



Our Path to Prosperity

Fiscal Year 2014 - Executive Budget Recommendations

Peter Shumlin, Governor of Vermont

January 24, 2013





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Dear Members of the General Assembly
and Fellow Vermonters:

Two years ago, when I delivered my first budget address to you, Vermont was still reeling from the effects of the worst economic storm in our lifetimes. Revenues were down, unemployment was high, homes were not selling, and people were hurting. The picture is much brighter now. Revenues are up over 20% from the trough, we enjoy the lowest unemployment rate this side of the Mississippi, the real estate market is healing, employers are adding jobs, and confidence is up.

Just over a year ago, we faced a different kind of storm. Thanks to Tropical Storm Irene, we lost 500 miles of State roads, suffered damage to 200 bridges, faced power outages to 70,000 homes and businesses, lost well over 1,000 homes to flood waters, and saw thriving communities isolated. Though the job is not done, our recovery has been remarkable.

As I stated in my inaugural address earlier this month, Vermont must follow the steps of our predecessors, who refused to be led by history, but instead had the courage and imagination to shape it. If we stand by, if we fail to innovate, and if we refuse to change, we will slip behind. But, we can stand on the shoulders of the leaders who, at defining times, chose to be bold. As we continue our steady recovery from a devastating recession and storm, I be-

lieve Vermont will continue to lead.

With this clearly in mind, I am pleased to present my Fiscal Year 2014 budget proposal to you. It reflects my highest priority: to keep Vermont on *Our Path to Prosperity* through job growth and economic development. To do so, we focus on increasing the number of good paying jobs and ensuring that Vermonters have the skills to fill them. We take bold and creative steps to remove barriers from getting Vermonters back to work. We invest in many critical areas, including those education initiatives outlined in my inaugural address and more – job training, our working landscape, critical infrastructure, and our creative economy.

My budget does not forsake our moral imperative to protect Vermonters who struggle every day to make ends meet and with adversity most of us cannot imagine. We include base funding, for the first time ever, for the Low Income Home Energy Assistance Program and to protect the Catamount and VHAP participants who otherwise would face significant cost increases when they transition into the Health Benefit Exchange next January. We also help reduce the cost shift to private payers in the health care system by providing a reimbursement rate increase for many of our Medicaid service providers.

I remain determined to reduce our reliance on fossil fuels and grow the clean, green energy sector in Vermont. That is why my budget provides predictable funding for thermal energy efficiency initiatives and the Clean Energy Development Fund.

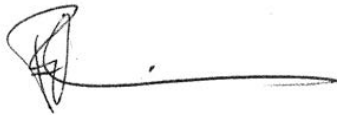
My budget proposal to you is responsible and disciplined. It is a balanced budget that keeps our reserve funds intact and fully funds the contributions to our pension plans at the actuarially required levels. Moreover, the State Treasurer and the Capital Debt Affordability Advisory Committee have recommended a maximum of \$159.9 million total in new bonding for fiscal years 2014 and 2015. My Capital budget lives within their recommendation, protecting the highest bond rating in New England, and includes funds to cover expected costs for our Vermont State Hospital re-

placement and Waterbury State Office Complex redevelopment plans.

My budget also continues to make necessary investments in our transportation infrastructure, recognizing that together we must take action this legislative session to address the structural problem we face in our funding to maintain our roads and bridges. We must invest to ensure that we do not forfeit Federal funds and that we continue our recent transportation infrastructure progress. I pledge to work with the Legislature to find a solution to meet our Transportation Fund gap this fiscal year.

I am proud of the progress we made together in my first term. I look forward to working with you over the next two years to move Vermont forward with initiatives that increase our prosperity. We will ensure that Vermont remains the best place in the country to live, work, and to raise a family.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Shumlin', with a long horizontal line extending to the right.

Peter Shumlin
Governor

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OUR PATH TO PROSPERITY

On January 10, 2013, in his second inaugural address, Governor Shumlin made clear that the highest priority of his Administration is to grow jobs and incomes for working Vermonters. Recognizing that Vermont's education system, from pre-kindergarten through postsecondary education, is the State's greatest economic development tool, the Governor dedicated his inaugural address to outlining an ambitious education agenda, including:

- The largest single investment in early childhood education in Vermont's history. A portion of State's Earned Income Tax Credit (EITC) will allow \$17 million to be redirected to high quality and affordable childcare to hardworking lower-income Vermonters. The high cost of quality childcare is the biggest obstacle to Vermont parents who want to work or advance. This will nearly double the State's contribution to childcare for low-income families and retain a significant EITC benefit.
- Start-up financial assistance for communities to support new publicly funded preschool programs, until traditional education funding kicks in, to support the Governor's call for universal access to preschool. The estimated \$400,000 in start-up assistance will come from reallocations within the budget of the Agency of Education, not the Education Fund.
- Free school lunch for all low-income students, including those who are currently only eligible for reduced prices. Whenever possible, these lunches will be made from local Vermont farm grown food. Students cannot learn if they are chronically hungry. The \$400,000 cost is covered by General Funds in the Governor's budget.
- Expanded dual enrollment and early college opportunities for high school students to make education more accessible, meaningful, and affordable. The Governor's budget reallocates a portion of Next Generation funds to double the funding for dual enrollment, from \$400,000 to \$800,000 as transition funding in FY 2014, but recognizes these high school programs should be funded within the existing funding system, with money following the student.
- Within existing funds, personal learning plans for all students, beginning in elementary school, a requirement that all students take algebra and geometry by the end of 10th grade, and creating education zones to allow our career and technical centers the flexibility to best meet the job needs of their region.
- The Vermont Strong Scholars Program will incent Vermont students to pursue higher education and careers in science, technology, engineering and mathematics (STEM) fields, expand the pool of qualified STEM employees, and support our public higher education institutions. Vermonters who enroll in any Vermont public institution of higher education and graduate with a degree in a STEM field, and remain in Vermont for five years will receive the final year of tuition (tied to VSC tuition levels) refunded over the course of those five years; or in the case of Associate's Degrees in a STEM field, the final semester of tuition

will be refunded over three years of post degree residency. The cost of this program is estimated to start at \$430,000 in FY 2016 and to rise and level off at approximately \$4 million in FY 2022. The cost will be absorbed within General Fund Revenue growth.

- The first base increase in the State's appropriation for the Vermont State Colleges, VSAC, and UVM in 5 years; an increase of 3% in General Funds to be used entirely for financial aid and scholarships for Vermonters.

In addition to his focus on education initiatives, the Governor reaffirmed his commitment to a broad based strategy to spur prosperity for Vermonters. His Administration will continue to focus on reducing energy consumption and building renewable energy sources. Vermont now has more high tech green jobs per capita than any other state. The Administration is delivering on the promise to connect every last mile of Vermont to high-speed Internet access. The first common sense, single-payer health care system in America, where health care is a right and not dependent upon employment, and where we contain unsustainable rising health care costs, is being implemented and will be a competitive advantage for Vermont employers and our economy. Governor Shumlin's budget includes many additional investments to stimulate good paying jobs and a diverse economy, as described in the Highlights pages of this booklet.

Links to Governor Shumlin's Second Inaugural video and address:

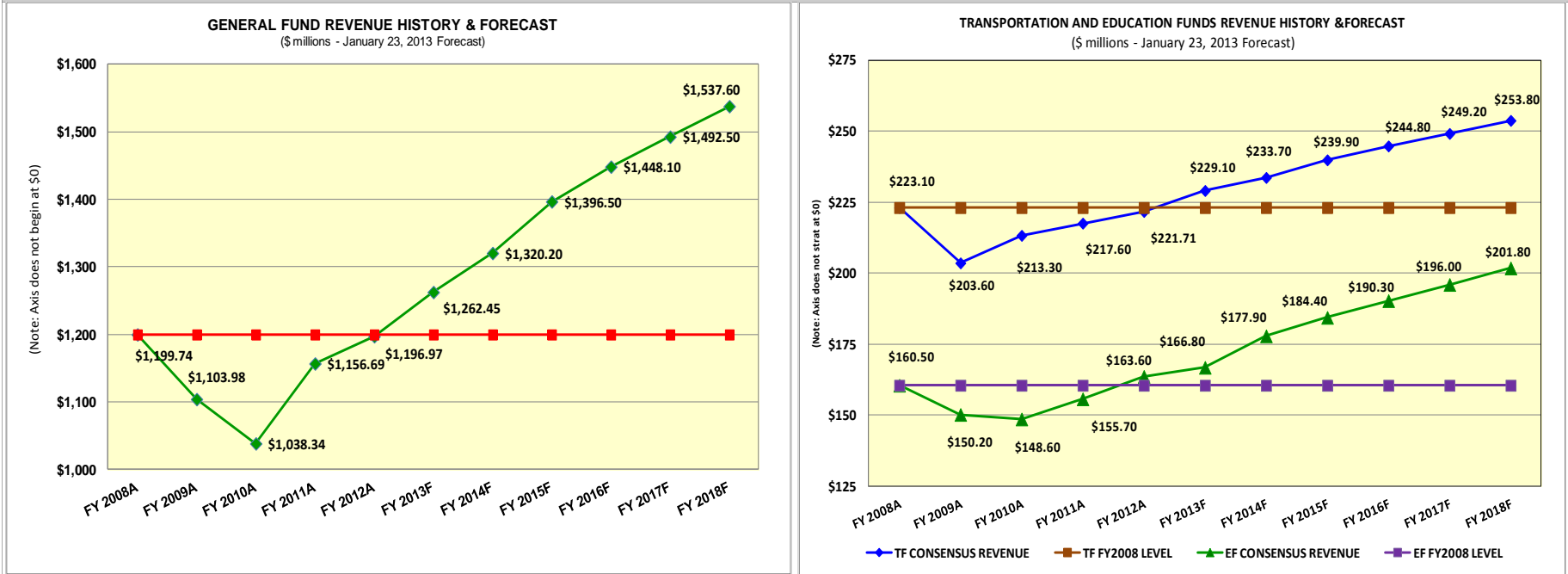
Address: <http://governor.vermont.gov/blog-gov-shumlin-second-inaugural-address-state-of-the-state-january-10-2013>

Video: http://www.youtube.com/watch?v=e6OwzWPhG3Y&feature=youtu.be&safety_mode=true&persist_safety_mode=1&safe=active

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CONSENSUS REVENUE HISTORY AND FORECAST

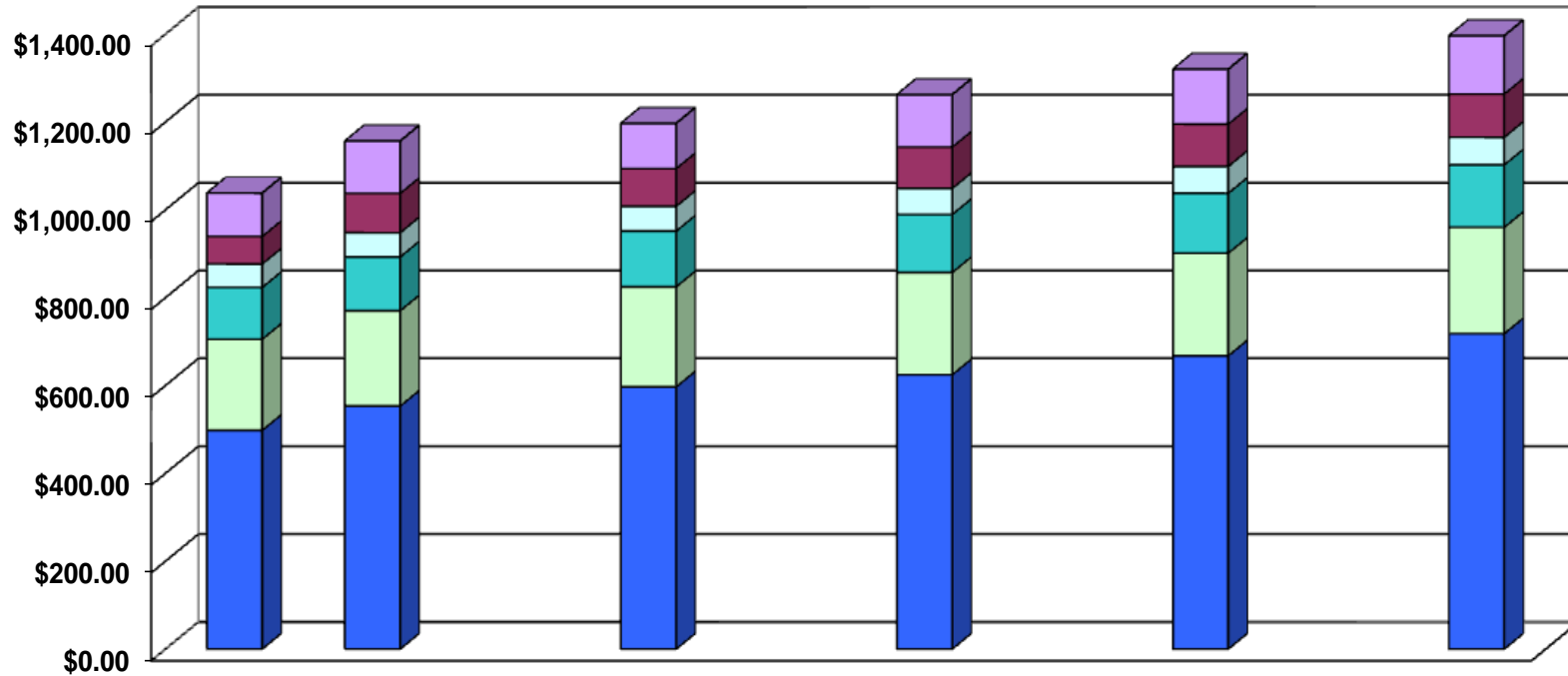
Revenues Now Projected to Increase More Slowly Than Anticipated Earlier



On January 23, 2013 the Vermont Emergency Board adopted revised General (GF), Transportation (TF) and Education (EF) Funds Consensus Revenue Forecasts for the remainder of FY 2013 and for FY 2014. The General Fund forecast for FY 2013 projects an increase of \$2.25 million, with a downgrade for FY 2014 of -\$11.1 million over the July 2012 Consensus Forecast. The Transportation Fund and Education Fund forecasts for both the remainder of FY 2013 and for FY 2014 are projected to decline. For FY 2013 and FY 2014, the Transportation Fund will decline by -\$3.3 million and -\$5.6 million, respectively. Likewise, the Education Fund revenues are projected to decline for FY 2013 by -\$1.8 million and by -\$2.6 million for FY 2014. This most recent FY 2014 revenue forecast projects increases for all three funds over FY 2013, albeit the forecasts are reduced from the prior FY 2014 Forecast adopted in July 2012.

