



A New Framework for Progress



**Fiscal Year 2010
Executive Budget Recommendations**

**James H. Douglas
Governor of Vermont
January 22, 2009**

VERMONT IS FACING CHALLENGES UNSEEN IN GENERATIONS

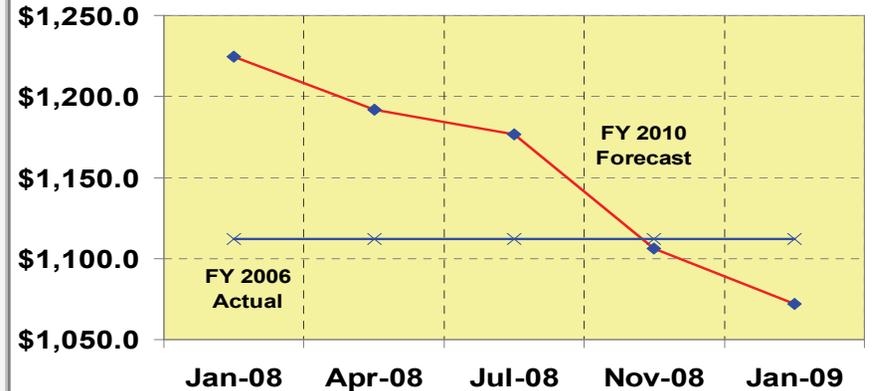
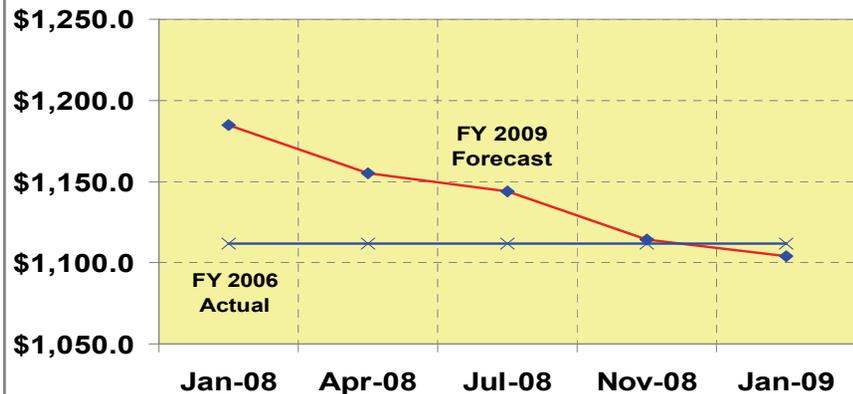
- National Credit Crisis
- Rising Unemployment
- Stock Markets Plummet
- Collapse of Housing Market
- Consumer Confidence Extremely Low
- Financial and Auto Industry Bailout

Revenue Projections Fall Below FY 2006 Level

General Fund Consensus Revenue Forecast Quarterly Update History

FY 2009

FY 2010



Tax Component	FY 2009 Forecast		Change	
	Jan-08	Jan-09	\$ Amount	%
Personal Income	598.3	551.9	(46.4)	-7.8%
Sales & Use	236.1	214.5	(21.6)	-9.1%
Corporate	58.0	52.3	(5.7)	-9.8%
Meals & Room	126.9	120.3	(6.6)	-5.2%
Insurance Premium	55.4	57.0	1.6	2.9%
Inheritance & Estate	20.1	11.3	(8.8)	-43.8%
Real Property Transfer	11.9	8.9	(3.0)	-25.2%
Other	78.1	87.8	9.7	12.4%
Total	1,184.8	1,104.0	(80.8)	-6.8%

*Differences due to rounding

Tax Component	FY 2010 Forecast		Change	
	Jan-08	Jan-09	\$ Amount	%
Personal Income	627.6	535.7	(91.9)	-14.6%
Sales & Use	243.9	214.8	(29.1)	-11.9%
Corporate	53.6	41.6	(12.0)	-22.4%
Meals & Room	131.4	121.3	(10.1)	-7.7%
Insurance Premium	57.1	58.6	1.5	2.6%
Inheritance & Estate	18.1	12.8	(5.3)	-29.3%
Real Property Transfer	12.5	8.7	(3.8)	-30.4%
Other	80.3	78.5	(1.8)	-2.2%
Total	1,224.5	1,072.0	(152.5)	-12.5%

*Differences due to rounding



January 22, 2009

Dear Vermonters,

There is no doubt that Vermont is being pulled into the current national economic downturn. Unemployment is rising, retirement portfolios have lost much of their value as equity markets decline, and the housing market continues to experience significant weakness. Not surprisingly, revenues into state coffers are far below original expectations from a year ago.

Today, Vermont must meet a growing demand for state services with fewer resources than just a few years ago. For FY 2010, General Fund revenues are expected to be 3.6% below FY 2006 levels. In the Transportation Fund, revenues for FY 2010 are expected to be 3.3% below FY 2007 levels. As these revenues fall, spending on K-12 education continues to rise, in both the Education Fund and in the General Fund.

I propose an FY 2010 budget that brings greater balance among government's many priorities, preserves critical services for the neediest and makes investments that will hasten our recovery and position Vermont to grow out of this recession.

In my inaugural address, I called for a transformation of the state's education funding system – Act 60 and Act 68 – to rein in ever-increasing property taxes that are straining family budgets, as well as growing education costs that are squeezing resources for human services, health care and our other important obligations. Until a new system is created, I propose a comprehensive package of changes that will hold down property taxes and ensure that K-12 education contributes to the shared sacrifice. These proposals include: level-funding per pupil spending; a 2 cent reduction in the statewide property tax

rate; paying for the employer portion of teachers' retirement from the Education Fund; and linking the transfer from the General Fund to the Education Fund to levels in General Fund spending. None of these proposals can stand alone, but together they represent a needed step towards a more equitable budget.

Additionally, Congress is debating an economic recovery package. I recognize that this is a needed and welcome investment. I have advocated for such a plan as vice-chairman of the National Governors Association and created the Vermont Federal Recovery Office within my Administration. While a portion of federal money will be used to help alleviate pressures in the FY 2009 and FY 2010 budgets, this aid will only be temporary. Therefore, I will continue to urge the legislature to work with me to realign our priorities with the realities of this downturn.

Reductions throughout state government cannot be avoided in areas from human services to the state workforce, but know that these difficult decisions are made with an eye toward preserving programs for the many, albeit with a reduced benefit, rather than maintaining an enhanced benefit for the few.

My FY 2010 budget also makes necessary and critical investments in transportation infrastructure, economic development, capital projects, the protection of our children and communities, and both higher and early education to get Vermonters back to work and to build a foundation for a growing and vibrant state.

We all must work together to bring our state through this recession quickly and strongly. My budget upholds our commitment to protecting the neediest members of our society and creating new economic opportunities for all Vermonters.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Douglas".

James H. Douglas
Governor

FY 2009 General Fund Deficit & Mitigation Analysis

(\$ millions)

Category	Revenue	Appropriations & Net Transfers	(Shortfall)/ Surplus
FY 2009 GF Budget As Passed: ⁽¹⁾	1,216.53	1,211.14	
July 2008 Consensus Revenue reduction & resulting August 27, 2008 Rescission Plan #1	(11.40)	(11.42)	
November 2008 Consensus Revenue reduction & resulting December 19, 2008 Rescission Plan #2	(29.40)	(15.89)	
Contingent Appropriations and other adjustments		2.90	
January 2009 Consensus Revenue reduction	(10.40)	-	
Other Revenue Items - changes	(6.36)	-	
Sub-Total Before Upward Pressures	1158.97	1186.73	(27.76)
Upward Cost Pressures - Budget Adjustment Needs:			
Additional Revenue - Settlements/Other	2.84	-	
Human Services	-	17.09	
Public Safety	-	3.00	
Net remaining agencies/departments	-	0.12	
<u>General Fund needed to cover deficits in other funds</u>			
Buildings & General Services - Fee for Space (FFS)	-	2.74	
Emergency Relief Assistance Fund (ERAF)	-	1.69	
Upward Cost Pressures - Budget Adjustment Needs	2.84	24.64	(21.80)
Total General Fund Deficit before Mitigation	1,161.81	1,211.37	(49.56)
Deficit Mitigation Measures:			
Changes to transfers to/from other funds	-	(4.43)	
Adjusted FY 2009 Deficit before Federal Recovery	1161.81	1,206.94	(45.13)
Federal Recovery - Medicaid FMAP rate relief	-	(61.21)	61.21
General Fund Balance before Final Transfers/Reserves	1,161.81	1,145.73	16.08
Final Transfers to/from other funds	-	4.36	
Reserve Surplus for Deficit Mitigation in FY 2010	-	11.72	
FY 2009 Governor's Adjusted General Fund Balance After Final Transfers and Reserves	1,161.81	1,161.81	0.00

* Differences due to rounding

(1) Final Budget passed was based on the April 2008 Consensus Revenue Forecast after a reduction of \$29.40 million from the January 2008 Forecast.

For FY 2009, \$1,211.1 million was appropriated in the General Fund with anticipated revenues totaling \$1,216.5 million. However, the weakening national economy necessitated three downgrades in FY 2009 General Fund revenues. After the most recent downgrade in January 2009, anticipated General Fund revenues stood at \$1,161.8 million.

These downgrades also necessitated two Rescission rounds during the past year resulting in a \$27.31 million reduction in General Fund appropriations as passed. Even after these rescissions, a \$28 million gap remained between anticipated revenues and appropriations. However, upward pressures – mainly from increased caseloads in the human services system – placed an additional \$24.6 million demand on the FY 2009 General Fund. Considering these upward pressures, the remaining shortfall for the FY 2009 budget stands at \$49.6 million.

The Governor proposes to cover this \$49.6 million shortfall with the anticipated \$61.2 million Medicaid FMAP rate relief from the federal recovery package.

This plan leaves \$11.72 million for deficit mitigation in FY 2010.

FISCAL YEAR 2009 BUDGET ADJUSTMENTS

Revenue Projections

The Vermont Emergency Board normally meets twice a year, in January and July to consider revisions to the consensus revenue forecast. Due to the volatility in the national economy, the Emergency Board chose to meet quarterly in 2008 to revise the consensus revenue forecast for FY 2009.

The January 13, 2009 General Fund consensus forecast of \$1,104.0 million represents an \$80.8 million decrease from the January 2008 forecast of \$1,184.8 million. Of the \$80.8 million decline, 57% is due to the downturn in Personal Income Tax receipts (-\$46.4 million) and 27% from a decline in Rooms & Meals Tax receipts (-\$21.6 million).

The Transportation Fund and Education Fund were both adjusted downward during each of the quarterly consensus revenue forecasts. For FY 2009, the Transportation Fund

was downgraded \$21.8 million from January 2008, due in large part to high fuel prices in the summer and fall and declining vehicle purchases overall. The portion of the Education Fund funded by the Motor Vehicle Purchase & Use Tax and the Sales & Use Tax saw a downgrade of \$18.5 million from January 2008 as well.

The chart below shows how the expectations for FY 2009 have been repeatedly revised downward as the national and international economic situation has worsened over the past 12 months.

Fiscal Year 2009 Revenue Forecasts - \$ Millions						
	January 2008	April 2008	July 2008	November 2008	January 2009	Jan 2009 vs. Jan 2008
General Fund	\$1,184.8 m	\$1,155.2 m	\$1,143.8 m	\$1,114.4 m	\$ 1,104.0 m	-6.82%
Transportation Fund	\$ 227.9 m	\$ 223.9 m	\$ 216.0 m	\$ 210.9 m	\$ 206.5 m	-9.39%
Education Fund	\$ 167.4 m	\$ 162.7 m	\$ 157.6 m	\$ 150.8 m	\$ 148.9 m	-11.05%

Fiscal Year 2009 Appropriation Adjustments to Date

FY 2009 Rescission Plans 1 and 2

In response to the July and November 2008 downgrades in the FY 2009 Consensus Revenue Forecast and in accordance with 32 V.S.A §704 (b)(1), the Secretary of Administration submitted two rescission plans to the Joint Fiscal Committee, which began the effort to close the estimated FY 2009 budget gaps in both the General Fund and Transporta-

tion Fund. Rescission Plan #1 and Rescission Plan #2 were approved by the Joint Fiscal Committee on August 27, 2008 and December 19, 2008, respectively. A summary of the General and Transportation Fund Rescission Plans and the deficits which remained to be closed is shown below:

SUMMARY - FY 2009 RESCISSION PLANS TO DATE

Category	FY 2009 GENERAL FUND PLANS			FY 2009 TRANSPORTATION FUND PLANS		
	RESCISSION Plan #1	RESCISSION Plan #2	TOTAL RESCISSION	RESCISSION Plan #1	RESCISSION Plan #2	TOTAL RESCISSION
Revenue Changes:						
Property Transfer Tax	884,268	887,572	1,771,840	-	-	-
Direct Application	243,000	-	243,000	-	-	-
Reversions	2,437,718	2,599,193	5,036,911	-	-	-
Other Revenue, Settlements	3,266,045	-	3,266,045	-	-	-
Total Revenue Changes	6,831,031	3,486,765	10,317,796	-	-	-
Appropriation Changes:						
Individual Appropriation reductions	(10,670,514)	(15,500,709)	(26,171,223)	(4,016,407)	(3,656,000)	(7,672,407)
Statewide appropriation reductions	(749,482)	(390,251)	(1,139,733)	-	-	-
Total Appropriation Changes	(11,419,996)	(15,890,960)	(27,310,956)	(4,016,407)	(3,656,000)	(7,672,407)
Fund Transfer Changes:						
Other Fund Transfers	5,196,125	307,000	5,503,125	157,000	-	157,000
Total Fund Transfer Changes	5,196,125	307,000	5,503,125	157,000	-	157,000
Total FY 2009 Rescission Plans	\$ (23,447,152)	\$ (19,684,725)	\$ (43,131,877)	\$ (4,173,407)	\$ (3,656,000)	\$ (7,829,407)
Deficit Remaining before Budget Adjustment	General Fund	\$ (49,560,000)		Transportation Fund	\$ (10,500,000)	

Fiscal Year 2009 Recommended Appropriation Adjustment

The FY 2009 budget adjustment recommendation submitted by the Governor reflects changes in appropriations totaling \$41 million across all funding sources. The FY 2009 General Fund and Transportation Fund recommended budget adjust-

ments are shown in the table below. A more detailed table by appropriation and across all funding sources is shown on pages 20 - 22.

Governor's FY 2009 Summary Budget Adjustment Recommendation General and Transportation Fund Appropriations

Appropriations - FY 2009 Budget Adjustment: (\$ millions)	General Fund	Transportation Fund
Agency of Human Services:		
Office of the Secretary - Central Office	\$ 0.19	\$ -
Office of the Secretary - Global Commitment (GC)	4.53	
GC Federal Recovery FMAP rate adjustment	(47.03)	
Office of Vermont Health Access (OVHA)	(6.09)	-
OVHA - Federal Recovery FMAP rate adjustment	(14.17)	
Department of Health	0.29	-
Department of Mental Health	6.91	-
Department for Children & Families	10.59	-
Department of Disabilities, Aging and Independent Living	0.21	-
Department of Corrections	0.44	-
Sub-total Agency of Human Services	\$ (44.12)	\$ -
Other Units of Government:		
Public Safety	3.00	-
Department of Education/Education Services	0.12	(0.13)
Higher Education	(0.02)	-
All other Departments	0.02	(0.37)
Agency of Transportation	-	(6.26)
Sub-total Other	\$ 3.12	\$ (6.76)
Total Appropriation Adjustments	\$ (41.00)	\$ (6.76)

* differences due to rounding

FISCAL YEAR 2010 RECOMMENDATIONS

Revenue Projections

On January 13, 2009, the Vermont Emergency Board approved the current consensus revenue estimate, reducing the projected FY 2010 revenues from the previous forecast three months earlier. The latest forecast reduced General Fund revenues in FY 2010 by \$152.5 million from the January 2008 forecast; down from \$1,224.5 million to \$1,072.0 million. Similarly, the FY 2010 Transportation Fund revenue projection was decreased by \$22.5 million from the January 2008 forecast; down from \$235.2 million to \$212.7 million. And forecasts for the FY 2010 portion of the Education Fund supported by the Motor Vehicle Purchase & Use Tax and the Sales & Use Tax have fallen by \$23.8 million from January 2008; down from \$173.0 million to \$154.6 million.

The nature of declining revenues across state government is well known. For that reason the Governor has resisted calls to draw down the state's budget stabilization reserves ("Rainy Day Funds"). These reserves are intended for use

when the state experiences unanticipated and unavoidable deficits near the end of the fiscal year. Furthermore, with the depth of this recession not known, using these funds would leave the state no reserve to fall back on if, as the state economists have warned, the bottom of this downturn has yet to be seen.

The Governor's proposed FY 2010 budget preserves the integrity of the General Fund, Transportation Fund and Education Fund, while spreading the impact of declining revenues as broadly as possible.

