

FY 2023 Executive Budget Summary



Fiscal Year 2023 Executive Budget Recommendations

Philip B. Scott
Governor of Vermont
January 18, 2022





January 18, 2022

Dear Members of the General Assembly and Fellow Vermonters:

We are about to begin our third year of the COVID-19 pandemic, and there is no doubt the last two years have been difficult. As we continue to manage life with this virus, it must not derail us from addressing our most fundamental challenges: Our desperate need for more people in our communities, more children in our schools, and more workers to fill the tens of thousands of jobs available in Vermont today. The pandemic did not create our demographic and workforce problems, but it has made them much, much worse.

The hardest part of addressing our workforce shortage is that it is intertwined with our other challenges, from affordability and education to our economic stability and recovery. The good news is, we've made headway on each of these issues over the past five years, and with the historic amount of federal funds coming to Vermont, we are poised to begin reversing our demographic trends and revitalizing every county in our state to secure the future we've envisioned.

Doing so will take hard work, but with a joint commitment to this goal, fiscal discipline and thoughtful legislation, we can secure a

better, brighter future for Vermont. That means making decisions we know will get the best return on investment, such as lowering debt and using one-time funds for one-time expenses to solve pressing needs and long-term challenges.

The budget I present to you today is focused on retaining and building our workforce. It's not just about training and recruitment, although those tools receive plenty of attention. Our strategy to grow the workforce is also about meeting the needs of families. My budget includes bold proposals for housing, childcare, downtowns, connectivity, and healthcare. It also contains a comprehensive package of initiatives to make Vermont more affordable, including increasing the Earned Income Tax Credit, the Child and Dependent Care Credit, expanding the social security income tax exemption, and removing the tax on military pensions.

Twice over the last five years, we have passed the largest investments in housing in the state's history. This has had a lasting impact on families struggling to transition out of homelessness, and on young families hoping to purchase their first home. But we need to do more for middle-income Vermonters because the supply of housing they can afford is at an all-time low. Two weeks ago, I presented a proposal in budget adjustment to spend \$80 million more on housing, and this budget proposes another \$70 million on top of that, bringing the total two-year investment in housing to over \$250 million. It's time to get serious about putting the benefits of a good home within the reach of every Vermonter.

As I have said many times, if we build the strongest cradle-to-career education system in the country, it will be one of our best economic development tools. This means looking beyond our traditional preK-12 system. We have increased the state's investment in childcare by over 30% since I took office. To build on that, my budget funds changes to our Childcare Financial Assistance

Program to reduce costs and increase access to quality care and learning, as well as afterschool and summer programs. We also make key investments to increase the affordability of non-degree programs in the trades, and to keep Community College of Vermont programs within reach. If we tie many of these financial supports to a commitment to work in Vermont, we'll get a return on this investment in the area we need it most.

In addition to funding key initiatives, we are in the fortunate financial position to strengthen our fiscal foundation by reducing long term debt, leaving Vermont's balance sheet in far better shape than we found it. I've proposed in Budget Adjustment we retire \$22 million of transportation borrowing, call another \$20 million in general obligation bonds for capital projects and eliminate a \$10 million-dollar debt in our Property Management Internal Service Fund. We can also reduce our dependency on borrowing by setting up a fund to pay cash for certain capital projects, instead of putting them on the state's credit card. This would free up money that we now pay in interest.

While most headlines over the past 2 years have been about COVID-19, we need to remember COVID is not our only serious public health challenge. Our mental health system is facing serious stress. We will continue to increase the number of mental health beds throughout the state. My budget funds an expansion of our mobile crisis pilot and suicide prevention model. In addition, we are increasing our efforts to support those struggling with addiction by directing more funds towards prevention, treatment and recovery. We must strengthen our efforts to reduce the number of Vermonters struggling with drugs and alcohol, and the number of families touched by this epidemic.

With these investments, Vermont will be an even better place to live. But we can't just rely on good intentions. We have to tell our story. We must make sure people know all we have done to make Vermont such a great place for families and workers, and we have to make it easy for them to move here. My budget proposes a comprehensive relocation package that makes the best use of marketing dollars to identify and directly reach people who have past ties to, or current interest in, Vermont. And this program builds on the success of the state's partnership with regional development corporations and local chambers of commerce, investing to increase its impact and bring more families to Vermont.

These ideas, and many more, are in my budget proposal. Our success through the pandemic and the opportunity in front of us is thanks to the hundreds of thousands of Vermonters who stepped up. They are counting on us to continue the momentum.

We have a big job ahead of us, but a brighter future is within our grasp if we can work together to do what is best for our fellow Vermonters. I look forward to it.

Sincerely,

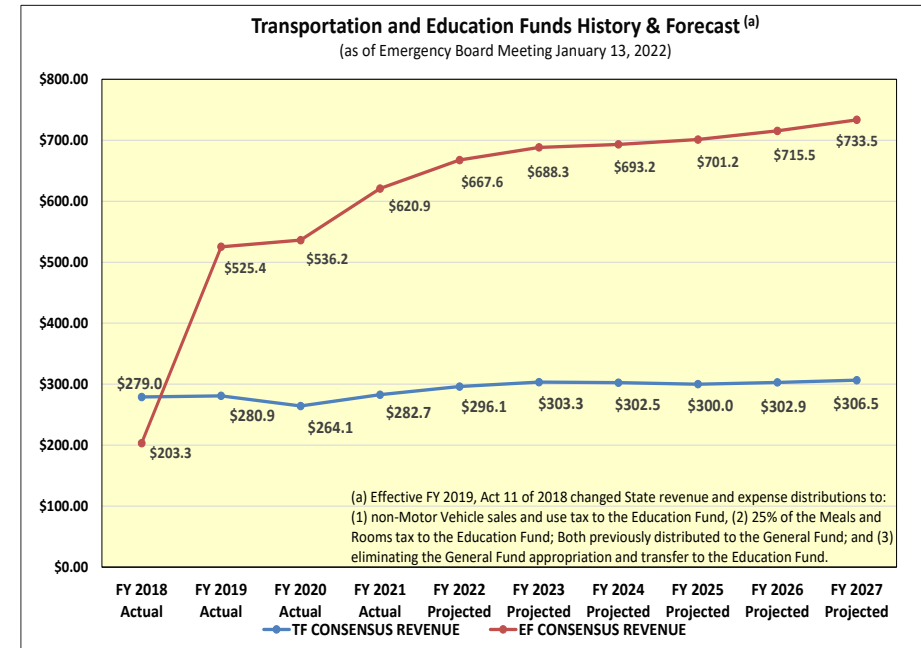
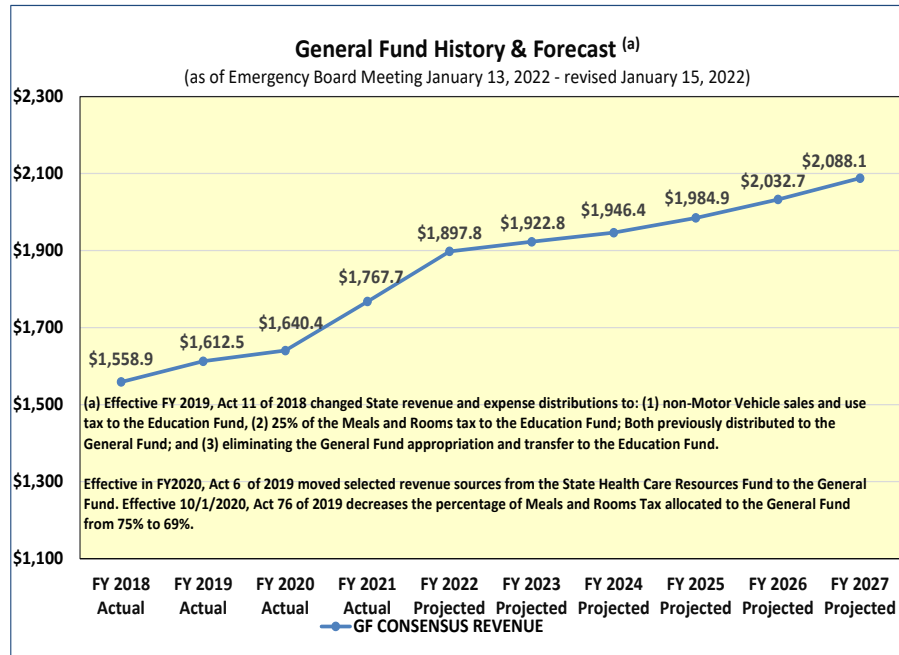
A handwritten signature in black ink, appearing to read 'Phil Scott', with a long horizontal line extending to the right.

Philip B. Scott
Governor

TABLE OF CONTENTS

Letter from Governor Scott	1-2
Consensus Revenue History & Forecast	4
General Fund Revenue by Component.....	5
Transportation Fund Revenue by Component	6
Education Fund Revenue by Component	7
FY 2023 Budget Development Process	8
Public Participation—Public Budget Forums	8
Current Services Budget.....	9
FY 2023 Performance Accountability (PIVOT)	10
Governor Scott’s FY 2023 Budget Items	11-14
FY 2023 General Fund (GF) Budget Overview	15
One-time General Fund Appropriations for Policy Initiatives-Section B.1100.....	16
Total Appropriations History FY 2018 – FY 2023 (all funds).....	17
FY 2023 Governor’s Recommended Budget – All Funds by Function.....	18-19
FY 2023 Governor’s Recommended Budget—Pie Charts—by Function and Fund.....	20
FY 2023 Governor’s Recommended Budget by Department and Funding Source.....	21-23
General Fund Summary.....	24
Transportation Fund Summary	25
Education Fund Summary.....	26
FY 2022 Budget Adjustment Recommendation (BAA)	27
FY 2022 BAA—Pie Charts—Function and Fund.....	27
FY 2022 Budget Adjustment Worksheet by Fund (Initial and Supplemental).....	28-29
Other Required Reports	30
Tax Expenditure Report	31-34
Retirement Systems Financial Integrity Report.....	35-36
Appendix A: Public Comments	37
Acknowledgements and Credits	38

CONSENSUS REVENUE HISTORY & FORECAST

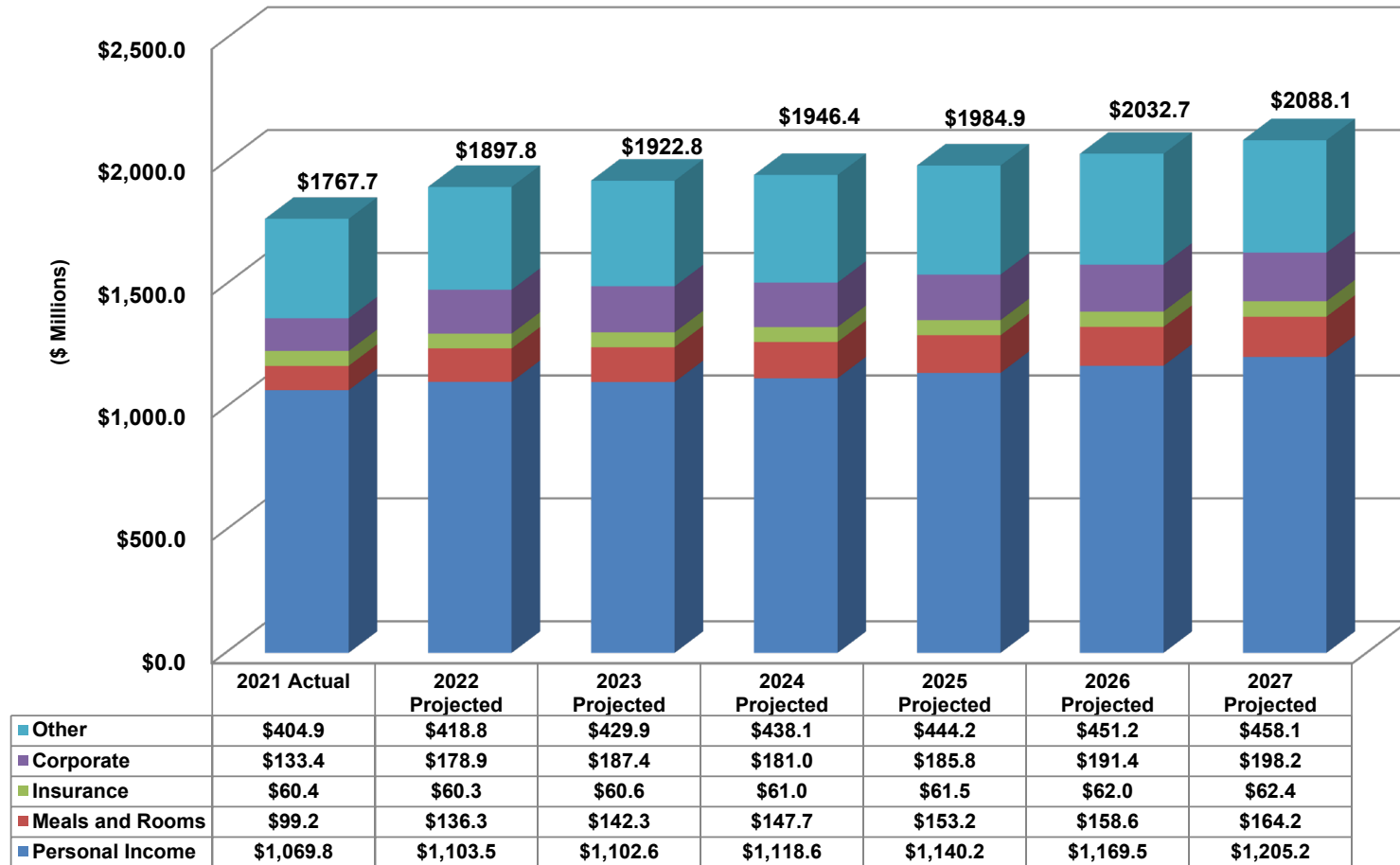


On January 13, 2022 the Vermont Emergency Board adopted revised General, Transportation and Education Fund Consensus Revenue Forecasts for the remainder of FY2022, FY2023 and FY2024 as compared to the adopted January 2021 forecast. The General Fund (GF) for FY2022 was projected to be \$1,897.8 million (+\$234.2 million, +14.1%) while the FY2023 GF was projected at \$1,922.8 million (+\$217.6 million, +12.8%). The Transportation Fund forecast for the remainder of FY2022 was projected at \$296.1.0 million (+\$11.0 million, +3.86%) and for FY2023 was projected at \$303.3 million (+\$12.8 million, +4.41%). The Education Fund (portion subject to consensus revenue forecast) was projected at \$667.6 million for FY2022 (+\$45.2 million, +7.26%) and \$688.3 million for FY2023 (+\$63.1 million, +10.09%).

