

FY 2022 Executive Budget Summary



Fiscal Year 2022 Executive Budget Recommendations

Philip B. Scott
Governor of Vermont
January 26, 2021





January 26, 2021

Dear Members of the General Assembly and Fellow Vermonters:

Let's meet the challenges and seize the opportunities of our time.

This pandemic has tested us all. It is having a profound impact on our lives and our economy. Creating new challenges and exposing old issues we have grappled with, or ignored, for generations.

It has also presented us with an unprecedented opportunity -- and many of the resources -- to make profound progress in addressing long-standing needs and make investments that reverse the economic inequality that has existed from county to county for far too long.

Last August, our economists provided a grim forecast of state revenues. Across the three major funds, they told us we should expect to collect \$430 million *less* revenue in this fiscal year and next. To put this number in context, that is roughly the same amount collected in property taxes from Vermont residents last year. In short, we would never be able to tax, borrow or cut our way out of the pandemic.

Fortunately, federal stimulus money provided directly to the state, to businesses and to Vermonters has temporarily eliminated these shortfalls and opened a window of opportunity. General Fund revenues are actually above where they were prior to the pandemic, and household consumption has saved the Education Fund.

It has been a temporary, saving grace. But it does not reflect core, sustainable growth in the Vermont economy -- it is temporary.

For this reason, we must examine every spending decision this year with the strategic objective of economic revitalization and growth, because if our economy is not firing on all cylinders in all parts of the state, we are going to have to make some very difficult and uncomfortable decisions this time next year. It is imperative that we get this right. We have only one chance to make smart investments that speed our recovery and position every county, community, and family to thrive and prosper.

The budget I am presenting to you today is balanced. And programs that rely on base spending are funded with base revenues. It also includes \$210 million in smart, bold investments aimed primarily at strengthening the economy, creating more and better paying jobs, and addressing big priorities -- like downtown revitalization, infrastructure, broadband, and climate change.

How we choose to proceed -- how we spend one-time money -- will have a lasting impact on Vermont, long after our service has concluded. If we're smart, and we solve problems and fund projects that have been stalled for years, we can improve communities, services, and state government itself -- without having to ask for more from taxpayers to do so.

However, if we don't learn from past mistakes, and choose to use one time money to create ongoing obligations we can't afford in the future, we'll slow our recovery, squander opportunities to strengthen the economy and ultimately end up increasing the burden on working Vermonters.

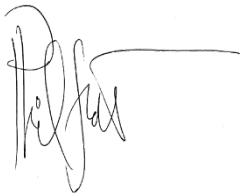
Instead, let's work together -- put the politics and political agendas aside -- and pass a budget that can truly transform the future and set us on a path that supports all Vermonters, and every community, in every corner of our state.

Let's pass a budget that helps to create equal opportunities in our schools, more affordable housing, grows our workforce, upgrades our infrastructure, and so much more.

The challenge and the opportunity before us are immense. But I know, as we always have, we'll rise to meet both.

I look forward to the work ahead and continue to appreciate all you do as public servants.

Sincerely,

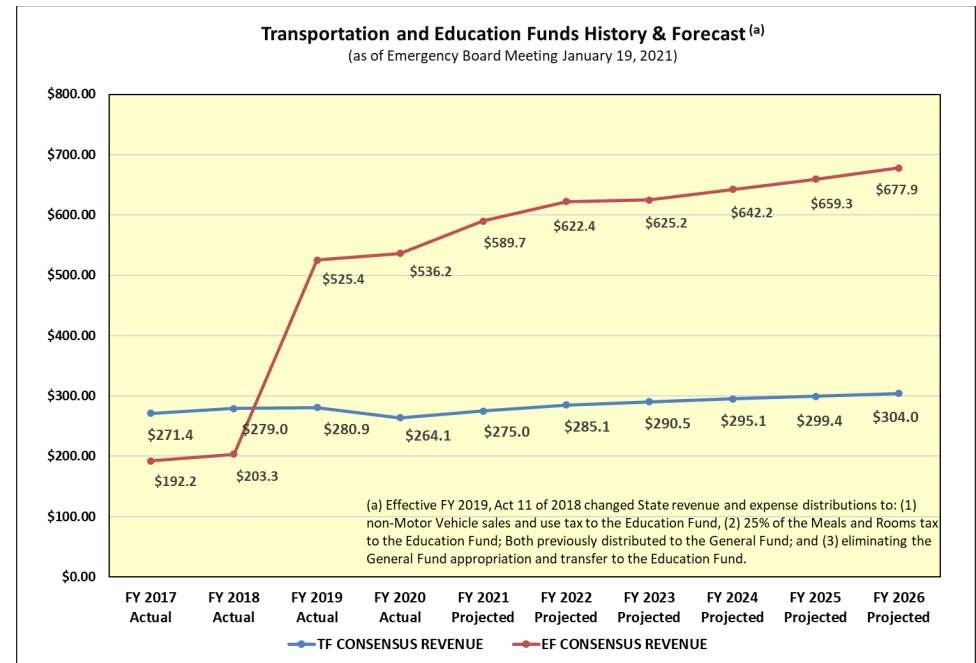
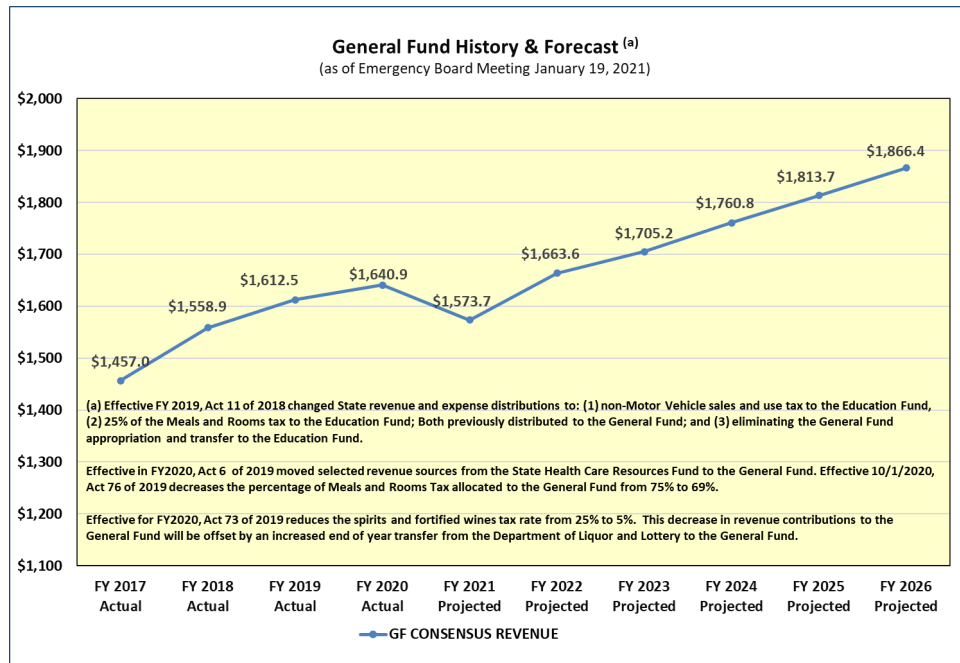
A handwritten signature in dark ink, appearing to read 'Philip B. Scott', with a long horizontal line extending to the right.

Philip B. Scott
Governor

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CONSENSUS REVENUE HISTORY & FORECAST

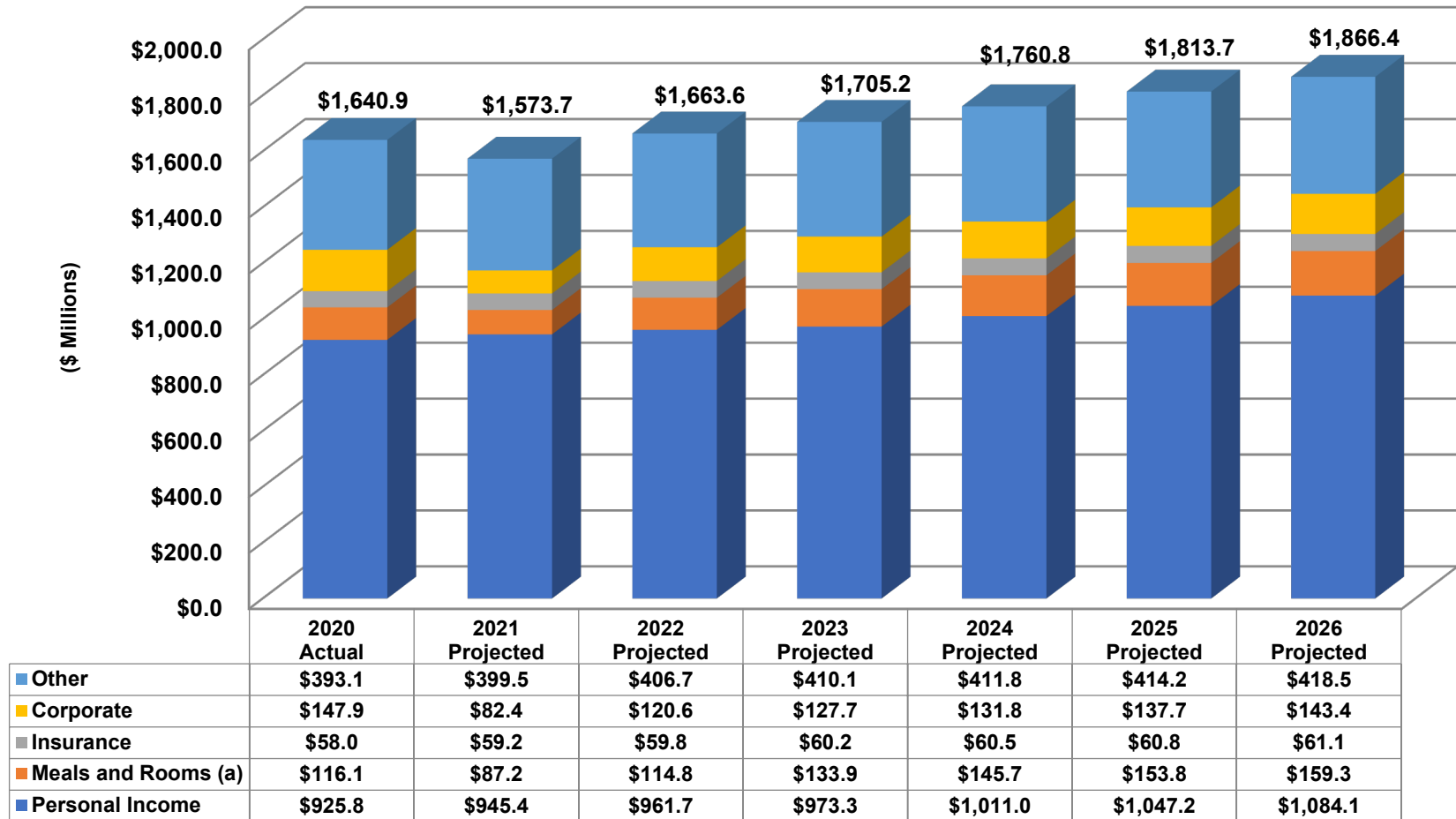


On January 19, 2021 the Vermont Emergency Board adopted revised General, Transportation and Education Fund Consensus Revenue Forecasts for the remainder of FY2021, FY2022 and FY2023 as compared to the adopted January 2020 forecast. The General Fund (GF) for FY2021 was projected to be \$1,573.7 million (-\$23 million, -1.4%) while the FY2022 GF was projected at \$1,663.6 million (+\$52 million, +3.2%). The Transportation Fund forecast for the remainder of FY2021 was projected at \$275.0 million (-\$12.9 million, -4.5%) and for FY2022 was projected at \$285.1 million (-\$6.1 million, -2.1%). The Education Fund (portion subject to consensus revenue forecast) was projected at \$589.7 million for FY2021 (+\$15.4 million, +2.7%) and \$622.4 million for FY2022 (+\$31.5 million, +5.3%).

General Fund Revenue by Component

General Fund Revenue by Component FY 2020 - FY 2026

Emergency Board January 19 , 2021

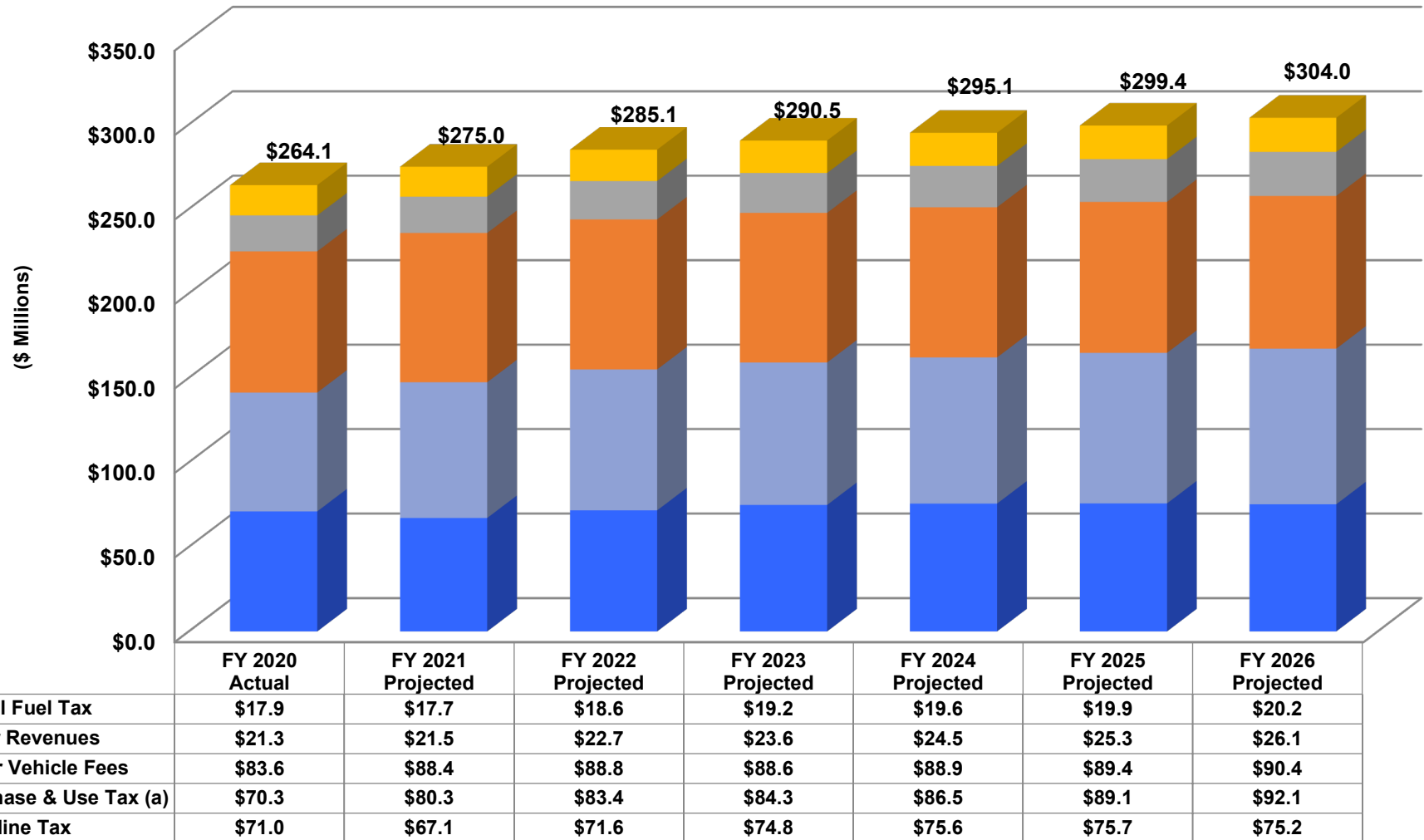


(a) Effective 10/1/2020, Act 76 of 2019 decreases the percentage of Meals and Rooms Tax allocated to the General Fund from 75% to 69%. Effective for FY2020, Act 73 of 2019 reduces the spirits and fortified wines tax rate from 25% to 5%. This decrease in revenue contributions to the General Fund will be offset by an increased end of year transfer from the Department of Liquor and Lottery to the General Fund.