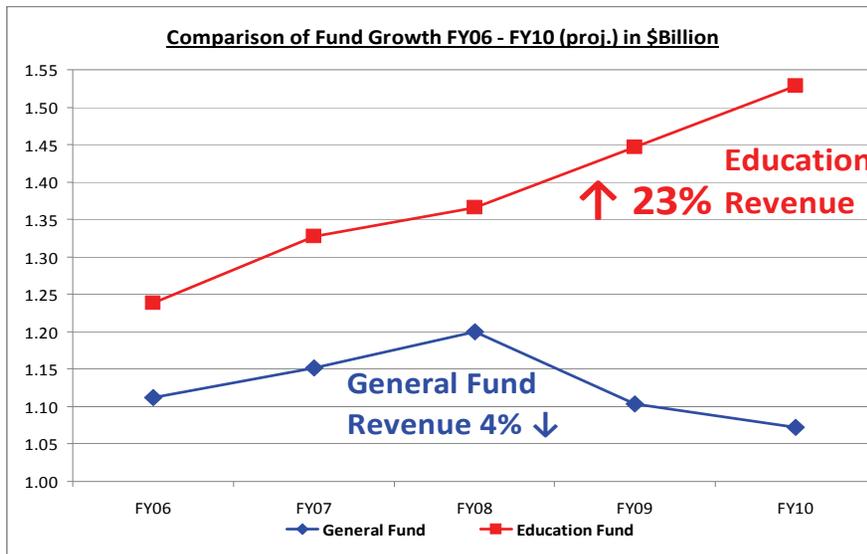
Although the state economists are forecasting revenue increases for FY 2011 of 2.9% to 4.9% for the General Fund, Transportation Fund and Education Fund, accurate longer term predictions are difficult with the current volatility in the economy. We will cautiously monitor the FY 2011 quarterly revenue forecasts through the coming year.

Fiscal Year 2010 Revenue Forecasts - \$ Millions						
	January 2008	April 2008	July 2008	November 2008	January 2009	Jan 2009 vs. Jan 2008
General Fund	\$1,224.5 m	\$1,191.8 m	\$1,176.6 m	\$ 1,106.3 m	\$1,072.0 m	-12.45%
Transportation Fund	\$ 235.2 m	\$ 232.3 m	\$ 222.9 m	\$ 218.8 m	\$ 212.7 m	-9.57%
Education Fund	\$ 173.0 m	\$ 168.8 m	\$ 162.6 m	\$ 154.6 m	\$ 149.2 m	-13.76%

Highlights of Governor Douglas' Fiscal Year 2010 Proposals

Education

The Governor believes all areas of state government must share in the difficult effort to respond to recessionary pressures. As the extent of the recession has grown in Vermont, public services funded by the General and Transportation Funds have already been severely reduced. These funds will see additional reductions for FY 2009 and FY 2010. In contrast, there was no reduction in Education Fund spending in FY 2009.

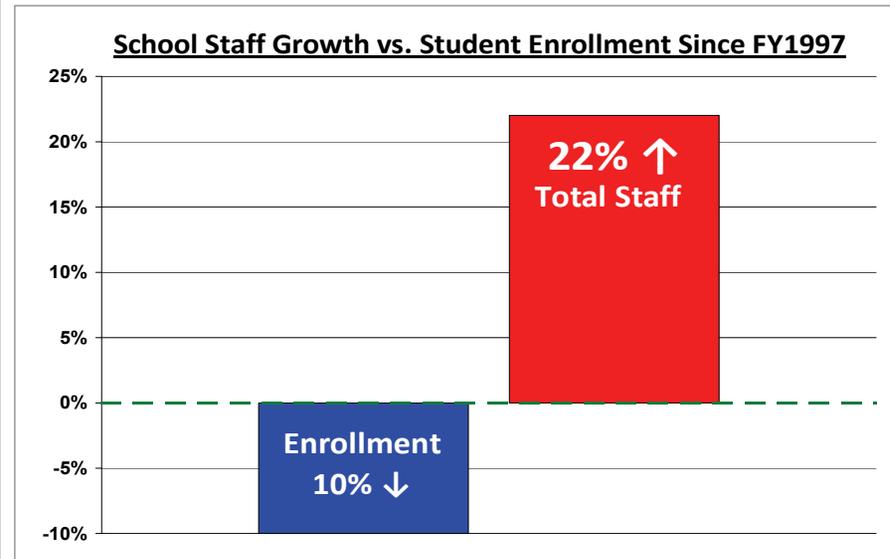


Without changes to the existing system, in FY 2010, the General Fund will directly support the Education Fund with \$337 million (the \$297 million transfer and \$40 million to fund the State Teachers' Retirement System), in addition to revenue sources once directed to the General and Transportation Funds such as the Sales Tax and Motor Vehicle Purchase & Use Tax. Between FY 2006 and the projected revenue for FY 2010, the Education Fund will have grown \$283 million –

a 23% increase. Over the same period, General Fund revenue will have declined 4%, so that the revenue to support human services, protection, and other areas of general government will be less in FY 2010 than it was four years ago.

The most recent data from the National Education Association reveals that Vermont's K-12 system is in a preferred position relative to other states. Vermont ranks near the top in the ratio of pupils to teachers at 10:1 – 35% better than the national average of 15.4:1. Further, funding levels in Vermont are also among the highest in the nation. Vermont is ranked 4th in the nation in current expenses per student at \$14,336 – 44% higher than the national average of \$9,963.

Since FY 1997, statewide student enrollment has declined by nearly 10,000 students, or 10%. At the same time school staff has grown by over 3,500 employees, or 22%. Whether for a family, business, government or school district budget, this pattern of growth is unsustainable.



The Governor's FY 2010 Education Fund proposal begins to right the imbalance among the funds, while protecting property tax payers and averting devastating human service cuts in the General Fund by incorporating the following changes:

- Level fund local education spending in each school district at FY 2009 per-pupil levels
- Level fund education categorical grants at FY 2009 levels
- Eliminate eligibility for property tax adjustments for households with annual incomes greater than \$75,000

The "Consensus" current law Education Fund operating statement for FY 2010 yielded an operating surplus of \$2.2 million, which combined with the projected FY 2009 operating surplus of \$18.3 million, allows a 2-cent reduction in statewide property tax rates.

With the Governor's proposal, residential property taxpayers will benefit from a \$20 million property tax cut as capping education spending at 2009 levels negates spending increases that cause local tax rates to rise. Additionally, the Governor's proposals would result in a FY 2010 operating surplus of \$69.5 million in the Education Fund in addition to the \$18.3 million operating surplus projected for FY 2009. The Governor proposes to allocate this \$87.8 million operating surplus as follows:

- A reduction of 2 cents in statewide school property taxes at \$24.8 million. The Governor's proposal thus keeps the residential property tax burden for FY 2010 at the same level as FY 2009.
- Directing the Education Fund to support the annual contribution to the teacher's retirement fund, projected at over \$40 million in FY 2010. Currently, this cost is borne by the General Fund, and effectively allows schools to set salaries detached from the true cost of

the benefits that flow from those salaries. Placing these costs in the Education Fund will more truly reflect the cost of our education. This change will also lessen the level of reduction in General Fund programs in FY 2010, especially those in human services, bringing a higher level of equity between funds as Vermont responds to recessionary pressures.

- Further, the Governor proposes linking the Education Fund transfer to changes in the level of General Fund spending. By taking this step, we will free at least \$23 million that can be used to increase equity across our education spectrum through a 20% increase in our investments in early (\$7 million) and higher (\$16 million) education.

None of these proposals can stand alone, but together they represent a needed step toward a more equitable budget.

Medicaid and Health Care

Taxpayer supported health care spending is exceeding our ability to pay. Although the federal government is expected to help with increased funds through the economic recovery package, that alone will not ameliorate increasing and long-term pressures on our health care programs. We must take action to put these essential programs on a sustainable track for the future.

There has been substantial progress made towards insuring more Vermonters under Green Mountain Care and the Catamount Health Plan. Since the launch of these programs, over 11,500 additional Vermonters have health insurance. Vermont now has one of the lowest uninsured rates in the country at 7.6%.

To protect these gains and ensure that Catamount is a sustainable plan for the long term, the Governor recommends changes that include deductibles on a sliding scale based on

income levels. Additionally, the Governor proposes a new health savings account (HSA) option in Catamount to make health insurance accessible for even more Vermonters. These changes will increase the number of employer sponsored health plans that are eligible for subsidies. This will result in savings of \$2.7 million and help ensure the funding sustainability of the Catamount Health programs.

Targeted changes in premiums are also required to keep Green Mountain Care programs on a sustainable path. The Governor proposes returning the Vermont Health Access Plan (VHAP) and Dr. Dynasaur premiums to their 2007 levels. Providers, too, must share in our efforts to maintain health coverage for enrollees in Medicaid, VHAP and Dr. Dynasaur. The Governor proposes a reduction in the Medicaid payment rates for many of our Medicaid providers by 4%, as well as correcting the way the Office of Vermont Health Access (OVHA) pays for Medicare cross-over claims. In order to prioritize preventive dental care for our children, it is necessary to decrease the existing dental cap for adults in the Medicaid program from \$495 to \$200 per year.

It is also necessary to explore ways to encourage Vermonters enrolled in Green Mountain Care programs to make better choices when it comes to their health and well-being by rewarding beneficiaries who have made the choice to live a healthy lifestyle and those who are willing to move in this direction.

Vermont has been successful in many aspects of our state's comprehensive health care reform efforts. In the past year, the Vermont Blueprint multi-payer Integrated Medical Home Pilot was launched in three areas of the state and continued the investment in the successful statewide Healthy Living self-management classes for people with chronic conditions.

During 2008 we have also:

- Implemented a Health Information Technology Fee to

support IT for primary care providers

- Promulgated rules to allow Vermont health insurance carriers to offer cost-sharing discounts for healthy lifestyle behaviors, as well as rules to facilitate the availability of transparent price and quality information for health care consumers
- Started implementation of a multi-payer claims database to facilitate understanding of our health care utilization, expenditures, and performance across all payers and services.

To preserve these gains, we must carefully focus our resources, even among prevention programs, and reduce our funding for tobacco control programs by 50%. In 2007, the smoking rate among Vermont adults age 18+ had dropped to an all-time low of 17.6%; yet the percent of Vermont adults who are overweight or obese continues to climb, greatly increasing the risk for many chronic conditions, including high blood pressure, diabetes, and certain cancers. By preserving access to health care and reshaping the system through which care is delivered to Vermonters, successful prevention strategies can be applied across an array of health risk behaviors.

The OVHA continues to implement initiatives to help contain costs. OVHA's Care Coordination and Chronic Care Management programs have shown a \$3 million savings in the first partial year of implementation. The Care Coordination Program will manage Medicaid enrollees taking Buprenorphine beginning in 2009 to increase quality of medical care and control costs related to this group. Also, in January 2009, OVHA changed the management of the statewide contracts for transportation services for beneficiaries, with expected savings of \$400,000.

Human Services

Some human services programs are slated for level funding from already decreased 2009 levels, and others will experience additional reductions. In developing a balanced, compassionate and sustainable budget, the Governor believes that Vermonters expect that basic services for the many will be preserved, and not just an enhanced benefit for the few. At a time when there are difficult reductions across state government, it is essential to evaluate the mission, efficacy, and structure of human services providers to ensure they harmonize with our values and mission. To share the sacrifice and encourage efficiencies among state-supported non-profits, the Governor's budget proposes a 4% across the board cut for nearly all human service grants to achieve approximately \$2 million in General Fund savings.

Beginning in January 2009 and for FY 2010, eligibility for the food stamp program – now named 3SquaresVT – has been significantly expanded to give access to over 30,000 additional Vermont households. The Department for Children and Families (DCF) is preparing to modernize benefit programs to make it easier for consumers to access services and help DCF absorb growth in caseloads. Benefits for the Home Heating Assistance Program have been expanded through increased federal dollars. Benefit levels and eligibility criteria will continue to be reassessed in the coming months in the face of economic realities.

Low income families, who are struggling to enter the workforce, are served by our state's Reach Up Program. The FY 2010 budget has been raised substantially to address the increasing number of families now eligible for the program. To partially offset some of those new costs, the Governor proposes strategically decreasing the level of some benefits. Three proposed policy changes are:

- Inclusion of \$125 in SSI benefits as "family income" in

calculating eligibility - until now, that income has been exempt

- Creating an ability to remove recipients from the program when they chronically refuse to complete their family development plan or meet work requirements
- Preventing people who don't meet "hardship criteria" from receiving benefits for more than 60 months.
- In each instance, these changes will save state dollars, increase incentives to fully meet work participation rates, and assist families in moving out of poverty.

In Corrections, we will continue the Justice Reinvestment Initiative created through Act 179 of the 2008 Legislative session. In the past six months, the Northwest State Correctional Facility has been renovated and is now open as the sole facility for all of Vermont's incarcerated women; the Dale Facility, the most costly and least efficient correctional center, has been closed; and the Southeast State Correctional Facility will be converted back to a men's facility. As part of the Governor's Safe Communities Initiative, we will use probation and parole practices that are based on the best research and leverage technology to enhance offender supervision. We will also provide our local and state agencies, our schools and our communities with the resources to collaborate to make Vermont the safest state in which to raise a child.

We are poised to make substantial progress by working with stakeholders to replace the Vermont State Hospital (VSH). The Governor recommends capital appropriations for the construction and operation of a 15 bed secure residential program in the Waterbury Complex. Funding for permitting and pre-construction costs is included in the FY 2010 Capital Bill. Construction costs will also be included in the FY 2011 and FY 2012 budgets with a target date for beginning opera-

tion by late 2011. The Department of Mental Health (DMH) is developing a plan with Rutland Regional Medical Center to operate 12 VSH replacement beds. At the same time DMH continues to pursue Medicare and Medicaid certification for the existing state hospital from the federal government.

Reductions in Force

Steps have been taken to curb the growth in government in recent years, including: an effort to reduce positions through attrition and retirement; a freeze on cost of living adjustments to exempt employees making over \$60,000 per year; and, most recently, a 5% reduction in pay for this same group.

However, even with these changes the state workforce continues to grow in both size and cost at unsustainable rates. Since the beginning of this decade, the number of employees in the Executive Branch has increased by 15% while payroll costs have increased nearly 70%. During this same period of time, the state's share of medical benefits has increased over 150%, and retirement benefits have increased over 100%. According to the Bureau of Labor Statistics, inflationary increases over the same period have been approximately 25%.

While some organizations and businesses have many options available to them when it comes to reducing labor costs – across-the-board salary cuts, reducing benefits, furloughing employees, or modifying retirement – the state is bound to a multi-year contract that does not allow these options to be offered to classified employees.

Regrettably, the Administration is left with a single blunt instrument - reductions in force - as the only option to reduce labor expenses for classified state employees. The FY 2010 budget includes \$17 million in General Fund savings by eliminating 600 positions within state government. While some of these positions may be cut through further vacan-

cies and retirements, there will be reductions in force and an impact on state services.

Economic Development

The Governor proposes a multi-part strategy that builds upon his earlier initiatives to boost Vermont's economy, while also helping to prepare Vermonters and Vermont companies to succeed in the global economy. This package will help Vermont lessen the effects of the national recession, keep costs down, inspire innovation and grow good jobs. Taken together, these proposals will not only help Vermont emerge from this downturn in a better position than before, but they will also encourage emerging industries and businesses to make Vermont their home so that young people will not have to leave in pursuit of a good paying job or an affordable place to live.

In *Green Growth Zones*, a renewable energy source, such as solar arrays, biomass generation, or a hydroelectric facility, will form a hub for businesses to locate and create jobs facilitated through special incentives such as financing, expedited permitting and lower electric rates. The *Vermont Innovation Challenge* will facilitate the development of new ideas and products by Vermont companies and entrepreneurs that will help find solutions to the most difficult challenges of our time such as climate change, energy independence and health care costs. The challenge will inspire employers and employees on the cutting edge of new technologies to compete for meaningful incentives that will lead to their success and allow them to compete in the global economy here in Vermont.

Existing infrastructure – such as aging empty industrial facilities – can be redeveloped to attract new employers or help existing employers expand. Creating *Opportunity Zones* will help revitalize communities that have been hit hard by the

migration of manufacturing jobs out of New England. Throughout Vermont's downtowns there are buildings with thriving commercial space on the first floor but underutilized space on the upper floors. Through the *Urban Homestead* program we can encourage homeowners to invest in these spaces. We can significantly increase economic activity in our downtowns and village centers and create more affordable housing options for Vermonters.

As the knowledge-based sector of the global economy expands, Vermont must continue to adapt by welcoming software development and other high tech industries. While the e-State initiative is an important step for growth in these areas, we can do more to promote emerging sectors of our economy. Information technology solution (ITS) companies have cited a need for skilled employees, access to capital and an understanding of their industry. Through direct support and collaboration with this industry, we have already achieved significant progress in establishing needed infrastructure and resources. The next step is to provide an incentive to ITS companies to help them grow in Vermont.