General Fund Revenue by Component

General Fund Revenue by Component FY 2021 - FY 2027

As of Emergency Board January 13, 2022 - revised January 15, 2022

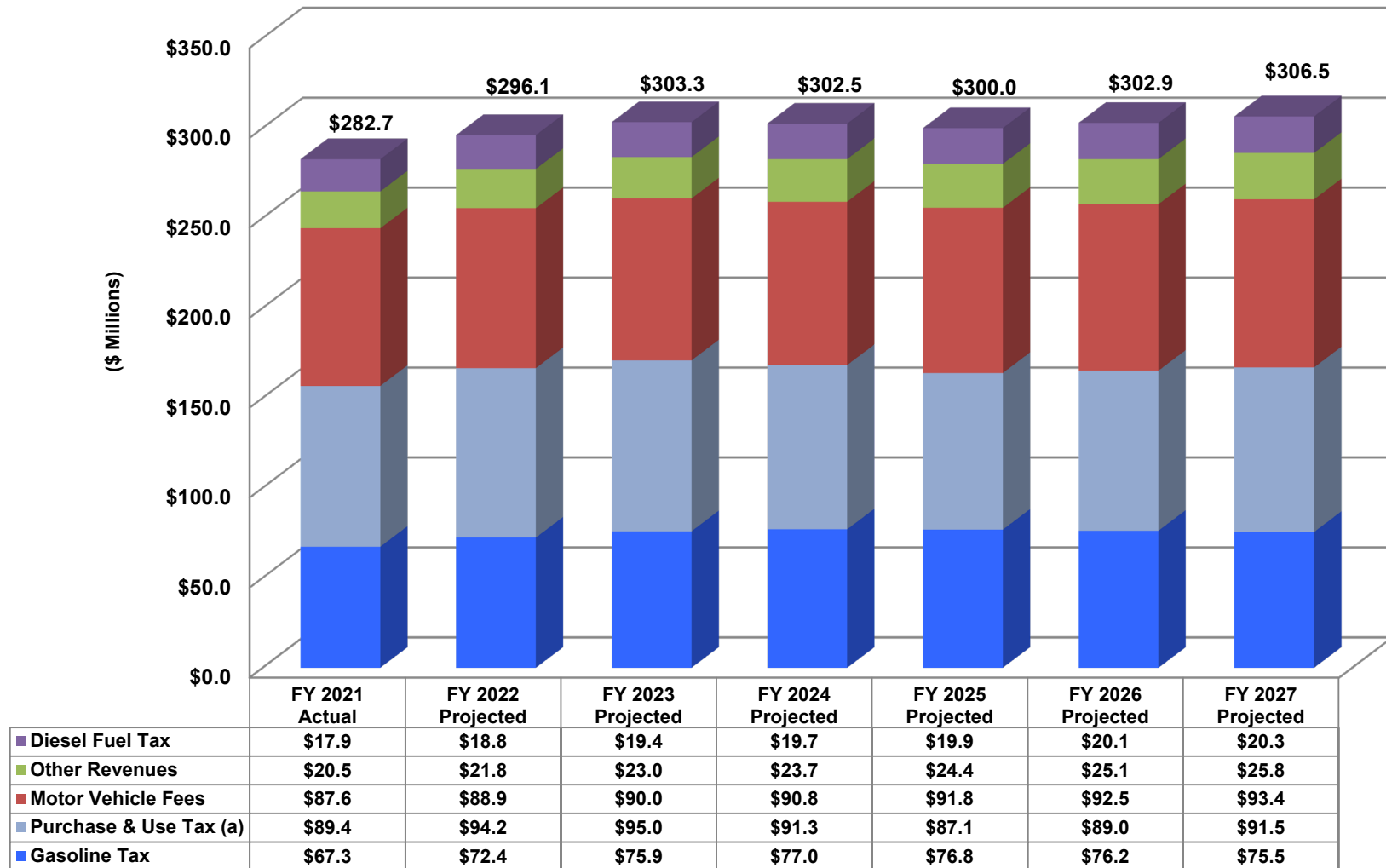


Transportation Fund Revenue by Component

Transportation Fund Revenue by Component

FY 2021 - FY 2027

Emergency Board January 13, 2022

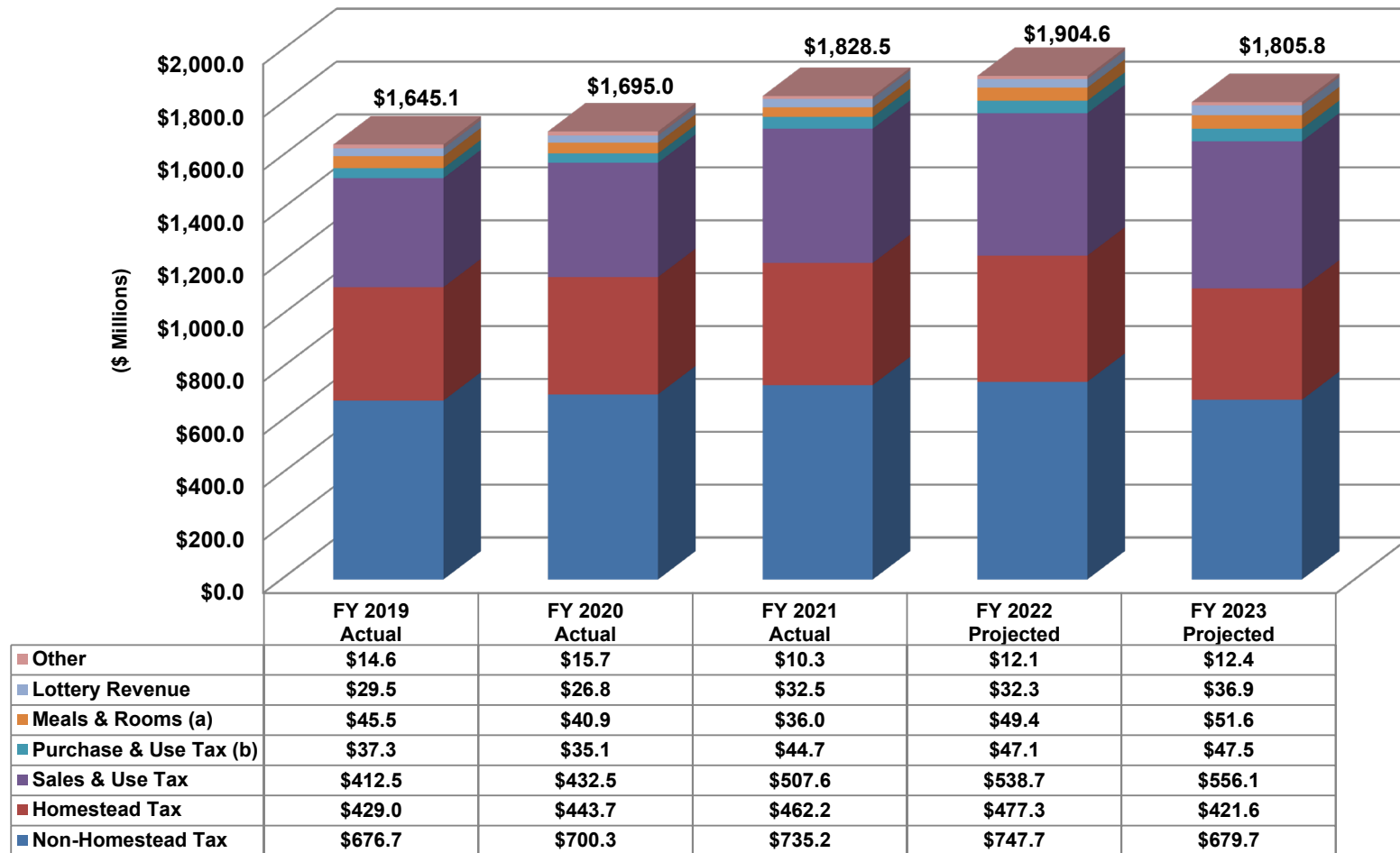


(a) The Transportation Fund's Purchase & Use revenue represents two-thirds of total Purchase & Use Tax revenue

Education Fund Revenue by Component

Education Fund Revenue by Component FY 2019 - FY 2023

Emergency Board January 13, 2022



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

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

FY 2023 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.

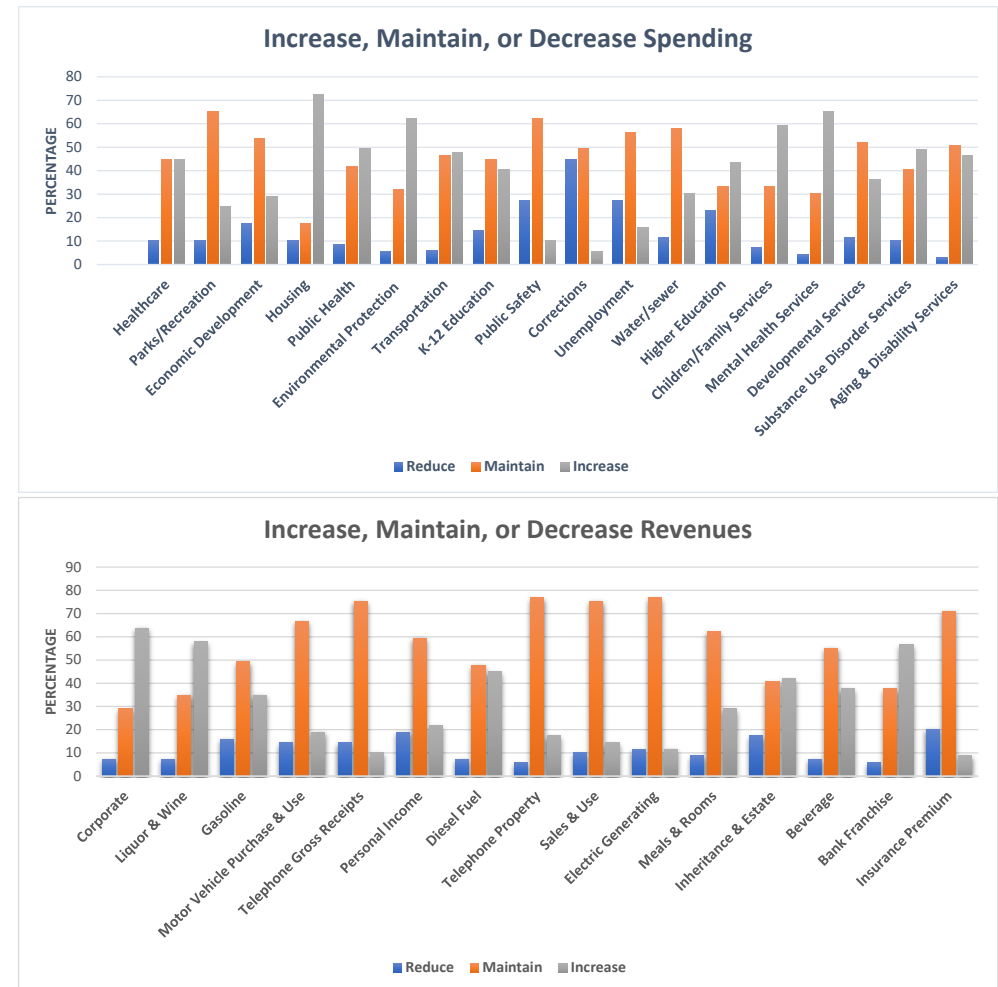
Public Participation ~ Public Budget Forums

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 online on their [website](#).

The Administration invited comments both via survey and via written submissions during an eight-week period in November, December, and January of 2021-2022.

During this time, Finance and Management received 69 responses (via Microsoft Forms) and 161 written comments which can be reviewed in detail on page 40 - 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 15 for further detail.

Section #(s)	Dept Name	FY2022 As Passed	Any Base Adjustments	FY23 Base Appropriations	FY2023 Current Services Budget
B.100	Administration - secretary's office	1,121,847		1,121,847	1,092,614
B.105	Agency of Digital Services	174,342		174,342	179,572
B.106	Finance and management	1,277,150		1,277,150	1,287,210
B.108	Human resources	2,044,399		2,044,399	1,645,579
B.110	Libraries	1,965,363		1,965,363	2,004,119
B.111	Tax	20,382,265		20,382,265	21,259,826
B.114-116	Buildings and general services	1,953,842		1,953,842	2,091,777
	Sub-total Agency of Administration	28,207,106	-	28,919,208	29,560,697
B.124	Executive office - governor's office	1,657,770		1,672,493	1,716,379
B.125-128	Legislative Branch - all appropriations	16,344,030	295,000	17,479,072	19,158,459
B.129	Lieutenant governor	263,891		239,529	249,252
B.130	Auditor of accounts	314,921		344,615	357,074
B.131	Treasurer	975,600		1,066,424	1,356,651
B.135	State labor relations board	288,887		273,064	285,511
B.136	VOSHHA review board	45,650		45,958	47,961
B.137	Homeowner rebate	17,100,000		18,600,000	16,500,000
B.138	Renter rebate	9,500,000		9,500,000	9,500,000
B.139	Reappraisal & Listing Pmts	3,310,000		3,313,356	3,388,000
B.140	Municipal Current Use	16,985,000		17,824,193	17,800,000
	Sub-total Property Tax Assistance	46,895,000	-	49,237,549	47,188,000
	Sub-total General Government	94,990,855	295,000	99,277,912	99,919,984
B.200	Attorney general	5,622,679		6,246,043	6,533,053
B.201	Vermont court diversion	2,634,021		2,669,643	2,749,732
B.202-203	Defender General	18,868,875		19,477,154	20,201,676
B.204	Judiciary	46,927,245		48,337,826	52,247,805
B.205	State's attorneys	13,075,933		13,745,777	14,358,352
B.206	Special investigative units	2,100,430		2,100,430	2,163,717
B.207	Sheriffs	4,635,239		4,650,647	4,856,230
B.208-213	Public safety	39,440,972		54,427,630	58,369,365
B.215-219	Military	5,613,712		5,646,923	5,854,912
B.220	Center for crime victims services	1,232,712		1,382,712	1,382,712
B.221	Criminal justice training council	2,609,420		2,931,638	3,130,282
B.222-225	Agriculture, food and markets	8,624,463		9,104,475	9,493,273
B.235	Enhanced 9-1-1 Board				-
B.236	Human rights commission	637,188		639,626	700,290
	Sub-total Protection	152,022,889	-	171,360,524	182,041,399
B.300, B.304	AHS - secretary's office (incl HSB)	536,890,792		8,905,252	9,193,741
B.301	Global Commitment			559,592,034	580,145,405
B.306	Department of Vermont Health Access	83,844,227		87,756,524	91,936,732
B.311	Health	14,263,901		15,375,085	16,506,351
B.314	Mental health	8,869,021		10,281,082	10,201,387
B.316	Department for children and families	155,354,597		163,544,193	164,538,298
B.329	Disabilities, aging and independent living	27,266,437		27,791,311	29,899,168
B.335	Corrections	153,375,432	15,000,000	157,796,088	163,854,289
	Sub-total Agency of Human Services	979,864,407	15,000,000	1,031,041,579	1,066,275,371
B.342	Vermont Veterans Home	2,858,379		2,843,321	4,068,733
B.343	Commission on women	399,187		402,018	430,793
B.344	Retired senior volunteer program	146,564		146,564	150,961
B.345	Green Mountain Care Board	3,094,435		3,094,435	3,261,362
	Sub-total Human Services	986,362,972	15,000,000	1,037,527,917	1,074,187,220
B.400	LABOR	4,898,964		5,394,154	8,449,258
	Sub-Total Labor	4,898,964	-	5,394,154	8,449,258

