

Tough Choices *Big Opportunities*

Fiscal Year 2012
Executive Budget Recommendations

Peter Shumlin
Governor of Vermont
January 25, 2011





January 25, 2011

Dear Members of the General Assembly and Fellow Vermonters:

Today, Vermonters are still reeling from the greatest recession since The Great Depression, with an economy that has not rebounded as we would like and millions of dollars in federal stimulus funds that supported state spending in recent years all but gone for FY 2012.

The budget I present today reflects this difficult reality. Raising broad-based taxes is not an option; Vermonters and our State's small businesses cannot afford those increases at this time. Still, this budget is balanced, reflecting very difficult spending decisions and fiscal belt-tightening required to fill a projected shortfall of \$176 million.

I realize we will disagree over some of these funding proposals, and I welcome anyone with better ideas to bring them to the table. I pledge to work with the Legislature to ensure the State's budget is balanced at the close of FY 2012 while critical services are protected.

Now, I ask you to work with me to not only reduce spending, but to find creative and sustainable avenues to create jobs and raise incomes for all Vermonters. We must control the cost of health care and ensure every Vermonter has coverage, deliver broadband and cell phone service statewide, educate a 21st century workforce, ensure the clean up and protection of Lake Champlain and our environment, reduce

hunger throughout our State, reduce correctional recidivism, expand early education, and much more.

This ambitious agenda will require a new way of thinking. Government agencies must work collaboratively to solve Vermont's problems; silos in government are costly, inefficient and must come down. We must also reach outside government to ask all Vermonters for help in meeting our challenges. Government does not have all the answers, and Vermont as a community knows best what is needed and how much we can afford.

As President Franklin D. Roosevelt told a nation coming out of the Depression, "The only limit to our realization of tomorrow will be our doubts of today."

Our tough choices today will ensure we realize our big opportunities tomorrow.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Shumlin", followed by a long horizontal line extending to the right.

Peter Shumlin
Governor

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SLOW ECONOMIC RECOVERY REQUIRES MORE TOUGH CHOICES

Loss of Federal Stimulus Money Extends Budget Gap

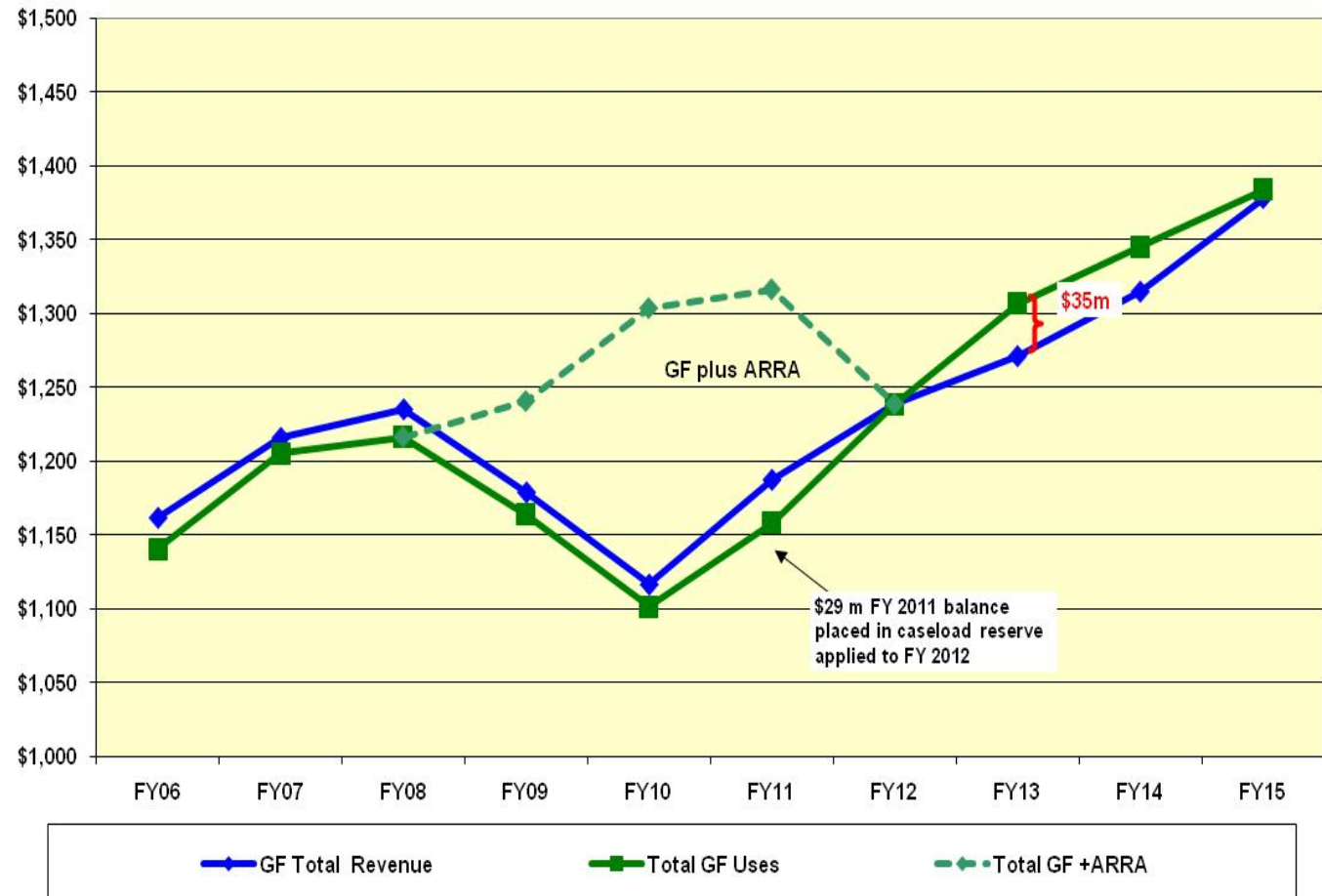
The federal stimulus funds received under the American Recovery and Reinvestment Act of 2009 (ARRA) not only mitigated the negative impact of the steep revenue declines but, in fact, allowed base General Fund (GF) plus “base ARRA” appropriations to rise an average of 2.75 percent per year for the three fiscal years from fiscal year (FY) 2008 to FY 2011.

The ARRA funds were intended to stabilize the economy and begin the recovery to pre-recessions levels. Vermont continues its fragile and restrained recovery consistent with developments nationally over the last 6 months.

The economic stabilization and slow recovery have not produced the increased jobs hoped for, despite the fact that Vermont’s unemployment rate is the 2nd lowest in New England and 5th lowest in the country.

General Fund Budget Analysis

Based on FY 2012 Governor's Budget Recommendations
FY 2013 - 2015 assumes 3% spending growth rate



While we are pleased to have begun to recover economically, the loss of the federal stimulus dollars in FY 2012 without the same level of increases in state revenue has resulted in a continuation of financially challenging times ahead for FY 2012 and FY 2013.

FEDERAL STIMULUS IMPACT

Cumulatively, between FY 2009 and FY 2011 Vermont State Government has appropriated spending authority for \$926.8 million in total estimated ARRA funding. Of these funds, \$437.3 million allowed the State to trade base General Fund dollars for ARRA funds, enabling a reduction in the amount of state funds necessary to cover expenditures and to match federal monies. The GF base budget gaps for FY 2009, FY 2010 and FY 2011 were ameliorated through a combination of ARRA funds, rescissions, labor reductions and one-time funding from other sources. Essentially, there are no new ARRA funds available for FY 2012, with the exception of \$2.7 million in Transportation and \$1.4 million in Debt Service. The remaining ARRA funds appropriated in FY 2012 represent FY 2011 unspent ARRA funds carried forward into FY 2012 and are not additional ARRA funds. When unspent non-General Fund appropriations are carried forward they must be re-appropriated in the subsequent fiscal year.

SUMMARY OF ARRA APPROPRIATIONS BY FUNCTION ⁽¹⁾

FUNCTION	APPROPRIATED FUNDING AMOUNTS								Adjust Carryforward AMOUNT (5)	CUMULATIVE ARRA ⁽⁴⁾	
	FY 2009 AMOUNT	%	FY 2010 AMOUNT	%	FY 2011 BAA AMOUNT	%	FY 2012 GOV. REC. AMOUNT	%		AMOUNT	%
Regular ARRA Funds:											
General Government										-	0.0%
Protection ^{(2)(a)}			35,451,349	8.9%	18,539,819	5.3%	16,822,047	22.7%	(16,822,047)	53,991,168	5.8%
Human Services ⁽³⁾	75,916,880	42.6%	166,555,162	41.6%	155,207,746	44.6%	3,047,024	4.1%	(3,047,024)	397,679,788	42.9%
Labor			7,793,753	1.9%	4,571,772	1.3%				12,365,525	1.3%
General Education ^{(2)(b)}					46,719,169	13.4%	10,113,000		(10,113,000)	46,719,169	5.0%
Higher Education										-	0.0%
Natural Resources					1,467,187	0.4%	698,686		(698,686)	1,467,187	0.2%
Commerce & Community Development			1,982,000	0.5%	1,529,195	0.4%	1,002,416		(1,002,416)	3,511,195	0.4%
Transportation	59,680,000	33.5%	132,936,756	33.2%	80,756,516	23.2%	40,582,716	54.7%	(37,882,716)	276,073,272	29.8%
Debt Service					667,565	0.2%	1,437,142	1.9%		2,104,707	0.2%
Other:										-	
Human Service programs	3,414,832	1.9%								3,414,832	0.4%
Labor	400,000	0.2%								400,000	0.0%
Clean water; and drinking water capital grants	38,933,000	21.8%								38,933,000	4.2%
State Fiscal Stabilization ARRA Funds ⁽²⁾										-	0.0%
SFSF for State Police ^{(2)(a)}			15,215,000	3.8%						15,215,000	1.6%
Secretary of Administration - entrepreneurial seed capital ^{(2)(a)}			(2,150,000)	-0.5%						(2,150,000)	-0.2%
Secretary of Administration - to VEDA for job creation ^{(2)(a)}			3,400,000	0.8%						3,400,000	0.4%
Secretary of Administration - to VT training program ^{(2)(a)}			200,000	0.0%						200,000	0.0%
Secretary of Administration - to Tourism ^{(2)(a)}			500,000	0.1%						500,000	0.1%
SFSF for General Education ^{(2)(b)}			38,575,036	9.6%	38,575,036	11.1%	500,000	0.7%	(500,000)	77,150,072	8.3%
TOTAL ARRA FUNDING	178,344,712	100.0%	400,459,056	100.0%	348,034,005	100.0%	74,203,031	100.0%	(70,065,889)	926,837,773	100.0%
Amount Use for Base Purposes (Included in total above)	76,334,627	42.8%	202,172,513	50.5%	158,787,068	45.6%	4,484,166	6.0%	(4,484,166)	437,294,208	47.2%

(1) Appropriations funded through the federal American Recovery & Reinvestment Act of 2009 ("ARRA").

(2) State Financial Stabilization Fund (SFSF) includes SFSF Governmental Funds and SFSF Education Funds:

(a) State Police ARRA funding included regular ARRA funds plus \$6.55 million of SFSF Governmental funded through an ARRA Interdepartmental transfer; VEDA, VT Training Program and Tourism also received \$6.25 million of SFSF Governmental funded through an ARRA Interdepartmental transfer.

(b) General Education funding included regular ARRA funds plus \$38.57 million each year (FY 10 and FY 11) of SFSF Education funded through an ARRA Interdepartmental transfer.

(3) FY 2011 Human Services ARRA amount shown above is net of ARRA adjustments previously authorized in Act 156 of the 2010 Legislative session, but not reflected in the appropriation adjustments submitted in the Governor's Recommended FY 2011 Budget Adjustment (\$6.8 million clawback & -\$3.36 million C4C).

(4) Cumulative amount is estimated; actual amount will not be known until all ARRA programs close and a final accounting of ARRA federal drawdowns is completed.

(5) These amounts represent FY 2011 unspent funds carried-forward into FY 2012 and are not additional ARRA funds; non-General Fund carryforward funds must be re-appropriated in the subsequent fiscal year.

FY 2012 General Fund Budget

Category	(\$ millions)	Revenue	Appropriations & Net Transfers	(Shortfall)/ Surplus
Projected Revenue				
Current Law Revenue (January 2011 - Emergency Board)		\$ 1,183.90		
Direct Applications & Reversions, and Other Revenue		25.40		
Total Available Revenue FY2011		1,209.30		
Upward Pressures				
Base Appropriations + Transfers (FY11)			1,101.20	
Base Pressures				
Human Services Caseload & Utilization			28.50	
All Other Human Services			38.60	
Restoration of Ed Fund transfer & growth (excl. ARRA)			21.77	
Education - Early Education Initiatives			1.13	
VSTRS & VSERS			8.33	
Unemployment Insurance - interest repayment			4.10	
Public Safety - Transportation Fund Reduction			2.30	
Administration, incl. insurance & internal service fund needs			2.08	
Public Safety & other protection			1.18	
Additional transfer to VT Telecom Authority			0.90	
ANR and ACCD			0.40	
Debt Service			0.16	
Subtotal: Base Pressures			109.45	
Loss of Federal Funding exclusive of ARRA				
Reduction in federal share of base Medicaid match rate			10.90	
Cost impact of GC waiver extension changes			5.90	
Subtotal: One-Time Pressures			16.80	
Loss of Offsetting ARRA Funds				
Human Services - Global Commitment & Long Term Care			105.35	
Clawback			6.80	
Other AHS			0.80	
Department for Children & Families			6.59	
Education			38.57	
Subtotal: GF ARRA Offset Loss			158.11	
Total Upward Pressures			284.36	
Total (Shortfall)/Surplus		\$ 1,209.30	\$ 1,385.56	\$ (176.26)
Adjustments				
Base (Reductions)/Increases				
Human Services (includes some C4C Phase 2 actions)			(110.30)	
VSERS Pension Reforms			(2.00)	
Labor & Contractual Savings			(8.00)	
Active & Retired State Employees Health Insurance Plan			(2.00)	
Challenges for Change - GF to EF			(23.18)	
Homeowners and Current Use Tax			(0.92)	
Rest Areas - Fund with TF			(4.00)	
Subtotal: Base Adjustments		0.00	(150.40)	
One-Time Adjustments				
Budget Stabilization Reserve Increase to meet 5%			3.24	
Transfer from Caseload Reserve (FY2011 carryforward)			(29.10)	
Subtotal: One-Time Adjustments		0.00	(25.86)	
Total Adjustments		0.00	(176.26)	176.26
Grand Total Net of Adjustments		\$ 1,209.30	\$ 1,209.30	\$ -

FY 2012 GF Budget Overview

Despite closing significant General Fund (GF) budget gaps in FY 2009, 2010 and 2011, and despite the beginning of economic recovery, Vermont is faced again with significant upward pressures in excess of the available GF revenue for FY 2012.

After agencies and departments submitted their FY 2012 budget requests, the full impact of the upward budget pressures, the loss of "base ARRA" funding, and the loss of other federal funds resulting from changes made by the federal government to the terms of Vermont's Global Commitment to Health Medicaid demonstration waiver and changes in the federal financial participation rate were known.

A combination of base reductions and one-time adjustments were necessary to bring the GF budget appropriations into line with available GF revenue. Among the solutions was the Governor's plan announced January 7, 2011 to save \$12 million in GF for FY 2012 without imposing pay cuts or layoffs of existing state workers.

The FY 2012 budget was helped further by reserving the FY 2011 Consensus Revenue increase adopted by the Vermont Emergency Board on January 14, 2011 in the Human Services Caseload Reserve for use in FY 2012 to offset upward pressures in Human Services.

CONSENSUS REVENUE HISTORY AND FORECAST

FY 2012 General Fund Revenue Forecast Approaches FY 2008 Level

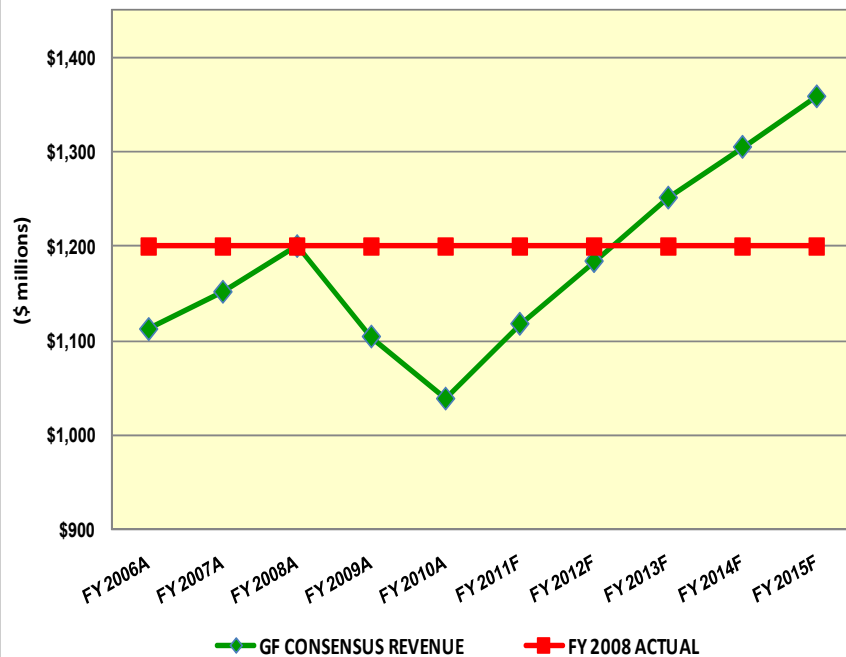
At the January 14, 2011 Emergency Board meeting, and after two years of mostly declining Consensus Revenue Forecasts, the Board adopted increased revenue projections for FY 2011, FY 2012 and FY 2013. The General Fund (GF), Transportation Fund (TF), and Education Fund (EF) forecasts for FY 2012 and beyond are approaching revenue levels not seen since FY 2008.

The Administration's and Legislature's economists also provided revenue projections through FY 2015 projecting GF revenue growth from FY 2012 to FY 2015 of approximately 4.9 percent per year for the three year period. For the same three year period (FY 2012 - FY 2015) the TF revenue is projected to grow an average of 2.8 percent per year; the EF revenue is projected to grow an average of 3.6 percent per year.

