

State of Vermont
Agency of Administration
Department of Finance & Management
Pavilion Office Building
109 State Street, 5th Floor
Montpelier, VT 05609-0201
www.finance.vermont.gov

[phone] 802-828-2376
[fax] 802-828-2428

Adam Greshin, Commissioner

TO: Agency Secretaries, Commissioners, Department Heads and Business Managers
FROM: Adam Greshin, Commissioner, Department of Finance & Management
RE: FY2023 Budget Development Guidelines and Initial Submissions
DATE: August 23, 2021 **Adam Greshin** Digitally signed by Adam Greshin
Date: 2021.08.20 13:52:14 -04'00'

The Governor’s policy goals for the FY23 budget are aligned with the State Strategic Plan to grow the economy, make Vermont more affordable, build safe and healthy communities, and improve efficiency and accessibility of state government. The breakthrough indicators outlined in the Plan will continue to be primary measures of our progress in these areas. Budget proposals will be viewed exclusively through this lens.

The Governor ended Vermont’s COVID-19 state of emergency on June 15th, however, the lingering impact of the pandemic, particularly the unprecedented federal stimulus, is still powering state revenues. The General Fund, the Education Fund and the Transportation Fund all ended the year in surplus. The General Fund surplus was over \$200 million, and that followed a substantial upgrade to forecasted revenues in January. We can’t know the duration nor the magnitude of future federal stimulus, but we do know that at some point, state revenues will revert to the normal pattern of slow, uneven growth. For this reason, we must be mindful of growth in base spending that exceeds our economy’s long term growth potential.

In this fluid environment, agencies and departments are asked to submit budgets that grow no greater than 3% based on FY2022 General Fund “As Passed” appropriations. This figure acknowledges salary and benefits pressures experienced across state government, along with rising internal service fund costs. Even with a 3% increase, however, departments will need to prioritize spending and focus resources on their most important initiatives. In keeping with the Governor’s directive to orient our work toward the State Strategic Plan, budget proposals should clearly prioritize investments that measurably expand private sector economic activity and/or lower costs for households and employers.

Key Background

On July 30, the Emergency Board adopted a revenue forecast which predicts revenues will continue to grow, albeit at a slower pace than the latter half of FY2021 and early in FY2022. This revenue forecast establishes our budgeting parameters.



While FY2023 will look like a typical budget year, and the revenue forecast will be the primary driver behind budgetary growth, Vermont's economic fundamentals are still experiencing pandemic-related disruptions.

- **Economic Recovery**

Vermont's high vaccine uptake has driven relatively low rates of COVID-19 infection which allows a return to a pre-pandemic lifestyle. This is a critical contributor to economic recovery. And while Vermont is a national leader in COVID-19 response, many economic sectors have yet to regain pre-COVID levels of activity.

Tourism and hospitality, a critical component of Vermont's economy, is still lagging its pre-pandemic level of activity. Coupled with an increasingly competitive labor market and growing concerns around the Delta variant of COVID-19, businesses in this sector continue to struggle. This will affect the state budget, as it relates to both direct revenues (rooms and meals taxes) and indirect revenues (personal income, corporate income) from these businesses.

Vermont's macroeconomic indicators generally point to a healthy economy. Wage growth and gross state product are booming. However, there are about 27,000 fewer people in the labor force than before the pandemic. This is not due to generous unemployment programs – Vermonters receiving unemployment benefits are in fact counted in our labor force. These are Vermonters who have left the workforce completely, tightening an already tight labor market. And while low unemployment is preferable to the alternative, lower workforce participation is a real barrier to economic growth.

- **Federal Response**

Concerns around a pandemic-related recession have been quelled by federal fiscal and monetary stimulus. Congress has authorized three major spending bills – the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act – which have provided approximately \$2.3 billion to state government for pandemic management and recovery. These bills also provided several billion more in funding to Vermont's public/nonprofit institutions, such as our hospitals and schools, and established similar grant and loan programs for businesses.

Additional federal funding through an infrastructure bill is on the horizon. The long-term impact of this extraordinary federal stimulus is unknown, but in the short term it generates the revenue to support moderate growth in state spending in the upcoming year.

- **Vermont's Fiscal Fundamentals**

In August 2020, the state's economists projected a stark revenue picture which provided the backdrop to the Governor's FY2022 recommended budget. However, those projections



underestimated the impact of federal policy on Vermont revenue: General Fund revenues alone outperformed the August projection by almost \$400 million. As you may recall, it left us with the question of what to do with all this one-time money. One thing we did was park it in reserves. The General Fund Stabilization Reserve and the Balance Reserve (the “Rainy Day Fund”) are both at their statutory maximums. This is also the case with the Education Fund and the Transportation Fund, both of which are carrying surpluses into FY22.

This good news has not solved our structural budgetary challenges. Employee retirement costs, most of which are paid by the General Fund, continue to outpace even staggering revenue growth. Furthermore, while the labor market is tight and wage growth is surging, caseloads in our Medicaid program are increasing.

Budget Development Process and Timeline

Initial FY2023 budget proposals, FY2022 budget adjustment proposals and FY2022 capital bill adjustment proposals are due to the Governor on Friday, September 24th.

For budget development, please assume a 3% increase in internal service fund (ISF) charges. Finance & Management will communicate potential changes as more information on pension obligations and insurances becomes available. Our goal will be to finalize ISF budgets early in the process, which will enable ISF departments to provide allocations to field departments at the earliest possible time. Keep in mind, however, that insurance- and pension-related requirements depend upon the completion of actuarial analysis. Ideally, General Fund allotments for ISFs will accompany the allocations, but the allotments could be delayed depending on the overall General Fund outlook during the fall.

Guidance

Detailed information about requirements and assumptions is included in the attached *Instructions Supplement*. Here are a few key elements:

- **General Guidance** – Please include proposed expenditures, anticipated special fund revenues, and any proposals for new or increased revenue – taxes, fees, etc. – that are incorporated into your budget. Given the enhanced revenue environment and substantial federal stimulus funds, the Governor does not expect to review many proposals for higher taxes or fees.
- **FY2022 Base Spending** – *Please confirm with your budget analyst your department’s FY2022 As Passed base appropriation.* This will be the starting point for measuring changes to spending.
- **ARPA** – *American Rescue Plan Act, Coronavirus State Fiscal Recovery Funds* proposals will be considered one-time expenditures and should not be included in the base budget proposals. ARPA spending proposals for FY2023 will be developed with the interagency



task forces and presented with the Governor's budget. More information on this topic will be forthcoming.

