept				
Agency/ Dept.	Tax Expenditure Category	FY2015 Estimate	FY2016 Estimate	FY2017 Proposed
ACCD	Historic Rehabilitation Tax credit	-	-	-
ACCD	Façade Improvement Tax Credit	20,000	40,000	60,000
ACCD	Code Improvement Tax Credit	90,000	100,000	120,000
ACCD	Research and Development Tax Credit	200,000	280,000	280,000
ACCD	Historic Rehabilitation Tax Credit	-	-	-
ACCD	Façade Improvement Tax Credit	0	0	0
ACCD	Code Improvement Tax Credit	-	-	-
ACCD	Machinery and Equipment Tax Credit	-	-	-
ACCD	Research and Development Tax Credit	1,800,000	1,820,000	1,830,000
ACCD	Vermont Employment Growth Incentive	4,107,000	4,700,000	4,750,000
ACCD	Newspapers	1,400,000	1,400,000	1,400,000
ACCD	Sales of Films to Movie Theaters	800,000	800,000	800,000
ACCD	Aircraft and Depreciable Parts for Commercial Use	100,000	100,000	100,000
ACCD	Railroad Rolling Stock and Depreciable Parts	100,000	100,000	100,000
ACCD	Sales of Building Materials	100,000	100,000	100,000
ACCD	Reallocation of Receipts from Tax on Const. Materials	1,000,000	1,000,000	100,000
ACCD	Downtown and Village Center Program Tax Credits	1,730,000	2,020,000	2,360,000
ACCD	Affordable Housing Tax Credits	1,910,000	2,210,000	2,570,000
ACCD	Downtown and Village Center Program Tax Credits	1,270,000	1,470,000	1,710,000
ACCD	Local Development Corporations	110,000	130,000	130,000
ACCD	Ski Lifts and Snowmaking Equipment	1,360,000	1,640,000	1,930,000
ACCD	Tax Increment Financing Districts	3,780,000	4,870,000	5,920,000
	Agency of Commerce and Community Development - Sub Total	19,877,000	22,780,000	24,260,000
AGFM	Vermont Farm Income Averaging Credit	150,000	140,000	140,000
AGFM	Agricultural Inputs	18,000,000	18,100,000	18,200,000
AGFM	Veterinary Supplies	1,570,000	1,600,000	1,630,000
AGFM	Agricultural Machinery and Equipment	2,100,000	2,100,000	2,100,000
AGFM	Energy Purchases for Farming	1,070,000	1,100,000	1,130,000
AGFM	Whey Processing Fixtures	0	0	0
	Agency of Agriculture - Sub Total	22,890,000	23,040,000	23,200,000
DFR	Annuity Considerations	10,400,000	10,400,000	10,400,000
	Department of Financial Regulation - Sub Total	10,400,000	10,400,000	10,400,000
PSD	Municipalities Hosting Large Power Plants	1,100,000	1,250,000	1,040,000
	Department of Public Service - Sub Total	1,100,000	1,250,000	1,040,000
TAX	Vermont Municipal Bond Income	2,780,000	3,370,000	3,370,000
TAX	Capital Gains Exclusion	17,290,000	11,800,000	11,800,000
TAX	Investment Tax Credit	1,840,000	1,840,000	1,840,000
TAX	Qualified Bond Interest Income Exemption	40,000	40,000	40,000
TAX	Vermont Higher Education Investment Credit	2,320,000	2,680,000	3,100,000
TAX	Diesel Fuel Exemptions	1,420,000	1,410,000	1,410,000
TAX	Use Value Appraisal Program	45,160,000	45,600,000	47,160,000
	Department of Taxes - Sub Total	70,850,000	66,740,000	68,720,000
	Grand Total	125,117,000	124,210,000	127,620,000

In accordance with 32 V.S.A. § 306, the FY 2017 Tax Expenditure Budget "covers tax expenditures related to economic development, including business, investment, and energy." The budget does not include tax expenditures that are not included in the biennial tax expenditure report due to a lack of data. Tax expenditures related to Vermont's human services and those related to non-profits and charitable organizations will be reported in the next two years. Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 have been suppressed by "-."

Economic Development, Business Investment, and Energy Tax Expenditure Budget Report - By Type

