



REPORT ON UNFUNDED BUDGET PRESSURES

32 V.S.A. § 306(a)(1)(B and C)

January 29, 2024

Department of Finance and Management

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SUMMARY

Act 72 of 2016, Sec. E.100.9, as amended by Act 11 of 2018 Special Session, Sec.E323(a) and as further amended by Act 72 of 2019, Sec.E.124 modifying 32 V.S.A § 306(a)(1), requires the Administration to prepare a report on the current service obligations of several state liabilities. This report provides a summary of the projected liabilities at the beginning of FY 2025.

SECTION (B)

- MAINTENANCE OF TRANSPORTATION ROAD AND BRIDGE INFRASTRUCTURE AT CURRENT LEVELS

Transportation Infrastructure (\$ Millions)	
Annual Need	\$909.6
Available Funds	\$795.1
Net Unfunded	\$114.5
Note: Amounts reflect the cost of maintaining total transportation infrastructure, not just road and bridge repair.	

SECTIONS (C)(i)

- PENSION LIABILITIES FOR THE VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM (VSERS) AND THE VERMONT STATE TEACHERS' RETIREMENT SYSTEM (VSTRS)
- OTHER POSTEMPLOYMENT BENEFIT [OPEB] LIABILITIES UNDER CURRENT LAW AND RELEVANT GOVERNMENT ACCOUNTING STANDARDS BOARD STANDARDS FOR THESE SYSTEMS

VSERS	
Pension	1,156,754,102
OPEB	891,771,290
VSTRS	
Pension	1,870,059,262
OPEB	779,534,909

All amounts reflect the unfunded actuarial liability as of 6/30/2022. For consistency with the ACFR and other financial reports, pension system values use the GASB 67 accounting standard and OPEB values use the GASB 74. These values may differ from those presented in the actuarial valuations used to determine the needed employer contribution for each pension system.

SECTION (C)(ii)

- CHILD CARE FEE SCALE FUNDING REQUIREMENTS PURSUANT TO 33 V.S.A. § 3512 TO BRING TOTAL YEAR FUNDING TO CURRENT MARKET RATES AND THE CURRENT FEDERAL POVERTY LEVEL

In FY 2024, the Child Care Financial Assistance Program pursuant to 33 V.S.A. § 3512 is fully funded based on current market rates and the federal poverty level.

SECTION (C)(iii)

- REACH UP FUNDING FULL BENEFIT OBLIGATIONS, INCLUDING THE STANDARD OF NEED FOR THE CURRENT FISCAL YEAR, PRIOR TO ANY RATEABLE REDUCTIONS MADE PURSUANT TO 33 V.S.A. 1103(a) WHICH ENSURE THAT THE EXPENDITURES FOR THE PROGRAMS SHALL NOT EXCEED APPROPRIATIONS

Reach up (\$ Millions)	
Obligation prior to Ratable Reduction	56.05
Base Appropriation	27.80
Amount for full funding	28.25
*Based on current Reach Up caseload and the ratable reduction of 49.6%	

SECTION (C)(iv)

- STATUTORY FUNDING LEVELS FROM THE PROPERTY TRANSFER TAX TO THE CURRENT USE ADMINISTRATION SPECIAL FUND (32 V.S.A. § 9610(c)), THE VERMONT HOUSING AND CONSERVATION FUND (10 V.S.A. § 312), AND THE MUNICIPAL AND REGIONAL PLANNING FUND (24 V.S.A. § 4306(a))