- **Policy Proposals** – Include a legislative initiative template and a completed equity impact assessment. These should also be submitted as policy proposals to the Governor's Office.
- **Position Requests** – New position requests will be evaluated based on their relationship to strategic priorities and available funds. When making a position request, reclassification of a vacant position should be considered first. New position requests must include position description, cost and source of funds. Please incorporate the full cost associated with a new position.
- **Technology Needs & Projects** – Budget requests for new IT projects should include an IT ABC Form and a Legislative Initiative Template for review by the Governor's Office. All technology requests will be provided to ADS for review prior to presentation to the Governor.
- **Federal Funding** – For the purposes of your submission, in the absence of reliable information, use current federal funding levels. If your agency/department has reasonable certainty that changes in federal funding will occur, you may incorporate those changes into your presentation along with potential federal match requirements. Anticipated reductions in federal funding should be met by corresponding reductions, preferably in associated limited service positions and administrative expenditures.
- **Capital Budgeting** – For specific details on your FY2022 Capital Budget Adjustment submission, please refer to the Capital Budget Adjustment instruction memo sent under separate cover from the Secretary of Administration. Agencies and departments that submit capital budget requests are strongly encouraged to submit those requests with their operating budget. Any operating cost impacts resulting from your capital budget adjustment request should be included and clearly identified in your operating budget submission.

Aligning with the State Strategic Plan

Budget submissions must align with the state's 5-year Strategic Plan (see also: <https://strategicplan.vermont.gov/>). Initiatives consistent with the Strategic Plan should be included in your materials and highlighted. More detailed information about requirements and assumptions is included in the attached *Instructions Supplement*.

Budgeting with an Equity Lens

Equity is a foundational element of government work, and the state's commitment to a more just Vermont includes budgeting for equity. Last fall we introduced a tool to assist budget and policy staff in their assessment of new initiatives. The Equity Impact Assessment (EIA) tool poses key questions to help identify any blind spots or disparate outcomes in the delivery of our services. The EIA, which must be completed for all new initiatives and any substantive changes in service



delivery, will focus on key areas including stakeholders and impacted populations, disparate benefits and burdens, data collection and metrics, language accessibility, and multi-sectoral collaboration. This tool is multi-faceted, and by incorporating it into our regular practice, we will ensure our programs are built with an equity lens.

Budget Review Meetings

Budget review meetings will begin on September 27th and conclude end-October. Meetings will begin with the ISF departments in order to finalize ISF budgets as early as possible.

Performance Measure Reporting

Three years ago, we began including performance measure reporting with departments' legislative budget presentations. For programs with *Programmatic Performance Measure Reports*, the Legislature had direct access to performance measure results as they made their budget decisions. We have continued this initiative during the past two years, refining and expanding the list of selected programs to align with the Governor's strategic plan (and associated program definitions, as they are finalized).

For FY2023, all departments are expected to report performance measure information for two new programs at a minimum (and encouraged to do more if they are able). Should you need assistance in defining program measures, please reach out to Justin Kenney, interim Chief Performance Officer – Justin.Kenney@Vermont.Gov.

Budget Submissions

Please submit initial budget proposals for FY2023 to the Governor by Friday, September 24th, 2021. Budget submissions to the Governor are made via the Secretary of Administration using the e-mail folder ADM.budget@vermont.gov.

Thank You

Finance and Management is grateful for your efforts to develop and support the Governor's Recommended Budget and we look forward to working with agencies and departments in this process. Please contact your budget analyst with questions or requests.



FY 2023 BUDGET and FY 2022 BUDGET ADJUSTMENT
INSTRUCTIONS SUPPLEMENT
Department of Finance & Management
Budget & Management Division

Issued: August 23, 2021

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A. FY 2023 Budgets

These budget instructions offer guidance in preparing responses to the Governor’s budget initiatives for FY 2023. **Departments must provide budget requests at no more than a 3% increase from your FY 2022 “As Passed” appropriations.**

Summary Responses must be approved by the Agency Secretary and Commissioner or the exempt head of your Department or Office, and **must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder ADM.budget@vermont.gov by September 24, 2021.** (See the “[Budget Development Timetable](#)” at end of this document for a complete list of due dates.) Responses should be submitted on the “Budget Development Form” – Attachment B. This form can be supplemented with a narrative response as appropriate, which must include any major policy initiatives that will be submitted to the appropriate Governor’s Office Liaisons.

Please keep in mind that Vermont budgets and controls its financial activities on the cash basis of accounting (in contrast to the State’s audited financial statements, which are based on accrual accounting and modified accrual accounting). Your budget submission should reflect the actual entries that are expected to post to VISION during fiscal year 2023. Some departments use accrual accounting in their internal reporting processes, which may result in confusion when referring to prior year actual data displayed on Vantage forms and reports.

1. Funding Levels:

Departments with Coronavirus Relief Fund (CRF) in their FY2022 base should assume an FY2023 GF base spending level inclusive of CRF. If you have questions about your FY 2023 General Fund target amount, please consult your budget analyst.

Special fund spending authority should correspond with available revenues. As always, federal funding should be conservatively estimated, cognizant of current Federal actions and prospects. Please be particularly mindful of any potential reductions to your federal grants. Do not assume federal reductions will be covered with increased General Funds. Please assume these funds will not be replaced unless you can demonstrate they meet a critical State policy goal.

If you expect reduced special funds or federal funds, your budget must reflect a corresponding reduction in associated limited-service positions and administrative expenses.

2. Salaries, Benefits, ISFs, ADS:

a. Cost of Salaries and Vacancy Savings in FY 2023

The Vantage budget system reflects the annualized cost of the step increases that are expected to take place during FY 2022 for classified positions. The salary changes that are expected to take place *during* FY 2023 are handled separately (i.e., under the Pay Act) and are not to be included in the FY 2023 budget request.

