



# Public Budget Forum

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**Date:**

**Tuesday, October 14, 2014**


**Moderated by:**  
**Jeb Spaulding**  
Secretary of Administration

**Presentation by:**  
**Jim Reardon**  
Commissioner Department of Finance & Management

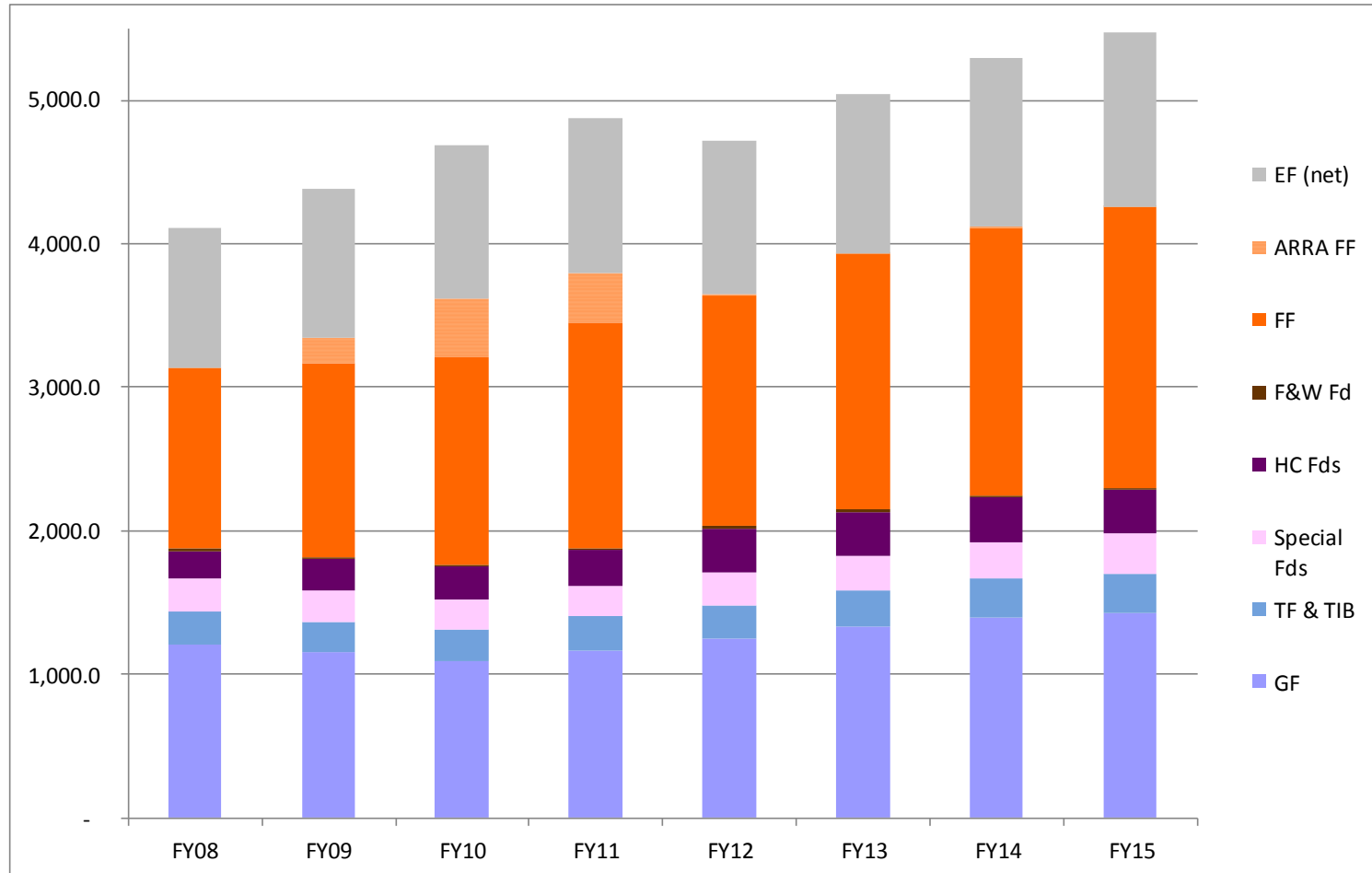
# Fiscal Overview

- ▶ Budget Basics
    - Where does the money come from?
    - Where does the money go?
  - ▶ FY16 and Beyond
    - The Budget Process
    - The Next GF Budget Gap
  - ▶ Final Thoughts – Questions
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# Budget Basics

