

From: Johnson, Harriet [Harriet.Johnson@state.vt.us]

Sent: Wednesday, November 26, 2014 12:31 PM

To: Spaulding, Jeb; Clasen, Michael; Zeller, Susan; Reardon, Jim; Clark, Sarah; Miner, Kari; Spellman, Maribeth; Reid, Martha; Obuchowski, Mike; B, David; Miller, Lawrence; Miller, Elizabeth; Coriell, Scott; Dindo, Charlene; Miller, Janet; 10 Luke Martland (Leg Council); 11 Stephen Klein (Leg Fiscal Officer); Brooks, Francis; Pearce, Beth; 15 Dylan Giambatista (Treasurer); Wisloski, Stephen; Noonan, Tim; Smith, Gregory; Sorrell, Bill; Young, Susanne; Valerio, Matthew; Flynn, Keith; Aumand, Paco; L'Esperance, Tom; 25 Michael Heston (Military); 25 Steven Cray (Military); Rex, J; Provost, David; Pieciak, Michael; Donegan, Susan; Candon, Tom; 30 Brian Leven (SOS); Condos, Jim; Recchia, Chris; Volz, James; Hogan, Mike; Henry, Dixie; Chen, Harry; Tucker, Lindsey; 37 Lori Collins (DVHA); Larson, Mark; Cimaglio, Barbara; Dolan, Tracy; Dupre, Paul; Walcott, Cindy; Cohen, Jeff; Schatz, Ken; Murphy, Reeva; Brown, Sean P.; Donahue, Shaun; Schurr, Stuart; Wehry, Susan; Pallito, Andy; Menard, Lisa; Faxon, Allan; Brown, Cary; Daddy, MG; Noonan, Annie; Tivnan, Maureen; Fischer-AOE, John; Holcombe, Rebecca; 48 Alberto Citarella (UVM); 48 Clarence Davis (UVM); Cate, Richard; 49 Dan Smith (VT State Colleges); 49 Tim Donovan (VT State Colleges); 50 Tara Lidstone (VT Interactive TV); Giles; 51 Tom Little (VSAC); Johnson, Justin; Royar, Kim; Porter, Louis; Snyder, Michael; Mears, David; Borie, Lou; Shems, Ron; Leriche, Lucy; Moulton, Pat; Gosselin, Lisa; Hollar, Jennifer; Mackay, Noelle; Aldrich, Alex; 62 Alan Jordan (VSO); Seelig, G; Gilbert, P; Ide, Robert; Zicconi, John; Gobeille, Al; 70 Charlie Smith (VPT); 70 Rob Cunningham (VPT); Pope, Aimee; Ferland, Brad; Byrne, Emily; Aronowitz, Jason; Winship, Sam; Allen, Susan; Beatty, David; Boes, Richard; Bothfeld, Diane; Campbell, Heather M; Cook, Steve; Farrell, Willa; Gabel, Patricia; Gauthier, Richard; Griffin, Bill; Hoffer, Doug; Hudson, Mark; Jackson, Melissa; Johnson, Harriet; Kranichfeld, Bram; LaClair, Jolinda; London, Sarah; Markowitz, Deb; Mesner, Susan; Minoli, Wanda; Minter, Sue; Mousley, Gregg; Peterson, Mary; Richards, Karen; Ross, Chuck; Scott, Phil; Searles, Brian; Smith, Megan; Springer, Darren; Talbott, Bill; Thompson, Darwin; Tucker, David; Johnson, Harriet; Rousseau, Paul; Thompson, Darwin; Morse, Linda; Schwartz, Harold; Reid, Martha; Lewis, Alexa; Kukenberger, Bradley; Nash, James; Pinard, Jason; L, Linda; Carrier, Janis; Dickerson, D; Goss, Duncan; Metivier, Krista; Feldman, Rachel; O'Rourke, Kathy; Booth, John; Lueders-Dumont, Tim; Moz-Knight, Melinda; Desch, Carolyn; Cassani, Mary; Ford, Diane; Farrell, Willa; Evans, Lora; Riven, Matt; Gabel, Patricia; Bernardini, Barbara; Chadwick, Joanne; Hayward, Marie; Hallenbeck, Richard; Gragg, Ken; Davis, Tiffany; 26 Carol Brochu (CCVS); Williams, Gail; Gauthier, Richard; Hodgdon, Marcey; Cameron, David; Betit, Marlene; Deyo, Cathy; Rockcastle, Sheri; Chamberlin, Brenda; Tucker, David; Richards, Karen; Duke, Heather; Brown, Christine L.; Giffin, Jim; O'Connell, Kevin; Alligood, Mary Ann; Donahey, Richard; O'Connell, Tracy E; Hathaway, Carrie; Gould, Jill; Cummings, Diane; Mall, James; Hall, Heidi; Daley, Paul; Thompson, Shannon; 40 Dawn O'Toole (DCF); Clark, Leo; Kelly, Bill; D'Agostino, Matt; Greene, Claire; Wawrzyniak, Chad; Talbott, Bill; Flanagan, Kathy; Lidston, T; Berry, Brenda; Chadwick, Steve; Freeman, Kristin; Pallito, Joanna; Lafrance, Tracy; Lashua, Kimberley; Thayer-Gosselin, Kathy; Clark, Claudia; Macaskill, Lucie; George, Julie; Dufresne, E; 61 Thad Gibson (Arts Council); Carbo, Kelly; Duffy, Anne; Winter, L; Brown, Faith; LeBlanc, Leonard; Cayia, Lori; Cross, Phil; Bordeaux, Renea; Neveau, Carmen; Harrison, Carol; Jones, Kate; Barrett, Susan; Beatty, David; Gomez, Steve; Gonyea, John; McClafferty, Steven; Stevens, JoAnn; Tauscher, David

