



January 2004

Dear Fellow Vermonters:

Encouraging economic indicators point to improving fiscal conditions for the State of Vermont and for our people. The overall employment picture, despite setbacks in the manufacturing sector, is recovering. Personal incomes are up, as are state General Fund revenues. Given the toll the recent recession took on Vermont's finances, these signs of improvement are very welcome indeed. While Vermont continues to enjoy a healthier fiscal situation compared to most other states, we still face many difficult budget choices. Desired programs, which vie for appropriations, vastly outpace the available resources.

In this budget document, I have chosen to address these choices directly so that we may continue to lay the foundation for a prosperous tomorrow. While we have had nine months of encouraging revenues and a recently increased forecast for revenues over the next 18 months, I have purposely restrained spending in my proposed budget. Vermont has had, and will continue to face, hundreds of difficult fiscal decisions in the year ahead. We must not forget the lessons of the very recent past. The states that overextended themselves with excessive spending and imprudent borrowing eventually had to undertake drastic budget cuts to popular programs and institute large tax increases, which only impaired job creation. We are proud that Vermont has so far avoided these fiscal challenges.

The budget I am presenting to the General Assembly is responsible, forward thinking and compassionate. It addresses today's fiscal choices while:

- Meeting our obligations to the most vulnerable among us;
- Fostering enhanced public safety;
- Investing in education;
- Combating our growing drug abuse problem;
- Offering relief to every property taxpayer;
- Encouraging economic development and job creation; and
- Making a large investment in our natural environment.

Last year, this Administration and the General Assembly were partners in positive change. 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 prosperous future.

Sincerely,

James H. Douglas
Governor

FISCAL YEAR 2004 BUDGET ADJUSTMENT

Revenue Projections

The January 15, 2004 consensus forecast of \$896.1 million for FY 2004 General Fund revenues, represents a \$15.6¹ million increase from the July 2003 consensus estimate of \$880.5 million¹ at the start of the 2004 fiscal year. FY 2004 General Fund revenue forecasts for July 2003 and January 2004 present (in the chart below) both the inclusion (as legislated in Act 68) and exclusion (for our discussion here and for comparison with other time periods) of the forecasted incremental sales tax revenue that effectively flows through the General Fund to the Education Fund for the period October 2003-June 2004. Beginning in July 2004, two percentage points of the Sales Tax are allocated directly to the Education Fund.

Both the Transportation Fund and the Education Fund experienced slight increases during the same time period. The January 2004 consensus forecast for the Transportation Fund increased by \$1.2 million from the July forecast, and the Education Fund increased by \$2.0 million. The following chart shows how the expectations for FY 2004 have been revised over the past 12 months.

Fiscal Year 2004 Revenue Forecasts
\$ in Millions

	January 2003	July 2003	January 2004
General Fund	\$881.5	\$908.0/880.5 ¹	\$923.9/896.1 ¹
Transportation Fund	\$212.8	\$213.2	\$214.4
Education Fund	\$ 88.4	\$ 93.3	\$ 95.3

FY 2004 Appropriation Adjustments

The 2004 budget adjustment that Governor James Douglas submitted to the Legislature reflects upward General Fund budget pressures totaling approximately \$9.7 million. These upward pressures, composed mainly of Human Services needs (the Vermont State Hospital, increased childcare caseloads and higher costs in the Departments of Corrections and Health), are offset by \$7.5 million in enhanced Federal Financial Participation revenue, \$1.5 million in previously appropriated FY 2004 Pay Act funds which are unneeded due to savings from the State’s employer health plan contributions, and \$0.7 million in carry forward funds from the prior fiscal year, due to lower expenses, most notably reduced interest payments on State debt. Therefore, after these offsets to base spending, Governor Douglas recommends

¹ FY 2004 General Fund revenue forecasts for July 2003 and January 2004 present both the inclusion (as legislated in Act 68) and exclusion (for comparison with other time periods) of the forecasted incremental sales tax revenue that effectively flows through the General Fund to the Education Fund for the period October 2003-June 2004. The latest revenue increase, viewed as legislated under Act 68, is \$15.9 million.

minimal adjustments to the current fiscal year budget for the General, Transportation and Education Funds. The proposed additional spending in Special Funds is related to the Medicaid program, and reflects technical corrections involving the discontinuance of co-payments, higher costs, and an increase in the utilization of services. As the Governor has frequently noted, this important Special Fund – the Health Access Trust Fund – is destined for significant deficits beginning in FY 2006, unless fundamental reforms and cost containment are undertaken.

	Original Appropriation	January 2005 Recommended Adjustment	Revised Budget
General Fund	\$ 895.92	\$0.03	\$ 895.95
Transportation Fund	213.34	(0.37)	212.97
Special Fund	327.17	7.37	334.54
Education Fund	875.39	0.02	875.41
Total	\$2,311.82	\$7.05	\$2,318.87

The Governor has submitted to the Legislature a FY 2004 Adjustment Bill to reflect these proposed changes.

FISCAL YEAR 2005:

The latest revenue forecast approved by the Vermont Emergency Board (January 15, 2004) raised projected FY 2005 revenues from the previous forecast made six months earlier. The latest forecast increases projected General Fund revenues in fiscal year 2005 by \$9.5 million. The FY 2005 Transportation Fund revenue projection was increased by \$1.1 million. Forecasts for certain tax revenues used in the Education Fund were increased by \$1.9 million for fiscal year 2005. These projections, however, are far from certain. The consensus forecast warns that there is still significant downside risk that these targets might not be reached.

The Governor's FY 2005 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 renewed prosperity. As such, spending growth is proposed at only 2.8% for the General Fund (base appropriations) and 2.6% for the Transportation Fund.

Adhering to the Governor's spending growth guidelines will allow state government to balance the 2005 budget without exacerbating the tax burden borne by individuals and businesses. This budget maintains a fully replenished General Fund Stabilization Reserve and leaves the Transportation Fund and Education Fund reserves full, while providing much needed property tax relief to Vermonters. If fiscal fortunes continue to brighten, the Governor's priorities are to bolster reserves, remediate various pre-existing internal service fund deficits, and consider thoughtful one-time expenditures that do not increase the ongoing cost of government.

Highlights of Governor Douglas's Fiscal Year 2005 Proposals

The Environment

Agency of Natural Resources

Significant new general funding has been added for the Governor's Statewide Clean and Clear Action Plan, which seeks to remove phosphorous from our state lakes and waterways. The Governor is also recommending the first major contribution of General Funds to the Department of Fish and Wildlife in the FY 2005 budget, due to declining hunting and angling license revenues. The proposed additional General Fund (GF) support of nearly \$4 million represents the largest annual GF increase ever for ANR.

Clean and Clear Statewide Action Plan

Administered by the Agencies of Agriculture and Natural Resources, Clean and Clear is the Governor's program to improve and protect water quality in the Lake Champlain basin (encompassing all or part of 11 of Vermont's counties) as well as other Vermont lakes, rivers and streams. Clean and Clear represents one of the most significant water quality initiatives Vermont has ever undertaken. This initiative aims to fight phosphorus runoff, a pollutant that fosters algae growth and can release dangerous toxins, impair waterways, close beaches, prevent recreational enjoyment and tarnish Vermont tourism. The Governor has proposed to not only proceed with previously discussed initiatives, but to do so on an accelerated timeframe. The sooner significant reductions in pollution are initiated, the sooner Vermont's waterways can begin to restore themselves. The key facets of this environmental initiative include:

- Implementing the EPA approved clean-up plan to limit the *Phosphorus Total Maximum Daily Load (TMDL)* of pollutant flow into our waterways;
- Assisting farmers to implement better fertilizer management practices and make farm improvements, including construction of manure storage facilities to improve farm efficiency while protecting water quality;
- Financial incentives to farmers and other landowners to protect waterways by establishing and maintaining vegetated buffers;
- Development of alternative manure management technologies and techniques;
- Reducing sedimentation in waterways and restoring stream bank vegetation to decrease pollution, improve fish habitat and enhance flood control;
- Helping towns improve the maintenance of back roads to correct chronic erosion;
- Grants to Regional Planning Commissions to help towns improve water quality protections at the local level;
- Helping towns install phosphorus removal equipment in local wastewater treatment plants; and
- Coordinating funding from federal, state, local and private sources.

The long-term funding goal for this initiative is \$150 million, with over \$103 million needed in the next six years to achieve Governor Douglas's ambitious plan to reach the TMDL phosphorus reduction goals, to the extent possible, by 2009 – the 400th anniversary of the arrival of Samuel de Champlain at the lake that bears his name. The Governor is proposing a modest appropriation of State dollars in fiscal year 2004 to get a jump on the problem this spring. Proposed funding for FY 2005 includes nearly \$2 million of state operating funds, over \$4 million of state capital investments (including a program through the Vermont Economic Development Authority [VEDA]), with approximately \$8 million of Federal funds. Further funding sources are being explored.

Energy Conservation

-- Fleet Services

To bring greater efficiency to state government, save taxpayer dollars and reduce greenhouse gas emissions, the Administration will centralize the state passenger vehicle and light truck fleet under the Department of Buildings and General Services (BGS). This change, when fully implemented over a two-year period, should save state government \$1 million annually and result in a minimum reduction of 159 tons of greenhouse gas emissions per year.

-- Environmental and Energy Program

The Governor seeks to reduce Vermont's annual rate of greenhouse gas emissions by 25% by 2012 from a 1990 baseline. To help achieve this aggressive goal, state government will demonstrate that successful business operations are compatible with environmental responsibility. State government currently contributes 113,200 tons of greenhouse gases per year through buildings and transportation infrastructure. BGS will lead a government-wide effort to "green" purchasing practices, increase recycling efforts and significantly improve the energy operating efficiency of state facilities. The Governor has proposed utilizing \$1 million in capital funds to launch this effort, and the creation of the Resource and Environmental Management Revolving Fund to support future efforts.

Economic Development

Last year, the legislature passed the Governor's Jobs Bill, which emphasized assuring adequate capital to help businesses prosper and thus create well paying jobs. The cornerstone of the Jobs Bill was a \$105 million economic development, jobs, and agricultural loan package with the Vermont Economic Development Authority (VEDA). VEDA was also authorized to establish a new *Vermont Opportunity Fund* to provide venture fund financing of up to \$25 million over the next few years. The Governor's Jobs Bill also created a computer sales tax holiday and an angel investment tax incentive to encourage investment in early stage, entrepreneurial businesses. In addition to the Jobs Bill, there were appropriations made to the Department of Employment and Training for job training and to the Agency of Commerce and Community Development to support economic development's recruiting/retention activities, as well as workforce training and telecommunications infrastructure advancement statewide.

The above-mentioned financing initiatives remain available to businesses in FY 2005. In the Administration's budget, the Governor has again proposed additional funding to the Agency of Commerce and Community Development to invest in the following specific programs: an increase in grant monies for the Vermont Training Program, support for the Vermont Center for Emerging Technologies business incubator, funding to continue the telecom initiative, support for enhanced recruitment activities, the addition of personnel to support retention and recruiting activity, and a grant to assist in establishing the International Center for Captive Insurance (ICCI), currently being developed in collaboration between the Vermont Captive Insurance Association and the University of Vermont.

Protection

Public Safety

In his FY 2005 budget, the Governor has included funding to fill ten (10) trooper vacancies and to cover the loss of federal funding for ten (10) existing Corridor (Special Traffic Enforcement) trooper positions. This continues the progress begun when Governor Douglas took office in January 2003 and immediately proposed funding through the Budget Adjustment Act of the 2003 legislative session to fill six (6) trooper vacancies in FY 2003. The Governor added funding for another ten (10) trooper vacancies in the FY 2004 budget.