The salary and benefits budget figures provided by the Vantage Salaries and Benefits Forecasting System (SBFS) represent the sum of all salary and benefit costs for all positions defined within an organization. The budgeting of Vacancy Savings should reflect a best possible estimate of savings (salary and benefit costs combined) resulting from positions in SBFS that are not expected to be filled for part (or all) of FY 2023 (please see section “b” below for guidance on benefit rate assumptions).

If Vacancy Savings budget submissions appear to be inconsistent with your department's historical trend of savings related to position vacancies, please be prepared to justify your assumptions during budget review.

b. Health care and dental premium costs and other benefit rates:

We will centrally install the benefit rates on the Vantage budget system for FY 2023 benefit calculations. New retirement and benefit rates are not yet determined, but we will work with DHR and the Treasurer's office to provide these rates as early as possible during the budget development process. For the September 24 initial budget submission, please assume these rates to be flat with the FY2022 actual levels. Please note that this will require using 25.5% for retirement rate (as opposed to the rate of 21.4% that was used for the FY 2022 budget). Please also note that the retirement rate must be absorbed within the overall 3% budget increase.

Please clearly identify retirement rate increase as a line item on your "Budget Development Form" – Attachment B.

During FY2022 budget development, the retirement rate built into departmental budgets was kept flat with the FY2021 rate of 21.4% due to uncertainties related to retirement system reform efforts, with the actual increase to be handled via the FY2022 Pay Act request process. For FY2023 budget development, this will not be the case, and the actual rate will be built into departmental budgets.

c. Internal Service Funds (ISFs):

Departments are responsible for budgeting their ISF charges. As a reminder, those ISF charges are listed below. For the purposes of your September 24 submission, please assume a 3% increase of the gross allocated charge to your department. We will send ISF allocations to Departments as early as possible in the budget development process. As such, we will schedule budget meetings first with those departments that manage the State's ISFs.

Please clearly identify ISF increase as a line item on your "Budget Development Form" – Attachment B.

ISF:	VISION/Vantage Expense Account Code:	VISION/Vantage Expense Account Name:	ISF department responsible for determining allocation:
Worker's Compensation Fund	505200	Workers Comp - Ins Premium	AOA-FIN
State Liability Fund	516010	Insurance - General Liability	AOA-FIN
Property and Commercial Insurance Fund	516000	Insurance other than Employee Benefits	AOA-FIN
Facilities Operations Fund (Fee for Space)	515010	Fee for Space Charge	BGS

Communications & Information Technology Fund (CIT)	516685	ADS Allocation Exp	ADS
Human Resources Fund	519006	Human Resources Services	DHR
Financial and Human Resource Information (VISION) Fund	516671	IT Inter Svc Cost-VISION/ISD	DFM

Departments must utilize the correct expense code lines when budgeting their ISF charges which will allow us to verify these costs are fully budgeted state-wide. Please take care to budget the ADS allocation properly relative to the ADS SLA charge (and any new IT initiatives). See further ADS discussion below.

d. ADS Budgeting Guidance:

Pursuant to Executive Order No 06-17, Finance & Management has worked with the Agency of Digital Services to better manage, quantify, and report IT spending in state government. As part of this effort, in the FY23 budget submission, please be sure to align your budget to the account codes specified in Attachment E for all planned IT costs.

3. Budget Review Process and Supporting Materials:

a. Budget Review:

Beginning on September 27, Finance & Management will meet with every department for an initial review of its budget submission. Finance & Management will contact you to schedule meetings with Commissioner Greshin and his team. Submissions must be approved by your Commissioner or the exempt head of your agency, department, or office.

b. Restructuring and Reductions:

Restructuring and/or reductions to on-going programs may be necessary to achieve the 3% budget increase target. Any combination of proposals may be considered.

Please itemize the restructuring and/or reductions in programs, services, staffing, activities, etc. necessary to meet the FY 2023 targets. A major focus of your additional documentation should be an explanation of the restructuring and/or changes in programs, services, staffing and activities that will be needed to function within assigned FY 2023 funding levels.

c. Vantage Budget System:

Vantage system instructions are available on the Finance & Management website at: <http://finance.vermont.gov/vantage-budget-system>.

Please complete your base budget form, which ties to your Budget Development Form, and move the form to stage 2 prior to your budget meeting with Finance & Management. Additionally, your “Budget Development Form” - Attachment B must tie to your Vantage base budget form by Dept ID, Fund, and Major Object. The base budget form should list general base operating changes that may include, but not be limited to:

- Changes in non-salary operating costs, such as fuel, supplies, equipment, etc.
- Current programmatic caseload or utilization changes.

Programmatic changes and new initiatives, including the inclusion or elimination of additional positions, must be added via a decision item in Vantage. Decision items allow agencies and departments to approach each programmatic change individually without having to modify the base budget form or personnel data. Please move all decision items to stage 2 before budget meetings with the Finance & Management team.

New guidance for FY2023: The Vantage Salary and Benefits Forecasting System (SBFS) should not contain positions funded via a one-time funding source. The Vantage Admin Team will, to the best of their ability, remove positions attached to a one-time funding source prior to opening Vantage for the start of budget season. If you do find a position attached to a one-time funding source when Vantage opens, please delete that position.

d. Additional Detail:

Along with the “Budget Development Form” - Attachment B, please provide additional detail and backup to your submission. Include information that will help us understand your budget submission, such as assumptions, trends, analysis, and documents addressing the following issues (if needed):

- Upward and downward pressures relative to your department’s FY 2022 adjusted base appropriation (these should be presented as distinct line-item entries in the Budget Development Form)
- Policy issues with a potential budgetary impact
- Other policy areas that will be part of the Department’s legislative strategy
- Reductions needed to meet funding targets
- Priority of restoration and rationale.