In FY 2010, the Department of Economic Development will move to become a provider of services in coordination with partner organizations that will be responsible for case management. The Department of Housing and Community Affairs will continue to focus on strengthening our downtown and village centers through the various designation processes, including Growth Centers and Vermont Neighborhoods. The Department of Tourism and Marketing will continue to collaborate with private sector partners to maximize our ability to market Vermont as the premier venue for in-state, out-of-state and international visitors.

Agriculture

Agriculture remains an important aspect of Vermont's economy and a major source of income for the state. Renewable farm energy is a priority in the Governor's budget, and as

such, \$300,000 is included for renewable energy grants. These grants will accelerate development and deployment of renewable energy technologies to help reduce the state's carbon footprint and make these technologies available to rural areas.

The Vermont brand is strong and our products are known nationally and internationally for their high quality. The Agency of Agriculture will continue to support the production of diversified agricultural products by providing assistance to our specialty food industry, including Vermont vineyards, artisan cheese makers and other value-added producers. The Agency will utilize state and federal funds to continue programs such as the Ski Vermont Burger and Vermont Farmhouse Chowder. The Governor's budget includes funding to improve and expand the Agency's Seal of Quality program for additional marketing opportunities and a voluntary inspection program. This will ensure Vermont's products, from maple syrup to cheese, remain the highest quality, generating a premium price in the marketplace and making our farms more profitable.

The Governor's budget also allocates funds to continue our Buy Local marketing program. The Agency has spent the last several years building partnerships that highlight agriculture's multiple impacts on life in Vermont including the economy, health, environment and cultural heritage. The Buy Local Program is a leading source for farmers, food producers and retailers seeking to build their markets. It also provides outreach to consumers to make it easier to access local foods. The Agency will continue to be a leader in addressing hunger and food security through the allocation of staff time and resources and by ensuring that the state has access to all available federal funds.

This budget supports the Agency of Agriculture in its work to protect consumers, water quality and the environment through its regulatory programs. Consumer protection includes: meat inspection; weights and measures; animal health; retail licens-

ing; and dairy inspection. Environmental regulatory programs include Clean & Clear, large and medium farm permitting and inspection, pesticide regulation, technical assistance for farmers and enforcement of accepted agricultural and best management practices.

Transportation

In the Governor's FY 2010 budget there is continued emphasis on preserving and maintaining Vermont's existing transportation system as well as continued commitment to traveler safety. The Agency of Transportation (VTrans) in FY 2008 began a realignment of priorities called "The Road to Affordability." The Governor believes that the preservation and safety of existing roads, bridges and culverts should be VTrans' highest transportation priority so that these assets do not deteriorate to the point where they require major reconstruction at substantial cost.

To ensure the safety and functionality of Vermont's bridges, the transportation budget includes \$68 million – a \$6.7 million increase (11%) over FY 2009 As Passed – for construction of numerous culverts and 45 interstate, state and town highway bridges.

Additionally, the Governor remains committed to a limited number of major projects including the Bennington Bypass, Circumferential Highway and the Morrisville Bypass. Setting realistic timetables for these and other large roadway projects will allow funding a 34% increase (\$7.9 million) from FY 2009, As Passed, for critical preservation activities including culverts, bridge maintenance, ditching, and ledge and slope repairs. This means a 240% funding increase (\$22.3 million) in these critical areas since FY 2007.

The Governor recommends increasing the transportation construction budget by supplementing federal recovery funds with increased state bonding for a total of \$200 million in new transportation projects over the next few years. Switching to

an every-other-year inspection on cars, motorcycles, and trailers and adding an infrastructure investment fee to registrations as part of our triennial fee review, will raise up to \$100 million in state money through a revenue bond. When coupled with increased federal recovery money, this has the potential to create up to 4,000 jobs.

From a practical perspective, we must first know the level of federal support before moving to extend state borrowing. If federal assistance exceeds contractor capacity, we would wait to issue state bonds until such time as they could reasonably be put to use.

The Governor proposes to further reduce the diversion of Transportation Funds to the General Fund for FY 2010 by an additional \$4.5 million. The use of transportation money for General Fund purposes has been reduced steadily – by more than \$13 million – during Governor Douglas' time in office. The Governor remains committed to further reductions in future budget years.

Higher Education/ Next Generation

An investment in higher education is an investment in an individual's economic independence. With more Vermonters facing unemployment, the opportunity for post-secondary education is critical. By providing Vermonters with the tools they need to adapt to a changing economy, we can build a more flexible workforce. For those reasons, the Governor proposes a 20% (\$16 million total) General Fund increase in support for higher education in the FY 2010 budget for the University of Vermont, the Vermont State Colleges and the Vermont Student Assistance Corporation.

In addition, the Governor proposes increasing the capital investment in infrastructure and facilities at the University of Vermont and Vermont State Colleges by 87.5% to \$3 million.

We must do all we can to preserve jobs and position our work-

force to meet the needs of a changing economy; that is why the Governor's budget includes \$7.3 million for the Next Generation Initiative.

These programs fund scholarships, loan forgiveness and grants that allow more Vermonters to pursue education opportunities in degree and non-degree programs. The Governor proposes \$866,666 to VSAC for scholarships to Vermont's independent colleges, \$866,667 each to UVM and the Vermont State Colleges, and \$475,000 in loan forgiveness funds for students pursuing health care careers.

In addition the Governor proposes continued investment in workforce development programs to enable the existing workforce to increase and expand their skill set. The Governor's budget includes \$3.22 million for work force development. These programs include: \$1.47 million to the workforce education and training programs to prevent layoffs by enhancing the skills of incumbent workers and to prepare the unemployed and underemployed for new jobs. The funds are also used to connect high school, technical school, and college students with employers through sponsored internships. The programs include: \$712,500 to the Vermont Training program which partners with Vermont's employers; \$387,500 for out-of-school youth and youth at risk of not graduating and remaining unemployed; \$410,500 to fund adult technical education at the local technical education centers and comprehensive high schools; and \$237,500 to the University of Vermont for acquiring patents and commercializing technology created at UVM that will generate employment opportunities.

Early Education

In an effort to bring greater balance to state support for lifelong learning, the Governor proposes to increase Vermont's investment in early care and education through the Department for Children and Families by 20% over the FY 2009 budget. This funding will be directed to three important areas: the continued focus on quality programs through our SStep Ahead Rec-

ognition System or STARS program, ensuring that more Vermont children arrive at kindergarten prepared to learn; improved access for lower income families by adjusting eligibility thresholds for the subsidy program; and addressing the significant gap between the level of state subsidy and the actual cost of care. The overall increase – \$7 million – will allow Vermont to adjust the fee scale from the 1999 level to extend help with child care for more working families. The cost of child care is the single biggest barrier for families in poverty to move into the workforce.

Capital Budget

This year's capital appropriation of \$70 million reflects the Governor's continued commitment to fiscal sustainability, while allowing the State to make important and immediate investments in infrastructure and economic development. The capital bill supports projects that are "ready to go" to stimulate the economy and includes funding for needed maintenance in state facilities, a comprehensive solution for the Bennington Office Complex, and the design and construction of a new state archive facility. For the FY 2010 capital appropriation, "ready to go" projects constitute 90% of the total appropriations versus 60% in FY 2009.

Additional appropriations are provided to explore and move forward with the co-location of the State Health Lab at UVM. These resources, combined with other funds, will provide a significant economic boost to the communities in which they are located.

The Governor also recommends capital appropriations of \$750,000 to address the immediate need for improvements to our state psychiatric care facility through the construction of a secure residential recovery program located on the grounds of the Waterbury State Office Complex and continued planning for an integrated care setting for inpatient services at the Rutland Regional Medical Center.

Information Technology

In recent years, the State has streamlined personnel processes for state employees through such initiatives as online pay advices and direct deposits of paychecks. The Governor's budget includes \$6 million to implement an online entry system to record time and expenses within the state's Human Resource System. This project is a critical next step in generating efficiencies and upgrading the system by replacing paper time sheets and the outdated Paradox system. Replacing Paradox will provide improved reporting and integration of the Human Resource System with the statewide financial reporting system.

In FY 2010 the State will begin a multi-year project for modernizing of the Agency of Human Services eligibility system for Medicaid and Healthcare benefits with an initial investment of \$3 million to replace the "Access" system that was installed in the 1980's. The initial emphasis is on the Medicaid eligibility system, with a federal matching rate of 50%. In addition this funding will permit work to begin on the required upgrades to the overall Medicaid Management Information System, with a federal matching rate of 90%.

e-State

Vermont has made significant progress toward the goal of becoming the nation's first e-state by 2010. During the spring and summer of 2009 the Vermont Telecommunications Authority (VTA) will make significant progress by installing dozens of wind towers with cellular and/or broadband antennae that will provide service in unserved rural areas. The FY 2010 budget includes a \$760,000 appropriation to the VTA for personnel and operating expenses.

The Governor is also proposing \$1 million in capital funds for a continuation of the broadband grant program. The VTA is finalizing a partnership with the state's electric utilities that provide high capacity broadband and support Smart Grid energy technologies. This network will connect to the towers or other

last mile broadband networks to ensure that the highest speeds are available at reasonable cost to Vermonters.

Environment

The Clean and Clear Action Plan focuses on the reduction of non-point source phosphorus pollution in Lake Champlain. Clean and Clear is working to improve water quality especially in the areas most profoundly affected by phosphorus pollution – northern Lake Champlain, particularly the Missisquoi and St. Albans Bay watersheds, and areas south of Crown Point in southern Lake Champlain – by taking innovative steps to control land-side phosphorus loads.

Since its inception in 2004, the Clean and Clear program has supported hundreds of wide-ranging water quality projects throughout the state that include: securing belt-width river corridor easements on active channels in watersheds from the Batten Kill to the Missisquoi; providing incentives for more than 8000 acres of cover cropping; and providing technical and financial assistance to nearly 150 towns to reduce road-related erosion. In addition, the Clean and Clear program has used its state funds to leverage more than \$40 million of Federal Funds to further Vermont's water quality improvement efforts. The proposed funding for the Clean and Clear Action Plan in FY 2010 includes \$8.2 million in state operating and capital funds to support the continued implementation of the plan in the Agencies of Agriculture, Transportation and Natural Resources.

Protection

The tragic events of the last year are a sobering reminder that more must always be done to keep violent sexual predators off our streets and away from our children. To that end, the Governor's budget includes a capital budget of \$2 million, for a total of \$15 million for the construction of a state of the art

Crime Laboratory which will guarantee the best professional forensics support possible to solve crimes.

The Governor's budget also includes additional support for the Vermont State Police. In FY 2009, 27 new state troopers were hired – 15 graduated from the academy in November, 2008 and 12 started their training in January, 2009. The FY 2010 budget continues support for new troopers and provides \$770,000 to staff Special Investigation Units so that families and communities have the tools they need to hold offenders accountable and to keep the children of Vermont safe.

Tables and Charts

The following pages contain reference charts, tables and statistics relating to the FY 2009 Budget Recommended Adjustments and the FY 2010 Governor's Executive Budget Recommendations.

FISCAL YEAR 2009 BUDGET RECOMMENDED ADJUSTMENT

FUNCTION / Department	Appropriation Title	2008 Act 192	General Fund	Transportation Fund	Education Fund	Special & Tobacco Funds	Global	Federal Funds	Other (1) Funds	Combined Funds
		Section Amended					Commitment Fund			
	FY 2009 As Appropriated		1,211,143,131	222,630,221	1,323,856,934	266,419,256	914,394,901	1,349,552,089	361,408,149	5,649,404,681
	Appropriation adjustments per 2008 Act 192 and 2008 Act 206		6,173,289	0	0	(422,063)	(2,823,794)	0	(163,289)	2,764,143
	Rescission Plan #1, approved by Joint Fiscal Committee 8/27/08		(14,647,099)	(3,962,507)	0	255,510	(7,350,926)	(5,702,560)	74,108	(31,333,474)
	Rescission Plan #2, approved by Joint Fiscal Committee 12/19/08		(15,927,923)	(1,180,861)	377,641	(507,484)	(10,141,741)	(6,068,581)	(2,011,134)	(35,460,083)
	FY 2009 Revised Budget (Post Rescission #2)		1,186,741,398	217,486,853	1,324,234,575	265,745,219	894,078,440	1,337,780,948	359,307,834	5,585,375,267
FY 2009 RECOMMENDED BUDGET APPROPRIATION ADJUSTMENTS :										
GENERAL GOVERNMENT										
Secretary of Administration	Secretary's Office	Sec. 2.001	43,086	0	0	0	(6,297)	0	(81,366)	(44,577)
Buildings & General Services	Fee For Space	Sec. 2.024	0	0	0	0	0	0	2,066,918	2,066,918
Executive Office	National and Community Service	Sec. 2.027.	(13,244)	0	0	0	0	(525,966)	0	(539,210)
Auditor of Accounts	Auditor of Accounts	Sec. 2.034.	0	0	0	0	0	0	(20,297)	(20,297)
VOSHA Review Board	VOSHA Review Board	Sec. 2.040.	0	0	0	0	0	(25,047)	25,047	0
Tax Department	Reappraisal and Listing Payments	Sec. 2.043	0	0	10,000	0	0	0	0	10,000
	TOTAL GENERAL GOVERNMENT		29,842	0	10,000	0	(6,297)	(551,013)	1,990,302	1,472,834
PROTECTION										
Attorney General	Attorney General	Sec. 2.101	0	0	0	70,000	0	0	0	70,000
Public Safety	State Police	Sec. 2.110	2,699,421	0	0	2,737	0	0	0	2,702,158
Public Safety	Criminal Justice Services	Sec. 2.111	300,100	0	0	503,000	0	0	(503,000)	300,100
Center for Crime Victims Services	Center for Crime Victims Services	Sec.2.121	0	0	0	(533,000)	0	0	0	(533,000)
Liquor Control	Administration	Sec. 2.142	0	0	0	6,661	0	0	0	6,661
	TOTAL PROTECTION		2,999,521	0	0	49,398	0	0	(503,000)	2,545,919
HUMAN SERVICES										
Agency of Human Services	Secretary's office	Sec. 2.201	194,152	0	0	0	415,000	260,610	(181,708)	688,054
Secretary's Office	Global Commitment	Sec. 2.202	(42,500,220)	0	0	(216,000)	0	50,062,893	(594,554)	6,752,119
Human Services Board	Human Services Board	Sec. 2.205	0	0	0	0	0	137,643	(137,643)	0
Office of Vermont Health Access	Administration	Sec. 2.206	152,995	0	0	0	4,169,037	372,106	(398,955)	4,295,183
Office of Vermont Health Access	Medicaid - Global Commitment	Sec. 2.207	0	0	0	0	1,561,300	0	0	1,561,300
Office of Vermont Health Access	Medicaid - Long-term Care Waiver	Sec. 2.208	(11,651,259)	0	0	0	0	17,852,276	0	6,201,017
Office of Vermont Health Access	Medicaid -State only	Sec. 2.209	(8,660,848)	0	0	0	(354,109)	0	(8,795,156)	(17,810,113)
Office of Vermont Health Access	Medicaid Non-waiver Matched	Sec. 2.210	(97,525)	0	0	0	0	(174,334)	0	(271,859)
Health	Administration & Support	Sec. 2.211	0	0	0	0	12,774	0	0	12,774
Health	Public Health	Sec. 2.211.1	388,750	0	0	(1,846,713)	1,334,213	0	1,846,713	1,722,963
Health	Alcohol and Drug Abuse Programs	Sec. 2.217	(102,843)	0	0	0	13,527	0	0	(89,316)
Mental Health	Mental Health	Sec. 2.219	0	0	0	0	(315,990)	0	0	(315,990)
Mental Health	Vermont State Hospital	Sec. 2.220	6,912,588	0	0	0	(6,550,000)	0	0	362,588