Homeland Security for the people of Vermont is a key priority for the Governor. Funding through Vermont's Homeland Security Unit (HSU) of the Department of Public Safety has totaled approximately \$22 million to date, in the form of homeland security grants from the federal government, with approximately \$16 million of that total being sub-granted to local fire, police, and emergency medical organizations. The State's portion of the federal grant funding has been utilized primarily for enhanced equipment for State first responders and to pay for salaries related to terrorism planning, training, exercises and critical infrastructure protection. The Administration anticipates additional federal homeland security grants of up to \$20 million during FY 2005.

In order to provide improved training and greater attention to fire safety needs, legislation will be presented to establish a Fire Bureau within the Department of Public Safety. This Fire Bureau will include the Fire Service Training Council and Assistant Fire Marshals from the Department of Labor and Industry.

Corrections

FY05 is the first full year of operations for the Southern State Correctional Facility, housing approximately 360 inmates in Springfield. The addition of this facility and several changes in the current facilities' configuration substantially reduce overcrowding in state facilities. Springfield has an improved health unit, important when dealing with the state's aging prisoner population, and allows the Department of Corrections (DOC) to better manage the in-state inmate population. The transition of Windsor to a Women's Facility, begun in FY 2004, has improved the ability of the State to safely and appropriately house the growing female inmate population.

The new out-of-state prisoner housing contract significantly lowers the per bed cost of housing prisoners out-of-state, saving the State nearly \$1 million annually, as well as improving the treatment options for these inmates. Such savings will help defray some of the costs of DOC initiatives to improve the facilities and services provided to male inmates in South Burlington and female inmates in Waterbury and Windsor. Several changes, including improved drug monitoring and the provision of prison uniforms, are being made to combat the introduction of drugs into the prison system.

Major increases in the FY 05 Governor's Recommend include: \$3.5 million to cover annualization of FY 04 Pay Act, related payroll taxes, health insurance, increase in contribution for state employee retirement and to reduce the vacancy savings target; \$2.4 million for annualization of the Southern State Correctional Facility opened in October, 2003; \$.8 million for inflationary increases for inmate healthcare, mental health services, food and utility costs; funds to cover some loss of federal grants; and \$50 million to replace federal fiscal relief which artificially lowered the FY 2004 General Fund contribution.

Military

Fiscal year 2005 funding for the Military Department includes: (1) \$62,000 to restore the Tuition Grant Program to the statutory maximum of \$200,000; (2) \$15,000 for veterans medals; (3) \$10,000 to continue assistance for survivors of casualties in the war on terrorism; (4) \$14,000 for the Disabled & Needy Veterans Fund; and (5) \$10,000 for the operating expenses of the Governor's Veterans Advisory Council.

Fire Service

The Governor is recommending an appropriation of \$100,000 to add to the firefighters death benefit fund. In the FY 2005 capital budget, the Governor recommends \$400,000 for the Vermont Fire Service Training Academy. This will assist with the purchase of much-needed training equipment to ensure that Vermont's firefighters are well-equipped to meet the emergencies to which they respond on a daily basis.

Education

Higher Education

The University of Vermont, the Vermont State Colleges System, and the Vermont Student Assistance Corporation will all receive a 2% increase (before sharing in the cost of transferring the dental hygiene program from UVM to VSC) in the Governor's fiscal year 2005 budget. As it did last year, Vermont's spending growth for Higher Education outpaces that of most other states.

K-12

Last session, Act 68 replaced the prior education funding system in the state. Among other things, the new law repealed the "sharing pool," differentiated between homestead and non-residential properties, and lowered property tax rates. Under Act 60, schools received funding directly from towns that generated revenues in excess of the state share of education funding; but under the new law, all tax revenues flow through the state. As a result, it would appear that state spending on education has increased by about \$300 million, but much of this increase results from the accounting system in place under the new finance structure. If this change is accounted for, the overall state share of education funding still increased by approximately 5.6%.

Property Taxes

Act 68 intends to bring property tax relief to Vermonters in FY 2005. Due to this change in the education finance law, as well as higher than anticipated property value growth, the Administration recommends a 5-cent reduction (per \$100 valuation) in property tax rates to all individual and business property owners in the state.

Health

Long Term Health

-- Fit and Healthy Kids

The Governor has announced an initiative that addresses the increasing prevalence of childhood obesity. This program has been introduced in recognition that unhealthy behaviors established in childhood can often lead to serious health issues for adults. The Governor's initiative is not only an investment in children, but will also serve as preventative action against the long-term health risks and

costs associated with obesity. This initiative, housed in the Department of Health, will include programs designed to improve physical fitness and the eating habits of Vermont youth. A series of grants will be awarded to applicants that formulate programs that encourage collaboration between schools and communities.

-- Chronic Care

In addition to the Fit and Healthy Kids initiative, the Governor has proposed a Chronic Care initiative that is designed to address the needs of Vermonters facing debilitating medical conditions. This includes a media campaign to educate citizens on issues such as diabetes and lung disease, with a focus on preventative action. While chronic diseases are among the most prevalent and costly, they are also among the most preventable. The system as it now stands cannot do the job needed to provide the best care for people with chronic conditions. There will be programs that are intended to allow Vermonters who suffer from chronic medical conditions the ability to provide self care for many of the routine medical procedures related to their individual issues. Together with the Fit and Healthy Kids initiative, these programs are designed to improve the overall health of the population, as well as to take steps to control the spiraling costs of healthcare. To begin with, over one half-million dollars will be devoted to the two initiatives, with the intention of increasing funding in future years through grants and matching funding from other entities.

-- Tobacco Funds

Vermont has two Tobacco Funds. The Tobacco Litigation Settlement Fund is the fund into which all Master Settlement payments are made. Spending for current tobacco-related activities occur from this fund. The Tobacco Trust Fund is the fund established to capitalize funding for Tobacco Control Programs into the future.

Vermont will be receiving less Tobacco Settlement Funds in 2004 and subsequent years. This is due to the end of the "initial" Settlement payments, which have now expired as anticipated in the original Master Settlement Agreement.

Despite declining revenues represented by the \$24.8 million that Vermont expects to receive in FY 2005, there is a commitment to maintain the integrity of the Tobacco Trust Fund for future program needs, and to maintain the current level of effort from the Tobacco Settlement Fund for health programs and critical drug addiction prevention and treatment, while providing Vermont's Tobacco Control Programs an inflationary increase.

Vermont State Hospital

Inpatient services at the Vermont State Hospital (VSH) are for involuntary emergency examinations and commitments in which adults have become dangerous to themselves or others, or for psychiatric evaluations of competency to stand trial in criminal cases. The State Hospital, which has 56 beds, is Vermont's only public psychiatric inpatient facility. During FY 2003, VSH served 234 individuals and had 216 admissions, with an average daily census of 47.

In preparation for taking office, Governor Douglas recognized that efforts needed to be undertaken to upgrade the Vermont State Hospital, primarily the staff necessary to adequately treat the resident population. He supported new staffing and funding for the VSH budget for both the fiscal year 2003 budget adjustment and for the current fiscal year.

Despite these early efforts, in September 2003, the Hospital was decertified by the federal Center for Medicare and Medicaid Services (CMS). Federal participation in decertified programs is limited to emergency care that is necessary for beneficiaries but that cannot be provided by other participating providers. As it is necessary to continue to operate the Vermont State Hospital, replacement in FY 05 of 50% of the projected federal revenues for at least the first quarter will be necessary as we work towards gaining recertification of the Hospital.

DETER

The scourge of drugs, particularly heroin, is a growing threat to the very fabric of Vermont society. Substance abuse impacts all of our citizens – predominantly our youth – and carries enormous long-term costs, both human and monetary. Last year, the Legislature approved the Governor's Drug Education, Treatment, Enforcement and Rehabilitation (DETER) program to:

- Embark on a four-year effort to assure that every middle school and high school has a drug counselor;
- Create after-school programs and job opportunities to promote positive youth development;
- Increase clinical substance abuse treatment capacity;
- Add an opiate treatment center; and
- An offender re-entry program.

For the current legislative session, Governor Douglas proposes to build upon the work already begun with over \$1 million of new funding:

- Outpatient Treatment/Aftercare – additional clinicians and case managers to meet increasing demand
- SAP Counselors – 10 new student assistance counselors in our schools
- New Directions – support an additional 3 community coalitions to implement comprehensive prevention activities
- Opiate Treatment Recovery Centers and Transitional Housing – continues support and expands recovery centers
- Pregnant/postpartum women's services – expand to more regions of the State

Medicaid

Vermont's Medicaid program has three pressures:

- Medicaid has witnessed significant inflationary cost increases over the past several years.
- Vermont has a very generous program, which was expanded to include those who do not qualify for traditional Medicaid.
- The Federal Government support for the program is expected to decline due to an increase in Vermont's per capita personal income relative to the national average.

Beginning with FY 2002, the Legislature consolidated state revenues that support the Medicaid program into a single fund called the Health Access Trust Fund. Unfortunately, spiraling growth in Medicaid expenses has put this program on an unsustainable course.

As can be seen in the following table, revenues that are deposited into the Fund are not growing at rates that will support expenditures. Hence, the Trust Fund will become insolvent in fiscal year 2006, and left unresolved, these deficits will balloon to more than \$245 million in fiscal year 2009.

	Health Access Trust Fund (\$ in millions)					
	FY04	FY05	FY06	FY07	FY08	FY09
Revenues	\$551	\$557	\$583	\$618	\$656	\$699
Medicaid Cost	\$538	\$580	\$621	\$672	\$725	\$783
Net revenue/(deficit)	\$13	\$(23)	\$(38)	\$(54)	\$(69)	\$(84)
Carry forward	\$10	\$23	\$0	\$(38)	\$(92)	\$(161)
Year-end balance	\$23	\$0	\$(38)	\$(92)	\$(161)	\$(245)

Last year, the Governor proposed changes to initiate the difficult process of ensuring the sustainability of the Health Access Trust Fund. He proposed a reform package that asked for greater cost sharing by participants through a deductible program tiered to income. The Legislature rejected these changes and, instead, elected to change the co-pay system to a premium plan, but without addressing the fundamental fact that expenditure growth is spiraling upward at a rate that outpaces revenues. Enacting those modest proposals last year would have begun the reform process and helped to avoid more dramatic changes down the road. Separately, the Administration established the first multi-state prescription drug pool for Medicaid to reduce the cost of drugs. The Administration is also negotiating a Medicaid waiver with the federal government to refocus services for the aged and disabled to home-based care, giving seniors the choice they desire, while at the same time, increasing the quality of care and reducing costs. Finally, the Governor proposes transferring an additional \$8 million from non-reserved surplus FY 2004 funds (without utilizing the budget stabilization reserve) to continue uninterrupted benefits while the Legislature develops changes to ensure the future viability of the program.

Provider Cost of Living Increases

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 approximately \$1 million for increased physician reimbursements under the Medicaid program, plus a \$1.2 million increase to community mental health care providers and a \$0.5 million increase for other social service providers.

Transportation

Once again, a key focus of the Agency of Transportation will be the Roadway Program, which includes the construction of vital transportation projects, such as the Circumferential Highway, parts A&B, the Bennington Bypass, and the reconstruction of U.S. Route 7. This program, which includes \$3.5 million in bond funds, has increased by 28% over last fiscal year to \$80.3 million. Paving projects on the state highway system, which increased from a funding level of \$21.1 million in fiscal year 2003 to \$32.8 million in fiscal year 2004, will be funded at \$32.5 million in fiscal year 2005. The combined bridge programs, which include the Mississquoi Bay Bridge, will be funded at \$48.8 million. The State Highway Bridge Program includes \$1.5 million in bond funds.