The Governor's FY 2013 Budget Adjustment was submitted in advance of the January 23, 2013 Emergency Board meeting. Therefore, the Consensus Revenue Forecasts used for the Governor's FY 2013 Budget Adjustment Recommendation are those presented to and adopted by the Board at the July 20, 2012 meeting. The FY 2014 Governor's Recommended Budget, however, uses the Consensus Revenue Forecasts adopted by the Emergency Board on January 23, 2013. Please refer to the charts above and on the next three pages for revenue detail by component.

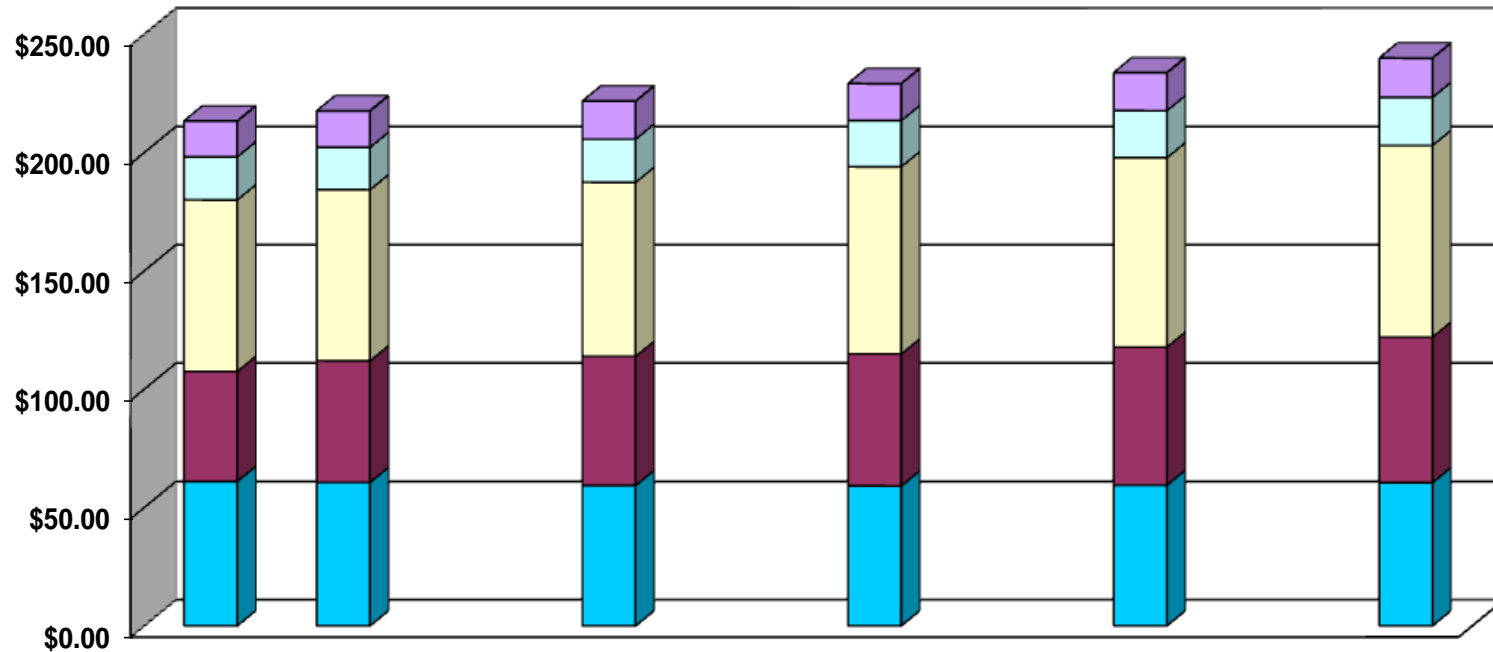
General Fund Revenue by Component FY 2010 to FY 2015



(\$ in Millions)	FY 2010 Actual	FY 2011 Actual	% Change 2011-2010	FY 2012 Actual	% Change 2012 - 2011	FY 2013 (a) Projected	% Change 2013 - 2012	FY 2014 (a) Projected	% Change 2014-2013	FY 2015 (a) Projected	% Change 2015 - 2014
Other	98.84	119.08	20.5%	102.94	-13.6%	119.45	16.0%	124.90	4.6%	132.70	6.2%
Corporate	62.80	89.65	42.8%	85.92	-4.2%	94.10	9.5%	96.30	2.3%	98.40	2.2%
Insurance	53.30	54.99	3.2%	56.35	2.5%	59.30	5.2%	61.10	3.0%	62.80	2.8%
Meals and Rooms	118.00	122.63	3.9%	126.87	3.5%	132.20	4.2%	136.50	3.3%	142.30	4.2%
Sales and Use Taxes	207.40	217.08	4.7%	227.89	5.0%	232.80	2.2%	233.70	0.4%	242.10	3.6%
Personal Income Tax	498.00	553.26	11.1%	597.00	7.9%	624.60	4.6%	667.70	6.9%	718.20	7.6%
Total	1,038.34	1,156.69	11.4%	1,196.97	3.5%	1,262.45	5.5%	1,320.20	4.6%	1,396.50	5.8%

(a) Current law revenue forecast - Vermont Emergency Board January 23, 2013

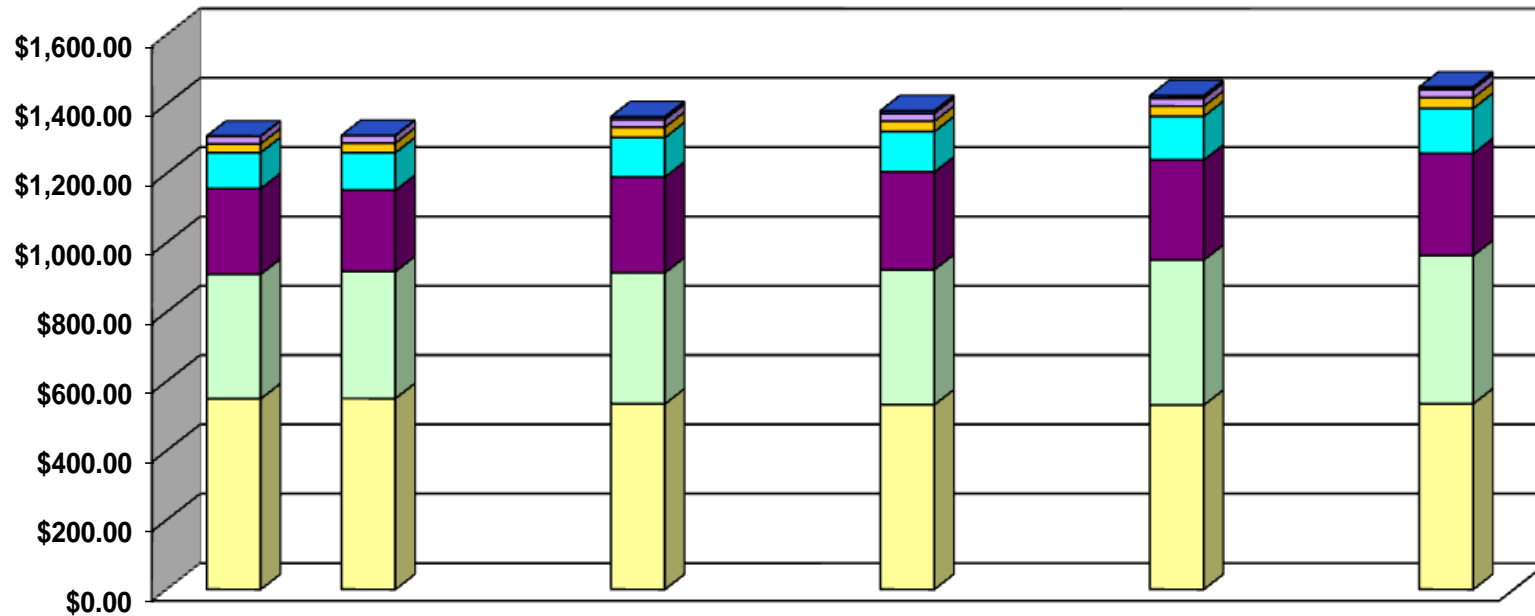
Transportation Fund Revenue by Component FY 2010 to FY 2015



	FY 2010	FY 2011	% Change	FY 2012	% Change	FY 2013 (a)	% Change	FY 2014 (a)	% Change	FY 2015 (a)	% Change
(\$ in Millions)	Actual	Actual	2011-2010	Actual	2012 - 2011	Projected	2013 - 2012	Projected	2014-2013	Projected	2015 - 2014
Diesel Fuel Tax	\$ 15.10	\$ 15.40	2.0%	\$ 16.00	3.9%	\$ 15.60	-2.5%	\$ 16.00	2.6%	\$ 16.60	3.8%
Other Revenues	\$ 18.20	\$ 17.90	-1.6%	\$ 18.28	2.1%	\$ 19.50	6.7%	\$ 19.90	2.1%	\$ 20.30	2.0%
Motor Vehicle Fees	\$ 72.50	\$ 72.30	-0.3%	\$ 73.54	1.7%	\$ 79.10	7.6%	\$ 80.00	1.1%	\$ 81.00	1.3%
Purchase & Use Tax	\$ 46.50	\$ 51.40	10.5%	\$ 54.60	6.2%	\$ 55.80	2.2%	\$ 58.40	4.7%	\$ 61.50	5.3%
Gasoline Tax	\$ 61.00	\$ 60.60	-0.7%	\$ 59.28	-2.2%	\$ 59.10	-0.3%	\$ 59.40	0.5%	\$ 60.50	1.9%
Total	\$ 213.30	\$ 217.60	2.0%	\$ 221.70	1.9%	\$ 229.10	3.3%	\$ 233.70	2.0%	\$ 239.90	2.7%

(a) Current law revenue forecast - Vermont Emergency Board January 23, 2013

Education Fund Revenue by Component FY 2010 to FY 2015



	FY 2010	FY 2011	% Change	FY 2012	% Change	FY 2013 (a)	% Change	FY 2014 (a)	% Change	FY 2015 (a)	% Change
(\$ in Millions)	Actual	Actual	2011-2010	Actual	2012 - 2011	Projected	2013 - 2012	Projected	2014-2013	Projected	2015 - 2014
Other	\$ 0.10	\$ 0.10	0.0%	\$ 7.86	7760.0%	\$ 7.10	-9.7%	\$ 7.10	0.0%	\$ 7.20	1.4%
Lottery Revenue	\$ 21.57	\$ 21.40	-0.8%	\$ 22.33	4.3%	\$ 22.40	0.3%	\$ 22.70	1.3%	\$ 23.10	1.8%
Current Law Revenue	\$ 25.30	\$ 27.80	9.9%	\$ 29.70	6.8%	\$ 30.00	1.0%	\$ 29.20	-2.7%	\$ 30.70	5.1%
Sales & Use Tax	\$ 103.71	\$ 108.50	4.6%	\$ 113.94	5.0%	\$ 116.40	2.2%	\$ 125.90	8.2%	\$ 130.40	3.6%
General Fund Approp.	\$ 247.69	\$ 234.74	-5.2%	\$ 276.24	17.7%	\$ 282.32	2.2%	\$ 288.92	2.3%	\$ 294.61	2.0%
Homestead Tax	\$ 359.30	\$ 366.20	1.9%	\$ 378.45	3.3%	\$ 389.60	2.9%	\$ 421.50	8.2%	\$ 427.60	1.4%
Non-Residential Tax	\$ 550.05	\$ 551.03	0.2%	\$ 535.24	-2.9%	\$ 532.80	-0.5%	\$ 531.90	-0.2%	\$ 535.70	0.7%
Total	\$ 1,307.72	\$1,309.77	0.2%	\$ 1,363.76	4.1%	\$1,380.62	1.2%	\$1,427.22	3.4%	\$1,449.31	1.5%

(a) Current law revenue forecast - Vermont Emergency Board January 23, 2013

FY 2014 BUDGET RECOMMENDATIONS

THE FISCAL YEAR 2014 BUDGET DEVELOPMENT PROCESS

In accordance with 2012 Act 162 §§ E.100.2 (a) and (b), two additional elements were added to the development process for the Governor's Budget Recommendations: Public participation (§E.100.2 (a)) and a Current Services Budget (§E.100.2 (b)).

Public Participation - Public Budget Forums

The Secretary of Administration and the Commissioner of Finance & Management held Public Budget Forums on November 13, 2012 and November 19, 2012, utilizing multiple locations around the State via Vermont Interactive Technologies (VIT). The Forums consisted of opening remarks by the Secretary, a presentation on the budget structure by the Commissioner, a budget priority survey and public question and answer periods. A total of 274 citizens signed-in at the VIT locations. A total of 145 survey forms were returned, however 35 were left blank and 2 were illegible. Of the 108 that were completed, 52 ranked all 8 budget priorities as #1. The survey results, based on the 108 surveys with rankings are shown in the tables below:

FORUM FACTS	
2 - Number of Public Budget Forums Held (11/13/12 & 11/19/12); 21 - Number of VIT sites used for both Forums; 274 - Number of attendees signed-in at Forums; 3 - Primary demographics or areas of concern represented: Workers Center; Home Health Workers; and Disabilities Services.	145 - Number of Budget Priority Survey Forms Returned; 129 - Number of Budget Priority Survey Forms Not Returned; 108 - Number of Forms with data used for ranking (52 ranked all as #1); 1 (2) - The Economy and Affordable Health Care tied for the #1 Ranking; 3 - Top "Other" - No Human Services cuts; Fund all needs; and Human Rights.

Public Ranking of Budget Priorities Survey (Ranking Scale: #1 Highest Priority)	RANK	
The Economy	1	} Tied for #1
Affordable Health Care	1	
Environmental Conservation & Renewable Energy	3	
High Quality & Affordable Education	4	
Strong Families, Safe Communities	5	
Vermont's Infrastructures	6	
Working Landscape	7	
State Government and Employees	8	

Ranking based on 108 survey form returned with rankings.