Please contact your budget analyst if you need help developing your supplemental material or have questions on what is appropriate to provide.

e. Programmatic Performance Measure Budget:

Please note that two reports are required to support the development of programmatic performance-measure budgeting (PPMB): (1) Attachment A-1 Program Profile Report (for ALL departments); and (2) Attachment A-2 Programmatic Performance Measure Report (for selected programs).

i. Program Profile Report (ALL DEPARTMENTS)

To facilitate the process by which programs can be tracked financially across State government, all departments must complete a Program Profile Report – to be included with their budget request submissions and their legislative budget hearing materials. The Program Profile Report should be completed on a department basis, as outlined below, and is intended to identify the spending associated with programs in that department. (This form is similar to the previously used “Form 5” which was once a required form, and many departments have continued to use the form on an optional basis.)

- For those departments that currently provide Programmatic Performance Measure Reports, your Program Profile Report should depict these programs as distinct rows.

- The Programmatic Program Profile Report should reflect programs below the department level. By the time of final Governor's Recommendations, if your list of programs has changed, you will be expected to update the Report accordingly.
- For all remaining departments, please report programs as currently utilized. The Program Profile Report total, by Department, must tie to the total budget request for the Department.

A Program Profile Report template is attached to these instructions ([Attachment A-1](#)). This is the same form as last year. The fields should be self-explanatory. Additional programs can be included by un-hiding rows within the spreadsheet.

ii. Programmatic Performance Measure Report:

Programmatic Performance Measure Reports will be required as part of the budget submission materials, per [32 VSA 307 \(c\)\(1\) & \(2\)](#). Performance Measures (PM) on programs selected by departments will be reported to Finance and Management during departmental budget meetings, and to the legislative appropriations committees during budget hearings. These Programmatic Performance Measure Reports create a direct linkage between programmatic performance and budget review. Last year, performance measures for over 130 programs, representing much of State government, were included as part of departments' budget presentations to the legislative appropriations committees.


As with last year's reporting, Outcomes and Indicators will not be required. Nor will the financial data for the FY 2023 budget, FY 2022 budget adjustment and FY 2021 actuals as they are already included in the Program Profile Report (see [section "i"](#) above). These changes mean only the Performance Measure name, type and PM data need to be reported for selected programs.

*****ALL DEPARTMENTS ARE EXPECTED TO REPORT PERFORMANCE MEASURE INFORMATION FOR 2 NEW PROGRAMS AT A MINIMUM AND ENCOURAGED TO DO MORE IF THEY ARE ABLE. *****

All Departments will need to add 2 new programs from their Program Profile Report and provide performance measure information and data in Attachment A-2. In the event previously reported programs are not on your Program Profile Report, you will need to substitute with a program from your Program Profile Report. The Program names reported on Attachment A-1 and A-2 should match exactly. Departments which are already reporting all their programs will obviously not need to add more.

- For a list of departments previously reporting PPMB information, click here: https://aoa.vermont.gov/sites/aoa/files/Chief_Performance_Office/Performance_Measure_Budgeting/FY22_Programmatic_Performance_Measures_Budget_Report.pdf

***** PROGRAMS REPORTING PERFORMANCE MEASURES MUST BE LISTED IN THE PROGRAM PROFILE REPORT. *****

The Office of the Chief Performance Officer will assist departments in performance measure reporting. Please contact Justin.Kenney@vermont.gov with questions. You may also reference the  [Performance and Productivity Measure Primer](#).

All units must use the Programmatic Performance Measure Template except for units using an alternative means of reporting (such as Clear Impacts Scorecard, or others approved by the CPO). The completed template must be included in your legislative presentation materials with your Program Profile Report. We expect your department to provide a draft of their Programmatic Performance Measure Report as part of your materials when they meet with the Finance Commissioner and his team. You are welcome to submit any additional performance measure documentation, charts, etc., but you must submit at least the standard template. This requirement is intended to stimulate a discussion of the resources currently directed to each program compared to its results.

Attached, Business Managers and Performance Accountability Liaisons (PALs) will find the FY 2023 [“Programmatic Performance Measure Report Template” - Attachment A-2](#). Instructions are included on the Instructions tab and data is to be provided on the FY23 PM Reporting tab. All agencies/departments must use the attached template for consistency, unless given express permission from the CPO.

iii. PPMB Due Dates

Initial Programmatic Performance Measure Report and Program Profile Report submission(s) are due by September 24, 2021 with budget request submissions. Both reports should be sent by email to ADM.Budget@vermont.gov. Please include PPMB in the email header.

In addition, departments should also include both reports as part of their larger budget material submissions, pursuant to the direction in these instructions.

Given that FY 2023 final Governor’s recommendations will not be available at the time of the initial submission, departments may need to update reports accordingly when final budget targets are issued. Please send revised reports to ADM.Budget@Vermont.gov within 2 business days after receipt of the final targets. The appropriation amount for the Program Profile Reports submission must agree with the final appropriation submissions in the Vantage Budget System.

f. Equity Impact Assessment Tool

Completion of an Equity Impact Assessment (EIA) is required for any new programs or proposals, including any proposals to discontinue or materially change the scope of existing programs. The Equity Impact Assessment Tool document is attached as Attachment C. The EIA Tool is provided in the form of a Word document that poses questions regarding the proposal. Some questions are required, and some are optional. At a minimum, completion of the EIA requires responding to the questions identified in bold print. Please contact Xusana.Davis@vermont.gov with questions regarding Equity Impact Assessments.

4. Final Budget Submission:

Final decisions for budget targets comprising the FY 2023 Governor’s Recommended Budget are scheduled for communication in early December. Upon receipt of the final target, please finalize Vantage entries, and notify your budget analyst when the entries are complete.

Additional materials must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder ADM.budget@vermont.gov.

5. New positions:

New position requests will be considered as follows:

- New positions may be included as part of a department's policy initiatives. Requested positions *should be submitted as a decision item* (see [Sec. A.3.c](#) above) and should be included in your submissions to Governor's Office Liaisons (see [Sec. A.](#) above).
- When making a position request, first consider whether reclassification of a vacant position is possible.
- Position requests associated with current service level operations may be submitted to the AoA Position Pool Committee for its consideration and funded at the FY 2022 appropriations level (i.e. level funded for FY 2023).