In this budget as in last year's budget, the Governor will continue efforts to decrease reliance by other parts of state government on the Transportation Fund. The percentage of Transportation Fund resources diverted to non-transportation purposes, which was 23% in FY 2002, has been reduced to 18.5% in the Governor's FY 2005 budget proposal.

Priorities for Increased Revenues

Following the recent increase in FY 2004 and FY 2005 General Fund revenue forecasts, there is also the possibility of surplus year-end revenues. The Administration has identified several key areas for one-time funding. Specifically, the Governor recommends investments to address pre-existing or potential deficits in the Health Access Trust Fund, VISION/HRMS Development Fund (including the mandatory VISION upgrade), Fee-for-Space program, DII Fund, and State Workers' Compensation Fund.

Fiscal Year 2004 Budget Adjustment Act
Governor's Recommendation
(\$ in Millions)

	General Fund	Transportation Fund	Special* Funds	Education Fund	Combined Funds
FY 2004 base appropriations	\$895.92	\$213.34	\$351.81	\$875.39	\$2,336.47
Recommended appropriation adjustments:					
- Finance	Financial reporting and accounting consulting services		0.05		0.05
- Finance	Consultant services to upgrade the Budget Development System		0.05		0.05
- Tax	Upgrade to online business tax filing system to allow businesses to utilize the service		0.05		0.05
- Lt. Gov.	From FY 2003 carryforward due to savings in miscellaneous operating expenses		(0.01)		(0.01)
- Military	Additional funding for support of Vermont survivors of casualties in Operation Iraqi Freedom		0.01		0.01
- L&I	From FY 2003 carryforward, available due to vacancy savings in VOSHA program		(0.10)		(0.10)
- Public Safety	Radiological Emergency Response Plan Fund; training for state agencies; local equipment needs				0.30
- Agriculture	From FY 2003 carryforward. Language in 2002 Act 142 Sec 98(c) limits how much may be spent on dairy compact reauthorization efforts.		(0.02)		(0.02)
- Health	Interpreter referral services, higher utilization, Provider rate increase, Program Medical Director and additional costs for Buprenorphine facilities		0.61		0.61
- SRS	Childcare caseload increase of 475 @ \$5,296 annual average cost		2.30		2.30
- PATH	For DET Employment Counselors		0.15		0.15
- PATH	To correct appropriation for removed cost-sharing, and reflect higher utilization and unit costs in Medicaid program				7.55
- DDMHS	Housing contingency funding shifted from Special to Federal Funds			(0.30)	(0.30)
- DDMHS	Various operating expenses, costs for contracts, consultants, temporary employees, overtime and three new positions		0.65		0.65
- DDMHS	Federal receipt shortfall due to decertification and less residents eligible for Medicaid and Medicare per diem		0.70		0.70
- DDMHS	Receipt shortfall due to lower than expected assessments to Community Mental Health Center providers.		0.10	(0.10)	0.00
- DDMHS	Estimated 50% decline in federal Crisis Rehabilitation & Treatment (CRT) waiver receipts due to decertification.		2.35		2.35
- DDMHS	Estimated prior year settlements (Medicaid and Medicare reconciliation)		(0.10)		(0.10)
- DAD	3 TBI slots mistakenly budgeted in PATH Medicaid.		0.07		0.07
- Corrections	To adjust for high vacancy savings target and additional contractual services		0.57		0.57
- Corrections	Additional out-of-state beds to adjust for higher population and inmate uniforms for pilot program		1.47		1.47
- Education	Higher than anticipated costs of conducting reappraisals and listings by municipalities.			0.02	0.02
- ANR - Admin	Pittsford to Rutland office move and fit-up		0.09		0.09
- ANR	Jump Start Total Maximum Daily Load (TMDL) / Clean and Clear: 3 positions		0.17		0.17
- Historic Sites	To fill in for annual shortfall in Special Fund receipts.		0.08	(0.08)	0.00
- Econ Dev	For Bennington area business incubator		0.13		0.13
- Historical Soc	Funding towards operating shortfall		0.20		0.20
- Trans.	Reduction for the health premium holiday to add to the balance of the budget stabilization reserve			(1.13)	(1.13)
- Trans.	TANF funds not available for Job Access Reverse Commute project; replace with Transportation Funds			0.76	0.76
- Debt Service	From FY 2003 carryforwards due to lower costs for debt service		(0.54)		(0.54)
- Pay act	Appropriation available because Depts' health plan premium rate holiday savings offset the need to use "Pay Act"		(1.48)		(1.48)
- AHS	Enhanced Federal Financial Participation (Medicaid)		(7.50)		(7.50)
Total adjustments	0.03	(0.37)	7.37	0.02	7.05
Total adjusted recommended FY 2004 appropriation	\$895.95	\$212.97	\$359.18	\$875.41	\$2,343.52

* Special funds Include Tobacco Settlement Funds

Note: Totals may not add due to rounding

**Combined General and Transportation Funds Summary
Fiscal Years 2002 - 2006**

(\$ in Millions)

	Actual FY 2002	Actual FY 2003	Governor Recommends FY 2004	Governor Recommends FY 2005	Forecast FY 2006
Sources					
Current law revenues	1,030.63	1,068.55	1,110.50	1,137.20	1,179.10
Direct applications & reversions	28.68	18.06	19.83	12.95	5.69
Additional Property Transfer Tax to GF	-	2.66	6.67	6.70	6.70
2003 Act 68 sales tax implementation	-	-	27.80	-	-
Telephone Property Tax to Education Fund	-	-	-	(9.48)	(9.40)
FY 2004 Fee Bill	-	-	-	1.90	-
Tax Refund Reserve	4.05	-	-	-	-
Federal Reimbursements	1.26	8.59	3.30	-	-
Current Year Sources	1,064.62	1,097.86	1,168.10	1,149.27	1,182.09
For approp from GF/TF reserves	-	-	-	4.74	0.68
For approp from General Fund transfer	13.85	-	-	-	-
For approp from Rutland MMTC Reserve	1.17	-	-	-	-
Prior year unallocated operating surplus	-	5.65	-	6.81	-
Total Sources	1,079.64	1,103.51	1,168.10	1,160.82	1,182.77
Uses					
Base appropriations	1,074.12	1,084.90	1,111.00	1,150.13	1,174.21
Other FY2003/2004 Budget Adjustment	-	8.12	9.00	-	-
Base appropriations post Budget Adjustment	1,074.12	1,093.02	1,120.00	1,150.13	1,174.21
Federal Flexible Funding replacement	-	-	(50.00)	-	-
Enhanced Federal Financial Participation	-	-	(7.50)	-	-
Additional GF Transfer to Ed Fund per 2003 Act 68	-	-	28.90	-	-
Rescission	(1.91)	(3.79)	-	-	-
Pay Act	2.45	9.23	0.52	7.00	2.70
One-time appropriations	10.39	2.01	17.00	-	-
Total Uses	1,085.05	1,100.47	1,108.92	1,157.13	1,176.91
Subtotal operating surplus (deficit)	(5.41)	3.04	59.18	3.69	5.86
Allocation of surplus					
Transfers (to) / from other funds					
General Fund / Transportation Fund	(13.85)	-	-	-	-
Tobacco settlement	-	9.20	-	-	-
General Bond Fund	-	0.16	-	-	-
Education Fund	(5.60)	-	-	-	-
Health Access Trust Fund and Other Funds	-	-	(15.90)	(6.14)	-
Downtown Fund	(0.70)	(0.80)	(0.80)	(0.60)	(0.80)
Central Garage Fund	(1.98)	(1.99)	(2.11)	-	(2.20)
Art Acquisition Fund	(0.01)	-	-	-	-
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Total transfers (to) / from other funds	(22.51)	6.20	(19.18)	(7.11)	(3.37)
Reserved in GF/TF					
Budget Stabilization Reserve	33.57	(14.39)	(22.31)	(0.42)	(2.49)
Human Services Caseload Reserve	-	0.81	-	-	-
Reserved in GF/TF Surplus Reserve	-	4.34	(10.88)	5.46	-
Restricted for FY2005 Pay Act	0.00	-	-	(1.62)	0.00
Total Reserved	33.57	(9.24)	(33.19)	3.42	(2.49)
Total allocated	11.06	(3.04)	(52.37)	(3.69)	(5.86)
Unallocated operating surplus (deficit)	5.65	0.00	6.81	0.00	0.00
Reserves (cumulative)					
Budget Stabilization Reserve	18.33	32.72	55.03	55.45	57.94
Reserved in GF/TF Surplus Reserve	4.34	-	10.88	0.68	-
Human Services Caseload Reserve	18.05	17.24	17.24	17.24	17.24
Restricted for FY2005 Pay Act	-	-	-	1.62	-
Total GF/TF reserve balances	40.72	49.96	83.15	74.99	75.18

**General Fund Summary
Fiscal Years 2002 - 2006**

(\$ in Millions)

	Actual FY 2002	Actual FY 2003	Governor Recommends FY 2004	Governor Recommends FY 2005	Forecast FY 2006
Sources					
Current law revenues	832.69	863.21	896.10	922.60	957.50
2003 Act 68 sales tax implementation	-	-	27.80	-	-
Telephone Property Tax to Education Fund	-	-	-	(9.48)	(9.40)
FY 2004 Fee Bill	-	-	-	1.90	0.00
Direct applications, transfers in & reversions	20.27	18.01	13.09	12.45	5.19
Additional Property Transfer Tax to GF	-	2.66	6.67	6.70	6.70
Tax Refund Reserve	4.05	-	-	-	-
Current year sources	857.01	883.88	943.66	934.17	959.99
For approp from GF Reserve	-	-	-	4.74	-
Total sources	857.01	883.88	943.66	938.91	959.99
Uses					
Base appropriations	862.92	873.70	898.03	932.68	957.86
Other FY2003/2004 Budget Adjustment	-	8.12	9.00	-	-
Base appropriations post Budget Adjustment	862.92	881.82	907.03	932.68	957.86
Federal Flexible Funding replacement	-	-	(50.00)	-	-
Enhanced Federal Financial Participation	-	-	(7.50)	-	-
Additional GF transfer to Ed Fund per 2003 Act 68	-	-	28.90	-	-
Pay Act	-	5.89	0.52	5.92	-
One-time appropriations	9.22	2.01	17.00	-	-
Total uses	872.14	889.72	895.95	938.60	957.86
Subtotal operating surplus (deficit)	(15.13)	(5.84)	47.71	0.31	2.13
Allocation of surplus					
Transfers (to) / from other funds					
Transportation Fund	(13.85)	6.45	-	-	-
Tobacco settlement	-	9.20	-	-	-
General Bond Fund	-	0.16	-	-	-
Education Fund	(5.60)	-	-	-	-
Health Access Trust Fund and Other Funds	-	-	(15.90)	(6.14)	-
Total transfers (to) / from other funds	(19.45)	15.81	(15.90)	(6.14)	0.00
Reserved in GF (designated)					
Budget Stabilization Reserve	34.58	(15.12)	(20.93)	(0.31)	(2.13)
Human Services Caseload Reserve	-	0.81	-	-	-
Reserved in GF Surplus Reserve	-	4.34	(10.88)	6.14	-
Total reserved in the GF (designated)	34.58	(9.97)	(31.81)	5.83	(2.13)
Total allocated	15.13	5.84	(47.71)	(0.31)	(2.13)
Unallocated operating surplus (deficit)	0.00	(0.00)	0.00	0.00	0.00
GF Reserves (cumulative)					
Budget Stabilization Reserve	8.44	23.56	44.49	44.80	46.93
Human Services Caseload Reserve	18.05	17.24	17.24	17.24	17.24
Reserved in GF Surplus Reserve	4.34	0.00	10.88	0.00	0.00
Total GF reserve balances	30.83	40.80	72.61	62.04	64.17

Transportation Fund Summary
Fiscal Years 2002 - 2006
(\$ in Millions)