Transportation Fund Revenue by Component

Transportation Fund Revenue by Component FY 2020 - FY 2026

Emergency Board January 19, 2021

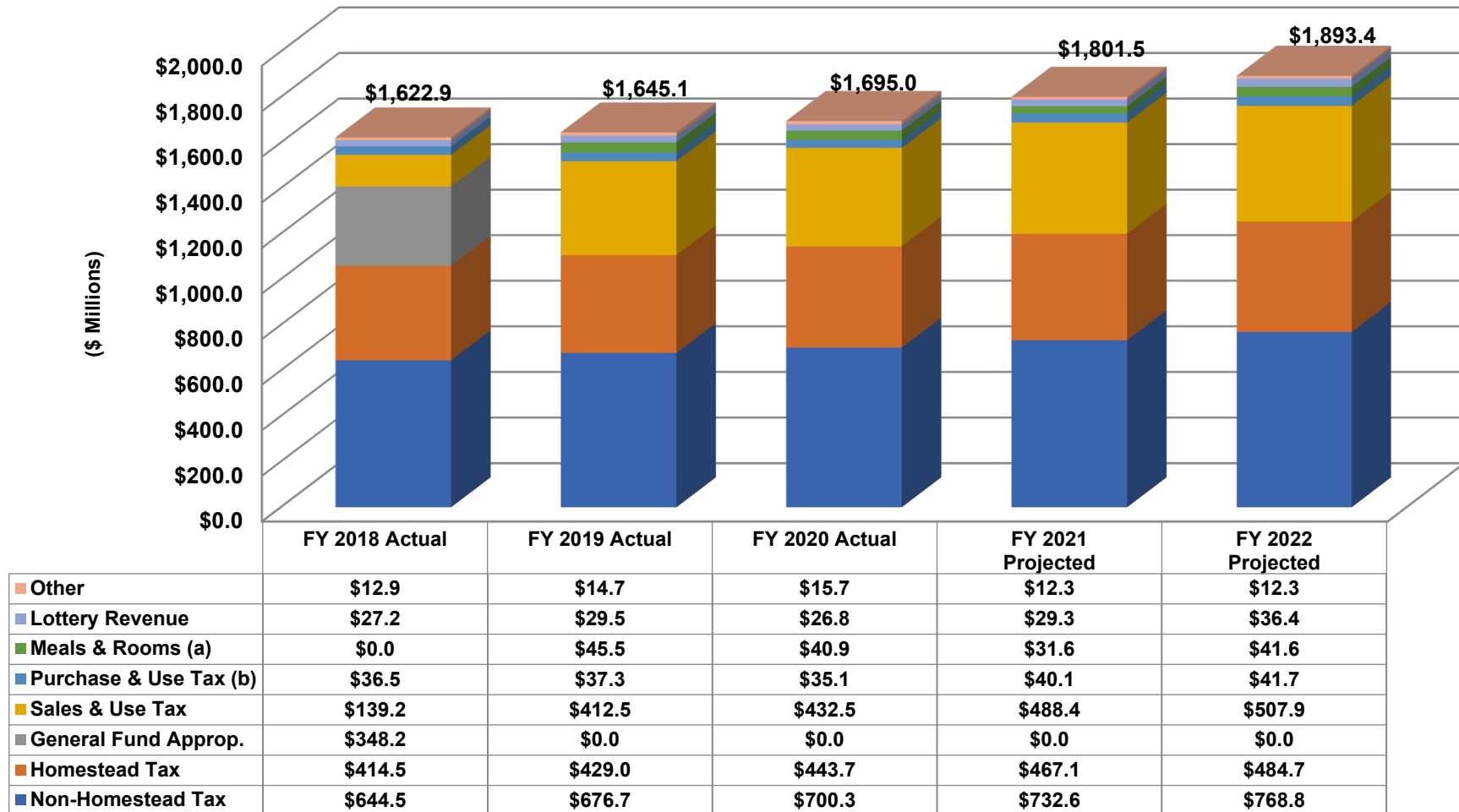


(a) The Transportation Fund's Purchase & Use revenue represents two-thirds of total Purchase & Use Tax revenue

Education Fund Revenue by Component

Education Fund Revenue by Component FY 2018 - FY 2022

Emergency Board January 19, 2021



(a) The Education Fund's Purchase & Use revenue represents one-third of total Purchase & Use Tax revenue

(b) The Education Fund's Meals & Rooms revenue represents one-fourth of total Meals & Rooms revenue

FY 2022 BUDGET DEVELOPMENT PROCESS

Public Participation—Public Budget Forums

In accordance with 32 V.S.A. § 306 (d), the development process for the Governor's budget recommendations includes public participation and a current services budget.

Public Participation ~ Public Budget Forums

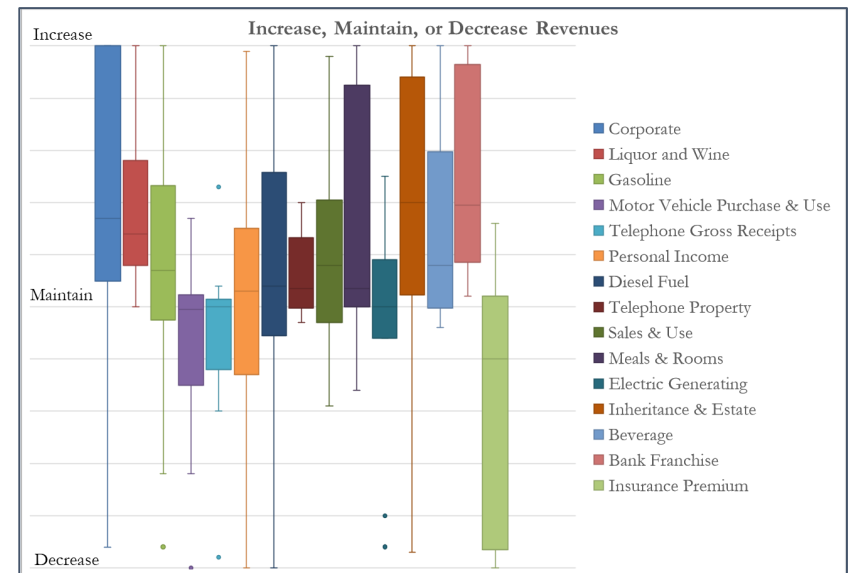
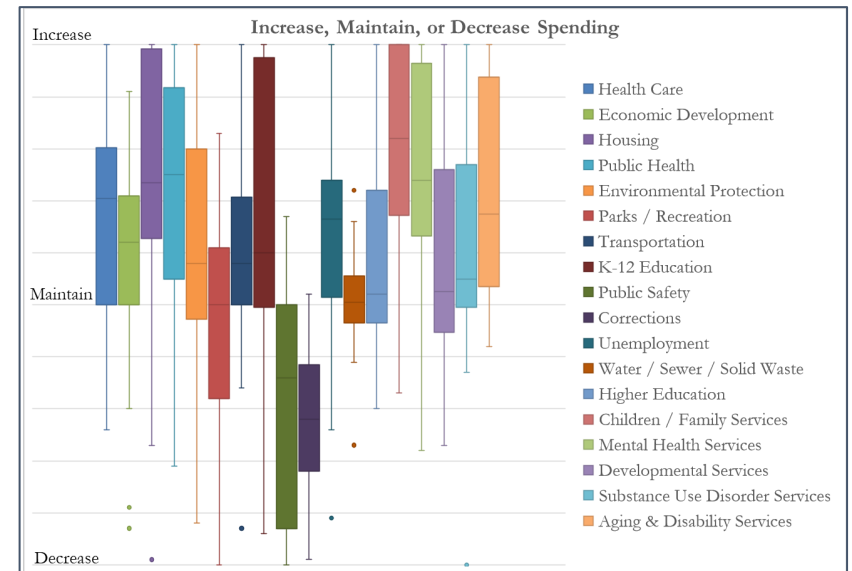
Under this section, the Governor is required to develop a process for public participation in the development of goals and general prioritization of spending and revenue initiatives as part of the state's budget. To meet this requirement the Secretary of Administration and the Department of Finance & Management posted an online survey and hosted an online feedback request form.

Using the Department of Finance & Management's public website, the Administration posted an online presentation describing the overall budget and budgeting process, found at the website address:

[FY 2021 State Budget Overview](#)

The Administration invited comments both via survey and via written submissions during an eight-week period in November, December, and January of 2020-2021.

During this time, Finance and Management received 45 responses (via SurveyMonkey) and 172 written comments which can be reviewed in detail on page 38 - Appendix A.



Current Services Budget

(per 32 V.S.A. § 306 (a)(1))

A current services budget measures the cost to the state in an upcoming budget period to deliver the same quantity and quality of services delivered in the current budget period. A current services budget incorporates the impact of factors such as: inflation and other changes in the per-person cost of providing the programs and services; any expected changes in the number of people utilizing those services and benefits due to population growth or other factors; any previously enacted changes that have not been phased in, ongoing formula-based adjustments, and other factors that would require statutory changes to undo; and collective bargaining agreements.

A current services budget does not reflect the impact of factors such as: proposed new policy changes not yet enacted; new programmatic initiatives; and proposed new revenue or tax receipts.

See General Fund Overview on page 19 for additional information.

Section #s)	Dept Name	FY 2021 AS PASSED	Any Base Adjustments - See bottom of sheet	FY22 Base Appropriations	FY22 Current Services Budget
B.100	Administration - secretary's office	862,455	-	862,455	871,847
B.105	Agency of Digital Services	174,342	-	174,342	174,342
B.106	Finance and management	1,284,367	-	1,284,367	1,277,150
B.108	Human resources	1,934,763	-	1,934,763	1,919,399
B.110	Libraries	2,007,822	-	2,007,822	1,965,363
B.111	Tax	19,989,515	323,000	20,312,515	20,382,265
B.114-116	Buildings and general services	1,953,842	-	1,953,842	1,953,842
	Sub-total Agency of Administration	28,207,106	323,000	28,530,106	28,544,208
B.124	Executive office - governor's office	1,657,770	-	1,657,770	1,672,493
B.125-128	Legislative Branch - all appropriations	16,344,030	-	16,344,030	16,764,072
B.129	Lieutenant governor	263,891	-	263,891	239,529
B.130	Auditor of accounts	314,921	-	314,921	344,615
B.131	Treasurer	975,600	-	975,600	1,066,424
B.135	State labor relations board	286,887	-	286,887	273,064
B.136	VOSHA review board	45,650	-	45,650	45,958
B.137	Homeowner rebate	17,100,000	-	17,100,000	18,600,000
B.138	Renter rebate	9,500,000	-	9,500,000	9,500,000
B.139	Reappraisal & Listing Pmts	3,310,000	-	3,310,000	3,313,356
B.140	Municipal Current Use	16,985,000	-	16,985,000	17,824,193
	Sub-total Property Tax Assistance	66,783,749	-	66,783,749	69,643,704
	Sub-total General Government	94,990,855	323,000	95,313,855	98,187,912
B.200	Attorney general	5,622,679	65,000	5,687,679	6,081,043
B.201	Vermont court diversion	2,634,021	-	2,634,021	2,426,178
B.202-203	Defender General	18,868,875	(375,000)	18,493,875	18,498,175
B.204	Judiciary	46,927,245	-	46,927,245	47,027,262
B.205	State's attorneys	13,075,933	-	13,075,933	13,295,777
B.206	Special investigative units	2,100,430	-	2,100,430	2,100,430
B.207	Sheriffs	4,635,239	-	4,635,239	4,650,647
B.208	Public safety	39,440,972	14,890,000	54,330,972	54,270,700
B.215-219	Military	5,613,712	-	5,613,712	5,587,923
B.220	Center for crime victims services	1,232,712	-	1,232,712	1,232,712
B.221	Criminal justice training council	2,609,420	13,000	2,622,420	2,731,638
B.222-225	Agriculture, food and markets	8,624,463	408,405	9,032,868	9,104,475
B.236	Human rights commission	637,188	-	637,188	639,626
	Sub-total Protection	152,022,889	15,001,405	167,024,294	167,646,586
B.300, B.304	AHS - secretary's office (incl HSB)	536,890,792	37,489,019	574,379,811	564,908,448
B.301	Global Commitment	-	-	-	-
B.306	Department of Vermont Health Access	83,844,227	4,056,778	87,901,005	86,356,524
B.311	Health	14,263,901	1,000,000	15,263,901	15,375,085
B.314	Mental health	8,869,021	-	8,869,021	9,592,092
B.316	Department for children and families	155,354,597	2,518,581	157,873,178	159,552,938
B.329	Disabilities, aging and independent living	27,266,437	-	27,266,437	27,617,447
B.335	Corrections	153,375,432	950,000	154,325,432	157,296,088
	Sub-total Agency of Human Services	979,864,407	46,014,378	1,032,878,785	1,020,698,622
B.342	Vermont Veterans Home	2,858,379	-	2,858,379	2,843,321
B.343	Commission on women	399,187	-	399,187	402,018
B.344	Retired senior volunteer program	146,564	-	146,564	146,564
B.345	Green Mountain Care Board	3,094,435	-	3,094,435	3,094,435
	Sub-total Human Services	986,362,972	46,014,378	1,032,377,350	1,027,184,960
B.400	LABOR	4,898,964	-	4,898,964	4,894,154
	Sub-Total Labor	4,898,964	-	4,898,964	4,894,154

