

FY 2021 EXECUTIVE BUDGET SUMMARY



Fiscal Year 2021 Executive Budget Recommendations

Philip B. Scott
Governor of Vermont
January 21, 2020





January 21, 2020

Dear Members of the General Assembly and Fellow Vermonters:

It is my pleasure to present the Fiscal Year (FY) 2021 budget for your consideration.

This budget uses the same strategic priorities that have guided my administration for the past four years: growing Vermont's economy, making Vermont more affordable and protecting the most vulnerable. These three priorities have been at the center of our decision making, and policy development, since the day I took office and they are reflected in the budget I present to you today.

My budget does not rely on new taxes or fees and it spends within our means. I do not believe the state budget should grow faster than the paychecks of working Vermonters. Our goal should be to do the essential work of government in ways that help Vermonters keep more of what they earn.

Overall, Vermont's economy is strong. Many of our companies are prospering, unemployment is near a record low, wages are moving up. Yet the headlines can be deceiving. Our state faces a significant demographic crisis and, while our population center is doing relatively well, too many of our county economic centers, and the small towns around them, are struggling. To put all Vermonters on a

better path, and to confront the demographic crisis gripping our state, we must increase economic opportunity in each of our 14 counties.

My budget includes more investments in our downtowns and regional economic centers by providing tools to help our employers survive and create more jobs and initiatives to expand our workforce. I propose a substantial increase to downtown and village center tax credits. These dollars go directly to important projects that are often the first step in community revitalization. As part of a Community Investment Package my budget includes incentives to rehabilitate old homes into quality, affordable, energy efficient rental properties. And, I propose reforms to the renter rebate program. Simply by improving the application process and lowering administrative costs for taxpayers, we can provide more credits to low-income renters.

We must also respond to the needs of our employers and opportunities in the global economy. My budget supports our small, technology businesses to help them secure federal Small Businesses Innovation Grants and to help them tap into the research capabilities at UVM. And, when they're successful, we'll provide a match to the federal grant, to help them grow and create jobs. We also need to recognize the incredible importance of our larger, anchor employers, the cornerstones of our regional economies. To support those companies, my team has created the Vermont Investment Incentive Program which will encourage companies to make new investments - long term commitments - in facilities and equipment. And I propose to make a similar program available to small businesses as well.

Supporting the economic vitality of our communities is critically important, but we also must invest in our quality of life. Vermont is often cited as one of the healthiest states, however we have more to do. To start, my budget continues to prioritize spending to get up stream of negative outcomes. For example, let's prevent root causes

rather than just treat consequences. One way to help newborns in high-risk families is to give parents the support they need to build a better foundation for their kids by funding our home visit program. Last year, we substantially increased funding for childcare, both for providers and for families with young children. This year, I propose to go even further to make high quality childcare accessible for families who need it. And, I propose an expansion in available resources and programming to combat suicide.

We know that climate change is affecting our environment, natural resources and economy. That's why I'm committed to meeting our greenhouse gas emission goals with incentives and innovation, not penalties or barriers to growth. We increase funding for the EV incentive program and to "Drive Electric Vermont" for EV consumer support services. The budget also includes a new EV incentive program and will add more charging stations on our highway corridors and at workplaces.

Adding thousands more EVs will also have an impact on the electric grid. As the Vermont Council on Rural Development has said, we can address climate change while also generating economic activity, creating jobs and attracting new Vermonters. To do this, we need to encourage the expansion and creation of companies that focus on energy storage, grid modernization and monitoring. My budget funds a Clean Grid Modernization Package which will encourage companies to start and expand here, by making research and development activities eligible for a tax credit and providing seed funding through the Vermont Center for Emerging Technologies.

These are only a sample of the initiatives and priorities in my budget. Many more details are explained in the pages that follow.

Here's the bottom line: the demographic crisis and the economic and affordability challenges it creates are by far our biggest

challenges. Confronting them is the only way to preserve, or expand, state government's capacity to solve other challenges.

When we reverse these trends, we will make Vermont more affordable for every family and business, restore the economic vitality of every county and put Vermont on a far better path for the future. That's why I'm more optimistic than ever that together we can set a new course for Vermont, where every family, community and county can thrive.

Sincerely,

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

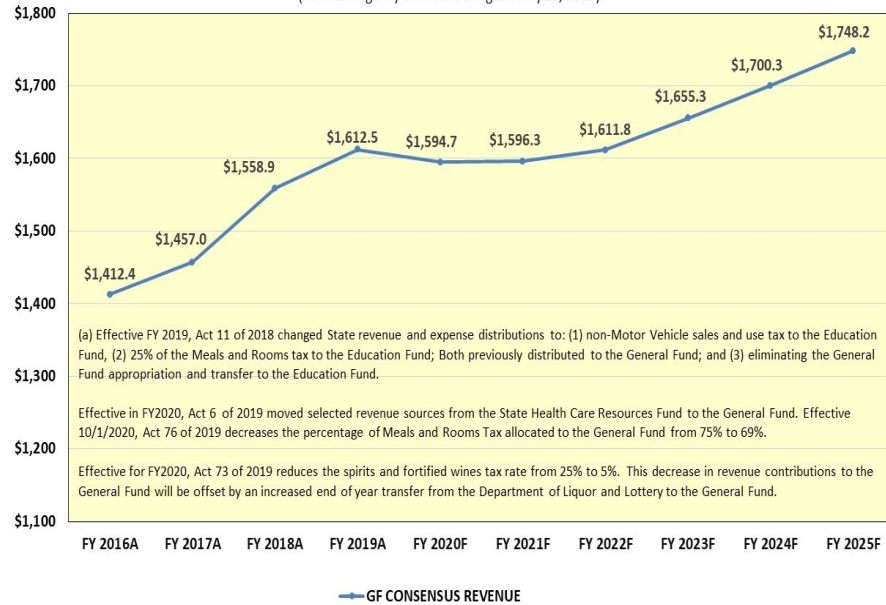
Philip B. Scott
Governor

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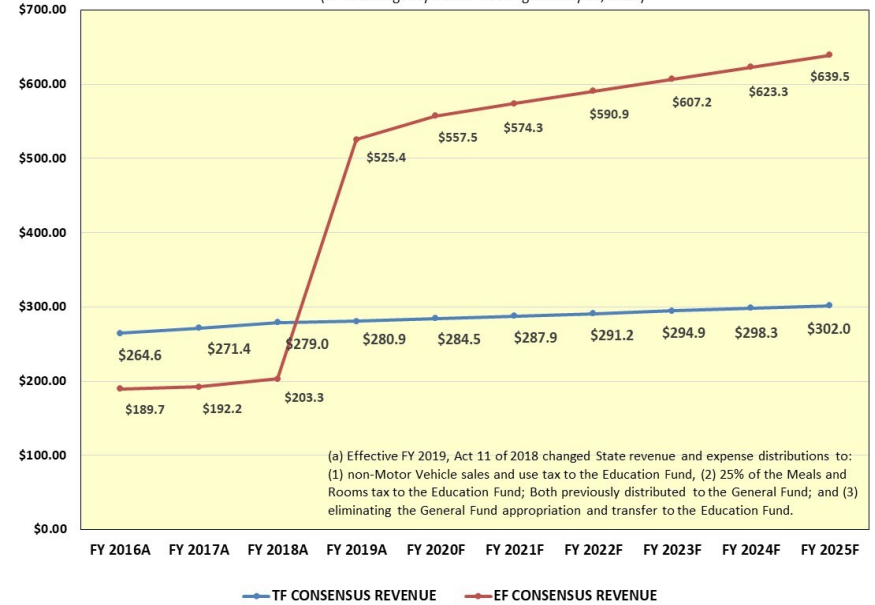
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CONSENSUS REVENUE HISTORY & FORECAST

General Fund History & Forecast (a)
(as of Emergency Board Meeting January 16, 2020)



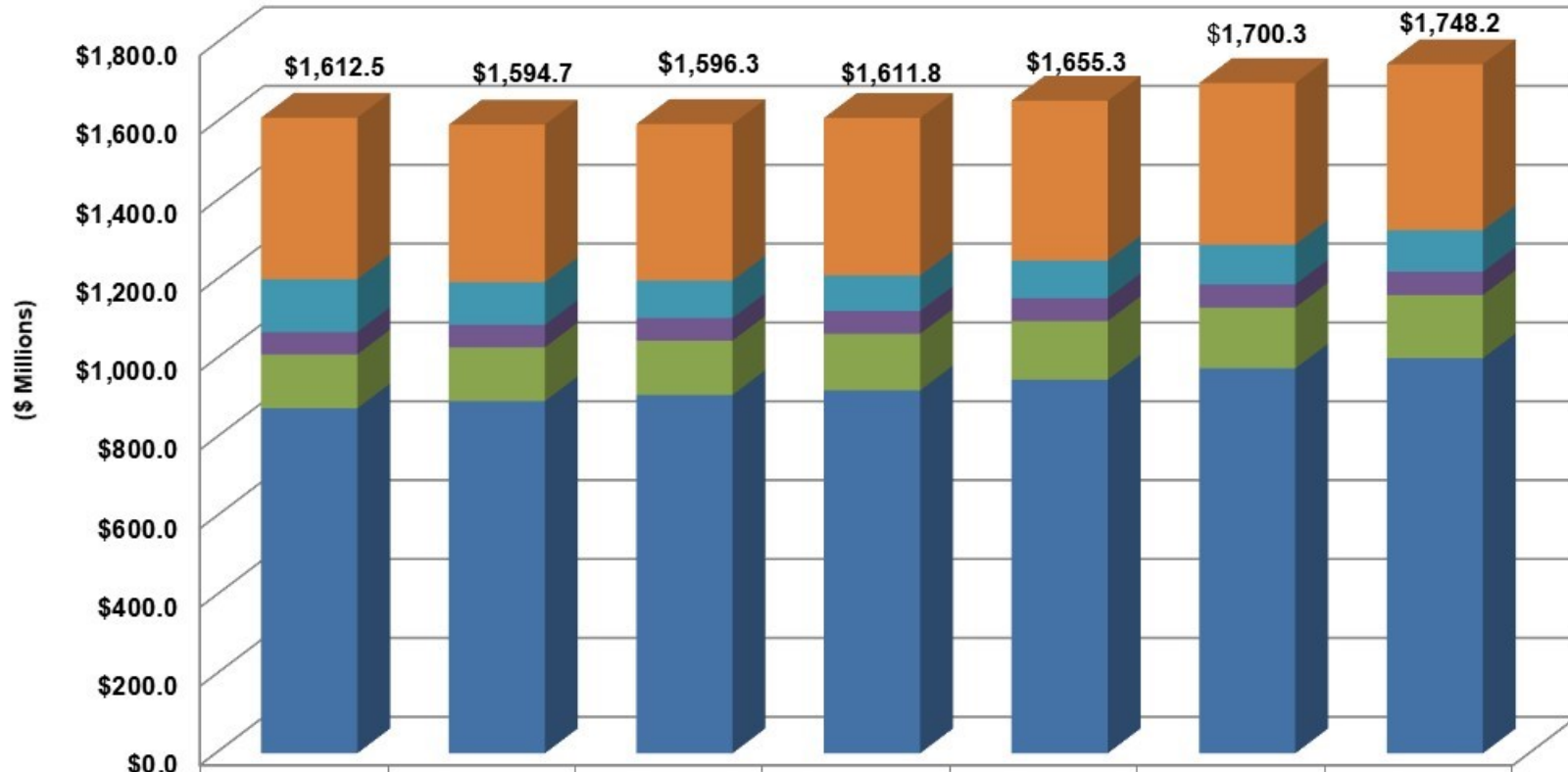
Transportation and Education Funds History & Forecast (a)
(as of Emergency Board Meeting January 16, 2020)



On January 16, 2020 the Vermont Emergency Board adopted revised General, Transportation and Education Fund Consensus Revenue Forecasts for the remainder of FY2020, FY2021 and FY2022 as compared to the adopted July 2019 forecast. The General Fund (GF) for FY2020 was projected to be \$1,594.7 million (-\$17.8 million, -1.1%) while the FY2021 GF was projected at \$1,596.3 million (\$1.6 million, +.1%). The Transportation Fund forecast for the remainder of FY2020 was projected at \$284.5 million (+3.6 million, +1.3%) and for FY2021 was projected at \$287.9 million (+\$3.4 million, +1.2 %). The Education Fund (portion subject to consensus revenue forecast) was projected at \$557.5 million for FY2020 (+\$32.1 million, +6.1%) and \$574.3 million for FY2021 (+16.8 million, +3.0%).

