



FY 2018 Governor's Recommended Budget

January 24, 2017

Andrew Pallito, Commissioner, Department of Finance & Management



FY 2018 Budget Approach

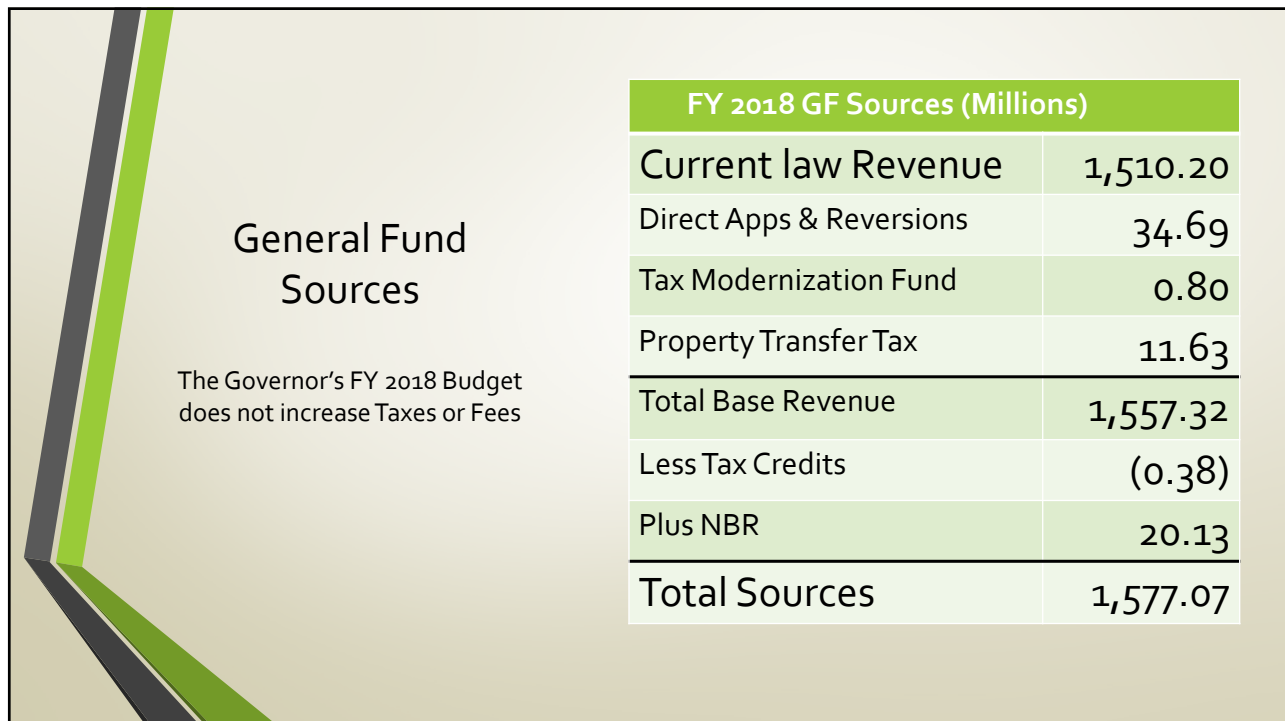
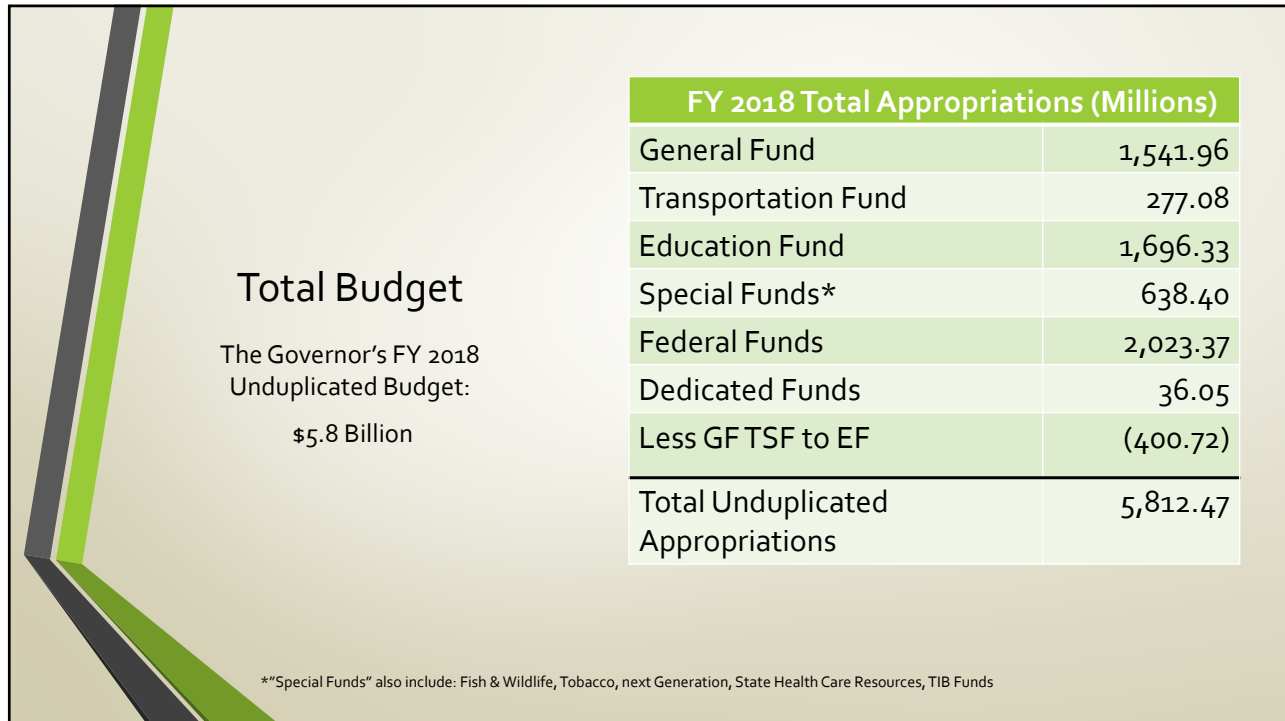
- Budget instructions were sent to departments in late August
 - Requested that departments propose entire program changes for budgetary savings rather than a percentage decrease
- Finance & Management held preliminary budget meetings in September & October
- Passed budget information to the transition team in November
- Team in the budget office worked with the transition team to build the FY 2018 Governor's Recommend
- The Secretary of Administration allowed for public comment both on-line and by mail

