

FY 2019 Governor's Recommended Budget

January 25, 2018

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FY 2019 Budget Highlights Governor's Initiatives

Appropriation Items

- \$1.5M – Temporary forensic mental health unit operating costs
- \$500K – AHS Prevention
- \$500K – DCF Child Protection
- \$400K – Mental Health Street Outreach
- \$640K – National Guard Scholarships
- \$400K – ThinkVermont Growth and Innovation Initiative
- \$200K – Woodstove Changeout
- \$100K – College Graduate Placement and Small Business Recruitment (one-time)
- \$100K – Outdoor recreation community development
- \$600K - Cyber Security (internal service charge)

FY 2019 Budget Highlights Governor's Initiatives

Revenue Items

- \$1.9M – Social Security income tax exemption
- \$2.7M – Military Pension exemption
- \$625K – Housing Revitalization Pilot Program
- \$250K – Increase to Downtown and Village Center Tax Credit Program
- \$125K – VHFA Down Payment Assistance

FY 2019
Budget
Highlights
Governor's
Initiatives

Capital Items

- \$2.9M – Temporary Mental Health Forensics Unit
- \$2.0M – Transition from Middlesex facility
- \$500K – Adult Continuing Technology Education

FY 2019 Budget Approach

- Budget instructions were sent to departments in September
- Finance & Management held budget meetings in October and November
- The Secretary of Administration allowed for public comment both on-line and by mail

FY 2019 Budget Approach

- Worked to fund usual business pressures at departments
 - Annualization of the FY 2018 Pay Act - \$11.8M
- Departments' General Fund amounts were adjusted for internal service charges and other cost allocation changes
 - Decrease Insurances
 - Increase in Fee for Space
 - Increase in Health Insurance

FY 2019 Budget Approach

- Funding for Human Services Caseload
 - Medicaid, Long Term Care, Developmental Services, Department for Children and Families
 - Incorporates both savings items and new investments in AHS
- Funding of the FY 2019 projected Debt Service Obligation
- Funding for the General Fund Transfer to the Education Fund
- Funding State Employee and Teacher Retirement Obligations

Total Budget

The Governor's FY 2019
Unduplicated Budget:

\$5.9 Billion

FY 2019 Total Appropriations (\$ Millions)	
General Fund	1,590.60
Transportation Fund	282.70
Education Fund	1,680.30
Special Funds	636.30
Federal Funds	1,993.50
Dedicated Funds	38.70
Less GF TSF to EF	(322.70)
Total Unduplicated Appropriations	5,899.30

General Fund Sources

The Governor's FY 2019 Budget
does not increase Taxes or Fees

FY 2019 GF Sources (\$ Millions)	
Current law Revenue	1,568.20
Direct Apps & Reversions	49.08
Property Transfer Tax	15.12
Total Base Revenue	1,632.40
Less Tax Initiatives	(-5.60)
Total Sources	1,626.80
Less Federal Tax Impact	(-29.78)
Total Budgeted Sources	1,597.01

General Fund Uses - Appropriations

- All state funds grow by 2.16%; under the Governor's Growth Rate Cap
- GF appropriates growth by 2.33% over FY2018 adjusted base

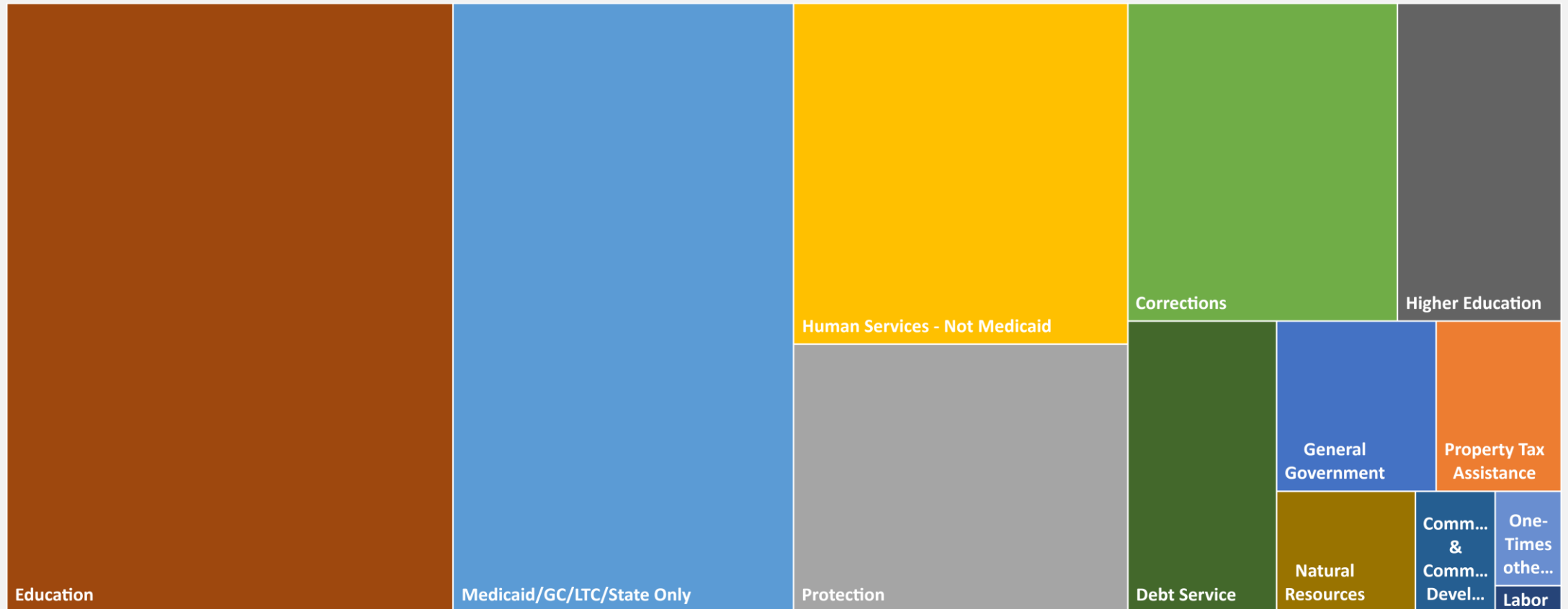
FY 2019 GF Uses (\$ Millions)	
Base Appropriations	1,580.12
One-time Appropriations	2.12
Pay Act	8.31
Total Appropriations	1,590.55
Total GF Transfers	6.46
Total Uses	1,597.01