Section #s)	Dept Name	FY 2021 AS PASSED	Any Base Adjustments	FY22 Base Appropriations	FY22 Current Services Budget
B.500	Education	14,512,767	-	14,512,767	14,521,089
B.514	State teachers' retirement system	119,013,146	-	119,013,146	152,045,711
B.515	Retired teachers health care	31,798,734	-	31,798,734	35,093,844
	Sub-Total General Education	165,324,647	-	165,324,647	201,660,644
B.600	University of Vermont	41,840,842	-	41,840,842	42,509,093
B.601	Vermont public television	-	-	-	-
B.602	Vermont state colleges	29,800,464	-	29,800,464	29,800,464
B.602.1	VSC - Supplemental aid	700,000	-	700,000	700,000
B.603	Vermont state colleges - allied health	748,314	-	748,314	748,314
B.605	Vermont student assistance corporation	19,978,588	-	19,978,588	19,978,588
B.606	New England higher education compact	84,000	-	84,000	84,000
B.607	University of Vt - Morgan Horse Farm	1	-	-	-
	Sub-Total Higher Education	93,152,209	-	93,152,208	93,820,459
B.700	Agency of natural resources - admin	3,134,594	-	3,134,594	3,358,569
B.700	ANR Local property tax assessment	2,153,777	-	2,153,777	2,190,387
B.702	Fish and wildlife	6,506,744	-	6,506,744	6,403,816
B.703 - B.708	Forests, parks and recreation	9,191,638	-	9,191,638	9,273,273
B.709 - B.712	Environmental conservation	9,539,909	-	9,539,909	9,424,055
	Sub-Total Agency of Natural Resources	30,526,662	-	30,526,662	30,650,100
B.713	Natural resources board	630,798	-	630,798	631,629
	Sub-Total Natural Resources	31,157,460	-	31,157,460	31,281,729
B.800	ACCD-Admin	3,171,540	-	3,171,540	3,127,865
B.801	Economic Development	4,910,253	-	4,910,253	4,909,586
B.802	Housing & Community Development	2,791,111	-	2,791,111	2,889,490
B.806	Tourism and marketing	3,489,598	-	3,489,598	3,492,373
	Sub-Total Agency of Commerce	14,362,502	-	14,362,502	14,419,314
B.807	Vermont council on the arts	718,589	-	718,589	722,859
B.808	Vermont symphony orchestra	136,978	-	136,978	136,978
B.809	Vermont historical society	965,108	-	965,108	982,317
B.812	Vermont humanities council	227,989	-	227,989	227,989
	Sub-Total Commerce	16,411,166	-	16,411,166	16,489,457
B.1000	Debt service	75,828,995	-	75,828,995	81,032,078
	Sub-Total Debt Service	75,828,995	-	75,828,995	81,032,078
	Total Base Appropriations	1,620,150,157	61,338,783	1,681,488,939	1,722,197,979
	FY21 - Pay Act - now base pressure	-	-	-	-
	Exec	11,553,795	(11,553,795)	-	-
	Judiciary	872,330	(872,330)	-	-
	Legislative	241,000	(241,000)	-	-
	FY22 CBA components	-	-	-	-
	Executive branch - ABI	2,631,845	-	2,631,845	2,631,845
	Executive branch - steps	5,722,880	-	5,722,880	5,722,880
	Judiciary - ABI	314,055	-	314,055	314,055
	Judiciary - steps	562,858	-	562,858	562,858
	Legislature - ABI	211,791	-	211,791	211,791
	Legislature - steps	169,573	-	169,573	169,573
	Executive - Paid leave	923,440	-	923,440	923,440
	Judiciary - Paid leave	101,735	-	101,735	101,735
	Legislative - Paid leave	18,266	-	18,266	18,266
	Executive - Other bargained provisions	112,567	-	112,567	112,567
	Executive - Non-Salary Pay Act	602,500	-	602,500	602,500
	Executive - VT Historical Society	40,574	-	40,574	40,574
	Sub-total "Other Items"	12,667,125	(1,255,041)	11,412,084	11,412,084
	Grand Total General Fund	1,632,817,282	60,083,743	1,692,901,024	1,733,610,063

FY 2022 Performance Accountability (PIVOT)

FY2021 presented several challenges for the Chief Performance Office and the Continuous Improvement (CI) Program and at least one major project. Due to the COVID-19 pandemic, the Governor declared a state of emergency on March 5, 2020, closing State office buildings and mandating most employees to stay at home, and work remotely. Consequently, the state training center closed indefinitely. The CPO's office began transitioning the CI class training structure from an in-person format to virtual as quickly as possible. The transition required technical adaptations, revision to materials and redevelopment of in-class "exercises" to provide effective training in the virtual environment. After several weeks of effort, entry level CI classes were being held virtually, while redevelopment of mid-level, advanced and data analysis courses went on. Within several months the entire course catalog was available virtually.

As a result of the March 27, 2020 passage of the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Agency of Administration created a dedicated Coronavirus Relief Fund Financial Team to develop and assume responsibility for the consolidated US Treasury (UST) required CRF reporting. The 5 member CRF Financial Team included both the CPO and the Director of Statewide Continuous Improvement. The CPO's focus was necessarily diverted to the development of a data standard, building the reporting database, training business office staff, periodic data reports to UST and the roll-out of a CRF Dashboard. Work on CRF reporting continues, and with the passage of the most recent COVID-19 relief bill by Congress, we have new reporting requirements to establish.

Despite this diversion, CI classes continued, albeit at a lesser pace. The Office also continued (virtually) the successful Green Belt network and collaboration bimonthly meeting.

The Governor initiated the "PIVOT" program, devoted to operational process improvements, on January 5, 2017. The scope of PIVOT was subsequently broadened to "Continuous Improvement Program" including a multi-course progression for employee professional development, based on the Dreyfus Model of Skill Acquisition, which combines training, on the job application, long-term coaching, mentoring and support, and opportunities for peer-to-peer learning. Major topics include continuous improvement principles and methodologies, problem solving and scientific thinking, data analysis and reporting, group facilitation and change management. As of December 31, 2020, at least 2,162 state employees have received some form of training in continuous improvement while 1,108 received at least a day or more of content. From the individuals who have made it through the highest levels of training, 417 activity reports have been submitted detailing various applications of knowledge and skill used to better understand problems and improve government programs and processes.

The Programmatic Performance Measure (PPMB) Project

Progress on the important long-term project, the *PPMB Project* (Project) continued with the inclusion of performance measures for 127 programs in the FY 2022 budget development process, across a wide scope of State government, up from 80 programs presented for the prior fiscal year. Project work focused on the development of governance, policies, procedures, and system changes, which when complete will support the transition from the current, limited, and manual method of reporting programmatic performance, to an automated, statewide reporting method. The project is sponsored by the Chief Performance Office and the Department of Finance & Management. The project will also assess how the State's financial systems (VISION and Vantage) may be used to monitor, track and report performance measures, budget information and expenditures for PPMB *Programs*. Three Project Phases were established:

- Phase 1. Design Basic Overall Approach (completed);
- Phase 2. Define and develop Project elements, financial capabilities and a roll-out strategy (on-going/delayed); and
- Phase 3. Implementation (projected for FY 2024).

Phase 2: The diversion of staff from the Chief Performance Office, the Department of Finance & Management and agency/department business offices to meet the CRF UST reporting requirements has caused a virtual halt to the essential development of the definitive, official statewide program list. Assuming restart for this element of the project in FY 2022, Phase 3 will be pushed back to FY 2024.

GOVERNOR SCOTT'S FY 2022 BUDGET ITEMS

Key Budget Items:

- Supports FY2022 total General Fund appropriations of \$1.99 billion.
- Supports base spending with base funding.
- Fully funds state retirement and debt obligations.
- Maintains all statutory reserve levels.
- As part of the Governor's ongoing pandemic response, uses \$210 million in one-time funding for economic recovery through investments in housing, infrastructure, broadband buildout, environmental stewardship, carbon reducing initiatives, and government modernization, among others.
- As part of the one-time investments, makes a down payment on state government modernization by creating a Technology Modernization Fund to propel costly, and much needed, IT upgrades.

Economic Recovery and Downtown and Village Center Revitalization:

The favorable revenue picture supporting this budget is not a reflection of a strong Vermont economy – instead, it is a result of fleeting federal funding. We must focus on economic recovery to rebuild the foundational blocks of the state budget, which are predominantly personal and corporate income taxes as well as consumption-based taxes such as rooms and meals and sales and use taxes. We must fortify these revenue streams while responding and recovering from this pandemic. The following investments of surplus revenue are strategically aimed at economic recovery:

- \$3 million to the Working Lands Enterprise Fund – the increase to this program recognizes Vermont's distinction for good, locally-sourced food. This investment will support Vermont's farmers, producers, and local markets and co-ops where goods are exchanged, which make up a critical portion of our food system.
- \$10 million in addition to \$14 million in the Capital Bill to buffer Vermont's outdoor recreation assets and economic sector:
 - \$5 million for the Vermont Outdoor Recreation Economic Collaborative (VOREC) grant program – we launched this initiative three years ago as a pilot with only \$200,000 in funding. But it has helped develop projects such as Newport's Waterfront Recreation Trail and Randolph's Outdoor hub. Communities in every corner of the state have a lot to offer in outdoor recreation opportunities, which support local business and drive tourism. These grants will spread the love to more communities who need help developing some of the infrastructure.

- \$5 million to improve access at state parks and improve public/private trail networks that have seen increased use since the pandemic – Vermont’s state parks are part of what makes Vermont such a nice place to live. But not all Vermonters can enjoy them equally. These one-time grants will improve accessibility for all Vermonters at our state parks as well as mitigate the higher use of our many recreational trail networks since the beginning of the pandemic.
- \$1 million in seed funding for a tourism and marketing fund that is tied to rooms and meals tax performance – While tourism is one of Vermont’s biggest economic sectors, our tourism marketing budget is the smallest in the northeast and half that of our next closest competitor. Our tourism and hospitality industry is arguably the best in the region – and they perform at a disadvantage. When this pandemic is over, people will start to travel again, and we should be ready to remind them what Vermont has to offer. While this proposal is supported with one time money, this fund would be replenished in future years by the difference between actual and forecasted rooms and meals taxes, rewarding the sector responsible for bringing in the revenue.
- \$1.75 million for the downtown and village center tax credits – This increase lifts the existing program cap to \$4.75 million which will help meet demand. The downtown and village center tax credit helps to stimulate private investment, create jobs, restore buildings, and jump start revitalization in Vermont communities. Successful projects range from small inns and rental apartments to multimillion-dollar downtown redevelopments.
- \$1 million for the consumer stimulus program created by the Agency of Commerce and Community Development (ACCD) – Last year, using federal Coronavirus Relief Funds (CRF), ACCD stood up a consumer stimulus program to fund discounts for Vermonters at participating local businesses. The \$500,000 pilot helped 975 businesses and offered discounts to 15,864 Vermonters. The average business received \$436 from the program. In addition, the program stimulated a 73 percent increase in spending from consumers when they redeemed their offer which generated about \$1.5 million in additional consumer spending at businesses.
- \$5.5 million for the Better Connections program – This proposal, combining General Fund and Transportation Fund monies, will expand the Downtown Transportation Fund to include approximately 38 municipalities and broaden opportunities for transportation investments to smaller rural villages. The program helps fund sidewalk renovations, bike lanes and other infrastructure projects which help Vermonters move about their communities. The Better Connections program is a multi-agency partnership (VTrans, ACCD, ANR, and Department of Health) that supports local transportation planning and community revitalization efforts.
- \$5 million for the Better Places Initiative – This initiative will establish a community grant program that strategically coordinates the efforts of funders supporting place-based economic development projects to improve and revitalize public spaces. These can include a new walking or cycling path, turning vacant buildings into pop-up markets, improving community gathering spaces, increasing outdoor dining opportunities, expanding cultural programming, or testing a street closure to make more room for pedestrians and retailers or for farmers markets to operate safely.

Housing:

Vermont's low-income and rental housing markets have been a critical issue for the Governor and General Assembly, helping to pass the "Housing for All" bond in 2017, which generated more than \$100 million in public and private funding for affordable housing for working Vermonters. While this was the single biggest investment in affordable housing ever, more can be done to make living in the Green Mountain State affordable. The following initiatives are directed at affordable housing as part of the Governor's bigger economic recovery strategy:

- \$20 million to fully fund the Vermont Housing and Conservation Board – The Vermont Housing & Conservation Board (VHCB) makes grants and loans for the acquisition, rehabilitation, and construction of affordable housing by nonprofit housing organizations. Since 1987, VHCB has contributed to the development of more than 12,500 permanently affordable homes around the state. In addition to addressing the shortage of affordable housing, housing construction and rehabilitation stimulate our economy and provide jobs.

Housing developments eligible for funding include rental housing, mobile home parks, single-family home ownership opportunities, and service-supported housing for seniors, victims of domestic violence, or persons with physical, developmental, or mental disabilities.

- \$3 million into the Vermont Homeowner Investment Program (VHIP) –
 - Rental Housing Investment Program: \$2 million – The Department of Housing and Community Development's Rental Housing Program will incentivize private apartment owners to re-invest in rental units that have been closed due to housing quality concerns. By providing more available grants, to be matched with private investments, VHIP will continue to allow owners of blighted, vacant and non-code compliant units to make the necessary safety and weatherization improvements to increase the availability of affordable housing.
 - Homeowner Purchase & Rehabilitation Investment: \$1 million – This program will assist middle-income families to purchase and rehabilitate affordable homes currently available in "Opportunity Neighborhoods" throughout Vermont's slower growing regions. Incentives will encourage the purchase and rehabilitation of dilapidated and deteriorated housing. This will provide families new options to create safe, energy efficient, and more affordable housing while also reinvigorating housing stock in our communities. By targeting incentives and rewarding employer participation, regional demographic challenges will also be addressed.

Minority Ownership Set-aside: 25% - Vermont is fortunate to have a high homeownership rate, over 70%. However, taking a closer look, the homeownership rate for Black, Indigenous and People of Color (BIPOC) is far lower than the rate for white Vermonters. Systemic racism, lack of access to capital and federal housing policies have contributed to these inequities. We must acknowledge and correct these wrongs and we must provide opportunity for people of color to live the American dream

and become homeowners here in Vermont. One quarter of all newly invested VHIP Homeowner funds will be reserved for minority and marginalized households.

Broadband Build Out:

The COVID-19 pandemic has underscored the importance of broadband to the state's economic well-being. While the long-term impact of the pandemic is speculative, it is reasonable to surmise that remote work arrangements between employees and employers will become more prevalent in Vermont and across the country, which provides a good basis for making big investments in Vermont's broadband infrastructure.

- \$19.9 million for broadband build out –
 - \$2.5 million for the Line Extension Consumer Assistance Program – The Department of Public Service created this program using Coronavirus Relief Funds to help fill internet gaps during the pandemic. This program partners with cable and internet service providers to pay the consumer's portion of a line extension. These are typical arrangements between a consumer and an internet service provider who lacks an economic incentive to extend a line. The consumer pays some upfront cost for the extension and then has a service agreement with the internet service provider. This program would help offset that upfront cost, extending broadband to the more remote parts of the state.
 - \$1.5 million for a State-wide pole data harvesting study – Pole data is helpful to Communications Union Districts (CUDs) in designing a network. Contractors would review poles in CUD territories and estimate make-ready costs and other features that could help CUDs plan and configure fiber builds. The pole data harvesting study funding would be issued to CUDs in the form of grants.
 - \$15.9 million to create a Broadband Facilities Deployment program – The program would make grants and administer a revolving loan fund to make loans to facilities-based providers, such as CUDs. The program could be time limited and would fund a variety of different projects, such as last-mile fiber construction and cell towers, as well as initiatives designed to increase broadband adoption.

Environmental Stewardship:

Vermont has strong environmental standards and regulations – and we are proud of it. However, this commitment does not stop all environmental contamination. Sites across the state that could otherwise serve an economic purpose sit empty because of chemical contamination that exceeds appropriate and healthy levels. Brownfields are sites that, with some one-time funding, can go from community eyesores to opportunities. Some examples of brownfield sites include Springfield's Jones & Lamson building, the Bellows Falls Garage, and the Lynnwood Crown Farm in Derby.

- \$25 million for brownfield remediation – The program will be jointly administered and funded through the Department of Environmental Conservation and the Agency of Commerce and Community Development to identify sites and allocate money that has the greatest environmental and economic impact for all 251 communities in Vermont.
- \$10 million to backfill the Environmental Contingency Fund – this fund, administered by the Secretary of the Agency of Natural Resources is financed through financial settlements with violators of environmental laws. The Fund finances emergency clean-ups of contamination and chemical discharges. However, liabilities against the fund regularly outpace environmental settlement payments into it. This large infusion of money will help the fund remain solvent in the coming years. It will also be used to fund testing for all potentially at-risk schools for polychlorinated biphenyl (PCBs) contamination, the airborne contaminant recently found in Burlington High School.

