



Public Budget Forum

Dates:

Tuesday, November 13, 2012

Monday, November 19, 2012

Sponsored by: Vermont Agency of Administration



Videoconferencing services provided by:
Vermont Interactive Technologies

Moderated by:
Jeb Spaulding
Secretary of Administration

Presentation by:
Jim Reardon
Commissioner Department of Finance & Management

VIT Live Streaming (without Chat feature):
<http://www.ustream.tv/channel/vitrocks>



Agenda

Agenda Item	Time
Opening Remarks – Jeb Spaulding	5 –10 minutes
Budget Overview – Jim Reardon	15 minutes
Budget Q&A	15 minutes
Budget Priorities – Public Discussion & Exercise	15 minutes
Public Comment Period	60 minutes
Closing Remarks	5 minutes
Forum Ends	

Vermont Constitution, Chapter 1, Article 7

- ▶ That government is, or ought to be, instituted for the common benefit, protection, and security of the people, nation, or community, and not for the particular emolument or advantage of any single person, family, or set of persons...

32 V.S.A. § 306a Purpose of State Budget

§ 306a. PURPOSE OF THE STATE BUDGET (added 2012 Act 162 § E.100.1)

- (a) Purpose of the state budget. The state budget, consistent with Chapter I, Article 7 of Vermont's constitution, should "be instituted for the common benefit, protection, and security of the people, nation, or community..." The state budget should be designed to address the needs of the people of Vermont in a way that advances human dignity and equity.
- (b) Spending and revenue policies will seek to promote economic well-being among the people of Vermont, and foster a vibrant economy. Integral to achieving the purpose of the state budget is continuous evaluation of the raising and spending of public funds by systems of outcome measurement based on indicators that measure success in accomplishing the purposes of the state budget.
- (c) Spending and revenue policies will reflect the public policy goals established in state law and recognize every person's need for health, housing, dignified work, education, food, social security, and a healthy environment.
- (d) As consistent with state law and in conjunction with the federal government, the budget will reflect support for economic development, public safety, transportation, and other infrastructure needs.
- (e) Revenue measures shall also be based on the principles of sustainability and stability. The administration shall develop budget and revenue proposals as part of a transparent and accountable process with direct and meaningful participation from Vermont residents.

§ E.100.2 PURPOSE OF THE STATE BUDGET (2012 Act 162 § E.100.2)

- (a) Public participation. The administration will develop a process for public participation in the development of budget goals, as well as general prioritization and evaluation of spending and revenue initiatives. This process shall begin by October 1, 2012.

32 V.S.A. § 306. Budget Report

§ 306. Budget report

(a) **The governor** shall submit to the general assembly, not later than the third Tuesday of every annual session, a budget which shall embody his or her estimates, requests, and recommendations for appropriations or other authorizations for expenditures from the state treasury. In the first year of the biennium, the budget shall relate to the two succeeding fiscal years. In the second year of the biennium, it shall relate to the succeeding fiscal year.

(b) The governor shall also submit to the general assembly, not later than the third Tuesday of each session of every biennium, a tax expenditure budget which shall embody his or her estimates, requests, and recommendations. The tax expenditure budget shall be divided into three parts and made as follows:

(1) A budget covering tax expenditures related to nonprofits and charitable organizations and covering miscellaneous expenditures shall be made by the third Tuesday of the legislative session beginning in January 2012 and every three years thereafter.

(2) A budget covering tax expenditures related to economic development, including business, investment, and energy, shall be made by the third Tuesday of the legislative session beginning in January 2013 and every three years thereafter.