Agency/ Dept.	Tax Expenditure Category	FY2015 Estimate	FY2016 Estimate	FY2017 Proposed
TAX	Vermont Municipal Bond Income	2,780,000	3,370,000	3,370,000
TAX	Capital Gains Exclusion	17,290,000	11,800,000	11,800,000
TAX	Investment Tax Credit	1,840,000	1,840,000	1,840,000
AGFM	Vermont Farm Income Averaging Credit	150,000	140,000	140,000
TAX	Qualified Bond Interest Income Exemption	40,000	40,000	40,000
TAX	Vermont Higher Education Investment Credit	2,320,000	2,680,000	3,100,000
ACCD	Historic Rehabilitation Tax credit	-	-	-
ACCD	Façade Improvement Tax Credit	20,000	40,000	60,000
ACCD	Code Improvement Tax Credit	90,000	100,000	120,000
ACCD	Research and Development Tax Credit	200,000	280,000	280,000
	Individual Income Tax Expenditure - Subtotal	\$24,730,000	\$20,290,000	\$20,750,000
ACCD	Historic Rehabilitation Tax Credit	-	-	-
ACCD	Façade Improvement Tax Credit	0	0	0
ACCD	Code Improvement Tax Credit	-	-	-
ACCD	Machinery and Equipment Tax Credit	-	-	-
ACCD	Research and Development Tax Credit	1,800,000	1,820,000	1,830,000
ACCD	Vermont Employment Growth Incentive	4,107,000	4,700,000	4,750,000
	Corporate Income Tax Expenditures - Subtotal	\$5,907,000	\$6,520,000	\$6,580,000
AGFM	Agricultural Inputs	18,000,000	18,100,000	18,200,000
AGFM	Veterinary Supplies	1,570,000	1,600,000	1,630,000
ACCD	Newspapers	1,400,000	1,400,000	1,400,000
AGFM	Agricultural Machinery and Equipment	2,100,000	2,100,000	2,100,000
AGFM	Energy Purchases for Farming	1,070,000	1,100,000	1,130,000
ACCD	Sales of Films to Movie Theaters	800,000	800,000	800,000
ACCD	Aircraft and Depreciable Parts for Commercial Use	Less than 100,000	Less than 100,000	100,000
ACCD	Railroad Rolling Stock and Depreciable Parts	Less than 100,000	Less than 100,000	100,000
ACCD	Sales of Building Materials	Less than 100,000	Less than 100,000	100,000
ACCD	Reallocation of Receipts from Tax on Const. Materials	Less than 100,000	Less than 100,000	100,000
	Sales and Use Tax Expenditures - Subtotal	\$25,240,000	\$25,400,000	\$25,660,000
ACCD	Downtown and Village Center Program Tax Credits	1,730,000	2,020,000	2,360,000
ACCD	Affordable Housing Tax Credits	1,910,000	2,210,000	2,570,000
	Bank Franchise Tax Expenditures - Subtotal	\$3,640,000	\$4,230,000	\$4,930,000
ACCD	Downtown and Village Center Program Tax Credits	1,270,000	1,470,000	1,710,000
DFR	Annuity Considerations	10,400,000	10,400,000	10,400,000
	Insurance Premiums Tax Expenditures - Subtotal	\$11,670,000	\$11,870,000	\$12,110,000
TAX	Diesel Fuel Exemptions	1,420,000	1,410,000	1,410,000
	Motor Vehicle Purchase & Use Expenditures - Subtotal	\$1,420,000	\$1,410,000	\$1,410,000
ACCD	Local Development Corporations	110,000	130,000	130,000
ACCD	Ski Lifts and Snowmaking Equipment	1,360,000	1,640,000	1,930,000
AGFM	Whey Processing Fixtures	0	0	0
PSD	Municipalities Hosting Large Power Plants	1,100,000	1,250,000	1,040,000
TAX	Use Value Appraisal Program	45,160,000	45,600,000	47,160,000
ACCD	Tax Increment Financing Districts	3,780,000	4,870,000	5,920,000
	Property Tax Expenditures - Subtotal	\$51,510,000	\$53,490,000	\$56,180,000
	GRAND TOTAL	\$124,117,000	\$123,210,000	\$127,620,000

In accordance with 32 V.S.A. § 306, the FY 2017 Tax Expenditure Budget "covers tax expenditures related to economic development, including business, investment, and energy." The budget does not include tax expenditures that are not included in the biennial tax expenditure report due to a lack of data. Tax expenditures related to Vermont's human services and those related to non-profits and charitable organizations will be reported in the next two years. Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 have been suppressed by "-."

RETIREMENT SYSTEMS FINANCIAL INTEGRITY REPORT

Retirement Systems: Funding Update

As specified in 32 V.S.A. §311, the following is a report on the financial integrity of the State Employees' and State Teachers' Retirement Systems.

Contribution Levels

VSERS

As a result of the June 30, 2015 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a FY 2017 contribution of \$48,503,358 to the pension plan (VSERS pension) and \$71,911,492 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan, based on current funding policy.

The actuary's annual recommended contribution (ARC) to the VSERS pension includes a normal contribution of \$14,181,091 and a contribution of \$34,322,267 toward the unfunded actuarial accrued liability (UAAL). To calculate the State's contribution, the ARC has been reduced by \$965,000 for the Treasurer's estimate of FY 2017 contributions to VSERS by town participants, making the State's net ARC to VSERS \$47,538,358. The State also contributes an amount to prepay the Treasurer's estimate of non-healthcare administrative expenses which for FY 2017 is \$2,133,147 and excludes estimated FY 2017 investment manager fees of \$7,168,977. Added to the net ARC, the State's planned total contribution to the VSERS pension for FY 2017 will be \$49,671,505.

The actuary's ARC to the VSERS OPEB of \$71,911,492 includes a normal contribution of \$39,934,689 and amortization of the OPEB UAAL of \$32,827,285. The Actuary estimates that \$850,482 in interest will be earned on expected benefit payments, which reduces the OPEB ARC. The State's planned contribution to the VSERS OPEB during FY 2017 is \$33,862,000 which is the Treasurer's estimate of VSERS retiree benefit costs.

