

FY 2020 EXECUTIVE BUDGET SUMMARY



Fiscal Year 2020 Executive Budget Recommendations

Philip B. Scott
Governor of Vermont
January 24, 2019





January 24, 2019

Dear Members of the General Assembly and Fellow Vermonters:

It is my pleasure to present the Fiscal Year (FY) 2020 budget for your consideration.

This is the third budget I have presented as your Governor. It is balanced, spends within our means and fulfills our obligations while investing in areas that will bring the highest return in meeting our demographic challenge. This budget continues to invest in economic growth, in making Vermont more affordable to those who live here and those who would like to move here, and in helping our most vulnerable.

Every year presents its own unique challenges and opportunities. This year, due to a strong economy, healthy corporate profits and modest spending growth, we anticipate a sizable budget surplus. At the same time, the rising cost of maintaining a quality state workforce, and of meeting our obligations to our retirees, will use up a substantial portion of this additional revenue. The costs of state government also continue to grow faster, on a percentage basis, than the paychecks of most Vermonters. That is why we must maintain a sharp focus, in good times and bad, on spending judiciously, investing wisely and finding ways to improve the efficiency of state government.

As I've said throughout my time as Governor, our population and labor force trends represent our greatest economic challenge. Our population is not growing; our labor force is shrinking. Fewer children fill our schools. Jobs – high quality, high paying jobs – go unfilled. We absolutely must acknowledge this reality and devote energy and resources to combat it. That's why this budget includes funding for a suite of workforce training, recruitment and relocation strategies, building on the success of last year's programs and adding new features designed to make moving to Vermont even easier.

When people move to Vermont, they often settle in our beautiful villages and downtowns. Many of these places have been revitalized but more can be done to rebuild and revitalize our commercial and residential centers. My budget provides increased funding for our Downtown and Village Tax Credit program. These tax credits spur major investments in our downtowns and they have helped transform communities – attracting new businesses, creating good jobs and supporting new housing in downtowns and villages across the state.

This year I will continue our work to make our education system the best in the country. This budget, once again, boosts investment in early care and learning, technical education, non-degree job training programs and higher education. With these investments, our youngest kids will have more opportunities, our state colleges will be able to freeze tuition rates and more adult students will be able to learn skills they need for available jobs.

I've also teamed up with New Hampshire to propose an innovative, voluntary bi-state paid family and medical leave insurance program. Paid family and medical leave is an important tool to help promote a work-life balance and accommodate unexpected family and health-related needs. This proposal is funded in this budget and I hope the Legislature will see this as a thoughtful step forward on the path toward a goal we share.

Over the past two years, we have dramatically increased work to clean up our lakes and rivers. Since the passage of Vermont's Clean Water Act we have invested more than \$100 million in clean water projects. This is both smart environmental policy and an investment in growing our economy and creating jobs. That's why my budget fully funds the Clean Water Board's recommended budget with a long-term, dedicated funding source.

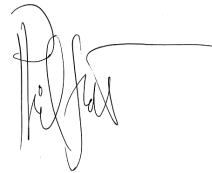
Clean air is also a priority in this budget. In its final report, the Vermont Climate Action Commission recommends an incentive for Vermonters to make buying a new or used electric vehicle more affordable. This budget follows through on that recommendation by funding a financial incentive program to put more electric vehicles on our roads. The budget also provides funds to build out infrastructure and electric vehicles in our state fleet.

In my first budget address, I talked about the most undeserving victims of our opioid crisis—the children born to addiction. That day I vowed we would not fail these children and I intend to keep that promise. The number of children in state custody continues to rise, and our front-line staff are carrying a growing caseload. They need help. This budget will provide funding for additional family service workers, supervisors and resource coordinators to work with families. With this increased investment in our Department of Children and Families, we can better serve needy families by giving them the support they deserve, and we can put them on a path to a brighter future.

While investing in our strategic priorities, we are also meeting our responsibility to our retirees, many of whom have devoted a substantial portion of their working lives in service to Vermont. We continue my administration's policy to fully fund retiree pension and health care benefits. In fact, we will use FY19 surplus revenue to make an extra payment to the teachers' retirement account. Working closely with the Treasurer's office and legislative leaders, I intend to keep our promises to public sector workers.

These highlights are just a few examples of the investments detailed in this budget book. All together, this budget represents months of hard work and many difficult decisions. Even during the good times, we must often make tough choices. In developing this budget, I challenged my team to think differently, to question assumptions, to look ahead and to innovate. The challenges we face are great but when we work together, we can do great things.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip B. Scott", with a long horizontal line extending to the right.

Philip B. Scott
Governor

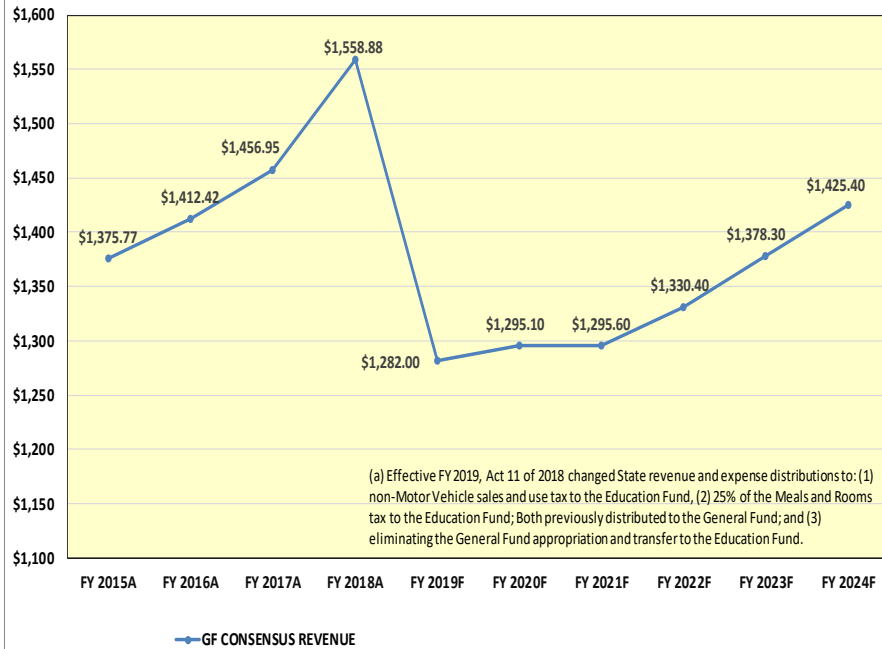
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CONSENSUS REVENUE HISTORY & FORECAST

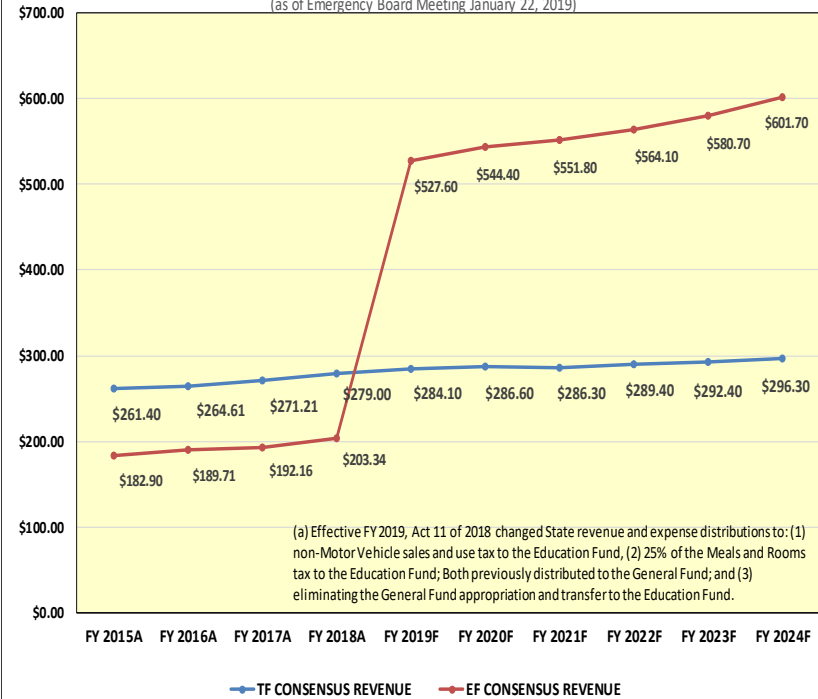
GENERAL FUND HISTORY & FORECAST

(as of Emergency Board Meeting January 22, 2019)



Transportation and Education (a) Funds History & Forecast

(as of Emergency Board Meeting January 22, 2019)

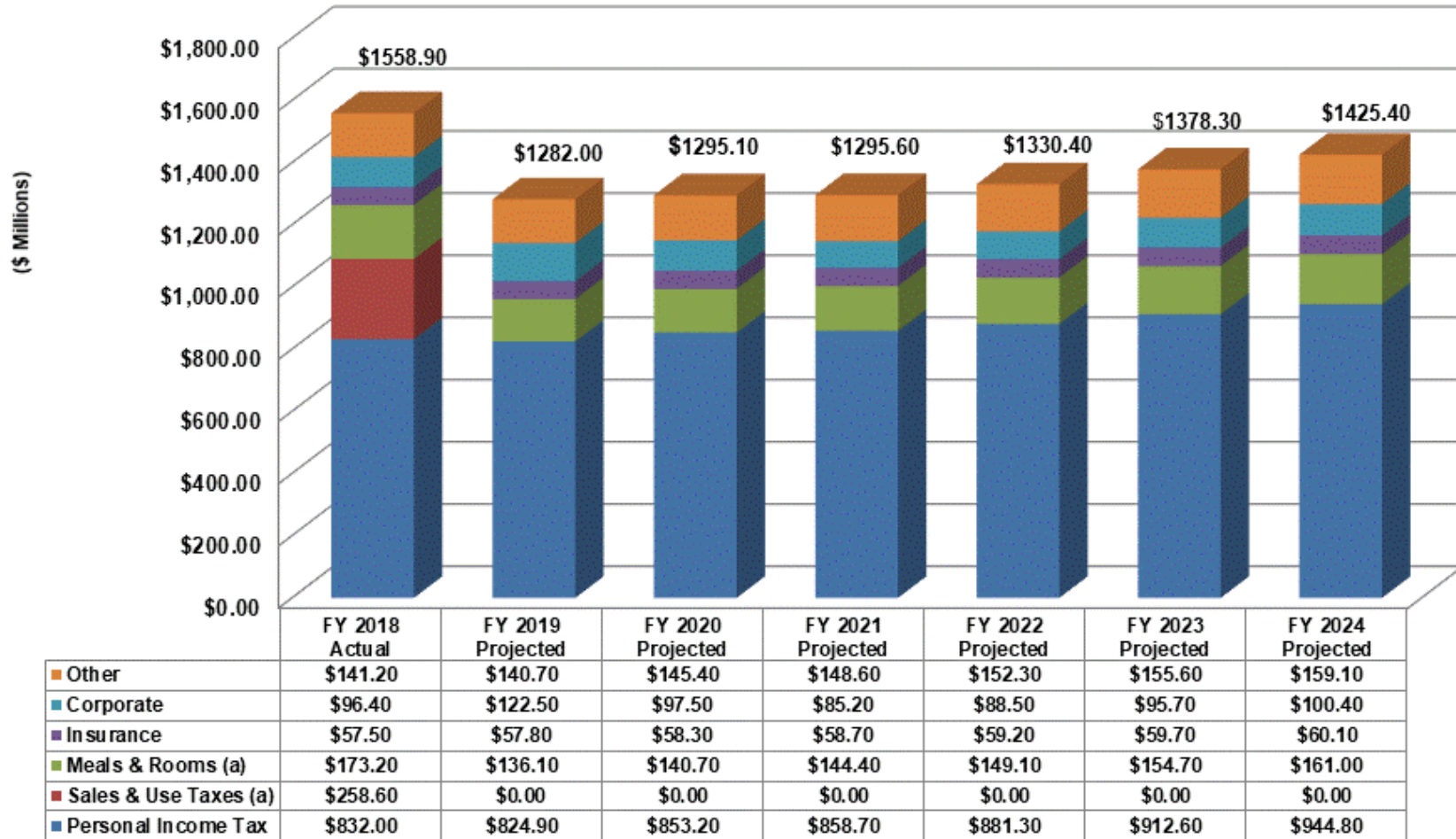


On January 22, 2019 the Vermont Emergency Board adopted revised General, Transportation and Education Fund Consensus Revenue Forecasts for the remainder of FY2019, FY2020 and FY2021 as compared to the adopted July 2018 forecast. The General Fund (GF) for FY2019 was projected to be \$1,282 million* (-\$276.9 million, -17.8%) while the FY2020 GF was projected at \$1,295.1 million (\$13.1 million, +1%). The Transportation Fund forecast for the remainder of FY2019 was projected at \$284.1 million (+5.1 million, +1.8%) and for FY2020 was projected at \$286.6 million (+\$2.5 million, +0.9%). The Education Fund (portion subject to consensus revenue forecast) was projected at \$527.6 million for FY2019 (+\$324.3 million, +159.5%) and \$544.4 million for FY2020 (+16.8 million, +3.2%).

* The marked year-over-year decrease in the General Fund and the increase in the Education Fund is due to the restructuring of the Education Fund revenue to include 100% Sales & Use Taxes and 25% of Meals and Rooms Taxes pursuant to 2018 Acts & Resolves (Special Session) No. 11. The Governor's Recommended BAA includes a joint Legislative and Administrative proposal pursuant to 2018 Acts & Resolves (Special Session) No. 11., Sec. D.108 to shift \$273 million of State Health Care Resources Fund revenue to General Fund revenue.