While the Administration is pleased to see a return to near pre-recession revenue levels, the increases are not sufficient to eliminate the budget gap for FY 2012 and beyond. GF, TF and EF revenue history and projections through FY 2015 are shown on the charts below. Charts showing the individual revenue tax and fee components of the GF, TF and EF for FY 2007 through FY 2012 forecast are shown in the Tables and Charts section of this document.

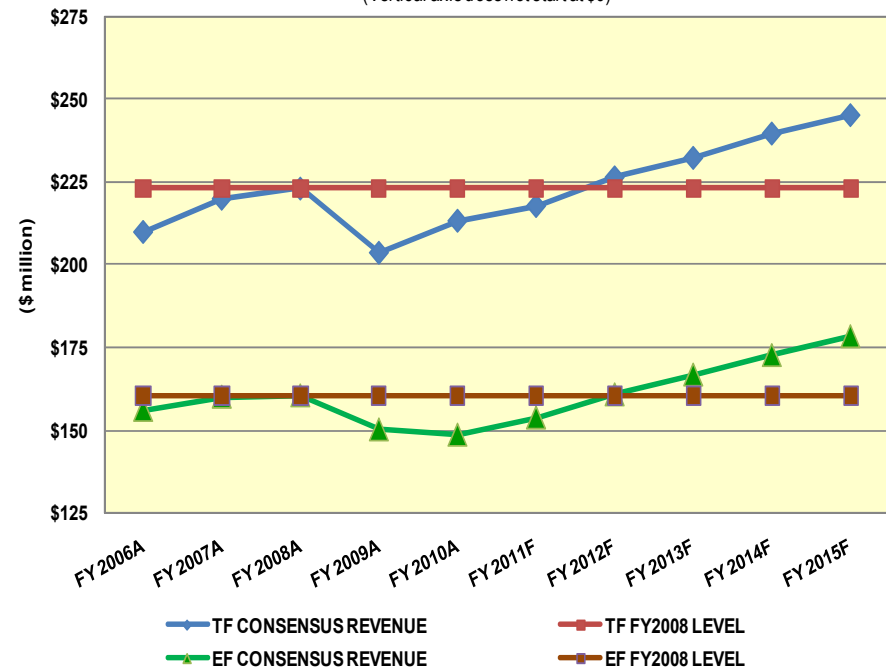
GENERAL FUND REVENUE HISTORY & FORECAST

(Vertical axis does not start at \$0)



TRANSPORTATION AND EDUCATION FUNDS REVENUE HISTORY & FORECAST

(Vertical axis does not start at \$0)



Fiscal Year 2011 Recommended Appropriation Adjustment

The Governor's FY 2011 Budget Adjustment Recommendation reflects increases in General Fund appropriations totaling \$5.97 million, and a reduction of -\$0.29 million in the Transportation Fund appropriations. A summary of the General Fund and

Transportation Fund appropriation adjustments are shown in the table below. A more detailed table by appropriation and across all funding sources is shown in the Tables and Chart section of this document.

Governor's FY 2011 Summary Budget Adjustment Recommendations General and Transportation Fund Appropriations

Appropriations - Budget Adjustment - Major Items:	(\$ millions)	General Fund	Transportation Fund
Agency of Human Services (AHS):			
Office of the Secretary - Global Commitment (GC)		(2.65)	
Department of Vermont Health Access - Long Term Care (LTC)		1.01	
Department of Vermont Health Access (State-only Medicaid & non-matched Medicaid)		2.17	
Department for Children & Families - AABD		0.29	-
Department for Children & Families - General Assistance		0.94	-
Department for Children & Families - Reach-Up		0.63	
Department of Corrections - Correctional Services		0.29	
Department of Corrections - Out of State Beds		3.73	-
All Other - AHS		(0.22)	-
Sub-total Agency of Human Services		6.20	-
Other Units of Government:			
Administration - Human Resources		0.14	-
Administration - Tax, Homeowners' Rebate		(2.97)	-
Public Safety - Criminal Justice Services		0.05	-
Criminal Justice Training Council		0.09	-
Department of Education - finance & administration		0.23	-
Statewide benefit savings		(1.25)	-
Department of Finance & Management		3.50	-
Agency of Transportation		-	(0.29)
Sub-total Other		(0.22)	(0.29)
Total Appropriation Adjustments		5.97	(0.29)

* differences due to rounding

Highlights of Governor Shumlin's Fiscal Year 2012 Proposals

HEALTH CARE REFORM

Vermont's spending on health care simply is not sustainable. Health care costs increased at a rate of 8.2 percent annually between calendar year 2005 and 2008. During that same period Vermont's economy, measured by gross state product, grew at less than 1.0 percent. In more recent years, the rate of growth in health care expenditures fell to 6.5 percent. That would be good news, except that the rate of growth in gross state product was negative.

The gap between the rate of growth in the economy and the rate of growth in health care remains, by any measure, unacceptably wide. Every day we give up something, as a state, to keep the health care system going. Health care is not-so-slowly swallowing our other priorities.

In this budget, the Governor proposes measures to deal with short-term health care cost increases. These include mechanisms to bring more federal funds into the state for our Medicaid program, and cost-cutting measures within the program.

The Governor will present in the very near future a specific proposal for providing universal and affordable insurance coverage, while preserving Vermont's high quality care. Under this vision, which is being prepared in collaboration with the Legislature and Harvard economist Dr. William Hsiao, overall health care costs will be reduced, all Vermonters will be covered, have comprehensive benefits, and the whole system will be simplified. Vermont will work with our Congressional delegation to secure the waivers and federal funds so Vermont may proceed with a tailored solution for our citizens.

AGENCY OF HUMAN SERVICES

Clearly, FY 2012 will be a challenge for the Agency of Human Services. Within the budget constraints, the agenda is ambitious. There are ongoing initiatives – for example, integrated

family services – which, when fully implemented, could result in significant system-wide savings.

Department of Vermont Health Access (DVHA)

In addition to broad health care reform, the Governor is proposing an initiative that folds the privately offered Catamount Health Plans into the Vermont Health Access Program (VHAP) to create a single pool. This will provide equivalent coverage for current and would-be future Catamount enrollees, create more seamless coverage as individuals' incomes change over time, delete cost sharing currently paid by the approximately 12,500 Catamount enrollees (e.g. co-insurance and most co-pays), position Vermont to take the next steps towards the new health care vision, and simultaneously save several million dollars in state funds.

The primary reasons for these savings are due to an increase from \$500 to \$1,200 in the deductible for Catamount (to become VHAP), lower administrative costs within DVHA compared to commercial carriers, and a shift in provider reimbursement from Medicare plus 10 percent that is used in the Catamount Plans to the current reimbursement rates used in VHAP.

It should be noted that, in order to mitigate any additional impacts of this reimbursement shift, the Governor is *not* proposing a reduction in non-hospital Medicaid provider rates to address the budget shortfall.

The Governor proposes making further adjustments to the Hospital Provider Assessment and to institute new assessments on managed care organizations and dentists. The funds from the new assessments will be used to increase Medicaid reimbursement rates to hospitals and dentists.

By redirecting some of the funds from the disease management contract in FY 2011, DVHA was able to expand its direct care coordination capacity in two hospital service areas with particularly high Medicaid utilization. These enhanced care coordina-

tion teams are located in high volume primary care offices, specialty practices, and in hospitals, which will help DVHA achieve its goal of increasing the number of beneficiaries engaged in care coordination by 3.8 percent.

DVHA will use administrative claims data, supplemented with information on clinical quality metrics, to conduct a comprehensive evaluation of the expanded care coordination program's success at improving clinical and utilization outcomes. DVHA anticipates reducing inpatient admissions and emergency room visits, as well as achieving a net savings of \$652,000. If successful, DVHA will transition away from telephonic disease management to this new model of care coordination teams statewide.

As one of the four major health insurers in the state, DVHA directly supports the Blueprint for Health multi-payer medical homes pilot program by making provider incentive payments and funding its share of the Community Health Teams in the original pilot programs and in the statewide expansion planned for FY 2012.

Vermont Department of Health (VDH)

The Department is developing an immunization pilot program for FY 2012, in collaboration with health insurance companies, to prevent disease by promoting and improving access to vaccines. Through the pilot program, VDH will provide pediatric and adult vaccines to primary care providers at no cost for distribution to their patients. The Department will conduct outreach and training for providers and their staff.

The Department received a new federal grant to support families in collaboration with the Department for Children and Families to establish a nurse home visiting program for families with at-risk youth. The program will be implemented through selected community organizations, such as parent child centers and home health agencies.

The Department is implementing improvements to the food package for WIC (the Women, Infants and Children program) to

provide more nutritious foods for growing families and breast-feeding mothers.

Prevention and health information technology is a critical piece of Vermont's effort to improve public health performance and ultimately lower health care costs. VDH was awarded a new federal grant to support public health infrastructure; \$1.1 million per year for five years to strengthen the delivery of preventive public health services at the community level, to develop town policies and healthy community design. The grant will provide additional opportunities to link public health data with electronic records at provider offices statewide.

Department of Mental Health (DMH)

Vermont is rightly proud of its innovative and compassionate system of community-based mental health and developmental services. These services are provided through a network of community mental health and development services providers referred to as "designated agencies." In total, the designated agencies receive over \$250 million annually from the State, which constitutes the vast majority of their revenues. Given the size of the State's annual grant to the designated agencies, it is impossible not to include them in this year's budget balancing. They are asked to absorb a 5 percent reduction to their grants, with the expectation that they will work closely with DMH to minimize and mitigate as much as possible the impact on clients, by seeking opportunities to change and improve the agencies' operations and structures.

The five percent reductions for designated agencies will inevitably mean the loss of some services to eligible Vermonters. The Administration is already working with the designated agencies to soften the blow, look for more savings and seek other funding sources such as federal health information technology money. In addition, the Agency Secretary is committed to looking at all sources of funding for mental health and disability services, and at structural changes that will make those services more efficient, more effective, and more responsive to an individual's needs.

DMH is actively engaged with its community partners in developing a re-design of the adult community mental health system. Planned changes will ensure more flexible service capacity for adults with mental illness and psychosocial support needs who might otherwise fall through the cracks given more rigid eligibility requirements for other intensive services programs.

DMH remains committed to replacing the Vermont State Hospital and working collaboratively with our partners to accomplish this objective without delay. This acute care service is imperative and has been impeded far too long. Although several new community programs have been developed, it is now time to focus on inpatient care and replacement beds. While the Administration is not proposing continued funding for new construction of a secure residential unit in Waterbury at this time, it is committed to the expeditious development of a comprehensive plan to serve this population. Funds have been included in the Governor's Capital Budget for this purpose. Additionally, the Administration is committing time and resources to secure federal recertification of the existing hospital, until such time as a new facility or facilities are completed.

This Department will work closely with other Human Services departments on an Integrated Family Services initiative – an overarching plan for providing coordinated treatment and support services to children and families. This collaborative and holistic approach will provide better coordination so children and their families get the right level of prevention, intervention and support, at the right time, keeping families together and promoting positive outcomes in the healthiest environments possible.

The Department will work to integrate mental health into state and federal health care reform efforts.

Department for Children and Families (DCF)

The Department will pursue a grant through the Urban Institute to allow DCF to assess its current benefits structure and design a plan that will make sure Vermonters are not penalized for working. Today, a Vermont family of three earning just \$17,000

a year may lose essential public benefits if a parent earns just a little more. In fact, until that same family earns \$42,000 per year, the loss of benefits prevents them from making enough to break even with their basic expenses. It is time to put an end to the benefits cliff that prohibits the pathways out of poverty that are so critical to building strong families.

Too many Vermonters who are eligible for 3SquaresVT (formerly the food stamp program) fail to apply. In fact, nearly 70 percent of eligible seniors are not receiving this benefit, and almost twenty-five percent of children eligible for nutritional assistance from 3SquaresVT do not receive the help they are entitled to. We can and will do better.

The Department will examine how to best redesign the General Assistance (GA) program which is a critical part of our safety net. An inclusionary process with stakeholders will be used to discuss how these limited resources can be managed most effectively. Additionally, efforts to integrate housing and homelessness programs will be examined in conjunction with the review of the GA program.

Department of Corrections (DOC)

The FY 2012 Budget begins the Administration's significant approach towards fundamentally changing how we deal with non-violent offenders in Vermont. This is both a moral and a budget imperative. Prison space should be reserved for those who are a danger to society. The Governor supports a system of justice that is both tough on crime and smart on crime.

The Administration will work to identify specific services tailored to helping individuals re-enter their communities. The Shumlin Administration recently reached out to assist the City of Barre to help individuals make a successful return to their community and will do so with other cities and towns with similar needs. State, local, for-profit and not-for-profit groups working together can supply the services that individuals need to be successful.

Vermont will begin to significantly reduce the number of inmates who are placed out of state by:

- Moving the female inmates from the Northwest Correctional Facility to the Chittenden Regional Correctional Facility, and the men to the Northwest facility. This will allow the full use of currently underutilized space.

By relocating the women to Chittenden Regional, they will have better access to work release opportunities. It is the Administration's plan to take half of the gym and convert it to a mother/child visiting center modeled after the program in place at the Northwest Correctional Facility in St. Albans.

- Adding 12 beds in the Caledonia Community Work Camp and bringing back 12 male inmates from out of state.
- Filling the empty beds in the Southeast Correctional Work Camp and bringing back an additional 30 male inmates from out of state.
- Continuing to work with the Town of Windsor to develop a plan for the 900 acres to bring value to the community through farming and other projects.

Many offenders have substance abuse issues; a way must be found to support the expansion of services at methadone clinics to eliminate the waiting lists.

By reducing out of state beds and the new collaborative work between the State and its many partners, the recidivism rate can be reduced.

Department of Disabilities, Aging and Independent Living (DAIL)

The first priority of DAIL is to ensure the safety and security of the most vulnerable populations. Toward this end, the immediate requirement is to rectify the situation in the Adult Protective Services Unit, which is facing a backlog of 250 cases awaiting investigation.

DAIL must insure that individuals with the greatest need receive necessary services from the home and community-based waiver program, Choices For Care, or the Developmental Services Program.

Looking beyond safety to the broader mission, DAIL will lead the full implementation of the Creative Workforce Solutions initiative to empower individuals with disabilities to enter the workforce. DAIL looks forward to offering more choices to individuals with long term care needs through an innovative CMS (Centers for Medicare and Medicaid Services) grant, called Money Follows the Person. DAIL hopes to get positive news on that grant application in February. If successful in securing a federal planning grant, DAIL will explore innovative ways to serve people who are dually eligible to receive funding from both Medicaid and Medicare.

Caseload costs in developmental services are forecast to increase by five percent in FY 2012. The designated agencies that provide community based developmental services are being asked to absorb the cost of the caseload increase at their FY 2011 funding level.

Connect VT

Even in tough economic times, it is imperative to make the investments that lay a strong foundation for future prosperity. Broadband and cellular telecommunications are among those areas where Vermont must find the resources today - or suffer decline tomorrow. The Administration will spend wisely, and leverage the investments made by the private sector, the grants and loans coming to Vermont through stimulus programs, and the existing spending on telecommunications services by government and public-serving institutions. But we will not be timid; we must achieve ubiquitous broadband coverage, abundant bandwidth that will meet our growing future needs, and a statewide canopy of mobile services by the end of 2013.

For several years, \$40 million in revenue bonding capacity at the Vermont Telecommunications Authority (VTA) has sat unused. Selling bonds to fund telecommunications infrastructure

development, backed only by the revenues from prospective projects in less populous areas, has not worked.

It is time to take the needed steps to refocus the VTA and to unlock the capacity to build the infrastructure Vermont needs today and tomorrow. To that end, the Governor is proposing to dedicate \$13 million of the two-year capital budget to support telecommunications infrastructure investments. This funding will allow the expansion of fiber optic lines and pay for wireless network investments. It will help to pay down infrastructure costs in the areas that private providers can't economically serve. In addition, it will accelerate the rate at which the VTA can use its \$40 million in bonding capacity to make further investments. The Administration will also explore options that can enhance the security of those bonds to make them saleable in the financial markets.

In the next three years, we can look forward to the completion of investments funded by private companies and state grants, assisted by more than \$200 million in federal stimulus grants and loans that will dramatically expand broadband service, increase bandwidth through fiber optic lines, create a Smart Grid and a fourth-generation mobile broadband network. The Administration will call together the leadership of these projects to press for coordination of these investments to maximize the benefits to the State. The additional measures proposed today will fill in the remaining broadband gaps, boost broadband speeds even further to prepare for higher-bandwidth applications, and bring cellular service to every community in the State.

To stretch state funding as far as possible, our telecommunications goals must be integrated with our goals to deliver cost-effective health care, education, and government services because success in each supports success in the other. By harnessing dollars that state government already spends to support government services, education, and health care, part of which is spent on telecommunications services, we can help to extend existing and planned fiber optic networks deeply into our communities. The Governor proposes aggregating this existing

spending in support of a coordinated strategy.

In the next two and a half years, Vermont will see the construction of stimulus-funded fiber optic networks that will make available gigabit broadband speeds to the majority of government offices, educational institutions, libraries, and health care providers. Now it is time to commit to achieving this type of bandwidth at all institutions and key business locations across Vermont, while supporting expansion of networks that will bring broadband and cellular service to every corner of the State.

This will be good, but not good enough. In the next three years, we must not only increase access to abundant bandwidth, but we must use a universal and high level of access to broadband to change the way we deliver public services. To realize the potential of better telecommunications in Vermont, the Administration will bring together not only telecommunications service providers but leadership of the major user groups and challenge them to use these tools to deliver higher quality and more cost-effective education and health care, increased assistance for economic development, and a greener, more efficient energy system.

The Governor calls for the Vermont Telecommunications Authority to substantially accelerate the rate at which it is planning and developing broadband and wireless infrastructure projects, and the extent of its cooperation and partnership with communities, public institutions, and telecommunications service providers. To that end, this budget includes an increase in the FY 2012 operating budget to \$1.2 million.