FISCAL YEAR 2009 BUDGET RECOMMENDED ADJUSTMENT

FUNCTION / Department	Appropriation Title	2008 Act 192	General Fund	Transportation Fund	Education Fund	Special & Tobacco Funds	Global	Federal Funds	Other (1) Funds	Combined Funds
		Section Amended					Commitment Fund			
Dept. for Children & Families	Administration & Support Services	Sec. 2.221	1,205,252	0	0	0	100,468	832,798	0	2,138,518
Dept. for Children & Families	Family Services	Sec. 2.222	964,503	0	0	0	(466,461)	817,230	0	1,315,272
Dept. for Children & Families	Child Development	Sec. 2.223	2,393,217	0	0	0	1,076,000	84,000	0	3,553,217
Dept. for Children & Families	Office of Child Support	Sec. 2.224	(131,870)	0	0	0	0	(255,982)	0	(387,852)
Dept. for Children & Families	Aid to Aged, Blind, and Disabled	Sec. 2.225	156,120	0	0	0	0	0	0	156,120
Dept. for Children & Families	General Assistance	Sec. 2.226	1,900,000	0	0	0	0	0	0	1,900,000
Dept. for Children & Families	Food Stamp Cash Out	Sec. 2.227	0	0	0	0	0	4,574,880	0	4,574,880
Dept. for Children & Families	Reach Up	Sec. 2.228	3,920,422	0	0	0	390,000	300,000	0	4,610,422
Dept. for Children & Families	Office of Economic Opportunity	Sec. 2.230	0	0	0	250,000	0	(4,500)	0	245,500
Dept. for Children & Families	Woodside Rehabilitation Center	Sec. 2.232	183,400	0	0	0	0	0	0	183,400
Disabilities, Aging, & Independent Living	Administration & Support	Sec. 2.235	(151,525)	0	0	0	60,000	0	0	(91,525)
Disabilities, Aging, & Independent Living	Vocational Rehabilitation	Sec. 2.238	364,000	0	0	0	7,500	0	0	371,500
Disabilities, Aging, & Independent Living	Developmental Services	Sec. 2.239	0	0	0	0	1,140,185	0	0	1,140,185
Corrections	Administration	Sec. 2.241	104,545	0	0	0	0	0	0	104,545
Corrections	Parole Board	Sec. 2.242	1,867	0	0	0	0	0	0	1,867
Corrections	Correctional Education	Sec. 2.243	(117,290)	0	0	0	0	0	0	(117,290)
Corrections	Correctional Services	Sec. 2.224	1,153,991	0	0	(50,000)	0	0	0	1,103,991
Corrections	Out of State beds	Sec. 2.245	(701,217)	0	0	0	0	0	0	(701,217)
TOTAL HUMAN SERVICES			(44,118,795)	0	0	(1,862,713)	2,593,444	74,859,620	(8,261,303)	23,210,253
LABOR										
Labor	Domestic and Sexual Violence Survivors' Transitional Employment Program	Sec. 2.303	0	0	0	15,000	0	0	0	15,000
TOTAL LABOR			0	0	0	15,000	0	0	0	15,000
EDUCATION										
Education	Finance & Administration	Sec. 2.305	100,000	0	0	0	0	0	0	100,000
Education	Education Services	Sec. 2.306	14,785	(127,483)	0	0	0	0	0	(112,698)
Education	State-placed Students	Sec. 2.308	0	0	600,000	0	0	0	0	600,000
Education	Adult Education & Literacy	Sec. 2.309	0	0	500,000	0	0	5,383	0	505,383
Education	Adjusted Education Payment	Sec. 2.310	0	0	(3,387,302)	0	0	0	0	(3,387,302)
Education	Tobacco Litigation	Sec. 2.314	0	0	0	(6,661)	0	0	0	(6,661)
TOTAL EDUCATION			114,785	(127,483)	(2,287,302)	(6,661)	0	5,383	0	(2,301,278)
HIGHER EDUCATION & OTHER										
Vermont Student Assistance Corporation	Vermont Student Assistance Corporation	Sec. 2.326	(24,000)	0	0	0	0	0	0	(24,000)

FISCAL YEAR 2009 BUDGET RECOMMENDED ADJUSTMENT

FUNCTION / Department	Appropriation Title	2008 Act 192	General Fund	Transportation Fund	Education Fund	Special & Tobacco Funds	Global Commitment Fund	Federal Funds	Other (1) Funds	Combined Funds
		Section Amended								
TRANSPORTATION										
Transportation	Finance and administration	Sec. 2.601.	0	(120,000)	0	0	0	0	0	(120,000)
Transportation	Program Development	Sec. 2.604	0	(966,034)	0	0	0	1,206,034	0	240,000
Transportation	Rail	Sec. 2.608.	0	(265,000)	0	0	0	0	0	(265,000)
Transportation	Bridge maintenance	Sec. 2.609.	0	(1,650,000)	0	0	0	0	0	(1,650,000)
Transportation	Central garage	Sec. 2.611.	0	0	0	0	0	0	(702,591)	(702,591)
Transportation	Department of motor vehicles	Sec. 2.612.	0	(1,000,000)	0	0	0	0	0	(1,000,000)
Transportation	Town highway structures	Sec. 2.613.	0	(339,000)	0	0	0	0	0	(339,000)
Transportation	Town highway class 2 roadway	Sec. 2.615.	0	(700,000)	0	0	0	0	0	(700,000)
Transportation	Town highway aid program	Sec. 2.617.	0	(1,850,000)	0	0	0	0	0	(1,850,000)
Transportation	Town highway emergency fund	2.618.1.	0	630,000	0	0	0	0	0	630,000
TOTAL TRANSPORTATION			0	(6,260,034)	0	0	0	1,206,034	(702,591)	(5,756,591)
OTHER APPROPRIATION CHANGES										
	Reduce Transportation Fund PayAct		0	(369,180)	0	0	0	0	0	(369,180)
	Reduce appropriations for budgeted benefit rate savings, including rate holiday.		(1,260,463)	0	0	0	0	0	0	(1,260,463)
	Additional funding for pay act, including non-salary items entailed by the VSEA/State bargaining agreement.		1,260,463	0	0	0	0	0	0	1,260,463
TOTAL OTHER			0	(369,180)	0	0	0	0	0	(369,180)
TOTAL APPROPRIATION CHANGE			(40,998,647)	(6,756,697)	(2,277,302)	(1,804,976)	2,587,147	75,520,024	(7,476,592)	18,792,957
FY 2009 APPROPRIATION AFTER BAA RECOMMENDATION			1,145,742,751	210,730,156	1,321,957,273	263,940,243	896,665,587	1,413,300,972	351,831,242	5,604,168,224

Differences due to rounding

(1) Other Funds include: Fish & Wildlife, State health Care Resources Fund, Catamount Fund, Local Match, Pension and Other Trust Funds, Enterprise Funds, Internal Service Funds, and Interdepartmental Transfers.

General Fund Summary
Fiscal Years 2007 - 2011
(\$ in Millions)

	Actual FY 2007	Actual FY 2008	Governor's Recommended Adjustment FY 2009	Governor's Recommend FY 2010	Forecast FY 2011
Sources					
Current law revenues	1,151.36	1,199.74	1,104.00	1,072.00	1,124.10
VEDA debt forgiveness	-	-	(0.26)	-	-
Direct applications, transfers in & reversions	25.69	16.64	35.29	11.53	15.00
Other bills revenue	-	-	1.56	-	-
Additional property transfer tax to GF	8.29	3.15	2.09	9.98	-
For appropriation from GF reserve	21.84	10.87	19.13	11.72	3.23
Total sources	1,207.18	1,230.39	1,161.81	1,105.22	1,142.33
Uses					
Base appropriations, including Pay Act	1,120.68	1,162.70	1,210.39	1,119.50	1,131.85
Budget adjustment	4.20	12.08	(27.31)	-	-
	1,124.88	1,174.78	1,183.08	1,119.50	1,131.85
Budget adjustment - one time	8.90	6.14	(41.00)	-	-
Other revenue	3.20	0.10	0.32	-	-
One-time appropriations	14.76	12.46	1.03	-	-
One-time waterfall and other adjustments	8.24	6.79	2.30	-	-
Total uses	1,159.98	1,200.27	1,145.73	1,119.50	1,131.85
Subtotal operating surplus (deficit)	47.20	30.12	16.08	(14.28)	10.48
Allocation of surplus					
Transfers (to) / from other funds					
Transportation fund	(8.00)	-	-	-	(4.50)
Education fund	(13.66)	4.70	(0.67)	-	-
Tobacco settlement fund	-	-	3.65	-	-
Reserve for bond issuance premium	(0.18)	-	-	-	-
Catamount fund	-	(3.50)	-	-	-
Next generation fund	-	-	(7.29)	(7.29)	(7.29)
Human services caseload reserve	-	-	0.96	16.29	-
Federal funds (Part "D" refund)	8.53	(0.26)	-	-	-
Internal service funds	(6.26)	(0.45)	(2.72)	(0.76)	-
Assorted funds	(5.00)	(8.06)	3.90	3.32	-
Total transfers (to) / from other funds	(24.57)	(7.57)	(2.18)	11.55	(11.79)
Reserved in GF (designated)					
Budget Stabilization Reserve	(3.41)	(2.62)	(2.17)	2.72	1.31
Human Services Caseload Reserve	(8.53)	-	-	-	-
Reserved in GF Surplus/Other Reserve	(10.69)	(19.93)	(11.72)	-	-
Total reserved in the GF (designated)	(22.63)	(22.55)	(13.89)	2.72	1.31
Total allocated	(47.20)	(30.12)	(16.07)	14.28	(10.48)
Unallocated operating surplus (deficit)	0.00	0.00	0.00	0.00	0.00
Stabilization Reserve 5% statutory level	55.22	57.84	60.01	57.29	55.98
GF Reserves (cumulative)					
Budget Stabilization Reserve	55.22	57.84	60.01	57.29	55.98
Human Services Caseload Reserve	16.98	17.24	16.29	-	-
Bond Premium/Other Short Term Reserves	-	0.95	0.80	0.80	0.80
Reserved in GF Surplus Reserve	10.87	18.98	11.72	-	-
Total GF Reserve Balance	83.07	95.01	88.82	58.09	56.78

* Results may not add due to rounding.

Transportation Fund Summary
Fiscal Years 2007 - 2011
(\$ in Millions)

	Actual FY 2007	Actual FY 2008	Governor's Recommended Adjustment FY 2009	Governor's Recommend FY 2010	Forecast FY 2011
Sources					
Current law revenues	219.97	223.08	206.50	212.70	218.90
Proposed fee bill and new revenue	-	-	2.25	7.82	7.82
Direct applications & reversions	0.88	4.80	-	0.33	-
For appropriation from TF Reserve	-	3.22	0.62	-	-
Total sources	220.85	231.10	209.38	220.85	226.72
Uses					
Base appropriations	223.99	228.95	210.73	228.69	223.93
Budget adjustment	-	-	-	-	-
One-time approps from prior year	-	-	-	-	-
Total uses	223.99	228.95	210.73	228.69	223.93
Subtotal operating surplus (deficit)	(3.13)	2.15	(1.35)	(7.83)	2.79
Allocation of surplus					
Transfers (to) / from other funds					
General Fund	8.00	-	-	-	-
Downtown Fund	(0.80)	(0.73)	(0.40)	(0.40)	(0.40)
Central Garage Fund	(0.85)	0.10	1.49	(1.12)	(1.12)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	-	-	0.73	8.97	-
Total transfers (to) / from other funds	5.98	(1.00)	1.44	7.08	(1.89)
Reserved in the TF (designated)					
Budget Stabilization Reserve	0.37	(0.53)	(0.09)	0.75	(0.90)
Reserved in TF Surplus Reserve	(3.22)	(0.62)	-	-	-
Total reserved in the TF (designated)	(2.85)	(1.15)	(0.09)	0.75	(0.90)
Total allocated	3.13	(2.15)	1.35	7.83	(2.79)
Unallocated operating surplus(deficit)	-	-	-	-	-
Stabilization Reserve up to 5% Statutory Level	10.67	11.20	11.29	10.54	11.43
TF Reserves (cumulative)					
Transportation FMS Development Fund	-	-	-	-	-
Budget Stabilization Reserve	10.67	11.20	11.29	10.54	11.43
Reserved in TF Surplus Reserve	3.22	0.62	-	-	-
Total TF Reserve Balance	13.89	11.82	11.29	10.54	11.43

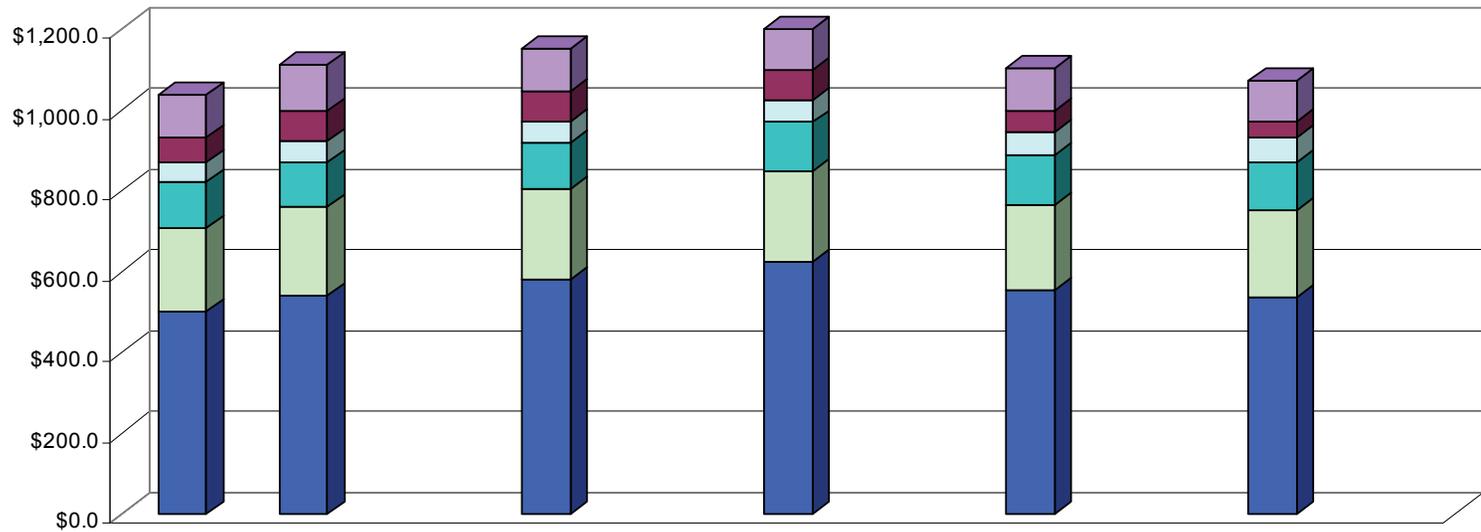
Education Fund Summary
Fiscal Years 2007 - 2010
(\$ in Millions)

	Actual FY 2007	Actual FY 2008	Governor's Recommended Adjustment FY 2009	Governor's Proposed FY 2010
Sources				
Current law revenues	28.73	28.29	24.64	25.14
Sales & use tax	111.24	112.80	107.30	107.40
Lottery revenue	23.30	22.71	20.70	20.30
Non-residential tax	455.06	477.48	535.19	552.64
Homestead Tax	422.58	321.43	341.78	344.58
General fund appropriations	282.38	280.20	291.13	274.78
Medicaid reimbursement	5.63	6.45	5.30	4.60
Direct applications/reversions	-	-	-	-
Interest on fund balance	(1.28)	(1.31)	(1.80)	(1.70)
Total sources	1,327.64	1,248.05	1,324.24	1,327.74
Uses				
Base appropriations ⁽¹⁾	1,307.66	1,259.24	1,321.96	1,346.35
Appropriation savings	-	(3.39)	-	-
Total uses	1,307.66	1,255.85	1,321.96	1,346.35
Subtotal operating surplus (deficit)	19.98	(7.80)	2.28	(18.61)
Allocation of surplus/(deficit)				
Transfer to/(from) the stabilization reserve	3.92	1.15	(4.26)	(2.27)
Transfer to/(from) continuing appropriations	(0.04)	1.33	(3.59)	-
Transfer to/(from) unallocated	16.10	(10.28)	10.13	(16.34)
Total allocated	19.98	(7.80)	2.28	(18.61)
Educationfund reserves				
Budget stabilization reserve	28.25	29.39	25.13	22.85
Maximum statutory reserve at 5%	28.25	29.39	25.13	26.43

*Results may not add due to rounding.