General Fund ^(a) Revenue by Component FY 2018 - FY 2024

Emergency Board January 22, 2019

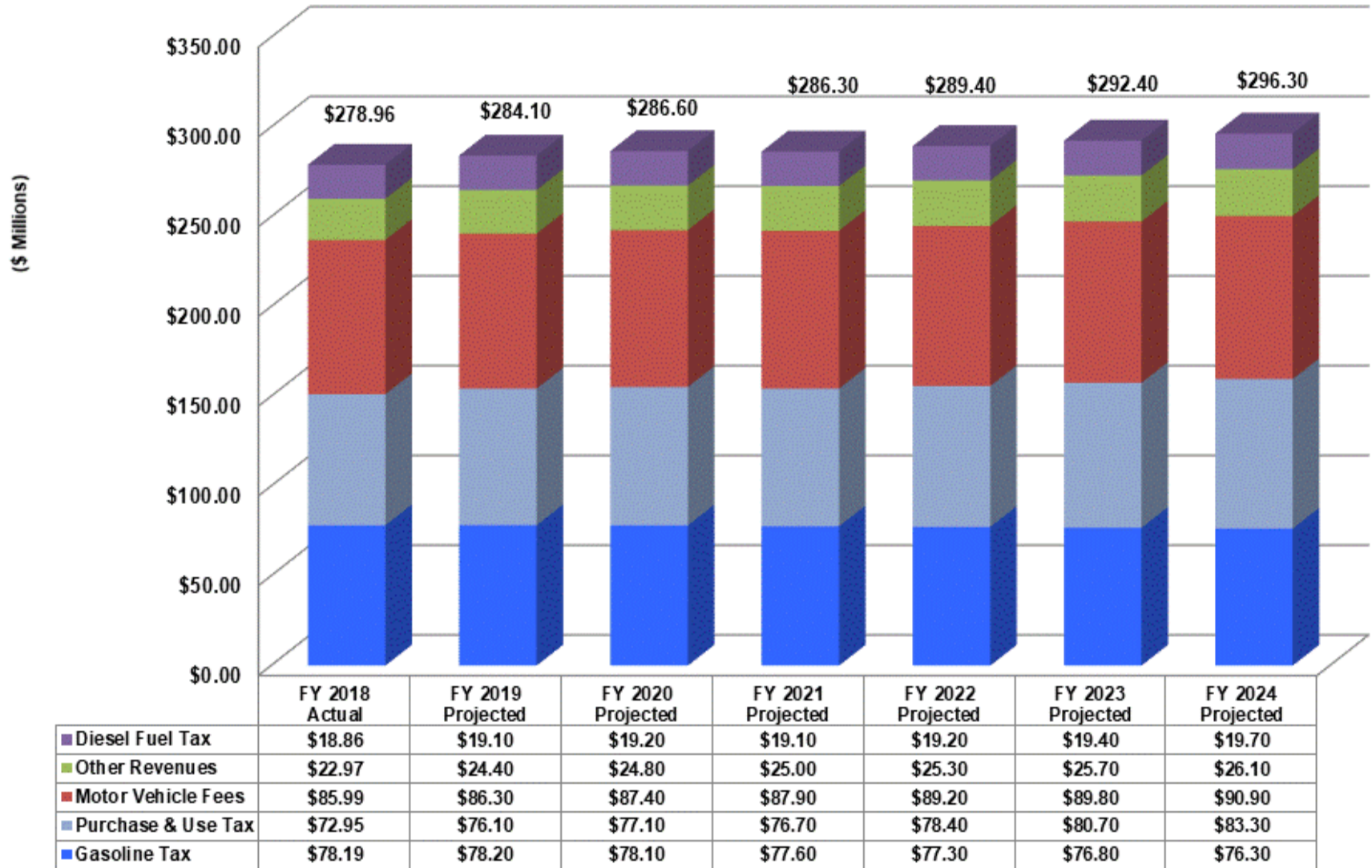


(a) Effective FY 2019, Act 11 of 2018 changed State revenue and expense distribution to: (1) non-Motor Vehicle sales and use tax to the Education Fund, (2) 25% of the Meals and Rooms tax to the Education Fund; both previously distributed to the General Fund; and (3) eliminating the General Fund appropriation and transfer to the Education Fund.

Note: The marked year-over-year decrease in the General Fund and the increase in the Education Fund is due to the restructuring of the Education Fund revenue to include 100% Sales & Use Taxes and 25% of Meals and Rooms Taxes pursuant to 2018 Acts & Resolves (Special Session) No. 11. The Governor's Recommended BAA includes a joint Legislative and Administrative proposal pursuant to 2018 Acts & Resolves (Special Session) No. 11., Sec. D.108 to shift \$273 million of State Health Care Resources Fund revenue to General Fund revenue.

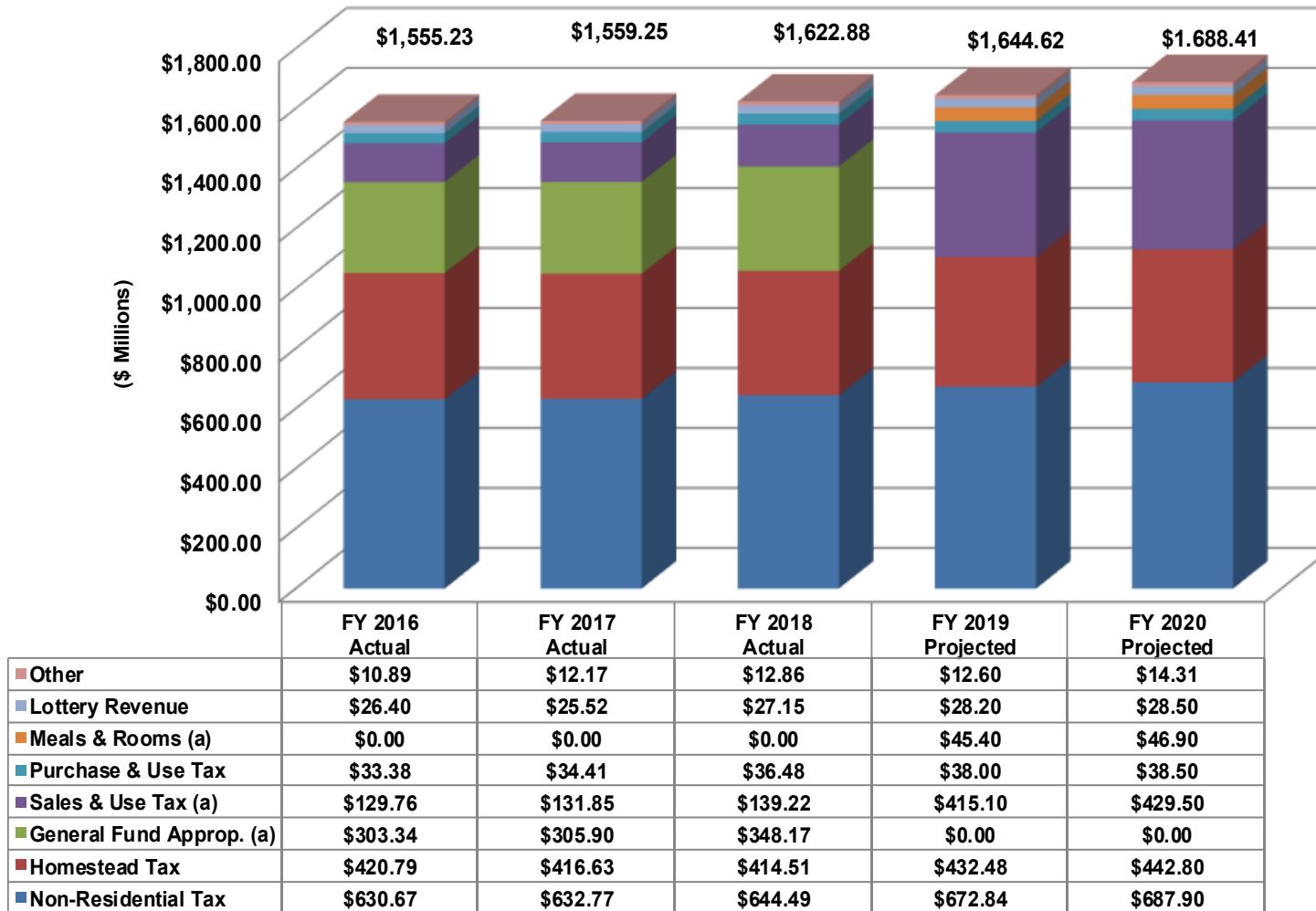
Transportation Fund Revenue by Component FY 2018 - FY 2024

Emergency Board January 22, 2019



Education Fund ^(a) Revenue by Component FY 2016 - FY 2020

Emergency Board January 22, 2019



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FY 2020 BUDGET RECOMMENDATIONS

FISCAL YEAR 2020 BUDGET DEVELOPMENT PROCESS/PUBLIC BUDGET PROCESS

In accordance with 32 V.S.A. § 306 (d), the development process for the Governor’s Budget Recommendations include public participation and a current services budget.

Public Participation ~ Public Budget Forums

Under this section, the Governor is required to develop a process for public participation in the development of goals and general prioritization of spending and revenue initiatives as part of the State’s budget. To meet this requirement the Secretary of Administration and the Department of Finance & Management hosted five public budget forums across the State as part of the Governor’s Capitol For A Day initiative. Additionally, the agency utilized an online forum.

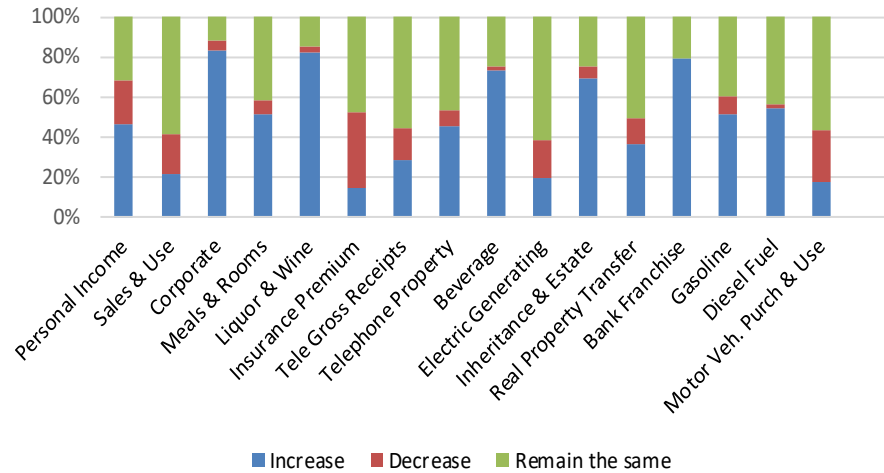
Using the Department of Finance & Management’s public website, the Administration posted an online presentation describing the overall budget and budgeting process, found at the website address: <https://finance.vermont.gov/sites/finance/files/FY2020%20State%20Budget%20Overview.pdf>

The Administration invited comments both online and in writing during a seven week period in November and December.

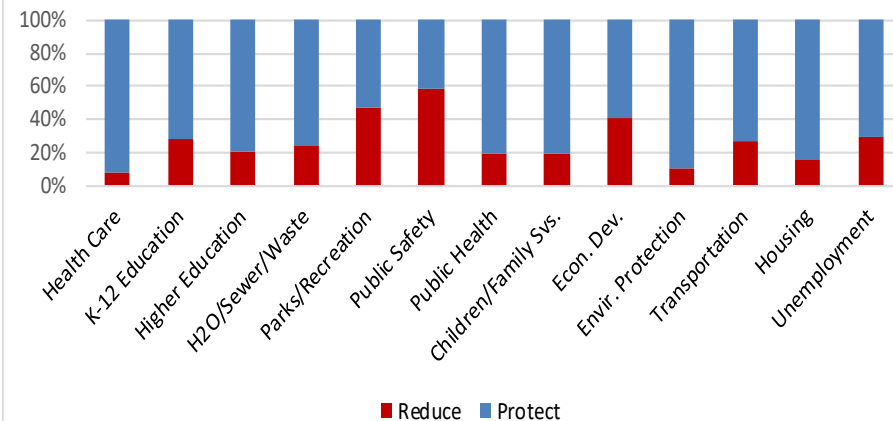
During this time, Finance and Management received 105 responses (via SurveyMonkey) and 52 written comments:

- 16 comments support Farm to School and Early Childhood funding at \$500,000
- 10 comments supported the continuation of funding for afterschool programs (\$2.5M per year)
- 9 comments supported increasing the level of funding for higher education
- 4 comments supported the funding of \$10M to Parent Child Centers
- 4 comments supported the continuation and additional funding (\$3M) of the Working Lands Enterprise Fund
- 3 comments supported funding to provide home delivered meals to Choices for Care participants, increased funding for congregate and home delivered meals for older Vermonters, and a rate increase for home and community based long term care providers and case managers
- 3 comments recommended improvement to the public budget forum process
- 1 comment supported fully funding programs such as Reach Up and CCFAP
- 1 comment supported holding down public school spending
- 1 comment recommended transparency regarding the pension fund deficit and the long term impact if we do not reduce the obligations faster

Which areas of revenue would you consider reducing, increasing or maintaining at current levels in order to balance the state budget?



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



PROGRAM TO IMPROVE VERMONT OUTCOMES TOGETHER (PIVOT) - FY2020 GOVERNOR'S RECOMMENDED BUDGET

The **Program to Improve Vermont Outcomes Together (PIVOT)** was established in Executive Order 04-17. PIVOT is intended to create a culture of continuous improvement which integrates **Top Down Vision with Bottom Up Ideas**. The PIVOT program is composed of three elements: the development and implementation of Targeted Action Plans, the development of a state strategic plan, and the development of statewide training in continuous improvement principles and tools for staff. PIVOT utilizes both Lean and RBA (Results-Based Accountability) improvement methodologies. In executing PIVOT, the Chief Performance Officer assembled a team of individuals who had expertise and experience in developing and implementing strategic plans, performance management, and improvement strategies in their own agencies. This team serves as the PIVOT Development Team. In addition, each Executive Branch Cabinet unit has an assigned PIVOT Lead with membership on the Statewide Continuous Improvement Steering Committee.

