

A Plan for Prosperity

**Fiscal Year 2004
Executive Budget Recommendations**

**James H. Douglas
Governor of Vermont
January 23, 2003**



Dear Fellow Vermonters:

The past two years of economic sluggishness have taken a significant toll on Vermont's finances. Recession and a slow recovery continue to depress revenues although the pace of growth in some government programs has not abated. Collectively, the states face the worst budget crisis since World War II. Although many states are in even worse condition, Vermont, too, must make difficult choices.

In this budget document, I have chosen to confront these difficult choices honestly and forthrightly so that we may begin to lay the foundation for a prosperous tomorrow.

The budget I am presenting to the General Assembly is responsible, forward thinking and compassionate. It addresses today's fiscal difficulties even as it meets our obligations to the most vulnerable among us. In order to achieve discipline, this budget requires shared sacrifice. Across state government I have asked managers to find savings in their agencies and departments. Many good and important programs will also be affected. These are the difficult decisions that the times demand.

This budget also recognizes that even in tough times – especially in tough times – we must fund priorities that will pay future dividends. My budget makes new investments that will help our economy recover by creating more and better jobs for Vermont's working families; devotes significant resources to combating our growing drug abuse problem; offers relief to every property taxpayer; and eliminates the statewide property tax entirely on farms and forestland in the current use program.

I ask that the General Assembly join me in pursuing the course I have laid out so that together we can lead our state into a future of prosperity.

Sincerely,

James H. Douglas
Governor

FISCAL YEAR 2003 BUDGET ADJUSTMENT

Revenue Projections

The State of Vermont experienced significant reductions in revenue estimates in the General Fund from the January 2002 consensus forecast of \$883.0 million (upon which the fiscal year 2003 budget was based), to the July 2002 consensus estimate of \$852 million at the start of the 2003 fiscal year. The Education Fund was essentially flat, and the Transportation Fund experienced a slight increase during the same time period. The January 2003 consensus forecast of \$854 million for fiscal year 2003 breaks a pattern of four consecutive reductions in estimated General Fund revenues. The January 2003 consensus forecast for the Transportation Fund rises by \$600,000 from the July forecast and the Education Fund drops by \$2 million. The following chart shows how the expectations for FY 2003 have been revised over the past 12 months.

Fiscal Year 2003 Revenue Forecasts \$ Millions

	January 2002	July 2002	January 2003
General Fund	883.0	852.0	854.4
Transportation Fund	193.5	206.4	207.0
Education Fund	87.8	87.6	85.6

Appropriation Adjustments

The fiscal year 2003 General Fund, Transportation Fund and Special Funds were adjusted downward by \$25.9 million in August.

The 2003 budget adjustment that Governor James Douglas is submitting to the Legislature reflects upward budget pressures totaling \$10.0 million. These upward pressures are offset by \$4.7 million in reductions, as well as a \$2.4 million increase in the revised revenue forecast, and a slight increase in the amount expected from direct applications revenue. Therefore, Governor Douglas recommends a minimal \$5.1 million (0.4%) increase to the current fiscal year budget for General, Transportation and Special Funds.

**Fiscal Year 2003 Appropriations
\$ Millions**

	Original Appropriation	August 2002 Rescission	January 2003 Recommended Adjustment	Revised Budget
General Fund	898.21	(18.63)	5.41	884.99
Transportation Fund	208.96	(3.79)	0.03	205.20
Special Fund	354.56	(3.43)	(0.35)	350.78
Education Fund	842.17	0	0.20	842.37
Total	2,303.90	(25.85)	5.29	2,283.34

The Governor will submit to the Legislature a FY 2003 Adjustment Bill to reflect these proposed changes.

FISCAL YEAR 2004: A PLAN FOR PROSPERITY

The latest revenue forecast approved by the Vermont Emergency Board (January 14, 2003) lowered projected FY 2004 revenues from the previous forecast made six months earlier. The latest forecast lowers projected General Fund revenues in fiscal year 2004 by \$5 million. The Transportation Fund revenue projection was reduced \$800,000 for fiscal year 2004. Forecasts for certain tax revenues used in the Education Fund were lowered by \$2.1 million for fiscal year 2004, on top of a \$2.0 million reduction for fiscal year 2003. These projections, however, are far from certain. The consensus forecast warns that there is significant downside risk to these forecasts.

The Governor's FY 2004 budget offers a responsible approach to the fiscal challenges currently facing our State. Through selective program reductions and limited incremental investments, the Governor presents a thoughtful blueprint to live within our means and position the Vermont economy for future prosperity. As such, the General Fund is proposed to grow by only 1.0%. The Transportation Fund growth is proposed at only 1.1%. Education Fund growth is proposed at 1.1%. The Special Funds, driven by the spiraling cost of Medicaid, are proposed to grow at 4.6%, even with the recommended Medicaid reforms.

Adhering to these spending growth guidelines will allow state government to balance the 2004 Vermont budget without exacerbating the State debt level or the tax burden. This budget begins the process of slowly building back the greatly depleted General Fund Stabilization Reserve, leaves the Transportation Fund reserve full, and increases the Education Fund reserve to its statutory minimum of 3.5%. If fiscal fortunes brighten, the Governor's priority is to continue to place moneys into the General Fund Budget Stabilization Reserve.

Highlights of Governor Douglas's Fiscal Year 2004 Proposals: A Plan for Prosperity

Economic Development

Governor Douglas is recommending a \$105 million economic development, jobs, and agricultural loan package in the fiscal year 2004 budget. This package will include several innovative initiatives to:

- Expand the *Vermont Jobs Fund* under the auspices of VEDA, to finance up to \$60 million of low interest loans to Vermont companies;
- Provide up to \$15 million of low cost financing to our agricultural community through VEDA's Vermont Agricultural Credit Corporation; and
- Establish a new *Vermont Opportunity Fund* to provide bridge financing or a venture fund financing of up to \$25 million over the next few years.

The Governor will fund this program by restructuring VEDA's debt to the State of Vermont, using \$7.5 million from this debt restructuring, coupled with a state moral obligation pledge on this expanded loan package, to leverage new moneys to loan. This plan requires no increases in appropriations and no increase in the State's tax-supported debt, as well as no expansion of the full faith and credit pledge by the State of Vermont. This loan package should provide Vermont companies, entrepreneurs, and farmers with better access to capital at lower costs.

The Governor is also providing additional funding of \$1,165,000 to the Agency of Commerce and Community Development to invest in the following specific programs: a targeted business recruitment effort, a new fund for tourism marketing initiatives, implementation of a new *Skilled Work Force through Training* (SWiFT) program, increased grants to the Department of Economic Development's Vermont Training Program, and, finally, expansion of Canadian trade by increasing grant funding.

At the Department of Employment and Training, the Governor proposes increased funding of the other components of the SWiFT program. This includes an allocation of \$510,000 in additional moneys to the Workforce Education & Training Fund to increase its grant program, and additional appropriations to the Apprenticeship Program to round out the other components of the SWiFT program.

Agriculture

The Governor proposes that all agricultural and forestland and buildings that are in the current use program, be exempted from the statewide property tax. The elimination of this statewide property tax will be funded by surpluses in the Education Fund. The cost to the Education Fund will be \$3.34 million. In addition to this property tax exemption, the Governor recommends an increased appropriation of \$50,000 from the General Fund to the Department of Agriculture for new marketing initiatives.

Property Taxes

The Governor also recognizes that it is not only farmers who suffer from high property taxes in the State of Vermont. The Governor recommends a 3-cent decrease in the statewide property tax from \$1.10 to \$1.07. This reduction in the statewide property tax is funded by \$13.3 million of surplus moneys in the Education Fund.

DETER

A growing threat to our way of life in the State of Vermont comes from the scourge of drugs, particularly heroin. This impacts all of our citizens – predominantly our youth. The Governor proposes a \$3.08 million Drug Education, Treatment, Enforcement and Rehabilitation Program. The DETER program will be funded by approximately \$1 million in General Fund moneys, combined with approximately \$2 million in Federal Funds. The DETER Program will spend \$352,800 to embark on a four-year effort to assure that every middle school and high school has a drug counselor. The Governor proposes to spend \$1.3 million on after-school programs and job opportunities to promote positive youth development; \$576,610 on increasing clinical treatment capacity; and \$780,504 on an opiate treatment center. Lastly, the Governor proposes \$79,000 for an offender re-entry program.

Higher Education

The University of Vermont, the Vermont State College System, and the Vermont Student Assistance Corporation will all receive a 2% increase in the Governor's fiscal year 2004 budget.

Public Safety

In the 2003 Budget adjustment, the Governor funded 6 additional troopers, with 2 more authorized through the DUI fund. In the 2004 budget, the Governor will fund 10 additional troopers, their equipment and additional vehicles.

Human Services

Medicaid and other health care payers have witnessed a significant increase in medical inflation over the past several years. Last year, the Legislature consolidated state revenues that support the Medicaid program into a single fund called the Health Access Trust Fund. The Governor's budget ensures the sustainability of the Health Access Trust Fund. This is a challenge, because revenues that are deposited into the Fund are not growing at rates that will support expenditures. As can be seen in the following table, the Trust Fund will become insolvent in fiscal year 2005, and left unresolved, these deficits will balloon to more than \$148 million in fiscal year 2008.

Projected Medicaid Growth (State Funds)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues *	183,688,781	193,742,220	190,131,820	175,725,182	149,311,181	109,840,138
Expenditures	(172,515,183)	(189,556,241)	(204,720,740)	(221,098,400)	(238,786,271)	(257,889,173)
Year End Balance	11,173,598	4,185,979	(14,588,920)	(45,373,218)	(89,475,091)	(148,049,035)

* Revenues include previous year end balance

To moderate the growth in expenditures, the Governor's budget includes several initiatives that will save \$7.4 million in state funds during fiscal year 2004, thereby averting a deficit in fiscal year 2005. It will also set the stage to tackle other cost factors in fiscal year 2005 to avert future year deficits. The Governor's objective is to ensure that the safety net for the most vulnerable is protected. Therefore, a new, simplified deductible system is being proposed.

Vermont has expanded its Medicaid benefit package to include those who do not qualify for traditional Medicaid. The reform package concentrates on the expanded programs by replacing existing cost sharing on medical and pharmacy services in these programs with a deductible program tiered to income. The proposal also asks the federal government for waivers in two programs. Included in the reform package is a pilot medical savings account (MSA) program, which will require a federal waiver. The target group for the pilot will be children with family income between 225% and 300% of the federal poverty level who are uninsured or underinsured. This pilot program will be based on voluntary enrollment, with the same benefit coverage as children who are not enrolled in the MSA. There are many MSA configurations, but in general, a person makes deposits into the MSA, uses the account to pay for medical expenses, and may carry unspent funds into a subsequent year. Under the current program, families pay premiums for coverage. Provisions will be incorporated into the pilot program to ensure that preventative care services will not be discouraged. Families will fund the MSA with their current program fee payments, which are \$600 per year per family for uninsured children, and \$288 per year per family for underinsured children. Preliminary estimates are that up to 1,000 families may volunteer to enroll in this type of program.