To finish on time, progress must begin now - right now - on the necessary infrastructure projects. The Governor recognizes that there will be legal and regulatory processes to follow, but he expects them to follow the same tight timelines and share in the same objectives expected of the private and public entities which are designing and constructing these projects. That is why the Governor requests that the Legislature work with the Administration to quickly pass a bill that addresses regulatory and permitting issues that have the potential to become bottle-

necks to our progress.

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT (ACCD)

ACCD is designing a Creative Economy Office, using the \$100,000 funding for the Vermont Film Commission to promote creative knowledge work and the cultural economy across Vermont. The Film Commission Advisory Board will advise the Office on film and new media issues, and the program manager will continue to staff efforts of the Film Commission. Vermont's arts community has the potential to be a strong development and tourism tool.

ACCD will maintain level funding for Regional Planning Commissions, Regional Development Corporations and other strategic, performance-based contracting partners.

ACCD will continue to invest in marketing Vermont to attract tourists, businesses and workers with needed skills. To protect Vermont's marketing ability and take advantage of the opportunity for growth in the leisure and hospitality sector, ACCD will maintain a tourism marketing budget of \$2 million.

Given the current economic reality facing every agency and department in state government, it is especially important that ACCD work closely with other state agencies to maximize investments. One example of this cooperation occurred in the beginning of the legislative session, when the Governor and Secretaries of ACCD and Agriculture joined in their public support of a plan to increase local food production – an effort that could generate over 1,500 jobs.

ACCD will encourage re-investment and growth in Vermont's historic downtowns and village centers through the current tax credit and Vermont Community Development Program.

The Agency is developing a "Jobs Bill" for consideration this session, along with the Agencies of Agriculture and Human Services, and the Departments of Labor and Public Service. The Governor will unveil the plan in more detail in the near fu-

ture. The Bill, coupled with aggressive business outreach with regional partners and others, will help to create jobs.

It is important to expand the state's EB5, a financing and venture capital tool that is already helping Vermont employers find investors willing to help fund the creation, expansion or startup of businesses. The Governor will propose adding a fee to these EB5 investments to be used for marketing and aggressively expanding the program.

The Governor's budget proposes investing \$4.8 million in FY 2012 to assist Vermont workers and employers with high quality job training programs, to enable more of our people, especially those who normally do not do so, to pursue postsecondary education and training, and to support promising job producing sectors in Vermont. The Governor requests that the Executive Committee of the Vermont Workforce Development Council in collaboration with the Agencies of Commerce and Human Services and the Departments of Labor and Education submit a recommendation to him and the General Assembly by the end of February on exactly how the \$4.8 million should be allocated in FY 2012 to provide the maximum benefit towards these important goals.

On the housing front, this budget proposes full funding for the Housing and Conservation Trust Fund. This is the first time in many years that a Governor has included full funding for this unique and successful partnership that creates affordable housing and conserves agricultural and recreational lands, natural areas and historic properties. The combined appropriation request of \$12.6 million includes \$4 million from the Capital Bill.

EDUCATION

At the State level, nearly a quarter of GF dollars go directly to the Education Fund. At the local level, property tax rates may well rise, even with spending restraint, as the statewide grand lists shrink to reflect diminished property values.

Vermont's school boards have worked hard to reduce spending. Even though the final effort fell short of the \$23.2 million

local spending reduction target set by the past Legislature, decisions by districts were made in the context of maintaining Vermont's excellent schools. That is why, on December 22, 2010, Governor Shumlin announced, along with the State's educational and legislative leaders, that he would not recommend mandating the State's proposed spending targets and instead reduce GF funding to the Education Fund by \$23.2 million.

Congress provided a significant financial buffer to school districts and Governor Shumlin included \$19 million in federal funds for distribution to them in the FY 2011 Budget Adjustment. Act 68 will work as intended. Districts will be able to budget higher spending amounts if their voters accept higher taxes.

Vermont's problems do not end in FY 2012. Increasing support from the GF will be difficult because revenues are growing slowly. The statewide education grand lists are projected to decline further for FY 2013. This means that in order to raise the same amount of money, education property tax rates will need to increase, unless districts find more savings. The Governor is anxious to work with educators and legislators to develop more incentives for innovation and efficiencies.

When districts combine efforts, more educational opportunities may be available and savings can be found. Last year the Legislature passed Act 153, providing incentives for voluntary school district mergers and encouraging supervisory unions to collaborate. We are pleased to find that the districts in as many as a dozen supervisory unions have made commitments to study the merger option.

The Governor firmly believes that reaching children *before* they arrive at first grade and making sure they are ready to learn, will not only improve our educational system, but "bend the curve" on future demand for state social service programs.

The years up until age five are a critical time for brain development, and a child's life may be predetermined by how prepared they are to start school. The Governor is proposing expansion of the state's pre-kindergarten programs for our children ages

three, four and five, with the ambitious goal of ensuring that within the next four years, every Vermont child will arrive for the first day of first grade ready to learn.

A number of school districts already offer pre-kindergarten programs for their youngest residents that are funded through the State's Education Fund. Unfortunately, a cap on the number of students counted in the funding system creates a disincentive for these communities to expand their pre-k programs. The Governor recommends the elimination of these caps now.

The Governor is committed to encouraging more of our young people to pursue post-secondary education and to stay in Vermont to work and create businesses. While there is no single strategy that will address this priority, our efforts will be strengthened by a tool that helps young, working Vermonters retire their college debt. After all, Vermont students and families have one of the highest education debt loads in the country. A tax credit to reward citizens who earn a degree and remain in Vermont as they start their careers will be a useful tool.

To that end, the Governor has asked the tax commissioner to convene a group of creative thinkers to develop a thoughtful and sustainable college debt retirement tax credit. The Governor will not support anything that is not sustainable and expects a proposal that will be operational in the 2012 tax year and ready for consideration by this Legislature by mid-March.

AGENCY OF AGRICULTURE, FOOD AND MARKETS (Agriculture)

Agriculture will continue to partner with the Agency of Natural Resources to implement programs under the Clean and Clear program. The Agency of Agriculture will commit over \$800,000 to this effort to assist farmers in Vermont to implement best management practices to protect the State's water resources.

Agriculture will commit \$50,000 this year to support the Farm to School and Farm to Institution programs. The Farm to School program has provided support to Vermont schools to access local produce from Vermont farmers to increase their market

access and to improve the health of school children. The Farm to Institution program provides grants for capital improvements for food aggregation and storage as well as business and organization development. Small farmers can access larger markets through aggregation of their products increasing their overall sales.

Agriculture will work to improve access to markets for Vermont farmers through greater staff support for the USDA Good Agricultural Practices audit program in Vermont. Many large supermarket chains are requiring produce growers to take part in this audit program to be able to sell their products. Greater staff support will allow more produce growers to access larger markets for their products. Continued investment in computer software to enhance field inspection, paperless licensing and registration will increase efficiencies that allow staff to protect the integrity of Vermont products and services for consumers.

Agriculture will work closely with ACCD and the Sustainable Jobs Fund to convene stakeholders across Vermont to review, prioritize and implement the Farm to Plate plan. The Agency will also provide integral guidance and leadership to the University of Vermont (UVM) for the implementation of the Food System Spire. The Food System Spire at UVM will be an integral part of the growth of new and different Vermont products. This will increase product diversity and open new markets in Vermont and the region.

Agriculture will leverage state and federal funds to work with ACCD to implement a branding program for the State. An initial investment of over \$75,000 will be made to improve the Vermont branding program to enhance market entry for products, improve sales over non-branded products, provide competitive positioning and leverage new and existing brands to increase the sale and recognition of Vermont products.

Agriculture will work closely with the Vermont Congressional Delegation on a range of issues important to the viability of Vermont's agricultural industry. Dairy pricing and other policy, producer and consumer education and infrastructure development

will be part of the focus of the work.

Agriculture will continue to partner with the Vermont Housing and Conservation Board to support new and existing producers with training through the Vermont Farm Viability Enhancement program. Efforts will also be taken to increase access to farmland resources with support for other infrastructure investments important to the success of agricultural enterprises in Vermont.

AGENCY OF TRANSPORTATION (AOT)

A strong economy requires a 21st century infrastructure. The FY 2012 budget begins the Administration's approach to address deferred maintenance, expedite project delivery, and invest across the transportation modes.

The Governor's FY 2012 budget will focus on safety, mobility, economic development and environmental stewardship. To enhance these four areas the Agency of Transportation (VTTrans) will continue to emphasize maintenance of the existing system, particularly bridges and highways, while adding emphasis to the rail, public transportation, and bicycle/pedestrian programs.

The bridge program has been making steady progress on a backlog of preventive maintenance and rehabilitation needs throughout the system. These efforts will be enhanced by increased resources available to accomplish objectives related to bridge safety. To support these efforts the Governor proposes to spend \$106 million on improvements to more than 65 bridges and culverts, and preventive maintenance work on dozens more structures.

The budget will help further advance several long awaited rail goals including upgrading all rail bridges to industry standard weight tolerance for carrying freight, planning for the return of AMTRAK service to Montreal and improving the western rail corridor, thereby facilitating future passenger service to Burlington. The rail budget proposed for FY 2012 is nearly \$55 million, up 5.7 percent over FY 2011.

To the goal of enhancing mobility for an aging population and also reducing our carbon footprint, the Governor proposes enhancing investment in and reviewing the State's public transportation system. Collaboration with transit providers will improve system efficiencies through route integration, statewide investment for capital needs and consideration of organizational restructuring. The Governor proposes to invest more than \$25 million in public transportation, up 2.7 percent over last year.

The system of bicycle and pedestrian paths, lanes and sidewalks will be emphasized through the consideration of new projects for the first time since 2004. This budget supports this with spending of more than \$9 million, an increase of 1.8 percent.

Due to limited funds available for major projects and a growing distaste in Washington for earmarking of funds, VTrans does not anticipate consideration of many new capacity projects. However, all projects will be assessed for their economic development potential in addition to standard criteria such as safety and mobility. It is anticipated that the Morrisville Alternate Truck Route will be under construction this year and work will continue on the Bennington Bypass on Rte. 9.

The Governor has directed the Secretary of Transportation and the Commissioner of Buildings and General Services to work with the Legislature to expedite exploration and development of travel information centers just off key exits along the interstate, one center serving both North and South with effective signage on the interstate. These public/private partnerships would be more cost efficient in serving motorists and promoting our Vermont businesses. It is hoped we can make progress fast enough to include funding for development of a pilot travel information center using this model in FY 2012.

DEPARTMENT OF TAXES

The goal of the Vermont Department of Taxes is to modernize and simplify the tax code and its administration to achieve a revenue system that is fair, transparent and efficient.

The Department is reviewing provisions of the tax code for opportunities to simplify and clarify current law, in order to align our revenue system with the evolving economy and to ease taxpayer compliance.

The Department is providing data and analysis for consideration by the Legislature and other stakeholders of the principles, findings and recommendations of the Blue Ribbon Tax Commission. The Department will be an active participant in this unprecedented comprehensive look at Vermont's entire revenue structure.

VERMONT DEPARTMENT OF LABOR (VDOL)

The demand for unemployment insurance, workforce training, and job search and placement assistance continues at unprecedented levels. To address this demand in FY 2012, the Department's Workforce Development Division will increase public awareness of workforce education and training programs.

The Department will also tap a federal emergency on-the-job-training grant to assist employers in employing and training long term unemployed workers, and partner with ACCD and the Community College of Vermont to expand the successful program called Career Readiness Credential.

VDOL will expand the Workforce Education and Training internship program in FY 2012 and establish an apprenticeship program for composites technicians in southwestern Vermont to meet the needs of this fast-growing industry for highly skilled workers. VDOL is also strengthening employment programs that support returning veterans, individuals with disabilities, youth and others facing serious barriers to employment.

VDOL's Unemployment Division will be deploying a Reemployment and Eligibility Assessment (REA) program to unite the Unemployment Insurance (UI) and Wages division with the Workforce Development division to prioritize services to unemployment insurance claimants. To meet the high demand on UI, Vermont will likely face sporadic borrowing from the federal

government until 2015, and according to federal rules, states must use “non-unemployment funds” to cover interest costs on the loan.

The Workers Compensation Division will streamline services in FY 2012 to collect better data and automate processes, including electronic case management. Vermont Occupational Safety and Health Administration (VOSHA) will conduct 400 enforcement inspections with emphasis on high hazard industries and those hazards that are the leading causes of injuries, illnesses and fatalities.

The Passenger Tramways division will continue the rapid response to the ski areas’ request for inspection and technical assistance, and Project RoadSafe will focus on reducing the number and severity of employment related driving fatalities and injuries that have become a significant cost to employers.

AGENCY OF NATURAL RESOURCES (ANR)

One of the most important and valued aspects of this State is its natural landscapes and resources. Our efforts to preserve our environment today will be felt for generations.

Important investments in infrastructure will help improve water quality in Lake Champlain and ANR will be working closely with the Agencies of Agriculture, Transportation and others to leverage resources to develop meaningful pollution control measures to protect Vermont’s waterways.

The Governor has asked his environmental team to develop a plan to use the Clean Water State Revolving Fund, which is largely federally funded, to significantly increase our commitment to stormwater and wastewater infrastructure improvements in our villages and cities over the next five years – part of a more comprehensive Lake Champlain clean-up plan.

This budget includes an increase in federal and special funding of nearly \$1 million for the Lake Champlain water quality program, as well as \$5.2 million in capital investments to protect our water quality. This includes \$2.7 million to upgrade the

Waterbury wastewater treatment plant to reduce phosphorous levels discharged into the Winooski River. This funding will allow completion of the last major upgrade to a wastewater treatment plant as required by the Lake Champlain water quality plan for reducing phosphorous going into the lake.

DEPARTMENT OF PUBLIC SAFETY (DPS)

The Governor’s FY 2012 Budget continues to honor the State’s commitment to protect children and families through the implementation of Special Investigation Units (SIU). The SIUs have led to a higher quality investigation of sexual assaults and other assaults, and have subsequently produced a higher conviction rate and contributed to the safety of victims throughout the State.

During FY 2010, the Vermont State Police hired 14 new troopers; they are trained and deployed throughout the state. An additional 8 recruits have been hired and will graduate from the Vermont Police Academy in the Spring of 2011.

Maintaining personnel levels in the State Police have allowed the staffing of the Drug Task Force to remain constant in support of state law enforcement’s response to the dramatic increase in heroin distribution and use, and prescription drug abuse within our State.

To support law enforcement officers in the State, DPS completed construction of a new state-of-the-art Forensic Laboratory. This Forensic Laboratory is nationally accredited and employs a highly trained staff to meet the evolving needs of law enforcement forensic analysis. The Forensic Laboratory is also preparing to implement Act 1 of the 2009 legislative session (S.13). Effective July 1, 2011, the law requires that every person charged with a felony, after a finding of probable cause, submit to the taking of a DNA sample. The profile obtained from that DNA sample will then be placed in the Vermont DNA Database as well as the database maintained by the FBI, known as the CODIS database. This will provide law enforcement officers another tool to help identify the perpetrators of crime.

Construction of the new Emergency Operational Center is scheduled to be completed and operational in the Spring of 2011.

CAPITAL BUDGET

The FY 2012 Capital Budget recommends an unprecedented two-year authorization for the Capital Bill of over \$150 million. This new approach will enable the State to borrow at unusually low interest rates and take advantage of comparatively low construction costs resulting from the recession, thereby saving money. Most importantly, this initiative will help get projects out faster and create jobs for Vermonters.

This recommendation has been given careful consideration by Vermont's Capital Debt Affordability Advisory Committee, which worked with several legislators, personnel from the Department of Buildings and General Services, and the State's financial advisor.

In addition to the two-year \$13 million commitment in support of the Governor's "Connect VT" initiative, this proposal also provides \$29 million to start building the long anticipated State Health Laboratory through an exciting and beneficial collaboration with UVM.

There is planning for and funding of the reorganization of the State's correctional facilities in support of the Governor's plan to bend the curve on escalating corrections costs.

In addition to the Lake Champlain clean-up efforts outlined in the ANR section above, the Governor's Capital Budget proposal provides funds for the Ecosystem Restoration Grant program, supporting the efforts of watershed groups and other partners.

The Governor's recommendation includes \$2.7 million for best management practices through the Agency of Agriculture to assist farmers in reducing the water quality impacts of agricultural activities.

The Capital Budget includes \$3.2 million for State energy projects. By making an investment in State buildings and systems to make them more energy efficient, Vermont will begin to see environmental benefits and budget savings.

This budget will jumpstart long-postponed improvements to the State's information technology resources, provide ongoing major maintenance for State buildings, parks and colleges, and continued funding of the State's obligation for payment to communities for school construction aid.

STATE EMPLOYEES AND TEACHERS RETIREMENT FUNDS

This budget proposal includes full funding of the actuarially required contributions for the State Employees' and Teachers' retirement plans. It is worth pointing out that the Vermont-NEA, the Vermont State Employees' Association, and the Vermont Troopers' Association have been responsive in helping to recalibrate benefit and contribution levels to make these retirement plans more affordable.

Tables and Charts

The following pages contain charts, tables and statistics relating to the Governor's FY 2011 Budget Recommended Adjustment and the FY 2012 Executive Budget Recommendations.