Reducing Vermont’s Reliance on Fossil Fuels, Doing our Part to Address Climate Change:

Vermont has set aggressive goals in reducing our reliance on fossil fuels. These initiatives will help us meet those obligations and infuse local economies with project funding right away:

- \$25 million for weatherization, ‘VT Warms’ – Estimates put the need at more than 100,000 low-to-moderate income weatherization projects before the end of the decade to meet our greenhouse gas reduction requirements. We must scale up our investment, but we also must use proven programs from other jurisdictions to stretch our dollars. Specifically, these dollars will be invested in the following ways:
 - \$4 million to the Department of Children and Families to increase by 20 percent low-income weatherization conducted by regional weatherization partner agencies;
 - \$16 million to the Vermont Housing Finance Agency (VHFA) to develop programs that leverage private capital to expand the reach of Vermont’s low-to-moderate income weatherization efforts and support the delivery of those programs and projects; and
 - \$5 million to enable the expansion of the highly successful State Energy Management Program (SEMP) to municipal buildings.
- \$10 million for Affordable Community Solar Energy – This program will help low- and moderate-income Vermonters invest in community solar developments. Participating households maintain a virtual ownership share by sponsoring the community scale solar project. Customers may also combine storage with solar. One-time funds would be used to help buy down the cost of sponsoring solar panels for participating customers through lower rates. Participation in the program would be available to all, but the subsidy would be limited to income qualifying customers.

Cradle-to-Career:

Prior to the pandemic, the institutions comprising Vermont's cradle-to-career system faced significant challenges, either from increasing property tax rates to pay for school budgets; structural deficits across most of the Vermont State College System; or access and affordability challenges in our child care and early learning system for families with young children. To come out of this pandemic stronger than before, we must continue to think of these issues and institutions as a single system and develop greater coherency in the way they serve Vermonters. That might not entail more funding in the aggregate, because these investments constitute the biggest expenditure in the state budget by a very wide margin. The following initiatives continue the evolution of a single, cradle-to-career education system with investments in the areas of need and greatest return.

- \$20 million to the Vermont State College System – Since the beginning of the pandemic, the Vermont State Colleges have received \$89 million through the state's base appropriation, direct federal payments, state Coronavirus Relief Funds, and General Funds in the Budget Adjustment Act. The Governor is proposing to appropriate another \$20 million in one-time General Funds as bridge funding for the VSC System to support them during their structural reorganization. This level of funding cannot be sustained, and the Governor is proposing this investment with the caveat that this is unlikely to be repeated. The Governor appreciates the role the legislature has taken in addressing the fiscal challenges within the system and for their work to create the Select Committee on the Future of Public Higher Education in Vermont in Act 120 of 2020.
- \$600,000 additional funding to the Vermont Student Assistance Corporation –
 - \$500,000 in supplemental funding for VSAC advancement grants – These grants assist adult learners with their education and training. The grants provide up to \$2,500 for non-degree technical education.
 - \$100,000 addition to the VSAC Aspirations Program – This program boosts postsecondary matriculation and is run by VSAC in collaboration with Vermont high schools. Currently VSAC pays for it out of their own budget.
- Funds 'Year 3' of the Child Development Division's Redesign of the Child Care Financial Assistance Program with existing resources – In continuation of the five-year plan, year 3 is planned as the "flip year": implementation for the redesign of the program to set co-payment amount by family rather than by child, which should result in an increase in the number of children and eventually the number of families utilizing the program. With the completion of upgrading the first module of CDD Information System (previously known as BFIS) by the target date of October 1, 2021, CDD will be able to implement this change in calculating subsidy payments. This redesigned system will result in increased childcare affordability for Vermont families and allow Vermont to come into compliance with federal CCDF requirements.

Based on current Covid-19 utilization patterns, no FY2022 investment is needed to implement the policy change. Once utilization returns to Pre-COVID levels, a \$5.5 million ongoing investment will be needed.

Protecting the Most Vulnerable:

Most of state government's programs aimed at protecting the most vulnerable require base funding because, despite our best efforts, the need for these programs does not expire at the end of a one-time investment. The Governor is sensitive to these pressures and used nearly all available base revenue attributable to the January 19, 2021 revenue upgrade to cover base expenses so that one-time money for base programs does not burden the budget process next year.

- \$42 million to the Agency of Human Services (AHS) Base Budget to mitigate reliance on one-time bump to the Federal Medicaid Assistance Percentage (FMAP) – The federal relief bills have boosted states FMAP for the first two quarters of FY2022, which impacts the federal matching funds for programs run through Vermont's Global Commitment to Health waiver. When the revenue forecast was more dire, the Governor's budget balanced on these virtual, one-time funds. However, with the revenue upgrade, the Governor's budget restores the base funding amount in the AHS budget, better positioning the Agency and state government to meet the needs of Vermonters in the years to come.
- \$900,000 for to fund policy recommendations from the Governor's Justice Reinvestment Working Group:
 - \$400,000 for community behavioral health intervention – funding split between the Department of Mental Health and the division of Alcohol and Drug Abuse Prevention at the Department of Health
 - \$200,000 for domestic violence intervention programming
 - \$300,000 for transitional housing administered by the Department of Corrections.

Government Modernization:

The Governor and General Assembly both recognize state government must improve the way it manages and funds Information Technology (IT) projects. The Governor's Executive Order and the General Assembly's affirmation to create an Agency of Digital Services achieved half the battle by establishing better oversight and prioritization of IT. However, IT projects, which are typically complicated, expensive, and critical to the work of state government, are paid for via piecemeal appropriations from various sources – sometimes out of an agency or department's base budget, other times with one-time funds or through bonding. The Governor proposes to use a considerable portion of the FY2021 surplus to establish an IT fund, which will jump start a dozen IT projects prioritized in the Administration's budget development process.

- \$53 million to establish the Technology Modernization Fund to be overseen by the Agency of Digital Services. The fund will be used to purchase and upgrade technology platforms, systems, and cybersecurity services, and grant management platforms used by agencies and departments statewide.

FY 2022 GENERAL FUND (GF) BUDGET OVERVIEW

Sources:

	GF Impact
Current Services revenue	
Official E-Board forecast	1,663,600,000
"Notwithstanding" Property Transfer Tax statutory distribution	26,377,241
Direct applications, reversions, and other	
AHS Certified matching funds for Medicaid	4,641,961
Loan repayments	29,047
Department of Financial Regulation	37,078,618
Attorney General settlements	2,000,000
Liquor Control	22,750,000
Unclaimed Property	1,797,750
Secretary of State	2,867,898
Subtotal - Direct Applications, Reversions, and Transfers	71,165,274
Unreserved from 27/53 Reserve	24,030,000
Carryforward from FY21	213,066,329
Total Current Services GF Sources before policy changes	1,998,238,844
Sources associated with policy changes	
Governor's Initiatives (Sources)	
Sports betting - contingent on legislation	2,500,000
Keno (transfer from Ed Fund) - contingent on legislation	3,000,000
Remove the tax on military pensions	(1,400,000)
VT Guard - state active duty tax exemption	(20,000)
Expand Downtown and Village Center tax credit	(1,750,000)
Nurse retention incentive	(1,250,000)
Manufactured Housing tax credit	(250,000)
Subtotal Revenue policy changes	830,000
Total General Fund sources:	1,999,068,844
Uses (including transfers):	
FY 2022 base appropriations (including FY 2021 As Passed, CRF base adjustments, and FY 2022 Pay Act)	1,692,977,552
Current services changes:	
Increase in employer contribution for state employee pension, OPEB, and system admin.	14,400,000
Increase in Teacher Pension and RTHMB/OPEB appropriation	36,327,675
27th Pay Period / 53rd Week of Medicaid	24,030,000
FY 2022 Annualization of FY2021 Pay Act and employee reclassifications	7,800,000
Agency of Human Services - caseload, utilization, & other pressures	(5,180,163)
Other non-AHS - net upward and downward current services pressures	1,844,673
Total State-wide Allocations associated with internal service charges	386,052
Total current services:	80,608,237
Governor's Initiatives (Uses)	
Base Uses - Policy Changes	
Agency of Public Safety reorg: DPS Mental Health Clinician	515,000
DCF expansion of CCFAP \$3M, Raise the Age justice-involved youth housing \$495k	3,495,000
Dept of Mental Health, Mobile Response and Community Behavioral Health Services	1,000,000
VHIP Home Ownership Program	1,000,000
Professionalizing NRB Board	500,000
CHSVT Move from DOC to Ed Fund	(3,323,078)
New Worker Grant Program	500,000
Domestic Violence Intervention Programming	200,000
DOC Transitional Housing	300,000
Subtotal Base Uses - Policy Changes	4,186,922
Base Uses - Other Departmental Initiatives	424,709
One-time Uses - Policy Changes	
Appropriations enumerated in the Governor's Recommended Budget Sec. B.1100	125,814,000
Transfers enumerated in the Governor's Recommended Budget Sec. D.101	85,255,000
One-time Uses - Other	
Transfers to cover fund deficits NRB, Forest Parks Revolving Fund, Victims Comp. Fund	4,002,000
27th Pay Period/53rd Week Reserve (transfer)	3,740,000
Subtotal One-time Uses	217,811,000
Total General Fund Uses Before Stabilization Reserve Contribution	1,996,008,420
Transfer to the GF Stabilization Reserve	3,060,424
Total Uses	1,999,068,844

FY 2022 General Fund Overview

The budget process began with the submission of FY 2022 budget requests from agencies and departments, as well as input via the Public Budget Forum process. Regular meetings with the Secretary of Administration and the Governor yielded a budget balanced to the projected available revenues while incorporating the Governor's priorities.

The Governor's budget recommendations were finalized based on the Consensus Revenue Forecast adopted by the Emergency Board on January 19, 2021, just prior to the Governor's budget address to the General Assembly on January 26, 2021. The individual items reflected in the chart are discussed in more detail elsewhere in this document and in departmental budget materials.

Total Appropriations History FY 2018 – FY 2022 (all funds)

Funding Sources	FY 2018 Final Appropriations	FY 2019 Final Appropriations	FY 2020 Final Appropriations	2021 Gov's Rec Budget Adjustment (a)	FY 2022 Governor's Recommended Budget (b)
General Fund (GF)	1,563,588,618	1,596,468,226	1,607,307,455	1,668,515,948	1,903,011,420
Transportation Fund	276,535,169	284,763,891	283,331,886	285,568,330	311,123,868
Education Fund ^(c)	1,635,462,268	1,655,419,334	1,726,769,204	1,800,256,714	1,888,790,004
Special Funds & Other Funds ^(d)	661,716,140	391,413,449	402,158,392	402,491,479	493,373,319
Sub-Total	4,137,302,195	3,928,064,900	4,019,566,937	4,156,832,471	4,596,298,611
Adjust for inter-fund appropriations: GF Transfer to EF	(314,695,753)	-	-	-	-
Total State Funds after EF Transfer	3,822,606,442	3,928,064,900	4,019,566,937	4,156,832,471	4,596,298,611
percent of total	65.43%	65.53%	63.49%	57.36%	67.27%
Federal Funds	1,981,598,102	2,025,301,689	2,090,563,907	2,159,534,804	2,204,524,832
Federal ARRA Funds ^(e)	2,250,146	2,112,486	1,990,771	1,104,738	1,001,460
Coronavirus Relief Fund	-	-	185,379,500	897,543,643	-
Total Funds Before Dedicated Dollars	5,806,454,690	5,955,479,075	6,297,501,115	7,215,015,656	6,801,824,903
percent of total	99.38%	99.36%	99.48%	99.56%	99.55%
Dedicated Sources					
Local Match	1,625,777	2,131,800	1,142,096	913,177	1,833,316
Enterprise Funds	12,792,735	14,494,526	11,495,452	12,803,991	12,792,458
Debt Service Obligation Funds	2,503,738	2,504,688	2,497,663	2,502,613	2,505,863
Pension & Private Purpose Trust Funds ^(f)	19,060,784	19,510,695	17,893,927	15,361,174	13,450,072
Sub-Total	35,983,034	38,641,709	33,029,138	31,580,955	30,581,709
Total Funds and Dedicated Sources	5,842,437,724	5,994,120,784	6,330,530,253	7,246,596,611	6,832,406,612
percent of total	100.00%	100.00%	100.00%	100.00%	100.00%
Fund Sources that are duplicated in the above appropriations:					
Internal Service Funds	113,393,951	143,443,161	148,001,883	157,226,934	162,390,540
Interdepartmental Transfer	79,557,807	77,974,425	82,516,057	86,557,405	67,880,112
Global Commitment Fund	1,512,757,726	1,572,671,340	1,589,313,894	1,595,766,226	1,619,571,049
Total	1,705,709,484	1,794,088,926	1,819,831,834	1,839,550,565	1,849,841,701
Total All Appropriations	7,862,842,961	7,788,209,710	8,150,362,087	9,086,147,176	8,682,248,313

NOTES:

(a) Governor's FY 2021 budget adjustment recommendations presented to House Appropriations on January 14, 2021.

(b) Governor's budget recommendations presented to the General Assembly on January 26, 2021.

(c) Lottery, Meals and Room Tax, Sales and Use Tax, Purchase and Use Tax, and Fund Interest revenues are reflected as adopted by the Vermont Emergency Board in January 2021.

The remaining revenue sources and spending plan are primarily taken from a December 2020 agreement involving the Agency of Education, the Joint Fiscal Office, the Vermont Department of Taxes, and the Secretary of Administration, with revised estimates from the Agency of Education in January 2021. Of note:

The Lottery estimate contains two Governor's initiatives - \$3M for keno and \$2.5M for iLottery.

The spending plan includes one Governor's initiative - \$3.34M for Community High School of Vermont.

The transfer of \$3M to the General Fund is a Governor's Initiative associated with the keno revenue.

Only the Budget stabilization reserve component of the Education Fund balance is reflected in this statement

(d) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, Transportation Infrastructure Bond Funds.

(e) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

(f) Includes Permanent Trust Funds, Pension Funds, Retired Teachers' Health Fund and Private Purpose Trust Funds.