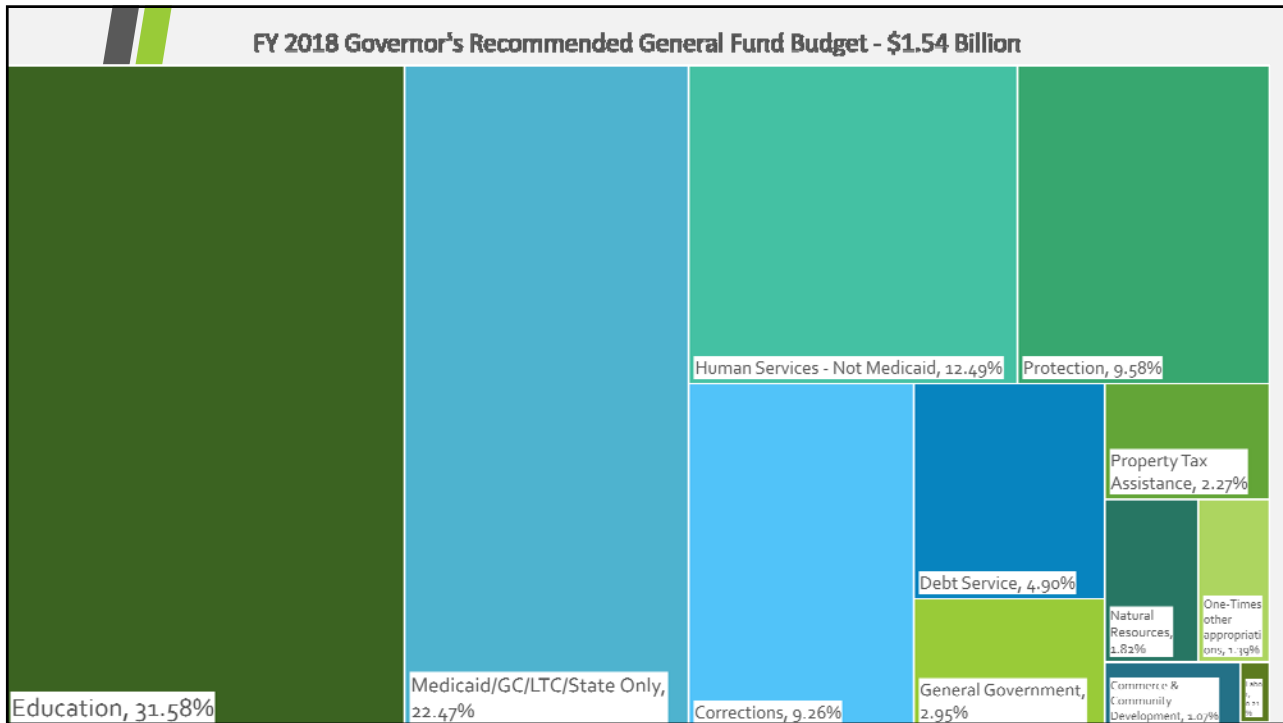
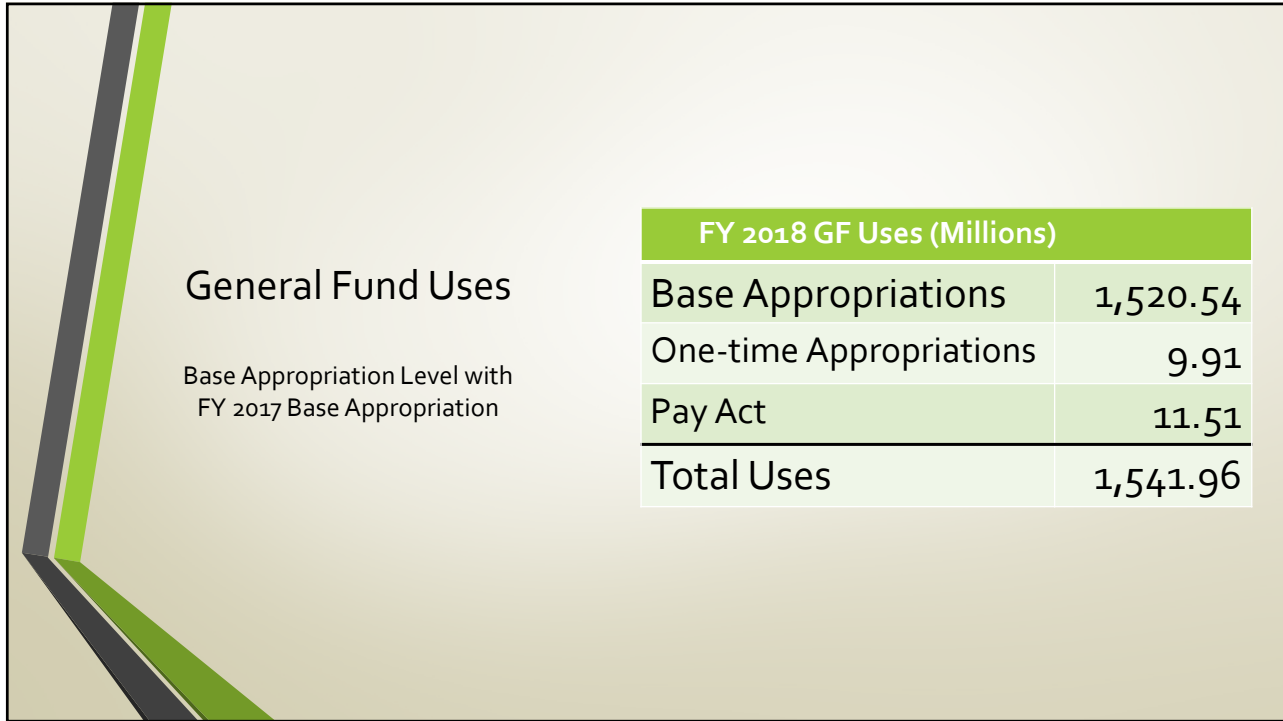
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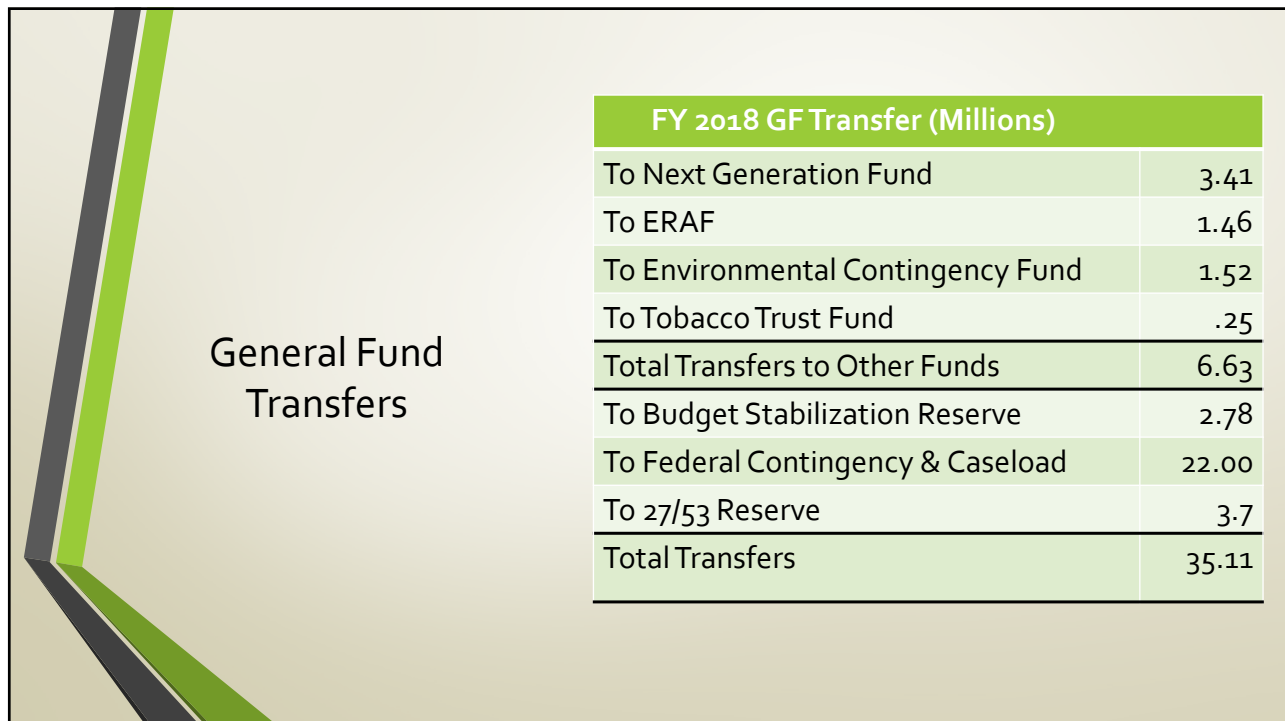