FISCAL YEAR 2011 BUDGET RECOMMENDED ADJUSTMENT

FUNCTION / Department	Appropriation Title	2010 Act 156 Sec #	State Health Care Resources Catamount										Funds	Combined Funds
			General Fund	Transportation Fund	Education Fund	Special & Tobacco Funds	Global Commitment Fund	Fund	Fund	Federal Funds	ARRA Funds	Other ⁽¹⁾		
	FY 2011 As Appropriated		1,141,062,136	216,097,748	1,314,086,077	248,418,043	1,082,843,794	176,395,700	21,980,586	1,571,009,621	346,906,454	265,193,506		6,383,993,665
	2010 Act 156 Sec B.1101(a)(1) - labor contract savings - NET		564,071			(295,358)	(118,907)							149,806
	2010 Act 156 Sec B.1101(a)(2) - retirement savings - NET		978,834	369,447										1,348,281
	Challenges for Change - Economic Development (2010 Act 68 Sec 9(c)(8) as amended by 2010 Act 156 Sec F.14)		(729,677)			(233,185)						(2,738)		(965,600)
	Challenges for Change - Human Services (2010 Act 68 Sec 9(c)(3))		(23,816,000)				(15,444,536)			(21,171,781)	(3,413,906)			(63,846,223)
	Challenges for Change - Performance Contracting (2010 Act 68 Sec 9(c)(2))		(2,347,000)			(1,840)	(162,903)			(109,927)		(204,360)		(2,826,030)
	Challenges for Change - Education (2010 Act 68 Sec 9(c)(5) & (6))		(6,066,375)											(6,066,375)
	Challenges for Change - Charter Units (2010 Act 68 Sec 9(c)(1))		(880,939)			341,339						(6,624)		(546,224)
	Challenges for Change - Regulatory (2010 Act 68 Sec 9(c)(7))		(360,000)											(360,000)
	Sub-total Challenges for Change		(34,199,991)	0	0	106,314	(15,607,439)	0	0	(21,281,708)	(3,413,906)	(213,722)		(74,610,452)
	Challenges for Change - appropriated savings		(37,887,254)											(37,887,254)
	Challenges for Change - NET Adjustment		3,687,263	0	0	106,314	(15,607,439)	0	0	(21,281,708)	(3,413,906)	(213,722)		(36,723,198)
	FY 2011 Revised Appropriations		1,146,292,304	216,467,195	1,314,086,077	248,228,999	1,067,117,448	176,395,700	21,980,586	1,549,727,913	343,492,548	264,979,784		6,348,768,554
FY 2011 RECOMMENDED BUDGET APPROPRIATION ADJUSTMENTS :														
GENERAL GOVERNMENT														
Information and Innovation	Communications and information technology	B.101										(400,000)		(400,000)
Human Resources	Operations	B.104	141,390											141,390
Tax	Homeowner rebate	B.137	(2,970,000)											(2,970,000)
	TOTAL GENERAL GOVERNMENT		(2,828,610)	0	0	0	0	0	0	0	0	(400,000)		(3,228,610)
PROTECTION														
Public Safety	Criminal justice services	B.210	47,760											47,760
Criminal Justice Training Council	Criminal justice training council	B.221	85,000			(85,000)								0
	TOTAL PROTECTION		132,760	0	0	(85,000)	0	0	0	0	0	0		47,760
HUMAN SERVICES														
Agency of Human Services	Secretary's office	B.300	252,908							101,215			19,600	373,723
Secretary's Office	Global commitment	B.301	(2,651,628)			1,692,181		4,640,808		7,226,747	(1,158,974)			9,749,134
Human Services Board	Human services board	B.304	65,000									(65,000)		0
Dept. of Vermont Health Access	Administration	B.306				(1,451,313)	3,649,578				802,748			3,001,013
Dept. of Vermont Health Access	Medicaid program - global commitment	B.307					(25,631,629)							(25,631,629)
Dept. of Vermont Health Access	Medicaid program - long-term care waiver	B.308	1,012,383							1,828,017	272,709			3,113,109
Dept. of Vermont Health Access	Medicaid program - state only	B.309	2,290,860				(730,679)							1,560,181
Dept. of Vermont Health Access	Medicaid non-waiver matched	B.310	(117,056)							(6,817,365)				(6,934,421)
Health	Public health	B.312				2,288,387	(320,905)						56,768	2,024,250
Health	Alcohol and drug abuse programs	B.313	(153,200)				161,640							8,440
Mental Health	Mental health	B.314					3,596,735			(6,246)				3,590,489
Dept. for Children & Families	Administration & support services	B.316	342,411				(913,362)			1,744,367			212,500	1,385,916
Dept. for Children & Families	Family services	B.317	(347,874)				1,252,734			398,075	229,637			1,532,572

FISCAL YEAR 2011 BUDGET RECOMMENDED ADJUSTMENT

2010 Act 156 Sec													State Health Care Resources	Catamount		
FUNCTION / Department	Appropriation Title	#	General Fund	Transportation Fund	Education Fund	Special & Tobacco Funds	Global Commitment Fund	Federal Funds	ARRA Funds	Other ⁽¹⁾	Funds	Combined Funds				
Dept. for Children & Families	Child development	B.318	(81,856)				120,701	(117,000)	14,536			(63,619)				
Dept. for Children & Families	Office of child support	B.319	(100,000)			100,000						0				
Dept. for Children & Families	Aid to aged, blind and disabled	B.320	287,625									287,625				
Dept. for Children & Families	General assistance	B.321	943,342				160,000				196,658	1,300,000				
Dept. for Children & Families	Reach Up	B.323	630,333			134,500	1,500,000		940,707			3,205,540				
Dept. for Children & Families	Woodside rehabilitation center	B.327	(76,481)				(164,240)					(240,721)				
Dept. for Children & Families	Disability determination services	B.328					162,903					162,903				
Disabilities, Aging & Independent Living	Administration & support services	B.329	60,000									60,000				
Disabilities, Aging & Independent Living	Advocacy & independent living grants	B.330	(60,000)									(60,000)				
Disabilities, Aging & Independent Living	Development services	B.333					1,221,979					1,221,979				
Disabilities, Aging & Independent Living	TBI home and community based waiver	B.334					700,000					700,000				
Dept. of Corrections	Correctional services	B.338	291,945									291,945				
Dept. of Corrections	Correctional services - out of state beds	B.339	3,733,022									3,733,022				
Dept. of Corrections	Correctional facilities - recreation	B.340	(125,000)			125,000						0				
TOTAL HUMAN SERVICES			6,196,734	0	0	2,888,755	(15,234,545)	4,640,808	0	4,357,810	1,101,363	420,526	4,371,451			
EDUCATION																
Education	Finance & administration	B.500	227,774									227,774				
Education	Adjusted education payment	B.505			100,000							100,000				
Education	Technical education	B.511			154,000							154,000				
TOTAL EDUCATION			227,774	0	254,000	0	0	0	0	0	0	481,774				
TRANSPORTATION																
	Buildings	B.902									499,056	499,056				
	Program development	B.903		(291,347)								(291,347)				
TOTAL TRANSPORTATION			0	(291,347)	0	0	0	0	0	0	499,056	207,709				
TOTAL APPROPRIATION CHANGES (before "words")			3,728,658	(291,347)	254,000	2,803,755	(15,234,545)	4,640,808	0	4,357,810	1,101,363	519,582	1,880,084			
OTHER (with \$\$ appropriation changes)																
	Benefit savings due to actual CY 2011 rates		(1,254,880)									(1,254,880)				
	Secretary of Administration - Secretary's Office							19,304,177				19,304,177				
	Department of Finance & Management		3,500,000									3,500,000				
	Department of Education										19,304,177	19,304,177				
TOTAL OTHER			2,245,120	0	0	0	0	0	0	19,304,177	0	19,304,177	21,549,297			
TOTAL APPROPRIATION CHANGE			5,973,778	(291,347)	254,000	2,803,755	(15,234,545)	4,640,808	0	23,661,987	1,101,363	19,823,759	42,733,558			
NET FY 2011 APPROPRIATIONS AFTER BAA			1,152,266,082	216,175,848	1,314,340,077	251,032,754	1,051,882,903	181,036,508	21,980,586	1,573,389,900	344,593,911	284,803,543	6,391,502,112			

(1) Other Funds include: TIB, Fish & Wildlife, Local Match, Trust Funds, Enterprise Funds, Internal Service Funds, and Interdepartmental Transfers.

General Fund Summary
Fiscal Years 2009 - 2013
(\$ in Millions)

	Actual FY 2009	Actual FY 2010	Governor's Recommended Adjustment FY 2011	Governor's Recommend FY 2012	Forecast FY 2013
Sources					
Current law revenues	1,103.98	1,038.34	1,117.50	1,183.90	1,251.10
VEDA debt forgiveness	-	-	(0.38)	(0.20)	(0.23)
Direct applications, transfers in & reversions	39.06	20.47	35.24	17.30	20.00
Other bills and tax changes	4.93	9.81	9.19	3.32	-
Additional property transfer tax to GF	1.30	6.45	6.31	4.99	5.34
For appropriation from GF reserve	19.13	14.85	15.20	-	-
Total sources	1,168.40	1,089.92	1,183.05	1,209.30	1,276.22
Uses					
Base appropriations, including ARRA offset	1,286.22	1,265.33	1,250.98	1,229.12	1,266.38
Budget adjustment and rescission(s)	(27.31)	2.34	3.92	-	-
	1,258.91	1,267.67	1,254.91	1,229.12	1,266.38
Percent increase/(decrease)	7.16%	0.70%	-1.01%	-2.05%	3.03%
Less Base ARRA funding	(76.33)	(202.17)	(158.79)	-	-
Base Appropriation Net of ARRA	1,182.58	1,065.50	1,096.12	1,229.12	1,266.38
Budget adjustment - one time	(42.65)	-	2.05	-	-
Other Bills	1.82	2.56	0.25	-	-
One-time appropriations	2.23	13.28	18.25	0.05	-
One-time waterfall and other adjustments	2.30	6.11	35.60	-	-
Total uses	1,146.28	1,087.45	1,152.27	1,229.17	1,266.38
Subtotal operating surplus (deficit)	22.12	2.47	30.79	(19.86)	9.84
Allocation of surplus - Transfers (to) /from other funds					
Transportation fund	-	1.71	-	-	-
Education fund	(0.67)	(6.89)	-	-	-
Tobacco settlement fund	-	3.65	-	-	-
Reserve for bond issuance premium	1.97	2.63	1.46	-	-
Next generation fund	(7.29)	(3.29)	(4.79)	-	-
Human services caseload reserve	0.96	16.22	(29.19)	29.10	-
Internal service funds and assorted funds	(2.54)	1.10	(1.21)	(5.99)	(5.99)
Total transfers (to) / from other funds	(3.93)	11.48	(33.73)	23.11	(5.99)
Reserved in GF (designated)					
Budget Stabilization Reserve	(2.17)	2.70	2.94	(3.24)	(3.85)
Reserved in GF Surplus/Other Reserves	(16.02)	(16.65)	-	-	-
Total reserved in the GF (designated)	(18.19)	(13.95)	2.94	(3.24)	(3.85)
Total allocated	(22.12)	(2.47)	(30.79)	19.86	(9.84)
Unallocated operating surplus (deficit)	0.00	0.00	0.00	0.00	0.00
Stabilization Reserve 5% statutory level	60.01	57.31	54.37	57.61	61.46
GF Reserves (cumulative)					
Budget Stabilization Reserve	60.01	57.31	54.37	57.61	61.46
Human Services Caseload Reserve	16.29	0.07	29.26	0.16	0.16
Bond Premium/Other Short Term Reserves	1.18	1.46	-	-	-
Reserved in GF Surplus Reserve	14.84	15.20	-	-	-
Total GF Reserve Balance	92.32	74.04	83.63	57.78	61.62

* Results may not add due to rounding.

Transportation Fund Summary
Fiscal Years 2009 - 2013
(\$ in Millions)

	Actual FY 2009	Actual FY 2010	Governor's Recommended Adjustment FY 2011	Governor's Recommend FY 2012	Forecast FY 2013
Sources					
Current law revenues	203.69	213.37	217.80	226.50	232.40
Proposed fee bill and new revenue	0.67	-	-	-	-
Direct applications & reversions	-	-	-	-	-
For appropriation from TF Reserve	0.63	-	-	-	-
Total sources	204.99	213.37	217.80	226.50	232.40
Uses					
Base appropriations	198.50	210.21	216.47	224.27	230.07
Budget adjustments and rescissions	7.17	(1.47)	(0.29)	-	-
Post-Budget-Adjustment Change	-	-	(0.70)	-	-
One-time appropriations	-	0.05	-	-	-
Total uses	205.67	208.79	215.47	224.27	230.07
Subtotal operating surplus (deficit)	(0.68)	4.58	2.33	2.23	2.33
Allocation of surplus					
Transfers (to) / from other funds					
General Fund	-	(1.71)	-	-	-
Downtown Fund	(0.40)	(0.40)	(0.40)	(0.40)	(0.40)
Central Garage Fund	1.49	(1.12)	(1.12)	(1.12)	(1.12)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	0.73	(2.65)	(0.28)	-	-
Total transfers (to) / from other funds	1.44	(6.26)	(2.17)	(1.89)	(1.89)
Reserved in the TF (designated)					
Budget Stabilization Reserve	(0.09)	1.01	(0.16)	(0.33)	(0.44)
Bond Reserve	(0.67)	0.67	-	-	-
Reserved in TF Surplus Reserve	-	-	-	-	-
Total reserved in the TF (designated)	(0.76)	1.68	(0.16)	(0.33)	(0.44)
Total allocated	0.68	(4.58)	(2.33)	(2.22)	(2.33)
Unallocated operating surplus(deficit)	-	-	-	-	-
Stabilization Reserve up to 5% Statutory Level	11.29	10.28	10.44	10.77	11.21
TF Reserves (cumulative)					
Bond Reserve	0.67	-	-	-	-
Budget Stabilization Reserve	11.29	10.28	10.44	10.77	11.21
Reserved in TF Surplus Reserve	-	-	-	-	-
Total TF Reserve Balance	11.96	10.28	10.44	10.77	11.21

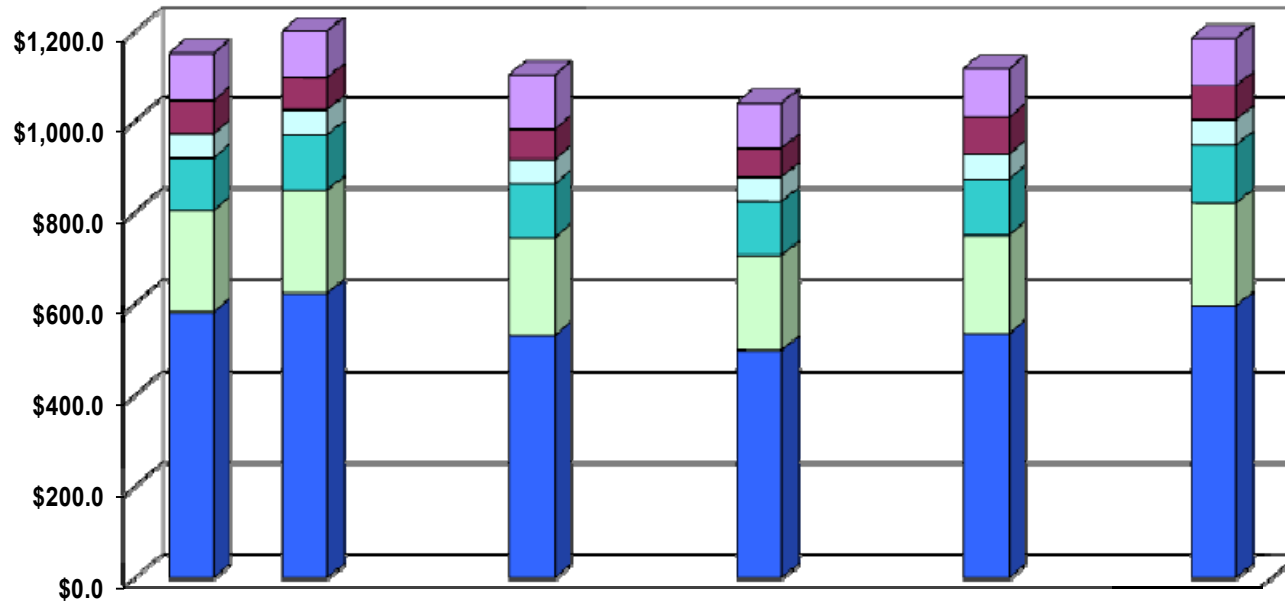
Results may not add due to rounding.

Education Fund Summary
Fiscal Years 2009 - 2012
(\$ in Millions)

	Actual FY 2009	Actual FY 2010	Governor's Recommended Adjustment FY 2011	Governor's Proposed FY 2012
Sources				
Current law revenues	24.00	25.34	27.10	28.48
Sales & use tax	107.05	103.71	107.80	112.30
Lottery revenue	20.95	21.57	21.00	21.50
Non-residential tax	524.10	550.05	559.11	546.33
Homestead Tax	352.71	359.30	358.62	362.86
General fund appropriations	291.13	247.69	234.74	271.91
Medicaid reimbursement	-	-	-	7.58
Interest on fund balance	0.26	0.10	0.10	0.20
Total sources	1,320.20	1,307.76	1,308.47	1,351.16
Uses				
Base appropriations	1,321.29	1,313.46	1,314.34	1,357.35
Appropriation savings	(2.02)	(6.99)	-	-
Total uses	1,319.27	1,306.47	1,314.34	1,357.35
Subtotal operating surplus (deficit)	0.93	1.29	(5.87)	(6.19)
Allocation of surplus/(deficit)				
Transfer to/(from) the stabilization reserve	1.69	(1.23)	(1.54)	(2.39)
Transfer to/(from) continuing appropriations	(1.57)	3.50	(3.28)	-
Transfer to/(from) unallocated	0.82	(0.98)	(1.05)	(3.80)
Total allocated	0.93	1.29	(5.87)	(6.19)
Education fund reserves				
Budget stabilization reserve	31.08	29.85	28.31	25.91
Minimum statutory reserve at 3.5%	21.76	20.89	19.82	20.60
Maximum statutory reserve at 5%	31.08	29.85	28.31	29.43

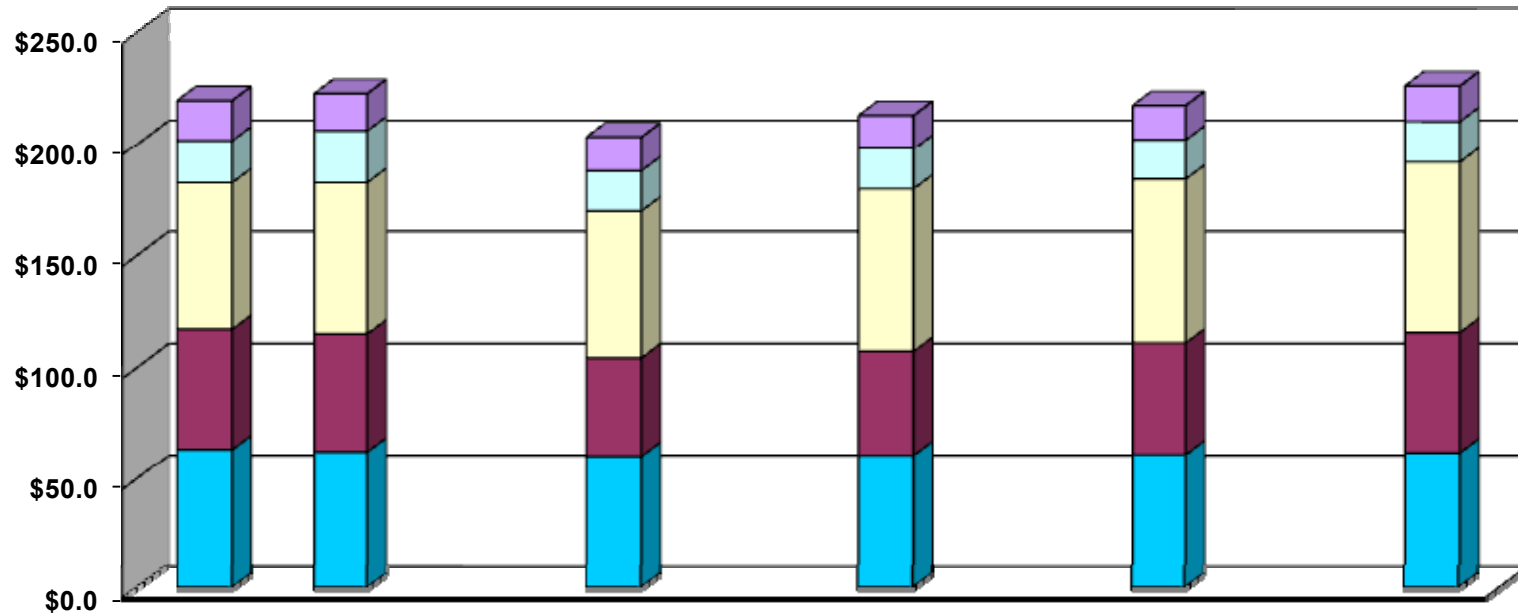
*Results may not add due to rounding.