Complete attendance and survey statistics are available at: <http://finance.vermont.gov/sites/finance/files/pdf/state%20budget/2012%20Forum%20Stats.pdf>. The PowerPoint presentation and videos of both Public Forums are available at: <http://finance.vermont.gov/news/FY14BudgetForum>

FY 2014 General Fund Current Service Budget			
Category	FY 2014 Current Service Budget	FY 2014 Governor's Recommend	Difference
Projected Revenue			
Current Law Revenue (January 23, 2013 - Emergency Board)	\$ 1,320.20	\$ 1,320.20	-
Secretary State (remove from Current Law Revenue for revenue swap)	(3.99)	(3.99)	-
Other Revenue and Proposed Tax Changes	-	31.82	31.82
Direct Applications & Reversions (includes Sec. State swap)	27.49	31.86	4.37
Excess PTT	-	3.40	3.40
VEDA write-off (estimated)	(0.05)	(0.05)	-
Carryforward from FY 2013		5.36	5.36
Total Available Revenue FY 2013	1,343.65	1,388.60	44.95
Upward Pressures			
Base Appropriations + Fund Transfers	1,317.20	1,317.20	-
Base Pressures			
Human Services - Caseload & Utilization	9.58	9.58	-
Replace AHS FY 2013 one-time funds	19.64	19.64	-
AHS inflation and other reimbursement changes	28.70	25.02	(3.68)
AHS - Childcare subsidy and additional reimbursement	-	16.70	16.70
LIHEAP	6.00	6.00	-
All Other Human Services	5.39	5.39	-
FY 2013 Annualization of Pay Act	18.99	18.99	-
FY 2013 Pay Act Appropriation	(13.73)	(13.73)	-
FY 2014 Pay Act	8.25	8.25	-
Public Safety (DPS)	1.61	1.61	-
Judiciary	1.70	1.70	-
Secretary of State	(1.52)	(1.52)	-
Other Protection (excluding DPS, Judiciary & Secretary of State)	1.90	1.90	-
Education (Lunch Subsidy Program)	-	0.40	0.40
Education - GF to EF increase	6.60	6.60	-
VSTRS	8.17	8.17	-
Higher Education	2.50	4.00	1.50
Fish & Wildlife (F&W)	1.30	1.30	-
ANR (excluding F&W)	1.13	1.13	-
Commerce & Community Development	1.03	1.03	-
Debt Service	6.85	6.85	-
Working Landscape	0.33	0.33	-
Energy Efficiency	-	6.00	6.00
Unemployment Insurance - interest payment	(1.46)	(1.46)	-
Administration, Fee for Space, Insurance & other Internal Service Funds	4.91	4.91	-
All Other	(0.11)	(0.11)	-
Subtotal: Base plus Base Pressures	1,434.96	1,455.88	20.92
Total (Shortfall)/Surplus	(91.31)	(67.28)	24.03
Base Adjustments			
Human Services - GF decrease due to increase in special and federal funds	(26.21)	(26.21)	-
Human Services - Other	-	(7.89)	(7.89)
Human Services - one-time funds	(33.32)	(33.32)	-
Next Generation	-	(1.50)	(1.50)
Fee for Space	(0.91)	(0.91)	-
Subtotal: Base Adjustments	(60.44)	(69.83)	(9.39)
Other Adjustments			
Transfer to CEDF	-	2.00	2.00
Transfer to Transportation Fund	-	4.37	4.37
Transfer from ERAF	-	(6.50)	(6.50)
Budget Stabilization Reserve Increase to meet 5%	2.68	2.68	-
Subtotal: One-Time Adjustments	2.68	2.55	(0.13)
Subtotal: All Adjustments	(57.76)	(67.28)	(9.52)
Grand Total Net of Adjustments	(33.55)	0.00	33.55

FY 2014 Current Services Budget

According to the Center on Budget and Policy Priorities, Washington D.C., a current services budget measures how much it will cost the State in an upcoming budget period to deliver the same quantity and quality of services being delivered in the current budget period, taking into account the impact of factors such as:

- Inflation and other changes in the per-person cost of providing the programs and service;
- Any expected changes in the number of people utilizing those services and benefits due to population growth or other factors;
- Any previously enacted changes that have not been phased in, ongoing formula-based adjustments, and other factors that would require statutory changes to undo; and
- Collective bargaining agreements.

A current service budget does not take into account the impact of factors such as:

- Proposed new policy or policy changes not yet enacted;
- New programmatic initiatives; and
- Proposed new revenue or tax receipts.

The chart shown compares the estimated FY 2014 Current Service Budget to the FY 2014 Governor's Budget Recommendation.

HIGHLIGHTS OF GOVERNOR SHUMLIN'S FISCAL YEAR BUDGET

- A General Fund budget of \$1.377 billion, an increase in General Fund spending of 3.4%* over fiscal year 2013, prior to newly funded contributions to the Low Income Home Energy Assistance Program (LIHEAP), the Clean Energy Development Fund (CEDF), and thermal energy efficiency initiatives described below. The total unduplicated appropriation request is \$5.34 billion, an increase of 3.69% over the FY 2013 Governor's Budget Adjustment.
 - Closed a \$67 million FY 2014 budget gap with \$8 million in base reductions, \$33 million in one-time adjustments, and \$26 million in increases from Special and Federal funds.
 - 79 new employee positions added, including 25 for the Department of Mental Health, in anticipation of opening the new psychiatric hospital in FY 2014, and 18 new positions for the Economic Service Division of the Department for Children and Families to address staff caseload pressures and thereby reduce benefit error rates. Authorized executive branch positions remain approximately 282 fewer than in January 2007.
 - The largest increase ever in support for early childhood education, paid for by redirecting \$17 million, a portion of the State's commitment to the Earned Income Tax Credit, to help lower-income families pay for the cost of quality child-care.
 - Funds to support the Governor's ambitious education initiatives, as outlined in his Inaugural speech:
 - Free school lunch for all low income students: \$398,646
- General Funds.
- Assistance for start up costs of 1st year publicly financed preschool: \$400,000 reallocated from existing funds in the Agency of Education budget.
 - Double the support for dual enrollment: \$400,000 reallocated from within existing Next Generation funding.
 - Vermont Strong Scholars Program: General Fund program with first-year costs in FY 2016 of approximately \$400,000, increasing to approximately \$4 million in FY 2022 when the program is fully operational and the annual cost levels off.
 - Increasing higher education funding for the first time in five years: an additional \$2.5 million for UVM, the State Colleges, and VSAC, all directed solely at tuition support for Vermonters.
 - \$6 million for the Low Income Home Energy Assistance Program, \$6 million for thermal energy efficiency, and \$5 million for the Clean Energy Development Fund, funded by a charge on "break open" tickets, following the Connecticut and Massachusetts models.
 - Funding for Vermont's Health Benefit Exchange, "Vermont Health Connect", including \$960,000 (\$643,937 GF) for health insurance counselors (Navigators and In-Person Assistors).
 - Support to ensure health insurance purchased through the Health Benefits Exchange, for coverage starting January 1,

2014, is affordable for Vermonters, by providing:

- \$3.8 million in cost sharing assistance to reduce out-of-pocket maximum costs for individuals with incomes up to 350% of the Federal Poverty Level (FPL);
- \$6.5 million in premium subsidies for individuals with incomes up to 300% of the Federal Poverty Level (FPL).
- A 3% increase [\$24.4 million (\$10.6 million GF)], starting October 1, 2013, in Medicaid reimbursement rates over FY 2012 actual spending for many Medicaid providers, to recognize inflation and to minimize shifting costs to private payers.
- Additional investments designed to spur economic activity, including:
 - \$150,000 for the Vermont Training Program to pay for the training of approximately 240 additional Vermonters.
 - Increased State support for the Vermont Council on the Arts by 41% (from \$507,607 to \$717,607). This is the first meaningful increase in funding for the arts in over two decades. Funding for the Vermont Symphony, Humanities Council and Historical Society also receive significant increases.
 - \$1.5 million for the Working Lands Enterprise Initiative, a 28% increase.
- Fully funds the statutory General Fund Transfer to the Education Fund and includes a projected \$9.5 million in increased Sales and Use Tax revenue for the Education Fund.

- Transportation investments of \$131 million in bridges, \$109 million in paving, \$11 million to accelerate the rehabilitation of the western corridor rail line, to bring passenger rail service back to Burlington via Rutland; as well as funding to rebuild the intercity bus network, invest in car and vanpooling, and investments in bicycle and pedestrian infrastructure.
- Two year Capital Budget of \$159.9 million, consistent with the recommendation of the Capital Debt Affordability Advisory Committee, that provides funding for the Vermont State Hospital replacement plan and the rehabilitation of the Waterbury State Office Complex.
- Funding to maintain the three Budget Stabilization Reserves (GF, TF and EF) at their full statutory levels.
- Fully funds State Employee and State Teachers' Retirement contributions at the actuarially required level.
- Increased funding to the Agency of Agriculture and Department of Health by \$400,000 (\$350,000 GF) for the prevention of West Nile Virus and Eastern Equine Encephalitis (EEE). This enhancement provides additional resources for Mosquito Control Districts, increased surveillance, testing and analysis, as well as public education.

**The Governor's Child Care initiative is not a net spending increase, as it is paid for by a tax expenditure reduction in the Vermont Earned Income Tax Credit.*

The Fiscal Year 2014 General Fund Overview

FY 2014 General Fund Budget - Deficit Mitigation

Category	Revenue (\$ millions)	Appropriations & Net Transfers	(Shortfall)/ Surplus
Projected Revenue			
Current Law Revenue (January 23, 2013 - Emergency Board)	\$ 1,320.20		
Secretary State (remove from Current Law Revenue for revenue swap)	(3.99)		
Other Revenue and Proposed Tax Changes	31.82		
Direct Applications & Reversions (includes Sec. State swap)	31.86		
Excess PTT	3.40		
VEDA write-off (estimated)	(0.05)		
Carryforward from FY 2013	5.36		
Total Available Revenue FY 2013	1,388.60		
Upward Pressures			
Base Appropriations + Fund Transfers		1,317.20	
Base Pressures			
Human Services - Caseload & Utilization		9.58	
Replace AHS FY 2013 one-time funds		19.64	
AHS inflation and other reimbursement changes		25.02	
AHS - Childcare subsidy and additional reimbursement		16.70	
LIHEAP		6.00	
All Other Human Services		5.39	
FY 2013 Annualization of Pay Act		18.99	
FY 2013 Pay Act Appropriation		(13.73)	} 13.51
FY 2014 Pay Act		8.25	
Public Safety (DPS)		1.61	
Judiciary		1.70	
Secretary of State		(1.52)	
Other Protection (excluding DPS, Judiciary & Secretary of State)		1.90	
Education (Lunch Subsidy Program)		0.40	
Education - GF to EF increase		6.60	
VSTRS		8.17	
Higher Education		4.00	
Fish & Wildlife (F&W)		1.30	
ANR (excluding F&W)		1.13	
Commerce & Community Development		1.03	
Debt Service		6.85	
Working Landscape		0.33	
Energy Efficiency		6.00	
Unemployment Insurance - interest payment		(1.46)	
Administration, Fee for Space, Insurance & other Internal Service Funds		4.91	
All Other		(0.11)	
Subtotal: Base Pressures		138.68	
Total (Shortfall)/Surplus		\$ 1,388.60	\$ (67.28)
Base Adjustments			
Human Services - GF decrease due to increase in special and federal funds		(26.21)	
Human Services - Other		(7.89)	
Human Services - one-time funds		(33.32)	
Next Generation		(1.50)	
Fee for Space		(0.91)	
Subtotal: Base Adjustments		(69.83)	
Other Adjustments			
Transfer to CEDF		2.00	
Transfer to Transportation Fund		4.37	
Transfer from ERAF		(6.50)	
Budget Stabilization Reserve Increase to meet 5%		2.68	
Subtotal: One-Time Adjustments		2.55	
Subtotal: All Adjustments	0.00	(67.28)	\$ (67.28)
Grand Total Net of Adjustments	\$ 1,388.60	\$ 1,388.60	\$ 0.00

FY 2014 General Fund Overview

After agencies and departments submitted their FY 2014 current services budget and new requests, and after holding two Public Budget Forums, the work of balancing the budget began.

The upward pressures resulted in a FY 2014 budget gap of \$67.28 million, when compared to the available revenue adopted by the Emergency Board on January 23, 2013.

A combination of base reductions, one-time adjustments, and increases in Special and Federal funds are necessary to bring the General Fund budget appropriations and transfers into line with available revenue. Despite the challenges facing us, the Governor's budget recommendations make strategic investments in childcare, education, including higher education, healthcare, energy efficiency, job training, and the Working Landscape.

TOTAL APPROPRIATIONS HISTORY FY 2010 - FY 2014 (All Funds)

	FY 2010 Final Appropriation	FY 2011 Final Appropriation	FY 2012 Final Appropriation	FY 2013 Governor's BAA (a)	FY 2014 Governor's Budget Recommend (b)
Funding Sources					
General Fund (GF)	1,087,451,951	1,162,280,682	1,250,039,696	1,303,667,620	1,376,736,234
Transportation Fund	208,771,086	215,321,728	219,225,399	230,483,182	259,806,771
Education Fund (EF)	1,313,476,522	1,314,490,077	1,352,114,573	1,394,947,511	1,443,558,785
Special Funds & Other Funds ^(c)	463,296,610	498,029,841	569,547,373	589,939,999	586,234,446
Sub-Total	3,072,996,169	3,190,122,328	3,390,927,041	3,519,038,312	3,666,336,236
Adjust for inter-fund appropriation: GF Transfer to EF	(240,803,944)	(234,737,570)	(276,240,000)	(282,317,280)	(288,921,564)
Total State Funds after EF Transfer	2,832,192,225	2,955,384,758	3,114,687,041	3,236,721,032	3,377,414,672
percent of total	59.61%	59.73%	63.83%	62.89%	63.29%
Federal Funds	1,448,238,552	1,570,672,098	1,605,015,470	1,795,612,651	1,858,152,167
Federal ARRA Funds ^(d)	400,459,056	344,556,339	77,748,656	12,937,704	2,732,709
Total Funds Before Dedicated Dollars	4,680,889,833	4,870,613,195	4,797,451,167	5,045,271,387	5,238,299,548
percent of total	98.52%	98.44%	98.32%	98.03%	98.16%
Dedicated Sources					
Local Match	2,993,800	2,450,885	3,465,052	2,919,356	2,183,313
TIB Bond Proceeds	-	-	-	10,000,000	8,300,000
Enterprise Funds	8,669,664	8,674,074	8,720,796	10,317,798	10,450,235
Debt Service Obligation Funds	-	-	2,379,684	4,080,051	1,687,425
Pension & Private Purpose Trust Funds	58,577,831	65,916,620	67,369,027	74,263,304	75,715,336
Sub-Total	70,241,295	77,041,579	81,934,559	101,580,509	98,336,309
Total Funds and Dedicated Sources	4,751,131,128	4,947,654,774	4,879,385,726	5,146,851,896	5,336,635,857
percent of total	100.00%	100.00%	100.00%	100.00%	100.00%
Fund Sources that are duplicated in the					
Internal Service Funds	70,921,911	70,589,729	77,543,698	77,516,712	91,111,278
Interdepartmental Transfer	45,286,838	42,525,354	43,093,636	45,444,960	54,207,161
Interdepartmental Transfer - ARRA	53,790,036	38,575,036	500,000	-	-
Global Commitment Fund	965,882,917	1,051,307,529	1,122,895,691	1,165,658,465	1,235,865,354
Total	1,135,881,702	1,202,997,648	1,244,033,025	1,288,620,137	1,381,183,793
Memo: Total All Appropriations	6,127,816,774	6,385,389,992	6,399,658,751	6,717,789,313	7,006,741,214

NOTES:

(a) Governor's Budget Adjustment Recommendations, presented on January 2, 2013 to the House Committee on Appropriations.