VSTRS

As a result of the June 30, 2015 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) recommended a FY 2017 contribution of \$82,659,576 to the pension plan (VSTRS pension) and \$53,997,810 to the Retired Teachers' Health and Medical Benefits (RTHMB) plan, based on the current funding plan, which is on a pay-as-you-go basis. The ARC for the VSTRS pension includes a normal contribution of \$8,327,249 and a contribution of \$74,332,927 toward the UAAL. The ARC for the RTHMB includes a normal contribution of \$25,092,340 and amortization of the UAAL of \$29,697,687. The Actuary estimates that \$792,217 in interest will be earned on expected benefit payments, which reduces the OPEB ARC.

The State plans to contribute the full ARC of \$82,659,576 to the VSTRS pension and \$18,322,584 to the RTHMB. Interfund transfers will be made, as needed, to cover RTHMB estimated expenditures of \$31,531,500. It is anticipated that the RTHMB will also receive subsidies under the Employee Group Waiver Plan (EGWP) which was implemented in 2014.

The State Treasurer's Office, the Administration, Legislative leadership, the Vermont-NEA and other partners agreed to and initiated a 10-year plan during the 2014 legislative session to develop long-term sustainable funding for the RTHMB with shared responsibility from a variety of sources. The Plan includes: establishment of a separate RTHMB fund (16 V.S.A. §1944b) from which to pay retired teachers health and medical benefits; steadily increasing State funding; setting the employee contribution rate 1% percent higher (to 6%) for teachers with less than 5 years of membership service for the pension system; statute directing school administrators to properly charge federal grants for the employer retirement costs and administrative operating expenses funding teachers and to pay that portion of federal reimbursement to VSTRS; adding statute requiring the employers of teachers that become members of VSTRS on or after July 1, 2015 to pay an annual assessment based on the Actuary's recommendation of the future value of those teachers' health and medical benefits; and loans with an estimated interest rate of 2% from the State's general fund for four years followed by repayments of principal and interest for the subsequent five years.

Funding Levels

State statutes define the method of funding the retirement systems which is assessed and reported by an independent actuary. Based on the actuarial funding calculations and reports, the funded ratios for the VSERS and VSTRS pension systems for the period ended June 30, 2015 are 75.1% and 58.6% respectively. The funded ratios for the VSERS OPEB and VSTRS RTHMB plans for the period ended June 30, 2015 are 1.8% and -1.0% respectively. The pension plan actuary uses Governmental Accounting Standards Board (GASB) standards to produce separate data (comparable nationally by using a standard actuarial method) for accounting and financial reporting purposes, and not for funding decisions. GASB No. 67, issued in 2014, is the basis for pension system financial reporting. GASB No. 43, is the basis for postretirement benefit reporting.

The Administration, State Treasurer's Office, the Legislature and other affected parties continue to work together to develop a long-term plan to address funding pension plan and retiree liabilities.

Acknowledgements and Credits

This Executive Summary and the Governor's Recommended Budget was prepared by the dedicated staff in the Budget & Management Division of the Department of Finance and Management and with the assistance of agency and department heads, business managers and finance staff across the State. Questions may be addressed to: The Department of Finance & Management, Budget & Management Division at (802) 828-2376.

Vermont Department of Finance & Management - Budget & Management Division

Andrew Pallito, Commissioner

Bradley Ferland, Deputy Commissioner

David Beatty, Senior Analyst

Aimee Pope, Senior Analyst

Sam Winship, Budget Analyst

Emily Byrne, Budget Director

Jason Aronowitz, Senior Analyst

Heather M. Campbell, Senior Analyst

Kelly Murphy, Budget Analyst

This publication was printed by the Vermont Department of Buildings and General Services Print Shop, Middlesex, VT. An electronic version of this publication is available for viewing or printing at the Department of Finance and Management's website, under "Key Budget Documents" at: http://finance.vermont.gov/state_budget/rec.



You may also wish to visit the State of Vermont's new financial transparency website, SPOTLIGHT.vermont.gov. SPOTLIGHT provides easier public access to data, charts and information about State budgets, revenue, expenses, contracts & grants, formal financial reports and audits, and state terminology and acronyms used in these areas. SPOTLIGHT is sponsored by the Agency of Administration and maintained by the Department of Finance and Management. Many of the tables and graphs in this publication are available individually on SPOTLIGHT. <http://spotlight.vermont.gov/>

Cover photo: Clyde Montgomery, BGS Retiree



Fiscal Year 2017 Executive Budget Summary

is a publication of the
Vermont Department of Finance and Management,
Andrew Pallito, Commissioner.

The purpose of this publication is to inform members of the Vermont Legislature, state and local government officials, and Vermont citizens of the Fiscal Year 2017 Budget Recommendations of Governor Peter Shumlin.

This publication is available for viewing or printing at the
Department of Finance and Management's Web Site

http://finance.vermont.gov/state_budget/rec

This book was printed on recycled paper by the Vermont Department of Buildings & General Services, Print Shop, Middlesex, VT.