FY 2022 Governor's Recommended Budget – All Funds by Function

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Funding Sources	2021 Gov's Rec Budget Adjustment (a)	FY 2022 Governor's Recommended Budget (b)	% Change from BAA	All General Government			Total Human Services		
				General Government	Property Tax Assistance ^(c)	Protection to Persons & Property	Corrections	Non- GC/Medicaid	GC/Medicaid/ LTC Federal & State Only
General Fund (GF)	1,668,515,948	1,903,011,420	14.05%	49,075,363	49,237,549	168,383,417	154,459,736	231,525,573	642,858,299
Transportation Fund	285,568,330	311,123,868	8.95%	3,911,594	-	20,250,000	-	-	-
Education Fund ^(d)	1,800,256,714	1,888,790,004	4.92%	-	-	-	3,336,352	-	-
Special Funds ^(e)	402,491,479	493,373,319	22.58%	6,472,601	9,974,000	91,881,722	1,906,582	80,058,283	74,861,718
Total Funds Before Federal Dollars	4,156,832,471	4,596,298,611	10.57%	59,459,558	59,211,549	59,211,549	280,515,139	159,702,670	311,583,856
percent of total	57.36%	67.27%		1.29%	1.29%	6.10%	3.47%	6.78%	15.62%
Federal Funds	2,159,534,804	2,204,524,832	2.08%	1,150,041	-	70,190,412	473,523	298,405,076	1,162,427,177
Federal ARRA Funds ^(f)	1,104,738	1,001,460	-9.35%	-	-	520,000	-	-	-
Coronavirus Relief Fund	897,543,643	-	-	-	-	-	-	-	-
Total Funds Before Dedicated Dollars	7,215,015,656	6,801,824,903	-5.73%	60,609,599	59,211,549	351,225,551	160,176,193	609,988,932	1,880,147,194
percent of total	99.56%	99.55%		0.89%	0.87%	5.16%	2.35%	8.97%	27.64%
Dedicated Sources									
Local Match	913,177	1,833,316	100.76%	-	-	-	-	-	-
Enterprise Funds	12,803,991	12,792,458	-0.09%	6,840	-	12,785,618	-	-	-
Debt Service Obligation Funds	2,502,613	2,505,863	0.13%	-	-	-	-	-	-
Pension Trust & Private Purpose	15,361,174	13,450,072	-12.44%	8,304,365	-	-	-	25,000	-
Trust Funds	-	-	-	-	-	-	-	25,000	-
Sub-Total	31,580,955	30,581,709	-3.16%	8,311,205	-	12,785,618	-	25,000	-
Total Funds and Dedicated Sources	7,246,596,611	6,832,406,612	-5.72%	68,920,804	59,211,549	364,011,169	160,176,193	610,013,932	1,880,147,194
	100.00%	100.00%		1.01%	0.87%	5.33%	2.34%	8.93%	27.52%
Fund Sources that are duplicated in the above appropriations:									
Internal Service Funds	157,226,934	162,390,540	3.28%	138,235,838	-	-	1,951,982	-	-
Interdepartmental Transfer	86,557,405	67,880,112	-21.58%	7,551,641	-	14,457,347	545,099	15,338,964	10,445,568
Global Commitment Fund	1,595,766,226	1,619,571,049	1.49%	-	-	-	5,310,796	627,344,111	986,246,681
Total	1,839,550,565	1,849,841,701	0.56%	145,787,479	-	14,457,347	7,807,877	642,683,075	996,692,249
Total All Appropriations	9,086,147,176	8,682,248,313	-4.45%	214,708,283	59,211,549	378,468,516	167,984,070	1,252,697,007	2,876,839,443

NOTES (both pages):

(a) Governor's FY 2021 budget adjustment recommendations presented to House Appropriations on January 14, 2021.

(b) Governor's budget recommendations presented to the General Assembly on January 26, 2021.

(c) Includes Homeowner Rebate; Renter Rebate; reappraisal and listing payments; and municipal current use.

(d) Lottery, Meals and Room Tax, Sales and Use Tax, Purchase and Use Tax, and Fund Interest revenues are reflected as adopted by the Vermont Emergency Board in January 2021.

The remaining revenue sources and spending plan are primarily taken from a December 2020 agreement involving the Agency of Education, the Joint Fiscal Office, the Vermont Department of Taxes, and the Secretary of Administration, with revised estimates from the Agency of Education in January 2021. Of note:

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(e) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, Transportation Infrastructure Bond Funds.

(f) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

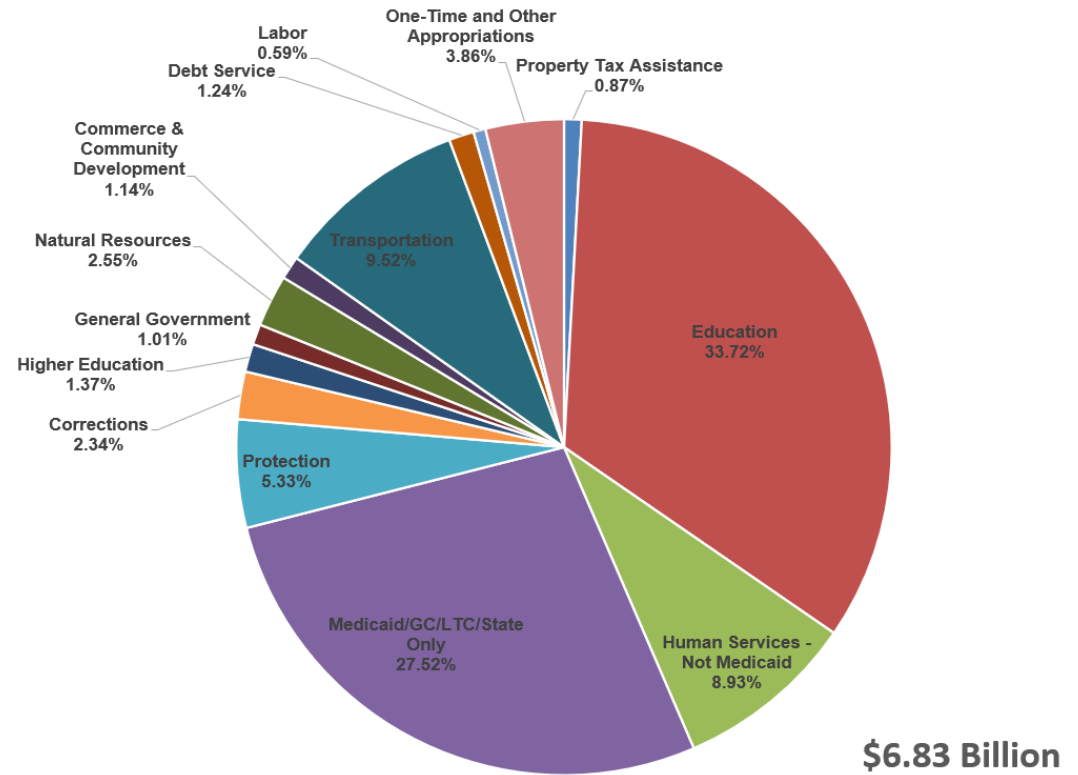
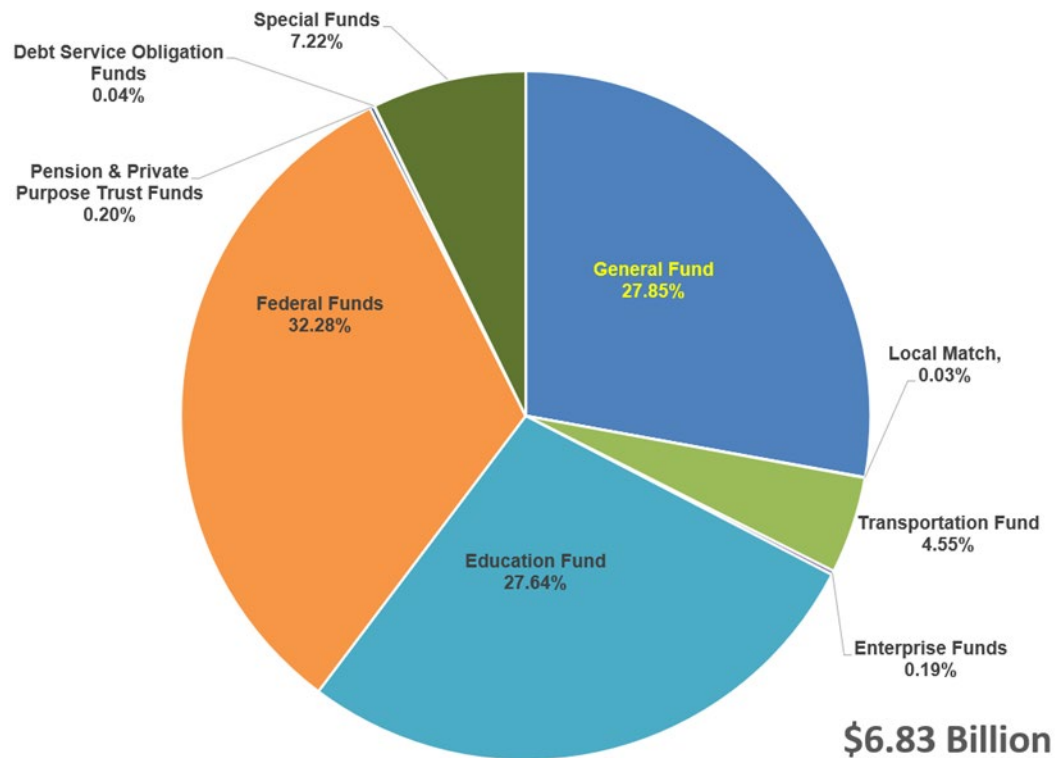
FY 2022 Governor's Recommended Budget

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Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	One-Time and Other
General Fund (GF)	5,394,154	201,697,522	93,920,459	31,781,729	17,989,457	-	81,032,078	175,656,084
Transportation Fund	-	-	-	-	-	277,190,668	521,606	9,250,000
Education Fund ^(d)	-	1,885,453,652	-	-	-	-	-	-
Special Funds ^(e)	6,422,539	21,956,760	-	87,713,332	17,946,145	15,424,637	-	78,755,000
Total State Funds after EF Transfer	11,816,693	11,816,693	2,109,107,934	93,920,459	119,495,061	35,935,602	292,615,305	81,553,684
0.00%	0.26%	45.89%	2.04%	2.60%	0.78%	6.37%	1.77%	5.74%
Federal Funds	28,658,417	190,005,866	-	54,981,735	42,011,551	356,221,034	-	-
Federal ARRA Funds ^(f)	-	-	-	-	-	-	481,460	-
	-	-	-	-	-	-	-	-
Total Funds Before Dedicated Dollars	40,475,110	2,299,113,800	93,920,459	174,476,796	77,947,153	648,836,339	82,035,144	263,661,084
percent of total	0.60%	33.80%	1.38%	2.57%	1.15%	9.54%	1.21%	3.88%
Dedicated Sources								
Local Match	-	-	-	-	-	1,833,316	-	-
Enterprise Funds	-	-	-	-	-	-	-	-
Debt Service Obligation Funds	-	-	-	-	-	-	2,505,863	-
Pension Trust & Private Purpose Trust Funds	-	5,109,707	-	11,000	-	-	-	-
Sub-Total	-	5,109,707	-	11,000	-	1,833,316	2,505,863	-
Total Funds and Dedicated Sources	40,475,110	2,304,223,507	93,920,459	174,487,796	77,947,153	650,669,655	84,541,007	263,661,084
	0.59%	33.72%	1.37%	2.55%	1.14%	9.52%	1.24%	3.86%
Fund Sources that are duplicated in the above appropriations:								
Internal Service Funds	-	-	-	-	-	22,202,720	-	-
Interdepartmental Transfer	407,612	597,165	-	11,534,344	4,114,320	2,888,052	-	-
Global Commitment Fund	-	260,000	409,461	-	-	-	-	-
Total	407,612	857,165	409,461	11,534,344	4,114,320	25,090,772	-	-
Total All Appropriations	40,882,722	2,305,080,672	94,329,920	186,022,140	82,061,473	675,760,427	84,541,007	263,661,084

FY 2022 Governor's Recommended Budget—Pie Charts—by Function and Fund

**FY 2022 Governor's Budget
Recommendations by Function**



**FY 2022 Governor's Budget
Recommendations by Fund**

FY 2022 Governor's Recommended Budget by Department and Funding Source

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											Duplicate Appropriations (c)		
Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Global Commitment	ISF, IDT, and ARRA IDT	FY 2022 Governor's Recommended Total Appropriations
GENERAL GOVERNMENT													
Agency of Administration:													
Secretary of Administration	871,847	-	156,000	-	1,027,847	-	-	1,027,847	-	1,027,847	-	1,664,993	2,692,840
Secretary of Administration - Insurance	-	-	-	-	-	-	-	-	-	-	-	1,732,604	1,732,604
Finance & Management	1,277,150	-	-	-	1,277,150	-	-	1,277,150	-	1,277,150	-	3,445,410	4,722,560
Human Resources	2,044,399	-	263,589	-	2,307,988	-	-	2,307,988	-	2,307,988	-	11,706,903	14,014,891
Libraries	1,965,363	-	34,327	-	1,999,690	1,150,041	-	3,149,731	-	3,149,731	-	108,691	3,258,422
Tax	20,382,265	-	2,006,808	-	22,389,073	-	-	22,389,073	-	22,389,073	-	34,109	22,423,182
Buildings and General Services	1,953,842	3,911,594	499,783	-	6,365,219	-	-	6,365,219	6,840	6,372,059	-	39,450,022	45,822,081
Total Agency of Administration	28,494,866	3,911,594	2,960,507	-	35,366,967	1,150,041	-	36,517,008	6,840	36,523,848	-	58,142,732	94,666,580
Executive Office	1,672,493	-	-	-	1,672,493	-	-	1,672,493	-	1,672,493	-	197,500	1,869,993
Legislative Council	3,317,236	-	-	-	3,317,236	-	-	3,317,236	-	3,317,236	-	-	3,317,236
Legislature	8,801,637	-	-	-	8,801,637	-	-	8,801,637	-	8,801,637	-	-	8,801,637
Legislature IT	1,459,915	-	-	-	1,459,915	-	-	1,459,915	-	1,459,915	-	-	1,459,915
Joint Fiscal Office	2,197,260	-	-	-	2,197,260	-	-	2,197,260	-	2,197,260	-	125,000	2,322,260
Sergeant at Arms	988,024	-	-	-	988,024	-	-	988,024	-	988,024	-	-	988,024
Lieutenant Governor	239,529	-	-	-	239,529	-	-	239,529	-	239,529	-	-	239,529
Auditor of Accounts	344,615	-	53,145	-	397,760	-	-	397,760	-	397,760	-	3,647,816	4,045,576
Treasurer	1,066,424	-	3,064,451	-	4,130,875	-	-	4,130,875	1,135,286	5,266,161	-	157,689	5,423,850
State Employees/Municipal Retirement Systems	-	-	-	-	-	-	-	-	7,169,079	7,169,079	-	-	7,169,079
Agency of Digital Services	174,342	-	387,710	-	562,052	-	-	562,052	-	562,052	-	83,354,680	83,916,732
Labor Relations Board	273,064	-	6,788	-	279,852	-	-	279,852	-	279,852	-	2,788	282,640
VOSHA Review Board	45,958	-	-	-	45,958	-	-	45,958	-	45,958	-	45,957	91,915
Homeowner Rebate	18,600,000	-	-	-	18,600,000	-	-	18,600,000	-	18,600,000	-	-	18,600,000
Renter rebate	9,500,000	-	-	-	9,500,000	-	-	9,500,000	-	9,500,000	-	-	9,500,000
Reappraisal and Listing Payments	3,313,356	-	-	-	3,313,356	-	-	3,313,356	-	3,313,356	-	-	3,313,356
Use Tax Reimbursement - Municipal	17,824,193	-	-	-	17,824,193	-	-	17,824,193	-	17,824,193	-	-	17,824,193
Current Use	-	-	-	-	-	-	-	-	-	-	-	-	-
Ethics Commission	-	-	-	-	-	-	-	-	-	-	-	113,317	113,317
PILOT	-	-	9,750,000	-	9,750,000	-	-	9,750,000	-	9,750,000	-	-	9,750,000
PILOT - Montpelier	-	-	184,000	-	184,000	-	-	184,000	-	184,000	-	-	184,000
PILOT - Corrections	-	-	40,000	-	40,000	-	-	40,000	-	40,000	-	-	40,000
TOTAL GENERAL GOVERNMENT	98,312,912	3,911,594	16,446,601	-	118,671,107	1,150,041	-	119,821,148	8,311,205	128,132,353	-	145,787,479	273,919,832
percent of total	5.17%	1.26%	3.33%	0.00%	2.58%	0.05%	0.00%	1.76%	27.18%	1.88%	0.00%	63.31%	3.15%
PROTECTION TO PERSONS AND PROPERTY													
Attorney General	6,081,043	-	2,234,016	-	8,315,059	1,382,278	-	9,697,337	-	9,697,337	-	3,057,026	12,754,363
Court Diversion	2,426,178	-	257,997	-	2,684,175	-	-	2,684,175	-	2,684,175	-	-	2,684,175
Defender General	18,498,175	-	589,653	-	19,087,828	-	-	19,087,828	-	19,087,828	-	-	19,087,828
Judiciary	47,027,262	-	3,200,659	-	50,227,921	900,469	-	51,128,390	-	51,128,390	-	2,095,399	53,223,789
State's Attorneys and SIUs	15,396,207	-	85,324	-	15,481,531	212,828	-	15,694,359	-	15,694,359	-	2,669,831	18,364,190
Sheriffs	4,650,647	-	-	-	4,650,647	-	-	4,650,647	-	4,650,647	-	-	4,650,647
Public Safety	54,948,531	20,250,000	16,688,364	-	91,886,895	22,880,575	-	114,767,470	-	114,767,470	-	5,499,848	120,267,318
Military	5,646,923	-	225,849	-	5,872,772	29,237,445	-	35,110,217	-	35,110,217	-	-	35,110,217
Center for Crime Victims Services	1,232,712	-	4,628,381	-	5,861,093	6,612,435	-	12,473,528	-	12,473,528	-	-	12,473,528
Criminal Justice Training Council	2,731,638	-	-	-	2,731,638	-	-	2,731,638	-	2,731,638	-	240,617	2,972,255
Agriculture, Food & Markets	9,104,475	-	15,099,534	-	24,204,009	-	-	30,570,988	-	30,570,988	-	839,626	31,410,614
Financial Regulation	-	-	16,175,749	-	16,175,749	6,366,979	-	16,175,749	-	16,175,749	-	-	16,175,749
Secretary of State	-	-	12,643,807	-	12,643,807	1,332,444	-	13,976,251	-	13,976,251	-	-	13,976,251
Public Service Department	-	-	10,812,770	-	10,812,770	1,001,919	520,000	12,334,689	53,904	12,388,593	-	55,000	12,443,593
Public Service Board	-	-	3,907,563	-	3,907,563	-	-	3,907,563	-	3,907,563	-	-	3,907,563
E-911 Board	-	-	4,468,213	-	4,468,213	-	-	4,468,213	-	4,468,213	-	-	4,468,213
Human Rights Commission	639,626	-	-	-	639,626	78,556	-	718,182	-	718,182	-	-	718,182
Liquor and Lottery	-	-	213,843	-	213,843	184,484	-	398,327	12,731,714	13,130,041	-	-	13,130,041
Cannabis Control Board	-	-	650,000	-	650,000	-	-	650,000	-	650,000	-	-	650,000
TOTAL PROTECTION	168,383,417	20,250,000	91,881,722	-	280,515,139	70,190,412	520,000	351,225,551	12,785,618	364,011,169	-	14,457,347	378,468,516
percent of total	8.85%	6.51%	18.62%	0.00%	6.10%	3.18%	51.92%	5.16%	41.81%	5.33%	0.00%	6.28%	4.36%