6. Budget Development Form

Use the blank template "[Budget Development Form](#)" – Attachment B to illustrate changes from your FY 2022 appropriation to your FY 2023 request. Specific expectations for completing this form include:

- Provide distinct line-item entries for upward and downward pressures relative to your FY 2022 base appropriation
- Line-items should be grouped by Major Object including Personal Services, Operating Expenses, and Grants
- For Personal Services changes, provide the following line-item detail, as applicable
 - Annualization of the prior fiscal year's Pay Act detailed as:
 - Portion attributable to capped federal funds
 - Portion unattributable to capped federal funds
 - Change in fringe benefits
 - Effect of RFRs and Class Actions
 - Vacancy savings
- Line-items associated with the annualization of a BAA request should be labeled as such.
- **New guidance for FY2023:** The Budget Development Form includes a new column with the heading "Related Strategic Plan Outcome." For each line-item entry, choose one of the five options from the drop-down menu.
 - Discretionary line-item changes "up" or "down" should align with one of the four strategic outcomes of the current Strategic Plan: "Grow the Economy," "Make Vermont More Affordable," "Create Safe and Healthy Communities," or "Modernize and Improve Government."
 - For a line-item entry "up" or "down" that is not related to furthering an outcome of the Strategic Plan, but rather is related to a structural statewide pressure, select "Structural Statewide Pressure." Examples include salary and benefit cost increases, increases in ISF allocations, or caseload/utilization changes.
 - For a line-item entry "down" that is a reduction or restructuring to compensate for structural statewide upward pressures, in order to meet the overall budget target, select "Make Vermont More Affordable." One of the Key Indicators of this strategic outcome is "Avg % of household income spent of taxes and fees"; thus, budget reductions to keep State government spending growth below the targeted level are keyed to this strategic outcome.

7. Supplemental Vantage Forms

As part of the budget submission, 32 VSA § 307(b) requires detailed information concerning:

- (1) The specific special funds used as receipts in the budget.
- (2) Explanations of interdepartmental transfers, including which department is the source. If your funding is reliant on interdepartmental transfers, be sure to coordinate with the source department. Do not assume both departments have the same expectations. We recommend establishing a written funding agreement such as a Memorandum of Understanding.
- (3) Budgeted positions.
- (4) Changes in program funding levels and associated policy changes in the requested budget.

In addition, the Legislature regularly requests details of departments' "Grants Out" to Vermont residents and organizations. Vantage is configured to meet these requirements. Departments are responsible for the accuracy of their Vantage entries, and any supplementary, summary, or explanatory information, including the "Budget Development Form" – Att. B. Documentation on Interdepartmental Transfers Receipts and Federal Receipts are generated by departments from the Vantage system. The Supplemental Interdepartmental Transfers Receipts, Federal Receipts, and Grants Out forms must be completed accurately within Vantage and reconcile to departments' final Governor's Recommendations.

8. Grants, gifts, loans, things of value:

As amended by 2019 Acts and Resolves No. 72, [32 VSA § 5](#) requires that all new grants, gifts, loans, sums of money, or things of value with a value greater than \$15,000 received by the State must be accepted in accordance with the statutory procedure requiring submission to the Joint Fiscal Office through the Governor. ([Form AA-1](#) is the administrative vehicle for this submission.) Including these items in the budget is not a substitute for this process. However, once duly accepted, grants (on-going revenues and expenditures) should be budgeted in subsequent years.

Please note that items ranging in value from \$1,500 to \$15,000 may be accepted with notice to the Secretary of Administration (via communication to your department's budget analyst), with copy to the Joint Fiscal Office (see [32 VSA § 5\(a\)\(3\)](#)).

B. FY 2022 Budget Adjustment:

The budget adjustment process is used to meet extraordinary needs not anticipated in the current budget, and for internal funding changes that cannot be accommodated by administrative means (i.e., appropriation transfers, excess receipts, etc.). Budget adjustment submissions are due September 24 along with FY2023 budget submissions, and final proposed language is due November 5, 2021.

For development of the Governor's recommended FY 2022 Budget Adjustment bill (BAA), we will utilize the July 30, 2021 revenue forecast approved by the Emergency Board. Further adjustments to the FY 2022 Budget Adjustment proposal may be necessary based upon any revisions to the consensus revenue forecast by the Emergency Board at its January 2022 meeting.

The first recourse in solving current-year budget issues is to redirect resources within your agency or department's existing funding. Please bring to our attention any significant issues that will be handled in this way-- identifying the problem and a solution-- and whether Budget Adjustment action (e.g., transfer of funding between appropriations) is required.

Notification of budget adjustment proposals should include a description of the causes of increased or decreased expenditures or receipts, the related actions already taken to contain

increased spending, and the proposed remedy. A request should cite all affected sections of the FY 2022 appropriations bill, and include draft language of the changes required.

Requests for inclusion in the Budget Adjustment must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder ADM.budget@vermont.gov. Responses must be approved by the Commissioner or the exempt head of your agency, department, or office. Departments should identify BAA items during their budget meetings.

As noted above, new grant receipts (e.g., federal grants) should be submitted for approval per [32 VSA § 5](#). Do not include them in the Budget Adjustment as proposed changes to appropriations.

C. Executive Fee Bill and Fee Report

Departments may bring forward fee proposals to be included in the Fee Bill and Fee Report. The department must demonstrate a proposed fee increase is critical to program operation and larger statewide goals, including factors such as:

- Programmatic effect of having not increased fees over the last three fiscal cycles
- Implications for the program's operations in the absence of additional special funds going forward
- Integration with the Governor's strategic priorities
- Opportunities to leverage federal matching funds
- Ability to discontinue or to consolidate fees
- Any effect on unit volume resulting from fee increase

Fee Report: Pursuant to 32 VSA § 605(b), all "on cycle" departments are required by statute to provide information for the fee report, regardless of whether they are proposing fee increases. Any "off cycle" departments that have fee proposals will also be expected to provide information for the Fee Report at that time. In addition to fees that are governed by the Fee Bill process, Departments should include in their submissions all fees, rates, payments, etc. that are managed by the Department and generate revenues used for Department funding.