(b) Governor's Recommended Budget for FY 2014 presented to the General Assembly on January 24, 2013.

(c) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, Catamount, State Health Care Resources, and Transportation Infrastructure Bond Funds.

(d) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

STATE OF VERMONT - FY 2014 GOVERNOR'S BUDGET RECOMMEND

Funding Sources	FY 2013 Governor's BAA ^(a)	FY 2014 Governor's Recommend ^(b)	% Change Prior Year	All General Government			Total Human Services		
				General Government	Property Tax Assistance ^(c)	Protection to Persons & Property	Corrections	Non-Medicaid	Medicaid/LTC Federal & State Only
General Fund (GF)	1,303,667,620	1,376,736,234	5.60%	39,553,888	30,093,500	118,853,191	137,920,153	167,644,872	291,636,476
Transportation Fund	230,483,182	259,806,771	12.72%	3,930,356	-	25,238,498	-	-	-
Education Fund (EF)	1,394,947,511	1,443,558,785	3.48%	6,186,900	3,243,196	-	3,929,242	-	-
Special Funds ^(d)	589,939,999	586,234,446	-0.63%	10,266,132	-	76,045,106	1,295,582	58,687,460	326,857,712
Sub-Total	3,519,038,312	3,666,336,236	4.19%	59,937,276	33,336,696	220,136,795	143,144,977	226,332,332	618,494,188
Adjust for inter-fund appropriation: GF Transfer to EF	(282,317,280)	(288,921,564)	2.34%	-	-	-	-	-	-
Total State Funds after EF Transfer	3,236,721,032	3,377,414,672	4.35%	59,937,276	33,336,696	220,136,795	143,144,977	226,332,332	618,494,188
percent of total	62.89%	63.29%		1.77%	0.99%	6.52%	4.24%	6.70%	18.31%
Federal Funds	1,795,612,651	1,858,152,167	3.48%	963,293	-	66,671,503	470,962	336,039,576	866,182,452
Federal ARRA Funds ^(e)	12,937,704	2,732,709	-78.88%	-	-	1,479,429	-	-	-
Total Funds Before Dedicated Dollars	5,045,271,387	5,238,299,548	3.83%	60,900,569	33,336,696	288,287,727	143,615,939	562,371,908	1,484,676,640
percent of total	98.03%	98.16%		1.16%	0.64%	5.50%	2.74%	10.74%	28.34%
Dedicated Sources									
Local Match	2,919,356	2,183,313	-25.21%	-	-	-	-	-	-
TIB Bond Proceeds	10,000,000	8,300,000	-17.00%	-	-	-	-	-	-
Enterprise Funds	10,317,798	10,450,235	1.28%	3,256,092	-	6,367,140	-	-	-
Debt Service Obligation Funds	4,080,051	1,687,425	-58.64%	-	-	-	-	-	-
Pension Trust & Private Purpose Trust Funds	74,263,304	75,715,336	1.96%	40,741,277	-	-	-	25,000	-
Sub-Total	101,580,509	98,336,309	-3.19%	43,997,369	-	6,367,140	-	25,000	-
Total Funds and Dedicated Sources	5,146,851,896	5,336,635,857	3.69%	104,897,938	33,336,696	294,654,867	143,615,939	562,396,908	1,484,676,640
	100.00%	100.00%		1.97%	0.62%	5.52%	2.69%	10.54%	27.82%
Funds Sources that are duplicated in the									
Internal Service Funds	77,516,712	91,111,278	17.54%	69,288,421	-	-	1,502,901	-	-
Interdepartmental Transfer	45,444,960	54,207,161	19.28%	7,197,281	-	8,326,823	792,200	24,845,827	40,000
Interdepartmental Transfer - ARRA	-	-	0.00%	-	-	-	-	-	-
Global Commitment Fund	1,165,658,465	1,235,865,354	6.02%	-	-	256,224	5,812,679	1,224,519,436	-
Total	1,288,620,137	1,381,183,793	7.18%	76,485,702	-	8,583,047	8,107,780	1,249,365,263	40,000
Memo: Total All Appropriations	6,717,789,313	7,006,741,214	4.30%	181,383,640	33,336,696	303,237,914	151,723,719	1,811,762,171	1,484,716,640

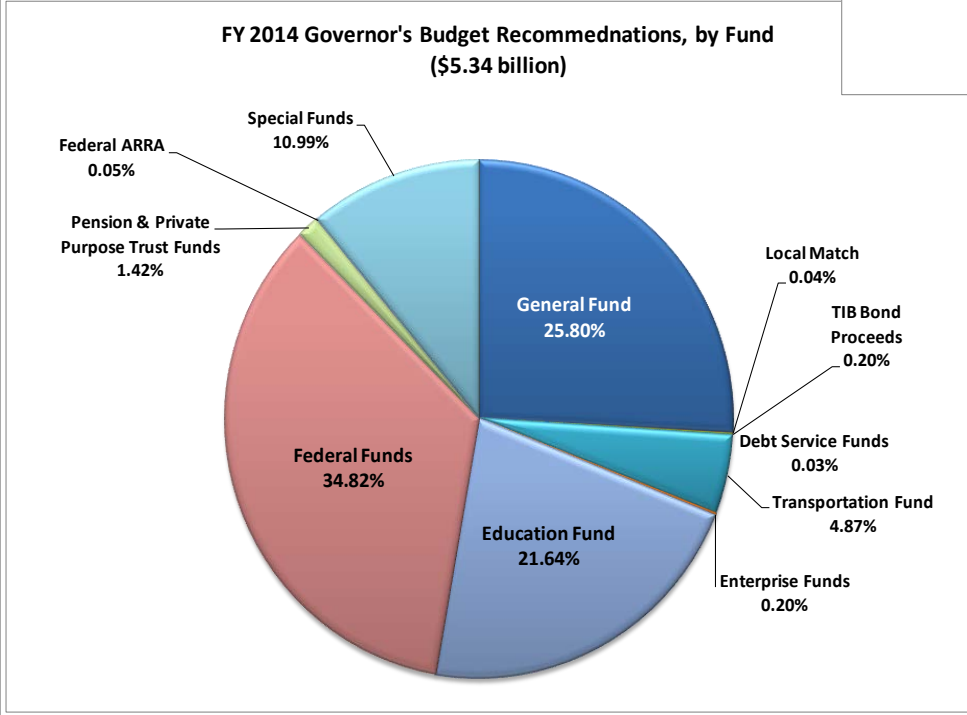
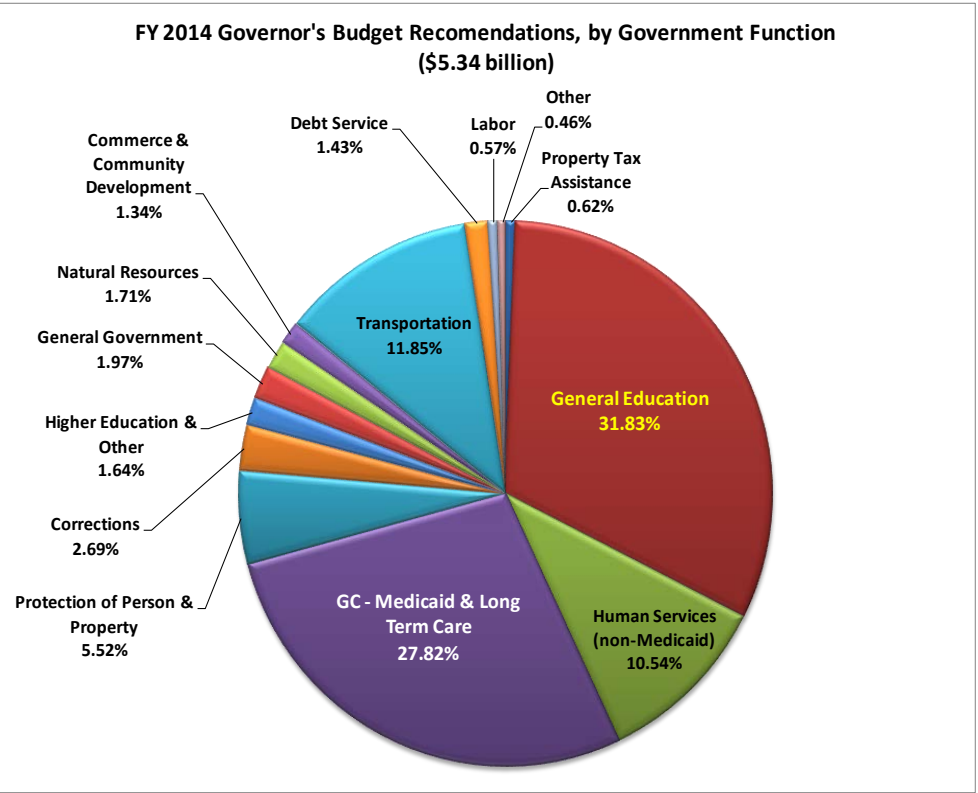
NOTES (both pages):

- (a) FY 2013 Governor's Budget Adjustment submitted to House Appropriations Committee on January 2, 2013.
- (b) FY 2014 Governor's Recommended Budget submitted to the General Assembly on January 24, 2013.
- (c) Includes Homeowner rebate; Renter rebate; reappraisal and listing payments; and municipal current use.
- (d) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, Catamount, State Health Care Resources, and Transportation Infrastructure Bond Funds.
- (e) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

STATE OF VERMONT - FY 2014 GOVERNOR'S BUDGET RECOMMEND

Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	Other
General Fund (GF)	2,994,572	370,667,603	84,356,239	25,279,951	15,041,031	-	70,521,584	22,173,174
Transportation Fund	-	-	-	-	-	226,022,938	2,414,979	2,200,000
Education Fund (EF)	-	1,430,199,447	-	-	-	-	-	-
Special Funds ^(d)	3,363,869	18,189,305	3,293,000	45,187,676	19,062,450	23,357,244	628,910	-
Sub-Total	6,358,441	1,819,056,355	87,649,239	70,467,627	34,103,481	249,380,182	73,565,473	24,373,174
Adjust for inter-fund appropriation: GF Transfer to EF	-	(288,921,564)	-	-	-	-	-	-
Total State Funds after EF Transfer	6,358,441	1,530,134,791	87,649,239	70,467,627	34,103,481	249,380,182	73,565,473	24,373,174
percent of total	0.19%	45.30%	2.60%	2.09%	1.01%	7.38%	2.18%	0.72%
Federal Funds	23,846,533	133,734,273	-	20,837,609	36,834,367	372,571,599	-	-
Federal ARRA Funds ^(e)	-	-	-	-	-	-	1,253,280	-
Total Funds Before Dedicated Dollars	30,204,974	1,663,869,064	87,649,239	91,305,236	70,937,848	621,951,781	74,818,753	24,373,174
percent of total	0.58%	31.76%	1.67%	1.74%	1.35%	11.87%	1.43%	0.47%
Dedicated Sources								
Local Match	-	-	-	-	-	2,183,313	-	-
TIB Bond Proceeds	-	-	-	-	-	8,300,000	-	-
Enterprise Funds	-	-	-	-	827,003	-	-	-
Debt Service Obligation Funds	-	-	-	-	-	-	1,687,425	-
Pension Trust & Private Purpose Trust Funds	-	34,949,059	-	-	-	-	-	-
Sub-Total	-	34,949,059	-	-	827,003	10,483,313	1,687,425	-
Total Funds and Dedicated Sources	30,204,974	1,698,818,123	87,649,239	91,305,236	71,764,851	632,435,094	76,506,178	24,373,174
	0.57%	31.83%	1.64%	1.71%	1.34%	11.85%	1.43%	0.46%
Funds Sources that are duplicated in the								
Internal Service Funds	-	-	-	-	-	20,319,956	-	-
Interdepartmental Transfer	1,363,426	-	-	6,986,357	222,700	4,432,547	-	-
Interdepartmental Transfer - ARRA	-	-	-	-	-	-	-	-
Global Commitment Fund	-	865,452	4,411,563	-	-	-	-	-
Total	1,363,426	865,452	4,411,563	6,986,357	222,700	24,752,503	-	-
Memo: Total All Appropriations	31,568,400	1,988,605,139	92,060,802	98,291,593	71,987,551	657,187,597	76,506,178	24,373,174