	Actual FY 2002	Actual FY 2003	Governor Recommends FY 2004	Governor Recommends FY 2005	Forecast FY 2006
Sources					
Current law revenues	197.94	205.34	214.40	214.60	221.60
Direct applications & reversions	1.26	0.05	6.74	0.50	0.50
Federal reimbursements	8.41	8.59	3.30	-	-
Current year sources	<u>207.61</u>	<u>213.98</u>	<u>224.44</u>	<u>215.10</u>	<u>222.10</u>
For approp from General Fund transfer	13.85	-	-	-	-
For approp from Rutland MMTC Reserve	1.17	-	-	-	-
For approp from TF Reserve	-	-	-	-	0.68
Prior year unallocated operating surplus	0.00	5.65	0.00	6.81	0.00
Total sources	<u>222.63</u>	<u>219.63</u>	<u>224.44</u>	<u>221.91</u>	<u>222.78</u>
Uses					
Base appropriations	211.20	211.20	212.97	217.45	216.35
Rescission	(1.91)	(3.79)	-	-	-
Pay Act	2.45	3.34	-	1.08	2.70
One-time approps from prior year	1.17	-	-	-	-
Total uses	<u>212.91</u>	<u>210.75</u>	<u>212.97</u>	<u>218.53</u>	<u>219.05</u>
Subtotal operating surplus (deficit)	9.72	8.88	11.47	3.38	3.73
Allocation of surplus					
Transfers (to) / from other funds					
General Fund	-	(6.45)	-	-	-
Downtown Fund	(0.70)	(0.80)	(0.80)	(0.60)	(0.80)
Central Garage Fund	(1.98)	(1.99)	(2.11)	-	(2.20)
Art Acquisition Fund	(0.01)	-	-	-	-
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Total transfers (to) / from other funds	<u>(3.06)</u>	<u>(9.61)</u>	<u>(3.28)</u>	<u>(0.97)</u>	<u>(3.37)</u>
Reserved in the TF (designated)					
Budget Stabilization Reserve	(1.01)	0.73	(1.38)	(0.11)	(0.36)
Restricted for FY2005 Pay Act	-	-	-	(1.62)	-
Reserved in TF Surplus Reserve	0.00	0.00	-	(0.68)	-
Total reserved in the TF (designated)	<u>(1.01)</u>	<u>0.73</u>	<u>(1.38)</u>	<u>(2.41)</u>	<u>(0.36)</u>
Total allocated	(4.07)	(8.88)	(4.66)	(3.38)	(3.73)
Unallocated operating surplus(deficit)	5.65	0.00	6.81	(0.00)	0.00
TF Reserves (cumulative)					
Budget Stabilization Reserve	9.89	9.16	10.54	10.65	11.01
Restricted for FY2005 Pay Act	-	-	-	1.62	-
Reserved in TF Surplus Reserve	0.00	0.00	-	0.68	-
Total TF reserve balance	<u>9.89</u>	<u>9.16</u>	<u>10.54</u>	<u>12.95</u>	<u>11.01</u>

Education Fund Summary
Fiscal Years 2002 - 2006
(\$ in Millions)

	Actual FY 2002	Actual FY 2003	Governor Recommends FY 2004	Governor Recommends FY 2005	Forecast FY 2006
Sources					
Current law revenues	69.70	70.59	76.60	31.60	31.90
Sales Tax (after FY04)	-	-	-	97.40	100.70
Lottery Revenue	16.59	15.53	19.80	19.20	17.90
Statewide Property Tax/Non-Resident after FY04	424.17	453.96	489.89	377.63	405.79
Local Share Property Tax/Residential after FY04	197.39	231.88	245.80	335.38	391.00
General Fund Appropriations	246.36	245.68	268.40	249.27	256.80
Medicaid Reimbursement	8.29	8.28	8.29	8.18	8.20
Direct Applications/Reversions	9.55	4.85	-	-	-
Interest on Fund Balance	0.17	(0.31)	(0.21)	0.30	0.40
Total sources	972.22	1,030.46	1,108.57	1,118.96	1,212.69
Uses					
Base Appropriations	809.61	824.99	857.37	1,131.84	1,185.76
Local Share Payments	174.94	205.58	217.48	-	-
School Construction Assistance	0.00	3.19	2.13	0.57	0.60
Total uses	984.55	1,033.76	1,076.98	1,132.41	1,186.36
Subtotal operating surplus (deficit)	(12.33)	(3.30)	31.59	(13.45)	26.33
Allocation of surplus					
Transfer (to) / from other funds / reserves					
General Fund	5.60	-	-	-	-
Total transfers (to) / from other funds	5.60	0.00	0.00	0.00	0.00
Reserved in the EF (designated)					
Budget Stabilization Reserve	6.73	3.30	(12.34)	(1.57)	(0.74)
Total reserved in the EF (designated)	6.73	3.30	(12.34)	(1.57)	(0.74)
Total allocated	12.33	3.30	(12.34)	(1.57)	(0.74)
Unallocated operating surplus (deficit)	0.00	0.00	19.25	4.23	29.82
EF Reserves (cumulative)					
Budget Stabilization Reserve	14.20	10.90	23.24	24.86	25.60
Total EF reserve balance	14.20	10.90	23.24	24.86	25.60

REVENUES OVERVIEW

After growing steadily for several years, overall State of Vermont General Fund revenues dropped nearly 7% in fiscal year (FY) 2002 before recovering 3.2% in FY 2003. The latest consensus revenue forecast projects a 3.5 % increase in the current fiscal year (FY 2004) and (assuming revenue neutrality in the extensive Act 68 changes) an approximately 3.0% growth rate for next year (FY 2005). By comparison, the General Fund revenue growth rate was a robust 6.6% as recently as FY 2000. For a fairer multi-year comparison, these figures exclude the one-time receipt and effective pass-through of Act 68 sales tax revenue to the Education Fund in FY 2004. Most of this forecasted revenue growth is obligated to existing commitments and unavoidable human services obligations, leaving little room for increases in the rest of state government. There is also downside risk to these revenue projections, due to ongoing uncertainty in the U.S. labor market recovery and global security issues.

The recent revenue challenge faced by our state was a direct reflection of the slow national recovery. Vermont Personal Income Tax receipts, down more than 10% in FY 2002, were essentially flat in FY 2003. Even if current growth projections of 3.8% materialize in FY 2004, Vermont Personal Income taxes (at \$427 million) will contribute \$28 million less to the General Fund this year than they did in FY 2001. This substantial decline stems from several years of weak employment conditions in the State—especially in manufacturing—as well as lower stock market returns and the resulting reduced levels of capital gains income. There are well-publicized indications of recovery in the national and state economies, which have been preceded by the recent rebound in the stock market, one of the *Leading Economic Indicators*. As a result, Personal Income Tax receipts are projected to grow 5.0% in FY 2005.

The 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 Sales and Use Tax grew 1.8% in FY 2003 and is projected to rise 3.2% in FY 2004 and 1.9% in FY 2005 to nearly \$230 million. (For a fairer multi-year comparison, these figures exclude the revenues from the one percentage point change in the Sales and Use Tax under Act 68).

Rooms and Meals Taxes are projected to continue their modest underlying 2 to 3% growth rate through FY 2005. This revenue source is expected to contribute about \$85.7 million to the General Fund in FY 2004. In FY 2005, reflecting the realignment in tax sources due to Act 68 property tax reform, this source is forecast to contribute \$108 million to the General Fund.

Insurance Taxes grew by 8.9% in FY 2002, by 21.7% in FY 2003 and are expected to grow by 7.5% in FY 2004, to become the fourth largest General Fund revenue source. This category is expected to grow by 3.4% in FY 2005.

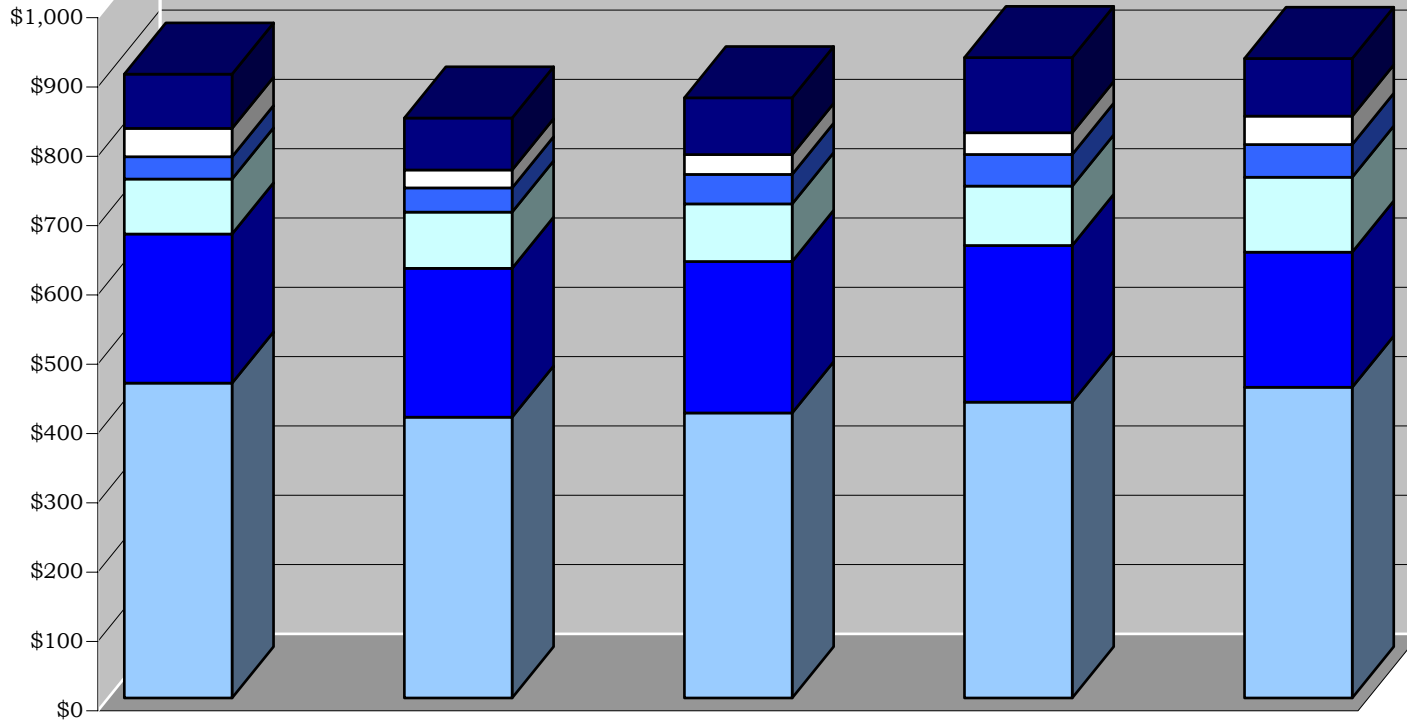
Corporate Income Taxes, fell in FY 2002 (-36.7%), recovering (+10.5%) in FY 2003. Even with a healthy recovery projected in the current fiscal year, FY 2004 gross Corporate Income Tax receipts of \$38.6 million (+9.2%) will still be more than 23.5% below their FY 2000 & FY 2001 levels. Corporate Income Tax receipts are projected to grow 6.2% in FY 2005.

Total Transportation Fund revenues grew by 11.1% in FY 2002, by 0.7% in FY 2003 and are projected to grow 3.2% in the current (FY 2004) fiscal year, largely due to continued strength in the Motor Vehicle Purchase and Use Tax and Motor Vehicle Fees. FY 2005 Transportation Fund revenues are projected to be essentially flat (+0.1%) at \$214.6 million, in part due to the renewal cycle of two-year vehicle registrations.