Project Governance: Continuous improvement projects are the primary mechanism used to effect a change in a process with the intention of improving or achieving results. Projects take a variety of forms, from small five-minute improvements to large scale enterprise wide solutions. Projects typically fall within four categories: process creation, process standardization, process improvement, and process re-engineering. Regardless of size or type, projects follow a Plan – Do – Study – Adjust (PDSA) cycle with various resources needed at each stage. PIVOT's strength to date has been in the Plan (hypothesis building) phase of the PDSA cycle. Primarily through the work of the Performance and Budget Analyst working with the CPO, problems are being scoped, connected with Green Belt facilitators, and shepherded through the Plan phase, resulting in an action/implementation plan. Several templates and tools have been developed to help standardize the process and ensure a level of consistency. Two technologies, SharePoint and Excel, are being utilized to track and monitor the status of projects. The PIVOT process allows for a higher rate of project success leading to improved results, greater accountability for and tracking of improvement projects, and a higher return on investment for resources dedicated to projects.

Training: In May 2017, the PIVOT Development Team launched a three-part training series built on concepts derived from Results-Based Accountability (RBA) and Lean. Training levels are based off the martial arts belt system, which is a popular training practice in Lean and Six Sigma (White, Yellow and Green Belts). As of 12/31/2018, 767 employees have attended White Belt training, 255 have attended Yellow Belt training, and 124 have reached the level of Green Belt. Including previous training conducted by DEC and AOT prior to PIVOT, roughly 1170 individuals have received some form of Continuous Improvement training since 2013. A Continuous Improvement Online training has also been developed and launched in November 2018.

Data Reporting: The ability to collect, analyze, and report data is an important aspect of any continuous improvement effort. Through data we are able to better target improvements, make decisions, manage the performance of programs and processes and measure whether or not goals are being achieved. Externally, data is necessary for communicating the story of our programs and the impact of our work to a broad audience.

Communication: Since its inception, PIVOT (Program to Improve Vermont Outcomes Together) has had only word of mouth marketing and communication. Once employees are engaged in training or participate in project work, they become advocates. At this point however, a coordinated communication and marketing plan is needed. With almost 1,000 employees trained in continuous improvement, word of mouth no longer suffices to keep the associates informed, celebrate successes and promote continued growth and expansion.

Summary of FY 2019 Action Plan:

1. Continue to support the completion of the 44 2017 TAPs;
2. Scope, support and shepherd an average of 10-12 active projects at any time;
3. Implement various professional development changes to the training program in alignment with priorities and needs. This is a change to the basic 3-Belt training with more emphasis and content in “White” Belt and an application system for entry to Yellow and Green Belts. Further, specific supervisor training and a long-term course for a limited number of Black Belts (experts) will be added;
4. Develop a robust marketing and communication plan that will be evaluated annually on specific KPI’s (Key Performance Indicators) pertaining to reach and impact;
5. Support strategic planning efforts and the identification of strategic goal action plans;
6. Support the identification of core services, processes and performance measures at the programmatic level;
7. Continue working on the Service Domain, Program and Activities inventory (SPA(S) Matrix) (critical for new Programmatic Budgeting Construct development):
 - S = Service Domains** (broad services categories provided);
 - P = Programs** (deliver services through Programs);
 - A = Activities** (common processes and activities used to manage Programs);
 - S = Systems/Skills/Services** (The addition of “IT System” and other skills and services used to support Activities will bolster ADS’ Inventory of Systems by providing additional operational information and data. Note: a 2020-2021 task);
8. Work with the Enterprise Project Management Office (EPMO) to identify synergies and opportunities for collaboration and resource sharing;
9. Work with the Chief Data Officer to enhance the use of data and analytics statewide;
10. Identify and fully support high level, cross-agency improvement projects from initiation to implementation;
11. Continue the institutionalization of a Continuous Improvement culture, including process improvement methodology training (RBA and Lean), driving improvement work strategically, and pairing top down vision with bottom up ideas.

Results and Successes: Currently we have 44 Targeted Action Plans in process, and 10-12 active operational projects at any given time. Successes include: 9 days of manual work/month eliminated from a billing process; transition of the VtSHARES campaign from paper based to electronic; piloting of a standardized and statewide new employee orientation; reduction in lead time for and cost for ordering motor boat decals; clarity around purpose and goals of the Best Management Practice Program; 50% reduction in time needed to post data to the VCGI portal; a pilot process for improved teaming and case planning in St. Albans; customer service improvements to state right-of-way access permits; etc.

GOVERNOR SCOTT'S FISCAL YEAR 2020 KEY BUDGET ITEMS

Governor Scott's Fiscal Year 2019 Budget Adjustment and Fiscal Year 2020 Key Budget Items

- Supports FY2020 General Fund total appropriations of \$1.637 billion.
- Fully funds all retirement obligations and provides extra payments to retiree pension and medical benefit funds.
- Provides elevated funding for a suite of workforce expansion and economic development initiatives.
- Invests in public safety by providing increased appropriations in the FY19 budget adjustment for school security, lead testing of school drinking water, and cybersecurity.
- Provides additional money for higher education, both degree and non-degree programs, and substantially boosts subsidies for early care and learning.
- Follows through on recommendations from the Clean Water Board for allocation of funds to the clean water initiative, and the recommendations from the Vermont Climate Action Commission by creating an electric vehicle purchase incentive program.
- Maintains all statutory reserve levels.

Relocation and Outreach

Vermont's current demographic trends require significant intervention to reverse a troubling downward trajectory. We have 23,000 fewer Vermonters under the age of 20 now than in 2000, and nearly 30,000 more Vermonters over the age of 65. Outside of Chittenden County, Vermont is three to four years away from having only one worker for every retiree, child, or dependent of the state. A shortage of qualified workers hurts every business sector statewide. One way to combat this challenge is to get the word out about Vermont, recruit more workers to come here, and make it easy for them to move here.

- \$1 million in recruitment grants and contracts and another \$1 million in relocation grants to build on the successful Remote Worker Grant Program launched last year.
- An additional \$500,000 to work with businesses and Regional Development Corporations, Chambers of Commerce and other community groups to build a regional network for relocation and recruitment.
- \$1.4 million to phase out the tax on retirement income for retired members of the military. Many career military men and women have training and skills in demand. Vermont is one of only seven states that fully tax military pension income. Let's remove this disincentive for former members of the armed services to relocate here.

Training and Education

We must develop policies to better prepare students for a career, keep more of our kids in Vermont after graduation and provide training for Vermonters so they can get a good job. If we can, we'll grow Vermont's economy and revenues which will enable us to support the programs we provide today and meet the needs of the future.

- An extra \$1.07 million to VSAC's non-degree grant program which helps provide adult students an alternative path to acquire the skills and confidence required to be productive members of the workforce.
- A \$3 million boost to the Vermont State Colleges' base appropriation to freeze tuition for a year and an extra \$200,000 from FY19 surplus revenue to help design an Associate Degree program that allows students to remain at home while earning their degree.
- \$700,000 to UVM to hold them harmless from the loss of federal (Medicaid) funding and help maintain their tuition support for Vermont students.

Programs for Families

We can't afford to do things the way we've always done them, not if we want to revitalize every county, sustain current services and invest more in our priorities. Our work to create the highest quality of life for young families in Vermont must begin now. We can start by providing excellent early care opportunities for children of working families, and a strong safety net for family members who need to take care of themselves or their loved ones.

- A \$7 million increase in early care and learning, to be directed to the Child Care Financial Assistance Program. Raise the subsidy level for low and moderate income families, provide financial assistance to early educators, and redesign the program to improve efficiency and data collection to assess outcomes.
- \$1 million of General Funds and \$2.5 million of total funds to launch an innovative, voluntary bi-state paid family and medical leave insurance program. To promote the development of FMLI plans, New Hampshire and Vermont will create a paid leave plan for our combined 18,500 state employees through the Twin State Voluntary Leave Plan. By leveraging the economies of scale of the state employment base, insurance carriers will be able to write a competitively priced plan which currently does not exist in the New Hampshire and Vermont markets.

Rebuilding our Downtowns

Vermont has some of the oldest housing stock in the country. This is especially true of our rental housing. Of Vermont's rental housing stock, 80% is more than 40 years old. Almost half of these units are more than 80 years old. Through a combination of tax incentives, tax reductions and grants, we can create the economic incentive to attract new investments in our downtowns.

- \$1 million to the Vermont Housing Incentive Program (VHIP), a rental housing rehabilitation program that uses small grants to incentivize small private apartment owners to make significant improvements to both housing quality and weatherization. This program is intended for existing properties that are vacant or blighted and in need of substantial reinvestment.
- Elimination of the \$1.75 million land gains tax. Currently the profit from the sale of land held for less than six years can be taxed. Because any profit must be allocated between the value of land and structural improvements, improvements to structures generally result in a taxable gain. The land gains tax was aimed at reducing real-estate speculation. However, over the last 45 years land use regulations, including the statewide implementation of Act 250, have been strengthened and serve the purpose of reducing speculation and controlling unregulated growth.

- \$200,000 to increase the Downtown and Village Center Tax Credit Program. They have become a crucial component of the complicated funding stack required to carry out transformative downtown projects like the French Block in Montpelier, the Brooks House in Brattleboro and the Blanchard Block in Barre.

Protecting Vermonters

The highest priority of any government must be public safety. Harm can come in many different forms. We live in a complicated world and we must ensure we have the tools and the know-how to respond to threats and, ideally, prevent them from happening.

- \$2 million to the Department of Children and Families to hire additional family service workers, family service supervisors and resource coordinators. Family Services Division caseload continues to increase. Overall, there has been a 33% increase in total cases since 2013. In the past year alone, conditional custody cases have increased by 42%. The need is there. We must provide the resources.
- An additional \$1.5 million in the FY19 budget adjustment to increase school safety grants. Provide up to \$25,000 to each school in Vermont, including our independent schools, to upgrade their safety equipment.
- \$1.3 million in the FY19 budget adjustment to test every school drinking faucet for lead within the next year. Lead is a highly toxic metal that can cause serious and permanent health problems. In children, lead can delay growth, development, learning, and cause behavior problems. These effects are irreversible but entirely preventable.
- \$2.3 million to strengthen the state's firewall and upgrade critical IT infrastructure. As cybersecurity threats grow and cause greater harm, investing to safeguard Vermonters' data, and keep systems operating, is essential. To jump start this effort, \$1.8 million of this \$2.3 million investment is in the FY19 budget adjustment.
- \$200,000 of FY19 surplus revenue to the Department of Public Safety to upgrade equipment and training.

Protecting the Environment

We can have a stronger economy by creating a cleaner economy. By building the infrastructure to ensure clean water, incenting the purchase of electric-powered vehicles, and increasing subsidies for home weatherization projects, we can boost economic activity while doing what's best for the environment.

- Direct up to \$1.5 million from the surplus money in the litigation settlement fund towards an incentive program for the purchase of electric vehicles.
- Another \$500,000 from FY19 surplus funds to build the state's fleet of electric cars and charging stations.
- Provide a long-term funding source for clean water initiatives by directing the first \$8 million of the estate tax this year into the state's Clean Water Fund. In total, nearly \$48 million is dedicated to clean water projects. That includes \$15 million from the State's Clean

Water Fund, over \$12 million of capital appropriations, \$1 million in state transportation dollars combined with over \$19 million in federal funds.

- An additional \$500,000 of FY19 surplus revenue into the Weatherization program to expand subsidies for low income Vermonters to weatherize their homes. Not only does this provide a better quality of life, it also lowers heating bills and cuts back on fossil fuel consumption.

Broadband Initiative

Currently, about 94% of Vermont is served with basic broadband and nearly 75% of the state has high-speed broadband or better. There is still work to do to make these essential tools available to more Vermonters. It's not just about access - we need to increase upload and download speeds too. Many communities are acting on their own, working hard to expand their infrastructure. While grants and loans are available, they don't always fit with local plans or budgets. Let's offer support and financial assistance.

- \$955,000 of FY19 surplus revenue directed to the Connectivity Fund within the Department of Public Service to provide grants for "last mile" broadband facilities.
- \$45,000 to the ThinkVT Innovation Fund within the Agency of Commerce and Community Development to provide technical assistance grants to communities planning a project, such as working out specifications for gear and system design, or for writing a grant application.
- \$540,000 of FY19 surplus funds to seed an initiative in partnership with VEDA to back broadband development in our underserved communities.

New Revenue

In addition to current law revenue – i.e. revenue from existing taxes and fees – as determined by the Emergency Board consensus revenue forecast on January 22, 2019, the FY20 budget anticipates revenue from certain changes to tax statutes.

- \$1 million from a new tax on e-cigarettes and "vape" products. In Vermont, use of these products among our youth has increased seven-fold between 2011 and 2017. This is an epidemic. We should levy the same tax on these addictive products as we do on other tobacco products. Let's treat this like we treat tobacco, because we want our kids to know the dangers, and we want to reverse the trend. This revenue will go to the General Fund.

Modernization of Sales and Rooms Tax Statutes

It's time to modernize our sales and rooms tax collection requirements to keep pace with the rapidly growing online activity and ensure equal tax treatment of Vermont businesses and their online competitors.

- \$7 million from including a collection requirement from online marketplaces. In the wake of the US Supreme Court's Wayfair decision, which confirmed online sellers are required to collect state sales tax, we must continue to modernize our sales tax law and ensure our Vermont retailers are competing on a level playing field. The first \$7 million of this revenue will be directed to the Child Care Financial Assistance Program. Any additional revenue will go to the Education Fund.

- \$2 million in total funds from clarification and modernization of Vermont’s rooms tax law to keep pace with the growing online booking industry. Again, we’re leveling the playing field to confirm that whether a room is booked directly with a Vermont hotel or through a third party website, the tax treatment is the same. As online bookings grow, we must ensure we are receiving all taxes due. This revenue will go to the General Fund (75%) and the Education Fund (25%) consistent with current law.