FY 2014 Governor's Budget Recommendations, by Government Function



FY 2014 Governor's Budget Recommendations, by Fund

FISCAL YEAR 2014 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 2013 Governor's Recommend Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
HUMAN SERVICES													
Human Services Agency:													
AHS - Secretary's Office	5,060,482	-	362,264	-	5,422,746	10,373,778	-	15,796,524	-	15,796,524	1,337,510	8,268,012	25,402,046
AHS - Secretary's Office - Global Commitment	157,469,174	-	326,857,712	-	484,326,886	727,535,466	-	1,211,862,352	-	1,211,862,352	-	40,000	1,211,902,352
Human Services Board	117,962	-	-	-	117,962	153,851	-	271,813	-	271,813	-	86,082	357,895
Department of VT Health Access	135,867,807	-	3,625,432	-	139,493,239	229,334,321	-	368,827,560	-	368,827,560	720,345,531	5,077,117	1,094,250,208
Health	12,254,023	-	15,924,028	-	28,178,051	48,064,765	-	76,242,816	25,000	76,267,816	43,567,439	1,354,240	121,189,495
Mental Health	1,048,819	-	6,836	-	1,055,655	6,523,289	-	7,578,944	-	7,578,944	191,212,711	20,000	198,811,655
Department for Children and Families	128,386,222	-	19,862,569	-	148,248,791	151,941,785	-	300,190,576	-	300,190,576	78,789,230	819,046	379,798,852
Disabilities, Aging and Independent Living	18,098,810	-	1,699,370	-	19,798,180	24,738,476	-	44,536,656	-	44,536,656	186,495,567	6,167,867	237,200,090
Corrections	137,920,153	-	1,295,582	3,929,242	143,144,977	470,962	-	143,615,939	-	143,615,939	5,812,679	2,295,101	151,723,719
TOTAL HUMAN SERVICES AGENCY	596,223,452	-	369,633,793	3,929,242	969,786,487	1,199,136,693	-	2,168,923,180	25,000	2,168,948,180	1,227,560,667	24,127,465	3,420,636,312
Veterans' Home	-	-	16,191,533	-	16,191,533	3,556,297	-	19,747,830	-	19,747,830	410,986	-	20,158,816
Commission on Women	353,835	-	5,000	-	358,835	-	-	358,835	-	358,835	-	-	358,835
RSVP	151,096	-	-	-	151,096	-	-	151,096	-	151,096	-	-	151,096
Green Mountain Care Board	473,118	-	1,010,428	-	1,483,546	-	-	1,483,546	-	1,483,546	2,360,462	3,053,463	6,897,471
TOTAL HUMAN SERVICES	597,201,501	-	386,840,754	3,929,242	987,971,497	1,202,692,990	-	2,190,664,487	25,000	2,190,689,487	1,230,332,115	27,180,928	3,448,202,530
percent of total	43.38%	0.00%	65.99%	0.34%	29.25%	64.73%	0.00%	41.82%	0.03%	41.05%	99.55%	18.70%	51.33%
			626,355										
Labor	2,994,572	-	3,363,869	-	6,358,441	23,846,533	-	30,204,974	-	30,204,974	-	1,363,426	31,568,400
TOTAL LABOR	2,994,572	-	3,363,869	-	6,358,441	23,846,533	-	30,204,974	-	30,204,974	-	1,363,426	31,568,400
percent of total	0.22%	0.00%	0.57%	0.00%	0.19%	1.28%	0.00%	0.58%	0.00%	0.57%	0.00%	0.94%	0.47%
GENERAL EDUCATION													
Department of Education	9,962,839	-	18,189,305	1,430,199,447	1,458,351,591	133,734,273	-	1,592,085,864	-	1,592,085,864	865,452	-	1,592,951,316
GF Appropriation to Education Fund	288,921,564	-	-	(288,921,564)	-	-	-	-	-	-	-	-	-
Teachers' Retirement	71,783,200	-	-	-	71,783,200	-	-	71,783,200	34,949,059	106,732,259	-	-	106,732,259
TOTAL GENERAL EDUCATION	370,667,603	-	18,189,305	1,141,277,883	1,530,134,791	133,734,273	-	1,663,869,064	34,949,059	1,698,818,123	865,452	-	1,699,683,575
percent of total	26.92%	0.00%	3.10%	98.84%	45.30%	7.20%	0.00%	31.76%	35.54%	31.83%	0.07%	0.00%	25.30%
HIGHER EDUCATION AND OTHER													
University of Vermont	38,462,877	-	-	-	38,462,877	-	-	38,462,877	-	38,462,877	4,006,156	-	42,469,033
Vermont Public Television	564,113	-	-	-	564,113	-	-	564,113	-	564,113	-	-	564,113
Vermont State Colleges	25,045,055	-	-	-	25,045,055	-	-	25,045,055	-	25,045,055	405,407	-	25,450,462
Vermont Interactive TV	785,679	-	-	-	785,679	-	-	785,679	-	785,679	-	-	785,679
Vermont Student Assistance Corp.	19,414,515	-	-	-	19,414,515	-	-	19,414,515	-	19,414,515	-	-	19,414,515
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000
TOTAL HIGHER EDUCATION AND OTHER	84,356,239	-	-	-	84,356,239	-	-	84,356,239	-	84,356,239	4,411,563	-	88,767,802
percent of total	6.13%	0.00%	0.00%	0.00%	2.50%	0.00%	0.00%	1.61%	0.00%	1.58%	0.36%	0.00%	1.32%
NATURAL RESOURCES													
Agency of Natural Resources:													
ANR - Central Office	5,370,326	-	156,359	-	5,526,685	30,000	-	5,556,685	-	5,556,685	-	618,990	6,175,675
Fish & Wildlife	4,328,935	-	8,934,102	-	13,263,037	6,742,250	-	20,005,287	-	20,005,287	-	195,000	20,200,287
Forests, Parks & Recreation	4,959,724	-	11,573,842	-	16,533,566	3,813,535	-	20,347,101	-	20,347,101	-	438,868	20,785,969
Environmental Conservation	9,791,175	-	22,557,487	-	32,348,662	10,251,824	-	42,600,486	-	42,600,486	-	5,733,499	48,333,985
Total Agency of Natural Resources	24,450,160	-	43,221,790	-	67,671,950	20,837,609	-	88,509,559	-	88,509,559	-	6,986,357	95,495,916
Natural Resources Board	829,791	-	1,965,886	-	2,795,677	-	-	2,795,677	-	2,795,677	-	-	2,795,677
TOTAL NATURAL RESOURCES	25,279,951	-	45,187,676	-	70,467,627	20,837,609	-	91,305,236	-	91,305,236	-	6,986,357	98,291,593
percent of total	1.84%	0.00%	7.71%	0.00%	2.09%	1.12%	0.00%	1.74%	0.00%	1.71%	0.00%	4.81%	1.46%

FISCAL YEAR 2014 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 2013 Governor's Recommend Total Appropriations	
											Global Commitment	ISF, IDT, and ARRA IDT		
COMMERCE & COMMUNITY DEVELOPMENT														
Agency of Commerce & Comm Development														
ACCD - Administration	2,986,829	-	-	-	2,986,829	1,100,000	-	4,086,829	-	4,086,829	-	70,000	4,156,829	
Economic, Housing & Community Development	6,873,318	-	4,756,850	-	11,630,168	21,711,022	-	33,341,190	-	33,341,190	-	62,700	33,403,890	
Tourism & Marketing	3,221,885	-	-	-	3,221,885	-	-	3,221,885	827,003	4,048,888	-	90,000	4,138,888	
Total Agency of Commerce & Comm Development	13,082,032	-	4,756,850	-	17,838,882	22,811,022	-	40,649,904	827,003	41,476,907	-	222,700	41,699,607	
Council on the Arts	717,607	-	-	-	717,607	-	-	717,607	-	717,607	-	-	717,607	
Vermont Symphony Orchestra	141,214	-	-	-	141,214	-	-	141,214	-	141,214	-	-	141,214	
VT Historical Society	882,219	-	-	-	882,219	-	-	882,219	-	882,219	-	-	882,219	
Housing & Conservation Trust	-	-	14,305,600	-	14,305,600	14,023,345	-	28,328,945	-	28,328,945	-	-	28,328,945	
VT Humanities Council	217,959	-	-	-	217,959	-	-	217,959	-	217,959	-	-	217,959	
TOTAL COMMERCE & COMMUNITY DEV.	15,041,031	-	19,062,450	-	34,103,481	36,834,367	-	70,937,848	827,003	71,764,851	-	222,700	71,987,551	
percent of total	1.09%	0.00%	3.25%	0.00%	1.01%	1.98%	0.00%	1.35%	0.84%	1.34%	0.00%	0.15%	1.07%	
TRANSPORTATION														
Agency of Transportation														
AOT Division Appropriations and Programs	-	159,695,800	20,188,031	-	179,883,831	327,143,502	-	507,027,333	9,469,703	516,497,036	-	24,752,503	541,249,539	
AOT Dept. of Motor Vehicles	-	23,085,000	-	-	23,085,000	2,035,967	-	25,120,967	-	25,120,967	-	-	25,120,967	
AOT Town Highway, Bridges & Municipal	-	43,042,138	3,169,213	-	46,211,351	43,392,130	-	89,603,481	1,013,610	90,617,091	-	-	90,617,091	
Total Agency of Transportation	-	225,822,938	23,357,244	-	249,180,182	372,571,599	-	621,751,781	10,483,313	632,235,094	-	24,752,503	656,987,597	
Transportation Board	-	200,000	-	-	200,000	-	-	200,000	-	200,000	-	-	200,000	
TOTAL TRANSPORTATION	-	226,022,938	23,357,244	-	249,380,182	372,571,599	-	621,951,781	10,483,313	632,435,094	-	24,752,503	657,187,597	
percent of total	0.00%	87.00%	3.98%	0.00%	7.38%	20.05%	0.00%	11.87%	10.66%	11.85%	0.00%	17.03%	9.78%	
DEBT SERVICE														
Debt Service	70,521,584	2,414,979	628,910	-	73,565,473	-	1,253,280	74,818,753	1,687,425	76,506,178	-	-	76,506,178	
DEBT SERVICE	70,521,584	2,414,979	628,910	-	73,565,473	-	1,253,280	74,818,753	1,687,425	76,506,178	-	-	76,506,178	
percent of total	5.12%	0.93%	0.11%	0.00%	2.18%	0.00%	45.86%	1.43%	1.72%	1.43%	0.00%	0.00%	1.14%	
APPROPRIATION TOTAL														
Pay Act	8,245,165	2,200,000	-	-	10,445,165	-	-	10,445,165	-	10,445,165	-	-	10,445,165	
LIHEAP	6,000,000	-	-	-	6,000,000	-	-	6,000,000	-	6,000,000	-	-	6,000,000	
Energy Efficiency	6,000,000	-	-	-	6,000,000	-	-	6,000,000	-	6,000,000	-	-	6,000,000	
Working Landscape	1,500,000	-	-	-	1,500,000	-	-	1,500,000	-	1,500,000	-	-	1,500,000	
Next Generation & Other	428,009	-	3,293,000	-	3,721,009	-	-	3,721,009	-	3,721,009	-	-	3,721,009	
APPROPRIATION TOTAL	1,376,736,234	259,806,771	586,234,446	1,154,637,221	3,377,414,672	1,858,152,167	2,732,709	5,238,299,548	98,336,309	5,336,635,857	1,235,865,354	145,318,439	6,717,819,650	
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%	100.00%	
													Add back GF to EF Transfer	288,921,564
													Memo: Total Appropriation including GF to EF Transfer	7,006,741,214

(a) Special Funds also includes: Fish & Wildlife, Next Generation, Tobacco, Catamount, 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) 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 2011 - 2015
(\$ in Millions)

	Actual FY 2011	Actual FY 2012	Governor's Recommend BAA (revised revenue) FY 2013	Governor's Budget Recommend FY 2014	Forecast FY 2015
Sources					
Current law revenues	1,156.69	1,196.97	1,262.45	1,320.20	1,396.50
VEDA debt forgiveness	(0.38)	(0.04)	(0.05)	(0.05)	(0.05)
Direct applications, transfers in & reversions	40.74	42.23	42.40	31.86	25.00
Other bills and tax changes	8.12	-	-	27.83	27.83
Additional property transfer tax to GF	7.48	4.61	1.58	3.40	-
For appropriation from GF reserve	15.20	-	-	5.36	-
Total sources	1,227.85	1,243.77	1,306.37	1,388.59	1,449.28
Uses					
Base appropriations, including ARRA offset	1,251.18	1,234.49	1,304.28	1,376.74	1,376.74
Budget adjustment and rescission(s)	3.73	(2.34)	3.84	-	-
	1,254.91	1,232.15	1,308.11	1,376.74	1,376.74
Percent +increase+/-decrease-	-1.01%	-1.81%	6.16%	5.25%	0.00%
Less Base ARRA funding	(158.79)	-	-	-	-
Base Appropriation net of ARRA	1,096.12	1,232.15	1,308.11	1,376.74	1,376.74
Budget adjustment - one time	2.06	-	(5.65)	-	-
Other Bills	0.25	1.41	0.02	-	-
One-time appropriations	18.25	5.15	1.18	-	-
One-time waterfall and other adjustments	45.60	11.33	-	-	-
Total uses	1,162.28	1,250.04	1,303.67	1,376.74	1,376.74
Subtotal operating surplus (deficit)	65.57	(6.27)	2.71	11.86	72.54
Allocation of surplus - transfers (to)/from other funds					
Transportation fund	-	3.99	-	(4.37)	-
Emergency Relief & Assistance fund	-	-	-	6.50	-
Reserve for bond issuance premium	1.46	-	-	-	-
Emergency relief & assistance fund	-	(5.10)	-	-	-
Next generation fund	(4.79)	(4.79)	(4.79)	(3.29)	(3.29)
Human services caseload reserve	(60.10)	41.66	18.50	-	-
Internal service funds and assorted funds	(1.20)	(25.74)	(10.55)	(8.01)	(8.01)
Total transfers (to) / from other funds	(64.63)	10.01	3.15	(9.18)	(11.31)
Reserved in GF (designated)					
Budget Stabilization Reserve	2.94	(3.74)	(4.39)	(2.68)	(3.65)
Reserved in GF Surplus/Other Reserves	-	-	3.88	-	-
Reserved in GF Balance/Other Reserves	(3.88)	-	(5.36)	-	(57.58)
Total reserved in the GF (designated)	(0.94)	(3.74)	(5.87)	(2.68)	(61.24)
Total allocated	(65.57)	6.27	(2.72)	(11.85)	(72.54)
Unallocated operating surplus/(deficit)	0.00	0.00	-	0.00	-
Stabilization Reserve at statutory level	54.37	58.11	62.50	65.18	68.84
GF Reserves (cumulative)					
Budget Stabilization Reserve	54.37	58.11	62.50	65.18	68.84
Human Services Caseload Reserve	60.17	18.50	-	-	-
Bond Premium/Other Short Term Reserves	3.88	3.88	-	-	-
GF Balance Reserve	-	-	5.36	-	57.58
Total GF Reserve Balance	118.42	80.50	67.86	65.18	126.42

* Results may not add due to rounding.