Vermont has an extensive provider service network supporting its human services programs. This network is essential to providing services to Vermonters in need. The Governor is proposing a \$1.2 million increase to community mental health care providers, specifically targeted for compensation.

The Governor is also recommending a comprehensive reorganization of the Agency of Human Services in this budget proposal.

Corrections

The Governor's budget has appropriated money to open the Springfield prison on time, and to staff it with approximately 135 corrections personnel.

Information Technology

The Governor's budget proposes a major reorganization of how technology in Vermont state government is managed. The Governor proposes a new Department of Information and Innovation, headed by a Commissioner under the Agency of Administration. The goal of this new department, which will include the CIT division currently under the Department of Buildings and General Services, is to provide strategic direction, oversight and accountability for all activities related to information technology in state government.

Transportation

The Governor is recommending that the State of Vermont bond for \$3 million and use the proceeds to assist in the timely construction of vital transportation projects around the state. These include: the Circumferential Highway, parts A&B, the Bennington Bypass, and the Mississquoi Bay Bridge. Town highway programs have been increased by approximately \$400,000 from the prior fiscal year, and paving projects on the state highway system have also been increased from a funding level of \$21.1 million in fiscal year 2003 to \$32.8 million in fiscal year 2004. The Governor's budget calls for the elimination of the Champlain Flyer commuter rail project.

Fiscal Year 2003 Budget Adjustment Act
Governor's Recommendations
(\$ In Millions)

	General Fund	Transportation Fund	Special * Funds	Education Fund	Combined Funds
FY 2003 base appropriations, post rescissions	\$879.58	\$205.17	\$351.13	\$842.17	\$2,278.05
Recommended appropriation adjustments:					
- Pay Act - surplus	(0.17)	(0.54)			(0.71)
- BGS - increased cost for information centers		0.58			0.58
- Public Safety - reduces vacancy savings to allow 6 troopers in the February class	0.13				0.13
- Sheriffs - higher number of prisoner transport hours	0.13				0.13
- PATH AABD - increase in caseload and average cost per case	0.40				0.40
- PATH Medicaid - eliminate Dental Bonus Program	(0.14)				(0.14)
- PATH Medicaid - reduction offset by increased federal funds	(1.12)				(1.12)
- PATH Medicaid - reduction offset by increased federal funds			(1.12)		(1.12)
- PATH Reach Up - reduction offset by increase in TANF funds	(0.40)				(0.40)
- SRS - increase in substitute care caseload and average cost per child	1.69				1.69
- SRS - increase in subsidized adoption caseload and average cost per child	0.49				0.49
- SRS - reduction in federal IV-E(foster care) receipts	0.90				0.90
- SRS - reduction in specialized foster care cost and individualized service budgets	(0.47)				(0.47)
- SRS - reduction in funds transferred to DDMHS for wrap around services	(0.20)				(0.20)
- SRS - eliminate a contract for recruitment of families for subsidized adoptions	(0.03)				(0.03)
- DDMHS - DS caseload increases and an increase in flexible family funding			0.59		0.59
- DDMHS VSH - increased staffing and market factor adjustments for nurses	0.18		0.20		0.38
- Corrections - increase in OOS beds to 600	2.23				2.23
- Aging and Disabilities - increased federal VR Section 110 and SSA payments	(0.33)				(0.33)
- Education Grants - adjustments in equalized pupil count				0.20	0.20
- VSAC - higher demand for student grants	0.48				0.48
- VSAC - unspent balance in IDA one-time appropriation	(0.13)				(0.13)
- ANR corrections to approved rescission plan	(0.08)		(0.03)		(0.10)
- Debt Service - issuance cost and interest owed on short term borrowing	1.52				1.52
- Debt Service - IRS interest repayment on unspent bond:	0.31				0.31
Total adjustments	5.41	0.03	(0.35)	0.20	5.29
Total adjusted recommended FY 2003 appropriation	884.99	205.20	350.78	842.37	2,283.34

* Special funds include Tobacco Settlement Funds

Note: Totals may not add due to rounding

Combined General, Transportation and Special Funds Summary

Fiscal Years 2001 - 2005

(\$ in Millions)

	Actual FY 2001	Governor Recommends FY 2002	Governor Recommends FY 2003	Governor Recommends FY 2004	Forecast FY 2005
Sources					
Current law revenues	1,308.71	1,284.02	1,393.61	1,459.42	1,524.48
Changes to current law revenues	-	-	-	0.97	0.78
Direct applications & reversions	10.02	21.53	12.26	8.19	7.27
Additional Property Transfer Tax	-	-	2.50	4.27	-
Campaign Finance Funds to G/F	-	-	0.30	-	-
Federal reimbursements	8.22	8.41	8.30	3.30	-
Tax refund reserve	33.39	4.05	-	-	-
Tax refunds paid out	(29.34)	-	-	-	-
Current year sources	1,331.00	1,318.01	1,416.97	1,476.15	1,532.53
For approp from prior year surplus reserve	11.59	-	-	-	-
For approp from General Fund transfer	5.51	13.85	-	-	-
For approp from Rutland MMTC reserve	-	1.17	-	-	-
Prior year unallocated operating surplus	44.99	45.51	46.04	10.59	0.00
Total sources	1,393.09	1,378.54	1,463.01	1,486.74	1,532.53
Uses					
Base appropriations	1,256.65	1,331.88	1,469.82	1,480.21	1,512.72
Other bills	-	-	-	2.00	2.00
FY 2003 rescission	-	-	(22.42)	-	-
FY 2003 budget adjustment	-	-	5.09	-	-
One-time appropriations	7.73	9.22	0.24	-	-
One-time approps from prior year surplus reserve	11.59	-	5.65	-	-
Contingent one-time approps from same yr surplus	17.18	-	-	-	-
School construction approp from prior yr surplus reserve	8.00	-	-	-	-
Same year reversion: Human Services Caseload Reserve	(0.50)	-	-	-	-
Total uses	1,300.65	1,341.10	1,458.38	1,482.21	1,514.72
Operating surplus (deficit)	92.44	37.44	4.63	4.53	17.81
Transfers of surplus (to) / from other funds					
Transportation Fund / General Fund	(4.87)	(13.85)	0.00	0.00	-
Other funds	(17.26)	(8.65)	6.04	(3.28)	(3.30)
Total transfers (to) / from other funds	(22.13)	(22.50)	6.04	(3.28)	(3.30)
Transfers of surplus to Reserves					
Budget Stabilization Reserve	(1.74)	31.10	(4.40)	(1.25)	(14.51)
Human Services Caseload Reserve	(1.50)	-	-	-	-
Reserved for transfer to Debt Service	(12.00)	-	-	-	-
Rutland MMTC Reserve	(1.17)	-	-	-	-
Reserved in GF Surplus Reserve	(4.34)	-	4.34	-	-
Total transferred to Reserves	(20.75)	31.10	(0.06)	(1.25)	(14.51)
Total transfer of surplus	(42.88)	8.60	5.98	(4.53)	(17.81)
Unallocated operating surplus	49.56	46.04	10.59	0.00	0.00
Reserves (cumulative)					
Budget Stabilization Reserve	51.90	20.80	25.20	26.45	40.30
Human Services Caseload Reserve	18.05	18.05	18.05	18.05	18.05
Reserved for transfer to Debt Service	12.00	-	-	-	-
Rutland MMTC Reserve	1.17	-	-	-	-
Reserved in GF Surplus Reserve	4.34	4.34	-	-	-
Reserved for school construction	15.21	-	-	-	-
Total reserve balances	102.67	43.19	43.25	44.50	58.35

* Results may not add due to rounding

General Fund Summary
Fiscal Years 2001 - 2005
(\$ in Millions)

	Actual FY 2001	Actual FY 2002	Governor Recommends FY 2003	Governor Recommends FY 2004	Forecast FY 2005
Sources					
Current law revenues	895.85	835.16	854.44	881.50	920.49
Changes to current law revenues	-	-	-	0.67	0.48
Direct applications & reversions	9.90	20.27	12.11	8.04	7.12
Additional Property Transfer Tax	-	-	2.50	4.27	-
Campaign Finance Funds to G/F	-	-	0.30	-	-
Tax refund reserve	33.39	4.05	-	-	-
Tax refunds paid out	(29.34)	-	-	-	-
Current year sources	909.80	859.48	869.35	894.48	928.09
For approp from prior year surplus reserve	11.59	-	-	-	-
Prior year unallocated operating surplus	0.00	0.00	0.00	0.00	0.00
Total sources	921.39	859.48	869.35	894.48	928.09
Uses					
Base appropriations	836.69	862.92	898.21	891.82	911.70
Other bills	-	-	-	2.00	2.00
One-time appropriations	7.73	9.22	-	-	-
FY 2003 rescission	-	-	(18.63)	-	-
FY 2003 budget adjustment	-	-	5.41	-	-
One-time approps from prior year surplus reserve	11.59	-	-	-	-
Contingent one-time approps from same yr surplus	17.18	-	-	-	-
School construction approp from prior yr surplus reserve	8.00	-	-	-	-
Same year reversion: Human Services caseload reserve	(0.50)	-	-	-	-
Total uses	880.69	872.14	884.99	893.82	913.70
Operating surplus (deficit)	40.70	(12.66)	(15.64)	0.66	14.39
Transfers of surplus (to) / from other funds					
Transportation Fund	(5.51)	(13.85)	6.46	-	-
Tobacco Settlement	-	-	9.20	-	-
Transportation Fund Stabilization Reserve	(0.64)	-	-	-	-
Housing & Conservation Trust Fund	(1.00)	-	-	-	-
Medicaid Reimbursement Administrative Fund	-	-	-	-	-
VHAP Trust Fund	(10.00)	-	-	-	-
Education Fund	-	(5.60)	-	-	-
Total transfers (to) / from other funds	(17.15)	(19.45)	15.66	0.00	0.00
Transfers of surplus to Reserves					
Budget Stabilization Reserve	(1.66)	32.11	(4.34)	(0.66)	(14.39)
Human Services Caseload Reserve	(1.50)	-	-	-	-
Reserved for transfer to Debt Service	(12.00)	-	-	-	-
Reserved in GF Surplus Reserve	(4.34)	-	4.34	-	-
Total transferred to Reserves	(19.50)	32.11	0.00	(0.66)	(14.39)
Total transfer of surplus	(36.65)	12.66	15.66	(0.66)	(14.39)
Unallocated operating surplus	4.05	0.00	0.00	0.00	0.00
GF Reserves (cumulative)					
Budget Stabilization Reserve	43.02	10.91	15.25	15.91	29.64
Human Services Caseload Reserve	18.05	18.05	18.05	18.05	18.05
Reserved for transfer to Debt Service	12.00	-	-	-	-
Reserved in GF Surplus Reserve	4.34	4.34	-	-	-
Reserved for school construction	15.21	-	-	-	-
Total GF reserve balances	92.62	33.30	33.30	33.96	47.69