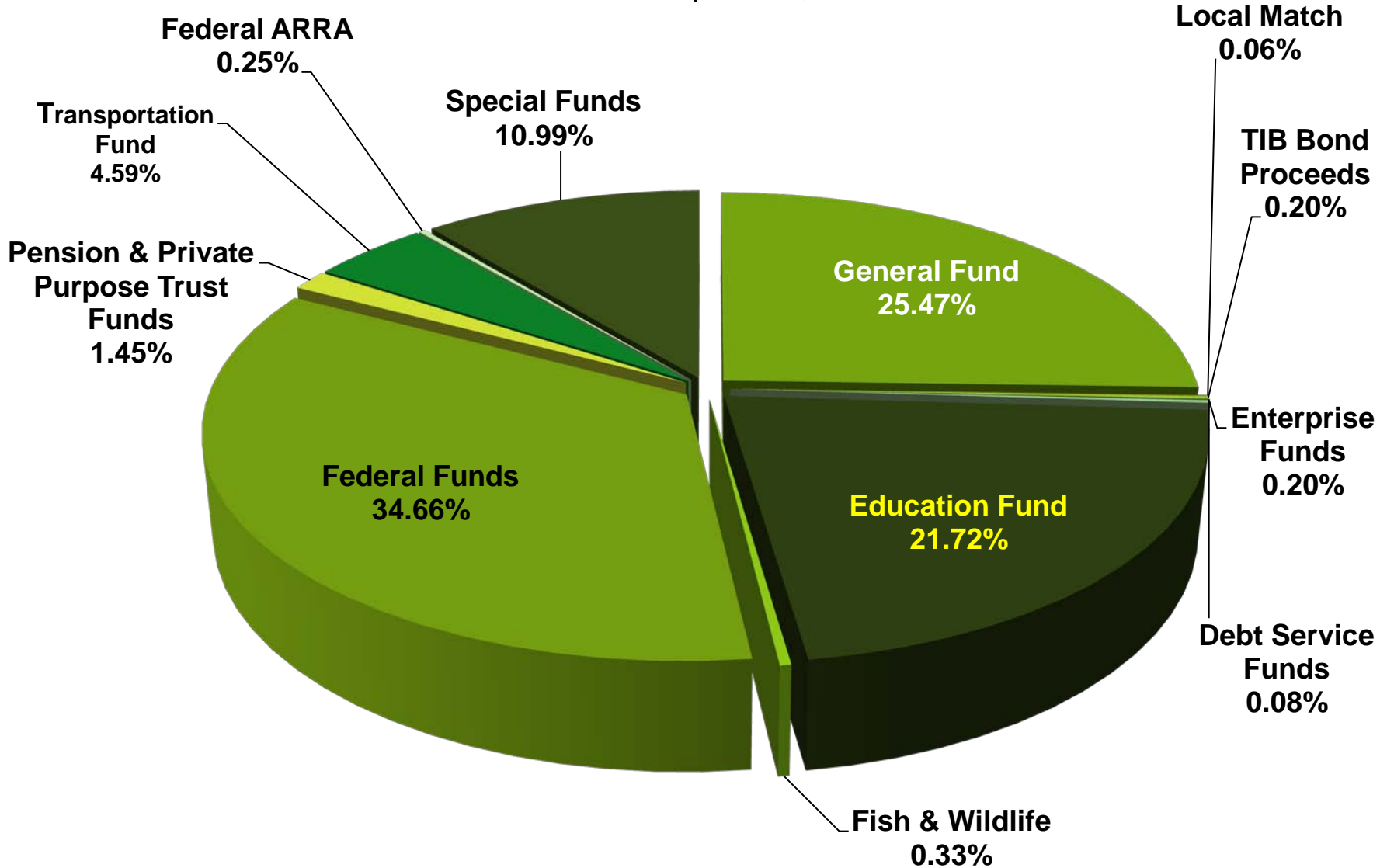
(3) A budget covering tax expenditures made in furtherance of Vermont's human services, including tax expenditures affecting veterans, shall be made by the third Tuesday of the legislative session beginning in January 2014 and every three years thereafter.

(c) The tax expenditure budget shall be provided to the house committee on ways and means and the senate committee on finance, which committees shall review the tax expenditure budget and shall report their recommendations in bill form.

Total Vermont State Budget...

- ▶ FY 2013 As Passed = \$5.13 Billion
- ▶ Where does the money come from?
 - Statewide Education Tax
 - Various Taxes (personal income, corporate income, sales & use, etc.)
 - Fees
 - Federal & Other Grants