General Fund Revenue by Component FY 2007 to FY 2012



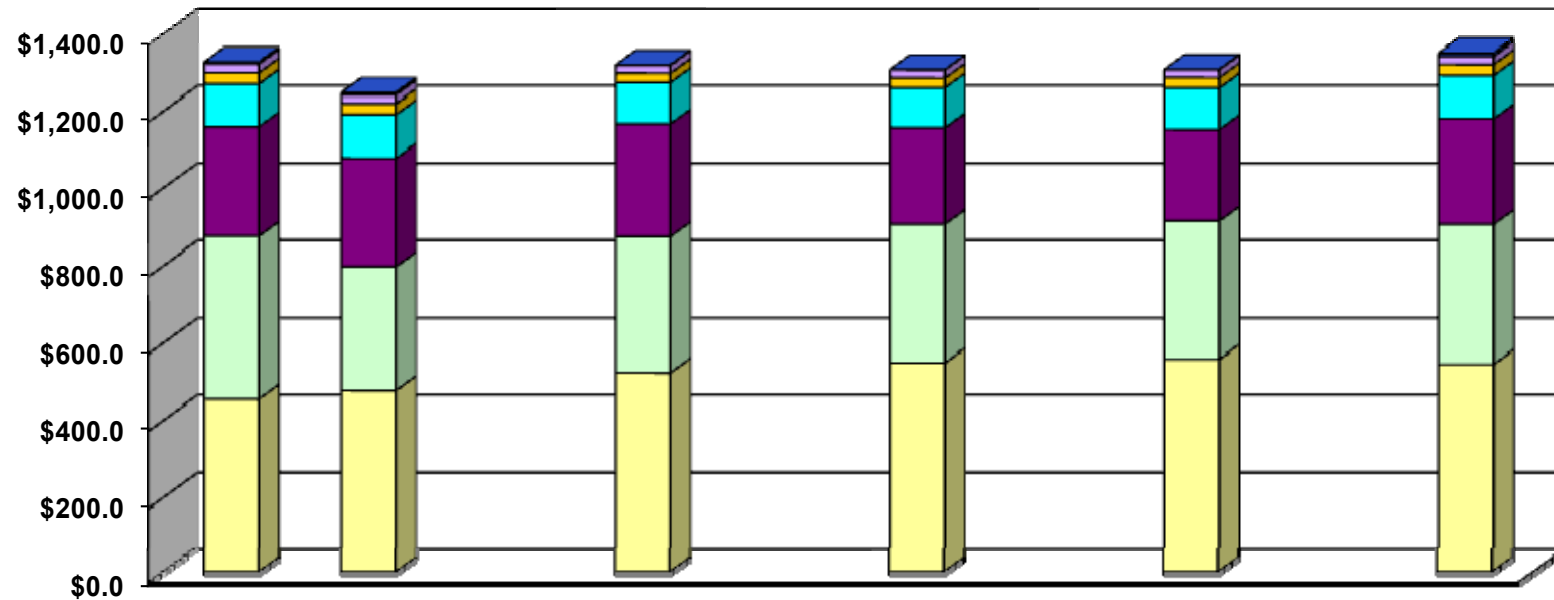
(\$ in Millions)	FY 2007 Actual	FY 2008 Actual	% Change 2006-2007	FY 2009 Actual	% Change 2007 - 2008	FY 2010 Actual	% Change 2008 - 2009	FY 2011 Projected	% Change 20090-2010	FY 2012 Projected	% Change 2010 - 2011
Other	\$ 107.1	\$ 101.3	-5.4%	\$ 122.6	21.0%	\$ 98.9	-19.3%	\$ 109.9	11.1%	\$ 104.1	-5.3%
Corporate	\$ 72.8	\$ 74.6	2.4%	\$ 66.2	-11.3%	\$ 62.8	-5.1%	\$ 80.6	28.3%	\$ 78.1	-3.1%
Insurance	\$ 52.9	\$ 54.9	3.9%	\$ 53.7	-2.1%	\$ 53.3	-0.8%	\$ 54.4	2.1%	\$ 55.5	2.0%
Meals and Rooms	\$ 114.9	\$ 121.1	5.4%	\$ 117.1	-3.3%	\$ 118.0	0.8%	\$ 122.8	4.1%	\$ 127.2	3.6%
Sales and Use Taxes	\$ 222.5	\$ 225.6	1.4%	\$ 214.1	-5.1%	\$ 207.4	-3.1%	\$ 215.5	3.9%	\$ 224.5	4.2%
Personal Income Tax	\$ 581.2	\$ 622.3	7.1%	\$ 530.3	-14.8%	\$ 498.0	-6.1%	\$ 534.3	7.3%	\$ 594.5	11.3%
Total	\$ 1,151.4	\$ 1,199.8	4.2%	\$ 1,104.0	-8.0%	\$ 1,038.4	-5.9%	\$ 1,117.5	7.6%	\$ 1,183.9	5.9%

Transportation Fund Revenue by Component FY 2007 to FY 2012



(\$ in Millions)	FY 2007 Actual	FY 2008 Actual	% Change 2006-2007	FY 2009 Actual	% Change 2007 - 2008	FY 2010 Actual	% Change 2008 - 2009	FY 2011 Projected	% Change 2009-2010	FY 2012 Projected	% Change 2010 - 2011
Diesel Fuel Tax	\$ 18.0	\$ 16.6	-7.8%	\$ 15.5	-6.6%	\$ 15.1	-2.6%	\$ 15.4	2.0%	\$ 15.9	3.2%
Other Revenues	\$ 19.2	\$ 23.7	23.3%	\$ 18.0	-24.0%	\$ 18.2	1.1%	\$ 18.0	-1.1%	\$ 18.6	3.3%
Motor Vehicle Fees	\$ 65.4	\$ 67.5	3.2%	\$ 65.5	-3.0%	\$ 72.5	10.7%	\$ 73.1	0.8%	\$ 76.1	4.1%
Purchase & Use Tax	\$ 53.8	\$ 52.7	-2.0%	\$ 44.0	-16.5%	\$ 46.5	5.7%	\$ 49.9	7.3%	\$ 53.7	7.6%
Gasoline Tax	\$ 63.6	\$ 62.6	-1.6%	\$ 60.6	-3.2%	\$ 61.0	0.7%	\$ 61.4	0.7%	\$ 62.2	1.3%
Total	\$ 220.0	\$ 223.1	1.4%	\$ 203.6	-8.7%	\$ 213.3	4.8%	\$ 217.8	2.1%	\$ 226.5	4.0%

Education Fund Revenue by Component FY 2007 to FY 2012



(\$ in Millions)	FY 2007 Actual	FY 2008 Actual	% Change 2006-2007	FY 2009 Actual	% Change 2007 - 2008	FY 2010 Actual	% Change 2008 - 2009	FY 2011 Projected	% Change 2009-2010	FY 2012 Projected	% Change 2010 - 2011
Other	\$ 4.3	\$ 5.2	20.0%	\$ 0.3	-95.0%	\$ 0.1	-61.5%	\$ 0.1	0.0%	\$ 7.8	7680.0%
Lottery Revenue	\$ 23.3	\$ 22.7	-2.6%	\$ 21.0	-7.7%	\$ 21.6	3.0%	\$ 21.0	-2.6%	\$ 21.5	2.4%
Current Law Revenue	\$ 28.8	\$ 28.3	-1.8%	\$ 24.0	-15.2%	\$ 25.3	5.6%	\$ 27.1	6.9%	\$ 28.5	5.1%
Sales & Use Tax	\$ 111.2	\$ 112.8	1.4%	\$ 107.1	-5.1%	\$ 103.7	-3.1%	\$ 107.8	3.9%	\$ 112.3	4.2%
General Fund Approp.	\$ 282.4	\$ 280.2	-0.8%	\$ 291.1	3.9%	\$ 247.7	-14.9%	\$ 234.7	-5.2%	\$ 271.9	15.8%
Homestead Tax	\$ 422.5	\$ 321.4	-23.9%	\$ 352.7	9.7%	\$ 359.3	1.9%	\$ 358.6	-0.2%	\$ 362.9	1.2%
Non-Residential Tax	\$ 455.1	\$ 477.5	4.9%	\$ 524.1	9.8%	\$ 550.1	5.0%	\$ 559.1	1.6%	\$ 546.3	-2.3%
Total	\$ 1,327.6	\$1,248.1	-6.0%	\$ 1,320.2	5.8%	\$ 1,307.8	-0.9%	\$ 1,308.5	0.1%	\$ 1,351.2	3.3%

TOTAL APPROPRIATIONS HISTORY FY 2008 - FY 2012 (All Funds)

Funding Sources	FY 2008 Final Appropriation	FY 2009 Final Appropriation	FY 2010 Final Appropriation	FY 2011 Governor's Recommended Adjustment ^(a)	FY 2012 Governor's Recommend ^(b)	% Change FY 2012 vs. FY 2011
General Fund (GF)	1,200,271,408	1,146,278,770	1,087,451,951	1,152,266,082	1,229,166,906	6.67%
Transportation Fund	228,952,078	212,845,156	208,771,086	216,175,848	224,264,678	3.74%
Education Fund (EF)	1,254,540,148	1,321,957,273	1,313,476,522	1,314,340,077	1,357,352,689	3.27%
Fish & Wildlife	13,850,694	15,426,252	16,355,474	17,113,525	17,531,844	2.44%
Special Funds & Other Funds ^(c)	427,290,903	436,307,790	446,941,136	473,703,991	533,139,788	12.55%
Sub-Total	3,124,905,231	3,132,815,241	3,072,996,169	3,173,599,523	3,361,455,905	5.92%
Adjust for inter-fund appropriation: GF Transfer to EF	(280,200,000)	(291,127,800)	(240,803,944)	(234,737,570)	(271,913,749)	15.84%
Total State Funds after EF Transfer	2,844,705,231	2,841,687,441	2,832,192,225	2,938,861,953	3,089,542,156	5.13%
percent of total	68.35%	59.81%	57.40%	59.56%	63.94%	
Federal Funds	1,257,860,692	1,354,779,066	1,448,238,552	1,573,389,900	1,588,906,891	0.99%
Federal ARRA Funds ^(d)	-	178,344,712	400,459,056	344,593,911	74,203,031	-78.47%
Total Funds Before Dedicated Dollars	4,102,565,923	4,374,811,219	4,680,889,833	4,856,845,764	4,752,652,078	-2.15%
percent of total	98.57%	92.08%	94.87%	98.44%	98.35%	
Dedicated Sources						
Local Match	2,951,403	2,553,311	2,993,800	2,450,885	3,465,052	41.38%
Enterprise Funds	8,150,473	8,254,019	8,669,664	8,674,074	8,760,796	1.00%
Pension & Private Purpose Trust Funds	48,594,698	55,251,374	58,577,831	65,916,620	67,369,027	2.20%
Sub-Total	59,696,574	66,058,704	70,241,295	77,041,579	79,594,875	3.31%
Total Funds and Dedicated Sources	4,162,262,497	4,440,869,923	4,751,131,128	4,933,887,343	4,832,246,953	-2.06%
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	66,190,616	66,118,435	70,921,911	70,589,729	74,332,162	5.30%
Interdepartmental Transfer	35,628,944	32,670,160	45,286,838	61,829,531	47,865,447	-22.58%
Interdepartmental Transfer - ARRA (e)	-	-	53,790,036	38,575,036	500,000	-98.70%
Global Commitment Fund (c)	819,516,803	900,965,265	965,882,917	1,051,882,903	1,096,552,625	4.25%
Total	921,336,363	999,753,860	1,135,881,702	1,222,877,199	1,219,250,234	-0.30%
Memo: Total All Appropriations	5,363,798,860	5,731,751,583	6,127,816,774	6,391,502,112	6,323,410,936	-1.07%

NOTES:

(a) Act 156 of the 2010 Special Legislative Session, plus other bills; net of budget adjustments (BAA) presented to the General Assembly January 25, 2011.

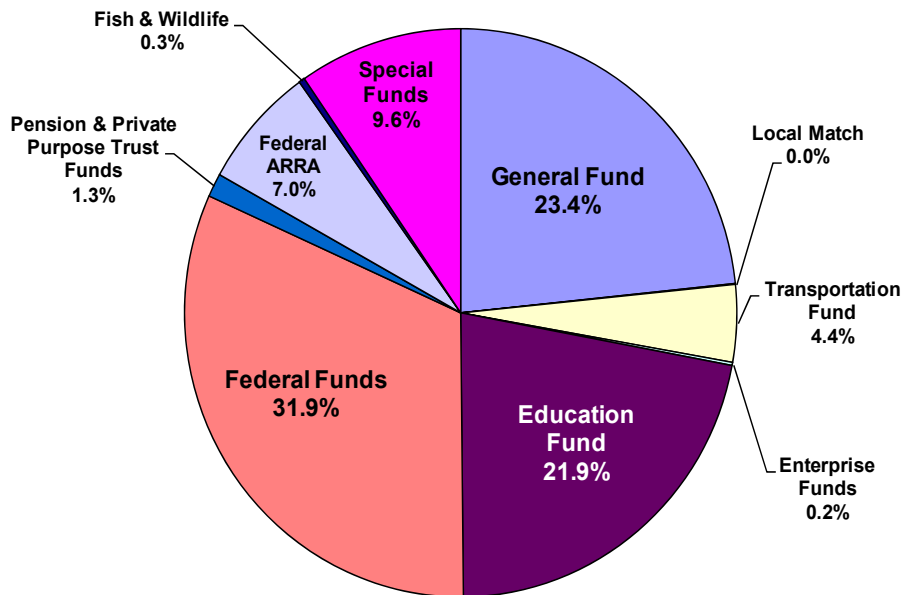
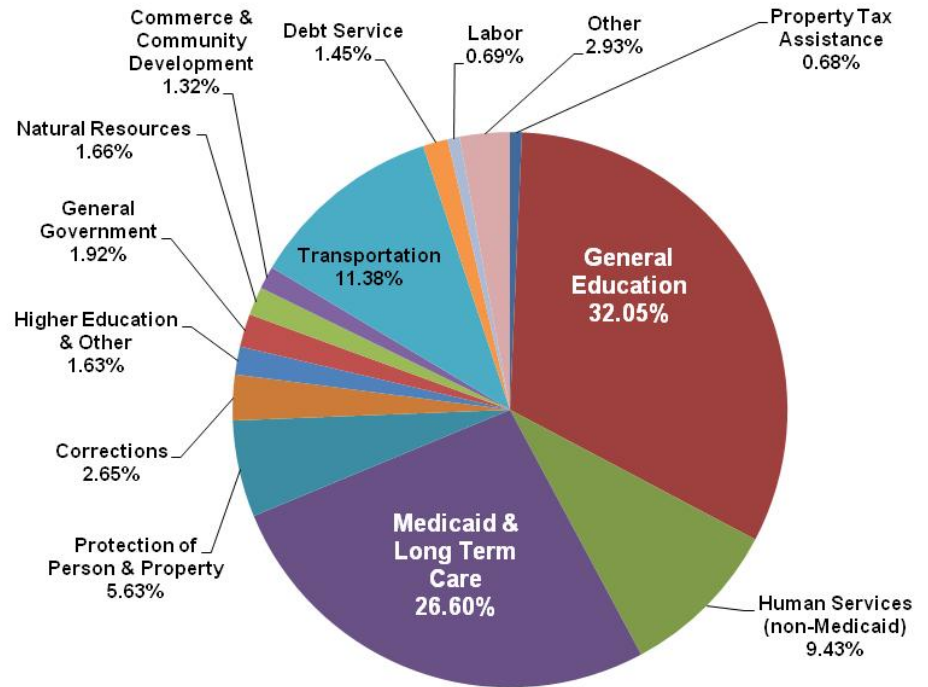
(b) Governor's Recommended Budget for FY 2012 presented to the General Assembly on January 25, 2011.