Section #(s)	Dept Name	FY2022 As Passed	Any Base Adjustments	FY23 Base Appropriations	FY2023 Current Services Budget
B.500; B.501; B.504	Education - finance/admin/ed services - plus adult ed & literacy	14,512,767		14,516,742	15,313,456
B.514	State teachers' retirement system	119,013,146		152,045,711	157,545,678
B.515	Retired teachers health care	31,798,734		35,093,844	29,606,128
	Sub-Total General Education	165,324,647	-	201,656,297	202,465,262
B.600	University of Vermont	41,840,842		42,509,093	42,509,093
B.601	Vermont public television				-
B.602	Vermont state colleges	29,800,464		30,500,464	30,500,464
B.602.1	VSC - Supplemental aid	700,000			
B.602.2	VSC - Transformation funding	-		5,000,000	5,000,000
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.605.1	VSAC - Flexible Pathways Stipend	-		41,225	41,225
B.606	New England higher education compact	84,000		84,000	84,000
B.607	University of VT - Morgan Horse Farm	1		1	-
	Sub-Total Higher Education	93,152,209	-	98,861,685	98,861,684
B.700	Agency of natural resources - admin	3,134,594		3,358,569	3,592,054
B.700	ANR Local property tax assessment	2,153,777		2,196,040	2,240,118
B.702	Fish and wildlife	6,506,744		6,403,816	6,883,540
B.703 - B.708	Forests, parks and recreation	9,191,638		9,273,273	9,789,720
B.709 - B.712	Environmental conservation	9,539,909		9,829,788	10,294,230
	Sub-Total Agency of Natural Resources	30,526,662	-	31,061,486	32,799,662
B.713	Natural resources board	630,798		631,629	673,554
	Sub-Total Natural Resources	31,157,460	-	31,693,115	33,473,216
B.800	ACCD-Admin	3,171,540		3,150,156	3,406,417
B.801	Economic Development	4,910,253		4,898,915	5,065,846
B.802	Housing & Community Development	2,791,111		3,884,934	4,065,708
B.806	Tourism and marketing	3,489,598		3,485,309	3,490,357
	Sub-Total Agency of Commerce	14,362,502	-	15,419,314	16,028,328
B.807	Vermont council on the arts	718,589		722,859	745,459
B.808	Vermont symphony orchestra	136,978		136,978	141,087
B.809	Vermont historical society	965,108		982,317	1,015,470
B.812	Vermont humanities council	227,989		227,989	234,829
	Sub-Total Commerce	16,411,166	-	17,489,457	18,165,173
B.1000	Debt service	75,828,995		72,953,869	76,700,109
	Sub-Total Debt Service	75,828,995	-	72,953,869	76,700,109
	Total Base Appropriations	1,620,150,157	15,295,000	1,736,214,930	1,794,263,305
	One-time and NEW Appropriations				
Act 74 of 2021 F.111	FY2022 Pay Act (now base pressure)				
	Executive Branch	10,033,806	(10,033,806)	-	
	Judicial Branch	978,648	(978,648)	-	
	Legislative Branch	399,630	(399,630)	-	
	FY23 CBA components				
	Executive Branch		22,847,453	22,847,453	22,847,453
	Judicial Branch		2,342,075	2,342,075	2,342,075
	Legislative Branch		985,111	985,111	985,111
Act 74 of 2021 B.1106 (a)(1)(C)	Appropriation to AoA to fund annual increase in VSERS ADEC (now base pressure)	14,400,000	(14,400,000)	-	-
B.1100 (a)(1)	SOS Election Support				450,000
B.1100 (a)(2)	AHS-CO GC - Medicaid eligibility redetermination suspension				9,961,531
	Sub-total "Other Items"	25,812,084	362,555	26,174,639	36,586,170
	Grand Total General Fund	1,645,962,241	15,657,555	1,762,389,569	1,830,849,475

FY 2023 Performance Accountability (PIVOT)

CONTINUOUS IMPROVEMENT PROGRAM (ORIGINALLY PIVOT)

In FY2022, the Continuous Improvement Program, under the direction of the Chief Performance Office (CPO), continues a trend of moving its professional development offerings from an in-person format to virtual in response to the Coronavirus pandemic. Approximately 14 different trainings are offered virtually, spanning a variety of topics related to problem solving, performance measurement, data analytics, program and process management, and facilitation. As of December 31, 2021, at least 3,694 state employees had received some form of training in continuous improvement while 1,441 received at least a day or more of content. From the individuals who have made it through the highest levels of training, 697 activity reports have been submitted detailing various applications of knowledge and skill used to better understand problems and improve government programs and processes. As a means of providing additional support to employees, the Continuous Improvement Program also plays a key role in managing two professional learning communities focused on technological tools and software. These communities have been instrumental in increasing the knowledge, skills, and abilities of state employees

In addition to staff support and development, numerous projects and consultations are undertaken through the Continuous Improvement Program. In recent years, the program has shifted from large-scale intensive projects to small-scale engagements

having impact at a specific programmatic or process level. So far in FY2022 these have ranged from spreadsheet improvements to strategic planning sessions to automated workflow development.

One of the large-scale projects still being undertaken is the Programmatic and Performance Measure Budget project. This continues to move forward although at a slower pace in part due to the Coronavirus pandemic. The FY2022 Budget development process saw the inclusion of performance measures for 131 programs across a wide scope of state government, up from 127 programs presented for the prior fiscal year. The current focus is on increasing the number of programs reporting performance measures. Project work needs to continue around development of governance, policies, procedures, and system changes in the future.

It should be noted that the CPO has dedicated a sizeable portion of its resources to assisting with required federal reporting. In addition to its role as primary reporter to the United States Treasury for the Coronavirus Relief Fund, the CPO also serves as the primary reporter for both the Emergency Rental Assistance Program and the Local Fiscal Recovery Fund. It is likely that the CPO will also assist with the Coronavirus State Fiscal Recovery Fund in some capacity.

GOVERNOR SCOTT'S FY 2023 BUDGET ITEMS

Key Budget Items:

- Supports Fiscal Year 2023 total General Fund uses of \$2.07 billion.
- Fully funds all state retirement and debt service obligations and maintains or exceeds statutory reserve requirements.
- Provides over \$48 million in tax relief to low-and-moderate income families, critical occupations, military retirees, and students.
- Makes major investments in workforce training and expansion through education, internships, and outreach.
- Expands early care and learning subsidies for families and launches new initiatives to help those suffering from mental illness and addiction.
- Upgrades or replaces legacy software and equipment to deliver better, more timely information and services.

Workforce Expansion:

Our demographic challenges pre-date COVID, but the pandemic has accelerated the outflow from our labor force. Our most fundamental challenge is the need for more people in our communities and more workers to fill the tens of thousands of jobs available.

- \$1 million to enhance the internship program at the Department of Labor, which will expand the reach of these important opportunities for on-the-job training and allow more employers to support workers as they learn new skills for a fulfilling career.
- Another \$1 million to support VSAC's Advancement Grants which help adults enroll in training programs for new jobs without the expense of a college degree.
- \$2.7 million to build a Regional Workforce Specialist pilot program in 6 areas throughout Vermont (Barre, Bennington, Brattleboro, Burlington, Rutland and St. Johnsbury).
- \$10 million for tuition assistance, which will lower costs for those working towards jobs in the trades, such as CDL drivers, plumbers, welders and craftsmen as well as nurses.
- An additional \$1.5 million to VSAC's successful 802 Opportunity initiative, which has helped nearly 1,500 low-income Vermonters take classes and get training at the Community College of Vermont for free. The added funds will increase eligibility and help many more people learn new skills for good jobs.
- \$10 million of additional support to the University of Vermont, and \$5 million of additional support to Vermont State Colleges, in both cases to help lower tuition for college-bound Vermonters, and to help our universities attract future members of our workforce.
- \$6 million into the New Worker/Remote Worker grant programs, which help offset the cost of relocating to Vermont. Another \$8 million over the next 3 years to allow a better and more targeted marketing campaign to potential migrants.

Housing:

We can't tackle our workforce challenge without also tackling our housing shortage. After decades of under-building, the supply of modest-priced homes for sale in Vermont is practically non-existent. This is especially true for middle-income families looking for affordable homes that meet their needs.

- \$5 million in budget adjustment and another \$10 million in the FY23 budget from the American Rescue Plan Act – Coronavirus State Fiscal Recovery Fund (ARPA) to stand up a program that encourages the construction of homes for middle income Vermonters.
- Another \$70 million in ARPA funds for mixed-income housing to help middle income families and our more vulnerable populations.
- \$20 million in ARPA funds in the budget adjustment to the Vermont Housing Improvement Program which transitions rundown or vacant units into modern, livable homes for Vermont families.
- \$1 million towards a manufactured housing replacement tax credit which will enable the replacement of older, less efficient structures with housing that is more comfortable to live in and less costly to maintain.
- \$5 million in the budget adjustment to fund a rental risk mitigation pool which will help expand the pool of available housing by encouraging landlords to offer units to the housing insecure.

Tax and Payment Relief for Workers, Families and Retirees:

To build our workforce and to attract families to our communities, Vermont must be competitive when it comes to taxes and the cost of living. People need to be able to afford to live here. With higher revenues from a recovering economy, we have a unique opportunity to make progress that Vermonters will notice in their wallets.

- Increase the earned income tax credit (EITC) from 36% of the federal credit to 45% of the federal credit. This will tie us for the most generous, fully refundable EITC in the country. The EITC is regarded as one of the best antipoverty measures that encourages workforce participation and directly benefits lower- and moderate-income families.
- Expand the child and dependent care credit (CDCC) from 24% of the federal credit for most families, to 65% of the federal credit for all families. This will have a direct impact on families with children.
- \$12 million to expand access to affordable and high-quality childcare, with changes to our Child Care Financial Assistance Program. We can reduce the burden and cost of missed days on parents and providers while giving families more options for care, and for summer and afterschool programs.
- Boost the income limit on Vermont's social security exemption from \$45,000 to \$75,000 for single filers. Most states fully exempt social security income from taxation, and by increasing the threshold on exempt income, Vermont would become more affordable for seniors, many of whom are on fixed incomes and face a rising cost of living.

- Allow all Vermonters repaying student loans to deduct all student loan interest on their taxes. This would reduce the state tax burden on Vermonters who have invested in their futures and are paying significant amounts of student loan interest.
- Fully exempt military families' retirement income from state taxes and join the 47 other states that don't tax a military pension at full rates.
- Provide a tax credit for nurses, including RNs, LNAs, LPNs and APRNs, to help address the severe shortage of these health care professionals in Vermont.
- Provide a tax credit for childcare workers to help make Vermont more affordable for those who take care of our kids.

Investing in Health and Safety:

The COVID pandemic has had an impact on our kids and families which extends far beyond our schools. After turning a corner with fewer overdose deaths in 2019, sadly, the pandemic has led to increases for the last two years. It's more than numbers. These are parents and children, friends and neighbors. We need to do more to prevent these casualties and the addictions that lead to them.

- \$8 million to strengthen local substance abuse prevention and recovery efforts, expand residential treatment options and increase employment services.
- \$25 million in budget adjustment to help hospitals and health care providers respond to the pandemic. This includes support to stabilize the system and address staffing needs which will increase in-patient beds at long-term care facilities while freeing up hospital capacity.
- \$2 million to add 4 communities to our successful mobile mental health response pilot in Rutland, which helps people when and where they are in crisis. To this, add nearly \$1 million to our Suicide Prevention program.
- Because law enforcement officers are often the first to respond to a mental health crisis, this budget fully funds mental health professionals in all our State Police barracks. And the budget provides extra funds to the Criminal Justice Council for the tools to update training and entrance testing for candidates.
- Move the funding of E-911 into the General Fund, to stabilize this critical service, and invest \$11 million to create a more rational system of regional dispatch centers. This is something our small communities have urged us to do for years, and our workforce crisis makes it necessary.

Creating Economically Strong and Vibrant Communities:

- \$5 million to expand granting capacity in the Vermont Outdoor Recreation Economic Collaborative, a successful partnership with communities that receive grants to build and upgrade outdoor equipment and trail networks. This work often serves as a magnet for tourism and economic development in our rural areas.
- \$6 million more to clean up and revitalize brownfields, with benefits to the environment and the economy. By cleaning up old industrial sites, we're taking vacant, contaminated properties and making them safe and usable again.

- An extra \$2 million to make a total of \$5 million in credits available to the Downtown and Village Center tax credit program. This popular initiative, always over-subscribed, has helped communities across the state revitalize their town centers with more housing, jobs, and economic activity.
- \$1 million to support an agricultural Payment for Ecosystem Services program, an initiative spearheaded by farmers to promote sustainable farming practices, soil health and phosphorous reduction. Another \$200,000 to NOFA-VT to promote food security and farm viability programs.
- Leverage new federal funds in transportation to boost investments in paving, traffic and safety projects, and road construction. We'll also be able to do more for public transit, bike and pedestrian projects, and make progress on longstanding commitments such as the Western Corridor upgrades that will bring rail service from Burlington to Rutland and on to New York City.

Good Government:

Sometimes it costs money to save money and if resources allow, we should make smart investments that will save us money down the road and improve services to Vermonters. Some of these initiatives don't sound exciting, but they can have a large impact on the efficiency and the sustainability of state government.

- \$20 million in budget adjustment to retire General Obligation bonds which will reduce our debt service costs, improve Vermont's standing with municipal bond investors, and free up General Fund money to invest in other priorities.
- \$22 million in budget adjustment to retire Transportation Infrastructure bonds which will have the same benefits to the Transportation Fund as the above, while freeing up Transportation Fund money to match anticipated federal infrastructure grants coming to Vermont.
- \$30 million to modernize the state's Unemployment Insurance mainframe and software which will replace a 50-year-old system with cloud-based technology and support.
- \$15 million to upgrade technology in agencies and departments across state government, including the Agency of Administration, Public Safety, Transportation, Labor and Natural Resources.

FY 2023 GENERAL FUND (GF) BUDGET OVERVIEW

Sources:	GF Impact	
Current Services revenue		
Official E-Board forecast January 2022		1,930,900,000
Technical adjustment for typographical error in health care consensus forecast		(8,100,000)
"Notwithstanding" Property Transfer Tax statutory distribution		35,586,555
Direct applications, reversions, and other:		
AHS Certified matching funds for Medicaid	4,641,960	
Loan repayments (Caledonia Fair, North Country Hospital, Springfield Hospital)	150,463	
Department of Financial Regulation	45,472,692	
Attorney General settlements	2,000,000	
Liquor Control	19,431,431	
Unclaimed Property	1,773,425	
Secretary of State	1,600,000	
Subtotal - Direct Applications, Reversions, and Transfers		75,069,971
Carryforward from FY21	77,162,493	
Total Current Services GF Sources before policy changes		2,110,619,019
Sources associated with policy changes		
Governor's Initiatives (Sources)		
Sports betting - contingent on legislation	2,000,000	
Military Pension income tax exemption	(3,104,000)	
EITC 45%, CDC 65%; SocSec threshold > 30k	(21,200,000)	
Student loan interest deduction	(3,300,000)	
Nursing income tax credit	(15,400,000)	
Childcare worker income tax credit	(5,500,000)	
Manufactured housing replacement tax credit	(1,000,000)	
Downtown and village center tax credit	(2,000,000)	
Subtotal Revenue policy changes		(49,504,000)
Total General Fund sources:		2,061,115,019
Uses (including transfers):		
FY 2022 base appropriations (including FY 2021 As Passed, base adjustments, and FY 2022 Pay Act)		1,762,389,569
Current services changes:		
Increase in employee benefits rates	6,802,185	
Increase in debt service	3,746,240	
Decrease in property tax assistance	(2,049,549)	
FY 2023 Annualization of FY2022 Pay Act and employee reclassifications	11,147,136	
Agency of Human Services - caseload, utilization, & other pressures	23,454,572	
Agency of Human Services - one-time Medicaid eligibility redetermination suspension	9,961,531	
Other non-AHS - net upward and downward current services pressures	7,641,992	
Department of Labor - U.I. program pressure in excess of federal funding	3,000,000	
Total State-wide Allocations associated with internal service charges	4,755,799	
Total current services:	68,459,906	1,830,849,475
Governor's Initiatives (Uses)		
Base Uses - Policy Changes		
BGS Engineering - move from Capital Bill to General Fund	3,888,256	
DPS replace \$20M JTOC transfer from T-Fund with GF; \$3M statewide dispatch transition	23,250,000	
E-911 Board - fund with General Fund instead of USF	4,587,898	
DAIL/DVHA/DMH provider rate increases 3% (GC match)	7,100,000	
DVHA Medicaid rate adj. \$5.52M ; DVHA Medicaid for postpartum \$950k (GC match)	6,469,896	
VDH Opioid Mitigation	8,000,000	
DMH Mobile crisis expansion \$1.9M ; suicide prevention \$475k	2,375,000	
DCF \$7M provider expansion; \$4.9M CCFAP; \$1.8M Families 1st; \$500k foster families	14,158,349	
DAIL LTC oversight	256,000	
CHSVT Move from DOC to Ed Fund	(3,336,352)	
VDOL \$3M U.I. modernization, \$1M internship expansion	4,000,000	
UVM \$10M, VSC \$5M, VSAC \$1M	16,000,000	
ANR \$650k climate pkg; \$200k parks; \$400k permit nav.; \$150k wetlands; \$182k positions	1,581,509	
ACCD New and Remote Worker Grants	1,000,000	
AAFM Working Lands increase \$406k; VAEI scientist for PFAS testing	486,000	
Debt service savings due to G.O. bond repayment	(325,000)	
Subtotal Base Uses - Policy Changes		89,491,556
Base Uses - Other Departmental Initiatives		739,420
One-time Uses - Policy Changes		
Appropriations enumerated in the Governor's Recommended Budget Sec. B.1100	104,860,000	
Transfer to Capital Expenditures Cash Fund	6,525,000	
One-time Uses - Other		
Transfers to offset fund deficits Workers' Comp Fund, All Other Insurance Fund	7,000,000	
Transfer to 27/53 Reserve	3,020,000	
Subtotal One-time Uses		121,405,000
Total General Fund Uses Before Stabilization Reserve Contribution		2,042,485,451
Transfer to the GF Stabilization Reserve	18,629,568	
Total General Fund Uses		2,061,115,019

FY 2023 General Fund Overview

The budget process began with the submission of FY 2023 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 13, 2022, and revised on January 15, 2022, just prior to the Governor's budget address to the General Assembly on January 18, 2022. The individual items reflected on the worksheet are discussed in more detail elsewhere in this document and in departmental budget materials.