General Fund Revenue by Component (a) FY 2019 - FY 2025

Emergency Board January 16, 2020

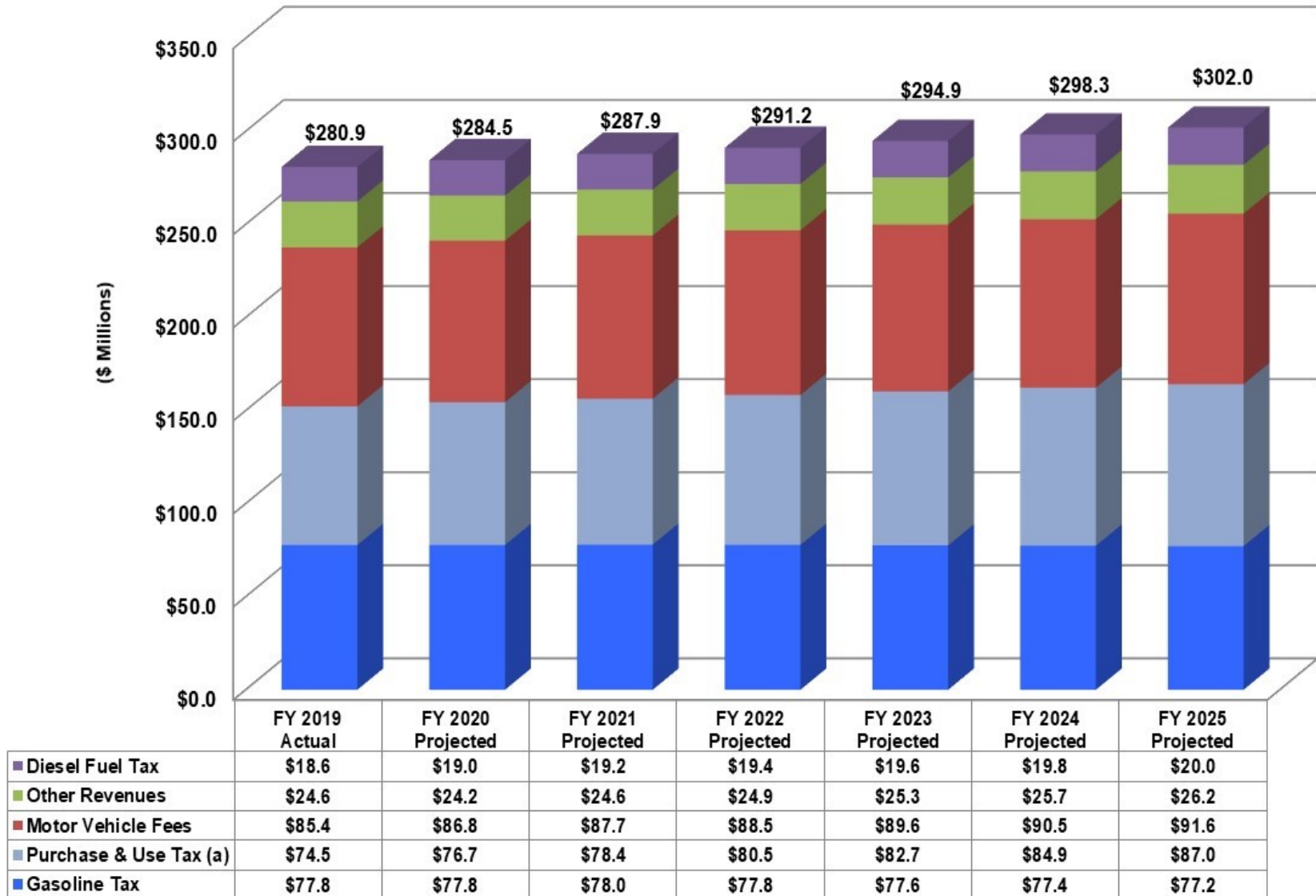


	FY 2019 Actual	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Other	\$409.5	\$399.3	\$396.8	\$399.8	\$405.2	\$409.9	\$421.2
Corporate	\$134.2	\$108.4	\$95.1	\$89.9	\$95.3	\$101.0	\$105.5
Insurance	\$56.9	\$57.2	\$57.5	\$57.9	\$58.2	\$58.6	\$59.0
Meals & Rooms (a)	\$136.5	\$136.2	\$137.8	\$143.3	\$148.8	\$154.4	\$159.9
Personal Income Tax	\$875.4	\$893.6	\$909.1	\$920.9	\$947.8	\$976.4	\$1,002.6

(a) Effective 10/1/2020, Act 76 of 2019 decreases the percentage of Meals and Rooms Tax allocated to the General Fund from 75% to 69%. Effective for FY2020, Act 73 of 2019 reduces the spirits and fortified wines tax rate from 25% to 5%. This decrease in revenue contributions to the General Fund will be offset by an increased end of year transfer from the Department of Liquor and Lottery to the General Fund.

Transportation Fund Revenue by Component FY 2019 - FY 2025

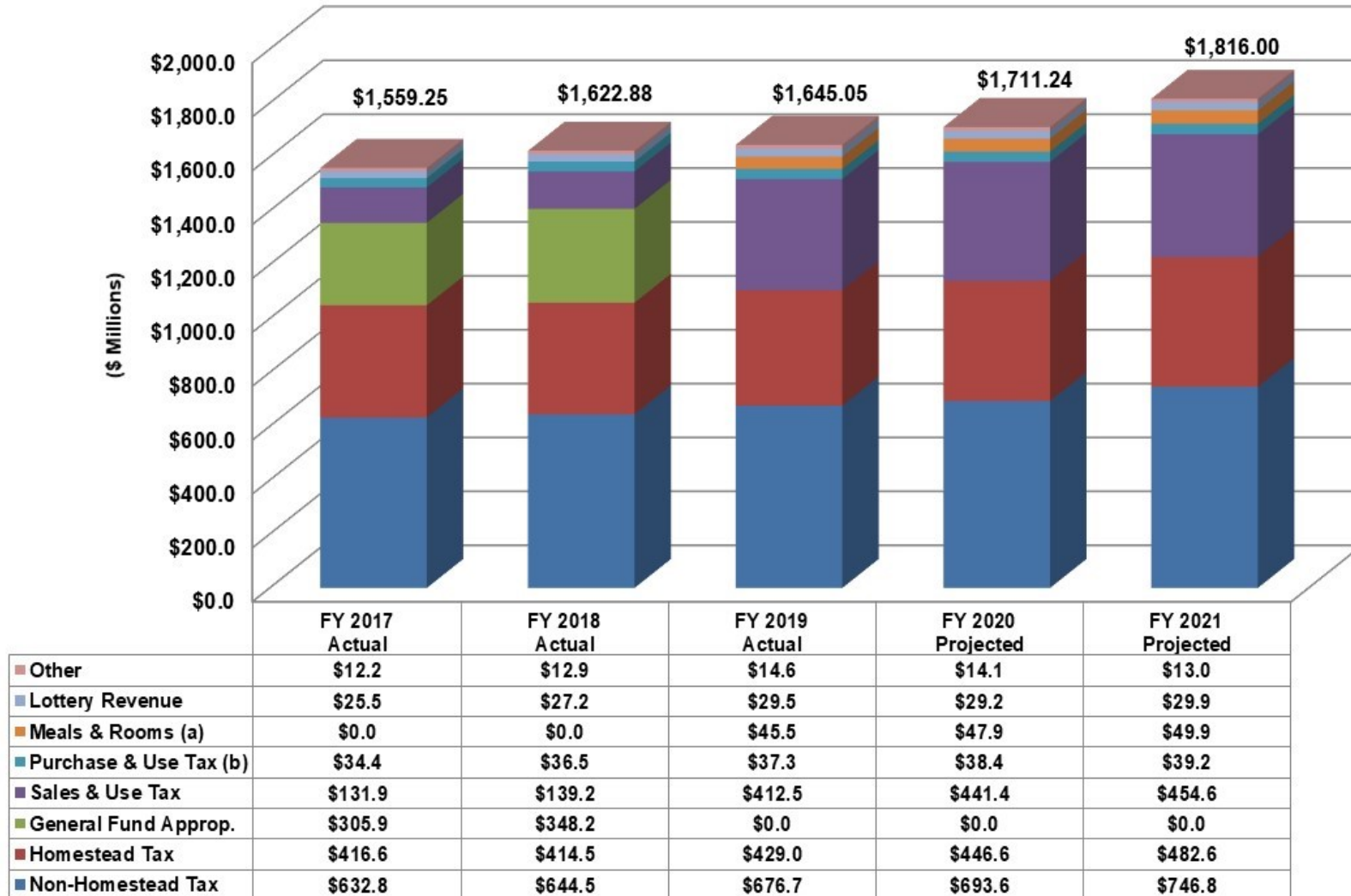
Emergency Board January 16, 2020



(a) The Transportation Fund's Purchase & Use revenue represents two-thirds of total Purchase & Use Tax revenue

Education Fund Revenue by Component FY 2017 - FY 2021

Emergency Board January 16, 2020



(a) The Education Fund's Purchase & Use revenue represents one-third of total Purchase & Use Tax revenue

(b) The Education Fund's Meals & Rooms revenue represents one-fourth of total Meals & Rooms revenue

FY 2021 BUDGET RECOMMENDATIONS

FISCAL YEAR 2021 BUDGET DEVELOPMENT PROCESS/PUBLIC BUDGET PROCESS

In accordance with 32 V.S.A. § 306 (d), the development process for the Governor’s budget recommendations includes 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 public budget forums across the state as part of the Governor’s “Capitol for a Day” initiative. Additionally, the agency utilized an online forum.

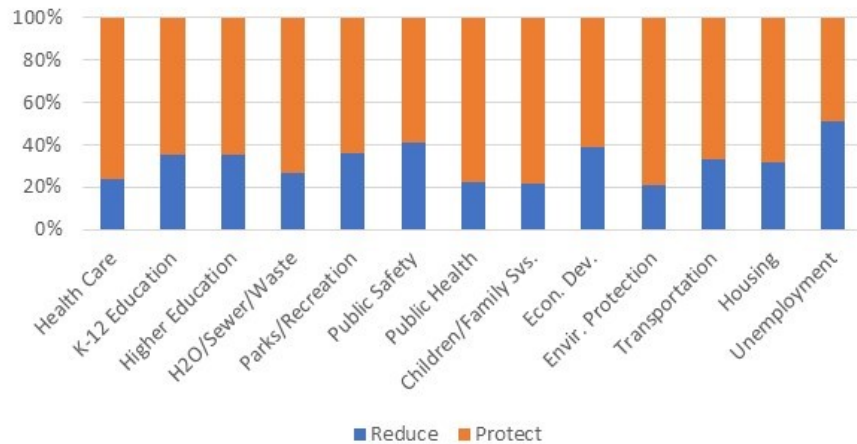
Using the Department of Finance & Management’s public website, the Administration posted an online presentation describing the overall budget and budgeting process, found at the website address:

[FY 2021 State Budget Overview](#)

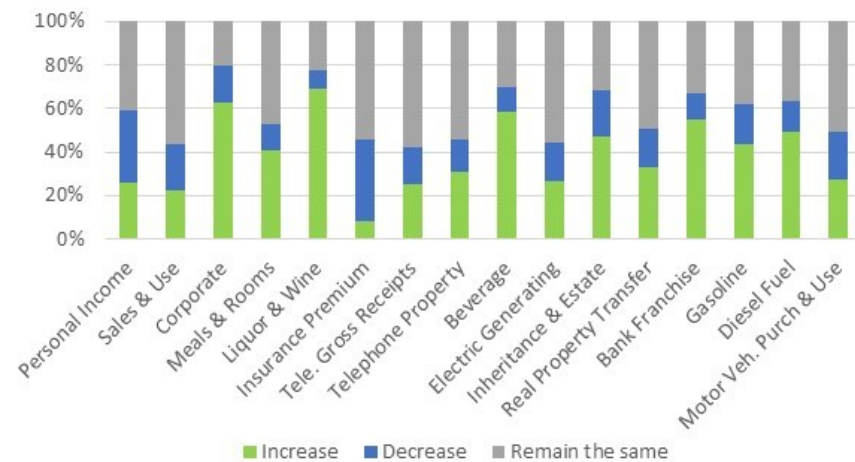
The Administration invited comments both online and in writing during a eight week period in November and December of 2019.

During this time, Finance and Management received 456 responses (via SurveyMonkey) and 234 written comments which can be reviewed in detail on page 39 - Appendix A.

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



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



CONTINUOUS IMPROVEMENT PROGRAM (A.K.A. PIVOT)

The original PIVOT training, which was rolled out in early CY2017 and included three separate courses, has gone through a series of significant changes. This includes an overhaul in CY2019 which resulted in a more robust, professional development training series that provides a clear pathway for individual growth from novice to expert. The new multi-course progression, based on the Dreyfus Model of Skill Acquisition, combines in-class training, on the job application, long-term coaching, mentoring and support, and opportunities for peer-to-peer learning. Major topics include continuous improvement principles and methodologies, problem solving and scientific thinking, data analysis and reporting, group facilitation and change management. The Chief Performance Office (CPO) developed and provides the training content, pathways and resources at no additional cost to employees. Since the inception of PIVOT thru January 1, 2020, at least 2,162 state employees have received some form of training in continuous improvement, with 1,108 receiving at least a day or more of content. From the individuals who have made it through the highest levels of training, 417 activity reports have been submitted detailing various applications of knowledge and skill used to better understand problems and improve government programs and processes. A few highlights include:

- Streamlining and creating more consistency in the management of federal grants.
- Creating a tracker to manage contract burn rates and reduce overruns to the contract ceiling for IT projects.
- Assisting the Statewide Workforce Development Board (SWDB) to develop a new vision and goals in relation to the Workforce Innovation and Opportunity Act (WIOA) State Plan.
- Developing a GIS tool to identify land use activities such as hazardous waste sites and landfills, or resources such as wetlands, wells, source protection areas and Class 1 or 2 areas within a specified radius (2000 feet).
- Developing and updating standard operating procedures for the Wastewater Program.
- Implementing a standardized risk assessment process for agricultural development grants.
- Facilitating an After-Action Review and Improvement Plan process to improve response actions during an emergency situation.
- Using data to reduce errors associated with a field audit form.
- Reducing redundancy and improving timeliness and satisfaction with the contractor background security clearance process.
- Reducing preparation time and in-house review of land gains tax returns.
- Working with various parties to establish an MOU outlining roles and responsibilities related to PFAS contamination.
- Improving reporting and monitoring of environmental review statuses and deadlines associated with transportation projects.