(c) Includes Tobacco Fund, Catamount Fund, State Health Care Resources, Next Generation Fund, and Transportation Infrastructure Bond (TIB) Fund.

(d) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

(e) For FY 2010 final, an additional \$8.665,000 in ARRA IDT was not correctly reflected in bill; the adjustment to the appropriation amount was approved via Excess Receipts; this amount has been added so that the duplicate appropriations presented are correct.

FY 2011 Governor's Recommended Budget Adjustment, by Function



FY 2011 Governor's Recommended Budget Adjustment, by Fund

FISCAL YEAR 2011 GOVERNOR'S RECOMMENDED BUDGET ADJUSTMENT
All Funds by Department

											Duplicate Appropriations (d)		
	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Global Commitment	ISF, IDT, and ARRA IDT	FY 2011 BAA Recommend Total Appropriations
GENERAL GOVERNMENT													
Administration Agency:													
Secretary of Administration	641,603	-	-	-	641,603	-	-	641,603	-	641,603	-	-	641,603
Information and Innovation	20,555	-	-	-	20,555	-	-	20,555	-	20,555	-	9,624,327	9,644,882
Finance & Management	862,439	-	-	-	862,439	-	-	862,439	-	862,439	-	3,259,370	4,121,809
Human Resources	1,770,855	-	280,835	-	2,051,690	-	-	2,051,690	-	2,051,690	-	2,755,219	4,806,909
Buildings and General Services	5,136,331	-	50,000	-	5,186,331	-	-	5,186,331	136,377	5,322,708	-	38,118,316	43,441,024
Tax	14,020,592	-	1,127,901	-	15,148,493	-	-	15,148,493	-	15,148,493	-	197,000	15,345,493
Libraries	2,496,789	-	132,656	-	2,629,445	955,372	-	3,584,817	-	3,584,817	-	101,776	3,686,593
Total Agency of Administration	24,949,164	-	1,591,392	-	26,540,556	955,372	-	27,495,928	136,377	27,632,305	-	54,056,008	81,688,313
GIS	-	-	408,700	-	408,700	-	-	408,700	-	408,700	-	-	408,700
Auditor of Accounts	393,827	-	53,099	-	446,926	-	-	446,926	-	446,926	-	3,181,026	3,627,952
State Treasurer	1,098,669	-	1,636,099	-	2,734,768	-	-	2,734,768	37,673,233	40,408,001	-	103,593	40,511,594
Labor Relations Board	193,006	-	2,788	-	195,794	-	-	195,794	-	195,794	-	2,788	198,582
Executive Office	1,355,756	-	-	-	1,355,756	-	-	1,355,756	-	1,355,756	-	193,500	1,549,256
Governor-elect	-	-	-	-	-	-	-	-	-	-	-	-	-
VOSHA Review Board	26,558	-	-	-	26,558	-	-	26,558	-	26,558	-	26,583	53,141
Use Tax Reimbursement	11,700,000	-	-	-	11,700,000	-	-	11,700,000	-	11,700,000	-	-	11,700,000
Municipal Tax - Homeowner rebate	13,750,000	-	-	-	13,750,000	-	-	13,750,000	-	13,750,000	-	-	13,750,000
Renter Rebate	2,500,000	-	-	5,800,000	8,300,000	-	-	8,300,000	-	8,300,000	-	-	8,300,000
Reappraisal and listing payments	-	-	-	3,243,196	3,243,196	-	-	3,243,196	-	3,243,196	-	-	3,243,196
Lt. Governor	165,023	-	-	-	165,023	-	-	165,023	-	165,023	-	-	165,023
Legislature	6,935,090	-	-	-	6,935,090	-	-	6,935,090	-	6,935,090	-	-	6,935,090
Legislative Council	2,277,903	-	-	-	2,277,903	-	-	2,277,903	-	2,277,903	-	-	2,277,903
Legislative Information Technology	879,606	-	-	-	879,606	-	-	879,606	-	879,606	-	-	879,606
Sergeant at Arms	558,293	-	-	-	558,293	-	-	558,293	-	558,293	-	-	558,293
Joint Fiscal Office	1,502,194	-	-	-	1,502,194	-	-	1,502,194	-	1,502,194	-	-	1,502,194
Lottery	-	-	-	-	-	-	-	-	2,755,201	2,755,201	-	-	2,755,201
PILOT/Montpelier Services	-	-	5,834,000	-	5,834,000	-	-	5,834,000	-	5,834,000	-	-	5,834,000
Corrections PILOT	-	-	40,000	-	40,000	-	-	40,000	-	40,000	-	-	40,000
TOTAL GENERAL GOVERNMENT	68,285,089	-	9,566,078	9,043,196	86,894,363	955,372	-	87,849,735	40,564,811	128,414,546	-	57,563,498	185,978,044
percent of total	5.93%	0.00%	1.95%	0.84%	2.96%	0.06%	0.00%	1.81%	52.65%	2.60%	0.00%	33.66%	3.02%
PROTECTION TO PERSONS AND PROPERTY													
Attorney General	3,684,969	-	1,615,000	-	5,299,969	707,526	-	6,007,495	-	6,007,495	-	1,929,127	7,936,622
Court Diversion	1,204,776	-	519,997	-	1,724,773	-	-	1,724,773	-	1,724,773	-	-	1,724,773
State's Attorneys/SIU	9,229,337	-	32,775	-	9,262,112	31,000	-	9,293,112	-	9,293,112	-	2,142,148	11,435,260
Center for Crime Victim Services	1,101,498	-	5,550,448	-	6,651,946	4,010,399	571,809	11,234,154	-	11,234,154	-	-	11,234,154
Sheriffs	3,473,836	-	-	-	3,473,836	-	-	3,473,836	-	3,473,836	-	-	3,473,836
Defender General	11,253,996	-	638,552	-	11,892,548	-	-	11,892,548	-	11,892,548	-	-	11,892,548
Military	3,350,205	-	83,529	-	3,433,734	18,243,562	-	21,677,296	-	21,677,296	-	-	21,677,296
Criminal Justice Training Council	1,666,431	-	446,285	-	2,112,716	-	-	2,112,716	-	2,112,716	-	364,508	2,477,224
Liquor Control	-	-	285,284	-	285,284	-	-	285,284	4,969,079	5,254,363	-	250,000	5,504,363
Secretary of State	1,610,737	-	4,834,524	-	6,445,261	2,000,000	-	8,445,261	-	8,445,261	-	75,000	8,520,261
BISHCA	-	-	14,096,063	-	14,096,063	-	-	14,096,063	-	14,096,063	1,898,824	-	15,994,887
Public Safety	27,274,018	27,538,498	11,322,289	-	66,134,805	27,243,313	1,905,926	95,284,044	-	95,284,044	-	1,461,077	96,745,121
Agriculture	5,080,301	-	7,157,742	-	12,238,043	2,153,732	-	14,391,775	-	14,391,775	-	533,758	14,925,533
Public Service Department	-	-	12,124,577	-	12,124,577	1,157,800	15,796,250	29,078,627	-	29,078,627	-	-	29,078,627
Enhanced 911 Board	-	-	4,586,904	-	4,586,904	-	-	4,586,904	-	4,586,904	-	-	4,586,904
Public Service Board	-	-	2,801,980	-	2,801,980	-	265,834	3,067,814	-	3,067,814	-	-	3,067,814
Judiciary	30,874,256	-	3,145,326	-	34,019,582	1,435,418	-	35,455,000	-	35,455,000	-	2,078,135	37,533,135
Human Rights Commission	313,399	-	-	-	313,399	170,739	-	484,138	-	484,138	-	-	484,138
TOTAL PROTECTION	100,117,759	27,538,498	69,241,275	-	196,897,532	57,153,489	18,539,819	272,590,840	4,969,079	277,559,919	1,898,824	8,833,753	288,292,496
percent of total	8.69%	12.74%	14.11%	0.00%	6.70%	3.63%	5.38%	5.61%	6.45%	5.63%	0.18%	5.17%	4.68%

FISCAL YEAR 2011 GOVERNOR'S RECOMMENDED BUDGET ADJUSTMENT
All Funds by Department

											Duplicate Appropriations (d)			
Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Global Commitment	ISF, IDT, and ARRA IDT	FY 2011 BAA Recommend Total Appropriations	
HUMAN SERVICES														
Human Services Agency:														
AHS - Secretary's Office	3,036,426	-	430,847	-	3,467,273	8,087,002	-	11,554,275	-	11,554,275	1,343,368	8,438,503	21,336,146	
AHS - Secretary's Office - Global Commitment	53,438,267	-	249,051,785	-	302,490,052	634,307,716	110,873,301	1,047,671,069	-	1,047,671,069	-	357,667	1,048,028,736	
Human Services Board	114,019	-	-	-	114,019	150,493	-	264,512	-	264,512	-	85,492	350,004	
Corrections	128,648,193	-	2,064,911	-	130,713,104	170,962	-	130,884,066	-	130,884,066	3,094,144	5,596,802	139,575,012	
Health	10,968,353	-	13,596,531	-	24,564,884	44,970,638	-	69,535,522	10,000	69,545,522	41,539,296	921,192	112,006,010	
Mental Health	22,575,142	-	56,836	-	22,631,978	6,029,147	-	28,661,125	-	28,661,125	127,477,857	320,000	156,458,982	
Department of Vt Health Access	99,025,144	-	1,564,861	-	100,590,005	157,254,644	22,988,784	280,833,433	-	280,833,433	640,462,990	-	921,296,423	
Department for Children and Families	96,522,042	-	29,053,734	-	125,575,776	133,478,022	16,167,567	275,221,365	-	275,221,365	66,451,482	1,091,157	342,764,004	
Disabilities, Aging and Independent Living	18,797,673	-	1,128,159	-	19,925,832	24,032,602	1,738,000	45,696,434	-	45,696,434	162,739,331	3,420,669	211,856,434	
TOTAL HUMAN SERVICES AGENCY	433,125,259	-	296,947,664	-	730,072,923	1,008,481,226	151,767,652	1,890,321,801	10,000	1,890,331,801	1,043,108,468	20,231,482	2,953,671,751	
Commission on Women	292,030	-	5,000	-	297,030	-	-	297,030	-	297,030	-	-	297,030	
RSVP	131,096	-	-	-	131,096	-	-	131,096	-	131,096	-	-	131,096	
Veterans' Home	-	-	11,476,145	-	11,476,145	6,031,685	-	17,507,830	-	17,507,830	1,410,956	-	18,918,786	
TOTAL HUMAN SERVICES	433,548,385	-	308,428,809	-	741,977,194	1,014,512,911	151,767,652	1,908,257,757	10,000	1,908,267,757	1,044,519,424	20,231,482	2,973,018,663	
percent of total	37.63%	0.00%	62.84%	0.00%	25.25%	64.48%	44.04%	39.29%	0.01%	38.68%	99.30%	11.83%	48.29%	
Labor	2,381,019	-	3,765,862	-	6,146,881	23,172,655	4,571,772	33,891,308	-	33,891,308	-	1,500,001	35,391,309	
TOTAL LABOR	2,381,019	-	3,765,862	-	6,146,881	23,172,655	4,571,772	33,891,308	-	33,891,308	-	1,500,001	35,391,309	
percent of total	0.21%	0.00%	0.77%	0.00%	0.21%	1.47%	1.33%	0.70%	0.00%	0.69%	0.00%	0.88%	0.57%	
GENERAL EDUCATION														
Department of Education	8,704,825	-	16,704,326	1,305,296,881	1,330,706,032	128,720,522	46,719,169	1,506,145,723	-	1,506,145,723	1,053,092	38,604,597	1,545,803,412	
GF Appropriation to Education Fund	234,737,570	-	-	(234,737,570)	-	-	-	-	-	-	-	-	-	
Teachers' Retirement	46,913,381	-	-	-	46,913,381	-	-	46,913,381	28,233,387	75,146,768	-	-	75,146,768	
TOTAL GENERAL EDUCATION	290,355,776	-	16,704,326	1,070,559,311	1,377,619,413	128,720,522	46,719,169	1,553,059,104	28,233,387	1,581,292,491	1,053,092	38,604,597	1,620,950,180	
percent of total	25.20%	0.00%	3.40%	99.16%	46.88%	8.18%	13.56%	31.98%	36.65%	32.05%	0.10%	22.58%	26.33%	
HIGHER EDUCATION AND OTHER														
University of Vermont	36,740,478	-	-	-	36,740,478	-	-	36,740,478	-	36,740,478	4,006,156	-	40,746,634	
Vermont Public Television	547,683	-	-	-	547,683	-	-	547,683	-	547,683	-	-	547,683	
Vermont State Colleges	23,818,343	-	-	-	23,818,343	-	-	23,818,343	-	23,818,343	405,407	-	24,223,750	
Vermont Interactive TV	785,679	-	-	-	785,679	-	-	785,679	-	785,679	-	-	785,679	
Vermont Student Assistance Corp.	18,363,607	-	-	-	18,363,607	-	-	18,363,607	-	18,363,607	-	-	18,363,607	
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000	
TOTAL HIGHER EDUCATION AND OTHER	80,339,790	-	-	-	80,339,790	-	-	80,339,790	-	80,339,790	4,411,563	-	84,751,353	
percent of total	6.97%	0.00%	0.00%	0.00%	2.73%	0.00%	0.00%	1.65%	0.00%	1.63%	0.42%	0.00%	1.38%	
NATURAL RESOURCES														
Agency of Natural Resources:														
ANR - Central Office	5,893,719	-	17,797	-	5,911,516	-	50,000	5,961,516	-	5,961,516	-	634,404	6,595,920	
Environmental Conservation	6,343,632	-	18,012,946	-	24,356,578	174,332	1,094,437	25,625,347	-	25,625,347	-	1,325,110	26,950,457	
Fish & Wildlife	1,046,503	-	17,113,525	-	18,160,028	11,117,913	-	29,277,941	-	29,277,941	-	334,237	29,612,178	
Forests, Parks & Recreation	4,922,452	-	9,550,127	-	14,472,579	3,366,906	322,750	18,162,235	-	18,162,235	-	559,524	18,721,759	
Total Agency of Natural Resources	18,206,306	-	44,694,395	-	62,900,701	14,659,151	1,467,187	79,027,039	-	79,027,039	-	2,853,275	81,880,314	
Natural Resources Board	718,738	-	1,965,886	-	2,684,624	-	-	2,684,624	-	2,684,624	-	-	2,684,624	
TOTAL NATURAL RESOURCES	18,925,044	-	46,660,281	-	65,585,325	14,659,151	1,467,187	81,711,663	-	81,711,663	-	2,853,275	84,564,938	
percent of total	1.64%	0.00%	9.51%	0.00%	2.23%	0.93%	0.43%	1.68%	0.00%	1.66%	0.00%	1.67%	1.37%	

FISCAL YEAR 2011 GOVERNOR'S RECOMMENDED BUDGET ADJUSTMENT
All Funds by Department

											Duplicate Appropriations (d)		
Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Global Commitment	ISF, IDT, and ARRA IDT	FY 2011 BAA Recommend Total Appropriations
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	2,609,573	-	-	-	2,609,573	800,000	350,000	3,759,573	-	3,759,573	-	615,000	4,374,573
Housing & Community Affairs (b)	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic, Housing & Community Development	5,694,732		4,400,405		10,095,137	21,043,850	1,179,195	32,318,182		32,318,182		20,670	32,338,852
Tourism & Marketing	2,992,023		6,000	-	2,998,023		-	2,998,023	813,417	3,811,440	-	-	3,811,440
Total Agency of Commerce & Comm Development	11,296,328	-	4,406,405	-	15,702,733	21,843,850	1,529,195	39,075,778	813,417	39,889,195	-	635,670	40,524,865
Council on the Arts	507,607	-	-	-	507,607	-	-	507,607	-	507,607	-	-	507,607
Vermont Symphony Orchestra	113,821		-		113,821	-	-	113,821		113,821	-	-	113,821
VT Historical Society	795,669	-	-	-	795,669	-	-	795,669		795,669	-	-	795,669
Housing & Conservation Trust	-		6,606,662		6,606,662	17,182,686	-	23,789,348	-	23,789,348	-	-	23,789,348
VT Humanities Council	172,670	-	-	-	172,670			172,670		172,670	-	-	172,670
TOTAL COMMERCE & COMMUNITY DEV.	12,886,095	-	11,013,067	-	23,899,162	39,026,536	1,529,195	64,454,893	813,417	65,268,310	-	635,670	65,903,980
percent of total	1.12%	0.00%	2.24%	0.00%	0.81%	2.48%	0.44%	1.33%	1.06%	1.32%	0.00%	0.37%	1.07%
Debt Service	65,804,622	3,477,902	1,626,225		70,908,749	-	667,565	71,576,314	-	71,576,314	-	-	71,576,314
DEBT SERVICE	65,804,622	3,477,902	1,626,225	-	70,908,749	-	667,565	71,576,314	-	71,576,314	-	-	71,576,314
percent of total	5.71%	1.61%	0.33%	0.00%	2.41%	0.00%	0.19%	1.47%	0.00%	1.45%	0.00%	0.00%	1.16%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	119,897,262	17,438,129	-	137,335,391	260,402,946	76,766,446	474,504,783	1,684,254	476,189,037	-	21,467,843	497,656,880
AOT Dept. of Motor Vehicles	-	23,022,730		-	23,022,730	1,203,740	-	24,226,470	-	24,226,470	-	-	24,226,470
AOT Town Highway Programs	-	40,084,966	1,616,014	-	41,700,980	14,278,401	3,990,070	59,969,451	766,631	60,736,082	-	-	60,736,082
Total Agency of Transportation	-	183,004,958	19,054,143	-	202,059,101	275,885,087	80,756,516	558,700,704	2,450,885	561,151,589	-	21,467,843	582,619,432
Transportation Board	-	86,544	-	-	86,544	-	-	86,544	-	86,544	-	-	86,544
TOTAL TRANSPORTATION	-	183,091,502	19,054,143	-	202,145,645	275,885,087	80,756,516	558,787,248	2,450,885	561,238,133	-	21,467,843	582,705,976
percent of total	0.00%	84.70%	3.88%	0.00%	6.88%	17.53%	23.44%	11.51%	3.18%	11.38%	0.00%	12.55%	9.46%
Pay Act	556,500	-	-	-	556,500	-	-	556,500	-	556,500	-	-	556,500
Other Reductions	(2,891,454)				(2,891,454)			(2,891,454)		(2,891,454)			(2,891,454)
One-Time Appropriations	81,957,457	2,067,946	50,000	-	84,075,403	19,304,177	38,575,036	141,954,616	-	141,954,616	-	19,304,177	161,258,793
OTHER			4,707,450		4,707,450			4,707,450		4,707,450			4,707,450
APPROPRIATION TOTAL	1,152,266,082	216,175,848	490,817,516	1,079,602,507	2,938,861,953	1,573,389,900	344,593,911	4,856,845,764	77,041,579	4,933,887,343	1,051,882,903	170,994,296	6,156,764,542
percent of total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Add back GF to EF Transfer													234,737,570
Memo: Total Appropriation including GF to EF													6,391,502,112