Total Education Fund revenues from all sources grew by 6.0% in FY 2003, by 7.3% in FY 2004 and are expected to grow by 3.8% in FY 2005. Since property values have grown at a higher rate than had been expected (and Education spending growth has been lower than expected), the Governor has recommended a 5-cent reduction in property tax rates.

In summary, we expect modest growth in both General and Education Fund revenues next year, but flat Transportation Fund revenues. 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 our recent 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.

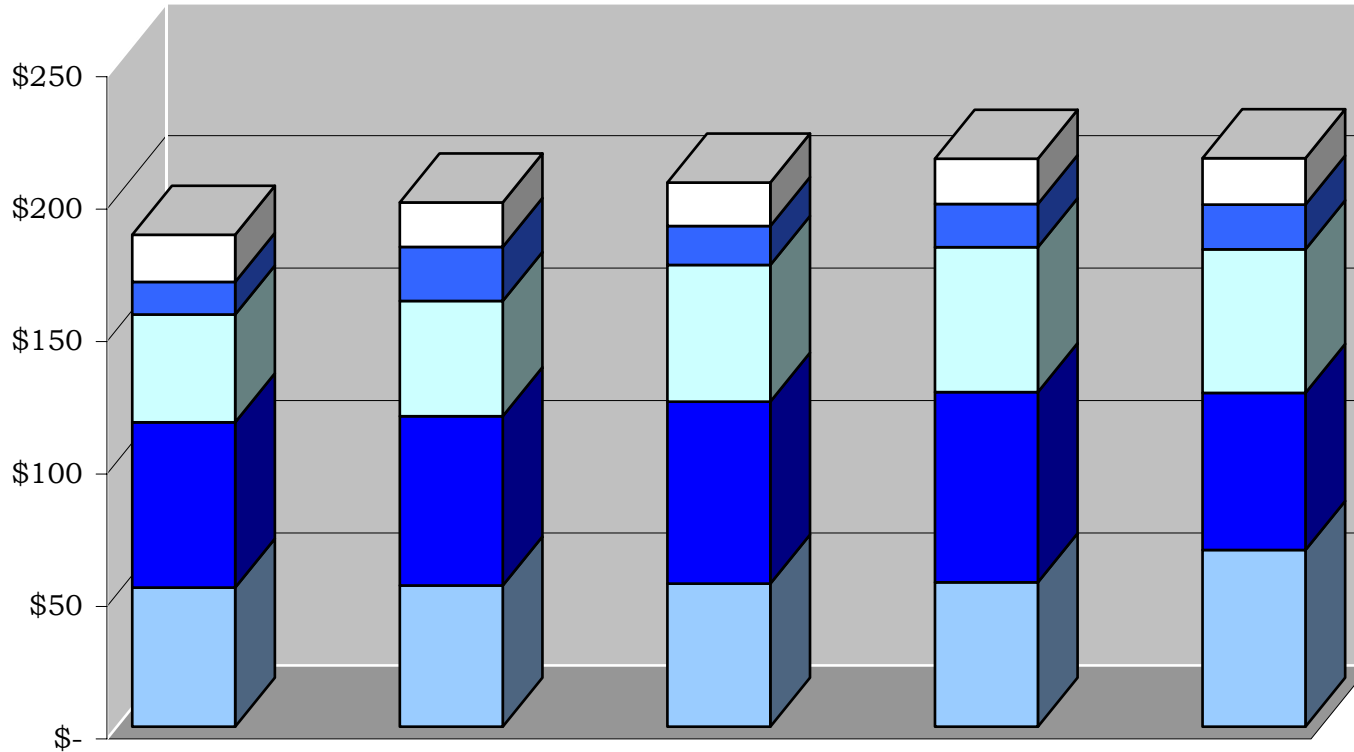
General Fund Revenues - FY2001 to 2005



	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
(\$ in Millions)	actual	actual	actual	projected	projected
Other	\$78.3	\$74.9	\$81.9	\$108.4	\$83.1
Corporate	\$40.9	\$25.9	\$28.6	\$31.3	\$41.0
Insurance	\$32.2	\$34.9	\$42.5	\$45.7	\$47.2
Meals and Rooms	\$79.2	\$81.1	\$83.1	\$85.7	\$108.1
Sales and Use Taxes	\$215.1	\$214.8	\$218.6	\$226.0*	\$194.9
Personal Income Tax	\$454.2	\$405.1	\$411.2	\$426.8	\$448.3
Total	\$899.9	\$836.7	\$865.9	\$923.9	\$922.6

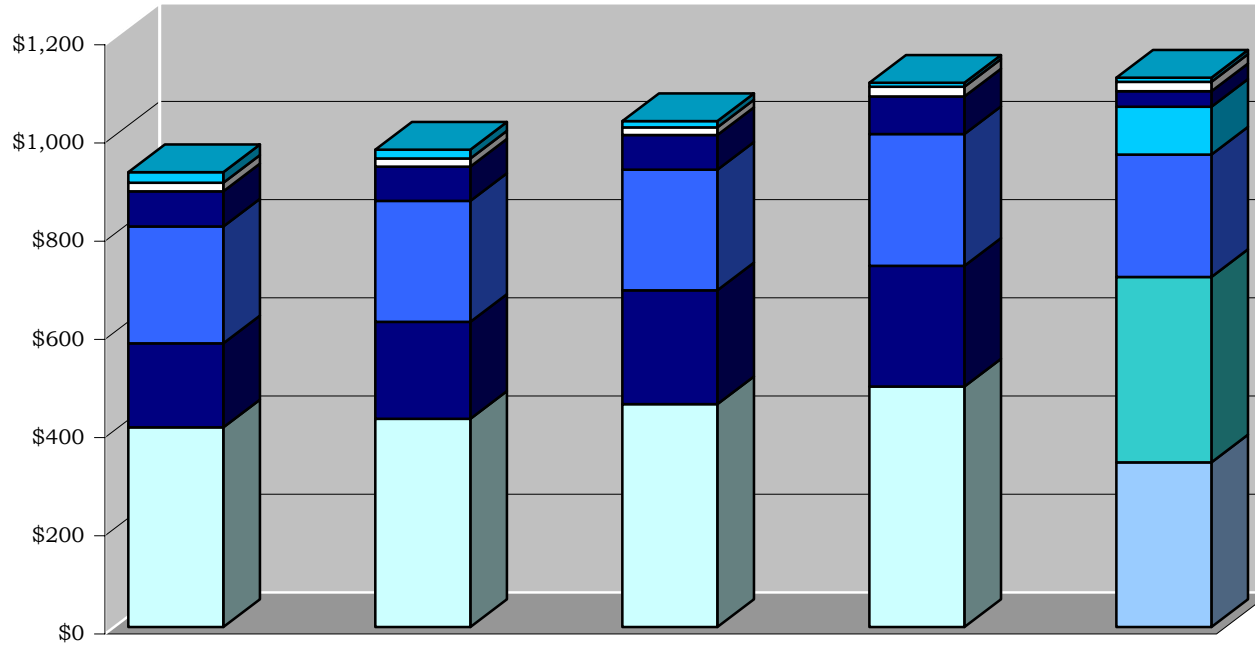
* Includes \$28M of sales tax revenue that passes through to the Education Fund

Transportation Fund Revenues - FY2001 to 2005



	FY 2001 actual	FY 2002 actual	FY 2003 actual	FY 2004 projected	FY 2005 projected
Diesel Fuel Tax	\$17.8	\$16.8	\$16.4	\$17.1	\$17.5
Other Revenues	\$12.3	\$20.4	\$14.7	\$16.3	\$16.9
Motor Vehicle Fees	\$40.7	\$43.5	\$51.6	\$54.7	\$54.2
Purchase & Use Tax	\$62.4	\$63.9	\$68.7	\$71.8	\$59.3
Gasoline Tax	\$52.5	\$53.3	\$54.0	\$54.5	\$66.7
Total	\$185.7	\$197.9	\$205.4	\$214.4	\$214.6

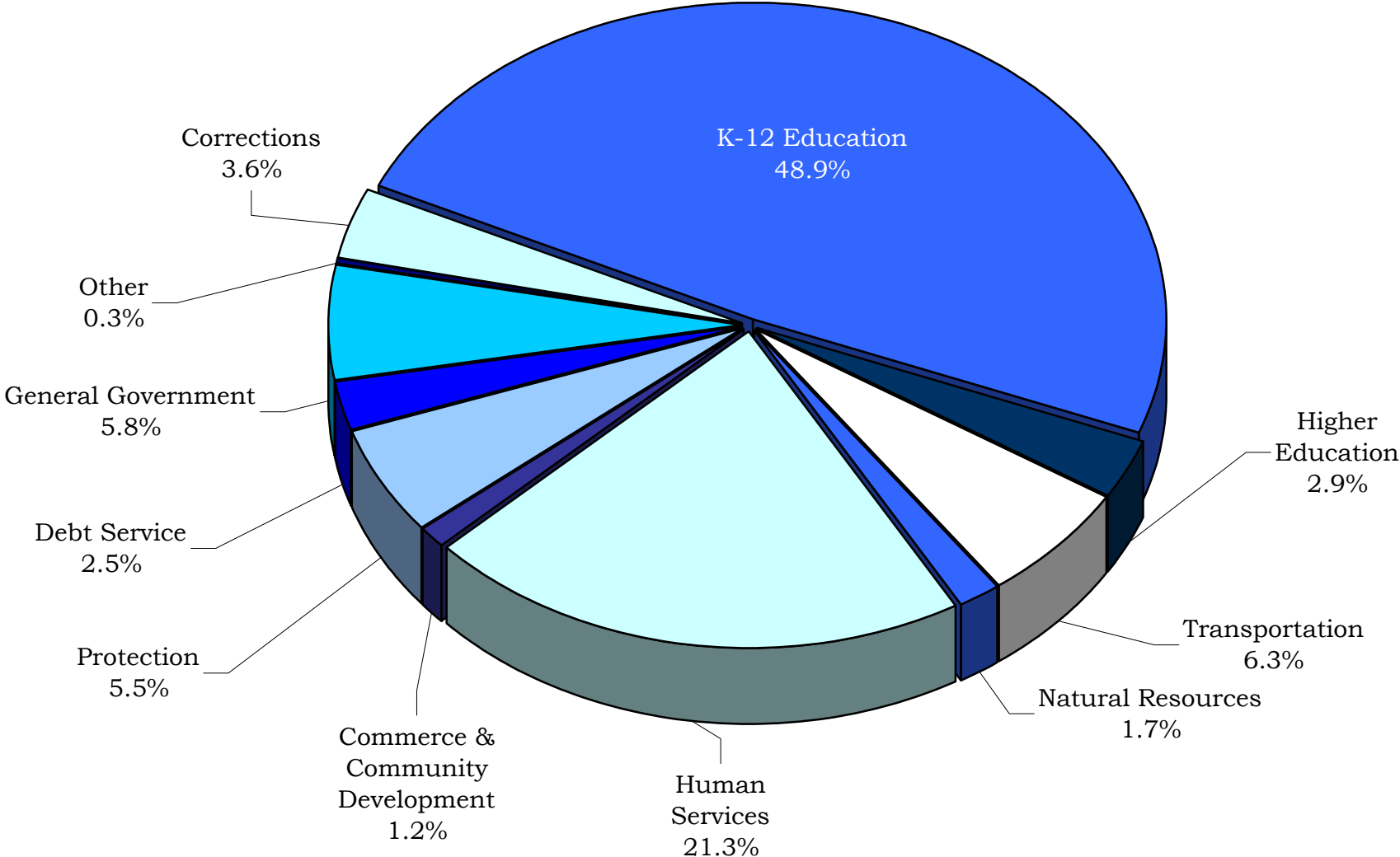
Education Fund Revenues - FY2001 to 2005



(\$ in Millions)	FY 2001 actual	FY 2002 actual	FY 2003 actual	FY 2004 projected	FY 2005 projected
Other	\$21.5	\$18.0	\$12.8	\$8.1	\$8.5
Lottery Revenue	\$17.4	\$16.6	\$15.5	\$19.8	\$19.2
Act 60 Splinter Taxes	\$71.6	\$69.8	\$70.6	\$76.6	\$31.6
Sales Tax (after '04)	-	-	-	-	\$97.4
General Fund Approp.	\$238.0	\$246.4	\$245.7	\$268.4	\$249.3
Local Share Prop Tax	\$171.1	\$197.4	\$231.9	\$245.8	-
Statewide Prop Tax	\$406.7	\$424.2	\$454.0	\$489.9	-
NonRes Property Tax*	-	-	-	-	\$377.6
Resident Property Tax*	-	-	-	-	\$335.4
Total	\$926.4	\$972.3	\$1,030.5	\$1,108.6	\$1,119.0

* FY05 revenue estimates account for the Governor's recommendation to reduce property tax rates by 5 cents.