Departments will submit all Fee Bill, Fee Report, and other non-Fee Bill governed fees, rates, payments, etc. using the "[Fee Form](#)" - [Attachment D](#). Instructions are included with the electronic form. **Completed Fee Forms must be submitted electronically to Secretary of Administration using the mail folder ADM.budget@vermont.gov by September 24, 2021.**

D. Appropriations Bill Narrative

Please closely review any legislative language associated with your appropriations or programs in the FY2022 Big Bill (Act 74 of 2021) and identify any necessary changes that must be made to implement your department's budget plan as part of the FY 2022 Budget Adjustment and/or the FY 2023 Governor's Recommended Budget language. The best way to communicate these changes is to return a copy of those portions of bill language, marked up for any deletions, additions, or changes. It is your department/agency's responsibility to be aware of language from other bills in prior years which may need modification.

Marked-up narrative portions must be submitted electronically to the Governor, through the Secretary of Administration using the mail folder ADM.budget@vermont.gov by

November 5, 2021 for Budget Adjustment language, and by November 19, 2021 for FY23 Governor's Recommended Budget language.

E. FY 2022 Budget Development Timetable

The following set of dates will help in planning tasks in the development of the FY 2023 Budget and the FY 2022 Budget Adjustment. Dates are for planning purposes only and are subject to change; you will be notified of any changes in due dates.

Policy & Budget Development Timeline

Friday, September 24:	Initial FY22 BAA submissions, Initial FY23 budget submissions, Fee Forms, and PPMB reports from Agencies/Departments due electronically to DFM.
Monday, September 27:	DFM begins meeting with Agencies and Department on FY22 budget submissions
November <i>TBD</i> :	ISF targets issued to Cabinet by DFM. Actuarially determined Pension contributions due from Treasurer.
Friday, November 5:	Final FY22 BAA language due to DFM.
Friday, November 19:	FY23 Budget Bill language due to DFM.
TBD:	DFM communicates final Governor's priorities for General Fund and ARPA Coronavirus State Fiscal Recovery Fund to Cabinet and Departments.
Thursday, January 6, 2022:	State of the State Address
TBD:	Final budget targets issued by DFM / final FY23 budget submissions entered in Vantage.
No later than Jan. 18, 2022:	Governor's Budget Address

Instructions

The following template utilizes cells and tables to gather information related to programs and their performance measures. The template allows for reporting on up to 10 different programs with five performance measures each along with their corresponding data. As you fill out this template, keep in mind the following:

1. Each program reported should correspond exactly to a program listed in Attachment A-1.
2. A number of cells involve utilizing an in-cell dropdown (Governmental Unit, Measure Type, Reporting Period). Please select from the dropdown options available and only input a custom value if absolutely necessary.
3. Helpful comments are included within the first set of repeating cells and tables.
4. When reporting previous period data, you are to report it based on the reporting period type chosen and in relation to your data update frequency. As an example, if SFY is selected, your current reporting period may be FY21 and previous reporting period may be FY20.
5. While there are 10 repeating sets of program and performance measure input cells, not all of them need to be utilized. You may delete extra rows as needed by right clicking on the row number(s) and selecting 'delete' from the menu. You should avoid doing this by right clicking a cell within the table
6. As you are inputting information, please do not modify the template in any way aside from deleting extra rows if needed.

Fiscal Year 2023 Budget Development Form - [Name of Dept here]

	General \$\$	Transp \$\$	Special \$\$	Tobacco \$\$	Federal \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Approp #1 [Name]: FY 2022 Approp	0	0	0	0	0	0	0	0
Other Changes: (Please insert changes to your base appropriation that occurred after the passage of the FY22 budget)								0
FY 2022 Other Changes	0	0	0	0	0	0	0	0
Total Approp. After FY 2022 Other Changes	0	0	0	0	0	0	0	0
[List increased/decreased costs to reach Gov Recom] EXAMPLE								0
Standard adjustments: insurance, VISION/HCM, FFS, retirement, etc.								0
Move 2 positions to Approp #2								0
Increased caseloads								0
New program:								0
Reduced contracts for xyz								0
Moving expenses								0
Switch with Special Fund								0
Subtotal of Increases/Decreases	0	0	0	0	0	0	0	0
FY 2023 Governor Recommend	0	0	0	0	0	0	0	0
Approp #2 [Name]: FY 2022 Approp	0	0	0	0	0	0	0	0
Other Changes: (Please insert changes to your base appropriation that occurred after the passage of the FY22 budget)								0
FY 2022 Other Changes	0	0	0	0	0	0	0	0
Total Approp. After FY 2022 Other Changes	0	0	0	0	0	0	0	0
								0
								0
								0
								0
								0
								0
								0
								0
Subtotal of Increases/Decreases	0	0	0	0	0	0	0	0
FY 2023 Governor Recommend	0	0	0	0	0	0	0	0
Approp #3 [Name]: FY 2022 Approp	0	0	0	0	0	0	0	0
Other Changes: (Please insert changes to your base appropriation that occurred after the passage of the FY22 budget)								0
FY 2022 Other Changes	0	0	0	0	0	0	0	0
Total Approp. After FY 2022 Other Changes	0	0	0	0	0	0	0	0
								0
								0
								0
								0
								0
								0
								0
								0
Subtotal of Increases/Decreases	0	0	0	0	0	0	0	0
FY 2023 Governor Recommend	0	0	0	0	0	0	0	0
Approp #4 [Name]: FY 2022 Approp	0	0	0	0	0	0	0	0
Other Changes: (Please insert changes to your base appropriation that occurred after the passage of the FY22 budget)								0
FY 2022 Other Changes	0	0	0	0	0	0	0	0
Total Approp. After FY 2022 Other Changes	0	0	0	0	0	0	0	0
								0
								0
								0
								0
								0
								0
								0
Subtotal of Increases/Decreases	0	0	0	0	0	0	0	0
FY 2023 Governor Recommend	0	0	0	0	0	0	0	0
[Dept Name] FY 2022 Appropriation	0	0	0	0	0	0	0	0
Reductions and Other Changes	0	0	0	0	0	0	0	0
FY 2022 Total After Other Changes	0	0	0	0	0	0	0	0
TOTAL INCREASES/DECREASES	0	0	0	0	0	0	0	0
[Dept Name] FY 2023 Governor Recommend	0	0	0	0	0	0	0	0

STATE OF VERMONT

EQUITY IMPACT ASSESSMENT TOOL

The State of Vermont is committed to advancing equity for all those who live, work, play, and learn in Vermont. Through data-informed program design and careful consideration of compounded historical inequity, agencies across the state can craft budgetary and programmatic proposals that align with the State's values and meet individual and shared goals.