* Results may not add due to rounding

Transportation Fund Summary
Fiscal Years 2001 - 2005
(\$ in Millions)

	Actual FY 2001	Actual FY 2002	Governor Recommends FY 2003	Governor Recommends FY 2004	Forecast FY 2005
Sources					
Current law revenues	185.95	197.94	207.02	212.80	217.24
Changes to current law revenues	-	-	-	0.30	0.30
Direct applications & reversions	0.12	1.26	0.15	0.15	0.15
Federal reimbursements	8.22	8.41	8.30	3.30	-
Current year sources	194.29	207.61	215.47	216.55	217.69
For approp from General Fund transfer	5.51	13.85	-	-	-
For approp from Rutland MMTC Reserve	-	1.17	-	-	-
Prior year unallocated operating surplus	9.75	0.00	5.65	0.59	0.00
Total sources	209.55	222.63	221.12	217.14	217.69
Uses					
Base appropriations	203.32	212.92	208.72	213.27	214.27
FY 2003 rescission	-	-	(3.79)	-	-
FY 2003 budget adjustment	-	-	0.03	-	-
One-time appropriations	-	-	0.24	-	-
One-time approps from prior year surplus	-	-	5.65	-	-
Total uses	203.32	212.92	210.85	213.27	214.27
Operating surplus (deficit)	6.23	9.71	10.27	3.87	3.42
Transfers of surplus (to) / from other funds					
General Fund	0.64	-	(6.46)	-	-
Downtown Fund	(0.80)	(0.70)	(0.80)	(0.80)	(0.80)
Central Garage Fund	(4.45)	(1.98)	(1.99)	(2.11)	(2.13)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Total transfers (to) / from other funds	(4.98)	(3.05)	(9.62)	(3.28)	(3.30)
Transfers of surplus to Reserves					
Budget Stabilization Reserve	(0.08)	(1.01)	(0.06)	(0.59)	(0.12)
Rutland MMTC Reserve	(1.17)	-	-	-	-
Total transferred to Reserves	(1.25)	(1.01)	(0.06)	(0.59)	(0.12)
Total transfer of surplus	(6.23)	(4.06)	(9.68)	(3.87)	(3.42)
Unallocated operating surplus	0.00	5.65	0.59	0.00	0.00
TF Reserves (cumulative)					
Budget Stabilization Reserve	8.88	9.89	9.95	10.54	10.66
Rutland MMTC Reserve	1.17	-	-	-	-
Total TF reserve balances	10.05	9.89	9.95	10.54	10.66

* Results may not add due to rounding

Special Funds Summary Fiscal Years 2001 - 2005

(\$ in Millions)

	Actual FY 2001	Actual FY 2002	Governor Recommends FY 2003	Governor Recommends FY 2004	Forecast FY 2005
Sources					
Current law revenues	226.91	250.92	332.15	365.12	386.75
Current year sources	<u>226.91</u>	<u>250.92</u>	<u>332.15</u>	<u>365.12</u>	<u>386.75</u>
Prior year unallocated operating surplus	35.24	45.51	40.39	10.00	0.00
Total sources	<u>262.15</u>	<u>296.43</u>	<u>372.54</u>	<u>375.12</u>	<u>386.75</u>
Uses					
Appropriations/Expenditures	216.64	256.04	362.89	375.12	386.75
FY 2003 Budget Adjustment			(0.35)	-	-
Total uses	<u>216.64</u>	<u>256.04</u>	<u>362.54</u>	<u>375.12</u>	<u>386.75</u>
Operating surplus (deficit)	45.51	40.39	10.00	0.00	0.00

* Results may not add due to rounding

Education Fund Summary
Fiscal Years 2001 - 2005
(\$ in Millions)

	Actual FY 2001	Actual FY 2002	Governor Recommends FY 2003	Governor Recommends FY 2004	Forecast FY 2005
Sources					
Current law revenues	72.94	69.80	70.20	73.25	75.32
Lottery Revenue	17.44	16.59	16.30	18.90	19.50
Statewide Property Tax	406.73	424.15	453.18	472.55	492.42
Local Share Property Tax Receipts	171.09	197.39	231.88	273.53	325.23
General Fund Appropriations	238.03	246.36	245.71	239.50	247.88
Medicaid Reimbursement	8.18	8.26	8.52	7.36	7.45
Direct Applications/Reversions	11.79	9.55	3.03	0.00	0.00
Interest on Fund Balance	0.22	0.17	0.20	0.20	0.20
Current year sources	<u>926.42</u>	<u>972.27</u>	<u>1,029.02</u>	<u>1,085.29</u>	<u>1,168.00</u>
Prior year unallocated operating surplus	10.69	0.02	0.00	0.00	0.00
Total sources	937.11	972.29	1029.02	1085.29	1168.00
Uses					
Base Appropriations	786.59	809.71	829.09	837.09	866.00
Local Share Payments	148.31	174.94	203.67	242.52	286.75
School Construction Assistance	0.00	0.00	0.00	0.00	0.00
Total uses	<u>934.90</u>	<u>984.65</u>	<u>1,032.76</u>	<u>1,079.61</u>	<u>1,152.75</u>
Operating surplus (deficit)	2.21	(12.36)	(3.74)	5.68	15.25
Transfer of surplus (to)/from other funds					
General Fund	0.00	5.60	0.00	0.00	0.00
Total transfers (to)/from other funds	<u>0.00</u>	<u>5.60</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Transfer of surplus to Reserves					
Education Fund Reserve	(2.19)	6.75	3.74	(5.68)	(8.00)
Total reserved in the Education Fund (designated)	<u>(2.19)</u>	<u>6.75</u>	<u>3.74</u>	<u>(5.68)</u>	<u>(8.00)</u>
Total transfer of surplus	(2.19)	12.36	3.74	(5.68)	(8.00)
Unallocated operating surplus	0.02	0.00	0.00	0.00	7.25
Education Fund Reserve	21.00	14.25	10.51	16.19	24.19
Total EF reserve balance	<u>21.00</u>	<u>14.25</u>	<u>10.51</u>	<u>16.19</u>	<u>24.19</u>

* Results may not add due to rounding

REVENUES OVERVIEW

After growing steadily for several years, overall State of Vermont General Fund revenues dropped over 7% in fiscal year (FY) 2002. The latest consensus revenue forecast projects only a 2.3% increase in current fiscal year (FY2003) and a 3.2% growth rate for next year (FY 2004). By comparison, the General Fund revenue growth rate was a robust 6.6% as recently as FY2000. The lower revenue environment, which we must now operate within, also has significant downside risk due to uncertainty in the global geopolitical situation and because the U.S. economic recovery has yet to consolidate into a typical, self-reinforcing expansion.

The current revenue challenge faced by our state is a direct reflection of the still fragile and sluggish national recovery. Vermont Personal Income Tax receipts, down more than 11% in FY2002, are expected to be essentially flat in FY2003. Even if current growth projections of 4.4% materialize in FY2004, Vermont Personal Income taxes (at \$426 Million) will contribute nearly \$30 Million less to the General Fund next year than they did in FY2001. This substantial decline stems from weak employment conditions throughout the State—especially in manufacturing—as well as lower stock market returns and the resulting reduced levels of capital gains income such equity price declines engender.

Corporate Income Taxes, hammered in FY2002 (-36.7%), are expected to be down again in FY2003 due to continued anemic business profits and exceptionally high levels of refunding activity. Even with a healthy recovery projected in the next fiscal year, FY2004 Corporate Income tax receipts (\$28.2 Million) will still be more than 30% below their FY2001 level.

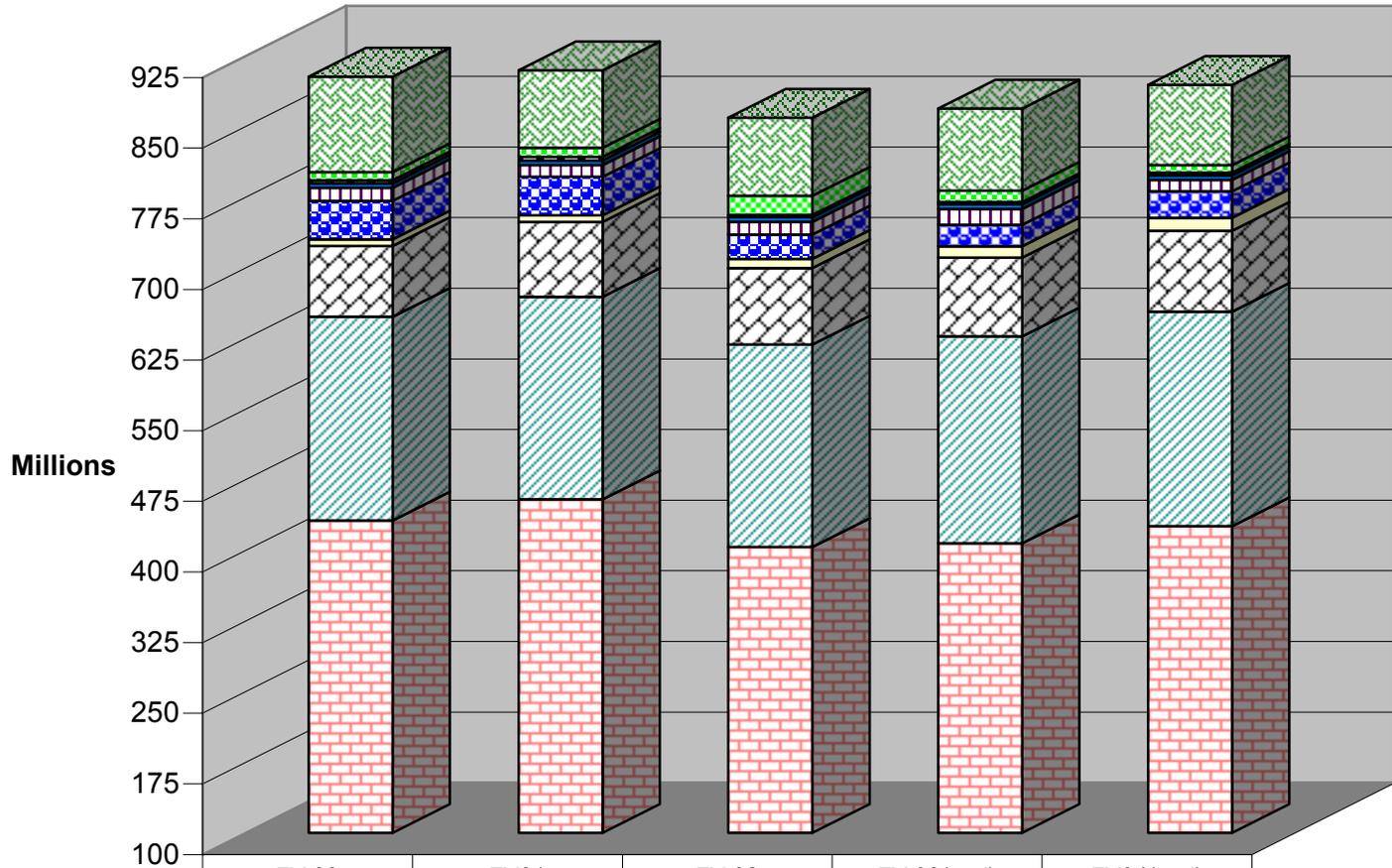
Sales and Use Tax, the second largest General Fund contributor, has exhibited a less volatile path. During the economic expansion of the 1990s, this revenue source grew steadily, albeit slower than Personal Income Tax receipts. During FY 2002, Sales and Use receipts registered essentially a flat performance, bucking the sharp drop in Personal and Corporate Income Tax collections with a small 0.1% decline. The current consensus revenue forecast projection for Sales and Use Taxes call for a 2.3% rise in FY 2003 and a 3.6% rise in FY2004 to nearly \$228 Million.