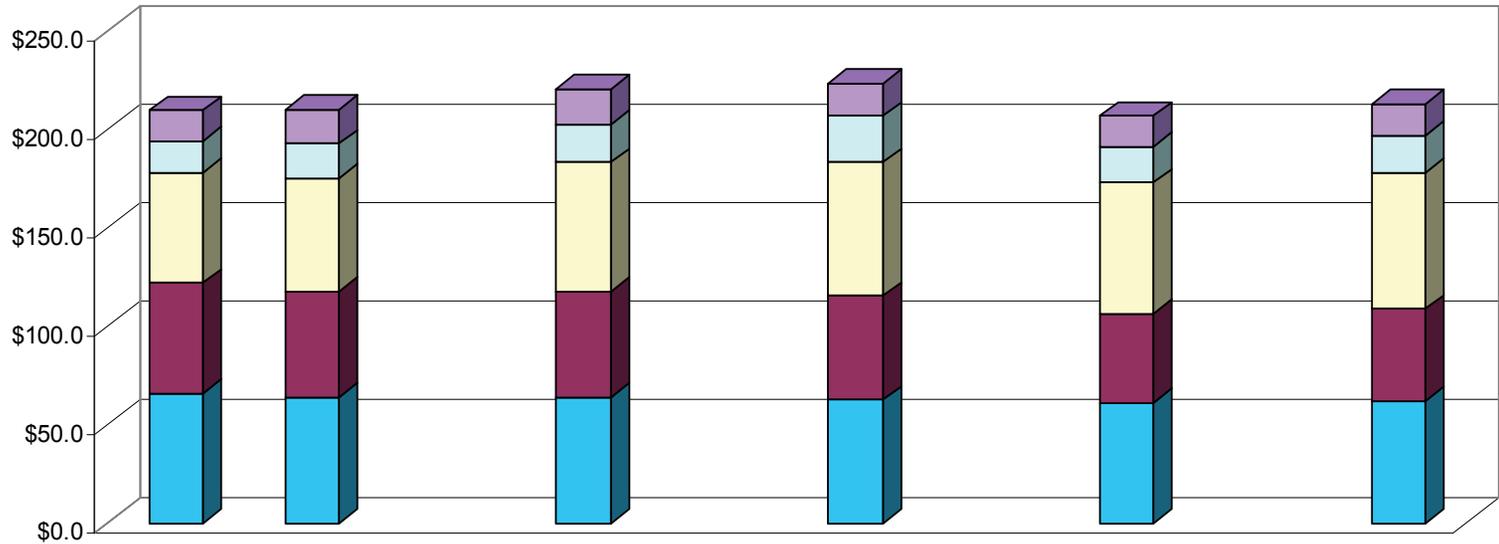
(1) Includes the \$4.7M transfer to the General Fund for use by the Homeowner Rebate Program in FY 2008.

General Fund Revenue by Component FY 2005 to FY 2010



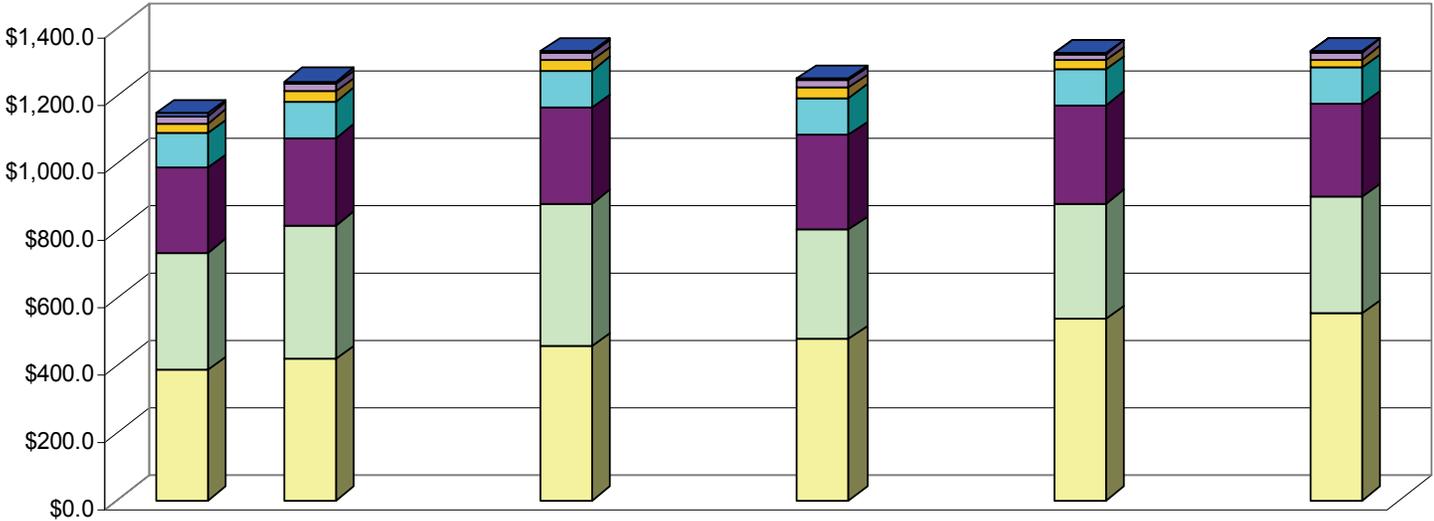
(\$ in Millions)	FY 2005 actual	FY 2006 actual	% Change 2005-2006	FY 2007 actual	% Change 2006-2007	FY 2008 actual	% Change 2007-2008	FY 2009 projected	% Change 2008-2009	FY 2010 projected	% Change 2009-2010
Other	\$ 103.9	\$ 112.8	8.6%	\$ 107.1	-5.0%	\$ 101.3	-5.5%	\$ 108.0	6.6%	\$ 100.0	-7.4%
Corporate	\$ 60.4	\$ 75.9	25.7%	\$ 72.8	-4.0%	\$ 74.6	2.4%	\$ 52.3	-29.9%	\$ 41.6	-20.5%
Insurance	\$ 50.3	\$ 52.5	4.4%	\$ 52.9	0.7%	\$ 54.9	3.8%	\$ 57.0	3.9%	\$ 58.6	2.8%
Meals and Rooms	\$ 113.0	\$ 111.8	-1.1%	\$ 114.9	2.8%	\$ 121.1	5.4%	\$ 120.3	-0.7%	\$ 121.3	0.8%
Sales and Use Taxes	\$ 207.2	\$ 216.9	4.7%	\$ 222.5	2.6%	\$ 225.6	1.4%	\$ 214.5	-4.9%	\$ 214.8	0.1%
Personal Income Tax	\$ 500.5	\$ 542.0	8.3%	\$ 581.2	7.2%	\$ 622.3	7.1%	\$ 551.9	-11.3%	\$ 535.7	-2.9%
Total	\$ 1,035.3	\$ 1,111.9	7.4%	\$ 1,151.4	3.5%	\$ 1,199.8	4.2%	\$ 1,104.0	-8.0%	\$ 1,072.0	-2.9%

Transportation Fund Revenue by Component FY 2005 to FY 2010



(\$ in Millions)	FY 2005 actual	FY 2006 actual	% Change 2005-2006	FY 2007 actual	% Change 2006-2007	FY 2008 actual	% Change 2007-2008	FY 2009 projected	% Change 2008-2009	FY 2010 projected	% Change 2009-2010
Diesel Fuel Tax	\$ 15.5	\$ 17.7	14.2%	\$ 18.0	1.6%	\$ 16.6	-7.8%	\$ 15.5	-6.6%	\$ 16.0	3.2%
Other Revenues	\$ 15.9	\$ 17.1	7.5%	\$ 19.2	12.2%	\$ 23.7	23.3%	\$ 18.6	-21.4%	\$ 19.1	2.7%
Motor Vehicle Fees	\$ 56.1	\$ 57.4	2.3%	\$ 65.4	14.0%	\$ 67.5	3.2%	\$ 66.2	-2.0%	\$ 69.2	4.5%
Purchase & Use Tax	\$ 56.1	\$ 53.9	-3.9%	\$ 53.8	-0.3%	\$ 52.7	-2.0%	\$ 45.4	-13.8%	\$ 46.5	2.4%
Gasoline Tax	\$ 65.5	\$ 63.8	-2.6%	\$ 63.6	-0.3%	\$ 62.6	-1.6%	\$ 60.8	-2.9%	\$ 61.9	1.8%
Total	\$ 209.1	\$ 209.9	0.4%	\$ 220.0	4.8%	\$ 223.1	1.4%	\$ 206.5	-7.4%	\$ 212.7	3.0%

Education Fund Revenue by Component FY 2005 to FY 2010



(\$ in Millions)	FY 2005 actual	FY 2006 actual	% Change 2005-2006	FY 2007 actual	% Change 2006-2007	FY 2008 actual	% Change 2007-2008	FY 2009 projected	% Change 2008-2009	FY 2010 projected	% Change 2009-2010
Other (a)	\$ 9.1	\$ 6.6	-27.4%	\$ 4.3	-34.9%	\$ 5.2	20.0%	\$ 3.5	-32.2%	\$ 2.9	-17.1%
Lottery Revenue	\$ 20.4	\$ 22.8	11.8%	\$ 23.3	2.2%	\$ 22.7	-2.6%	\$ 20.7	-8.8%	\$ 20.3	-1.9%
Curent Law Revenue	\$ 29.9	\$ 28.8	-3.7%	\$ 28.8	0.0%	\$ 28.3	-1.8%	\$ 24.6	-12.9%	\$ 25.1	1.9%
Sales & Use Tax	\$ 103.6	\$ 108.5	4.7%	\$ 111.2	2.5%	\$ 112.8	1.4%	\$ 107.3	-4.9%	\$ 107.4	0.1%
General Fund Approp.	\$ 249.3	\$ 259.3	4.0%	\$ 282.4	8.9%	\$ 280.2	-0.8%	\$ 291.1	3.9%	\$ 274.8	-5.6%
Homestead Tax (b)	\$ 346.6	\$ 394.5	13.8%	\$ 422.5	7.1%	\$ 321.4	-23.9%	\$ 341.8	6.3%	\$ 344.6	0.8%
Non-Residential Tax (c)	\$ 385.8	\$ 418.1	8.4%	\$ 455.1	8.9%	\$ 477.5	4.9%	\$ 535.2	12.1%	\$ 552.6	3.3%
Total	\$ 1,144.7	\$1,238.6	8.2%	\$ 1,327.6	7.2%	\$ 1,248.1	-6.0%	\$ 1,324.2	6.1%	\$ 1,327.7	0.3%

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FY 2009 GOVERNOR'S BUDGET RECOMMENDED ADJUSTMENT

Funding Sources	FY 2008 Final Appropriation	FY 2009 Governor's Recommended Adjustment ^(a)	%	All General Government			Total Human Services			
				General Government	Property Tax Assistance	Protection to Persons & Property	Corrections	Non-Medicaid	Medicaid & Long Term Care	
General Fund (GF)	1,200,271,408	1,145,742,751	-4.54%	43,548,312	25,158,624	90,232,557	125,486,067	146,937,935	191,868,542	
Transportation Fund	228,952,078	210,730,156	-7.96%	-	-	32,725,324	-	-	-	
Education Fund (EF)	1,254,540,148	1,321,957,273	5.37%	-	8,819,208	-	-	-	-	
Fish & Wildlife	13,850,694	15,385,501	11.08%	-	-	-	-	-	-	
Special Funds ^(b)	427,290,903	435,089,414	1.83%	8,534,086	-	68,058,147	2,223,461	50,185,851	229,712,998	
Sub-Total	3,124,905,231	3,128,905,095	0.13%	52,082,398	33,977,832	191,016,028	127,709,528	197,123,786	421,581,540	
Adjust for inter-fund appropriation: GF Transfer to EF	(280,200,000)	(291,127,800)	3.90%	-	-	-	-	-	-	
Total State Funds after EF Transfer	2,844,705,231	2,837,777,295	-0.24%	52,082,398	33,977,832	191,016,028	127,709,528	197,123,786	421,581,540	
percent of total	68.35%	65.73%		1.84%	1.20%	6.73%	4.50%	6.95%	14.86%	
Federal Funds	1,257,860,692	1,413,300,972	12.36%	2,399,624	-	49,925,682	584,861	219,886,618	760,415,737	
Total Funds Before Dedicated Dollars	4,102,565,923	4,251,078,267	3.62%	54,482,022	33,977,832	240,941,710	128,294,389	417,010,404	1,181,997,277	
percent of total	98.57%	98.47%		1.28%	0.80%	5.67%	3.02%	9.81%	27.80%	
Dedicated Sources										
Local match	2,951,403	2,553,311	-13.49%	-	-	-	-	-	-	
Enterprise Funds	8,150,473	8,254,019	1.27%	2,762,158	-	4,731,516	-	-	-	
Pension Trust & Private Purpose Trust Funds	48,594,698	55,251,374	13.70%	30,222,573	-	-	-	10,000	-	
Sub-Total	59,696,574	66,058,704	10.66%	32,984,731	-	4,731,516	-	10,000	-	
Total Funds and Dedicated Sources	4,162,262,497	4,317,136,971	3.72%	87,466,753	33,977,832	245,673,226	128,294,389	417,020,404	1,181,997,277	
	100.00%	100.00%		2.03%	0.79%	5.70%	2.97%	9.66%	27.38%	
Funds Sources that are duplicated in the above appropriations:										
Internal Service Funds	66,190,616	66,428,868	0.36%	51,120,868	-	-	3,282,548	-	-	
Interdepartmental Transfer	35,628,944	32,808,998	-7.91%	3,858,829	-	9,346,929	479,514	8,914,930	362,654	
Global Commitment Fund	819,516,803	896,665,587	9.41%	409,816	-	1,898,824	3,094,144	-	885,776,097	
Total	921,336,363	995,903,453	8.09%	55,389,513	-	11,245,753	6,856,206	8,914,930	886,138,751	
Memo: Total All Appropriations	5,363,798,860	5,604,168,224	4.48%	142,856,266	33,977,832	256,918,979	135,150,595	425,935,334	2,068,136,028	

NOTES:

(a) 2008 Legislative Session: Act 192 plus other bills; Adjusted for Rescission #1 approved by Joint Fiscal Committee 8/27/08 and Rescission #2 approved by Joint Fiscal Committee 12/19/08.

(b) Special Funds include Tobacco Fund, Catamount Fund and State Health Care Resources Fund

FY 2009 GOVERNOR'S BUDGET RECOMMENDED ADJUSTMENT

Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	Other & One-time
General Fund (GF)	2,078,751	339,392,913	80,340,162	23,010,697	14,983,068	-	67,048,726	(4,343,603)
Transportation Fund	-	127,483	-	-	-	174,752,441	1,914,650	1,210,258
Education Fund (EF)	-	1,313,138,065	-	-	-	-	-	-
Fish & Wildlife	-	-	-	15,389,451	-	-	-	(3,950)
Special Funds ^(b)	3,660,989	15,646,929	-	28,557,067	17,975,030	-	2,495,675	8,039,181
Sub-Total	5,739,740	1,668,305,390	80,340,162	66,957,215	32,958,098	174,752,441	71,459,051	4,901,886
Adjust for inter-fund appropriation: GF Transfer to EF	-	(291,127,800)	-	-	-	-	-	-
Total State Funds after EF Transfer	5,739,740	1,377,177,590	80,340,162	66,957,215	32,958,098	174,752,441	71,459,051	4,901,886
percent of total	0.20%	48.53%	2.83%	2.36%	1.16%	6.16%	2.52%	0.17%
Federal Funds	20,613,870	118,992,725	-	14,735,222	22,499,459	203,279,683	-	(32,509)
Total Funds Before Dedicated Dollars	26,353,610	1,496,170,315	80,340,162	81,692,437	55,457,557	378,032,124	71,459,051	4,869,377
percent of total	0.62%	35.20%	1.89%	1.92%	1.30%	8.89%	1.68%	0.11%
Dedicated Sources								
Local Match	-	-	-	-	-	2,553,311	-	-
Enterprise Funds	-	-	-	-	767,974	-	-	(7,629)
Pension Trust & Private Purpose Trust Funds	-	25,018,801	-	-	-	-	-	-
Sub-Total	-	25,018,801	-	-	767,974	2,553,311	-	(7,629)
Total Funds and Dedicated Sources	26,353,610	1,521,189,116	80,340,162	81,692,437	56,225,531	380,585,435	71,459,051	4,861,748
	0.61%	35.24%	1.86%	1.89%	1.30%	8.82%	1.66%	0.11%
Funds Sources that are duplicated in the above appropriations:								
Internal Service Funds	-	-	-	-	-	12,065,663	-	(40,211)
Interdepartmental Transfer	2,403,838	32,212	-	2,802,484	224,711	4,411,250	-	(28,353)
Global Commitment Fund	-	1,075,143	4,411,563	-	-	-	-	-
Total	2,403,838	1,107,355	4,411,563	2,802,484	224,711	16,476,913	-	(68,564)
Memo: Total All Appropriations	28,757,448	1,813,424,271	84,751,725	84,494,921	56,450,242	397,062,348	71,459,051	4,793,184