Subject: Media Release

As a follow up, please find the press release that was just sent out to the media.

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For Immediate Release
Nov. 26, 2014

Contact: James Reardon
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Shumlin Administration directs \$17 million in spending reductions to ensure balanced budget

MONTPELIER – Although Vermont’s slow economic recovery continues, state revenues have not performed as well as economists had projected and the State has experienced upward budget pressures. The Shumlin Administration today directed State agencies and departments to prepare plans to reduce General Fund spending by up to \$17 million for the current fiscal year to ensure a balanced budget without raising broad-based taxes.

“Prudence dictates that our Administration take steps without delay to ensure spending does not exceed available revenues,” said Jim Reardon, Commissioner of Finance and Management. “The sooner we take action, the less painful the reductions will be.”

Administration Secretary Jeb Spaulding said the reductions will be challenging, but reiterated that the State will continue to provide quality services to Vermonters in a fiscally responsible manner. He said the Administration does not anticipate tapping the budget stabilization fund to cover the shortfall, nor cutting debt service or retirement contributions.

Today’s directive reflects pressure from lower than expected revenue performance in recent months, that likely will cause a further downgrade in General Fund revenues projected for this fiscal year, as well as increases in state employee health care and other benefits, which have placed an additional \$3.5 million General Fund cost on the state. Through October 2014, General Fund revenues were about \$12 million below target. These reductions follow a \$31.3 million rescission plan approved by the Legislature’s Joint Fiscal Committee in August based on a July revenue downgrade.

The total \$17 million in planned reductions is divided into four categories:

- Reardon said that, as confirmed through consultation with the Attorney General, the Administration has immediate legal authority to further reduce appropriations by \$6.7 million now.
- An additional \$5.3 represents projected reductions that agencies should plan now to make and that will be presented to the Legislature through the Budget Adjustment Act this coming session.
- Efficiency savings represent another \$1.5 million of the reduction plan, already authorized in the FY 15 Budget passed last session; the Administration is requiring

agencies to account for these savings in their planning to ensure that the full reductions are met without double-counting.

- Finally, \$3.5 million of the planned reductions are related to current-year health care and other benefit increases that occurred after passage of the FY 15 Budget last session.

"The Administration is acting promptly and proactively to plan for all of these reductions to the current year budget," said Commissioner Reardon. "We fully expect to comply with legal requirements to accomplish this, and to work with the Legislature to meet these total planned reductions. Planning for further cuts is hard but necessary work in this environment of slower than projected growth."

Agencies and departments must submit their reduction plans to the Department of Finance and Management by Friday, December 5, 2014.