Rooms and Meals Taxes are projected to continue their modest 2 to 3% growth rate over the FY2003 through FY2005 period. This revenue source is expected to contribute about \$86 Million to the General Fund in FY2004.

Total Transportation Fund revenues are projected to grow 4.2% in the current (FY2003) fiscal year. FY2004 Transportation Fund revenues are projected to grow by 2.8% to \$213 Million.

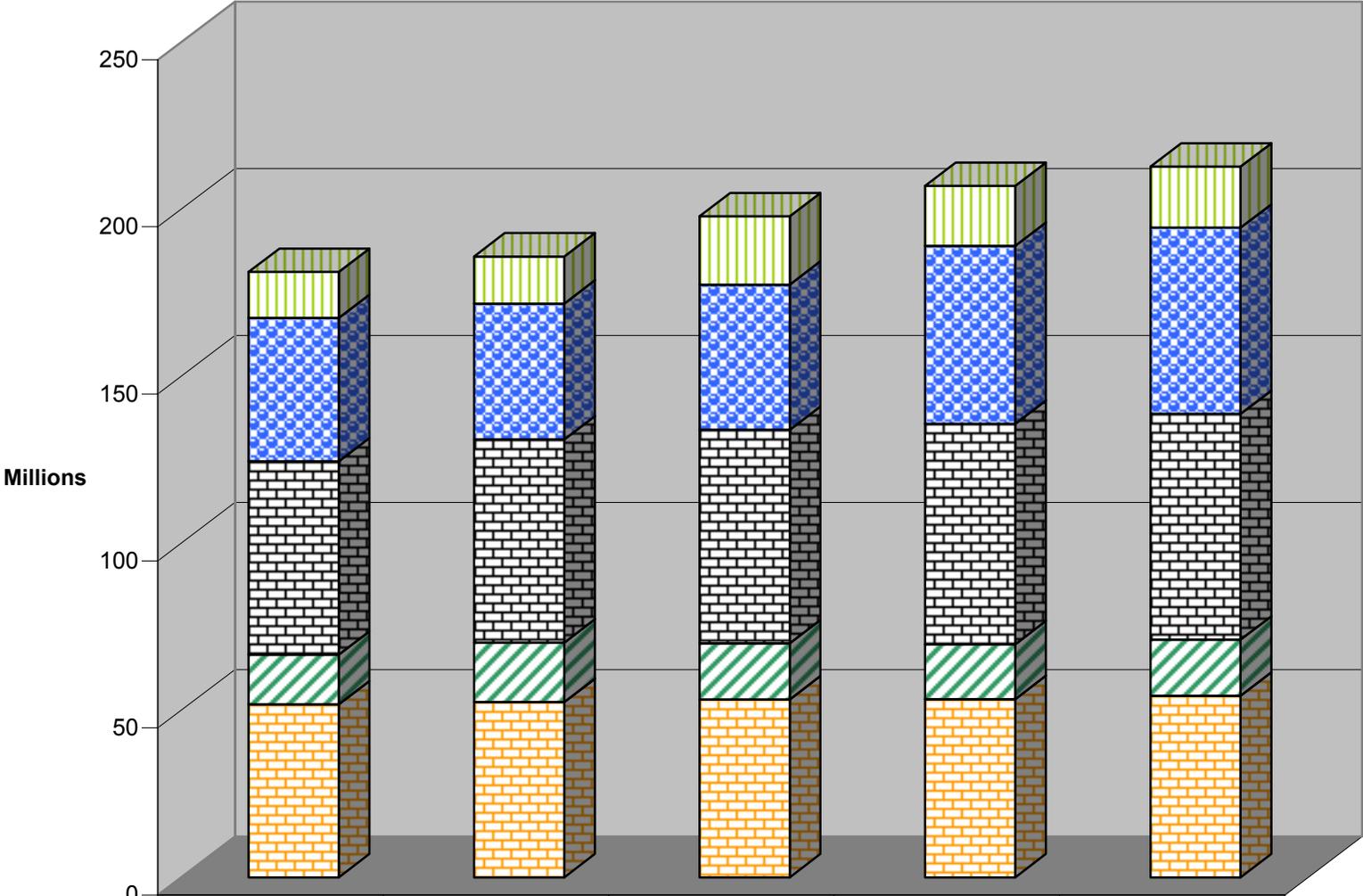
Collectively, we expect modest growth in State revenues next year. We as Vermonters are fortunate that, while these revenue sources are insufficient to fund all our desired program needs, we are in substantially better position to weather these challenges than our counterparts in other states. Governor Douglas has proposed a balanced, responsible budget, which reflects our current fiscal environment, and positions us for a more prosperous tomorrow.

General Fund Revenue History



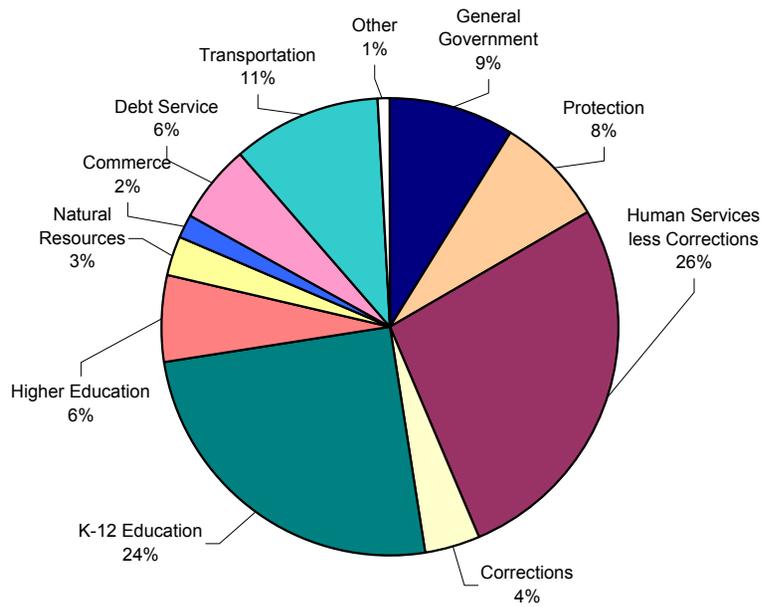
	FY 00	FY01	FY 02	FY 03(proj)	FY04(proj)
Other	101.1	82.1	82.95	87.34	85.25
Direct Applications	8.7	9.9	20.53	12.11	8.04
Bank Franchise Tax	3.5	3.7	2.2	2.3	2.7
Beverage Tax	4.8	4.8	5	5	5.1
Estate Tax	13.6	12.7	13.3	16.9	12.1
Corporate Income Tax	41	40.9	25.9	22.7	28.2
Property Transfer Tax	6.9	7	9.9	12.2	13.79
Meals and Rooms Tax	75.2	79.3	81.1	83.3	85.9
Sales and Use Tax	216.5	215.1	214.8	219.7	227.6
Personal Income Tax	431.7	454.3	403.8	407.8	425.8

Transportation Fund Revenue History

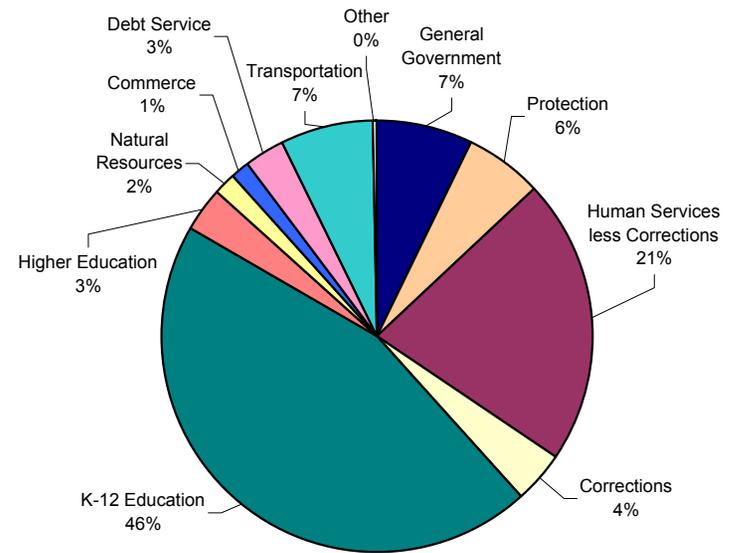


	FY 00	FY01	FY 02 (proj)	FY 03(proj)	FY 04(proj)
Other	13.8	14.1	20.44	17.9	18.3
Motor Vehicle Fees	42.9	40.7	43.5	53.3	55.7
Purchase and Use Tax	57.9	60.8	63.9	66	67.6
Diesel Tax	14.9	17.8	16.8	16.4	16.8
Gas Tax	51.8	52.5	53.3	53.4	54.4

**FY 1994 Appropriations
General, Transportation and Special Funds**



**FY 2004 Appropriations
General, Transportation,
Special Funds including Tobacco, and Education Fund***



*Net of property tax revenue that is retained at the local level, not passing through the State treasury.