**FY2005 Appropriations
General, Transportation, and
Special Funds including Tobacco, & Education Fund**



FISCAL YEAR 2005 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2005

Agency/Department/Program	FY 2005 Gov Recommend GF	FY 2005 Gov Recommend TF	FY 2005 Gov Recommend Tobacco & SF	FY 2005 Gov Recommend GF,TF,SF,Tob	FY 2004 Gov Rec BAA GF,TF,SF,Tob	FY 04 - 05 % Change
GENERAL GOVERNMENT						
Agency of Administration:						
Secretary of Administration	381,798	49,704	0	431,502	433,212	-0.4%
Finance & Management	772,314	110,428	0	882,742	929,223	-5.0%
Personnel	1,747,729	543,132	223,000	2,513,861	2,503,619	0.4%
Buildings and General Services	3,974,015	4,627,513	177,633	8,779,161	8,954,094	-2.0%
Tax	12,651,812	211,902	574,000	13,437,714	13,213,139	1.7%
Libraries	2,321,498	0	195,483	2,516,981	2,509,490	0.3%
Total Agency of Administration	21,849,166	5,542,679	1,170,116	28,561,961	28,542,777	0.1%
GIS	0	0	376,992	376,992	376,992	0.0%
Auditor of Accounts	453,732	58,845	52,746	565,323	570,481	-0.9%
State Treasurer	808,409	103,208	1,378,559	2,290,176	2,527,017	-9.4%
Labor Relations Board	171,697	4,560	5,870	182,127	179,818	1.3%
Executive Office	1,198,394	156,230	3,185	1,357,809	1,345,371	0.9%
VOSHA Review Board	20,097	0	0	20,097	20,150	-0.3%
Use Tax Reimbursement	3,989,280	2,310,390	0	6,299,670	5,700,000	10.5%
Property Tax Assistance	6,846,384	4,385,016	0	11,231,400	11,469,706	-2.1%
Lt. Governor	115,517	19,130	0	134,647	108,551	24.0%
Legislature	4,030,592	697,017	0	4,727,609	4,552,270	3.9%
Legislative Council	1,631,518	231,924	0	1,863,442	1,842,400	1.1%
Sergeant at Arms	358,331	40,411	0	398,742	394,845	1.0%
Joint Fiscal Office	831,789	134,395	0	966,184	955,220	1.1%
PILOT/Montpelier Services	968,000	0	1,700,000	2,668,000	2,434,000	9.6%
Corrections PILOT	40,000	0	0	40,000	40,000	0.0%
TOTAL GENERAL GOVERNMENT	43,312,906	13,683,805	4,687,468	61,684,179	61,059,598	1.0%
PROTECTION TO PERSONS AND PROPERTY						
Attorney General	2,550,429	69,061	1,304,901	3,924,391	3,815,372	2.9%
Court Diversion	927,238	142,833	400,000	1,470,071	1,264,041	16.3%
State's Attorneys	6,435,235	366,373	53,599	6,855,207	6,725,366	1.9%
Center for Crime Victim Services	728,878	0	3,400,000	4,128,878	1,909,595	116.2%
Sheriffs	2,287,344	565,704	0	2,853,048	2,689,580	6.1%
Defender General	6,771,984	728,626	602,629	8,103,239	7,808,045	3.8%
Military	2,880,631	0	0	2,880,631	2,829,536	1.8%
Labor & Industry	913,722	0	4,975,015	5,888,737	5,621,790	4.7%
Criminal Justice Training Council	647,358	279,677	464,724	1,391,759	1,367,160	1.8%
Liquor Control	0	0	318,973	318,973	318,973	0.0%
Racing Commission	5,000	0	0	5,000	5,000	0.0%

FISCAL YEAR 2005 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2005

Agency/Department/Program	FY 2005 Gov Recommend GF	FY 2005 Gov Recommend TF	FY 2005 Gov Recommend Tobacco & SF	FY 2005 Gov Recommend GF,TF,SF,Tob	FY 2004 Gov Rec BAA GF,TF,SF,Tob	FY 04 - 05 % Change
Secretary of State	973,352	0	3,467,965	4,441,317	3,875,755	14.6%
BISHCA	466,993	0	11,791,180	12,258,173	11,054,107	10.9%
Public Safety	17,379,008	22,440,455	6,256,608	46,076,071	44,017,017	4.7%
Agriculture	3,906,724	38,553	6,859,650	10,804,927	6,044,211	78.8% (1)
Public Service Department	0	0	4,610,976	4,610,976	4,459,443	3.4%
Enhanced 911 Board	0	0	2,417,588	2,417,588	2,417,588	0.0%
Public Service Board	0	0	2,624,677	2,624,677	2,532,516	3.6%
Judiciary	22,544,570	3,004,507	510,118	26,059,195	25,669,155	1.5%
Human Rights Commission	273,225	0	1	273,226	242,908	12.5%
Fire Service Training Council	464,860	80,320	438,521	983,701	924,142	6.4%
TOTAL PROTECTION	70,156,551	27,716,109	50,497,125	148,369,785	135,591,300	9.4%
HUMAN SERVICES						
Agency of Human Services:						
AHS - Secretary's Office	4,008,624	0	729,000	4,737,624	6,236,669	-24.0%
Human Services Board	121,082	0	0	121,082	121,879	-0.7%
Corrections	94,906,767	1,144,483	1,605,536	97,656,786	41,090,085	137.7% (2)
Health	19,800,091	0	12,103,719	31,903,810	26,688,150	19.5%
PATH	43,294,583	0	243,027,128	286,321,711	255,466,057	12.1%
Approp to Health Access Trust Fund	68,865,572	0	17,250,000	86,115,572	85,800,857	0.4%
State Economic Opportunity Office	848,147	0	5,349,041	6,197,188	6,061,622	2.2%
Office of Child Support	1,370,517	0	454,125	1,824,642	1,568,989	16.3%
Social & Rehabilitation Services	45,515,649	60,249	2,213,152	47,789,050	45,240,218	5.6%
Developmental & MH Services	72,519,770	0	8,791,700	81,311,470	70,074,206	16.0%
Aging and Disabilities	16,233,802	419,330	1,809,580	18,462,712	17,233,060	7.1%
Total Agency of Human Services	367,484,604	1,624,062	293,332,981	662,441,647	555,581,792	19.2%

(1) The reported increase in the Agriculture budget reflects increased use of Special Funds due to the Governor's Clean and Clear Statewide Action Plan and the budgeting of several large annual pass-throughs previously processed as Excess Receipts.

(2) Underlying appropriations growth for the Department of Corrections is +7.2%. The reported growth is exaggerated due to the \$50 million of Federal Fiscal relief which artificially lowered the 200- appropriation.

FISCAL YEAR 2005 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2005

Agency/Department/Program	FY 2005 Gov Recommend GF	FY 2005 Gov Recommend TF	FY 2005 Gov Recommend Tobacco & SF	FY 2005 Gov Recommend GF,TF,SF,Tob	FY 2004 Gov Rec BAA GF,TF,SF,Tob	FY 04 - 05 % Change
Children's Trust Fund	100,651	0	70,000	170,651	152,705	11.8%
Commission on Women	231,777	0	5,000	236,777	239,151	-1.0%
RSVP	121,096	0	0	121,096	123,567	-2.0%
Veterans' Home	969,037	0	7,663,115	8,632,152	8,442,048	2.3%
Association for the Blind	23,958	0	0	23,958	24,447	-2.0%
TOTAL HUMAN SERVICES	368,931,123	1,624,062	301,071,096	671,626,281	564,563,710	19.0%
EMPLOYMENT & TRAINING	1,086,261	0	166,000	1,252,261	1,267,259	-1.2%
GENERAL EDUCATION						
Department of Education	13,112,400	520,672	2,523,912	16,156,984	16,379,121	-1.4%
GF Appropriation to Education Fund	240,015,935	0	0	240,015,935	268,400,000	-10.6% (3)
Teachers' Retirement	20,446,282	0	0	20,446,282	20,446,282	0.0%
TOTAL GENERAL EDUCATION	273,574,617	520,672	2,523,912	276,619,201	305,225,403	-9.4%
HIGHER EDUCATION AND OTHER						
University of Vermont	37,574,431	0	0	37,574,431	36,927,057	1.8% (4)
Vermont Public Television	563,832	0	0	563,832	563,832	0.0%
Vermont State Colleges	22,558,318	0	0	22,558,318	21,789,200	3.5% (4)
Vermont Interactive TV	795,331	0	0	795,331	795,331	0.0%
Vermont Student Assistance Corp.	16,984,113	0	0	16,984,113	16,683,804	1.8% (4)
N.E. Higher Education Compact	88,840	0	0	88,840	88,840	0.0%
TOTAL HIGHER EDUCATION AND OTHER	78,564,865	0	0	78,564,865	76,848,064	2.2%
TOTAL EDUCATION	352,139,482	520,672	2,523,912	355,184,066	382,073,467	-7.0%

(3) The Governor's FY 2005 budget redirects two tax sources from the General Fund to the Education Fund. The first is the extra cent on the sales tax (per 2003 Act 68). The Governor's budget accommodates the increased funding for the Education Fund by transferring the Telephone Property Tax from the General Fund to the Education Fund and reducing the General Fund transfer by a like amount (\$9.48 million), and adding \$520,000, resulting in a total of \$10 million of new money to the Education Fund.