- ▶ The budget incorporates both the spending and the revenue sides of the fiscal equation.
  - ▶ Vermont has a very good base revenue projection process. But revenue changes will always be difficult ...
  - ▶ Annual spending pressures continue – but the base will be looked at ...
  - ▶ Budget growth is ultimately a function of economic activity and personal income growth
  - ▶ What is the New Normal – constant fiscal pressure but a more volatile funding environment
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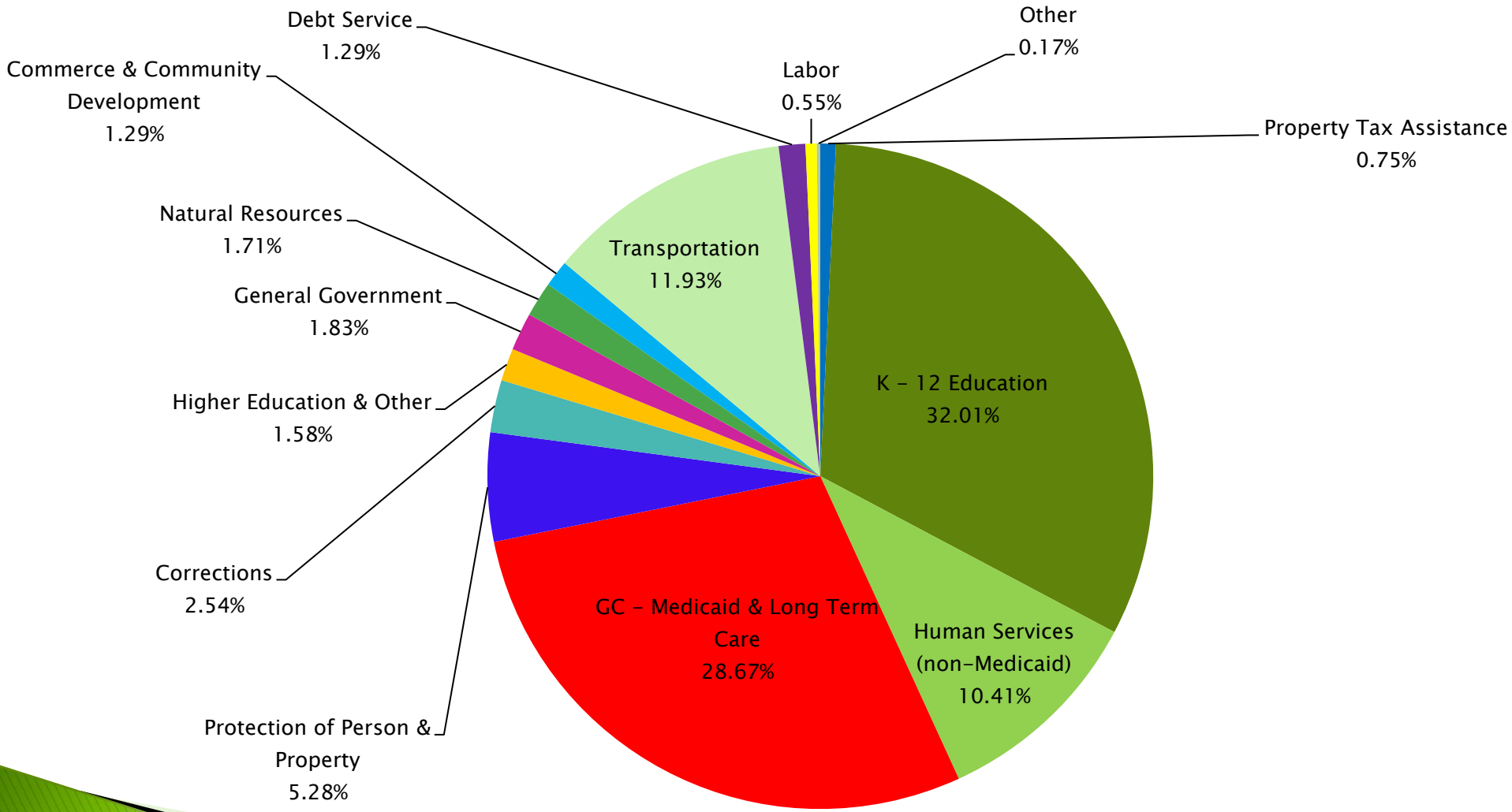
# Total Appropriations by Fund Source