Transportation Fund Summary
Fiscal Years 2011 - 2015
(\$ in Millions)

	Actual FY 2011	Actual FY 2012	Governor's Recommend BAA (revised revenue) FY 2013	Governor's Budget Recommend FY 2014	Forecast FY 2015
Sources					
Current law revenues	217.65	221.71	229.10	233.70	239.90
New revenue	0.00	0.16	0.00	28.24	28.24
Direct applications & reversions	0.90	3.42	0.00	0.00	0.00
For appropriation from TF Carryforward	0.00	0.90	0.00	0.00	0.00
Total sources	218.55	226.19	229.10	261.94	268.14
Uses					
Base appropriations	215.78	219.23	235.31	259.52	264.65
Budget adjustments and rescissions	(0.46)	0.00	(4.83)	0.00	0.00
Add'l Budget adj. due to Jan. 2013 revenue change	0.00	0.00	(3.30)	0.00	0.00
Post budget adjustment change	(0.00)	0.00	0.00	0.00	0.00
One-time appropriations	0.00	0.00	0.00	0.00	0.00
Total uses	215.32	219.23	227.18	259.52	264.65
Subtotal operating surplus (deficit)	3.23	6.96	1.92	2.42	3.49
Allocation of surplus					
Transfers (to) / from other funds					
General Fund	0.00	(4.74)	0.00	4.37	0.00
Downtown Fund	(0.40)	(0.40)	(0.38)	(0.38)	(0.38)
Central Garage Fund	(1.12)	(1.12)	(1.12)	(1.12)	(1.12)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	(0.28)	0.00	0.00	0.00	0.00
Total transfers (to) / from other funds	(2.17)	(6.63)	(1.87)	2.50	(1.87)
Reserved in the TF (designated)					
Budget Stabilization Reserve	(0.16)	(0.33)	(0.04)	(0.55)	(1.62)
Bond Reserve	0.00	0.00	0.00	0.00	0.00
Total reserved in the TF (designated)	(0.16)	(0.33)	(0.04)	(0.55)	(1.62)
Total allocated	(2.32)	(6.96)	(1.92)	1.95	(3.49)
Unallocated operating surplus(deficit)	0.90	0.00	0.00	4.37	(0.00)
Stabilization Reserve at statutory level of 5%	10.44	10.77	10.81	11.36	12.98
TF Reserves (cumulative)					
Bond Reserve	0.00	0.00	0.00	0.00	0.00
Budget Stabilization Reserve	10.44	10.77	10.81	11.36	12.98
Total TF Reserve Balance	10.44	10.77	10.81	11.36	12.98

Education Fund Summary
Fiscal Years 2011 - 2014**
(\$ in Millions)

	Actual FY 2011	Actual FY 2012	BAA FY 2013	Estimate FY 2014
Sources				
Current law revenues	27.76	29.70	30.00	29.20
Sales & use tax	108.54	113.94	116.40	125.90
Lottery revenue	21.42	22.33	22.40	22.70
Non-residential property tax	551.03	535.24	532.80	531.90
Net Homestead property tax	366.20	378.45	389.60	421.50
General fund appropriations	234.74	276.24	282.32	288.92
Medicaid reimbursement	-	7.86	7.00	7.00
Interest on fund balance	0.10	-	0.10	0.10
Total sources	1,309.79	1,363.76	1,380.62	1,427.22
Uses				
Base appropriations	1,304.41	1,349.45	1,394.95	1,443.56
Appropriation savings	-	-	-	-
Total uses	1,304.41	1,349.45	1,394.95	1,443.56
Subtotal operating surplus/(deficit)	5.38	14.31	(14.33)	(16.34)
Allocation of surplus/(deficit)				
Transfer to/(from) the stabilization reserve	0.44	0.44	(1.30)	1.47
Transfer to/(from) continuing appropriations	10.62	3.56	(5.42)	(10.44)
Transfer to/(from) unallocated	(5.68)	10.31	(7.61)	(7.36)
Total allocated	5.38	14.31	(14.33)	(16.33)
Education fund reserves				
Budget stabilization reserve	30.29	29.84	28.54	30.01
Minimum statutory reserve at 3.5%	19.82	20.57	19.85	21.01
Maximum statutory reserve at 5%	30.29	29.84	28.54	30.01

*Results may not add due to rounding.

** Forecast year is not provided as it requires property tax rate changes not available at the time of publication.

FY 2013 BUDGET ADJUSTMENT RECOMMENDATIONS

THE FISCAL YEAR 2013 BUDGET ADJUSTMENT RECOMMENDATION

FY 2013 Governor's Recommended General Fund Budget Adjustment Summary
Jim Reardon, Commissioner of the Department of Finance & Management
January 2, 2013

FY 2013 General Fund (GF) Revenue Adjustments (\$millions)	
GF Revenue	2.30
Other Tax Revenue	(7.08)
Federal Beds Revenue	(1.90)
Direct Apps/reversions	1.55
Property Transfer Tax	(1.22)
FY 2012 carryforward	(0.18)
TOTAL NET REVENUE CHANGES	(6.53) (A)

FY 2013 General Fund (GF) Appropriation Adjustments (\$ millions)	
Homeowners & Renters Rebates	(1.68)
Judiciary	2.00
Agriculture	0.13
Public Safety – State Police	0.91
DCF – Child Development	3.23
DCF – Reach Up	4.68
DCF – General Assistance	2.17
Mental Health	1.93
Global Commitment (Medicaid & LTC)	(12.88)
Other Human Services	0.87
Natural Resources	0.45
Commerce & Community Development	0.86
State Employee Health Insurance	(5.84)
Pay Act	0.46
Other BAA Adjustments	0.90
Sub-total Net Appropriation Adjustments	(1.81) (B)

FY 2013 Transfers to/from General Fund (GF) (millions)	
Sarcoidosis Fund	0.09
Federal Surplus Property	0.25
Liability Insurance	1.07
Emergency Personnel Survivors	0.10
Armed Services Scholarship	0.02
VSC - Brattleboro	(1.48)
Sub-total Net Transfers to/from General Fund	0.05 (C)

FY 2013 Transfers to/from General Fund Reserves (millions)	
Human Services Caseload	(2.26)
GF Balance Reserve	(3.08)
GF Budget Stabilization Reserve	0.57
Sub-total Net Transfers to/from GF Reserves	(4.77)
TOTAL NET APPROPRIATION AND TRANSFER ADJUSTMENTS	(6.53) (D=B+C)

NET BAA CHANGE: REVENUE, APPROPRIATIONS AND TRANSFERS:	0.00 (A-D)
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FY 2013 Projected General Fund Reserve Balances (millions)	
GF Balance Reserve	1.82
Human Services Caseload	0.00
GF Budget Stabilization	62.50

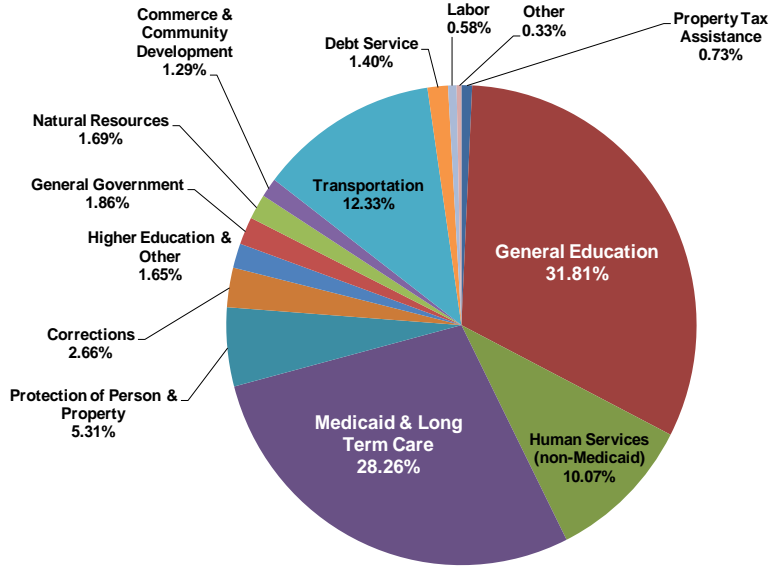
The Governor's FY 2013 Budget Adjustment Recommendation (BAA) was submitted on January 2, 2013 to the House Committee on Appropriations. Therefore, it is based on the Consensus Revenue Forecast adopted by the Emergency Board on July 20, 2012.

A Summary of Total General Fund Budget Adjustment needs and sources is shown on the table to the left. Also shown is the FY 2013 projected ending amounts in the General Fund Budget Stabilization Reserve and the General Fund Balance Reserve at June 30, 2013.

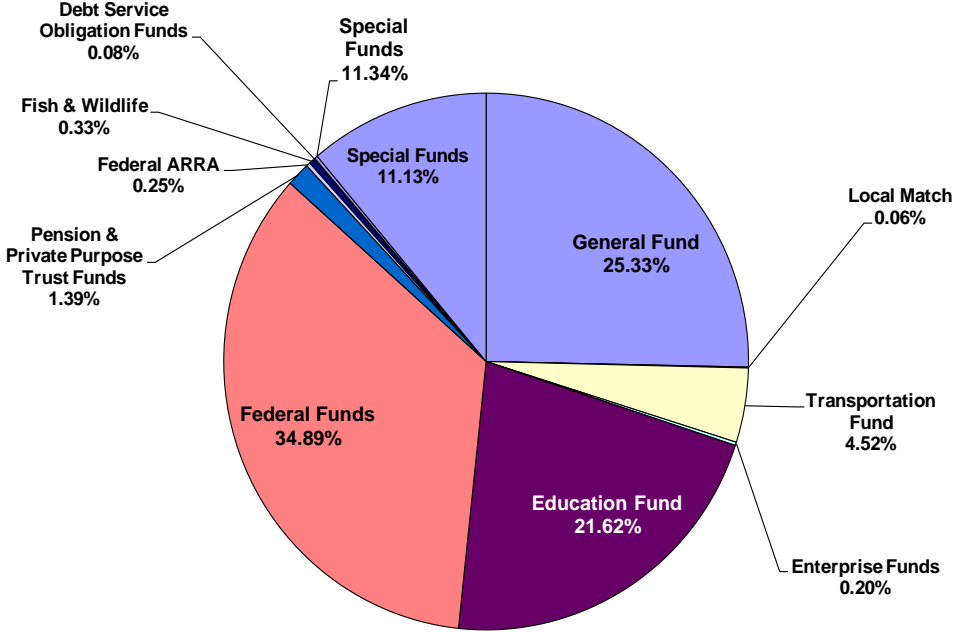
A combination of savings from the employee health insurance plan and Global Commitment, net transfers to and from other funds, and the use of certain reserve funds were used to offset the downgrade in available revenue based on the July 20, 2012 Consensus Revenue Forecast.

FY 2013 Governor's Budget Adjustment Recommendations, by Government Function

FY 2013 BAA - Total Appropriations by Government Function (\$5.15 billion)



FY 2013 BAA - Total Appropriations by Fund (\$5.15 billion)



FY 2013 Governor's Budget Adjustment Recommendations, by Fund

FISCAL YEAR 2013 BUDGET RECOMMENDED ADJUSTMENT

One-Time	FUNCTION / Department	Appropriation Title	2012 Act 162 Sec #	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds	ARRA Funds	Debt Service Obligation Funds	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds	Combined Funds
		FY 2013 As Appropriated		1,305,476,646	235,314,131	1,395,513,611	314,187,533	1,183,724,291	266,423,947	1,776,588,355	12,937,704	4,080,051	97,500,458	122,739,873	6,714,486,600
		Transportation Fund rescission			(4,830,949)		1,486,000			2,844,949					(500,000)
		FY 2013 Revised Appropriation (post TF rescission)		1,305,476,646	230,483,182	1,395,513,611	315,673,533	1,183,724,291	266,423,947	1,779,433,304	12,937,704	4,080,051	97,500,458	122,739,873	6,713,986,600
		FY 2013 RECOMMENDED BUDGET APPROPRIATION ADJUSTMENTS :													
		GENERAL GOVERNMENT													
	Department of Libraries	Libraries	B.106	215,851											215,851
	Tax	Administration and Collection	B.107	121,261											121,261
	Auditor of Accounts	Auditor of Accounts	B.130	100,000											100,000
	Homeowner rebate	Homeowner rebate	B.137	(1,370,808)											(1,370,808)
	Renter rebate	Renter rebate	B.138	(306,900)		(716,100)									(1,023,000)
	Tax Department	Reappraisal and Listing Payments	B.139			150,000									150,000
		TOTAL GENERAL GOVERNMENT		(1,240,596)	0	(566,100)	0	0	0	0	0	0	0	0	(1,806,696)
		PROTECTION													
	Attorney General	Attorney general	B.200	142,000											142,000
	Judiciary	Judiciary	B.204	2,000,000											2,000,000
	State's Attorneys	State's Attorneys	B.205	25,000											25,000
	Public Safety	State Police	B.209	909,000											909,000
	Military	Veterans' Affairs	B.219	25,411											25,411
	Agriculture, Food and Markets	Administration	B.222	72,500											72,500
	Agriculture, Food and Markets	Laboratories, agricultural resource management and environmental stewardship	B.225	56,877										(38,881)	17,996
		TOTAL PROTECTION		3,230,788	0	0	0	0	0	0	0	0	0	(38,881)	3,191,907
		HUMAN SERVICES													
	Secretary's Office	Secretary's Office	B.300	9,670						(867,629)				598,193	(259,766)
	Secretary's Office	Secretary - Global Commitment	B.301	(801,667)			901,766		6,880,753	14,638,696				(648,135)	20,971,413
	Department of Vermont Health Access	Administration	B.306					1,297,190							1,297,190
	Department of Vermont Health Access	Medicaid program - global commitment	B.307					(53,536,362)							(53,536,362)
	Department of Vermont Health Access	Medicaid program - long term care waiver	B.308	(1,380,610)						2,535,170					1,154,560
	Department of Vermont Health Access	Medicaid program - state only	B.309	(10,577,772)				5,487,638							(5,090,134)
	Department of Vermont Health Access	Medicaid non-waiver matched	B.310	(119,887)						(1,119,387)					(1,239,274)
	Vermont Department of Health	Administration and Support	B.311	7,477				289,540		(169,044)					127,973
	Vermont Department of Health	Public Health	B.312	57,071				2,042,191		(25,000)					2,074,262
	Vermont Department of Health	Alcohol and Drug Abuse Programs	B.313					100,000							100,000
	Department of Mental Health	Mental Health	B.314	1,930,766				18,137,838		(40,022)				354,872	20,383,454
	Department for Children & Families	Admin & Support Services	B.316	132,958				734,227		(171,820)			(30,077)		665,288
	Department for Children & Families	Family Services	B.317	546,407				520,464		561,586			(1,166)		1,627,291
	Department for Children & Families	Child Development	B.318	3,234,564				339,038		(1,123,855)			(6,452)		2,443,295
	Department for Children & Families	Aid to Aged, Blind, and Disabled	B.320	102,039											102,039
	Department for Children & Families	General Assistance	B.321	2,166,133											2,166,133
	Department for Children & Families	3 Squares VT	B.322							1,952,856					1,952,856
	Department for Children & Families	Reach Up	B.323	4,678,864											4,678,864
	Department for Children & Families	Office of Economic Opportunity	B.325	113,615											113,615
	Department for Children & Families	Woodside Rehabilitation Center	B.327	(114,450)				125,955					(6,555)		4,950
	Disabilities, Aging and Independent Living	Administration and Support	B.329	27,134				12,000		7,796					46,930
	Disabilities, Aging and Independent Living	Advocacy and Independent Living Grants	B.330	11,565				960,597							972,162
	Disabilities, Aging and Independent Living	Developmental Services	B.333					3,775,754							3,775,754
	Department of Corrections	Correctional Services	B.338	(23,877)				1,648,104							1,624,227
		TOTAL HUMAN SERVICES		0	0	0	901,766	(18,065,826)	6,880,753	16,179,347	0	0	0	260,680	6,156,720

