

The Budget Adjustment

House Health Care Committee

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January 21, 2025



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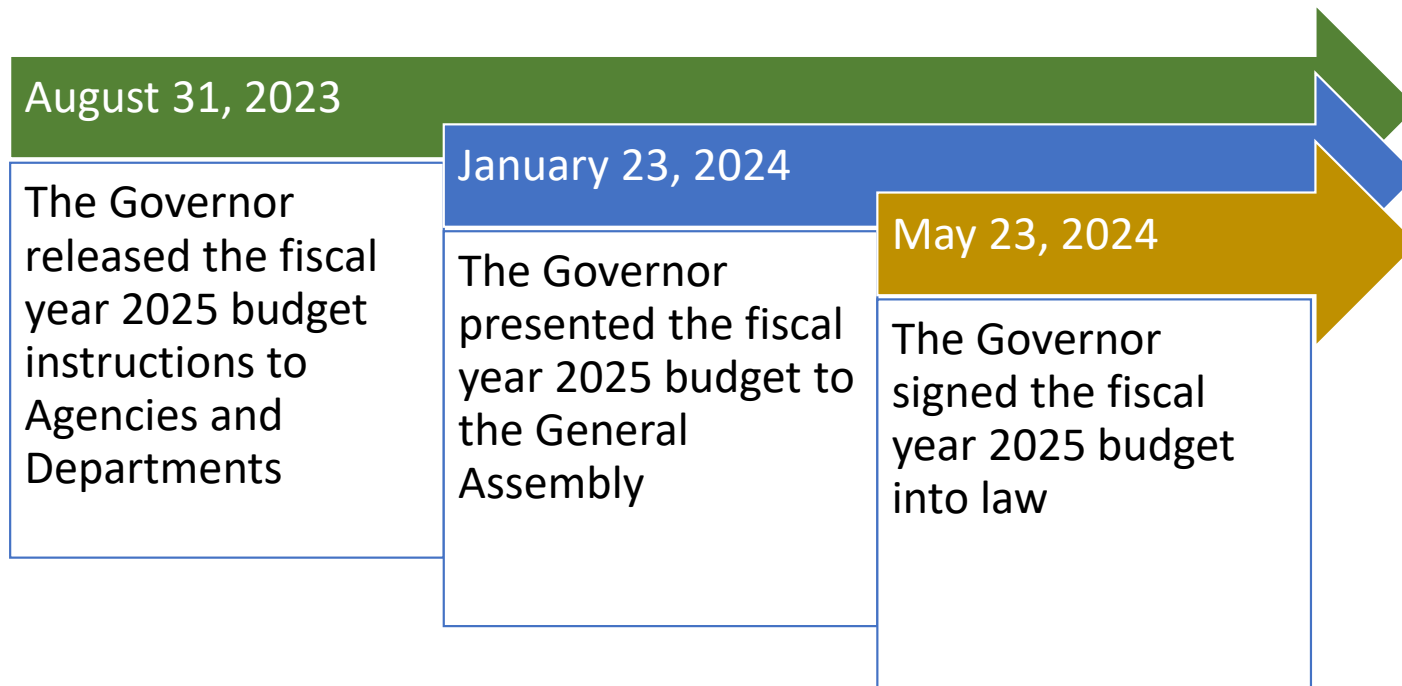
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Adjusting the Budget

An overview of the Budget Adjustment process



The Budget Building Timeline



The State Budget

- It's been **18 months** since the fiscal year 2025 budget process started



A Budget is a Plan

- A budget is how the State plans to spend the revenues it estimates it will be available in a fiscal year
- A lot of assumptions are made to help craft that help inform the plan



Things Change – Revenue



- The Emergency Board met on July 31, 2024 and adopted a new revenue forecast for the General Fund, resulting in an approximately \$172.0 million in additional forecasted revenue in fiscal year 2025
- The Emergency Board will meet again on January 22 and adopt yet another revenue forecast for fiscal year 2025
- The Emergency Board also adopts forecasts for the Transportation Fund and the Education Fund
- More experience with Special Fund receipts GNO



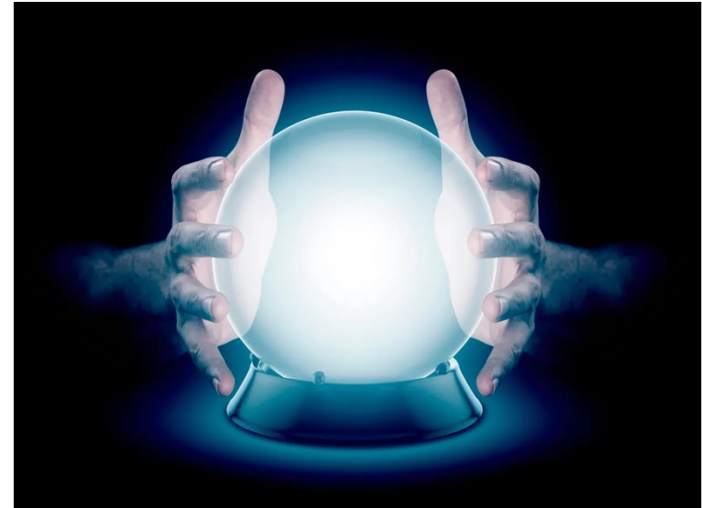
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GNO Not sure what this means

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Things Change – Expenses

- The budget was built assuming certain things:
 - Caseload/enrollment in benefit programs
 - How much it is going to snow
 - How Vermonters will utilize government services
 - Whether or not there will be a flood
 - What is going to happen in the economy
 - The price of gas
 - The cost of State employee benefits
 - The rate of inflation
 - The list goes on...



Things Change – Expenses

- The assumptions and estimates used to build the budget are typically wrong:
 - More or fewer people enrolled in programs
 - It snowed more or less than we thought it would
 - More or fewer Vermonters utilized services
 - There was a flood
 - Something happened in the economy
 - The price of gas was different than was assumed
 - Employee health care costs went up more or less than anticipated
 - The rate of inflation was different than was assumed
 - The list goes on...



Other Issues You Might Hear About in the Budget Adjustment

- Receipts aren't meeting projections
- Cost per case is increasing/decreasing
- Projections were not met
- Unable to hire staff
- Projects started late
- Savings weren't realized
- RFP came in higher/lower than anticipated
- Net neutral transactions – appropriations made in the wrong place
- SLA agreement changed
- Vacancy savings weren't realized



Enter the Budget Adjustment Act

Frequently referred to as the “BAA”



The Budget Adjustment Act

No. 87. An act related to fiscal year 2024 budget adjustments.



- A mid-fiscal year opportunity to make updates to the current fiscal year budget
- A chance to both appropriate unforeseen revenue and address unplanned expenses



The Budget Adjustment

- Meant to be a technical adjustment to appropriations based on new information
- Does not change the Base Budget
- Incorporating changes outlined in the Letter of Intent
 - The budget is not always perfect
 - The Appropriations Chairs will issue a Letter of Intent to address issues and provide additional guidance to the Administration
- [FY 2024 Letter of Intent](#)
- [FY 2024 Addendum to the Letter of Intent](#)



Timeline

- The Budget Adjustment is typically presented early in the legislative session because it impacts the current fiscal year budget
- Typically, one of the first bills the General Assembly passes
- Note, it is not the last time that the General Assembly can adjust the current fiscal year budget
 - The “C” Sections of the Appropriations Act make further changes to the current year budget – think “C” for “current year”