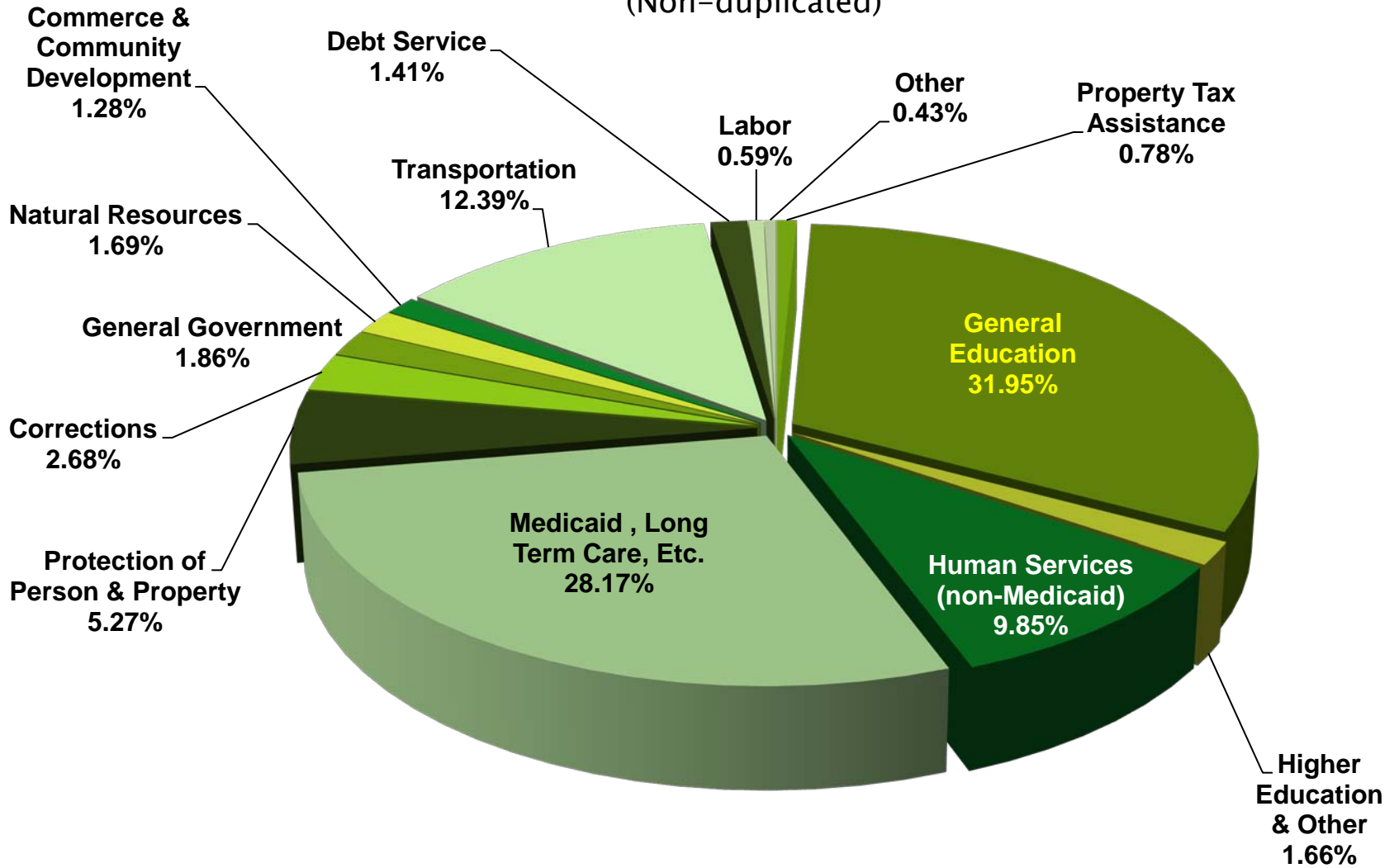
FY2013 BUDGET AS PASSED By Fund
(Non-duplicated)



Total Appropriations \$5.13 billion

GF + EF + FF = 82% of funding

FY2013 BUDGET AS PASSED By Government Function (Non-duplicated)



Total GF Appropriations \$5.13 billion

How do we spend the \$5.13 billion?