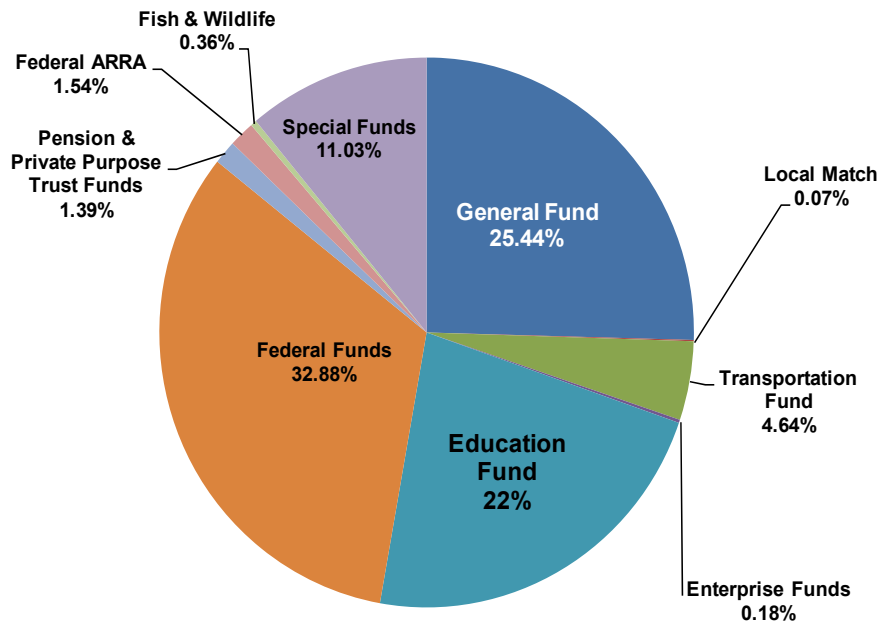
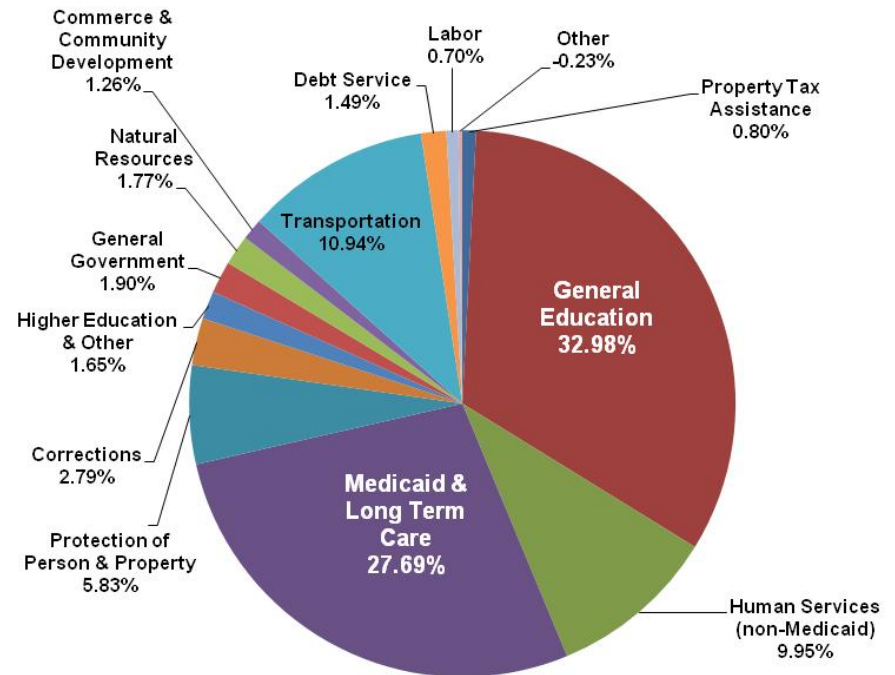
(a) In addition to those funds designated as "Special Funds" the following funds are include: Fish & Wildlife, Next Generation, Tobacco, Catamount, State Health Care Resources, and Transportation Infrastructure Bond funds

(b) Adjusted for inter-fund appropriation: GF to EF transfer.

(c) Dedicated sources include: Enterprise, Local Match, Pension Trust, Private Purpose Trust, and Permanent Trust Funds.

(d) Internal Service Funds (ISF), Interdepartmental Transfers (IDT) and ARRA Interdepartmental Transfers (ARRA IDT) are duplicate appropriations and do not represent additional funds.

FY 2012 Governor's Recommended Budget, by Function



FY 2012 Governor's Recommended Budget, by Fund

STATE OF VERMONT - FY 2012 GOVERNOR'S RECOMMENDED APPROPRIATIONS

Funding Sources	FY 2010 Final Appropriations	FY 2011 Governor's Recommend Adjustment ^(c)	FY 2012 Governor's Recommend ^(d)	% Change Prior Year	All General Government		Total Human Services		
					General Government	Property Tax Assistance ^(e)	Protection to Persons & Property	Corrections	Non-Medicaid
General Fund (GF)	1,087,451,951	1,152,266,082	1,229,166,906	6.67%	36,312,288	30,000,000	105,534,609	133,931,003	152,012,663
Transportation Fund	208,771,086	216,175,848	224,264,678	3.74%	3,989,279	-	25,238,498	-	-
Education Fund (EF)	1,313,476,522	1,314,340,077	1,357,352,689	3.27%	-	9,040,000	-	-	-
Fish & Wildlife	16,355,474	17,113,525	17,531,844	2.44%	-	-	-	-	-
Special Funds ^(a)	446,941,136	473,703,991	533,139,788	12.55%	9,780,322	-	71,540,733	1,389,233	59,356,129
Sub-Total	3,072,996,169	3,173,599,523	3,361,455,905	5.92%	50,081,889	39,040,000	202,313,840	135,320,236	211,368,792
Adjust for inter-fund appropriation: GF Transfer to EF	(240,803,944)	(234,737,570)	(271,913,749)	15.84%	-	-	-	-	-
Total State Funds after EF Transfer	2,832,192,225	2,938,861,953	3,089,542,156	5.13%	50,081,889	39,040,000	202,313,840	135,320,236	211,368,792
percent of total	59.61%	59.56%	63.94%		1.62%	1.26%	6.55%	4.38%	6.84%
Federal Funds	1,448,238,552	1,573,389,900	1,588,906,891	0.99%	878,355	-	58,629,823	170,962	268,760,073
Federal ARRA Funds ^(b)	400,459,056	344,593,911	74,203,031	-78.47%	-	-	16,822,047	-	3,047,024
Total Funds Before Dedicated Dollars	4,680,889,833	4,856,845,764	4,752,652,078	-2.15%	50,960,244	39,040,000	277,765,710	135,491,198	483,175,889
percent of total	98.52%	98.44%	98.35%		1.07%	0.82%	5.84%	2.85%	10.17%
Dedicated Sources									
Local Match	2,993,800	2,450,885	3,465,052	41.38%	-	-	-	-	-
Enterprise Funds	8,669,664	8,674,074	8,760,796	1.00%	3,000,963	-	5,047,144	-	-
Pension Trust & Private Purpose Trust	58,577,831	65,916,620	67,369,027	2.20%	38,474,510	-	-	-	10,000
Sub-Total	70,241,295	77,041,579	79,594,875	3.31%	41,475,473	-	5,047,144	-	10,000
Total Funds and Dedicated Sources	4,751,131,128	4,933,887,343	4,832,246,953	-2.06%	92,435,717	39,040,000	282,812,854	135,491,198	483,185,889
	100.00%	100.00%	100.00%		1.91%	0.81%	5.85%	2.80%	10.00%
Funds Sources that are duplicated in the above appropriations:									
Internal Service Funds	70,921,911	70,589,729	74,332,162	5.30%	55,581,357	-	-	1,463,890	-
Interdepartmental Transfer	45,286,838	61,829,531	47,865,447	-22.58%	9,118,515	-	9,215,074	772,374	18,500,056
Interdepartmental Transfer - ARRA	53,790,036	38,575,036	500,000	-98.70%	-	-	-	-	-
Global Commitment Fund	965,882,917	1,051,882,903	1,096,552,625	4.25%	-	-	1,898,824	3,094,144	1,086,206,123
Total	1,135,881,702	1,222,877,199	1,219,250,234	-0.30%	64,699,872	-	11,113,898	5,330,408	1,104,706,179
Memo: Total All Appropriations	6,127,816,774	6,391,502,112	6,323,410,936	-1.07%	157,135,589	39,040,000	293,926,752	140,821,606	1,587,892,068

NOTES (this page):

(a) Special Funds include Tobacco Fund, Catamount Fund, State Health Care Resources, Next Generation Fund, and Transportation Infrastructure (TIB).

(b) American Recovery & Reinvestment Act of 2009 (federal stimulus bill).

(c) FY 2011 Governor's Recommended Budget Adjustments submitted to the General Assembly on January 25, 2011.

(d) FY 2012 Governor's Budget Recommendations as submitted to the General Assembly on January 25, 2011.

(e) Includes Homeowner rebate; Renter rebate; reappraisal and listing payments; and municipal current use.

STATE OF VERMONT - FY 2012 GOVERNOR'S RECOMMENDED APPROPRIATIONS (continued)

Funding Sources	Medicaid/LTC Federal & State Only	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	Other
General Fund (GF)	265,530,812	6,500,316	333,225,213	80,339,790	19,453,909	13,144,010	-	64,575,793	(11,393,500)
Transportation Fund	-	-	-	-	-	-	191,665,076	3,371,825	-
Education Fund (EF)	-	-	1,348,312,689	-	-	-	-	-	-
Fish & Wildlife	-	-	-	-	17,531,844	-	-	-	-
Special Funds ^(a)	301,251,009	3,765,862	17,738,389	-	32,609,375	13,693,165	19,009,937	3,005,634	-
Sub-Total	566,781,821	10,266,178	1,699,276,291	80,339,790	69,595,128	26,837,175	210,675,013	70,953,252	(11,393,500)
Adjust for inter-fund appropriation: GF Transfer to EF	-	-	(271,913,749)	-	-	-	-	-	-
Total State Funds after EF Transfer	566,781,821	10,266,178	1,427,362,542	80,339,790	69,595,128	26,837,175	210,675,013	70,953,252	(11,393,500)
percent of total	18.35%	0.33%	46.20%	2.60%	2.25%	0.87%	6.82%	2.30%	-0.37%
Federal Funds	777,592,398	23,888,739	134,449,434	-	15,796,383	32,424,206	276,316,518	-	-
Federal ARRA Funds ^(c)	-	-	10,613,000	-	698,686	1,002,416	40,582,716	1,437,142	-
Total Funds Before Dedicated Dollars	1,344,374,219	34,154,917	1,572,424,976	80,339,790	86,090,197	60,263,797	527,574,247	72,390,394	(11,393,500)
percent of total	28.29%	0.72%	33.09%	1.69%	1.81%	1.27%	11.10%	1.52%	-0.24%
Dedicated Sources									
Local Match	-	-	-	-	-	-	3,465,052	-	-
Enterprise Funds	-	-	-	-	-	712,689	-	-	-
Pension Trust & Private Purpose Trust Funds	-	-	28,884,517	-	-	-	-	-	-
Sub-Total	-	-	28,884,517	-	-	712,689	3,465,052	-	-
Total Funds and Dedicated Sources	1,344,374,219	34,154,917	1,601,309,493	80,339,790	86,090,197	60,976,486	531,039,299	72,390,394	(11,393,500)
percent of total	27.82%	0.71%	33.14%	1.66%	1.78%	1.26%	10.99%	1.50%	-0.24%
Funds Sources that are duplicated in the above appropriations:									
Internal Service Funds	-	-	-	-	-	-	17,286,915	-	-
Interdepartmental Transfer	428,135	1,394,426	32,672	-	2,764,119	206,000	5,434,076	-	-
	-	-	500,000	-	-	-	-	-	-
Global Commitment Fund	-	-	941,971	4,411,563	-	-	-	-	-
Total	428,135	1,394,426	1,474,643	4,411,563	2,764,119	206,000	22,720,991	-	-
Memo: Total All Appropriations	1,344,802,354	35,549,343	1,874,697,885	84,751,353	88,854,316	61,182,486	553,760,290	72,390,394	(11,393,500)

NOTES:

FISCAL YEAR 2012 GOVERNOR'S BUDGET RECOMMENDATIONS
All Funds by Department

											Duplicate Appropriations (d)		
	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Global Commitment	ISF, IDT, and ARRA IDT	FY 2012 Governor's Recommend Total Appropriations
GENERAL GOVERNMENT													
Administration Agency:													
Secretary of Administration	715,852	-	-	-	715,852	-	-	715,852	-	715,852	-	-	715,852
Information and Innovation	20,911	-	-	-	20,911	-	-	20,911	-	20,911	-	13,306,950	13,327,861
Finance & Management	1,053,132	-	-	-	1,053,132	-	-	1,053,132	-	1,053,132	-	3,168,974	4,222,106
Human Resources	1,819,211		280,835	-	2,100,046	-	-	2,100,046		2,100,046	-	5,858,990	7,959,036
Buildings and General Services	925,919	3,989,279	50,000		4,965,198	-	-	4,965,198	108,002	5,073,200		38,403,528	43,476,728
Tax	13,932,041		1,266,901		15,198,942	-	-	15,198,942		15,198,942	-	58,000	15,256,942
Libraries	2,297,383		99,156	-	2,396,539	878,355	-	3,274,894	-	3,274,894	-	101,776	3,376,670
Total Agency of Administration	20,764,449	3,989,279	1,696,892	-	26,450,620	878,355	-	27,328,975	108,002	27,436,977	-	60,898,218	88,335,195
GIS	-	-	408,700	-	408,700	-	-	408,700	-	408,700	-	-	408,700
Auditor of Accounts	396,853		53,099	-	449,952	-	-	449,952		449,952	-	3,458,755	3,908,707
State Treasurer	1,065,828		1,744,843	-	2,810,671			2,810,671	38,474,510	41,285,181	-	115,997	41,401,178
Labor Relations Board	203,879		2,788		206,667	-	-	206,667		206,667	-	2,788	209,455
Executive Office	1,423,544				1,423,544	-	-	1,423,544		1,423,544	-	193,500	1,617,044
Governor-elect	-	-	-	-	-	-	-	-	-	-	-	-	-
VOSHA Review Board	30,614		-	-	30,614	-	-	30,614		30,614		30,614	61,228
Use Tax Reimbursement	12,400,000		-	-	12,400,000	-	-	12,400,000		12,400,000	-	-	12,400,000
Municipal Tax - Homeowner rebate	15,100,000		-	-	15,100,000	-	-	15,100,000		15,100,000	-	-	15,100,000
Renter Rebate	2,500,000		-	5,800,000	8,300,000	-	-	8,300,000		8,300,000	-	-	8,300,000
Reappraisal and listing payments	-	-	-	3,240,000	3,240,000	-	-	3,240,000		3,240,000	-	-	3,240,000
Lt. Governor	170,402	-	-	-	170,402	-	-	170,402		170,402	-	-	170,402
Legislature	7,060,444		-	-	7,060,444	-	-	7,060,444		7,060,444	-	-	7,060,444
Legislative Council	2,277,429		-	-	2,277,429	-	-	2,277,429		2,277,429	-	-	2,277,429
Legislative Information Technology	941,753		-	-	941,753	-	-	941,753		941,753	-	-	941,753
Sergeant at Arms	511,664		-	-	511,664	-	-	511,664		511,664	-	-	511,664
Joint Fiscal Office	1,465,429		-	-	1,465,429	-	-	1,465,429		1,465,429	-	-	1,465,429
Lottery	-	-	-	-	-	-	-	-	2,892,961	-	-	-	2,892,961
PILOT/Montpelier Services	-	-	5,834,000	-	5,834,000	-	-	5,834,000		5,834,000	-	-	5,834,000
Corrections PILOT	-	-	40,000	-	40,000	-	-	40,000		40,000	-	-	40,000
TOTAL GENERAL GOVERNMENT	66,312,288	3,989,279	9,780,322	9,040,000	89,121,889	878,355	-	90,000,244	41,475,473	131,475,717	-	64,699,872	196,175,589
percent of total	5.39%	1.78%	1.78%	0.83%	2.88%	0.06%	0.00%	1.89%	52.11%	2.72%	0.00%	52.73%	3.24%
PROTECTION TO PERSONS AND PROPERTY													
Attorney General	3,835,621	-	1,593,000	-	5,428,621	685,000	-	6,113,621	-	6,113,621	-	2,130,602	8,244,223
Court Diversion	1,317,250	-	519,997	-	1,837,247		-	1,837,247	-	1,837,247	-	-	1,837,247
State's Attorneys/SIU	9,450,804		60,699		9,511,503	131,000	-	9,642,503		9,642,503	-	2,185,320	11,827,823
Center for Crime Victim Services	1,109,480		5,881,945	-	6,991,425	3,968,964	-	10,960,389		10,960,389	-	-	10,960,389
Sheriffs	3,538,336		-		3,538,336		-	3,538,336		3,538,336	-	-	3,538,336
Defender General	11,725,840		638,552		12,364,392		-	12,364,392		12,364,392	-	-	12,364,392
Military	3,522,791		84,049		3,606,840	18,769,454	-	22,376,294		22,376,294	-	-	22,376,294
Criminal Justice Training Council	2,324,636		-		2,324,636		-	2,324,636		2,324,636		252,672	2,577,308
Liquor Control	-	-	291,945	-	291,945		-	291,945	5,047,144	5,339,089		250,000	5,589,089
Secretary of State	1,529,127		5,133,456	-	6,662,583	2,000,000	-	8,662,583		8,662,583		75,000	8,737,583
BISHCA	-		14,820,737	-	14,820,737	527,702	-	15,348,439		15,348,439	1,898,824	-	17,247,263
Public Safety	30,172,837	25,238,498	10,230,366		65,641,701	28,109,587	702,727	94,454,015		94,454,015		1,097,117	95,551,132
Agriculture	5,343,794		6,882,120		12,225,914	2,006,057	-	14,231,971		14,231,971		551,328	14,783,299
Public Service Department	-		12,341,218		12,341,218	1,157,800	15,873,935	29,372,953		29,372,953	-	-	29,372,953
Enhanced 911 Board	-		5,845,256		5,845,256			5,845,256		5,845,256	-	-	5,845,256
Public Service Board	-		3,001,980		3,001,980		245,385	3,247,365		3,247,365	-	-	3,247,365
Judiciary	31,331,211		4,215,413		35,546,624	1,129,259	-	36,675,883		36,675,883		2,673,035	39,348,918
Human Rights Commission	332,882		-		332,882	145,000	-	477,882		477,882		-	477,882
TOTAL PROTECTION	105,534,609	25,238,498	71,540,733	-	202,313,840	58,629,823	16,822,047	277,765,710	5,047,144	282,812,854	1,898,824	9,215,074	293,926,752
percent of total	8.59%	11.25%	12.99%	0.00%	6.55%	3.69%	22.67%	5.84%	6.34%	5.85%	0.17%	7.51%	4.86%