The Programmatic Performance Measure (PPMB) Project:

In 2019 the Administration began work on the *PPMB Project*. Work focused on the development of governance, policies, procedures and system changes, which will support the transition from the current, limited, and manual method of reporting programmatic performance, to an automated, statewide reporting method. The project is sponsored by the Chief Performance Office and the Department of Finance & Management. The project will also assess how the State's financial systems (VISION and Vantage) may be used to monitor, track and report performance measures, budget information and expenditures for *PPMB Programs*. Three project phases were established:

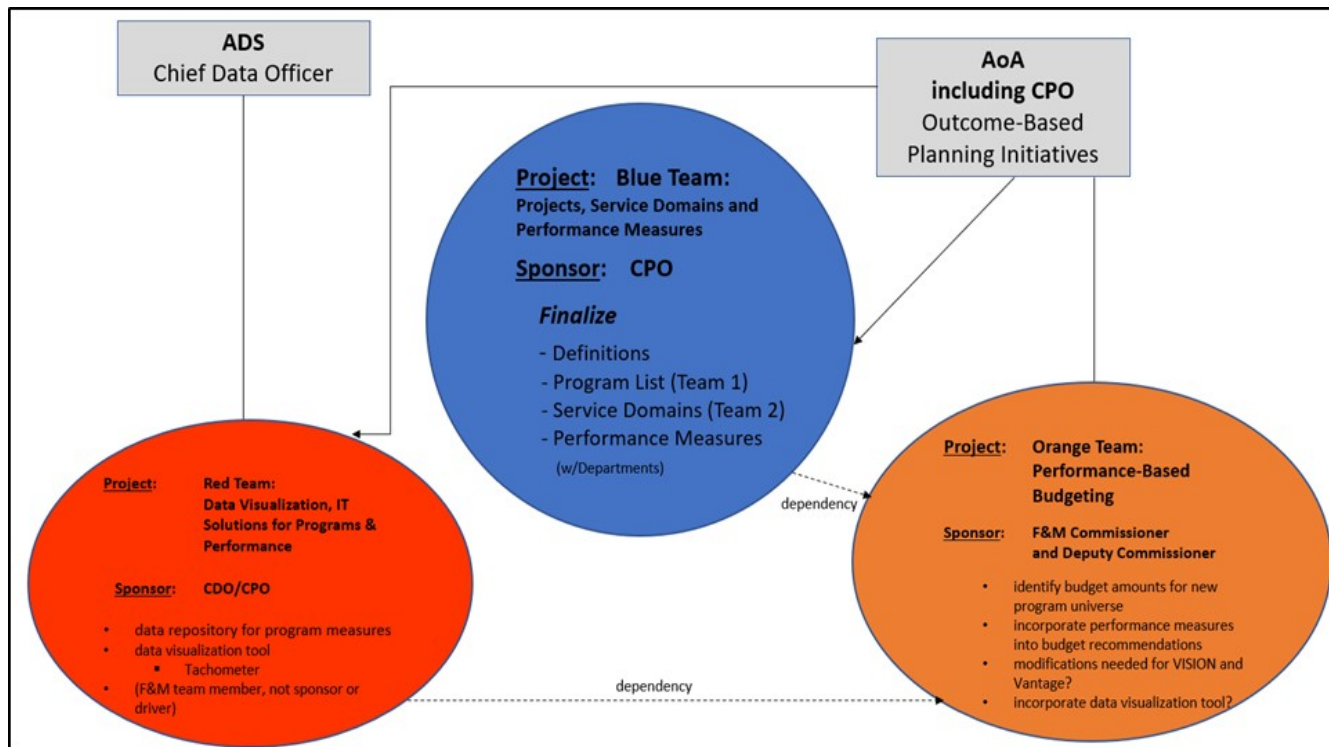
Phase 1. Design Basic Overall Approach (completed);

Phase 2. Define and develop project elements, financial capabilities and a roll-out strategy (on-going); and

Phase 3. Implementation (projected for FY 2023).

Phase 2: As illustrated in the following graphic, the work for **Phase 2** is being carried out by three teams, with charters detailing responsibilities for different elements of the overall project.

- **Blue Team (Programs):** Responsible for the definition of *program*; the criteria used to determine if an activity qualifies as a *program*; categorization of Core and Support programs; creation of official list of *programs*, assisting departments in performance measure development, and during Phase 3, the finalization of Service Domains and program cross-walk.
- **Orange Team (VISION & Vantage):** Assess if and how departments currently track *program* costs and budget; create shared mechanism for use of VISION and Vantage to budget and track programs; determine methodology for allocation of overhead costs; and implementation of system changes, as required.
- **Red Team (Data Visualization):** Create data visualization tool (Tachometer) and develop repository for program and performance measure data.



PPMB Phase 2 Teams

Phase 2 Blue Team Progress-To-Date: Developed written guidance detailing PPMB purpose, background, program identification and categorization, and specific definitions for *CORE* and *SUPPORT* programs.

- **Core Program** – A Core Program is any program with a primary purpose and function to provide services, products or support to external clients and customers. They contribute to outcomes directly. The need for Core Programs is tied directly to external conditions and circumstances.
- **Support Program** – A Support Program is any program with a primary purpose and function to provide services, products, or support to other programs within state government. They mostly have internal clients or customers and generally contribute to outcomes indirectly. Examples include human resources, legal, accounting, budgeting, administration, etc.

Phase 2 Blue Team Action Steps:

- For the FY 2021 Budget Development, two different forms were required – the Program Profile form and the revised PPMB form, noted as Attachments A-1 and A-2, respectively in the FY 2021 Budget Instructions. The intention for FY 2021 was to introduce the forms and begin the process of thinking about programs, in relation to appropriations, during budget development.
- After the Governor’s FY 2021 budget address, Blue Team members will meet with each Cabinet agency and department to select and align the final PPMB program list for each unit.
- A roll-out strategy and plan will be developed enabling a path to full implementation within two budget development cycles.
- Based on the roll-out strategy, use of the forms will be expanded to the point where a significant number of programs will be reported as part of the budget development process with useful and informative performance measures and results about each program.

Ultimately, PPMB is about developing a process which helps ensure we understand how the policies and procedures implemented meet the intended goals for a program, in an efficient and effective manner. PPMB will allow government agencies to focus on actual results achieved by a group, a department, or a program, and validate a course of action, or, if results are not as desired, provide the necessary data to support needed changes.

GOVERNOR SCOTT'S FISCAL YEAR 2021 KEY BUDGET ITEMS

- Supports FY2021 General Fund total appropriations of \$1.702 billion.
- Funds a suite of economic development initiatives, including investment incentives, a convertible loan program and grants to rural entrepreneurs.
- Invests in cutting-edge technology in battery and energy storage while continuing our commitment to put more electric vehicles on the road.
- Bolsters our investment in early care and learning and launches new initiatives to help young families and those suffering from mental illness.
- Focuses on building our workforce by providing relocation assistance, lower taxes for military retirees and incentives to invest in rental housing.
- Continues our investment in a cradle-to-career education system to improve skills and job readiness across the age spectrum.
- Maintains all statutory reserve levels and fully funds all retirement obligations.

Workforce Expansion

With the challenging demographics we face, we must do everything we can to educate and train new workers, upskill those already in the workforce and find new workers willing to bring their skills and energy to Vermont.

- \$1 million in tax incentives to those who graduate from Vermont state colleges and universities with a nursing degree. Will make recruiting and retaining this critical component of the state's workforce easier.
- \$300,000 to expand the Vermont Relocation Assistance Program (VRAP) to facilitate and expedite relocation into Vermont's communities, including recruitment aimed at separating service members at Ft. Drum.
- \$100,000 to the Department of Labor to increase investment in the Vermont Youth Employment Program. Employ rural, at-risk youth to help them gain real life, hands on work experience in their own communities.
- \$100,000 to the Department of Labor to work with state and community partners to grow the State's workforce by recruiting and retaining New Americans.
- \$50,000 to support the development of community-based systems for settling New Americans in partnership with the State Refugee Resettlement Office.

Building America's Best Education System from Cradle to Career

Last year, in the first year of a 5-year investment plan, we made significant investments in early care and learning. We must build on this foundation to make childcare more accessible and affordable for Vermont families.

- \$3 million to the Child Care Financial Assistance Program to boost subsidies for early care and learning. Revenue will come, in part, from increased lottery sales due to the introduction of Keno.
- An additional \$500,000 to VSAC for Advancement Grants to assist adult learners with their education and training. These grants provide up to \$2,500 for non-degree technical education.
- An additional \$500,000 to Vermont State Colleges for academic support and retention.
- An additional \$1.4 million to UVM to replace the loss of Medicaid funding and help maintain tuition support for Vermont students.

Revitalizing Our County Economic Sectors

While the greater Burlington area is doing relatively well, other areas of the state are struggling. We must provide opportunities in all 14 of Vermont's counties.

- An additional \$750,000 for the Working Lands Enterprise Initiative. Help Vermont's rural entrepreneurs grow and develop their businesses.
- \$300,000 to Regional Planning Commissions and \$50,000 for municipal planning grants to reduce municipal zoning barriers constraining housing opportunities.
- \$1.4 million to expand the downtown and village center tax credit program, focusing on rental housing stock and rehabilitation of older and historic buildings in downtowns and village centers. Credits offset the cost of historic rehabilitation projects, façade improvements and code-mandated upgrades.
- \$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. Intended for existing properties that are vacant or blighted and in need of substantial reinvestment.
- \$100,000 in tax incentives for a pilot program for housing in opportunity zones, in 17 economically struggling communities across Vermont. Leverage a new federal tax incentive to drive long-term private investment to revitalize or build primary housing within these zones.
- \$250,000 to a 50/50 matching "Better Places" grant program for locally supported placemaking projects such as walking and biking trails, public art, parks and farmers markets.

- \$1 million to create a new aggregated marketing fund for economic development marketing (\$250,000), tourism marketing (\$500,000), and promotion of outdoor recreation (\$250,000).
- \$75,000 in the Capital Bill for installing Electric Vehicle (EV) charging stations at State Office Buildings.
- \$2.83 million in the Capital Bill to complete the Lamoille Valley Rail Trail, a 93 mile east-west trail through the northern part of the state. Leverage federal money to complete the remaining sections of the trail.

Helping Job Creators Survive and Grow

Private sector employers are the engines of our economy. By responding to their needs, and removing obstacles to their growth, we all will benefit from the jobs and opportunities they create.

- \$1 million to support the “One Stop” Business Registration Portal. The Business Portal will provide a single point of entry for business owners, consolidating a multitude of state forms/requirements into a usable customer-focused interface.
- \$2.5 million in total funds to implement a voluntary paid family and medical leave insurance benefit. Vermont state employees will receive up to six weeks of family and medical leave insurance at 60 percent of their weekly wages while on qualified FMLA leave.
- \$1 million to create a Technology-Based Economic Development (TBED) program to create a technology-based business climate by providing matching grants to companies awarded Small Business Innovation Research (SBIR) grants and increasing collaboration between higher education and industry.
- \$3 million for the Vermont Investment Incentive Program. Modifications to VEGI language will allow businesses with 100 employees, who are also projecting at least \$20 million in capital expenditures, to apply for an investment incentive. In many rural regions, these companies are anchor employers and critical job creators.
- \$1,000,000 to create a convertible loan program for businesses for facility and machinery/equipment investments through the Vermont Economic Development Authority (VEDA). Businesses must meet program requirements to increase their base payroll.

Making Vermont More Affordable

Our goal should be to help Vermonters keep more of what they earn, making it easier for every family to live a secure and stable life. We know Vermont can be an expensive place to live. Let’s do what we can to provide support.

- Commit 25% of all future end-of-year budget surpluses to additional investments that combat climate change. Focus on initiatives that support weatherization and electrification.
- \$2 million in capital and technical assistance for grid optimization companies. Encourage climate economy businesses and start-ups to make Vermont a leader in this sector. At the same time, reduce the percent of household income spent on energy.

- \$250,000 to implement a pilot, in cooperation with a distribution utility, that explores the use of grid optimization technologies to lower energy costs and combat climate change.
- \$500,000 towards a refundable tax credit to promote research and development into clean energy.
- \$400,000 to fund the elimination of corporate income taxes for clean grid optimization companies.
- \$3 million for programs and incentives to foster electric vehicle adoption throughout the State. Address the obstacles to EV purchases with financial incentives, education and infrastructure build-out.
- \$1.4 million for the first year of the two-year phase-in to exempt military pension income from state income tax. The overwhelming majority of states provide tax relief to military retirees and Vermont's neighbors—New York, New Hampshire, and Massachusetts—already do so.
- \$500,000 to reform the renter rebate program. The current application process is inefficient and difficult to navigate. These funds will offset a projected increase in utilization when the program is reorganized.

Protecting the Most Vulnerable

We can improve the health of our communities, and save money in the future, by focusing on early intervention and proven strategies that help us get out ahead of potential problems.

- \$1 million to create sustained home visiting for at-risk families, reducing child maltreatment while improving school readiness, health and social outcomes for children and families.
- \$575,000 to expand and strengthen Vermont's suicide prevention efforts. Funds will be used to expand the ZERO SUICIDE program statewide, create capacity for a Vermont Suicide Prevention Lifeline, and expand the Vet to Vet visitor program that pairs older veterans and younger veterans together in Brattleboro.
- \$600,000 to implement a Mobile Response and Stabilization Service (MRSS) pilot program in Rutland. Preventative program to help children, youth and families in distress with support and intervention before emotional and behavioral difficulties escalate.

Transportation

The Transportation budget uses forecasted Transportation Fund (TF) and Transportation Infrastructure Bond (TIB) Fund revenues to fully match estimated expenditures and the projected availability of federal transportation funds. VTrans, the Department of Motor Vehicles, and Town Highway programs are managed to maximize the level of service provided to Vermonters given funding projections based on anticipated revenues. VTrans expects to advance 63 bridge projects and 10 culvert projects across the state, perform preventive maintenance on numerous additional structures, and improve the pavement condition of more than 202 miles of State highways.