A detailed breakdown of the Governor's one-time appropriations for policy initiatives can be found on the following page.

One-time General Fund Appropriations for Policy Initiatives – Section B.1100

B.1100(a)(3)(A)	AOA-Secy's Office IDEAL	\$220,000
B.1100(a)(3)(B)	AOA-Secy's Office ERP Financial System	\$11,800,000
B.1100(a)(4)(A)	DPS transition dispatch services	\$8,000,000
B.1100(a)(4)(B)	DPS fire safety system modernization	\$960,000
B.1100(a)(5)(A)	AAFM Ecosystems Services	\$1,000,000
B.1100(a)(5)(B)	AAFM for NOFA-VT	\$200,000
B.1100(a)(5)(C)	AAFM PFAS testing equipment	\$420,000
B.1100(a)(5)(D)	AAFM VT Branding	\$100,000
B.1100(a)(6)(A)	CJC New Entrance Exam	\$50,000
B.1100(a)(6)(B)	CJC Incident Simulator	\$100,000
B.1100(a)(7)(A)	VDOL UI Modernization	\$30,000,000
B.1100(a)(7)(B)	VDOL Regional workforce specialist pilot	\$2,700,000
B.1100(a)(8)(A)	AOE Child Nutrition Specialist	\$100,000
B.1100(a)(8)(B)	AOE Child nutrition grants	\$500,000
B.1100(a)(8)(C)	AOE Occ License Offset	\$75,000
B.1100(a)(9)(A)	ANR-CO GWSA support and implementation	\$75,000
B.1100(a)(9)(B)	VEM Flood Hazard FEMA Match	\$10,000,000
B.1100(a)(10)(A)	ANR-FPR VOREC community grant program	\$5,000,000
B.1100(a)(10)(B)	ANR-DEC wetlands mapping	\$250,000
B.1100(a)(11)(A)	ACCD-DED Brownfields Redevelopment	\$6,000,000
B.1100(a)(11)(B)	ACCD -DED Recruitment and Relocation	\$8,460,000
B.1100(a)(11)(C)	ACCD-DED New/Remote Worker	\$5,000,000
B.1100(a)(11)(D)	ACCD-DED EDA Grant State Match	\$1,000,000
B.1100(a)(12)(A)	AOT for VAST law enforcement	\$50,000
B.1100(a)(12)(B)	AOT for VAST Equipment Grants	\$1,000,000
B.1100(a)(13)(A)(1)	VDH Nursing Scholarships	\$3,000,000
B.1100(a)(13)(A)(2)	VDH Nursing Loan Repayment	\$2,000,000
B.1100(a)(13)(B)(1)	VSAC Trades Scholarships	\$3,000,000
B.1100(a)(13)(B)(2)	VSAC Loan Repayment	\$500,000
B.1100(a)(13)(B)(3)	VSAC 802 Opportunity Program	\$1,500,000
B.1100(a)(14)	BGS Workplace Info Mgmt System	\$1,800,000
Grand Total		\$104,860,000

Total Appropriations History FY 2019 – FY 2023 (all funds)

Funding Sources	FY 2019 Final Appropriations	FY 2020 Final Appropriations	FY 2021 Final Appropriations	2022 Gov's Rec Budget Adjustment (a)	FY 2023 Governor's Recommended Budget (b)
General Fund (GF)	1,596,468,226	1,607,307,455	1,742,394,948	2,114,898,817	2,025,940,451
Transportation Fund	284,763,891	283,331,886	279,869,013	311,123,868	325,512,722
Education Fund	1,655,419,334	1,726,769,204	1,791,356,714	1,849,944,652	1,897,222,027
Special Funds & Other Funds ^(c)	391,413,449	402,158,392	403,141,479	422,994,880	441,521,427
Sub-Total	3,928,064,900	4,019,566,937	4,216,762,154	4,698,962,217	4,690,196,627
Adjust for inter-fund appropriations: GF Transfer to EF	-	-	-	-	-
Total State Funds after EF Transfer	3,928,064,900	4,019,566,937	4,216,762,154	4,698,962,217	4,690,196,627
percent of total	65.53%	65.53%	57.29%	61.09%	61.05%
Federal Funds	2,025,301,689	2,090,563,907	2,169,172,831	2,450,812,779	2,964,708,059
Federal ARRA Funds ^(d)	2,112,486	1,990,771	1,104,738	520,000	510,535
Covid Funds	-	185,379,500	942,293,643	511,230,000	-
Total Funds Before Dedicated Dollars	5,955,479,075	6,297,501,115	7,329,333,366	7,661,524,996	7,655,415,221
percent of total	99.36%	99.36%	99.57%	99.60%	99.65%
Dedicated Sources					
Local Match	2,131,800	1,142,096	913,177	1,833,316	5,174,881
Enterprise Funds	14,494,526	11,495,452	12,803,991	12,792,458	13,701,186
Debt Service Obligation Funds	2,504,688	2,497,663	2,502,613	2,505,863	2,502,363
Pension & Private Purpose Trust Funds ^(e)	19,510,695	17,893,927	15,361,174	13,450,072	5,696,710
Sub-Total	38,641,709	33,029,138	31,580,955	30,581,709	27,075,140
Total Funds and Dedicated Sources	5,994,120,784	6,330,530,253	7,360,914,321	7,692,106,705	7,682,490,361
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	143,443,161	148,001,883	157,226,934	162,465,540	202,081,780
Interdepartmental Transfer	77,974,425	82,516,057	86,557,405	66,295,845	70,005,314
Global Commitment Fund	1,572,671,340	1,589,313,894	1,600,155,147	1,746,622,728	1,755,950,364
Total	1,794,088,926	1,819,831,834	1,843,939,486	1,975,384,113	2,028,037,458
Total All Appropriations	7,788,209,710	8,150,362,087	9,204,853,807	9,667,490,818	9,710,527,819
NOTES:					
(a) Governor's FY 2022 budget adjustment recommendations presented on January 4, 2022.					
(b) Governor's budget recommendations presented to the General Assembly on January 18, 2022.					
(c) "Special Funds" also include: Fish & Wildlife, Next Generation, Tobacco, State Health Care Resources, Transportation Infrastructure Bond Funds.					
(d) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).					
(e) Includes Permanent Trust Funds, Pension Funds, Retired Teachers' Health Fund and Private Purpose Trust Funds.					

FY 2023 Governor's Recommended Budget – All Funds by Function

Page 1 of 2										
Funding Sources	2022 Gov's Rec Budget Adjustment (a)	FY 2023 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)	2,114,898,817	2,025,940,451	-4.21%	56,620,240	47,188,000	211,104,717	160,517,937	262,541,564	686,150,612	
Transportation Fund	311,123,868	325,512,722	4.62%	4,059,343	-	-	-	-	-	
Education Fund ^(d)	1,849,944,652	1,897,222,027	2.56%	-	-	-	3,600,789	-	-	
Special Funds ^(e)	422,994,880	441,521,427	4.38%	8,186,351	9,974,000	95,646,854	1,940,837	84,224,351	76,250,607	
Total Funds Before Federal Dollars	4,698,962,217	4,690,196,627	-0.19%	68,865,934	57,162,000	306,751,571	166,059,563	346,765,915	762,401,219	
percent of total	61.09%	61.05%		1.47%	1.22%	6.54%	3.54%	7.39%	16.26%	
Federal Funds	2,450,812,779	2,964,708,059	20.97%	1,308,858	-	127,115,612	473,523	360,050,764	1,272,381,811	
Federal ARRA Funds ^(f)	520,000	510,535	-1.82%	-	-	510,535	-	-	-	
Coronavirus Relief Fund	511,230,000	-	-	-	-	-	-	-	-	
Total Funds Before Dedicated Dollars	7,661,524,996	7,655,415,221	-0.08%	70,174,792	57,162,000	434,377,718	166,533,086	706,816,679	2,034,783,030	
percent of total	99.60%	99.65%		0.92%	0.75%	5.67%	2.18%	9.23%	26.58%	
Dedicated Sources										
Local Match	1,833,316	5,174,881	182.27%	-	-	-	-	-	-	
Enterprise Funds	12,792,458	13,701,186	7.10%	6,979	-	13,694,207	-	-	-	
Debt Service Obligation Funds	2,505,863	2,502,363	-0.14%	-	-	-	-	-	-	
Pension Trust & Private Purpose Trust Funds	13,450,072	5,696,710	-57.65%	3,825,647	-	-	-	25,000	-	
Sub-Total	30,581,709	27,075,140	-11.47%	3,832,626	-	13,694,207	-	25,000	-	
Total Funds and Dedicated Sources	7,692,106,705	7,682,490,361	-0.13%	74,007,418	57,162,000	448,071,925	166,533,086	706,841,679	2,034,783,030	
	100.00%	100.00%		0.96%	0.74%	5.83%	2.17%	9.20%	26.49%	
Fund Sources that are duplicated in the above appropriations:										
Internal Service Funds	162,465,540	202,081,780	24.38%	177,628,620	-	-	1,699,065	-	-	
Interdepartmental Transfer	66,295,845	70,005,314	5.60%	4,441,712	-	14,975,716	545,099	18,601,929	8,867,199	
Global Commitment Fund	1,746,622,728	1,755,950,364	0.53%	-	-	-	5,310,796	662,303,332	1,087,666,775	
Total	1,975,384,113	2,028,037,458	2.67%	182,070,332	-	14,975,716	7,554,960	680,905,261	1,096,533,974	
Total All Appropriations	9,667,490,818	9,710,527,819	0.45%	256,077,750	57,162,000	463,047,641	174,088,046	1,387,746,940	3,131,317,004	
NOTES (both pages):										
(a) Governor's FY 2022 budget adjustment recommendations presented on January 4, 2022.										
(b) Governor's budget recommendations presented to the General Assembly on January 18, 2022.										
(c) Includes Homeowner Rebate; Renter Rebate; reappraisal and listing payments; and municipal current use.										
(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 2023 Governor's Recommended Budget

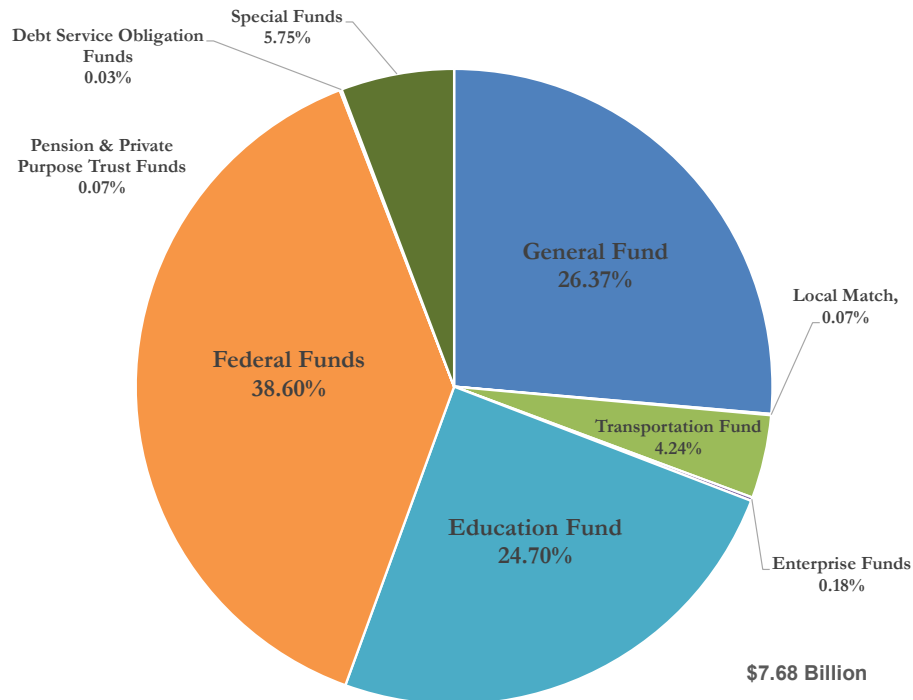
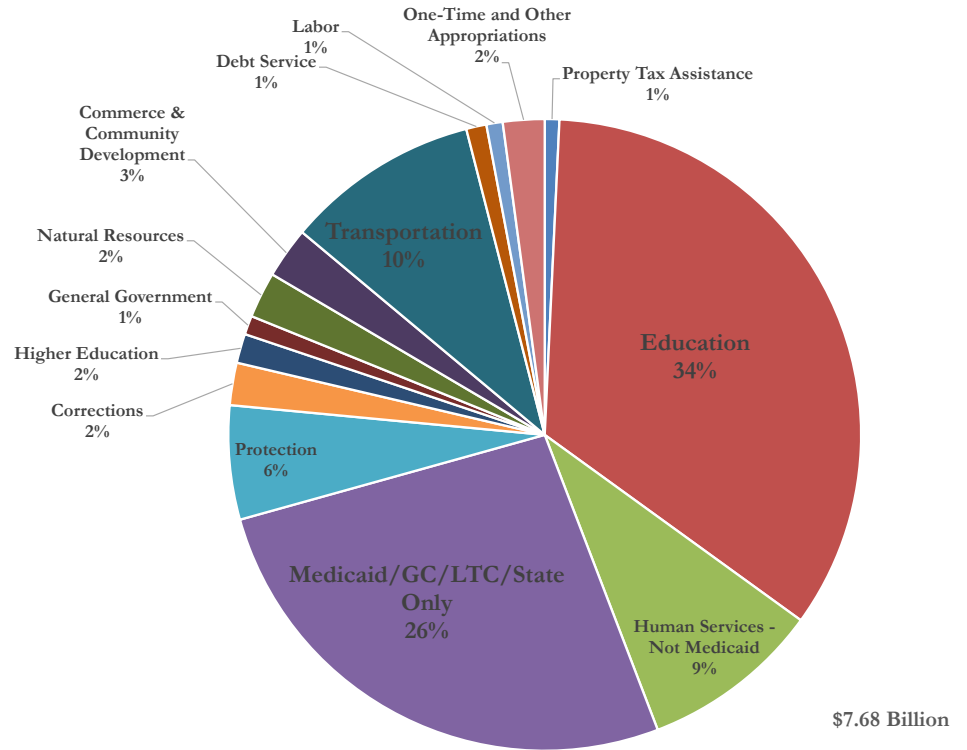
Page 2 of 2