Instructions: Complete this form as thoroughly as possible and submit with any supporting documentation to your reviewer/approver. For questions regarding this form, contact Racial Equity Director Xusana Davis or Policy and Legislative Affairs Director Kendal Smith.

At a minimum you must answer the bolded questions: 1-8, 12, 14-15, 17, 21 -22, 24-25

PROPOSAL BACKGROUND

- 1. Briefly describe the proposal. Include background information regarding the problem the proposal is intended to address.**
- 2. Is the proposal related to COVID-19 response or recovery?**
 - a. If so, is there federal or other COVID-19-related funding that may support the proposal?**
- 3. What are the intended outcomes of the proposal?**
- 4. What are the consequences of not implementing this proposal?**
- 5. Are there fiscal implications of this bill for the Agency/Department? If yes, please describe.**
- 6. Is the policy evidence-informed?**

STRATEGIC PLAN, METRICS, GOALS, INDICATORS

- 7. Does this proposal advance a strategic goal and/or key performance indicator of your Agency/Department, or State Government, as defined here: <https://strategicplan.vermont.gov/>. If yes, which?**
- 8. Are the desired outcomes specific and measurable?**
9. Do you have sufficient population-level data to understand whether the proposal would address or create any racial disparities?
 - a. If not, what data would be needed?
10. If implemented, can you collect disaggregated demographic data, track it, and evaluate it to assess equity impacts?
11. Are there staff trained to analyze the data related to the proposal?

Inter-Agency or Multi-Sectoral Collaboration

12. Which other agencies (SOV or non-SOV) may have an interest in this proposal or its outcomes?
13. Does the proposal encourage or prioritize contractors led by members of marginalized groups? This may include but is not limited to vendors designated as Minority- or Women-Owned Business Enterprises or Disadvantaged Business Enterprises.

STAKEHOLDERS AND IMPACTED POPULATIONS

14. Describe the proposal's target population. Include demographic information such as race, ethnicity, sexual orientation, gender identity or expression, age, etc.

15. How was this target population selected?

16. Did you meaningfully consult with community members in developing this proposal?

- a. If so, how?
- b. If so, did those community members include persons of color?

17. What geographic areas of the state will be most impacted by the proposal?

a. Is there a larger-than-average population of Vermonters of color in those areas?

18. How will the proposal incorporate cultural concerns of specific groups? (i.e. use of traditional healing practices, use of culturally appropriate diagnostic assessment tools, etc)?

19. Will public written materials generated through this proposal be translated?

- a. If so, in which languages?
- b. If not, why?

20. Does the proposal involve a social marketing strategy for the target population? Describe.

BENEFITS AND BURDENS

ADVANCING EQUITABLE IMPACTS

21. Does the proposal seek to reduce disparities for marginalized or underserved groups? If so, how?

22. What are the anticipated positive outcomes for the target population?

23. Can those positive outcomes be replicated or extended to other groups? If so, which groups may benefit?

24. Does the proposal enhance services to underrepresented or underserved communities?

MITIGATING ADVERSE IMPACTS

25. Could a disparate racial impact or other unintended consequence result from the proposal?

- a. **If yes, what steps are you taking to mitigate the disparate impact?**
- b. **Beyond the steps describes in part (a) of this question, what additional steps could any entity take to mitigate the disparate impact?**

26. Is there a disparate impact for any other marginalized group (including but not limited to groups identified by national origin, religion, sexual orientation, gender identity or expression, age, etc.)?

- a. If yes, what steps are you taking to mitigate the disparate impact?
- b. Beyond the steps describes in part (a) of this question, what additional steps could be taken to mitigate the disparate impact?

GLOSSARY

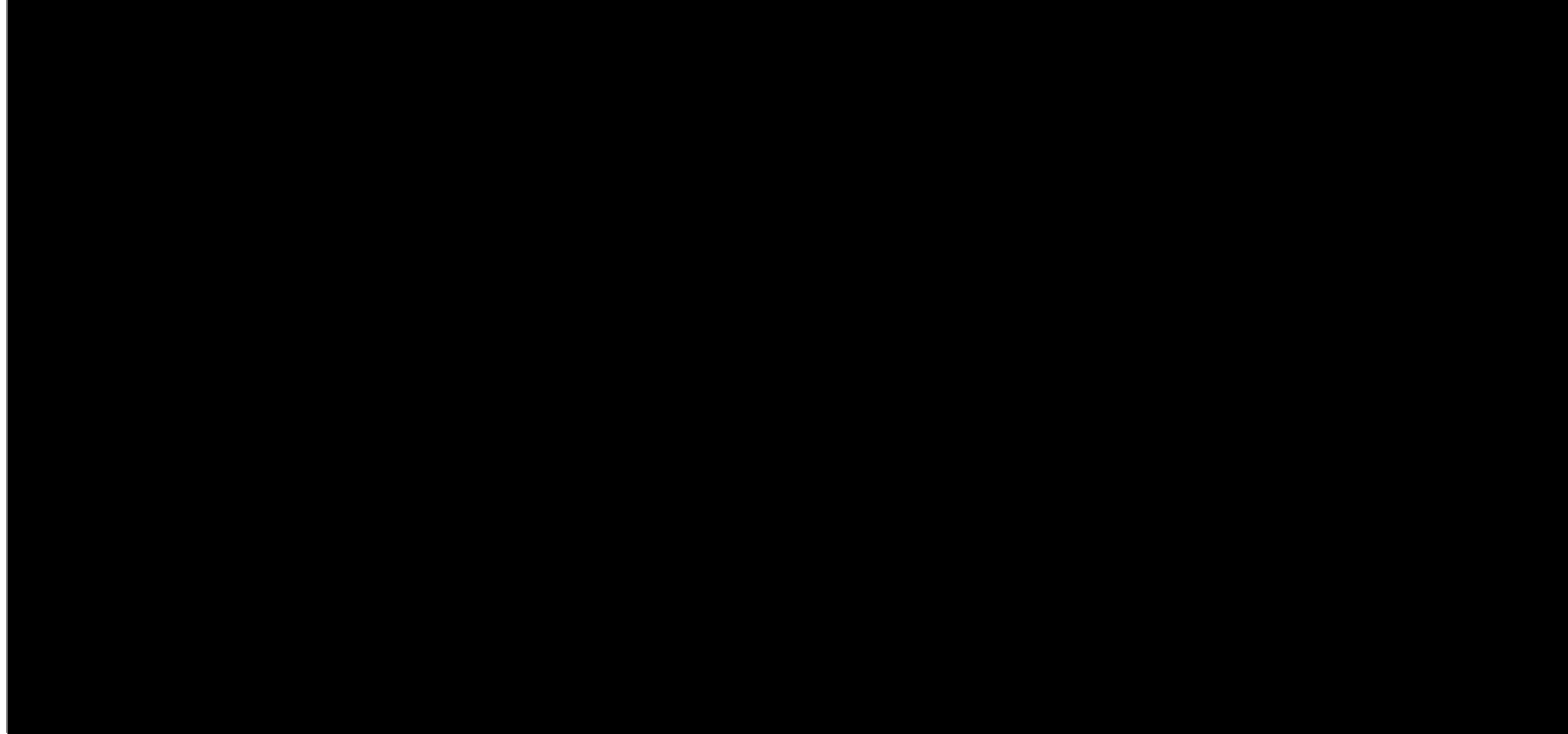
Minority- or Women-Owned Business Enterprise (M/WBE): Businesses that are at least 51% owned and substantially managed by people of color and/or people identifying as women