➤ **73%** is spent on:

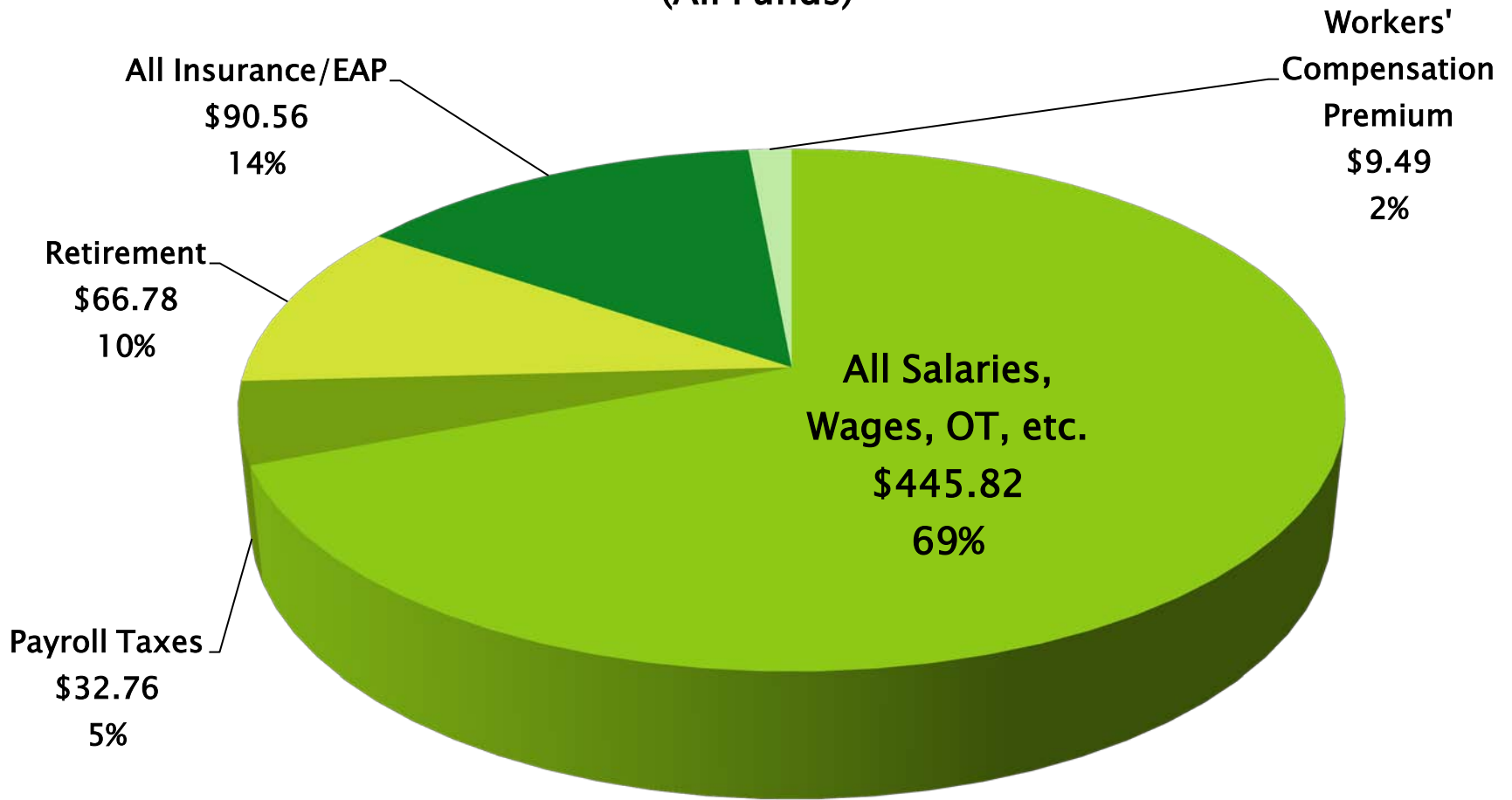
- General Education (32%);
- Medicaid/LTC (28%);
- Human Services (non-Medicaid/LTC) (10%);
- Corrections (3%).

➤ **27%** is spent on...

➤ EVERYTHING ELSE:

