Vermont Budget Context

Sen. Jane Kitchel
Aug. 4, 2015
NCSL Seattle
HEALTH CARE/MEDICAID

• Declining federal funding match rate
• Increasing utilization of health services by beneficiaries
• Growing Developmental Disabilities caseload
• Unpredictable "clawback" payments
• Need for provider reimbursement increases
• New cost of operating the Exchange and MAGI Medicaid eligibility functions
• Increased caseload from the expansion of new adults under the ACA
Pre-K-12 EDUCATION

• Increasing ARC to the Teachers' Retirement and for health care benefits for retirees
• Increased staffing for Special Education instruction since 1990
• Increased percentage of sales tax revenues going to the Education Fund
• Declining K-12 enrollment, but response is slow
OTHER PRESSURES

• Workforce costs for salary and benefits (health care costs increased 18% for FY 2016)
• Homeowner property tax income sensitivity payments and renter rebates
• Backfilling of one-time funds used in previous budgets
• Terminating federal grants
REVENUE REALITIES

• Eroding tax revenues from sales tax due to internet sales and possibly due to aging of population and changing consumption patterns

• Volatility of revenues from personal income, estates and corporate income taxes

• Tax expenditures are bleeding revenues from Bank Franchise receipts

• Decling and stagnant tax revenues from the cigarette tax and several other sources
Vermont - GF GAP
a.k.a. "the hungry alligator"

GF Uses
- Appropriations + Transfers Out

GF Sources
- Revenue + Transfers In

FY13:
- FY16 gap started at $113.2m 6.7%
- allocated surplus

FY17:
- FY17 gap back at $65m 3.7%