FY 2022 Governor's Recommended Budget by Department and Funding Source

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Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2022 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
HUMAN SERVICES													
Human Services Agency:													
AHS - Secretary's Office	8,430,401	0	147,517	0	8,577,918	10,623,508	0	19,201,426	-	19,201,426	453,000	11,059,326	30,713,752
AHS - Secretary's Office - Global Commitment	556,003,196	0	71,497,960	0	627,501,156	1,025,697,438	0	1,653,198,594	-	1,653,198,594	-	5,618,437	1,658,817,031
Human Services Board	474,851	0	0	0	474,851	353,838	0	828,689	-	828,689	-	-	828,689
Department of VT Health Access	86,356,524	0	3,363,758	0	89,720,282	134,646,406	0	224,366,688	-	224,366,688	762,179,639	4,827,131	991,373,458
Health	15,375,085	0	24,352,945	0	39,728,030	75,808,345	0	115,536,375	25,000	115,561,375	51,612,670	1,062,729	168,236,774
Mental Health	10,592,092	0	1,685,284	0	12,277,376	9,398,134	0	21,675,510	-	21,675,510	258,623,987	74,637	280,374,134
Children and Families	163,047,938	0	35,727,244	0	198,775,182	160,159,979	0	358,935,161	-	358,935,161	64,321,161	775,988	424,032,310
Disabilities, Aging and Independent Living	27,617,447	0	1,629,370	0	29,246,817	34,409,348	0	63,656,165	-	63,656,165	476,400,335	2,366,284	542,422,784
Corrections	154,459,736	0	1,906,582	3,336,352	159,702,670	473,523	0	160,176,193	-	160,176,193	5,310,796	2,497,081	167,984,070
TOTAL HUMAN SERVICES AGENCY	1,022,357,270	-	140,310,660	3,336,352	1,166,004,282	1,451,570,519	-	2,617,574,801	25,000	2,617,599,801	1,618,901,588	28,281,613	4,264,783,002
Veterans' Home	2,843,321	0	11,868,942	0	14,712,263	9,735,257	0	24,447,520	-	24,447,520	-	-	24,447,520
Commission on Women	402,018	0	3,773	0	405,791	0	0	405,791	-	405,791	-	-	405,791
RSVP	146,564	0	0	0	146,564	0	0	146,564	-	146,564	-	-	146,564
Green Mountain Care Board	3,094,435	0	4,643,208	0	7,737,643	0	0	7,737,643	-	7,737,643	-	-	7,737,643
TOTAL HUMAN SERVICES	1,028,843,608	-	156,826,583	3,336,352	1,189,006,543	1,461,305,776	-	2,650,312,319	25,000	2,650,337,319	1,618,901,588	28,281,613	4,297,520,520
percent of total	54.06%	0.00%	31.79%	0.18%	25.87%	66.29%	0.00%	38.96%	0.08%	38.79%	99.96%	12.28%	49.50%
Labor	5,394,154	0	6,422,539	0	11,816,693	28,658,417	0	40,475,110	-	40,475,110	-	407,612	40,882,722
TOTAL LABOR	5,394,154	-	6,422,539	-	11,816,693	28,658,417	-	40,475,110	-	40,475,110	-	407,612	40,882,722
percent of total	0.28%	0.00%	1.30%	0.00%	0.26%	1.30%	0.00%	0.60%	0.00%	0.59%	0.00%	0.18%	0.47%
GENERAL EDUCATION													
Agency of Education	14,557,967	0	21,956,760	1,847,852,734	1,884,367,461	190,005,866	0	2,074,373,327	-	2,074,373,327	260,000	597,165	2,075,230,492
Teachers' Retirement	187,139,555	0	0	37,600,918	224,740,473	0	0	224,740,473	5,109,707	229,850,180	-	-	229,850,180
TOTAL GENERAL EDUCATION	201,697,522	-	21,956,760	1,885,453,652	2,109,107,934	190,005,866	-	2,299,113,800	5,109,707	2,304,223,507	260,000	597,165	2,305,080,672
percent of total	10.60%	0.00%	4.45%	99.82%	45.89%	8.62%	0.00%	33.80%	16.71%	33.72%	0.02%	0.26%	26.55%
HIGHER EDUCATION AND OTHER													
University of Vermont	42,509,093	0	0	0	42,509,093	0	0	42,509,093	-	42,509,093	-	-	42,509,093
Vermont State Colleges	31,248,778	0	0	0	31,248,778	0	0	31,248,778	-	31,248,778	409,461	-	31,658,239
Vermont Student Assistance Corp.	20,078,588	0	0	0	20,078,588	0	0	20,078,588	-	20,078,588	-	-	20,078,588
N.E. Higher Education Compact	84,000	0	0	0	84,000	0	0	84,000	-	84,000	-	-	84,000
TOTAL HIGHER EDUCATION AND OTHER	93,920,459	-	-	-	93,920,459	-	-	93,920,459	-	93,920,459	409,461	-	94,329,920
percent of total	4.94%	0.00%	0.00%	0.00%	2.04%	0.00%	0.00%	1.38%	0.00%	1.37%	0.03%	0.00%	1.09%
NATURAL RESOURCES													
Agency of Natural Resources:													
ANR - Central Office	5,548,956	0	590,134	0	6,139,090	0	0	6,139,090	-	6,139,090	-	1,703,680	7,842,770
Fish & Wildlife	6,403,816	0	9,801,021	0	16,204,837	8,504,410	0	24,709,247	11,000	24,720,247	-	1,322,431	26,042,678
Forests, Parks & Recreation	9,273,273	0	15,019,148	0	24,292,421	5,539,229	0	29,831,650	-	29,831,650	-	379,363	30,211,013
Environmental Conservation	9,424,055	0	59,791,820	0	69,215,875	40,938,096	0	110,153,971	-	110,153,971	-	8,128,870	118,282,841
Total Agency of Natural Resources	30,650,100	-	85,202,123	-	115,852,223	54,981,735	-	170,833,958	11,000	170,844,958	-	11,534,344	182,379,302
Natural Resources Board	1,131,629	0	2,511,209	0	3,642,838	0	0	3,642,838	-	3,642,838	-	-	3,642,838
TOTAL NATURAL RESOURCES	31,781,729	-	87,713,332	-	119,495,061	54,981,735	-	174,476,796	11,000	174,487,796	-	11,534,344	186,022,140
percent of total	1.67%	0.00%	17.78%	0.00%	2.60%	2.49%	0.00%	2.57%	0.04%	2.55%	0.00%	5.01%	2.14%

FY 2022 Governor's Recommended Budget by Department and Funding Source

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Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2022 Governor's Recommended Total Appropriations
											Global Commitment	ISF, IDT, and ARRA IDT	
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	3,150,156	-	-	-	3,150,156	391,000	-	3,541,156	-	3,541,156	-	-	3,541,156
Economic Development	5,398,915	-	1,685,350	-	7,084,265	3,907,085	-	10,991,350	-	10,991,350	-	1,690,500	12,681,850
Housing & Community Development	3,884,934	-	4,890,245	-	8,775,179	18,277,129	-	27,052,308	-	27,052,308	-	2,403,820	29,456,128
Tourism & Marketing	3,485,309	-	-	-	3,485,309	-	-	3,485,309	-	3,485,309	-	20,000	3,505,309
Total Agency of Commerce & Comm Development	15,919,314	-	6,575,595	-	22,494,909	22,575,214	-	45,070,123	-	45,070,123	-	4,114,320	49,184,443
Council on the Arts	722,859	-	-	-	722,859	-	-	722,859	-	722,859	-	-	722,859
Vermont Symphony Orchestra	136,978	-	-	-	136,978	-	-	136,978	-	136,978	-	-	136,978
VT Historical Society	982,317	-	-	-	982,317	-	-	982,317	-	982,317	-	-	982,317
Housing & Conservation Trust	-	-	11,370,550	-	11,370,550	19,436,337	-	30,806,887	-	30,806,887	-	-	30,806,887
VT Humanities Council	227,989	-	-	-	227,989	-	-	227,989	-	227,989	-	-	227,989
TOTAL COMMERCE & COMMUNITY DEV.	17,989,457	-	17,946,145	-	35,935,602	42,011,551	-	77,947,153	-	77,947,153	-	4,114,320	82,061,473
percent of total	0.95%	0.00%	3.64%	0.00%	0.78%	1.91%	0.00%	1.15%	0.00%	1.14%	0.00%	1.79%	0.95%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	184,059,616	10,597,637	-	194,657,253	339,672,384	-	534,329,637	1,301,879	535,631,516	-	24,773,372	560,404,888
AOT Dept. of Motor Vehicles	-	34,190,338	-	-	34,190,338	1,666,250	-	35,856,588	-	35,856,588	-	117,400	35,973,988
AOT Town Highway, Bridges & Municipal	-	58,754,103	4,827,000	-	63,581,103	14,882,400	-	78,463,503	531,437	78,994,940	-	200,000	79,194,940
Total Agency of Transportation	-	277,004,057	15,424,637	-	292,428,694	356,221,034	-	648,649,728	1,833,316	650,483,044	-	25,090,772	675,573,816
Transportation Board	-	186,611	-	-	186,611	-	-	186,611	-	186,611	-	-	186,611
TOTAL TRANSPORTATION	-	277,190,668	15,424,637	-	292,615,305	356,221,034	-	648,836,339	1,833,316	650,669,655	-	25,090,772	675,760,427
percent of total	0.00%	89.09%	3.13%	0.00%	6.37%	16.16%	0.00%	9.54%	5.99%	9.52%	0.00%	10.90%	7.78%
Debt Service	81,032,078	521,606	-	-	81,553,684	-	481,460	82,035,144	2,505,863	84,541,007	-	-	84,541,007
DEBT SERVICE	81,032,078	521,606	-	-	81,553,684	-	481,460	82,035,144	2,505,863	84,541,007	-	-	84,541,007
percent of total	4.26%	0.17%	0.00%	0.00%	1.77%	0.00%	48.08%	1.21%	0	1.24%	0.00%	0.00%	0.97%
One-Time	175,656,084	9,250,000	78,755,000	-	263,661,084	-	-	263,661,084	-	263,661,084	-	-	263,661,084
ONE TIME APPROPRIATIONS	175,656,084	9,250,000	78,755,000	-	263,661,084	-	-	263,661,084	-	263,661,084	-	-	263,661,084
percent of total	9.23%	2.97%	15.96%	0.00%	5.74%	0.00%	0.00%	3.88%	0.00%	3.86%	0.00%	0.00%	3.04%
APPROPRIATION TOTAL	1,903,011,420	311,123,868	493,373,319	1,888,790,004	4,596,298,611	2,204,524,832	1,001,460	6,801,824,903	30,581,709	6,832,406,612	1,619,571,049	230,270,652	8,682,248,313
percent of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(a) Special Funds also includes: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, and Transportation Infrastructure Bond Funds

(b) Dedicated sources include: Enterprise, General Obligation Debts Service, TIB Debt Service, Local Match, TIB Bond Proceeds, Pension Trust, Private Purpose Trust, and Permanent Trust Funds.

(c) Global Commitment, Internal Service Funds (ISF), Interdepartmental Transfers (IDT) and ARRA Interdepartmental Transfers (ARRA IDT) are duplicate appropriations and do not represent additional funds.