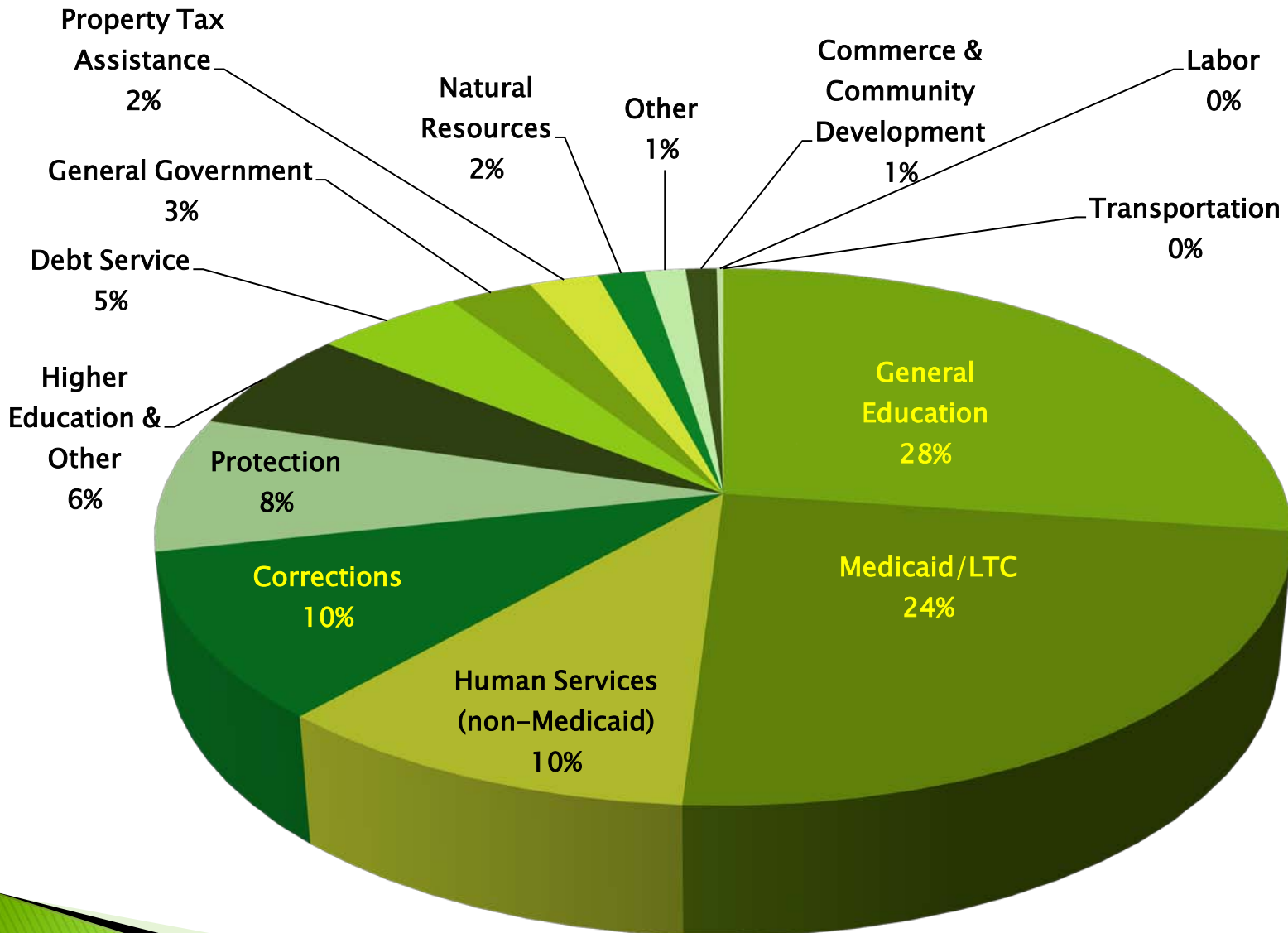
- General Government; Judiciary; State Police; Military; Financial Regulations; Environment; Forests/Parks; Fish & Wildlife; Public Service (Energy); Agriculture; Commerce & Economic Development; Higher Education; Labor; Transportation, and Debt Service.

FY 2012 Total Compensation – \$645.40 million (All Funds)



Note: Includes all employees and others paid through the State Payroll System; does not include reimbursable expenses.

FY 2013 As Passed – General Fund Only



How Much of the \$5.3 billion is General Fund?

➤ **\$1.3 Billion (25%) is GF**

➤ **72% of the GF is spent on:**

- General Education (28%);
- Medicaid/LTC (24%);
- Human Services (non-Medicaid/LTC) (10%);
- Correction (10%).