General Fund Uses - Appropriations

By Government Function

Government Function	(\$ Millions)	
General Government	45.60	2.87%
Property Tax Assistance	35.70	2.25%
Protection	150.80	9.48%
Human Services - Not Medicaid	191.20	12.02%
Medicaid/GC/LTC/State Only	348.50	21.91%
Corrections	143.80	9.04%
Labor	3.00	0.19%
Education	457.70	28.71%
Higher Education	87.40	5.49%
Natural Resources	28.30	1.78%
Commerce & Community Development	16.30	1.02%
Transportation	-	-
Debt Service	72.90	4.58%
One-Times other appropriations	10.40	0.66%
Total GF Appropriations	1,590.6	100%

FY 2019 Gov. Rec. GF Budget



General Fund Transfers

FY 2019 GF Transfer (\$ Millions)	
To Next Generation Fund	2.91
To State Health Care Resource Fund	3.10
Total Transfers to Other Funds	6.01
To Budget Stabilization Reserve	.45
To Human Services Management Reserve	72.81
To 27/53 Reserve	7.00
Total Transfers	86.27

Budget Highlights General Government

- Moves Vermont Center for Geographic Information (VCGI) from Agency of Commerce & Community Development to Agency of Digital Services (ADS) - \$177K net neutral
- Department of Libraries moves to less expensive space - \$253K net savings

Budget Highlights Protection

- Includes \$640K additional GF to Military appropriations for National Guard scholarships
 - In addition to existing \$100K in Military and \$150K in Next Gen, for a total of \$890K
- Adds \$434K to Public Safety to increase trooper recruitment classes
- Provides \$105K to Public Safety for new fingerprint technology

Budget Highlights Human Services

New Investments

- \$1.5M – Temporary forensics mental health unit (operating costs)
- \$500K – AHS prevention initiatives (dental and new mother home visits)
- \$500K – DCF child protection initiatives
- \$400K – Mental health – street outreach

Budget Highlights Human Services

Savings Items

The budget also includes several actions to reduce cost pressures at the AHS, including:

- Restructuring and reorganizing operations within the Department of Vermont Health Access and Department of Children and Families;
- Eliminating outdated programs that no longer support or enhance current health care service delivery;
- Reducing DSH payments in light of Vermont's high level of compensated health coverage; and
- Eliminating programs where the GF cost, including administrative costs, is high relative to the benefits of services provided.

Budget Highlights Labor/Commerce & Community Development

Economic & Community Development

- \$100K to community development programs targeting outdoor recreation.
- \$400K for the ThinkVermont Growth and Innovation Initiative, of which:
 - \$300K for competitive proposals for economic development projects;
 - \$50K to develop a small business accelerator initiative;
 - \$25K to partner with capital providers to assist entrepreneurs; and,
 - \$25K to continue to develop the Aerospace sector – supply chain – clusters throughout the state.

Workforce Development

- \$100K in (one-time) GF to the Department of Labor for the Vermont College Graduate Placement and Small Business Recruitment Initiative.

Budget Highlights Education

- Funds \$323M statutory GF transfer to Education Fund
 - Adds \$8.0 to the transfer, based on the funding formula
 - Reserves \$200K to support mandated Pre-K initiative
- Agency of Education: Provides \$200K and two new positions to implement mandated Pre-K positions

Budget Highlights Higher Education

- Maintains funding levels for institutions that were increased last year
 - Holds UVM harmless in FY19 for Medicaid wind-down
- Provides \$640K additional for National Guard scholarships
 - In combination with existing \$250K provides \$890K to support free tuition for Vermont National Guard members

Budget Highlights Teacher's Retirement

- Fully funds actuarially determined pension contributions teachers' retirement
- Provides \$124M GF for teachers retirement and Retired Teachers Health Care (\$20.4M increase from FY 2018)
 - \$92M of General Fund for the pension ADEC – up \$16.3M from FY2018
 - \$31.6M of General Funds for teacher retiree health – up \$4.1M from F2019
 - \$7.7M of Education Funds for the normal retirement contribution

Budget Highlights Transportation

- Transportation budget uses current revenues to maintain current services levels
- VTrans expects:
 - To advance more than 120 bridges and culverts in more than 90 communities
 - Perform preventative maintenance on existing structures
 - Improve more than 200 miles of State highways

Reserves

- Maintains the statutory 5% stabilization reserves in the General Fund, Education Fund, and Transportation Fund
- Reserves additional \$7.0M in the 27/53 reserve created by the General Assembly in 2016 Act 172
 - Total Projected EOY 2019 balance \$18M
- Adds \$73M to the Human Services Management Reserve
 - Total projected EOY 2019 balance \$95M
- Maintains \$7M balance in the General Fund Balance Reserve