General Fund Summary

Fiscal Years 2019 - 2022
(\$ in Millions)*

	Actual FY 2019	Actual FY 2020	Governor's Recommended BAA FY 2021**	Governor's Recommended Budget FY 2022
Sources				
Current Law Revenue	1,339.50	1,457.44	1,573.70	1,663.60
Current Law Healthcare Sources	272.35			-
Direct Applications	56.42	95.71	80.54	71.17
Expected Reversions	1.60	1.02	28.80	-
Direct Applications & Reversions (post-BAA)				-
Revenue Changes			(0.40)	(4.67)
Other Revenue		52.93	181.10	5.50
Additional Property Transfer Tax	13.03	12.82	23.96	26.38
Subtotal Current Year Sources	1,682.89	1,619.93	1,887.70	1,761.98
Carried Forward	10.50	0.85	-	213.05
Total Sources	1,693.39	1,620.78	1,887.70	1,975.03
Uses				
Base Appropriations	1,281.64	1,633.73	1,613.02	1,727.36
One-time Appropriations	19.01		37.05	164.24
Other Bills	0.83	0.95	5.78	-
Pay Act	7.72	9.97	12.67	11.41
Budget Adjustment Act	287.28	(37.33)		
Post-BAA Reduction to Appropriations		1,633.73		
Contingent Appropriation			3.85	
		1,607.31		
Total Uses	1,596.47		1,672.37	1,903.27
Subtotal Operating Surplus (deficit)	96.92	13.47	215.34	71.76
Allocation of Surplus (deficit)				
Transfers From/(to) other funds (ERAF, Next Gen, Other Ins.)	(4.4021)	(8.15)		
Transfer From/(to) Tobacco Litigation SF	1.5000	(1.50)	1.70	
Transfers From/(to) other funds	44.29		(1.20)	(89.00)
Transfer From/(to) Teacher's Ret. And OPEB From GF Surplus	(35.49)			
Transfer From GF Reserves (or CRF)				
Reserved				
Budget Stabilization Reserve	(1.18)	(1.64)	(0.54)	(3.25)
Human Services Caseload Reserve	(78.09)	1.85	3.00	-
27/53 Reserve (53rd Week)	(3.64)	(1.85)	(1.85)	20.29
27/53 Reserve (27th PP for Subsequent Year)		(2.18)		
Balance Reserve (Rainy Day Fund)	(19.06)			
Other reserves/Carry Forward	(0.85)		(211.20)	
Total Reserved in the GF (Designated)	(102.82)	(3.82)	(210.59)	17.04
Total Allocated	(96.92)	(13.47)	(210.09)	(71.96)
Unallocated Operating Surplus (Deficit)	-	(0.0)	5.25	(0.25)
General Fund Reserves (Cumulative)				
Budget Stabilization Reserve	78.18	79.82	80.37	83.43
Human Services Caseload Reserve	100.09	98.24	95.24	95.24
27/53 reserve	14.42	18.45	20.30	0.0
Balance Reserve (Rainy Day Fund)	31.55	31.55	31.55	31.55
Other Reserves	0.85	-		
Total GF Reserve Balance	225.09	228.06	227.46	210.42
Reserve Requirement 5%***	78.18	79.82	80.37	83.43

* Results may not add due to rounding.

** FY21 BAA uses and allocations are as presented in the Governor's recommendation.

Current law revenue has been updated to reflect the January E-Board projections which were issued after the Governor delivered the BAA.

*** For purposes of calculating the FY 2022 Stabilization Reserve requirement, the contingent appropriation in FY21 BAA was excluded.

Transportation Fund Summary

Fiscal Years 2019 - 2023 (\$ in Millions)*

	Actual FY 2019	Actual FY 2020	Governor's Recommended BAA FY 2021**	Governor's Recommended Budget FY 2022***	Forecast FY 2023***
Sources					
Current law revenues	280.67	264.11	258.60	285.10	290.50
New revenue	-	-	-	-	-
Direct applications, reversions & 1-time revenue	1.92	0.05	-	-	-
Federal Reimbursements				15.00	15.00
For appropriation from TF (FY21 from EOY Reversion)	1.45	-	24.16	18.73	-
Total sources	284.04	264.15	282.76	318.83	305.50
Uses					
Base appropriations	278.67	285.28	288.19	311.12	300.85
Budget adjustment, rescissions & excess receipts	3.04	(46.54)	(7.55)	-	-
Total uses	281.71	238.73	280.64	311.12	300.85
Subtotal operating surplus (deficit)	2.33	25.42	2.12	7.71	4.65
Allocation of surplus					
Transfers (to) / from other funds					
Downtown Fund	(0.42)	(0.42)	(0.52)	(4.02)	(1.52)
Central Garage Fund	(1.32)	(0.36)	(1.01)	(1.36)	(1.37)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	0.14	0.15	0.14	0.14	0.14
Total transfers (to) / from other funds	(1.97)	(1.00)	(1.76)	(5.62)	(3.12)
Reserved in the TF (designated)					
Budget Stabilization Reserve	(0.36)	(0.26)	2.15	(2.09)	(1.53)
Bond Reserve	-	-	-	-	-
Total reserved in the TF (designated)	(0.36)	(0.26)	2.15	(2.09)	(1.53)
Total allocated	(2.33)	(1.26)	0.39	(7.71)	(4.65)
Unallocated operating surplus (deficit)	0.00	24.16	2.51	0.00	0.00
Stabilization Reserve at statutory level of 5%	13.83	14.09	11.94	14.03	15.56
TF Reserves (cumulative)					
Bond Reserve	-	-	-	-	-
Budget Stabilization Reserve	13.83	14.09	11.94	14.03	15.56
Total TF Reserve Balance	13.83	14.09	11.94	14.03	15.56

* Results may not add due to rounding.

** Revenue as adopted by the Vermont Emergency Board on Aug 12, 2020.

(FY2021 forecast was updated on Jan 19, 2021 to \$275.0 million affecting carryforward into FY 2022.)

*** Revenue as adopted by the Vermont Emergency Board on Jan 19, 2021.

Education Fund Summary

Fiscal Years 2019 - 2022** (\$ in Millions)*

	Actual FY 2019	Actual FY 2020	Projected Budget FY 2021***	Projected Budget FY 2022
Sources**				
Meals & Rooms Tax - <i>one-quarter of total</i>	45.51	40.89	31.60	41.60
Purchase & Use Tax - <i>one-third of total</i>	37.27	35.13	40.13	41.70
Sales & Use Tax - <i>100% of total</i>	412.51	432.47	488.40	507.90
Lottery Revenue - <i>100% of total</i>	29.47	26.82	29.30	36.40
Non-Homestead Property Tax	676.70	700.31	732.63	768.80
Net Homestead Property Tax	428.95	443.73	467.11	484.70
Medicaid Reimbursement	11.28	10.56	10.00	10.00
Other Sources (Wind, Solar, Fund Interest, Other)	3.36	5.10	2.30	2.28
Total sources	1,645.05	1,695.02	1,801.47	1,893.38
Uses				
Base Appropriations	1,641.82	1,709.11	1,791.56	1,888.79
Appropriations Savings	-	-	(13.96)	-
Total uses	1,641.82	1,709.11	1,777.60	1,888.79
Subtotal operating surplus/(deficit)	3.23	(14.09)	23.88	4.59
Allocation of surplus/(deficit)				
Transfer (to)/from the stabilization reserve	(2.40)	4.06	(5.24)	(1.62)
Transfer (to)/from continuing appropriations	(2.65)	(9.36)	-	-
Transfer (to)/from the General Fund	-	-	-	(3.00)
Transfer (to)/from unallocated	1.82	19.39	(18.64)	0.03
Total allocated	(3.23)	14.09	(23.88)	(4.59)
Education fund reserves				
Budget stabilization reserve****	<u>37.03</u>	<u>32.98</u>	<u>38.22</u>	<u>39.84</u>
Statutory reserve at 5%	37.03	32.98	38.22	39.84

*Results may not add due to rounding.

** Lottery, Meals and Room Tax, Sales and Use Tax, Purchase and Use Tax, and Fund Interest revenues are reflected as adopted by the Vermont Emergency Board in January 2021. The remaining revenue sources and spending plan are primarily taken from a December 2020 agreement involving the Agency of Education, the Joint Fiscal Office, the Vermont Department of Taxes, and the Secretary of Administration, with revised estimates from the Agency of Education in January 2021. Of note:

The Lottery estimate contains two Governor's initiatives - \$3M for keno and \$2.5M for iLottery.

The spending plan includes one Governor's initiative - \$3.34M for Community High School of Vermont.

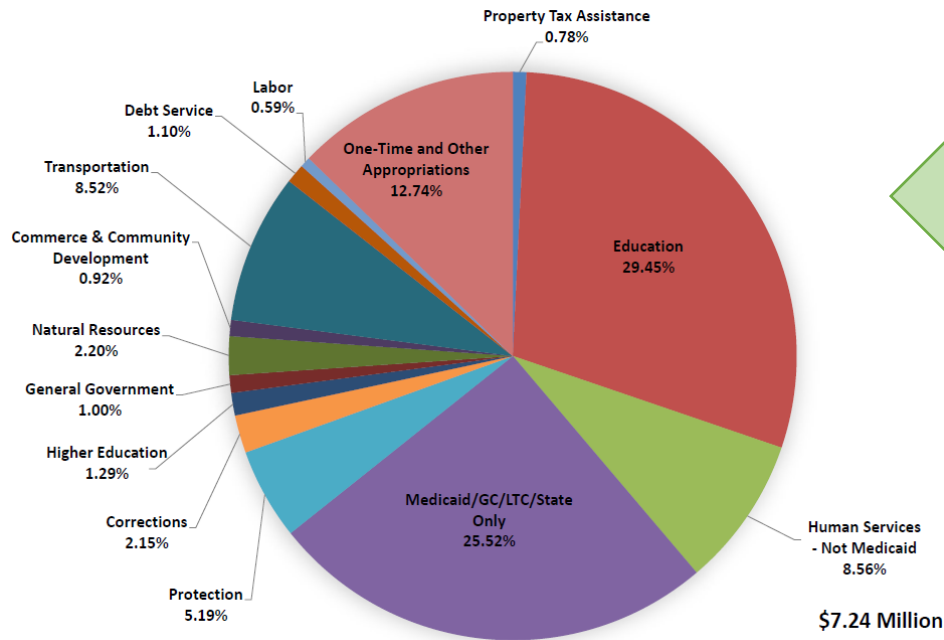
The transfer of \$3M to the General Fund is a Governor's Initiative associated with the keno revenue.

***FY 2021 uses include a proposed \$8.7M reduction in the Administration's proposed Big Bill C.101 language. This reduction is not included in other artifacts within the FY 2022 Executive Budget Summary Book.

****Only the Budget stabilization reserve component of the Education Fund balance is reflected in this statement.

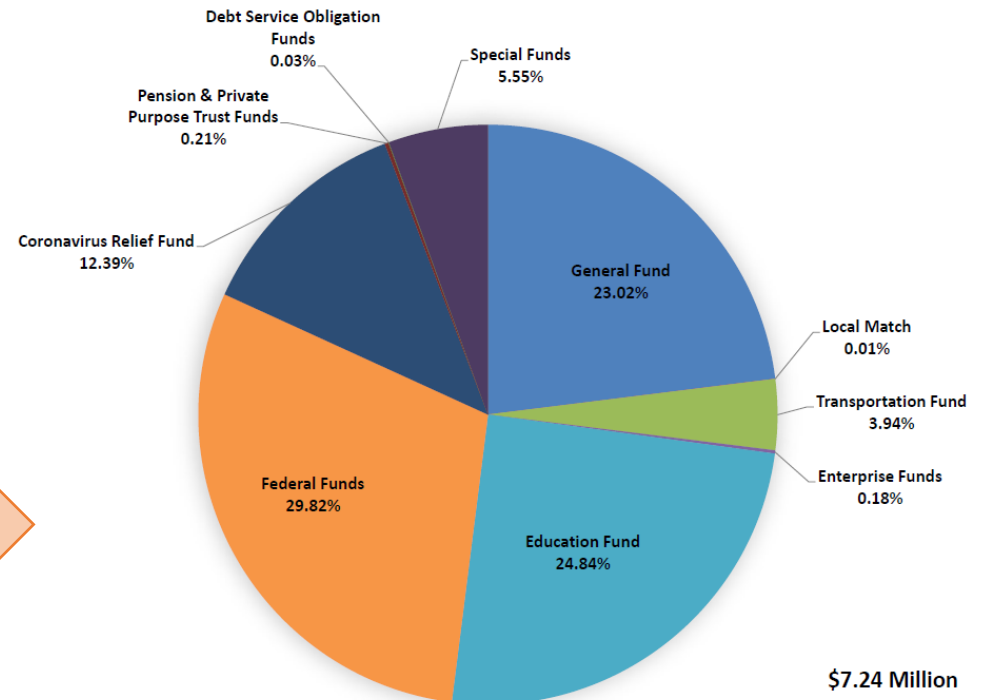
FY 2021 BUDGET ADJUSTMENT RECOMMENDATION (BAA)

FY 2021 BAA—Pie Charts—Function and Fund



**FY 2021 Governor's BAA
Recommendations by Function**

**FY 2021 Governor's BAA
Recommendations by Fund**



FY 2021 Budget Adjustment Worksheet by Fund (Initial and Supplemental)

2020 Act. 154 Sec. #	Appropriation Title	General Fund	Coronavirus Relief Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds (includes ARRA)	Dedicated Funds ⁽²⁾	Other Funds ⁽³⁾	Total
		1,669,497,660	889,628,804	288,194,570	1,800,256,714	383,891,334	1,586,303,216	17,078,501	2,145,141,387	31,580,955	230,135,406	9,041,708,547
General Government												
B.140	Municipal current use	135,500										135,500
Total General Government		135,500	0	0	0	0	0	0	0	0	0	135,500
Protection												
B.209	Public safety - state police	402,000										402,000
B.238	Liquor control - enforcement and licensing	15,000										15,000
Total Protection		417,000	0	0	0	0	0	0	0	0	0	417,000
Human Services												
B.300	Human services - agency of human services - secretary's office	804,443	3,393,180						1,602,615			5,800,238
B.301	Secretary's office - global commitment	(1,690,476)							11,460,082		(2,082,779)	7,686,827
B.306	Department of Vermont health access - administration	331,095					2,500,000					2,831,095
B.307	Department of Vermont health access - Medicaid program - global commitment						15,821,319					15,821,319
B.309	Department of Vermont health access - Medicaid program - state only	(1,594,018)					(11,895,711)					(13,489,729)
B.310	Department of Vermont health access - Medicaid non-waiver matched	(22,604)							(70,004)			(92,608)
B.311	Health - Administration and Support	1,497,547										1,497,547
B.312	Health - Public Health	1,451,825										1,451,825
B.313	Health - Alcohol and Drug Abuse Programs	154,474										154,474
B.314	Mental health - mental health	205,718	203,659				517,664				610,977	1,538,018
B.316	Department for children and families - administration & support services	1,276,863				190			129,040		130,064	1,536,157
B.317	Department for children and families - family services	470,910					630,000		273,968		(72,449)	1,302,429
B.318	Department for children and families - child development	(4,847,205)							202,454			(4,644,751)
B.319	Department for children and families - office of child support	33,677										33,677
B.320	Department for children and families - aid to aged, blind and disabled											
B.321	Department for children and families - general assistance	250,000									15,063,120	15,313,120
B.323	Department for children and families - Reach Up	(4,108,847)										(4,108,847)
B.325	Department for children and families - Office of economic opportunity	11,363										11,363
B.327	Department for children and families - woodside rehabilitation services	1,904,861					30,000					1,934,861
B.329	Disabilities, aging, and independent living - administration & support	132,478										132,478
B.330	Disabilities, aging, and independent living - advocacy and independent living grants	13,340					599,907					613,247
B.333	Disabilities, aging, and independent living - developmental services						345,374					345,374
B.334.1	Disabilities, aging, and independent living - long term care						914,457					914,457
B.338	Corrections - correctional services	(5,142,656)										(5,142,656)
B.342	Vermont Veterans Home		643,000			870,739						1,513,739
Total Human Services		(8,867,212)	4,239,839	0	0	870,929	9,463,010	0	13,598,155	0	13,648,933	32,953,654
Education												
B.500	Education - finance and administration								3,500,000			3,500,000
Total Education		0	0	0	0	0	0	0	3,500,000	0	0	3,500,000