FISCAL YEAR 2013 BUDGET RECOMMENDED ADJUSTMENT

One-Time	FUNCTION / Department	Appropriation Title	2012 Act 162 Sec #	General Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds	ARRA Funds	Debt Service Obligation Funds	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds	Combined Funds
	LABOR														
	Labor	Labor programs	B.401	75,000											75,000
		TOTAL LABOR		75,000	0	0	0	0	0	0	0	0	0	0	75,000
	EDUCATION														
		TOTAL EDUCATION		0	0	0	0	0	0	0	0	0	0	0	-
	HIGHER EDUCATION														
		TOTAL HIGHER EDUCATION		0	0	0	0	0	0	0	0	0	0	0	-
	NATURAL RESOURCES														
	Department of Fish & Wildlife	Support & Field Services	B.702	428,582											428,582
	Department of Forests, Parks & Recreation	Forestry	B.704	22,000											22,000
	Department of Environmental Conservation	Air & Waste Management	B.710				20,000								20,000
	Department of Environmental Conservation	Office of Water Programs	B.711				40,000								40,000
		TOTAL NATURAL RESOURCES		450,582	0	0	60,000	0	0	0	0	0	0	0	510,582
	COMMERCE & COMMUNITY DEVELOPMENT														
	Agency of Commerce and Community Development	Administration	B.800	32,040											32,040
	Department of Economic, Housing and Community Development	Economic, Housing, and Community Development	B.801	550,000											550,000
	Department of Tourism and Marketing	Tourism and Marketing	B.805	280,000											280,000
		TOTAL COMMERCE & COMMUNITY DEVELOPMENT		862,040	0	0	0	0	0	0	0	0	0	0	862,040
	TRANSPORTATION														
		TOTAL TRANSPORTATION		0	0	0	0	0	0	0	0	0	0	0	-
	DEBT SERVICE														
		TOTAL DEBT SERVICE		-	0	0	0	0	0	0	0	0	0	0	-
	TOTAL APPROPRIATION CHANGES (before "words")			3,377,814	0	(566,100)	961,766	(18,065,826)	6,880,753	16,179,347	0	0	0	221,799	8,989,553
	OTHER AND ONE-TIME (with \$\$ appropriation changes)														
	Pay Act		B.1200	458,889											458,889
X	State employee health insurance - statewide		n/a	(5,835,750)											(5,835,750)
X	Attorney General one-time legal expenses related to Entergy appeal of VT Electric Energy Generation Tax		n/a	190,021											190,021
		TOTAL OTHER AND ONE-TIME		(5,186,840)	0	0	0	0	0	0	0	0	0	0	(5,186,840)
	TOTAL APPROPRIATION CHANGE			(1,809,026)	0	(566,100)	961,766	(18,065,826)	6,880,753	16,179,347	0	0	0	221,799	3,802,713
	NET FY 2013 APPROPRIATION AFTER BAA (as submitted)			1,303,667,620	230,483,182	1,394,947,511	316,635,299	1,165,658,465	273,304,700	1,795,612,651	12,937,704	4,080,051	97,500,458	122,961,672	6,717,789,313
X	One-Time adjustments included in "Total Appropriation Change" above:			(5,645,729)	-	-	-	-	-	-	-	-	-	-	(5,645,729)

(1) Special Funds include: Special, Tobacco, TIB and Fish & Wildlife funds.
 (2) Dedicated funds include: Local Match, TIB Proceeds, Pension & Trust Funds, and Enterprise Funds.
 (3) Other Funds include: Internal Service Funds and Interdepartmental Transfers.

FISCAL YEAR 2013 BUDGET ADJUSTMENT RECOMMENDATIONS

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 2013 Governor's Recommend Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
HUMAN SERVICES													
Human Services Agency:													
AHS - Secretary's Office	5,057,818	-	298,847	-	5,356,665	8,982,906	-	14,339,571	-	14,339,571	1,316,538	7,948,701	23,604,810
AHS - Secretary's Office - Global Commitment	175,314,567	-	325,303,199	-	500,617,766	691,217,940	-	1,191,835,706	-	1,191,835,706	-	40,000	1,191,875,706
Human Services Board	113,997	-	-	-	113,997	149,715	-	263,712	-	263,712	-	85,326	349,038
Department of VT Health Access	122,896,187	-	1,552,963	-	124,449,150	220,627,926	76,790	345,153,866	-	345,153,866	672,530,684	4,077,117	1,021,761,667
Health	11,251,606	-	14,268,894	-	25,520,500	45,386,596	145,000	71,052,096	10,000	71,062,096	42,561,058	1,454,240	115,077,394
Mental Health	3,408,498	-	6,836	-	3,415,334	6,673,274	-	10,088,608	-	10,088,608	183,821,285	374,872	194,284,765
Department for Children and Families	111,631,689	-	32,165,686	-	143,797,375	133,522,371	-	277,319,746	-	277,319,746	73,402,666	829,747	351,552,159
Disabilities, Aging and Independent Living	17,263,553	-	1,590,559	-	18,854,112	24,454,994	-	43,309,106	-	43,309,106	176,745,914	6,243,739	226,298,759
Corrections	131,004,791	-	1,276,702	4,337,051	136,618,544	470,962	-	137,089,506	-	137,089,506	5,781,843	2,232,991	145,104,340
TOTAL HUMAN SERVICES AGENCY	577,942,706	-	376,463,686	4,337,051	958,743,443	1,131,486,684	221,790	2,090,451,917	10,000	2,090,461,917	1,156,159,988	23,286,733	3,269,908,638
Veterans' Home	-	-	10,606,072	-	10,606,072	7,084,986	-	17,691,058	-	17,691,058	1,410,956	-	19,102,014
Commission on Women	311,571	-	5,000	-	316,571	-	-	316,571	-	316,571	-	-	316,571
RSVP	131,096	-	-	-	131,096	-	-	131,096	-	131,096	-	-	131,096
Green Mountain Care Board	467,038	-	392,351	-	859,389	-	-	859,389	-	859,389	1,477,740	138,886	2,476,015
TOTAL HUMAN SERVICES	578,852,411	-	387,467,109	4,337,051	970,656,571	1,138,571,670	221,790	2,109,450,031	10,000	2,109,460,031	1,159,048,684	23,425,619	3,291,934,334
percent of total	44.40%	0.00%	65.68%	0.39%	29.99%	63.41%	1.71%	41.81%	0.01%	40.99%	99.43%	19.05%	51.15%
LABOR													
Labor	2,969,425	-	3,363,869	-	6,333,294	23,751,533	-	30,084,827	-	30,084,827	-	1,458,426	31,543,253
TOTAL LABOR	2,969,425	-	3,363,869	-	6,333,294	23,751,533	-	30,084,827	-	30,084,827	-	1,458,426	31,543,253
percent of total	0.23%	0.00%	0.57%	0.00%	0.20%	1.32%	0.00%	0.60%	0.00%	0.58%	0.00%	1.19%	0.49%
GENERAL EDUCATION													
Department of Education	9,408,537	-	18,044,102	1,380,547,264	1,407,999,903	132,744,116	-	1,540,744,019	-	1,540,744,019	1,059,274	8,000	1,541,811,293
GF Appropriation to Education Fund	282,317,280	-	-	(282,317,280)	-	-	-	-	-	-	-	-	-
Teachers' Retirement	63,613,130	-	-	-	63,613,130	-	-	63,613,130	33,112,629	96,725,759	-	-	96,725,759
TOTAL GENERAL EDUCATION	355,338,947	-	18,044,102	1,098,229,984	1,471,613,033	132,744,116	-	1,604,357,149	33,112,629	1,637,469,778	1,059,274	8,000	1,638,537,052
percent of total	27.26%	0.00%	3.06%	98.71%	45.47%	7.39%	0.00%	31.80%	32.60%	31.81%	0.09%	0.01%	25.46%
HIGHER EDUCATION AND OTHER													
University of Vermont	36,740,478	-	-	-	36,740,478	-	-	36,740,478	-	36,740,478	4,006,156	-	40,746,634
Vermont Public Television	547,683	-	-	-	547,683	-	-	547,683	-	547,683	-	-	547,683
Vermont State Colleges	23,818,343	-	-	-	23,818,343	-	-	23,818,343	-	23,818,343	405,407	-	24,223,750
Vermont Interactive TV	785,679	-	-	-	785,679	-	-	785,679	-	785,679	-	-	785,679
Vermont Student Assistance Corp.	18,363,607	-	-	-	18,363,607	-	-	18,363,607	-	18,363,607	-	-	18,363,607
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000
TOTAL HIGHER EDUCATION AND OTHER	80,339,790	-	-	-	80,339,790	-	-	80,339,790	-	80,339,790	4,411,563	-	84,751,353
percent of total	6.16%	0.00%	0.00%	0.00%	2.48%	0.00%	0.00%	1.59%	0.00%	1.56%	0.38%	0.00%	1.32%
NATURAL RESOURCES													
Agency of Natural Resources:													
ANR - Central Office	5,131,215	-	54,484	-	5,185,699	25,000	-	5,210,699	-	5,210,699	-	547,946	5,758,645
Fish & Wildlife	2,729,711	-	16,897,322	-	19,627,033	-	-	19,627,033	-	19,627,033	-	182,491	19,809,524
Forests, Parks & Recreation	5,172,418	-	10,263,830	-	15,436,248	3,519,454	-	18,955,702	-	18,955,702	-	425,000	19,380,702
Environmental Conservation	7,116,147	-	22,110,916	-	29,227,063	11,465,707	-	40,692,770	-	40,692,770	-	1,455,006	42,147,776
Total Agency of Natural Resources	20,149,491	-	49,326,552	-	69,476,043	15,010,161	-	84,486,204	-	84,486,204	-	2,610,443	87,096,647
Natural Resources Board	751,745	-	1,965,886	-	2,717,631	-	-	2,717,631	-	2,717,631	-	-	2,717,631
TOTAL NATURAL RESOURCES	20,901,236	-	51,292,438	-	72,193,674	15,010,161	-	87,203,835	-	87,203,835	-	2,610,443	89,814,278
percent of total	1.60%	0.00%	8.69%	0.00%	2.23%	0.84%	0.00%	1.73%	0.00%	1.69%	0.00%	2.12%	1.40%

FISCAL YEAR 2013 BUDGET ADJUSTMENT RECOMMENDATIONS

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 2013 Governor's Recommend Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	2,866,535	-	-	-	2,866,535	1,100,000	-	3,966,535	-	3,966,535	-	25,000	3,991,535
Economic, Housing & Community Development	6,596,558	-	4,368,172	-	10,964,730	17,632,885	-	28,597,615	-	28,597,615	-	30,000	28,627,615
Tourism & Marketing	3,275,641	-	-	-	3,275,641	-	-	3,275,641	773,053	4,048,694	-	-	4,048,694
Total Agency of Commerce & Comm Development	12,738,734	-	4,368,172	-	17,106,906	18,732,885	-	35,839,791	773,053	36,612,844	-	55,000	36,667,844
Council on the Arts	507,607	-	-	-	507,607	-	-	507,607	-	507,607	-	-	507,607
Vermont Symphony Orchestra	113,821	-	-	-	113,821	-	-	113,821	-	113,821	-	-	113,821
VT Historical Society	807,694	-	-	-	807,694	-	-	807,694	-	807,694	-	-	807,694
Housing & Conservation Trust	-	-	13,993,588	-	13,993,588	14,413,645	-	28,407,233	-	28,407,233	-	-	28,407,233
VT Humanities Council	172,670	-	-	-	172,670	-	-	172,670	-	172,670	-	-	172,670
TOTAL COMMERCE & COMMUNITY DEV.	14,340,526	-	18,361,760	-	32,702,286	33,146,530	-	65,848,816	773,053	66,621,869	-	55,000	66,676,869
percent of total	1.10%	0.00%	3.11%	0.00%	1.01%	1.85%	0.00%	1.31%	0.76%	1.29%	0.00%	0.04%	1.04%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	130,958,937	20,699,079	-	151,658,016	303,746,804	6,301,953	461,706,773	12,919,356	474,626,129	-	22,970,441	497,596,570
AOT Dept. of Motor Vehicles	-	22,330,649	-	-	22,330,649	3,097,712	-	25,428,361	-	25,428,361	-	-	25,428,361
AOT Town Highway, Bridges & Municipal	-	42,351,546	5,578,303	-	47,929,849	86,537,072	-	134,466,921	-	134,466,921	-	-	134,466,921
Total Agency of Transportation	-	195,641,132	26,277,382	-	221,918,514	393,381,588	6,301,953	621,602,055	12,919,356	634,521,411	-	22,970,441	657,491,852
Transportation Board	-	83,000	-	-	83,000	-	-	83,000	-	83,000	-	-	83,000
TOTAL TRANSPORTATION	-	195,724,132	26,277,382	-	222,001,514	393,381,588	6,301,953	621,685,055	12,919,356	634,604,411	-	22,970,441	657,574,852
percent of total	0.00%	84.92%	4.45%	0.00%	6.86%	21.91%	48.71%	12.32%	12.72%	12.33%	0.00%	18.68%	10.22%
Debt Service	63,667,340	2,482,442	628,150	-	66,777,932	-	1,253,280	68,031,212	4,080,051	72,111,263	-	-	72,111,263
DEBT SERVICE	63,667,340	2,482,442	628,150	-	66,777,932	-	1,253,280	68,031,212	4,080,051	72,111,263	-	-	72,111,263
percent of total	4.88%	1.08%	0.11%	0.00%	2.06%	0.00%	9.69%	1.35%	4.02%	1.40%	0.00%	0.00%	1.12%
Pay Act	14,192,945	3,400,000	-	-	17,592,945	-	-	17,592,945	-	17,592,945	-	-	17,592,945
Other Reductions	(5,835,750)	-	-	-	(5,835,750)	-	-	(5,835,750)	-	(5,835,750)	-	-	(5,835,750)
One-Time Appropriations	4,078,406	-	875,000	650,000	5,603,406	-	-	5,603,406	-	5,603,406	-	-	5,603,406
OTHER	-	-	4,793,000	-	4,793,000	-	-	4,793,000	-	4,793,000	-	-	4,793,000
APPROPRIATION TOTAL	1,303,667,620	230,483,182	589,939,999	1,112,630,231	3,236,721,032	1,795,612,651	12,937,704	5,045,271,387	101,580,509	5,146,851,896	1,165,658,465	122,961,672	6,435,472,033
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%	100.00%
													282,317,280
													6,717,789,313

(a) Special Funds also includes: Fish & Wildlife, Next Generation, Tobacco, Catamount, 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) Internal Service Funds (ISF), Interdepartmental Transfers (IDT) and ARRA Interdepartmental Transfers (ARRA IDT) are duplicate appropriations and do not represent additional funds.

OTHER REQUIRED REPORTS

TAX EXPENDITURE BUDGET REPORT

Tax expenditures are statutory provisions which reduce the amount of revenue that would otherwise be 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, expenditures can have the same fiscal effects as direct government expenditures, even though they appear as taxes.

However, tax expenditures 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 on the budget and therefore more transparent to the public. Tax expenditures, on the other hand, usually represent permanent foregone revenue and are not evident in the State budget or subject to the same annual review process.