(4) Higher Education (UVM, VSC and VSAC) received a 2% appropriation increase before sharing the \$350,000 cost of the Dental Hygiene program (transferred from UVM to VSC)

FISCAL YEAR 2005 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2005

Agency/Department/Program	FY 2005 Gov Recommend GF	FY 2005 Gov Recommend TF	FY 2005 Gov Recommend Tobacco & SF	FY 2005 Gov Recommend GF,TF,SF,Tob	FY 2004 Gov Rec BAA GF,TF,SF,Tob	FY 04 - 05 % Change
NATURAL RESOURCES						
Agency of Natural Resources:						
ANR - Central Office	3,840,813	211,123	975,514	5,027,450	4,397,287	14.3%
Environmental Conservation	7,721,340	183,709	13,144,968	21,050,017	19,724,976	6.7%
Fish & Wildlife	1,797,101	0	0	1,797,101	0	
Forests, Parks & Recreation	5,182,878	504,513	8,442,174	14,129,565	13,234,350	6.8%
Total Agency of Natural Resources	<u>18,542,132</u>	<u>899,345</u>	<u>22,562,656</u>	<u>42,004,133</u>	<u>37,356,613</u>	<u>12.4%</u>
Environmental Board	880,992	0	1,641,178	2,522,170	2,505,104	0.7%
Water Resources Board	324,515	0	0	324,515	315,745	2.8%
TOTAL NATURAL RESOURCES	<u>19,747,639</u>	<u>899,345</u>	<u>24,203,834</u>	<u>44,850,818</u>	<u>40,177,462</u>	<u>11.6%</u>
COMMERCE & COMMUNITY DEVELOPMENT						
Agency of Commerce & Comm Development:						
ACCD - Administration	1,874,906	0	0	1,874,906	1,852,465	1.2%
Housing & Community Affairs	1,940,540	0	4,758,740	6,699,280	6,686,295	0.2%
Econ Development	4,777,103	0	523,000	5,300,103	4,537,474	16.8%
Tourism & Marketing	4,678,637	0	0	4,678,637	4,957,085	-5.6% (5)
Total Agency of Commerce & Comm Development	<u>13,271,186</u>	<u>0</u>	<u>5,281,740</u>	<u>18,552,926</u>	<u>18,033,319</u>	<u>2.9%</u>
Council on the Arts	491,618	0	0	491,618	491,618	0.0%
Vermont Symphony Orchestra	101,960	0	0	101,960	101,960	0.0%
VT Historical Society	527,660	0	0	527,660	629,874	-16.2% (6)
Housing & Conservation Trust	0	0	11,097,246	11,097,246	12,018,000	-7.7%
VT Humanities Council	130,599	0	0	130,599	130,599	0.0%
TOTAL COMMERCE & COMMUNITY DEV.	<u>14,523,023</u>	<u>0</u>	<u>16,378,986</u>	<u>30,902,009</u>	<u>31,405,370</u>	<u>-1.6%</u>
DEBT SERVICE	<u>62,788,425</u>	<u>2,327,922</u>	<u>2,388,010</u>	<u>67,504,357</u>	<u>70,152,851</u>	<u>-3.8%</u>

(5) Underlying appropriation growth for Tourism & Marketing is +0.5%. The reported growth of -5.6% reflects the redirection of \$368,000 to Fish & Wildlife; Forests, Parks and Recreation; and Agriculture. In FY 2004 and previous years these funds were appropriated to Tourism & Marketing and then transferred to these Departments.

(6) Underlying base appropriations growth for the Vt. Historical Society is +22.8% including +40.8% in the operating budget. The reported growth of -16.2% reflects the fact that \$200,000 in extra one-time funds is recommended by the Governor in the FY 2004 BAA.

FISCAL YEAR 2005 COMBINED BUDGET RECOMMENDATIONS
General, Transportation and Special Funds
FISCAL YEAR 2005

Agency/Department/Program	FY 2005 Gov Recommend GF	FY 2005 Gov Recommend TF	FY 2005 Gov Recommend Tobacco & SF	FY 2005 Gov Recommend GF,TF,SF,Tob	FY 2004 Gov Rec BAA GF,TF,SF,Tob	FY 04 - 05 % Change
TRANSPORTATION						
Agency of Transportation:						
AOT Division Appropriations and Programs	0	113,167,234	0	113,167,234	108,500,381	4.3%
AOT Dept. of Motor Vehicles	0	18,747,491	0	18,747,491	17,235,903	8.8%
AOT Town Highway Programs	0	38,681,898	0	38,681,898	37,296,666	3.7%
Total Agency of Transportation	<u>0</u>	<u>170,596,623</u>	<u>0</u>	<u>170,596,623</u>	<u>163,032,950</u>	<u>4.6%</u>
Trans Bd & MV Arbitration Bd	0	78,400	0	78,400	130,000	-39.7%
VT Transportation Authority	0	0	0	0	6,000	-100.0%
TOTAL TRANSPORTATION	<u>0</u>	<u>170,675,023</u>	<u>0</u>	<u>170,675,023</u>	<u>163,168,950</u>	<u>4.6%</u>
OTHER	5,919,339	1,081,811	0	7,001,150	18,650,690	-62.5%
APPROPRIATION TOTAL	<u>938,604,749</u>	<u>218,528,749</u>	<u>401,916,431</u>	<u>1,559,049,929</u>	<u>1,468,110,657</u>	<u>6.2%</u>

COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Fund
FY 2001 - FY 2005

Agency/Department/Program	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Final Appropriation	FY 2004 Recommended Appropriation	FY 2005 Recommended Appropriation	Four Year Trend: Average Annual Change
GENERAL GOVERNMENT						
Agency of Administration:						
Secretary of Administration	437,043	437,820	449,863	433,212	431,502	-0.3%
Finance & Management	1,768,429	1,892,441	744,834	929,223	882,742	-15.9%
Personnel	2,515,911	2,766,799	2,503,262	2,503,619	2,513,861	0.0%
Buildings and General Services	18,426,983	19,060,787	9,134,046	8,954,094	8,779,161	-16.9%
Tax	11,146,952	12,716,607	12,367,552	13,213,139	13,437,714	4.8%
Libraries	1,997,131	2,007,233	2,279,150	2,509,490	2,516,981	6.0%
Total Agency of Administration	<u>36,292,448</u>	<u>38,881,687</u>	<u>27,478,707</u>	<u>28,542,777</u>	<u>28,561,961</u>	<u>-5.8%</u>
GIS	355,113	376,992	370,360	376,992	376,992	1.5%
Auditor of Accounts	554,382	562,774	587,686	570,481	565,323	0.5%
State Treasurer	14,550,330	17,055,004	17,633,930	2,527,017	2,290,176	-37.0%
Labor Relations Board	169,284	171,033	180,188	179,818	182,127	1.8%
Executive Office	1,233,127	1,237,218	1,323,137	1,345,371	1,357,809	2.4%
Governor-elect	0	0	30,000	0	0	
VOSHA Review Board	11,645	18,709	18,654	20,150	20,097	14.6%
Use Tax Reimbursement	4,144,616	4,685,837	5,100,000	5,700,000	6,299,670	11.0%
Property Tax Assistance	9,150,500	8,500,000	10,342,000	11,469,706	11,231,400	5.3%
Lt. Governor	107,735	109,835	114,671	108,551	134,647	5.7%
Legislature	4,179,758	5,009,806	5,343,065	4,552,270	4,727,609	3.1%
Legislative Council	1,586,611	1,629,375	1,722,791	1,842,400	1,863,442	4.1%
Sergeant at Arms	254,209	364,778	368,900	394,845	398,742	11.9%
Joint Fiscal Office	743,052	799,058	971,826	955,220	966,184	6.8%
PILOT/Montpelier Services	834,000	834,000	2,434,000	2,434,000	2,668,000	33.7%
Corrections PILOT	40,000	40,000	40,000	40,000	40,000	0.0%
TOTAL GENERAL GOVERNMENT	<u>74,206,810</u>	<u>80,276,106</u>	<u>74,059,915</u>	<u>61,059,598</u>	<u>61,684,179</u>	<u>-4.5%</u>
PROTECTION TO PERSONS AND PROPERTY						
Attorney General	3,116,402	3,375,379	3,460,387	3,815,372	3,924,391	5.9%
Court Diversion	862,626	1,022,034	1,104,555	1,264,041	1,470,071	14.3%
State's Attorneys	5,535,414	5,955,502	6,259,451	6,725,366	6,855,207	5.5%
Center for Crime Victim Services	1,581,230	1,827,511	1,874,225	1,909,595	4,128,878	27.1%
Sheriffs	2,200,260	2,528,274	2,639,303	2,689,580	2,853,048	6.7%
Defender General	6,993,557	7,340,563	7,477,520	7,808,045	8,103,239	3.8%
Military	2,498,424	2,867,267	2,908,772	2,829,536	2,880,631	3.6%
Labor & Industry	4,497,097	4,750,794	5,350,627	5,621,790	5,888,737	7.0%

COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Fund
FY 2001 - FY 2005

Agency/Department/Program	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Final Appropriation	FY 2004 Recommended Appropriation	FY 2005 Recommended Appropriation	Four Year Trend: Average Annual Change
Criminal Justice Training Council	752,195	936,293	1,249,707	1,367,160	1,391,759	16.6%
Liquor Control	309,000	309,000	318,973	318,973	318,973	0.8%
Racing Commission	7,000	6,530	2,001	5,000	5,000	-8.1%
Secretary of State	3,209,724	3,191,340	3,854,500	3,875,755	4,441,317	8.5%
Medical Practice Board	593,414	622,773	0	0	0	-100.0%
BISHCA	9,999,603	10,313,823	10,639,191	11,054,107	12,258,173	5.2%
Public Safety	33,488,968	35,428,508	39,514,876	44,017,017	46,076,071	8.3%
Agriculture	4,879,172	5,351,436	5,739,217	6,044,211	10,804,927	22.0%
Public Service Department	3,954,981	4,239,531	4,286,106	4,459,443	4,610,976	3.9%
Enhanced 911 Board	2,261,003	2,358,486	2,390,368	2,417,588	2,417,588	1.7%
Public Service Board	2,304,964	2,448,763	2,484,447	2,532,516	2,624,677	3.3%
Judiciary	19,850,426	20,965,161	24,035,409	25,669,155	26,059,195	7.0%
Human Rights Commission	261,491	246,585	257,485	242,908	273,226	1.1%
Vt Radiological Emergency	400,000	400,000	800,000	0	0	-100.0%
Fire Service Training Council	532,070	593,051	929,497	924,142	983,701	16.6%
TOTAL PROTECTION	110,089,021	117,078,604	127,576,617	135,591,300	148,369,785	7.7%
HUMAN SERVICES						
Agency of Human Services:						
AHS - Secretary's Office	4,097,058	4,057,940	5,156,245	6,236,669	4,737,624	3.7%
Human Services Board	87,731	89,718	98,500	121,879	121,082	8.4%
Corrections	72,119,838	75,468,376	80,320,660	41,090,085	97,656,786	7.9%
Health	24,160,522	26,453,377	27,066,989	26,688,150	31,903,810	7.2%
PATH	201,624,678	217,194,846	225,373,150	255,466,057	286,321,711	9.2%
Approp to Health Access Trust Fund	0	0	85,262,910	85,800,857	86,115,572	
State Economic Opportunity Office	4,951,442	5,353,899	5,703,286	6,061,622	6,197,188	5.8%
Office of Child Support	1,218,370	1,386,680	1,540,550	1,568,989	1,824,642	10.6%
Social & Rehabilitation Services	33,210,436	35,440,772	40,578,630	45,240,218	47,789,050	9.5%
Developmental & MH Services	56,416,070	62,775,991	68,634,322	70,074,206	81,311,470	9.6%
Aging and Disabilities	13,497,350	15,017,373	16,762,876	17,233,060	18,462,712	8.1%
Total Agency of Human Services	411,383,495	443,238,972	556,498,118	555,581,792	662,441,647	12.6%

COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Fund
FY 2001 - FY 2005

Agency/Department/Program	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Final Appropriation	FY 2004 Recommended Appropriation	FY 2005 Recommended Appropriation	Four Year Trend: Average Annual Change
Independence Fund	1	1	0	0	0	-100.0%
Children's Trust Fund	189,748	196,156	192,705	152,705	170,651	-2.6%
Commission on Women	219,642	204,912	235,386	239,151	236,777	1.9%
RSVP	133,220	132,400	130,071	123,567	121,096	-2.4%
Disabled and Needy Veterans	31,761	31,565	37,025	0	0	-100.0%
Veterans' Home	8,190,891	8,653,075	8,937,694	8,442,048	8,632,152	1.3%
Association for the Blind	24,885	24,885	24,447	24,447	23,958	-0.9%
TOTAL HUMAN SERVICES	420,173,643	452,481,966	566,055,446	564,563,710	671,626,281	12.4%
EMPLOYMENT & TRAINING	519,495	911,260	797,624	1,267,259	1,252,261	24.6%
GENERAL EDUCATION						
Department of Education	14,654,705	15,750,726	16,659,213	16,379,121	16,156,984	2.5%
GF Appropriation to Education Fund	238,032,196	246,363,322	245,705,935	268,400,000	240,015,935	0.2%
Teachers' Retirement	28,280,947	29,387,445	30,653,682	20,446,282	20,446,282	-7.8%
TOTAL GENERAL EDUCATION	280,967,848	291,501,493	293,018,830	305,225,403	276,619,201	-0.4%
HIGHER EDUCATION AND OTHER						
University of Vermont	32,447,286	34,182,131	36,202,911	36,927,057	37,574,431	3.7%
Vermont Public Television	596,921	604,136	593,507	563,832	563,832	-1.4%
Vermont State Colleges	18,973,100	20,176,860	21,361,961	21,789,200	22,558,318	4.4%
Vermont Interactive TV	812,601	840,507	836,775	795,331	795,331	-0.5%
Vermont Student Assistance Corp.	14,805,431	15,445,766	16,581,671	16,683,804	16,984,113	3.5%
N.E. Higher Education Compact	77,809	76,642	75,294	88,840	88,840	3.4%
Education Commission of the States	39,600	39,600	100	0	0	-100.0%
TOTAL HIGHER EDUCATION AND OTHER	67,752,747	71,365,642	75,652,219	76,848,064	78,564,865	3.8%
TOTAL EDUCATION	348,720,595	362,867,135	368,671,049	382,073,467	355,184,066	0.5%
NATURAL RESOURCES						
Agency of Natural Resources:						
ANR - Central Office	3,899,565	4,019,814	4,251,035	4,397,287	5,027,450	6.6%
Environmental Conservation	15,555,145	16,487,208	19,337,861	19,724,976	21,050,017	7.9%
Fish & Wildlife	0	0	0	0	1,797,101	
Forests, Parks & Recreation	11,800,566	12,269,604	12,994,485	13,234,350	14,129,565	4.6%
Total Agency of Natural Resources	31,255,276	32,776,626	36,583,381	37,356,613	42,004,133	7.7%

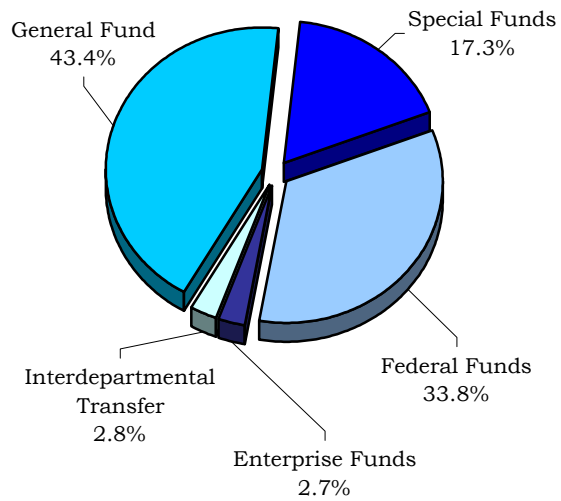
COMBINED FUND APPROPRIATION HISTORY
General, Transportation and Special Fund
FY 2001 - FY 2005

Agency/Department/Program	FY 2001 Final Appropriation	FY 2002 Final Appropriation	FY 2003 Final Appropriation	FY 2004 Recommended Appropriation	FY 2005 Recommended Appropriation	Four Year Trend: Average Annual Change
Environmental Board	2,143,013	2,316,130	2,381,046	2,505,104	2,522,170	4.2%
Water Resources Board	310,246	314,679	318,178	315,745	324,515	1.1%
TOTAL NATURAL RESOURCES	33,708,535	35,407,435	39,282,605	40,177,462	44,850,818	7.4%
COMMERCE & COMMUNITY DEVELOPMENT						
Agency of Commerce & Comm Development:						
ACCD - Administration	1,021,360	1,344,475	1,683,210	1,852,465	1,874,906	16.4%
Housing & Community Affairs	6,148,199	6,324,570	6,606,572	6,686,295	6,699,280	2.2%
Econ Development	3,664,450	3,396,423	3,732,412	4,537,474	5,300,103	9.7%
Tourism & Marketing	4,890,363	4,682,757	4,806,462	4,957,085	4,678,637	-1.1%
Total Agency of Commerce & Comm Development	15,724,373	15,748,225	16,828,656	18,033,319	18,552,926	4.2%
VEDA	322,046	263,088	0	0	0	-100.0%
Council on the Arts	520,396	517,206	517,206	491,618	491,618	-1.4%
Vermont Symphony Orchestra	107,978	107,326	107,326	101,960	101,960	-1.4%
VT Historical Society	258,365	256,781	405,830	629,874	527,660	19.5%
Housing & Conservation Trust	10,750,985	11,605,212	12,018,000	12,018,000	11,097,246	0.8%
VT Humanities Council	75,000	139,935	137,473	130,599	130,599	14.9%
TOTAL COMMERCE & COMMUNITY DEV.	27,759,143	28,637,773	30,014,491	31,405,370	30,902,009	2.7%
DEBT SERVICE	73,905,354	69,258,600	74,280,858	70,152,851	67,504,357	-2.2%
TRANSPORTATION						
Agency of Transportation:						
AOT Division Appropriations and Programs	93,253,614	105,399,895	100,467,399	108,500,381	113,167,234	5.0%
AOT Dept. of Motor Vehicles	14,321,777	15,400,000	16,434,068	17,235,903	18,747,491	7.0%
AOT Town Highway Programs	36,187,146	36,115,751	36,894,889	37,296,666	38,681,898	1.7%
Total Agency of Transportation	143,762,537	156,915,646	153,796,356	163,032,950	170,596,623	4.4%
Trans Bd & MV Arbitration Bd	122,000	80,000	74,762	130,000	78,400	-10.5%
VT Transportation Authority	0	490,989	521,259	6,000	0	
TOTAL TRANSPORTATION	143,884,537	157,486,635	154,392,377	163,168,950	170,675,023	4.4%
OTHER	60,302,205	17,796,549	16,692,075	18,650,690	7,001,150	-41.6%
APPROPRIATION TOTAL	1,293,269,337	1,322,202,063	1,451,823,057	1,468,110,657	1,559,049,929	4.8%

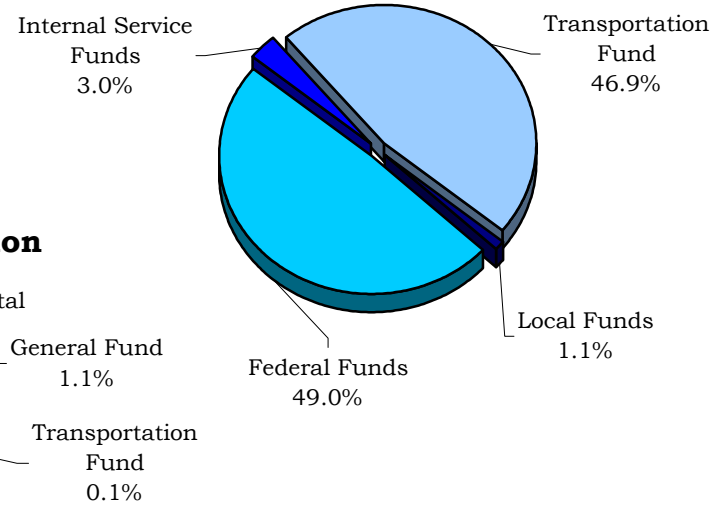
STATE FUNDS – FEDERAL FUNDS COMPARISON

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 1999 through FY 2004, federal funding support to Vermont State government has increased from approximately \$701.7 million to \$1,082.9 million – an increase of +54%. 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.

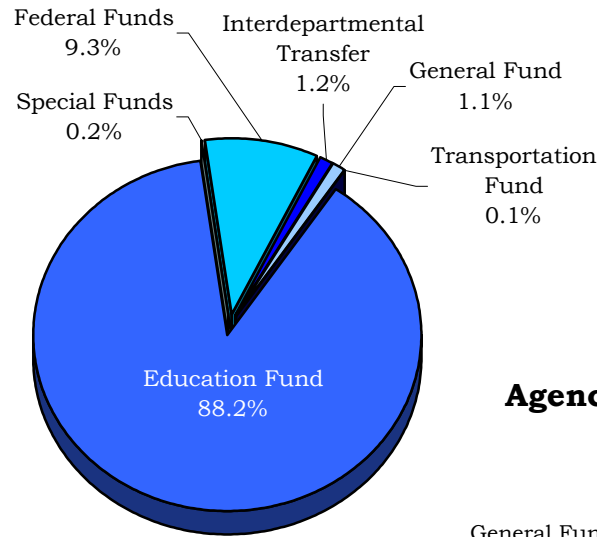
Agency of Commerce and Community Development



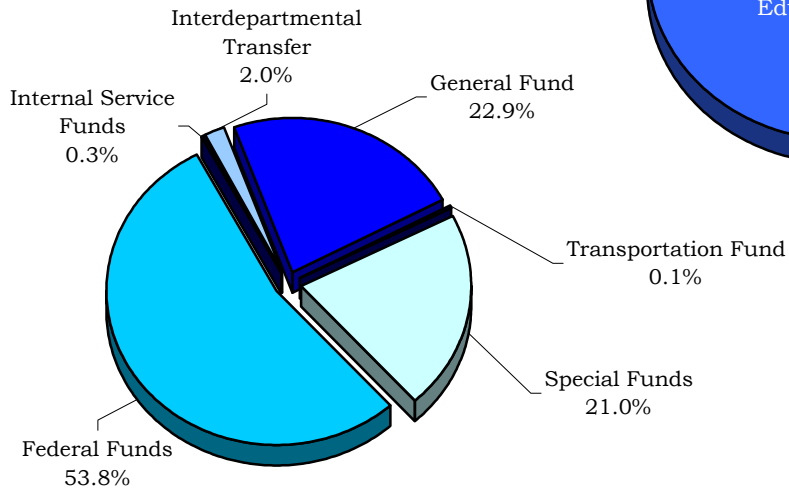
Agency of Transportation



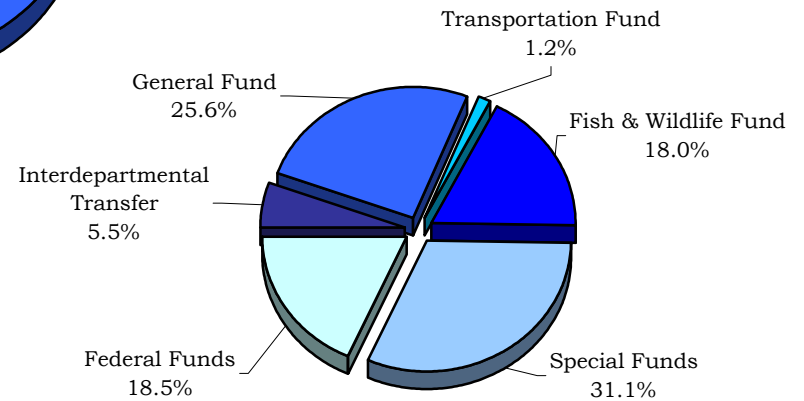
Department of Education



Agency of Human Services



Agency of Natural Resources



Acknowledgements

This Executive Summary and the Governor's Recommended Budget could not have been prepared without the extraordinary efforts of all the staff in the Budget Office of the Department of Finance and Management. Their concern for the State of Vermont, dedication, attention to detail and overall tenacity are greatly appreciated. Special appreciation for the production work associated with the publication of this Executive Summary is extended to Robin Strader.

The Department of Finance and Management is also grateful for the efforts of all Agency and Department heads. Their contribution to the overall success of the Governor's budget strategy is appreciated.

Please contact any of the following with any questions regarding this booklet at 828-2376:

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