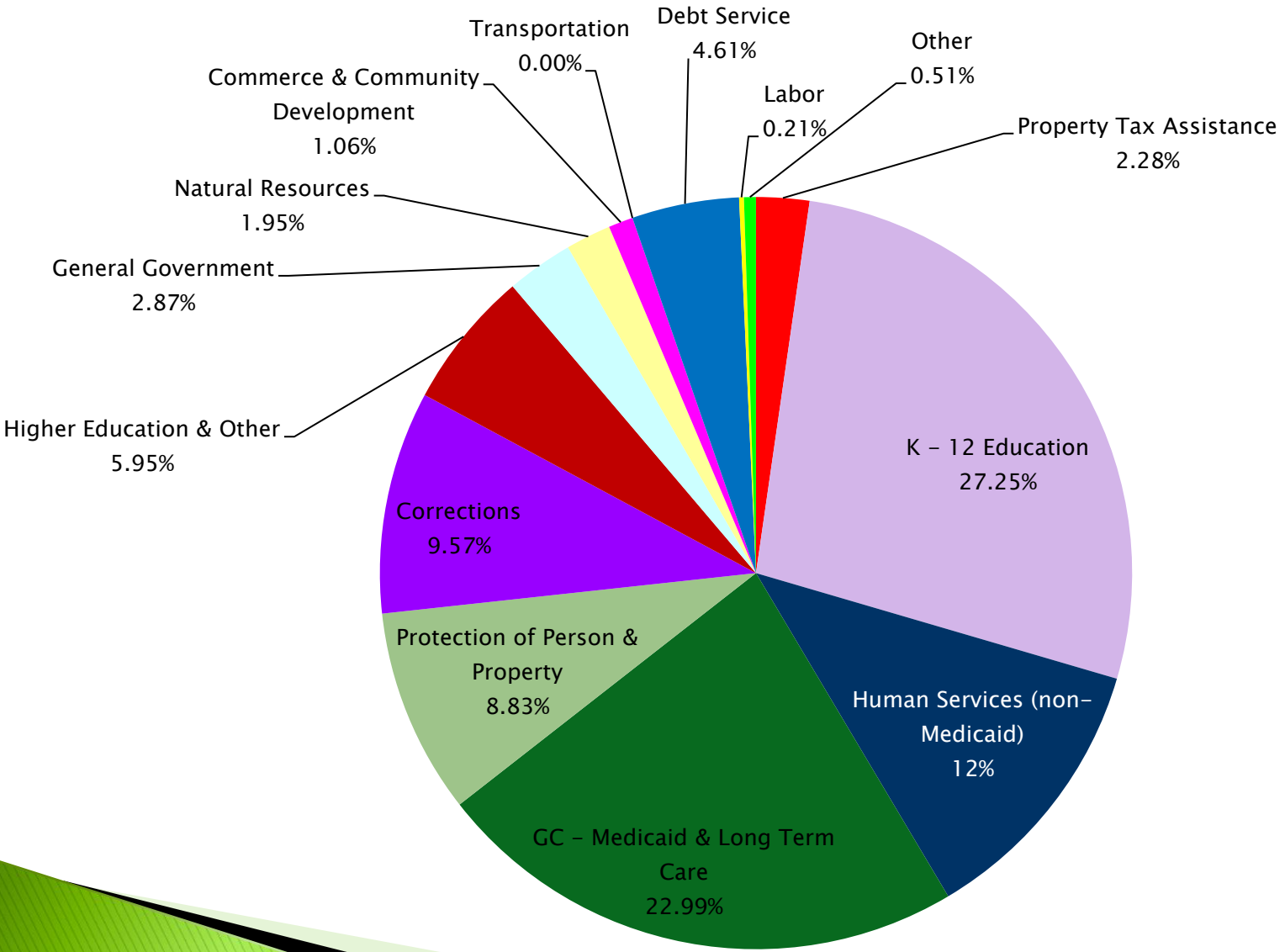
# Basic Budget Dynamics

- Total was \$4.1B in FY08 now to \$5.6B in FY15
  - Average annual growth 3.3% since FY10
- GF is now 26% of total (down from 30%)
  - GF growth has averaged 5.8% since FY10 – slowed in recent years
- Federal Funds now 35% of total (up from 30%)
  - Base FF growth has averaged 6.4% since FY10

# FY2015 Post Rescission Budget, by Government Function (\$5.6 billion)




# FY 2015 Post Rescission Budget – General Fund = \$1.4 Billion







# FY16 and Beyond

- ▶ The Budget Process
  - ▶ The Next GF Budget Gap
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# Budget Process

- Governor goes first
  - FY 2015 Budget Adjustment Act (BAA)
  - Next Revenue Update will be in Jan.
  - FY 2016 Budget will be presented in Jan.
    - ✓ Executive Budget Instructions – issued in Sept.
    - ✓ Governors Initiatives usually tied to budget
    - ✓ Achieve balance across funds and demands
    - ✓ All about the GF in the end
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# FY 2016 GF GAP Analysis

- **Reliance on one-time resources**
  - **Retirement obligations**
  - **Pay Act costs - roll out plus new contract**
  - **Human Service Demands - including Medicaid**
  - **Education Finance expectations**
  - **Debt Service**
  - **Technology Funding**
  - **Build Reserves - \$5 million in rainy day fund**
  - **Capital Demands**
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# Final Thought

- **Administration will need to balance demands to revenues available**

# Thank You for your Participation!

- ▶ Questions?
- ▶ This presentation will be available at:  
<http://finance.vermont.gov>
- ▶ Written testimony can be mailed to Commissioner Reardon with the subject of FY 2016 Public Budget Development to 109 State Street, 5<sup>th</sup> Floor, Montpelier, VT 05609-5901
- ▶ Answer our survey.
  - Go to <http://www.surveymonkey.com/s/SBPYK89>