2020 Act. 154 Sec. #	Appropriation Title	General Fund	Coronavirus Relief Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	State Health Care Resources Fund	Federal Funds (includes ARRA)	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds	Total
		1,669,497,660	889,628,804	288,194,570	1,800,256,714	383,891,334	1,586,303,216	17,078,501	2,145,141,387	31,580,955	230,135,406	9,041,708,547
Natural Resources												
B.700	Natural Resources - Agency of Natural resources - Administration	1,000,000										1,000,000
B.702	Fish and wildlife - support and field services	45,000										45,000
Total Natural Resources		1,045,000		0	0	0	0	0	0	0	0	1,045,000
Transportation												
B.901	Transportation - aviation			(26,240)								(26,240)
B.903	Transportation - program development								1,600,000			1,600,000
B.907	Transportation - rail			(3,350,000)					(3,200,000)			(6,550,000)
B.910	Department of Motor Vehicles	138,000		750,000								888,000
B.919	Transportation - municipal mitigation assistance program					650,715						650,715
Total Transportation		138,000	0	(2,626,240)	0	650,715	0	0	(1,600,000)	0	0	(3,437,525)
One-time Expenditures and Other Appropriations												
	AHS-VT Legal Aid for electronic filing fees		75,000									75,000
	ACCD - Economic Development Grant Program	6,150,000										6,150,000
	Vermont State Colleges		3,600,000									3,600,000
Total One-Time and Other Appropriations		6,150,000	3,675,000	0	0	0	0	0	0	0	0	9,825,000
Total Appropriation Changes		(981,712)	7,914,839	(2,626,240)	0	1,521,644	9,463,010	0	15,498,155	0	13,648,933	44,438,629
Total Adjusted Appropriations		1,668,515,948	897,543,643	285,568,330	1,800,256,714	385,412,978	1,595,766,226	17,078,501	2,160,639,542	31,580,955	243,784,339	9,086,147,176
Transfers												
	Transfer to Parks Special Fund	1,200,000										1,200,000
	Reversion from Environmental Conservation - Office of Waters Programs to Clean Water Fund					(650,715)						(650,715)
	Reversion from Dept. of Health - Adminstration to General Fund	(252,948)										(252,948)
Total Uses Including Transfers		1,669,463,000	897,543,643	285,568,330	1,800,256,714	384,762,263	1,595,766,226	17,078,501	2,160,639,542	31,580,955	243,784,339	9,086,443,513
FY 2021 Total Unduplicated Appropriations												7,246,892,948
(1) Special Funds include: Special, Tobacco, TIB and Fish & Wildlife funds. (2) Dedicated funds include: Local Match, TIB Proceeds, TIB Debt Service, Pension & Trust Funds, Retired Teachers Health Fund, and Enterprise Funds. (3) Other Funds include: Internal Service Funds and Interdepartmental Transfers.												

OTHER REQUIRED REPORTS

Tax Expenditure Report

Tax expenditures are statutory provisions that reduce the amount of revenue collected to encourage certain activities or to limit the tax burden on certain types of individuals. By reducing the amount of tax revenues collected by the government, tax expenditures can have the same fiscal impact as direct government expenditures, even though they appear as reductions in taxes.

Tax expenditures, however, differ from direct spending programs in one important respect. Direct appropriations for government programs are evaluated annually during the budget process, and the Legislature must take affirmative action to continue funding. Additionally, direct spending programs are itemized in the budget and are therefore more transparent to the public. Tax expenditures usually represent permanently foregone revenue and are not evident in the state budget or subject to the same annual review process.

Annual Tax Expenditure Budget reporting is codified under 32 V.S.A. § 306. The schedule for reporting is segregated into the following categories:

- (1) A budget covering tax expenditures related to non-profits 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.

This year's Tax Expenditure Budget Report covers tax expenditures related to charitable organizations and miscellaneous expenditures. The budget is shown on the following two charts first sorted by related department and second sorted by tax category.

Non-Profit & Charitable Organization Tax Expenditure Budget Report by Type				
Agency/ Dept.	Tax Expenditure Category	FY 2020 Estimate	FY 2021 Forecast	FY 2022 Forecast
TRE	Vermont Municipal Bond Income	2,060,000	2,020,000	2,000,000
ACCD	Qualified Sale of Mobile Home Park Credit	*	*	*
HED	Vermont Higher Education Investment Credit	3,610,000	3,740,000	4,000,000
	Individual Income Tax Expenditure - Subtotal	\$5,670,000	\$5,760,000	\$6,000,000
AGFM	Veterinary Supplies	230,000	230,000	230,000
TAX	Rentals of Coin-Operated Washing Facilities	1,260,000	1,300,000	1,340,000
ACCD	Admission Fees to Nonprofit Museums	2,870,000	2,880,000	2,890,000
	Sales & Use Tax Expenditures - Subtotal	\$4,360,000	\$4,410,000	\$4,460,000
ACCD	Fraternal Societies	100,000	110,000	110,000
AHS	Hospital and Medical Service Organizations	13,820,000	13,770,000	13,710,000
	Insurance Premiums Tax Expenditures - Subtotal	\$13,920,000	\$13,880,000	\$13,820,000
TAX	Religious, Charitable, or Volunteer Fire	200,000	210,000	220,000
TAX	Gifts	3,560,000	3,640,000	3,720,000
TAX	IRC Sec. 351	30,000	30,000	30,000
AOT	Trade-in Allowance	34,900,000	36,350,000	37,860,000
	Motor Vehicle Purchase & Use Expenditures - Subtotal	\$38,690,000	\$40,230,000	\$41,830,000
AHS	Non-Profit Medical Service Corporations	150,000	150,000	150,000
HED	Vermont State Colleges	6,220,000	6,280,000	6,340,000
HED	University of Vermont	12,570,000	12,700,000	12,840,000
ACCD	Libraries	850,000	860,000	870,000
TAX	Congressionally Chartered Organizations	830,000	840,000	850,000
TAX	Public, Pious, and Charitable Property	55,170,000	55,970,000	56,780,000
ACCD	YMCA and YWCA	220,000	230,000	240,000
ACCD	Cemeteries	650,000	660,000	670,000
AGFM	Owned by Agricultural Societies	510,000	510,000	510,000
AGFM	Humane Societies	120,000	120,000	120,000
AHS	FQHC and RHC	440,000	440,000	440,000
PSD	Municipalities Hosting Large Power Plants	640,000	590,000	540,000
	Property Tax Expenditures - Subtotal	\$78,370,000	\$79,350,000	\$80,350,000
GRAND TOTAL		\$141,010,000	\$143,630,000	\$146,460,000

In accordance with 32 V.S.A. § 306, the FY 2022 Tax Expenditure Budget covers "tax expenditures related to nonprofits and charitable organizations and... miscellaneous expenditures." The budget does not include tax expenditures that are not included in the biennial tax expenditure report due to a lack of data. Tax expenditures related to Vermont's human services and those related to economic development will be reported in the next two years.

Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 have been suppressed by "**."

Non-Profit & Charitable Organization Tax Expenditure Budget Report by Department				
Tax Type	Tax Expenditure Category	FY 2020 Estimate	FY 2021 Forecast	FY 2022 Forecast
Individual Income	Qualified Sale of Mobile Home Park Credit	*	*	*
Sales & Use	Admission Fees to Nonprofit Museums	2,870,000	2,880,000	2,890,000
Insurance Premiums	Fraternal Societies	100,000	110,000	110,000
Property Tax	Libraries	850,000	860,000	870,000
Property Tax	YMCA and YWCA	220,000	230,000	240,000
Property Tax	Cemeteries	650,000	660,000	670,000
	Agency of Commerce & Community Development - Subtotal	\$4,690,000	\$4,740,000	\$4,780,000
Sales & Use	Veterinary Supplies	230,000	230,000	230,000
Property Tax	Owned by Agricultural Societies	510,000	510,000	510,000
Property Tax	Humane Societies	120,000	120,000	120,000
	Agency of Agriculture - Subtotal	\$860,000	\$860,000	\$860,000
Insurance Premiums	Hospital and Medical Service Organizations	13,820,000	13,770,000	13,710,000
Property Tax	Non-Profit Medical Service Corporations	150,000	150,000	150,000
Property Tax	FQHC and RHC	440,000	440,000	440,000
	Agency of Human Services - Subtotal	\$14,410,000	\$14,360,000	\$14,300,000
Motor Vehicle P & U	Trade-in Allowance	34,900,000	36,350,000	37,860,000
	Agency of Transportation - Subtotal	\$34,900,000	\$36,350,000	\$37,860,000
Individual Income	Vermont Higher Education Investment Credit	3,610,000	3,740,000	4,000,000
Property Tax	Vermont State Colleges	6,220,000	6,280,000	6,340,000
Property Tax	University of Vermont	12,570,000	12,700,000	12,840,000
	Higher Education - Subtotal	\$22,400,000	\$22,720,000	\$23,180,000
Property Tax	Municipalities Hosting Large Power Plants	640,000	590,000	540,000
	Public Services Department - Subtotal	\$640,000	\$590,000	\$540,000
Sales & Use	Rentals of Coin-Operated Washing Facilities	1,260,000	1,300,000	1,340,000
Motor Vehicle P & U	Religious, Charitable, or Volunteer Fire	200,000	210,000	220,000
Motor Vehicle P & U	Gifts	3,560,000	3,640,000	3,720,000
Motor Vehicle P & U	IRC Sec. 351	30,000	30,000	30,000
Property Tax	Congressionally Chartered Organizations	830,000	840,000	850,000
Property Tax	Public, Pious, and Charitable Property	55,170,000	55,970,000	56,780,000
	Tax Department - Subtotal	\$61,050,000	\$61,990,000	\$62,940,000
Individual Income	Vermont Municipal Bond Income	2,060,000	2,020,000	2,000,000
	Treasurer's Office - Subtotal	\$2,060,000	\$2,020,000	\$2,000,000
GRAND TOTAL		\$141,010,000	\$143,630,000	\$146,460,000

In accordance with 32 V.S.A. § 306, the FY 2022 Tax Expenditure Budget covers "tax expenditures related to nonprofits and charitable organizations and... miscellaneous expenditures." The budget does not include tax expenditures that are not included in the biennial tax expenditure report due to a lack of data. Tax expenditures related to Vermont's human services and those related to economic development will be reported in the next two years.

Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 have been suppressed by "**."

Retirement Systems Financial Integrity Report

As specified in 32 V.S.A. §311, the following is a report on the financial integrity of the State Employees' and State Teachers' Retirement Systems.

Contribution Levels

VSERS

As a result of the June 30, 2020 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a FY 2022 contribution of \$119,967,770 to the pension plan (VSERS pension) and \$109,708,031 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan.

The State's VSERS pension contribution is offset by \$1,350,000, based on the Treasurer's estimate of FY 2022 contributions to VSERS by town participants, slightly reducing the state contribution to \$118,617,770.

The State's contribution to the VSERS OPEB during FY 2022 will be \$37,206,521, consisting of \$37,086,521 which is the Treasurer's December estimate of VSERS retiree benefit costs on a pay-as-you-go basis, plus \$120,000 for the State Employee retiree life insurance premiums, as estimated by the State Treasurer's Office.

The Governor's recommended FY 2022 budget has set aside funds with the intent of funding the needed VSERS pension and VSERS OPEB pay-go contributions in full.

VSTRS

As a result of the June 30, 2020 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) recommended a FY 2022 contribution of \$196,206,504 to the pension fund (VSTRS pension) and \$102,153,408 to the Retired Teachers' Health and Medical Benefits (VSTRS OPEB) fund.

The FY 2022 VSTRS contribution of \$196,206,504 will be funded by \$152,045,711 of State general funds, \$37,600,918 of State education funds and \$6,559,875 from local education agencies for teacher salaries supported by federal grants. Of the \$6,559,875, \$1,300,615 will be applied to the normal cost, and \$5,259,260 will be applied to the unfunded liability.

The Treasurer's December 2020 estimate for VSTRS OPEB costs on a pay-as-you-go basis is \$42,569,048. That amount will be contributed to VSTRS OPEB during FY 2022, using \$35,093,844 of State general funds and \$7,475,204 from other sources projected by the Treasurer, including \$4,108,428 from the employer annual charge for new teacher health care and \$2,951,944 from subsidies under the Employee Group Waiver Plan (EGWP), which was implemented in 2014.

Funding Levels

State statutes define the method of funding the retirement systems, which is assessed and reported by an independent actuary. Based on the actuarial valuation, the funded ratios (and resulting unfunded liability) for the VSERS and VSTRS pension systems for the period ended June 30, 2020 are 63.81% (\$1,111,186,438 unfunded liability) and 50% (\$1,951,128,430 unfunded liability) respectively. The funded ratios (and resulting unfunded liability) for the VSERS OPEB and VSTRS OPEB plans for the period ended June 30, 2020 are 3.88% (\$1,425,377,649 unfunded liability) and 0.69% (\$1,259,400,309 unfunded liability), respectively. The pension system (VSERS and VSTRS) values are derived using the GASB 67 accounting standard actuarial valuations, and the OPEB system values are derived from the GASB 74 actuarial valuations, all of which are produced by the State's actuary.

APPENDIX A: PUBLIC COMMENTS

Categories of responses

Invest in quality, affordable childcare – 122
Increase wages for early childhood educators – 119
Increase investments in youth mentoring programs – 23
Add funding for the VT Foodbank – 14
Universal afterschool programs around the state – 8
Increase funding for Parent Child Centers – 4
Affordable housing – 3
Fully fund the Farm-to-School grant programs – 3
Expand broadband infrastructure – 2
Fund UVM and the VSC system – 1
Do not allow VSAC portability – 1
Raise state property tax on second homes and AirBnB's – 1
Continue making grants available to small businesses – 1
Fund marketing campaigns for outdoor recreation – 1

Selected Quotes from Respondents:

“As an individual, I would love to stay in Vermont and raise a family; however the cost of child care and subsidy make it unaffordable for my family to have a child, if I continue teaching in early care and education. This breaks my heart, as I know that my contribution to the field is important as well, having both a bachelor's degree in Early Childhood Education and a master's in Educational Leadership, and over a decade of experience. The stress of inadequate funding and wages have been straining the system from both sides for far too long, and we must look ahead by investing in supports for families, educators, and the system now.”

“Throughout the years I have struggled considerably to find affordable, quality childcare and as a result was forced to stay home, or only accept low-hour per week part-time jobs. I am now married, and have two children, and am in my mid-30s and have little career to speak of because of this issue. I have never been able to obtain full-time employment as the lack of access to quality childcare, as well as affordable childcare is extremely limited in the area I live in. I am not the only one. So many women I know personally have quit jobs in order to care for their children as there is a severe lack of daycare, and after school options.”

“VT children are already bearing some tough times and children in the mentoring program need additional support beyond their families to continue to navigate through their teen years with strong mental, emotional health. Please continue to support the mentoring programs.”

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Fiscal Year 2022 Executive Budget Summary

is a publication of the Vermont Department of Finance & Management

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Ethan Latour, Deputy 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 2022 Budget Recommendations of Governor Philip B. Scott.

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