FISCAL YEAR 2004 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2004

Agency/Department/Program	FY 2004 Gov Recommend GF	FY 2004 Gov Recommend TF	FY 2004 Gov Recommend Tobacco & SF	FY 2004 Gov Recommend GF,TF,SF,Tob	FY 2003 Gov Rec BAA GF,TF,SF,Tob	FY 03 - 04 % Change
GENERAL GOVERNMENT						
Administration Agency:						
Secretary of Administration	371,337	61,875	0	433,212	449,863	-3.7%
Finance & Management	706,698	137,467	0	844,165	744,834	13.3%
Personnel	1,604,503	676,116	223,000	2,503,619	2,503,262	0.0%
Buildings and General Services	4,209,957	4,815,504	177,633	9,203,094	9,215,096	-0.1%
Tax	12,252,309	263,785	645,535	13,161,629	12,367,552	6.4%
Libraries	2,322,745	0	186,745	2,509,490	2,279,150	10.1%
Total Agency of Administration	<u>21,467,549</u>	<u>5,954,747</u>	<u>1,232,913</u>	<u>28,655,209</u>	<u>27,559,757</u>	<u>4.0%</u>
GIS	0	0	376,992	376,992	370,360	1.8%
Auditor of Accounts	445,062	73,252	52,167	570,481	587,686	-2.9%
State Treasurer	690,810	128,477	20,018,993	20,838,280	17,633,930	18.2%
Labor Relations Board	168,272	5,676	5,870	179,818	180,188	-0.2%
Executive Office	1,147,705	194,481	3,185	1,345,371	1,323,137	1.7%
Governor-elect	0	0	0	0	30,000	-100.0%
VOSHA Review Board	20,150	0	0	20,150	18,654	8.0%
Use Tax Reimbursement	3,389,610	2,310,390	0	5,700,000	5,100,000	11.8%
Property Tax Assistance	7,084,690	4,385,016	0	11,469,706	10,342,000	10.9%
Lt. Governor	94,738	23,813	0	118,551	114,671	3.4%
Legislature	3,684,593	867,677	0	4,552,270	4,643,065	-2.0%
Legislative Council	1,473,692	288,708	0	1,762,400	1,722,791	2.3%
Sergeant at Arms	317,240	50,305	0	367,545	368,900	-0.4%
Joint Fiscal Office	742,920	167,300	0	910,220	908,826	0.2%
PILO I/Montpelier Services	1,284,000	0	1,150,000	2,434,000	2,434,000	0.0%
Corrections PILOT	40,000	0	0	40,000	40,000	0.0%
TOTAL GENERAL GOVERNMENT	<u>42,051,031</u>	<u>14,449,842</u>	<u>22,840,120</u>	<u>79,340,993</u>	<u>73,377,965</u>	<u>8.1%</u>
PROTECTION TO PERSONS AND PROPERTY						
Attorney General	2,286,068	85,971	1,243,333	3,615,372	3,460,387	4.5%
Court Diversion	715,531	177,804	340,706	1,234,041	1,104,555	11.7%
State's Attorneys	6,089,290	456,076	0	6,545,366	6,259,451	4.6%
Ctr Crime Victim Serv	728,828	0	1,180,767	1,909,595	1,854,225	3.0%
Sheriffs	1,985,368	704,212	0	2,689,580	2,639,303	1.9%
Defender General	6,382,704	907,025	366,316	7,656,045	7,477,520	2.4%
Military	2,829,536	0	20,000	2,849,536	2,888,772	-1.4%
Labor & Industry	469,251	0	4,802,539	5,271,790	5,350,627	-1.5%
Criminal Justice Training Council	558,151	348,154	460,855	1,367,160	1,249,707	9.4%

FISCAL YEAR 2004 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2004

Agency/Department/Program	FY 2004 Gov Recommend GF	FY 2004 Gov Recommend TF	FY 2004 Gov Recommend Tobacco & SF	FY 2004 Gov Recommend GF,TF,SF,Tob	FY 2003 Gov Rec BAA GF,TF,SF,Tob	FY 03 - 04 % Change
Liquor Control	0	0	318,973	318,973	318,973	0.0%
Racing Commission	5,000	0	0	5,000	2,001	149.9%
Secretary of State	522,023	0	3,353,732	3,875,755	3,854,500	0.6%
BISHCA	476,523	0	10,577,584	11,054,107	10,639,191	3.9%
Public Safety	16,464,811	22,405,455	6,011,751	44,882,017	39,474,876	13.7%
Agriculture	3,818,615	47,993	2,126,928	5,993,536	5,739,217	4.4%
Public Service Department	0	0	4,164,726	4,164,726	4,286,106	-2.8%
Enhanced 911 Board	0	0	2,417,588	2,417,588	2,390,368	1.1%
Public Service Board	0	0	2,532,516	2,532,516	2,484,447	1.9%
Judiciary	20,155,166	3,740,140	495,050	24,390,356	24,035,409	1.5%
Human Rights Commission	242,907	0	1	242,908	257,485	-5.7%
Vt Radiological Emergency	0	0	0	0	800,000	-100.0%
Fire Service Trng.	335,157	99,985	459,000	894,142	929,497	-3.8%
TOTAL PROTECTION	64,064,929	28,972,815	40,872,365	133,910,109	127,496,617	5.0%
HUMAN SERVICES						
Human Services Agency:						
AHS - Secretary's Office	3,678,727	0	1,794,000	5,472,727	5,156,245	6.1%
Human Services Board	121,879	0	0	121,879	98,500	23.7%
Corrections	86,725,644	1,424,702	1,454,515	89,604,861	80,419,080	11.4%
Health	16,874,579	0	8,056,494	24,931,073	27,066,989	-7.9%
PATH	41,567,869	0	194,781,605	236,349,474	225,513,512	4.8%
Approps to Health Access Trust Fund	68,850,857	0	17,250,000	86,100,857	84,982,186	1.3%
State Economic Opportunity	1,164,813	0	4,597,896	5,762,709	5,703,286	1.0%
Office of Child Support	1,114,864	0	454,125	1,568,989	1,540,550	1.8%
Social & Rehabilitation Services	38,576,934	75,000	2,313,152	40,965,086	38,528,630	6.3%
Developmental & MH Services	63,986,718	0	7,998,963	71,985,681	68,634,322	4.9%
Aging and Disabilities	15,209,207	522,000	1,491,650	17,222,857	16,762,876	2.7%
Total Agency of Human Services	337,872,091	2,021,702	240,192,400	580,086,193	554,406,176	4.6%
Children's Trust Fund	102,705	0	50,000	152,705	192,705	-20.8%
Commission on Women	234,151	0	5,000	239,151	235,386	1.6%
RSVP	123,567	0	0	123,567	130,071	-5.0%
Disabled and Needy Veterans	0	0	0	0	37,025	-100.0%
Veterans' Home	964,171	0	7,477,877	8,442,048	8,937,694	-5.5%
Association for the Blind	24,447	0	0	24,447	24,447	0.0%
TOTAL HUMAN SERVICES	339,321,132	2,021,702	247,725,277	589,068,111	563,963,504	4.5%
EMPLOYMENT & TRAINING	1,172,259	0	160,000	1,332,259	797,624	67.0%
GENERAL EDUCATION						
Department of Education	12,806,192	648,155	2,517,774	15,972,121	16,659,213	-4.1%
GF Appropriation to Education Fund (1)	239,495,935	0	0	239,495,935	245,705,935	-2.5%
Teachers' Retirement	20,446,282	0	10,207,400	30,653,682	30,653,682	0.0%
TOTAL GENERAL EDUCATION	272,748,409	648,155	12,725,174	286,121,738	293,018,830	-2.4%
HIGHER EDUCATION AND OTHER						
University of Vermont	36,926,969	0	0	36,926,969	36,202,911	2.0%
Vermont Public Television	563,832	0	0	563,832	593,507	-5.0%
Vermont State Colleges	21,789,200	0	0	21,789,200	21,361,961	2.0%
Vermont Interactive TV	795,331	0	0	795,331	836,775	-5.0%
Vermont Student Assistance Corp.	16,683,804	0	0	16,683,804	16,712,671	-0.2%
N.E. Higher Education Compact	88,840	0	0	88,840	75,294	18.0%
Education Commission of the States	0	0	0	0	100	-100.0%
TOTAL HIGHER EDUCATION AND OTHER	76,847,976	0	0	76,847,976	75,783,219	1.4%

FISCAL YEAR 2004 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2004

Agency/Department/Program	FY 2004 Gov Recommend GF	FY 2004 Gov Recommend TF	FY 2004 Gov Recommend Tobacco & SF	FY 2004 Gov Recommend GF,TF,SF,Tob	FY 2003 Gov Rec BAA GF,TF,SF,Tob	FY 03 - 04 % Change
TOTAL EDUCATION	349,596,385	648,155	12,725,174	362,969,714	368,802,049	-1.6%
NATURAL RESOURCES						
Agency of Natural Resources:						
ANR - Central Office	3,124,869	262,815	845,603	4,233,287	4,251,035	-0.4%
Environmental Conservation	6,830,444	228,689	12,565,843	19,624,976	19,337,861	1.5%
Forests, Parks & Recreation	4,595,018	628,039	8,011,293	13,234,350	12,936,485	2.3%
Total Agency of Natural Resources	<u>14,550,331</u>	<u>1,119,543</u>	<u>21,422,739</u>	<u>37,092,613</u>	<u>36,525,381</u>	<u>1.6%</u>
Environmental Board	779,728	0	1,725,376	2,505,104	2,381,046	5.2%
Water Resources Board	315,745	0	0	315,745	318,178	-0.8%
TOTAL NATURAL RESOURCES	15,645,804	1,119,543	23,148,115	39,913,462	39,224,605	1.8%

(1) Appropriations to the Education Fund include funds to support state aid block grants, special education, state placed students, technical education, early essential education, school district related current use and homestead property tax income sensitivity adjustments among others. Because of proposed Powerball revenue for the Education Fund and savings to the Fund from a proposed \$2,500 cap on property tax assistance, the FY04 recommended appropriation is the equivalent of the FY03 appropriation

FISCAL YEAR 2004 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2004

Agency/Department/Program	FY 2004 Gov Recommend GF	FY 2004 Gov Recommend TF	FY 2004 Gov Recommend Tobacco & SF	FY 2004 Gov Recommend GF,TF,SF,Tob	FY 2003 Gov Rec BAA GF,TF,SF,Tob	FY 03 - 04 % Change
COMMERCE & COMMUNITY DEVELOPMENT						
Agency of Commerce & Comm Development						
ACCD - Administration	1,880,553	0	0	1,880,553	1,683,210	11.7%
Housing & Community Affairs	1,893,217	0	5,762,486	7,655,703	6,606,572	15.9%
Economic Development	4,194,615	0	482,859	4,677,474	3,732,412	25.3%
Tourism & Marketing	4,950,085	0	55,000	5,005,085	4,806,462	4.1%
Total Agency of Commerce & Comm Development	<u>12,918,470</u>	<u>0</u>	<u>6,300,345</u>	<u>19,218,815</u>	<u>16,828,656</u>	<u>14.2%</u>
Council on the Arts	491,618	0	0	491,618	517,206	-4.9%
Vermont Symphony Orchestra	101,960	0	0	101,960	107,326	-5.0%
VT Historical Society	429,874	0	0	429,874	405,830	5.9%
Housing & Conservation Trust	0	0	10,909,200	10,909,200	12,018,000	-9.2%
VT Humanities Council	130,599	0	0	130,599	137,473	-5.0%
TOTAL COMMERCE & COMMUNITY DEV.	<u>14,072,521</u>	<u>0</u>	<u>17,209,545</u>	<u>31,282,066</u>	<u>30,014,491</u>	<u>4.2%</u>
DEBT SERVICE	<u>65,902,202</u>	<u>2,407,287</u>	<u>2,382,985</u>	<u>70,692,474</u>	<u>74,280,858</u>	<u>-4.8%</u>
TRANSPORTATION						
Agency of Transportation						
AOT Division Appropriations and Programs	0	108,867,376	6,390	108,873,766	100,467,399	8.4%
AOT Dept. of Motor Vehicles	0	17,449,809	0	17,449,809	16,434,068	6.2%
AOT Town Highway Programs	0	37,296,666	0	37,296,666	36,894,889	1.1%
Total Agency of Transportation	<u>0</u>	<u>163,613,851</u>	<u>6,390</u>	<u>163,620,241</u>	<u>153,796,356</u>	<u>6.4%</u>
Trans Bd & MV Arbitration Bd	0	38,500	0	38,500	74,762	-48.5%
VT Transportation Authority	0	0	0	0	521,259	-100.0%
TOTAL TRANSPORTATION	<u>0</u>	<u>163,652,351</u>	<u>6,390</u>	<u>163,658,741</u>	<u>154,392,377</u>	<u>6.0%</u>
Other	2,000,000	0	0	2,000,000	14,276,379	-86.0%
APPROPRIATION TOTAL	<u>893,826,263</u>	<u>213,271,695</u>	<u>367,069,971</u>	<u>1,474,167,929</u>	<u>1,446,626,469</u>	<u>1.9%</u>

COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Funds
FY 2000 - FY 2004

Agency/Department/Program	FY 2000 Final Appropriation	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Recommended Appropriation	FY 2004 Recommended Appropriation	Four Year Trend: Average Annual Change
GENERAL GOVERNMENT						
Administration Agency:						
Secretary of Administration	419,378	437,043	437,820	449,863	433,212	0.81%
Finance & Management	1,718,028	1,768,429	1,892,441	744,834	844,165	-16.28%
Personnel	2,388,446	2,515,911	2,766,799	2,503,262	2,503,619	1.18%
Buildings and General Services	17,934,087	18,426,983	19,060,787	9,215,096	9,203,094	-15.36%
Tax	10,509,313	11,146,952	12,716,607	12,367,552	13,161,629	5.79%
Libraries	1,899,267	1,997,131	2,007,233	2,279,150	2,509,490	7.21%
Total Agency of Administration	<u>34,868,518</u>	<u>36,292,448</u>	<u>38,881,687</u>	<u>27,559,757</u>	<u>28,655,209</u>	<u>-4.79%</u>
GIS	345,000	355,113	376,992	370,360	376,992	2.24%
Auditor of Accounts	533,412	554,382	562,774	587,686	570,481	1.69%
State Treasurer	11,712,100	14,550,330	17,055,004	17,633,930	20,838,280	15.49%
Labor Relations Board	162,105	169,284	171,033	180,188	179,818	2.63%
Executive Office	1,139,555	1,233,127	1,237,218	1,323,137	1,345,371	4.24%
Governor-elect	0	0	0	30,000	0	
VOSHA Review Board	11,415	11,645	18,709	18,654	20,150	15.27%
New England Governor's Conference	51,978	0	0	0	0	-100.00%
Use Tax Reimbursement	3,793,202	4,144,616	4,685,837	5,100,000	5,700,000	10.72%
Property Tax Assistance	8,000,000	9,150,500	8,500,000	10,342,000	11,469,706	9.42%
Lt. Governor	103,335	107,735	109,835	114,671	118,551	3.49%
Legislature	3,891,728	4,179,758	5,009,806	4,643,065	4,552,270	4.00%
Legislative Council	1,519,500	1,586,611	1,629,375	1,722,791	1,762,400	3.78%
Sergeant at Arms	245,741	254,209	364,778	368,900	367,545	10.59%
Joint Fiscal Office	650,935	743,052	799,058	908,826	910,220	8.74%
PILOT/Montpelier Services	684,000	834,000	834,000	2,434,000	2,434,000	37.35%
Corrections PILOT	40,000	40,000	40,000	40,000	40,000	0.00%
TOTAL GENERAL GOVERNMENT	<u>67,752,524</u>	<u>74,206,810</u>	<u>80,276,106</u>	<u>73,377,965</u>	<u>79,340,993</u>	<u>4.03%</u>
PROTECTION TO PERSONS AND PROPERTY						
Attorney General	2,901,334	3,116,402	3,375,379	3,460,387	3,615,372	5.65%
Court Diversion	891,967	862,626	1,022,034	1,104,555	1,234,041	8.45%
State's Attorneys	5,157,341	5,535,414	5,955,502	6,259,451	6,545,366	6.14%
Ctr Crime Victim Serv	1,514,661	1,581,230	1,827,511	1,854,225	1,909,595	5.96%
Sheriffs	2,097,821	2,200,260	2,528,274	2,639,303	2,689,580	6.41%
Defender General	6,858,075	6,993,557	7,340,563	7,477,520	7,656,045	2.79%
Military	2,084,886	2,498,424	2,867,267	2,888,772	2,849,536	8.12%
Labor & Industry	4,276,024	4,497,097	4,750,794	5,350,627	5,271,790	5.37%
Criminal Justice Training Council	661,122	752,195	936,293	1,249,707	1,367,160	19.92%
Liquor Control	300,000	309,000	309,000	318,973	318,973	1.54%
Racing Commission	17,198	7,000	6,530	2,001	5,000	-26.57%
Secretary of State	2,885,056	3,209,724	3,191,340	3,854,500	3,875,755	7.66%
Medical Practice Board	541,558	593,414	622,773	0	0	-100.00%
BISHCA	8,924,337	9,999,603	10,313,823	10,639,191	11,054,107	5.50%

COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Funds
FY 2000 - FY 2004

Agency/Department/Program	FY 2000 Final Appropriation	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Recommended Appropriation	FY 2004 Recommended Appropriation	Four Year Trend: Average Annual Change
Public Safety	31,471,100	33,488,968	35,428,508	39,474,876	44,882,017	9.28%
Agriculture	4,581,950	4,879,172	5,351,436	5,739,217	5,993,536	6.94%
Public Service Department	3,878,388	3,954,981	4,239,531	4,286,106	4,164,726	1.80%
Enhanced 911 Board	2,086,399	2,261,003	2,358,486	2,390,368	2,417,588	3.75%
Public Service Board	2,222,801	2,304,964	2,448,763	2,484,447	2,532,516	3.31%
Judiciary	18,265,460	19,850,426	20,965,161	24,035,409	24,390,356	7.50%
Human Rights Commission	250,342	261,491	246,585	257,485	242,908	-0.75%
Vt Radiological Emergency	400,000	400,000	400,000	800,000	0	-100.00%
Fire Service Trng.	477,688	532,070	593,051	929,497	894,142	16.97%
TOTAL PROTECTION	102,745,508	110,089,021	117,078,604	127,496,617	133,910,109	6.85%
HUMAN SERVICES						
Human Services Agency:						
AHS - Secretary's Office	4,320,696	4,097,058	4,057,940	5,156,245	5,472,727	6.09%
Human Services Board	84,298	87,731	89,718	98,500	121,879	9.65%
Corrections	65,609,374	72,119,838	75,468,376	80,419,080	89,604,861	8.10%
Health	18,385,635	24,160,522	26,453,377	27,066,989	24,931,073	7.91%
PATH	186,993,207	201,624,678	217,194,846	225,513,512	236,349,474	6.03%
Approps to Health Access Trust Fund	0	0	0	84,982,186	86,100,857	
State Economic Opportunity	5,128,837	4,951,442	5,353,899	5,703,286	5,762,709	2.96%
Office of Child Support	2,603,104	1,218,370	1,386,680	1,540,550	1,568,989	-11.89%
Social & Rehabilitation Services	31,454,951	33,210,436	35,440,772	38,528,630	40,965,086	6.83%
Developmental & MH Services	52,334,028	56,416,070	62,775,991	68,634,322	71,985,681	8.30%
Aging and Disabilities	11,842,280	13,497,350	15,017,373	16,762,876	17,222,857	9.82%
Total Agency of Human Services	378,756,410	411,383,495	443,238,972	554,406,176	580,086,193	11.25%
Independence Fund	1	1	1	0	0	-100.00%
Children's Trust Fund	189,748	189,748	196,156	192,705	152,705	-5.28%
Commission on Women	210,941	219,642	204,912	235,386	239,151	3.19%
RSVP	129,340	133,220	132,400	130,071	123,567	-1.14%
Disabled and Needy Veterans	30,836	31,761	31,565	37,025	0	-100.00%
Veterans' Home	7,910,995	8,190,891	8,653,075	8,937,694	8,442,048	1.64%
Association for the Blind	24,160	24,885	24,885	24,447	24,447	0.30%
TOTAL HUMAN SERVICES	387,252,431	420,173,643	452,481,966	563,963,504	589,068,111	11.06%
EMPLOYMENT & TRAINING	504,827	519,495	911,260	797,624	1,332,259	27.46%
GENERAL EDUCATION						
Department of Education	15,378,767	14,654,705	15,750,726	16,659,213	15,972,121	0.95%
GF Appropriation to Education Fund (1)	231,099,412	238,032,196	246,363,322	245,705,935	239,495,935	0.90%
Teachers' Retirement	25,289,269	28,280,947	29,387,445	30,653,682	30,653,682	4.93%
TOTAL GENERAL EDUCATION	271,767,448	280,967,848	291,501,493	293,018,830	286,121,738	1.30%

COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Funds
FY 2000 - FY 2004

Agency/Department/Program	FY 2000 Final Appropriation	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Recommended Appropriation	FY 2004 Recommended Appropriation	Four Year Trend: Average Annual Change
HIGHER EDUCATION AND OTHER						
University of Vermont	30,330,749	32,447,286	34,182,131	36,202,911	36,926,969	5.04%
Vermont Public Television	579,535	596,921	604,136	593,507	563,832	-0.68%
Vermont State Colleges	17,733,110	18,973,100	20,176,860	21,361,961	21,789,200	5.28%
Vermont Interactive TV	788,933	812,601	840,507	836,775	795,331	0.20%
Vermont Student Assistance Corp.	13,831,839	14,805,431	15,445,766	16,712,671	16,683,804	4.80%
N.E. Higher Education Compact	72,605	77,809	76,642	75,294	88,840	5.17%
Education Commission of the States	39,600	39,600	39,600	100	0	-100.00%
TOTAL HIGHER EDUCATION AND OTHER	63,376,370	67,752,747	71,365,642	75,783,219	76,847,976	4.94%
TOTAL EDUCATION	335,143,818	348,720,595	362,867,135	368,802,049	362,969,714	2.01%

(1) Appropriations to the Education Fund include funds to support state aid block grants, special education, state placed students, technical education, early essential education, school district related current use and homestead property tax income sensitivity adjustments among others. Because of proposed Powerball revenue for the Education Fund and savings to the Fund from a proposed \$2,500 cap on property tax assistance, the FY04 recommended appropriation is the equivalent of the FY03 appropriation.