FISCAL YEAR 2021 GENERAL FUND OVERVIEW

Sources:	GF Impact
<u>Current Services revenue</u>	
Official Economists' forecast	1,596,300,000
"Notwithstanding" Property Transfer Tax statutory distribution	16,837,181
Direct applications, reversions, and other	
AHS Certified matching funds for Medicaid	6,474,593
Loan repayments	29,047
Legislative reversions	250,000
Department of Financial Regulation	38,218,350
Attorney General settlements	2,000,000
Liquor Control	20,740,000
Unclaimed Property	1,297,750
Secretary of State	2,467,898
Subtotal - Direct Applications, Reversions, and Transfers	71,477,638
Carryforward from FY20 (One-time Revenue for One-time Initiatives)	23,550,231
Total Current Services GF Sources before policy changes	1,708,165,050
<u>Sources associated with policy changes</u>	
Governor's Initiatives (Sources)	
Downtown village tax credit - contingent on legislation	(1,400,000)
Military retirement income tax exclusion - contingent on legislation	(1,400,000)
Incentive for VT Educated Nurses - contingent on legislation	(1,000,000)
Refundable R&D tax credit; Battery and Energy storage - contingent on legislation	(900,000)
Opportunity Zone Housing Pilot - contingent on legislation	(100,000)
Vermont Investment Incentive program - contingent on legislation	(3,000,000)
Sports Betting - contingent on legislation	2,000,000
Restructure CMF funding ratio	2,909,182
Subtotal Revenue policy changes	(2,890,818)
Total General Fund sources:	1,705,274,233
<u>Uses (including transfers):</u>	
FY 2021 base appropriations (including FY 2020 As Passed and lump sum FY 2021 Pay Act)	1,648,019,020
Current services changes:	
Increase in GF Teacher Pension and RTHMB/OPEB appropriation to statutorily required level as recommended by State Actuary	6,278,060
Increase in employer contribution for State Employee Pension, OPEB, and system admin.	1,662,706
FY 2021 GF need for cost of FY 2020 salary increase & benefit selection	9,637,680
Agency of Human Services - caseload, utilization, & other pressures	16,682,885
Other non-AHS - net upward and downward current services pressures	7,725,958
Total State-wide Allocations associated with internal service charges	4,854,777
Total current services:	46,842,066
Governor's Initiatives (Uses)	
AHS-specific efficiencies, other savings efforts and department initiatives	(13,072,265)
Other Departmental initiatives	(140,679)
Subtotal of efficiencies, other savings and department initiatives	(13,212,944)
Base Uses - Policy Changes	
Modernization of the Renter Rebate program	500,000
Expansion of CCFAP (\$1M GF, \$2M Ed. Fund via Keno proceeds)	1,000,000
Relocation Assistance	300,000
Newborn Home Visiting	1,000,000
Suicide Prevention	575,000
Subtotal Base Uses - Policy Changes	3,375,000
One-time Uses - Policy Changes	
Enumerated in the Governor's Recommended Budget Sec. B.1100(b)	14,400,000
One-time Uses - Other	
Enumerated in the Governor's Recommended Budget Sec. B.1100(a)	1,057,313
53rd Week Reserve (transfer)	1,850,000
Subtotal One-time Uses	17,307,313
Total General Fund Uses Before Stabilization Reserve Contribution	1,702,330,455
Transfer to the GF Stabilization Reserve	2,943,778
Total Uses	1,705,274,233

FY 2021 General Fund Overview

The budget process began with the submission of FY 2021 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 16, 2020, just prior to the Governor's budget address to the General Assembly on January 21, 2020. The individual items reflected in the chart are discussed in more detail elsewhere in this document and in departmental budget materials.

TOTAL APPROPRIATIONS HISTORY FY 2017— FY 2021 (ALL FUNDS)

Funding Sources	FY 2017 Final Appropriations	FY 2018 Final Appropriations	FY 2019 Final Appropriations	FY 2020 Gov's Rec Budget Adjustment (a)	FY 2021 Governor's Recommended Budget (b)
General Fund (GF)	1,539,901,405	1,563,588,618	1,596,468,226	1,655,343,778	1,700,480,455
Transportation Fund	269,400,364	276,535,169	284,763,891	283,331,886	291,093,335
Education Fund ^(c)	1,577,895,478	1,635,462,268	1,655,419,334	1,726,769,204	1,814,655,138
Special Funds & Other Funds ^(d)	645,972,327	661,716,140	391,413,449	402,730,806	409,437,060
Sub-Total	<u>4,033,169,574</u>	<u>4,137,302,195</u>	<u>3,928,064,900</u>	<u>4,068,175,674</u>	<u>4,215,665,988</u>
Adjust for inter-fund appropriations: GF Transfer to EF	(305,902,634)	(314,695,753)	-	-	-
Total State Funds after EF Transfer	<u>3,727,266,940</u>	<u>3,822,606,442</u>	<u>3,928,064,900</u>	<u>4,068,175,674</u>	<u>4,215,665,988</u>
percent of total	64.30%	65.43%	65.53%	66.12%	66.63%
Federal Funds	2,027,125,721	1,981,598,102	2,025,301,689	2,049,944,894	2,078,912,703
Federal ARRA Funds ^(e)	1,890,808	2,250,146	2,112,486	1,990,771	1,104,738
Total Funds Before Dedicated Dollars	<u>5,756,283,469</u>	<u>5,806,454,690</u>	<u>5,955,479,075</u>	<u>6,120,111,339</u>	<u>6,295,683,429</u>
percent of total	99.30%	99.38%	99.36%	99.46%	99.50%
Dedicated Sources					
Local Match	2,315,416	1,625,777	2,131,800	1,142,096	944,777
Enterprise Funds	12,188,414	12,792,735	14,494,526	11,495,452	12,825,316
Debt Service Obligation Funds	2,501,413	2,503,738	2,504,688	2,497,663	2,502,613
Pension & Private Purpose Trust Funds ^(f)	23,329,301	19,060,784	19,510,695	17,893,927	15,361,174
Sub-Total	<u>40,334,544</u>	<u>35,983,034</u>	<u>38,641,709</u>	<u>33,029,138</u>	<u>31,633,880</u>
Total Funds and Dedicated Sources	<u>5,796,618,013</u>	<u>5,842,437,724</u>	<u>5,994,120,784</u>	<u>6,153,140,477</u>	<u>6,327,317,309</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	112,534,703	113,393,951	143,443,161	148,001,883	161,095,749
Interdepartmental Transfer	58,281,449	79,557,807	77,974,425	72,488,779	71,420,812
Global Commitment Fund	1,557,991,663	1,512,757,726	1,572,671,340	1,598,373,331	1,579,916,377
Total	<u>1,728,807,815</u>	<u>1,705,709,484</u>	<u>1,794,088,926</u>	<u>1,818,863,993</u>	<u>1,812,432,938</u>
Total All Appropriations	<u>7,831,328,462</u>	<u>7,862,842,961</u>	<u>7,788,209,710</u>	<u>7,972,004,470</u>	<u>8,139,750,247</u>

NOTES:

- (a) Governor's FY 2020 budget adjustment recommendations presented to House Appropriations on December 16, 2019.
- (b) Governor's budget recommendations presented to the General Assembly on January 21, 2020.
- (c) Figures presented for the Education Fund represent the projected budget based on revenues from the Vermont Emergency Board in January 2020 and a December 2019 agreement involving the Agency of Education, the Joint Fiscal Office, the Vermont Department of Taxes, and the Secretary of Administration, in addition to Governor's initiatives.
- (d) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, Transportation Infrastructure Bond Funds.
- (e) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).
- (f) Includes Permanent Trust Funds, Pension Funds, Retired Teachers' Health Fund and Private Purpose Trust Funds.

FY 2021 GOVERNOR'S RECOMMENDED BUDGET

Funding Sources	FY 2020 Gov's Rec Budget Adjustment (a)	FY 2021 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)	1,655,343,778	1,700,480,455	2.73%	49,435,782	46,895,000	170,417,896	152,921,073	214,905,570	647,639,721
Transportation Fund	283,331,886	291,093,335	2.74%	4,032,571	-	20,250,000	-	-	-
Education Fund (d)	1,726,769,204	1,814,655,138	5.09%	-	-	-	3,323,078	2,000,000	-
Special Funds (e)	402,730,806	409,437,060	1.67%	6,209,026	9,474,000	91,447,988	1,818,513	79,729,198	76,040,669
Total Funds Before Federal Dollars	4,068,175,674	4,215,665,988	3.63%	59,677,379	56,369,000	282,115,884	158,062,664	296,634,768	723,680,390
percent of total	66.12%	66.63%		1.42%	1.34%	6.69%	3.75%	7.04%	17.17%
Federal Funds	2,049,944,894	2,078,912,703	1.41%	1,153,855	-	83,520,890	479,209	294,570,465	1,116,522,272
Federal ARRA Funds (f)	1,990,771	1,104,738	-44.51%	-	-	600,000	-	-	-
Total Funds Before Dedicated Dollars	6,120,111,339	6,295,683,429	2.87%	60,831,234	56,369,000	366,236,774	158,541,873	591,205,233	1,840,202,662
percent of total	99.46%	99.50%		0.97%	0.90%	5.82%	2.52%	9.39%	29.23%
Dedicated Sources									
Local Match	1,142,096	944,777	-17.28%	-	-	-	-	-	-
Enterprise Funds	11,495,452	12,825,316	11.57%	7,200	-	12,818,116	-	-	-
Debt Service Obligation Funds	2,497,663	2,502,613	0.20%	-	-	-	-	-	-
Pension Trust & Private Purpose Trust Funds	17,893,927	15,361,174	-14.15%	9,406,379	-	-	-	25,000	-
Sub-Total	33,029,138	31,633,880	-4.22%	9,413,579	-	12,818,116	-	25,000	-
Total Funds and Dedicated Sources	6,153,140,477	6,327,317,309	2.83%	70,244,813	56,369,000	379,054,890	158,541,873	591,230,233	1,840,202,662
percent of total	100.00%	100.00%		1.11%	0.89%	5.99%	2.51%	9.34%	29.08%
Fund Sources that are duplicated in the above appropriations:									
Internal Service Funds	148,001,883	161,095,749	8.85%	137,525,305	-	-	1,930,685	-	-
Interdepartmental Transfer	72,488,779	71,420,812	-1.47%	7,859,802	-	15,138,458	545,099	15,608,616	15,400,618
Global Commitment Fund	1,598,373,331	1,579,916,377	-1.15%	-	-	-	5,835,357	625,039,176	947,704,132
Total	1,818,863,993	1,812,432,938	-0.35%	145,385,107	-	15,138,458	8,311,141	640,647,792	963,104,750
Total All Appropriations	7,972,004,470	8,139,750,247	2.10%	215,629,920	56,369,000	394,193,348	166,853,014	1,231,878,025	2,803,307,412

NOTES (both pages):

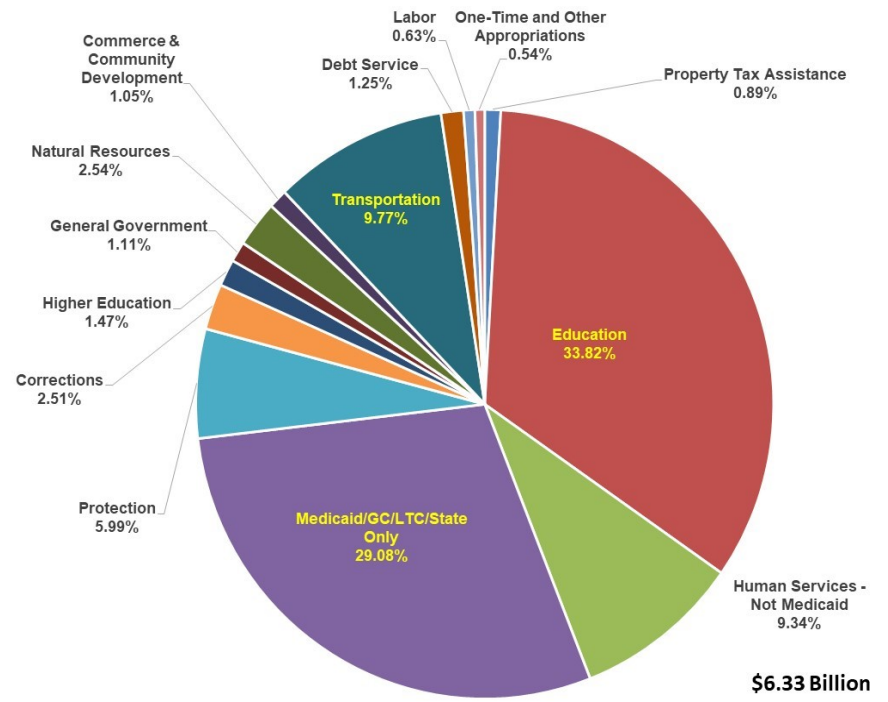
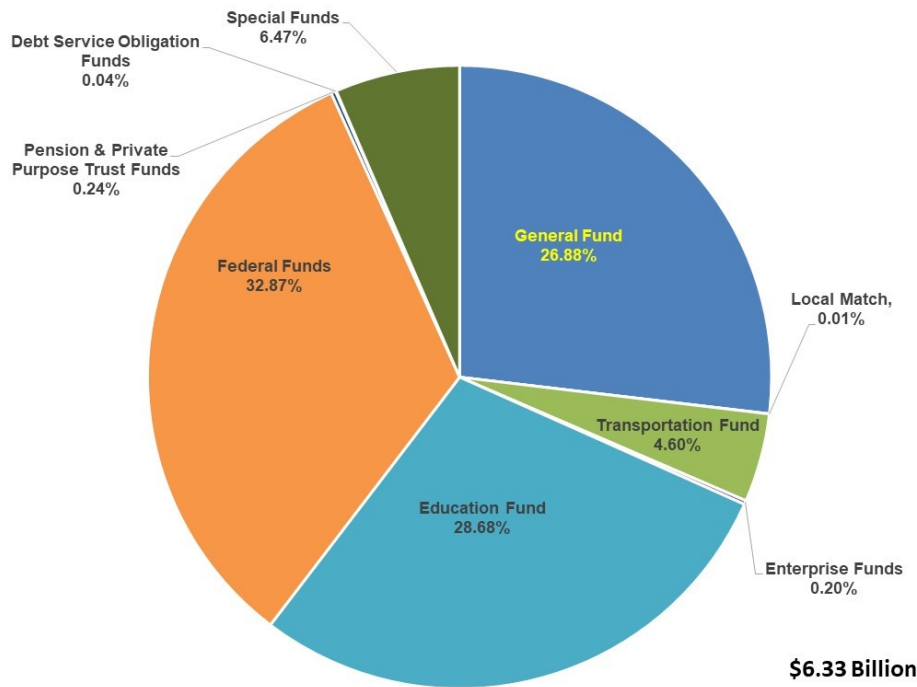
- (a) Governor's FY 2020 budget adjustment recommendations presented to House Appropriations on December 16, 2019.
- (b) Governor's budget recommendations presented to the General Assembly on January 21, 2020.
- (c) Includes Homeowner Rebate; Renter Rebate; reappraisal and listing payments; and municipal current use.
- (d) Figures presented for the Education Fund represent the projected budget based on revenues from the Vermont Emergency Board in January 2020 and a December 2019 agreement involving the Agency of Education, the Joint Fiscal Office, the Vermont Department of Taxes, and the Secretary of Administration, in addition to Governor's initiatives.
- (e) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, Transportation Infrastructure Bond Funds.
- (f) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