Fees

For the first time in 3 years we will present a fee bill. Adjustments are based on demonstrated need. We have moved away from the tradition of adjusting fees on a three-year cycle.

- Department of Financial Regulation - \$6 million from changes in broker-dealer agent fees, appointment fees, adjuster license fees and fees paid by mortgage brokers and lenders.
- Secretary of State - \$1.7 million from various changes to fees in the Office of Professional Regulation.
- Agency of Natural Resources - \$500,000, primarily from modest increases in fees for rustic cabins and campsites and an increase in one lifetime combination hunting license.
- Agency of Agriculture, Food & Markets - \$250,000 from three new and adjusted fees related to inspection and regulation of hemp growers and processors.

Keeping our Promise to Retirees

Our state employees and teachers work hard every day to make Vermont the great place it is. Our teachers give our children the knowledge and skills they need to prosper. We owe these valued workers the peace of mind that their retirement earnings will be ready when they are. We’re working hard to restore the financial health of state employee and teacher retirement plans.

- \$22.2 million in the FY19 budget adjustment to retire an internal loan which is currently funding retired teachers’ health benefits.
- \$3.3 million in the FY19 budget adjustment to make an additional payment to the retired teachers’ pension plan.
- \$2.4 million to Retired Teachers Health and Medical Benefits to seed a pre-payment plan for OPEB liabilities.
- Statutory changes to direct a portion of future General Fund surplus revenues to the State Employees’ Postemployment Benefit Trust Fund.

Transportation

The Transportation budget uses forecasted Transportation Fund and Transportation Infrastructure Bond Fund revenues to fully match estimated expenditures and availability of federal transportation funds. VTrans, the Department of Motor Vehicles, and Town Highway programs are funded to support current service levels within anticipated revenues. VTrans expects to advance 88 bridge and culvert projects in 70 communities, perform preventive maintenance on numerous additional structures, and improve more than 200 miles of State highways.

FISCAL YEAR 2020 GENERAL FUND OVERVIEW

Sources:

Current Services revenues

Official Economists forecast	1,295,100,000
"Notwithstanding" Property Transfer Tax statutory distribution	17,092,921
Direct applications, reversions, and other	
AHS Certified matching funds for Medicaid	6,474,593
Loan repayments	29,250
Legislative reversions	280,000
Department of Financial Regulation (incorporates impact of fee changes)	29,955,763
Attorney General settlements	2,000,000
Liquor Control	1,805,000
Unclaimed Property	1,305,143
Secretary of State	2,032,817
Subtotal - Direct Applications, Reversions, and Transfers	43,882,566
Carryforward from FY19	8,329,947
Total Current Services GF Sources before policy changes	1,364,405,434

Sources associated with policy changes

Redirection of four revenue sources from State Health Care Resources Fund as per BAA	273,330,702
Additional GF from SHCRF sources from official revenue forecast	2,909,970
Revenue policy changes	
Dept of Taxes Computer Modernization Fund restructuring	4,078,489
Child Care subsidy - contingent on legislation	7,000,000
Online travel companies - room tax - contingent on legislation	1,500,000
Taxation of E-cigarettes - contingent on legislation	1,000,000
Redirection of estate tax revenue to support Clean Water Fund contingent on legislation	(8,000,000)
Downtown tax credit - contingent on legislation	(200,000)
Military retirement income tax exclusion - contingent on legislation	(1,400,000)
Repeal land gains tax - contingent on legislation	(1,750,000)
Rental housing rehabilitation incentive - contingent on legislation	(1,000,000)
Raise estate tax exemption - contingent on legislation	(900,000)
Subtotal Revenue policy changes	328,489

Total General Fund sources:

1,640,974,595

Uses (including transfers):

FY 2020 base appropriations (including FY 2019 As Passed and FY 2020 Pay Act) 1,296,423,758

Appropriations - Current services changes:

Increase in GF Teacher Pension appropriation to level recommended by State Actuary	21,224,649
Increase in State Employee pension contributions - GF share only (total \$16M all funds)	5,732,193
Increase in Debt Service	5,777,575
FY 2020 GF need for cost of FY 2019 salary increase & benefit selection	9,202,511
Class Action Re-classifications	5,971,561
Agency of Human Services - net impact: caseload, utilization, & other pressures	10,972,300
Net of all other changes - including GF allocated internal service charge changes	439,940
Total current services appropriations:	59,320,729

Appropriations - Governor's initiatives and other changes to current services:

Redirect 4 revenue sources from SHCRF to GF	273,330,702
Legislative staff - compensation study impact	368,156
Efficiencies and other savings efforts	(8,661,236)
Governor's initiatives	16,510,000
Vermont State Colleges	3,000,000
Vermont Student Assistance Corporation	1,000,000
DCF Family Services initiative	2,000,000
Twin State Voluntary Leave Plan	1,000,000
ThinkVT-MOVE	2,500,000
Child Care initiative - Child Care Financial Assistance Program (CCFAP)	7,000,000
USS Vermont	10,000

Total new Governor's recommended uses: 281,547,622

Total General Fund Appropriations 1,637,292,109

Net impact of transfers to/from the GF (Next Gen.; Env. Contingency Fund; Stabilization Reserve) 3,682,486

Total Uses 1,640,974,595

FY 2020 General Fund Overview

The budget process began with the submission of FY 2020 budget requests from agencies and departments, as well as input via the Public Budget Forum process. Regular meetings with the Secretary of Administration and the Governor yielded a budget balanced to the projected available revenues while incorporating the Governor's priorities.

The Governor's Budget Recommendations were finalized based on the Consensus Revenue Forecast adopted by the Emergency Board on January 22, 2019, just prior to the Governor's budget address to the General Assembly on January 24, 2019. The individual items reflected in the chart are discussed in more detail elsewhere in this document and departmental budget materials.

Note: The \$21.2M base increase in teacher pension contributions is in addition to the \$3.3 M FY19 additional teacher pension payment.

TOTAL APPROPRIATIONS HISTORY FY 2016— FY 2020 (All Funds)

Funding Sources	FY 2016 Final Appropriation	FY 2017 Final Appropriation	FY 2018 Final Appropriation	FY 2019 Gov's Rec Budget Adjustment (a)	FY 2020 Governor's Recommended Budget (b)
General Fund (GF)	1,478,505,587	1,539,901,405	1,563,588,618	1,606,780,330	1,637,292,109
Transportation Fund	267,664,380	269,400,364	276,535,169	283,968,981	282,909,034
Education Fund (EF)	1,552,651,046	1,577,895,478	1,635,462,268	1,650,519,334	1,718,243,704
Special Funds & Other Funds ^(c)	641,008,130	645,972,327	661,716,140	379,663,449	398,507,230
Sub-Total	<u>3,939,829,143</u>	<u>4,033,169,574</u>	<u>4,137,302,195</u>	<u>3,920,932,094</u>	<u>4,036,952,077</u>
Adjust for inter-fund appropriation: GF Transfer to EF	(303,343,381)	(305,902,634)	(314,695,753)	-	-
Total State Funds after EF Transfer	<u>3,636,485,762</u>	<u>3,727,266,940</u>	<u>3,822,606,442</u>	<u>3,920,932,094</u>	<u>4,036,952,077</u>
percent of total	64.17%	64.30%	65.40%	65.49%	66.06%
Federal Funds	1,989,510,220	2,027,125,721	1,983,813,224	2,025,403,313	2,039,485,440
Federal ARRA Funds ^(d)	1,390,158	1,890,808	2,250,146	2,112,486	1,990,771
Total Funds Before Dedicated Dollars	<u>5,627,386,140</u>	<u>5,756,283,469</u>	<u>5,808,669,812</u>	<u>5,948,447,893</u>	<u>6,078,428,288</u>
percent of total	99.30%	99.30%	99.38%	99.35%	99.46%
Dedicated Sources					
Local Match	2,574,285	2,315,416	1,625,777	2,131,800	1,142,096
TIB Bond Proceeds	-	-	-	-	-
Enterprise Funds	12,020,634	12,188,414	12,792,735	14,494,526	11,495,452
Debt Service Obligation Funds	2,504,913	2,501,413	2,503,738	2,504,688	2,497,663
Pension & Private Purpose Trust Funds ^(e)	22,535,714	23,329,301	19,060,784	19,510,695	17,893,927
Sub-Total	<u>39,635,546</u>	<u>40,334,544</u>	<u>35,983,034</u>	<u>38,641,709</u>	<u>33,029,138</u>
Total Funds and Dedicated Sources	<u>5,667,021,686</u>	<u>5,796,618,013</u>	<u>5,844,652,846</u>	<u>5,987,089,602</u>	<u>6,111,457,426</u>
percent of total	100.00%	100.00%	100.00%	100.00%	100.00%
Fund Sources that are duplicated in the above appropriations:					
Internal Service Funds	108,100,634	112,534,703	113,393,951	143,443,161	148,041,787
Interdepartmental Transfer	60,402,840	58,281,449	79,557,807	77,974,425	75,588,991
Global Commitment Fund	1,606,909,354	1,557,991,663	1,512,881,185	1,572,860,269	1,579,865,176
Total	<u>1,775,412,828</u>	<u>1,728,807,815</u>	<u>1,705,832,943</u>	<u>1,794,277,855</u>	<u>1,803,495,954</u>
Memo: Total All Appropriations	<u>7,745,777,895</u>	<u>7,831,328,462</u>	<u>7,865,181,542</u>	<u>7,781,367,457</u>	<u>7,914,953,380</u>

NOTES:

(a) Governor's FY 2019 Budget Adjustment Recommendations presented to House Appropriations on January 11, 2019.

(b) Governor's Budget Recommendations presented to the General Assembly on January 24, 2019.

(c) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, 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 2020 Governor’s Budget

Funding Sources	FY 2019 Gov's Rec Budget Adjustment (a)	FY 2020 GOVERNOR'S RECOMMENDED BUDGET (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)	1,606,780,330	1,637,292,109	1.90%	47,651,073	46,006,363	161,482,424	150,500,462	197,415,693	635,318,719
Transportation Fund	283,968,981	282,909,034	-0.37%	4,019,636	-	20,250,000	-	-	-
Education Fund (EF)	1,650,519,334	1,718,243,704	4.10%	-	-	-	-	-	-
Special Funds (d)	379,663,449	398,507,230	4.96%	5,985,116	8,260,000	89,539,121	1,776,948	83,778,001	78,280,151
Total State Funds after EF Transfer	3,920,932,094	4,036,952,077	2.96%	57,655,825	54,266,363	271,271,545	152,277,410	281,193,694	713,598,870
percent of total	65.49%	66.06%		1.43%	1.34%	6.72%	3.77%	6.97%	17.68%
Federal Funds	2,025,403,313	2,039,485,440	0.70%	1,116,678	-	54,587,748	479,209	289,673,261	1,123,402,806
Federal ARRA Funds (e)	2,112,486	1,990,771	-5.76%	-	-	921,260	-	-	-
Total Funds Before Dedicated Dollars	5,948,447,893	6,078,428,288	2.19%	58,772,503	54,266,363	326,780,553	152,756,619	570,866,955	1,837,001,676
percent of total	99.35%	99.46%		0.97%	0.89%	5.38%	2.51%	9.39%	30.22%
Dedicated Sources									
Local Match	2,131,800	1,142,096	-46.43%	-	-	-	-	-	-
Enterprise Funds	14,494,526	11,495,452	-20.69%	3,238,186	-	8,257,266	-	-	-
Debt Service Obligation Funds	2,504,688	2,497,663	-0.28%	-	-	-	-	-	-
Pension Trust & Private Purpose Trust Funds	19,510,695	17,893,927	-8.29%	10,830,133	-	-	-	25,000	-
Sub-Total	38,641,709	33,029,138	-14.52%	14,068,319	-	8,257,266	-	25,000	-
Total Funds and Dedicated Sources	5,987,089,602	6,111,457,426	2.08%	72,840,822	54,266,363	335,037,819	152,756,619	570,891,955	1,837,001,676
	100.00%	100.00%		1.19%	0.89%	5.48%	2.50%	9.34%	30.06%
Fund Sources that are duplicated in the above appropriations:									
Internal Service Funds	143,443,161	148,041,787	3.21%	125,779,235	-	-	2,035,610	-	-
Interdepartmental Transfer	77,974,425	75,588,991	-3.06%	7,215,255	-	14,655,414	545,099	15,990,922	22,910,381
Global Commitment Fund	1,572,860,269	1,579,865,176	0.45%	-	-	-	5,013,702	609,701,301	962,456,978
Total	1,794,277,855	1,803,495,954	0.51%	132,994,490	-	14,655,414	7,594,411	625,692,223	985,367,359
Memo: Total All Appropriations	7,781,367,457	7,914,953,380	1.72%	205,835,312	54,266,363	349,693,233	160,351,030	1,196,584,178	2,822,369,035

NOTES (both pages):

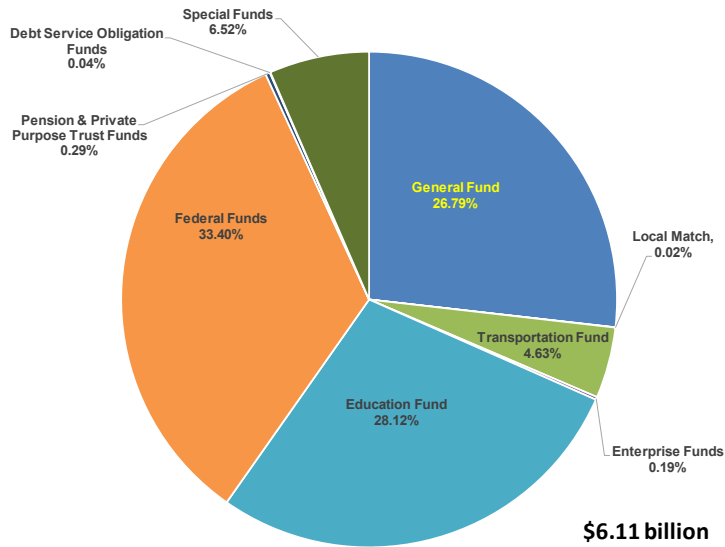
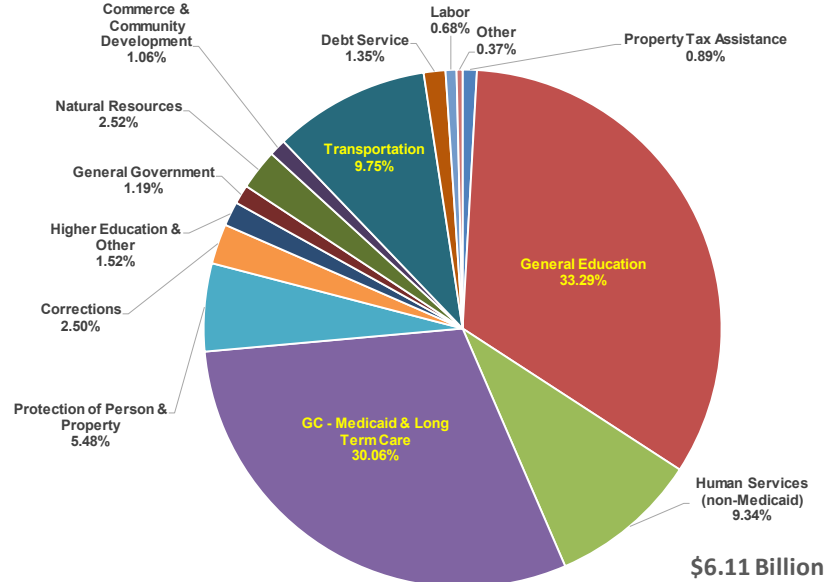
- (a) Governor's FY 2019 Budget Adjustment Recommendations presented to House Appropriations on January 11, 2019.
- (b) Governor's Budget Recommendations presented to the General Assembly on January 24, 2019.
- (c) Includes Homeowner Rebate; Renter Rebate; reappraisal and listing payments; and municipal current use.

