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VERMONT

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MEMORANDUM

TO: Joint Fiscal Committee Members
FROM: Jim Reardon, Commissioner, Department of Finance & Management
RE: Education Fund Stabilization Reserve
DATE: June 18, 2009

16 V.S.A. 4026(e) states:

... "If the stabilization reserve established under this section should in any fiscal year be less than 3.5 percent of the prior fiscal year's appropriations from the education fund, as defined in subsection (b) of this section, the joint fiscal committee shall review the information provided pursuant to section 5402b of Title 32 and provide the general assembly its recommendations for change necessary to restore the stabilization reserve to the statutory level provided in subsection (b) of this section."

The most recent education fund operating statement, given the April 2009 consensus revenue forecast and fiscal year 2010 appropriations as approved by the legislature, places the education fund stabilization reserve at 3.17%. These numbers have been reconciled and agreed to by both the administration and the legislature's Joint Fiscal Office.

This letter is to serve notice to the Joint Fiscal Committee that, according to 16 V.S.A. 4026(e), its membership must provide the general assembly its recommendation to restore the stabilization reserve to no less than 3.5%. At this time, the necessary reductions to spending authority or supplemental revenues necessary to achieve the 3.5% statutory minimum and 5% statutory maximum are \$1,989,005.39 and \$10,942,876.66 respectively. These numbers reflect data at this time and may change with the updated revenue forecast due in July 2009.