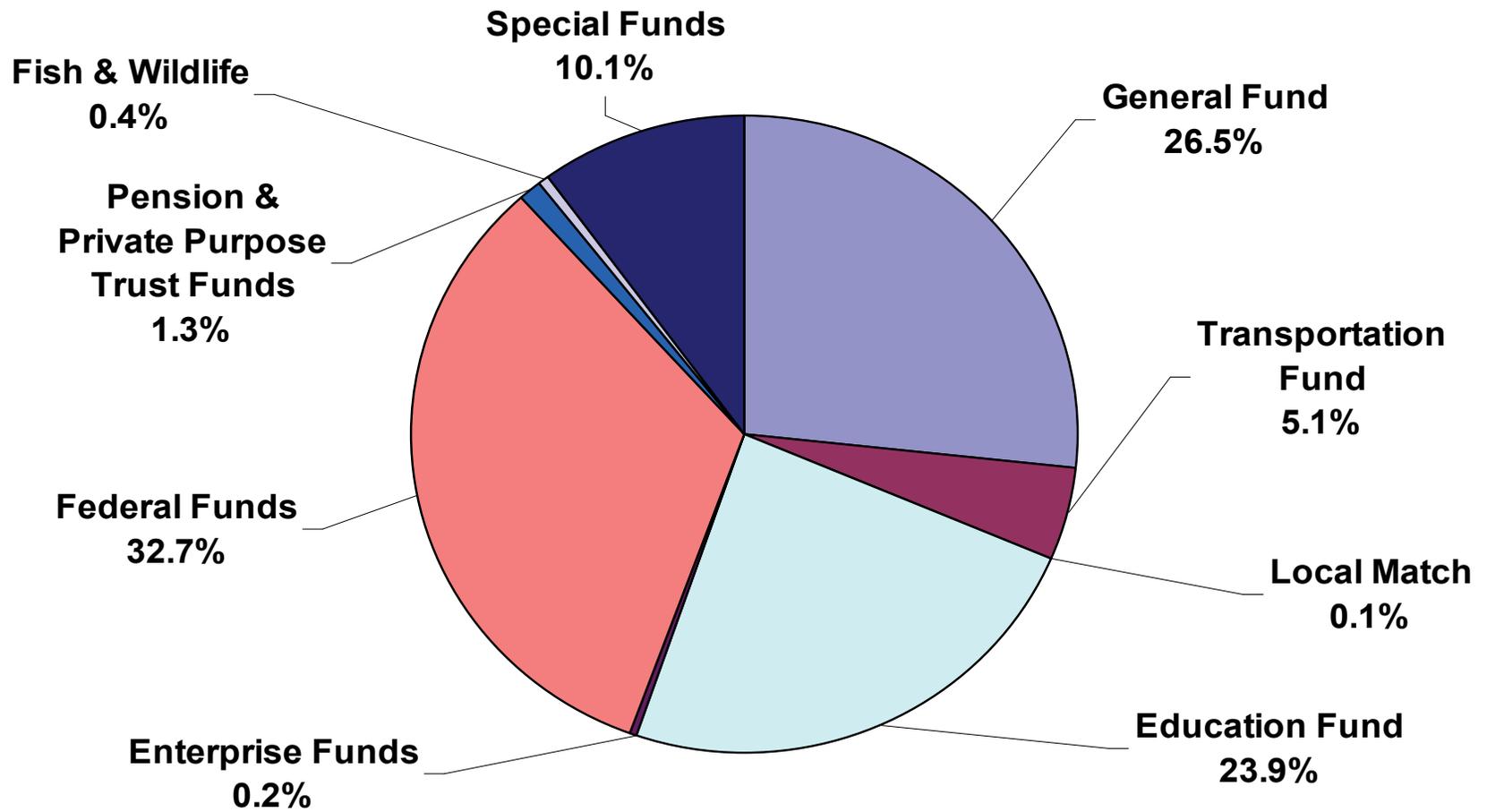
NOTES:

(a) 2008 Legislative Session: Act 192 plus other bills; Adjusted for Rescission #1 approved by Joint Fiscal Committee 8/27/08 and Rescission #2 approved by Joint Fiscal Committee 12/19/08.

(b) Special Funds include Tobacco Fund, Catamount Fund and State Health Care Resources Fund

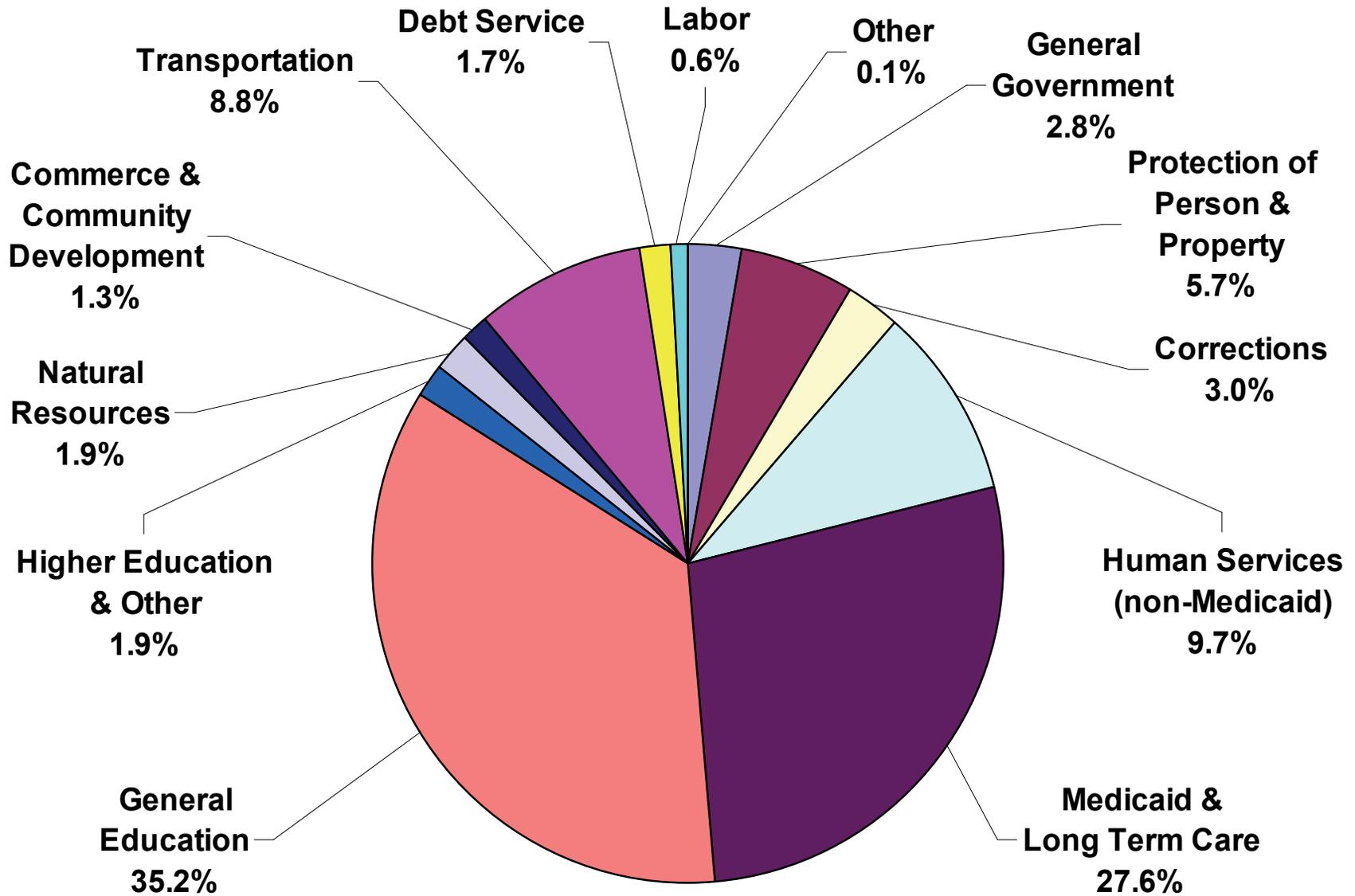
FY 2009 ADJUSTED BUDGET ALL FUNDING SOURCES - by FUND

\$ 4,317,136,971



FY 2009 ADJUSTED BUDGET ALL FUNDING SOURCES - by FUNCTION

\$ 4,317,136,971



FY 2010 GOVERNOR'S RECOMMEND BUDGET

Funding Sources	FY 2009 Governor's Recommended Adjustment ^(a)	FY 2010 Governor's Recommend ^(c)	%	All General Government			Total Human Services		
				General Government	Property Tax Assistance	Protection to Persons & Property	Corrections	Non-Medicaid	Medicaid & Long Term Care
General Fund (GF)	1,145,742,751	1,119,494,454	-2.29%	42,699,416	27,076,058	98,740,056	129,595,999	154,471,219	188,888,974
Transportation Fund	210,730,156	228,685,728	8.52%	-	-	28,682,459	-	-	-
Education Fund (EF)	1,321,957,273	1,346,347,908	1.85%	-	9,203,687	-	-	-	-
Fish & Wildlife	15,385,501	16,355,474	6.30%	-	-	-	-	-	-
Special Funds ^(b)	435,089,414	430,690,103	-1.01%	10,463,600	-	67,143,835	1,732,283	55,927,432	232,795,732
Sub-Total	3,128,905,095	3,141,573,667	0.40%	53,163,016	36,279,745	194,566,350	131,328,282	210,398,651	421,684,706
Adjust for inter-fund appropriation: GF Transfer to EF	(291,127,800)	(274,778,980)	-5.62%	-	-	-	-	-	-
Total State Funds after EF Transfer	2,837,777,295	2,866,794,687	1.02%	53,163,016	36,279,745	194,566,350	131,328,282	210,398,651	421,684,706
percent of total	65.73%	63.78%		1.85%	1.27%	6.79%	4.58%	7.34%	14.71%
Federal Funds	1,413,300,972	1,557,593,507	10.21%	855,215	-	46,325,049	584,861	220,583,141	856,400,514
Total Funds Before Dedicated Dollars	4,251,078,267	4,424,388,194	4.08%	54,018,231	36,279,745	240,891,399	131,913,143	430,981,792	1,278,085,220
percent of total	98.47%	98.44%		1.22%	0.82%	5.44%	2.98%	9.74%	28.89%
Dedicated Sources									
Local Match	2,553,311	2,956,903	15.81%	-	-	-	-	-	-
Enterprise Funds	8,254,019	8,592,225	4.10%	146,500	-	7,594,747	-	-	-
Pension Trust & Private Purpose Trust Funds	55,251,374	58,667,825	6.18%	31,086,183	-	-	-	10,000	-
Sub-Total	66,058,704	70,216,953	6.29%	31,232,683	-	7,594,747	-	10,000	-
Total Funds and Dedicated Sources	4,317,136,971	4,494,605,147	4.11%	85,250,914	36,279,745	248,486,146	131,913,143	430,991,792	1,278,085,220
	100.00%	100.00%		1.90%	0.81%	5.53%	2.93%	9.59%	28.44%
Funds Sources that are duplicated in the above appropriations:									
Internal Service Funds	66,428,868	73,313,894	10.36%	53,776,743	-	-	1,709,076	-	-
Interdepartmental Transfer	32,808,998	39,917,520	21.67%	3,631,779	-	9,427,143	457,105	14,040,534	362,654
Global Commitment Fund	896,665,587	945,050,629	5.40%	591,268	-	1,898,824	3,094,144	933,966,618	-
Total	995,903,453	1,058,282,043	6.26%	57,999,790	-	11,325,967	5,260,325	948,007,152	362,654
Memo: Total All Appropriations	5,604,168,224	5,827,666,170	3.99%	143,250,704	36,279,745	259,812,113	137,173,468	1,378,998,944	1,278,447,874

NOTES:

(a) 2008 Legislative Session: Act 192 plus other bills; Adjusted for Rescission #1 approved by Joint Fiscal Committee 8/27/08 and Rescission #2 approved by Joint Fiscal Committee 12/19/08.

(b) Special Funds include Tobacco Fund, Catamount Fund and State Health Care Resources Fund

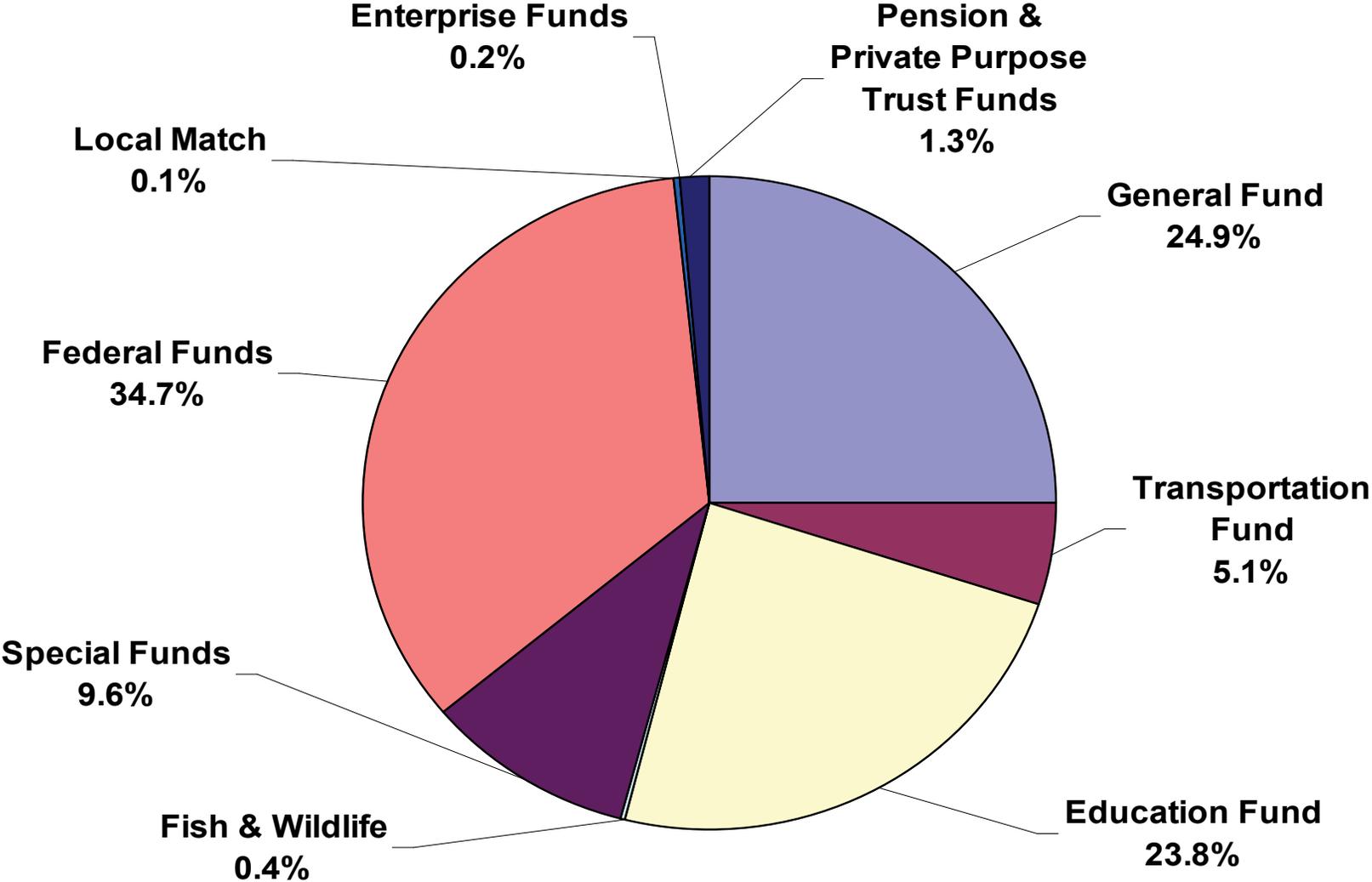
(c) Governor's Recommend presented to the Vermont General Assembly January 22, 2009.