**FY 2021 GOVERNOR'S RECOMMENDED BUDGET
ALL FUNDS BY FUNCTION**

Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	One-Time and Other	
General Fund (GF)	5,411,166	165,710,501	93,152,209	31,580,645	16,833,245	-	75,828,995	29,748,652	
Transportation Fund	-	-	-	-	-	261,830,565	540,918	4,439,281	
Education Fund ^(d)	-	1,809,332,060	-	-	-	-	-	-	
Special Funds ^(e)	6,832,772	21,885,118	-	77,387,292	18,965,867	19,646,617	-	-	
Total State Funds after EF Transfer	12,243,938	1,996,927,679	93,152,209	108,967,937	35,799,112	281,477,182	76,369,913	34,187,933	
	0.00%	0.29%	47.37%	2.21%	2.58%	0.85%	6.68%	1.81%	0.81%
Federal Funds	27,929,685	136,967,503	-	51,771,776	30,390,992	335,606,056	-	-	
Federal ARRA Funds ^(f)	-	-	-	-	-	-	504,738	-	
Total Funds Before Dedicated Dollars	40,173,623	2,133,895,182	93,152,209	160,739,713	66,190,104	617,083,238	76,874,651	34,187,933	
percent of total	0.64%	33.89%	1.48%	2.55%	1.05%	9.80%	1.22%	0.54%	
Dedicated Sources									
Local Match	-	-	-	-	-	944,777	-	-	
Enterprise Funds	-	-	-	-	-	-	-	-	
Debt Service Obligation Funds	-	-	-	-	-	-	2,502,613	-	
Pension Trust & Private Purpose Trust	-	5,929,795	-	-	-	-	-	-	
Sub-Total	-	5,929,795	-	-	-	944,777	2,502,613	-	
Total Funds and Dedicated Sources	40,173,623	2,139,824,977	93,152,209	160,739,713	66,190,104	618,028,015	79,377,264	34,187,933	
	0.63%	33.82%	1.47%	2.54%	1.05%	9.77%	1.25%	0.54%	
Fund Sources that are duplicated in the above appropriations:									
Internal Service Funds	-	-	-	-	-	21,639,759	-	-	
Interdepartmental Transfer	1,109,000	582,172	-	10,569,204	2,945,873	1,661,970	-	-	
Global Commitment Fund	-	260,000	1,077,712	-	-	-	-	-	
Total	1,109,000	842,172	1,077,712	10,569,204	2,945,873	23,301,729	-	-	
Total All Appropriations	41,282,623	2,140,667,149	94,229,921	171,308,917	69,135,977	641,329,744	79,377,264	34,187,933	

FISCAL YEAR 2021—GOVERNOR’S BUDGET RECOMMENDATIONS BY GOVERNMENT FUNCTION AND FUND

FY 2021 Governor’s Budget Recommendations by Function



FY 2021 Governor’s Budget Recommendations by Fund

FISCAL YEAR 2021 GOVERNOR'S BUDGET RECOMMENDATION

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2021 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
GENERAL GOVERNMENT													
Agency of Administration:													
Secretary of Administration	889,129	-	200,000	-	1,089,129	-	-	1,089,129	-	1,089,129	-	1,674,122	2,763,251
Secretary of Administration - Insurance	-	-	-	-	-	-	-	-	-	-	-	1,430,493	1,430,493
Finance & Management	1,324,089	-	-	-	1,324,089	-	-	1,324,089	-	1,324,089	-	3,650,315	4,974,404
Human Resources	1,994,601	-	277,462	-	2,272,063	-	-	2,272,063	-	2,272,063	-	12,052,468	14,324,531
Libraries	2,069,920	-	107,828	-	2,177,748	1,153,855	-	3,331,603	-	3,331,603	-	98,459	3,430,062
Tax	20,455,279	-	1,686,155	-	22,141,434	-	-	22,141,434	-	22,141,434	-	34,109	22,175,543
Buildings and General Services	2,014,271	4,032,571	473,635	-	6,520,477	-	-	6,520,477	7,200	6,527,677	-	41,329,462	47,857,139
Total Agency of Administration	28,747,289	4,032,571	2,745,080	-	35,524,940	1,153,855	-	36,678,795	7,200	36,685,995	-	60,269,428	96,955,423
Executive Office	1,709,040	-	-	-	1,709,040	-	-	1,709,040	-	1,709,040	-	197,500	1,906,540
Legislative Council	5,503,941	-	-	-	5,503,941	-	-	5,503,941	-	5,503,941	-	-	5,503,941
Legislature	8,168,482	-	-	-	8,168,482	-	-	8,168,482	-	8,168,482	-	-	8,168,482
Joint Fiscal Office	2,158,526	-	-	-	2,158,526	-	-	2,158,526	-	2,158,526	-	-	2,158,526
Sergeant at Arms	1,023,461	-	-	-	1,023,461	-	-	1,023,461	-	1,023,461	-	-	1,023,461
Lt. Governor	272,053	-	-	-	272,053	-	-	272,053	-	272,053	-	-	272,053
Auditor of Accounts	324,661	-	53,145	-	377,806	-	-	377,806	-	377,806	-	3,313,520	3,691,326
State Treasurer	1,005,774	-	3,021,695	-	4,027,469	-	-	4,027,469	1,134,819	5,162,288	-	140,120	5,302,408
State Employees/Municipal Retirement Systems	-	-	-	-	-	-	-	-	8,271,560	8,271,560	-	-	8,271,560
Agency of Digital Services	179,734	-	382,318	-	562,052	-	-	562,052	-	562,052	-	81,295,408	81,857,460
Labor Relations Board	295,759	-	6,788	-	302,547	-	-	302,547	-	302,547	-	2,788	305,335
VOSHA Review Board	47,062	-	-	-	47,062	-	-	47,062	-	47,062	-	47,061	94,123
Homeowner rebate	17,100,000	-	-	-	17,100,000	-	-	17,100,000	-	17,100,000	-	-	17,100,000
Renter rebate	9,500,000	-	-	-	9,500,000	-	-	9,500,000	-	9,500,000	-	-	9,500,000
Reappraisal and listing payments	3,310,000	-	-	-	3,310,000	-	-	3,310,000	-	3,310,000	-	-	3,310,000
Use Tax Reimbursement - municipal current use	16,985,000	-	-	-	16,985,000	-	-	16,985,000	-	16,985,000	-	-	16,985,000
Ethics Commission	-	-	-	-	-	-	-	-	-	-	-	119,282	119,282
PILOT/Montpelier Services	-	-	9,434,000	-	9,434,000	-	-	9,434,000	-	9,434,000	-	-	9,434,000
Corrections PILOT	-	-	40,000	-	40,000	-	-	40,000	-	40,000	-	-	40,000
TOTAL GENERAL GOVERNMENT	96,330,782	4,032,571	15,683,026	-	116,046,379	1,153,855	-	117,200,234	9,413,579	126,613,813	-	145,385,107	271,998,920
percent of total	6%	1%	4%	0%	3%	0%	0%	2%	30%	2%	0%	63%	3%
PROTECTION TO PERSONS AND PROPERTY													
Attorney General	5,729,566	-	2,238,734	-	7,968,300	1,430,097	-	9,398,397	-	9,398,397	-	3,209,315	12,607,712
Court Diversion	2,715,486	-	519,997	-	3,235,483	-	-	3,235,483	-	3,235,483	-	-	3,235,483
Defender General	19,065,851	-	589,653	-	19,655,504	-	-	19,655,504	-	19,655,504	-	-	19,655,504
Judiciary	47,710,260	-	3,182,775	-	50,893,035	887,586	-	51,780,621	-	51,780,621	-	2,095,399	53,876,020
State's Attorneys/SIU	15,465,323	-	75,502	-	15,540,825	232,812	-	15,773,637	-	15,773,637	-	2,665,148	18,438,785
Sheriffs	4,778,597	-	-	-	4,778,597	-	-	4,778,597	-	4,778,597	-	-	4,778,597
Public Safety	55,598,940	20,250,000	16,331,543	-	92,180,483	17,088,474	-	109,268,957	-	109,268,957	-	5,910,469	115,179,426
Military	5,787,331	-	214,257	-	6,001,588	50,602,853	-	56,604,441	-	56,604,441	-	-	56,604,441
Center for Crime Victim Services	1,270,158	-	5,354,316	-	6,624,474	7,172,443	-	13,796,917	-	13,796,917	-	-	13,796,917
Criminal Justice Training Council	2,646,376	-	-	-	2,646,376	-	-	2,646,376	-	2,646,376	-	285,286	2,931,662
Agriculture, Food & Markets	9,012,820	-	14,456,878	-	23,469,698	3,862,456	-	27,332,154	-	27,332,154	-	822,841	28,154,995
Dept. of Financial Regulation (formerly BISHCA)	-	-	16,023,632	-	16,023,632	-	-	16,023,632	-	16,023,632	-	-	16,023,632
Secretary of State	-	-	11,790,456	-	11,790,456	1,332,444	-	13,122,900	-	13,122,900	-	-	13,122,900
Public Service Department	-	-	11,740,621	-	11,740,621	652,800	600,000	12,993,421	54,740	13,048,161	-	150,000	13,198,161
Public Service Board	-	-	3,904,459	-	3,904,459	-	-	3,904,459	-	3,904,459	-	-	3,904,459
Enhanced 911 Board	-	-	4,811,322	-	4,811,322	-	-	4,811,322	-	4,811,322	-	-	4,811,322
Human Rights Commission	637,188	-	-	-	637,188	74,441	-	711,629	-	711,629	-	-	711,629
Dept. of Liquor & Lottery	-	-	213,843	-	213,843	184,484	-	398,327	-	398,327	-	-	398,327
TOTAL PROTECTION	170,417,896	20,250,000	91,447,988	-	282,115,884	83,520,890	600,000	366,236,774	12,763,376	379,054,890	-	15,138,458	394,193,348
percent of total	10%	7%	22%	0%	7%	4%	54%	6%	41%	6%	0%	7%	5%