State of Vermont—FY 2020 Governor’s Budget

Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	Other
General Fund (GF)	3,083,507	158,217,476	92,732,725	29,448,969	16,319,933	-	78,638,324	20,476,441
Transportation Fund	-	-	-	-	-	258,079,167	560,231	-
Education Fund (EF)	-	1,718,243,704	-	-	-	-	-	-
Special Funds ^(d)	7,049,772	19,382,805	-	69,671,203	17,730,826	14,737,387	-	2,315,900
Total State Funds after EF Transfer	10,133,279	1,895,843,985	92,732,725	99,120,172	34,050,759	272,816,554	79,198,555	22,792,341
percent of total	0.25%	46.96%	2.30%	2.46%	0.84%	6.76%	1.96%	0.56%
Federal Funds	31,540,700	131,488,559	-	54,971,917	30,578,334	321,646,228	-	-
Federal ARRA Funds ^(e)	-	-	-	-	-	-	1,069,511	-
Total Funds Before Dedicated Dollars	41,673,979	2,027,332,544	92,732,725	154,092,089	64,629,093	594,462,782	80,268,066	22,792,341
percent of total	0.69%	33.35%	1.53%	2.54%	1.06%	9.78%	1.32%	0.37%
Dedicated Sources								
Local Match	-	-	-	-	-	1,142,096	-	-
Enterprise Funds	-	-	-	-	-	-	-	-
Debt Service Obligation Funds	-	-	-	-	-	-	2,497,663	-
Pension Trust & Private Purpose Trust	-	6,978,794	-	60,000	-	-	-	-
Sub-Total	-	6,978,794	-	60,000	-	1,142,096	2,497,663	-
Total Funds and Dedicated Sources	41,673,979	2,034,311,338	92,732,725	154,152,089	64,629,093	595,604,878	82,765,729	22,792,341
	0.68%	33.29%	1.52%	2.52%	1.06%	9.75%	1.35%	0.37%
Fund Sources that are duplicated in the above appropriations:								
Internal Service Funds	-	-	-	-	-	20,151,942	-	75,000
Interdepartmental Transfer	1,412,375	368,888	-	10,178,254	522,588	1,789,815	-	-
Global Commitment Fund	-	260,000	2,433,195	-	-	-	-	-
Total	1,412,375	628,888	2,433,195	10,178,254	522,588	21,941,757	-	75,000
Total All Appropriations	43,086,354	2,034,940,226	95,165,920	164,330,343	65,151,681	617,546,635	82,765,729	22,867,341

FISCAL YEAR 2020—GOVERNOR’S BUDGET RECOMMENDATIONS BY GOVERNMENT FUNCTION AND FUND

FY 2020 Governor’s Budget Recommendations by Function



FY 2020 Governor’s Budget Recommendations by Fund

FISCAL YEAR 2020 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 2020 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
GENERAL GOVERNMENT													
Agency of Administration:													
Secretary of Administration	886,620	-	150,000	-	1,036,620	-	-	1,036,620	-	1,036,620	-	1,379,417	2,416,037
Secretary of Administration - Insurance	-	-	-	-	-	-	-	-	-	-	-	1,458,908	1,458,908
Finance & Management	1,286,501	-	-	-	1,286,501	-	-	1,286,501	-	1,286,501	-	3,208,262	4,494,763
Human Resources	1,978,207	-	277,462	-	2,255,669	-	-	2,255,669	-	2,255,669	-	11,557,399	13,813,068
Libraries	2,062,056	-	116,031	-	2,178,087	1,116,678	-	3,294,765	-	3,294,765	-	98,459	3,393,224
Tax	19,475,589	-	1,570,888	-	21,046,477	-	-	21,046,477	-	21,046,477	-	142,566	21,189,043
Buildings and General Services	1,981,801	4,019,636	458,316	-	6,459,753	-	-	6,459,753	23,052	6,482,805	-	39,753,381	46,236,186
Total Agency of Administration	27,670,774	4,019,636	2,572,697	-	34,263,107	1,116,678	-	35,379,785	23,052	35,402,837	-	57,598,392	93,001,229
Executive Office	1,658,582	-	-	-	1,658,582	-	-	1,658,582	-	1,658,582	-	186,500	1,845,082
Legislative Council	5,184,313	-	-	-	5,184,313	-	-	5,184,313	-	5,184,313	-	-	5,184,313
Legislature	8,119,372	-	-	-	8,119,372	-	-	8,119,372	-	8,119,372	-	-	8,119,372
Joint Fiscal Office	2,023,053	-	-	-	2,023,053	-	-	2,023,053	-	2,023,053	-	-	2,023,053
Sergeant at Arms	863,204	-	-	-	863,204	-	-	863,204	-	863,204	-	-	863,204
Lt. Governor	261,133	-	-	-	261,133	-	-	261,133	-	261,133	-	-	261,133
Auditor of Accounts	404,513	-	53,145	-	457,658	-	-	457,658	-	457,658	-	3,177,390	3,635,048
State Treasurer	981,483	-	2,968,779	-	3,950,262	-	-	3,950,262	1,125,701	5,075,963	-	120,271	5,196,234
State Employees/Municipal Retirement Systems	-	-	-	-	-	-	-	-	9,704,432	9,704,432	-	-	9,704,432
Agency of Digital Services	179,238	-	383,707	-	562,945	-	-	562,945	-	562,945	-	71,742,131	72,305,076
Labor Relations Board	259,233	-	6,788	-	266,021	-	-	266,021	-	266,021	-	2,788	268,809
VOSH Review Board	46,175	-	-	-	46,175	-	-	46,175	-	46,175	-	46,175	92,350
Homeowner rebate	16,600,000	-	-	-	16,600,000	-	-	16,600,000	-	16,600,000	-	-	16,600,000
Renter rebate	9,500,000	-	-	-	9,500,000	-	-	9,500,000	-	9,500,000	-	-	9,500,000
Reappraisal and listing payments	3,303,324	-	-	-	3,303,324	-	-	3,303,324	-	3,303,324	-	-	3,303,324
Use Tax Reimbursement - municipal current use	16,603,039	-	-	-	16,603,039	-	-	16,603,039	-	16,603,039	-	-	16,603,039
Ethics Commission	-	-	-	-	-	-	-	-	-	-	-	120,843	120,843
Lottery	-	-	-	-	-	-	-	-	3,215,134	3,215,134	-	-	3,215,134
PILOT/Montpelier Services	-	-	8,220,000	-	8,220,000	-	-	8,220,000	-	8,220,000	-	-	8,220,000
Corrections PILOT	-	-	40,000	-	40,000	-	-	40,000	-	40,000	-	-	40,000
TOTAL GENERAL GOVERNMENT	93,657,436	4,019,636	14,245,116	-	111,922,188	1,116,678	-	113,038,866	14,068,319	127,107,185	-	132,994,490	260,101,675
percent of total	5.72%	1.42%	3.57%	0.00%	2.77%	0.05%	0.00%	1.86%	42.59%	2.08%	0.00%	59.47%	3.29%
PROTECTION TO PERSONS AND PROPERTY													
Attorney General	5,433,266	-	2,363,281	-	7,796,547	1,256,355	-	9,052,902	-	9,052,902	-	2,850,653	11,903,555
Court Diversion	2,270,486	-	519,997	-	2,790,483	-	-	2,790,483	-	2,790,483	-	-	2,790,483
Defender General	18,362,675	-	589,653	-	18,952,328	-	-	18,952,328	-	18,952,328	-	-	18,952,328
Judiciary	45,423,154	-	3,248,649	-	48,671,803	887,586	-	49,559,389	-	49,559,389	-	2,095,399	51,654,788
State's Attorneys/SIU	14,713,413	-	121,240	-	14,834,653	31,000	-	14,865,653	-	14,865,653	-	2,666,645	17,532,298
Sheriffs	4,660,863	-	-	-	4,660,863	-	-	4,660,863	-	4,660,863	-	-	4,660,863
Public Safety	52,173,561	20,250,000	14,436,855	-	86,860,416	14,881,272	-	101,741,688	-	101,741,688	-	6,068,930	107,810,618
Military	5,366,066	-	207,218	-	5,573,284	21,266,703	-	26,839,987	-	26,839,987	-	-	26,839,987
Center for Crime Victim Services	1,264,158	-	5,342,728	-	6,606,886	9,682,330	-	16,289,216	-	16,289,216	-	-	16,289,216
Criminal Justice Training Council	2,488,016	-	-	-	2,488,016	-	-	2,488,016	-	2,488,016	-	204,625	2,692,641
Agriculture, Food and Markets	8,783,510	-	13,351,008	-	22,134,518	3,636,220	-	25,770,738	-	25,770,738	-	714,162	26,484,900
Dept. of Financial Regulation (formerly BISHCA)	-	-	15,673,483	-	15,673,483	-	-	15,673,483	-	15,673,483	-	-	15,673,483
Secretary of State	-	-	11,394,045	-	11,394,045	2,153,524	-	13,547,569	-	13,547,569	-	-	13,547,569
Public Service Department	-	-	13,407,207	-	13,407,207	532,983	921,260	14,861,450	22,740	14,884,190	-	50,000	14,934,190
Public Service Board	-	-	3,757,500	-	3,757,500	-	-	3,757,500	-	3,757,500	-	-	3,757,500
Enhanced 911 Board	-	-	4,912,414	-	4,912,414	-	-	4,912,414	-	4,912,414	-	-	4,912,414
Human Rights Commission	543,256	-	-	-	543,256	-	75,291	618,547	-	618,547	-	-	618,547
Liquor Control	-	-	213,843	-	213,843	-	184,484	398,327	8,234,526	8,632,853	-	5,000	8,637,853
TOTAL PROTECTION	161,482,424	20,250,000	89,539,121	-	271,271,545	54,587,748	921,260	326,780,553	8,257,266	335,037,819	-	14,655,414	349,693,233
percent of total	9.86%	7.16%	22.47%	0.00%	6.72%	2.68%	46.28%	5.38%	25.00%	5.48%	0.00%	6.55%	4.42%