Fiscal Year 2025 Property Tax (PTT) Allocation	
PTT Revenue – January 18, 2024 Emergency Board Adopted Forecast	58,100,000
32 V.S.A. § 9610 (d)	
\$2,500,000 to Vermont Housing and Conservation Board	2,500,000
32 V.S.A. § 9610 (c)	
2% to Current Use Administration Special Fund	1,112,000
Remainder for allocation	54,488,000
10 V.S.A § 312	
50% to the Vermont Housing & Conservation Board (VHCB)	22,106,740
32 V.S.A. § 435 (b)(10)	
33% to the General Fund	17,981,040
24 V.S.A. § 4306 (a)	
17% to the Municipal & Regional Planning Fund	7,772,373
<i>70% to the Regional Planning Commission</i>	<i>6,404,540</i>
<i>20% to the Municipal Planning Commission</i>	<i>931,773</i>
<i>10% to the Geographic Information Services</i>	<i>436,060</i>
** Based on Vermont statutory language	

SECTION (C)(v)

- PROJECTED FUND LIABILITIES OF THE FUNDS IDENTIFIED IN NOTE III.B. OF THE “NOTES” SECTION OF THE MOST RECENT ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR), INCLUDING WORKERS’ COMPENSATION FUND, THE STATE LIABILITY INSURANCE FUND, THE MEDICAL INSURANCE FUNDS AND THE DENTAL INSURANCE FUND