		Commerce & Community Development					One-Time and Other	
Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources		Transportation	Debt Service	
General Fund (GF)	12,449,258	202,465,262	114,861,684	35,054,725	19,165,173	-	76,375,109	141,446,170
Transportation Fund	-	-	-	-	-	299,198,824	502,135	21,752,420
Education Fund ^(d)	-	1,893,580,013	41,225	-	-	-	-	-
Special Funds ^(e)	10,772,259	20,200,879	-	89,093,261	21,062,167	24,169,861	-	-
Total State Funds after EF Transfer	23,221,517	2,116,246,154	114,902,909	124,147,986	40,227,340	323,368,685	76,877,244	163,198,590
0.00%	0.50%	45.12%	2.45%	2.65%	0.86%	6.89%	1.64%	3.48%
Federal Funds	40,639,531	512,572,265	-	56,555,563	160,118,217	433,491,915	-	-
Federal ARRA Funds ^(f)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total Funds Before Dedicated Dollars	63,861,048	2,628,818,419	114,902,909	180,703,549	200,345,557	756,860,600	76,877,244	163,198,590
percent of total	0.83%	34.34%	1.50%	2.36%	2.62%	9.89%	1.00%	2.13%
Dedicated Sources								
Local Match	-	-	-	-	-	5,174,881	-	-
Enterprise Funds	-	-	-	-	-	-	-	-
Debt Service Obligation Funds	-	-	-	-	-	-	2,502,363	-
Pension Trust & Private Purpose Trust	-	1,846,063	-	-	-	-	-	-
Sub-Total	-	1,846,063	-	-	-	5,174,881	2,502,363	-
Total Funds and Dedicated Sources	63,861,048	2,630,664,482	114,902,909	180,703,549	200,345,557	762,035,481	79,379,607	163,198,590
	0.83%	34.24%	1.50%	2.35%	2.61%	9.92%	1.03%	2.12%
Fund Sources that are duplicated in the above appropriations:								
Internal Service Funds	-	-	-	-	-	22,754,095	-	-
Interdepartmental Transfer	250,000	365,324	-	12,828,502	5,532,656	3,597,177	-	-
Global Commitment Fund	-	260,000	409,461	-	-	-	-	-
Total	250,000	625,324	409,461	12,828,502	5,532,656	26,351,272	-	-
Total All Appropriations	64,111,048	2,631,289,806	115,312,370	193,532,051	205,878,213	788,386,753	79,379,607	163,198,590

FY 2023 Governor's Recommended Budget by Function and Fund

(Not Including ARPA-State Coronavirus Fiscal Relief Funds)

FY 2023 Governor's Budget
Recommendations by Function



FY 2023 Governor's Budget
Recommendations by Fund

FY 2023 Governor's Recommended Budget by Department and Funding Source

(Not Including ARPA-State Coronavirus Fiscal Relief Funds)

Page 1 of 3

Page 1 of 3													
											Duplicate Appropriations (c)		FY 2023
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	Governor's Recommended Total Appropriations
GENERAL GOVERNMENT													
Agency of Administration:													
Secretary of Administration	1,092,614	-	25,000	-	1,117,614	-	-	1,117,614	-	1,117,614	-	2,041,646	3,159,260
Secretary of Administration - Insurance	-	-	-	-	-	-	-	-	-	-	-	1,702,427	1,702,427
Finance & Management	1,287,210	-	-	-	1,287,210	-	-	1,287,210	-	1,287,210	-	3,590,219	4,877,429
Human Resources	1,645,579	-	263,589	-	1,909,168	-	-	1,909,168	-	1,909,168	-	13,271,248	15,180,416
Libraries	2,004,119	-	35,276	-	2,039,395	1,308,858	-	3,348,253	-	3,348,253	-	109,193	3,457,446
Tax	21,259,826	-	2,178,388	-	23,438,214	-	-	23,438,214	-	23,438,214	-	34,109	23,472,323
Buildings and General Services	5,980,033	4,059,343	432,760	-	10,472,136	-	-	10,472,136	6,979	10,479,115	-	40,168,157	50,647,272
Total Agency of Administration	33,269,381	4,059,343	2,935,013	-	40,263,737	1,308,858	-	41,572,595	6,979	41,579,574	-	60,916,999	102,496,573
Executive Office	1,716,379	-	-	-	1,716,379	-	-	1,716,379	-	1,716,379	-	230,751	1,947,130
Legislative Counsel	3,656,402	-	-	-	3,656,402	-	-	3,656,402	-	3,656,402	-	-	3,656,402
Legislature	9,901,100	-	-	-	9,901,100	-	-	9,901,100	-	9,901,100	-	-	9,901,100
Legislative Information Technology	1,705,238	-	-	-	1,705,238	-	-	1,705,238	-	1,705,238	-	-	1,705,238
Joint Fiscal Office	2,722,113	-	-	-	2,722,113	-	-	2,722,113	-	2,722,113	-	-	2,722,113
Sergeant at Arms	1,173,606	-	-	-	1,173,606	-	-	1,173,606	-	1,173,606	-	-	1,173,606
Lieutenant Governor	249,252	-	-	-	249,252	-	-	249,252	-	249,252	-	-	249,252
Auditor of Accounts	357,074	-	-	-	410,219	-	-	410,219	-	410,219	-	3,684,851	4,095,070
Treasurer	1,356,651	-	2,655,379	-	4,012,030	-	-	4,012,030	1,156,575	5,168,605	-	211,386	5,379,991
State Employees/Municipal Retirement Systems	-	-	2,136,685	-	2,136,685	-	-	2,136,685	2,669,072	4,805,757	-	-	4,805,757
Agency of Digital Services	179,572	-	399,341	-	578,913	-	-	578,913	-	578,913	-	116,859,021	117,437,934
Labor Relations Board	285,511	-	6,788	-	292,299	-	-	292,299	-	292,299	-	2,788	295,087
VOSHA Review Board	47,961	-	-	-	47,961	-	-	47,961	-	47,961	-	47,961	95,922
Homeowner Rebate	16,500,000	-	-	-	16,500,000	-	-	16,500,000	-	16,500,000	-	-	16,500,000
Renter rebate	9,500,000	-	-	-	9,500,000	-	-	9,500,000	-	9,500,000	-	-	9,500,000
Reappraisal and Listing Payments	3,388,000	-	-	-	3,388,000	-	-	3,388,000	-	3,388,000	-	-	3,388,000
Use Tax Reimbursement - Municipal Current Use	17,800,000	-	-	-	17,800,000	-	-	17,800,000	-	17,800,000	-	-	17,800,000
Ethics Commission	-	-	-	-	-	-	-	-	-	-	-	116,575	116,575
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	103,808,240	4,059,343	18,160,351	-	126,027,934	1,308,858	-	127,336,792	3,832,626	131,169,418	-	182,070,332	313,239,750
percent of total	5.12%	1.25%	4.11%	0.00%	2.69%	0.04%	0.00%	1.66%	14.16%	1.71%	0.00%	66.92%	3.23%
PROTECTION TO PERSONS AND PROPERTY													
Attorney General	6,533,053	-	2,378,838	-	8,911,891	1,490,970	-	10,402,861	-	10,402,861	-	3,455,606	13,858,467
Court Diversion	2,749,732	-	257,997	-	3,007,729	-	-	3,007,729	-	3,007,729	-	-	3,007,729
Defender General	20,501,676	-	589,653	-	21,091,329	-	-	21,091,329	-	21,091,329	-	-	21,091,329
Judiciary	52,247,805	-	3,260,434	-	55,508,239	953,928	-	56,462,167	-	56,462,167	-	2,095,399	58,557,566
State's Attorneys and SIUs	16,522,069	-	101,442	-	16,623,511	224,319	-	16,847,830	-	16,847,830	-	2,764,378	19,612,208
Sheriffs	4,856,230	-	-	-	4,856,230	-	-	4,856,230	-	4,856,230	-	-	4,856,230
Public Safety	81,869,365	-	17,539,160	-	99,408,525	46,198,606	-	145,607,131	-	145,607,131	-	5,591,988	151,199,119
Military	6,044,332	-	225,175	-	6,269,507	56,892,993	-	63,162,500	-	63,162,500	-	-	63,162,500
Center for Crime Victims Services	1,382,712	-	6,684,902	-	8,067,614	5,005,689	-	13,073,303	-	13,073,303	-	-	13,073,303
Criminal Justice Council	3,130,282	-	-	-	3,130,282	-	-	3,130,282	-	3,130,282	-	330,500	3,460,782
Agriculture, Food & Markets	9,979,273	-	16,623,628	-	26,602,901	10,369,058	-	36,971,959	-	36,971,959	-	737,845	37,709,804
Financial Regulation	-	-	17,432,631	-	17,432,631	-	-	17,432,631	-	17,432,631	-	-	17,432,631
Secretary of State	-	-	13,042,272	-	13,042,272	4,658,587	-	17,700,859	-	17,700,859	-	-	17,700,859
Public Service Department	-	-	11,632,917	-	11,632,917	1,056,721	510,535	13,200,173	41,762	13,241,935	-	-	13,241,935
Public Service Board	-	-	4,099,690	-	4,099,690	-	-	4,099,690	-	4,099,690	-	-	4,099,690
E-911 Board	4,587,898	-	-	-	4,587,898	-	-	4,587,898	-	4,587,898	-	-	4,587,898
Human Rights Commission	700,290	-	-	-	700,290	80,257	-	780,547	-	780,547	-	-	780,547
Liquor and Lottery	-	-	213,843	-	213,843	184,484	-	398,327	13,652,445	14,050,772	-	-	14,050,772
Cannabis Control Board	-	-	1,564,272	-	1,564,272	-	-	1,564,272	-	1,564,272	-	-	1,564,272
TOTAL PROTECTION	211,104,717	-	95,646,854	-	306,751,571	127,115,612	510,535	434,377,718	13,694,207	448,071,925	-	14,975,716	463,047,641
percent of total	10.42%	0.00%	21.66%	0.00%	6.54%	4.29%	100.00%	5.67%	50.58%	5.83%	0.00%	5.50%	4.77%

FY 2023 Governor's Recommended Budget by Department and Funding Source

(Not Including ARPA-State Coronavirus Fiscal Relief Funds)

Page 2 of 3

Duplicate Appropriations (c)													FY 2023 Governor's Recommended Total Appropriations
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	
HUMAN SERVICES													
Human Services Agency:													
AHS - Secretary's Office	8,702,962	-	147,517	-	8,850,479	10,932,443	-	19,782,922	-	19,782,922	-	14,281,311	34,064,233
AHS - Secretary's Office - Global Commitment	593,715,301	-	71,512,410	-	665,227,711	1,132,911,995	-	1,798,139,706	-	1,798,139,706	-	4,034,170	1,802,173,876
Human Services Board	490,779	-	-	-	490,779	364,929	-	855,708	-	855,708	-	-	855,708
Department of Vermont Health Access	91,936,732	-	4,738,197	-	96,674,929	137,386,483	-	234,061,412	-	234,061,412	849,183,816	4,833,029	1,088,078,257
Health	24,506,351	-	27,976,994	-	52,483,345	101,901,358	-	154,384,703	25,000	154,409,703	54,137,196	1,050,931	209,597,830
Mental Health	12,576,387	-	1,690,187	-	14,266,574	10,279,911	-	24,546,485	-	24,546,485	262,602,309	125,093	287,273,887
Children and Families	178,696,647	-	35,933,443	-	214,630,090	195,064,990	-	409,695,080	-	409,695,080	69,057,588	778,310	479,530,978
Disabilities, Aging and Independent Living	30,155,168	-	1,629,370	-	31,784,538	36,159,715	-	67,944,253	-	67,944,253	514,989,198	2,366,284	585,299,735
Corrections	160,517,937	-	1,940,837	3,600,789	166,059,563	473,523	-	166,533,086	-	166,533,086	5,310,796	2,244,164	174,088,046
TOTAL HUMAN SERVICES AGENCY	1,101,298,264	-	145,568,955	3,600,789	1,250,468,008	1,625,475,347	-	2,875,943,355	25,000	2,875,968,355	1,755,280,903	29,713,292	4,660,962,550
Veterans' Home	4,068,733	-	11,892,624	-	15,961,357	7,430,751	-	23,392,108	-	23,392,108	-	-	23,392,108
Commission on Women	430,793	-	3,848	-	434,641	-	-	434,641	-	434,641	-	-	434,641
Retired Senior Volunteer Program	150,961	-	-	-	150,961	-	-	150,961	-	150,961	-	-	150,961
Green Mountain Care Board	3,261,362	-	4,950,368	-	8,211,730	-	-	8,211,730	-	8,211,730	-	-	8,211,730
TOTAL HUMAN SERVICES	1,109,210,113	-	162,415,795	3,600,789	1,275,226,697	1,632,906,098	-	2,908,132,795	25,000	2,908,157,795	1,755,280,903	29,713,292	4,693,151,990
percent of total	54.75%	0.00%	36.79%	0.19%	27.19%	55.08%	0.00%	37.99%	0.09%	37.85%	99.96%	10.92%	48.33%
Labor	12449258	0	10772259	0	23,221,517	40639531	0	63,861,048	-	63,861,048	-	250,000	64,111,048
TOTAL LABOR	12,449,258	-	10,772,259	-	23,221,517	40,639,531	-	63,861,048	-	63,861,048	-	250,000	64,111,048
percent of total	0.61%	0.00%	2.44%	0.00%	0.50%	1.37%	0.00%	0.83%	0.00%	0.83%	0.00%	0.09%	0.66%
GENERAL EDUCATION													
Agency of Education	15,313,456	-	20,200,879	1,852,851,909	1,888,366,244	512,572,265	-	2,400,938,509	-	2,400,938,509	260,000	365,324	2,401,563,833
Teachers' Retirement	187,151,806	-	-	40,728,104	227,879,910	-	-	227,879,910	1,846,063	229,725,973	-	-	229,725,973
TOTAL GENERAL EDUCATION	202,465,262	-	20,200,879	1,893,580,013	2,116,246,154	512,572,265	-	2,628,818,419	1,846,063	2,630,664,482	260,000	365,324	2,631,289,806
percent of total	9.99%	0.00%	4.58%	99.81%	45.12%	17.29%	0.00%	34.34%	6.82%	34.24%	0.01%	0.13%	27.10%
HIGHER EDUCATION AND OTHER													
University of Vermont	52,509,093	-	-	-	52,509,093	-	-	52,509,093	-	52,509,093	-	-	52,509,093
Vermont State Colleges	41,248,778	-	-	-	41,248,778	-	-	41,248,778	-	41,248,778	409,461	-	41,658,239
Vermont Student Assistance Corp.	21,019,813	-	-	41,225	21,061,038	-	-	21,061,038	-	21,061,038	-	-	21,061,038
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000
TOTAL HIGHER EDUCATION AND OTHER	114,861,684	-	-	41,225	114,902,909	-	-	114,902,909	-	114,902,909	409,461	-	115,312,370
percent of total	5.67%	0.00%	0.00%	0.00%	2.45%	0.00%	0.00%	1.50%	0.00%	1.50%	0.02%	0.00%	1.19%
NATURAL RESOURCES													
Agency of Natural Resources:													
ANR - Central Office	6,528,681	-	680,985	-	7,209,666	-	-	7,209,666	-	7,209,666	-	1,777,830	8,987,496
Fish & Wildlife	6,883,540	-	11,302,225	-	18,185,765	9,667,795	-	27,853,560	-	27,853,560	-	1,544,012	29,397,572
Forests, Parks & Recreation	9,989,720	-	16,178,944	-	26,168,664	5,363,244	-	31,531,908	-	31,531,908	-	549,193	32,081,101
Environmental Conservation	10,979,230	-	58,322,342	-	69,301,572	41,524,524	-	110,826,096	-	110,826,096	-	8,957,467	119,783,563
Total Agency of Natural Resources	34,381,171	-	86,484,496	-	120,865,667	56,555,563	-	177,421,230	-	177,421,230	-	12,828,502	190,249,732
Natural Resources Board	673,554	-	2,608,765	-	3,282,319	-	-	3,282,319	-	3,282,319	-	-	3,282,319
TOTAL NATURAL RESOURCES	35,054,725	-	89,093,261	-	124,147,986	56,555,563	-	180,703,549	-	180,703,549	-	12,828,502	193,532,051
percent of total	1.73%	0.00%	20.18%	0.00%	2.65%	1.91%	0.00%	2.36%	0.00%	2.35%	0.00%	4.71%	1.99%