FISCAL YEAR 2020 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 2020 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
HUMAN SERVICES													
Human Services Agency:													
AHS - Secretary's Office	7,750,309	-	147,517	-	7,897,826	12,196,094	-	20,093,920	-	20,093,920	453,000	11,459,455	32,006,375
AHS - Secretary's Office - Global Commitment	557,065,435	-	72,184,043	-	629,249,478	977,643,614	-	1,606,893,092	-	1,606,893,092	-	15,367,779	1,622,260,871
Human Services Board	451,554	-	-	-	451,554	332,018	-	783,572	-	783,572	-	22,526	806,098
Department of VT Health Access	78,253,284	-	6,096,108	-	84,349,392	145,759,192	-	230,108,584	-	230,108,584	962,456,978	7,542,602	1,200,108,164
Health	14,973,670	-	23,214,158	-	38,187,828	70,873,191	-	109,061,019	25,000	109,086,019	51,095,020	1,236,325	161,417,364
Mental Health	7,694,909	-	1,184,904	-	8,879,813	9,132,390	-	18,012,203	-	18,012,203	248,521,053	73,248	266,606,504
Department for Children and Families	137,128,446	-	35,680,032	-	172,808,478	156,574,096	-	329,382,574	-	329,382,574	69,273,851	838,084	399,494,509
Disabilities, Aging and Independent Living	26,477,822	-	1,629,370	-	28,107,192	31,511,025	-	59,618,217	-	59,618,217	240,358,377	2,361,284	302,337,878
Corrections	150,500,462	-	1,776,948	-	152,277,410	479,209	-	152,756,619	-	152,756,619	5,013,702	2,580,709	160,351,030
TOTAL HUMAN SERVICES AGENCY	980,295,891	-	141,913,080	-	1,122,208,971	1,404,500,829	-	2,526,709,800	25,000	2,526,734,800	1,577,171,981	41,482,012	4,145,388,793
Veterans' Home	345,783	-	15,990,205	-	16,335,988	9,054,447	-	25,390,435	-	25,390,435	-	-	25,390,435
Commission on Women	390,631	-	2,500	-	393,131	-	-	393,131	-	393,131	-	-	393,131
RSVP	151,096	-	-	-	151,096	-	-	151,096	-	151,096	-	-	151,096
Green Mountain Care Board	2,051,473	-	5,929,315	-	7,980,788	-	-	7,980,788	-	7,980,788	-	-	7,980,788
TOTAL HUMAN SERVICES	983,234,874	-	163,835,100	-	1,147,069,974	1,413,555,276	-	2,560,625,250	25,000	2,560,650,250	1,577,171,981	41,482,012	4,179,304,243
percent of total	60.05%	0.00%	41.11%	0.00%	28.41%	69.31%	0.00%	42.13%	0.08%	41.90%	99.83%	18.55%	52.80%
Labor	3,083,507	-	7,049,772	-	10,133,279	31,540,700	-	41,673,979	-	41,673,979	-	1,412,375	43,086,354
TOTAL LABOR	3,083,507	-	7,049,772	-	10,133,279	31,540,700	-	41,673,979	-	41,673,979	-	1,412,375	43,086,354
percent of total	0.19%	0.00%	1.77%	0.00%	0.25%	1.55%	0.00%	0.69%	0.00%	0.68%	0.00%	0.83%	0.54%
GENERAL EDUCATION													
Agency of Education													
GF Appropriation to Education Fund	13,683,656	-	19,382,805	1,711,462,483	1,744,528,944	131,488,559	-	1,876,017,503	-	1,876,017,503	260,000	368,888	1,876,646,391
Teachers' Retirement	144,533,820	-	-	6,781,221	151,315,041	-	-	151,315,041	6,978,794	158,293,835	-	-	158,293,835
TOTAL GENERAL EDUCATION	158,217,476	-	19,382,805	1,718,243,704	1,895,843,985	131,488,559	-	2,027,332,544	6,978,794	2,034,311,338	260,000	368,888	2,034,940,226
percent of total	9.66%	0.00%	4.86%	100.00%	46.96%	6.45%	0.00%	33.35%	21.13%	33.29%	0.02%	0.16%	25.71%
HIGHER EDUCATION AND OTHER													
University of Vermont													
Vermont Public Television	40,485,359	-	-	-	40,485,359	-	-	40,485,359	-	40,485,359	2,023,734	-	42,509,093
Vermont State Colleges	31,748,778	-	-	-	31,748,778	-	-	31,748,778	-	31,748,778	409,461	-	32,158,239
Vermont Student Assistance Corp.	20,414,588	-	-	-	20,414,588	-	-	20,414,588	-	20,414,588	-	-	20,414,588
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000
TOTAL HIGHER EDUCATION AND OTHER	92,732,725	-	-	-	92,732,725	-	-	92,732,725	-	92,732,725	2,433,195	-	95,165,920
percent of total	5.66%	0.00%	0.00%	0.00%	2.30%	0.00%	0.00%	1.53%	0.00%	1.52%	0.15%	0.00%	1.20%
NATURAL RESOURCES													
Agency of Natural Resources:													
ANR - Central Office	4,861,124	-	581,818	-	5,442,942	-	-	5,442,942	-	5,442,942	-	521,411	5,964,353
Fish & Wildlife	5,928,870	-	9,263,459	-	15,192,329	8,789,226	-	23,981,555	-	23,981,555	-	119,925	24,101,480
Forests, Parks & Recreation	8,151,583	-	13,544,655	-	21,696,238	3,823,632	-	25,519,870	60,000	25,579,870	-	483,333	26,063,203
Environmental Conservation	9,870,318	-	43,635,318	-	53,505,636	42,359,059	-	95,864,695	-	95,864,695	-	9,053,585	104,918,280
Total Agency of Natural Resources	28,811,895	-	67,025,500	-	95,837,145	54,971,917	-	150,809,062	60,000	150,869,062	-	10,178,254	161,047,316
Natural Resources Board	637,074	-	2,645,953	-	3,283,027	-	-	3,283,027	-	3,283,027	-	-	3,283,027
TOTAL NATURAL RESOURCES	29,448,969	-	69,671,203	-	99,120,172	54,971,917	-	154,092,089	60,000	154,152,089	-	10,178,254	164,330,343
percent of total	1.80%	0.00%	17.48%	0.00%	2.46%	2.70%	0.00%	2.54%	0.18%	2.52%	0.00%	4.55%	2.08%

FISCAL YEAR 2020 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 2020 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	3,677,790	-	-	-	3,677,790	-	-	3,677,790	-	3,677,790	-	20,000	3,697,790
Economic Development	4,742,394	-	1,645,350	-	6,387,744	3,708,366	-	10,096,110	-	10,096,110	-	45,000	10,141,110
Housing & Community Development	2,753,913	-	5,185,233	-	7,939,146	7,883,744	-	15,822,890	-	15,822,890	-	453,001	16,275,891
Tourism & Marketing	3,083,118	-	-	-	3,083,118	-	-	3,083,118	-	3,083,118	-	4,587	3,087,705
Total Agency of Commerce & Comm Development	14,257,215	-	6,830,583	-	21,087,798	11,592,110	-	32,679,908	-	32,679,908	-	522,588	33,202,496
Council on the Arts	718,589	-	-	-	718,589	-	-	718,589	-	718,589	-	-	718,589
Vermont Symphony Orchestra	141,214	-	-	-	141,214	-	-	141,214	-	141,214	-	-	141,214
VT Historical Society	984,956	-	-	-	984,956	-	-	984,956	-	984,956	-	-	984,956
Housing & Conservation Trust	-	-	10,900,243	-	10,900,243	18,986,224	-	29,886,467	-	29,886,467	-	-	29,886,467
VT Humanities Council	217,959	-	-	-	217,959	-	-	217,959	-	217,959	-	-	217,959
TOTAL COMMERCE & COMMUNITY DEV.	16,319,933	-	17,730,826	-	34,050,759	30,578,334	-	64,629,093	-	64,629,093	-	522,588	65,151,681
percent of total	1.00%	0.00%	4.45%	0.00%	0.84%	1.50%	0.00%	1.06%	-	1.06%	0.00%	0.23%	0.82%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	182,664,785	12,595,572	-	195,260,357	304,524,573	-	499,784,930	202,429	499,987,359	-	21,394,482	521,381,841
AOT Dept. of Motor Vehicles	-	31,657,492	-	-	31,657,492	1,345,934	-	33,003,426	-	33,003,426	-	147,275	33,150,701
AOT Town Highway, Bridges & Municipal	-	43,474,699	2,141,815	-	45,616,514	15,775,721	-	61,392,235	939,667	62,331,902	-	400,000	62,731,902
Total Agency of Transportation	-	257,796,976	14,737,387	-	272,534,363	321,646,228	-	594,180,591	1,142,096	595,322,687	-	21,941,757	617,264,444
Transportation Board	-	282,191	-	-	282,191	-	-	282,191	-	282,191	-	-	282,191
TOTAL TRANSPORTATION	-	258,079,167	14,737,387	-	272,816,554	321,646,228	-	594,462,782	1,142,096	595,604,878	-	21,941,757	617,546,635
percent of total	0.00%	91.22%	3.70%	0.00%	6.76%	15.77%	0.00%	9.78%	0	9.75%	0.00%	9.81%	7.80%
Debt Service	78,638,324	560,231	-	-	79,198,555	-	1,069,511	80,268,066	2,497,663	82,765,729	-	-	82,765,729
DEBT SERVICE	78,638,324	560,231	-	-	79,198,555	-	1,069,511	80,268,066	2,497,663	82,765,729	-	-	82,765,729
percent of total	4.80%	0.20%	0.00%	0.00%	1.96%	0.00%	53.72%	1.32%	0	1.35%	0.00%	0.00%	1.05%
USS VT	10,000	-	-	-	10,000	-	-	10,000	-	10,000	-	-	10,000
Twin State Voluntary Leave	1,000,000	-	-	-	1,000,000	-	-	1,000,000	-	1,000,000	-	-	1,000,000
THINK VT/MOVE	2,500,000	-	-	-	2,500,000	-	-	2,500,000	-	2,500,000	-	-	2,500,000
Childcare Initiative	7,000,000	-	-	-	7,000,000	-	-	7,000,000	-	7,000,000	-	-	7,000,000
Judiciary Pay Act	1,090,441	-	-	-	1,090,441	-	-	1,090,441	-	1,090,441	-	-	1,090,441
Legislature Pay Act	307,000	-	-	-	307,000	-	-	307,000	-	307,000	-	-	307,000
Executive Pay Act	8,569,000	-	-	-	8,569,000	-	-	8,569,000	-	8,569,000	-	-	8,569,000
Next Generation Appropriations	0	-	2,315,900	-	2,315,900	-	-	2,315,900	-	2,315,900	-	-	2,315,900
APPROPRIATION TOTAL	1,637,292,109	282,909,034	398,507,230	1,718,243,704	4,036,952,077	2,039,485,440	1,990,771	6,078,428,288	33,029,138	6,111,457,426	1,579,865,176	223,630,778	7,914,953,380
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%

(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 additional funds.

General Fund Summary
Fiscal Years 2017- 2021
(\$ in millions)*

	Actual FY 2017	Actual FY 2018	Governor's Recommended BAA Supplemental As Amended by Gov. Rec.) FY 2019	Governor's Recommended Budget FY 2020**	Forecast** FY 2021
Sources					
Current law revenues	1,456.92	1,558.85	1,281.90	1,295.10	1,295.60
VEDA debt forgiveness			-	-	
Direct applications, transfers in & reversions	104.44	68.23	49.87	43.88	50.08
Other bills and tax changes	2.15	1.61	279.64	276.57	279.49
Revenue from U.S. Marshalls			-	-	-
Additional property transfer tax to GF	10.68	11.79	15.06	17.09	18.45
For appropriation from GF reserve				8.33	-
Total sources	1,574.19	1,640.49	1,626.47	1,640.97	1,643.62
Uses					
Base appropriations	1,533.36	1,549.35	1,286.45	1,616.82	1,626.77
Budget adjustment and rescission(s)	(15.12)	(9.51)	279.74	-	-
	1,518.24	1,539.84	1,566.19	1,616.82	1,626.77
Net Base Appropriation	1,518.24	1,539.84	1,566.19	1,616.82	1,626.77
Budget adjustment - one time	-	-	-	-	-
Other Bills/Pay Act	5.56	12.70	8.05	9.97	9.97
One-time and special appropriations	16.10	11.05	32.54	10.51	-
One-time waterfall and other adjustments	-	-	-	-	-
Total uses	1,539.90	1,563.59	1,606.78	1,637.29	1,636.74
Subtotal operating surplus (deficit)	34.29	76.90	19.69	3.68	6.88
Allocation of surplus - transfers (to)/from other funds					
Transportation fund	-	-	-	-	-
Emergency relief & assistance fund	(2.63)	(0.81)	(0.95)	-	-
Economic development fund	-	-	-	-	-
Next generation fund	(2.91)	(2.91)	(3.45)	(2.32)	(2.32)
Global Commitment Fund			79.85	-	-
Internal service funds and assorted funds	(0.22)	(46.99)	(1.00)	(0.32)	-
Total transfers (to) / from other funds	(5.76)	(50.71)	74.44	(2.63)	(2.32)
Reserved in GF (designated)					
Budget Stabilization Reserve	(2.85)	(2.89)	(1.18)	(1.05)	(2.64)
Reserved in GF Balance/Other Reserves	(25.67)	(23.30)	(92.95)	-	(1.88)
Total reserved in the GF (designated)	(28.52)	(26.19)	(94.13)	(1.05)	(4.52)
Total allocated	(34.28)	(76.90)	(19.69)	(3.68)	(6.83)
Unallocated operating surplus/(deficit)	0.0	0.0	0.0	0.0	0.0
Stabilization Reserve at statutory level	73.93	77.00	78.18	79.23	81.86
GF Reserves (cumulative)					
Budget Stabilization Reserve	74.10	77.00	78.18	79.23	81.86
Human Services Management Reserve	10.00	22.00	100.09	98.24	96.39
27/53 Reserve	5.29	10.78	14.42	16.27	20.00
Bond Premium/Other Short Term Reserves	-	-	-	-	-
GF Balance Reserve	17.18	22.99	15.88	15.88	15.88
Total GF Reserve Balance	106.57	132.77	208.57	209.62	214.13

* Results may not add due to rounding.

** Revenue as adopted by the Vermont Emergency Board on January 22, 2019.

Transportation Fund Summary
Fiscal Years 2017- 2021
(\$ in millions)*

	Actual FY 2017	Actual FY 2018	Governor's Recommended BAA FY 2019**	Governor's Recommended Budget FY 2020***	Forecast FY 2021***
Sources					
Current law revenues	271.19	278.96	283.20	286.60	286.30
New revenue	-	-	-	-	-
Direct applications, reversions & 1-time revenue	0.02	0.17	1.64	-	-
For appropriation from TF Carryforward	-	-	1.45	0.10	-
Total sources	271.21	279.14	286.30	286.70	286.30
Uses					
Base appropriations	269.40	277.08	278.67	285.28	284.22
Budget adjustment, rescissions & excess receipts	-	(0.44)	5.30	-	-
Post budget adjustment change	-	-	-	-	-
One-time appropriations	-	-	-	-	-
Total uses	269.40	276.64	283.97	285.28	284.22
Subtotal operating surplus (deficit)	1.81	2.50	2.33	1.42	2.08
Allocation of surplus					
Transfers (to) / from other funds					
General Fund	-	-	-	-	-
Downtown Fund	(0.42)	(0.42)	(0.42)	(0.42)	(0.42)
Central Garage Fund	(0.70)	(0.20)	(1.32)	(0.36)	(1.40)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	0.14	0.16	0.14	0.14	0.14
Total transfers (to) / from other funds	(1.35)	(0.83)	(1.97)	(1.01)	(2.05)
Reserved in the TF (designated)					
Budget Stabilization Reserve	(0.46)	(0.21)	(0.36)	(0.41)	(0.03)
Bond Reserve	-	-	-	-	-
Total reserved in the TF (designated)	(0.46)	(0.21)	(0.36)	(0.41)	(0.03)
Total allocated	(1.81)	(1.05)	(2.33)	(1.42)	(2.08)
Unallocated operating surplus(deficit)	0.00	1.45	0.00	0.00	0.00
Stabilization Reserve at statutory level of 5%	13.26	13.47	13.83	14.24	14.26
TF Reserves (cumulative)					
Bond Reserve	-	-	-	-	-
Budget Stabilization Reserve	13.26	13.47	13.83	14.24	14.26
Total TF Reserve Balance	13.26	13.47	13.83	14.24	14.26

*Results may not add due to rounding.