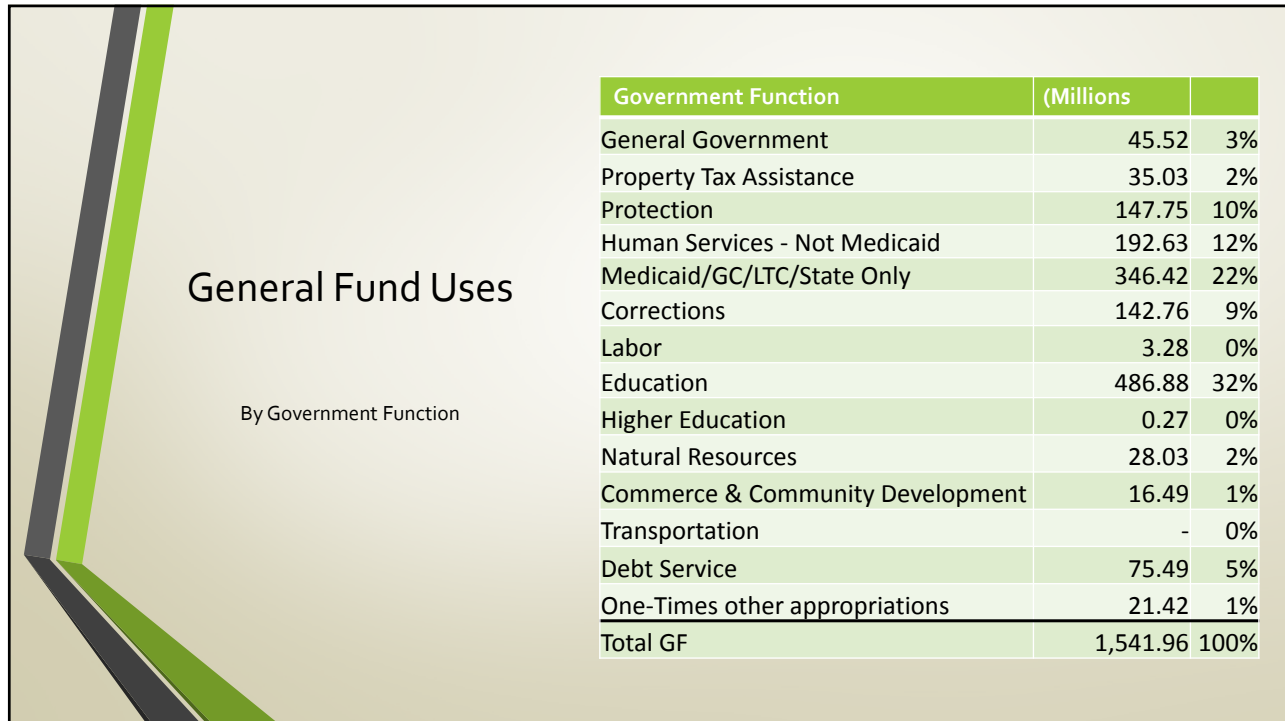
- Worked to fund usual business pressures at departments
 - Annualization of the FY 2017 Pay Act
 - Internal Service Fund cost changes
 - All funds: \$287K reduction in internal service fund costs
 - Driven by risk management change
 - \$2.65M reduction all funds; \$1.8M General Fund reduction