FISCAL YEAR 2021 GOVERNOR'S BUDGET RECOMMENDATION

All Funds by Department

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2021 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
HUMAN SERVICES													
Human Services Agency:													
AHS - Secretary's Office	8,044,275	-	147,517	-	8,191,792	10,642,311	-	18,834,103	-	18,834,103	453,000	11,095,512	30,382,615
AHS - Secretary's Office - Global Commitment	560,293,754	-	72,661,190	-	632,954,944	975,639,433	-	1,608,594,377	-	1,608,594,377	-	10,567,982	1,619,162,359
Human Services Board	475,003	-	-	-	475,003	353,987	-	828,990	-	828,990	-	-	828,990
Department of VT Health Access	86,847,388	-	3,379,479	-	90,226,867	138,799,506	-	229,026,373	-	229,026,373	727,909,514	4,832,636	961,768,523
Health	15,547,422	-	24,139,949	-	39,687,371	73,183,810	-	112,871,181	25,000	112,896,181	51,622,851	1,335,387	165,854,419
Mental Health	9,472,269	-	1,686,673	-	11,158,942	9,212,506	-	20,371,448	-	20,371,448	259,028,287	73,248	279,472,983
Department for Children and Families	147,711,701	-	35,439,337	2,000,000	185,151,038	159,658,075	-	344,809,113	-	344,809,113	67,739,583	743,185	413,291,881
Disabilities, Aging and Independent Living	27,453,211	-	1,629,370	-	29,082,581	34,259,526	-	63,342,107	-	63,342,107	465,990,073	2,361,284	531,693,464
Corrections	152,921,073	-	1,818,513	3,323,078	158,062,664	479,209	-	158,541,873	-	158,541,873	5,835,357	2,475,784	166,853,014
TOTAL HUMAN SERVICES AGENCY	1,008,766,096	-	140,902,028	5,323,078	1,154,991,202	1,402,228,363	-	2,557,219,565	25,000	2,557,244,565	1,578,578,665	33,485,018	4,169,308,248
Veterans' Home	2,946,782	-	11,896,497	-	14,843,279	9,343,583	-	24,186,862	-	24,186,862	-	-	24,186,862
Commission on Women	411,533	-	3,569	-	415,102	-	-	415,102	-	415,102	-	-	415,102
RSVP	151,096	-	-	-	151,096	-	-	151,096	-	151,096	-	-	151,096
Green Mountain Care Board	3,190,857	-	4,786,286	-	7,977,143	-	-	7,977,143	-	7,977,143	-	-	7,977,143
TOTAL HUMAN SERVICES	1,015,466,364	-	157,588,380	5,323,078	1,178,377,822	1,411,571,946	-	2,589,949,768	25,000	2,589,974,768	1,578,578,665	33,485,018	4,202,038,451
percent of total	59.72%	0.00%	38.49%	0.29%	27.95%	67.90%	0.00%	41.14%	0.08%	40.93%	99.92%	14.40%	51.62%
Labor	5,411,166	-	6,832,772	-	12,243,938	27,929,685	-	40,173,623	-	40,173,623	-	1,109,000	41,282,623
TOTAL LABOR	5,411,166	-	6,832,772	-	12,243,938	27,929,685	-	40,173,623	-	40,173,623	-	1,109,000	41,282,623
percent of total	0.32%	0.00%	1.67%	0.00%	0.29%	1.34%	0.00%	0.64%	0.00%	0.63%	0.00%	0.48%	0.51%
GENERAL EDUCATION													
Agency of Education	14,898,621	-	21,885,118	1,802,451,005	1,839,234,744	136,967,503	-	1,976,202,247	-	1,976,202,247	260,000	582,172	1,977,044,419
Teachers' Retirement	150,811,880	-	-	6,881,055	157,692,935	-	-	157,692,935	5,929,795	163,622,730	-	-	163,622,730
TOTAL GENERAL EDUCATION	165,710,501	-	21,885,118	1,809,332,060	1,996,927,679	136,967,503	-	2,133,895,182	5,929,795	2,139,824,977	260,000	582,172	2,140,667,149
percent of total	9.74%	0.00%	5.35%	99.71%	47.37%	6.59%	0.00%	33.89%	18.75%	33.82%	0.02%	0.25%	26.30%
HIGHER EDUCATION AND OTHER													
University of Vermont	41,840,843	-	-	-	41,840,843	-	-	41,840,843	-	41,840,843	668,251	-	42,509,094
Vermont State Colleges	31,248,778	-	-	-	31,248,778	-	-	31,248,778	-	31,248,778	409,461	-	31,658,239
Vermont Student Assistance Corp.	19,978,588	-	-	-	19,978,588	-	-	19,978,588	-	19,978,588	-	-	19,978,588
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000
TOTAL HIGHER EDUCATION AND OTHER	93,152,209	-	-	-	93,152,209	-	-	93,152,209	-	93,152,209	1,077,712	-	94,229,921
percent of total	5.48%	0.00%	0.00%	0.00%	2.21%	0.00%	0.00%	1.48%	0.00%	1.47%	0.07%	0.00%	1.16%
NATURAL RESOURCES													
Agency of Natural Resources:													
ANR - Central Office	4,927,170	-	581,393	-	5,508,563	-	-	5,508,563	-	5,508,563	-	521,411	6,029,974
Fish & Wildlife	6,496,512	-	9,769,889	-	16,266,401	8,668,133	-	24,934,534	-	24,934,534	-	1,175,118	26,109,652
Forests, Parks & Recreation	9,410,966	-	13,298,200	-	22,709,166	5,189,260	-	27,898,426	-	27,898,426	-	511,196	28,409,622
Environmental Conservation	10,099,024	-	51,078,938	-	61,177,962	37,914,383	-	99,092,345	-	99,092,345	-	8,361,479	107,453,824
Total Agency of Natural Resources	30,933,672	-	74,728,420	-	105,662,092	51,771,776	-	157,433,868	-	157,433,868	-	10,569,204	168,003,072
Natural Resources Board	646,973	-	2,658,872	-	3,305,845	-	-	3,305,845	-	3,305,845	-	-	3,305,845
TOTAL NATURAL RESOURCES	31,580,645	-	77,387,292	-	108,967,937	51,771,776	-	160,739,713	-	160,739,713	-	10,569,204	171,308,917
percent of total	1.86%	0.00%	18.90%	0.00%	2.58%	2.49%	0.00%	2.55%	0.00%	2.54%	0.00%	4.55%	2.10%

FISCAL YEAR 20201 GOVERNOR'S BUDGET RECOMMENDATION

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2021 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	3,285,831	-	-	-	3,285,831	391,000	-	3,676,831	-	3,676,831	-	-	3,676,831
Economic Development	4,958,161	-	1,945,350	-	6,903,511	3,518,769	-	10,422,280	-	10,422,280	-	45,000	10,467,280
Housing & Community Development	2,938,012	-	5,329,955	-	8,267,967	8,164,967	-	16,432,934	-	16,432,934	-	2,876,286	19,309,220
Tourism & Marketing	3,572,812	-	-	-	3,572,812	-	-	3,572,812	-	3,572,812	-	24,587	3,597,399
Total Agency of Commerce & Comm Development	14,754,816	-	7,275,305	-	22,030,121	12,074,736	-	34,104,857	-	34,104,857	-	2,945,873	37,050,730
Council on the Arts	724,300	-	-	-	724,300	-	-	724,300	-	724,300	-	-	724,300
Vermont Symphony Orchestra	141,214	-	-	-	141,214	-	-	141,214	-	141,214	-	-	141,214
VT Historical Society	994,956	-	-	-	994,956	-	-	994,956	-	994,956	-	-	994,956
Housing & Conservation Trust	-	-	11,690,562	-	11,690,562	18,316,256	-	30,006,818	-	30,006,818	-	-	30,006,818
VT Humanities Council	217,959	-	-	-	217,959	-	-	217,959	-	217,959	-	-	217,959
TOTAL COMMERCE & COMMUNITY DEV.	16,833,245	-	18,965,867	-	35,799,112	30,390,992	-	66,190,104	-	66,190,104	-	2,945,873	69,135,977
percent of total	0.99%	0.00%	4.63%	0.00%	0.85%	1.46%	0.00%	1.05%	-	1.05%	0.00%	1.27%	0.85%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	184,807,739	13,860,160	-	198,667,899	322,515,281	-	521,183,180	556,051	521,739,231	-	22,954,454	544,693,685
AOT Dept. of Motor Vehicles	-	32,900,015	-	-	32,900,015	1,345,934	-	34,245,949	-	34,245,949	-	147,275	34,393,224
AOT Town Highway, Bridges & Municipal	-	43,937,061	5,786,457	-	49,723,518	11,744,841	-	61,468,359	388,726	61,857,085	-	200,000	62,057,085
Total Agency of Transportation	-	261,644,815	19,646,617	-	281,291,432	335,606,056	-	616,897,488	944,777	617,842,265	-	23,301,729	641,143,994
Transportation Board	-	185,750	-	-	185,750	-	-	185,750	-	185,750	-	-	185,750
TOTAL TRANSPORTATION	-	261,830,565	19,646,617	-	281,477,182	335,606,056	-	617,083,238	944,777	618,028,015	-	23,301,729	641,329,744
percent of total	0.00%	89.95%	4.80%	0.00%	6.68%	16.14%	0.00%	9.80%	0	9.77%	0.00%	10.02%	7.88%
Debt Service	75,828,995	540,918	-	-	76,369,913	-	504,738	76,874,651	2,502,613	79,377,264	-	-	79,377,264
DEBT SERVICE	75,828,995	540,918	-	-	76,369,913	-	504,738	76,874,651	2,502,613	79,377,264	-	-	79,377,264
percent of total	4.46%	0.19%	0.00%	0.00%	1.81%	0.00%	45.69%	1.22%	0	1.25%	0.00%	0.00%	0.98%
Other One-time Appropriations	15,457,313	-	-	-	15,457,313	-	-	15,457,313	-	15,457,313	-	-	15,457,313
Judiciary Pay Act	1,309,208	-	-	-	1,309,208	-	-	1,309,208	-	1,309,208	-	-	1,309,208
Legislature Pay Act	250,386	-	-	-	250,386	-	-	250,386	-	250,386	-	-	250,386
Executive Pay Act	12,731,745	4,439,281	-	-	17,171,026	-	-	17,171,026	-	17,171,026	-	-	17,171,026
ONE TIME APPROPRIATIONS	29,748,652	4,439,281	-	-	34,187,933	-	-	34,187,933	-	34,187,933	-	-	34,187,933
percent of total	1.75%	1.53%	0.00%	0.00%	0.81%	0.00%	0.00%	0.54%	0.00%	0.54%	0.00%	0.00%	0.42%
APPROPRIATION TOTAL	1,700,480,455	291,093,335	409,437,060	1,814,655,138	4,215,665,988	2,078,912,703	1,104,738	6,295,683,429	31,633,880	6,327,317,309	1,579,916,377	232,516,561	8,139,750,247
percent of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(a) Special Funds also includes: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, and Transportation Infrastructure Bond Funds
 (b) 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.
 (c) 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 2018 - 2022

(\$ in Millions)*

	Actual FY 2018	Actual FY 2019	Governor's Recommended BAA As Amended by FY21 Gov. Rec. FY 2020**	Governor's Recommended Budget FY 2021**	Forecast FY 2022**
Sources					
Current law revenues	1,558.85	1,611.85	1,594.70	1,596.30	1,611.80
Direct applications, transfers in & reversions	68.23	58.02	82.44	71.48	71.48
Other bills and tax changes	1.61		-	(2.89)	(2.89)
Additional property transfer tax to GF	11.79	13.03	14.74	16.84	18.26
For appropriation from GF reserves		10.50	0.85	23.55	-
Total sources	1,640.49	1,693.39	1,692.73	1,705.27	1,698.64
Uses					
Base appropriations	1,549.35	1,281.64	1,633.73	1,670.73	1,680.94
Budget adjustment and rescission(s)	(9.51)	287.28	10.70	-	-
	1,539.84	1,568.92	1,644.43	1,670.73	1,680.94
Net Base Appropriation	1,539.84	1,568.92	1,644.43	1,670.73	1,680.94
Other Bills/Pay Act	12.70	8.54	10.92	14.29	15.45
One-time and special appropriations	11.05	19.01	-	15.46	-
Total uses	1,563.59	1,596.47	1,655.34	1,700.48	1,696.39
Subtotal operating surplus (deficit)	76.90	96.93	37.38	4.79	2.26
Allocation of surplus - transfers (to)/from other funds					
Emergency relief & assistance fund	(0.81)	(0.95)	(1.48)	-	-
Next generation fund	(2.91)	(3.45)	-	-	-
Internal service funds and assorted funds	(46.99)	10.30	(8.53)	-	-
Total transfers (to) / from other funds	(50.71)	5.90	(10.01)	-	-
Reserved in GF (designated)					
Budget Stabilization Reserve	(2.89)	(1.18)	(1.64)	(2.94)	(2.26)
Reserved in GF Balance/Other Reserves	(23.30)	(101.64)	(25.73)	(1.85)	-
Total reserved in the GF (designated)	(26.19)	(102.82)	(27.37)	(4.79)	(2.26)
Total allocated	(76.90)	(96.92)	(37.38)	(4.79)	(2.26)
Unallocated operating surplus/(deficit)	0.0	0.0	(0.0)	0.0	0.0
Stabilization Reserve at statutory level	77.00	78.18	79.82	82.77	85.02
GF Reserves (cumulative)					
Budget Stabilization Reserve	77.00	78.18	79.82	82.77	85.02
Human Services Management Reserve	22.00	100.09	98.24	98.24	96.39
27/53 Reserve	10.78	14.42	18.45	20.30	22.15
Temporary Reserves For Subsequent FY Appropriations	10.50	0.85	23.55	-	-
GF Balance Reserve	12.49	31.55	31.55	31.55	31.55
Total GF Reserve Balance	132.77	225.09	251.61	232.85	235.11

* Results may not add due to rounding.

** Revenue as adopted by the Vermont Emergency Board on January 16, 2020.

Transportation Fund Summary
Fiscal Years 2018 - 2022
(\$ in Millions)*

	Actual FY 2018	Actual FY 2019	Governor's Recommended BAA FY 2020**	Governor's Recommended Budget FY 2021***	Forecast FY 2022***
Sources					
Current law revenues	278.96	280.67	284.60	287.90	291.20
New revenue	-	-	-	-	-
Direct applications, reversions & 1-time revenue	0.17	1.92	-	-	-
For appropriation from TF (FY21 from EOY Reversion)	-	1.45	-	3.33	-
Total sources	279.14	284.04	284.60	291.23	291.20
Uses					
Base appropriations	277.08	278.67	285.28	289.05	288.72
Budget adjustment, rescissions & excess receipts	(0.44)	3.04	(1.94)	-	-
Total uses	276.64	281.71	283.33	289.05	288.72
Subtotal operating surplus (deficit)	2.50	2.33	1.27	2.18	2.48
Allocation of surplus					
Transfers (to) / from other funds					
Downtown Fund	(0.42)	(0.42)	(0.42)	(0.42)	(0.42)
Central Garage Fund	(0.20)	(1.32)	(0.36)	(1.61)	(1.38)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	0.16	0.14	0.14	0.14	0.14
Total transfers (to) / from other funds	(0.83)	(1.97)	(1.01)	(2.26)	(2.04)
Reserved in the TF (designated)					
Budget Stabilization Reserve	(0.21)	(0.36)	(0.26)	0.08	(0.45)
Bond Reserve	-	-	-	-	-
Total reserved in the TF (designated)	(0.21)	(0.36)	(0.26)	0.08	(0.45)
Total allocated	(1.05)	(2.33)	(1.27)	(2.18)	(2.48)
Unallocated operating surplus (deficit)	1.45	0.00	0.00	0.00	0.00
Stabilization Reserve at statutory level of 5%	13.47	13.83	14.09	14.01	14.45
TF Reserves (cumulative)					
Bond Reserve	-	-	-	-	-
Budget Stabilization Reserve	13.47	13.83	14.09	14.01	14.45
Total TF Reserve Balance	13.47	13.83	14.09	14.01	14.45

*Results may not add due to rounding.