FY 2010 GOVERNOR'S RECOMMEND BUDGET

Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	Other & One-time
General Fund (GF)	2,282,357	287,233,290	96,340,162	22,313,735	14,298,408	-	65,554,780	(10,000,000)
Transportation Fund	-	-	-	-	-	196,346,285	3,656,984	-
Education Fund (EF)	-	1,337,144,221	-	-	-	-	-	-
Fish & Wildlife	-	-	-	16,355,474	-	-	-	-
Special Funds ^(b)	3,637,300	17,087,218	-	28,519,376	10,883,612	-	2,499,715	-
Sub-Total	5,919,657	1,641,464,729	96,340,162	67,188,585	25,182,020	196,346,285	71,711,479	(10,000,000)
Adjust for inter-fund appropriation:								
GF Transfer to EF		(274,778,980)						
Total State Funds after EF Transfer	5,919,657	1,366,685,749	96,340,162	67,188,585	25,182,020	196,346,285	71,711,479	(10,000,000)
percent of total	0.21%	47.67%	3.36%	2.34%	0.88%	6.85%	2.50%	-0.35%
Federal Funds	21,198,676	122,175,933	-	14,715,898	35,348,231	239,405,989	-	-
Total Funds Before Dedicated Dollars	27,118,333	1,488,861,682	96,340,162	81,904,483	60,530,251	435,752,274	71,711,479	(10,000,000)
percent of total	0.61%	33.65%	2.18%	1.85%	1.37%	9.85%	1.62%	-0.23%
Dedicated Sources								
Local match	-	-	-	-	-	2,956,903	-	-
Enterprise Funds	-	-	-	-	850,978	-	-	-
Pension Trust & Private Purpose Trust Funds	-	27,571,642	-	-	-	-	-	-
Sub-Total	-	27,571,642	-	-	850,978	2,956,903	-	-
Total Funds and Dedicated Sources	27,118,333	1,516,433,324	96,340,162	81,904,483	61,381,229	438,709,177	71,711,479	(10,000,000)
percent of total	0.60%	33.74%	2.14%	1.82%	1.37%	9.76%	1.60%	-0.22%
Funds Sources that are duplicated in the above appropriations:								
Internal Service Funds	-	-	-	-	-	17,828,075	-	-
Interdepartmental Transfer	2,403,838	30,466	-	2,153,910	158,998	7,251,093	-	-
Global Commitment Fund	-	1,088,212	4,411,563	-	-	-	-	-
Total	2,403,838	1,118,678	4,411,563	2,153,910	158,998	25,079,168	-	-
Memo: Total All Appropriations	29,522,171	1,792,330,982	100,751,725	84,058,393	61,540,227	463,788,345	71,711,479	(10,000,000)

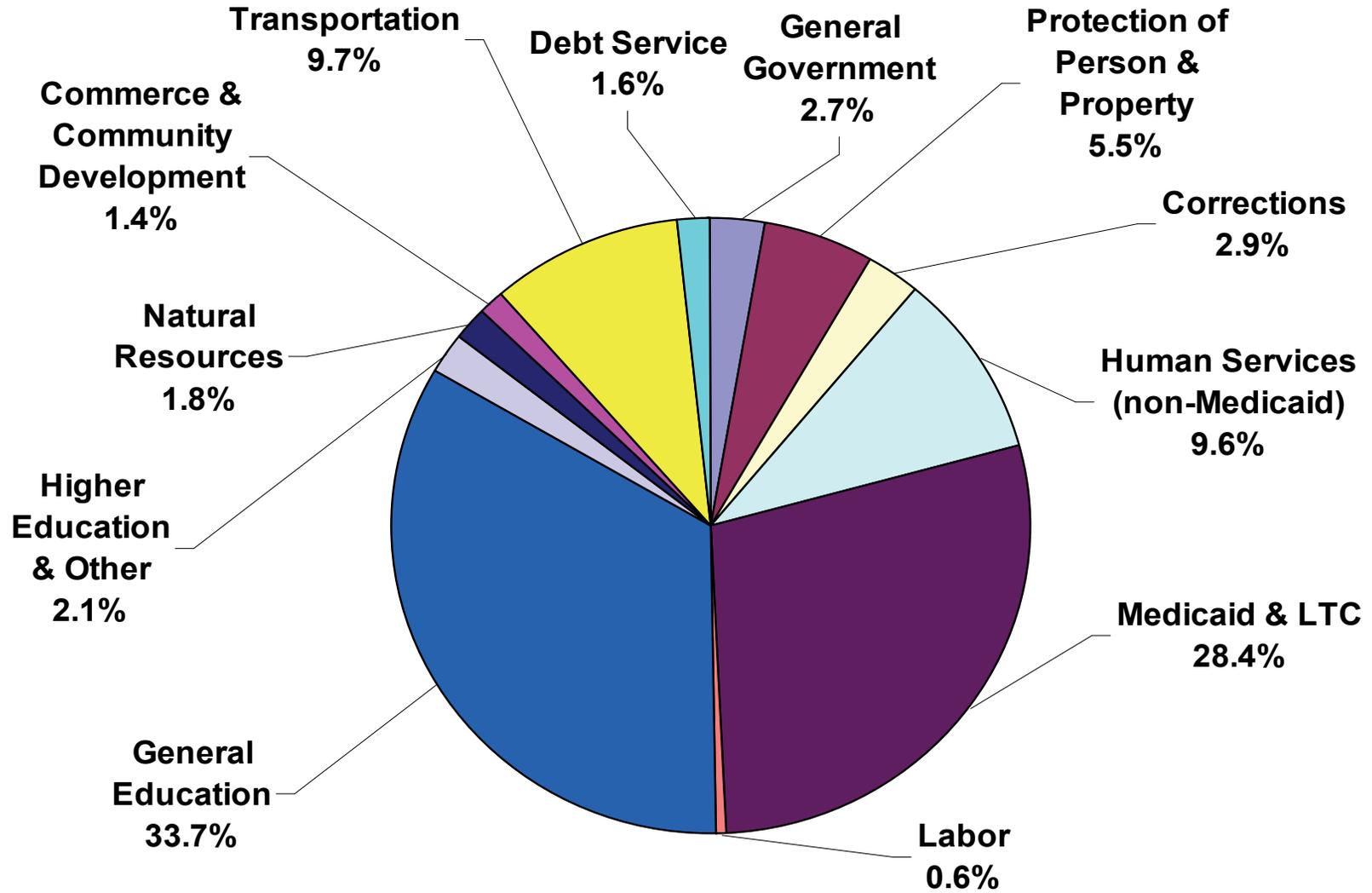
FY 2010 ADJUSTED BUDGET ALL FUNDING SOURCES - by FUND

\$ 4,494,605,147



FY 2010 ADJUSTED BUDGET ALL FUNDING SOURCES - by FUNCTION

\$ 4,494,605,147



TOTAL APPROPRIATION HISTORY FY 2006 - FY 2010 (All Funds)

Funding Sources	FY 2006 Final Appropriation	FY 2007 Final Appropriation	FY 2008 Final Appropriation	FY 2009 Recommended Adjustment ^(a)	FY 2010 Governor's Recommend ^(b)	% Change FY 2010 vs. FY 2009
General Fund (GF)	1,113,428,418	1,159,981,529	1,200,271,408	1,145,742,751	1,119,494,454	-2.29%
Transportation Fund	220,073,685	223,986,116	228,952,078	210,730,156	228,685,728	8.52%
Education Fund (EF)	1,242,144,332	1,307,981,532	1,254,540,148	1,321,957,273	1,346,347,908	1.85%
Fish & Wildlife	12,188,720	12,481,014	13,850,694	15,385,501	16,355,474	6.30%
Special Funds & Other Funds ^(c)	464,732,070	381,839,377	427,290,903	435,089,414	430,690,103	-1.01%
Sub-Total	3,052,567,225	3,086,269,568	3,124,905,231	3,128,905,095	3,141,573,667	0.40%
Adjust for inter-fund appropriation: GF Transfer to EF	(259,300,000)	(268,720,000)	(280,200,000)	(291,127,800)	(274,778,980)	-5.62%
Total State Funds after EF Transfer	2,793,267,225	2,817,549,568	2,844,705,231	2,837,777,295	2,866,794,687	1.02%
percent of total	69.06%	67.33%	68.35%	65.73%	63.78%	
Federal Funds	1,198,659,547	1,310,517,486	1,257,860,692	1,413,300,972	1,557,593,507	10.21%
Total Funds Before Dedicated Dollars	3,991,926,772	4,128,067,054	4,102,565,923	4,251,078,267	4,424,388,194	4.08%
percent of total	98.69%	98.64%	98.57%	98.47%	98.44%	
Dedicated Sources						
Local Match	3,955,704	3,044,123	2,951,403	2,553,311	2,956,903	15.81%
Enterprise Funds	7,226,657	7,862,307	8,150,473	8,254,019	8,592,225	4.10%
Pension & Private Purpose Trust Funds	41,611,838	46,020,607	48,594,698	55,251,374	58,667,825	6.18%
Sub-Total	52,794,199	56,927,037	59,696,574	66,058,704	70,216,953	6.29%
Total Funds and Dedicated Sources	4,044,720,971	4,184,994,091	4,162,262,497	4,317,136,971	4,494,605,147	4.11%
	100.00%	100.00%	100.00%	100.00%	100.00%	
Funds Sources that are duplicated in the above appropriations:						
Internal Service Funds	57,301,665	65,533,719	66,190,616	66,428,868	73,313,894	10.36%
Interdepartmental Transfer	30,772,688	34,178,601	35,628,944	32,808,998	39,917,520	21.67%
Global Commitment Fund	544,669,232	782,588,332	819,516,803	896,665,587	945,050,629	5.40%
Total	632,743,585	882,300,652	921,336,363	995,903,453	1,058,282,043	6.26%
Memo: Total All Appropriations	4,936,764,556	5,336,014,743	5,363,798,860	5,604,168,224	5,827,666,170	3.99%

NOTES:

(a) Act 192 of the 2008 Legislative Session, plus other bills; adjusted for Rescission #1 approved by Joint Fiscal Committee 8/27/08, and Rescission #2 approved by Joint Fiscal Committee 12/19/08; and the Governor's proposal for additional budget adjustments presented to the General Assembly January 22, 2009.

(b) Governor's Recommended Budget Adjustment for FY 2010 presented to the General Assembly on January 22, 2009.

(c) Includes Tobacco Fund, Catamount Fund, and State Health Care Resources Fund.

SELECTED FUNDS - FY 2010 COMBINED BUDGET RECOMMENDATIONS

General, Transportation and Special Funds (a)

Agency/Department/Program	FY 2010 Gov Recommend GF	FY 2010 Gov Recommend TF	FY 2010 Gov Recommend SF + Tob	FY 2010 Recommended Appropriation	FY 2009 Recommended Appropriation
GENERAL GOVERNMENT					
Administration Agency:					
Secretary of Administration	676,776	-	-	676,776	748,845
Information and Innovation	88,166	-	2,616,174	2,704,340	582,048
Finance & Management	778,405	-	-	778,405	960,635
Human Resources	1,907,431	-	280,835	2,188,266	2,382,539
Buildings and General Services	7,223,306	-	50,000	7,273,306	7,912,891
Tax	13,593,386	-	1,249,404	14,842,790	14,381,103
Libraries	2,616,539	-	132,500	2,749,039	2,617,858
Total Agency of Administration	26,884,009	-	4,328,913	31,212,922	29,585,919
GIS	-	-	408,700	408,700	408,700
Auditor of Accounts	437,938	-	51,709	489,647	543,109
State Treasurer	1,086,815	-	1,506,190	2,593,005	2,589,678
Labor Relations Board	198,260	-	2,788	201,048	190,528
Executive Office	1,410,315	-	-	1,410,315	1,385,000
VOSHA Review Board	23,905	-	-	23,905	23,033
Use Tax Reimbursement	10,807,403	-	-	10,807,403	9,850,000
Municipal Tax - Homeowner rebate	13,725,647	-	-	13,725,647	12,921,868
Renter Rebate	2,543,008	-	-	2,543,008	2,386,756
Lt. Governor	163,634	-	-	163,634	155,318
Legislature	7,329,891	-	-	7,329,891	7,250,864
Legislative Council	2,342,977	-	-	2,342,977	2,273,533
Legislative Information Technology	892,958	-	-	892,958	882,721
Sergeant at Arms	619,517	-	-	619,517	612,014
Joint Fiscal Office	1,309,197	-	-	1,309,197	1,276,947
PILOT/Montpelier Services	-	-	4,534,000	4,534,000	4,684,000
Corrections PILOT	-	-	40,000	40,000	40,000
TOTAL GENERAL GOVERNMENT	69,775,474	-	10,872,300	80,647,774	77,059,988

Selected Funds - FY 2010 Combined Budget Recommendations

General, Transportation and Special Funds (a)

Agency/Department/Program	FY 2010 Gov Recommend GF	FY 2010 Gov Recommend TF	FY 2010 Gov Recommend SF + Tob	FY 2010 Recommended Appropriation	FY 2009 Recommended Appropriation
PROTECTION TO PERSONS AND PROPERTY					
Attorney General	3,815,889	-	1,193,302	5,009,191	6,009,469
Court Diversion	1,204,784	-	520,000	1,724,784	1,724,534
State's Attorneys	9,584,382	-	56,675	9,641,057	9,120,133
Center for Crime Victim Services	1,119,233	-	5,201,380	6,320,613	6,946,555
Sheriffs	3,662,987	-	-	3,662,987	3,436,166
Defender General	10,964,288	-	626,569	11,590,857	11,180,935
Military	3,397,353	-	83,529	3,480,882	3,500,523
Criminal Justice Training Council	1,453,753	-	534,343	1,988,096	1,899,996
Liquor Control	-	-	296,306	296,306	296,306
Secretary of State	1,710,918	-	4,741,524	6,452,442	5,851,936
BISHCA	-	-	13,519,980	13,519,980	13,536,796
Public Safety	25,607,953	28,352,807	10,519,279	64,480,039	61,995,410
Agriculture	5,434,375	-	6,979,571	12,413,946	12,538,935
Public Service Department	-	-	10,169,598	10,169,598	10,204,611
Enhanced 911 Board	-	-	5,487,045	5,487,045	5,482,486
Public Service Board	-	-	2,875,286	2,875,286	2,817,349
Judiciary	30,510,922	-	3,930,748	34,441,670	33,497,343
Human Rights Commission	273,219	-	-	273,219	267,764
TOTAL PROTECTION	98,740,056	28,352,807	66,735,135	193,827,998	190,307,247
HUMAN SERVICES					
Human Services Agency:					
AHS - Secretary's Office	5,273,921		617,247	5,891,168	4,753,287
AHS - Secretary's Office - Global Commitment	82,147,103		52,092,769	134,239,872	137,138,744
Human Services Board	51,912			51,912	49,395
Corrections	129,595,999		1,732,283	131,328,282	127,330,670
Health	10,586,992		8,421,997	19,008,989	18,711,371
Mental Health	22,831,311		176,836	23,008,147	21,944,333
Office of Vt Health Access	107,170,979			107,170,979	110,228,269
Department for Children and Families	95,981,505		29,218,939	125,200,444	123,499,174
Disabilities, Aging and Independent Living	18,898,471		1,306,935	20,205,406	20,057,266
TOTAL HUMAN SERVICES AGENCY	472,538,193	-	93,567,006	566,105,199	563,712,509
Commission on Women	286,905		5,000	291,905	278,243
RSVP	131,096			131,096	131,096
Veterans' Home			10,931,473	10,931,473	10,672,788
TOTAL HUMAN SERVICES	472,956,194	-	104,503,479	577,459,673	574,794,636
				-	

Selected Funds - FY 2010 Combined Budget Recommendations

General, Transportation and Special Funds (a)

Agency/Department/Program	FY 2010 Gov Recommend GF	FY 2010 Gov Recommend TF	FY 2010 Gov Recommend SF + Tob	FY 2010 Recommended Appropriation	FY 2009 Recommended Appropriation
Employment & Training				-	-
Labor	2,282,357		3,243,228	5,525,585	5,318,770
TOTAL EMPLOYMENT & TRAINING / LABOR	2,282,357	-	3,243,228	5,525,585	5,318,770
GENERAL EDUCATION				-	
Department of Education	12,454,310	-	17,087,218	29,541,528	27,974,001
GF Appropriation to Education Fund	274,778,980			274,778,980	291,127,800
Teachers' Retirement				-	33,549,097
TOTAL GENERAL EDUCATION	287,233,290	-	17,087,218	304,320,508	352,650,898
HIGHER EDUCATION AND OTHER				-	
University of Vermont	44,188,896			44,188,896	36,740,473
Vermont Public Television	564,620			564,620	564,620
Vermont State Colleges	28,647,053			28,647,053	23,818,344
Vermont Interactive TV	769,119			769,119	769,119
Vermont Student Assistance Corp.	22,086,474			22,086,474	18,363,607
N.E. Higher Education Compact	84,000			84,000	84,000
TOTAL HIGHER EDUCATION AND OTHER	96,340,162	-	-	96,340,162	80,340,163
TOTAL EDUCATION	383,573,452	-	17,087,218	400,660,670	432,991,061
NATURAL RESOURCES				-	
Agency of Natural Resources:				-	
ANR - Central Office	6,522,647		18,144	6,540,791	7,570,511
Environmental Conservation	7,527,542		17,667,638	25,195,180	24,456,242
Fish & Wildlife	1,227,419			1,227,419	1,192,216
Forests, Parks & Recreation	6,219,186		8,923,922	15,143,108	15,427,317
Total Agency of Natural Resources	21,496,794	-	26,609,704	48,106,498	48,646,286
Natural Resources Board	816,942		1,909,672	2,726,614	2,752,124
TOTAL NATURAL RESOURCES	22,313,736	-	28,519,376	50,833,112	51,398,410
				-	

Selected Funds - FY 2010 Combined Budget Recommendations

General, Transportation and Special Funds (a)

Agency/Department/Program	FY 2010 Gov Recommend GF	FY 2010 Gov Recommend TF	FY 2010 Gov Recommend SF + Tob	FY 2010 Recommended Appropriation	FY 2009 Recommended Appropriation
COMMERCE & COMMUNITY DEVELOPMENT				-	
Agency of Commerce & Comm Development				-	
ACCD - Administration	2,793,051		-	2,793,051	2,526,092
Housing & Community Affairs	1,698,598		4,050,600	5,749,198	5,811,845
Econ Development	4,594,740		500,350	5,095,090	5,161,102
Tourism & Marketing	3,622,252		6,000	3,628,252	3,771,843
Total Agency of Commerce & Comm Development	12,708,641	-	4,556,950	17,265,591	17,270,882
VEDA				-	-
Council on the Arts	507,607			507,607	507,607
Vermont Symphony Orchestra	113,821			113,821	113,821
VT Historical Society	795,669			795,669	770,635
Housing & Conservation Trust	-		6,326,662	6,326,662	13,449,095
VT Humanities Council	172,670			172,670	172,670
TOTAL COMMERCE & COMMUNITY DEV.	14,298,408	-	10,883,612	25,182,020	32,284,710
DEBT SERVICE	65,554,780	3,656,984	2,499,715	71,711,479	71,459,051
TRANSPORTATION				-	
Agency of Transportation				-	
AOT Division Appropriations and Programs		134,283,932		134,283,932	116,946,319
AOT Dept. of Motor Vehicles		23,807,821		23,807,821	22,196,373
AOT Town Highway Programs		38,167,641		38,167,641	36,016,610
Total Agency of Transportation	-	196,259,394	-	196,259,394	175,159,302
Transportation Board		86,891		86,891	89,802
TOTAL TRANSPORTATION	-	196,346,285	-	196,346,285	175,249,104
Pay Act	7,147,978	329,652		7,477,630	1,709,172
WORKFORCE REDUCTIONS	(17,147,978)			(17,147,978)	-
OTHER			7,293,000	7,293,000	7,841,000
APPROPRIATION TOTAL	1,119,494,456	228,685,728	251,637,063	1,599,817,247	1,620,413,149

(a) Does not include the following funds: Education, Fish & Wildlife, Global Commitment, State Health Care Resources, Catamount, Enterprise, Local Match, Pension, Trust, Internal Service and Interdepartmental transfer funds.