NATURAL RESOURCES

Agency of Natural Resources:						
ANR - Central Office	3,859,104	3,899,565	4,019,814	4,251,035	4,233,287	2.34%
Environmental Conservation	15,030,797	15,555,145	16,487,208	19,337,861	19,624,976	6.89%
Forests, Parks & Recreation	11,247,221	11,800,566	12,269,604	12,936,485	13,234,350	4.15%
Total Agency of Natural Resources	30,137,122	31,255,276	32,776,626	36,525,381	37,092,613	5.33%
Environmental Board	2,010,040	2,143,013	2,316,130	2,381,046	2,505,104	5.66%
Water Resources Board	256,580	310,246	314,679	318,178	315,745	5.32%
TOTAL NATURAL RESOURCES	32,403,742	33,708,535	35,407,435	39,224,605	39,913,462	5.35%

COMMERCE & COMMUNITY DEVELOPMENT

Agency of Commerce & Comm Development						
ACCD - Administration	978,716	1,021,360	1,344,475	1,683,210	1,880,553	17.74%
Housing & Community Affairs	5,207,285	6,148,199	6,324,570	6,606,572	7,655,703	10.11%
Econ Development	3,616,735	3,664,450	3,396,423	3,732,412	4,677,474	6.64%
Tourism & Marketing	4,985,079	4,890,363	4,682,757	4,806,462	5,005,085	0.10%
Total Agency of Commerce & Comm Development	14,787,816	15,724,373	15,748,225	16,828,656	19,218,815	6.77%
VEDA	312,666	322,046	263,088	0	0	-100.00%
Council on the Arts	505,239	520,396	517,206	517,206	491,618	-0.68%
Vermont Symphony Orchestra	104,833	107,978	107,326	107,326	101,960	-0.69%
VT Historical Society	236,277	258,365	256,781	405,830	429,874	16.14%
Housing & Conservation Trust	9,802,009	10,750,985	11,605,212	12,018,000	10,909,200	2.71%
VT Humanities Council	75,000	75,000	139,935	137,473	130,599	14.87%
TOTAL COMMERCE & COMMUNITY DEV.	25,823,840	27,759,143	28,637,773	30,014,491	31,282,066	4.91%

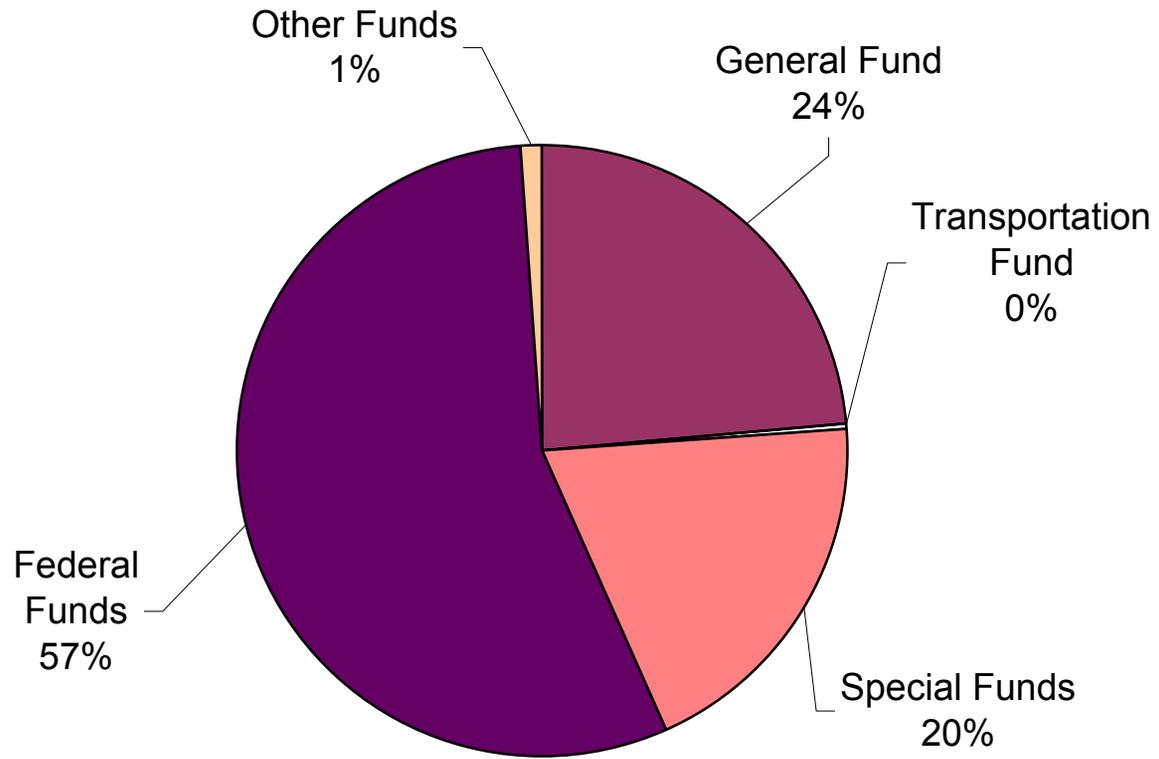
COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Funds
FY 2000 - FY 2004

Agency/Department/Program	FY 2000 Final Appropriation	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Recommended Appropriation	FY 2004 Recommended Appropriation	Four Year Trend: Average Annual Change
DEBT SERVICE	75,147,268	73,905,354	69,258,600	74,280,858	70,692,474	-1.52%
TRANSPORTATION						
Agency of Transportation						
AOT Division Appropriations and Programs	80,214,737 :	93,253,614	105,399,895	100,467,399	108,873,766	7.94%
AOT Dept. of Motor Vehicles	13,175,000 :	14,321,777	15,400,000	16,434,068	17,449,809	7.28%
AOT Town Highway Programs	34,346,397 :	36,187,146	36,115,751	36,894,889	37,296,666	2.08%
Total Agency of Transportation	<u>127,736,134</u>	<u>143,762,537</u>	<u>156,915,646</u>	<u>153,796,356</u>	<u>163,620,241</u>	<u>6.39%</u>
Trans Bd & MV Arbitration Bd	115,350 :	122,000	80,000	74,762	38,500	-23.99%
VT Transportation Authority	0 :	0	490,989	521,259	0	
TOTAL TRANSPORTATION	127,851,484	143,884,537	157,486,635	154,392,377	163,658,741	6.37%
Other	79,247,471	60,302,205	17,796,549	14,276,379	2,000,000	-60.14%
APPROPRIATION TOTAL	1,233,872,912	1,293,269,337	1,322,202,063	1,446,626,469	1,474,167,929	4.55%

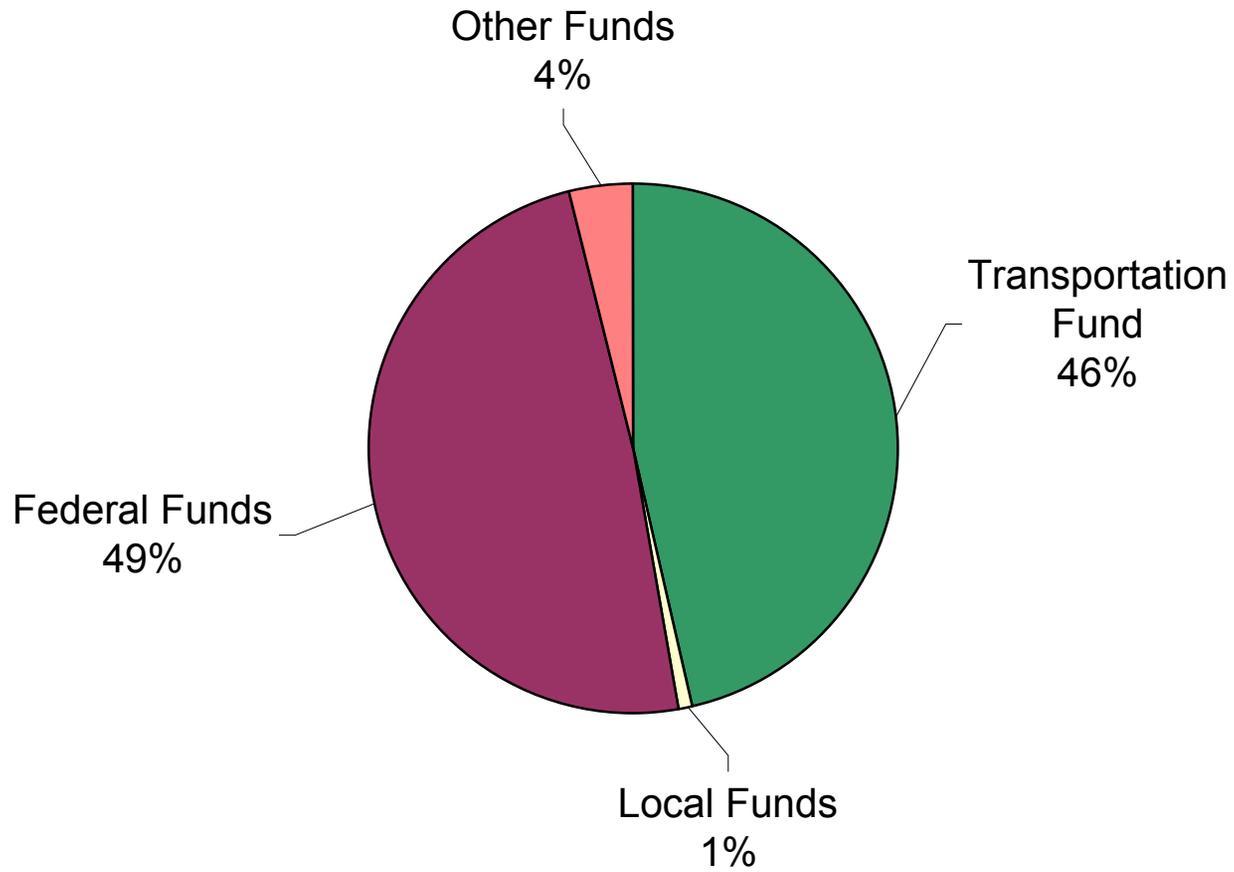
STATE FUNDS – FEDERAL FUNDS COMPARISONS

The following charts profile the amount of federal funds as part of the total funding available to major governmental functions. They demonstrate the dependence of important state functions on federal funds. From FY 1996 through FY 2002, federal funding support to Vermont State government has increased from approximately \$554.5 million to \$947.6 million and will grow more in FY 2003. Much of this growth occurred in Medicaid funded programs in the Departments of Prevention, Assistance, Transition and Health Access, Developmental and Mental Health Services, and Social and Rehabilitation Services. More recently, transportation programs funded with TEA-21 have experienced substantial federal increases.