**Revenue as adopted by the Vermont Emergency Board on Jul 29, 2019.

***Revenue as adopted by the Vermont Emergency Board on Jan 16, 2020.

Education Fund Summary

Fiscal Years 2018 - 2021

(\$ in Millions)*

	Actual FY 2018	Actual FY 2019	Governor's Recommended BAA FY 2020	Projected Budget FY 2021
Sources**				
Meals & Rooms Tax - <i>one-quarter of total</i>	-	45.51	47.90	49.90
Purchase & Use Tax - <i>one-third of total</i>	36.48	37.27	38.40	39.20
Sales & Use Tax - <i>100% of total</i>	139.22	412.51	441.40	454.60
Lottery Revenue - <i>100% of total</i>	27.15	29.47	29.20	31.90
Non-Homestead Property Tax	644.49	676.70	693.62	746.80
Net Homestead Property Tax	414.51	428.95	446.60	482.60
General Fund Appropriations	348.17	-	-	
Medicaid Reimbursement	10.16	11.28	9.20	10.00
Other Sources (Wind, Solar, Fund Interest, Other)	2.71	3.36	4.91	3.00
Total sources	1,622.88	1,645.05	1,711.24	1,818.00
Uses				
Base Appropriations	1,635.46	1,655.42	1,726.77	1,814.66
Appropriations savings, budget adjustment, rescission(s) & excess receipts	(17.54)	(13.60)	(8.30)	-
Total uses	1,617.92	1,641.82	1,718.47	1,814.66
Subtotal operating surplus/(deficit)	4.96	3.23	(7.24)	3.34
Allocation of surplus/(deficit)				
Transfer (to)/from the stabilization reserve	(1.18)	(2.40)	0.68	(1.55)
Transfer (to)/from continuing appropriations	(9.05)	(2.65)	-	-
Transfer (to)/from unallocated	5.27	1.82	6.56	(1.80)
Total allocated	(4.96)	(3.23)	7.24	(3.34)
Education fund reserves				
Budget stabilization reserve***	34.64	37.03	36.35	37.90
Statutory reserve at 5%	34.64	37.03	36.35	37.90

*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 2020. The remaining revenue sources and spending plan are taken from a December 2019 agreement involving the Agency of Education, the Joint Fiscal Office, the Vermont Department of Taxes, and the Secretary of Administration, in addition to Governor's initiatives.

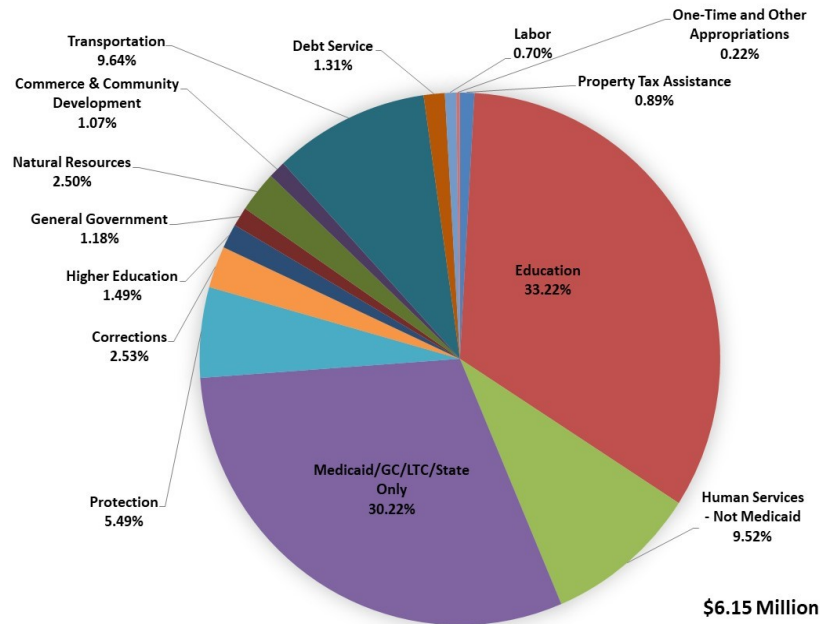
Included Governor's initiatives are \$2M addition to Lottery Revenue and \$5.32M addition to Base Appropriations.

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

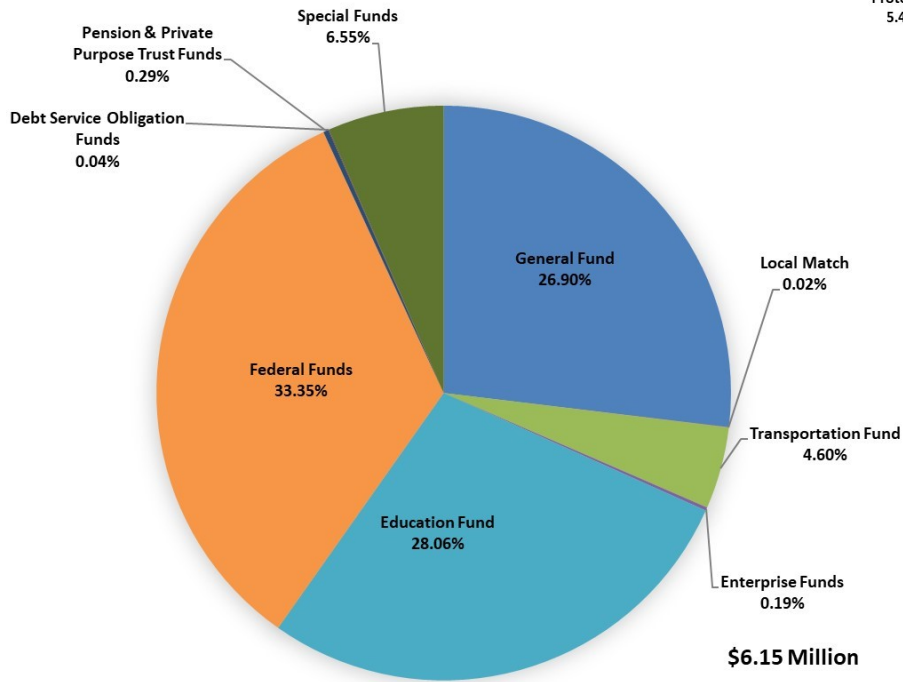
FY 2020 BUDGET ADJUSTMENT RECOMMENDATIONS

FISCAL YEAR 2020 GOVERNOR'S BAA RECOMMENDATIONS BY GOVERNMENT FUNCTION AND FUND

FY 2020 Governor's BAA Recommendations by Function



\$6.15 Million



\$6.15 Million

FY 2020 Governor's BAA Recommendations by Fund

FISCAL YEAR 2020 GOVERNOR'S RECOMMENDED BUDGET ADJUSTMENT

2019 Act. 72 Sec. #	Appropriation Title	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	Care Resources Fund	Federal Funds (includes ARRA)	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds	Total
		1,633,727,681	282,907,034	1,726,769,204	380,403,987	1,592,748,562	16,915,501	2,045,964,762	33,029,138	223,590,874	7,936,056,743
Protection											
B.200	Attorney General	53,479									53,479
B.204	Judiciary	941,657									941,657
B.209	Public safety - state police	1,200,000									1,200,000
Total Protection		2,141,657	0	0	0	0	0	0	0	0	2,141,657
Human Services											
B.300	Human services - agency of human services - secretary's office	232,754						25,000		(70,000)	187,754
B.301	Secretary's office - global commitment	(3,692,663)					4,185,609	281,531			774,477
B.304	Human Services Board	10,000								(10,000)	0
B.306	Department of Vermont health access - administration	3,020,212				5,705,019				(3,020,212)	5,705,019
B.307	Department of Vermont health access - Medicaid program - global commitment					(10,159,528)					(10,159,528)
B.308	Department of Vermont health access - Medicaid program - long term care waiver										0
B.309	Department of Vermont health access - Medicaid program - state only	3,576,547				224,317					3,800,864
B.310	Department of Vermont health access - Medicaid non-waiver matched	715,927						146,788			862,715
B.314	Mental health - mental health	4,749			500,000	1,843,368					2,348,117
B.316	Department for children and families - administration & support services	825,916						(1,287,584)			(461,668)
B.317	Department for children and families - family services	92,615				3,754,022		1,331,933			5,178,570
B.318	Department for children and families - child development	554,429				(373,832)					180,597
B.321	Department for children and families - general assistance	3,058,117									3,058,117
B.323	Department for children and families - reach up	(1,594,219)			(495,926)			1,759,441			(330,704)
B.324	Department for Children and Families - Home Heating Fuel Assistance/LHEAP				538,245			(442,355)			95,890
B.325	Department for children and families - office of economic opportunity	(27,893)						355,326			327,433
B.326	Department for children and families - OEO weatherization assistance				(442,355)			638,731			196,376
B.328	Department for children and families - disability determination services							566,676			566,676
B.330	Disabilities, aging, and independent living - advocacy and independent living grants					224,748					224,748
B.333	Disabilities, aging, and independent living - developmental services					(541,049)					(541,049)
B.334	Disabilities, aging, and independent living - TBI home and community based waiver					(285,077)					(285,077)
B.334.1	Disabilities, aging, and independent living - long term care	(250,000)				5,232,781		1,750,000			6,732,781
B.338	Corrections - correctional services	1,619,934			6,000						1,625,934
B.339	Corrections - correctional services - Out of State Beds	1,337,542									1,337,542
Total Human Services		9,483,967	0	0	105,964	5,624,769	4,185,609	5,125,487	0	(3,100,212)	21,425,584

FISCAL YEAR 2020 GOVERNOR’S RECOMMENDED BUDGET ADJUSTMENT

2019 Act. 72 Sec. #	Appropriation Title	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	Care Resources Fund	Federal Funds (includes ARRA)	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds	Total
		1,633,727,681	282,907,034	1,726,769,204	380,403,987	1,592,748,562	16,915,501	2,045,964,762	33,029,138	223,590,874	7,936,056,743
Education											
B.500	Education - finance and administration	59,000									59,000
Total Education		59,000	0	0	0	0	0	0	0	0	59,000
Commerce & Community Development											
B.812	Vermont Humanities Council	10,000									10,000
Total Commerce & Community Development		10,000	0	0	0	0	0	0	0	0	10,000
Transportation											
B.903	Transportation - program development		(1,119,745)		1,119,745						0
B.907	Transportation - rail		(400,000)								(400,000)
B.921	Transportation board		(100,000)								(100,000)
Total Transportation		0	(1,619,745)	0	1,119,745	0	0	0	0	0	(500,000)
Debt Service											
B.1000	Debt Service	(1,894,307)									(1,894,307)
Total Debt Services		(1,894,307)	0	0	0	0	0	0	0	0	(1,894,307)
One-time Expenditures and Other Appropriations											
	Appropriation to the Secretary of Administration for FY20 VSERS rate change	370,000									370,000
	Secretary of state	450,000									450,000
	Funding for the USS Vermont	25,000									25,000
Total One-Time and Other Appropriations		845,000	0	0	0	0	0	0	0	0	845,000
Total Appropriation Changes		10,698,796	(1,619,745)	0	1,225,709	5,624,769	4,185,609	5,125,487	0	(3,100,212)	22,140,413
Total Adjusted Appropriations		1,644,426,477	281,287,289	1,726,769,204	381,629,696	1,598,373,331	21,101,110	2,051,090,249	33,029,138	220,490,662	7,958,197,156
Transfers											
	Fund FY20 Cyber Security Insurance Premium	128,000									128,000
	Workers' Compensation Fund stabilization contribution	2,715,144									2,715,144
	General Liability Insurance Fund stabilization contribution	2,323,899									2,323,899
	Transfer to Tob. Litigation Settlement Fund	1,500,000									1,500,000
	Capitalization of IT Revolving Loan Fund	945,000									945,000
	Pre-fund 27th Pay Period Reserve FY21 contribution	2,180,000									2,180,000
	Pre-fund portion of ERAF estimated FY21 need	611,322									611,322
	FY20 ERAF True-up to Estimated Need	865,000									865,000
Total Uses Including Transfers		1,655,694,842	281,287,289	1,726,769,204	381,629,696	1,598,373,331	21,101,110	2,051,090,249	33,029,138	220,490,662	7,969,465,521
FY 2019 Total Unduplicated Appropriations											6,150,601,528
<p>(1) Special Funds include: Special, Tobacco, TIB and Fish & Wildlife funds. (2) Dedicated funds include: Local Match, TIB Proceeds, TIB Debt Service, Pension & Trust Funds, Retired Teachers Health Fund, and Enterprise Funds. (3) Other Funds include: Internal Service Funds and Interdepartmental Transfers.</p>											

OTHER REQUIRED REPORTS

TAX EXPENDITURE BUDGET REPORT

Tax expenditures are statutory provisions that reduce the amount of revenue collected 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 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 Human Services expenditures. The budget is shown on the following two charts first sorted by related department and second sorted by tax category.