➤ **28% of the GF is spent on...**

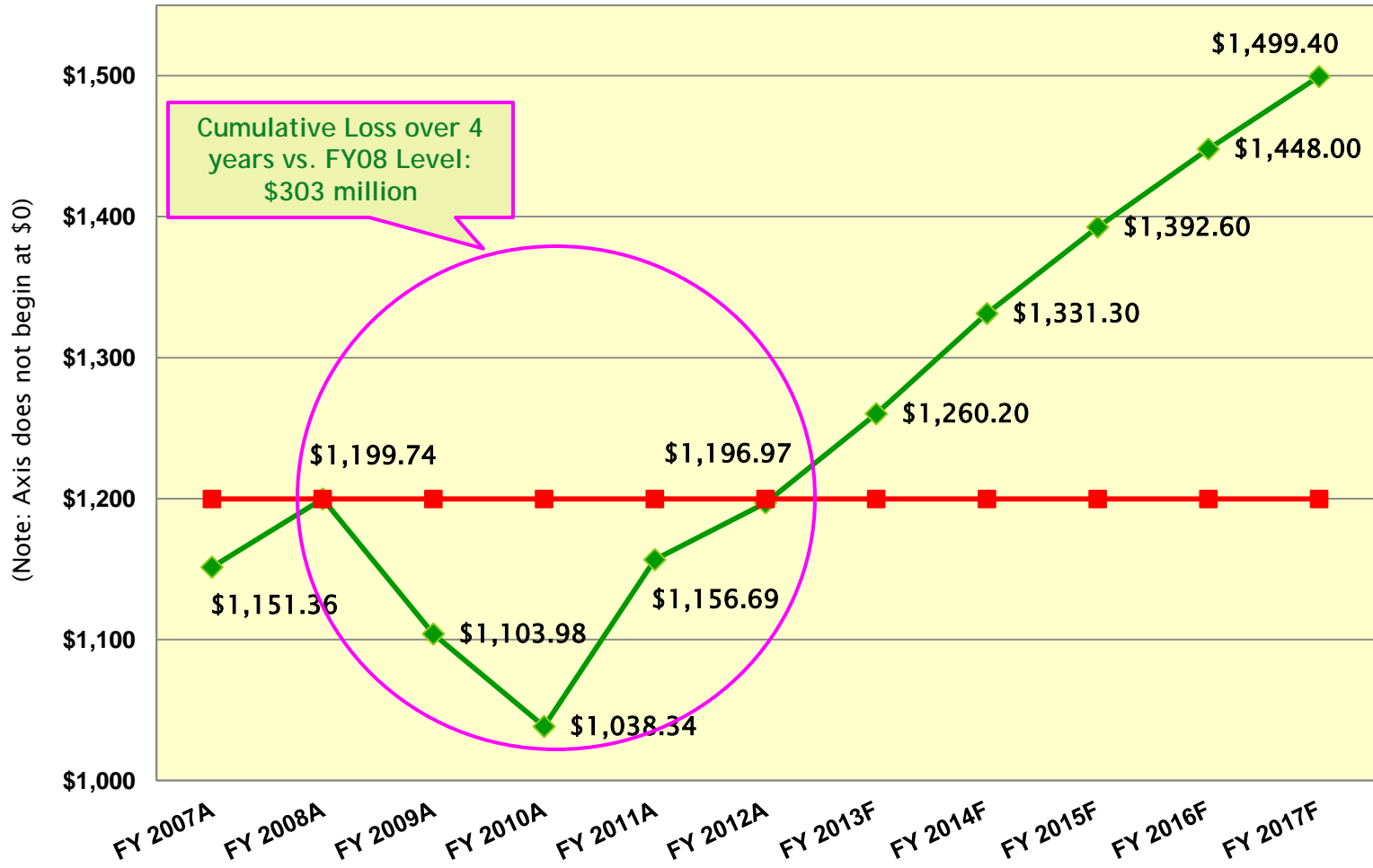
- **EVERYTHING ELSE:**
- General Government; Judiciary; State Police; Military; Financial Regulations; Environment; Forests/Parks; Fish & Wildlife; Public Service (Energy); Agriculture; Commerce & Economic Development; Higher Education; Labor; and Debt Service.