Disadvantaged Business Enterprise (DBE): As defined by the U.S. Department of Transportation, DBEs are “for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women are presumed to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged[...].”

Marginalized population/group: Communities or groups that have historically experienced systemic barriers to access, resources, and infrastructure investments. It may include communities of color, women, sexual orientation, transgender individuals who identify along the gender spectrum, immigrants and refugees, people with disabilities and others who have received limited access to benefits, services, investments and resources from public/private institutions, including the State of Vermont.

Equity: The condition that would be achieved when a person’s race or other demographic group

Executive Branch Fee Report for 2022 Legislative Session - Per 32 VSA Sec. 405(b)(1) - Protection to Persons and Property																															
Agency/Department	Contact	Service or Product Provided or Regulatory Function Performed	Fund Number	Fund Description	Account Number	Account Description	Fee Setting Authority	Statutory Reference	Termination Date	Last Year Changed Legislation	Who Pays the Fee	FY 2020 Actual Receipts	FY 2021 Actual Receipts	Current Fee	FY 2022 # Units Processed	FY 2022 Projected Receipts	Additional Comments (No Proposed Fee Change)	FY 2023 # Units Processed (Current Fee)	FY 2023 Projected Receipts (Current Fee)	Proposed Fee	FY 2023 # Units Processed (Proposed Fee)	FY 2023 Projected Receipts (Proposed Fee)	% Fee Change	# of Units Processed (Phone)	FY 2023 Revenue Change	Budgetary Effect of Maintaining Current Fee	Comparison to Other Similar Fees	Recent Policy Changes Necessitating Fee Adjustment	Additional Comments (Proposed Fee Change)		
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Billing Method/ Vantage Budget Lines Item	Account	Description
VoIP	516605	ADS VOIP Exp
Telecom	516672	ADS Centrex (Landlines) Exp
SLA	516660	ADS Enterprise Application Support SOV Emp Exp
Timesheet	516662	ADS End User Computing Exp
Timesheet	516665	ADS Security SOV Emp Exp
Timesheet	516667	ADS Enterprise Architects SOV Emp Exp
Timesheet	516683	ADS Project Management/Business Analysts SOV Emp Exp
Allocation	516685	ADS Allocation Exp
Bespoke - Contract	516690	ADS Project Management & Independent Review Contracts
Bespoke - Contract	516691	ADS Server Contracts
Bespoke - Contract	516692	ADS Storage Contracts
Bespoke - Contract	516693	ADS Security Contracts
Bespoke - Contract	516694	ADS Application Development Contracts
Bespoke - Contract	516695	ADS Application Support Contracts
Bespoke - VoIP & Telecom Equipment	522277	Hardware - Voice Network
Bespoke - Hardware	522216	Hardware - Desktop & Laptop PCs
Bespoke - Hardware	522217	Hardware - Printers, Copiers, Scanners
Bespoke - Hardware	522270	Hardware - Application Support
Bespoke - Hardware	522201	Hardware - Computer Peripherals
Bespoke - Hardware	522273	Hardware - Data Network (Wireless Access Points)
Bespoke - Software	513050	Software - Rep& Maint- Applica Supp
Bespoke - Software	513056	Software - Repair& Maint- Servers
Bespoke - Software	513057	Software – Repair & Maint - Storage
Bespoke - Software	516551	Software - License-Applica Support (non-asset)
Bespoke - Software	516557	Software – License - Servers (non-asset)
Bespoke - Software	516558	Software – License - Storage (non-asset)
Bespoke - Software	516559	Software – License - Desk/Laptop/PC (non-asset)
Bespoke - Software	519085	Software as a Service (non-asset)
Bespoke - Software	522283	Software - Application Development (asset)
Bespoke - Software	522284	Software - Application Support (asset)
Bespoke - Software	522286	Software - Desktop (asset)
Bespoke - Software	522289	Software - Server (asset)
Bespoke - Software	522290	Software - Storage (asset)
Bespoke - Employee Expenses	516687	ADS Employee Reimbursable Expenses/3rd Party Expanses
Bespoke - Temp Position	516688	Ads Temp Employee Fee
Bespoke - Non-Timesheet Billable Employee	516661	ADS Bespoke SOV Emp Exp