Human Services Tax Expenditure Budget Report by Nexus Agency/Department				
Tax type	Tax Expenditures and Categories	FY 2019 Estimate	FY 2020 Estimate	FY 2021 Estimate
Meals & Rooms	Grocery-type items furnished for takeout	\$6,737,000	\$6,806,000	\$6,876,000
Meals & Rooms	Served in hospitals, convalescent, and nursing homes	\$1,100,000	\$1,100,000	\$1,100,000
Motor Vehicle	Handicap	\$46,000	\$46,000	\$46,000
Personal Income	Credit for Child and Dependent Care	\$1,922,000	\$1,967,000	\$2,012,000
Personal Income	Credit for Elderly or Disabled	\$4,000	\$4,000	\$4,000
Personal Income	Low Income Child and Dependent Care Credit	\$50,000	\$50,000	\$50,000
Property	Public, Pious, and Charitable Property - Charitable	\$6,256,000	\$6,354,000	\$6,455,000
Property	Public, Pious, and Charitable Property - College	\$18,361,000	\$19,229,000	\$20,137,000
Property	Public, Pious, and Charitable Property - Pious	\$12,977,000	\$13,285,000	\$13,601,000
Property	Public, Pious, and Charitable Property - School	\$5,625,000	\$5,767,000	\$5,912,000
Property	Public, Pious, and Charitable Property - Hospital	\$13,186,000	\$13,445,000	\$13,710,000
Property	YMCA and YWCAs	\$165,000	\$149,000	\$135,000
Property	Cemeteries	\$634,000	\$642,000	\$649,000
Property	Humane Societies	\$134,000	\$140,000	\$145,000
Sales & Use	Energy Purchases for a Residence	\$44,523,000	\$47,020,000	\$49,658,000
Sales & Use	Clothing and Footwear	\$30,469,000	\$31,340,000	\$32,235,000
Sales & Use	Medical Products	\$72,082,000	\$76,319,000	\$80,806,000
Sales & Use	Sales of Food	\$116,571,000	\$116,343,000	\$116,115,000
Sales & Use	Rentals of Coin-Operated Washing Facilities	\$1,100,000	\$1,100,000	\$1,100,000
	AHS - Subtotal	\$331,942,000	\$341,106,000	\$350,746,000
Corp Income	Affordable Housing Credit	*	*	*
Corp Income	Qualified Sale of Mobile Home Park Credit	\$0	\$0	\$0
Insurance Prem.	Affordable Housing Tax Credit	*	*	*
Personal Income	Charitable Housing Credit	\$46,000	\$53,000	\$61,000
Personal Income	Affordable Housing Credit	*	*	*
Personal Income	Qualified Sale of Mobile Home Park Credit	*	*	*
Property	Housing Authorities	\$1,761,750	\$1,761,750	\$1,761,750
Property	Qualified Housing	\$702,000	\$706,000	\$710,000
	AHS/ACCD - Subtotal	\$2,509,750	\$2,520,750	\$2,532,750
Bank Franchise	Affordable housing Tax Credit	\$2,554,000	\$2,722,000	\$2,900,000
	AHS/ACCD/TAX - Subtotal	\$2,554,000	\$2,722,000	\$2,900,000
Meals & Rooms	Served on the premises of a school	\$2,000,000	\$2,000,000	\$2,000,000
Meals & Rooms	Summer camp for children	Under 100,000	Under 100,000	Under 100,000
	AHS/AOE - Subtotal	\$2,100,000	\$2,100,000	\$2,100,000
Motor Vehicle	Veterans	\$23,000	\$23,000	\$23,000
Personal Income	Military Pay	\$1,665,000	\$1,722,000	\$1,780,000
Property	\$10,000 for Veterans	\$422,000	\$435,000	\$448,000
	AHS/MIL - Subtotal	\$2,110,000	\$2,180,000	\$2,251,000
Bank Franchise	Charitable Housing Credit	\$0	\$0	\$0
Corp Income	Charitable Housing Credit	\$0	\$0	\$0
Personal Income	Earned Income Tax Credit	\$27,524,000	\$27,139,000	\$26,761,000
	AHS/TAX - Subtotal	\$27,524,000	\$27,139,000	\$26,761,000
Motor Vehicle	Religious, charitable	\$156,000	\$155,000	\$153,000
	TAX - Subtotal	\$156,000	\$155,000	\$153,000
	GRAND TOTAL	\$368,895,750	\$377,922,750	\$387,443,750

In accordance with 32 V.S.A. § 306, the FY 2020 Tax Expenditure Budget covers "tax expenditures made in furtherance of Vermont's human services, including tax expenditures affecting veterans. The budget is comprised of those tax expenditures included in the biennial tax expenditure reports. Tax expenditures related to economic development and to non-profits and charitable organizations will be reported in subsequent Executive Budgets, per statute. Information pertaining to fewer than 10 returns has been suppressed by "***".

Human Services Tax Expenditure Budget Report by Tax Type				
Agency/Dept.	Tax Expenditures and Categories	FY 2019 Estimate	FY 2020 Estimate	FY 2021 Estimate
AHS	Credit for Child and Dependent Care	\$1,922,000	\$1,967,000	\$2,012,000
AHS	Credit for Elderly or Disabled	\$4,000	\$4,000	\$4,000
AHS/MIL	Military Pay	\$1,665,000	\$1,722,000	\$1,780,000
AHS/ACCD	Charitable Housing Credit	\$46,000	\$53,000	\$61,000
AHS/ACCD	Affordable Housing Credit	*	*	*
AHS/ACCD	Qualified Sale of Mobile Home Park Credit	*	*	*
AHS	Low Income Child and Dependent Care Credit	\$50,000	\$50,000	\$50,000
AHS/TAX	Earned Income Tax Credit	\$27,524,000	\$27,139,000	\$26,761,000
	Individual Income Tax Expenditure - Subtotal	\$31,211,000	\$30,935,000	\$30,668,000
AHS/TAX	Charitable Housing Credit	\$0	\$0	\$0
AHS/ACCD	Affordable Housing Credit	*	*	*
AHS/ACCD	Qualified Sale of Mobile Home Park Credit	\$0	\$0	\$0
	Corporate Income Tax Expenditures - Subtotal	\$0	\$0	\$0
AHS	Medical Products	\$72,082,000	\$76,319,000	\$80,806,000
AHS	Sales of Food	\$116,571,000	\$116,343,000	\$116,115,000
AHS	Rentals of Coin-Operated Washing Facilities	\$1,100,000	\$1,100,000	\$1,100,000
AHS	Energy Purchases for a Residence	\$44,523,000	\$47,020,000	\$49,658,000
AHS	Clothing and Footwear	\$30,469,000	\$31,340,000	\$32,235,000
	Sales and Use Tax Expenditures - Subtotal	\$264,745,000	\$272,122,000	\$279,914,000
AHS	Grocery-type items furnished for takeout	\$6,737,000	\$6,806,000	\$6,876,000
AHS/AOE	Served on the premises of a school	\$2,000,000	\$2,000,000	\$2,000,000
AHS	Served in hospitals, convalescent, and nursing homes	\$1,100,000	\$1,100,000	\$1,100,000
AHS/AOE	Summer camp for children	Under 100,000	Under 100,000	Under 100,000
	Meals and Rooms Tax Expenditures - Subtotal	\$9,937,000	\$10,006,000	\$10,076,000
AHS/ACCD	Housing Authorities	\$1,761,750	\$1,761,750	\$1,761,750
AHS	Public, Pious, and Charitable Property - Charitable	\$6,256,000	\$6,354,000	\$6,455,000
AHS	Public, Pious, and Charitable Property - College	\$18,361,000	\$19,229,000	\$20,137,000
AHS	Public, Pious, and Charitable Property - Pious	\$12,977,000	\$13,285,000	\$13,601,000
AHS	Public, Pious, and Charitable Property - School	\$5,625,000	\$5,767,000	\$5,912,000
AHS	Public, Pious, and Charitable Property - Hospital	\$13,186,000	\$13,445,000	\$13,710,000
AHS	YMCA and YWCAs	\$165,000	\$149,000	\$135,000
AHS	Cemeteries	\$634,000	\$642,000	\$649,000
AHS	Humane Societies	\$134,000	\$140,000	\$145,000
AHS/MIL	\$10,000 for Veterans	\$422,000	\$435,000	\$448,000
AHS/ACCD	Qualified Housing	\$702,000	\$706,000	\$710,000
	Property Tax Expenditures - Subtotal	\$60,223,750	\$61,913,750	\$63,663,750
AHS/ACCD/TAX	Affordable housing Tax Credit	\$2,554,000	\$2,722,000	\$2,900,000
AHS/TAX	Charitable Housing Credit	\$0	\$0	\$0
	Bank Franchise Tax Expenditures - Subtotal	\$2,554,000	\$2,722,000	\$2,900,000
AHS/ACCD	Affordable Housing Tax Credit	*	*	*
	Insurance Premiums Tax Expenditures - Subtotal	*	*	*
AHS/MIL	Veterans	\$23,000	\$23,000	\$23,000
TAX	Religious, charitable	\$156,000	\$155,000	\$153,000
AHS	Handicap	\$46,000	\$46,000	\$46,000
	Motor Vehicle Purchase & Use Expenditures - Subtotal	\$225,000	\$224,000	\$222,000
	GRAND TOTAL	\$368,895,750	\$377,922,750	\$387,443,750

In accordance with 32 V.S.A. § 306, the FY 2020 Tax Expenditure Budget covers "tax expenditures made in furtherance of Vermont's human services, including tax expenditures affecting veterans." The budget is comprised of those tax expenditures included in the biennial tax expenditure reports. Tax expenditures related to economic development and to non-profits and charitable organizations will be reported in subsequent Executive Budgets, per statute. Information pertaining to fewer than 10 returns has 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, 2019 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a FY 2021 contribution of \$83,876,570 to the pension plan (VSERS pension) and \$90,025,812 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan.

The State's VSERS pension contribution has been reduced to \$82,676,570 (down \$1,200,000) based on the Treasurer's estimate of FY 2021 contributions to VSERS by town participants.

The State's contribution to the VSERS OPEB during FY 2021 will be \$37,051,768, consisting of \$36,934,518 which is the Treasurer's November estimate of VSERS retiree benefit costs on a pay-as-you-go basis, plus \$117,250 for the State Employee retiree life insurance premiums, as estimated by the State Treasurer's Office.

VSTRS

As a result of the June 30, 2019 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) provided a statutorily required FY 2021 contribution of \$132,141,701 to the pension fund (VSTRS pension) and \$67,912,204 to the Retired Teachers' Health and Medical Benefits (VSTRS OPEB) fund.

The FY 2021 VSTRS contribution of \$132,141,701 will be funded by \$119,013,146 of State general funds, \$6,881,055 of State education funds and \$6,247,500 from local education agencies for teacher salaries supported by federal grants.

The Treasurer's November 2019 estimate for VSTRS OPEB costs on a pay-as-you-go basis is \$40,062,501. That amount will be contributed to VSTRS OPEB during FY 2021, using \$31,798,734 of State general funds and \$10,663,767 from other sources, including \$5,622,750 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 \$31,798,734 of State general funds, \$2,400,000 is intended to pre-fund the VSTRS OPEB 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, 2019 are 70.7% (\$815,464,698 unfunded liability) and 55.7% (\$1,554,459,287 unfunded liability) respectively. The funded ratios (and resulting unfunded liability) for the VSERS OPEB and VSTRS OPEB plans for the period ended June 30, 2019 are 4.04% (\$1,227,566,057 unfunded liability) and 0.03% (\$1,040,752,841 unfunded liability) respectively.

APPENDIX A: PUBLIC COMMENTS ON THE BUDGET PROCESS

52 Increase the Department of Children and Families youth mentoring program	Concerned about upper level staffing in state government
25 Increase funding or offer free tuition for State Colleges and the University of Vermont	Continue to reduce spending and pay down pension obligations
20 Approve \$500K appropriation for Community Media Centers and \$200K Right of Way Revenue Expert, Analysis & Recommendations	Support single payer insurance
17 Support new state funding in the amount of \$500,000 for the Vermont Foodbank to scale up their Vermonters Feeding Vermonters initiative	Focus on infrastructure
14 Increase funding for Farm to School program	Eliminate Act 46 and 250
13 Fully fund parent-child centers	Raise the minimum wage
10 Continued investment in the Afterschool for All grant program with a base appropriation of \$2.5 million.	Allocate additional funds to assist municipalities with fiscal obligations created by the State's Lake Champlain clean-up agreement with the EPA
9 More funding for Mental Health Services, including Designated Agencies	Convert one of the closing colleges to a prison
7 Fund climate change/crisis	Celebrate businesses who pay a \$15 minimum wage, but do not mandate across all businesses
6 Invest in those with intellectual disabilities	Increase fossil fuel taxes
5 Support Designated Agencies who are serving the state's most vulnerable people with funding that enables them to offer competitive pay and benefits	Increase funding for substance abuse programs
5 Defund Health Care Reform	Request more support for Agency of Human Services
5 Support affordable Health Care, including Universal Primary Care	Investment in the Agency of Natural Resources by increasing the authority of the agency to assess fees for its services in order to keep up with the cost of inflation
3 Protect our natural environment	Revamp the corrections system and use restorative practices and opportunities to learn and connect to our community
3 Support additional funding to support services for older Vermonters	Increase funding to services that support our youngest children and families
2 Support early childhood workforce development	Protect Medicaid funds
2 Stop paying people to move to Vermont	Invest in education and small schools with small class sizes
2 Reduce property/school taxes by merging schools or school districts	Consider a higher reimbursement rate that would allow adult day programs to be more competitive
2 Replace the current retirement system for state workers	Concern over amount of money lost to unnecessary employee salaries and temporary workers
2 No carbon tax	More funding for renewable energy and conservation
2 Make survey more accessible to all in Vermont	Reconsider the provisions of Act 166: Universal Pre-kindergarten
2 Allocate funds to organizations that serve victims (children and families) of domestic/sexual violence	Support Paid Family Leave
Reduce taxes on retiree's pensions and social security	Access to fresh, local food
Continue funding relocation program	Funding to serve survivors of domestic and sexual violence

Acknowledgements and Credits

This Executive Summary and the Governor’s recommended budget were prepared by 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 2021 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 2021 Budget Recommendations of Governor Philip B. Scott.

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Photo credit: Ruthellen Doyon, Sunset over Joe's Pond, West Danville