FY 2018 Budget Approach

- Funding for Human Services Caseload
 - Medicaid, Long Term Care, Developmental Services, Department for Children and Families
- Funding of the FY 2018 projected Debt Service Obligation
- Funding for the General Fund Transfer to the Education Fund
- Funding State Employee and Teacher Retirement Obligations







Budget Highlights General Government

- \$200K to the Secretary of Administration for PIVOT/LEAN
- \$300K to be matched with other funding for Security improvements
- Shift of the Employer Assessment to the Tax Department from the Department of Labor
- Pay Act
 - Adds \$1.93M for RFR costs
 - Assumes \$2.4M of administrative savings

Budget Highlights Protection

- Investment in the Criminal Justice system to combat the Opiate Crisis
 - \$664K for car cameras and body cameras for Vermont State Police
 - \$200K and \$120K, respectively for the Defender General and State's Attorney's
 - \$528 for the Judiciary to recruit Guardian Ad litem, security, and additional docket support.

Budget Highlights Human Services

- Fully funds caseload pressures in Medicaid, DS, LTC, etc.
- \$1M GF target for administrative savings at the agency
- \$1.7M GF reduction in Disproportionate Share payment to hospitals (10%)
- \$2.8M savings by having non-subsidized QHP enrollment done directly through insurance carriers
- \$3.5M savings from the closure of Southeast State Workcamp in Windsor

Budget Highlights Labor/Commerce & Community Development

- Includes state funding for costs associated with paid sick leave
- \$200K for downtown and village center tax credits
- \$175K for R&D tax credit
- \$750K for jobs-marketing fund
- \$200K for Vermont trade center
- \$400K for small business development center counselors
- \$1M additional + \$1.5M base appropriation from Property Transfer Tax to VHCB for a housing bond

Budget Highlights

General Fund transfer to the Education Fund

- Fully funds \$314.7M statutory transfer
- Adds \$86M to the transfer
- Total GF EF transfer of \$400.7M

Budget Highlights

Higher Education

- Transfer Base appropriation for Higher Education to the Education Fund
 - \$6.5M of Education Fund in additional investments
 - \$4M increase for VT State Colleges
 - \$1M increase for UVM
 - \$1M increase for VSAC
 - \$500K for National Guard Scholarships

Budget Highlights Teacher's Retirement

- Provides \$111M for Teachers retirement and Retired Teachers Health Care (\$10.38M increase from FY 2017)
 - \$ 76M of General Fund for the ARC
 - \$35M of Education Funds for the retired teachers Health Care and normal retirement contribution

Budget Highlights Early Education

- \$9.6M of Education funds to expand Early Child Education
 - \$7.5M to Child Care Financial Assistance Program
 - \$1M for Full day pre-K grants
 - \$600K Child Care Shared Services Pilot
 - \$500K Municipal Child Care Innovation Grants

Budget Highlights Education Innovation

- \$1.6M of Education funds for Education Innovation
 - \$500K for Classroom Innovation Grants
 - \$500K for Management and Modernization Grants
 - \$250K School technology and Connectivity Grants
 - \$200 Code Camp Grants
 - \$150K Career and technical education

Budget Highlights Transportation

- Follows statutory JTOC reduction – reduce TF to Public Safety by \$900K
- Transportation budget uses current revenues to maintain current services levels
- VTrans expects:
 - to advance more than 100 bridge and culverts in more than 100 communities
 - Perform preventative maintenance on existing structures
 - Improve more than 200 miles of State highways

Budget Highlights Non-Budgeted Revenue

- Direct App from the NBR: \$32m
 - \$12M to the Federal & Caseload Reserve
 - \$10.125M for onetime IT investments (no longer funded in the Capital Bill)
 - \$2.125 for AHS IT
 - \$2.2M for Finance & Management Accounting System
 - \$5.8M for the Judiciary Case Management System
 - \$10M in base direct app

Reserves

- Maintains the statutory 5% reserves in the General Fund, Education Fund, and Transportation Fund
- Reserves \$3.7M in the 27/53 reserve created by the General Assembly in 2016 Act 172
 - Total Projected EOY 2018 balance \$8.99M
- Adds \$22M to the Federal Contingency & Caseload Reserve from the NBR and DVHA Base appropriations
 - Total projected EOY 2018 balance \$32M
- Maintains \$6.8M balance in the General Fund Balance Reserve