Big Ticket FY 2013 General Fund Items


- ▶ \$ 310 million – Medicaid/LTC
- ▶ \$ 282 million – Ed Fund
- ▶ \$ 225 million – Compensation (@35% total comp)
- ▶ \$ 80 million – Higher Education
- ▶ \$ 63 million – Debt Service
- ▶ \$ 63 million – Teachers’ Retirement
- ▶ \$ 30 million – Property Tax Assistance
- ▶ \$ 23 million – DCF (GA, Reach Up)
- ▶ \$ 10 million – DAIL grants (Independent living, blind & visually impaired, VR, DS, TBI)
- ▶ \$ 10 million – Corrections Out-of State Beds
- ▶ \$ 8 million – LIHEAP
- ▶ \$ 1,104 million (85%)
- ▶ \$ 201 million remaining
- ▶ \$1,305 million Total GF

GENERAL FUND REVENUE HISTORY & FORECAST

(\$ millions - July 20, 2012 Forecast)



Economic Challenges...

- ↓ 4 years to get back to FY 2008 GF Revenue Level;
 - ↓ Economic recovery remains slow;
 - ↓ Housing not rebounding as hoped;
 - ↓ Human Services pressures;
 - ↓ Federal cuts;
 - ↓ “Irene” flood damage and recovery costs;
 - ↓ Teachers’ Retirement Healthcare costs;
 - ↓ Energy prices;
 - ↓ Structural deficit Transportation Fund.
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Questions About the Presentation?



Budget Priorities Exercise – Survey Sheet

BUDGET PRIORITIES SURVEY - You Rate the Priorities from Highest (#1) to Lowest (#9)

Date:			VIT Location:		
<p>The Economy: Create a brighter economic future for Vermonters by raising incomes, growing jobs, improving job training, and improving our quality of life.</p> <p>Rating # _____ (1 - 9)</p>	<p>Affordable Health Care: Support Vermonters' health through prevention and through universal, affordable, and quality health care for all, in a manner that supports employers and overall economic growth, and that gets us better care.</p> <p>Rating # _____ (1 - 9)</p>	<p>Strong Families, Safe Communities: Ensure our children's future by supporting the success of our families, the safety of our communities, and the performance and economic sustainability of our schools.</p> <p>Rating # _____ (1 - 9)</p>			
<p>High Quality & Affordable Education: Ensure Vermont's educational system prepares, in a cost effective and sustainable manner, all learners for success from early childhood through adulthood, and for lifelong learning.</p> <p>Rating # _____ (1 - 9)</p>	<p>Environmental Conservation and Renewable Energy: Enhance our quality of life and economic security through environmental conservation and by building a strong renewable energy and energy efficiency economy that will grow businesses, create well-paid jobs, save Vermonters money, get us off our addiction to fossil fuels, reduce our carbon footprint and adapt to the effects of climate change.</p> <p>Rating # _____ (1 - 9)</p>	<p>Working Landscape: Strengthen the economies and cultures of Vermont's working landscape by facilitating investments in agriculture and forestry that keep our natural resource based economy healthy and resilient, protect our increasingly unique pattern of alternating villages and countryside, conserve our important wildlife habitat, and bolster the state's resilience to flooding.</p> <p>Rating # _____ (1 - 9)</p>			
<p>Vermont's Infrastructures: Support modernization and improvements to Vermont's infrastructures, including our electric grid, road network, telecommunications system, and water supply and wastewater systems, to ensure Vermont's long-term economic and environmental sustainability.</p> <p>Rating # _____ (1 - 9)</p>	<p>State Government and Employees: Improve the effectiveness of state government by support of a motivated and healthy workforce and through greater accountability, performance measurement, and focus on customer service.</p> <p>Rating # _____ (1 - 9)</p>	<p>Other:</p> <p>Rating # _____ (1 - 9)</p>			
<p>Instructions: Date and mark your Priorities from Highest (1) to Lowest (9). To submit your survey, please leave with the VIT site technician or scan and email to: ADM-Budget@state.vt.us.</p>					

Budget Priorities Exercise – Survey

- ▶ Date your survey sheet and write in the VIT Location;
- ▶ There are 8 Budget Priorities listed and one blank space;
- ▶ If you have a Priority not covered by the 8 provided, write it in the blank space (this should be a high level priority, not a program specific priority);
- ▶ Rate all Priorities from #1 (your highest priority) to #9 (your lowest priority);
- ▶ Submit your completed Priorities Survey form to the VIT site technician – or take home and return by email to: ADM-Budget@state.vt.us

Public Comment Period

Thank You for your Participation!

This presentation is available at:

<http://finance.vermont.gov/news/FY14BudgetForum>