FY 2023 Governor's Recommended Budget by Department and Funding Source

(Not Including ARPA-State Coronavirus Fiscal Relief Funds)

Page 3 of 3

Duplicate Appropriations (c)													FY 2023 Governor's Recommended Total Appropriations
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	
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	3,406,417	-	-	-	3,406,417	351,000	-	3,757,417	-	3,757,417	-	114,989	3,872,406
Economic Development	6,065,846	-	2,905,350	-	8,971,196	3,932,132	-	12,903,328	-	12,903,328	-	2,469,173	15,372,501
Housing & Community Development	4,065,708	-	5,682,968	-	9,748,676	68,364,457	-	78,113,133	-	78,113,133	-	2,873,494	80,986,627
Tourism & Marketing	3,490,357	-	-	-	3,490,357	10,483,053	-	13,973,410	-	13,973,410	-	75,000	14,048,410
Total Agency of Commerce & Comm Development	17,028,328	-	8,588,318	-	25,616,646	83,130,642	-	108,747,288	-	108,747,288	-	5,532,656	114,279,944
Council on the Arts	745,459	-	-	-	745,459	-	-	745,459	-	745,459	-	-	745,459
Vermont Symphony Orchestra	141,087	-	-	-	141,087	-	-	141,087	-	141,087	-	-	141,087
Vermont Historical Society	1,015,470	-	-	-	1,015,470	-	-	1,015,470	-	1,015,470	-	-	1,015,470
Housing & Conservation Trust	-	-	12,473,849	-	12,473,849	76,987,575	-	89,461,424	-	89,461,424	-	-	89,461,424
Vermont Humanities Council	234,829	-	-	-	234,829	-	-	234,829	-	234,829	-	-	234,829
TOTAL COMMERCE & COMMUNITY DEV.	19,165,173	-	21,062,167	-	40,227,340	160,118,217	-	200,345,557	-	200,345,557	-	5,532,656	205,878,213
percent of total	0.95%	0.00%	4.77%	0.00%	0.86%	5.40%	0.00%	2.62%	0.00%	2.61%	0.00%	2.03%	2.12%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	215,261,197	17,399,908	-	232,661,105	404,695,299	-	637,356,404	3,434,398	640,790,802	-	26,009,576	666,800,378
AOT Dept. of Motor Vehicles	-	37,942,872	-	-	37,942,872	1,657,266	-	39,600,138	-	39,600,138	-	141,696	39,741,834
AOT Town Highway, Bridges & Municipal	-	45,803,793	6,769,953	-	52,573,746	27,139,350	-	79,713,096	1,740,483	81,453,579	-	200,000	81,653,579
Total Agency of Transportation	-	299,007,862	24,169,861	-	323,177,723	433,491,915	-	756,669,638	5,174,881	761,844,519	-	26,351,272	788,195,791
Transportation Board	-	190,962	-	-	190,962	-	-	190,962	-	190,962	-	-	190,962
TOTAL TRANSPORTATION	-	299,198,824	24,169,861	-	323,368,685	433,491,915	-	756,860,600	5,174,881	762,035,481	-	26,351,272	788,386,753
percent of total	0.00%	91.92%	5.47%	0.00%	6.89%	14.62%	0.00%	9.89%	19.11%	9.92%	0.00%	9.68%	8.12%
Debt Service	76,375,109	502,135	-	-	76,877,244	-	-	76,877,244	2,502,363	79,379,607	-	-	79,379,607
DEBT SERVICE	76,375,109	502,135	-	-	76,877,244	-	-	76,877,244	2,502,363	79,379,607	-	-	79,379,607
percent of total	3.77%	0.15%	0.00%	0.00%	1.64%	0.00%	0.00%	1.00%	0	1.03%	0.00%	0.00%	0.82%
One-Time	141,446,170	21,752,420	-	-	163,198,590	-	-	163,198,590	-	163,198,590	-	-	163,198,590
ONE TIME APPROPRIATIONS	141,446,170	21,752,420	-	-	163,198,590	-	-	163,198,590	-	163,198,590	-	-	163,198,590
percent of total	6.98%	6.68%	0.00%	0.00%	3.48%	0.00%	0.00%	2.13%	0.00%	2.12%	0.00%	0.00%	1.68%
APPROPRIATION TOTAL	2,025,940,451	325,512,722	441,521,427	1,897,222,027	4,690,196,627	2,964,708,059	510,535	7,655,415,221	27,075,140	7,682,490,361	1,755,950,364	272,087,094	9,710,527,819
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 FY2020-FY2023 (\$ in millions)

	Actual FY 2020	Actual FY 2021	Governor's Recommended BAA FY 2022**	Governor's Recommended Budget FY 2023
Sources				
General Revenue	1,457.44	1,952.33	1,897.80	1,930.90
Technical Adjustments	-	-	-	(8.10)
Direct Applications	95.71	95.76	82.15	75.07
Reversions	1.02	74.17	98.52	-
Revenue Changes	-	-	(6.30)	(49.50)
Additional Property Transfer Tax	12.82	34.45	34.56	35.58
Other Revenue	52.93	-	-	-
Carried Forward	0.85	-	103.61	77.16
Total Sources	1,620.77	2,156.71	2,210.34	2,061.11
Uses				
Base Appropriations	1,633.73	1,606.02	1,720.90	1,884.49
Budget Adjustment Act	(48.15)	-	52.67	-
<i>Net Base Appropriations</i>	<i>1,585.58</i>	<i>1,606.02</i>	<i>1,773.57</i>	<i>1,884.49</i>
Supplemental Budget Adjustment Act	10.82	-	-	-
One-time Appropriations	-	30.90	228.70	115.27
Other Bills	0.95	100.31	1.20	-
Pay Act	9.97	5.17	11.41	26.17
Contingent Appropriations	-	-	100.00	-
Total Uses	1,607.32	1,742.40	2,114.88	2,025.93
Subtotal operating surplus (deficit)	13.45	414.31	95.46	35.18
Allocation of surplus - transfers (to)/from other funds				
Transfers (to)/from other funds	(8.15)	(6.55)	(34.35)	(13.53)
Transfers (to)/from Tobacco Litigation SF	(1.50)	1.66	-	-
Transfers (to)/from Coronavirus Relief Fund	-	(51.18)	-	-
Transfers (to)/from Ret. And OPEB	-	(52.42)	-	-
Transfers from GF reserves	-	-	-	-
Total Transfers (to) from other funds	(9.65)	(108.49)	(34.35)	(13.53)
Budget Stabilization Reserve	(1.64)	(2.04)	(5.25)	(18.63)
Human Services Caseload Reserve	1.85	0.51	-	-
27/53 Reserve	(4.03)	(1.85)	21.32	(3.02)
Balance Reserve (Rainy Day Fund)	-	(48.81)	-	-
Other reserves / Carryforward	-	(150.00)	-	-
Total reserved in GF (designated)	(3.82)	(202.19)	16.07	(21.65)
Total Allocated	(13.47)	(310.68)	(18.28)	(35.18)
Unallocated operating surplus/(deficit)	(0.02)	103.63	77.16	0.00
Stabilization Reserve at statutory level	79.82	80.37	87.12	105.74
GF reserves (cumulative)				
Budget Stabilization Reserve	79.82	81.86	87.11	105.74
Human Services Management Reserve	98.24	97.73	97.73	97.73
27/53 Reserve	18.45	20.30	-	3.02
GF Balance Reserve	31.55	80.36	80.36	80.36
Other Reserves	-	150.00	150.00	150.00
Total GF reserve balance	228.06	430.25	415.20	436.85

* Results may not add due to rounding

**Includes Jan E-Board Revenue Update

Transportation Fund Summary FY2020-FY2023 (\$ in millions)

	Actual FY 2020	Actual FY 2021	Governor's Recommended BAA FY 2022**	Governor's Recommended Budget FY 2023**
Sources				
Current law revenues	264.11	282.71	296.10	303.30
New revenue	-	-	-	-
Direct applications, reversions & 1-time revenue	0.05	1.39	-	-
Federal Reimbursements			15.00	5.80
For appropriation from TF	-	24.16	28.59	20.03
Total sources	264.15	308.27	339.69	329.13
Uses				
Base appropriations	285.28	288.19	311.12	325.51
Budget adjustment, rescissions & excess receipts	(46.54)	(8.33)	(3.93)	-
Total uses	238.73	279.87	307.19	325.51
Subtotal operating surplus (deficit)	25.42	28.40	32.50	3.62
Allocation of surplus				
Transfers (to) / from other funds				
Downtown Fund	(0.42)	(0.52)	(4.02)	(0.52)
Central Garage Fund	(0.36)	(1.01)	(1.36)	(1.43)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	0.15	(0.05)	(4.72)	0.14
Total transfers (to) / from other funds	(1.00)	(1.95)	(10.48)	(2.19)
Reserved in the TF (designated)				
Budget Stabilization Reserve	(0.26)	2.15	(1.99)	(1.43)
Bond Reserve	-	-	-	-
Total reserved in the TF (designated)	(0.26)	2.15	(1.99)	(1.43)
Total allocated	(1.26)	0.20	(12.47)	(3.62)
Unallocated operating surplus (deficit)	24.16	28.60	20.03	0.00
Stabilization Reserve at statutory level of 5%	14.09	11.94	13.93	15.36
TF Reserves (cumulative)				
Bond Reserve	-	-	-	-
Budget Stabilization Reserve	14.09	11.94	13.93	15.36
Total TF Reserve Balance	14.09	11.94	13.93	15.36

*Results may not add due to rounding.

**Revenue as adopted by the Vermont Emergency Board on Jan 13, 2022.

Education Fund Summary FY2020-FY2023 (\$ in millions)

	Actual FY 2020	Actual FY 2021	Projected Budget FY 2022	Projected Budget FY 2023
Sources**				
Meals & Rooms Tax - <i>one-quarter of total</i>	40.89	35.95	49.40	51.60
Purchase & Use Tax - <i>one-third of total</i>	35.13	44.69	47.10	47.50
Sales & Use Tax - <i>100% of total</i>	432.47	507.60	538.70	556.10
Lottery Revenue - <i>100% of total</i>	26.82	32.50	32.30	36.90
Non-Homestead Property Tax	700.31	735.21	747.73	679.70
Net Homestead Property Tax	443.73	462.19	477.30	421.60
Medicaid Reimbursement	10.56	7.41	10.00	10.20
Other Sources (Wind, Solar, Fund Interest, Other)	5.10	2.89	2.05	2.15
Total sources	1,695.02	1,828.44	1,904.58	1,805.75
Uses				
Base Appropriations	1,709.11	1,759.08	1,849.90	1,897.18
Appropriations Savings	-	-	(11.73)	-
Total uses	1,709.11	1,759.08	1,838.17	1,897.18
Subtotal operating surplus/(deficit)	(14.09)	69.36	66.41	(91.43)
Allocation of surplus/(deficit)				
Transfer (to)/from the stabilization reserve	4.06	(5.24)	(1.07)	(2.85)
Transfer (to)/from continuing appropriations	(9.36)	(21.44)	-	-
Transfer (to)/from Pension/OPEB Prefunding Reserve	-	(14.00)	-	-
Transfer (to)/from unallocated	19.39	(28.68)	(65.33)	94.29
Total allocated	14.09	(69.36)	(66.40)	91.44
Education fund reserves				
Budget stabilization reserve***	32.98	38.22	39.29	42.14
Statutory reserve at 5%	32.98	38.22	39.29	42.14

*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 on January, 13 2022.

Also note:

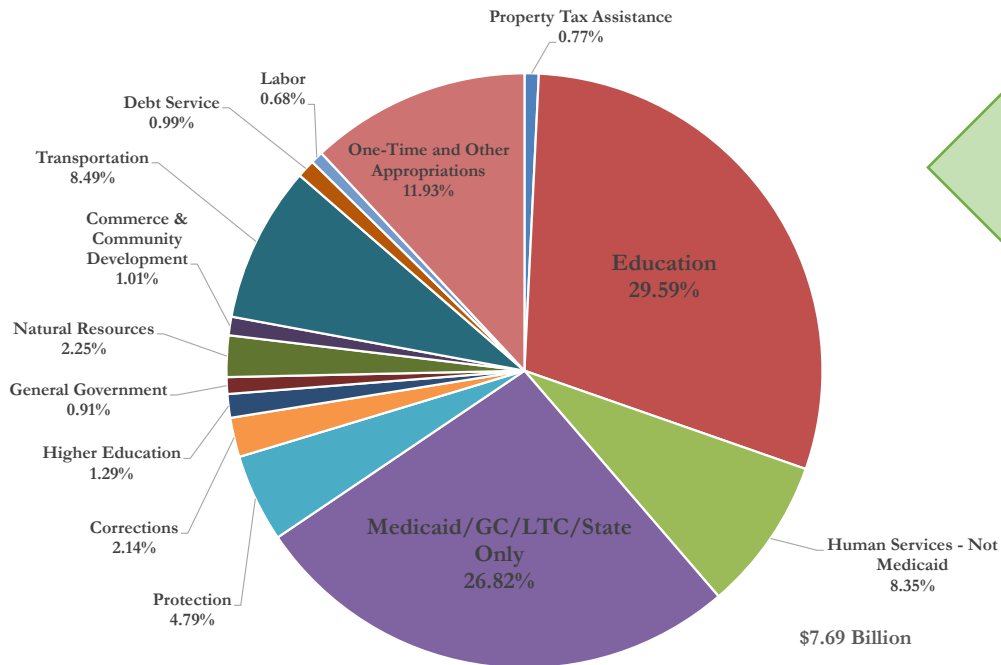
The Lottery estimate contains two Governor's initiatives - \$2M for keno and \$2M for iLottery.

The spending plan includes one Governor's initiative - \$3.6M for Community High School of Vermont.

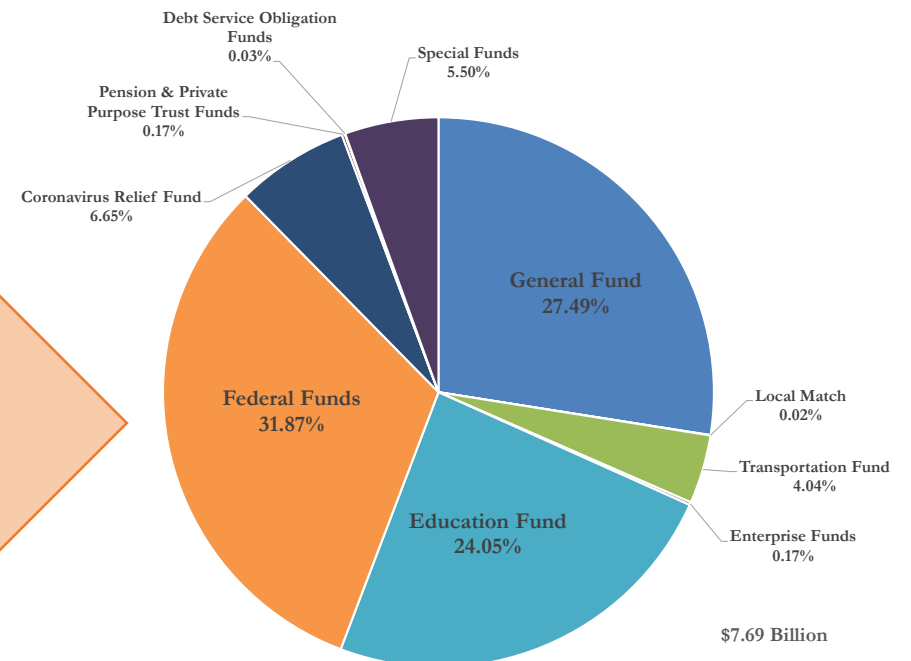
***Only the Budget stabilization reserve component of the Education Fund balance is reflected in this statement.