	State Liability Insurance Fund	Workers Comp Fund	Medical Insurance Fund	Postage Fund	Property Management Fund	General Obligation Bond Projects Fund	Liquor Control Fund	Vermont Lottery Commission	Communications and Information Technology Fund	Copy Center Fund	Human Resources Fund	State Surplus Fund	Offender Work Program Fund
FY 2021 Starting Balance	(1,051,775)	(5,001,425)	64,667,943	(3,656,699)	(23,580,391)	7,442,121	(5,456,921)	(3,014,793)	(150,872)	(1,356,490)	(496,906)	300,760	(1,186,741)
Revenue	5,371,441	12,332,862	198,742,918	2,909,753	25,009,273	-	96,667,036	161,540,486	95,125,867	2,548,421	6,200,408	2,267,232	1,907,508
Expenses	(5,316,670)	(13,278,460)	(206,945,371)	(2,766,513)	(21,141,646)	(44,439,960)	(76,315,817)	(129,651,787)	(91,026,703)	(2,236,822)	(6,057,731)	(2,492,013)	2,628,051
Other *	14,232	36,604	136,485	-	(18,105)	90,580,036	(22,763,156)	(31,888,699)	-	500	-	-	-
Operating Income (Loss)	69,003	(908,994)	(8,065,968)	143,240	3,849,522	46,140,076	(2,411,937)	-	4,099,164	312,099	142,677	(224,781)	(720,543)
FY 2022 Starting Balance	(982,772)	(5,910,419)	56,601,975	(3,513,459)	(19,730,869)	53,582,197	(7,868,858)	(3,014,792)	3,948,292	(1,044,391)	(354,229)	75,979	(1,907,284)
Revenue	5,027,983	12,474,370	191,196,603	2,793,022	21,165,894	5,000	102,788,576	151,470,836	90,603,004	2,103,095	6,449,979	4,339,390	2,329,113
Expenses	(6,137,567.00)	(13,116,769)	(219,983,437)	(2,609,673)	(21,198,979)	(52,374,834)	(80,580,283)	(120,274,106)	(93,589,611)	(2,279,144)	(6,572,432)	(3,696,482)	3,050,024
Other *	6,725,481	2,038,316	82,139	-	8,702,555	(7,998,237)	(22,758,356)	(31,136,102)	(3,797)	(851)	-	(149)	1,900,000
Operating Income (Loss)	5,615,897	1,395,917	(28,704,695)	183,349	8,669,470	(60,368,071)	(550,063)	60,628	(2,990,404)	(176,900)	(122,453)	642,759	1,179,089
FY 2023 Starting Balance	4,633,125	(4,514,502)	27,897,280	(3,330,110)	(11,061,399)	(6,785,874)	(8,418,921)	(2,954,164)	957,888	(1,221,291)	(476,682)	718,738	(728,195)
Projected Revenue	6,311,243	13,106,391	225,819,325	2,820,006	21,722,506	986,238	104,960,411	159,021,096	104,739,757	1,962,276	7,926,091	4,028,615	2,481,288
Projected Expenses	(20,060,900)	(12,885,938)	(258,154,051)	(2,681,780)	(21,121,602)	(64,306,114)	(81,923,174)	(125,372,624)	(110,596,953)	(2,339,009)	(8,198,618)	(4,896,419)	3,056,306
Other *	596,013	780,950	694,224	-	(1,202,912)	(6,285,803)	(20,498,419)	(33,662,242)	(163,979)	(9,781)	(76)	-	-
Projected Operating Income (Loss)	(13,153,644)	1,001,403	(31,640,502)	138,226	(602,008)	(69,605,679)	2,538,818	(13,770)	(6,021,175)	(386,514)	(272,603)	(867,804)	(575,018)
FY 2024 Starting Balance	(8,520,519)	(3,513,099)	(3,743,222)	(3,191,884)	(11,663,407)	(76,391,553)	(5,880,103)	(2,967,934)	(5,063,287)	(1,607,805)	(749,285)	(149,066)	(1,303,213)
Budgeted Revenue	6,921,069	14,312,088	254,240,125	3,416,077	22,374,181	-	102,861,203	163,791,729	125,687,708	2,021,144	8,280,359	3,746,612	936,483
Budgeted Expenses	(6,971,439)	(14,031,365)	(271,064,289)	(3,277,851)	(21,755,250)	(66,593,480)	(84,380,869)	(129,133,803)	(134,653,444)	(2,409,179)	(8,282,205)	(4,308,849)	2,490,756
Other *	356,403	481,119	722,269	-	(1,184,868)	142,985,033	(21,200,000)	(34,672,109)	-	(10,074)	(122)	-	-
Budgeted Operating Income (Loss)	306,033	761,842	(16,101,895)	138,226	(565,937)	76,391,553	(2,719,666)	(14,183)	(8,965,736)	(398,109)	(1,968)	(562,237)	(1,554,273)
FY 2024 Budgeted Ending Balance	(8,214,486)	(2,751,257)	(19,845,117)	(3,053,658)	(12,229,344)	-	(8,599,769)	(2,982,117)	(14,029,023)	(2,005,914)	(751,253)	(711,303)	(2,857,486)
Budgeted Revenue	7,388,634	13,588,688	282,954,240	3,518,559	23,045,407	-	104,918,427	168,705,481	150,825,250	2,081,779	9,146,567	4,046,341	866,250
Budgeted Expenses	(7,439,004)	(13,307,965)	(280,087,931)	(3,376,186)	(22,407,908)	(76,593,480)	(86,912,295)	(133,007,817)	(153,851,478)	(2,481,455)	(9,142,003)	(4,504,705)	659,237
Other *	476,208	631,035	743,937	-	(1,173,020)	76,593,480	(20,983,685)	(35,712,272)	-	(10,377)	(136)	-	-
Budgeted Operating Income (Loss)	425,838	911,758	3,610,246	142,373	(535,521)	-	(2,977,554)	(14,608)	(3,026,228)	(410,053)	4,428	(458,365)	207,013
FY 2025 Budgeted Ending Balance	(7,788,648)	(1,839,499)	(16,234,871)	(2,911,285)	(12,764,865)	-	(11,577,323)	(2,996,725)	(17,055,251)	(2,415,967)	(746,825)	(1,169,667)	(2,650,473)

* Other includes the Non-Operating Revenues, including Gain/Loss on the disposal of Capital Assets, and Other Revenue, Expenses Gains, Losses and Transfers, including Insurance Recoveries, Capital Contributions, and other transfers in/out.

SECTION (C)(VI)

- A SUMMARY OF OTHER NONMAJOR ENTERPRISE FUNDS AND INTERNAL SERVICE FUNDS WHERE DEFICITS EXIST IN EXCESS OF \$1,500,000

The Fiscal Year 2023 ACFR contains no other nonmajor enterprise funds or internal service funds in deficit positions.