Public Budget Forum

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Date:
Tuesday, October 14, 2014
Fiscal Overview

- Budget Basics
  - Where does the money come from?
  - Where does the money go?

- FY16 and Beyond
  - The Budget Process
  - The Next GF Budget Gap

- Final Thoughts – Questions
The budget incorporates both the spending and the revenue sides of the fiscal equation.

Vermont has a very good base revenue projection process. But revenue changes will always be difficult …

Annual spending pressures continue – but the base will be looked at …

Budget growth is ultimately a function of economic activity and personal income growth.

What is the New Normal – constant fiscal pressure but a more volatile funding environment
Basic Budget Dynamics

- Total was $4.1B in FY08 now to $5.6B in FY15
  - Average annual growth 3.3% since FY10

- GF is now 26% of total (down from 30%)
  - GF growth has averaged 5.8% since FY10 – slowed in recent years

- Federal Funds now 35% of total (up from 30%)
  - Base FF growth has averaged 6.4% since FY10
FY2015 Post Rescission Budget, by Government Function ($5.6 billion)

- Transportation: 11.93%
- K–12 Education: 32.01%
- GC – Medicaid & Long Term Care: 28.67%
- Human Services (non-Medicaid): 10.41%
- Protection of Person & Property: 5.28%
- Corrections: 2.54%
- Higher Education & Other: 1.58%
- General Government: 1.83%
- Natural Resources: 1.71%
- Commerce & Community Development: 1.29%
- Debt Service: 1.29%
- Labor: 0.55%
- Other: 0.17%
- Property Tax Assistance: 0.75%
FY 2015 Post Rescission Budget – General Fund = $1.4 Billion
FY16 and Beyond

- The Budget Process

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

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

- Administration will need to balance demands to revenues available
Thank You for your Participation!

- Questions?

- This presentation will be available at: http://finance.vermont.gov

- Written testimony can be mailed to Commissioner Reardon with the subject of FY 2016 Public Budget Development to 109 State Street, 5th Floor, Montpelier, VT 05609–5901

- Answer our survey.
  - Go to http://www.surveymonkey.com/s/SBPYK89