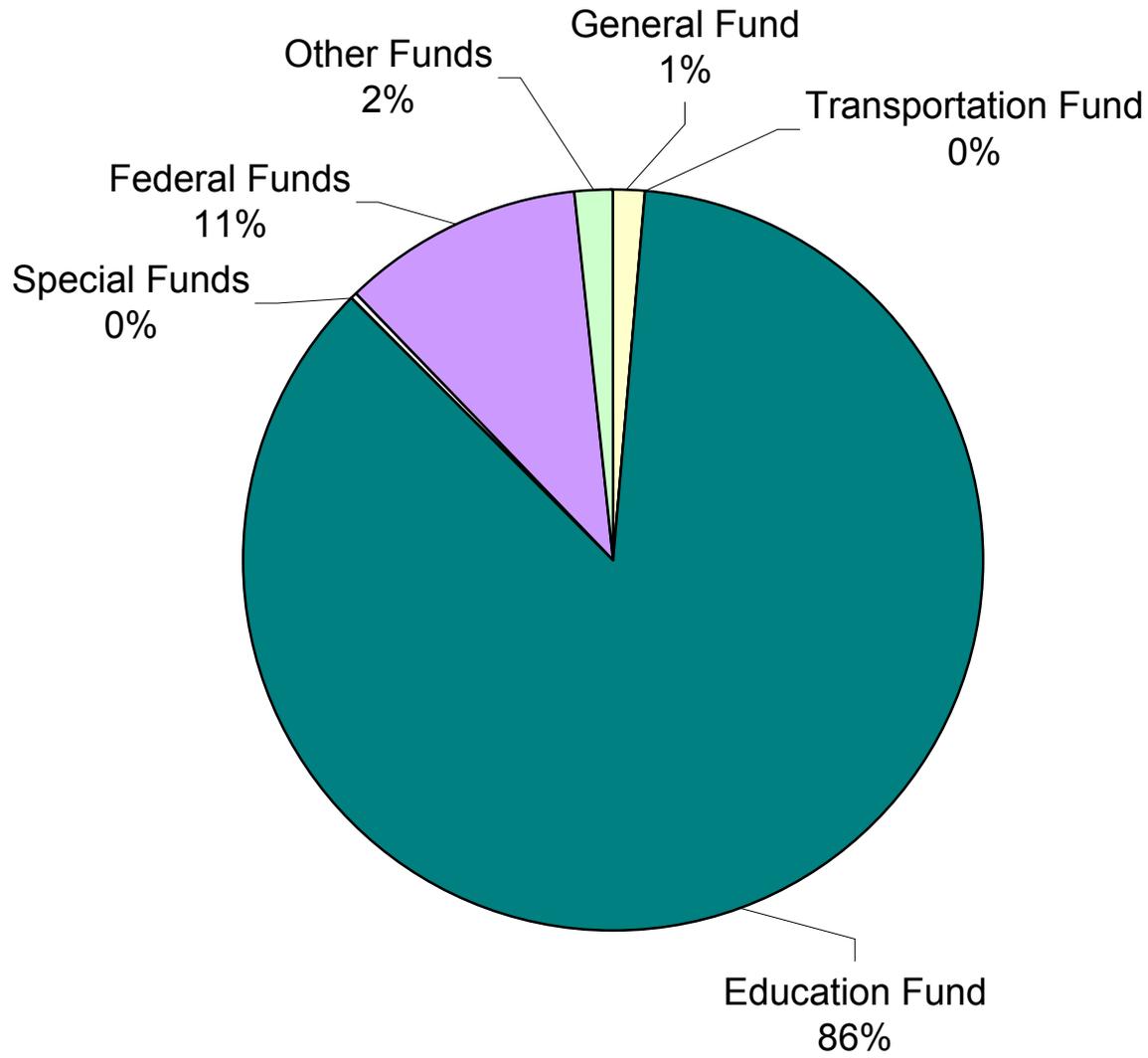
Agency of Human Services



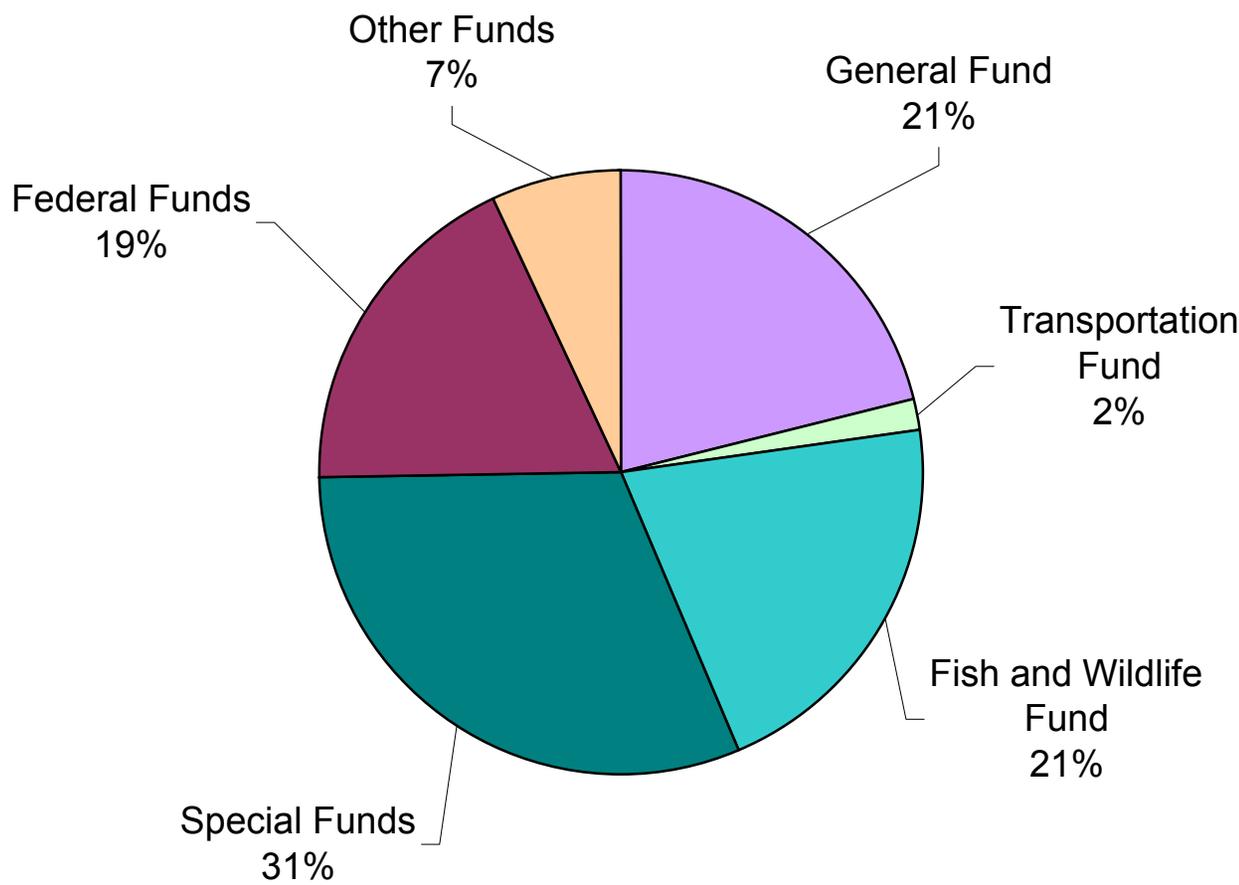
Agency of Transportation



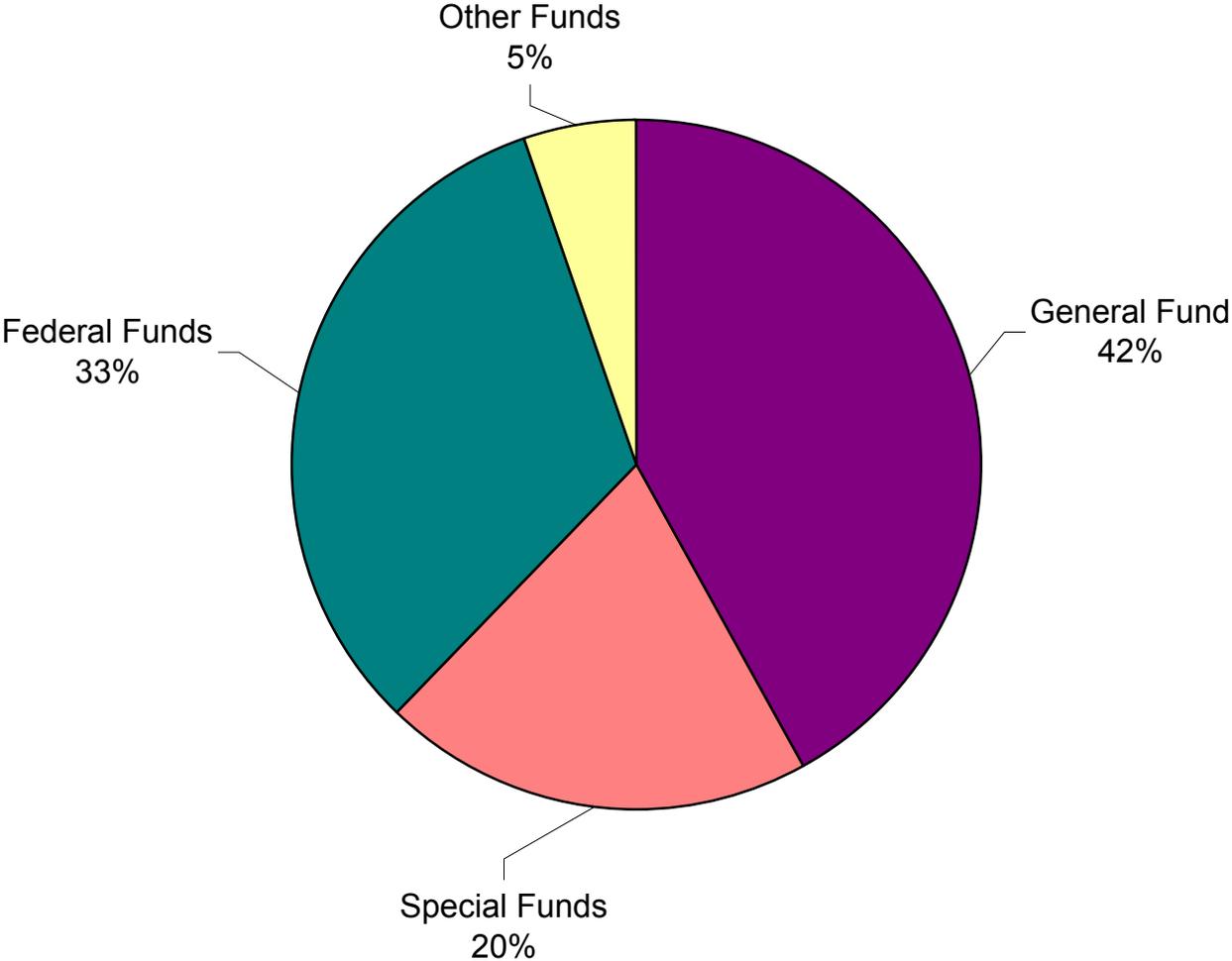
Department of Education



Agency of Natural Resources



Agency of Commerce & Community Development



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**Fiscal Year 2004
A Plan for Prosperity....**

Fiscal 2004 Executive Budget Recommendations is a publication of the Vermont Department of Finance and Management, Robert Hofmann, Commissioner. Its purpose is to inform members of the Vermont Legislature, state and local government officials, and Vermont citizens about Governor Douglas's Budget Recommendations for Fiscal Year 2004.

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