The 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 nonprofits 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 economic development, including business, investment, and energy. The Budget is shown on the following two charts sorted first by Tax Category and then, by related department.

The 2013 full tax expenditure report is available at: <http://www.leg.state.vt.us/reports/2013ExternalReports/285253.pdf>.

[Continues next page]

ECONOMIC DEVELOPMENT, BUSINESS, INVESTMENT AND ENERGY TAX EXPENDITURE BUDGET REPORT ⁽¹⁾

Dept.	Tax Expenditure Category	FY 2012 Estimated	FY 2013 Estimated	FY 2014 Governor Proposed
TAX	Vermont Municipal Bond Income	3,938,000	4,100,000	4,300,000
TAX	Capital Gains Exclusion	11,080,000	12,200,000	13,000,000
TAX	Investment Tax Credit	425,000	600,000	500,000
AGFM	Vermont Farm Income Averaging Credit	158,000	100,000	80,000
PSD	Vermont Business Solar Energy Credit	1,400,000	1,200,000	100,000
TAX	Qualified Bond Interest Income Exemption	257,000	350,000	500,000
TAX	Vermont Higher Education Investment Credit	1,451,000	1,550,000	1,700,000
ACCD	Historic Rehabilitation Tax Credit	11,000	10,000	10,000
ACCD	Façade Improvement Tax Credit	-	-	-
ACCD	Code Improvement Tax Credit	38,000	40,000	40,000
ACCD	Research and Development Tax Credit	-	225,000	400,000
ACCD	Wood Products Manufacture Tax Credit	60,000	10,000	25,000
ACCD	EATI Tax Credits (carry forward only)	214,100	318,300	260,000
ACCD	Downtown Tax Credits (carry forward only)	15,000	10,000	45,000
	Individual Income Tax Expenditure - Sub-Total	\$19,047,100	\$20,713,300	\$20,960,000
ACCD	Wood Products Manufacture Tax Credit	-	-	300,000
ACCD	Historic Rehabilitation Tax Credit	-	-	-
ACCD	Façade Improvement Tax Credit	-	-	-
ACCD	Code Improvement Tax Credit	-	-	-
PSD	Business Solar Energy Tax Credit	-	-	-
ACCD	Machinery and Equipment Tax Credit	-	-	N.A.
ACCD	Research and Development Tax Credit	-	2,329,000	2,600,000
ACCD	EATI Tax Credits (carry forward only)	936,100	205,000	350,000
ACCD	Downtown Tax Credits (carry forward only)	4,000	2,000	50,000
ACCD	Vermont Employment Growth Incentive	1,800,000	2,650,000	700,000
	Corporate Income Tax Expenditures - Sub-Total	\$2,740,100	\$5,186,000	\$4,000,000
AGFM	Agricultural inputs	22,300,000	22,700,000	23,100,000
AGFM	Veterinary supplies	1,100,000	1,100,000	1,100,000
ACCD	Manufacturers' material and equipment	311,500,000	317,300,000	323,200,000
ACCD	Newspapers	1,200,000	1,200,000	1,200,000
ACCD	Packaging and shipping materials	1,200,000	1,200,000	1,200,000
AGFM	Agricultural machinery and equipment	2,000,000	2,100,000	2,100,000
AGFM	Energy purchases for farming	3,400,000	3,400,000	3,500,000
ACCD	Sales of films to movie theaters	800,000	800,000	800,000
ACCD	Aircraft and depreciable parts for commercial use	Under 100,000	Under 100,000	Under 100,000
ACCD	Railroad rolling stock and depreciable parts	Under 100,000	Under 100,000	Under 100,000
PSD	Energy used in manufacturing	15,300,000	15,600,000	15,900,000
ACCD	Sales of building materials	Under 100,000	Under 100,000	Under 100,000
ACCD	Limitation of tax on telecommunications services	-	20,000	10,000
ACCD	Reallocation of receipts from tax imposed on sales of construction materials	Under 100,000	Under 100,000	Under 100,000
	Sales & Use Tax Expenditures - Sub-Total	\$358,800,000	\$365,420,000	\$372,110,000
ACCD	Downtown and Village Center Program Tax Credits	1,100,000	1,000,000	950,000
	Bank Franchise Tax Expenditures - Sub-Total	1,100,000	1,000,000	950,000
ACCD	Downtown and Village Center Program Tax Credits	-	-	-
DFR	Annuity Considerations	10,300,000	10,400,000	10,400,000
	Insurance Premiums Tax Expenditures - Sub-Total	\$10,300,000	\$10,400,000	\$10,400,000
TAX	Diesel fuel exemptions	14,000,000	13,700,000	13,400,000
	Motor Vehicle Purchase & Use Expenditures - Sub-Total	\$14,000,000	\$13,700,000	\$13,400,000
ACCD	Local Development Corporations	98,000	99,000	99,000
ACCD	Ski lifts and snowmaking equipment	1,423,000	1,432,000	1,442,000
AGFM	Whey processing fixtures	164,000	165,000	166,000
PSD	Municipalities hosting large power plants	971,000	1,035,000	1,102,000
TAX	Use Value Appraisal Program	40,668,000	40,945,000	41,217,000
ACCD	Tax Increment Financing Districts	2,140,000	2,590,000	3,040,000
	Property Tax Expenditures - Sub-Total	45,464,000	46,266,000	47,066,000
	GRAND TOTAL by Tax Type	\$451,451,200	\$462,685,300	\$468,886,000

(1) In accordance with 32 V.S.A. § 306 the FY 2014 Expenditure Budget "covers tax expenditures related economic development, including business, investment, and energy." The budget does not include tax expenditures included in the biennial report that are not estimated due to lack of data, and tax expenditures made in furtherance of Vermont's human services, including tax expenditures affecting veterans which will be included in the Budget beginning in January 2014. Tax expenditures for non-profits and charitable organization were reported in January 2012 and are reported every three years.

ECONOMIC DEVELOPMENT, BUSINESS, INVESTMENT AND ENERGY TAX EXPENDITURE BUDGET REPORT ⁽¹⁾

Dept.	Tax Expenditure Category	FY 2012 Estimated	FY 2013 Estimated	FY 2014 Governor Proposed
ACCD	Historic Rehabilitation Tax Credit	11,000	10,000	10,000
ACCD	Façade Improvement Tax Credit	-	-	-
ACCD	Code Improvement Tax Credit	38,000	40,000	40,000
ACCD	Research and Development Tax Credit	-	225,000	400,000
ACCD	Wood Products Manufacture Tax Credit	60,000	10,000	25,000
ACCD	EATI Tax Credits (carry forward only)	214,100	318,300	260,000
ACCD	Downtown Tax Credits (carry forward only)	15,000	10,000	45,000
ACCD	Wood Products Manufacture Tax Credit	-	-	300,000
ACCD	Historic Rehabilitation Tax Credit	-	-	-
ACCD	Façade Improvement Tax Credit	-	-	-
ACCD	Code Improvement Tax Credit	-	-	-
ACCD	Machinery and Equipment Tax Credit	-	-	N.A.
ACCD	Research and Development Tax Credit	-	2,329,000	2,600,000
ACCD	EATI Tax Credits (carry forward only)	936,100	205,000	350,000
ACCD	Downtown Tax Credits (carry forward only)	4,000	2,000	50,000
ACCD	Vermont Employment Growth Incentive	1,800,000	2,650,000	700,000
ACCD	Manufacturers' material and equipment	311,500,000	317,300,000	323,200,000
ACCD	Newspapers	1,200,000	1,200,000	1,200,000
ACCD	Packaging and shipping materials	1,200,000	1,200,000	1,200,000
ACCD	Sales of films to movie theaters	800,000	800,000	800,000
ACCD	Aircraft and depreciable parts for commercial use	Under 100,000	Under 100,000	Under 100,000
ACCD	Railroad rolling stock and depreciable parts	Under 100,000	Under 100,000	Under 100,000
ACCD	Sales of building materials	Under 100,000	Under 100,000	Under 100,000
ACCD	Limitation of tax on telecommunications services	-	20,000	10,000
ACCD	Reallocation of receipts from tax imposed on sales of construction materials	Under 100,000	Under 100,000	Under 100,000
ACCD	Downtown and Village Center Program Tax Credits	1,100,000	1,000,000	950,000
ACCD	Downtown and Village Center Program Tax Credits	-	-	-
ACCD	Local Development Corporations	98,000	99,000	99,000
ACCD	Tax Increment Financing Districts	2,140,000	2,590,000	3,040,000
ACCD	Ski lifts and snowmaking equipment	1,423,000	1,432,000	1,442,000
	ACCD Total	322,539,200	331,440,300	336,721,000
AGFM	Vermont Farm Income Averaging Credit	158,000	100,000	80,000
AGFM	Agricultural inputs	22,300,000	22,700,000	23,100,000
AGFM	Veterinary supplies	1,100,000	1,100,000	1,100,000
AGFM	Agricultural machinery and equipment	2,000,000	2,100,000	2,100,000
AGFM	Energy purchases for farming	3,400,000	3,400,000	3,500,000
AGFM	Whey processing fixtures	164,000	165,000	166,000
	AGFM Total	29,122,000	29,565,000	30,046,000
DFR	Annuity Considerations	10,300,000	10,400,000	10,400,000
	DFR Total	10,300,000	10,400,000	10,400,000
PSD	Vermont Business Solar Energy Credit	1,400,000	1,200,000	100,000
PSD	Business Solar Energy Tax Credit	-	-	-
PSD	Energy used in manufacturing	15,300,000	15,600,000	15,900,000
PSD	Municipalities hosting large power plants	971,000	1,035,000	1,102,000
	PSD Total	17,671,000	17,835,000	17,102,000
TAX	Vermont Municipal Bond Income	3,938,000	4,100,000	4,300,000
TAX	Capital Gains Exclusion	11,080,000	12,200,000	13,000,000
TAX	Investment Tax Credit	425,000	600,000	500,000
TAX	Qualified Bond Interest Income Exemption	257,000	350,000	500,000
TAX	Vermont Higher Education Investment Credit	1,451,000	1,550,000	1,700,000
TAX	Diesel fuel exemptions	14,000,000	13,700,000	13,400,000
TAX	Use Value Appraisal Program	40,668,000	40,945,000	41,217,000
	TAX Total	71,819,000	73,445,000	74,617,000
	Grand Total by Related Department	451,451,200	462,685,300	468,886,000

(1) In accordance with 32 V.S.A. § 306 the FY 2014 Expenditure Budget "covers tax expenditures related economic development, including business, investment, and energy." The budget does not include tax expenditures included in the biennial report that are not estimated due to lack of data, and tax expenditures made in furtherance of Vermont's human services, including tax expenditures affecting veterans which will be included in the Budget beginning in January 2014. Tax expenditures for non-profits and charitable organization were reported in January 2012 and are reported every three years.

RETIREMENT SYSTEMS FINANCIAL INTEGRITY REPORT

As specified in 32 V.S.A. §311, the following is a report on the financial integrity of the State Employee and State Teachers' Retirement Systems.

Contribution Levels:

VSERS

As a result of the June 30, 2012 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a contribution during FY 2014 of \$40,217,666 to the pension plan (VSERS pension) and \$71,247,660 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan, based on current funding policy.

The actuary's recommended contribution to the VSERS pension incorporates the recommended normal contribution of \$15,953,832 (3.96% of estimated payroll) plus \$24,263,834 for the annual contribution towards the unfunded actuarial accrued liability (UAAL). To calculate the State's contribution, the actuarial recommendation has been reduced by \$756,664 for the Treasurer's estimate of FY 2014 contributions by town participants in VSERS, making the State's net contribution for the actuarial recommendation \$39,461,002. The State also contributes an amount to prepay the Treasurer's estimate of non-healthcare administrative expenses which for FY 2014 is \$7,659,163. This amount has been reduced for estimated FY 2014 investment manager fees of \$5,319,820, which is commonly not prepaid in other retirement plans. This adjustment results in a State contribution of \$2,339,343 in FY 2014 to cover anticipated non-healthcare administrative expenses. Added to the net contribution for the actuarial recommendation, the State's planned total contribution to the VSERS pension for FY 2014 will be \$41,800,345.

The actuary's recommended contribution to the VSERS OPEB of \$71,247,660 incorporates a recommended normal contribution of \$39,942,245 plus amortization of the unfunded actuarial liability of \$31,305,415.

The State's planned contribution to the VSERS OPEB during FY 2014 is \$29,300,000 which is the Treasurer's estimate of VSERS retiree health care costs. It is anticipated that VSERS coverage of retiree prescriptions will produce Medicare Part D reimbursements to the system of approximately \$1.4 million, which will be deposited into the VSERS OPEB plan during FY 2014.

VSTRS

As a result of the June 30, 2012 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) recommended a contribution during FY 2014 of \$68,352,825 to the pension plan (VSTRS pension) and \$47,432,511 to the Vermont State Teachers' Other Post-Employment Benefits (VSTRS OPEB) plan, estimated on a non-prefunding basis. The actuary's recommended contribution to the VSTRS pension incorporates the recommended normal contribution of \$11,259,501 plus \$57,093,324 for

the annual contribution towards the UAAL. The actuary's recommended contribution to the VSTRS OPEB incorporates the recommended normal contribution of \$22,617,154 plus amortization of the unfunded actuarial liability of \$24,815,357.

The State plans to contribute \$73,102,825 to the VSTRS pension for FY 2014. This amount represents 100% of the actuarially recommended contribution plus \$4,750,000. The \$73,102,825 contribution will be comprised of \$71,783,200 in general funds and an estimated \$1,319,625 of Medicare Part D reimbursement funds. The VSTRS OPEB has no pre-funding and no assets. Payments for retired teachers' health care costs, estimated to be \$26,500,000 in FY 2014, will continue to be paid by the VSTRS pension.

Funding Levels:

Based on Governmental Accounting Standards Board Reporting Requirement Number 25 (GASB 25), the funded ratios for the State Employees' and State Teachers' Retirement funds for the period ending June 30, 2012 are 77.7% and 61.6% respectively. The funded ratios for the State Employees' and Teachers' OPEB Funds for the period ending June 30, 2012 are 1.3% and 0.0% respectively. The Administration, Treasurer's Office, Legislature and other affected parties will need to work together to develop a multi-year plan to address funding pension plan and OPEB liabilities.

Acknowledgements and Credits

This Executive Summary and the Governor's Recommended Budget was prepared by the dedicated staff in the Budget & Management Division of the Department of Finance and Management and with the assistance of agency and department heads, business managers and finance staff across the State. Questions may be addressed to: The Department of Finance & Management, Budget & Management Division at (802) 828-2376.

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Our Path to Prosperity
Fiscal Year 2014 Executive Budget Recommendations

is a publication of the
Vermont Department of Finance and Management,
James Reardon, 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 2014 Budget Recommendations of Governor Peter Shumlin.

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