**Revenue as adopted by the Vermont Emergency Board on July 27, 2018.

***Revenue as adopted by the Vermont Emergency Board on January 22, 2019.

Education Fund Summary Fiscal Years 2017- 2020** (\$ in millions)*

	Actual FY 2017	Actual FY 2018	Governor's Recommended BAA FY 2019	Projected Budget FY 2020
Sources**				
Meals & Rooms Tax	-	-	45.40	47.40
Purchase & Use Tax	34.41	36.48	38.00	38.50
Sales & Use Tax	131.85	139.22	415.10	429.67
Lottery Revenue	25.52	27.15	28.20	28.50
Non-Residential Property Tax	632.77	644.49	672.84	687.90
Net Homestead Property Tax	416.63	414.51	432.48	442.80
Supplemental Property Tax Relief	-	-	-	-
General Fund Appropriations	305.90	348.17	-	-
Medicaid Reimbursement	10.60	10.16	9.60	9.20
Other Sources (Wind, Solar, Fund Interest, Marketplace Facilitator, Other)	1.58	2.71	3.00	5.11
Total sources	1,559.25	1,622.88	1,644.62	1,689.08
Uses				
Base Appropriations	1,567.53	1,617.92	1,650.52	1,718.24
Appropriations Savings	-	-	(10.95)	-
Total uses	1,567.53	1,617.92	1,639.57	1,718.24
Subtotal operating surplus/(deficit)	(8.29)	4.96	5.05	(29.16)
Allocation of surplus/(deficit)				
Transfer (to)/from the stabilization reserve	(0.84)	(1.18)	(2.40)	(0.47)
Transfer (to)/from continuing appropriations	1.70	(9.05)	-	-
Transfer (to)/from unallocated	7.43	5.27	(2.65)	32.83
Total allocated	8.29	(4.96)	(5.05)	32.36
Education fund reserves				
Budget stabilization reserve***	33.46	34.64	37.03	37.50
Statutory reserve at 5%	33.46	34.64	37.03	37.50

*Results may not add due to rounding.

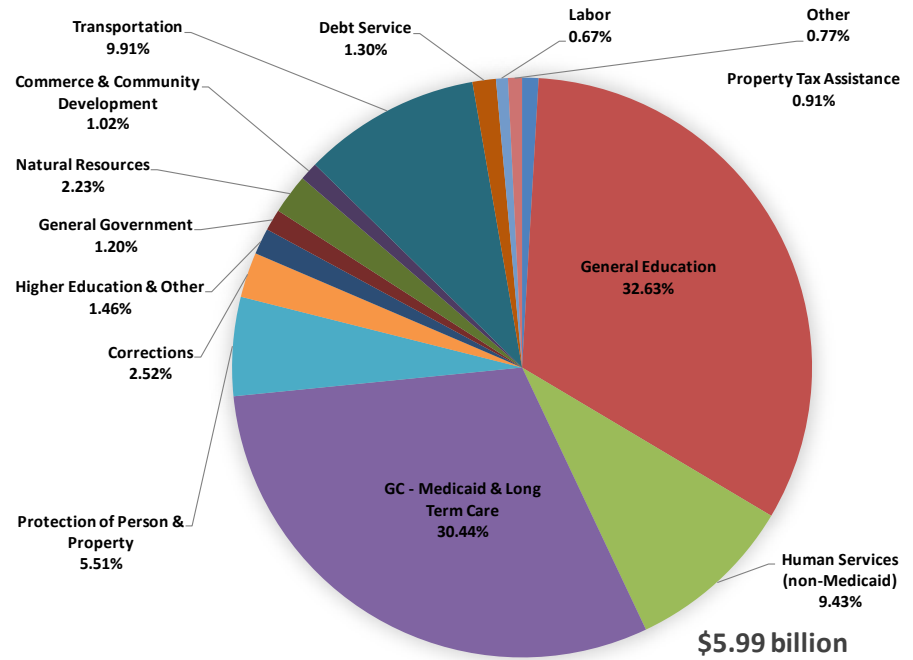
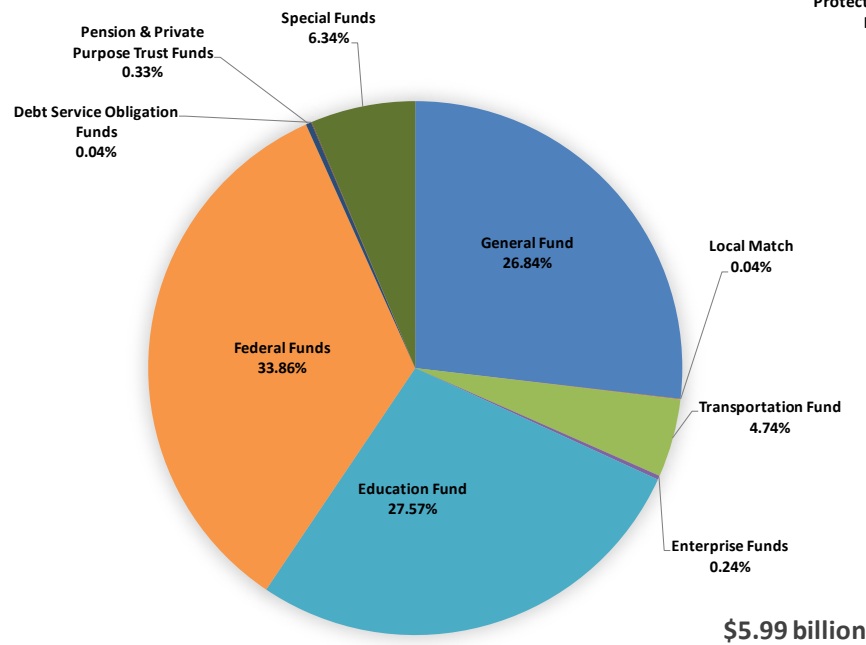
** Lottery, Meals and Room Tax, Sales and Use Tax, Purchase and Use Tax, and Fund Interest revenues are reflected as adopted by the Vermont Emergency Board in January 2019. There is \$166,994 added to the consensus Sales & Use Tax figure due to projected revenue from Governor's initiatives. There is \$500,000 added to the consensus Meals & Rooms Tax figure due to projected revenue from Governor's initiatives. The remaining revenue sources and spending plan are taken from a December 2018 agreement process involving the Agency of Education, the JFO, the Vermont Department of Taxes, and the Secretary of Administration in addition to Governor's initiatives.

***Only the Budget stabilization reserve component of the Education Fund balance is reflected in this statement.

FY 2019 BUDGET ADJUSTMENT RECOMMENDATIONS

FISCAL YEAR 2019 GOVERNOR'S BAA RECOMMENDATIONS BY GOVERNMENT FUNCTION AND FUND

FY 2019 Governor's BAA
Recommendations by Function



FY 2019 Governor's BAA
Recommendations by Fund

**FISCAL YEAR 2019 GOVERNOR'S RECOMMENDED BUDGET ADJUSTMENT
(Initial and Supplemental)**

2018 Act. 11 Sec. #	Appropriation Title	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds (includes ARRA)	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds
		1,294,505,637	278,670,852	1,648,663,578	349,467,913	1,548,625,315	284,480,725	2,006,220,890	38,641,709	222,363,564
Protection										
B.204	Judiciary	335,000								
B.209	Public Safety - state police	3,441,411								
B.221	Criminal Justice Training Council	99,647								
Total Protection		3,876,058	0	0	0	0	0	0	0	0
Human Services										
B.300	Human Services - Agency of Human Services - secretary's office	608,899			44,500			(4,474,795)		(231,435)
B.301	Secretary's office - global commitment	(8,468,509)			6,276,825		6,735,827	17,031,935		(1,464,503)
B.301	Secretary's office - global commitment (SHCRF Transition to GF)	272,670,050					(272,670,050)			
B.302	Rate Setting	(237,808)						(237,808)		
B.303	Developmental disabilities council				12,000					
B.306	Department of Vermont Health Access - administration	2,629,741			657,464	1,625,000		3,639,963		381,791
B.307	Department of Vermont Health Access - Medicaid program - global commitment					1,448,449				
B.308	Department of Vermont Health Access - Medicaid program - long term care waiver					4,558,645				
B.309	Department of Vermont Health Access - Medicaid program - state only	1,877,473				2,713,420				
B.310	Department of Vermont Health Access - Medicaid non-waiver matched	6,282						1,094,767		
B.311	Health - administration and support	90,296			20,460	49,259		327,387		
B.312	Health - public health	(24,414)								
B.313	Health - alcohol and drug abuse programs	(118,079)					(255,527)			
B.314	Mental health - mental health	269,424			750,000	19,055,588		703,630		296,624
B.316	Department for Children & Families - administration & support services	(149,005)			(60,000)	48,541		1,271,482		
B.317	Department for Children & Families - family services	3,605,325			(90,000)	(399,483)		332,402		(22,500)
B.318	Department for Children & Families - child development	(2,462,072)				204,437				22,500
B.319	Department for Children & Families - office of child support	329,925						(287,536)		
B.320	Department for Children & Families - aid to aged, blind and disabled	(800,000)								
B.321	Department for Children & Families - general assistance	79,723								
B.323	Department for Children & Families - reach up	(600,967)			153,000			187,620		
B.324	Department for Children & Families - Home Heating Fuel Assistance/LIHEAP				355,874			1,000,000		
B.325	Department for Children & Families - office of economic opportunity	195,325						213,025		71,545
B.326	Department for Children & Families - OEO weatherization assistance				2,087,376					
B.327	Department for Children & Families - woodside rehabilitation services	4,965,735					(4,965,644)			
B.328	Department for Children & Families - disability determination services							450,000		
B.329	Disabilities, Aging & independent living - administration & support	74,268						42,837		
B.330	Disabilities, Aging & independent living - advocacy and independent living grants					65,300				
B.331	Disabilities, Aging & Independent living - blind and visually impaired					60,000		150,000		
B.332	Disabilities, Aging & Independent Living - vocational rehabilitation							(150,000)		
B.333	Disabilities, Aging & Independent Living - developmental services					26,969				
B.338	Corrections - correctional services	1,971,432								
B.342	Vermont Veterans' Home	(908,949)			1,966,998					
Total Human Services		275,604,095	0	0	12,174,497	24,234,954	(265,934,223)	21,294,909	0	(945,978)
<i>FY 2019 Total Human Services Adjusted Appropriations Less SHCRF/General Fund Transition</i>		<i>2,934,045</i>								

**FISCAL YEAR 2019 GOVERNOR'S RECOMMENDED BUDGET ADJUSTMENT
(Initial and Supplemental)**

2018 Act. 11 Sec. #	Appropriation Title	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds (includes ARRA)	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds
		1,294,505,637	278,670,852	1,648,663,578	349,467,913	1,548,625,315	284,480,725	2,006,220,890	38,641,709	222,363,564
Education										
B.500	Education - finance and administration	6,250								
B.505	Education - adjusted education payment			1,855,756						
Total Education		6,250	0	1,855,756	0	0	0	0	0	0
Natural Resources										
B.702	Fish and Wildlife - support and field services	115,000								
B.704	Forests, Parks and Recreation - forestry	32,600								
B.709	Environmental Conservation - management and support services	51,873								
B.711	Environmental Conservation - office of water programs				50,000					
Total Natural Resources		199,473	0	0	50,000	0	0	0	0	0
Commerce & Community Development										
B.801	Economic Development	25,000								
B.810	Vermont historical society	30,000								
Total Commerce & Community Development		55,000	0	0	0	0	0	0	0	0
Transportation										
B.903	Transportation - program development		373,370		1,426,630					
B.905	Transportation - maintenance state system		2,853,650							
B.907	Transportation - rail		461,674							
B.910	Department of Motor Vehicles		1,609,435							
B.919	Transportation - municipal mitigation assistance program				(2,400,000)					
Total Transportation		0	5,298,129	0	(973,370)	0	0	0	0	0
One-time Expenditures and Other Appropriations										
B.1100	Next Generation				397,907					
Total One-Time and Other Appropriations		0	0	0	397,907	0	0	0	0	0
Total Appropriation Changes		279,740,876	5,298,129	1,855,756	11,649,034	24,234,954	(265,934,223)	21,294,909	0	(945,978)
Total Adjusted Appropriations		1,574,246,513	283,968,981	1,650,519,334	361,116,947	1,572,860,269	18,546,502	2,027,515,799	38,641,709	221,417,586
Transfers										
	AoE Flexible Pathways (Next Gen.)	397,907								
	Pre-pay Fiscal Year 2020 Contribution to the 27th Payroll Reserve	1,880,000								
Total Uses Including Transfers		1,576,524,420	283,968,981	1,650,519,334	361,116,947	1,572,860,269	18,546,502	2,027,515,799	38,641,709	221,417,586
FY 2019 Total Unduplicated Appropriations										
FY 2019 Total Uses Less SHCRF Transition To GF		9,348,733								