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FISCAL YEAR 2012 GOVERNOR'S BUDGET RECOMMENDATIONS
All Funds by Department

											Duplicate Appropriations (d)			
	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Global Commitment	ISF, IDT, and ARRA IDT	FY 2012 Governor's Recommend Total Appropriations	
HUMAN SERVICES														
Human Services Agency:														
AHS - Secretary's Office	4,913,133	-	297,847	-	5,210,980	8,295,045	-	13,506,025	-	13,506,025	1,347,938	8,116,520	22,970,483	
AHS - Secretary's Office - Global Commitment	136,192,024	-	301,251,009	-	437,443,033	635,480,040	-	1,072,923,073	-	1,072,923,073	-	428,135	1,073,351,208	
Human Services Board	114,505	-	-	-	114,505	150,844	-	265,349	-	265,349	-	85,843	351,192	
Corrections	133,931,003	-	1,389,233	-	135,320,236	170,962	-	135,491,198	-	135,491,198	3,094,144	2,236,264	140,821,606	
Health	11,035,179	-	13,650,592	-	24,685,771	44,011,230	541,980	69,238,981	10,000	69,248,981	40,260,426	1,585,408	111,094,815	
Mental Health	17,827,362	-	842,322	-	18,669,684	6,769,535	-	25,439,219	-	25,439,219	126,191,001	320,000	151,950,220	
Department of Vt Health Access	130,283,802	-	1,579,123	-	131,862,925	185,281,958	2,505,044	319,649,927	-	319,649,927	684,714,916	4,077,117	1,008,441,960	
Department for Children and Families	98,973,427	-	31,217,201	-	130,190,628	135,500,728	-	265,691,356	-	265,691,356	69,833,685	894,499	336,419,540	
Disabilities, Aging and Independent Living	17,773,889	-	1,128,159	-	18,902,048	23,981,456	-	42,883,504	-	42,883,504	162,447,201	3,420,669	208,751,374	
TOTAL HUMAN SERVICES AGENCY	551,044,324	-	351,355,486	-	902,399,810	1,039,641,798	3,047,024	1,945,088,632	10,000	1,945,098,632	1,087,889,311	21,164,455	3,054,152,398	
Commission on Women					299,058	-	-	304,058	-	304,058	-	-	304,058	
RSVP					131,096	-	-	131,096	-	131,096	-	-	131,096	
Veterans' Home					-	10,635,885	-	17,517,520	-	17,517,520	1,410,956	-	18,928,476	
TOTAL HUMAN SERVICES	551,474,478	-	361,996,371	-	913,470,849	1,046,523,433	3,047,024	1,963,041,306	10,000	1,963,051,306	1,089,300,267	21,164,455	3,073,516,028	
percent of total	44.87%	0.00%	65.74%	0.00%	29.57%	65.86%	4.11%	41.30%	0.01%	40.62%	99.34%	17.25%	50.79%	
Labor					2,400,316	-	-	30,054,917	-	30,054,917	-	1,394,426	31,449,343	
TOTAL LABOR	2,400,316	-	3,765,862	-	6,166,178	23,888,739	-	30,054,917	-	30,054,917	-	1,394,426	31,449,343	
percent of total	0.20%	0.00%	0.68%	0.00%	0.20%	1.50%	0.00%	0.63%	0.00%	0.62%	0.00%	1.14%	0.52%	
GENERAL EDUCATION														
Department of Education	9,639,157	-	17,738,389	1,348,312,689	1,375,690,235	134,449,434	10,613,000	1,520,752,669	-	1,520,752,669	941,971	532,672	1,522,227,312	
GF Appropriation to Education Fund	271,913,749	-	-	(271,913,749)	-	-	-	-	-	-	-	-	-	
Teachers' Retirement	51,672,307	-	-	-	51,672,307	-	-	51,672,307	28,884,517	80,556,824	-	-	80,556,824	
TOTAL GENERAL EDUCATION	333,225,213	-	17,738,389	1,076,398,940	1,427,362,542	134,449,434	10,613,000	1,572,424,976	28,884,517	1,601,309,493	941,971	532,672	1,602,784,136	
percent of total	27.11%	0.00%	3.22%	99.17%	46.20%	8.46%	14.30%	33.09%	36.29%	33.14%	0.09%	0.43%	26.49%	
HIGHER EDUCATION AND OTHER														
University of Vermont	36,740,478	-	-	-	36,740,478	-	-	36,740,478	-	36,740,478	4,006,156	-	40,746,634	
Vermont Public Television	547,683	-	-	-	547,683	-	-	547,683	-	547,683	-	-	547,683	
Vermont State Colleges	23,818,343	-	-	-	23,818,343	-	-	23,818,343	-	23,818,343	405,407	-	24,223,750	
Vermont Interactive TV	785,679	-	-	-	785,679	-	-	785,679	-	785,679	-	-	785,679	
Vermont Student Assistance Corp.	18,363,607	-	-	-	18,363,607	-	-	18,363,607	-	18,363,607	-	-	18,363,607	
N.E. Higher Education Compact	84,000	-	-	-	84,000	-	-	84,000	-	84,000	-	-	84,000	
TOTAL HIGHER EDUCATION AND OTHER	80,339,790	-	-	-	80,339,790	-	-	80,339,790	-	80,339,790	4,411,563	-	84,751,353	
percent of total	6.54%	0.00%	0.00%	0.00%	2.60%	0.00%	0.00%	1.69%	0.00%	1.66%	0.40%	0.00%	1.40%	
NATURAL RESOURCES														
Agency of Natural Resources:														
ANR - Central Office	5,427,446	-	54,484	-	5,481,930	25,000	-	5,506,930	-	5,506,930	-	547,946	6,054,876	
Environmental Conservation	7,255,907	-	20,382,538	-	27,638,445	12,404,477	698,686	40,741,608	-	40,741,608	-	1,451,027	42,192,635	
Fish & Wildlife	983,713	-	17,551,844	-	18,535,557	-	-	18,535,557	-	18,535,557	-	340,146	18,875,703	
Forests, Parks & Recreation	5,029,349	-	10,186,467	-	15,215,816	3,366,906	-	18,582,722	-	18,582,722	-	425,000	19,007,722	
Total Agency of Natural Resources	18,696,415	-	48,175,333	-	66,871,748	15,796,383	698,686	83,366,817	-	83,366,817	-	2,764,119	86,130,936	
Natural Resources Board					757,494	-	-	2,723,380	-	2,723,380	-	-	2,723,380	
TOTAL NATURAL RESOURCES	19,453,909	-	50,141,219	-	69,595,128	15,796,383	698,686	86,090,197	-	86,090,197	-	2,764,119	88,854,316	
percent of total	1.58%	0.00%	9.11%	0.00%	2.25%	0.99%	0.94%	1.81%	0.00%	1.78%	0.00%	2.25%	1.47%	

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FISCAL YEAR 2012 GOVERNOR'S BUDGET RECOMMENDATIONS
All Funds by Department

											Duplicate Appropriations (d)		
Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund (b)	Subtotal State Funds, Net (b)	Federal Funds	ARRA Funds	Subtotal Before Dedicated Sources	Dedicated Sources (c)	Total Funds and Dedicated Sources	Global Commitment	ISF, IDT, and ARRA IDT	FY 2012 Governor's Recommend Total Appropriations
COMMERCE & COMMUNITY DEVELOPMENT													
Agency of Commerce & Comm Development													
ACCD - Administration	2,690,275	-	-	-	2,690,275	800,000	350,000	3,840,275	-	3,840,275	-	56,000	3,896,275
Housing & Community Affairs (b)	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic, Housing & Community Development	5,750,933	-	4,345,665	-	10,096,598	18,783,790	652,416	29,532,804	-	29,532,804	-	100,000	29,632,804
Tourism & Marketing	3,101,010	-	-	-	3,101,010	-	-	3,101,010	712,689	3,813,699	-	50,000	3,863,699
Total Agency of Commerce & Comm Development	11,542,218	-	4,345,665	-	15,887,883	19,583,790	1,002,416	36,474,089	712,689	37,186,778	-	206,000	37,392,778
Council on the Arts	507,607	-	-	-	507,607	-	-	507,607	-	507,607	-	-	507,607
Vermont Symphony Orchestra	113,821	-	-	-	113,821	-	-	113,821	-	113,821	-	-	113,821
VT Historical Society	807,694	-	-	-	807,694	-	-	807,694	-	807,694	-	-	807,694
Housing & Conservation Trust	-	-	9,347,500	-	9,347,500	12,840,416	-	22,187,916	-	22,187,916	-	-	22,187,916
VT Humanities Council	172,670	-	-	-	172,670	-	-	172,670	-	172,670	-	-	172,670
TOTAL COMMERCE & COMMUNITY DEV.	13,144,010	-	13,693,165	-	26,837,175	32,424,206	1,002,416	60,263,797	712,689	60,976,486	-	206,000	61,182,486
percent of total	1.07%	0.00%	2.49%	0.00%	0.87%	2.04%	1.35%	1.27%	0.90%	1.26%	0.00%	0.17%	1.01%
Debt Service	64,575,793	3,371,825	3,005,634	-	70,953,252	-	1,437,142	72,390,394	-	72,390,394	-	-	72,390,394
DEBT SERVICE	64,575,793	3,371,825	3,005,634	-	70,953,252	-	1,437,142	72,390,394	-	72,390,394	-	-	72,390,394
percent of total	5.25%	1.50%	0.55%	0.00%	2.30%	0.00%	1.94%	1.52%	0.00%	1.50%	0.00%	0.00%	1.20%
TRANSPORTATION													
Agency of Transportation													
AOT Division Appropriations and Programs	-	128,798,681	16,984,062	-	145,782,743	258,096,546	40,582,716	444,462,005	2,528,853	446,990,858	-	22,720,991	469,711,849
AOT Dept. of Motor Vehicles	-	22,643,786	-	-	22,643,786	2,768,907	-	25,412,693	-	25,412,693	-	-	25,412,693
AOT Town Highway Programs	-	40,135,609	2,025,875	-	42,161,484	15,451,065	-	57,612,549	936,199	58,548,748	-	-	58,548,748
Total Agency of Transportation	-	191,578,076	19,009,937	-	210,588,013	276,316,518	40,582,716	527,487,247	3,465,052	530,952,299	-	22,720,991	553,673,290
Transportation Board	-	87,000	-	-	87,000	-	-	87,000	-	87,000	-	-	87,000
TOTAL TRANSPORTATION	-	191,665,076	19,009,937	-	210,675,013	276,316,518	40,582,716	527,574,247	3,465,052	531,039,299	-	22,720,991	553,760,290
percent of total	0.00%	85.46%	3.45%	0.00%	6.82%	17.39%	54.69%	11.10%	4.35%	10.99%	0.00%	18.52%	9.15%
Pay Act	556,500	-	-	-	556,500	-	-	556,500	-	556,500	-	-	556,500
Other Reductions	(12,000,000)	-	-	-	(12,000,000)	-	-	(12,000,000)	-	(12,000,000)	-	-	(12,000,000)
One-Time Appropriations	50,000	-	-	-	50,000	-	-	50,000	-	50,000	-	-	50,000
OTHER	4,100,000	-	-	-	4,100,000	-	-	4,100,000	-	4,100,000	-	-	4,100,000
APPROPRIATION TOTAL	1,229,166,906	224,264,678	550,671,632	1,085,438,940	3,089,542,156	1,588,906,891	74,203,031	4,752,652,078	79,594,875	4,832,246,953	1,096,552,625	122,697,609	6,051,497,187
percent of total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Add back GF to EF Transfer													271,913,749
Memo: Total Appropriation including GF to EF													6,323,410,936

(a) In addition to those funds designated as "Special Funds" the following funds are include as Special Funds: Fish & Wildlife, Next Generation, Tobacco, Catamount, State Health Care Resources and Transportation Infrastructure Bond funds

(b) Adjusted for inter-fund appropriation: GF to EF transfer.

(c) Dedicated sources include: Enterprise, Local Match, Pension Trust, Private Purpose Trust, and Permanent Trust Funds.

(d) Internal Service Funds (ISF), Interdepartmental Transfers (IDT) and ARRA Interdepartmental Transfers (ARRA IDT) are duplicate appropriations and do not represent additional funds.

Revised 1-26-11

RETIREMENT SYSTEMS FINANCIAL INTEGRITY REPORT

Retirement Systems: Funding Update

As specified in 32 V.S.A. §311, the following reports on the financial integrity of the state employees' and teachers' retirement systems.

Contribution Levels

VSERS

As a result of the June 30, 2010 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a contribution during FY 2012 of \$36,587,864 to the pension plan (VSERS pension) and \$70,465,614 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan.

The actuary's recommended contribution to the VSERS pension incorporates the recommended normal contribution of \$19,795,614 (4.81% of estimated payroll) plus \$16,792,250 for the annual contribution towards the unfunded actuarial accrued liability (UAAL). To calculate the State's contribution, the actuarial recommendation has been reduced by \$508,589 for the Treasurer's estimate of FY 2012 contributions by town participants in VSERS, making the State's net contribution for the actuarial recommendation \$36,079,275. The State also contributes an amount to prepay the Treasurer's estimate of non-healthcare administrative expenses which for FY 2012 is \$7,016,622. This amount has been adjusted for two factors: a reconciliation of actual contributions to actual expenses for the most recently completed fiscal year which required an addition of \$4,712,753 for under-contributing in FY 2010 and a reduction for estimated FY 2012 investment manager fees of \$4,428,813, which is commonly not prepaid in other retirement plans. These adjustments result in a State contribution of \$7,300,562 in FY 2012 to cover anticipated non-healthcare administrative expenses. Added to the net contribution for the actuarial recommendation, the State's planned total contribution to the VSERS pension for FY 2012 will be \$43,379,837.

The actuary's recommended contribution to the VSERS OPEB of \$70,465,614 incorporates the recommended normal contribution of \$41,501,971 plus amortization of the unfunded actuarial liability of \$28,963,643.

The State's planned contribution to the VSERS OPEB during FY 2012 is \$28,000,000 which is the Treasurer's estimate of VSERS retiree health care costs. It is anticipated that VSERS coverage of retiree prescriptions will produce Medicare Part D reimbursements to the system of approximately \$1.4 million which will be deposited into the VSERS OPEB during FY 2012.

VSTRS

As a result of the June 30, 2010 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) recommended a contribution during FY 2012 of \$51,241,932 to the pension plan (VSTRS pension) and \$43,455,703 to the Vermont State Teachers' Other Post-Employment Benefits (VSTRS OPEB) plan.

The actuary's recommended contribution to the VSTRS pension incorporates the recommended normal contribution of \$10,574,040 plus \$40,667,892 for the annual contribution towards the unfunded actuarial accrued liability (UAAL). The actuary's recommended contribution to the VSTRS OPEB incorporates the recommended normal contribution of \$22,218,229 plus amortization of the unfunded actuarial liability of \$21,237,474.

The State plans to fund the VSTRS pension for FY 2012 at \$52,991,932, \$1,750,000 above the actuarially recommended contribution level, through a combination of \$51,672,307 in general funds and an estimated \$1,319,625 of Medicare Part D reimbursement funds. The State does not plan to make a contribution to the VSTRS OPEB during FY 2012. The VSTRS OPEB has no pre-funding and no assets. Payments for retired teachers' health care costs, estimated to be \$21,000,000 in FY 2012, will continue to be paid from the VSTRS pension fund.

Funding Levels

Based on Governmental Accounting Standards Board Reporting Requirement Number 25 (GASB 25), the funded ratios for the State Employees' and Teachers' Retirement Funds for the period ending June 30, 2010 are 81.2% and 66.5% respectively. The funded ratios for the State Employees' and Teachers' OPEB Funds for the period ending June 30, 2010 are 0.9% and 0.0% respectively. The Administration, Treasurer's Office, Legislature and other affected parties will need to work together to develop a multi-year plan to address funding pension plan and OPEB liabilities. A very productive bi-partisan retirement commission worked during the summer and fall of 2009 to develop some very significant recommendations for consideration and adoption during the 2010 legislative session.

Acknowledgements

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Tough Choices Big Opportunities

Fiscal Year 2012 Executive Budget Recommendations
is a publication of the
Vermont Department of Finance and Management,
James Reardon, 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 2012 Budget Recommendations of Governor Peter Shumlin.

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