FY 2022 BUDGET ADJUSTMENT RECOMMENDATION (BAA)

FY 2022 BAA Function and Fund (Including Coronavirus Relief Funds and ARPA-State Coronavirus Fiscal Relief Funds)



FY 2022 Governor's BAA Recommendations by Fund



FY 2022 BUDGET ADJUSTMENT WORKSHEET BY FUND (INITIAL AND SUPPLEMENTAL)

2021 Act. 74 Sec. #	Appropriation Title	General Fund	Coronavirus Relief Fund	Coronavirus State Fiscal Recovery Fund	Transportation Fund	Education Fund	Special Funds (Various) ⁽¹⁾	Global Commitment Fund	Health Care Resources Fund	Federal Funds	Dedicated Funds ⁽²⁾	Other ⁽³⁾ Funds	Total	Narrative Description
C.111(a)	As Passed FUND SOURCE REPLACEMENT After Fund Source Replacements per C.111(a)	1,849,724,085 100,000,000 1,949,724,085	15,000,000 566,700,000 581,700,000	311,123,868 (100,000,000) 211,123,868	1,848,444,652 1,848,444,652	401,739,818 401,739,818	1,642,165,902 1,642,165,902	17,078,501 17,078,501	2,316,256,619 2,316,256,619	30,581,709 30,581,709	231,618,379 231,618,379	9,230,433,533 0 9,230,433,533		
General Government														
B.126	Legislature	105,000											105,000	Funds HR Generalist position authorized in Act 74; offset by additional reversion from Legislature in D.101(d)
B.127	Joint fiscal committee	190,000											190,000	Funds IT project review consultant (\$125k) and LTS position for ARPA-related work (authorized by JFC 9/17/2021); offset by additional reversion from Legislature in D.101(d)
Total General Government		295,000	0	0	0	0	0	0	0	0	0	0	295,000	
Protection														
B.225.2	Agriculture, food and markets - Clean Water initiative						1,442,457						1,442,457	Additional Clean Water Funds approved by Clean Water Board 8/12/21 for Water Quality Grants to Partners and Farmers
Total Protection		0	0	0	0	0	1,442,457	0	0	0	0	0	1,442,457	
Human Services														
B.300	Human services - agency of human services - secretary's office	372,091						(453,000)					(80,909)	Transfer of 2-1-1 contract to DCF (AHS net-neutral); Transfer VDH SFY2021 carryforward to CO for 1115 and All-Payer Model waivers Technical Assistance contracts (AHS net-neutral)
B.301	Secretary's office - global commitment	26,014,362					(141,149)		(1,055,000)	134,110,810		(584,267)	158,344,756	SFY21 carryforward; DVHA, DMH, DCF DAL GF impacts; 6.2% FMAP bump \$66M FF (GF was utilized in Act 74)
B.306	Department of Vermont health access - administration	340,666					2,315,103			(2,878,747)			(222,978)	HIE related contract changes; Tech. adj. to move Dr Dynasaur Expansion (2021 Act 48; DVHA net-neutral) to Admin; changes to HIE cost allocation; HIE-related grants changes; transfer HIT DSR match from AHS/GC (AHS net-neutral)
B.307	Department of Vermont health access - Medicaid program - global commitment							97,591,184					97,591,184	Caseload & utilization \$68M; DMH transfer for Brattleboro Retreat \$3.4M (AHS net-neutral); DHM transfer for NFH Hospital Division \$208k; annual rate adjustments \$4.7M; PY2020 ACO settlement \$15.2M; increase ED per diem rates \$248k; Annual Medicare Buy-In Rate and caseload \$5.8M; High Tech Nursing \$152k; Medicaid expense transfer from DCF (AHS net-neutral)
B.309	Department of Vermont health access - Medicaid program - state only	(1,855,850)						9,517,919					7,662,069	Caseload & utilization \$(1.5)M GF; DMH transfer for Brattleboro Retreat \$9.6M GCF; Medicare clawback \$(172)k; Tech adj. to move Dr Dynasaur to Admin - \$200k
B.310	Department of Vermont health access - Medicaid non-waiver matched	153,187								1,773,411			1,926,598	Caseload & utilization; annual rate adjustments; PY2020 ACO settlement; increase ED per diem rates; Medicare Buy-In Rate & caseload; CHIP FMAP adjustment
B.311	Health - administration and support	(621,645)											(621,645)	Transfer SFY2021 carryforward funds to AHS-CO and DAL (net-neutral tech. adjustments)
B.314	Mental health - mental health	568,975						(10,776,772)		(21,026)			(10,228,823)	988 Suicide Prevention Line \$440k GF; VPCHMTCR Staff incentives SFY22 \$1.44M GCF; SFY23 \$290k GCF; 16-bed secure residential startup cost \$150k GF; Jarrett House add'l funds for travel partners \$225k GCF; move funding for Brattleboro Retreat and NF to DVHA - \$13.2M GCF
B.316	Department for children and families - administration & support services	1,648,240					50,000	(597,000)		2,432,486			3,533,726	GF Impacts: Contracts & grants restructure (DCF net-neutral); Targeted Case Management (TCM) Statistic Adjustment; 211 Contract Transfer from AHS (AHS net-neutral); TCM Swap with FSD (DCF net-neutral); Medicaid Admin Revenue Underarm. Fed Fund impacts: Child Care Stabilization tech. adjustment for admin costs (DCF net-neutral); CCWS Fed match \$2M
B.317	Department for children and families - family services	495,624						793,573		1,007,953		22,500	2,319,650	Sub Adopt and Substitute Care caseloads; JUDP mentoring; contracts & grants revenue adjustments; AHS- and DCF-net-neutral adjustments
B.318	Department for children and families - child development	(1,352,436)						149,788		(251,188)		(22,500)	(1,476,336)	N-E Revenue Overarm; Adoption Savings Reinvestment -\$400k; CHIP underarm \$100k; Subsidy caseload underutilization -\$814k; AHS- and DCF-net neutral adjustments
B.321	Department for children and families - general assistance	100,000								(100,000)			0	TANF GF Swap with ReachUp (DCF net-neutral)
B.323	Department for children and families - Reach Up	(200,000)					100,000			100,000			0	21903 Revenue Adjustment; TANF Swap with GA (DCF net-neutral)
B.325	Department for children and families - Office of economic opportunity	6,100,000											6,100,000	Transportation for GA participants \$600k; RRHI Continuation \$500k (CRF backfill); Rental Risk Mitigation Program \$5M
B.327	Department for children and families - secure residential treatment	296,972											296,972	Becket Increase and SEALL Rate Increase transfers from FSD (DCF net-neutral)
B.328	Department for children and families - disability determination services									(147,539)			(147,539)	Application development revenue adjustment
B.329	Disabilities, aging, and independent living - administration & support	1,442,175								150,000			1,592,175	CFC Reinvestment funds - move to Admin from CFC for ASP Investigative System \$1.1M and Self-Managed EREE Training (DAL net-neutral); Transfer of VDH SFY21 carryforward for LTC Oversight Initiative (AHS net-neutral)
B.330	Disabilities, aging, and independent living - advocacy and independent living grants							568,182					568,182	Act 72 Sec. C. 100 (a)(21) One-time funding for SASH Grant (year 3 of 3) (AHS net-neutral)
B.334	Disabilities, aging, and independent living - TBI, Home & Comm. Based							150,000					150,000	Utilization increase
B.334.1	Disabilities, aging, and independent living - long term care							7,512,952					7,512,952	Carry forward funds from SFY2021 to SFY2022
B.338	Corrections - correctional services	4,934,590											4,934,590	DOC Incentives - Shift, Retention, and Hiring Progression Bonuses
B.339	Corrections - Correctional services - out-of-state beds	(417,030)											(417,030)	Transfer of SFY2021 carryforward to Correctional Services appropriation (per Act 154, E.335.1) (DOC net-neutral)
B.342	Vermont Veterans Home	1,555,815					790,000						2,345,815	VT Medicaid FY2020 settlement- \$790k reduction to GF and increase to SF; GF increases Temp. employment \$1.5M, medical lab supplies \$175k, safety repairs \$207k, retention \$129k, ADS end user \$100k, misc. operating \$235k
Total Human Services		39,575,736	0	0	0	0	3,113,954	104,456,826	(1,055,000)	136,176,160	0	(584,267)	281,683,409	
Labor														
B.400	Labor - programs	12,803,996								(1,100,000)			11,703,996	\$1.1M reduction in anticipated federal funding; \$12.8M GF to fund the U.I. program expenses exceeding the \$7.9M of total available federal funds, and \$5.5M of Coronavirus Relief Funds reallocated to VDOL.
Total Labor		12,803,996	0	0	0	0	0	0	0	(1,100,000)	0	0	11,703,996	
Education														
B.505	Education - adjusted education payment					1,500,000							1,500,000	Grants to Continuing Technical Education centers for pandemic-related operations support.
Total Education		0	0	0	0	1,500,000	0	0	0	0	0	0	1,500,000	

Higher Education														
B.605	Vermont student assistance corporation											(2,272,727)	(2,272,727)	Section B.605 of 2021 Act 74 includes 2,272,727 in IDT for VSAC. The funds were planned for transfer from VDH to VSAC for primary care workforce scholarship created by 202 Act 155; however, VSAC is not an entity of state government and cannot receive IDT.
Total Higher Education		0	0	0	0	0	0	0	0	0	0	(2,272,727)	(2,272,727)	
Natural Resources														
B.702	Fish and wildlife - support and field services							1,000,000					1,000,000	Clean water funds allocated by Clean Water Board 8/12/21 for natural resource restoration projects
B.711	Environmental conservation - office of water programs							(2,500,000)					(2,500,000)	Reduce CWF appropriation to match 8/12/21 Clean Water Board meeting reallocating CWF based on ARPA eligibility
B.713	Natural resources board	0											0	Net-neutral shift of General Fund Operating to General Fund Personal services of \$149,888.
Total Natural Resources		0	0	0	0	0	0	(1,500,000)	0	0	0	0	(1,500,000)	
Transportation														
B.900	Transportation - finance and administration					(96,859)							(96,859)	Net neutral position moves between Maintenance, PDD, and F&A
B.903	Transportation - program development					(662,289)							(662,289)	Net neutral position moves between Maintenance, PDD, and F&A
B.905	Transportation - maintenance state system					759,148							759,148	Net neutral position moves between Maintenance, PDD, and F&A
B.919	Transportation - municipal mitigation assistance program							2,175,150					2,175,150	Move remaining funding for Municipal Roads Grants in Aid program from DEC to AOT (\$675k -see transfers section below); Add \$1.5M funding based on 8/12/21 Clean Water Board meeting
Total Transportation		0	0	0	0	0	0	2,175,150	0	0	0	0	2,175,150	
One-time Expenditures and Other Appropriations														
B.1106(a)(1)(A)	To AoA for distribution to fund the FY2022 53rd week of Medicaid	840,000											840,000	As recommended in September 2021 27/53 Reserve Report to JFC
B.1106(a)(1)(B)	To AoA for distribution to fund the FY2022 27th payroll pay period	190,000											190,000	As recommended in September 2021 27/53 Reserve Report to JFC
B.1106(a)(21)	Agency of Human Services - Central Office for COVID-19 emergent conditions	25,000,000											25,000,000	To meet current COVID-related grant and contractual obligations, as well as to provide financial support to providers to prevent business closures and disruptions.
B.1106(a)(22)	Agency of Human Services - Central Office for Healthcare Workforce Retention incentives	15,000,000											15,000,000	Retention incentives for employees of home health and residential care providers, skilled nursing facilities, direct service workers such as nurses, direct support professionals, and independent workers.
B.1106(a)(23)	Agency of Digital Services for cyber security	3,300,000											3,300,000	Provide the State with improved protection against cyber attacks by implementing a new system for Security Information and Event Management
B.1106(a)(24)	Office of the State Treasurer for the retirement of callable bonds	20,000,000											20,000,000	Reduce the State's outstanding debt to reduce debt service costs, lower Vermont's debt-to-GDP ratio, and improve the State's standing with credit rating agencies.
B.1106(a)(24)	Department of Environmental Conservation for Green River Dam analysis	350,000											350,000	Provide an economic analysis of the potential cost to the State to assume ownership of the Green River Dam
G.300(a)(8)(C)	VT State Colleges - Critical Occupations Program			2,350,000									2,350,000	Fund additional scholarships, above the original \$5M appropriation in Act 74, to waitlisted applicants
G.400(a)(1)	HOUSING AND HOMELESSNESS INVESTMENTS - VHCB			50,000,000									50,000,000	Mixed income, multifamily rental, and shelter expansion; goal is to create 250+ units
G.400(a)(2)	HOUSING AND HOMELESSNESS INVESTMENTS - VHP			20,000,000									20,000,000	Support affordable apartment and ADU creation in existing properties; goal is to create 400+ units
G.400(a)(3)	HOUSING AND HOMELESSNESS INVESTMENTS - to DHCD for grant to VHFA			5,000,000									5,000,000	To support Missing Middle Home Ownership Development pilot to provide construction and development financial subsidies for owner-occupied homes
G.501(a)	STATE TECHNOLOGY MODERNIZATION INVESTMENTS	28,820,000		(28,820,000)									0	Switch funding source for all technology appropriations funded by ARPA-CSFRF to GF due to Treasury compliance issues
G.600(a)(2)	CLIMATE ACTION INVESTMENTS: AOA-VT Housing Finance Agency	9,000,000		(9,000,000)									0	Switch funding source for weatherization from ARPA-CSFRF to GF due to Treasury compliance issues
G.600(a)(5)	CLIMATE ACTION INVESTMENTS: Department of Public Service	10,000,000		(10,000,000)									0	Switch funding source for Affordable Community-Scale renewable Energy Program from ARPA-CSFRF to GF due to Treasury compliance issues
G.700(a)(5)	WATER AND SEWER INVESTMENTS: Dept of Env Conservation for allocation by Clean Water Board			0									0	Net-neutral shift of \$3.5M of the \$10M appropriation from DEC to AAFM to reflect Clean Water Board 8/12/21 allocation
Total One-Time and Other Appropriations		112,500,000	0	29,530,000	0	0	0	0	0	0	0	0	142,030,000	
Total Appropriation Changes		165,174,732	0	29,530,000	0	1,500,000	5,231,561	104,456,826	(1,055,000)	135,076,160	0	(2,856,994)	437,057,285	
Total Adjusted Appropriations		2,114,898,817	15,000,000	496,230,000	311,123,868	1,849,944,652	406,971,379	1,746,622,728	16,023,501	2,451,332,779	30,581,709	228,761,385	9,667,490,818	
Transfers and Reversions														
D.101(a)	Transfer from Clean Water Fund to Agricultural Water Quality Special Fund						0						0	To fund appropriation in B.225.2 above; net-neutral transfer of \$1,442,457
D.101(a)	Transfer from Transportation FHWA Fund to TIB Debt Service Fund									12,554,768			12,554,768	To fund transportation infrastructure bonds principal repayment
D.101(a)	Transfer from Transportation Fund-Non-Dedicated to the TIB Debt Service Fund			4,863,957										To fund transportation infrastructure bonds principal repayment
D.101(a)	Transfer from General Fund to Correctional Industries Internal Service Fund	1,877,092.00											1,877,092	Address deficit balance via \$800k of funds reverted from VDH to Gen Fund, plus an additional \$1.077M Gen Fund
D.101(a)	Transfer from General Fund to Emergency Relief and Assistance Fund	2,000,000.00											2,000,000	Refund ERAF fund (State match to municipalities for FEMA disasters) to cover all known needs for FY22 and FY23
D.101(a)(13)	Transfer from General Fund to Property Management Fund	10,000,000.00												Pay down ongoing legacy deficit
D.101(a)(14)	Transfer from General Fund to the State Liability Self-Insurance Fund	6,700,000.00												Provide sufficient reserves to accommodate coverage changes due to policy renewal terms.
D.101(b)	ACCD - Transfer from VT Enterprise Fund/IDT to General Fund	(125,000)											(125,000)	Revert \$125k remaining from \$200k VT Enterprise Fund grant to BHS Composites made in 2016; grantee could not meet the obligations of grant agreement
D.101(d)	Reversions to General Fund	(31,916,230)												Total - new Sec. D.101(d) reversions in BAA
D.101(e)	Reversions to Education Fund					(11,732,148)								Total - new Sec. D.101(e) reversions in BAA
D.101(f)	Reversion to Transportation Fund					(3,933,027)								Reversion of unobligated funds remaining in appropriation to State Police at end of FY2021
D.101(g)	Reversion from DEC-Office of Water Programs to Clean Water Fund							(675,150)					(675,150)	Revert funding remaining at the close of FY2021, after all DEC Grant-in-Aid agreements were closed. This reversion permits Clean Water Funds to be appropriated to Vtrans in B.919 above.
Total Uses Including Transfers and Reversions		2,103,434,679	15,000,000	496,230,000	312,054,798	1,838,212,504	406,296,229	1,746,622,728	16,023,501	2,463,887,547	30,581,709	228,761,385	9,663,122,528	
FY 2019 Total Unduplicated Appropriations													7,707,738,415	Net of Internal Service Funds, Global Commitment, Interdepartmental Transfers, and Transfer to the Ed Fund
(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 economic development, business investment, and energy. The budget is shown on the following two charts first sorted by related department and second sorted by tax category.