**FISCAL YEAR 2019 GOVERNOR'S RECOMMENDED BUDGET ADJUSTMENT
(Initial and Supplemental)**

2018 Act. 11 Sec. #	Appropriation Title	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds (Includes ARRA)	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds
		1,294,505,637	278,670,852	1,648,663,578	349,467,913	1,548,625,315	284,480,725	2,006,220,890	38,641,709	222,363,564
FISCAL YEAR 2019 SUPPLEMENTAL BUDGET ADJUSTMENT										
One-time Appropriations and Transfers										
Appropriation	School Safety Grants Including Independent Schools	1,500,000								
Appropriation	Schools Lead Testing	1,300,000								
Appropriation	State's Data Infrastructure Investment	1,800,000								
Appropriation	OPEB Interfund Loan Forgiveness	22,200,000								
Appropriation	Additional Contribution to VSTRS Retirement Fund	3,293,817								
FY 2019 Total Uses Including Transfers and Supplemental BAA Adjustments		1,606,618,237	283,968,981	1,650,519,334	361,116,947	1,572,860,269	18,546,502	2,027,515,799	38,641,709	221,417,586
FISCAL YEAR 2019 ADJUSTMENTS AND TRANSFERS INCLUDED IN THE FISCAL YEAR 2020 GOVERNOR'S RECOMMENDED BUDGET										
C. Section of Big Bill; One-Time Appropriation	State's Data Infrastructure Investment	500,000								
C. Section of Big Bill; One-Time Appropriation	VEDA Broadband Expansion Loan Program	540,000								
C. Section of Big Bill; One-Time Appropriation	Vermont State Colleges Associate Degree Program	200,000								
C. Section of Big Bill; One-Time Appropriation	Department of Public Safety	200,000								
C. Section of Big Bill; One-Time Appropriation	Department of Buildings and General Services	500,000								
C. Section of Big Bill; One-Time Appropriation	Agency of Human Services - Department for Children and Families	500,000								
C. Section of Big Bill; One-Time Appropriation	To the Connectivity Fund	955,000								
C. Section of Big Bill; One-Time Appropriation	ThinkVT Innovation Fund	45,000								
C. Section of Big Bill; One-Time Appropriation	Transfer to ERAF	948,271								
Total Combined Uses of BAA, Supplemental BAA and SFY20 C. Section Adjustments, Including Transfers		1,611,006,508	283,968,981	1,650,519,334	361,116,947	1,572,860,269	18,546,502	2,027,515,799	38,641,709	221,417,586
<small>(1) Special Funds include: Special, Tobacco, TIB and Fish & Wildlife funds.</small>										
<small>(2) Dedicated funds include: Local Match, TIB Proceeds, TIB Debt Service, Pension & Trust Funds, Retired Teachers Health Fund, and Enterprise Funds.</small>										
<small>(3) Other Funds include: Internal Service Funds and Interdepartmental Transfers.</small>										

OTHER REQUIRED REPORTS

TAX EXPENDITURE BUDGET REPORT

Tax expenditures are statutory provisions that reduce the amount of revenue 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, tax expenditures can have the same fiscal impact as direct government expenditures, even though they appear as reductions in taxes.

Tax expenditures, however, 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 permanently 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 charitable organizations and miscellaneous expenditures. The budget is shown on the following two charts first sorted by related department and second sorted by Tax Category.

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

Agency/ Dept.	Tax Expenditure Category	FY18 Estimate	FY19 Estimate	FY20 Proposed
ACCD	Historic Rehabilitation Tax credit	-	-	-
ACCD	Façade Improvement Tax Credit	-	-	-
ACCD	Code Improvement Tax Credit	200,000	200,000	200,000
ACCD	Research and Development Tax Credit	549,000	648,000	764,000
ACCD	Historic Rehabilitation Tax Credit	-	-	-
ACCD	Façade Improvement Tax Credit	0	0	0
ACCD	Code Improvement Tax Credit	0	0	0
ACCD	Machinery and Equipment Tax Credit	0	0	0
ACCD	Research and Development Tax Credit	1,216,000	1,248,000	1,280,000
ACCD	Vermont Employment Growth Incentive	3,440,000	3,040,000	2,640,000
ACCD	Newspapers	2,670,000	2,530,000	2,390,000
ACCD	Sales of Films to Movie Theaters	870,000	890,000	900,000
ACCD	Aircraft and Depreciable Parts for Commercial Use	Less than 100,000	Less than 100,000	Less than 100,000
ACCD	Railroad Rolling Stock and Depreciable Parts	200,000	200,000	200,000
ACCD	Sales of Building Materials	Not estimated	Not estimated	Not estimated
ACCD	Reallocation of Receipts from Tax on Const. Materials	Not estimated	Not estimated	Not estimated
ACCD	Property incorporated into a net metering system	2,420,000	2,360,000	2,290,000
ACCD	Downtown and Village Center Program Tax Credits	1,144,000	1,284,000	1,440,000
ACCD	Affordable Housing Tax Credits	2,400,000	2,560,000	2,730,000
ACCD	Downtown and Village Center Program Tax Credits	-	-	-
ACCD	Local Development Corporations	72,000	70,000	70,000
ACCD	Ski Lifts and Snowmaking Equipment	1,738,000	1,851,000	1,972,000
ACCD	Tax Increment Financing Districts	5,092,000	5,626,000	6,216,000
	ACCD - Subtotal	\$22,011,000	\$22,507,000	\$23,092,000
AGFM	Vermont Farm Income Averaging Credit	58,000	45,000	34,000
AGFM	Agricultural Inputs	19,410,000	19,900,000	20,380,000
AGFM	Veterinary Supplies	4,480,000	4,740,000	5,020,000
AGFM	Agricultural Machinery and Equipment	2,550,000	2,590,000	2,640,000
AGFM	Energy Purchases for Farming	4,420,000	4,530,000	4,640,000
AGFM	Whey Processing Fixtures	0	0	0
	AGFM - Subtotal	\$30,918,000	\$31,805,000	\$32,714,000
DFR	Annuity Considerations	12,020,000	12,340,000	12,790,000
	DFR - Subtotal	\$12,020,000	\$12,340,000	\$12,790,000
PSD	Municipalities Hosting Large Power Plants	487,000	0	0
	PSD - Subtotal	\$487,000	\$0	\$0
TAX	Vermont Municipal Bond Income	2,090,000	1,921,000	1,765,000
TAX	Capital Gains Exclusion	16,047,000	17,307,000	18,667,000
TAX	Investment Tax Credit	2,195,000	3,165,000	4,562,000
TAX	Qualified Bond Interest Income Exemption	50,000	50,000	50,000
TAX	Vermont Higher Education Investment Credit	2,902,000	3,135,000	3,387,000
TAX	Diesel Fuel Exemptions	168,000	170,000	171,000
TAX	Use Value Appraisal Program	45,400,000	45,480,000	45,559,000
	Tax - Subtotal	\$68,852,000	\$71,228,000	\$74,161,000
	GRAND TOTAL	\$134,288,000	\$137,880,000	\$142,757,000

In accordance with 32 V.S.A. § 306, the FY 2020 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	FY18 Estimate	FY19 Estimate	FY20 Proposed
TAX	Vermont Municipal Bond Income	2,090,000	1,921,000	1,765,000
TAX	Capital Gains Exclusion	16,047,000	17,307,000	18,667,000
TAX	Investment Tax Credit	2,195,000	3,165,000	4,562,000
AGFM	Vermont Farm Income Averaging Credit	58,000	45,000	34,000
TAX	Qualified Bond Interest Income Exemption	50,000	50,000	50,000
TAX	Vermont Higher Education Investment Credit	2,902,000	3,135,000	3,387,000
ACCD	Historic Rehabilitation Tax credit	-	-	-
ACCD	Façade Improvement Tax Credit	-	-	-
ACCD	Code Improvement Tax Credit	200,000	200,000	200,000
ACCD	Research and Development Tax Credit	549,000	648,000	764,000
	Individual Income Tax Expenditure - Subtotal	\$24,091,000	\$26,471,000	\$29,429,000
ACCD	Historic Rehabilitation Tax Credit	-	-	-
ACCD	Façade Improvement Tax Credit	0	0	0
ACCD	Code Improvement Tax Credit	0	0	0
ACCD	Machinery and Equipment Tax Credit	0	0	0
ACCD	Research and Development Tax Credit	1,216,000	1,248,000	1,280,000
ACCD	Vermont Employment Growth Incentive	3,440,000	3,040,000	2,640,000
	Corporate Income Tax Expenditures - Subtotal	\$4,656,000	\$4,288,000	\$3,920,000
AGFM	Agricultural Inputs	19,410,000	19,900,000	20,380,000
AGFM	Veterinary Supplies	4,480,000	4,740,000	5,020,000
ACCD	Newspapers	2,670,000	2,530,000	2,390,000
AGFM	Agricultural Machinery and Equipment	2,550,000	2,590,000	2,640,000
AGFM	Energy Purchases for Farming	4,420,000	4,530,000	4,640,000
ACCD	Sales of Films to Movie Theaters	870,000	890,000	900,000
ACCD	Aircraft and Depreciable Parts for Commercial Use	Less than 100,000	Less than 100,000	Less than 100,000
ACCD	Railroad Rolling Stock and Depreciable Parts	200,000	200,000	200,000
ACCD	Sales of Building Materials	Not estimated	Not estimated	Not estimated
ACCD	Reallocation of Receipts from Tax on Const. Materials	Not estimated	Not estimated	Not estimated
ACCD	Property incorporated into a net metering system	2,420,000	2,360,000	2,290,000
	Sales and Use Tax Expenditures - Subtotal	\$37,020,000	\$37,740,000	\$38,460,000
ACCD	Downtown and Village Center Program Tax Credits	1,144,000	1,284,000	1,440,000
ACCD	Affordable Housing Tax Credits	2,400,000	2,560,000	2,730,000
	Bank Franchise Tax Expenditures - Subtotal	\$3,544,000	\$3,844,000	\$4,170,000
ACCD	Downtown and Village Center Program Tax Credits	-	-	-
DFR	Annuity Considerations	12,020,000	12,340,000	12,790,000
	Insurance Premiums Tax Expenditures - Subtotal	\$12,020,000	\$12,340,000	\$12,790,000
TAX	Diesel Fuel Exemptions	168,000	170,000	171,000
	Motor Vehicle Purchase & Use Expenditures - Subtotal	\$168,000	\$170,000	\$171,000
ACCD	Local Development Corporations	72,000	70,000	70,000
ACCD	Ski Lifts and Snowmaking Equipment	1,738,000	1,851,000	1,972,000
AGFM	Whey Processing Fixtures	0	0	0
PSD	Municipalities Hosting Large Power Plants	487,000	0	0
TAX	Use Value Appraisal Program	45,400,000	45,480,000	45,559,000
ACCD	Tax Increment Financing Districts	5,092,000	5,626,000	6,216,000
	Property Tax Expenditures - Subtotal	\$52,789,000	\$53,027,000	\$53,817,000
	GRAND TOTAL	\$134,288,000	\$137,880,000	\$142,757,000

In accordance with 32 V.S.A. § 306, the FY 2020 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, 2018 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a FY 2020 contribution of \$78,943,914 to the pension plan (VSERS pension) and \$87,804,585 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan.

The State's contribution has been reduced to \$78,037,914 (down \$906,000) for the Treasurer's estimate of FY 2020 contributions to VSERS by town participants.

The State's contribution to the VSERS OPEB during FY 2020 will be \$37,185,907, which is the Treasurer's November 2018 estimate of VSERS retiree benefit costs on a pay-as-you-go basis.

VSTRS

As a result of the June 30, 2018 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) recommended a FY 2020 contribution of \$126,197,389 to the pension plan (VSTRS pension) and \$58,252,623 to the Retired Teachers' Health and Medical Benefits (VSTRS OPEB) plan.

The FY 2020 VSTRS contribution of \$126,197,389 will be funded by \$113,466,168 of State general funds, \$6,781,221 of State education funds and \$5,950,000 from local education agencies for teacher salaries supported by federal grants.

Pending enactment of the Governor's Recommended 2019 Budget Adjustment Act, an additional \$3,293,817 of FY 2019 one-time funds will be contributed above the VSTRS Actuarially Determined Employer Contribution to the VSTRS. This amount reflects the VSTRS board of Trustees' request for fiscal year 2020.

The Treasurer's November 2018 estimate for VSTRS OPEB costs on a pay-as-you-go basis is \$38,154,763. That amount will be contributed to VSTRS OPEB during FY 2020, using \$31,067,652 of State general funds and \$7,087,111 from other sources, including \$5,355,000 from the employer annual charge for new teacher health care and from subsidies under the Employee Group Waiver Plan (EGWP), which was implemented in 2014. Of the \$31,067,652 of State general funds, \$2,400,000 is intended to pre-fund the VSTRS OPEB fund at the earliest possible date.

Upon enactment of the Governor's Recommended 2019 Budget Adjustment Act, fiscal year 2019 one-time funds in the amount of \$22,200,000 will be used to pay-in-full the VSTRS OPEB interfund loan obligation to the General Fund

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 (and resulting unfunded liability) for the VSERS and VSTRS pension systems for the period ended June 30, 2018 are 70.7% (\$779,804,010 unfunded liability) and 55.2% (\$1,513,433,335 unfunded liability) respectively. The funded ratios (and resulting unfunded liability) for the VSERS OPEB and VSTRS OPEB plans for the period ended June 30, 2018 are 1.43% (\$1,609,886,712 unfunded liability) and -2.63% (\$973,370,355 unfunded liability) respectively.¹ 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.

¹ Funding ratios and unfunded liability values are taken from Segal Consulting's Actuarially Determined Liability reports. These values vary from those reported in Segal's GASB reports due to differences in actuarial assumptions. This is most pronounced for VSERS OPEB and VSTRS OPEB.

Acknowledgements and Credits

This Executive Summary and the Governor’s Recommended Budget were prepared by the dedicated staff in the Budget & Management Division of the Department of Finance & Management with the assistance of agency and department heads, business managers and finance staff across the State.

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Fiscal Year 2020 Executive Budget Summary

is a publication of the Vermont Department of Finance & Management

Adam Greshin, Commissioner

Matt Riven, Deputy 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 2020 Budget Recommendations of Governor Philip B. Scott.

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