SELECTED FUNDS - COMBINED APPROPRIATION HISTORY

General, Transportation and Special Funds (a)

FY 2006 - FY 2010

Agency/Department/Program	FY 2006 Final Appropriation	FY 2007 Final Appropriation	FY 2008 Final Appropriation	FY 2009 Recommend Adjusted Appropriation	FY 2010 Recommended Appropriation
GENERAL GOVERNMENT					
Administration Agency:					
Secretary of Administration	903,399	984,985	920,232	748,845	676,776
Information and Innovation	-	-	736,537	582,048	2,704,340
Finance & Management	919,343	1,174,751	1,048,822	960,635	778,405
Human Resources	2,817,134	3,177,942	2,757,841	2,382,539	2,188,266
Buildings and General Services	9,545,372	9,358,802	9,692,596	7,912,891	7,273,306
Tax	13,824,197	14,446,934	14,762,420	14,381,103	14,842,790
Libraries	2,536,482	2,754,540	2,842,165	2,617,858	2,749,039
Total Agency of Administration	30,545,927	31,897,954	32,760,613	29,585,919	31,212,922
GIS	393,957	411,685	430,210	408,700	408,700
Auditor of Accounts	577,708	574,336	578,456	543,109	489,647
State Treasurer	2,405,161	2,343,296	2,686,169	2,589,678	2,593,005
Labor Relations Board	195,085	204,362	211,142	190,528	201,048
Executive Office	1,408,494	1,482,508	1,534,310	1,385,000	1,410,315
Governor-elect	-	-	-	-	-
VOSHA Review Board	19,533	19,998	23,327	23,033	23,905
New England Governor's Conference	-	-	-	-	-
Use Tax Reimbursement	6,898,455	8,113,944	8,861,267	9,850,000	10,807,403
Property Tax Assistance	10,716,276	2,250,000	-	-	-
Municipal Tax - Homeowner rebate	-	-	11,206,140	12,921,868	13,725,647
Renter Rebate	-	-	-	2,386,756	2,543,008
Lt. Governor	135,807	146,747	155,032	155,318	163,634
Legislature	5,747,840	7,199,906	6,886,840	7,250,864	7,329,891
Legislative Council	1,797,567	2,005,212	2,125,647	2,273,533	2,342,977
Legislative Information Technology	558,122	585,415	623,590	882,721	892,958
Sergeant at Arms	496,378	600,801	617,701	612,014	619,517
Joint Fiscal Office	1,107,901	1,256,470	1,270,579	1,276,947	1,309,197
PILOT/Montpelier Services	2,684,000	3,484,000	3,634,000	4,684,000	4,534,000
Corrections PILOT	40,000	40,000	40,000	40,000	40,000
TOTAL GENERAL GOVERNMENT	65,728,211	62,616,634	73,645,023	77,059,988	80,647,774

SELECTED FUNDS - COMBINED APPROPRIATION HISTORY
General, Transportation and Special Funds (a)
FY 2006 - FY 2010

Agency/Department/Program	FY 2006 Final Appropriation	FY 2007 Final Appropriation	FY 2008 Final Appropriation	FY 2009 Recommend Adjusted Appropriation	FY 2010 Recommended Appropriation
PROTECTION TO PERSONS AND PROPERTY					
Attorney General	4,261,525	5,713,360	6,273,914	6,009,469	5,009,191
Court Diversion	1,525,071	1,604,534	1,604,534	1,724,534	1,724,784
State's Attorneys	7,276,928	7,976,620	8,623,849	9,120,133	9,641,057
Center for Crime Victim Services	5,297,299	6,001,408	6,777,259	6,946,555	6,320,613
Sheriffs	3,005,069	3,093,503	3,353,439	3,436,166	3,662,987
Defender General	8,915,997	9,543,838	10,079,614	11,180,935	11,590,857
Military	3,054,800	3,270,409	3,381,936	3,500,523	3,480,882
Labor & Industry	2,795,366	-	-	-	-
Criminal Justice Training Council	1,677,087	1,845,067	1,914,657	1,899,996	1,988,096
Liquor Control	289,768	289,768	289,645	296,306	296,306
Racing Commission	5,000	1,000	1,000	-	-
Secretary of State	4,268,723	4,592,792	4,560,941	5,851,936	6,452,442
BISHCA	12,243,320	12,975,828	13,289,105	13,536,796	13,519,980
Public Safety	52,287,700	57,103,194	58,257,595	61,995,410	64,480,039
Agriculture	11,994,086	12,746,380	13,623,719	12,538,935	12,413,946
Public Service Department	4,726,250	9,642,865	10,065,968	10,204,611	10,169,598
Enhanced 911 Board	2,417,588	3,931,601	3,356,610	5,482,486	5,487,045
Public Service Board	2,690,294	2,757,097	2,752,841	2,817,349	2,875,286
Judiciary	28,227,710	30,522,025	33,603,336	33,497,343	34,441,670
Human Rights Commission	272,541	285,925	311,382	267,764	273,219
TOTAL PROTECTION	157,232,122	173,897,214	182,121,344	190,307,247	193,827,998
HUMAN SERVICES					
Human Services Agency:					
AHS - Secretary's Office	5,167,216	4,318,906	4,635,410	4,753,287	5,891,168
AHS - Secretary's Office - Global Commitment	228,921,613	158,692,085	159,795,726	137,138,744	134,239,872
Human Services Board	30,957	49,283	50,977	49,395	51,912
Corrections	110,355,959	111,052,492	117,605,108	127,330,670	131,328,282
Health	40,710,444	42,561,960	18,137,095	18,711,371	19,008,989
Mental Health	-	-	21,373,099	21,944,333	23,008,147
Office of TV Health Access	143,077,243	121,225,950	132,130,989	110,228,269	107,170,979
Approp to Health Access Trust Fund	95,354,989	-	-	-	-
Department for Children and Families	108,365,133	98,623,312	121,259,715	123,499,174	125,200,444
Disabilities, Aging and Independent Living	28,109,540	19,631,950	19,867,516	20,057,266	20,205,406
TOTAL HUMAN SERVICES AGENCY	760,093,094	556,155,938	594,855,635	563,712,509	566,105,199
Commission on Women	252,744	260,201	267,552	278,243	291,905
RSVP	131,096	131,096	131,096	131,096	131,096
Veterans' Home	10,404,621	10,193,494	10,466,920	10,672,788	10,931,473
TOTAL HUMAN SERVICES	770,881,555	566,740,729	605,721,203	574,794,636	577,459,673

SELECTED FUNDS - COMBINED APPROPRIATION HISTORY

General, Transportation and Special Funds (a)

FY 2006 - FY 2010

Agency/Department/Program	FY 2006 Final Appropriation	FY 2007 Final Appropriation	FY 2008 Final Appropriation	FY 2009 Recommend Adjusted Appropriation	FY 2010 Recommended Appropriation
Employment & Training	2,251,839	-	-	-	-
Labor	-	5,220,335	5,280,195	5,318,770	5,525,585
TOTAL EMPLOYMENT & TRAINING / LABOR	2,251,839	5,220,335	5,280,195	5,318,770	5,525,585
GENERAL EDUCATION					
Department of Education	31,381,989	33,658,474	33,219,608	27,974,001	29,541,528
GF Appropriation to Education Fund	259,300,000	268,720,000	280,200,000	291,127,800	274,778,980
Renter Rebate	-	-	2,277,149	-	-
Teachers' Retirement	24,446,282	24,446,729	32,549,097	33,549,097	-
TOTAL GENERAL EDUCATION	315,128,271	326,825,203	348,245,854	352,650,898	304,320,508
HIGHER EDUCATION AND OTHER					
University of Vermont	36,478,096	36,976,719	38,271,188	36,740,473	44,188,896
Vermont Public Television	573,832	596,785	605,737	564,620	564,620
Vermont State Colleges	23,243,250	23,971,763	24,810,775	23,818,344	28,647,053
Vermont Interactive TV	815,331	847,944	858,163	769,119	769,119
Vermont Student Assistance Corp.	17,771,050	18,481,892	19,128,758	18,363,607	22,086,474
N.E. Higher Education Compact	80,000	80,000	84,000	84,000	84,000
TOTAL HIGHER EDUCATION AND OTHER	78,961,559	80,955,103	83,758,621	80,340,163	96,340,162
TOTAL EDUCATION	394,089,830	407,780,306	432,004,475	432,991,061	400,660,670
NATURAL RESOURCES					
Agency of Natural Resources:					
ANR - Central Office	6,904,054	7,174,286	7,401,861	7,570,511	6,540,791
Environmental Conservation	24,308,448	25,021,910	25,696,307	24,456,242	25,195,180
Fish & Wildlife	3,063,518	2,096,314	2,128,649	1,192,216	1,227,419
Forests, Parks & Recreation	13,080,811	15,244,555	15,595,682	15,427,317	15,143,108
Total Agency of Natural Resources	47,356,831	49,537,065	50,822,499	48,646,286	48,106,498
Natural Resources Board	2,699,549	2,742,438	2,827,318	2,752,124	2,726,614
TOTAL NATURAL RESOURCES	50,056,380	52,279,503	53,649,817	51,398,410	50,833,112

SELECTED FUNDS - COMBINED APPROPRIATION HISTORY

General, Transportation and Special Funds (a)

FY 2006 - FY 2010

Agency/Department/Program	FY 2006 Final Appropriation	FY 2007 Final Appropriation	FY 2008 Final Appropriation	FY 2009 Recommend Adjusted Appropriation	FY 2010 Recommended Appropriation
COMMERCE & COMMUNITY DEVELOPMENT					
Agency of Commerce & Commerce Development					
ACCD - Administration	1,932,078	2,184,996	2,894,771	2,526,092	2,793,051
Housing & Community Affairs	6,847,747	7,266,119	7,191,952	5,811,845	5,749,198
Econ Development	5,539,595	5,699,910	5,729,541	5,161,102	5,095,090
Tourism & Marketing	4,191,656	4,338,938	4,114,213	3,771,843	3,628,252
Total Agency of Commerce & Commerce Development	18,511,076	19,489,963	19,930,477	17,270,882	17,265,591
Council on the Arts	494,618	529,618	545,618	507,607	507,607
Vermont Symphony Orchestra	101,960	118,780	122,343	113,821	113,821
VT Historical Society	630,653	733,393	828,342	770,635	795,669
Housing & Conservation Trust	14,088,426	14,630,883	15,383,258	13,449,095	6,326,662
VT Humanities Council	160,599	180,599	185,599	172,670	172,670
TOTAL COMMERCE & COMMUNITY DEV.	33,987,332	35,683,236	36,995,637	32,284,710	25,182,020
DEBT SERVICE	67,252,930	69,129,965	68,698,029	71,459,051	71,711,479
TRANSPORTATION					
Agency of Transportation					
AOT Division Appropriations and Programs	109,743,174	123,249,032	128,331,583	116,946,319	134,283,932
AOT Dept. of Motor Vehicles	20,376,646	19,315,280	24,588,202	22,196,373	23,807,821
AOT Town Highway Programs	37,638,054	40,740,841	38,359,409	36,016,610	38,167,641
Total Agency of Transportation	167,757,874	183,305,153	191,279,194	175,159,302	196,259,394
Transportation Board	81,850	84,600	87,106	89,802	86,891
TOTAL TRANSPORTATION	167,839,724	183,389,753	191,366,300	175,249,104	196,346,285
Pay Act	5,268,231	5,805,219	1,192,197	1,709,172	7,477,630
Workforce reductions		-	-	-	(17,147,978)
One-times NOT included in base	5,000,000	-	-	-	-
Other	78,646,019	47,427,402	47,547,442	7,841,000	7,293,000
APPROPRIATION TOTAL	1,798,234,173	1,609,970,296	1,698,221,662	1,620,413,149	1,599,817,247

(a) Does not include the following funds: Education, Fish & Wildlife, Global Commitment, State Health Care Resources, Catamount, Enterprise, Local Match, Pension, Trust, Internal Service and Interdepartmental transfer funds.

Retirement Systems: Funding Update

As specified in 32 VSA §311, the following reports on the financial integrity of the state employees' and teachers' retirement systems.

Contribution Levels

As a result of the June 30, 2008 actuarial valuation, the Vermont State Employees' Retirement System (VSERS) Board of Trustees recommended that the state contribute \$32,013,894 during fiscal year 2010. This amount incorporates the actuary's recommended normal contribution of \$25,093,374 (5.93% of estimated payroll) plus \$6,920,520, for the annual contribution towards the unfunded actuarial accrued liability (UAAL). We asked the Actuary to recalculate the UAAL so that both components of UAAL, an old amortization schedule ending in FY 2018 and a new amortization schedule resulting from the non-H.403 (2007-2008) portion of the VSERS unfunded liability ending in FY 2038, would end in FY 2038. The recalculation reduced the UAAL from \$6,920,520 to \$4,653,477 (a \$2,267,043 reduction) and we have used the lower UAAL for our calculations. The actuarial recommendation has also been reduced by \$345,312 for the contribution by town participants in VSERS. The state also contributes an amount to cover estimated administrative expenses, adjusted from a reconciliation of the budgeted versus actual contributions and expenses for the most recently completed fiscal year. The reconciliation for fiscal year 2008 identified a \$3,195,245 under-contribution which has been added to the Treasurer's estimate of \$28,048,621 for fiscal year 2010 administrative expenses. Additional adjustments have been made to decrease the state contribution so as not to pre-pay \$5,039,936 in estimated investment fees, which is commonly not prepaid in other retirement plans. These adjustments result in requiring the state to make a total contribution of \$55,605,469. By contributing \$2.3 million less for the UAAL component of the state's contribution, future obligations will be greater.

The recommended funding for the State Teachers' Retirement System (STRS) for fiscal year 2010, as determined by the actuary for the State Teachers' Retirement Board, is \$41,503,002. The Administration is proposing that a combination of \$40,303,002 in education funds and an estimated \$1.2 million of Medicare Part D reimbursement funds be utilized to achieve funding at the actuarially recommended level.

Funding Levels

Based on Governmental Accounting Standards Board Reporting Requirement Number 25 (GASB 25), the funded ratios for the State Employees' and Teachers' Retirement Funds for the period ending June 30, 2008 are 94.1% and 80.9% respectively.

Statement 45 (GASB 45) by the Government Accounting Standards Board (GASB) requires the state to report an actuarial valuation of other post-employment benefits (OPEB) similar to the treatment of pension benefits. GASB 45 rules are effective for Vermont beginning with its reporting for fiscal year 2008. OPEBs include medical and dental benefits for retirees. The Vermont State Treasurer's actuary has completed OPEB valuations for the State Employees (VSERS) and State Teachers (VSTRS) retirement systems that measure the current liabilities of each system for its post-retirement benefits program, determine the level of contribution necessary to assure sound funding of such benefits and provide reporting and disclosure information for financial statements, etc. The Administration, Treasurer's office, Legislature and other affected parties will need to work together to develop a multi-year plan to address funding this liability.

Acknowledgements

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Fiscal Year 2010 A New Framework for Progress

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James Reardon, Commissioner.

The purpose of this publication is to inform members of the
Vermont Legislature, state and local government officials, and
Vermont citizens of the Fiscal Year 2010 Budget
Recommendations of Governor James H. Douglas.

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