Economic Development, Business Investment, and Energy Tax Expenditure Budget Report

Tax Type	Agency/ Dept.	Tax Expenditure Category	2021 Estimate	2022 Estimate	2023 Proposed
Individual Income	ACCD	Historic Rehabilitation Tax credit	92,000	82,000	82,000
Individual Income	ACCD	Façade Improvement Tax Credit	54,000	88,000	112,000
Individual Income	ACCD	Code Improvement Tax Credit	164,000	135,000	103,000
Individual Income	ACCD	Research and Development Tax Credit	629,000	629,000	629,000
Corporate Income	ACCD	Historic Rehabilitation Tax Credit	0	0	0
Corporate Income	ACCD	Façade Improvement Tax Credit	0	0	0
Corporate Income	ACCD	Code Improvement Tax Credit	0	0	0
Corporate Income	ACCD	Machinery and Equipment Tax Credit	0	0	0
Corporate Income	ACCD	Research and Development Tax Credit	1,159,000	1,189,000	1,219,000
Corporate Income	ACCD	Vermont Employment Growth Incentive	2,259,000	1,933,000	1,654,000
Sales and Use	ACCD	Newspapers	1,086,000	1,029,000	975,000
Sales and Use	ACCD	Sales of Films to Movie Theaters	833,000	833,000	833,000
Sales and Use	ACCD	Aircraft and Depreciable Parts for Commercial Use	Under 100,000	Under 100,000	Under 100,000
Sales and Use	ACCD	Railroad Rolling Stock and Depreciable Parts	200,000	200,000	200,000
Sales and Use	ACCD	Sales of Building Materials	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Reallocation of Receipts from Tax on Const. Materials	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Property incorporated into a net metering system	1,440,000	1,440,000	1,440,000
Bank Franchise	ACCD	Historic Rehabilitation Tax credit	392,000	483,000	542,000
Bank Franchise	ACCD	Façade Improvement Tax Credit	*	*	*
Bank Franchise	ACCD	Code Improvement Tax Credit	634,000	743,000	785,000
Bank Franchise	ACCD	Affordable Housing Tax Credits	3,191,000	3,605,000	3,899,000
Insurance Premiums	ACCD	Historic Rehabilitation Tax credit	*	*	*
Insurance Premiums	ACCD	Façade Improvement Tax Credit	*	*	*
Insurance Premiums	ACCD	Code Improvement Tax Credit	*	*	*
Property	ACCD	Local Development Corporations	61,000	57,000	54,000
Property	ACCD	Ski Lifts and Snowmaking Equipment	1,706,000	1,706,000	1,706,000
Property	ACCD	Tax Increment Financing Districts	7,480,000	9,150,000	10,090,000
Agency of Commerce and Community Development Tax Expenditure Total			21,380,000	23,302,000	24,323,000
Individual Income	AGFM	Vermont Farm Income Averaging Credit	72,000	72,000	72,000
Sales and Use	AGFM	Agricultural Inputs	17,102,000	17,204,000	17,306,000

Sales and Use	AGFM	Veterinary Supplies	2,514,000	2,628,000	2,748,000
Sales and Use	AGFM	Agricultural Machinery and Equipment	3,262,000	3,325,000	3,390,000
Sales and Use	AGFM	Energy Purchases for Farming	2,224,000	2,278,000	2,334,000
Property	AGFM	Whey Processing Fixtures	0	0	0
Agency of Agriculture, Food, and Markets Tax Expenditure Total			25,174,000	25,507,000	25,850,000
Insurance Premiums	DFR	Annuity Considerations	11,517,000	11,644,000	11,772,000
Department of Financial Regulation Tax Expenditure Total			11,517,000	11,644,000	11,772,000
Property	PSD	Municipalities Hosting Large Power Plants	0	0	0
Public Service Department Tax Expenditure Total			0	0	0
Individual Income	TAX	Vermont Municipal Bond Income	1,872,000	1,783,000	1,698,000
Individual Income	TAX	Capital Gains Exclusion	13,709,000	13,709,000	13,709,000
Individual Income	TAX	Investment Tax Credit	1,347,000	1,347,000	1,347,000
Individual Income	TAX	Qualified Bond Interest Income Exemption	50,000	50,000	50,000
Individual Income	TAX	Vermont Higher Education Investment Credit	4,021,000	4,447,000	4,919,000
Motor Vehicle P&U	TAX	Diesel Fuel Exemptions	173,000	176,000	178,000
Property	TAX	Use Value Appraisal Program	49,899,000	51,102,000	52,335,000
Department of Taxes Tax Expenditure Total			71,071,000	72,614,000	74,236,000
Grand Total			\$129,142,000	\$133,067,000	\$136,181,000

In accordance with 32 V.S.A. § 306, the FY 2023 Tax Expenditure Budget "covers tax expenditures related to economic development, including business, investment, and energy." 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 non-profits and charitable organizations will be reported in the next two years. Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 has been suppressed by "-."

Economic Development, Business Investment, and Energy Tax Expenditure Budget Report

Tax Type	Agency/ Dept.	Tax Expenditure Category	2021 Estimate	2022 Estimate	2023 Proposed
Individual Income	TAX	Vermont Municipal Bond Income	1,872,000	1,783,000	1,698,000
Individual Income	TAX	Capital Gains Exclusion	13,709,000	13,709,000	13,709,000
Individual Income	TAX	Investment Tax Credit	1,347,000	1,347,000	1,347,000
Individual Income	AGFM	Vermont Farm Income Averaging Credit	72,000	72,000	72,000
Individual Income	TAX	Qualified Bond Interest Income Exemption	50,000	50,000	50,000
Individual Income	TAX	Vermont Higher Education Investment Credit	4,021,000	4,447,000	4,919,000
Individual Income	ACCD	Historic Rehabilitation Tax credit	92,000	82,000	82,000
Individual Income	ACCD	Façade Improvement Tax Credit	54,000	88,000	112,000
Individual Income	ACCD	Code Improvement Tax Credit	164,000	135,000	103,000
Individual Income	ACCD	Research and Development Tax Credit	629,000	629,000	629,000
Individual Income Tax Expenditure Total			22,010,000	22,342,000	22,721,000
Corporate Income	ACCD	Historic Rehabilitation Tax Credit	0	0	0
Corporate Income	ACCD	Façade Improvement Tax Credit	0	0	0
Corporate Income	ACCD	Code Improvement Tax Credit	0	0	0
Corporate Income	ACCD	Machinery and Equipment Tax Credit	0	0	0
Corporate Income	ACCD	Research and Development Tax Credit	1,159,000	1,189,000	1,219,000
Corporate Income	ACCD	Vermont Employment Growth Incentive	2,259,000	1,933,000	1,654,000
Corporate Income Tax Expenditure Total			3,418,000	3,122,000	2,873,000
Sales and Use	AGFM	Agricultural Inputs	17,102,000	17,204,000	17,306,000
Sales and Use	AGFM	Veterinary Supplies	2,514,000	2,628,000	2,748,000
Sales and Use	ACCD	Newspapers	1,086,000	1,029,000	975,000
Sales and Use	AGFM	Agricultural Machinery and Equipment	3,262,000	3,325,000	3,390,000
Sales and Use	AGFM	Energy Purchases for Farming	2,224,000	2,278,000	2,334,000
Sales and Use	ACCD	Sales of Films to Movie Theaters	833,000	833,000	833,000
Sales and Use	ACCD	Aircraft and Depreciable Parts for Commercial Use	Under 100,000	Under 100,000	Under 100,000
Sales and Use	ACCD	Railroad Rolling Stock and Depreciable Parts	200,000	200,000	200,000
Sales and Use	ACCD	Sales of Building Materials	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Reallocation of Receipts from Tax on Const. Materials	Not estimated	Not estimated	Not estimated

Sales and Use	ACCD	Property incorporated into a net metering system	1,440,000	1,440,000	1,440,000
Sales and Use Tax Expenditure Total			28,661,000	28,937,000	29,226,000
Bank Franchise	ACCD	Historic Rehabilitation Tax credit	392,000	483,000	542,000
Bank Franchise	ACCD	Façade Improvement Tax Credit	*	*	*
Bank Franchise	ACCD	Code Improvement Tax Credit	634,000	743,000	785,000
Bank Franchise	ACCD	Affordable Housing Tax Credits	3,191,000	3,605,000	3,899,000
Bank Franchise Tax Expenditure Total			4,217,000	4,831,000	5,226,000
Insurance Premiums	ACCD	Historic Rehabilitation Tax credit	*	*	*
Insurance Premiums	ACCD	Façade Improvement Tax Credit	*	*	*
Insurance Premiums	ACCD	Code Improvement Tax Credit	*	*	*
Insurance Premiums	DFR	Annuity Considerations	11,517,000	11,644,000	11,772,000
Insurance Premiums Tax Expenditure Total			11,517,000	11,644,000	11,772,000
Motor Vehicle P&U	TAX	Diesel Fuel Exemptions	173,000	176,000	178,000
Motor Vehicle P&U Tax Expenditure Total			173,000	176,000	178,000
Property	ACCD	Local Development Corporations	61,000	57,000	54,000
Property	ACCD	Ski Lifts and Snowmaking Equipment	1,706,000	1,706,000	1,706,000
Property	AGFM	Whey Processing Fixtures	0	0	0
Property	PSD	Municipalities Hosting Large Power Plants	0	0	0
Property	TAX	Use Value Appraisal Program	49,899,000	51,102,000	52,335,000
Property	ACCD	Tax Increment Financing Districts	7,480,000	9,150,000	10,090,000
Property Tax Expenditure Total			59,146,000	62,015,000	64,185,000
Grand Total			\$129,142,000	\$133,067,000	\$136,181,000

In accordance with 32 V.S.A. § 306, the FY 2023 Tax Expenditure Budget "covers tax expenditures related to economic development, including business, investment, and energy." 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 non-profits and charitable organizations will be reported in the next two years. Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 has 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, 2021 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a FY 2023 contribution of \$125,938,398 to the pension plan (VSERS pension) and \$122,114,722 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan.

The State's VSERS pension contribution is offset by \$1,750,000, based on the Treasurer's estimate of FY 2023 contributions to VSERS by town participants, which reduces the state contribution to \$124,188,398.

The State's contribution to the VSERS OPEB during FY 2023 will be \$42,336,204, consisting of \$42,216,204 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.

VSTRS

As a result of the June 30, 2021 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) recommended a FY 2023 contribution of \$205,161,651 to the pension fund (VSTRS pension) and \$108,988,122 to the Retired Teachers' Health and Medical Benefits (VSTRS OPEB) fund.

The FY 2023 VSTRS contribution of \$205,161,651 will be funded by \$157,545,678 of State general funds, \$40,728,104 of State education funds and \$6,887,869 from local education agencies for teacher salaries supported by federal grants. Of the \$6,887,869, \$1,414,861 will be applied to the normal cost, and \$5,473,008 will be applied to the unfunded liability.

The Treasurer's December 2021 estimate for VSTRS OPEB costs on a pay-as-you-go basis is \$35,697,298. That amount will be contributed to VSTRS OPEB during FY 2023, using \$29,606,128 of State general funds and \$6,091,170 from the employer annual charge for new teacher health care.

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, 2021 are 74.51% (\$829,827,694 unfunded liability) and 58.83% (\$1,695,489,780 unfunded liability) respectively. The funded ratios (and resulting unfunded liability) for the VSERS OPEB and VSTRS OPEB plans for the period ended June 30, 2021 are 7.55% (\$1,473,073,282 unfunded liability) and 1.13% (\$1,275,587,042 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 – 14
Add funding for the VT Foodbank – 26
Working Lands Grant Funding – 5
Address Climate Change – 1
Tax Reform on Social Security/Retirement Income – 5
Fund Adult Education and Literacy Programs – 9
Fund Early Childhood Education – 11
Childcare Funding – 14
Conservation Districts Funding – 107
VHCB – 2
Vermont Access Network – 14
Teacher Pension Plan Funding – 3
VT State Employees Pension Plan Funding – 1
Lower Property Taxes – 6
Increase Personal Incomes Taxes – 8
Increase Corporate Taxes – 1
Increase Taxes on Second Homes – 3

Selected Quotes from Respondents:

“Please provide funding to support Vermont's Natural Resources Conservation Districts so they can better serve Vermonters and protect the natural resources of our State. Conservation Districts are an invaluable resource that provide enormous value by providing technical assistance to farmers and residents as well as helping the State meet its environmental goals by implementing on the ground conservation projects. They are a key component to the states’ ability to adapt to climate change and support nature-based climate solutions. Please support them so they can continue to grow.”

“I’m currently practicing as a Primary Care Physician in Waitsfield. I had to modify my clinic hours this fall and, frankly, considered leaving my job, when we struggled for months to find reliable childcare for our boys that would cover our work schedules. Thankfully, at the last minute, we got off a waitlist for an afterschool program. We still piece together babysitters around pickup and drop off at times but that program made a huge difference for us. I just wanted to reach out and share my experience. Affordable, high-quality childcare with full workday availability is so, so critical in supporting other industries in the state, including healthcare. I hope the state will take this into consideration when determining this year’s budget.”

“I have been a volunteer with Vermont Adult Learning (VAL) for eight years and a board member for just over a year. VAL offers adult education, English Language Literacy, and workforce development services to Vermonters who often have high needs and very little support. These services provide hope, help students achieve their goals, and prepare them for employment.”

ACKNOWLEDGEMENTS AND CREDITS

This Executive Summary and the Governor's recommended budget were prepared by the Budget & Management Division of the Department of Finance & Management with the assistance of agency and department heads, business managers, and finance staff across the State.

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You may also wish to visit the State of Vermont's financial transparency website SPOTLIGHT. Spotlight provides easier public access to data, charts and information about state budgets, revenue, expenses, contracts and grants, formal financial reports and audits, and state terminology and acronyms used in these areas. SPOTLIGHT is sponsored by the Agency of Administration and maintained by the Department of Finance & Management. Many of the tables and graphs in this publication are available individually on <https://spotlight.vermont.gov/>.



Fiscal Year 2023 Executive Budget Summary

is a publication of the Vermont Department of Finance & Management

Adam Greshin, 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 2023 Budget Recommendations of Governor Philip B. Scott.

This publication is available for viewing or printing at the
Department of Finance & Management web site:

<https://finance.vermont.gov/budget/budget-recommendations/operating-budget/fy2023>

This book was printed on recycled paper by the Vermont
Department of Buildings & General Services, Print Shop, Middlesex, VT

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